



# Triglav Group

## Investor Presentation

April 2019



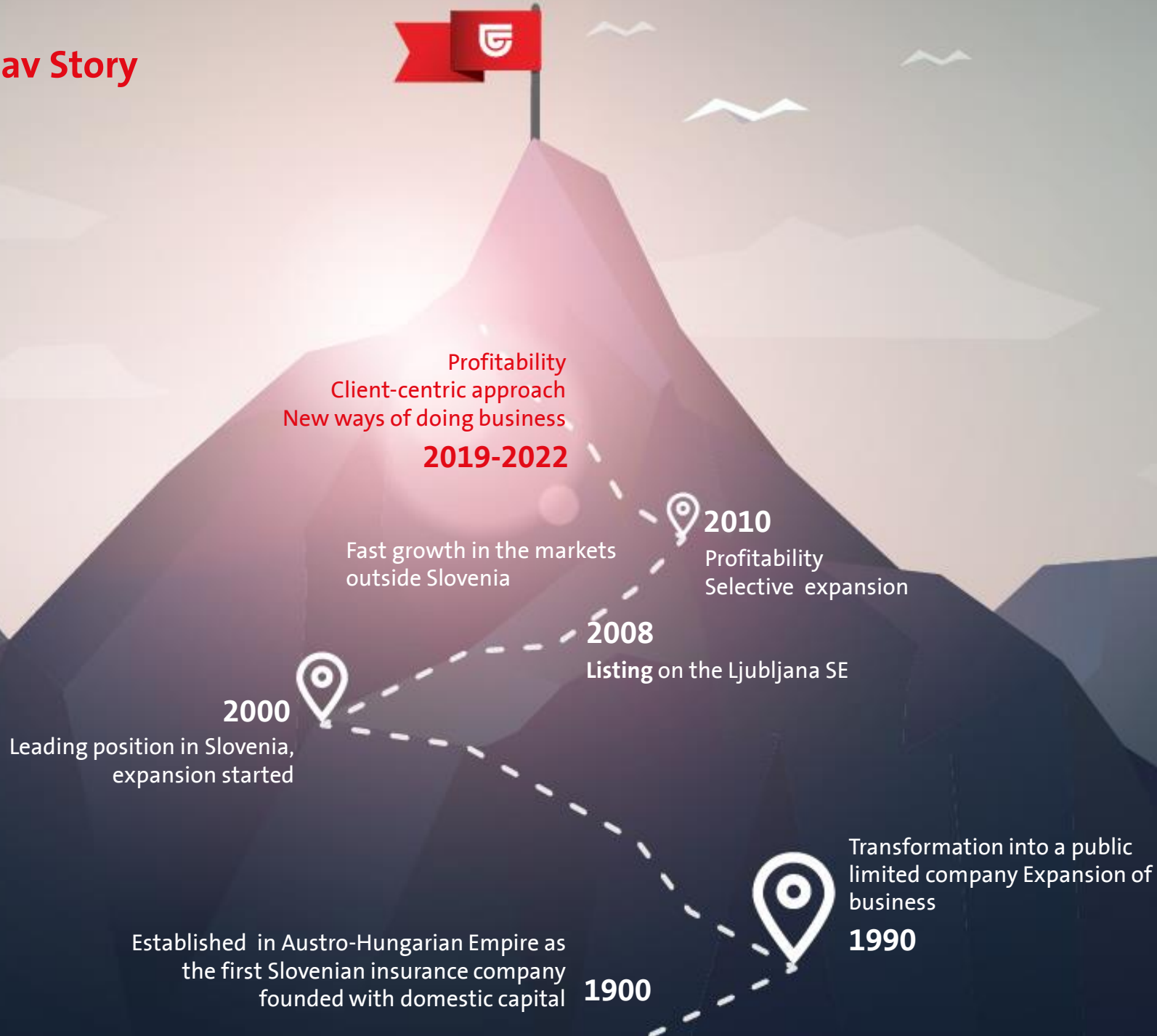
A perspective view of a long, minimalist hallway with white walls, floor, and ceiling. A series of white rectangular columns of varying heights are arranged in a row, receding into the distance. Three red rectangular signs are placed on the columns, containing white text. The signs are positioned at different intervals along the hallway.

**Triglav Group**

**Capital  
Management  
Policy**

**2018 Results**

# Triglav Story



## GROUP

40 companies  
Parent company founded in 1900  
> 5.100 employees  
Balance Sheet<sup>1</sup> € 3.6Bn  
Rating A/Stable outlook

S&P Global  
Ratings



## CORE BUSINESS

### INSURANCE

GWP<sup>1</sup> € 1,068M

- Non-life
- Life
- Pensions
- Health
- Reinsurance

### ASSET MANAGEMENT

- Insurance portfolios and own funds<sup>1</sup>: AUM € 2,693M
- Investment funds<sup>1</sup>: AUM € 656M

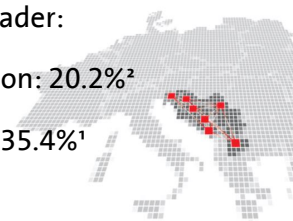
## MARKET POSITION

In 6 countries, international through inward reinsurance

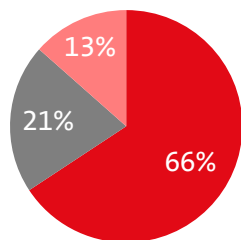
Market leader:

Adria region: 20.2%<sup>2</sup>

Slovenia: 35.4%<sup>1</sup>

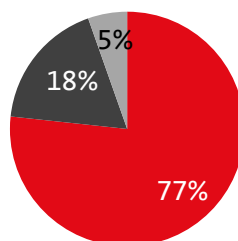


## GWP DIVERSIFICATION



### BY PRODUCTS

- Non-life
- Life & Pensions
- Health



### BY MARKETS

- Slovenia
- Other markets
- International reinsurance

## SHAREHOLDERS

ZPIZ and SDH with 35% and 28% respectively predominant shareholders

31% free float

18% international share

14,000 shareholders



LJSEPRIME  
LIUBLJANA Stock Exchange

<sup>1</sup>2018

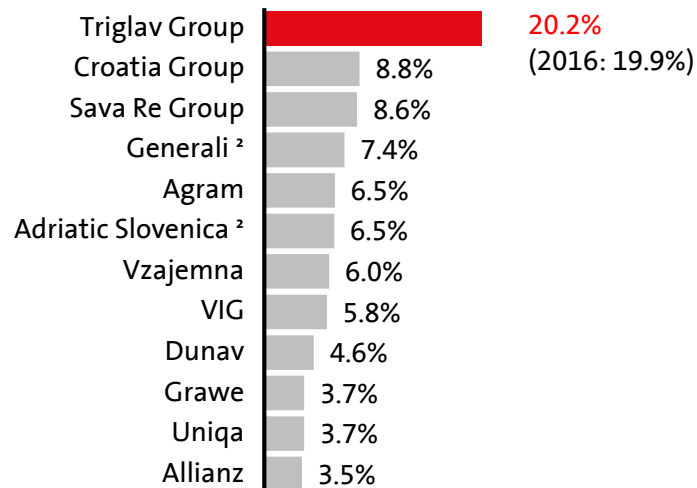
<sup>2</sup> 2017; Adria region: Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia



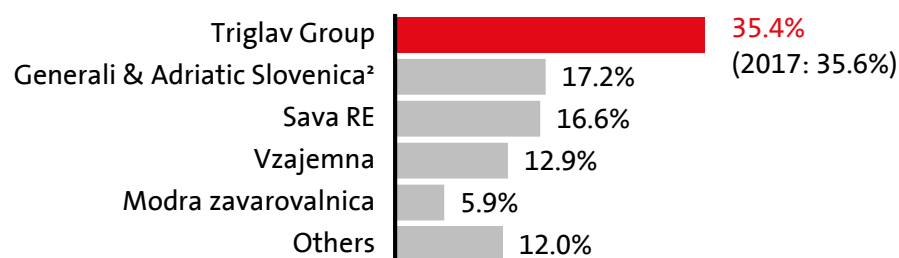
# Leading Market Position Both in Slovenia and Adria Region

