

Triglav Group

Investor Presentation

May 2015



Vse bo v redu.

triglav

www.triglav.si

Triglav Group

- **Key Figures**

Q1 2015

- **Financial Highlights**
- **Markets**

Goals for 2015

Strategy 2013 - 2017



Triglav Group

Key Figures



About Triglav Group

Triglav Group

- Parent company Zavarovalnica Triglav d.d., 39 subsidiaries and 6 associated companies
- Market presence in 7 countries and 8 markets
- 5.519 employees

Core Business

- Insurance
- Third-party asset management

Position

- The leading insurance/financial group in Slovenia and in the Adria region

Ratings

- S&P rating A-/stable outlook
- AM Best rating A-/positive outlook



Triglav Group Management Team



Andrej Slapar, President of the Management Board, BSc in Law

- CEO



Benjamin Jošar, Member of the Management Board, MBA

- In charge of the Triglav INT company, the Subsidiary Management Department, the Strategic Planning, the Controlling Department and the Risk Management Department.



Uroš Ivanc, CFA, Member of the Management Board, MScBA

- CFO



Tadej Čoroli, Member of the Management Board, BSc in Law

- In charge of the Sales, Marketing and Distribution of insurance, the Non-life insurance and Non-life claims insurance divisions, the Marketing Department.



Marica Makoter, Member of the Management Board, BSc in Law

- Employee representative; in charge of the Headquarters Fraud Prevention, Detection and Investigation Department, the Project Office, the IT Division and the Back Office Division.

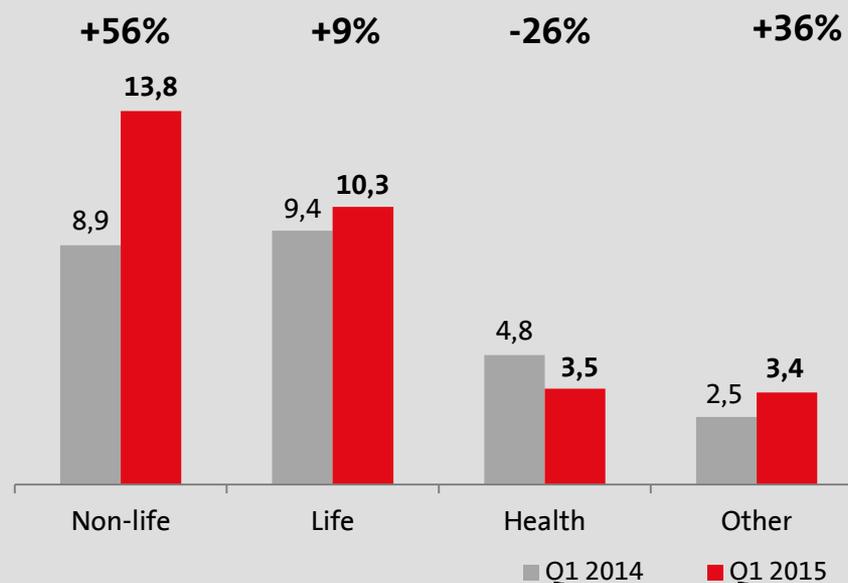


Triglav Group

The core business is insurance

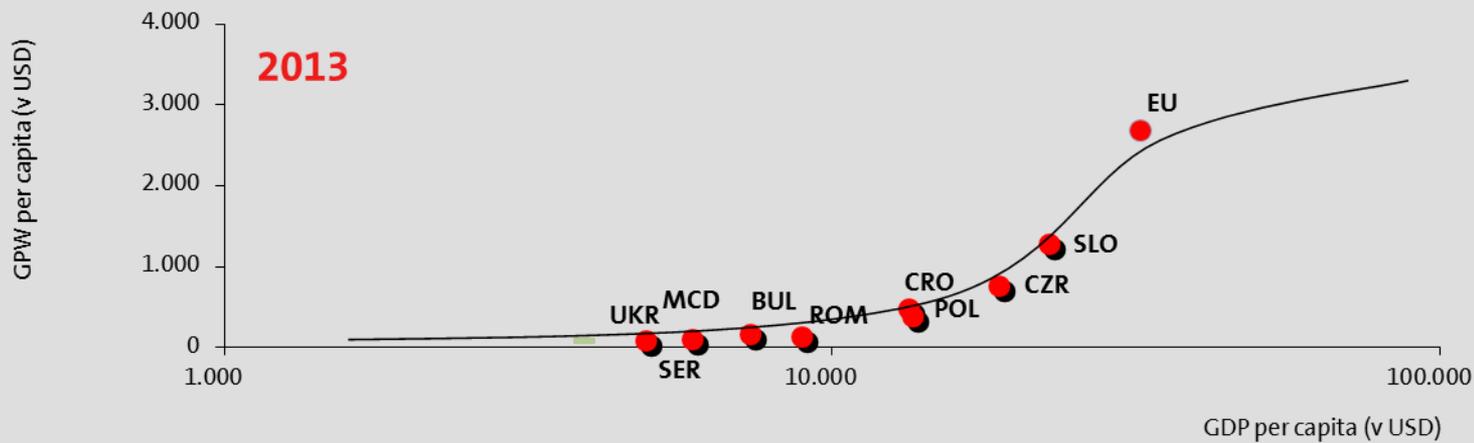
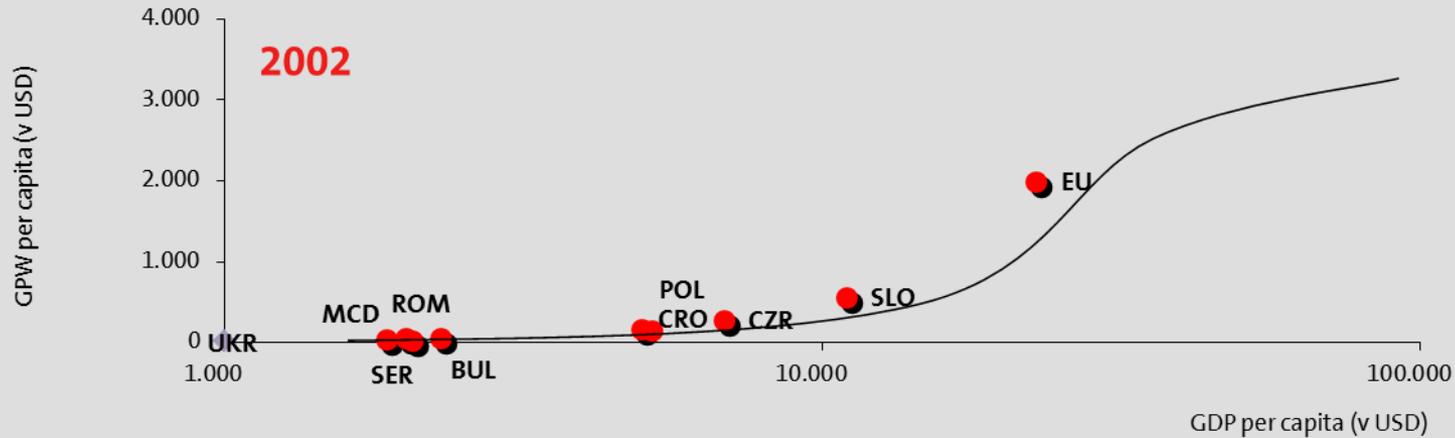
- **Insurance**
 - Non-life
 - Life
 - Supplementary pensions
 - Health
 - Reinsurance
- **Asset management**
 - Mutual funds
 - Investment companies
 - Investment holdings
 - Real Estate

