

Sava Insurance Group

2022 unaudited results, 2023–2027 strategy and 2023 plan

22 March 2023



Presenting and Q&A:



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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.

Today's topics

- 1) 2022 unaudited results
- 2) Strategy 2023-2027
- 3) Plan 2023
- 4) IFRS 17 & 9 key points
- 5) Financial calendar & events

2022 unaudited results

Highlights of 2022

Growth of **6.1%** in GPW – mostly in motor insurance due to the growth in the number of policies sold and the average premium; premiums also grew in the reinsurance segment due to positive price movements in global reinsurance markets and in the international life segment, mainly due to the new bank sales channel

Net profit of **€68.2 million** (2021: €76.2 million); **-10.4% compared to 2021, 13.7% above target**

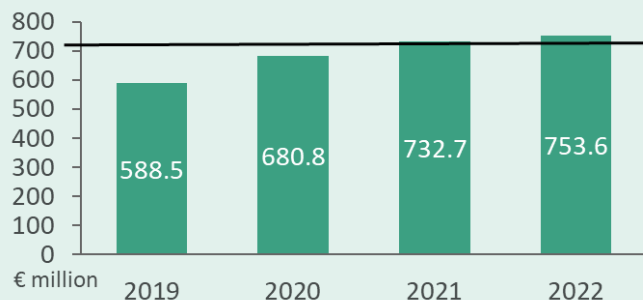
- Negative impact on claims: increase in claims paid and claims provisions due to claims inflation, storms and the rise in motor claims frequency in Slovenia following the easing of Covid-19 measures
- Positive impact on underwriting result: improvement in FoS business result, results of subsidiaries outside Slovenia and reinsurance
- Impact on investment result: unfavourable developments in the financial markets affected the result of the Slovenian pension company and the investment result due to fair value changes of FVTPL assets

Standard & Poor's and AM Best's **"A" ratings**, stable outlook, affirmed

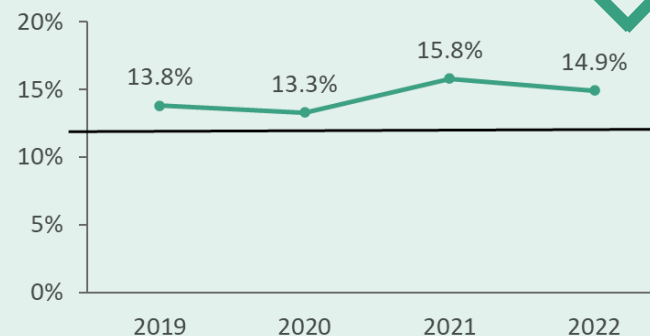
December 2022: new five-year strategy of the Sava Insurance Group published

