

SAVA RE GROUP

1-3/2017 RESULTS

16 MAY 2017



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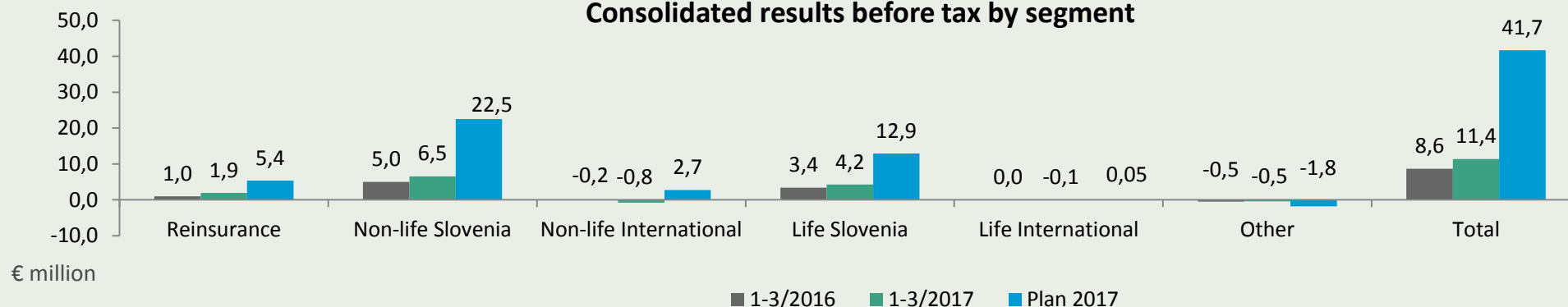
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- Sava Re Group – Segment Reporting
- Sava Re Group – Investment structure and return
- Sava Re Group – Share and dividend policy
- Sava Re Group – Solvency position
- Sava Re Group – Plan 2017 and strategy guidelines

RESULTS SAVA RE GROUP

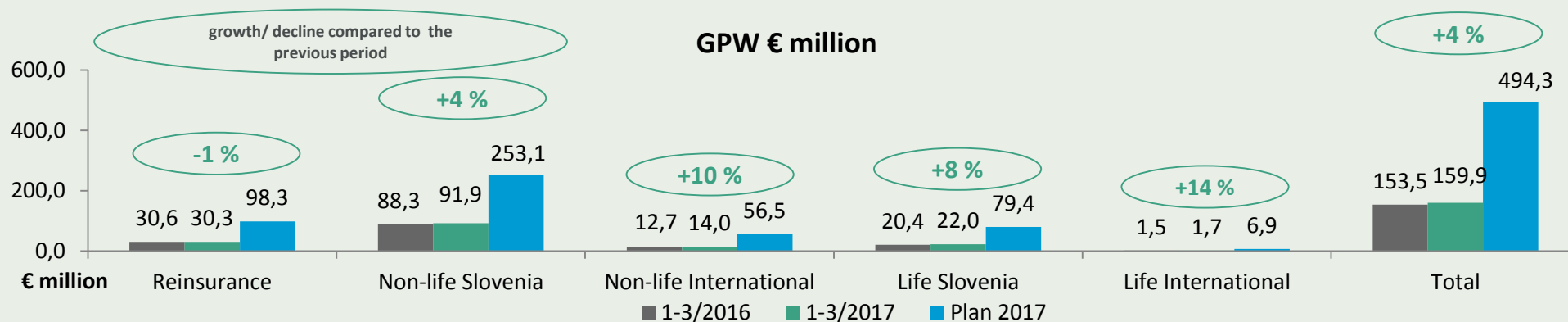
€ million	1-3/2016	1-3/2017	Plan 2017	Change 2017/2016	Actual/plan
Gross premiums written (€ million)	153,5	159,9	494,3	4,2%	32,4%
Net expense ratio	31,2%	31,0%	32,6%	-0,2 o.t.	-1,6 o.t.
Net combined ratio*	95,7%	95,6%	94,6%	-0,1 o.t.	+1,0 o.t.
Net combined ratio* (excluding foreign exchange differences)*	97,4%	94,5%	94,6%	-2,9 o.t.	-0,1 o.t.
Return on financial portfolio	1,6%	2,5%	1,8%	+0,9 o.t.	+0,7 o.t.
Return on financial portfolio (excluding foreign exchange differences)	2,2%	2,3%	1,8%	+0,1 o.t.	+0,5 o.t.
Net profit/loss (€ million)	7,1	9,2	32,6	29,0%	28,2%
Annualised ROE	9,6%	11,6%	10,3%	+2,0 o.t.	+1,3 o.t.
	31.12.2016	31.3.2017	Plan 31.12.2017		
Shareholders' equity (€ million)	297,0	304,2	326,3	2,4%	93,2%

*The combined ratio does not include life business

Consolidated results before tax by segment



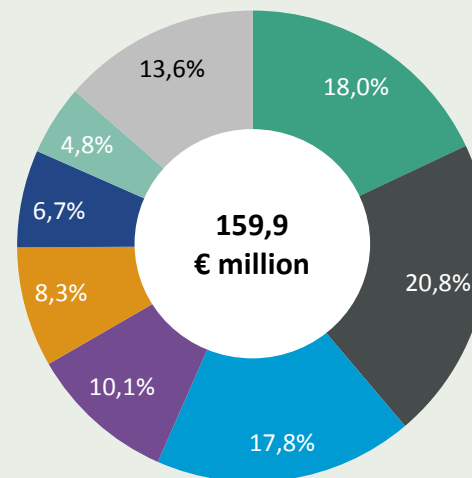
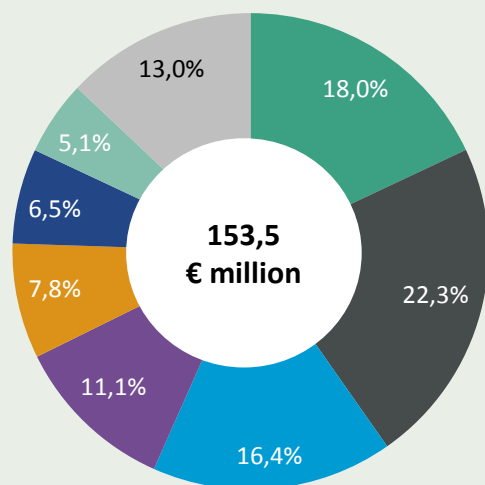
BREAKDOWN OF THE CONSOLIDATED GPW



1-3/2016

Consolidated gross premiums written by class of business

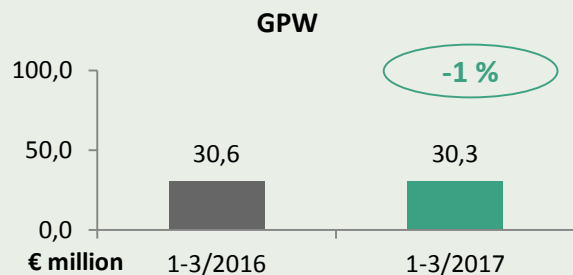
1-3/2017



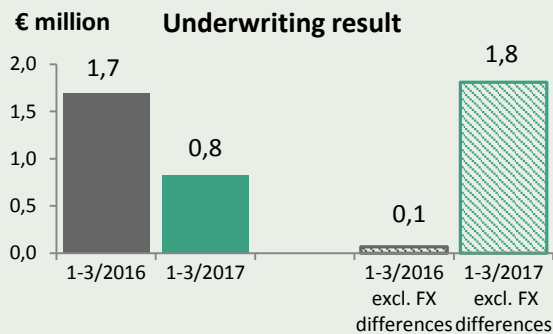
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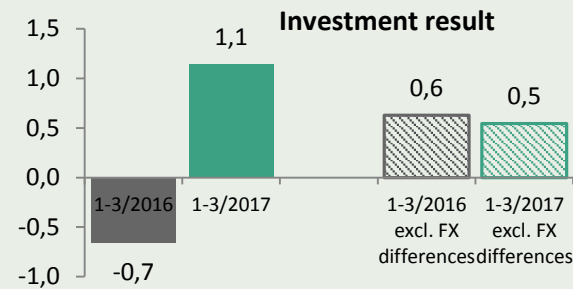
RESULTS BY OPERATING SEGMENT – REINSURANCE



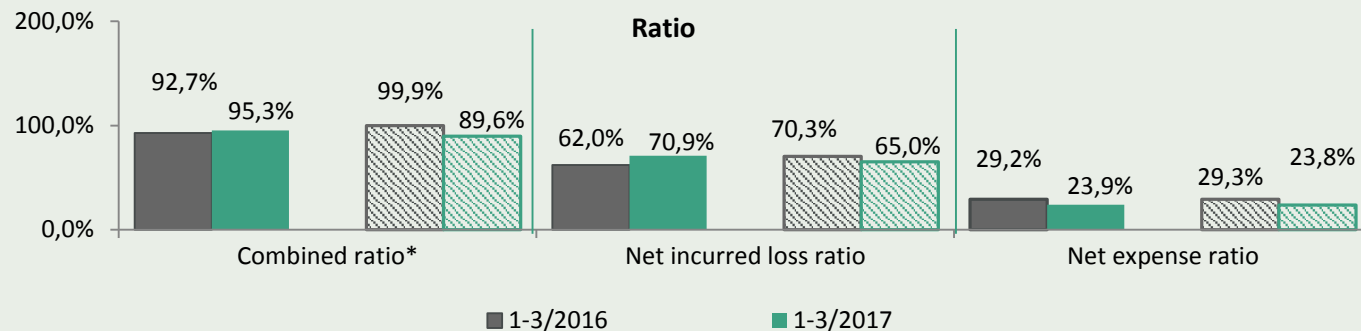
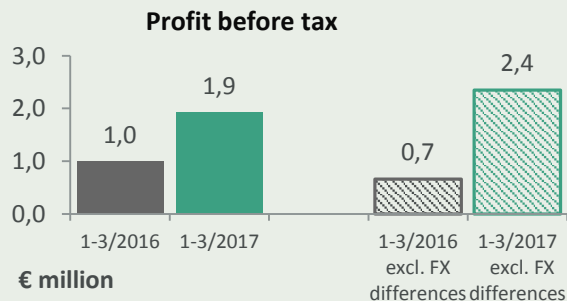
Minor premium declined due to the more selective underwriting as a result of the soft market prevailing in global reinsurance markets.



The result, excluding FX differences, was lower mainly due to prudent reserving for certain large loss events abroad.

