

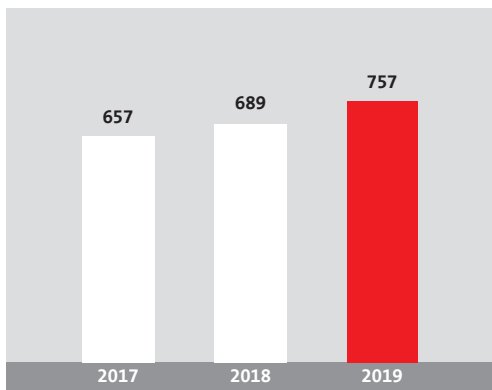
6. The share and shareholders of Zavarovalnica Triglav

- Total return on Zavarovalnica Triglav’s share was 17.4% at the end of the year.
- The two credit rating agencies again assigned the Triglav Group the high credit rating of »A« with a stable medium-term outlook.
- The Company successfully issued a new subordinated bond, replacing the bond maturing in 2020.
- The service of maintaining ZVTG share liquidity was added to the activities for improving the liquidity of ZVTG share. This service was previously not available on the Ljubljana Stock Exchange.
- There were no significant changes among the largest shareholders, while the ownership of the remaining shares remained globally diversified.

6.1 Share of Zavarovalnica Triglav

Total return on ZVTG was 17.4% at the end of 2019, an increase of 4.3 percentage points relative to the previous year. The share was again **the third most liquid on the Ljubljana Stock Exchange**, its average daily turnover was EUR 136 thousand. Total annual turnover amounted to EUR 32 million, accounting for 11% of total annual turnover on the Slovene stock exchange without block trades. The market capitalisation of Zavarovalnica Triglav stood at EUR 757 million, thereby being **the fourth largest** Slovene listed company.

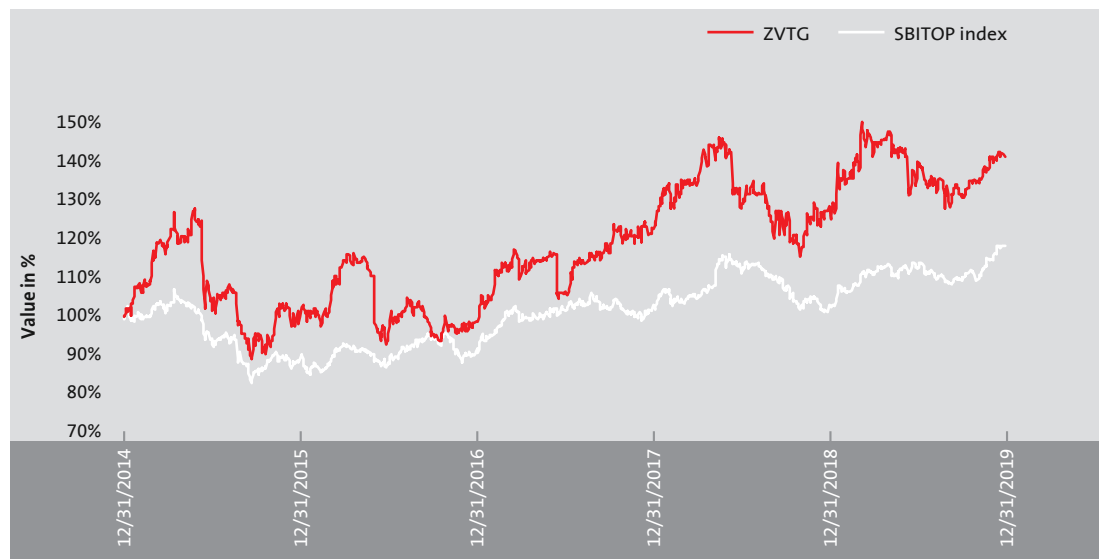
Market capitalisation of Zavarovalnica Triglav (in EUR million)



According to the available data, ZVTG share is included in **13 indices**, owned by MSCI, STOXX and S&P and the Ljubljana, Vienna, Zagreb and Warsaw stock exchanges. In 2019, ZVTG share was included in two new regional indices – the ADRIA Prime total return index and the CEEplus index. The ADRIA Prime index includes shares listed on the prime market of the Ljubljana and Zagreb stock exchanges. The CEEplus index, which is managed by the Warsaw Stock Exchange, comprises of the most liquid shares of seven regional stock exchanges.

According to the **movements in the ZVTG share price over the last five years**, the ZVTG share price increased by 41%, while the Ljubljana Stock Exchange index (SBITOP) rose by 18%.

