



Sava Insurance Group **1–6/2023 unaudited results**

25 August 2023

Disclaimer

FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to Sava Re's expectations, plans or goals, which are based on assumptions made by Sava Re management. By their nature, forward-looking statements involve risk and uncertainty. As a result, actual developments, in particular performance, may differ materially from expectations, plans and goals set out in this document; therefore, persons should not rely on forward-looking statements.

DUTY TO UPDATE

Sava Re assumes no obligation to adjust any forward-looking statements or other information contained in this document to future events or developments.



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GROUP
RESULTS

01

Highlights 1–6/2023



Growth in gross written premiums of **11.6%** – strongest growth in the motor business, reflecting more policies sold and higher average premiums; growth also in the reinsurance segment, driven by higher rates in global reinsurance markets, and the capture of new business opportunities



Net profit of €40.0 million
(1–6/2022: €11.1 million)

Better insurance service result for non-life, EU: in 1–6/2022 high inflationary pressures on claims (especially motor insurance): result normalised this year

Better insurance service result for reinsurance: higher insurance revenue, different claims structure (major claims covered by reinsurance) and a lower impact of inflation than in the previous year

Better investment result: in 1–6/2022, a significant negative impact of financial market developments on the net investment return from fair value losses on FVTPL investments



After 1–6/2023, Slovenia and the wider region was hit by a **wave of storms and floods**, which is expected to significantly impact Q3 earnings:

impact estimated at €30–35 million

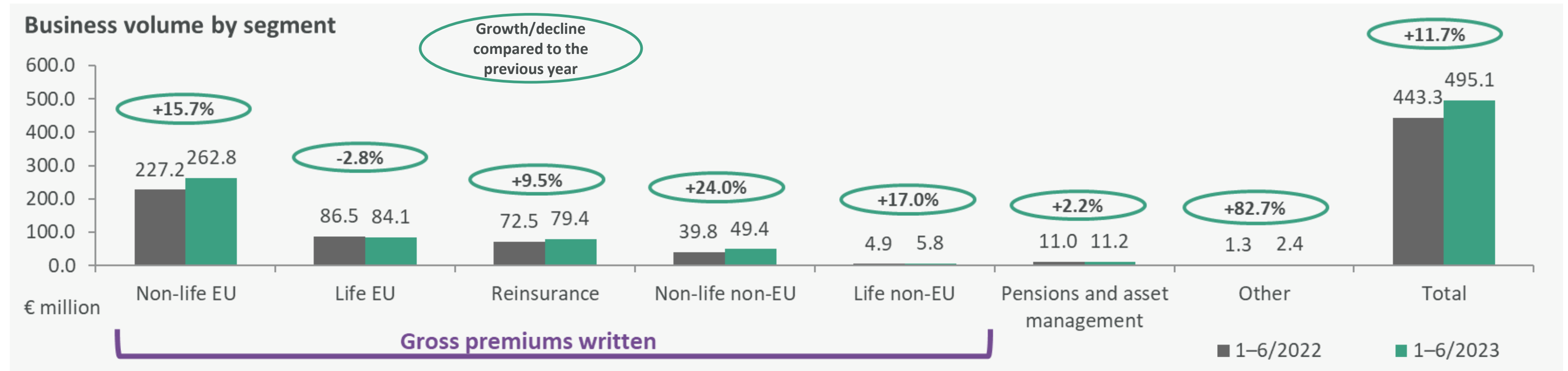
Subject to no additional catastrophic events, the **full year profit target** has been reduced by around 25%:
estimated at approximately €40 million

Key figures

€ million, except %	1–6/2022	1–6/2023	2023 plan	Change 2023/2022
Business volume	443.3	495.1	> 800	11.7%
Gross premiums written	433.0	483.3		11.6%
Insurance revenue	286.6	328.4		14.6%
Profit, net of tax	11.1	40.0	> 53	260.4%
Return on equity*	4.1%	13.3%	> 9.5%	+9.2 p.p.
Combined ratio (non-life and reinsurance)	96.7%	89.9%	< 95%	-6.8 p.p.
Return on the investment portfolio*	0.2%	2.2%	> 1.5%	+2.0 p.p.
	31/12/2022	30/6/2023	31/12/P2023	
Equity	524.8	543.6		3.6%
Net contractual service margin (CSM)	130.5	141.2		8.1%
Total investment portfolio	1,416.7	1,457.3		2.9%
Assets for the benefit of policyholders who bear the investment risk	498.8	547.2		9.7%
Assets in pension company savings funds	1,013.3	1,102.4		8.8%
Assets under management at fund management company	494.4	575.7		16.4%
Net liabilities from insurance and reinsurance contracts	1,419.6	1,483.1		4.5%

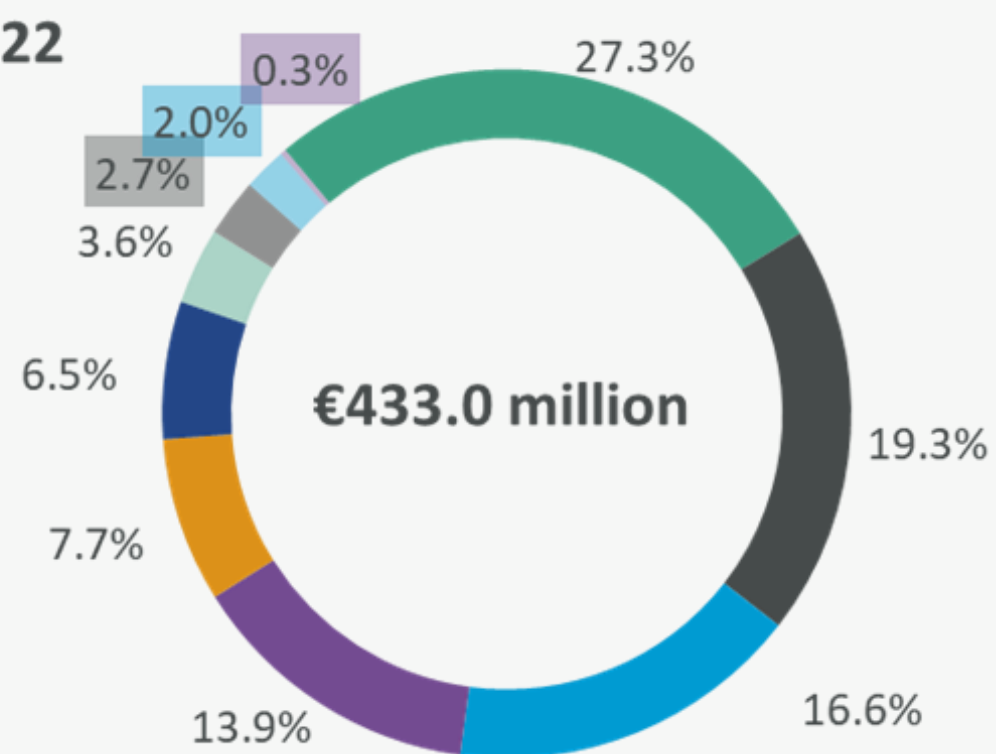
* Return on equity excludes accumulated other comprehensive income/loss. Investment portfolio return excludes subordinated debt expense.

Business volume up 11.7%



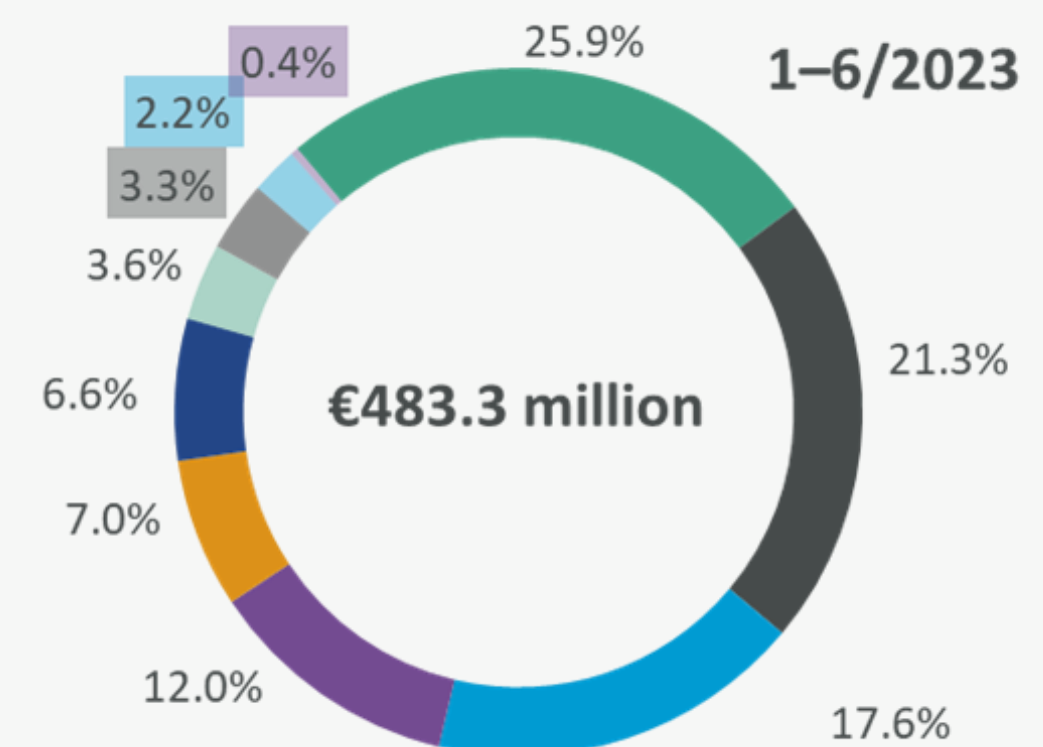
Gross premiums written by class of insurance

1-6/2022

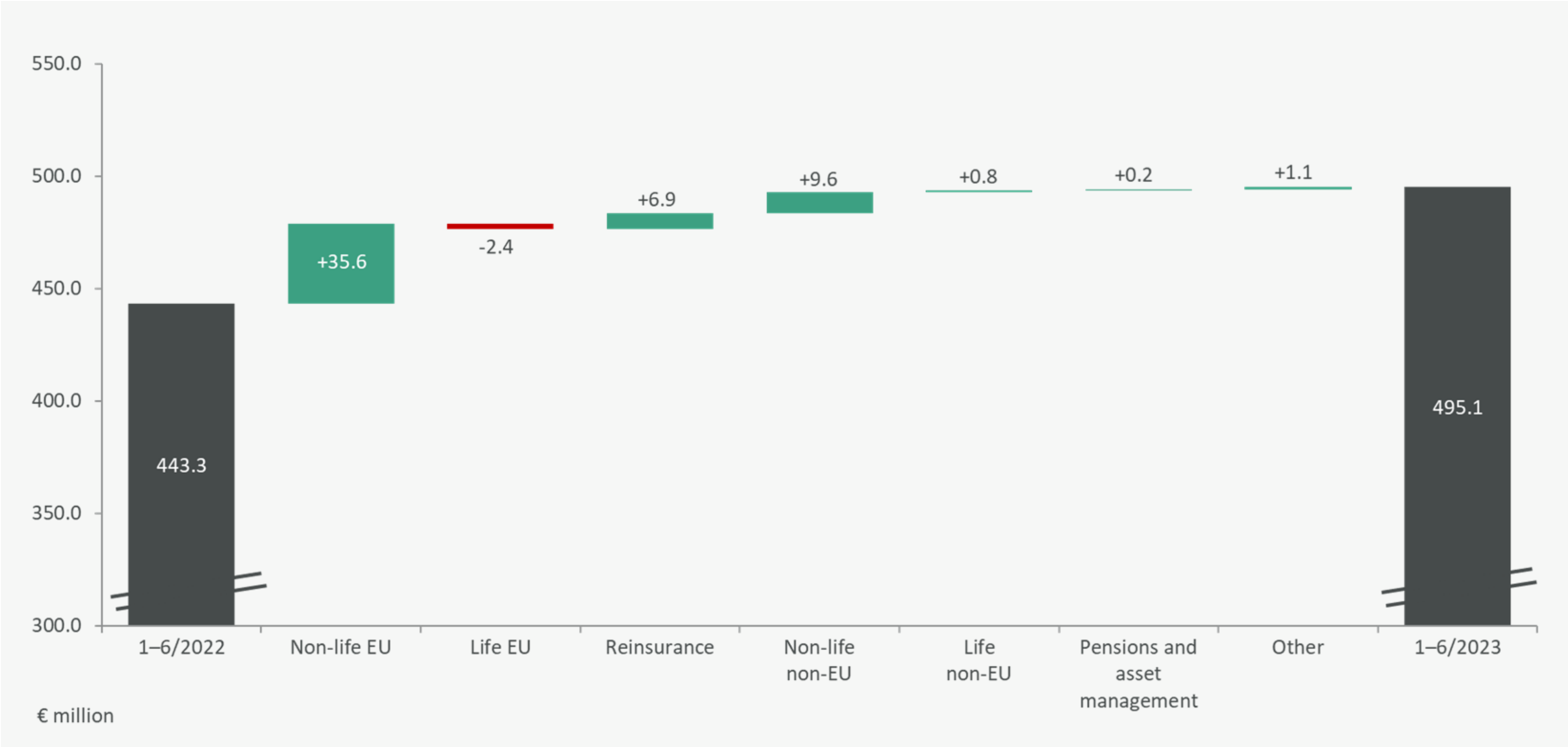


- Property
- Land motor vehicles
- Motor vehicle liability
- Unit-linked life
- Traditional life
- Accident and health
- General liability
- Assistance
- Marine, aviation and goods in transit
- Credit and suretyship

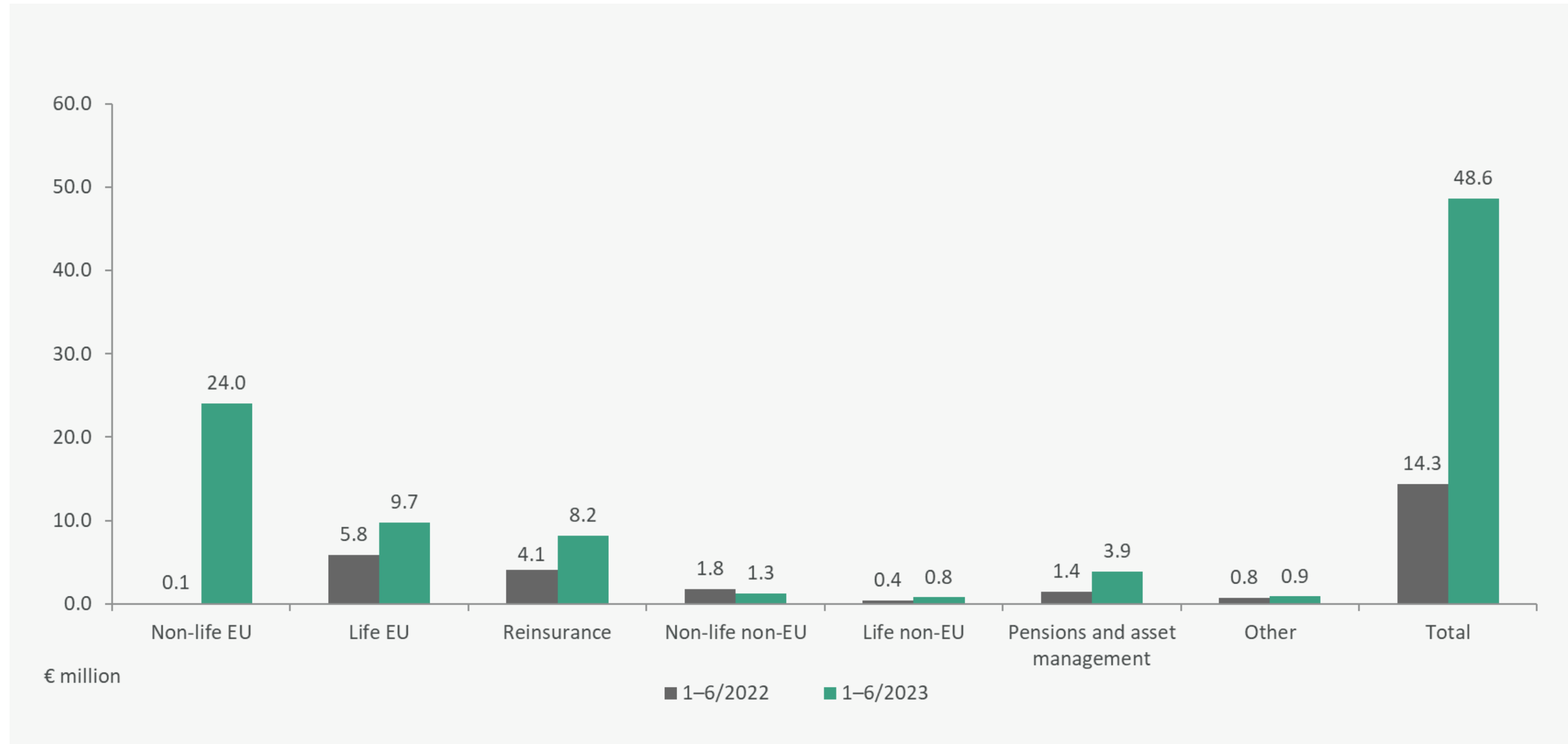
1-6/2023



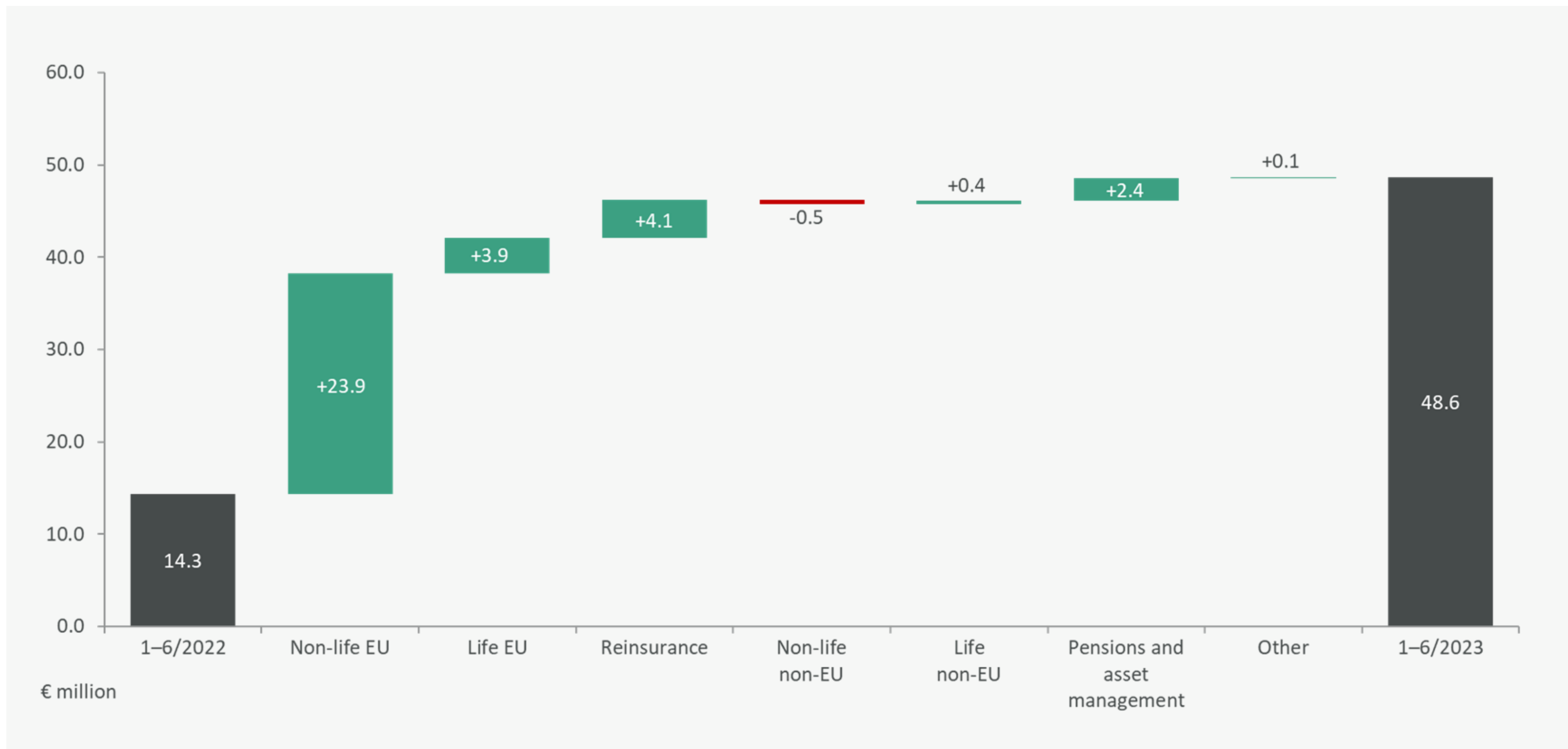
Operating segments driving growth in business volume