All 2020–2022 strategic goals achieved

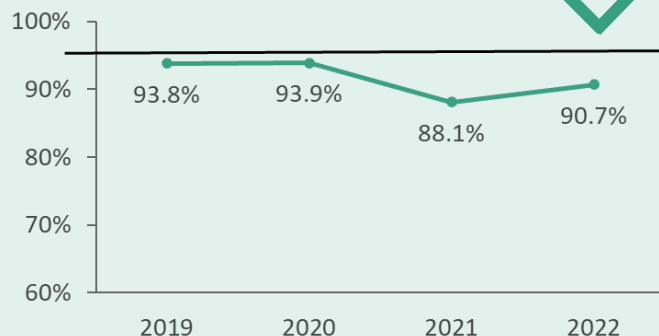
Operating revenue > €720 million



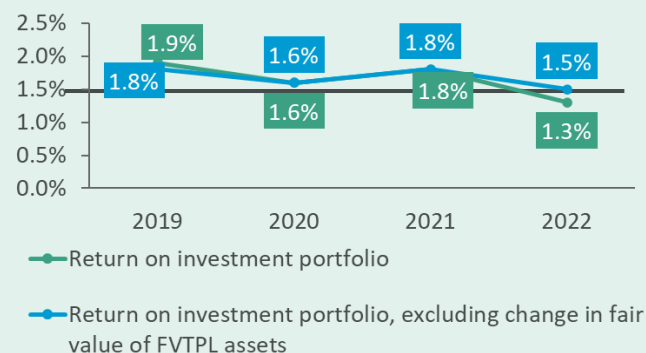
Return on equity > 12%



Combined ratio < 95%



Return on investment portfolio > 1.5%



Solvency ratio within 180–220%

Profit for 2022 higher than planned

Gross result

€84.0 m

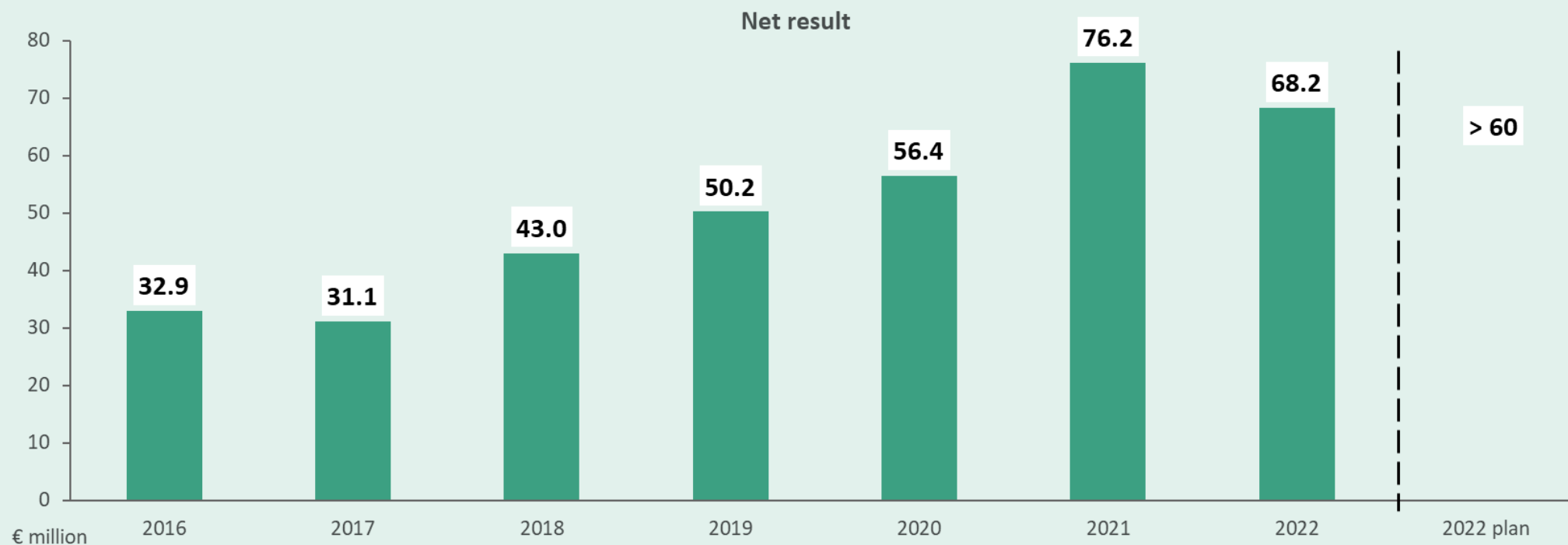
2022/2021: **-10.2%**

Net result

€68.2 m

2022/2021: **-10.4%**

Plan achieved



High return on equity

Equity

€412.0 m

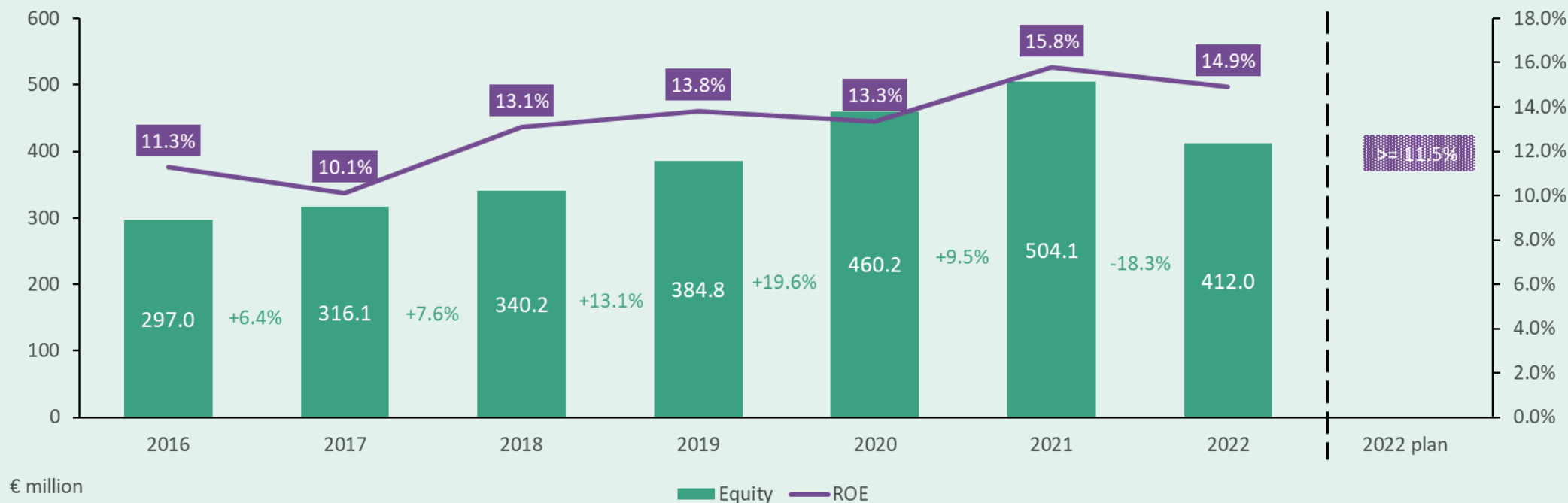
2022/2021: -18.3%

ROE

14.9%

2022/2021: -0.9 p.p.

