



Sava Insurance Group **2023 audited results**

5 April 2024

CONTENTS

01 | Group results

02 | Segment reporting

03 | Financial investments

GROUP
RESULTS

01

Highlights 2023



Growth in gross written premiums of 14.3%

strongest growth in **motor business**, reflecting more policies sold and higher average premiums and in the **life segment** due to improved sales of both life risk and unit-linked life policies



In the summer of 2023, Slovenia and the wider region were hit by a **wave of storms and floods** with a significant impact on profit of **€27.4m**



Net profit of €64.7m (2022: €46.9m)

Lower result before reinsurance: impact of summer storms mitigated by reinsurance protection

Higher result after reinsurance: growth in insurance revenue due to the adjustment of prices to reflect claims inflation, which was depressing the insurance service result in 2022, and organic growth

Better investment result: investment at higher interest rates and positive impact from change in the fair value of FVTPL investments (negative impact in 2022)

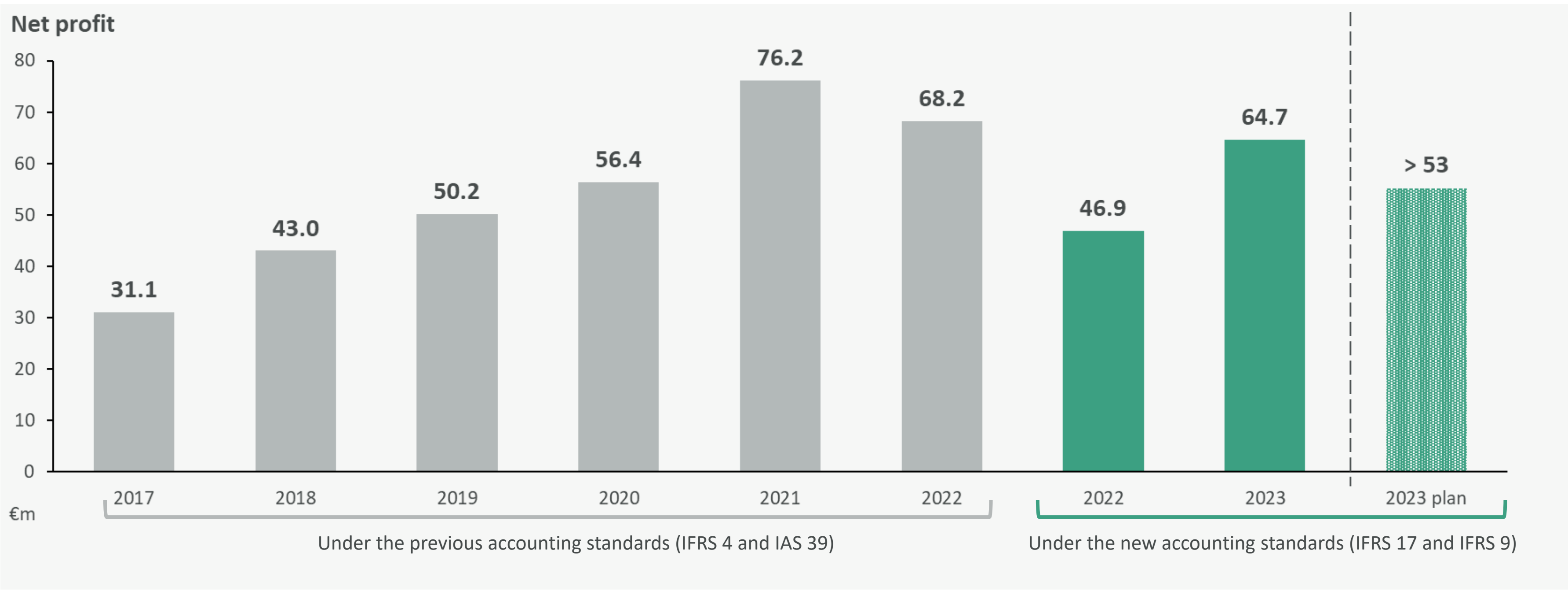
Profit target exceeded

Profit before tax
€79.6m
2023/2022: **+36.1%**

Net profit
€64.7m
2023/2022: **+37.8%**



Plan achieved



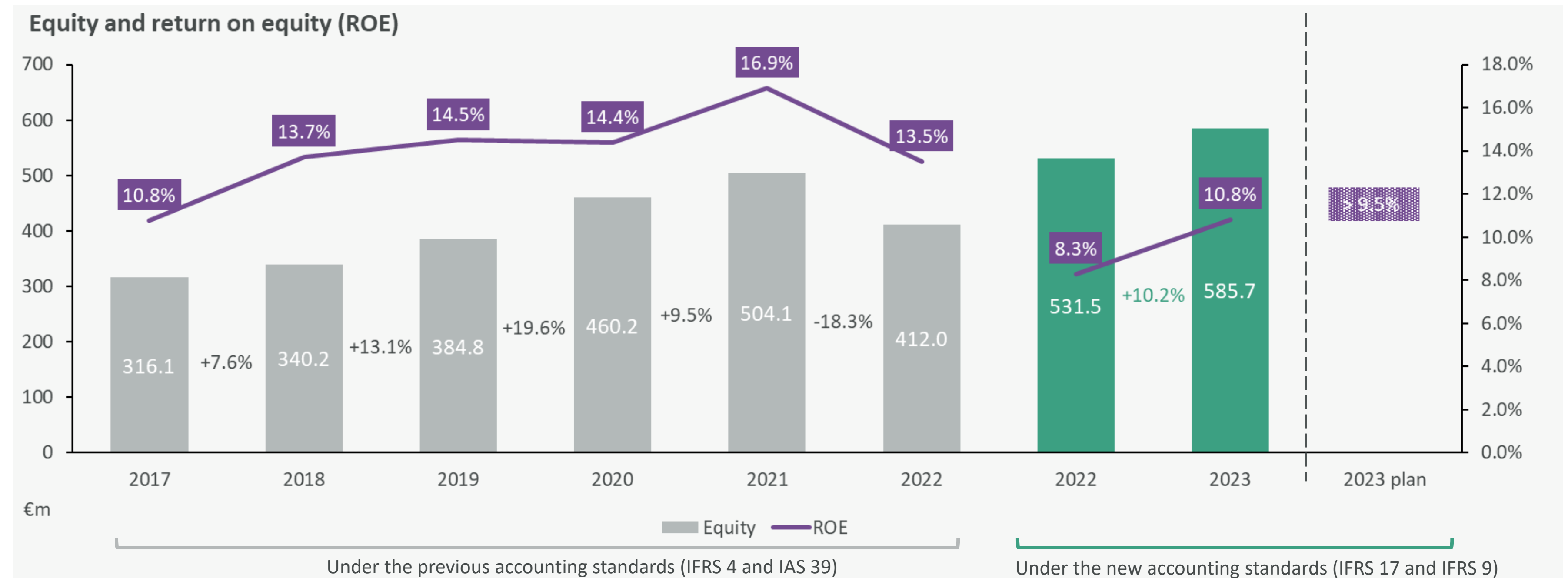
Target return on equity exceeded

Equity
€585.7m
 2023/2022: **+10.2%**

Return on equity (ROE)
10.8%
 2023/2022: **+2.5 p.p.**



Plan achieved



Growth in contractual service margin (CSM)

Contractual service margin (CSM)

€155.3m

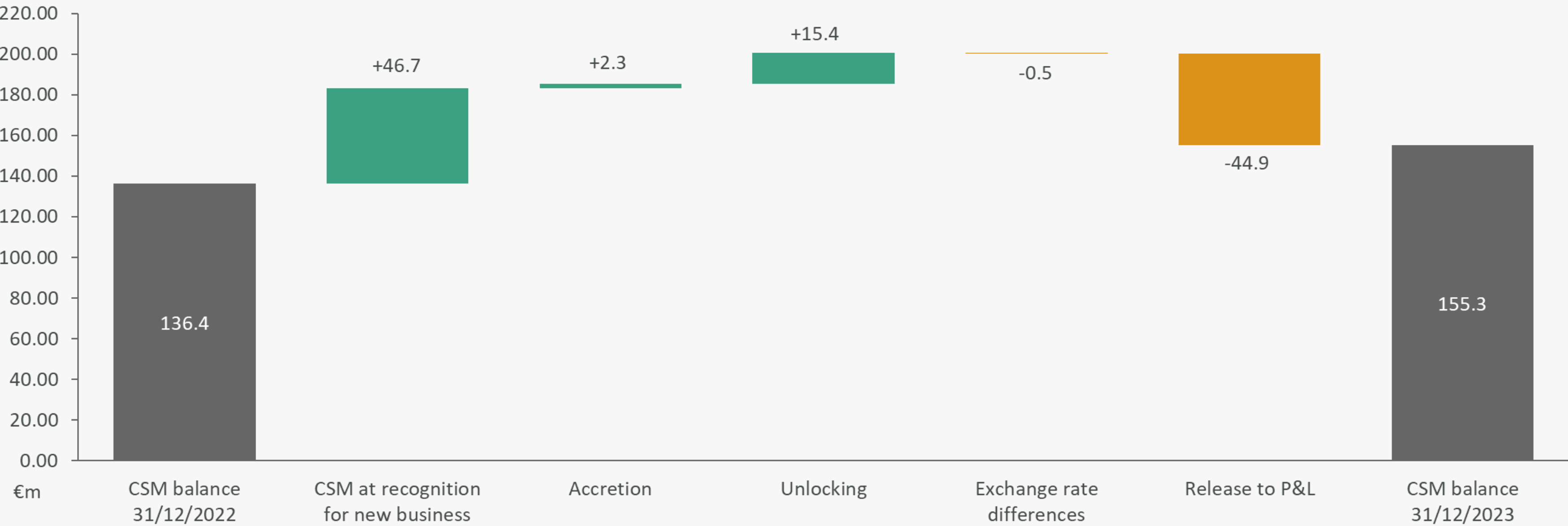
2023/2022: +13.9%

Net contractual service margin (CSM)

€149.4m

2023/2022: +15.4%

CSM movement



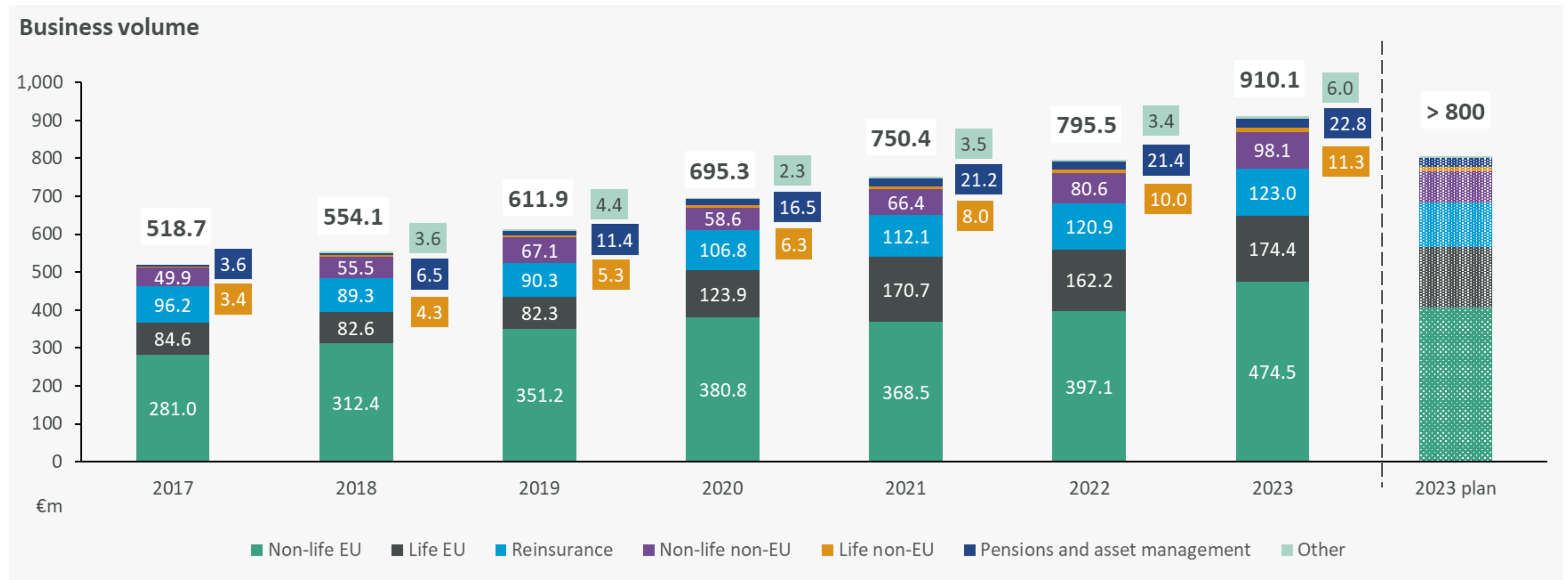
Business volume exceeds target due to continued strong growth

Business volume
€910.1m
 2023/2022: +14.4%

Gross premiums written
€884.6m
 2023/2022: +14.3%



Plan achieved



Market shares

Slovenia

Insurance	20.6%
Pensions	10.2%**
Asset management	13.1%

North Macedonia

Insurance	8.8%
Pensions	44.2%

Croatia

Insurance	1.1%
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Montenegro

Insurance	17.3%
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Serbia

Insurance	3.6%*
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Kosovo

Insurance	14.8%
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Sava Re operates in more than 110 reinsurance markets worldwide. It has a very small share of the global reinsurance market.

* 1–9/2023 as data for the full year 2022 have not yet been published.

** 1–12/2022 as more recent data not available.

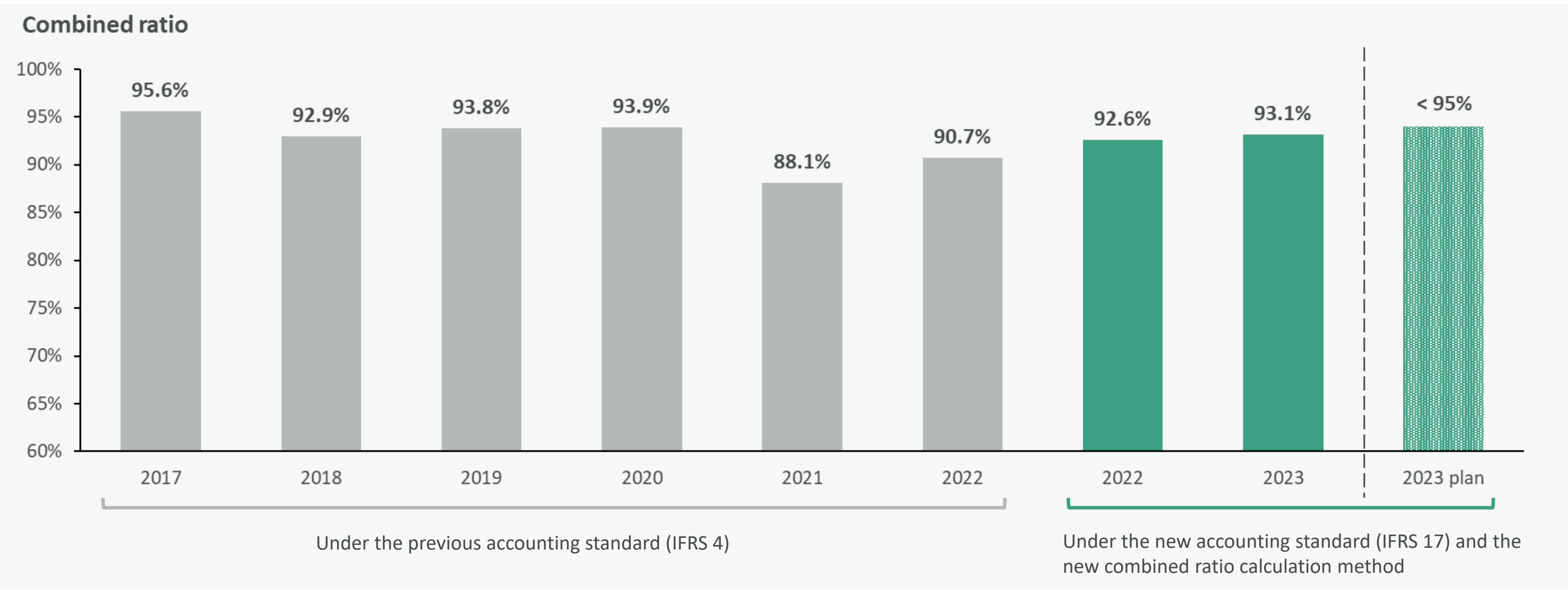


Combined ratio within target range

Combined ratio
93.1%
2023/2022: +0.5 p.p.



Plan achieved



Impact of natural catastrophe claims

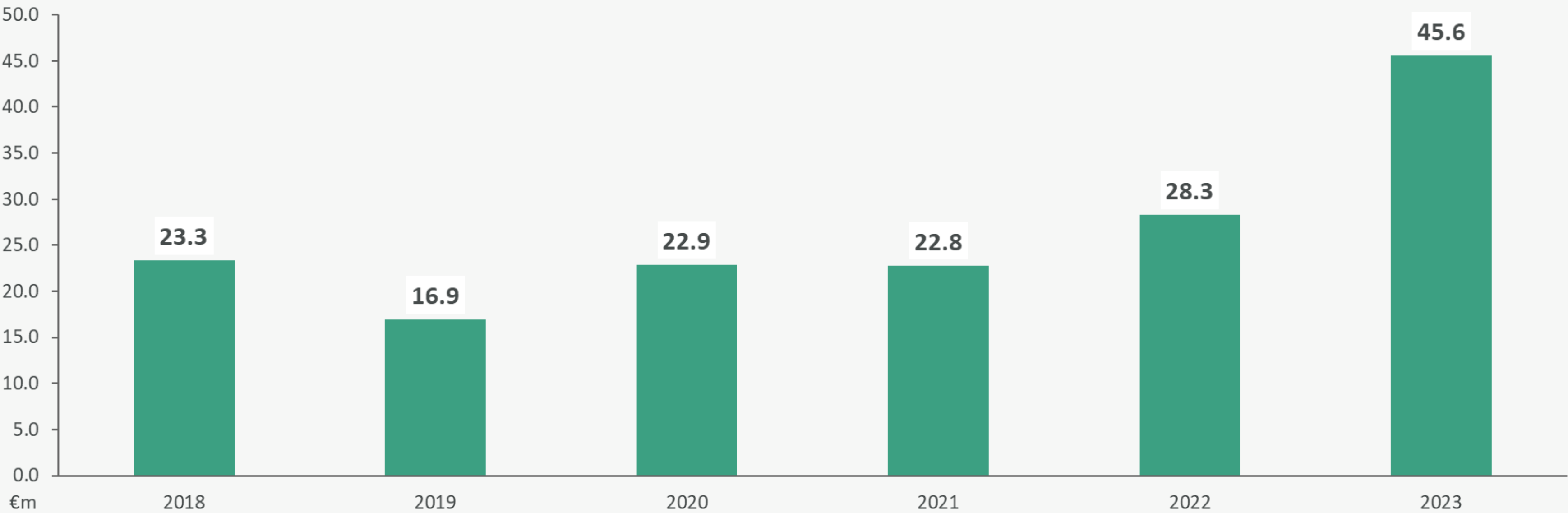
Natural catastrophe claims

€45.6m

2023/2022: **+61.0%**

Includes net claims affecting the (re)insurance portfolios of the Group companies resulting from natural perils (such as windstorm, flood, earthquake and hail).

