



A reflection of tomorrow

The Triglav Group and
Zavarovalnica Triglav d.d.
Annual Report 2022

triglav



Marija Judež, 2022 Young Hope



On cover:
The multi-talented student **Marija Judež** knows what she wants and steadfastly pursues her goals. The young winner of international Olympiads in experimental science, astronomy and astrophysics is determined to become a scientist. She wants to devote her exceptional talent to astronomy and physics. She is unstoppable in her desire to learn more about the expansion of the universe and galaxies, but also in paving the way for other young women and female scientists and anyone who wants to push boundaries.

[More about the Young Hopes project and its anniversary](#)

The actions of today will determine our tomorrow.

The Triglav Group's business development is guided by its mission and vision.

The Group's mission and vision are pursued for all young hopes, all its clients, employees and shareholders, as well as for existing and future partners and communities.

**We build
a safer future.**
**We set standards of
outstanding client
experience –
anytime, anyplace.**

In 2022, the Triglav Group consolidated its position as the leading insurance and financial group in the Adria region as well as one of the leaders in South East Europe.

Insurance

Premium growth was recorded in all three insurance segments and in all insurance markets.

EUR 1,479.6 million  **+9%**

Gross written insurance, coinsurance and reinsurance premiums

[See Section 7. Operations of the Triglav Group and Zavarovalnica Triglav for more information](#)

Asset management

Our goal is to achieve a high credit rating for the entire investment portfolio, focusing on its safety and liquidity.

90.4%

Bond investments in the investment grade with at least »BBB« credit rating

[See Section 7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav for more information](#)

A client-centric approach

We offer a flexible range of modern insurance and investment products and services, which are provided with existing and newly established business ecosystems.

77  **+4 points**

Client satisfaction at Triglav Group (the NPS index)

[See Section 11. Development activities for more information](#)

Sustainable development

Environmental, social and governance (ESG) aspects are integrated into our operations. We are promoting the transition to a more sustainable society and are reducing our impact on climate change.

10%

The share of social impact, green and sustainable bonds in debt securities

[See Section 12. Sustainable development at the Triglav Group for more information](#)



Seeing through the eyes of clients

We aim to develop an offer tailored to the needs and expectations of our clients. We were among the first in the region to launch the Report & Repair service. This service means that clients no longer have to deal with the time-consuming and often demanding process of repairing the damage to their property.

Franc Branko Florjančič, Director of Assistance Claims

Department, points out that Triglav's focus continues to be on its comprehensive repair service. It brought about a shift in the range of services provided and their organisation, in which they fully cater to the needs of clients. »We expanded our cooperation with assistance service providers and developed partnerships in the Company's business ecosystem based on a common approach. Client feedback and exceptional reviews of their experience serve as an excellent basis for the expansion of personalised repair services and the further development of the platform.«

In the event of damage to property, clients can choose us to handle the repairs instead of opting for direct payment of compensation.

**A simple solution,
a richer experience,
a better relationship**

[See Section](#)
[Development activities for](#)
[more information](#)

We work with a network of local partners involved in the Triglav Dom (Home) business ecosystem, handle the procedures and provide comprehensive engineering services.



A welcome solution

In the cosy home of the Vegan family, you will feel relaxed from the very first minute you enter. The three generations of family members and the loyal guardian dog Flash have created a lively atmosphere in their house.

Mr Bogdan knows very well that even a minor incident can lead to significant damage to the property, which was what happened when there was a leak in the bathroom plumbing due to a damaged wall-hung toilet bowl. Thanks to adequate insurance coverage, the insurance company took care of everything, finding the materials and a contractor to replace the tiles, fixtures and cabinets. Zavarovalnica Triglav effectively repaired the damage, supervised the quality of repairs and covered all the costs.



Opportunities and rules are the same for everyone

Aleksandra Česen, our colleague at Zavarovalnica Triglav, is also an international football referee. She has loved this most popular team sport since her youth. Propelled by her passion, effort and skill, she established herself in a traditionally male-dominated field. She played on her local team for many years, then in the national team, after which she became a junior team coach.

Aleksandra is proof to younger generations that they can achieve anything they set their mind to. As a colleague, she inspires us in spreading the culture of equality and diversity.

54.7%

of all Triglav Group
employees are female.

≈ payment

In all employee categories, activities and countries where the Group operates, the basic salary of men and women is equal.

The name of the first women's football league in Slovenia was renamed to **Triglav Zdravje Women's Football League** in 2022.

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Keep updated about our activities

Detailed information for investors and existing shareholders is available at:

Information for shareholders:

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The Triglav Group and Zavarovalnica Triglav d.d.

Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for the Year Ended 31 December 2022

About the report

The annual report in the PDF format is its unofficial version. Annual report in the ESEF format complies with the Commission Delegated Regulation (EU) 2019/815 and paragraph one of Article 134 of the Market in Financial Instruments Act (ZTFI-1) and is its official version published on SEOnet.

The Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022 is integrated and describes the balance and plans as at 31 December 2022. When compiling the report, the aim was to present a comprehensive overview of the main financial and non-financial (ESG) aspects, results and plans.

When reporting on sustainable development, GRI and SASB standards as well as UN Sustainable Development Goals (SDGs) were used. Progress in the field of climate change is disclosed in accordance with the CDP methodology.

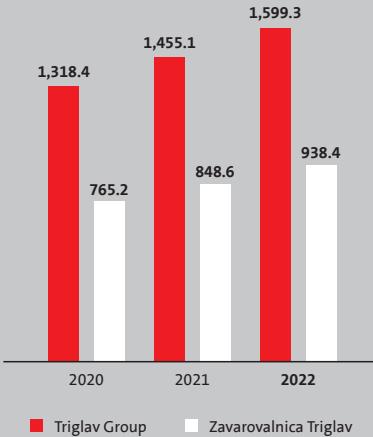
You can read more about the report in Section [2.4 About the report](#).



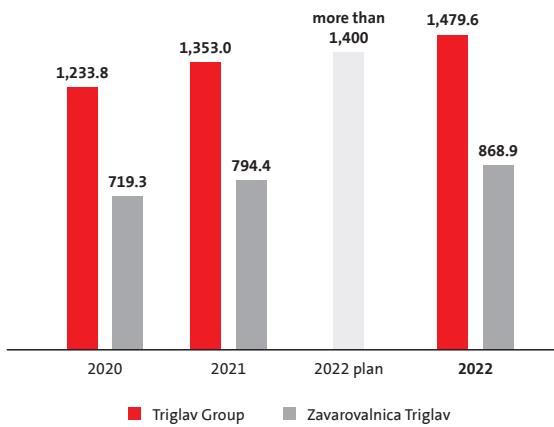
2022 Key Highlights

We consistently pursued our planned strategic guidelines and goals.

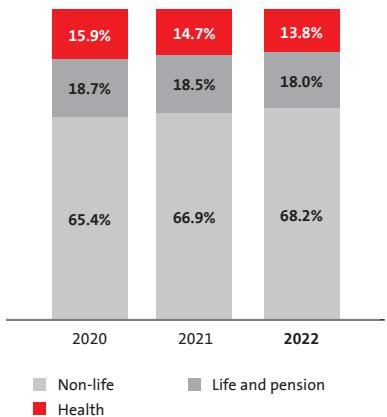
Total revenues in EUR million



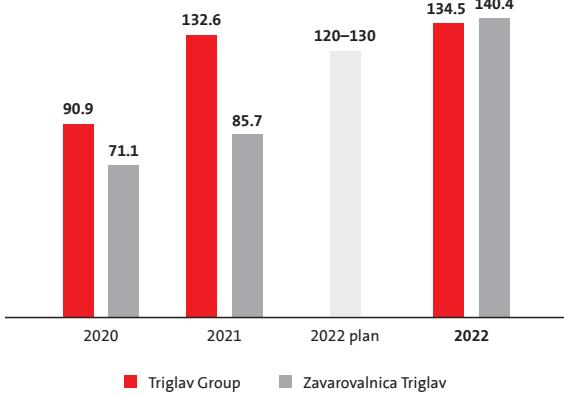
Gross written premium for insurance, coinsurance and reinsurance contracts in EUR million



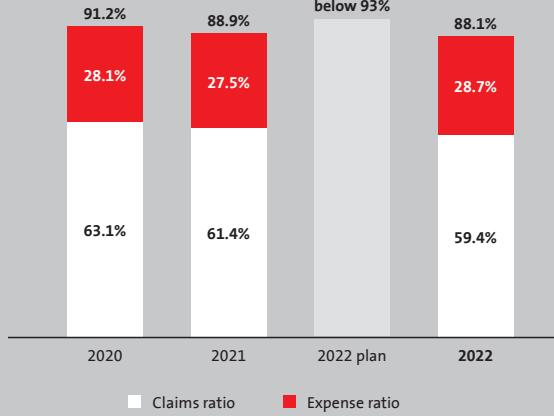
Consolidated gross written premium of the Triglav Group by segment



Net profit before tax in EUR million



Combined ratio of the Triglav Group





»A«

Credit rating with a stable medium-term outlook

2021: A

200%

Capital adequacy of the Triglav Group

2021: 219%

EUR 3.7

Dividend per share

2021: 1.7 EUR

EUR 4.1 billion

Balance sheet total of the Triglav Group

2021: EUR 4.4 billion

EUR 3,271.2 million

investment portfolio of the Triglav Group

2021: EUR 3,668.5 million

88.1%

Combined ratio of the Triglav Group

2021: 88.9%

13.1%

Return on equity of the Triglav Group

2021: 12.5%

EUR 832.2 million

Gross claims

2021: EUR 736.6 million

77

Satisfaction of Triglav Group's clients (NPS index)

2021: 73

41.2%

Women at first and second management levels under the management board

2021: 42.0%

1.86 tCO_{2e}

Carbon footprint per employee

2021: 2.09 tCO2e

63.3%

Share of electricity consumption from renewable sources in Triglav Group

2021: 60.1%

5,306

Number of employees in Triglav Group

2021: 5,264

419

Number of Triglav Group's suppliers checked against ESG criteria

2021: 375

EUR 20.8 million

Written premium from products promoting social and environmental benefits

2021: 16.3 mio. EUR

**2022
Key
Highlights**

1. Address by the President of the Management Board¹

**Dear
Shareholders
and Readers,**

COVID-19 pandemic. The Triglav Group was again assigned a high “A” credit rating by the credit rating agencies S&P Global Ratings and AM Best, confirming its sound performance.

