



*Building a Safer Future*

# Triglav Group H1 2023 Results

Investor Presentation

**triglav**

August 2023

# H1 2023 Highlights





# Key Messages

 <b>H1 2023 operations</b>	Profitable and safe operations with growth in business volume. Positive investment returns. Loss in Health. Increased service expenses not yet fully offset with income growth. Financial stability and capitalisation at appropriate levels despite challenging economic situation.
 <b>Unexpected changes to Slovenian healthcare system</b>	In 2023 loss in Group's supplemental health insurance due to price regulation and other restrictions
 <b>Net CAT events In Q3 2023 (floods, hail)</b>	Unprecedentedly high CAT claims in Slovenia and the region
 <b>2023 Outlook</b>	Due to changes to Slovenian healthcare system and unprecedented extreme weather events in 2023 realised annual result around 80% lower than initially planned
 <b>Dividend In 2023</b>	In 2023 dividend paid of EUR 2.50 gross per share (51% dividend payout; 7% dividend yield)
 <b>Corporate governance</b>	MB: In March 2023 Blaž Jakič began term of office as MB member SB: Appointment Tim Umberger and Monica Cramer Manhem as SB members – shareholder representatives
 <b>Sustainable development</b>	ESG framework upgraded with Sustainable Development Policy, Sustainable Investment Policy and PAI statement (in accordance with SFDR)



# H1 2023 Key Financials

## TOTAL BUSINESS VOLUME

€955.4M

 Up by 11% y-o-y

<b>GWP</b>	<b>+12%</b>	<b>€893.5M</b>
<b>OTHER INCOME</b>	<b>-3%</b>	<b>€61.8M</b>
<b>Total</b>	<b>+11%</b>	<b>€955.4M</b>

## PROFIT BEFORE TAX

€10.5

 €-3.7M in H1 2022

- Growth in business volume. Positive investment returns due to favourable conditions on financial markets
- Impact of loss in Health due to changes in healthcare system in Slovenia

## COMBINED RATIO NON-LIFE&HEALTH

€102.2%

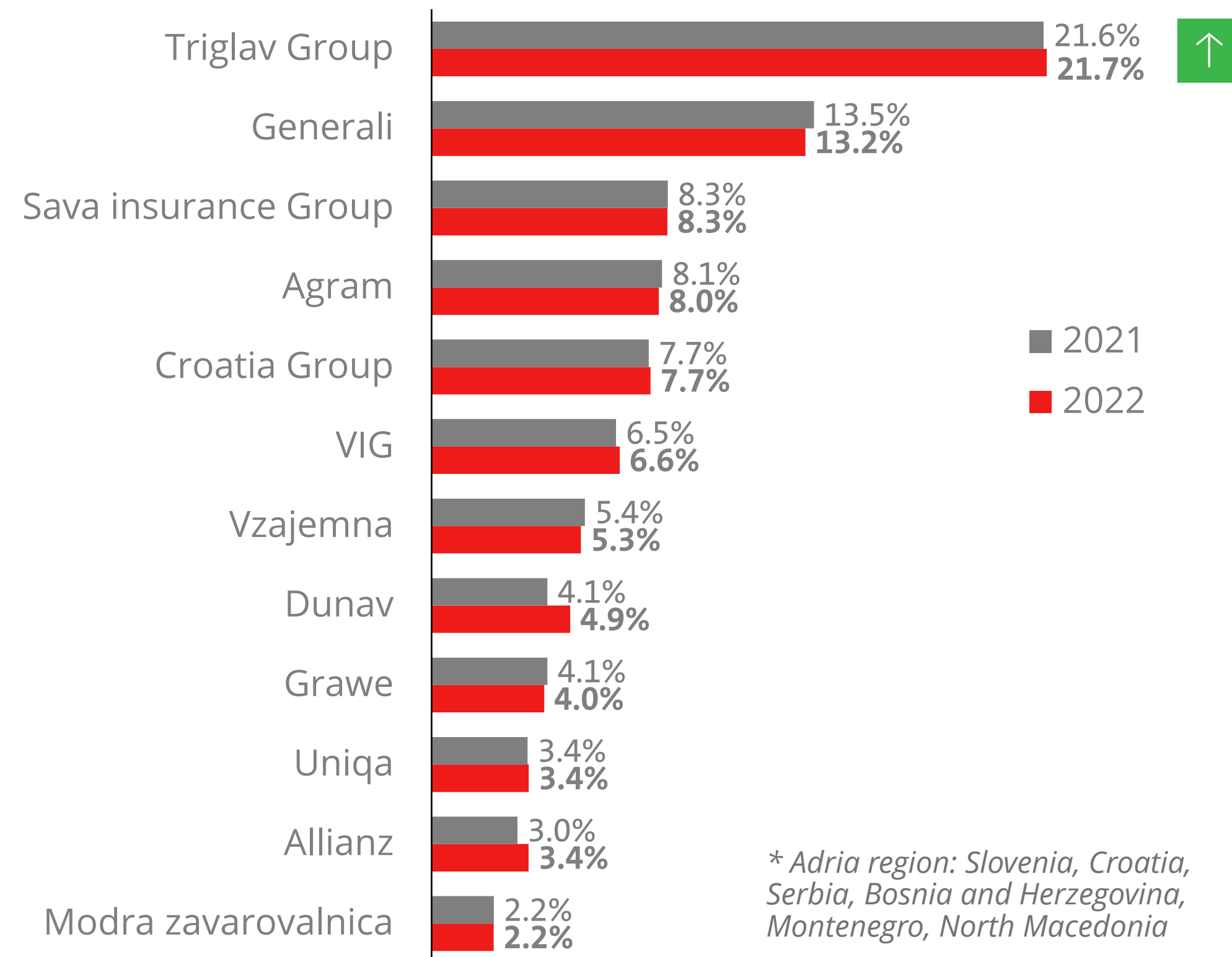
 101.1% in H1 2022

- Non-Life: CoR 97.0% (-4 pp y-o-y) under influence of claims inflation and higher insurance revenue
- Health: CoR 129.5% due to price regulation on Slovenian market (claims ratio 118.2%)



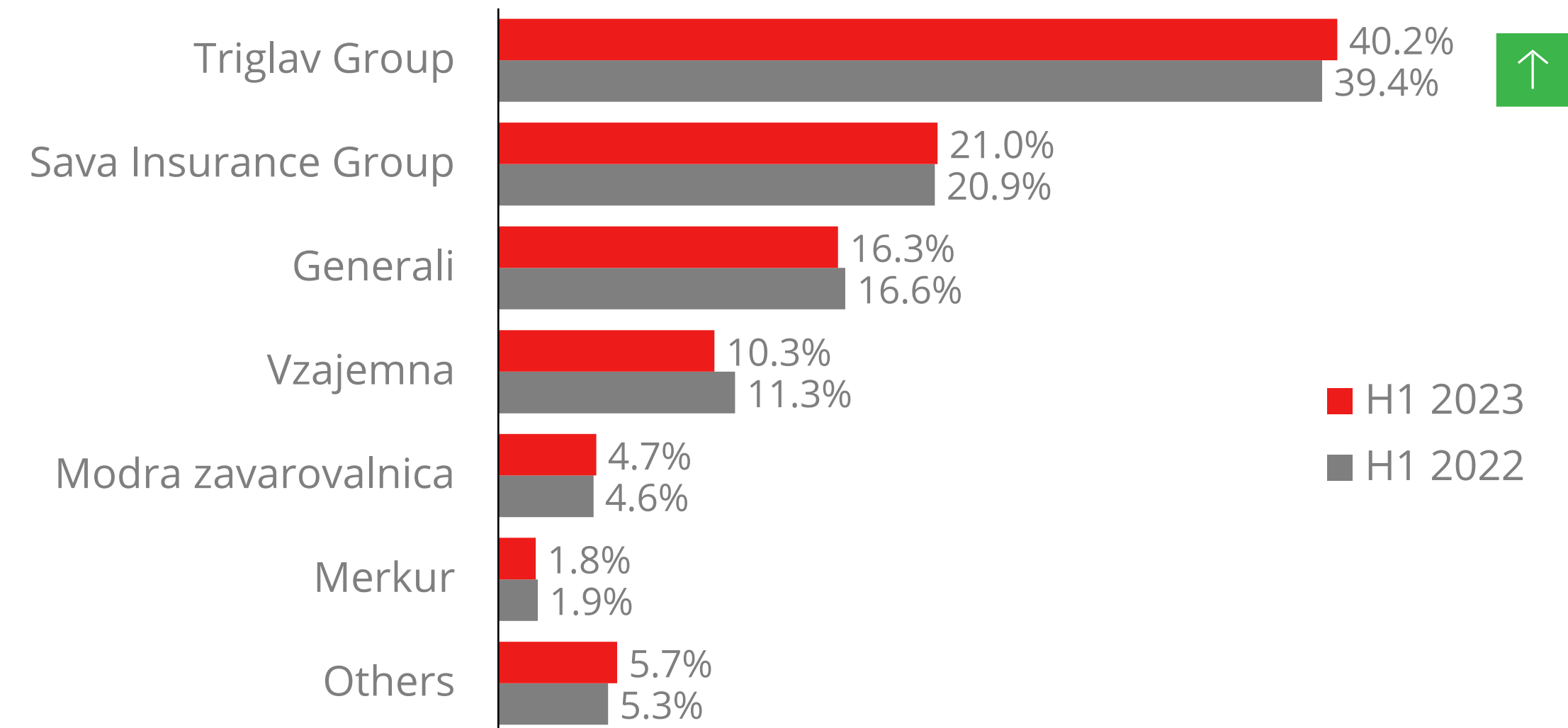
# Leading Insurance/Financial Group in Adria Region

**Adria Region\*** (2022)



\* Adria region: Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia

**Slovenia** (H1 2023)

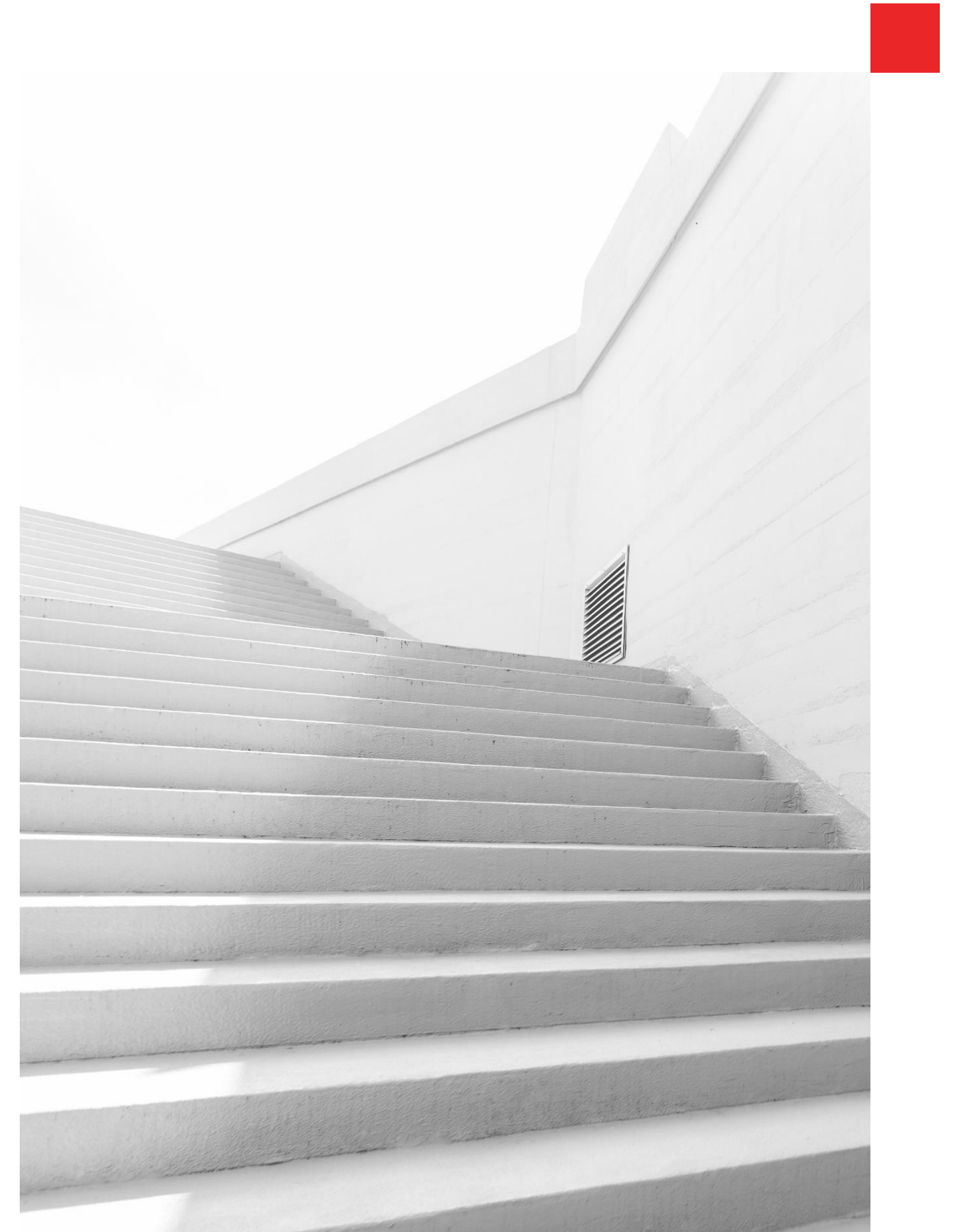


**Triglav's market share in Slovenia** (H1 2023; y-o-y):

- 47.2% in Non-life (+0.5 pp y-o-y)
- 32.2% in Life & Pensions (-0.1 pp y-o-y)
- 30.3% in Health (0.0 pp y-o-y)

