



Sava Re Group

1-6/2016 Results

OVERVIEW OF RESULTS JANUARY– JUNE 2016

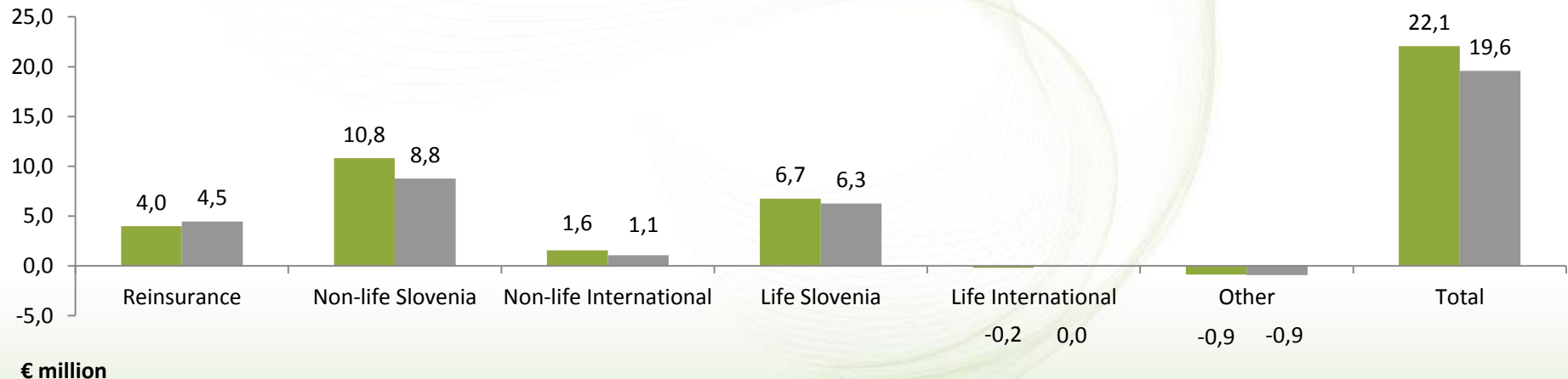
August 2016

1. Sava Re Group results
2. Financial position of the Sava Re Group
3. Results of Sava Re Group Companies

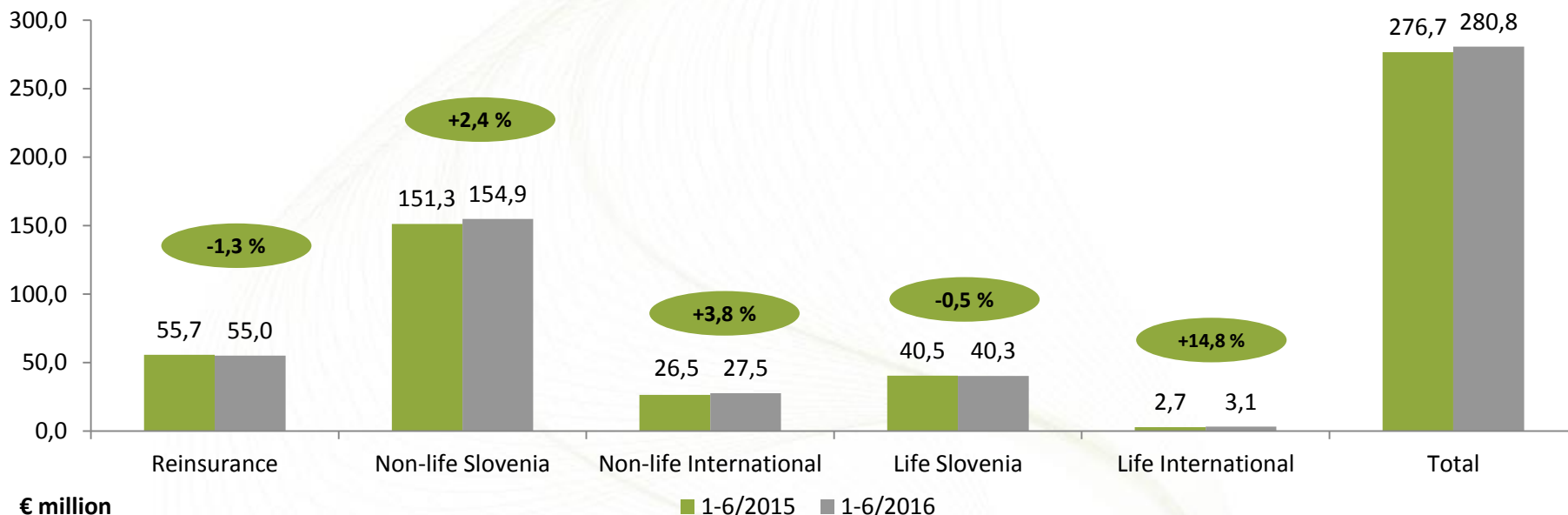
Sava Re Group	1-6/2015	1-6/2016	Plan 2016	Change 2016/2015	Actual/plan
Gross premiums written (€ million)	276,7	280,8	487,9	1,5%	57,6%
Net expense ratio	31,3%	32,7%	33,2%	+1,4 o.t.	-0,5 o.t.
Net combined ratio S&P*	97,0%	96,1%	94,8%	-0,9 o.t.	+1,3 o.t.
Net combined ratio (excluding foreign exchange differences)*	94,8%	96,3%	94,8%	+1,5 o.t.	+1,5 o.t.
Return on financial portfolio	3,2%	2,3%	2,1%	-0,9 o.t.	+0,2 o.t.
Return on financial portfolio (excluding foreign exchange differences)	2,4%	2,3%	2,1%	-0,1 o.t.	+0,2 o.t.
Net profit/loss (€ million)	17,1	14,3	33,4	-16,2%	42,9%
Annualised ROE	12,2%	9,7%	11,6%	-2,5 o.t.	-1,9 o.t.
	31.12.2015	30.6.2016	Plan 31.12.2016		
Shareholders' equity (€ million)	286,4	295,2	291,9	3,1%	101,1%

*The combined ratio does not include life business

Consolidated results before tax by segment



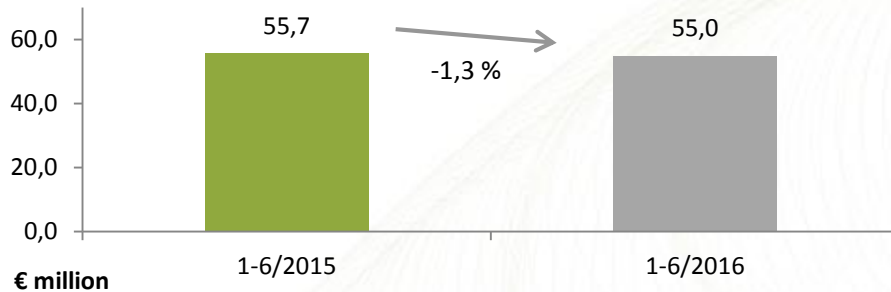
Gross premiums written



Impacts resulting in deviations from 1–6/2015 figures:

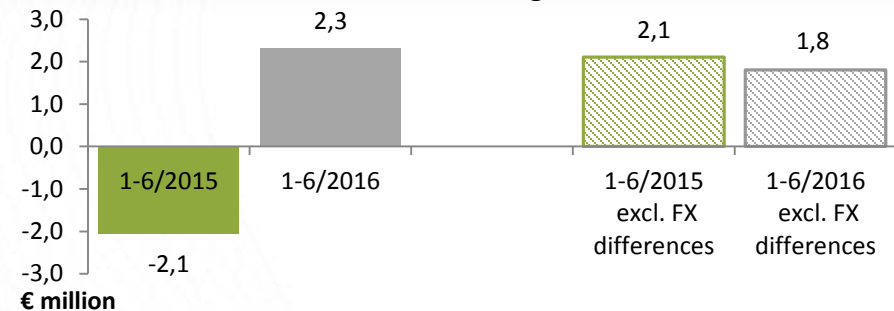
- Reinsurance business:** The drop in premiums is partly the result of the soft market prevailing in international markets and partly the result of the termination of certain one-year contracts from South Korea written in 2015.
- Non-life business, Slovenia:** both Slovenian insurers posted growth in gross premiums written, Tilia + 1.9 %, Maribor +2.6 %.
- Non-life business, international:** growth in gross premiums written reported by all insurance companies, except for the Kosovan insurer, which suffered a 50 % decline in border premiums and is facing tough competition in MTPL business. The highest growth (+24.9 %) was generated by the Croatian insurer, which had been very successful in online sales.
- Life business, Slovenia:** the drop in premiums is due to the premium decline in both Slovenian insurers (total decline - 2.3 %; Slovenian insurance market -5.5 %), as new business was not sufficient to offset lost premiums due to surrenders and maturities.
- Life business, international:** all three companies recorded premium growth, the highest growth was reported by Velebit životno osiguranje +15.6 %, while the Croatian life insurance market shrank by 3.2 %.

