

SAVA RE GROUP

1-6/2018 RESULTS

31 AUGUST 2018



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- 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 2018

HIGHLIGHTS

Growth in consolidated gross premiums written of **3,7 %**.

Profit declined reflecting the rise in net claims incurred of Zavarovalnica Sava, especially due to **Slovenian storms totalling €5,9 million**, of which €4,6 million relates to the storm that hit south-east Slovenia on 8 June 2018.

Standard & Poor's **upgrading of ratings** on Sava Re and Zavarovalnica Sava from A– to **A**, outlook stable.

Integration of three acquired companies into the Sava Re Group (TBS Team 24, Sava penzisko društvo and Energoprojekt Garant) and **signing of contract** on the acquisition of the Croatia-based companies ERGO osiguranje d.d. and Ergo životno osiguranje d.d.

Strategy implementation in alternative investments: in 1–6/2018 the Group placed special emphasis on investing in environmental and sustainability investment projects, specifically in infrastructure funds and projects of local companies exploring energy efficient schemes and renewable energy sources.

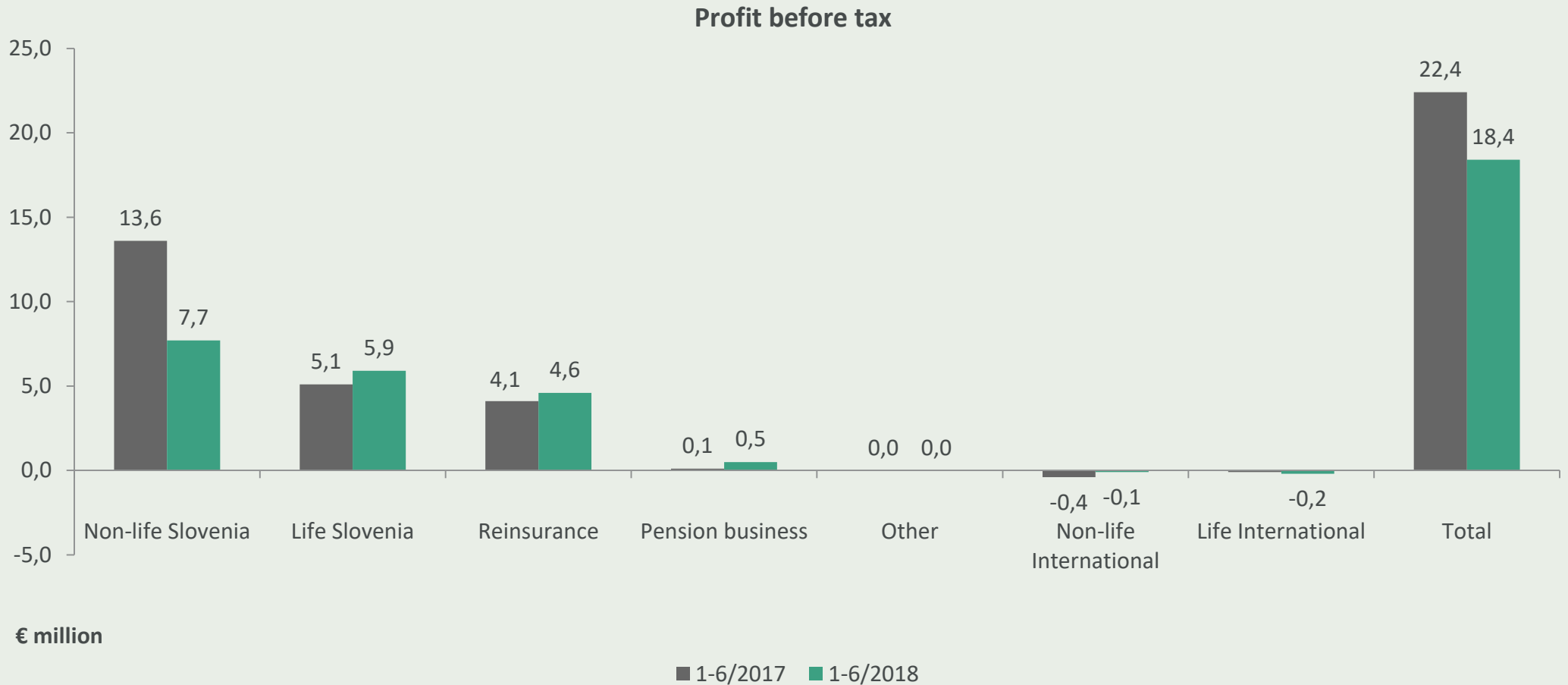
RESULTS SAVA RE GROUP

| € million | 1-6/2017 | 1-6/2018 | Plan 2018 | Change 2018/2017 |
|--|-------------------|------------------|------------------------|------------------|
| Gross premiums written | 297,8 | 308,6 | > 520 | 3,7% |
| Net expense ratio* | 32,1% | 33,0% | 31,4%-31,7% | +0,9 p.p. |
| Net combined ratio** | 92,3% | 97,1% | 94,0%-94,5% | +4,8 p.p. |
| Net combined ratio** (excluding foreign exchange differences) | 94,3% | 97,1% | 94,0%-94,5% | +2,8 p.p. |
| Return on financial portfolio | 1,4% | 1,8% | 1,7% | +0,4 p.p. |
| Return on financial portfolio (excluding foreign exchange differences) | 2,2% | 1,9% | 1,7% | -0,3 p.p. |
| Net profit or loss | 17,1 | 14,2 | between €37m and €39m | -17,2% |
| Annualised ROE | 11,1% | 9,9% | >11% | -1,2 p.p. |
| | 31.12.2017 | 30.6.2018 | Plan 31.12.2018 | |
| Shareholders' equity | 316,1 | 315,2 | | -0,3% |
| Structure of the investment portfolio | 1.084,2 | 1.089,7 | | 0,5% |
| Balance of funds for the benefit of policyholders who bear the investment risk | 227,2 | 211,3 | | -7,0% |
| Balance of assets in pension company savings funds | 129,6 | 610,8 | | 371,2% |

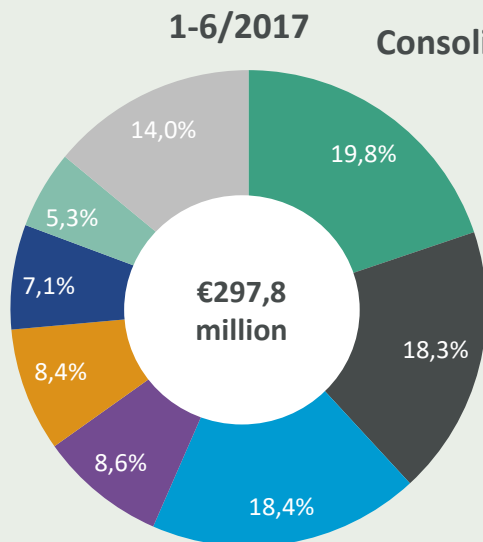
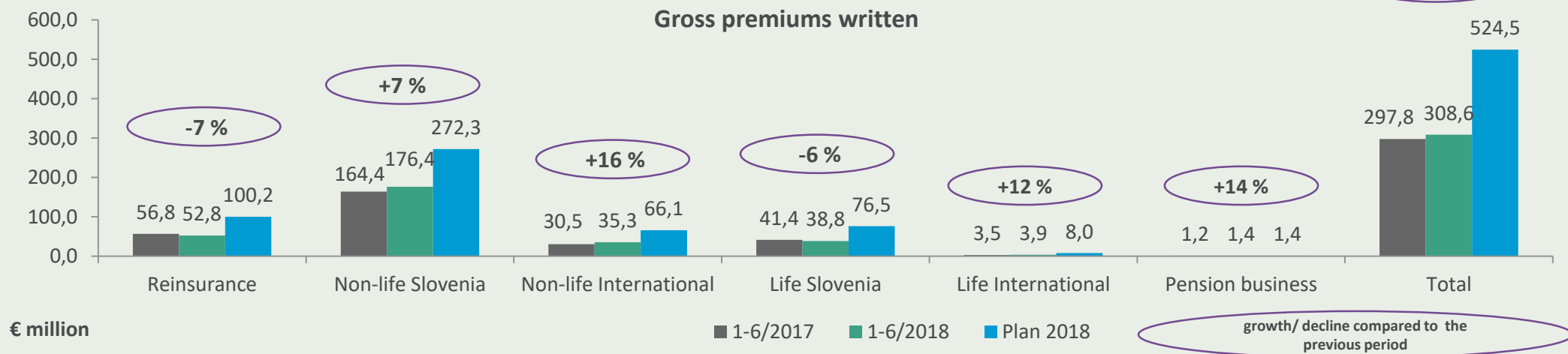
*The expense ratio includes data for the reinsurance, non-life and life operating segments.

