

6. The share and shareholders of Zavarovalnica Triglav

- Zavarovalnica Triglav is the third largest listed company in Slovenia, and its share is one of the most liquid shares on the Ljubljana Stock Exchange.
- The General Meeting of Shareholders decided to keep the accumulated profit for 2019 undistributed as called upon by the Slovenian insurance sector regulator.
- The Triglav Group was again assigned the high credit rating of “A” with a stable medium-term outlook.
- There were no significant changes in the shareholder structure of Zavarovalnica Triglav in 2020.

6.1 Share of Zavarovalnica Triglav

With EUR 682 million in market capitalisation, Zavarovalnica Triglav is **the third largest** listed Slovenian company, and its share (ZVTG) is **one of the most liquid** shares on the Ljubljana Stock Exchange (ranking fourth in 2020). Compared to the preceding year, the share annual turnover increased by 4% and amounted to EUR 33 million, accounting for 9% of total annual turnover on the Slovenian stock

exchange excluding block trades. One third of stock exchange turnover was performed by the ZVTG’s liquidity provider. The Company has been cooperating with the latter since 2019, when it started to provide its services on the Ljubljana Stock Exchange. According to the data available, the ZVTG share is included in indices owned by MSCI, STOXX and S&P and the Ljubljana, Vienna, Zagreb and Warsaw stock exchanges.

Key figures relating to the share of Zavarovalnica Triglav

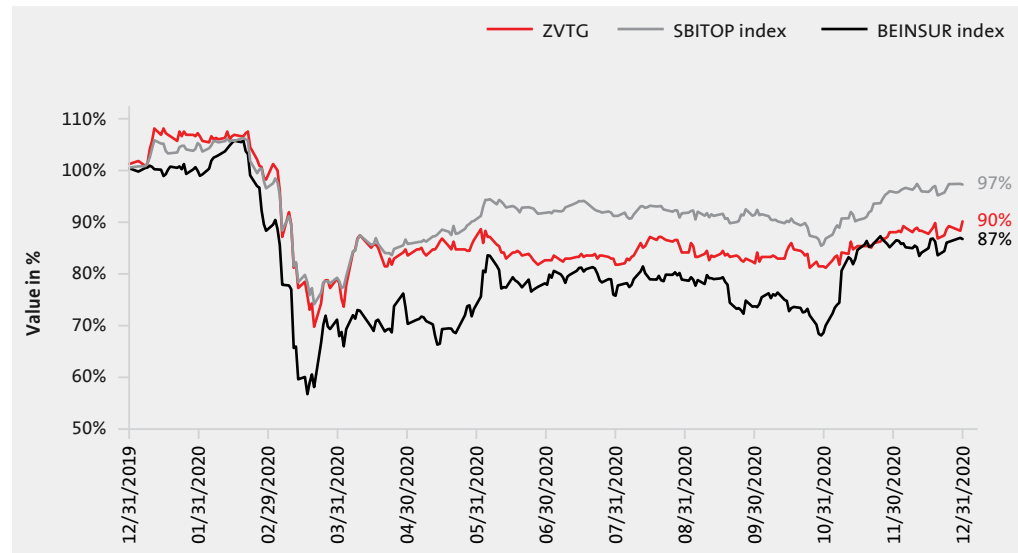
Items	31 December 2020	31 December 2019	31 December 2018
Maximum closing price	36.00	35.40	34.50
Minimum closing price	23.20	29.50	27.20
Closing price	30.00	33.30	30.30
Book value per share (parent company)	28.33	25.53	24.64
Book value per share (consolidated data)	38.16	34.73	32.75
Net earnings per share (consolidated data)	3.24	3.69	3.56
Market capitalisation	682,054,440	757,080,428	688,874,984
Average daily trading volume	131,945	135,518	176,495
Dividend paid per share for the previous year	to be defined	0.00	2.50
Number of shares	22,735,148	22,735,148	22,735,148
The percentage of floating stock	30.73%	30.87%	30.89%
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

The return on the ZVTG share in 2020 deviates from previous years. From 2015 to 2019, its annual return ranged from 9% to 33%, which is 17% on average. Dividend yield was on average 9%, and the proportion for dividend payment averaged 70% of consolidated net profit.