Movement in the ZVTG share price over the last five years compared to the Ljubljana Stock Exchange index (as at the 2014 year-end = 100)



In 2019, the share price was up by 9.9% compared to year earlier (the SBITOP index rose by 15.0%). From the beginning of 2019 to 10 June 2019, it increased by 9.9% to EUR 33.30, but the following day it fell, as expected, because the shareholders were no longer entitled to the dividend payment for 2018. The 6.6% decrease was lower than the dividend yield on the last day of entitlement, which was 7.5%. In the second half of the year, the share followed the movement of the stock index. The share price increased and at the end of the year it reached its value before the dividend payment. As at 31 December 2019, its value stood at EUR 33.30, which is close to its book value.

Movements in the closing price (left axis) and trading volume (right axis) of the ZVTG share in 2019



Key figures relating to the share of Zavarovalnica Triglav

Items	31 December 2019	31 December 2018	31 December 2017
Maximum closing price	35.40	34.50	29.30
Minimum closing price	29.50	23.21	21.80
Closing price	33.30	30.30	28.90
Book value per share (parent company)	25.53	24.64	25.13
Book value per share (consolidated data)	34.73	32.75	32.98
Net earnings per share (consolidated data)	3.69	3.56	3.07
Market capitalisation	757,080,428	688,874,984	657,045,777
Average daily trading volume	135,518	176,495	166,345
Payed dividend per share for the previous business year	to be defined	2.50	2.50
Number of shares	22,735,148	22,735,148	22,735,148
The percentage of floating stock	30.87%	30.89%	31.04%
Traded on	Ljubljana Stock Exchange - LJSE		
ISIN code	SI0021111651		
Ticker symbol	ZVTG		
Bloomberg	ZVTG SV		
Reuters	ZVTG.LJ		
Credit rating (S&P Global Ratings, AM Best)	»A«, stable medium term outlook	»A«, stable medium term outlook	»A«, stable medium term outlook

6.2 Equity

As at 31 December 2019, Zavarovalnica Triglav's share capital amounted to EUR 73,701,391.79. It is divided into 22,735,148 ordinary registered no-par value shares constituting one class. The shares are issued in dematerialised form and are freely transferable. Each share represents the same stake and corresponding amount in share capital. All have been paid up in full. Each share gives its holder the right to one vote at the General Meeting of Shareholders, a proportionate share of profits (payment of dividends) and a proportionate share of residual bankruptcy or liquidation estate after the payoff of preference shareholders.

In acquiring shares, the existing and potential shareholders of Zavarovalnica Triglav are required to comply with the Insurance Act (ZZavar-1). Prior authorisation of the Insurance Supervision Agency is a prerequisite for:

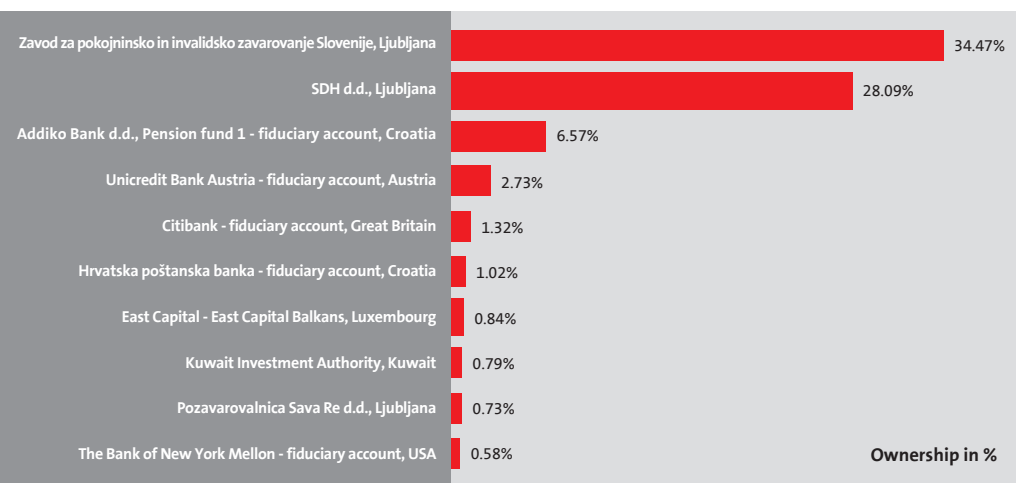
- the acquisition of shares of an insurance undertaking by which a person acquires or exceeds a qualifying holding (i.e. a direct or indirect holding of shares or other rights that gives the holder a minimum 10% share of voting rights or capital, or that gives the holder a share of voting rights or capital lower than 10%, but nevertheless allows the holder to significantly influence the management of the company). In its decision on issuing an authorisation to acquire a qualifying holding, the Insurance Supervision Agency determines the level of the share in the voting rights or capital of the insurance undertaking for which the authorisation is issued as one of the following ranges:
 - the share of the voting rights or capital of the insurance undertaking that is equal to or greater than a qualifying holding and less than 20%;
 - the share of the voting rights or capital of the insurance undertaking that is equal to or greater than 20% and less than one third;
 - the share of the voting rights or capital of the insurance undertaking that is equal to or greater than one third and less than 50%;;
 - the share of the voting rights or capital of the insurance undertaking that is equal to or greater than 50%;
 - the share on the basis of which the future qualifying holder becomes the parent company of the insurance undertaking;
- before any subsequent acquisition of shares by the qualifying holder that would result in the qualifying holding exceeding the range subject to the already issued authorisation for acquisition of a qualifying holding;
- 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 subsequent acquisition of shares by the joint qualifying holders that would result in their joint qualifying holding exceeding the range subject to the already issued authorisation for acquisition of a qualifying holding.