# H1 2023 Results

Financials & Investments





# H1 2023 Performance at a Glance

	H1 2023	H1 2022**	H1 2023/ H1 2022
<b>Total business volume*</b>	955.4	861.2	111
<b>Gross written premium*</b>	893.5	797.2	112
<b>Total revenue</b>	737.9	658.9	112
<b>Insurance service result</b>	19.9	24.0	83
<b>Investment result</b>	53.8	-72.6	
<b>Financial result from insurance contracts</b>	-46.6	72.9	
<b>Gross operating expenses</b>	214.4	188.8	114
<b>Profit before tax</b>	10.5	-3.7	
<b>Net profit</b>	9.9	-3.7	
<b>Other comprehensive income</b>	8.7	-42.8	
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023/ 31 Dec 2022</b>
<b>Balance sheet total</b>	4,039.7	3,901.1	104
<b>Equity</b>	856.2	894.3	96
<b>Contractual service margin (CSM)</b>	208.7	186.4	112
<b>Risk adjustment (RA)</b>	73.6	70.8	104
<b>Number of employees</b>	5,309	5,306	100

Key performance indicators	H1 2023	H1 2022
<b>ROE annualised</b>	2.3%	-0.8%
<b>Claims ratio</b>	78.8%	78.2%
<b>Expense ratio</b>	23.4%	22.9%
<b>Combined ratio Non-life and Health</b>	102.2%	101.1%
<b>Combined ratio Non-life</b>	97.0%	101.0%
<b>CSM of new contracts/Total CSM</b>	9.5%	11.5%

*\*\*Under IFRS 17 and IFRS 9, last year's results are significantly lower than under the previously applicable IFRS 4 and IAS 39, and this is mainly due to differences in measurement of insurance technical provisions and recognition of effects of revaluation of financial investments.*

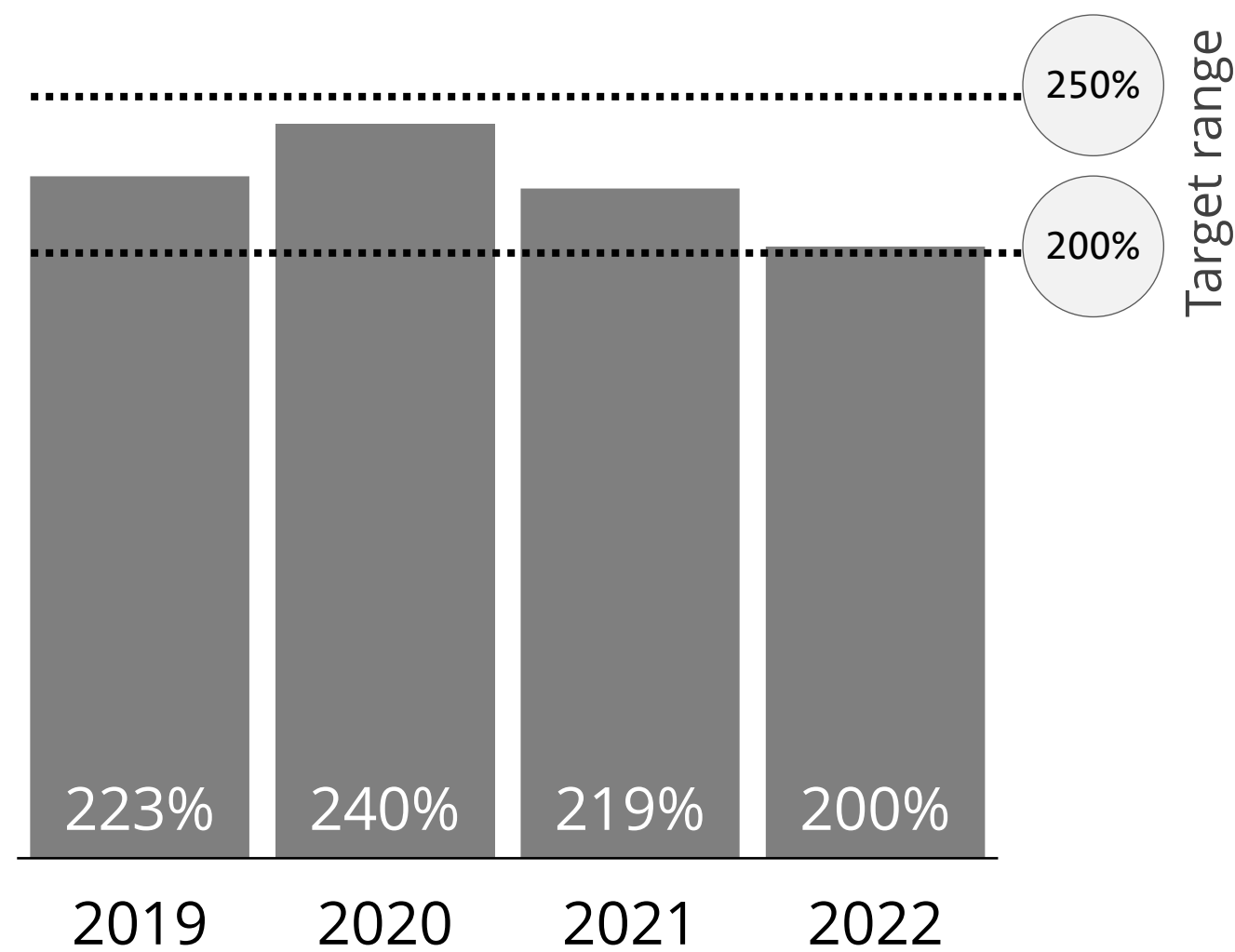
*Last year's H1 result in accordance with IFRS 17 was negatively affected by prudential additional reserving due to sharp rise in inflation, whereas – unlike under IFRS 4 – result was not positively affected by effects of release of provisions from past periods.*



# Financial Stability and Strong Capital Base

## Solvency Ratio

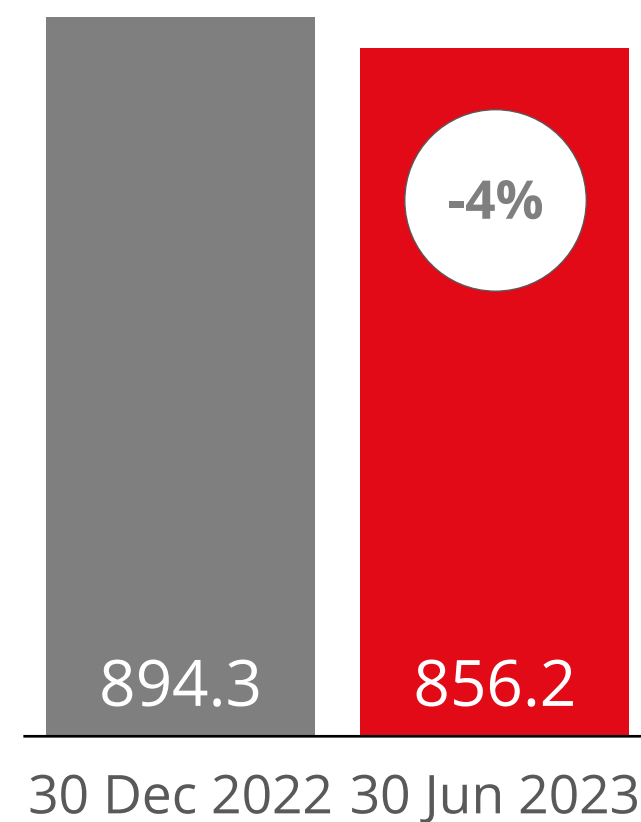
**H1 2023:** Capitalisation at appropriate levels



Majority of capital is Tier 1 eligible. Capital management centralised at Group level (capital concentration at parent company)

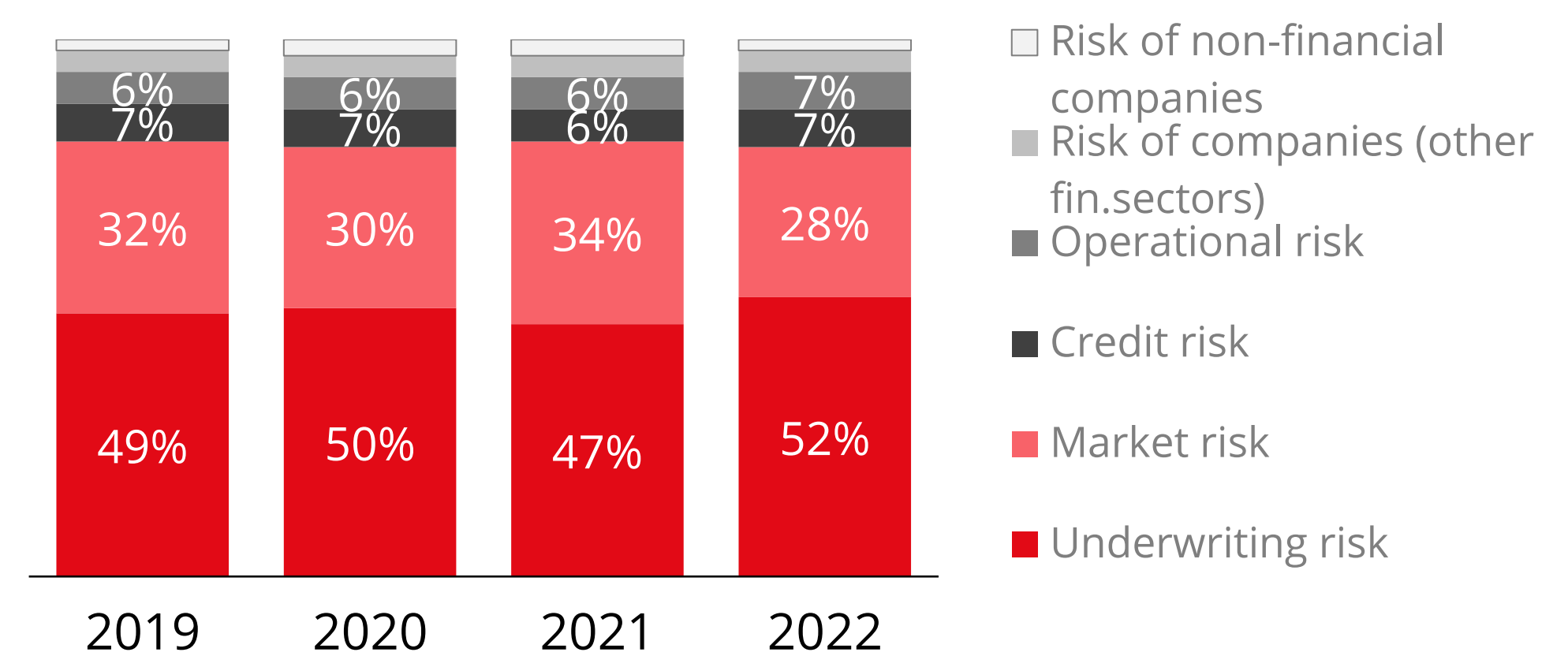
## Equity (in €M)

**H1 2023:** Decrease in equity mainly result of dividend payment in 2023



## Risk Profile

**H1 2023:** No major changes compared to 2022 YE. Further increase of underwriting risk (*higher volume of business and claims, also CAT*), decrease of market risk, slightly increased credit risk (*higher investments in cash*). Risk regarding operations of Triglav health insurance company.