Gross premiums written



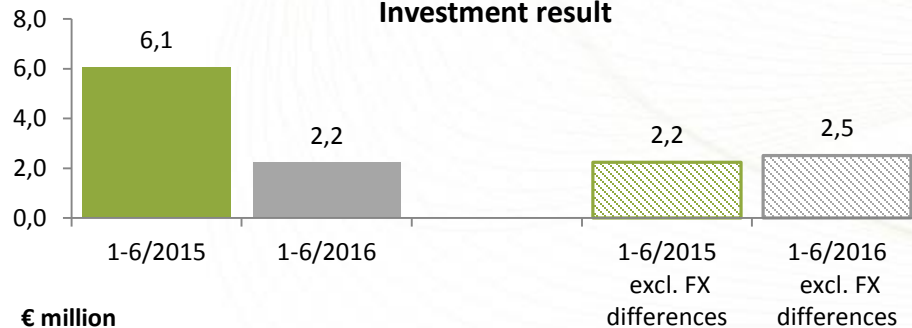
The drop in premiums is partly due to the soft market prevailing in international reinsurance markets and the resulting planned limited growth, and partly the result of the termination of certain one-year contracts from South Korea.

Underwriting result



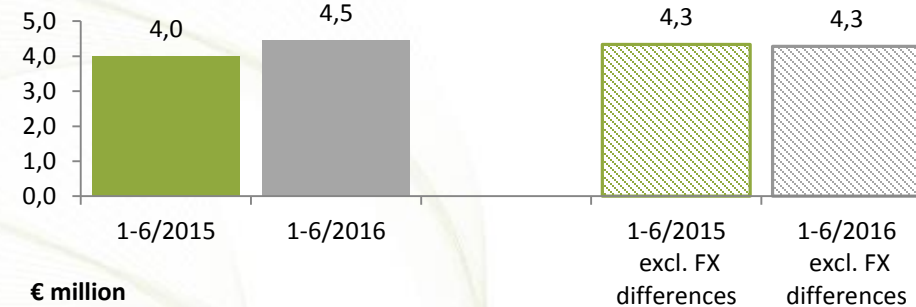
Despite the absence of major losses, the underwriting result deteriorated somewhat because of the soft market for reinsurance business.

Investment result

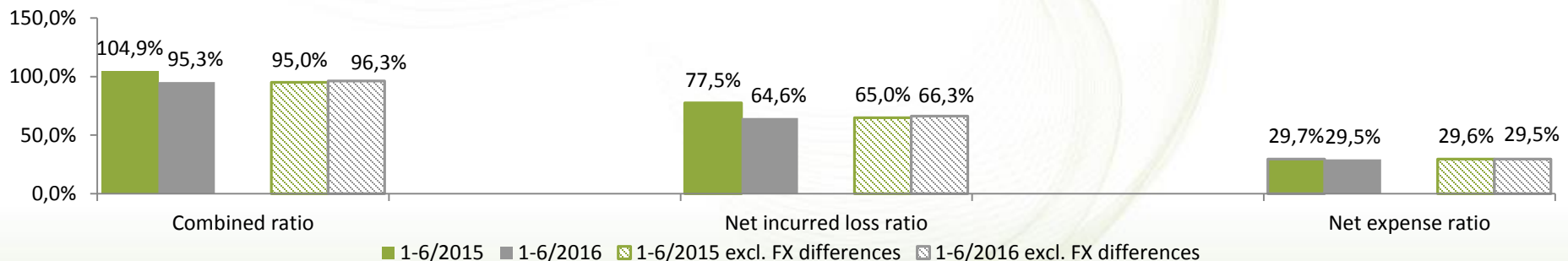


Excluding exchange differences, the result is slightly higher due to lower interest expenses and lower losses on the disposal of investments.

Investment result

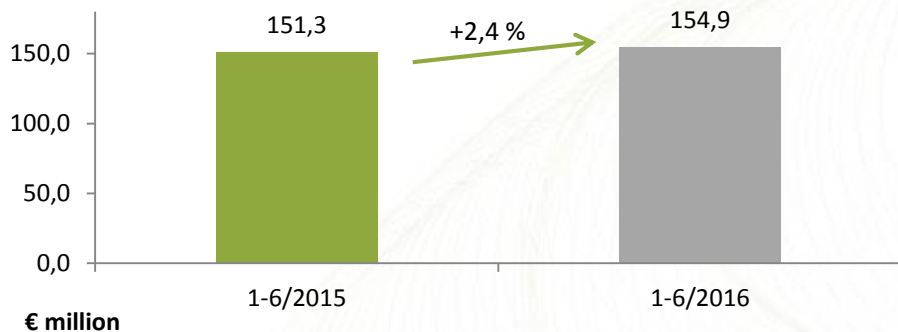


Excluding the impact of exchange differences, the profit before tax remained at the same level as in the previous year.



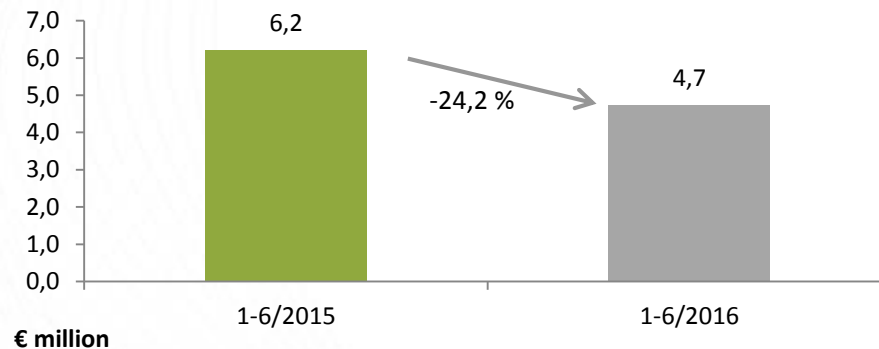
*Figures are consolidated and after the allocation of reinsurance effects to operating segments.

Gross premiums written



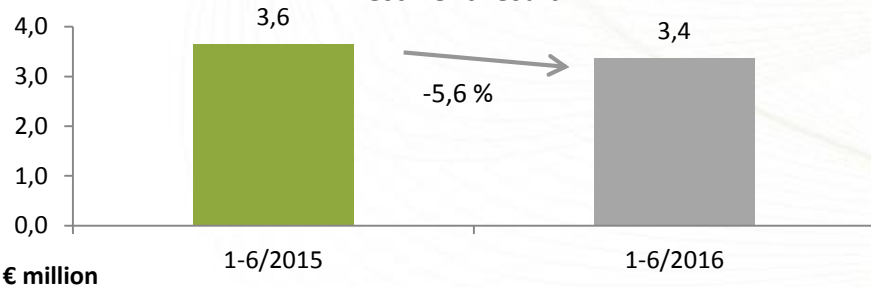
Growth in Tilia's gross premiums written of € 0.8 million, and ZM of € 2.8 million (total growth of 2.4 %; the Slovenian insurance market grew by 2.0 %).

Underwriting result



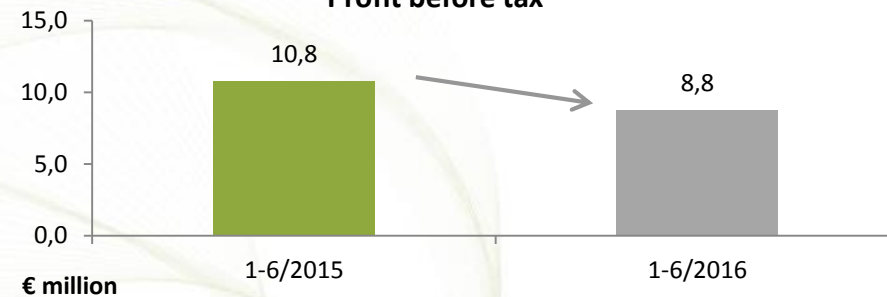
Both companies recorded a deterioration in the underwriting result.

