



Sava Re Group

2013 Unaudited Results

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1 Overview

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3 Strategic Guidelines 2014-2018

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 2013)
AM Best A- (Jan 2014)
- ▶ Ljubljana stock exchange – prime market (POSR)



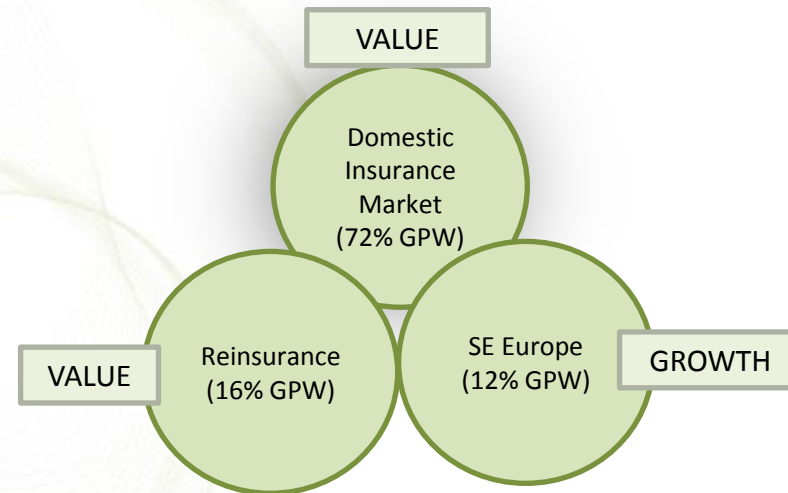
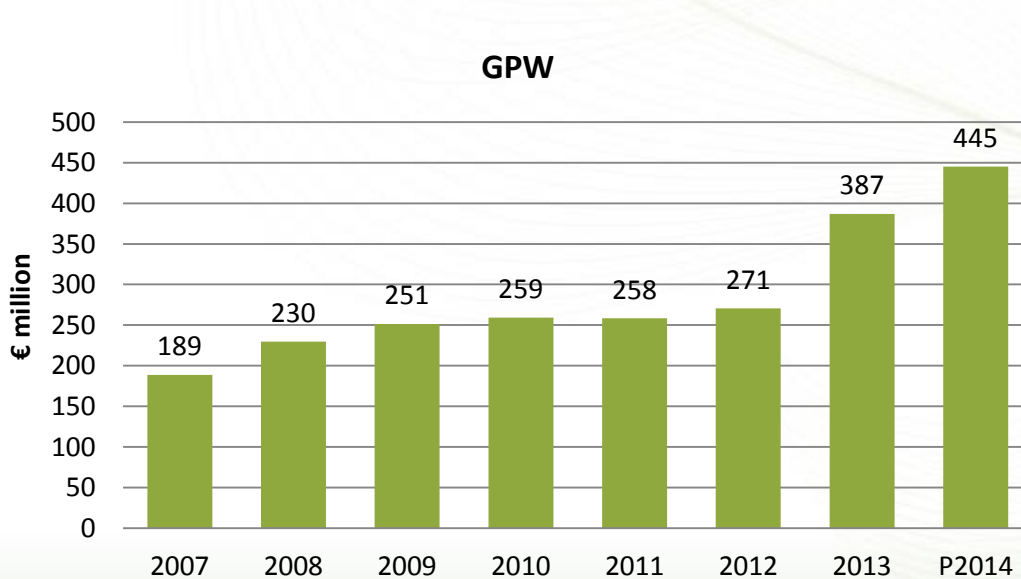
*calculated on pro forma 2013 numbers as if ZM was consolidated from 1.1.2013

▶ € 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.

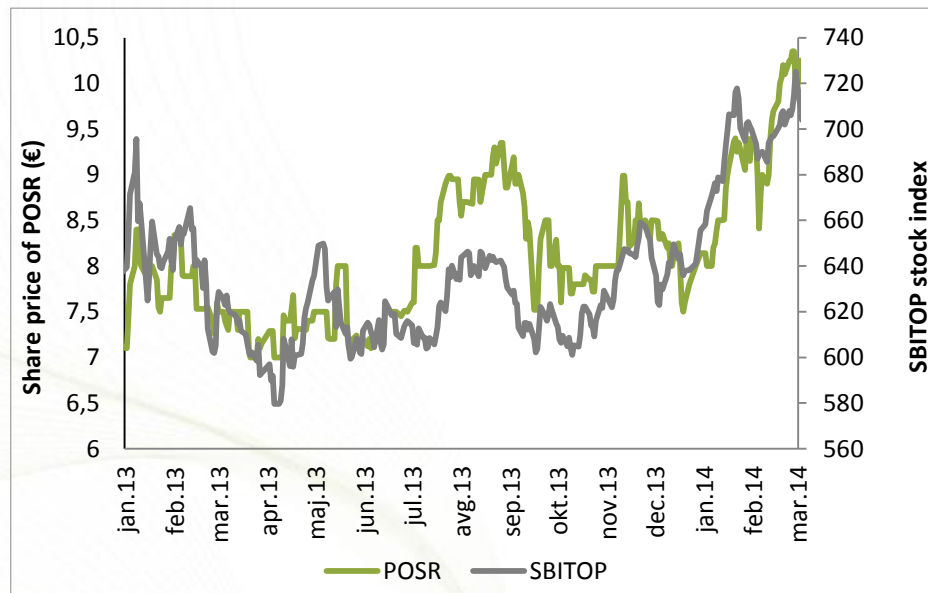


% calculated on pro forma 2013 numbers as if ZM was consolidated from 1.1.2013

Basic details about the POSR share

	31.12.2012	31.12.2013
Share capital (€)	39.069.099	71.856.376
No. of shares	9.362.519	17.219.662
Number of treasury shares	210	346,643
Trading symbol	POSR	POSR
No. of shareholders	4.946	4.959
Price to book value (P/B)	0,39	0,57
Market capitalization (€)	66.661.135	140.168.049
Price to premium (P/GPW)	0,25	0,36

P/B = market capitalization/ value of equity at year end

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


*SBITOP Slovene Blue -chip index

Management structure – confirmed new mandate beginning 1 Jun 2013 for a 5 year period


Zvonko Ivanušič
Chairman



Srečko Čebro
Member



Jošt Dolničar
Member



Mateja Treven
Member

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Consolidated results

ZM 1.5.2013

(€ million)	2012	2013	Index / change in pp 2013/ 2012
GPW	271	387	143
Net combined ratio**	98,7 %	94,2 %	-4,5 pp
Net expense ratio	34,6 %	33,6 %	-1 pp
Net incurred loss ratio	61,6 %	58,9 %	-2,7 pp
Return on investments	3,3 %	0,5 %	- 2,8 pp
Profit after tax	11,8	13,6	115
	31.12.2012	31.12.2013	
Total assets	641	1.378,3	215
Equity	171	240	140
ROE**	7,4 %	6,6 %	-0,8 p p