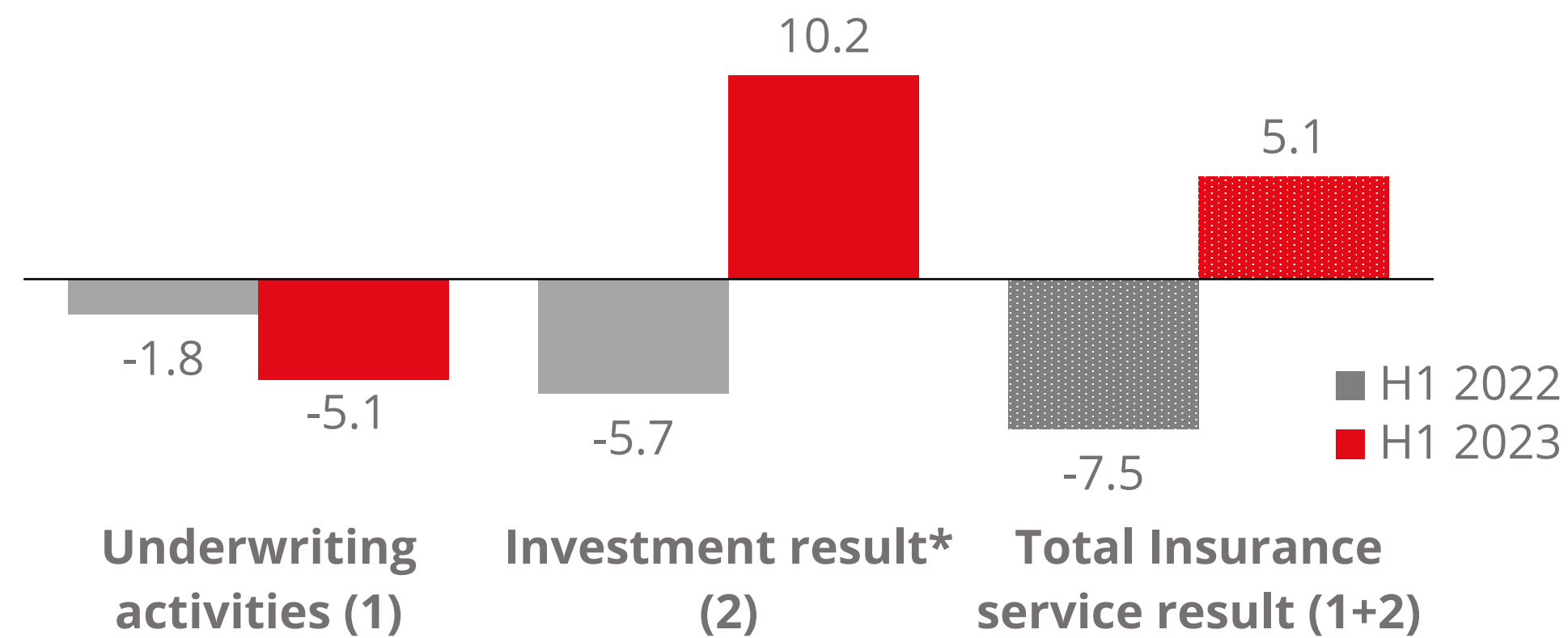






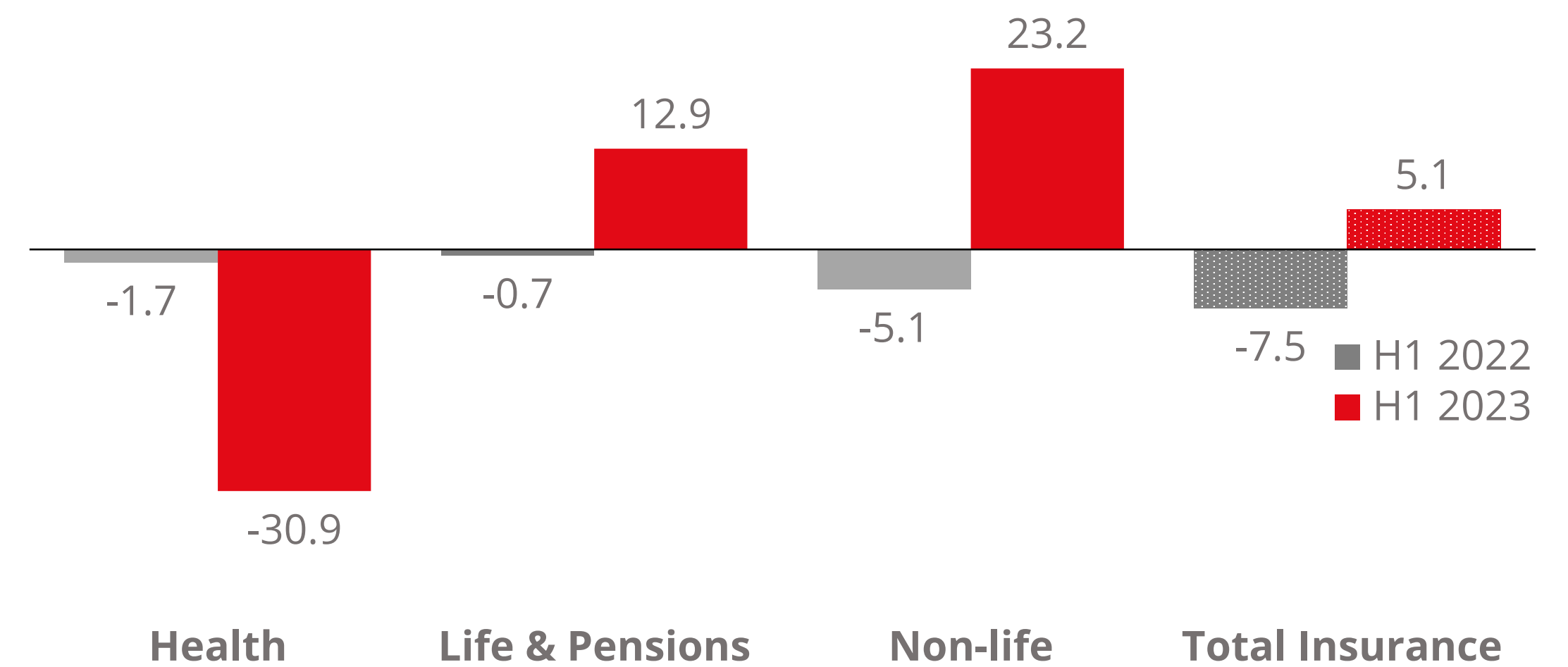
# Structure of Profit Before Tax of Triglav Group

**PBT from Insurance** (in €M)

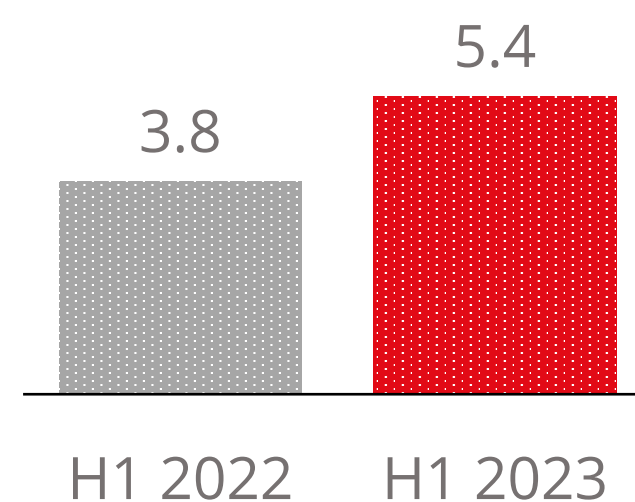


\*Net of investment guarantees

**PBT from Insurance by Segments** (in €M)



**PBT from Non-Insurance** (in €M)

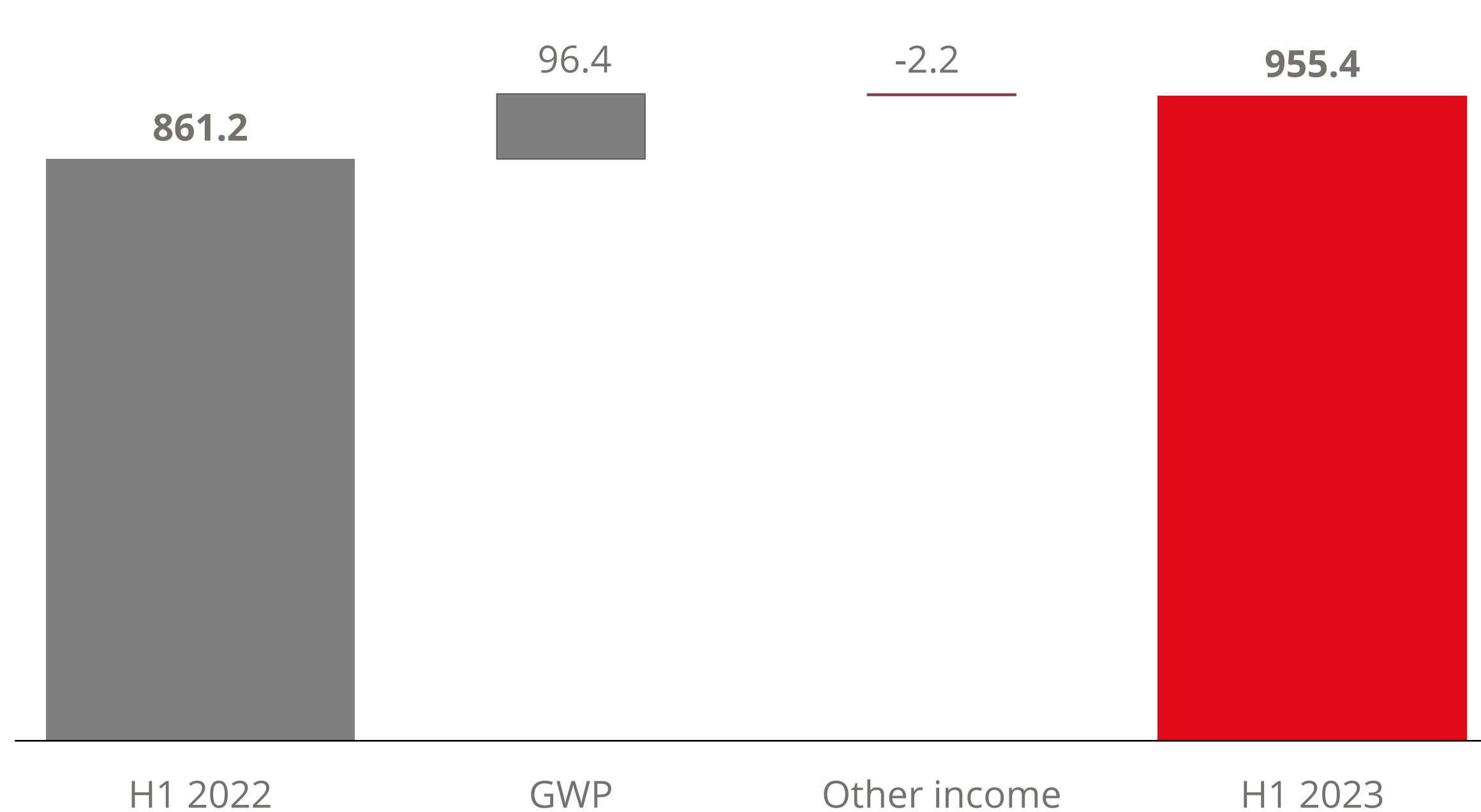


H1 2023 PBT stemmed equally from insurance and non-insurance operations (mainly asset management). Insurance business under influence of solid investment result and negative result from underwriting activities due to loss in Health. Increased expenses and claims intensity due to inflation.



