

## Triglav Group in 2021<sup>1</sup>: Record results, increased volume of business and strong profit growth

### Revised strategy to 2025

According to unaudited data, the Triglav Group increased its total revenue to EUR 1.46 billion in 2021 (10% growth compared to the previous year) and achieved EUR 132.6 million in profit before tax (46% growth compared to the previous year). Such good results stem from underwriting activities and the management of clients' assets in mutual funds and discretionary mandates. The Group achieved premium growth in all insurance segments and in all markets in which it operates, while strengthening its position in most markets. The Group was again assigned high, "A" ratings from renowned credit rating agencies. Employee and client satisfaction, which are continuously monitored by the Company, increased again in 2021, reaching the highest levels ever measured. The Group's operations were development-oriented and client-focused, which remains one of the key guidelines in the revised strategy to 2025.

**PROFIT BEFORE TAX.** According to unaudited data, the Group's profit before tax amounted to EUR 132.6 million in 2021, up by 46% relative to the year before. The Group's profit before tax earned from underwriting activities amounted to EUR 100.4 million (index 131) and profit from financial investments amounted to EUR 24.5 million (index 188). The profit of the Group's non-insurance companies reached EUR 7.8 million (EUR 1.4 million in the preceding year). Net return on equity was 12.5%.

**Andrej Slapar, President of the Management Board of Zavarovalnica Triglav,** said: *"Last year, we operated in an environment of the persisting COVID-19 pandemic and fierce competition, as well as under the influence of trends in the capital markets, which remained unfavourable in terms of interest income. We have shown our resilience, flexibility and consistency in implementing our strategic guidelines. The good results, which are higher than planned, stem from our underwriting activities and the management of clients' assets. We are the market leader in the Adria region, and in 2021 we further consolidated our position in most markets. We maintained our financial strength and were again assigned "A" credit ratings from S&P Global Ratings and AM Best with a stable medium-term outlook. Our clients are satisfied with our work, rating the Group the highest to date. Our team of over 5,200 employees also expressed a high level of satisfaction, and I sincerely thank them for their cooperation and successful work."*

**UNDERWRITING ACTIVITIES.** The Group's total revenue increased by 10% to EUR 1,455.1 million, and the volume of gross written premium increased at the same growth rate to EUR 1,353.0 million. The Group's underwriting discipline and client focus resulted in premium growth in all three insurance segments and in all markets. The non-life insurance premium increased by 12%, life and pension insurance premium by 8% and health insurance premium by 1%. In Slovenia it stood at 4%, which is one percentage point above the market, reaching 15% in markets outside Slovenia. Premium written in the international market based on the principle of free movement of services and inward reinsurance premium grew by 40%.

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<sup>1</sup> This information is based on unaudited performance data of the Triglav Group and Zavarovalnica Triglav in 2021. The stated indices and numerical comparisons show a comparison with 2020.

The Group's volume of gross claims paid of EUR 736.6 million did not deviate significantly from the previous two years. They were affected by the growth of the insurance portfolio over several years and major CAT events, which were less pronounced than the year before. The claims segment continued to be affected by the COVID-19 pandemic in 2021, which resulted in a lower frequency of claims in some insurance classes and an increased volume of claims in others due to last year's disruption in some services. The Group's combined ratio in non-life and health insurance reached a very favourable 88.9%. Its improvement is the result of the improved claims and expense ratios, i.e. higher growth in net premium income than growth in net claims incurred, backed by the rise in other insurance income and the decline in net expenses for bonuses and discounts.

The total consolidated gross operating expenses incurred by the Group amounted to EUR 333.4 million. Their 9% increase resulted primarily from the growth of acquisition costs, digitalisation and investments in information technology.

Compared to the preceding year, the Group created 5% more insurance technical provisions (EUR 3,198.7 million). **Uroš Ivanc, a member of Management Board of Zavarovalnica Triglav**, said: *"Along with growth in the volume of business, the good underwriting results were positively influenced by the relatively lower frequency of claims and the favourable development of claims provisions formed in past years. As always, insurance technical provisions were managed in a conservative and prudent manner."*

**INVESTMENT PORTFOLIO AND ASSETS UNDER MANAGEMENT.** As expected, low interest rates affected the Group's return on its investment portfolio, the value of which rose by 5% to EUR 3,668.5 million. The conservative structure of the investment portfolio did not change significantly; however, the Group adjusted the shares of individual investment grades through active investment in order to achieve a high credit rating of the entire portfolio. Good results in the management of clients' assets in mutual funds and discretionary mandates were due to the situation on the financial markets and net inflows. The volume of clients' assets grew by 33% to EUR 1,539.3 million. By holding a 31.8% market share, the Group is one of the leading managers of assets in mutual funds in Slovenia.

**COMMITMENT TO SUSTAINABILITY (ESG).** The Group defined its strategic sustainable ambitions to 2025; by pursuing sustainable development, the Group is creating a long-term stable basis for its profitable and safe operations, promoting the transition to a sustainable society and reducing its impact on climate change. The Group aims to play a leading role in the region by integrating the best global ESG practices into its operations.