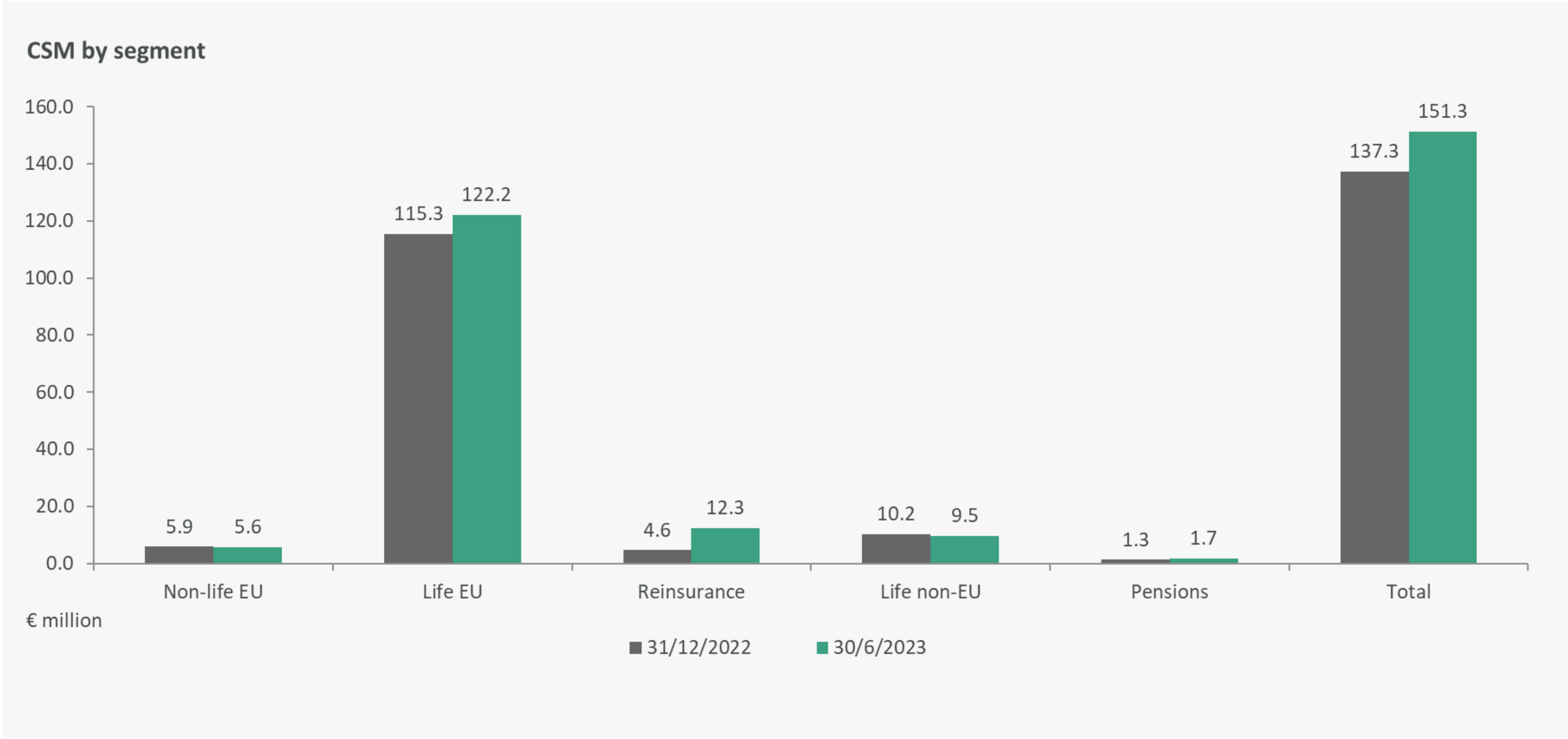
Breakdown of profit before tax by segment



Operating segments driving growth in profit before tax



Contractual service margin (CSM)

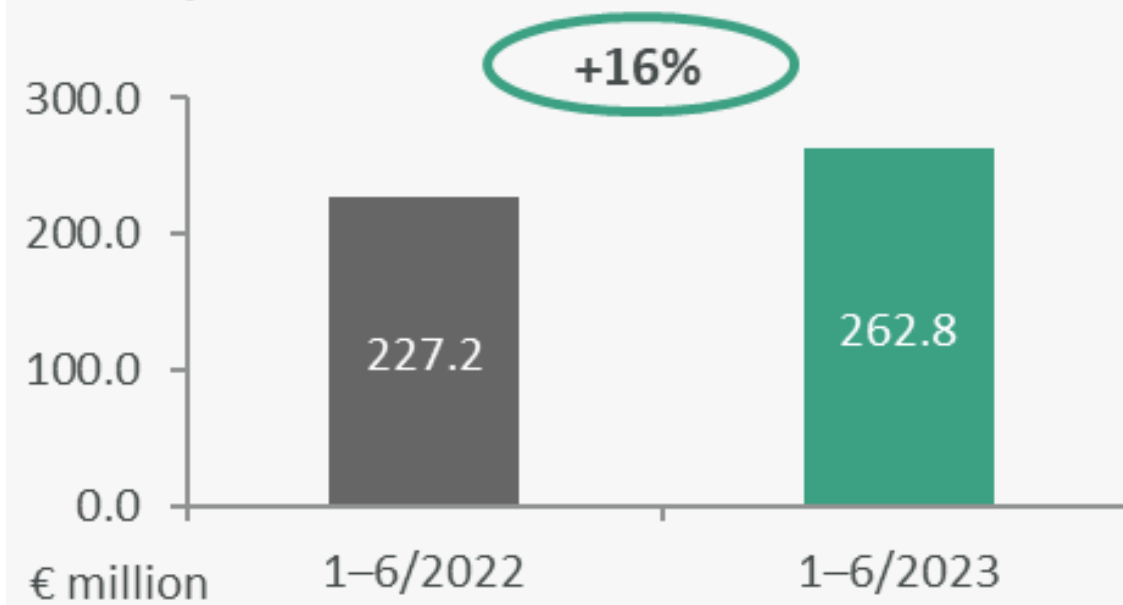


SEGMENT
REPORTING

02

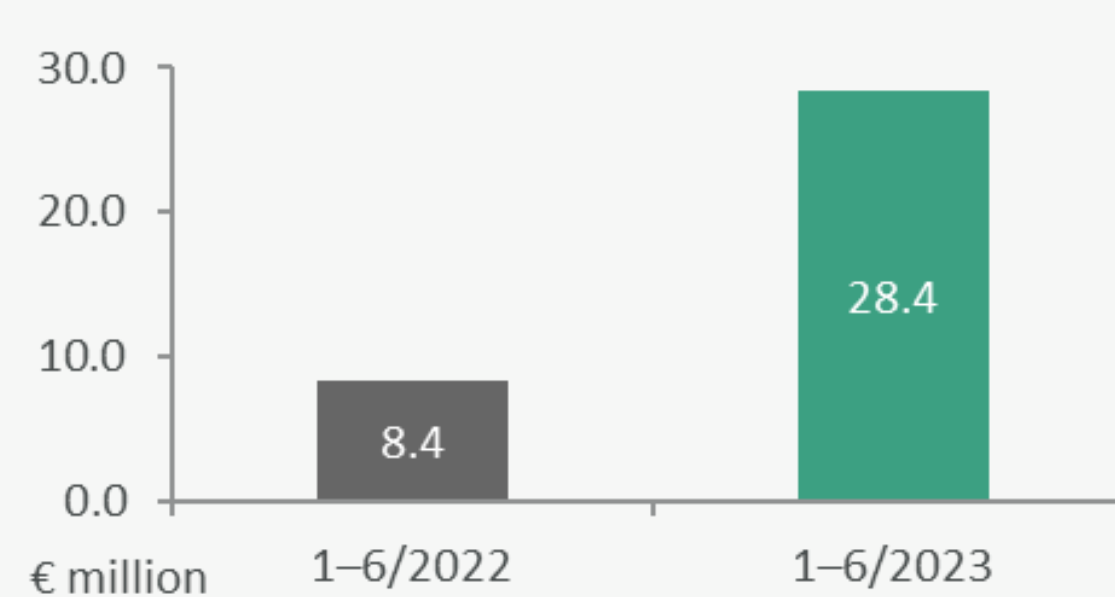
Non-life EU

Gross premiums written



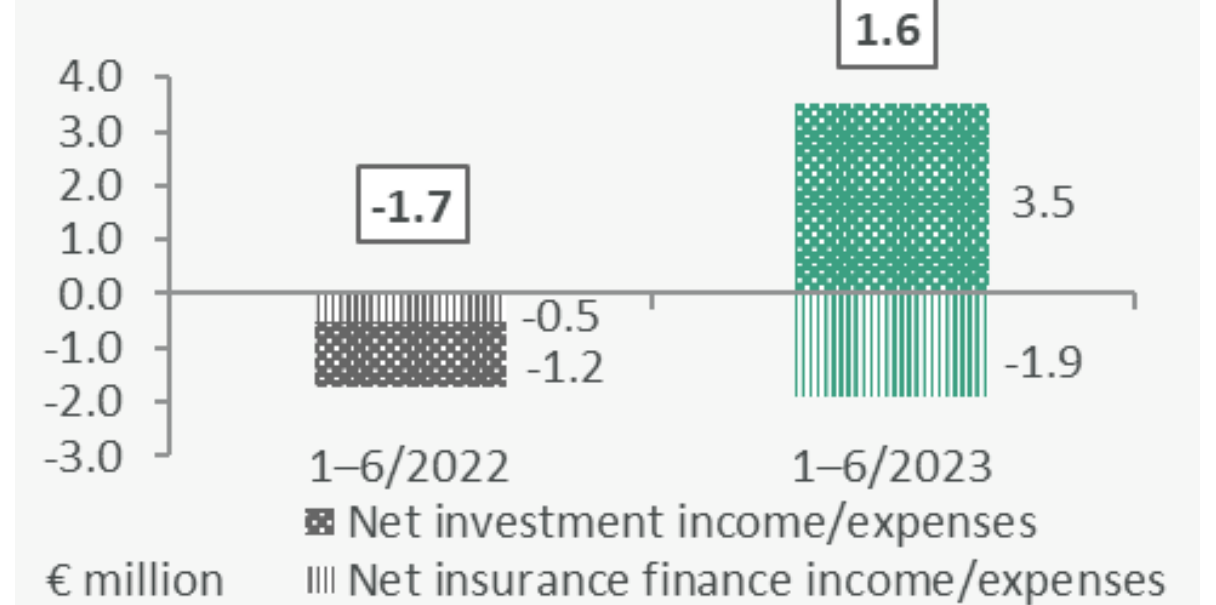
- Growth mainly in personal motor, driven by inflation-adjusted price increases and increased policy numbers

Insurance service result



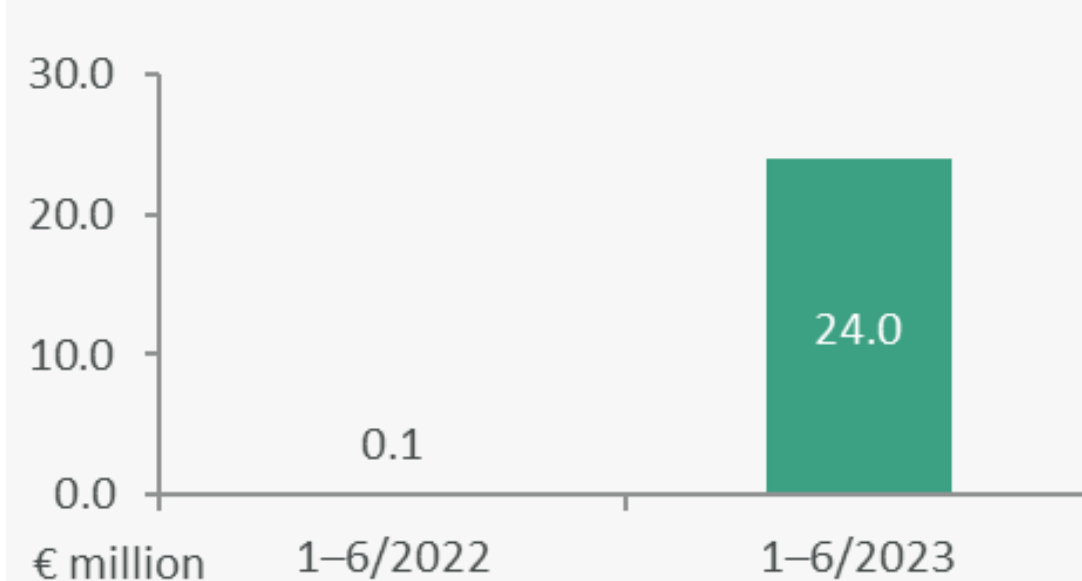
- Impact of claims inflation in 1-6/2022
- Impact of gross premium growth mitigating the impact of claims inflation
- Lower storm claims in 1-6/2023 than in 1-6/2022

Finance result

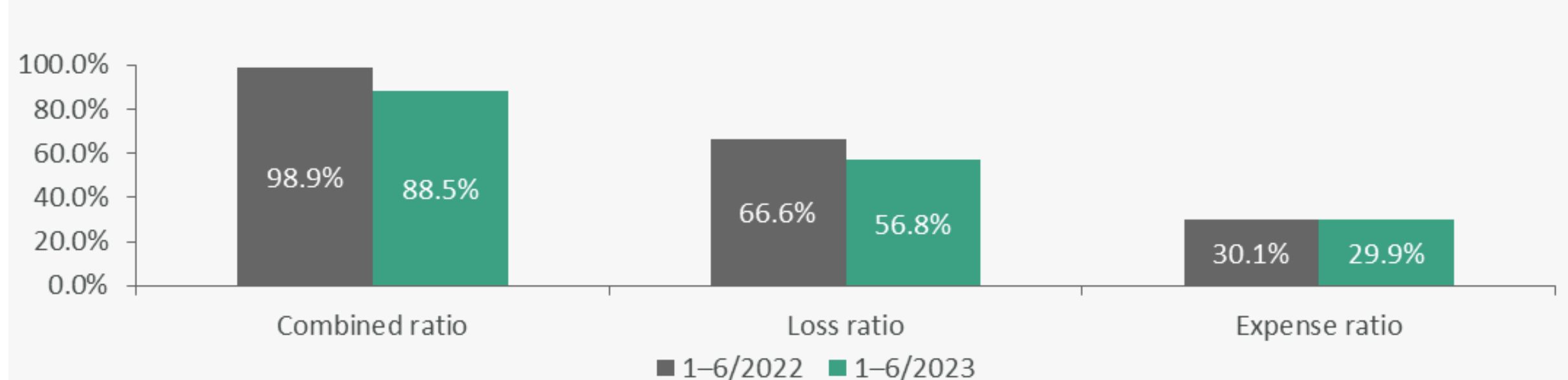


- Fair value losses on FVTPL investments in 1-6/2022 due to financial market conditions
- Larger investment portfolio and reinvestment at higher interest rates
- Higher insurance finance expenses due to increase in discount curves

