Insurance

May 2nd 2016

Environment brings pressure on business model

(EURk)	2014	2015	2016 F	2017 F	2018 F	2019 F
Gross written premium	888,247	919,116	913,029	915,798	918,945	922,480
Gross claims settled	615,722	594,841	614,471	615,700	621,241	626,211
EBT	100,411	102,478	93,789	97,473	104,589	111,679
Net profit / loss after M.I.	85,388	88,826	76,729	79,764	85,648	91,510
Total assets	3,275,428	3,493,457	3,556,794	3,632,567	3,706,798	3,783,616
Equity	688,141	704,045	725,048	755,040	788,646	823,572
Technical provisions	1,874,756	2,143,395	2,172,084	2,215,526	2,253,215	2,291,592
ROA	2.6%	2.5%	2.2%	2.2%	2.3%	2.4%
ROE	12.4%	12.6%	10.6%	10.6%	10.9%	11.1%
EBT margin	8.7%	8.4%	8.1%	8.4%	9.0%	9.5%
P/NPE	0.7	0.7	0.7	0.7	0.7	0.7
P/E*	7.1	6.9	7.9	7.6	7.1	6.7
P/B*	0.9	0.9	0.8	0.8	0.8	0.7

* Multiples were calculated based on the market price

Based on our view on the sector and earnings estimates we are updating our model of Triglav Group with a _____ recommendation and ______ price target. By using excess return model we calculated the Company's equity value in the amount of _____ or _______ per share. Using comparables method and applying the market multiples on expected results from the company in 2016, we have generated a value of Triglav Group of _________ or ________ per share.

We take a moderate view on Triglav due to uncertainty in earnings and margin growth outlook, low interest rate environment and competitive conditions on the insurance markets where the Group operates. We acknowledge the quality of the business and its strong track record. Yet, we think its business model is under pressure from the outside factors which are not under direct control of the management and we see less room for positive surprises.

What we're expecting up to 2020: moving aside the current headwinds (low interest rate environment and potential pressure on earnings due to absence of major mass loss events recently) we expect that Triglav will be focused on stability and profitability of Slovenian core operations, while the footprint across the region will yield higher growth rates but lower returns.

We expect further progress in the health and pension insurance segments as last year's acquisition of Skupna pokojninska družba strengthened Triglav's presence in this segment. With the sale of the Czech operations and some non-core assets, the optimisation of the business model is on the right track.

The dividend policy depends on capital adequacy but in spite of that we are quite positive in sustainability of the current payout ratio. **Overall, we assume that the Group will be able to create added value through its core operations and as a result we expect the ROE above the CoE during the entire period until 2020.**

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Investment Case

We rate Triglav _______ as we see: 1) relatively modest growth in Slovenia, which accounts for 83% of premiums (the remaining is mostly SEE region); 2) pressure on investment income due to low interest rates; and 3) further challenging and highly competitive conditions on the insurance markets where the Group operates. We believe the share price reflects the current earnings trends fairly for now and therefore we believe there is limited upside potential.

Slovenian market provides a solid base for the business stability. The insurance sector in Slovenia is more mature compared the rest of the region with insurance penetration (as % of GDP) of 5.1%, compared to 2.6% in Croatia and 1.6% in Serbia. However, it is still lagging behind Western Europe, but projections for further growth are moderate. On the Slovene market, the Company's focus is on profitability and maintaining the largest market share. So to further expand and develop on the domestic market, special attention will be paid to health and pension insurance products.

Growth at a price. Triglav plans future growth and development in target markets of SEE region. Since there are different penetration rates between the markets, a convergence process is widely expected in the years to come. Based on empirical models when GDP per capita approaches level of USD 10.000, GWP per capita starts to take off at much faster pace. But growth comes at the price… Namely, in the last few years the situation is more or less the same. The gap is constant and all other competitors have already seen this difference. As a consequence of such a development Triglav has the combined ratio in almost all regional markets above 100%.

Profitability has made a sharp recovery and is now above the cost of capital. Profits in 2015 reached their highest level in five years. The ROE was 12.6% in 2015, above the target level of 10%. Such strong profitability surprised some analysts, given the low interest rate environment and absence of major mass loss events in 2015. According to the business plan for 2016 profit before tax should be between EUR 80-90m which is EUR 15-20m lower than in 2015 which is in line with our projections.

Potential for growth in the region through acquisitions in order to increase the current market shares. Besides the potential M&A in the core segments, the company is expanding opportunities in the pension and health insurance. We support the strategy to further consolidate operations outside Slovenia to gain scale and improve efficiency. However, unfortunately there are currently not many appropriate targets, so the company needs to remain patient and selective in order not to overpay potential target.

In the current low yield environment, generating strong investment income remains a challenge. Due to the current situation on the financial markets we believe that the company will have lower yield on the investments in the next few years. The average returns on government bonds dropped to record-low levels due to expansionary monetary policy and near-zero key interest rates.

The risk of major fluctuations in the entire bond market is inevitable. The interest rate risk sensitivity analysis which includes all financial assets exposed to interest rate risk (debt securities classified into "trading" and "AFS" categories and derivative financial instruments) showed us that +100 bp movement cause loss of around EUR 80m. If the prices of the equities in the portfolio as at 31 December 2015 were 10% lower than their disclosed values, the comprehensive income and profit of the Group would be lower by EUR 16.1m and EUR 44.5m, respectively.

