



Sava Insurance Group **1–3/2023 unaudited results**

31 May 2023

Disclaimer

FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to Sava Re's expectations, plans or goals, which are based on assumptions made by Sava Re management. By their nature, forward-looking statements involve risk and uncertainty. As a result, actual developments, in particular performance, may differ materially from expectations, plans and goals set out in this document; therefore, persons should not rely on forward-looking statements.

DUTY TO UPDATE

Sava Re assumes no obligation to adjust any forward-looking statements or other information contained in this document to future events or developments.



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- 05 | Solvency position

GROUP
RESULTS

01

Highlights 1–3/2023



Growth in gross written premiums of **9.8%** – strongest growth in the motor business, reflecting more policies sold and higher average premiums; growth also in the reinsurance segment, driven by higher rates in global reinsurance markets, and the capture of new business opportunities



Net profit of €20.1 million
(1–3/2022: €8.2 million)

Better insurance service result for non-life, EU: high inflationary pressures on claims (especially in motor insurance) in Q1 2022, this impact has been reduced due to price increases in mid-2022

Better insurance service result for reinsurance: higher insurance revenue, more major claims born by reinsurers and a lower impact of inflation than in the previous year

Better investment result: in Q1 2022, a significant negative impact of financial market developments on the net investment return from fair value losses on FVTPL investments



New management board member David Benedek started his five-year term of office on 22 March 2023

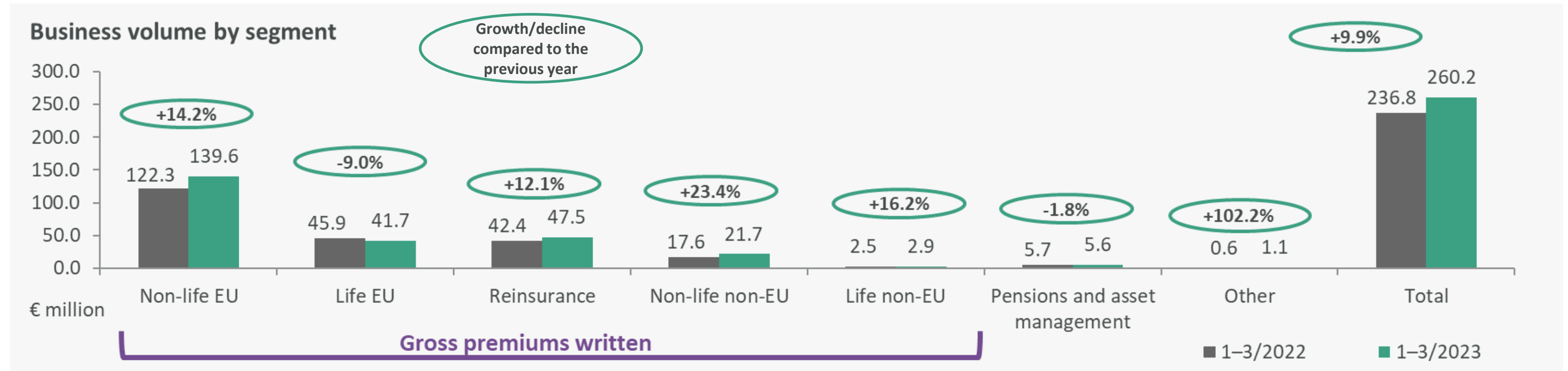
Key figures

€ million, except %	1–3/2022	1–3/2023	2023 plan	Change 2023/2022
Business volume	236.8	260.2	> 800	9.9%
Gross premiums written	231.7	254.4		9.8%
Insurance revenue	136.9	153.2		11.9%
Profit, net of tax	8.2	20.1	> 53	144.3%
Return on equity*	5.9%	13.4%	> 9.5%	+7.5 p.p.
Combined ratio (non-life and reinsurance)	94.0%	88.4%	< 95%	-5.6 p.p.
Return on the investment portfolio*	0.2%	2.2%	> 1.5%	+2.0 p.p.
	31/12/2022	31/3/2023	31/12/P2023	
Shareholders' equity	521.2	552.5		6.0%
Contractual service margin (CSM)	137.3	147.0		7.1%
Total investment portfolio	1,416.7	1,448.9		2.3%
Assets for the benefit of policyholders who bear the investment risk	498.8	523.0		4.9%
Assets in pension company savings funds	1,013.3	1,061.0		4.7%
Assets under management at fund management company	494.4	540.5		9.3%

* Return on equity excludes accumulated comprehensive income. Investment portfolio return excludes subordinated debt expense.

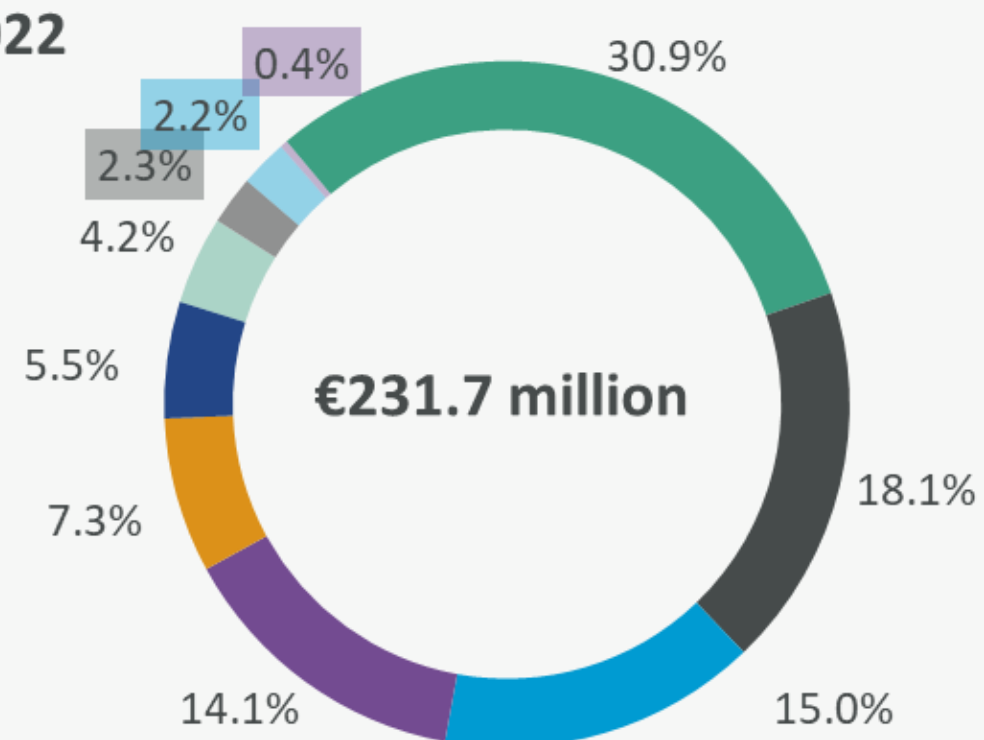


Business volume



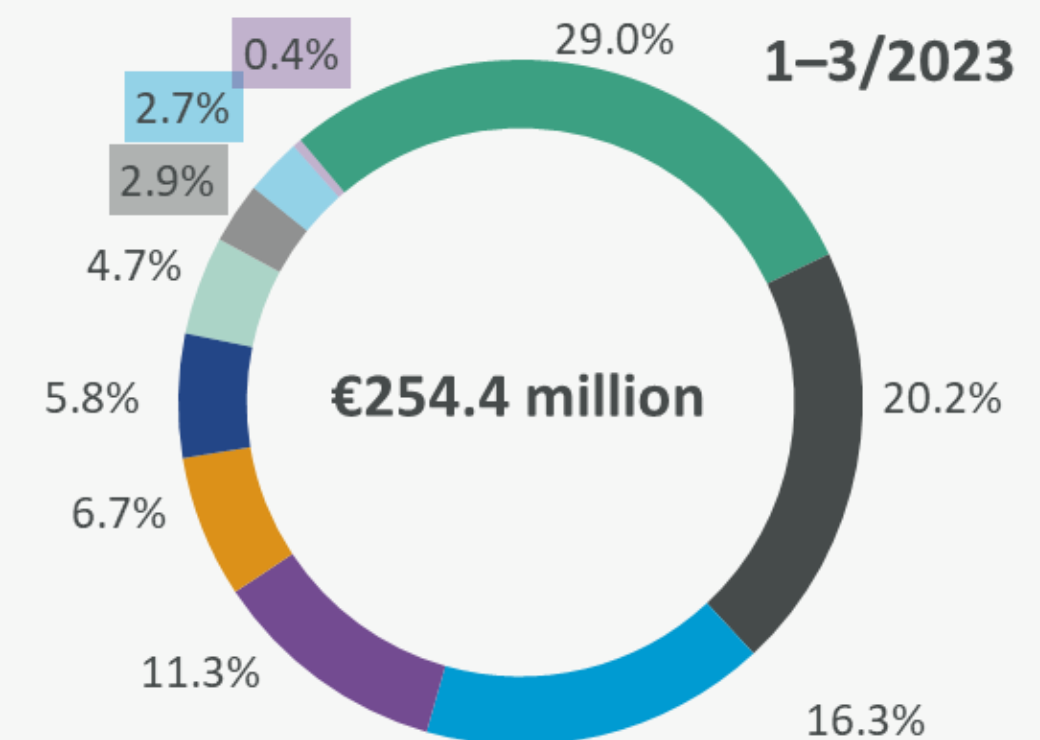
Consolidated gross premiums written by class of insurance

1-3/2022

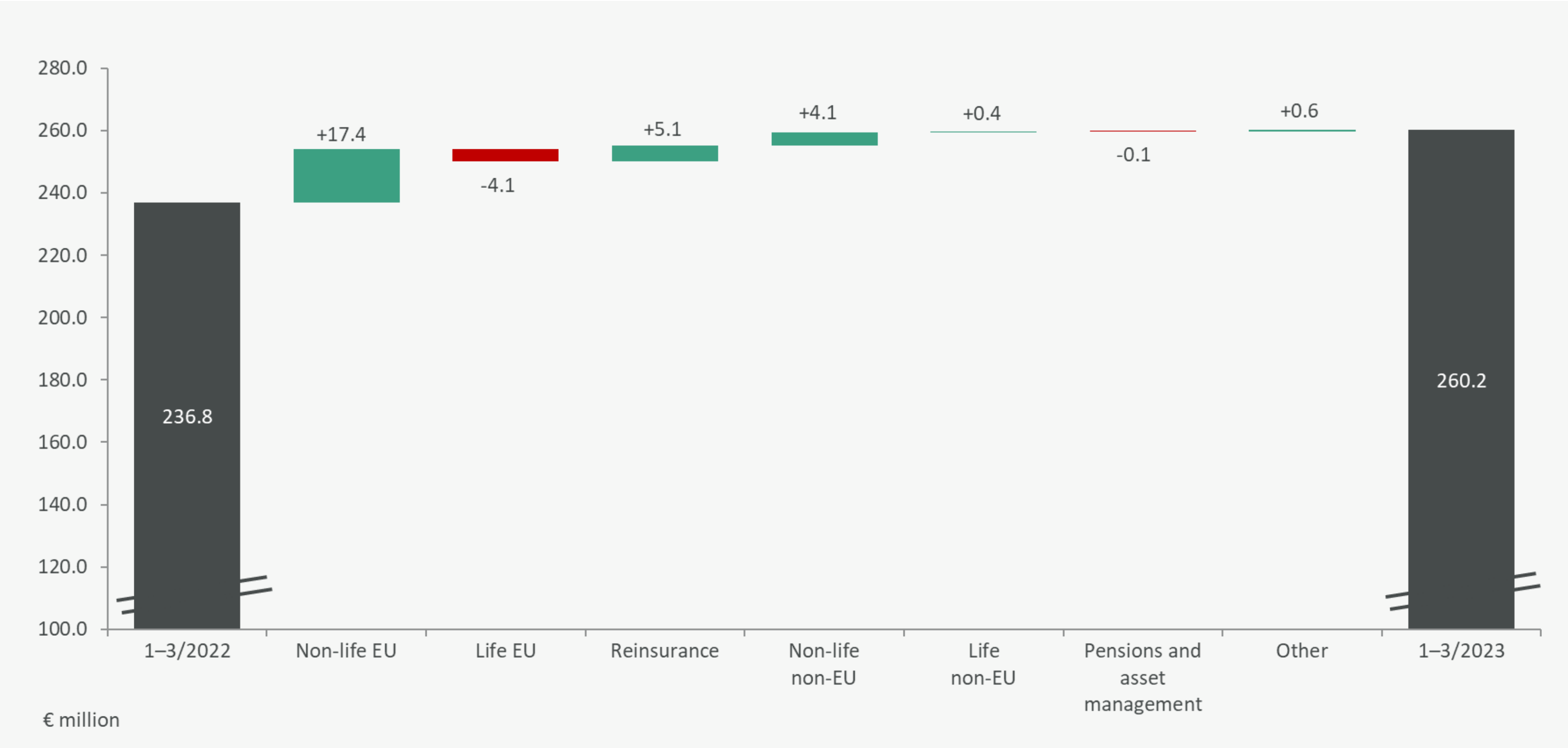


- Property
- Land motor vehicles
- Motor vehicle liability
- Unit-linked life
- Traditional life
- Accident and health
- General liability
- Assistance
- Marine, aviation and goods in transit
- Credit and suretyship

