

STRATEGY OF THE SAVA INSURANCE GROUP FOR 2023–2027

December 2022



AMONG GOOD PEOPLE

Disclaimer

IMPORTANT CAUTIONARY STATEMENTS CONCERNING PRELIMINARY IFRS 17 AND IFRS 9 (IFRS 17/9) EXPECTATIONS AND ASSESSMENTS

The audited annual report of the Sava Insurance Group and Sava Re for 2022 under IFRS 4 will be published in March 2023. On 1 January 2023, IFRS 4 will be replaced by IFRS 17, which is a new accounting standard applicable to (re)insurance contracts that will result in accounting changes with impacts on the Sava Insurance Group's consolidated income statement and balance sheet. Starting on 1 January 2023, the Sava Insurance Group will also begin applying the IFRS 9 standard on classifying and measuring financial assets and liabilities and certain contracts.

The Sava Insurance Group's estimates, expectations and assessments relating to IFRS 17/9 in this presentation are by their nature preliminary and subject to change during the formal implementation of IFRS 17/9 in the Group's financial reporting (IFRS 17/9 Implementation) through 2023. This presentation reflects the Group's estimates, expectations and assessments of the impact of IFRS 17/9 Implementation exclusively as of the date hereof. Undue reliance should not be placed on such estimates, expectations and assessments, which are qualified in their entirety by the forward-looking statements in the paragraphs below. Moreover, investors should note that no information related to IFRS 17/9 set out in this presentation has been audited or subject to a limited review by the Sava Insurance Group's auditors. In addition, IFRS 17/9 Implementation involves accounting judgements and choices between alternative accounting approaches. While this presentation reflects the Group's current assessment and expectations regarding these judgments, it is possible that, as the Group and the industry adapt to IFRS 17/9 reporting, the Group may determine that adjustments to its initial judgments are needed. There can be no assurance that such judgements and, more broadly, the ultimate impacts of IFRS 17/9 Implementation on the Group's presentation of its business, results of operations or financial condition will not differ materially from the illustrative information contained in this presentation.

IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS AND THE USE OF NON-GAAP FINANCIAL MEASURES

Forward-looking statements

This document may contain forward-looking statements concerning the expectations, plans and goals of the Sava Insurance Group, which are based on estimates and assumptions of Sava Re's management board. Undue reliance should not be placed on such statements contained herein because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, in particular business performance, to differ materially from those expressed or implied in this document.

Duty to update

The Sava Insurance Group and Sava Re undertake no obligation to publicly update or revise any of these forward-looking statements or other information included in this document, except as required by applicable laws and regulations.

Non-GAAP financial measures

In addition, this presentation may refer to certain non-GAAP financial measures or alternative performance measures used by management in analysing the Sava Insurance Group's operating trends, financial performance and financial position, and providing investors with additional information that management believes to be useful and relevant regarding the Sava Insurance Group's and Sava Re's results. These non-GAAP financial measures generally have no standardised meaning and may therefore not be comparable to similarly labelled measures used by other companies. As a result, none of these non-GAAP financial measures should be considered in isolation from, or as a substitute for, the Group's consolidated financial statements and related notes prepared in accordance with IFRSs.

Our mission

Through commitment and constant progress, we ensure security and quality of life.



Our vision

We are building a customer-centric, flexible and sustainability-oriented insurance group.



Our values

We build relationships with care, integrity and respect.

We exceed customer expectations through our ongoing effort to make improvements and strengthen relationships.

We are active in relation to our natural and social environment.



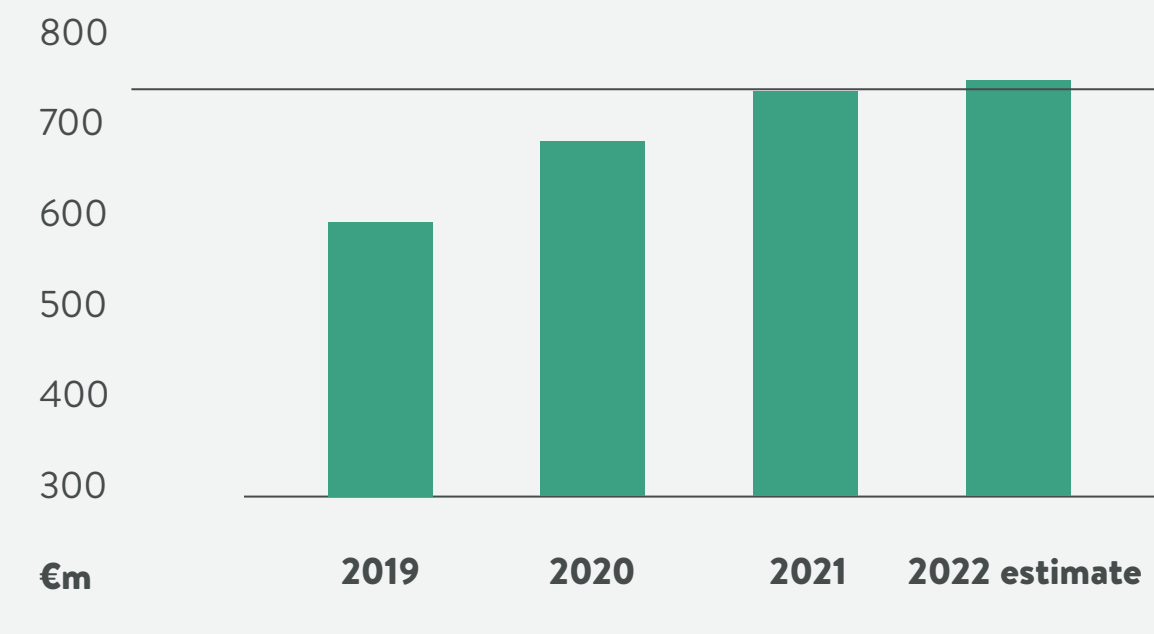
Contents

- **Achievement of 2020–2022 strategy targets**
- Strategic priorities for 2023–2027
- Targets by Group activity and market for 2023–2027

