



**Statement of Results  
of the Sava Insurance Group  
for January–September 2023**

Ljubljana, 7 November 2023

**Contents**

- Financial highlights ..... 3**
- Impact of the environment on the Group’s business ..... 3**
  - Macroeconomic environment..... 3
  - Major loss events ..... 3
- Group results ..... 4**
  - Non-life segment ..... 5
  - Life segment ..... 6
  - Reinsurance segment ..... 7
  - Pensions and asset management segment..... 7
  - “Other” segment ..... 8
- Financial position..... 8**
  - Equity and solvency..... 8
  - Investment portfolio ..... 10
- Earnings per share .....10**
- Progress on the business plan .....11**
- Significant events in the reporting period.....11**
- Significant events after 30 September 2023 .....12**
- About the Sava Insurance Group .....13**
- Disclaimer.....13**
- Appendices .....14**

## Financial highlights

EUR	1–9/2023	1–9/2022	Change	Index
Business volume	711,190,014	625,322,804	85,867,210	113.7
Insurance revenue	517,662,406	447,880,648	69,781,758	115.6
Insurance service result	44,273,403	56,752,322	-12,478,919	78.0
Finance result	13,178,500	-613,015	13,791,515	-
Net profit or loss for the period	36,527,021	34,959,828	1,567,193	104.5
	30 September 2023	31 December 2022	Change	Index
Equity	548,205,931	530,619,063	17,586,868	103.3
Contractual service margin (CSM)	152,889,327	136,396,087	16,493,240	112.1
Investment portfolio position	1,476,572,632	1,415,231,398	61,341,234	104.3
Total assets	2,539,269,767	2,342,463,169	196,806,598	108.4
Assets under management	2,251,835,619	2,006,528,482	245,307,137	112.2
	1–9/2023	1–9/2022	Change	Index
Combined ratio	96.2%	92.6%	+3.6 p.p.	-
Return on equity (ROE)	8.2%	8.2%	0.0 p.p.	-
Return on investment portfolio	2.0%	0.5%	+1.5 p.p.	-
Solvency ratio	178–184%	191–197%	-	-

For definitions of items and ratios, please refer to the appended glossary.

## Impact of the environment on the Group's business

### Macroeconomic environment

Inflation was again in focus this year, but it fell to 4.3% in the euro area and 3.7% in the US in September. Central banks were faced with the challenge of containing inflation and finding the right strategy to fight it. To this end, the European Central Bank raised its key interest rate to 4.5% in September. Contrary to recent expectations that interest rates would soon start to fall, they are now expected to remain higher for longer. The global economy is cooling, with the IMF forecasting lower growth of around 3.0% in both 2023 and 2024.

Equity markets declined in the third quarter, but without major downward corrections. High interest rates, weaker economic indicators and expected lower corporate earnings point to a challenging final quarter for equity markets.

Risk-free bond yields rose again in the third quarter. The yield curve is still inverted, but it is expected to flatten out gradually as long-term yields rise. Rising required yields are negative for bond prices, but they make bonds more attractive.

The macroeconomic environment was also affected by the geopolitical situation, which was aggravated by the Hamas–Israel war in October 2023.

### Major loss events

In the summer of 2023, Slovenia and certain other countries in which the Group is present were hit by a wave of storms and floods that caused significant property damage. The gross claims resulting from these events amounted to EUR 107.0 million in the first nine months of 2023. After reinsurance, the net impact of these events on the Group's result was EUR 27.1 million.

The Group provided an assessment of the impact on the result in its half-year financial report and provides an updated assessment of the full-year impact in the section "Progress on the business plan", taking into account both the adverse effects mentioned above and developments in other operating segments.

## Group results

The Group's **business volume** grew by 13.7% to EUR 711.2 million, mainly driven by growth in non-life and reinsurance gross written premiums, with both segments benefiting from price increases and organic growth. Life insurance sales also increased, leading to a rise in life gross written premiums.

These were the main factors contributing to the 15.6% increase in **insurance revenue**. Growth in life insurance also reflects a shift in the product mix towards life risk products, which have a higher share of premiums recognised as insurance revenue than savings products.

The **insurance service result** was 22.0% lower due to the summer floods and storms in Slovenia, Croatia and Serbia. While gross claims reached EUR 107.0 million, the net impact on the Group was limited to EUR 27.1 million thanks to reinsurance protection. The insurance service result did not deteriorate significantly compared to the previous year, as the previous year was also unfavourable for the Group in terms of claims experience. This is because the Group had to significantly increase its claims provisions due to high inflation.

The storms and floods also caused the **combined ratio** to deteriorate to 96.2%.

The **finance result** improved by EUR 13.8 million. It improved in all segments, but the main driver was the change in the fair value of FVTPL investments.

The **net profit for the period** of EUR 36.5 million is at a similar level to that of last year. This year's profit would have been significantly lower than last year's had it not been for the one-off adjustments last year for claims inflation and adverse financial market movements. This year's floods also significantly changed the composition of the business result: a weaker insurance service result but a stronger finance result, and, whereas last year the non-life segment was the largest contributor, this year the main contributors were the reinsurance and life segments. With net profit at broadly the same level as last year, **return on equity** was unchanged at 8.2%.

**Equity** amounted to EUR 548.2 million, up 3.3% compared to the end of last year. Growth was driven by this year's profit and the change in other comprehensive income, partially offset by the dividend payment of EUR 24.9 million.

The **contractual service margin (CSM)** increased by EUR 16.5 million, or 12.1%, the highest in the life segment (up EUR 11.3 million). The growth was driven by new business, reflecting the continued profitability of the life and reinsurance portfolio. The expected future profits were also higher because of positive developments in the financial markets.

The **investment portfolio** increased by 4.3% to EUR 1,476.6 million compared to the end of the previous year. Fixed-rate financial investments remained the largest asset class, at 82.7%. The **return on the investment portfolio** rose to 2.0% as a result of improved financial markets and higher reinvestment rates.

