

TRIGLAV GROUP

INVESTOR PRESENTATION



Mr. Benjamin Jošar, Member of the Management Board

May 2014



Vse bo v redu.

triglav

www.triglav.si

TRIGLAV GROUP

Key Features

- **Core business**
 - Insurance
 - Third-party asset management
- **Triglav Group**
 - Parent company Zavarovalnica Triglav d.d., 37 subsidiaries and 6 associated companies
 - Market presence in 7 countries and 8 markets
 - 5.368 employees
- **Position**
 - The leading insurance/financial group in Slovenia and in the Adria region.
- **Ratings**
 - S&P rating A-/stable outlook
 - AM Best rating A-/stable outlook



TRIGLAV GROUP

Further profit growth in core business

- Q1 2014 net profit 12% higher than the same period last year
- The proposed dividend EUR 1.10 gross per share
- New term of the current President of the Management Board, changes in the Management Board
- Impact of financial crisis and situation in the banking sector on the value of investment portfolios
- Continuation of the ownership consolidation of the Triglav Group
- Strategy update of the Triglav Group
- Future presence in the Czech republic in dependence of the relevance of the said market for the Triglav Group and of the level to which strategic targets are met.

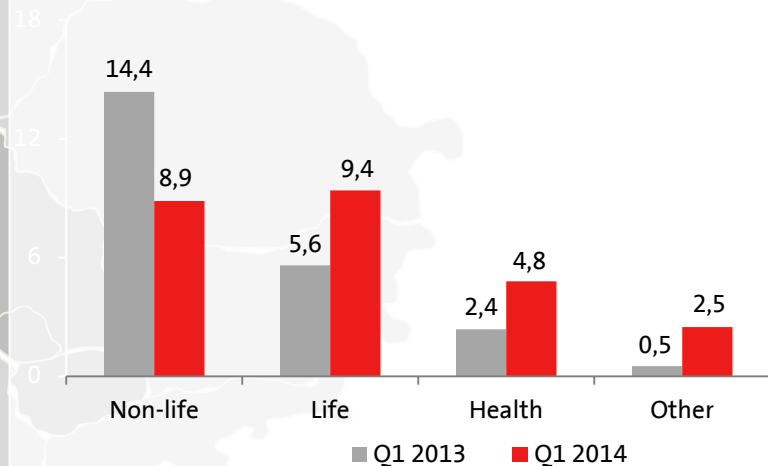


TRIGLAV GROUP

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



THE MANAGEMENT TEAM



Andrej Slapar, President of the Management Board, DOB: 1972

- BSc in Law
- Supervisory Board membership in: Pozavarovalnica Triglav Re, Triglav Osiguranje Sarajevo, Triglav INT and Abanka Vipa



Stanislav Vrtunski*, Member of the Management Board, DOB: 1972

- MBA
- Supervisory Board membership in: Triglav Osiguranje Zagreb, AS Triglav Ljubljana, Triglav INT

** On 15 May 2014 the resignation as a member of the Management Board.*



Benjamin Jošar, Member of the Management Board, DOB: 1973

- MBA
- Supervisory Board membership in: Triglav Skladi Ljubljana, Triglav INT, Triglav osiguranje Sarajevo and Lovćen osiguranje Podgorica



Marica Makoter, Member of the Management Board - employee representative, DOB: 1972

- Bachelor of Law, Slovenian State Bar Examination
- Supervisory Board membership in: Triglav Osiguruvanje Skopje and Triglav INT

On 22 May 2014 the Supervisory Board appointed current Executive Directors Uroš Ivanc and Tadej Čoroli as Members of the Management Board (the authorisation of the Insurance Supervision Agency needed)



FINANCIAL HIGHLIGHTS OF TRIGLAV GROUP FOR Q1 2014

Consistent implementation of strategic guidelines is reflected in higher profit

	In EUR million		
	Q1 2014	Q1 2013	INDEX
Gross written premium	256,1	258,7	99
Net premium income	200,7	208,9	96
Gross claims paid	145,4	157,3	92
Net claims incurred	149,9	149,2	101
Gross operating costs*	53,1	52,4	101
Profit before tax	29,2	28,5	103
Net profit for the accounting period	25,6	22,9	112
Gross insurance technical provisions	2.339,0	2.261,4	103
Total equity	640,2	590,5	108
Number of employees	5.368	5.351	100
Expense ratio non-life	27,9%	27,0%	
Net claims ratio non-life	70,7%	63,3%	
Combined ratio non-life	98,5%	90,3%	

