

SAVA RE GROUP

1-6/2017 RESULTS

24 AUGUST 2017



CONTENTS

- Sava Re Group – Performance
- Sava Re Group – Segment Reporting
- Sava Re Group – Investment structure and return
- Sava Re Group – POSR share and dividend policy
- Sava Re Group – Solvency position
- Sava Re Group – Plan 2017 and strategy guidelines

HIGHLIGHTS

In July 2017 rating agency Standard & Poor's reaffirmed Sava Re's existing "A-" (excellent) ratings and revised the outlook to "positive" from "stable".

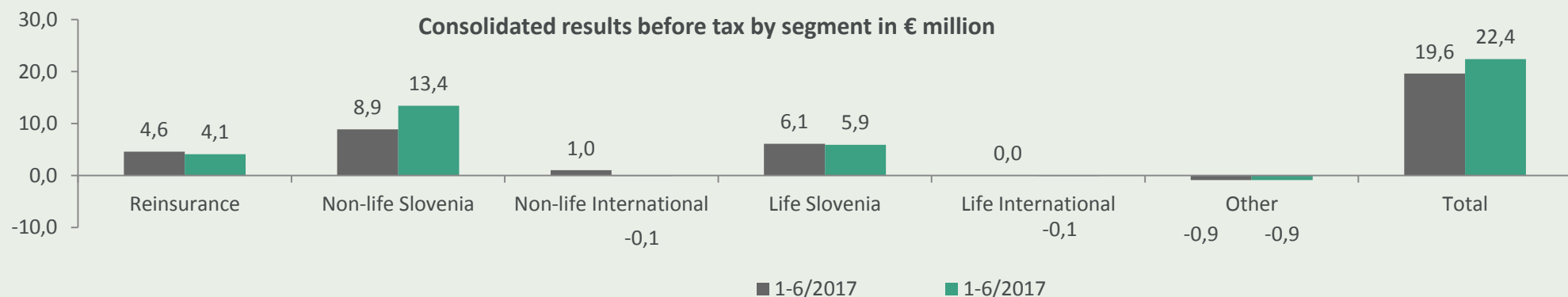
Gross premiums written and return on equity (ROE) are on target.

On 8 September 2017 the general meeting of shareholders of Zavarovalnica Sava was held, in which the shareholders adopted a resolution to transfer all the shares of minority shareholders to the majority shareholder Sava Re (main shareholder). Price: € 23,94 per share.

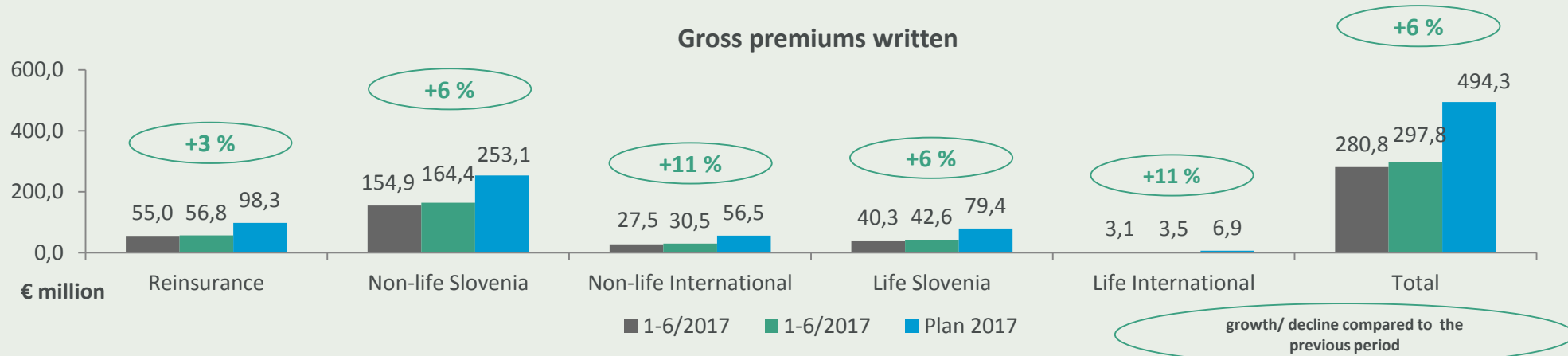
RESULTS SAVA RE GROUP

€ million	1-6/2016	1-6/2017	Plan 2017	Change 2017/2016	Actual/plan
Gross premiums written (€ million)	280,8	297,8	494,3	6,0%	60,2%
Net expense ratio	32,7%	32,2%	32,6%	-0,5 p.p.	-0,4 p.p.
Net combined ratio*	96,0%	92,2%	94,6%	-3,7 p.p.	-2,4 p.p.
Net combined ratio* (excluding foreign exchange differences)*	96,2%	94,2%	94,6%	-2,0 p.p.	-0,4 p.p.
Return on financial portfolio	2,3%	1,4%	1,8%	-0,9 p.p.	+0,4 p.p.
Return on financial portfolio (excluding foreign exchange differences)	2,3%	2,2%	1,8%	-0,1 p.p.	+0,4 p.p.
Net profit/loss (€ million)	14,3	17,1	32,6	19,4%	52,5%
Annualised ROE	9,7%	11,1%	10,3%	+1,4 p.p.	+0,8 p.p.
	31.12.2016	30.6.2017	Plan 31.12.2017		
Shareholders' equity (€ million)	297,0	300,0	326,3	1,0%	91,9%

*The combined ratio does not include life business



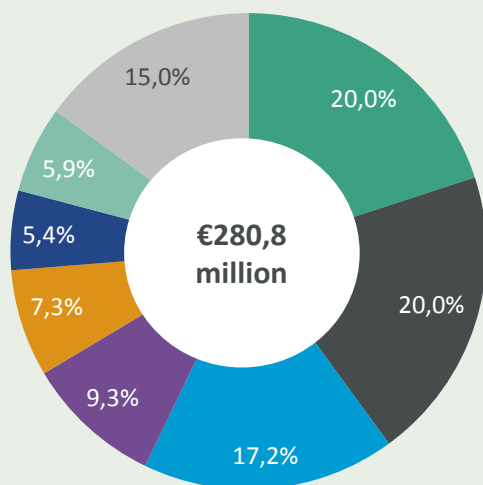
BREAKDOWN OF THE CONSOLIDATED GPW



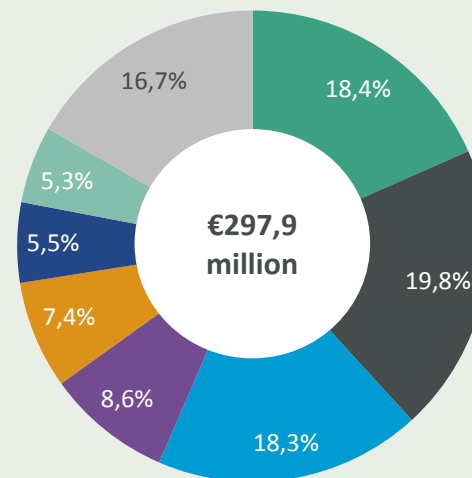
1-6/2016

Consolidated gross premiums written by class of business

1-6/2017



- Fire and natural forces
- Motor liability
- Land vehicles casco
- Other damage to property
- Unit-linked life
- Traditional life insurance business
- Personal accident
- Other

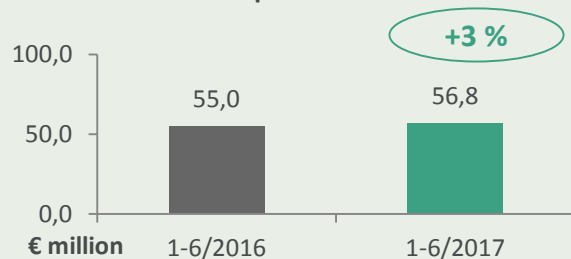


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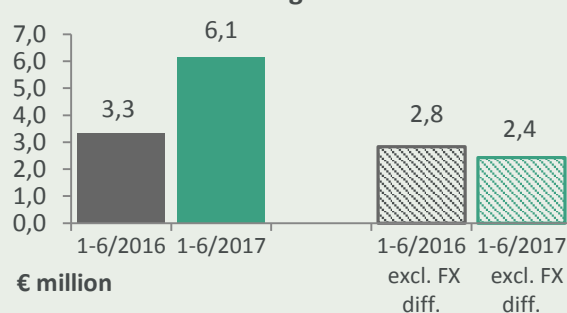
RESULTS BY OPERATING SEGMENT – REINSURANCE

Gross premiums written



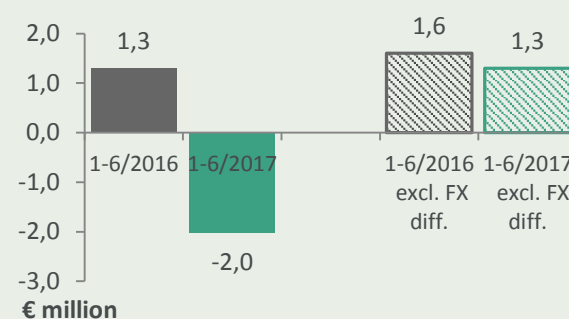
Premiums grew due to growth of new business.

Underwriting result



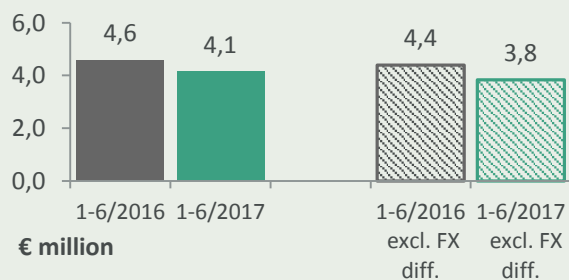
The result, excl. FX diff., was lower mainly due to releasing of provisions in 1-6/2016.