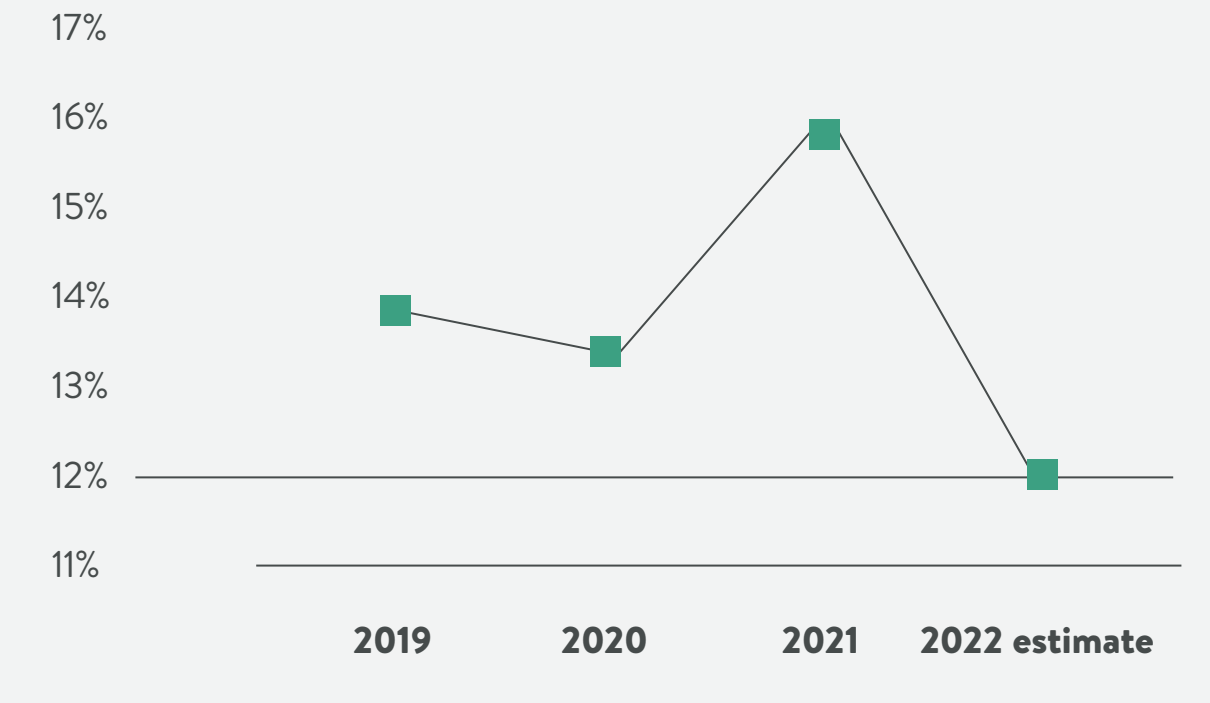


Strategy for 2020–2022

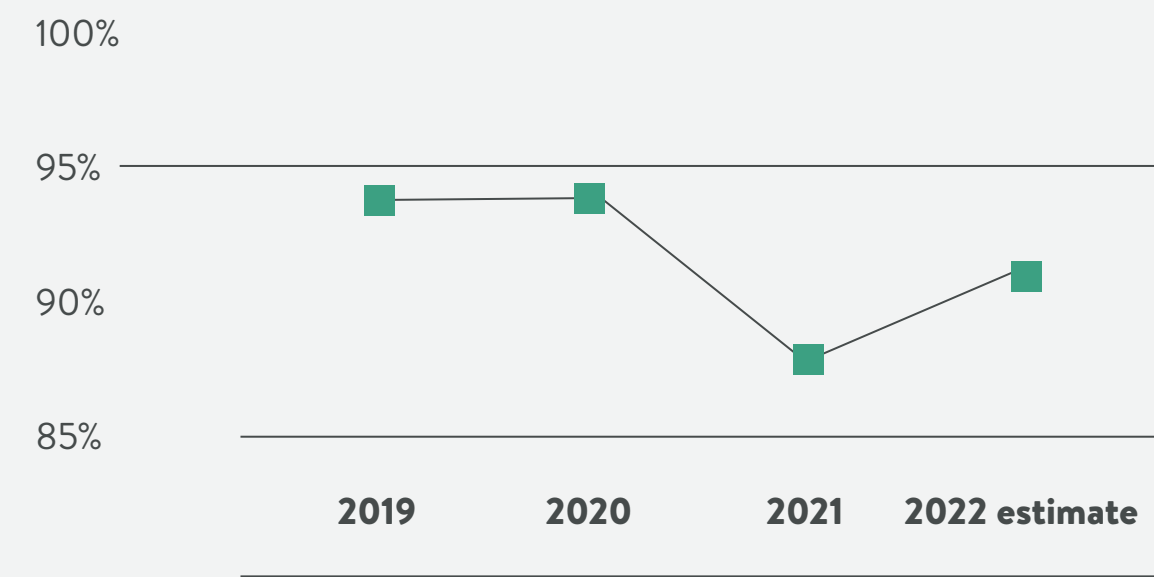
Operating revenue
 > **€720m** ✓



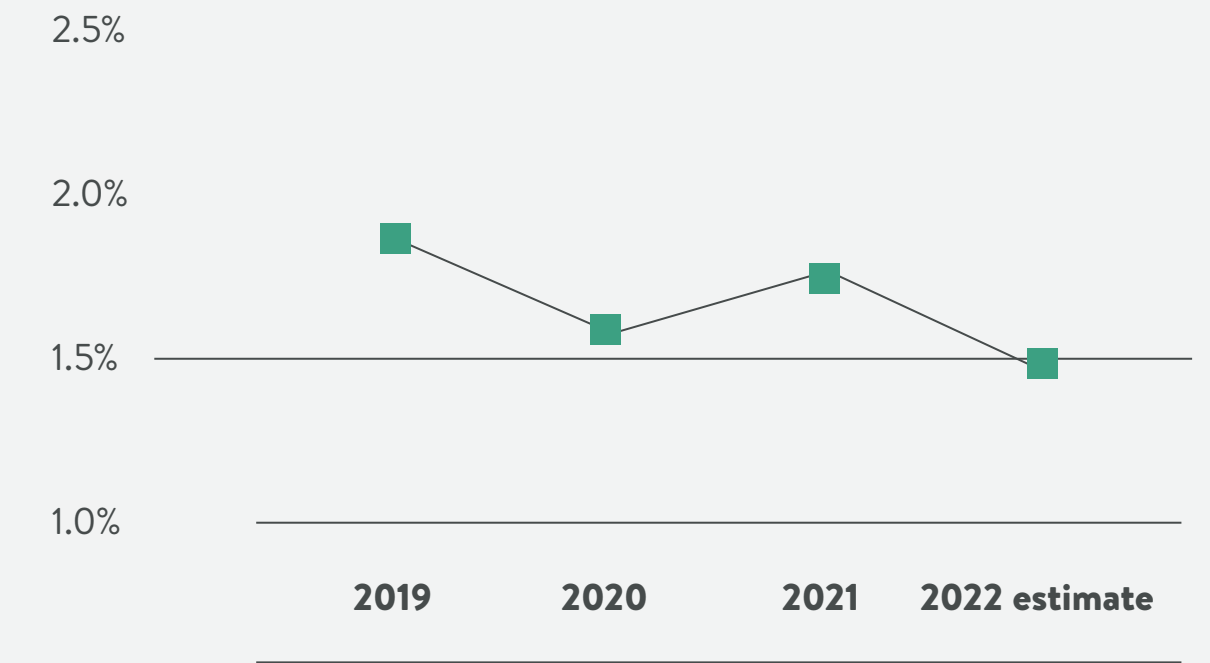
Return on equity
 > **12%** ✓



Combined ratio
 non-life insurance + reinsurance
 < **95%** ✓



Return on investment portfolio
 > **1.5%** ✓



Solvency ratio **within 180–220%** ✓



Contents

- Achievement of 2020–2022 strategy targets
- **Strategic priorities for 2023–2027**
- Targets by Group activity and market for 2023–2027



Key strategic priorities for 2023–2027

Focusing on the customer



Streamlining business processes



Building sustainability



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.

Operating revenue planned for 2027

Driving growth in all markets where we are present

■ Slovenia

Insurance > €600m
Reinsurance non-Group > €140m
Other > €18m

■ Croatia

Insurance > €20m

■ Serbia

Insurance > €45m

■ North Macedonia

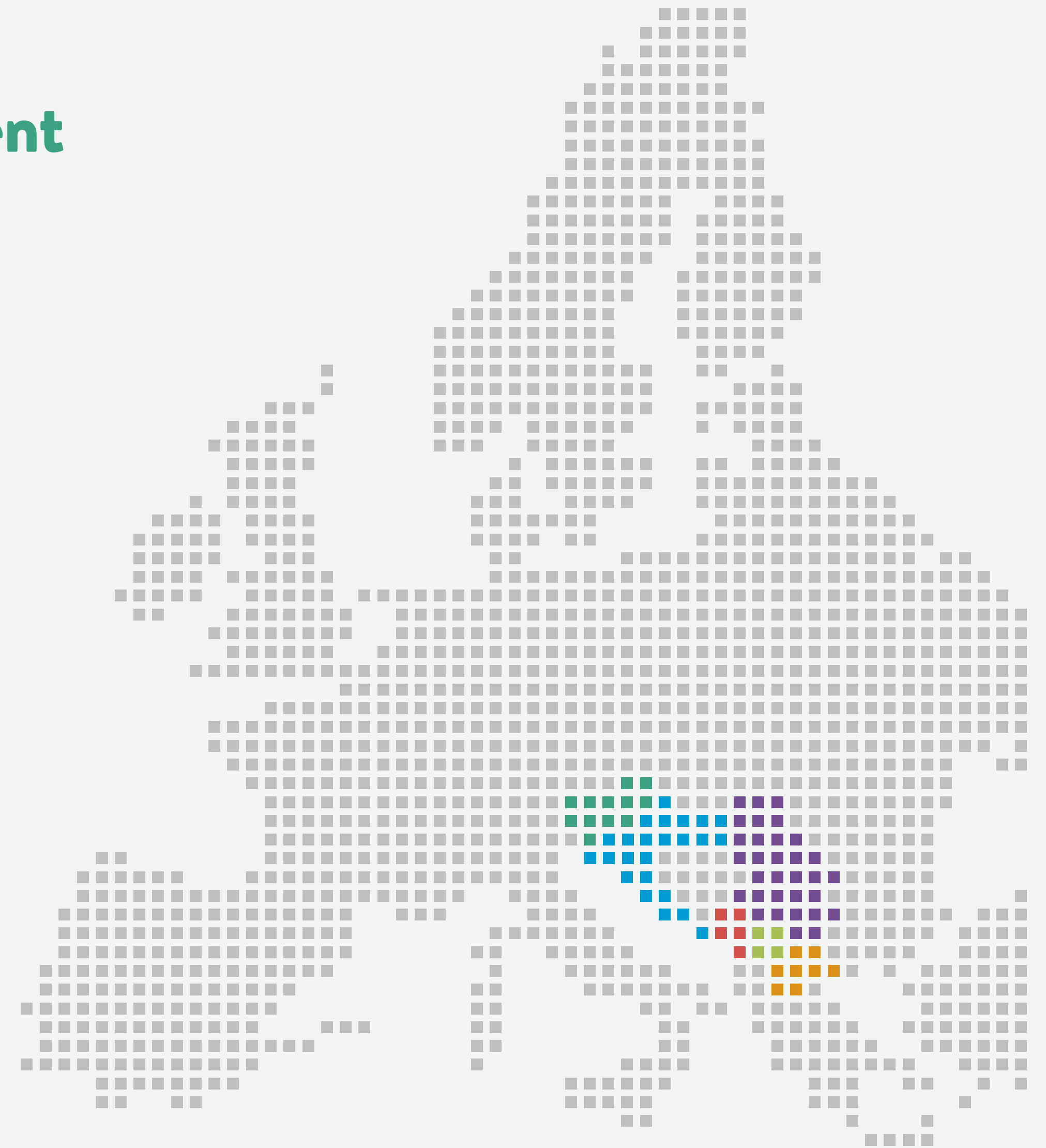
Insurance > €20m
Pensions > €7m

■ Montenegro

Insurance > €20m

■ Kosovo

Insurance > €30m



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

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



Contents

- Achievement of 2020–2022 strategy targets
- **Strategic priorities for 2023–2027**
 - Customer at the centre of everything we do**
 - Process optimisation
 - Sustainable development
 - Information technology
 - Employees
 - Growth through acquisitions
- Targets by Group activity and market for 2023–2027



Customer at the centre

Ensuring the best and most comprehensive customer experience

Customer experience design



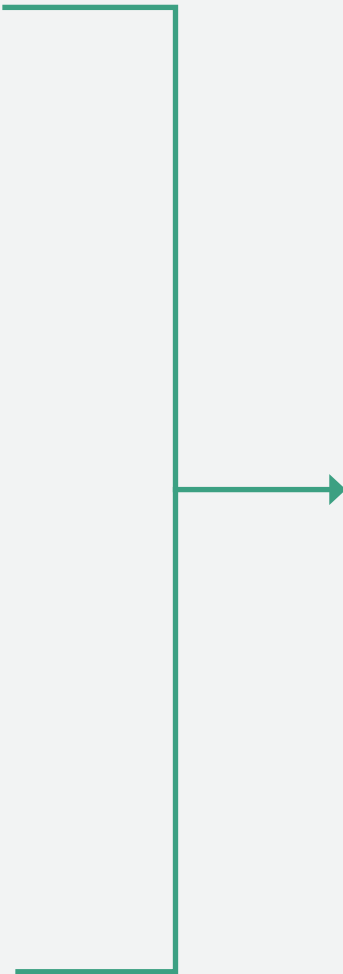
Better customer data management

Improved customer satisfaction

Higher customer retention

Automated and digitised interactions

Promotion of digital channels



Strategic initiatives


- 1** Ensuring integrated communication
- 2** Setting up a hybrid sales model
- 3** Improving customer support

Integrated communication

We will build an integrated communication platform by connecting all touchpoints to the central customer relationship management platform and gradually moving to digital, personalised and automated communication.

Key elements for building an integrated customer communication platform across all channels

1




Integration of all touchpoints with central CRM

2



Transition from **paper-based** communication to **digital** (e-approvals, GDRP)

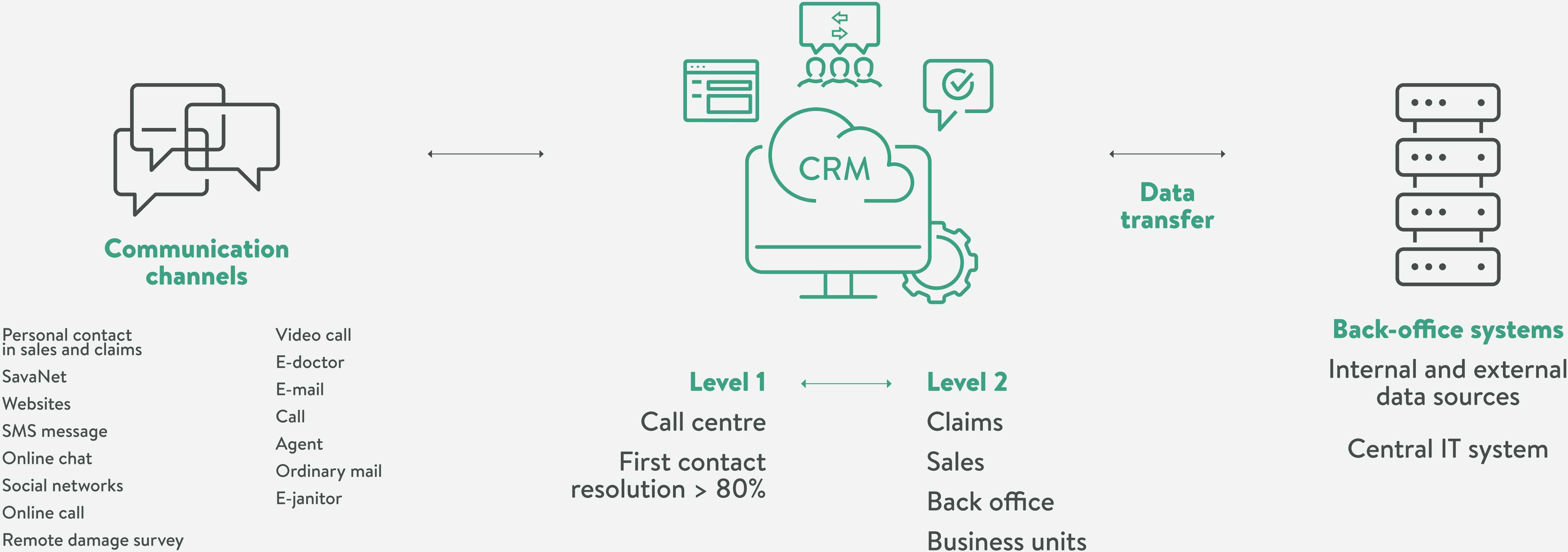
3



Personalised and automated customer communication

Integrated communication

At the heart of integrated communication is a new operational CRM system, which will be the key link between all communication channels and back-office systems, providing a single touchpoint for all communication.