Investment result

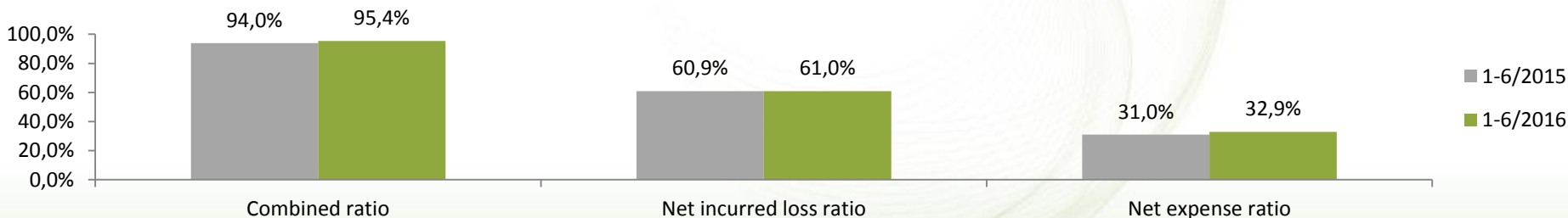


The net investment income declined due to lower interest income as a result of falling interest rates in capital markets and lower realised gains on the sale of investments.

Profit before tax



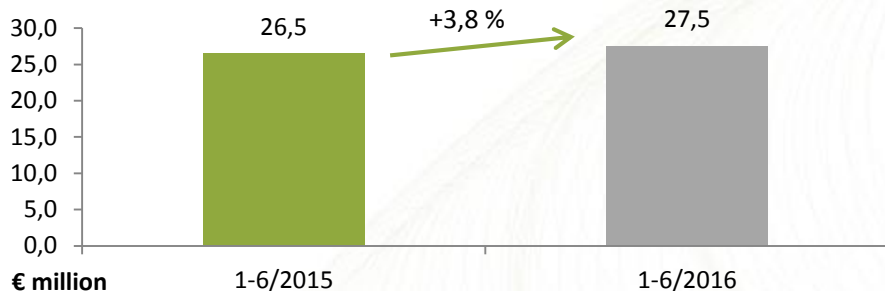
Profit before tax declined primarily due to a weaker underwriting result. Both insurers recorded a deterioration in the income statement.



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

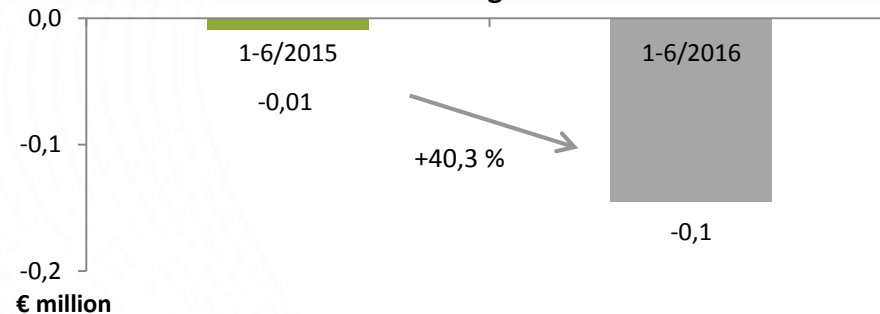
RESULTS BY OPERATING SEGMENT – NON-LIFE INTERNATIONAL&

Gross premiums written



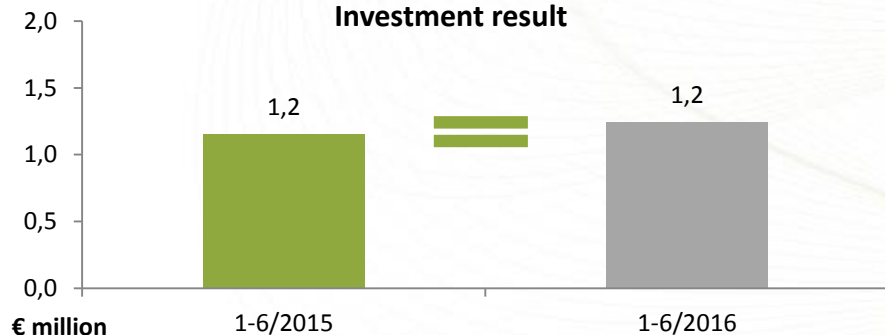
Premiums grew in the companies Velebit osiguranje (€ 0.9 million), Sava osiguruvanje (€ 0.5 million) and Sava osiguranje (€ 0.2 million), Sava Montenegro remained on the same level; while premiums fell in Illyria (€ 0.6 million).

Underwriting result



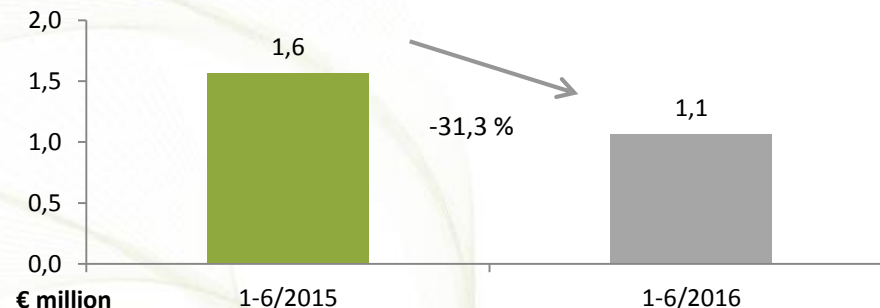
The deterioration in the underwriting result of Sava Montenegro is due to higher net claims incurred as a result of an increase in the gross claims provision.

Investment result

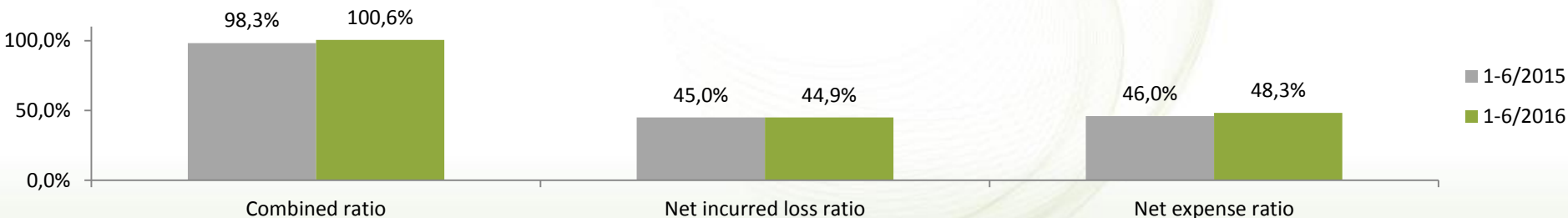


Improved investment result of Sava Montenegro, Illyria and Sava osiguranje; the other two companies had a weaker result.

Profit before tax

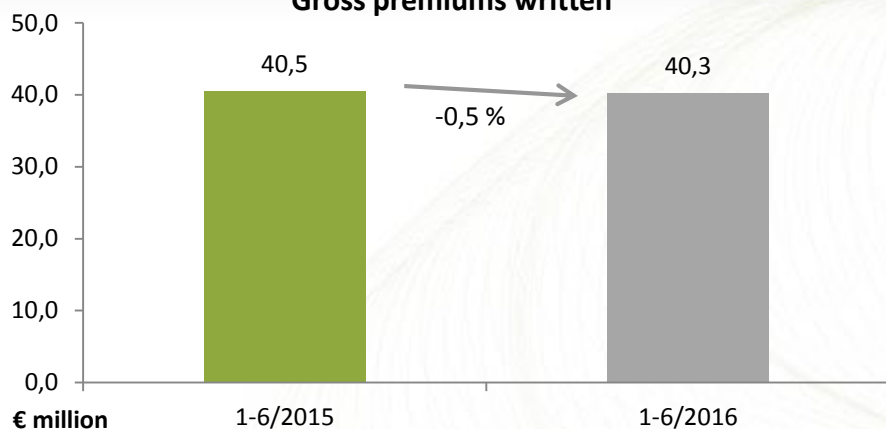


The result was affected by a weaker underwriting result. Sava osiguranje Belgrade and Illyria improved profits, while the other insurers posted weaker results.