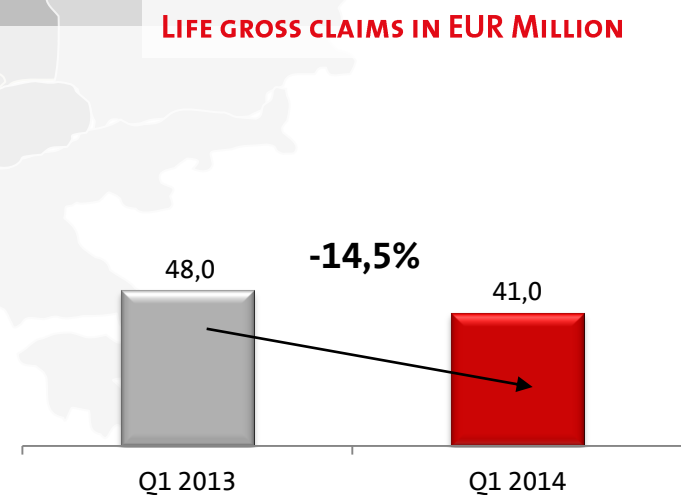
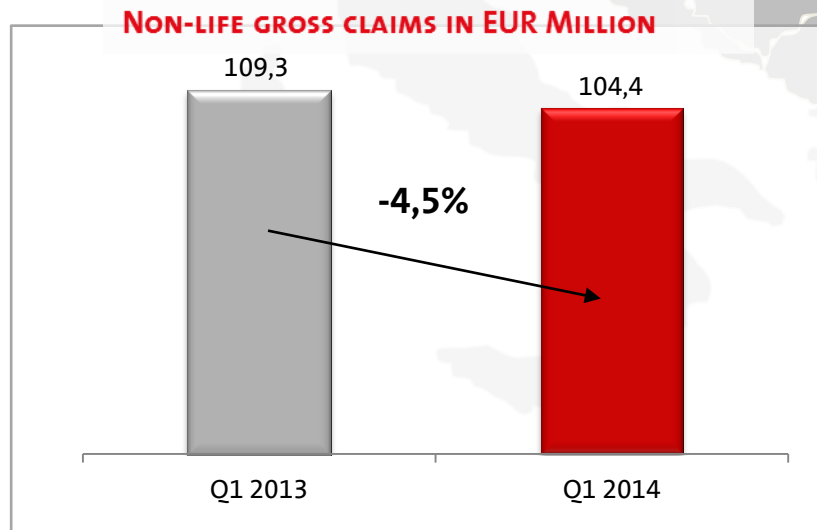
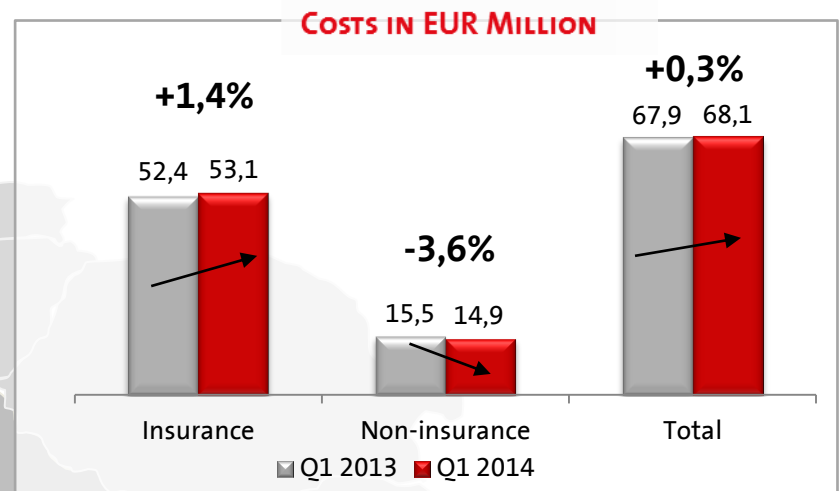
*Insurance business gross operating costs



TRIGLAV GROUP IN Q1 2014 – INSURANCE ONLY

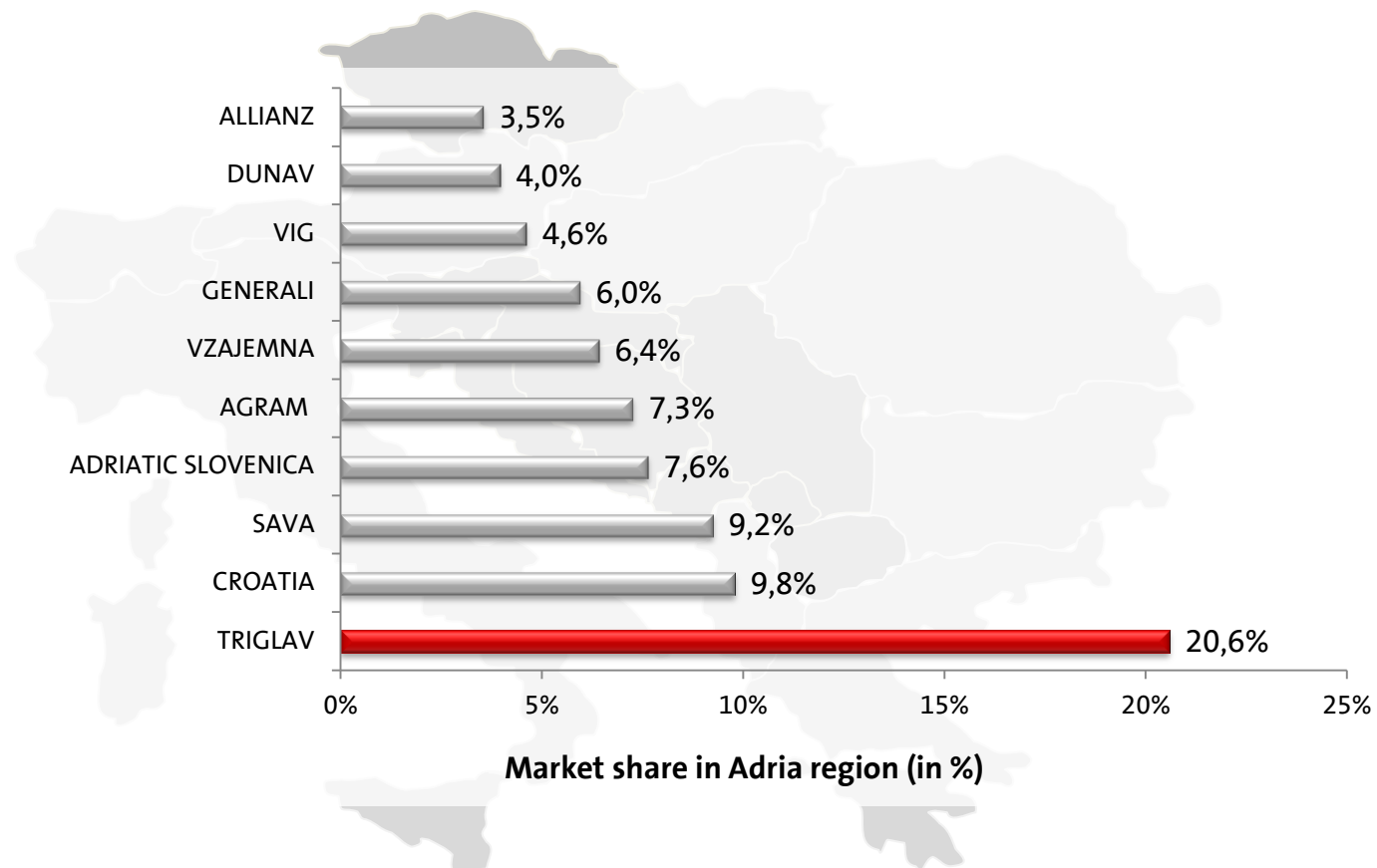
Gross claims paid decreased by 8% compared to 2013

