

Triglav Group

Investor Presentation

March 2015



Vse bo v redu.

triglav

www.triglav.si

Triglav Group

- **Key Figures**

2014

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

Goals for 2015

Strategy 2013 - 2017



Triglav Group

Key Figures



About Triglav Group

Triglav Group

- Parent company Zavarovalnica Triglav d.d., 38 subsidiaries and 6 associated companies
- Market presence in 7 countries and 8 markets
- 5.406 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.

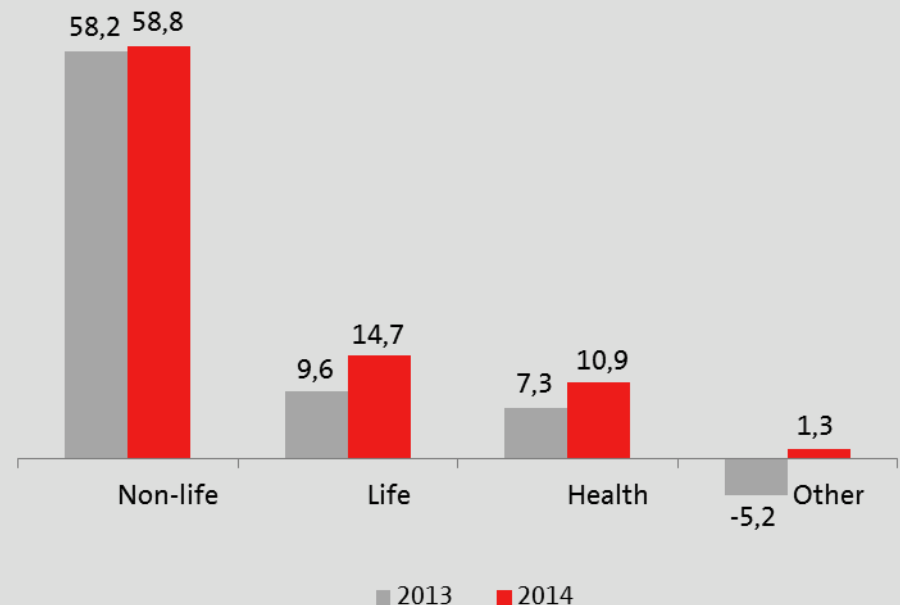


Triglav Group

The core business is insurance

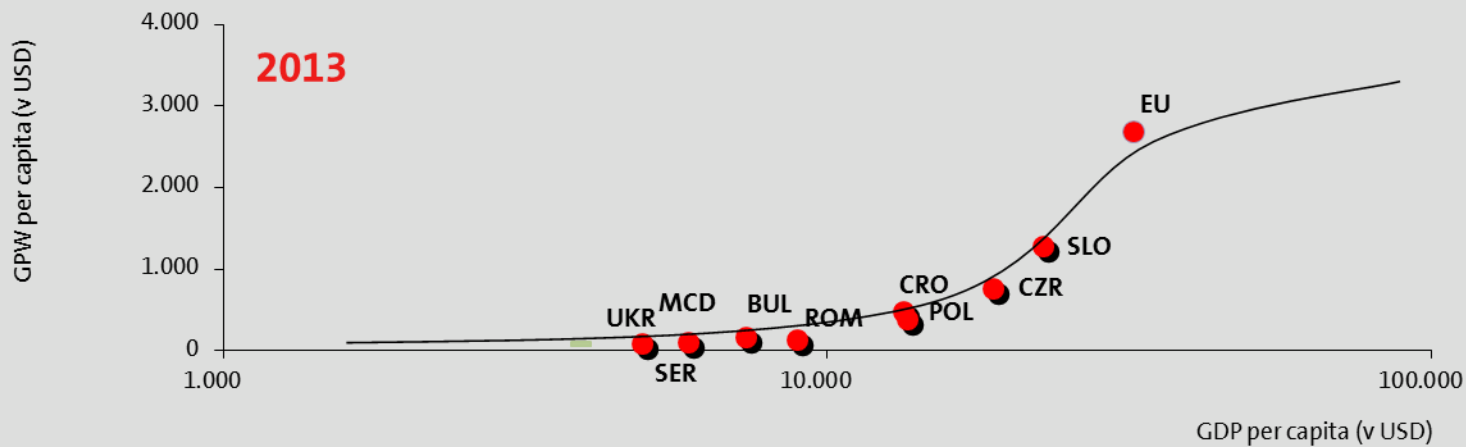
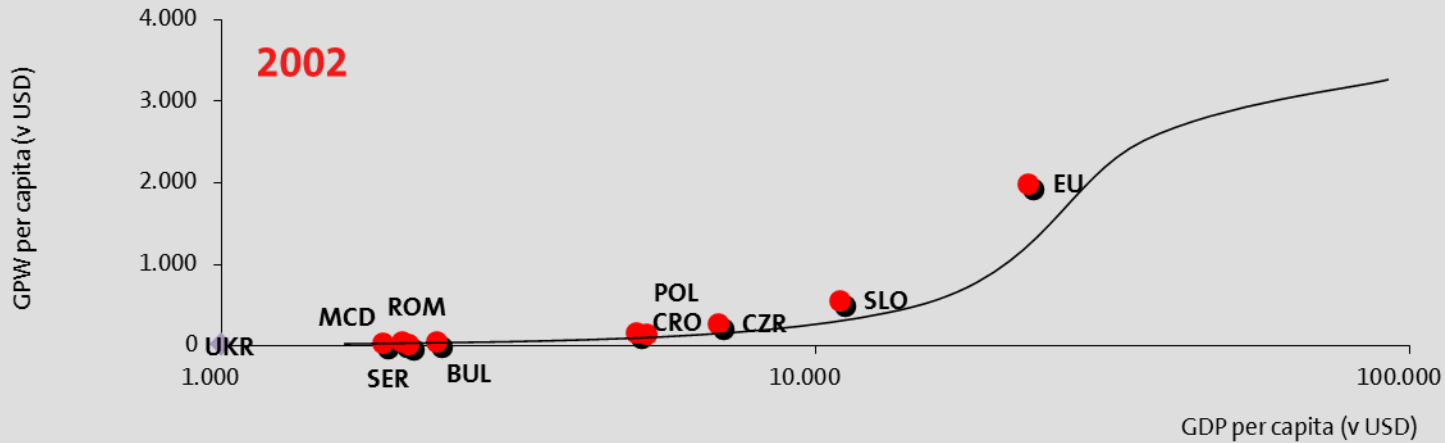
- **Insurance**
 - Non-life
 - Life
 - Supplementary pensions
 - Health
 - Reinsurance
- **Asset management**
 - Mutual funds
 - Investment companies
 - Investment holdings
 - Real Estate

