



Building a Safer Future

Triglav Group H1 2023 Results

Investor Presentation

triglav

August 2023



Disclaimer

Information in this presentation is based on the unaudited financial statements prepared in accordance with the new IFRS 9 and IFRS 17 standards effective from 1 January 2023. The data for the comparative periods were adjusted to reflect the implementation of the specified new standards from 1 January 2022 onwards. The data do not contain elimination of intercompany transactions.

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Agenda

■ **1** H1 2023 Highlights

■ **2** H1 2023 Results

■ **3** 2023 Profit Guidance

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H1 2023 Highlights





Key Messages

 H1 2023 operations	Profitable and safe operations with growth in business volume. Positive investment returns. Loss in Health. Increased service expenses not yet fully offset with income growth. Financial stability and capitalisation at appropriate levels despite challenging economic situation.
 Unexpected changes to Slovenian healthcare system	In 2023 loss in Group's supplemental health insurance due to price regulation and other restrictions
 Net CAT events In Q3 2023 (floods, hail)	Unprecedentedly high CAT claims in Slovenia and the region
 2023 Outlook	Due to changes to Slovenian healthcare system and unprecedented extreme weather events in 2023 realised annual result around 80% lower than initially planned
 Dividend In 2023	In 2023 dividend paid of EUR 2.50 gross per share (51% dividend payout; 7% dividend yield)
 Corporate governance	MB: In March 2023 Blaž Jakič began term of office as MB member SB: Appointment Tim Umberger and Monica Cramer Manhem as SB members – shareholder representatives
 Sustainable development	ESG framework upgraded with Sustainable Development Policy, Sustainable Investment Policy and PAI statement (in accordance with SFDR)



H1 2023 Key Financials

TOTAL BUSINESS VOLUME

€955.4M

 Up by 11% y-o-y


PROFIT BEFORE TAX

€10.5

 €-3.7M in H1 2022

COMBINED RATIO NON-LIFE&HEALTH

€102.2%

 101.1% in H1 2022

GWP	+12%	€893.5M
OTHER INCOME	-3%	€61.8M
Total	+11%	€955.4M

- Growth in business volume. Positive investment returns due to favourable conditions on financial markets
- Impact of loss in Health due to changes in healthcare system in Slovenia

- Non-Life: CoR 97.0% (-4 pp y-o-y) under influence of claims inflation and higher insurance revenue
- Health: CoR 129.5% due to price regulation on Slovenian market (claims ratio 118.2%)

H1 2023 Results

Financials & Investments





H1 2023 Performance at a Glance

	H1 2023	H1 2022**	H1 2023/ H1 2022
Total business volume*	955.4	861.2	111
Gross written premium*	893.5	797.2	112
Total revenue	737.9	658.9	112
Insurance service result	19.9	24.0	83
Investment result	53.8	-72.6	
Financial result from insurance contracts	-46.6	72.9	
Gross operating expenses	214.4	188.8	114
Profit before tax	10.5	-3.7	
Net profit	9.9	-3.7	
Other comprehensive income	8.7	-42.8	
	30 Jun 2023	31 Dec 2022	30 Jun 2023/ 31 Dec 2022
Balance sheet total	4,039.7	3,901.1	104
Equity	856.2	894.3	96
Contractual service margin (CSM)	208.7	186.4	112
Risk adjustment (RA)	73.6	70.8	104
Number of employees	5,309	5,306	100

Key performance indicators	H1 2023	H1 2022
ROE annualised	2.3%	-0.8%
Claims ratio	78.8%	78.2%
Expense ratio	23.4%	22.9%
Combined ratio Non-life and Health	102.2%	101.1%
Combined ratio Non-life	97.0%	101.0%
CSM of new contracts/Total CSM	9.5%	11.5%

***Under IFRS 17 and IFRS 9, last year's results are significantly lower than under the previously applicable IFRS 4 and IAS 39, and this is mainly due to differences in measurement of insurance technical provisions and recognition of effects of revaluation of financial investments.*

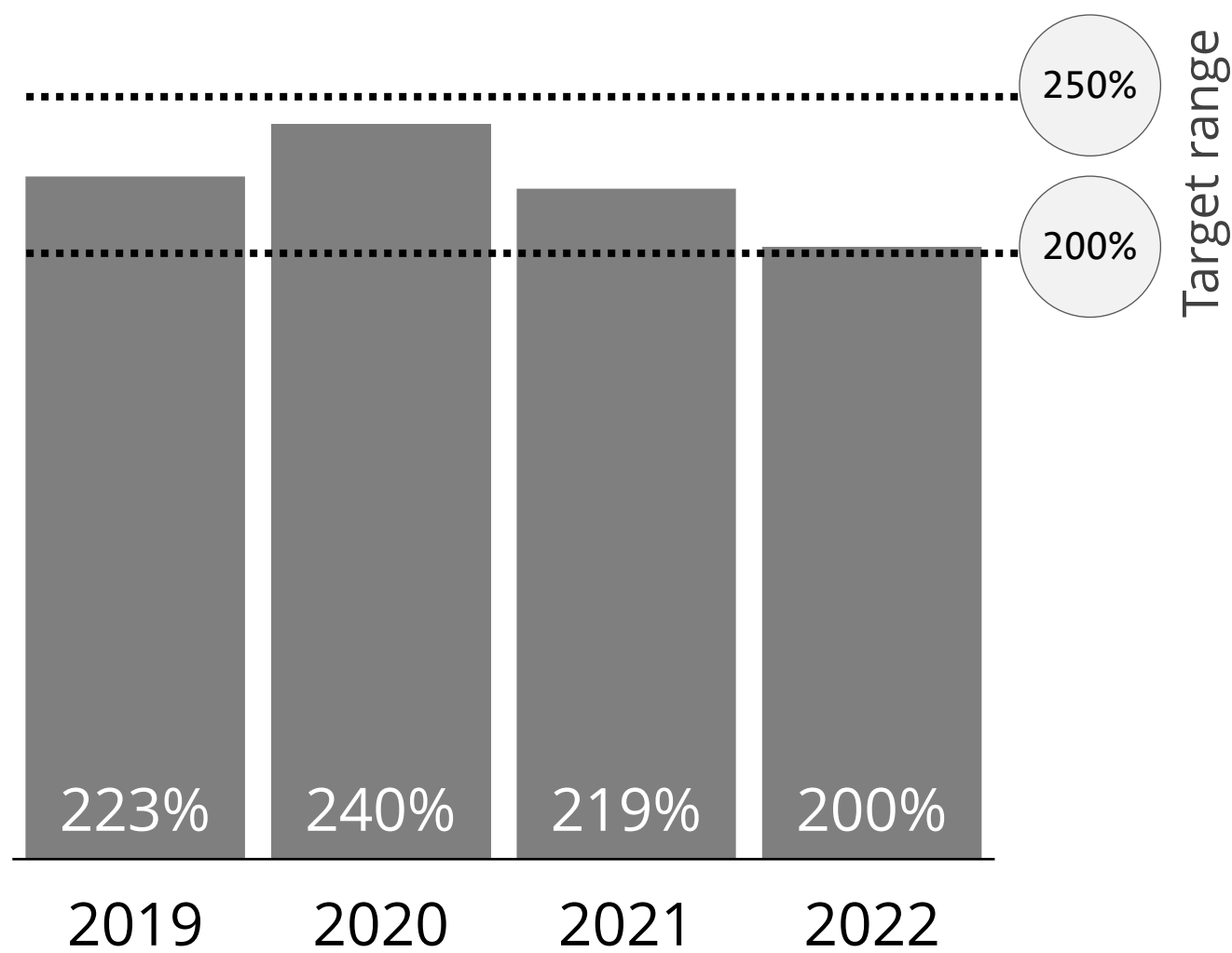
Last year's H1 result in accordance with IFRS 17 was negatively affected by prudential additional reserving due to sharp rise in inflation, whereas – unlike under IFRS 4 – result was not positively affected by effects of release of provisions from past periods.



Financial Stability and Strong Capital Base

Solvency Ratio

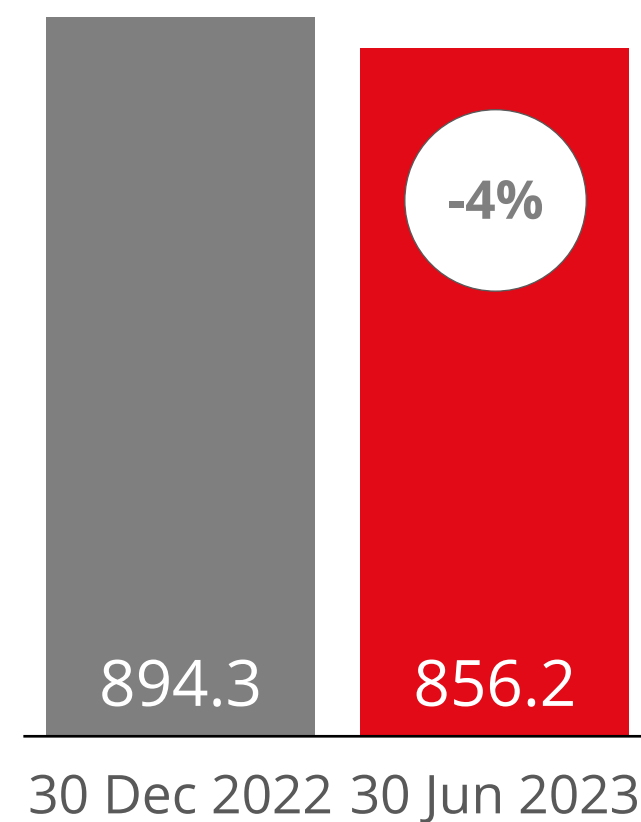
H1 2023: Capitalisation at appropriate levels



Majority of capital is Tier 1 eligible. Capital management centralised at Group level (capital concentration at parent company)

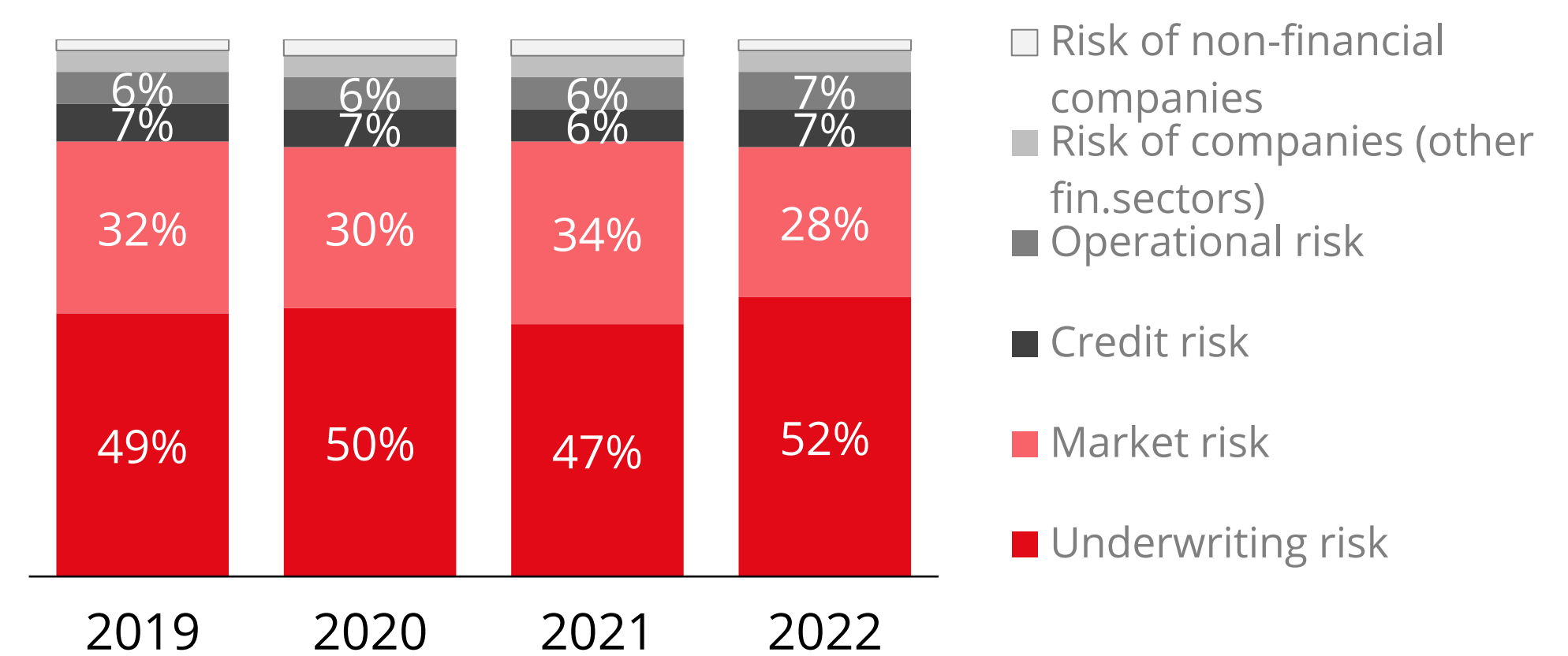
Equity (in €M)

