

# Strategic plan

of the  
**SAVA  
INSURANCE  
GROUP**  
2020–2022





**#NeverAlone**

We are building  
a customer-centric, modern, digital,  
community-minded and sustainable  
**INSURANCE GROUP.**

## OUR MISSION

Through commitment and constant progress, we ensure **SECURITY AND QUALITY OF LIFE.**

## OUR VISION

We are building a customer-centric, modern, digital, community-minded and sustainable insurance Group.

## OUR VALUES

We grow relationships with our colleagues in a responsible, frank and respectful manner. We exceed customer expectations through our ongoing effort to make improvements and strengthen relationships. We are active in relation to the environment (e.g., owners and the social environment).

## KEY TARGETS FOR 2020–2022

### GROWTH IN REVENUES

> 4% annually

### HITTING THE TOTAL REVENUES MARK

of €650 m by 2022

### RETURN ON EQUITY

> 11%

### SOLVENCY RATIO

180–220%

### COMBINED RATIO (NON-LIFE + REINSURANCE)

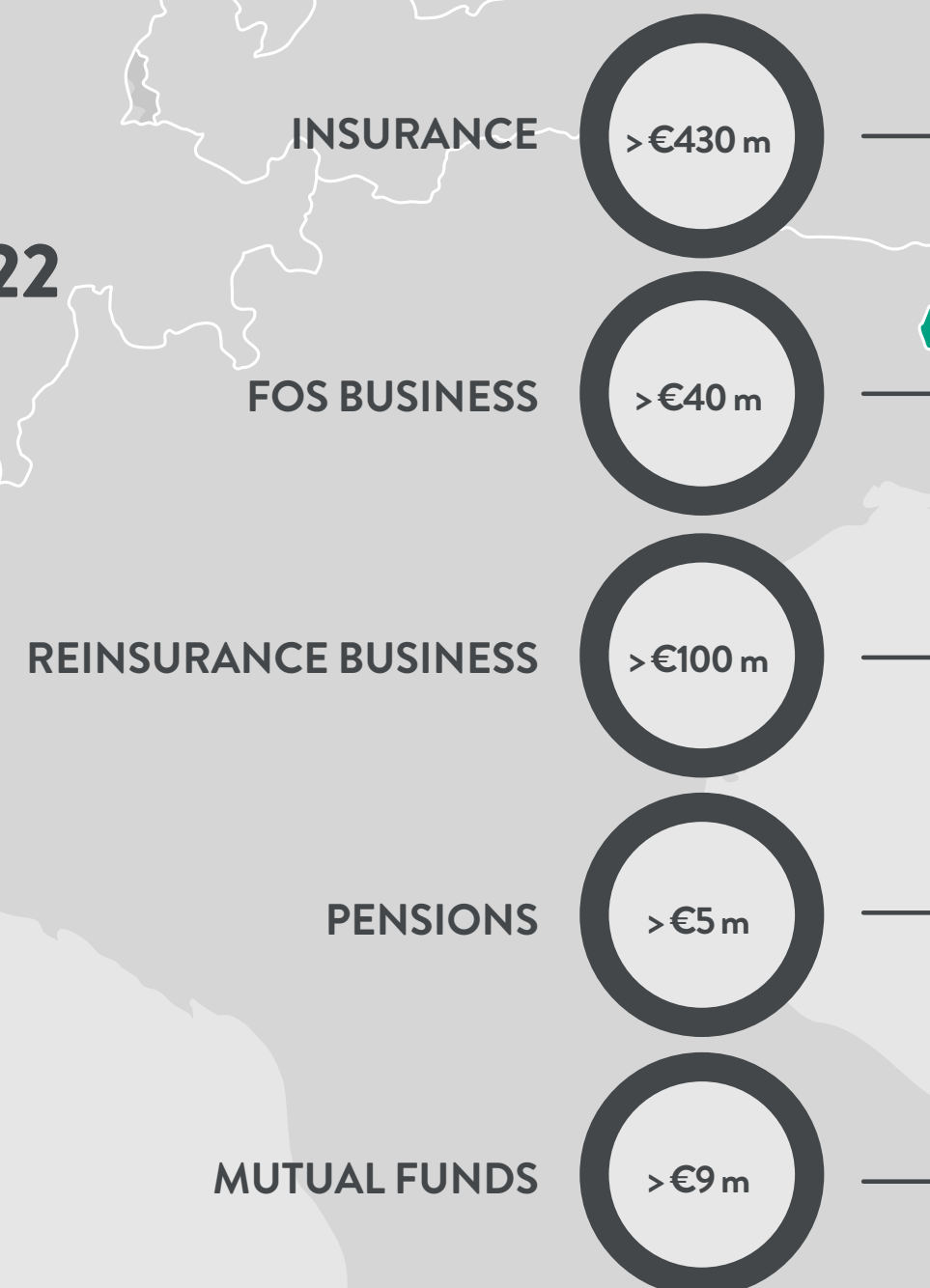
< 95%

### RETURN ON INVESTMENT (EXCL. COST OF SUBORDINATED DEBT)

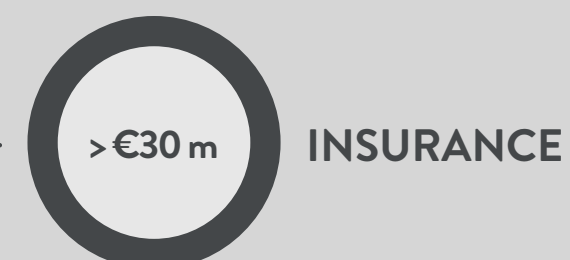
> 1.2%

## PLANNED OPERATING REVENUES OF THE SAVA INSURANCE GROUP IN 2022

### SLOVENIA



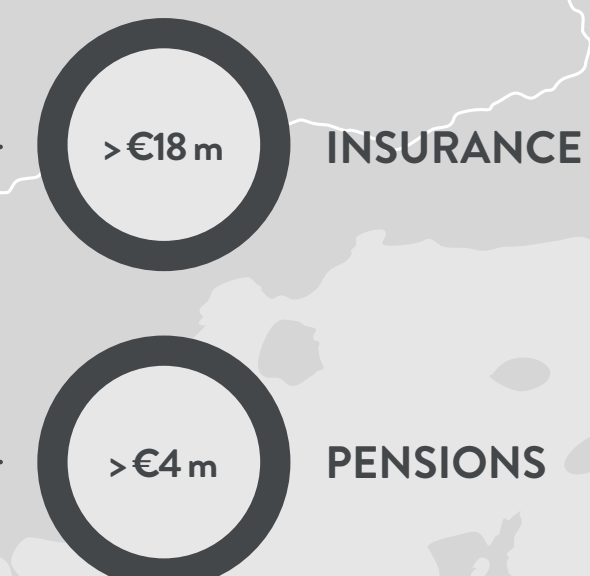
### CROATIA



### SERBIA



### NORTH MACEDONIA



### MONTENEGRO



### KOSOVO



The amounts for (re)insurance companies relate to planned gross premiums written; for non-insurance companies they relate to operating revenues.



**KEY  
STRATEGIC  
FOCUS  
AREAS**

**PILLARS  
OF  
OPERATIONS**

**KEY  
STRATEGIC  
FOCUS  
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**PILLARS  
OF  
OPERATIONS**



## KEY GROUP STRATEGIC FOCUS AREAS 2020–2022



**DIGITAL  
TRANSFORMATION &  
PLACING THE CUSTOMER  
AT THE CENTRE**



**IT TRANSFORMATION**



**ACQUISITIONS-  
BASED GROWTH**





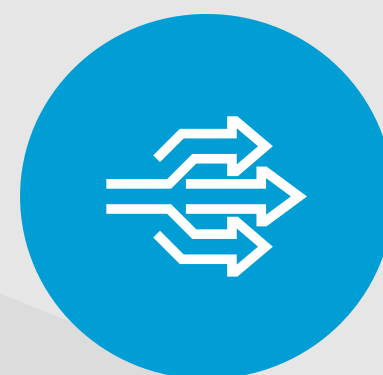
# DIGITAL TRANSFORMATION AND PLACING THE CUSTOMER AT THE CENTRE

## AREAS OF DIGITAL TRANSFORMATION



### CUSTOMER AT THE CENTRE

- Omni-channel approach
- Web
- Innovative products
- New sales channels
- Business process modelling tools
- Sales process development
- Business intelligence



### OPTIMISATION

- Core reinsurance business IT solution
- Core insurance business IT solution
- Document management system