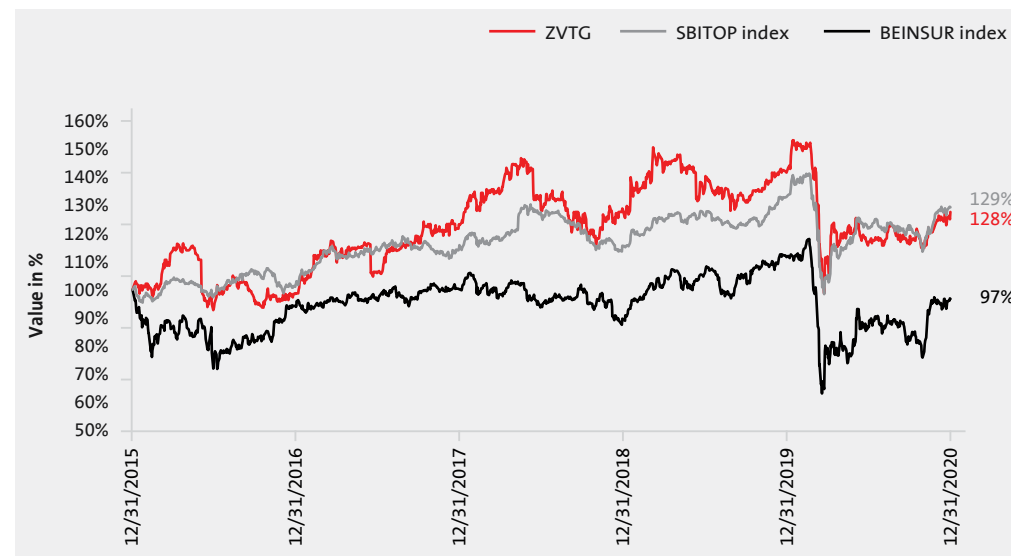
In 2020, the year marked by the pandemic, the ZVTG share price **decreased by 10%** compared to the preceding year. However, by comparison, it fell by 3 percentage points less than the value of the BEINSUR sectoral index (which consists of 32 shares of European insurers). As seen in the figure below, in the few weeks following the outbreak of the COVID-19 epidemic, the ZVTG share price fell sharply, reaching its lowest value on 23 March 2020 when it was EUR 23.20 or 35% less than the

value on the baseline date before the crash of 21 February 2020. The value of the Slovenian stock exchange index SBI TOP fell by 30% in the same 30-day period, while the BEINSUR sectoral index decreased by 44%. From April to the year-end, ZVTG share trading and its return were further affected by the Slovenian regulator's calls to the insurers to suspend the payment of dividends for 2019 and the resolution adopted by the Company's General Meeting of Shareholders **that accumulated profit for 2019 remain undistributed** (see sections [5.3.1 General Meeting of Shareholders](#) and [6.4 Dividend and dividend policy for more information](#)). The market value of ZVTG was EUR 30.00 as at 31 December 2020, which is 79% of its consolidated book value.

Movement in the ZVTG share price in 2020 compared to the BEINSUR sectoral index and the Ljubljana Stock Exchange index (as at the 2019 year-end = 100)



Movement in the ZVTG share price in the last five years compared to the BEINSUR sectoral index and the Ljubljana Stock Exchange index (as at the 2015 year-end = 100)



A five-year comparison of the movement of the ZVTG share price with the sectoral index and the stock exchange index shows that it exceeded them both most of the 2016–2020 period. In addition, it grew by 28% by the 2020 year-end compared to the 2015 year-end. The Ljubljana Stock Exchange index rose by 29% over the same period, while the European insurance sector index was 3% lower.

6.2 Equity

As at 31 December 2020, Zavarovalnica Triglav's share capital amounted to EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares of the same class. All shares are issued in a dematerialised form and are freely transferable. Each share represents the same stake and corresponding amount in share capital, and all have been fully paid up. Each share gives its holder the right to one vote at the General Meeting of Shareholders, a proportionate share of profit allocated for dividend payment 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). An 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;

