



Sava Re Group

1-9/2014 Results

November 2014

AGENDA

1. General overview of 1-9 2014 results
2. Results and ratios by segment
3. Financial investment performance and portfolio structure
4. ZM results

AGENDA

- 1. General overview of 1-9 2014 results**
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4. ZM results

- ▶ Zavarovalnica Maribor included in the consolidation for full period of 1–9/2014 (in 2013 from May 2013 onwards).

- ▶ Premium volume of Group exceeded quarterly plan;
- ▶ Group result 111% of full-year plan

- ▶ S&P "BBB+" rating with stable outlook affirmed as well as A.M. Best rating of "A–" with a stable outlook

- ▶ Growth trend and improved performance of Group life companies (ZM life strongest weighting in profit).

- ▶ Net profit of Sava Reinsurance Company 133 % of full year target (basis for 2015 dividend).

- ▶ February weather loss impact estimated at € 6 million.

GPW
83% of plan

Net profit
111 % of plan

ROE ann.
12,9 %

Solvency ratio
196 %

Share price
+83 %

**Slovenian insurance
operations
VALUE OPTIMISATION**

- Synergetic effects (cost reductions, UW results improvement) already can be seen
- Optimised investment portfolio of ZM
- Life segment performing well

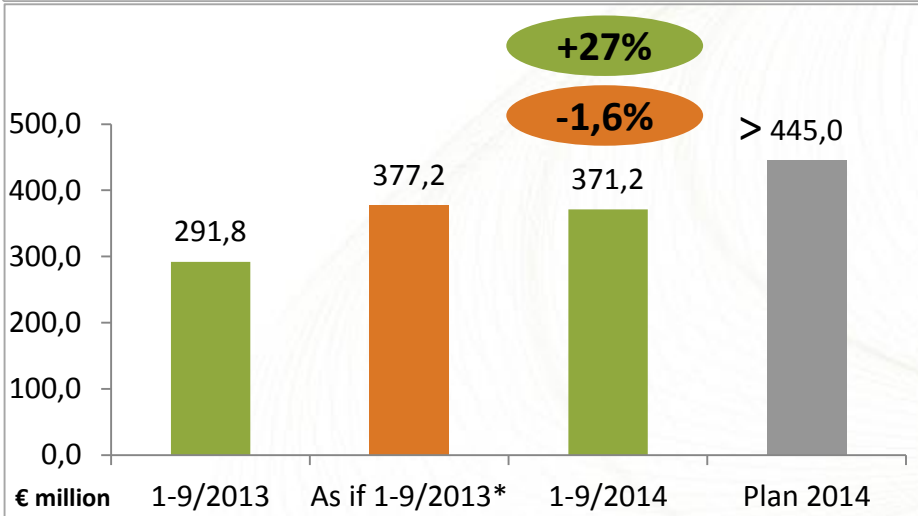
**Reinsurance operations
PROFITABLE GROWTH**

- Slowly entering new markets with purpose of diversification
Lat America 0,7m ie 8 new markets,
Africa 1,7m ie 6 new markets;
Asia 3,5m ie 7 new markets
- Improved results of Non group business due to past portfolio cleaning

**Operations outside
Slovenia
GROWTH AND COST
OPTIMISATION**

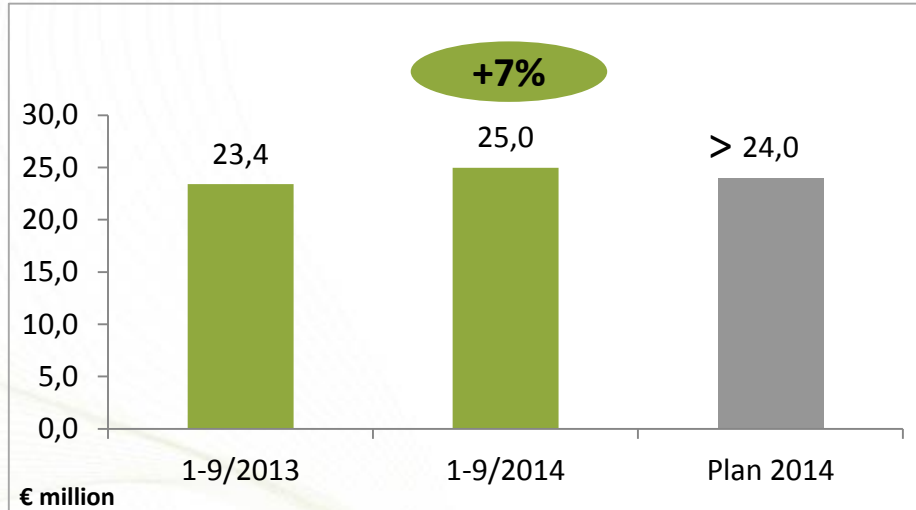
- Decreasing Cost ratios
- Non life markets under premium pressure
- High Growth of Life premium and improvement in results

Gross premiums written



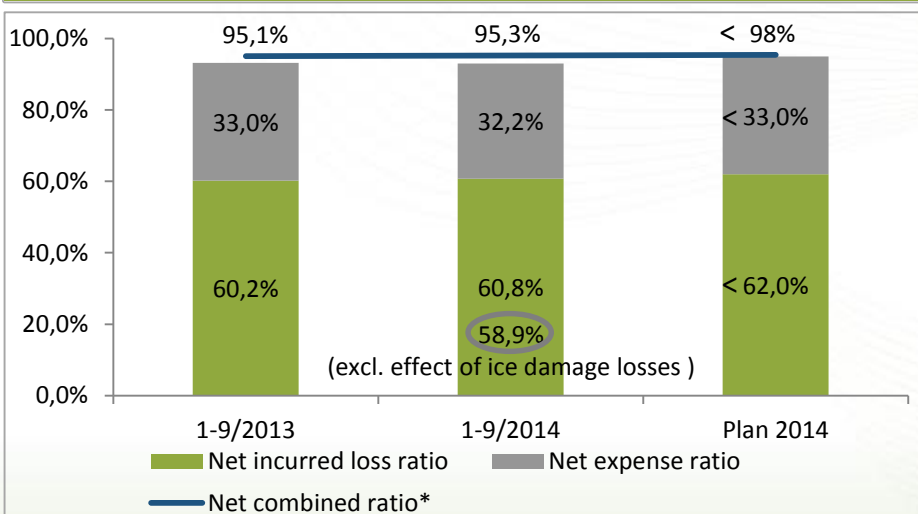
*If Zavarovalnica Maribor consolidated all period.

Net profit/loss



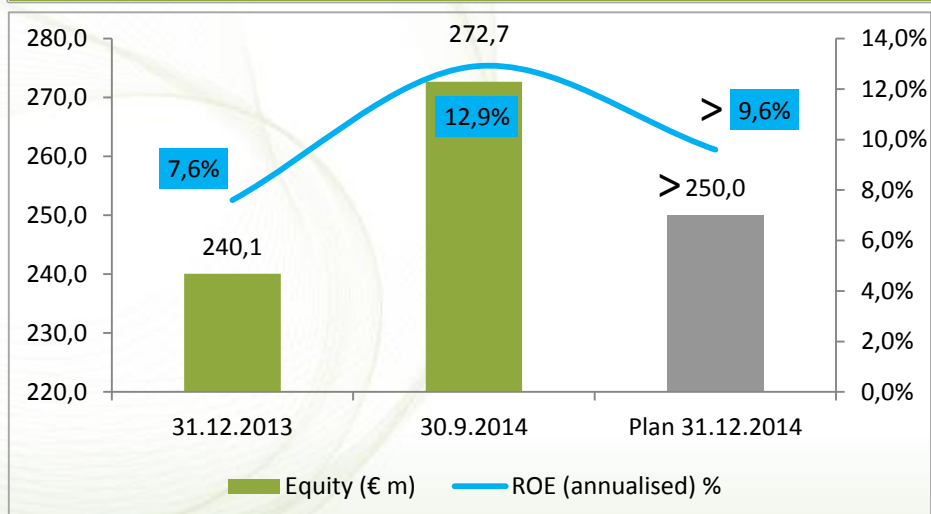
1-9/2013 include the effect of revaluation of ZM share in the amount of € 7,7m.

Ratios

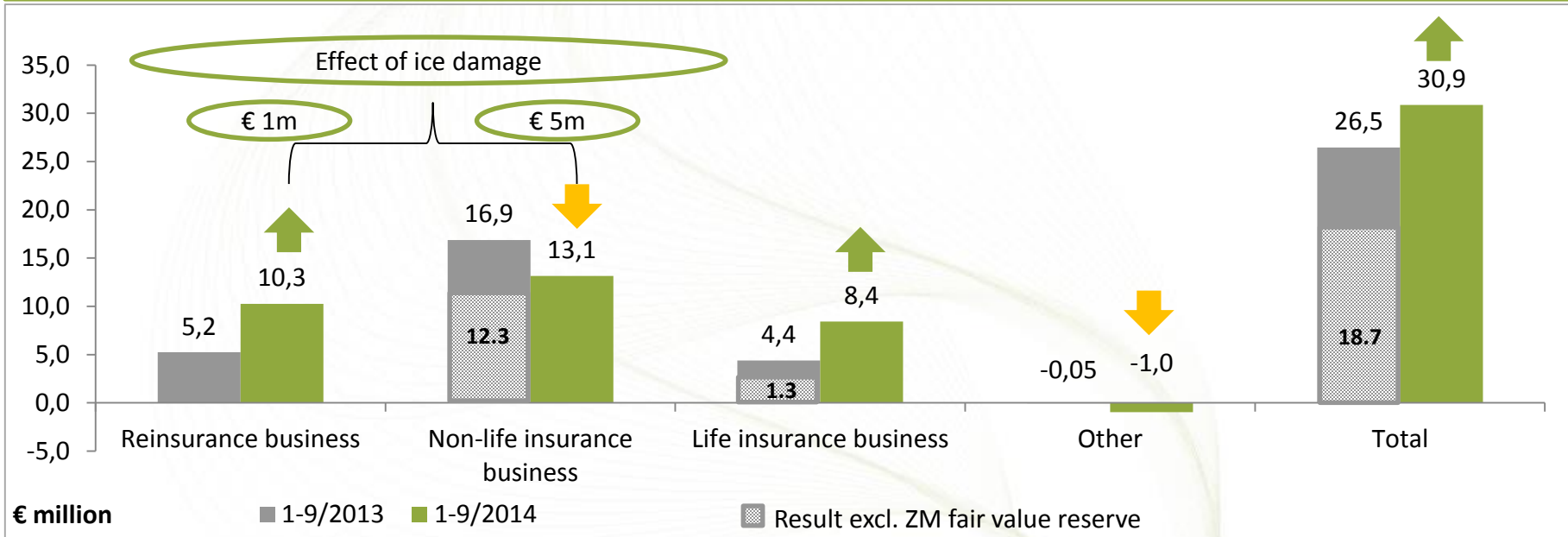


*Net combined ratio (total expenses/total income, excluding investment income/expenses; it is not the sum of the two ratios)

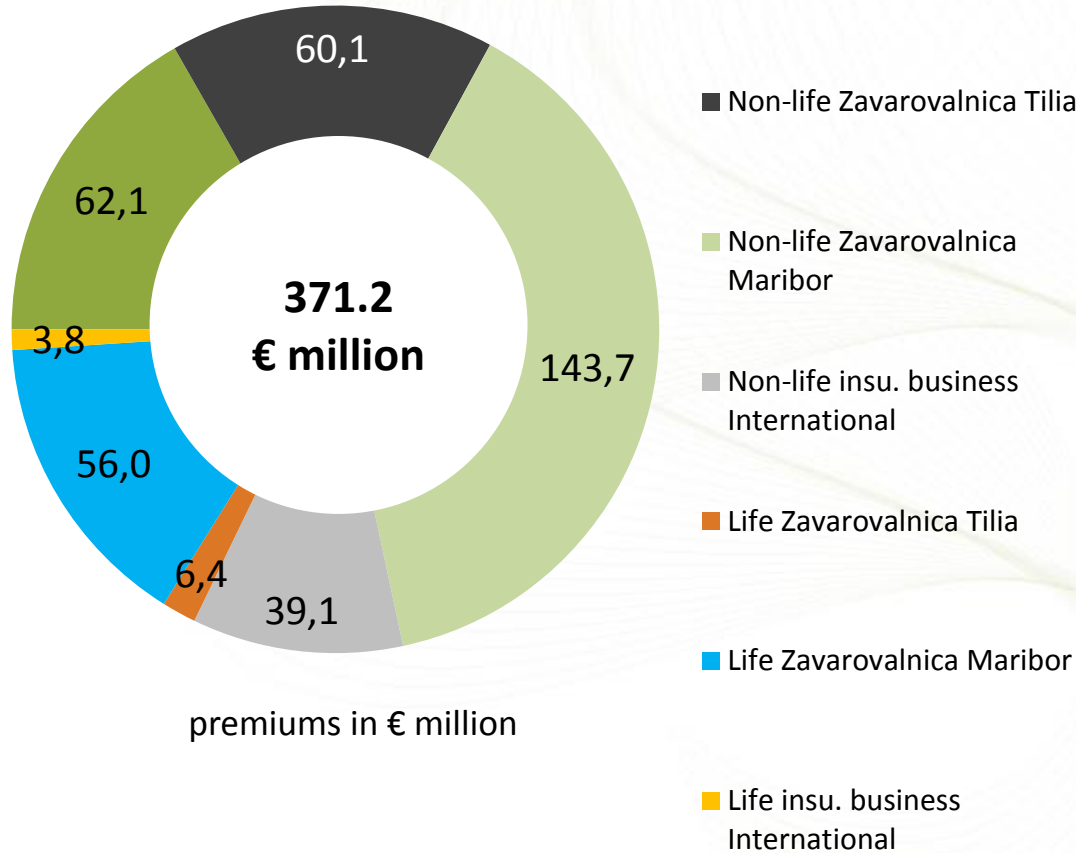
Equity and ROE



Consolidated results before tax by segment



Consolidated premiums by segment



Increase/
decrease
(%)