Company overview in six charts

Exhibit 5 Gross written premiums by segments in 2015

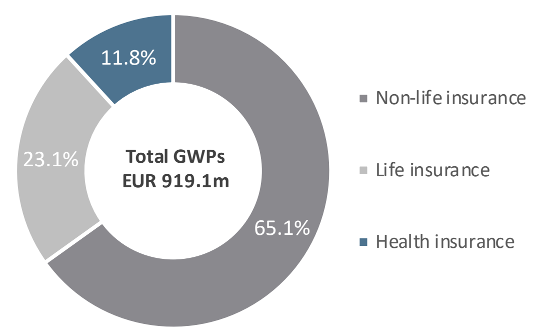


Exhibit 6 Comparison of GWP and GPC (EURm)

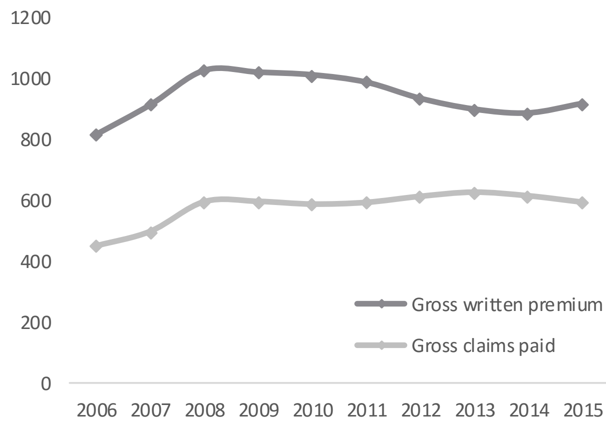


Exhibit 7 Investments portfolio in 2015

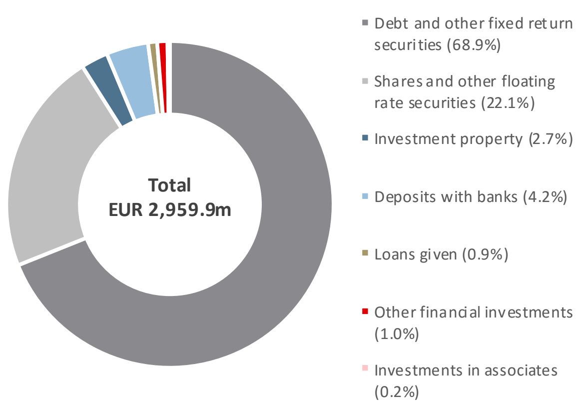


Exhibit 8 Bond portfolio structure by type of issuers

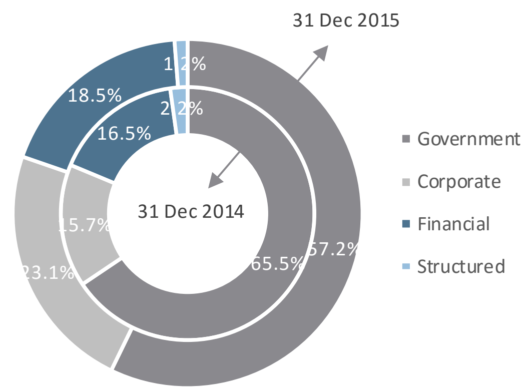


Exhibit 9 Triglav's combined ratios

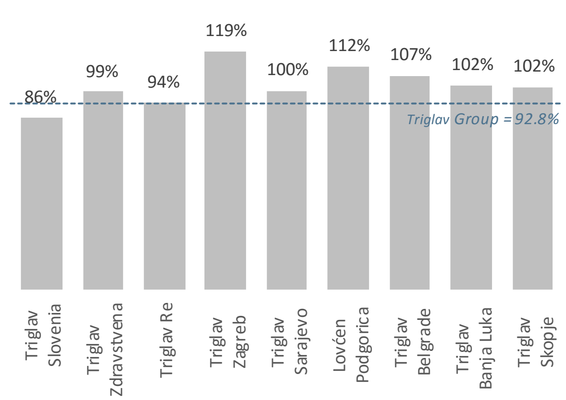
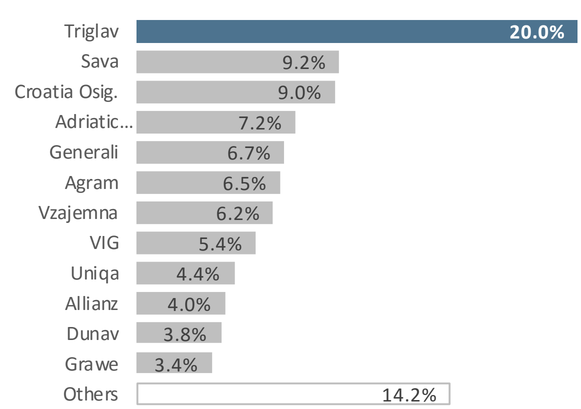