### REGULATORY

- IFRS 17
- IFRS 9



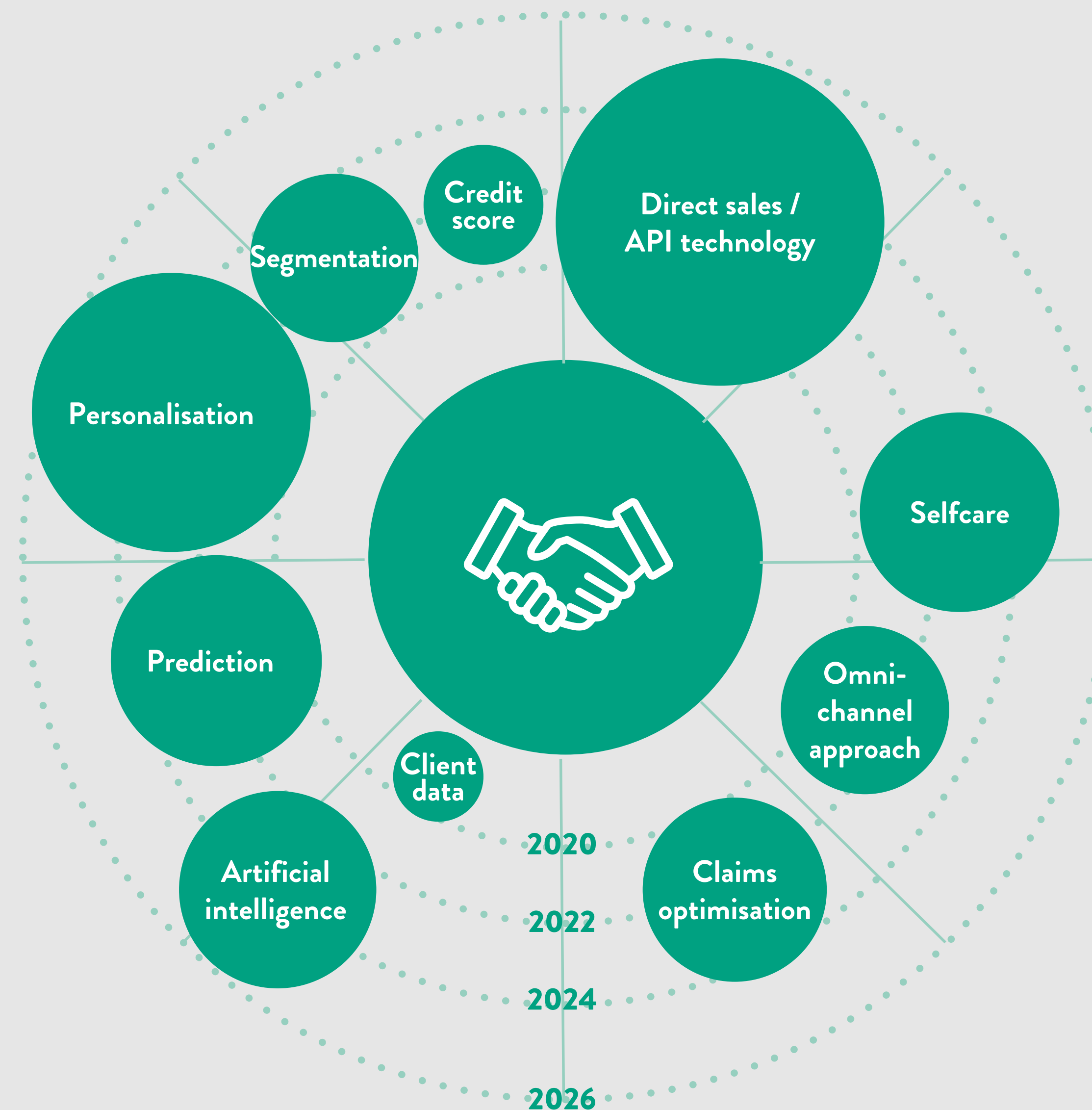
## DIGITAL TRANSFORMATION & CUSTOMER RELATIONSHIP MANAGEMENT WITH CHANGES AT DIFFERENT BUSINESS LEVELS



## CUSTOMER AT THE CENTRE

Switching between different channels of communication/buying and using different social networks

- **Strengthening the Sava brand & the promise #NeverAlone**
- **Emphasis on synergies within the Group**
- **Redirection from product view to customer view**





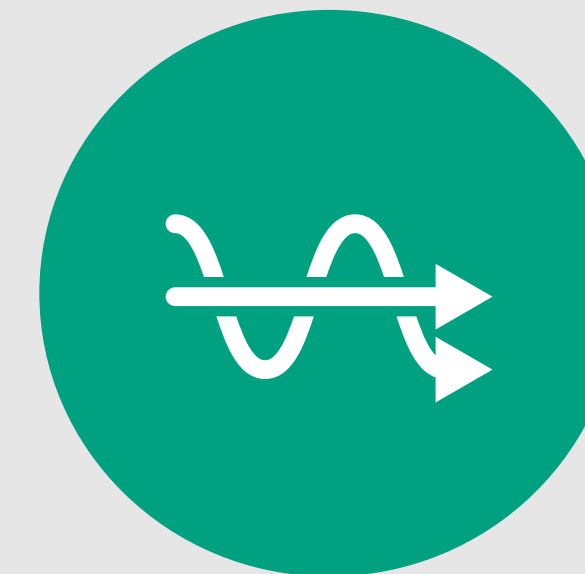
## CUSTOMER-CENTRICITY FROM THE CUSTOMER EXPERIENCE PERSPECTIVE



CUSTOMER **LIFE CYCLE**



**CUSTOMERS/PEOPLE**



**SIMPLICITY** OF CUSTOMER  
EXPERIENCE THROUGH  
SMOOTHER PROCESSES



#**NeverAlone**  
IN THE CUSTOMER  
EXPERIENCE



**OMNI-CHANNEL**  
EVERYWHERE AND  
ANYTIME



**DIGITAL TRANSFORMATION**  
OF THE USER EXPERIENCE AND  
**DATA-DRIVEN SERVICES**





# IT TRANSFORMATION



IT FOCUS AREAS 2020–2022



TARGET TIME	REQUIRED CAPACITY
Up to 7 years	Capacity to gradually re-engineer the applications in terms of technology and generations
Up to 2 years	Capacity to integrate an elaborate core business solution in a particular company (up to two at the same time)
Up to 14 months	Capacity to introduce major process synergies arising out of the Group level
Up to 4 months	Capacity to computerise ownership control over and management of an acquired company
Up to 3 months	Capacity to develop a complex market product
Up to 45 days	Capacity to analyse in detail and to make IT decisions regarding new initiatives
Up to 5 days	80% of upgrades to processes, products or new services are chiefly configurable by qualified users
24/7	Implementation of active defence of the Company’s cyberspace
Ongoing task	Adequacy and organisation of expert IT staff and IT processes for providing IT support to strategic objectives
Ongoing task	IT management with a view to achieving value-added inputs in IT

## IT STRATEGY HIGHLIGHTS 2020–2022



### PRIMARY DIRECTION

Gradual replacement/upgrading of the core business  
New version of the sales module covering business partners  
Expanded and enhanced data warehouse & business intelligence, holistic management of data and data quality  
External and internal digitalisation to place the customer at the centre



### SECONDARY DIRECTION

Regular support and updating for existing IT solutions depending on business requirements  
Major upgrade of system IT infrastructure and solutions  
Upgrading IT cyber security by setting up a 24/7 security operations centre



### SUPPORTIVE ACTIVITIES

Proactive management and development of human resources  
IT governance with focus on the customer & company added value





# ACQUISITIONS- BASED GROWTH

ACQUISITIONS-BASED GROWTH

	GOALS
ADRIATIC REGION INSURERS	Strengthening market shares in existing markets (Slovenia, Serbia, Croatia)
NEW EU MARKET INSURERS	Entry into new markets
PENSION COMPANIES	Strengthening market position in existing markets to achieve economies of scale
HEALTH BUSINESS	Comprehensive range of health services in Slovenia; expanding to other markets where the Group is present
SUPPORTIVE ACTIVITIES	Companies that could take the customer-insurer relationship to a higher level
ASSET MANAGERS	Achieving economies of scale; keeping pace with the development of capital markets in the region
SUSTAINABILITY PROJECTS	Improving energy efficiency, development of renewable sources, advancing quality of life & promoting social cohesion





**KEY  
DEVELOPMENT  
AREAS**

**PILLARS OF  
BUSINESS  
OPERATIONS**

## PILLARS OF BUSINESS OPERATIONS

### INTEGRAL RISK MANAGEMENT

INSURANCE & PENSIONS	REINSURANCE BUSINESS	OTHER ACTIVITIES	ASSET MANAGEMENT	CAPITAL GROWTH & USE
Slovenia non-life Slovenia life Adria non-life Adria life FoS business* Assistance and other supportive activities Pensions	Extra-Group Group	Sale of mutual fund units Health business Other	Insurance company portfolios Management of mutual fund assets Pension portfolios	Organic growth Acquisitions Dividend policy

### SUPPORTING ACTIVITIES

\* FoS business. Freedom of Services business. Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.