-25 %

Impact of ZM consolidation
(elimination of ZM premiums)

-3 %

Decline in premiums in Zavarovalnica
Tilia (loss of major clients)

+120 %

ZM consolidation full period

-3 %

Premiums down for some companies
due to market conditions (amended
legislation)

-10 %

Decline in premiums in Zavarovalnica
Tilia (larger number of policies cancelled)

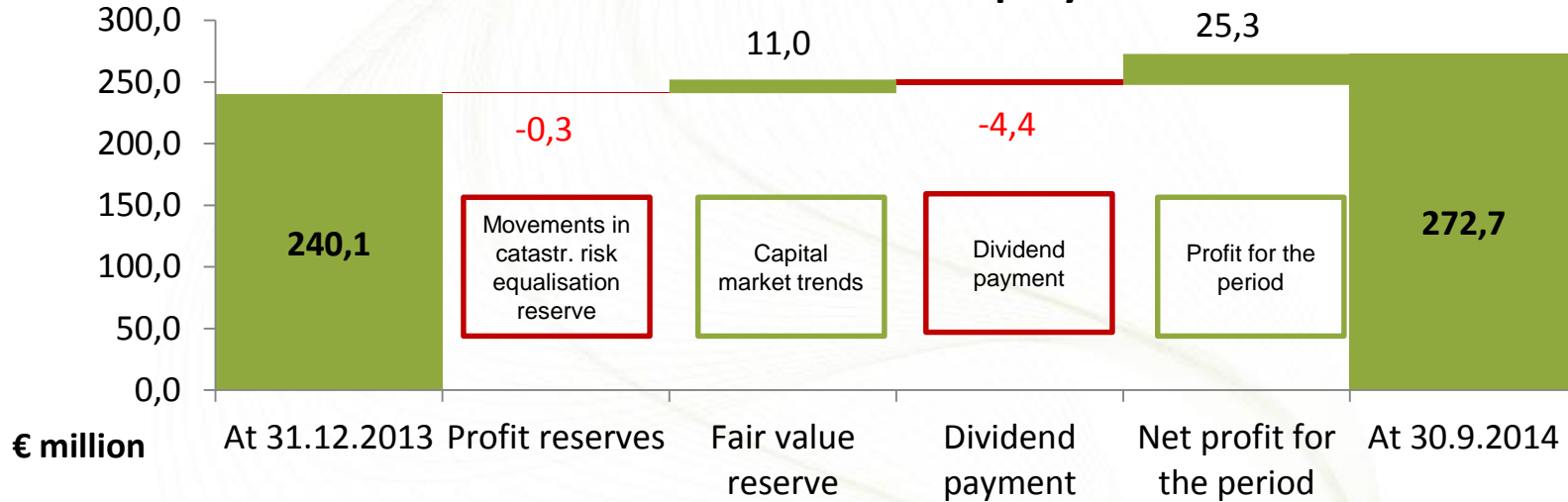
+78 %

ZM consolidation full period

+23 %

Premium growth in all companies

Movements in equity



Solvency ratio: 196%

Dividend payment: 0,26 EUR/share; record dividend date 3.7.2014

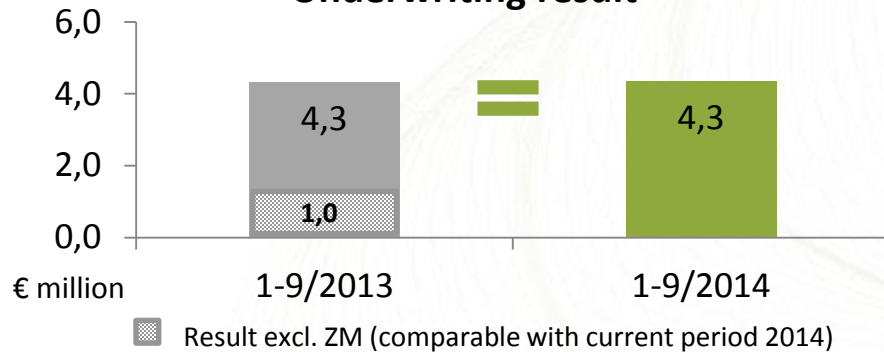
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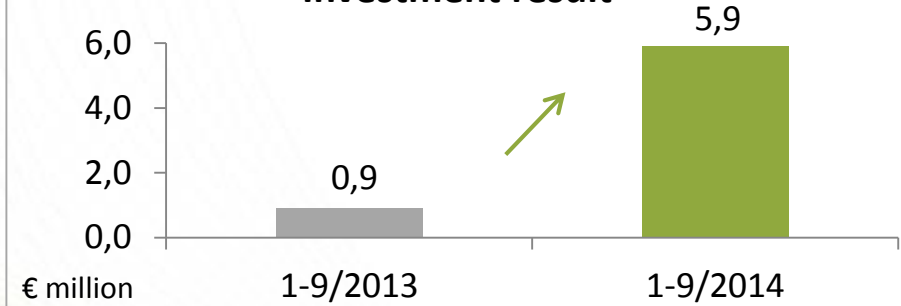
GPW

GPW 3Q 2014: € 62m

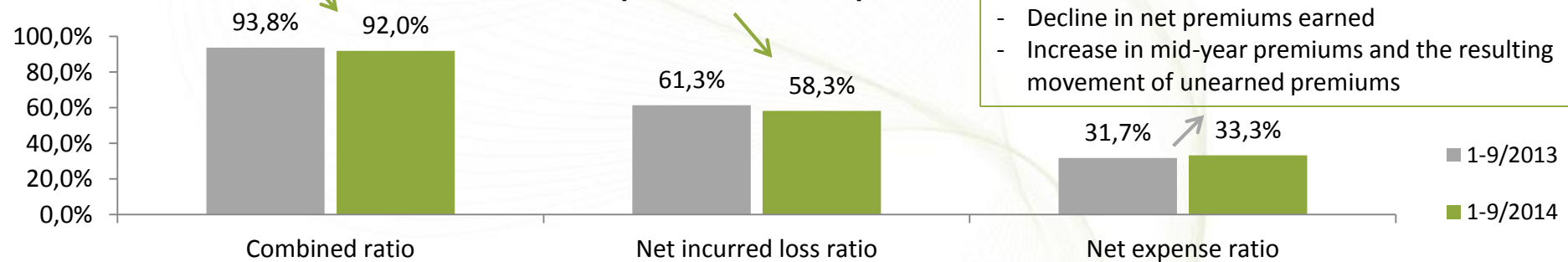
Underwriting result



Investment result



Ratios (unconsolidated)



Changes in ratio due to:

- Decline in net premiums earned
- Increase in mid-year premiums and the resulting movement of unearned premiums

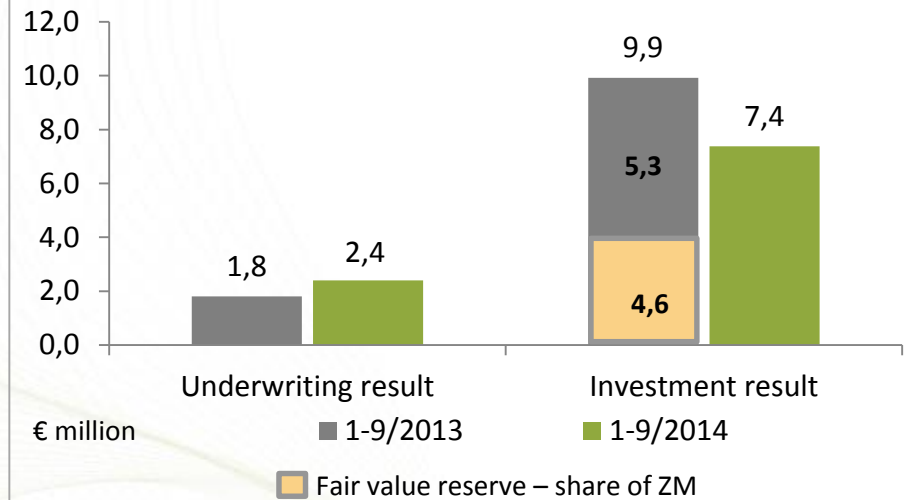
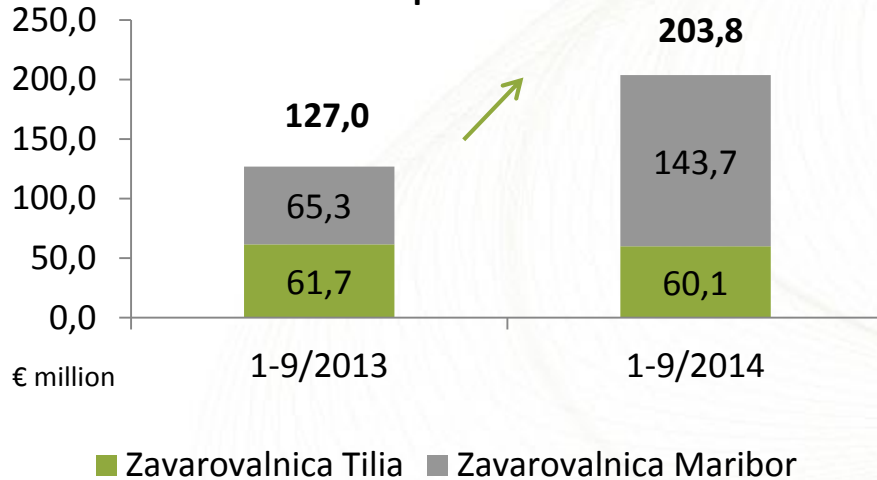


Non-Life Slovenia

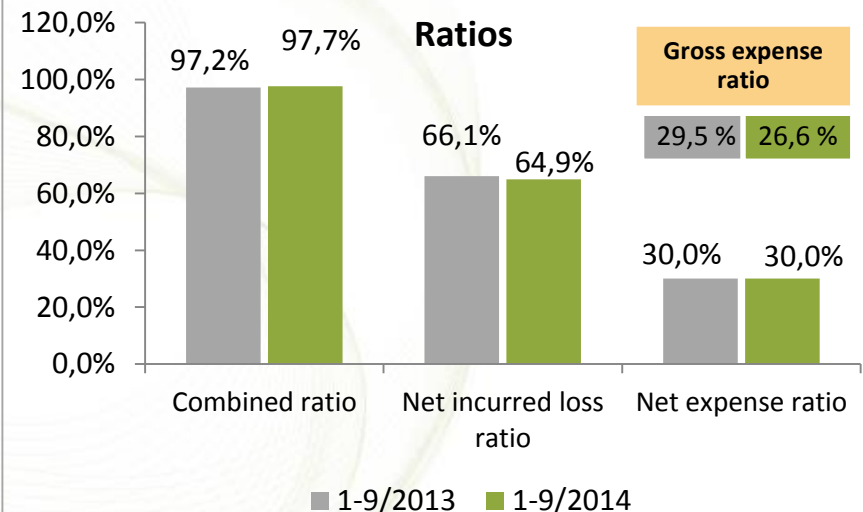
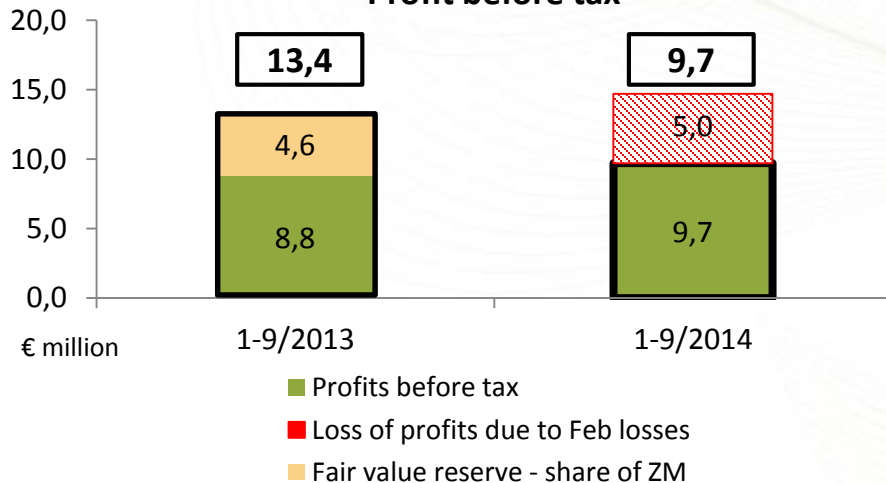
GPW 3Q 2014: € 204m