	In EUR million		
	Q1 2014	Q1 2013	INDEX
Gross written premium	256,1	258,7	99
Net premium income	200,7	208,9	96
Gross claims settled	145,4	157,3	92
Net claims incurred	149,9	149,2	101
Gross operating costs	53,1	52,4	101
Profit before tax	26,5	27,7	96
Net profit	23,1	22,4	103



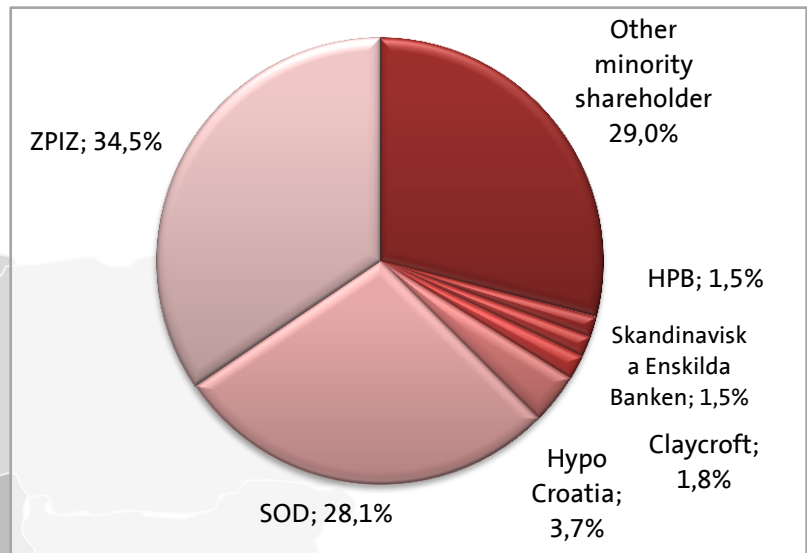
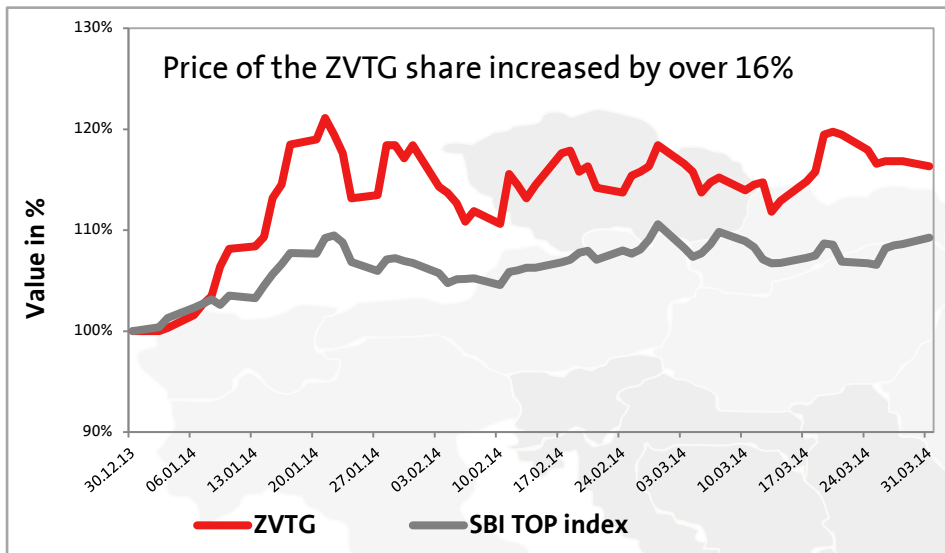
MARKET SHARES IN 2012

Triglav Group ranks first in Adria region



OWNERSHIP AND SHARE PRICE PERFORMANCE

Outperformance of capital markets in 2013, Slovenian government predominant shareholder



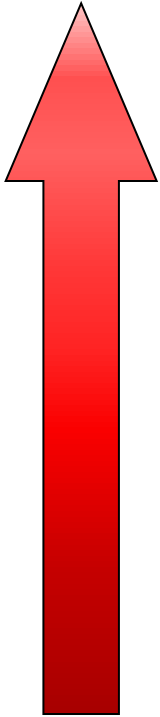
	31 March 2014	31 Dec. 2013	31 Dec. 2012
Book value per share *(in EUR)	27,9	25,7	25,0
Earnings per share (in EUR)	1,1	2,1	2,2
Share market price (in EUR)	22,1	19,0	16,5
Market capitalization (in EUR million)	502,4	432,0	375,1
Dividend per share (in EUR)			2,0
Stock Exchange	Ljubljana Stock Exchange		
Trading symbol	ZVTG		
ISIN code	SI0021111651		
Bloomberg	ZVTG.SV		
Reuters	ZVTG.LJ		



*Equity attributable to the controlling company / Number of shares excluding treasury shares

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
- Growth of operations and expansion of insurance lines in existing markets, prudent entry in new insurance 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
- Biggest insurance group in Western Balkans

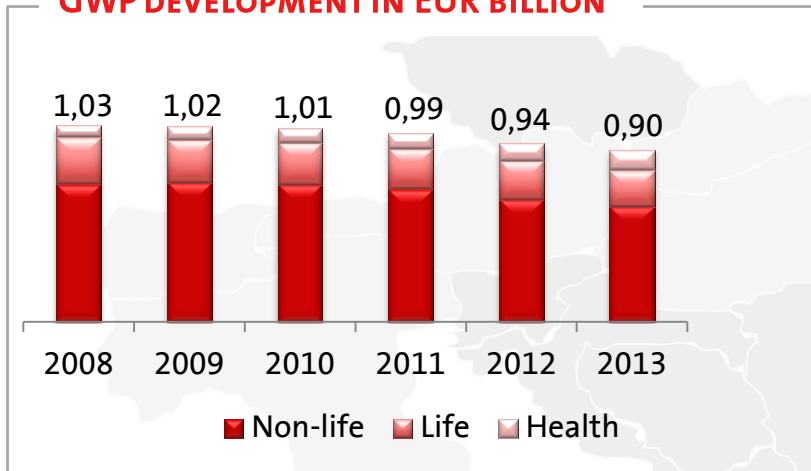
Leading insurance company in Slovenia – expansion started in 2000