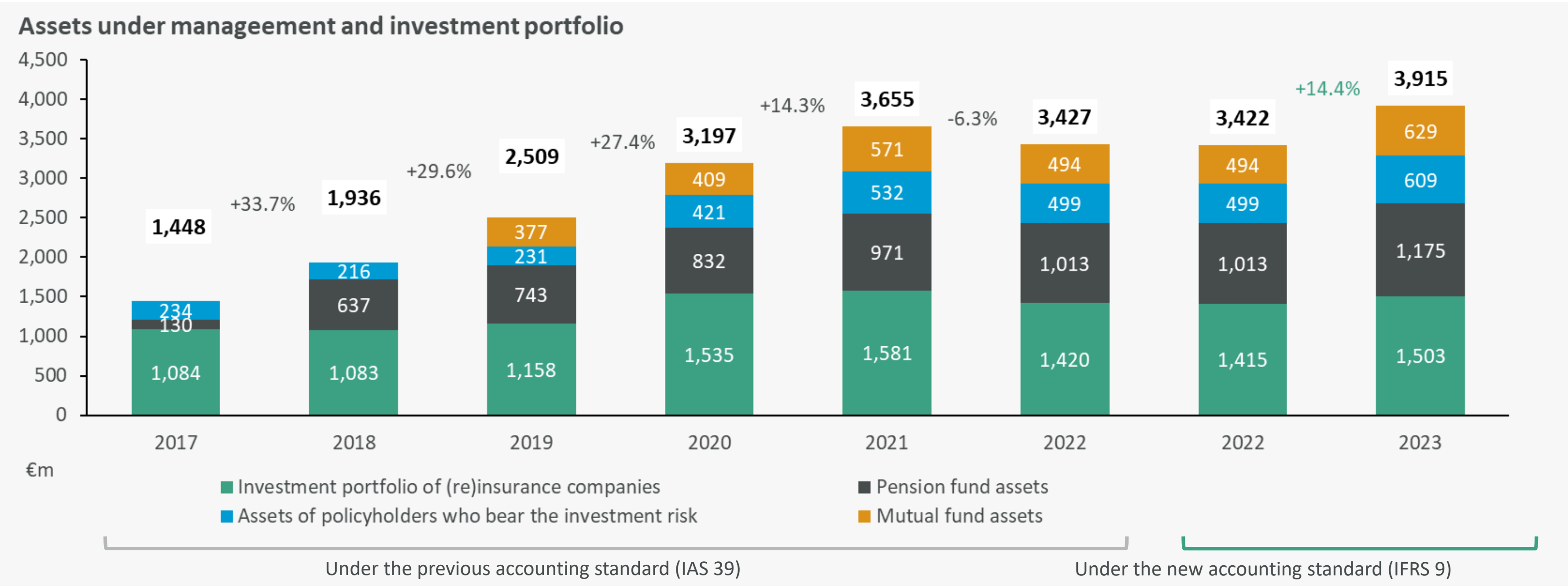
Natural catastrophe claims



Strong growth in assets under management

Assets under management
€2,411.8m
 2023/2022: +20.2 p.p.


Investment portfolio
€1,503.3m
 2023/2022: +6.2%



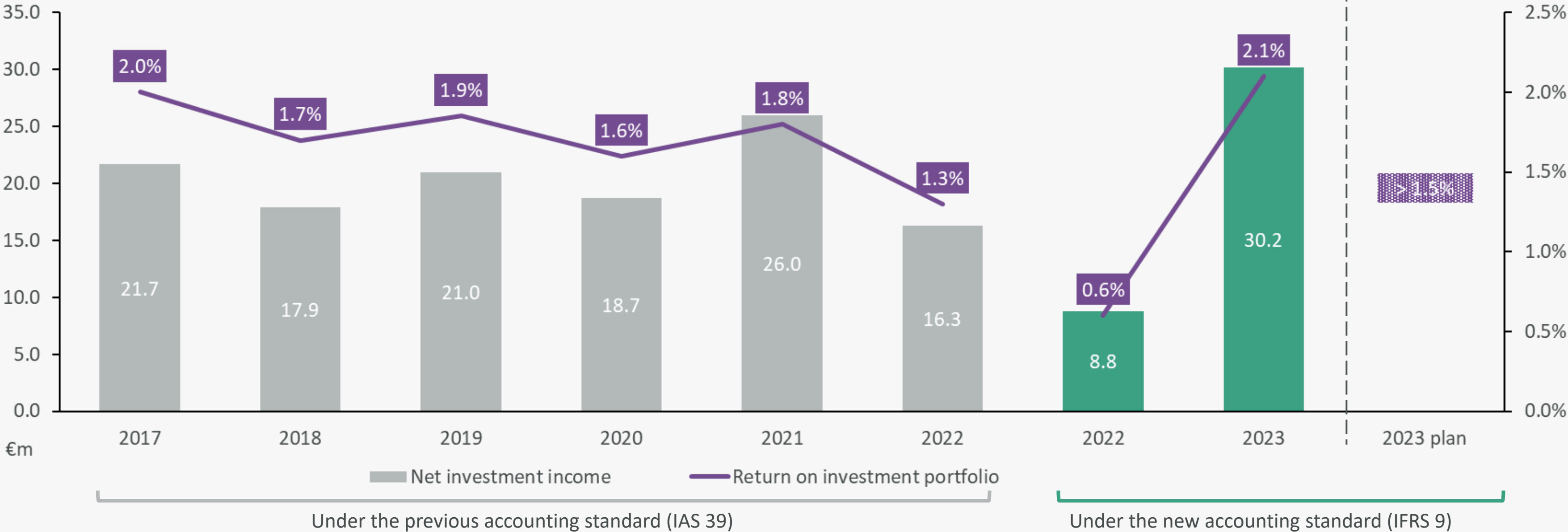
Target return on investment portfolio exceeded

Return on investment portfolio
2.1%
2023/2022: **+1.5 p.p.**

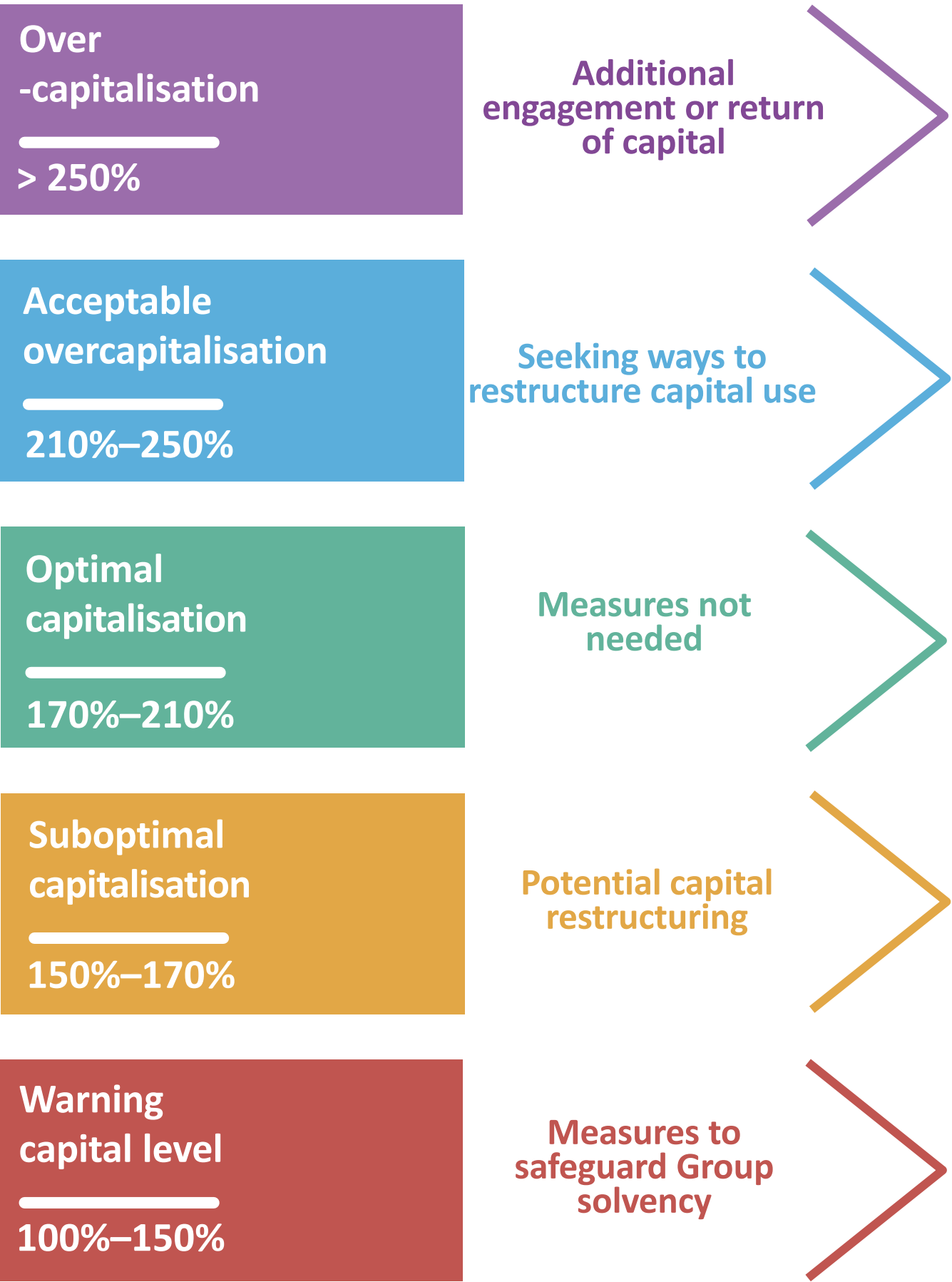
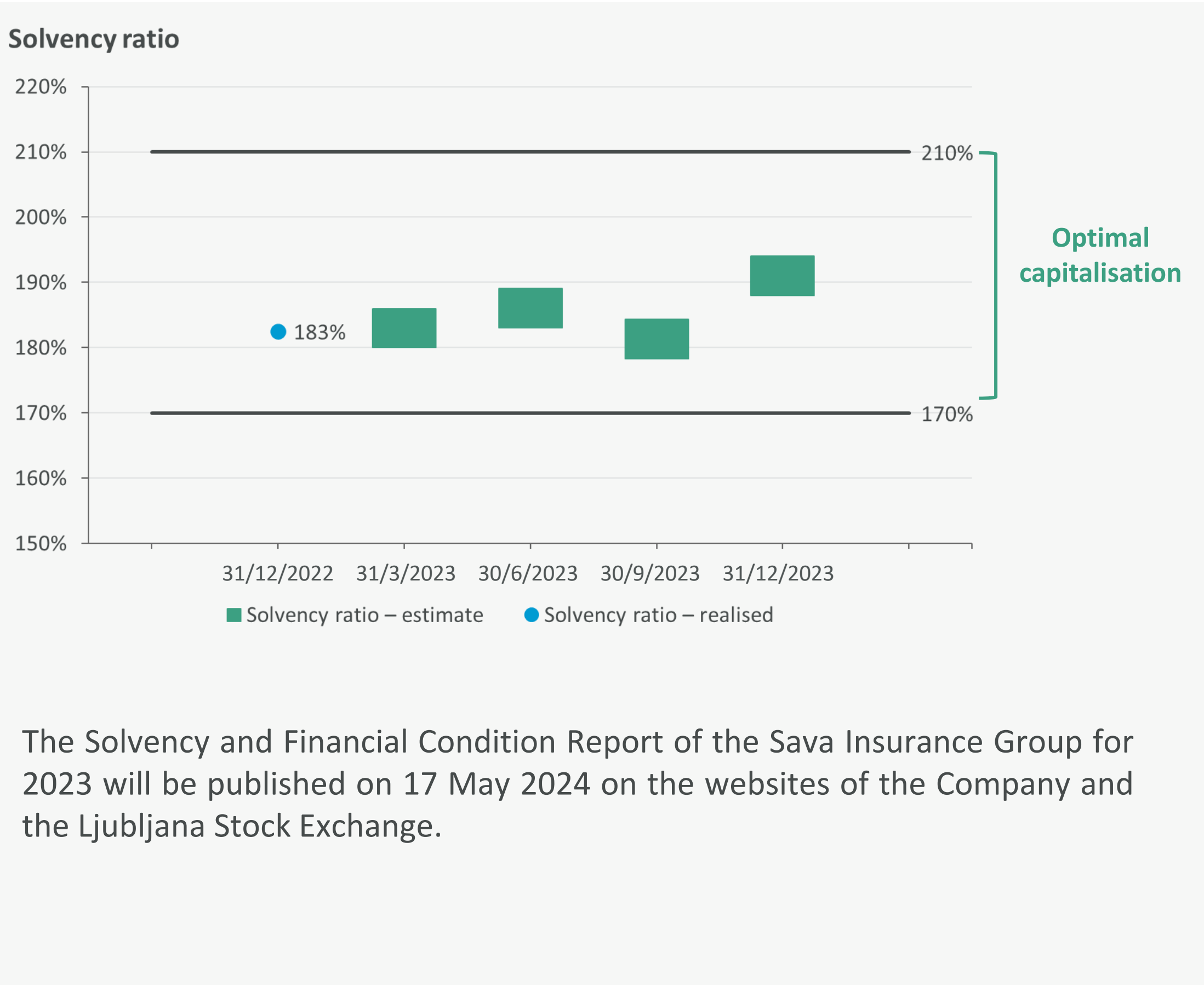
Investment portfolio
€1,503.3m
2023/2022: **+6.2%**

 **Plan achieved**

Return on investment portfolio (€m and %)



Solid solvency position



Select sustainability performance indicators

	2022	2023	Difference 2023/2022
Environmental aspect			
CO ₂ emissions per employee (in tonnes)	1.60	1.45	-9.4%
Number of claims reported online	45,288	67,981	+50.1%
Group's ESG integrated investments as at 31/12	14.9%	16.9%	+2.0 p.p.
Social aspect			
Number of employees as at 31/12 (full-time equivalent basis)	2,704.3	2,744.8	+1.5%
Employees involved in annual performance appraisal interviews as %	49.5%	47.9%	-1.6 p.p.
Women as % of all employees as at 31/12	57.9%	59.9%	+2.0 p.p.
Employee turnover rate	16.9%	17.1%	+0.2 p.p.
Number of injuries in the workplace	9	8	-11.1%
Average hours of employee training	24.6	22.5	-8.5%
Heart for the World – corporate volunteering (no. of hours)	5,439	5,114	-6.0%
Governance aspect			
Women in management bodies as %	23.9%	27.7%	+3.8 p.p.
Women in supervisory bodies of Group companies as %	21.8%	19.7%	-2.1 p.p.

The 2022 CO₂ emissions figure is audited and therefore differs from the figure published in the 2022 annual report.

We build long-term corporate social responsibility in continuous dialogue with our stakeholders, supporting global sustainability goals, with a particular focus on climate change, the health and well-being of our customers and employees.



Book value per share and POSR share price performance

Book value per share

€37.79

2023/2022: **+10.2%**

Share price at 31/12/2023

€28.00

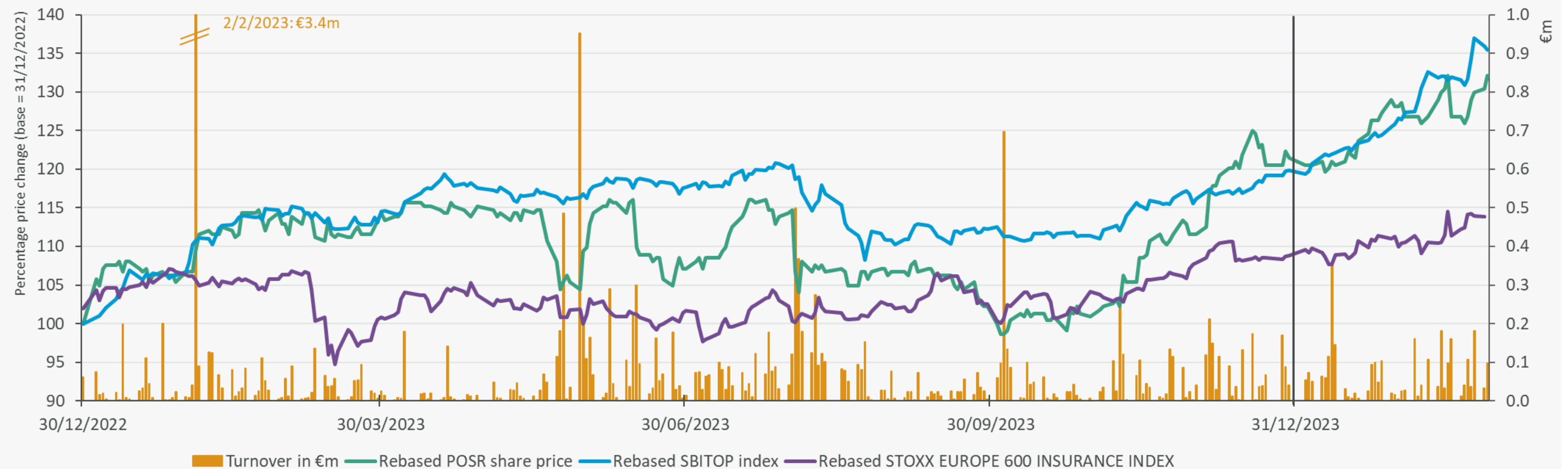
2023/2022: **+25.0%**

Total share return

32.1%

2023/2022: **+46.5 p.p.**

Price performance of POSR, SBITOP index and STOXX EUROPE 600 INSURANCE INDEX

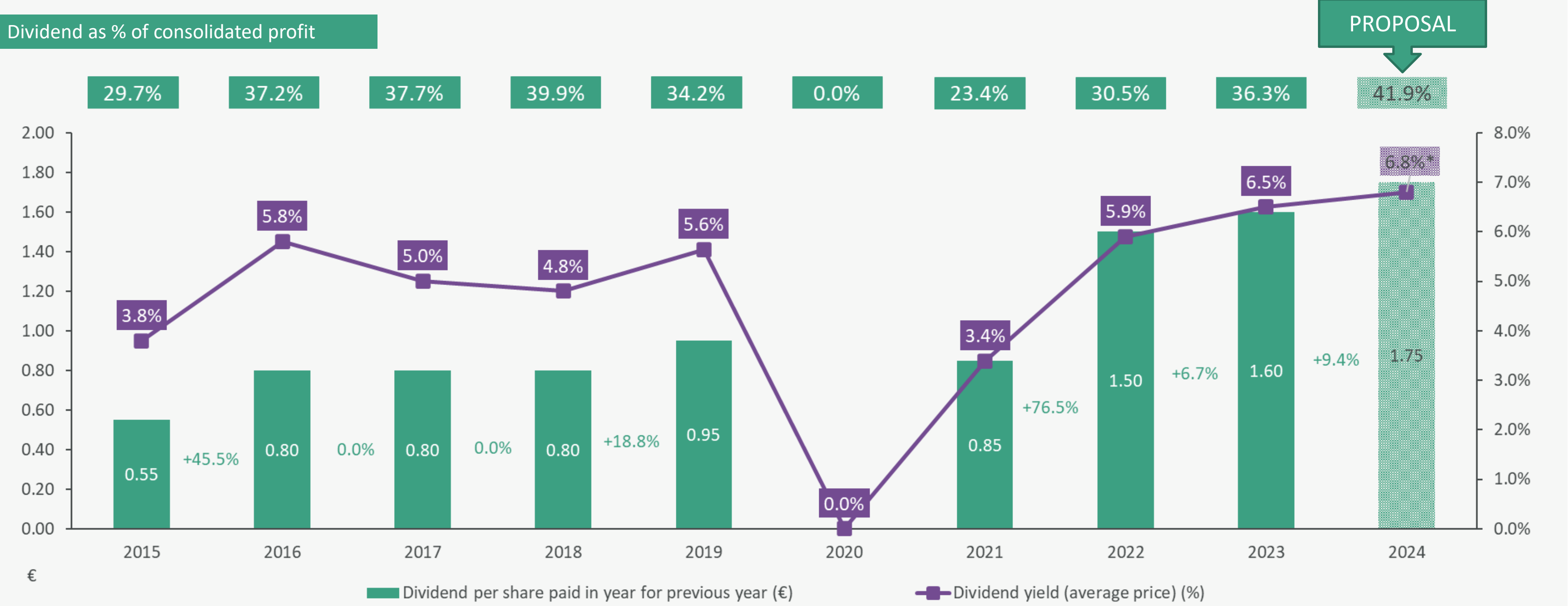


More information on POSR share performance and returns is available at: <https://www.sava-re.si/en-si/investor-relations/our-share/>



Dividend policy

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



* The 2024 dividend yield depends on the share price movement in the period between the date the dividend is declared and the ex-dividend date.