Profit by business segments in EUR m



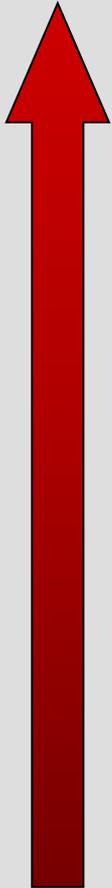
Development of Insurance Markets

GDP growth and low insurance density key growth drivers on target markets



Investment story

From high growth and fast expansion to profitable operations



Focus on profitability and selective expansion

- Profitability of the core business result of consolidation of business functions, prudent selection of insurance risks, transfer of know-how – exploiting potential of existing markets
- Efficient system of risk management compliant with Solvency II

Fast growth in the markets of former Yugoslavia

- Limited growth potential of Slovenian insurance market
- High growth potential and knowledge level of relatively undeveloped insurance markets of former Yugoslavia – entry on all markets in former Yugoslavia region

Leading insurance company in Slovenia – expansion started in 2000

- Fast growth in Slovenia, especially life insurance
- Entry into private pension business
- In part a regional strategy – besides Slovenia present in Croatia, Czech Republic and Montenegro

Triglav Group in Q1 2015



Financial Highlights for Triglav Group in Q1 2015

Further profit growth in core business

- Q1 2015 net profit 22% higher than the same period last year
- Proposed dividend in the amount of EUR 2.5 gross per share (67% of net profit of the Triglav Group for 2014)
- The Triglav Group market share in Slovenia accounted for 37.1%
- Closing price of Zavarovalnica Triglav's shares increased by 18%
- Intention to strengthen the presence in the pension insurance market in Slovenia (takeover of Skupna Pokojninska družba)
- Term sheet agreement on sale of the subsidiary Triglav pojišt'ovna, Brno signed



Triglav Group in Q1 2015

Consistent implementation of strategic guidelines reflected in higher profit

In EUR million

	Q1 2015	Q1 2014	Index 2015/2014
Gross written premium	260,1	256,1	102
Net premium income	204,6	200,7	102
Gross claims paid	148,8	145,4	102
Net claims incurred	144,0	149,9	96
Gross operating costs*	54,1	53,1	102
Profit before tax	37,2	29,2	127
Net profit for the accounting period	31,1	25,6	122
Gross insurance technical provisions	2.675,6	2.333,7	115
Total equity	747,6	688,1	109
Number of employees	5.519	5.406	102
Expense ratio non-life	28,7%	27,9%	103
Net claims ratio non-life	63,7%	70,7%	90
Combined ratio non-life	92,3%	98,5%	94

SPD data
consolidated in
2015 only

*Insurance business gross operating costs



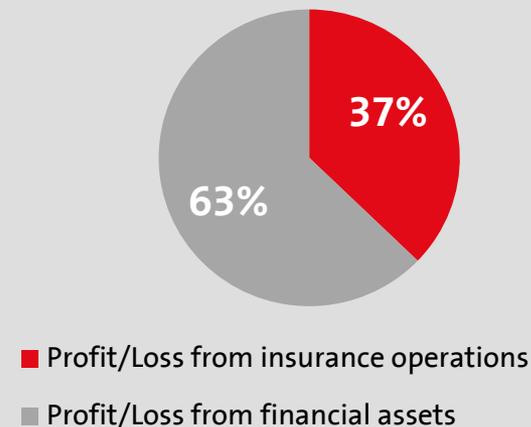
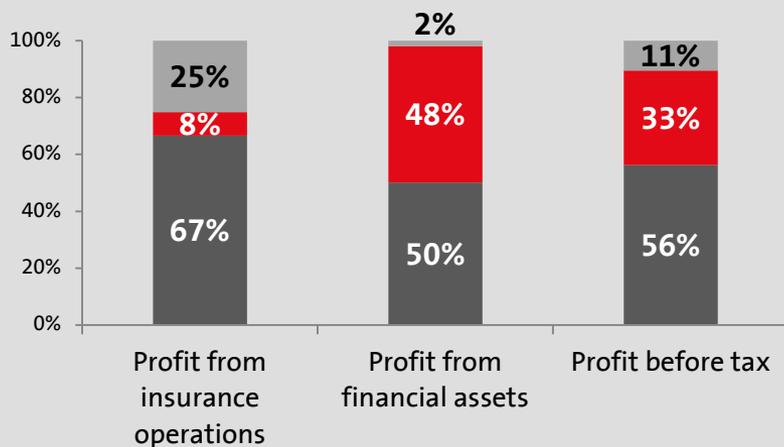
Structure of Profit of Triglav Group Q1 2015

In EUR million

	Q1 2015			Q1 2014*				
	NON-LIFE	LIFE	HEALTH	TOTAL	NON-LIFE	LIFE	HEALTH	TOTAL
Profit/Loss from insurance operations	8,4	1,0	3,1	12,5	-1,6	4,9	4,4	7,6
Profit/Loss from financial assets	10,6	10,1	0,4	21,2	10,8	7,6	0,4	18,8
Profit (Insurance only) before tax	19,0	11,2	3,5	33,7	9,2	12,4	4,8	26,5
Other income				3,5				2,7
Total Profit before tax				37,2				29,2

*SPD data consolidated in 2015 only

Structure of Profit Q1 2015



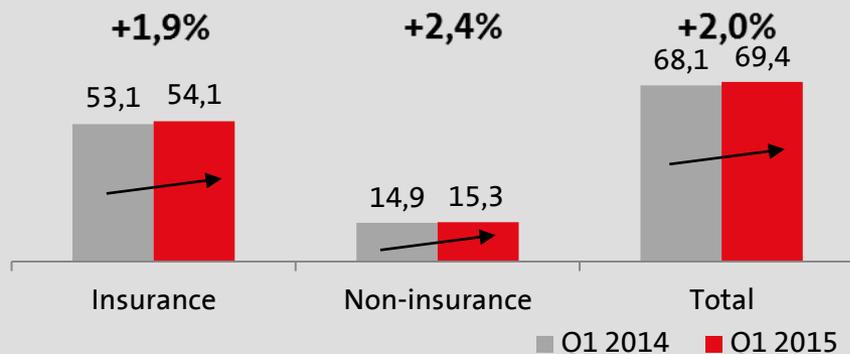
Triglav Group in Q1 2015 – Insurance Only