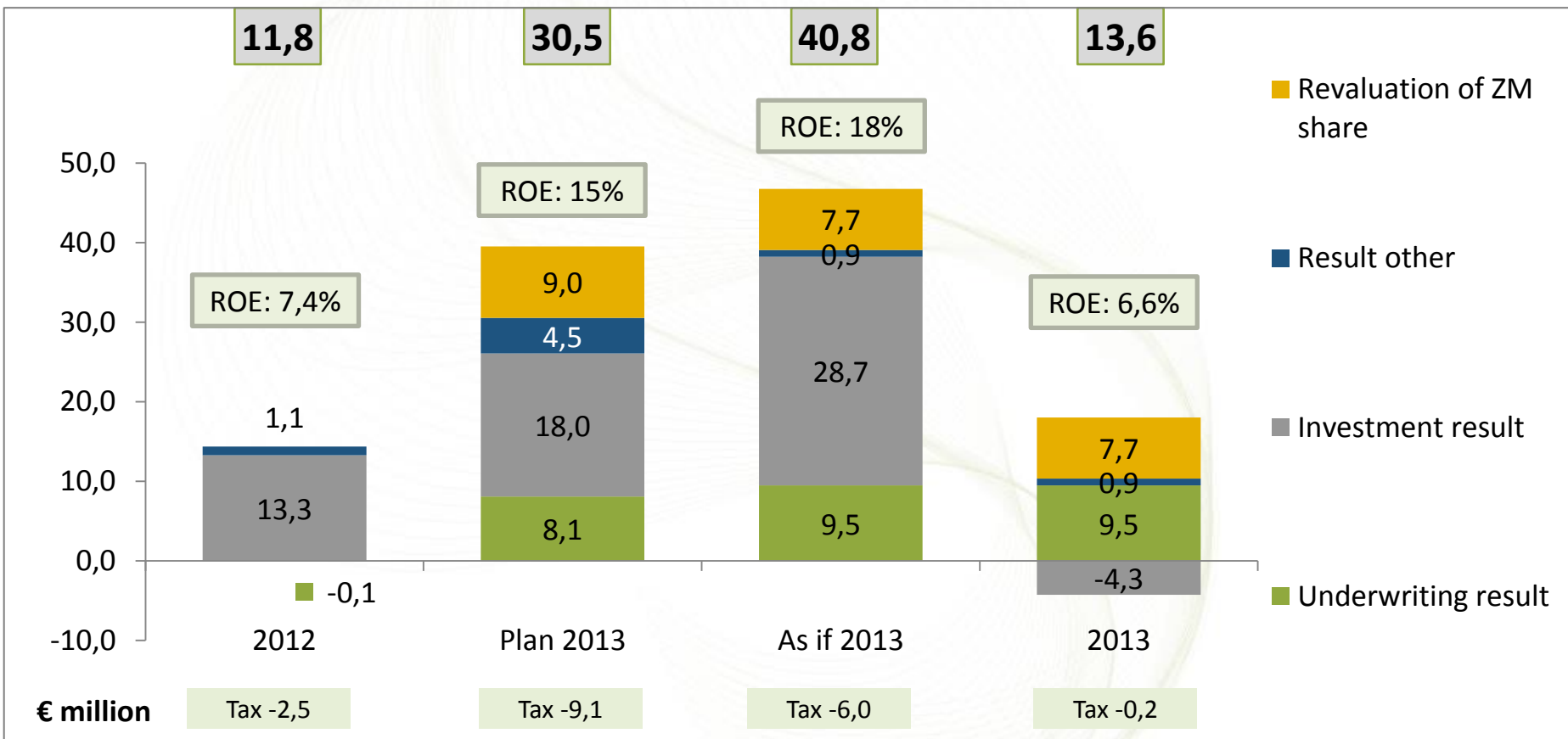
*ROE: profit after tax / average equity

**Net combined ratio; life business excluded from ratio

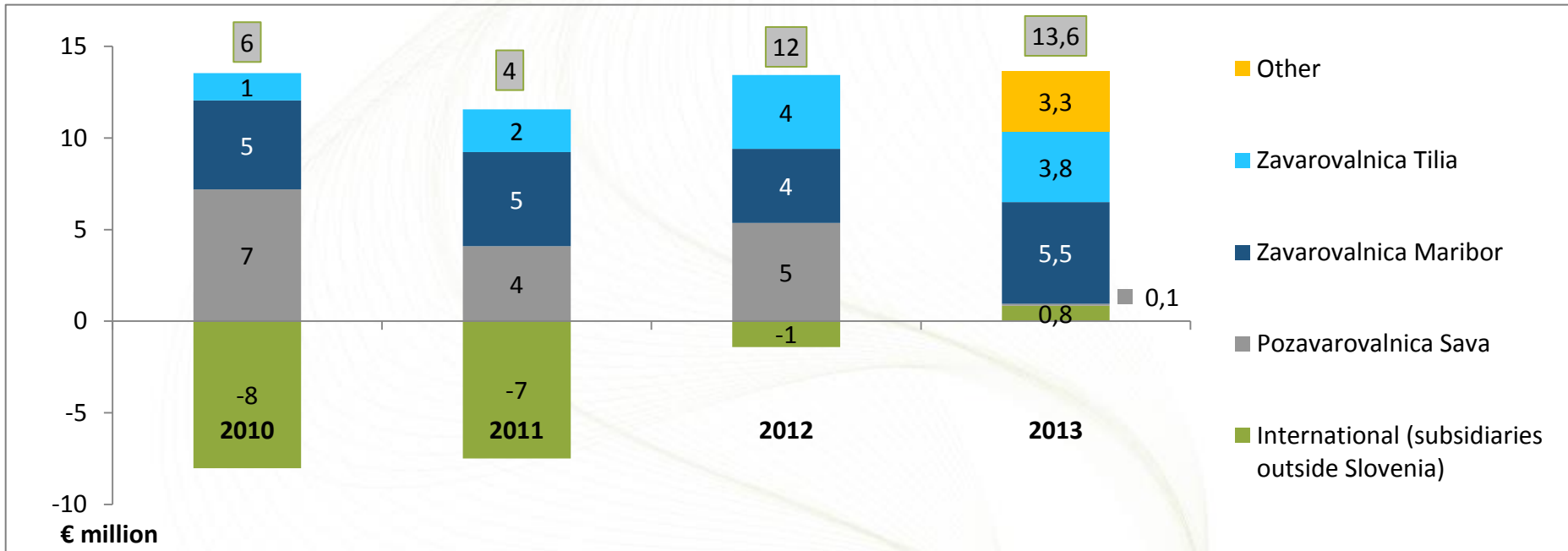
- S** Strong growth of GPW as a result of ZM acquisition
- S** 33,6 mio of impairments because of Slovenian bank subordinated bonds write offs
- S** Improvements in combined ratio are result of optimization measures and no major claims in 2013
- S** Sava Reinsurance Co. result 2013: 14,8 mio EUR; dividend at 30% of this result (cca 2,6% dividend yield)