ZM 60 % of total NL GPW

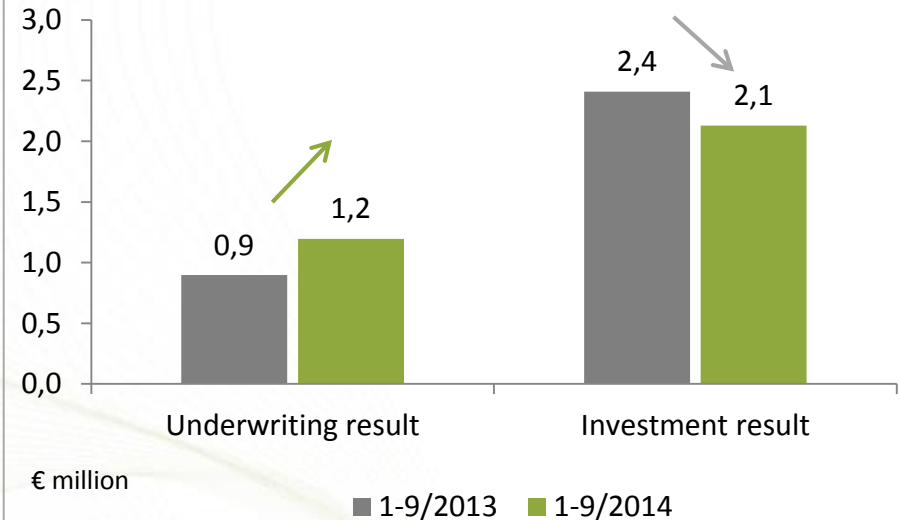
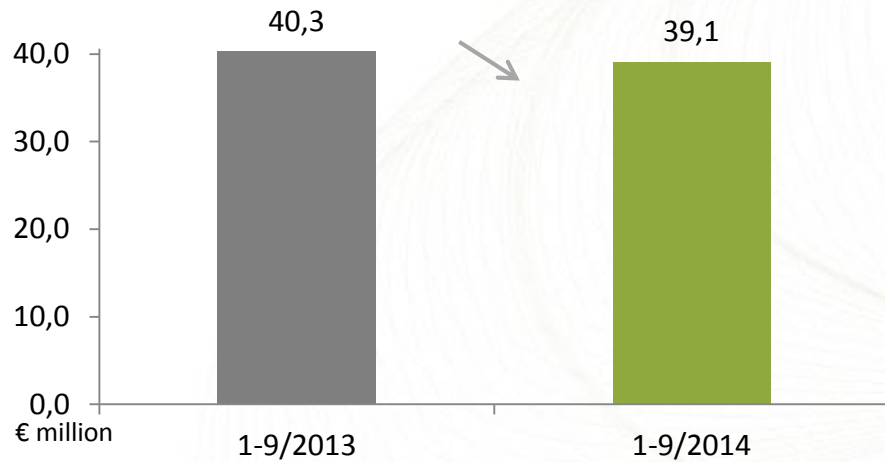
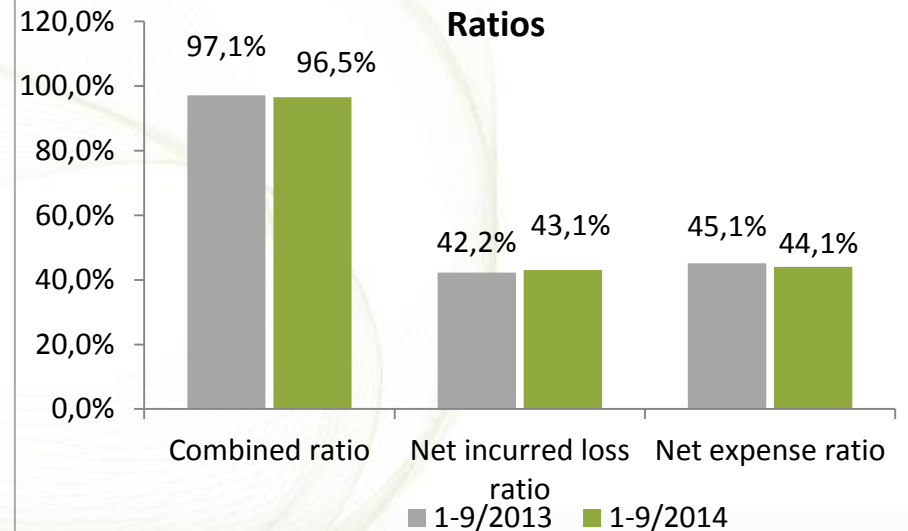
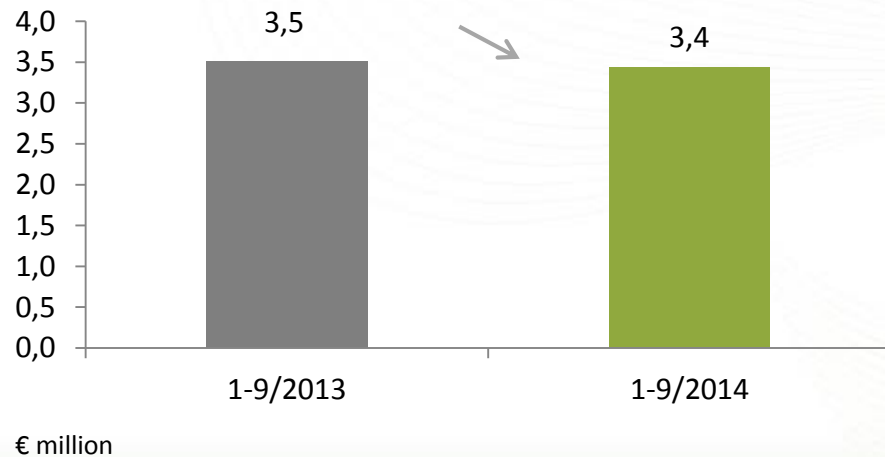
Gross premiums written

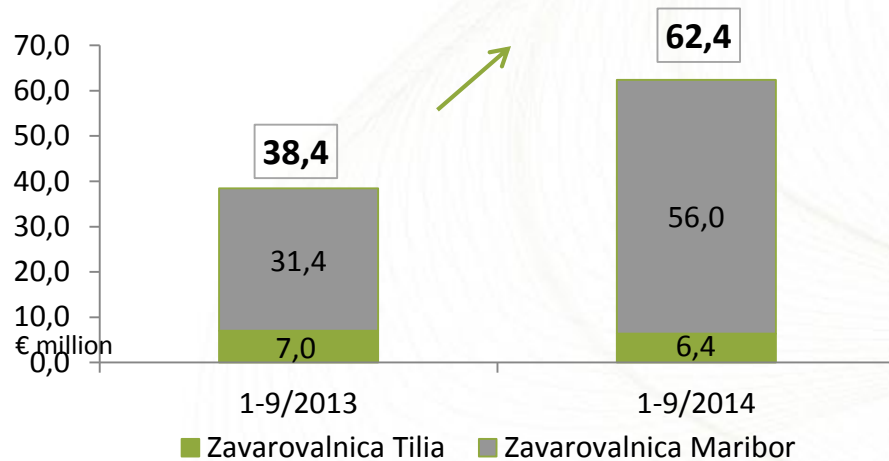
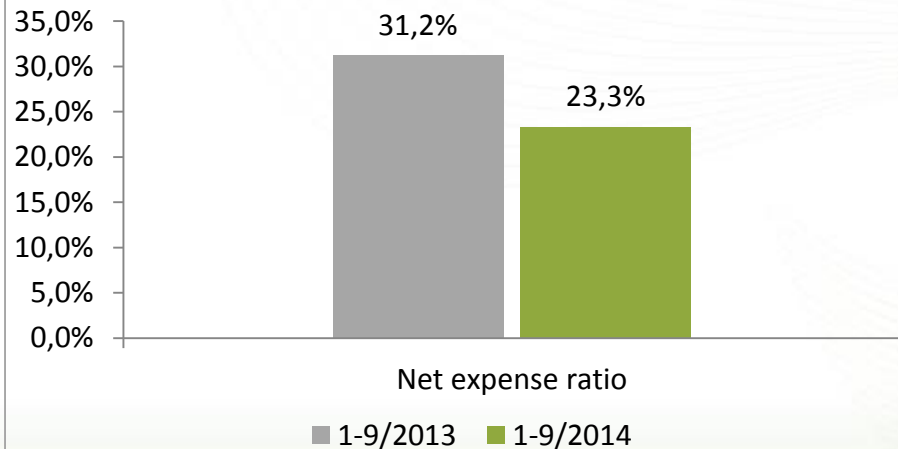
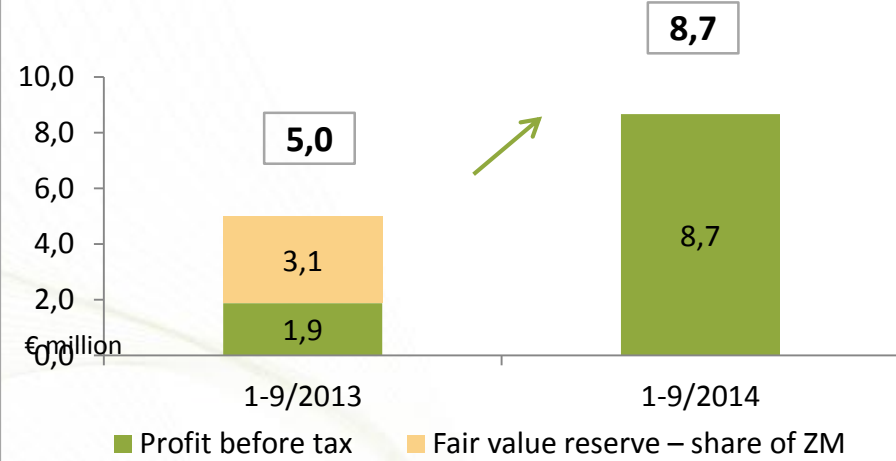


Profit before tax

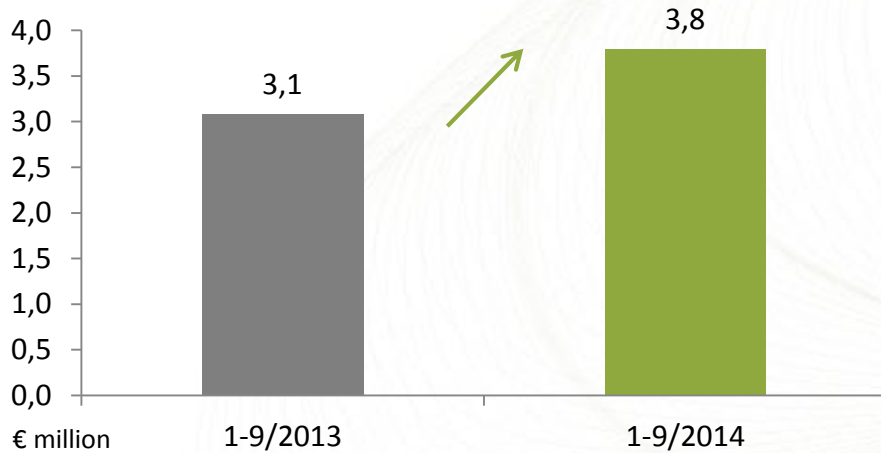
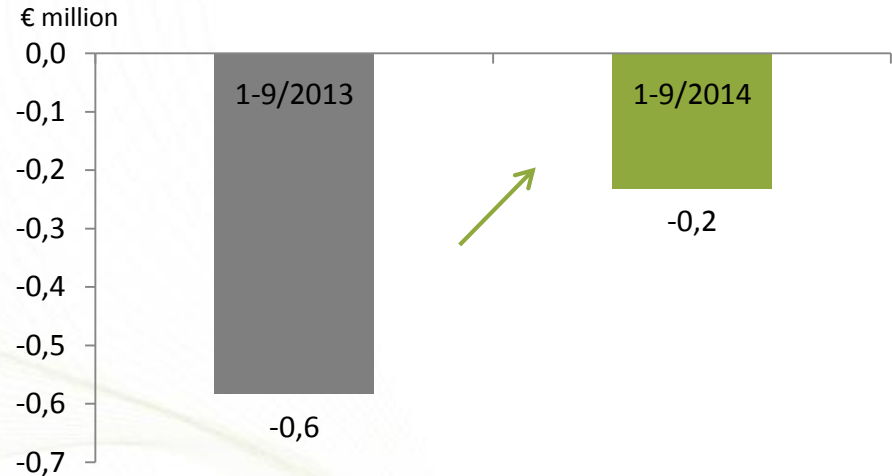


*The expense ratio does not include the effect of amortisation of intangible assets (transfer of ZM CP) in the amount of € 1.9m.

Non-Life International
GPW 3Q 2014: € 39m
Gross premiums written

Profit before tax


Life Slovenia
GPW 3Q 2014: €62m
ZM 85% of total life GPW
Gross premiums written

Profit before tax

Improved performance due to:

- ZM consolidation for the full period 1-9/2014
- Improved net investment income
- Movement in expenses

Life International
GPW 3Q 2014: €3,8m
Gross premiums written

Profit before tax


81,4%

61,0%

Net expense ratio

■ 1-9/2013 ■ 1-9/2014

Improved results as "greenfields" approach the break-even point – it takes some years to build a portfolio large enough to cover fixed costs.

