

Revised strategic plan

of the
**SAVA
INSURANCE
GROUP**
2020–2022



REASONS FOR THE REVISION OF THE 2020–2022 STRATEGIC PLAN

The strategy of the Sava Insurance Group for 2020–2022 has remained unchanged in terms of substance, but the financial plan for 2020–2022 has been changed to reflect the below impacts on the Group's operations.

Acquisition of NLB Vita d.d.

- Vita was included in the 2020 plan of the Sava Insurance Group as of 31 May 2020.

Impacts of Covid-19 on the operations of Group companies

- The Slovenian Institute of Macroeconomic Analysis and Development (IMAD) predicts a 7.6% decline in GDP (initial forecast: 1.5% growth) and 4.5% growth in 2021. Similar declines in GDP in 2020 are also expected in other countries where the Sava Insurance Group operates.
- The Group's non-life insurers will see a slight decline in gross premiums in 2020 due to a slowdown in economic activity in certain sectors, while the Group's life insurers are still expecting gross premiums to grow, although more modestly compared to the originally planned. The Group's reinsurer will also see a decline in the expected business growth, as cooling is expected of the majority of economies abroad where it operates. The Group's assistance business will be under the negative impact of the decline in the tourism and travel industry. On the other hand, the loss rate in the loss frequency of the motor insurance class has decreased. Covid-19 has had a strong impact also on financial markets, which in turn reduced the value of assets under management in the segment "Pension and asset management companies".

#NeverAlone

We are building
a customer-centric, modern, digital,
community-minded and sustainable
INSURANCE GROUP.

OUR MISSION

Through commitment and constant progress, we ensure **SECURITY AND QUALITY OF LIFE.**

OUR VISION

We are building a customer-centric, modern, digital, community-minded and sustainable insurance Group.

OUR VALUES

We grow relationships with our colleagues in a responsible, frank and respectful manner. We exceed customer expectations through our ongoing effort to make improvements and strengthen relationships. We are active in relation to the environment (e.g., owners and the social environment).

KEY TARGETS FOR 2020–2022

GROWTH IN REVENUES*

> 5% annually

HITTING THE TOTAL REVENUES MARK

of €720 m by 2022

RETURN ON EQUITY

> 12%

SOLVENCY RATIO

180–220%

COMBINED RATIO (NON-LIFE + REINSURANCE)

< 95%

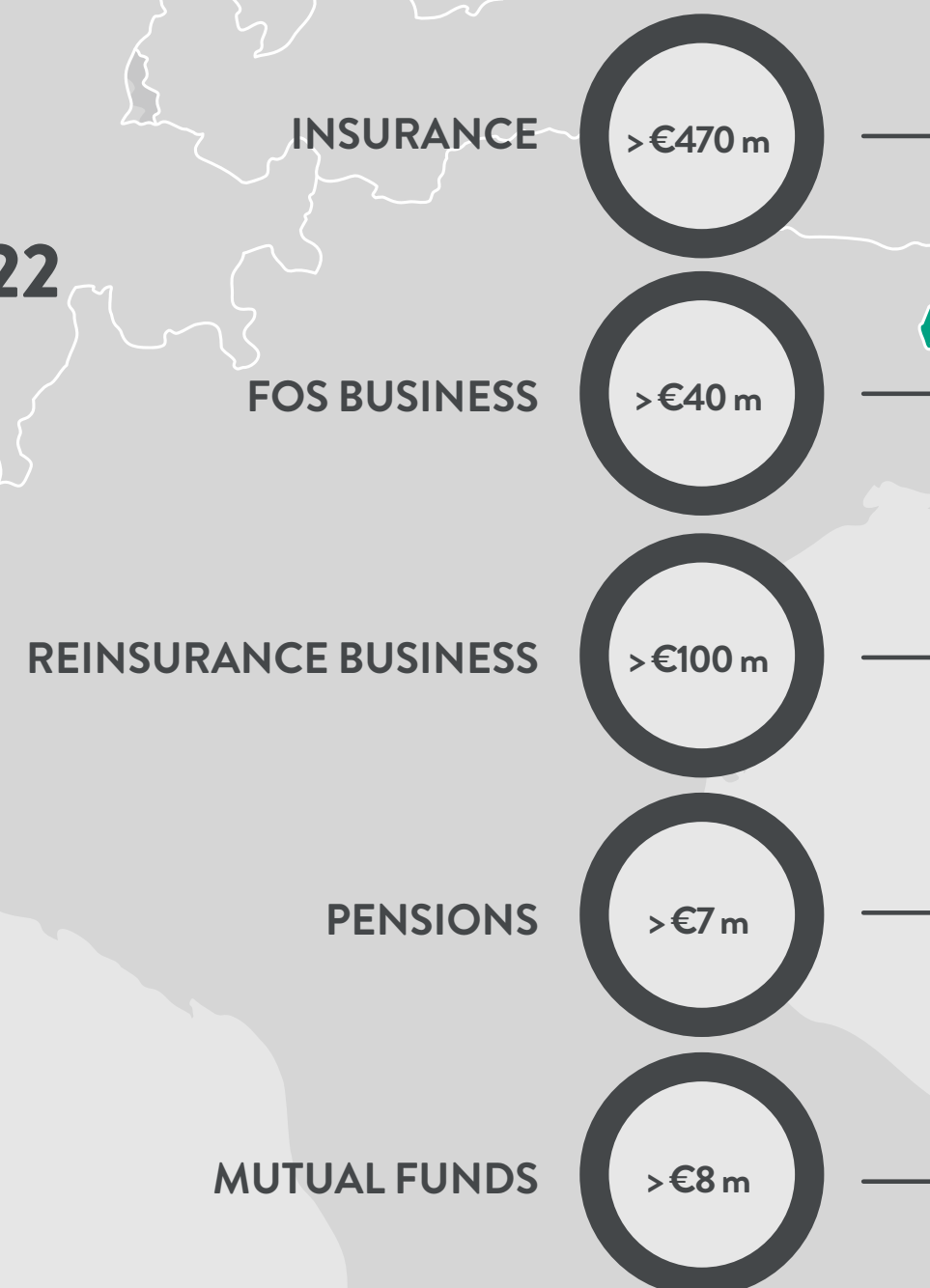
RETURN ON INVESTMENT (EXCL. COST OF SUBORDINATED DEBT)

> 1.5%

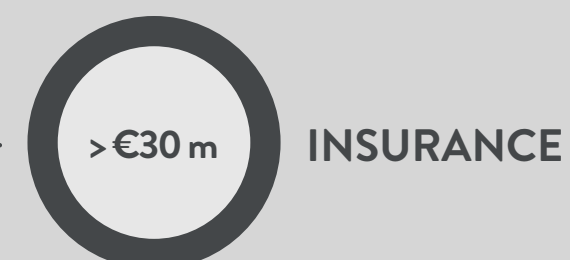
* Included growth for 2021 and 2022.

PLANNED OPERATING REVENUES OF THE SAVA INSURANCE GROUP IN 2022

SLOVENIA



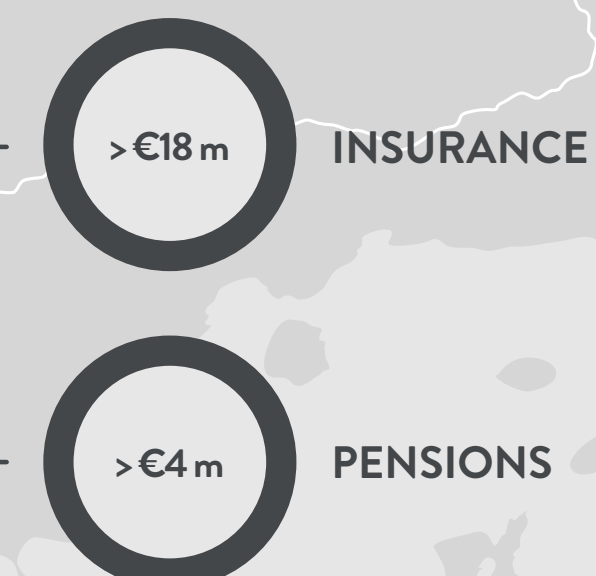
CROATIA



SERBIA



NORTH MACEDONIA



MONTENEGRO



KOSOVO



The amounts for (re)insurance companies relate to planned gross premiums written; for non-insurance companies they relate to operating revenues.