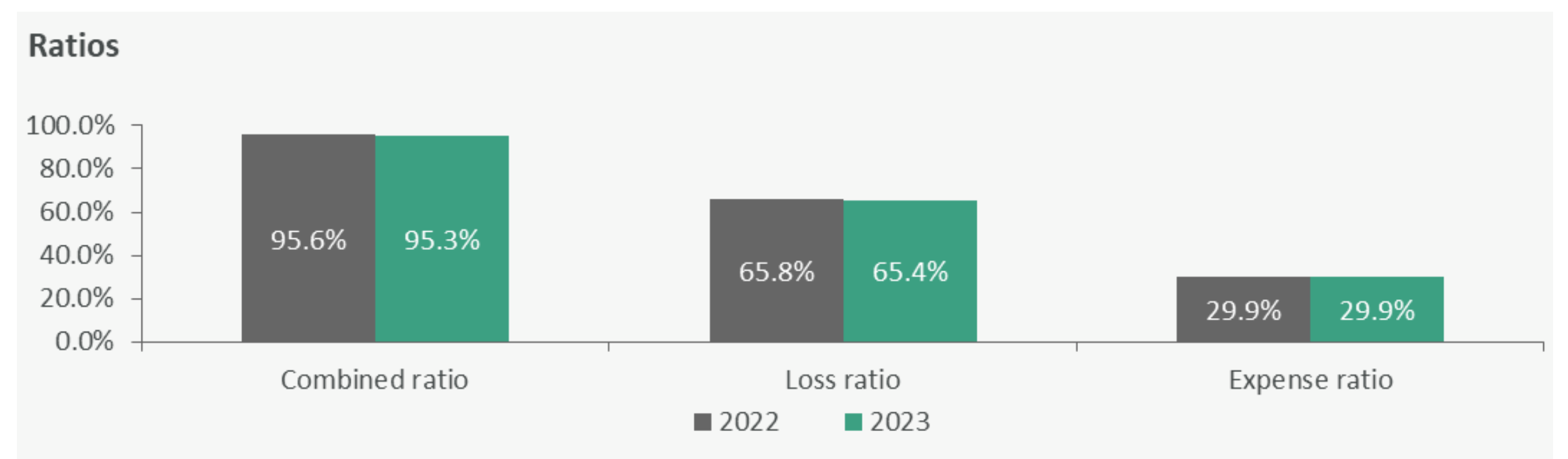
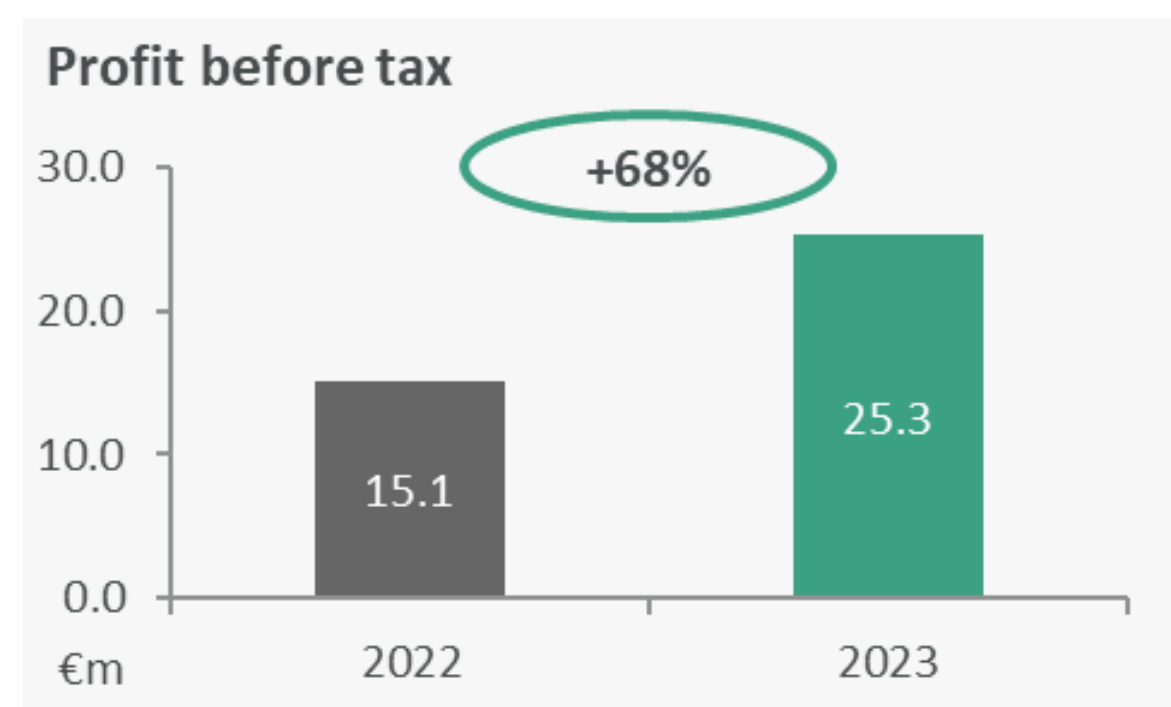
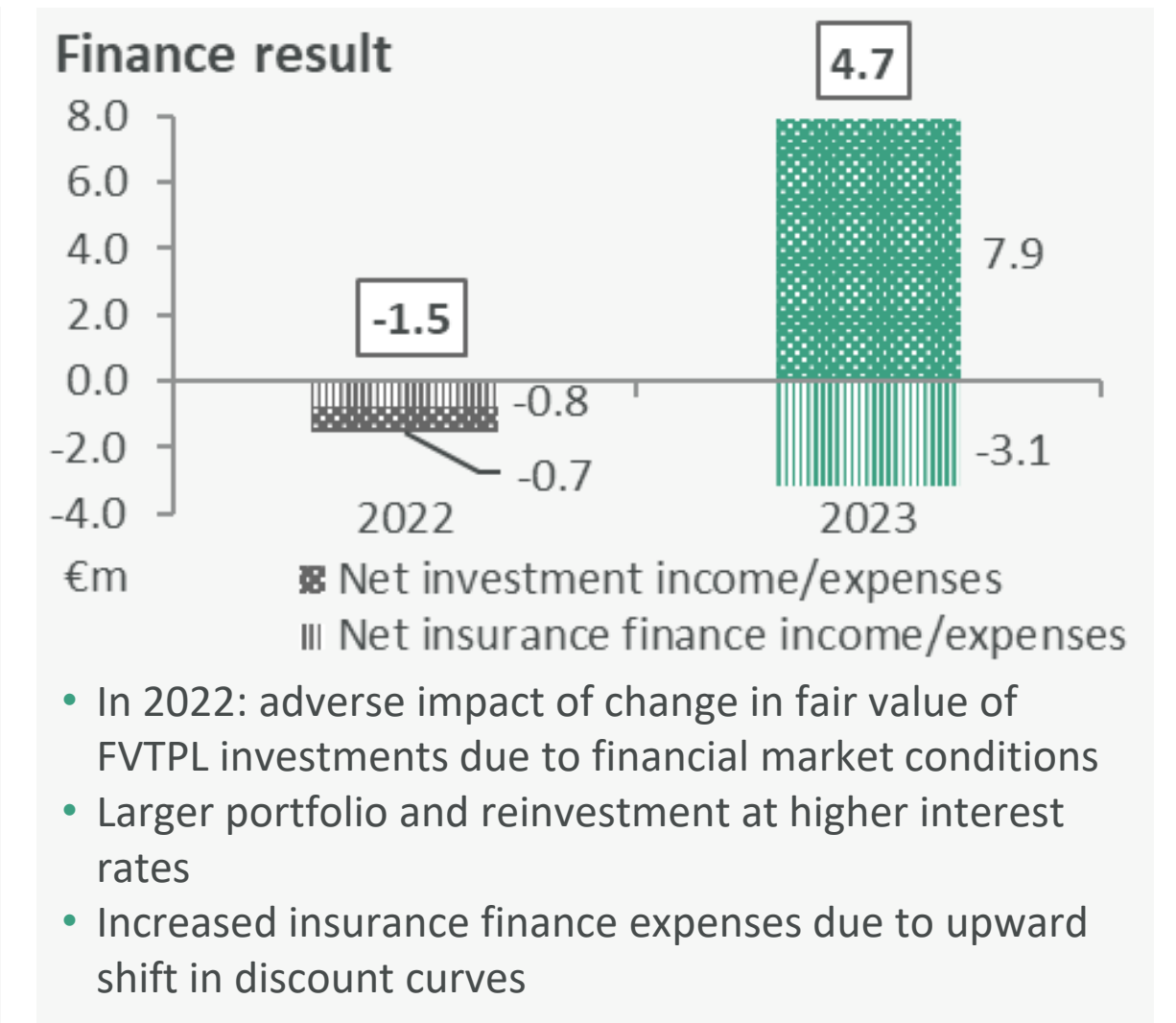
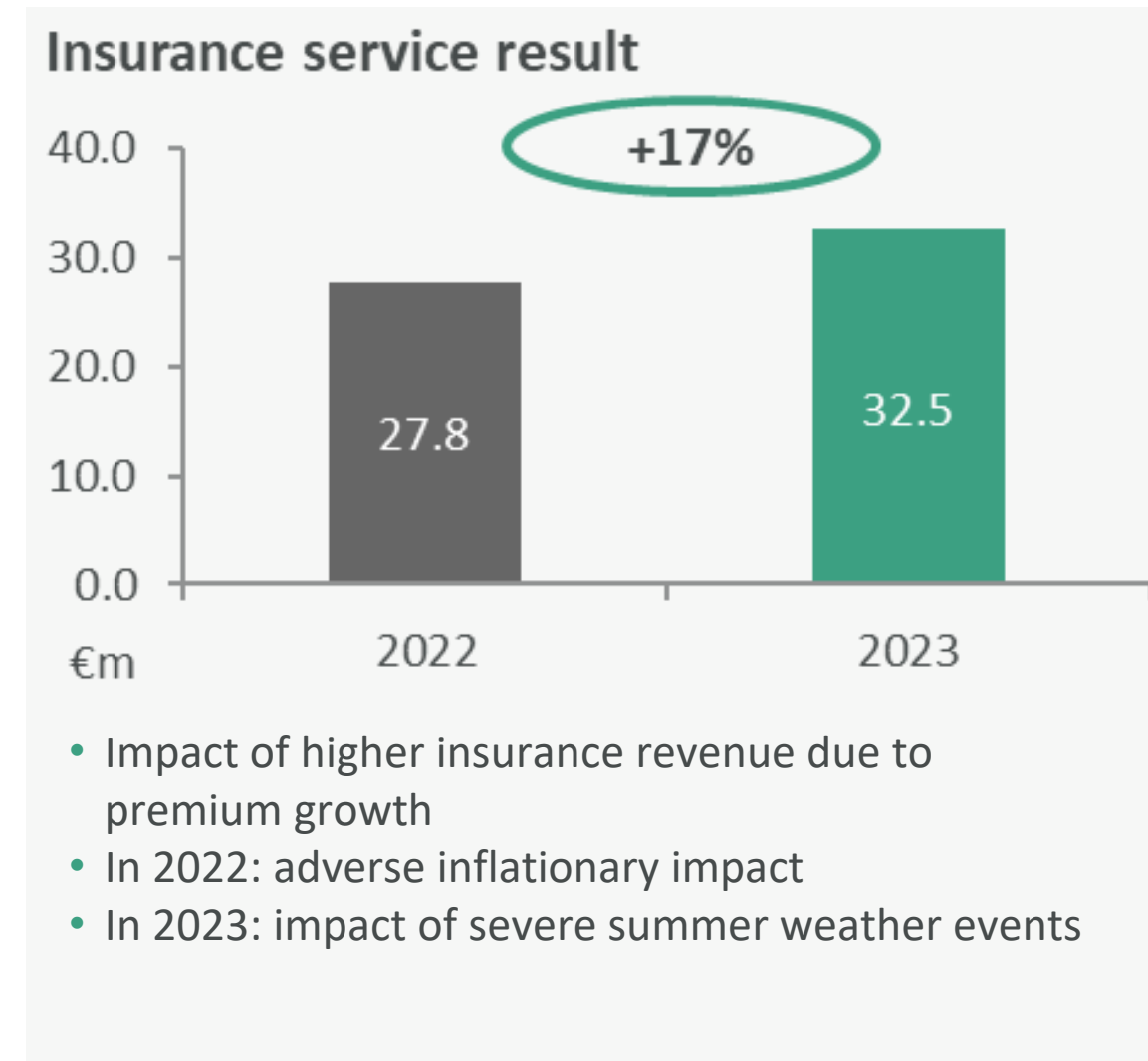
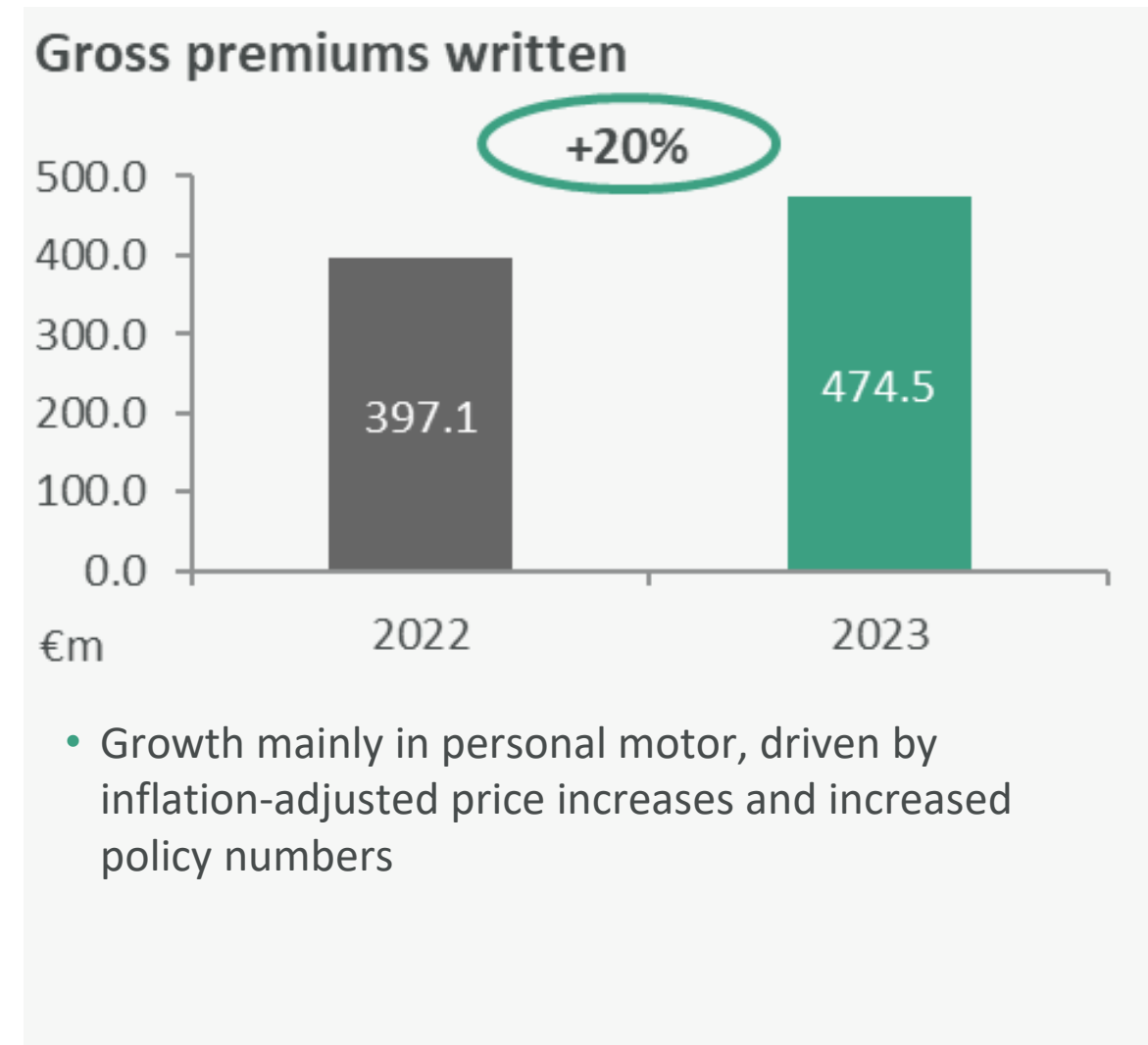
- Proposed dividend payout in 2024 in respect of the 2023 profit: €27,120,968.00 or €1.75 gross per share. The general meeting of shareholders will be held on 27 May 2024.



