



Sava Insurance Group

2021 audited results

26 April 2022



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Group results

Highlights of 2021

Growth in operating revenue of **7.6%**

Record net profit of **€76.2 million**, which exceeds planned net profit by 43.7%

Net expense ratio of **29.0%** (last year 29.5%)

Net combined ratio (excluding FX differences) of **88.3%** (last year 93.9%)

All segments ended the year with a profit, except for the “other” segment, which includes subordinated debt expenses

Improved performance of non-life segments due to favourable claims development, improved performance of the pensions & AM segment due to higher inflows and favourable conditions on the stock markets with a positive impact on the amount of AUM

S&P and AM Best **“A” ratings**, stable outlook, affirmed

Record profit for the year

Gross result

€93.5 m

2021/20: +38.1%

Net result

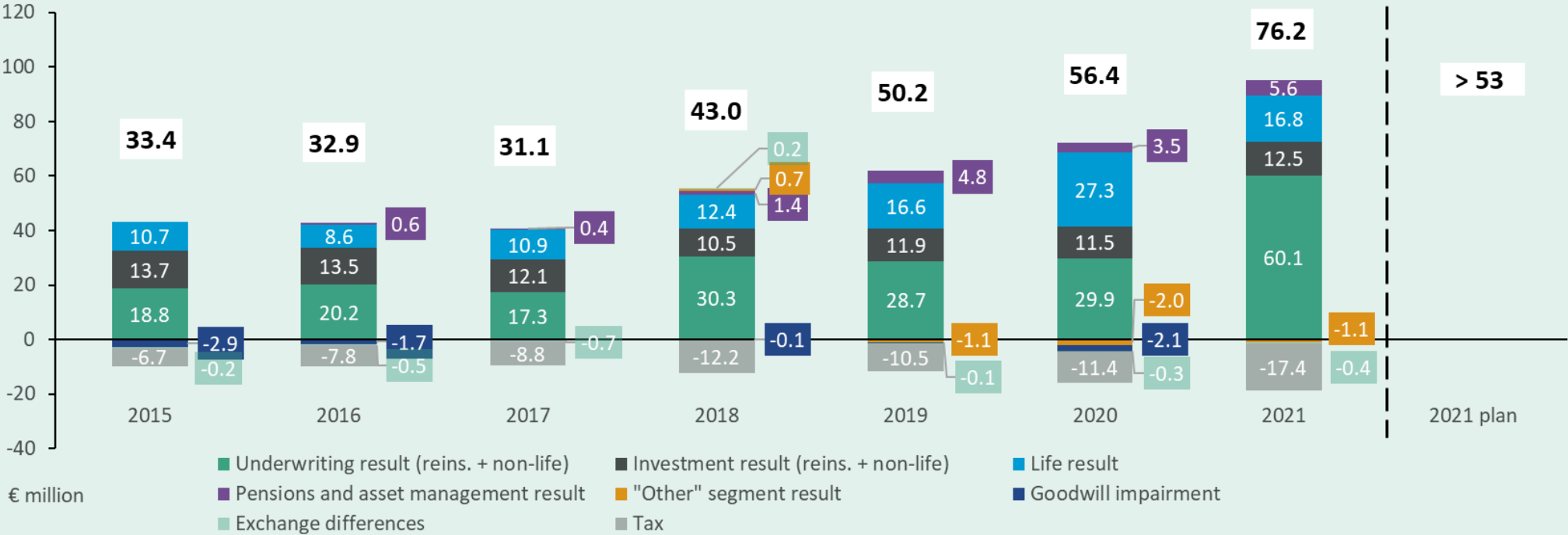
€76.2 m

2021/20: +35.1%

Plan achieved

✓

Composition of net result



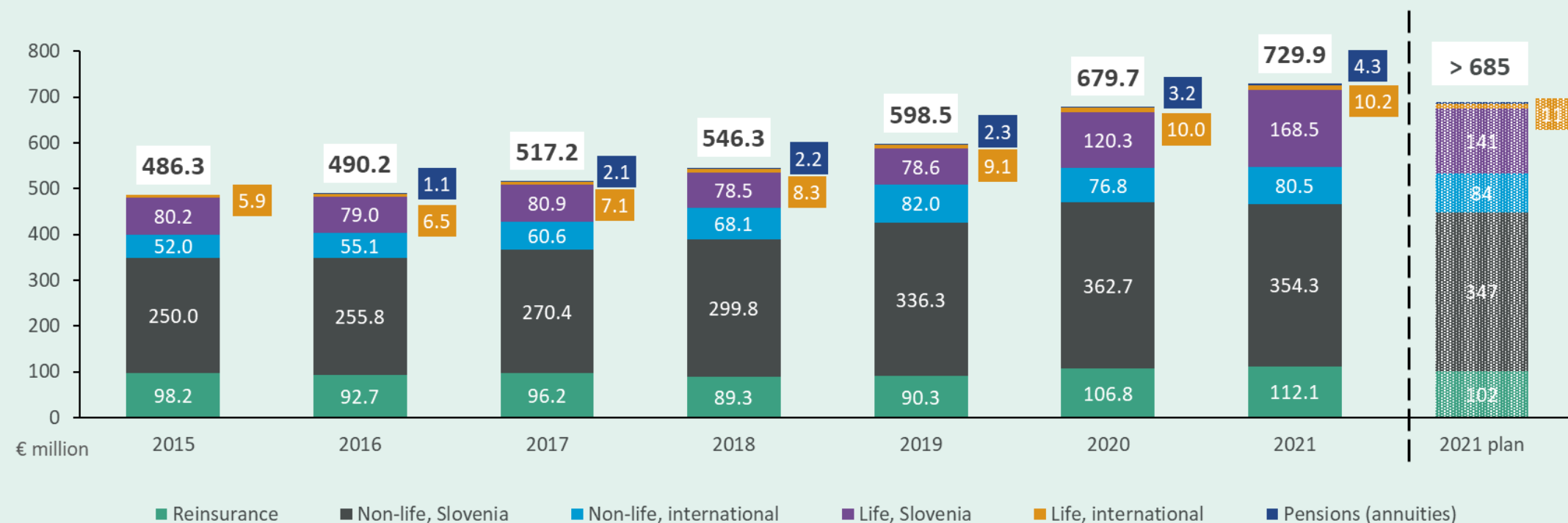
Development of consolidated GPW

Consolidated gross premiums written in 2021

€729.9 m

2021/20: **+7.4%**

Plan achieved



Development of consolidated GPW by insurance market

Insurance, pension and asset management companies

Slovenia

Insurance companies (MS: 20.0%)

Premiums: €523.0 m

2021/20: +8.3%

Pension company (MS: 10.4%**)

Savings fund inflows:

€13.4 m

2021/20: +6.0%

Asset management company (MS: 13.2%)

AuM: €570.5 m

2021/20: +39.4%

Croatia

branch office (MS: 1.0%)

Premiums: €16.4 m

2021/20: -24.7%

Montenegro

Insurance company (MS: 14.6%)

Premiums: €14.4 m

2021/20: +12.2%

Serbia

Insurance companies (MS: 2.8%*)

Premiums: €27.7 m

2021/20: +13.1%

Kosovo

Insurance companies (MS: 14.5%)

Premiums: €17.0 m

2021/20: +22.4%

North Macedonia

Insurance company (MS: 8.1%)

Premiums: €15.3 m

2021/20: +11.0%

Pension company (MS: 49.4%)

Pension fund inflows:

€75.2 m

2021/20: +3.3%

Reinsurance company



Global markets

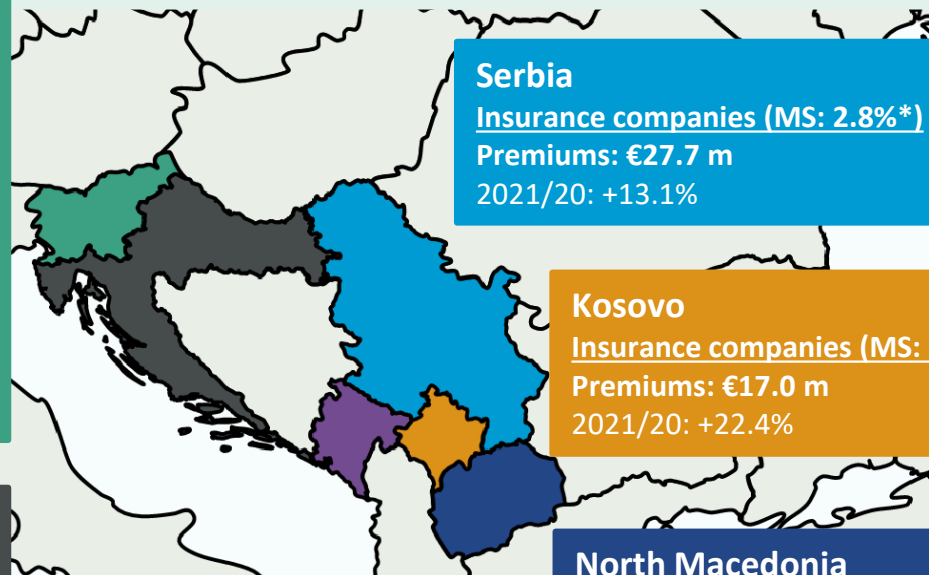
Sava Re reinsurance

business

Non-Group premiums:

€112.1 m

2021/20: +5.0%



MS = market share

* 1–9/2021 since the data for whole year 2021 is not published yet.

** 1–12/2020 – no newer data available.

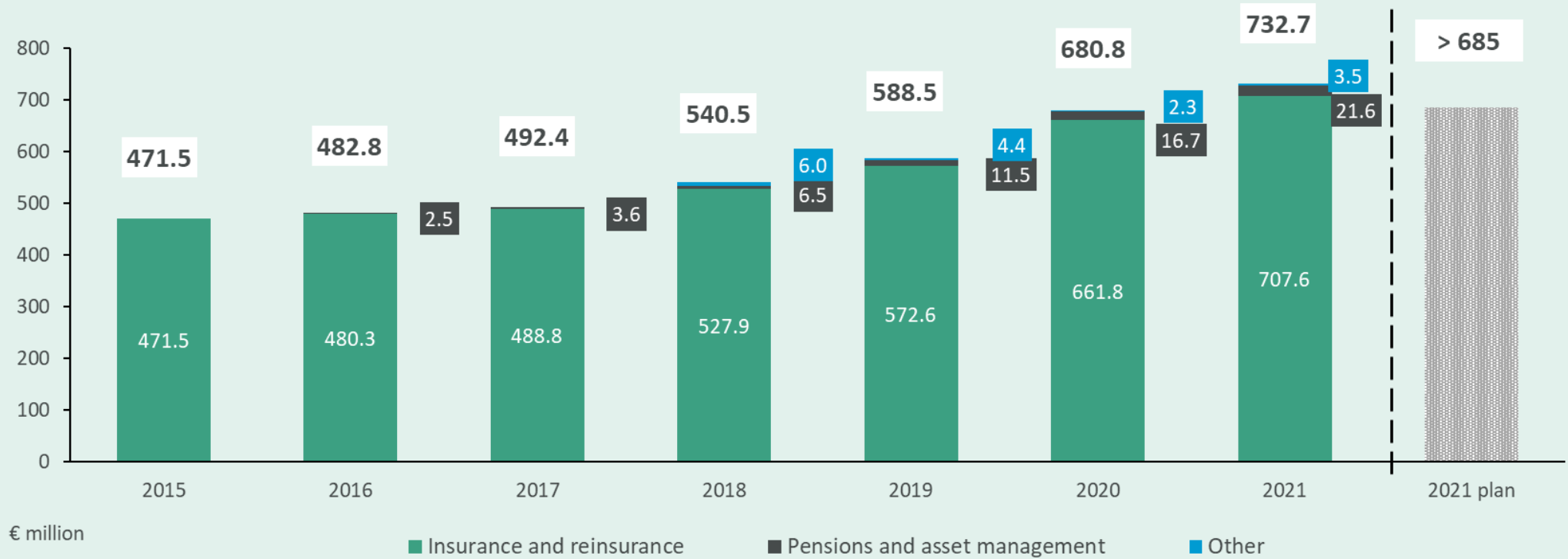
Growth of operating revenue

Operating revenue

€732.7 m

2021/20: +7.6%

Plan achieved



Combined ratio within target range

Net combined ratio*

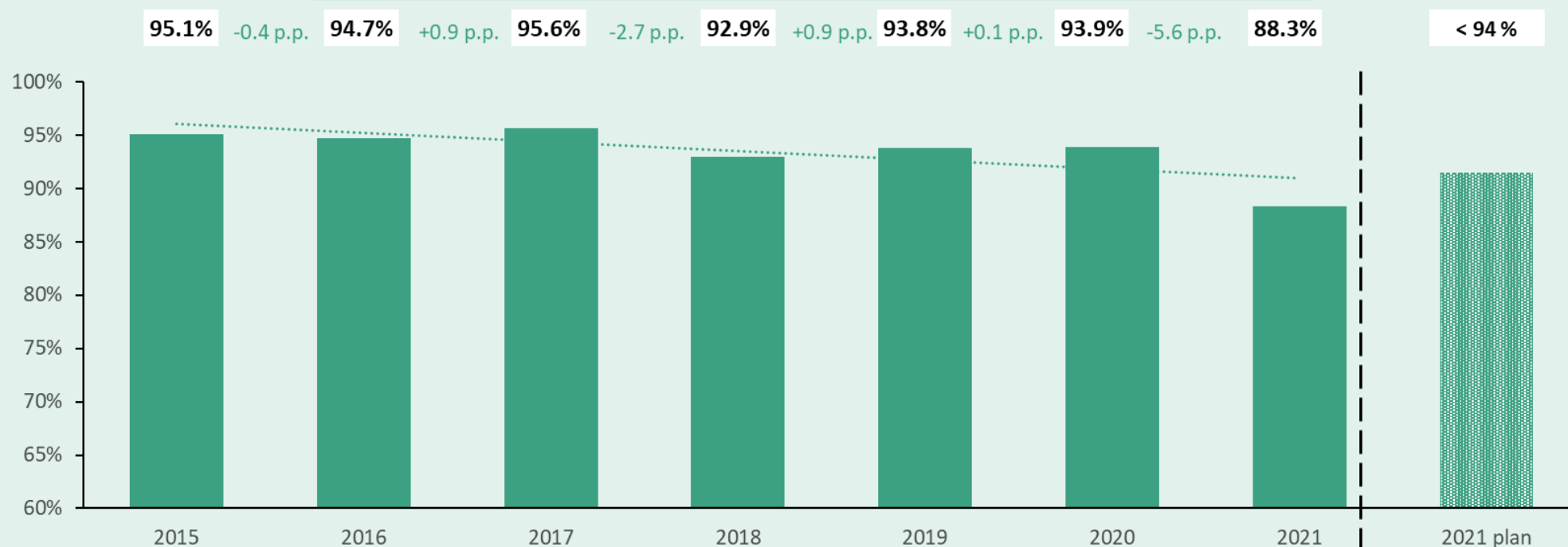
88.3%

2021/20: **-5.6 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 return on equity