# INSURANCE & PENSIONS



## NON-LIFE INSURANCE BUSINESS

### CUSTOMER LIFE CYCLE

Using customer life cycle analysis and predictive analytics in product development and marketing



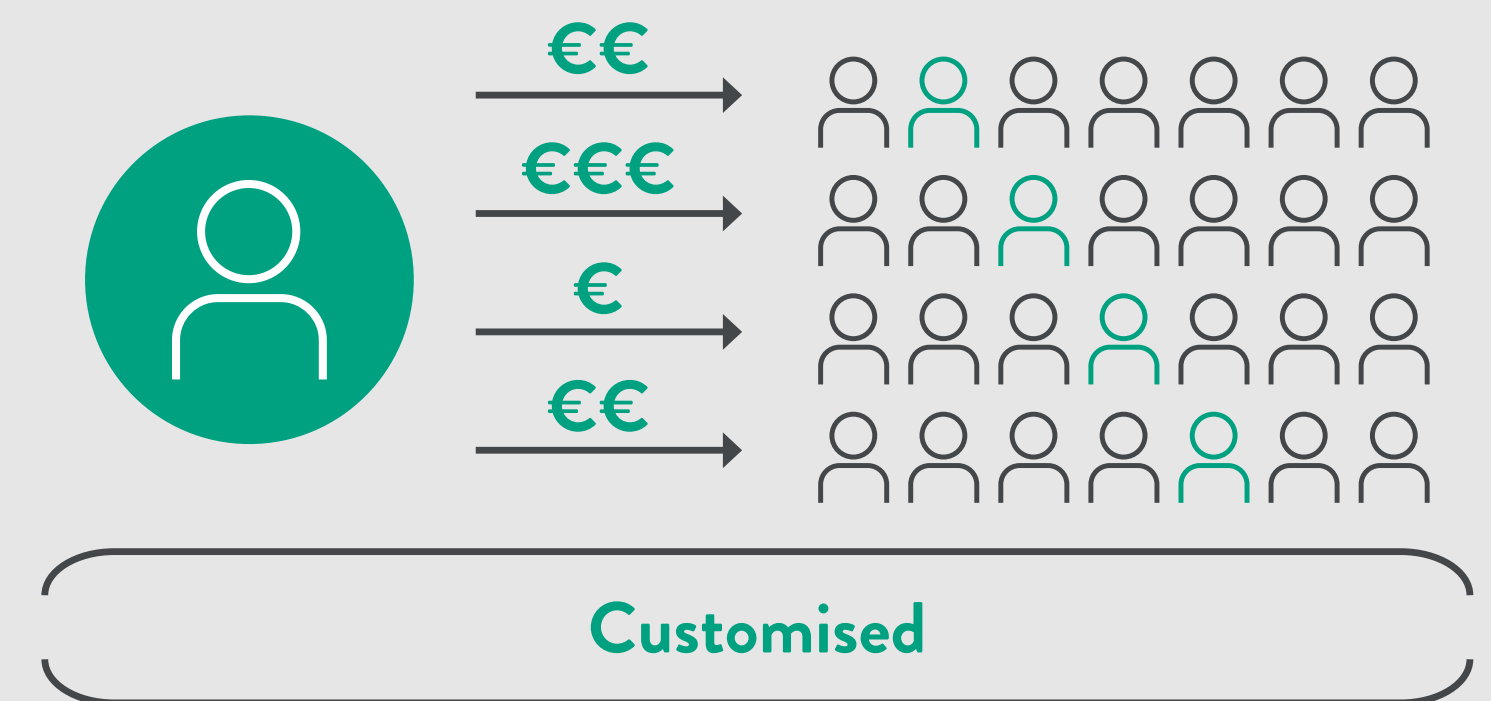
- Animal insurance
- Motor insurance
- Tourist trip cancellation insurance
- Legal assistance
- Moped insurance

- Bike and cyclist insurance
- Young driver insurance
- Home insurance
- Payment card insurance

Selection of sales channel depending on product and market group



Developing **customer-tailored products** (price, duration)



