



# Sava Insurance Group

## 2022 audited results

23 March 2023



# Group results

# Highlights of 2022

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

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

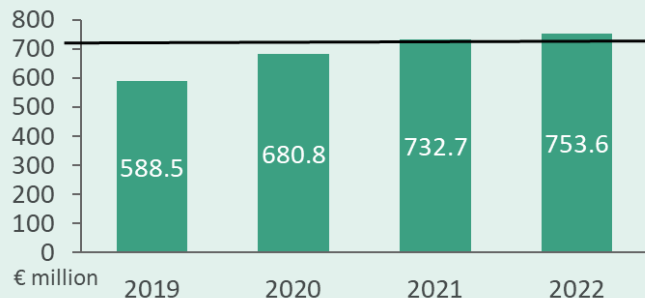
- Negative impact on claims: increase in claims paid and claims provisions due to claims inflation, storms and the rise in motor claims frequency in Slovenia following the easing of Covid-19 measures
- Positive impact on underwriting result: improvement in FoS business result, results of subsidiaries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

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

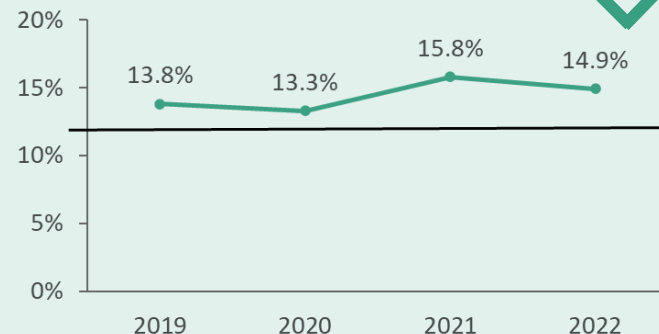
December 2022: new five-year strategy of the Sava Insurance Group published

# All 2020–2022 strategic goals achieved

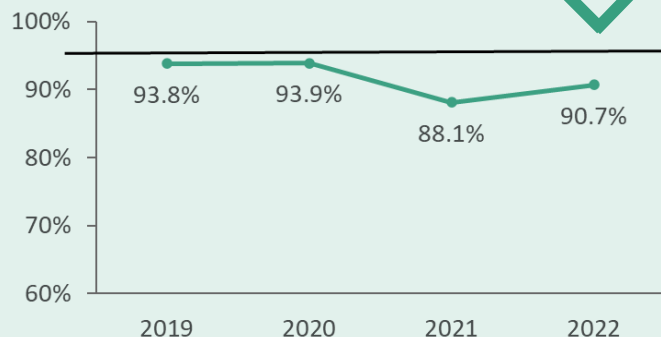
## Operating revenue > €720 million



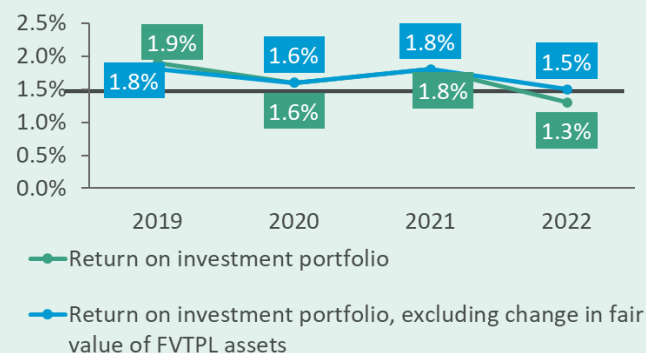
## Return on equity > 12%



## Combined ratio < 95%



## Return on investment portfolio > 1.5%



## Solvency ratio within 180–220%

# Profit for 2022 higher than planned

Gross result

€84.0 m

2022/2021: -10.2%

Net result

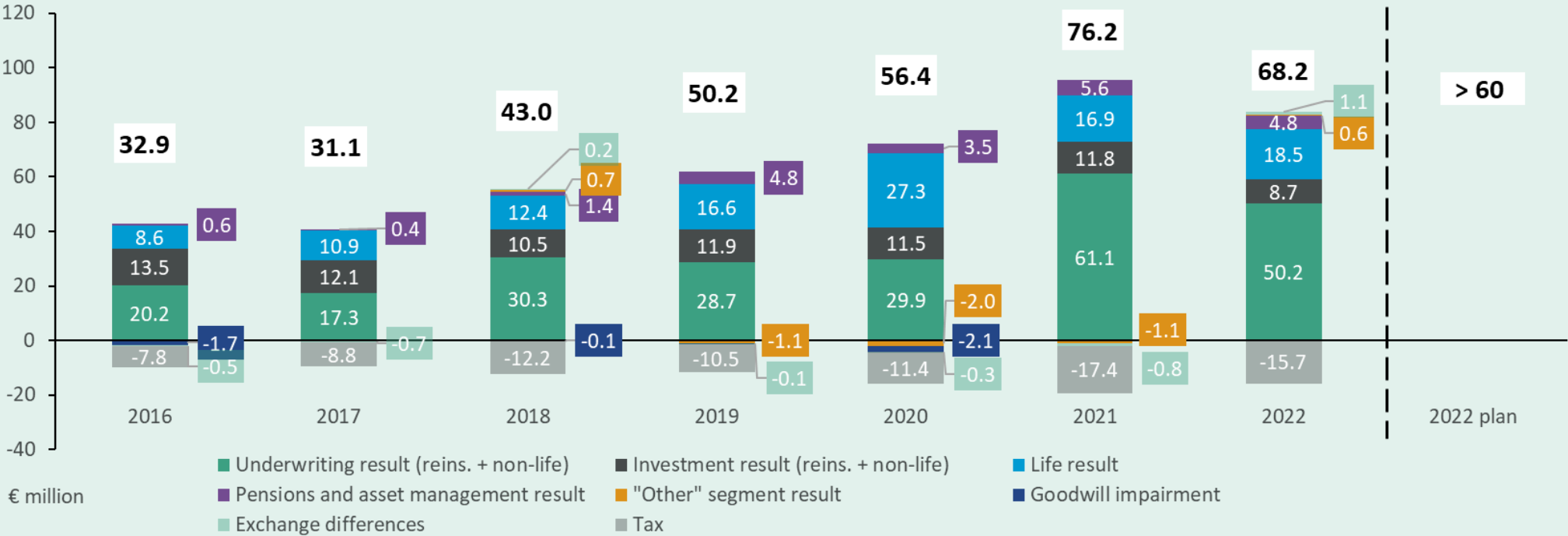
€68.2 m

2022/2021: -10.4%

Plan achieved

✓

Composition of net result





# High return on equity

Equity  
**€412.0 m**

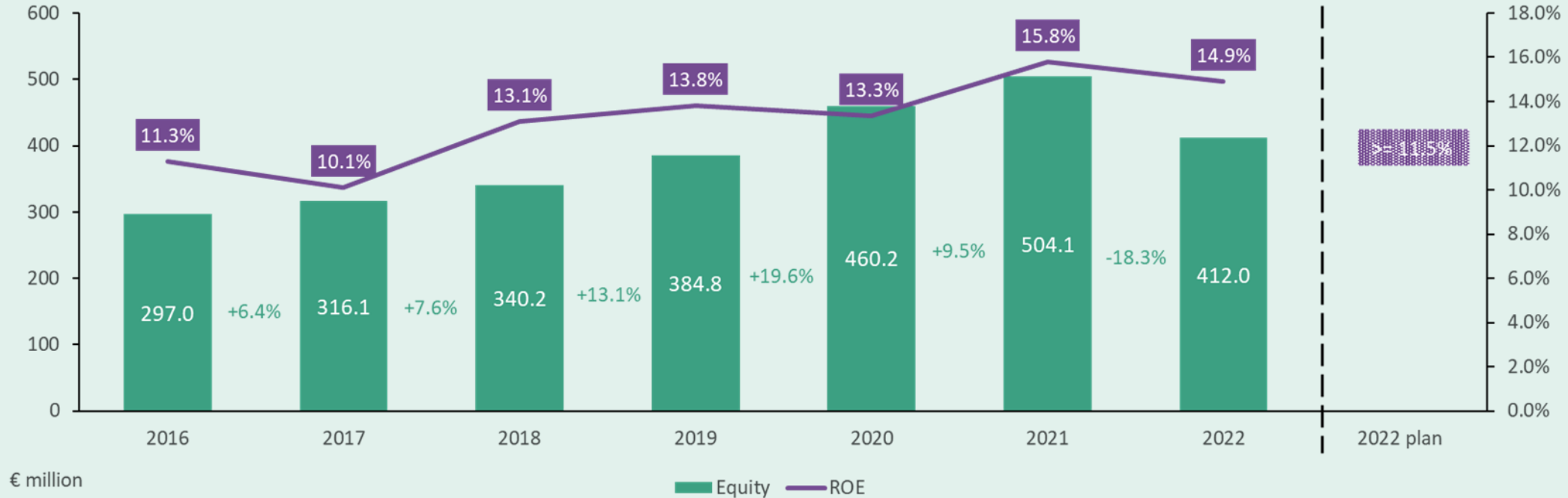
2022/2021: **-18.3%**

ROE

**14.9%**

2022/2021: **-0.9 p.p.**

Plan  
achieved



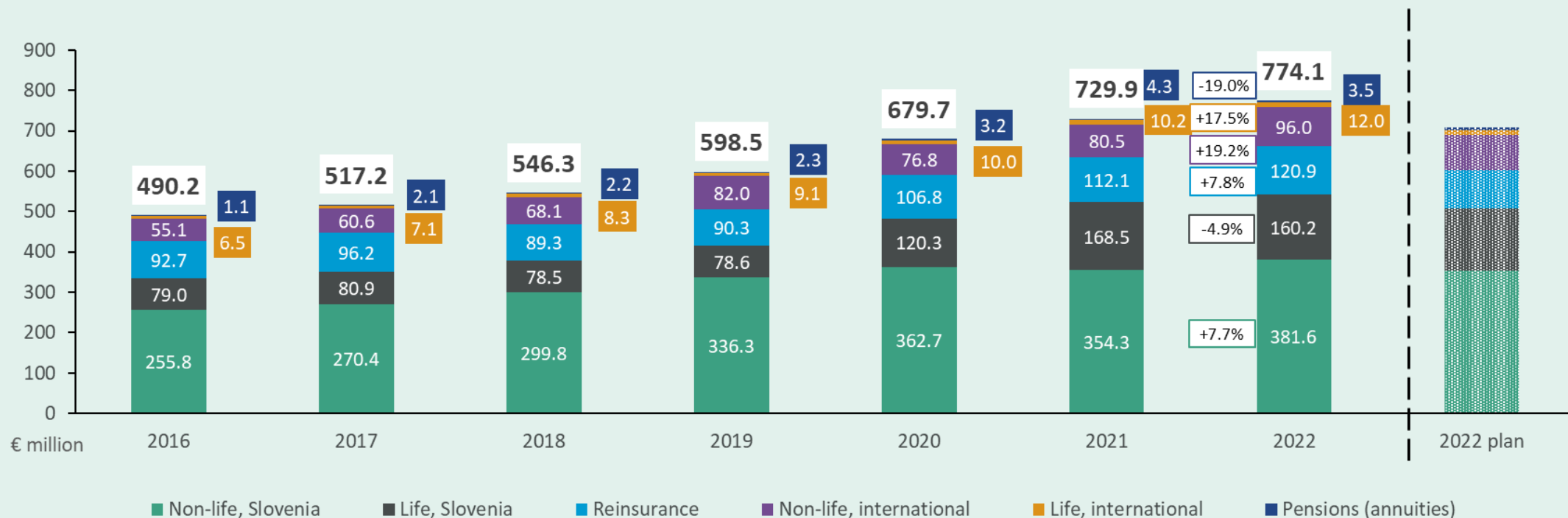
# Continued high growth in gross premiums written

Gross premiums written

€774.1 m

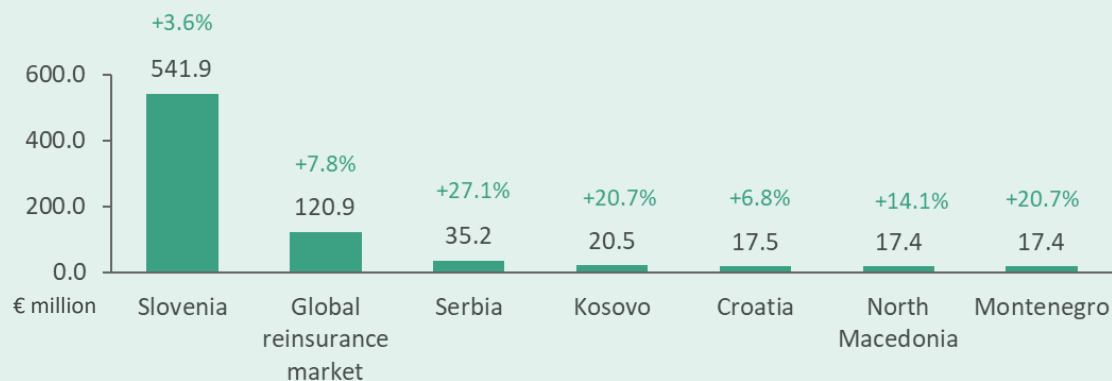
2022/2021: +6.1%

Plan  
achieved

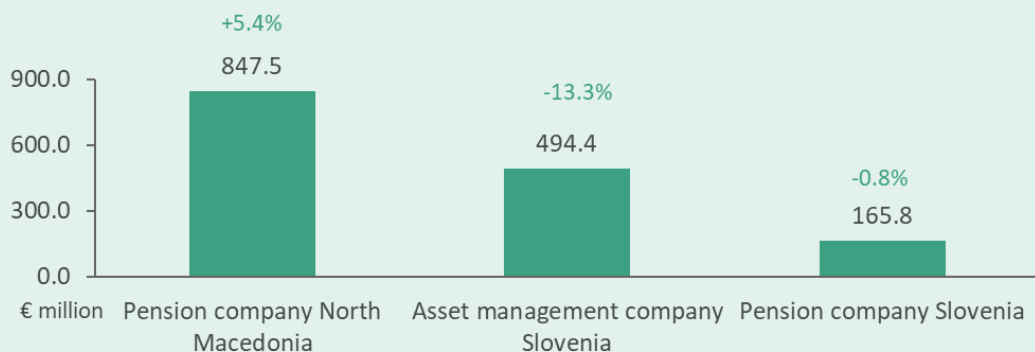


# Growth of GPW in all markets

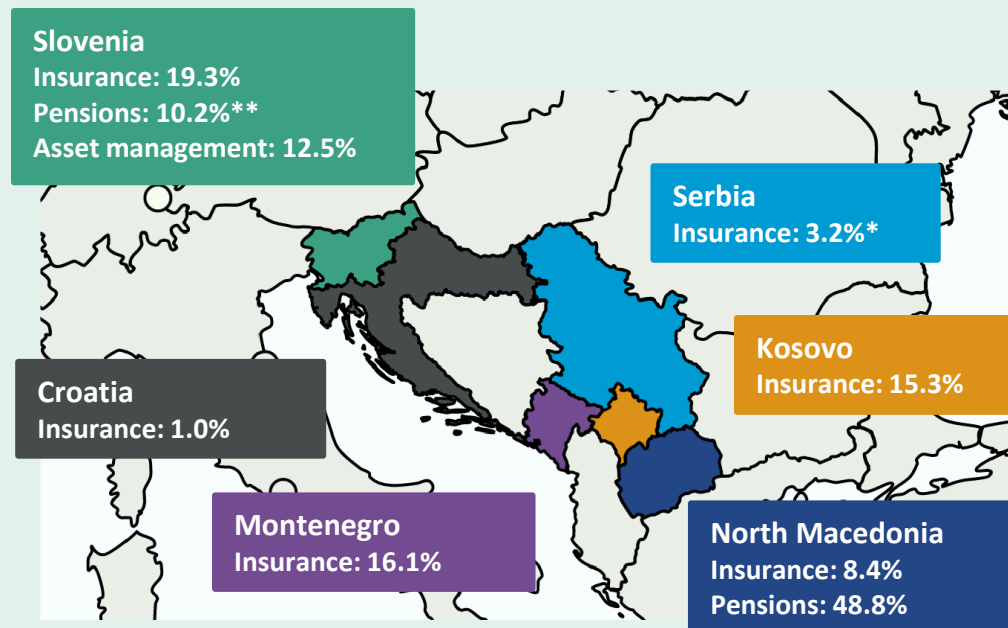
Gross premiums written 2022 and growth 2022/2021