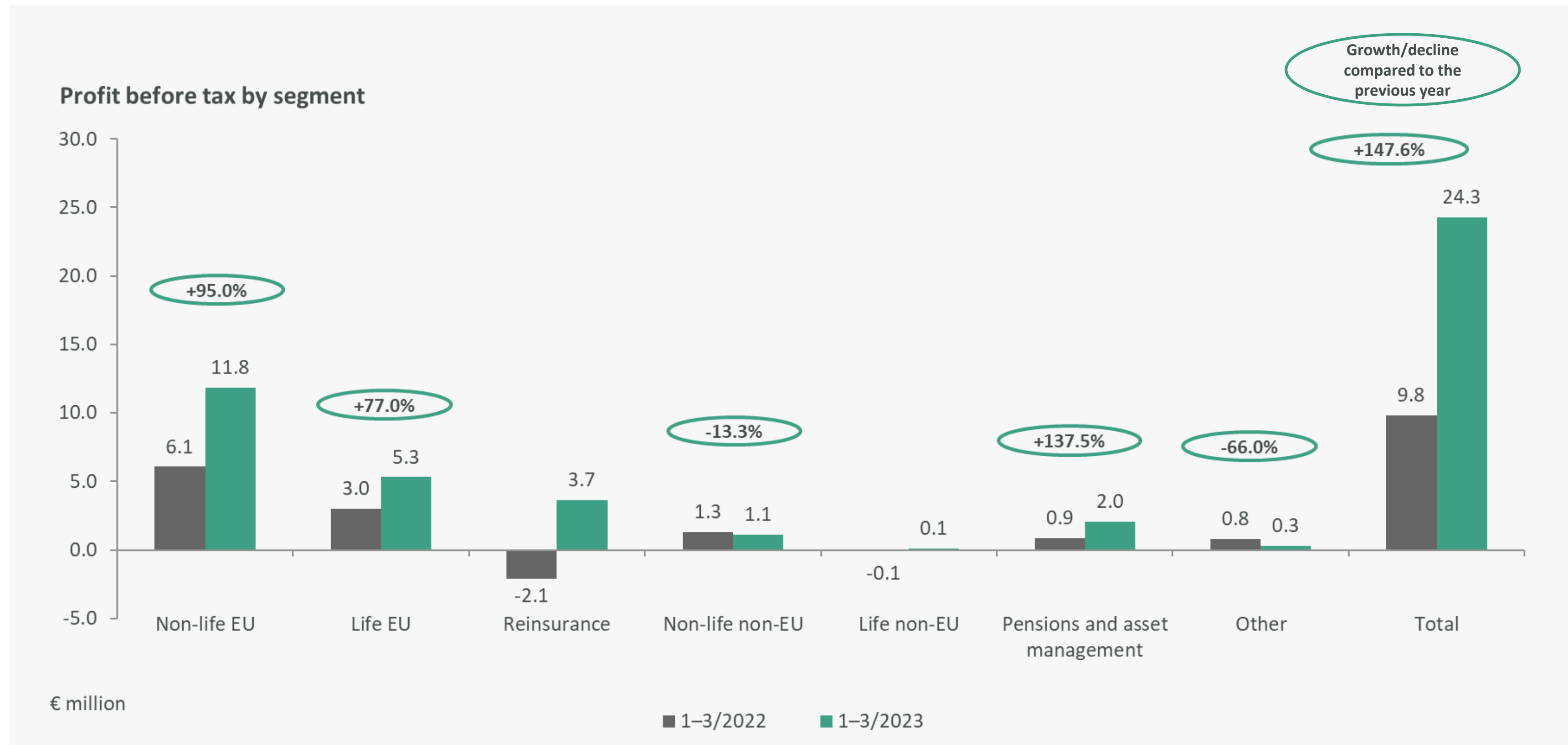
1-3/2023



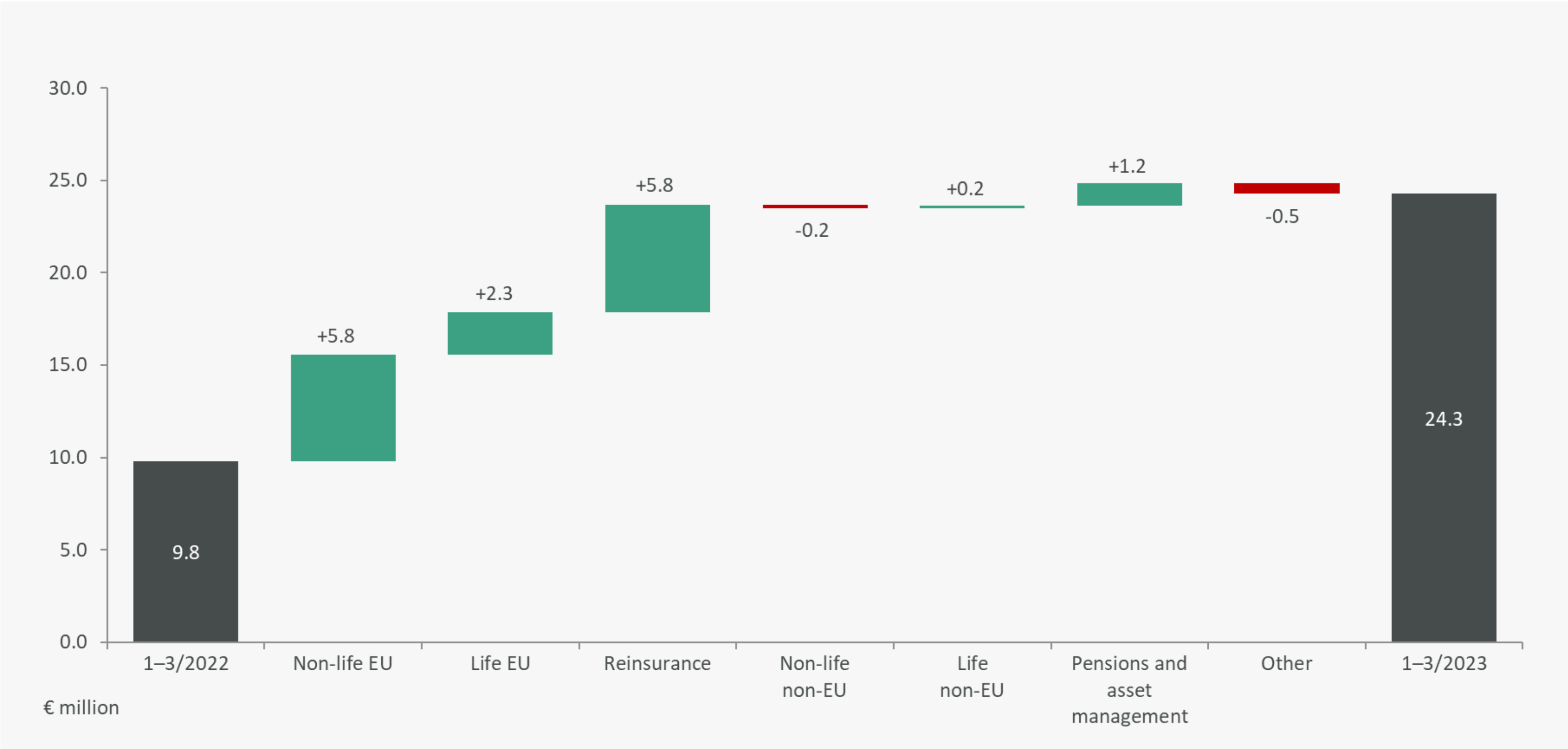
Growth in business volume of 9.9%



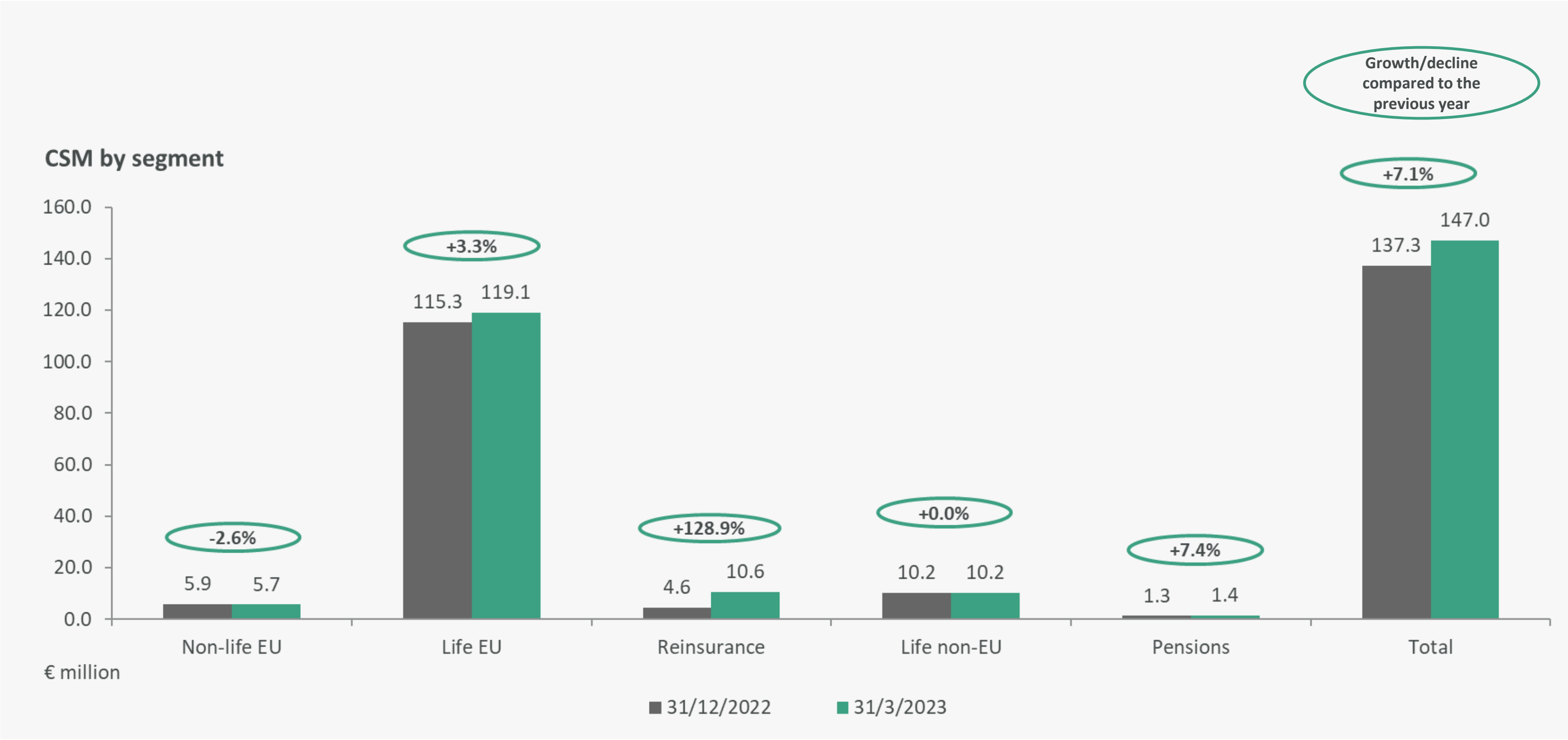
Breakdown of profit before tax by segment



Profit before tax higher by 147.6%



Contractual service margin (CSM) by operating segment

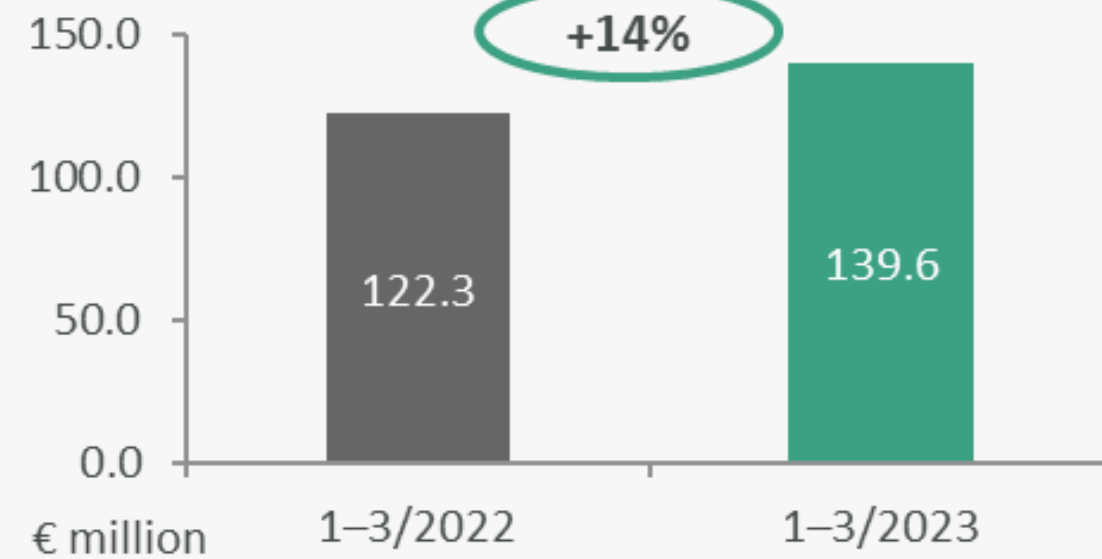


SEGMENT
REPORTING

02

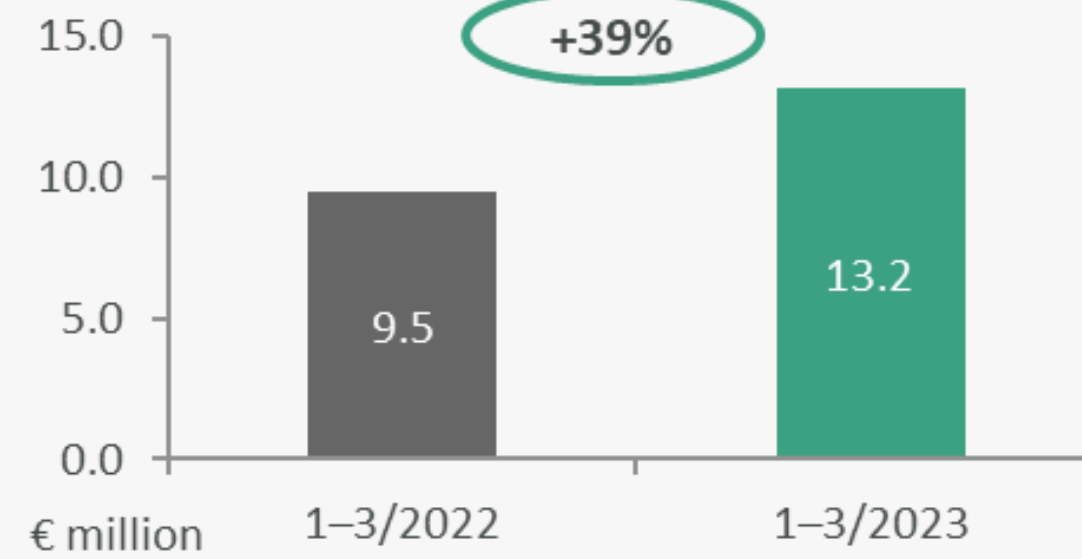
Non-life EU

Gross premiums written



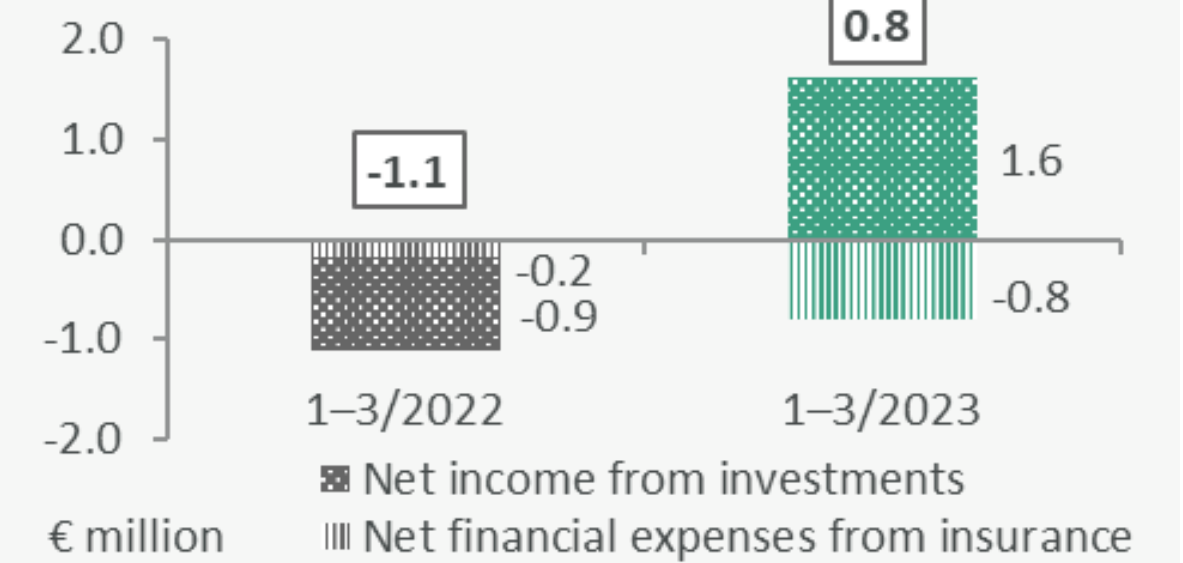
- Growth mainly in the motor personal lines segment due to price increases (adjusted for inflation) and upswing in the number of policies sold

Insurance service result



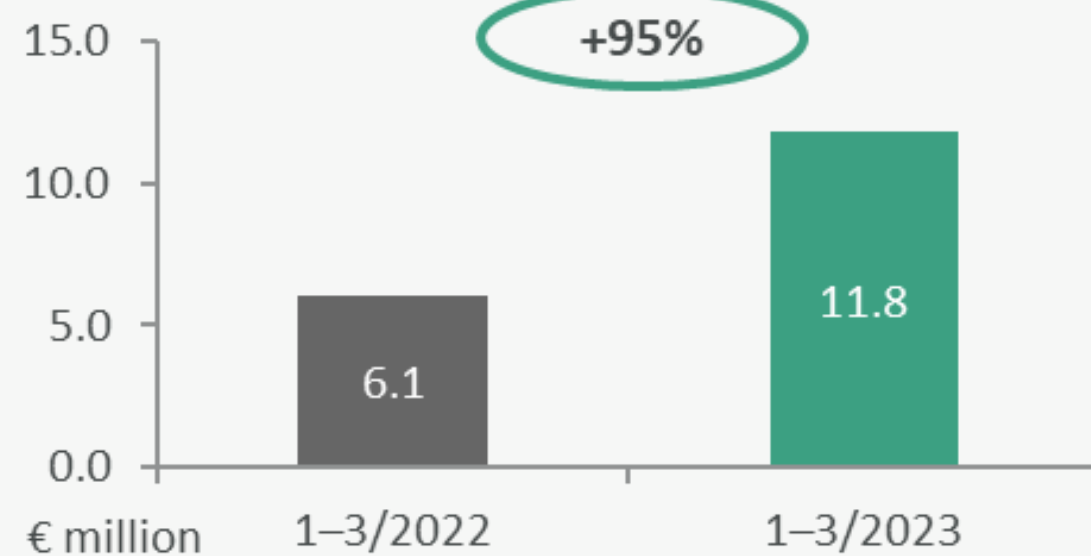
- Price increases to mitigate inflation
- Favourable claims development in old U/W years
- Positive impact from increase in the discount curve on incurred claims

Finance result

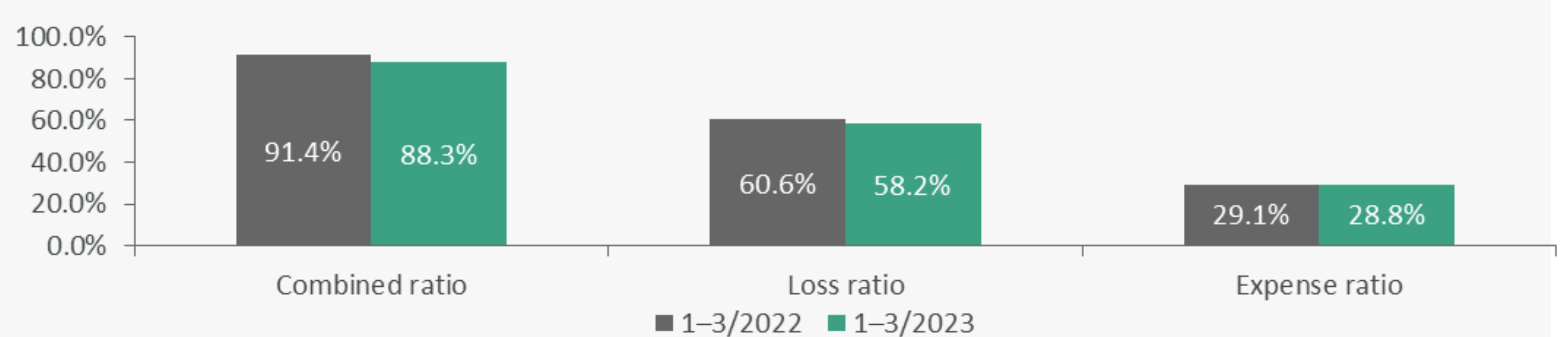


- Fair value losses on FVTPL investments in Q1 2022 due to financial market turbulence
- Larger investment portfolio and reinvestment at higher interest rates
- Higher insurance finance expenses due to increase in discount curves