Further profit growth in core business

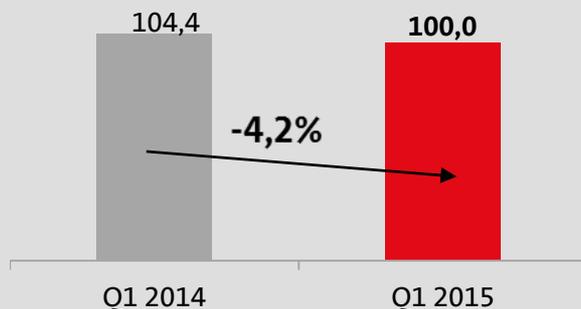
In EUR million

	Q1 2015	Q1 2014	INDEX
Gross written premium	260,1	256,1	102
Net premium income	204,6	200,7	102
Gross claims settled	148,8	145,4	102
Net claims incurred	144,0	149,9	96
Gross operating costs	54,1	53,1	102
Profit before tax	33,7	26,5	127
Net profit	27,7	23,1	120

Costs in EUR million



Non-life gross claims in EUR million



Life gross claims in EUR million

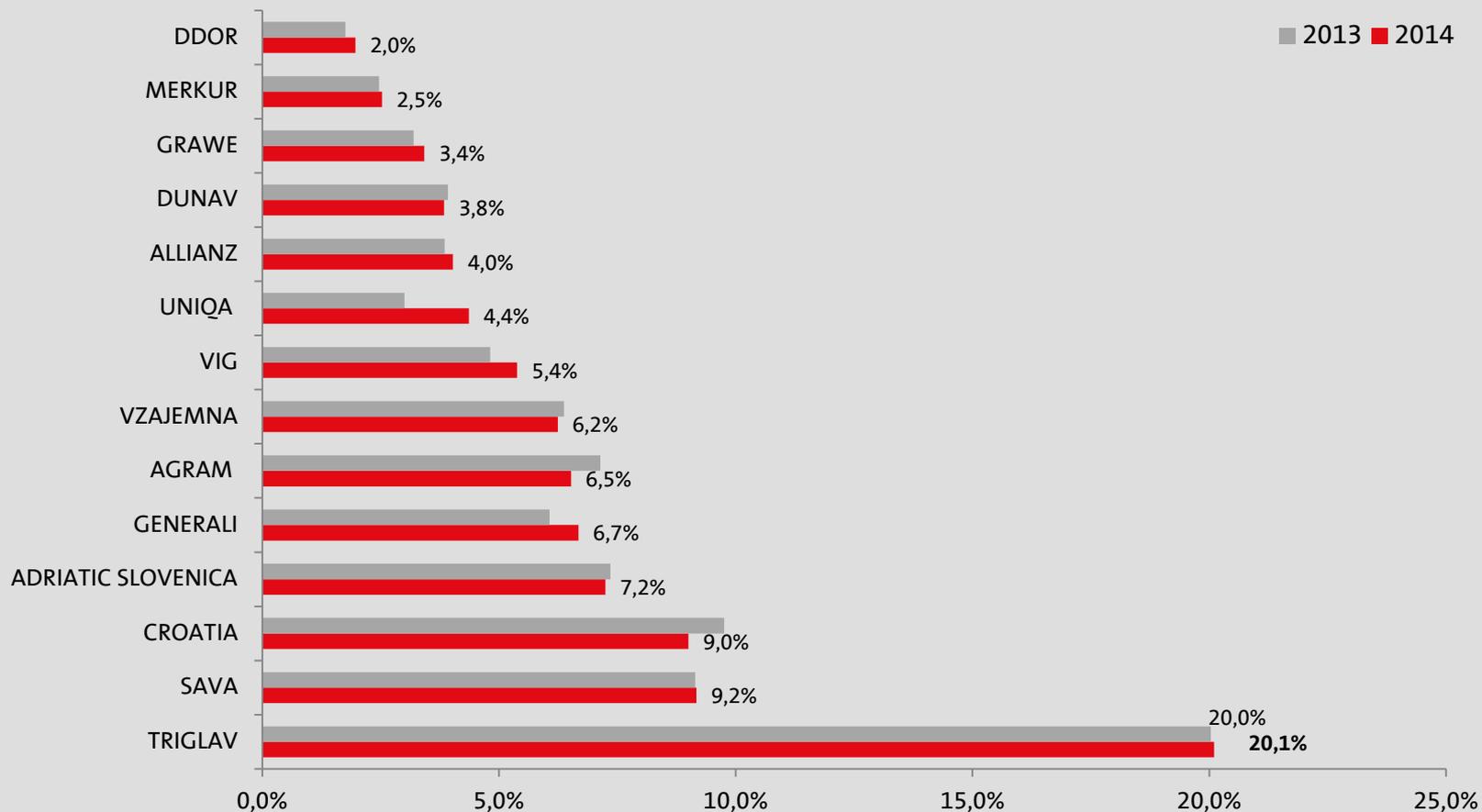


SPD data consolidated in 2015 only



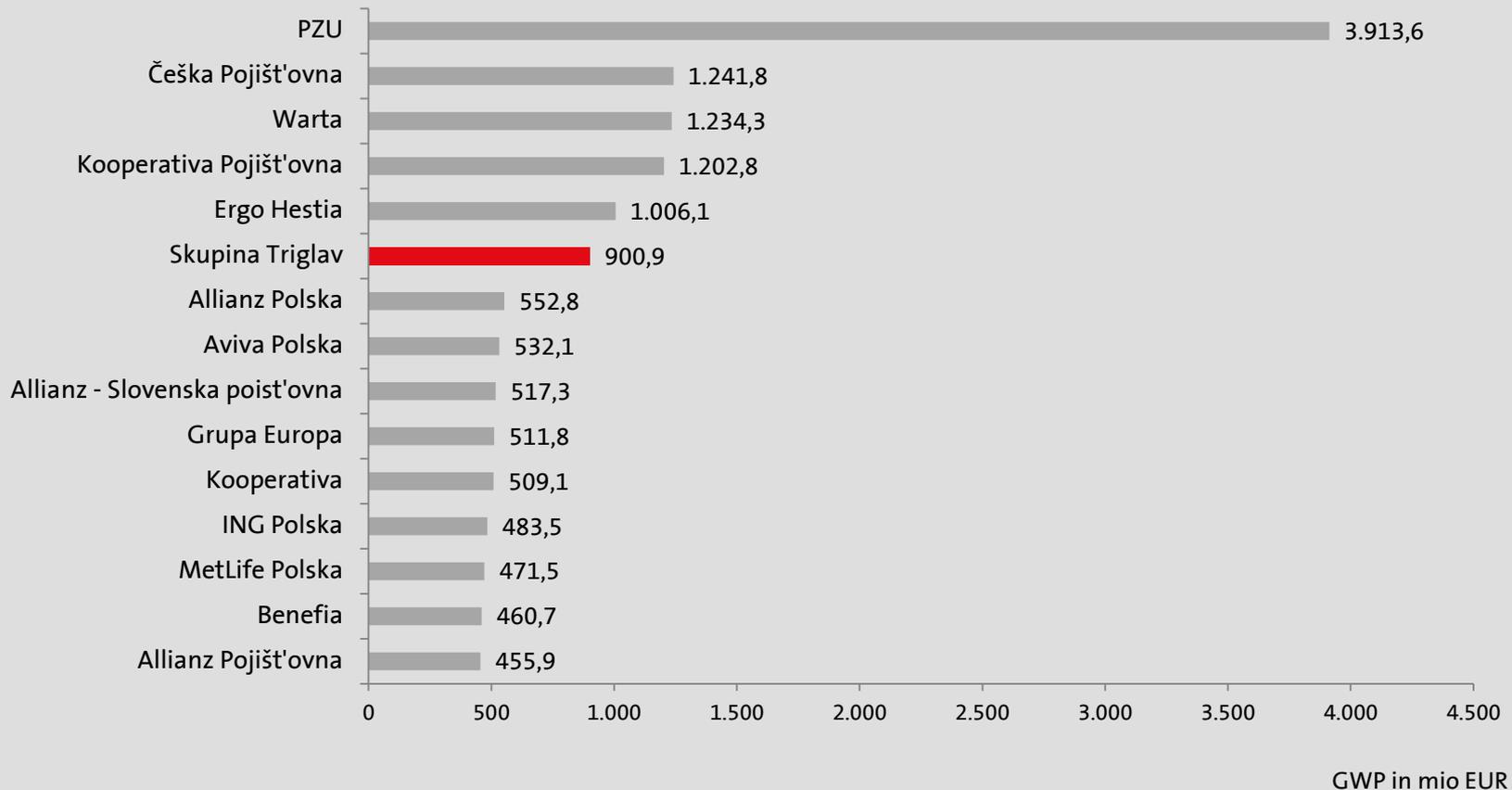
Market Shares in 2014

Triglav Group ranks first in Adria region



Top Insurance Companies by GWP in CEE

Triglav Group ranks in sixth place in 2013

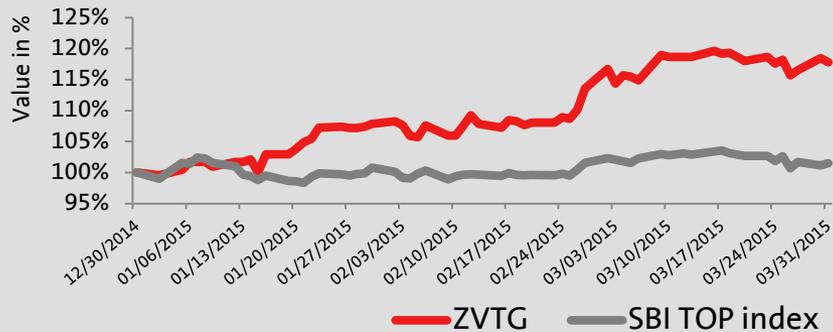


Deloitte, September 2014



Share Price Performance in Q1 2015

Growing price and liquidity



- Price increased by almost **18%**
- The **second most traded share** on the LJSE (over 16% of total trading volume)