Investment result

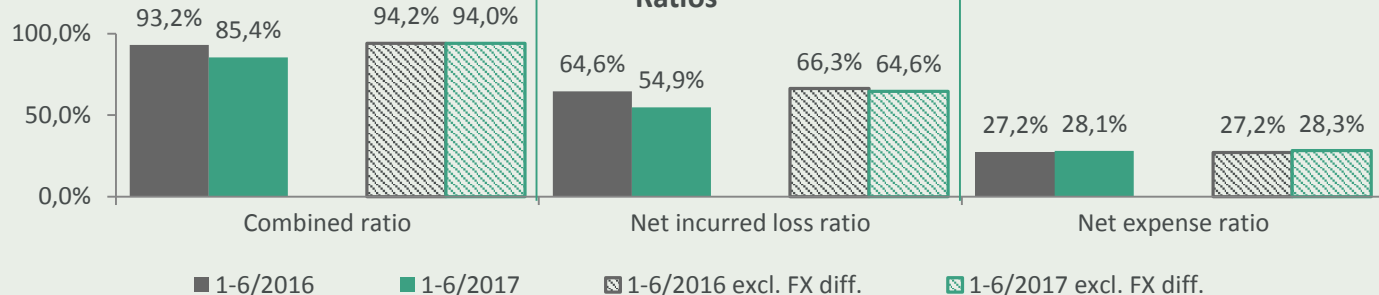


The net investment income declined largely because of the decrease in interest income and increase in interest expenses.

Profit before tax

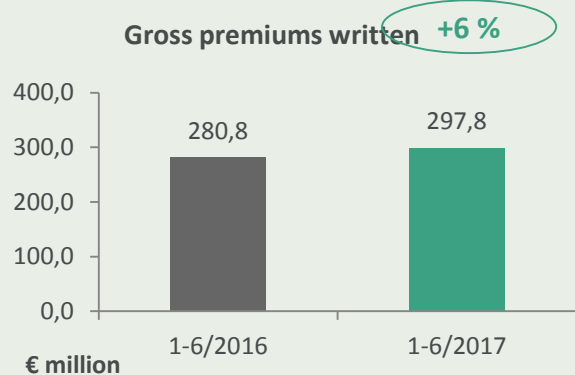


Ratios

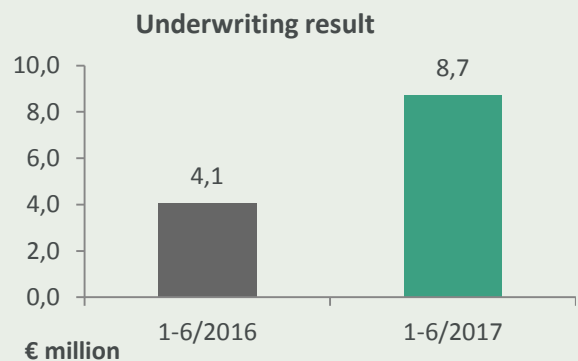


*Includes all income/expenses other than relating to investments

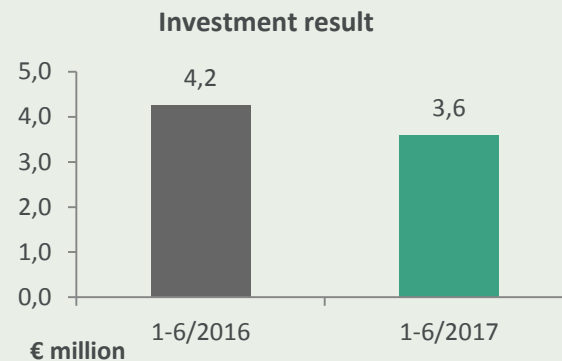
RESULTS BY OPERATING SEGMENT – NON-LIFE SLOVENIA



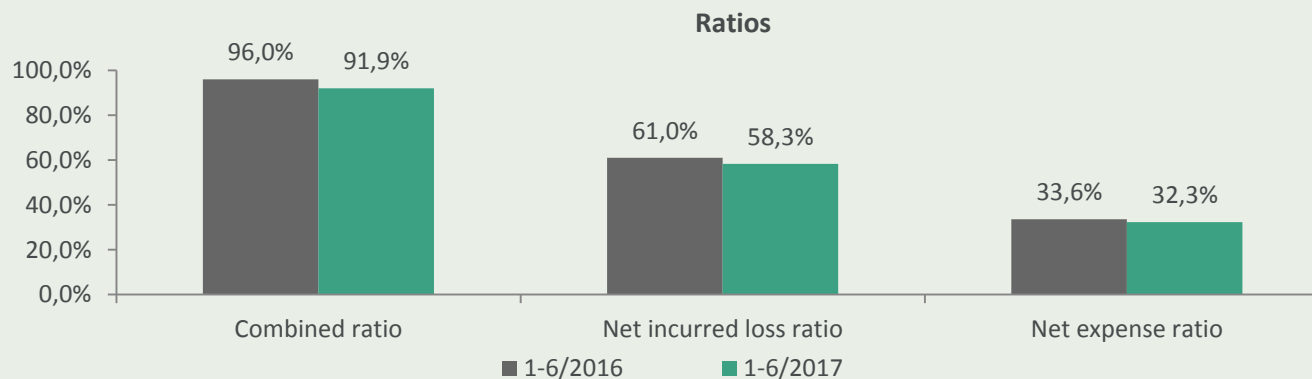
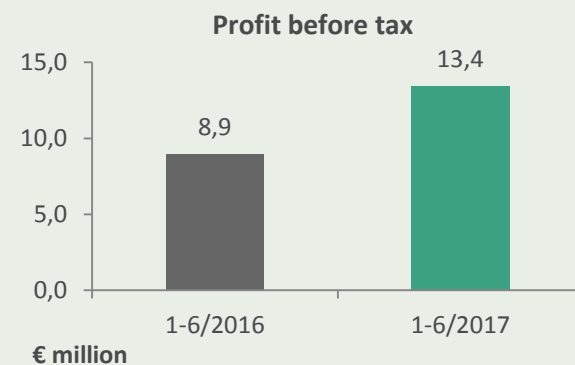
Premium growth is mainly due to the increased volume of motor, property and liability business. The reason for this is the increase in the number of policies and expanded coverages in the commercial sector.



The improvement is primarily due to the increase in premiums earned along with a decline in net claims incurred and operating expenses.



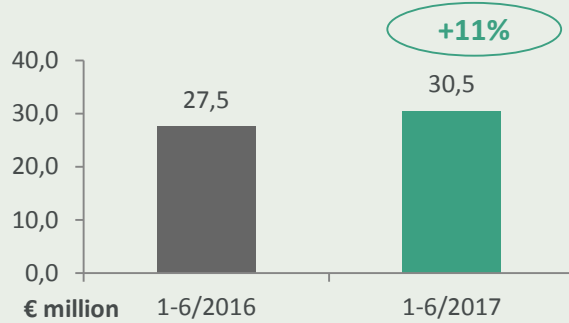
The net investment income was lower largely because of lower interest income.



*Includes all income/expenses other than relating to investments

RESULTS BY OPERATING SEGMENT – NON-LIFE INTERNATIONAL

Gross premiums written



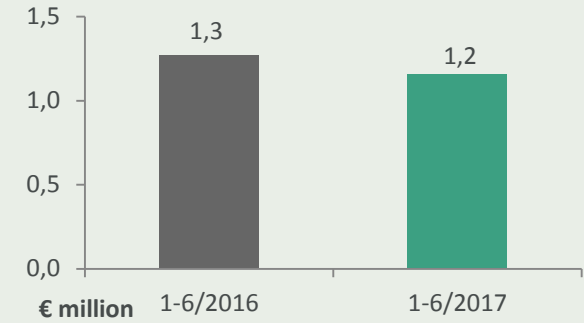
Increase in gross premiums written in all of the Group's non-life insurers abroad. The largest growth, 28,0 %, was achieved by the Croatian branch of Zavarovalnica Sava.

Underwriting result



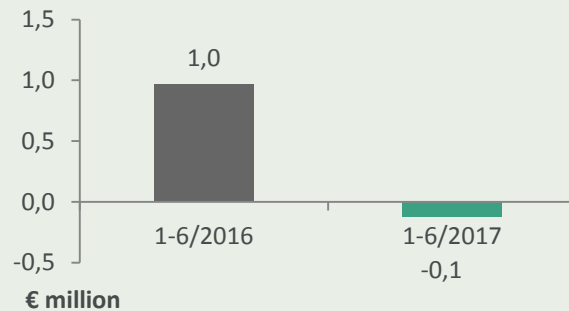
Technical performance deteriorated in all companies, except in Montenegro. The main reason is there were some higher claims that cause an increase in provisions.

Investment result

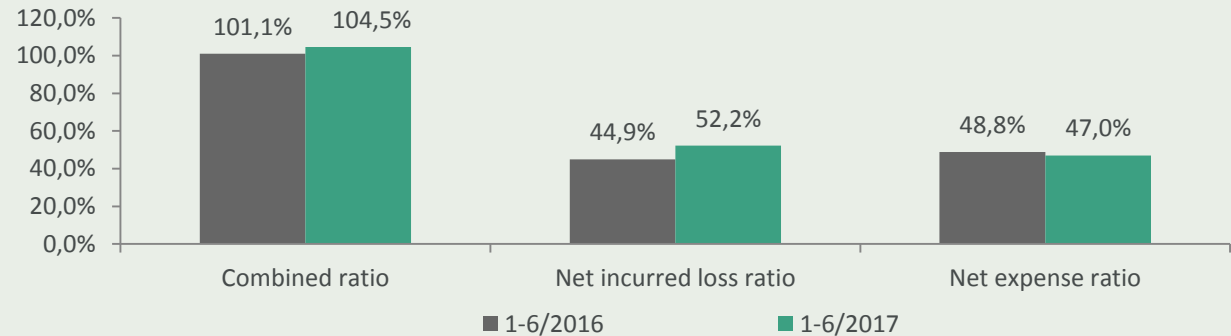


The decrease is attributable to slightly higher investment expenses.