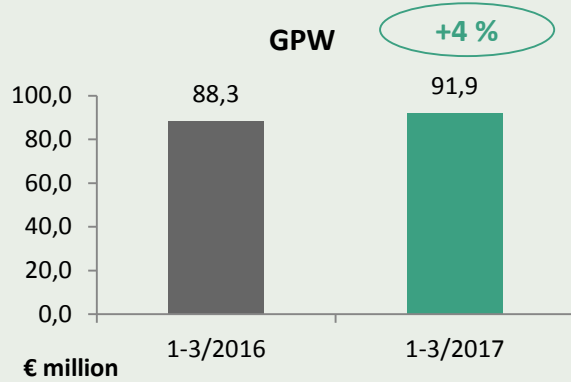


The investment result, excluding the FX differences, remained at approximately the same level year on year

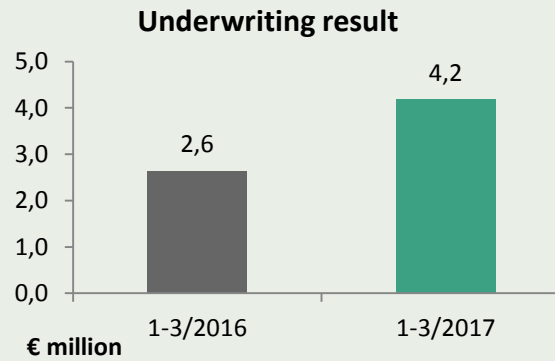


*Includes all income/expenses other than relating to investments.

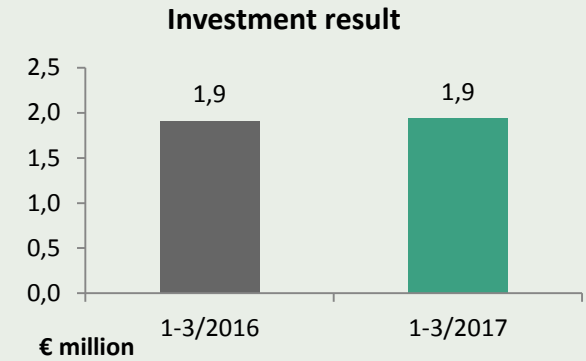
RESULTS BY OPERATING SEGMENT – NON-LIFE SLOVENIA



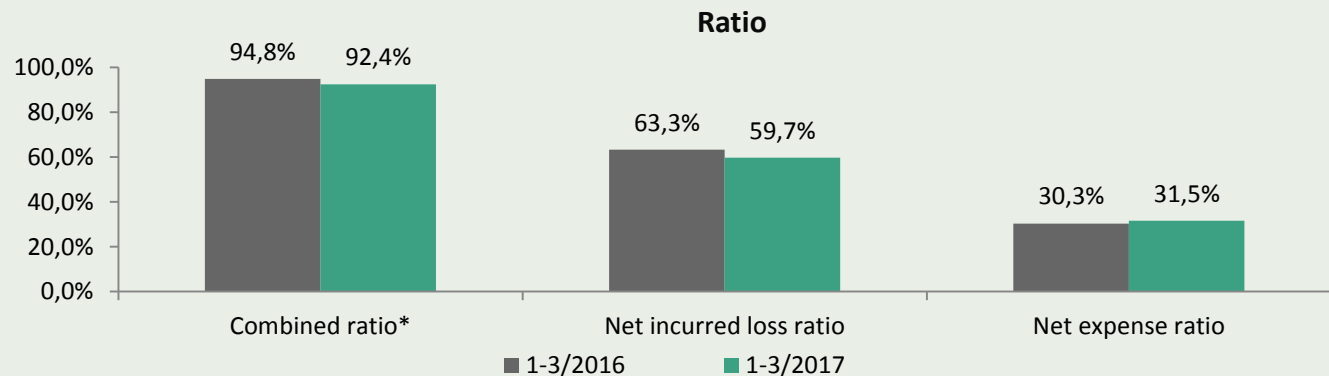
Premium increase primarily as a result of a larger volume of motor business.



Growth in net premiums earned and a drop in net claims incurred.

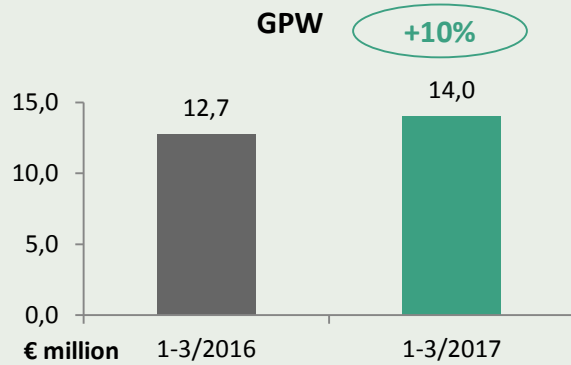


On the same level as year on year.

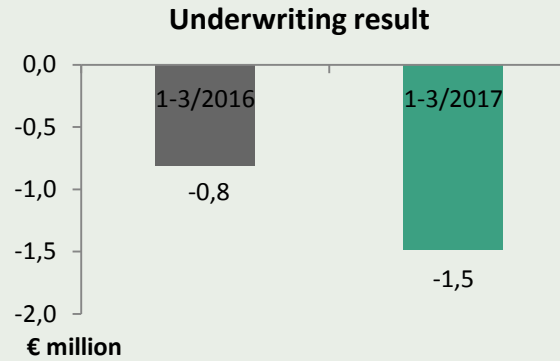


*Includes all income/expenses other than relating to investments

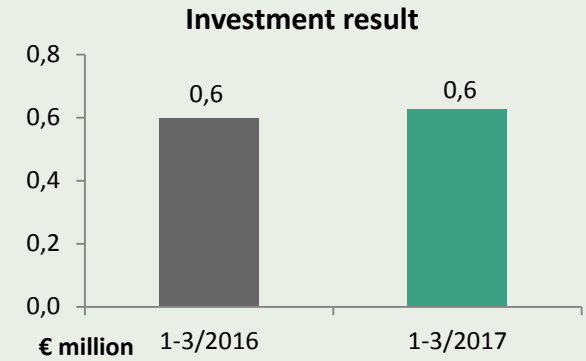
RESULTS BY OPERATING SEGMENT – NON-LIFE INTERNATIONAL



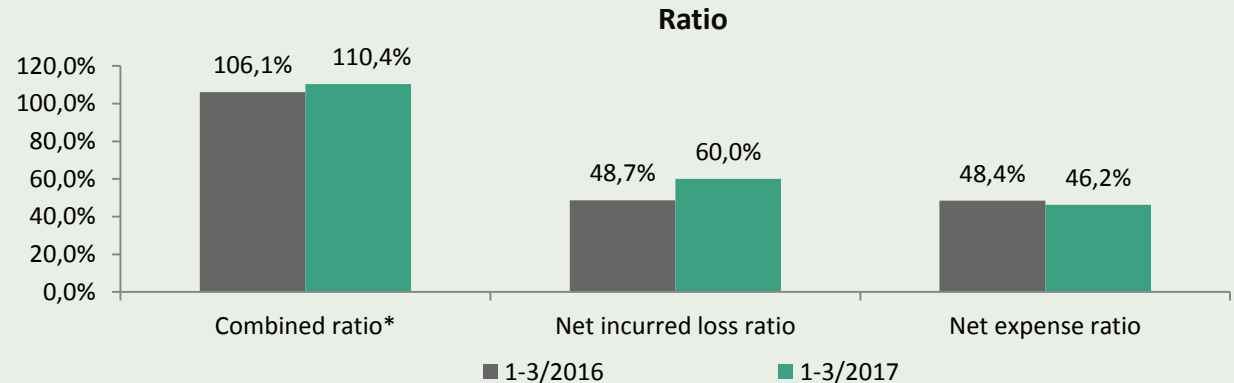
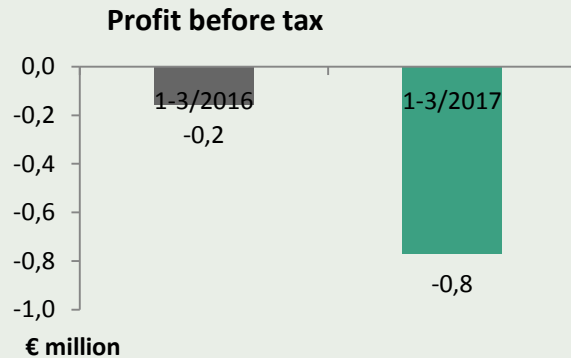
Increase in gross premiums written in all the Group's non-life insurers abroad.



Decline in underwriting result mainly due to a weaker underwriting result of the Kosovan insurer following a major fire loss.

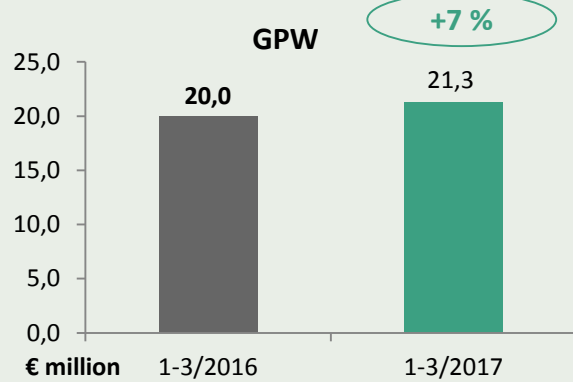


On the same level as year on year.