Profit by business segments in EUR m



Development of Insurance Markets

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



Financial Highlights for Triglav Group

Further profit growth in core business

- High level of financial stability maintained, as confirmed by »A-« credit ratings from Standard & Poor's and A.M. Best with stable/positive outlook
- 2014 net profit 23% higher than the same period last year
- In 2014 the Triglav Group increased its leading market share by 0.3 p.p., its market share in Slovenia accounted for 36.1%
- Closing price of Zavarovalnica Triglav's shares increased by 24%
- 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 2014

Consistent implementation of strategic guidelines reflected in higher profit

In EUR million

	2014	2013	2014/2013
Gross written premium	888,2	900,9	99
Net premium income	819,9	837,6	98
Gross claims paid	615,7	627,5	98
Net claims incurred	594,7	571,7	104
Gross operating costs*	231,0	230,3	100
Profit before tax	100,4	83,6	120
Net profit for the accounting period	85,7	69,9	123
Gross insurance technical provisions	2.333,7	2.261,4	103
Total equity	688,1	590,5	117
Number of employees	5.406	5.351	101
Expense ratio non-life	30,0%	29,3%	102
Net claims ratio non-life	66,2%	61,7%	107
Combined ratio non-life	96,3%	91,0%	106

*Insurance business gross operating costs

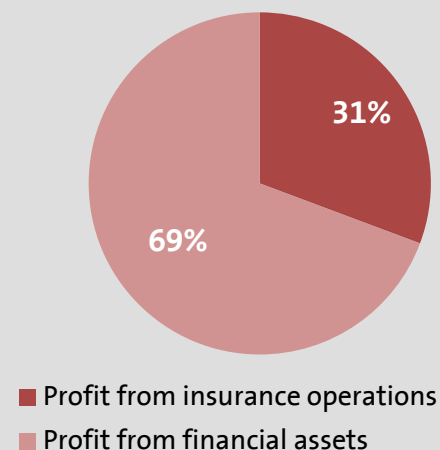
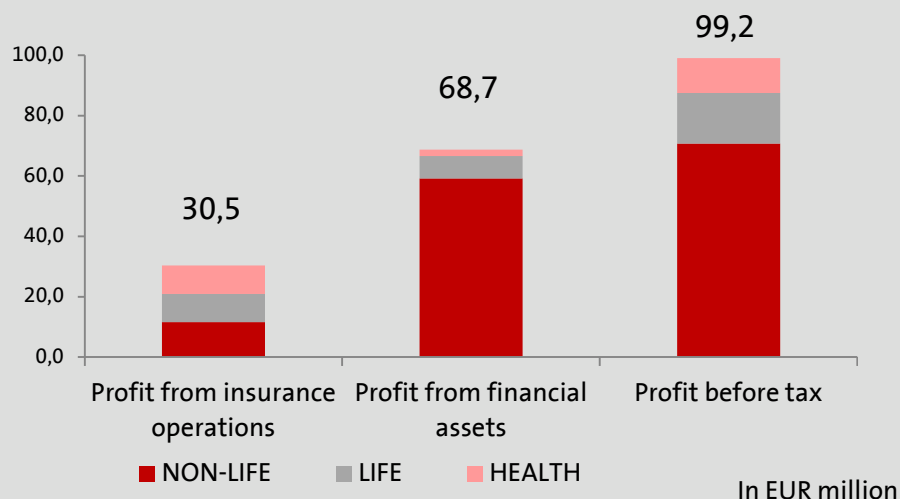


Structure of Profit of Triglav Group 2014

In EUR million

				2014			2013		
	NON-LIFE	LIFE	HEALTH	TOTAL	NON-LIFE	LIFE	HEALTH	TOTAL	
Profit from insurance operations	11,6	9,3	9,5	30,5	42,9	6,6	6,8	56,3	
Profits from financial assets	59,2	7,4	2,1	68,7	28	3,5	1	32,5	
Profit (Insurance only) before tax	70,8	16,7	11,6	99,2	70,9	10,1	7,7	88,8	
Other income				1,2				-5,1	
Total Profit before tax				100,4				83,6	

Structure of Profit 2014

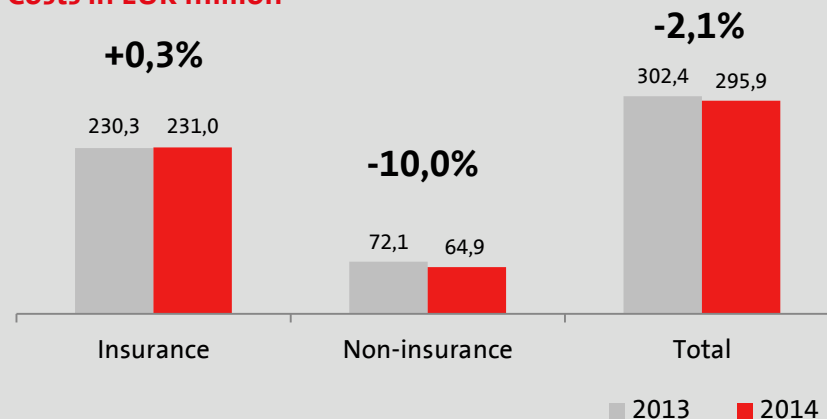


Triglav Group in 2014 – Insurance Only

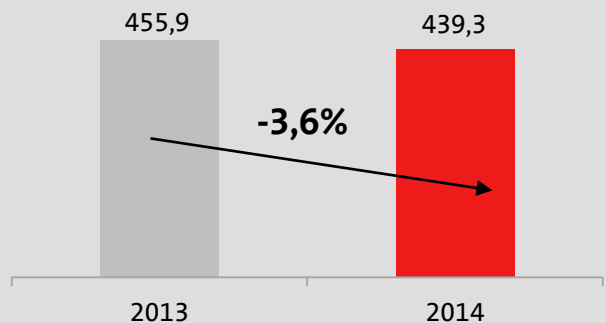
Further profit growth in core business

	2014	2013	2014/ 2013
Gross written premium	888,2	900,9	99
Net premium income	819,9	837,6	98
Gross claims settled	615,7	627,5	98
Net claims incurred	594,7	571,7	104
Gross operating costs	231,0	230,3	100
Profit before tax	99,2	88,8	112
Net profit	84,4	75,1	112