Simulation of result without impairments from subordinated bank bonds (€33,7m negative effect)

Consolidated result after tax



Structure of consolidated result after tax

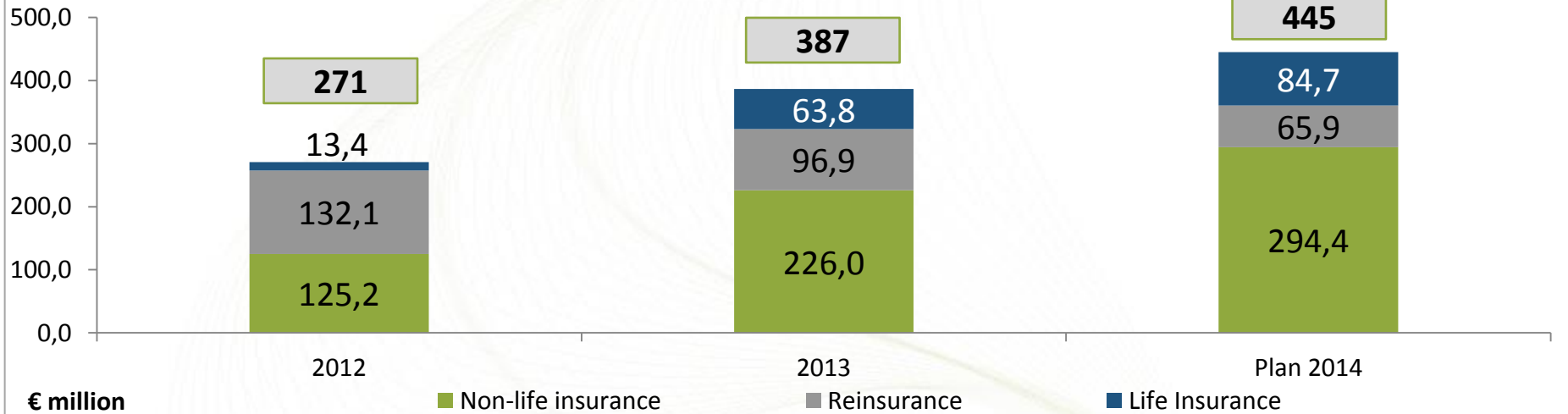


- S** In 2013 ZM & Sava Re had severe effects to the result because of the subordinated bank bonds impairments – results still positive & exceeding expectations
- S** Subsidiaries outside Slovenia reached a break even point in 2013

ZM 1.5.2013

ZM 1.1.2014

Development of consolidated GPW BY SEGMENT



Adding ZM to the Group had big effects to the structure of the Group's segments

Non Life:

Became the most important segment;
83 % of non-life portfolio 2014 from Slovenija;
61 % motor business

Life:

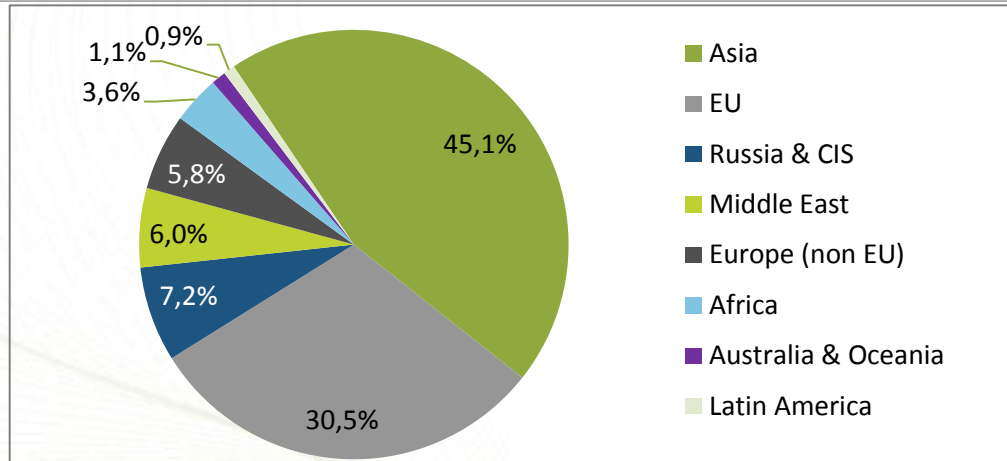
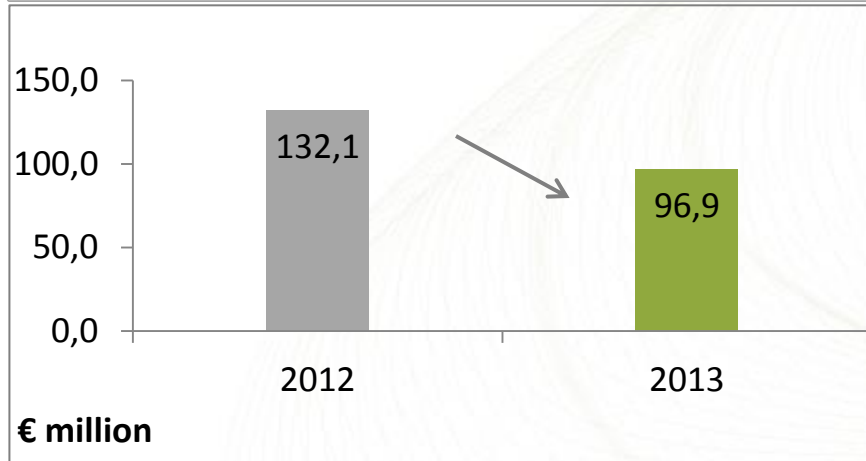
Growth on risk focused products; fall on unit-linked products

Reinsurance:

Consolidation effects on the reinsurance segment

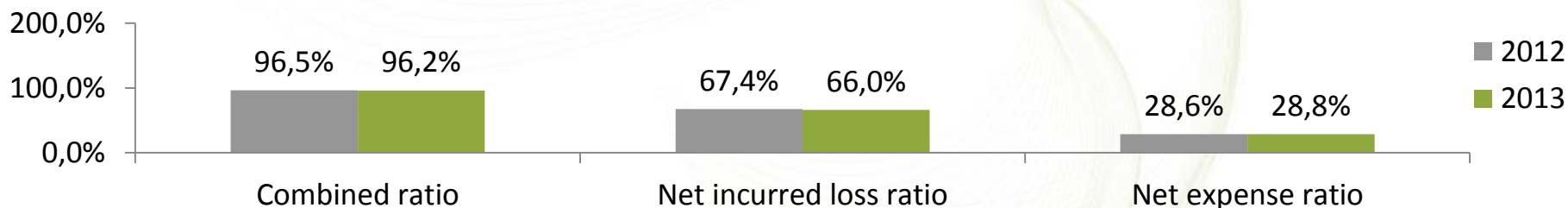
GPW

GPW 2013: €96,9 m



Drop in premiums in the reinsurance segment, which is a result of the elimination of reinsurance premiums written by Zavarovalnica Maribor, which has been fully consolidated as from 1 May 2013.