The Group generated EUR 134.5 million in consolidated profit before tax, up by 1% over the previous year. A net profit of EUR 110.2 million was 2% lower compared to last year. The results achieved are above those planned and are the result of good performance and one-off events, especially the partial release of claims provisions from previous years, which mitigated the growth of claims and expenses. In estimating claims provisions, the trends of the best estimate introduced by the new IFRS 17 accounting standard were followed, bringing their amount closer to the estimated value according to IFRS 17. Gains on the disposal of investment property and some equity investments also had a positive impact, whereas total return on the investment portfolio was negative as a result of the unfavourable situation in the financial markets. This, together with the increased dividend payment, reduced equity by 19% to EUR 752.8 million and increased net return on equity to 13.1%. Due to the aforementioned reasons and inflation, the Group’s capital adequacy decreased over the previous year, remaining around the lower end of its target range.

In 2022, we made important development steps and achieved good results that confirm both the robustness of our business model and the flexibility and success of our strategy. We achieved this despite a challenging environment in which we were faced with the effects of the broader geopolitical situation, high inflation growth, an unfavourable situation in international financial markets and the consequences of the



Insurance and asset management

Total revenue rose by 10% to EUR 1,599.3 million, while gross written premium increased by 9% to EUR 1,479.6 million. Premium growth was recorded in all three insurance segments and all our markets. In Slovenia, it reached 7% and was consistent with market trends, while in other markets of the Adria region it stood at 12%. Premium written in the international market based on the principle of free movement of services and inward reinsurance premium grew by 17%. The non-life insurance premium increased by 12%, life and pension insurance premium by 6% and health insurance premium by 3%.

Backed by a larger insurance portfolio, more dynamic activity of households and businesses, and the inflationary rise in the prices of materials and services, gross claims paid grew by 13% to EUR 832.2 million. Major CAT events also contributed to this. Their estimated value of EUR 32.1 million was more than 20% above the five-year average. The Triglav Group's combined ratio was favourable, standing at 88.1%, primarily as a result of an improved claims ratio due to the release of claims provisions.

The unfavourable situation in the financial markets characterised by interest rate hikes and share price falls resulted in an 11% decrease in the investment portfolio, the value of which at the end of the year stood at EUR 3,271.2 million. In accordance with investment policies, its conservative structure and quality did not change significantly. Net inflows were recorded in the management of clients' assets in mutual funds and discretionary mandates, but assets nevertheless decreased by 10% to EUR 1,389.5 million due to lower prices on the financial markets. By holding a 31.3% market share, the Group is one of the leading managers of mutual fund assets in Slovenia.

Implementation of the dividend policy by paying out a higher dividend

We strive to make the ZVTG share a profitable, safe and stable investment for investors. The ZVTG share was also affected by the situation in the stock markets, its price falling by 6% (the Ljubljana Stock Exchange SBITOP index dropped by 17%). Its total return was 4.5%, of which the dividend yield was 10.7%. After two years marked by the pandemic, a higher dividend of EUR 3.70 gross per share was paid in 2022. In addition to the level of the Group's available capital, the uniqueness or exceptionality of some segments of the Group's operations in the past two years was taken into account.

Strategic focus on growth and development

We firmly believe that by continuing the Group's digital transformation and developing service-oriented business ecosystems, we will achieve our main strategic objective – an outstanding and uniform client experience across all channels, all processes, all products and companies.

Our transformation is based on the unified management of client experience and digital business. To this end, we are continuing with the digitalisation of our assistance, sales and claims procedures and the development of a single platform for client communication and service. In addition, several internal processes have already been equipped with tools for robotic process automation. The ecosystems in key areas of health, financial services, mobility, living and pets are linked in both the single platform and the Triglav komplet bonus system. We are expanding not only the range of our partners, with whom we

share common business principles and the goal of achieving high client satisfaction, but also the range of assistance and related services.

According to measurements, clients have once again recognised our efforts and have expressed their satisfaction. The NPS indicator, which measures the probability of recommending us to others, has reached 77. Annual in-house employee satisfaction surveys show that our achievements are the result of a high level of employee engagement, cohesion, teamwork and commitment. On behalf of the Management Board, I would like to thank all employees for their dedicated work.

Sustainable development (ESG) defines our operations

We are committed to achieving our ambitions in sustainable development, which are a key part of our strategy. The range of products and services of both our core activities is being expanded with those that promote social and environmental benefits. The share of sustainable investments in the bond portfolio was increased. The Group's Scope 1 and Scope 2 carbon footprint decreased by 13%. We aim to follow high corporate governance standards in our operations. We nurture a culture of diversity and inclusion, recognising the opportunities it brings. Women represent 55% of all employees, 45% of senior managers and 24% of employees who lead or supervise our companies. Furthermore, we are strongly involved in socially and environmentally responsible projects, partnerships and donations. We participate in the international initiatives of UN PSI, UNEP FI and the PCAF partnership, which implement the principles of sustainable development, and we report in accordance with the GRI, SASB sustainability standards and according to the CDP climate change questionnaire.

In a year full of challenges, we worked even harder to *build a safer future* for our clients, employees and you, our shareholders, which will be our guiding principle also in the future. On behalf of the Management Board and all employees of the Triglav Group, I thank you for your trust.



Andrej Slapar
President of the Management Board of
Zavarovalnica Triglav

2. Triglav Group and Zavarovalnica Triglav in 2022

- The Triglav Group operated profitably and successfully in all markets, with the generated profit being affected by one-off events.
- It consistently carried out its strategic activities for further growth and development and achieved its sustainable ambitions.
- It maintained its financial strength with capital adequacy around the lower end of its target range and was again assigned an "A" credit rating with a stable medium-term outlook.
- The Group is the leader in insurance in both the Adria region, where it increased its market share, and in Slovenia, the most developed insurance market in this region.
- There were no significant changes in the Group's structure, its markets or activities.

The calculation of indicators and the chosen terms are explained in the glossary enclosed to the Annual Report.

See page 320.

2.1 Financial highlights of the Triglav Group²

	2022	2021	2020	Index	in EUR million
	2022/2021	2021/2020			
Total revenue	1,599.3	1,455.1	1,318.4	110	110
Gross written premium from insurance, coinsurance and reinsurance contracts	1,479.6	1,353.0	1,233.8	109	110
Net premium income	1,189.9	1,119.8	1,066.8	106	105
Gross claims paid	832.2	736.6	697.4	113	106
Net claims incurred	746.7	715.0	683.6	104	105
Gross operating expenses	374.9	333.4	306.7	112	109
Profit before tax	134.5	132.6	90.9	101	146
Net profit	110.2	113.0	73.7	98	153
Net profit attributable to the controlling company	110.5	112.8	73.5	98	153
Combined ratio	88.1%	88.9%	91.2%	99	98
Insurance technical provision as at 31 December	3,100.0	3,198.7	3,033.2	97	105
Equity as at 31 December	752.8	933.0	870.2	81	107
Equity attributable to the controlling company as at 31 December	749.4	930.5	867.6	81	107
Return on equity	13.1%	12.5%	8.9%	104	141
Return on equity attributable to the controlling company	13.2%	12.5%	8.9%	105	141
Book value per share (in EUR)	32.96	40.93	38.16	81	107
Net earnings per share (in EUR)	4.85	4.97	3.24	98	153
Number of employees as at 31 December	5,306	5,264	5,316	101	99

2.2 Financial highlights of Zavarovalnica Triglav³

	2022	2021	2020	Index	in EUR million
	2022/2021	2021/2020			
Total revenues	938.4	848.6	765.2	111	111
Gross written premium from insurance, coinsurance and reinsurance contracts	868.9	794.4	719.3	109	110
Net premium income	627.7	598.8	583.9	105	103
Gross claims paid	452.5	408.9	408.3	111	100
Net claims incurred	346.4	365.1	375.3	95	97
Gross operating expenses	221.4	195.0	180.0	113	108
Profit before tax	140.4	85.7	71.1	164	121
Net profit	120.5	73.4	58.0	164	127
Combined ratio	77.2%	81.8%	86.1%	94	95
Insurance technical provisions as at 31 December	2,173.4	2,280.5	2,199.0	95	104
Equity as at 31 December	552.1	675.2	644.0	82	105
Return on equity	19.6%	11.1%	9.5%	176	117
Book value per share (in EUR)	24.28	29.70	28.33	82	105
Net earnings per share (in EUR)	5.30	3.23	2.55	164	127
Number of employees as at 31 December	2,243	2,246	2,244	100	100