Equity

€504.1 m

2021/20: +9.5%

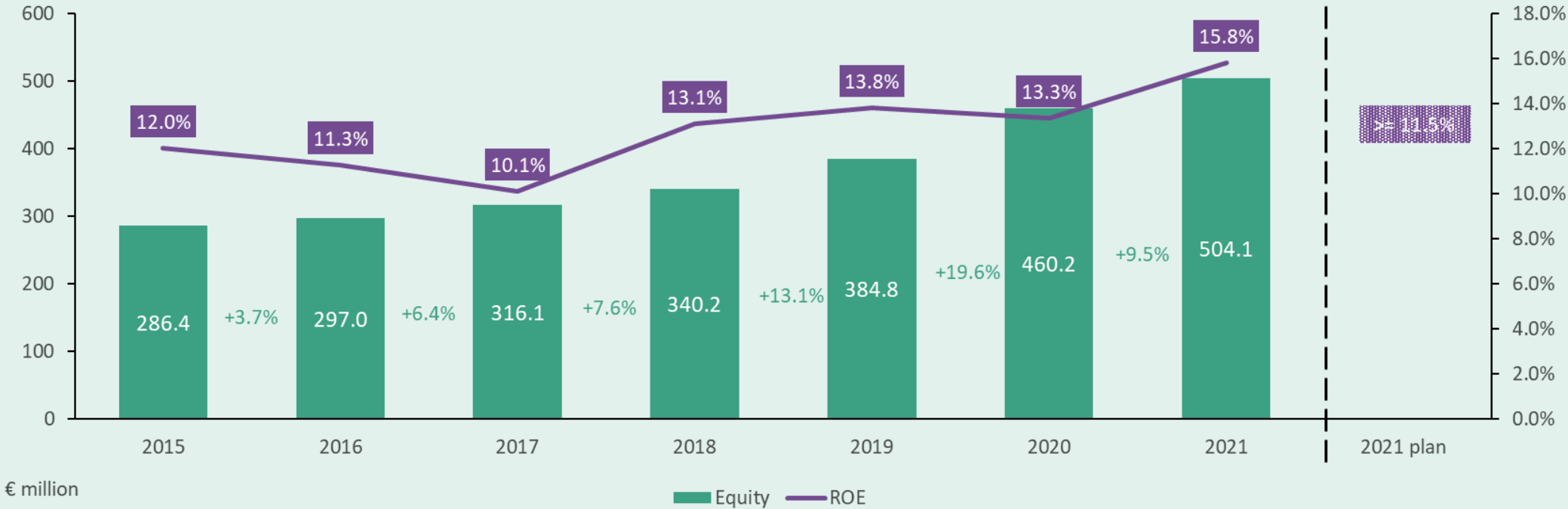
ROE

15.8%

2021/20: +2.5 p.p.

Plan achieved

✓

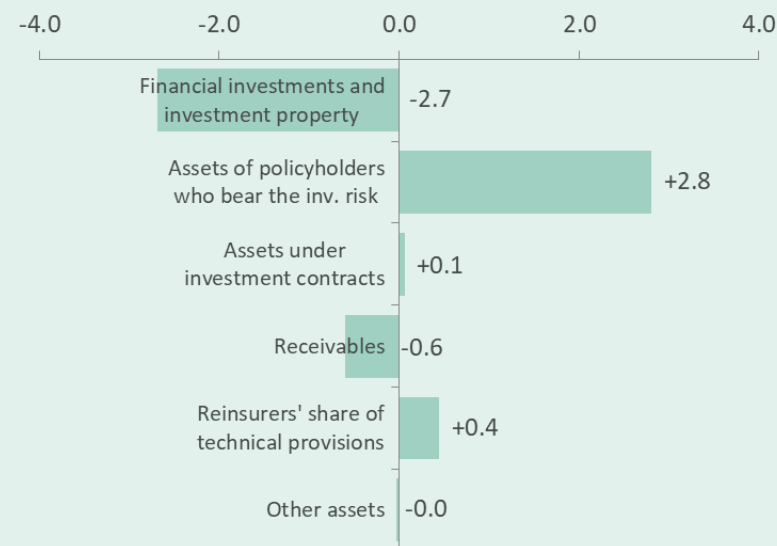


Assets structure

Assets
€2,658.3 m
 2021/20: **+7.7%**

€ million	2020	2021
Financial investments and investment property	1,446.3	1,487.0
Assets of policyholders who bear the investment risk	411.2	517.4
Receivables	153.9	149.9
Assets under investment contracts	158.8	172.8
Reinsurers' share of technical provisions	42.6	57.8
Other assets	254.5	273.4
Total assets	2,467.3	2,658.3

2021/2020 structural shift in p.p.



Liabilities structure

Liabilities
€2,658.3 m
 2021/20: **+7.7%**

€ million	2020	2021
Technical provisions	1,233.3	1,237.5
Technical provisions of policyholders who bear the investment risk	409.6	524.2
Equity	460.2	504.1
Investment contract liabilities	158.6	172.7
Liabilities from operating activities	58.4	54.8
Subordinated liabilities	74.8	74.9
Other liabilities	72.3	90.3
Total liabilities	2,467.3	2,658.3

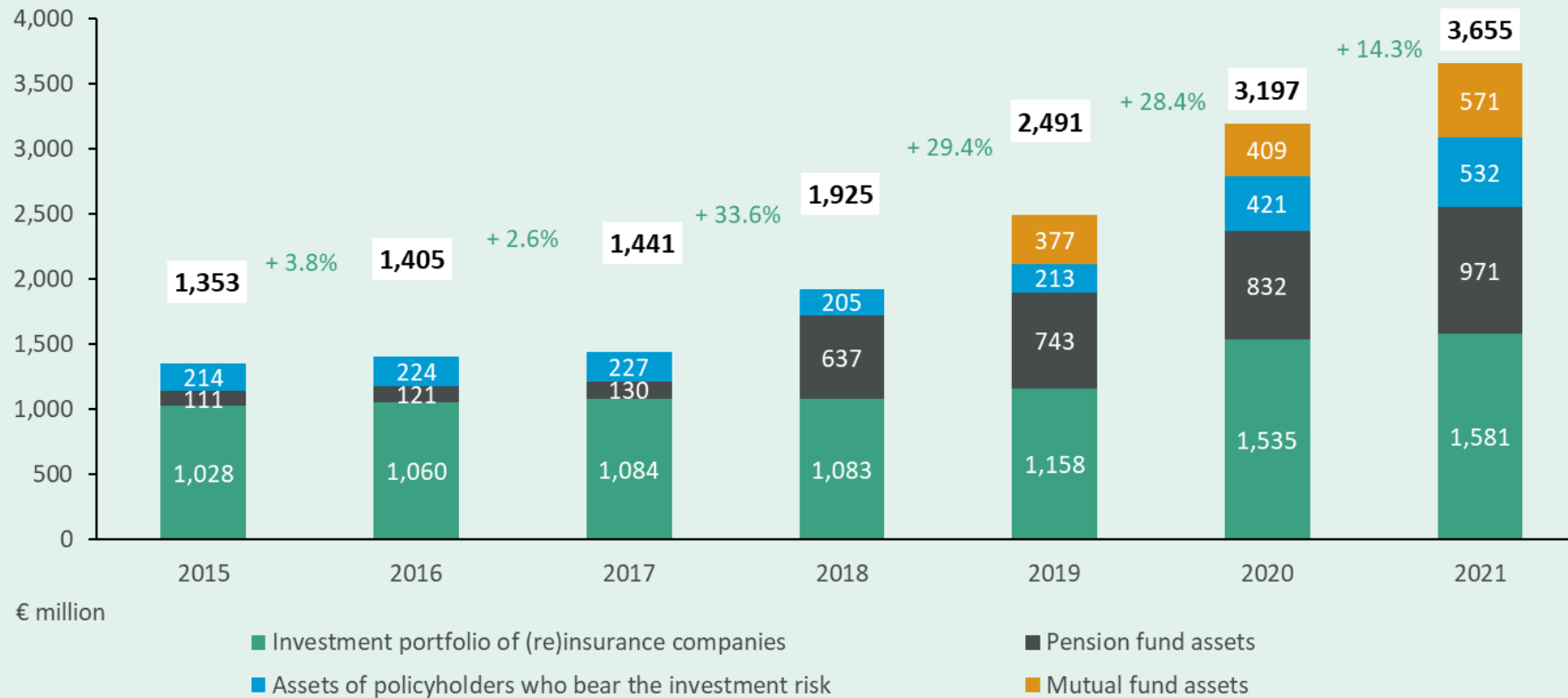


Growth in assets under management

Assets under management

€3,655.2 m

2021/20: **+14.3%**



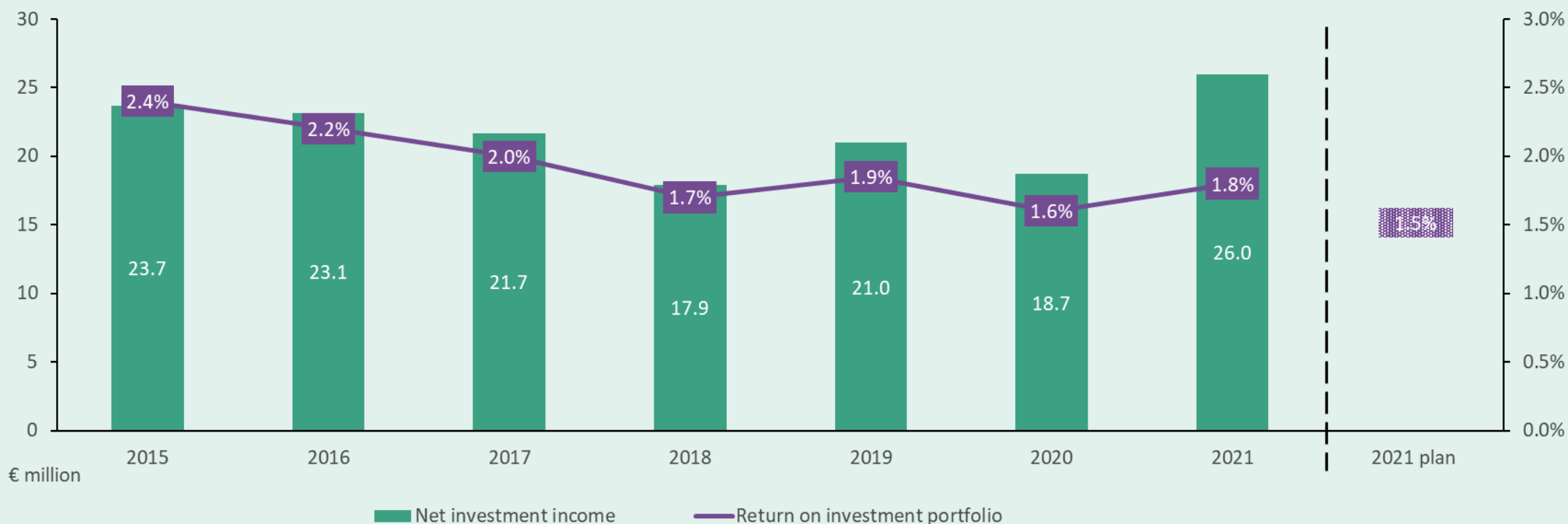
Development of return on investment portfolio

Return on investment portfolio*

1.8%

2021/20: **+0.2 p.p.**

Plan achieved



* Excluding FX differences and expenses of subordinated debt.

Growth in book value of share

Book value of share

€32.53

2021/20: +9.5%

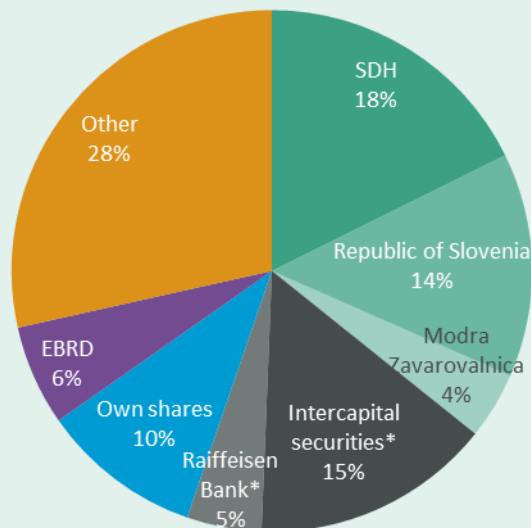
Performance and turnover (01/01/2021 = 100)



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

Ownership structure

Shareholders as at 31 December 2021



* Fiduciary account.

** Sava Re was informed on 2 June 2016 that Adris Grupa, together with its subsidiaries, holds 19.04% of shares of Sava Re's share capital (21.15% of all shares with voting rights) in fiduciary accounts.

31/12/2021	
Share capital (€ million)	71.9
Market capitalisation (€ million)	432.4
Trading symbol	POSR
No. of shares	17,219,662
No. of own shares	1,721,966
No. of shareholders	4,274

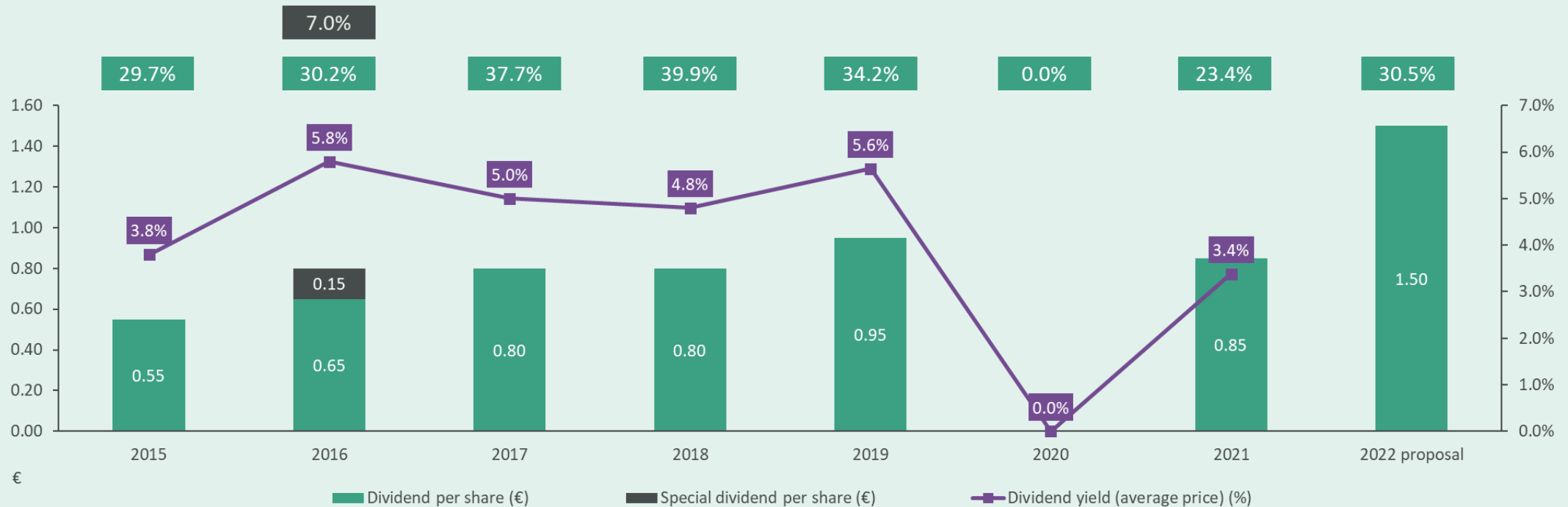
Investor type	Local investor	Foreign investor
Insurance undertakings and pension companies	18.3 %	0.0 %
Other financial institutions*	18.0 %	15.8 %
Republic of Slovenia	13.9 %	0.0 %
Individuals	10.7 %	0.1 %
Investment companies and mutual funds	2.6 %	0.1 %
Other non-financial corporations	2.9 %	1.0 %
Banks	0.0 %	16.6 %
Total	66.4 %	33.6 %

* Within other financial institutions SDH holds 17.7% of all shares.