Plan achieved



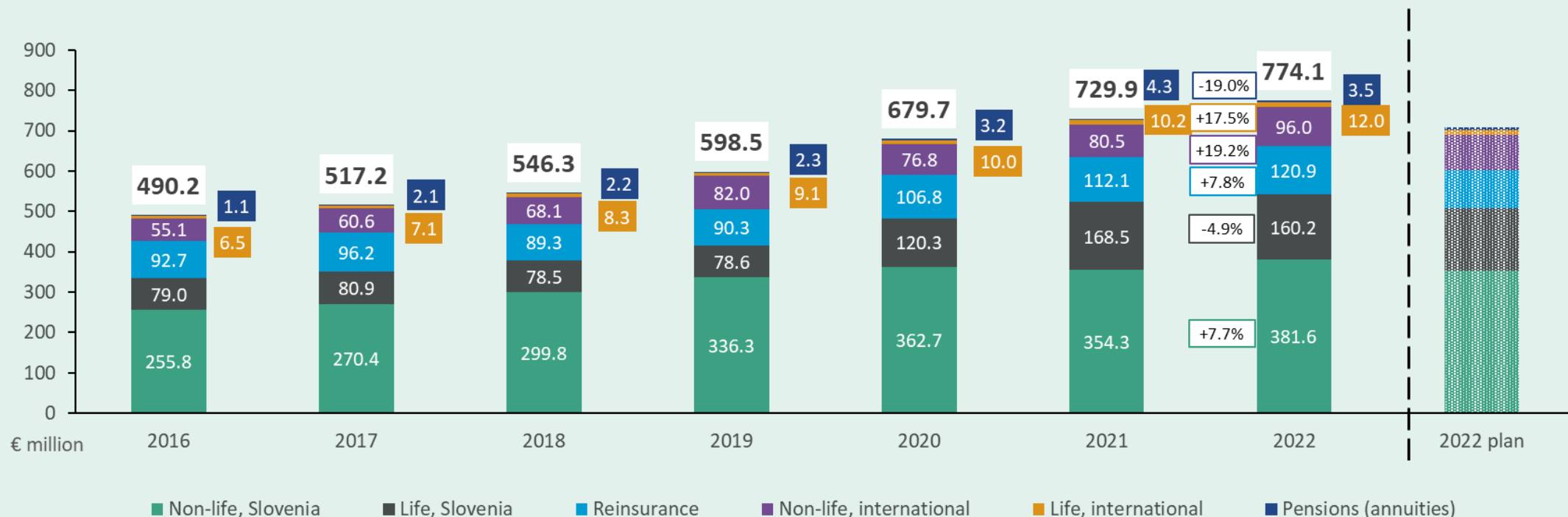
Continued strong growth in premiums

Gross premiums written

€774.1 m

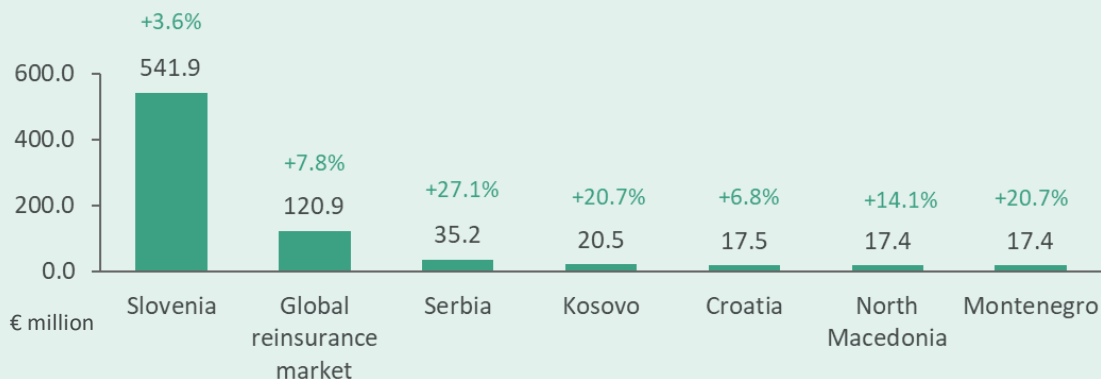
2022/2021: **+6.1%**

Plan achieved

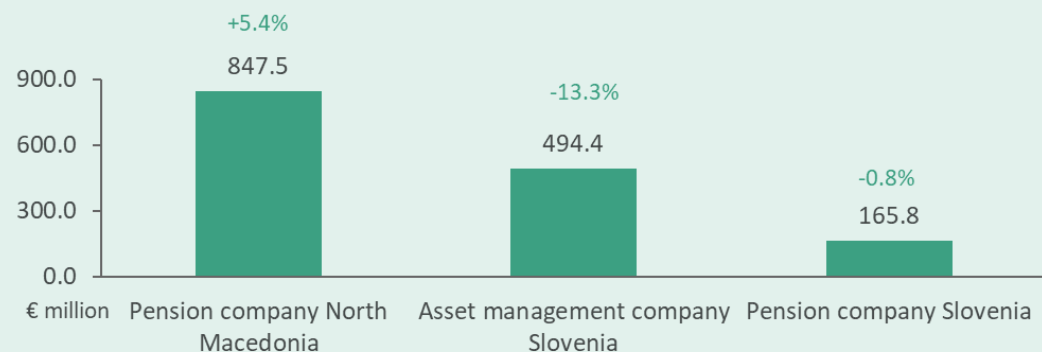


Growth of GPW in all markets

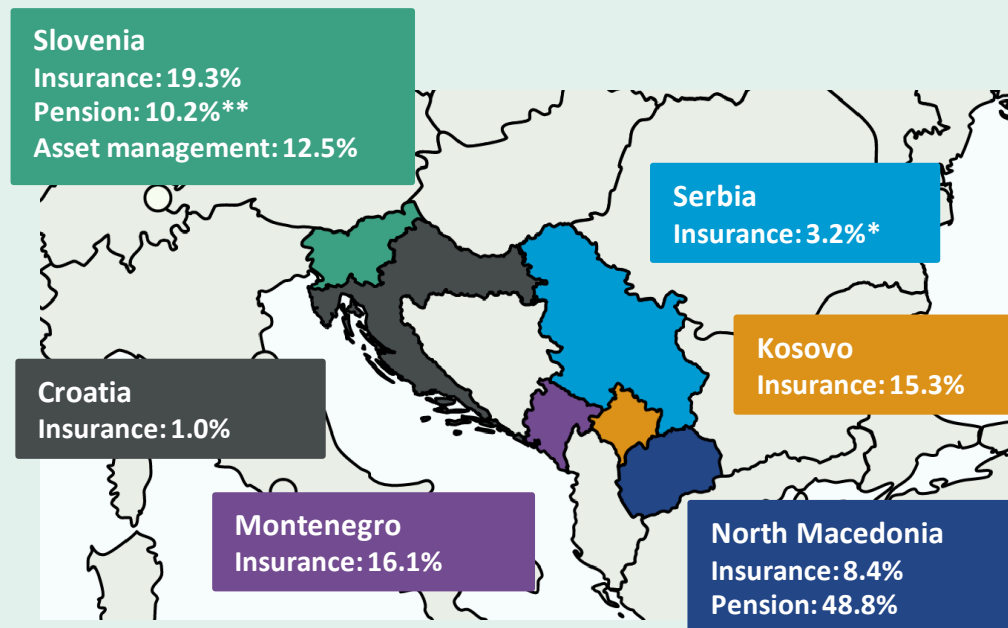
Gross premiums written 2022 and growth 2022/2021



Assets under management 31/12/2022 and growth 2022/2021



Market shares