2.3 Environmental, social and governance (ESG) aspects of the Triglav Group's operations⁴

	2022	2021	2020	Index
	2022/2021		2021/2020	
1. Environmental aspects				
Carbon footprint ¹ (tonnes of CO ₂ equivalent)*	9,857	11,299	10,602	87
Scope 1 and 2 carbon footprint per employee (tonnes of CO ₂ equivalent)*	1.86	2.09	1.95	89
Electricity consumption (MWh)	13,354	14,087	12,841	95
Share of electricity consumption from renewable sources (%)	63.3	60.1	2.7	105
Total quantity of waste at the Triglav Group per employee (kg)	116	124	125	94
Average daily consumption of office paper per employee**	19	20	45	95
Written premium from products promoting social and environmental benefits (EUR million)	20.8	16.3	13.5	127
Assets managed by the Triglav Zeleni Fund (EUR million)	49.2	41.8	24.6	118
Investments in social impact, green and sustainable bonds (in EUR million)	222.9	204.5	104.3	109
2. Social aspects				
Employee satisfaction (ORVI)	4.00	4.00	3.99	100
Average employee age	44.80	44.67	44.38	100
Women employees to total employees ratio (%)	54.7	53.9	53.5	102
Proportion of women at first and second management levels under the management board (%)	41.2	42.0	42.1	98
Employee turnover (number of leavers/average number of employees; %)	11.6	13.2	11.7	88
Average number of training hours per employee	33	31	24	107
Lost time incident rate – LTIR (number of work-related incidents/total number of hours of all employees x 200,000)	0.37	0.24	0.21	155
Client satisfaction of Triglav Group (NPS)***	77	73		106
Number of insurance products and services sold online	22	21	20	105
Number of insurance products promoting prevention	62	61	62	102
Proportion of employees allowed to work from home (%)	33	28	n.a.	119
Number of suppliers checked against ESG criteria	419	375	311	112
Investments into the community (prevention, donations, sponsorships) (EUR million)	10.2	8.8	8.0	116
3. Governance aspects				
Proportion of women in the management board/supervisory board in parent company (%)	25.0/0	33.3/0	33.3/0	
Proportion of women at the first management level under the management board (%)	45.1	45.3	45.8	100
Proportion of women in management and supervisory bodies (%)	23.6	20.9	21	113
Average age of Zavarovalnica Triglav Management Board members	48.5	48.7	47.7	100
Independence of Zavarovalnica Triglav Supervisory Board members, shareholder representatives (% of members)	78	100	100	78
President of the Management Board salary to the average employee salary ratio (factor x)****	5	5	5	100
Term of office of the current President of the Management Board (years)	9	8	7	113
Policies adopted: equal opportunities policy, anti-corruption policy, employee protection/whistleblower protection policy	YES	YES	YES	
Fair business practices (number of fraud cases investigated)	1,651	1,517	1,134	109
Internationally renowned audit firm (Big 4)	YES	YES	YES	
Period of cooperation with the existing auditor (years)	4	3	2	133
Investor relations when publishing results	YES	YES	YES	
Economic value generated (EUR million)	1,403.1	1,378.8	1,274.9	102
Economic value distributed (EUR million)	1,351.1	1,281.8	1,179.2	105
Economic value retained (EUR million)	52.0	96.9	95.7	54

* Includes Scope 1 and 2 emissions under the location-based method. A more detailed calculation of Scope 1, 2 and 3 GHG emissions is shown in Section [12.3.2](#).

** Includes A4 paper consumption for internal purposes.

*** NPS shows the share of promoters who would recommend the Company to their acquaintances, friends and others based on experience.

**** Pursuant to the ZPOGD, the base salary of the President of the Management Board is determined in relation to the average gross salary in the Group members which are headquartered in Slovenia and whose data are included in the consolidated annual report in the previous financial year.



For additional information

about this report
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2.4 About the report⁶

The Annual Report of the Triglav Group and Zavarovalnica Triglav was compiled in accordance with **International Financial Reporting Standards (IFRS)**, the **Companies Act (ZGD-1)** and the **Insurance Act (ZZavar-1)**.

The Report is integrated and equally includes sustainability (ESG) disclosures. In line with the strategic ambitions relating to sustainable development, the quality and scope of reporting are regularly improved. For non-financial reporting, **GRI** standards (Global Reporting Initiative) and their specific guidelines for the financial sector as well as **SASB** standards (Sustainability Accounting Standards Board) are used. The range of topics and disclosures used is presented in the GRI and SASB content index at the end of the Annual Report and the materiality matrix. Progress in environmental, social and governance (ESG) areas is presented mainly in Section [Sustainable development at the Triglav Group](#), but it is also incorporated in other sections, as evident from the GRI and SASB references. The Company has disclosed proportions of exposure to taxonomy-eligible and taxonomy non-eligible economic activities according to the EU Taxonomy Regulation in total assets and non-life insurance activities since 2021. The proportions presented partially comply with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852.

The content of the annual report and the data on the Group's sustainable operations are collected by the competent departments of the Company, which is responsible for reporting in cooperation with the respective departments at subsidiaries. Reporting refers to a particular financial and calendar year.

Financial reporting for the Group comprises all companies included in the consolidated

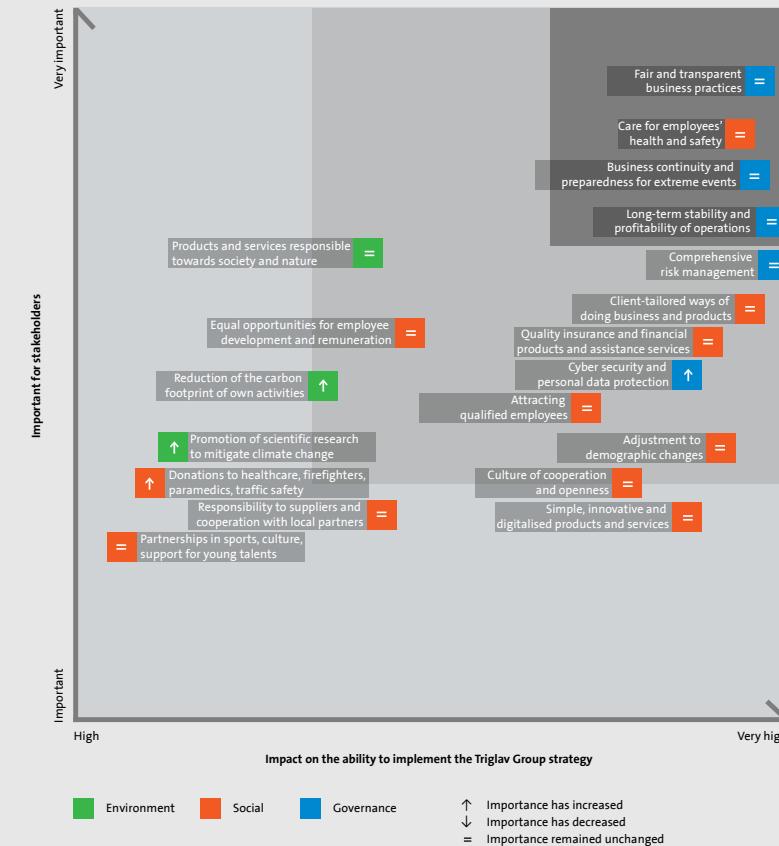
financial statements (See Section [2.1.4 of the Accounting Report](#) for more information). With the gradual integration of ESG aspects into the Group's operations, the scope of companies included in ESG disclosures in accordance with GRI and SASB is also increasing. The notes to individual disclosures indicate which companies are included. The calculation methodology for individual indicators is described in the text and the notes.

Key stakeholders are involved in identifying material topics and thus non-financial disclosures. The identified main sustainability topics are presented in an updated double materiality matrix, and are revised based on regular surveys on the impact on stakeholders, their interests and satisfaction factors. A set of material topics and their descriptions was defined in 2021 through an extensive internal process led by the Compliance and Sustainable

Development Committee and an external process (two quantitative surveys among employees and individual clients and a qualitative survey among NGOs, local communities and corporate clients), in which nearly 3,000 representatives of stakeholder groups participated.

In 2022, which was marked by major changes in the business environment, the materiality assessment was reviewed and updated based on a quantitative survey conducted among more than 600 clients and other respondents from Slovenia, a study of regulatory trends in the EU and information obtained from domestic and foreign investors. More about stakeholders and their engagement is reported in Section [12. Sustainable development at the Triglav Group](#).