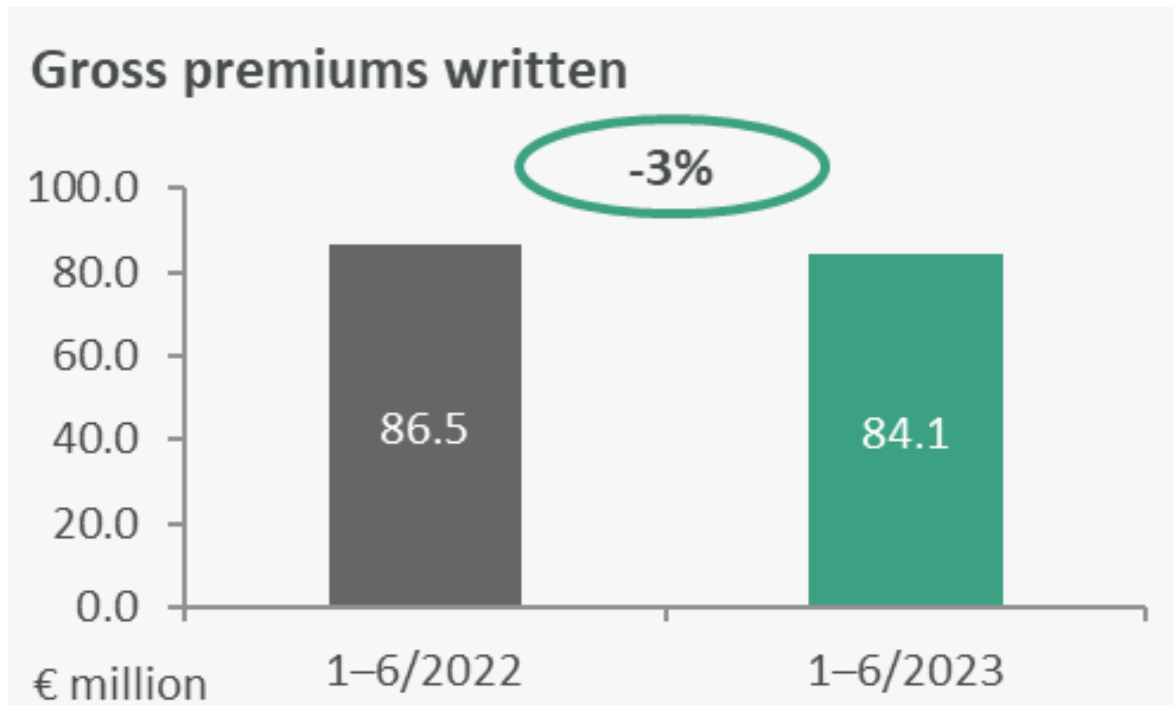
Profit before tax



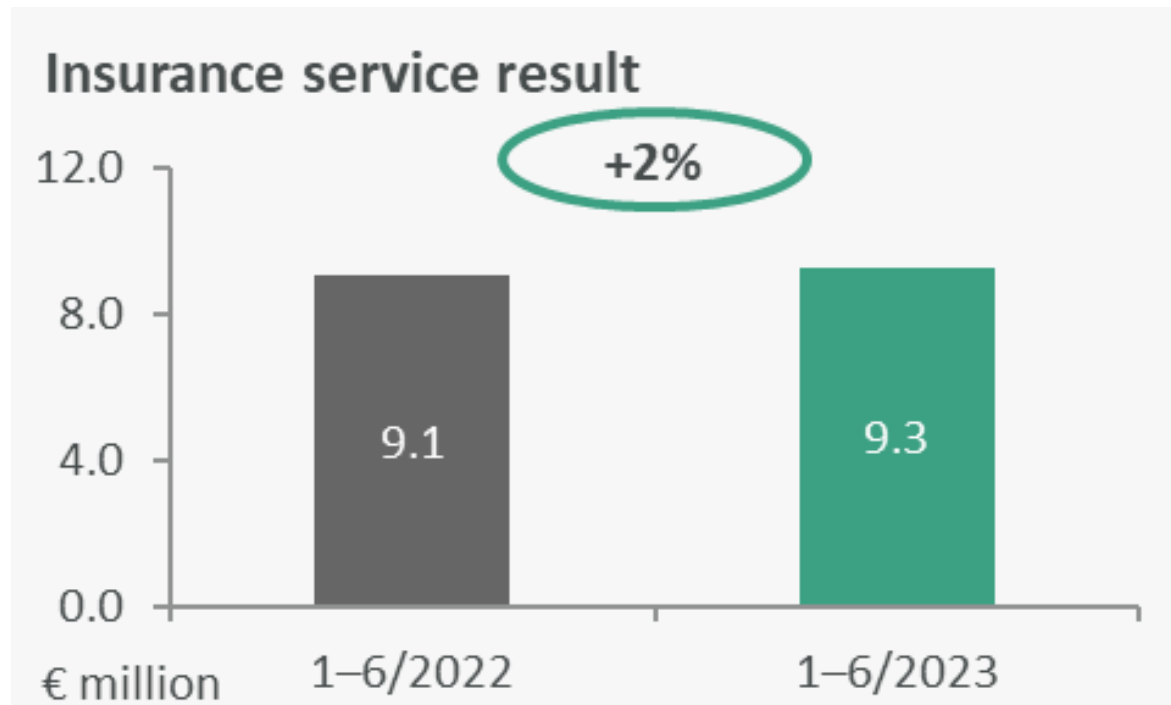
Ratios



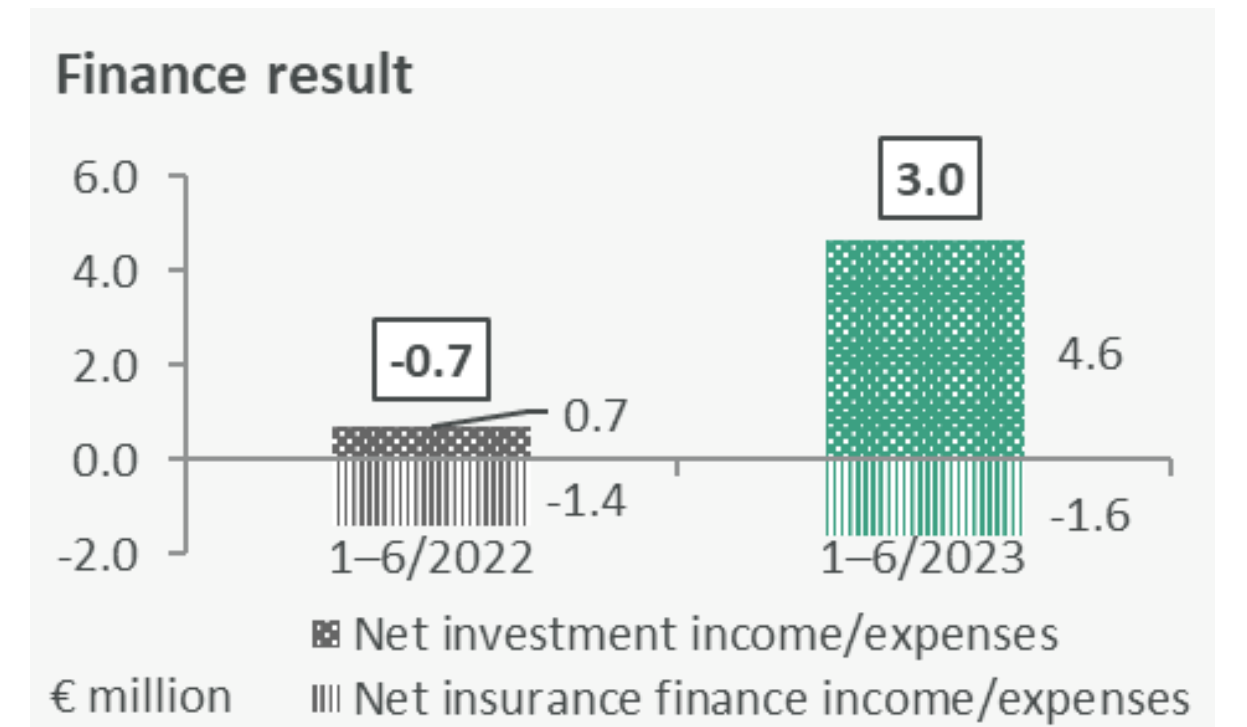
Life EU



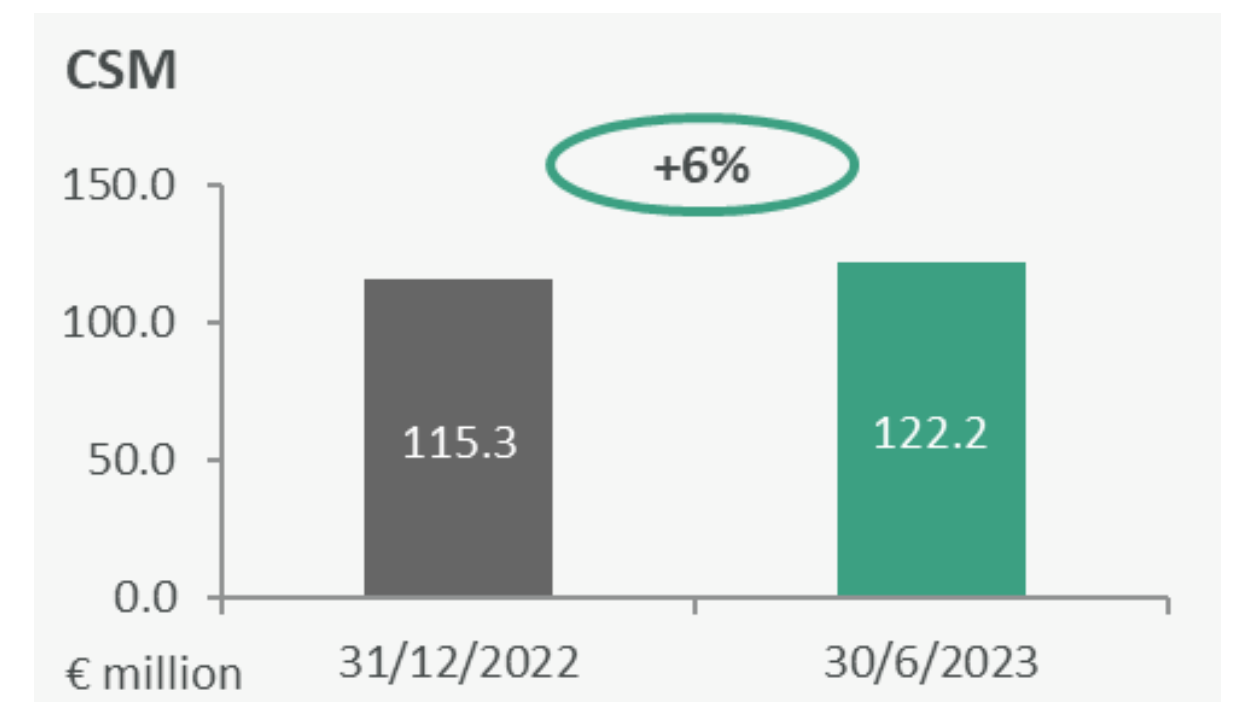
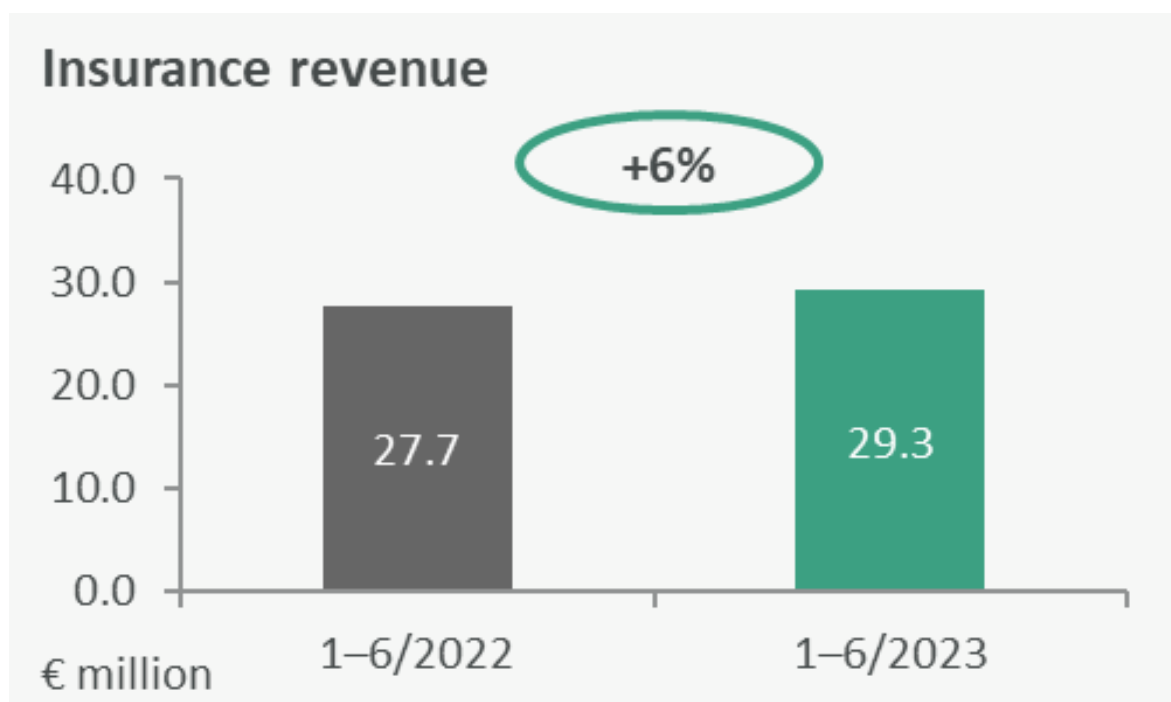
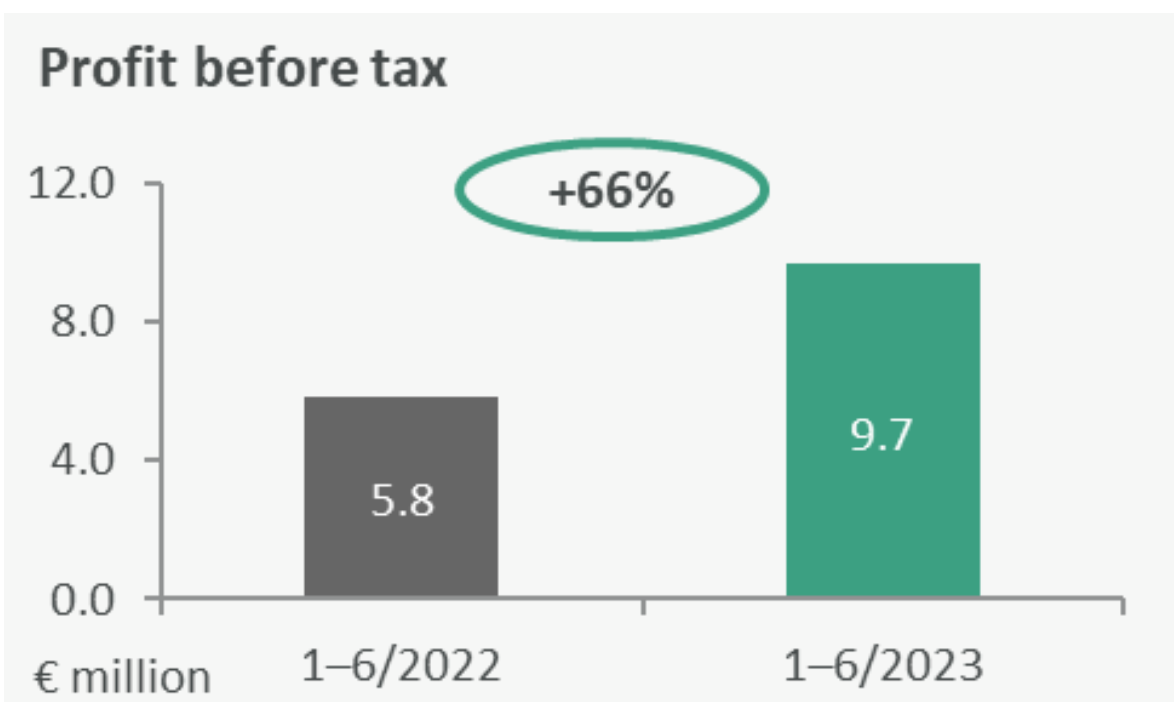
- Higher sales of single premium policies in 1-6/2022 – optimism in financial markets before the start of the war in Ukraine



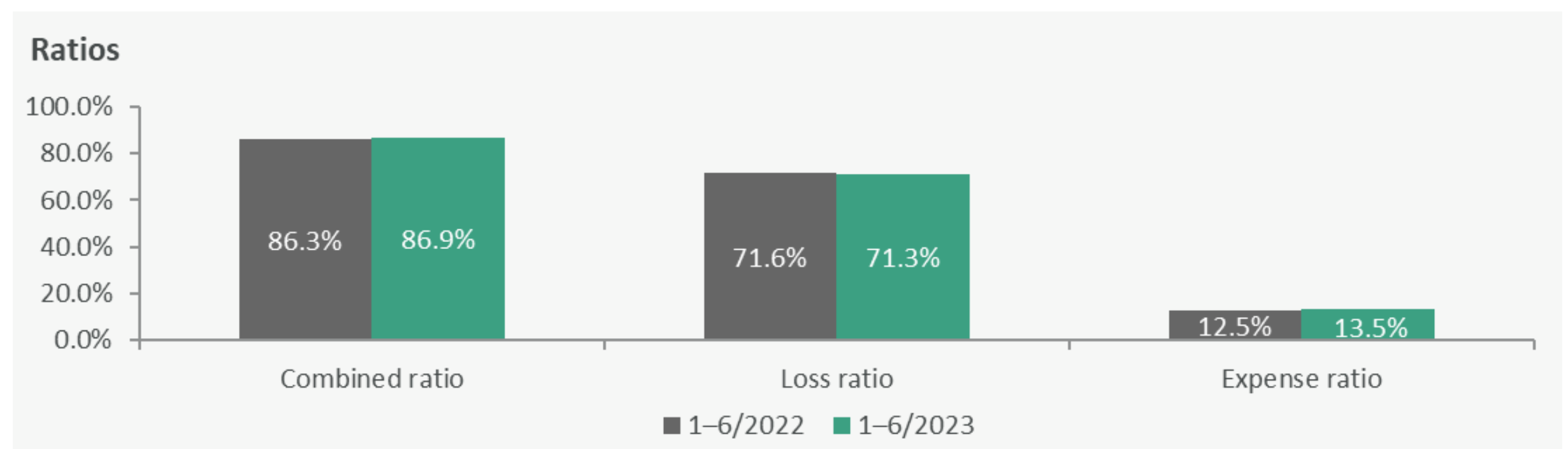
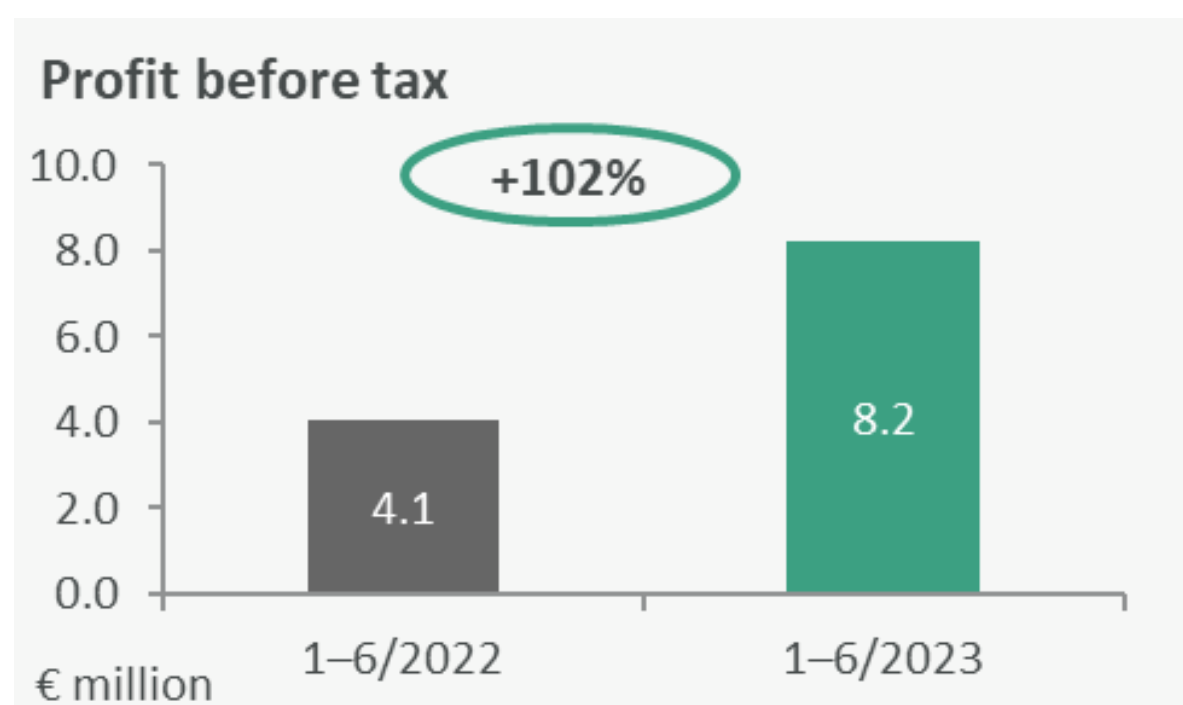
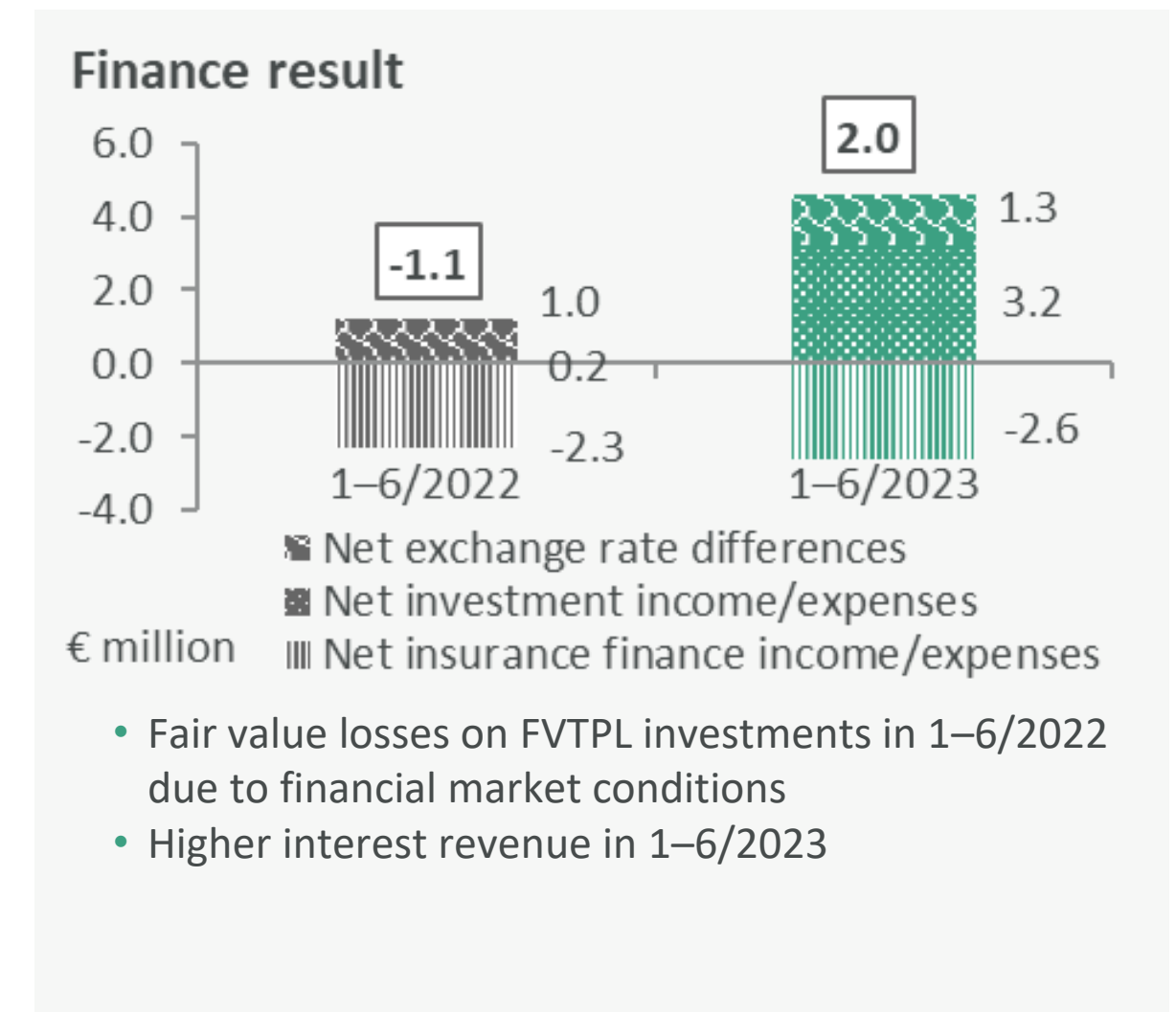
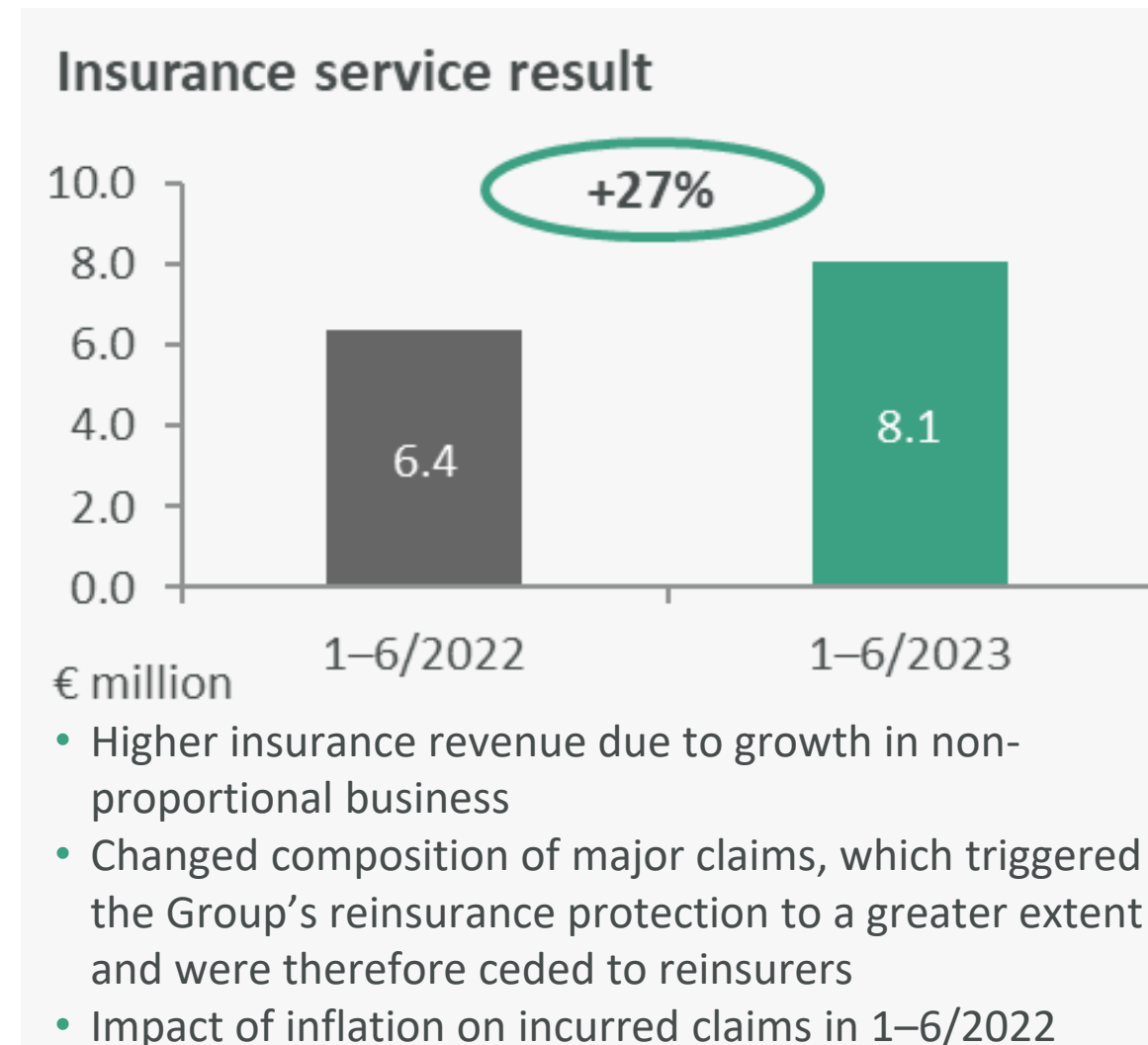
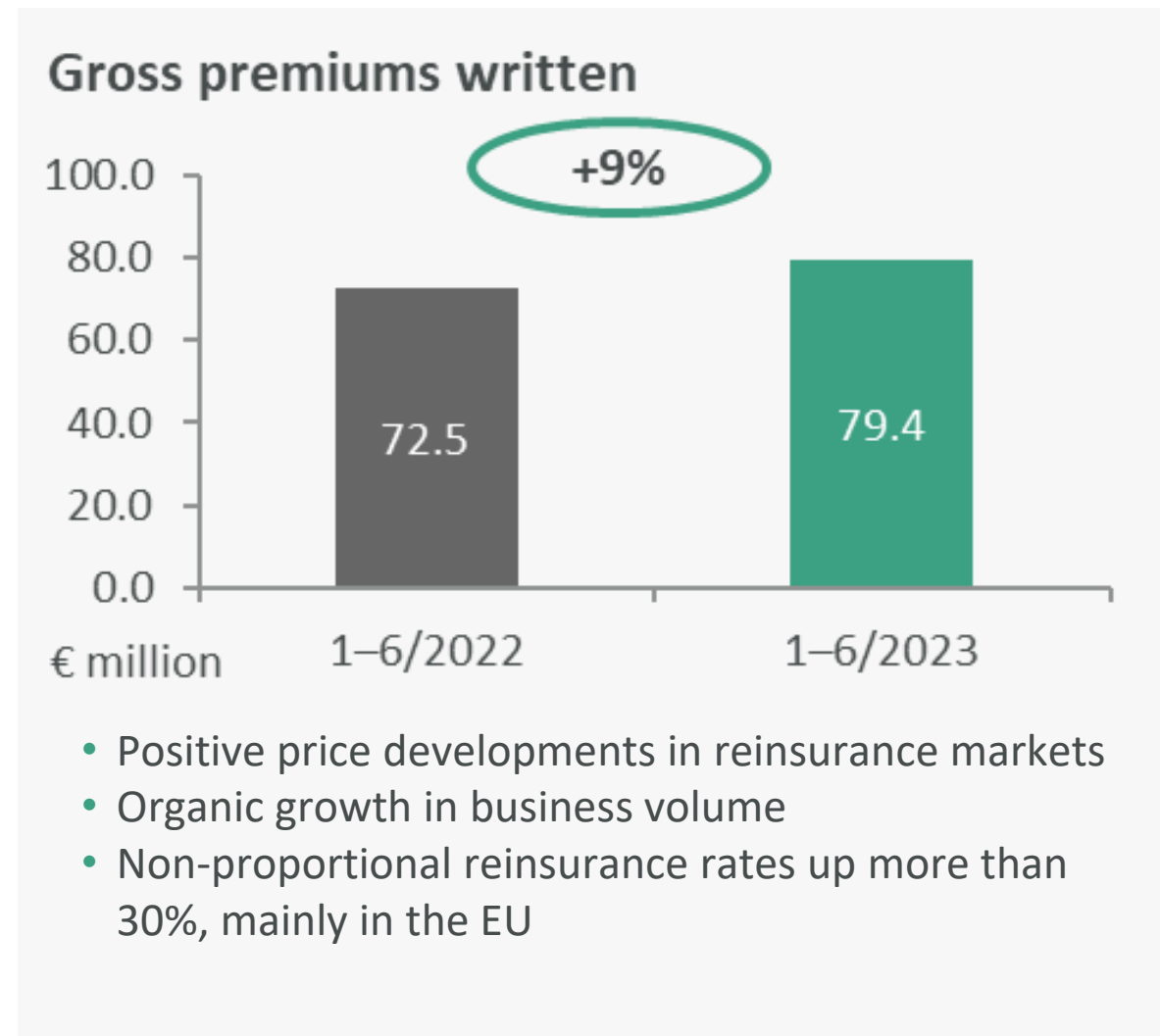
- Higher Insurance revenue due to change in business mix: more protection business (without investment components; these are excluded from insurance revenue)
- Slightly higher incurred claims because of higher mortality and more accidents