Profit before tax

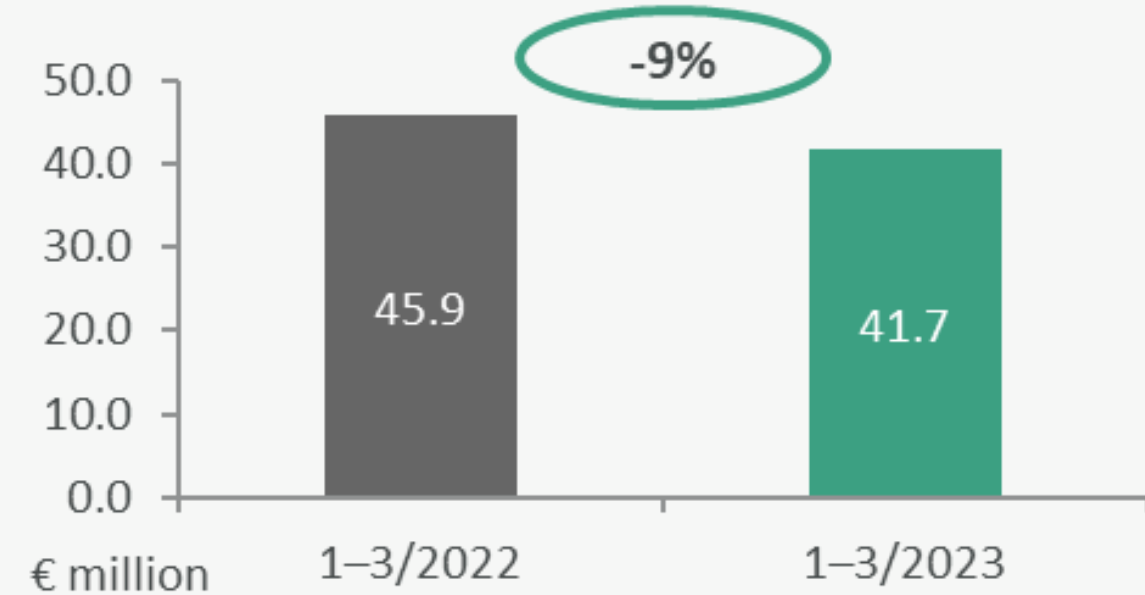


Ratios



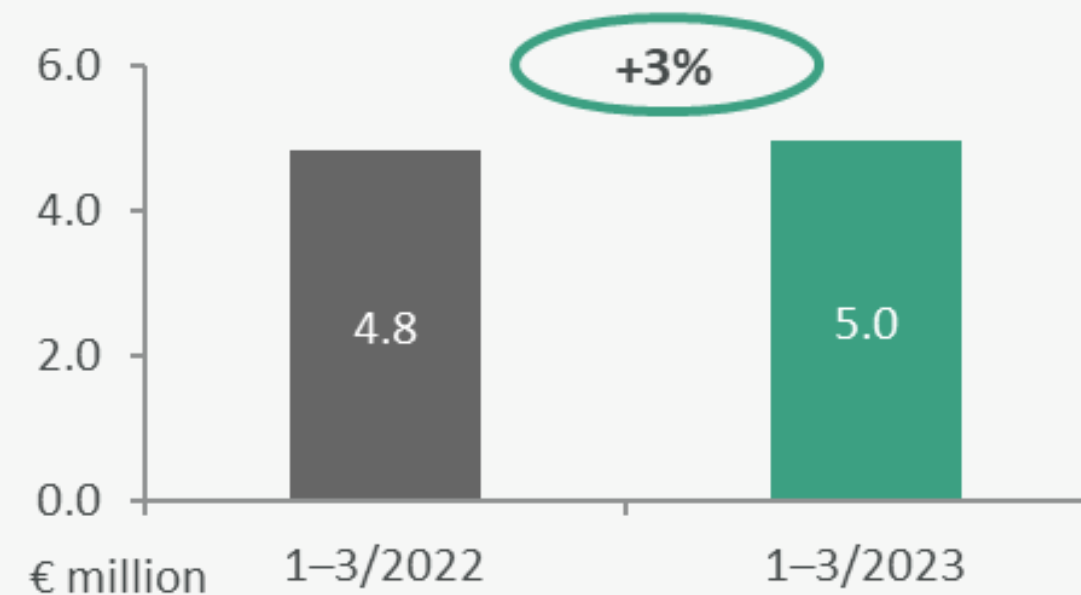
Life EU

Gross premiums written



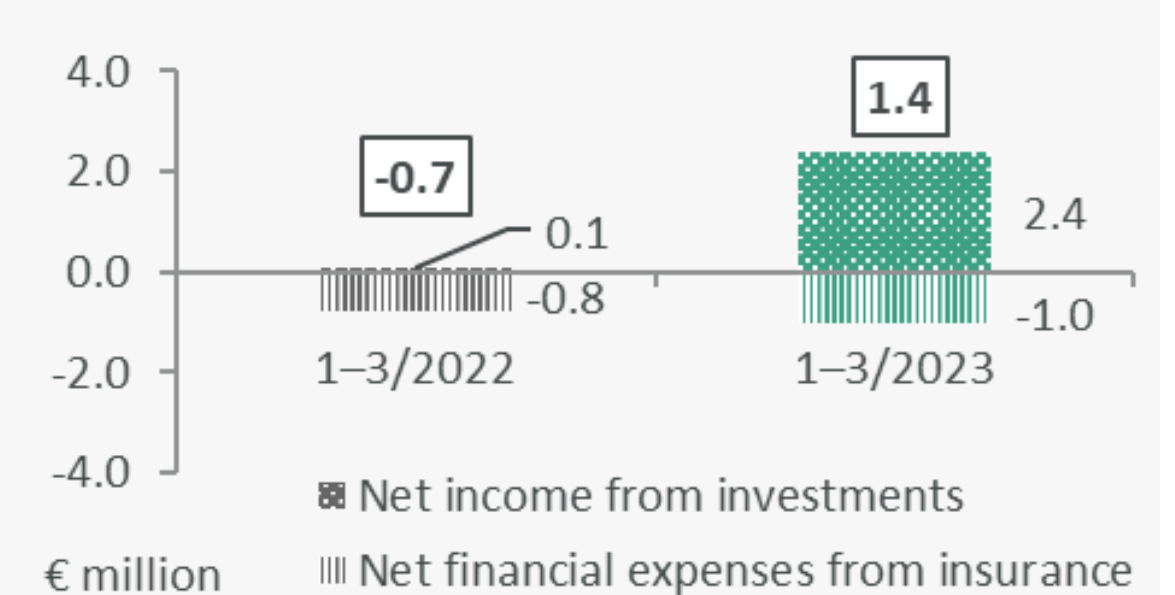
- Higher sales of single premium policies in Q1 2022 – positive financial markets before the start of the war in Ukraine

Insurance service result



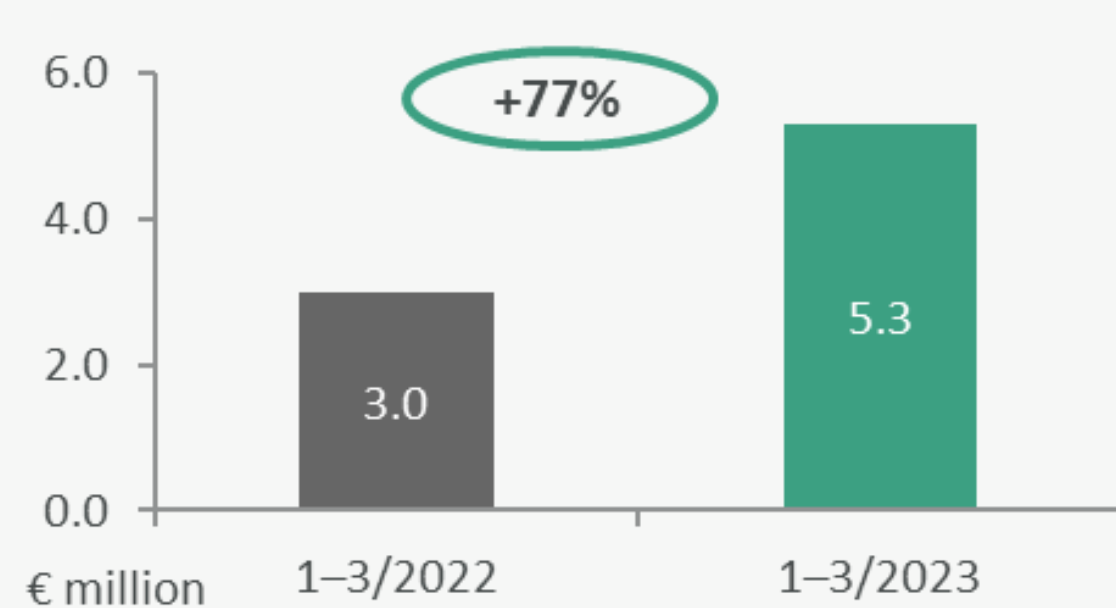
- Higher Insurance revenue due to change in business mix: more protection business (without investment components; these are excluded from insurance revenue)
- Slightly higher incurred claims because of higher mortality and more accidents

Finance result

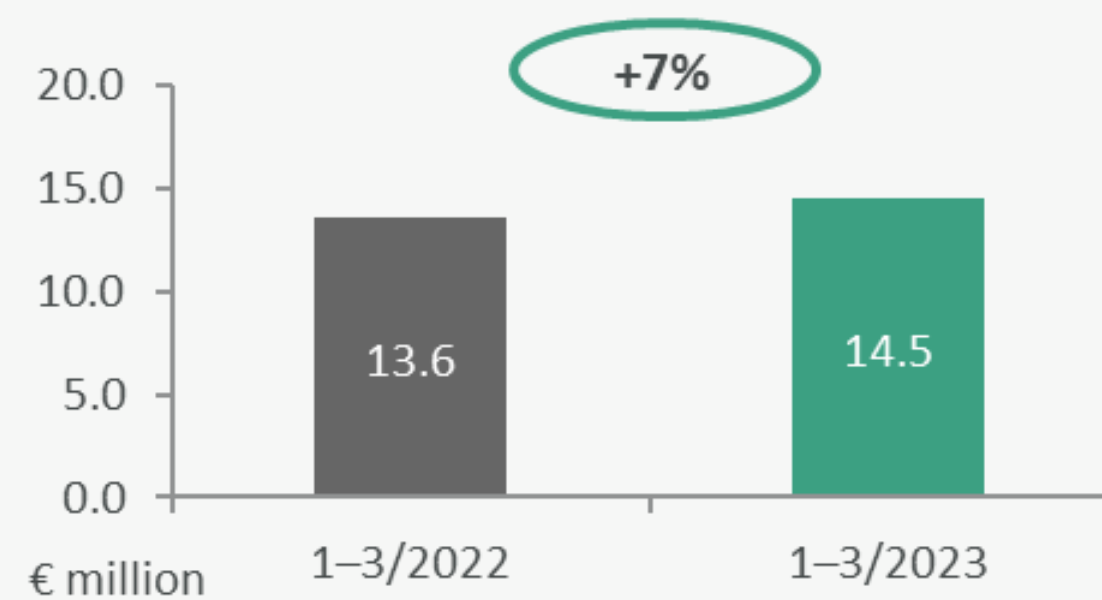


- Negative impact from change in fair value of FVTPL investments in Q1 2022 due to financial market turbulence

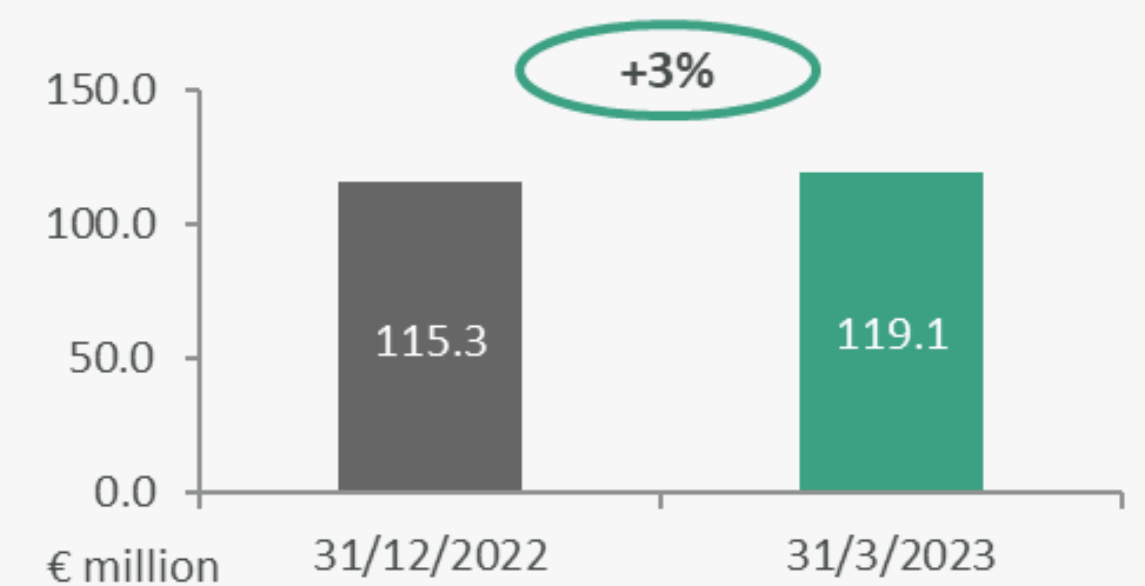
Profit before tax



Insurance revenue

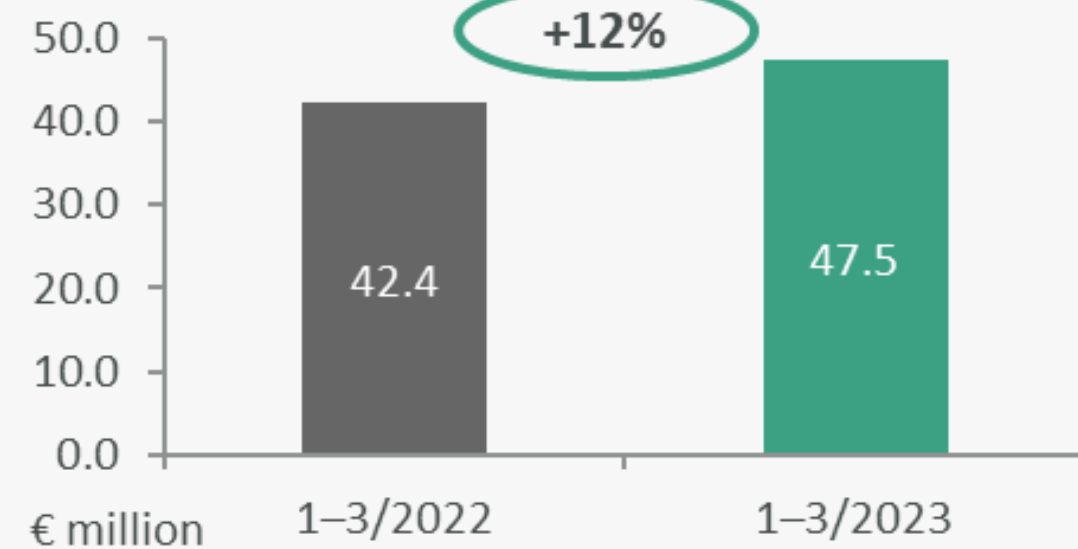


CSM



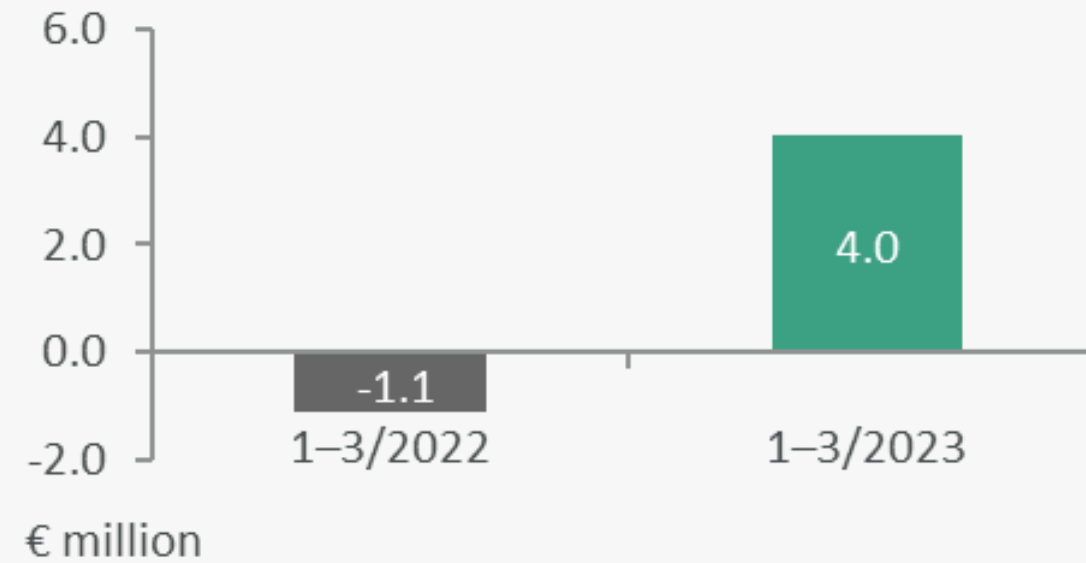
Reinsurance

Gross premiums written



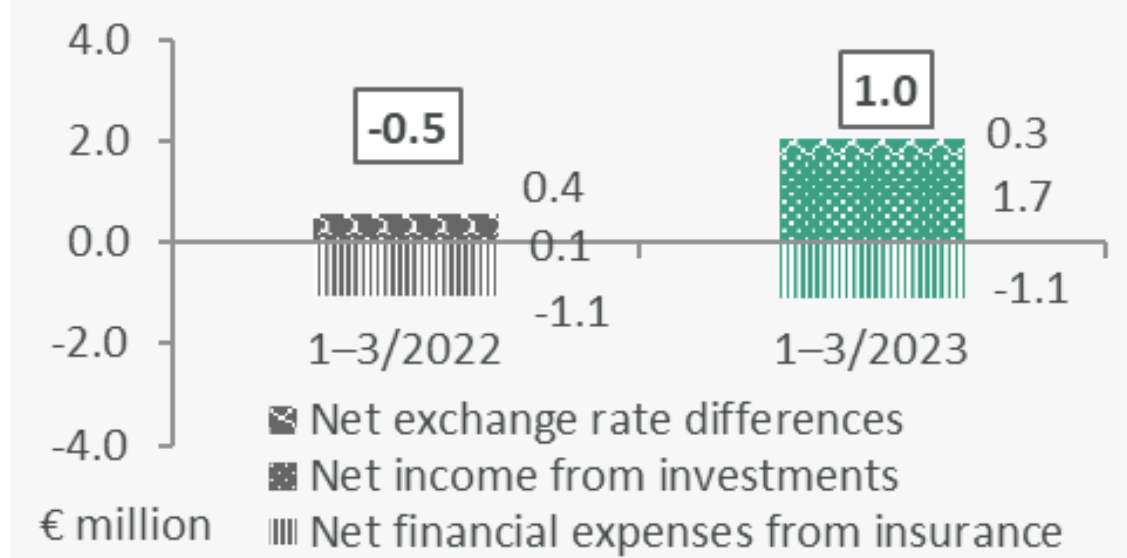
- Positive price developments in reinsurance markets
- New business opportunities captured
- Non-proportional reinsurance rates up more than 20%, mainly in the EU

Insurance service result



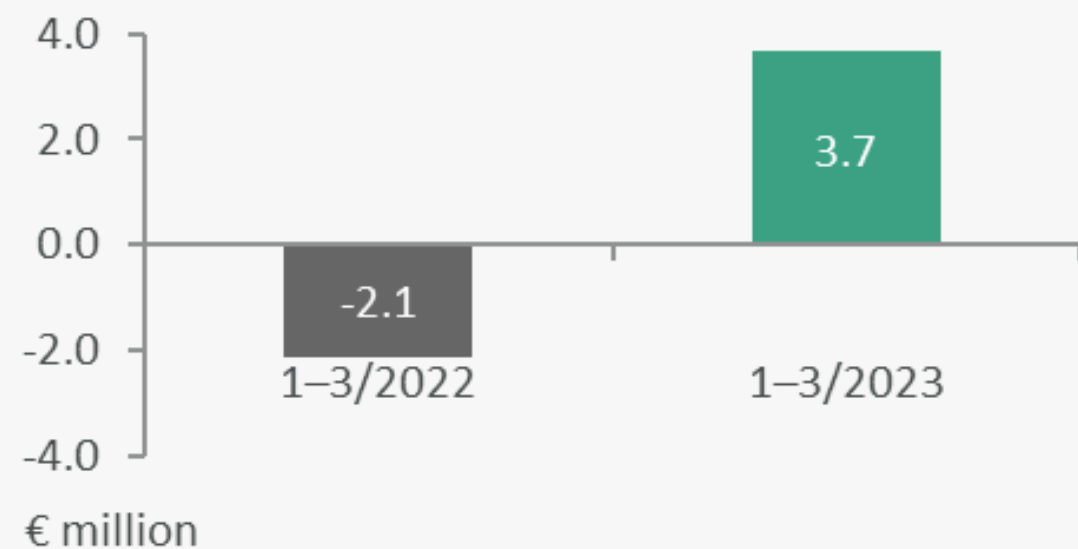
- Higher insurance revenue due to growth in non-proportional business
- Changed composition of major claims, which triggered the Group's reinsurance protection to a greater extent and were therefore ceded to reinsurers
- Inflationary impact in Q1 2022