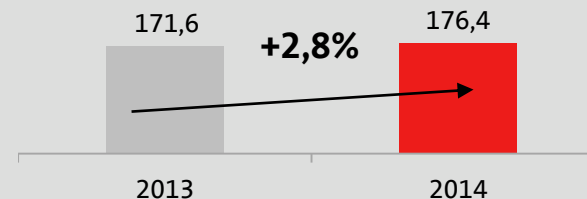
Costs in EUR million



Non-life gross claims in EUR million

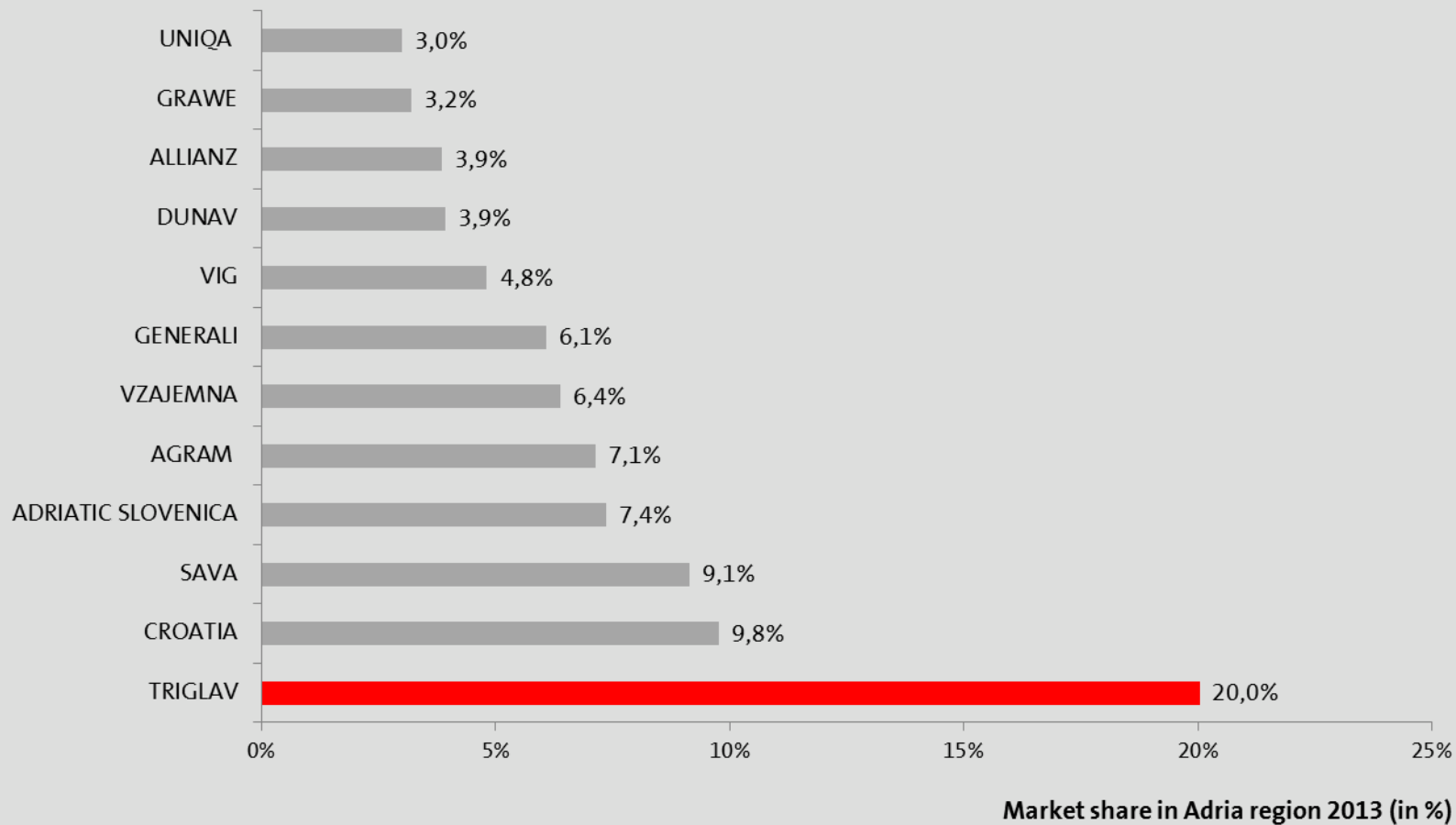


Life gross claims in EUR million



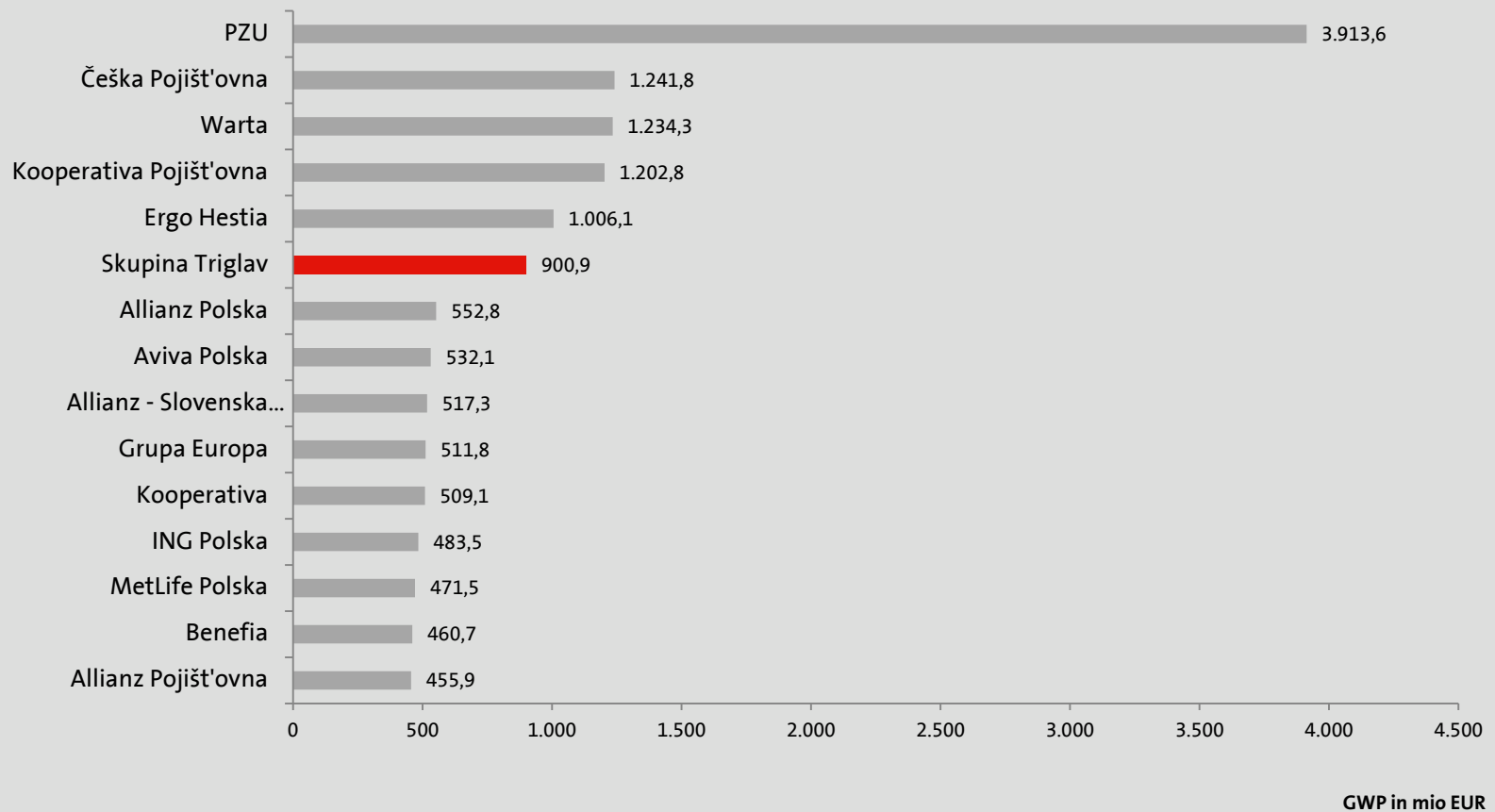
Market Shares in 2013

Triglav Group ranks first in Adria region



Top Insurance Companies by GWP in CEE

Triglav Group ranks in sixth place in 2013

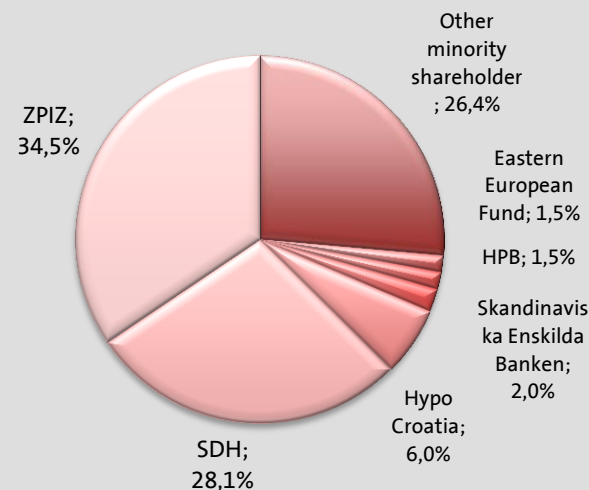
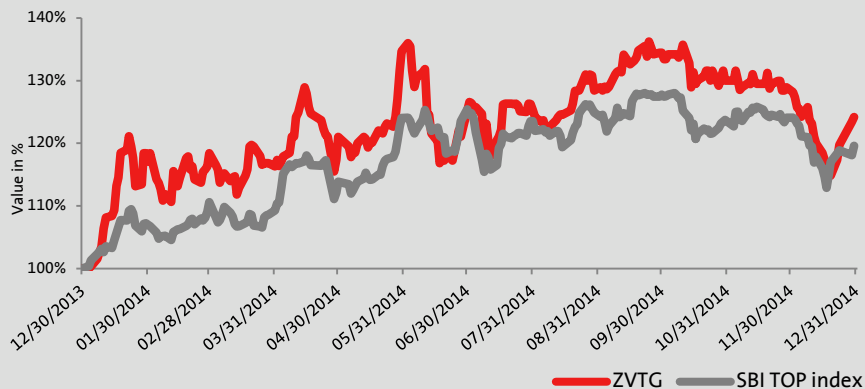


Deloitte, September 2014



Ownership and Share Price Performance

Closing price of shares increased by 24%, government predominant shareholder