- Seven markets in six countries, Slovenia the largest market
- GWP share from outside Slovenia is consistently increasing

## ADRIA REGION<sup>1</sup> (% market share; 2017):



## SLOVENIA (% market share; 2018):



### Triglav market share in Slovenia by segments:

- 44% in non-life
- 29% in life
- 27% in health

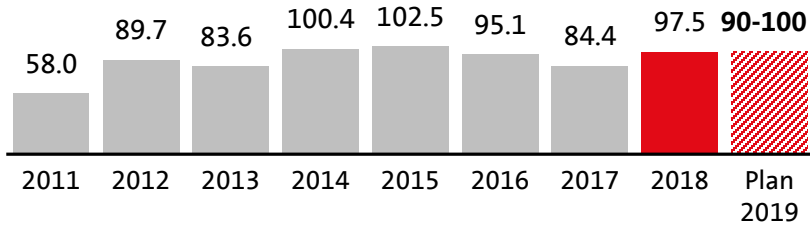
<sup>1</sup> Source: Calculation based on the data of regional regulators and insurance associations; Adria region: Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia

<sup>2</sup> In 2019 Generali acquired Adriatic Slovenica (Market share in 2018 in Slovenia: Generali 4.4%, Adriatic Slovenica 12.8%)

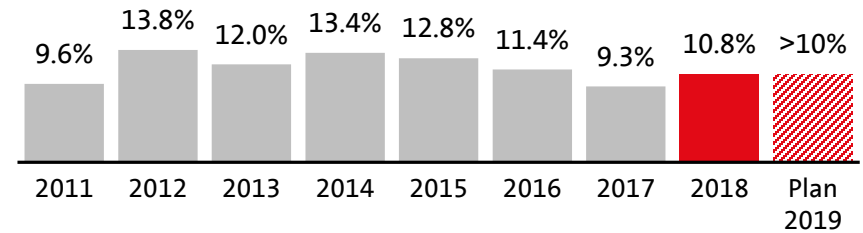


# Focus on Long Term Profitability and Safety of Operations

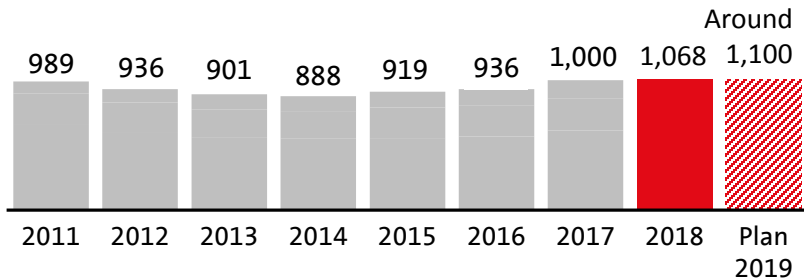
Profit before tax (in €M)



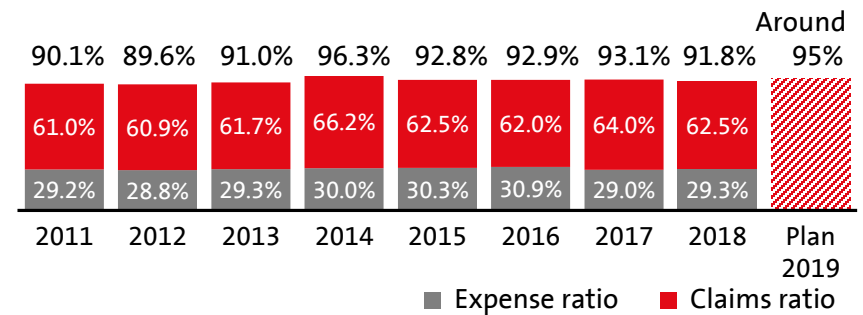
ROE



Gross written premium (in €M)



Combined ratio NL



# Financial Strength, Prudent Management of Provisions

Strong capital adequacy, within target range 200-250%

	31 Dec 2018	31 Dec 2017 <sup>2</sup>	31 Dec 2016 <sup>3</sup>
<b>Solvency ratio<sup>1</sup></b>	<b>216%</b>	<b>222%</b>	<b>242%</b>

<sup>1</sup> Standard formula used.

<sup>2</sup> In 2017 methodology was revised introducing more conservative approach for calculation of the adjustment for the loss absorbing capacity of deferred taxes.

<sup>3</sup> Based on methodology before its revision in 2017

Credit Ratings A/Stable

From S&P GR Rating Report (7 Sept 2018)

Triglav Group's **standalone credit profile:**

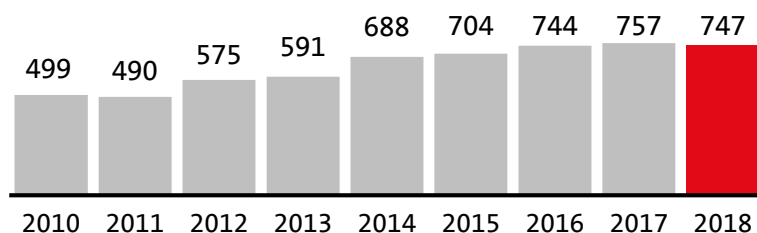
**Business risk profile - strong**

**Financial risk profile - very strong**

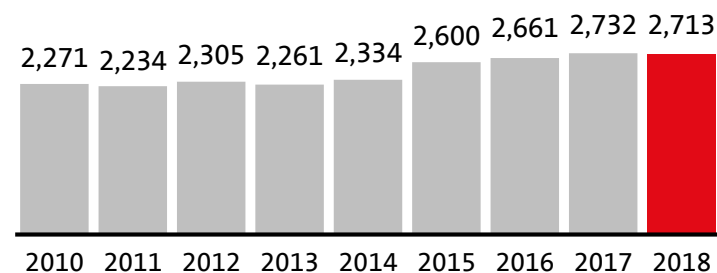
**Capital adequacy - extremely strong**

Group has adequate reinsurance protection

Equity (€M)



Year-End Gross Technical Provisions (€M)

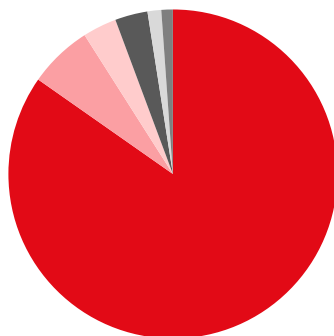
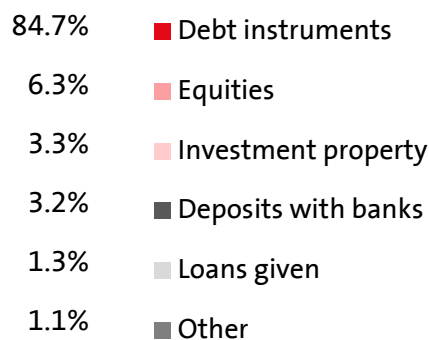


# Asset Allocation

- Relatively conservative investment policy, focusing on investment security and liquidity governed by adequate profitability
- Asset allocation subject to ALM on portfolio basis and ERM principles

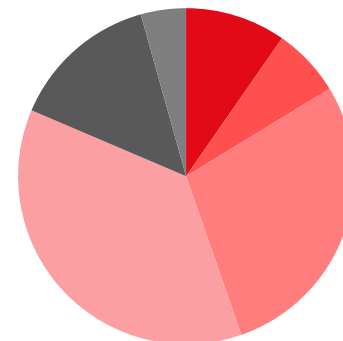
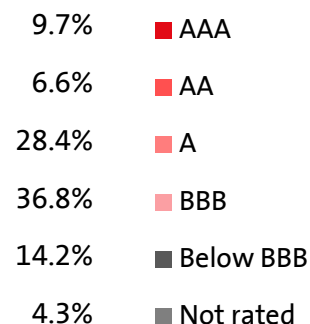
## Asset Allocation<sup>1</sup>

Total: € 2,693M



## Debt instruments by rating

Total: € 2,282M



- 81.5% with credit rating at least BBB (2017: 78.2%)
- 44.7% with credit rating A or higher (2017: 43.2%)

<sup>1</sup> Unit-linked insurance contract investments excluded





# Triglav Group Strategy

## Our mission

### BUILDING A SAFER FUTURE

## Our vision

By adopting a client-centric approach, we dynamically develop new ways of doing business as the foundation of the Group's responsible long-term development, while at the same time operating profitably and safely

## Strategic guidelines

- Long-term stable and profitable operations and greater value of Triglav Group
- Client focus and development of related services
- Developing even more cooperative and agile organisation and culture

## Working Towards Our Vision

Rating A/Stable

ROE 10.8 %

CoR NL 91.8 %

GWP up by 7 %

Market share<sup>1</sup> in Adria region 20.2% (+0.3 p.p.)