Predictive behaviour

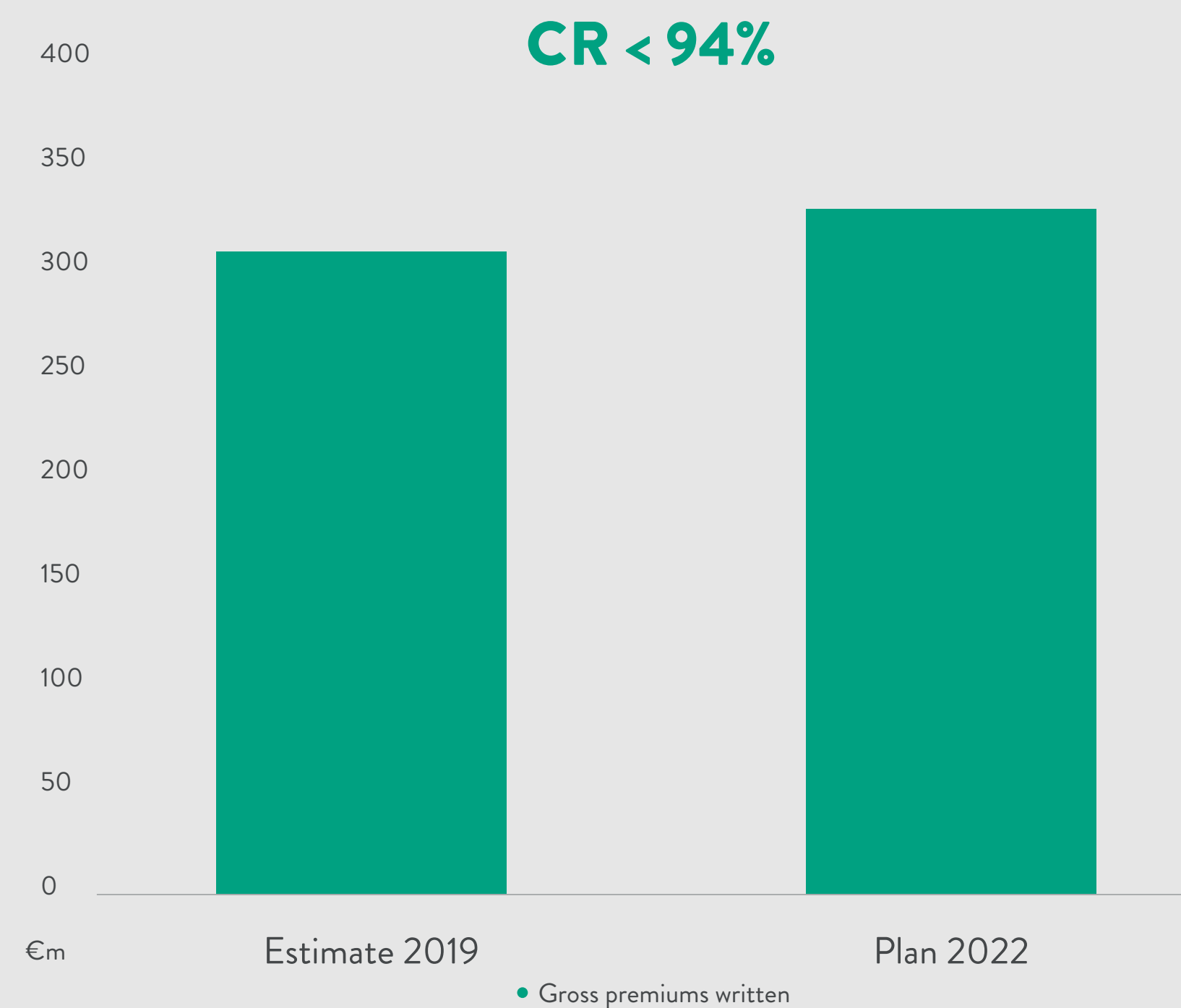


## NON-LIFE INSURANCE BUSINESS

### SLOVENIA

Average annual growth in gross premiums written **> 2%**

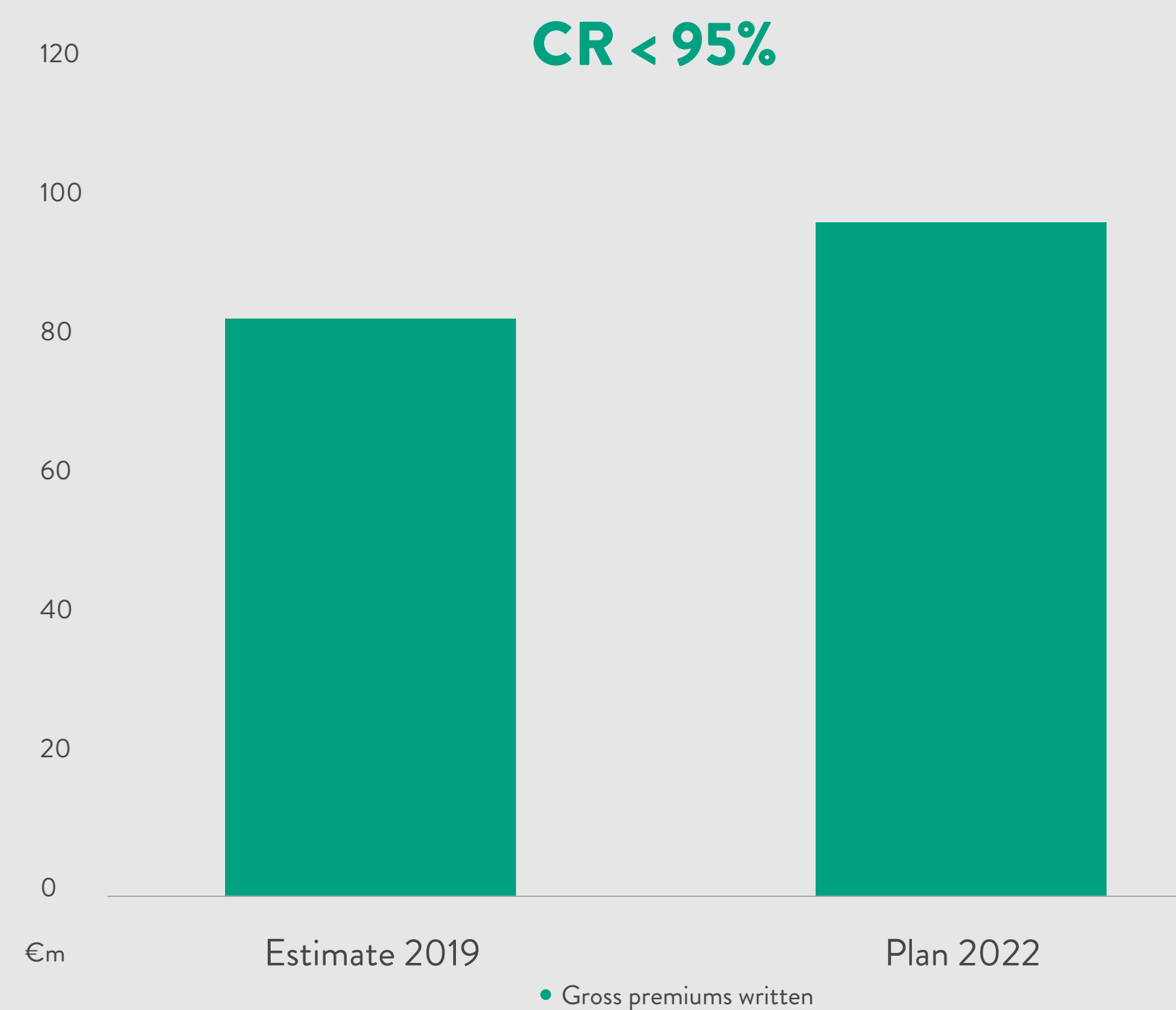
Average combined ratio (CR) **< 94%**



### ADRIATIC REGION

Average annual growth in gross premiums written **> 5%**

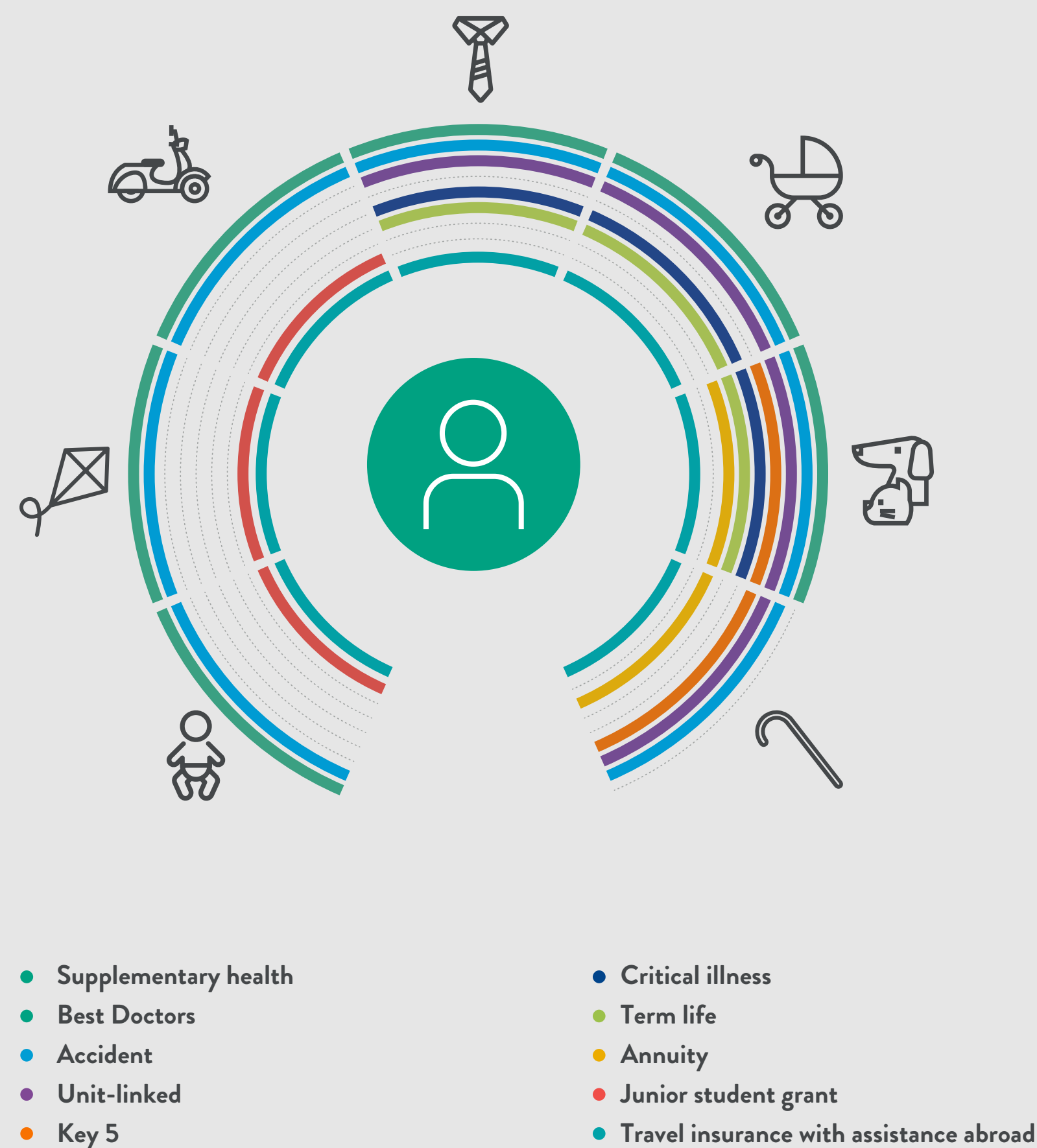
Average combined ratio (CR) **< 95%**



## LIFE BUSINESS (INSURANCE OF THE PERSON)

### CUSTOMER LIFE CYCLE

Using customer life cycle analysis and predictive analytics in product development and marketing



Focus on capital-light products with minimum financial guarantees



Upgrading investment activities by adding investment options and services





## LIFE BUSINESS



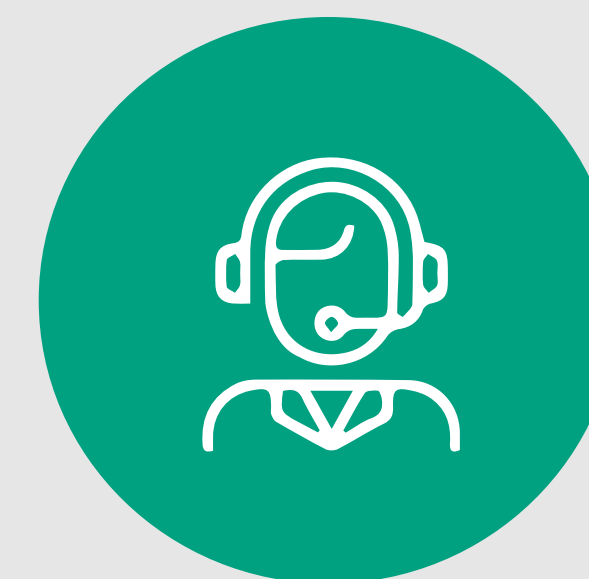
Linking insurance policies to customer lifestyles