	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012
Book value per share (in EUR) *	30,0	25,7	25,0
Earnings per share (in EUR)	2,01	2,12	2,22
Share market price (in EUR)	23,6	19,0	16,5
Market capitalization (in EUR million)	536,5	432,0	375,1
Dividend per share (in EUR)		1,7	2,0

Stock Exchange Ljubljana Stock Exchange, Prime Market, Trading Symbol ZVTG

ISIN code SI0021111651

Bloomberg ZVTG.SV

Reuters ZVTG.LJ

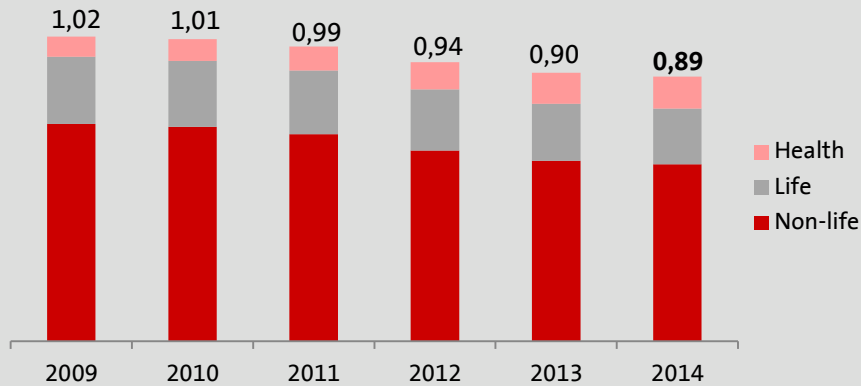
*Equity attributable to the controlling company / Number of shares excluding treasury shares