Finance result

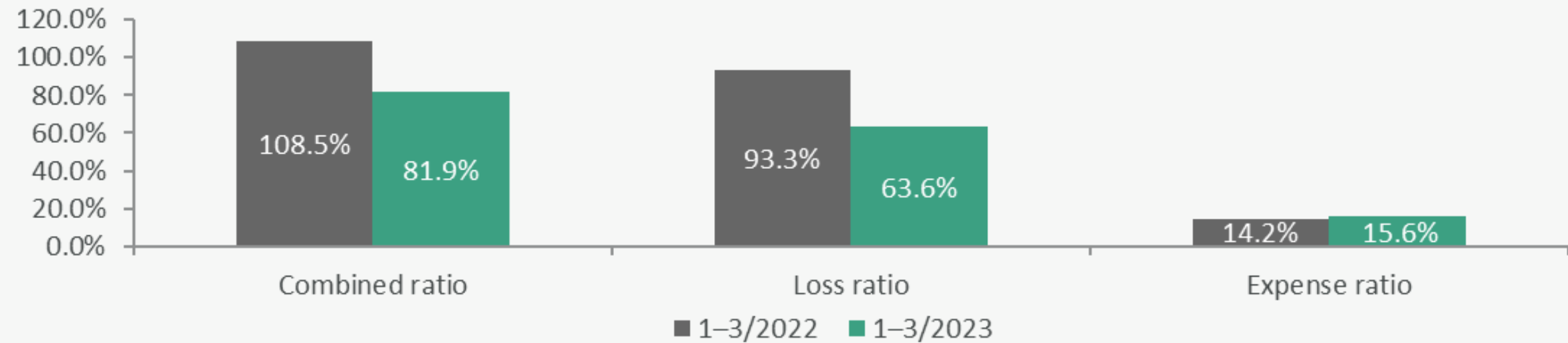


- Negative impact from change in fair value of FVTPL investments in Q1 2022 due to financial market turbulence
- Higher interest revenue in Q1 2023

Profit before tax

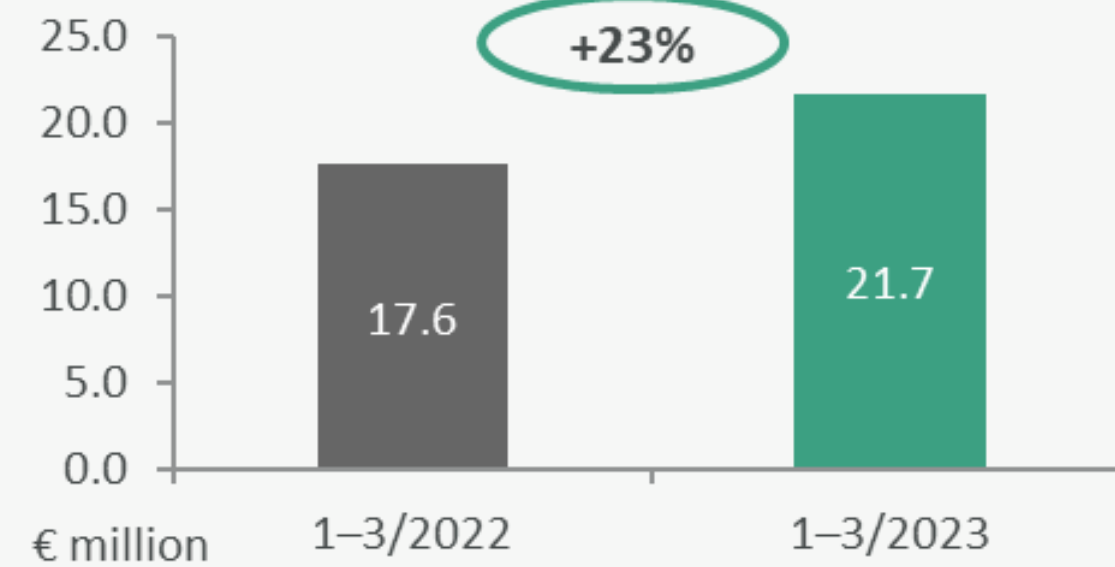


Ratios



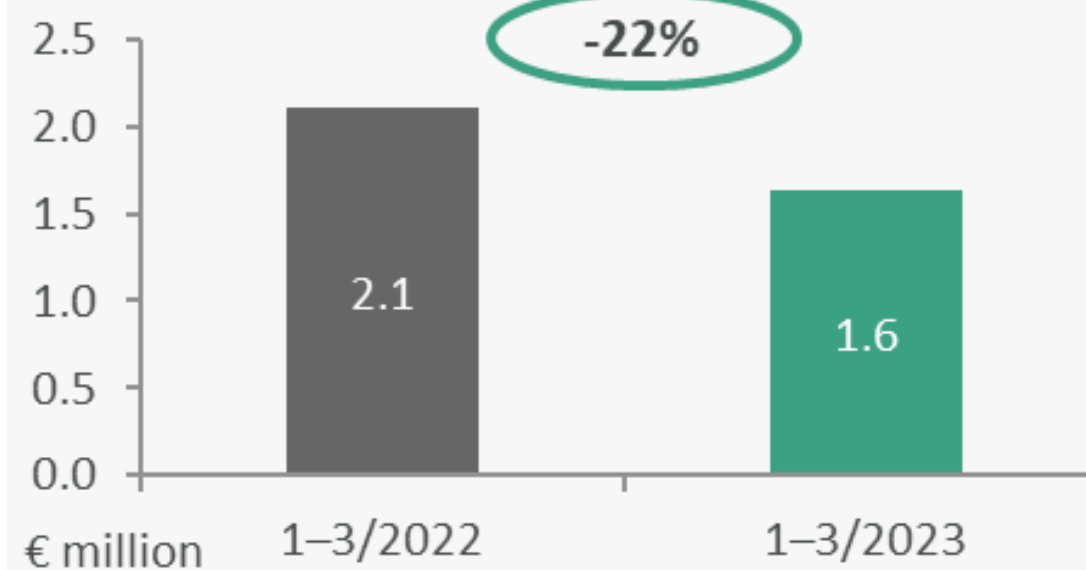
Non-life non-EU

Gross premiums written



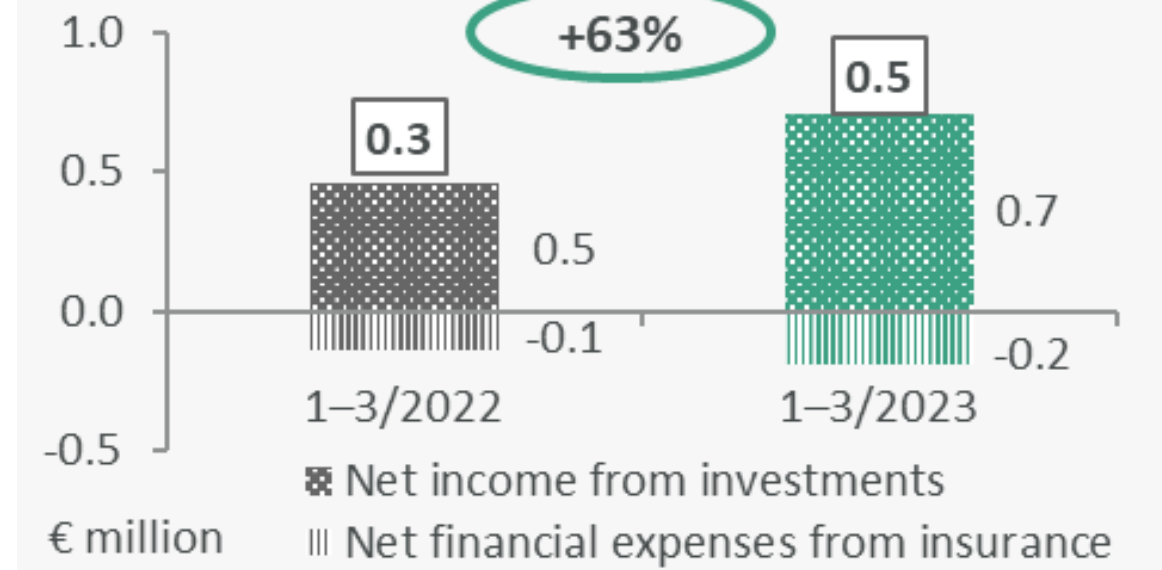
- Organic growth, especially in motor, health and property

Insurance service result



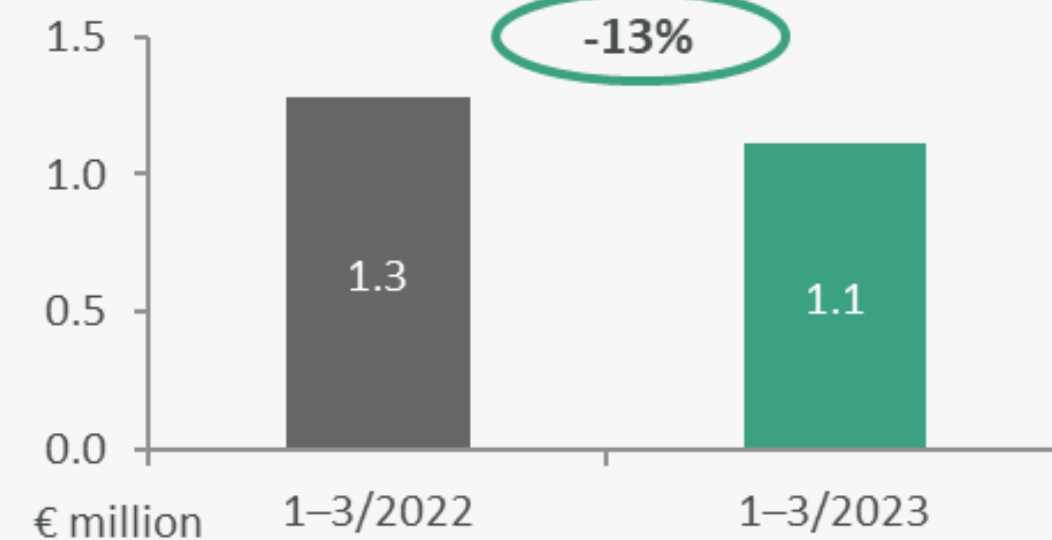
- Higher claims

Finance result

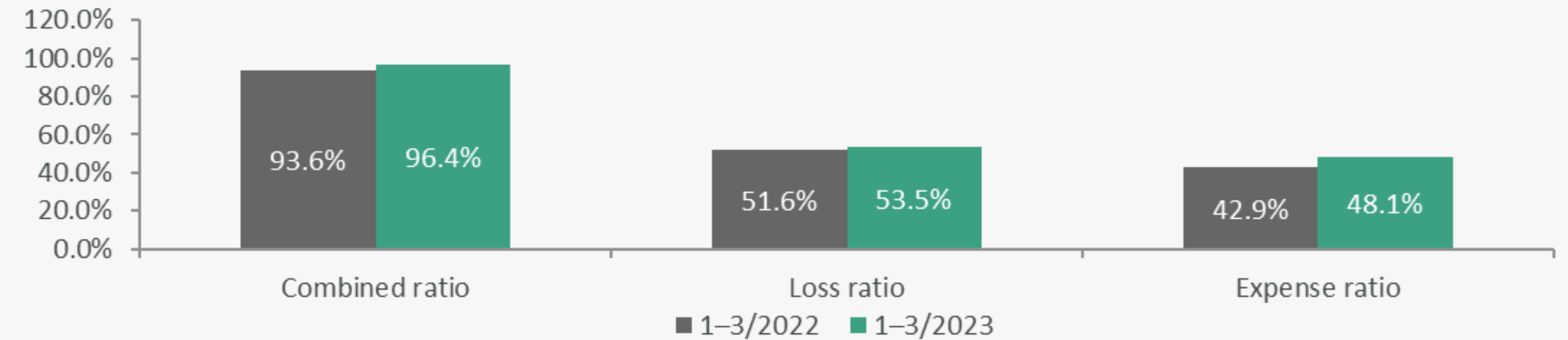


- Higher interest revenue due to portfolio growth and higher reinvestment rates

Profit before tax

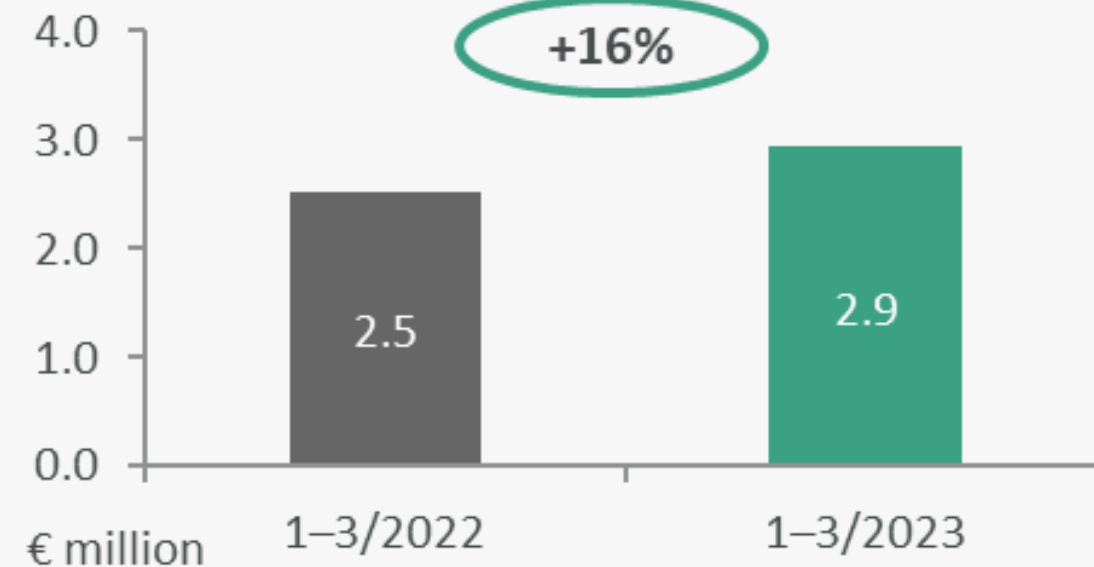


Ratios



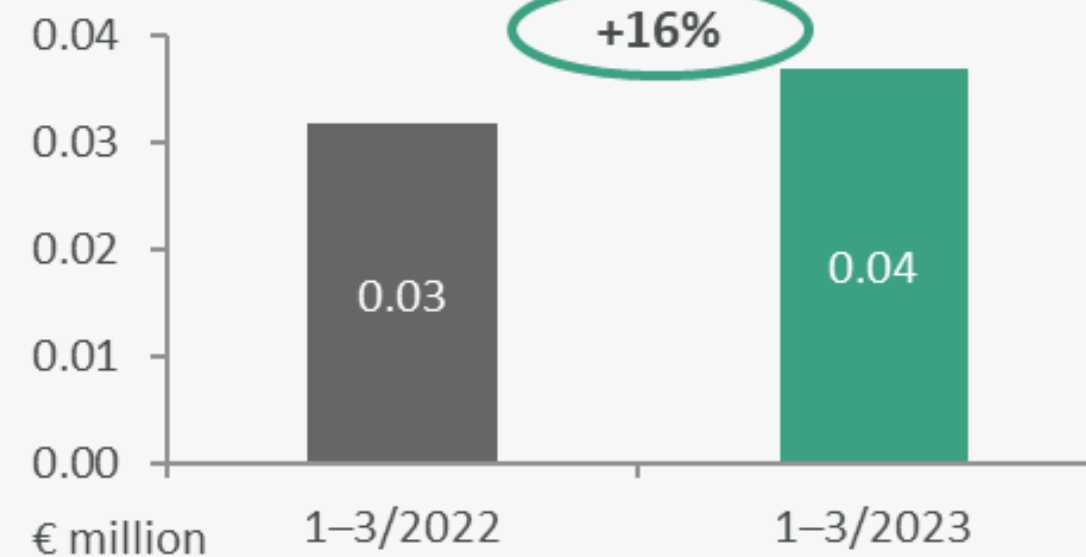
Life non-EU

Gross premiums written



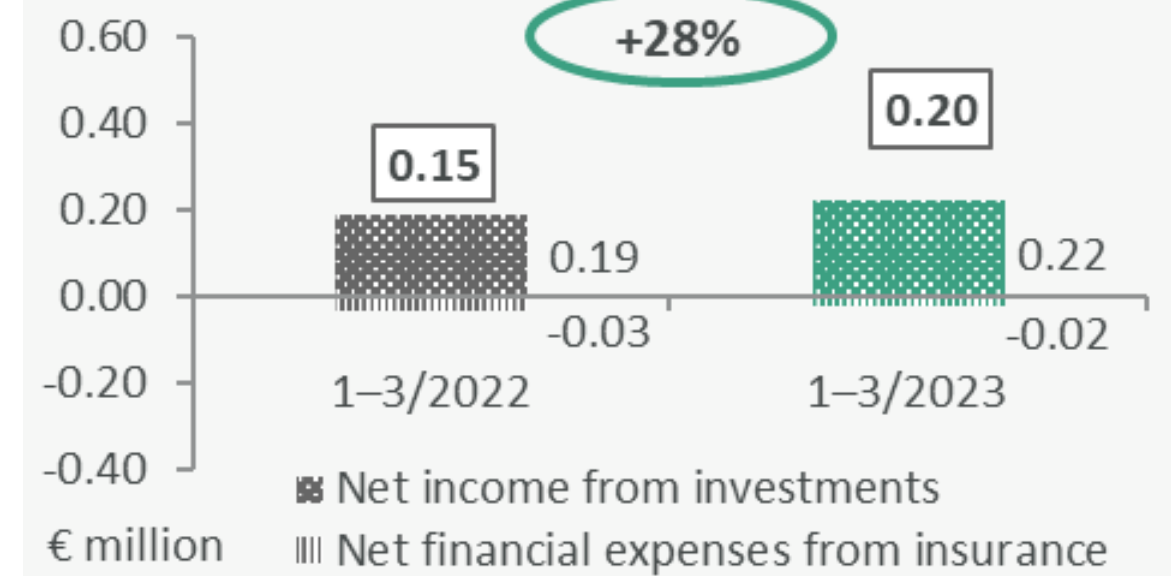
- Increased insurance sales through insurers' own distribution networks as well as through agents and banks