**Assets under management** increased by 12.2% to EUR 2,251.8 million, driven by higher net inflows and favourable developments in the financial markets. Growth was achieved across all companies in the pensions and asset management segment.

The estimated solvency position at 30 September 2023 shows that the Group is well capitalised, with an estimated **solvency ratio** between 178% and 184% (31 December 2022: 183%).

## Non-life segment

EUR	1–9/2023	1–9/2022	Change	Index
<b>Gross premiums written</b>	<b>447,447,521</b>	<b>375,774,295</b>	<b>71,673,226</b>	<b>119.1</b>
EU	372,266,997	314,276,273	57,990,724	118.5
Non-EU	75,180,524	61,498,022	13,682,502	122.2
<b>Insurance revenue</b>	<b>384,843,816</b>	<b>334,463,732</b>	<b>50,380,084</b>	<b>115.1</b>
EU	319,070,115	280,501,924	38,568,191	113.7
Non-EU	65,773,701	53,961,808	11,811,893	121.9
<b>Insurance service result</b>	<b>12,569,309</b>	<b>31,092,300</b>	<b>-18,522,991</b>	<b>40.4</b>
EU	9,096,038	26,032,226	-16,936,189	34.9
Non-EU	3,473,271	5,060,073	-1,586,802	68.6
<b>Finance result</b>	<b>4,022,675</b>	<b>314,108</b>	<b>3,708,567</b>	-
EU	2,327,512	-762,854	3,090,366	-
Non-EU	1,695,163	1,076,962	618,201	157.4
<b>Profit or loss before tax</b>	<b>6,440,587</b>	<b>20,270,451</b>	<b>-13,829,865</b>	<b>31.8</b>
EU	2,730,126	16,281,741	-13,551,615	16.8
Non-EU	3,710,460	3,988,710	-278,250	93.0
<b>Combined ratio</b>	<b>99.3%</b>	<b>93.6%</b>	<b>+5.7 p.p.</b>	-
EU	99.8%	93.5%	+6.3 p.p.	-
Non-EU	96.7%	94.2%	+2.5 p.p.	-

**Gross written premiums** grew strongly, by 19.1%. In non-EU markets, the increase was a remarkable 22.2%. The strongest nominal growth in all markets was achieved in motor business. In the EU markets, the private passenger motor segment grew the fastest. Growth in motor insurance in both the EU and non-EU markets is mainly driven by price increases for insurance services in response to rising prices for car parts and repair costs. Growth was also achieved through customer acquisition and increased policy sales. In the non-EU markets, in addition to motor premiums, health and property premiums also grew strongly by 54.9% and 18.9%, respectively.

**Insurance revenue** grew by 15.1%, driven by growth in gross written premiums described above. The Group's revenue grew both in its EU markets (13.7%) and in its non-EU markets (21.9%).

The **insurance service result** declined by 59.6% year on year. In the EU markets, this was due to the catastrophic losses caused by the summer floods and storms. The extreme weather events mainly affected the motor own damage and property class of business. In addition, the purchase of reinsurance protection (the reinstatement of natural catastrophe reinsurance cover after these programmes were affected by flood and storm losses) further eroded the insurance service result. As the Group's non-EU markets were also affected by the summer storms and floods, the insurance service result in these markets also declined, albeit partially as a result of large man-made losses and claims inflation.

The **combined ratio** was 99.3%, down by 5.7 p.p. due to a worse loss ratio, whereas the expense ratio remained at last year's level. The combined ratio deteriorated by 6.3 p.p. in the EU markets and by 2.5 p.p. in the non-EU markets.

The **finance result** improved by EUR 3.7 million in the EU and non-EU markets as a result of the improved financial market conditions. This year, interest income increased as reinvestments were made at higher effective rates, and the companies did not incur fair value losses on FVTPL assets.

**Profit before tax** was 68.2% lower year on year. There was a deterioration in both the EU and non-EU markets due to the weaker insurance service result mentioned above.

## Life segment

EUR	1–9/2023	1–9/2022	Change	Index
<b>Gross premiums written<sup>1</sup></b>	<b>137,022,173</b>	<b>131,760,553</b>	<b>5,261,620</b>	<b>104.0</b>
EU	128,530,473	124,428,541	4,101,932	103.3
Non-EU	8,491,700	7,332,012	1,159,688	115.8
<b>Insurance revenue</b>	<b>49,209,629</b>	<b>45,723,992</b>	<b>3,485,637</b>	<b>107.6</b>
EU	44,362,230	41,922,210	2,440,020	105.8
Non-EU	4,847,399	3,801,782	1,045,617	127.5
<b>Insurance service result</b>	<b>14,921,525</b>	<b>14,954,104</b>	<b>-32,579</b>	<b>99.8</b>
EU	13,706,396	14,161,078	-454,682	96.8
Non-EU	1,215,129	793,026	422,103	153.2
<b>Finance result</b>	<b>4,843,428</b>	<b>32,488</b>	<b>4,810,940</b>	<b>14,908.6</b>
EU	4,332,562	-333,884	4,666,446	-
Non-EU	510,865	366,371	144,494	139.4
<b>Profit or loss before tax</b>	<b>15,985,600</b>	<b>11,351,652</b>	<b>4,633,948</b>	<b>140.8</b>
EU	14,168,404	10,170,455	3,997,949	139.3
Non-EU	1,817,196	1,181,197	635,999	153.8
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>Change</b>	<b>Index</b>
<b>Contractual service margin (CSM)</b>	<b>135,947,183</b>	<b>124,608,538</b>	<b>11,338,645</b>	<b>109.1</b>
EU	126,099,115	115,335,765	10,763,350	109.3
Non-EU	9,848,068	9,272,773	575,295	106.2

**Gross premiums written** grew by 3.3% in the EU markets, driven by increased sales of both life risk and unit-linked policies. Growth in non-EU gross written premiums of 15.8% was achieved through the Group's own distribution channels as well as through agencies and banks.