Ratios

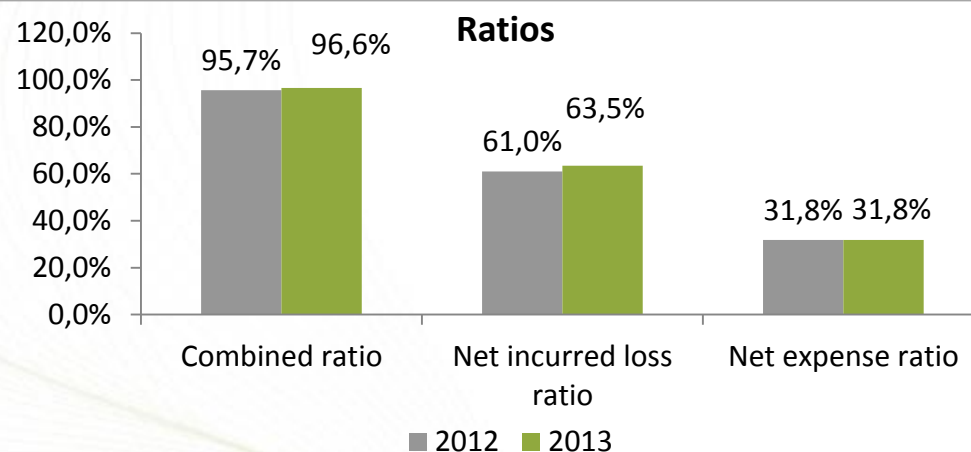
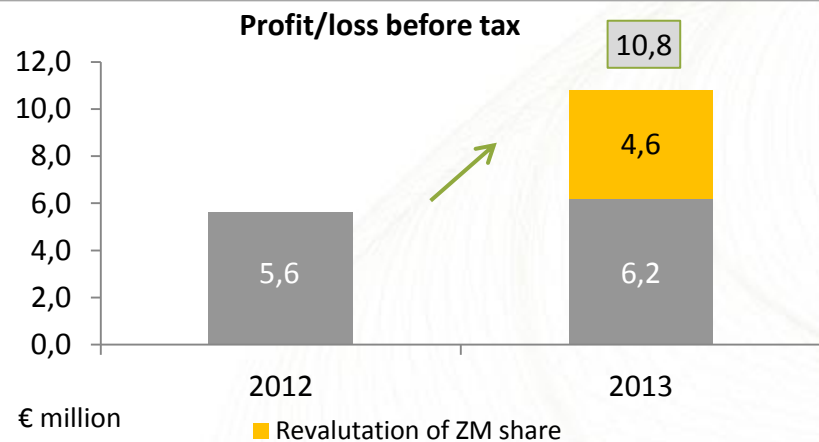


* Figures are consolidated and after the transfer of reinsurance effects to operating segments.

Non-Life Slovenia

GPW 2013: €174,4 m

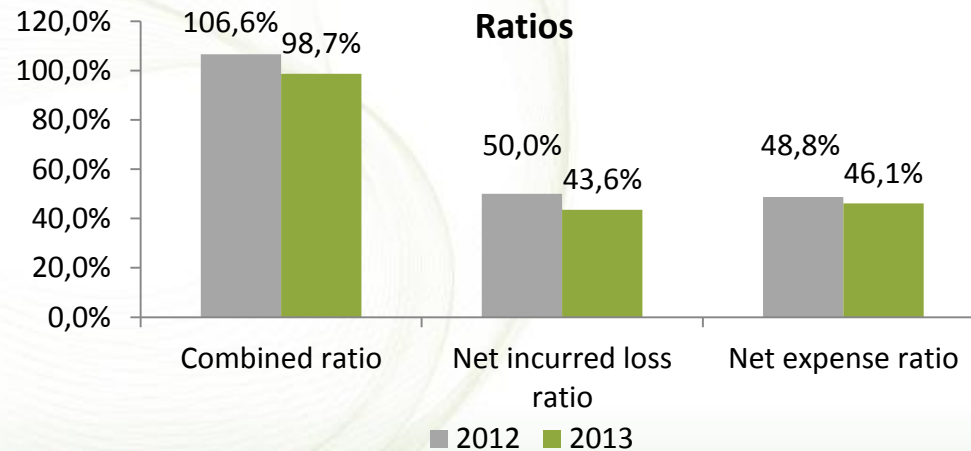
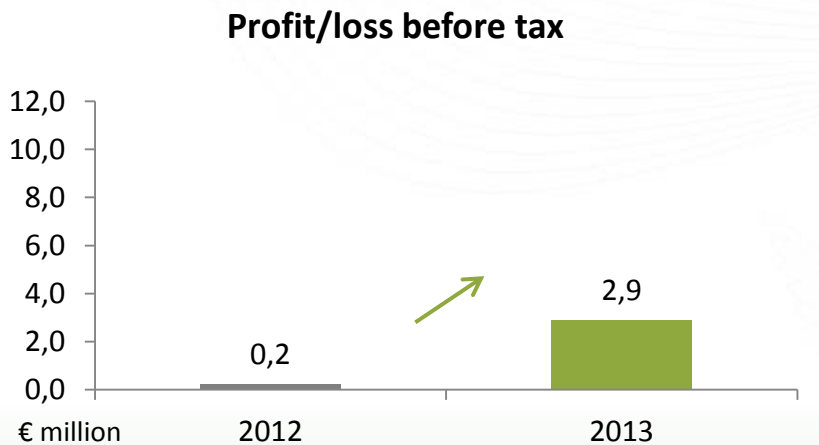
ZM 56 % of total NL GPW



* Revaluation of Sava Re previous share in ZM of 48,68% to market value

Non-Life International

GPW 2013: €51,6m



* Figures are consolidated and after the transfer of reinsurance effects to operating segments.

