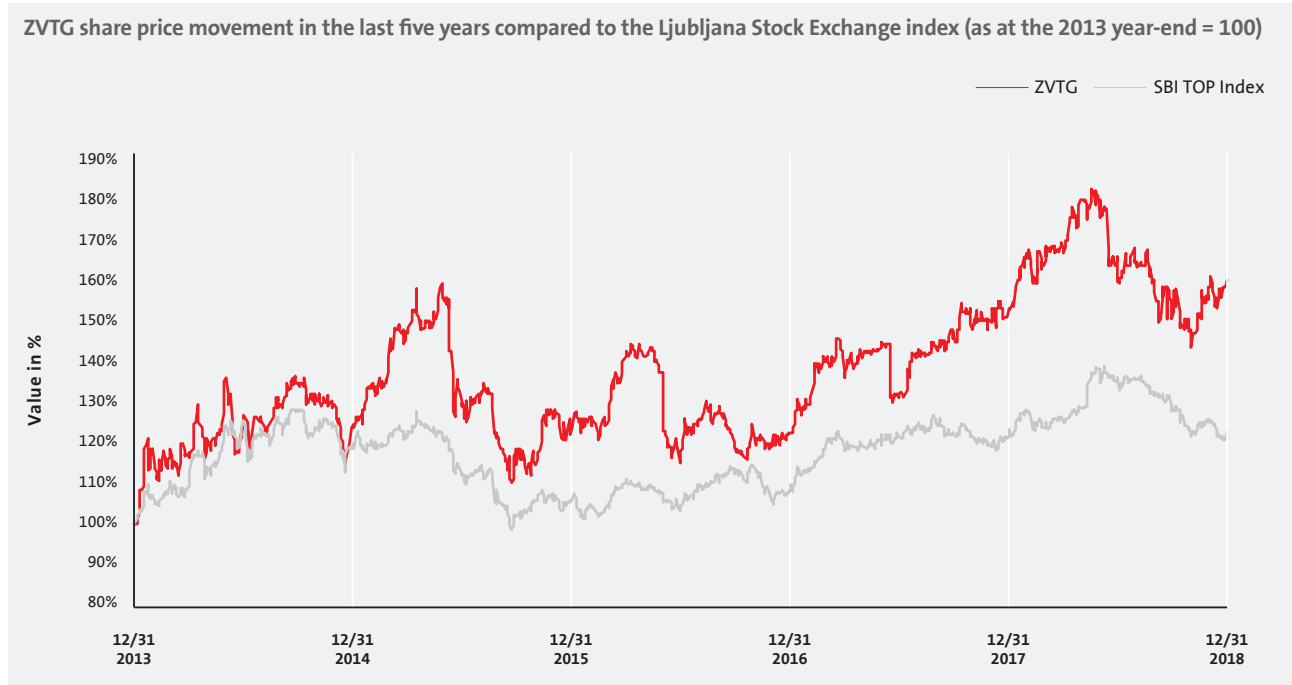


# 6. The Share and Shareholders of Zavarovalnica Triglav

## 6.1 The share of Zavarovalnica Triglav

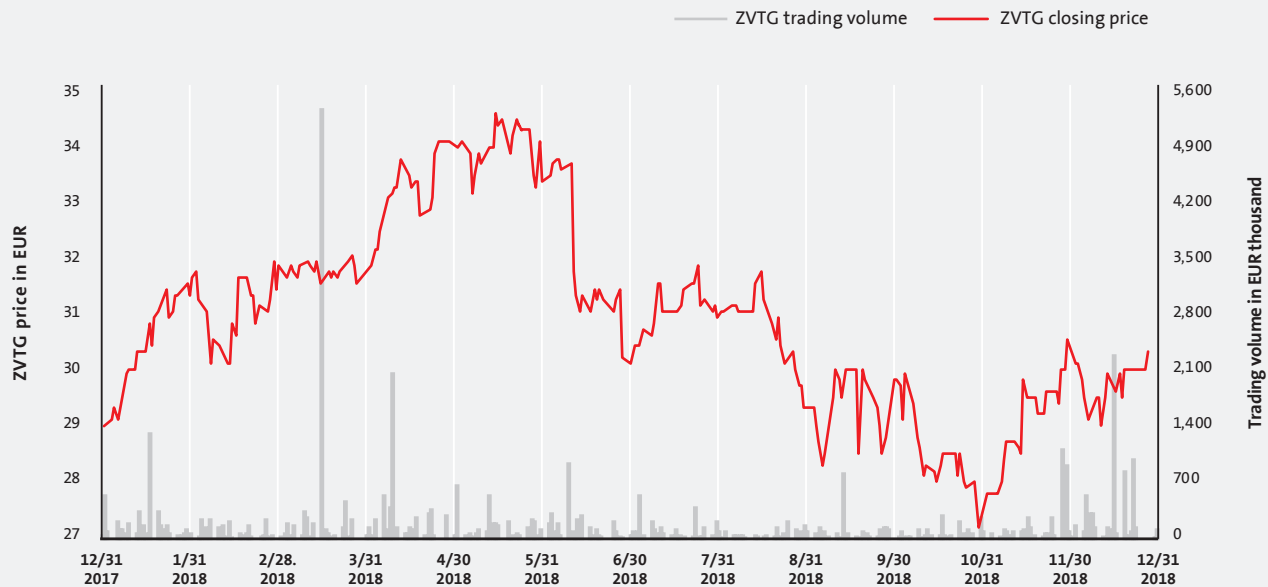
The reporting year saw a growing price of the ZVTG share, having increased by 4.8%. The SBI TOP index of the Ljubljana Stock Exchange decreased by 0.2%, global BEINSUR index by 10.3%. In the last five years, the ZVTG share price movement followed the SBI TOP index trend (see figure), however, it recorded a noticeably higher growth.

The first half of 2018 saw a gradual growing of the ZVTG price, having increased by 16% as at 11 June 2018, followed by the anticipated drop in price due the entitlement to dividends for 2017. In the second half of the reporting year, the ZVTG share was affected mostly by conditions on the capital markets. As at the reporting date, the closing price of the share equalled the H1 2018 figure, total annual growth of the price of the ZVTG share reached 4.8%.