**KEY
STRATEGIC
FOCUS
AREAS**

**PILLARS
OF
OPERATIONS**

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**PILLARS
OF
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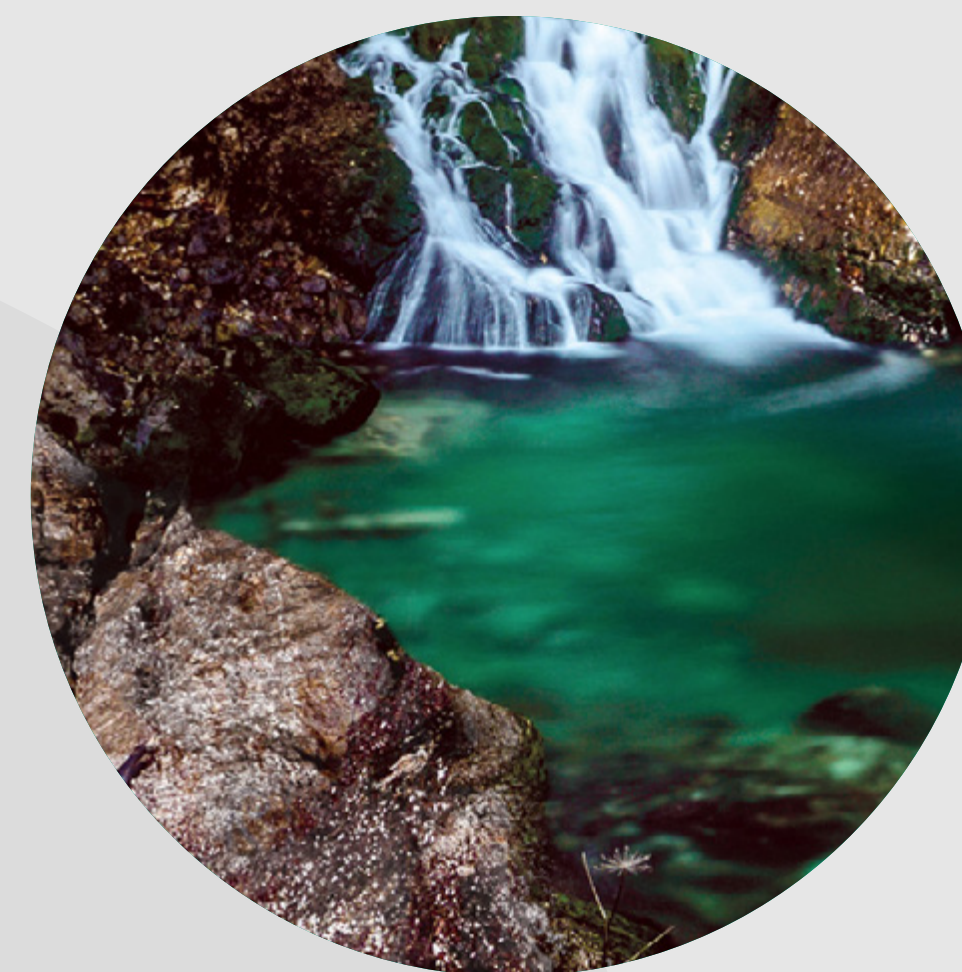
KEY GROUP STRATEGIC FOCUS AREAS 2020–2022



**DIGITAL
TRANSFORMATION &
PLACING THE CUSTOMER
AT THE CENTRE**



IT TRANSFORMATION



**ACQUISITIONS-
BASED GROWTH**



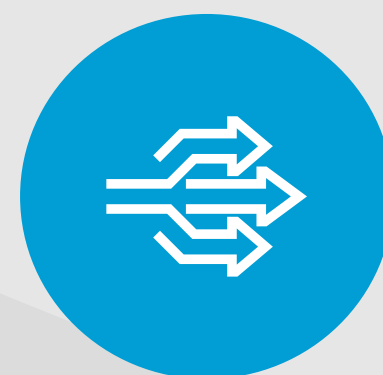
DIGITAL TRANSFORMATION AND PLACING THE CUSTOMER AT THE CENTRE

AREAS OF DIGITAL TRANSFORMATION



CUSTOMER AT THE CENTRE

- Omni-channel approach
- Web
- Innovative products
- New sales channels
- Business process modelling tools
- Sales process development
- Business intelligence



OPTIMISATION

- Core reinsurance business IT solution
- Core insurance business IT solution
- Document management system



REGULATORY

- IFRS 17
- IFRS 9

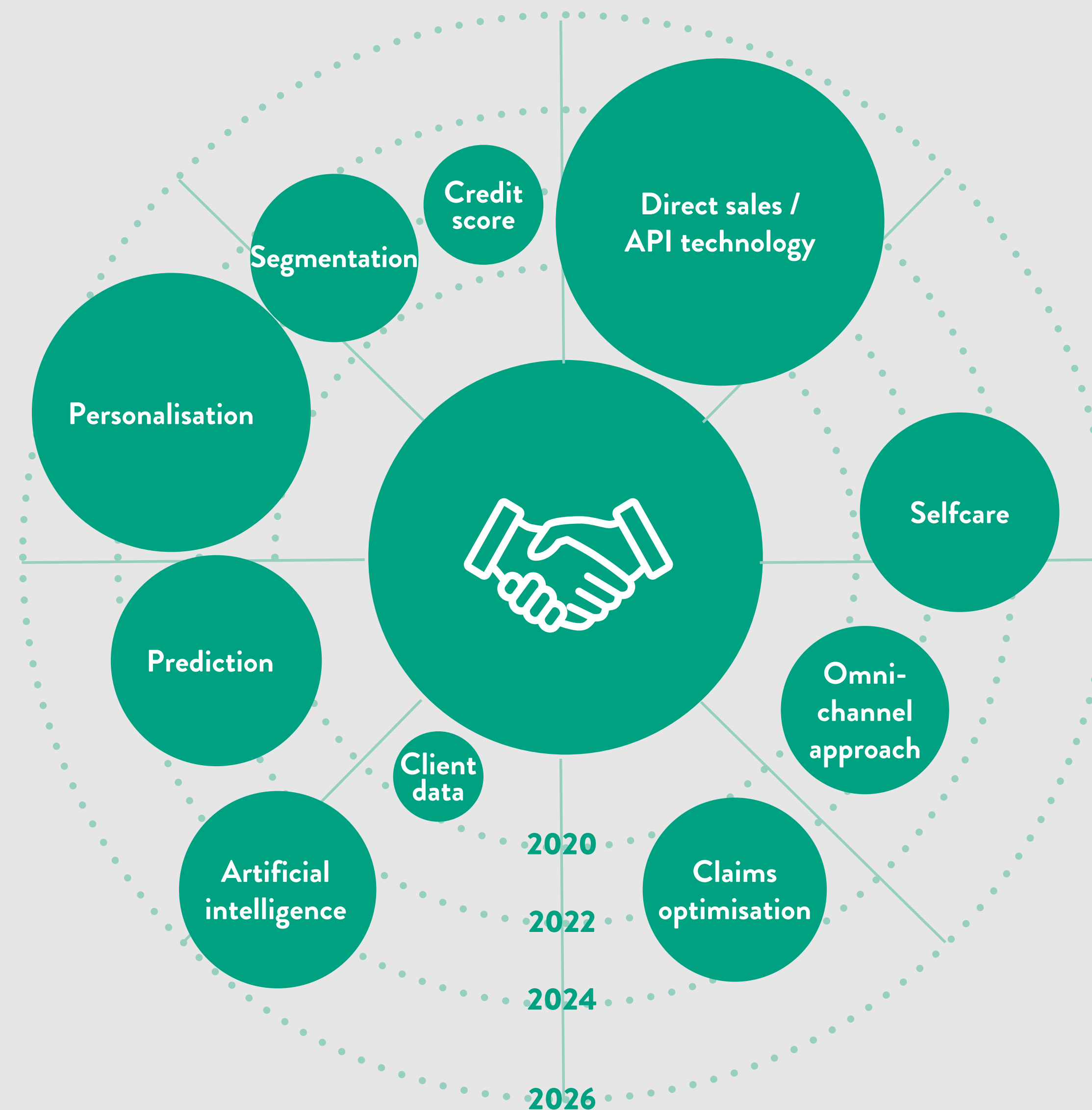
DIGITAL TRANSFORMATION & CUSTOMER RELATIONSHIP MANAGEMENT WITH CHANGES AT DIFFERENT BUSINESS LEVELS



CUSTOMER AT THE CENTRE

Switching between different channels of communication/buying and using different social networks

- **Strengthening the Sava brand & the promise #NeverAlone**
- **Emphasis on synergies within the Group**
- **Redirection from product view to customer view**