* 1-9/2022 as data for the full year 2022 have not yet been published.

** 1-12/2021 as more recent data not available.

Combined ratio within target range

Net combined ratio*

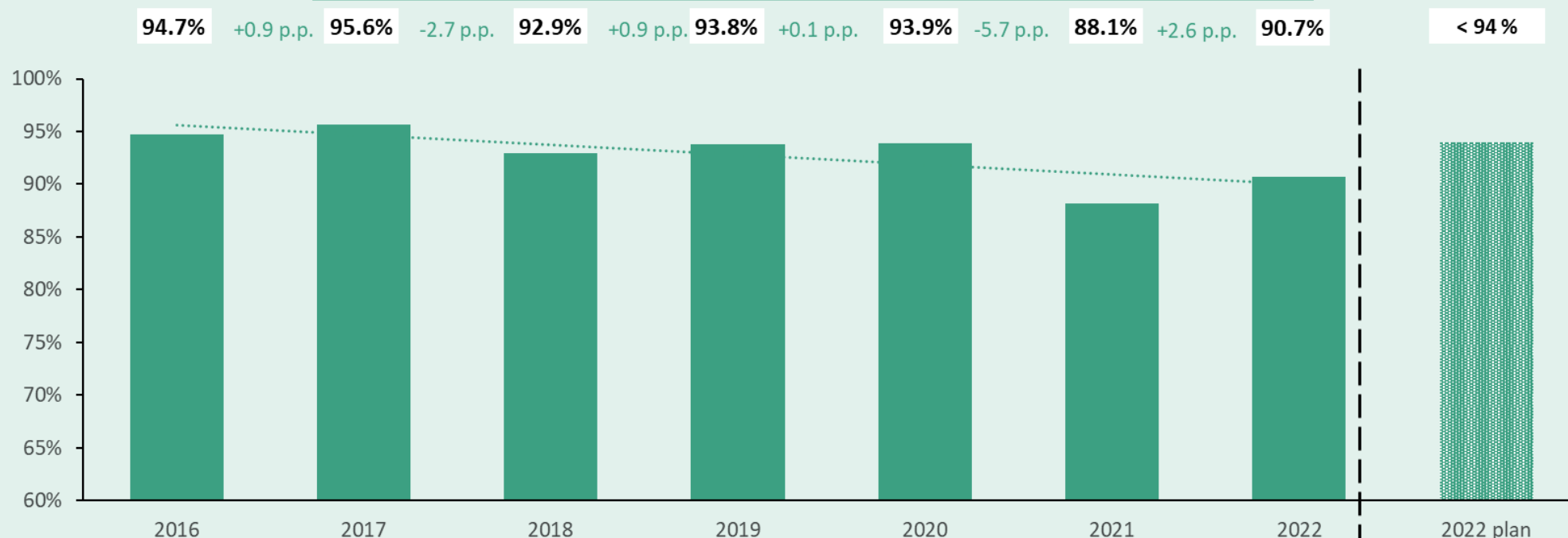
90.7%

2022/2021: **+2.6 p.p.**

Plan achieved



< 94 %



* Excluding the effect of exchange differences.

Net combined ratio: all expenses (other than from investments) as percentage of total income (other than from investments) – calculated for the non-life and reinsurance segments.