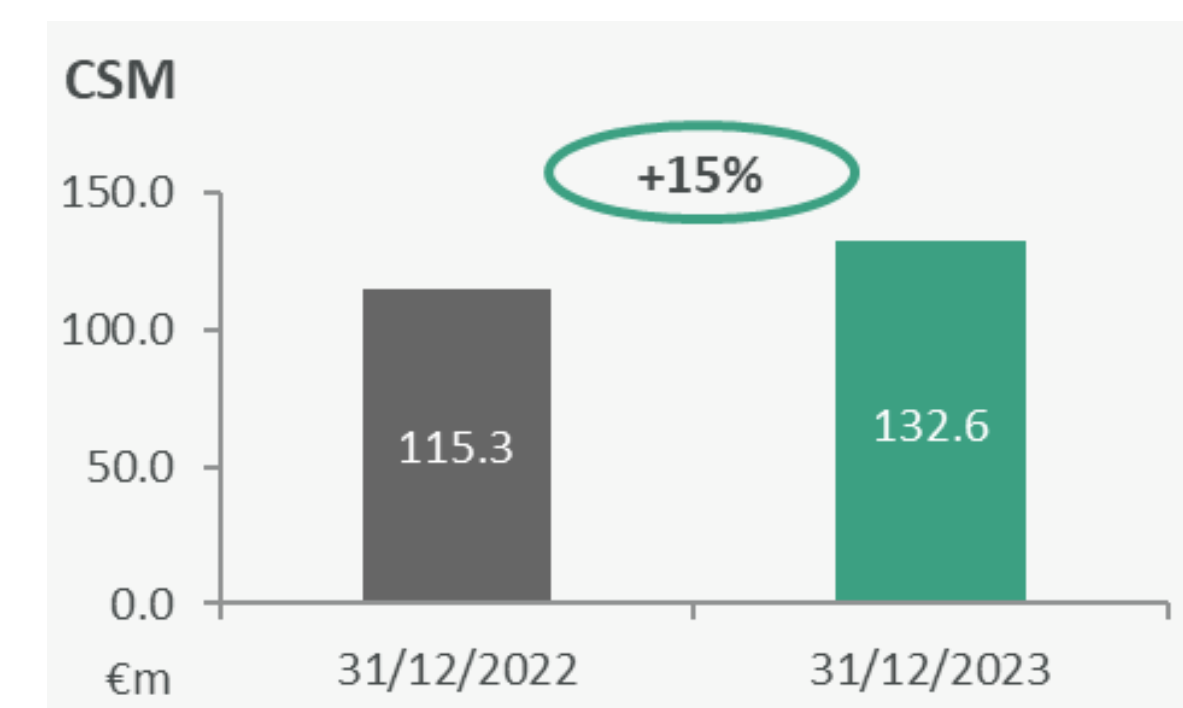
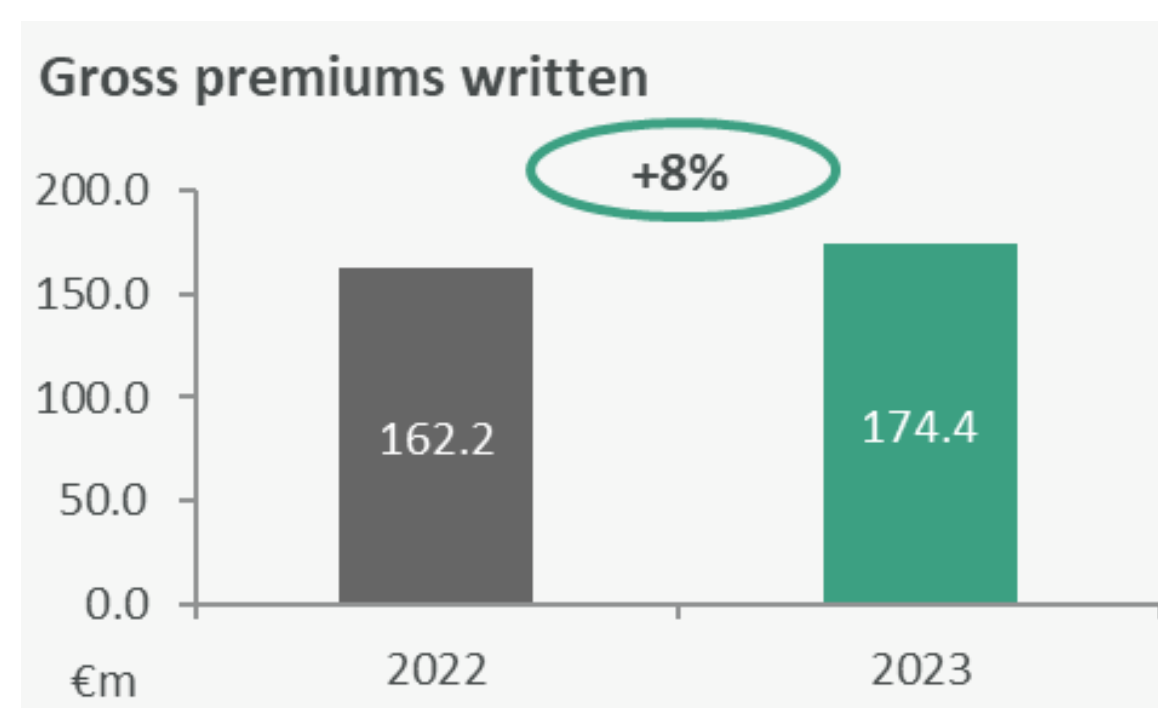
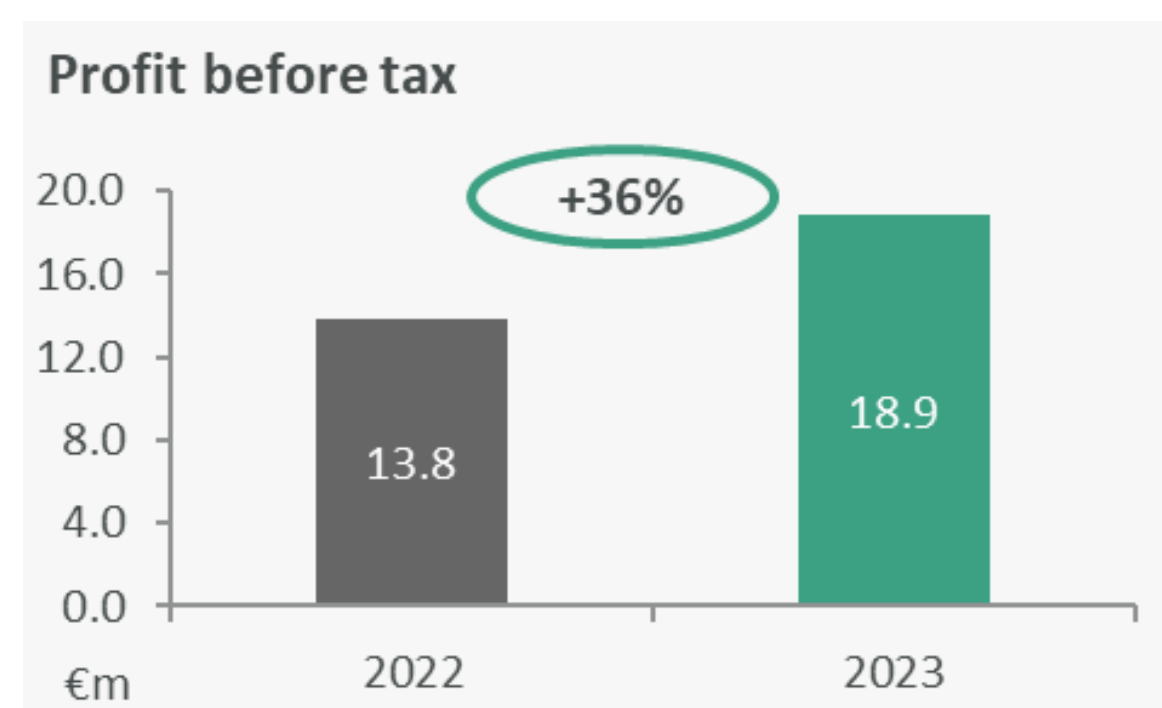
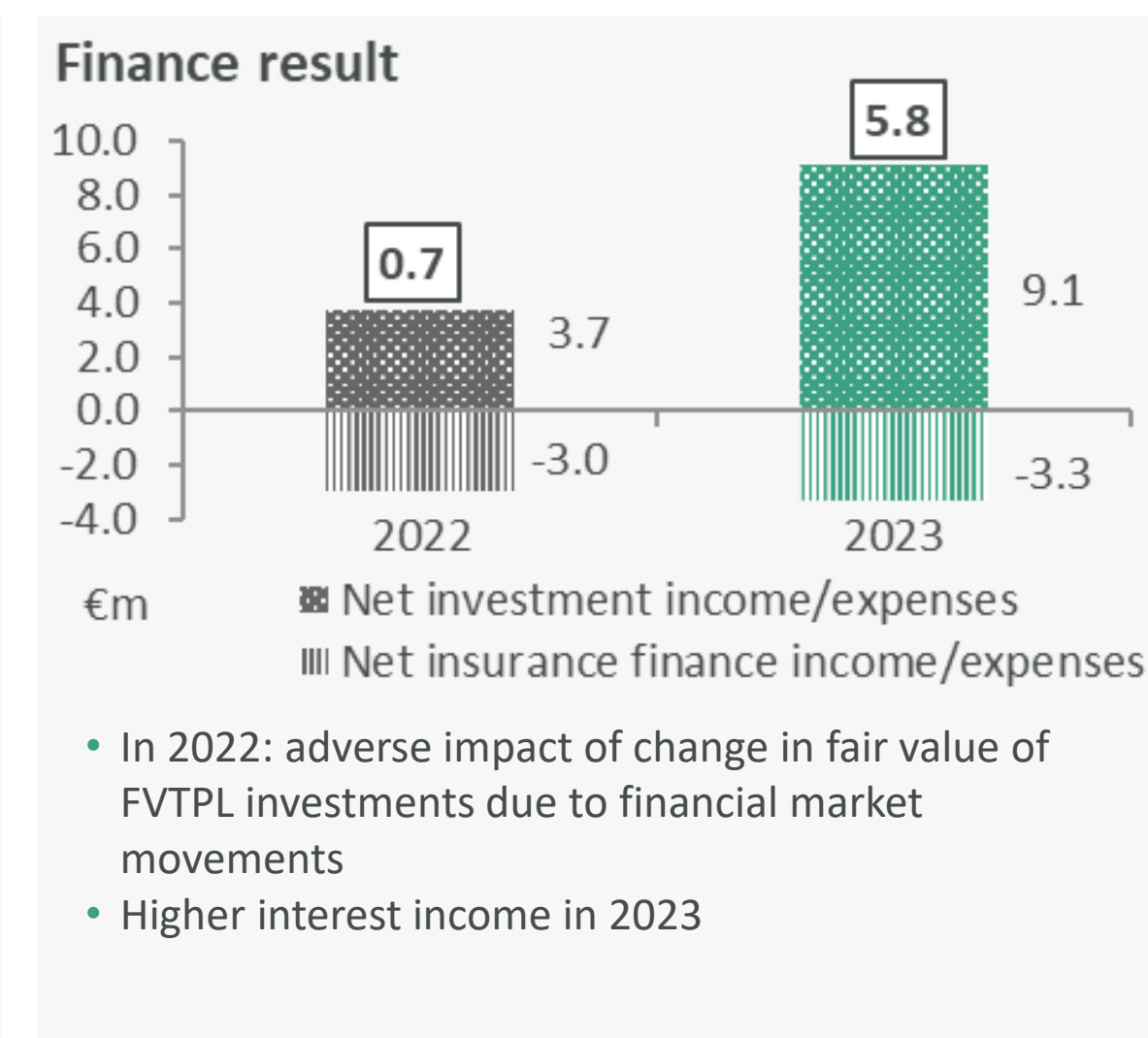
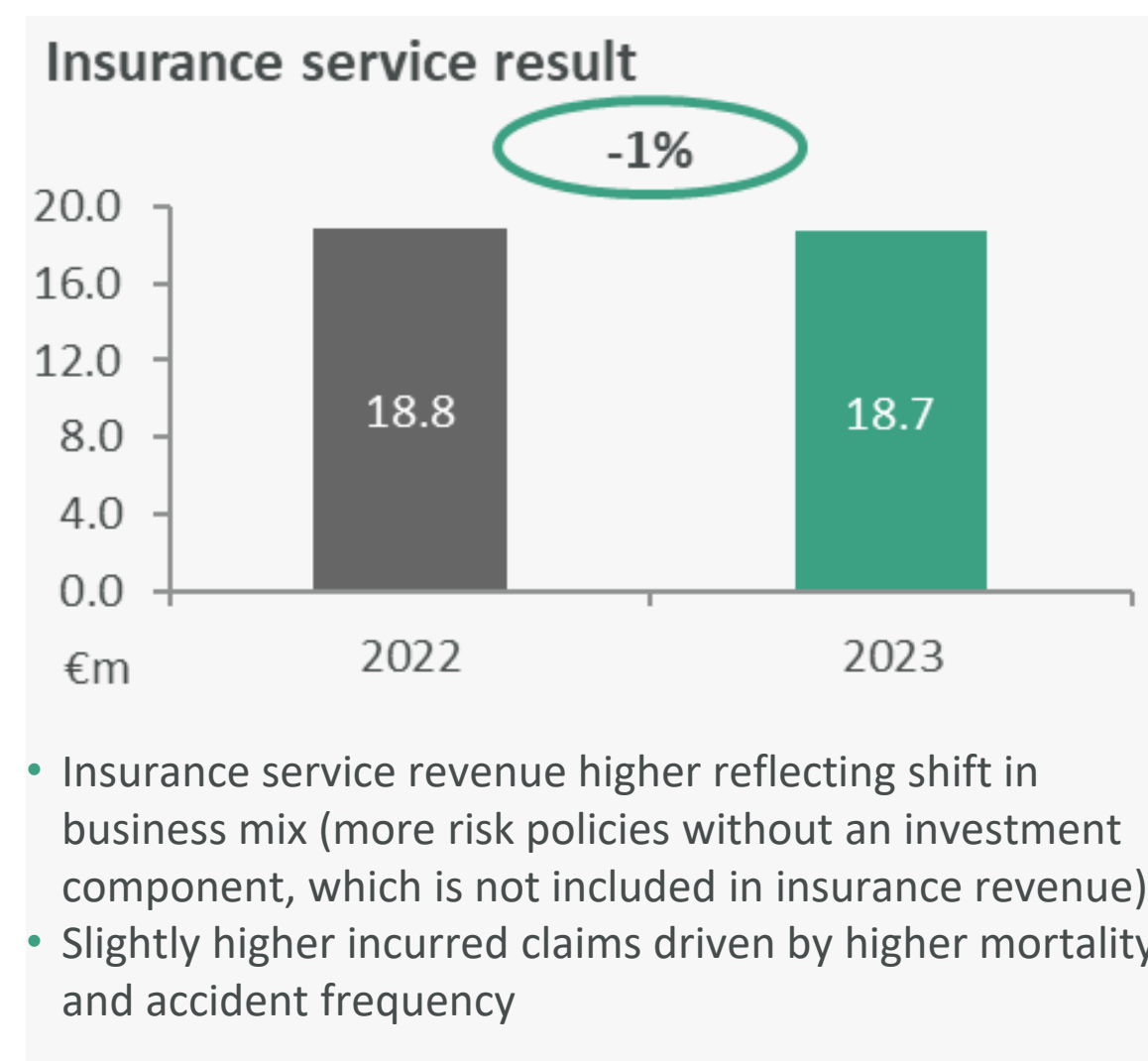
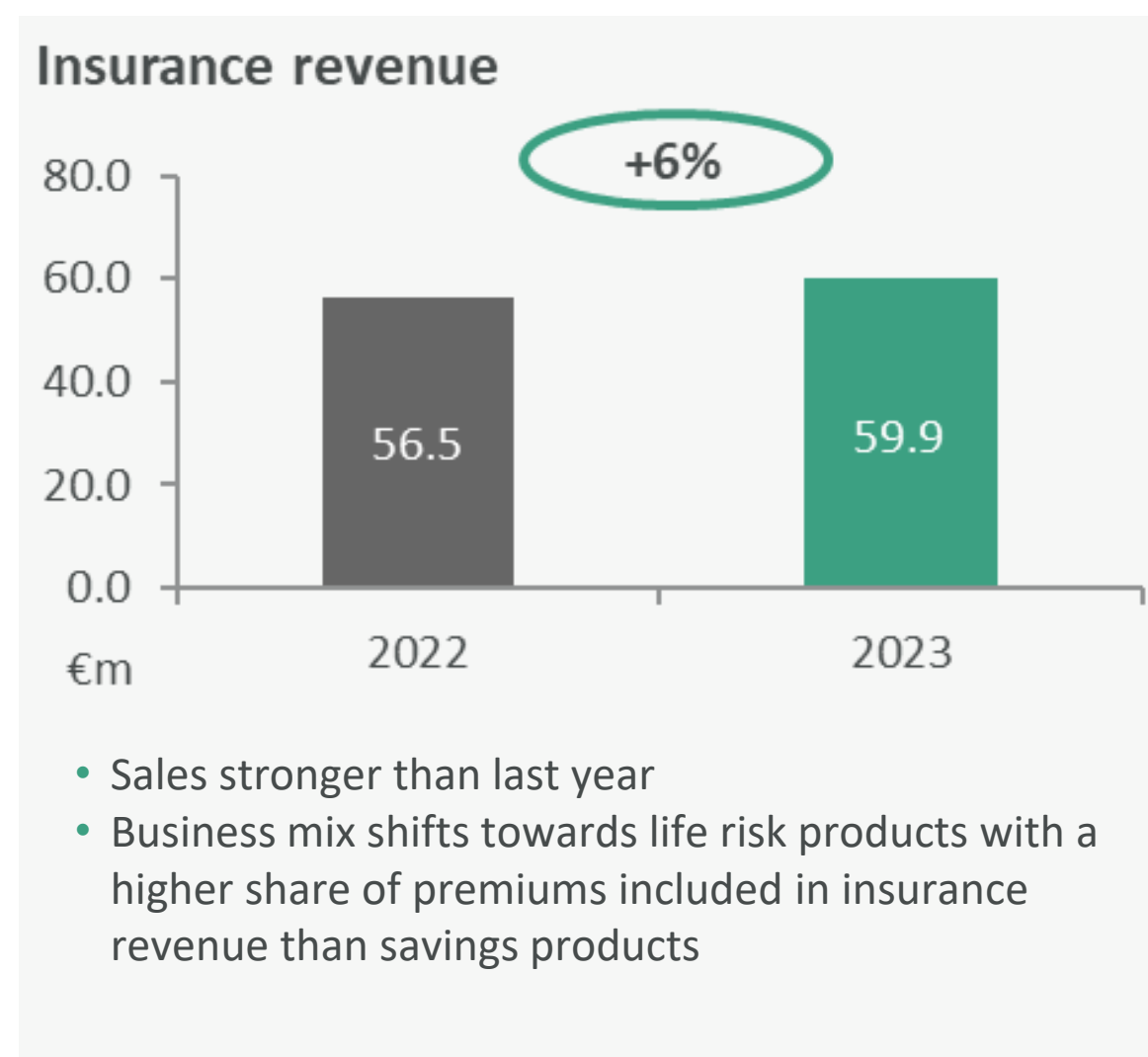
SEGMENT
REPORTING

02

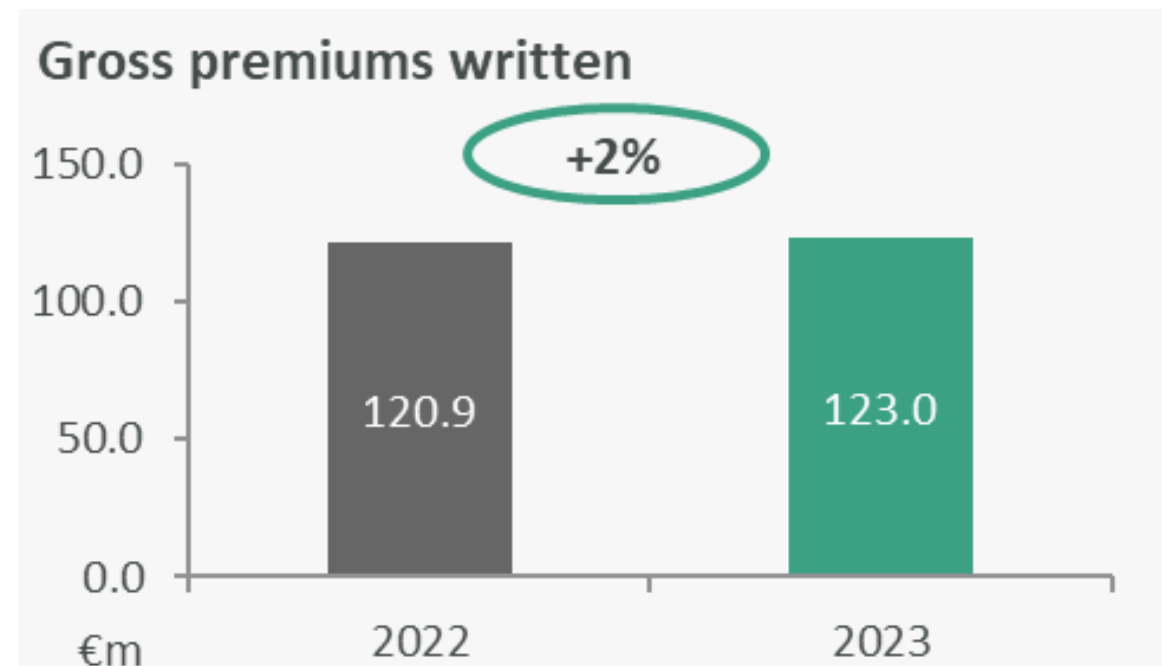
Non-life EU: insurance service result up driven by premium growth



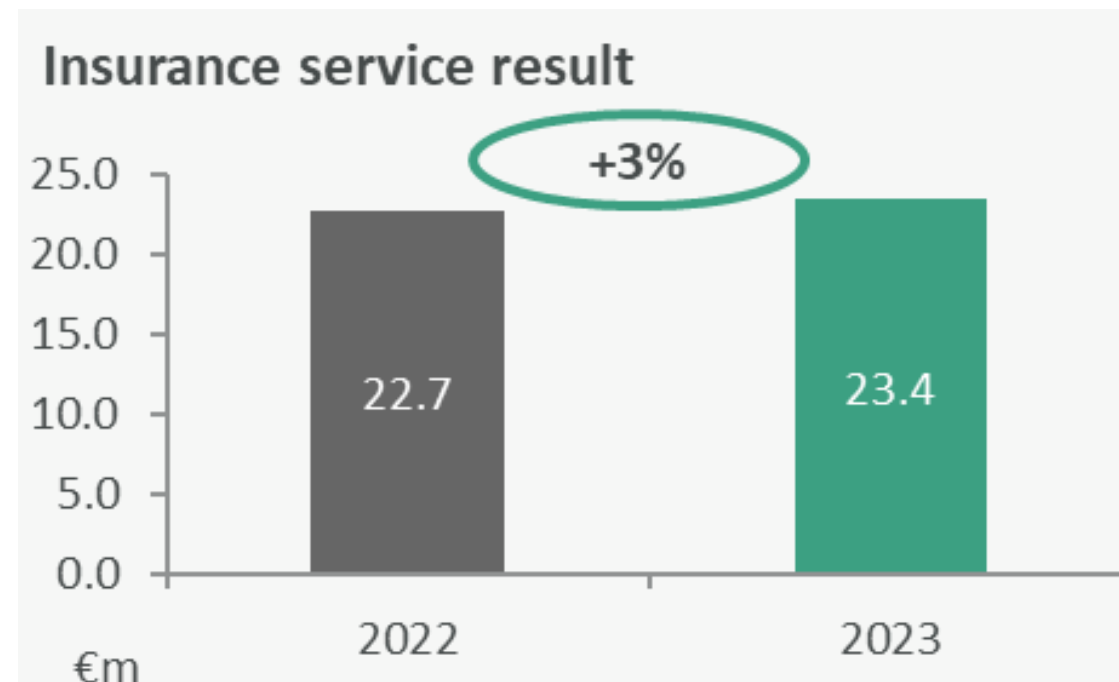
Life EU: higher profit due to improved financial market developments