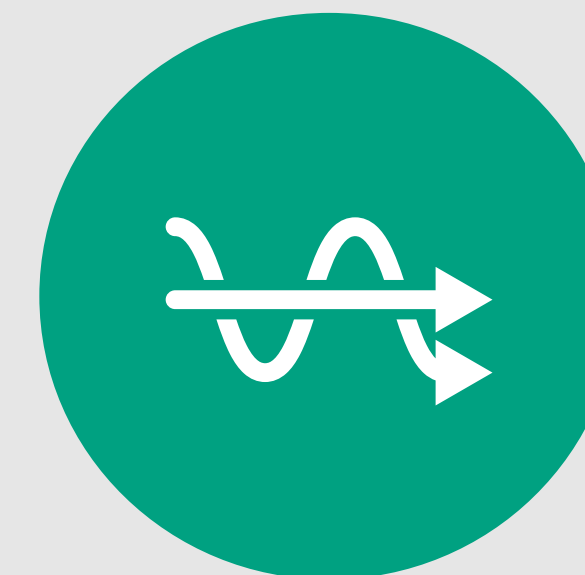
CUSTOMER-CENTRICITY FROM THE CUSTOMER EXPERIENCE PERSPECTIVE



CUSTOMER **LIFE CYCLE**



CUSTOMERS/PEOPLE



SIMPLICITY OF CUSTOMER
EXPERIENCE THROUGH
SMOOTHER PROCESSES



#**NeverAlone**
IN THE CUSTOMER
EXPERIENCE



OMNI-CHANNEL
EVERYWHERE AND
ANYTIME



DIGITAL TRANSFORMATION
OF THE USER EXPERIENCE AND
DATA-DRIVEN SERVICES



IT TRANSFORMATION

IT FOCUS AREAS 2020–2022



TARGET TIME	REQUIRED CAPACITY
Up to 7 years	Capacity to gradually re-engineer the applications in terms of technology and generations
Up to 2 years	Capacity to integrate an elaborate core business solution in a particular company (up to two at the same time)
Up to 14 months	Capacity to introduce major process synergies arising out of the Group level
Up to 4 months	Capacity to computerise ownership control over and management of an acquired company
Up to 3 months	Capacity to develop a complex market product
Up to 45 days	Capacity to analyse in detail and to make IT decisions regarding new initiatives
Up to 5 days	80% of upgrades to processes, products or new services are chiefly configurable by qualified users
24/7	Implementation of active defence of the Company’s cyberspace
Ongoing task	Adequacy and organisation of expert IT staff and IT processes for providing IT support to strategic objectives
Ongoing task	IT management with a view to achieving value-added inputs in IT

IT STRATEGY HIGHLIGHTS 2020–2022



PRIMARY DIRECTION

Gradual replacement/upgrading of the core business
New version of the sales module covering business partners
Expanded and enhanced data warehouse & business intelligence, holistic management of data and data quality
External and internal digitalisation to place the customer at the centre



SECONDARY DIRECTION

Regular support and updating for existing IT solutions depending on business requirements
Major upgrade of system IT infrastructure and solutions
Upgrading IT cyber security by setting up a 24/7 security operations centre



SUPPORTIVE ACTIVITIES

Proactive management and development of human resources
IT governance with focus on the customer & company added value



ACQUISITIONS- BASED GROWTH

ACQUISITIONS-BASED GROWTH

	GOALS
ADRIATIC REGION INSURERS	Strengthening market shares in existing markets (Serbia, Croatia)
NEW EU MARKET INSURERS	Entry into new markets
PENSION COMPANIES	Strengthening market position in existing markets to achieve economies of scale
HEALTH BUSINESS	Comprehensive range of health services in Slovenia; expanding to other markets where the Group is present
SUPPORTIVE ACTIVITIES	Companies that could take the customer-insurer relationship to a higher level
ASSET MANAGERS	Achieving economies of scale; keeping pace with the development of capital markets in the region
SUSTAINABILITY PROJECTS	Improving energy efficiency, development of renewable sources, advancing quality of life & promoting social cohesion



**KEY
DEVELOPMENT
AREAS**

**PILLARS OF
BUSINESS
OPERATIONS**

PILLARS OF BUSINESS OPERATIONS

INTEGRAL RISK MANAGEMENT

INSURANCE & PENSIONS

Slovenia non-life
Slovenia life
Adria non-life
Adria life
FoS business*
Assistance and other
supportive activities
Pensions

REINSURANCE BUSINESS

Extra-Group
Group

OTHER ACTIVITIES

Sale of mutual
fund units
Health business
Other

ASSET MANAGEMENT

Insurance company
portfolios
Management of mutual
fund assets
Pension portfolios

CAPITAL GROWTH & USE

Organic growth
Acquisitions
Dividend policy

SUPPORTING ACTIVITIES

* FoS business. Freedom of Services business. Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.

A circular image showing a river with white water rapids flowing over large, light-colored rocks. The surrounding area is densely forested with green trees. The text "INSURANCE & PENSIONS" is overlaid in white, bold, sans-serif capital letters. The entire image is framed by a light gray background with teal-colored abstract shapes and dotted lines.

INSURANCE & PENSIONS

NON-LIFE INSURANCE BUSINESS

CUSTOMER LIFE CYCLE

Using customer life cycle analysis and predictive analytics in product development and marketing



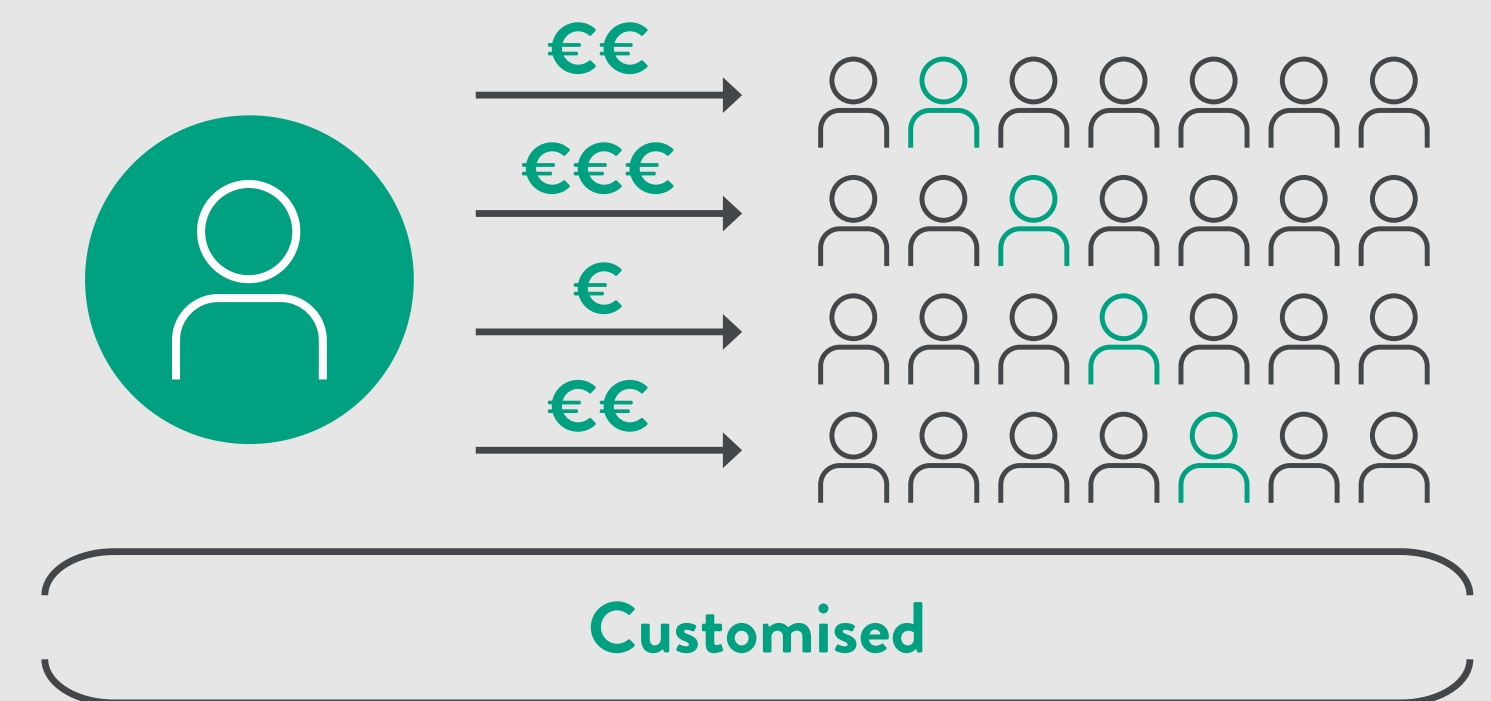
- Animal insurance
- Motor insurance
- Tourist trip cancellation insurance
- Legal assistance
- Moped insurance

- Bike and cyclist insurance
- Young driver insurance
- Home insurance
- Payment card insurance

Selection of sales channel depending on product and market group



Developing **customer-tailored products** (price, duration)



