

6 The Share and Shareholders of Zavarovalnica Triglav

- In terms of liquidity and market capitalisation, the ZVTG share was the third one on the Ljubljana Stock Exchange.
- The ZVTG share was one of the best dividend yielding stocks on the domestic stock exchange.
- With credit ratings improved from »A-« to »A«, Zavarovalnica Triglav is the highest rated Slovene company.

6.1 The share of Zavarovalnica Triglav

In 2016, the share of Zavarovalnica Triglav (with the ISIN code SI0021111651 and the ZVTG ticker symbol) was the third most traded share on the Ljubljana Stock Exchange and ranked third in terms of market capitalisation.

Key figures for the share of Zavarovalnica Triglav

Items	31 December 2016	31 December 2015	31 December 2014
No. of shares	22,735,148	22,735,148	22,735,148
Book value per share* (in EUR)	24.78	23.34	23.93
Net earnings per share** (in EUR)	3.31	2.57	2.01
Dividend per share (in EUR) - for the previous business year	to be defined	2.50	2.50
Share market value - closing price (in EUR)	23.20	23.50	23.60
Market capitalisation - closing price (in EUR)	527,455,434	534,275,978	536,549,493
Traded on	Ljubljana Stock Exchange - LJSE		
Ticker symbol	ZVTG		
ISIN	SI0021111651		
Credit rating	<ul style="list-style-type: none"> ■ S&P Global ratings: »A«, stable medium term outlook ■ AM Best; »A«, stable medium term outlook 	<ul style="list-style-type: none"> ■ Standard & Poor's; »A-«, positive medium term outlook ■ AM Best; »A-«, positive medium term outlook 	<ul style="list-style-type: none"> ■ Standard & Poor's; »A-«, stable medium term outlook ■ AM Best; »A-«, positive medium term outlook
Bloomberg	ZVTG SV		
Reuters	ZVTG.LJ		

* In calculating the book value per share, the equity of Zavarovalnica Triglav and the number of shares as at the reporting date were taken into account.

** In calculating net earnings/loss per share, net profit or loss of Zavarovalnica Triglav and the weighted average number of shares were taken into account.

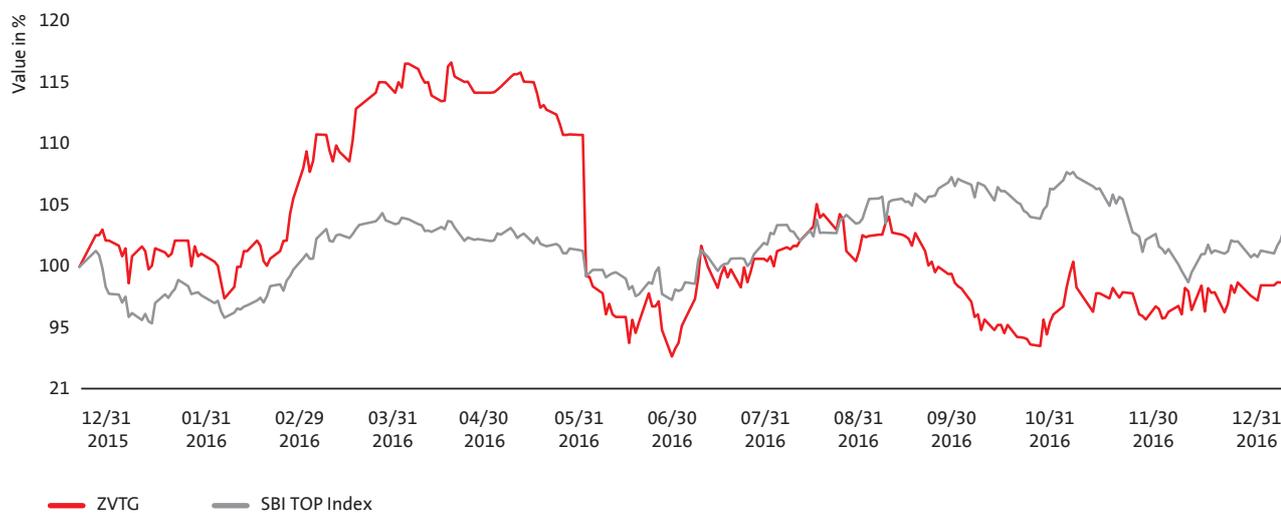
In 2016, the closing price of the share decreased by 1.3% and equalled EUR 23.20 as at the 2016 year-end. Starting at EUR 23.50, the share peaked to its highest price of EUR 27.38 on 21 April 2016. The cut-off date for the dividend payment of EUR 2.50 per share was 2 June 2016. The ZVTG share was one of the best dividend yielding stocks on the Ljubljana Stock Exchange.

