

## Renaissance Insurance Group Interim Financial and Operating Results for 9M 2021

PJSC Renaissance Insurance Group (MOEX: RENI, hereinafter the “Group”), a leading independent universal insurer and a digital pioneer in the Russian insurance market, announces its unaudited interim consolidated financial results, prepared in accordance with international financial reporting standards (IFRS), and operating results for the first nine months of 2021 (9M 2021).

### Key 9M 2021 results:

- Gross insurance premium rose by 27% year-on-year to RUB 74.4 billion, driven by a recovery in demand for insurance services in both life and non-life segments;
- Adjusted net profit<sup>1</sup> for the reporting period rose by 7% year-on-year to RUB 3.5 billion as the Group achieved higher sales, growth in the overall margin from insurance and investing activities, a lower administrative expenses ratio and rising investment income;
- The solvency ratio as of 30 September 2021 stood at 163%, up by 22 percentage points since introduction of new solvency requirements for insurance companies by the Bank of Russia.<sup>2</sup>

Financial performance, RUB bn	9M 2021	9M 2020	y-o-y change
Gross insurance premium	74.4	58.8	+27%
Investment Income <sup>3</sup>	7.5	3.7	2x
Operating margin (insurance and investing activities), % <sup>4</sup>	14.9%	13.7%	+0.5 pps
Administrative expenses ratio, % <sup>5</sup>	7.3%	7.8%	-0.5 pps
Adjusted net profit <sup>1</sup>	3.5	3.3	+7%
Solvency ratio, % <sup>6</sup>	163%	141%	+22 pps

<sup>1</sup> Excludes the financial results of NSPF “Renaissance Pensions”, the sale of which was completed in July 2021. The reported amounts reflect only profit for the period from continuing operations.

<sup>2</sup> Regulation #710-P (“№710-П”) of the Bank of Russia, effective from 01 July 2021. The ratio for 30 September 2021 is calculated without counting the IPO proceeds received in the fourth quarter of 2021.

<sup>3</sup> The sum of net gains from financial assets at fair value through profit or loss and net other income from investing activities.

<sup>4</sup> Calculated as the sum of result of insurance operations and investment income divided by net premium earned.

<sup>5</sup> Calculated as administrative expenses divided by net premium earned.

<sup>6</sup> Ratios shown for 30 September 2021 and 01 July 2021. For calculating the Group ratio, the simple sum of the respective values from standalone financial statements of individual insurance companies of the Group was used. For the ratio as of 01 July 2021 the proceeds from the sale of NSPF “Renaissance Pensions” that were received during July 2021 are included.



**Yulia Gadliba, CEO of Renaissance Insurance, said:**

*“Renaissance Insurance Group delivered strong results for 9M 2021, which contributed to Renaissance Insurance’s credit rating being upgraded to ‘ruAA’. We remain committed to our strategy of further expanding our digital platform for clients and partners, offering simple, convenient, and high-tech solutions. Client metrics are another testament to our success: the client base continues to expand and we achieved another record year-on-year increase in renewal rates for motor and health insurance policies. Our aim is to be the first choice for our clients’ insurance needs.”*

**Oleg Kiselev, CEO of Renaissance Life, said:**

*“The Group’s strategic focus on developing its life insurance business has helped us to outpace overall market growth as we focus on the rapidly-expanding endowment life insurance segment. We are innovators and our emphasis is on building convenient and comfortable digital channels and communications with our clients. The progress we have already achieved is truly inspiring.”*

**Key business lines**

**Non-life insurance**

Non-life gross insurance premium totalled RUB 32.9 billion in 9M 2021, rising by 21% year-on-year. This growth was achieved due to both recovering demand for insurance services and a sector-wide rise in the average policy premium.

**Motor insurance**

Motor insurance premium increase by 32% during 9M 2021, more than double the 15% rise in new car sales during the same period. Rapid expansion of direct sales was a key driver of this growth (59% growth for non-life insurance products compared to the same period of 2020), while rising online sales via partners (agents, dealers, leasing) also contributed to the result. A substantial boost to sales also came from joining the Mercedes-Benz federal programme and gaining a larger share in Volvo and BMW programmes.

The Group also became the first insurer in Russia to offer a special motor own damage insurance product for electric cars. Renaissance Insurance Group’s believes that this segment holds significant potential for growth in the next 3-5 years: BCG analysts estimate that the share of electric cars in new car sales in Russia could reach 25% by 2035.

**Voluntary medical insurance**

Voluntary medical insurance (VMI) remains a key strategic focus for the Group, with 15% growth in gross insurance premiums during the reporting period reflecting a gradual stabilisation in this segment in the midst of the pandemic. New product launches and continued development of digital solutions such as the Renaissance Health mobile app and an online personal health management tool helped to drive the Group’s continued expansion in this segment.