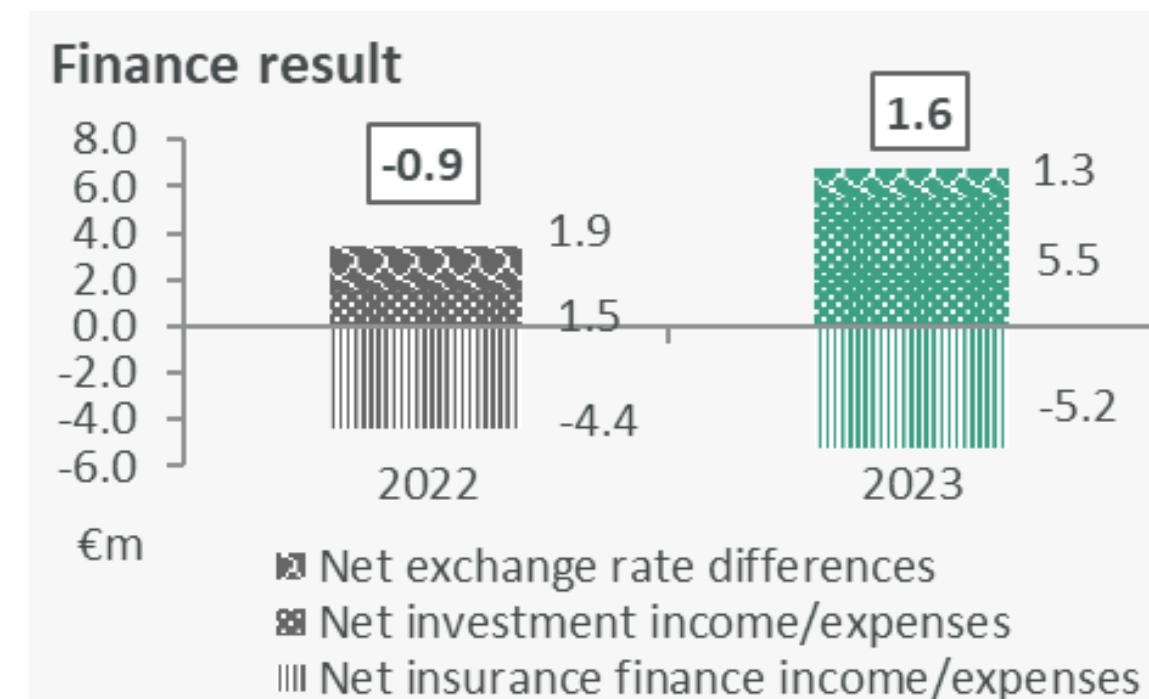
Reinsurance: improved revenue mix



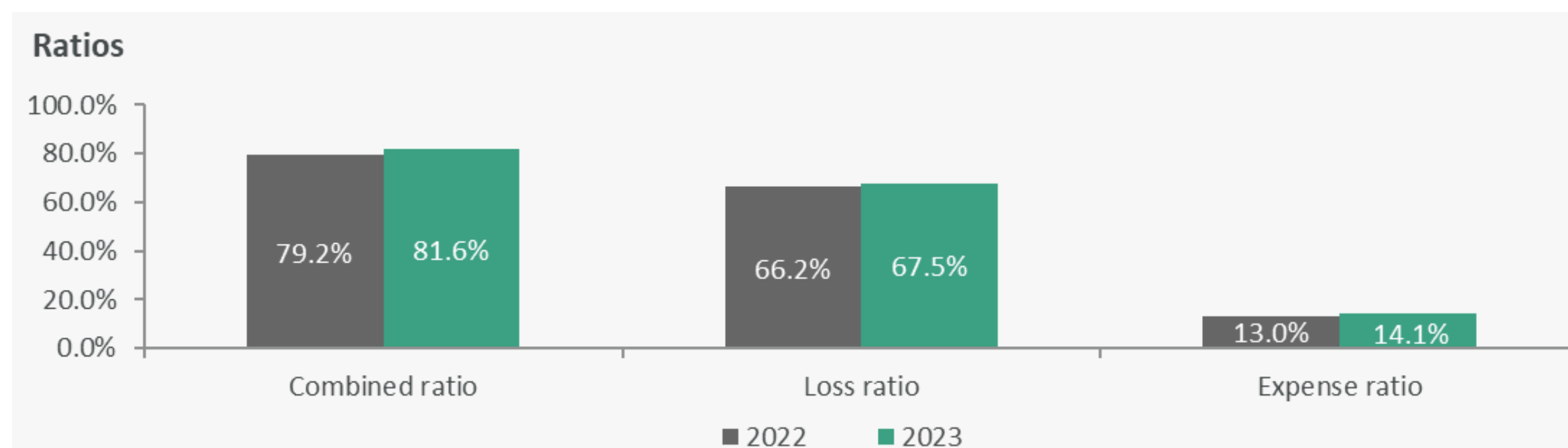
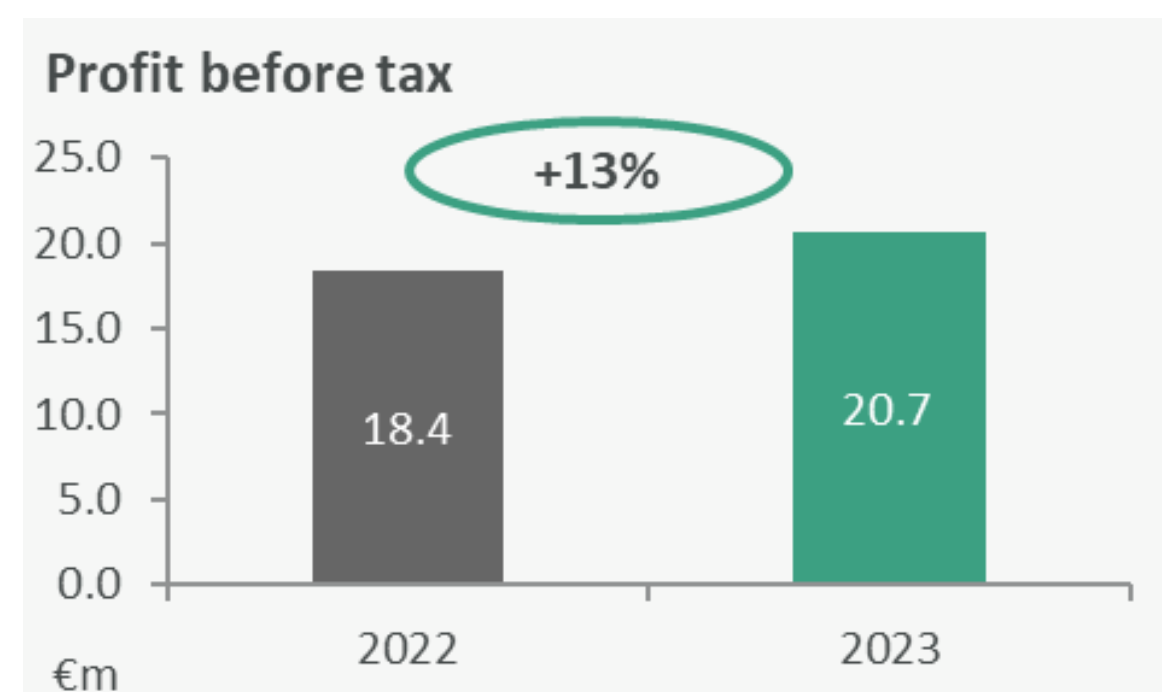
- Price increases in line with reinsurance market developments and organic business volume growth
- Positive shift in premium mix towards more profitable non-proportional business, up 19.4%



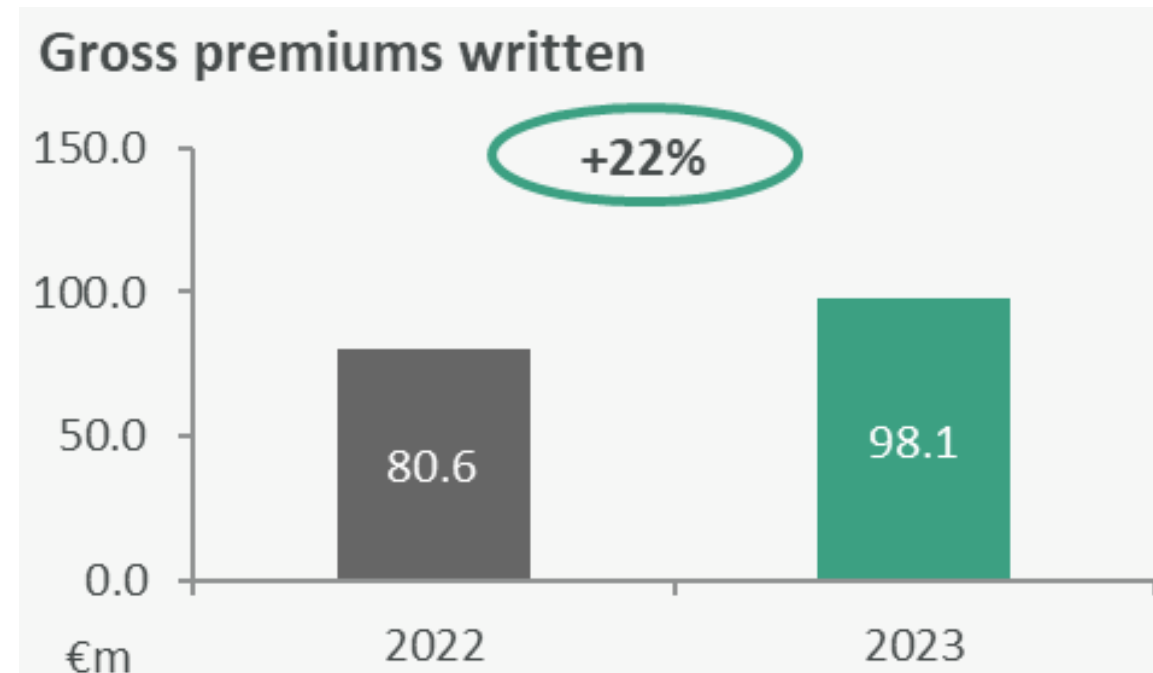
- Impact of insurance revenue growth driven by improved premium mix in favour of non-proportional treaties
- Improved reinsurance claims development



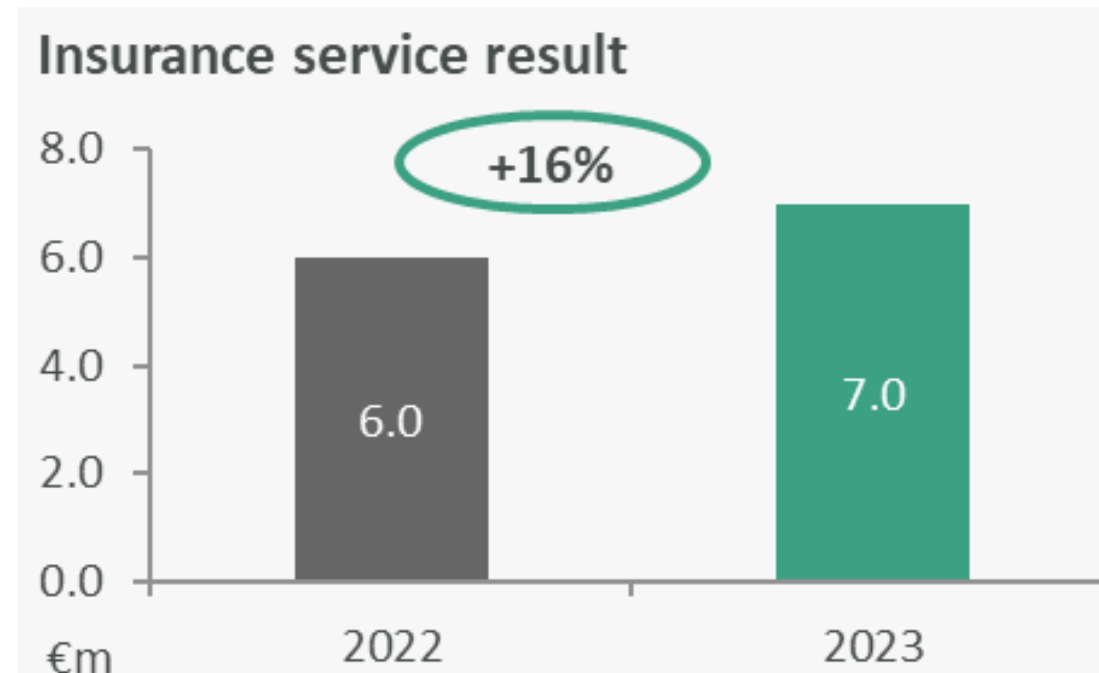
- In 2022: adverse impact of change in fair value of FVTPL investments due to financial market movements
- In 2023, higher interest income (reinvestment at higher interest rates)



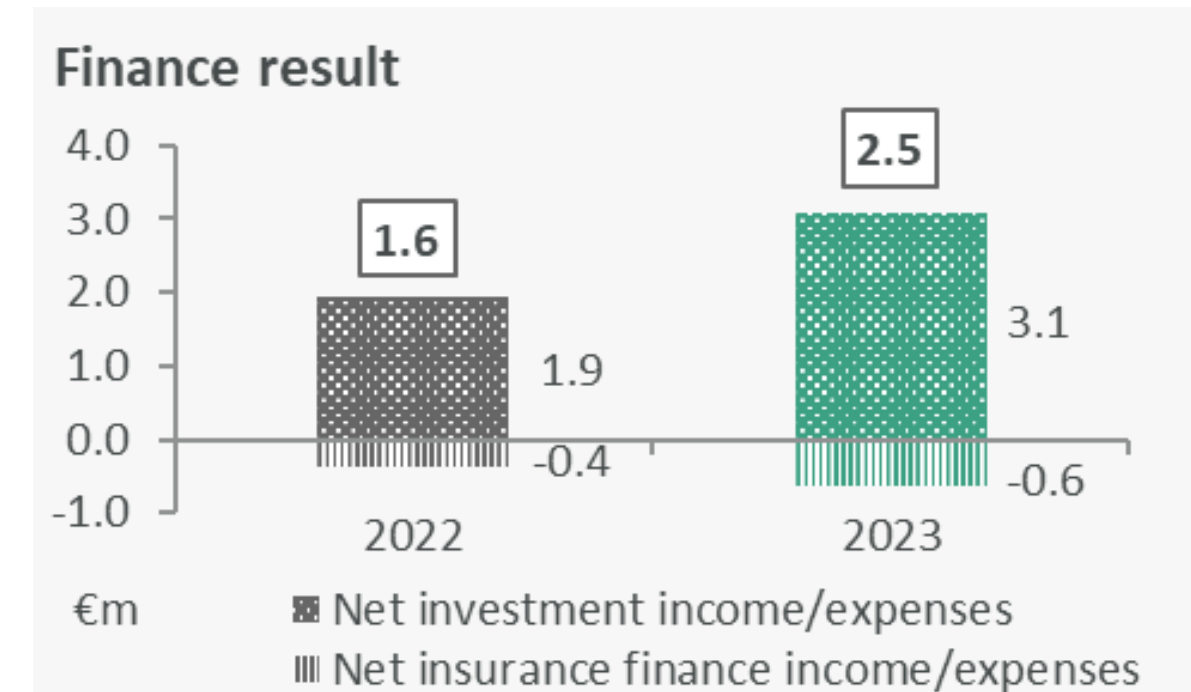
Non-life non-EU: strong premium growth



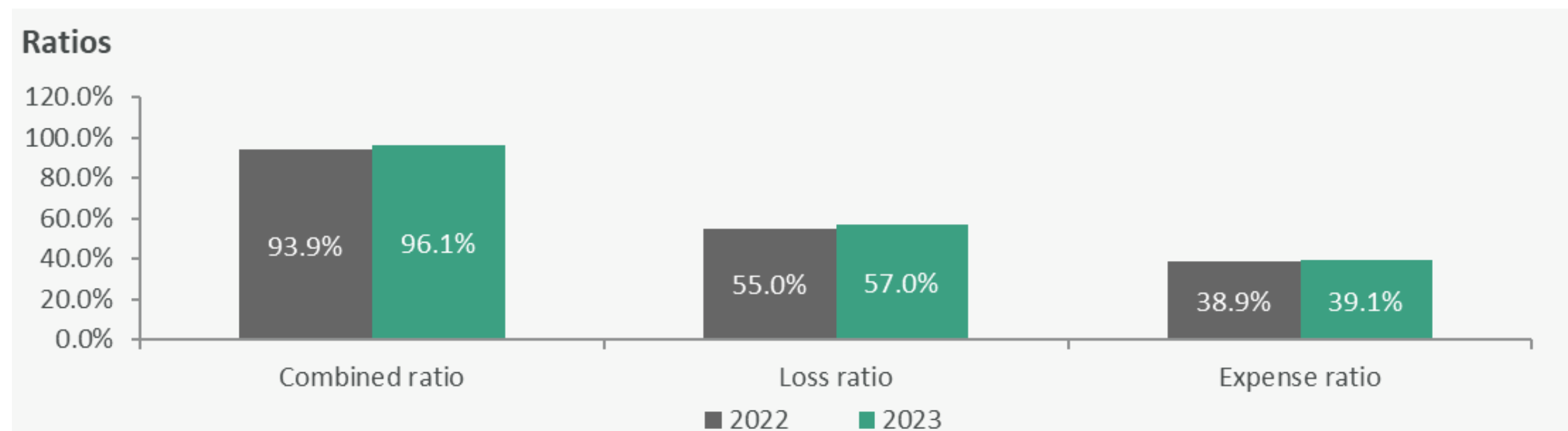
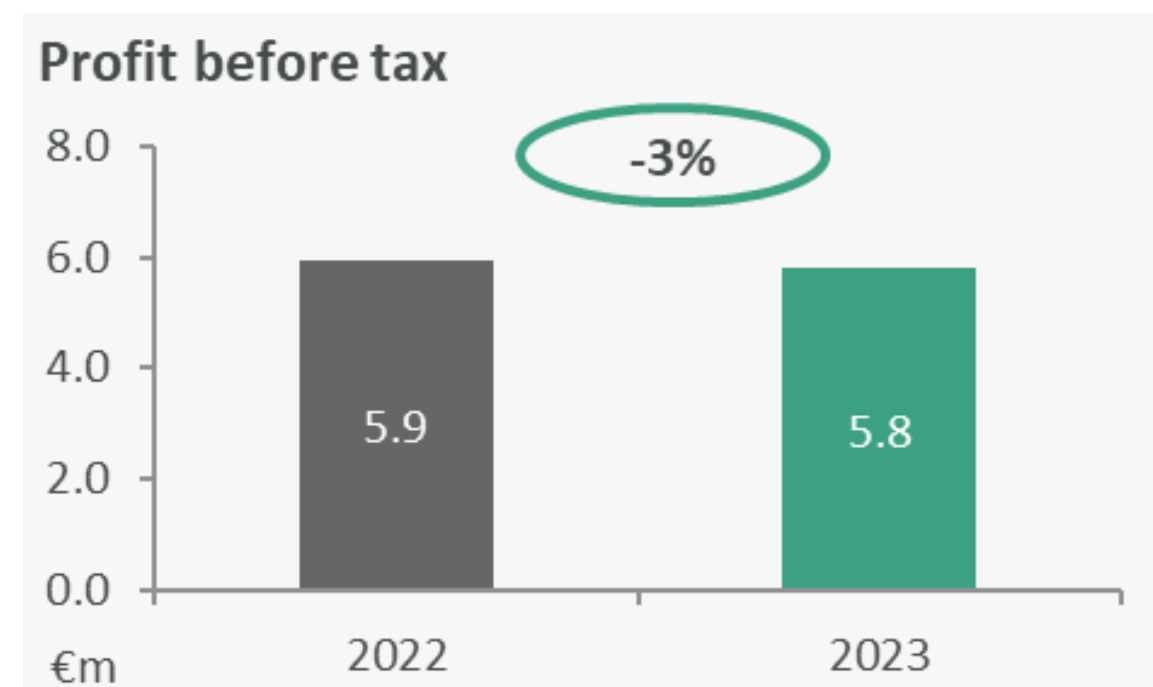
- Growth in motor, health and property, driven by both organic growth and price increases



- Increased insurance revenue due to growth in gross premiums

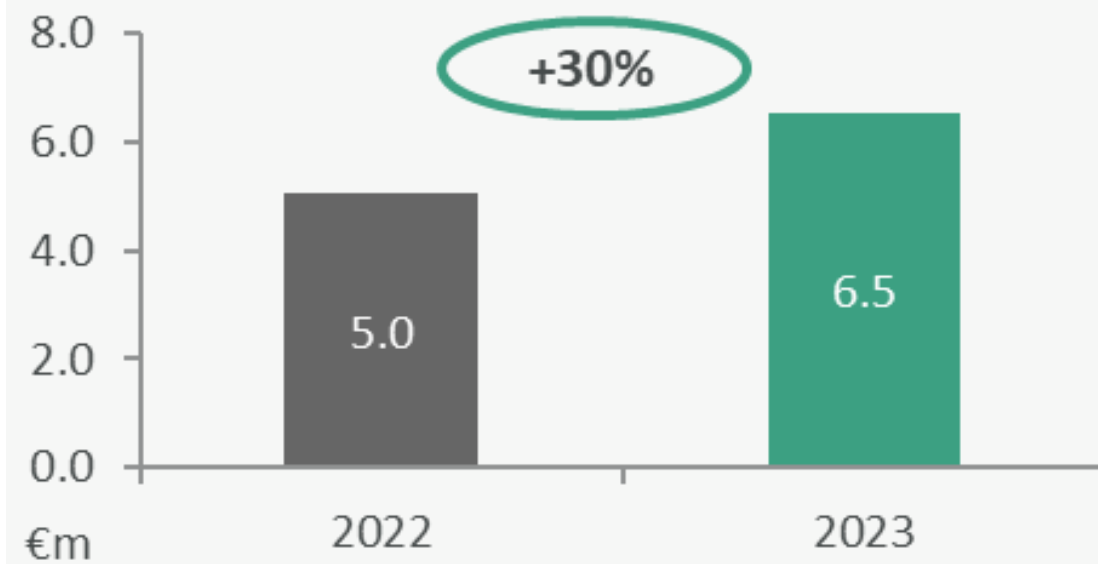


- Higher interest revenue reflecting portfolio growth and higher reinvestment rates