Dividend policy

Special dividend as % of consolidated profit

Regular dividend as % of consolidated profit



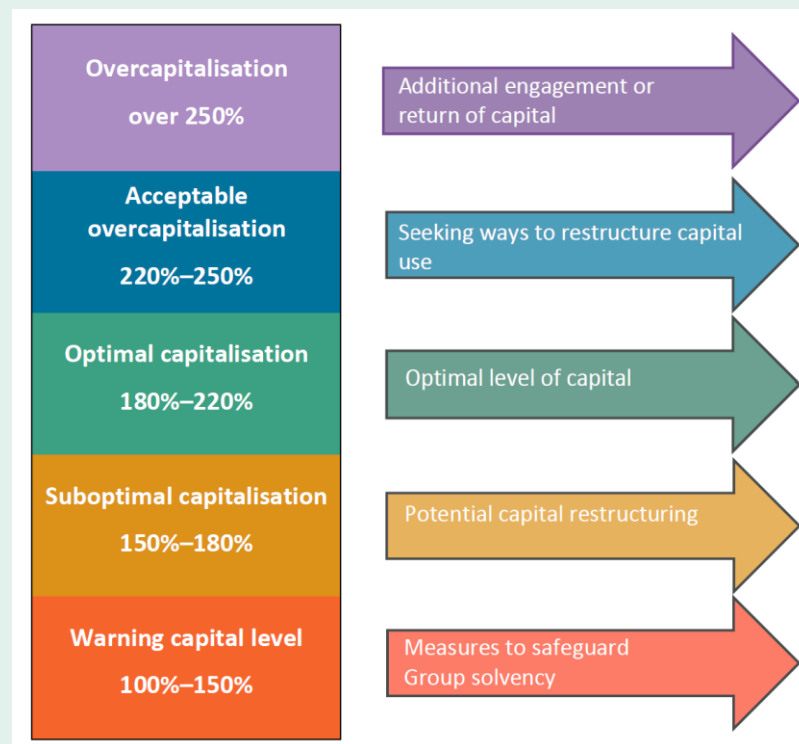
- **Dividend policy:** 10% average increase in dividend per year; distribution of between 35% and 45% of the net profit of the Sava Insurance Group.
- Sava Re did not pay any dividends in 2020 because of increased Covid-19-related risks identified and due to special caution in response to recommendations by the Insurance Supervision Agency. The amount of the 2020 dividend paid out in 2021 was limited on the recommendation of the Insurance Supervision Agency.
- Proposed dividend payout in 2022 in respect of the 2021 profit: proposed dividend payment of €23,246,544.00 or €1.50 gross per share. The general meeting of shareholders is scheduled to be held on 23 June 2022.

Capital adequacy

€ million	31/12/2020
Eligible own funds	567.8
Solvency capital requirement (SCR)	287.4
Solvency ratio	198 %

€ million	31/12/2021*
Eligible own funds	601.3
Solvency capital requirement (SCR)	304.4
Solvency ratio	198 %

* The assurance report with limited assurance of the auditor KPMG has not been issued by the publication date of this report.

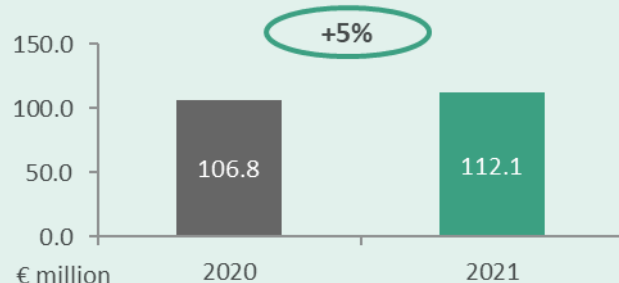


Detailed data on capital adequacy of Sava Insurance Group for the year 2021 will be posted in the solvency and financial condition report for 2021 (Group SFCR), which will be posted on 19 May 2022 on Sava Re's website and published through the Ljubljana Stock Exchange.

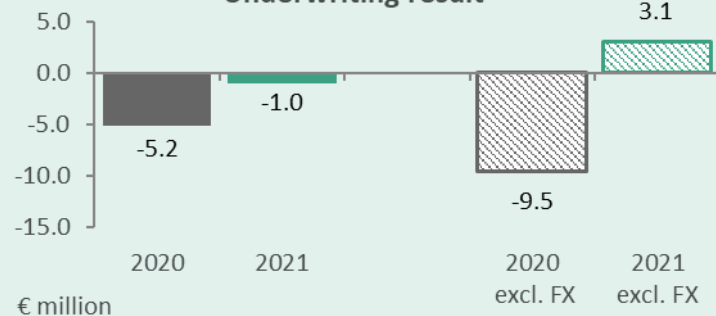
Segment reporting

Results by operating segment – reinsurance

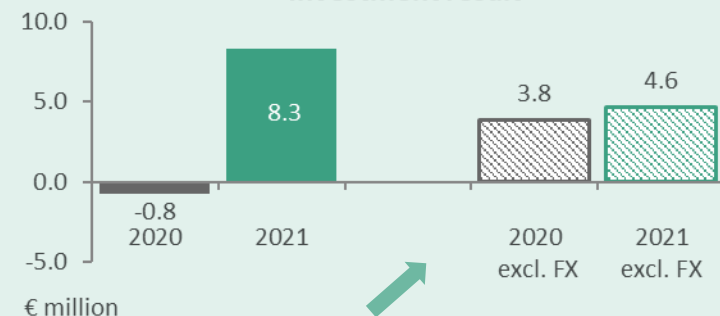
Gross premiums written



Underwriting result



Investment result

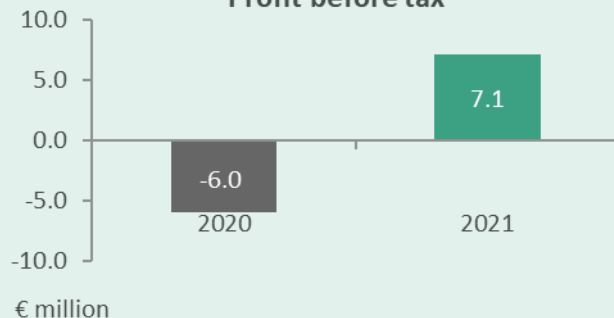


- Proportional business up by 11%, non-proportional by 2%
- UWY 2021 premiums are down by 2% (€2.0 million); prior UWY premiums grew by €7.3 million (mainly proportional reinsurance)

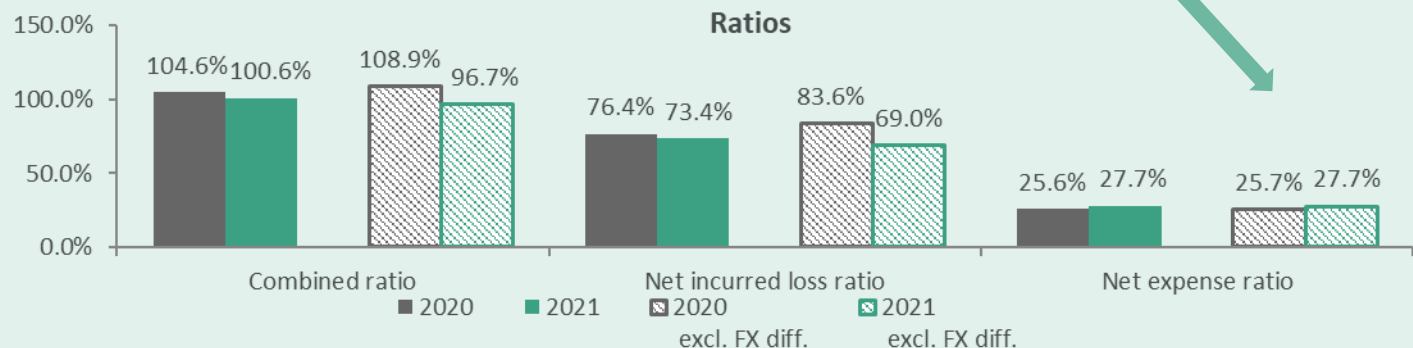
- Improvement of underwriting result in 2021 due to lower net claims incurred – several major claims were reported in 2021, but due to reinsurance protection the technical result in 2021 was better. The poor result in 2020 was further affected by Covid-19 claims, while in 2021 this effect was negligible.

- Higher investment result, excluding FX differences, driven by higher gains on disposals and higher dividends from financial investments
- Higher net expense ratio due to growth of proportional business, which is characterized by higher commission rates

Profit before tax

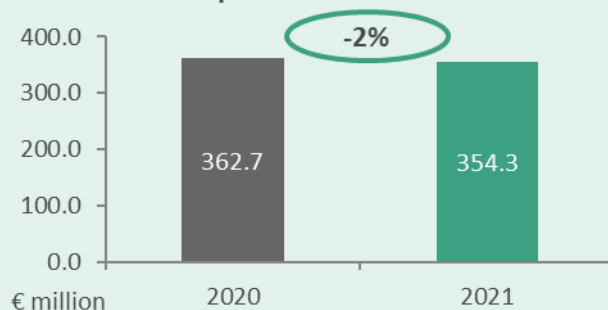


Ratios



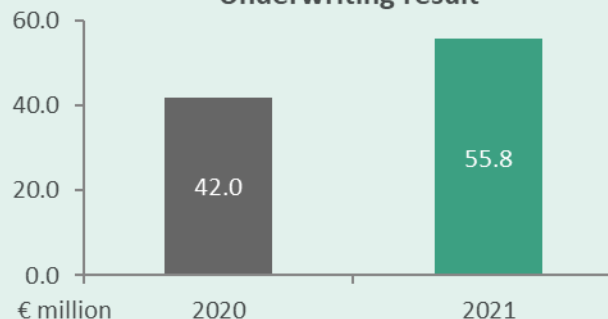
Results by operating segment – non-life Slovenia

Gross premiums written



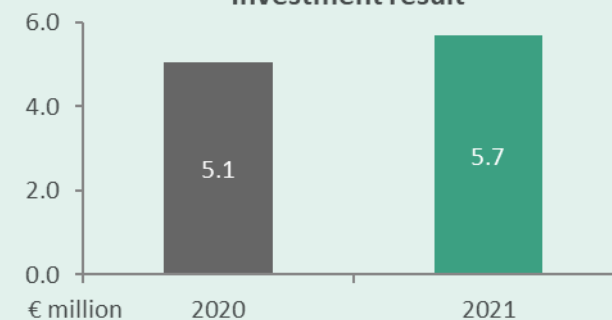
- Lower volume of FoS business (down €25.0 million)
- Gross premiums written, excl. FOS, up by €16.7 million; growth in personal motor business due to more policies sold and in property business reflecting increased premiums of large clients due to more objects insured and larger sums insured, as well as more home owners policies sold

Underwriting result



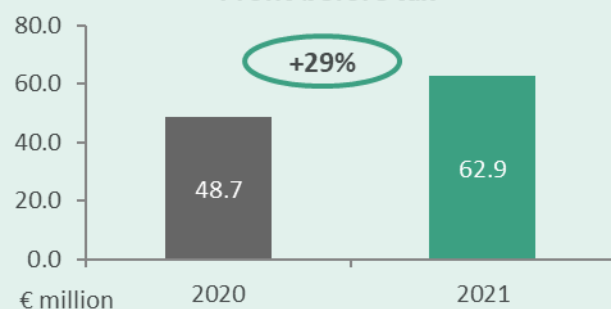
- Improved UW result mainly due to cancellation of FoS business
- Favourable technical result due to lower claim frequency because of Covid-19 (2020 and 2021)

Investment result

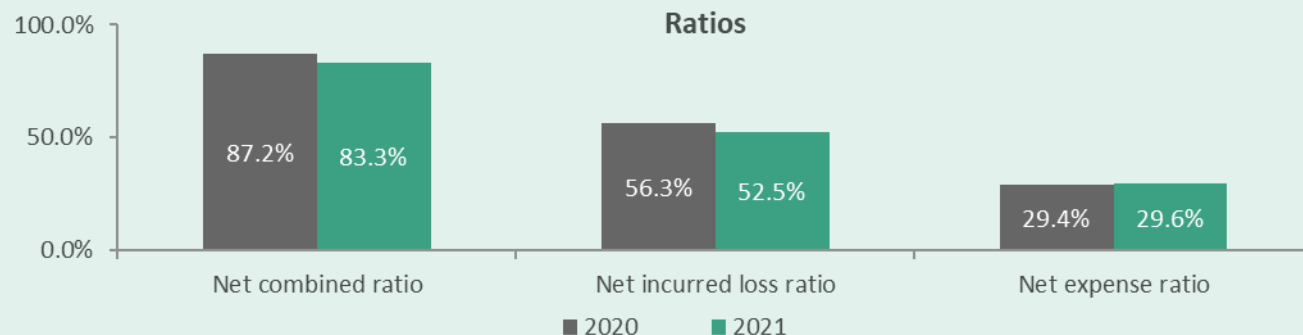


- Better result driven by higher income from alternative funds compared to 2020

Profit before tax

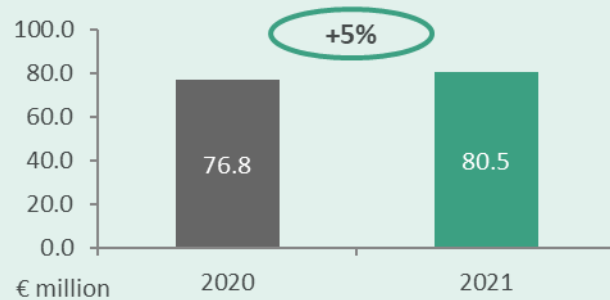


Ratios



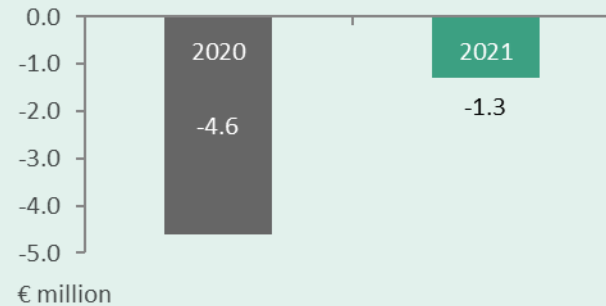
Results by operating segment – non-life international