**The combined ratio covers only the reinsurance and non-life insurance segments.

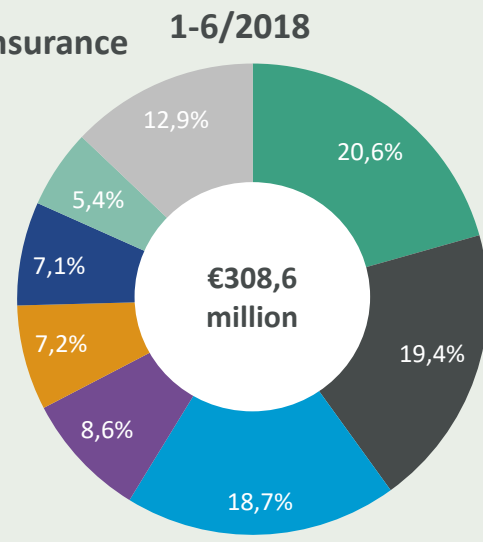
CONSOLIDATED PROFIT BEFORE TAX BY SEGMENT



BREAKDOWN OF THE CONSOLIDATED GPW



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

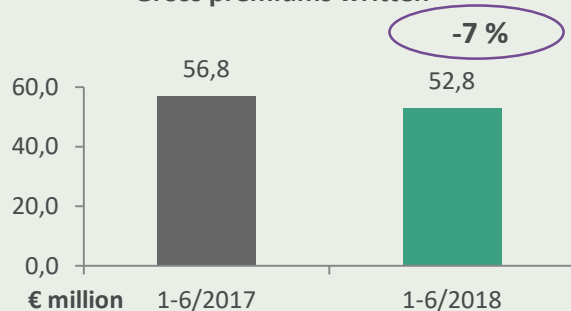


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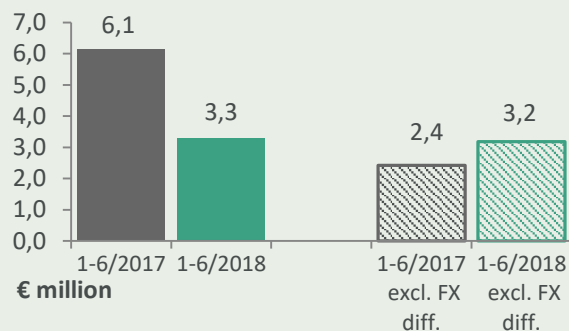
RESULTS BY OPERATING SEGMENT – REINSURANCE

Gross premiums written



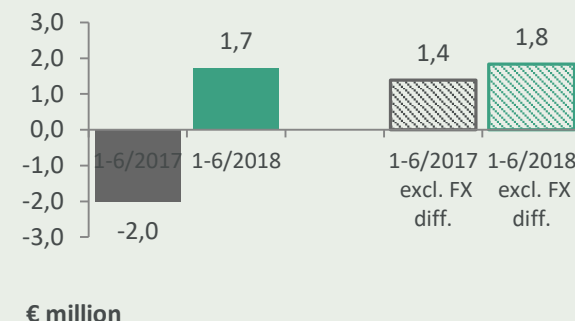
Decline in proportional and non-proportional reinsurance business, with largest premium drops with Russian and Turkish business.

Underwriting result



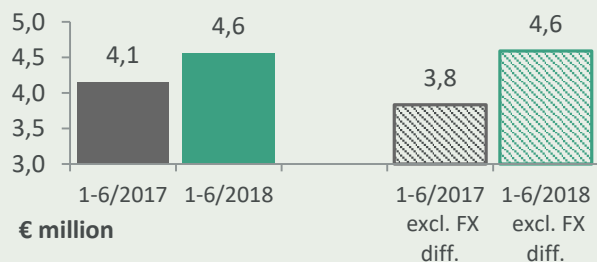
The underwriting result, excluding exchange differences, improved chiefly due to decrease of net incurred loss ratio. Acquisition costs, including the change in deferred acquisition costs, were up reflecting the drop in gross premiums written and the resulting lower change in deferred acquisition costs.

Investment result

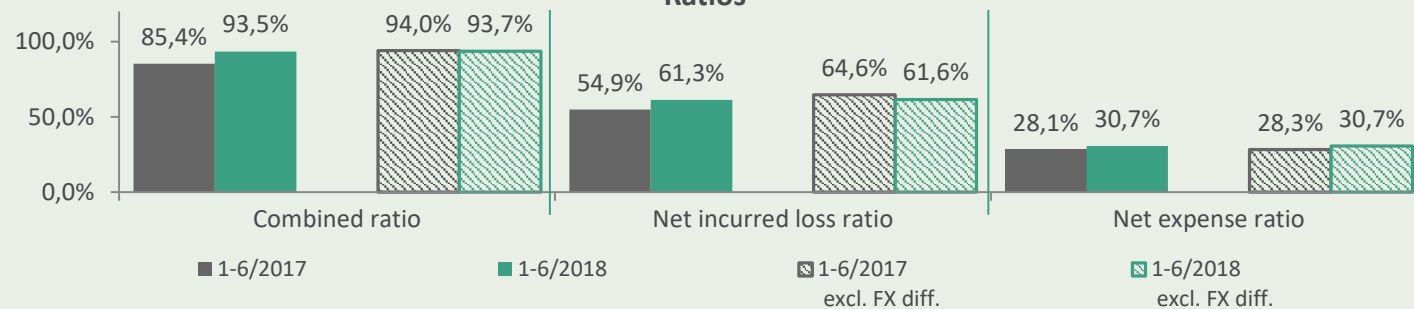


The investment result improved owing to lower interest expenses (Sava Re's subordinate debt commitments in 1-6/2017) and higher income from investment property.