% GWP outside SLO 17.9% (+0.2 p.p.)

Rating A

ROE > 10 %

Average target CoR NL around 95 %

Increased volume of business

Market leader

Increased % GWP outside SLO

2019

2020

2021

2018

2022

'2017



# Latest Expansion Activities

## 2017

**NORTH MACEDONIA:** Entry into life insurance market (new company)

**BOSNIA AND HERZEGOVINA:** Entry into voluntary pension insurance market (joint-venture)

Establishment of **REGIONAL PLATFORM** for alternative investments Triglav (joint-venture)

## 2018

**CROATIA:** Triglav Group signed agreement to acquire RMOD in Croatian pension insurance market (takeover)

Using **NEW BUSINESS MODEL** and **IN COOPERATION WITH** the reinsurance and local **PARTNER** entry into Greek motor vehicle insurance market

**SLOVENIA:** Triglav Group purchased remaining 28.1% equity stake of SPD thereby becoming 100% owner. Company operates in the Slovene supplemental voluntary pension insurance market

**SLOVENIA:** Triglav Group signed agreement to acquire Slovenian AM company ALTA Skladi (takeover)

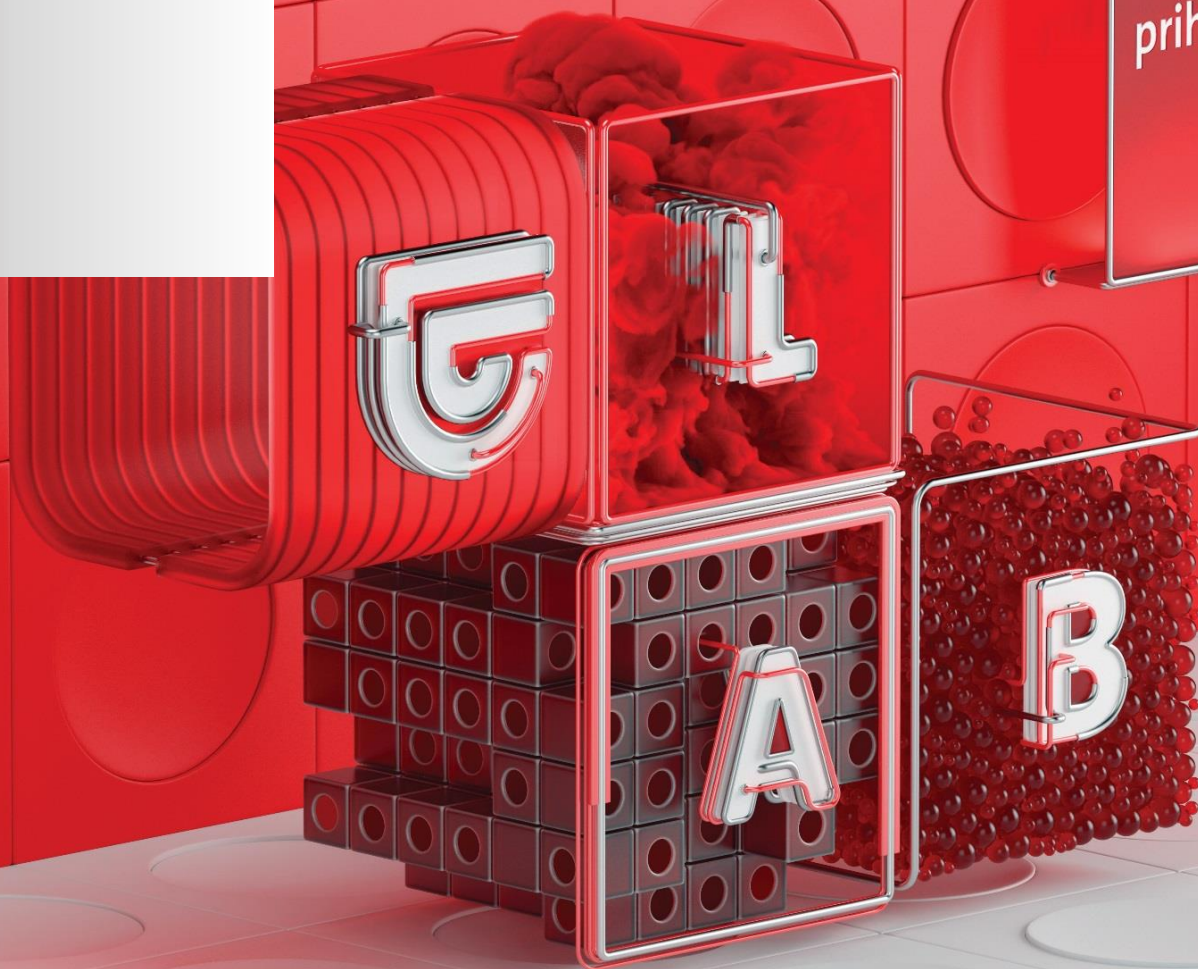
## 2019

**NORTH MACEDONIA:** Triglav Group established a pension insurance company



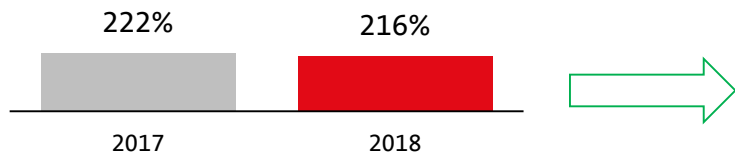
# Capital Management Policy

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# Disciplined Capital Strategy

## Triglav Group Solvency ratio



> 250%	Surplus capital adequacy	Possibility of a more aggressive growth of business volume, assessment of potential changes in the business strategy
200 - 250%	Target capital adequacy	Regular performance of risk management activities
150 - 200%	Sub-optimum level of capital adequacy	Analyzing possible medium and long-term measures to improve capital adequacy and emphasized monitoring of risks
130 - 150%	Warning level of capital adequacy	Implementation of measures to improve capital adequacy
< 130%	Insufficient capital adequacy	

Capital management centralised at Group level (capital concentration at the parent company)

Virtually all capital is Tier 1 eligible.

Efficient use of available capital, which provides for:

- safety and profitability of operations at the Group level
- a high level of confidence of all stakeholders
- meeting the regulatory capital adequacy requirements
- achievement of an appropriate capital adequacy level in the ORSA process
- meeting the criteria of external rating agencies to maintain at least the A credit rating



# Attractive and Sustainable Dividend Policy

> 250%	Surplus capital adequacy	Possibility of a more aggressive growth of business volume, assessment of potential changes in the business strategy
200 - 250%	Target capital adequacy	Regular performance of risk management activities
150 - 200%	Sub-optimum level of capital adequacy	Analyzing possible medium and long-term measures to improve capital adequacy and emphasized monitoring of risks

Minimum dividend pay-out is set to 50% of consolidated net profit for the previous year, however Triglav will strive not to reduce its dividend payment below the level of the previous year.

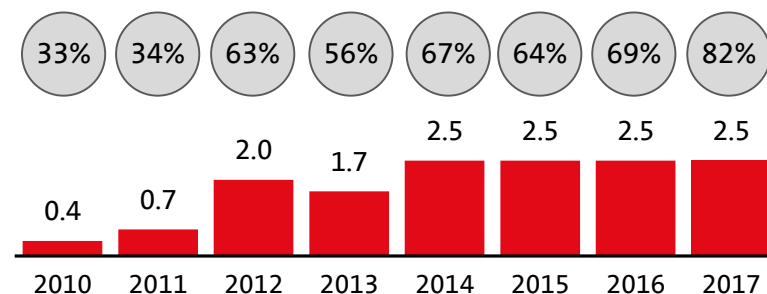
Dividend policy subordinated to achieving the medium-term sustainable target capital adequacy of Triglav Group.