Life Slovenia

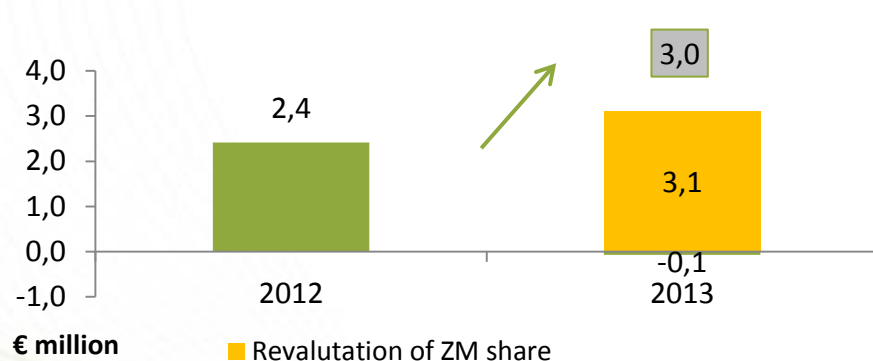
GPW 2013: €59,4 m

ZM 84% of total life GPW

Gross premiums written



Profit/loss before tax



Life market in Slovenia shrinking;
ZM gaining market share

* Revaluation of Sava Re previous share in ZM of 48,68% to market value

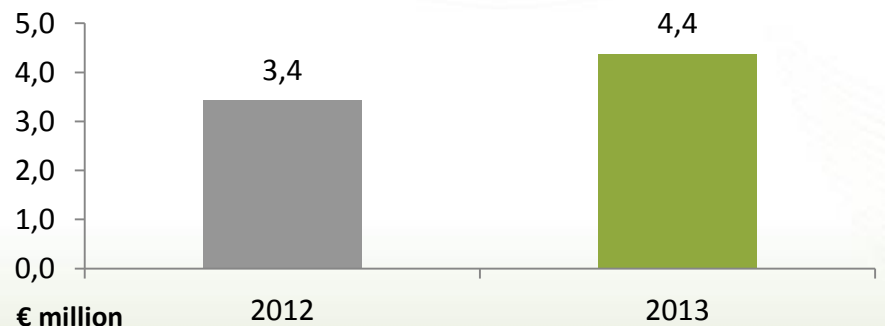
Result in ZM affected by subordinated bank bonds
impairments

Life International

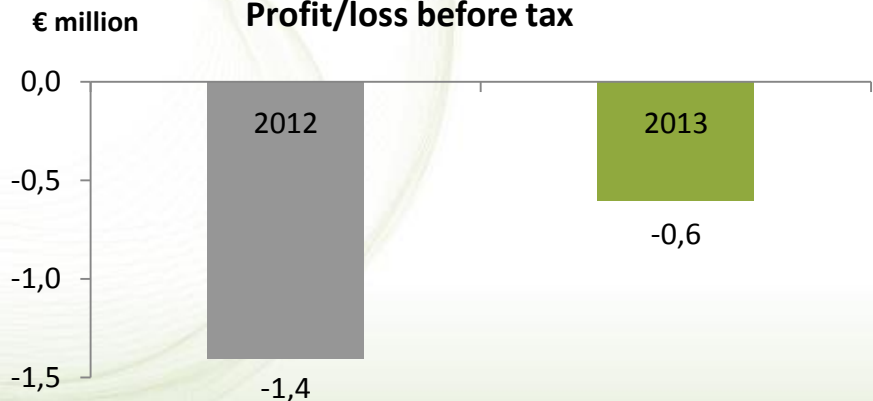
GPW 2013: €4,4 m

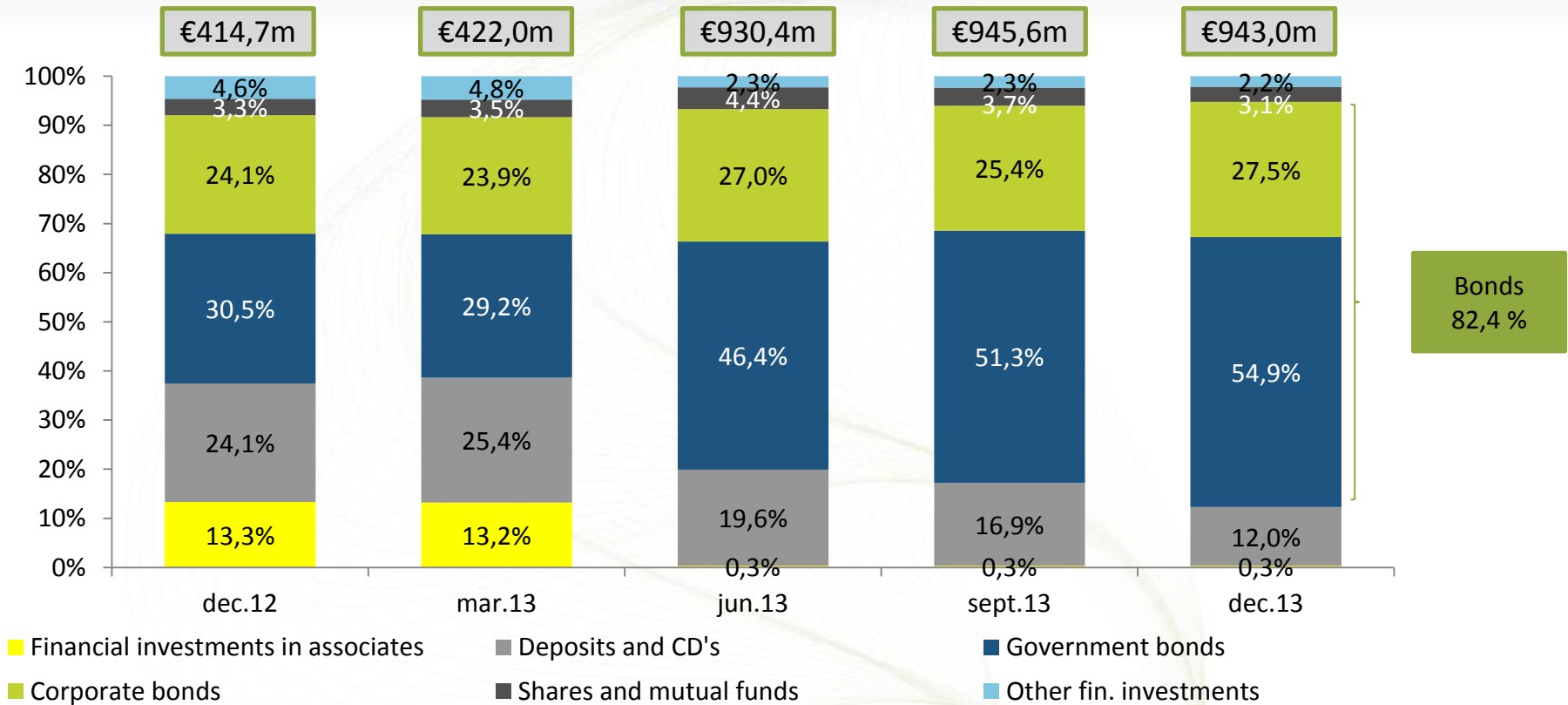
Substantial premium growth but to low nominal values