Materiality matrix of ESG topics for stakeholders and the Triglav Group⁷



Material ESG topics of the Triglav Group by area

Environmental protection	Responsibility to employees	Client focus	Support and development of partnerships	Stable, safe and profitable operations
<ul style="list-style-type: none"> Products and services responsible towards society and nature Reduction of the carbon footprint of own activities Promotion of scientific research to mitigate climate change 	<ul style="list-style-type: none"> Care for employees' health and safety Culture of cooperation and openness Equal opportunities for employee development and remuneration Attracting qualified employees 	<ul style="list-style-type: none"> Quality insurance and financial products and assistance services Client-tailored ways of doing business and products Simple, innovative and digitalised products and services Adjustment to demographic changes 	<ul style="list-style-type: none"> Donations to healthcare, firefighters, paramedics, traffic safety Partnerships in sports, culture, support for young talents Responsibility to suppliers and cooperation with local partners 	<ul style="list-style-type: none"> Long-term stability and profitability of operations Fair and transparent business practices Comprehensive risk management Cyber security and personal data protection Business continuity and preparedness for extreme events

2.5 Significant events in 2022

The high “A” credit rating affirmed

The credit rating agencies S&P Global Ratings and AM Best again confirmed the Group’s “A” credit rating with a stable medium-term outlook.

See Section [6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav](#) for more information.

Good business results

Despite the challenging situation in the business environment characterised by a geopolitical situation, high inflation growth, major CAT events and an unfavourable situation in financial markets, the Triglav Group operated profitably and successfully, with the generated profit being affected by one-off events.

See Section [8. Financial result of the Triglav Group and Zavarovalnica Triglav](#) for more information.

Dividend payment

At the May General Meeting of Shareholders, the shareholders adopted the resolution proposed by the Management Board and the Supervisory Board to pay a dividend of EUR 3.70 gross per share or EUR 84.1 million in total, which accounts for 74% of Zavarovalnica Triglav’s consolidated net profit for 2021.

See Section [6.4 Dividends and dividend policy](#) for more information.

Changes in the Management Board and the Supervisory Board of Zavarovalnica Triglav

The term of office of the Management Board members Barbara Smolnikar and David Benedek ended. Blaž Jakič was appointed a new Management Board member for a five-year term of office. The decision entered into force upon the fulfilment of the conditions precedent, including obtaining the authorisation of the Slovenian Insurance Supervision Agency to perform the function of a management board member of 2 March 2023 (see Section [5.11 Events after the reporting period in the Accounting Report](#) for more information). On 9 December 2022, the Supervisory Board members Branko Bračko and Peter Kavčič notified the Company of their resignation. Their term of office will end on the date of the regular annual General Meeting of Shareholders in 2023, but not later than on 30 June 2023.

See Section [5.3.3 Supervisory Board](#) for more information.

Sustainable development at the Triglav Group

Zavarovalnica Triglav became a signatory to the United Nations Principles for Sustainable Insurance (UN PSI) in February 2021, and thereby a member of the global community of banks, insurers and investors joining the United Nations Environment Programme Finance Initiative (UNEP FI). It also joined the Partnership for Carbon Accounting Financials (PCAF). In 2022, the Company reported on climate change impacts to the CDP international non-profit organisation for the second time in a row.

See Section [12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group and Zavarovalnica Triglav](#) for more information.

Calendar of financial announcements for 2023

Date and time of announcement*	Type of announcement	Quiet period**
Friday, 3 March 2023, 8:30	Preliminary key figures for 2022	From Friday, 10 February 2023
Friday, 31 March 2023, 8:30	Audited annual report for 2022	From Friday, 17 March 2023
Friday, 21 April 2023	Call notice of the General Meeting of Shareholders to decide on the distribution of accumulated profit	
Wednesday, 31 May 2023, 8:30	January–March 2023 interim financial report	From Wednesday, 17 May 2023
Tuesday, 6 June 2023	General Meeting of Shareholders and announcement of its resolutions	
Thursday, 31 August 2023, 8:30	January–June 2023 interim financial report	From Thursday, 17 August 2023
Thursday, 30 November 2023, 8:30	January–September 2023 interim financial report	From Thursday, 16 November 2023

* Announcement dates as planned. The actual dates may differ from the above-stated planned dates.

** The quiet period denotes a period preceding the announcement of a financial report, during which Zavarovalnica Triglav does not disclose any information on current operations to the public.



The general public is informed about the dates of key announcements (including the time of announcements when publishing financial results) and about any amendments to the planned time of announcement in the Ljubljana Stock Exchange SEOnet information system (seonet.ljse.si) and on Zavarovalnica Triglav's corporate website (www.triglav.eu).

2.6 Financial calendar 2023

2.7 Activities, markets and position of the Triglav Group⁸

The Triglav Group is the leading insurance and financial group in Slovenia and the Adria region as well as one of the leading groups in South-East Europe. The Group operates in seven markets in six countries, where Group members operate. Furthermore, it operates in the wider international environment through partnerships with foreign insurance brokerage and agency companies as well as reinsurers.

Strategic activities:

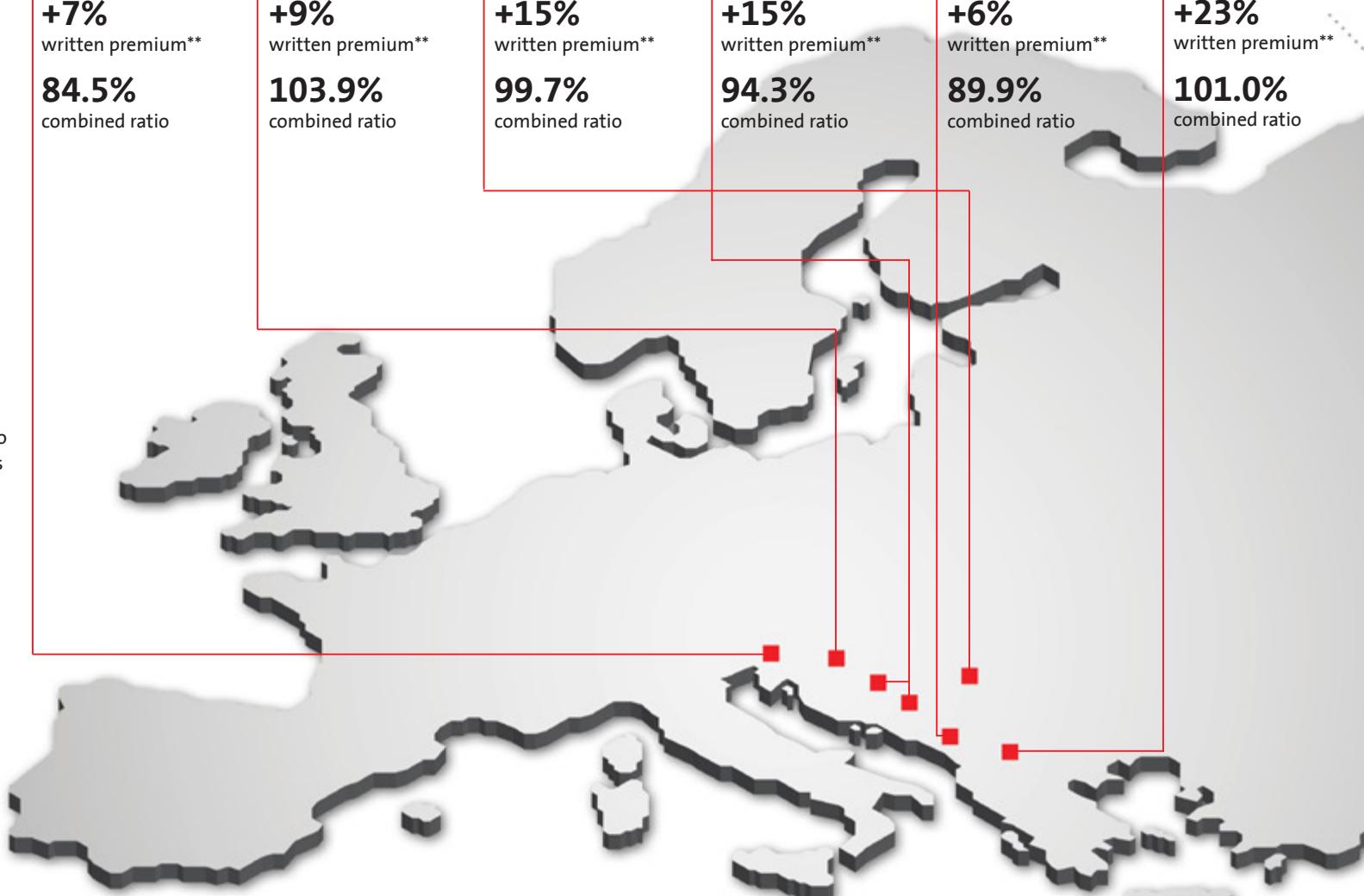
Insurance

- Non-life
- Health
- Life
- Pension
- Reinsurance

Asset management

- Own insurance portfolio (asset backing liabilities and backing funds)
- Mutual funds and individual asset management
- Pension funds