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

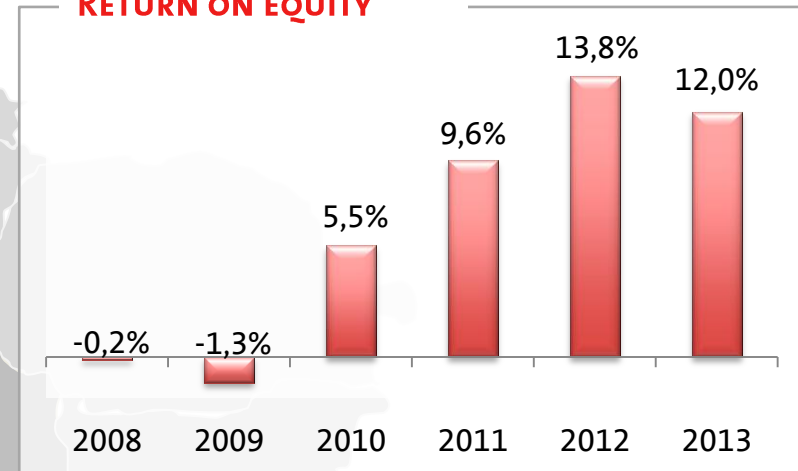
STRATEGY TURNAROUND – PROFITABILITY OF CORE BUSINESS

Underlying performance targeting, not premium growth for any price

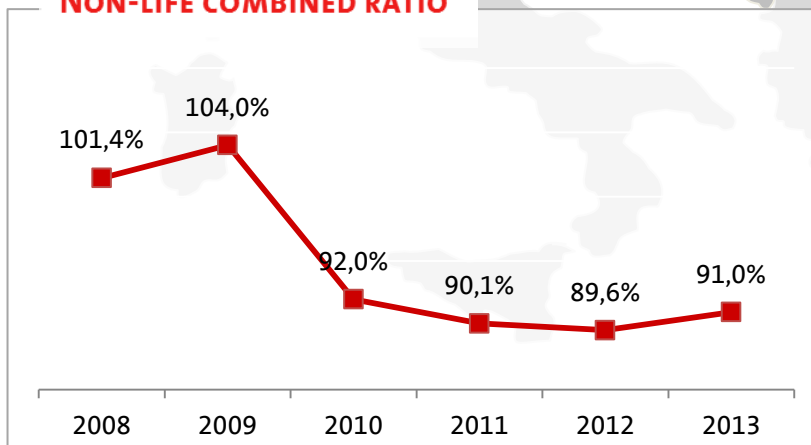
GWP DEVELOPMENT IN EUR BILLION



RETURN ON EQUITY



NON-LIFE COMBINED RATIO

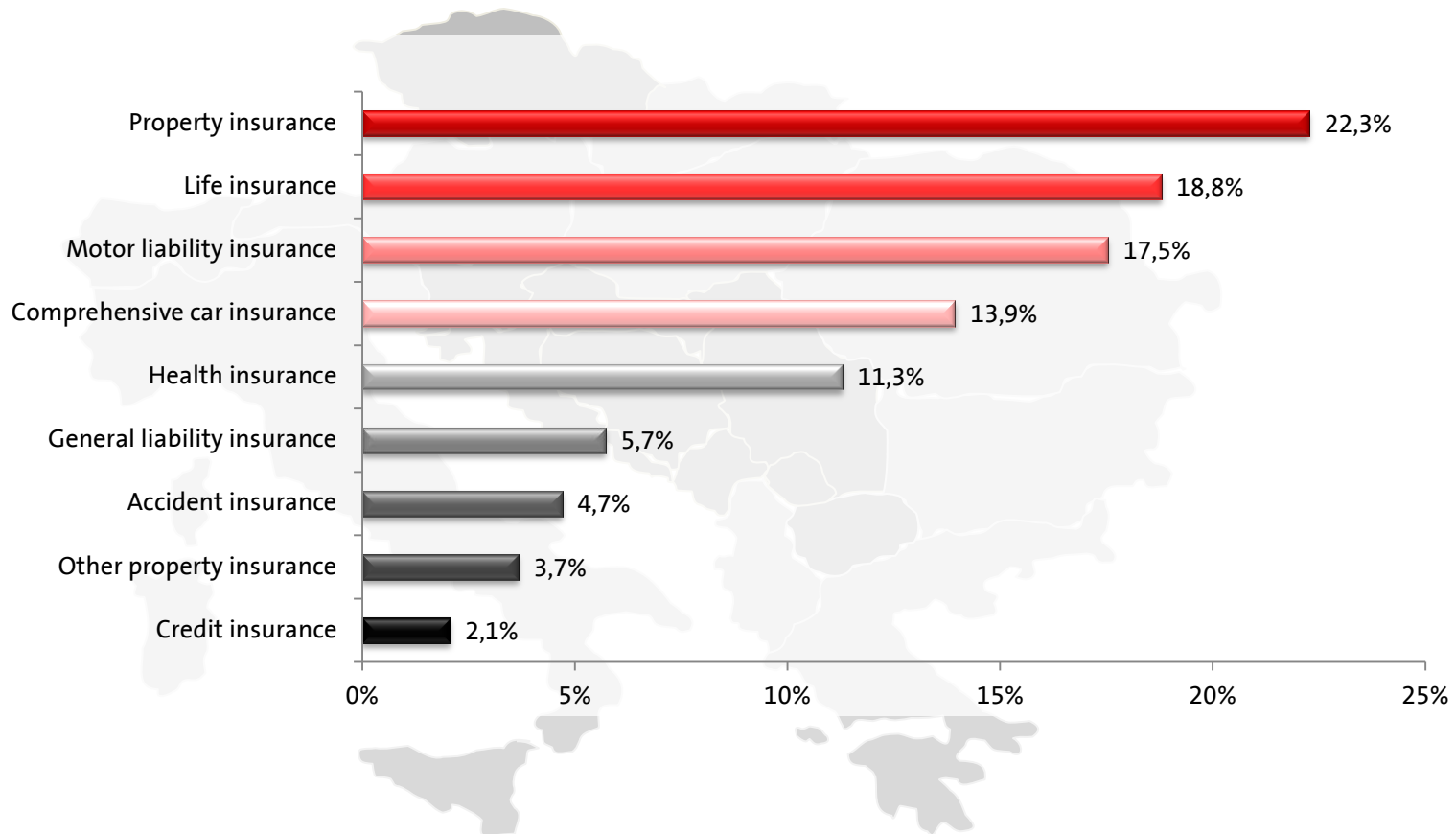


Key measures taken

- 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 2014

Well balanced insurance portfolio structure



GROUP ASSET ALLOCATION

Fixed income prevailing

As at 31 March 2014	Non-life & Health ¹		Life & Pensions ¹		Total	
	In EUR M	In %	In EUR M	In %	In EUR M	In %
Investment property	91,4	8%	2,5	0%	93,9	4%
Investments in associates ²	3,1	0%	6,8	1%	9,9	0%
Shares and other floating rate securities	102,0	9%	44,0	4%	146,0	7%
Debt and other fixed return securities	824,4	72%	905,8	88%	1.730,2	80%