Gross premiums written



Profit/loss before tax

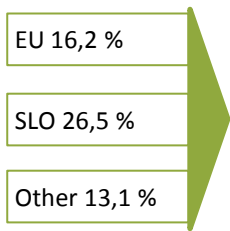
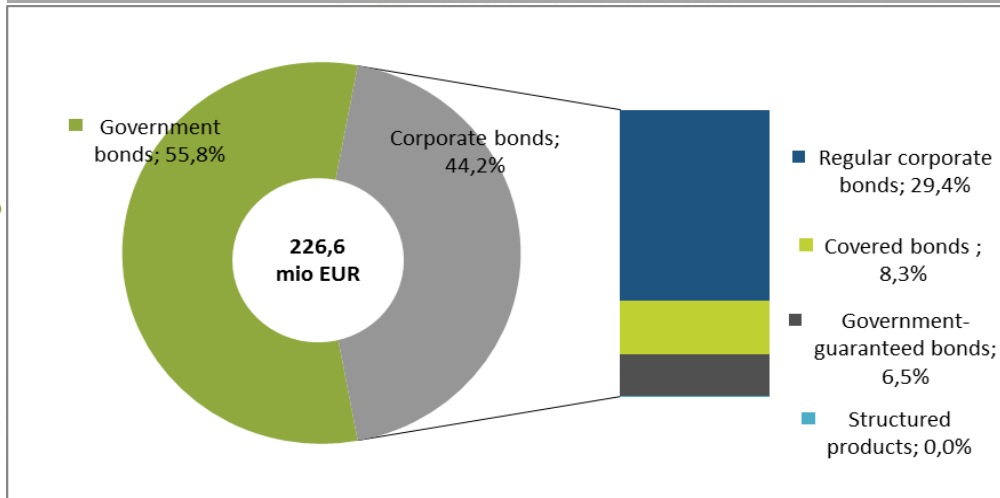




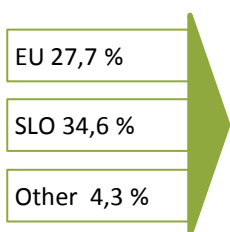
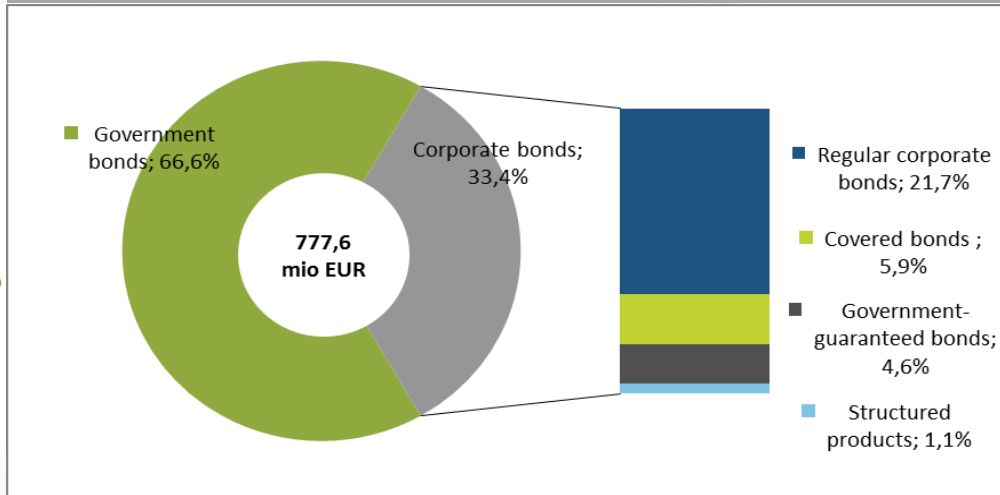
- Decrease in deposits (by 4,9 percentage points) because of the uncertain status of the Slovenian banking system.
- Increase in governments bonds by 24 percentage points, due to consolidation of ZM and the fact that all companies in the group reinvested funds into government bonds (companies in Slovenia mainly in foreign government bonds with high ratings, companies outside Slovenia into local government bonds).
- Increase in corporate bonds due to increase in safety of the portfolio with purchase of covered bonds with ratings AAA.
- Decrease in share of fin. investments in associates due to full consolidation of ZM.

Bonds = 82,4% of total portfolio

Structure 31.12.2012



Structure 31.12.2013



Changes to the year 2012:

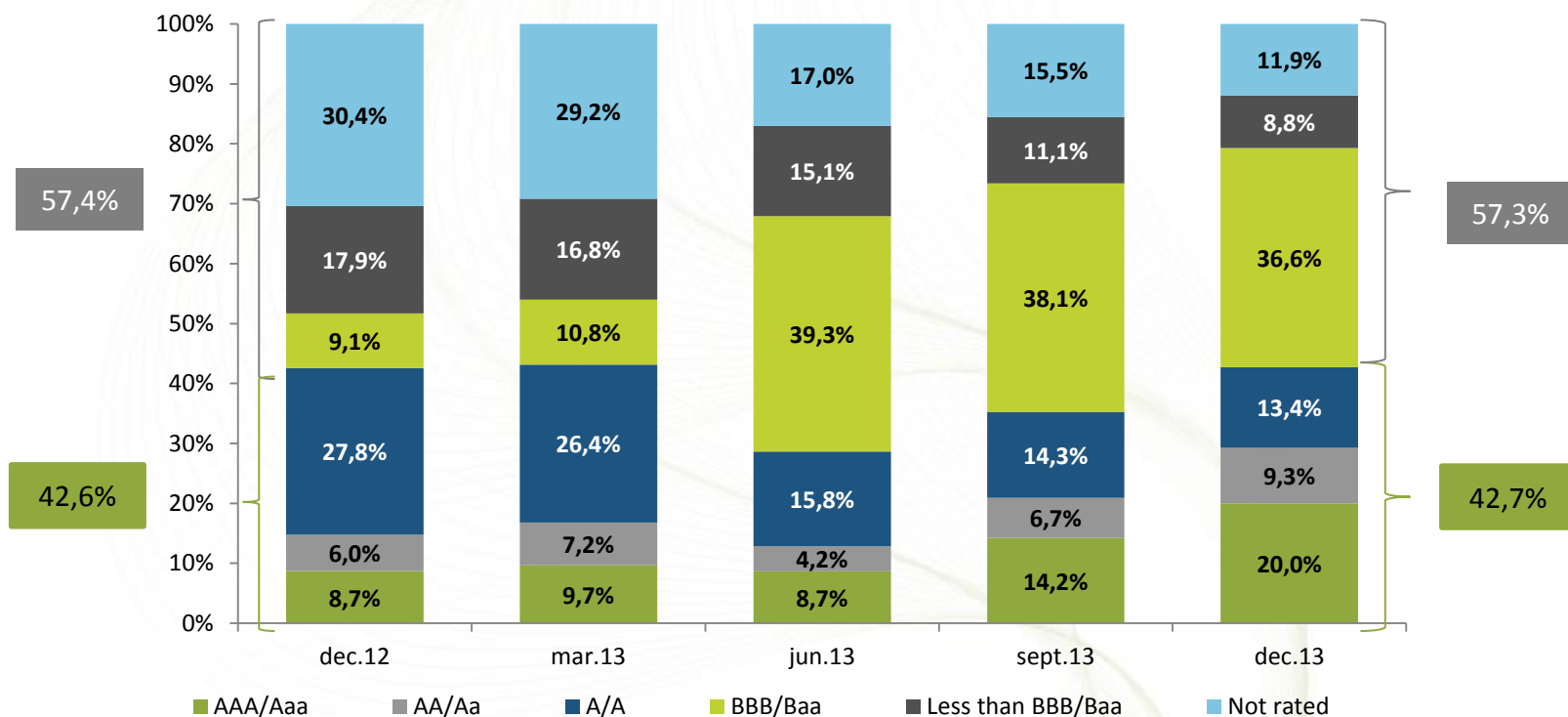
- Increase in government bonds by 10,8 percentage point
- The revised structure of corporate bonds:
 - Decrease in regular corporate bonds due to cancellation of subordinated bonds.
 - Increase in covered bonds due to increase the safety of the portfolio.
 - Decrease in government-guaranteed bonds due to maturities.
 - Increase in structured products due to consolidation of ZM.