- The **average daily turnover EUR 190,481** (13% more compared to the 2014 average; twice as higher as the Q1 2014 average)

	31 March 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012
Book value per share (in EUR) *	32,4	30,0	25,7	25,0
Earnings per share (in EUR)	0,89	2,01	2,12	2,22
Share market price (in EUR)	27,80	23,6	19,0	16,5
Market capitalization (in EUR million)	632	537	432	375
Dividend per share (in EUR)			1,7	2,0

Stock Exchange Ljubljana Stock Exchange (LJSE), Prime Market, Trading Symbol ZVTG

ISIN code SI0021111651

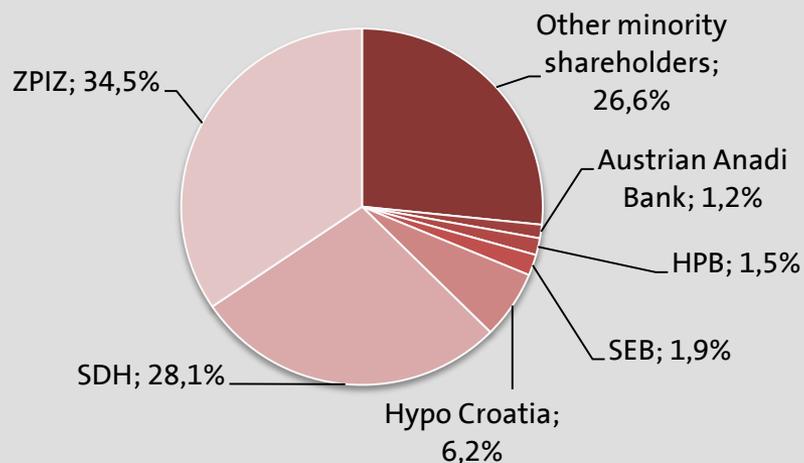
Bloomberg: ZVTG.SV Reuters: ZVTG.LJ

*Equity attributable to the controlling company from consolidated financial statements/ Number of shares excluding treasury shares



Shareholder structure as at 31 March 2015

Permanent growth of share owned by international shareholders



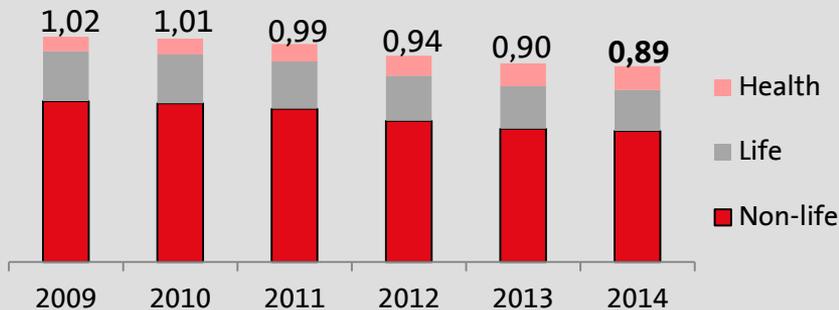
- Increased shareholdings of international shareholders by 0.3 p.p. to 17.8% (2008: 4%)
- Ownership concentration (share owned by top 10) declined by 0.7 p.p.