Loans given	25,5	2%	28,6	3%	54,1	2%
Deposits with banks	68,1	6%	38,0	4%	106,1	5%
Other financial investments	29,0	3%	1,2	0%	30,2	1%
Investments	1.143,4	100%	1.027,0	100%	2.170,4	100%
Financial investments of reinsurance companies in reinsurance contracts with cedents	4,1		0,0		4,1	
Unit-linked insurance contract investments	0,0		437,2		437,2	
Group financial investments	1.147,5		1.464,2		2.611,7	

1 Includes investments in own funds of the Group.

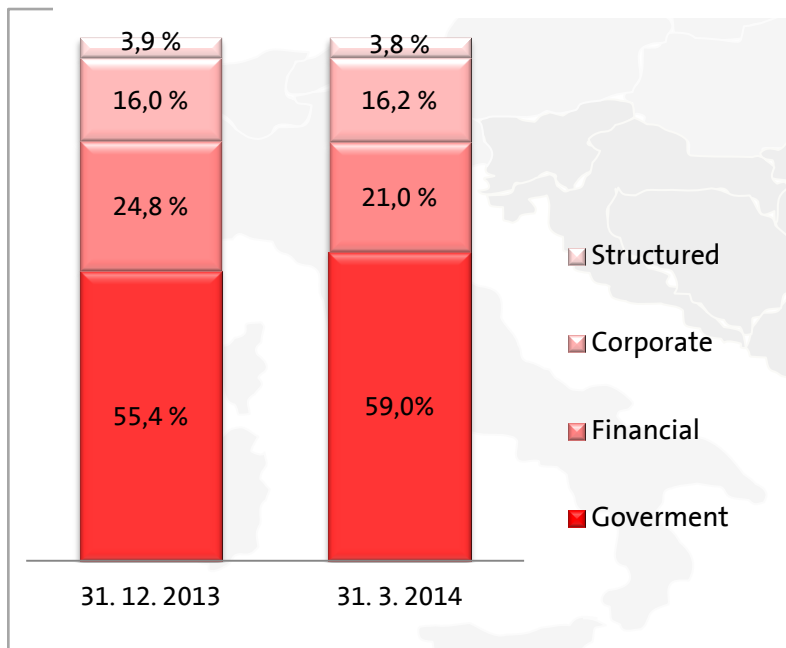
2 Investment in associates are mainly additional Real Estate exposure.



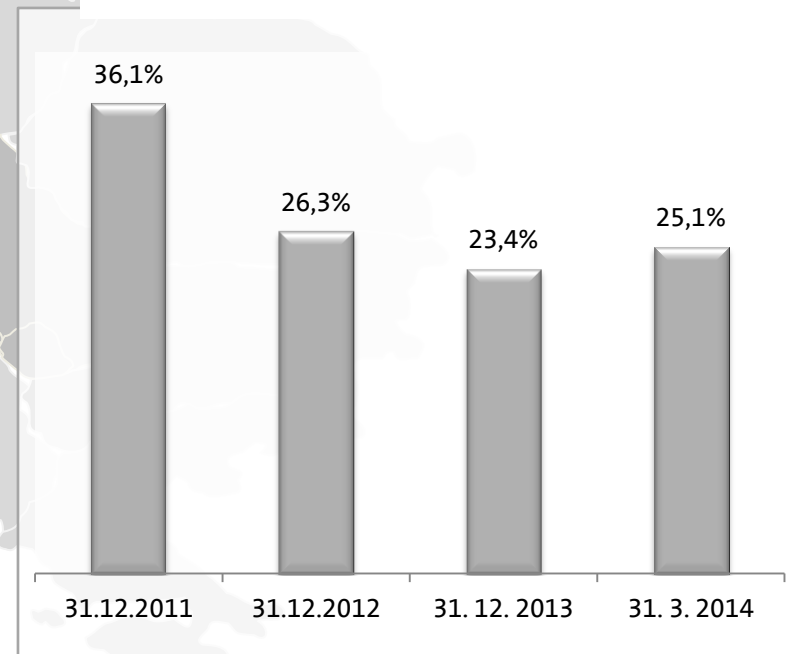
BOND PORTFOLIOS

Increased exposure to the government bonds

BOND PORTFOLIO STRUCTURE BY TYPE OF ISSUERS



EXPOSURE TO SLOVENIAN BONDS IN TOTAL BONDS

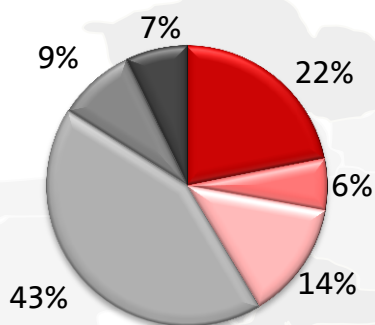


GROUP INVESTMENT PORTFOLIOS

Non-life and Health (as at 31. 3. 2014)