# Growth in Total Business Volume

Development from H1 2022 to H1 2023 (in €M)



## By Components

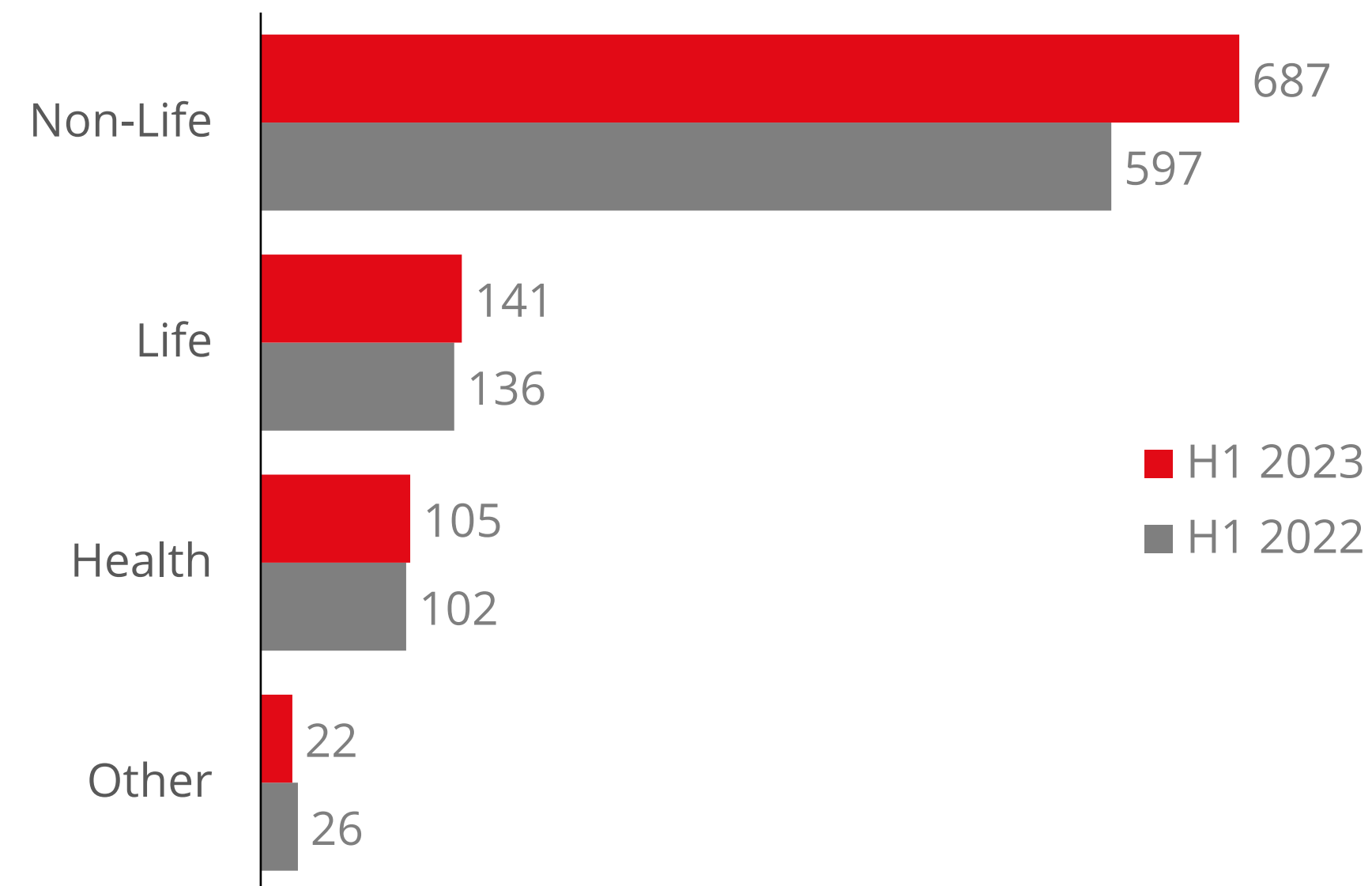
Components	(in M€; growth y-o-y)
GWP (premium)	893.5 (+12%)
Other Income	61.8 (-3%)
<b>Total</b>	<b>955.4 (+11%)</b>

Strong GWP growth due to price increases and increased business volume. Decrease in Other income due to last year's realised one-off gains on disposal of real property.

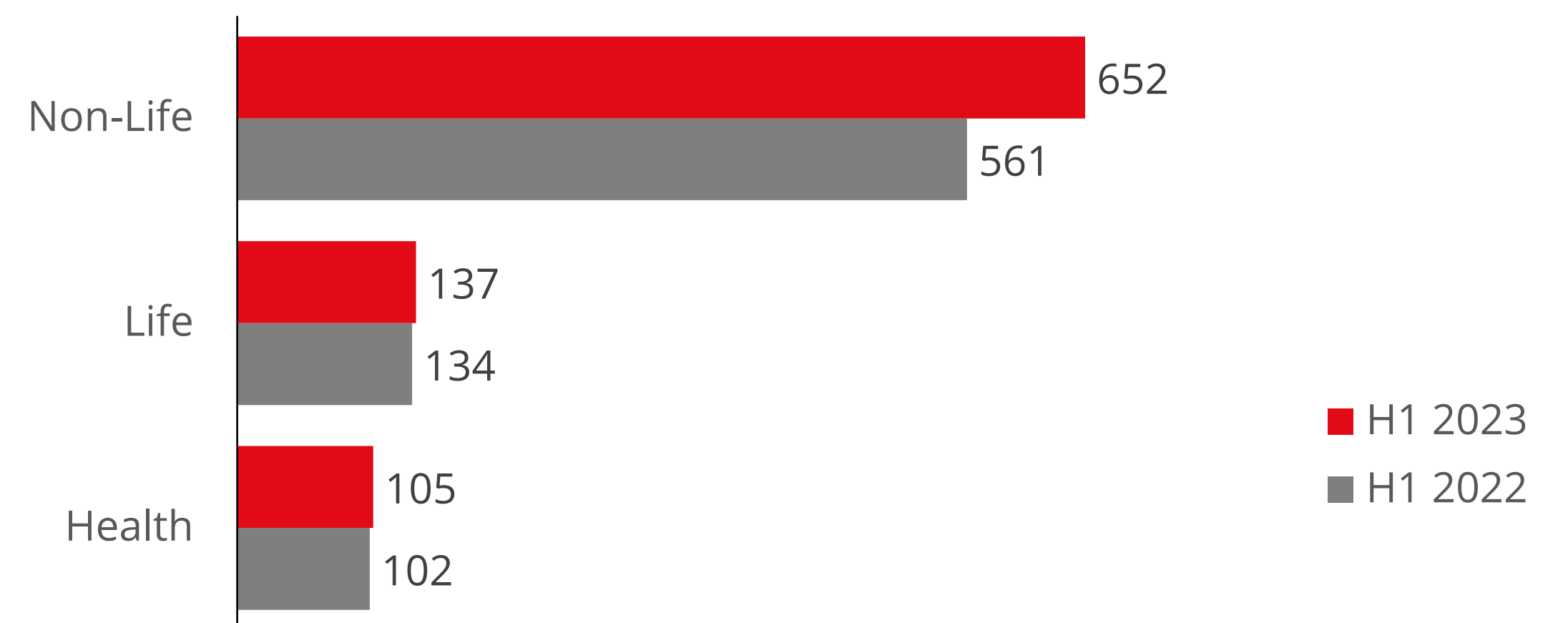


# Business Volume Growth by Insurance Segments

**Total Business Volume by Segments** (in €M)



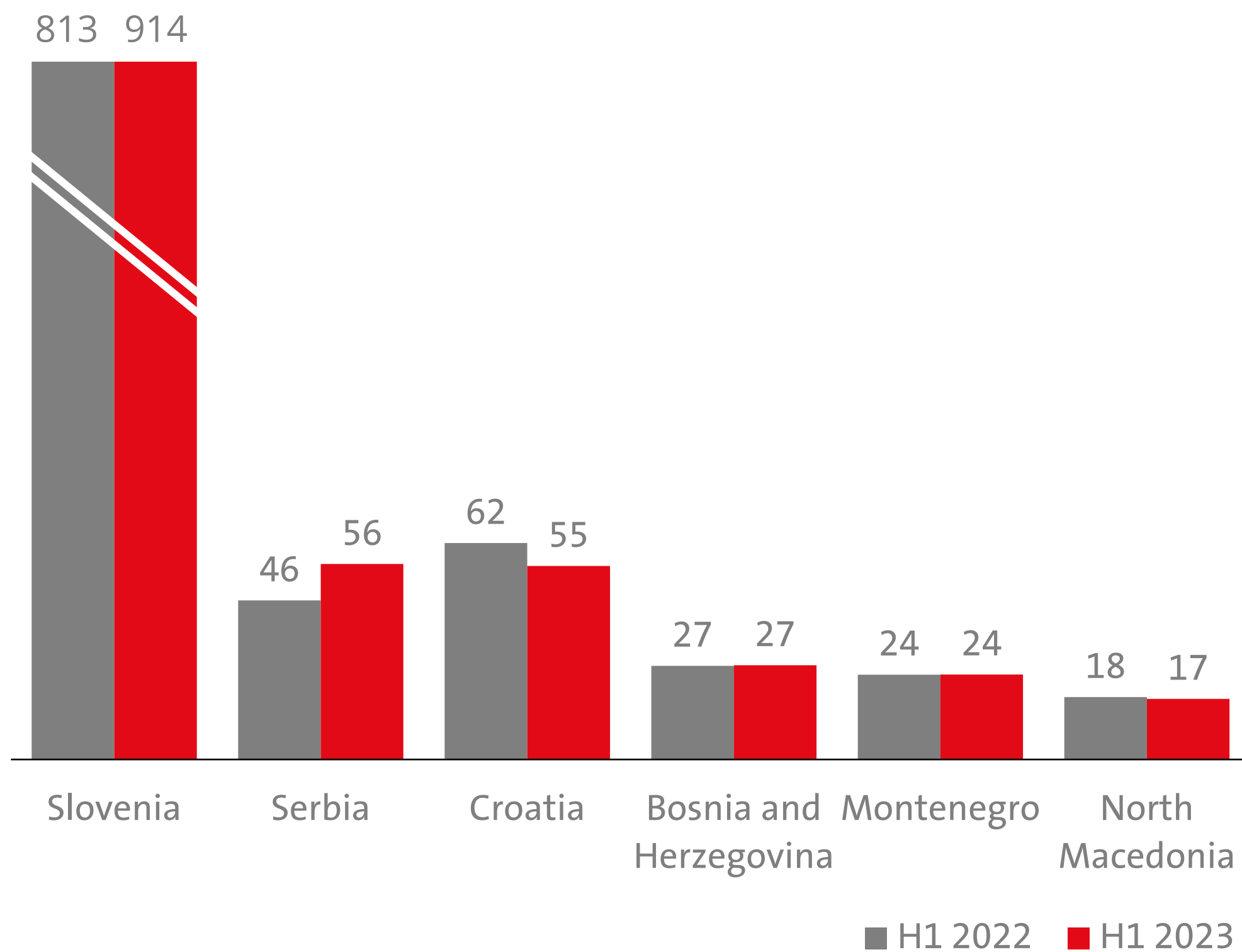
**Gross Written Premium by Segments** (in €M)