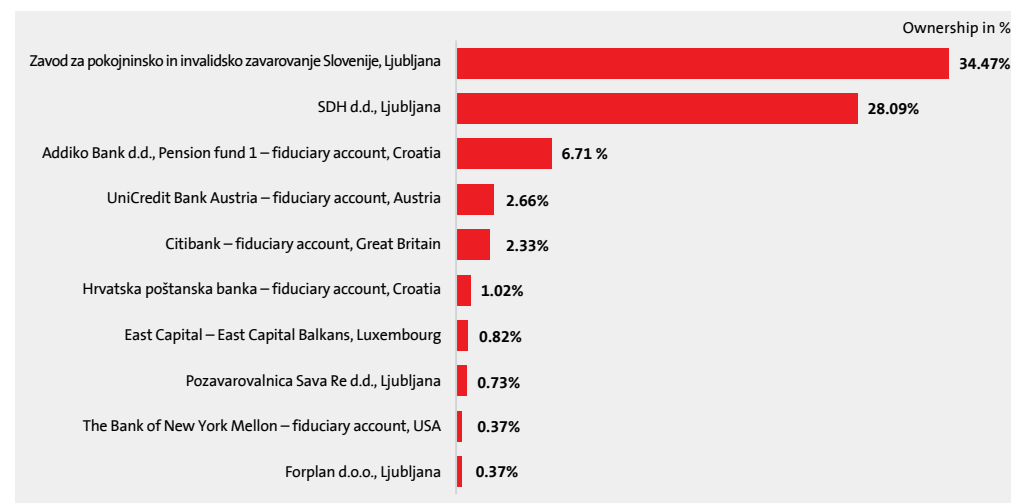
- before any subsequent acquisition of shares by the joint qualifying holders that would result in their joint qualifying holding exceeding the range subject to the already issued authorisation for acquisition of a qualifying holding.

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 information.

6.3 Shareholder structure¹⁴

Zavarovalnica Triglav's shareholder structure did not change significantly in 2020 compared to the preceding year. The stakes of the two largest shareholders, funds owned by the Republic of Slovenia, remained unchanged, while the total stake of the ten largest shareholders stood at 77.6% (77.1% in 2019). The Kuwait Investment Authority is no longer a top 10 shareholder, while several major shareholders partially adjusted their stakes. The table below shows that the biggest change was made by Citibank, London, which increased its investment in Zavarovalnica Triglav by 76%.

Top ten shareholders of Zavarovalnica Triglav as at 31 December 2020 and their stakes



Top ten shareholders of Zavarovalnica Triglav as at 31 December 2020 relative to 31 December 2019

Shareholder	Number of shares		Ownership (in %)		Change	
	2020	2019	2020	2019	No. of shares	Percentage points
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	7,836,628	34.47	34.47	0	0.00
SDH d.d., Ljubljana	6,386,644	6,386,644	28.09	28.09	0	0.00
Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, Croatia	1,526,190	1,494,061	6.71	6.57	32,129	0.14
UniCredit Bank Austria – fiduciary account, Vienna, Austria	604,642	619,634	2.66	2.73	-14,992	-0.07
Citibank – fiduciary account, London, Great Britain	530,402	301,183	2.33	1.32	229,219	1.01
Hrvatska poštanska banka – fiduciary account d.d., Zagreb, Croatia	232,644	232,644	1.02	1.02	0	0.00
East Capital – East Capital Balkans, Luxembourg, Luxembourg	186,201	190,420	0.82	0.84	-4,219	-0.02
Pozavarovalnica Sava Re d.d., Ljubljana	166,678	166,678	0.73	0.73	0	0.00
The Bank of New York Mellon – fiduciary account, New York, USA	84,399	132,658	0.37	0.58	-48,259	-0.21
Forplan d.o.o., Ljubljana	84,298	83,108	0.37	0.37	1,190	0.01

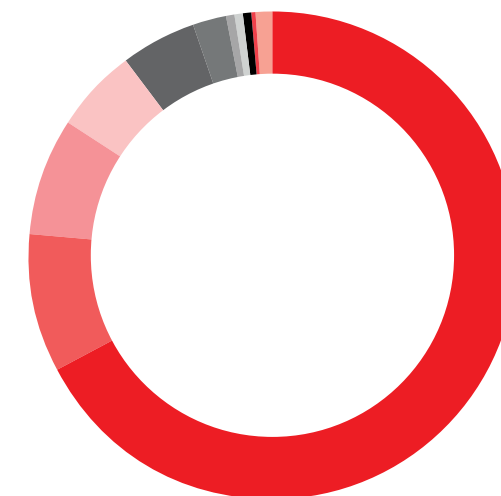
The share of Zavarovalnica Triglav's free float was 30.7% as at 31 December 2020, globally dispersed among **12,982** shareholders/subscribers in the share register from 36 countries, mostly Europe and the USA.