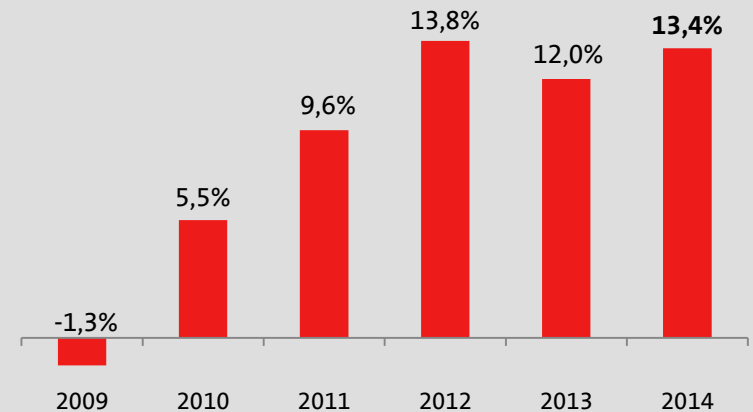
Strategy Turnround – Profitability of Core Business

Underlying performance targeting, not premium growth for any price

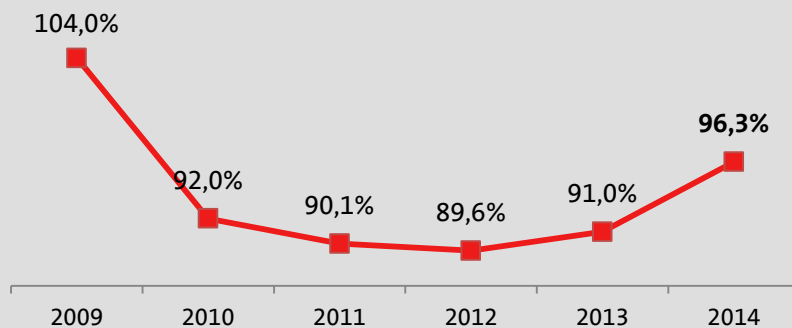
GWP Development in EUR billion



Return on Equity



Non-life combined ratio



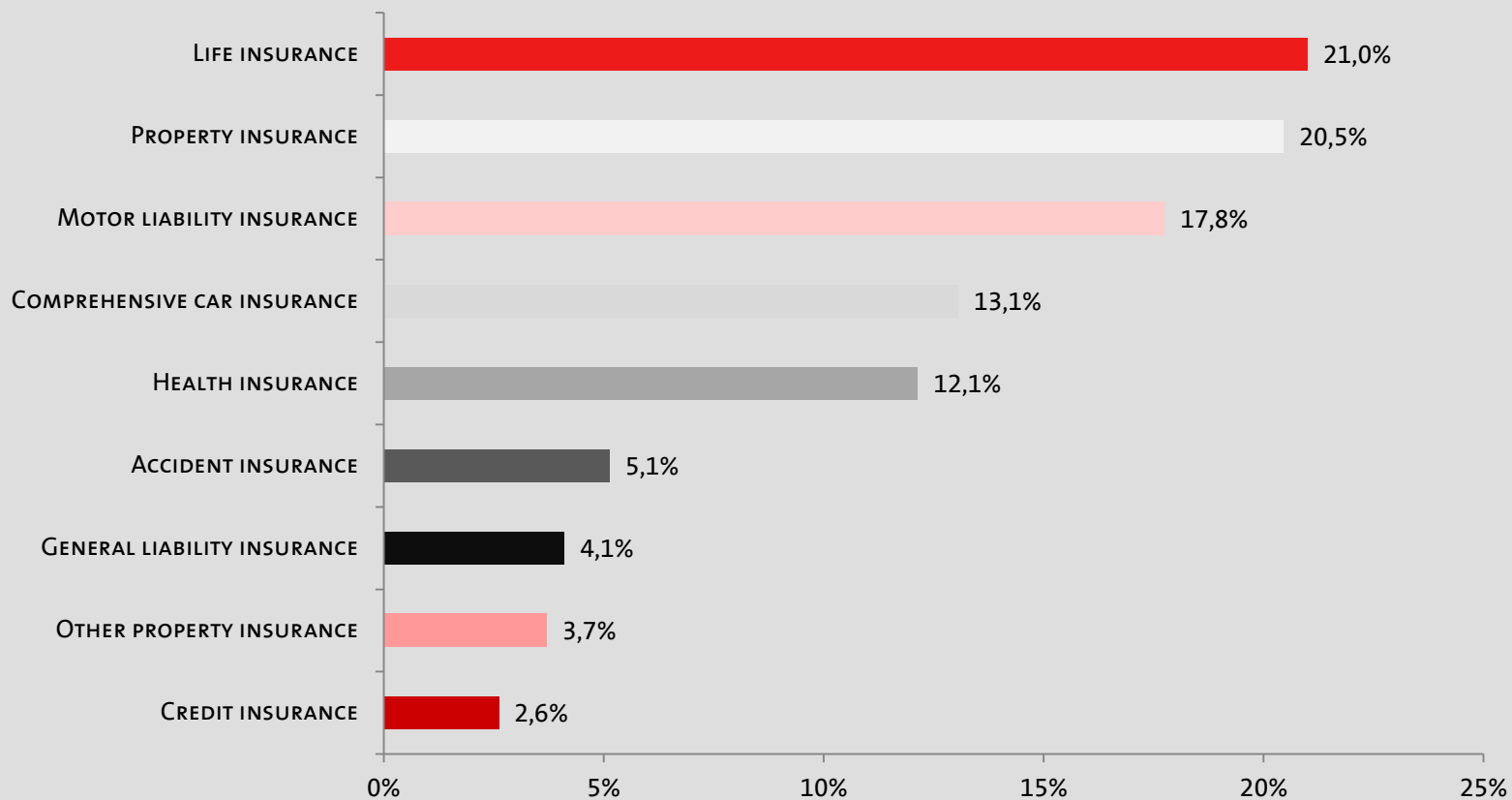
Key measures taken

- 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 2014

Well balanced insurance portfolio structure



Group Asset Allocation

Fixed income prevailing

	Non-life & Health ¹		Life & Pensions ¹		Total	
	In EUR M	In %	In EUR M	In %	In EUR M	In %
Investment property	102,5	9%	2,4	0%	104,9	5%
Investments in associates ²	3,3	0%	7,0	1%	10,4	0%
Shares and other floating rate securities	95,9	8%	35,3	3%	131,2	6%
Debt and other fixed return securities	886,8	76%	1.011,6	92%	1.898,4	84%
Loans given	6,4	1%	22,4	2%	28,9	1%