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



Market shares



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

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



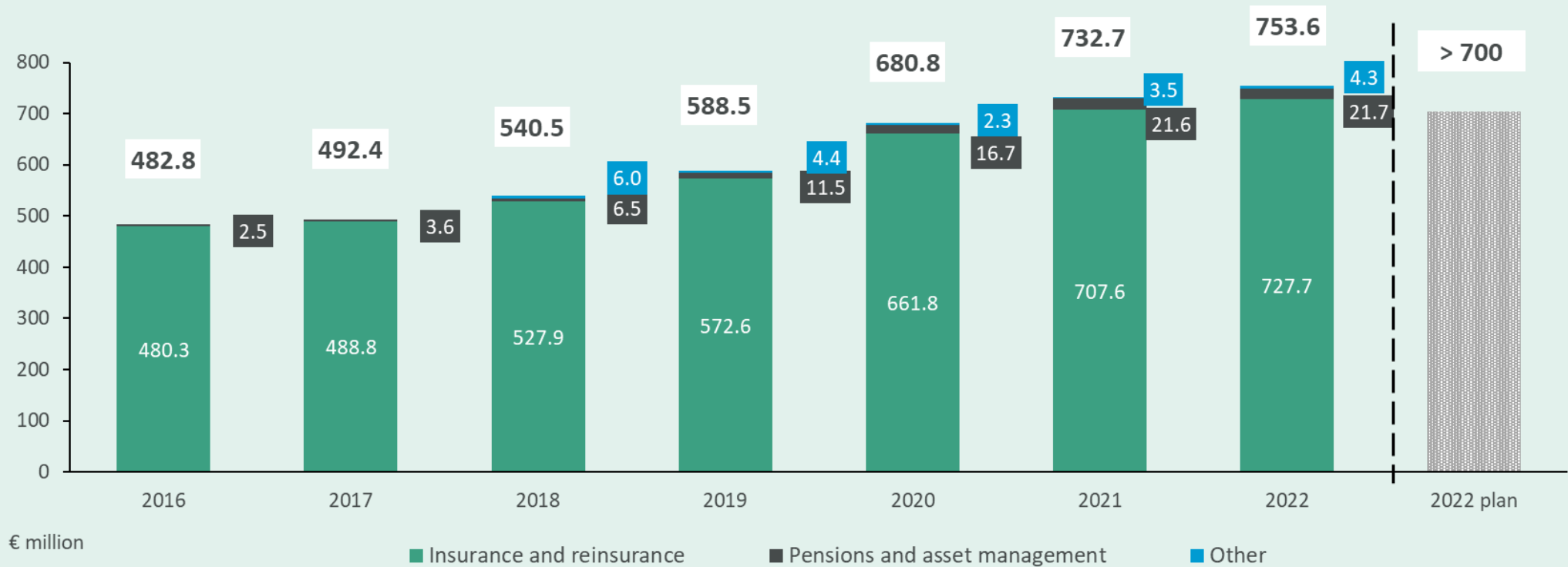
# Growth in operating revenue

## Operating revenue

€753.6 m

2022/2021: +2.9%

Plan achieved



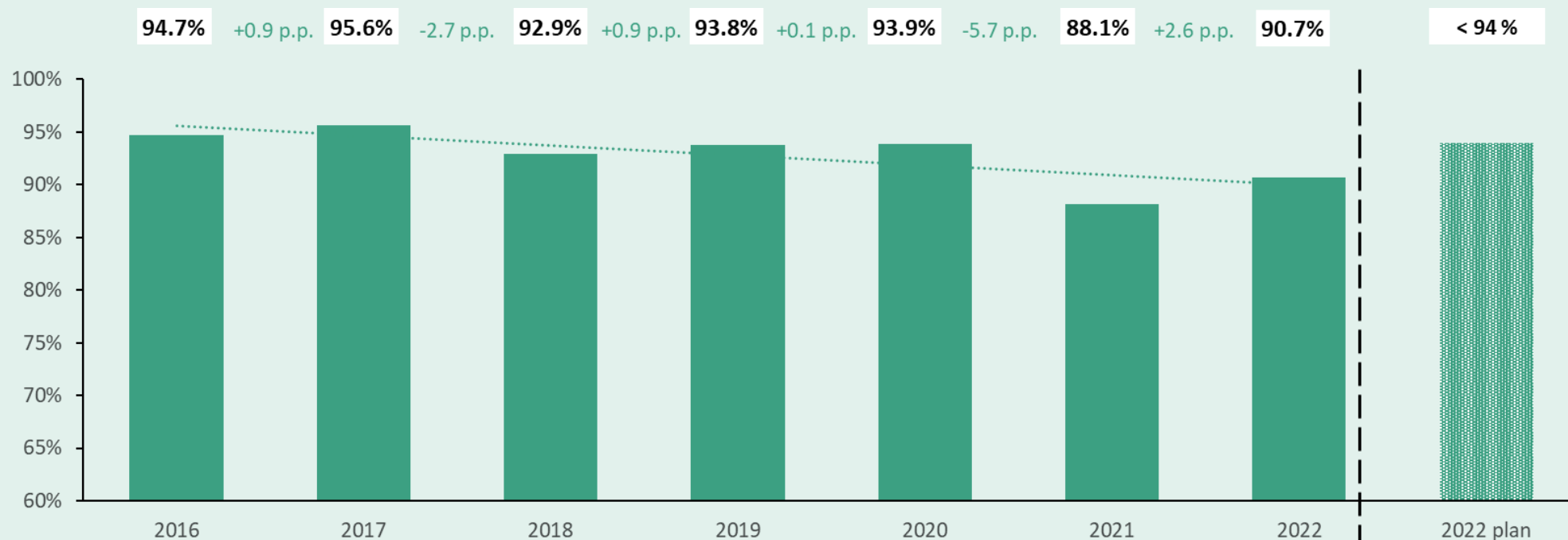
# Combined ratio within target range

Net combined ratio\*

**90.7%**

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

Plan  
achieved



\* 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.

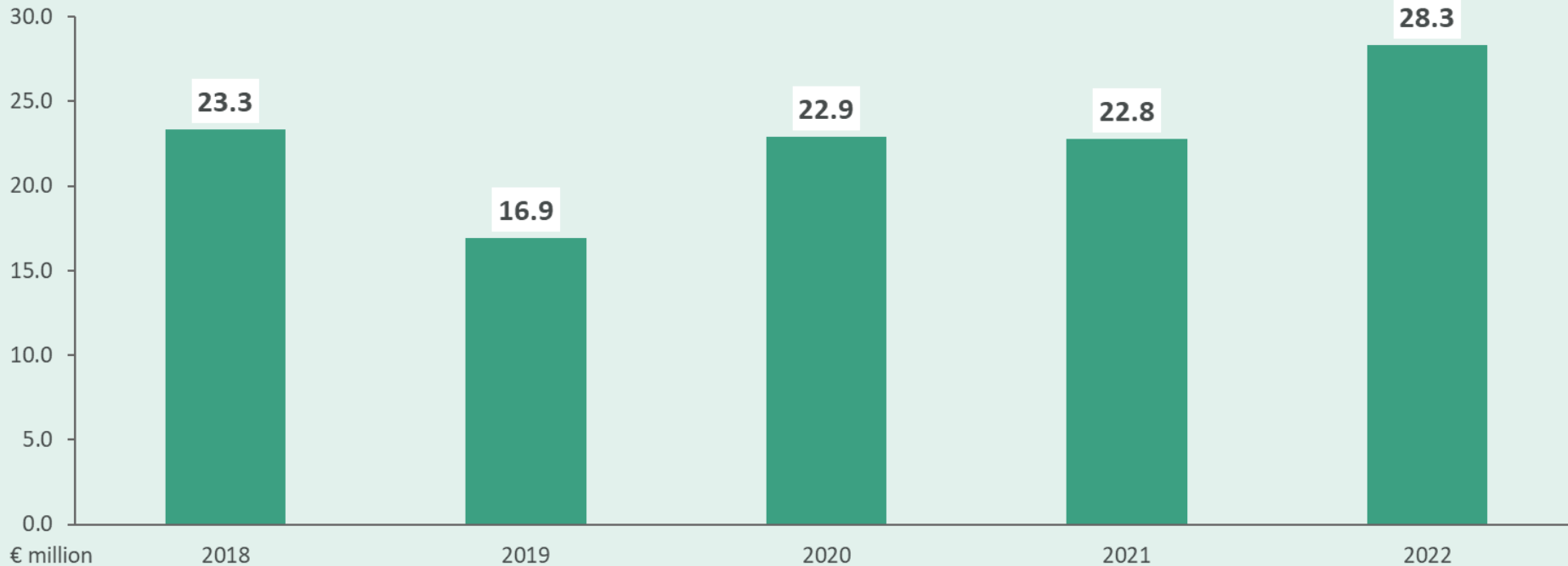
# Impact of natural catastrophe claims

## Natural catastrophe claims

€28.3 m

2022/2021: +24.2%

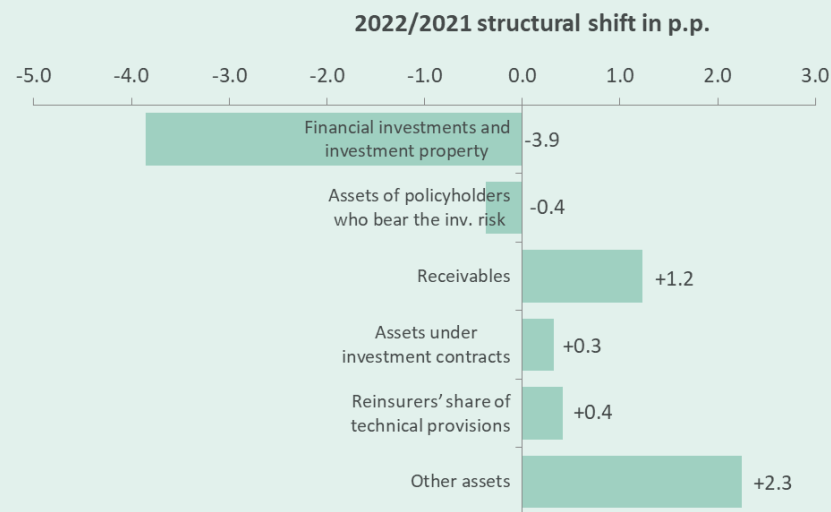
Natural catastrophe claims



# Assets structure

**Assets**  
**€2,534.0 m**  
 2022/2021: **-4.7%**

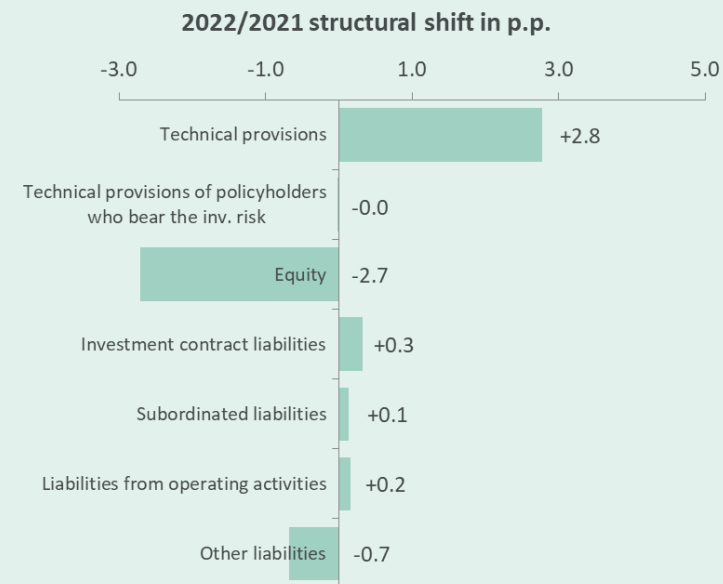
€ million	2021	2022
Financial investments and investment property	1,487.0	1,319.8
Assets of policyholders who bear the investment risk	517.4	483.9
Receivables	149.9	174.2
Assets under investment contracts	172.8	172.9
Reinsurers' share of technical provisions	57.8	65.6
Other assets	273.4	317.6
<b>Total assets</b>	<b>2,658.3</b>	<b>2,534.0</b>



# Liabilities structure

**Liabilities**  
**€2,534.0 m**  
 2022/2021: **-4.7%**

€ million	2021	2022
Technical provisions	1,237.5	1,249.9
Technical provisions of policyholders who bear the investment risk	524.2	499.4
Equity	504.1	412.0
Investment contract liabilities	172.7	172.7
Subordinated liabilities	74.9	74.9
Liabilities from operating activities	54.8	56.2
Other liabilities	90.3	68.9
<b>Total liabilities</b>	<b>2,658.3</b>	<b>2,534.0</b>