The Company is pleased to note that **Slovenian citizens** are actively trading in the ZVTG shares and gradually increasing their stake, which grew by 1.0 percentage point to 12.0% in 2020. Individual **international shareholders/subscribers in the Company's share register** adjusted their position, while their total stake remained stable relative to previous years. As at 31 December 2020, it accounted for 16.8% of all shares or 32.7% of the free float.

Shareholder structure of Zavarovalnica Triglav as at 31 December 2020

	Total	Domestic	International	Legal entities	Natural persons
Number of shares	22,735,148	18,924,295	3,810,853	20,015,818	2,719,330
Number of shareholders	12,982	12,423	559	479	12,503
Number of shares - percentage	100.00%	83.24%	16.76%	88.04%	11.96%
Number of shareholders - percentage	100.00%	95.69%	4.31%	3.69%	96.31%

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

The free float shareholder structure of Zavarovalnica Triglav by the country of origin of shareholder/subscriber in the share register as at 31 December 2020

■ Slovenia: 67.3%	■ France: 0.6%
■ Austria: 9.2%	■ Czech Republic: 0.5%
■ Great Britain: 7.6%	■ Hungary: 0.5%
■ Croatia: 5.8%	■ Ireland: 0.3%
■ Luxembourg: 4.8%	■ Other 26 countries: 1.0%
■ USA: 2.3%	

The members of the Management Board and the Supervisory Board held 5,688 shares of Zavarovalnica Triglav as at 31 December 2020, the same as the year before.

The number of shares owned by members of the Management and Supervisory Boards as at 31 December 2020

Name and surname	Post	Number of shares	Equity stake
Management Board		80	0.00%
Andrej Slapar	President	-	-
Uroš Ivanc	Member	80	0.00%
Tadej Čoroli	Member	-	-
Barbara Smolnikar	Member	-	-
David Benedek	Member	-	-
Marica Makoter	Member, Working Director	-	-
Supervisory Board		5,608	0.02%
Shareholder representatives		4,004	0.02%
Andrej Andoljšek	President	-	-
Milan Tomaževič	Deputy Chairman	4,004	0.02%
Igor Stebernak	Member	-	-
Žiga Škerjanec	Member	-	-
Mario Gobbo	Member	-	-
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

The gross dividend per ZVTG share amounted to EUR 2.50 in the last five years (payments in 2015–2019). Between 64% and 82% of consolidated net profit, or an average of 70%, was paid out as dividends.

The dividend policy in 2020 was adjusted to the situation caused by the pandemic. On the proposal of the Management Board and the Supervisory Board, the General Meeting of Shareholders of Zavarovalnica Triglav held on 2 June 2020 decided that **accumulated profit for 2019 remain undistributed** and thus allocated for the future payment of dividends or for other purposes in accordance with the General Meeting of Shareholders' resolution. In its decision-making, the General Meeting of Shareholders complied with the previous **calls and recommendations of the Slovenian insurance market regulator to the insurers to suspend the payment of dividends during the pandemic**. The call of the Slovenian regulator complied with the recommendations and actions of EU regulators and authorities (EIOPA and IAIS) to ensure the solvency and capital adequacy of insurance companies in the EU.

Zavarovalnica Triglav's dividend policy remains unchanged and provides as follows: "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 paid out in 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](#).

Dividend payments in 2016–2020

Items	2020	2019	2018	2017	2016
Total dividends (EUR)	to be defined	0	56,837,870	56,837,870	56,837,870
Dividends per share (EUR)	to be defined	0.00	2.50	2.50	2.50
General Meetings of Shareholders	25 May 2021	26 May 2020	28 May 2019	29 May 2018	30 May 2017

6.5 Investor relation management¹⁵

Through active management of relations with investors, shareholders and analysts, the Company **promotes the attractiveness of its issued financial instruments**. In doing so, the Company follows best international practices and, as one of the largest listed companies on the Ljubljana Stock Exchange, strives to co-create the standards of this market.

The Company continued to provide **transparent information** to its shareholders, investors and analysts even in the uncertain situation in 2020. All key information about the Company's operations, position and outlook is regularly published in Slovenian and English on the SEOnet information system of the Ljubljana Stock Exchange and on the Company's redesigned website www.triglav.eu.