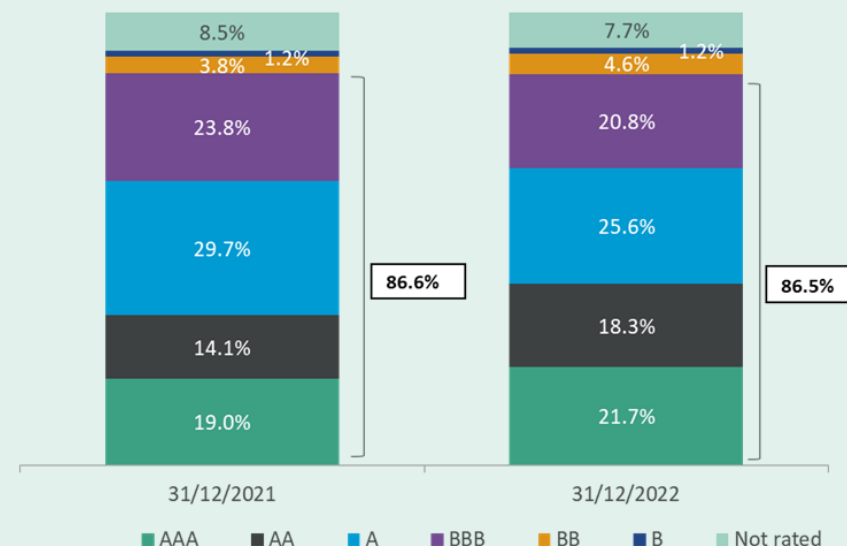
High quality of the investment portfolio

€ million	Amount		Structure	
	31/12/2021	31/12/2022	31/12/2021	31/12/2022
Government bonds	718.5	732.6	45.4%	51.6%
Corporate bonds	592.1	417.8	37.4%	29.4%
Cash and cash equivalents	74.0	78.4	4.7%	5.5%
Infrastructure funds	44.5	53.9	2.8%	3.8%
Shares	36.0	23.1	2.3%	1.6%
Investment property	14.3	22.8	0.9%	1.6%
Mutual funds	35.9	22.2	2.3%	1.6%
Deposits & CDs	18.6	19.3	1.2%	1.4%
Real estate funds	15.8	16.5	1.0%	1.2%
Other	31.8	33.6	2.0%	2.4%
Total investment portfolio	1,581.4	1,420.0	100.0%	100.0%

Average time to maturity of fixed income portfolio is 4.0 years:

- Life segment: time to maturity of investments 5.3 years, time to maturity of liabilities 6.2 years
- Non-life segment: time to maturity of investments 3.6 years, time to maturity of liabilities 2.0 years