**Insurance revenue** grew by 7.6%, reflecting increased sales and a change in the business mix towards life risk products, which have a higher share of premiums recognised in insurance revenue than savings products.

Despite higher insurance revenue, the **insurance service result** of EUR 14.9 million was broadly in line with the year-on-year figure due to a slight increase in the claims volume. In the non-EU markets, the insurance service result improved, reflecting higher insurance revenue.

The **finance result** increased by EUR 4.8 million this year due to more favourable financial markets. In the comparative period last year, adverse developments in the financial markets resulted in fair value losses on FVTPL assets of EUR 5.3 million, which were charged to the income statement.

The 40.8% improvement in **pre-tax profit** is mainly due to the improved finance result in the EU markets this year, whereas the increase in the non-EU markets is due to an improved insurance service result.

The 9.1% increase in the **contractual service margin** was driven by new business, reflecting the continued profitability of the life portfolio. The expected future profits were also higher because of positive developments in the financial markets, which increased the value of unit-linked assets and hence future asset management revenue. The contractual service margin on new business written was EUR 16.8 million, exceeding its release to profit (EUR 12.6 million) by 34.2%, indicating strong sales and sustained profitability.

<sup>1</sup> A breakdown of gross premiums written by class of business and region is shown in Appendix 3.

## Reinsurance segment

EUR	1–9/2023	1–9/2022	Change	Index
Gross premiums written	104,582,023	98,131,207	6,450,816	106.6
Insurance revenue	83,295,558	67,492,448	15,803,110	123.4
Insurance service result	16,655,643	10,646,679	6,008,964	156.4
Finance result	1,738,083	-1,911,179	3,649,262	-
Profit or loss before tax	15,731,419	6,121,216	9,610,202	257.0
Combined ratio	81.6%	87.4%	-5.8 p.p.	-
	30 September 2023	31 December 2022	Change	Index
Contractual service margin (CSM)	9,181,241	4,671,184	4,510,057	196.6

The 6.6% increase in **gross written premiums** was achieved through both rate increases in line with developments in the global reinsurance markets and organic volume growth. Reinsurance rates on non-proportional business, particularly in the EU, increased by more than 20.0%. As a result, **insurance revenue** increased by 23.4% as gross written premiums of non-proportional reinsurance business are earlier recognised in revenue.

The **insurance service result** improved by EUR 6.0 million. The increase in the insurance service result was due to higher insurance revenue, mainly driven by higher rates in the international reinsurance markets. Revenue grew faster than claims, resulting in an improved loss ratio.

The **combined ratio** stood at a very favourable 81.6%, a significant improvement over the same period last year for the reasons described above.

The **finance result** improved by EUR 3.6 million, mainly as a result of the more favourable financial market conditions and the related EUR 2.5 million improvement in the valuation of FVTPL investments. Interest revenue also increased by EUR 1.0 million.

**Profit before tax** improved by EUR 9.6 million, primarily due to the above-mentioned insurance service result, but also due to the improved finance result.

The **contractual service margin (CSM)** increased by EUR 4.5 million, or 96.6%, reflecting the increased volume of non-proportional reinsurance treaties recognised this year, as well as higher expected profits due to price adjustments and a portfolio shift towards more profitable treaties.

## Pensions and asset management segment

EUR	1–9/2023	1–9/2022	Change	Index
<b>Business volume</b>	<b>16,979,261</b>	<b>16,209,930</b>	<b>769,331</b>	<b>104.7</b>
Asset management revenue	14,441,283	13,546,994	894,289	106.6
Gross premiums written (annuities)	2,537,978	2,662,936	-124,958	95.3
<b>Expenses</b>	<b>9,780,037</b>	<b>8,943,083</b>	<b>836,954</b>	<b>109.4</b>
<b>Cost-to-income ratio</b>	<b>65.1%</b>	<b>64.7%</b>	<b>+0.4 p.p.</b>	<b>-</b>
<b>Profit or loss before tax</b>	<b>5,767,159</b>	<b>3,106,028</b>	<b>2,661,131</b>	<b>185.7</b>
EUR	30 September 2023	31 December 2022	Change	Index
<b>Assets under management</b>	<b>1,690,786,196</b>	<b>1,507,752,304</b>	<b>183,033,892</b>	<b>112.1</b>

**Business volume** increased by 4.7%, with asset management revenue up by 6.6%, driven by higher assets under management. Gross written premiums of the annuity fund decreased by 4.7% as fewer policyholders attained retirement eligibility.

The **cost-to-income ratio (CIR)** rose by 0.4 p.p. due to the impact of inflation on cost levels.

**Profit before tax** rose by EUR 2.7 million, of which EUR 2.0 million was due to the more favourable financial market conditions, whereas last year's profit included fair value losses on FVTPL investments and provisions for the guaranteed return on annuity funds.

**Assets under management** increased by 12.1%, driven by the net investment income generated and positive net inflows from all businesses contributing to the pensions and asset management segment.

### “Other” segment

EUR	1–9/2023	1–9/2022	Change	Index
Revenue	7,309,620	5,640,096	1,669,524	129.6
Expenses	6,134,152	4,936,725	1,197,426	124.3
<b>Profit or loss before tax</b>	<b>1,175,468</b>	<b>703,371</b>	<b>472,098</b>	<b>167.1</b>

**Profit before tax** grew by 67.1%, reflecting higher profits from healthcare and assistance services.

### Financial position

EUR	30 September 2023	31 December 2022	Change	Index
Equity	548,205,931	530,619,063	17,586,868	103.3
Contractual service margin (CSM)	152,889,327	136,396,087	16,493,240	112.1
Risk margin	99,194,104	96,212,146	2,981,958	103.1
Investment portfolio position	1,476,572,632	1,415,231,398	61,341,234	104.3
Total assets	2,539,269,767	2,342,463,169	196,806,598	108.4
Assets under management	2,251,835,619	2,006,528,482	245,307,137	112.2