Exhibit 10 Market shares in Adria region in 2014



Source: Triglav Group, InterCapital Research

Overview of key themes related to Triglav Group's business activities

Key question	Market view	Our opinion
Low yield environment	In current low yield environment, generating income remains a challenge for investors who need to maintain portfolio yields.	The obvious challenge right now is that you can be stuck with securities that pay a low rate of interest. In such an environment there is tradeoff between higher risk and return. Due to the current situation on the financial markets we believe the company will have lower yield on the investments in the next few years.
Portfolio structure	Most of Triglav's portfolio is composed out of debt securities. The only remaining category worth mentioning are shares and deposits. Compared to the end of 2014 fixed return securities slightly decreased in the portfolio structure.	In order to deal with low interest rates we assume the company would use the following strategies: (i) reduce the duration gap; (ii) take more investment risk to extract more yield; (iii) switch new business sales to less capital intensive policies.
Acquisition potential	Considering M&A activity the company wants to remain market leader in Slovenia and consolidate its position in the target markets of South-East Europe. Having that in mind the company sets the goal to have at least a 10% market share in all of its foreign markets.	The primary goal is to further maintain leader position on the Slovene market, but special attention will be paid on gaining market share in the region. More or less this can be achieved only through M&A activities. Unfortunately there are not many appropriate targets, so the company should be very selective and cautious to not overpay potential target.
State ownership	Currently the government has ownership stake higher than 60%, and this way controls the company so it might be burden for the management. In addition to this market participants often speculate about potential privatization.	We believe the management is professional and capable to maintain the leading position of the company. Knowing the Slovenian sentiment towards privatization processes we don't expect privatization of the company any time soon.
Potential of regional market	With the lower levels of the premiums per capita compared to the developed insurance markets, market participants expect higher growth rates of the regional markets in the years to come.	Although currently the regional markets seem to cause more trouble than gain, there is potential for trend reversal. Unlike Slovenia, regional markets have quite low premiums per inhabitant and much lower insurance penetration (in relation to GDP). This could be translated into new growth possibilities, but Triglav should be very cautious because these markets offer higher risk.
Regulatory risk	Regulatory risk refers to changes in legislation and the method of their implementation. Regulatory risk is present in all segments in which the company operates. The main goal in risk management is compliance with Solvency II regulatory requirements (as of 1 January 2016).	We believe that the company has enough resources to adhere to the change of the relevant regulation.
Attractive dividend yield	The dividend policy of the company is related to the target capital adequacy and sufficient available capital to independently ensure its „A" rating. In addition to this it is also based on plans for the further growth and development on the target markets.	In the last few years the company delivered attractive dividend yield. Last year the company's payout ratio was 67%. We believe that this level is sustainable in our projection period.

Source: InterCapital estimates

Insurance Markets in Countries Where Triglav Operates

After selling its subsidiary in the Czech Republic, the Triglav Group remained present in Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro and Macedonia.

Below is a short overview of each of the markets. Local currencies were translated to EUR using the official exchange rates of individual central banks.

Slovenian Insurance Market

The most developed regional insurance market is by far Slovenia, which recorded EUR 958 gross written premiums per inhabitant in 2015, with a penetration (share of GWPs in the country's GDP) of 5.1%. However, this market has recorded a decline in premiums, when compared to 2009. Nevertheless, Triglav Group is still the ultimate leader in the Slovenian market with the share of 36.6% in 2015 (+0.5 p.p.).

Croatian Insurance Market

The next most developed insurance market is Croatia, recording EUR 275 GWPs per capita in 2015 with a penetration of 2.6%. Although the market increased in 2012 and 2013, 2014 brought liberalisation of the motor liability insurance prices which has severely affected the insurance sector. According to the Croatian Insurance Bureau, total GWPs recorded by insurance companies in 2015 stood at HRK 8.7b (around EUR 1.2b), up by 1.9% compared to 2014 but still below 2009-2013 levels.

Montenegrin Insurance Market

The insurance market in Montenegro recorded EUR 112 GWPs per capita in 2014 (2.1% of GDP), down by 0.5% compared to the value recorded in 2013. Triglav is the ultimate market leader, although its market share has declined over the observed period from 56.8% in 2009 to 39.5% in 2015.

Serbian Insurance Market

GWPs per capita in Serbia have been going up constantly in the 2009-2014 period, increasing by 32% (from EUR 59.8 in 2007 to EUR 79.1 in 2014), more than in any other country in which Triglav operates. In 2015 Serbian insurers recorded slightly lower GWPs compared to the previous year (EUR 69.7 per capita), but Triglav managed to increase its share by 0.4 p.p to 4.2%.

Bosnian and Herzegovinian Insurance Market

The total insurance market in Bosnia and Herzegovina recorded EUR 75.3 per capita in 2014 (2.1% of GDP), up by as much as 6.8% compared to previous year (EUR 70.5 in 2013). Triglav had recorded lower values both in absolute terms (GWPs) and market share after 2010, but 2014 showed some positive development with GWP growing by 6.6% YoY. According to Triglav, the market share remained rather flattish at 7.8% (+0.2 p.p. YoY).

Macedonian Insurance Market

Macedonia has the lowest value of GWPs per capita, generating only EUR 59.1 in 2014, up by 5.0% compared to the value from 2013. According to the group, Triglav has managed to increase the market share by 1.0 p.p. to 18.0% in 2015.