	Domestic	Foreign	Natural persons	Legal entities	Total
Number of shares	18.679.057	4.056.091	2.008.580	20.726.568	22.735.148
Number of shareholders	27.839	485	27.672	652	28.324
Number of shares - percentage	82,16 %	17,84 %	8,83 %	91,17 %	100,00 %
Number of shareholders - percentage	98,29 %	1,71 %	97,70 %	2,30 %	100,00 %

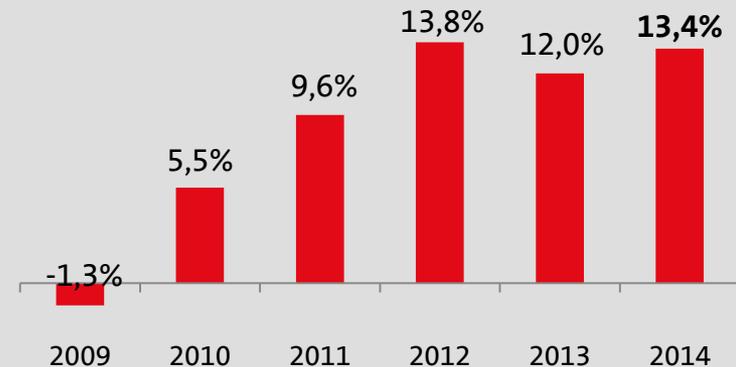
Strategy Turnround – Profitability of Core Business

Underlying performance targeting, not premium growth for any price

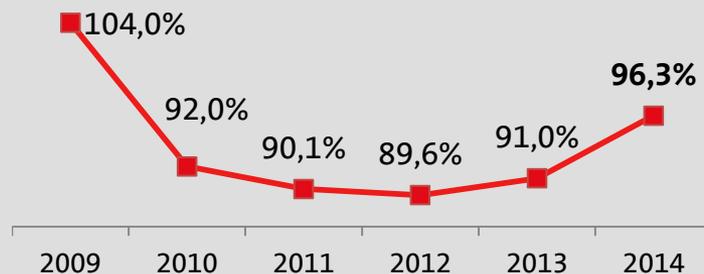
GWP Development in EUR billion



Return on Equity



Non-life combined ratio



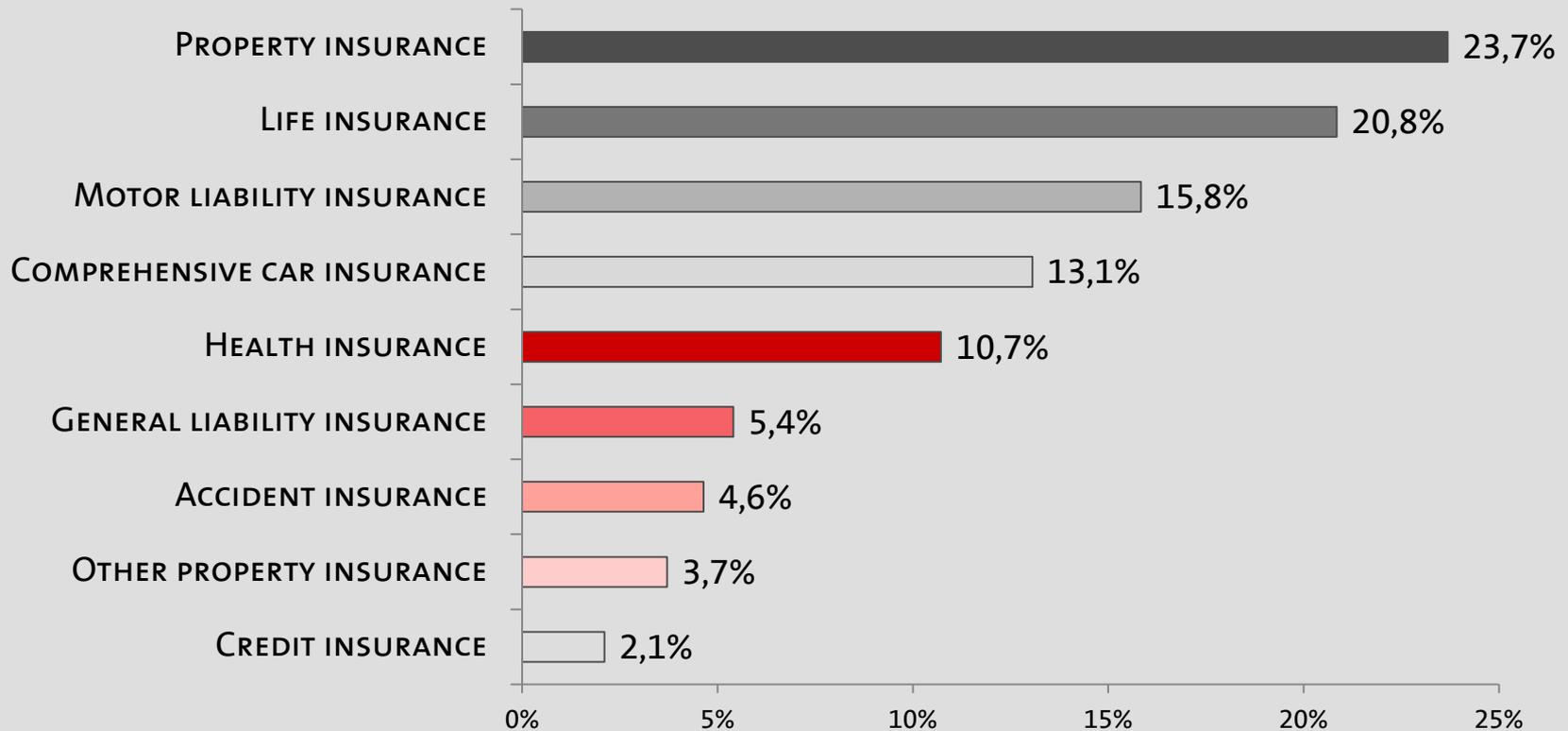
Key measures taken

- More conservative pricing of certain products (i.e. agriculture)
- Increase of deductibles
- More conservative risk selection
- Strengthening of all underwriting activities
- Better reinsurance protection



Gross Written Premium in Q1 2015

Well balanced insurance portfolio structure



Group Asset Allocation

Fixed income prevailing

31 March 2015

	Non-life & Health ¹		Life & Pensions ¹		Total	
	In EUR M	In %	In EUR M	In %	In EUR M	In %
Investment property	93,6	8%	2,4	0%	95,9	4%
Investments in associates ²	5,9	0%	4,0	0%	9,9	0%
Shares and other floating rate securities	108,1	9%	81,1	6%	189,2	7%
Debt and other fixed return securities	921,5	77%	1.231,6	89%	2.153,1	83%
Loans given	6,1	1%	22,7	2%	28,8	1%
Deposits with banks	48,8	4%	35,2	3%	84,0	3%
Other financial investments	13,2	1%	5,4	0%	18,6	1%
	1.197,2	100%	1.382,4	100%	2.579,6	100%
Investments						
Financial investments of reinsurance companies in reinsurance contracts with cedents	3,9		0,0		3,9	
Unit-linked insurance contract investments	0,0		504,2		504,2	
Group financial investments	1.201,0		1.886,6		3.087,6	