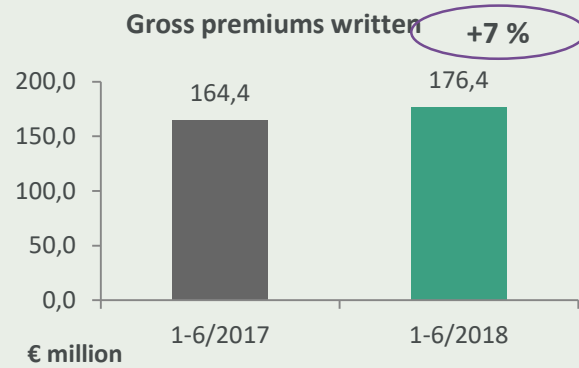
Profit before tax



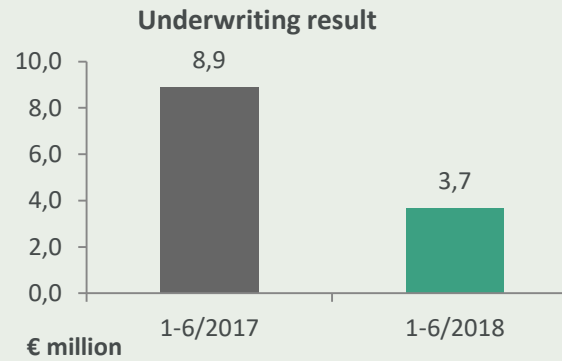
Ratios



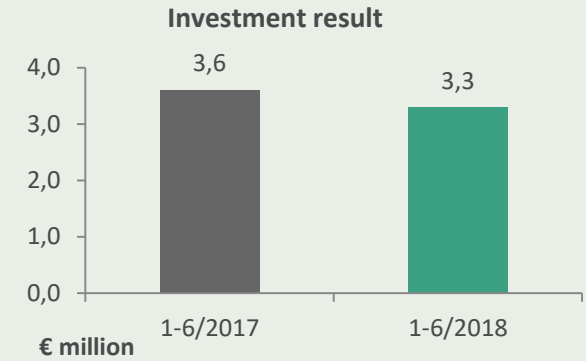
RESULTS BY OPERATING SEGMENT – NON-LIFE SLOVENIA



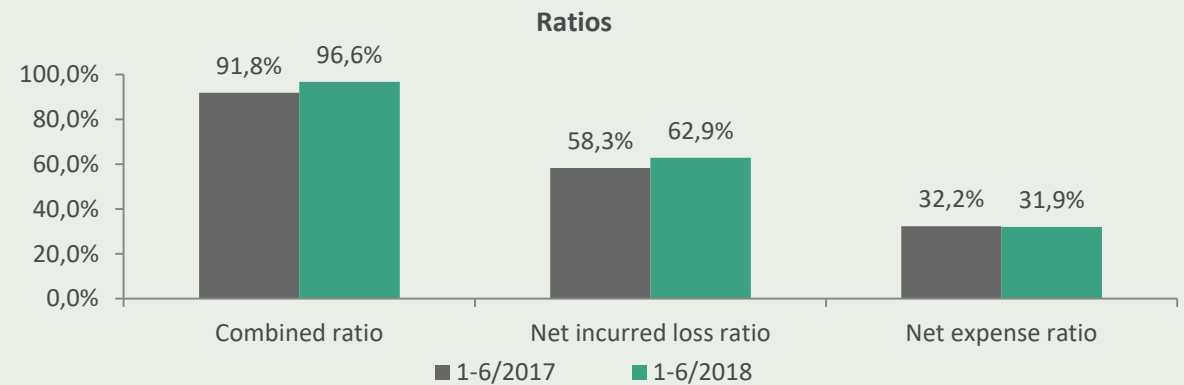
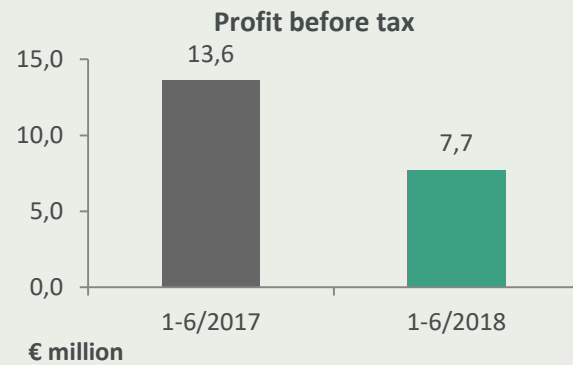
Premiums rose primarily due to increased motor insurance premiums (more policies sold, larger coverages and higher average premium).



The underwriting result deteriorated as the result of larger net claims incurred (larger claims provisions for the June 2018 storm and higher motor insurance claims).

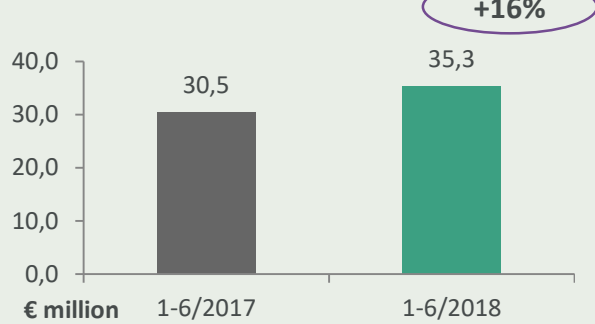


The net investment income was lower largely because of lower interest income.



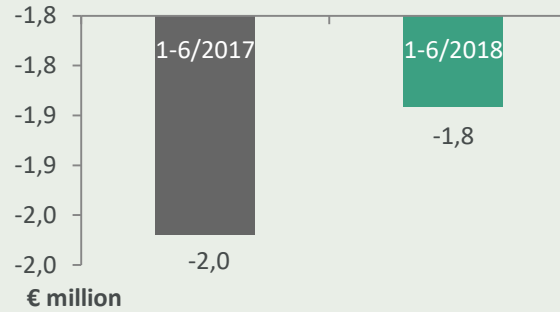
RESULTS BY OPERATING SEGMENT – NON-LIFE INTERNATIONAL

Gross premiums written



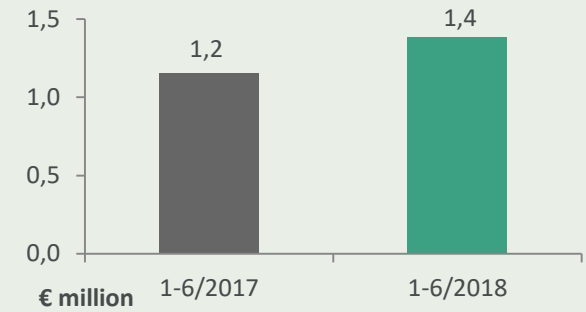
Increase in gross premiums written in all non-life insurers abroad. The largest growth, 35%, was achieved by Sava neživotno osiguranje (SRB) because the insurer won a tender for personal accident and health insurance policies for bank account holders.

Underwriting result



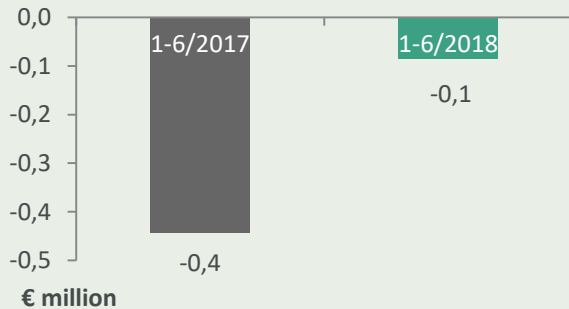
This year's result is better primarily due to last year's increase in claims provisions following a large fire claim in Illyria of €0,9 million. All insurers improved their underwriting results, except the Serbian insurer who was hit by a €0,7 million fire loss.

Investment result

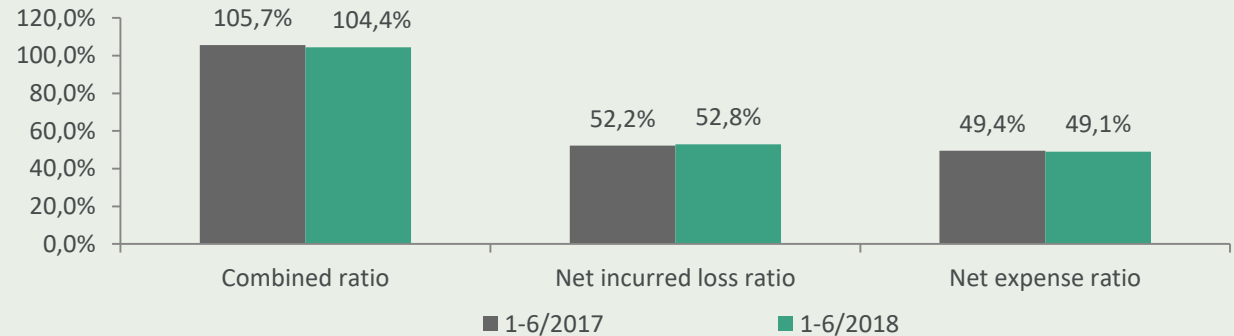


The investment result for 1–6/2018 improved chiefly because of higher gains on the disposal of investments and lower investment expenses. Another upward factor was the inclusion of Energoprojekt Garant into the consolidated accounts.

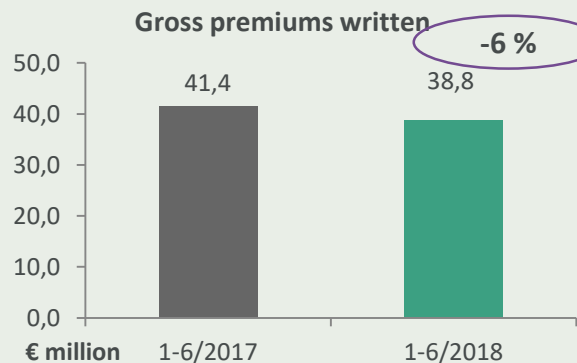
Profit before tax



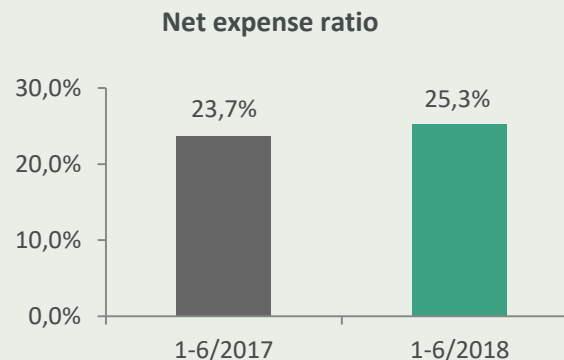
Ratios



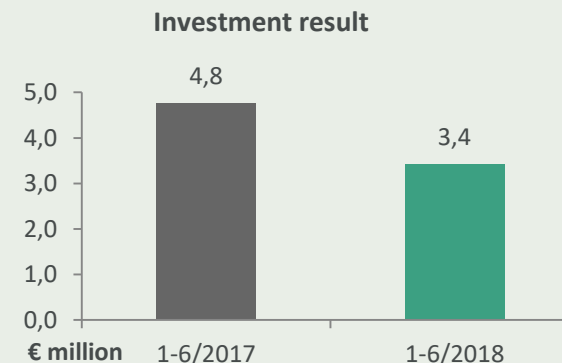
RESULTS BY OPERATING SEGMENT – LIFE SLOVENIA



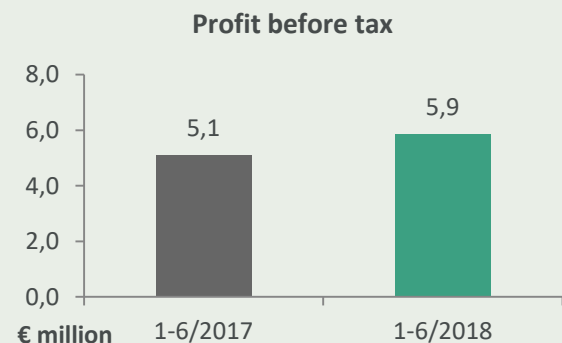
The drop in premiums was due to increased maturity benefit payments with premiums of new business insufficient to fully offset lost premiums.