Overview of the key markets in six charts

Exhibit 12 Triglav Slovenia

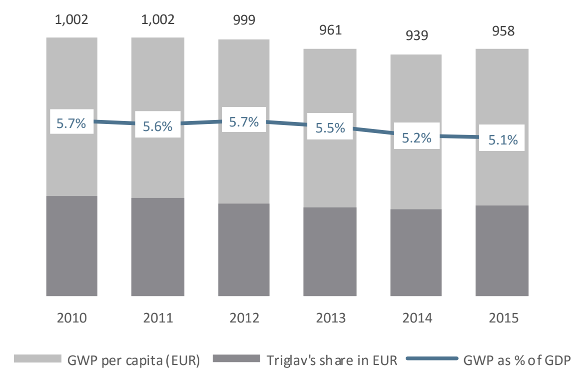


Exhibit 13 Triglav Montenegro

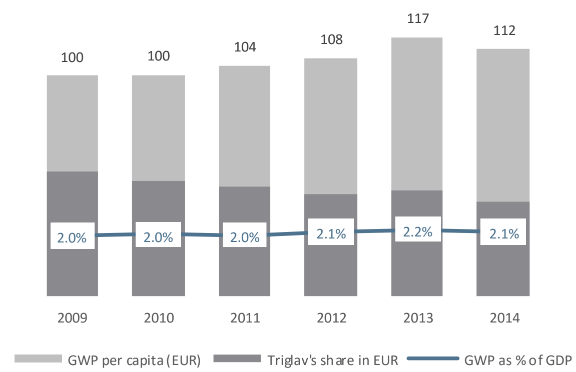


Exhibit 14 Triglav Macedonia

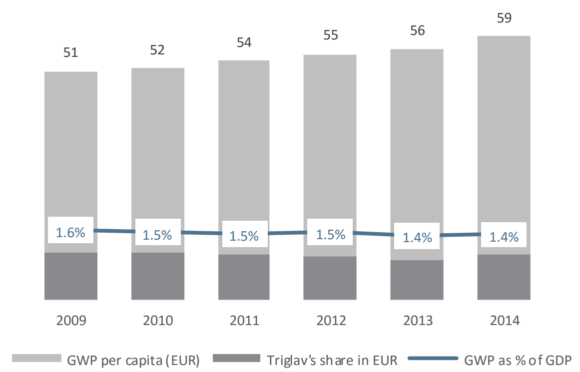


Exhibit 14 Triglav Croatia

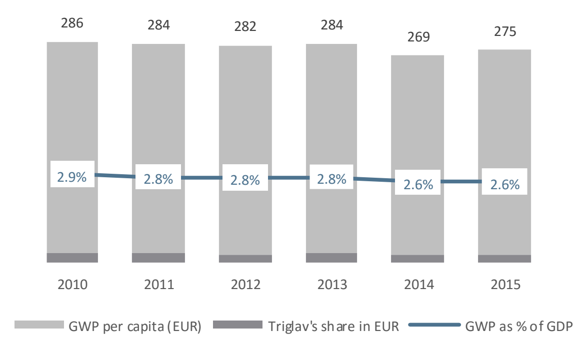


Exhibit 16 Triglav Serbia

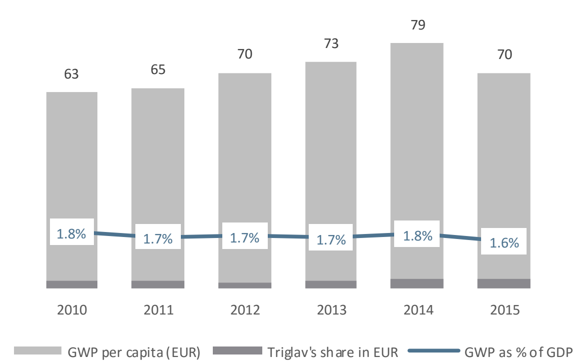
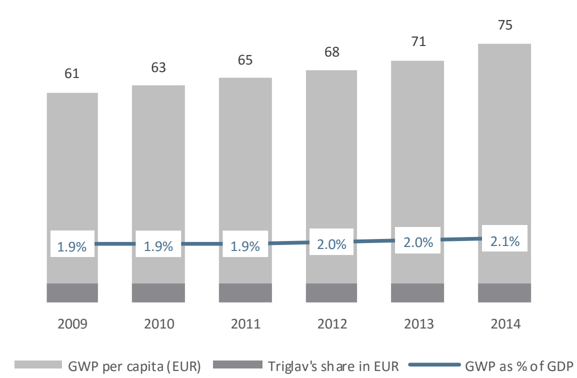


Exhibit 17 Triglav BiH



Source: Countries' statistics and insurance bureaus, InterCapital Research

Triglav Group Results for FY 2015

Growth in region, acquisition of SPD and absence of mass loss events pushed results in 2015 in spite of flattish results of parent company.

Exhibit 18 Triglav Group results for FY 2015

Key financials (EURm)	FY 2014	FY 2015	Change (%)
Gross written premiums	888.2	919.1	3.5%
Net premium earned	819.9	839.2	2.4%
Gross claims settled	615.7	594.8	-3.4%
Net claims incurred	594.7	570.3	-4.1%
Gross operating costs	231.0	231.6	0.2%
EBT	100.4	102.5	2.1%
Net profit	85.7	88.9	3.7%
Combined ratio	96.3%	92.8%	-350 bp
EURm	**31 Dec 2014**	**31 Dec 2015**	**%**
Equity	688.1	704.0	2.3%
Return on equity	13.4%	12.8%	-60 bp
Number of employees	5,406	5,373	-0.6%
Insurance technical provisioi	2,333.7	2,600.4	11.4%

Source: Triglav Group

During 2015 Triglav Group recorded a total of EUR 919.1m in gross written premium from insurance and co-insurance contracts or 3.5% more than in previous year (+4% above 2015 plan), partially on the back of acquisition of Skupna pokojninska druzba. Nevertheless, the parent company Zavarovalnica Triglav posted rather flattish GWPs (-1% YoY), amounting to EUR 586.3m.

Other factors that significantly affected the results of the Group in 2015 include premium growth in markets outside Slovenia (in addition, the Group increased its market share in the insurance markets of all five countries) and the absence of mass loss events.

Gross operating costs of insurance business amounted to EUR 231.7m, which is almost in line with the previous year (EUR 231.0m in 2014). Going further, Triglav Group's combined ratio improved to 92.8% in 2015, which is 350 bp lower over the one-year horizon. Finally, the bottom line rose by 3.7% YoY and showed profit in the amount of EUR 88.9m, while parent company ended 2015 with a net profit of EUR 58.5m (a 28% YoY increase).