**Other non-life insurance**

Among other non-life insurance products, the full automation of insurance application processes contributed to two-fold growth in gross insurance premiums in mortgage insurance. Another growth driver was cargo insurance (primarily mass retail segment), where the Group holds leading positions.



Gross insurance premiums in non-life insurance, RUB bn	9M 2021	9M 2020	y-o-y change
Motor insurance	19.7	14.9	+32%
Voluntary medical insurance	5.8	5.0	+15%
Other non-life insurance	7.4	7.1	+5%
<b>Non-life insurance, total</b>	<b>32.9</b>	<b>27.1</b>	<b>+21%</b>

The combined ratio in the non-life segment for 9M 2021 was 100.4%<sup>7</sup>, which is 5.1 percentage points higher year-on-year. The rise in the ratio was due to the impact of the pandemic: in 2020 the Group took measures to retain loyal and profitable customers. In 2021, scoring models were improved and pricing was updated (mainly in motor insurance), which enabled faster-than-market growth, laying the foundation for improving the combined ratio in future reporting periods.

## Life insurance

Life gross insurance premium for the reporting period totalled RUB 41.5 billion, rising by 31% during 9M 2021 while the market grew by just 25% during the same period.

### Endowment life insurance

Endowment life insurance premiums during the reporting period rose by 48% and significantly outpaced market growth of 18% for 9M 2021. The principal growth driver in endowment life insurance is the successful development of direct sales channels. Their contribution to sales growth was 98%, of which 31% came from digital sales channels.

### Investment life insurance

Investment life insurance premiums contracted by 20% over the reporting period. The Group expects sales to return to growth after the introduction of new regulatory requirements for this product<sup>8</sup>, which help clients to place a higher value on investment life insurance.

### Credit and Risk life insurance

Insurance premiums from credit and risk life insurance more than doubled in 9M 2021, expanding significantly faster than the overall market growth rate of 41% for the period. The growth was driven by new partnerships with car dealers and an overall rise in bank lending.

Gross insurance premiums in life insurance, RUB bn	9M 2021	9M 2020	y-o-y change
Endowment life insurance	7.5	5.1	+48%
Investment life insurance	13.9	17.4	-20%
Credit and risk life insurance	20.1	9.2	2.2x
<b>Life insurance, total</b>	<b>41.5</b>	<b>31.7</b>	<b>+31%</b>

<sup>7</sup> Calculated as the sum of net claims incurred plus net acquisition costs plus administrative expenses plus allowance for impairment of insurance and reinsurance receivables plus other operating income plus other operating expense divided by net premium earned.

<sup>8</sup> In accordance with draft amendments to the requirements for the conditions and procedure for investment life insurance sales prepared by the Bank of Russia.



The operating margin in life insurance<sup>9</sup> rose to 11.7% in 9M 2021 vs. 6.6% in the same period of the last year, thanks to a growth of income from investing activities.

### BUDU – medtech company for health management

Budu is a medtech service for health management that combines a telemedicine digital platform, specialist medical expertise, offline clinic and preventive diagnostic services.

- The number of monthly active users of the health app in the reporting period exceeded 100 thousand customers.
- The number of online consultations grew 9-fold year-on-year in 9M 2021.
- The total number of online consultations exceeded 100 thousand.

### Investment portfolio

The investment portfolio related to continuing operations (on a like-for-like basis, excluding the assets of NSPF Renaissance Pensions) grew by 18% over the reporting period and reached RUB 128.9 billion. The dynamics of the total investment portfolio was primarily driven by the transfer of assets following the sale of NSPF Renaissance Pensions, which was completed in July 2021.

The share of government bonds in the asset structure of the investment portfolio declined, while the share of corporate bonds, equities and bank deposits increased.

Asset, RUB bn.	30 September 2021		31 December 2020	
Corporate bonds	50.6	39%	44.9	34%
Government bonds	13.2	10%	38.7	29%
Equities	22.5	17%	14.1	11%
Bank deposits	32.3	25%	19.1	14%
Cash	6.2	5%	13.9	10%
Investment property	2.0	2%	1.9	1%
Others	2.1	2%	1.2	1%
<b>TOTAL</b>	<b>128.9</b>	<b>100%</b>	<b>133.7</b>	<b>100%</b>

The return on the investment portfolio in 9M 2021 rose 8.4%<sup>10</sup>, compared to 8.0% for FY 2020, driven by a change in the asset structure, as well as by a market-wide increase in yields.

### Events after the balance sheet date:

- Early repayment of bonds Series 001P-01R (8 October 2021) in the principal amount of RUB 3.0 billion;
- Listing of shares of Renaissance Insurance Group on Moscow Exchange (21 October 2021) following a successful IPO that raised RUB 17.7 billion;
- Renaissance Life credit rating increased to ruAA- (25 October 2021).

<sup>9</sup> Calculated as underwriting result from life insurance divided by life gross insurance premium.