Result before tax

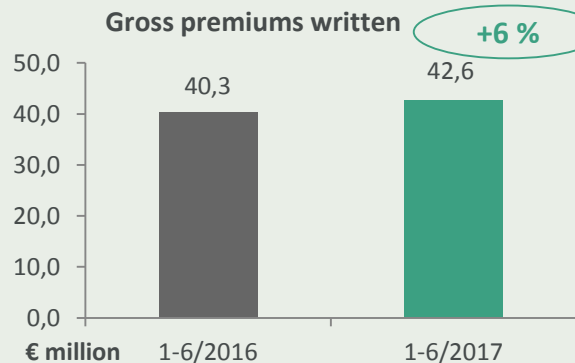


Ratios

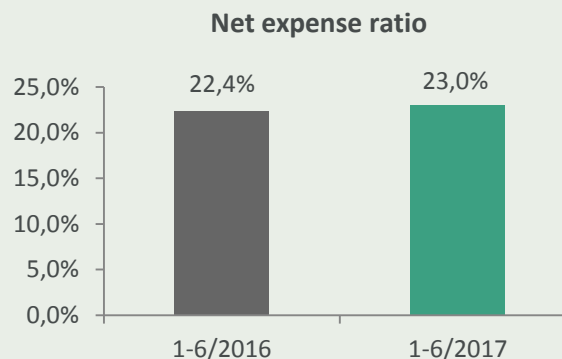


*Includes all income/expenses other than relating to investments

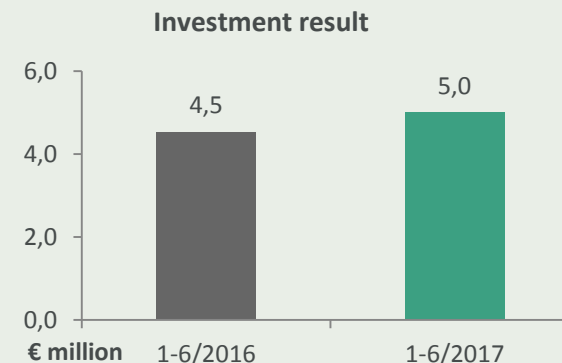
RESULTS BY OPERATING SEGMENT – LIFE SLOVENIA



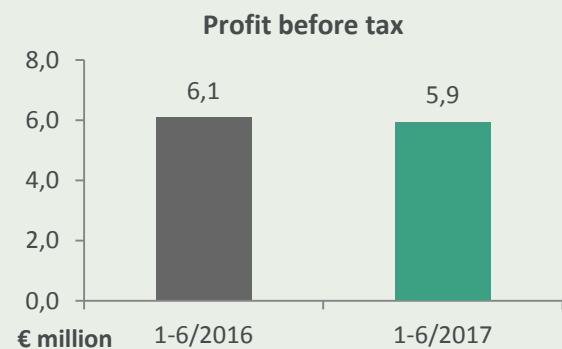
Premium growth was affected by a large number of maturities of unit-linked policies where many policyholders opted for taking out new policies.



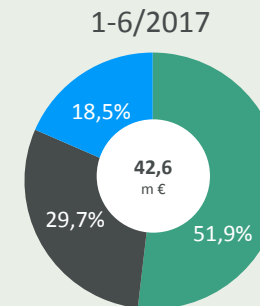
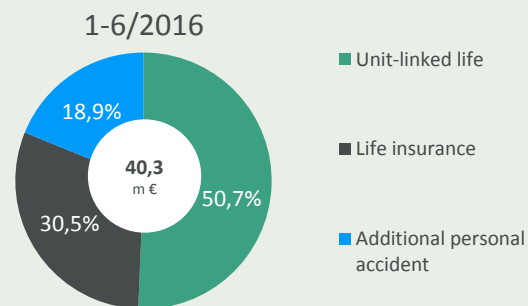
There was an increase primarily in acquisition costs due to larger production and the modified dynamics of including costs in prices.



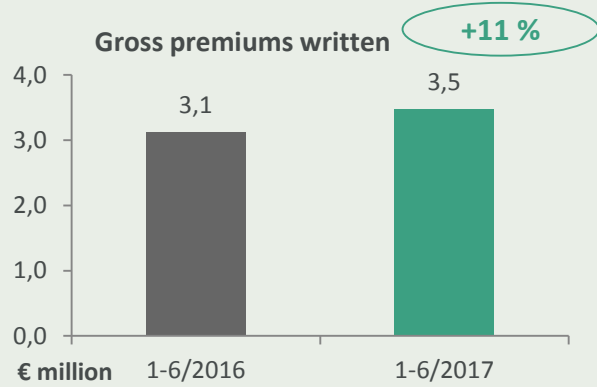
Rise in net investment income due to increased income and lower expenses relating to disposals of investments. This year capital gains totalled € 0,5 million, against € 0,1 million one year earlier.



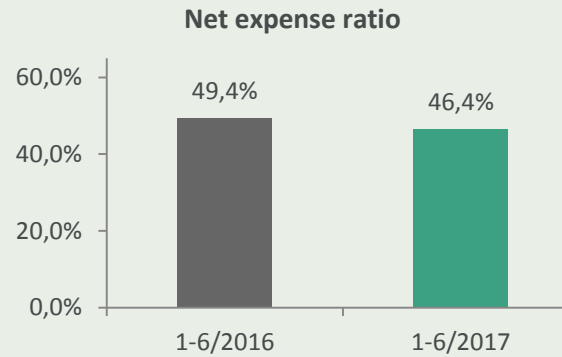
Gross premiums written by class of business



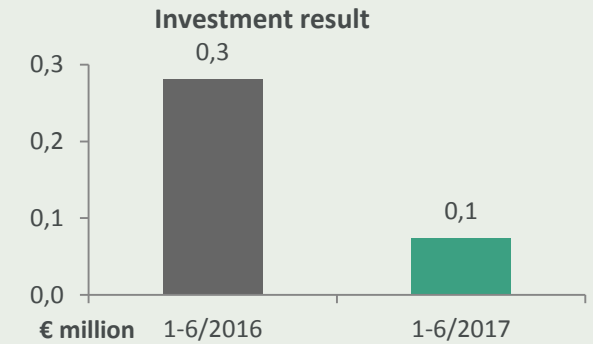
RESULTS BY OPERATING SEGMENT – LIFE INTERNATIONAL



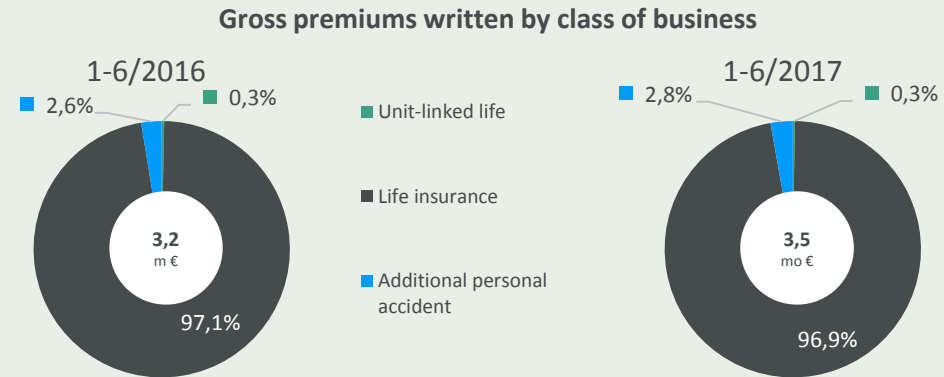
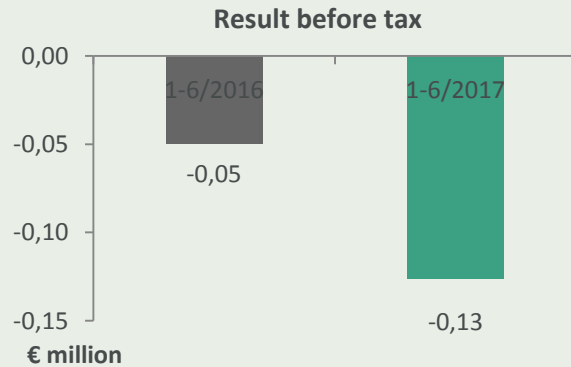
Premium growth in all the Group's foreign life insurers. Insurers have taken actions for the improvement of the efficiency of sales network, resulting in portfolio growth and improved portfolio structure.



The expense ratio improved because of premium growth in all companies.

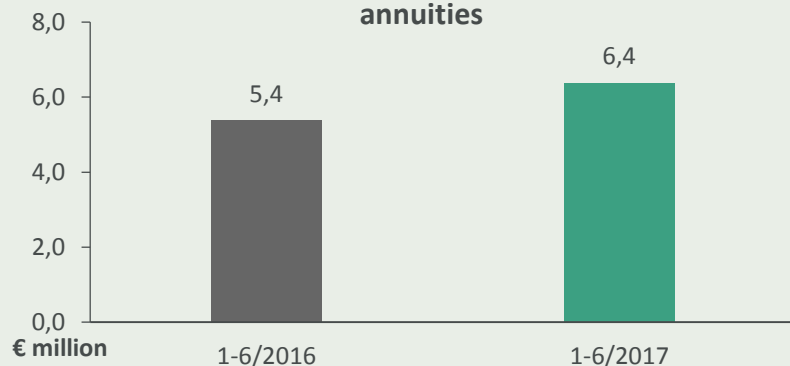


The investment result deteriorated primarily due to higher FX losses compared to the same period last year.

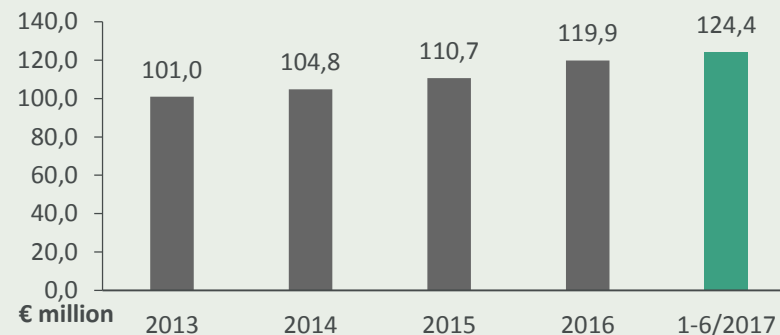


PERFORMANCE OF PENSION BUSINESS

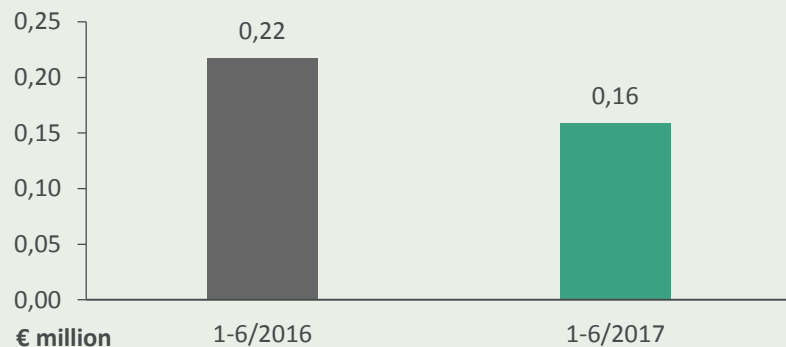
Payments into savings funds and transfers to annuities