Insurance technical provision (as at 31 Dec 2015) amounted to EUR 2,600m (+11.4%, compared to the 31 Dec 2014). Furthermore, a 2% rise of the Group's equity (reaching EUR 704.0m) resulted in ROE of 12.8% (-60bps YoY).

Worth to mention, the Group was confirmed the A- credit rating from Standard & Poor's, quoting the Group's financial strength and solid performance, whilst A.M. Best reaffirmed the current positive medium-term outlook.

Triglav Group's gross written premium from insurance contracts is foreseen around EUR 900m in 2016, which is slightly below FY 2015 result. Going down the P&L, the group envisages profit before taxes amounting to roughly EUR 80-90m (down from EUR 102.2m in 2015). Regarding the relative indicators, the combined ratio is expected around 95%, while a long-term guidance for ROE of the Group remains above 10%.

Assumptions for Model Development

Top line

One of the characteristics of the insurance market is that the premium growth is correlated with GDP growth and population growth. The current situation on the Slovenian market is relatively unfavourable. The GDP will probably grow by only small low digit numbers while population is stagnating. Furthermore, given that the average premiums in Slovenia are around EUR 958 per capita, we do not see high growth potential for Triglav Group in domicile market. For this reason, we believe regional presence would be the top line driver. Specifically, insurance market penetration in Croatia is around EUR 275, Montenegro EUR 112, B&H EUR 75, Serbia EUR 70 and Macedonia EUR 59. Putting all of these factors into account we project Triglav's GWP to grow at 5Y CAGR of 0.2% between 2015 and 2020.

Upside potential could arise from potential reform in the Slovenian pension insurance market. With the acquisition of Skupna pokojninska družba (the second largest provider of voluntary pension insurance in Slovenia), Triglav strengthened its presence on the pension insurance market and prepared itself if something happened in the future. Given that the reform is uncertain, we did not take it into consideration in our estimate of gross written premiums for Triglav Group.

Financial results

Considering the high returns earned recently, which are unlikely to happen in the years to come, we were conservative in projections of net financial income. Specifically, we have estimated income from investments to decrease by 20.0% in 2016 YoY due to the sale of Czech subsidiary and stake in Avrigo, and at 5y CAGR between 2015 and 2020 -3.6%. We expect investment costs to be around EUR 95m.

Operating expenses

We expect gross claims payments to increase by 3.3% in 2016 due to absence of major mass loss events in 2015, and at 5y CAGR of 1.2% between 2015 and 2020. Operating expenses include costs of acquisition of insurance policies and other costs. We believe this cost will be in line with the business development, thus we projected them to slightly decrease by CAGR 0.4% in the projected period.

Bottom line

In line with aforementioned, we expect decrease of net income in 2016, while in the remaining period we expect stable growth. More precisely we expect Triglav to record net income in amount of EUR 76.7m after minority interest in 2016 and further growth in by CAGR 1.3% in the projected period.

Balance sheet

In the structure of total assets financial investments represent the largest share and at the end of 2015 the value of financial investments amounted to EUR 2,873.4m (9.7% YoY mainly because of consolidation of Skupna Pokojninska Družba). For 2016 we estimate an increase of 1.5% which is in line with current development. Taking into account the situation in Slovenian and regional markets and further development of the business, we expect a decrease in the receivables at CAGR of 0.4% between 2015 and 2020. Technical provisions relate to unearned premiums, mathematical provisions, claims provisions and other technical provisions. We expect them to increase by 1.3% in the current year and in the remaining period at CAGR 1.7%. Realization of positive operating results in the projected period is expected to result in growth of the equity by CAGR of 4.0%. Based on the target capital adequacy and stable level of net profit, the dividend policy should be around 2/3 of consolidated net income.

Overview of the key financials in six charts

Exhibit 19 GWP projections until 2020 (EURm)

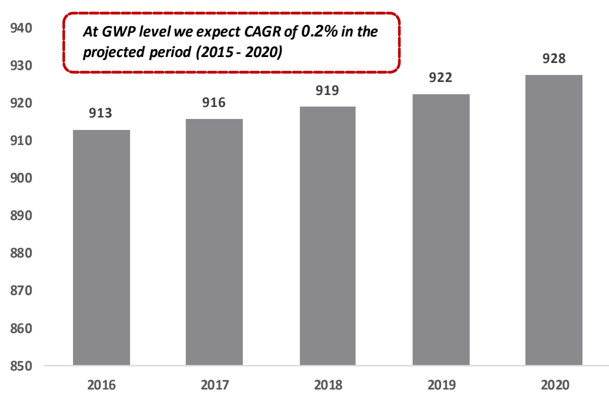


Exhibit 20 GWP per segments until 2020 (EURm)