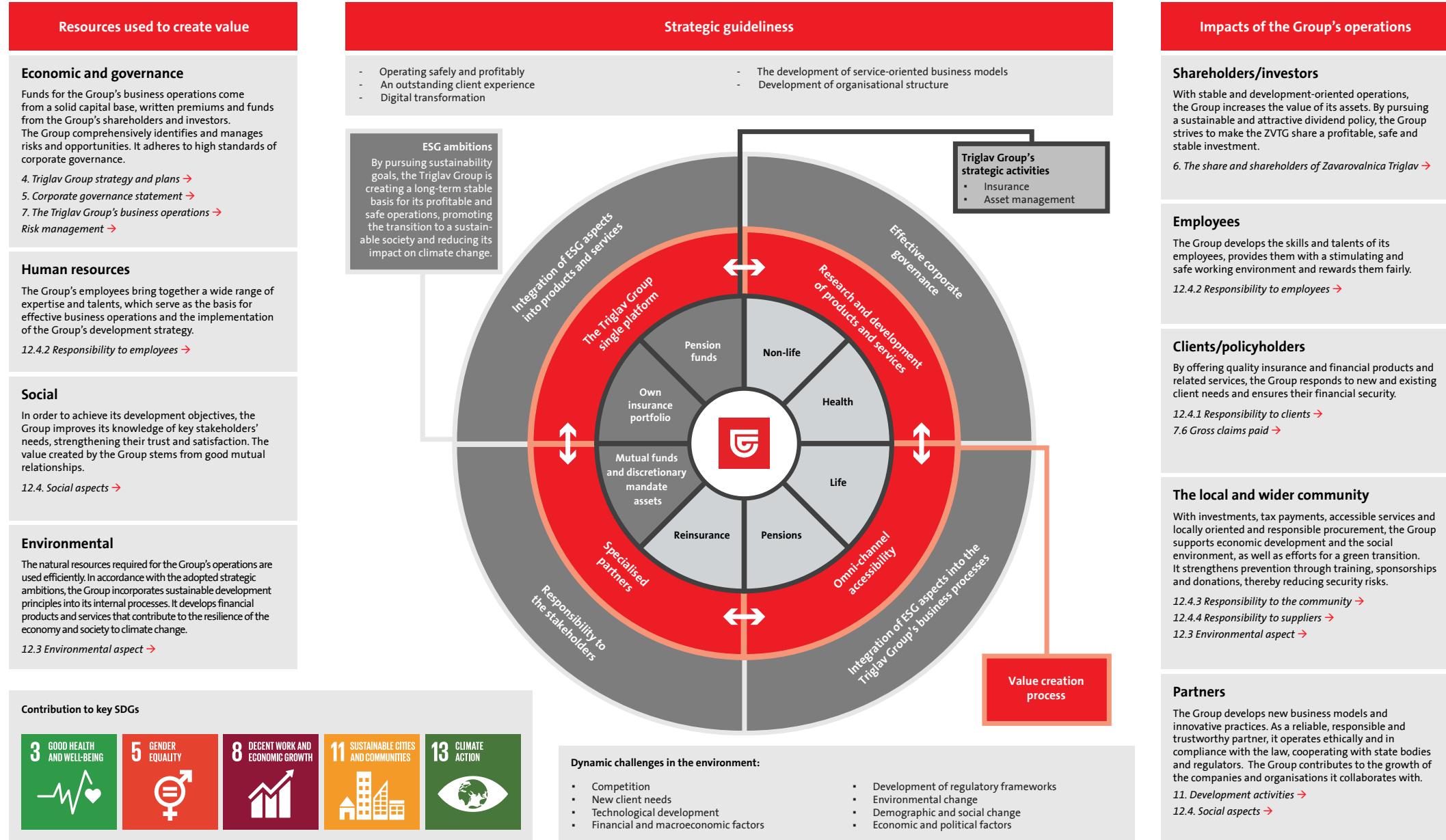
Slovenia	Croatia	Serbia	Bosnia and Herzegovina	Montenegro	North Macedonia
1st place  38.9% market share*	7th place  5.6% market share*	5th place  7.3% market share*	3rd place  9.4% market share*	1st place  37.8% market share*	3rd place  14.7% market share*
+7% written premium**	+9% written premium**	+15% written premium**	+15% written premium**	+6% written premium**	+23% written premium**
84.5% combined ratio	103.9% combined ratio	99.7% combined ratio	94.3% combined ratio	89.9% combined ratio	101.0% combined ratio



* The data show the market share of the Triglav Group by an individual market. Data shown for Serbia is for January–September 2022.

** The data show the growth of the Triglav Group's gross written premium by an individual market.

2.7.1 The Triglav Group's value creation model



The Triglav Group members directly involved in or supporting the Group's two strategic activities

	Insurance	Asset management	Other
Slovenia	<ul style="list-style-type: none"> ■ Zavarovalnica Triglav d.d. ■ Pozavarovalnica Triglav Re d.d. ■ Triglav, Zdravstvena zavarovalnica d.d. ■ Triglav, pokojninska družba d.d. 	<ul style="list-style-type: none"> ■ Triglav Skladi d.o.o. ■ Triglav, Upravljanje nepremičnin d.o.o. ■ Trigal d.o.o. 	<ul style="list-style-type: none"> ■ Triglav INT d.o.o. ■ Triglav Svetovanje d.o.o. ■ Triglavko d.o.o. ■ Diagnostični center Bled d.o.o. ■ Triglav zdravje asistanca d.o.o.
Croatia	<ul style="list-style-type: none"> ■ Triglav Osiguranje d.d., Zagreb 		<ul style="list-style-type: none"> ■ Triglav Savjetovanje d.o.o.
Serbia	<ul style="list-style-type: none"> ■ Triglav Osiguranje a.d.o., Belgrade 		<ul style="list-style-type: none"> ■ Triglav Savetovanje d.o.o.
Montenegro	<ul style="list-style-type: none"> ■ Lovčen Osiguranje a.d., Podgorica ■ Lovčen životna osiguranja a.d., Podgorica 		<ul style="list-style-type: none"> ■ Lovčen auto d.o.o.
Bosnia and Herzegovina	<ul style="list-style-type: none"> ■ Triglav Osiguranje d.d., Sarajevo ■ Triglav Osiguranje a.d., Banja Luka 	<ul style="list-style-type: none"> ■ Triglav Fondovi d.o.o. ■ Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka 	<ul style="list-style-type: none"> ■ Triglav Savjetovanje d.o.o. ■ Autocentar BH d.o.o.
North Macedonia	<ul style="list-style-type: none"> ■ Triglav Osiguruvanje a.d., Skopje ■ Triglav Osiguruvanje Život a.d., Skopje 	<ul style="list-style-type: none"> ■ Triglav penzisko društvo a.d., Skopje 	

2.7.2 Insurance

Insurance is the most extensive strategic activity of the Triglav Group, which includes non-life, health, life and pension insurance as well as reinsurance.

The Group's insurance business comprises:

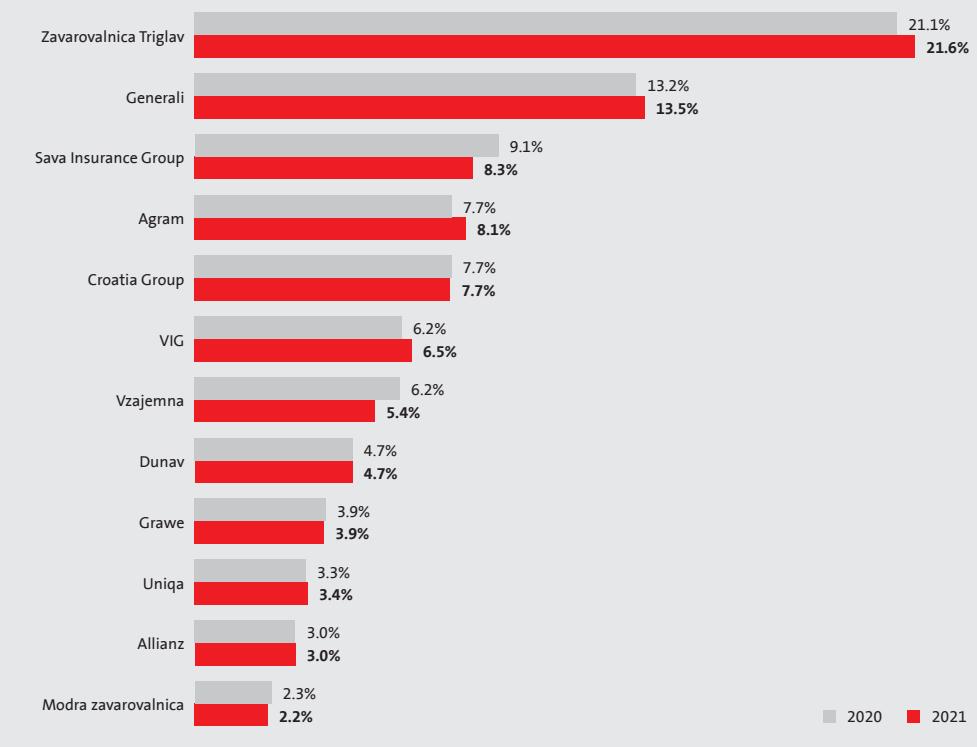
- **in Slovenia:** Zavarovalnica Triglav d.d., Triglav, Zdravstvena zavarovalnica d.d., Pozavarovalnica Triglav Re d.d. and Triglav, pokojninska družba d.d.;
- **abroad:** eight insurance companies in the Adria region (Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia) and through business partnerships under the principle of free movement of services (FOS).

Position in the regional insurance market

In 2021, the Triglav Group again consolidated its dominant market position in the **Adria region** (Slovenia, Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia) by increasing its market share by 0.5 percentage point to 21.6%.