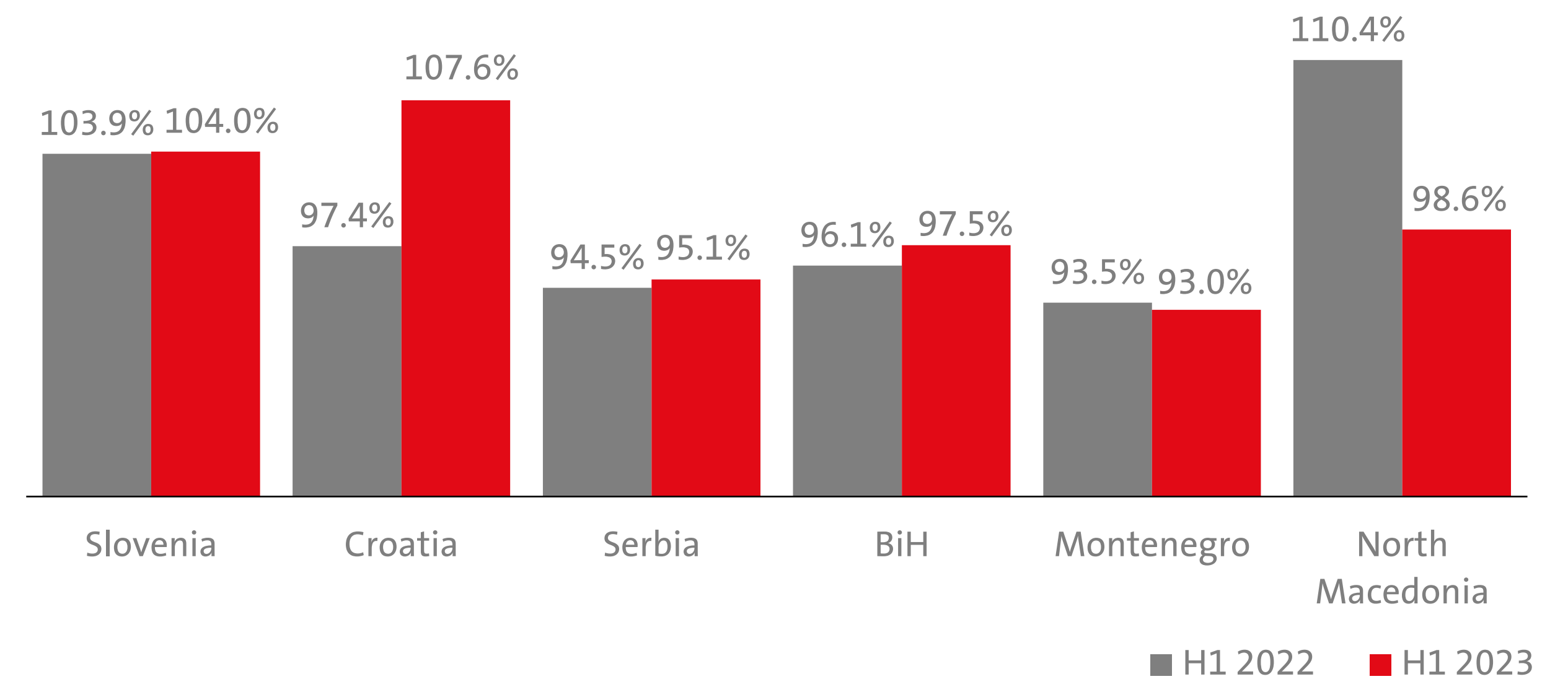


# Triglav Group Operations by Markets

Total Business Volume by Markets (in €M)



Combined Ratio NL & Health by Markets





# Solid Investment Return and Profitability of Insurance Business

## Financial investments

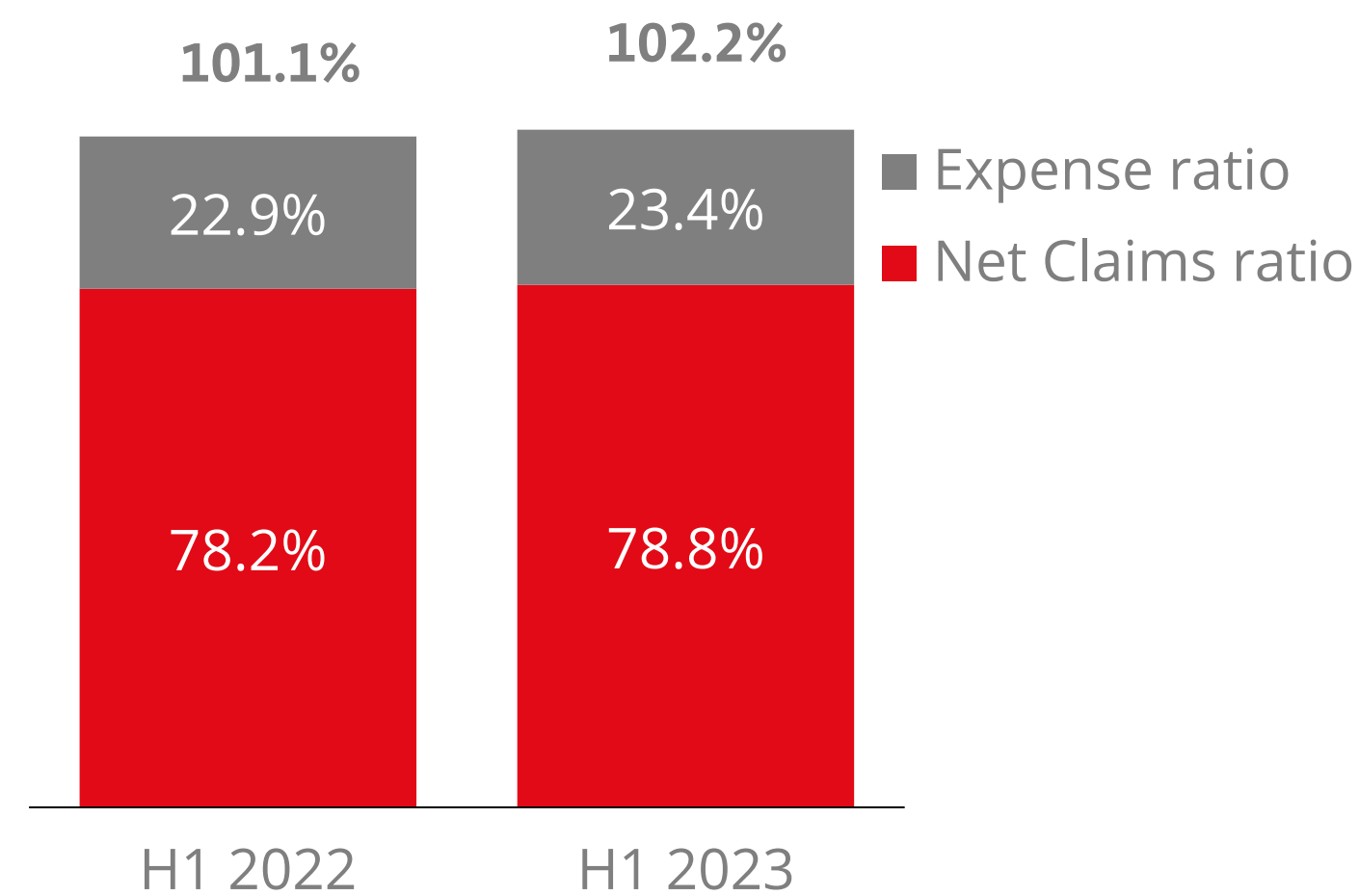
Annualised return<sup>1</sup>: **1.6%** (in H1 2022: -0.1%)

Return on financial investments <sup>1</sup> (in M€)	H1 2023	H1 2022
Interest income <sup>2</sup>	16.5	11.9
Dividend income	0.5	0.3
Net gains/losses on fin. assets at FVTPL	3.1	-9.9
Net gains/losses on fin. assets at AC	0	0
Net gains/losses on fin. assets at FVOCI	-1.6	-2.8
Net impairment/reversal of impairment of fin. assets	1.6	-2.3
Other investment income/expenses	-3.6	1.5
<b>Total<sup>1</sup></b>	16.5	-1.2
<b>Total with United-linked life contracts</b>	53.8	-72.6

<sup>1</sup> Unit-linked life insurance assets excluded  
<sup>2</sup> Calculated using effective interest method

## Non-life & Health

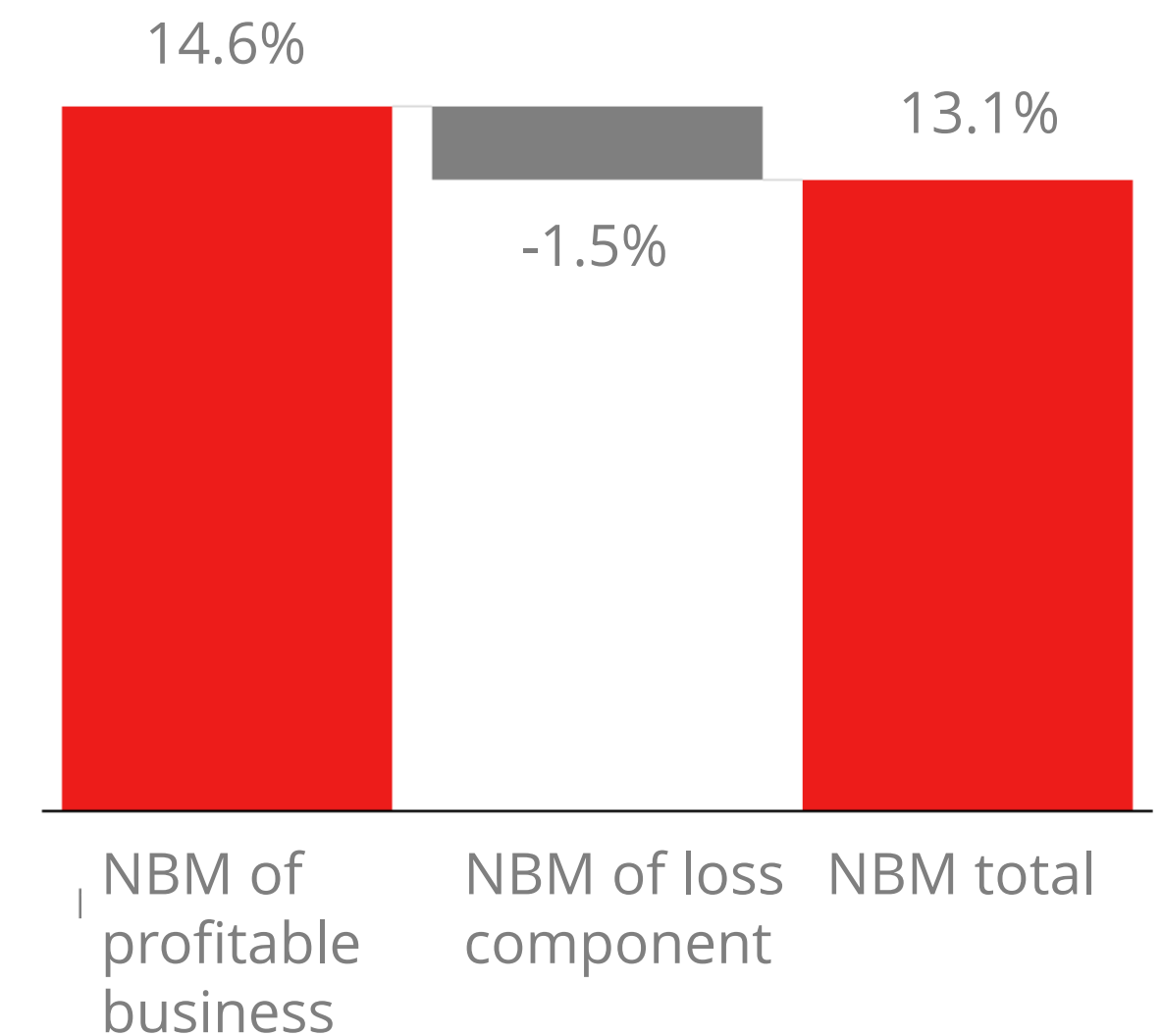
### Combined Ratio NL & Health



H1 2023 CoR (102.2%) influenced by loss in Health. H1 2022 CoR (101.1%) impacted by last year's additional reserving due to sharp rise in inflation.