Hybrid sales model

We will help our customers move more smoothly across all touchpoints in the customer journey.

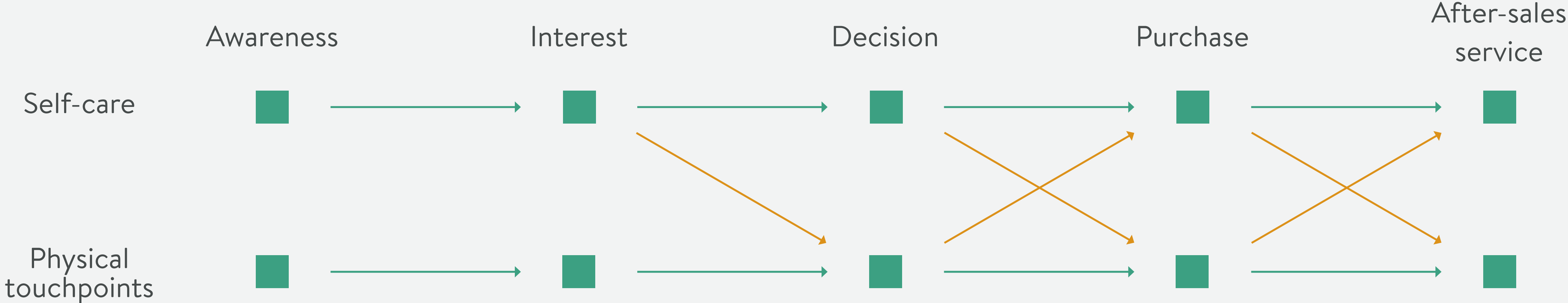
Direct sales

- Low-premium policies
- Upgrading existing insurance products

Sales network

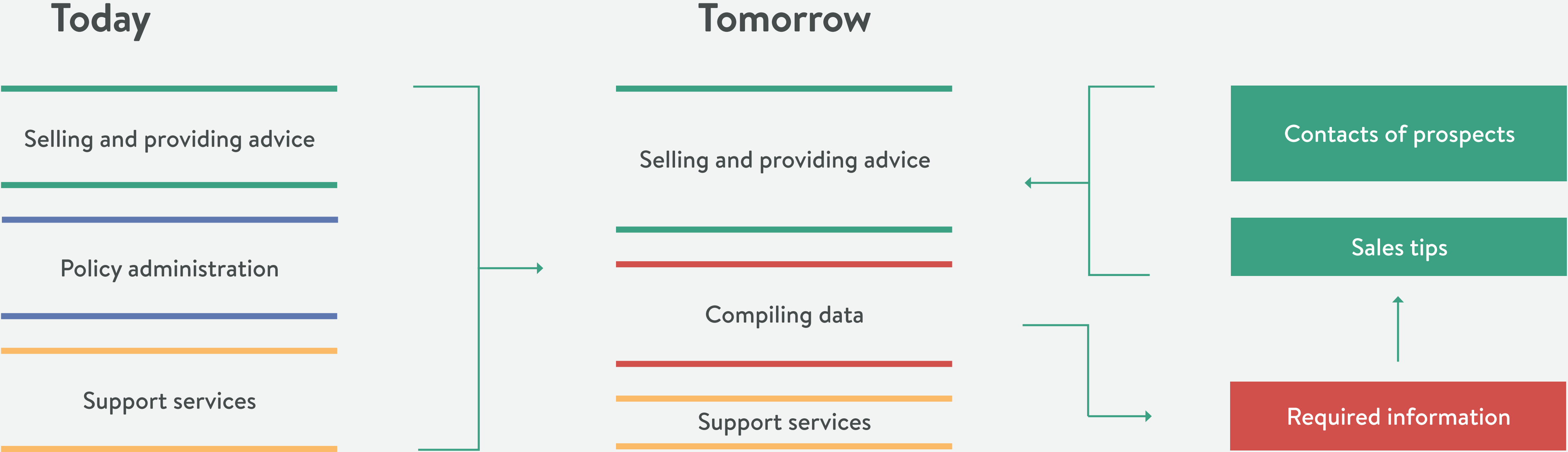
- Sales focus on complex coverages and providing advice

Buying decision process



Hybrid sales model

We will streamline sales, administration and support activities, and empower agents and distributors with relevant tools and insights, so they can spend more time on customer care.

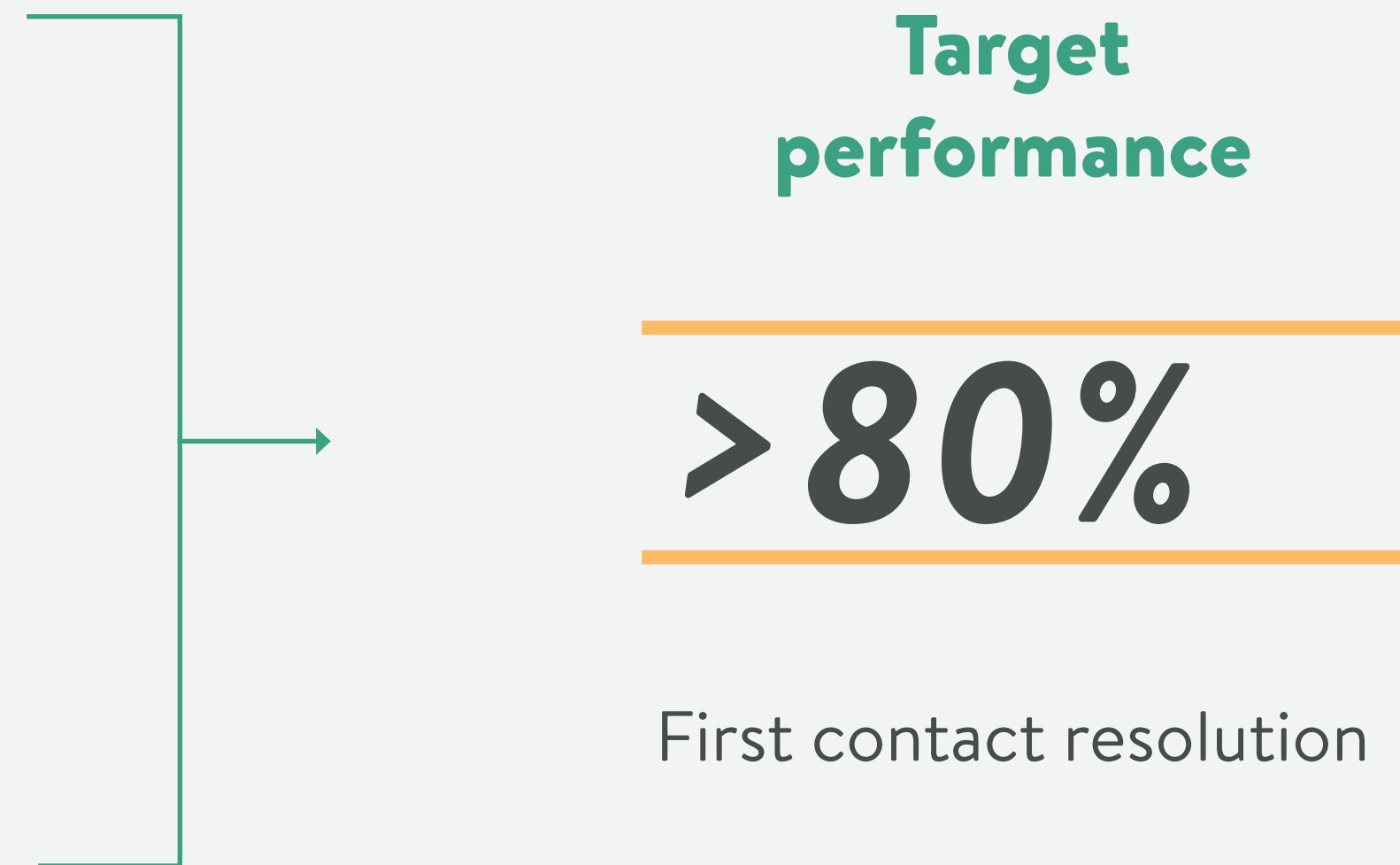


Customer support

Integrating operational CRM with back-office systems and digitising processes are the two objectives that will help us achieve better customer support.

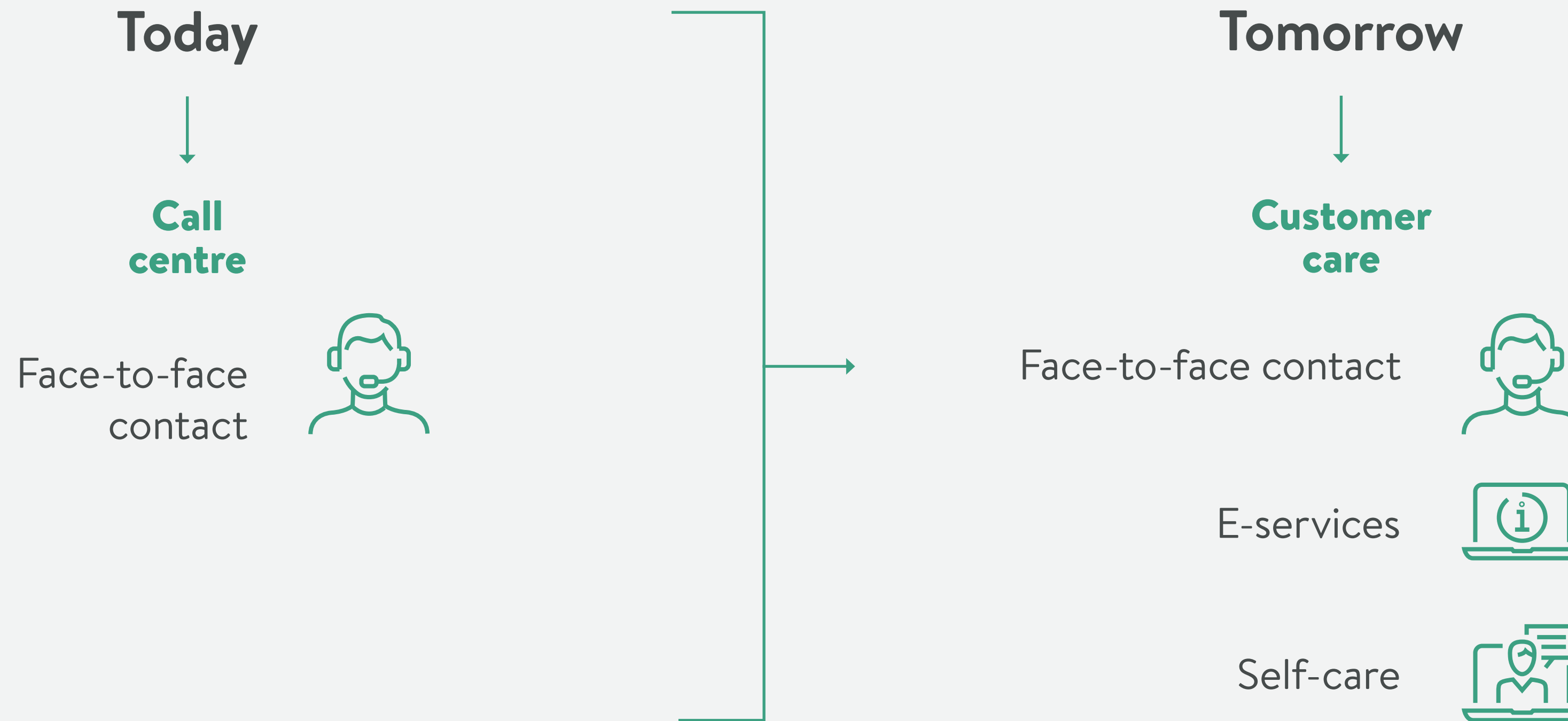
Key drivers for improving support activities

- 1** Integrating operational CRM with back-office systems
- 2** Implementation of self-care services (corporate website, online sales sites, SavaNet, chatbot) and digital solutions (e-signing, remote damage assessment, video-identification)



Customer support

By transforming the call centre into a holistic customer care centre, we aim to build a more genuine customer relationship with a personal approach.