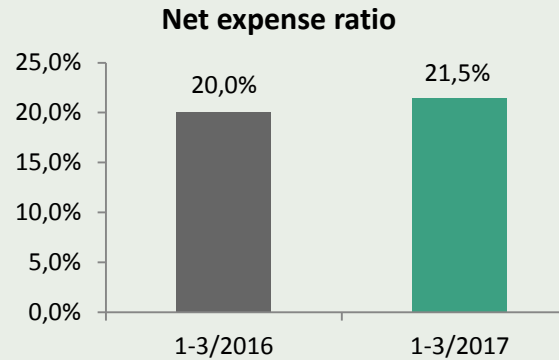
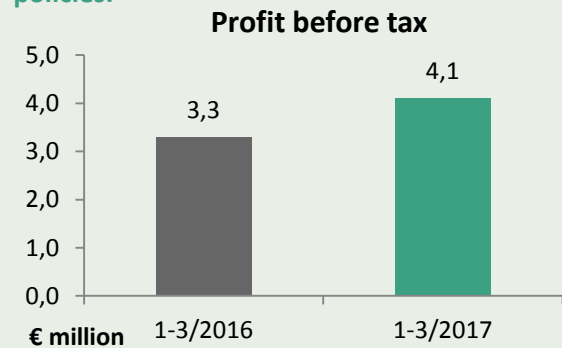


*Includes all income/expenses other than relating to investments

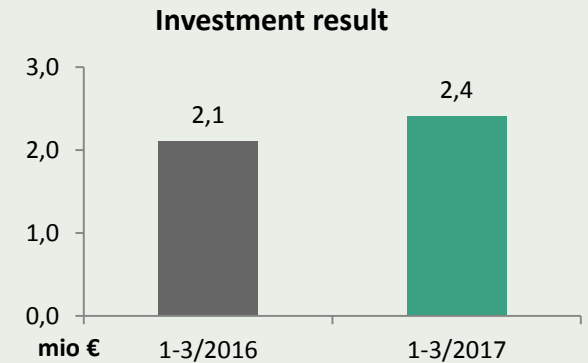
RESULTS BY OPERATING SEGMENT – LIFE SLOVENIA



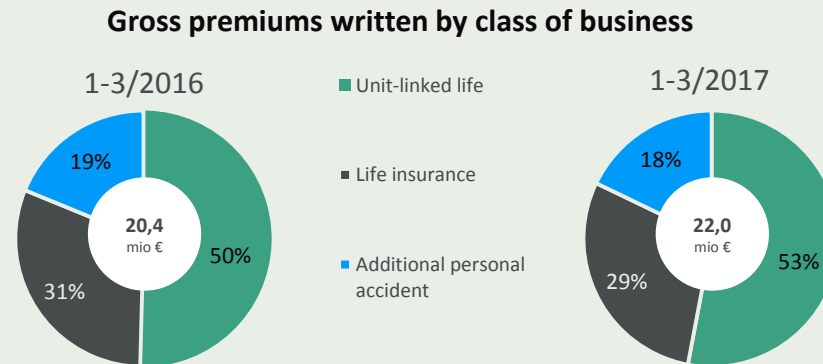
Premium growth was impacted by the policyholder funds of the wound-up DWS fund, as policyholders, upon receiving attractive offers, opted for taking out similar policies (the new internal fund set up) and by a large number of maturities of unit-linked policies where many policyholders opted for taking out new policies.



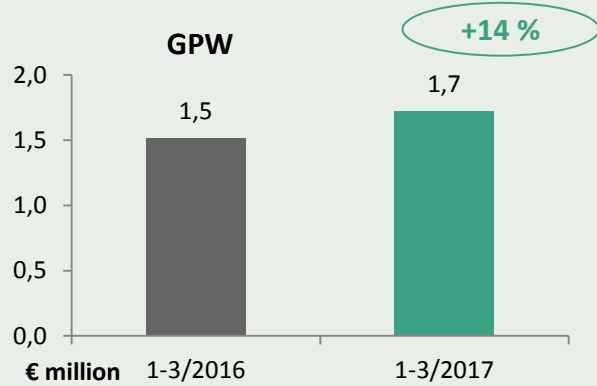
Minor increase in costs mainly due to the harmonisation of the collective agreements, higher material costs due to one-off purchases and the different timing of use of marketing assets. In addition, increased acquisition costs due to larger production and the modified dynamics of including costs in prices.



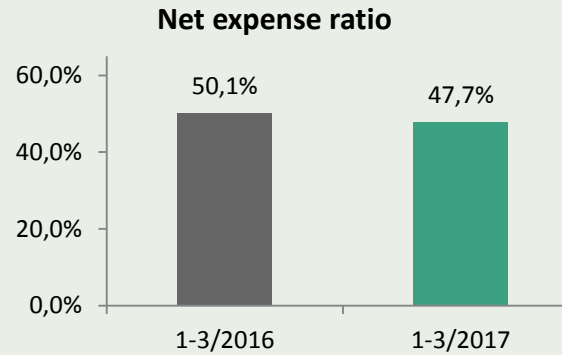
Rise in net investment income due to lower expenses relating to disposals of investments. Last year capital losses were realised on the disposal of investments.



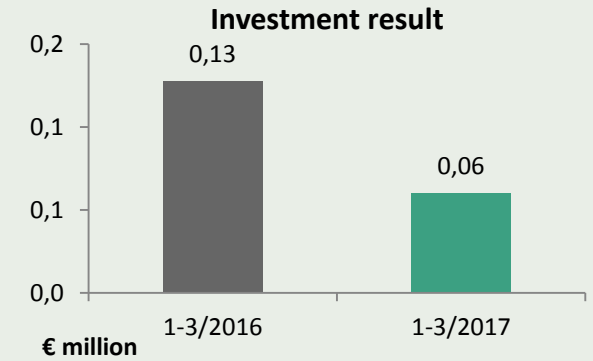
RESULTS BY OPERATING SEGMENT – LIFE INTERNATIONAL



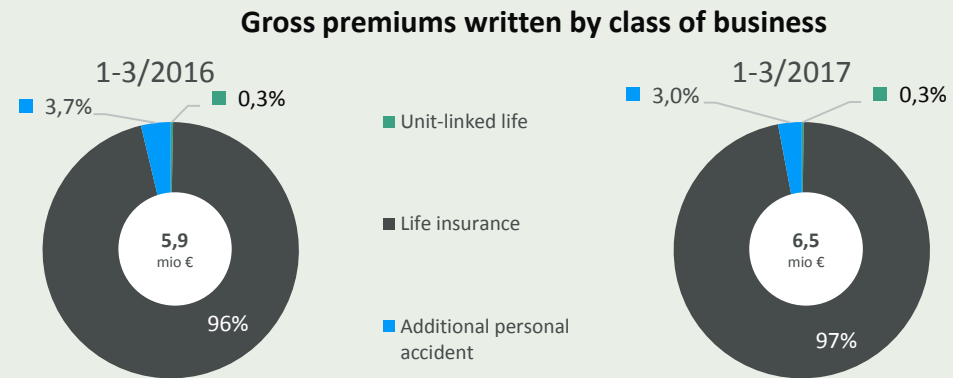
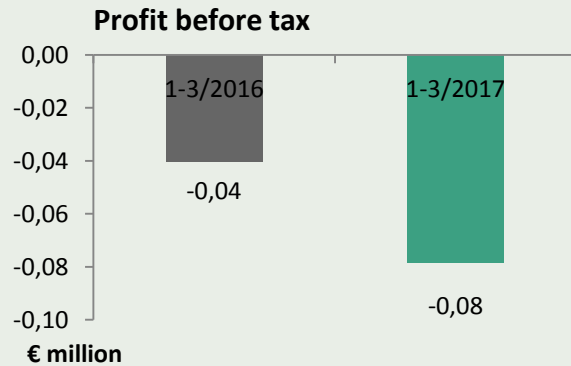
Premium growth in all the Group's foreign life insurers. Insurers have taken actions for the improvement of the sales network, resulting in portfolio growth and improved portfolio structure.



For some time, all three life insurers abroad have been improving their expense ratios.

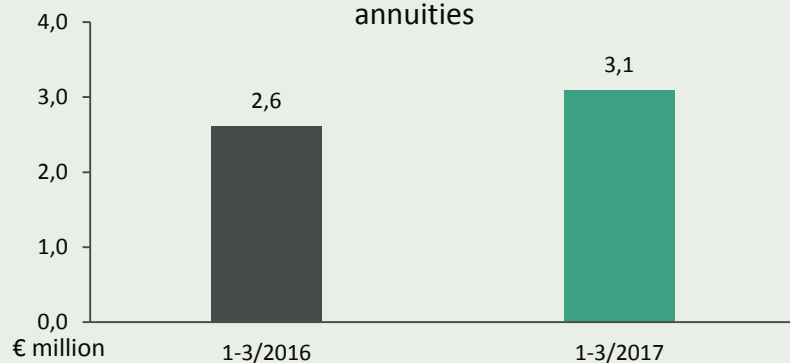


The investment result deteriorated primarily due to higher foreign exchange losses compared to the same period last year.

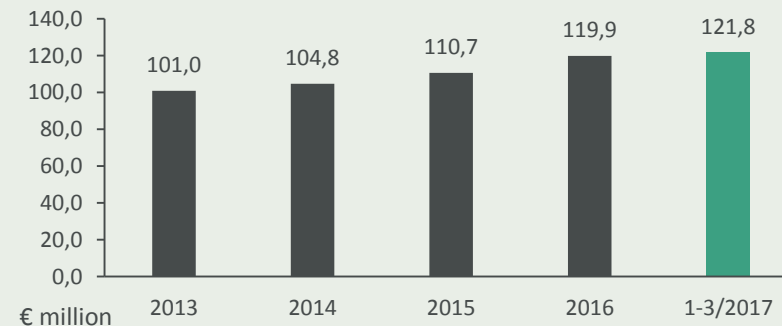


PERFORMANCE OF PENSION BUSINESS

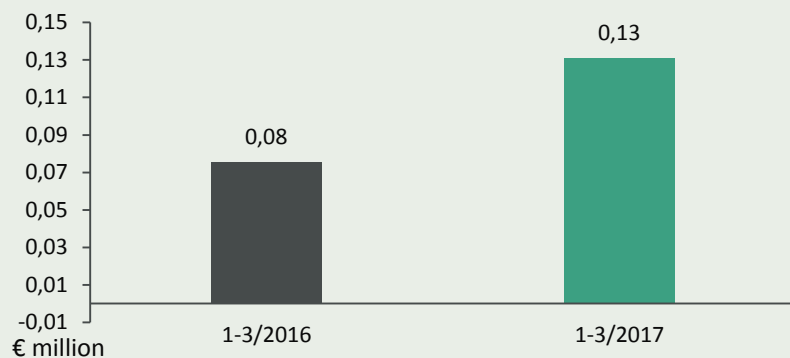
Payments into savings funds and transfers to annuities