- Fair value losses on FVTPL investments in 1-6/2022 due to financial market conditions

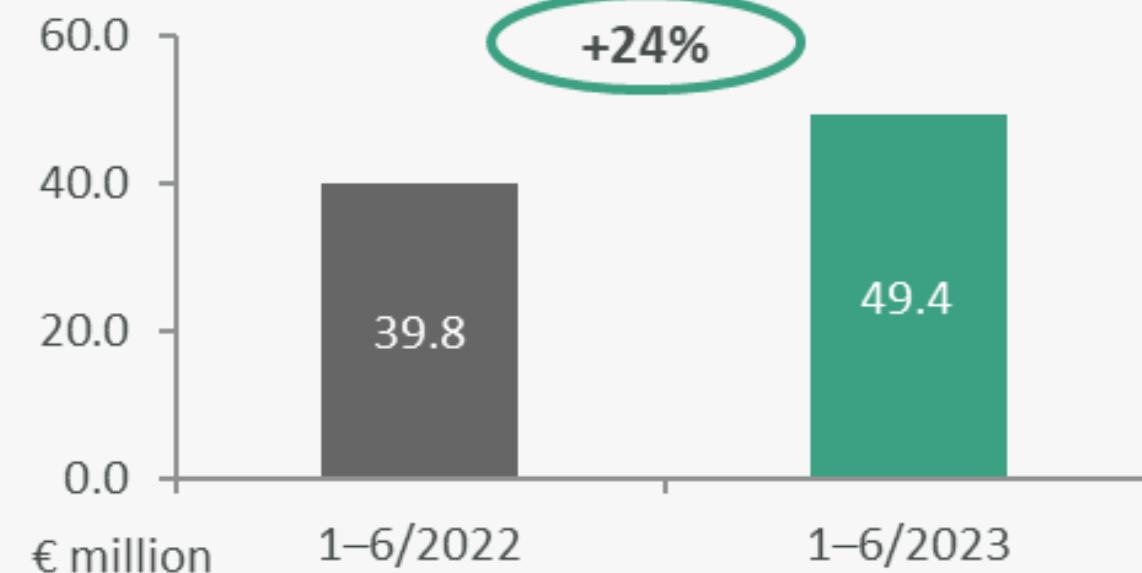


Reinsurance



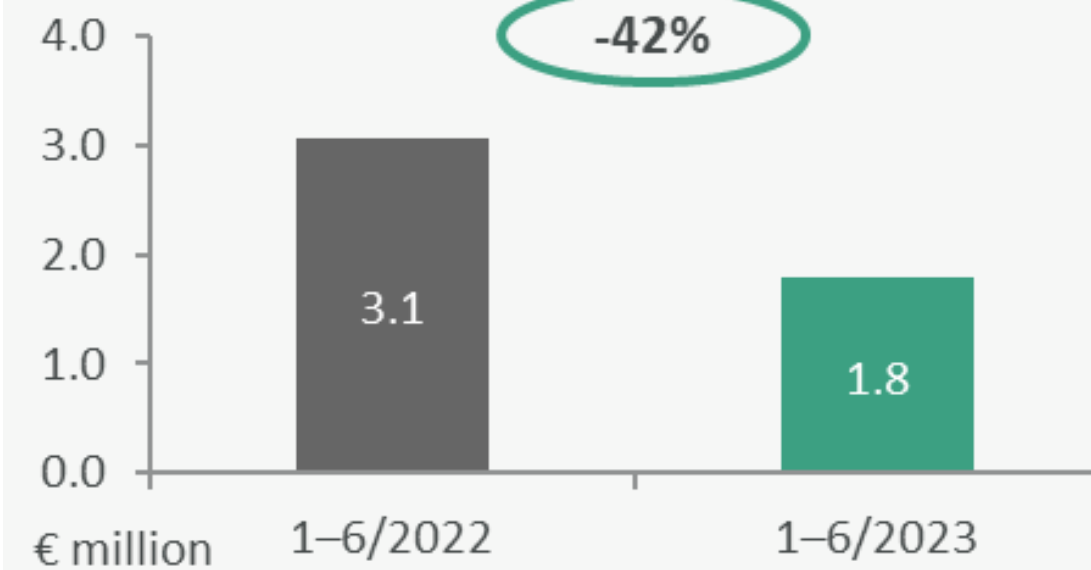
Non-life non-EU

Gross premiums written



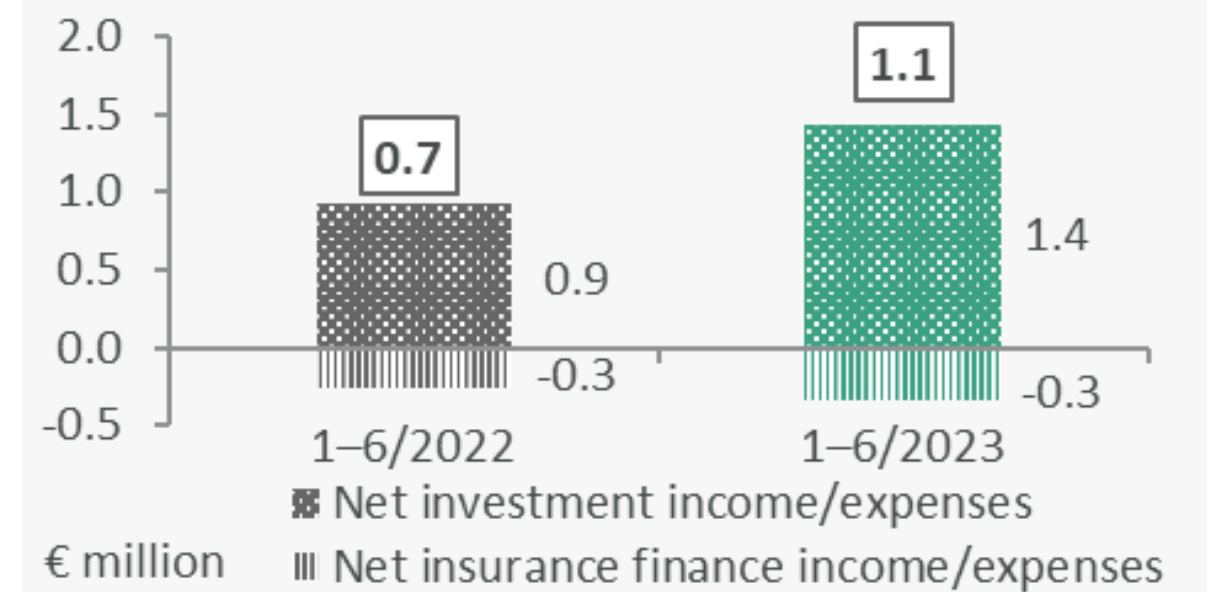
- Organic growth, especially in motor, health and property