The holder of shares of an insurance undertaking that were acquired or are being held in contravention of the ZZavar-1 have no voting rights with respect to those shares. See the ZZavar-1 for further details.

6.3 Shareholder structure¹⁶

In 2019 there were no significant changes in the shareholder structure of Zavarovalnica Triglav. The structure of the ten largest shareholders of Zavarovalnica Triglav remained unchanged in terms of their ownership stake, and their total ownership stake remained at the level of the previous year (77%). The stakes of the two largest shareholders, the legal entities owned by the Republic of Slovenia, did not change, while some of the remaining largest shareholders adjusted their stakes.

Top ten shareholders of Zavarovalnica Triglav as at 31 December 2019 and their ownership stakes



Top ten shareholders of Zavarovalnica Triglav as at 31 December 2019 relative to 31 December 2018

Shareholder	Number of shares		Ownership (in %)	
	2019	2018	2019	2018
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	1,494,061	1,488,809	6.57	6.55
Unicredit Bank Austria - fiduciary account, Vienna, Austria	619,634	703,410	2.73	3.09
Citibank - fiduciary account, London, Great Britain	301,183	289,498	1.32	1.27
Hrvatska poštanska banka - fiduciary account d.d., Zagreb, Croatia	232,644	232,189	1.02	1.02
East Capital - East Capital Balkans, Luxembourg, Luksembourg	190,420	188,100	0.84	0.83
Kuwait Investment Authority, Safat, Kuwait	179,227	187,827	0.79	0.83
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	132,658	109,855	0.58	0.48

As at 31 December 2019, Zavarovalnica Triglav had **13,161 shareholders**, down by 7% compared to the year before. The number of shareholders decreased primarily due to the continued withdrawal of those Slovene citizens who have owned a small number of shares since the privatisation of the Company. At the same time, the same group of shareholders, i.e. Slovene citizens, was increasing its ownership stake. In 2019, the latter increased by 0.4 percentage point to 11.4% of the Company's total shares.

As at the 2019 year-end, **international shareholders** held 17.4% of all shares or 35.0% of the free float (i.e. the shares held by the shareholders with less than a 5% ownership stake).

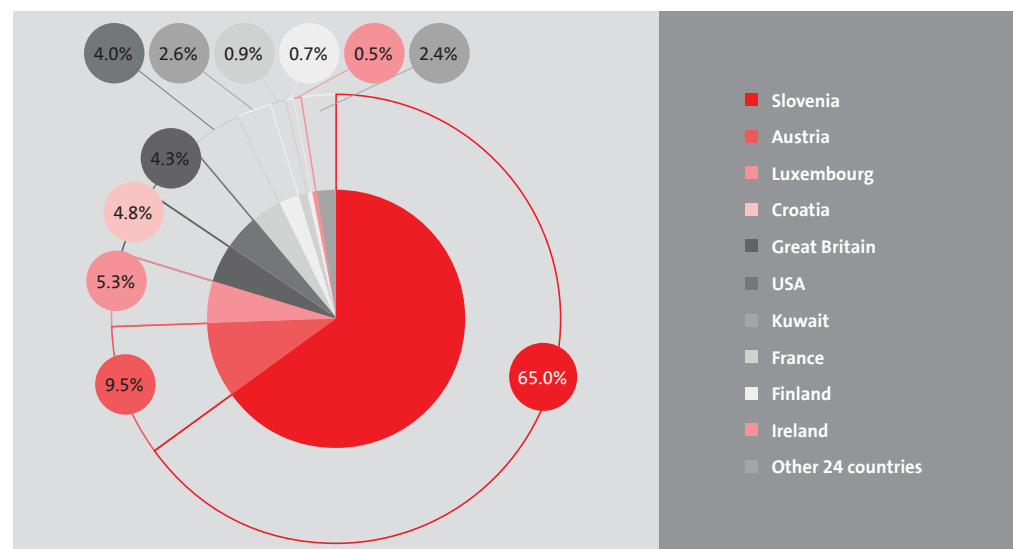
Shareholder structure of Zavarovalnica Triglav as at 31 December 2019