Gross premiums written



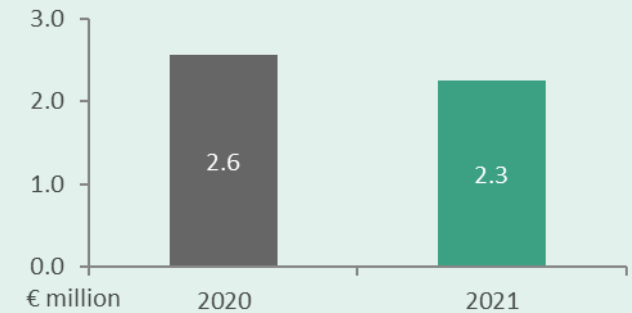
- Growth of gross premiums written on Serbian, North Macedonian, Montenegro and Kosovo insurance market (13 %; in 2020 decline due to Covid-19)
- Croatian premiums fell by 22% as part of efforts to improve portfolio performance

Underwriting result



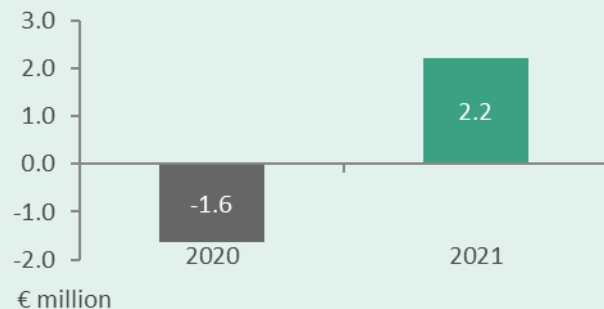
- Improved UW result mainly because of the better result achieved by the Croatian branch of Zavarovalnica Sava

Investment result

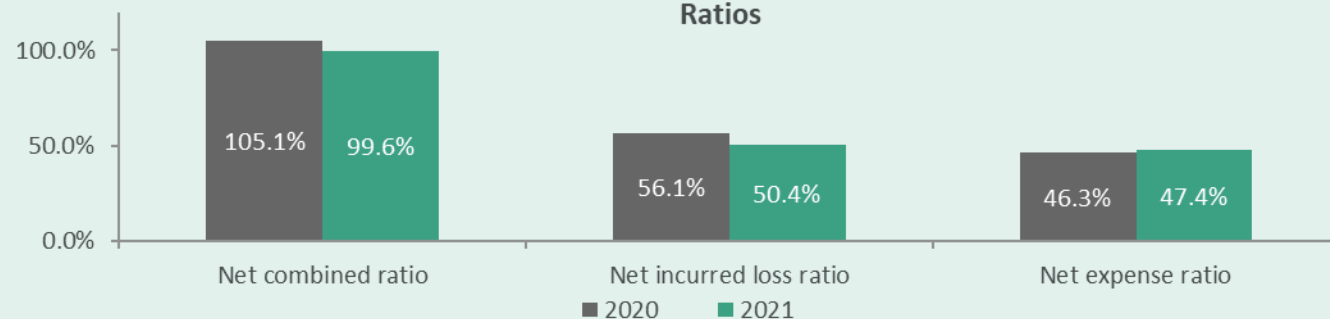


- Lower investment result due to lower gains on sale of investments and lower interest income

Profit before tax

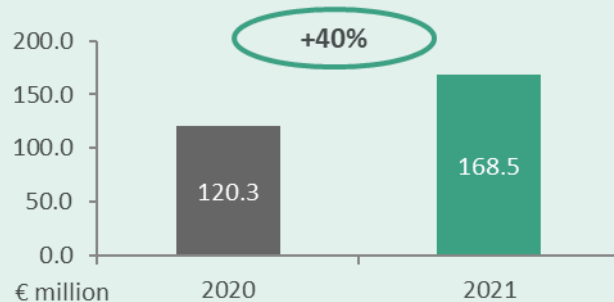


Ratios



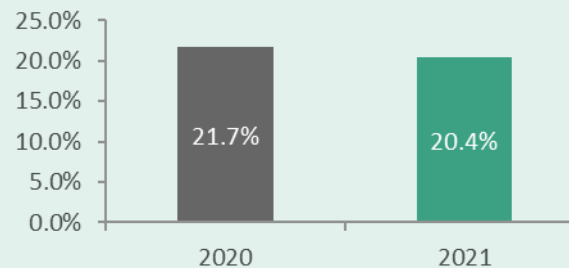
Results by operating segment – life Slovenia

Gross premiums written



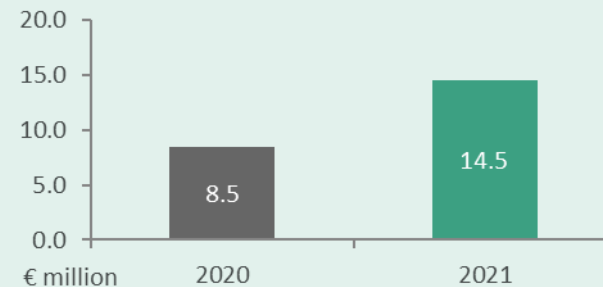
- Vita included in Group as from 31 May 2020; consolidated gross premiums written in 2020 of €46.1 million, in 2021 €96.6 million
- 18% growth in new annual premiums written

Net expense ratio



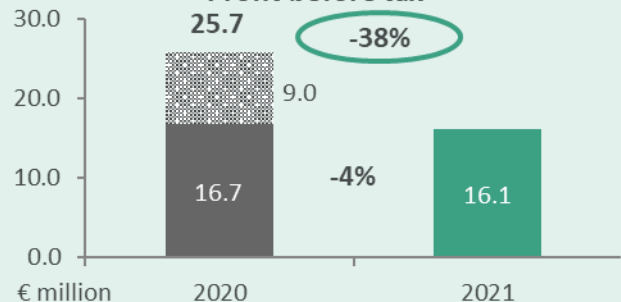
- Net expense ratio lower reflecting full-year consolidation of Vita

Investment result



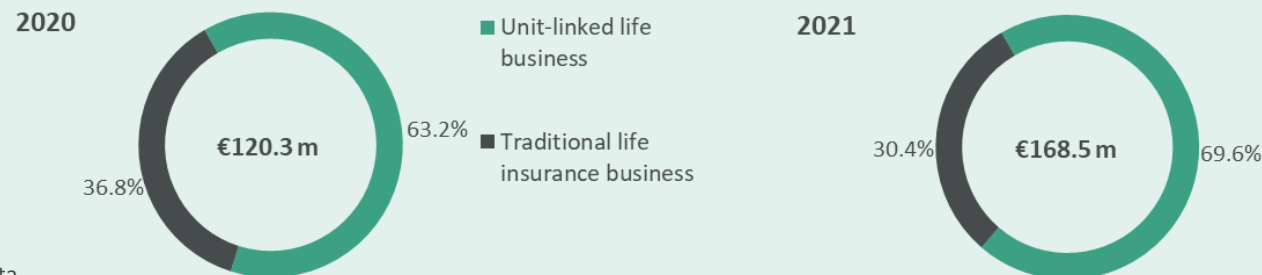
- Rise in net investment income both due to the full-year consolidation of Vita and higher gains on sale of investments at Zavarovalnica Sava

Profit before tax



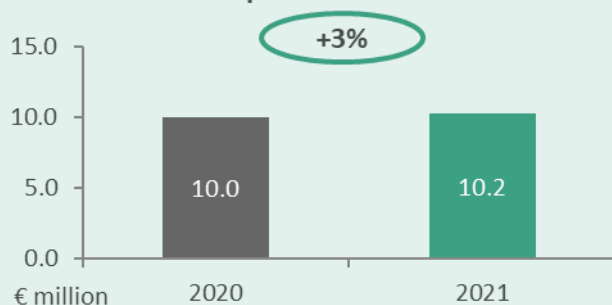
One-off effect Vita

Gross premiums written by class of insurance



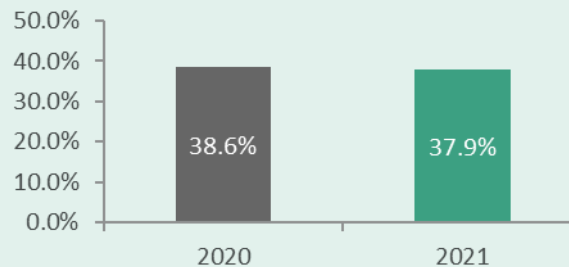
Results by operating segment – life international

Gross premiums written



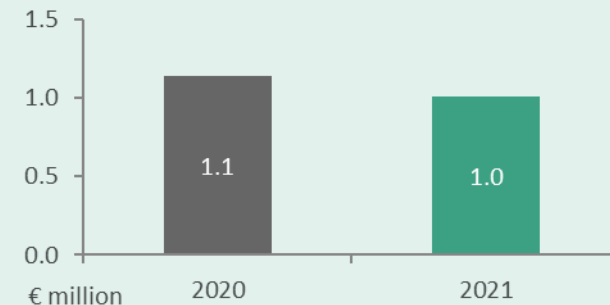
- High growth in Kosovo and Serbia (37% and 20%, respectively), while Croatian branch of Zavarovalnica Sava faced a drop by 39% due to reduced sales through banks
- New annual premiums up by 26%

Net expense ratio



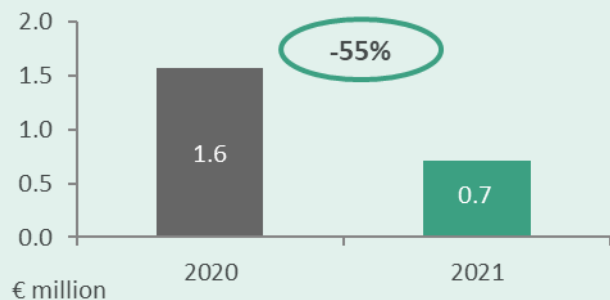
- Lower expense ratio mainly due to increased premium income at Serbian and Kosovo life insurers and partly due to savings at the Croatian branch of Zavarovalnica Sava

Investment result



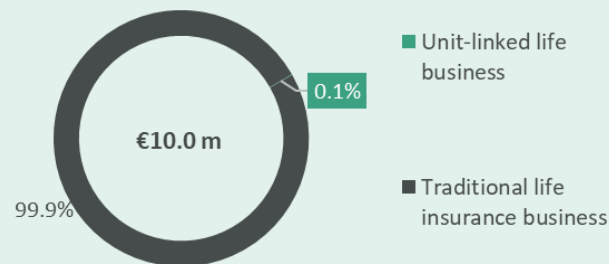
- Investment result lower because of net foreign exchange differences of the Croatian part of Zavarovalnica Sava (in 2020 net FX gains, in 2021 net FX losses)

Profit before tax



Gross premiums written by class of insurance

2020

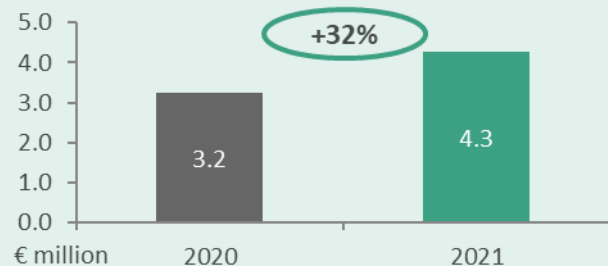


2021



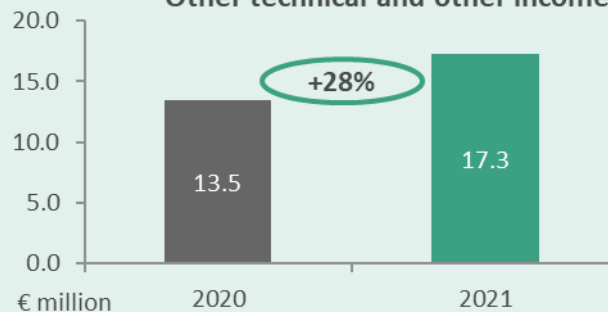
Results by operating segment – pensions and asset management

Gross premiums written (annuities)



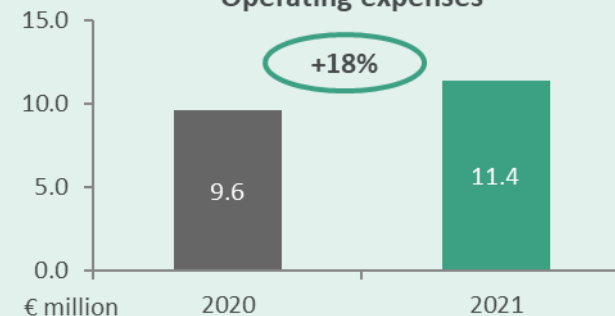
- Growth of annuity portfolio in line with the number of policyholders meeting eligibility requirements and the impact of switching from other providers

Other technical and other income



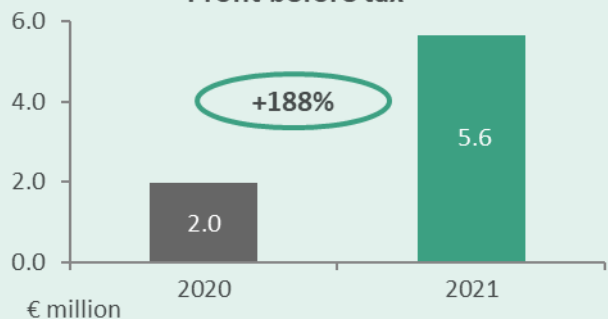
- Higher income reflecting increased assets under management (most notably at Sava Infond) because of higher inflows and favourable financial market movements