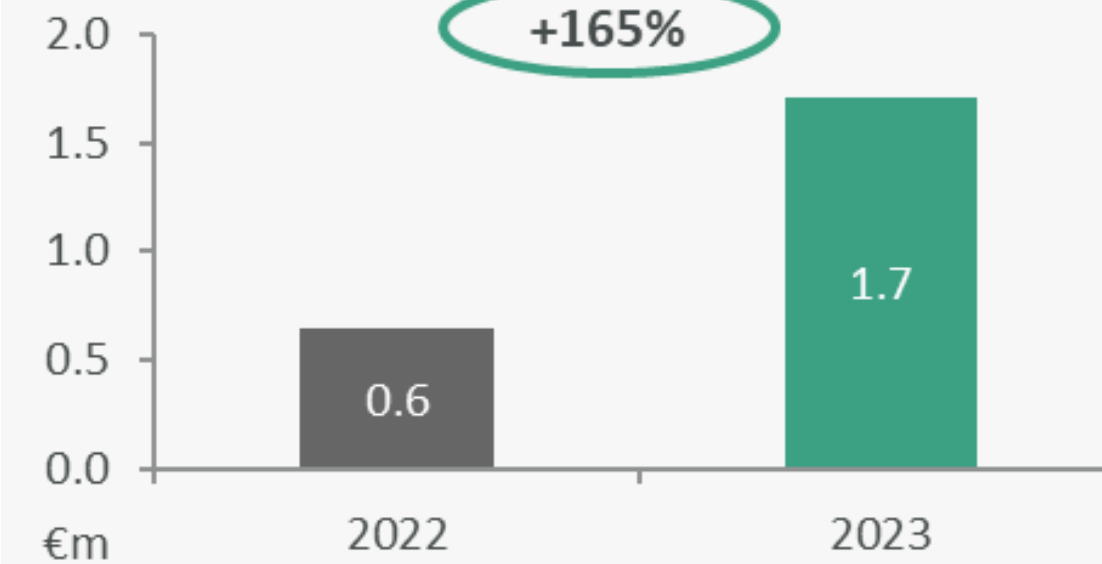
Life non-EU: strong revenue growth

Insurance revenue



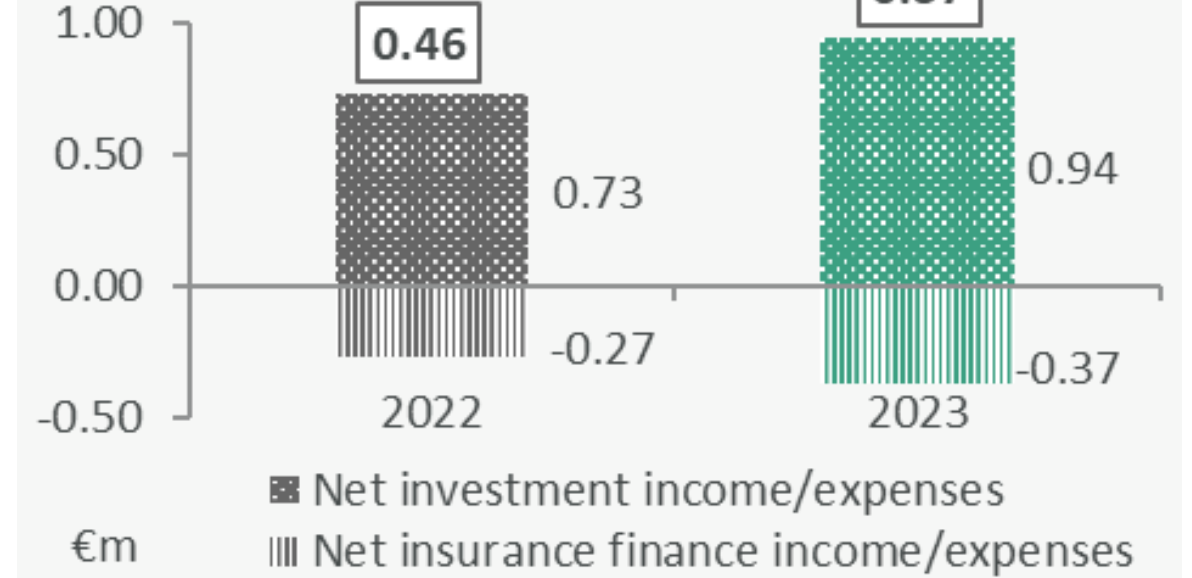
- Increased sales through own distribution channels as well as through agencies and banks

Insurance service result



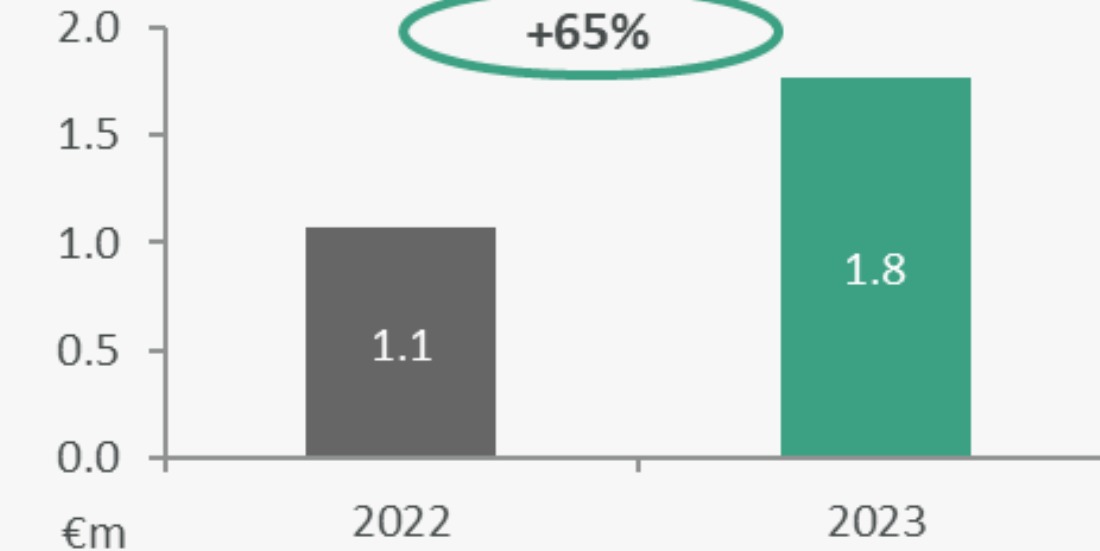
- Increase in insurance revenue due to portfolio growth and updated actuarial models and assumptions

Finance result

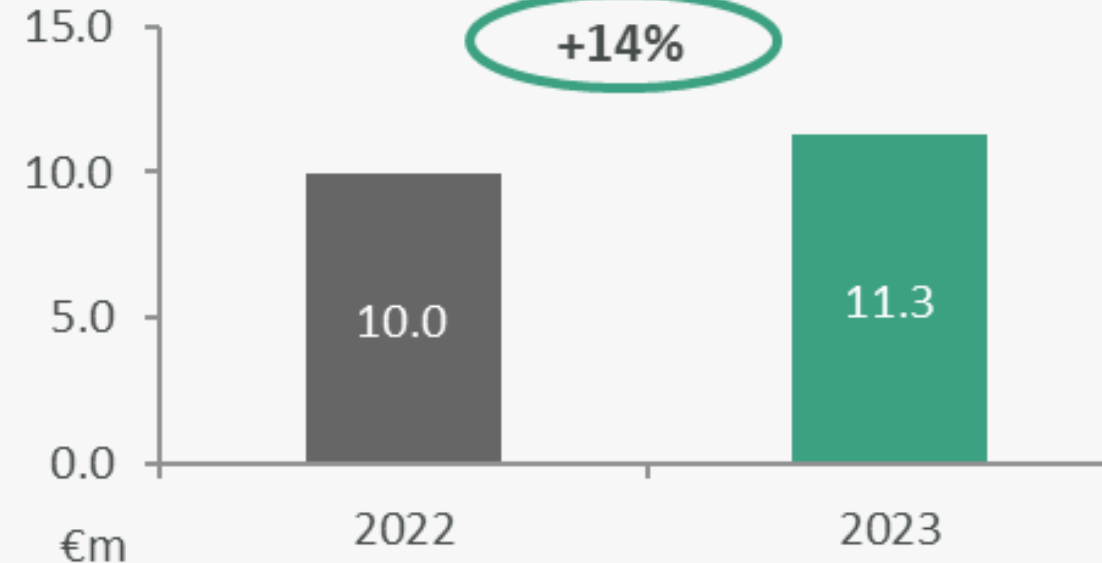


- Higher interest revenue reflecting portfolio growth and higher reinvestment rates

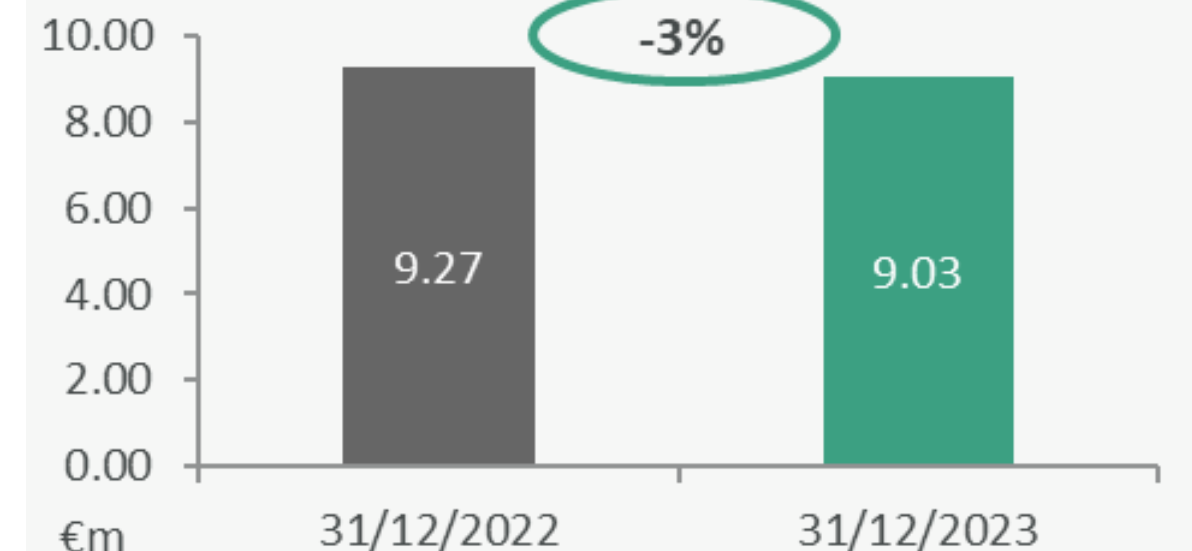
Profit before tax



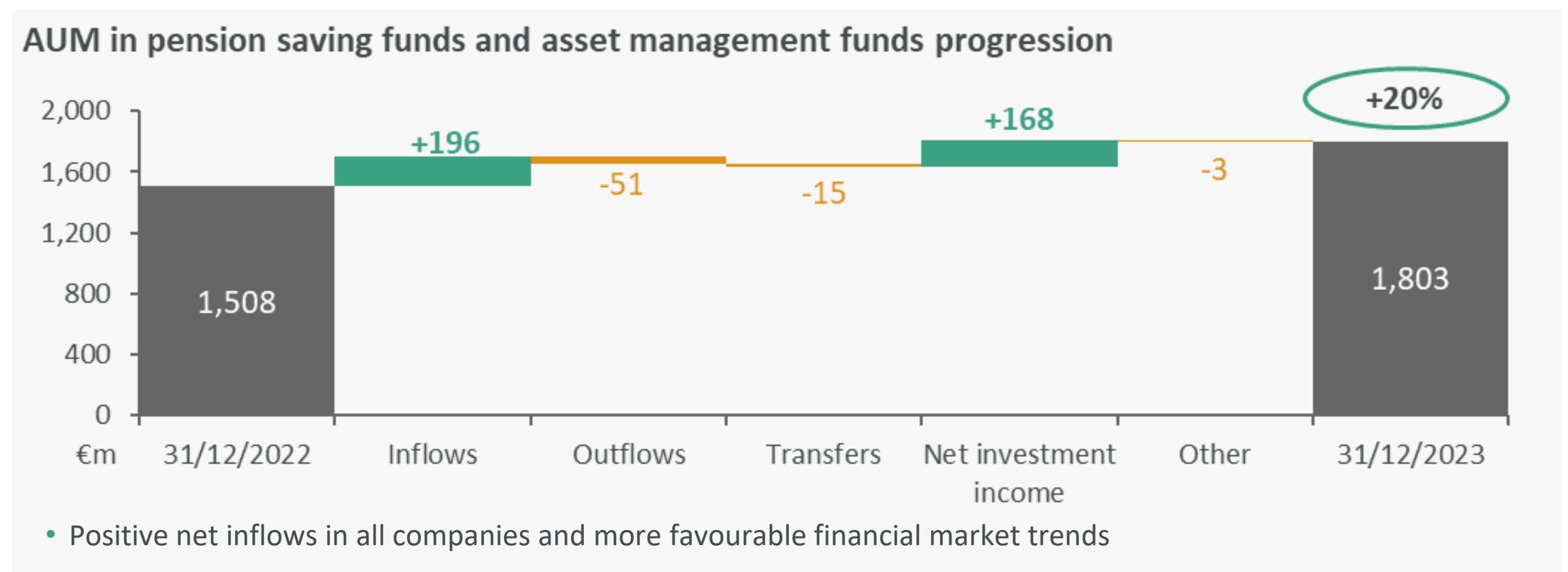
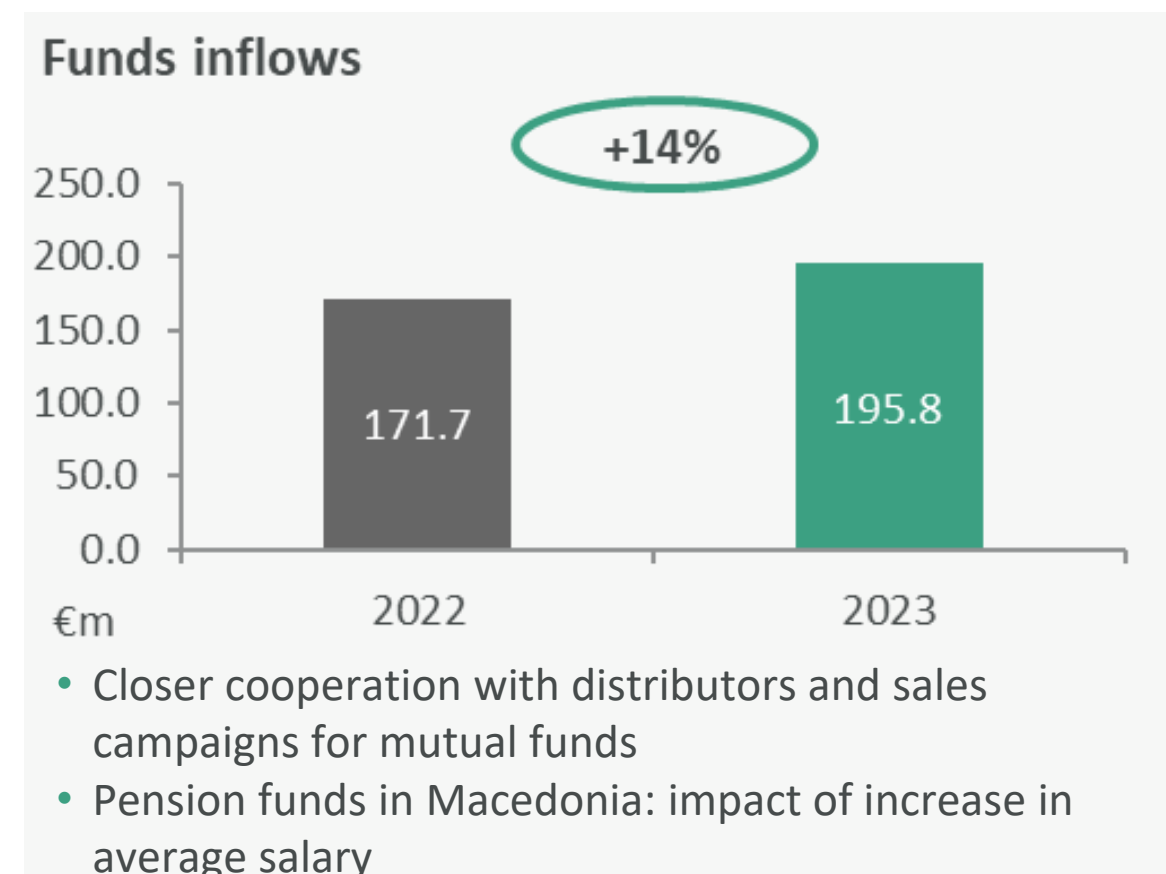
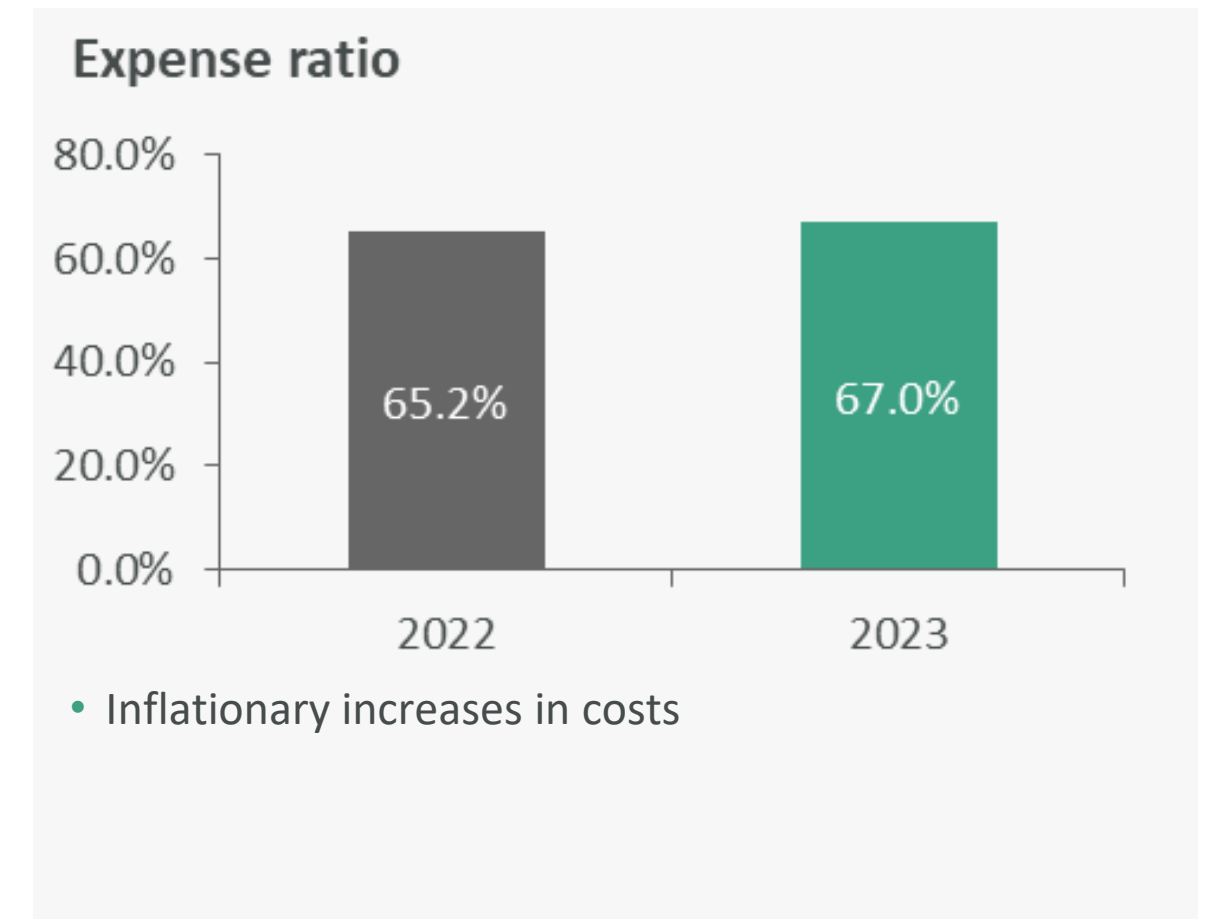
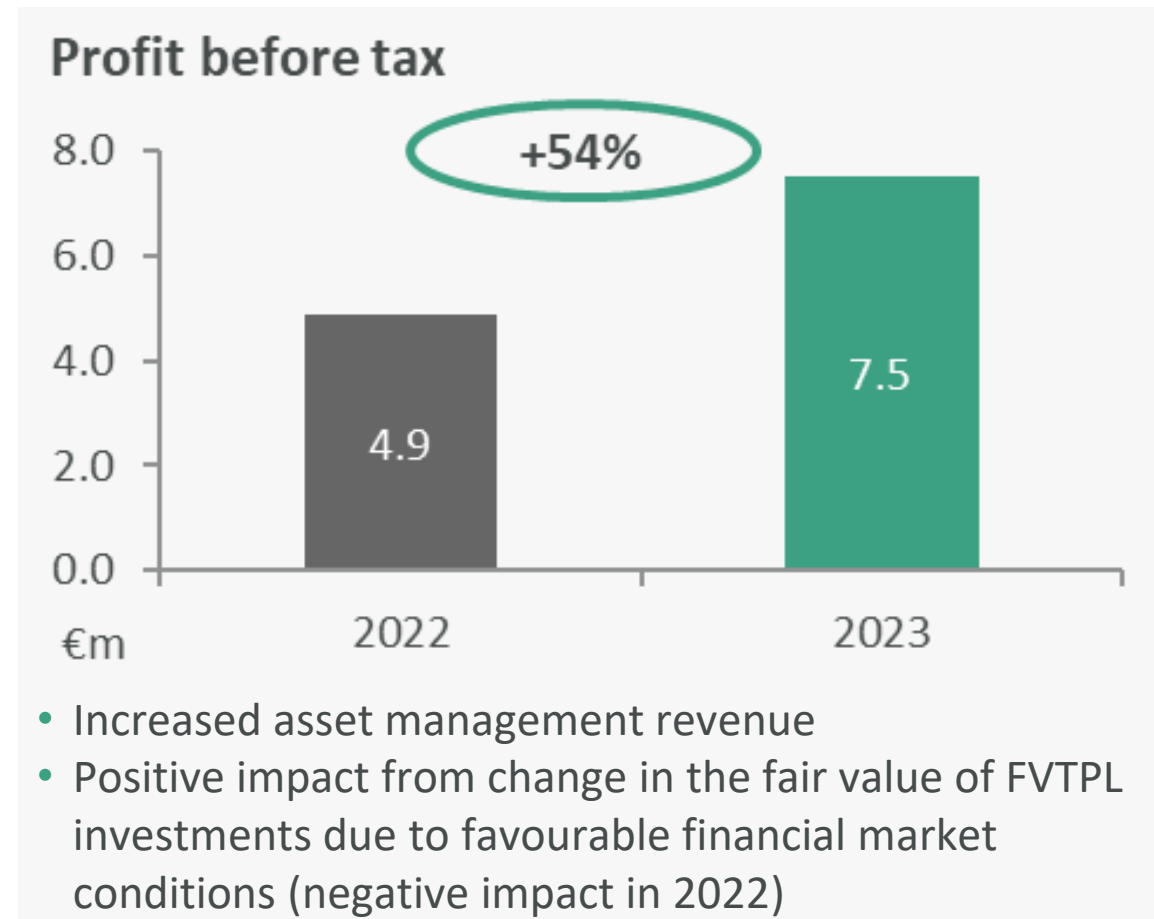
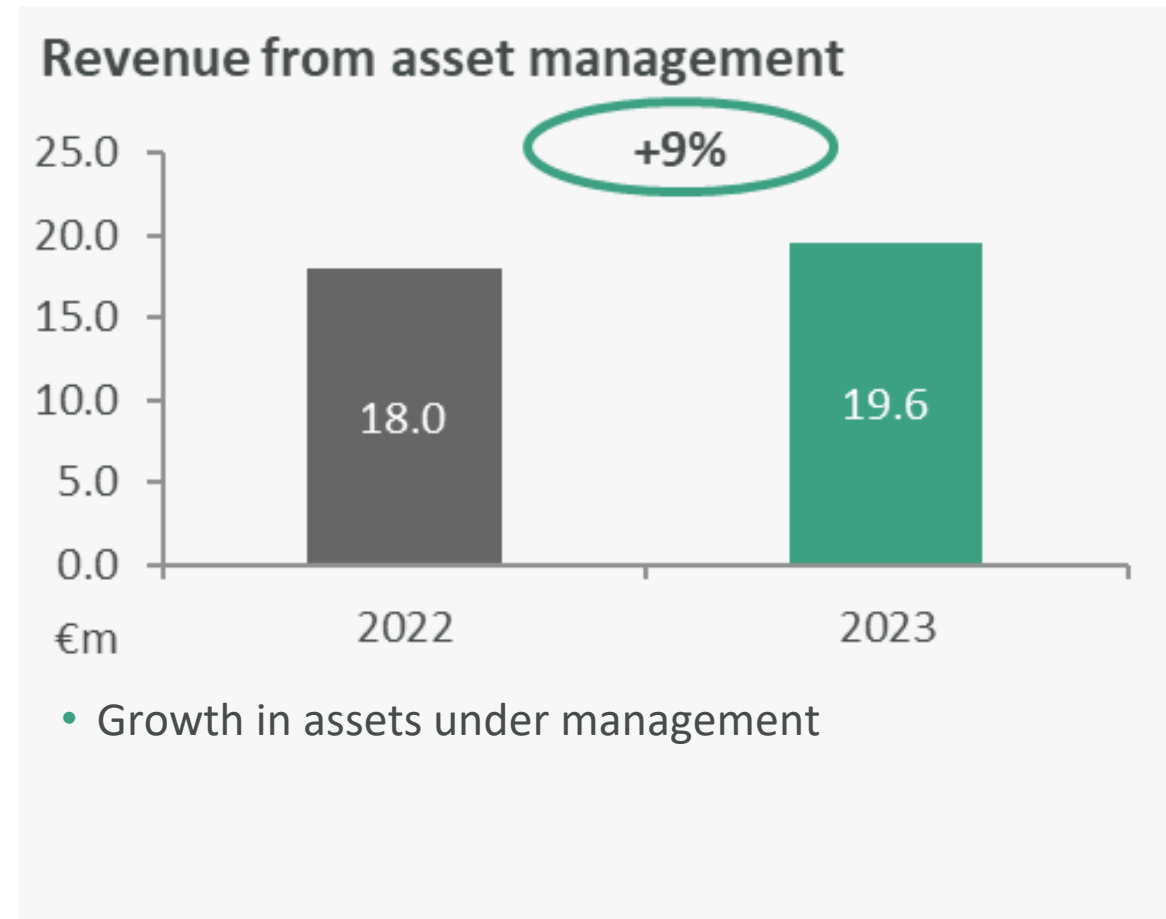
Gross premiums written