	Total	Domestic	International	Legal entities	Natural persons
Number of shares	22,735,148	18,784,465	3,950,683	20,149,325	2,585,823
Number of shareholders	13,161	12,793	368	464	12,697
Number of shares - percentage	100.00%	82.62%	17.38%	88.63%	11.37%
Number of shareholders - percentage	100.00%	97.20%	2.80%	3.53%	96.47%

Source: Centralna klirinško depotna družba (data on the country of origin are based on the country of entry in the share register)

The share of **Zavarovalnica Triglav's free float** stood at 30.9% as at 31 December 2019, the same as the year before. Their ownership is globally dispersed among shareholders/subscribers in the share register from 34 countries, mostly Europe, the US and the Middle East.

The free float shareholder structure of Zavarovalnica Triglav by the country of origin of shareholder/subscriber in the share register as at 31 December 2019



The members of the Management Board and the Supervisory Board held 5,688 shares of Zavarovalnica Triglav as at the 2019 year-end, an increase of 1,204 relative to the previous year. The change was a result of the shares held by the new Supervisory Board member – employee representative, who owned those shares before taking office.

The number of shares owned by the members of the Management and Supervisory Boards as at 31 December 2019

Name and surname	Post	No. of shares	Equity stake
Management Board		80	0.00%
Andrej Slapar	President of the Management Board	-	-
Uroš Ivanc	Member	80	0.00%
Tadej Čoroli	Member	-	-
Barbara Smolnikar	Member	-	-
David Benedek	Member	-	-
Marica Makoter	Member	-	-
Supervisory Board		5,608	0.02%
Shareholder representatives		4,004	0.02%
Igor Stebernak	Chairman	-	-
Andrej Andoljšek	Deputy Chairman	-	-
Mario Gobbo	Member	-	-
Nataša Damjanovič	Member	-	-
Žiga Škerjanec	Member	-	-
Milan Tomažević	Member	4,004	0.02%
Employee representatives		1,604	0.01%
Peter Celar	Member	400	0.00%
Branko Gorjan	Member	1,204	0.01%
Igor Zupan	Member	-	-
Management and Supervisory Board combined		5,688	0.03%

6.4 Dividend and dividend policy

At the General Meeting of Shareholders held on 25 May 2019, the shareholders of Zavarovalnica Triglav 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 70% of consolidated net profit for 2018. Taking into account the closing price as at 31 December 2019, the dividend yield of the ZVTG share was 7.5% and total return was 17.4%.

Dividend payments for the business years 2016–2019

Items	2019	2018	2017	2016
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 Meeting of Shareholders	26 May 2020	28 May 2019	29 May 2018	30 May 2017

In March 2018, the dividend policy of Zavarovalnica Triglav was revised. The Company pursues 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 strategic objectives of capital management and the dividend policy are described in [→ Section 1.3 Risk Management].

6.5 Investor relation management¹⁷

Through active management of relations with investors, shareholders and analysts, the Company promotes the attractiveness of its issued financial instruments. In February 2019, the service of maintaining ZVTG share liquidity was added to the existing activities. This service was previously not available on the Ljubljana Stock Exchange.

Relations with all investors and shareholders are nurtured and strengthened. In 2019, the Company participated in 11 events held for institutional investors in Europe and the USA, in addition to meetings, conference calls and other contacts. The calendar of past investor conferences, including the presentation material, and the calendar of future events are available on the Company’s website.

Special attention is given to minority shareholders. To this end, the Company promotes the activities related to their share ownership. In 2019, the Company again actively cooperated with the Ljubljana Stock Exchange and other stakeholders to improve financial literacy in Slovenia.