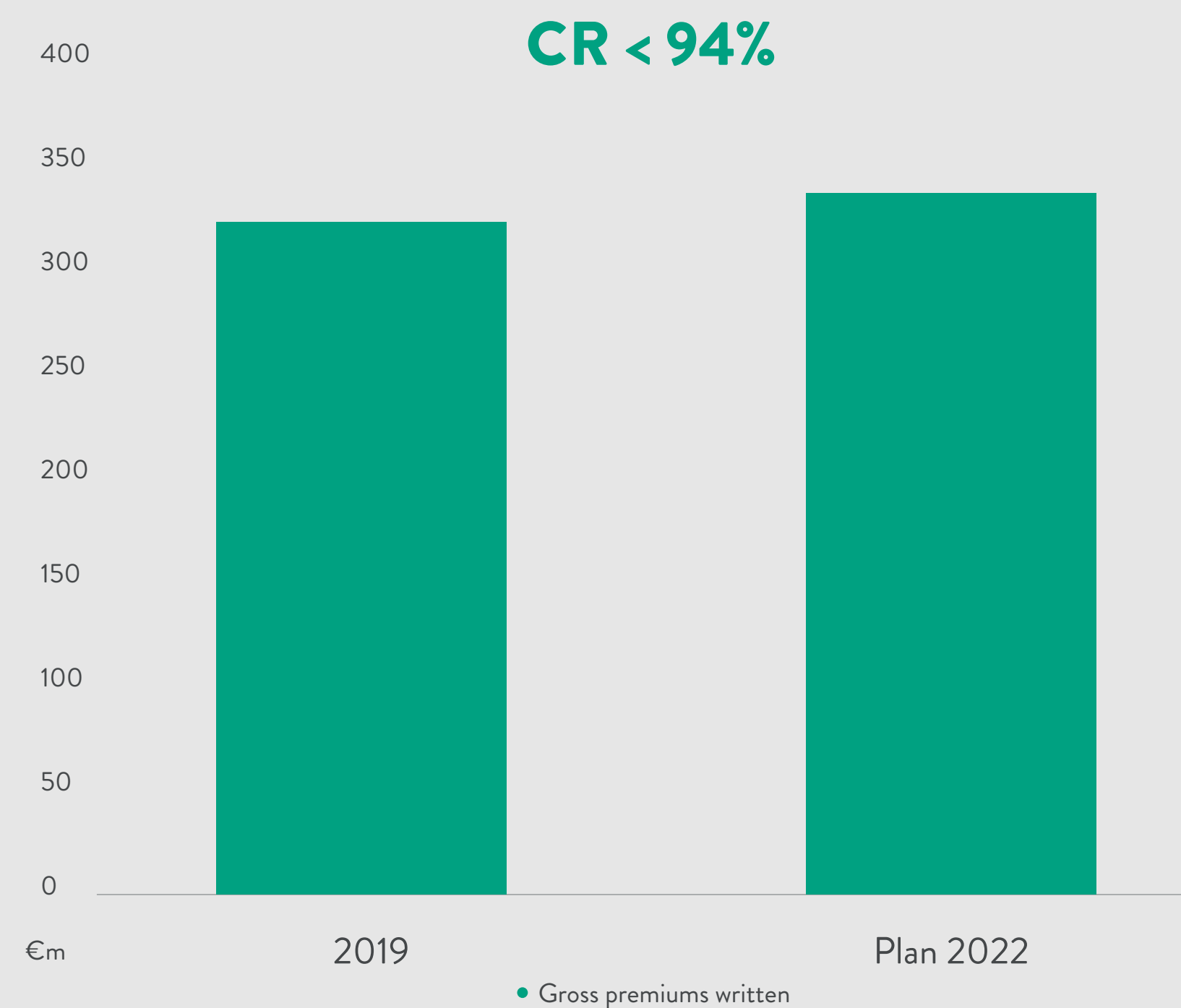
Predictive behaviour

NON-LIFE INSURANCE BUSINESS

SLOVENIA

Average annual growth in gross premiums written **> 2%***

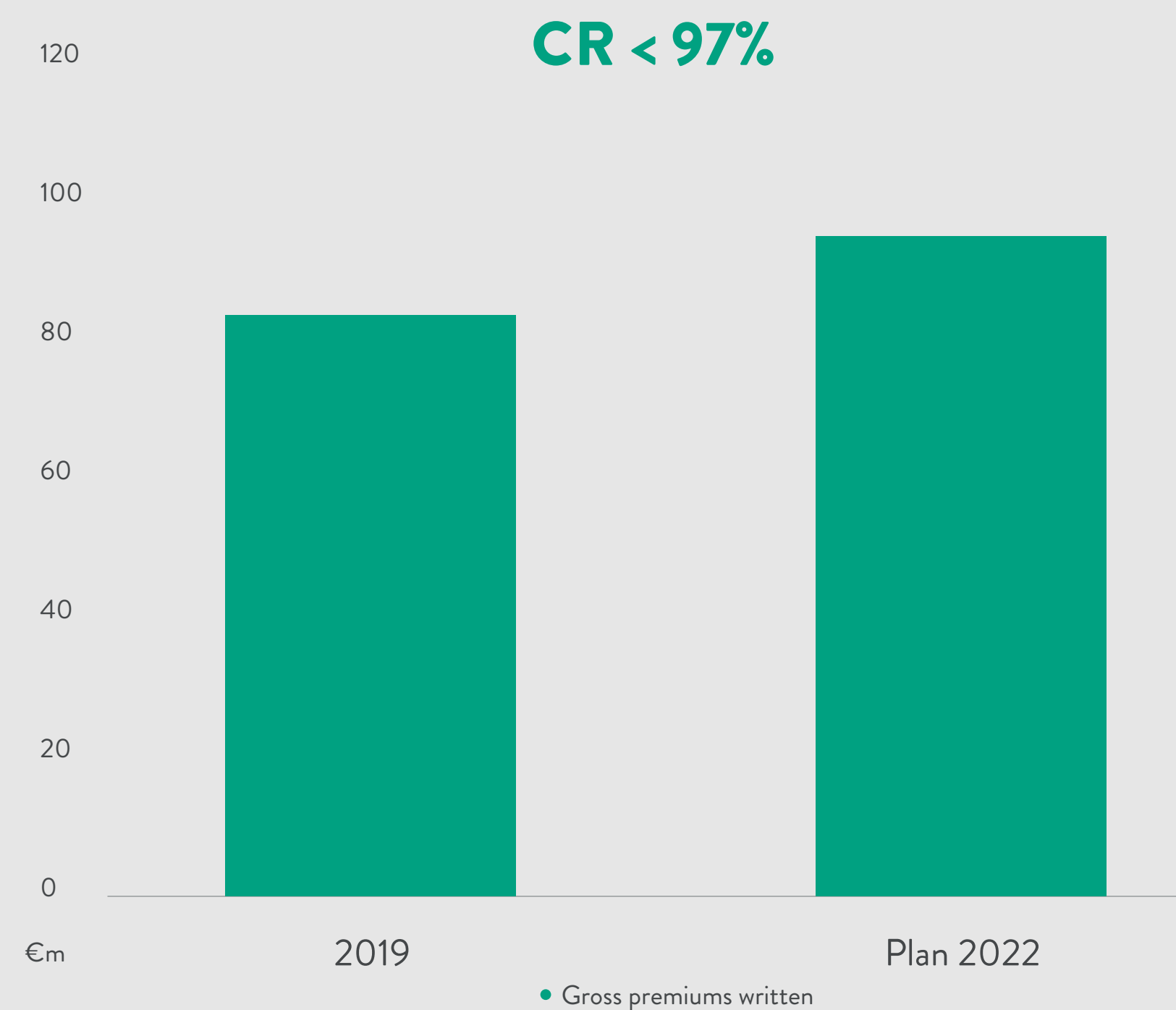
Average combined ratio (CR) **< 94%**



ADRIATIC REGION

Average annual growth in gross premiums written **> 4%**

Average combined ratio (CR) **< 97%**

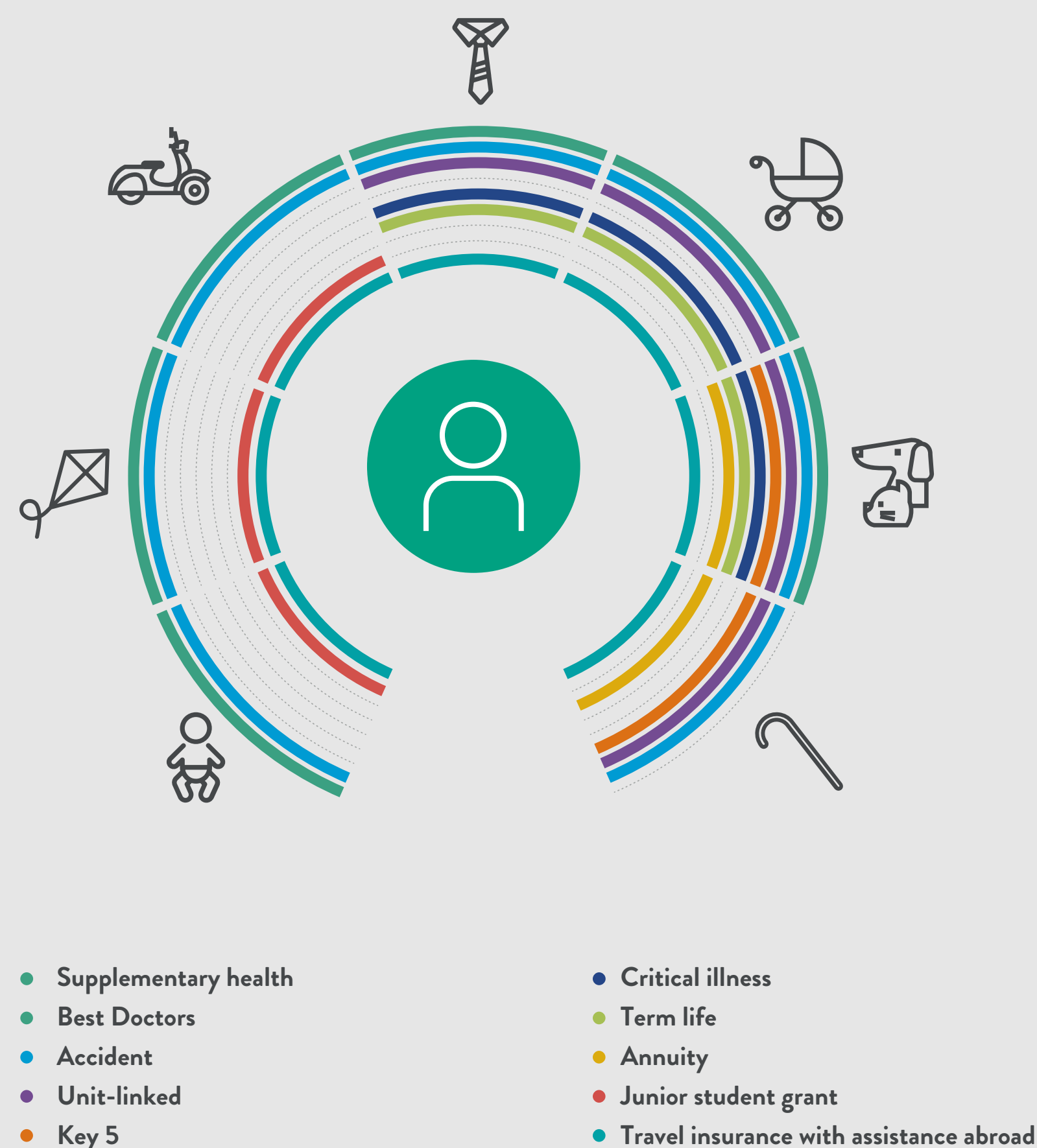


* Included growth for 2021 and 2022.