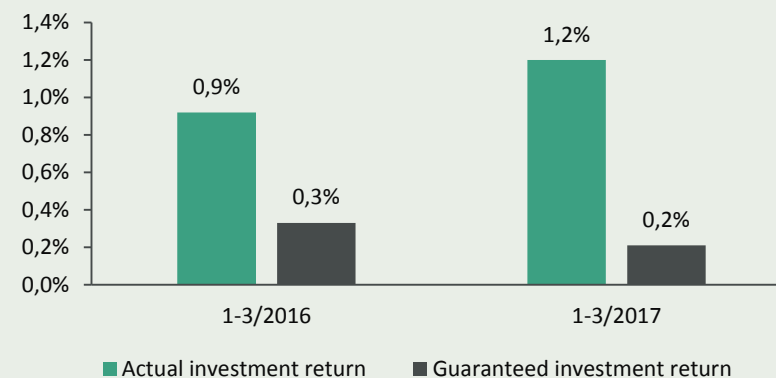
Savings funds



Profit for the period



Investment return on guaranteed funds



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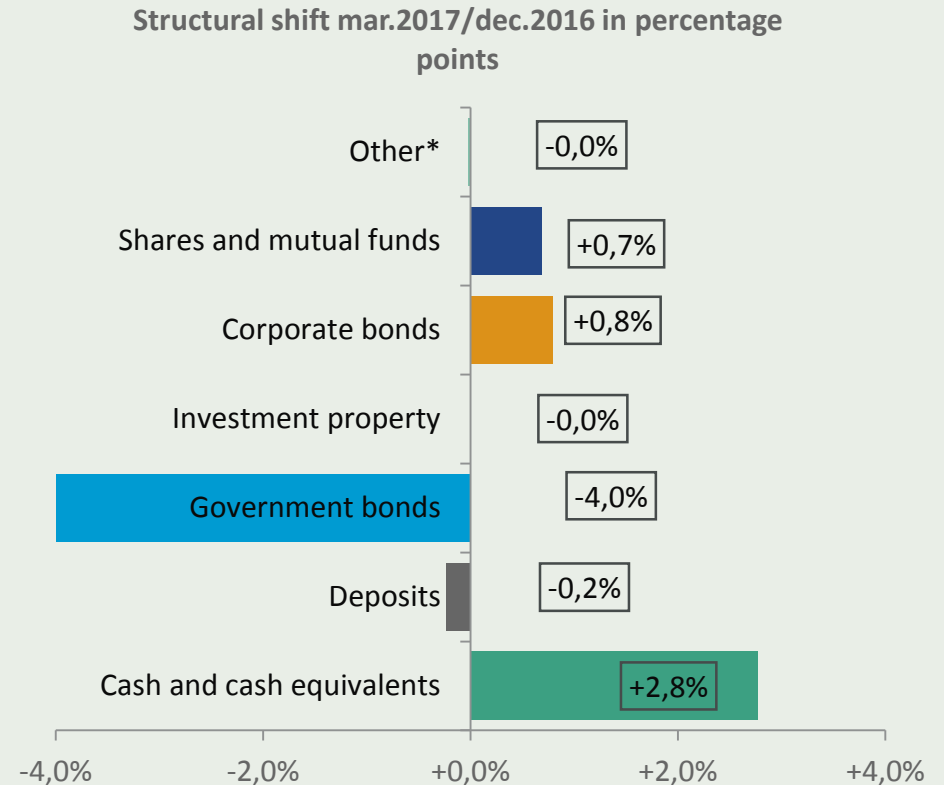
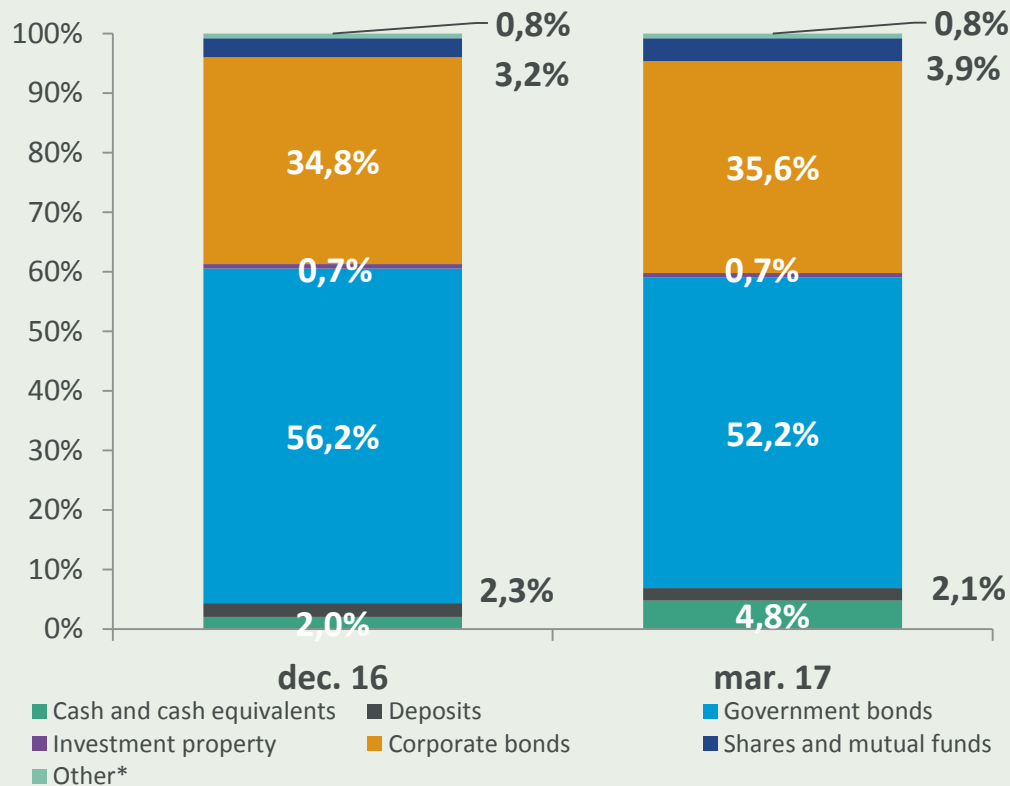
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INVESTMENT PORTFOLIO

Investment portfolio in € million		Key factors of change of value in investment portfolio:	
31.12.2016	1.059,7		
		+ cash flow from (re)insurance business	7,2
		+ change in accrued interest	4,8
		+ foreign exchange gains	0,5
		+ realised gains on the disposal of investments	1,1
	- 1,3	- change in fair value reserve	2,2
		- interest expense relating to financing	0,4
		- partial redemption of subordinated debt of Sava Re	12,2
31.3.2017	1.058,4		

*Cash flow from core business does not include cash flow from unit-linked business.

INVESTMENT PORTFOLIO STRUCTURE

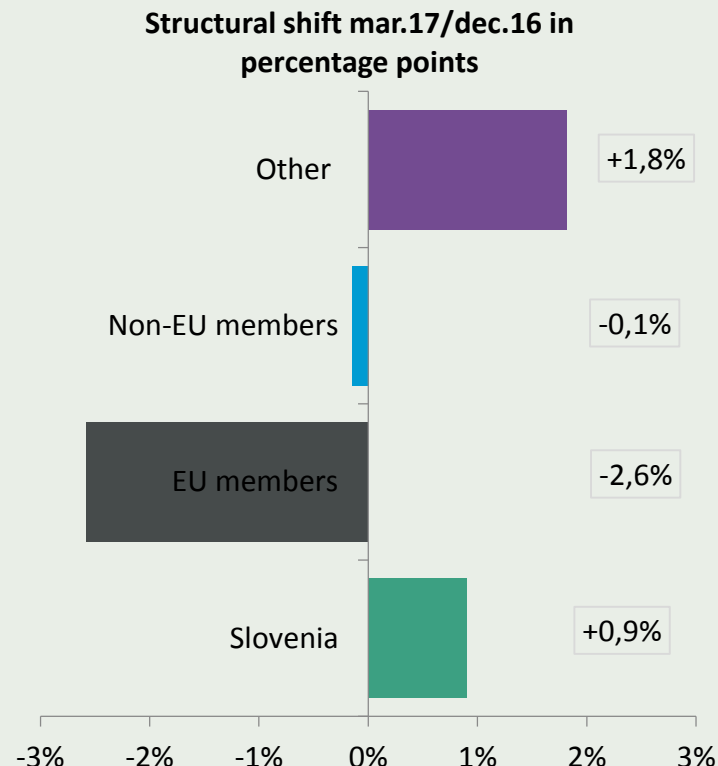
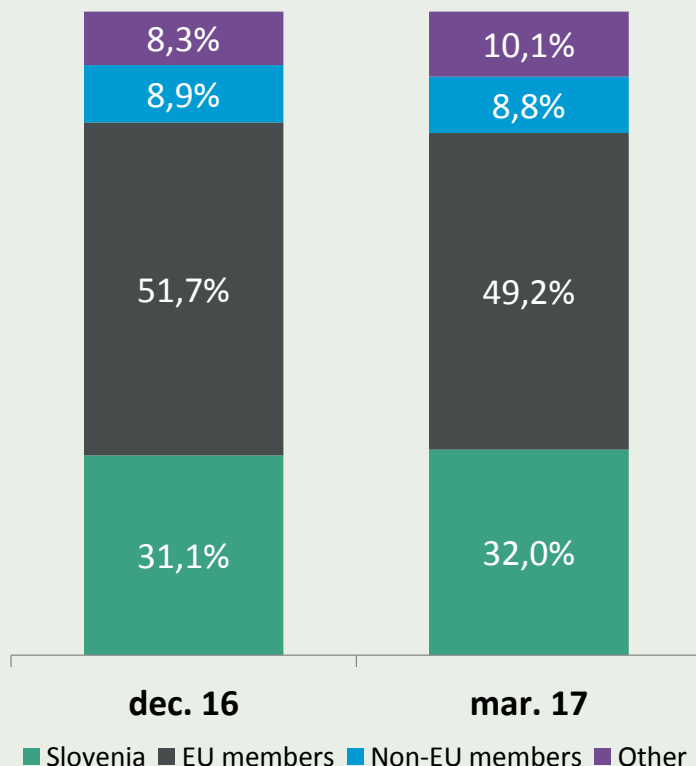


The increase in the share of cash and cash equivalents is short term in nature. In the second quarter, Group companies are planning to pay out dividends and repay subordinated debt.

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

There was a slightly decrease from year-end 2016 in the share of investments exposed to EU Member States.