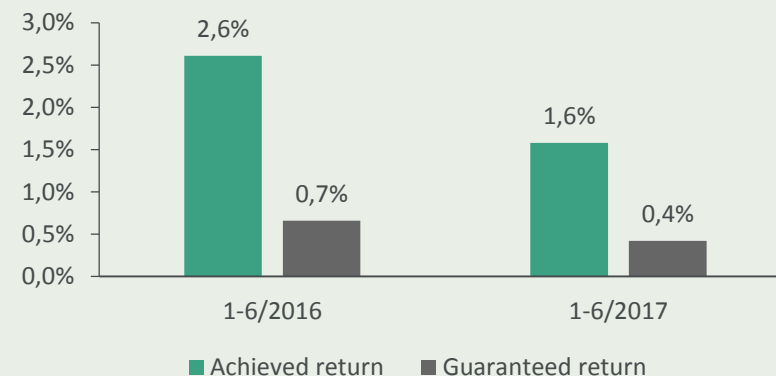
Savings funds



Profit for the period



Investment return on the guaranteed fund



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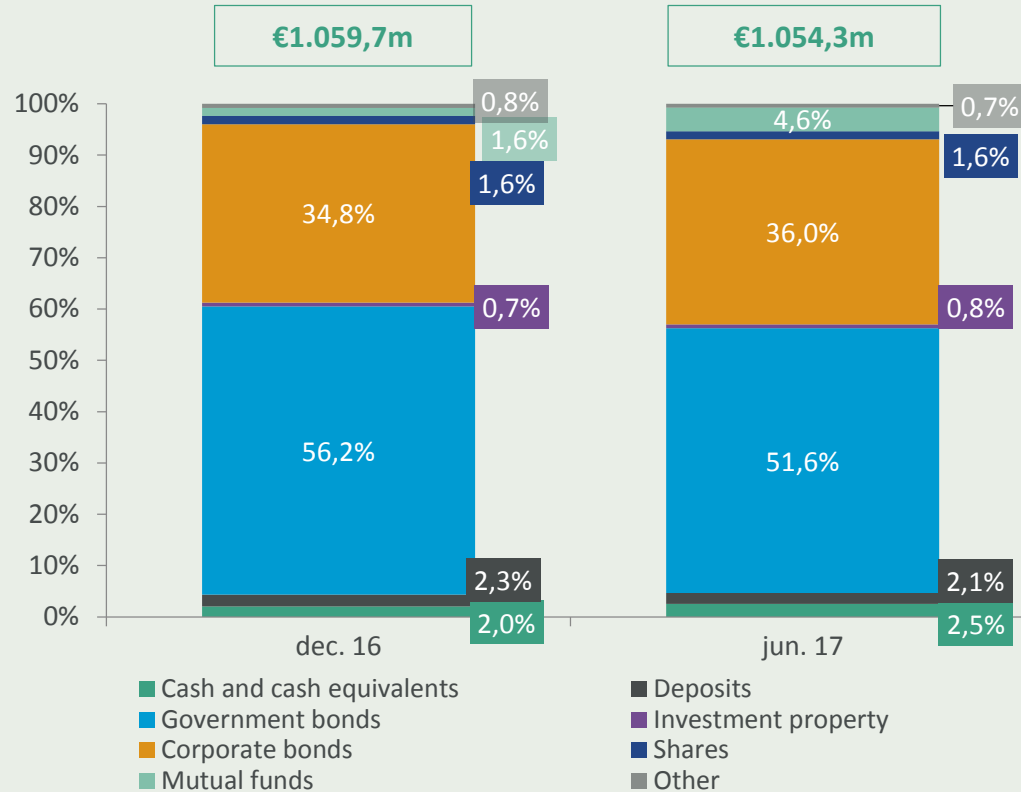
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INVESTMENT PORTFOLIO

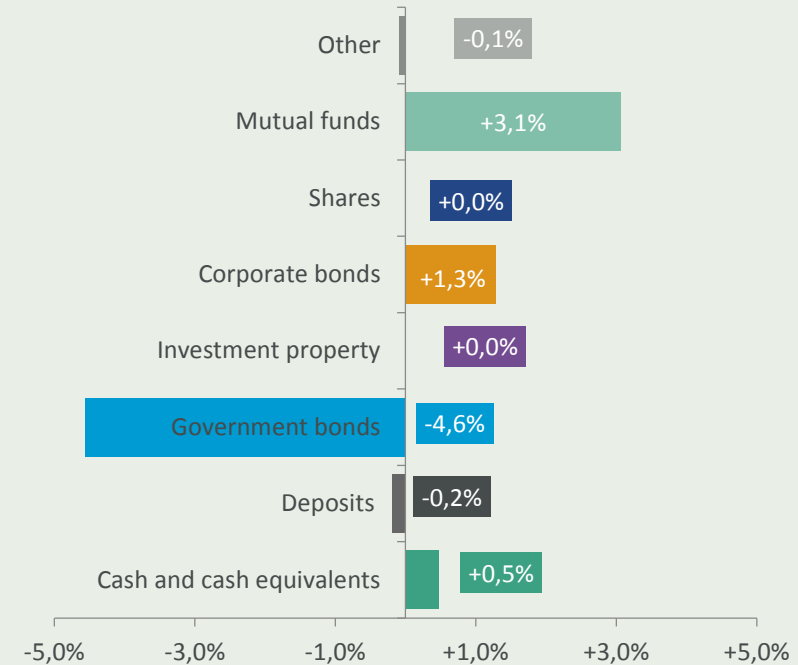
Investment portfolio in € million*		Key factors of change of value in investment portfolio:	
31.12.2016	1.059,65	+ cash flow from (re)insurance business	26,1
		+ change in accrued interest	9,5
		+ realised gains on the disposal of investments	1,3
		+ dividend income from financial investments	0,7
		+ change in fair value of assets at FVPL	0,2
	-5,38	- change in fair value reserve	2,2
		- interest expenses	0,7
		- redemption of subordinated debt of Sava Re	24,0
		- dividend payout to shareholders	12,5
		- foreign exchange losses	3,8
30.6.2017	1.054,27		

*Investment portfolio consists of financial investments, investment property and cash and cash equivalents. Unit-linked investments are excluded.

INVESTMENT PORTFOLIO STRUCTURE



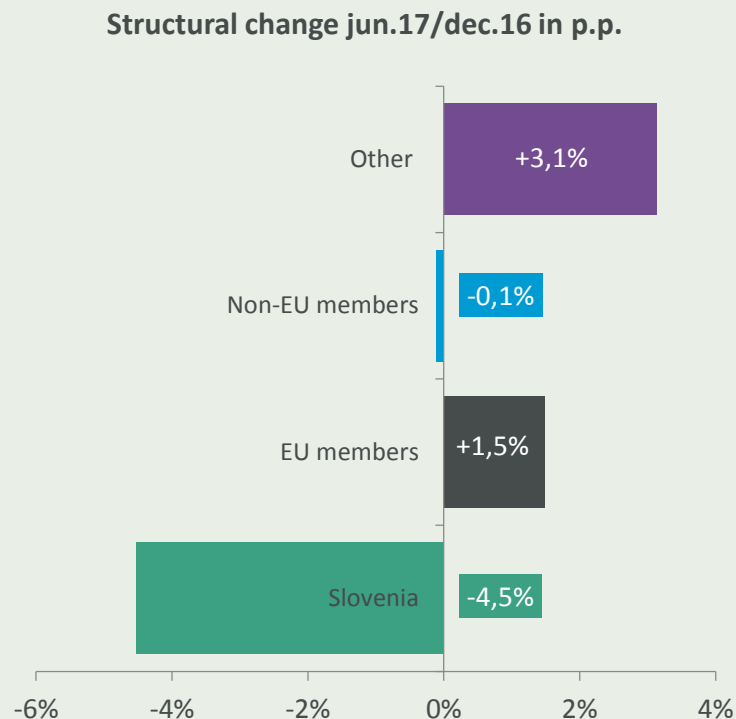
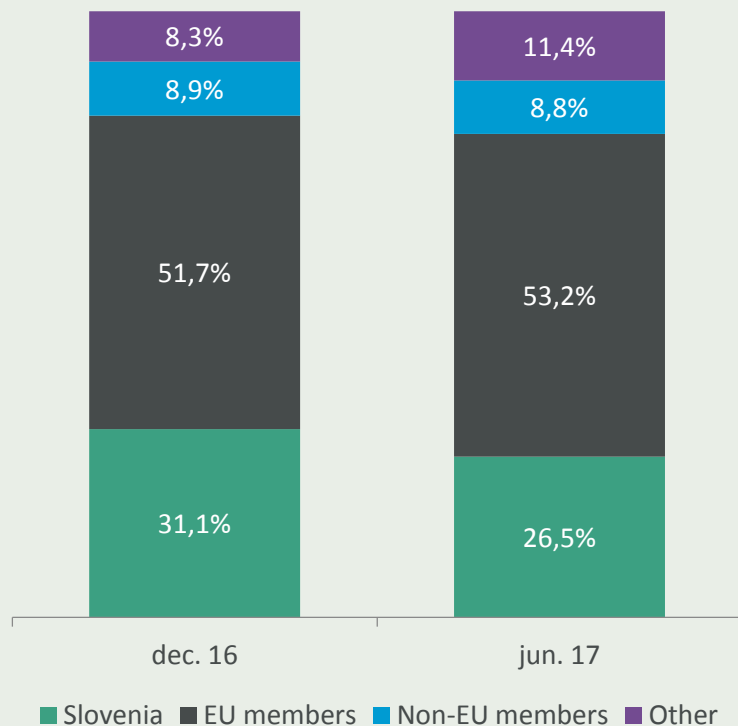
Structural shift jun.2017/dec.2016 in p.p.



- Increase in the % share of investments in mutual funds by 3,1 p.p.: entirely due to the purchases of money market ETFs of € 36,1 million in the first half of 2017.
- Decrease in the % share of government bonds by 4,6 p.p. compared to year-end 2016 following disposals and maturities. The decline in the share of government bonds reflects the Company's tactical decision to take advantage of rising debt securities prices.

SAVA RE GROUP EXPOSURE BY REGION

The reduced exposure to Slovenia in the first half of 2017 is in line with the investment policy (target exposure of Sava Re Group by 2020: 25 %); exposure to EU Member States and other countries increased.