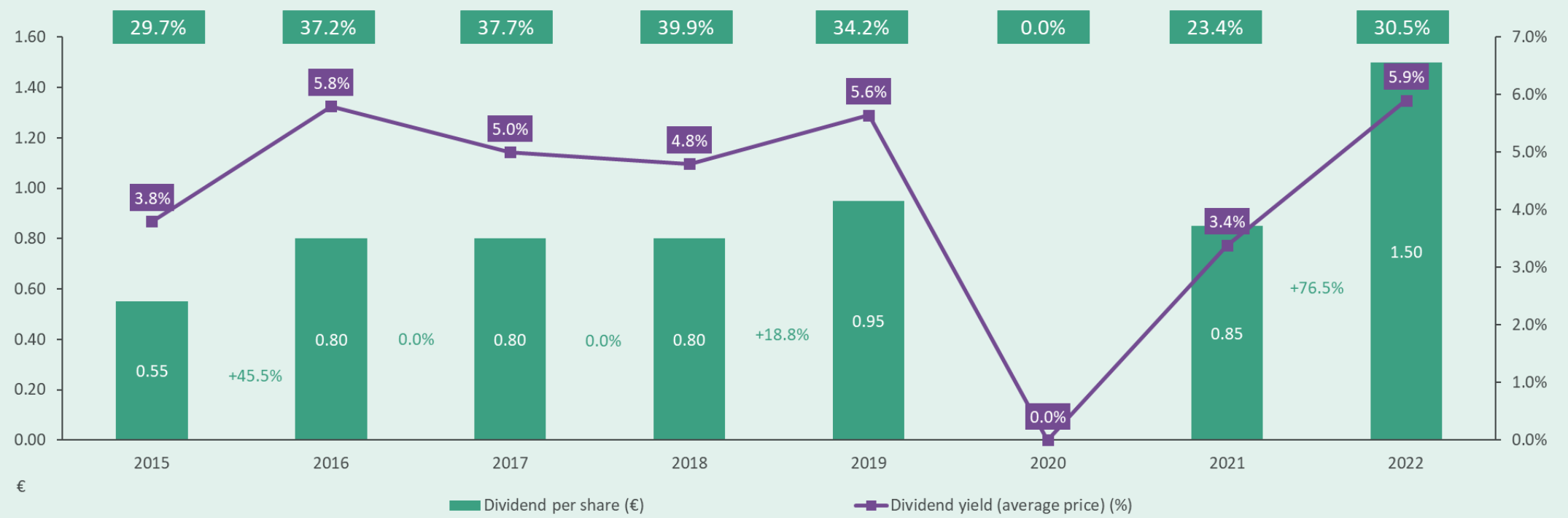
Rating profile



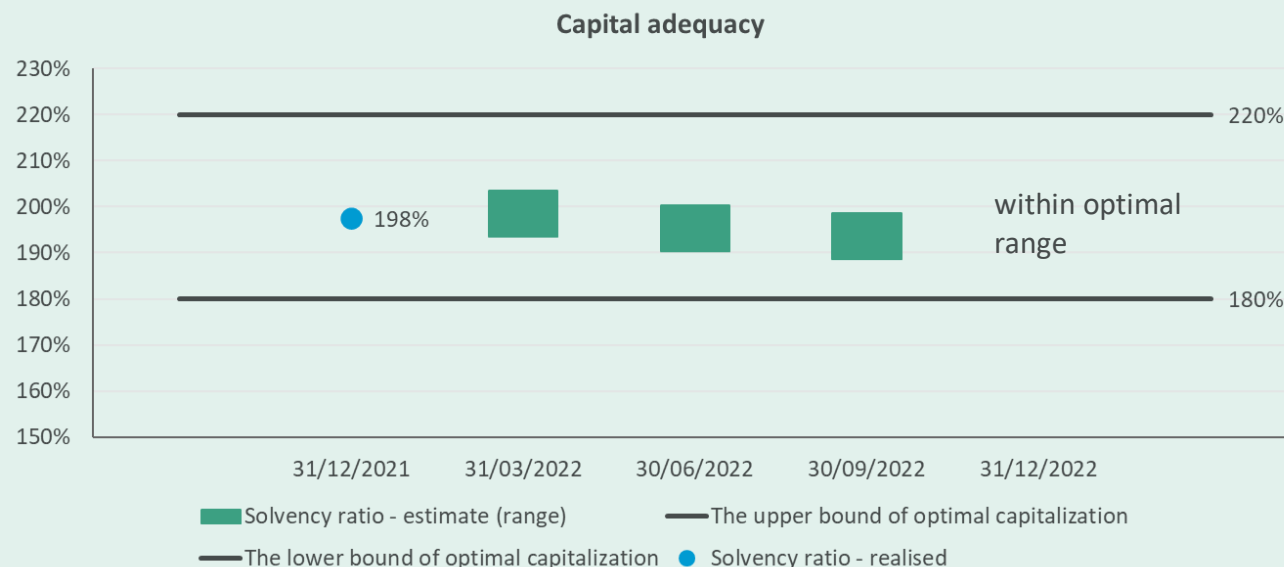
Investment grade assets accounted for **86.5%** of fixed rate investments (2021: 86.6%).

Dividend

Dividend policy: 10% average increase in dividend per year;
distribution between 35% and 45% of the net profit of the Sava Insurance Group

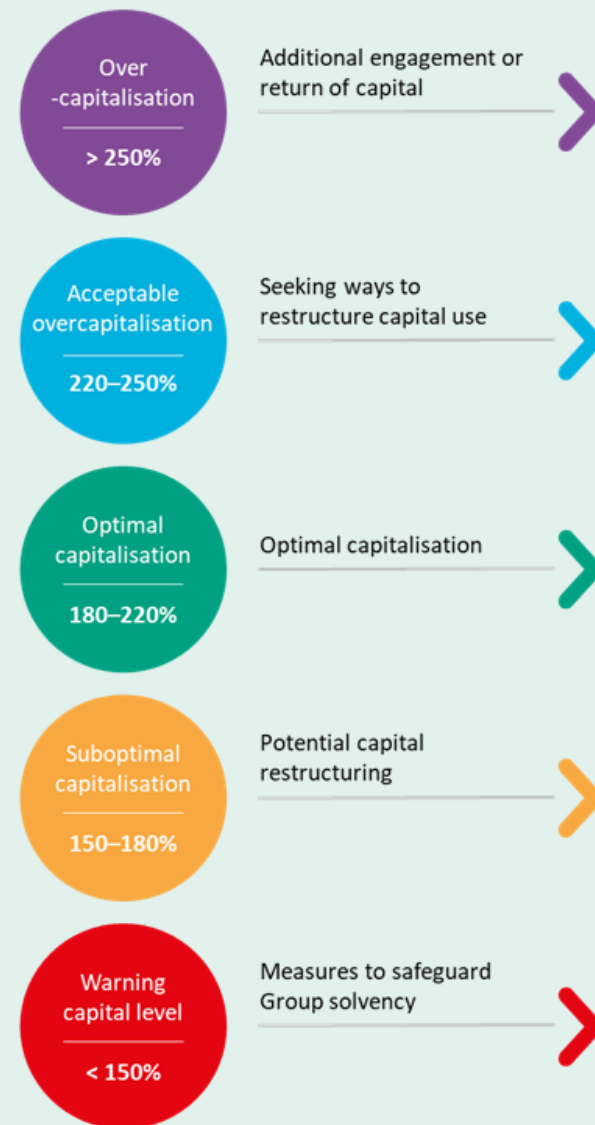


Solid capital position



The Group's estimated capital adequacy as at 30 September 2022 indicates that the Group's solvency remains high (between 189% and 199%) and well above the regulatory requirement. The solvency ratio is within the optimal capitalisation range based on criteria set by the Group's risk strategy.

Detailed data on capital adequacy of the Sava Insurance Group for 2022 will be posted in the solvency and financial condition report for 2022 (Group SFCR), which will be posted on **12 May 2023** on Sava Re's website and published through the Ljubljana Stock Exchange.