The day before, i.e. 1 June 2016, when holding the share no longer meant being entitled to the dividend payment, the share price expectedly began to decrease. As much as 9% of the share turnover on the Ljubljana Stock Exchange was accounted for by the ZVTG share, its average daily trading volume being EUR 115 thousand.

Movements in the closing price (left axis) and trading volume (right axis) of the ZVTG share



Comparison of movements in the average daily price of the ZVTG share and movements in the value of the SBI TOP Index in 2016 as compared to 31 December 2015



ZVTG share trading data by individual month of 2016 (in EUR)

Month	Maximum closing price	Minimum closing price	Average daily trading volume
January	24.21	23.19	160,475
February	24.00	22.90	78,729
March	27.00	24.00	331,303
April	27.38	26.64	85,854
May	27.19	26.00	137,610
June	23.32	21.80	119,897
July	23.90	22.51	74,710
August	24.69	23.61	33,559
September	24.45	22.30	83,299
October	23.60	22.00	101,354
November	23.10	22.50	66,736
December	23.21	22.64	108,177

6.2 Equity

As at the 2016 year-end, the share capital of Zavarovalnica Triglav remained at the same level with EUR 73,701,391.79 and was divided into 22,735,148 ordinary registered no-par value shares. All the ZVTG shares are of the same class, freely transferable and issued in a dematerialised form. Each represents the same stake and a corresponding amount in the share capital. All have been fully paid in. Each ZVTG share gives its holder the right to one vote at the General Meeting of Shareholders, proportional dividends from the profit intended for the payment of dividends and a proportional share of the remaining bankruptcy or liquidation estate after the payoff of priority shareholders in the case of bankruptcy or liquidation.

In acquiring shares, the existing and potential shareholders of Zavarovalnica Triglav are required to observe the provisions of the Insurance Act. Prior authorisation of the Insurance Supervision Agency is a prerequisite for:

- the acquisition of shares of an insurance company by which a person directly or indirectly acquires or exceeds a qualifying holding (the qualifying holding is a direct or indirect holding of shares or other rights that gives the holder a minimum 10% share of voting rights or equity interest, or that gives the holder a share of voting rights or equity interest that is smaller than 10%, but nevertheless allows the holder to significantly influence the management of the company). In the operative part of its decision on issuing an authorisation to acquire a qualifying holding, the Insurance Supervision Agency lays down the amount of participation in the voting rights or participation in the insurance undertaking's capital for which the authorisation is issued as the ceiling for one of these thresholds:

- participation in the insurance undertaking's voting rights or in the insurance undertaking's capital, which equals or is higher than the qualifying holding and lower than 20%;
- participation in the insurance undertaking's voting rights or in the insurance undertaking's capital, which equals or is higher than 20% and lower than 1/3;

- participation in the insurance undertaking's voting rights or in the insurance undertaking's capital, which equals or is higher than 1/3 and lower than 50%;
- participation in the insurance undertaking's voting rights or in the insurance undertaking's capital, which equals or is higher than 50%;
- participation based on which a future qualifying holder becomes the parent entity of the insurance undertaking;
- before any further acquisition of shares by which a qualified holder would surpass the threshold for which an authorisation for the acquisition of a qualifying holding had been issued;
- for the entities that agree to a concerted acquisition of the shares of the insurance undertaking or a concerted exercising of management rights arising from the shares (joint qualifying holders) and intend to acquire a holding by which they would jointly reach or exceed a qualifying holding of the undertaking;
- before any further acquisition of shares of the joint qualifying holders, by which their joint holding would surpass the threshold for which an authorisation to acquire a qualifying holding had already been issued.

The holders of shares that have been acquired or are possessed contrary to the Insurance Act have no voting rights. See the Insurance Act for further details.

6.3 Shareholder structure¹²

In 2016, there was no significant change in the shareholder structure of Zavarovalnica Triglav. The number of shareholders, primarily domestic natural persons holding a small number of shares, went down due to the abolition of free registry accounts kept by KDD – Centralno klirinška depotna družba d.d. (hereinafter: KDD). These accounts mostly originate from the end of the 1990s as the result of ownership transformation of Slovene companies. The accounts were abolished due to the process of European integration and implementation of common standards regarding the performance of corporate actions

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on securities. The natural persons who had securities on the registry accounts were required to transfer them to the accounts held with KDD members or the Ljubljana Stock Exchange by 1 January 2017, while the deadline for the legal entities was 30 September 2016.