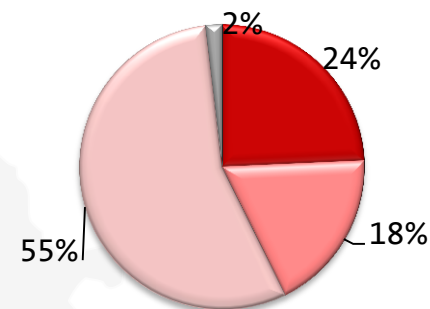
BONDS BY RATING

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



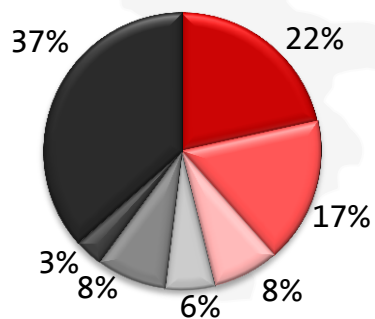
BONDS BY TYPE OF ISSUER

- Corporate
- Financial
- Government
- Structured



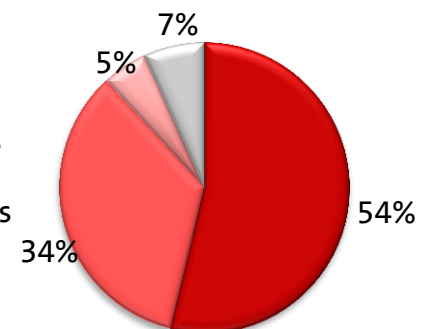
TOP BOND EXPOSURES BY COUNTRY

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



EQUITY EXPOSURES BY REGION

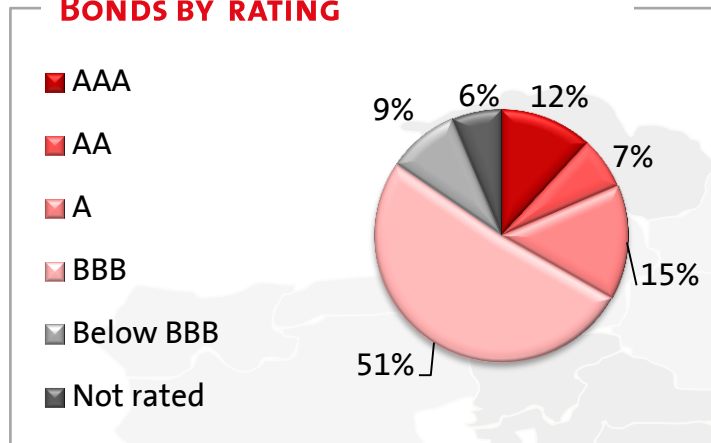
- Slovenia
- Developed markets
- Developing markets
- Balkan



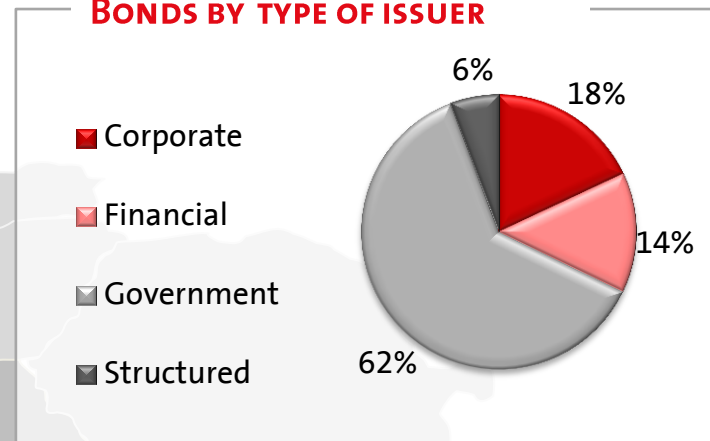
GROUP INVESTMENT PORTFOLIOS

Life¹ and Pensions (as at 31. 3. 2014)