Simple accident & health policies tailored to customer needs



Personalised offers depending on major customer life events



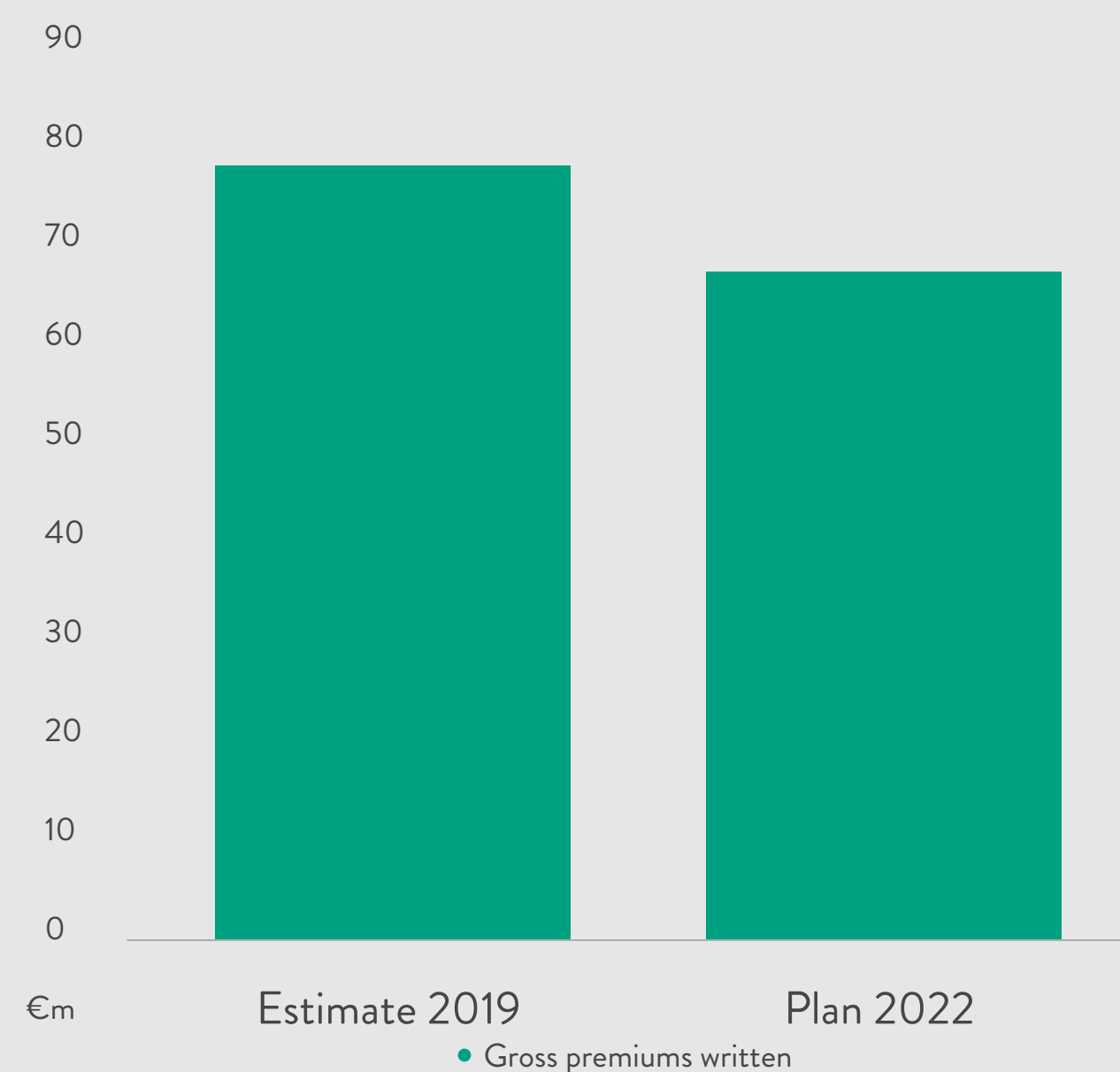
Linking life products and assistance services

## LIFE BUSINESS

### SLOVENIA

Average annual change in gross premiums written > **-5%**

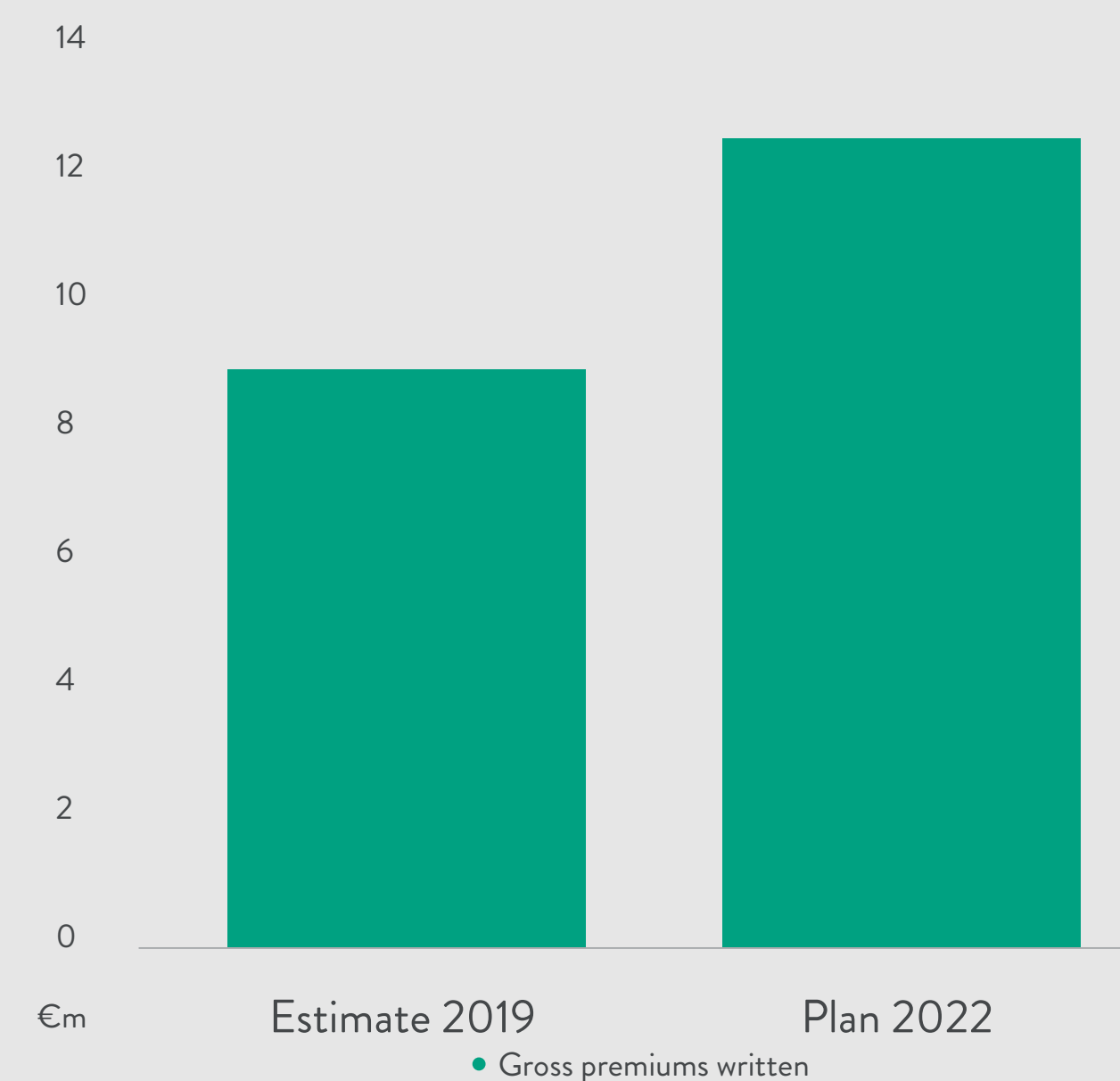
Average annual growth in new premiums written of **2%**