In early 2022, Zavarovalnica Triglav became a signatory to the United Nations Principles for Sustainable Insurance (UN PSI), thereby joining the United Nations Environment Programme Finance Initiative (UNEP FI). It is also a signatory to the Partnership for Carbon Accounting Financials (PCAF) initiative, which aims to ensure that the financial industry's policies are in line with the Paris Agreement targets. The Group has improved its ESG disclosures by adding disclosures according to the Sustainability Accounting Standards Board (SASB) to the long-term application of the Global Reporting Initiative (GRI) criteria and standard.

**IMPLEMENTATION OF THE DIVIDEND POLICY.** The Company considers its dividend policy to be a firm commitment to its shareholders and implements it as it is defined. In 2021, it was again influenced by the COVID-19 pandemic and related requirements of the insurance regulator. The Company complied with those requirements and was therefore able to pay out dividends in 2021. A total of 53% of

Zavarovalnica Triglav's consolidated net profit for 2020 was allocated for dividend payments, representing a 5% dividend yield.

**CLIENT FOCUS.** The Group's operations continued to be particularly development-oriented in 2021. In both activities, i.e. insurance and asset management, the Group strengthened client focus and user experience, with the aim of making it outstanding and uniform across all channels and processes, products and Group companies. It continued to launch new, simple and flexible products (e.g. modular insurance), expanded the range of assistance services, made it easier to take out insurance and report claims, expanded communication channels to clients and upgraded the functionality of online applications for clients in both activities. In line with the omni-channel approach, traditional distribution channels were connected with new channels (digital sales, strengthened bank channels, mobile operators), in addition to implementing a hybrid sales method (remote selling and personal contact). The Group's long-term competitive advantage is the upgrading of insurance and financial products with assistance and related services, which are supported by advanced information and digital solutions. In such business ecosystems, the Group works together with a partner network of contractors, upgrading them in several areas so as to provide a comprehensive solution to clients' needs.

In accordance with the planned geographical diversification of operations, the Group entered into new strategic partnerships, launching operations in Poland and Denmark and expanding its current presence in Greece, Italy, Norway and Netherlands. These forms of business, which are insignificant in terms of premium volume, are considered material in terms of development.

**STRATEGY TO 2025<sup>2</sup>.** With a revised strategy, the Group continues to carry out development activities with the aim of pursuing its digital transformation and developing service-oriented business models and ecosystems. The operations of the Triglav Group, the leading insurance-financial group in the Adria region, are planned to remain profitable and safe. In the strategy period, a 10% return on equity (ROE) is planned and in 2025 total revenue is projected to exceed EUR 1.6 billion. By being committed to business sustainability, the Group remains a development-oriented environment for its employees, connected with its partners, and a stable, safe and profitable investment for investors. **Andrej Slapar, President of the Management Board of Zavarovalnica Triglav**, said: *"We have started the 2022 financial year with a revised strategy to 2025. With it, we have set ambitious strategic guidelines and objectives, which have been upgraded in terms of development, thereby following our mission of building a safer future for all our stakeholders."*

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<sup>2</sup> The figures planned are based on outlook, expectations about events and circumstances, and forecasts available to the Company at the time of drafting the plan and the strategy. The actual results, performance and events may significantly deviate from those planned.

## Financial highlights of the Triglav Group

	<i>EUR million</i>			
	2021 <sup>3</sup>	2020	2019	2021/2020 index
Total revenue	1,455.1	1,318.4	1,260.9	110
Gross written premium <sup>4</sup>	1,353.0	1,233.8	1,184.2	110
Net premium income	1,119.8	1,066.8	1,027.6	105
Gross claims paid	736.6	697.4	716.7	106
Net claims incurred	715.0	683.6	684.1	105
Gross operating expenses	333.4	306.7	305.3	109
Profit before tax	132.6	90.9	100.9	146
Net profit	113.0	73.7	83.9	153
Insurance technical provisions <sup>5</sup>	3,198.7	3,033.2	2,878.9	105
Equity <sup>5</sup>	933.0	870.2	792.0	107
Combined ratio	88.9%	91.2%	91.5%	
Return on equity	12.5%	8.9%	10.9%	
Book value per share (EUR)	40.9	38.2	34.7	107
Net earnings per share (EUR)	5.0	3.2	3.7	153
Number of employees <sup>5</sup>	5,264	5,316	5,281	99

## Financial highlights of Zavarovalnica Triglav

	<i>EUR million</i>			
	2021 <sup>3</sup>	2020	2019	Index 2021/2020
Total revenue	848.6	765.2	743.2	111
Gross written premium <sup>4</sup>	794.4	719.3	702.1	110
Net premium income	598.8	583.9	573.6	103
Gross claims paid	408.9	408.3	425.2	100
Net claims incurred	365.1	375.3	376.8	97
Gross operating expenses	195.0	180.0	180.5	108
Profit before tax	85.7	71.1	84.6	121
Net profit	73.4	58.0	70.6	127
Insurance technical provisions <sup>5</sup>	2,280.5	2,199.0	2,149.0	104
Equity <sup>5</sup>	675.2	644.0	580.5	105
Combined ratio	81.8%	86.1%	85.6%	
Return on equity	11.1%	9.5%	12.4%	117
Number of employees <sup>5</sup>	2,246	2,244	2,253	100

<sup>3</sup> Unaudited data

<sup>4</sup> Gross written insurance, coinsurance and reinsurance premiums

<sup>5</sup> As at 31 December