



**Performance of the Sava Re Group and  
the Company Sava Re, d.d.  
in 2016**

Ljubljana, 9 March 2017

In 2016 the Sava Re Group reached a major goal by merging all its EU-based insurers, it generated premium growth and an improved pre-tax profit.

The Sava Re Group closed the year 2016 with a profit before tax of € 40.7 million, an improvement of 1.4 percent over the prior year. The after-tax profit was € 32.9 million, which is 1.3 percent below the year-on-year figure because of tax effects. The increase in the pre-tax profit was mainly due to the underwriting result of international reinsurance business, which improved the segments' profit before tax figure by € 4.5 million (2016: € 8.6 million; 2015: € 4.1 million). The profit of non-life business in Slovenia was lower, mainly due to the hailstorm event that hit the portfolio of Zavarovalnica Sava. At the Sava Re Group level, this event had a negative impact of € 6 million on profits (€ 5 million impact on incurred claims and reinstatement premium of € 1 million). Despite this catastrophic event, the profit generated by this segment was offset by other improvements and was only € 3 million below the prior year figure (2016: € 21.3 million; 2015: € 24.3 million). Furthermore, the Group achieved a better result with international non-life insurance business, mainly as a result of an improved net investment income (2016: € 2.3 million; 2015: € 1.6 million). The life insurance business altogether produced a marginally lower profit than in 2015 (2016: € 10.3 million; 2015: € 12.1 million).

Group gross written premiums in 2016 amounted to € 490.2 million, up by 0.8 percent year-on-year. This growth was driven by the non-life insurance business, which grew by € 5.8 million (2.3 per cent) in the Slovenian insurance market and by € 3.1 million (5.9 per cent) in the markets outside Slovenia. However, there was a decline in international reinsurance premiums but with an increase in the profitability of the operating segment. The Group's life insurance premiums continued to decline modestly in the Slovenian insurance market (-0.2 per cent), but grew by 10.9 per cent on international insurance markets.

In 2016 the Group's net combined ratio (excluding the effect of exchange rate differences) improved by 0.3 percentage points to 94.6 per cent, and is 0.2 percentage points better than planned. The Company estimates this movement as very good, especially in view of the realised catastrophic event in 2016 and the larger cost burden due to the merger of its EU-based insurers.

For the year 2016, the Group generated a return on equity of 11.3 per cent, which is better than the Group's long-term goal.

The profits earned will allow the Group to follow its dividend policy and planned increase in regular dividend per share.

*Key Figures – Unaudited Data of the Sava Re Group and Sava Re, d.d.*

(€)	Sava Re Group		Sava Re	
	2016	2015	2016	2015
<b>Gross premiums written</b>	<b>490,205,154</b>	<b>486,264,557</b>	<b>147,426,893</b>	<b>151,982,421</b>
Year-on-year change (%)	0.8 %	3.9 %	-3.0 %	15.7 %
<b>Net premiums earned</b>	<b>458,101,526</b>	<b>447,559,605</b>	<b>133,428,875</b>	<b>125,479,297</b>
Year-on-year change (%)	2.4 %	2.3 %	6.3 %	10.2 %
<b>Gross claims paid</b>	<b>269,445,796</b>	<b>271,503,134</b>	<b>85,165,592</b>	<b>89,689,537</b>
Year-on-year change (%)	-0.8 %	6.3 %	-5.0 %	27.8 %
<b>Net claims incurred</b>	<b>268,393,776</b>	<b>273,129,823</b>	<b>81,781,565</b>	<b>86,680,582</b>
Year-on-year change (%)	-1.7 %	6.2 %	-5.7 %	33.9 %
<b>Net incurred loss ratio</b>	<b>58.6 %</b>	<b>60.5 %</b>	<b>61.3 %</b>	<b>69.1 %</b>
<b>Net incurred loss ratio, excluding the effect of exchange differences</b>	<b>58.2 %</b>	<b>59.5 %</b>	<b>60.2 %</b>	<b>66.3 %</b>
<b>Operating expenses, including reinsurance commission income</b>	<b>155,830,879</b>	<b>145,261,469</b>	<b>44,475,032</b>	<b>37,623,325</b>
Year-on-year change (%)	7.3 %	1.1 %	18.2 %	1.9 %
Net expense ratio	34.0 %	32.5 %	33.3 %	30.0 %
<b>Net combined ratio</b>	<b>95.0 %</b>	<b>95.8 %</b>	<b>94.9 %</b>	<b>99.2 %</b>
<b>Net combined ratio, excluding the effect of exchange differences</b>	<b>94.6 %</b>	<b>94.9 %</b>	<b>93.6 %</b>	<b>96.7 %</b>
Net inv. income of the investment portfolio	24,612,812	26,985,847	27,684,549	15,634,555
Return on the investment portfolio	2.4 %	2.7 %	6.0 %	3.5 %
Net inv. income of the investment portfolio, excluding exchange differences	23,122,262	23,706,782	26,323,674	12,407,054
Return on the investment portfolio, excluding exchange differences	2.2 %	2.4 %	5.8 %	2.8 %
<b>Profit/loss, net of tax</b>	<b>32,918,213</b>	<b>33,365,451</b>	<b>32,873,817</b>	<b>16,191,902</b>
Year-on-year change (%)	-1.3 %	6.9 %	103.0 %	-27.6 %
<b>Profit/loss before tax</b>	<b>40,669,987</b>	<b>40,097,971</b>	<b>34,977,140</b>	<b>16,739,349</b>
Year-on-year change (%)	1.4 %	2.9 %	109.0 %	-34.7 %
<b>Comprehensive income</b>	<b>37,660,245</b>	<b>27,618,054</b>	<b>33,693,737</b>	<b>14,814,031</b>
Year-on-year change (%)	36.4 %	-32.5 %	127.4 %	-44.0 %
<b>Return on equity</b>	<b>11.3 %</b>	<b>12.0 %</b>	<b>12.3 %</b>	<b>6.2 %</b>
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>Total assets</b>	<b>1,671,189,179</b>	<b>1,607,281,060</b>	<b>568,147,764</b>	<b>570,886,710</b>
% change on 31 Dec. of prior year	4.0 %	10.5 %	-0.5 %	4.3 %
<b>Shareholders' equity</b>	<b>297,038,327</b>	<b>286,401,678</b>	<b>270,355,622</b>	<b>263,679,403</b>
% change on 31 Dec. of prior year	3.7 %	5.5 %	2.5 %	2.1 %
<b>Net technical provisions</b>	<b>1,109,770,895</b>	<b>1,070,781,309</b>	<b>208,003,567</b>	<b>204,875,596</b>
% change on 31 Dec. of prior year	3.6 %	4.3 %	1.5 %	10.3 %
Book value per share	19.17	17.38	17.44	16.00
Net earnings/loss per share	2.08	2.02	2.08	0.98
No. of employees (full-time equivalent basis)	2,487.97	2,540.28	94.58	82.95

\*The net incurred loss ratio and the net combined ratio of the group are calculated based on the reinsurance and non-life insurance operating segments.