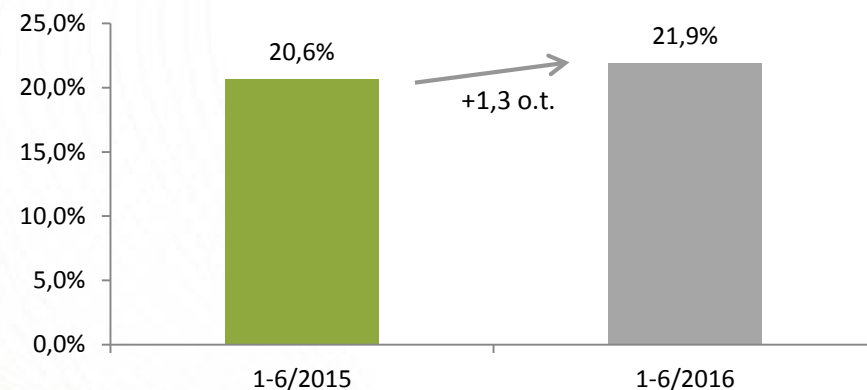
*Figures are consolidated and after the allocation of reinsurance effects to operating segments.

Gross premiums written



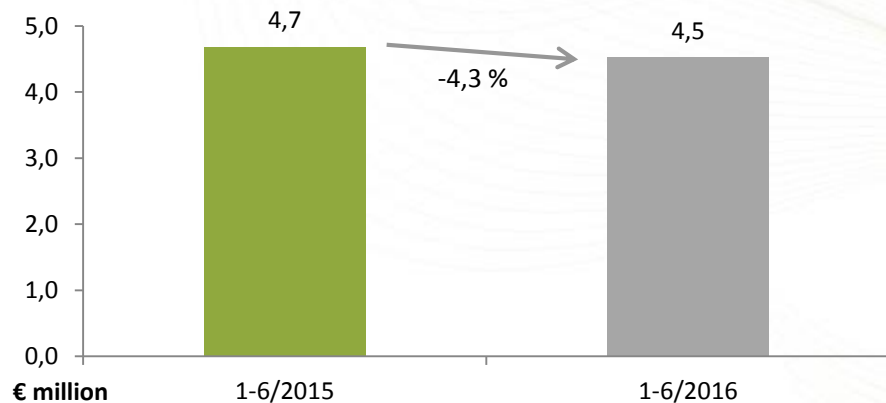
Both Slovenian insurers recorded a decline in premiums (in total by 2.3 %; the market shrank by 5.5 %). 1-6/2016 includes premiums of Moja naložba

Net expense ratio



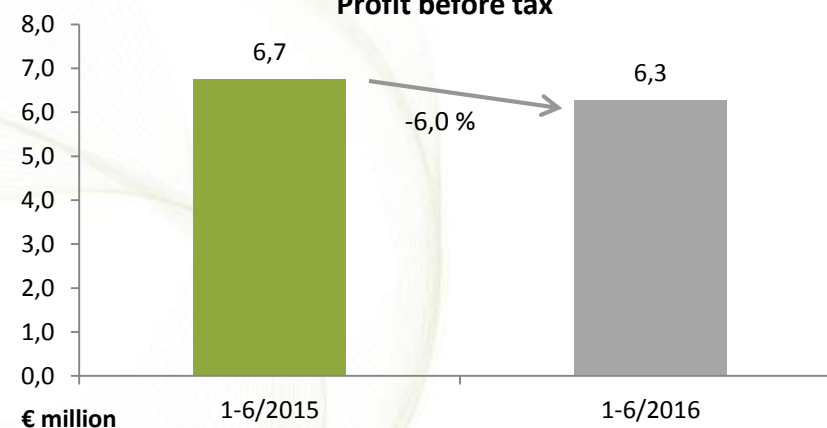
The net expense ratio rose because of a decline in premiums while both insurers had lower net operating expenses. The inclusion of Moja naložba in the consolidated financial statements has a negligible impact on the expense ratio.

Investment result



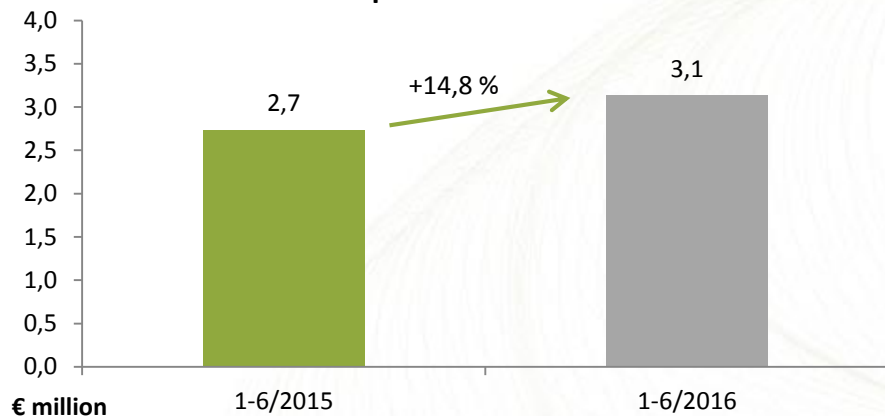
The investment result deteriorated in both Zavarovalnica Maribor and Zavarovalnica Tilia.

Profit before tax



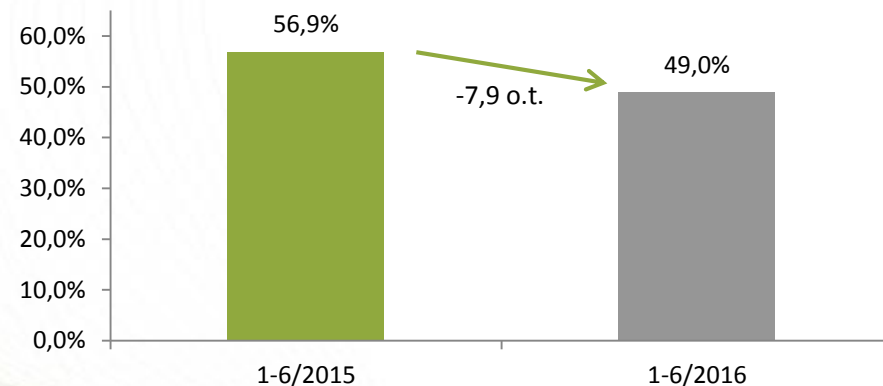
Zavarovalnica Tilia improved its profits before tax, while Zavarovalnica Maribor posted lower profits. In 1-6/2016 the Slovenian life operating segment includes Moja naložba.

Gross premiums written



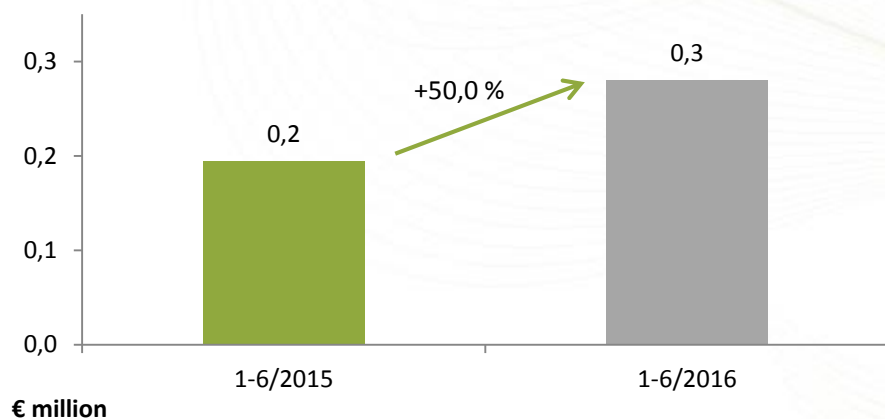
Growth of GPW in all companies: Velebit životno of 15,6 %, in Illyria Life of 14,3 % and in Sava životno osiguranje of 13,2 %.