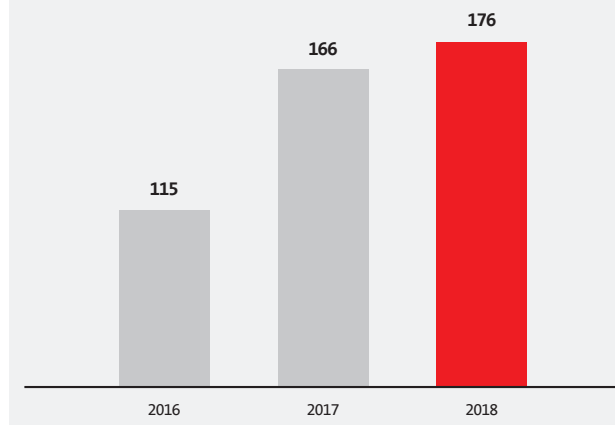


- As at the reporting date, total yield of share was 13.1%.
- Zavarovalnica Triglav implemented an attractive and sustainable dividend policy.
- Strengthening of the share of international shareholders continued.
- High »A« credit ratings with a stable medium-term outlook were reassigned.

Movements in the closing price (left axis) and trading volume (right axis) of the ZVTG share in 2018



Average daily ZVTG share turnover in the last three years (in EUR thousand)



Compared to the preceding year, the ZVTG share turnover again increased and was up by 6%. The ZVTG share was the third most traded share on the Ljubljana Stock Exchange, accounting for 13.2% of total turnover in shares. In terms of market capitalisation, Zavarovalnica Triglav was third largest listed Slovene company with EUR 689 million.