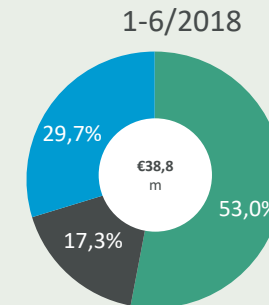
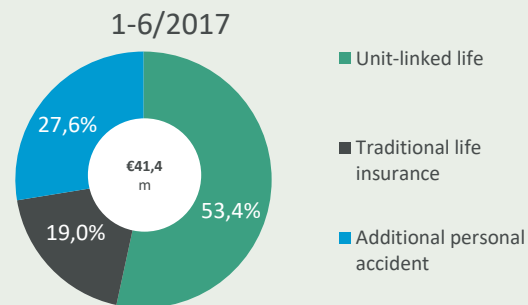
The rise in the expense ratio is the result of the decline in premiums while expenses remained flat as they are relatively stable. In addition, policy sales are up year on year, but the premiums of new policies were insufficient to cover the premiums lost due to policy maturities (maturities on UL life policies: €20,4 m, traditional life €12,2 m).



The net investment income was lower largely because of lower interest income (EUR 0,6 million), and lower other income (EUR 0,6 million); in 2017, investment income included management fees of the unit-linked business fund, which have been included in other income since 4Q 2017).

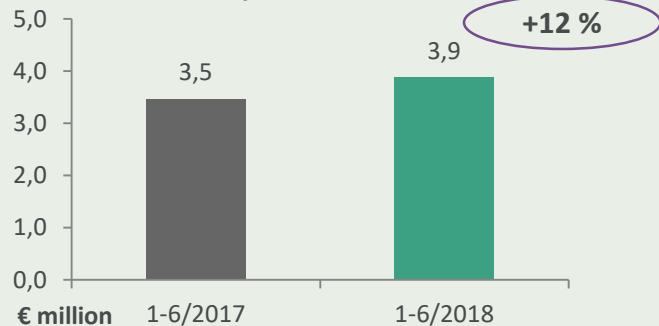


Gross premiums written by class of insurance



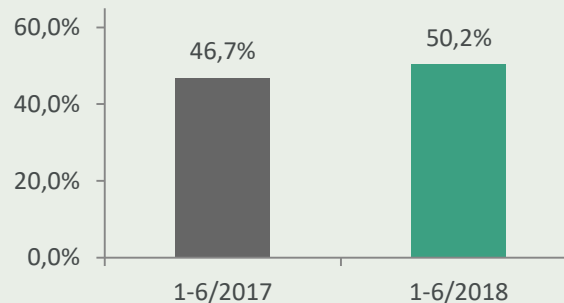
RESULTS BY OPERATING SEGMENT – LIFE INTERNATIONAL

Gross premiums written



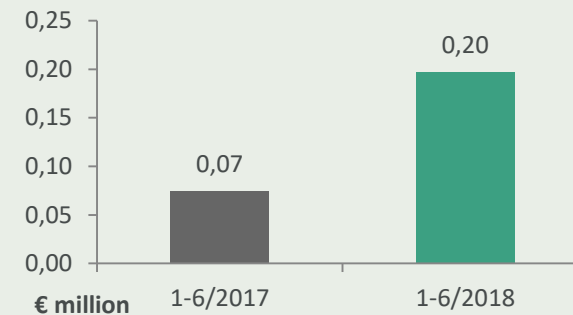
Double-digit premium growth by Sava životno osiguranje (SRB) and Illyria Life, while the Croatian branch of Zavarovalnica Sava saw a 2,1% premium decline as the result of a large volume of maturity benefits paid out in 2018.

Net expense ratio



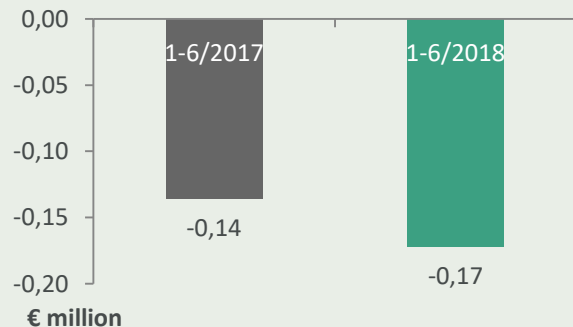
The reason for the deteriorated expense ratio are increased operating expenses, specifically personnel costs due to expansion of the sales network and employment of agents in Illyria Life. In Croatia, increases were seen also in marketing costs, payment transaction costs and costs of IT services.

Investment result

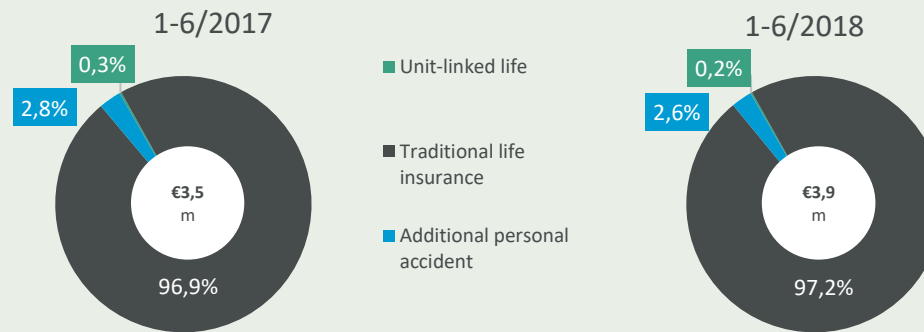


The investment result improved because of increased interest income of Illyria Life (increased allocation to government bonds on account of deposits) and lower investment expenses of the branch of Zavarovalnica Sava and Sava životno osiguranje (SRB) (lower exchange losses).

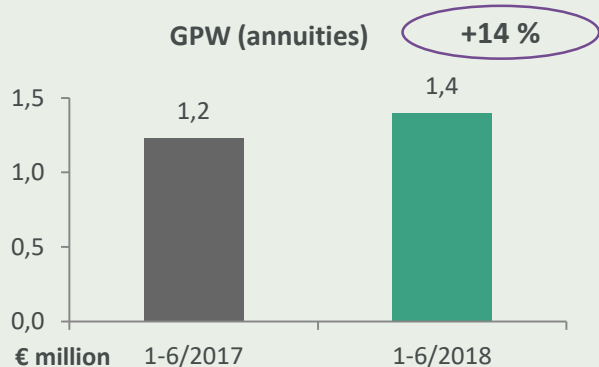
Profit before tax



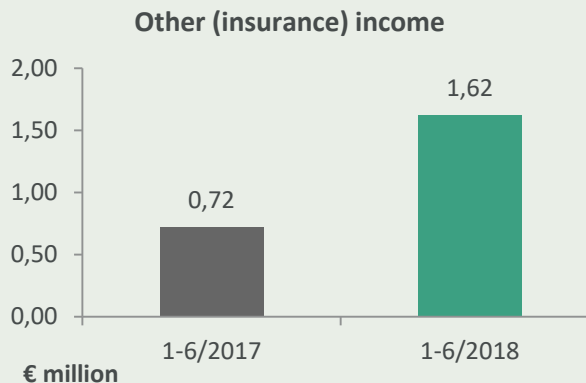
Gross premiums written by class of insurance



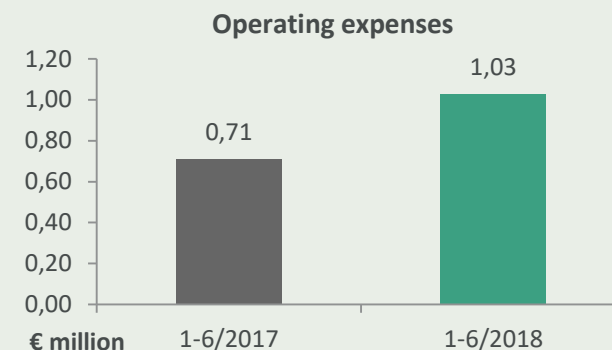
RESULTS BY OPERATING SEGMENT – PENSION BUSINESS



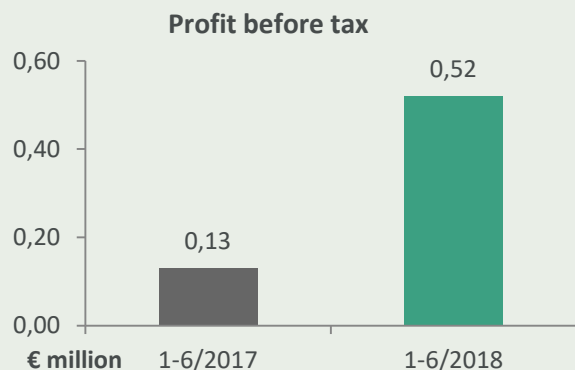
The annuity fund's gross premiums written increased as more policyholders opted for supplementary pension annuities.



