

SAVA RE GROUP AND SAVA RE, D.D. 2018 PLAN

22 December 2017



STRATEGIC FRAMEWORK OF THE 2018 PLAN

Primary insurance operations:

Client focus, digitising operations, achieving synergistic effects following the merger and exploring new business segments (upgrading products with services)

Reinsurance operations:

In international markets, Sava Re will continue to position itself as a specialist in non-life short-tail business and will seek growth opportunities in Africa and Latin America

Asset management:

Seeking opportunities in environmental/sustainable-oriented investment projects

Capital growth and utilisation:

Exploring new growth opportunities in insurance markets as well as in ancillary business that clients see as additional services

Group:

- Achieving the 10.4 % return on equity target with a tolerance of +/- 5 %
- Maintaining a capital position of between 170 % and 230 % (between the lower limit of the optimal range and the upper limit of the adequate range of capital)

CHIEF DIRECTIONS FOR THE 2017–2019 PERIOD

- 1. Digitalisation and technological modernisation of operations to place the client at the centre**
- 2. Growth through acquisitions**
- 3. Seeking opportunities in environmental/sustainable-oriented investment projects**
- 4. Closing the gap between the intrinsic value and the market price of shares**

1) DIGITALISATION IN 2018

- **Setting up an innovation platform**
- **Web presence**
- **Setting up a tool for managing customer relations**
- **Innovation project activities**
- **Development and use of advanced segmentation models**

2) NEW OPERATING SEGMENTS IN 2018

- **Pension insurance**

organic growth in Slovenia and integration of the Macedonian pension company into the Sava Re Group

- **Health insurance**

launch of health products in Zavarovalnica Sava at year-end 2017; the model will be gradually rolled out to the companies outside Slovenia

- **Bancassurance**

streamlining processes in existing banking partners, development of new products and forming new partnerships

- **Assistance services**

providing own assistance services

3) ENVIRONMENTAL, SUSTAINABLE AND SOCIALLY RESPONSIBLE INVESTMENT PROJECTS IN 2018

to account for about 2 % of investments at year-end 2018

- renewable energy sources (wind, hydro, solar)
- ESCO projects (financing of energy efficiency projects)
- infrastructure funds
- green bonds

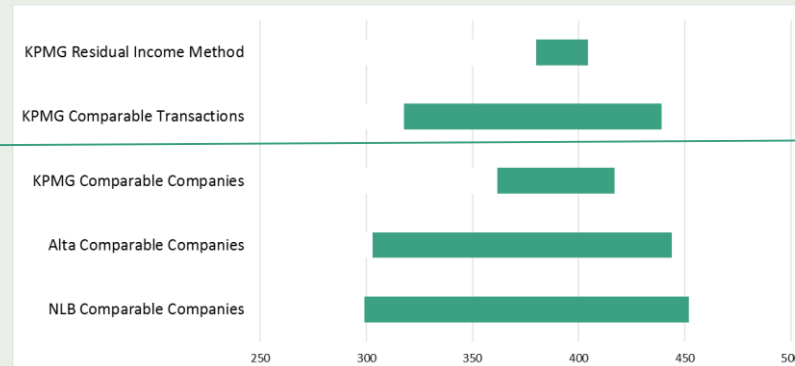
4) CLOSING THE GAP BETWEEN INTRINSIC VALUE AND MARKET PRICE OF SHARES

- The market price of the POSR share is yet to achieve the levels of its peers in terms of the basic benchmarks: P/E, P/B and P/S.

	NLB			Alta			KPMG (31/12/2016)		
	Average	Median	Sava Re	Average	Median	Sava Re	Average	Median	Sava Re
P/E	13.7	12.6	7.9	13.4	12.4	8.0	14.1	11.5	6.4
P/B	1.7	1.1	0.8	1.4	1.1	0.8	1.2	1.1	0.7
P/S	0.8	0.6	0.5	0.8	0.6	0.5	0.7	0.7	0.5

*P/E = share price (market cap) to profit; P/B = market price per share (market cap) to equity; P/S = share price (market cap) to gross premiums written

- In addition, KPMG conducted a valuation of the POSR share based on both multiples and the residual income method (RIM). The chart below shows the application of the above multiples, KPMG calculations and those of NLB and Alta (median) to the POSR value:



Range € 360–405 million

See appended notice and disclosures relating to this slide.