Three objectives are followed in a balanced manner:

- to ensure prudent capital management of Triglav Group and its financial stability,
- to reinvest net profit in the implementation of the strategy of growth and development of Triglav Group and
- to pay out attractive dividends to the shareholders.

## Gross dividend paid per share (in €) and Pay-out ratio

Proposed dividend for 2018: € 2.5 (70 % pay-out)



○ Dividend pay-out (% consolidated net profit)



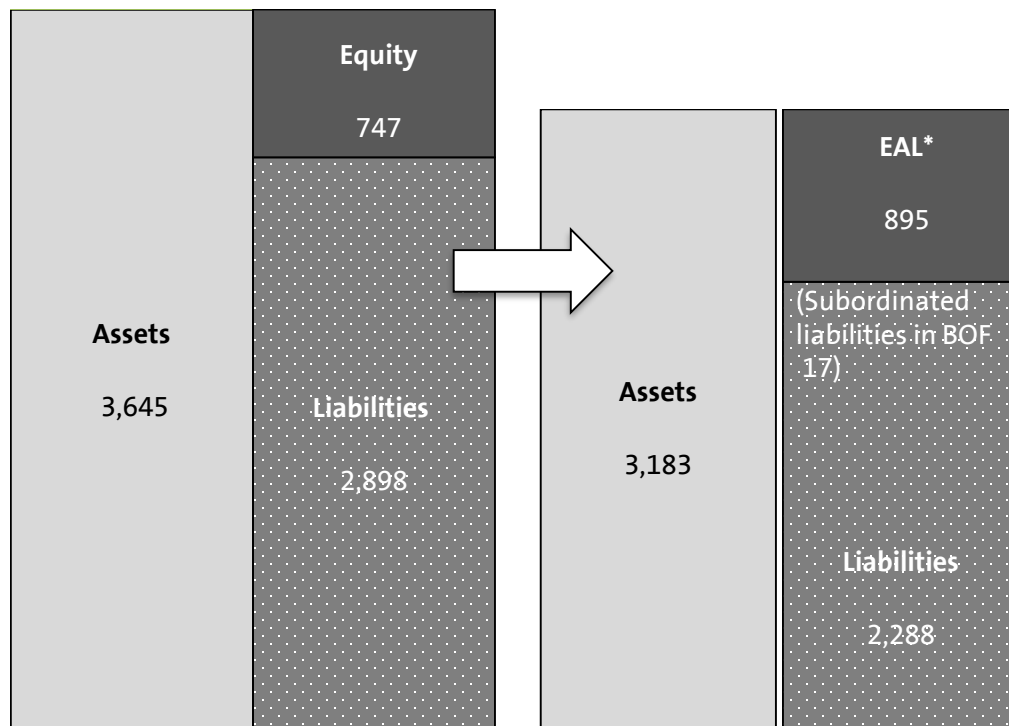
# Capital Adequacy of Triglav Group

(as of 31 Dec 2018, in € million)

**IFRS**  
Balance Sheet

**Solvency II**  
Balance sheet

$$\text{Solvency ratio} = \frac{EOF}{SCR} = \frac{843}{391} = 216\%$$



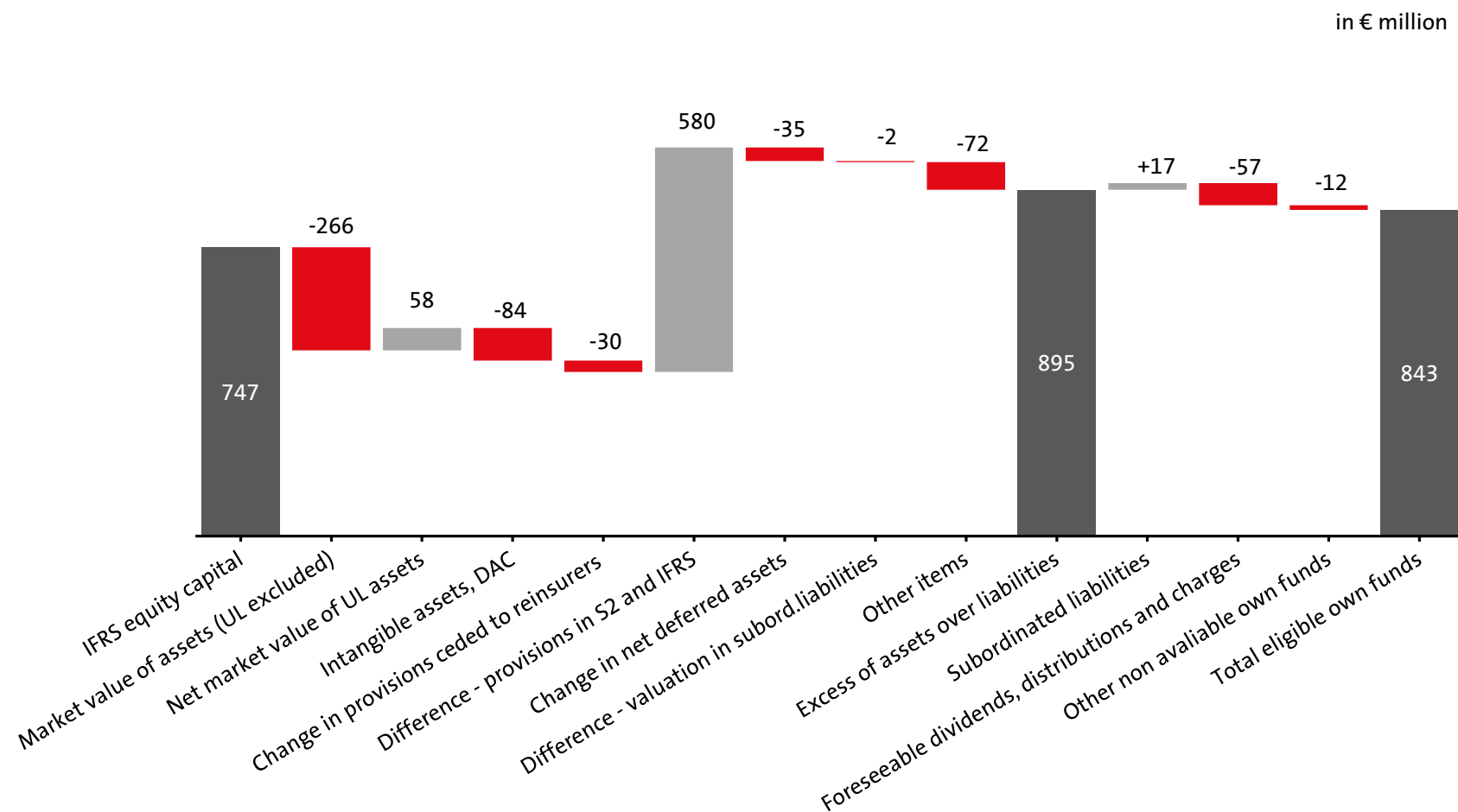
\* EAL – Excess of assets over liabilities

	2018	2017
MCR ratio	546%	589%
Available OF to meet MCR	843	878
Min. cons. capital requirement (MCR)	154	149