### Equity and solvency

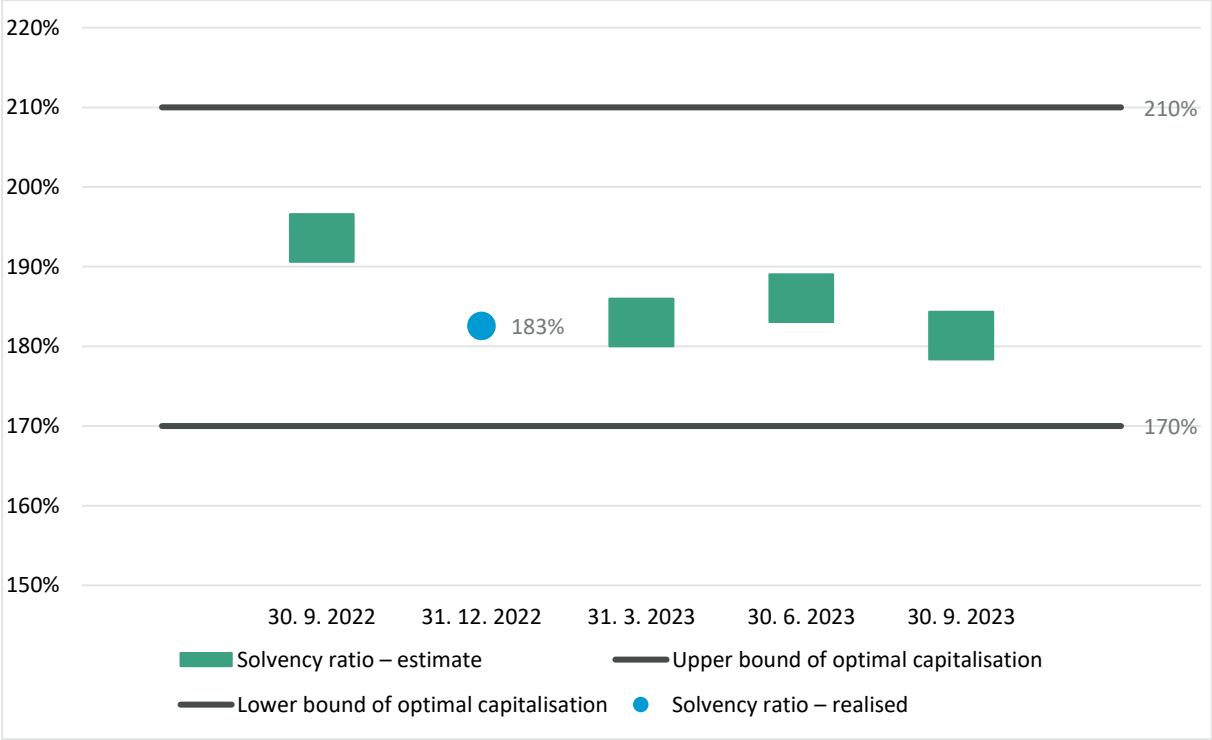
**Equity** amounted to EUR 548.2 million, up 3.3% compared to the end of last year. Growth was driven by this year's profit and the change in other comprehensive income, partially offset by the dividend payment of EUR 24.9 million.

The **contractual service margin** is an estimate of future profits on insurance contracts that relate to future periods and have not yet been recognised in profit or loss. At 30 September 2023, it totalled EUR 152.9 million (net of reinsurance: EUR 138.1 million). The majority of the contractual service margin (EUR 135.9 million or 88.9%) arose from life insurance business, followed by reinsurance business (EUR 9.2 million or 6.0%) and non-life business (EUR 5.9 million or 3.9%), with the remainder attributable to the pensions segment (EUR 1.9 million or 1.2%). In the nine months to 30 September 2023, the contractual service margin grew by EUR 16.5 million, or 12.1%, of which the life segment contributed EUR 11.3 million (up 9.1%) and the reinsurance segment EUR 4.5 million (up 96.6%). The contractual service margin on new business was slightly lower than the one released to profit (new business CSM of EUR 37.7 million, released CSM of EUR 38.7 million) due to the reinsurance segment, specifically the volume of non-proportional reinsurance treaties recognised in 2023. In the life segment, the newly recognised CSM exceeded the amount released by EUR 4.3 million. The contractual service margin benefited from a change in future cash flow assumptions (EUR 13.8 million), the life CSM from the recovery of the financial markets and the reinsurance CSM from the positive prior-year development of the proportional portfolio. In addition, the reinsurance CSM was supported by previously unprofitable contracts that became profitable in the period (EUR 2.6 million), also due to the positive development of the proportional portfolio in the previous underwriting years. The remainder of the change relates to interest and foreign exchange differences.



The Group’s estimated solvency position as at 30 September 2023, which takes into account foreseeable dividend payments in 2023, shows that the Group is well capitalised, with an expected **solvency ratio** between 178% and 184% (31 December 2022: 183%). We estimate that eligible own funds decreased slightly in the third quarter of 2023, mainly due to the flood and storm losses in July and August. The solvency capital requirement (SCR) also increased slightly, reflecting higher capital requirements for non-life underwriting risk and counterparty default risk, mainly as a result of catastrophe losses. The Group has a solvency ratio well above the regulatory requirement of 100% and is well capitalised according to its internal criteria, which define the range for an optimal solvency ratio as being between 170% and 210%.

*Capital adequacy of the Sava Insurance Group for the period from 30 September 2022 to 30 September 2023<sup>2</sup>*



<sup>2</sup> The optimal level of capitalisation shown is effective from 1 January 2023.

## Investment portfolio

The **Group's investment portfolio** increased by 4.3% to EUR 1,476.6 million compared to the end of last year. Fixed-rate investments (82.7%) accounted for the largest portion of the investment portfolio, with more than 71.5% of investments rated "A-" or above and 88.0% rated above "BBB-".