### ADRIATIC REGION

Average annual growth in gross premiums written > **10%**

Average annual growth in new premiums written of **7%**





## ASSISTANCE SERVICES

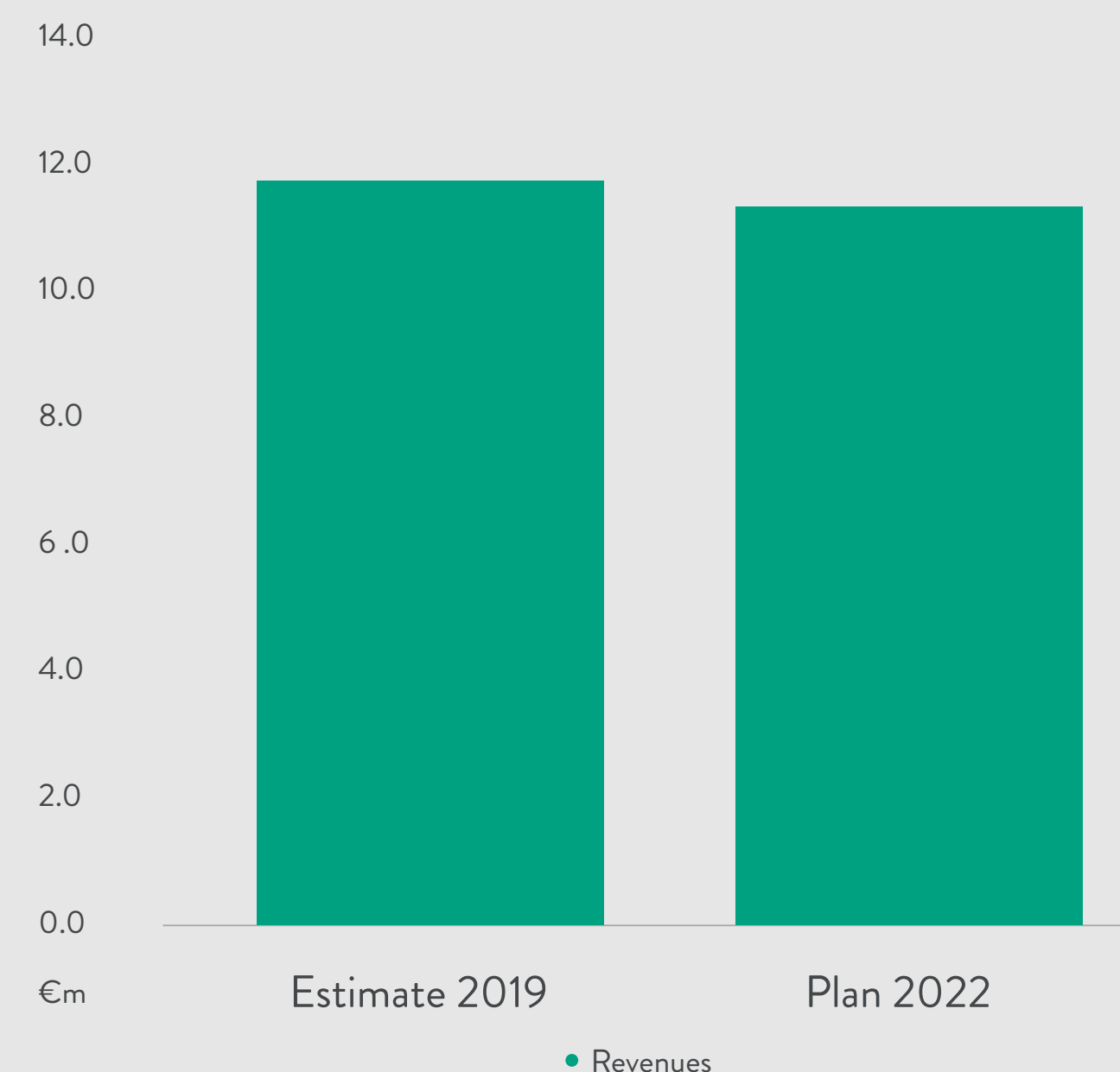
**DEVELOPMENT OF NEW SERVICES** and taking over tourist assistance services in the Croatian branch office

**DIGITALISATION OF OPERATIONS**, development of applications for assistance services for legal persons, testing the adequacy of the web concept for B2B operations

Focus on the development of **LIFESTYLE ASSISTANCE**

**SPREADING THE PARTNER NETWORK** to new markets

Support for insurance company activities placing the customer at the centre through quality assistance services



## PENSIONS: DEVELOPMENT ACTIVITIES AND OBJECTIVES

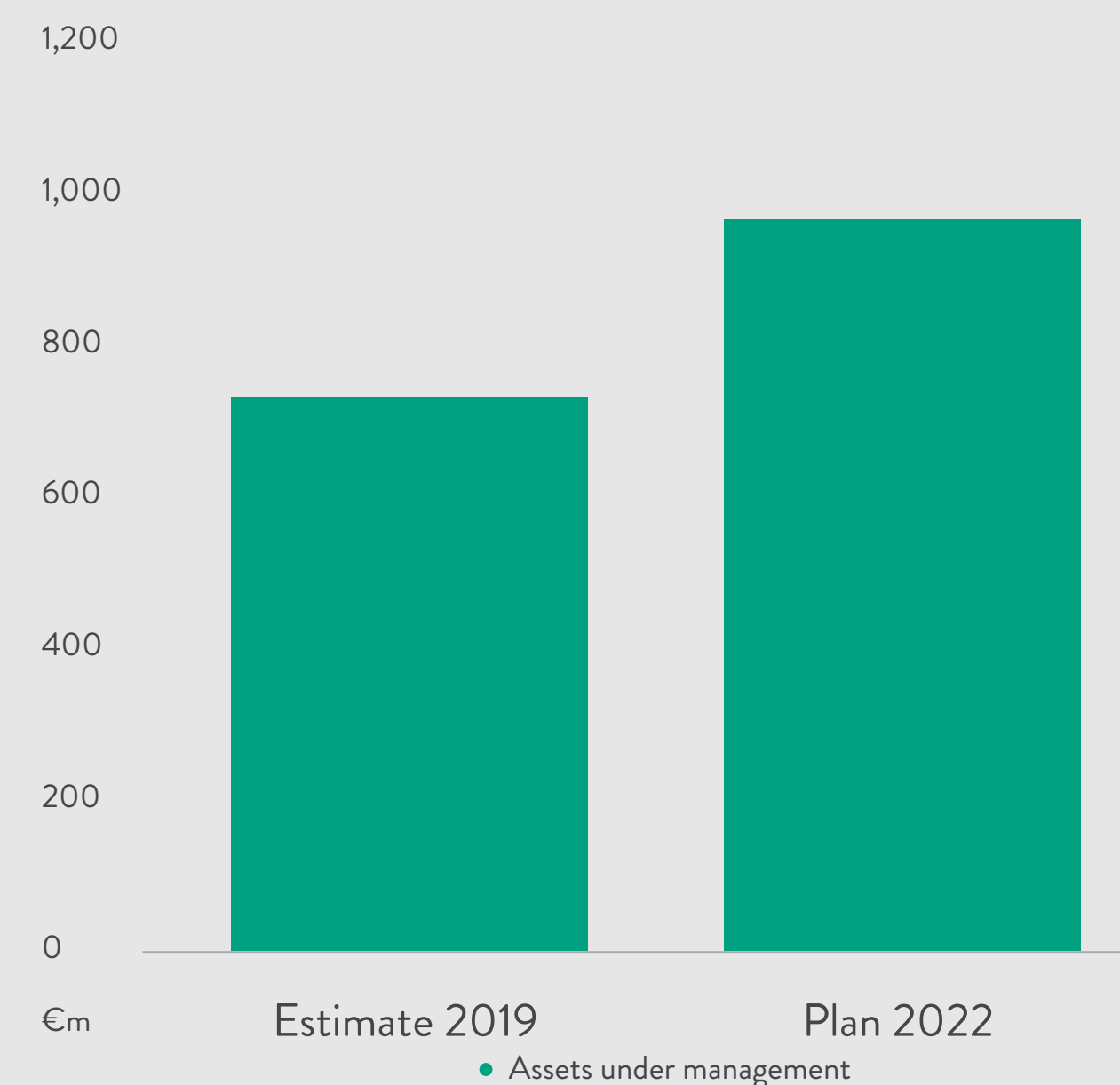
**DEVELOPMENT OF OWN SALES CHANNELS** and sales support