Contents

- Achievement of 2020–2022 strategy targets
- **Strategic priorities for 2023–2027**
 - Customer at the centre of everything we do
 - Process optimisation**
 - Sustainable development
 - Information technology
 - Employees
 - Growth through acquisitions
- Targets by Group activity and market for 2023–2027



Main objectives of process optimisation

We keep optimising business processes to make them more efficient and faster while cutting operational expenses.

1

Speed up or simplify individual activities and processes

2

Set up mechanisms for monitoring the effectiveness of processes (KPIs, dashboards)

3

Contribute to optimum occupancy of positions

4

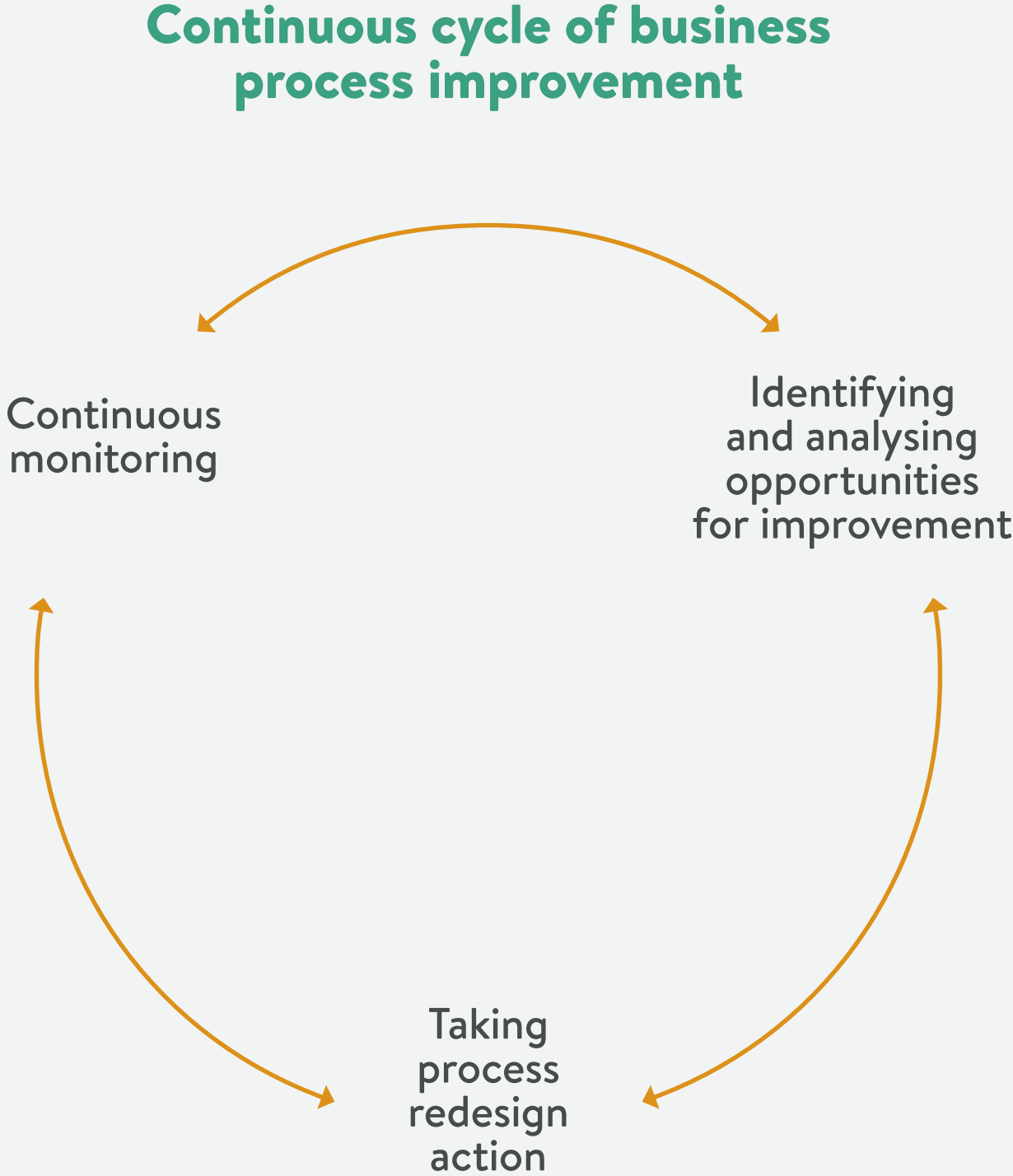
Reduce operating expenses

5

Connect business users to technology developers

Key areas for process optimisation

The key areas for process optimisation include process automation, rules and recommendations for making changes, and better process alignment.



Rules and recommendations to prepare for change

- functional requirements
- involving different stakeholders
- key document for remaining phases of the software solution development

Change teams

- strong domain knowledge
- solution orientation
- articulation of a software solution for implementability checks

Key areas of work

Process automation

- identification of repetitive tasks
- upgrading existing software solutions
- using software robots for automation

Alignment across all processes

- optimisation requires an integrated approach
- better alignment of organisational units

Contents

- Achievement of 2020–2022 strategy targets
- **Strategic priorities for 2023–2027**
 - Customer at the centre of everything we do
 - Process optimisation
 - Sustainable development**
 - Information technology
 - Employees
 - Growth through acquisitions
- Targets by Group activity and market for 2023–2027



Sustainable development

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, employees and the wider community.

Main strategic sustainable development objectives

- 1** A credible and socially responsible partner
- 2** A socially responsible asset and equity manager
- 3** A socially responsible and attractive employer
- 4** A group socially responsible to the wider community

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

Contents

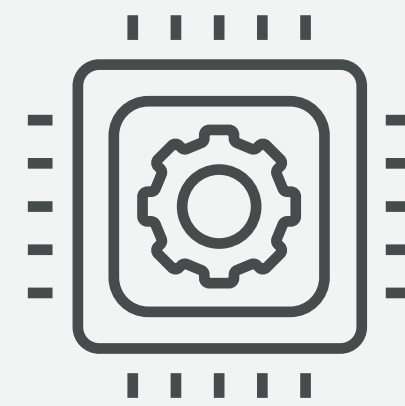
- Achievement of 2020–2022 strategy targets
- **Strategic priorities for 2023–2027**
 - Customer at the centre of everything we do
 - Process optimisation
 - Sustainable development
 - Information technology**
 - Employees
 - Growth through acquisitions
- Targets by Group activity and market for 2023–2027



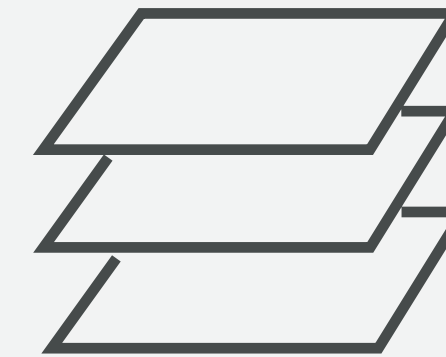
Areas designated for IT development



**Business
solutions and
data warehouse**



**IT processes
and organisation**



Infrastructure



Security

Business solutions and data warehouse

We will gradually replace core business IT solutions, expand capacity and upgrade processes.



Business solutions

- Phasing in the new business IT solution for insurance (life and non-life) to replace the current solution
- Expanding capacities for using data and solutions in commercial use of the geographic information system
- Expanding capacities in fraud prevention
- Upgrading processes and technical support for performing complex tasks in data quality, data controls and a data dictionary



Business solutions and data warehouse

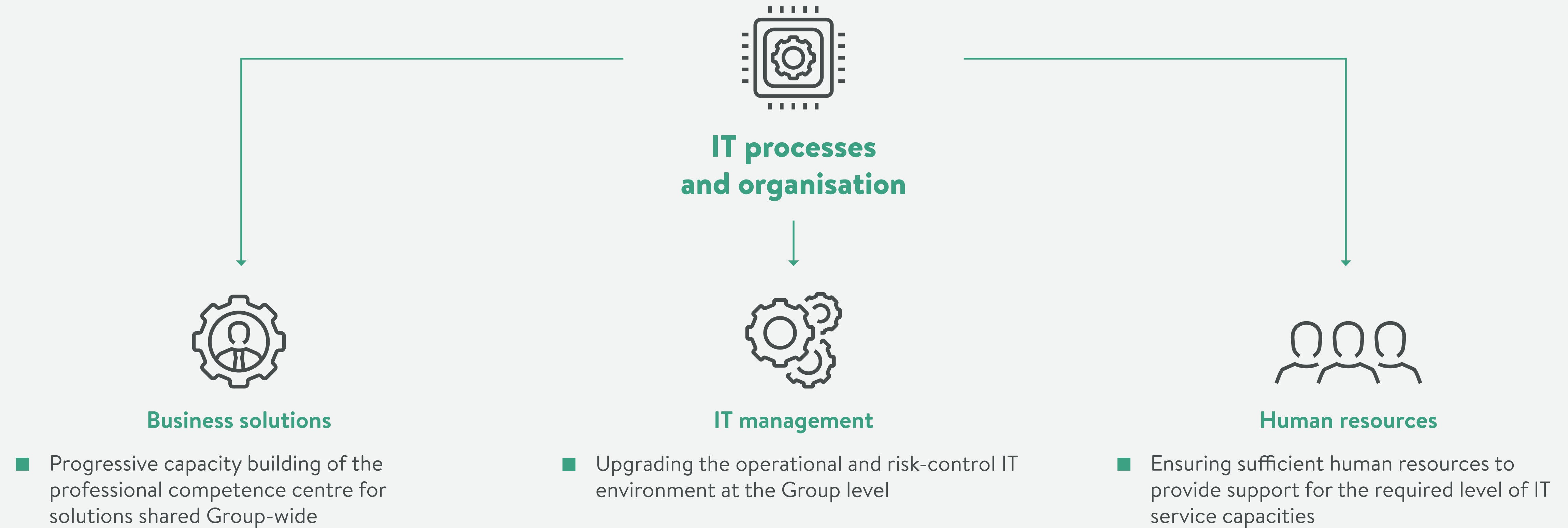


Data warehousing and business intelligence

- Expanding the range of data sources included in the data warehouse and business intelligence reports for data warehouse user companies
- Expanding data from internal and external data sources to improve control of the 360-degree customer view, marketing support and claims handling, and to reduce operational and business risks