LIFE BUSINESS (INSURANCE OF THE PERSON)

CUSTOMER LIFE CYCLE

Using customer life cycle analysis and predictive analytics in product development and marketing



Focus on capital-light products with minimum financial guarantees



Upgrading investment activities by adding investment options and services



LIFE BUSINESS



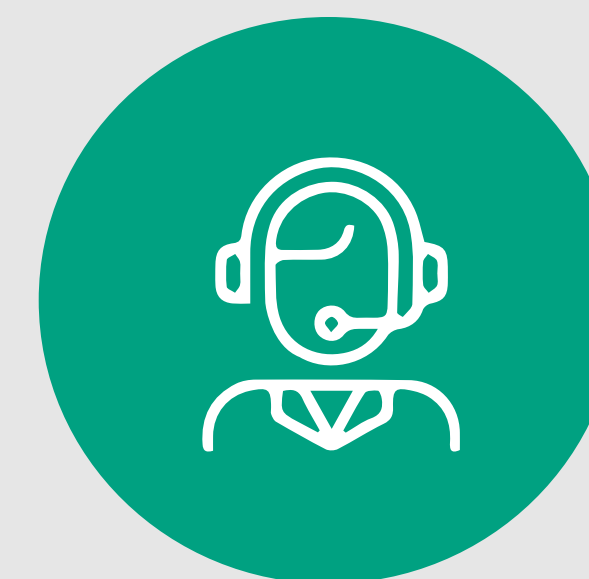
Linking insurance policies to customer lifestyles