With respect to investor relations, the Company follows best international practices and, as one of the largest listed companies of the Ljubljana Stock Exchange, strives to co-create the standards of this market. Transparent, active and open operation is of great importance. That is why all investors are treated equally. Key information in Slovene and English is announced in the financial calendar for the coming year, which is published on the Company’s website. All relevant information for investors and current shareholders is available on the Company’s website www.triglav.eu, the SEOnet information system of the Ljubljana Stock Exchange and the INFO HRAMBA system. For more information, please contact us at the address, email or phone number below.

Information for shareholders:

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¹⁷ GRI GS 102-42, 102-43

6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav

The Triglav Group, its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re, were assigned an **»A« stand-alone credit rating with a stable medium-term outlook**. The credit rating was assigned by S&P Global Ratings and AM Best. It reflects the Group's stand-alone credit profile and does not include any uplift from the insurer's status as a government-related entity.

According to **S&P Global Ratings**, its credit rating assigned on 31 July 2019 is based on the Group's leading position both in Slovenia and the region, its well-diversified insurance portfolio enhanced by a large sales network and strong brand recognition. The business risk profile of the Triglav Group was assessed as strong and its financial risk profile as very strong. The Group's investment portfolio consists of high-quality investments broadly diversified mainly across the euro area. The Group has a conservative reinsurance protection and a solid risk profile. All this enables the Group to generate stable and profitable performance, which S&P expects to continue in the future, as the Group continues to pursue its set strategic activities. Among others, these include ongoing development of its segmented product range, geographic diversification of income by increasing its premium share on the markets outside of Slovenia and the strengthening of its asset management activity. Growth and development are supported by the Group's strong capital base, which S&P expects to remain at least in the **»AA«** range. The stable medium-term outlook reflects S&P's expectations that the Group will continue to effectively implement its business strategy, focusing on growth and further diversifying its operations, sustaining very strong capital adequacy, and posting solid and stable earnings over the next two years.

According to **AM Best**, the Group's balance sheet strength is very strong and its operating performance strong, while the impact of both the business profile and the majority holding on the credit rating is neutral. It further points out that the Group's enterprise risk management is developed and appropriate for its risk profile and operational scope and complexity. The assessment of a very strong balance sheet is based on the Group's risk-adjusted capitalisation, which is at its strongest level. According to the rating agency, the Group has a prudent reserving approach and good financial flexibility with access to equity and bond markets, which was reflected in the subordinated bond issued in 2019. The Group's strong operating performance over the recent years has been driven by the excellent non-life insurance technical earnings in the domestic market and healthy investment income, even though it continues to be impacted by the low interest rate environment, the situation in the life insurance segment and very intense competitive conditions on the markets of the region in which the Group is present. AM Best pointed out the advantages of the Group's dominant position both in the Slovene market and the region. The Group has a well-diversified portfolio by both product and geography. Moreover, outside of Slovenia, the Group continues to demonstrate improvement in earnings on the basis of additional scale and actively seeking alternative lower cost distribution channels.

Credit ratings of Zavarovalnica Triglav since 2008

Year	Credit rating	Medium-term outlook	Rating agency
2019	A	Stable	AM Best
			S&P Global Ratings
2018	A	Stable	AM Best
			S&P Global Ratings
2017	A	Stable	AM Best
			S&P Global Ratings
2016	A	Stable	AM Best
			S&P Global Ratings
2015	A-	Positive	AM Best
			S&P Global Ratings
2014	A-	Positive	AM Best
			S&P Global Ratings
2013	A-	Stable	S&P Global Ratings
			AM 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

6.7 Bonds of Zavarovalnica Triglav

Zavarovalnica Triglav issued two subordinate bonds in 2019, both of which are included in its capital adequacy. The first bond (ISIN SI0022103038) matured on 21 March 2020 and was replaced by another bond (ISIN XS1980276858). The latter was issued in 2019 as part of the Group's regular capital management, which ensures the Company's optimal capital structure and cost-effectiveness. See the table for more information.

Bonds of Zavarovalnica Triglav

ISIN	SI0022103038	XS1980276858
Type	Subordinated bond	Subordinated bond (Tier 2), pursuant to the Solvency II regulations
Issue size in EUR	30,000,000	50,000,000
Currency	EUR	EUR
Coupon rate and payment	fixed at 5.95%, payable annually	fixed at 4.375% annually until first call date, payable annually thereafter variable at 3-month Euribor plus 4.845% (equal to the original initial credit spread + 1 percentage point), payable quarterly
First call date	-	22 October 2029
Maturity date	21 March 2020	22 October 2049
Maturity in years	10	30.5
Regulated market	Ljubljana Stock Exchange	Luxembourg Stock Exchange
Issue Rating	-	BBB+ (S&P)