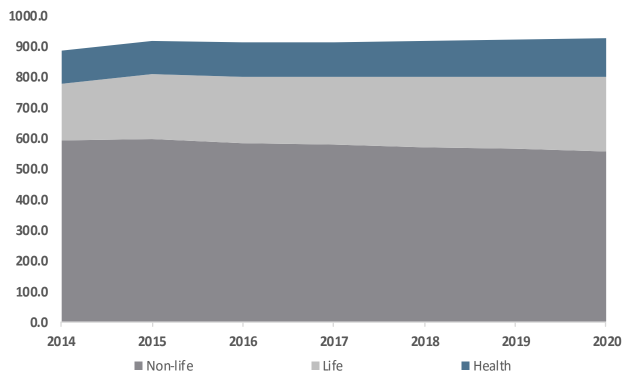


Exhibit 21 Projections of financial results

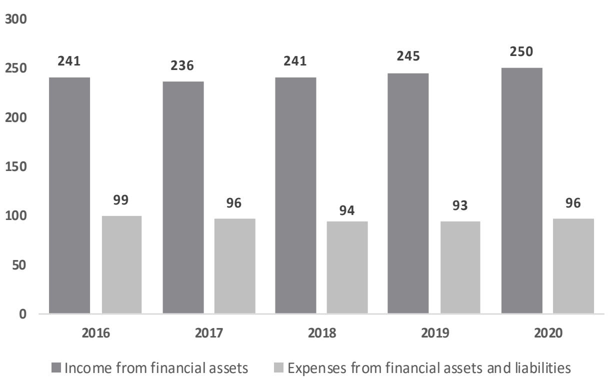


Exhibit 22 Comparison of profitability and cost of equity

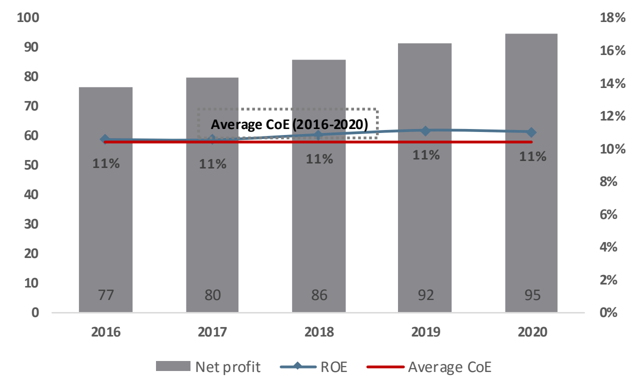


Exhibit 23 Development of assets and equity (EURm)

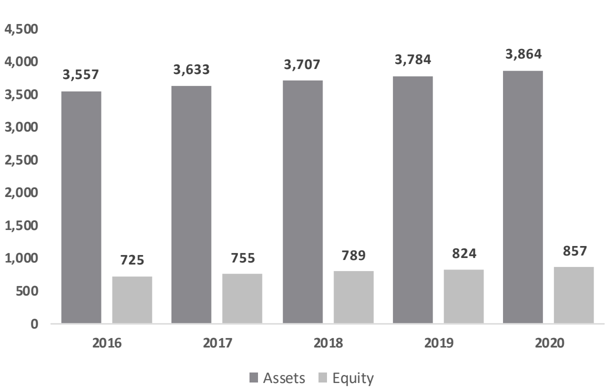
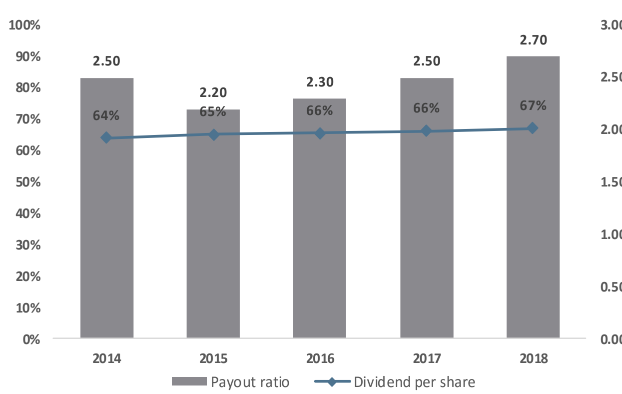


Exhibit 24 Projection of dividend and payout ratio



Source: InterCapital estimates

Valuation

Excess Return Model

The excess return model calculates the value of the company as the sum of current invested capital plus the present value of excess returns which the company is expected to generate in the future.