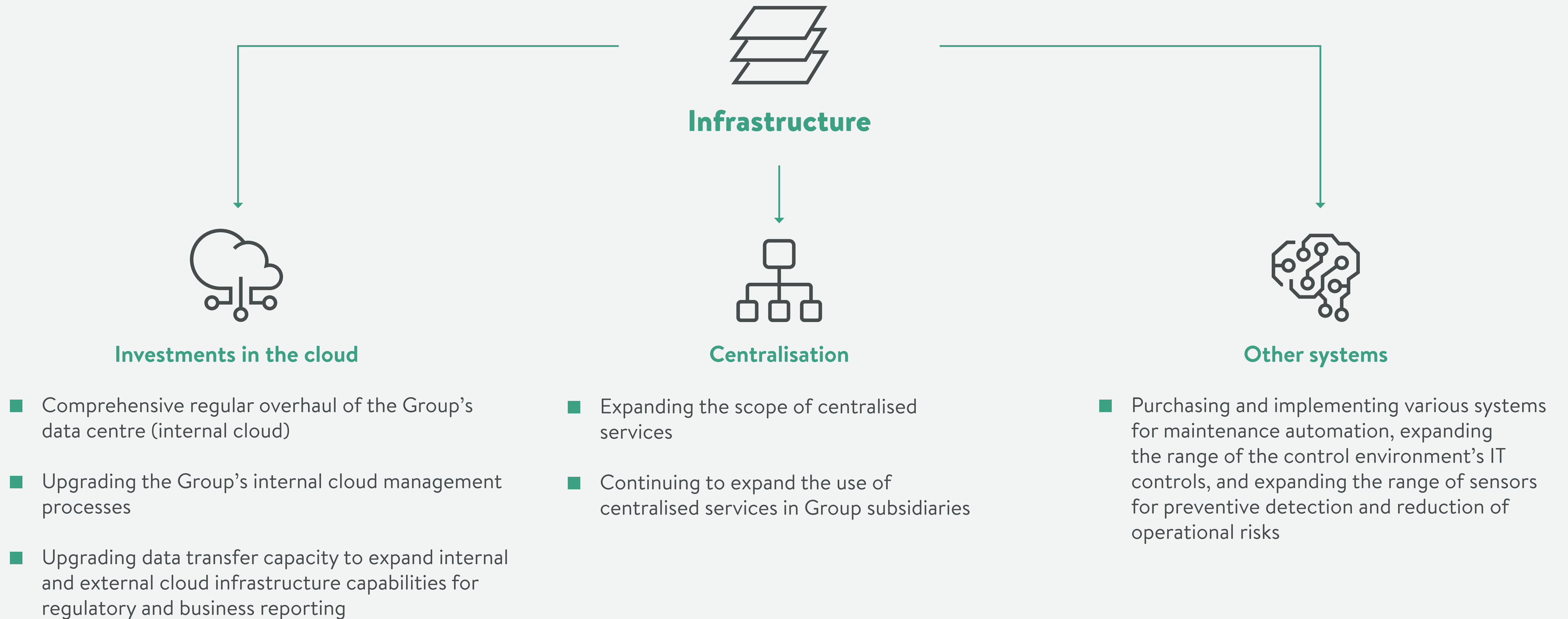
IT processes and organisation

We plan to build a competence centre, upgrade the IT environment at the Group level and hire new IT staff.



IT infrastructure

We will upgrade our internal cloud, integrating it more deeply with external cloud services.



IT security

We will upgrade our crisis response procedures while continuing to invest in organisational and technical controls.



Upgrades and extensions

- Continuously upgrading the crisis response process in cyber security and business continuity
- Expanding the range of penetration tests and establishing internal capacities for running them
- Excluding the chief information security officer (CISO) from IT (the planning – control – reporting process)



Security



Cloud security

- Setting up external cloud security during its implementation phase

Contents

- Achievement of 2020–2022 strategy targets
- **Strategic priorities for 2023–2027**
 - Customer at the centre of everything we do
 - Process optimisation
 - Sustainable development
 - Information technology
 - Employees**
 - Growth through acquisitions
- Targets by Group activity and market for 2023–2027



Key priorities of the HR strategy

Attracting and retaining the best talent



Developing our staff



Building a performance culture



Working towards sustainability



Digitalisation and optimisation



Attracting and retaining the best talent

- Building a recognised employer brand
- Adapting and updating methods for attracting and selecting staff
- Improving the experience of employees in all phases of the employee life cycle



Developing our staff

- Identifying and developing leaders
- Developing knowledge and competencies to achieve strategic business goals
- Promoting career opportunities within the Group



Building a performance culture

- Promoting transparent communication and respectful relations
- Setting structured goals
- Monitoring implementation
- Providing feedback
- Recognising and rewarding performance



Working towards sustainability

- Promoting a healthy and positive lifestyle for employees
- Encouraging individual and group involvement in ESG projects and activities
- Valuing diversity and promoting equality and inclusion
- Preventing discrimination and psychosocial risks



Digitalisation and optimisation

- Optimising organisational and staffing structure for better alignment with strategic business goals
- Upgrading and digitising HR processes
- Adopting modern ways of working and flexible employment



Contents

- Achievement of 2020–2022 strategy targets
- **Strategic priorities for 2023–2027**
 - Customer at the centre of everything we do
 - Process optimisation
 - Sustainable development
 - Information technology
 - Employees
 - Growth through acquisitions**
- Targets by Group activity and market for 2023–2027



Growth through acquisitions

We are planning to strengthen our position in our existing markets, selectively enter new markets, achieve economies of scale and keep abreast of industry developments.



Insurance companies, international

- Strengthening the Group's position in the region



Asset managers

- Achieving economies of scale
- Keeping abreast of capital market developments in the region and partnering with bank distributors



Pension companies

- Strengthening the Group's position and achieving economies of scale in its existing markets



Healthcare

- Comprehensive range of health services



Complementary activities

- Achieving synergies and full integration of support activities into the Group's product range

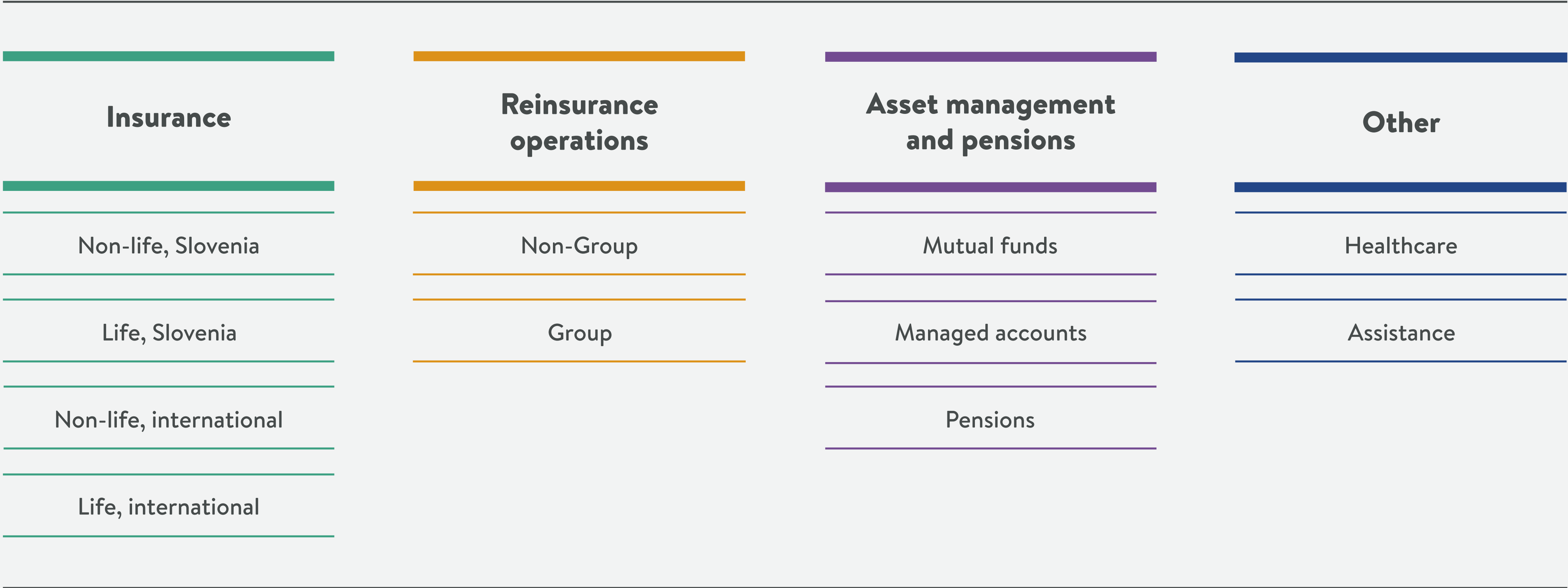
Contents

- Achievement of 2020–2022 strategy targets
- Strategic priorities for 2023–2027
- **Targets by Group activity and market for 2023–2027**



