

TRIGLAV GROUP BUSINESS PLAN FOR 2021



OCTOBER 2020



BACKGROUND AND EXPECTED BUSINESS CONDITIONS

The basis of Triglav Group Business Plan for 2021 are strategic starting points and goals, performance assessment in 2020, market potential, competitive conditions in the markets in which the Group operates, and the forecasts of macroeconomic trends and the anticipated situation in the financial markets for 2021. According to the selected baseline scenario, the Group estimates that in 2021 the macroeconomic environment for its operations will improve compared to the previous year and that there could be a gradual economic recovery, with GDP growth not being offset by the 2020 declines. The scale of the epidemiological situation at the global level remains unknown at the time of the publication of the plan and is a factor of high uncertainty and risk that the period of severely paralysed economic activity will last longer and the drop in GDP will be greater and longer-lasting.

PLANNED PERFORMANCE OF THE TRIGLAV GROUP FOR 2021¹

Regardless of the expected significantly changed and uncertain business environment in 2021, Triglav Group remains focused on fulfilling its strategy and committed through its vision *to dynamically develop new ways of doing business by employing a client-centric approach as the foundation of the Group's responsible long-term development, while at the same time operating profitably and safely.*

PROFIT BEFORE TAX PLANNED BETWEEN EUR 85 AND 95 MILLION. The planned profit is based on the assumptions of the projected performance of the Group's both activities, taking into account the anticipated conditions in the financial markets that will affect the rates of return on the Group's investments.

THE GROUP'S PREMIUM PLANNED BETWEEN EUR 1.2 AND 1.3 BILLION. With a strategic focus on clients, the Group will adapt to the competitive conditions in its markets. The main emphases remain the development of high-quality services aimed at comprehensively addressing the challenges and needs of clients, the innovative development of technologically advanced sales processes, and the development of the sales network by using an omni-channel communication approach to clients. In the claims segment, an increase in the volume of claims is expected due to the growth of the insurance portfolio and other factors, while with regard to major CAT events, similar trends as in previous years are expected and, therefore, the prudently selected reinsurance protection will be maintained. On these bases, backed by continued underwriting discipline, the Group plans to increase the volume of premium and maintain the profitability of its insurance business in its markets.

COMBINED RATIO OF THE GROUP BELOW 95%. At the Group level, the combined ratio of below 95% is planned, which is in the lower (favourable) end of the range of its average target strategic value of around 95%.

COST-EFFECTIVENESS. The Group will continue to implement streamlining measures in 2021, which will be aimed primarily at reducing the types of costs not directly related to insurance sale. An increase is expected in costs related to insurance sale, a higher degree of digitalisation, development and maintenance of information support, and depreciation costs due to past and planned investments in information technology. The planning of staffing levels and labour costs, which account for the bulk of total operating expenses of the Group's insurance subsidiaries, will follow the strategic guidelines, changes made to the business processes and the requirements identified in individual areas of work.

¹ The planned figures for 2021 are based on outlook, expectations about events and circumstances, and forecasts available to the Company at the time of drafting the plan. The actual results, performance and events may significantly deviate from those taken into account in the plan.

PROFIT FROM FINANCIAL INVESTMENTS. A prolonged period of low/negative interest rates is expected, which will lead to a further decline in the rates of return on the Group's investments, excluding unit-linked assets. The investment policies of the Group remain unchanged; the main focus in 2021 will continue to be on ensuring adequate security, liquidity and diversification of investments while achieving adequate profitability. The Group will maintain a conservative investment structure, placing emphasis on fixed-rate investments, and ensure the high quality of the whole investment portfolio. Also in 2021, in some parts of the portfolio, the Group intends to achieve slightly higher rates of return at a lower liquidity of investments by improving the matching of asset-liability maturity. The Group will ensure that the underwritten risks will be in line with the defined risk appetite of Triglav Group.

ASSET MANAGEMENT. The Group will follow the strategic objectives of increasing the volume of assets under management by selling existing savings and insurance products and increasing the assets of investment funds managed by the subsidiary Triglav Skladi.

MAINTAINING HIGH CREDIT RATINGS. The Group will maintain high financial stability and security of the Group in 2021 by ensuring the amount of capital that, in accordance with the set strategic guidelines, adequately exceeds the set level of underwritten risks. The latter and the profitability of its business operations are the basis for the Group to continue to be assigned high credit ratings by the renowned credit rating agencies S&P Global Ratings and AM Best.