### *Investment portfolio*<sup>3</sup>

EUR	30 September 2023	31 December 2022	Change	Index
<b>Investment portfolio position</b>	<b>1,476,572,632</b>	<b>1,415,231,398</b>	<b>61,341,233</b>	<b>104.3</b>
EUR	1–9/2023	1–9/2022	Change	Index
<b>Net investment income relating to the investment portfolio</b>	<b>21,809,612</b>	<b>5,632,583</b>	<b>16,177,029</b>	<b>387.2</b>
Interest revenue	15,360,799	11,987,459	3,373,340	128.1
Change in fair value of FVTPL investments	1,392,967	-10,330,273	11,723,240	-
Other investment revenue/expenses	5,055,846	3,975,397	1,080,449	127.2
<b>Return on investment portfolio</b>	<b>2.0%</b>	<b>0.5%</b>	<b>+1.5 p.p.</b>	<b>-</b>

**Net investment income and the rate of return on the investment portfolio** increased year on year due to more favourable movements in the financial markets and higher interest rates on investments. Net investment income for the period was EUR 21.8 million, representing a return of 2.0%. In the same period last year, the financial markets moved in a very unfavourable direction because of the war in Ukraine, resulting in fair value losses on FVTPL assets of EUR 10.3 million. To maintain a high-quality and liquid portfolio, assets were invested in debt securities rated above "A-".

## Earnings per share

Earnings per share increased to EUR 2.35 in the first three months of 2023 (up 4.4% compared to the first three months of 2022).

	1–9/2023	1–9/2022
Number of shares (excluding treasury shares)	15,497,696	15,497,696
Net earnings or loss per share (EUR)	2.35	2.25
Book value per share (EUR)	35.37	33.97

<sup>3</sup> A more detailed breakdown of the investment portfolio is provided in appendix 5.

## Progress on the business plan

In the first nine months, the Sava Insurance Group achieved 88.9% of the planned business volume for 2023; however, profits were impacted by major flood and storm events in Slovenia, Serbia and Croatia, which affected the EU and non-EU non-life segments. The net profit for the first nine months of the year reached 68.9% of the lower end of the full-year 2023 net profit target.

### Actuals versus targets in 2023

EUR million	1–9/2023	2023 plan	As % of plan
Business volume	711.2	> 800	88.9%
Business volume growth	13.7%	> 4%	✓
Return on equity	8.2%	> 9.5%	✗
Profit or loss, net of tax	36.5	> 53	68.9%
Solvency ratio	178–184%	170–210%	✓
Combined ratio	96.2%	< 95%	✗
Return on investment portfolio	2.0%	> 1.5%	✓

The Group published its first estimate of the impact of the storm and flood losses on its result in its half-year financial report in August 2023. At that time, the net impact on the business result was estimated to range between EUR 30 million and EUR 35 million. Three months after these events, the impact on the Group result for the first nine months of 2023 from claims paid, claims provisions and reinsurance reinstatement costs was EUR 27.1 million. The impact of claims on non-Group reinsurance business (written in Austria, Croatia and Serbia) is lower than originally estimated.

Among the results for the first nine months, the reinsurance segment (with business written in international markets) stands out as having performed better than planned, benefiting from rate increases and a slower increase in claims than in revenue (a more favourable loss ratio). In addition, the better-than-planned performance of the Group's asset management companies and the return on the investment portfolio contributed to the improved outlook for the full year compared to the August estimate. Assuming there are no major adverse events or other negative external impacts in the fourth quarter, management expects the Group's full-year result to be close to the originally published target for 2023.

## Significant events in the reporting period

### Changes in the management board

David Benedek was appointed as a member of Sava Re's management board on 15 December 2022; he began his five-year term of office on 22 March 2023. With the assumption of office by David Benedek, the management board of Sava Re returned to four members.

### Changes to the supervisory board and its committees

The term of office of Andrej Gorazd Kunstek and Edita Rituper, the employee representatives on the supervisory board, expired on 12 June 2023. The works council reappointed Edita Rituper for a four-year term of office, and Blaž Garbajs was appointed for the first time as the second employee representative on the supervisory board. Both the appointed members began their new terms of office on 13 June 2023.

With the expiry of his term of office on the supervisory board, the term of office of Andrej Gorazd Kunstek on two supervisory board committees also came to an end. The supervisory board appointed Edita Rituper as a new member of its nominations and remuneration committee and Blaž Garbajs as a new member of its audit committee. Both took up their roles in the supervisory board committees on 13 June 2023.

### **39th general meeting of shareholders**

In accordance with the Company's 2023 financial calendar, the 39th general meeting of shareholders was held on 5 June 2023. At the general meeting, the shareholders adopted the proposal of the management and supervisory boards to use EUR 24,796,313.60 of the profits for dividends. The dividend of EUR 1.60 gross per share was paid out on 21 June 2023 to the shareholders listed in the shareholders' register on 20 June 2023. The dividend yield was 6.7%. The Company published all the resolutions passed at the 39th general meeting of shareholders on its website immediately after the meeting.

### **Divestment of G2I**

In April 2023, Sava Re finalised the sale of its ownership interest in G2I, an associated company marketing online motor policies.

### **Severe weather events**

In the summer of 2023, Slovenia and certain other countries in which the Group is present were hit by a wave of storms and floods that caused significant damage to property. Further details of these and other major loss events and the assessment of their impact on the year-end result are described in the section "Progress on the business plan".

### **Acquisition of ASP**

In August 2023, following the fulfilment of all suspensive conditions, Sava Re acquired 100% of the shares of ASP d.o.o. The company is a provider of key IT applications to support the operations of the insurance companies in the Sava Insurance Group.

### **Establishment of Vita S Holding**

In August 2023, Sava Re established Vita S Holding d.o.o., based in Skopje, North Macedonia, in which it currently holds an 80% stake. The company was established to provide a platform for Sava Re to develop healthcare services in North Macedonia.

### **Credit rating reaffirmed**

In September 2023, the rating agencies S&P Global Ratings and AM Best affirmed the "A" ratings of Sava Re and Zavarovalnica Sava. The outlook was stable.