<sup>10</sup> Estimate for 9 months of 2021, the return is annualized and related to the assets of continuing operations.



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 (unaudited), thousands of Russian rubles

	<i>for the nine months ended 30 September</i>	
	<b>2021</b>	<b>2020</b>
<b>Continuing operations</b>		
Gross insurance premiums	74 401 287	58 811 814
Gross change in unearned premium reserve	(2 519 672)	728 011
Premium ceded	(2 141 663)	(2 122 448)
Change in reinsurers' share of unearned premium reserve	166 597	186 027
<b>Net premium earned</b>	<b>69 906 549</b>	<b>57 603 404</b>
Insurance benefits and claims paid	(27 514 160)	(16 887 805)
Reinsurers' share of insurance benefits and claims paid	656 055	449 823
Gross change in claims reserve	(9 564 427)	(16 008 740)
Change in reinsurers' share of claims reserve	90 006	209 460
<b>Net claims incurred</b>	<b>(36 332 526)</b>	<b>(32 237 262)</b>
Net acquisition costs	(30 536 896)	(20 944 135)
Allowance for impairment of insurance and reinsurance receivables	(88 829)	(132 595)
Amortization of value of business in force	-	(32 781)
<b>Result of insurance operations</b>	<b>2 948 298</b>	<b>4 256 631</b>
Administrative expenses	(5 077 204)	(4 480 167)
Gains from financial assets at fair value through profit or loss, net	4 603 724	1 829 533
Other income from investing activities, net	2 856 351	1 825 064
Interest expense	(352 999)	(280 287)
Foreign exchange (losses)/ gains	(96 049)	1 314 613
Other operating income	137 696	199 487
Other operating expense	(839 204)	(680 381)
<b>Other expenses less income</b>	<b>1 232 315</b>	<b>(272 138)</b>
<b>Profit before tax</b>	<b>4 180 613</b>	<b>3 984 493</b>
Income tax expenses	(631 443)	(671 504)
<b>Profit for the period from continuing operations</b>	<b>3 549 170</b>	<b>3 312 989</b>
<b>Discontinued operations</b>		
(Loss)/ profit for the period from discontinued operations	(84 160)	97 136
<b>Net profit for the period</b>	<b>3 465 010</b>	<b>3 410 125</b>
<b>Other comprehensive income to be subsequently reclassified to profit or loss when specific conditions are met</b>		
Net change in the fair value of available-for-sale financial assets	(41 321)	(41 209)
Reclassification of cumulative gains on disposal of debt instruments at fair value through other comprehensive income to the income statement	(6 966)	(3 417)
<b>Other comprehensive income/ (loss), net of tax</b>	<b>(48 287)</b>	<b>(44 626)</b>
<b>Total comprehensive income for the period</b>	<b>3 416 723</b>	<b>3 365 499</b>



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(unaudited), thousands of Russian rubles

	<b>30 September</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	6 152 463	13 851 983
Amounts due from credit institutions	32 325 261	19 124 447
Financial assets at fair value through profit or loss	85 552 771	96 228 786
Loans and other receivables	776 347	36 775
Available-for-sale financial assets	2 099 637	2 064 730
Financial assets held to maturity	-	566 078
Insurance and reinsurance receivables	6 409 667	6 111 768
Reinsurers' share of insurance contract liabilities	2 623 887	2 367 284
Current tax assets	85 201	138 694
Deferred tax assets	629 624	635 497
Deferred acquisition costs	9 712 350	8 640 151
Property and equipment	1 002 173	1 121 169
Investment property	1 984 491	1 859 500
Intangible assets	1 751 203	1 423 268
Goodwill	8 287 372	8 335 019
Other assets	1 007 344	1 168 689
<b>Total assets</b>	<b>160 399 791</b>	<b>163 673 838</b>
<b>Liabilities</b>		
Insurance contract liabilities	109 440 543	97 356 444
Pension liabilities	-	22 578 168
Other insurance liabilities	7 288 595	5 936 299
Deferred commission income on ceded reinsurance	37 496	34 772
Debt securities issued	3 122 606	3 050 844
Borrowings and other payables	3 643 276	739 485
Current tax liabilities	112 376	211 555
Deferred tax liabilities	1 546 558	1 565 571
Other liabilities	1 547 967	1 957 049
<b>Total liabilities</b>	<b>126 739 417</b>	<b>133 430 187</b>
<b>Equity</b>		
Share capital	4 351 340	4 351 340
Additional capital	14 652 342	14 652 342
Reserved capital	119 755	-
Revaluation reserve for available-for-sale financial assets	(36 702)	11 585
Translation differences	17 873	17 873
Insurance reserve of NSPF	-	901 994
Retained earnings	14 555 766	10 308 517
<b>Total equity</b>	<b>33 660 374</b>	<b>30 243 651</b>
<b>Total equity and liabilities</b>	<b>160 399 791</b>	<b>163 673 838</b>