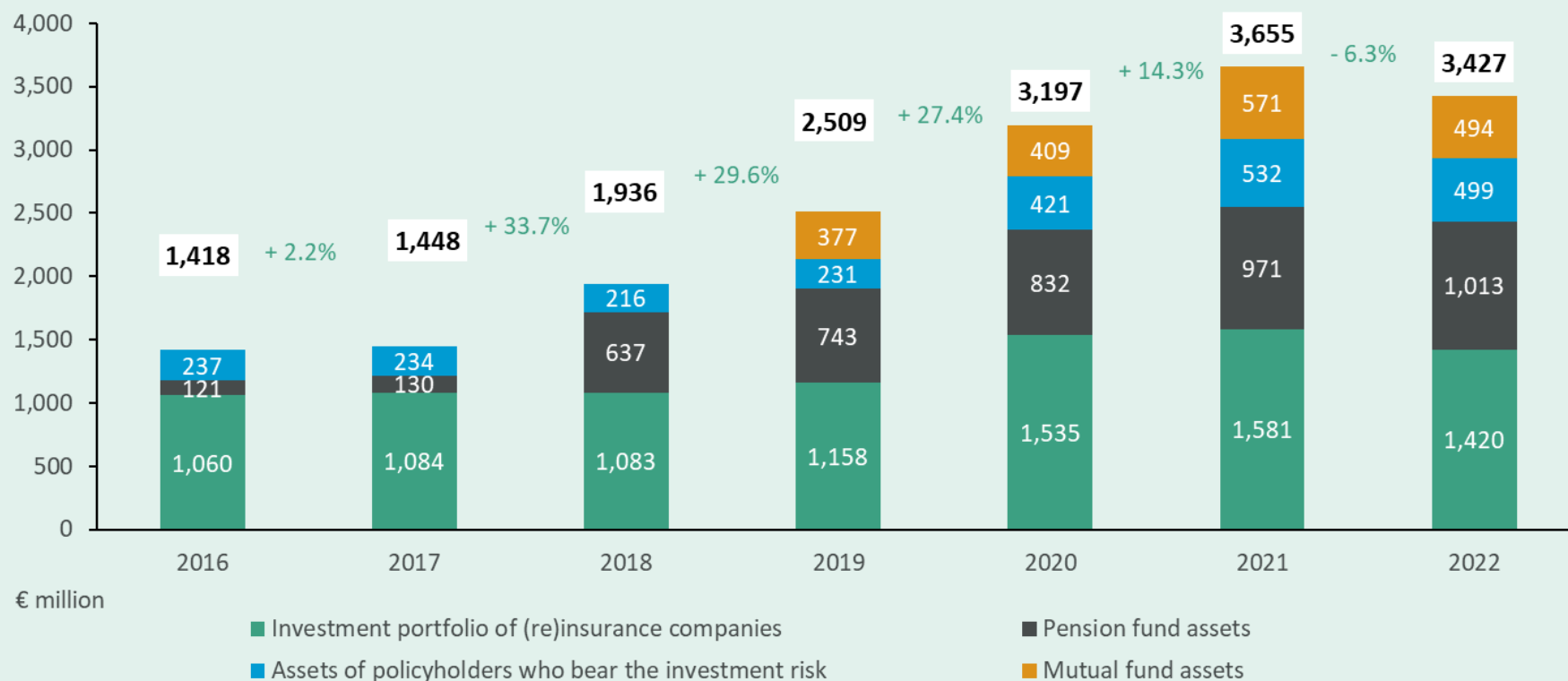


# AuM impacted by adverse market conditions

## Assets under management

€3,426.5 m

2022/2021: -6.3%





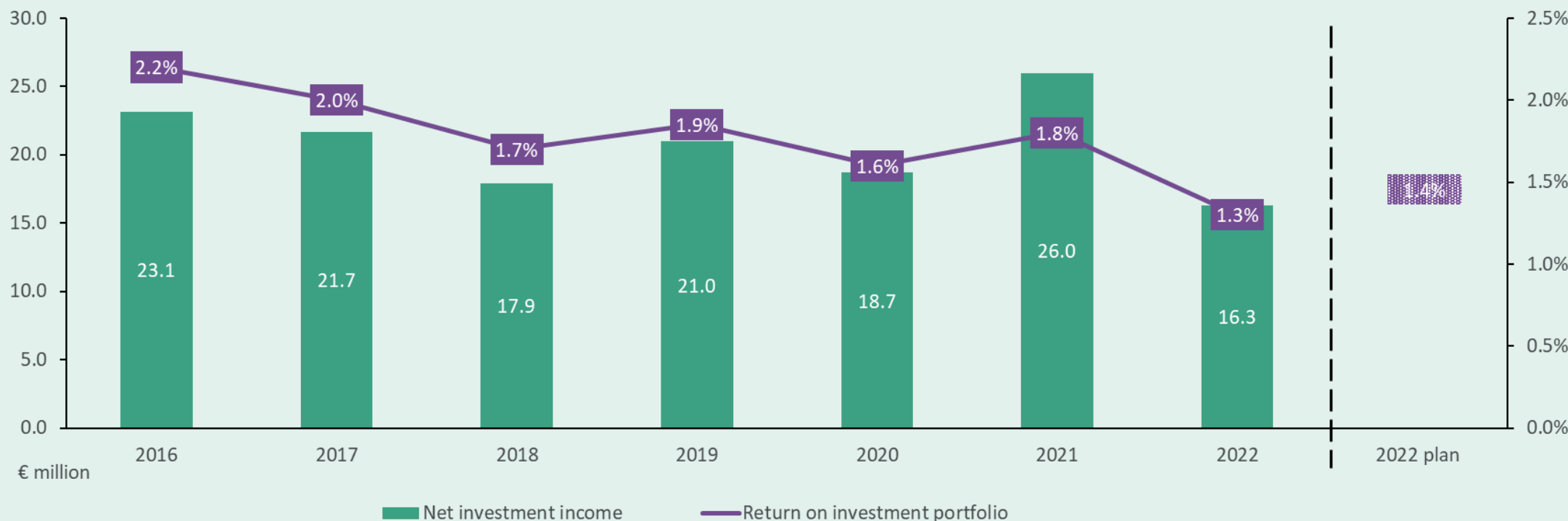
# Investment return impacted by adverse market conditions

## Return on investment portfolio\*

**1.3%**

2022/2021: **-0.5 p.p.**

Slightly below plan  
due to adverse  
developments in  
the financial  
markets



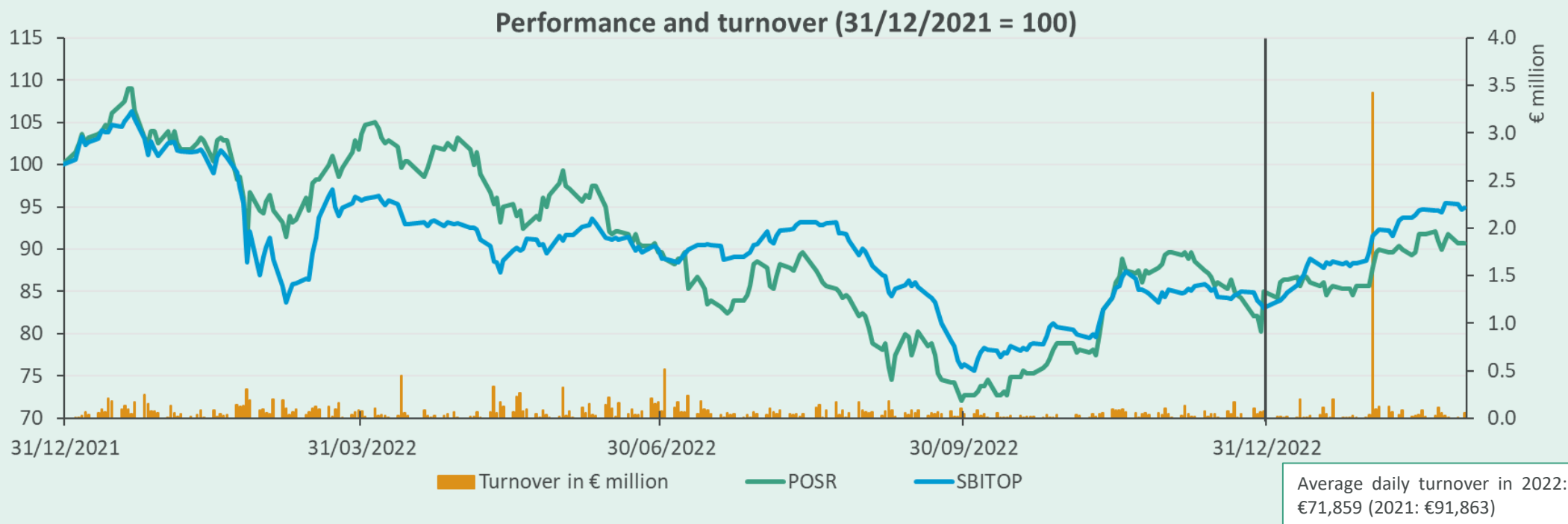
\* Excluding FX differences and expenses of subordinated debt.

# Book value per share and POSR share

Book value of share

€26.58

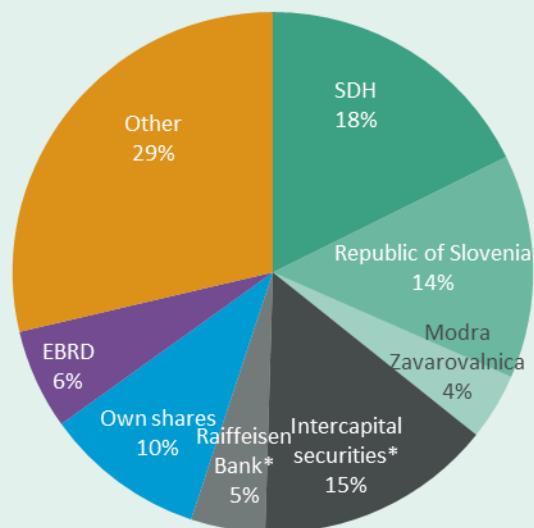
2022/2021: -18.3%



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 2022



\* Fiduciary account.

\*\* Pursuant to Article 235a of the Slovenian Companies Act (ZGD-1), in April 2022 Sava Re started the process of identifying shareholders who are registered with intermediaries as holders of shares and who are not themselves intermediaries. According to the information received, Adris grupa d.d. held 3,278,049 POSR shares on 26 April 2022 (19.04% of all shares and 21.15% of shares with voting rights).

31/12/2022	
Share capital (€ million)	71.9
Market capitalisation (€ million)	347.1
Trading symbol	POSR
No. of shares	17,219,662
No. of own shares	1,721,966
No. of shareholders	4,316

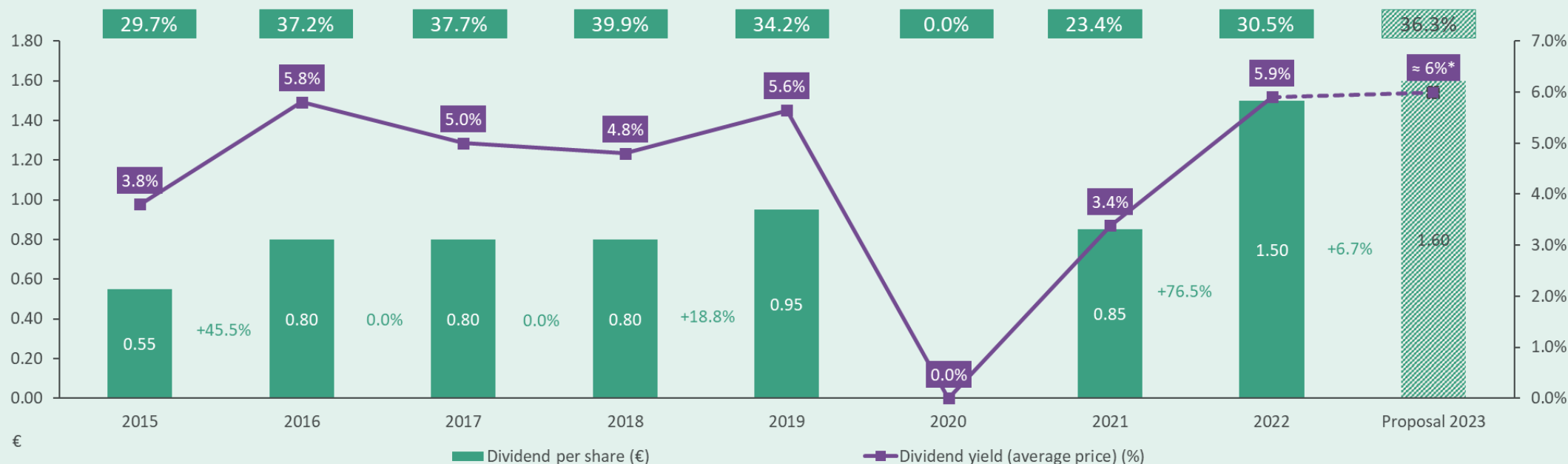
Investor type	Local investor	Foreign investor
Insurance undertakings and pension companies	18.2%	0.0%
Other financial institutions*	18.0%	15.6%
Republic of Slovenia	13.9%	0.0%
Individuals	11.1%	0.2%
Investment companies and mutual funds	2.5%	0.0%
Other non-financial corporations	2.9%	1.0%
Banks	0.0%	16.6%
<b>Total</b>	<b>66.6%</b>	<b>33.4%</b>

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

# Dividend policy

PROPOSAL

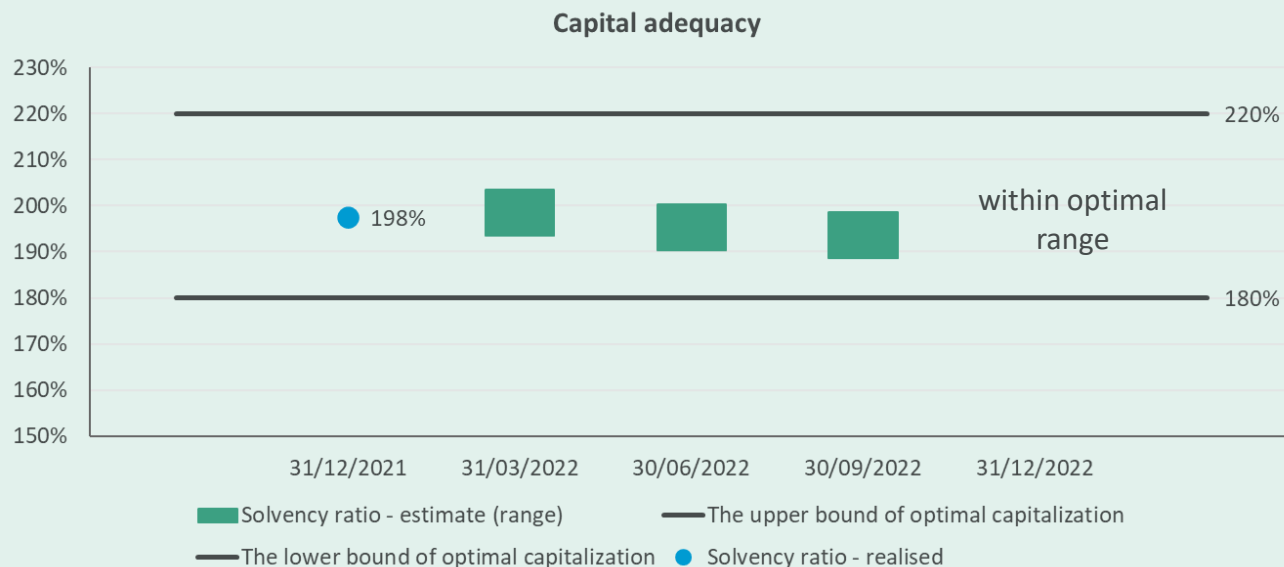
Dividend as % of consolidated profit



\* The 2023 dividend yield depends on the share price movement in the period between the date the dividend is declared and the ex-dividend date.

- **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 2023 in respect of the 2022 profit: proposed dividend payment of €24,796,313.60 or **€1.60** gross per share. The general meeting of shareholders is scheduled to be held on 5 June 2023.

# Solid capital position



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



# Select sustainability performance indicators

	2021	2022	Difference 2022/2021
<b>Environmental aspect</b>			
CO <sub>2</sub> emissions per employee (in tonnes)	1.39	1.44	+3.6%
Number of claims reported online	40,011	45,288	+12.9%
Group's ESG integrated investments as at 31/12/2022	11.9%	14.9%	+3.0 p.p.
<b>Social aspect</b>			
Employees involved in annual performance appraisal interviews as %	50.0%	49.5%	-0.5 p.p.
Women as % of all employees	54.0%	58.0%	+4.0 p.p.
Employee turnover rate	16.6%	16.9%	+0.3 p.p.
Average hours of employee training	23.0	24.6	+6.9%
Number of injuries in the workplace	7	9	+28.6%
Investments in the community (sponsorships, donations, prevention) (€ million)	4.0	5.1	+27.8%
Heart for the World – corporate volunteering (no. of hours)	n.p.	5,439	-
<b>Governance aspect</b>			
Proportion of investments* not aligned with the Sustainability Investment Policy as at 31/12/	3.1%	1.7%	-1.4 p.p.
Women in management bodies as %	18.4%	23.9%	+5.5 p.p.
Women in supervisory bodies of Group companies as %	21.0%	21.8%	+0.8 p.p.

\* Investments for which compliance with the Sustainability Investment Policy is verified are investments in corporate bonds, equities, infrastructure and real estate funds, and mutual funds other than mutual funds at policyholders' choice (UL funds).

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.