Insurance service result



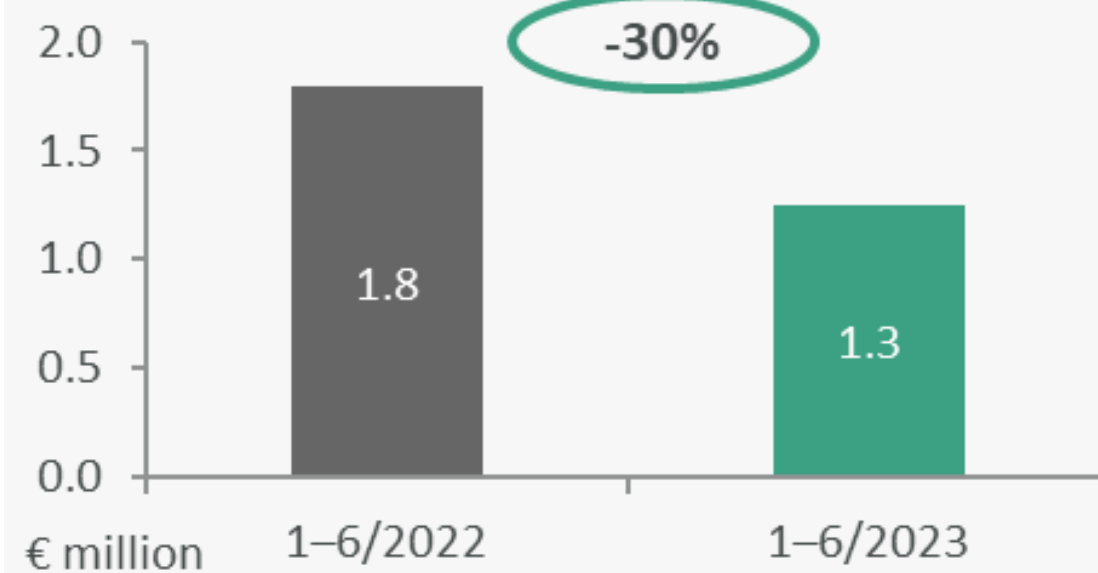
- Increased volume of major losses

Finance result

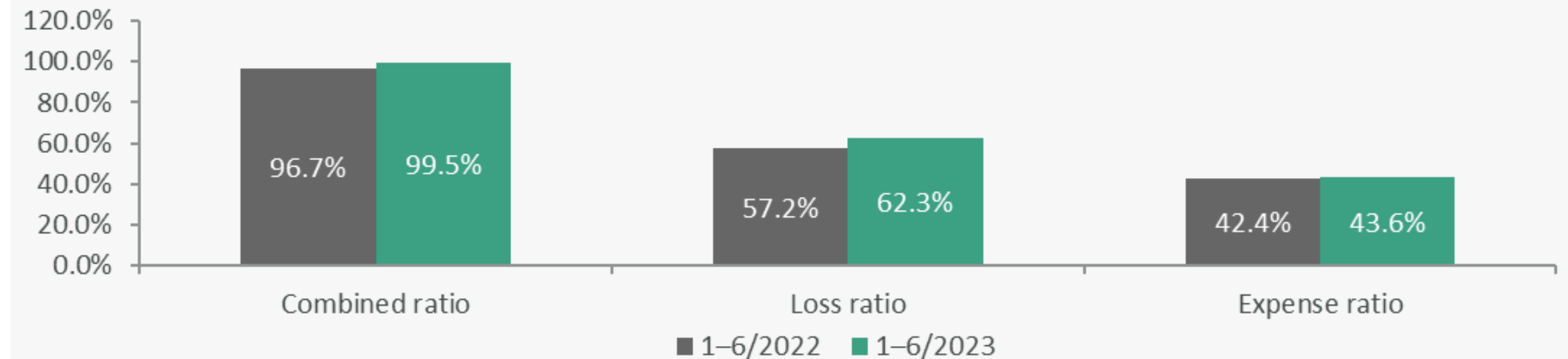


- Higher interest revenue due to portfolio growth and higher reinvestment rates

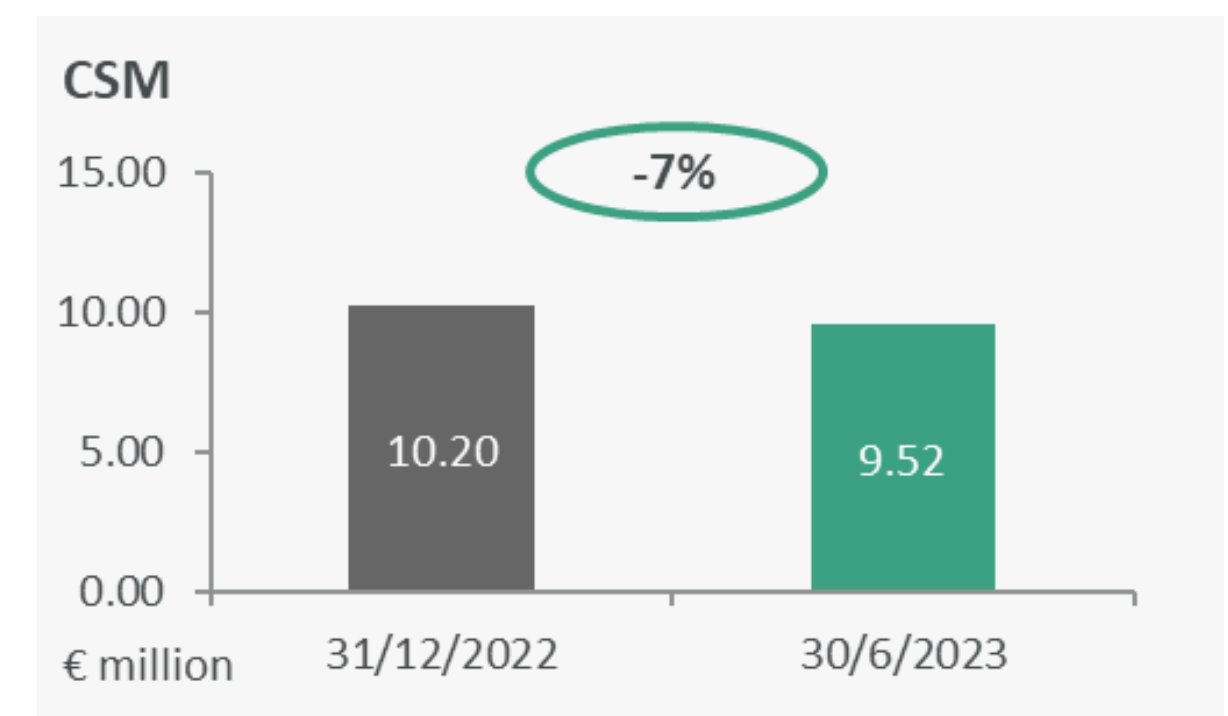
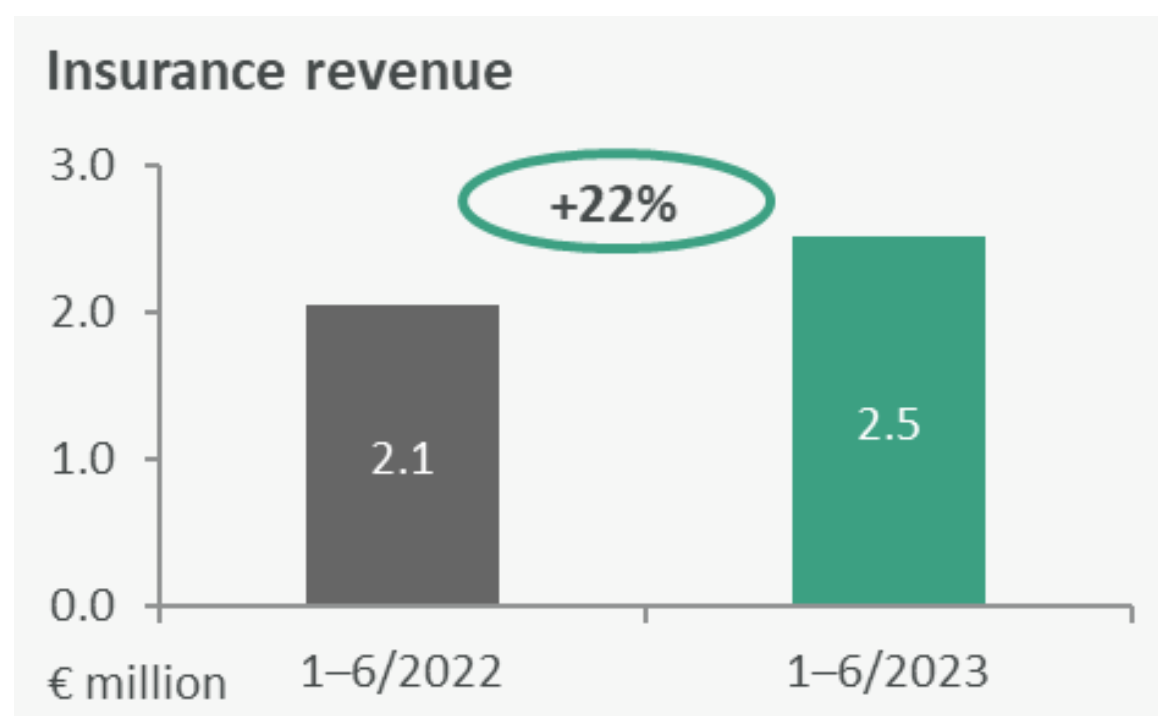
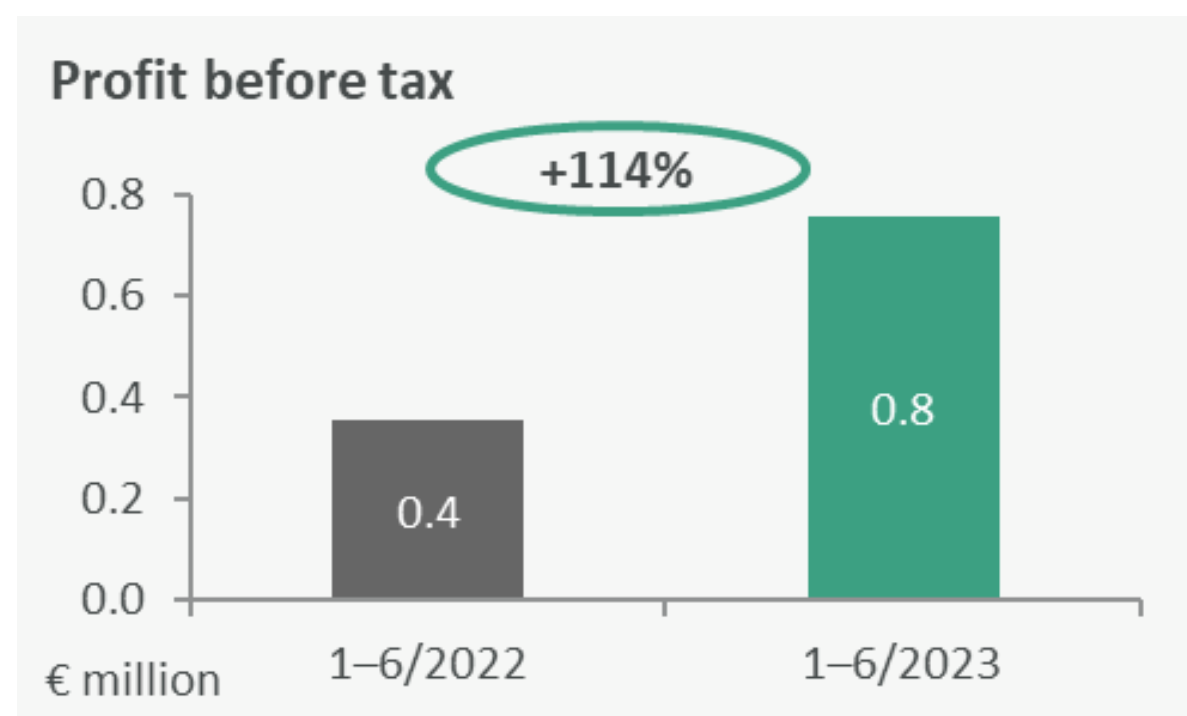
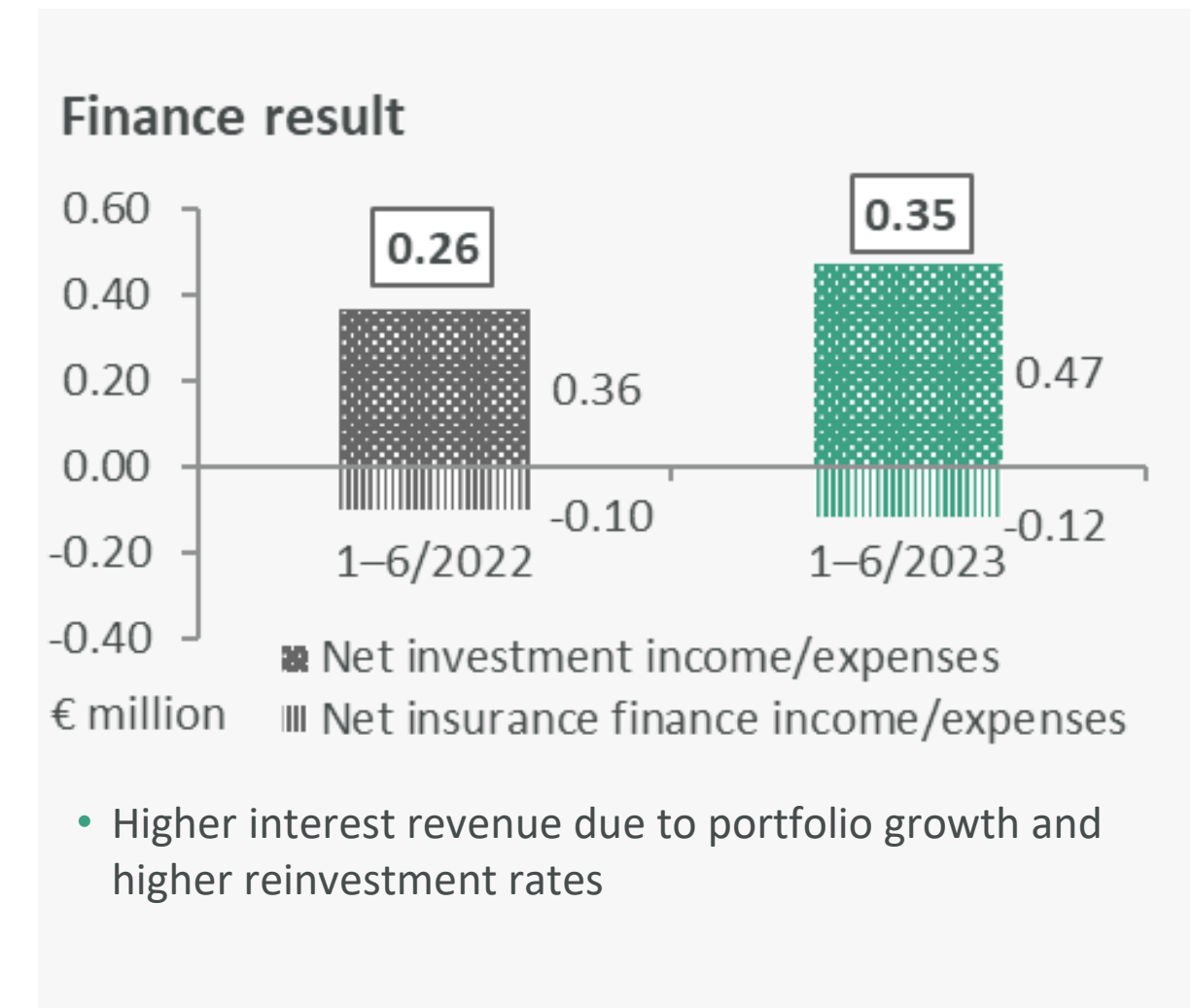
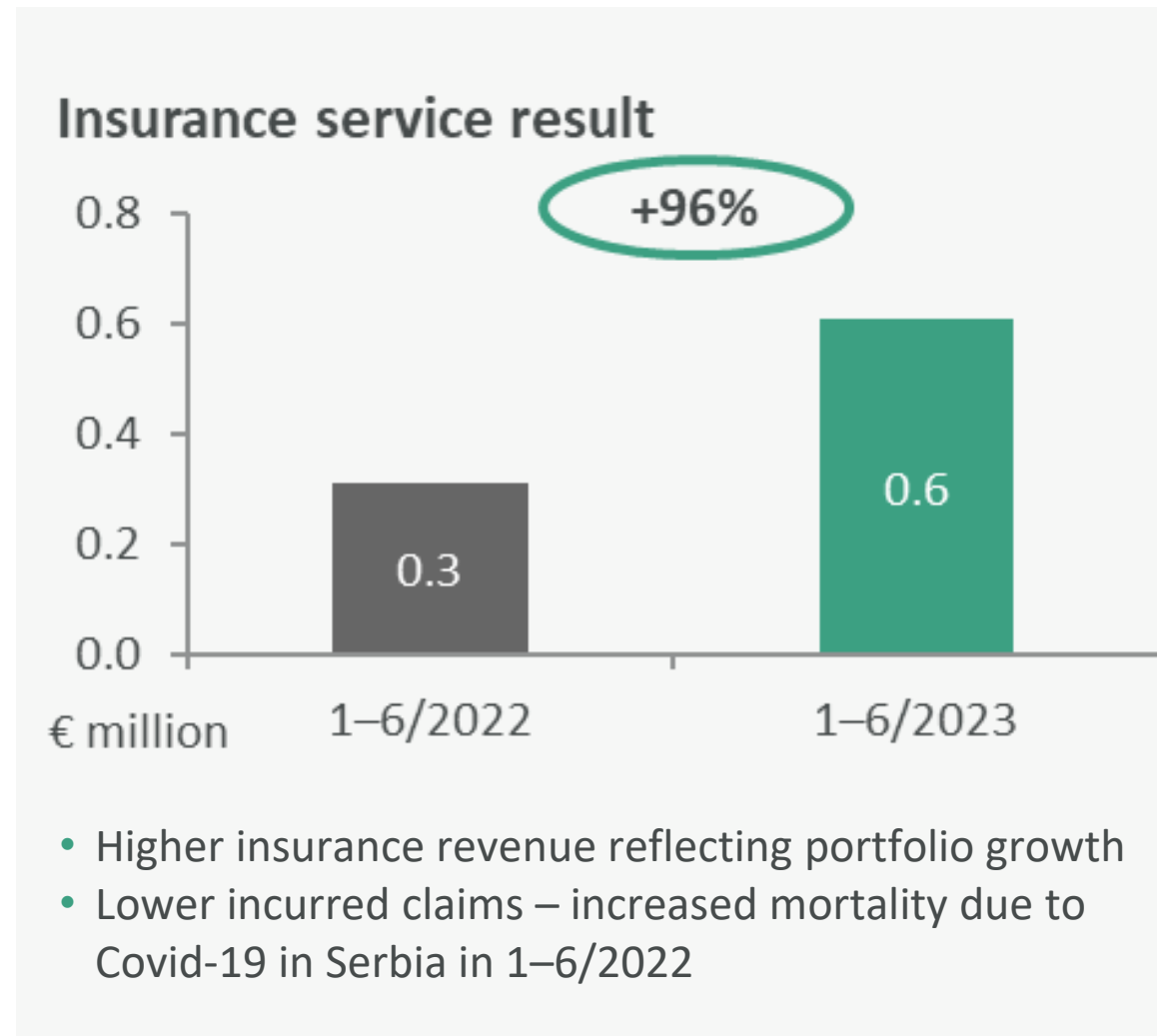
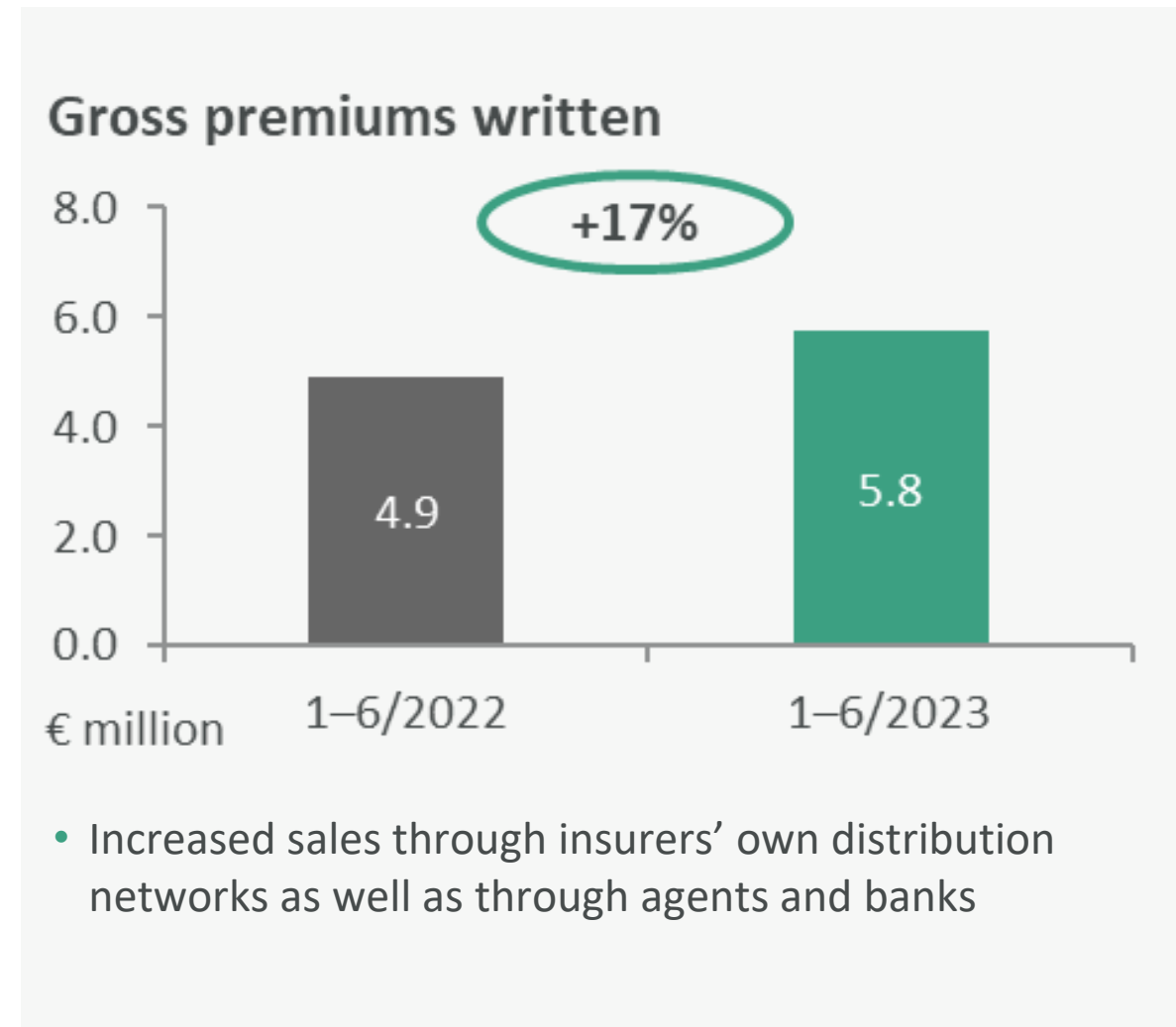
Profit before tax