Insurance service result



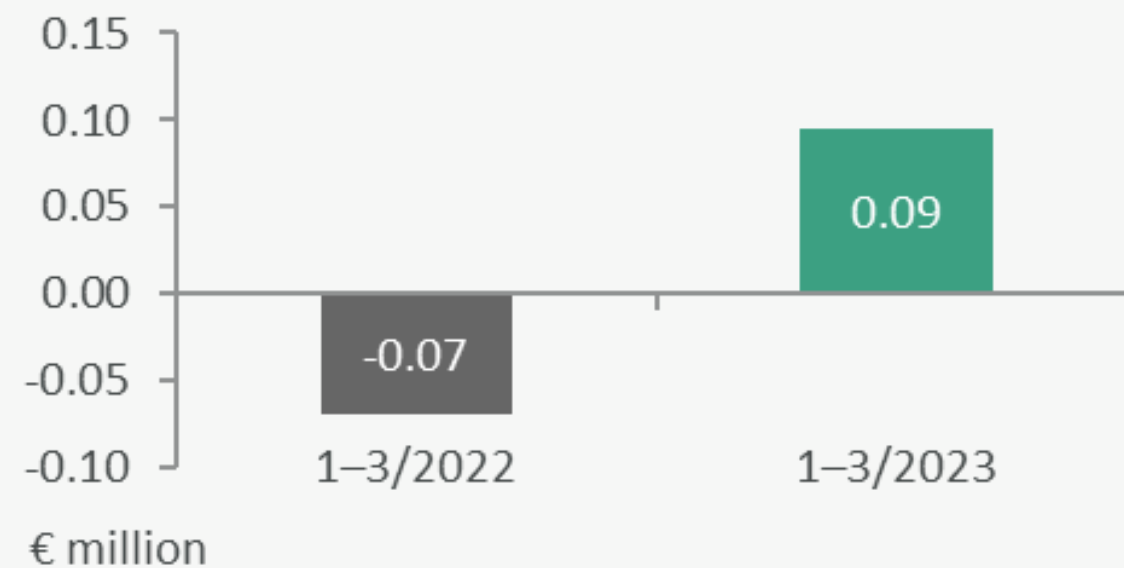
- Higher insurance revenue reflecting portfolio growth

Finance result

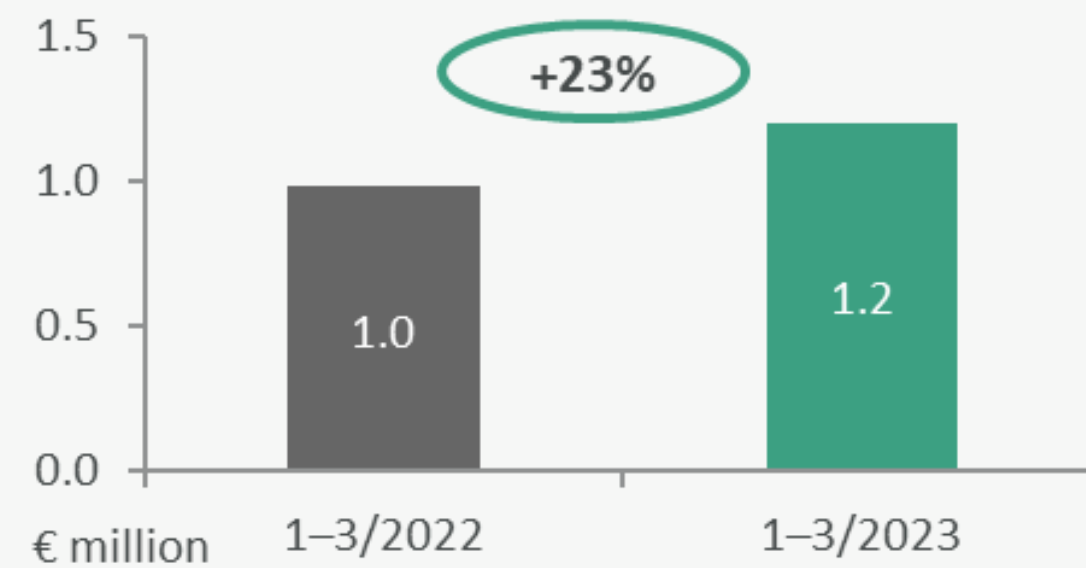


- Moderately higher interest revenue due to portfolio growth and higher reinvestment rates

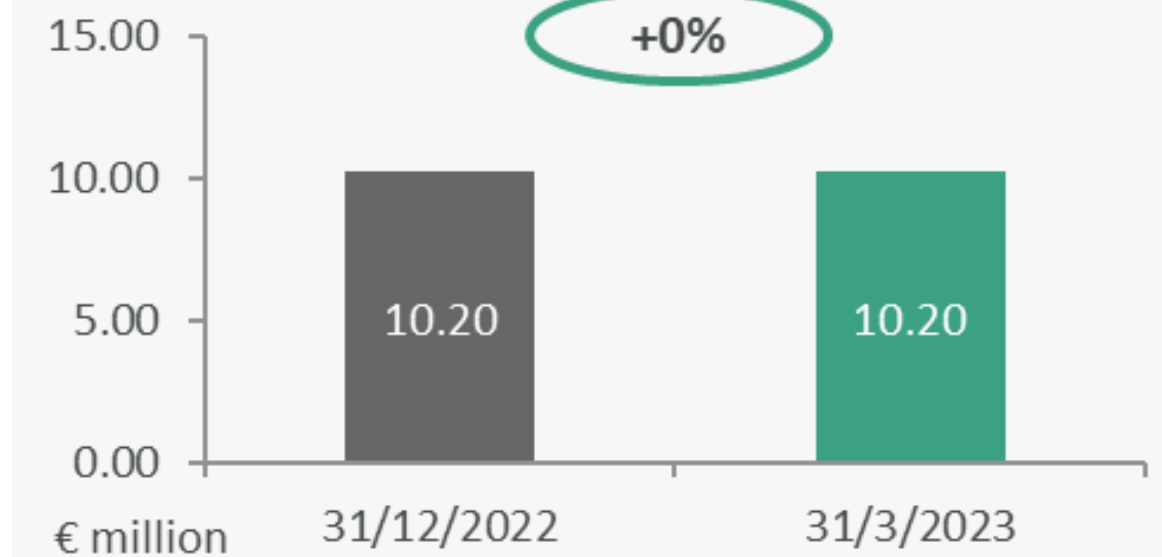
Profit before tax



Insurance revenue

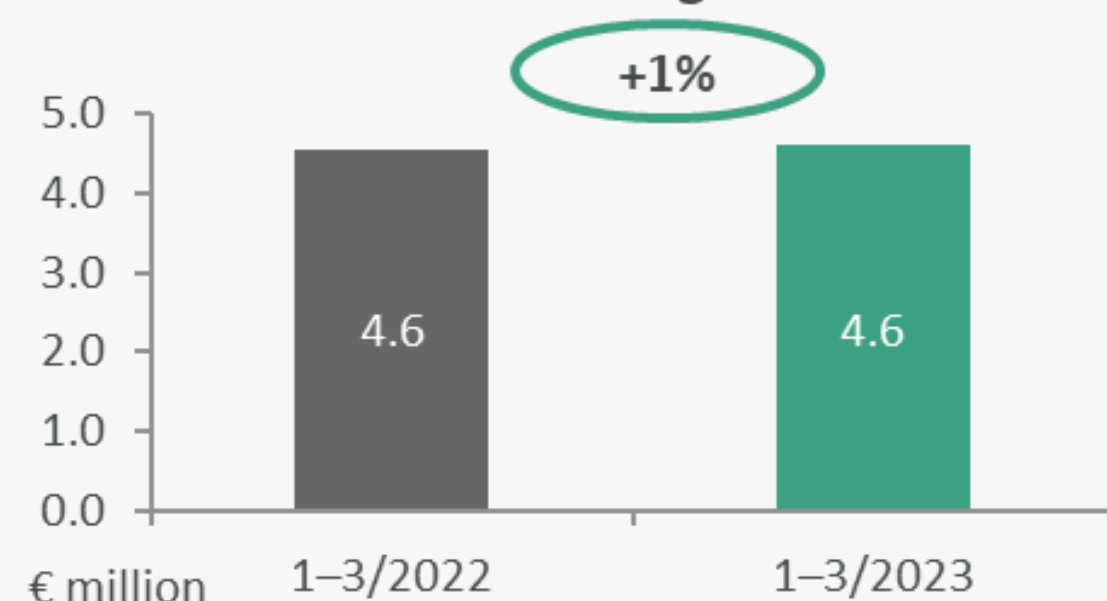


CSM



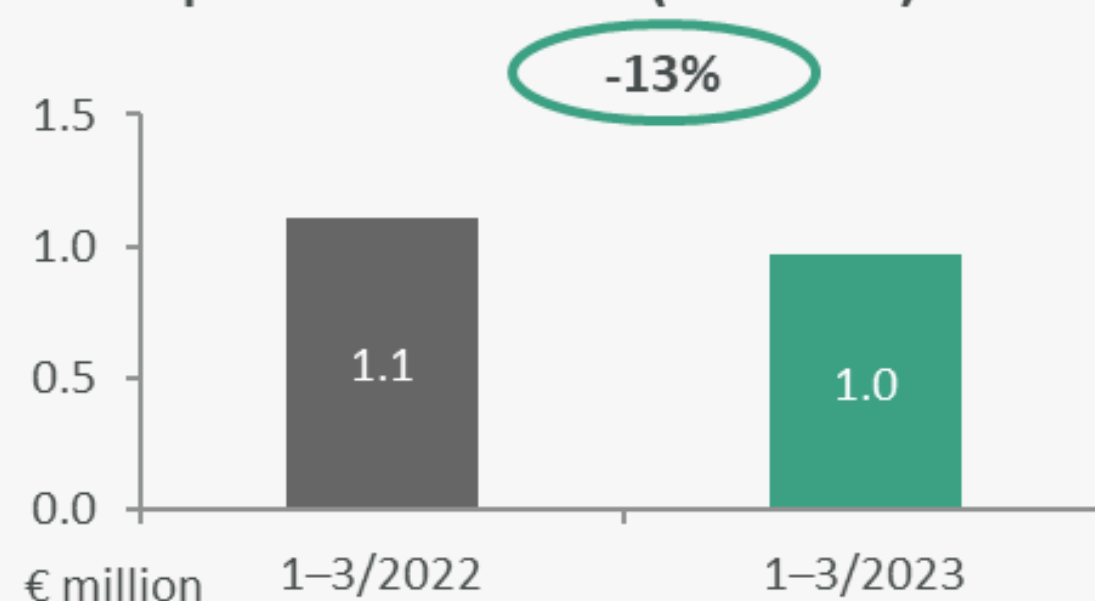
Pensions and asset management

Revenue from asset management



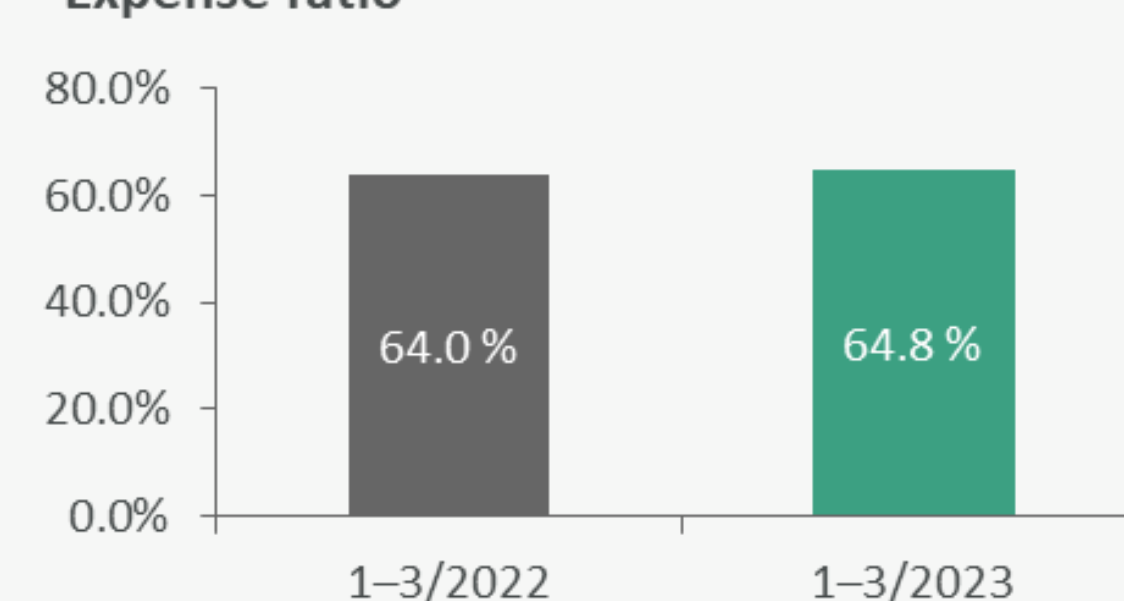
- Higher assets under management

Gross premiums written (annuities)



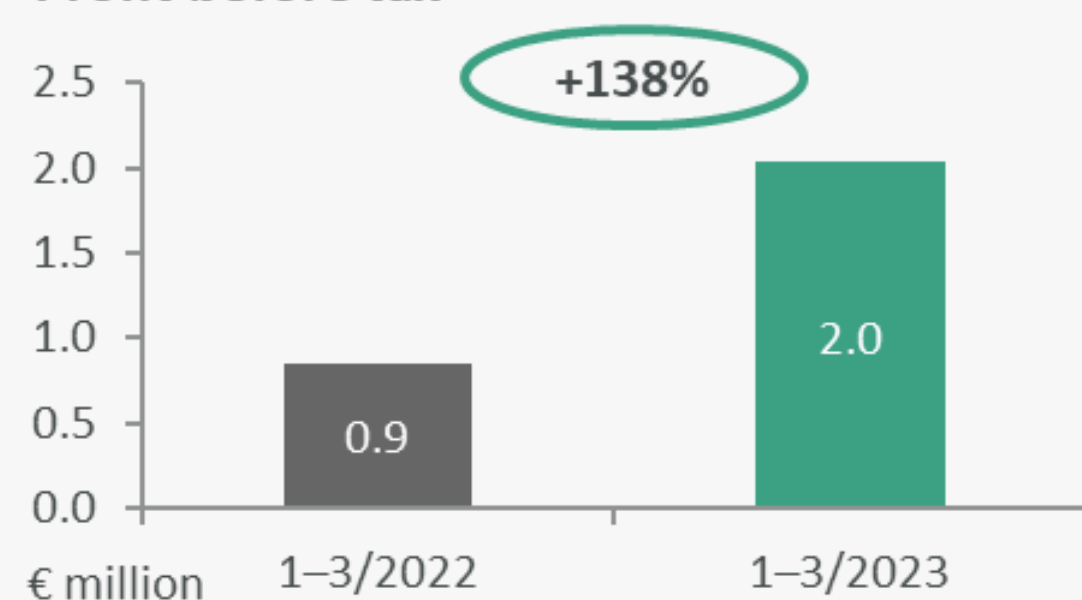
- Fewer insured persons reaching retirement eligibility

Expense ratio



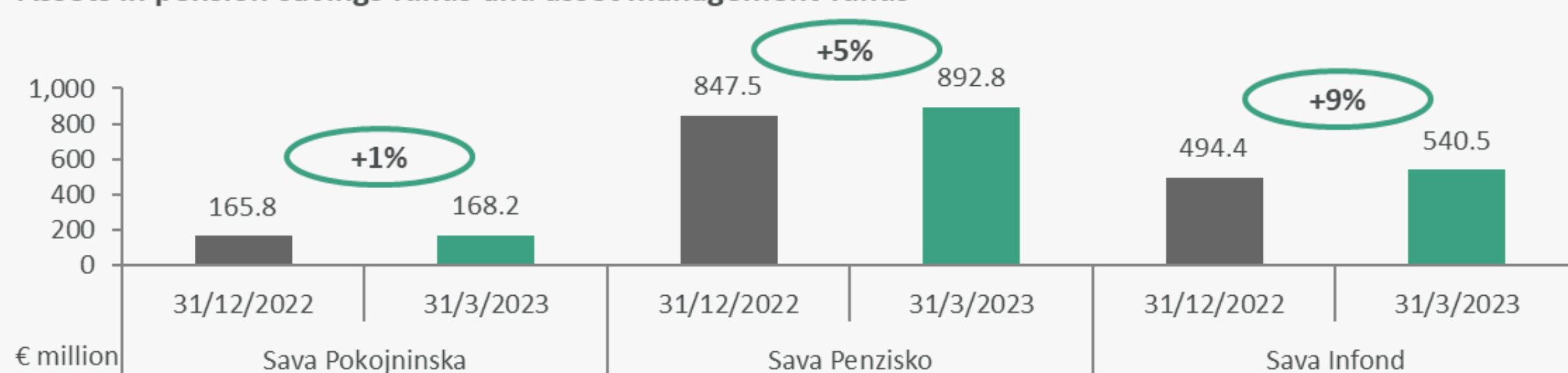
- Cost increases as a result of inflationary pressures