Key strategic business pillars

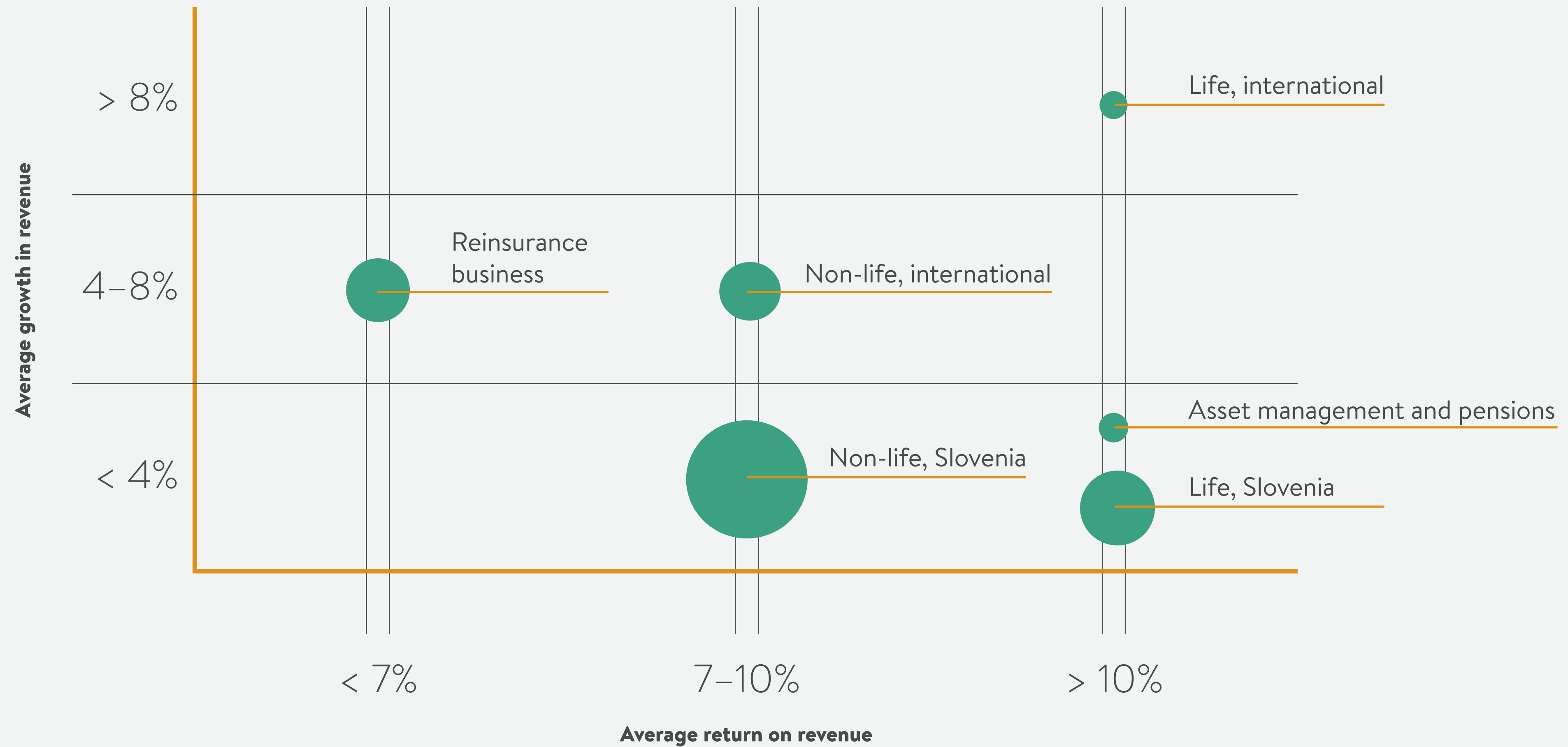
Integral risk management



Corporate support functions



Growth generators



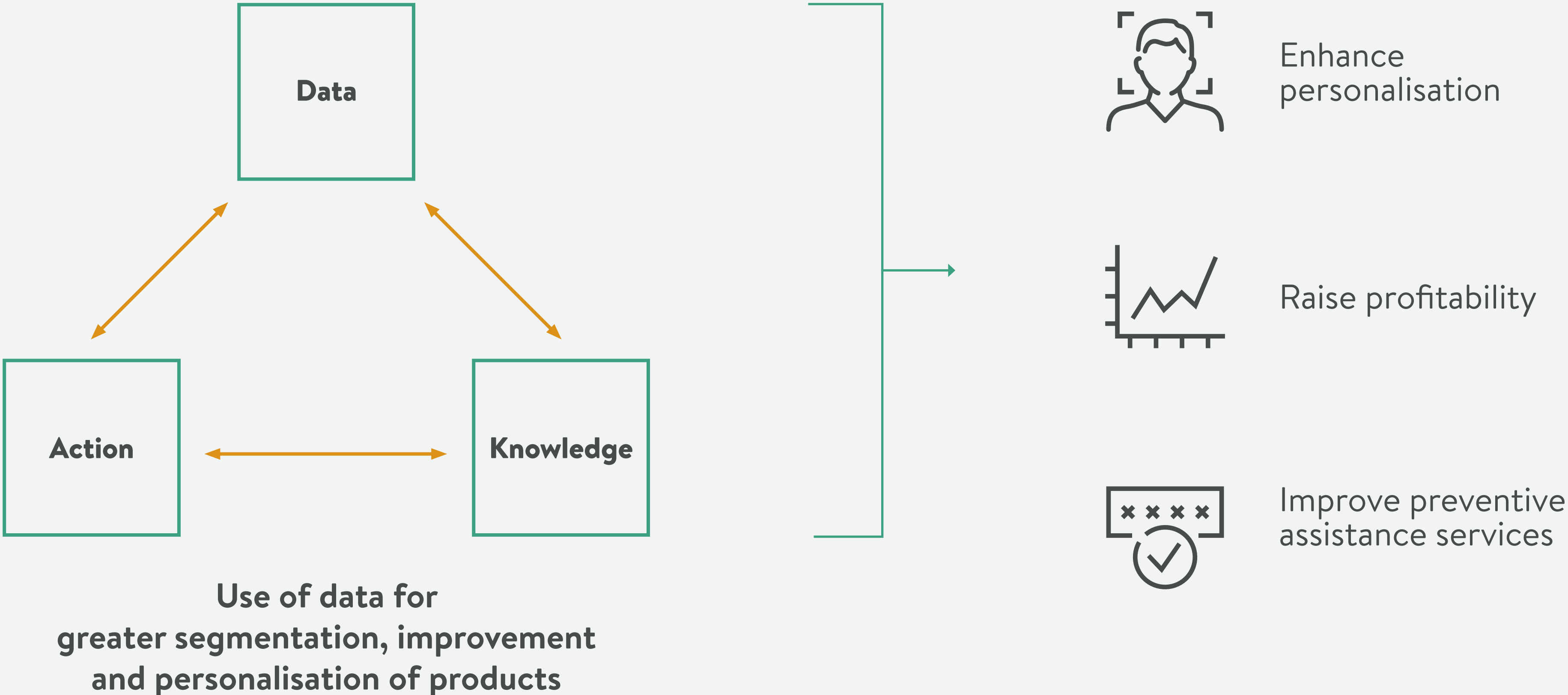
Contents

- Achievement of 2020–2022 strategy targets
- Strategic priorities for 2023–2027
- **Objectives by Group activity and market for 2023–2027**
 - Non-life insurance
 - Life insurance
 - Reinsurance
 - Mutual funds and pensions
 - Assistance services
 - Management of financial investments



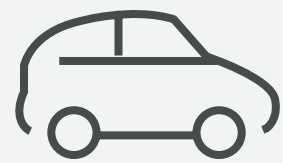
Non-life insurance

Better use of data in key product groups will take personalisation and preventive assistance services to a higher level, resulting in higher profitability.



Non-life insurance

Key strategic goals



Motor

- Portfolio profitability
- Data-based product segmentation, personalisation and redesign
- Sustainable product components
- New coverages for e-vehicles
- Partnering with providers of car sharing services



Home

- Preventive services and mitigation of damage
- Assistance services
- Sustainable components of products (e.g. solar panel insurance)
- Data-based product segmentation, personalisation and redesign



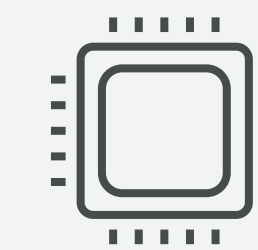
Small and medium-sized enterprises

- Product modularity (any choice of risks)
- Assistance services
- Sustainable components of products (e.g. solar panel insurance)



Niche insurance

- Embedded insurance
- Insurance of leisure activities
- Simplicity of purchasing insurance
- Connectivity with external distributors



Cyber

- Preventive services and mitigation of damage
- Assistance services
- Liaising with specialised cybersecurity service providers



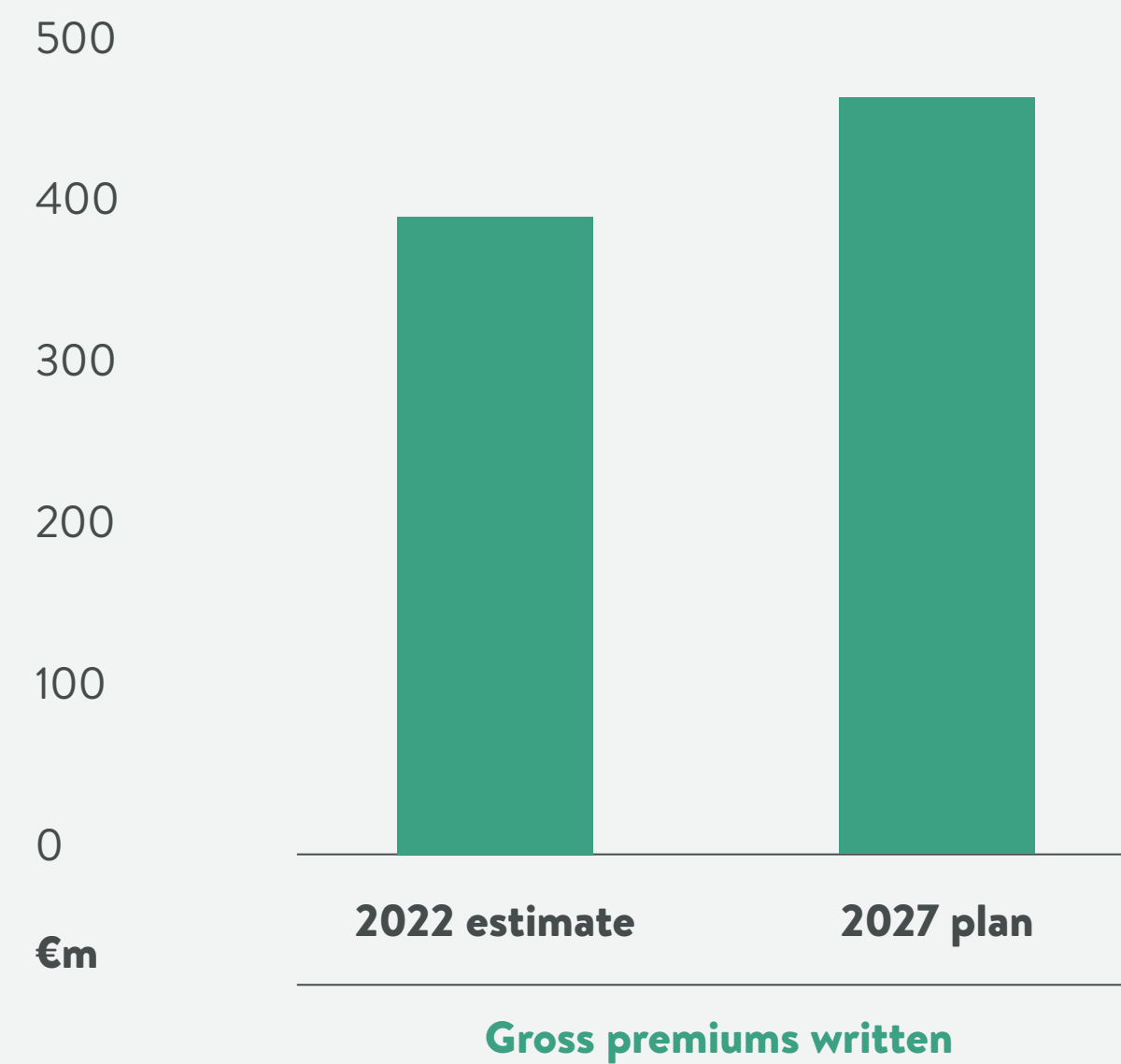
Other major areas

- Digital equipment insurance
- Partnerships with banks, e.g. credit insurance
- Health insurance with assistance
- Upgrading the health insurance assistance experience