## Life & Pensions

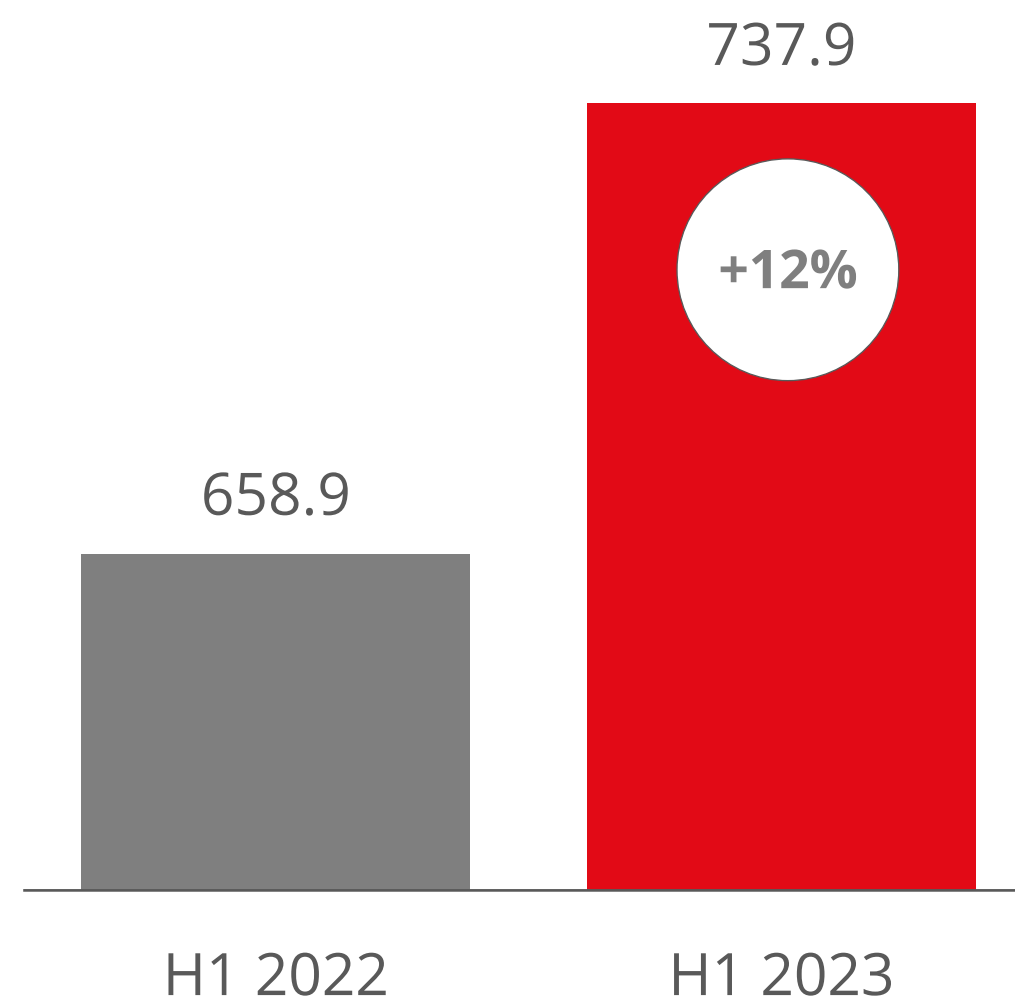
New Business Margin: **13.1%**  
 (up by 2.2 pp y-o-y)



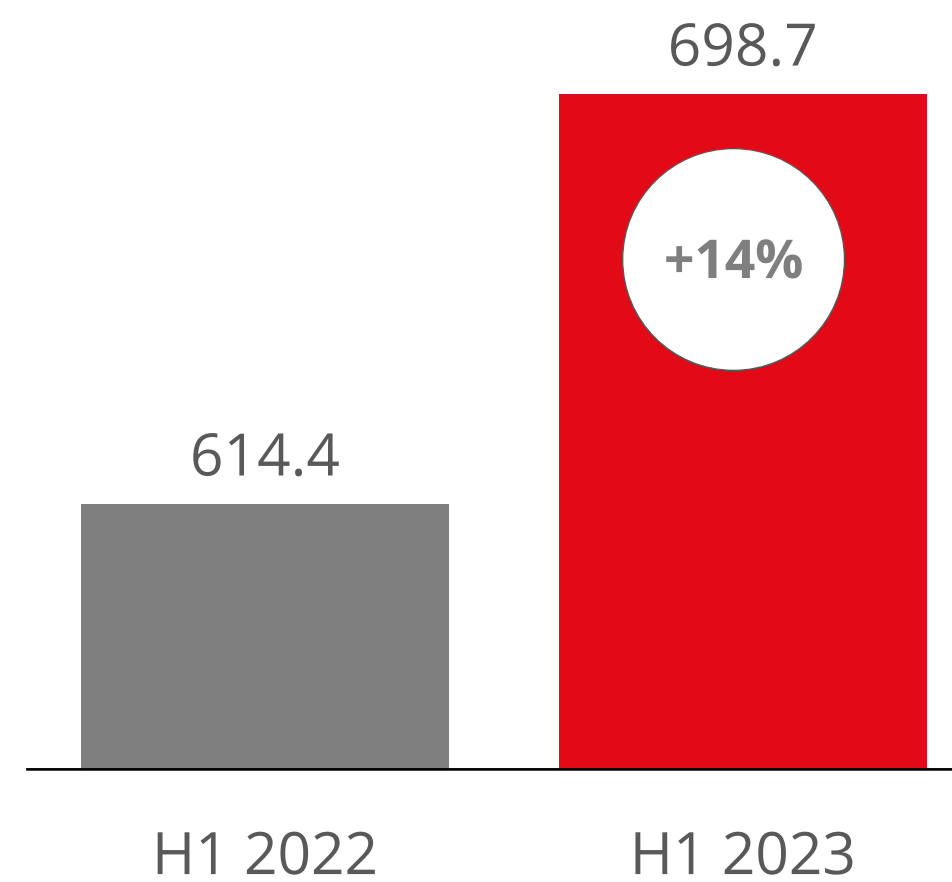


# Increased Insurance Service Revenue and Service Expenses

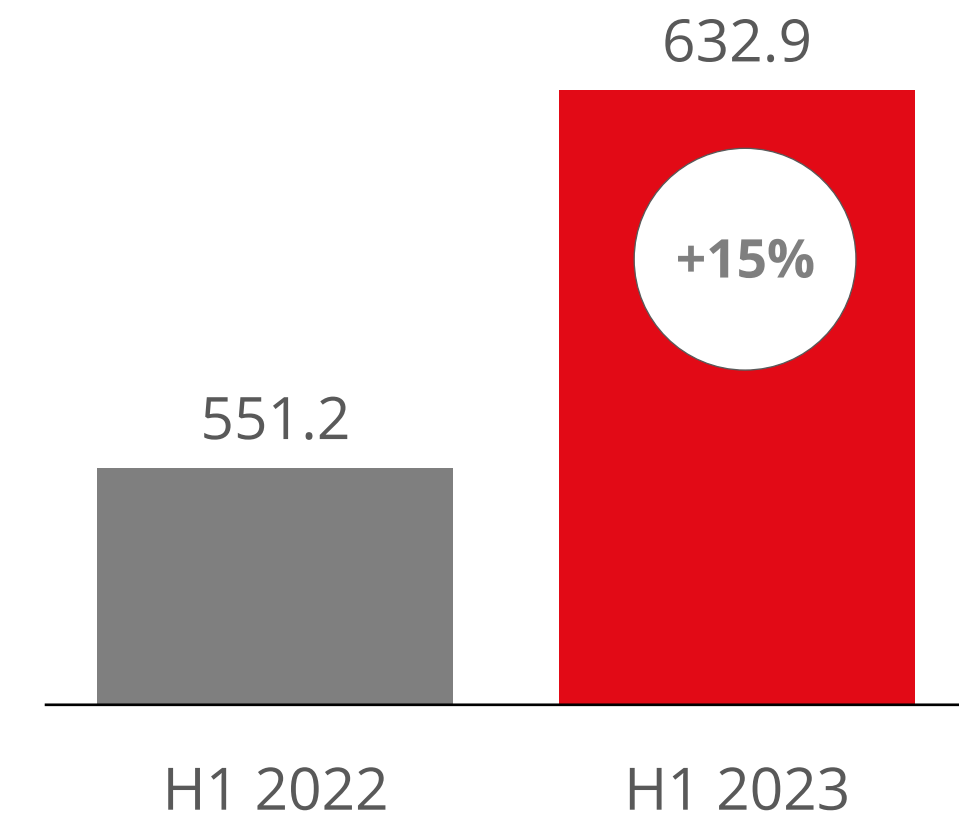
**Total Revenue**  
(in €M)



**Insurance Service Revenue**  
(in €M)



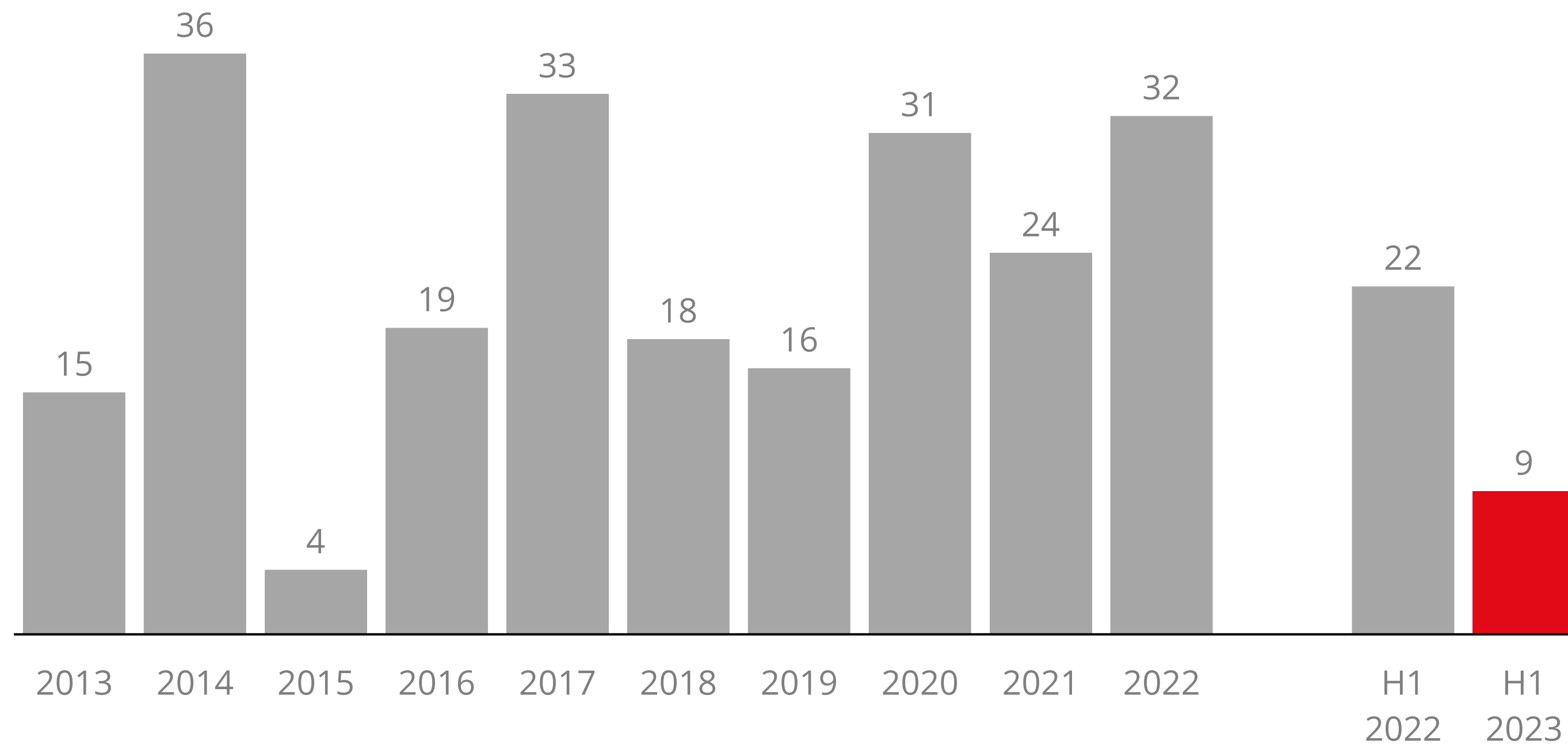
**Insurance Service Expenses**  
(in €M)