Simple accident & health policies tailored to customer needs



Personalised offers depending on major customer life events

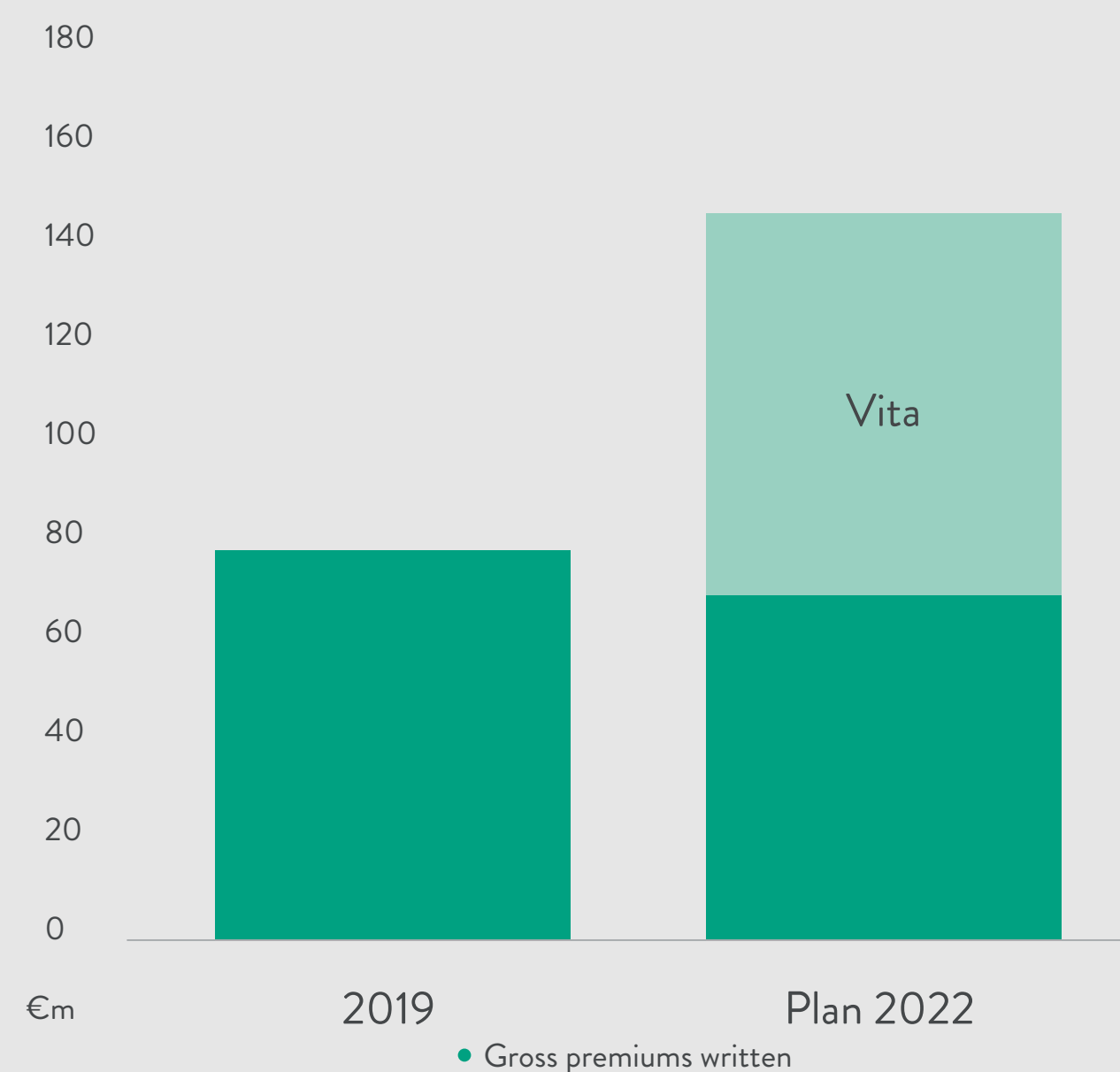


Linking life products and assistance services

LIFE BUSINESS

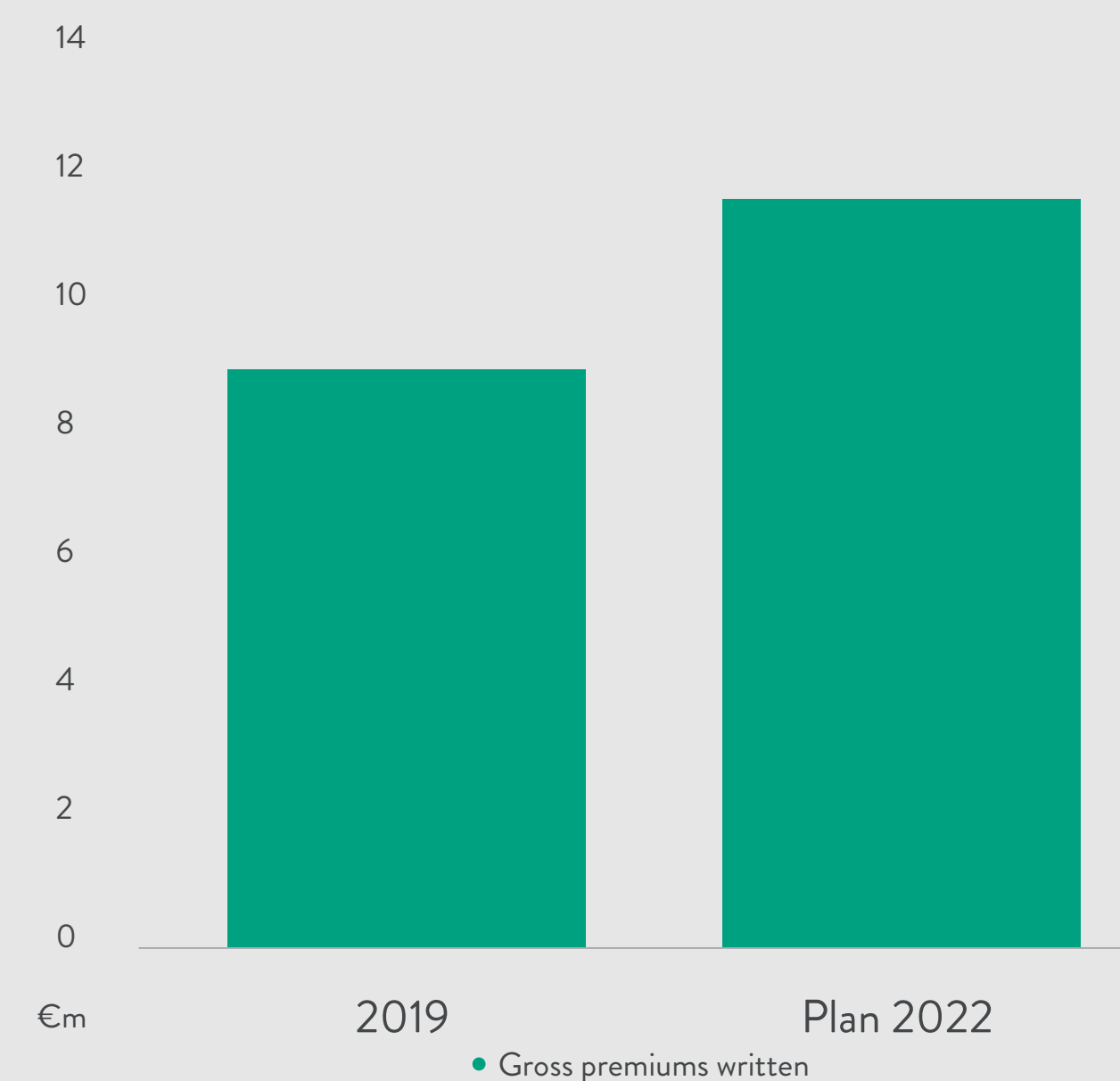
SLOVENIA

Planned gross premiums written 2022 > **€140 m**
Growth in gross premiums written in 2022 vs. 2019 > **80%**



ADRIATIC REGION

Planned gross premiums written in 2022 > **€11 m**
Growth in gross premiums written in 2022 vs. 2019 > **25%**



ASSISTANCE SERVICES

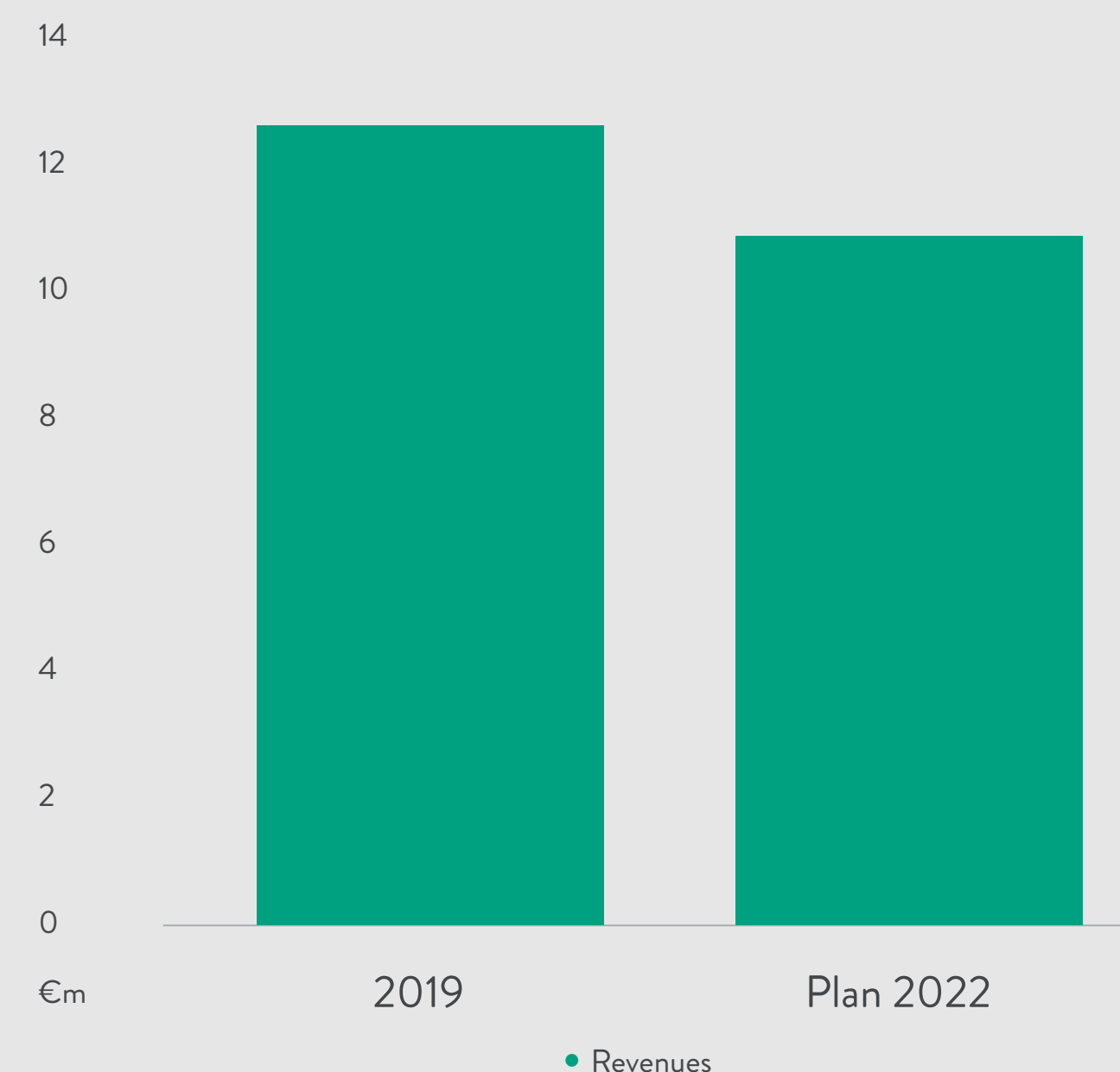
DEVELOPMENT OF NEW SERVICES and taking over tourist assistance services in the Croatian branch office

DIGITALISATION OF OPERATIONS, development of applications for assistance services for legal persons, testing the adequacy of the web concept for B2B operations

Focus on the development of **LIFESTYLE ASSISTANCE**

SPREADING THE PARTNER NETWORK to new markets

Support for insurance company activities placing the customer at the centre through quality assistance services