(€ million)	2012	2013	Index
Deposits and CD's	5,6	5,3	95,7
Government bonds	4,6	13,8	301,8
Corporate bonds	2,9	-27,9	-1.165,4
Shares	-0,6	0,1	209,4
Mutual funds	-0,9	3,0	523,2
Loans granted and other fin. investments	-0,1	1,7	1.588,9
Deposits with cedants	0,1	0,1	127,8
Total financial investments	11,4	-3,9	-233,7
Financial investments in associates	3,5	9,0	259,9
Investment property	0,0	0,0	0,0
Cash and cash equivalents	0,0	0,0	0,0
Total investment portfolio	14,9	5,2	34,6
Expences from financial liabilities	1,6	1,7	105,3
Total investment portfolio incl. exp. from fin. liabilities	13,3	3,4	25,9
Investments for the benefit of life insurance policyholders who bear the investment risk	1,2	-0,3	-223,8

- Net investment income can not be compared between 2013 and 2012 because of consolidation of Zavarovalnica Maribor from 1st May 2013.
- Negative net investment income from financial investments is due to cancellation and impairments of subordinated bonds and cancellation of shares of Slovene banks in the amount of € 34,3m.
- Net investment income from investment portfolio is positive due to net investment income of financial investments in associates (mainly revaluation of the ZM share from equity method value to fair value).
- Return on investments **0,5%** in 2013 (2012: 3,3%)

EXPENCES (€ million)	Cancellation of subordinated bonds	Cancellation of shares	Impairments of subordinated bonds	Total
Zavarovalnica Maribor	16,2	0,6	7,1	23,9
Pozavarovalnica Sava	8,6	0,04	1,7	10,4
Total	24,9	0,6	8,8	34,3

Ratings of bonds, deposits and deposits with cedants

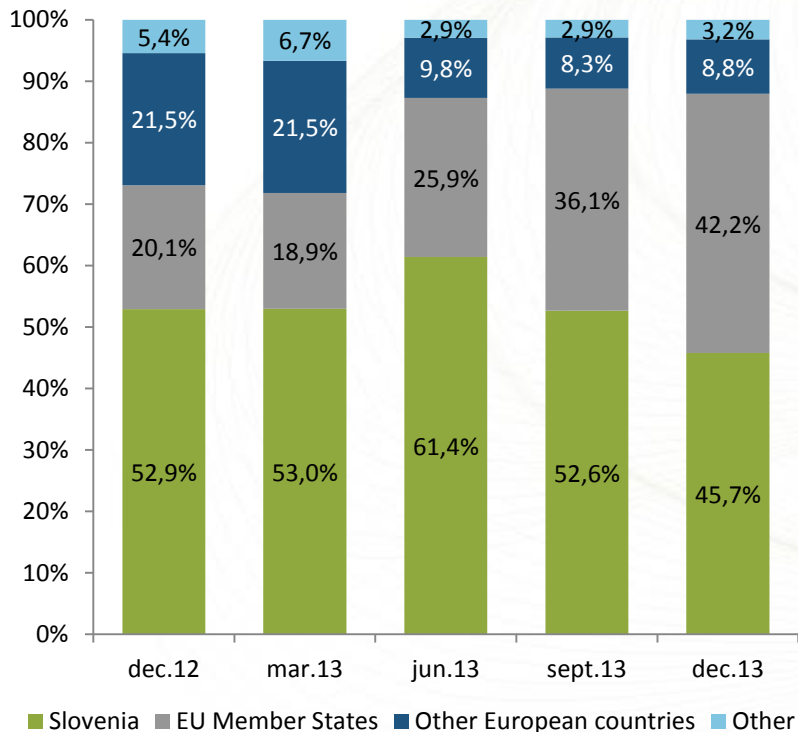


Ratings structure change in 2013 is the result of following factors:

- Investment policy focused on purchases of investments of foreign issuers with a credit rating of at least A-
- Drop in ratings of Republic Slovenia from A- to BBB+.

Despite the drop in ratings of Slovenia the share of investments with the ratings A- or higher remained the same as at the end of 2012 (42,7 %).

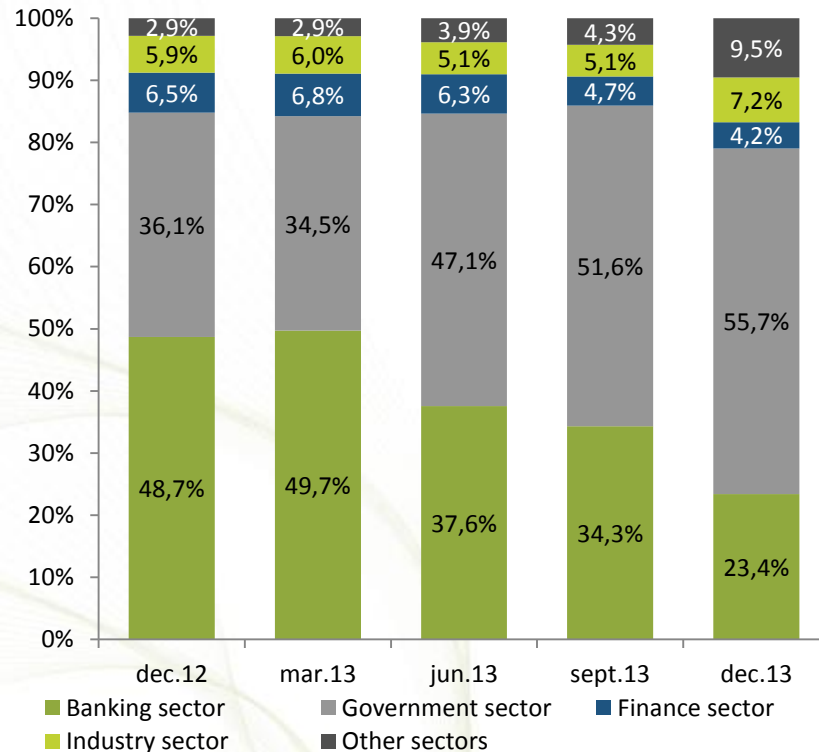
Structure by region



Change to the year 2012:

- Decrease of exposure to Slovenia by 7,2 percentage point
- Increase of exposure to EU Member States by 22,1 percentage point as a result of the accession of Croatia to the EU and increase the EU government bonds in the portfolio Sava Re and ZM.