H1 2023: Decrease in equity mainly result of dividend payment in 2023



Risk Profile

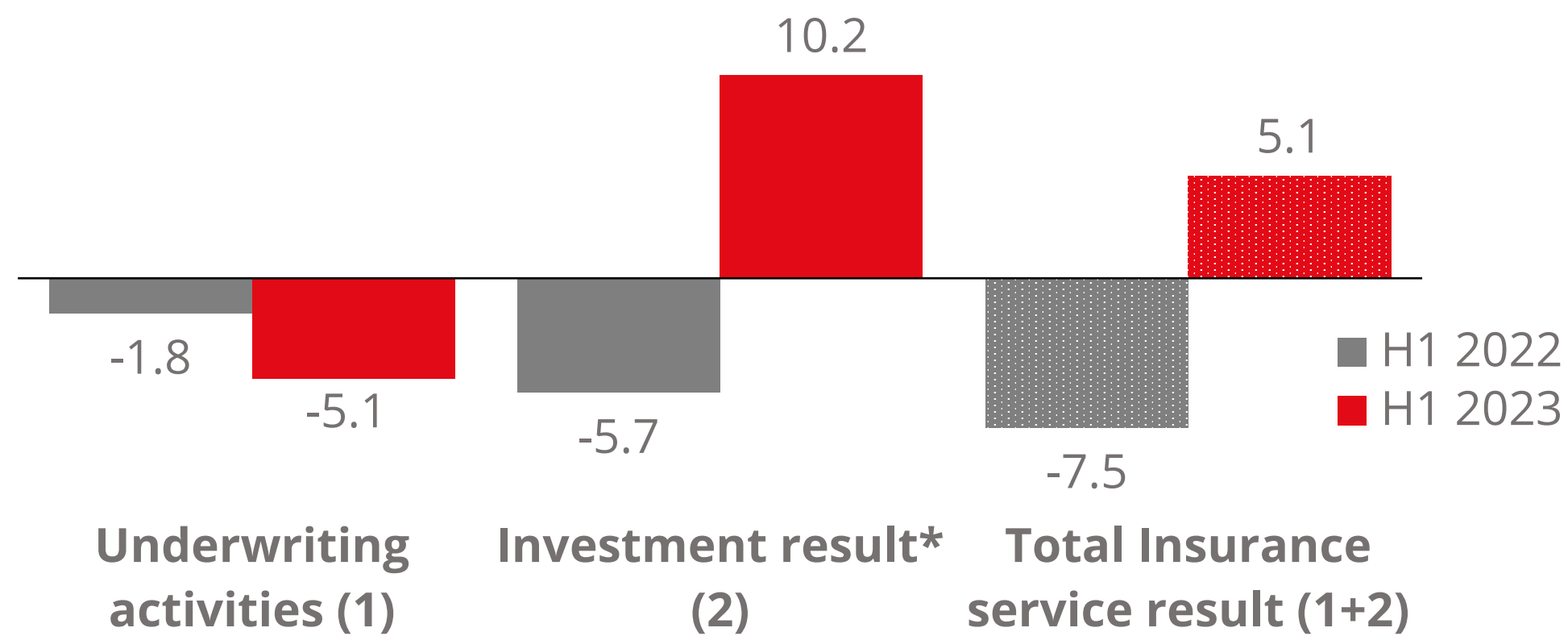
H1 2023: No major changes compared to 2022 YE. Further increase of underwriting risk (*higher volume of business and claims, also CAT*), decrease of market risk, slightly increased credit risk (*higher investments in cash*). Risk regarding operations of Triglav health insurance company.





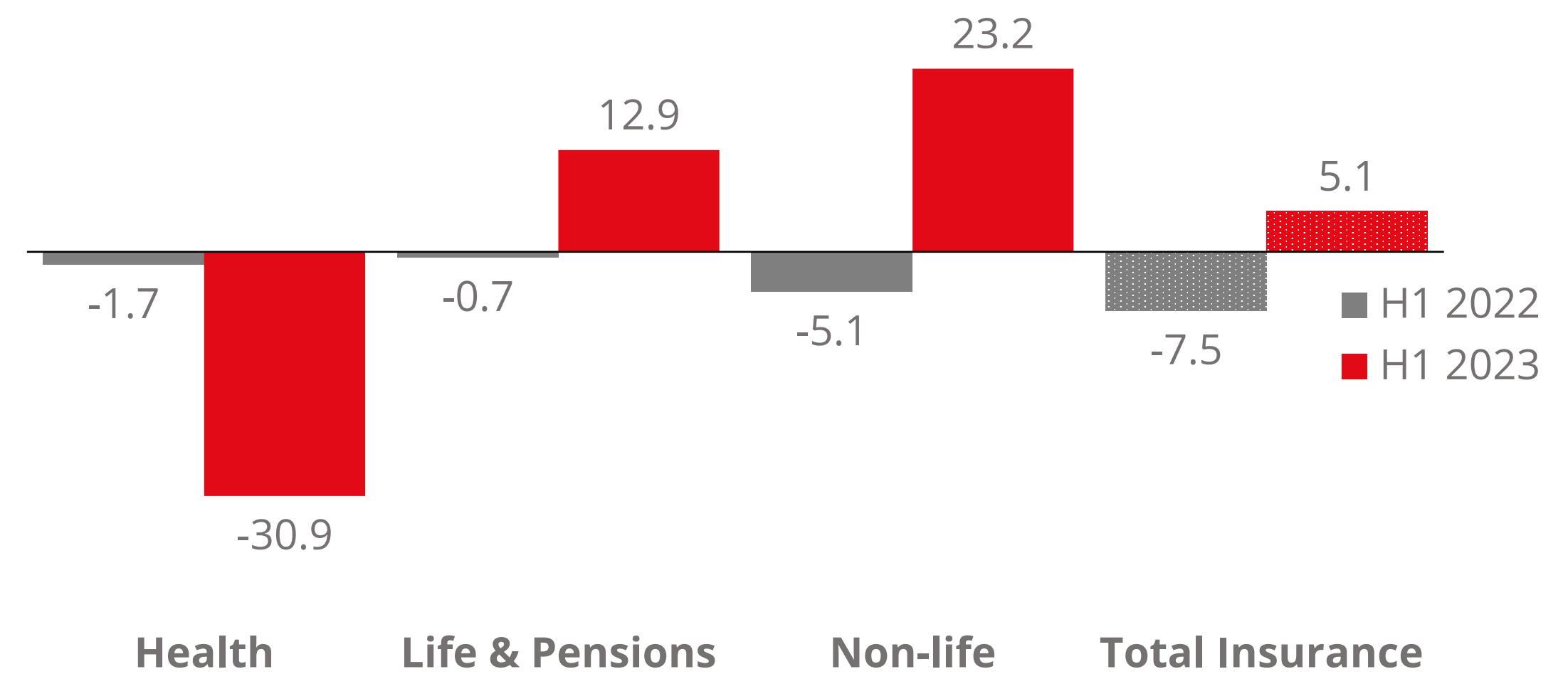
Structure of Profit Before Tax of Triglav Group

PBT from Insurance (in €M)

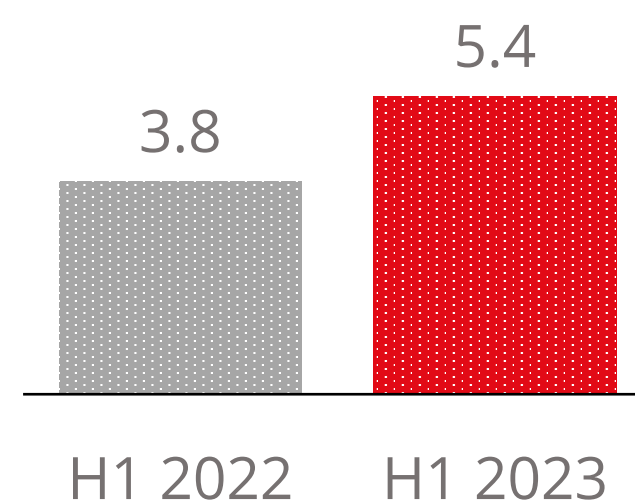


*Net of investment guarantees

PBT from Insurance by Segments (in €M)



PBT from Non-Insurance (in €M)

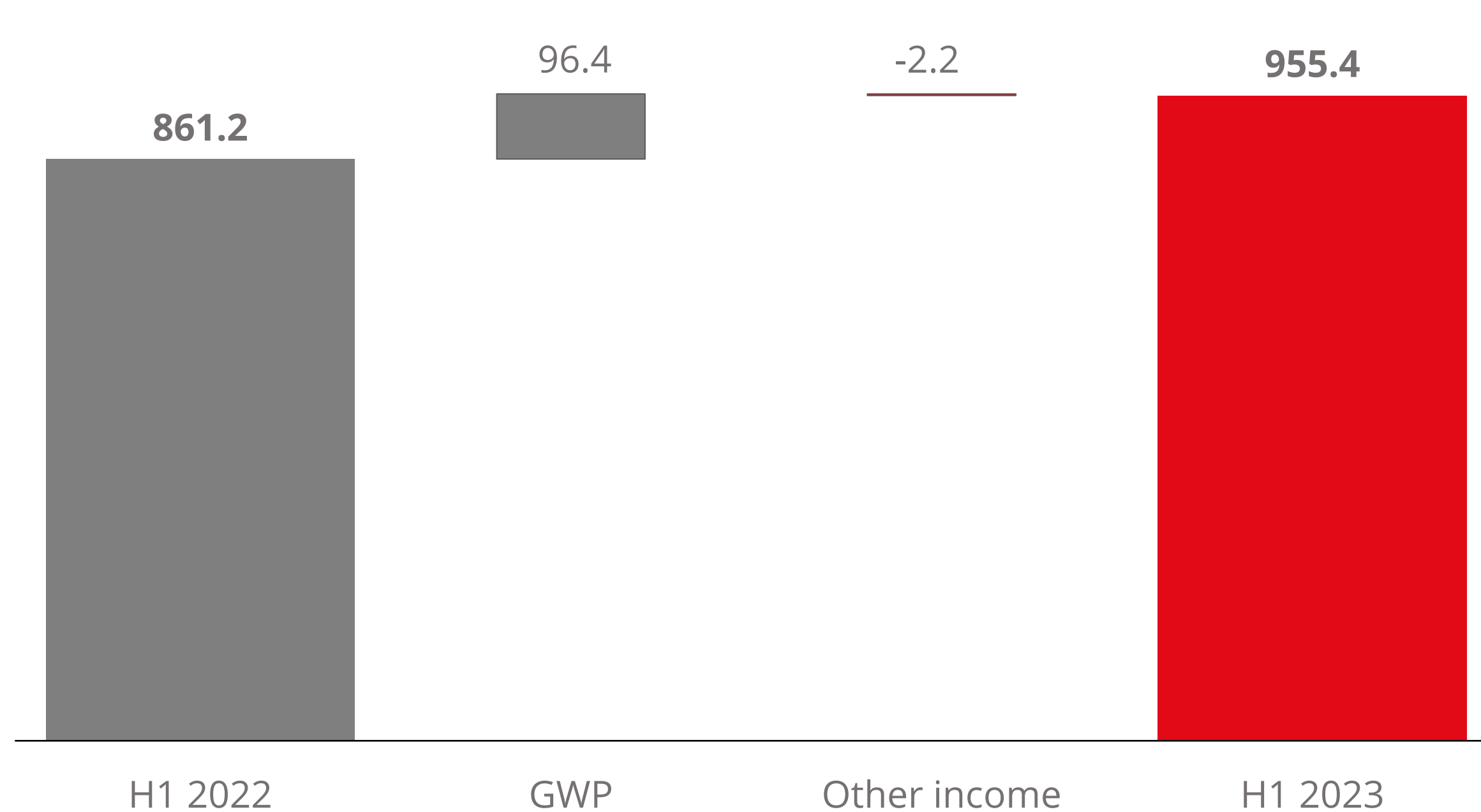


H1 2023 PBT stemmed equally from insurance and non-insurance operations (mainly asset management). Insurance business under influence of solid investment result and negative result from underwriting activities due to loss in Health. Increased expenses and claims intensity due to inflation.



Growth in Total Business Volume

Development from H1 2022 to H1 2023 (in €M)



By Components

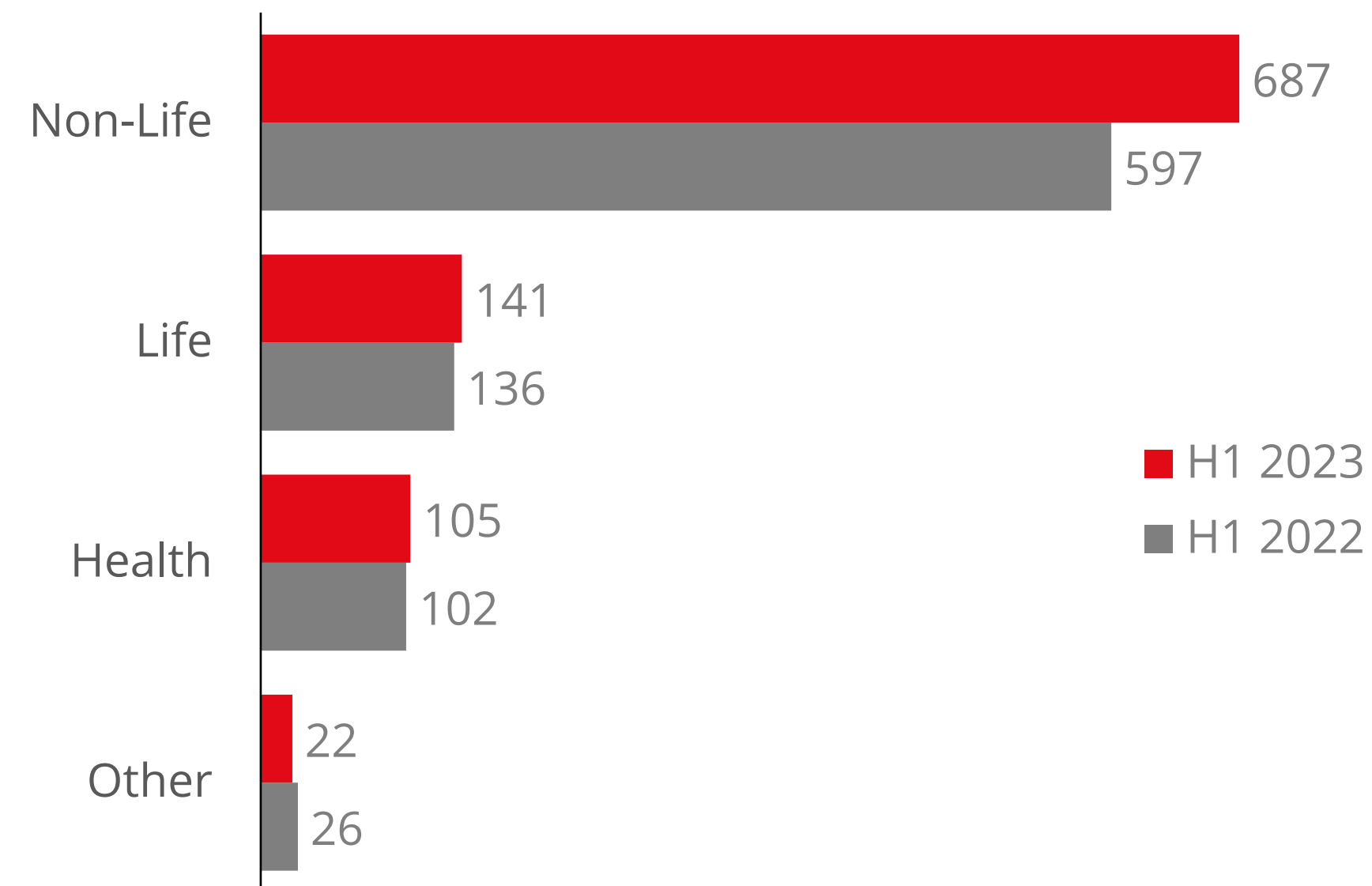
Components	(in M€; growth y-o-y)
GWP (premium)	893.5 (+12%)
Other Income	61.8 (-3%)
Total	955.4 (+11%)

Strong GWP growth due to price increases and increased business volume. Decrease in Other income due to last year's realised one-off gains on disposal of real property.