Profit before tax



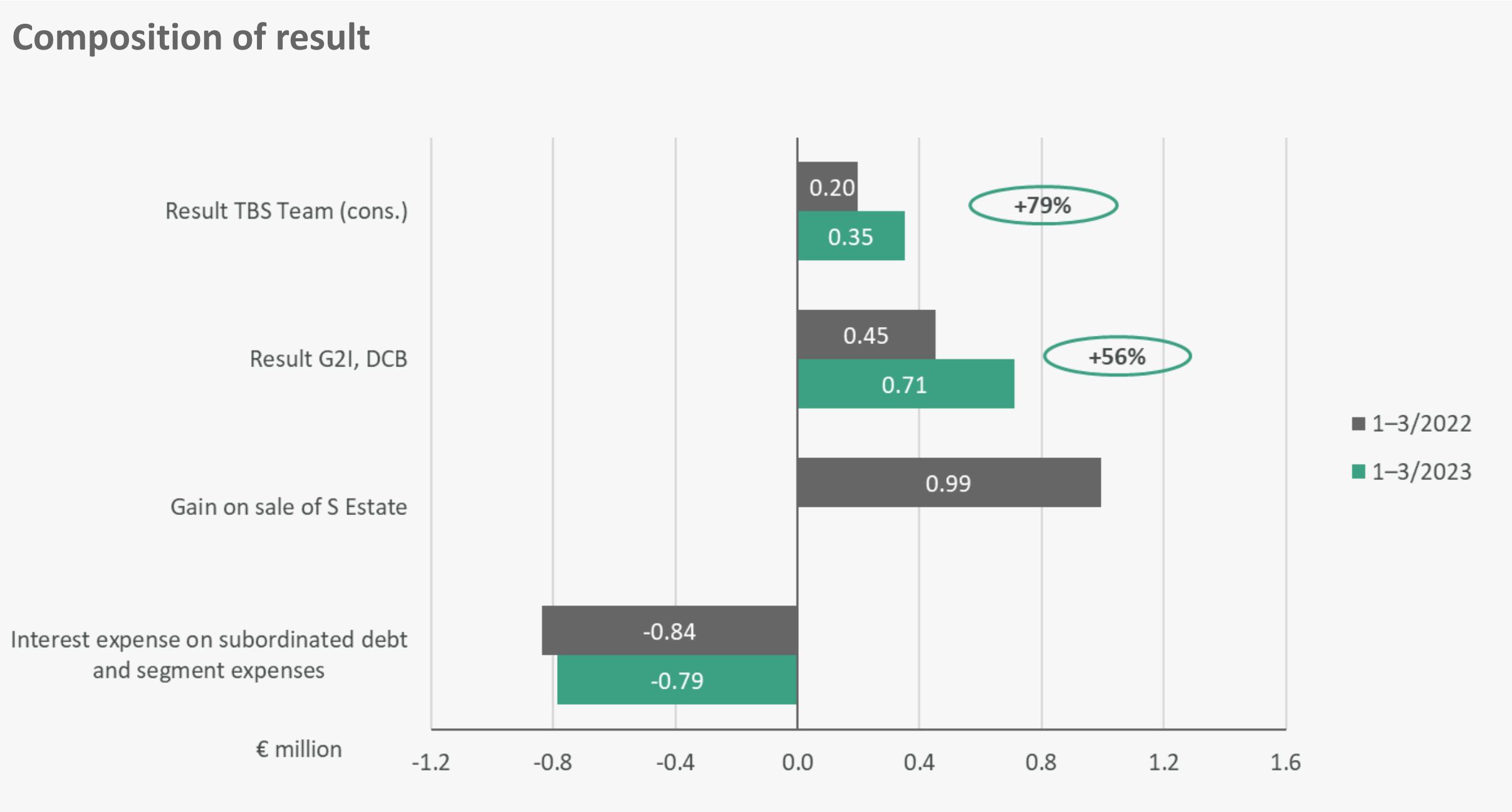
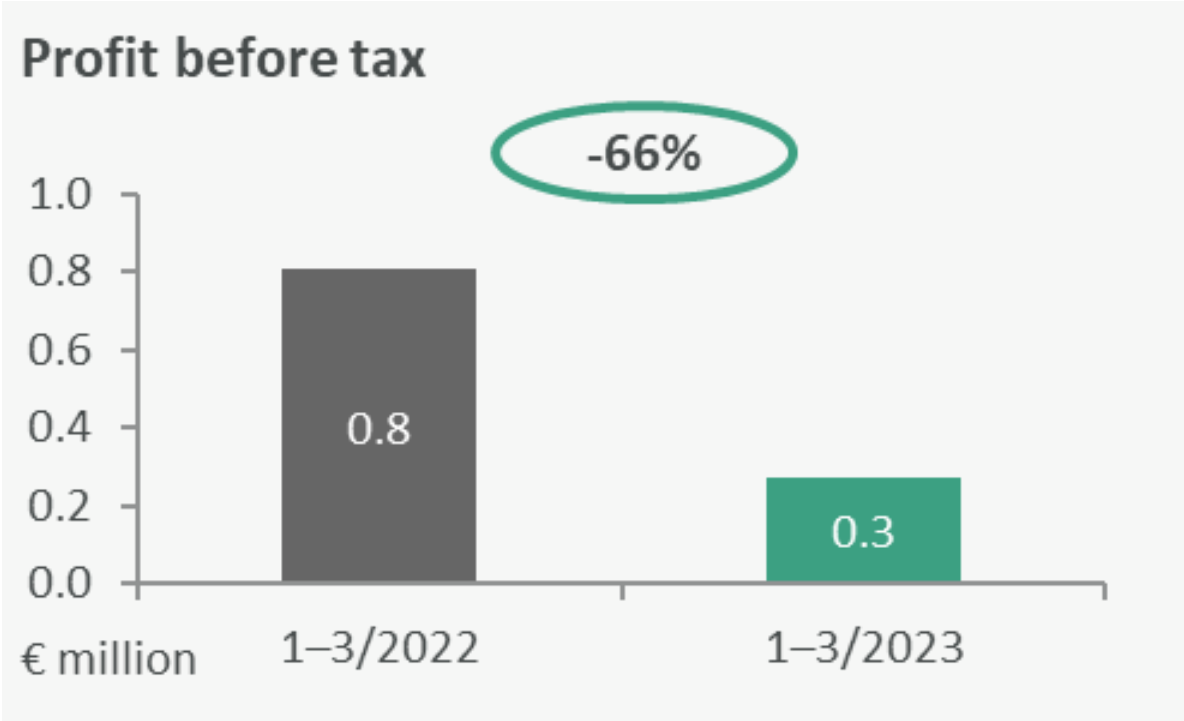
- Negative impact in Q1 2022 from change in fair value of FVTPL investments and provisioning for non-achievement of guaranteed returns due to adverse financial market movements

Assets in pension savings funds and asset management funds



- Positive net inflows in all companies and more favourable financial market trends

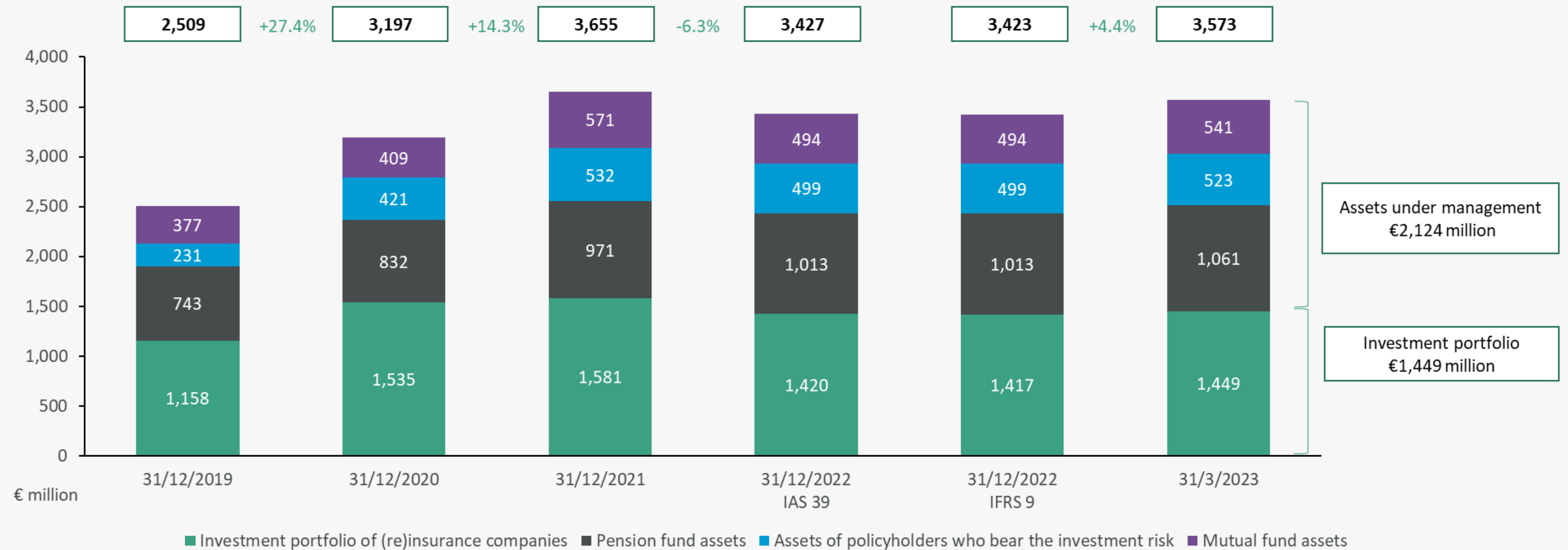
Other



FINANCIAL
INVESTMENTS

03

Investment portfolio and AuM



Net investment income of and return on the investment portfolio

€ million	1–3/2022	1–3/2023	Difference
Interest income	3.7	4.4	0.7
Change in fair value of FVTPL assets	-4.5	1.3	5.8
Gains / losses on disposal of assets	-0.1	0.0	0.2
Change in expected credit losses (ECL)	-0.1	0.1	0.2
Other income / expenses from investments	1.7	1.8	0.1
Net investment income	0.6	7.7	7.1
Return on investment portfolio	0.2%	2.2%	+2.0 p.p.



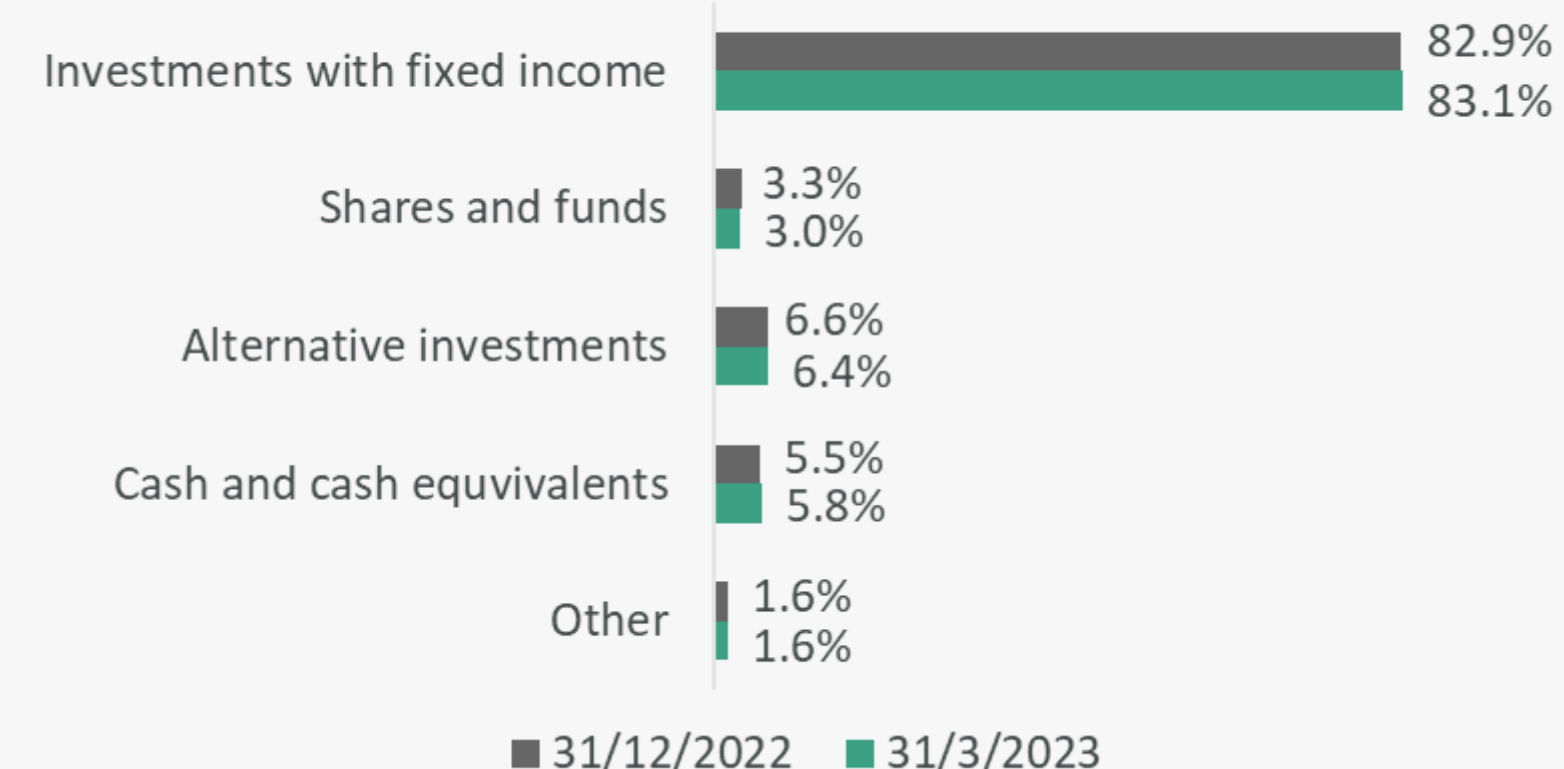
Q1 highlights

- Positive contribution from FVTPL portfolio due to the favourable movement of equity investments in Q1
- No impact from developments in the US banking market and the Swiss bank Credit Suisse
- Higher interest revenue due to (re)investment in higher-yielding assets

Asset allocation

€ million	31/12/2022	31/3/2023	Difference
Fixed income investments	1,174.9	1,204.4	29.5
Government bonds	734.9	771.1	36.2
Corporate bonds	421.4	415.5	-5.9
Deposits & CDs	18.7	17.8	-0.9
Shares and funds	47.0	44.1	-3.0
Shares	24.9	25.7	0.8
Mutual funds	22.2	18.4	-3.8
Alternative investments	93.1	92.9	-0.2
Infrastructure funds	53.9	54.2	0.4
Real estate funds	16.5	16.0	-0.5
Investment property	22.8	22.7	-0.1
Cash and cash equivalents	78.6	83.8	5.3
Other	23.1	23.6	0.6
Total investment portfolio	1,416.7	1,448.9	32.2

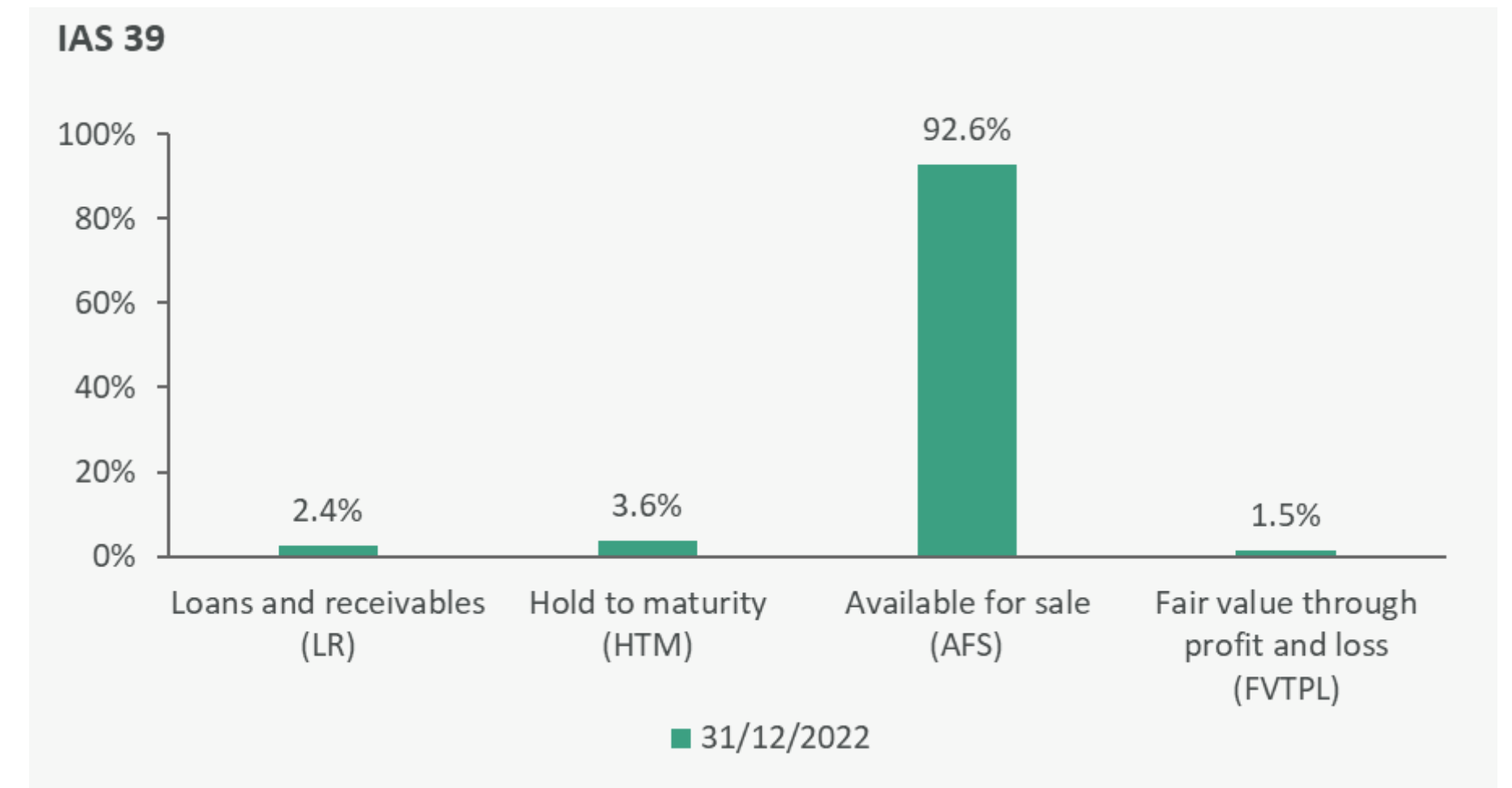
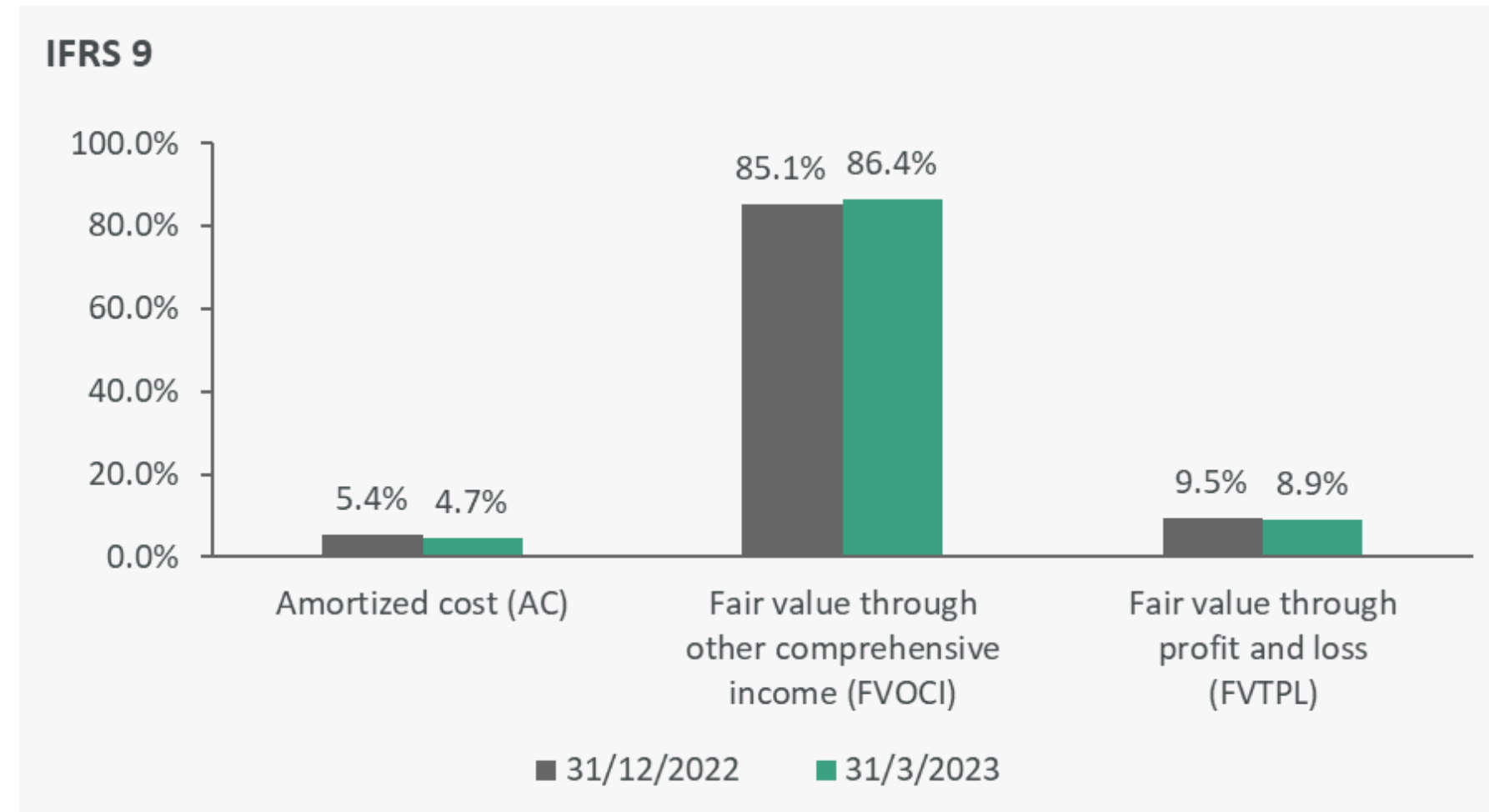
Investment structure