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(in m €)	Financial investments
31.12.2013	931,1
change	36,0
30.9.2014	967,1
	Investment portfolio*
31.12.2013	943,0
change	38,3
30.9.2014	981,3

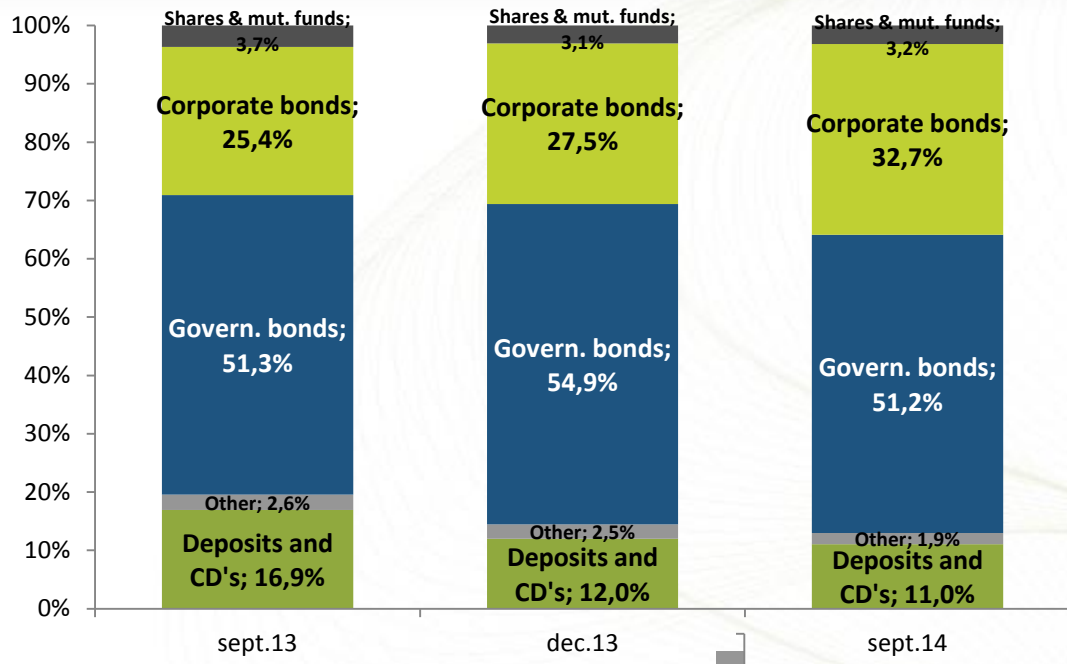
KEY FACTORS INVESTMENT OF PORTFOLIO CHANGE:

- + cash flow from core business (€ 40,2m EUR)
- + positive change in valuation of investments due to rise in prices and exchange differences (€13,0m EUR)
- payment of financial obligation (subordinated debt € 8,0m EUR, credit € 5,0m EUR) and payment of dividends € 4,4 m EUR

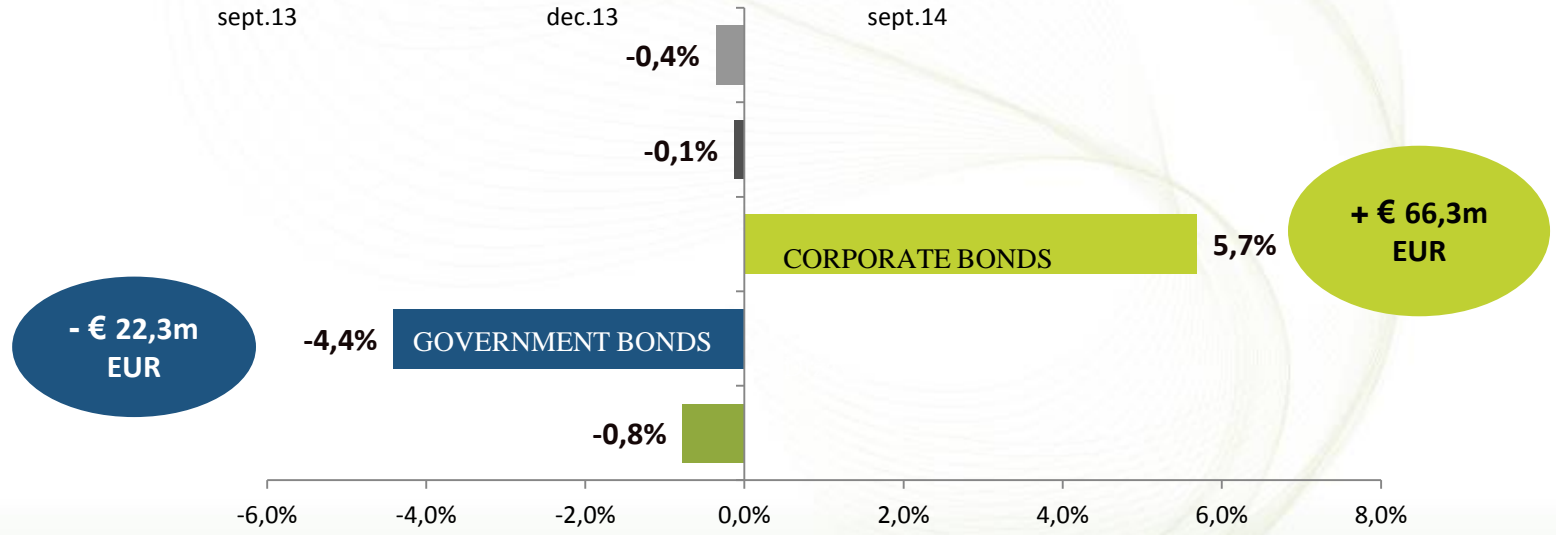


* Includes financial investments, financial investments in associates, investment property, cash and cash equivalents.

INVESTMENT STRUCTURE

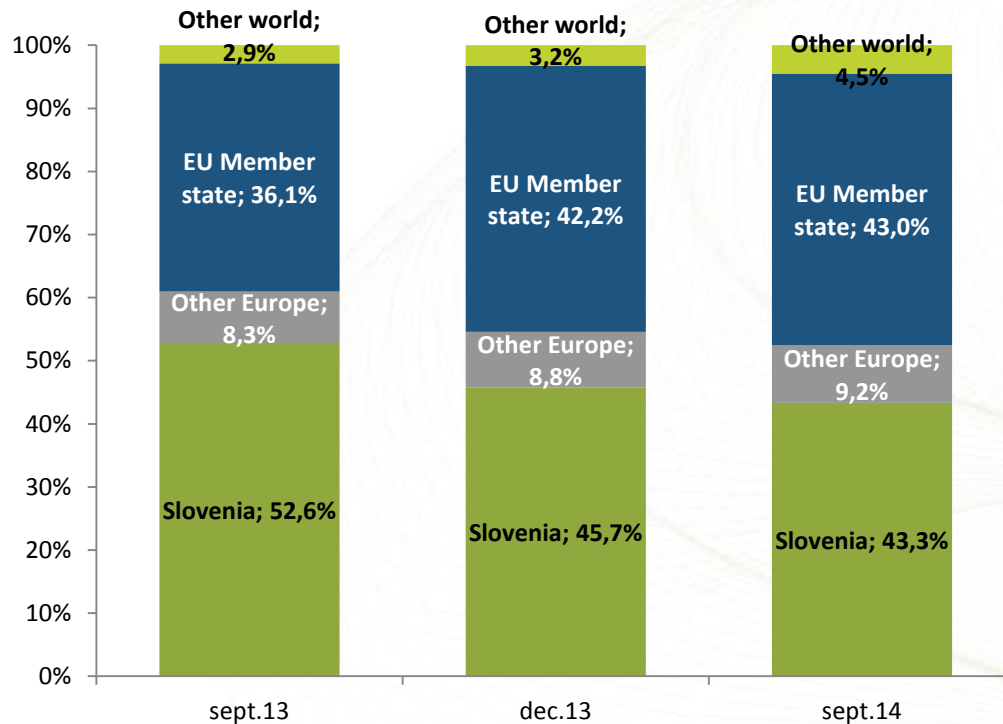


KEY CHANGE IN STRUCTURE
30.9.2014/31.12.2013:
 Reinvestment of government bonds
 mostly in corporate bonds higher
 investment



*Investments without Investments for the benefit of life insurance policyholders who bear the investment risk.
 Category Other financial investments includes financial investments in associates, loans granted , deposits with cedants, investment property, cash and cash equivalents and other fin. investments.

STRUCTURE BY REGION



KEY CHANGE IN STRUCTURE:
 Decrease in exposure to investment issued in Slovenia according to one year ago (-€ 71,8 m) and according to the end of year 2013 (-€7,1 m), reinvestment in corporate bonds of other EU Member

(v EUR)	30.09.2013	31.12.2013	30.09.2014	Razlika	
				30.9.14/31.12.13	30.9.14/30.9.13
Skupaj Slovenija	490.556.321	425.898.982	418.786.434	↓ -7.112.547	↓ -71.769.886
% Slovenije v nal. portfelju	51,9%	45,2%	43,4%	↓ -1,8%	↓ -8,5%

change
30.9.2014/31.12.2013

+2,8 percentage points in rating class A-



* Includes bonds, deposits and deposits with cedants

Return of financial assets of Sava Re Group 1-9/2014 € **26,3 m EUR.**

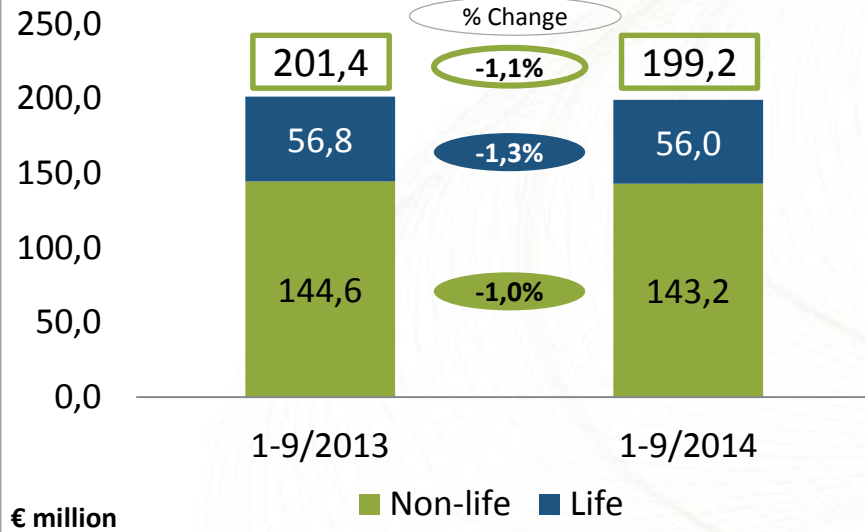
	*1-9/2013	1-9/2014
Net investment portfolio income in € m	21,1	26,3
Total inv. portfolio return in %	4,2%	3,7%

*Net investment income/return in 1-9/2013 includes net investment income/return of Zavarovalnica Maribor for 1. 5. 2013 - 30. 9. 2013 and one-time effect of revaluation of Zavarovalnica Maribor from capital method to market valuation in amount of €7,7 m

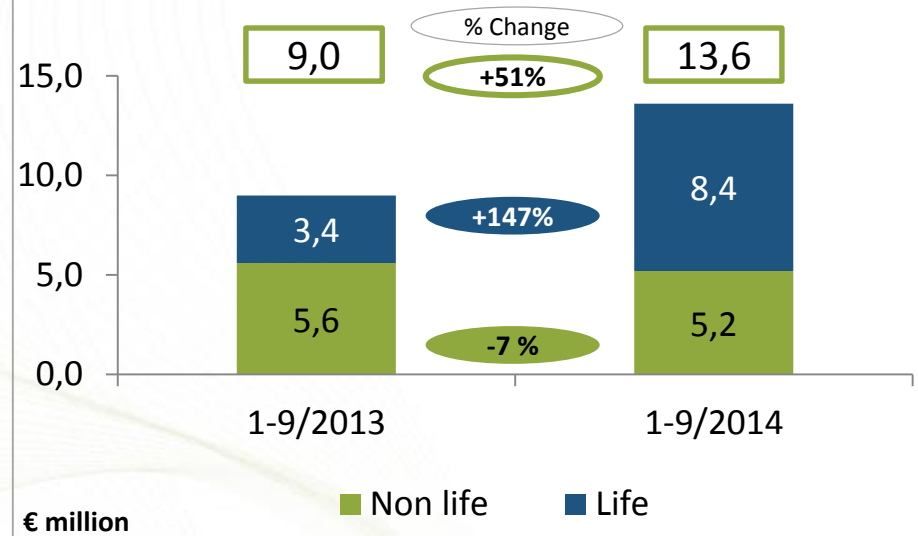
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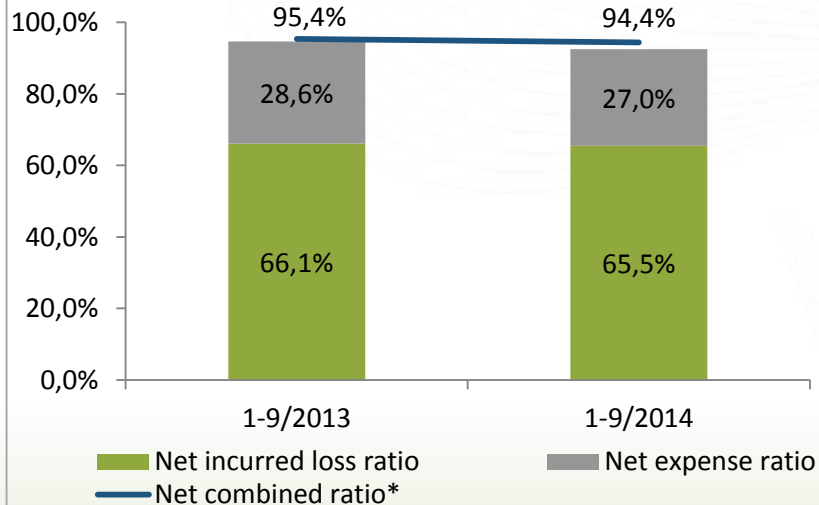
Gross premiums written



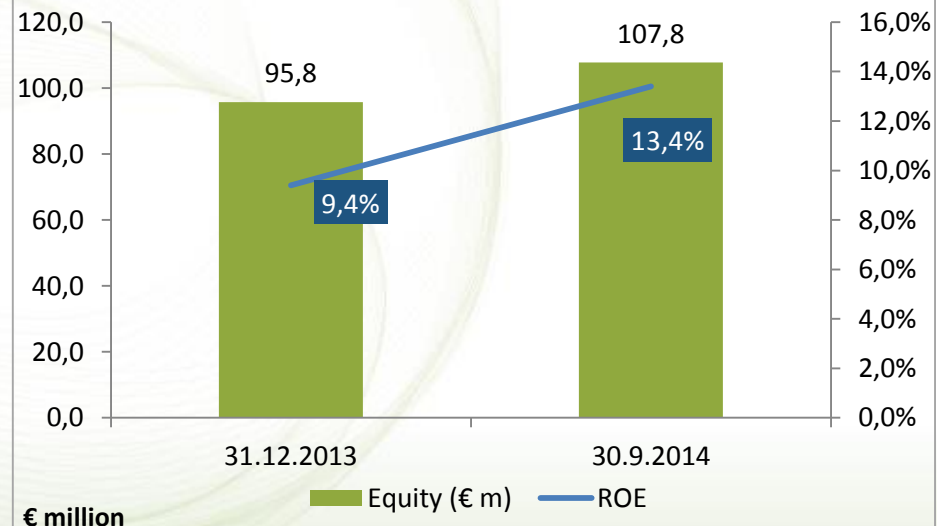
Net profit/loss



Ratios



Equity and ROE



*Net combined ratio (total expenses/total income, excluding investment income/expenses; it is not the sum of the two ratios)



THANK YOU FOR YOUR ATTENTION!