NET INVESTMENT INCOME AND RETURN OF THE INV. PORTFOLIO

in € million	1-6/2016	1-6/2017	Absolute difference
Return on financial investments	11,53	7,68	-3,09
Return on investment property	0,09	0,12	-0,17
Return on financial portfolio	11,61	7,80	-3,26
Return on financial portfolio (FX excluded)	11,90	11,56	0,50
Return on financial portfolio (FX excluded) in %	2,3%	2,2%	

- In 1-6/2017 the net investment income of the investment portfolio, excluding the impact of exchange differences, totalled € 11,6 million, down € 0,3 million year on year but € 0,5 million better than planned (higher realised gains on the disposal of investments).
- The return on investment property remained on the same level year on year.
- The realised investment return, excluding the effect of exchange differences, was 2,2 % (1-6/2016: 2,3 %)

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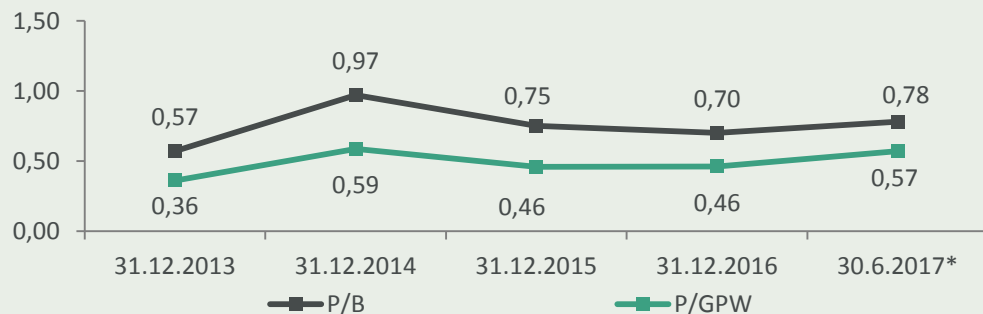
SHAREHOLDERS AND SHARE TRADING

Book value per share

19,36 €

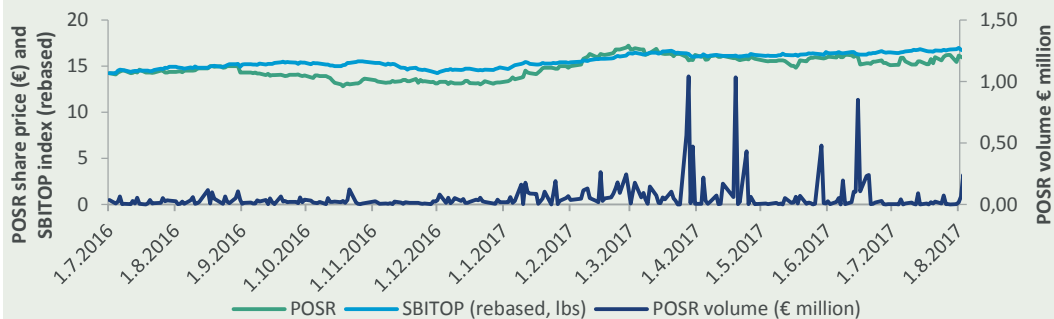
2Q 2017/2Q 2016: **up +2,9 %**

Movement of POSR share



*In calculation is included planned premium for 2017.

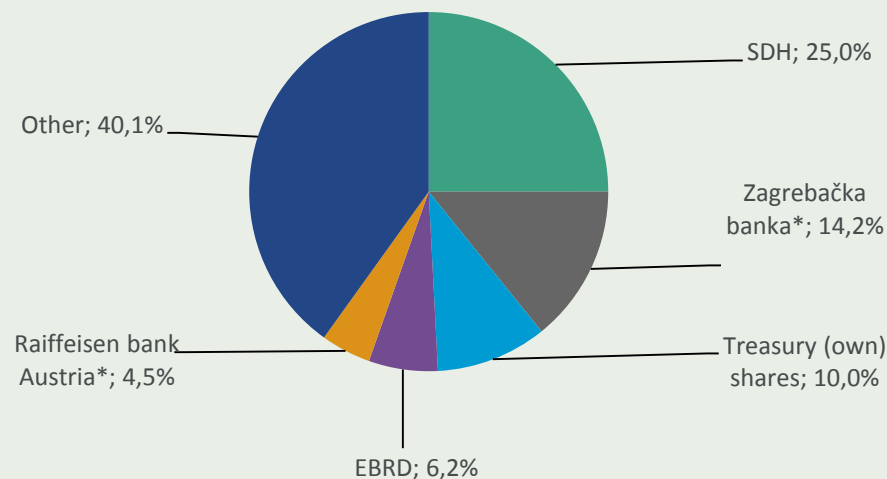
Sava Re price performance vs SBI TOP benchmark



*The SBITOP has a changed basis so that the graph starts at the same value as the POSR share price (€ 7,12 EUR). Growth rates are the same as for the original index.

(€ million)	30/6/2017
Share capital	71,9
Market capitalization	260,2
Trading Symbol	POSR
Number of shares	17.219.662
Number of treasury shares	1.721.966
Number of shareholders	4.136

Shareholders on 30 June 2017



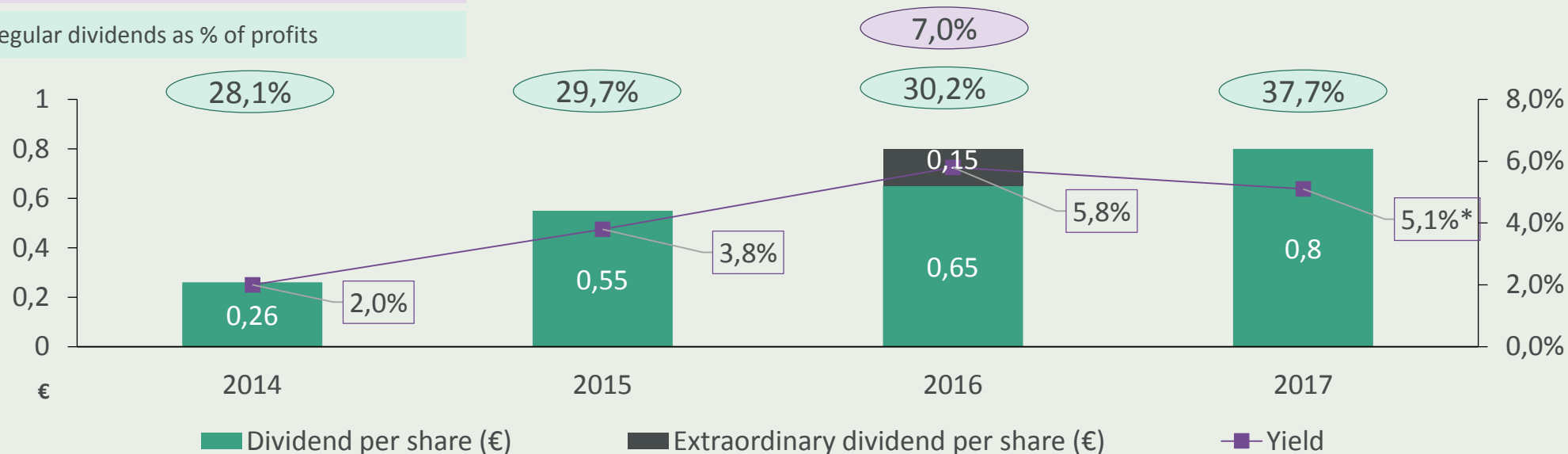
*Custody account

**On 2 June 2016, Sava Re received a notice from Adris grupa, d.d., Vladimira Nazora 1, 52210 Rovinj, Croatia via its legal representative Rojs, Peljhan, Prelesnik & partnerji, o.p., d.o.o., advising the Company of a change in major holding in Sava Re. Adris grupa, including its subsidiaries with fiduciary accounts, held 3,278,049 POSR shares, representing 19.04 % of issued and 21.15 % of outstanding shares

STABLE DIVIDEND

Extraordinary dividends as % of profits

Regular dividends as % of profits



*Average POSR rate from 1.1.2017 to 18.8.2017

DIVIDEND POLICY

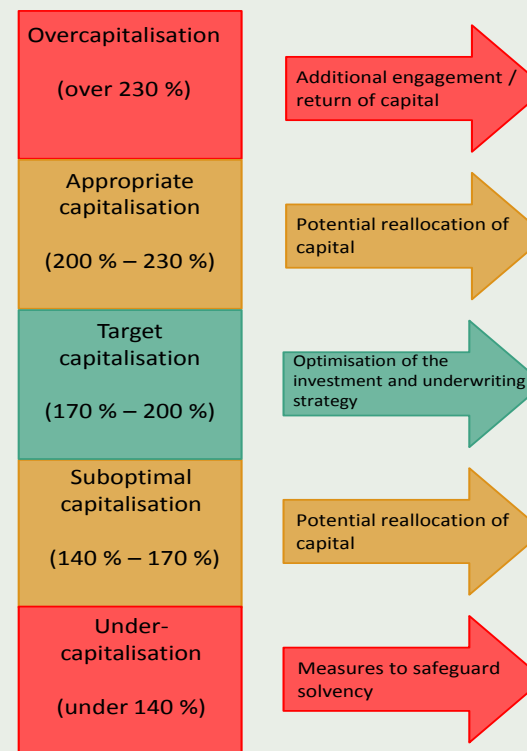
The Company will pay out regular dividends in the amount of approximately 30 % of the net profit of the Sava Re Group (consolidated profit) with the management board making adjustments to their proposal for dividend payout taking into account the Company's capitalisation, new development projects to engage additional capital, capital requirements for the support of organic growth and other major factors that affect the financial position of the Company.

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CAPITAL ADEQUACY

(€ million)	As at 31 December 2016 (audited)
Eligible own funds	423,4
Solvency capital requirement (SCR)	207,1
Solvency ratio	204 %



Sava Re Group Solvency and Financial Condition Report 2016 (Group SFCR) was published on company's website and website of Ljubljana stock exchange (seonet).

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2017 PLAN – MAIN TARGETS (CONSOLIDATED)

	2015	2016	Plan 2017
Gross premiums written	€ 486 million	€ 490 million	€ 494 million
Net combined ratio* (reinsurance + non-life)	95,8 %	95,0 %	95 %
Profit/loss, net of tax	€ 33,4 million	€ 32,9 million	between € 31 and € 33 million

*Includes all income/expenses other than relating to investments

FACTORS AFFECTING THE 2017 PROFIT:



- Challenging competitive environment
- Low interest rates
- Soft reinsurance market



- Measures to improve the profitability of the portfolio
- Synergistic effects of comb. portfolio
- Expected GDP growth in emerging markets

SAVA RE GROUP STRATEGY HIGHLIGHTS

Average growth rate

> 2 %

Net expense ratio

< 30 %

Net combined ratio

< 95 %

Investment return

> 1,5 %

Return on equity

> 11 %

OUR GOAL IS TO BECOME THE
BEST PROVIDER OF INSURANCE
SERVICES IN THE REGION

WE ARE CREATING A MODERN,
DIGITAL, SOCIALLY- AND
SUSTAINABLE-ORIENTED
INSURANCE GROUP.