**IMPROVING THE PRODUCT MIX**  
by introducing life-cycle funds in the Adriatic region

**DEVELOPMENT OF SERVICES** in cooperation with technological, innovative and specialist partners

Further development of **SALES SUPPORT APPLICATIONS**

Compound annual growth rate for assets under management **> 10%**







# REINSURANCE BUSINESS

## REINSURANCE BUSINESS

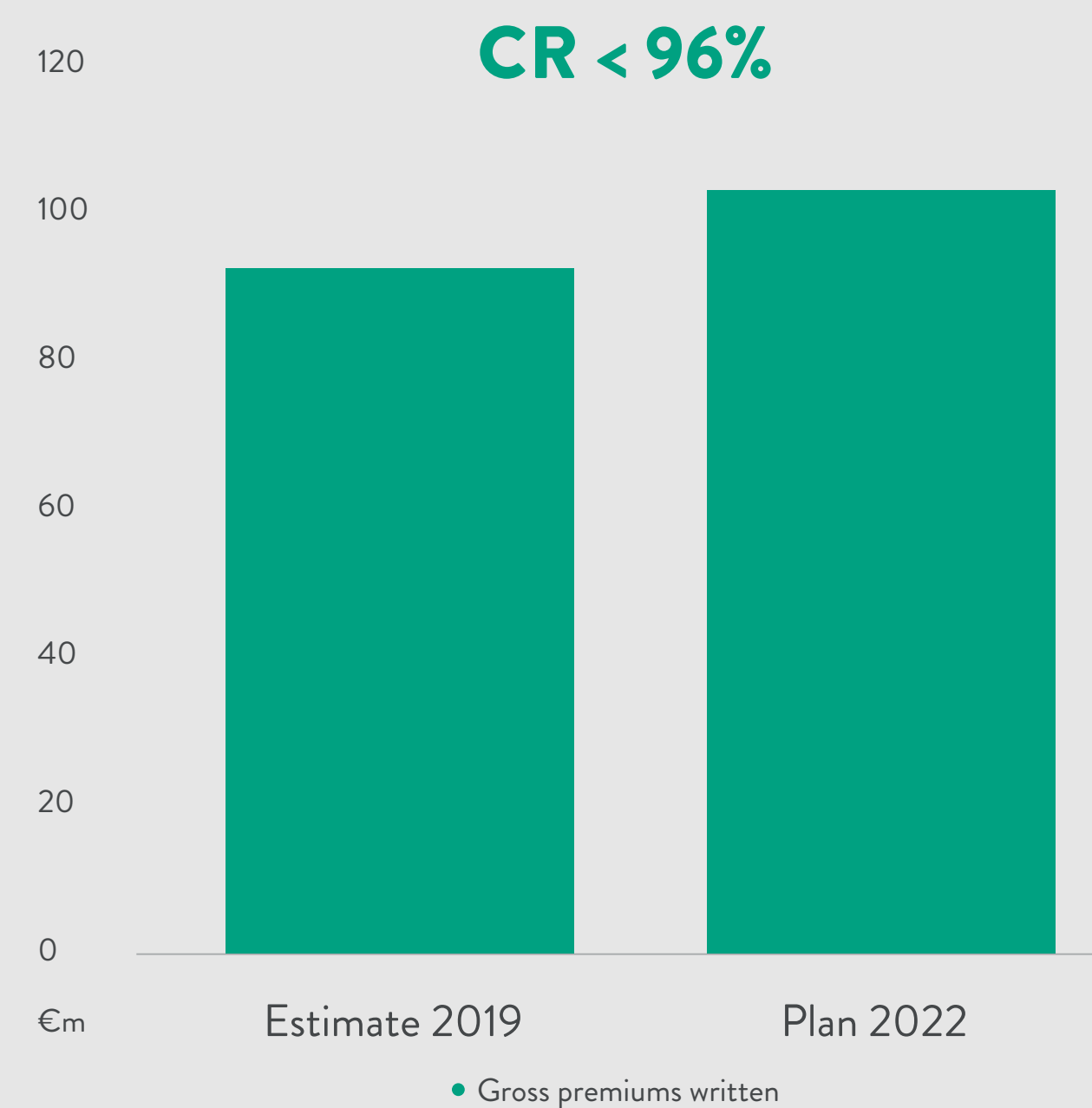
**MODERATE GROWTH IN QUALITY BUSINESS** depending on the situation in individual markets

**APPROPRIATE FURTHER PORTFOLIO DIVERSIFICATION,** by region and partner

Focus on **PROFITABILITY AND LOW PORTFOLIO VOLATILITY**

## EXTRA-GROUP BUSINESS

Average annual growth in gross premiums written **> 3%**  
Average combined ratio (CR) **< 96%**







# OTHER ACTIVITIES



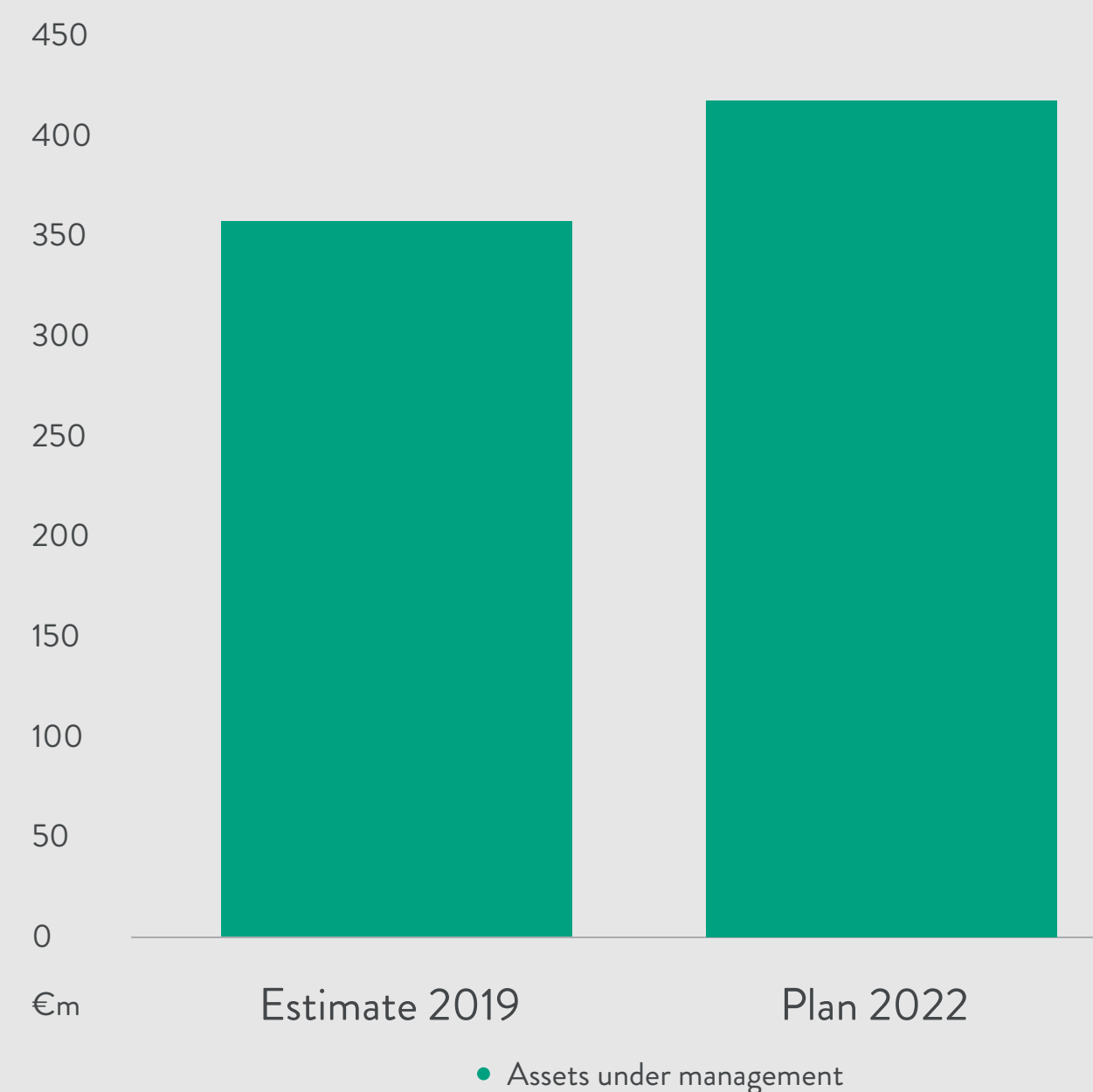
## MUTUAL FUNDS

**DEVELOPMENT OF EXISTING AND INTRODUCTION OF NEW SALES CHANNELS**, bank channels, the Group's own sales network in Slovenia

**CENTRALISATION OF ASSET MANAGEMENT**, starting in Slovenia

**CONSOLIDATION OF PRODUCT RANGE** of mutual funds

Compound annual growth rate for assets under management **> 5%**







# ASSET MANAGEMENT



ASSET MANAGEMENT  
RISK PROFILE

GOALS	
HIGH SECURITY	Ensuring funds to meet all obligations arising out of insurance contracts
LIQUIDITY	Maintaining sufficient liquidity for the timely settlement of obligations under insurance contracts as well as other obligations
DIVERSIFICATION	Ensuring diversification of investments by class, industry, region and issuer in order to maintain a set level of risk
ASSET-LIABILITY MANAGEMENT	Pursuing optimal asset-liability matching, especially in life insurance registers

ASSET MANAGEMENT  
RATE OF RETURN

GOALS	
RATE OF RETURN	Maintaining return on investment above 1.2% as low interest rates are likely to persist
STRUCTURE	Investments in bonds, deposits and cash to account for 80% of the portfolio Ensuring that investment grade assets account for > 75%
SUSTAINABILITY ASPECT	Focus on environmentally and socially responsible investments while maintaining target returns; ESG investments (comprising mainly infrastructure investments and green bonds) to account for 8% of the portfolio by the end of the strategy period
IT SUPPORT	Implementing a new IT solution (straight-through processing, IFRS 9, ALM, planning)