PENSIONS: DEVELOPMENT ACTIVITIES AND OBJECTIVES

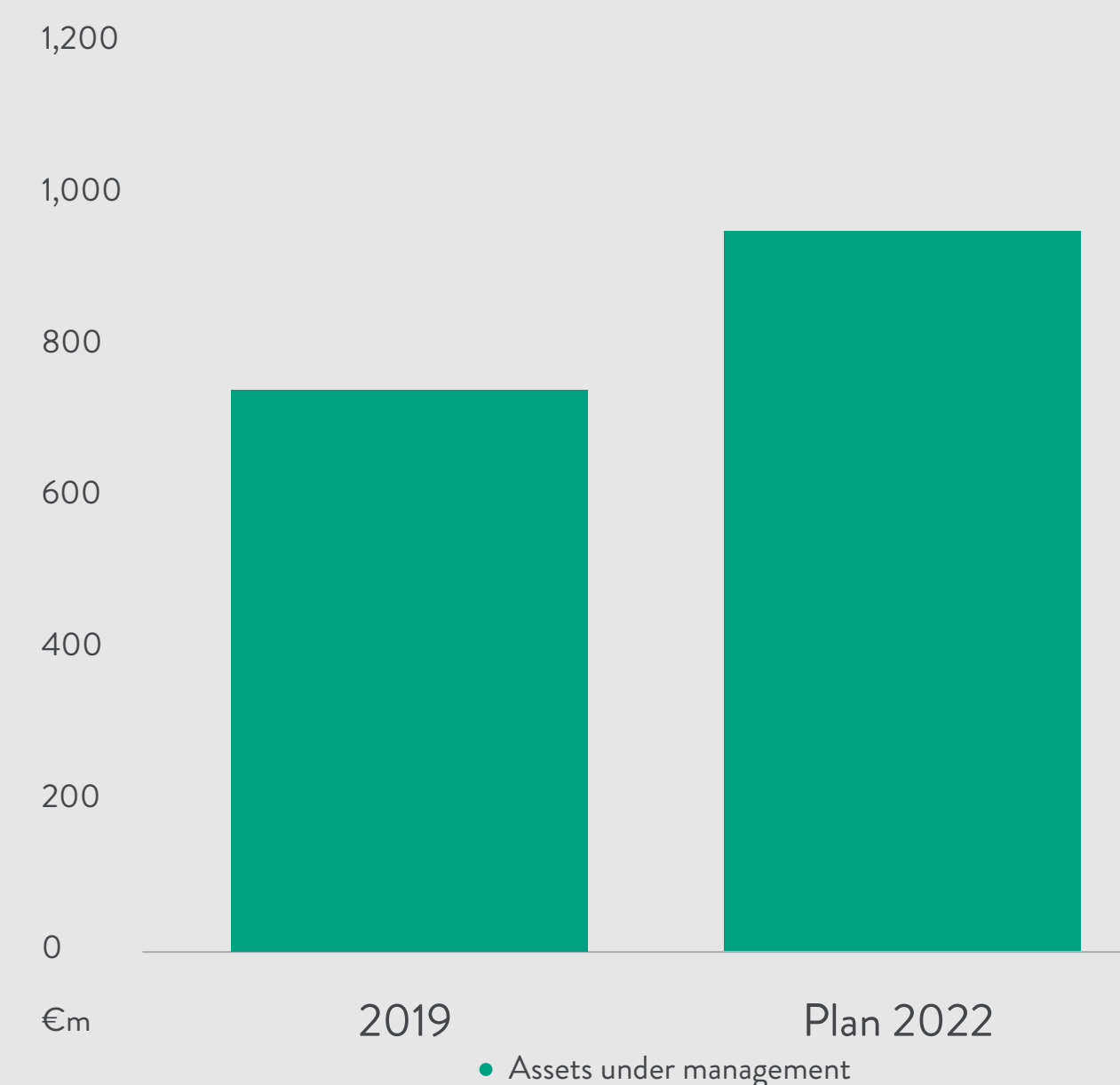
DEVELOPMENT OF OWN SALES CHANNELS and sales support

IMPROVING THE PRODUCT MIX
by introducing life-cycle funds in the Adriatic region

DEVELOPMENT OF SERVICES in cooperation with technological, innovative and specialist partners

Further development of **SALES SUPPORT APPLICATIONS**

Compound annual growth rate for assets under management **> 9%**





REINSURANCE BUSINESS

REINSURANCE BUSINESS

MODERATE GROWTH IN QUALITY BUSINESS depending on the situation in individual markets

APPROPRIATE FURTHER PORTFOLIO DIVERSIFICATION, by region and partner

Focus on **PROFITABILITY AND LOW PORTFOLIO VOLATILITY**

EXTRA-GROUP BUSINESS

Average annual growth in gross premiums written **> 3%**
Average combined ratio (CR) **< 96%**





OTHER ACTIVITIES

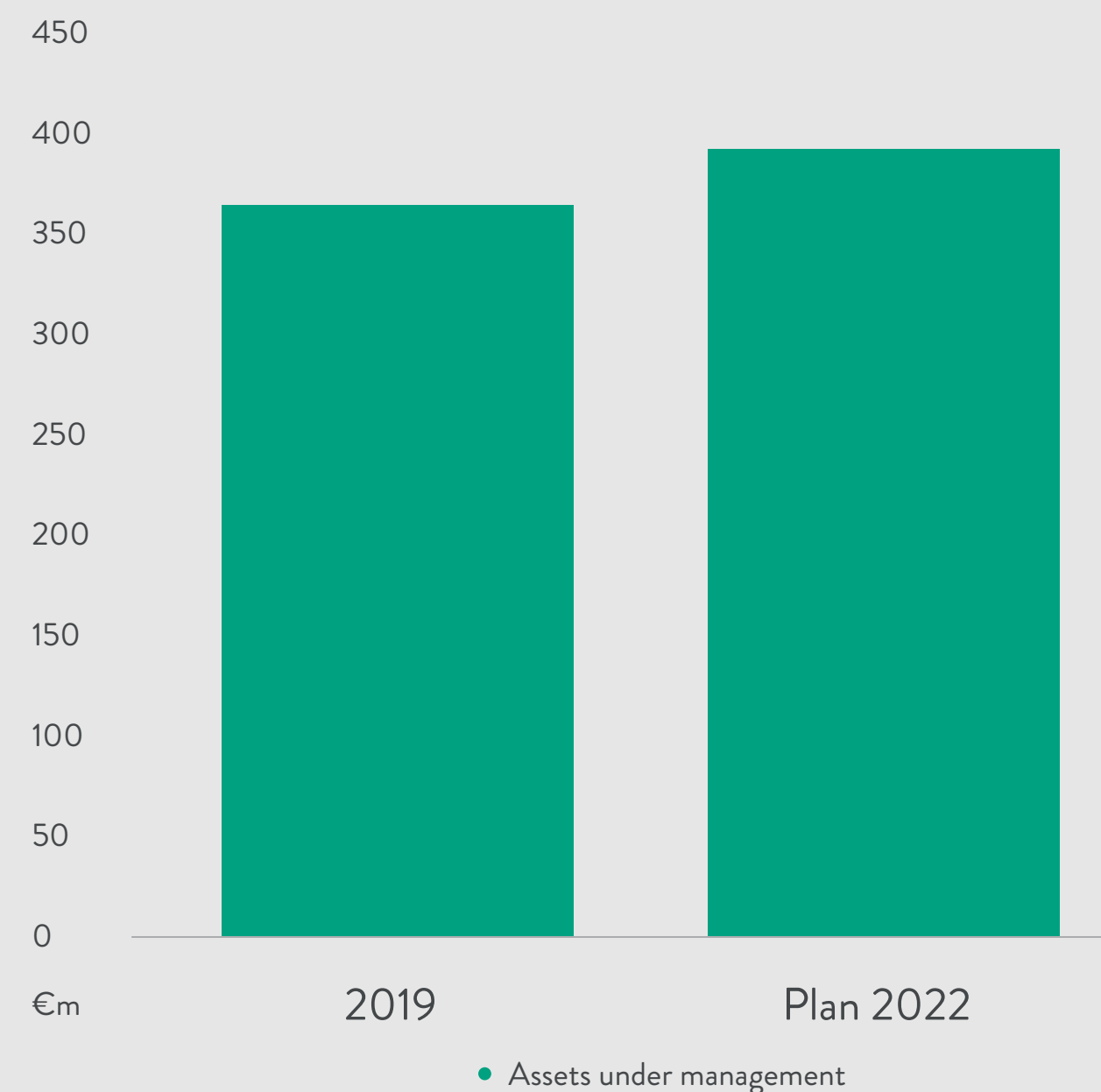
MUTUAL FUNDS

DEVELOPMENT OF EXISTING AND INTRODUCTION OF NEW SALES CHANNELS, bank channels, the Group's own sales network in Slovenia

CENTRALISATION OF ASSET MANAGEMENT, starting in Slovenia

CONSOLIDATION OF PRODUCT RANGE of mutual funds

Growth in assets under management in 2022 > **4 %**





ASSET MANAGEMENT

ASSET MANAGEMENT
RISK PROFILE

GOALS	
HIGH SECURITY	Ensuring funds to meet all obligations arising out of insurance contracts
LIQUIDITY	Maintaining sufficient liquidity for the timely settlement of obligations under insurance contracts as well as other obligations
DIVERSIFICATION	Ensuring diversification of investments by class, industry, region and issuer in order to maintain a set level of risk
ASSET-LIABILITY MANAGEMENT	Pursuing optimal asset-liability matching, especially in life insurance registers