Appendix

APPENDIX

- Group profile & historic development
- Market overview & position of Group Companies
- BS and P&L 30.9.2014
- Financial Investment portfolio – additional information
- Share & Shareholder information

Overview

- ▶ 2nd largest insurance group in the region
- ▶ Reinsurance business worldwide
- ▶ Insurance business in 6 insurance markets of Western Balkans
- ▶ Gross Premium Written 2013*: € 472m
- ▶ Rating: S&P BBB+ (Jul 2014)
AM Best A- (Oct 2014)
- ▶ Ljubljana stock exchange – prime market (POSR)



Sava Re Group	2010	2011	2012	2013	1-9/2014
Gross Premium Written (€ million)	259,1	258,4	270,8	386,7	371,2
Net Combined Ratio	102,5%	98,3%	98,7%	94,2%	95,3%
Net Incurred Loss Ratio	61,1%	58,1%	61,6%	58,9%	60,8%
Net Cost Ratio	35,7%	36,2%	34,6%	33,6%	32,2%
Investment Return	3,6%	1,8%	3,9%	1,0%	3,8%
Profit after tax (€ million)	5,5	4,1	11,8	15,6	25,0
Equity (€ million)	154,7	148,1	171,4	240,1	272,7
Total Assets (€ million)	578,4	582,0	640,6	1.378,3	1.472,2
ROE	3,5%	2,7%	7,4%	7,6%	**12,9%
Number of employees	1.580	1.530	1.534	2.411	2.415

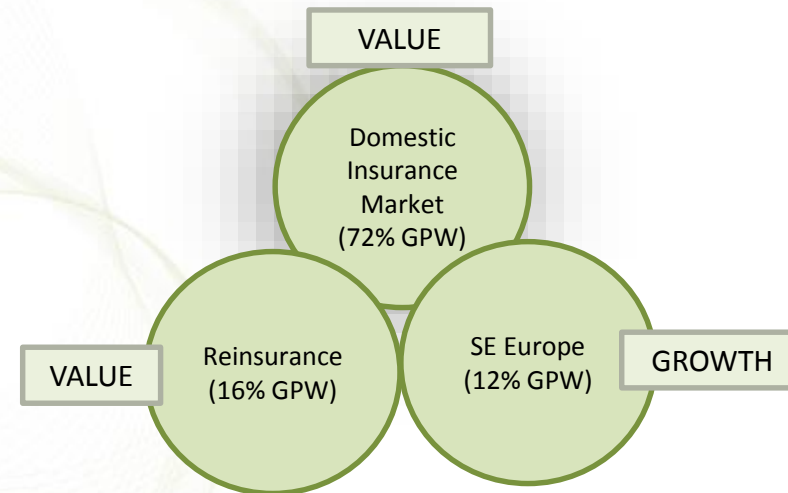
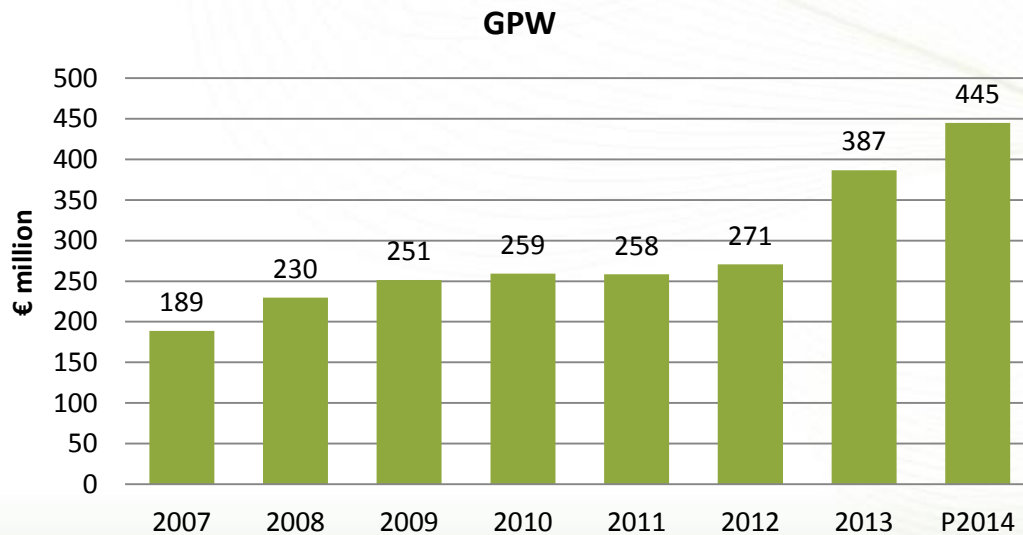
*calculated on pro forma 2013 numbers as if ZM was consolidated from 1.1.2013

**annualised ROE

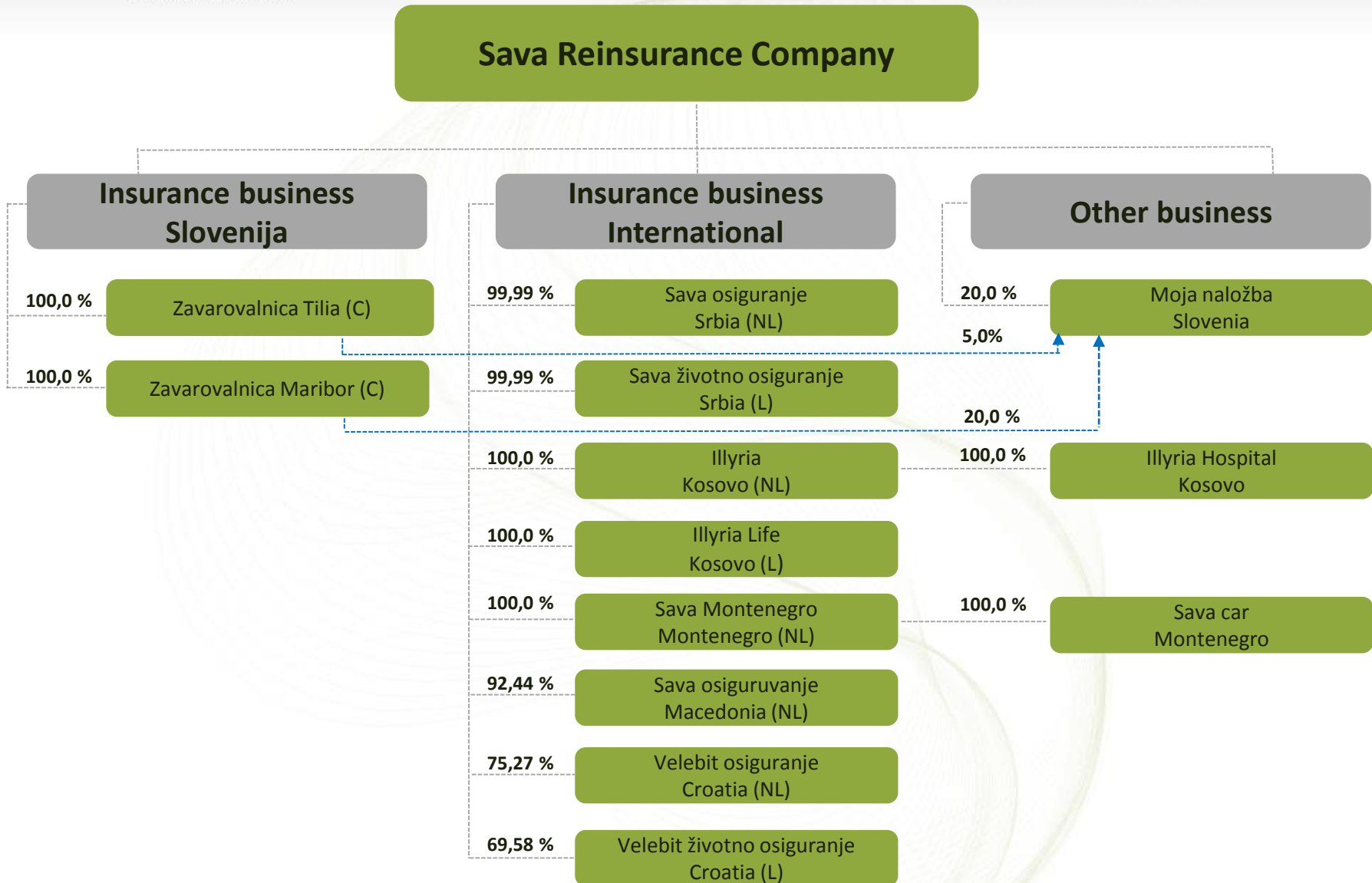
▶ € 55m capital increase completed (€93m in the book; 69% oversubscribed)

▶ 100 % of ZM acquired

We became the second largest insurance group in the region, with a 17 % market share in Slovenia.



% calculated on pro forma 2013 numbers as if ZM was consolidated from 1.1.2013



C- Composite insurer

NL- Non-life insurer

L- Life insurer

1973

1991

2003

Beginnings during Yugoslav socialist period

1973 – Starts as reinsurance department of Sava Insurance

1977 – Spin-off from Sava Insurance and incorporation under the name Reinsurance Community Sava

1990 – Reorganises as a joint-stock company under the new Slovenian Companies Act

1991 – Slovenia declares independence from Yugoslavia; transition from socialist system to market economy

Consolidation of Sava Re's position in Slovenia and crystallisation of ownership structure

1991 – 2% of reinsurance premiums coming from international markets; decision to expand in international reinsurance markets

1998 – Acquires **Zavarovalnica Tilia**; entry into Slovenian direct insurance market

1999 – Starts to increase minority stake in **Zavarovalnica Maribor** to 45,79% (2011: 48,68%)

2003 – Unallocated portion of share capital transferred to SOD, who becomes 99,9% owner

KEY STORY BEHIND THE PERIOD

1973 - 2003

DEVELOPING REINSURANCE BUSINESS

GROWTH ON INTERNATIONAL REINSURANCE MARKETS

BEGGININGS OF STEPPING INTO INSURANCE BUSINESS

2004

Acquisition-driven expansion to insurance markets of former Yugoslavia

2008

IPO & Expansion to life insurance business and return to Croatia

2013

Capital increase & acquisition of the Slovenian 2nd player on the market; Sava Re became the 2nd largest insurance group in the region

2004 – Acquires minority stake in **Osiguranje Helios** in Croatia;
2006 – sells entire stake due to an indirect change in control in the majority shareholder

2006 – Acquires majority stakes in **Dukagjini** (now **Illyria**) and **Sava osiguranje**; enters Kosovan and Serbian non-life insurance markets

2007 – Acquires majority stakes in **Sava Tabak** (now **Sava osiguruvanje**) and **Sava Montenegro**, enters Macedonian and Montenegrin non-life insurance markets

2008 – Establishes life insurer **Sava životno osiguranje** in Serbia

2008 – Establishes joint venture life insurer **Dukagjini Life** (now **Illyria Life**) in Kosovo; now wholly owned by Sava Re Group

2008 - SOD as a 99,9% shareholder sells 75% through an IPO; POSR share starts quoting on LJSE

2009 – Acquires majority stakes in **Velebit osiguranje** and **Velebit životno osiguranje**; return to the Croatian non-life and life insurance market