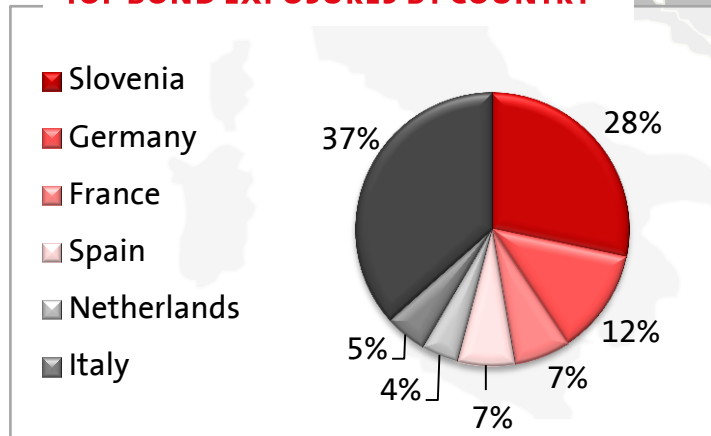
BONDS BY RATING



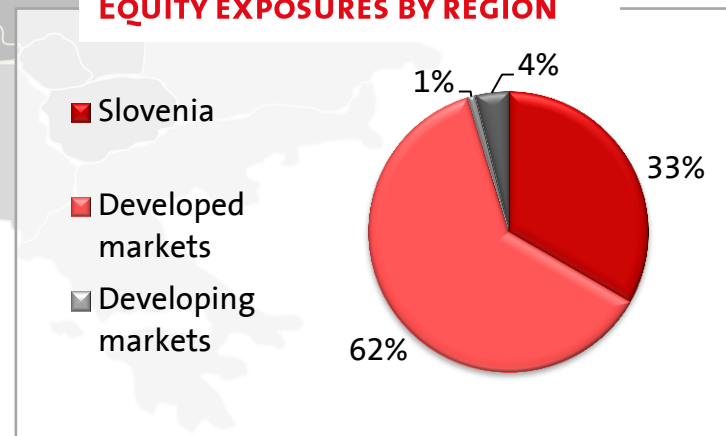
BONDS BY TYPE OF ISSUER



TOP BOND EXPOSURES BY COUNTRY



EQUITY EXPOSURES BY REGION

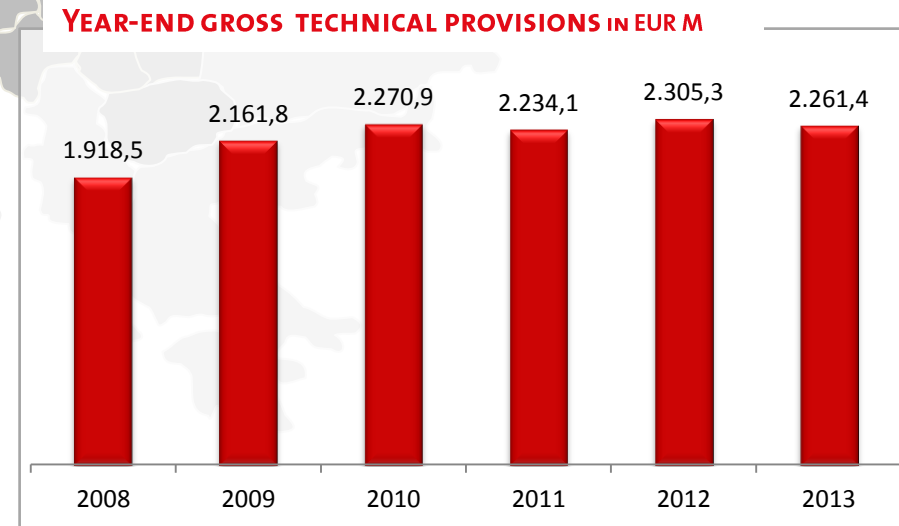
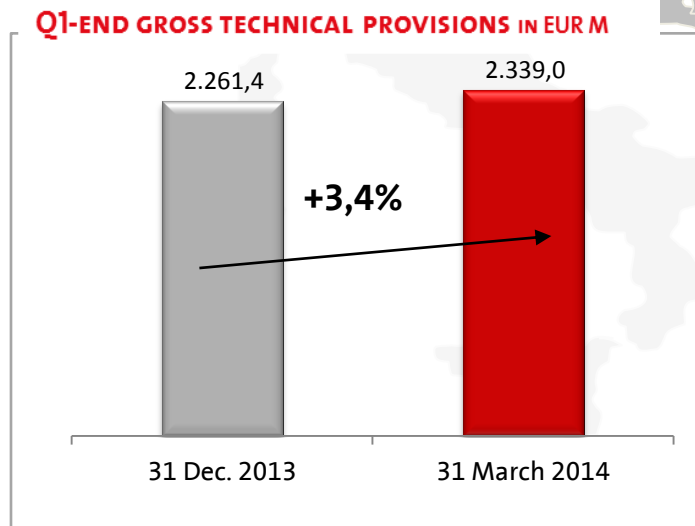
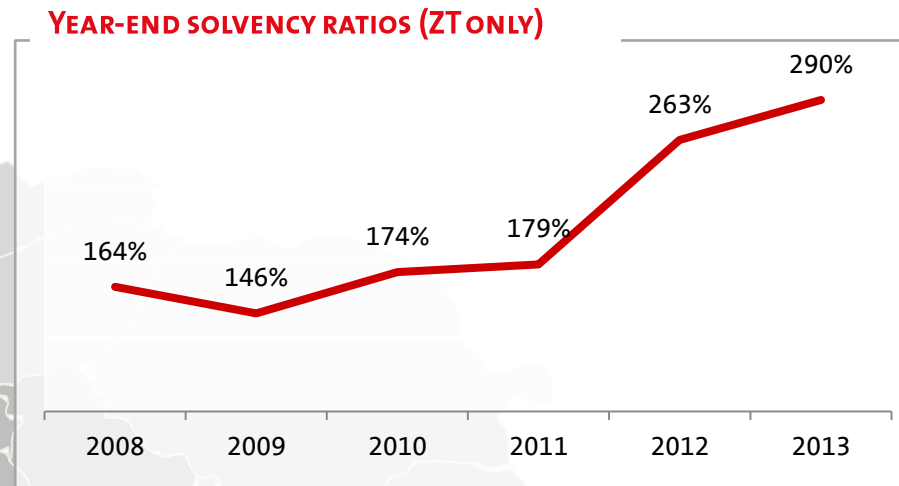
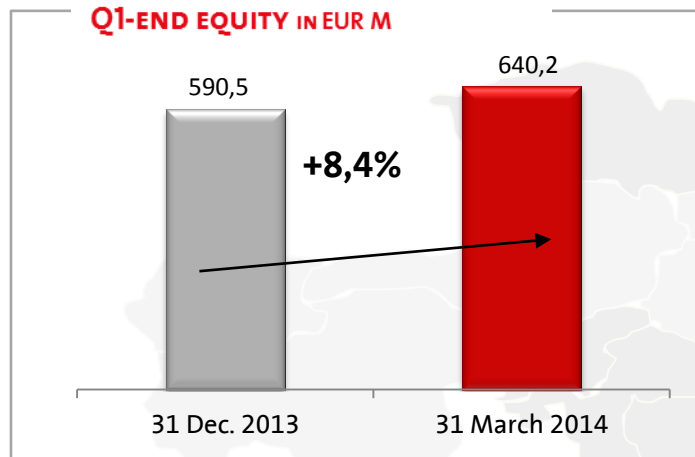


¹ Unit-linked investments excluded.