The Company maintained its leading role among the insurers in **South-East Europe** (Albania, Bosnia and Herzegovina, Bulgaria, Montenegro, Croatia, Moldova, Romania, North Macedonia, Serbia and Slovenia). According to a SeeNews survey, eight insurance companies of the Triglav Group and 12 Slovenian insurers (three insurers from Slovenia are among the top five) rank among the top 100 insurers in South-East Europe in terms of gross written premium. Generali came in second (vs. fourth the year before), while the Romanian insurer Euroins ranked third (eighth the year before) as a result of a high increase in written premium. All 100 insurers collected a total of EUR 9.7 billion in written premium (12% more than the previous year), with only nine of them recording a drop in written premium. Their net profit grew by 26% to EUR 599 million. Among the top 100 insurers, Zavarovalnica Triglav again saw the highest profits, with Zavarovalnica Sava coming in second in this category.

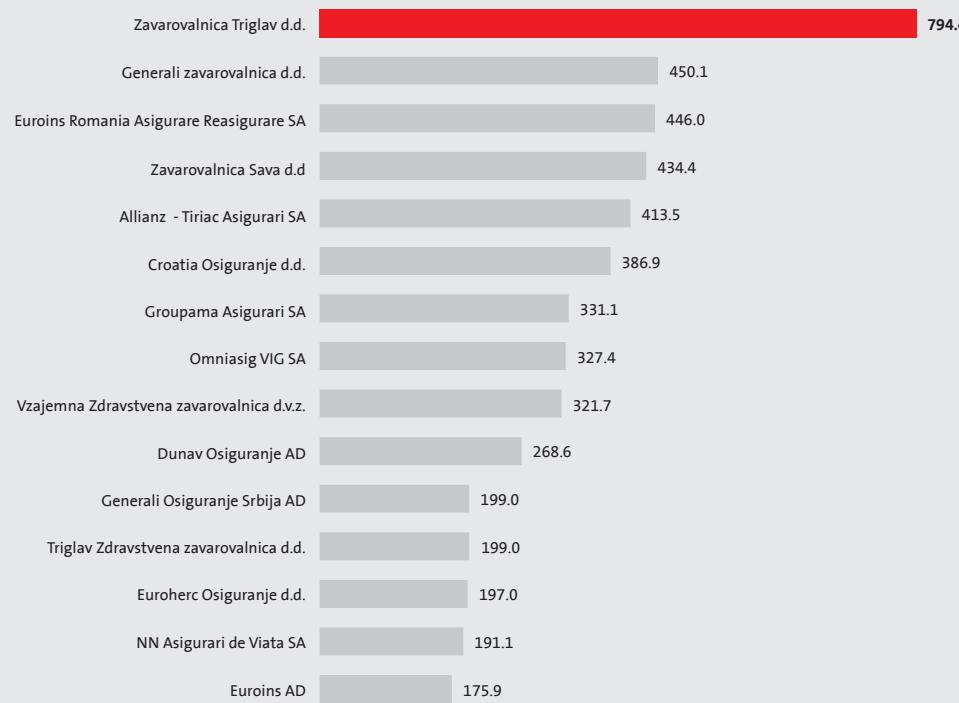
The market share of insurers in the Adria region in 2021 and 2020 (%)*



* Data for 2022 not yet available.

Source: Zavarovalnica Triglav's calculation based on the data of national insurance supervision agencies and insurance associations

The largest insurers in South-East Europe by written premium in 2021 (in EUR million)



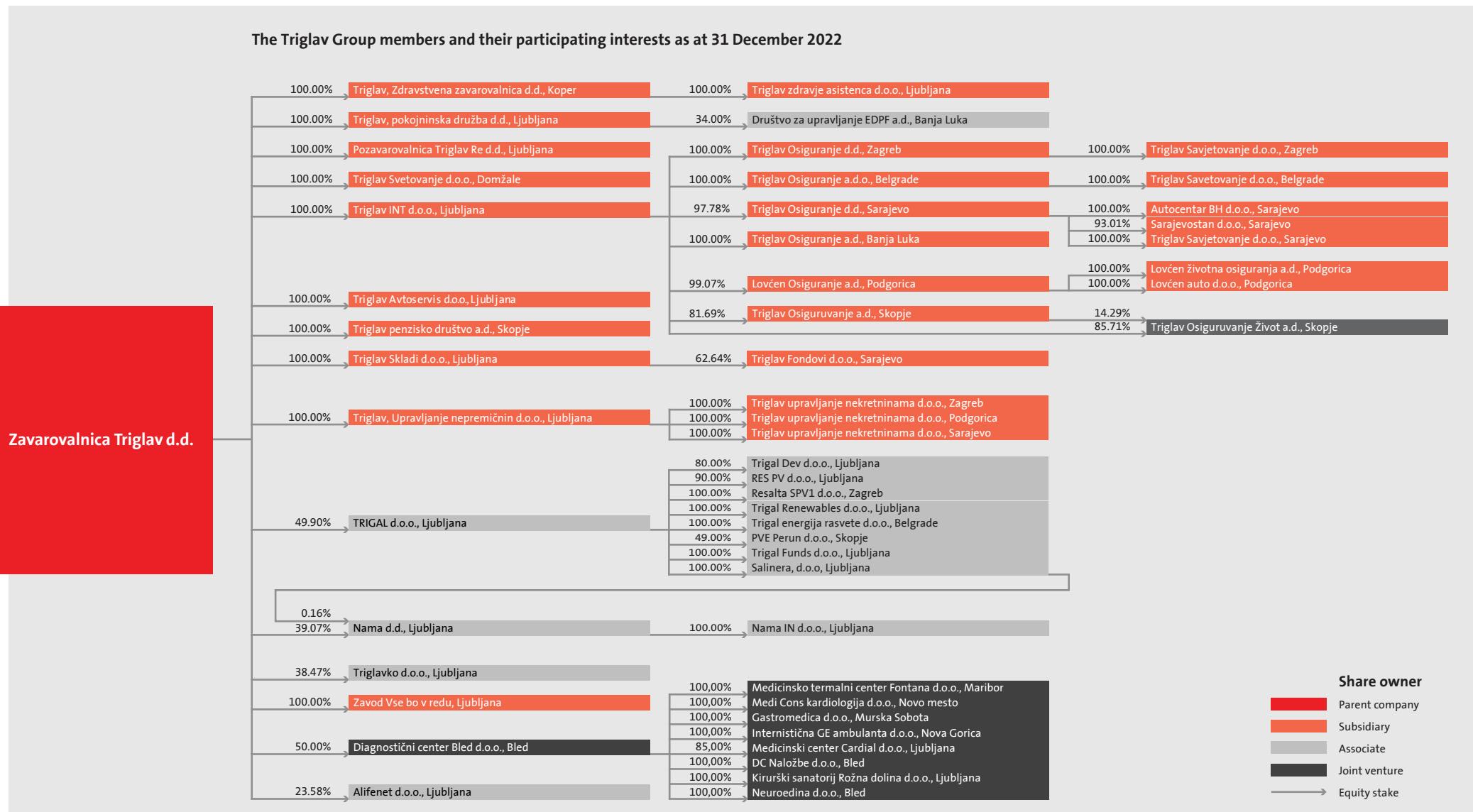
Source: SeeNews 2022

2.7.3 Asset management

The **asset management activity** at the Triglav Group, which is performed by Zavarovalnica Triglav, the Group's life insurance and pension insurance companies, Triglav Skladi d.o.o., Triglav, Upravljanje nepremičnin d.o.o. and Trigal d.o.o., includes saving via the Group's insurance services and investing in the Group's mutual funds and discretionary mandate assets, pension funds and private equity funds.

2.7.4 Composition of the Triglav Group

As at 31 December 2022, the Triglav Group comprised 53 companies; in addition to the parent company, 29 subsidiaries, 14 associates and 9 joint ventures.



Changes in the structure of the Triglav Group in 2022⁹

There were no significant changes in the Group's structure in 2022. Companies carried out some corporate activities, such as capital increases, consolidation, increase of participating interests and others:

- With the in-cash contribution of EUR 7,500, Triglav, Zdravstvena zavarovalnica d.d., Koper established Triglav zdravje asistenca, družba za zdravstveno dejavnost d.o.o., Ljubljana, thereby becoming its 100% owner.
- Triglav INT d.d., Ljubljana acquired a 0.36% participating interest in Triglav Osiguruvanje a.d., Skopje from non-controlling interest holders, thereby increasing its participating interest in said company to 81.69%. The consideration totalled MAK 2.2 million or EUR 36 thousand.
- Triglav Svetovanje d.o.o., Domžale sold its 51% participating interest in Triglav Savjetovanje d.o.o., Belgrade to Triglav Osiguranje a.d.o., Belgrade, which thereby became its 100% owner.
- Triglav Svetovanje d.o.o., Domžale sold its 51% participating interest in Triglav Savjetovanje d.o.o., Zagreb to Triglav Osiguranje d.d., Zagreb. As a result, Triglav Osiguranje, Zagreb became a 100% owner of said company.
- PROF IN d.o.o., Sarajevo, a subsidiary of Triglav Skladi, changed its name to Triglav Fondovi, društvo za upravljanje investicijskim fondovima d.o.o., Sarajevo or abbreviated Triglav Fondovi d.o.o., Sarajevo.
- Zavarovalnica Triglav increased the capital of its subsidiary Triglav, pokojninska družba d.d., Ljubljana in the amount of EUR 45.0 million with the aim of consolidating its capital strength and resilience in the environment characterised by significant growth in interest rates. The parent company retained its 100% participating interest.
- Triglav INT d.o.o. increased the capital of Triglav Osiguranje d.d., Banja Luka through the in-cash contribution of EUR 1.0 million, thereby remaining its 100% owner.