Ratios

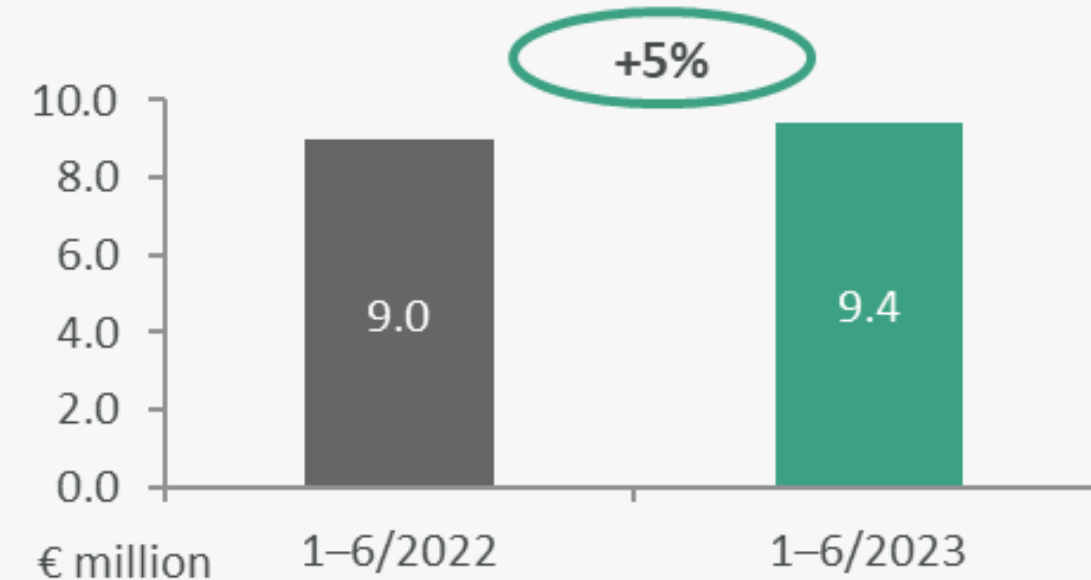


Life non-EU



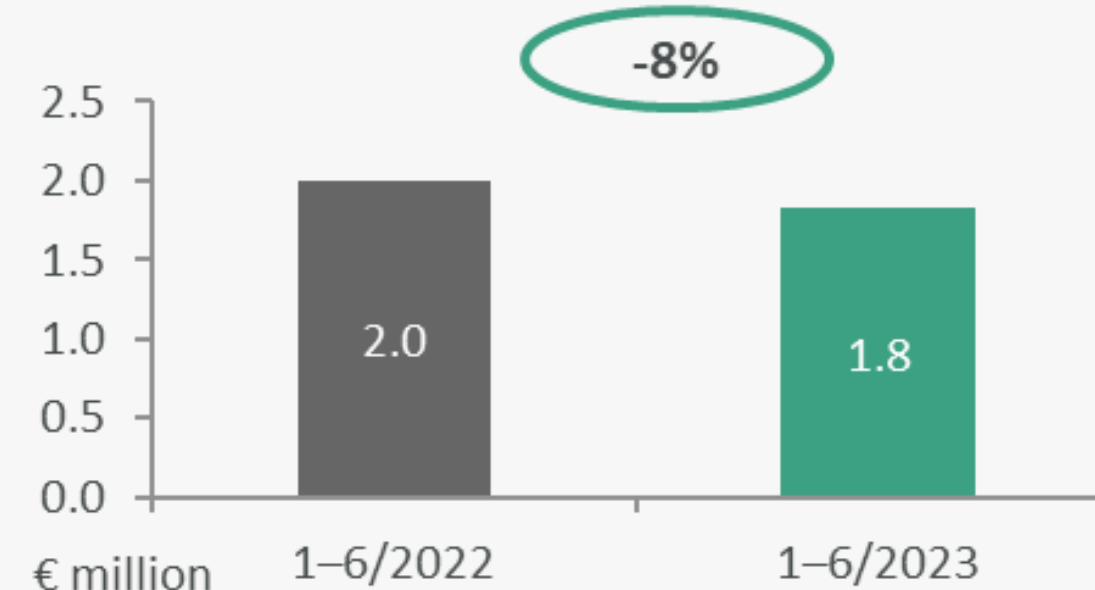
Pensions and asset management

Revenue from asset management



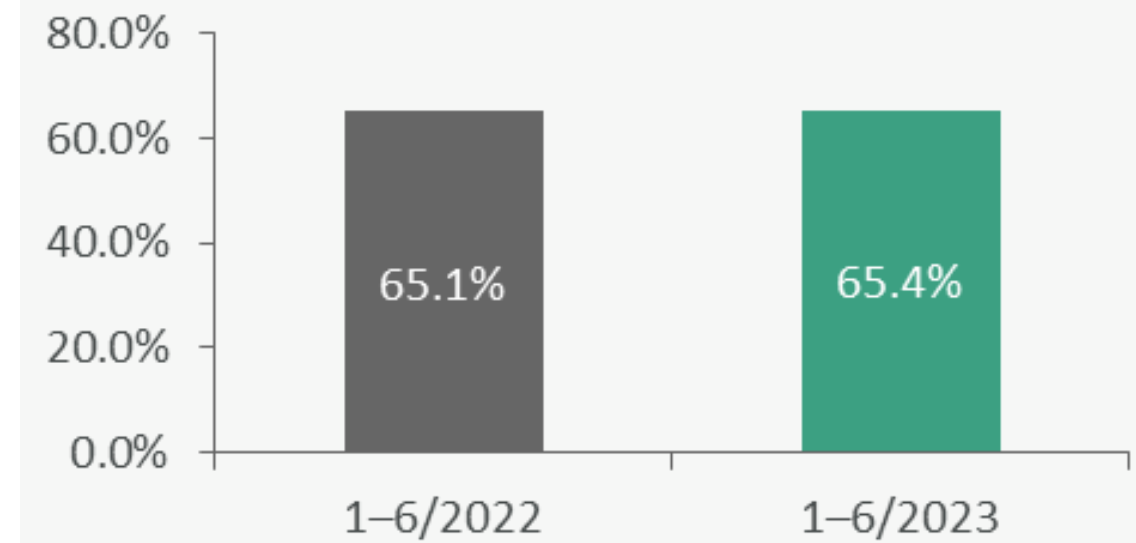
- Higher assets under management

Gross premiums written (annuities)



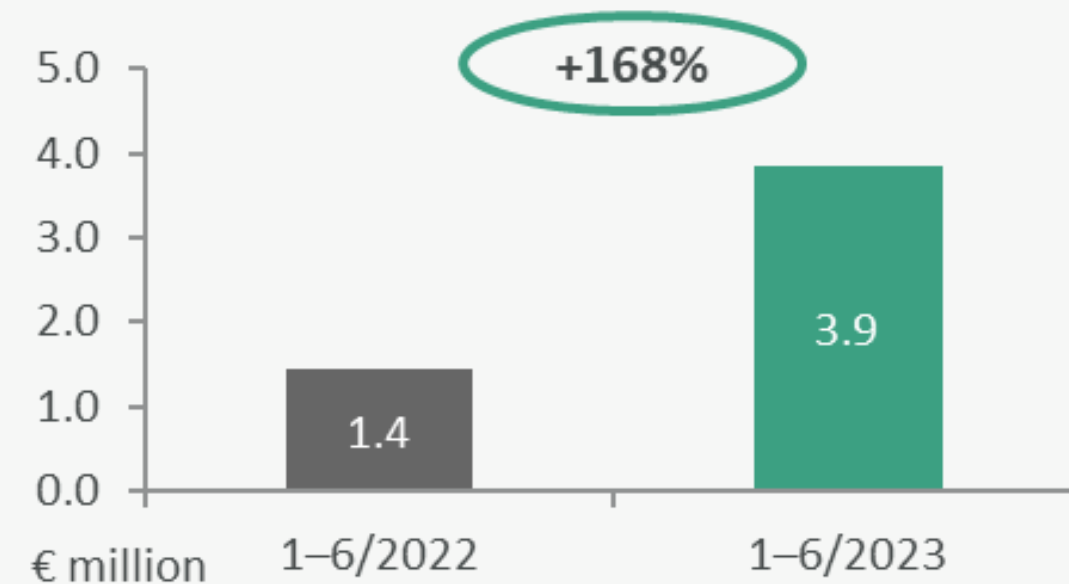
- Fewer insured persons reaching retirement eligibility

Expense ratio



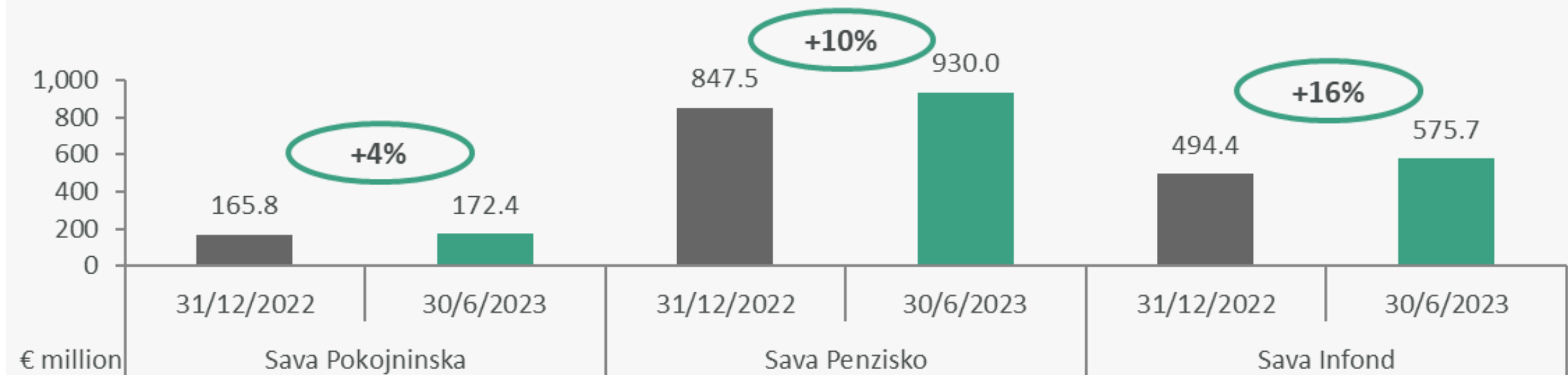
- Cost increases as a result of inflationary pressures

Profit before tax



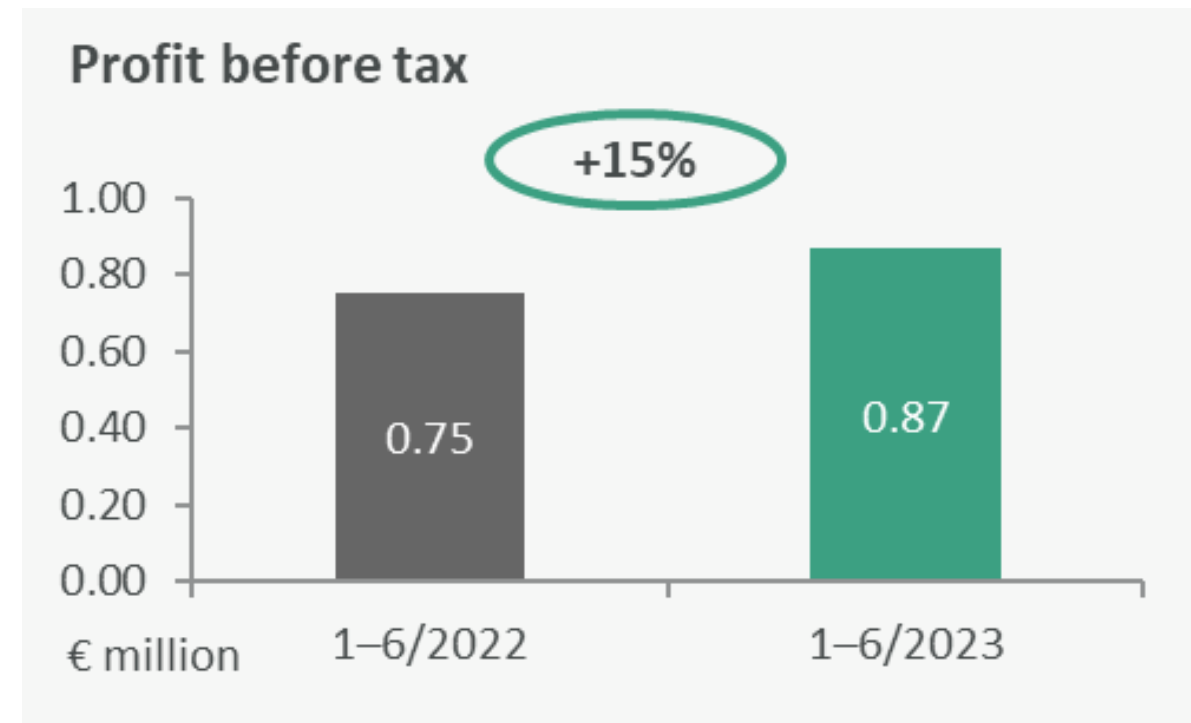
- Negative impact in 1-6/2022 from change in fair value of FVTPL investments and provisioning for non-achievement of guaranteed returns due to adverse financial market movements

Assets in pension savings funds and asset management funds

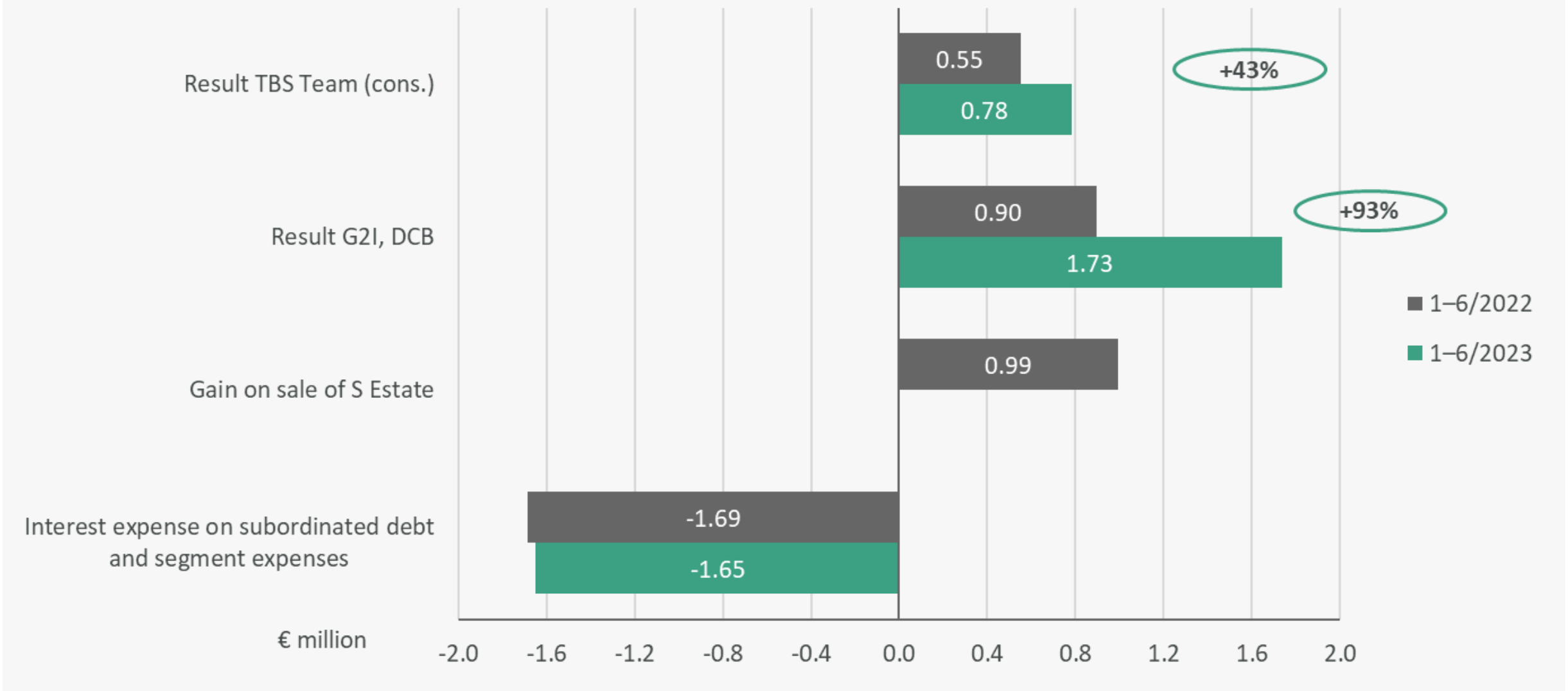


- Positive net inflows in all companies and more favourable financial market trends

“Other” segment



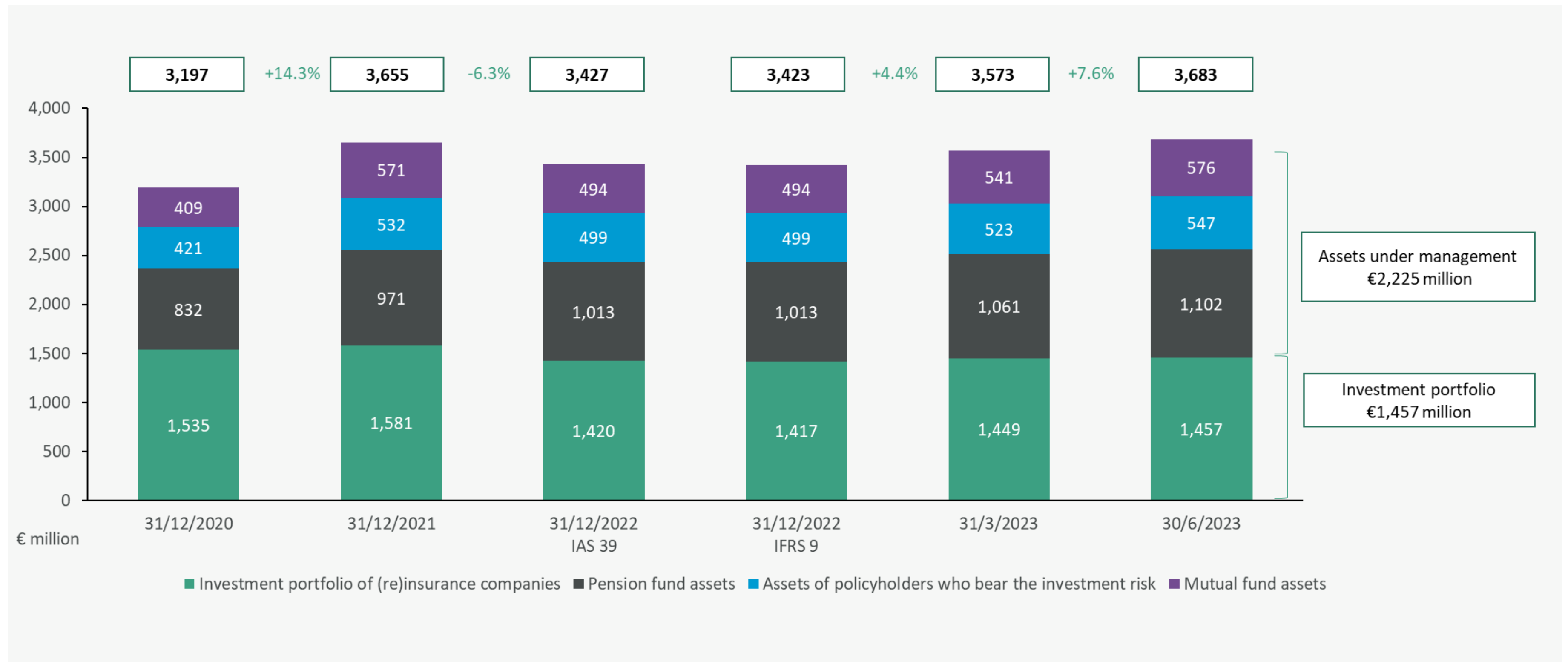
Composition of profit before tax



FINANCIAL
INVESTMENTS

03

Investment portfolio and AuM



± x.y% – growth/decline compared to the end of the previous year.

Net investment income and rate of return on the investment portfolio

€ million	1–6/2022	1–6/2023	Difference
Interest income	7.4	9.3	1.8
Change in fair value of FVTPL assets	-8.8	1.8	10.6
Gains/losses on disposal of assets	-0.3	-0.1	0.2
Change in expected credit losses (ECL)	0.3	0.2	-0.1
Other income/expenses from investments	3.1	4.5	1.3
Net investment income	1.7	15.6	13.9
Rate of return	0.2%	2.2%	+2.0 p.p.