Compared to 2015, the total number of shareholders went down by 35% to 18,334. As expected, particularly the number of natural persons decreased, i.e. by 9,590 to 17,815 shareholders as at the 2016 year-end. Their equity stake went up by 0.9 percentage point and reached 10.5% of total shares. As at the 2016 year-end, the legal entities accounted for 519 shareholders (108 less than the year before), holding 89.5% of all shares of Zavarovalnica Triglav.

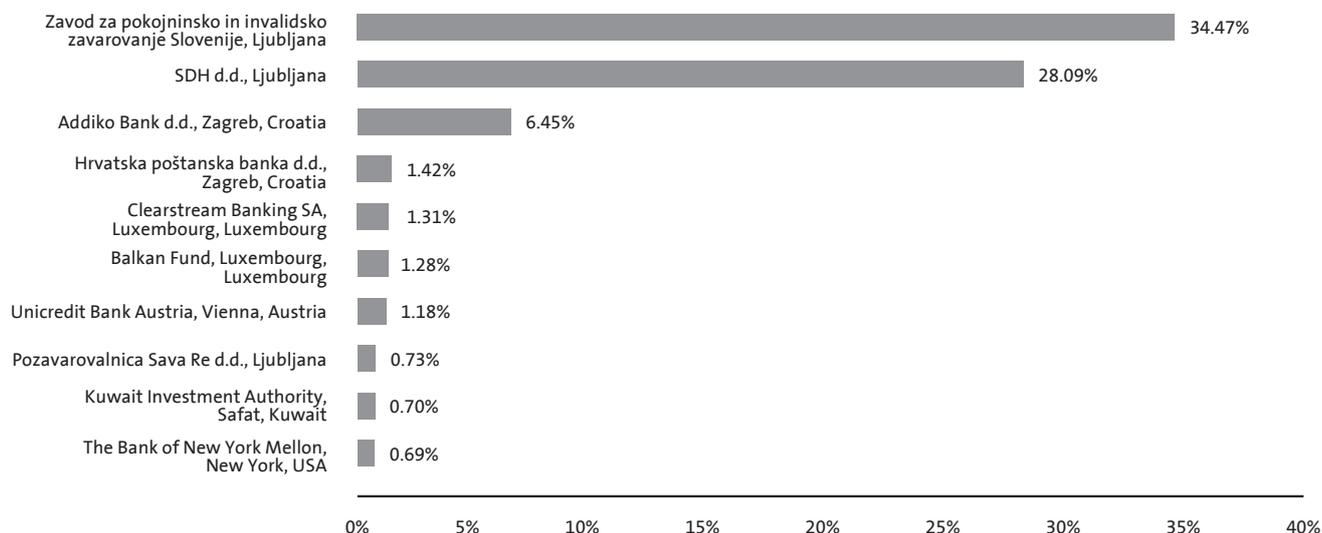
With the share of 97.5%, the shareholder structure of Zavarovalnica Triglav was dominated by domestic shareholders (98.3% as at the 2015 year-end). International shareholders held a 2.5% share, which is 0.8 percentage point more over the preceding year. The growth of their stake over several years came to a halt in 2015 but continued in 2016. Their equity stake accounted for 17.1% as at the reporting date, having increased by 0.03 percentage point over the 2015 year-end.

In the reporting period, ownership concentration measured by equity stakes of the top ten shareholders increased by 0.7 percentage point and accounted for 76.3% of total shares. The top two shareholders maintained their stakes, whereas Addiko bank d.d. – fiduciary account (the former Hypo Alpe-Adria Bank), the third top shareholder, increased its stake by 0.2 percentage point. Among the top ten shareholders, Unicredit Bank Austria – fiduciary account increased its stake the most, i.e. by 0.8 percentage point.