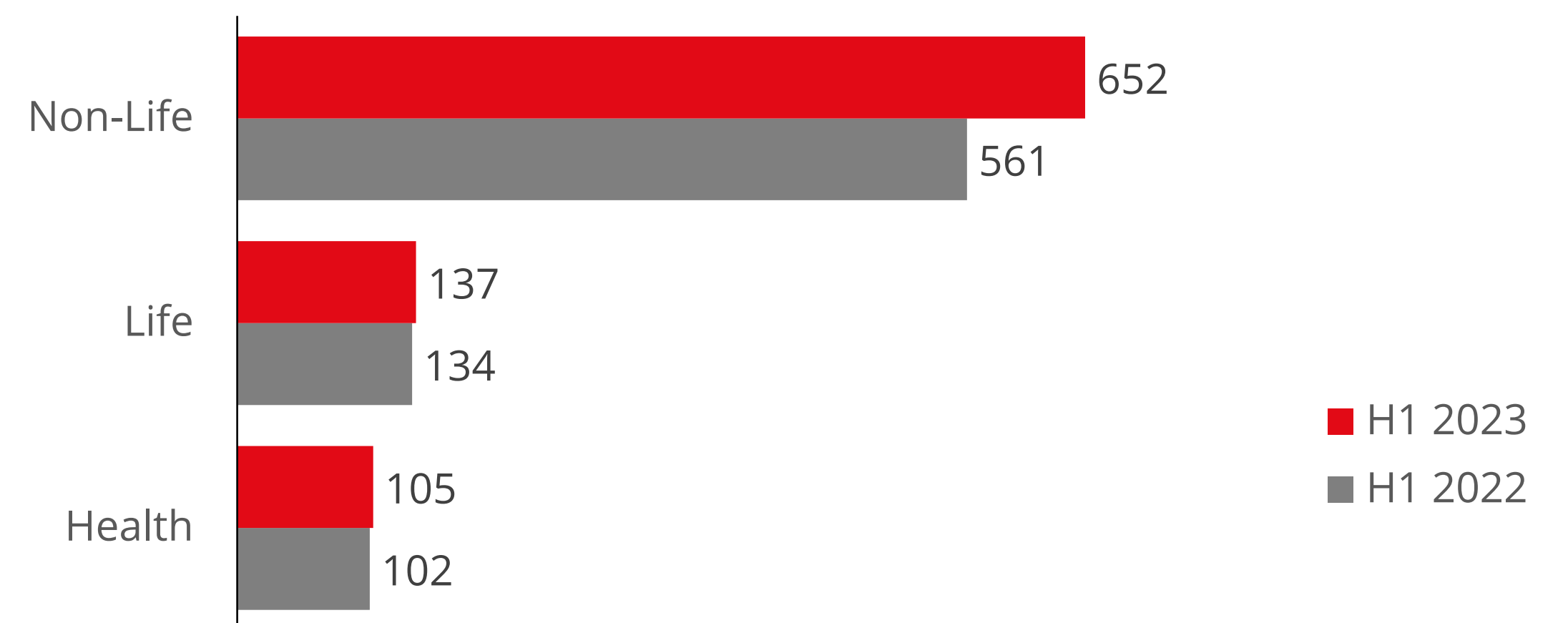


Business Volume Growth by Insurance Segments

Total Business Volume by Segments (in €M)



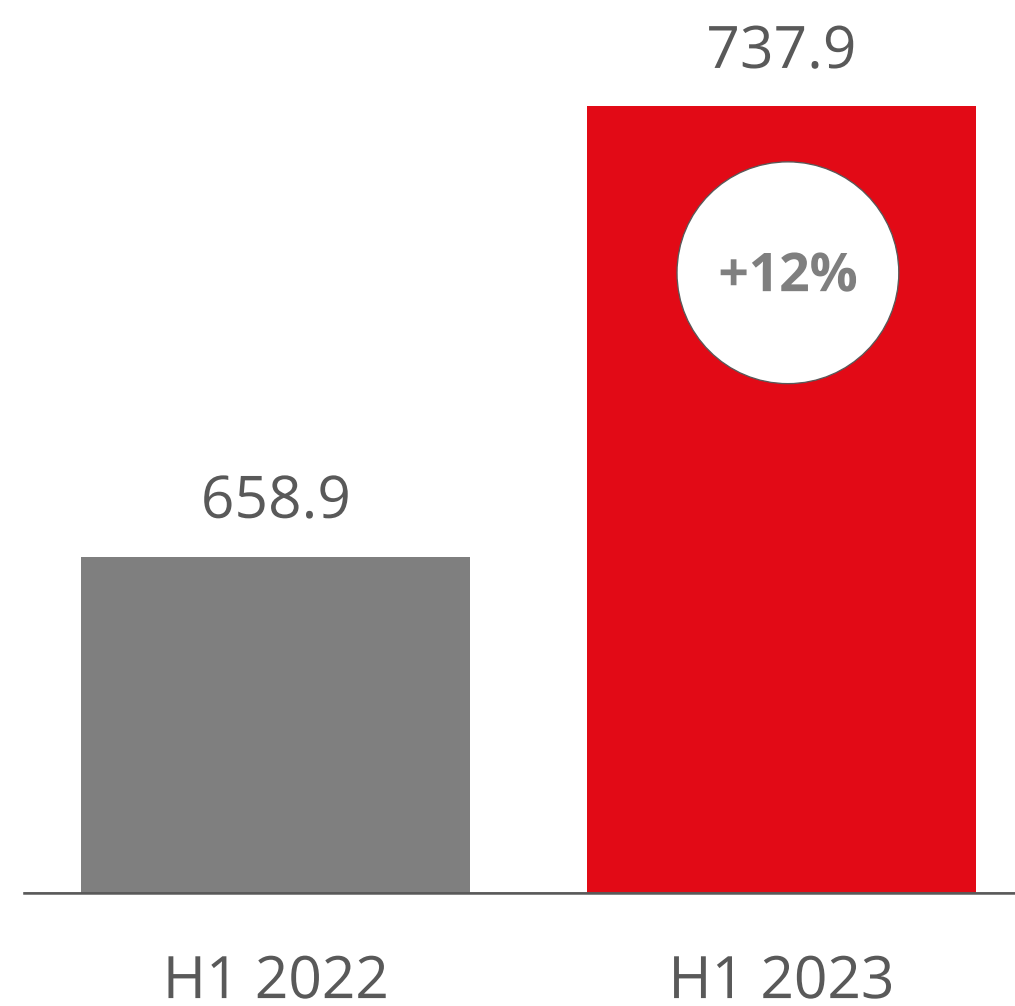
Gross Written Premium by Segments (in €M)



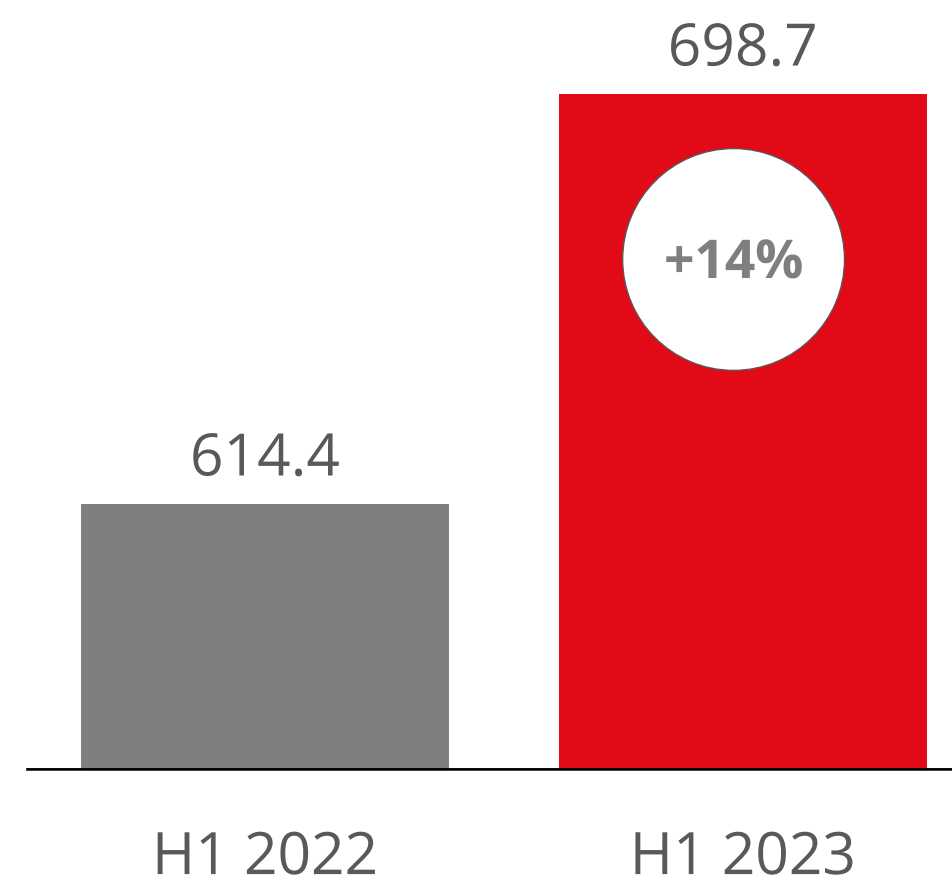


Increased Insurance Service Revenue and Service Expenses

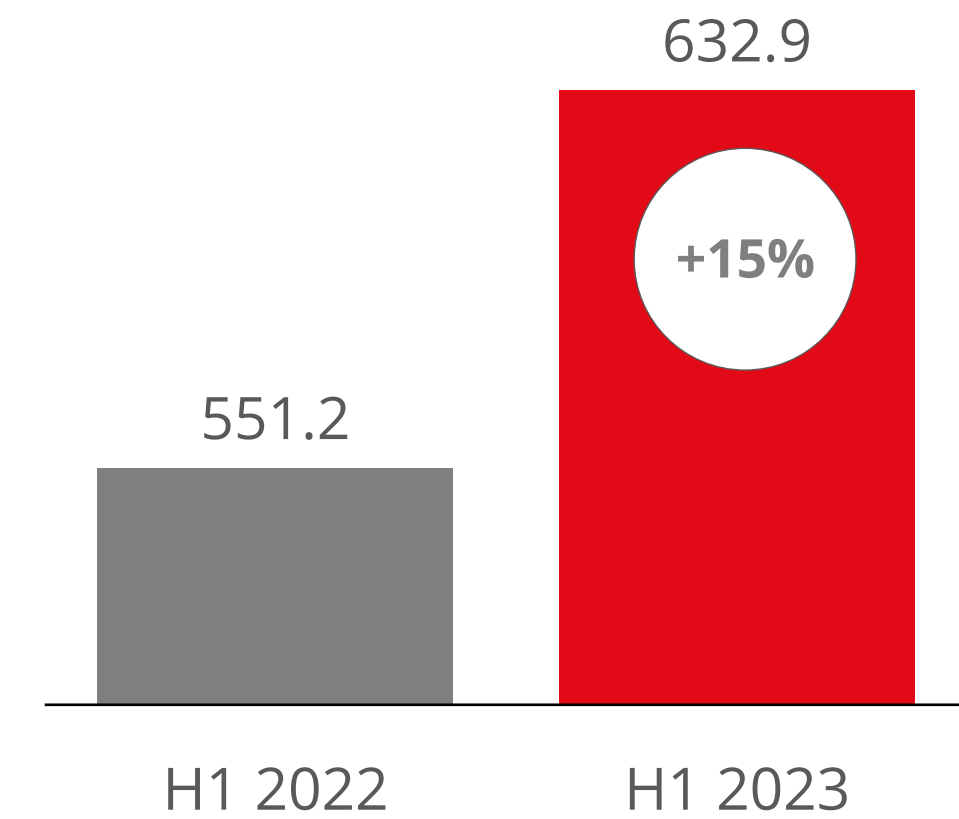
Total Revenue
(in €M)



Insurance Service Revenue
(in €M)