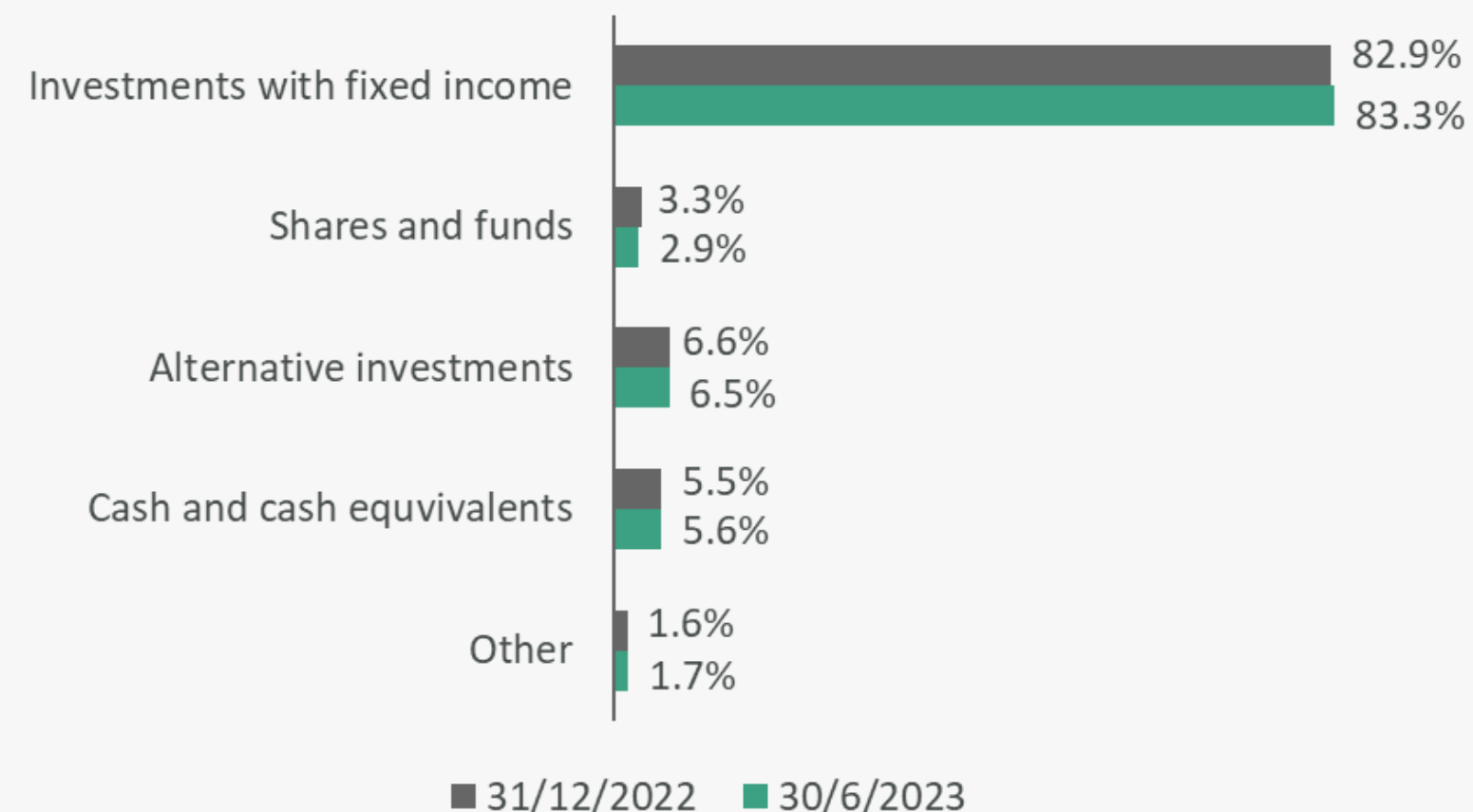


- Positive contribution from FVTPL portfolio driven by favourable performance of equity investments
- Higher interest revenue due to (re)investment in higher yielding investments

Asset allocation

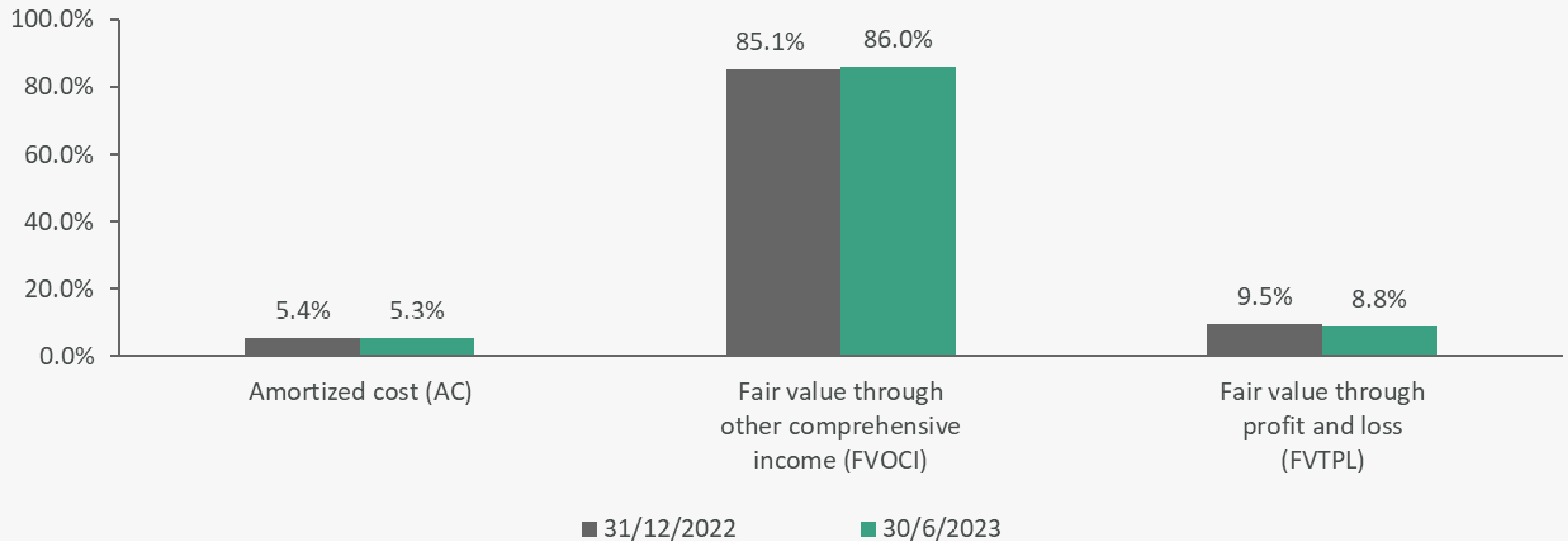
€ million	31/12/2022	30/6/2023	Difference
Fixed income investments	1,174.9	1,214.3	39.4
Government bonds	734.9	744.3	9.4
Corporate bonds	421.4	445.8	24.5
Deposits & CDs	18.7	24.1	5.5
Shares and funds	47.0	42.6	-4.5
Shares	24.9	24.6	-0.3
Mutual funds	22.2	18.0	-4.2
Alternative investments	93.1	94.6	1.4
Infrastructure funds	53.9	56.5	2.6
Real estate funds	16.5	15.4	-1.1
Investment property	22.8	22.7	-0.1
Cash and cash equivalents	78.6	81.7	3.1
Other	23.1	24.1	1.1
Total investment portfolio	1,416.7	1,457.3	40.6

Investment structure



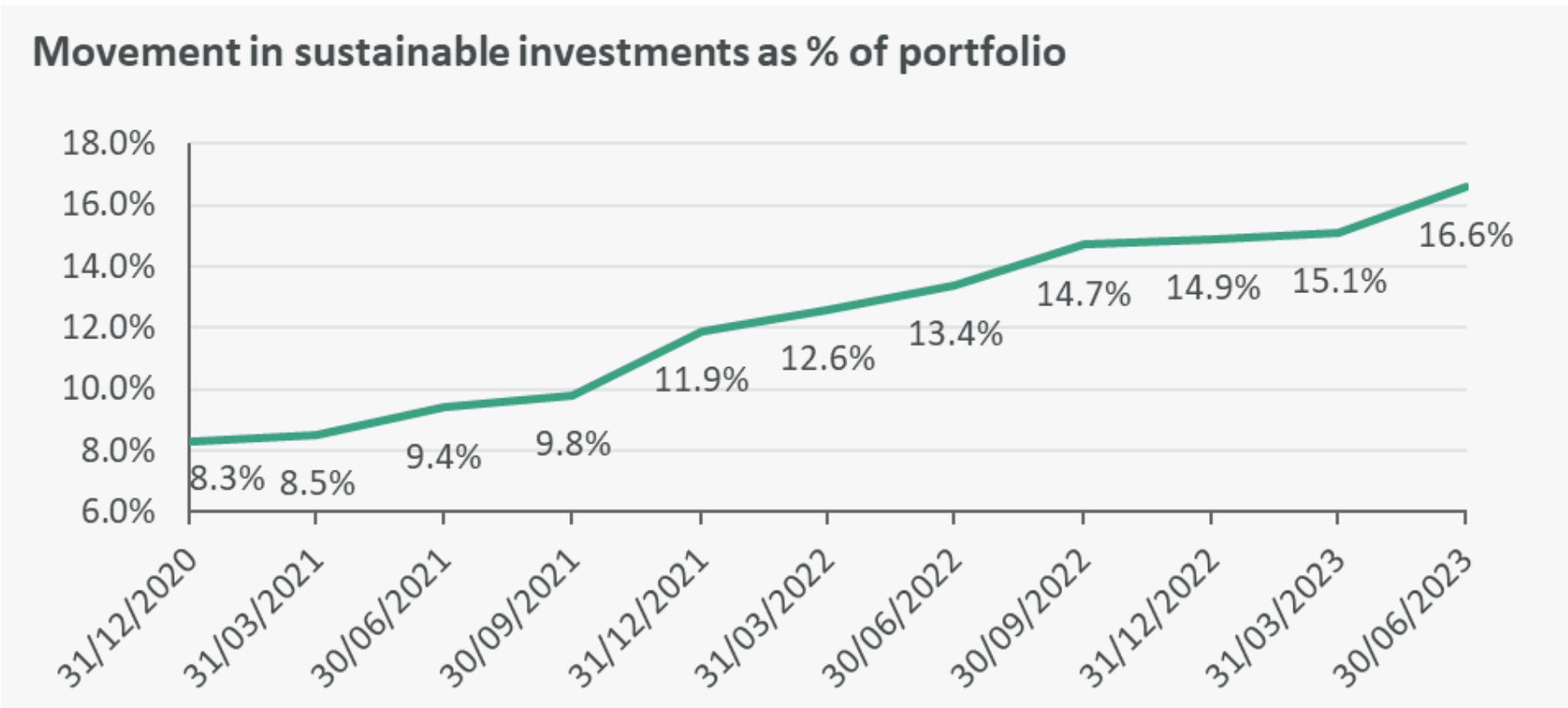
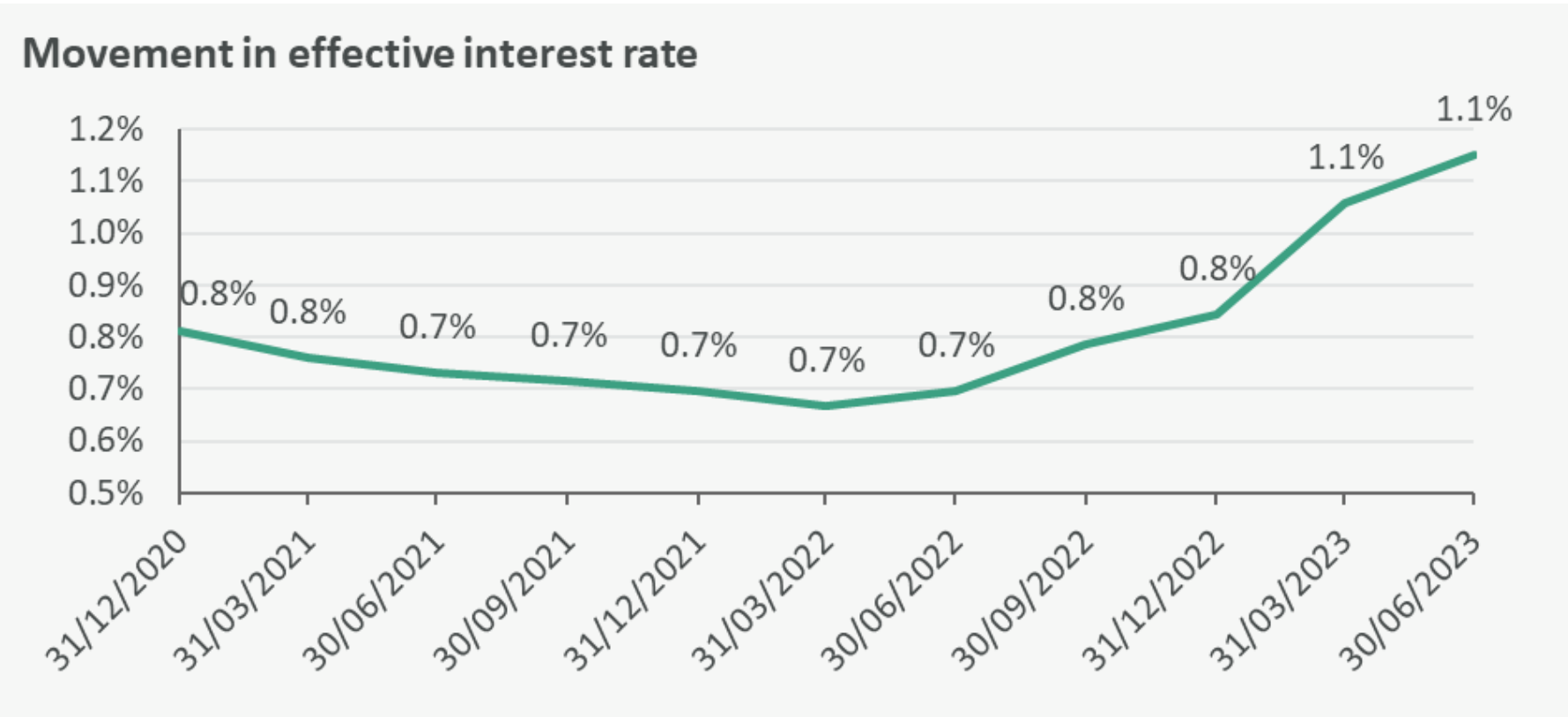
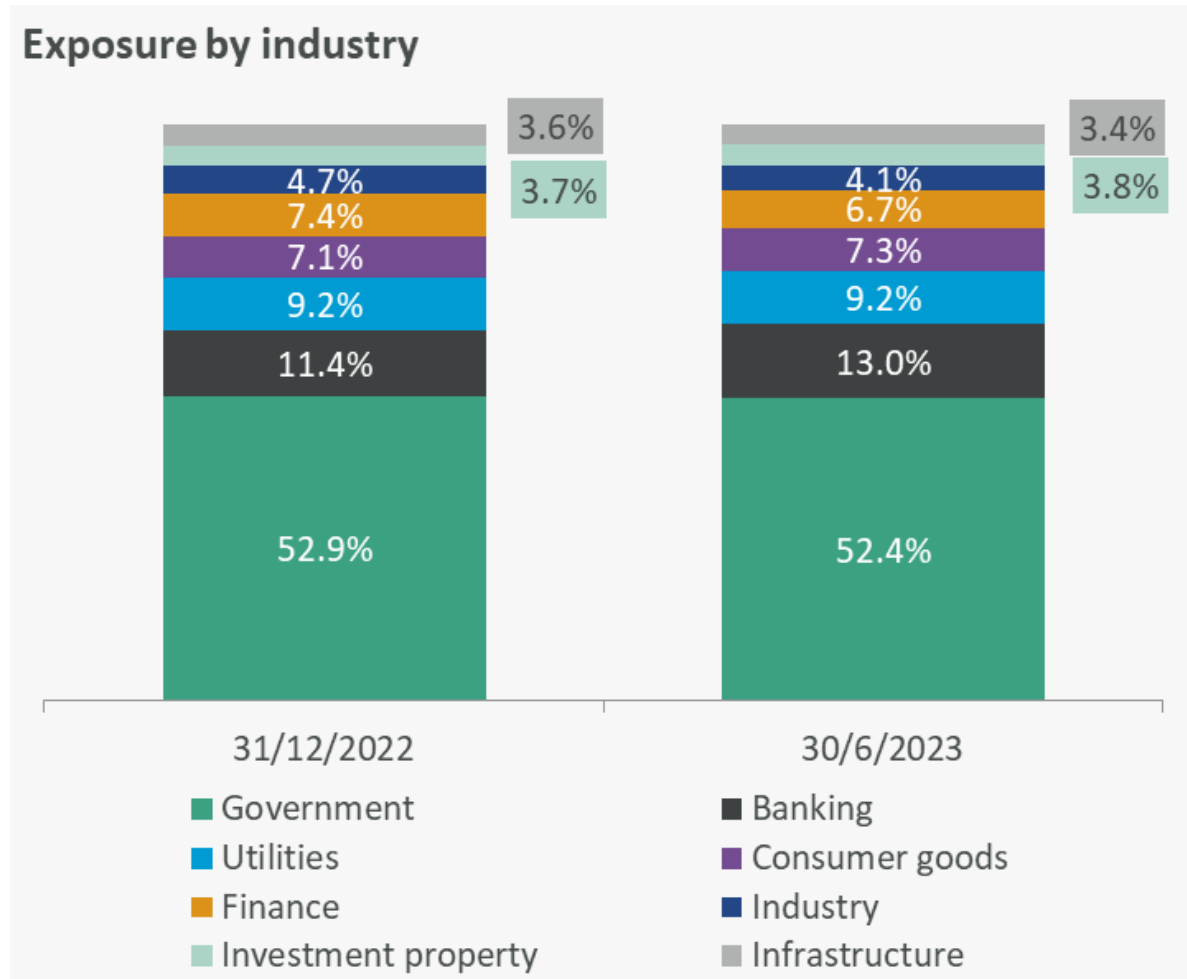
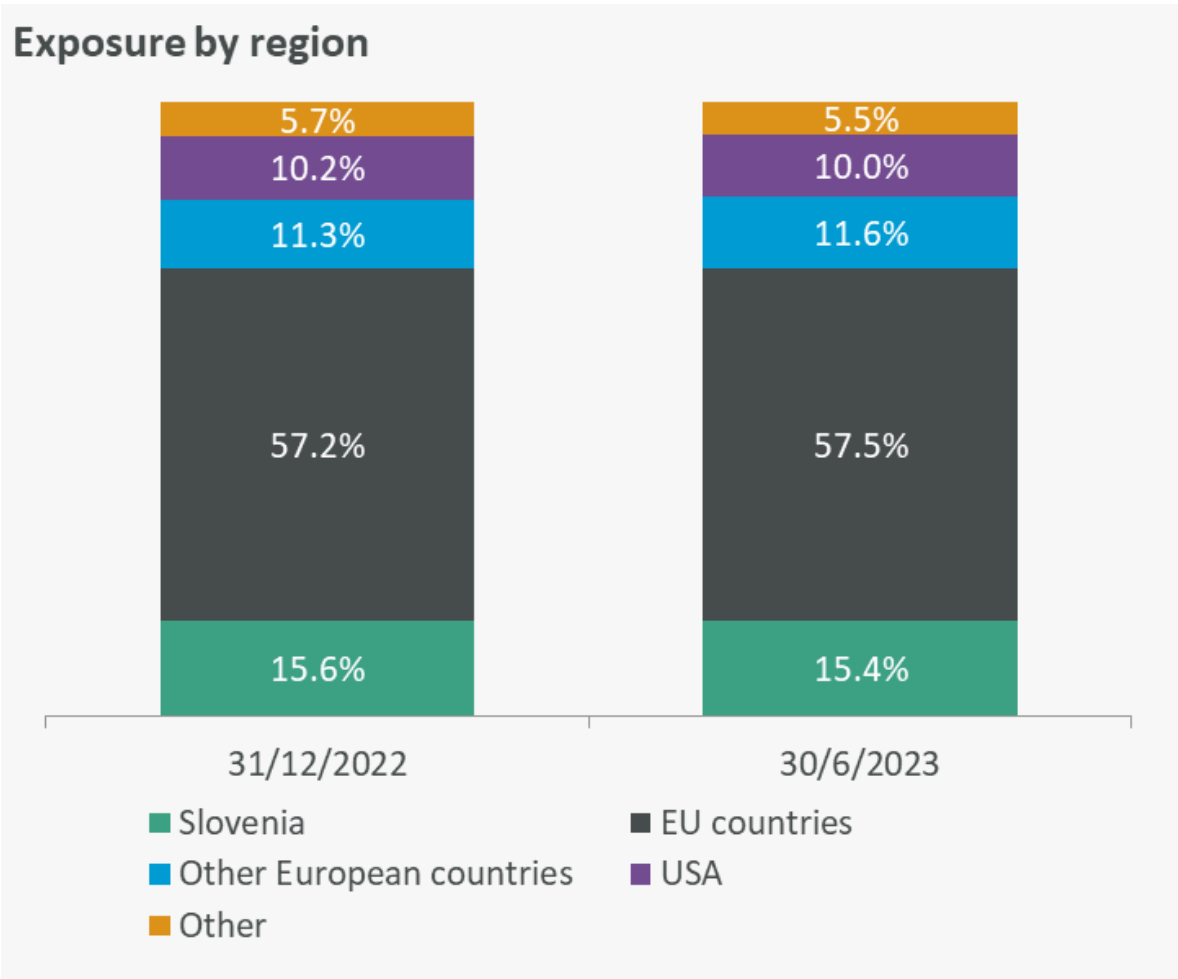
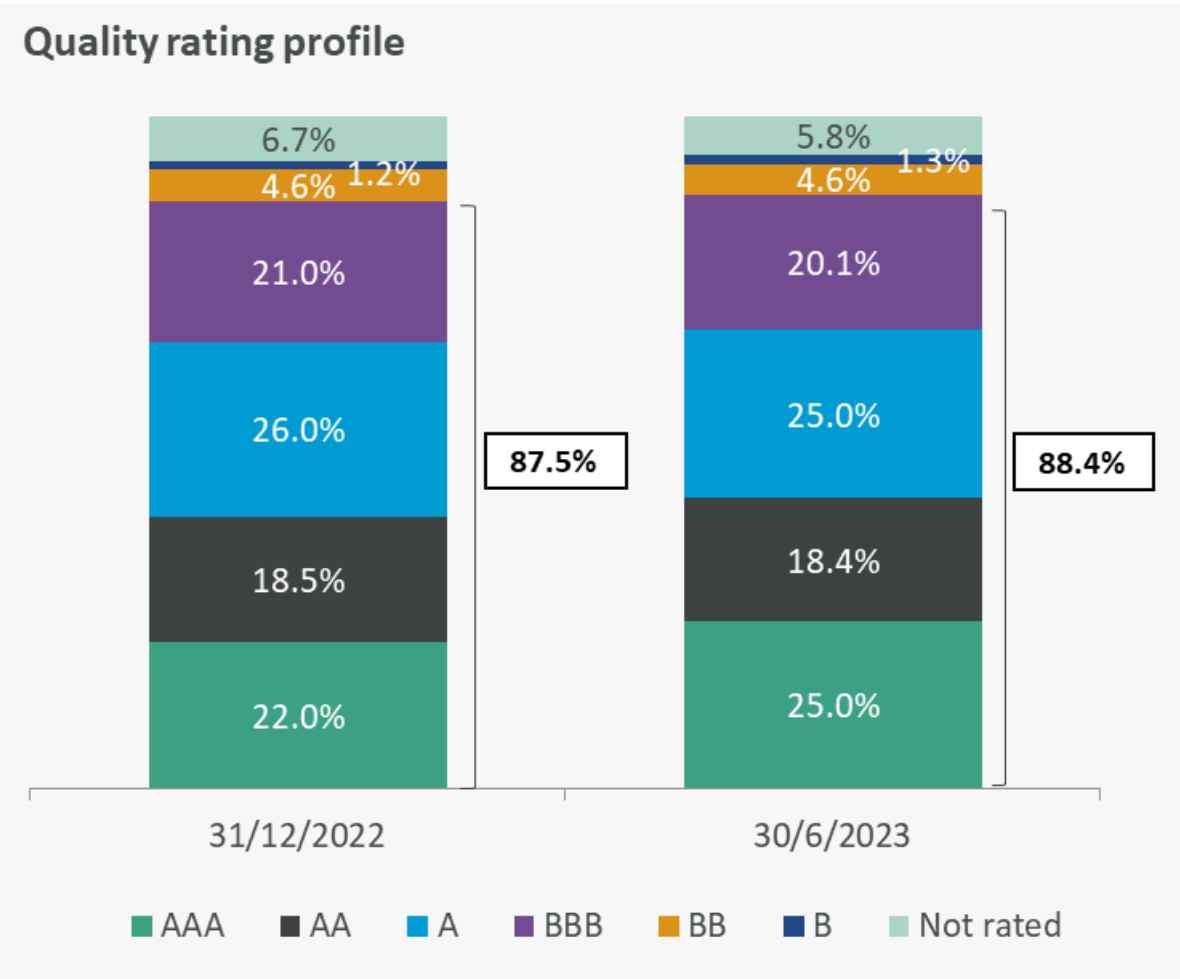
- Maintaining a safe and liquid portfolio by investing in top-rated government and corporate bonds
- Reducing exposure to equities
- Reinvestment yield for 1–6/2023 of approximately 3.2%