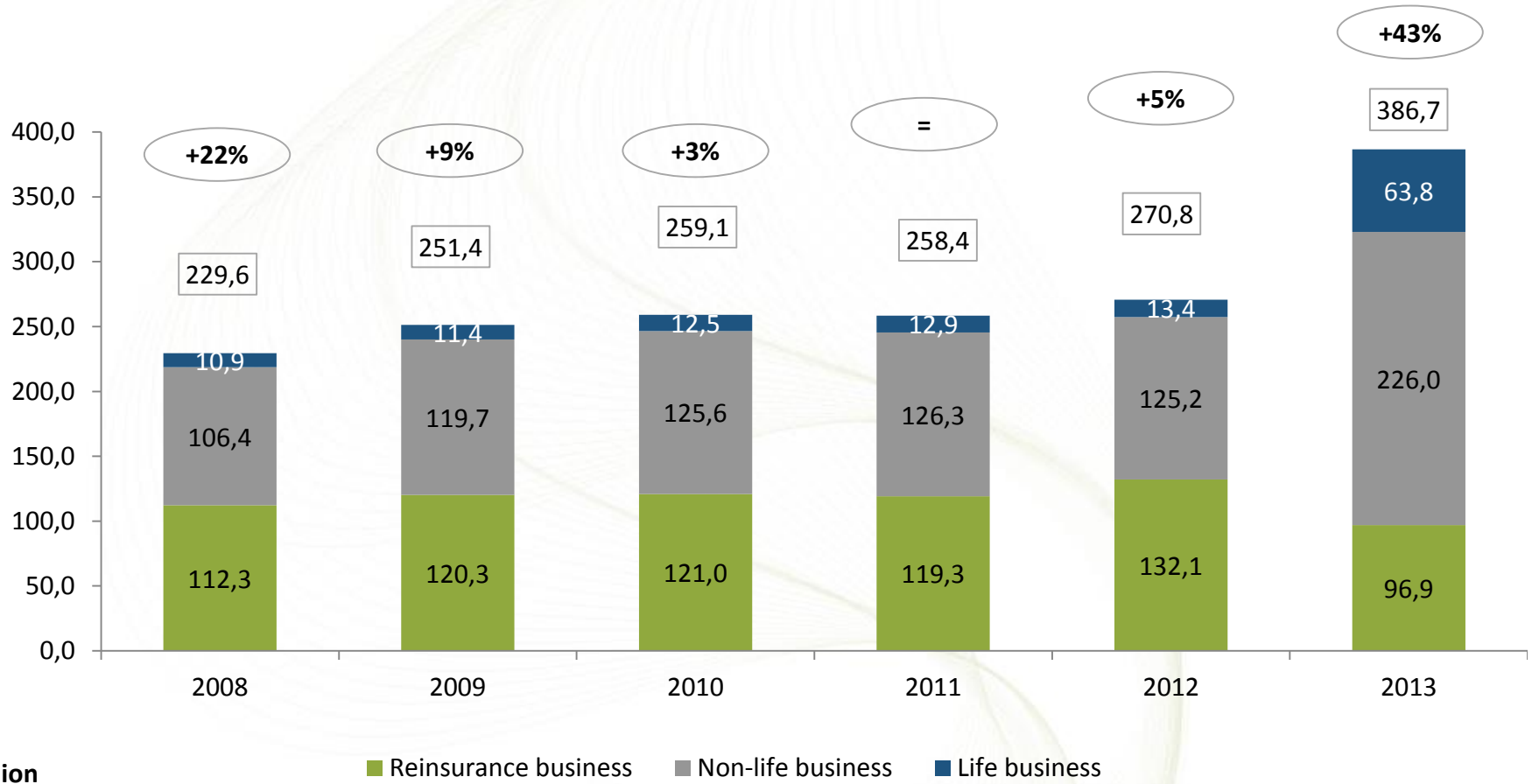
2013 – Sava Re becomes a 100% owner of Zavarovalnica Maribor ; the acquisition of the majority share is financed with an capital increase of € 55m

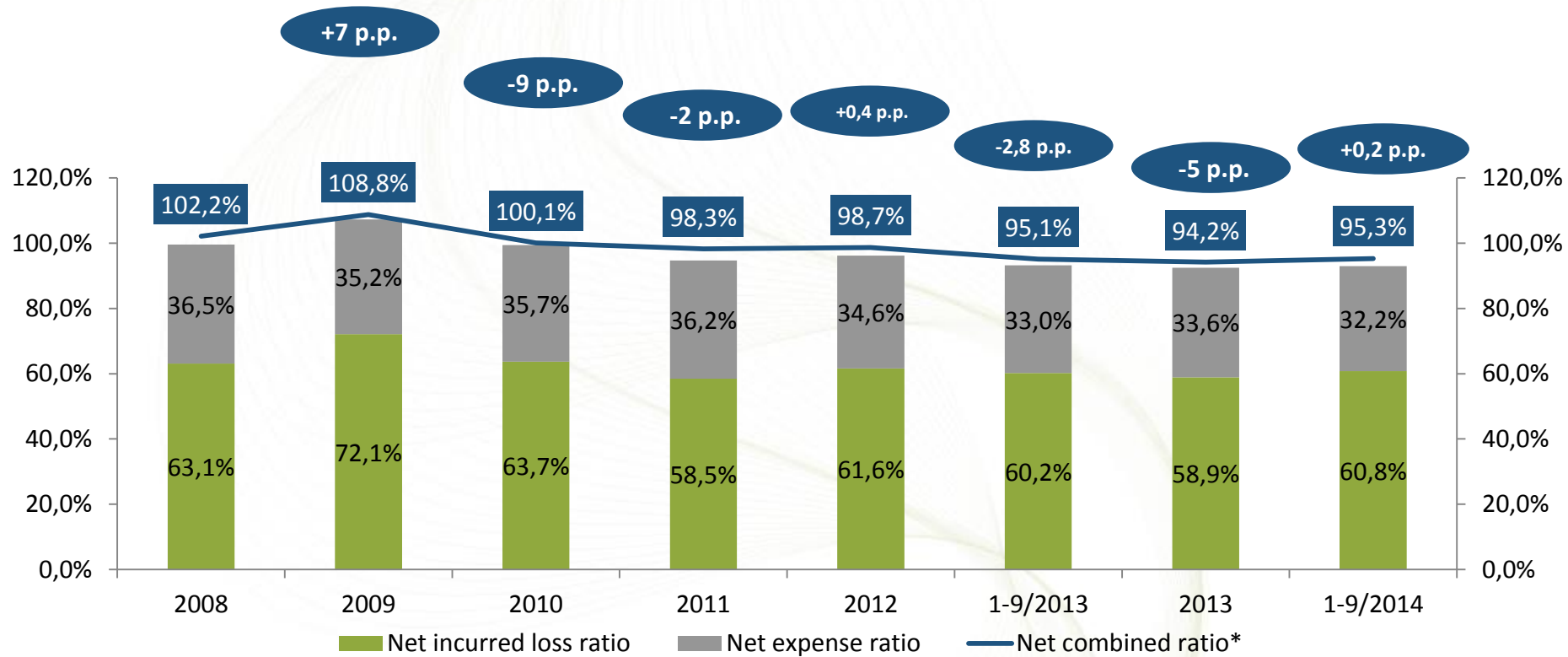
KEY STORY BEHIND THE PERIOD

2004-2013

GROWTH THROUGH AQUISITIONS AND TRANSFORMATION FROM AN REINSURER TO AN INSURANCE GROUP WITH STRONG REGIONAL PRESENCE

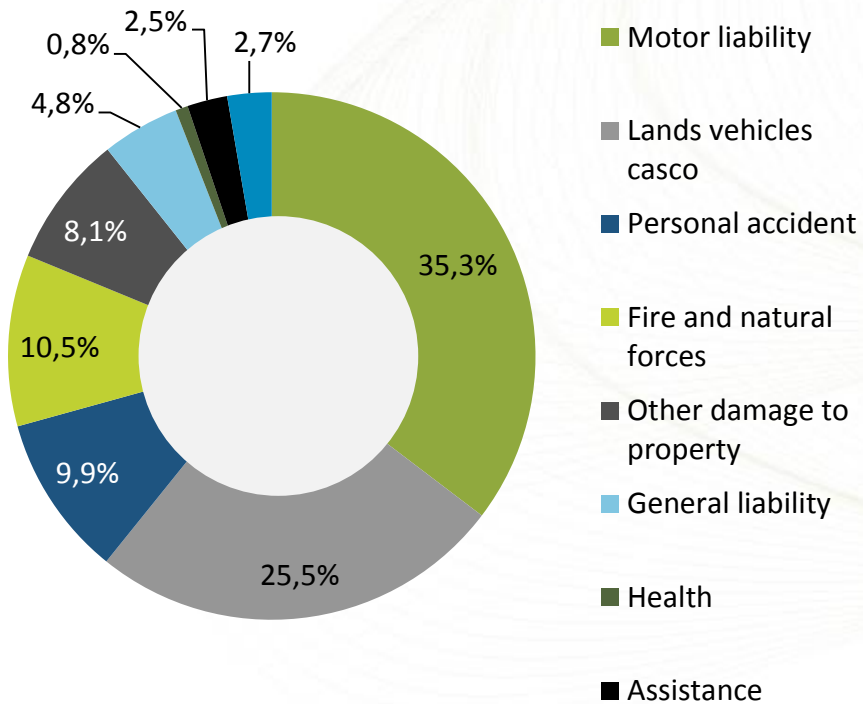
CONSOLIDATED GPW BY OPERATING SEGMENT



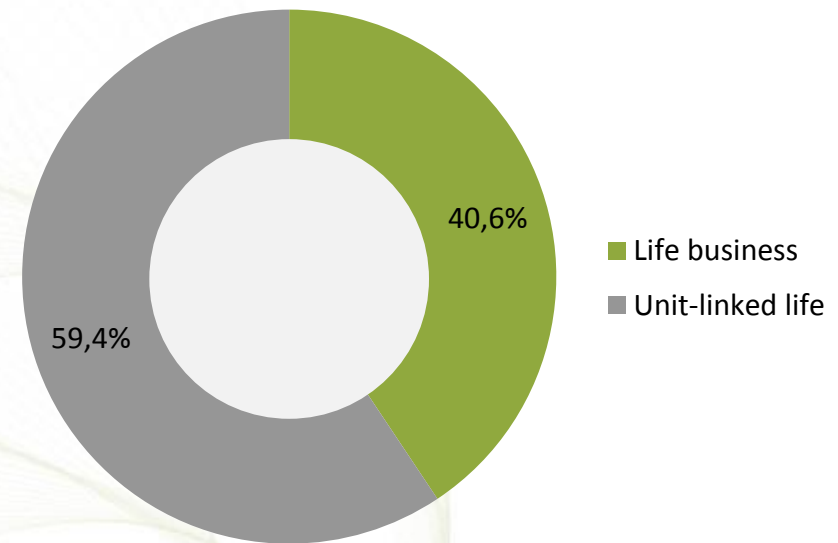


*Net combined ratio (total expenses/total income, excluding investment income/expenses; it is not the sum of the two ratios)

Non-life premiums by class (2013)

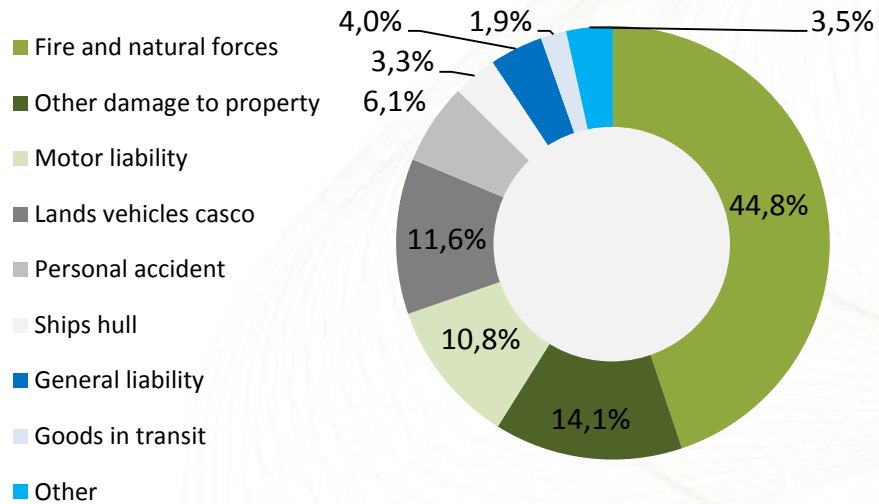


Life premiums by type (2013)

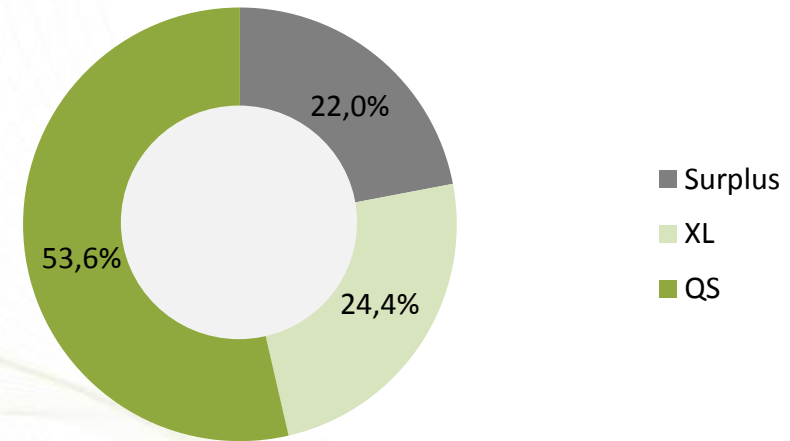


* 2013 insurance premium as if ZM was included all year (unconsolidated premium)

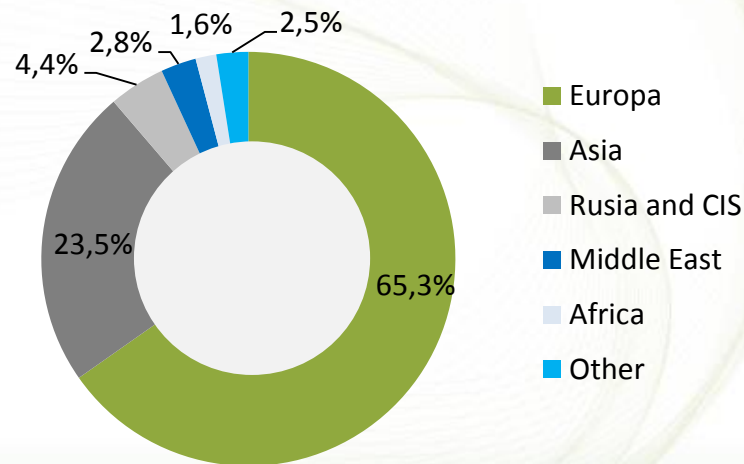
Premiums by class of business (2013)