**689**  
EUR million  
market capitalisation

Key figures for the share of Zavarovalnica Triglav			
Items	31 December 2018	31 December 2017	31 December 2016
Maximum closing price	34.50	29.30	27.38
Minimum closing price	27.20	23.21	21.80
Closing price	30.30	28.90	23.20
Book value per share (parent company)*	24.64	25.13	24.78
Book value per share (consolidated data)*	32.75	32.98	32.28
Net earnings per share (consolidated data)**	3.56	3.07	3.62
Market capitalisation	688,874,984	657,045,777	527,455,434
Average daily trading volume	176,495	166,345	114,845
Payed dividend per share for the previous business year	to be defined	2.50	2.50
No. of shares	22,735,148	22,735,148	22,735,148
The percentage of floating stock***	30.89%	31.04%	30.98%
Traded on	Ljubljana Stock Exchange - LJSE		
ISIN code	SI0021111651		
Ticker symbol	ZVTG		
Bloomberg	ZVTG SV		
Reuters	ZVTG.LJ		
Credit rating (S&P Global Ratings, A.M. Best)	»A«, stable medium term outlook	»A«, stable medium term outlook	»A«, stable medium term outlook

\* In calculating the book value per share (parent company), the equity of Zavarovalnica Triglav and the number of shares as at the reporting date were taken into account, whilst in calculating the book value per share (consolidated data), the equity attributable to the controlling company and the number of shares as at the reporting date were taken into account.

\*\* In calculating net earnings/loss per share (consolidated data), net profit or loss of the Triglav Group and the weighted average number of shares were taken into account.

\*\*\* The shares held by shareholders with a 5% or higher stake are deducted from the total number of shares.

## 6.2 Equity

As at the 2018 year-end, the share capital of Zavarovalnica Triglav remained at the same level with EUR 73,701,391.79 It was divided into 22,735,148 ordinary registered no-par value shares of the same class. All the shares of Zavarovalnica Triglav are freely transferable and issued in a dematerialised form. Each represents the same stake and corresponding amount in the share capital. All have been paid up in full. 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 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:

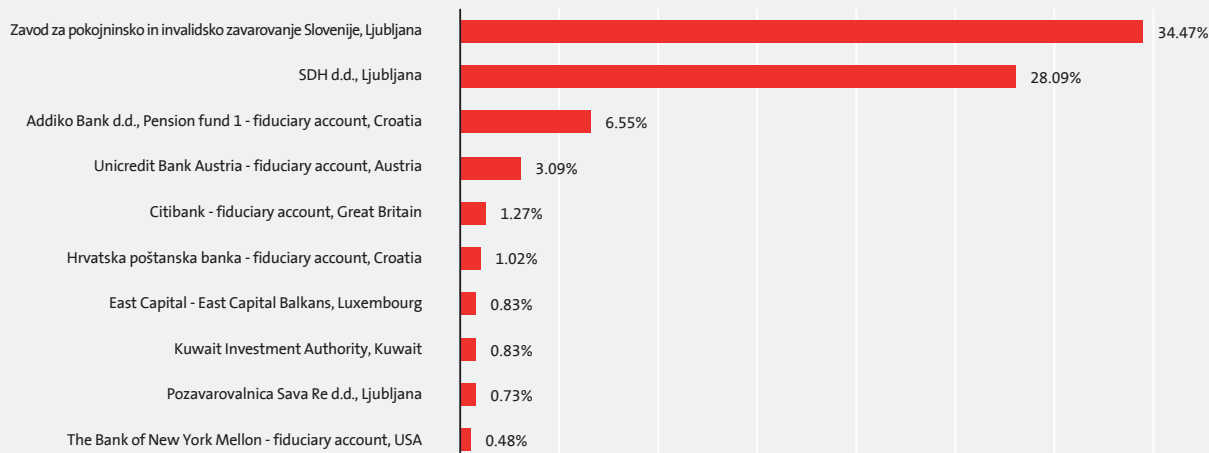
- participation in the insurance undertaking's voting rights or in the insurance undertaking's capital, which equals or is higher than the qualifying holding and lower than 20%;
- participation in the insurance undertaking's voting rights or in the insurance undertaking's capital, which equals or is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

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 structure<sup>16</sup>

In 2018, there were no significant changes to the shareholder structure of Zavarovalnica Triglav. As at the reporting date, top ten shareholders held 77.4% of total shares, which was 0.7 percentage point more over the 2017 year-end. The structure of top ten shareholders remained unchanged, with the exception of the Company's shares on the fiduciary account of the British Citibank. The biggest shareholders, two funds of the Republic of Slovenia, maintained their equity stakes, whilst some major shareholders had to adapt their positions. Unicredit Bank Austria from Austria (fiduciary account) increased its stake the most (by 0.3 percentage point), whereas Hrvatska poštanska banka from Croatia (fiduciary account) recorded the highest decrease of its stake (by 0.4 percentage point).