# Major Nat CAT Loss Events in H1 2023

**Nat CAT losses**  
(estimated values; in €M)



**Note about expected Nat CAT effects in Q3 2023:**

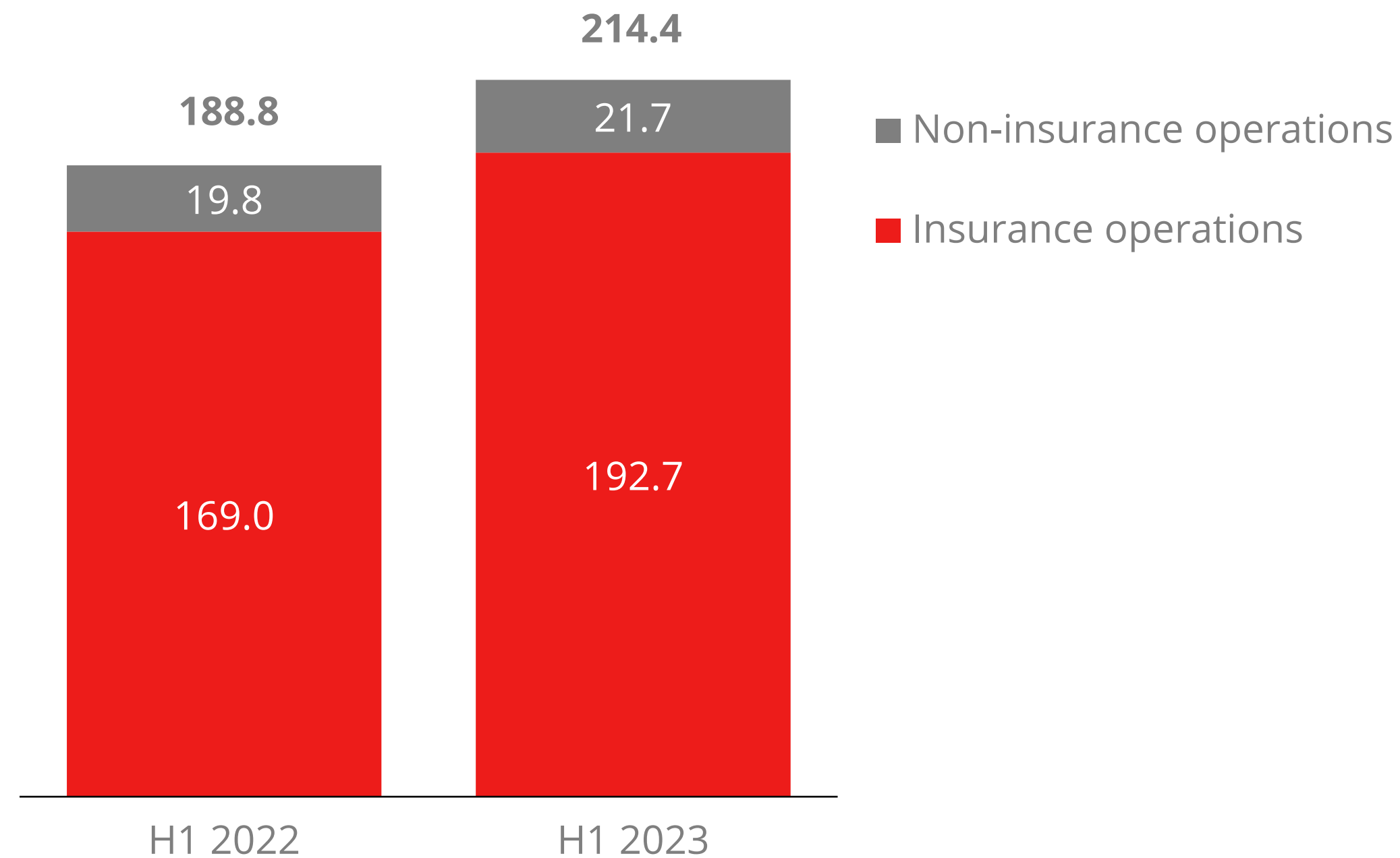
Extreme weather events in Slovenia and region, particularly storms, hailstorms and floods in July and August, resulted in historically high claims for Triglav Group. They are currently estimated at EUR 150–200 M. Taking into account reinsurance coverage, their negative impact on Group’s PBT is estimated between EUR 40 and 50 M.

*Most frequent Triglav’s CAT loss events are flood, storm, hail and frost.*



# Operating Costs Under Influence of Inflation

**Gross Operating Expenses** (in €M)



**Insurance Gross Operating Expenses by Segments**

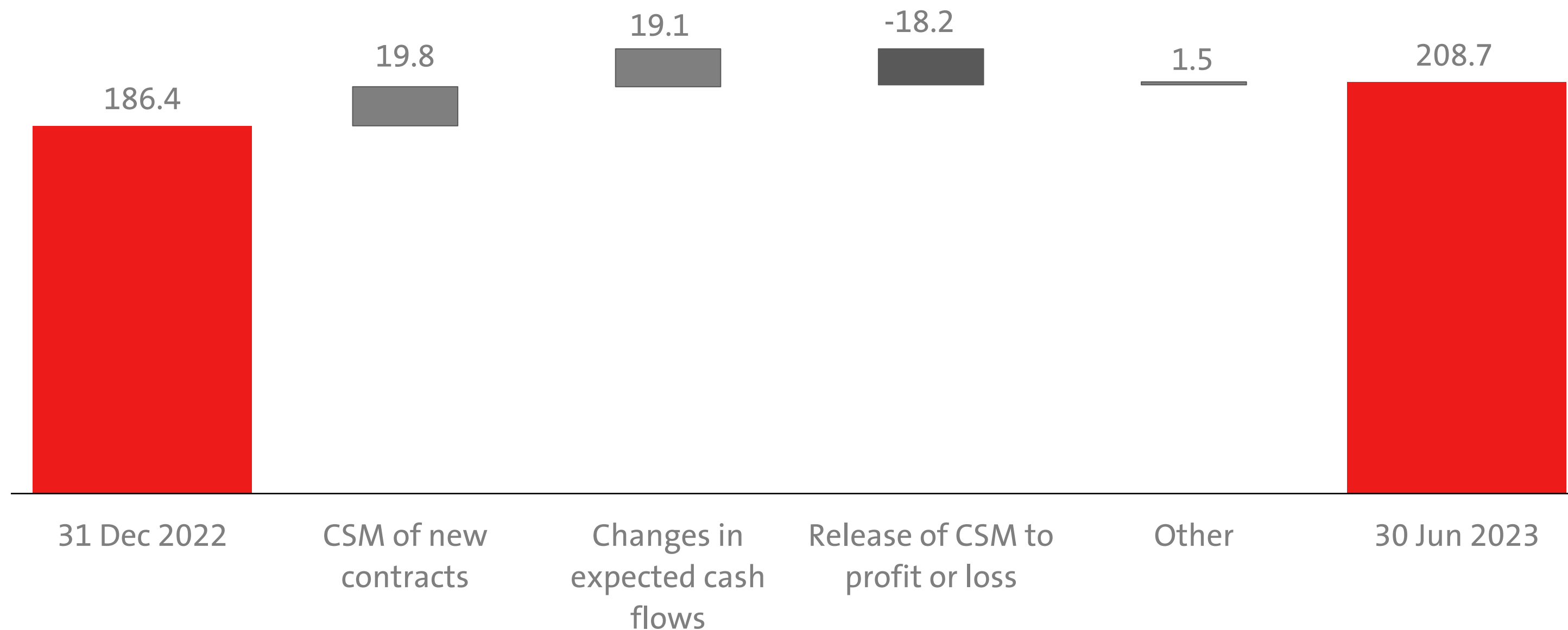
Insurance Gross Operating Expenses		(in M€; as at H1 2023; growth y-o-y)	
Non – life	150.5	+15%	Insurance gross operating expenses increased predominantly due to higher acquisition costs and labour costs
Life & Pensions	30.7	+6%	
Health	11.5	+19%	
<b>TOTAL:</b>	<b>192.7</b>	<b>+14%</b>	





# Robust Profitability of Our Business Model (CSM)

Total Contractual Service Margin (CSM) development (in €M)



- New CSM is confirmation of further profitability of our new business
- CSM of new contracts/CSM: 9.5%
- 82% CSM of new contracts from Life business

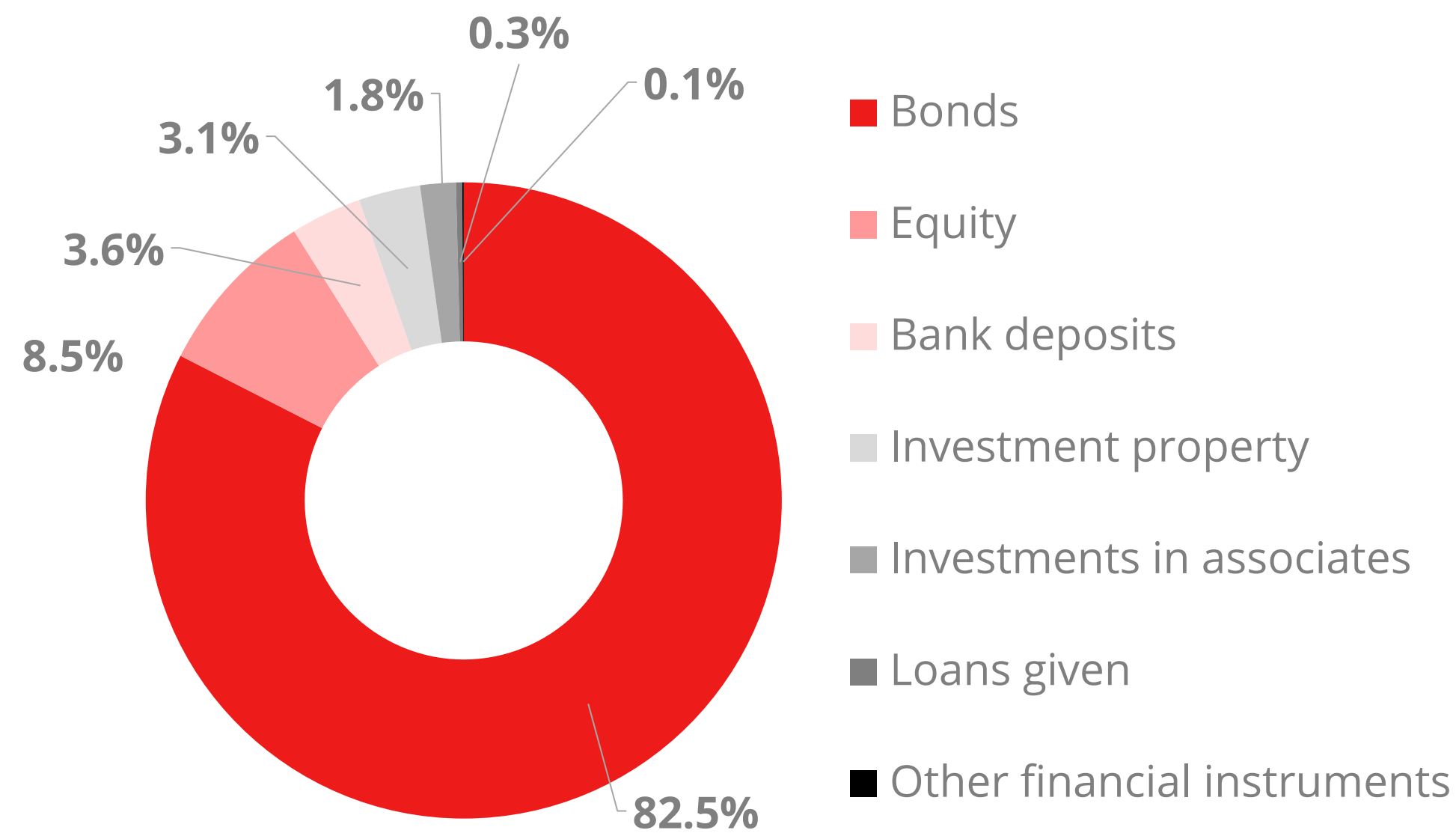
*Contractual service margin (CSM) includes unearned profit that Company expects to earn from insurance contracts. It is calculated based on expected future cash flows (inflows and outflows), taking into account time value of money and risk adjustment.*