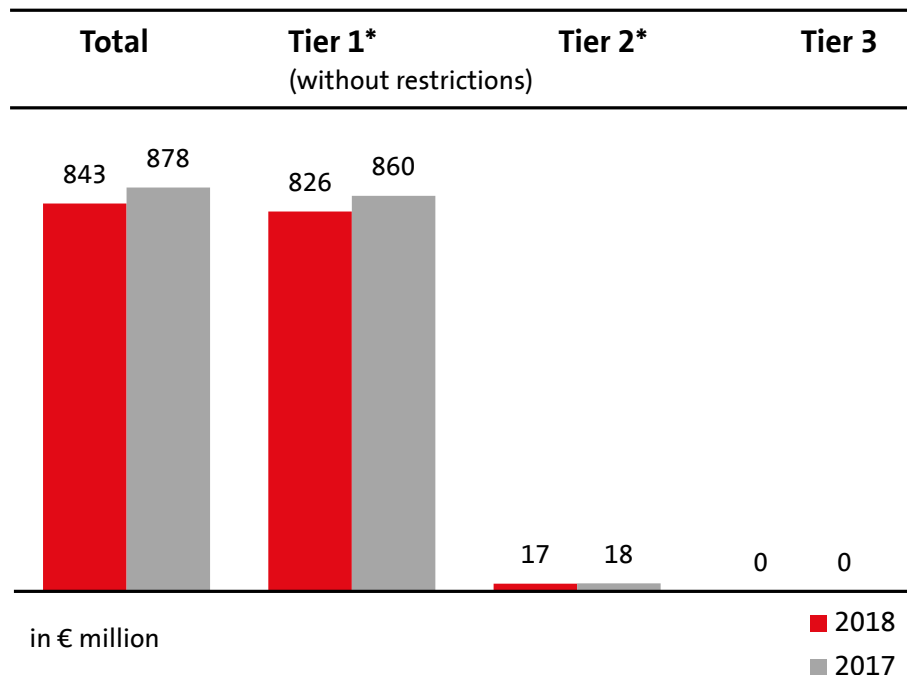


# Eligible Own Funds (31 Dec 2018)

## IFRS/Solvency II: Different valuation of assets and liabilities



## Quality of EOF to Meet SCR



### Subordinated bond ZT02

- Notional € 30M of which Triglav Group already holds € 14.5M (outstanding notional only € 15.5M)
- Coupon 5.95%
- Maturity 21 March 2020
- Structure: 10 – year bullet

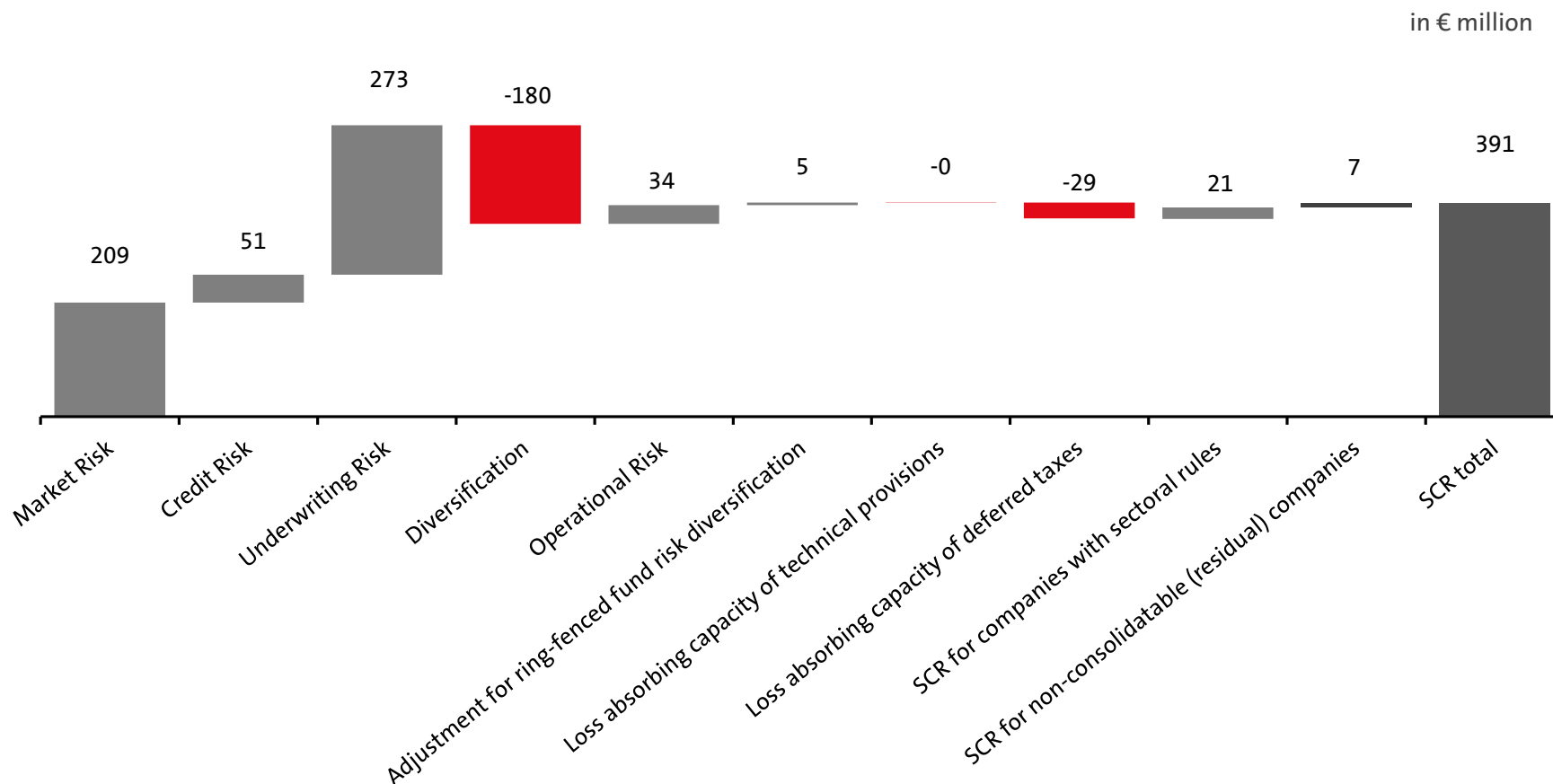
Tier 2 own funds are eligible to cover the minimum capital requirement up to 20% of the minimum capital requirement

\*With the prior consent of the Supervisory Board, Management Board is authorised to increase the share capital by up to 20%



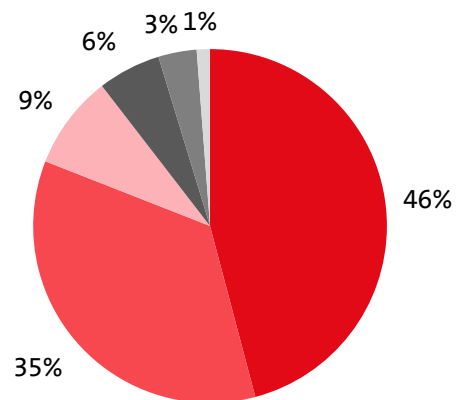


## Solvency Capital Requirement of Triglav Group (31 Dec 2018)

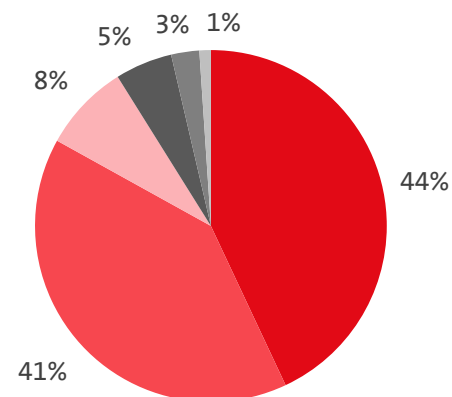


## Solvency Capital Requirement (SCR) Split by Risk (1)

2018



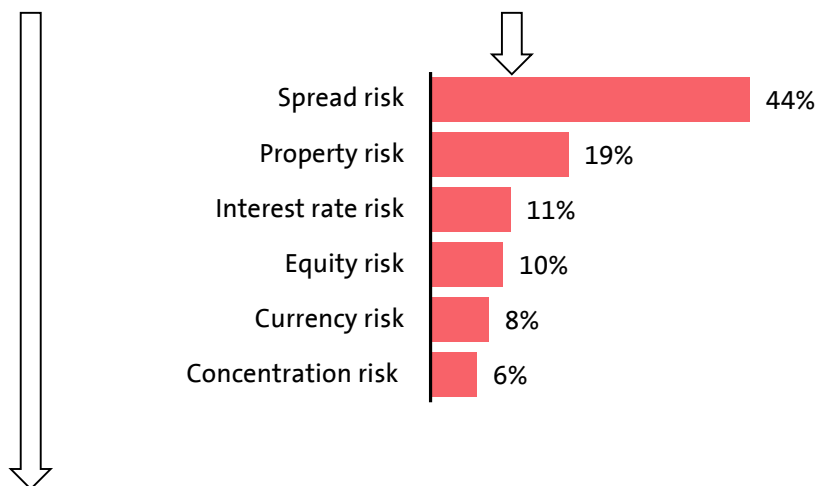
2017



Undiversified value of capital requirement for accepted risks of Triglav Group using the Standard formula