Net expense ratio



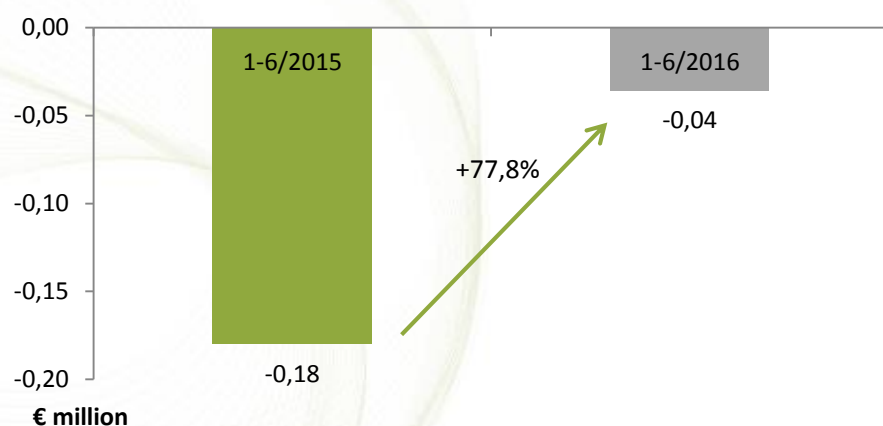
All three companies improved their expense ratios - Velebit životno by 8,8 p.p., Sava životno by 7,6 p.p. in Illyria Life by 6,9 p.p.

Investment result



Improved investment results in Illyria Life and Sava životno osiguranje.

Profit before tax



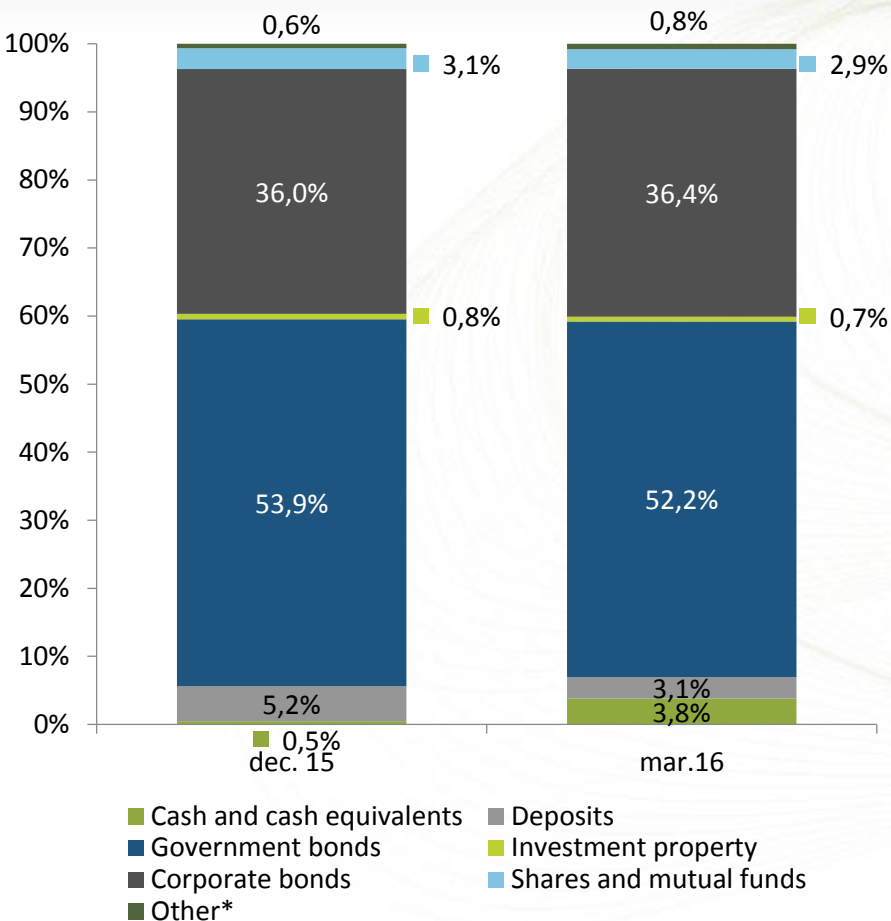
Better result before tax due to improvement in Velebit životno and Sava životno osiguranje.

Investment portfolio in € million

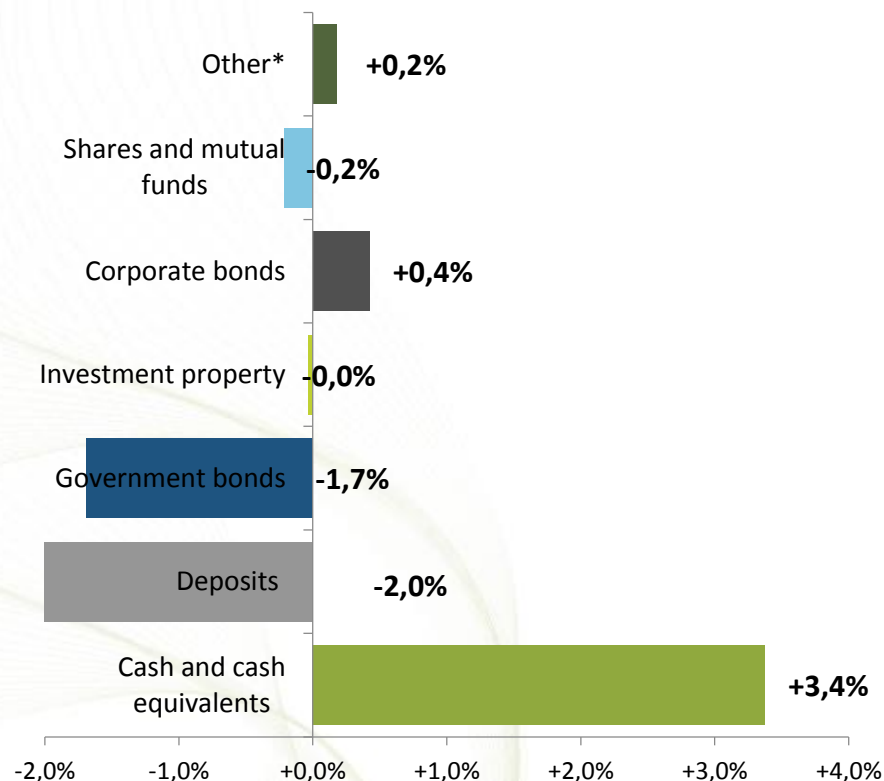
Key factors of change of value in investment portfolio:

31.12.2015	€ 1.027,8 million	<ul style="list-style-type: none"> + cashflow from core business € 12,9 million + change in surplus € 9,0 million + change in accrued interests € 11,0 million + increase in deposits of cedants € 2,0 million + capital gains € 0,8 million + paid dividends from fin. investments € 0,8 million + other factors € 0,6 million
	+ € 32,7 million	<ul style="list-style-type: none"> - foreign exchange differences € 0,3 million - interest expenses € 0,4 million - purchase of property for own use € 3,6 million - capital losses of FVPL group € 0,1 million
30.6.2016	€ 1.060,5 million	

*The investment portfolio includes financial investments, investment property and cash. Excluded are funds for the benefit of policyholders who bear the investment risk.