*The net combined ratio includes all items except those relating to investments; excluded is life business.

APPENDICES

BUSINESS PROFILE

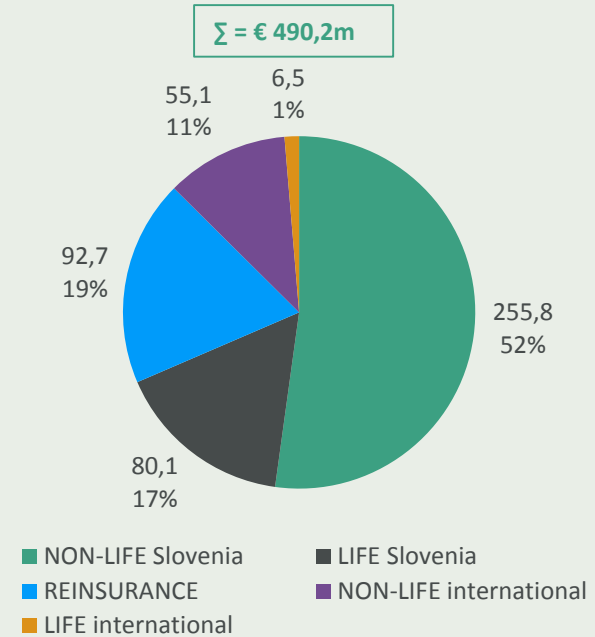
Sava Re Group GPW and market shares 2016 by country



Key facts

- The 2nd largest insurance group in the Adria region (total GWP of € 490m in 2016)
- On 2 November 2016 the process of merging the four insurance companies Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit osiguranje and Velebit životno osiguranje, all members of the Sava Re Group, was officially completed. The name of the merged insurance company is Zavarovalnica Sava.
- Presence in 6 Adria countries with strong position in underpenetrated markets alike Montenegro, Macedonia and Kosovo
- The largest non-captive reinsurer in the region with business spanning worldwide

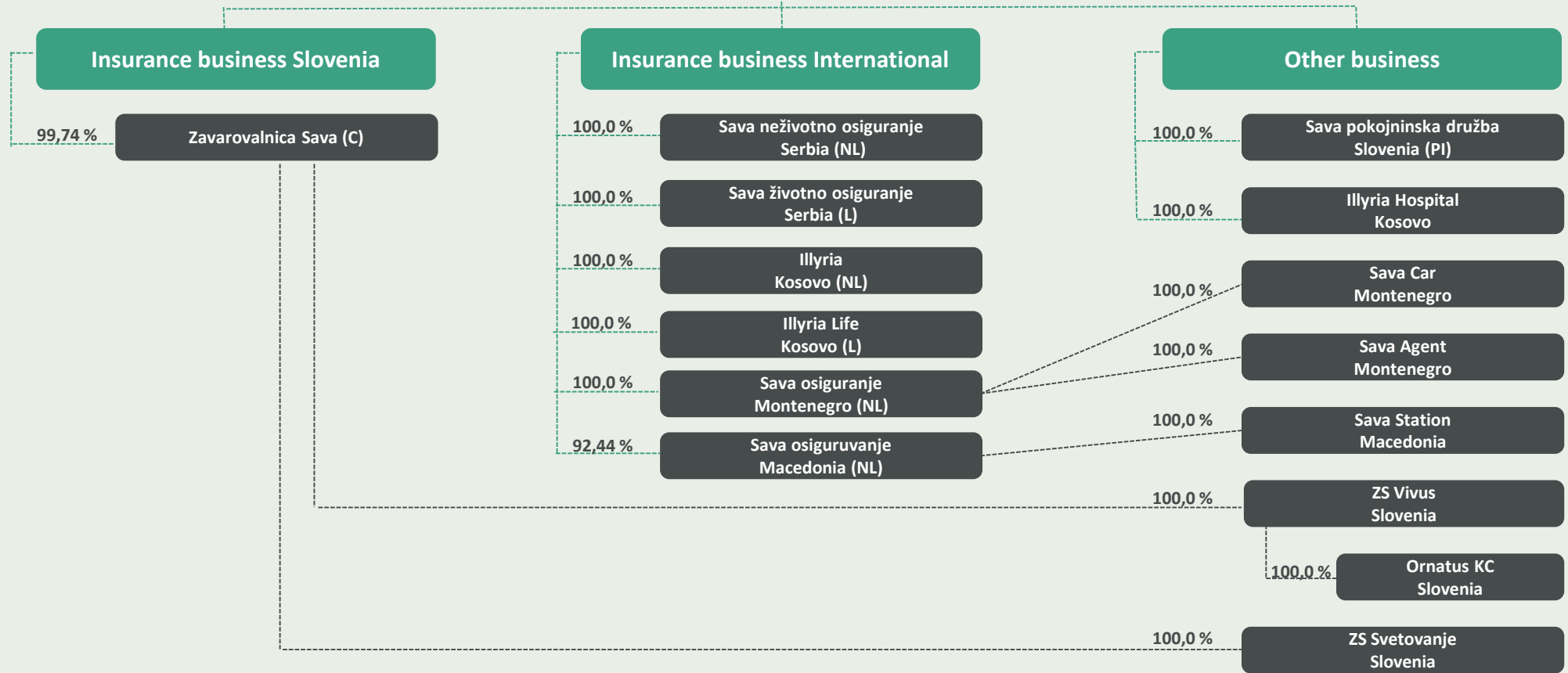
Breakdown of 2016 consolidated GPW by segments, € m and % total



- Rating: S&P A-, positive outlook (Jul 2017)
- AM Best A- (Nov 2016)
- Listed on the prime market of the Ljubljana Stock Exchange since 2008 (POSR symbol)
- Solvency position of Sava Re Group at 31 Dec 2016: SII: 204 %

SAVA RE GROUP STRUCTURE AT 31 DECEMBER 2016

Sava Re



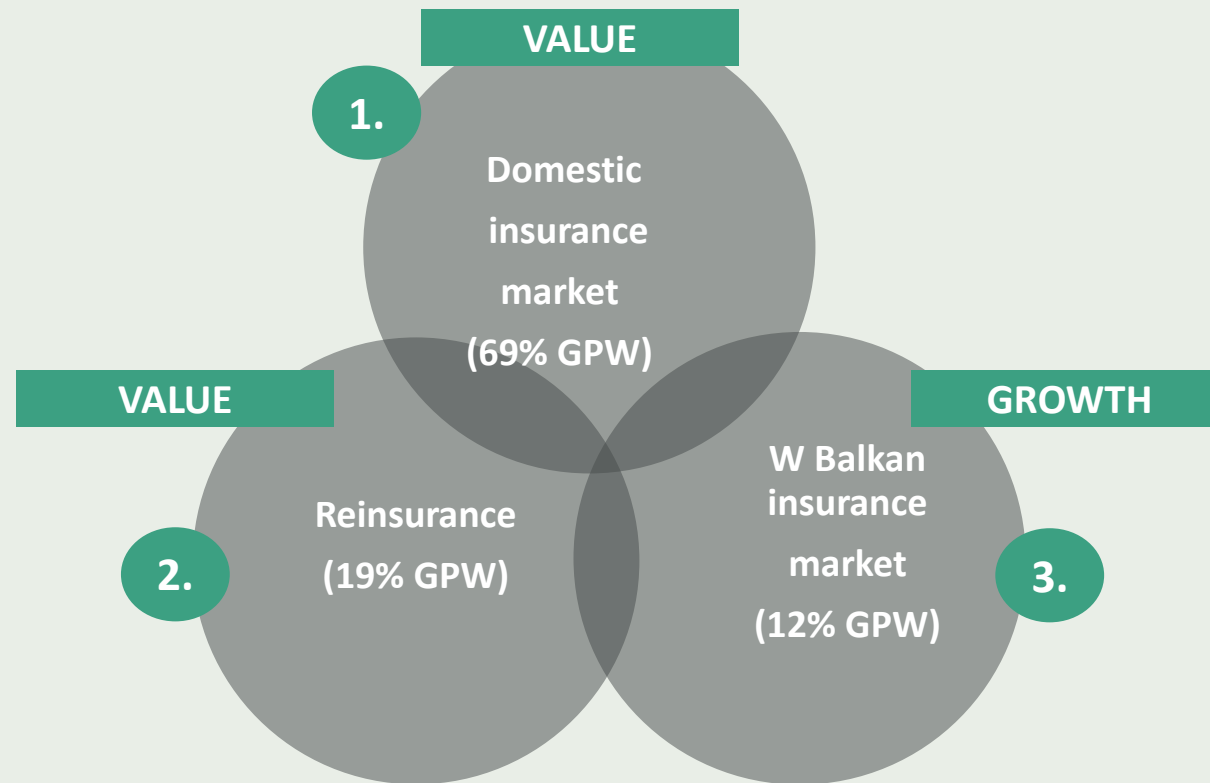
C- Composite insurer

NL- Non-life insurer

L- Life insurer

PI- Pension insurance

BUSINESS SEGMENTS - BALANCE BETWEEN VALUE & GROWTH



Sava Re Group has diversification benefits coming from three segments: Non-Life, Reinsurance, Life and from the geographical spread: Slovenia, W Balkans, global reinsurance market

EQUITY STORY FULL OUTLINE

1 Strong #2 market position in the region as demonstrated by the market shares

- Slovenia: 17%
- Adria region: 9%

2 Unique positioning to capture expected growth of Western Balkan insurance market

- foothold in the key markets
- track-record of successful M&A and joint venture execution
- strengthened brand resulting from merger of EU-based insurers into Zavarovalnica Sava.