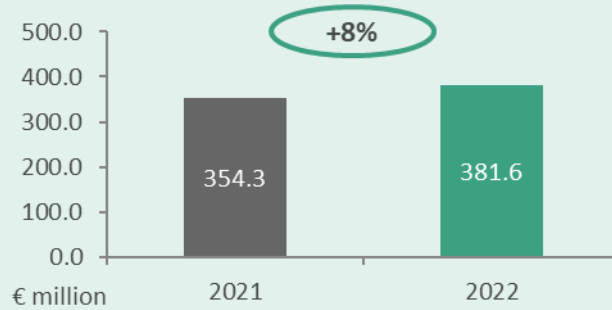




# Segment reporting

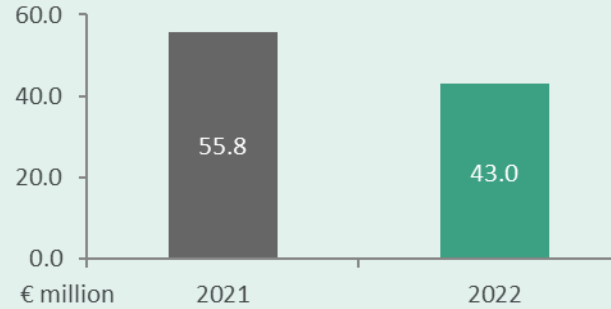
# Non-life Slovenia

Gross premiums written



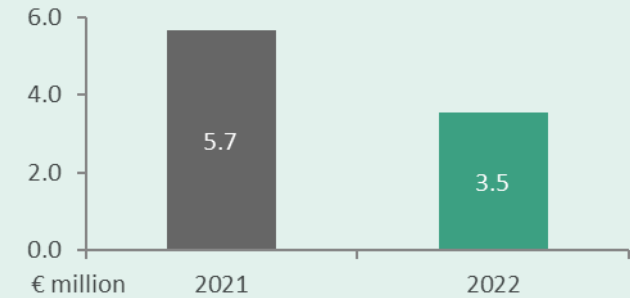
- Growth in gross motor premiums, mainly in the private passenger car segment, as a result of an increase in the number of policies sold and price increases

Underwriting result



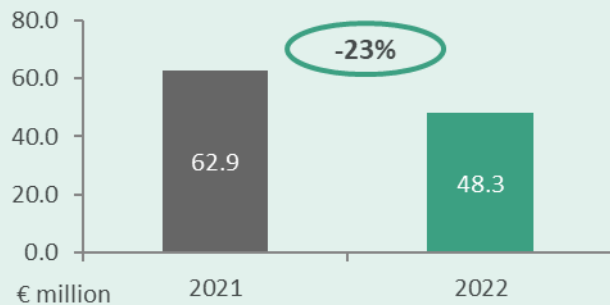
- Deterioration in the underwriting result chiefly due to the impact of claims inflation, an increase in motor claims frequency due to the subsiding of the impact of the epidemic, and an increase in weather-related claims

Investment result

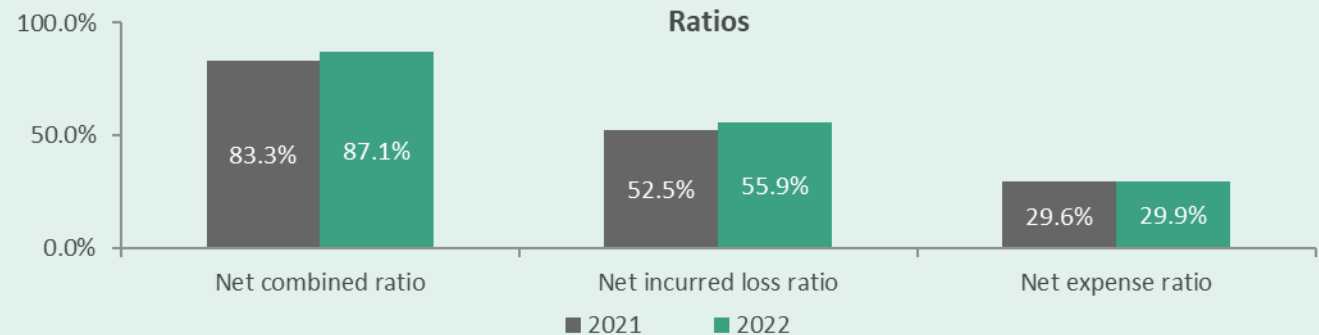


- Weaker result largely due to higher expenses for fair value changes of FVTPL assets

Profit before tax

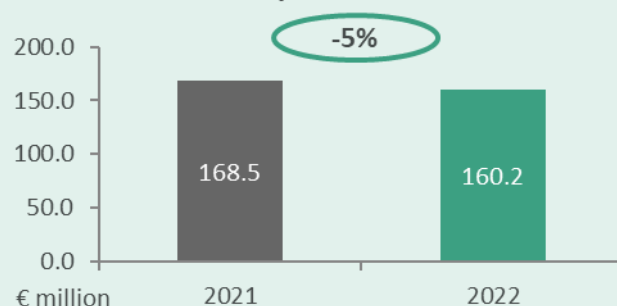


Ratios



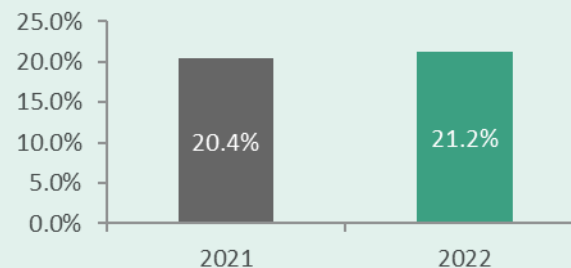
# Life Slovenia

Gross premiums written



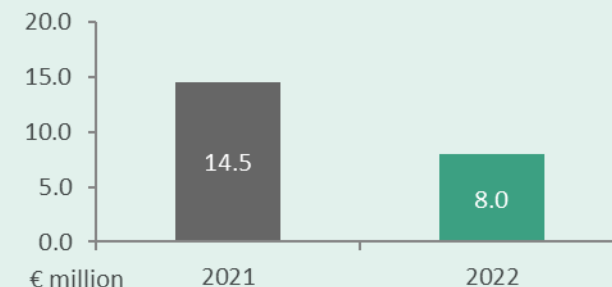
- Decline in gross premiums written solely because of the exceptionally high sales in the previous year, consisting mainly of high single premiums

Net expense ratio



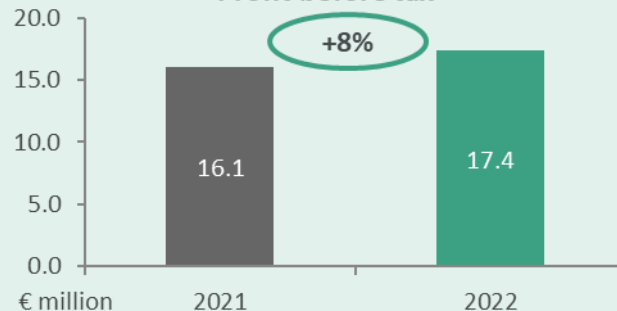
- Net expense ratio more favourable in 2021 due to exceptionally high sales – without this effect, the ratio would have been better in 2022 because of savings in other operating expenses

Investment result

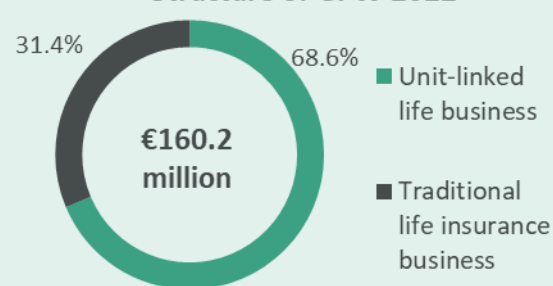


- In 2021, gains on the sale of shares were realised, contributing to higher investment income in 2021. In addition, investment expenses in 2022 were higher due to the change in the fair value of FVTPL assets

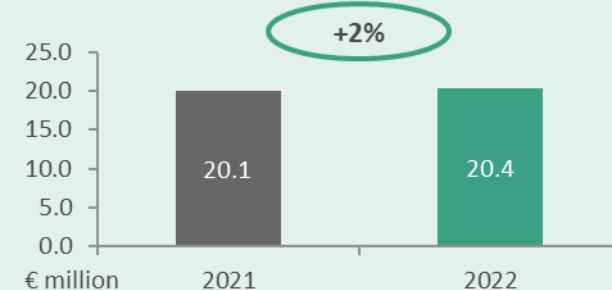
Profit before tax



Structure of GPW 2022

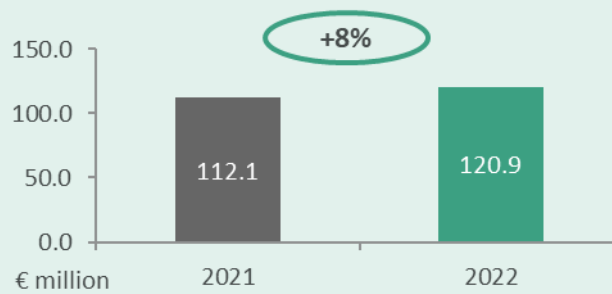


New annual premiums written



# Reinsurance

Gross premiums written



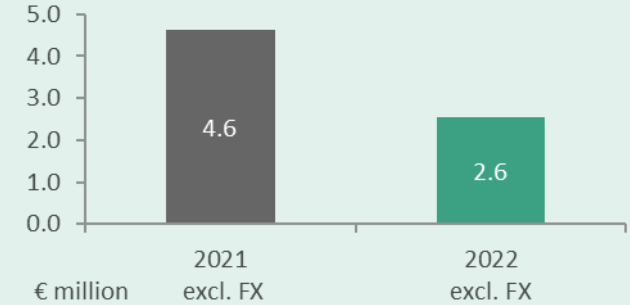
- Growth mainly driven by 17% increase in non-proportional business, favourable pricing developments in global reinsurance markets and new business opportunities

Underwriting result



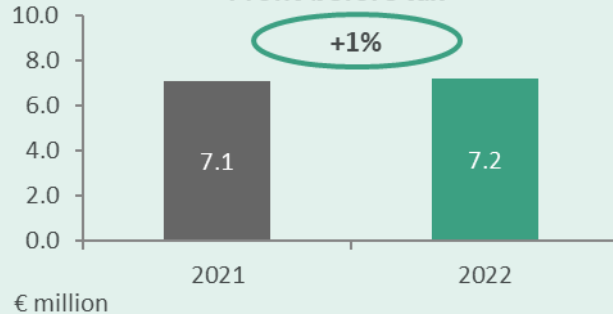
- Improved underwriting result due to higher net premiums earned

Investment result

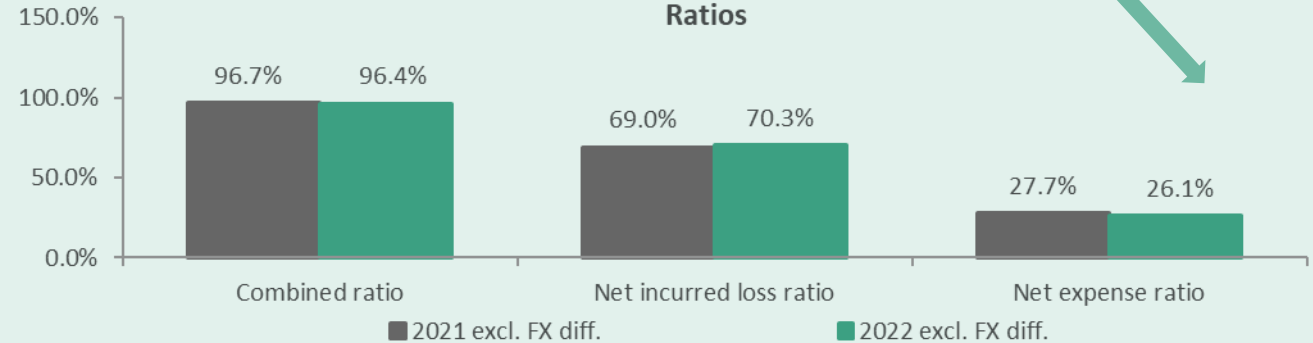


- Lower investment result owing to higher expenses on changes in fair value of FVTPL assets as a result of financial market conditions

Profit before tax



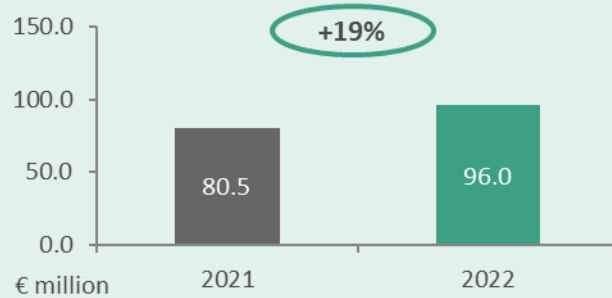
Ratios



- Lower net expense ratio mainly because policy acquisition costs grew slower than premiums

# Non-life international

Gross premiums written



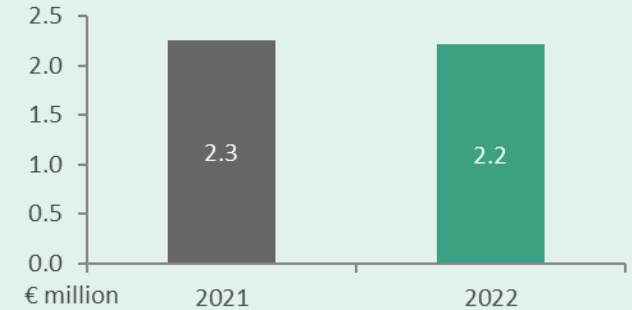
- Growth in gross premiums written across all companies; strongest growth in gross motor premiums, growth also in property business as a result of improved sales, and in assistance business as a result of lifted Covid-19 precautions and the resulting increase in travel

Underwriting result



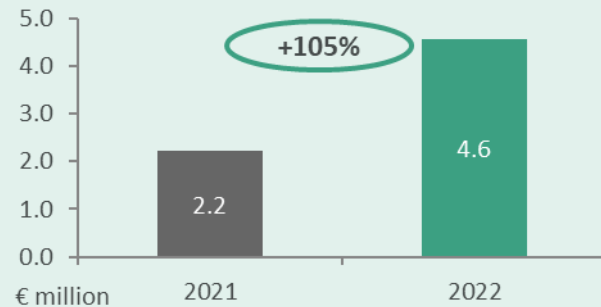
- Improved underwriting result as premiums earned grew faster than incurred claims and expenses

Investment result

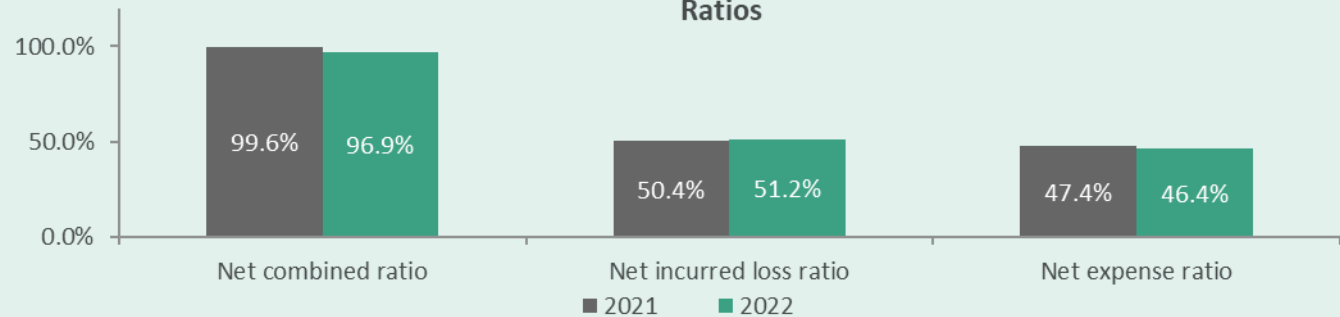


- Flat investment result compared to 2021, as the Group companies hold only a small share of FVTPL assets in their portfolios and are therefore less exposed to financial market developments