## **Significant events after 30 September 2023**

There have been no significant events up to the time of writing this report.

## About the Sava Insurance Group

The Sava Insurance Group is a customer-centric, flexible and sustainability-oriented insurance group doing business in over one hundred insurance and reinsurance markets worldwide. The Group is a provider of primary insurance, reinsurance, asset management and retirement solutions. Sava Re d.d., the parent company and reinsurer, serves more than 350 clients worldwide. With a presence in six countries in the Adriatic region, the Group is one of the larger insurance groups based in southeastern Europe. Sava Re's long-term financial strength ratings were affirmed by both S&P Global Ratings and AM Best at the "A" level with a stable outlook. The Group ended 2022 with a business volume of over EUR 750 million and a net profit of EUR 68 million. The audited annual report of the Sava Insurance Group for 2022 is available at <https://www.sava-re.si/media/store/savare/en-si/doc/2023/Audited-annual-report-2022.pdf>.

## Disclaimer

### **Forward-looking statements**

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

### **Duty to update**

The Group and the Company assume no obligation to update or revise any forward-looking statements or other information contained in this document, except to the extent required by applicable laws and regulations.

### **Alternative performance measures**

This document may contain certain alternative performance measures used by the Company's management to monitor the business, financial performance and financial position of the Group and provide investors with additional information that management believes may be useful and relevant to understanding the Group's results. These alternative financial indicators or benchmarks generally do not have a standardised meaning and therefore may not be comparable to similarly defined benchmarks used by other companies. Therefore, no such indicators or measures should be considered in isolation from, or in place of, the consolidated financial statements of the Group and the related notes prepared in accordance with IFRS standards.

### **Legal basis for preparing this document**

This document has been prepared on the basis of the Market in Financial Instruments Act, the rules of the Ljubljana Stock Exchange and other laws and regulations applicable in Slovenia. Furthermore, it is not an interim financial report within the meaning of IAS 34 "Interim Financial Reporting". The interim financial statements have not been audited.

## Appendices

### 1. Consolidated income statement by operating segment

EUR	Reinsurance		Non-life, EU		Non-life, non-EU		Life, EU		Life, non-EU		Pensions and asset management		Other		Total	
	1-9/2023	1-9/2022	1-9/2023	1-9/2022	1-9/2023	1-9/2022	1-9/2023	1-9/2022	1-9/2023	1-9/2022	1-9/2023	1-9/2022	1-9/2023	1-9/2022	1-9/2023	1-9/2022
Insurance revenue	83,295,558	67,492,448	319,070,115	280,501,924	65,773,701	53,961,808	44,362,230	41,922,210	4,847,399	3,801,782	313,403	200,476	0	0	517,662,406	447,880,648
Insurance service expenses	-67,431,298	-57,681,390	-375,491,710	-267,111,602	-62,192,044	-46,258,658	-30,503,885	-27,478,321	-3,522,286	-2,972,562	-186,477	-141,237	0	0	-539,327,700	-401,643,770
Net result from reinsurance contracts	791,383	835,621	65,517,633	12,641,904	-108,386	-2,643,077	-151,949	-282,811	-109,984	-36,194	0	0	0	0	65,938,697	10,515,444
<b>Insurance service result</b>	<b>16,655,643</b>	<b>10,646,679</b>	<b>9,096,038</b>	<b>26,032,226</b>	<b>3,473,271</b>	<b>5,060,073</b>	<b>13,706,396</b>	<b>14,161,078</b>	<b>1,215,129</b>	<b>793,026</b>	<b>126,926</b>	<b>59,239</b>	<b>0</b>	<b>0</b>	<b>44,273,403</b>	<b>56,752,322</b>
Interest revenue	2,314,943	1,357,418	3,015,265	1,408,296	1,771,357	1,406,501	6,194,495	6,024,013	709,781	610,511	742,220	437,756	0	0	14,748,061	11,244,494
Dividend income	217,967	458,075	122,486	518,945	58,817	41,713	607,041	755,963	0	0	0	0	0	0	1,006,311	1,774,696
Net gains and losses on financial investments	372,390	-1,872,612	536,643	-3,363,839	9,738	-86,281	30,059,309	-74,945,953	76	-285	84,641	-1,693,080	0	0	31,062,797	-81,962,050
Net impairment loss on financial investments	34,996	-8,991	-19,650	13,867	29,732	-154,952	98,816	453,714	-13,772	-59,680	41,923	-14,653	0	0	172,045	229,305
Other investment revenue/expenses	-1,762,721	6,309,311	1,459,586	1,275,782	235,594	147,216	-160,192	-1,970,082	-14,432	-25,691	57,225	177,331	0	0	-184,941	5,913,867
<b>Investment result</b>	<b>1,177,575</b>	<b>6,243,201</b>	<b>5,114,331</b>	<b>-146,949</b>	<b>2,105,238</b>	<b>1,354,197</b>	<b>36,799,467</b>	<b>-69,682,345</b>	<b>681,652</b>	<b>524,854</b>	<b>926,009</b>	<b>-1,092,646</b>	<b>0</b>	<b>0</b>	<b>46,804,273</b>	<b>-62,799,688</b>
Net insurance finance income/expenses	829,171	-8,165,142	-2,366,898	-1,111,323	-407,986	-312,587	-32,465,299	69,348,876	-170,787	-158,483	-491,308	-133,871	0	0	-35,073,107	59,467,470
Net reinsurance finance income/expenses	-268,663	10,762	-419,921	495,418	-2,089	35,352	-1,606	-415	0	0	0	0	0	0	-692,279	541,118
<b>Insurance finance result</b>	<b>560,508</b>	<b>-8,154,380</b>	<b>-2,786,819</b>	<b>-615,905</b>	<b>-410,075</b>	<b>-277,235</b>	<b>-32,466,905</b>	<b>69,348,461</b>	<b>-170,787</b>	<b>-158,483</b>	<b>-491,308</b>	<b>-133,871</b>	<b>0</b>	<b>0</b>	<b>-35,765,386</b>	<b>60,008,588</b>
<b>Finance result</b>	<b>1,738,083</b>	<b>-1,911,179</b>	<b>2,327,512</b>	<b>-762,854</b>	<b>1,695,163</b>	<b>1,076,962</b>	<b>4,332,562</b>	<b>-333,884</b>	<b>510,865</b>	<b>366,371</b>	<b>434,701</b>	<b>-1,226,517</b>	<b>0</b>	<b>0</b>	<b>11,038,887</b>	<b>-2,791,100</b>
Asset management revenue	0	0	0	0	0	2,152	0	0	0	0	14,441,283	13,546,994	0	0	14,441,283	13,549,146
Non-attributable operating expenses	-2,352,724	-2,060,670	-9,267,414	-9,810,114	-2,796,773	-2,758,383	-2,563,067	-2,325,534	-472,674	-281,117	-1,298,583	-1,449,144	-373,556	-339,172	-19,124,791	-19,024,134
Net impairment loss on non-financial assets	-12,645	-413,709	65,320	-32,681	276,033	110,712	10,193	-799	-40,315	23,809	-45,475	-2,472	0	0	253,111	-315,140
Income and expenses relating to investments in subsidiaries and associates	0	0	0	0	0	0	0	0	0	0	0	0	2,139,613	2,178,089	2,139,613	2,178,089
Other income/expenses	-296,939	-139,905	508,671	855,163	1,062,766	497,193	-1,317,680	-1,330,406	604,191	279,108	-7,891,693	-7,822,072	-590,589	-1,135,547	-7,921,274	-8,796,465
<b>Profit or loss before tax</b>	<b>15,731,419</b>	<b>6,121,216</b>	<b>2,730,126</b>	<b>16,281,741</b>	<b>3,710,460</b>	<b>3,988,710</b>	<b>14,168,404</b>	<b>10,170,455</b>	<b>1,817,196</b>	<b>1,181,197</b>	<b>5,767,159</b>	<b>3,106,028</b>	<b>1,175,468</b>	<b>703,371</b>	<b>45,100,233</b>	<b>41,552,718</b>
Income tax expense															-8,573,212	-6,592,890
<b>Net profit or loss for the period</b>															<b>36,527,021</b>	<b>34,959,828</b>