STRATEGY OF THE SAVA INSURANCE GROUP FOR 2023–2027



AMONG GOOD PEOPLE

Key strategic priorities for 2023–2027

Focusing on the customer



Streamlining business processes



Building sustainability



Modernising information technology



Building teams of satisfied and motivated employees



Growing through acquisitions



Targets for 2023–2027

Growth in operating revenue*

average annual

> 4%

Operating revenue*

in 2027

> €900m

Return on equity

9.5–10.5%

Solvency ratio

optimal capitalisation

170–210%

Combined ratio

non-life insurance + reinsurance

< 95%

Return on investment portfolio

rising to

2.2%

by 2027

* Gross premiums written for (re)insurance companies and operating revenue for non-insurance companies.

Dividend policy

Sava Re aims to distribute between 35% and 45% of the net profit of the Sava Insurance Group each year over the period 2023–2027.

The key goal of the dividend policy is stable annual dividend growth, with due consideration of:

- 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 S&P Global Ratings and AM Best
- the approved annual and strategic plans of the Group and the Company
- new development projects requiring additional capital
- other relevant circumstances affecting the financial situation of the Company

Sustainable development

Five key initiatives are identified in our Sustainable Development Strategy up to 2027.

1

Reducing carbon footprint

- We are pursuing the European ambition of a 55% cut in GHG emissions by 2030 for Group operations (scope 1 and 2) and for our investment portfolio compared to 2022 levels. Achieving this target also depends on the climate action taken by the countries where we are present.

2

Responsible (re)insurance underwriting

- Compliance with guidelines on responsible underwriting of non-life insurance business
- Reducing the carbon footprint of the portfolio by excluding fossil-fuel related activities (Do No Significant Harm principle)
- Developing products and activities and increasing revenue from products aligned with the taxonomy

3

Sustainability in the value chain and processes

- Increasing ESG investments to exceed 20% by 2027
- Digitalising operations and lowering the carbon footprint by reducing business travel, paper consumption and waste
- Supply-chain review: assessing suppliers from a social and environmental responsibility perspective

4

Improving customer satisfaction

- Net Promoter Score: establishing a uniform methodology for the Group and monitoring trends

5

Satisfied and committed employees and strengthening sustainability culture

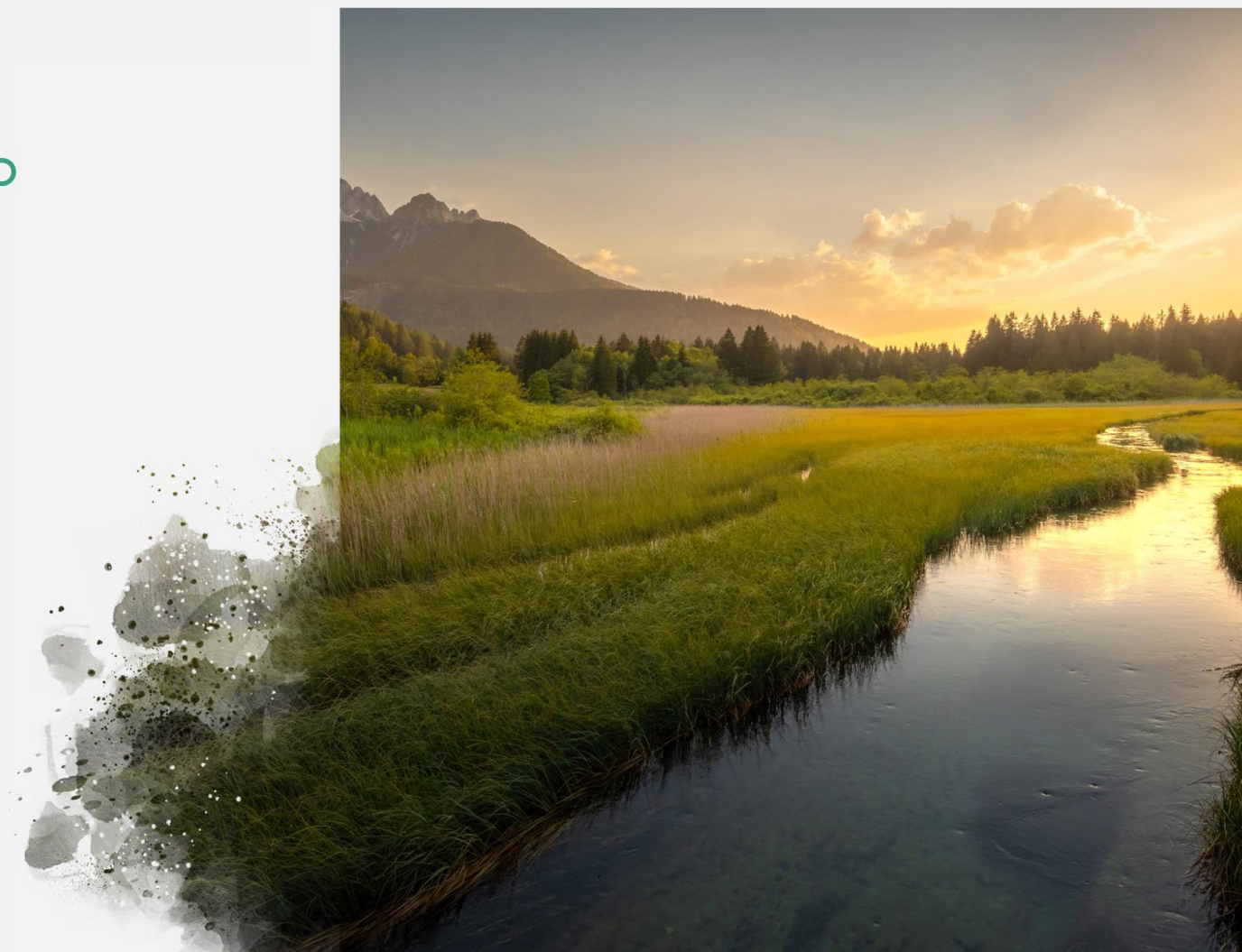
- Measuring satisfaction using a suitable HR methodology and promoting a sustainability culture through the Heart for the World initiative