Profit before tax

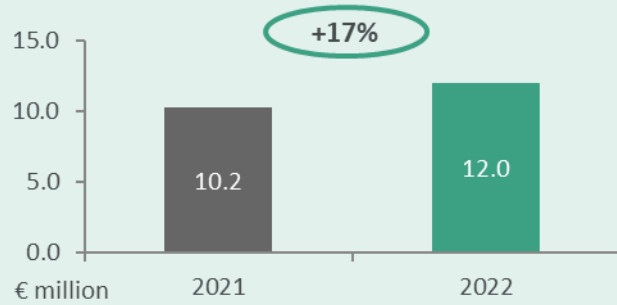


Ratios



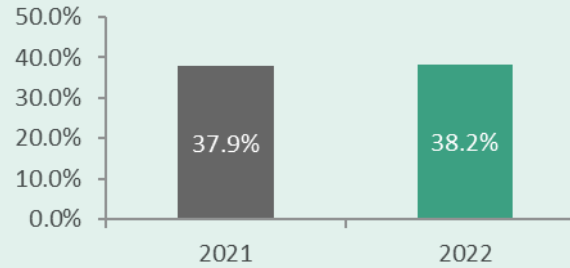
# Life international

Gross premiums written



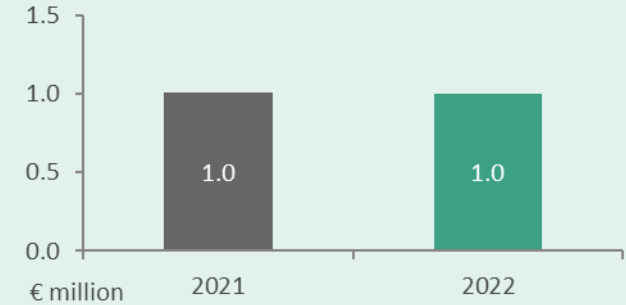
- Growth in gross premiums written due to both the increase in sales through the Group's own sales network and the launch of bancassurance distribution in Kosovo in mid-2021

Net expense ratio



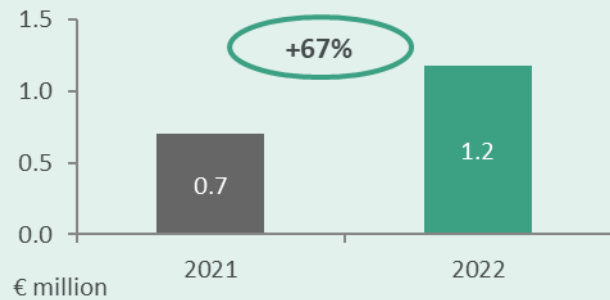
- A slight increase in the expense ratio, reflecting higher expenses, mainly due to increased sales activities

Investment result

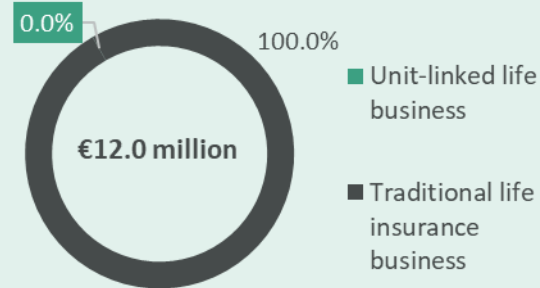


- Investment result at approximately the same level as in 2021

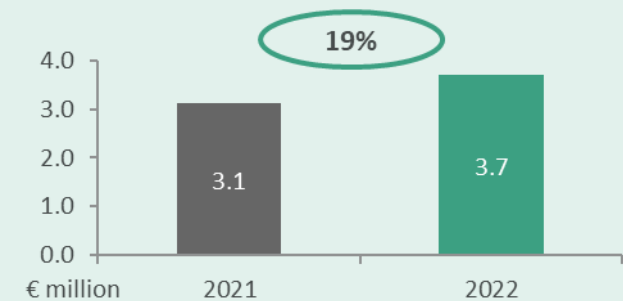
Profit before tax



Structure of GPW 2022

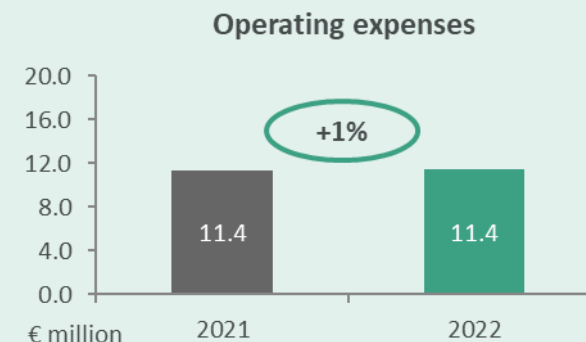
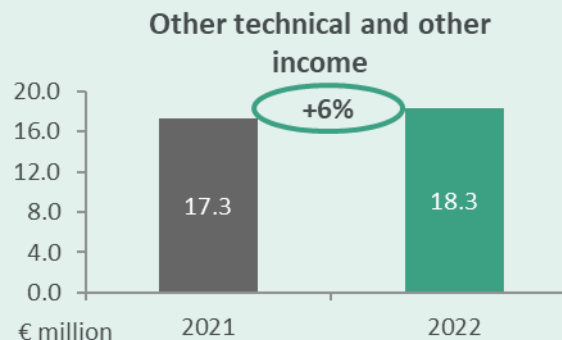
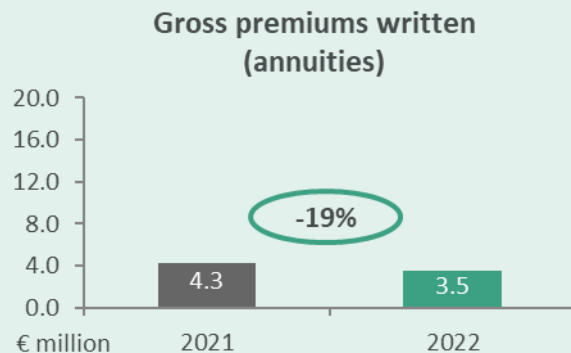


New annual premiums written





# Pensions and asset management

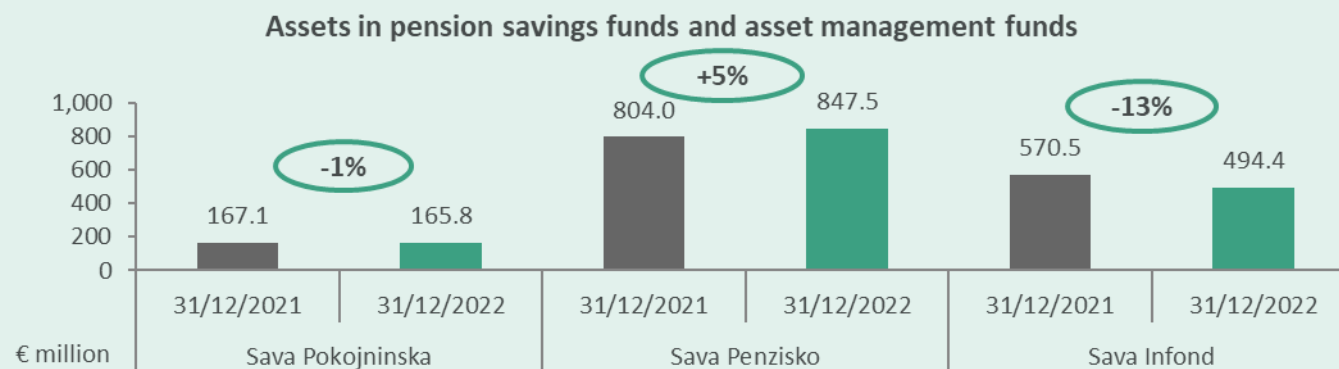
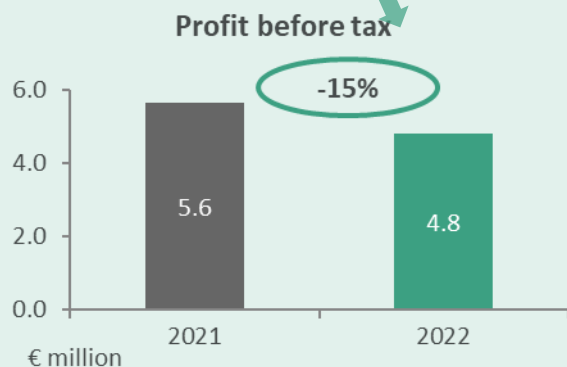


- Recently, more policyholders have opted to remain in the accumulation part of the scheme even after having met the requirements to retire.
- Weaker result due to adverse financial market developments and strengthening of provisions for failure to meet the guaranteed return in the Slovenian pension company

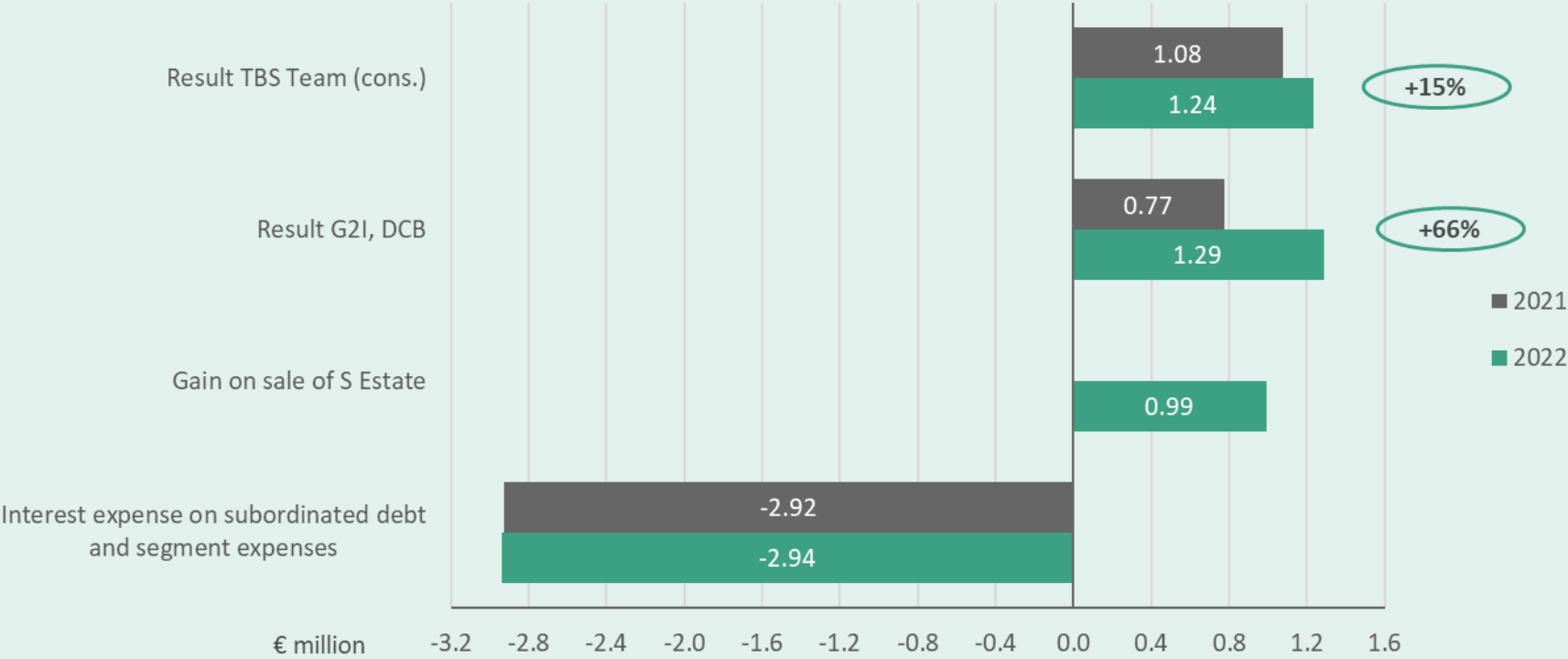
- Higher revenues reflecting year-on-year increase in average assets under management

- Operating expenses broadly at the same level as the previous year

- The decrease in the fund balance is entirely due to the adverse developments in the financial markets; net inflows positive in all companies



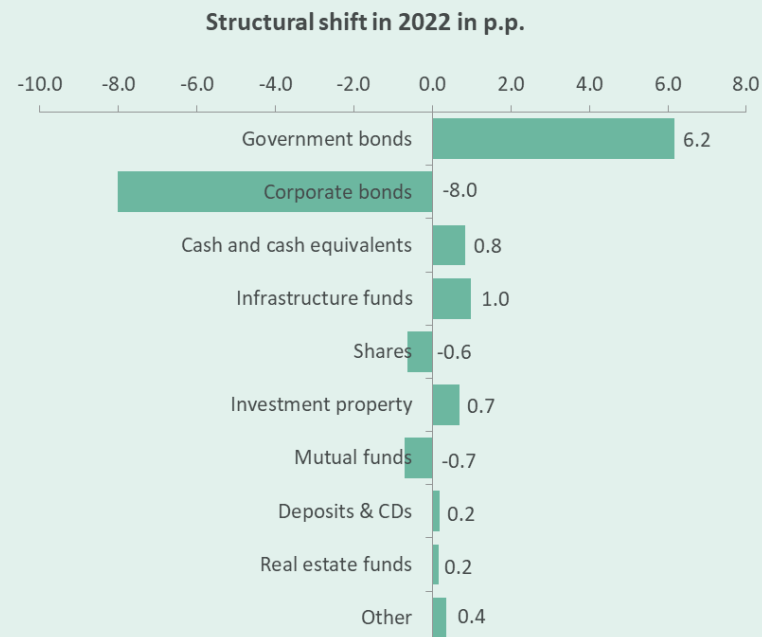
# Other



**Financial investments**

# High quality of the investment portfolio

€ million	31/12/2021	31/12/2022
Government bonds	718.5	732.6
Corporate bonds	592.1	417.8
Cash and cash equivalents	74.0	78.4
Infrastructure funds	44.5	53.9
Shares	36.0	23.1
Investment property	14.3	22.8
Mutual funds	35.9	22.2
Deposits & CDs	18.6	19.3
Real estate funds	15.8	16.5
Other	31.8	33.6
<b>Total investment portfolio</b>	<b>1,581.4</b>	<b>1,420.0</b>

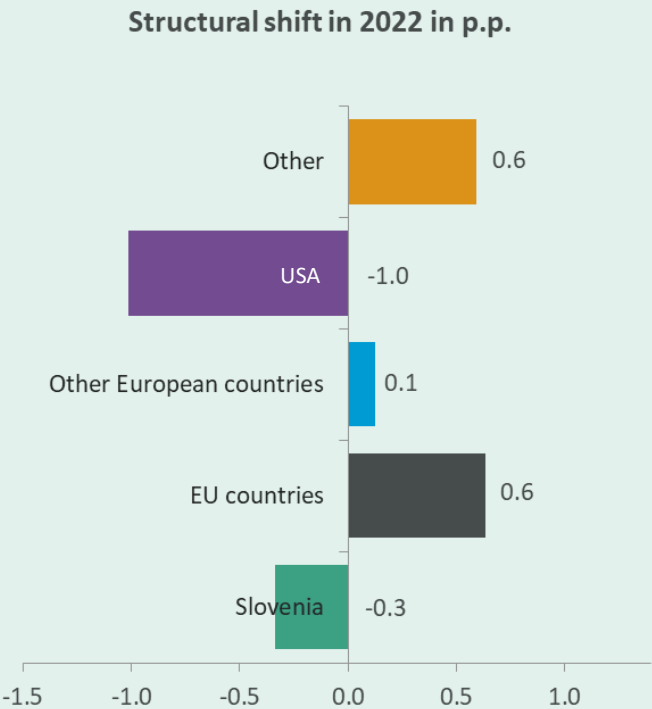
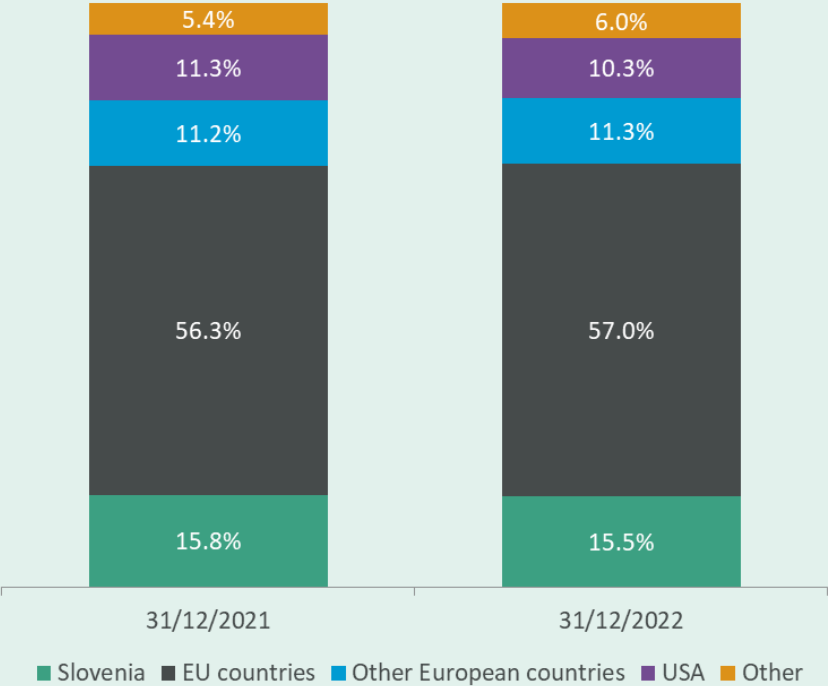


The **lower weighting in corporate bonds** is due to maturities and sales, as well as negative revaluations as a result of the increase in required yields in the financial markets. Assets were mainly invested in government bonds.