Operating expenses

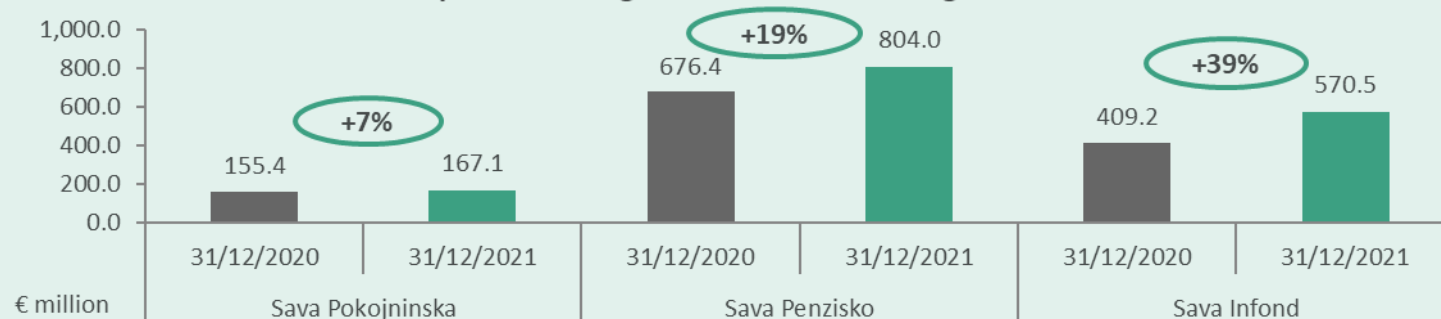


- Increased operating expenses due to growth in business volume and increased assets under management

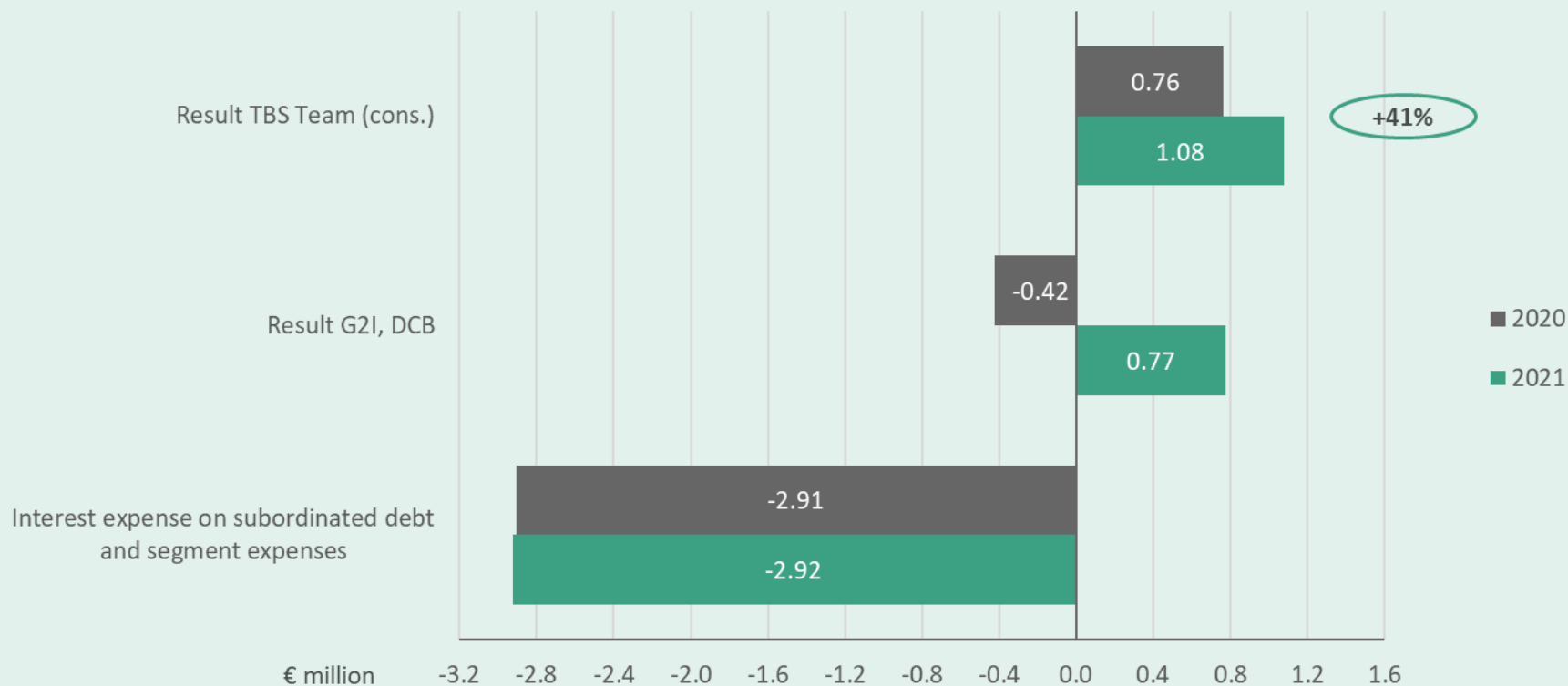
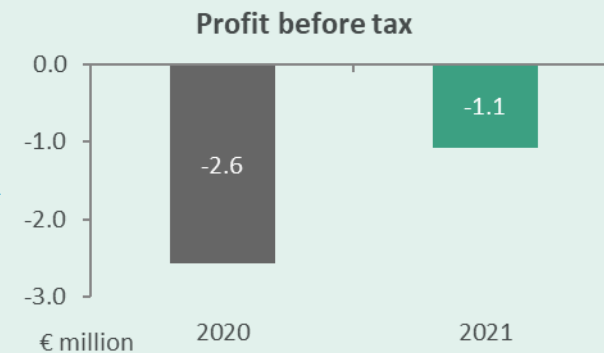
Profit before tax



Assets in pension savings funds and asset management funds



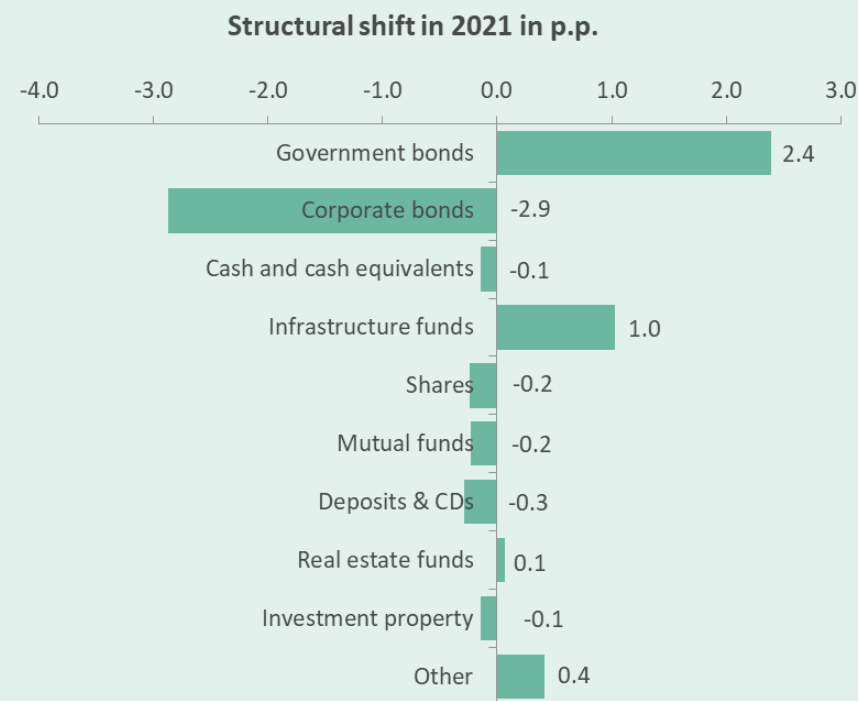
Results by operating segment – other



Financial investments

Structure of investment portfolio

€ million	31/12/2020	31/12/2021
Government bonds	660.8	718.5
Corporate bonds	618.9	592.1
Cash and cash equivalents	74.0	74.0
Infrastructure funds	27.4	44.5
Shares	38.6	36.0
Mutual funds	38.3	35.9
Deposits & CDs	22.4	18.6
Real estate funds	14.3	15.8
Investment property	16.1	14.3
Other	24.4	31.8
Total investment portfolio	1,535.3	1,581.4



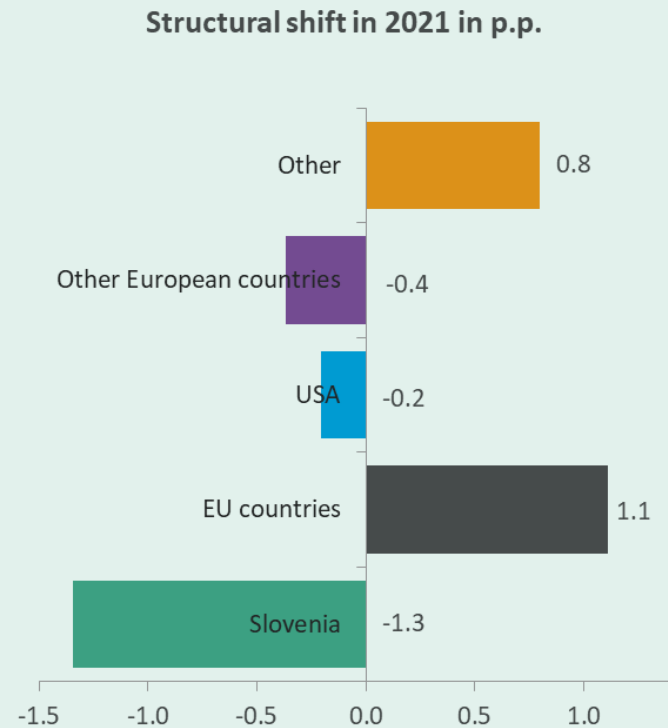
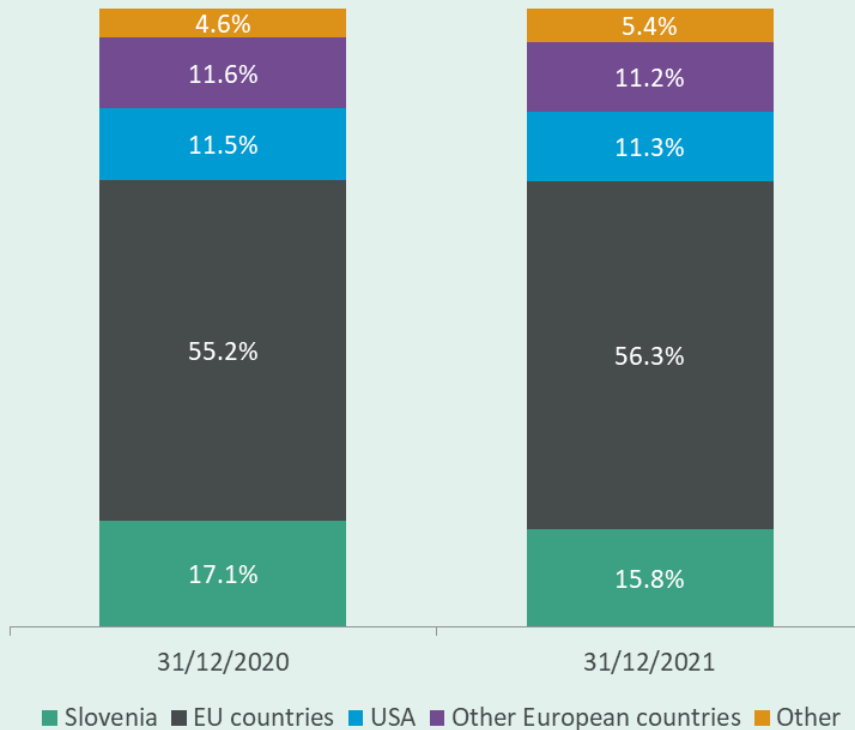
Share of corporate bonds down by 2.9 p.p., reflecting maturities and sales, resulting in a higher share of government bonds. Increase in the share of infrastructure funds due to capital call-ups (+1.0 p.p.).

Group exposure by region

Compared to 2020, the exposure to Slovenia decreased and the exposure to EU countries increased. Exposure to other regions has not changed significantly compared to 2020.

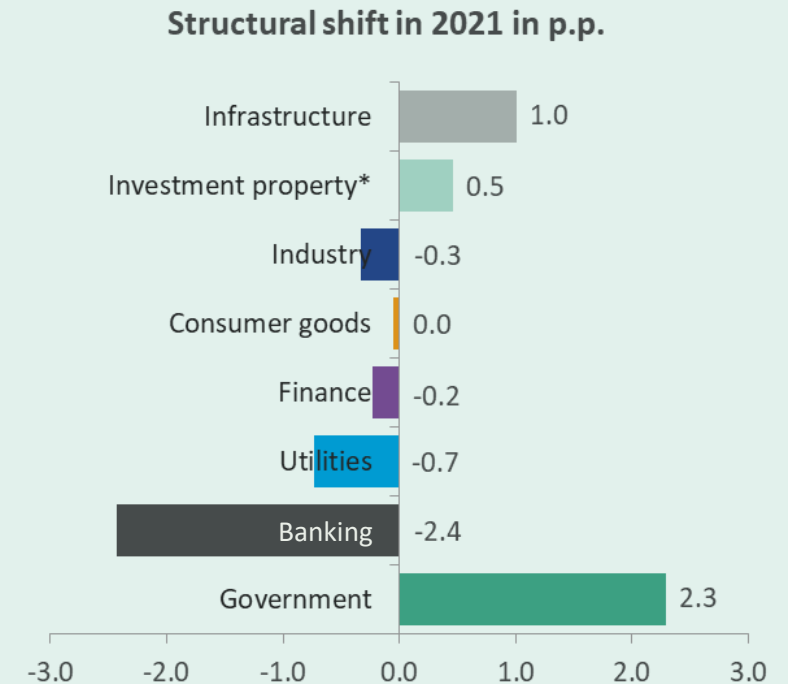
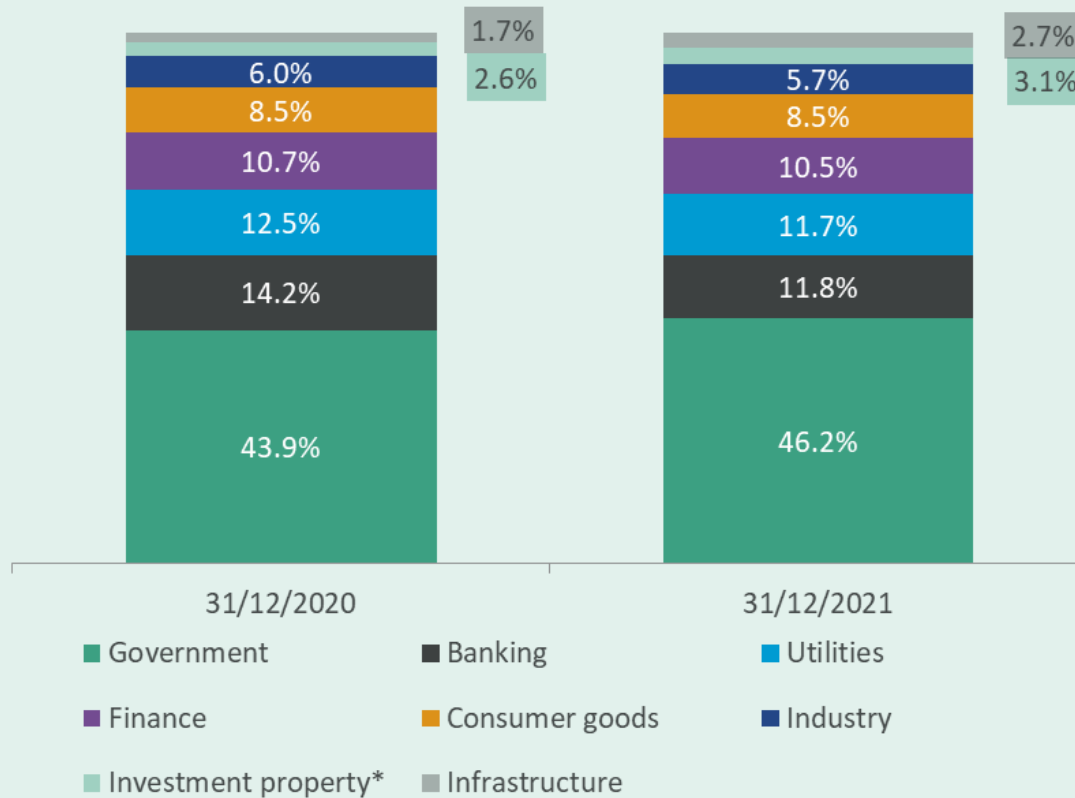
The decrease in exposure to Slovenia is mainly due to the disposal of listed shares and the maturity of government bonds.