### Top ten shareholders of Zavarovalnica Triglav as at 31 December 2018 (ownership in %)



### Top ten shareholders of Zavarovalnica Triglav as at 31 December 2018 and 31 December 2017

Shareholder	Number of shares		Ownership (in %)	
	2018	2017	2018	2017
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., Pension fund 1 - fiduciary account, Zagreb, Croatia	1,488,809	1,453,894	6.55	6.39
Unicredit Bank Austria - fiduciary account, Vienna, Austria	703,410	634,792	3.09	2.79
Citibank - fiduciary account, London, Great Britain	289,498	36,687	1.27	0.16
Hrvatska poštanska banka d.d. - fiduciary account, Zagreb, Croatia	232,189	322,004	1.02	1.42
East Capital - East Capital Balkans, Luxembourg, Luxembourg	188,100	221,700	0.83	0.98
Kuwait Investment Authority, Safat, Kuwait	187,827	193,827	0.83	0.85
Pozavarovalnica Sava Re d.d., Ljubljana	166,678	166,678	0.73	0.73
The Bank of New York Mellon - fiduciary account, New York, USA	109,855	128,576	0.48	0.57

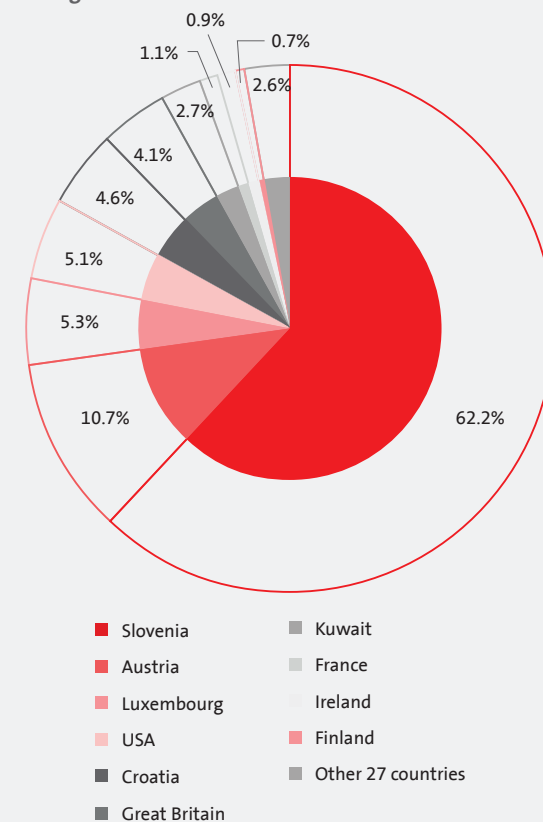
### Shareholder structure of Zavarovalnica Triglav as at 31 December 2018

	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	18,595,111	4,140,037	20,239,455	2,495,693
Number of shareholders	14,153	13,504	649	478	13,675
Number of shares - percentage	100.00%	81.79%	18.21%	89.02%	10.98%
Number of shareholders - percentage	100.00%	95.41%	4.59%	3.38%	96.62%

Source: Centralna klirinško depotna družba (domestic/international data based on the country of entry in the share register)

As at 31 December 2018, Zavarovalnica Triglav had **14,153 shareholders**, or 1% less than the year before. The biggest changes were seen in the number and equity stakes of **international shareholders**, as their multi-annual growth increased even further. As at the 2018 year-end, the Company had **649 international shareholders**, which is **48% more over the preceding year**. The share of the **free float**, i.e. the shares held by the shareholders with less than a 5% equity stake, stood at **37.8% or 18.2% of total shares**. The observed trend is also the result of the strengthened promotion of the Triglav Group among international investors and an active investor relations policy implemented by Zavarovalnica Triglav.