The average time to maturity of fixed-rate investments is 4.0 years:

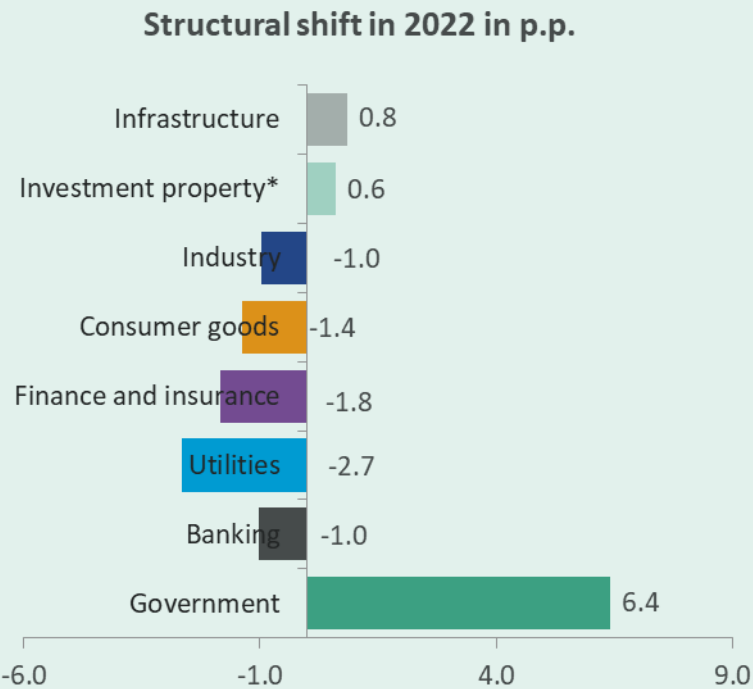
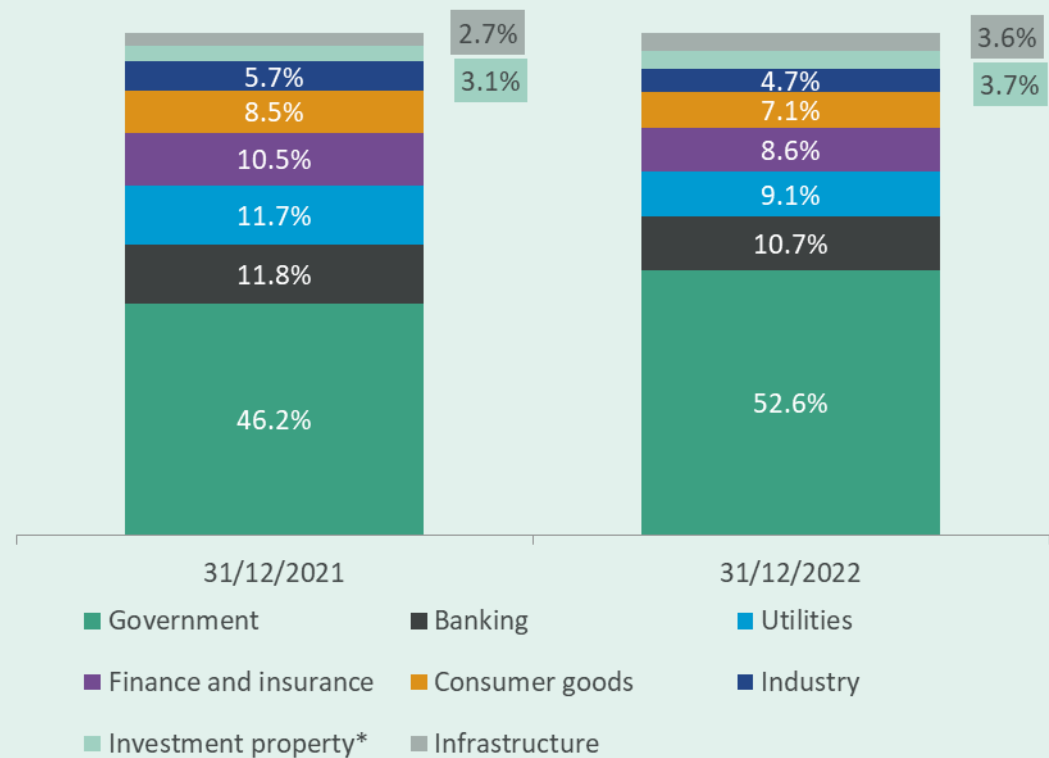
- Life segment: time to maturity of assets 5.3 years; time to maturity of liabilities 6.2 years
- Non-life segment: time to maturity of assets 3.6 years, time to maturity of liabilities 2.0 years

# Group exposure by region



Exposure by region did not change significantly. Assets were reinvested taking into account the exposure of each region/country to concentration risk.

# Group exposure by industry

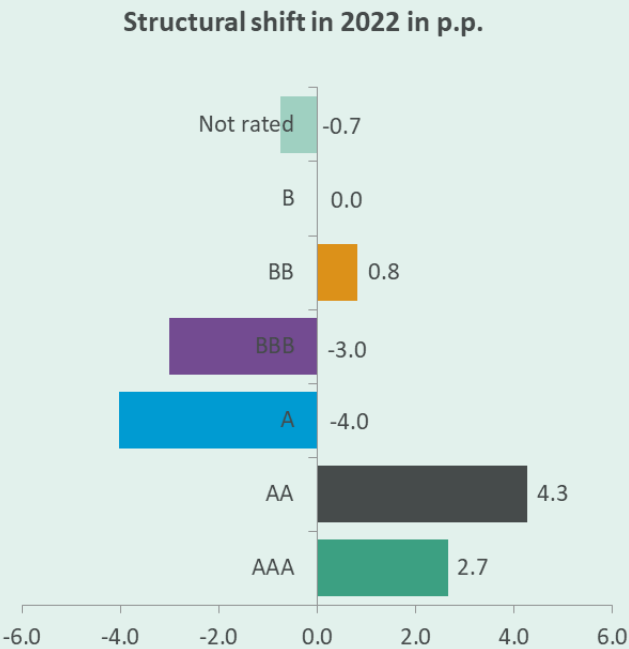
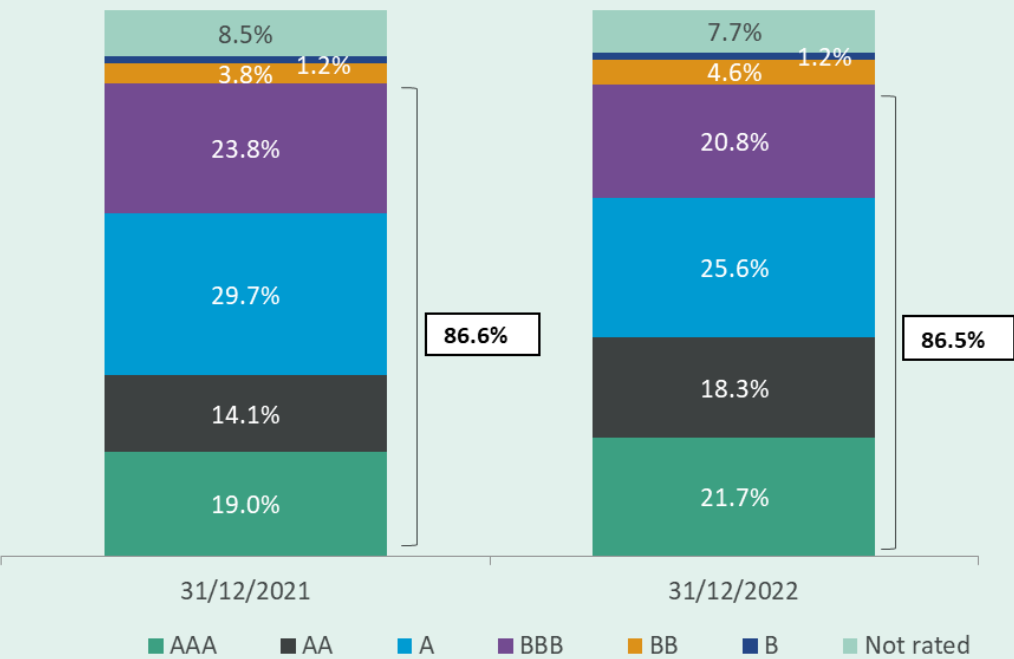


In 2022, assets were invested in top-rated government bonds to ensure the safety of the investment portfolio.

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



# Good rating profile



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

# Investment income by type

€ million	2021	2022	Absolute change
Interest income at effective interest rate	16.8	16.4	-0.4
Change in fair value of FVTPL assets	1.3	0.7	-0.6
Gains on disposal of FVTPL assets	0.0	0.2	0.2
Gains on disposal of other IFRS asset categories	7.8	6.8	-0.9
Income from associates	0.8	1.3	0.5
Income from dividends	3.6	3.5	-0.1
Net foreign exchange gains	4.4	1.2	-3.2
Other income	1.6	1.7	0.1
<b>Total income</b>	<b>36.4</b>	<b>31.8</b>	<b>-4.6</b>
<b>Total income, excluding exchange differences</b>	<b>32.0</b>	<b>30.6</b>	<b>-1.4</b>

**Interest income at the effective interest rate** was €0.4 million lower compared to 2021. The main reason is that higher-yielding investments have matured.

**Income from change in fair value of FVTPL assets** were lower due to worsening financial market conditions.

**Gains on disposal** were €0.9 million lower. Realised gains are the result of exposure to shares in the life insurance portfolio, funds due to compliance with the sustainability investment policy and the sale of the subsidiary S Estate. No bond sales contributed to realised gains in 2022 due to the situation on the financial markets (fall in the value of assets).

# Investment expenses by type

€ million	2021	2022	Absolute change
Interest expense	3.0	3.1	0.1
Change in fair value of FVTPL assets	0.9	6.3	5.3
Losses on disposal of FVTPL assets	0.0	0.1	0.1
Losses on disposal of other IFRS asset categories	0.3	1.2	0.9
Loss from investments in associates	0.0	0.0	0.0
Other investment impairments	0.2	0.5	0.4
Net foreign exchange losses	0.0	0.0	0.0
Other	1.6	3.1	1.5
<b>Total expense</b>	<b>6.0</b>	<b>14.3</b>	<b>8.3</b>
<b>Total expense, excluding exchange differences</b>	<b>6.0</b>	<b>14.3</b>	<b>8.3</b>

**The expenses from change in fair value of FVTPL assets** increased by €5.3 million, resulting from poorer capital market conditions for the Group's investments in this group.

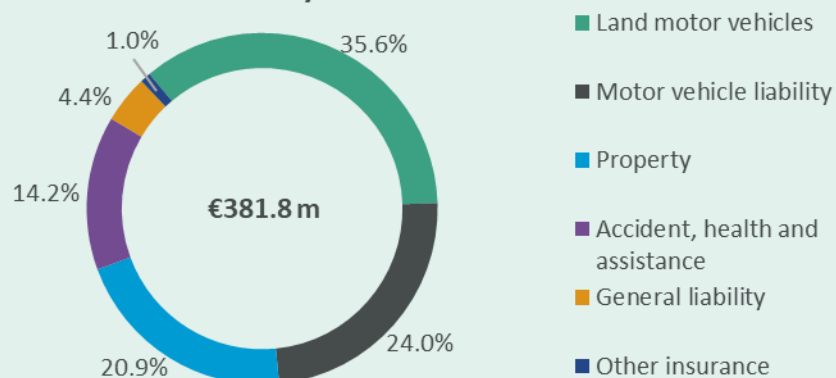
**Other expenses:** upon the first consolidation of Vita's HTM portfolio, the Group recognised a gain due to the revaluation of the portfolio to fair value. The effect of the difference between fair value and amortised cost is gradually decreasing (in 2022, €2.4 million effect on expenses).

**Unconsolidated data**

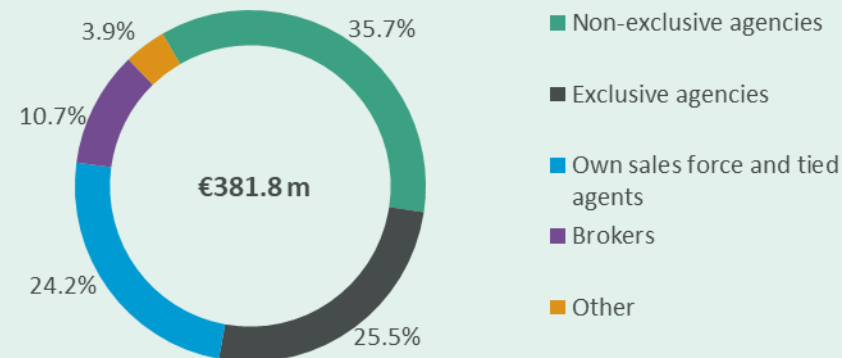
# Slovenian insurance business – non-life (non-consolidated)

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

Structure of GWP 2022 by class of insurance



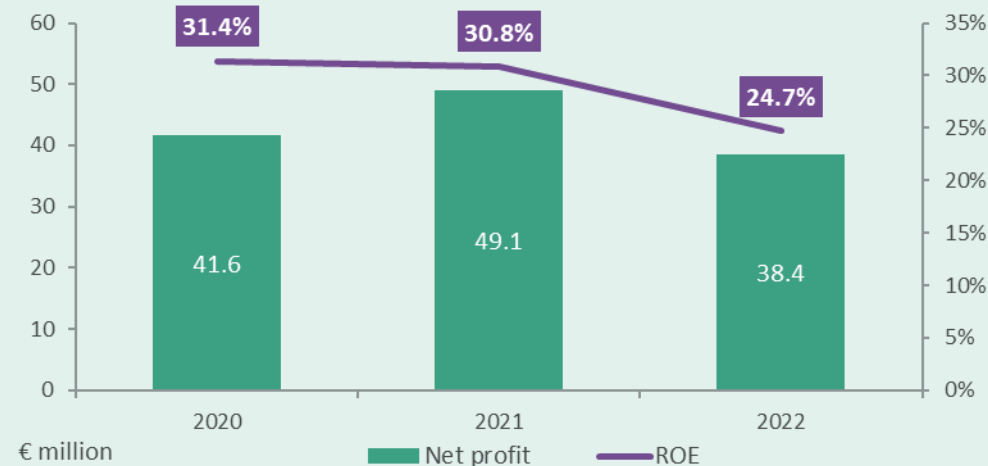
Structure of GWP 2022 by sales channel



Combined ratio



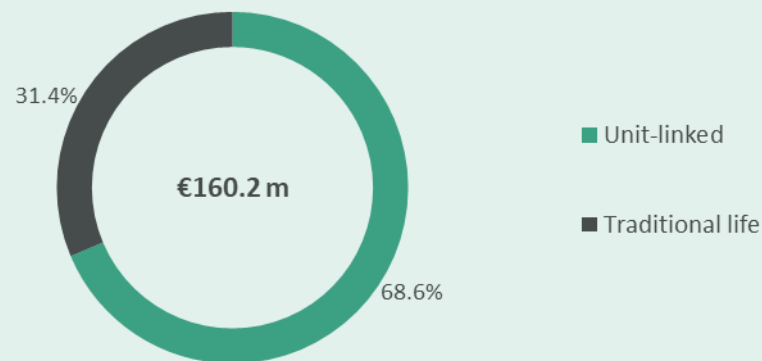
Net profit and ROE



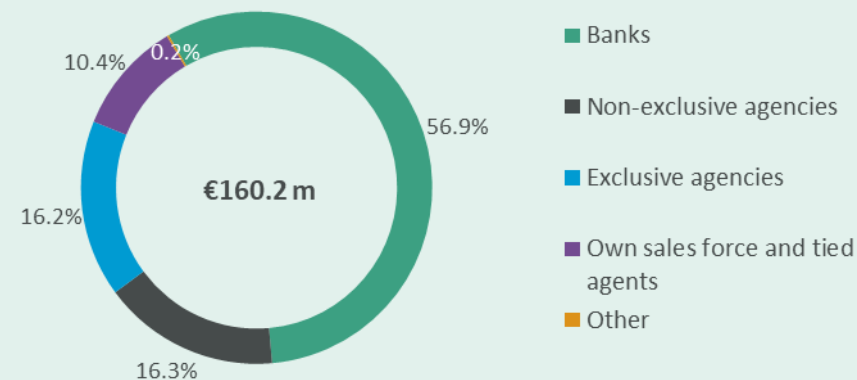
# Slovenian insurance business – life (non-consolidated)