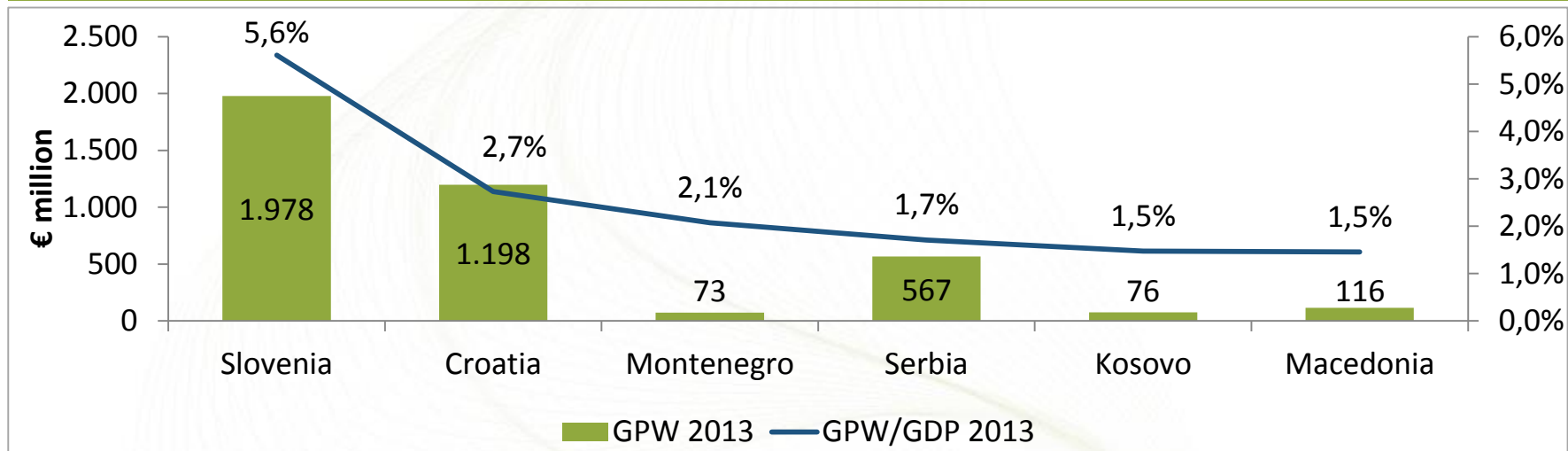
Premiums by type of reinsurance (2013)



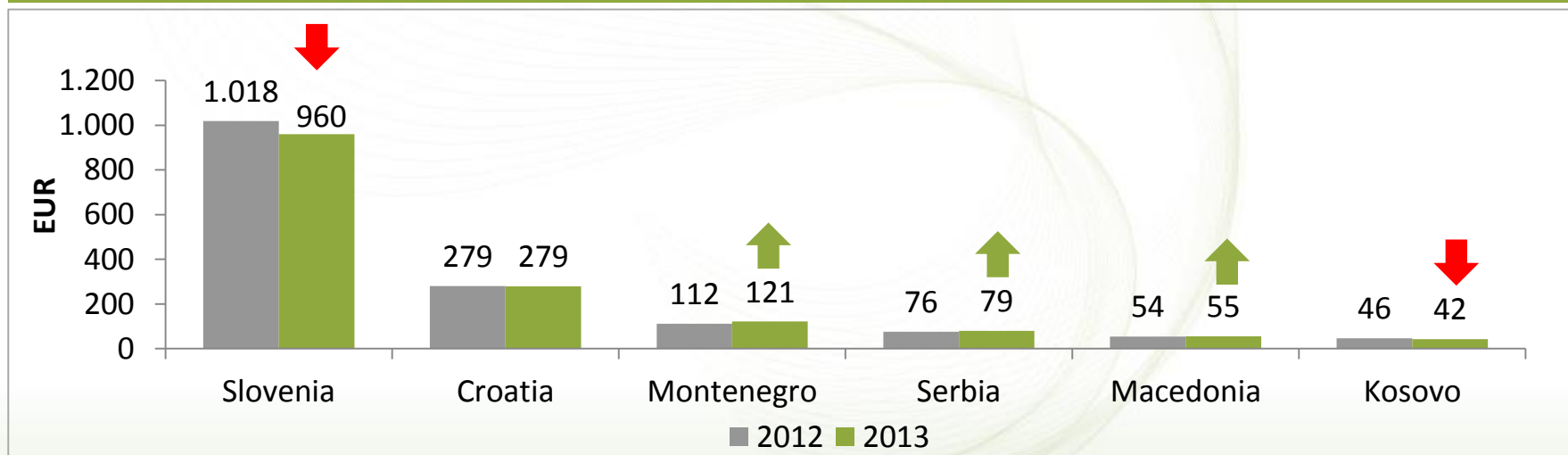
Premiums by region (2013)



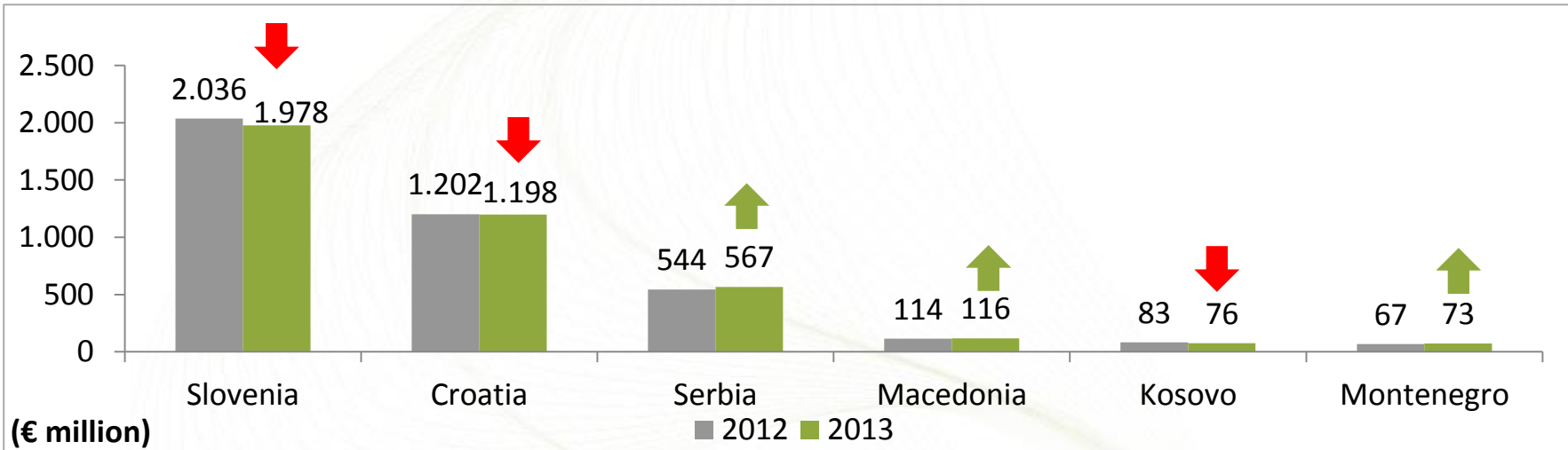
Insurance penetration (market premij/GDP)



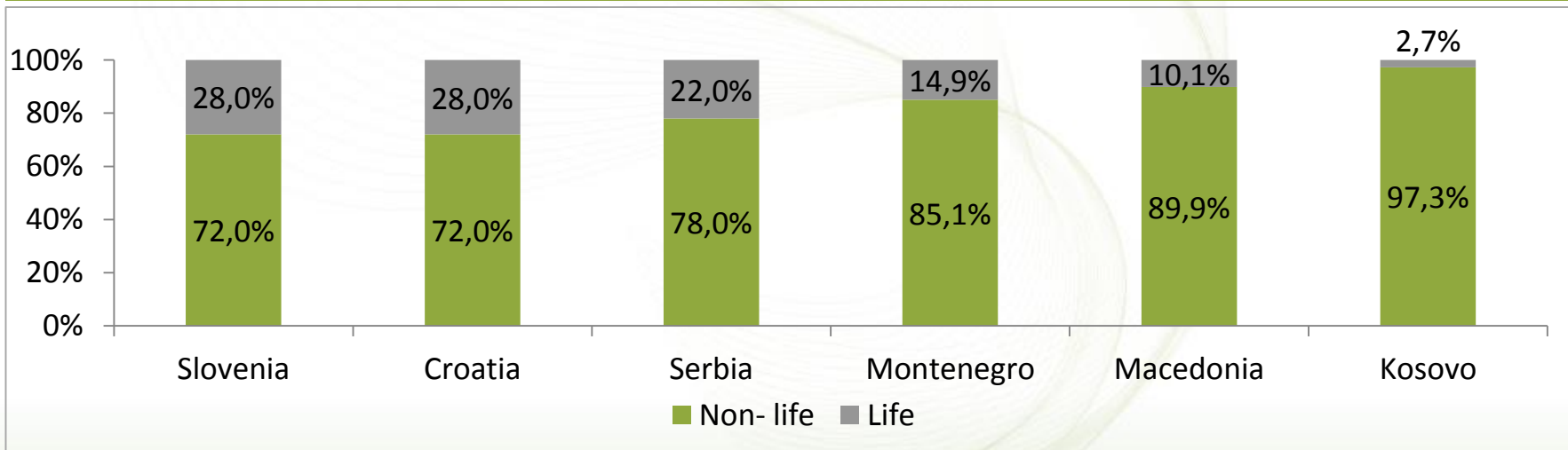
Insurance density (premium/capita)



Insurance premiums



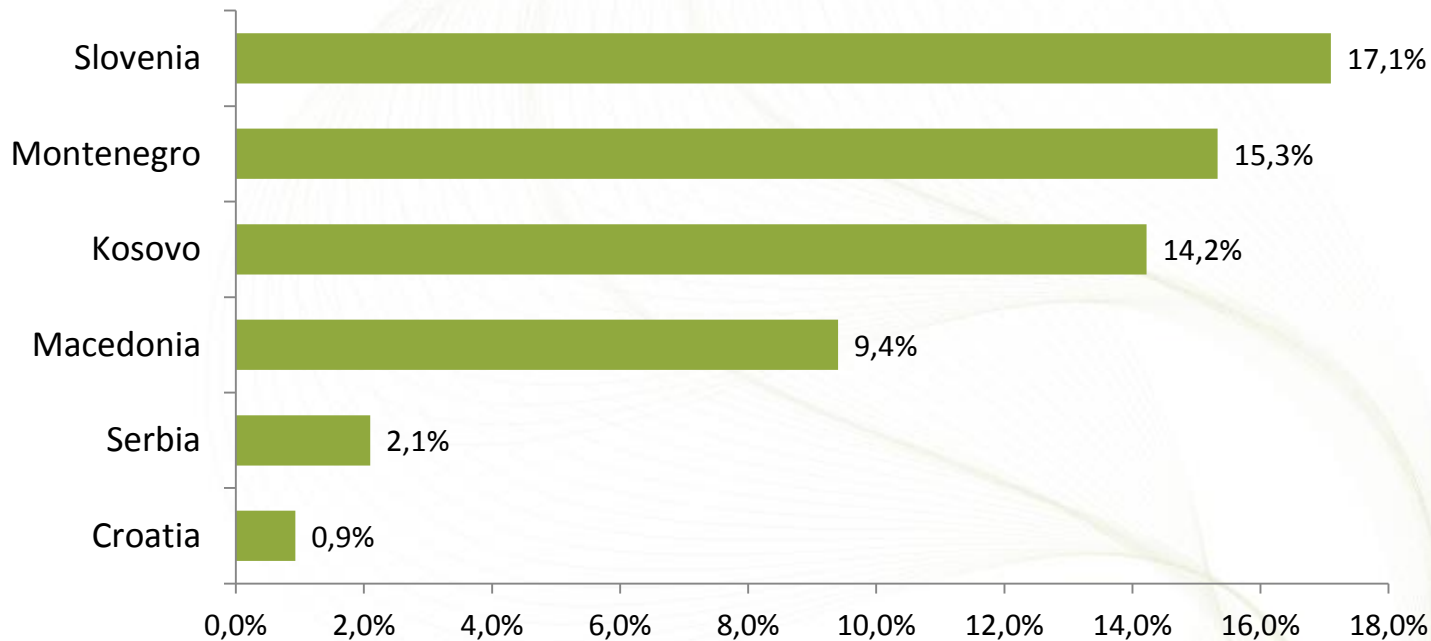
Breakdown of insurance premiums 2013



Market shares 2013 (total)

GPW 2013 (€ m)