KEY INDICATORS OF THE 2018 PLAN

2018 PLAN – MAIN GOALS (CONSOLIDATED)

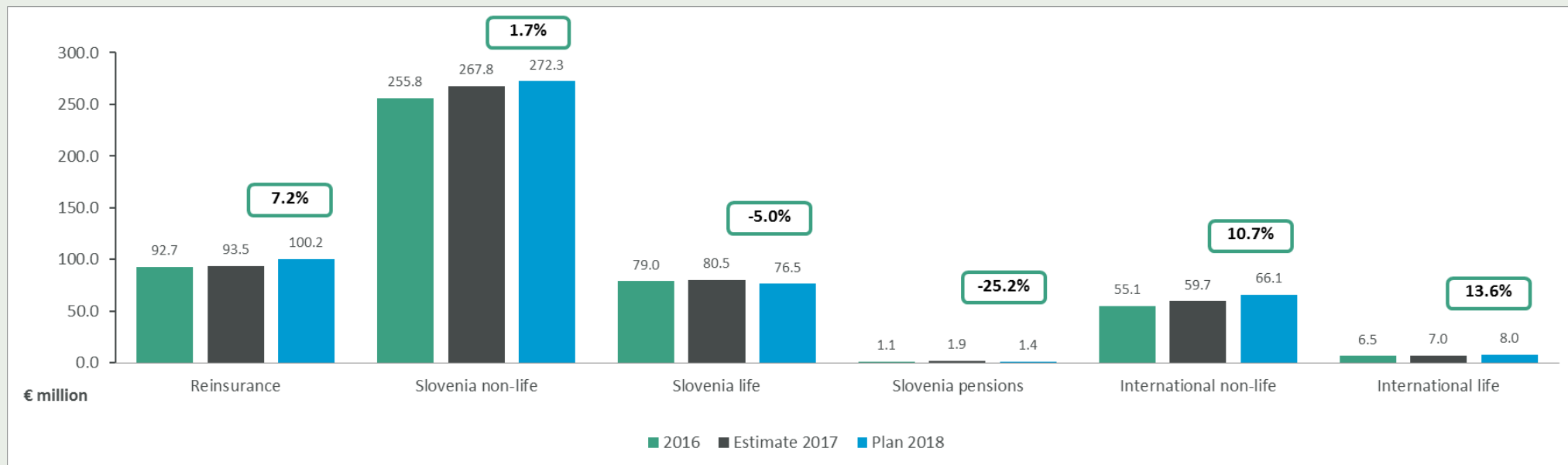
	2016	2017 plan	2017 estimate**	2018 plan
Gross written premiums	€ 490.2 million	€ 494 million	> € 505 million	> € 520 million
Net combined ratio* (reinsurance + non-life)	94.6 %	94.6 %	> 95 %	94.0-94.5 %
Net incurred loss ratio* (reinsurance + non-life)	58.2 %	59.4 %	> 60 %	59.4-59.9 %
Net expense ratio	34.0 %	32.6 %	< 32.6 %	31.4-31.7 %
Return on the investment portfolio*	2.2 %	1.8 %	2.0 %	1.7 %
Profit, net of tax	€ 32.9 million	between € 31 and € 33 million	cca. € 31 million	between € 37 and € 39 million
ROE	11.3 %	10.3 %	cca. 10 %	> 11 %

*Excl. exchange differences

**Estimated result based on 1–9/2017 data

PLANNED GROWTH OF GROSS PREMIUMS WRITTEN

Gross premiums written by operating segment (€ million)



DIVIDEND POLICY

Sava Re aims at generating a 10 % growth in dividends over the 2017–2019 period for its shareholders, but no more than 40 % of the net profit of the Sava Re Group.

In preparing its dividend proposal, the company will consider:

- the estimated surplus of eligible own funds over the solvency capital requirement under Solvency II;
- the Group's own risk and solvency assessment;
- the capital models of the rating agencies Standard & Poor's and A.M. Best;
- the approved annual and strategic plans of the Group and the company;
- new development projects requiring additional capital;
- any other relevant circumstances affecting the financial situation of the company.

APPENDIX

Important notice and disclosures relating to slide 7 of this presentation

Analysts looked at the following peer companies from industries considered comparable:

Alta: Zavarovalnica Triglav, PZU SA, Aksigota, Generali, VIG, Uniqua, Allianz, Hannover RE, Munich RE

NLB: Gruppo Catalana Occidente, Vienna Insurance Group, Powszechny Zaklad Ubezpieczen, Vittoria Assicurazioni, Societa Cattolica Assicurazione, Nurnberger Beteiligungs, Uniqua Insurance Group, Topdanmark, Protector Forsikring, Zavarovalnica Triglav

KPMG: Assicurazioni Generali, Powszechny Zaklad Ubezpiecze, Zavarovalnica Triglav, Allianz SE-REG, Axa SA, Zurich Insurance Group AG, Aviva Plc., FBD Holdings Plc., Mapfre SA

The Sava Re Group data used in the calculations represent consolidated figures (ZS accounts for a major part of the Group). Calculations of multiples are based on the average trailing twelve month figures, not the forecasts.

Sources: public reports by NLB (Relative indicators as at 30/11/2017), Alta (9M17 Research Report as at 20/11/2017) and KPMG report drawn up for the client (as at 31/12/2016).

Important notice

The information in this document is not intended as an advertisement and does not constitute investment recommendation services, investment advice, or imply an offer or invitation to purchase the shares of the issuer Pozavarovalnica Sava, d.d. with the ticker symbol "POSR", but is informative in nature only and represents a comparison of share prices using methods of comparing peer data for companies listed on the stock exchange and indicators arising from comparable transactions. These indicators have been prepared on the basis of publicly available data, except for the residual income method, which is based on the KPMG valuation using information provided for this purpose by the company. The market price of the share is also affected by other factors, such as free float, liquidity of share and other general market conditions.

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