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

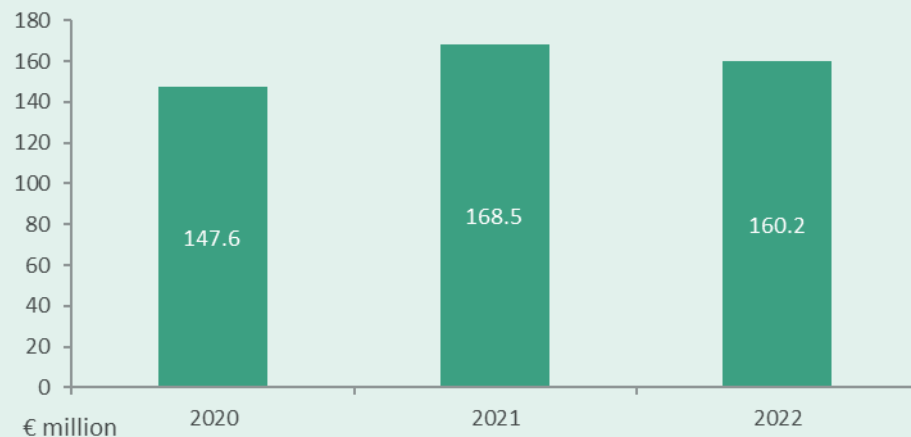
Structure of GWP 2022 by class of insurance



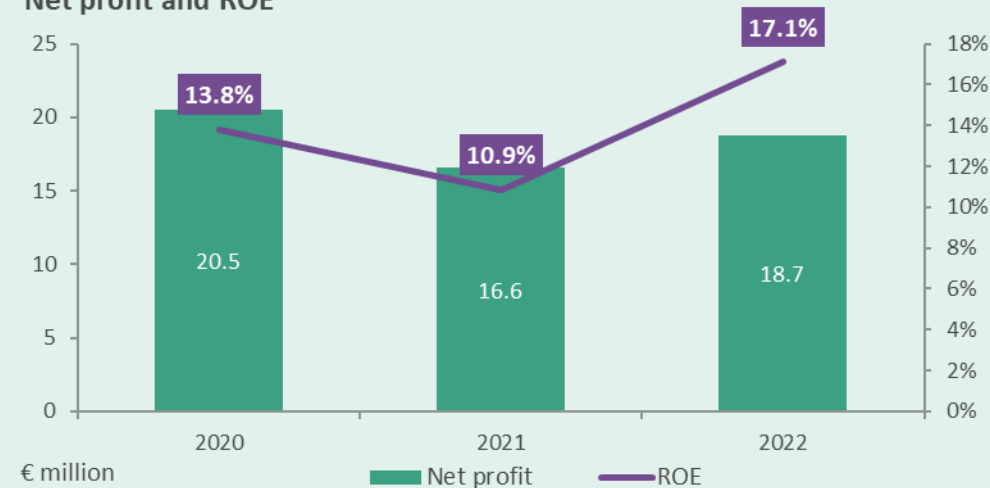
Structure of GWP 2022 by sales channel



Gross premiums written

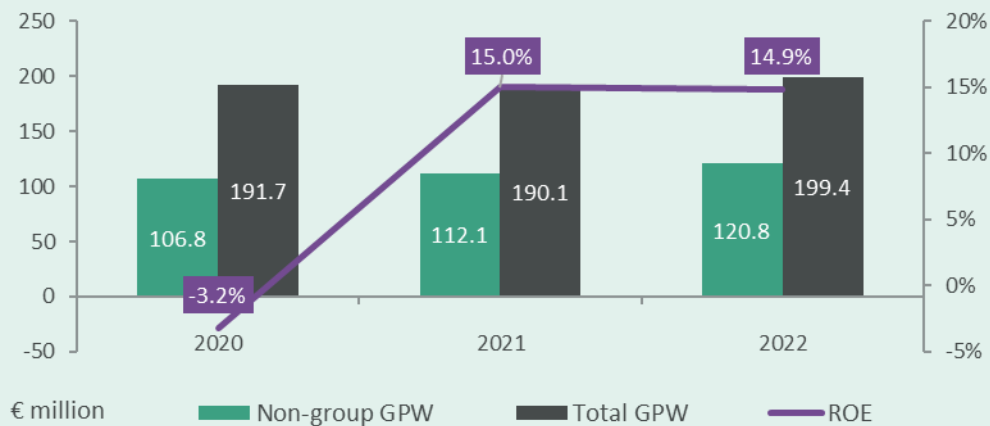


Net profit and ROE

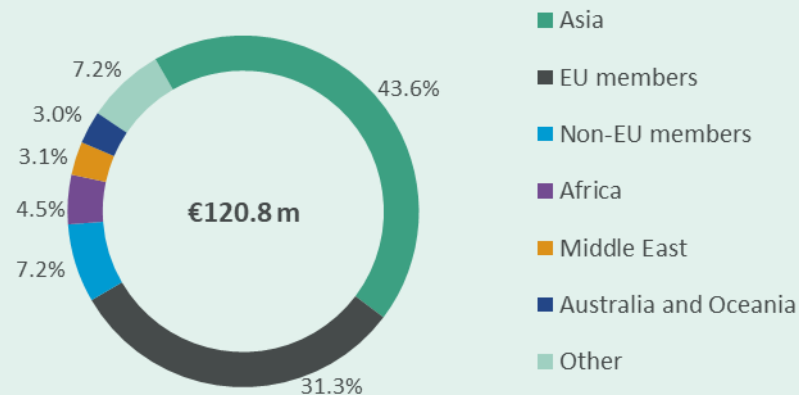


# Sava Re (non-consolidated)

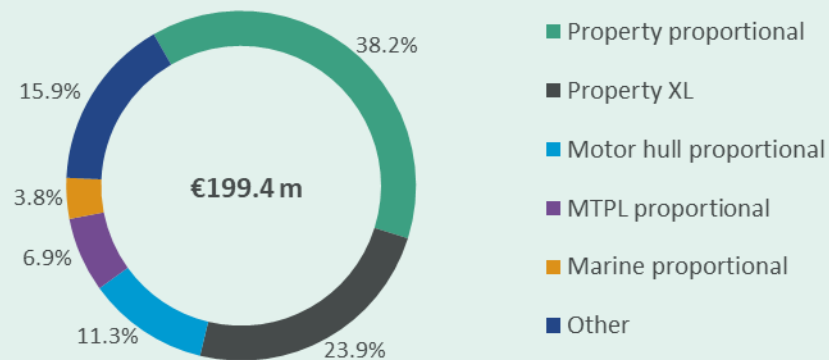
Gross premiums written and ROE



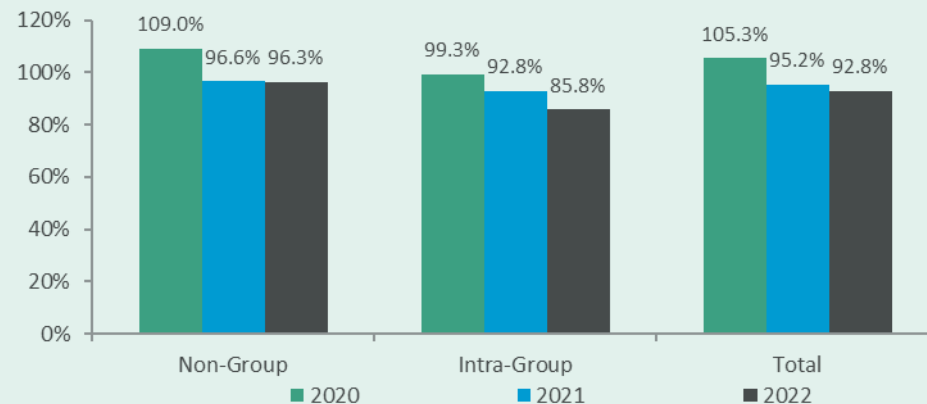
Geographical split of non-group GPW 2022



Split of total GPW 2022 by type

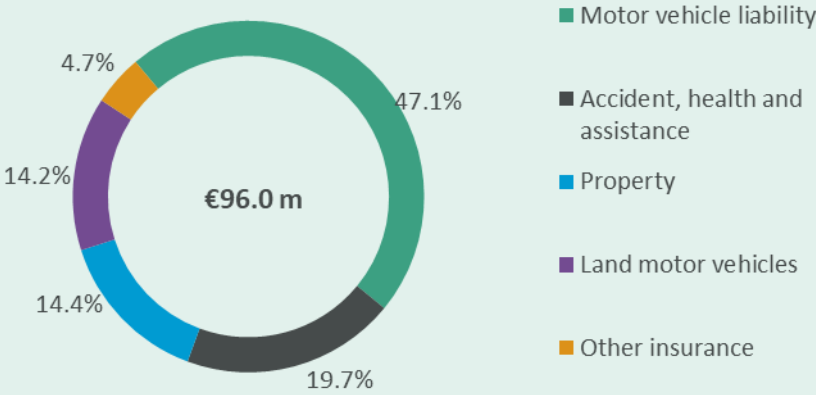


Combined ratio  
(excl. FX diff. and holding expenses)

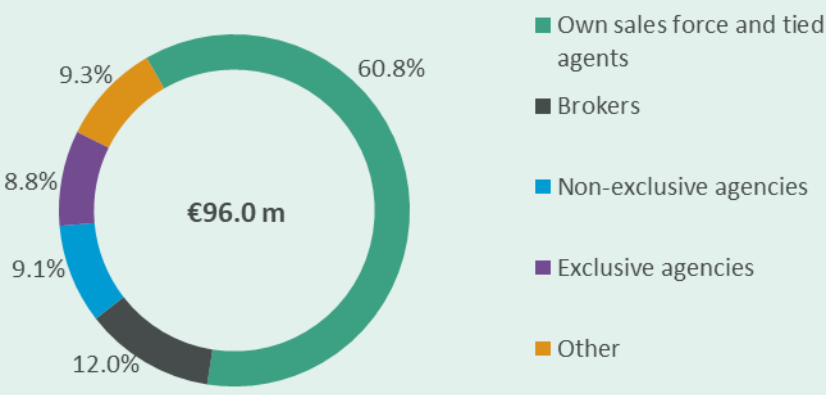


# International insurance business – non-life (non-consolidated)

Structure of GWP 2022 by class of insurance



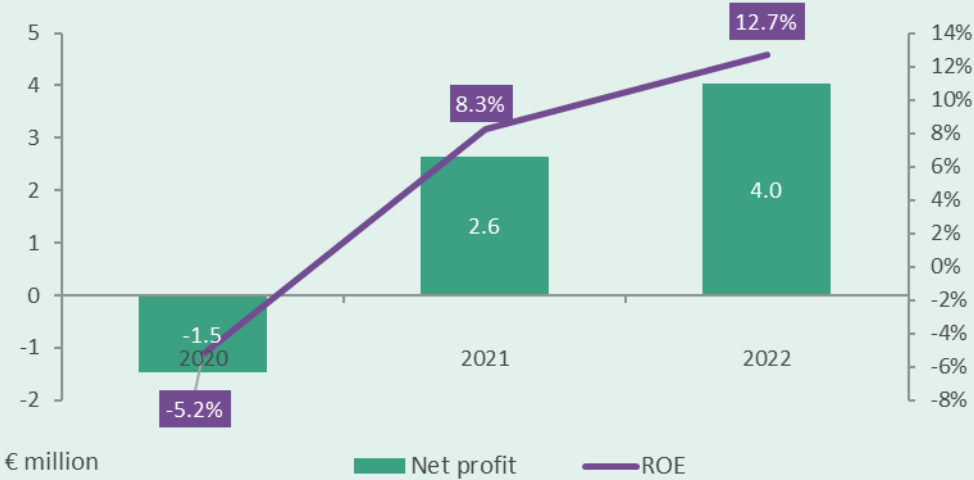
Structure of GWP 2022 by sales channel



Combined ratio



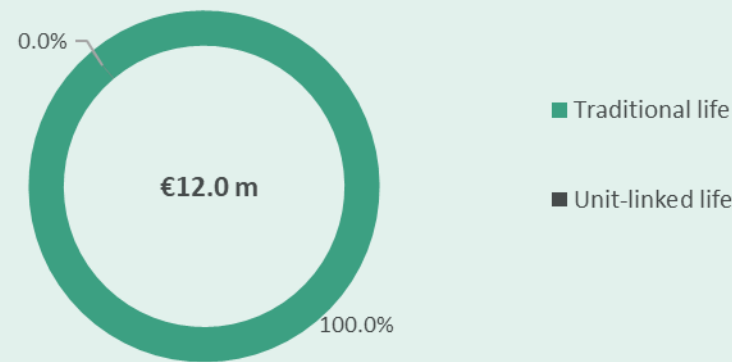
Net profit and ROE



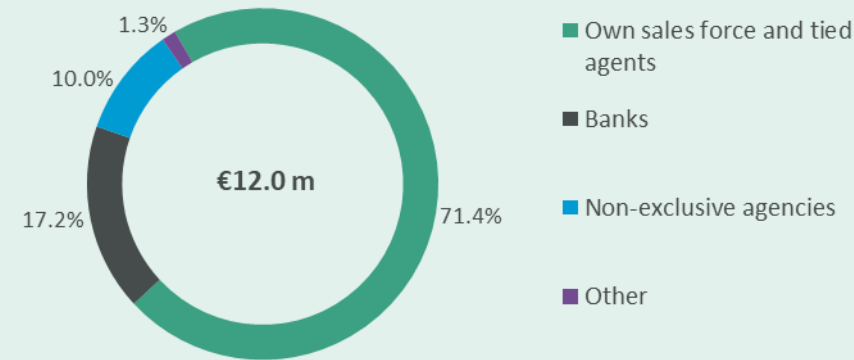


# International insurance business – life (non-consolidated)

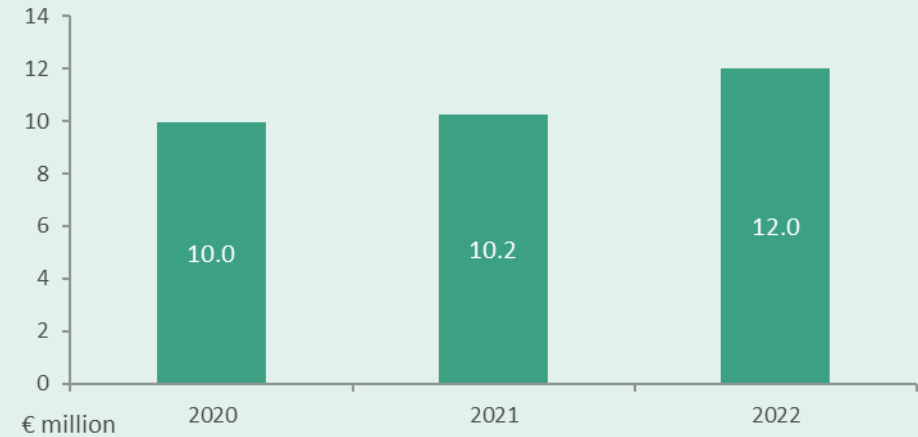
Structure of GWP 2022 by class of insurance