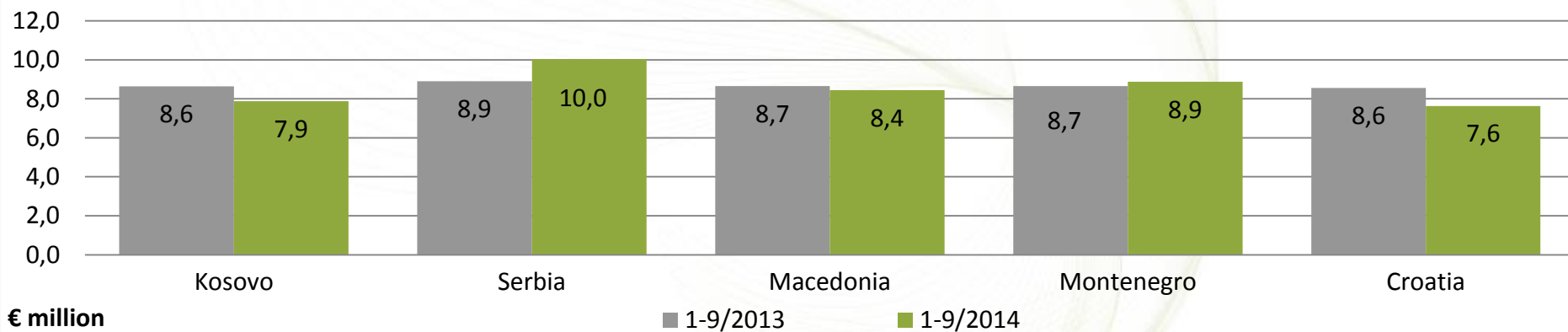
Non-life	Life	Total
253,3	84,8	338,1
11,2	-	11,2
9,2	1,4	10,6
10,9	-	10,9
10,9	0,9	11,8
9,0	2,1	11,1



Development of GPW BY SEGMENT



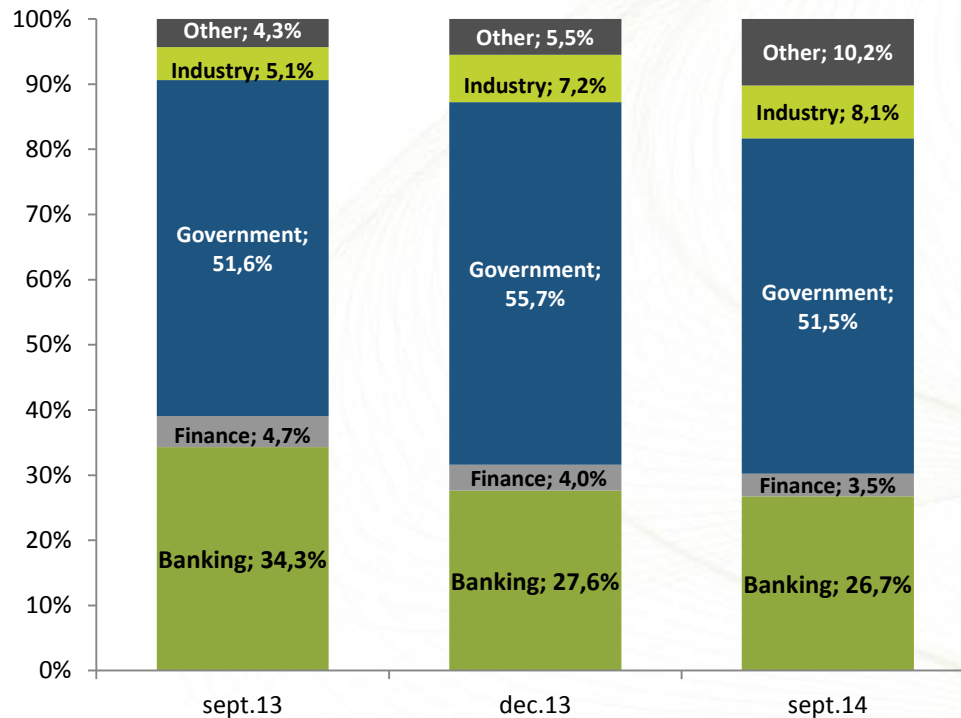
Development of GPW BY MARKET



(€ million)	31.12.2013	30.9.2014	% Change 2014/2013
ASSETS	1.378	1.472	6,8%
Financial investments in associates	2,9	3,0	4,0%
Financial investments	931,1	967,1	3,9%
Reinsurer's share of technical provisions	33,5	42,9	28,2%
Receivables	116,2	138,2	18,9%
Funds of policyholders who bear the investment risk	175,8	204,1	16,1%
Other assets	118,8	116,9	-1,6%
EQUITY AND LIABILITIES	1.378	1.472	6,8%
Equity	240,1	272,7	13,6%
Subordinated bonds	30,5	28,7	-5,8%
Technical provisions	846,2	897,0	6,0%
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	170,8	192,6	12,8%
Liabilities from operating activities	45,0	48,0	6,7%
Other liabilities	45,7	33,2	-27,5%

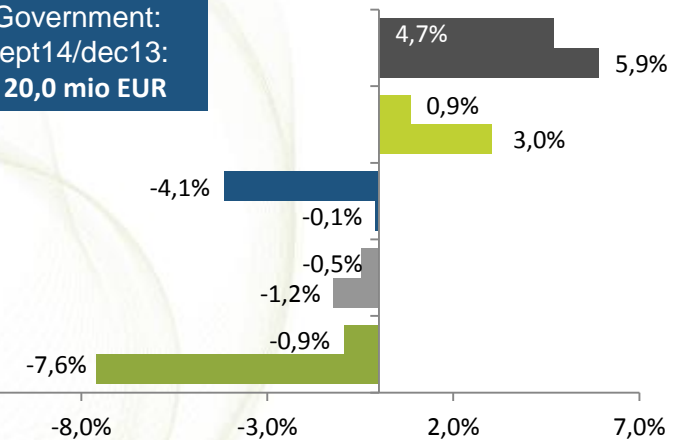
UNAUDITED CONSOLIDATED INCOME STATEMENT

(€)	1–9/2013	1–9/2014
Net earned premiums	270,9	321,3
Gross premiums written	291,8	371,2
Written premiums ceded to reinsurers and co-insurers	-19,1	-23,8
Change in gross unearned premiums	-4,5	-30,3
Change in unearned premiums for the reinsurance and co-insurance part	2,6	4,2
Income from investments in associates	10,2	0,2
Investment income	22,5	29,1
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	6,0	16,1
Other technical income	4,9	7,0
Commission income	1,4	2,2
Other technical income	3,5	4,8
Other income	2,6	1,6
Net claims incurred	-161,1	-189,3
Gross claims payments less income from recourse receivables	-149,8	-187,6
Reinsurers' and co-insurers' shares	5,6	8,0
Change in the gross claims provision	-14,0	-15,0
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-2,9	5,3
Change in other technical provisions	-1,8	-5,9
Change in technical provisions for policyholders who bear the investment risk	-6,4	-22,2
Expenses for bonuses and rebates	-0,4	-0,4
Operating expenses	-90,9	-105,7
Acquisition costs	-35,7	-35,8
Change in deferred acquisition costs	0,0	2,0
Other operating expenses	-55,2	-71,9
Expenses for financial assets and liabilities	-11,6	-3,1
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-7,8	-4,6
Other technical expenses	-9,8	-12,1
Other expenses	-0,7	-1,1
Profit/loss before tax	26,5	30,9
Income tax expense	-3,1	-5,9
Net profit/loss for the period	23,4	25,0
Net profit/loss attributable to owners of the controlling company	23,5	25,0
Net profit/loss attributable to non-controlling interests	-0,1	0,0
Basic and diluted earnings per share (€)	1,79 (€)	1,48 (€)



KEY CHANGE IN STRUCTURE:
Decrease in exposure to banking sector.

Government:
sept14/dec13:
- 20,0 mio EUR



Legend of the industries (according to GISC classification):

1. Banking: issuer of the investment is a bank
2. Government: issuer of the investment is a government, central bank or multilateral fin. institution
3. Finance: issuer of the investment is an insurance company, management company of mutual funds or other financial institution . Also includes investments in property.
4. Industry: issuer of the investment from industry, energy and materials
5. Other: issuer of the investment from utilities, consumer discretionary, consumer staples, telecommunication services, information technology and health care.

	Banking	Finance	Government	Industry	Other
sept/dec	-0,9%	-0,5%	-4,1%	0,9%	4,7%
sept/sept	-7,6%	-1,2%	-0,1%	3,0%	5,9%

* Investments without financial investments in affiliates and investments for the benefit of life insurance policyholders who bear the investment risk.

INCOME AND EXPENCES BY TYPE

INCOME		
(in million €)	1-9/2013	1-9/2014
Interest income	17,1	19,8
Change in fair value of investments in FVPL group	0,5	1,2
Gains on disposal of investments other IFRS groups	2,4	3,5
Income from associates	10,0	0,2
Income from dividends	0,7	0,9
Positive foreign exchange differneces	1,9	3,4
Other income	0,2	0,4
Total	32,8	29,5
Investments for the benefit of life insurance policyholders who bear the investment risk	6,0	16,1

EXPENCES		
(in million €)	1-9/2013	1-9/2014
Interest expences	1,2	1,1
Change in fair value of investments in FVPL group	0,5	0,3
Losses on disposal of investments other IFRS groups	1,8	0,2
Expences from associates	0,0	0,0
Impairments	5,4	0,0
Negative foreign exchange differneces	2,5	1,4
Other expences	0,2	0,2
Total	11,7	3,3
Investments for the benefit of life insurance policyholders who bear the investment risk	7,8	4,6

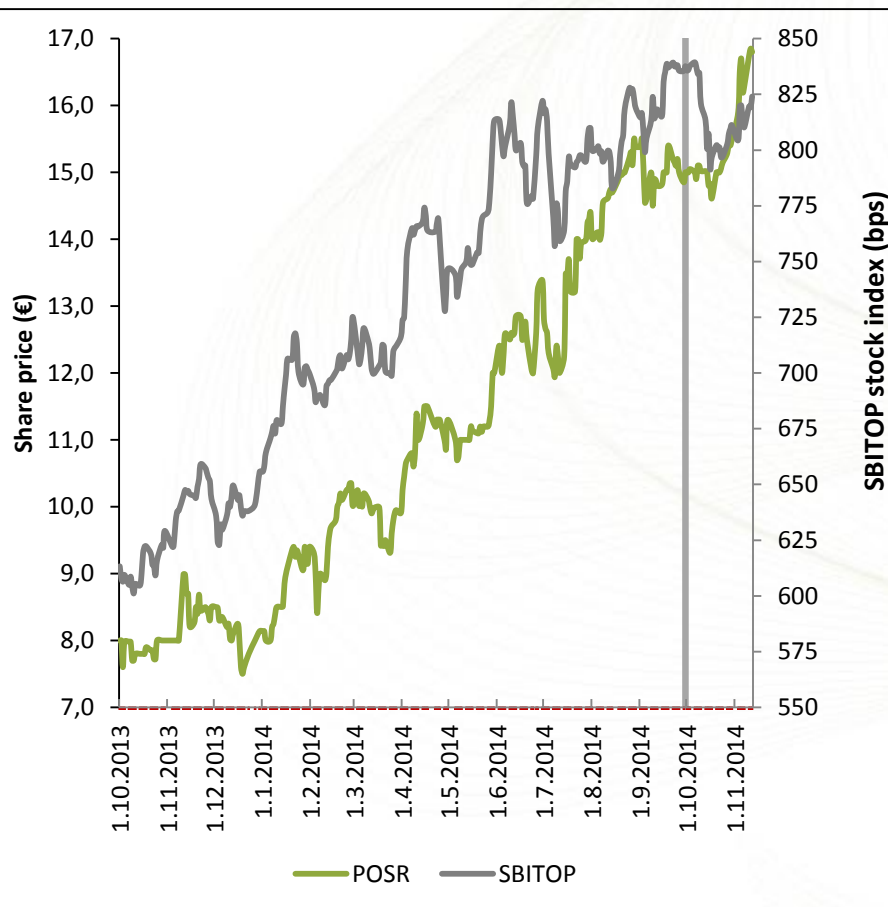
Shareholder structure of Sava Reinsurance Company at 30 September 2014

Type of Investor	Domestic investors	Foreign investors
Other financial institutions	25,1%	3,1%
Insurers and pension companies	14,1%	0,1%
Natural persons	12,1%	0,2%
Banks (including fiduciary accounts)	7,1%	24,8%
Investment funds and mutual funds	8,6%	1,5%
Other commercial companies	3,3%	0,0%
Total	70,3%	29,7%

Top ten shareholders of Sava Reinsurance Company at 30 September 2014

Shareholder	No. of shares	Holding
SDH, d.d.	4.304.917	25,0%
Societe Generale - Splitska banka d.d. - skrbniški račun	1.696.957	9,9%
European Bank for Reconstruction and Development	1.071.429	6,2%
Raiffeisen Bank Austria d.d. - skrbniški račun	764.606	4,4%
Modra zavarovalnica d.d.	714.285	4,1%
Abanka d.d.	655.000	3,8%
Sakaropel Limited	539.709	3,1%
Adriatic Slovenica d.d., kritno premoženje	500.291	2,9%
Skandinaviska Enskilda Banken S.A. Luxembourg	475.211	2,8%
Pišljar Marjan	445.626	2,6%
Skupaj	11.168.031	64,9%

The movement in the POSR share price compared to the SBITOP stock index



Basic details about the POSR share

	30.9.2013	30.9.2014
Share capital	71.856.376	71.856.376
No. of shares	17.219.662	17.219.662
Ticker symbol	POSR	POSR
No. of shareholders	4.995	5.210
Number of treasury shares	346.643	347.683
Net earnings per share (€)	1,56	1,22
Consolidated net earnings per share (€)	1,79	1,48
Market capitalisation (€)	142.750.998	260.877.879
Consolidated book value per share (€)	13,81	16,16
Share price at end of period (€)	8,29	15,15

Share price
30.9.2013
€8,29

Share price
30.9.2014
€15,15

ADDITIONAL INFORMATION

Please contact our investor relations department for any additional information:

Jana Mandelc

E-mail: jana.mandelc@sava-re.si

Please send questions and comments about Pozavarovalnica Sava stock to our e-mail address: ir@sava-re.si



THANK YOU FOR YOUR ATTENTION!