NET INVESTMENT INCOME AND RETURN OF THE INV. PORTFOLIO

€ million	1-3/2016	1-3/2017	PLAN 1-3/2017	Difference R/P
Return on financial investments	4,08	6,28	4,73	1,56
Return on financial portfolio	4,15	6,33	4,86	1,47
Return on financial portfolio (FX excluded)	5,46	5,83	4,86	0,96
Return on financial portfolio (FX excluded) in %	2,2%	2,3%	1,8%	

- In 1-3/2017 the net investment income of the investment portfolio, excluding the impact of exchange differences, totalled € 5.8 million, up € 0.4 million year on year and by € 1.0 million better than planned (higher realised gains on the disposal of investments).
- The net investment income of investment property dropped by € 0.2 million year on year. The investment return was lower owing to the termination of lease contracts of Zavarovalnica Sava.
- The realised investment return, excluding the effect of exchange differences, was 2.3 % (1-3/2017: 2.2 %)

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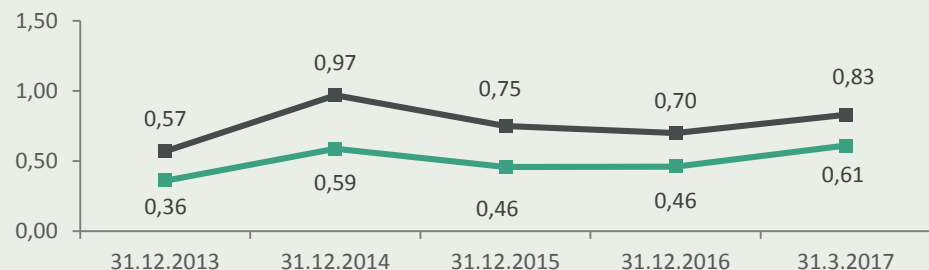
SHAREHOLDERS AND SHARE TRADING

Book value per share

19,63 €

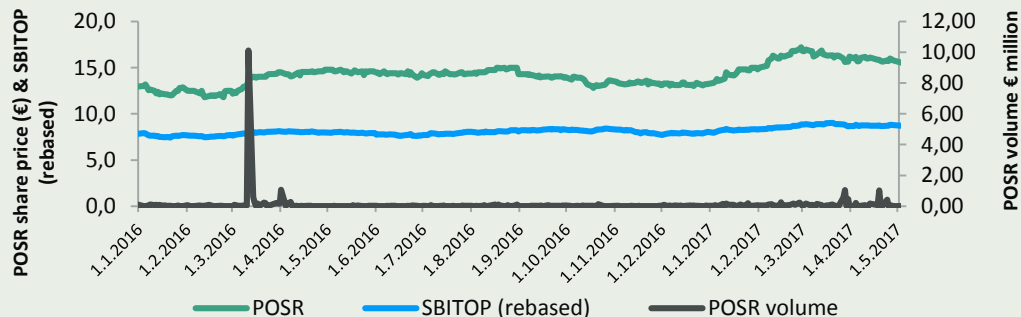
1Q 2017/1Q 2016: **up +4,4 %**

Movement of POSR share



*In calculation is included planned premium for 2017

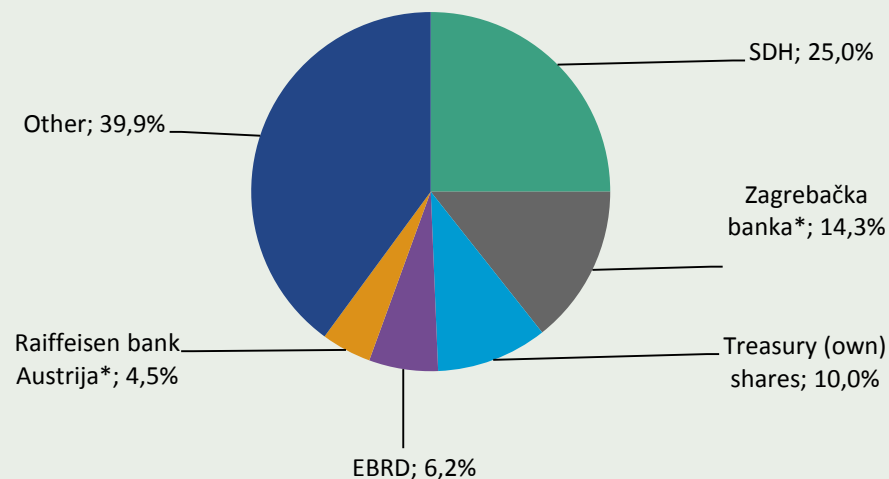
Sava Re price performance vs SBI TOP benchmark



*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)	31/3/2017
Share capital	71,9
Market capitalization	279,0
Trading Symbol	POSR
Number of shares	17.219.662
Number of treasury shares	1.721.966
Number of shareholders	4.194

Shareholders on 31 March 2017



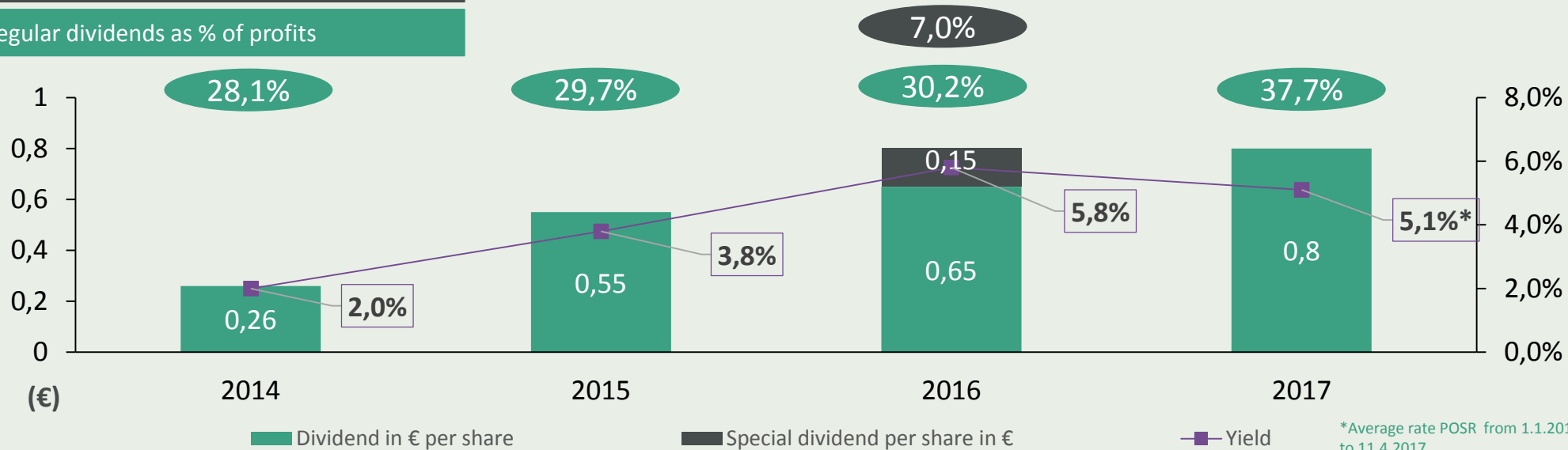
*Custody account.

**On 2 June 2016, Sava Re received notification from ADRIS GRUPA, d.d., Croatia, that ADRIS GRUPA, including its subsidiaries, held 21,15 % of POSR voting rights.

STABLE DIVIDEND

Extraordinary dividends as % of profits

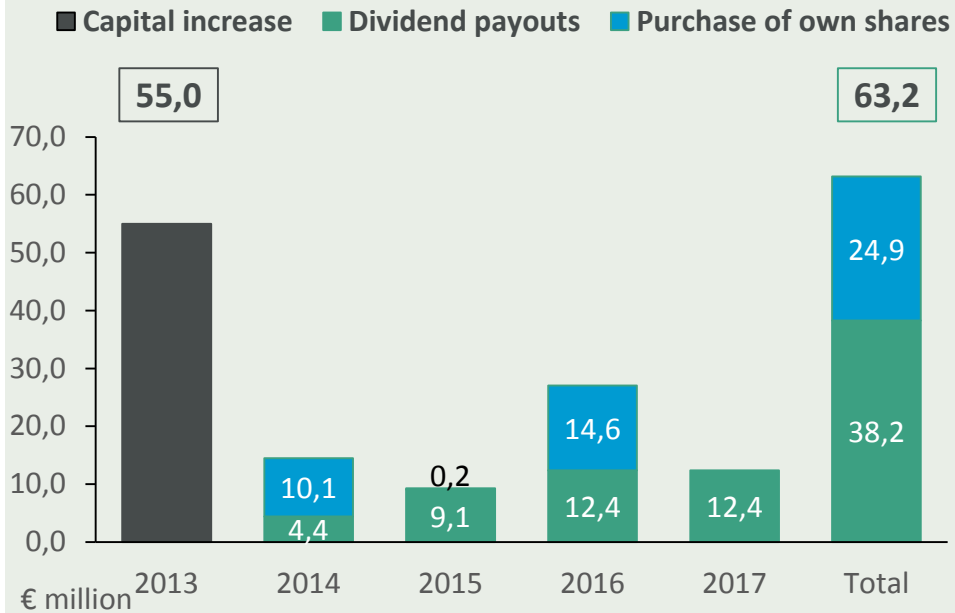
Regular dividends as % of profits



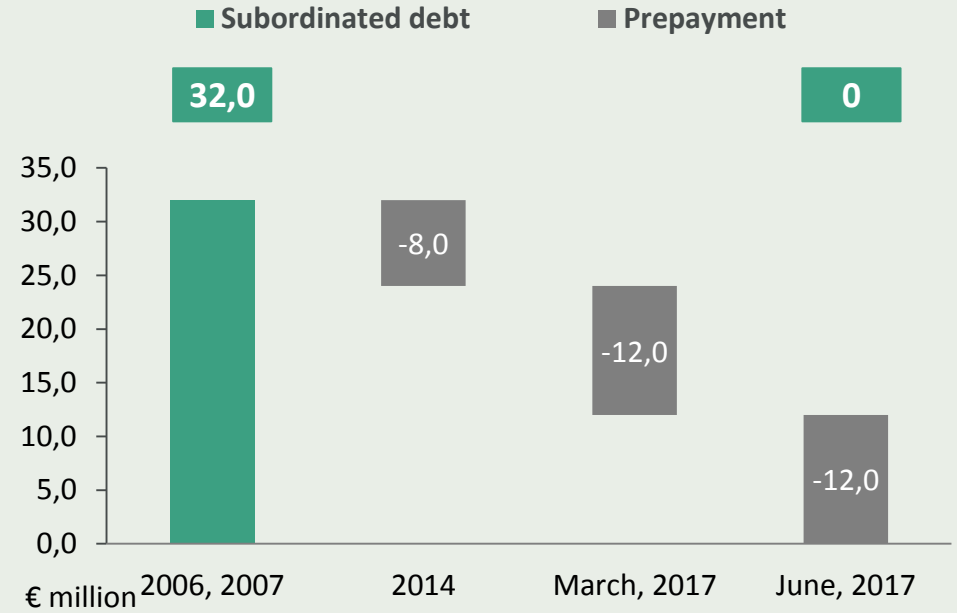
DIVIDEND POLICY

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.

DIVIDEND PAYMENTS, OWN SHARES REPURCHASES AND SUBORDINATED DEBT



In addition to dividend payments, in 2016 Sava Re, d.d. returned profits to its shareholders in the form of own share repurchases, in the total amount of € 14,619,362. The total value of all own shares as at 31 December 2016 was € 24,938,709. Through dividend payments and own share repurchases in the years 2014 to 2017, Sava Re, d.d. will return a total of 63.9 million to its shareholders, which exceeds the amount of the capital increase in 2013 and attests to the strong financial position of the Company.