Classification of financial assets



- Reinvestment of sold equities in debt securities resulted in higher share of FVOCI investments

Secure and stable investment portfolio



POSR SHARE
AND DIVIDEND
POLICY

04



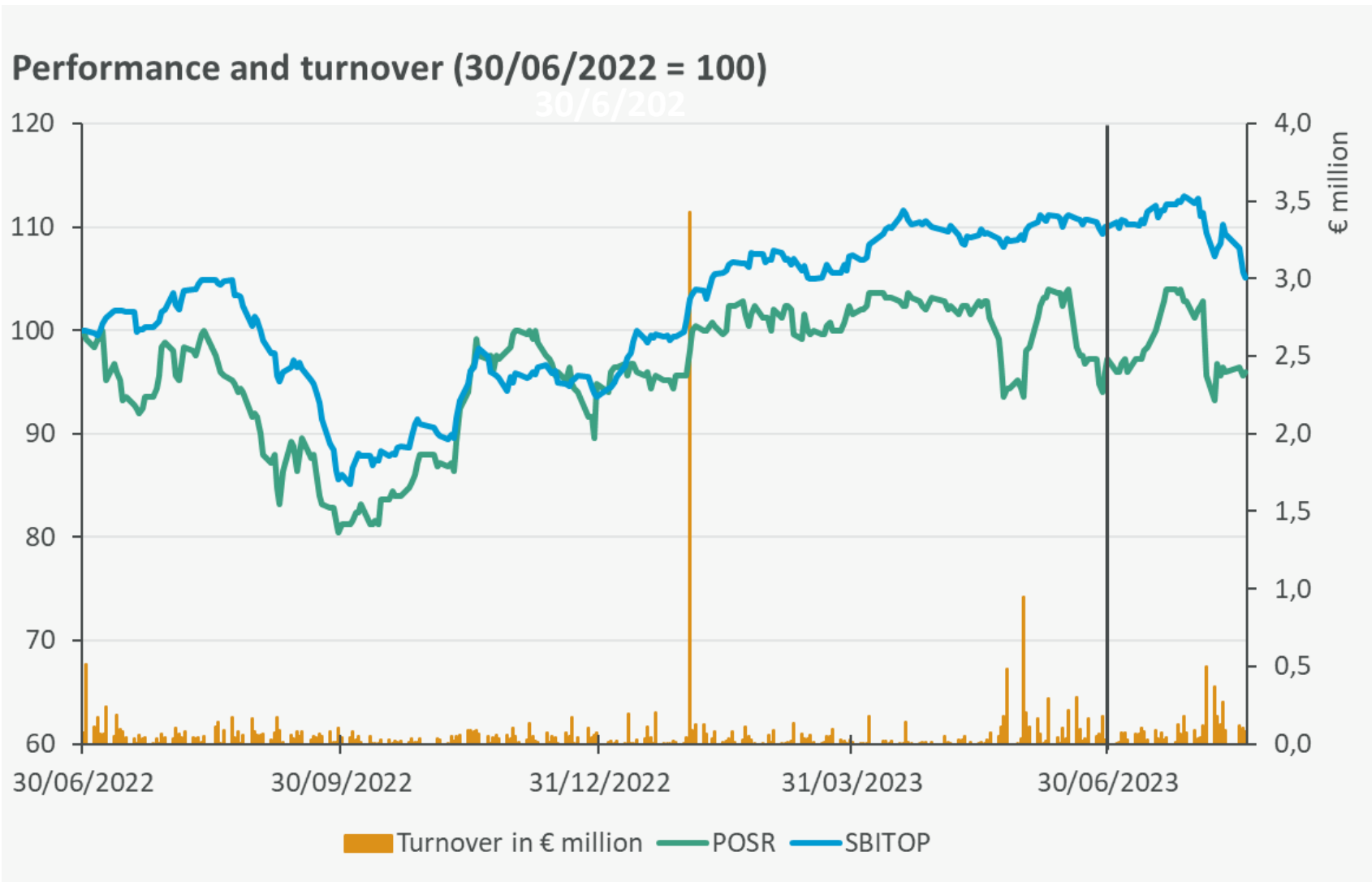
Shareholders and share trading



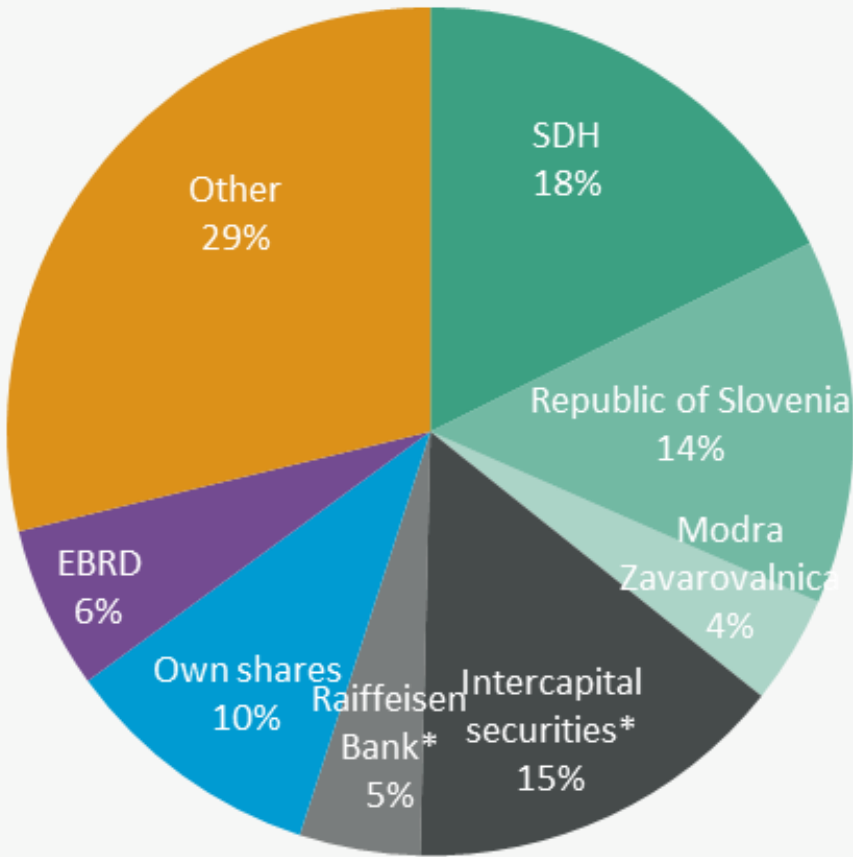
Book value of share
30 June 2023
€35.08*

* Higher book value of share as a result of higher equity following transition to IFRS 17 and IFRS 9.

30/6/2023	
Share capital (€ million)	71.9
Market capitalisation (€ million)	376.6
Trading symbol	POSR
No. of shares	17,219,662
No. of own shares	1,721,966
No. of shareholders	4,412



Shareholders structure as at 30 June 2023



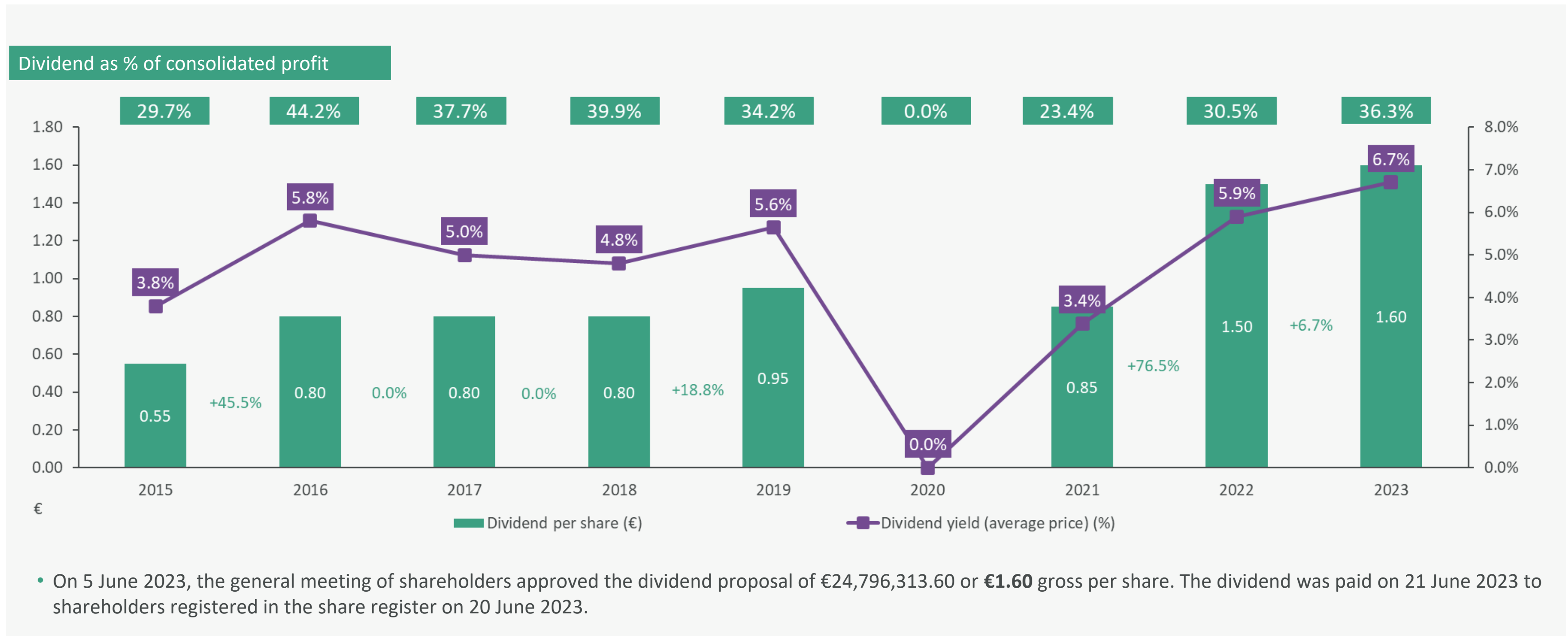
* Custody account.



Dividend policy



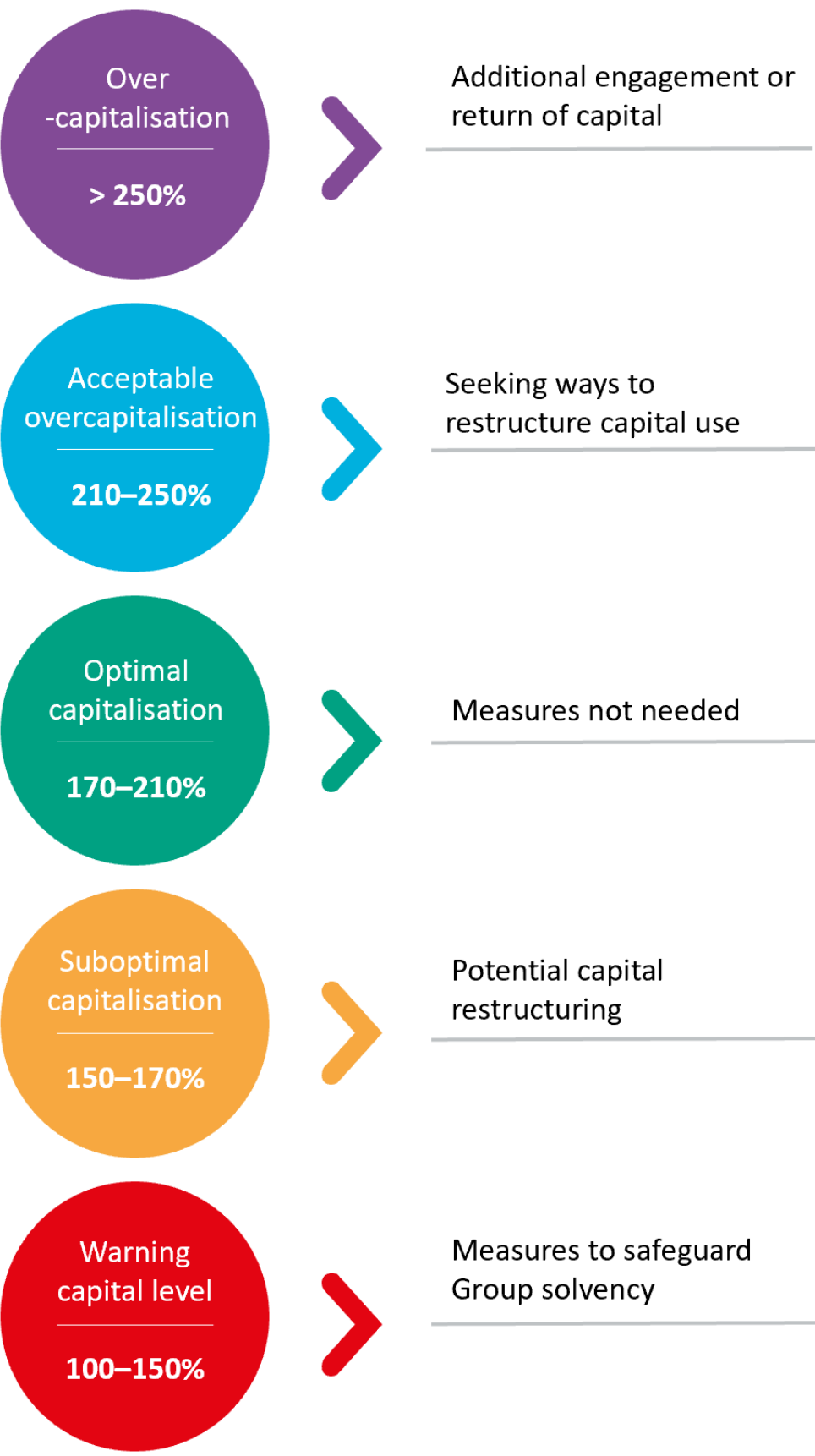
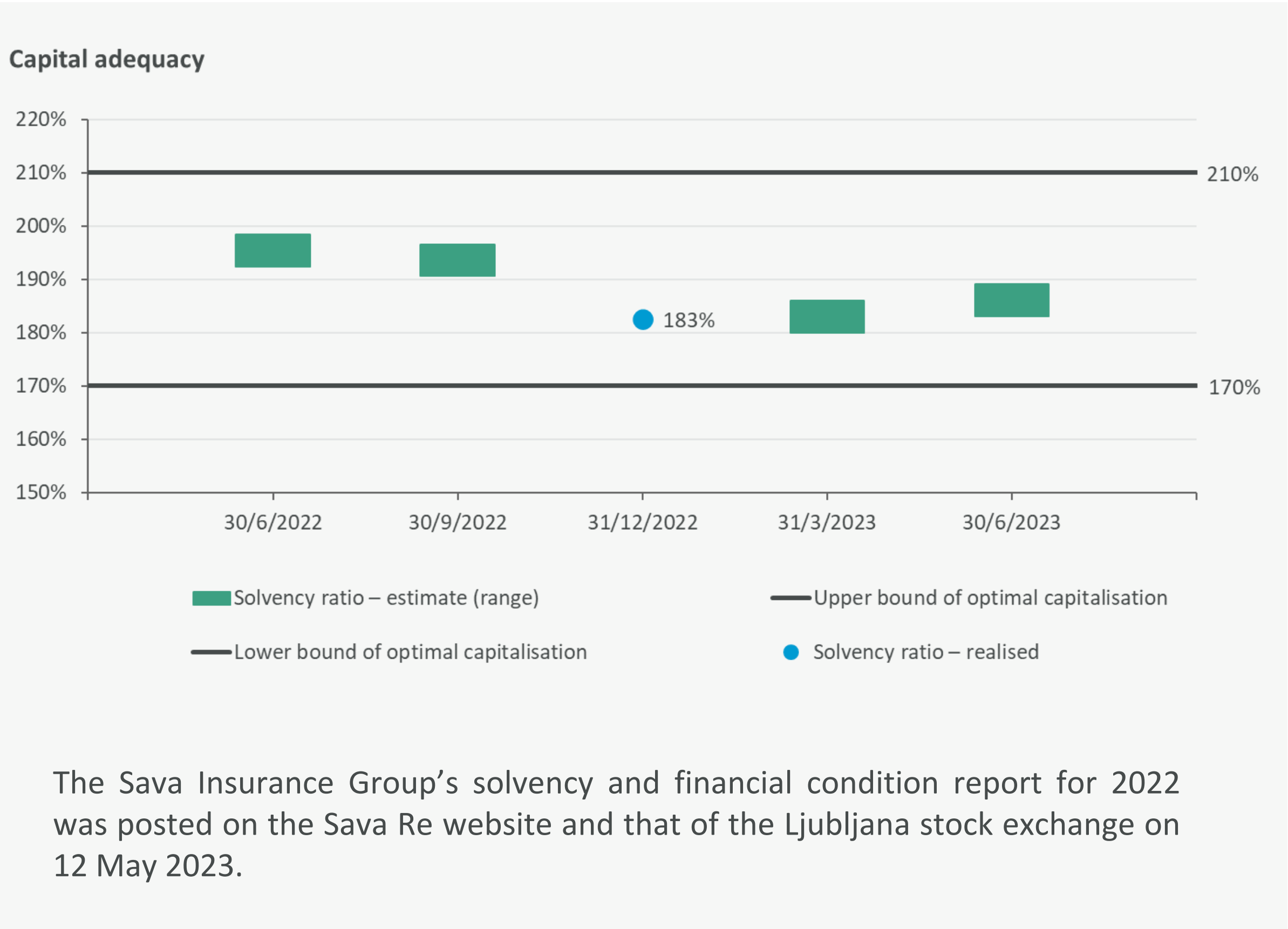
Dividend policy: distribution of between 35% and 45% of the net profit of the Sava Insurance Group.



SOLVENCY
POSITION

05

Capital adequacy



Thank you.

For more information: ir@sava-re.si



www.sava-re.si