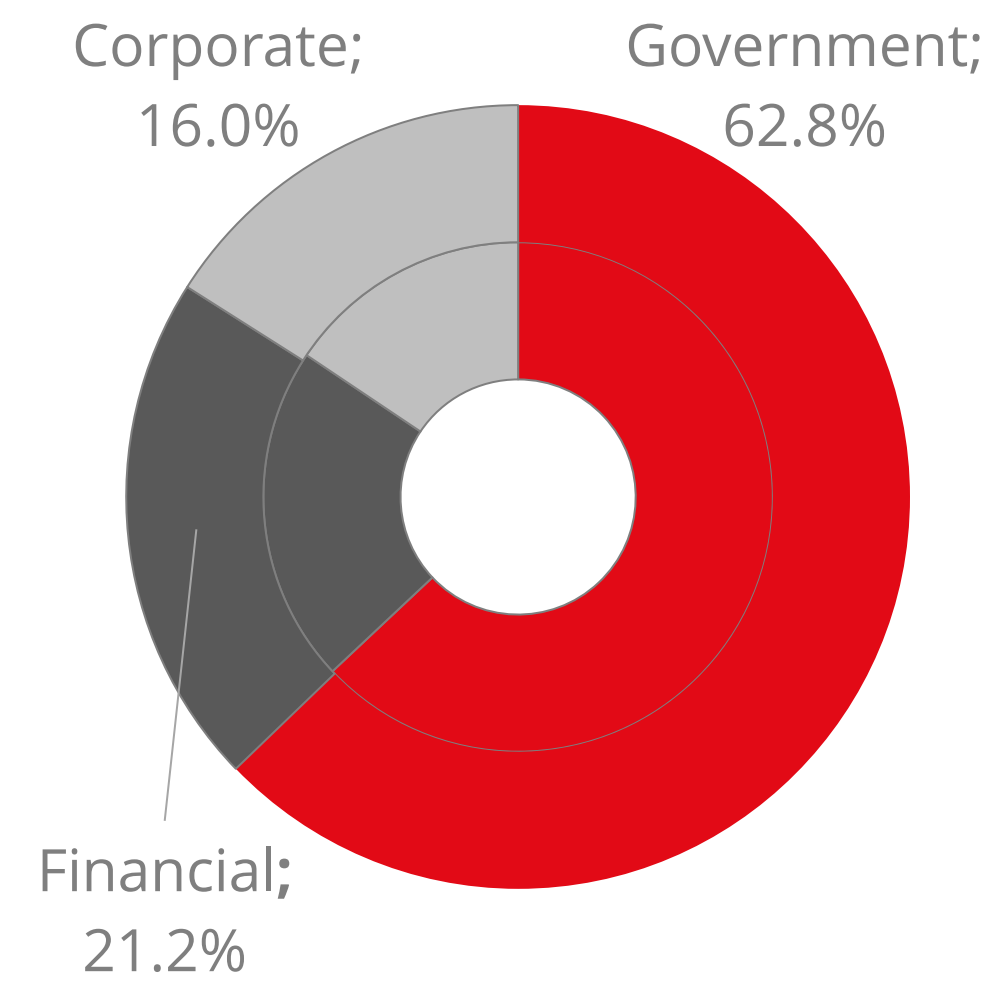
# High Quality Investment Portfolio

## Asset Allocation

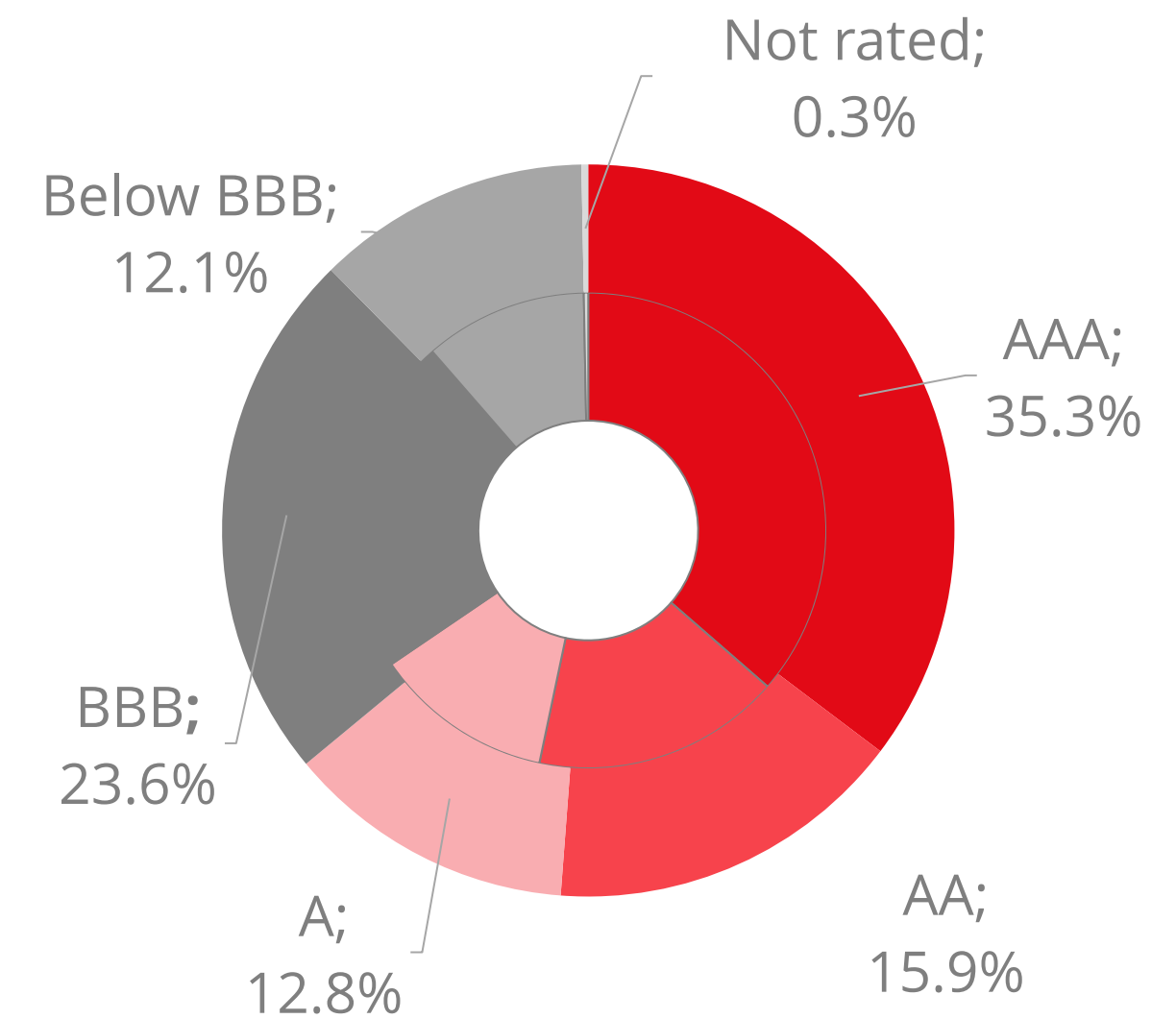
(assets from united-linked products and financial contracts excluded)



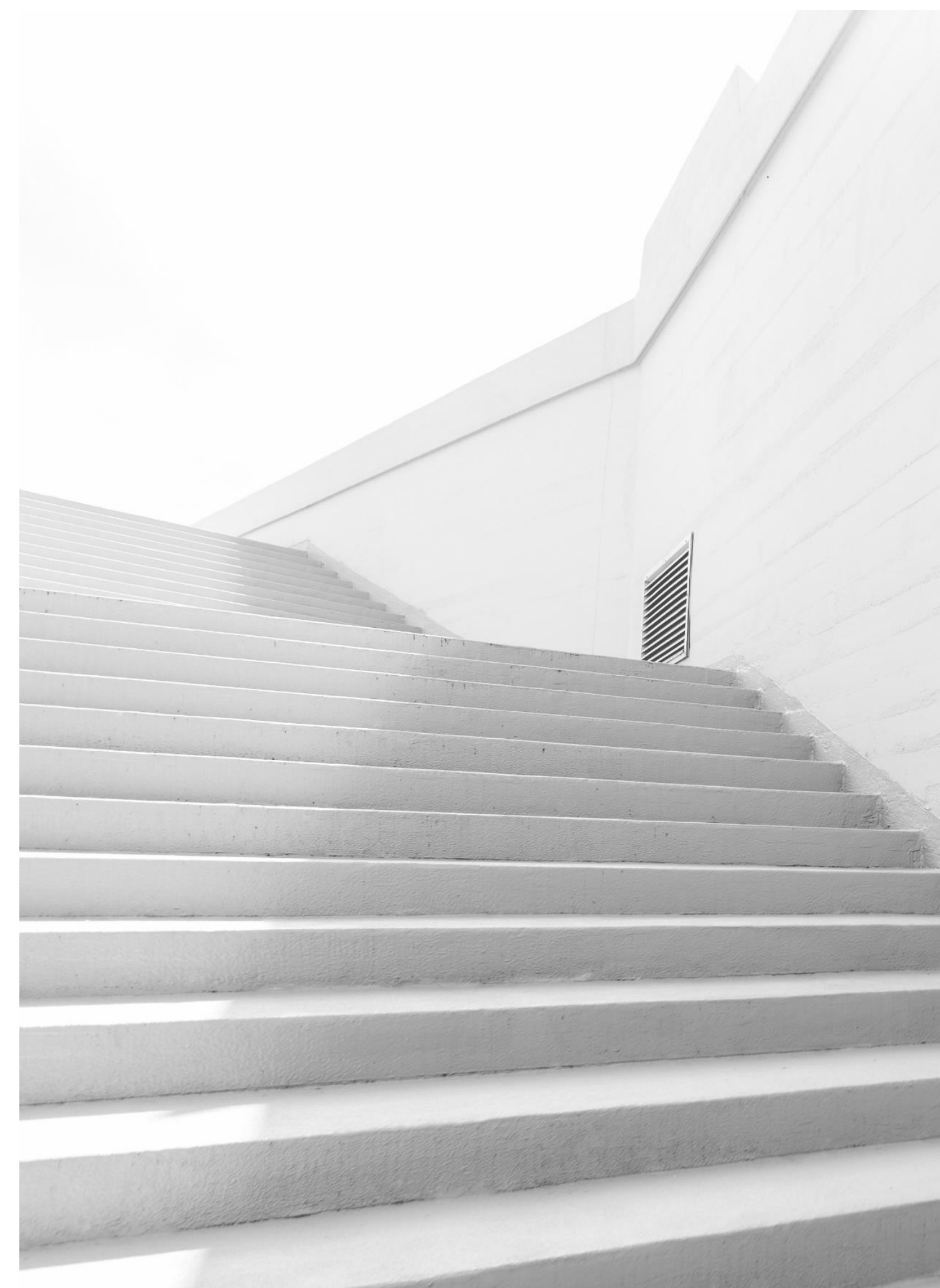
### Debt instruments



### Government bonds



# 2023 Profit Guidance





# 2023 Profit Guidance

As at H1 2023: We estimate that due to two external factors, i.e. changes to Slovenian healthcare system and CAT claims, and assuming normal claims development until the end of 2023, **our profit this year will be around 80% lower than planned** (initially plan of EUR 95 - 110 M).

Explanation of external factors that influence the realization of 2023 plan:

- Loss in Health: H1 2023 result already negatively affected by Health segment price regulation in Slovenia, resulting in segment loss of EUR 30.9 M.
- Nat CAT impacts: CAT losses due to hailstorms and flood in Q3 are at record high. We believe that this year's CAT claims will total between EUR 150 and 200 M. Their impact on Group's profit will significantly exceed the long-term average and, according to current estimates, will amount to between EUR 40 and 50 M.



# Disclaimer

**Information in this presentation is based on the unaudited financial statements prepared in accordance with the new IFRS 9 and IFRS 17 standards effective from 1 January 2023. The data for the comparative periods were adjusted to reflect the implementation of the specified new standards from 1 January 2022 onwards. The data do not contain elimination of intercompany transactions.**

The information, statements or data contained here in have been prepared by Triglav corporate officers. Zavarovalnica Triglav, d.d., or any member of Triglav Group, or any Zavarovalnica Triglav employee or representative accepts no responsibility for the information, statements or data contained herein or omitted here from, and will not be liable to any third party for any reason whatsoever relating to the information, statements or data contained herein or omitted here from. Such information, statements or data may not be prepared according to the same standards and requirements than the information, statements or data included in Triglav's own reports and press releases are prepared to, and accordingly the level of information and materiality and nature of the disclosures may be different. Undue reliance should not be placed on the information, statements or data contained herein because they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results to differ materially from those expressed or implied in such information, statements or data. Moreover, the information, statements and data contained herein have not been, and will not be, updated or supplemented with new or additional information, statements or data.