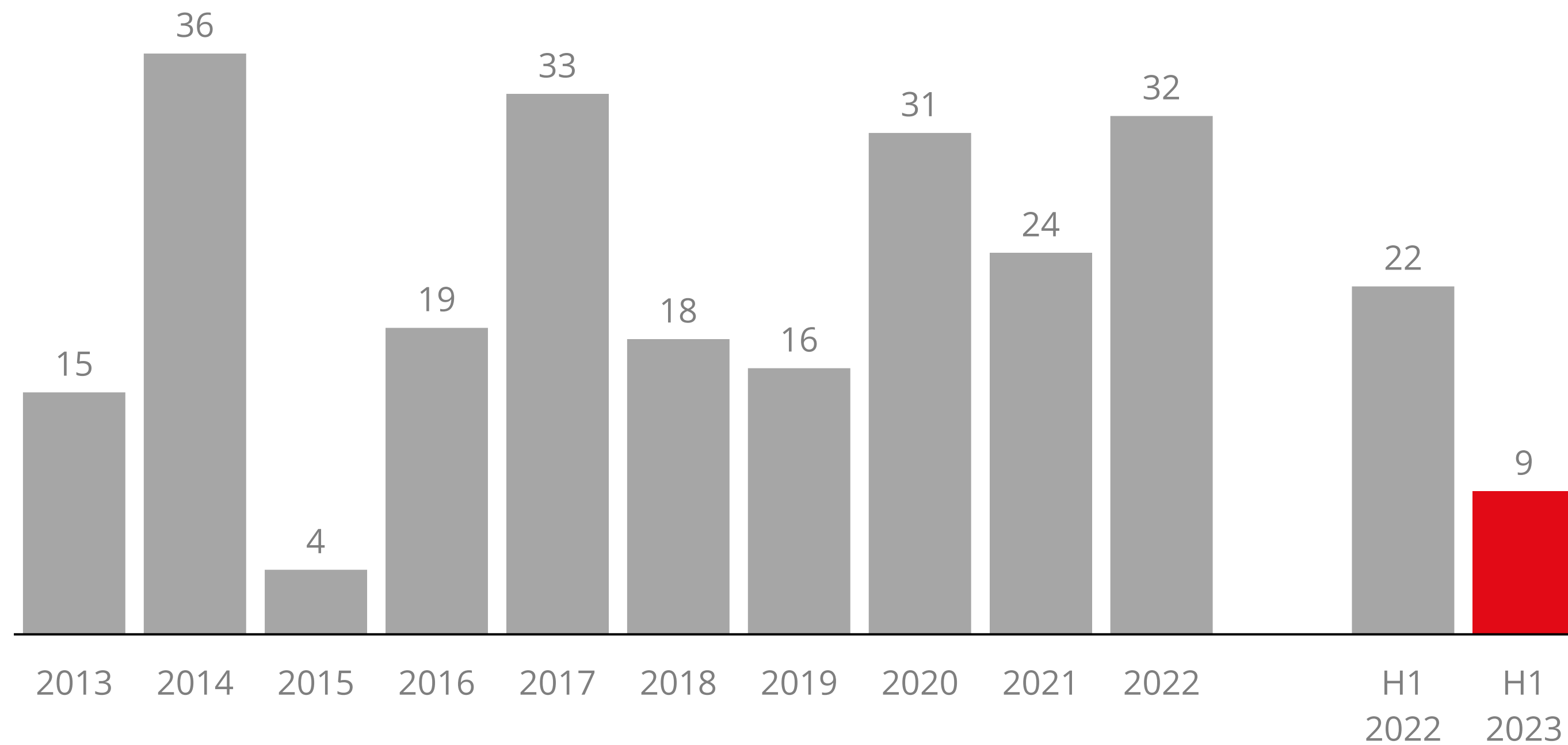
Insurance Service Expenses
(in €M)





Major Nat CAT Loss Events in H1 2023

Nat CAT losses
(estimated values; in €M)



Note about expected Nat CAT effects in Q3 2023:

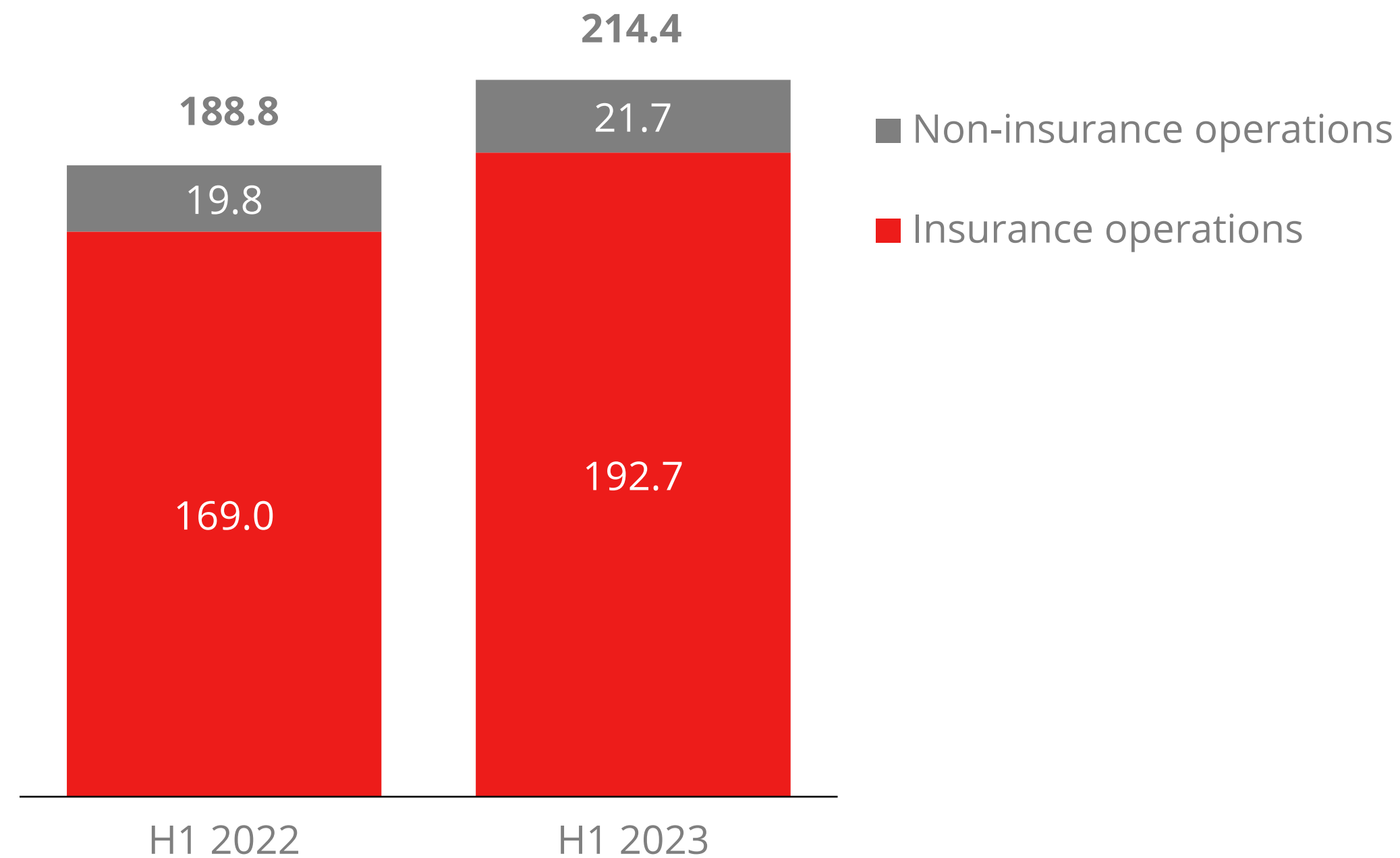
Extreme weather events in Slovenia and region, particularly storms, hailstorms and floods in July and August, resulted in historically high claims for Triglav Group. They are currently estimated at EUR 150–200 M. Taking into account reinsurance coverage, their negative impact on Group’s PBT is estimated between EUR 40 and 50 M.

Most frequent Triglav’s CAT loss events are flood, storm, hail and frost.



Operating Costs Under Influence of Inflation

Gross Operating Expenses (in €M)



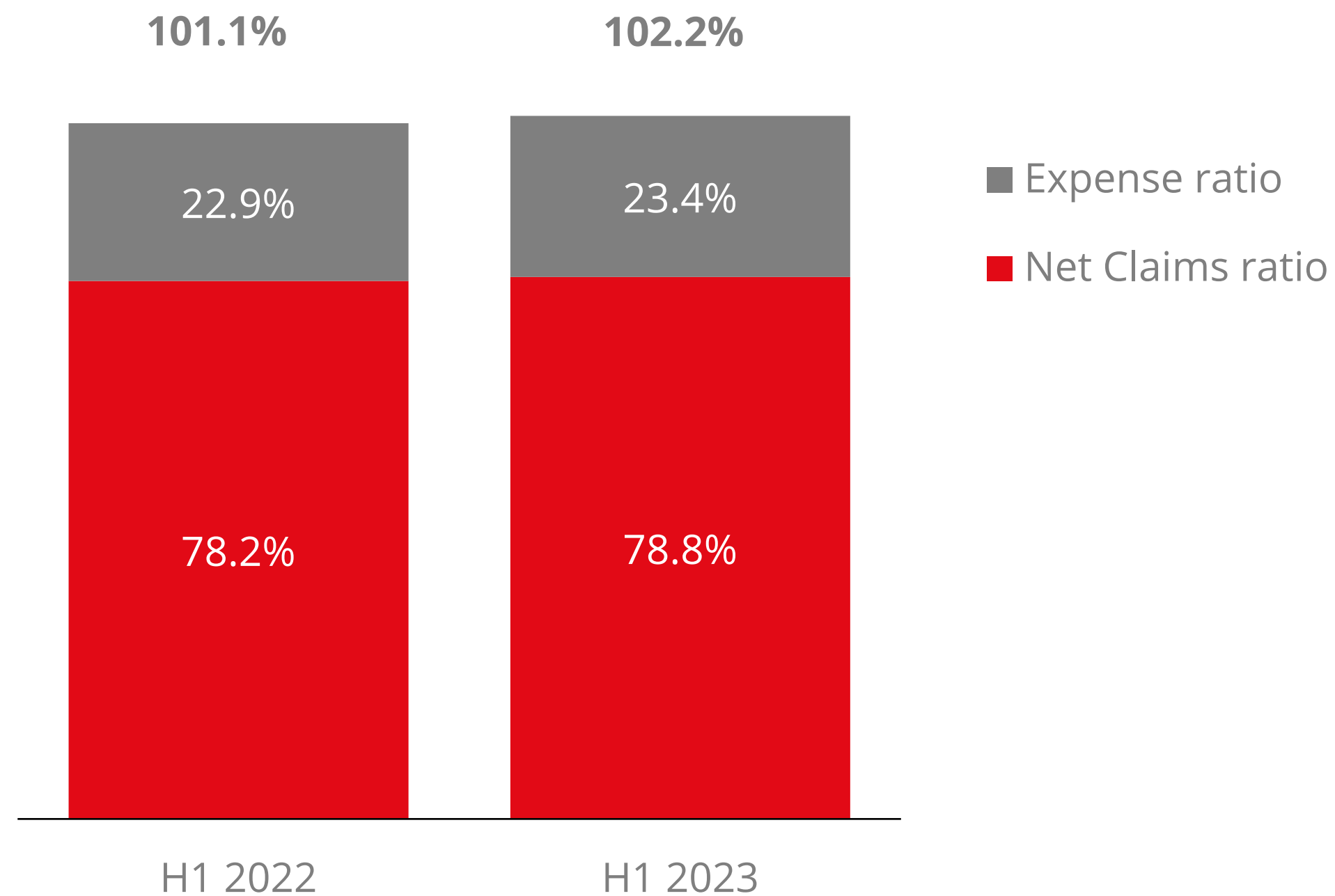
Insurance Gross Operating Expenses by Segments

Insurance Gross Operating Expenses		(in M€; as at H1 2023; growth y-o-y)	
Non – life	150.5	+15%	Insurance gross operating expenses increased predominantly due to higher acquisition costs and labour costs
Life & Pensions	30.7	+6%	
Health	11.5	+19%	
TOTAL:	192.7	+14%	



Combined ratio Non-Life & Health

Triglav Group's Combined Ratio NL & Health



H1 2023 CoR (102.2%) influenced by loss in Health. H1 2022 CoR (101.1%) impacted by last year's additional reserving due to sharp rise in inflation. Last year's adjustments of insurance premiums to inflation are reflected in this year's income but increased operating expenses due to inflationary pressures that have been present since early 2022 are still not fully offset.



Solid Investment Return and Profitability of Insurance Business

Financial investments

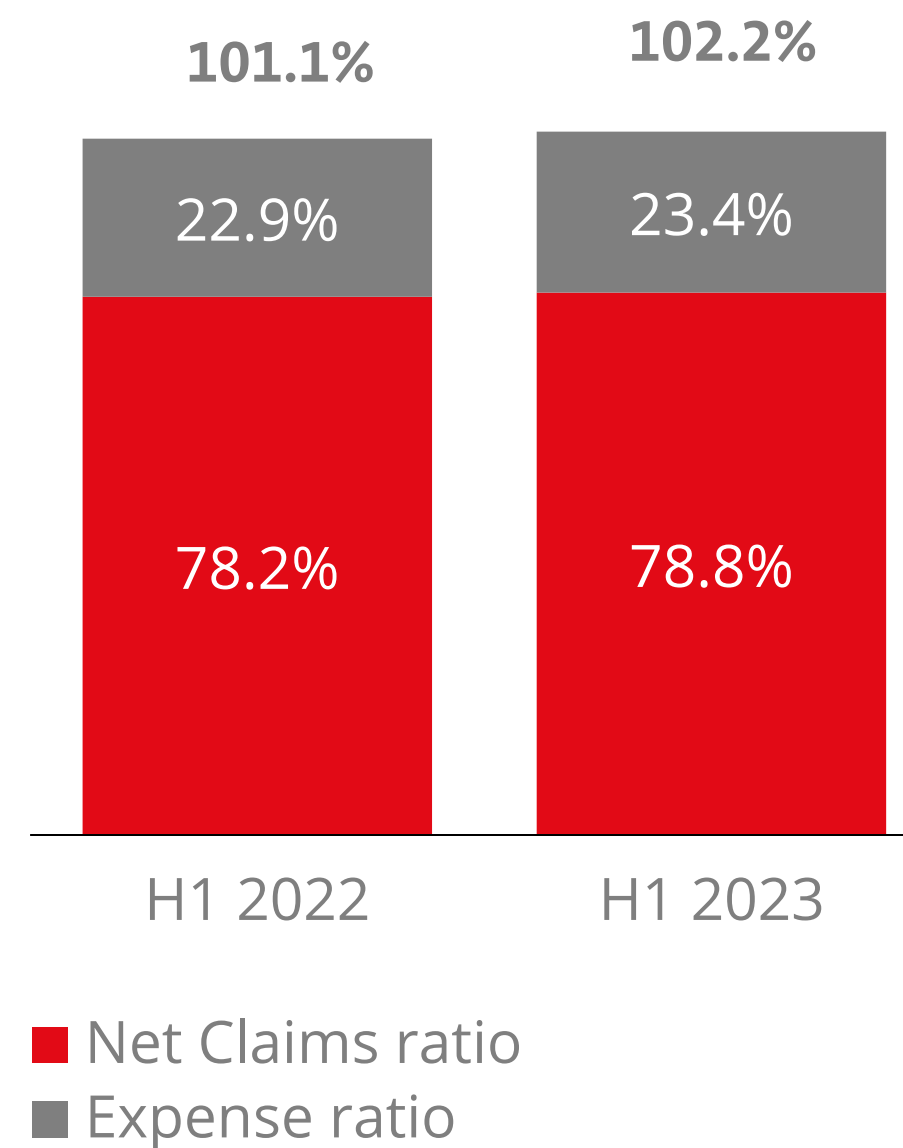
Annualised return¹: **1.6%** (in H1 2022: -0.1%)