### The free float shareholder structure of Zavarovalnica Triglav by the country of origin of shareholders entered in the share register as at 31 December 2018



The number of shares held by the Management and Supervisory Boards equalled 4,484 as at the end of reporting period, the same as one year earlier.

The number of shares owned by members of the Management and Supervisory Boards as at 31 December 2018

Name and surname	Post	No. of shares	Equity stake
<b>Management Board</b>			
Andrej Slapar	President of the Management Board	-	-
Uroš Ivanc	Member	80	0.00%
Tadej Čoroli	Member	-	-
Barbara Smolnikar	Member	-	-
Marica Makoter	Member, Employee Representative	-	-
<b>Supervisory Board</b>		<b>4,404</b>	<b>0.02%</b>
<b>Shareholder Representatives</b>		<b>4,004</b>	<b>0.02%</b>
Igor Stebernak	Chairman	-	-
Andrej Andoljšek	Deputy Chairman	-	-
Mario Gobbo	Member	-	-
Nataša Damjanovič	Member	-	-
Žiga Škerjanec	Member	-	-
Milan Tomaževič	Member	4,004	0.02%
<b>Employee representative</b>		<b>400</b>	<b>0.00%</b>
Boštjan Molan	Member	-	-
Peter Celar	Member	400	0.00%
Ivan Sotošek	Member	-	-
<b>Management and Supervisory Board combined</b>		<b>4,484</b>	<b>0.02%</b>

## 6.4 Dividends and dividend policy

At the General Meeting of Shareholders of Zavarovalnica Triglav held on 29 May 2018, the shareholders passed the draft resolution on the dividend payment in the same amount as the year before, totalling EUR 56,837,870 or EUR 2.50 gross per share, which accounted for 82% of consolidated net profit for 2017. **Taking into account the closing price as at the reporting date, the dividend yield of the ZVTG share was 8.3% and total yield 13.1%.** The dividend payments in the previous years are shown in the table below.

Overview of dividend payments for the business years 2015-2018

Items	2018	2017	2016	2015
Total dividends (In EUR)	to be defined	56,837,870	56,837,870	56,837,870
Dividends per share (in EUR)	to be defined	2.50	2.50	2.50
General Meetings of Shareholders	28 May 2019	29 May 2018	30 May 2017	31 May 2016

In March 2018, the dividend policy of Zavarovalnica Triglav was revised.

Zavarovalnica Triglav implements an attractive and sustainable dividend policy. A part of consolidated net profit of the preceding year, which is to be allocated to dividend payment, accounts for at least 50%. The Company will strive to pay out a dividend not lower than the dividend payment of the preceding year. As thus far, the future implementation of the dividend policy will be subordinated to achieving the medium-term sustainable target capital adequacy of the Triglav Group. The proposal of the Management Board and the Supervisory Board as regards the annual distribution of accumulated profit of the Company will therefore take into account the following three objectives in a balanced manner: to ensure prudent capital management of the Triglav Group and its financial stability, to reinvest net profit in the implementation of the strategy of growth and development of the Triglav Group and to pay out attractive dividends to the shareholders.

The capital management strategic objectives and the dividend policy criteria are described in [→ Section 1.3 Risk Management].

## 6.5 Investor relation management<sup>17</sup>

Through proactive management of relations with investors, shareholders and analysts, the Company **promotes the attractiveness of its issued financial instruments**, with the aim of achieving an adequate liquidity. Transparency is achieved with active and open communication, whilst ensuring equal treatment of all investors. As one of the biggest the companies whose shares are listed on the Ljubljana Stock Exchange Prime Market, Zavarovalnica Triglav co-develops the standards of this market segment, following the good international practices.