Other (technical) income depends on the movement in managed assets as shown below. The reason for this growth is the inclusion of the Macedonian pension company in the consolidated accounts.



Operating expenses rose because of the integration of the Macedonian pension company in the Group. The operating expenses of Sava pokojninska in 1–6/2018 dropped by 12,6% year on year.



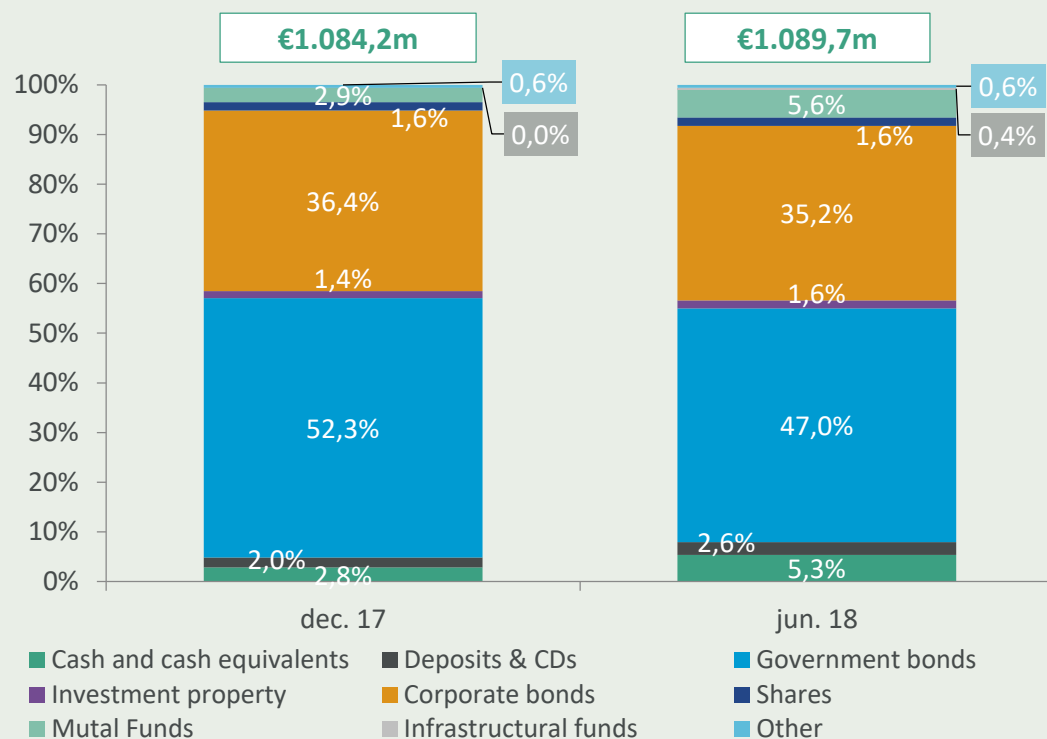
| Sava pokojninska (€) | 2017 | 2018 | Index |
|--|--------------------|--------------------|--------------|
| Opening balance of mathematical provisions of funds (1 January) | 119.926.669 | 128.862.922 | 107,5 |
| Gross fund contributions | 5.147.326 | 5.229.641 | 101,6 |
| Gross fund pay-outs | 3.228.849 | 3.121.993 | 96,7 |
| Asset transfers | 760.670 | 425.249 | 55,9 |
| Net investment income of the fund | 1.896.554 | 479.233 | 25,3 |
| Entry and exit charges | 94.402 | 95.423 | 101,1 |
| Closing balance of mathematical provisions of funds (30 June) | 124.407.968 | 131.779.629 | 105,9 |

Sava penzisko: Net assets of Sava penzisko pension funds totalled EUR 478,2 million as at 30 June 2018, up 7,9% compared with 31/12/2017.

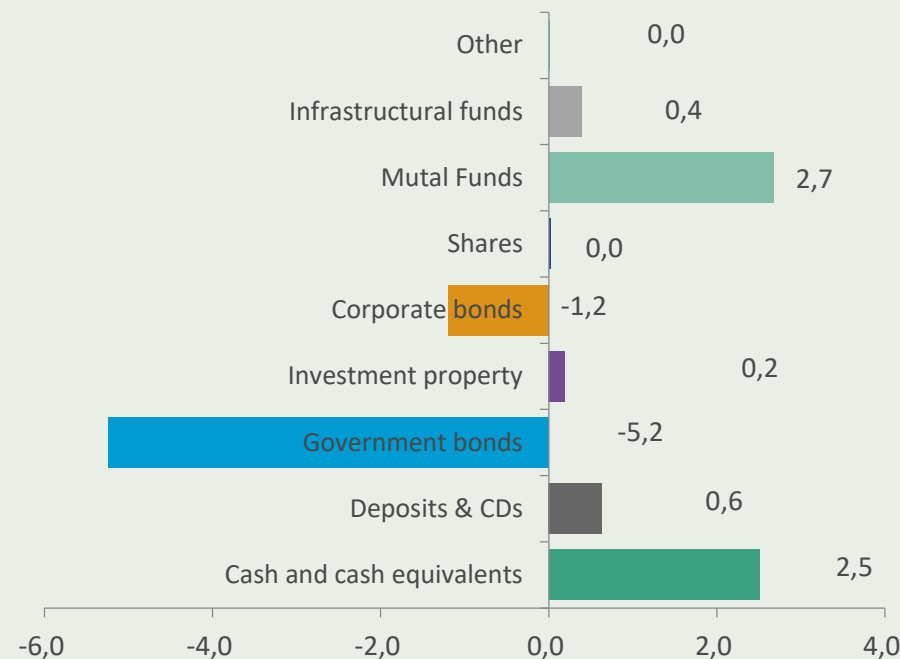
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STRUCTURE OF THE INVESTMENT PORTFOLIO



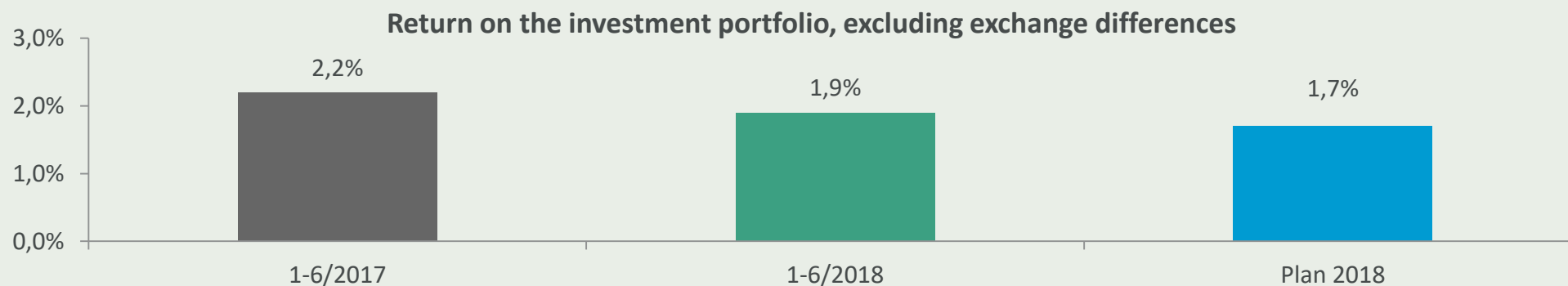
Structural shift jun.2018/dec.2017 in p.p.



- 2,7 p.p. increase in the proportion of mutual fund investments: increase reflects purchases of cash and bond EFTs.
- 1,2 p.p. drop in the proportion of investments in corporate bonds: this decline reflects the lower exposure to covered bonds as part of the streamlining of the investment portfolio.
- 5,2 p.p. drop in proportion of investments in government bonds: the decline is the result of maturities and disposals of euro government bonds rated AAA and A.
- 2,5 p.p. rise in proportion of cash and cash equivalents: this increase is due to disposals and maturities that had not been reinvested by the reporting date.
- Increased allocation to infrastructure funds, up 0,4 p.p. compared to the year-end (requests for payments into funds under commitments made in early 2018).