Q1 highlights

- No significant impact from IFRS 9 on the investment portfolio
- Increased focus on portfolio security and liquidity
- Positive impact from calmer bond markets reflected in higher bond investment values
- Positive impact from equity markets on equity and mutual fund positions – positions are reduced through sales of investments
- Reinvestment return of around 2.9% in Q1

Classification of financial assets



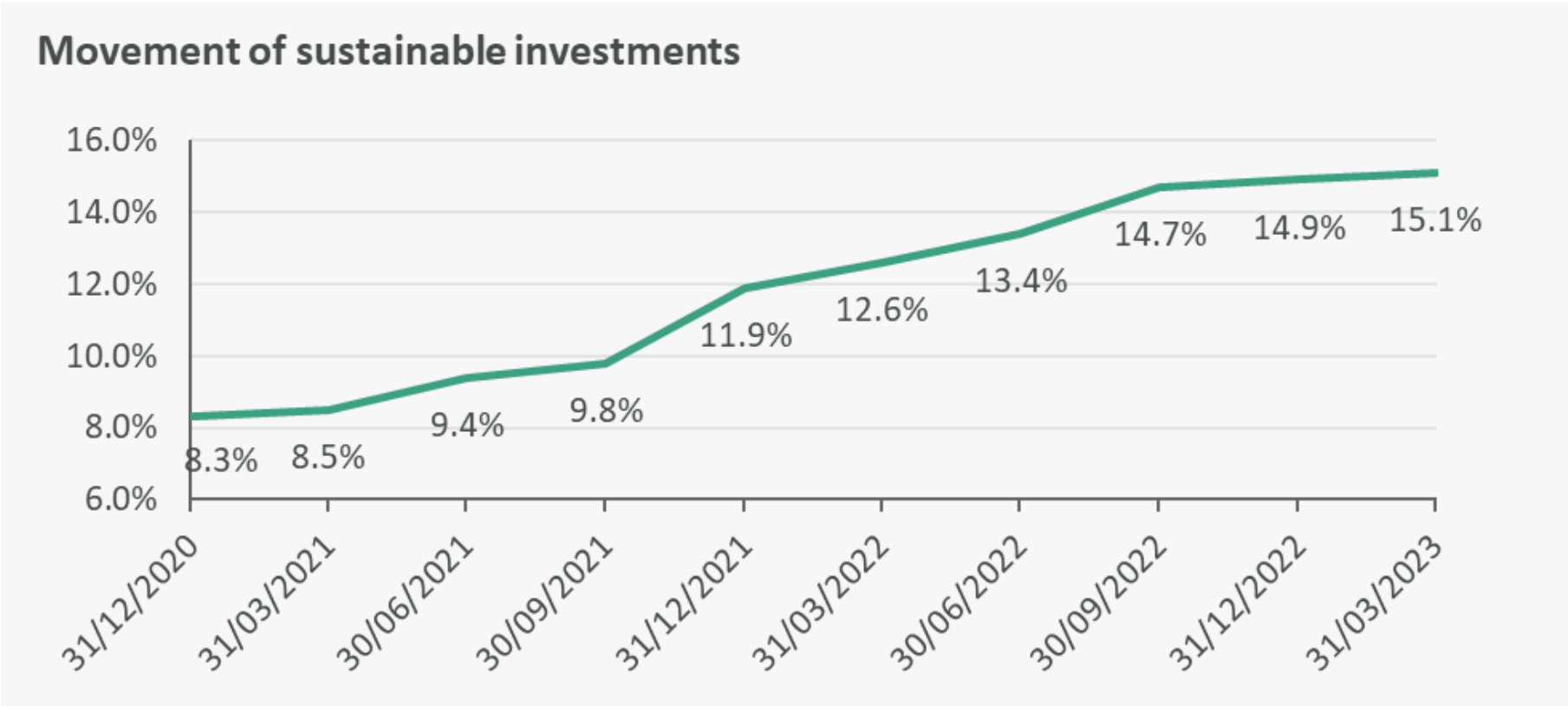
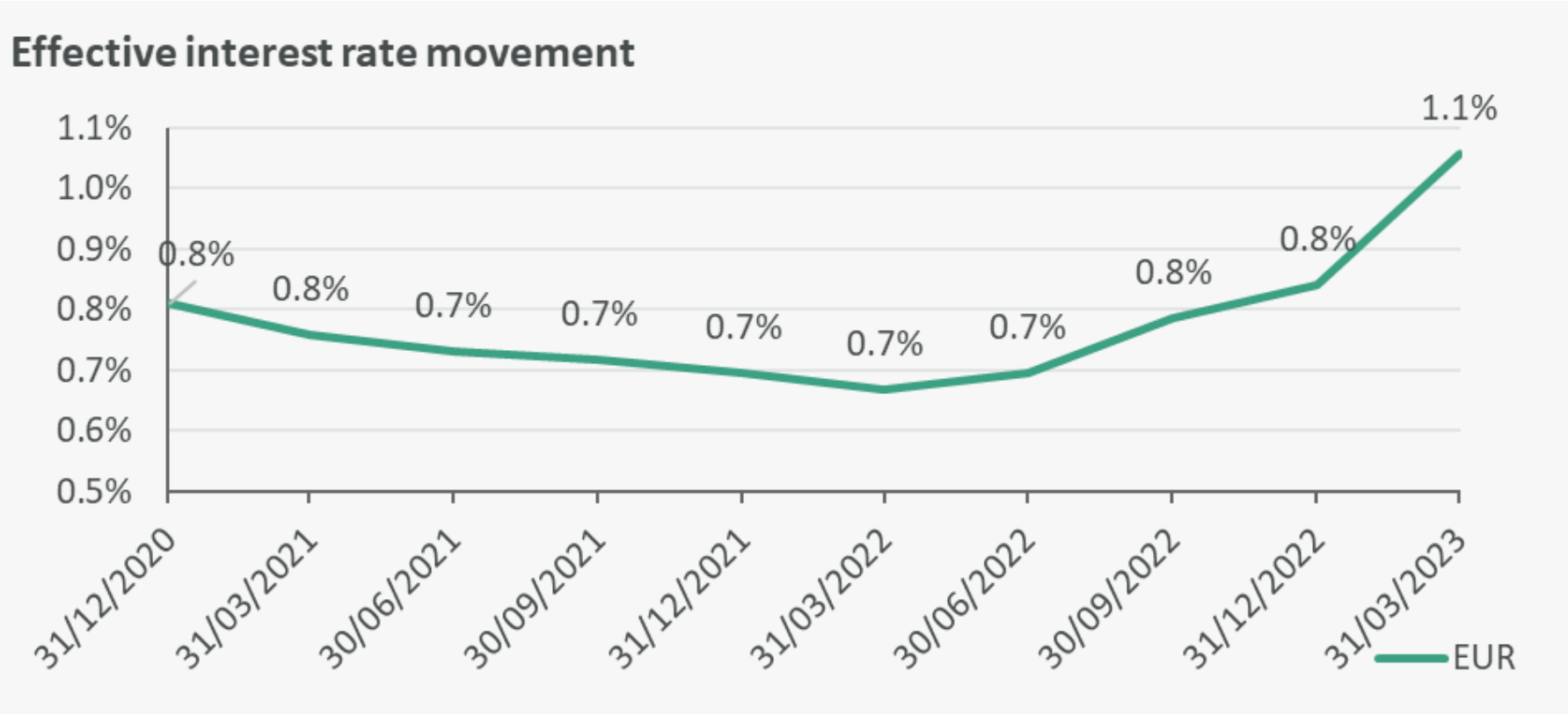
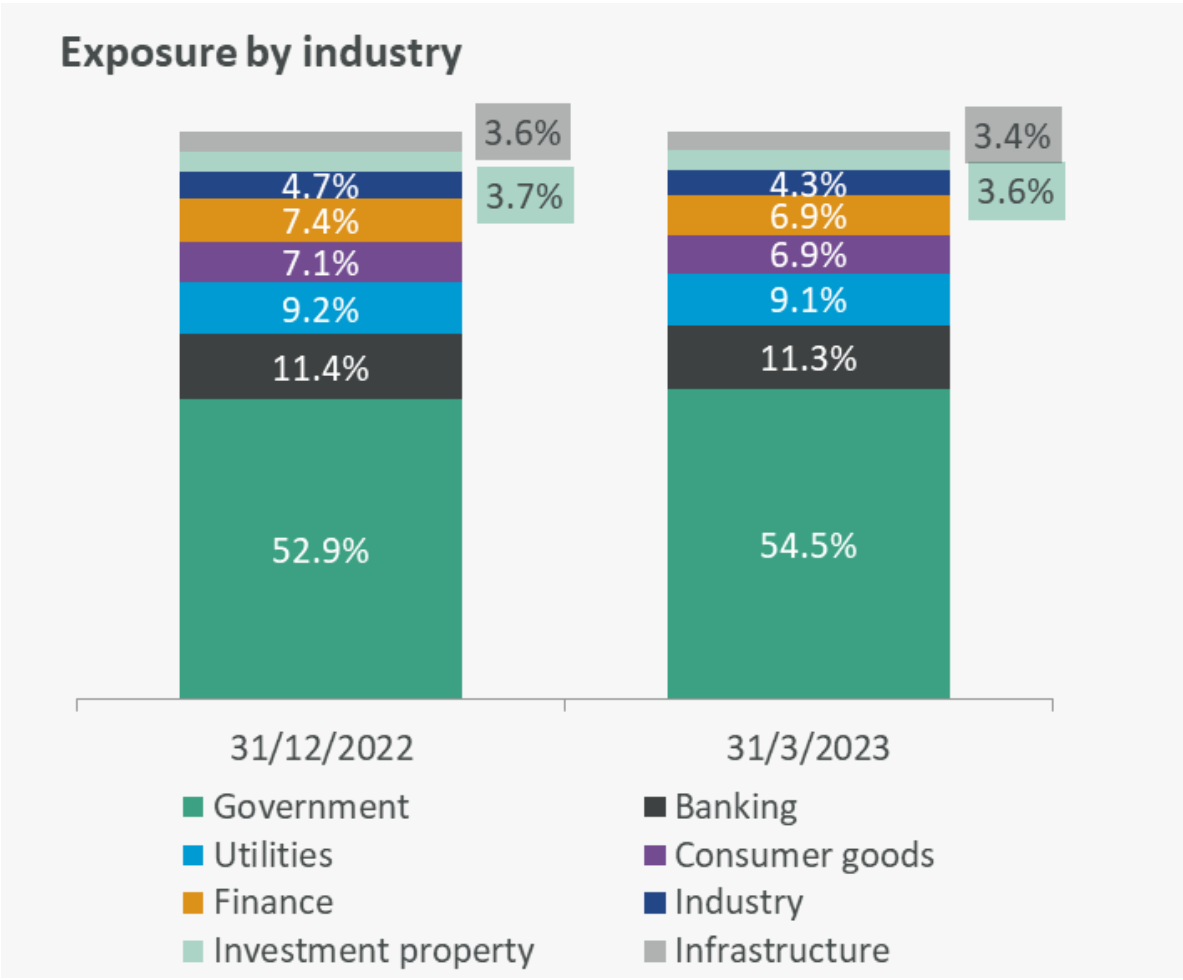
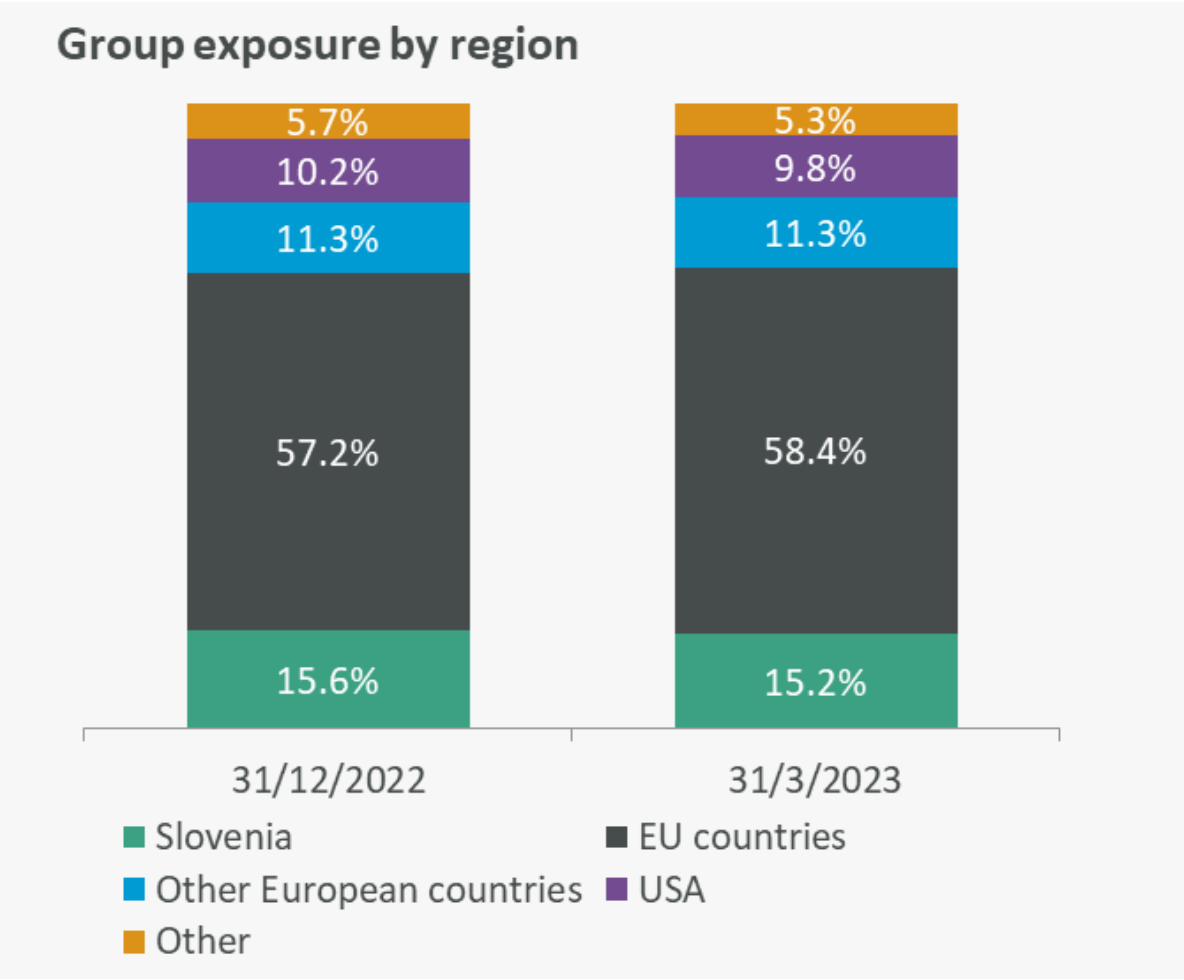
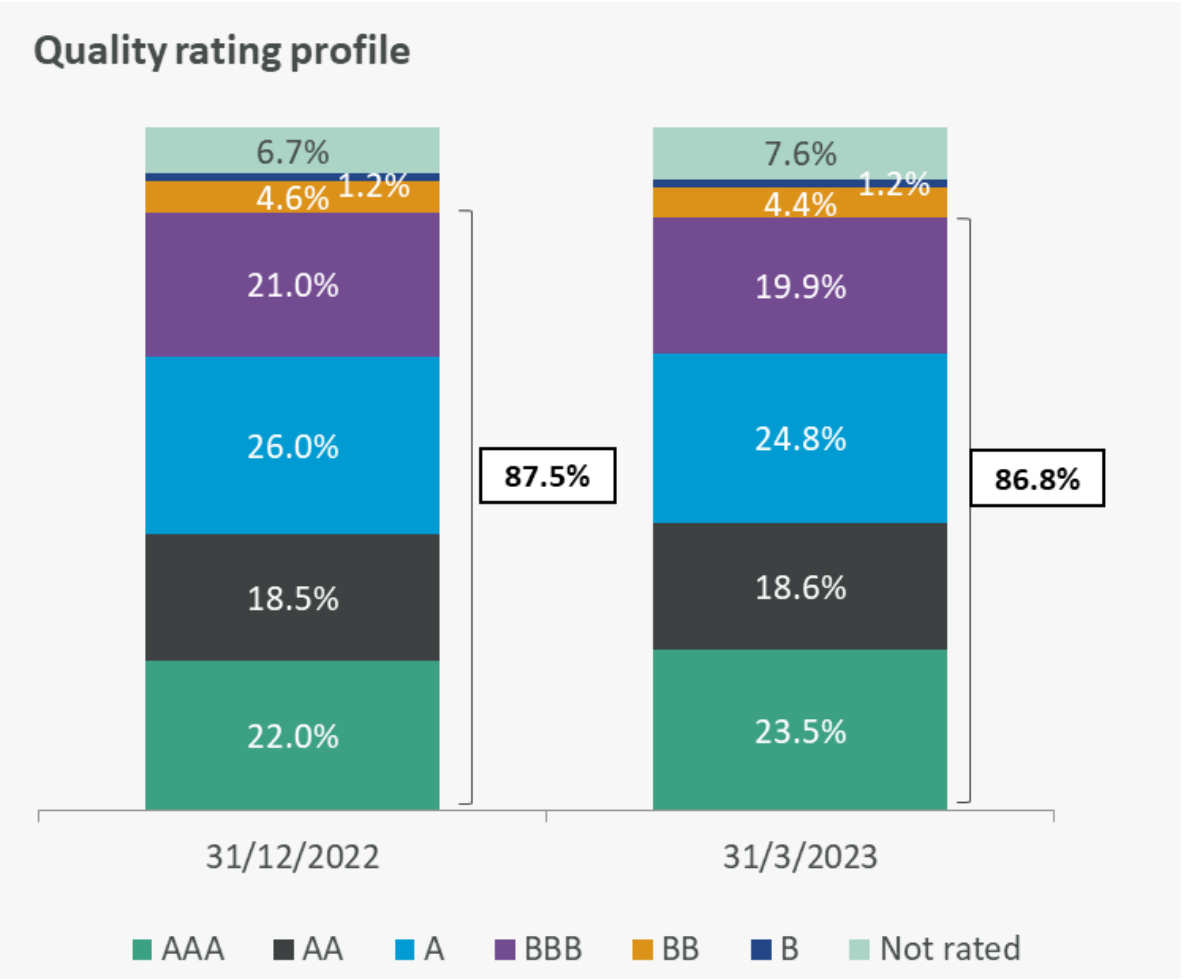
Q1 highlights