## 2. Non-life segment

### Unconsolidated gross premiums written – non-life

EUR	1–9/2023	1–9/2022	Index
Slovenia	359,167,302	302,911,136	118.6
Serbia	30,641,572	22,951,899	133.5
Croatia	13,536,813	11,536,644	117.3
North Macedonia	15,617,646	13,242,871	117.9
Montenegro	16,181,532	13,217,307	122.4
Kosovo	12,757,274	12,101,961	105.4
<b>Total</b>	<b>447,902,139</b>	<b>375,961,819</b>	<b>119.1</b>

### Composition of consolidated gross non-life insurance premiums written by class of business<sup>4</sup>

EUR	1–9/2023		1–9/2022	
	EUR	Share	EUR	Share
Land motor vehicles	146,001,554	32.6%	116,344,313	31.0%
Motor vehicle liability	125,673,228	28.1%	105,012,765	27.9%
Property	82,331,103	18.4%	77,192,850	20.5%
Accident, health and assistance	68,952,303	15.4%	56,774,331	15.1%
General liability	17,946,012	4.0%	15,432,057	4.1%
Marine, suretyship and goods in transit	4,312,116	1.0%	3,489,838	0.9%
Other insurance	2,231,203	0.5%	1,528,141	0.4%
<b>Total</b>	<b>447,447,520</b>	<b>100.0%</b>	<b>375,774,295</b>	<b>100.0%</b>

## 3. Life segment

### Unconsolidated gross insurance premiums written – life

EUR	1–9/2023	1–9/2022	Index
Slovenia	126,970,672	122,917,984	103.3
Serbia	5,198,097	3,989,999	130.3
Kosovo	3,468,684	3,342,013	103.8
Croatia	1,559,801	1,511,003	103.2
<b>Total</b>	<b>137,197,254</b>	<b>131,760,999</b>	<b>104.1</b>

### Composition of consolidated gross life insurance premiums by class of business

EUR	1–9/2023		1–9/2022	
	EUR	Share	EUR	Share
Unit-linked life	88,729,605	64.8%	85,212,690	64.7%
Traditional life	48,292,568	35.2%	46,547,863	35.3%
<b>Total</b>	<b>137,022,173</b>	<b>100.0%</b>	<b>131,760,553</b>	<b>100.0%</b>

<sup>4</sup> Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

## 4. Pensions and asset management segment

### Performance of funds under management (accumulation part)

EUR	1–9/2023	1–9/2022	Index
<b>Opening balance of fund assets (1 January)</b>	<b>1,507,752,304</b>	<b>1,541,670,574</b>	<b>97.8</b>
Fund inflows	133,941,571	129,639,795	103.3
Fund outflows	-37,832,385	-46,938,949	80.6
Asset transfers	-11,516,538	-9,010,264	127.8
Net investment income of funds	102,002,948	-136,238,927	-
Entry and exit charges	-1,866,969	-1,764,430	105.8
Exchange differences and fair value reserve	-1,694,734	4,012	-
<b>Closing balance of fund assets (30 September)</b>	<b>1,690,786,196</b>	<b>1,477,361,811</b>	<b>114.4</b>

### Closing balance of funds under management (accumulation part)

EUR	30 September 2023	31 December 2022	Index
Sava Pokojninska	174,246,749	165,831,325	105.1
Sava Penzisko	945,605,367	847,491,761	111.6
Sava Infond	570,934,080	494,429,217	115.5
<b>Total</b>	<b>1,690,786,196</b>	<b>1,507,752,304</b>	<b>112.1</b>