Deposits with banks	52,4	4%	19,7	2%	72,2	3%
Other financial investments	18,4	2%	1,0	0%	19,4	1%
Investments	1.165,8	100%	1.099,4	100%	2.265,1	100%
Financial investments of reinsurance companies in reinsurance contracts with cedents	3,7		0,0		3,7	
Unit-linked insurance contract investments	0,0		465,8		465,8	
Group financial investments	1.169,4		1.565,2		2.734,6	

1 Includes investments in own funds of the Group.

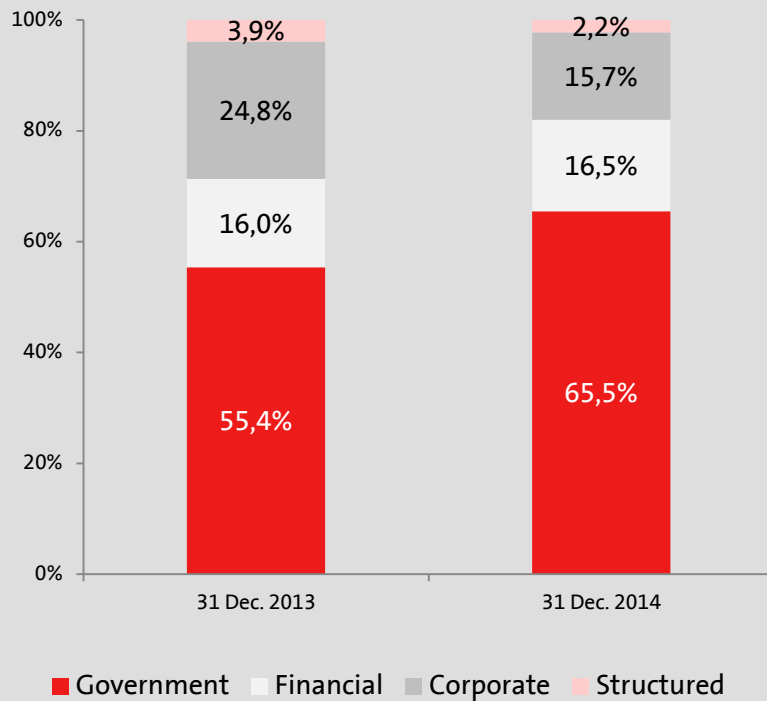
2 Investment in associates are mainly additional Real Estate exposure.



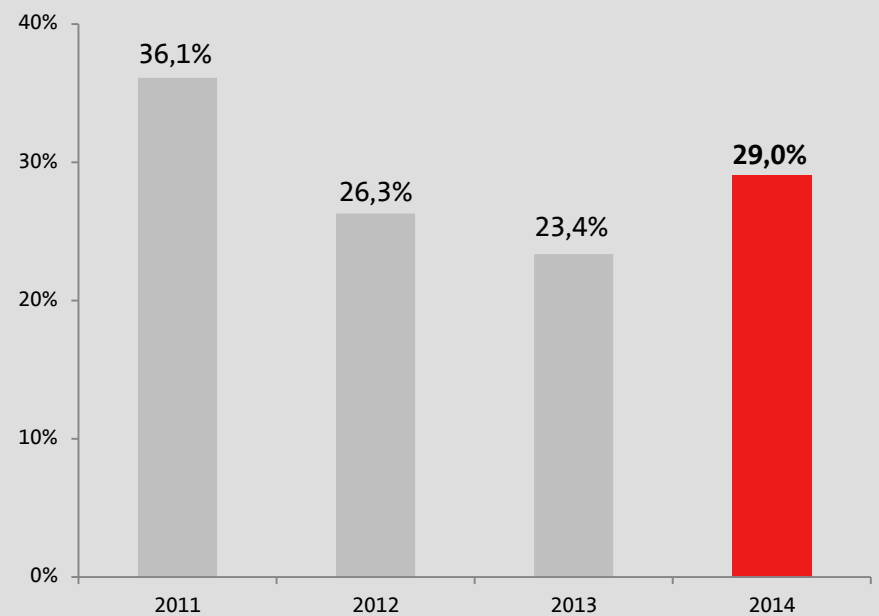
Bond portfolios

Increased exposure to the government bonds

Bond Portfolio Structure by Type of Issuers



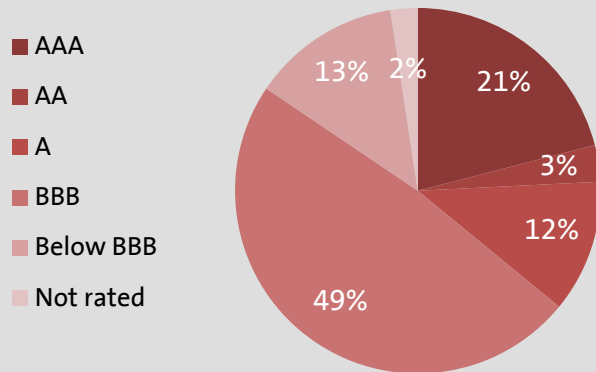
Exposure to Slovenian Bonds in Total Bonds



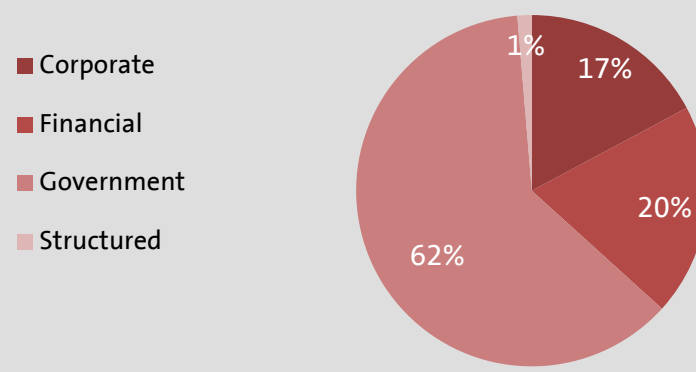
Group Investment Portfolios

Non-life and Health (as at 31 December 2014)