Structure by sector



Change to the year 2012:

- Decrease of exposure to banking sector 25,3 percentage point (decrease in deposits due to excess concentration to banking sector)
- Increase in government sector by 19,5 percentage point (transfer of funds to safer investments)

* Investments without Investments for the benefit of life insurance policyholders who bear the investment risk.

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OUR AIM IS TO BE RECOGNISED AS THE BEST SERVICE PROVIDER IN THE FIELD OF INSURANCE IN THE REGION

Slovenian insurance operations

- Integration of ZM into Group – 3 years to full synergistic effects
- Adjustment of business models in both ZM and Zavarovalnica Tilia to new Group structure
- Multi-brand strategy (strengthening of two brands, each with own product focus and identity)
- Quality improvements: costs, IT, claims, underwriting

Reinsurance operations

- Profitable growth in international markets
- Lowering of business volume from Slovenia

Operations outside Slovenia

- Premium growth, cost optimisation and enhanced recognition in the region
- Improved premium collection and prevention of insurance fraud
- Transferring best products and service procedures from the Group to these markets
- Further improvement in underwriting procedures




Targets for for 2014 & Strategic targets utill 2018

	2014 Target	2018 Target
Consolidated gross written premiums	> € 445m	> € 500m
<i>Average growth rate 2015-2018*</i>		> 3 %
Net combined ratio**	< 98 %	< 95 %
Net expense ratio	< 33%	< 30 %
Net incurred loss ratio	< 62%	< 61 %
Return on investments	>2,3%	> 2,5 %
Total assets	> € 1,4bn	> € 1,5bn
ROE	>9,6%	> 11%

**Net combined ratio includes all items except investment items (life business excluded from ratios)

* From 2015 because 2015/2014 growth still impacted by consolidation effects

Under the assumption of organic growth in the planned period

-  Lowering of expense ratio and improved premium collection
-  Improved loss ratio in Slovenia
-  Expected stable net investment income

Dividend policy

In 2014 the management board will propose a payment of dividends out of 2013 profit (30% of 14,8m ie Sava Re profit after tax) according to the dividend policy announced last year; dividends in the planned period 2014-2018 > 20 % consolidated after-tax profit.

Previous 2013 announcements on the topics:

<http://www.sava-re.si> and <http://seonet.ljse.si>

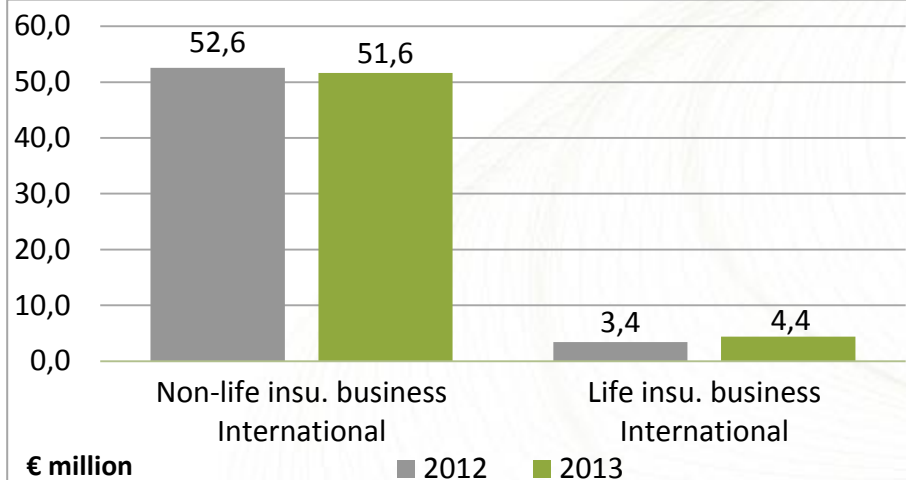
- 2013 – year of transformation for the Sava Re Group:
preliminary 2013 results, plan for 2014 and strategic objectives for 2014-2018
- Unaudited Financial Statements of the Sava Re Group and Sava Reinsurance Company



Sava Re Group

Thank you for your attention!

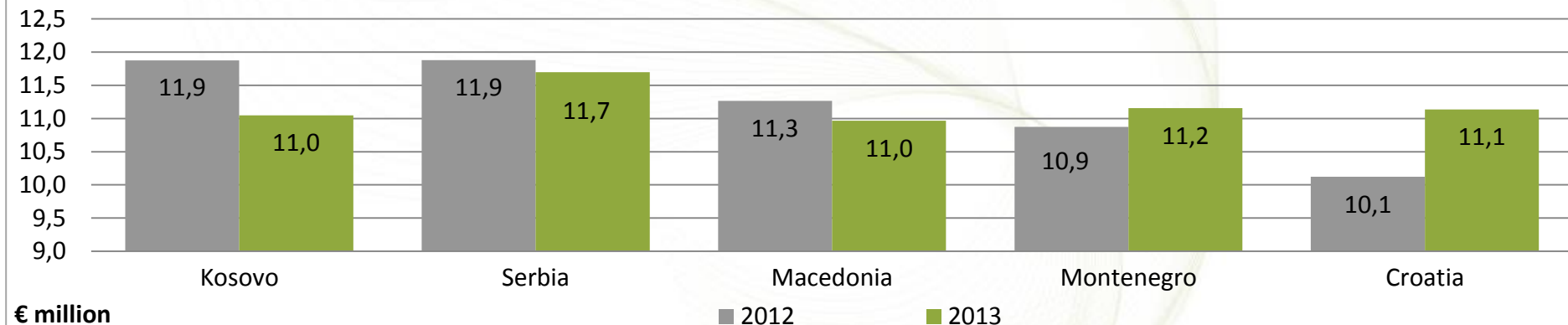
Development of GPW BY SEGMENT



(EUR)	2012	2013	Nominal Growth
Serbia (NL)	-612.987	-99.658	513.329
Kosovo (NL)	230.995	258.267	27.272
Macedonia (NL)	66.424	94.507	28.083
Montenegro (NL)	991.542	1.010.839	19.297
Croatia (NL)	-813.104	50.457	863.561
Kosovo (L)	138.239	165.618	27.379
Croatia (L)	-904.326	-196.235	708.091
Serbia (L)	-502.793	-575.569	-72.776

* non-consolidated results after tax

Development of GPW BY MARKET



Drop of premium on some markets due to losses of some bigger clients:
 - Kosovo (M&A process); Serbia (limiting MTPL); Macedonia (change of insurer)