Return on financial investments ¹ (in M€)	H1 2023	H1 2022
Interest income ²	16.5	11.9
Dividend income	0.5	0.3
Net gains/losses on fin. assets at FVTPL	3.1	-9.9
Net gains/losses on fin. assets at AC	0	0
Net gains/losses on fin. assets at FVOCI	-1.6	-2.8
Net impairment/reversal of impairment of fin. assets	1.6	-2.3
Other investment income/expenses	-3.6	1.5
Total¹	16.5	-1.2
Total with United-linked life contracts	53.8	-72.6

¹ Unit-linked life insurance assets excluded
² Calculated using effective interest method

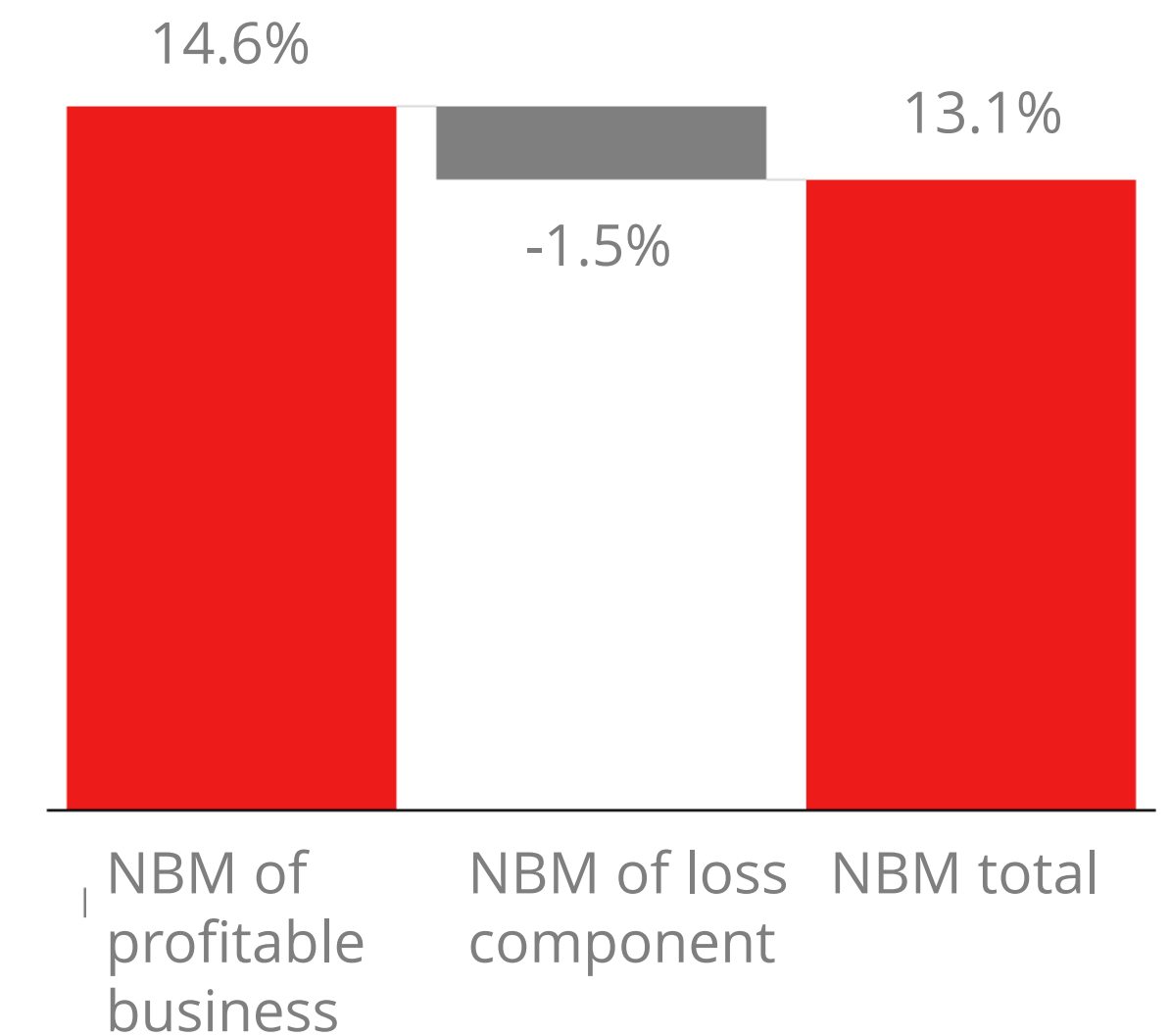
Non-life & Health

Combined Ratio NL & Health



Life & Pensions

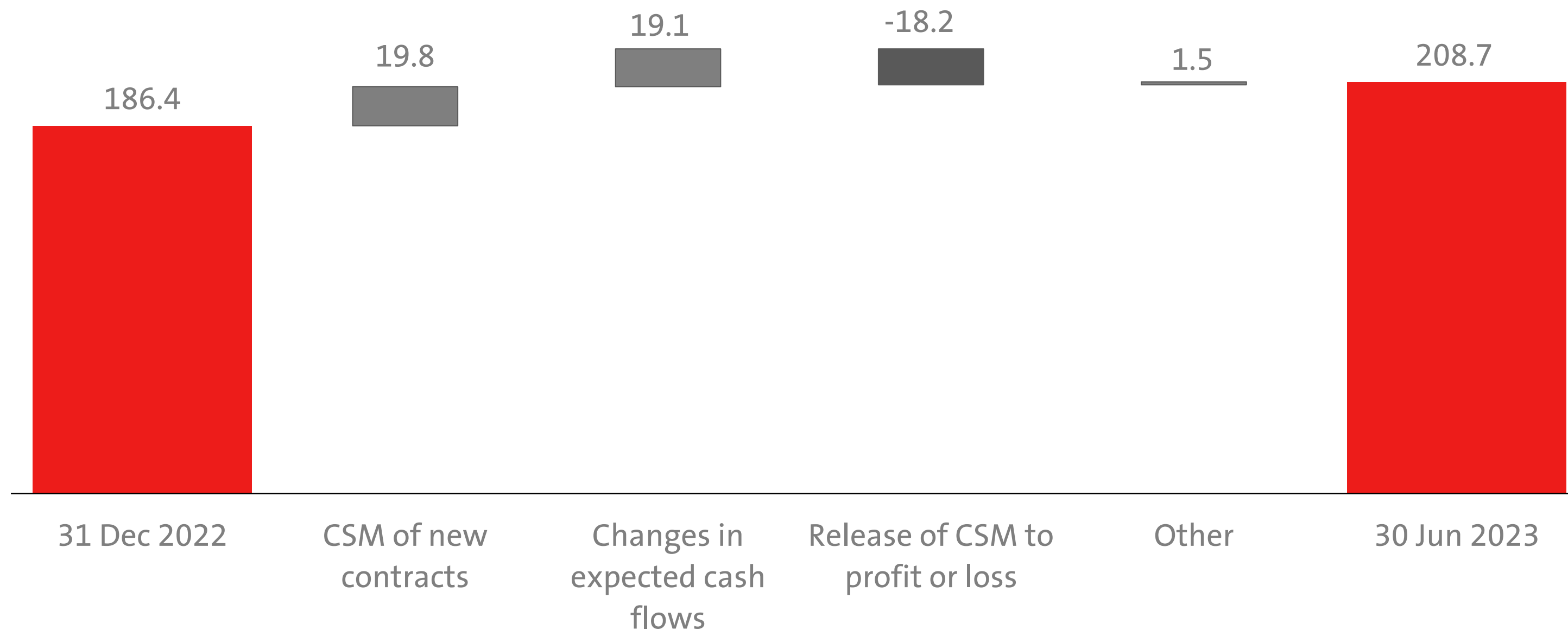
New Business Margin: **13.1%**
 (up by 2.2 pp y-o-y)





Robust Profitability of Our Business Model (CSM)

Total Contractual Service Margin (CSM) development (in €M)



- New CSM is confirmation of further profitability of our new business
- CSM of new contracts/CSM: 9.5%
- 82% CSM of new contracts from Life business

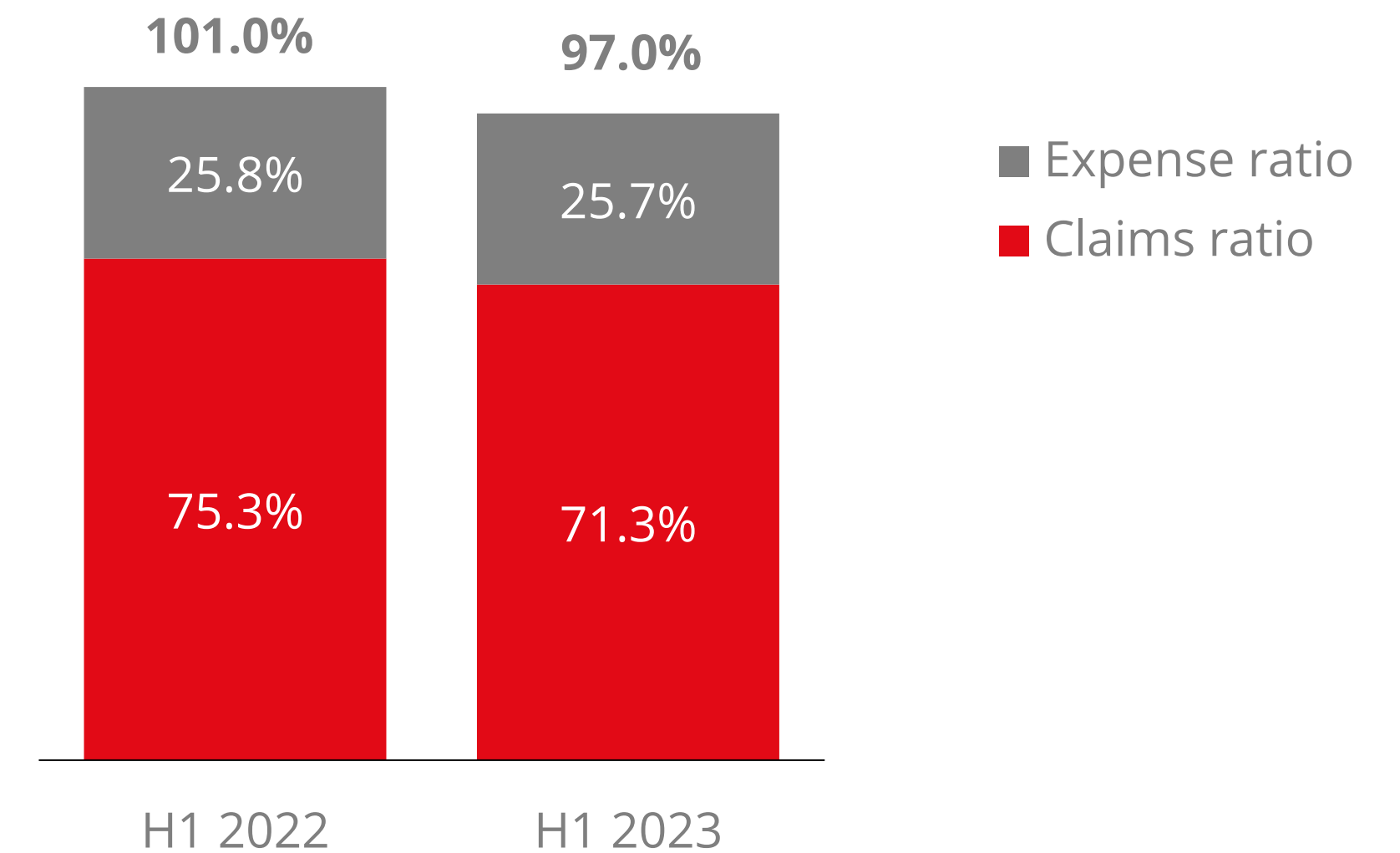
Contractual service margin (CSM) includes unearned profit that Company expects to earn from insurance contracts. It is calculated based on expected future cash flows (inflows and outflows), taking into account time value of money and risk adjustment.