**Investor relations are being further strengthened.** In 2018, Triglav participated in twelve meetings with institutional investors across Europe and in the USA (in seven on average until 2016). Along with the participation in five meetings with institutional investors and analysts in the financial centres across Europe, Triglav organised multi-day investor road show in the USA and in Scandinavia/Baltic countries for the first time. The Company participated in four webcasts and organised a gathering with analysts and investors for the third consecutive year. The calendar of past investor conferences, including the presentation material, and the calendar of future conferences is available on the Company's website. The Company is available to analysts, institutional investors and shareholders at individual meetings, via conference calls and by e-mail.

Special attention is devoted to small shareholders. The Investor Relations subpage at [www.triglav.eu](http://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.

Key information are announced in the financial calendar for the coming year, which is simultaneously published in the Slovene and English languages on the website. All publications are available on the Company's website [www.triglav.eu](http://www.triglav.eu), the SEOnet information system of the Ljubljana Stock Exchange and the INFO HRAMBA system.

Investors and current shareholders can obtain more information at the following address:

**Information for shareholders:**

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

<sup>17</sup> GRI GS 102-42, 102-43

## 6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav

The credit ratings of the Triglav Group – and consequently its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re – were an »A« stand-alone credit rating with a stable medium-term outlook. S&P Global Ratings and A.M. Best assigned these credit ratings to Triglav. The »A« credit ratings reflect the Group's standalone credit profile and does not include any uplift from the insurer's status as a government-related entity.

Credit ratings of Zavarovalnica Triglav since 2008

Year	Credit rating	Medium-term outlook	Rating agency
2018	A	Stable	A.M. Best
			S&P Global Ratings
2017	A	Stable	A.M. Best
			S&P Global Ratings
2016	A	Stable	A.M. Best
			S&P Global Ratings
2015	A-	Positive	A.M. Best
			S&P Global Ratings
2014	A-	Positive	A.M. Best
			S&P Global Ratings
2013	A-	Stable	S&P Global Ratings
			A.M. Best
	BBB+	Positive	S&P Global Ratings
2012	A-	Negative	S&P Global Ratings
2011	A	Negative	S&P Global Ratings
2010	A	Stable	S&P Global Ratings
2009	A	Stable	S&P Global Ratings
2008	A	Stable	S&P Global Ratings

In 2018, the credit rating agency S&P assessed the business risk profile of the Triglav Group as strong and its financial risk profile as very strong. According to S&P, the assessment is based on the Group's leading position both in Slovenia and the region, its profitable and well-diversified insurance portfolio enhanced by a large sales network and strong brand recognition. As the important aspects, S&P pointed out the Group's strategic client-centric approach, its leading position in offering innovative risk covers in the region and the use of alternative sales channels, such as the option to purchase insurance online. Apart from that, S&P stated in its report that the Group's capital adequacy meets the »AAA« rating requirements, also reaffirmed by the Solvency II ratio of 222% as at the 2017 year-end. Sound financial stability is ensured by strong business profitability, a very conservative and stable reinsurance protection and

prudent management of provisions. According to S&P, the Group has a well-diversified investment portfolio, with its assets mostly invested in the euro area. The exceptional liquidity of the Group

was pointed out as its important advantage. It is based on steady premium income and a liquid asset portfolio, allowing the Triglav Group to manage unexpectedly large claims. Furthermore, the Group's experienced management is effectively adjusting the Group to the changing environment and market conditions, while at the same time focusing not only on the Group's core activities (insurance and asset management) but also on implementing its set strategy.

According to A.M. Best, the affirmation of the high credit rating reflects the Triglav Group's strong operating performance, very strong balance sheet and appropriate enterprise risk management. The Group's balance sheet strength is underpinned by strong capitalisation, prudent reserving approach and good financial flexibility. Its operating performance over the recent years has been assessed as strong, even though it continues to be impacted by the low interest rate environment, the situation in the life insurance segment and intense competitive conditions on the markets. A.M. Best pointed out the advantages of the Group's dominant position both in the Slovene market and the region. Moreover, outside of Slovenia the Group continues to demonstrate improvement in earnings, primarily by achieving additional scale and actively seeking alternative lower cost distribution channels.

## 6.7 Bonds of Zavarovalnica Triglav

Zavarovalnica Triglav issued a series of subordinated bonds. 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. They are 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.