Non-life insurance

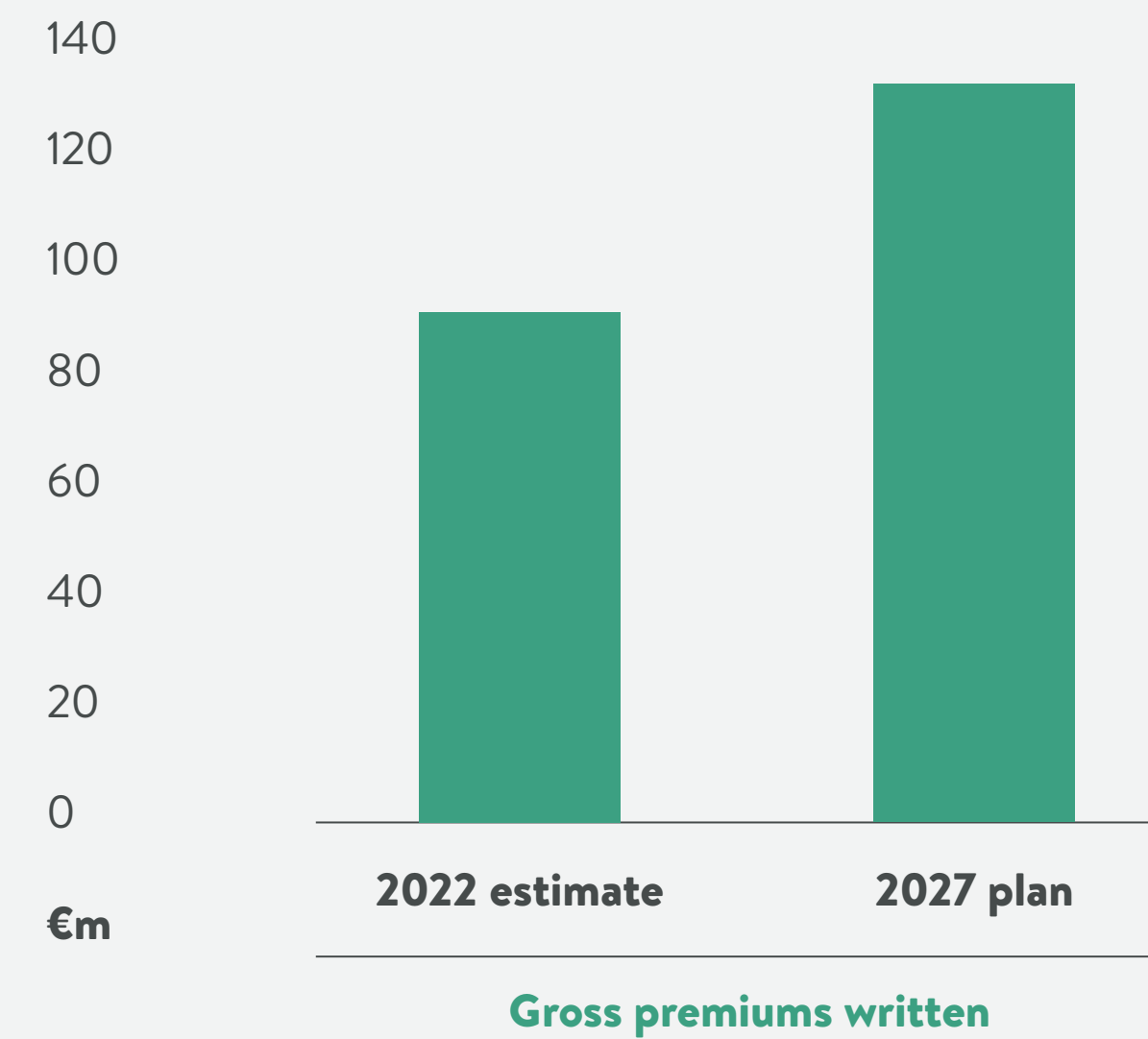
Slovenia

Average annual growth in gross premiums written > 3%
Average combined ratio < 94%



International

Average annual growth in gross premiums written > 6%
Average combined ratio < 95%



Life insurance

Key strategic goals



Protection

- Wide range of protection products for target customer segments and sales channels
- Developing additional prevention coverages and services
- Linking insurance with solutions aligned with policyholder lifestyles
- Active involvement of customers and non-insurance providers in the life ecosystem



Investment and savings

- Offering attractive unit-linked products for targeted customer segments and sales channels
- Providing additional services to best-rated customers
- Progressive integration of ESG strategies
- Developing less capital-intensive products



Health

- Further development of new coverages and expanding into up-market health insurance
- Personalised product offer for best-rated customers
- Linking lifestyles to prevention programmes
- Addressing demographic challenges with a focus on long-term care products and services

Life insurance

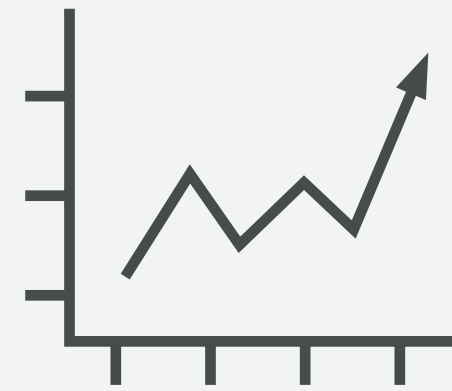
We will achieve our strategic goals through in-depth customer segmentation, a flexible product mix and processes streamlined using new technologies.



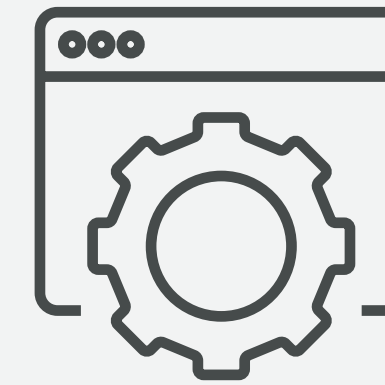
**Deep
customer
segmentation**



**Transparent
and flexible
product offer**



**Efficient
development
through modular
product design**



**Streamlined
processes using new
technologies**

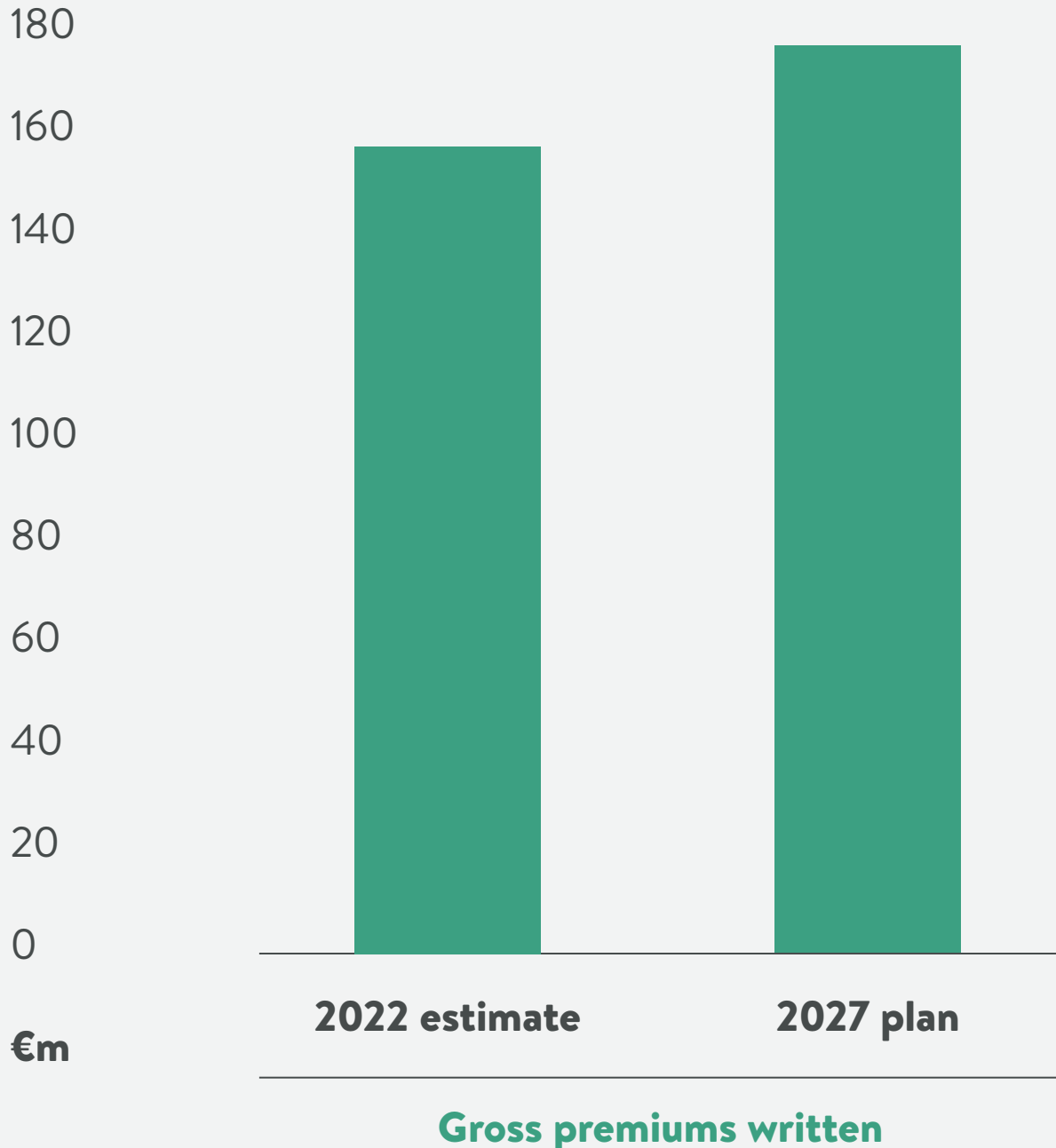


ESG alignment

Life insurance

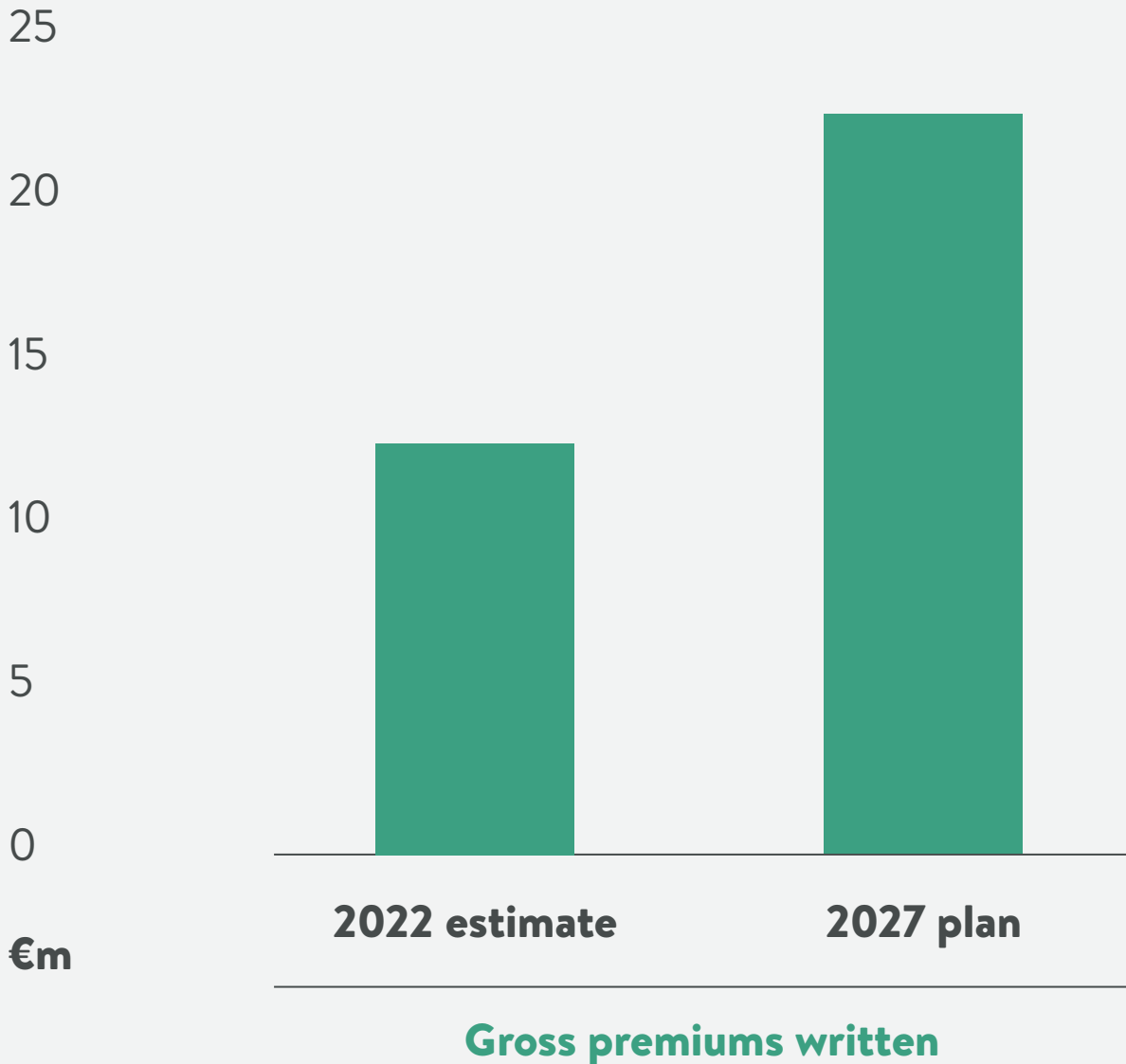
Slovenia

Average annual growth in gross premiums written > 2%



International

Average annual growth in gross premiums written > 10%



Reinsurance

Balanced diversification and growth of reinsurance portfolio in line with target profitability