- In Q3 2022, Zavarovalnica Triglav, as the Triglav Group's controlling company, for the first time included Triglav Fondovi d.o.o., Sarajevo in its consolidated financial statements under the full consolidation method.
- In Q3 2022, Triglav Osiguranje d.d., Sarajevo and Autocentar BH d.o.o., Sarajevo increased the capital of Triglav upravljanje nekretninama d.o.o., Sarajevo with in-kind contributions of EUR 577 thousand. Through this capital increase, the participating interests changed as follows: Triglav Osiguranje d.d., Sarajevo became a 25.13% owner (previously 100%) of said company and Autocentar BH d.o.o., Sarajevo a 74.85% owner (before the capital increase it did not have any participating interest in said company). In Q4 2022, Triglav Upravljanje nepremičnin d.o.o. bought the participating interest in Triglav upravljanje nekretninama d.o.o., Sarajevo from Triglav Osiguranje d.d., Sarajevo and Autocentar BH d.o.o., Sarajevo, thereby becoming a 100% owner of Triglav upravljanje nekretninama d.o.o., Sarajevo.
- Triglav INT d.o.o. increased the capital of Triglav Osiguruvanje Život a.d., Skopje with an in-cash contribution of EUR 2.0 million, thereby increasing its participating interest to 85.71%. With the capital increase, the participating interest of Triglav Osiguruvanje a.d., Skopje decreased to 14.29% (previously 20.00%) and that of the Triglav Group increased to 97.38% (96.34% before the capital increase).
- Zavarovalnica Triglav d.d. increased the capital of Triglav penzisko društvo a.d., Skopje with an in-cash contribution of EUR 2.4 million, remaining its 100% owner.
- Zavarovalnica Triglav d.d. increased the capital of Triglav INT, holdinška družba d.o.o. with an in-cash contribution of EUR 10.0 million, retaining its 100% participating interest.

The changes in the Group are discussed in greater detail in Section [2.1.4 of the Accounting Report](#).

2.8

Management of Zavarovalnica Triglav

The Management Board of Zavarovalnica Triglav comprises:

Andrej Slapar
President

The period from the first appointment to the end of the current term of office: 2013–2024
Employed at the Triglav Group: from 1997



Uroš Ivanc
Member

The period from the first appointment to the end of the current term of office: 2014–2024
Employed at the Triglav Group: from 2001



Tadej Čoroli
Member

The period from the first appointment to the end of the current term of office: 2014–2024
Employed at the Triglav Group: from 2001



Marica Makoter
Member

The period from the first appointment to the end of the current term of office: 2011–2026
Employed at the Triglav Group: from 2001



Blaž Jakič
Member

The period from the first appointment to the end of the current term of office: 2023–2028*
Employed at the Triglav Group: from 2010

* His term of office as a Management Board member of Zavarovalnica Triglav began on 2 March 2023.

3.

Report of the Supervisory Board

Report of the Supervisory Board of Zavarovalnica Triglav d.d. on the verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022 and Opinion of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2022

In 2022, the Supervisory Board of Zavarovalnica Triglav carried out the responsible and proper supervision of the operations of Zavarovalnica Triglav d.d. and the Triglav Group. It oversaw different aspects of their operations and development, and on that basis took appropriate decisions and followed up on their implementation. Individual areas were first discussed within the framework of the Supervisory Board's committees. Based on their findings, proposals and careful assessment, the Supervisory Board passed appropriate resolutions. The Supervisory Board also monitored the implementation and effectiveness of the Triglav Group's strategy.

The Supervisory Board performed its work within the scope of its powers and competencies set out by law, the Company's Articles of Association and its own Rules of Procedure.



3.1 Introduction

Pursuant to Article 282 of the Companies Act and Article 69 of the Insurance Act, the Supervisory Board hereby presents its Report on the verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022 (hereinafter: the report) and its Opinion on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2022.

The findings are based on the supervision of operations of Zavarovalnica Triglav d.d. (hereinafter: the Company, the controlling company or the parent company) in 2022 and on the verification of the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022, including the report of the non-life insurance actuarial function holder and the life insurance actuarial function holder for 2022.

An integral part of the report is also the opinion of the Supervisory Board on the work of the Internal Audit Department in 2022 and the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2022.

3.2 General information

The Supervisory Board and its committees in 2022

The composition of the Supervisory Board in 2022 is described in Section [5. Corporate Governance Statement \(Supervisory Board\) of the Business Report](#). In 2022, the Supervisory Board held eight sessions and had four committees: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee. The composition of the Supervisory Board committees in 2022 as well as the more important duties and powers of individual committees are described in Section [5. Corporate Governance Statement \(Composition of Supervisory Board committees and their activities in 2022\) of the Business Report](#).

Audit Committee

In 2022, the Audit Committee held six meetings, at which it, among other things:

- monitored and discussed financial reporting procedures and the external audit of the annual financial statements of the Triglav Group and Zavarovalnica Triglav d.d.;
- assessed the content of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2021 and the 2022 interim reports;
- took note of the management representation letter for Zavarovalnica Triglav d.d. and the Triglav Group;
- discussed the Solvency and Financial Condition Report of Zavarovalnica Triglav d.d. as at 31 December 2021 and the Solvency and Financial Condition Report of the Triglav Group as at 31 December 2021, including the independent auditor's assurance reports;

- monitored and discussed the risk management systems, the functioning of internal controls, the Internal Audit Department's interim reports, recommendations, annual work plan for 2023 and guidelines for the 2024–2026 period;
- discussed the findings of the Insurance Supervision Agency and other supervisory bodies in supervision procedures within the Audit Committee's competence and was briefed on procedures related to these findings or requirements;
- supervised and discussed the conclusion of agreements with audit firms, the independence of the certified auditor, the quality of auditing, the audit plan for 2022 and the auditor's report following the pre-audit of Zavarovalnica Triglav d.d. for 2022; discussed and approved the proposal to appoint an auditor to perform audit services for the 2022–2024 financial year;
- discussed the report on the external quality assessment of the work of the Internal Audit Department of Zavarovalnica Triglav d.d. and the implementation plan of the recommendations for improving the quality of the Internal Audit Department's work;
- took note of remuneration of the Director of Internal Audit Department for 2021;
- discussed risk reports of Zavarovalnica Triglav d.d. and the Triglav Group;
- took note of the comparative analysis of capital adequacy of (re)insurance groups in the European Union and (re)insurers in Slovenia;
- took note of the proposal for stress and scenario tests, which show the potential risks of the Group to be addressed within the own risk and solvency assessment (ORSA) process;
- discussed the Compliance Office Annual Report for 2021;
- discussed the Statement of Compliance with the Slovenian Corporate Governance Code;
- monitored the operation of the information technology and cyber security area;
- took note of the status of the implementation of IFRS 17 in the Triglav Group;
- took note and approved the proposed Guidelines for monitoring the quality of external auditing in the Triglav Group.

The external expert Jernej Pirc provided his expertise and support to the work of the Audit Committee in relation to information technology issues. The Audit Committee carried out a performance self-assessment with the aim of ensuring the continued improvement and quality of its work and adopted an action plan for the improvement of its performance.

Appointment and Remuneration Committee

The Appointment and Remuneration Committee held seven meetings in 2022. Its most important activities included:

- drawing up draft periodic fit and proper assessments of the members of the Management Board and the Supervisory Board and of the two bodies as a whole;

- drawing up draft fit and proper assessments of the candidates for the members of the Supervisory Board, including the Audit Committee external member Luka Kumer, and of the body collectively;
- reviewing the calculation and amount of the average gross salary for 2022 in the Group members which are headquartered in the Republic of Slovenia and were fully consolidated by the Group pursuant to the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities (ZPPOGD);
- discussing the adjustment of the base salary of Management Board members and the calculation of the Group's performance factor on which the variable part of remuneration of Management Board members depends;
- giving consent to the proposed amendments to the Methodology for the calculation of the performance factor to set the annual bonus and reduce the base salary of a Management Board member for 2022;
- discussing the report on the development of key promising staff at Zavarovalnica Triglav d.d.;
- reviewing amendments to the Fit and Proper Policy for the Management Board and Supervisory Board Members of Zavarovalnica Triglav d.d., the Succession Policy for the Management Board Members of Zavarovalnica Triglav d.d. and the premises for amending the Remuneration Policy of Zavarovalnica Triglav d.d.;
- discussing the additional training programme for the Supervisory Board members in 2022, the proposal of the President of the Management Board regarding the nomination procedure due to the expiry of the term of office of the Management Board member Barbara Smolnikar, the proposal for termination of the term of office of the Management Board member David Benedek by mutual agreement and the proposal for the appointment of the new Management Board member Blaž Jakič.

Strategy Committee

The Strategy Committee, which held two meetings in 2022, devoted special attention to the realisation of Triglav Group's strategy and starting points for the development of the Triglav Group's business plan for 2023.