NET INV. INCOME OF AND RETURN ON THE INVESTMENT PORTFOLIO

| | 1-6/2017 | 1-6/2018 | Absolute change 2018 –2017 |
|---|----------|----------|-------------------------------|
| Net investment income relating to the investment portfolio (mio EUR) | 7,80 | 10,07 | 2,27 |
| Net inv. income of the investment portfolio, excluding exchange differences (mio EUR) | 11,56 | 10,33 | -1,23 |
| Return on the investment portfolio, excluding exchange differences | 2,2% | 1,9% | |



- The Group's net investment income from its investment portfolio in 1–6/2018, excluding exchange differences, totalled EUR 10,3 million, down EUR 1,2 million year on year.
- The net investment income relating to investment property increased by EUR 0,1 million year on year.
- The realised investment return, excluding the effect of exchange differences, was 1,9% (1-6/2017: 2,2%).

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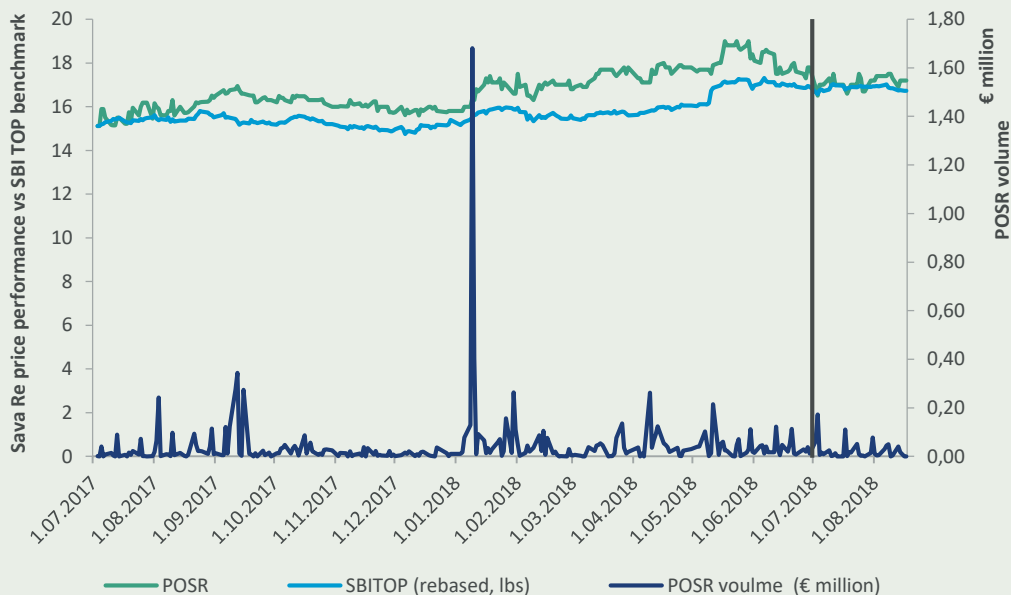
SHAREHOLDERS AND SHARE TRADING

Book value per share

€20,34

2Q 2018/2Q 2017: **up 5,1 %**

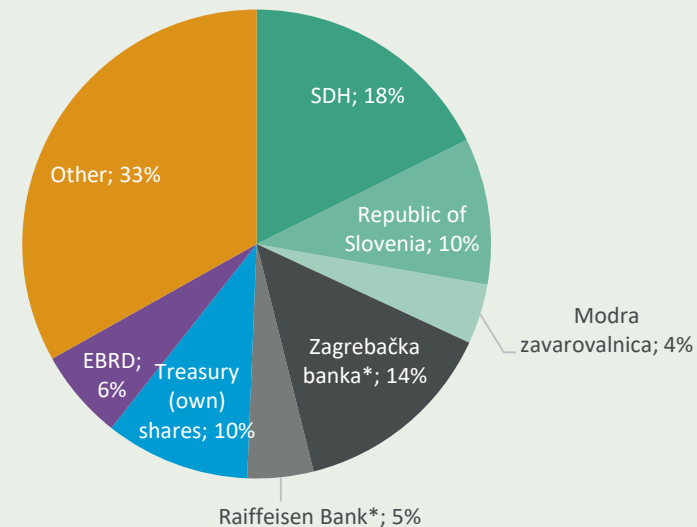
Sava Re price performance vs SBI TOP benchmark



*The SBITOP has a changed basis so that the graph starts at the same value as the POSR share price. Growth rates are the same as for the original index.

| (€ million) | 30 June 2018 |
|------------------------|--------------|
| Share capital | 71,9 |
| Market capitalisation | 306,5 |
| Trading Symbol | POSR |
| Number of shares | 17.219.662 |
| Number of own shares | 1.721.966 |
| Number of shareholders | 4.073 |

Shareholders as at 30 June 2018



*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

DIVIDEND POLICY

Sava Re aims to ensure that its shareholders see a 10% growth in dividends but that the dividend distribution does not exceed 40% of the Group's net profit in the period 2017–2019.

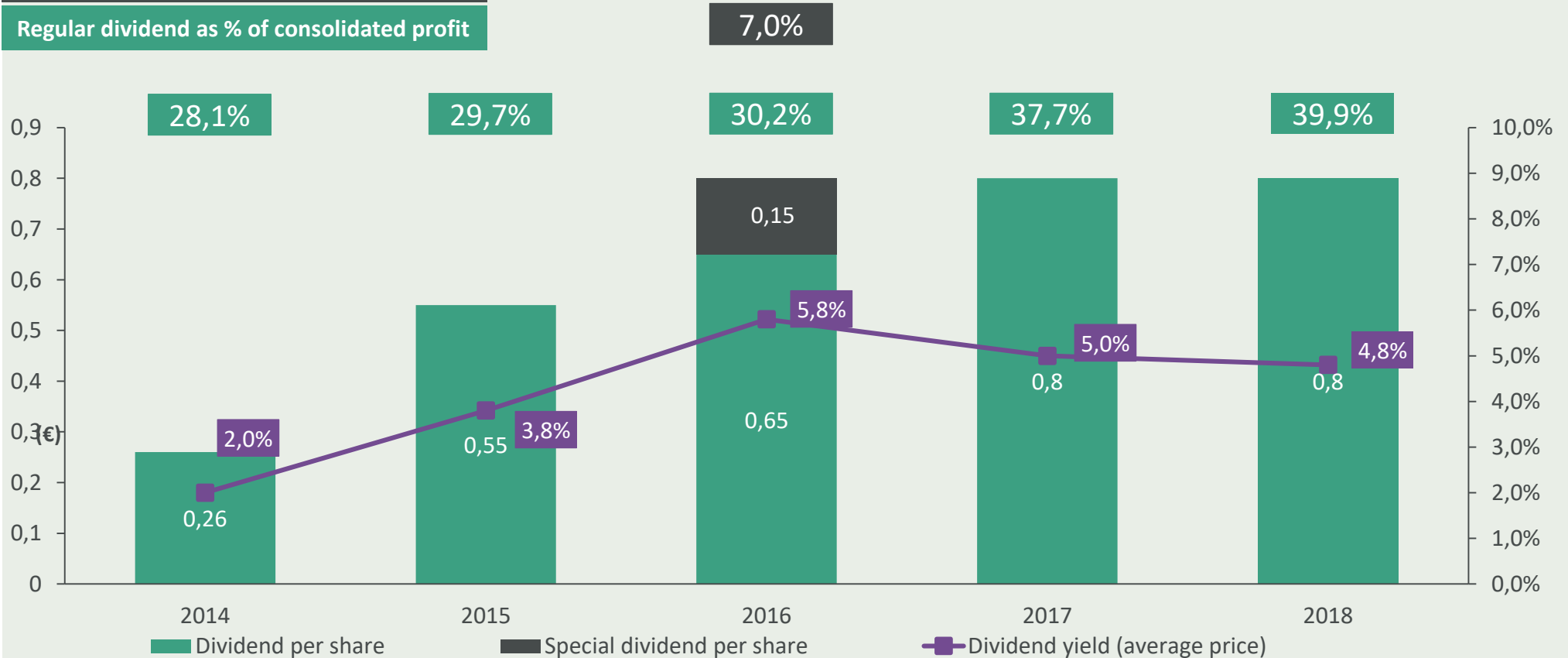
When designing any dividend proposal, the company will take into account:

1. the estimated excess of eligible own funds over solvency capital requirement under Solvency II;
2. the Group's own risk and solvency assessment;
3. capital models of rating agencies Standard & Poor's and A.M. Best;
4. approved annual and strategic plans of the Group and the company;
5. new development projects that would engage additional capital;
6. other relevant factors affecting the financial condition of the company.