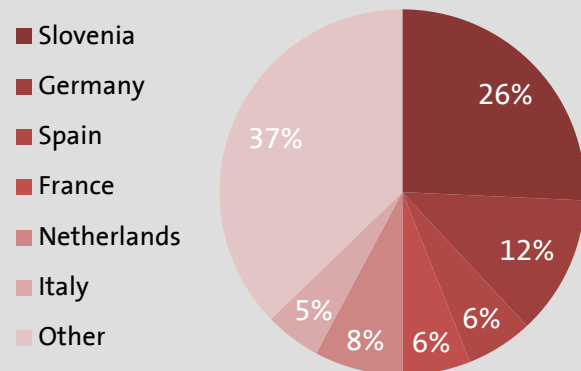
Bonds by rating



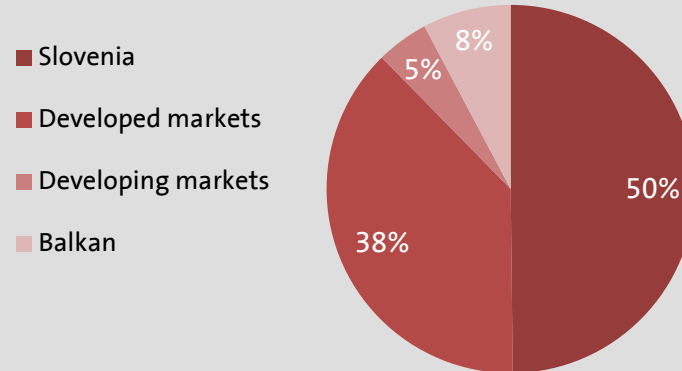
Bonds by Type of Issuer



Top Bond Exposures by Country



Equity Exposures by Region

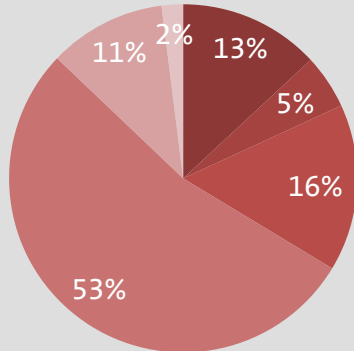


Group Investment Portfolios

Life¹ and Pensions (as at 31 December 2014)

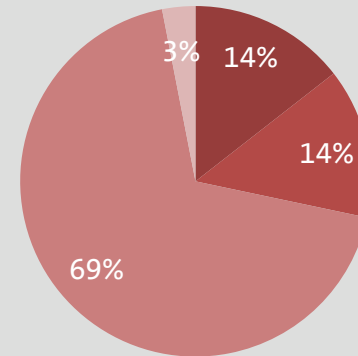
Bonds by rating

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



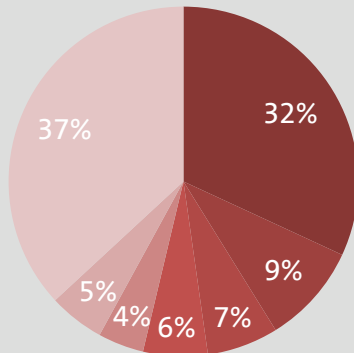
Bonds by Type of Issuer

- Corporate
- Financial
- Government
- Structured



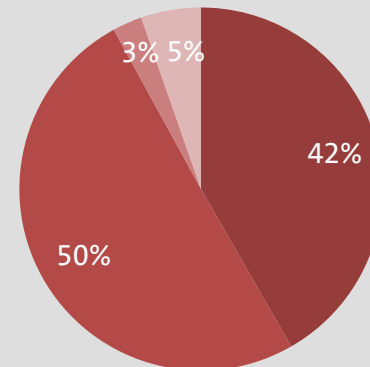
Top Bond Exposures by Country

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



Equity Exposures by Region

- Slovenia
- Developed markets
- Developing markets
- Balkan



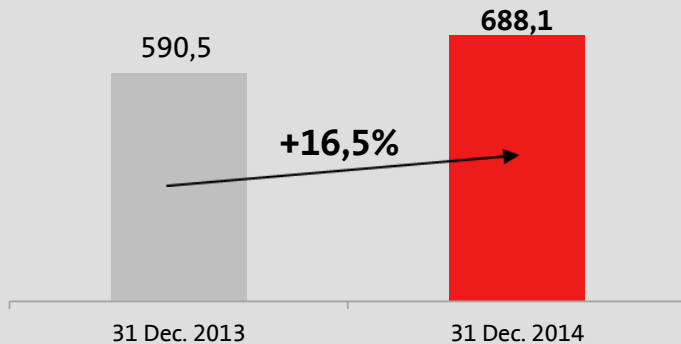
¹ Unit-linked investments excluded.