7 Experienced management with clear vision and measurable business objectives in-place

6 Well positioned to capture growth on the reinsurance markets

5 Commitment to shareholder return

- dividend policy (cca. 30% of consolidated net profit)
- on-going buyback program

4 Solid solvency ratios and stable ratings outlook

- solvency ratios SII: **201,0 %** (1.1.2016)
- rating: S&P **A-** (Jul 2016), AM Best **A-** (Nov 2016)

3 High profitability and further potential gains

- Realizing economics of scale in insurance business
- Declining combined ratio in reinsurance segment



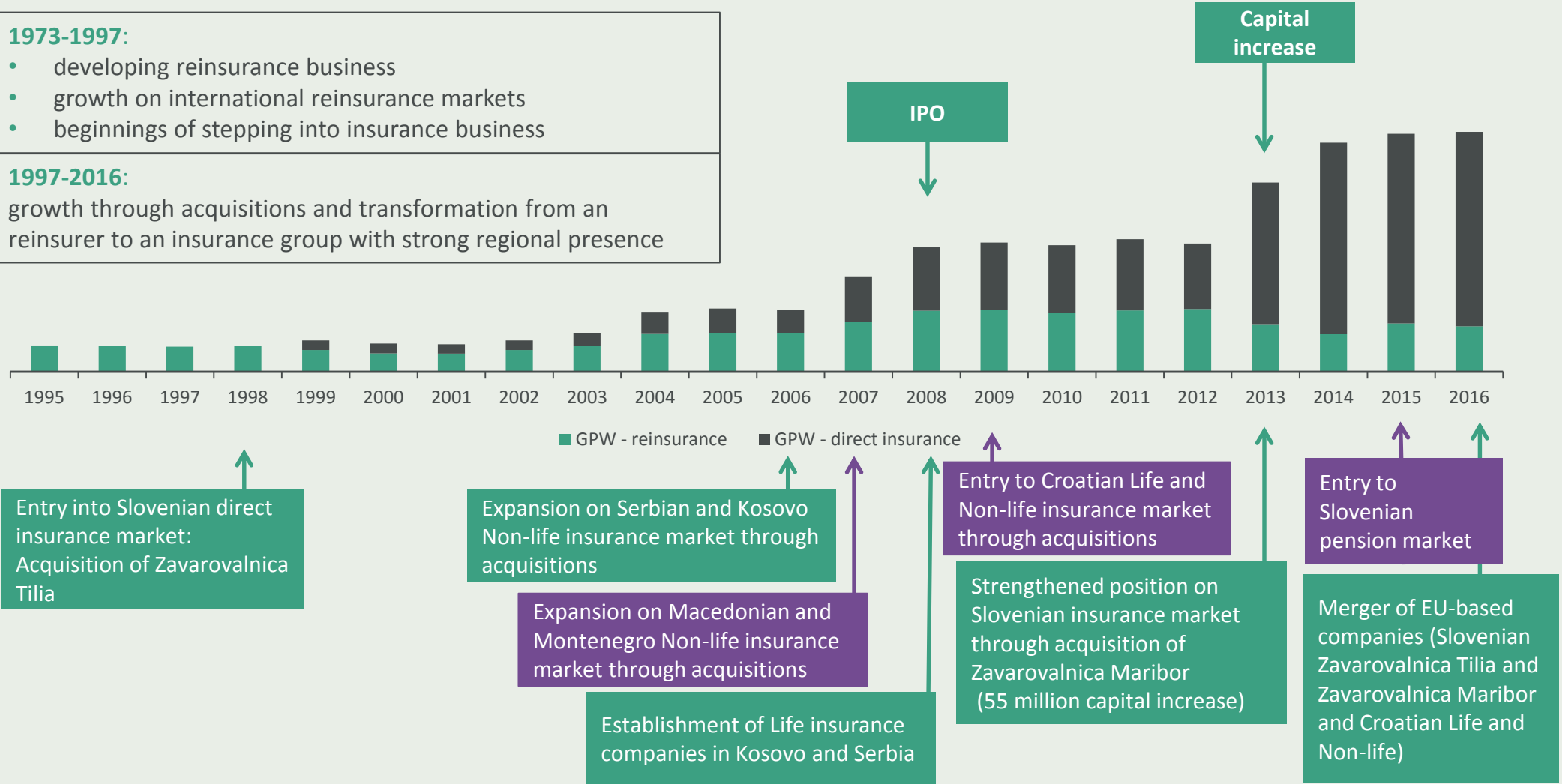
SAVA RE HISTORY - CONSOLIDATED GROSS PREMIUM WRITTEN DEVELOPMENT

1973-1997:

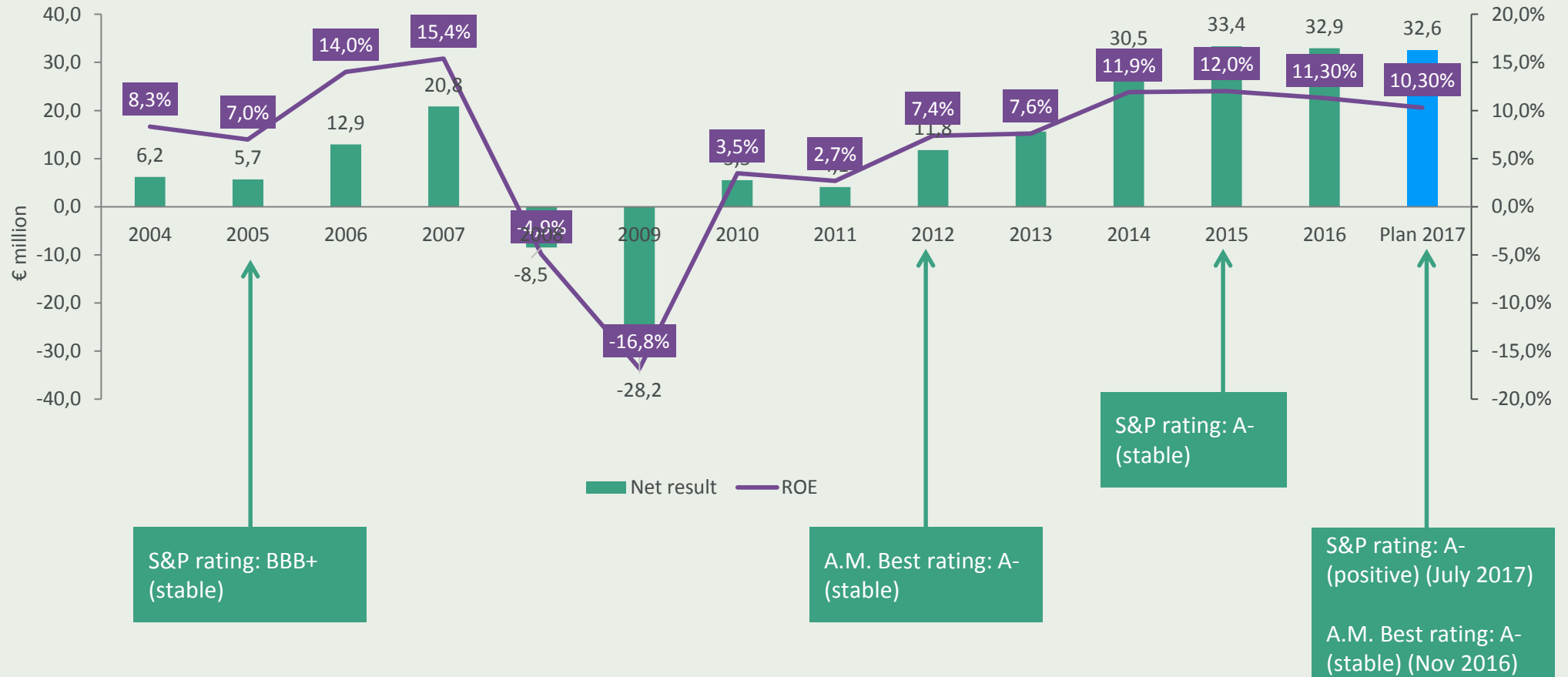
- developing reinsurance business
- growth on international reinsurance markets
- beginnings of stepping into insurance business

1997-2016:

growth through acquisitions and transformation from an reinsurer to an insurance group with strong regional presence



SAVA RE HISTORY – CONSOLIDATED NET RESULT & ROE



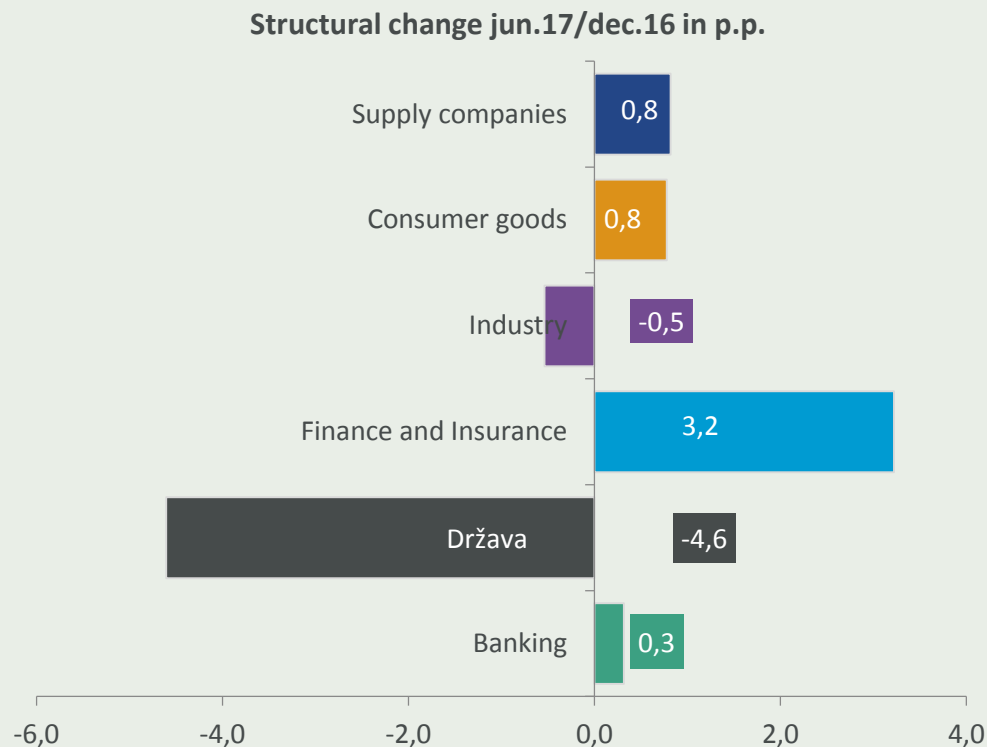
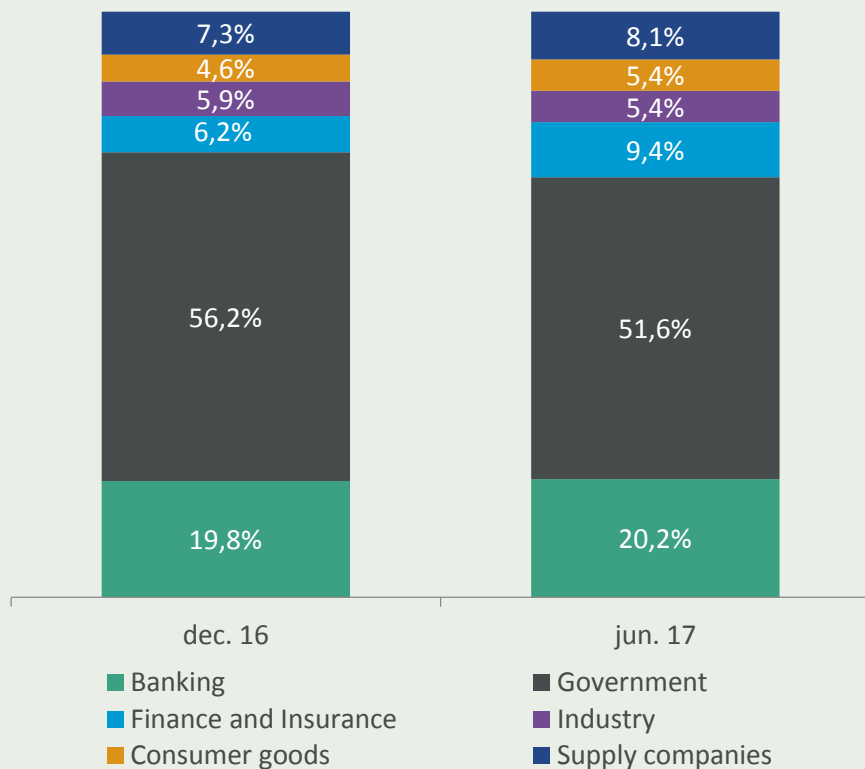
SAVA RE GROUP EXPOSURE TO SLOVENIA