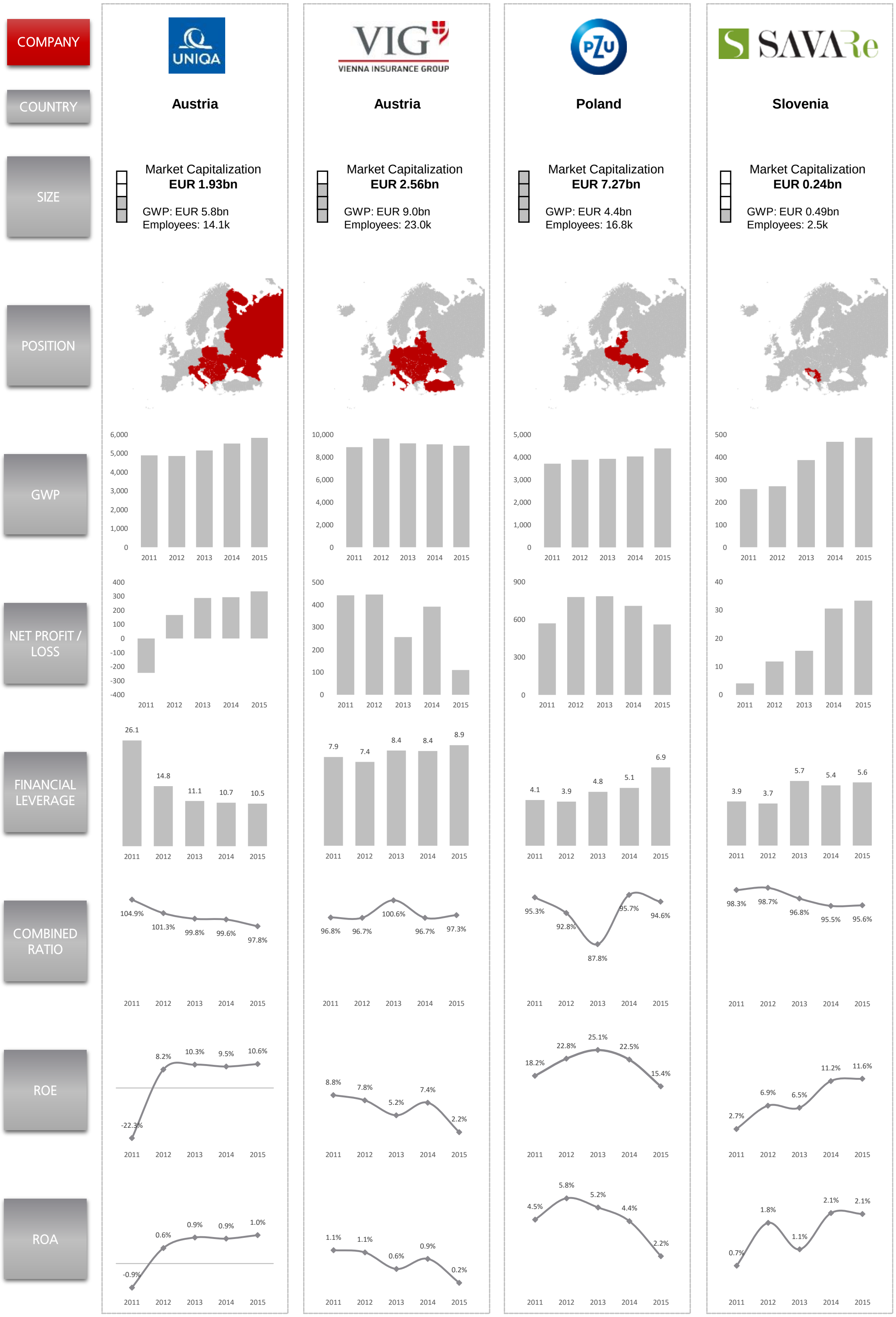
The two inputs needed to determine the value of the equity under the excess return model are the capital currently invested in the company and the excess (deficit) of value in future periods.

The capital currently invested in the company is usually measured as the book value. Although it represents an accounting measures and is therefore influenced by accounting decisions, it should be much more reliable in valuing financial rather than manufacturing companies, because the assets of financial companies is often marked to market.

As a starting point in the valuation we have used the cost of equity (CoE) of ______%.

By using excess return model we calculated the Company's equity value in the amount of ________.

Comparables Method



In selecting comparable companies, we have emphasized the business model and countries and markets covered by comparable companies. The fundamental characteristic of all comparables is that they operate in the region, and that they are leaders in their respective domestic markets.

Using comparables method and applying the market multiples on expected results from the company in 2016, we have generated a value of Triglav Group of _______.

Valuation conclusion

Given the questionable assumption about future profit distribution i.e. regular dividend, the traditional model of discounting dividends was not taken into account. Also, we could not take into account the cash flow to equity discount model due to the difficult defining of cash flow, CAPEX and working capital.

Since excess return method reflects future business results, it is optimal for determining the company's value. This model favorizes profit margin movements. However we were conservative in estimating profit margin which is line with business expectations. For this reason, that method has been given a weight of _____ in Triglav's valuation. Given Triglav's business environment the comparables method has also been given a weight of _____ in valuation, since peer companies are mostly comparable with Triglav.

By summing up the two standalone values we have estimated the fundamental equity value of Triglav Group at ______ which corresponds to ______ per share, offering upside in relation to the market price as of _________.

Exhibit 29 Results 2014 - 2015 and projections until 2020

(EURm)	Audited		InterCapital's projections					CAGR
INCOME STATEMENT	2014	2015	2016	2017	2018	2019	2020	15 - 20
Earned premiums	**819,864**	**839,167**	**832,280**	**834,242**	**836,574**	**839,284**	**843,512**	**0.1%**
Gross written premium	**888,247**	**919,116**	**913,029**	**915,798**	**918,945**	**922,480**	**927,539**	**0.2%**
- non-life	594,340	598,195	586,231	579,196	572,246	565,379	559,725	-1.3%
- life	186,583	212,547	216,798	223,302	230,001	236,901	244,008	2.8%
- health	107,324	108,374	110,000	113,300	116,699	120,200	123,806	2.7%
Other	-68,383	-79,949	-80,748	-81,556	-82,372	-83,195	-84,027	1.0%
Income from financial assets	236,378	300,909	240,727	235,913	240,631	245,444	250,352	-3.6%
Other income from insurance operations	8,745	7,431	7,580	7,731	7,886	8,044	8,204	2.0%
Other income	84,197	77,260	78,033	79,593	81,185	82,809	84,465	1.8%
TOTAL INCOME	**1,149,184**	**1,224,767**	**1,158,620**	**1,157,479**	**1,166,276**	**1,175,580**	**1,186,533**	**-0.6%**
NET CLAIMS INCURRED	**594,727**	**570,343**	**589,454**	**590,152**	**595,151**	**599,565**	**605,260**	**1.2%**
Gross claims settled	615,722	594,841	614,471	615,700	621,241	626,211	632,473	1.2%
Reinsurer's share	-20,330	-23,536	-24,007	-24,487	-24,977	-25,476	-25,986	2.0%
Changes in claims provisions and other	-665	-962	-1,010	-1,061	-1,114	-1,169	-1,228	5.0%
Change in other technical provisions	59,649	60,340	57,323	54,457	51,734	49,147	46,690	-5.0%
Change in technical provisions for unit-linked contracts	23,842	-1,882	941	969	998	1,028	1,059	-189.1%
Expenses for bonuses and refunds	10,219	10,203	10,305	10,408	10,512	10,617	10,723	1.0%
Operating expenses	199,423	201,796	203,814	201,776	200,439	199,112	197,795	-0.4%
Expenses from financial assets and liabilities	**60,279**	**180,367**	**99,202**	**96,226**	**94,301**	**93,358**	**96,159**	**-11.8%**
Other insurance costs	20,348	18,213	18,395	18,487	18,395	18,211	17,847	-0.4%
Other costs	80,286	82,909	85,396	87,531	90,157	92,862	95,648	2.9%
EBT	100,411	102,478	93,789	97,473	104,589	111,679	115,354	2.4%
Income tax	14,729	13,616	15,944	16,570	17,780	18,985	19,610	7.6%
Net income before minority interest	85,682	88,862	77,845	80,902	86,809	92,694	95,743	1.5%
Minority interest	294	36	1,116	1,138	1,161	1,184	1,196	101.5%
NET INCOME	**85,388**	**88,826**	**76,729**	**79,764**	**85,648**	**91,510**	**94,547**	**1.3%**