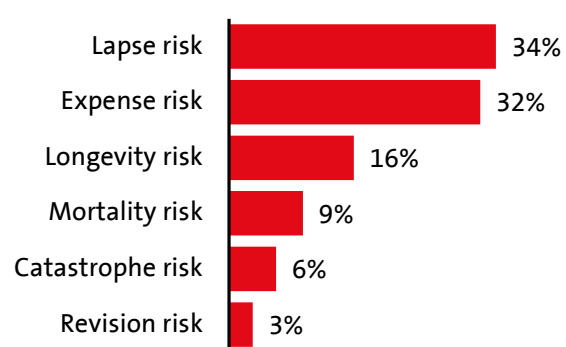
## Solvency Capital Requirement (SCR) Split by Risk (2)



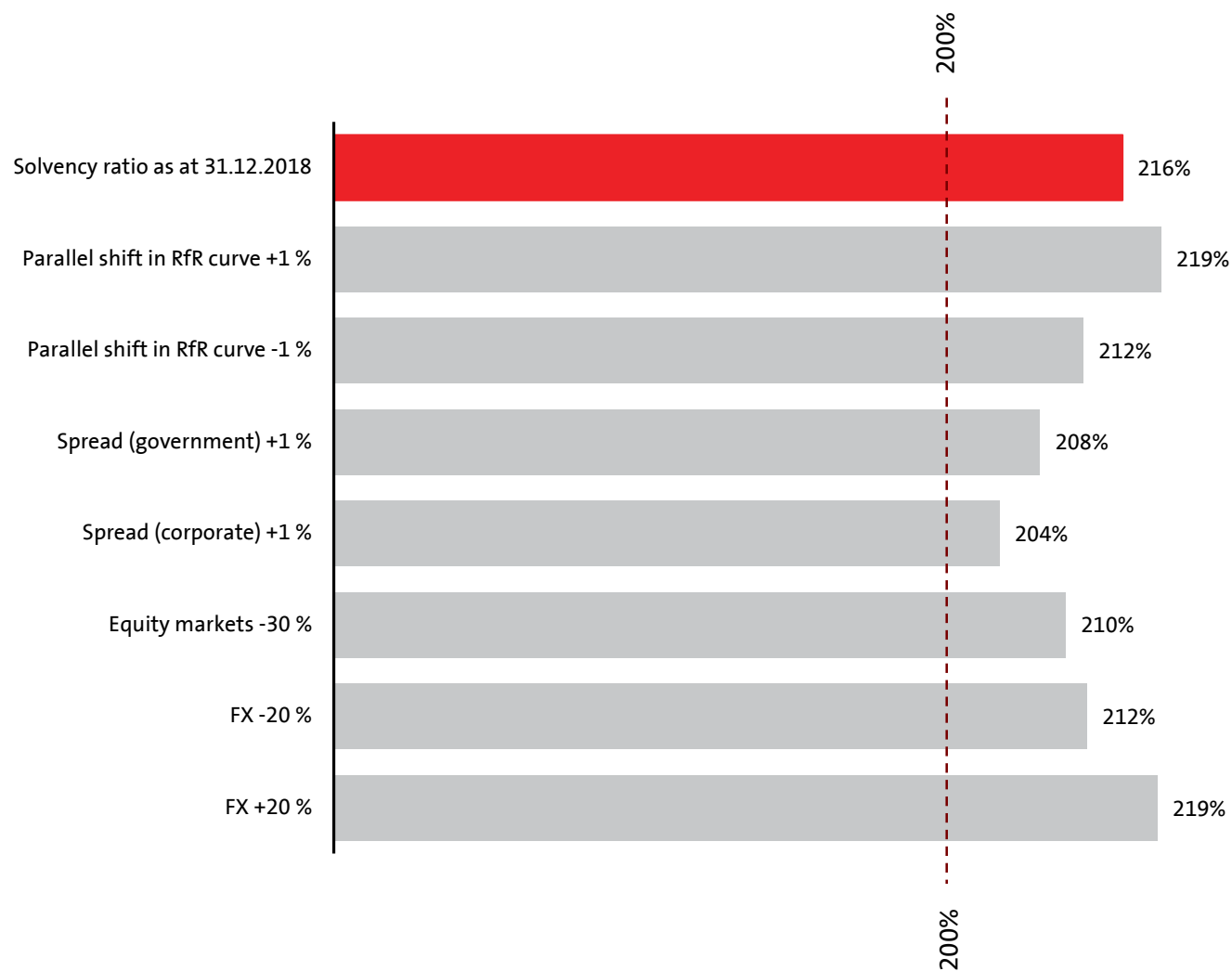
### Risk profile for non-life and health insurance



### Risk profile for life insurance



## Sensitivities of Solvency Ratio



# 2018 Results

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## 2018 Triglav Group at a Glance

	In € million		
	2018	2017	Index
Gross written premium	1,068.4	999.9	107
Net premium income	951.8	891.2	107
Gross claims paid	679.6	642.2	106
Net claims incurred	626.6	620.0	101
Insurance business gross operating costs	261.7	248.4	105
Profit before tax	97.5	84.4	115
Net profit	80.8	69.7	116
Expense ratio non-life	29.3%	29.0%	
Net claims ratio non-life	62.5%	64.0%	
Combined ratio non-life	91.8%	93.1%	

GWP increased by 7% y-o-y. Growth in all markets and in all insurance segments

Growth of net premium income (+7% y-o-y) at a higher rate than growth of net claims incurred (+1% y-o-y)

PBT increased by 15% y-o-y, influenced by high premium growth, favourable claim ratio and several one-off events

Combined ratio non-life decreased to 91.8% (93.1% in 2017) and in lower range of its long term average target value i.e. around 95%

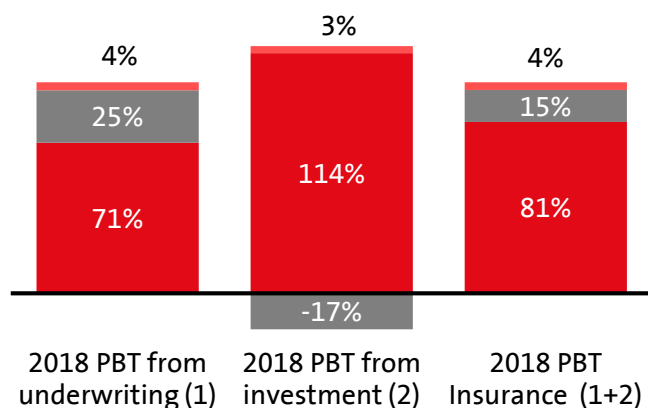


# Structure of Profit Before Tax of Triglav Group

In € million

	2018				2017			
	Non-life	Life & Pensions	Health	Total	Non-life	Life & Pensions	Health	Total
PBT from underwriting activities (1)	51.2	17.8	2.6	71.6	37.2	14.4	2.6	54.2
PBT from investment activities (2)	24.5	-3.7*	0.7	21.6	25.0	4.5	0.9	30.3
<b>PBT from insurance operations (1+2)</b>	75.7	14.1	3.4	<b>93.2</b>	62.2	18.9	3.5	84.5
<b>PBT from non-insurance operations (3)</b>				<b>4.3</b>				-0.1
<b>Total PBT (1+2+3)</b>				<b>97.5</b>				84.4

\*Life investment result net of guarantees and additionally formed mathematical reserves



■ Health

Results comparable with 2017

■ Life & Pensions

Decrease in investment result (\*) mainly result of lower returns on assets of guarantee fund (€ 5.1M) and additional provisions made due to the reduction in reserving interest rate