1 Includes investments in own funds of the Group.

2 Investment in associates are mainly additional Real Estate exposure.

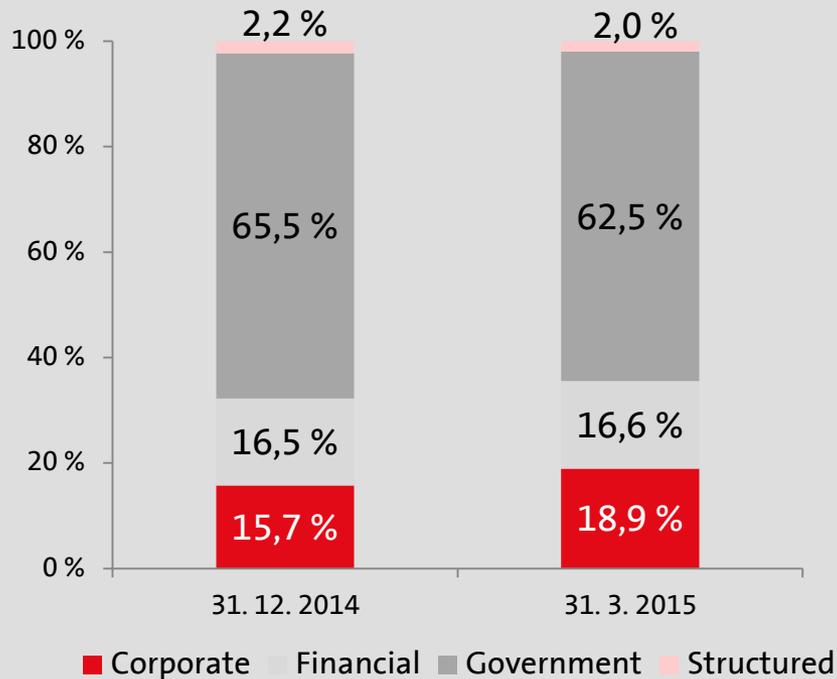


Bond portfolios

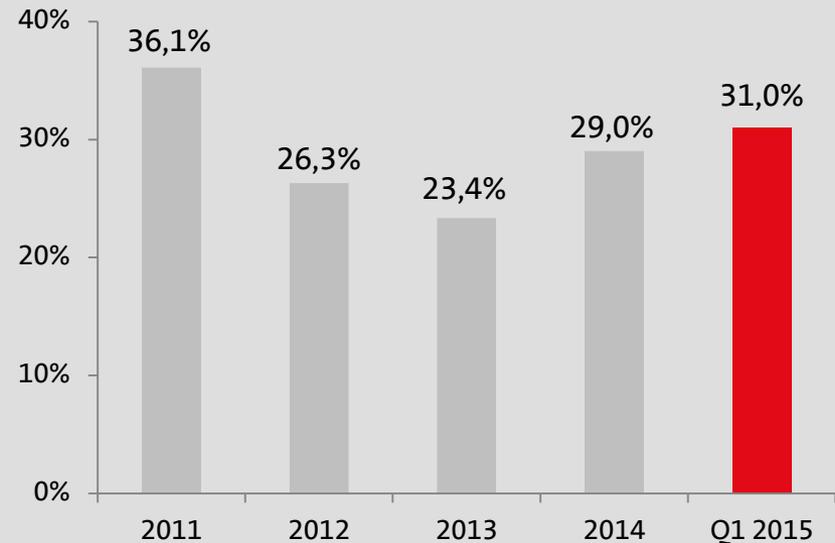
Decreased exposure to the government bonds

SPD data consolidated
in 2015 only

Bond Portfolio Structure by Type of Issuers



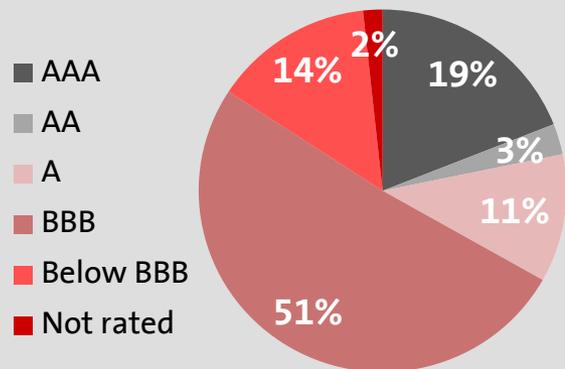
Exposure to Slovenian Bonds in Total Bonds



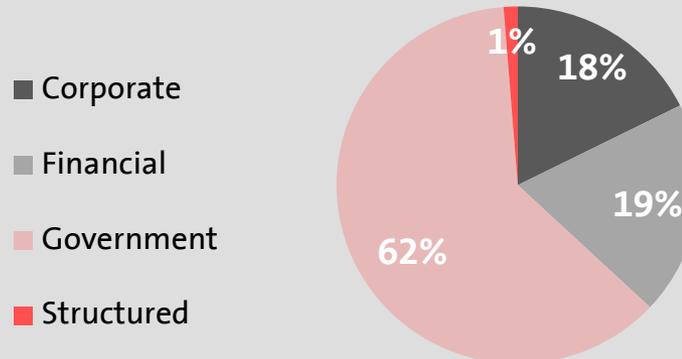
Group Investment Portfolios

Non-life and Health (as at 31 March 2015)

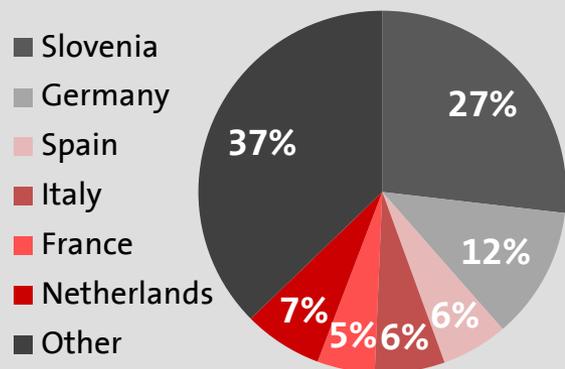
Bonds by rating



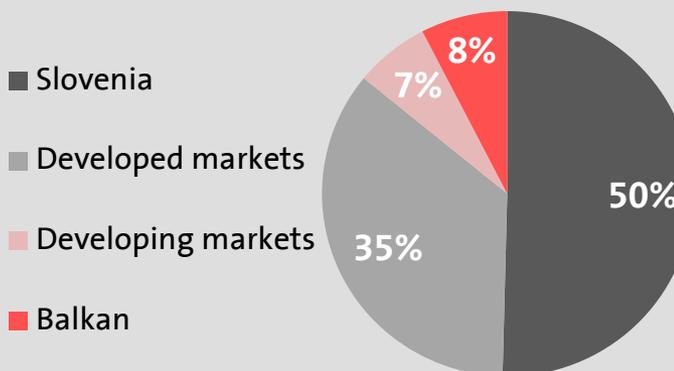
Bonds by Type of Issuer



Top Bond Exposures by Country



Equity Exposures by Region

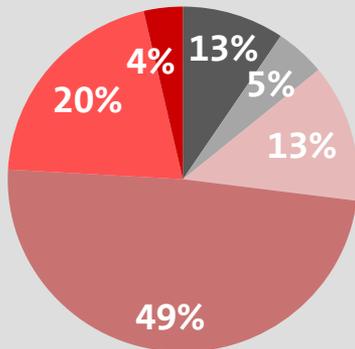


Group Investment Portfolios

Life¹ and Pensions (as at 31 March 2015)