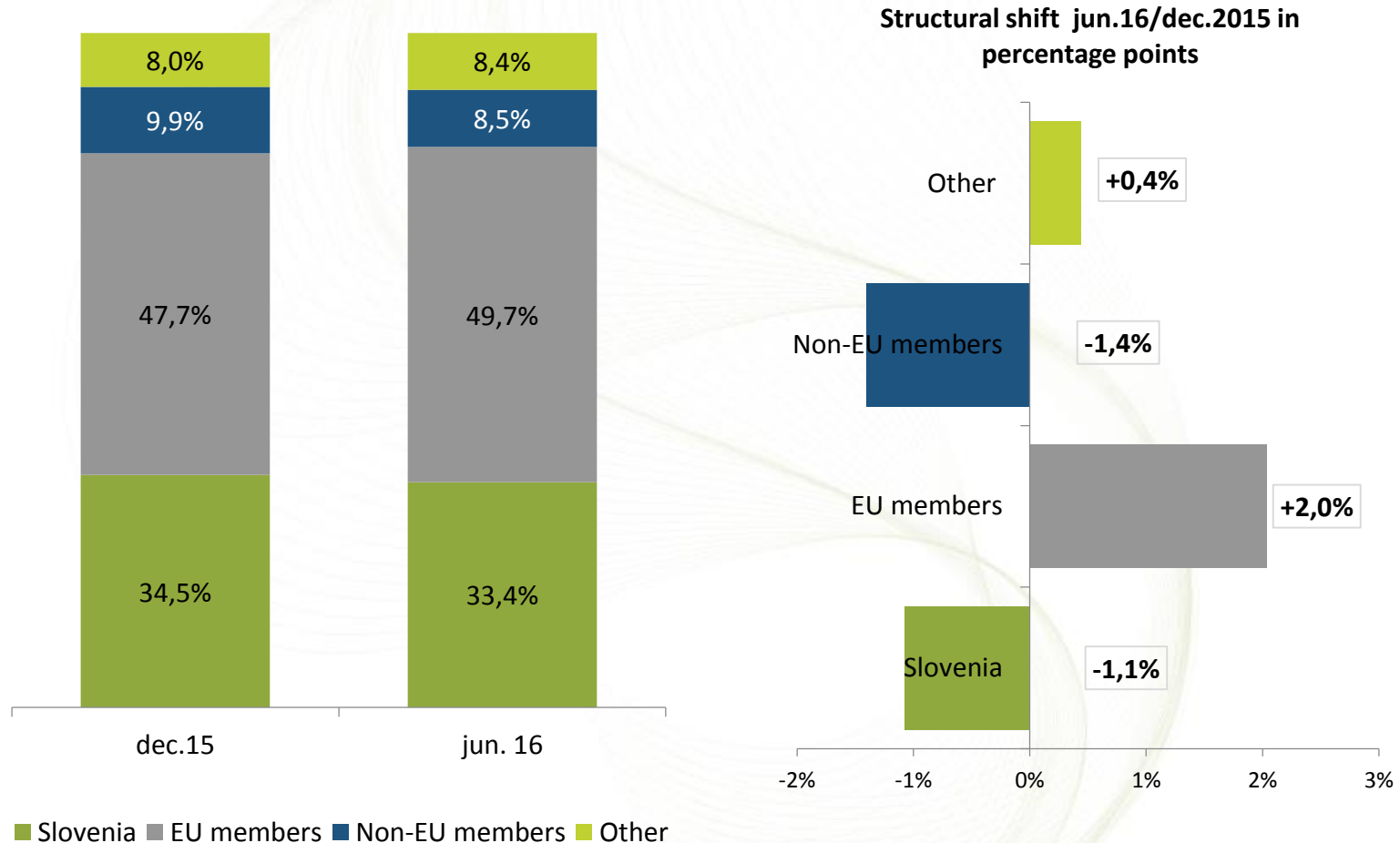


Structural shift 2016/2015 in percentage points



- **Decreased allocation to government bonds and increased allocation of corporate bonds** due to investing in covered bonds and diversification among highly rated foreign issuers.
- **Increased allocation to cash and cash equivalents** because of planned payment of dividends.

Reduced exposure to Slovenia in the first half of the year 2016, which is consistent with investment policy (target exposure of Group SavaRe until 2020; 25%)



	1-6/2015	1-6/2016	PLAN 1-6/2016	Absolute difference R/P
Return on financial portfolio in € million	15,7	11,6	11,5	0,1
Return on financial portfolio without exchange rate differences in € million	11,9	11,9	11,5	0,4
Return on financial portfolio without exchange rate differences in %	2,4%	2,3%	2,3%	0,0%

The comparison of return on financial portfolio without exchange rate differences is more appropriate due to the fact, that the main difference in return is connected with exchange differences, that do not impact net income in total (impact in first half of the year is € 0,2 million), which is connected with the fact that the movement of value of investment in foreign currencies is connected with movement of liabilities in foreign currencies.

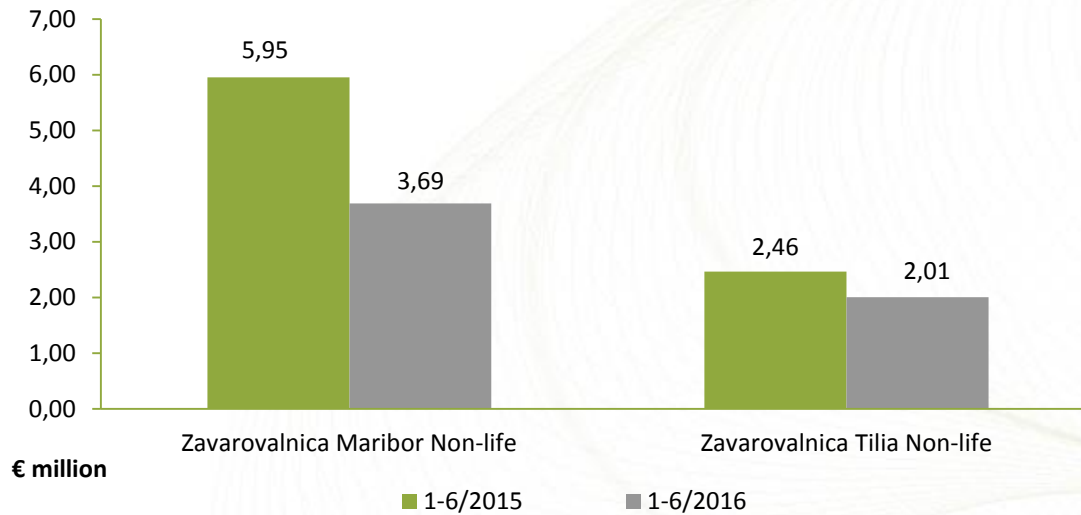
Return on financial portfolio without exchange differences in 1-6/2016 is € 11,9 million and is in line with the realisation in 1-6/2015. It exceeds the plan for 1-6/2016 for € 0,4 million.

Realised return on financial investment in % for 1-6/2016 is 2,3 % (2,4 % 1-6/2015).

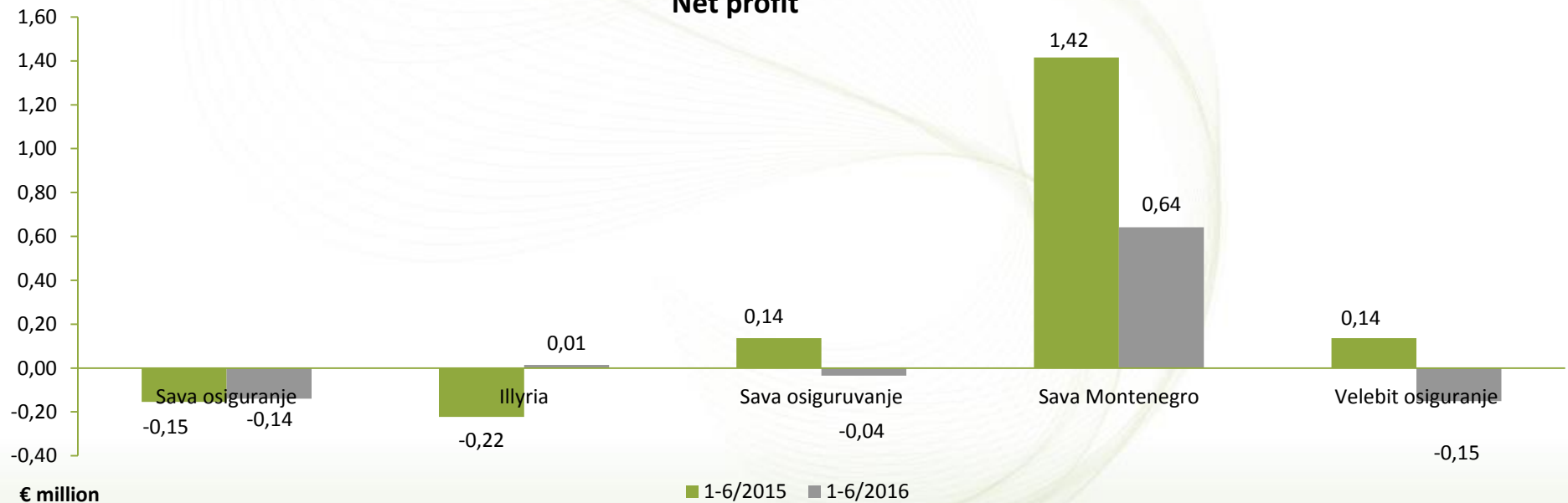
Detailed explanation of investment income and expenses is shown in the next slides.