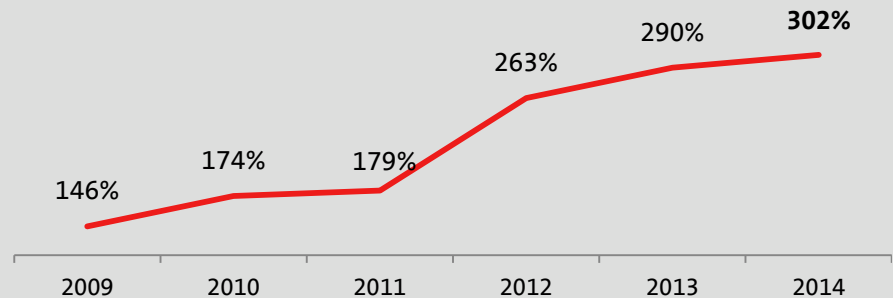
Strong Capital Base

Following the strategy and demanding business conditions

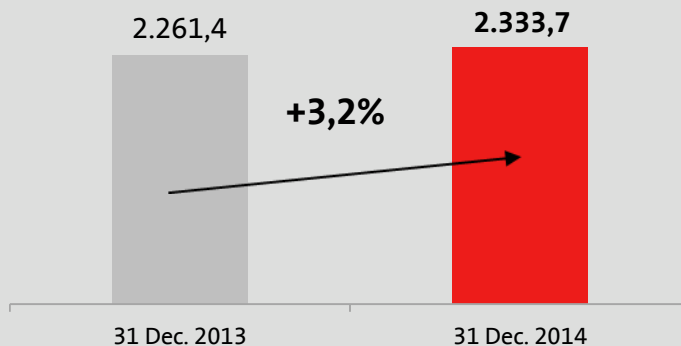
Equity in EUR M



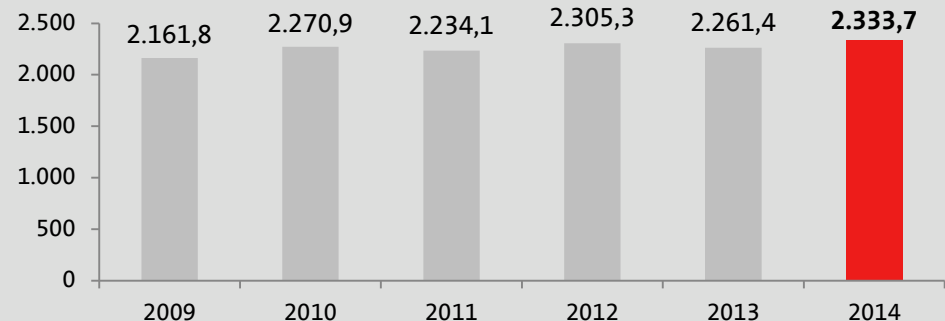
Year-End Solvency Ratios (ZT Only)



Gross Technical Provisions in EUR M



Year-End Gross Technical Provisions in EUR M



Triglav Group Markets in 2014



Slovenia

Zavarovalnica Triglav d.d., Triglav Zdravstvena zavarovalnica d.d.

Gross premium written: -1%
700.0 M EUR



Market share: 36.1% +0.3 p.p.



Market position: 1



Gross operating costs: +2%
174.4 M EUR



Gross claims paid: +1%
501.3 M EUR



Combined ratio: 94.4%
+7.1 p.p.



Market development:

- Insurance penetration ⁽²⁰¹³⁾: 5.6%
- GPW: 1,938 mio EUR (-2%)
- Insurance density ⁽²⁰¹³⁾: 960 EUR per capita

Major events:

- High profit level
- High growth of health GWP
- Some big loss events

Croatia

Triglav Osiguranje d.d., Zagreb

Gross premium written: -11%
42.0 M EUR



Market share: 3.7% -0.2 p.p.



Market position: 9



Gross operating costs: +3%
18.1 M EUR



Gross claims paid: -23%
25.0 M EUR



Combined ratio: 109.6%
+6.1 p.p.



Market development:

- Insurance penetration (2013): 2.7%
- GPW: 1,121 mio EUR (-6%)
- Insurance density (2013): 280 EUR per capita

Major events:

- Liberalisation of the motor liability insurance market
- Lower growth of GPW due to strict underwriting

Serbia

Triglav Osiguranje a.d.o., Belgrade

Gross premium written: +33%
22.8 M EUR



Market share (Q3 2014): 3.7% +0.7 p.p.



Market position (Q3 2014): 6



Gross operating costs: -3%
9.7 M EUR



Gross claims paid: -23%
8.9 M EUR



Combined ratio: 114.0%
-23.9 p.p.



Market development:

- Insurance penetration (2013): 1.8%
- GPW (Q3 2014): 457 mio EUR (+5%)
- Insurance density (2013): 78 EUR per capita

Major events:

- High GPW growth due to higher MTPL premium rates and new clients
- Impact of stricter cost management and overhead cost restructuring

Bosnia and Herzegovina

Triglav Osiguranje, Sarajevo d.d., Triglav Osiguranje, Banja Luka a.d.

Gross premium written: +7%
21.8 M EUR



Market share: 7.6% -0.0 p.p.



Market position: 6



Gross operating costs: +2%
9.9 M EUR



Gross claims paid: +36%
12.8 M EUR



Combined ratio: 105.2%
+4.6 p.p.



Market development:


- Insurance penetration (2013): 2.0%
- GPW: 287 mio EUR (+7%)
- Insurance density (2013): 71 EUR per capita


Major events:

- Higher gross claims paid due to flood damage
- Life GPW growth via bancassurance and own insurance agency (Tri-Pro)

Montenegro


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


Gross premium written: -7%
27.7 M EUR 

Market share: 38.2% -2.5 p.p. 

Market position: 1 

Gross operating costs: -8%
10.0 mio EUR 

Gross claims paid: +8%
17.5 mio EUR 

Combined ratio: 97.0%
+1.3 p.p. 

Market development:

- Insurance penetration (2013): 2.2%
- GPW: 72 mio EUR (-1%)
- Insurance density (2013): 117 EUR per capita

Major events:

- Lower motor liability insurance premiums
- Higher claims due to pensioners accidents claims and some big loss events
- Overhead cost restructuring initiated

Macedonia

Triglav Osiguruvanje a.d., Skopje

Gross premium written: +6%
18.6 M EUR



Market share NL: 17.0%
+0.3 p.p.



Market position NL: 1



Gross operating costs: +2%
6.0 M EUR



Gross claims paid: -7%
10.4 M EUR



Combined ratio: 103.3%
+4.3 p.p.



Market development:

- Insurance penetration (2013): 1.5%
- GPW NL: 110 mio EUR (+4%)
- Insurance density (2013): 57 EUR per capita

Major events:

- Restructuring of distr. channels
- Lower MTPL premium through brokers - escalating commissions
- Lower claims paid but growth of loss reserve due to some big MTPL claims

Czech Republic

Triglav Pojišť'ovna a.s.

Gross premium written: -23%
22.0 mio EUR



Market share NL: 0.9% -0,2 p.p.



Market position NL: 11



Gross operating costs: -24%
7.9 M EUR



Gross claims paid: -32%
18.1 M EUR



Combined ratio: 111.9%
-8.4 p.p.



Market development:

- Insurance penetration ⁽²⁰¹³⁾: 3.8%
- GPW NL: 2.509 mio EUR (+2%)
- 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%

* Unaudited Results for 2014



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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