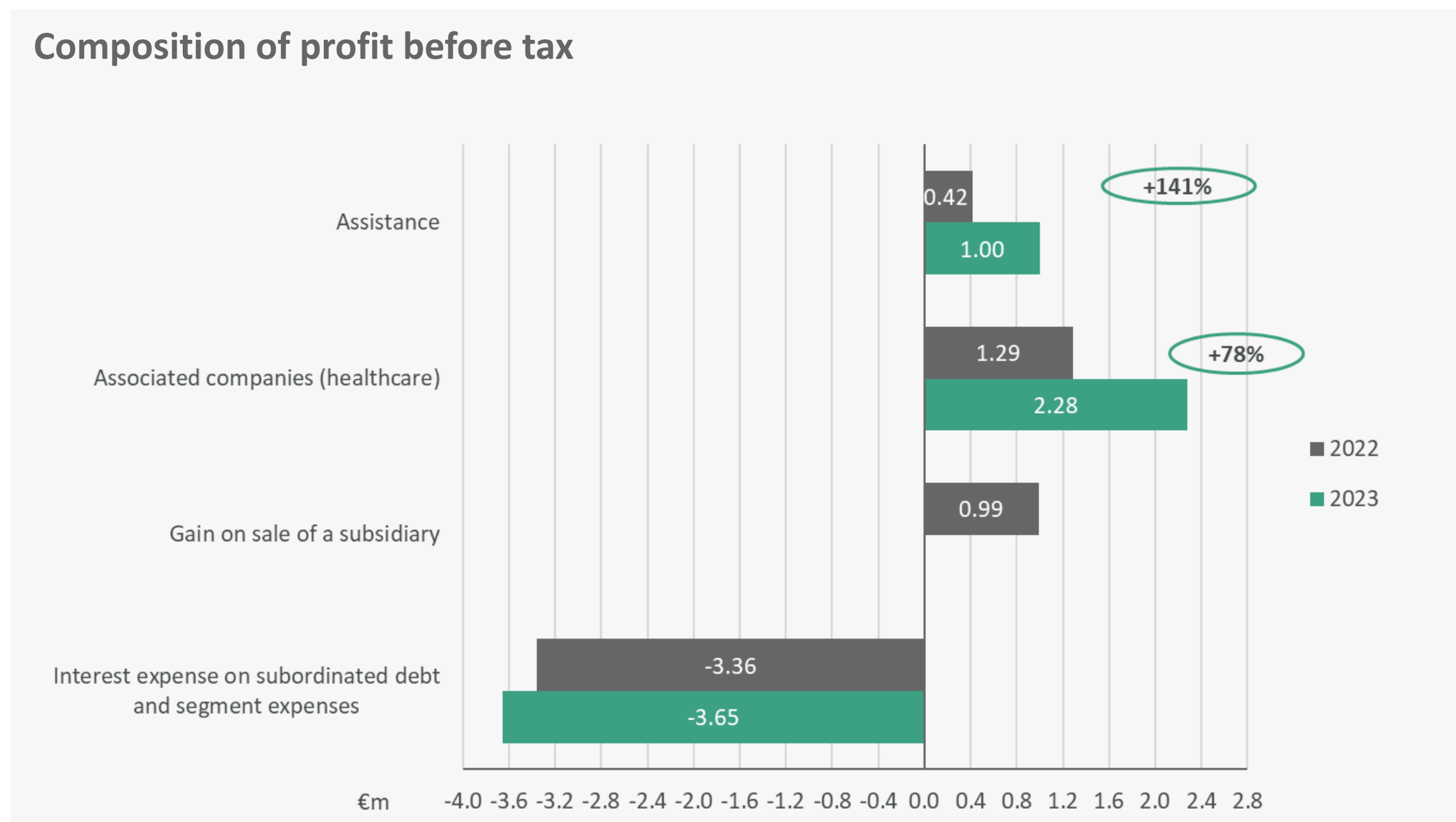
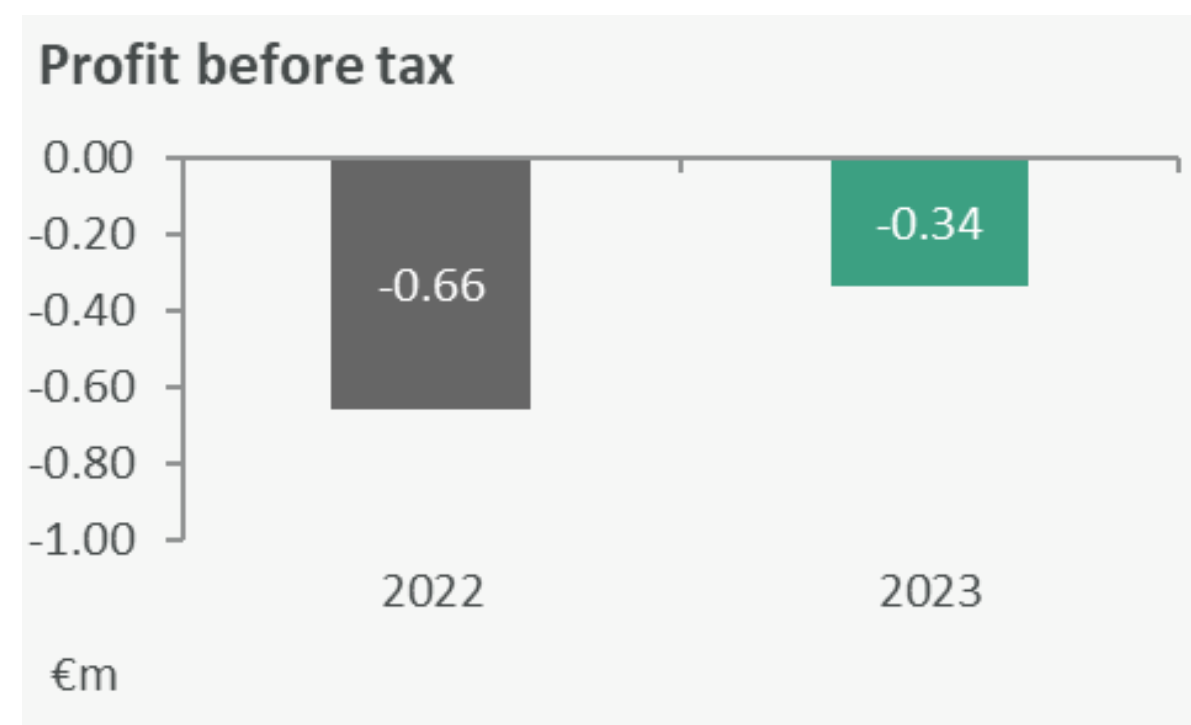
CSM



Pensions and asset management: robust growth in net fund inflows



“Other” segment: higher profits from healthcare and assistance services



FINANCIAL
INVESTMENTS

03

Net investment income of and rate of return on the investment portfolio

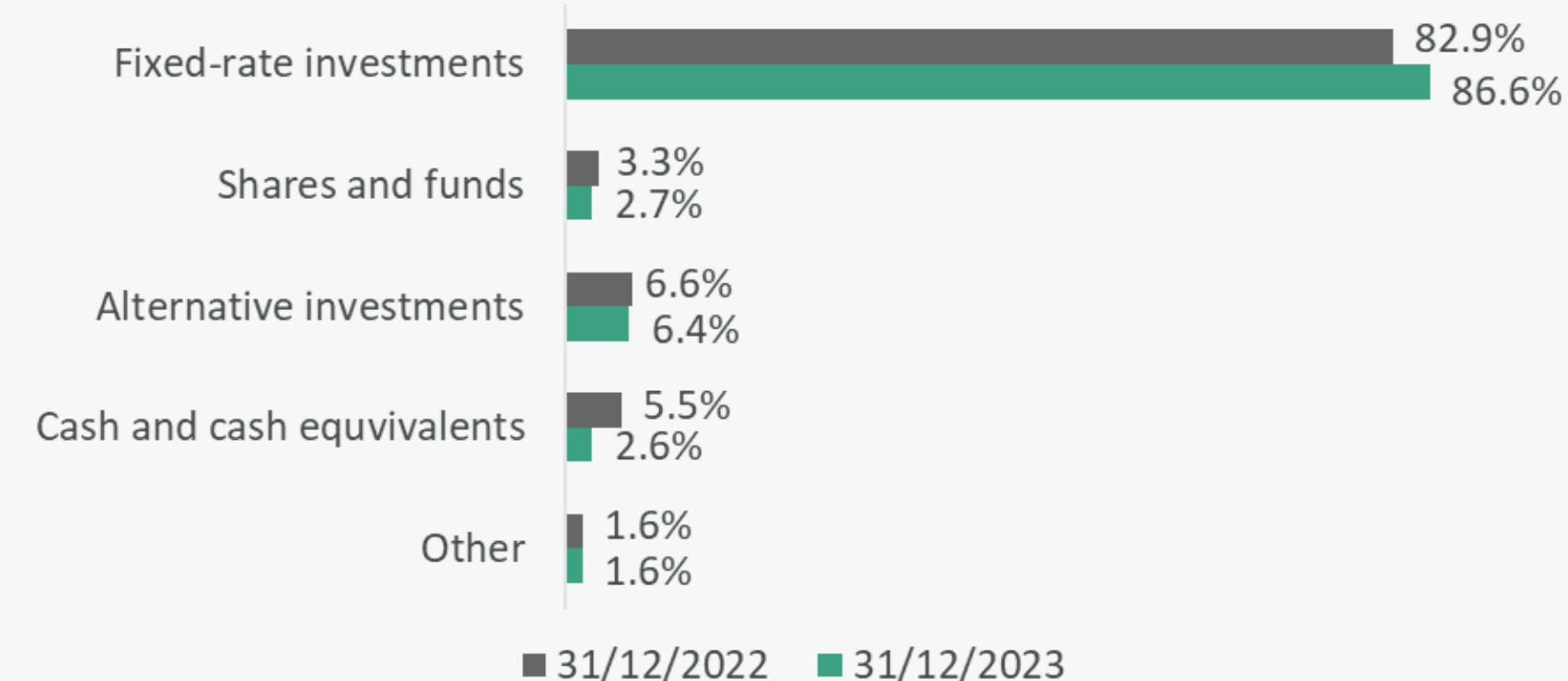
€m	2022	2023	Difference
Interest income at effective interest rate	15.4	20.6	5.2
Change in fair value of FVTPL assets	-11.8	3.0	14.7
Gains/losses on disposal of assets	-0.4	-0.8	-0.4
Change in expected credit losses (ECL)	0.3	0.3	0.0
Other income/expenses from investments	5.2	7.2	2.0
Net investment income	8.8	30.2	21.4
Rate of return	0.6%	2.1%	+1.5 p.p.

- Higher interest income due to (re)investment in higher yielding investments
- Positive contribution from FVTPL portfolio driven by favourable equity and debt market performance

Composition of the investment portfolio

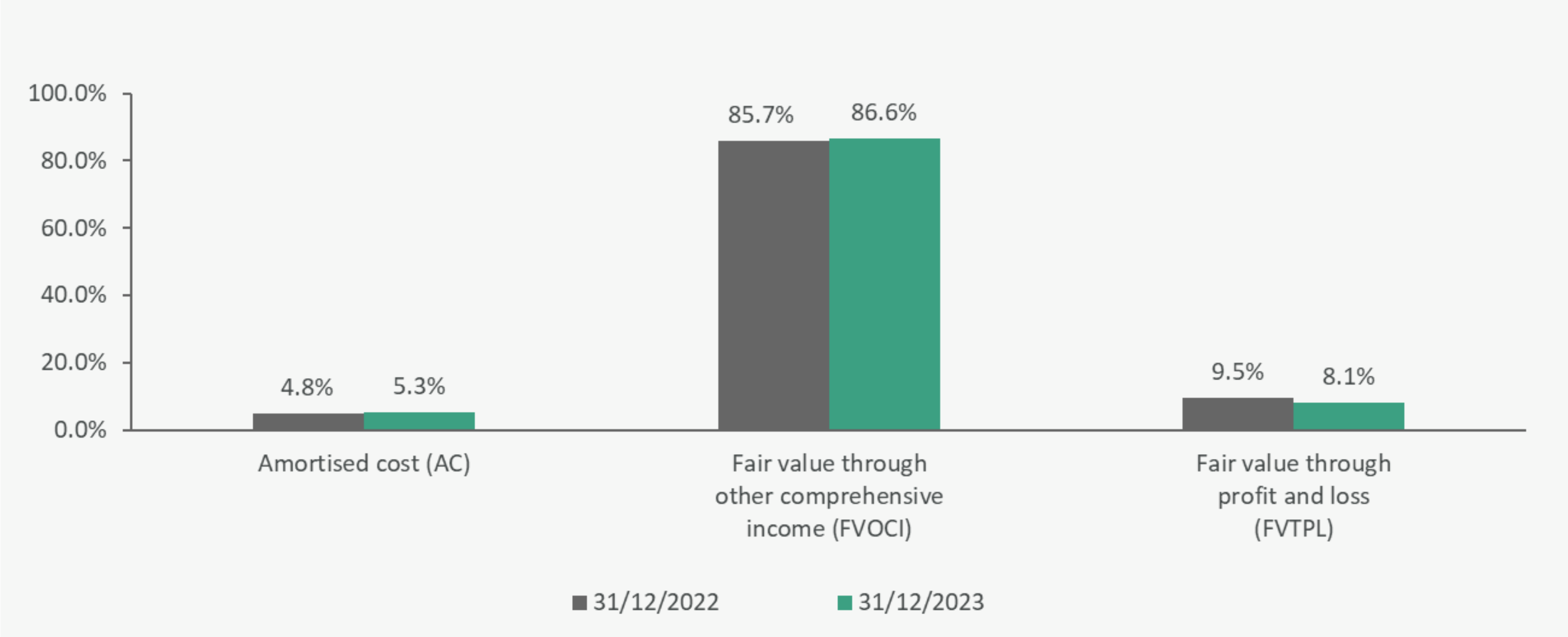
€m	31/12/2022	31/12/2023	Difference
Fixed-rate investments	1,173.6	1,302.4	128.8
Government bonds	734.5	818.8	84.3
Corporate bonds	420.3	458.0	37.7
Deposits & CDs	18.8	25.6	6.8
Shares and funds	47.0	40.3	-6.7
Shares	24.9	21.8	-3.1
Mutual funds	22.2	18.6	-3.6
Alternative investments	93.1	96.1	3.0
Infrastructure funds	53.9	57.3	3.5
Real estate funds	16.5	13.9	-2.6
Investment property	22.8	24.9	2.1
Cash and cash equivalents	78.3	39.8	-38.5
Other	23.1	24.6	1.5
Total investment portfolio	1,415.2	1,503.3	88.1