The reason for the **increase in the exposure to EU countries** is primarily investment in government securities.



Group exposure by industry

The lower exposure to the banking sector reflects maturities of covered and corporate bonds, which were reinvested in government securities. This in turn increased the exposure to the government sector.



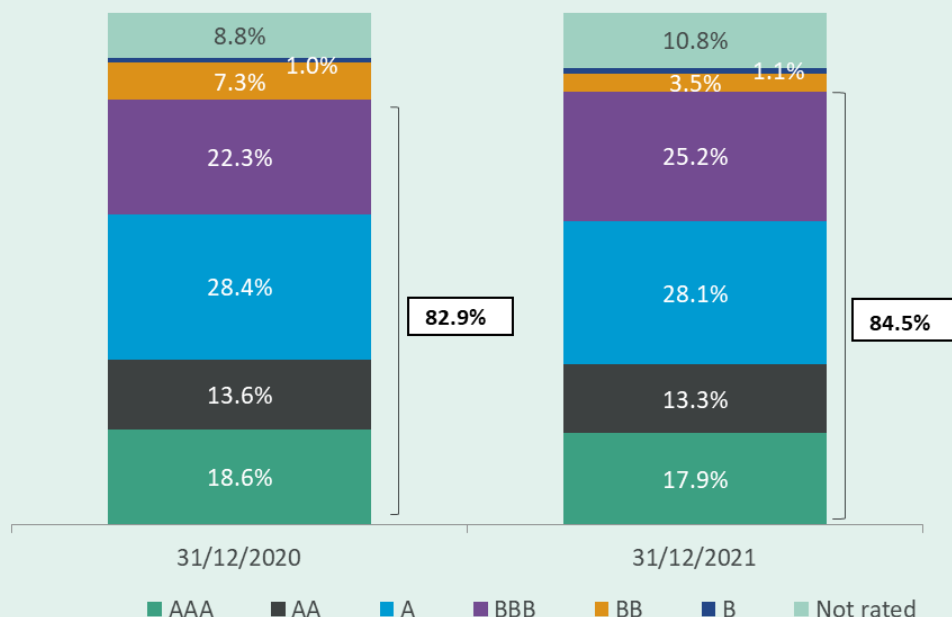
* Includes direct investments in real-estate and property funds. Corporate bonds classified as real estate under GICS are also included.

Maintaining good rating profile despite Covid-19 pandemic

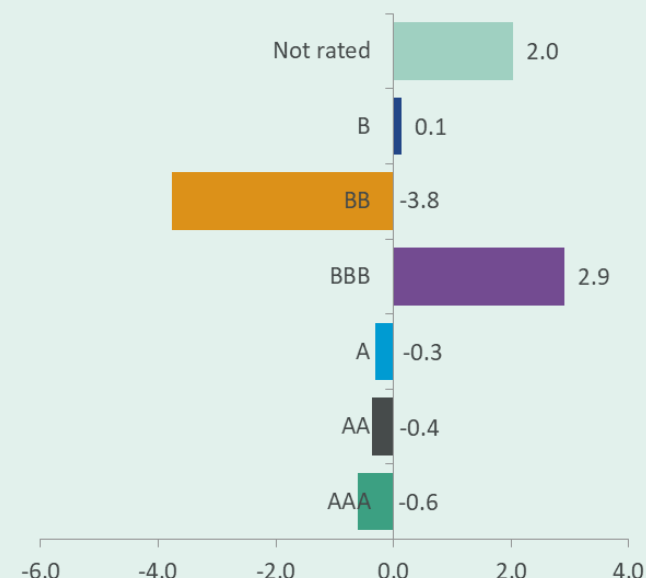
Investment grade assets accounted for **84.5% of fixed-rate investments, up by 1.6 p.p.** compared to 2020.

A-rated assets shrank as the result of maturities of government bonds and downgrading related to Covid-19; BB-rated assets declined because of the upgrading of some Slovenian banks to BBB, resulting in an increase in BBB-rated assets.

Unrated assets increased by 2.0 p.p. compared to 2020 because of the increased percentage of cash in the investment portfolio, which is of a short-term nature.



Structural shift in 2021 in p.p.



Investment income by type

€ million	2020	2021	Absolute change
Interest income at effective interest rate	16.2	16.8	0.7
Change in fair value of FVPL assets	2.5	1.3	-1.2
Gains on disposal of FVPL assets	0.0	0.0	0.0
Gains on disposal of other IFRS asset categories	4.9	7.8	2.9
Income from associates	0.1	0.8	0.6
Income from dividends	2.2	3.6	0.7
Net foreign exchange gains	0.0	4.4	4.4
Other income	2.0	1.6	-0.3
Total income	27.9	36.4	8.5
Total income, excluding exchange differences	27.9	32.0	4.1

Interest income at the effective interest rate was €0.7 million higher compared to 2020. The reason is that Vita's return was included in consolidation only for 6–12 in 2020 (first consolidation on 31 May 2020).

Gains on disposal were €2.9 million higher in 2021. Due to the lower exposure to certain equity investments, a part of the portfolio was sold, and thus profits were realised that had previously been shown in the revaluation surplus.

Income from dividends was slightly higher in 2021, mainly due to the lifting of certain restrictions imposed by regulators and higher dividends from alternative funds.

Investment expenses by type

€ million	2020	2021	Absolute change
Interest expense	3.0	3.0	0.0
Change in fair value of FVPL assets	2.3	0.9	-1.4
Losses on disposal of FVPL assets	0.0	0.0	0.0
Losses on disposal of other IFRS asset categories	1.4	0.3	-1.1
Loss from investments in associates	0.6	0.0	-0.6
Other investment impairments	1.1	0.2	-0.9
Net foreign exchange losses	4.8	0.0	-4.8
Other	0.8	1.6	0.7
Total expense	14.0	6.0	-8.0
Total expense, excluding exchange differences	9.2	6.0	-3.2

The change in fair value of FVPL assets was lower by €1.4 million (in 2020, it mainly relates to subordinated bonds of Slovenian companies).

Other expenses: upon the first consolidation of Vita's HTM portfolio, the Group recognised a gain due to the revaluation of the portfolio to fair value. The effect of the difference between fair value and amortised cost is gradually decreasing (in 2021, €0.9 million effect on expenses).

Net inv. income of and return on investment portfolio

€ million	2020	2021	Absolute change
Net investment income relating to the investment portfolio	13.9	30.4	16.5
Net investment income of the investment portfolio, excluding FX differences	18.7	26.0	7.3
Return on the investment portfolio, excluding FX differences and subordinated debt expense	1.6%	1.8%	0.2

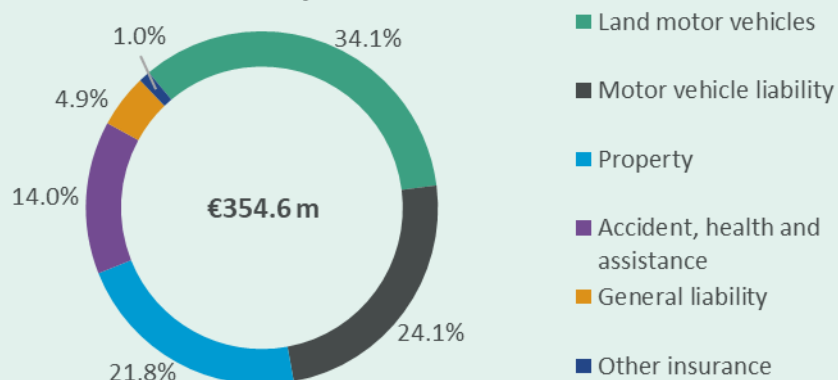
Net investment income relating to the investment portfolio consists of net investment income relating to financial investments, the result of investments in associates and net investment income relating to investment property.

Unconsolidated data

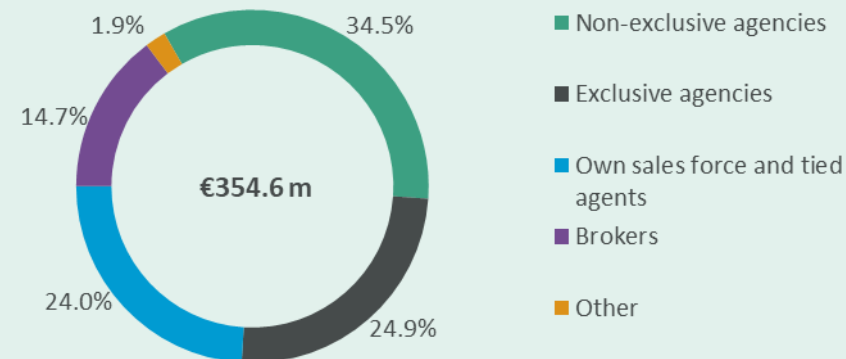
Slovenian insurance business – non-life (non-consolidated)

Data for Vita are shown for all years, although Vita has been included in the consolidated accounts since June 2020.

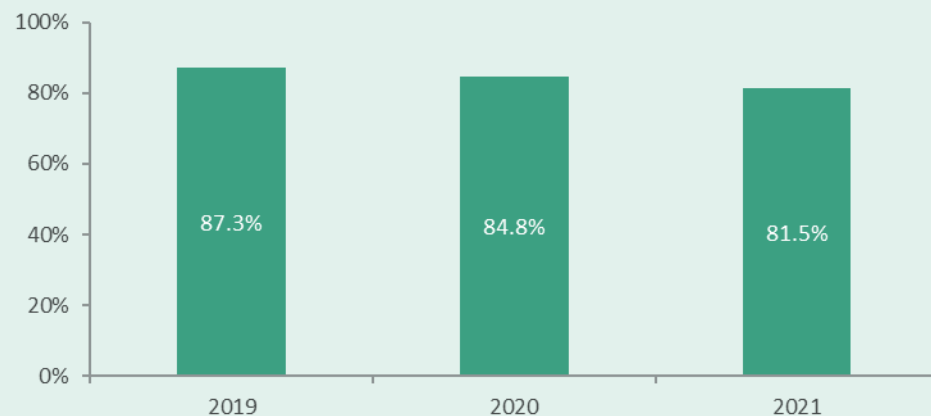
Structure of GWP 2021 by class of insurance



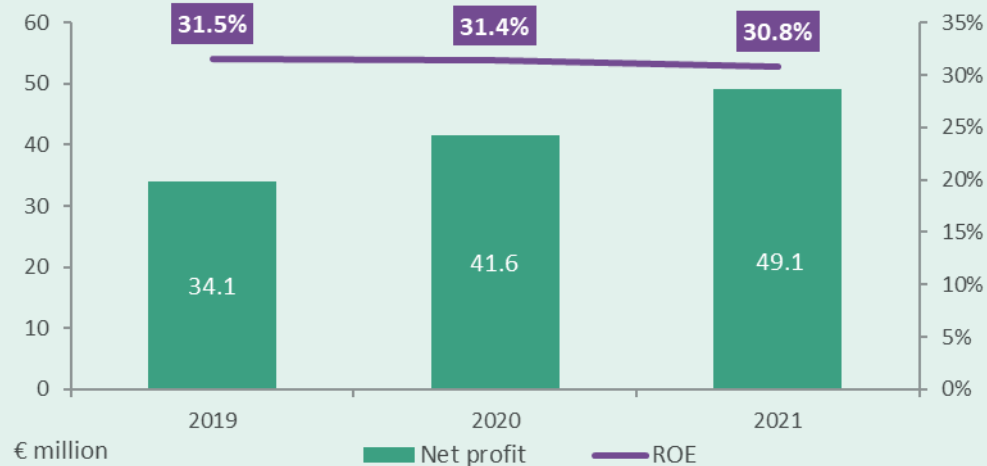
Structure of GWP 2021 by sales channel



Combined ratio



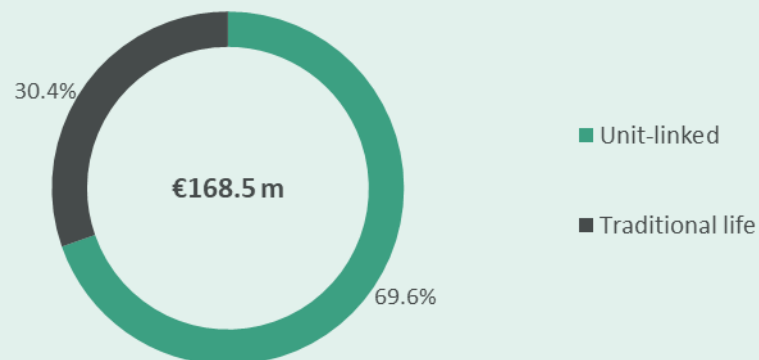
Net profit and ROE



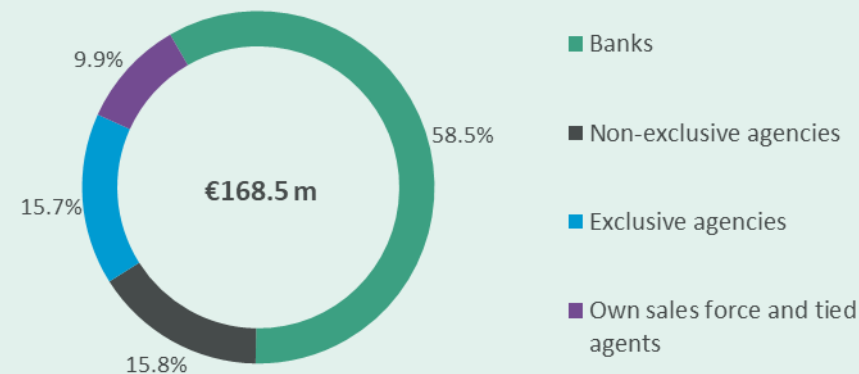
Slovenian insurance business – life (non-consolidated)

Data for Vita are shown for all years, although Vita has been included in the consolidated accounts since June 2020.