In 2006 and 2007, Sava Re raised a subordinated debt in the nominal amount of € 32 million maturing in 2027. Sava Re raised the subordinated debt to expand the Sava Re Group to the markets of the former Yugoslavia and to improve its capital adequacy position in accordance with the then applicable insurance laws and the Standard & Poor's model. After the repayment of the subordinated debt, Sava Re and the Sava Re Group will maintain a high solvency ratio under the applicable law. Furthermore, the simulations of models of rating agencies Standard & Poor's and A.M. Best have shown that the early repayment of the subordinated debt would not affect the capital position so that both the Company and the Sava Re Group will maintain a solid target level of capitalisation.

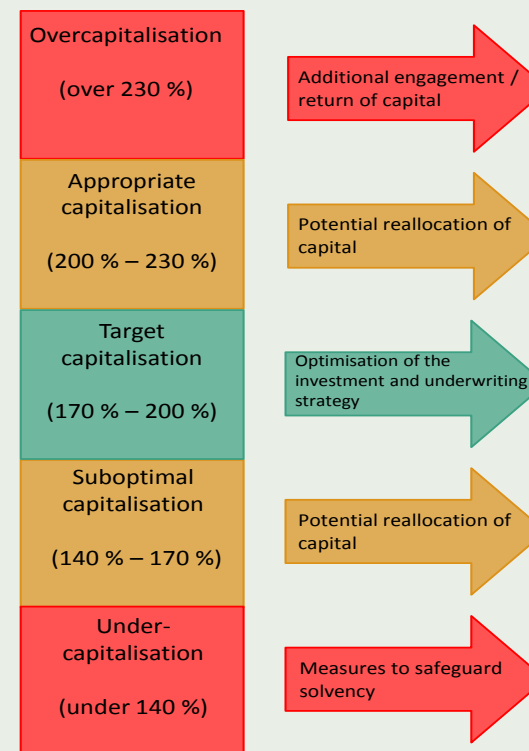
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CAPITAL ADEQUACY

(€ million)	As at 1 January 2016 (unaudited)
Eligible own funds	402,6
Solvency capital requirement (SCR)	200,1
Solvency ratio	201,2 %

(€ million)	As at 30 September 2016 (unaudited)
Eligible own funds (before deduction of foreseeable dividends)	415,6
Solvency capital requirement (SCR) – calculation at 1.1.2016	200,1
Solvency ratio - estimation	208%



- We expect that the solvency ratio as at 31 December 2016 will be on similar level as at 1 January 2016.
- Sava Re group is also in the process of development of own model for risk evaluation which will be in the first phase used for own risk and solvency assessment.

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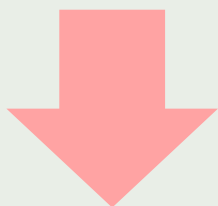
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2017 PLAN – MAIN TARGETS (CONSOLIDATED)

	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

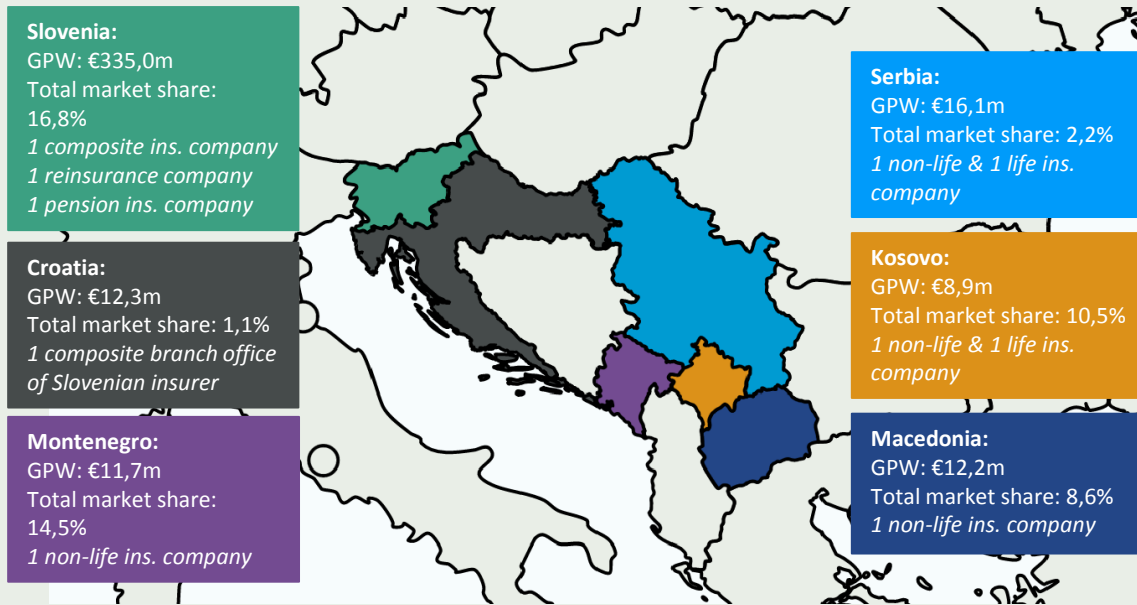
WE ARE CREATING A MODERN,
DIGITAL, SOCIALLY- AND
SUSTAINABLE-ORIENTED
INSURANCE GROUP.

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

APPENDICES

BUSINESS PROFILE

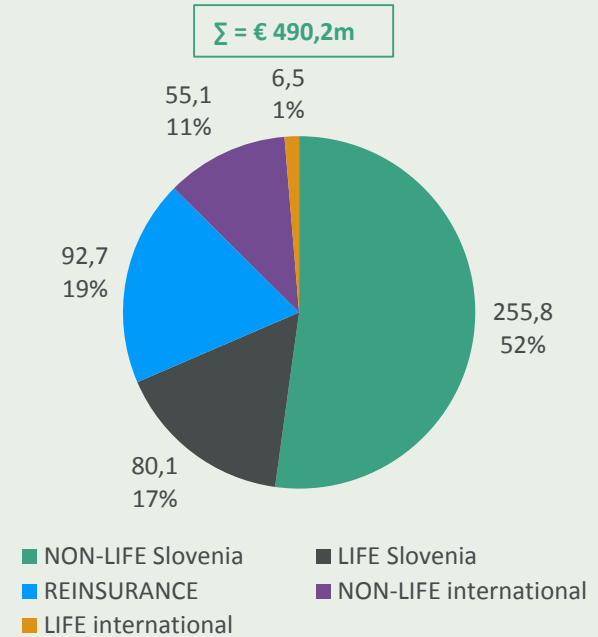
Sava Re Group GPW and market shares 2016 by country



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

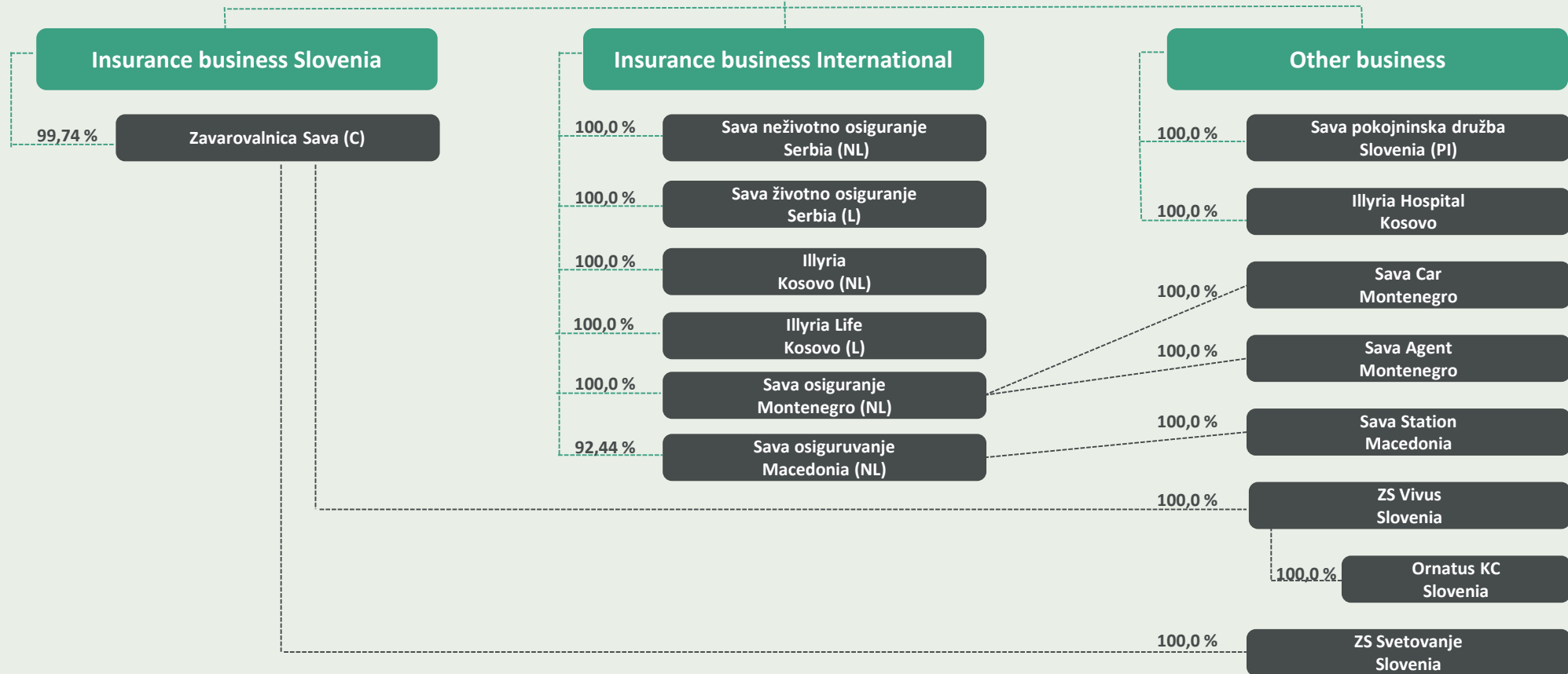
Breakdown of 2016 consolidated GPW by segments, € m and % total



- Rating: S&P A- (Jul 2016)
- 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 1 Jan. 2016: SII: 201,0 %