Shareholder structure of Zavarovalnica Triglav as at 31 December 2016

	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	18,844,958	3,890,190	20,355,597	2,379,551
Number of shareholders	18,334	17,876	458	519	17,815
Number of shares - percentage	100.00%	82.89%	17.11%	89.53%	10.47%
Number of shareholders - percentage	100.00%	97.50%	2.50%	2.83%	97.17%

Top ten shareholders of Zavarovalnica Triglav as at 31 December 2016 (ownership in %)



Top ten shareholders of Zavarovalnica Triglav as at 31 December 2016 and 31 December 2015

Shareholder	Number of shares		Ownership (in %)	
	2016	2015	2016	2015
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	7,836,628	34.47	34.47
SDH d.d., Ljubljana	6,386,644	6,386,644	28.09	28.09
Addiko Bank d.d., Zagreb, Croatia	1,467,458	1,435,521	6.45	6.31
Hrvatska poštanska banka d.d., Zagreb, Croatia	322,004	322,557	1.42	1.42
Clearstream Banking SA, Luxembourg, Luxembourg	297,152	273,152	1.31	1.20
Balkan Fund, Luxembourg, Luxembourg	290,278	326,278	1.28	1.44
Unicredit Bank Austria, Vienna, Austria	267,356	88,987	1.18	0.39
Pozavarovalnica Sava Re d.d., Ljubljana	166,678	166,678	0.73	0.73
Kuwait Investment Authority, Safat, Kuwait	158,571	154,771	0.70	0.68
The Bank of New York Mellon, New York, USA	157,157	100,214	0.69	0.44

The total number of shares held by the Management and Supervisory Boards equalled 480, thus remaining unchanged as at the 2016 year-end.

The number of shares owned by members of the Management and Supervisory Boards as at 31 December 2016

Name and surname	Post	No. of shares	Equity stake
Management Board		80	0.00%
Andrej Slapar	President of the Management Board	-	-
Benjamin Jošar	Member	-	-
Uroš Ivanc	Member	80	0.00%
Tadej Čoroli	Member	-	-
Marica Makoter	Member, Employee Representative	-	-
Supervisory Board		400	0.00%
Shareholder representatives		-	-
Igor Stebernak	Chairman	-	-
Gregor Kastelic	Deputy Chairman	-	-
Rajko Stanković	Member	-	-
Mario Gobbo	Member	-	-
Dubravko Štimac	Member	-	-
Matija Blažič	Member	-	-
Employee representatives		400	0.00%
Boštjan Molan	Member	-	-
Peter Celar	Member	400	0.00%
Ivan Sotošek	Member	-	-
Management and Supervisory Boards combined		480	0.00%

**Zavarovalnica Triglav
paid dividends for 2015
in the amount of
EUR 56,837,870 or
EUR 2.50 per share.**

6.4 Dividend policy

The dividend policy of Zavarovalnica Triglav is based on the Triglav Group's target capital adequacy, which is the foundation of safety of its operations and is adapted to the Solvency II system. The policy takes into account not only the planned volume of business and the related foreseen capital needs in the Slovene and other strategic markets but also the guidelines and good practices of the insurance sector. The basis for the dividend payment is a sufficient amount of accumulated profit of Zavarovalnica Triglav for the year.

In accordance with the solvency capital requirement (SCR), the target capital adequacy of the Group varies between 250% and 300%. Should the Company achieve the target capital adequacy, the Management Board and the Supervisory Board will, as a rule, propose a dividend payment in the amount of 30–50% of consolidated net profit of the Triglav Group.

Should the capital adequacy of the Triglav Group be less than 250%, the Management Board and the Supervisory Board will, as a rule, propose a payment of a lower proportion of dividend or non-payment of dividends. The capital adequacy of the Group exceeding the target level allows the Management Board and the Supervisory Board to draw up a proposal for a larger share of dividend payment.

The detailed guidelines for the dividend payment in relation to the capital adequacy level are shown in the figure under [[→ Section 1.3 Capital and capital adequacy management in Section Risk Management](#)].

The Company paid dividends for 2015 in the amount of EUR 56,837,870 or EUR 2.50 per share. As much as 64% of net profit of the Triglav Group for 2015 or 87% of accumulated profit of Zavarovalnica Triglav for 2015 was allocated to dividend payments as at 31 December 2015.

Overview of dividend payments for the business years 2013–2016

Items	2016	2015	2014	2013
Total dividends (in EUR)	to be defined	56,837,870	56,837,870	38,649,753
Dividends per share (in EUR)	to be defined	2.50	2.50	1.70
General Meetings of Shareholders	30 May 2017	31 May 2016	9 June 2015	10 June 2014
Earnings per share (in EUR)	3.31	2.57	2.01	2.12

* In calculating earnings/loss per share, net profit or loss of Zavarovalnica Triglav and the weighted average number of shares were taken into account.