Contact with investors was promptly adjusted to the restrictions and carried out as videoconferencing meetings, conference calls and by email. The Company participated in eight virtual events held for institutional investors in Europe and the USA. The calendar of past investor conferences, including the presentation material, and the calendar of future events are available on the Company's website. For any information, please use the contact below.

Information for shareholders:

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Credit ratings of Zavarovalnica Triglav since 2008

Year	Credit rating	Medium-term outlook	Rating agency
2020	A	Stable	AM Best
			S&P Global Ratings
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
	A-	Stable	S&P Global Ratings
2013	A-	Stable	S&P Global Ratings
	A-	Stable	AM Best
	BBB+	Positive	S&P Global Ratings
	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

6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav

The credit ratings of the Triglav Group – and thus its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re – are assigned by two renowned credit rating agencies: S&P Global Ratings (hereinafter: S&P) and AM Best. The Triglav Group was assigned an “A” stand-alone credit rating with a stable medium-term outlook by both. The latest credit rating report, i.e. the announcement of the credit rating agency from 2020, is available on the website www.triglav.eu under the Investor Relations tab.

In assigning its credit ratings on 11 September 2020, the credit rating agency S&P pointed out that the “A” credit rating exclusively reflects the Group’s standalone credit profile. The credit rating is based on stable and profitable operations of the Group, its strong capitalisation, sound reinsurance protection and its leading market position in Slovenia and the region. The business risk profile of the Group was assessed as strong and its financial risk profile as very strong. By maintaining its client-centric approach, the Group’s business remained stable and profitable in both activities, even during the challenging times in 2020. The leading position in the Slovenian market enables the Group to implement economies of scale, which it complements with its diversified product range and sales network, as well as a strong brand. The Group’s sound risk profile benefits from its conservative investment policy and a stable and effective reinsurance protection. Its investment portfolio is of high quality and well-diversified, with most assets invested across the euro area. The underwriting discipline is a key factor for the Group’s stable earnings and capital position. The medium-term outlook reflects S&P’s expectations that the Group will continue to effectively implement its business strategy at least over the next two years, focusing on growth and further diversifying its operations. S&P expects that despite the pandemic and its impacts the Group will sustain strong, stable earnings and strong capitalisation.

In its report issued on 16 October 2020, the credit rating agency AM Best assessed the Group’s balance sheet strength as very strong and its operating performance as strong, the impact of both the business profile and the majority holding on the credit rating as neutral, and its risk management as appropriate given the complexity and scope of its operations. By re-affirming the high credit rating of Pozavarovalnica Triglav Re, AM Best highlighted its strategic importance as the reinsurer of all Triglav Group members and its strong integration into the Group. The Group’s very strong balance sheet is underpinned by its risk-adjusted capitalisation at the strongest level. In the life insurance portfolio, the Group is reducing its exposure to products with a guaranteed return and has further improved its asset and liability management. Furthermore, the Group has a prudent reserving approach and good financial flexibility with access to equity and bond markets. AM Best pointed out the Group’s strong operating performance over the recent years, which has been driven by excellent non-life insurance technical earnings in the domestic market and healthy investment income. In highly competitive markets outside Slovenia, the Group is constantly increasing its volume and improving its operations, also by actively seeking alternative, cost-effective distribution channels. AM Best highlighted the benefits of the Group’s dominant position both in the Slovenian market and the region. Through its various companies, the Group is a global provider of insurance and reinsurance services, leading to a well-diversified portfolio by product/service and geography.

6.7 Bonds of Zavarovalnica Triglav

Zavarovalnica Triglav has one issued subordinate bond, which is included in its capital adequacy. The bond was issued in 2019 as part of the Group's regular capital management to ensure its optimal composition and cost efficiency and to replace the bond that matured on 21 March 2020. See the table for more information.

Bond of Zavarovalnica Triglav

ISIN	XS1980276858
Type	Subordinated bond (Tier 2 pursuant to the Solvency II regulations)
Issue size in EUR	50,000,000
Currency	EUR
Coupon rate and payment	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	22 October 2049
Maturity in years	30.5
Regulated market	Luxembourg Stock Exchange
Issue rating	BBB+ (S&P)