Segment: Non-Life

(in €M)	H1 2023	H1 2022	Index
Total business volume	687.0	597.1	115
Total revenue	560.3	483.5	116
Insurance contract revenue	552.8	474.3	117
- premium allocation approach (PAA)	536.4	460.5	116
- general model (BBA)	16.4	13.8	119
Insurance service expenses	467.3	417.7	112
- premium allocation approach (PAA)	460.4	414.9	111
- general model (BBA)	6.9	2.9	243
Result from reinsurance contracts	-46.3	-39.4	
Insurance contract result	39.2	17.2	227
Financial result from insurance contracts	-2.1	-0.6	
Investment result	5.8	-0.2	
Operating expenses	150.5	130.6	115
Profit before tax	23.2	-5.1	
Other comprehensive income	5.8	-37.4	
Combined ratio	97.0 %	101.0 %	-4.0 p.p
CSM of new contracts/CSM	22.2 %	28.3 %	-6,1 p.p
Expenses to insurance revenue ratio	27.2 %	27.5 %	-0,3 p.p
	30 Jun 2023	31 Dec 2022	Index
Contractual service margin (CSM)	15.7	16.2	97
Risk adjustment (RA)	41.5	41.0	101
Net liabilities from insurance contracts	996.5	886.4	112
Net assets from reinsurance contracts	320.2	261.1	123

Combined Ratio Non-life

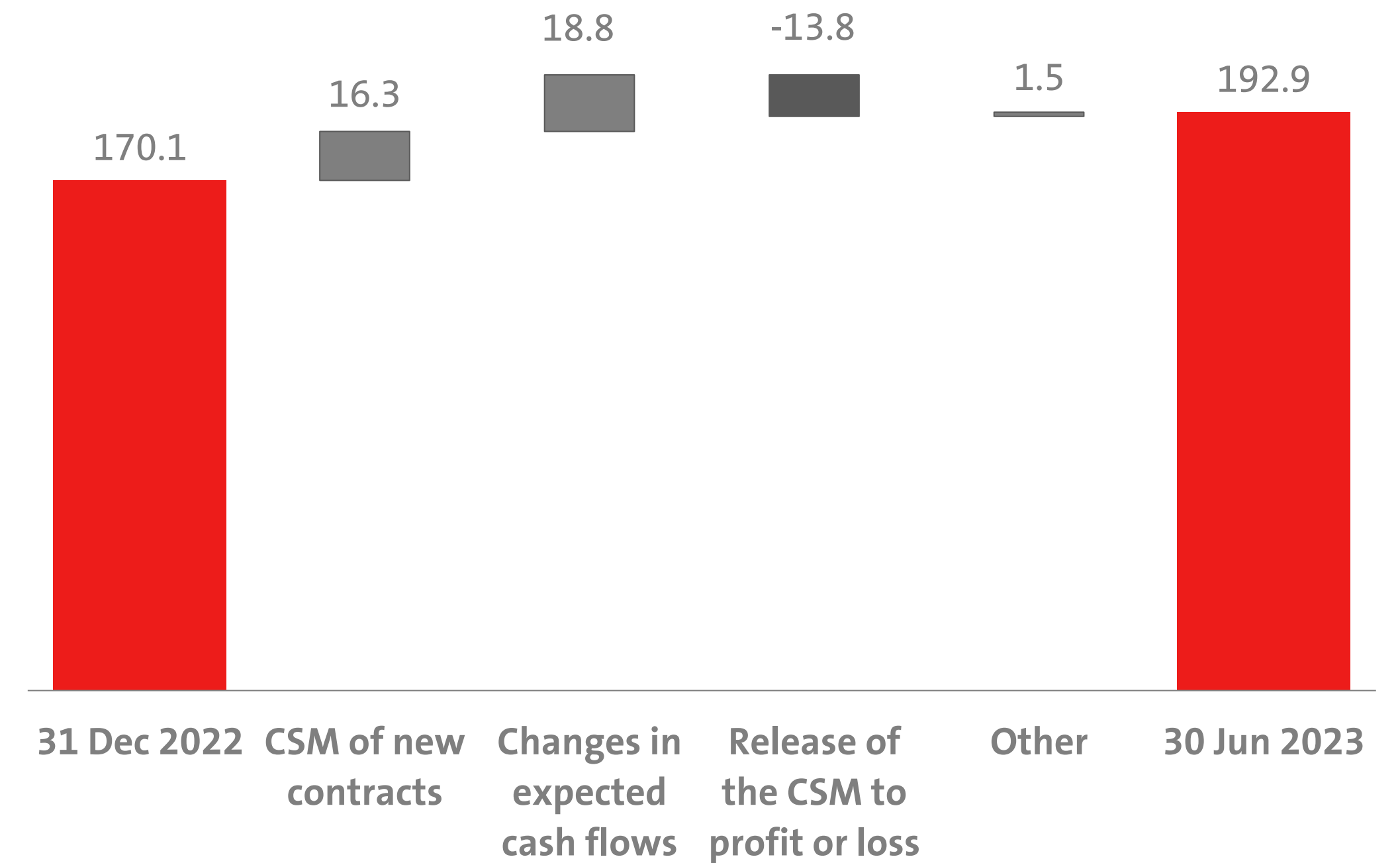




Segment: Life&Pensions

(in €M)	H1 2023	H1 2022	Index
Total business volume	141.2	135.8	104
Total revenue	46.5	42.8	109
Insurance contract revenue	41.7	38.1	110
- general model (BBA)	27.5	25.6	107
- variable fee approach (VFA)	14.2	12.5	114
- premium allocation approach (PAA)	0.0	0.0	96
Insurance service expenses	31.6	31.1	102
- general model (BBA)	21.9	21.2	103
- variable fee approach (VFA)	9.7	9.9	98
- premium allocation approach (PAA)	0.0	0.0	
Result from reinsurance contracts	0.0	0.4	-6
Insurance contract result	10.0	7.4	136
Financial result from insurance contracts	-44.4	73.4	
Investment result	47.0	-66.8	
Operating expenses	30.7	28.8	106
Profit before tax	12.9	-0.7	
Other comprehensive income	1.5	-0.3	
CSM of new contracts/CSM	8.5%	10.3%	- 1,8 p.p
New business margin	13.1%	10.9%	2,2 p.p
Expenses to insurance revenue ratio	73.6%	75.7%	-2,2 p.p
	30 Jun 2023	31 Dec 2022	Index
Contractual service margin (CSM)	192.9	170.1	113
Risk adjustment (RA)	28.2	26.1	108
Net liabilities from insurance contracts	1,276.1	1,233.4	103
Net assets from reinsurance contracts	0.1	7.9	1

Life CSM Development (in €M)

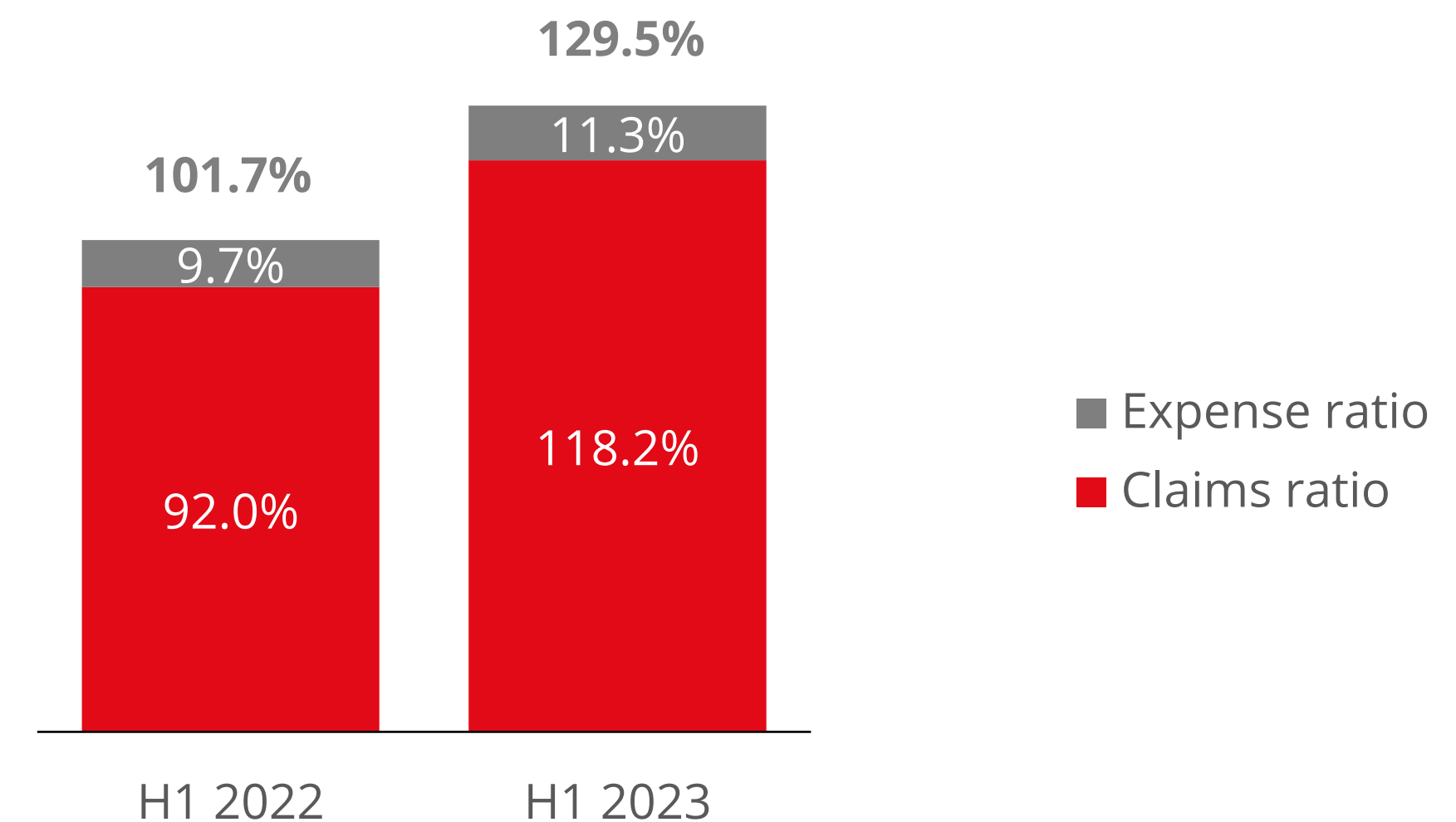




Segment: Health

	H1 2023	H1 2022	Index
Total business volume	105.0	102.2	103
Total revenue	104.3	102.1	102
Insurance contract revenue	104.2	102.1	102
- premium allocation approach (PAA)	103.1	101.0	102
- general model (BBA)	1.1	1.1	102
Insurance service expenses	134.0	102.5	131
- premium allocation approach (PAA)	146.9	101.4	145
- general model (BBA)	-12.9	1.0	
Result from reinsurance contracts	0.5	-0.2	-308
Insurance contract result	-29.3	-0.6	
Financial result from insurance contracts	-0.1	0.0	
Investment result	-0.3	0.0	
Operating expenses	11.5	9.6	119
Profit before tax	-30.9	-1.7	
Other comprehensive income	1.0	-5.1	
Combined ratio	129.5%	101.7%	+ 27,8 p.p
CSM of new contracts/CSM	10.6%	16.3%	- 5,7 p.p
Expenses to insurance revenue ratio	11.0%	9.4%	+ 1,6 p.p
	30 Jun 2023	31 Dec 2022	Index
Contractual service margin (CSM)	0.1	0.1	105
Risk adjustment (RA)	4.0	3.7	106
Net liabilities from insurance contracts	54.0	43.6	124
Net assets from reinsurance contracts	1.2	0.6	185

Combined ratio Health



Impact of announced termination of supplemental health insurance as part of reform of Slovenian healthcare system. Negative effects of price limitation of supplemental health insurance until 2023 YE reflected in immediate recognition of loss from supplemental health contracts. As a result, **insurance service result** of Health in H1 2023 **€-29.3 M**.



Segment: Asset Management

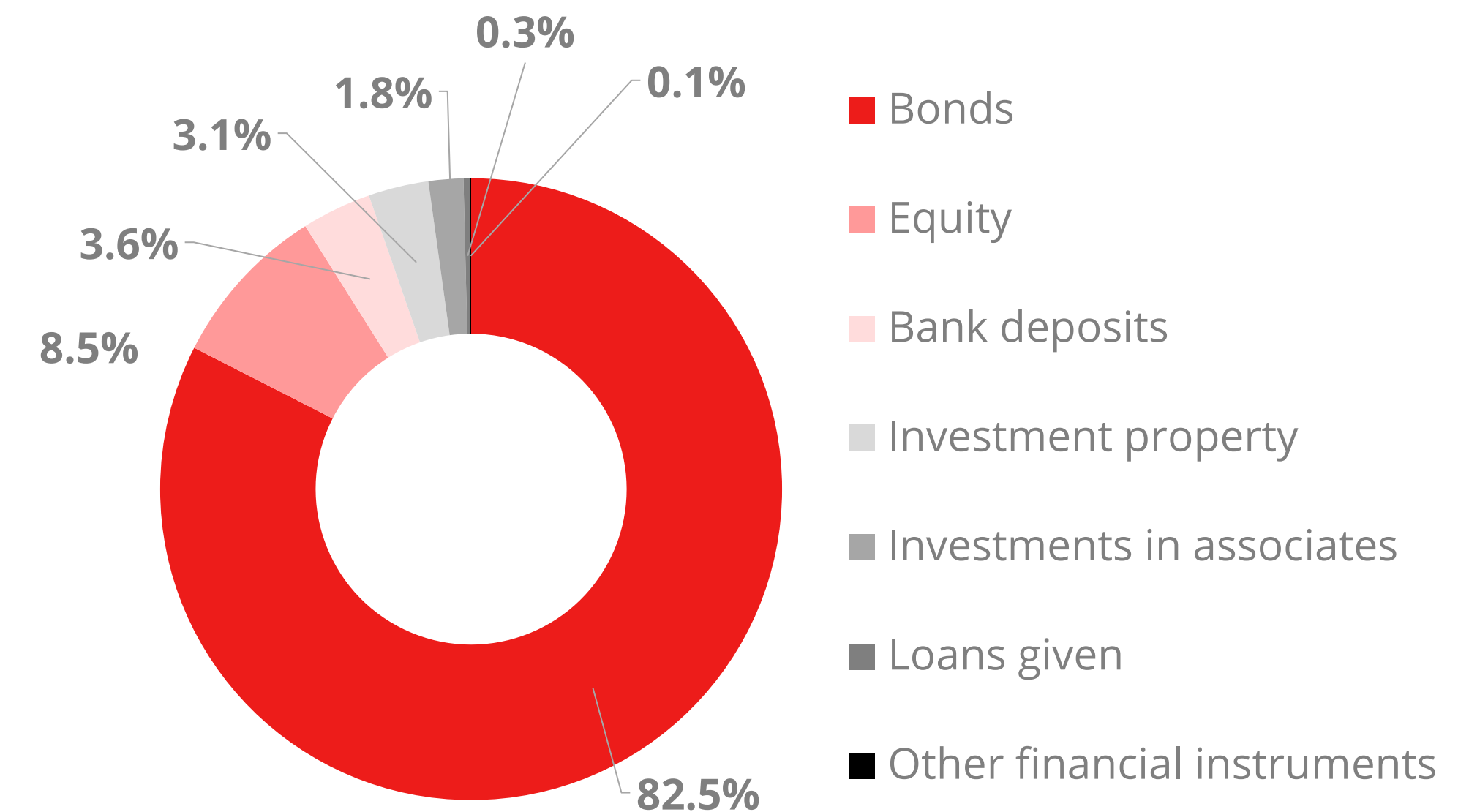
Portfolio structure (in €M)