By region, class of business and form of reinsurance

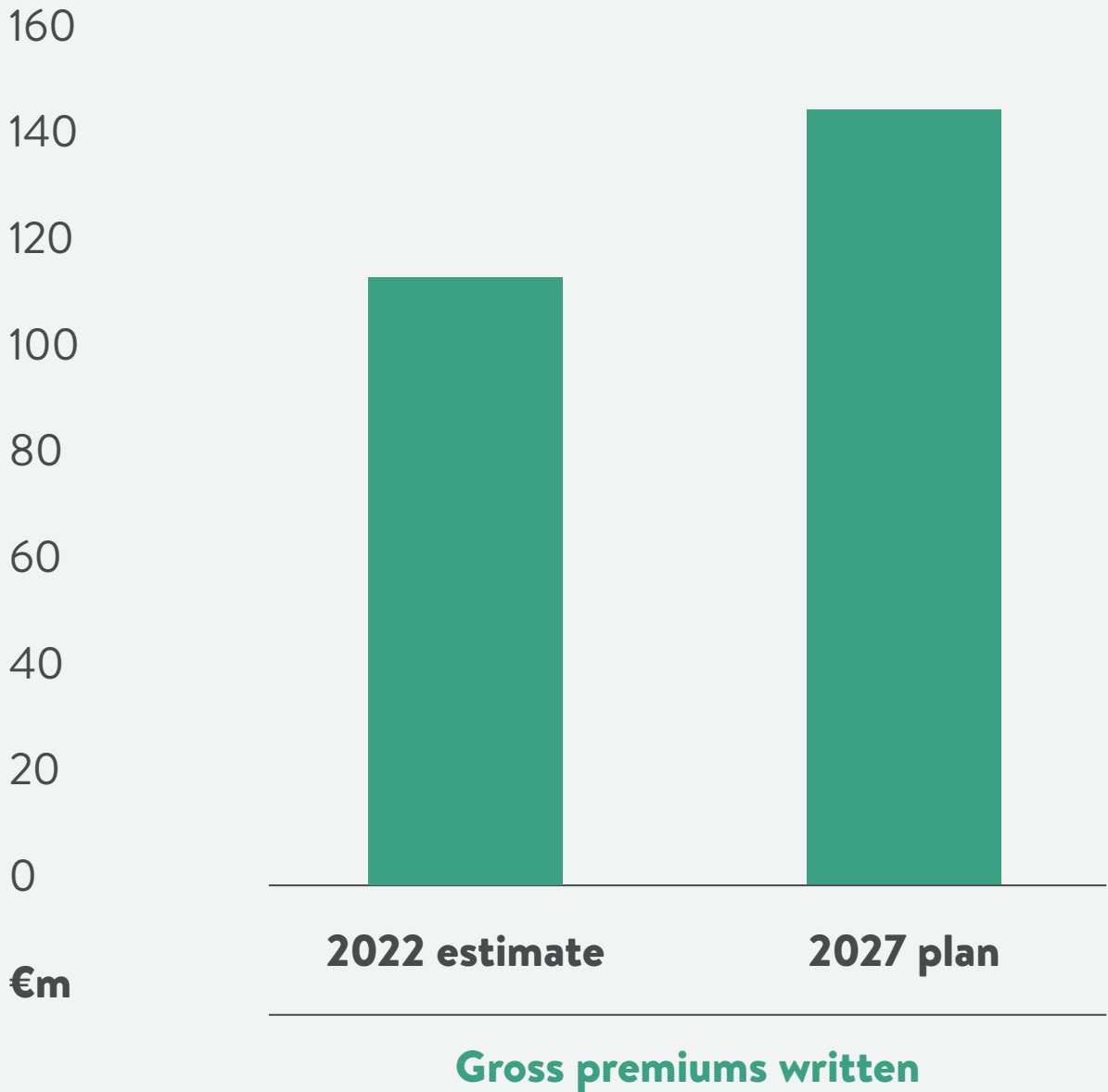
Portfolio alignment to ESG guidelines

Seeking new opportunities in renewable energy outside the Group

Use of modern approaches and new technologies

New CORE IT system, new pricing tools, development of aggregate exposure modelling

Average annual growth in gross premiums written > 4%
Average combined ratio < 95%



Mutual funds

Sales channels

banking, insurance, digital sales channel to be developed

Offering

range of mutual funds to be aligned to customer needs

Pensions

Development of own sales channels

and sales support

Enhanced product mix

by introducing life-cycle funds abroad

Continuous development of investment portfolios

with risk-adjusted returns above the industry average

Upgrading internal processes

and cost efficiency gains

Compound annual growth rate
for assets under management > 8%



Assistance services

Portfolio diversification

Continue providing assistance services to non-Group customers

Development of sales and sales channels

Providing TBS Team 24 services outside insurance industry

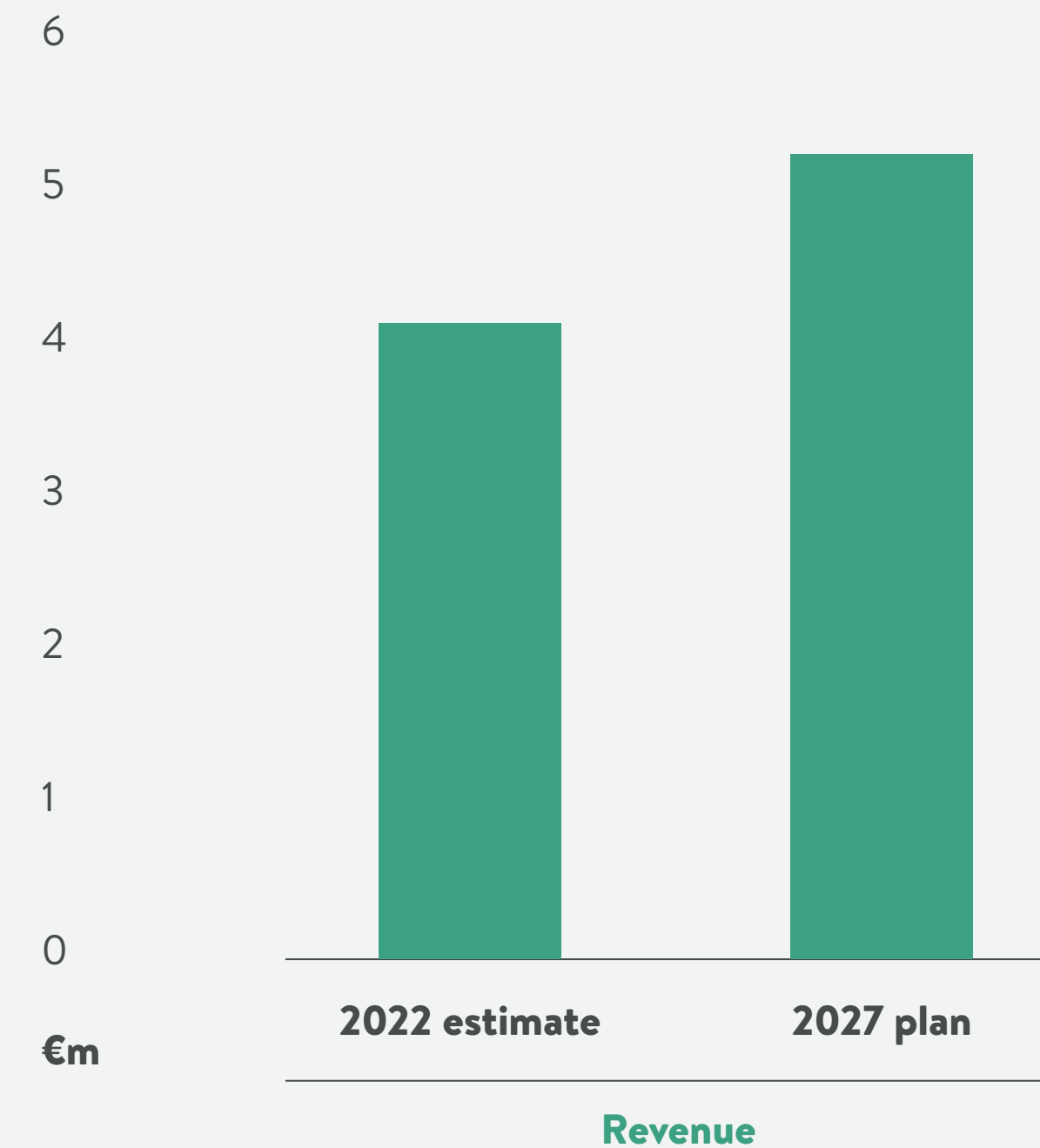
Digitisation of the entire business environment of TBS Team 24

Digitalising and streamlining business processes to support call centre operators

Opportunities for entering new markets

Expanding to markets where the Sava Insurance Group is not present

Average annual revenue growth > 4%



Management of financial investments

We maintain a strong rating profile of our investment portfolio and keep focusing on ESG investments.



- Increasing return on investment to 2.2%



- Ensuring funds to meet all obligations arising out of insurance contracts



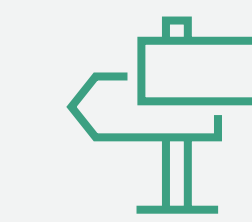
- Maintaining a secure and highly-rated investment portfolio



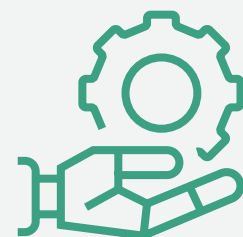
- Maintaining high liquidity



- Increasing ESG investments to over 20% of the portfolio by the end of the strategy period
- Reducing greenhouse gas emissions from investments



- Ensuring broad diversification of investments by class, region and issuer



- Continue developing IT for investment purposes (sustainability, automation, reporting and planning)



- Striving for optimal asset-liability matching

THANK YOU FOR
YOUR ATTENTION.



AMONG GOOD PEOPLE