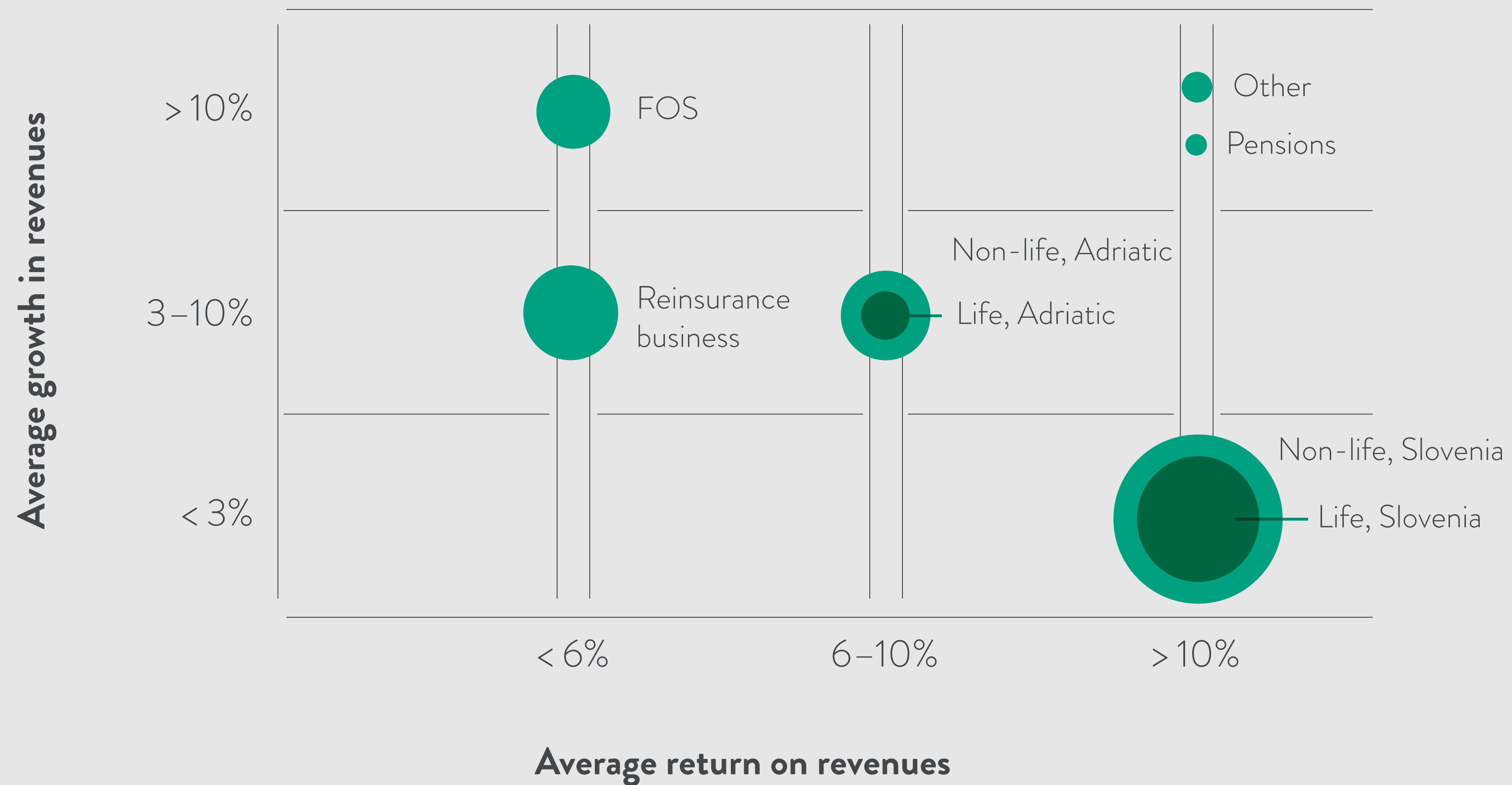
ASSET MANAGEMENT
RATE OF RETURN

GOALS	
RATE OF RETURN	Maintaining return on investment above 1.5% as low interest rates are likely to persist
STRUCTURE	Investments in bonds, deposits and cash to account for > 80% of the portfolio Ensuring that investment grade assets account for > 75%
SUSTAINABILITY ASPECT	Focus on environmentally and socially responsible investments while maintaining target returns; ESG investments (comprising mainly infrastructure investments and green bonds) to account for > 5% of the portfolio by the end of the strategy period
IT SUPPORT	Implementing a new IT solution (straight-through processing, IFRS 9, ALM, planning)



CAPITAL GROWTH AND USE

GROWTH DRIVERS



The circle size relates to operating revenues.

DIVIDEND POLICY

Sava Re has set itself the goal of increasing its dividend by an average of **10% per year** over the period 2020–2022, thus distributing from 35% to 45% approximately of the net profit of the Sava Insurance Group each year.

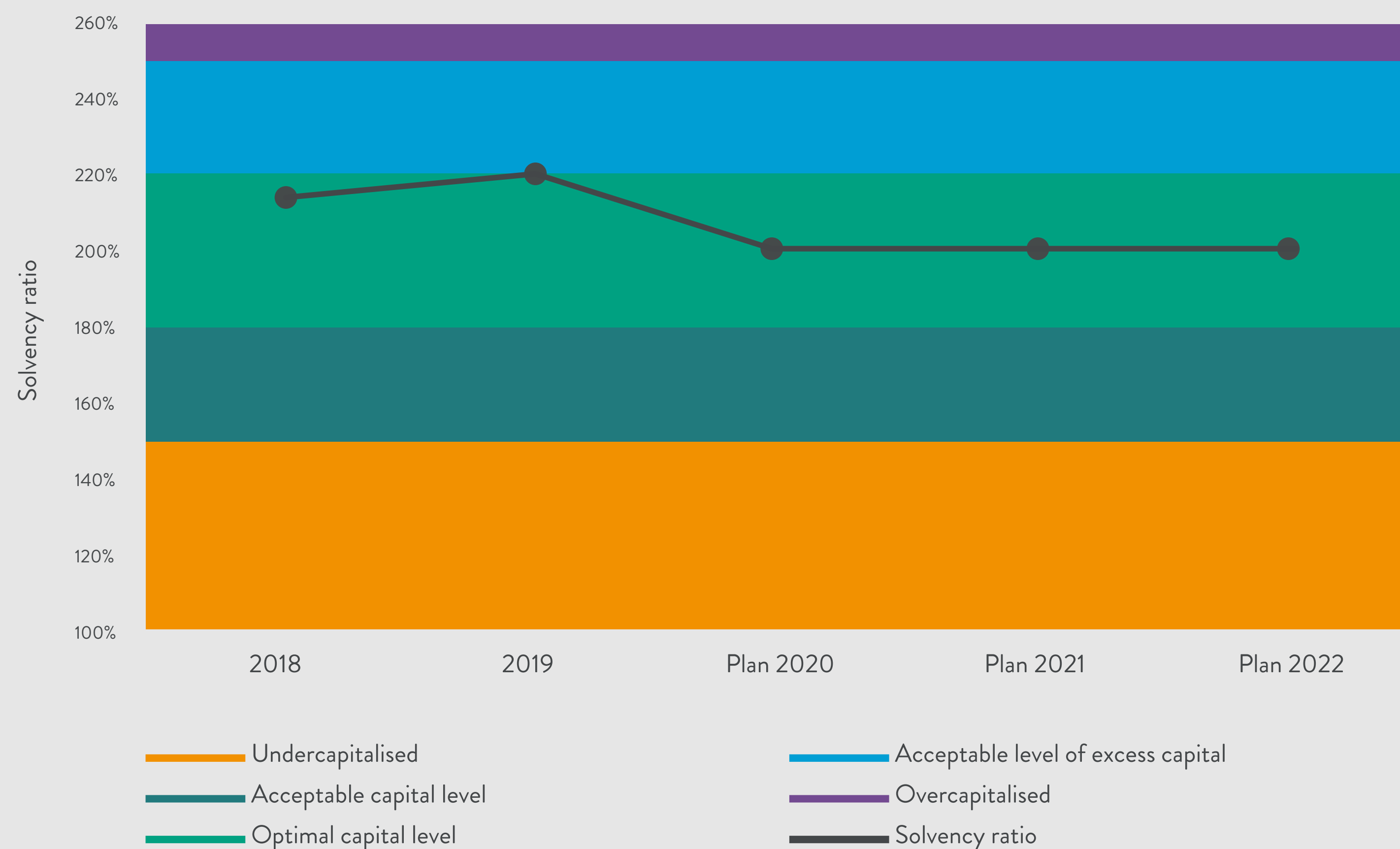
The Company will prepare its dividend proposal taking into account the following:

- 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 and AM Best
- The approved annual and strategic plans of the Group and the Company
- New development projects requiring additional capital
- Any other relevant circumstances affecting the financial situation of the Company

CAPITAL USE AND OPTIMAL CAPITAL POSITION

FACTORS OF CAPITAL USE

- Organic growth
- Mergers and acquisitions
- Portfolio restructuring
- Dividend policy



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 the 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.