€ million	31.12.2016		30.6.2017		Change
Type	Amount	Structure	Amount	Structure	
Deposits	3,1	0,3%	2,5	0,2%	-0,1%
Government bonds	256,8	24,2%	216,1	20,5%	-3,7%
Corporate bonds	34,2	3,2%	31,7	3,0%	-0,2%
Shares	16,3	1,5%	16,2	1,5%	0,0%
Mutual funds	3,5	0,3%	2,6	0,2%	-0,1%
Cash and cash equivalents	11,4	1,1%	6,7	0,6%	-0,4%
Other	3,9	0,4%	3,8	0,4%	0,0%
Total	329,1	31,1%	279,8	26,5%	-4,5%

- Exposure to Slovenia decreased by 4,5 percentage points compared to the end of 2016.
- The largest contribution to the reduced exposure to Slovenia was through a decline in government bonds owing to maturities or disposals in the reporting period.

SAVA RE GROUP EXPOSURE BY INDUSTRY

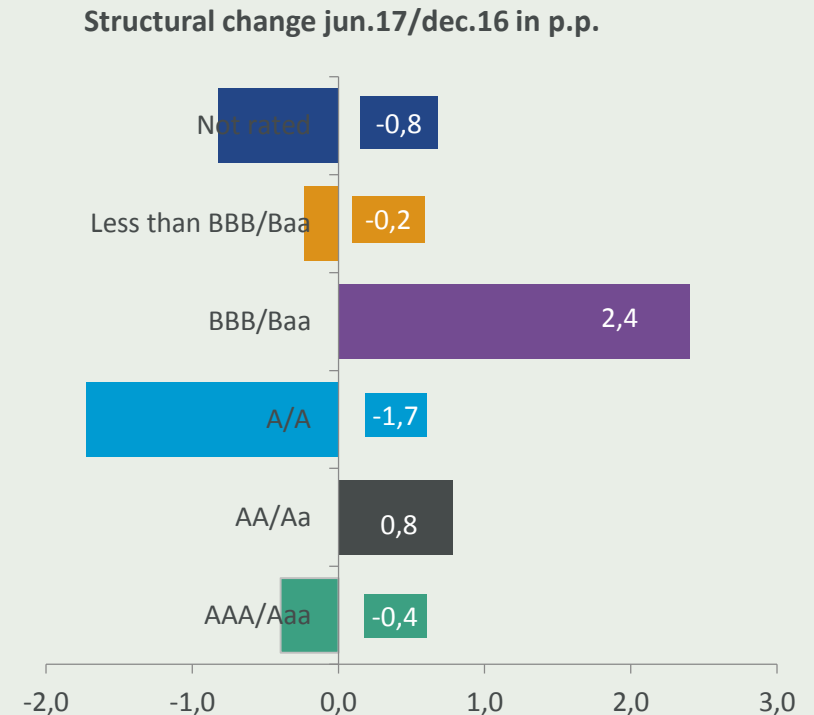
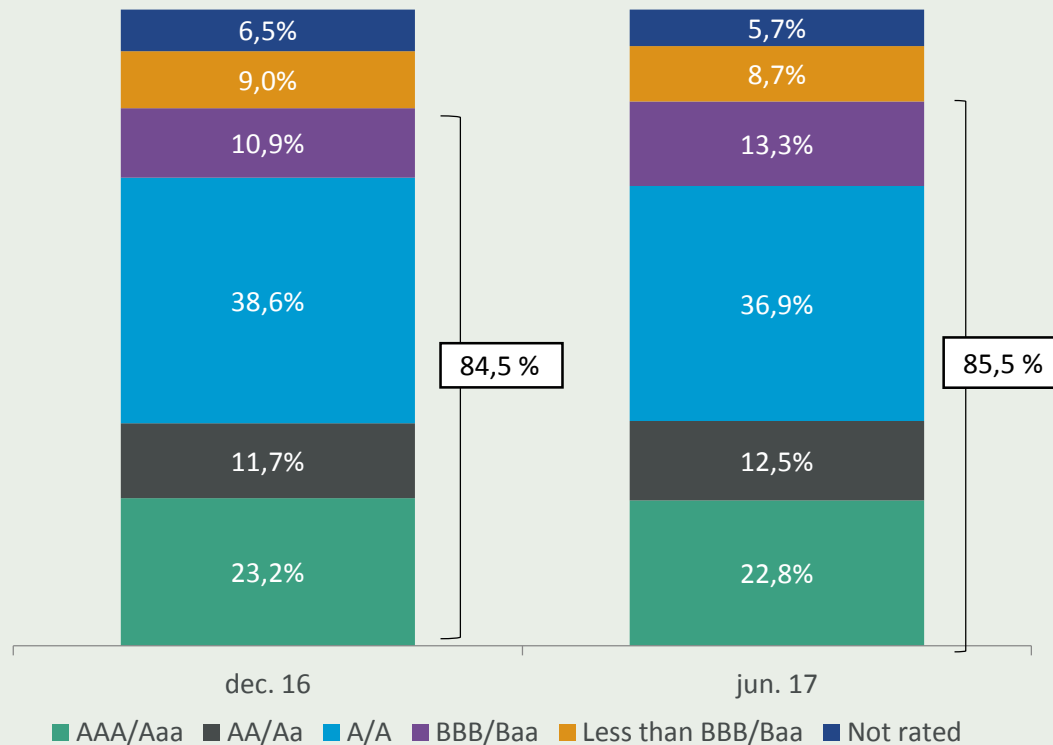
- The reduced exposure to government securities is largely due to the tactical decision to sell part of the bond investments due to favourable market conditions.
- Increased exposure to the financial and insurance industry – investments in ETF money market funds.



SAVA RE GROUP RATING PROFILE

Maintaining a good credit rating profile in 1-6/2017

- A share of 85,5 % of fixed-income investments is investment grade.
- The share of A-rated investments declined because of maturities and disposals; reinvestments have been mostly in BBB rated investments.



INVESTMENT INCOME BY TYPE

€ million	1-6/2016	1-6/2017	Difference 2017-2016
Income			
Interest income	10,6	9,5	-1,1
Change of fair value and capital gains in FVPL group	0,4	0,2	-0,2
Gains on disposal of investments other IFRS valuation groups	1,2	1,6	0,4
Income from associates	0,0	0,0	0,0
Dividend income	0,8	0,7	-0,1
Positive foreign exchange differences	3,6	1,9	-1,7
Other income	0,3	0,9	0,6
Total income	16,8	14,7	-2,1
Total income without exchange differences	13,2	12,8	-0,5

- Interest income**

Interest income has declined by € 1,1 million year on year because of the low-interest-rate environment, while gains on the disposal of investments increased by € 0,4 million. Other income grew by € 0,6 million and includes income from investment property and management fees of ZS Slo mutual funds (€ 0,5 million).

- Exchange gains**

The foreign exchange rates that the liabilities and investments of Sava Re are denominated in moved in the other direction than one year earlier, resulting in a € 1,7 million decline in income; still there was only a minor effect on profits owing to the asset and liability matching mechanism.

The income relating to the investment portfolio, excluding exchange differences, fell by € 0,5 million year on year.

INVESTMENT EXPENSES BY TYPE

€ million	1-6/2016	1-6/2017	Difference 2017-2016
Expenses			
Interest expenses	0,4	0,7	0,3
Change of fair value and capital loss in FVPL group	0,5	0,1	-0,4
Loss on disposal of investments other IFRS valuation groups	0,3	0,3	0,0
Loss from associates	0,0	0,0	0,0
Impairments	0,1	0,0	-0,1
Negative foreign exchange differences	3,9	5,7	1,8
Other financial expenses	0,1	0,2	0,1
Total expense	5,2	6,9	1,7
Total expense without exchange differences	1,3	1,2	-0,1

- **Interest expense**

Investment portfolio expenses increased by € 0,3 million year on year. The increased interest expenses are entirely due to the one-off impact of the repayment of part of the subordinated debt, accounted for using the effective interest rate method.

- **Exchange losses**

The foreign exchange rates that the liabilities and investments of Sava Re are denominated in moved in the other direction than one year earlier, resulting in € 1,8 million increase in expenses; still there was only a minor effect on profits owing to asset and liability matching measures.

In the reporting period, the Group's expenses for the investment portfolio declined by € 0,1 million year on year.

THANK YOU FOR YOUR ATTENTION!