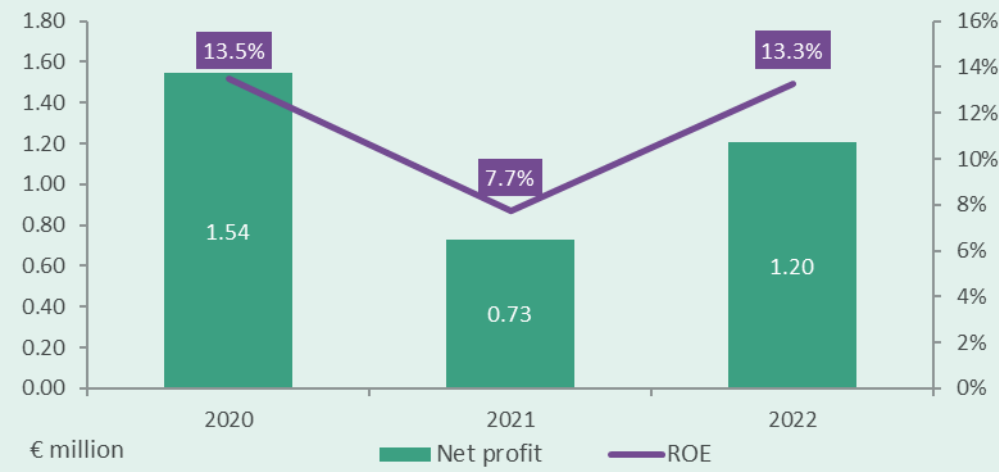
Structure of GWP 2022 by sales channel



Gross premiums written

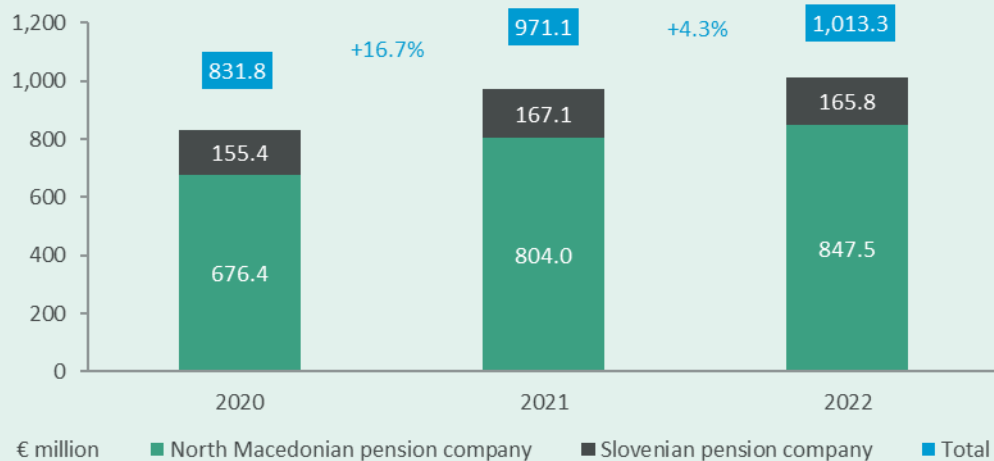


Net profit and ROE

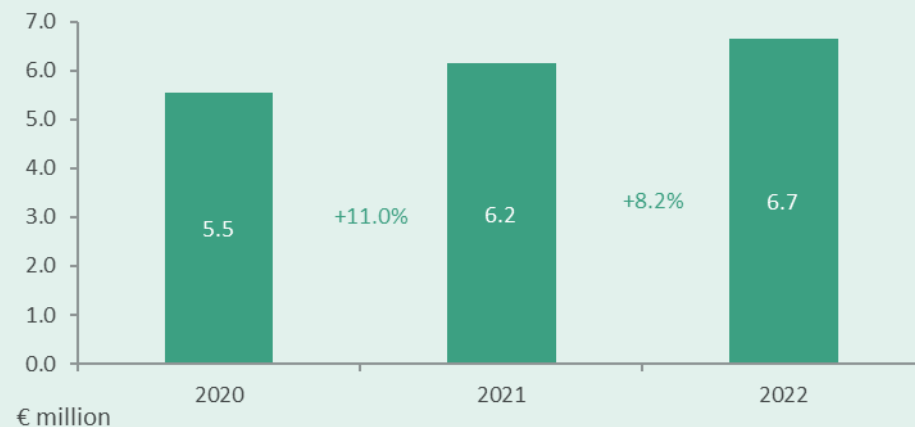


# Pension business (non-consolidated)

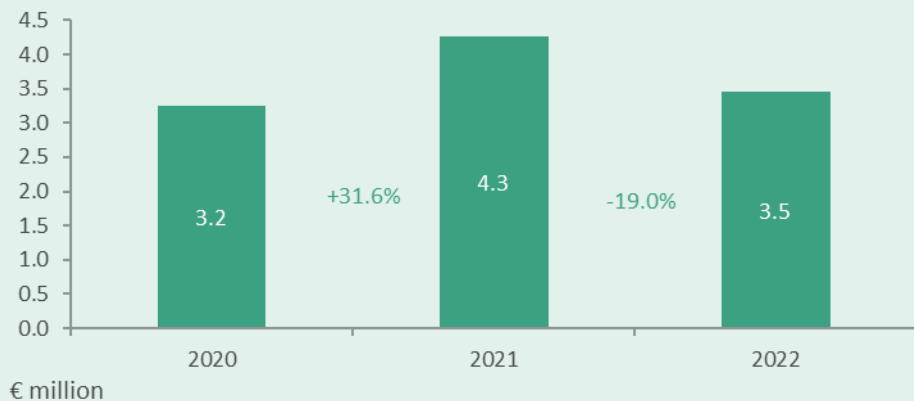
Pension fund assets



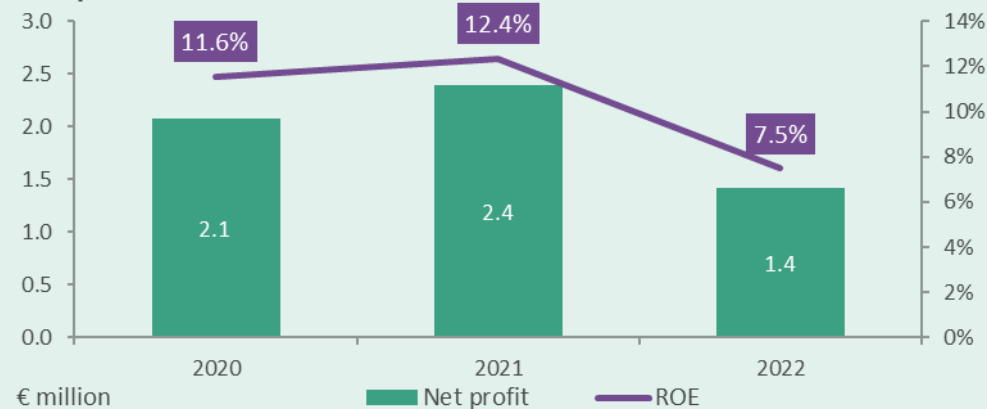
Revenue from managing pension funds



Gross premiums written (Slovenian company annuities)

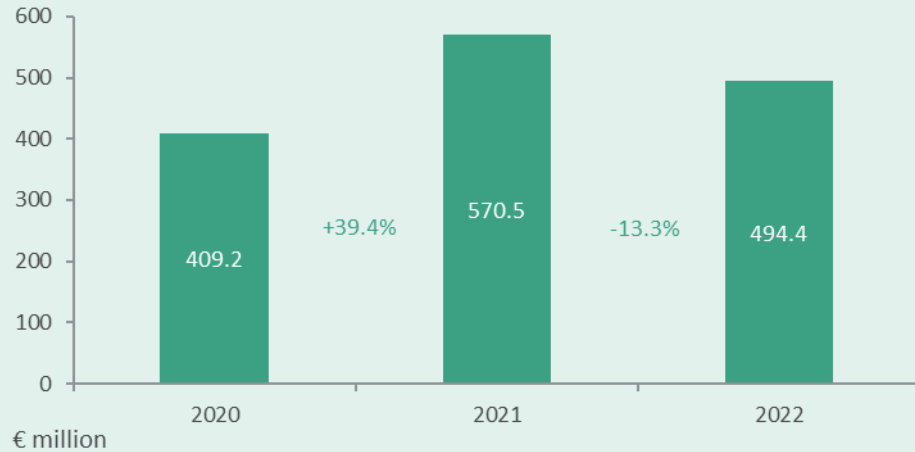


Net profit and ROE

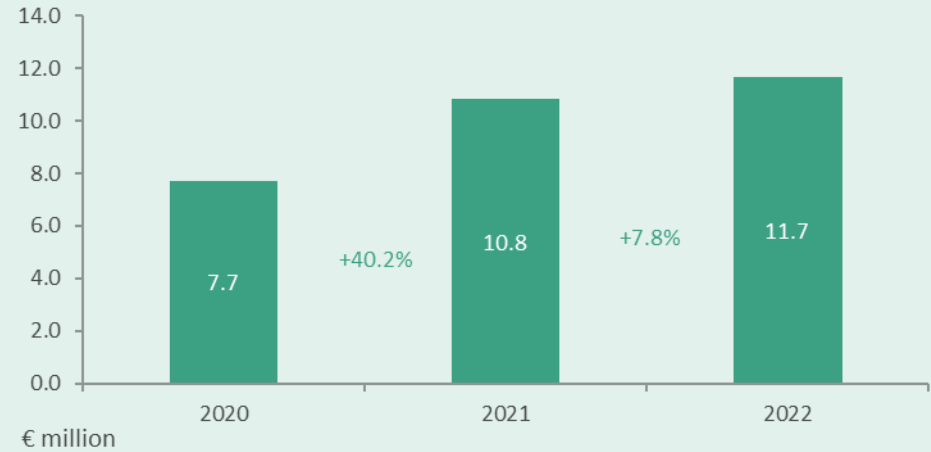


# Mutual fund management (non-consolidated)

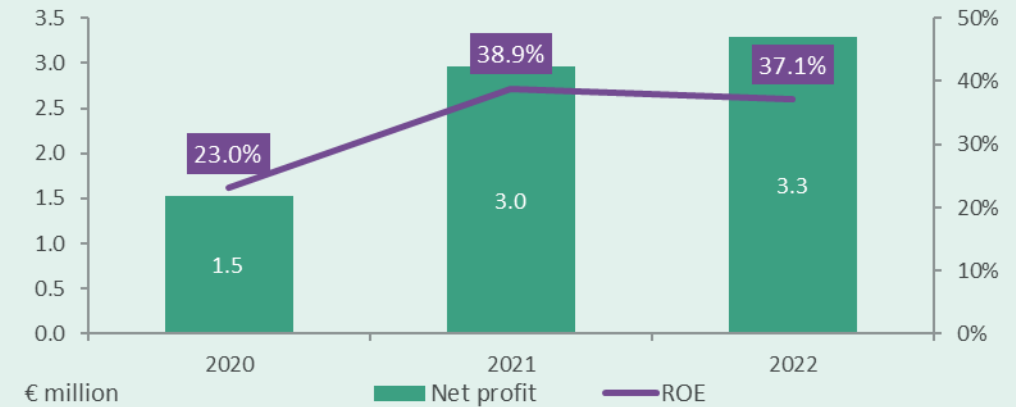
Mutual fund assets



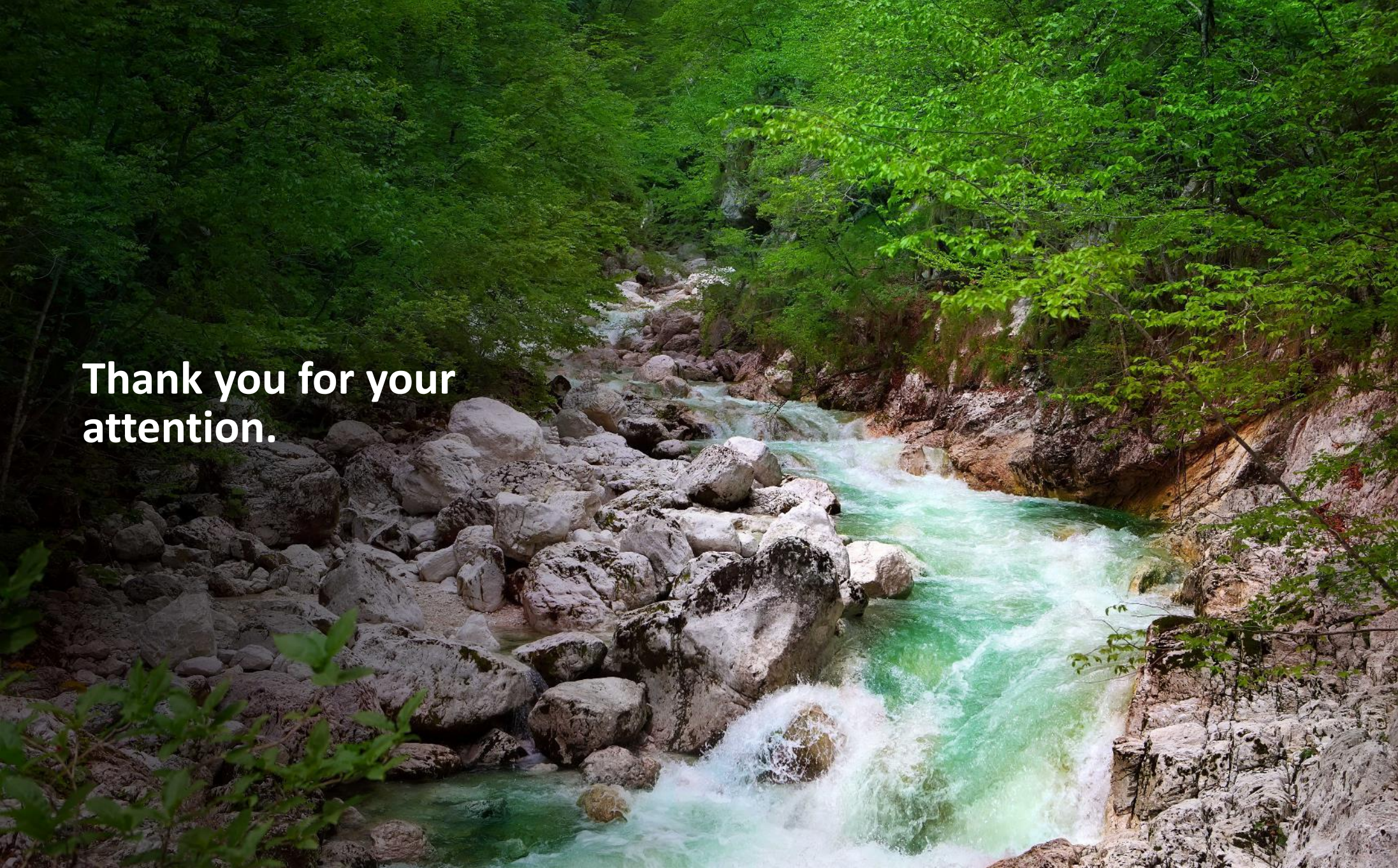
Revenue from managing funds



Net profit and ROE





A scenic view of a river flowing through a dense forest. The river is surrounded by large, light-colored rocks and lush green trees. The water is a vibrant green color, and there are white rapids visible in the foreground. The text "Thank you for your attention." is overlaid on the left side of the image.

**Thank you for your  
attention.**