RESULTS OF SUBSIDIARIES JANUARY – JUNE 2016

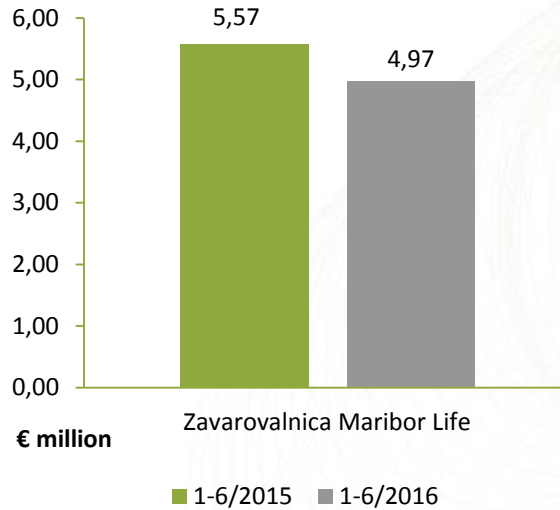
Net profit



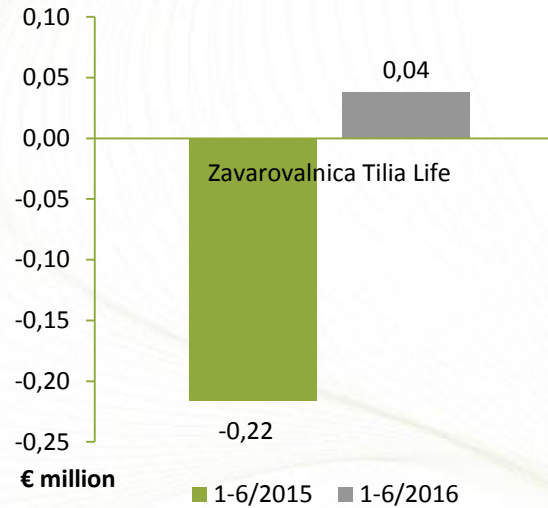
Net profit



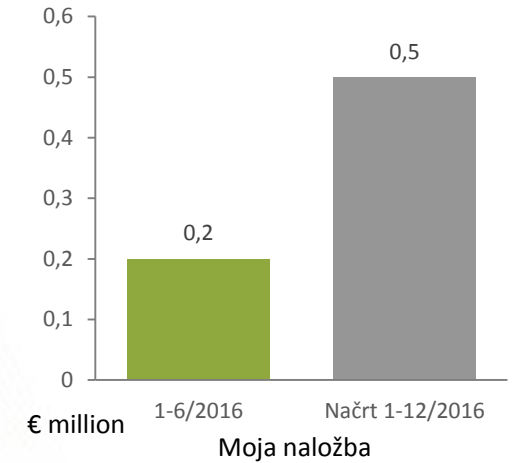
Net profit



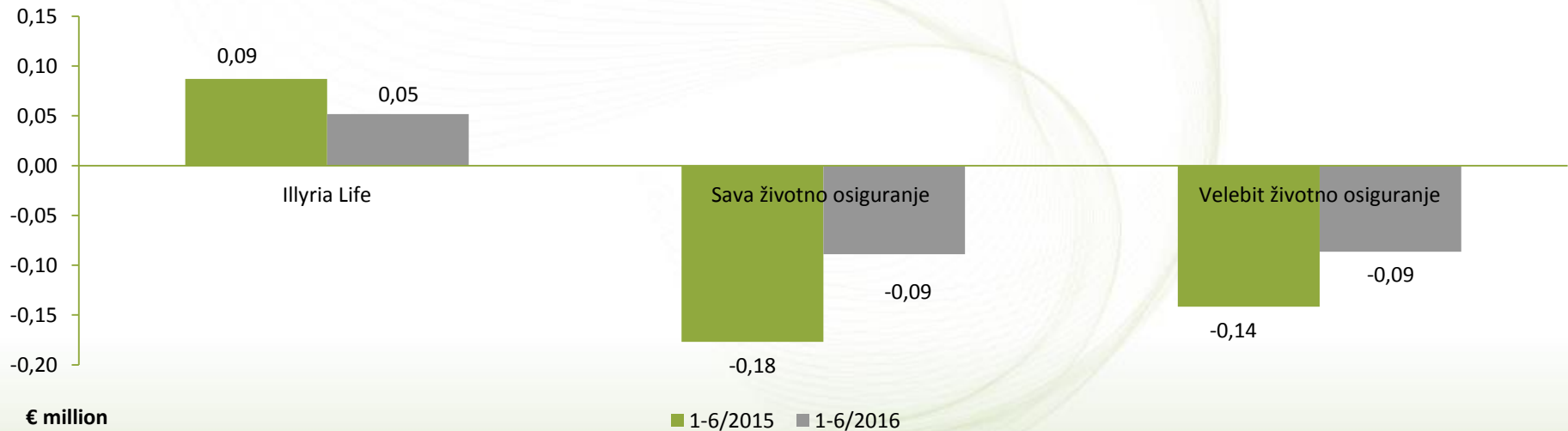
Net profit or loss



Net profit



Net profit or loss

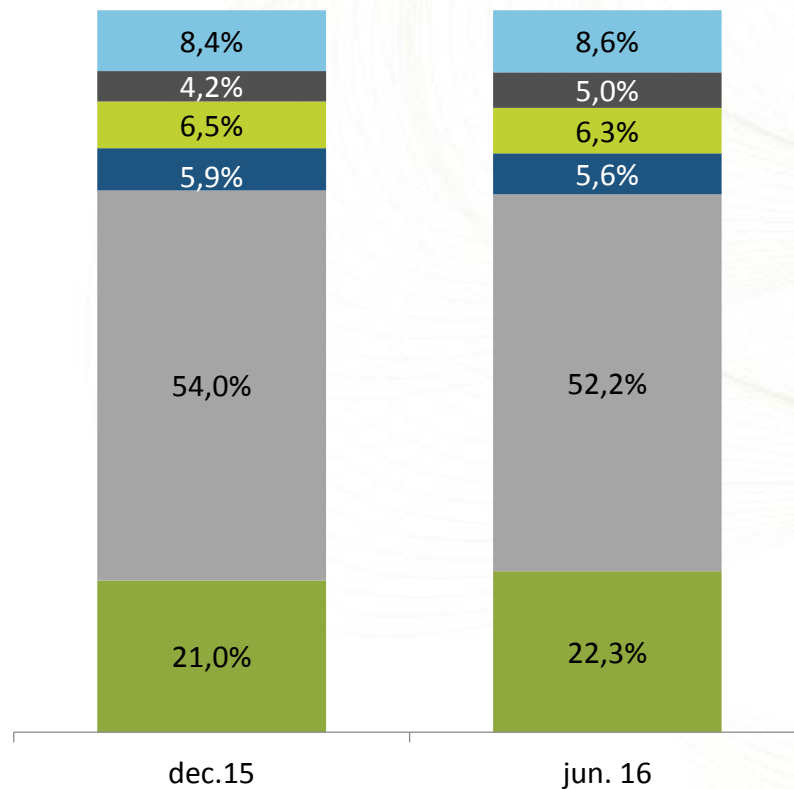


Appendix

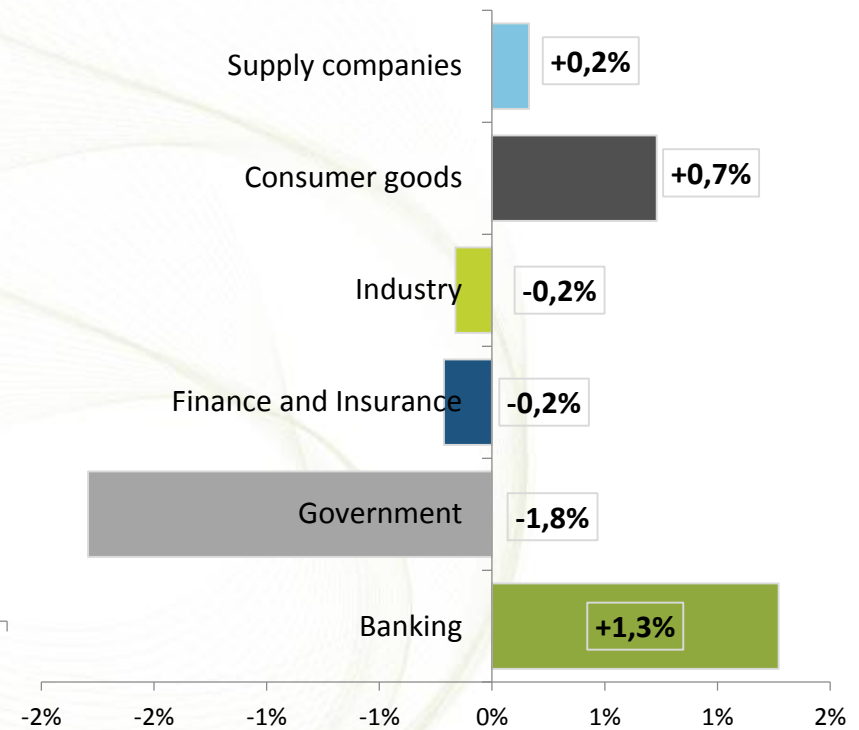
€ million	31.12.2015		30.6.2016		Change
Type	Amount	Structure	Amount	Structure	
Deposits	16.909.575	1,6%	13.197.507	1,2%	-0,4%
Government bonds	232.526.463	22,6%	219.172.424	20,7%	-2,0%
Corporate bonds	78.187.360	7,6%	76.435.420	7,2%	-0,4%
Shares	18.213.225	1,8%	17.110.815	1,6%	-0,2%
Mutual funds	3.737.791	0,4%	3.687.753	0,3%	0,0%
Cash and cash equivalents	994.701	0,1%	20.762.375	2,0%	1,9%
Other	3.827.068	0,4%	3.871.866	0,4%	0,0%
Total	354.396.183	34,5%	354.238.161	33,4%	

In first half of the year decreased allocation to government bonds, due to matured government bonds and increased exposure to banking sector due to increased amount of call deposit which is shown in balance sheet item of cash and cash equivalents. The increased exposure is due to the payment of dividends in the next quarter.

- Decreased exposure to government sector which is the result of matured bonds of Republika Slovenia, that were not in total value reinvested in government sector.
- Increased allocation to banking sector due to increase amount in covered bonds and higher amount of call deposits (payment of dividends in the next quarter)



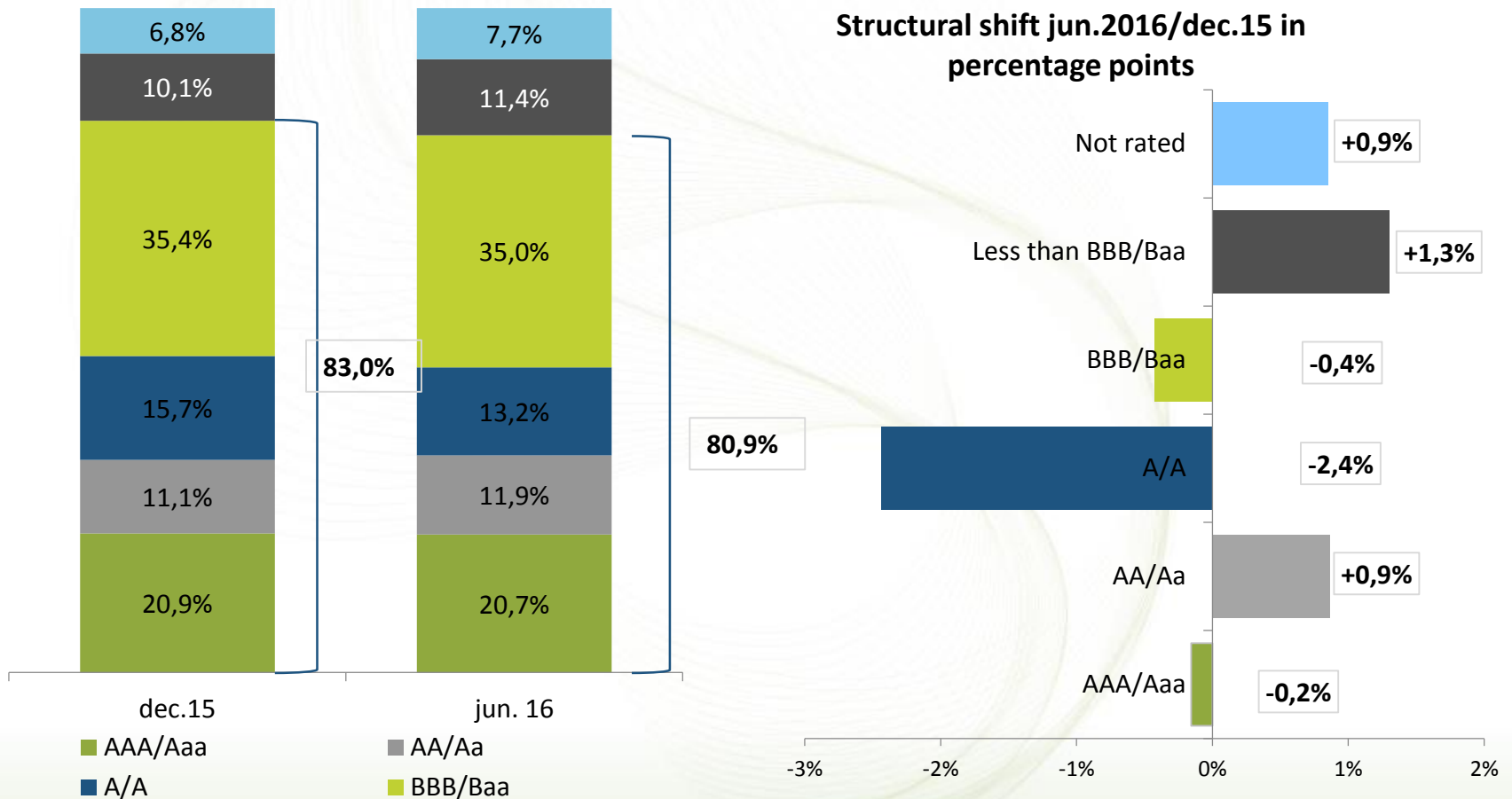
Structural shift jun.16/dec.2015 in percentage points



■ Banking ■ Government
■ Finance and Insurance ■ Industry
■ Consumer goods ■ Supply companies

Keeping a good credit profile in the first half of the year.

- Share of „investment grade“ investments has not changed significantly and represents 80,9% investments with fixed income and cash and cash equivalents.