Insurance portfolios, Unit-linked portfolios and Assets from financial contracts

Instruments (in €M)			Index 2023/2022
	30 Jun 2023	31 Dec 2022	
Investment property	68.0	68.3	99
Investments in associates	39.2	37.8	104
Shares and other variable-income securities	185.2	199.8	93
Debt and other fixed-income securities	1,790.6	1,801.7	99
Loans given	6.9	6.6	105
Bank deposits	78.6	79.5	99
Other financial instruments	1.6	1.6	103
Total (1)	2,170.1	2,195.4	99
Unit-linked life insurance contract investments (2)	520.1	469.5	111
Financial investments from financial contracts (3)	619.0	589.0	105
Total (1+2+3)	3,309.2	3,253.9	102

Asset Allocation

(assets from unit-linked products and financial contracts excluded)

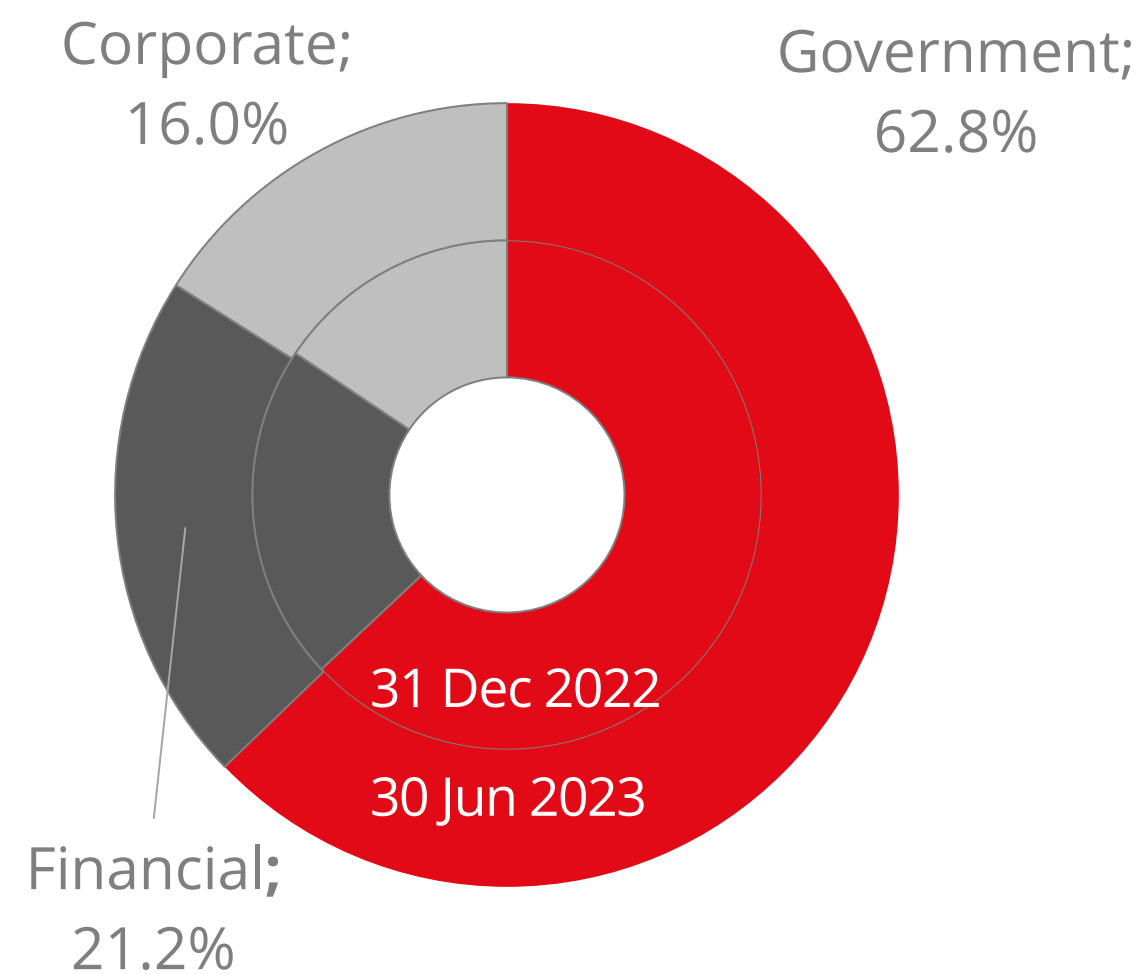




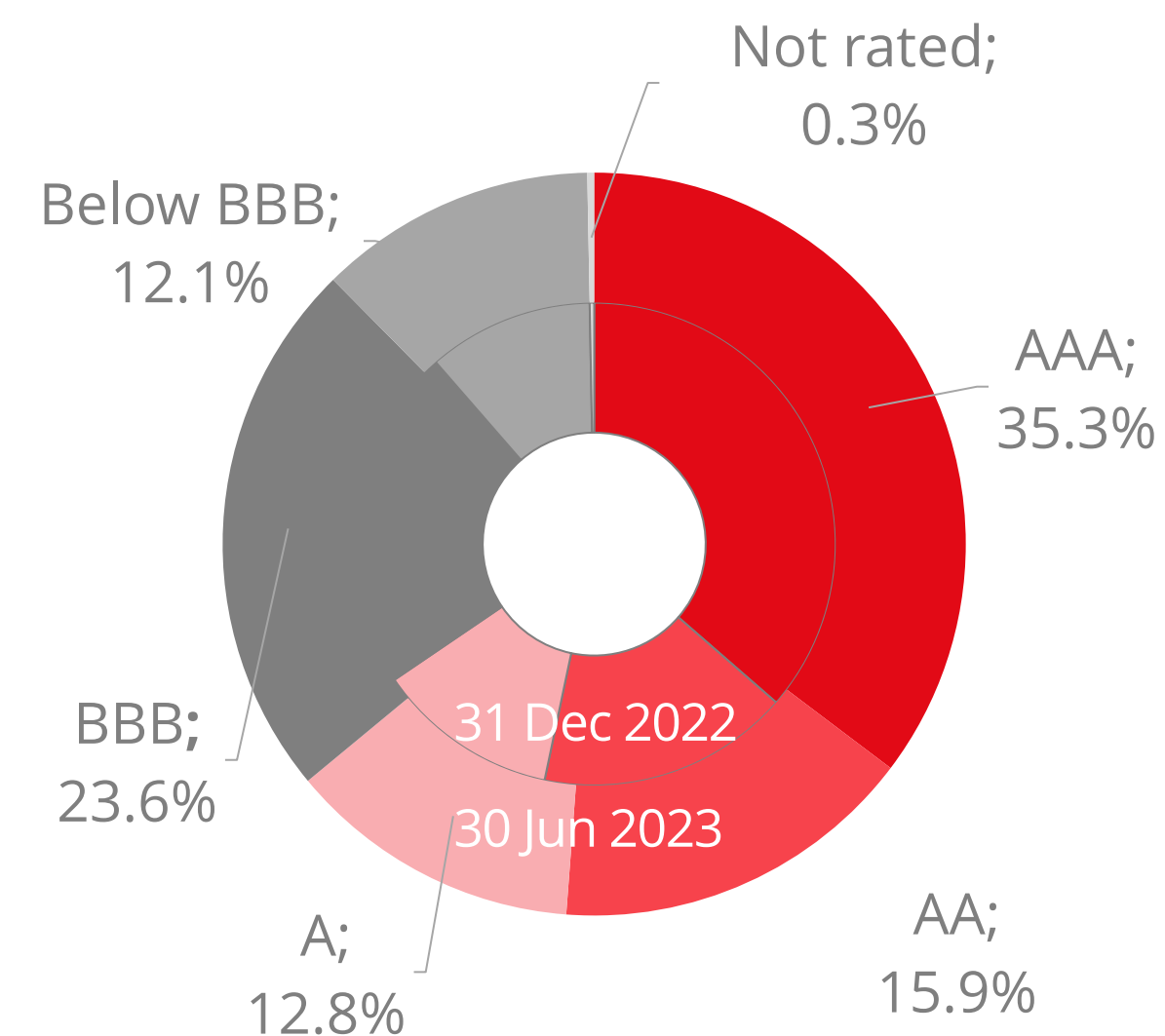
Segment: Asset Management

High-Quality Investment Portfolio

Debt instruments¹



Government bonds



Investment Result

- H1 2023 **investment result: € 53.8 M** (in H1 2022: € -72.6 M).
- Taking into account financial result from insurance contracts (€ -46.6 M) and change in shortfall provisions for guarantees (€ 4.2 M; in H1 2022 €-11.5 M), the **impact of investment result on profit was € 11.5 M** (in H1 2022 €-11.2 M).
- **Annualised return on financial instruments** (excluding UL): **1.6%** (in H1 2022 -0.1%).

¹Assets from unit-linked products and financial contracts excluded

2023 Profit Guidance





2023 Profit Guidance

As at H1 2023: We estimate that due to two external factors, i.e. changes to Slovenian healthcare system and CAT claims, and assuming normal claims development until the end of 2023, **our profit this year will be around 80% lower than planned** (initially plan of EUR 95 - 110 M).

Explanation of external factors that influence the realization of 2023 plan:

- Loss in Health: H1 2023 result already negatively affected by Health segment price regulation in Slovenia, resulting in segment loss of EUR 30.9 M.
- Nat CAT impacts: CAT losses due to hailstorms and flood in Q3 are at record high. We believe that this year's CAT claims will total between EUR 150 and 200 M. Their impact on Group's profit will significantly exceed the long-term average and, according to current estimates, will amount to between EUR 40 and 50 M.