SAVA RE GROUP STRUCTURE AT 31 DECEMBER 2016

Sava Re



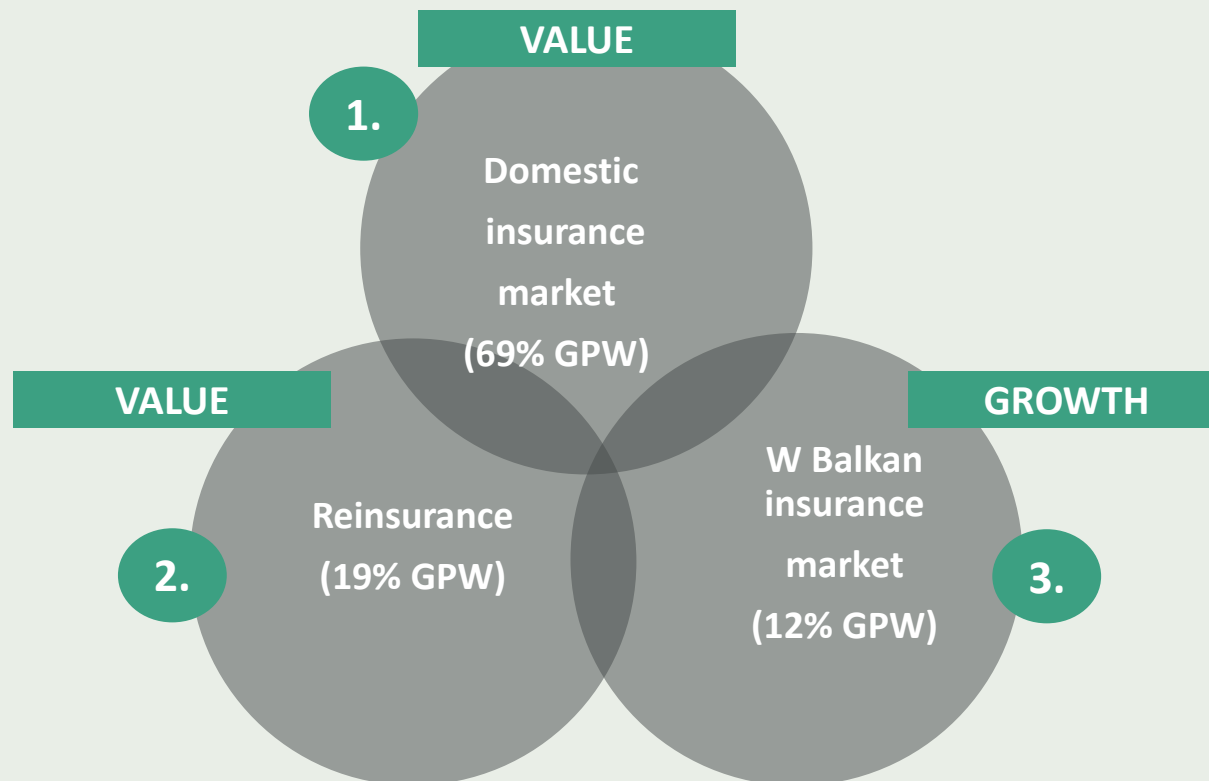
C- Composite insurer

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.



3 High profitability and further potential gains

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

4 Solid solvency ratios and stable ratings outlook

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

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

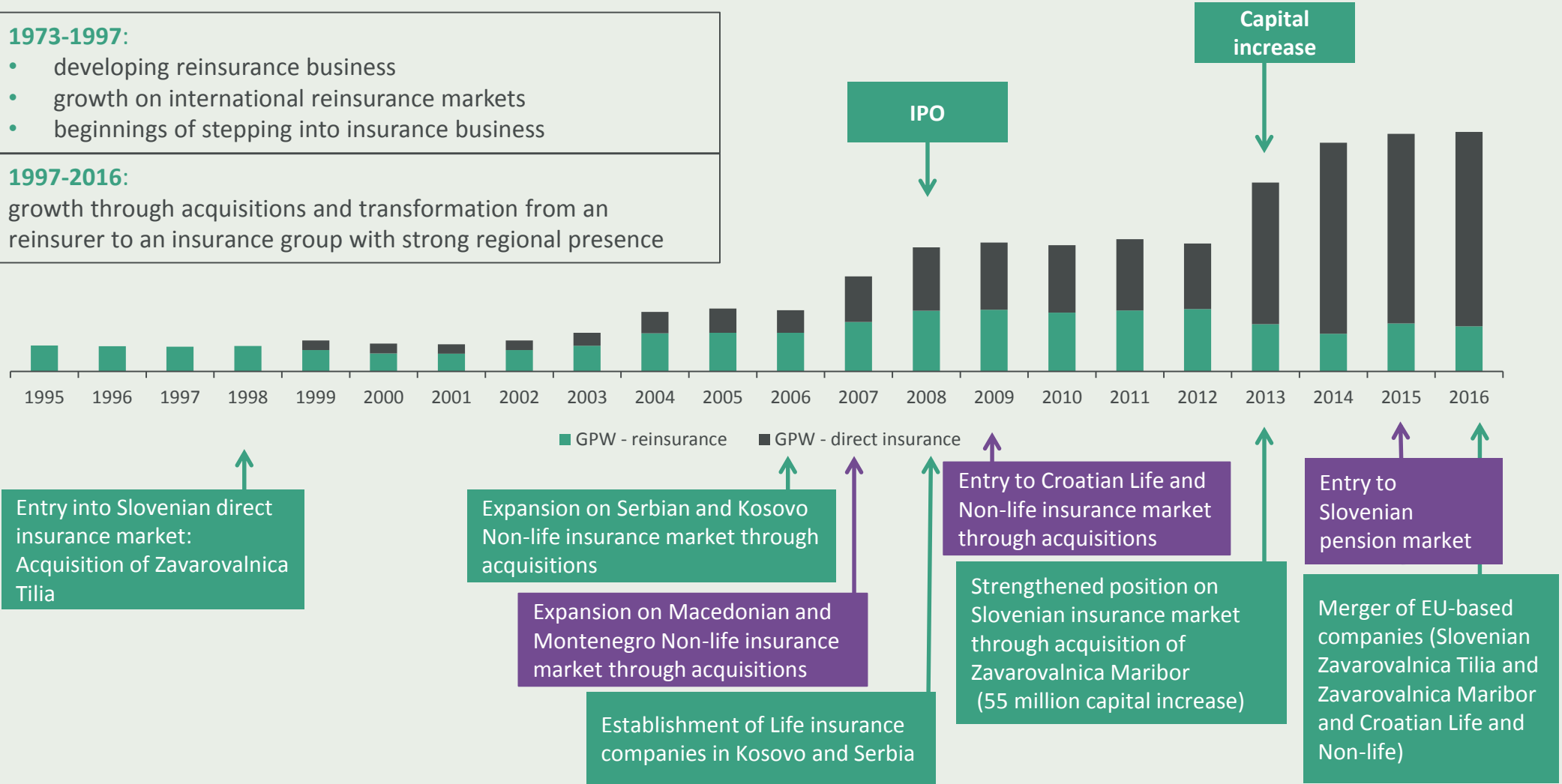
- dividend policy (cca. 30% of consolidated net profit)

SAVA RE HISTORY - CONSOLIDATED GROSS PREMIUM WRITTEN DEVELOPMENT

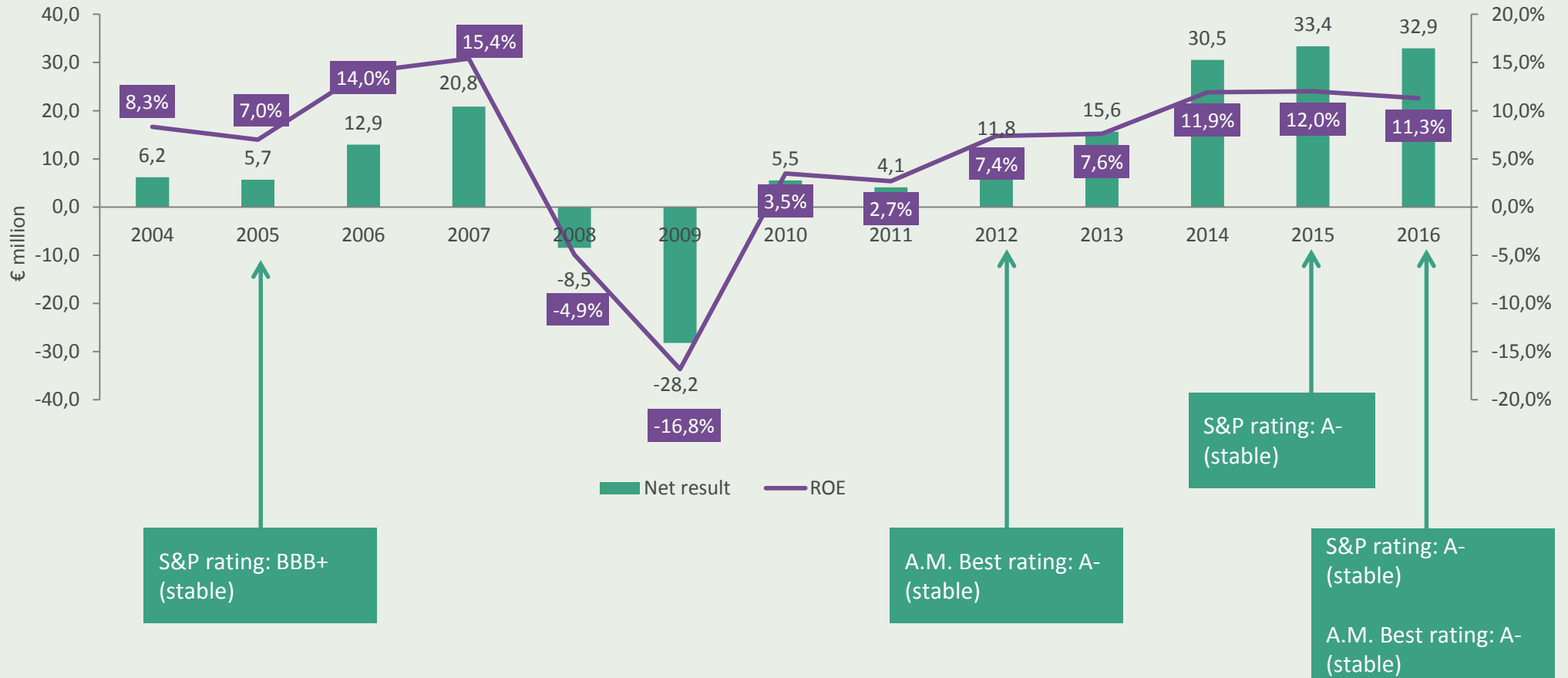
1973-1997:

- 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



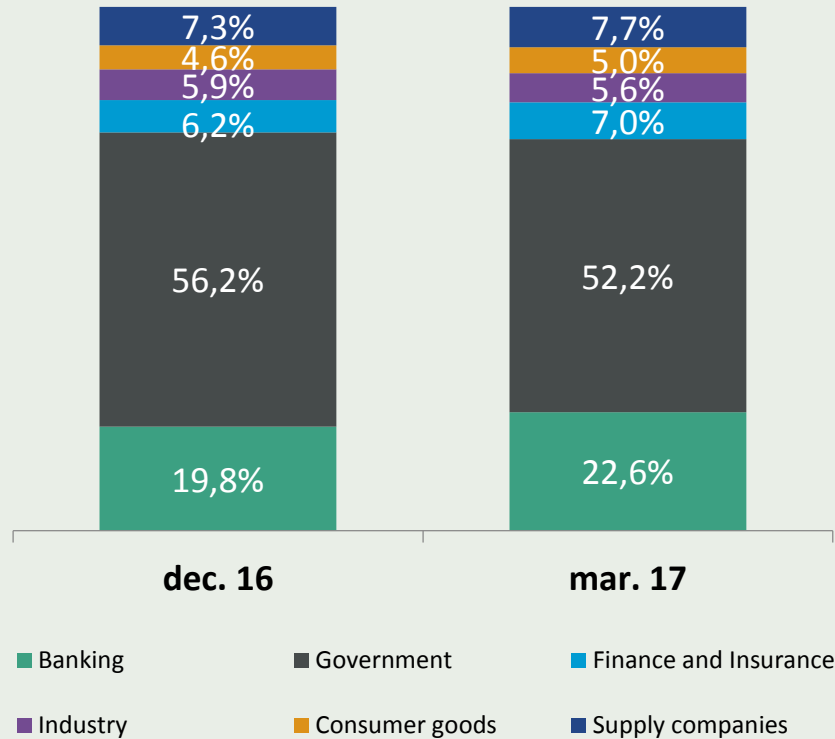
SAVA RE GROUP EXPOSURE TO SLOVENIA

€ million	31.12.2016		31.3.2017		Change
	Amount	Structure	Amount	Structure	
Deposits	3,1	0,3%	2,5	0,2%	-0,1%
Government bonds	256,8	24,2%	249,1	23,5%	-0,7%
Corporate bonds	34,2	3,2%	31,9	3,0%	-0,2%
Shares	16,3	1,5%	16,0	1,5%	0,0%
Mutual funds	3,5	0,3%	2,6	0,3%	-0,1%
Cash and cash equivalents	11,4	1,1%	32,3	3,0%	2,0%
Other	3,9	0,4%	3,8	0,4%	0,0%
Total	329,1	31,1%	338,3	32,0%	0,9%

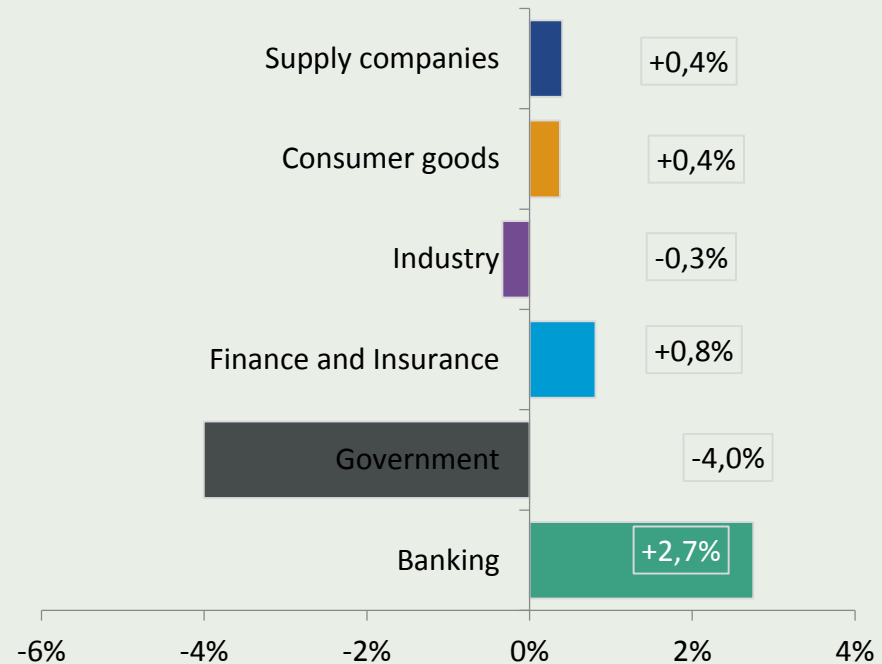
- In the period 1-3/2017, the exposure to Slovenia increased slightly year on year due to an increase in cash and cash equivalents (up 0.9 percentage points), accounting for 32 %, which is consistent with the investment policy (target exposure of the Sava Re Group to Slovenia in 2017: 30 % +/- 2 p.p.).
- The increase in cash and cash equivalents is related to the Group companies' planned dividend payouts and repayment of subordinated debt in the next quarter.

SAVA RE GROUP EXPOSURE BY INDUSTRY

- Increased exposure to banks (increased cash and cash equivalents) as a result of planned dividend payments and repayment of subordinated debt.
- Exposure to the government dropped due to a tactical decision on the sale of part of the bond portfolio due to favourable market conditions.



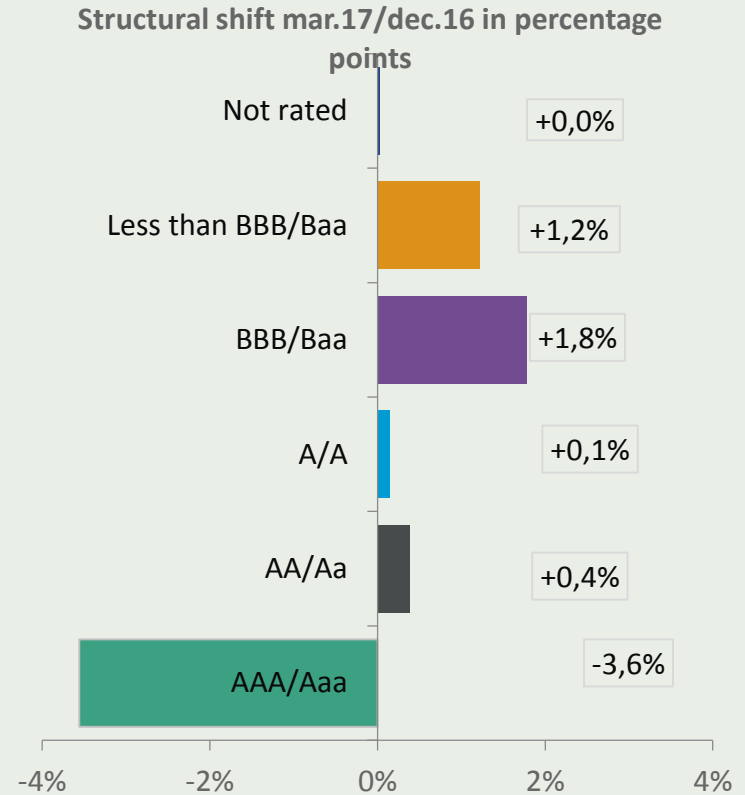
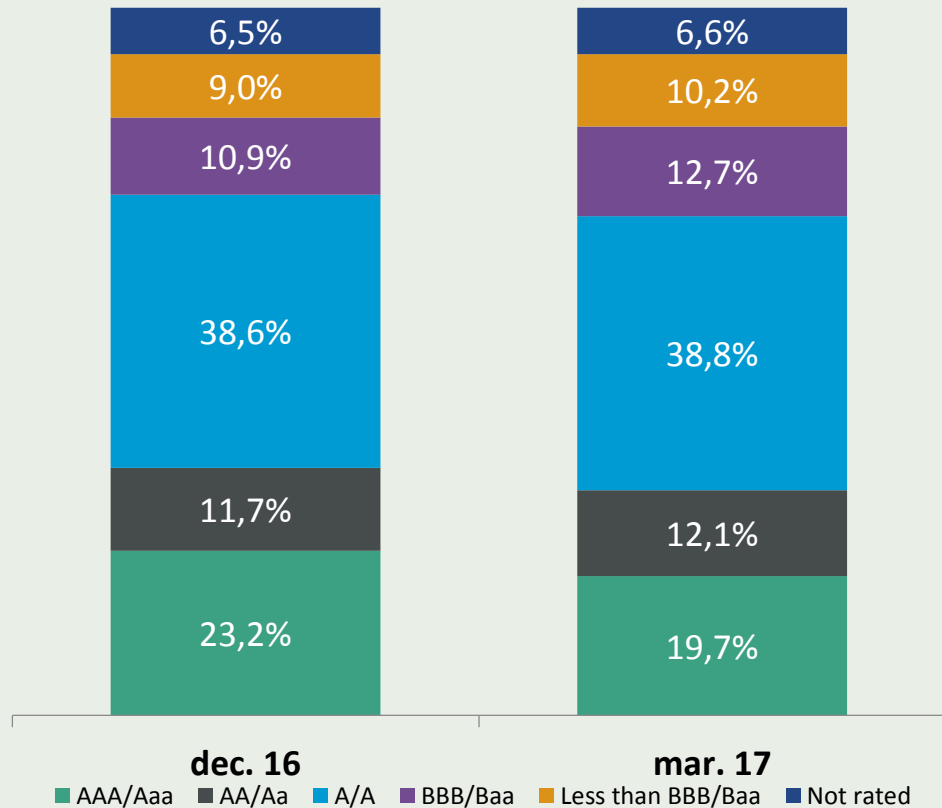
Structural shift mar.17/dec.16 in percentage points



SAVA RE GROUP RATING PROFILE

Maintaining a good credit rating profile in 1-3/2017

- A share of 83.3 % of fixed-income investments is investment grade.
- The decline in AAA-rated investments is due to maturities and sale of investments.



INVESTMENT INCOME BY TYPE

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

- **Interest income**

Interest income has declined by € 0.5 million year on year because of the low-interest-rate environment, while gains on the disposal of investments increased by € 0.7 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 € 0.2 million rise in income; still there was only a minor effect on profits owing to asset and liability matching measures.

The income relating to the investment portfolio, excluding exchange differences, rose by € 0.1 million year on year.

INVESTMENT EXPENSES BY TYPE

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

- **Interest expenses**

Investment portfolio expenses increased by € 0.2 million year on year. The increased interest expenses are entirely due to the one-off impact of the repayment of part of the Company's 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 € 1.6 million decline 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 € 0.2 million year on year.

THANK YOU FOR YOUR ATTENTION!