6.5 Investor relations management

The main goal of transparent operations and open communication with investors, shareholders and the expert financial public is not only to promote the attractiveness of the Company's securities but also to achieve their fair value and the expected liquidity. As the company whose shares are listed on the Ljubljana Stock Exchange Prime Market Zavarovalnica Triglav fulfils the additional disclosure standards of this market segment and actively co-creates them.

The Company's publications regarding its strategy, plans, performance and other material information are announced in the financial calendar for the coming year. All publications are published in both Slovene and English and are available on the Company's website www.triglav.eu, the SEOnet information system of the Ljubljana Stock Exchange and the INFO HRAMBA system.

The Company proactively cooperates with analysts, institutional investors and shareholders and is available to them:

- at investment conferences in Slovenia and abroad,
- at presentation meetings in financial centres around the world,
- at individual meetings or via conference calls and
- by e-mail.

In 2016, Triglav participated in nine meetings with institutional investors and analysts in Slovenia as well as the financial centres across Europe and the USA. The calendar of past conferences, including the presentation material, and the calendar of future conferences in the current year is available on the Company's website.

Special attention is devoted to small shareholders. The Investor Relations subpage at www.triglav.eu contains a special section devoted to small shareholders, providing daily trading information about the ZVTG share and all key information on the Company's business operations and financial standing.

The contacts for further information for investors and existing shareholders are listed below.

Information for shareholders:

Zavarovalnica Triglav d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
Investor Relations, Helena Ulaga Kitek
Phone: ++386 (1) 47 47 331
E-mail: investor.relations@triglav.si

6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav

The Group's credit rating upgraded to "A" is in line with its strategy, thus enabling the Group to maintain an appropriate competitive position in insurance, reinsurance and financial markets.

With the improved credit ratings of »A« by both credit rating agencies S&P Global Ratings (hereinafter: S&PGR) and A.M. Best, the Triglav Group is the Slovene company with the highest credit ratings in the country. Both credit ratings have a stable medium-term outlook. The high credit rating of »A« is in line with the Group's strategy (also see [→ Section 4.2]) thus enabling the Group an appropriate competitive position in insurance, reinsurance and financial markets and consolidating its financial strength and solid performance.

In 2016, S&PGR upgraded the Group's long-term credit rating and the financial strength credit rating from »A-« to »A«. S&PGR improved the Group's business risk profile to strong due to the lower sovereign risk and improved conditions on the Slovene insurance market. An even higher rating, i.e. very strong, was assigned to the Group's financial risk profile, primarily thanks to the Group's diversified investment portfolio. S&PGR emphasised in its report that the Group has a comprehensive reinsurance protection.

Furthermore, S&PGR pointed out that the »A« credit rating exclusively reflects the Group's standalone credit profile and does not include any uplift from the insurer's status as a government-related

entity. The Group passed the hypothetical stress test for the exposure to sovereign risk, and should the latter be realised the Group's rating would be higher than the sovereign rating of the Republic of Slovenia.

The A.M. Best credit rating agency upgraded the financial strength rating of »A-« to »A« (Excellent) and the issuer credit rating of »a-« to »a« (Excellent) of both Zavarovalnica Triglav and Poza-zavarovalnica Triglav Re. The credit ratings reflect the Company's consistently excellent performance over the past five years, its leading position on the Slovene market and strong Triglav brand recognition in the region. According to A.M. Best, the Company's performance on the domestic market is affected by the improved but still challenging situation and fierce competition in the market. Nevertheless, the Company performed well in the pension and health insurance markets. The Company has established a comprehensive risk management and underwriting system, which is expected to improve even further. A.M. Best raised the credit ratings of the parent company also as the result of strong and risk-adjusted capital level of the Company. It is expected that the Company will maintain its prudent capital management and the adopted dividend policy, which will support the target capital adequacy of the Group. Furthermore, the credit rating agency upgraded the financial strength rating and the long-term credit rating of the Company's subsidiary Pozavarovalnica Triglav Re to »A« and »a« respectively, thereby confirming its key role as the reinsurer of all Triglav Group members.

6.7 Bonds of Zavarovalnica Triglav

Zavarovalnica Triglav issued a series of bonds. The bonds were issued as subordinated, registered, Euro-denominated bonds at a fixed rate of 5.95%. The bond nominal value was EUR 30 million. The last coupon and the principal will fall due on 21 March 2020.

Since 30 June 2010, the bonds bearing the ZT02 ticker symbol and the ISIN Code SI0022103038 have been traded on the bond market of the Ljubljana Stock Exchange.