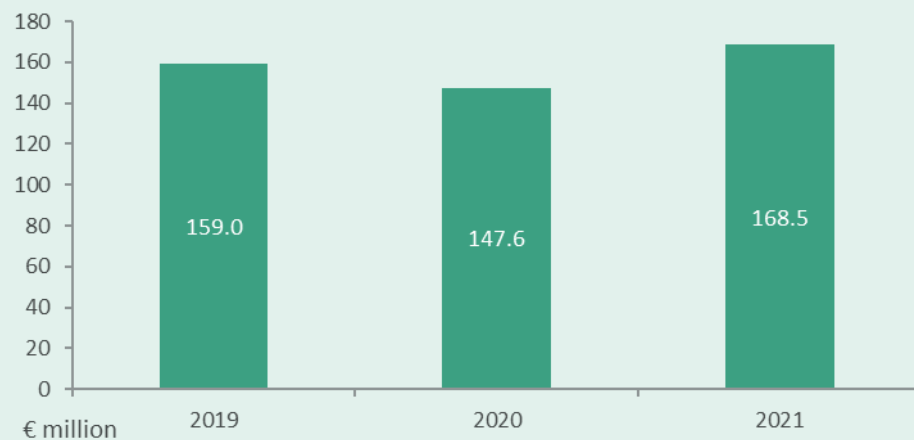
Structure of GWP 2021 by class of insurance



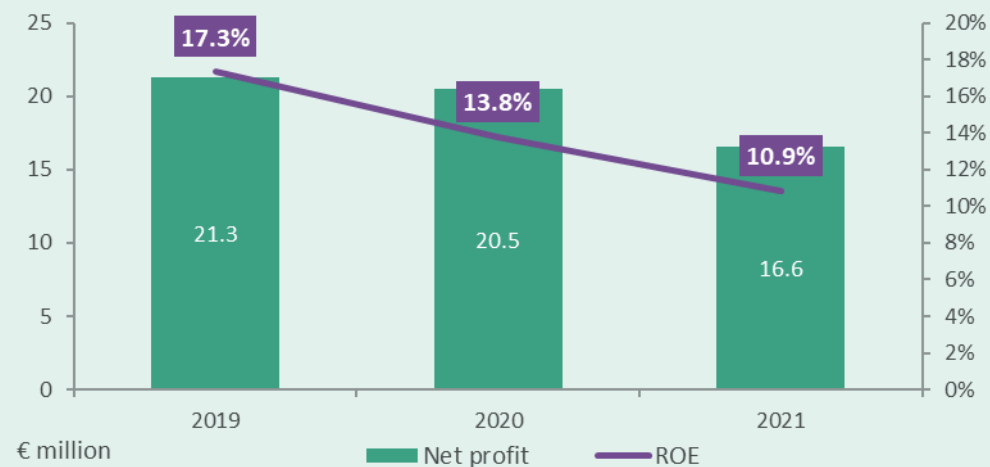
Structure of GWP 2021 by sales channel



Gross premiums written

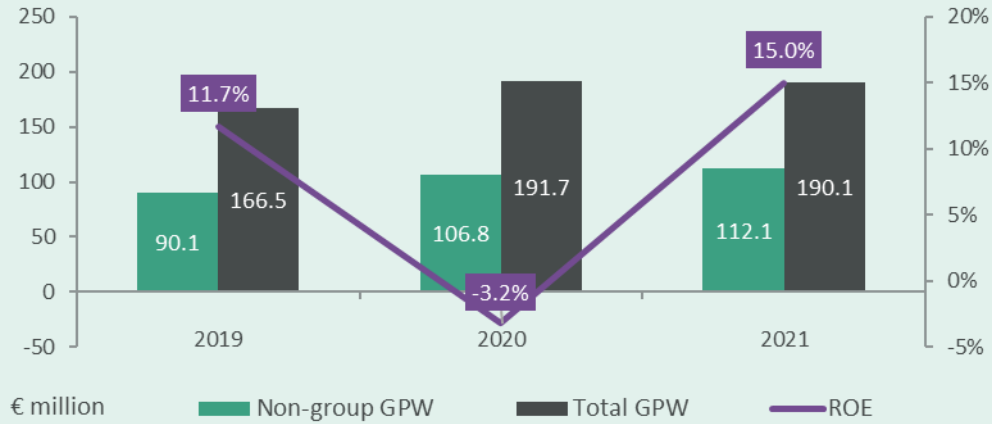


Net profit and ROE

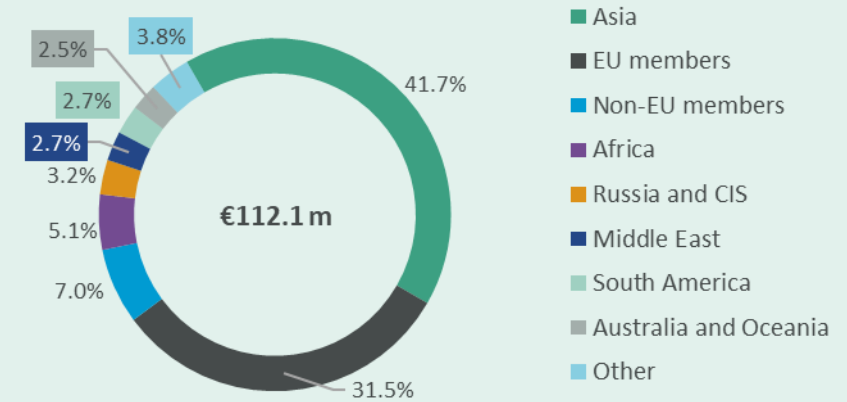


Sava Re (non-consolidated)

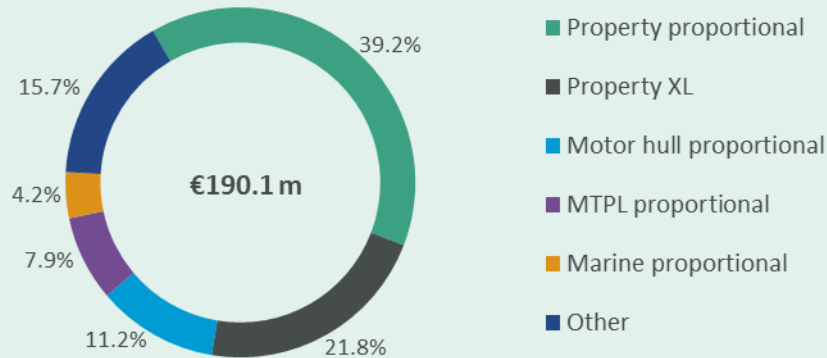
Gross premiums written and ROE



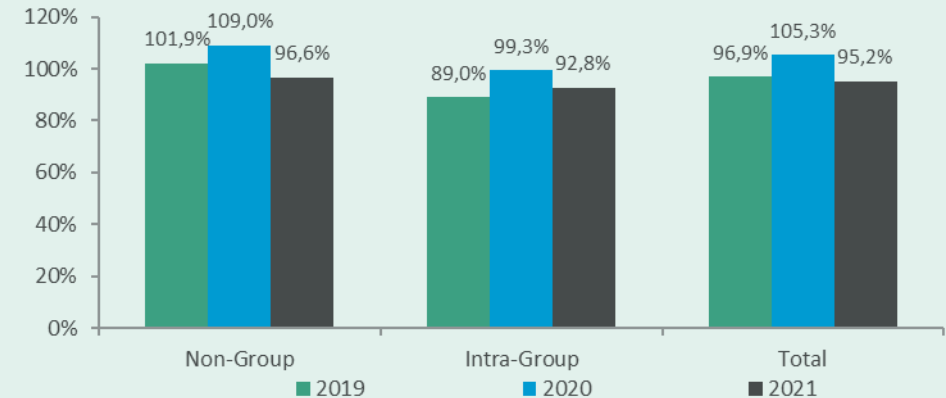
Geographical split of non-group GPW 2021



Split of total GPW 2021 by type

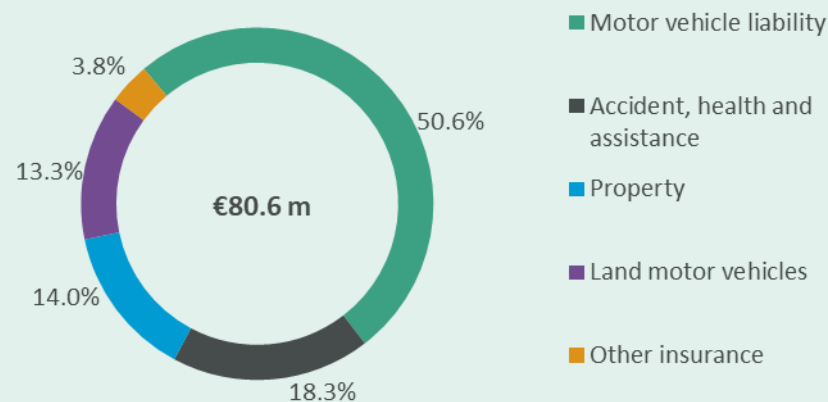


Combined ratio
(excl. FX diff. and holding expenses)

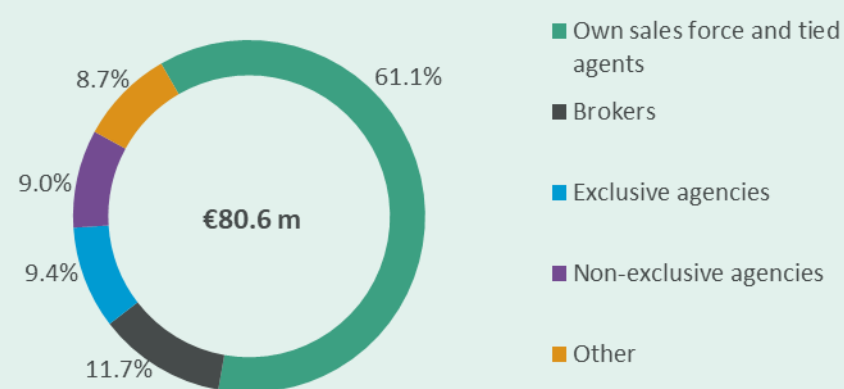


International insurance business – non-life (non-consolidated)

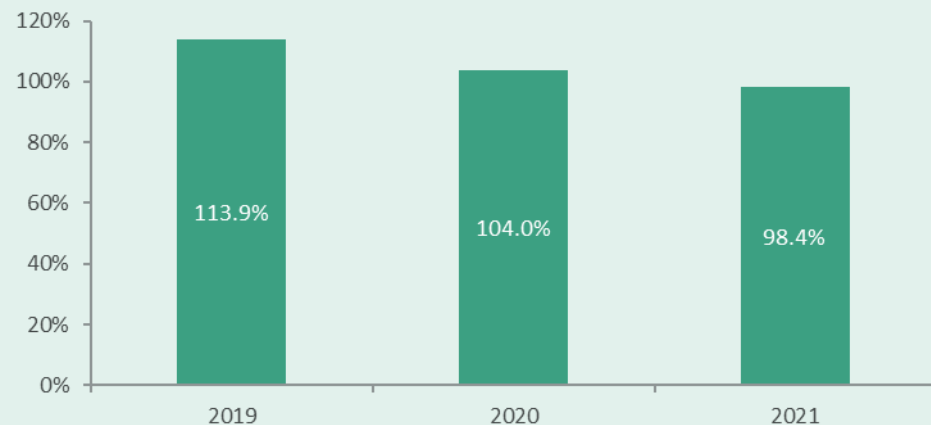
Structure of GWP 2021 by class of insurance



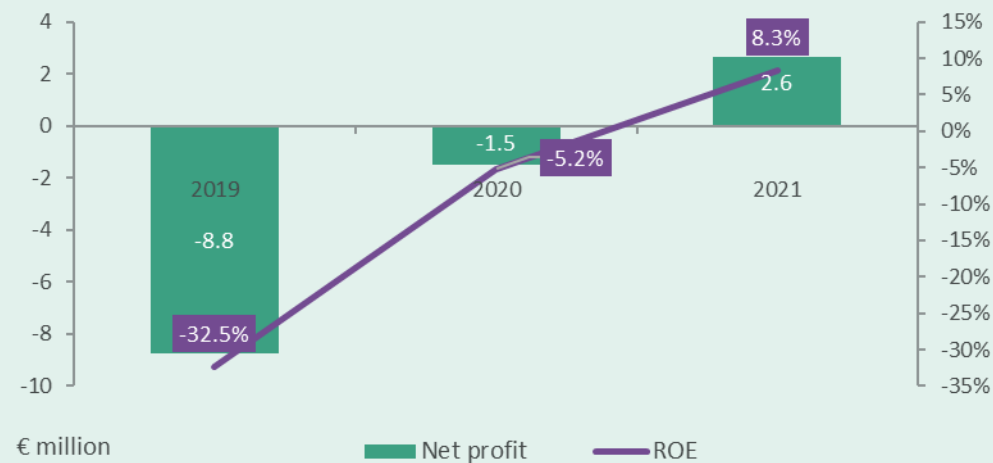
Structure of GWP 2021 by sales channel



Combined ratio

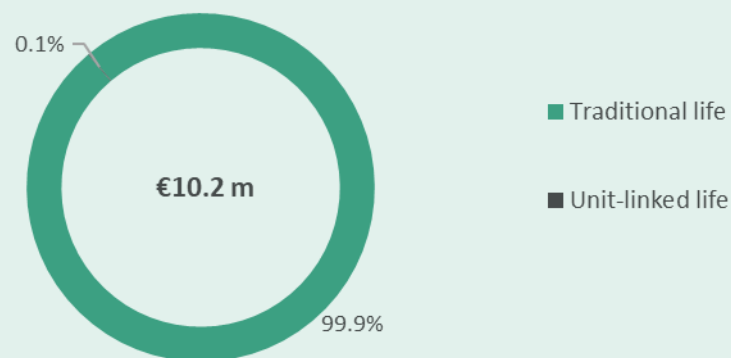


Net profit and ROE

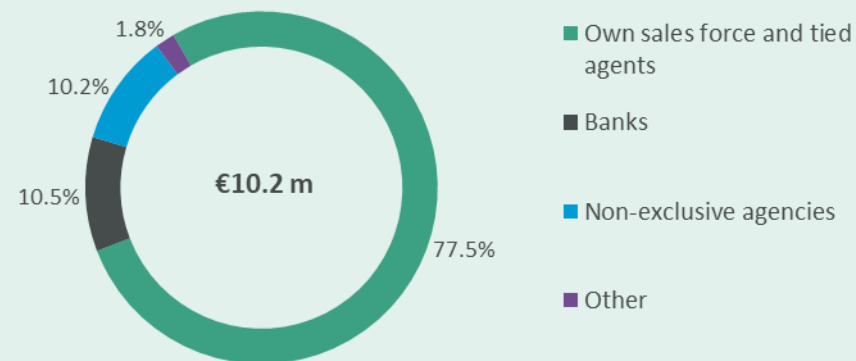


International insurance business – life (non-consolidated)