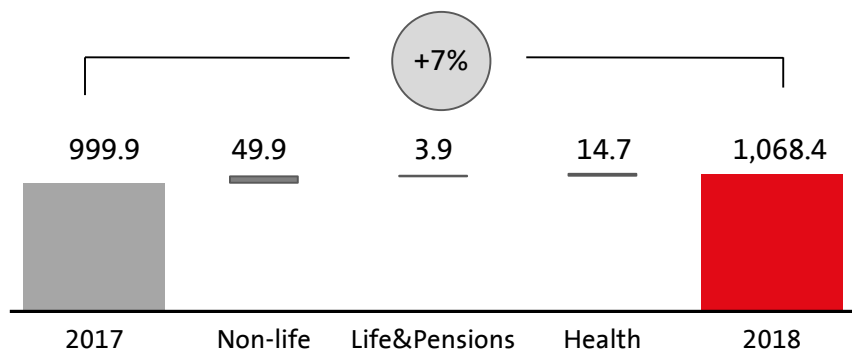
■ Non-life

Improved insurance result (+22% y-o-y) mainly due to higher net premium earned and more favourable net claims experience. PBT from investments unchanged due to higher net realised capital gains

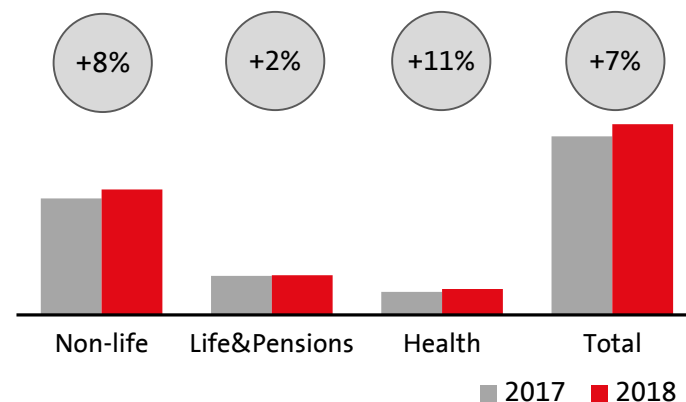


## GWP growth of 7%

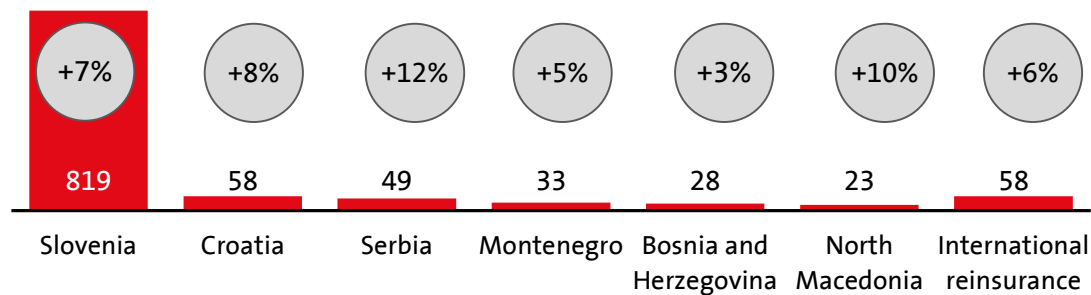
GWP development from 2017 to 2018 (in €M)



GWP growth by segments (%)



GWP growth by markets (in €M and %)










GWP share from outside Slovenia

**2018: 17.9%**  
**2017: 17.7%**  
**2016: 17.3%**  
**2015: 17.2%**





## GDP Growth and Low Insurance Density Key Growth Drivers

Country		Triglav market share	Triglav market position	Market development (2017)	
				Insurance penetration <i>Premium share in GDP</i> (EU 7.2%)	Insurance density <i>€ premium per capita</i> (EU €2,150)
	Slovenia	35.4%	1	5.0%	1,055
	International reinsurance	-	-	-	-
	Croatia	4.4%	9	2.5%	295
	Serbia	6.0% <sup>1</sup>	5 <sup>1</sup>	2.1%	109
	Montenegro	37.9%	1	1.9%	131
	Bosnia and Herzegovina	8.0% <sup>2</sup>	6 <sup>2</sup>	2.2%	99
	North Macedonia	14.5%	1	1.5%	71

<sup>1</sup> Q1-3 2018    <sup>2</sup> H1 2018

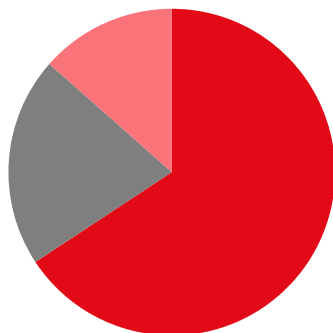


# Well Balanced structure of GWP

## Structure of GWP by main insurance segments

Total: € 1,068M

- 65.7% ■ Non-life
- 20.8% ■ Life&Pensions
- 13.5% ■ Health

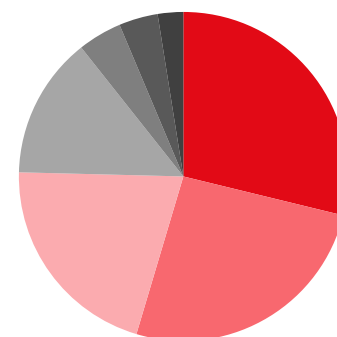


	2018/2017	2018	2017
Non-life	▲	65.7%	65.2%
Life&Pensions	▼	20.8%	21.8%
Health	▲	13.5%	12.9%

## Well balanced structure of consolidated GWP

Total: € 1,068M

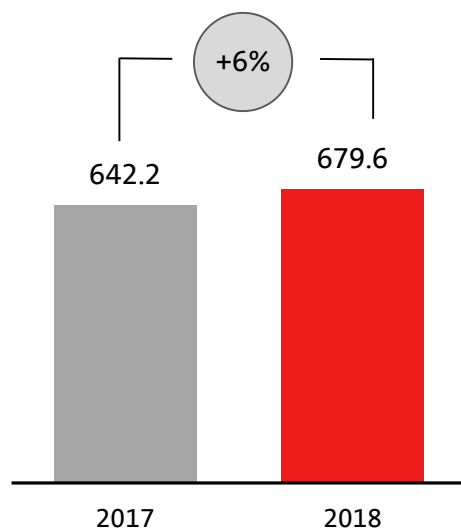
- 29% ■ Motor vehicle insurance
- 26% ■ Property insurance
- 21% ■ Life & Pensions
- 14% ■ Health insurance
- 4% ■ General liability insurance
- 4% ■ Accident insurance
- 3% ■ Credit insurance



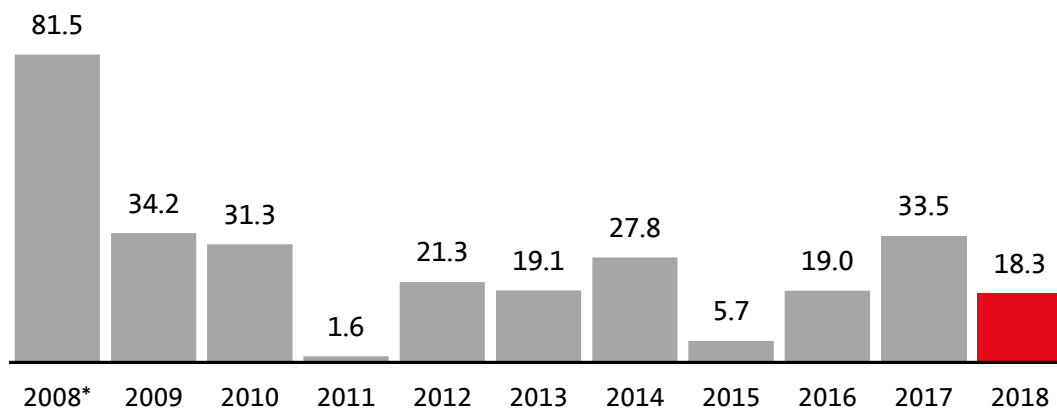
## Gross Claims Paid

Influenced by increased business volume over the last few years and CAT claims from end of 2017 (paid out in 2018)

Gross claims paid (in €M)