- Increased investments that are not rated which is the result of higher amount of call deposits.



(€ million)	1-6/2015	1-6/2016	Absolute difference 2016-2015
Income			
Interest income	11,3	10,6	-0,7
Change in fair value of investments in FVPL group	0,9	0,4	-0,5
Gains on disposal of investments other IFRS groups	0,4	1,2	0,8
Income from dividends	0,7	0,8	0,1
Positive foreign exchange differences	7,2	3,6	-3,6
Other income	0,2	0,3	0,1
Total income	20,6	16,8	-3,8
Total income without exchange rate differences	13,4	13,2	-0,2

- **Interest income:**

Compared to 1-6/2015 the interest income is lower for € 0,7 million due to lower market yields.

- **Positive foreign exchange differences:**

Exchange rates of Pozavarovalnica Sava investments and liabilities have moved in the other direction as in 1-6/2015 which means we have € 3,6 million less income than in 1-6/2015. The impact on profit and loss account is because of asset and liability management minimal in both years.

Investment income are higher than planned for € 1,1 million.

(€ million)	1-6/2015	1-6/2016	Absolute difference 2016-2015
Expenses			
Interest expenses	0,7	0,4	-0,2
Change in fair value of investments in FVPL group	0,4	0,5	0,1
Losses on disposal of investments other IFRS groups	0,3	0,3	0,0
Impairments	0,0	0,1	0,1
Negative foreign exchange differences	3,4	3,9	0,4
Other expenses	0,1	0,1	0,0
Total expenses	4,9	5,2	0,3
Total expenses without exchange rate differences	1,5	1,3	-0,2

Negative foreign exchange differences:

Exchange rates of Pozavarovalnica Sava investments and liabilities have moved in the other direction as in 1-6/2015 which means we have € 0,4 million more expenses than in 1-6/2015. The impact on profit and loss account is because of asset and liability management minimal in both years.

Investment expenses are for € 0,2 million lower than in the same period of 2015 and € 0,7 higher than planned.

**THANK YOU FOR YOUR
ATTENTION!**