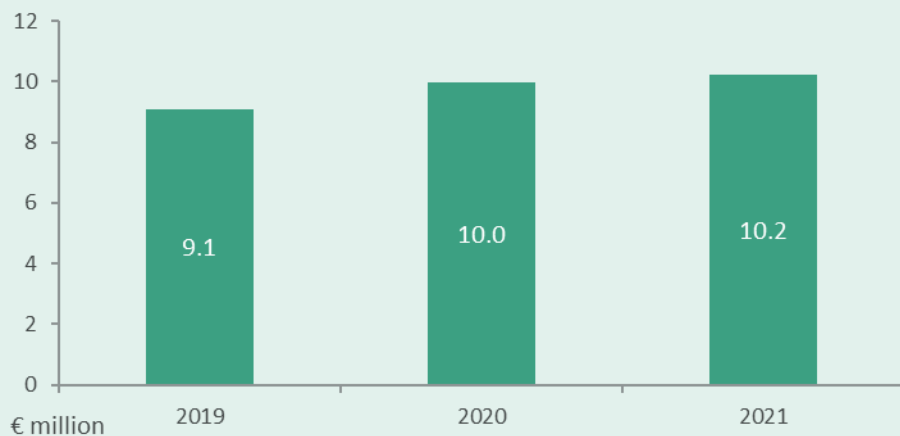
Structure of GWP 2021 by class of insurance



Structure of GWP 2021 by sales channel



Gross premiums written

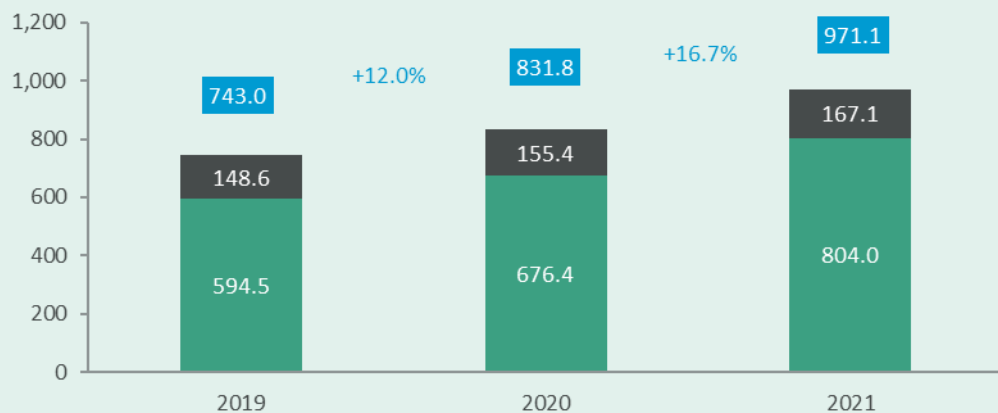


Net profit and ROE



Pension business (non-consolidated)

Pension fund assets



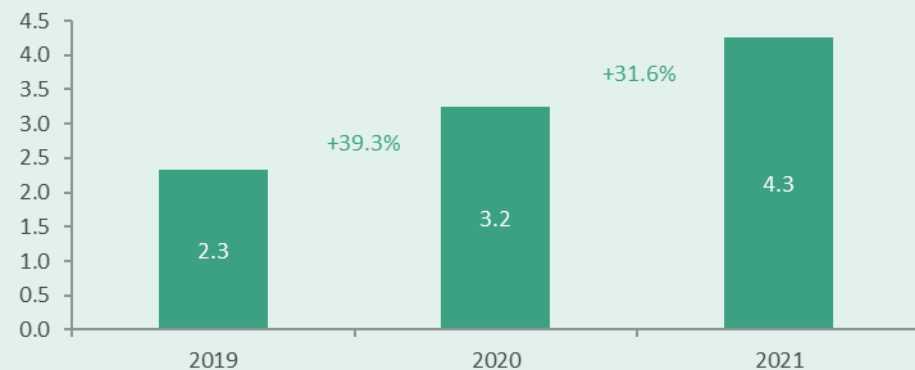
€ million ■ North Macedonian pension company ■ Slovenian pension company ■ Total

Revenue from managing pension funds



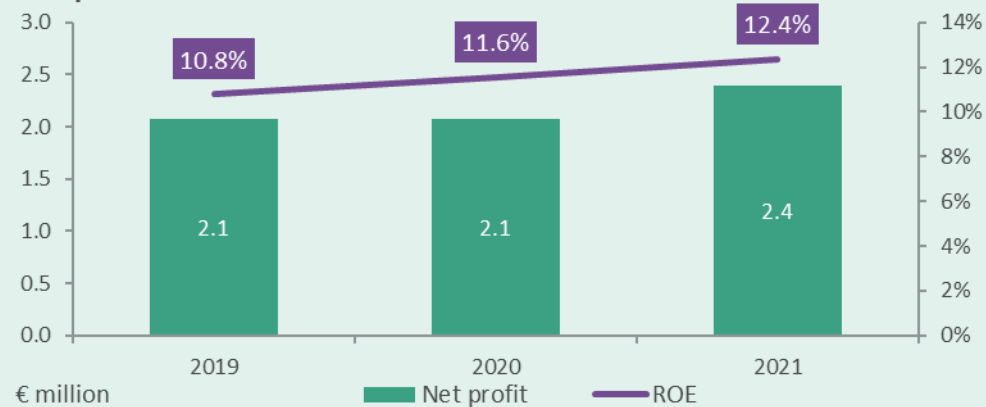
€ million

Gross premiums written (Slovenian company annuities)



€ million

Net profit and ROE



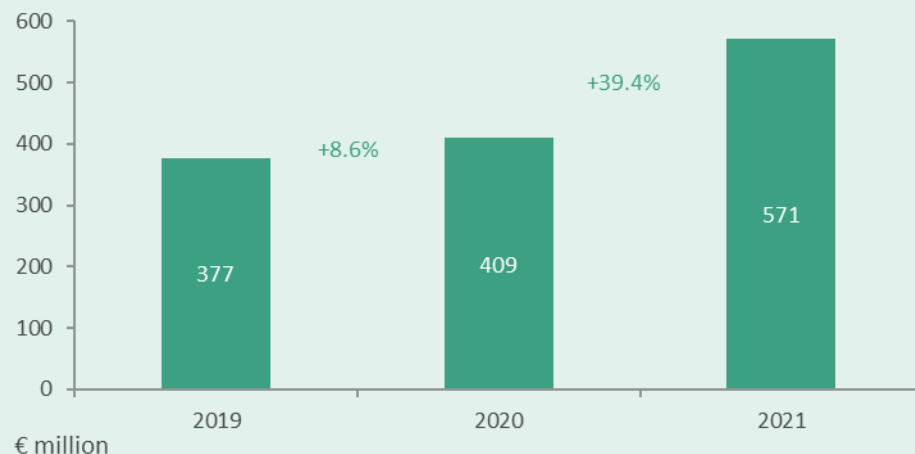
€ million

■ Net profit — ROE

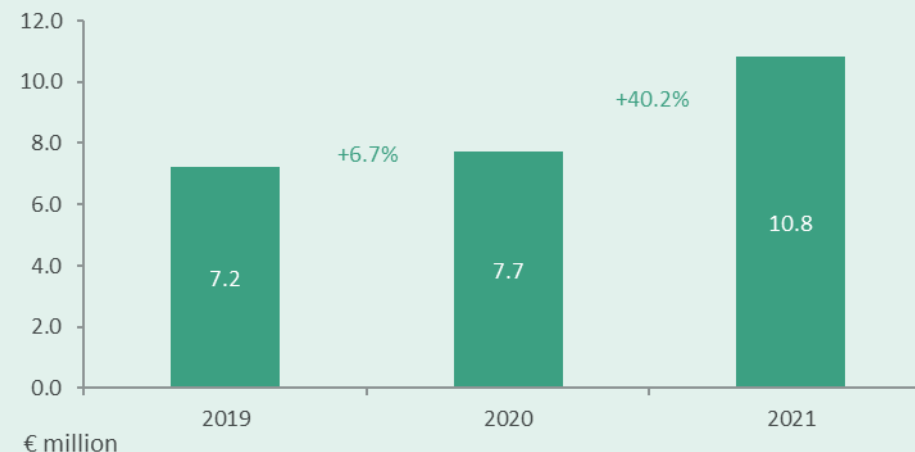
Mutual fund management (non-consolidated)

Data shown for all years, even though Sava Infond was included in the consolidated accounts in July 2019.

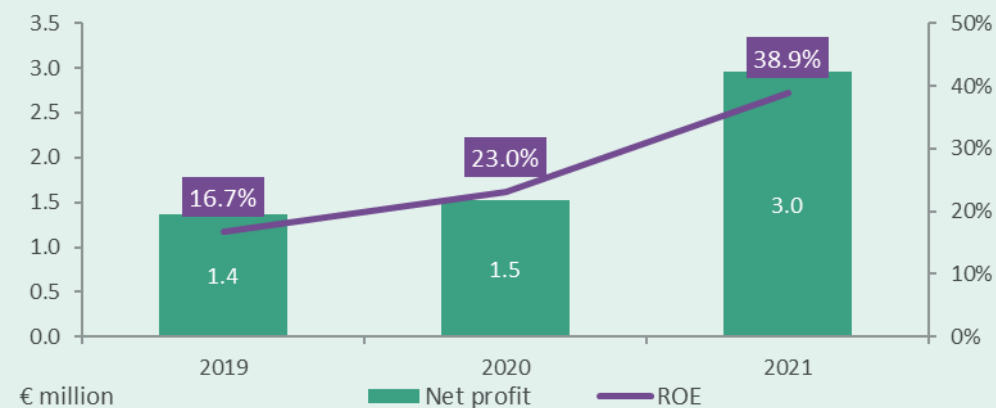
Mutual fund assets



Revenue from managing funds



Net profit and ROE



Financial statements

Consolidated statement of financial position

€	31/12/2020	31/12/2021
ASSETS	2,467,251,303	2,658,322,359
Intangible assets	64,278,611	67,306,775
Property and equipment	48,336,491	56,337,174
Right-of-use assets	8,648,594	7,386,426
Deferred tax assets	4,924,819	5,487,403
Investment property	16,121,079	14,281,192
Financial investments in associates	15,056,143	20,479,729
Financial investments	1,430,149,336	1,472,688,443
Assets held for the benefit of policyholders who bear the investment risk	411,224,812	517,439,592
Reinsurers' share of technical provisions	42,609,217	57,767,056
Investment contract assets	158,765,028	172,836,349
Receivables	153,871,498	149,940,870
Deferred acquisition costs	24,278,003	22,572,741
Other assets	4,240,414	4,380,387
Cash and cash equivalents	83,458,594	88,647,678
Non-current assets held for sale	1,288,664	770,544
EQUITY AND LIABILITIES	2,467,251,303	2,658,322,359
Equity	460,214,488	504,077,018
Subordinated liabilities	74,804,974	74,863,524
Technical provisions	1,233,312,054	1,237,500,117
Technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	524,183,338
Other provisions	9,287,735	9,018,106
Deferred tax liabilities	14,901,575	11,387,395
Investment contract liabilities	158,596,453	172,660,266
Other financial liabilities	470,937	584,924
Liabilities from operating activities	58,412,273	54,783,379
Lease liabilities	8,255,225	7,224,138
Other liabilities	39,391,161	62,040,155

Consolidated income statement

€	2020	2021
Net earned premiums	635,361,568	686,574,317
Income from investments in subsidiaries and associates	142,088	772,886
Investment income	26,449,203	34,057,270
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	23,043,525	68,719,103
Other technical income	14,544,056	19,101,970
Other income	30,895,868	27,037,764
Net claims incurred	-426,695,412	-408,814,273
Change in other technical provisions	40,613,572	23,872,769
Change in technical provisions for policyholders who bear the investment risk	-35,479,642	-115,064,830
Expenses for bonuses and rebates	-103,253	-276,004
Operating expenses	-203,216,146	-219,931,765
Expenses for investments in associates and impairment losses on goodwill	-2,096,868	0
Expenses for financial assets and liabilities	-13,122,281	-5,710,086
Other technical expenses	-19,324,402	-14,337,516
Other expenses	-3,265,162	-2,466,335
Profit before tax	67,746,714	93,535,270
Income tax expense	-11,360,415	-17,368,092
Net profit for the period	56,386,299	76,167,178

Statement of financial position – Sava Re d.d.

€	31/12/2020	31/12/2021
ASSETS	756,640,585	832,078,756
Intangible assets	1,947,056	3,194,031
Property and equipment	2,356,848	2,464,213
Right-of-use assets	89,258	204,879
Deferred tax assets	3,487,337	3,688,957
Investment property	8,031,875	7,899,693
Financial investments in subsidiaries and associates	319,097,412	324,129,991
Financial investments	269,537,788	327,784,595
Reinsurers' share of technical provisions	31,935,116	48,486,444
Receivables	86,753,033	79,803,172
Deferred acquisition costs	5,837,477	4,869,156
Other assets	487,239	746,808
Cash and cash equivalents	27,080,146	28,806,817
EQUITY AND LIABILITIES	756,640,585	832,078,756
Equity	333,869,060	371,166,000
Subordinated liabilities	74,804,974	74,863,524
Technical provisions	297,882,871	331,812,724
Other provisions	424,345	421,865
Deferred tax liabilities	76,227	76,227
Liabilities from operating activities	45,389,434	46,543,595
Lease liabilities	87,834	203,730
Other liabilities	4,105,840	6,991,091

Income statement – Sava Re d.d.

€	2020	2021
Net earned premiums	157,398,793	162,736,587
Income from investments in subsidiaries and associates	2,589,986	50,417,783
Investment income	6,064,021	9,902,249
Other technical income	4,554,918	5,824,719
Other income	860,650	834,088
Net claims incurred	-115,737,981	-111,592,756
Change in other technical provisions	209,214	723,394
Expenses for bonuses and rebates	-4,427	1,643
Operating expenses	-54,637,288	-61,268,096
Expenses for investments in subsidiaries and associates	-2,570,083	0
Expenses for financial assets and liabilities	-8,801,803	-3,239,801
Other technical expenses	-3,213,645	-464,594
Other expenses	-242,087	-269,002
Profit/loss before tax	-13,529,732	53,606,214
Income tax expense	2,539,116	-766,086
Net profit/loss for the period	-10,990,617	52,840,127

**Thank you for your
attention.**