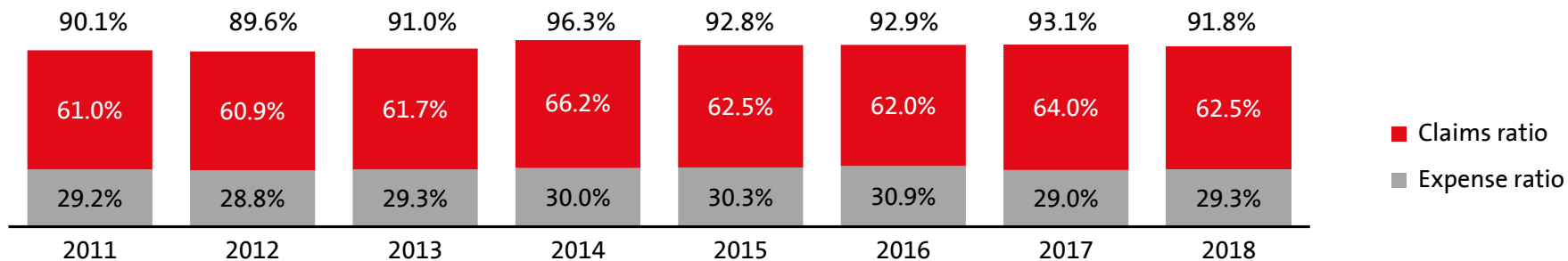
CAT losses in last 11 years (in €M)



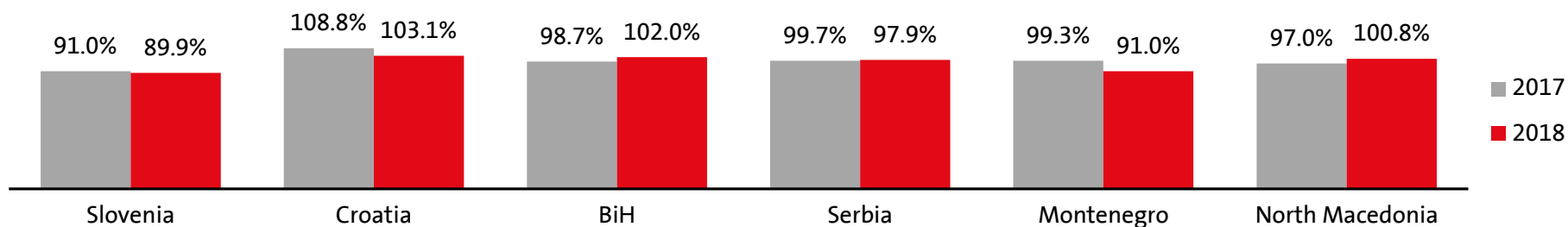
\* Summer storms in Slovenia (over 35,000 claims)

## Combined Ratio Non-life

### Triglav Group Combined Ratio NL

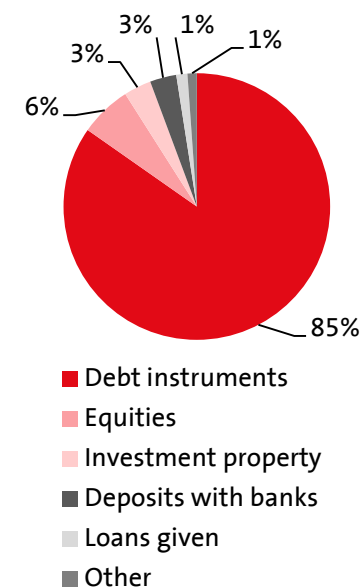


### Triglav Group Combined Ratio NL by markets



# Triglav Group Asset Allocation

	Non-life & Health <sup>1</sup>		Life & Pensions <sup>1</sup>		Total	
	In €M	In %	In €M	In %	In €M	In %
Investment property	87.5	7%	2.3	0%	89.8	3%
Investments in associates <sup>2</sup>	13.5	1%	0.6	0%	14.1	1%
Shares and other floating rate securities	93.2	8%	75.1	5%	168.3	6%
Debt and other fixed return securities	910.0	77%	1,371.7	91%	2,281.6	85%
Loans given	3.6	0%	32.8	2%	36.4	1%
Bank deposits	67.5	6%	18.8	1%	86.4	3%
Other financial investments	5.7	0%	4.2	0%	9.9	0%
<b>Investments</b>	<b>1,181.0</b>	<b>100%</b>	<b>1,505.6</b>	<b>100%</b>	<b>2,686.6</b>	<b>100%</b>
Financial investments of reinsurance companies in reinsurance contracts with cedents	6.3		0.0		6.3	
Unit-linked insurance contract investments	0.0		402.5		402.5	
<b>Group financial investments</b>	<b>1,187.3</b>		<b>1,908.1</b>		<b>3,095.4</b>	



*Unit-linked insurance contract investments excluded*

## DURATION GAP (2018)<sup>3</sup>

(unit linked & Supplementary pensions excluded)

- Average weighted duration gap -0.9 y
- Average duration: Assets 5.6 y, Liabilities 9.4 y
- Average weighted duration gap: Non-life 0.5 y, Life -1.8 y

## LIFE GUARANTIES (2018)<sup>3</sup>

- The largest book at Zavarovalnica Triglav with size of € 756M
- Effective average rate of guarantee 2.5 %
- Average IFRS investment yield 2.9 %

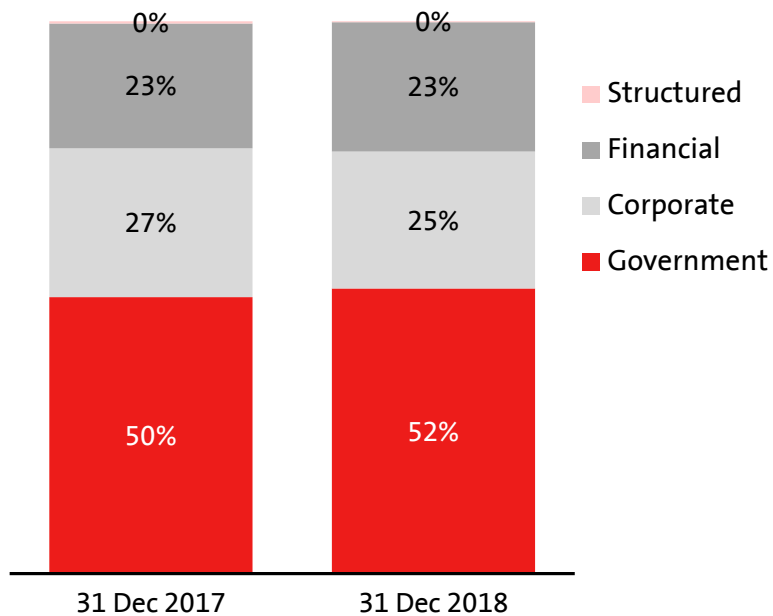
<sup>1</sup> Includes investments of own funds of the Group <sup>2</sup> Investment in associates are mainly additional real estate exposure <sup>3</sup> Data for parent company



# Bond Portfolios

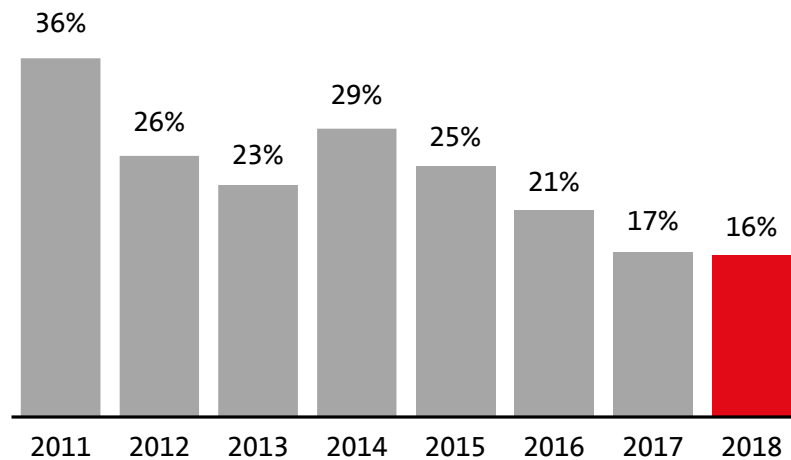
## Bond Portfolio Structure by Type of Issuers

Total: € 2.282M



## Exposure to Slovenian Bonds in Total Bonds

In 2018 the share amounted to € 373 M



# Disclaimer

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