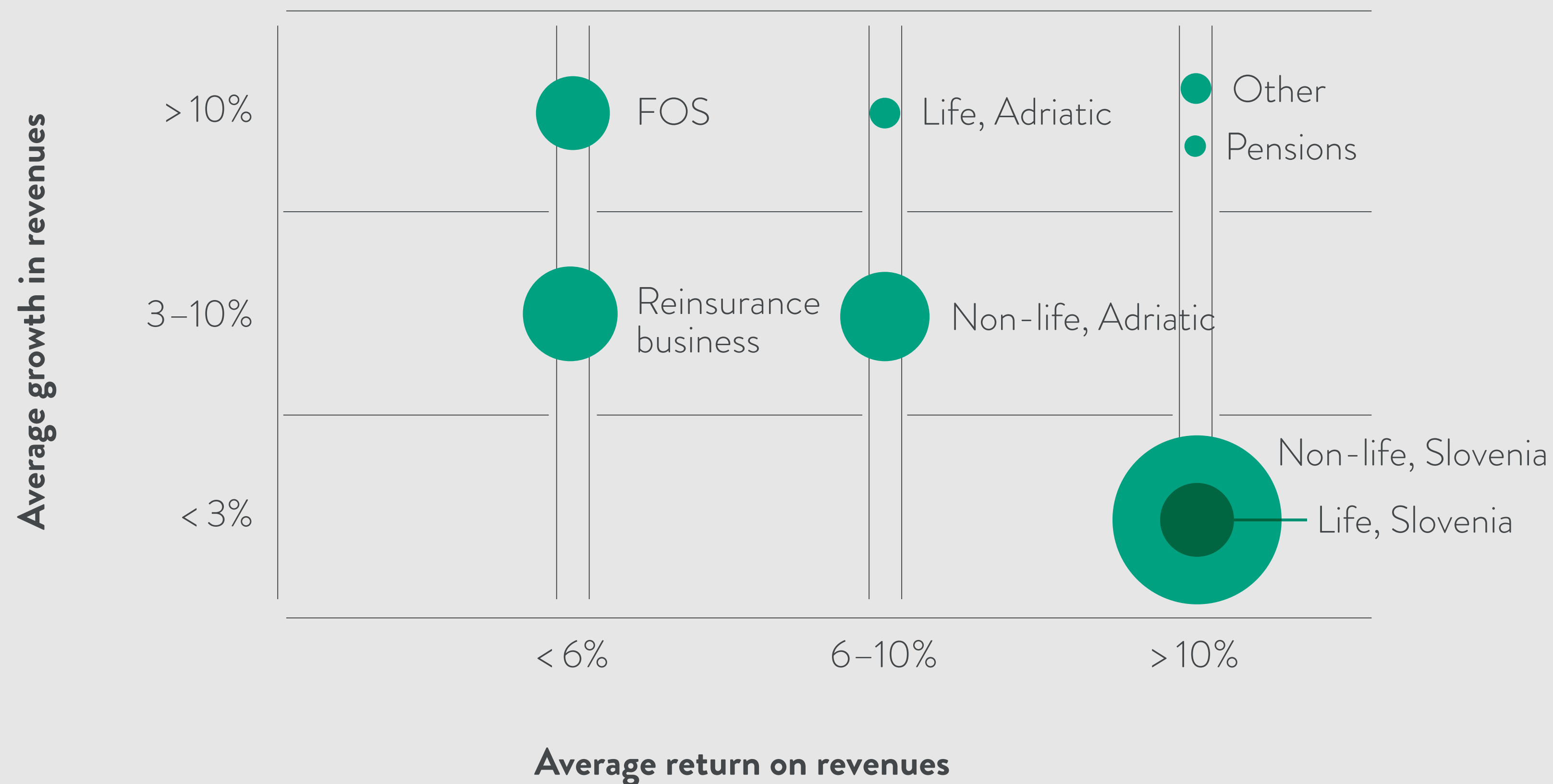




# CAPITAL GROWTH AND USE



## GROWTH DRIVERS



The circle size relates to operating revenues.



## DIVIDEND POLICY

Sava Re has set itself the goal of increasing its dividend by an average of 10% per year over the period 2020–2022, thus distributing from **35%** to **45%** of the net profit of the Sava Insurance Group each year.

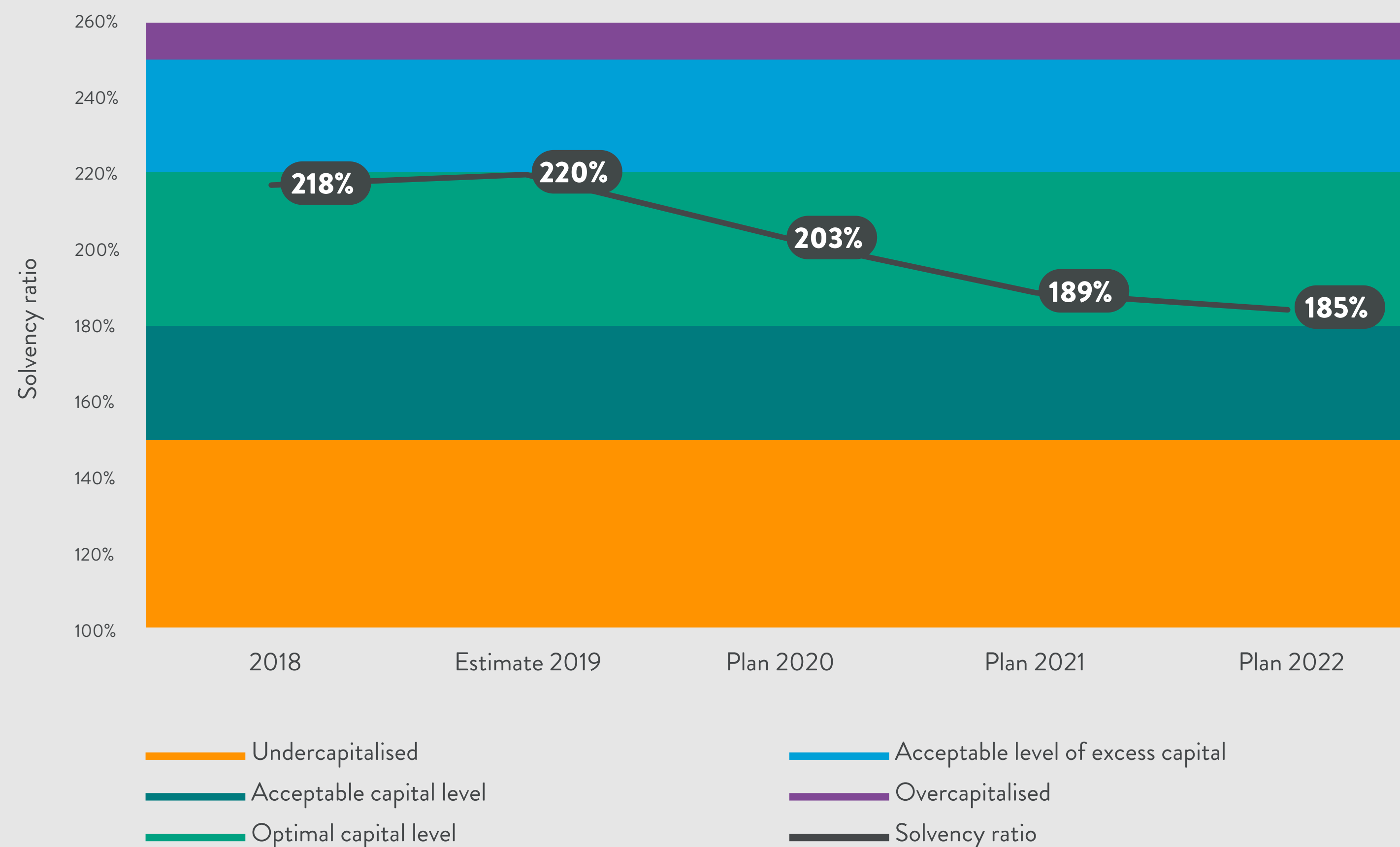
### **The Company will prepare its dividend proposal taking into account the following:**

- The estimated surplus of eligible own funds over the solvency capital requirement under Solvency II
- The Group's own risk and solvency assessment
- The capital models of the rating agencies S&P and AM Best
- The approved annual and strategic plans of the Group and the Company
- New development projects requiring additional capital
- Any other relevant circumstances affecting the financial situation of the Company

## CAPITAL USE AND OPTIMAL CAPITAL POSITION

### FACTORS OF CAPITAL USE

- Organic growth
- Mergers and acquisitions
- Portfolio restructuring
- Dividend policy



## 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 the 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.