- No major effects in Q1
- Growth in share of FVOCI assets as a result of more favourable developments in the bond markets, which affected the value of bond investments

Comparison with IAS 39

- IFRS 9 AC portfolio combines IAS 39 LR and HTM portfolios
- The AC bond investment balance is reduced by ECL
- Shares and funds (including alternative) classified as AFS under IAS 39 are classified as at FVTPL under IFRS 9 – greater impact on the income statement
- FVTPL investments also include bond investments that do not pass the SPPI test

Secure and stable investment portfolio



POSR SHARE
AND DIVIDEND
POLICY

04



Shareholders and share trading

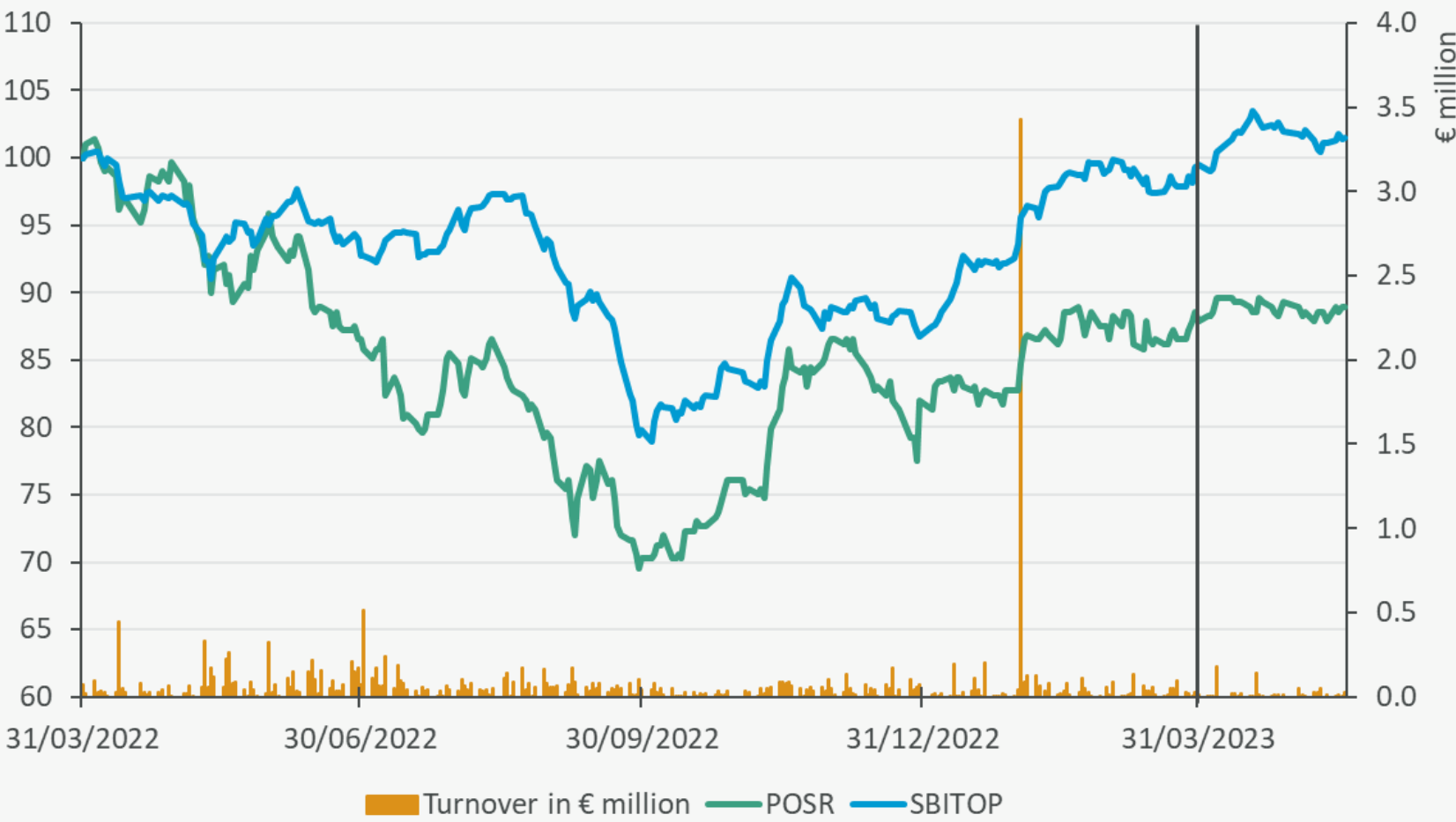


Book value of share
31 March 2023
€35.65*

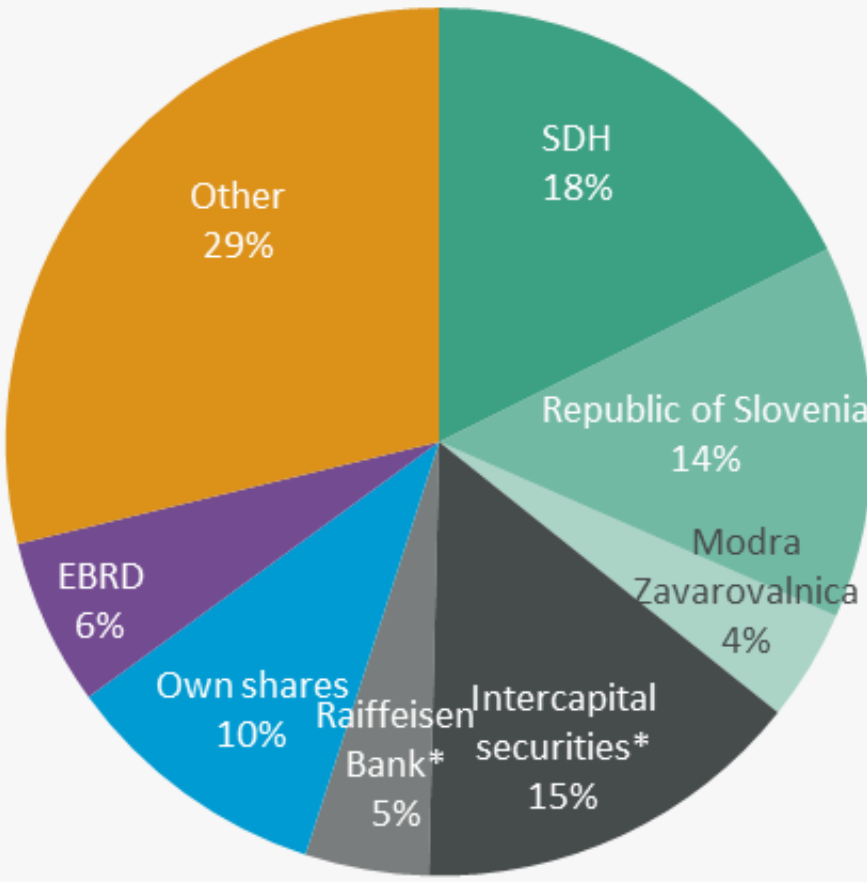
** Higher book value of share as a result of higher equity following transition to IFRS 17 and IFRS 9.*

31/3/2023	
Share capital (€ million)	71.9
Market capitalisation (€ million)	393.6
Trading symbol	POSR
No. of shares	17,219,662
No. of own shares	1,721,966
No. of shareholders	4,314

Performance and turnover (31/03/2022 = 100)



Shareholders as at 31 March 2023



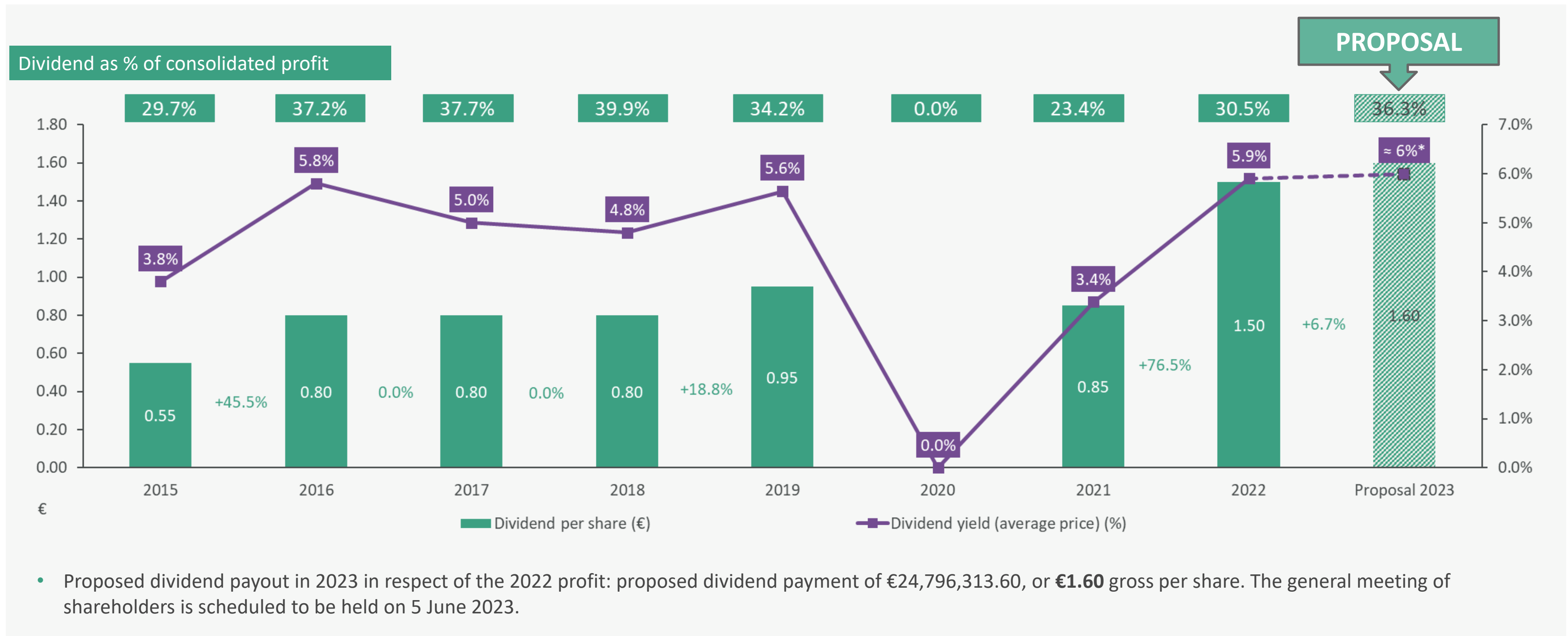
* Custody account.



Dividend policy



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



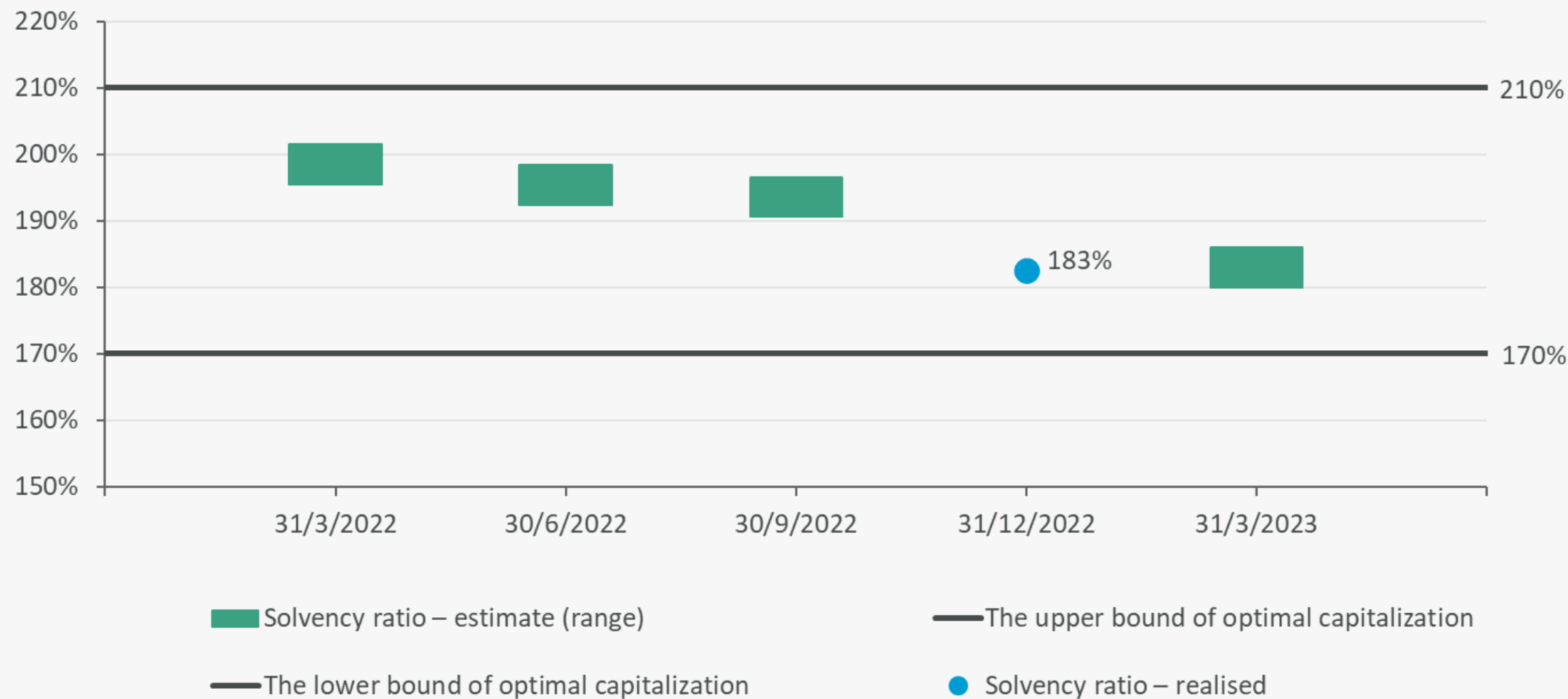
* The 2023 dividend yield depends on the share price movement in the period between the date the dividend is declared and the ex-dividend date.

SOLVENCY
POSITION

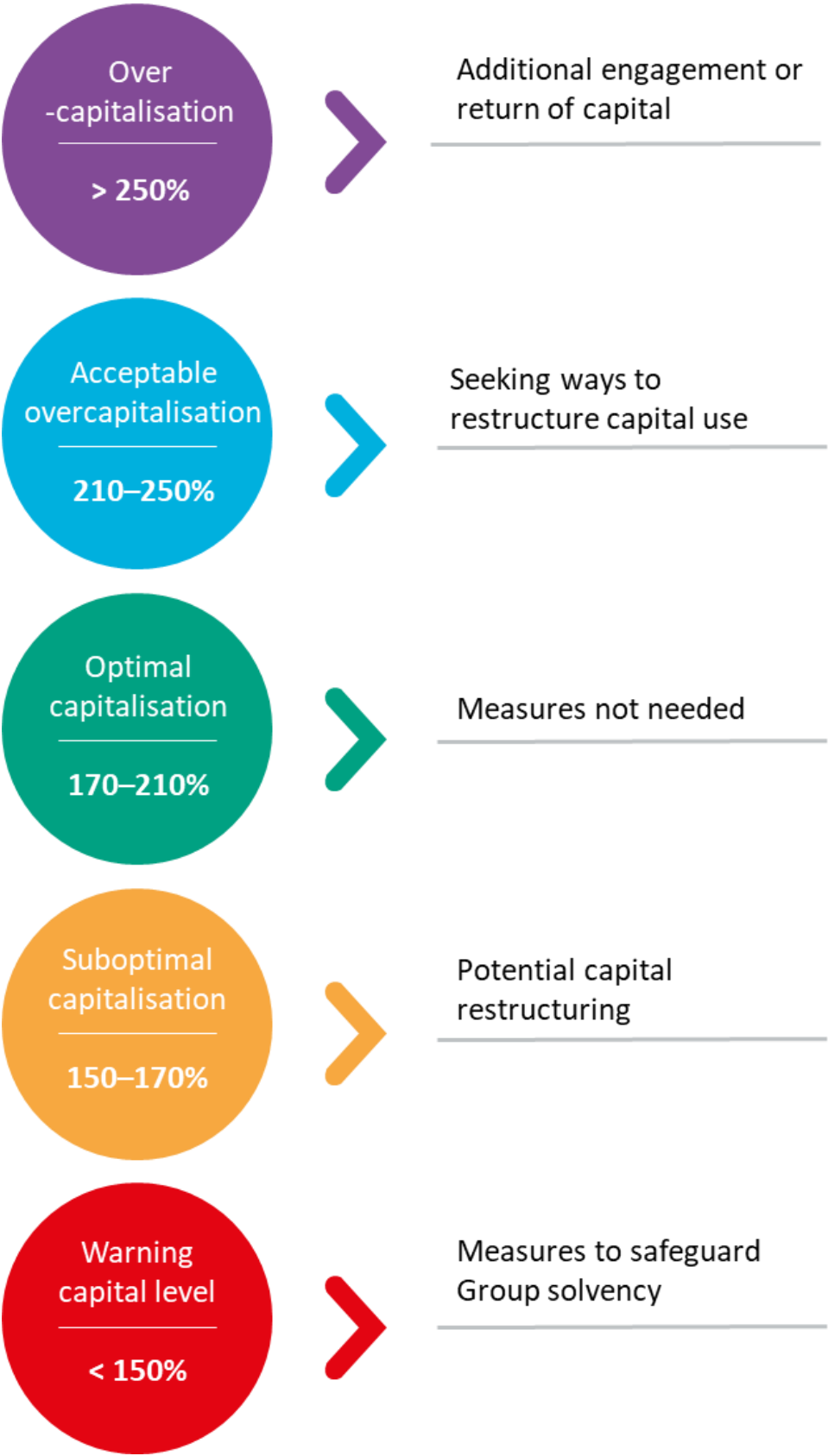
05

Capital adequacy

Capital adequacy



The Sava Insurance Group’s solvency and financial condition report for 2022 was posted on the Sava Re website and that of the Ljubljana stock exchange on 12 May 2023.





Thank you.

For more information: ir@sava-re.si



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