Appendix

Insurance Markets

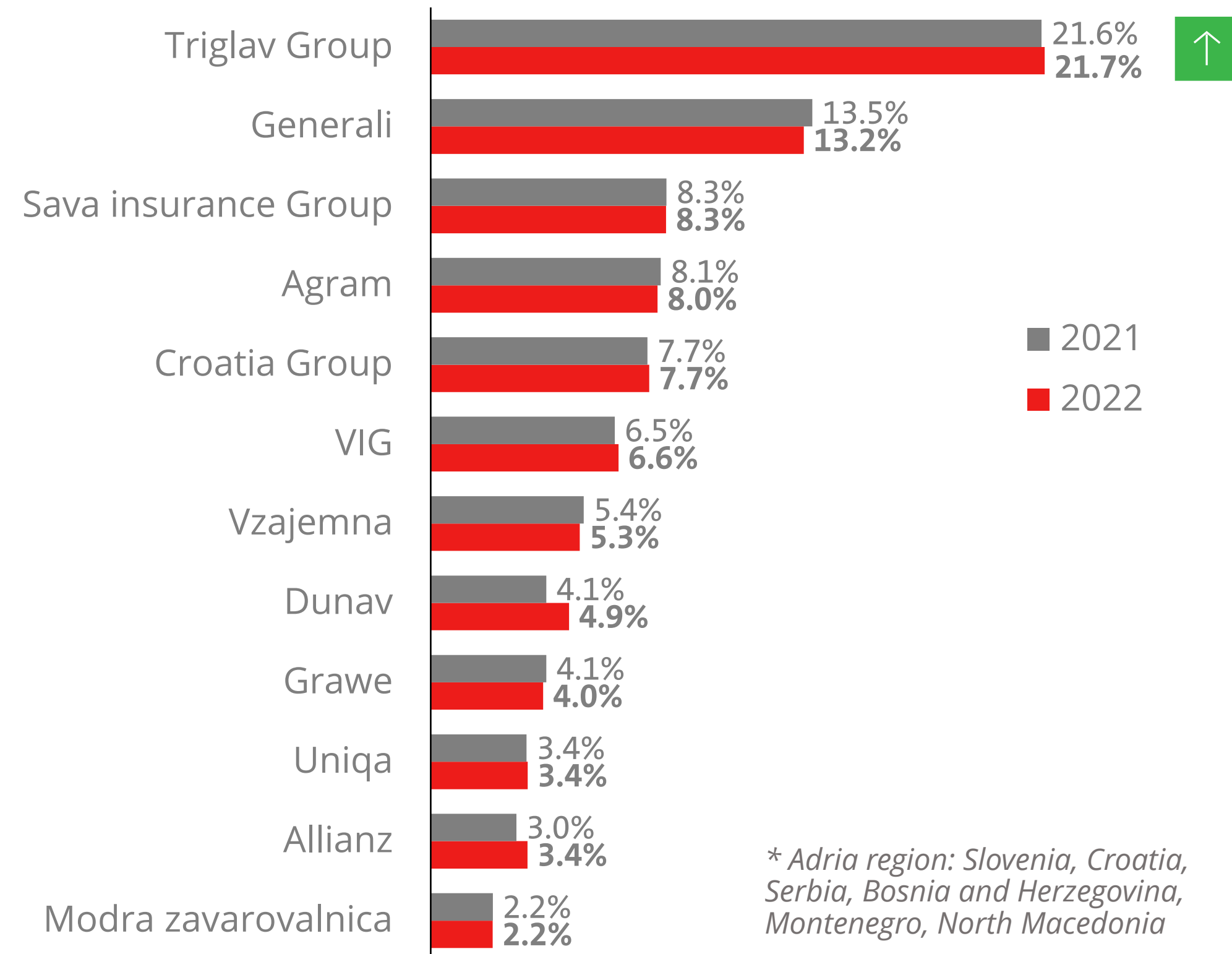
Dividend Policy





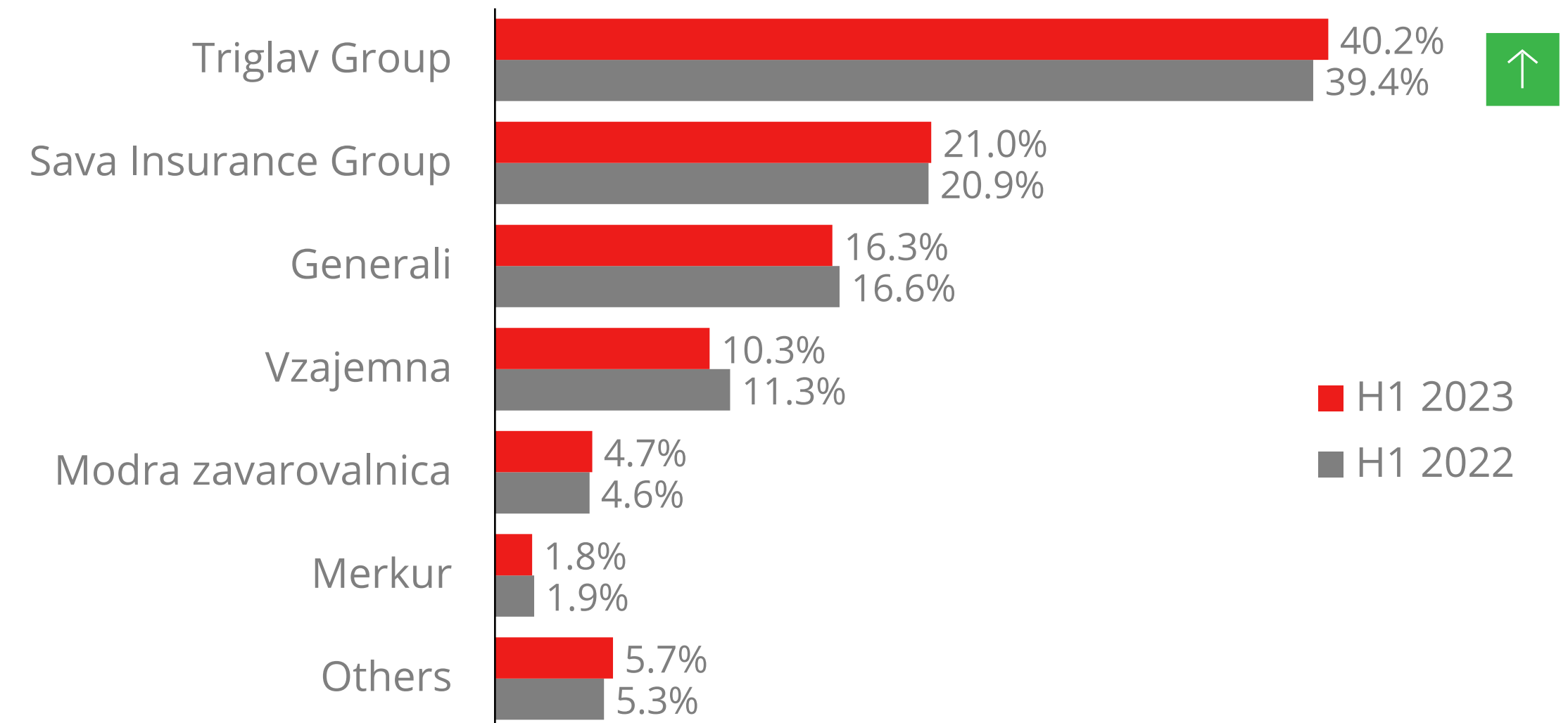
Leading Insurance/Financial Group in Adria Region

Adria Region* (2022)



* Adria region: Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia

Slovenia (H1 2023)



Triglav's market share in Slovenia (H1 2023; y-o-y):

- 47.2% in Non-life (+0.5 pp y-o-y)
- 32.2% in Life & Pensions (-0.1 pp y-o-y)
- 30.3% in Health (0.0 pp y-o-y)



Market Position in Adria Region (as at H1 2023)

SLOVENIA

40.2% (+0.7 pp y-o-y)
Market Share
1st rank

CROATIA

5.4% (-0.2 pp y-o-y)
Market Share
8th rank

MONTENEGRO

36.6% (-3.3 pp y-o-y)
Market Share
1st rank

ADRIA REGION (2022)

21.7% (+0.1 pp y-o-y)
1st rank

SERBIA

8.1% (Q1 2023)
Market Share
5th rank

BOSNIA & HERZEGOVINA

9.1% (-0.5 pp y-o-y)
Market Share
4th rank

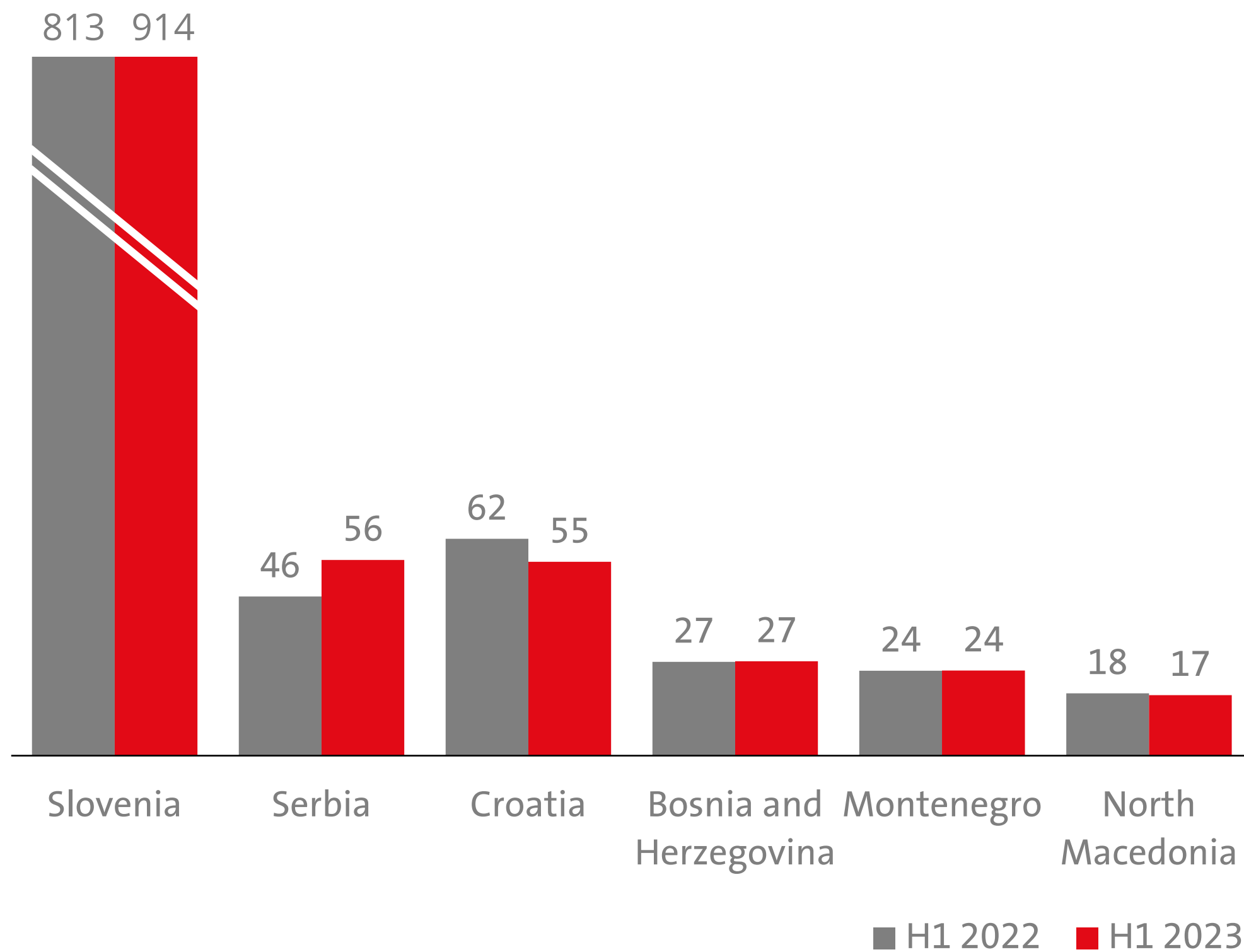
NORTH MACEDONIA

13.4% (-2.5 pp y-o-y)
Market Share
3rd rank

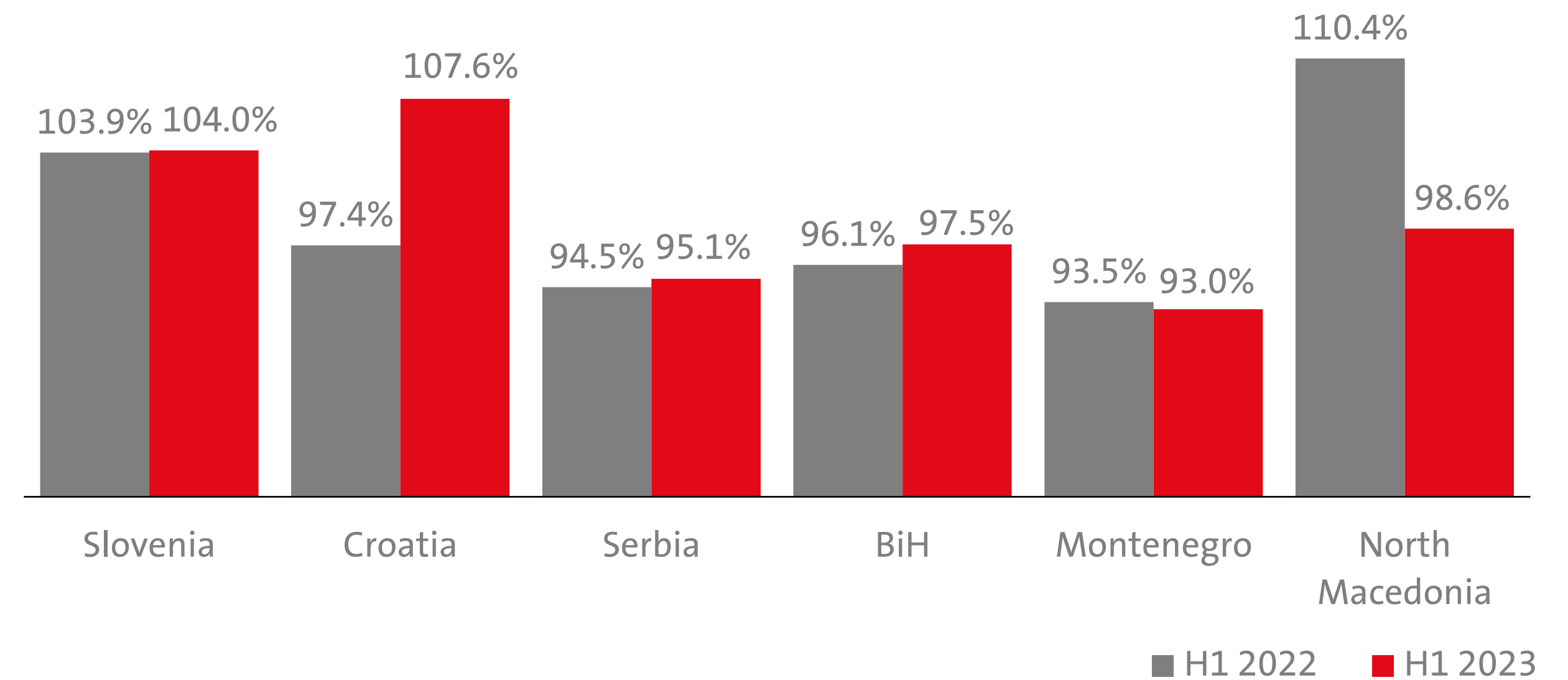


Triglav Group Operations by Markets

Total Business Volume by Markets (in €M)



Combined Ratio NL & Health by Markets





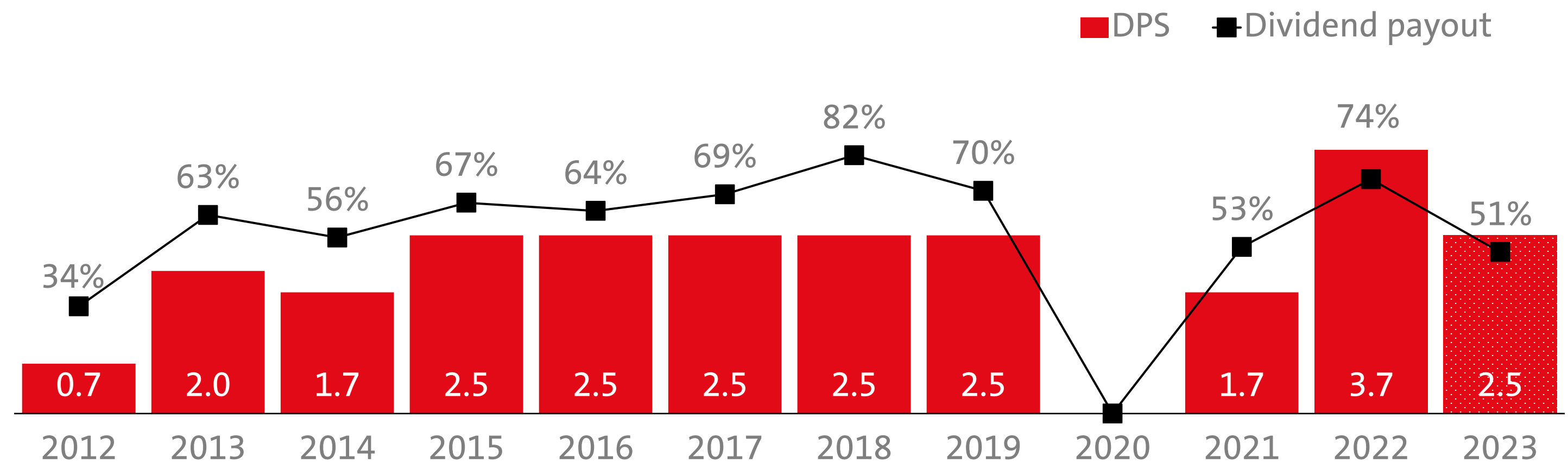
Dividend Policy

Dividend Policy:

Minimum dividend pay-out is set to 50% of consolidated net profit for previous year. Triglav will strive not to reduce its dividend payment below level of previous year. Dividend policy is subordinated to achieving medium-term sustainable target capital adequacy of Triglav Group.

Three objectives are followed in balanced manner: to ensure prudent capital management of Triglav Group and its financial stability, to reinvest net profit in implementation of strategy of growth and development of Triglav Group and to pay out attractive dividends to shareholders.

Gross DPS (in €) and Dividend Payout Ratio (% consolidated net profit)



In 2020: Regulator's call upon insurance companies in Slovenia to suspend payout of dividends.

In 2021: Triglav met regulator's requirements for dividend payment related to uncertainties in markets due to pandemic.

In 2022: Several aspects and circumstances of recent years also taken into account.



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