DIVIDEND POLICY

Special dividend as % of consolidated profit

Regular dividend as % of consolidated profit



**The average POSR price for 2018 is calculated for the last 12 months (1 July 2017–30 June 2018).

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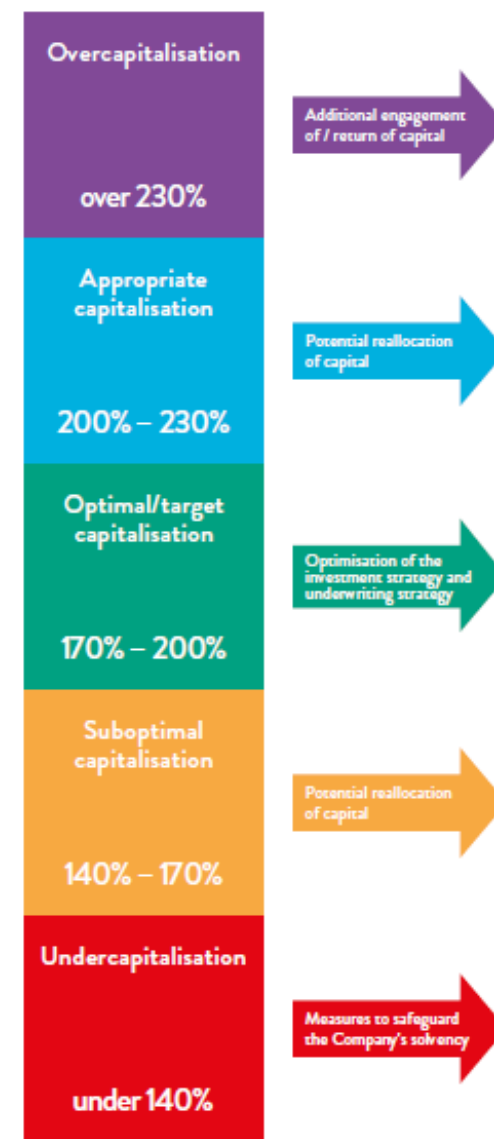
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CAPITAL ADEQUACY

| (€ million) | 31 December 2017 (audited) |
|------------------------------------|----------------------------|
| Eligible own funds | 451,4 |
| Solvency capital requirement (SCR) | 205,0 |
| Solvency ratio | 220% |

| (€ million) | 31 March 2018 (unaudited) |
|---|---------------------------|
| Eligible own funds – 31 March 2018 | 435,3 |
| Solvency capital requirement (SCR) – 31 December 2018 | 205,0 |
| Solvency ratio | 212% |

The Sava Re Group's Solvency and financial condition report 2017 (Group SFCR) has been posted on the Sava Re website and that of the Ljubljana stock exchange (Seonet).



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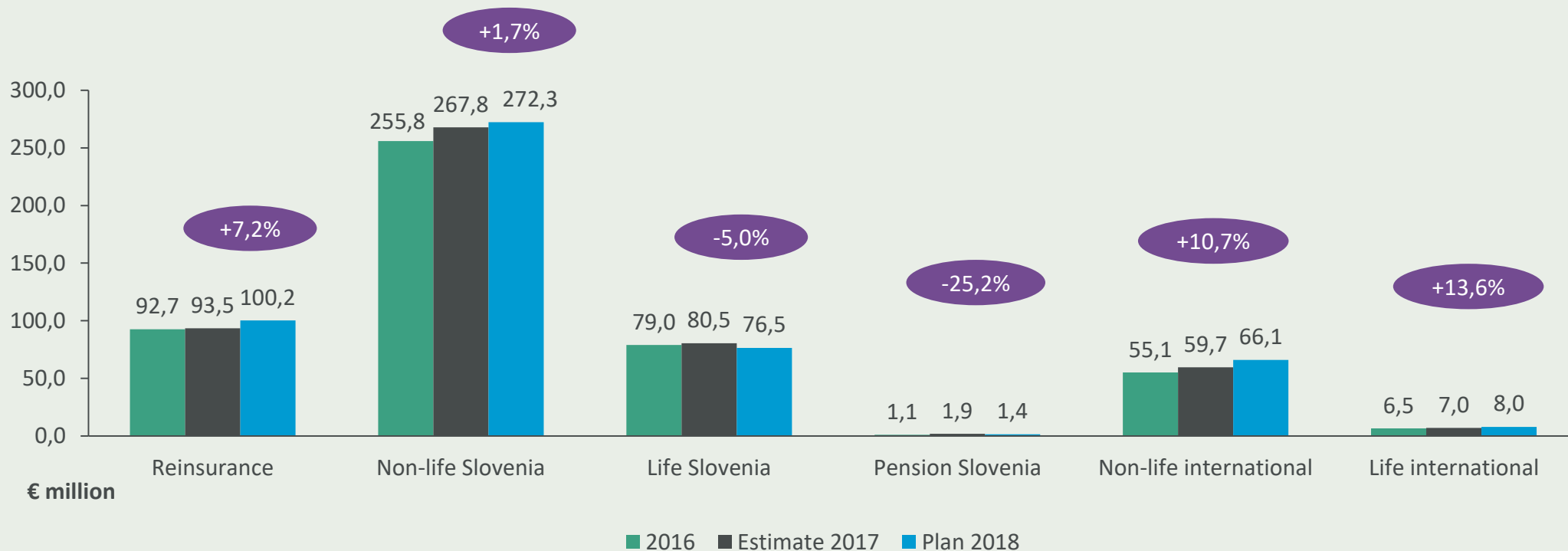
2018 PLAN – MAIN TARGETS (CONSOLIDATED)

| | 2016 | 2017 plan | 2017 | 2018 plan |
|--|----------------|--|----------------|--|
| Gross written premiums | €490,2 million | €494 million | €517,2 million | > €520 million |
| Net combined ratio* (reinsurance + non-life) | 94,6% | 94,6% | 95,5% | 94,0%–94,5% |
| Net incurred loss ratio* (reinsurance + non-life) | 58,2% | 59,4% | 60,5% | 59,4%–59,9% |
| Net expense ratio | 34,0% | 32,6% | 32,7% | 31,4%–31,7% |
| Return on the investment portfolio* | 2,2% | 1,8% | 2,0% | 1,7% |
| Profit or loss, net of tax | €32,9 million | between €31 million and €33 million | €31,1 million | between €37 million and €39 million |
| Return on equity | 11,3% | 10,3% | 10,1% | > 11% |

*Excl. exchange differences

PLANNED GROWTH OF GROSS PREMIUMS WRITTEN

Gross premiums written by operating segment (€ million)

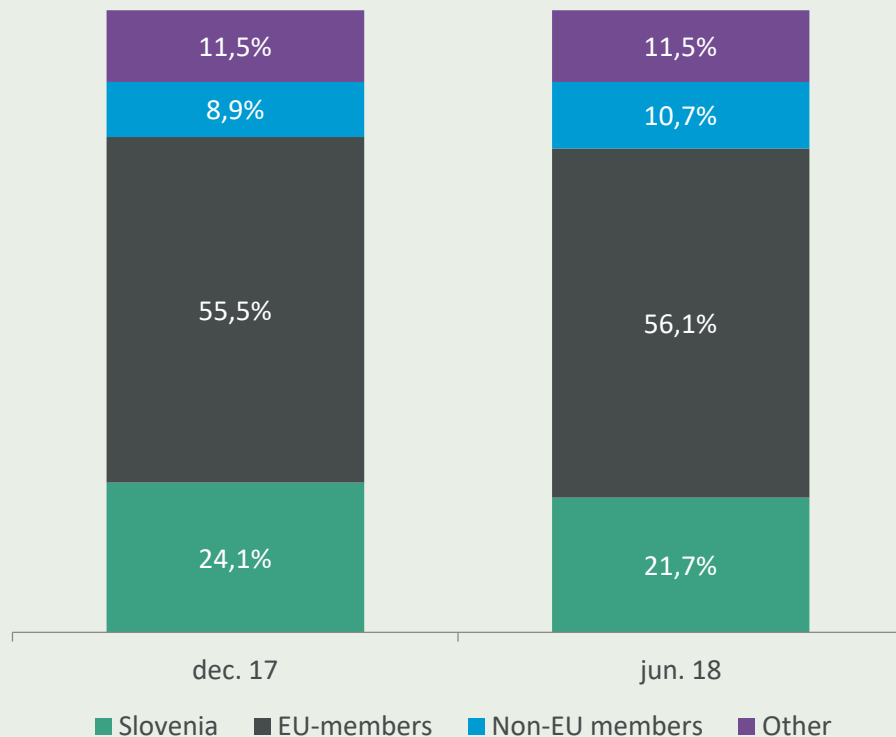


THANK YOU FOR YOUR ATTENTION!