(EURm)	Audited		InterCapital's projections					CAGR
BALANCE SHEET	2014	2015	2016	2017	2018	2019	2020	15 - 20
Intangible assets	71,770	70,133	71,536	72,966	74,426	75,914	77,432	2.0%
Property, plant and equipment	123,668	121,810	124,246	126,731	129,266	131,851	134,488	2.0%
Deffered tax assets	20,472	15,994	16,314	16,444	16,560	16,675	16,759	0.9%
Investment property	104,861	79,475	81,859	83,496	84,331	85,175	86,026	1.6%
Investment in associates	10,371	6,939	7,147	7,362	7,730	8,116	8,765	4.8%
Financial assets	**2,619,376**	**2,873,437**	**2,916,539**	**2,974,869**	**3,034,367**	**3,092,020**	**3,150,768**	**1.9%**
Reinsurers' share of technical provisions	71,148	68,724	70,236	71,641	73,073	74,535	76,026	2.0%
Receivables	181,811	166,444	164,780	163,132	162,316	162,641	163,454	-0.4%
Other assets	8,470	8,135	11,842	14,654	13,186	13,381	18,283	**17.6%**
Cash and cash equivalents	22,859	47,929	57,515	66,142	76,063	87,473	96,220	**15.0%**
Non-current assets held for sale	40,622	34,437	34,781	35,129	35,480	35,835	36,194	**1.0%**
TOTAL ASSETS	**3,275,428**	**3,493,457**	**3,556,794**	**3,632,567**	**3,706,798**	**3,783,616**	**3,864,415**	**2.0%**
EQUITY	**688,141**	**704,045**	**725,048**	**755,040**	**788,646**	**823,572**	**856,994**	**4.0%**
Share capital	73,701	73,701	73,701	73,701	73,701	73,701	73,701	0.0%
Retained earnings	522,323	530,399	562,387	589,099	616,572	645,382	675,506	5.0%
Net profit/loss for the year	85,388	88,826	76,729	79,764	85,648	91,510	94,547	1.3%
Non-controlling interests	6,729	11,119	12,231	12,476	12,725	12,980	13,239	3.6%
Subordinate liabilities	28,065	18,752	18,940	19,129	18,746	18,184	17,638	-1.2%
Technical provisions	**1,874,756**	**2,143,395**	**2,172,084**	**2,215,526**	**2,253,215**	**2,291,592**	**2,330,670**	**1.7%**
Provisions for unit-linked insurance	458,899	457,047	466,188	475,512	485,022	494,722	504,617	2.0%
Employee benefits	12,266	12,225	12,347	12,471	12,595	12,721	12,849	1.0%
Other provisions	3,947	3,855	3,816	3,797	3,854	3,920	3,998	0.7%
Deffered tax liabilities	30,752	23,189	23,421	23,655	23,892	24,131	24,372	1.0%
Other financial liabilities	15,084	3,784	2,755	2,479	2,504	2,529	2,554	-7.6%
Operating liabilities	58,533	48,389	45,970	43,671	41,488	39,413	37,442	-5.0%
Other liabilities	104,985	78,776	72,474	66,676	61,342	56,435	53,613	-7.4%
TOTAL EQUITY AND LIABILITIES	**3,275,428**	**3,493,457**	**3,555,274**	**3,630,431**	**3,704,029**	**3,780,199**	**3,857,987**	**2.0%**

Source: Triglav Group, InterCapital estimates

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Strong buy - equities with expected absolute revenue of more than 20% in the monitored time period

Buy - equities with expected absolute return of 10%-20% in the monitored time period

Hold - equities with expected absolute return of -10% to 10% in the monitored time period

Sell - equities with expected absolute return below -10% in the monitored time period

Under review - an issuer might be placed Under Review due to new information which is not included in the analysis.

Up to August 14, 2014 the Hold recommendation was used for equities with an expected return of 0% to 10%, while the Sell recommendation was used for equities with an expected negative absolute return. Criteria for other recommendation remained unchanged.

1Q 2016 (1 January - 31 March 2016)	Number	Share	Companies which InterCapital Securities Ltd. provided investment banking service within last 12 months
Strong Buy	7	36.8%	TPNG-R-A
Buy	7	36.8%	ADPL-R-A
Hold	1	5.3%	-
Sell	2	10.5%	-
Under Review	2	10.5%	-

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Chronology of share recommendations

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