STRONG CAPITAL BASE

Solvency ratios and technical provisions follow the strategy and demanding business conditions



TRIGLAV GROUP MARKETS IN Q1 2014

Slovenia: Zavarovalnica Triglav d.d., Triglav Zdravstvena zavarovalnica d.d.

Gross premium written: 0%
207.9 M EUR



Market share: 37,3% +0.5 p.p.



Market position: 1



Gross operating costs: +3%
40.2 M EUR



Gross claims paid: -8%
117.6 M EUR



Combined ratio: 96.3%
+10.5 p.p.



Market development:

- Insurance penetration ⁽²⁰¹²⁾: 5.8%
- GPW: 557,3 mio EUR (-2%)
- Insurance density ⁽²⁰¹²⁾: 971 EUR per capita

Major events:

- High profit level
- High growth of health GWP

*excluding income from subrogation receivables



TRIGLAV GROUP MARKETS IN Q1 2014

Croatia: Triglav Osiguranje d.d., Zagreb

Gross premium written: -13%
12.2 M EUR



Market share: 3.8% -0.4 p.p.



Market position: 9



Gross operating costs: +12%
4.1 M EUR



Gross claims paid: +19%
7.0 M EUR



Combined ratio: 109.9%
-0 p.p.



Market development:

- Insurance penetration (2012): 2.7%
- GPW: 320 mio EUR (-3%)
- Insurance density (2012): 271 EUR per capita

Major events:

- Lower growth of GPW due to strict underwriting
- Introduction of new products
- Some big loss events, which were fully reinsured



TRIGLAV GROUP MARKETS IN Q1 2014

Serbia: Triglav Osiguranje a.d.o., Belgrade

Gross premium written: +8%
4.5 M EUR



Market share (2013): 3.0% +0.1 p.p.



Market position (2013): 8



Gross operating costs: -16%
2.0 M EUR



Gross claims paid: -3%
2.2 M EUR



Combined ratio: 104.7%
-10.7 p.p.



Market development:

- Insurance penetration (2012): 1.9%
- GPW (2013): 567 mio EUR (+4%)
- Insurance density (2012): 75 EUR per capita

Major events:

- Impact of stricter cost management on MTPL acquisition
- Overhead cost restructuring
- Higher gross claims due to some big loss events

TRIGLAV GROUP MARKETS IN Q1 2014

Bosnia and Herzegovina: Triglav Osiguranje, Sarajevo d.d., Triglav Osiguranje, Banja Luka a.d.

Gross premium written: +4%
6.1 M EUR



Market share: 8.7% -0.7 p.p.



Market position: 3



Gross operating costs: -1%
2.4 M EUR



Gross claims paid: +14%
2.5 M EUR



Combined ratio: 99.1%
+2.0 p.p.



Market development:

- Insurance penetration (2012): 1.9%
- GPW: 70 mio EUR (+13%)
- Insurance density (2012): 67 EUR per capita

Major events:

- Restructuring of insurance portfolio into non-car insurance
- Cost growth due to higher acquisition costs

TRIGLAV GROUP MARKETS IN Q1 2014

Montenegro: Lovćen osiguranje a.d. & Lovćen životna osiguranja a.d.

Gross premium written: -11%
5.7 M EUR



Market share: 36.2% -3.4 p.p.



Market position: 1



Gross operating costs: -5%
2.3 mio EUR



Gross claims paid: +21%
4.4 mio EUR



Combined ratio: 107.3%
+9.6 p.p.



Market development:

- Insurance penetration (2012): 2.0%
- GPW: 16 mio EUR (-3%)
- Insurance density (2012): 108 EUR per capita

Major events:

- GPW growth in non-life segment
- Lower claims
- Overhead cost restructuring initiated

TRIGLAV GROUP MARKETS IN Q1 2014

Macedonia: Triglav Osiguruvanje a.d., Skopje

Gross premium written: +30%
4.8 M EUR



Market share NL (2013): 16.7% -2.5 p.p.



Market position NL (Q3 2013): 1



Gross operating costs: +6%
1.5 M EUR



Gross claims paid: -11%
2.0 M EUR



Combined ratio: 108.6%
+9.4 p.p.



Market development:

- Insurance penetration (2012): 1.5 %
- GPW NL (2013) : 104 mio EUR (+1%)
- Insurance density (2012): 55 EUR per capita

Major events:

- Loss of some major clients, with minor effects on net premium
- Lower MTPL premium through brokers - escalating commissions
- Restructuring of distr. channels
- Lower claims

TRIGLAV GROUP MARKETS IN Q1 2014

Czech republic: Triglav Pojišť'ovna a.s.

Gross premium written: -4%
7.2 mio EUR



Market share NL: 1.0% +0.0 p.p.



Market position NL: 10



Gross operating costs: -4%
2.3 M EUR



Gross claims paid: -31%
4.3 M EUR



Combined ratio: 102.9%
-14.1 p.p.



Market development:

- Insurance penetration ⁽²⁰¹²⁾: 3.7%
- GPW NL: 687 mio EUR (+2%)
- Insurance density ⁽²⁰¹²⁾: 581 EUR per capita

Major events:

- Restructuring of insurance portfolio
- Higher claims paid due to some big loss events
- Reinsurance restructuring

TRIGLAV GROUP PLANS FOR 2014

Stable premium and profit according to hard economic conditions

	2011	2012	2013	Plan 2014	INDEX	INDEX
						In EUR million
					Real./ plan 2013	2013/2012
Gross written premium	989,4	936,3	900,9	902,1	96	96
Profit before tax	58	89,7	83,6	75,9	121	93
Net profit	47,5	73,2	69,9	65,6	127	95
Equity	489,5	574,6	590,5	606,1	97	103
Combined ratio non-life	90,1%	89,6%	91,0%	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

Moderate expansion with focus on profitability

Triglav Group Goals for 2017

- 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 by winning at least a 10% market share (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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