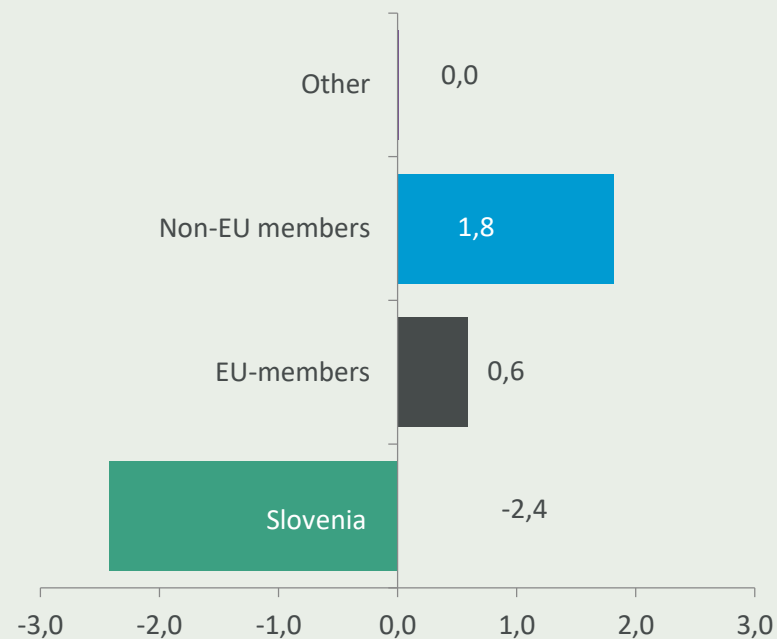
APPENDIX

SAVA RE GROUP EXPOSURE BY REGION

The reduced exposure to Slovenia in 1-6/2018 is in line with the investment policy (target exposure of Sava Re Group by 2020: up to 25%); exposure to EU and non-EU Member States increased.



Structural shift jun.18/dec.17 in p.p.



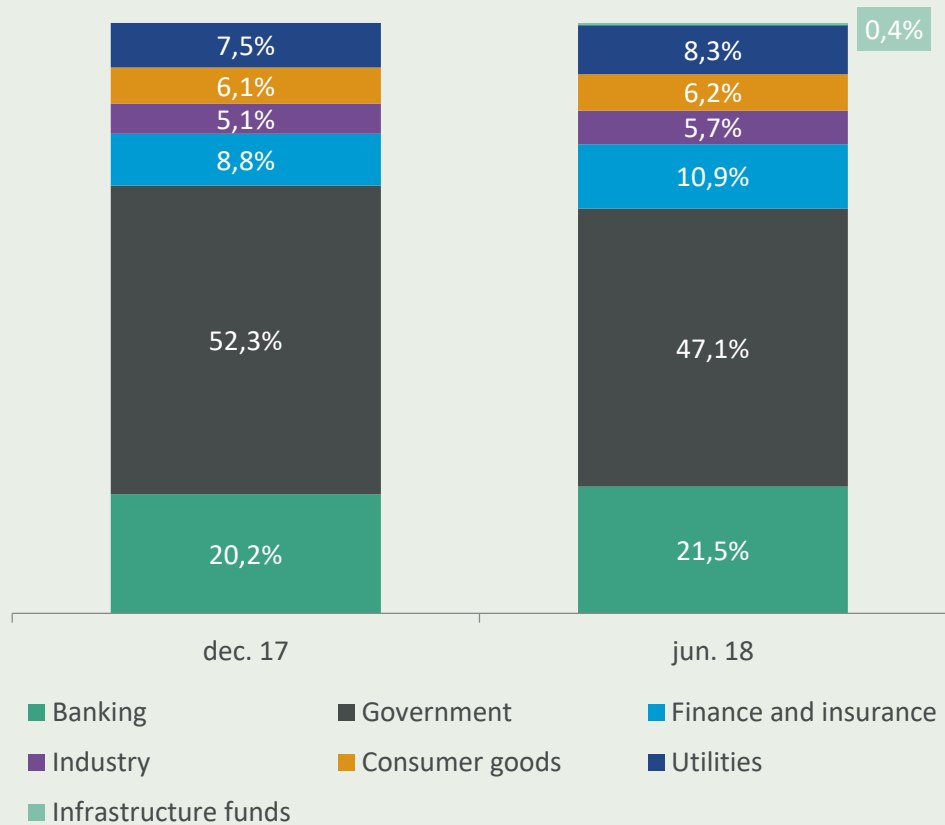
SAVA RE GROUP EXPOSURE TO SLOVENIA

| (€) | 31.12.2017 | | 30.6.2018 | | Change |
|---------------------------|--------------------|--------------|--------------------|--------------|------------------|
| | Amount | Structure | Amount | Structure | |
| Deposits | 858.059 | 0,1% | 837.530 | 0,1% | 0,0 p.p. |
| Government bonds | 188.505.257 | 17,4% | 150.645.039 | 13,8% | -3,6 p.p. |
| Corporate bonds | 23.758.217 | 2,2% | 22.288.788 | 2,0% | -0,1 p.p. |
| Shares | 16.992.679 | 1,6% | 17.344.135 | 1,6% | 0,0 p.p. |
| Mutual funds | 1.286.438 | 0,1% | 1.410.662 | 0,1% | 0,0 p.p. |
| Cash and cash equivalents | 18.015.252 | 1,7% | 31.439.755 | 2,9% | 1,2 p.p. |
| Other | 11.701.257 | 1,1% | 12.082.132 | 1,1% | 0,0 p.p. |
| Sum total | 261.117.159 | 24,1% | 236.048.041 | 21,7% | -2,4 p.p. |

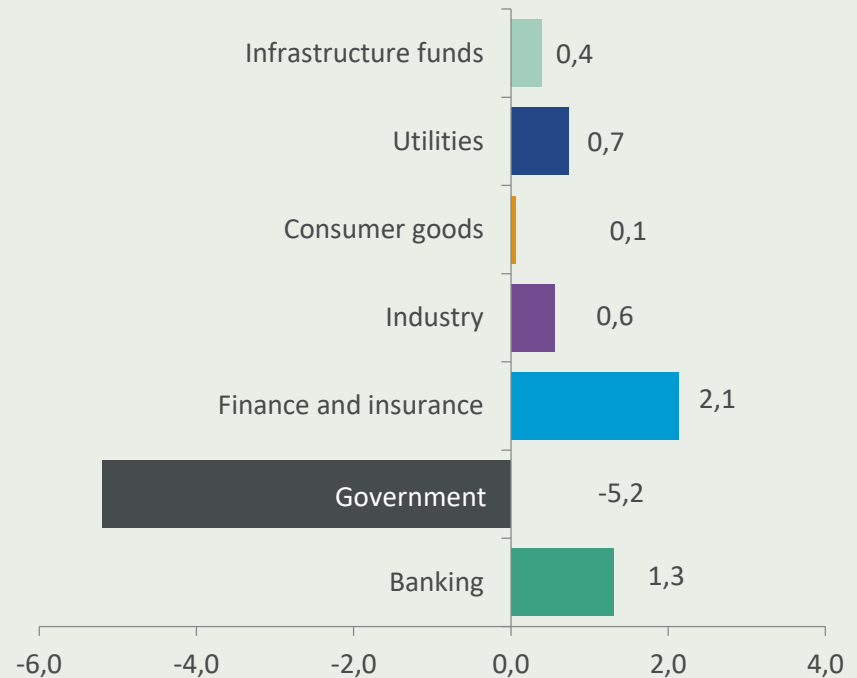
- Exposure to Slovenia decreased by 2,4 percentage points compared to the end of 2017.
- The largest contribution to reduced exposure to Slovenia was a decline in government bonds owing to maturities and disposals in the reporting period.

SAVA RE GROUP EXPOSURE BY INDUSTRY

- Decreased exposure to government securities is largely due to their sale and maturing.
- Increased exposure to the financial and insurance industry – investments in ETF money market funds.
- Increased exposure to the banking industry reflecting a larger balance of cash and cash equivalents.



Structural shift jun.18/dec.17 in p.p.



SAVA RE GROUP RATING PROFILE

Maintaining a good rating profile in 1-6/2018

- Investment grade assets account to 81,2% of fixed-income investments.
- A drop in the proportion of investment grade securities is the result of maturities, disposals, and the portfolio assumption of the recently acquired companies.