BUSINESS PLAN OF THE SAVA INSURANCE GROUP FOR 2023



AMONG GOOD PEOPLE



Key targets 2023

Growth in operating revenue*

average annual

> 4%

Operating revenue*

in 2023

> €800m

Return on equity

> 9.5%

Net profit for the year

> €53m

Solvency ratio

optimal capitalisation

170–210%

Combined ratio

non-life insurance +
reinsurance

< 95%

Return on investment portfolio

> 1.5%

* Gross premiums written for (re)insurance companies and operating revenue for non-insurance companies.

IFRS17 & IFRS9

More information on:

<https://www.sava-re.si/en-si/investor-relations/calendar-events-presentations/>

Key messages

No impact on strategy or business model

Cash flows and capitalisation remain strong

Earnings expected to remain mostly unaffected

Dividend capacity to remain unchanged

Better reflection of value and earnings of life business

More information on:

<https://www.sava-re.si/en-si/investor-relations/calendar-events-presentations/>

IFRS 17: Effects on Sava Insurance Group segments

Non-life

Limited changes:

- Revenue and earnings mostly similar to current practice
- Combined ratio net/net calculation to remain unchanged, adjusted for IFRS 17 specifics, including non-attributable expenses and other net revenue

Life

Most of the changes:

- Revenue and claims to decrease as investment component is excluded
- No major changes in earnings, primarily based on release of CSM and RA
- CSM and new business value key profitability indicators

Reinsurance

Limited changes:

- Combined ratio with the same characteristics as in non-life
- Revenue and expenses to decrease for commission to cedants

Pensions

Mostly unaffected by IFRS 17

- Annuities changed similar to life; portfolio not significant

Asset management

Unaffected by IFRS 17

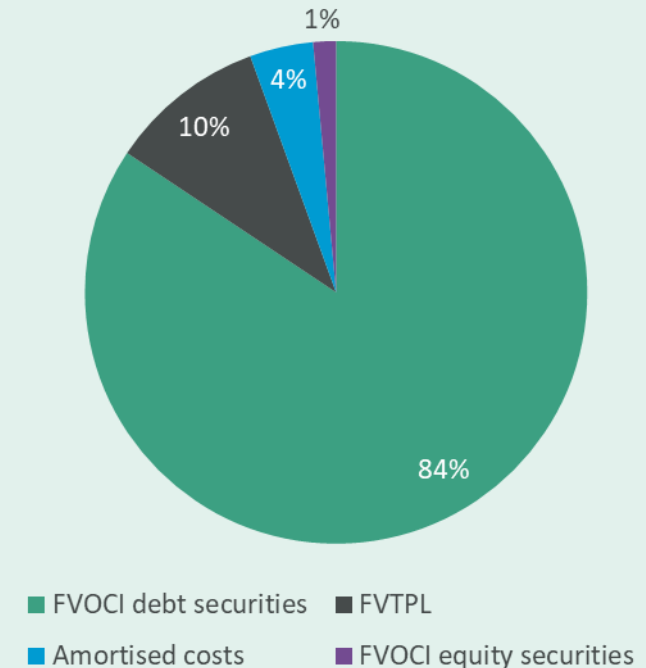
Assistance and health

Unaffected by IFRS 17

IFRS 9: No material impact on investment portfolio

- Most debt securities pass SPPI test
- Changes in fair value for most debt securities continue to be recorded through OCI
- Higher share of FVTPL investments potentially increases volatility of earnings
- Expected Credit Loss (ECL) allowance not material, as the portfolio is predominantly investment grade

Structure of financial investments under IFRS 9*



* Excluding unit-linked investments.

Financial and events calendar

Upcoming financial releases and events

23 March 2023	Release of the Audited Annual Report of the Sava Insurance Group and Sava Re d.d. for 2022;
6 April 2023	Release of the Solvency and Financial Condition Report of Sava Re d.d. for 2022
7 April 2023	Publication of the notice of the 39th general meeting of shareholders of Sava Re d.d.
12 May 2023	Release of the Solvency and Financial Condition Report of the Sava Insurance Group for 2022
31 May 2023	Release of the Quarterly Statement for the Three Months to 31 March 2023
5 June 2023	39th general meeting of shareholders of Sava Re d.d. and announcement of resolutions

Events for investors

1 – 2 June 2023	Investor Days of Ljubljana and Zagreb Stock Exchanges (location: Zagreb)
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Contact: ir@sava-re.si Website: <https://www.sava-re.si/en-si/investor-relations/>

A scenic view of a river flowing through a dense forest. The river is surrounded by large, light-colored rocks and is surrounded by lush green foliage. The water is a vibrant green color, and the surrounding forest is a deep green. The text "Thank you for your attention." is overlaid on the image in white font.

Thank you for your attention.