Investment structure



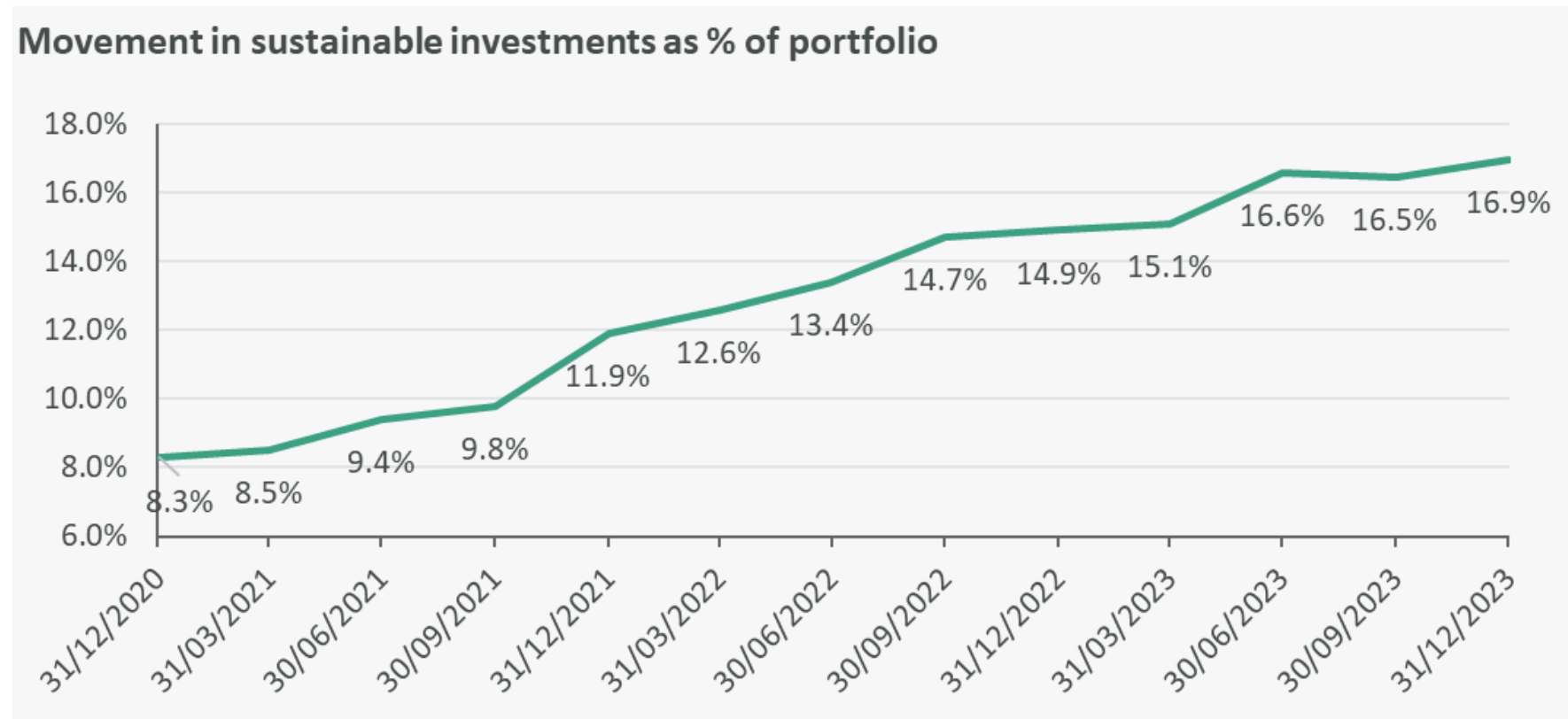
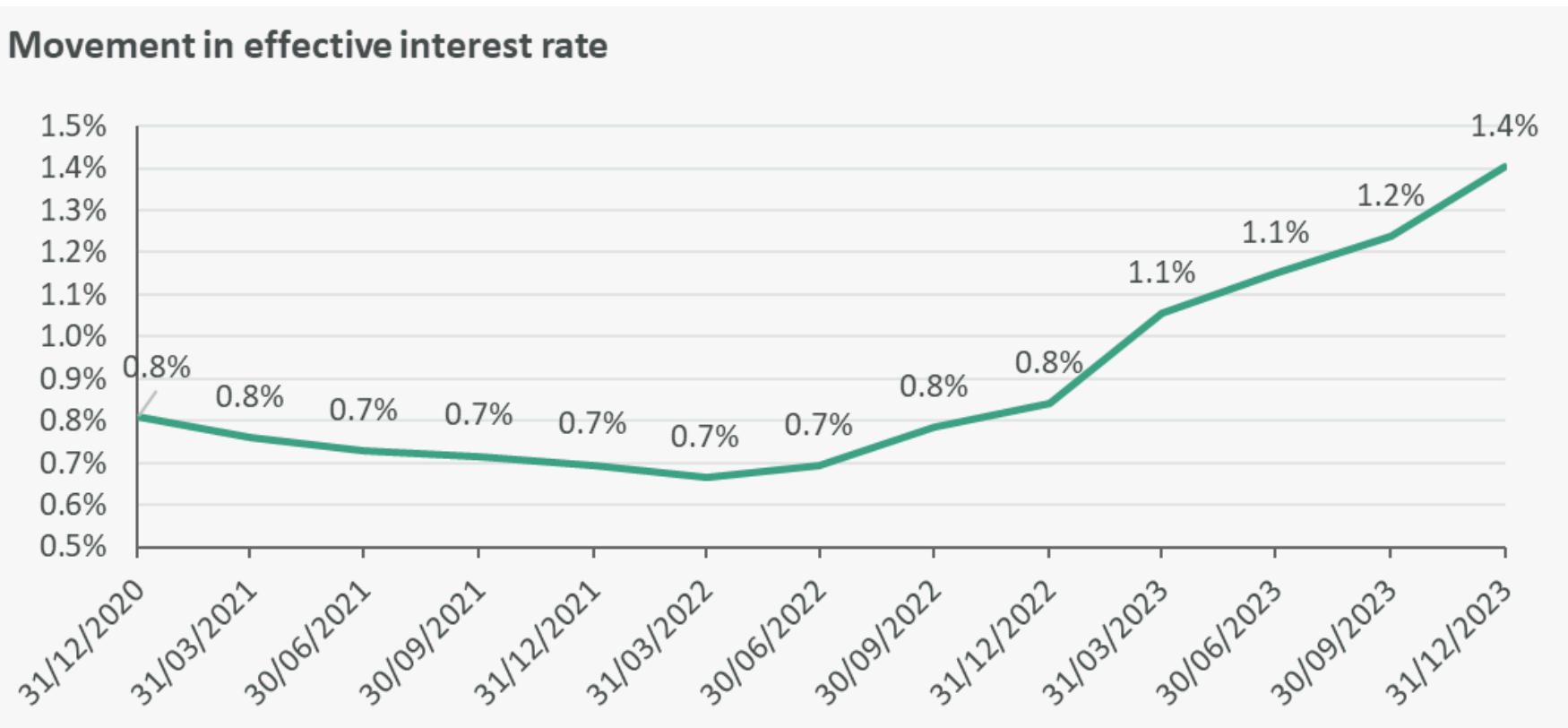
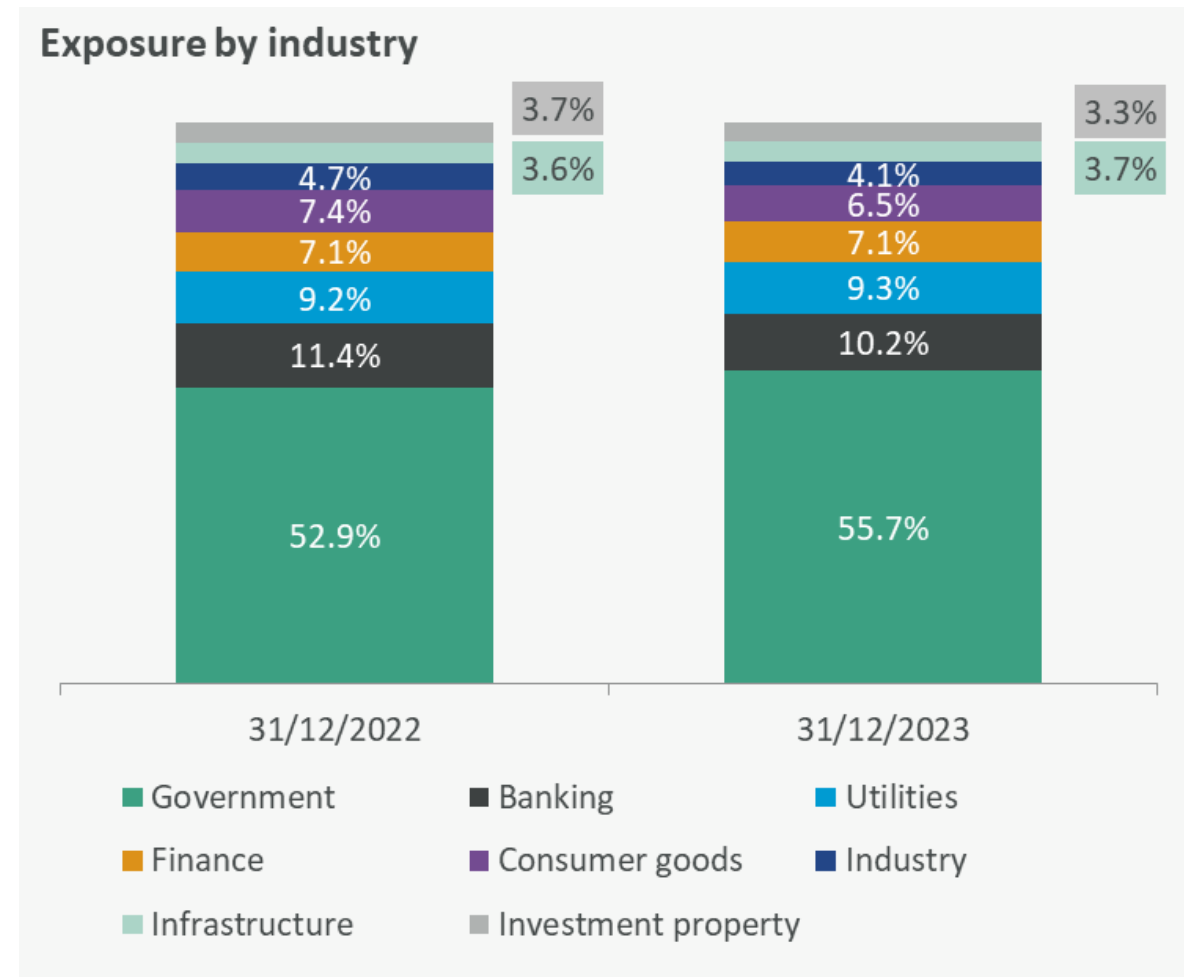
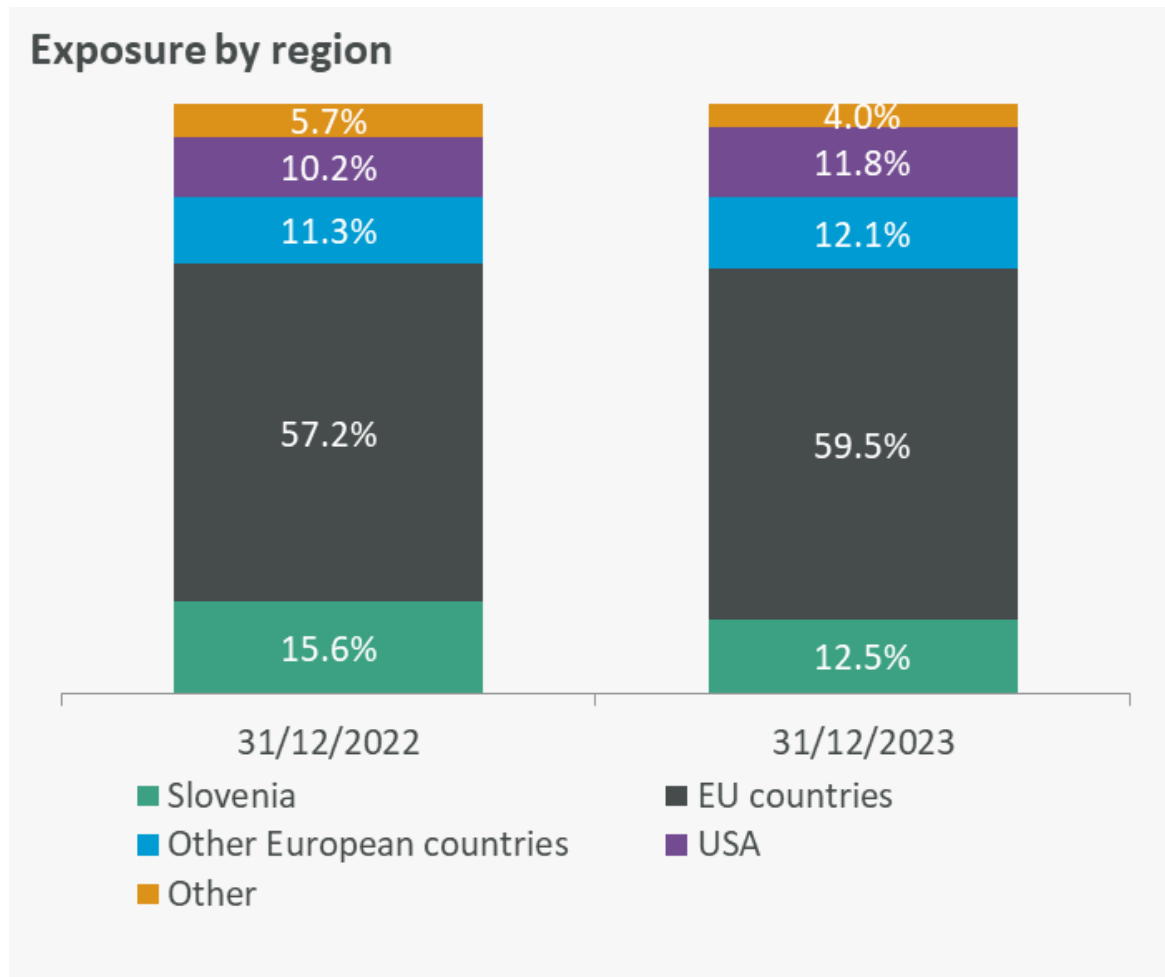
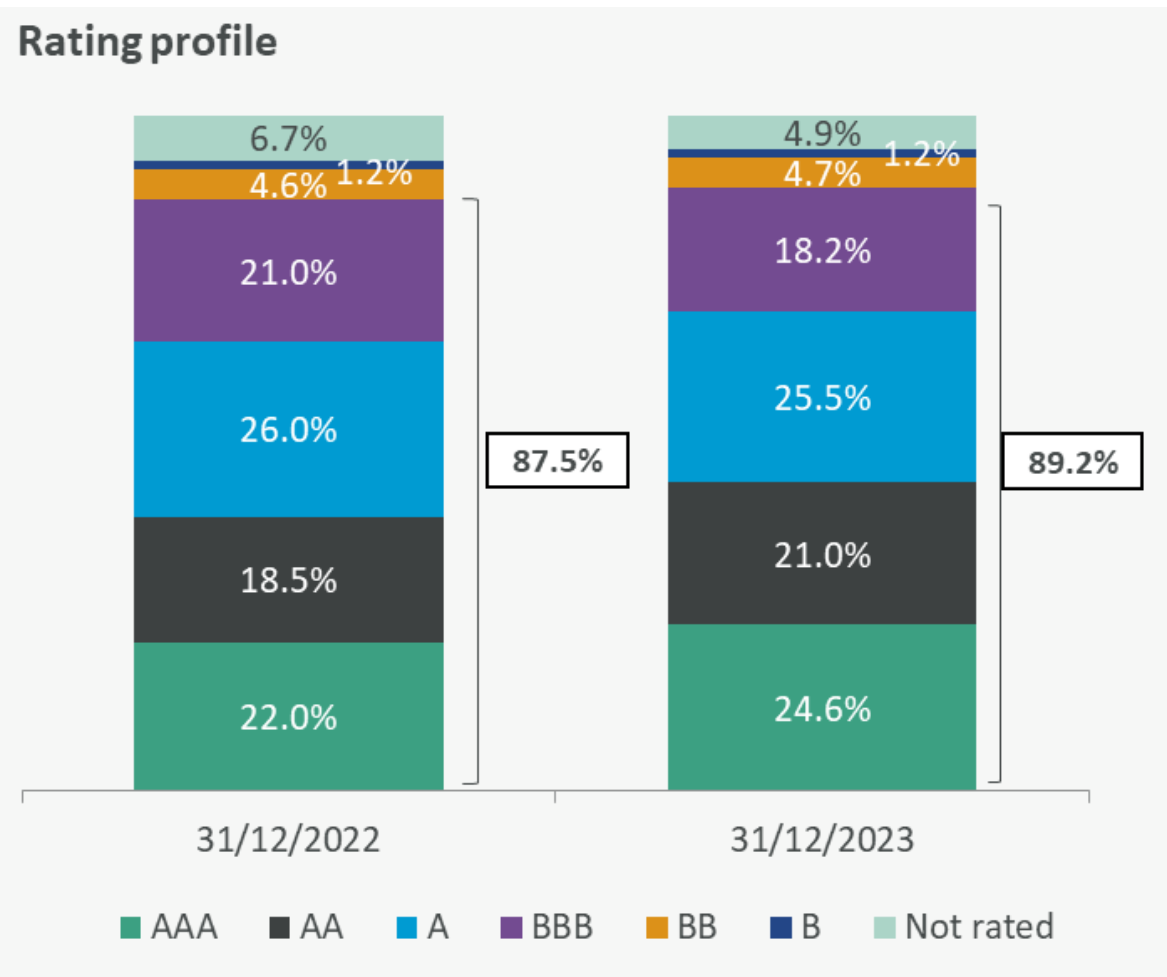
- Safe and liquid portfolio maintained by investing in top-rated government and corporate bonds
- Reduced exposure to equities
- Increased focus on providing liquidity without impacting the bottom line
- Q4 reinvestment yield around 3.5% and 3.3% for the full year 2023

Classification of investments by accounting category



- The increase in FVOCI investments was driven by the reinvestment of funds from the sale of FVTPL equity investments.

Secure and stable investment portfolio





Thank you.

For more information: ir@sava-re.si



www.sava-re.si

Glossary of selected terms and computation methods for indicators

Assets under management. Assets of pension companies' pension funds, assets of mutual funds managed by the Group's asset management company and assets of policyholders who bear the investment risk.

Book value per share. Ratio of total equity to the weighted average number of shares outstanding.

Business volume. Gross premiums written and revenue of non-insurance services.

Combined ratio. The sum of the loss ratio and the expense ratio. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments. Sava Re's ratio does not include expenses arising from holding activities. For the transition to IFRS 17, the Group has retained the existing net/net methodology for calculating the combined ratio. During 2023, in line with the approach of other comparable insurance companies, the Group decided to change its methodology to a net/gross calculation of the combined ratio, which is also consistent with the presentation of the income statement in accordance with IFRS 17. The revised methodology has been applied for the first time in this year's annual report. Under the new methodology, the net reinsurance expenses are included in the numerator, while the denominator includes insurance service revenue net of the deductible reinsurance portion. Calculations using the new methodology slightly deteriorate the combined ratio, but the previous year's combined ratio is also restated for comparison.

CSM. The **contractual service margin** is an estimate of the unearned profit on groups of insurance contracts that has not been recognised in the income statement at a reporting date because it relates to future services.

Dividend yield. Ratio of dividend per share to the rolling average price per share in the 12-month period.

Expense ratio. Attributable expenses plus non-attributable expenses plus net operating income or expenses plus net other income or expenses plus net impairment losses and reversals of impairment losses on non-financial assets as a percentage of insurance revenue. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments. Sava Re's ratio does not include expenses arising from holding activities.

Gross premiums written. The total premiums on all policies written or renewed during a given period, regardless of what portions have been earned.

Investment portfolio. It consists of financial investments, investments in associates, investment property, and cash and cash equivalents. It does not include investments of policyholders who bear the investment risk.

Loss ratio. Insurance service expenses, excluding operating expenses, plus net result from reinsurance contracts held as a percentage of insurance revenue. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments.

Net contractual service margin. Contractual service margin, net of reinsurance.

Net investment income of the investment portfolio. The investment result plus the share of profit or loss of subsidiaries and associates. Calculated excluding returns on life insurance policies where policyholders bear the investment risk, the impact of exchange differences and expenses on subordinate debt.

Return on equity (ROE). Net profit for the period as a percentage of average equity during the period, excluding accumulated other comprehensive income.

Return on the investment portfolio. The ratio of net investment income from the investment portfolio to average invested assets. The investment portfolio position includes the following items of the statement of financial position: investment property; investments in associates and subsidiaries; financial investments, excluding unit-linked assets; and cash and cash equivalents other than those relating to unit-linked life insurance contracts. The average balance is calculated based on the figures as at the reporting date and as at the end of the previous year.

Solvency ratio. The ratio of eligible own funds to the solvency capital requirement, expressed as a percentage. A solvency ratio in excess of 100% indicates that the firm has sufficient resources to meet the solvency capital requirement.

Total share return. Ratio of the share price at the end of the period, including the dividend, to the share price at the end of the previous period.