## 5. Investment portfolio of the Sava Insurance Group

### Investment portfolio position

EUR	30 September 2023	31 December 2022	Absolute change	Index
Deposits	27,991,789	18,847,012	9,144,777	148.5
Government bonds	745,180,877	734,511,378	10,669,499	101.5
Corporate bonds	448,681,359	420,290,279	28,391,080	106.8
Shares	23,177,850	24,883,922	-1,706,072	93.1
Mutual funds	17,390,512	22,157,732	-4,767,220	78.5
Infrastructure funds	57,648,027	53,856,376	3,791,651	107.0
Real estate funds	15,099,491	16,497,061	-1,397,570	91.5
Loans granted	827,369	1,196,069	-368,700	69.2
<b>Total financial investments</b>	<b>1,335,997,274</b>	<b>1,292,239,830</b>	<b>43,757,444</b>	<b>103.4</b>
Financial investments in associates	23,691,778	21,856,109	1,835,669	108.4
Investment property	22,642,544	22,795,761	-153,217	99.3
Cash and cash equivalents	94,241,036	78,339,699	15,901,337	120.3
<b>Total investment portfolio</b>	<b>1,476,572,632</b>	<b>1,415,231,398</b>	<b>61,341,233</b>	<b>104.3</b>
<b>Assets held for the benefit of policyholders who bear the investment risk</b>	<b>561,049,423</b>	<b>498,776,177</b>	<b>62,273,247</b>	<b>112.5</b>
Financial investments	549,775,034	483,892,247	65,882,788	113.6
Cash and cash equivalents	11,274,389	14,883,930	-3,609,541	75.7
<b>Investment contract assets</b>	<b>174,944,093</b>	<b>166,374,119</b>	<b>8,569,974</b>	<b>105.2</b>



### Composition of the investment portfolio

EUR	30 September 2023	31 December 2022	% change (p.p.)
Fixed-rate financial investments	82.7%	82.9%	-0.2
Cash and cash equivalents	6.4%	5.5%	0.8
Infrastructure funds	3.9%	3.8%	0.1
Shares	1.6%	1.8%	-0.2
Property	1.5%	1.6%	-0.1
Mutual funds	1.2%	1.6%	-0.4
Real estate funds	1.0%	1.2%	-0.1
Other*	1.7%	1.6%	0.0
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0</b>

\* The "other" item comprises loans granted and financial investments in associates.

### Composition of fixed-rate financial investments

EUR	30 September 2023	Share 30 September 2023	31 December 2022	Share 30 September 2023	% change (p.p.)
Government bonds	688,602,029	46.6%	679,225,273	48.0%	-1.4
Regular corporate bonds	363,842,438	24.6%	373,134,500	26.4%	-1.7
Government-guaranteed bonds	59,244,889	4.0%	55,286,105	3.9%	0.1
Subordinated bonds	29,849,258	2.0%	32,679,047	2.3%	-0.3
Covered bonds	52,323,622	3.5%	14,476,732	1.0%	2.5
Deposits	27,991,790	1.9%	18,847,012	1.3%	0.6
<b>Total</b>	<b>1,221,854,025</b>	<b>82.7%</b>	<b>1,173,648,669</b>	<b>82.9%</b>	<b>-0.2</b>

## 6. Glossary of selected terms and computation methods for indicators

Performance indicators and other terms
Contractual service margin (CSM). An estimate of the unearned profit on groups of insurance contracts that has not been recognised in the income statement at a reporting date because it relates to future services.
Finance result. Short for the income statement item "finance result of investments and insurance services".
Investment portfolio. It consists of financial investments, investments in associates, investment property, and cash and cash equivalents. It does not include investments of policyholders who bear the investment risk.
FVTPL investments (investments at fair value through profit or loss). Financial investments measured at fair value through profit or loss.
Insurance revenue. Revenue from insurance contracts issued in accordance with IFRS 17, which does not include any investment components.
Insurance service result. Short for the income statement item "insurance and reinsurance service result".
Alternative performance indicators
Cost-to-income ratio (CIR). Expense ratio for the pensions and asset management segment. It is calculated as the ratio of revenue to expenses.
Net earnings or loss per share. Ratio of net profit/loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding. The Company and the Group have no potentially dilutive ordinary shares, therefore basic earnings per share equal diluted earnings per share.
Dividend yield. Ratio of dividend per share to the rolling average price per share in the 12-month period.
Net investment income of the investment portfolio. Net investment income or expenses plus attributable gains or losses on equity-accounted investments. Calculated excluding the impact of foreign exchange differences and subordinated debt expenses.
Return on equity. Net profit for the period as a percentage of average equity during the period, excluding accumulated other comprehensive income.
Return on the investment portfolio. (Net investment income or expenses plus attributable gains or losses on equity-accounted investments) / average balance of investment portfolio. The investment portfolio position includes the following items of the statement of financial position: investment property, investments in equity-accounted associates, financial investments, excluding unit-linked assets, and cash and cash equivalents other than unit-linked assets. The average balance is calculated based on the figures as at the reporting date and as at the end of the previous year. Calculated excluding the impact of foreign exchange differences and subordinated debt expenses.
Book value per share. Ratio of total equity to the weighted average number of shares outstanding.
Combined ratio. Expenses less claims ceded to reinsurers, net of finance expenses, as a percentage of income, less premiums ceded to reinsurers, net of finance income. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments.
Gross premiums (gross written premiums). The total premiums on all policies written or renewed during a given period, regardless of what portions have been earned.
Business volume. Gross premiums written and revenue of non-insurance services.
SCR (solvency capital requirement).
Solvency ratio. The ratio of eligible own funds to the solvency capital requirement, expressed as a percentage. A ratio greater than 100% indicates that the Company has sufficient resources to meet its solvency capital requirement.
Assets under management. Assets of pension companies' savings funds, assets of mutual funds managed by the Group's asset management company and assets of policyholders who bear the investment risk.
Loss ratio. Insurance service expenses, net of expenses and claims ceded to reinsurers, as a percentage of insurance revenue, net of premiums ceded to reinsurers.