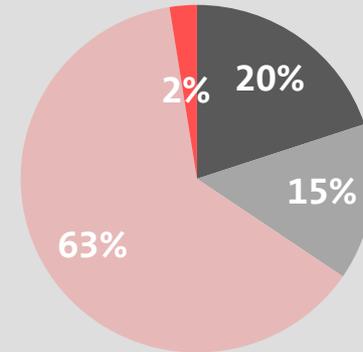
Bonds by rating

- AAA
- AA
- A
- BBB
- Below BBB
- Not rated



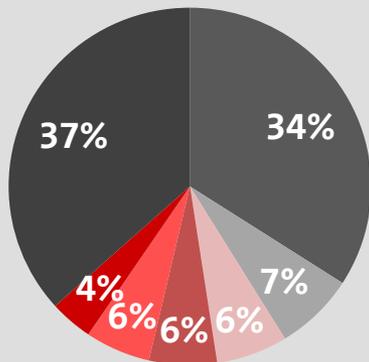
Bonds by Type of Issuer

- Corporate
- Financial
- Government
- Structured



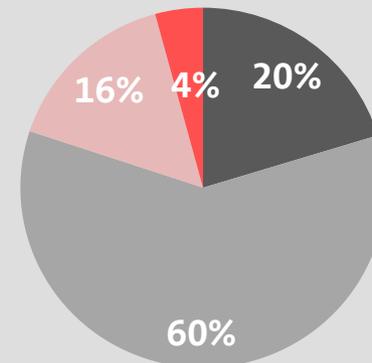
Top Bond Exposures by Country

- Slovenia
- Germany
- Spain
- Italy
- France
- Netherlands
- Other



Equity Exposures by Region

- Slovenia
- Developed markets
- Developing markets
- Balkan

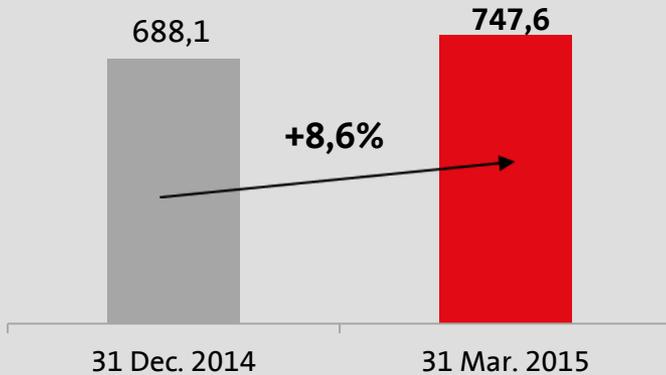


¹ Unit-linked investments excluded.

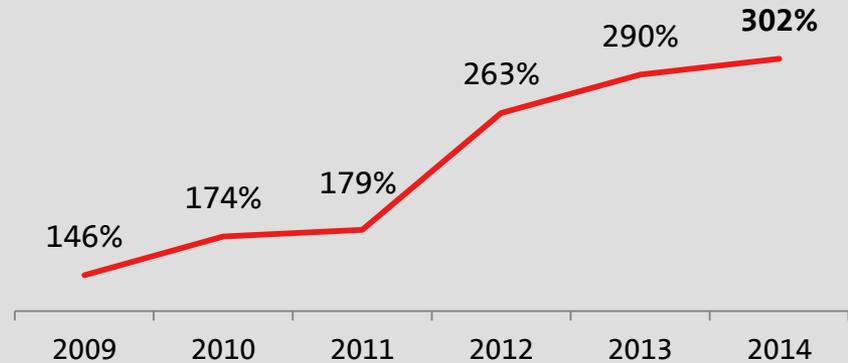
Strong Capital Base

Following the strategy and demanding business conditions

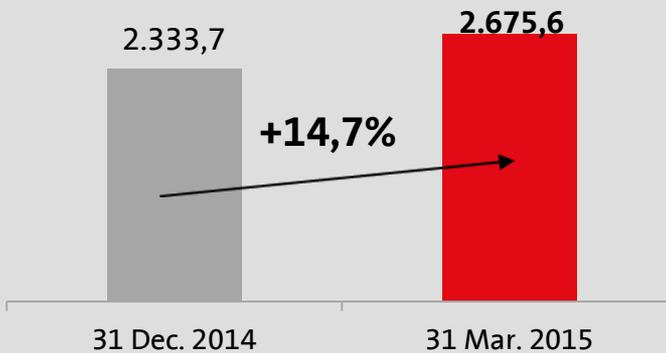
Equity in EUR M



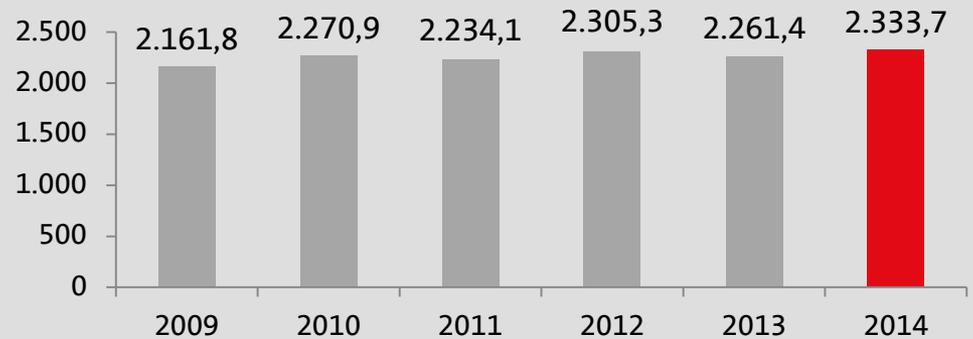
Year-End Solvency Ratios (ZT Only)



Gross Technical Provisions in EUR M



Year-End Gross Technical Provisions in EUR M



Triglav Group Markets in Q1 2015



Slovenia

Zavarovalnica Triglav

Triglav Zdravstvena zavarovalnica

Key figures

Market share	↓	-0.3 p.p.	37.1%
Market position	○		1
Gross premium written	↓	-3%	202.5M EUR
Gross operating costs	↑	+1%	40.6 M EUR
Gross claims paid	○	+0%	117.9 M EUR
Combined ratio	↓	-6.3 p.p.	90.0%

Market development

Insurance penetration (2013)	5.6%
GPW	547 M EUR (-2%)
Insurance density (2013)	960 EUR per capita

Major events

- Great profitability, market share preserved
- Lower share of co-financing of agricultural insurance from the state
- Impact of higher tax on insurance contracts
- Changed dynamics of taking out non-life insurance
- Aggressive competition on the market



Slovenia

Skupna pokojninska družba

New insurance subsidiary of the Triglav Group

- Provider of voluntary supplemental pension insurance (at the end of June 2014 second among the eleven providers in the Slovene market)
- 11.9% market share in terms of accumulated assets (at the end of June 2014); (Zavarovalnica Triglav: 9%)
- Acquisition on 9 January 2015 (takeover bid to acquire all shares in total value EUR 11.1 million)
- As at 31 March 2015 Zavarovalnica Triglav is a 71.56% owner
- The Triglav Group one of the leading pension insurance providers in Slovenia

Key figures in Q1 2015

Gross premium written

6.7 M EUR

Croatia

Triglav Osiguranje Zagreb

Key figures

Market share	↑	+0.1 p.p.	3.9%
Market position	↑		8
Gross premium written	↑	+5%	12.8 M EUR
Gross operating costs	○	+0%	4.1 M EUR
Gross claims paid	↓	-19%	5.7 M EUR
Combined ratio	↑	+0.4 p.p.	110.3%

Market development

Insurance penetration (2013)	2.7%
GPW	331 M EUR (+4%)
Insurance density (2013)	280 EUR per capita

Major events

- Liberalisation of the motor liability insurance market
- Impact of stricter cost management

Serbia

Triglav Osiguranje Belgrade

Key figures

Market share (2014)	↑	+0.8 p.p.	3.8%
Market position (2014)	↑		7
Gross premium written	↑	+54%	6.9 M EUR
Gross operating costs	↑	+22%	2.4 M EUR
Gross claims paid	↑	+16%	2.5 M EUR
Combined ratio	↓	-0.6 p.p.	104.6%

Market development

Insurance penetration (2013)			1.8%
GPW (2014)		594 M EUR (+8%)	
Insurance density (2013)		78 EUR per capita	

Major events

- High GPW growth due to higher MTPL premium rates, new clients, strengthening of the sales network
- Overhead cost restructuring initiated

Bosnia and Herzegovina

Triglav Osiguranje Sarajevo

Triglav Osiguranje Banja Luka

Key figures

Market share	↑	+0.1 p.p.	8.8%
Market position	○		3
Gross premium written	↑	+2%	6.2 M EUR
Gross operating costs	↑	+4%	2.5 M EUR
Gross claims paid	↑	+42%	3.5 M EUR
Combined ratio	↓	-2.6 p.p.	96.5%

Market development

Insurance penetration (2013)		2.0%
GPW		70 M EUR (+0%)
Insurance density (2013)		71 EUR per capita

Major events

- Life GPW growth via bancassurance and own insurance agency (Tri-Pro)
- 4% GPW growth by the insurer in Sarajevo, 3% decrease in premium by the Banja Luka insurance company
- Higher gross claims paid due to flood damage last year

Montenegro

Lovćen osiguranje

Lovćen životna osiguranja

Key figures

Market share	↓	-0.3 p.p.	35.9%
Market position	○		1
Gross premium written	↑	+8%	6.1 M EUR
Gross operating costs	↑	+3%	2.3 M EUR
Gross claims paid	↓	-19%	3.6 M EUR
Combined ratio	↑	+1.7 p.p.	109.0%

Market development

Insurance penetration (2013)	2.2%
GPW	17 M EUR (+9%)
Insurance density (2013)	117 EUR per capita

Major events

- GPW growth (lower only motor liability insurance premiums)
- Overhead cost restructuring initiated

Macedonia

Triglav Osiguruvanje Skopje

Key figures

Market share NL	↓	-0.1 p.p.	16.4%
Market position NL	↓		2
Gross premium written	↑	+9%	5.2 M EUR
Gross operating costs	↓	-3%	1.4 M EUR
Gross claims paid	↑	+10%	2.3 M EUR
Combined ratio	↓	-2.2 p.p.	106.4%

Market development

Insurance penetration (2013)			1.5%
GPW NL		32 M EUR (+9%)	
Insurance density (2013)		57 EUR per capita	

Major events

- High GPW growth due to new clients
- Higher motor liability insurance premiums and agriculture insurance premiums
- Restructuring of distribution channels

Czech Republic

Triglav Pojišť'ovna

Key figures

Market share NL	↓	-0.4 p.p.	0.6%
Market position NL	↓		16
Gross premium written	↓	-30%	5.0 M EUR
Gross operating costs	↓	-17%	1.9 M EUR
Gross claims paid	↓	-20%	3.4 M EUR
Combined ratio	↑	+6.3 p.p.	109.2%

Market development

Insurance penetration (2013)		3.8%
GPW NL		700.2 M EUR (+0%)
Insurance density (2013)		572 EUR per capita

Major events

- Term sheet agreement on sale of the subsidiary concluded



Plans for 2015

**Strategy of Triglav
Group 2013 - 2017**



Triglav Group Plans for 2015

Stable premium and profit according to hard economic conditions

In EUR million

	2011	2012	2013	2014	2015 plan
Gross written premium	989	936	901	888	880
Profit before tax	58	90	84	100	86
Net profit	48	73	70	86	72
Equity	490	575	591	688	713
Combined ratio non-life	90.1%	89.6%	91.0%	96.3%	96.3%



The Strategy of Triglav Group 2013 - 2017

Moderate expansion with focus on profitability

The mission and vision of the Triglav Group will maintain its focus on the profitability and safety of operations, thus ***BUILDING A SAFER FUTURE***.

Triglav Group Goals for 2017

- Key business pillars are **insurance** and **asset management**.
- Strategic objectives for the 2013-2017 period:
 1. *Profitable operations and increasing the value of the Triglav Group;*
 2. *Client orientation;*
 3. *Simplification of business processes and cost efficiency,*
 4. *Achieving adequate growth and profitability rates on key markets and maintaining efficient corporate governance of companies within the Triglav Group.*



The Strategy of Triglav Group 2013 - 2017

Moderate expansion with focus on profitability

- Return on equity (end of strategic period target): above **10%**
- Profitable operation of all subsidiaries
- Net combined ratio: **95% stable**
- **On the Slovene market**, focus on profitability and maintaining the largest market share (special attention to health and pension insurance products).
- **Expansion of the Triglav Group**: Further growth and development in target markets in South-East Europe (organic growth, growth through acquisitions is not to be excluded).
- **Dividend policy**: Arises from the target capital adequacy and the plans for further growth and development of the Group in its target markets. In line with the policy, the Triglav Group will always have enough available capital to independently ensure its »A« rating. The dividend shall correspond to approximately one third of the net profit of the Triglav Group.



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