Nomination Committee

The Nomination Committee was established on 21 December 2022 with the aim of carrying out the nomination procedure to appoint candidates for Supervisory Board members – shareholder representatives to replace Peter Kavčič and Branko Bračko, who on 9 December 2022 notified the Company of their irrevocable resignation as Supervisory Board members. The Nomination Committee held no meetings in 2022.

3.3 Work of the Supervisory Board and scope of supervision of the company's operations in 2022

The description of the Supervisory Board's operations and the scope of monitoring and supervision of the governance of the Company and the Group in 2022 are based on the supervision of the Company's and the Group's operations performed by the Supervisory Board in 2022, acting within its powers. The Supervisory Board held eight sessions in 2022.

The Supervisory Board's duty is to supervise how the Company conducts its business and to perform other tasks in accordance with the Companies Act, the Insurance Act, the Company's Articles of Association, the Rules of Procedure of the Supervisory Board and the Slovenian Corporate Governance Code. The methods and organisation of its work are set out in the Rules of Procedure of the Supervisory Board, which are published on the Company's website.

a) With regard to its core competences, in 2022 the Supervisory Board:

- approved the Solvency and Financial Condition Report (SFCR) of Zavarovalnica Triglav d.d. and the Triglav Group for 2021 and the annual capital adequacy as at 31 December 2021 and took note of the independent auditor's assurance report;
- adopted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2021, the Report by the Supervisory Board of Zavarovalnica Triglav d.d. on the verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2021 and the Opinion of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report for 2021 of the Internal Audit Department of Zavarovalnica Triglav d.d.;
- discussed unaudited interim financial reports of the Triglav Group and Zavarovalnica Triglav d.d. for the periods from 1 January to 31 March 2022, from 1 January to 30 June 2022 and from 1 January to 30 September 2022;
- discussed the Annual Internal Audit Report of the Internal Audit Department for 2021;
- approved the Triglav Group's business policy and business plan for 2023 and took note of the key findings of ORSA;
- approved the Internal Audit Department's work plan for 2023 and its guidelines for 2024–2026;
- proposed to the 47th General Meeting of Shareholders of Zavarovalnica Triglav d.d. to grant a discharge to the Management Board for 2021, submitted a proposal regarding the payment of accumulated profit and a proposal to appoint an audit firm for the 2022, 2023 and 2024 financial years, and presented the Remuneration Policy and the Remuneration Report for 2021;
- discussed the findings of the Insurance Supervision Agency and other supervisory bodies in supervision procedures and was briefed on procedures related to these findings or requirements;
- approved the amendments to the Governance System and Policy of Zavarovalnica Triglav d.d., the Policy of Management and Control of Insurance Services and Products, the Succession Policy and the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d.;

- approved individual transactions in accordance with the law and the Rules of Procedure of the Supervisory Board.

b) With regard to the supervision of the management of the Company's operations, in 2022 the Supervisory Board:

- discussed the reports of the Audit Committee, the Appointment and Remuneration Committee and the Strategy Committee, and was briefed on the financial reports of Zavarovalnica Triglav d.d., the Triglav Group and Zavarovalnica Triglav's subsidiaries;
- took note of the implementation of the Triglav Group strategy;
- monitored the assessed performance indicators of the Company in each period, capital adequacy, the implementation of the business plan and potential measures;
- took note of risk reports, the Risk Underwriting and Management Strategy, the Risk Appetite Statement, the Capital Management Policy and the Policy of the Risk Management and Capital Adequacy Function of Zavarovalnica Triglav d.d. and the Triglav Group;
- oversaw the work of the Internal Audit Department and was briefed on its internal audit reports as well as on the Compliance Office Annual Report for 2021 and its work plan for 2022;
- took note of the Report of the Life Insurance Actuarial Function Holder in Zavarovalnica Triglav d.d. and the Report of the Non-Life Insurance Actuarial Function Holder in Zavarovalnica Triglav d.d.;
- was briefed on insurance products;
- took note of the report on the development of key promising staff at Zavarovalnica Triglav d.d. in 2021;
- discussed the Statement of Compliance with the Slovenian Corporate Governance Code and took note of the positions on the Corporate Governance Code for Companies with Capital Assets of the State and the Recommendations and Expectations of the Slovenian Sovereign Holding and
- was briefed on other information regarding Zavarovalnica Triglav d.d., the Triglav Group and its subsidiaries.

c) Other major actions taken by the Supervisory Board in 2022:

- discussing periodic fit and proper assessments of the members of the Management Board and the Management Board as a collective body, the members of the Supervisory Board and the Supervisory Board as a collective body, as well as of the Audit Committee external member Luka Kumer;
- approving the Group's performance factor, determining the annual performance bonus for the Management Board of Zavarovalnica Triglav d.d. for 2021 and approving the amendments to the Methodology for the calculation of the performance factor to set the annual bonus and reduce the base salary of a Management Board member for 2022;
- discussing the report of the Works Council of Zavarovalnica Triglav d.d.;
- discussing the proposal of the President of the Management Board regarding the nomination procedure due to the expiry of the term of office of the Management Board member Barbara Smolnikar and the proposal for termination of the term of office of the Management Board member

David Benedek by mutual agreement and approving the proposal for the appointment of the new Management Board member Blaž Jakič;

- taking note of the resignation letters of the Supervisory Board members Branko Bračko and Peter Kavčič, who on 9 December 2022 notified the Company of their irrevocable resignation as Supervisory Board members, as a result of which the Nomination Committee was established to carry out the nomination procedure in 2023;
- adopting the labour costs plan of the Supervisory Board for 2023, the financial calendar and the timetable for the meetings of the Supervisory Board and its committees in 2023;
- performing other activities related to the supervision and work of the Supervisory Board or its committees.

The costs in connection with the Supervisory Board's work other than the remuneration paid to its members and committees (disclosed in Section [5.8 Management and supervisory bodies and their remuneration in the Accounting Report](#) and in Section [5.3.3 Supervisory Board in the Business Report](#)) mostly included the rental costs of interpretation equipment for smooth execution of its sessions, training costs of the members of the Supervisory Board and its committees, and the outsourced IT services for the Audit Committee. These costs amounted to EUR 277,646 in 2022.

3.4 Self-assessment

Specific topics were discussed in advance by the Supervisory Board's committees, which drafted resolutions to be adopted by the Supervisory Board and meticulously carried out other tasks within the scope of their powers. The committee chairs regularly reported on their work at the sessions of the Supervisory Board, which discussed the adopted decisions, submitted recommendations and opinions and passed appropriate resolutions after due consideration.

All members were involved in the work of the Supervisory Board and its committees. With their attendance at its sessions and active participation in discussions and decision-making, they contributed to the effective discharge of duties within the powers of the Supervisory Board and its committees. The work of the Supervisory Board is well managed and supported, whilst the planning and frequency of its sessions is adequate. Both the Rules of Procedure of the Supervisory Board and the Rules of Procedure of the Audit Committee include clear rules of conduct in the event of a conflict of interest. The Supervisory Board members and the Audit Committee's external member signed and submitted statements of independence in accordance with the Slovenian Corporate Governance Code, which are published on the Company's website. All Supervisory Board members (except employee representatives Branko Gorjan and Peter Celar) declared themselves independent in accordance with the Slovenian Corporate Governance Code criteria (all statements of independence are published on the Company's website). In 2022, to the knowledge of the Supervisory Board, there was no case of conflict of interest with an individual Supervisory Board member in the discussions and decisions of the Supervisory Board and its committees, or appropriate action was taken to manage it. The Supervisory Board and its committees follow the highest standards of conflict of interest management.

The Supervisory Board is of the opinion that its cooperation with the Management Board was adequate, in accordance with the applicable legislation and good practices. To the best of its knowledge, the Supervisory Board was informed of all events of material significance to the assessment of the situation and its consequences, and to the effective supervision of the Company's operations. The documents provided as materials for the Supervisory Board's sessions were of good quality and information was accurate, relevant, reliable, comparable and exhaustive. The Supervisory Board regularly followed the implementation of its resolutions. The Governance System and Policy of Zavarovalnica Triglav d.d. sets out main corporate governance guidelines, taking into account the set long-term objectives and the defined role and work of the Supervisory Board and its committees.

The fit and proper criteria as set out in the Fit and Proper Policy for the Management Board and Supervisory Board Members of Zavarovalnica Triglav d.d. apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fitness and propriety were assessed before new Supervisory Board members took office. In addition, the Appointment and Remuneration Commission's periodic assessment was performed. The Supervisory Board as a collective body was assessed as fit and proper, taking into account the adequate range of qualifications, knowledge and experience in view of the circumstances and requirements under which the Company operates. A fit and proper assessment is also performed for the Audit Committee's external member.

The Supervisory Board regularly carries out the self-assessment procedure. Based on its findings, it adopts an action plan containing a series of proposals and measures aimed at improving its future performance. The implementation of the action plan is monitored on an ongoing basis. By implementing the self-assessment procedures, the quality of the Supervisory Board's work is improved, which is reflected in a higher quality of supervision of the operations and the areas material for the Company and the Group.

The Supervisory Board believes that its composition in 2022 corresponded to the size, activities and set objectives of both the Company and the Group, which enabled it to make quality decisions.

The Supervisory Board carried out its duties and powers smoothly. The sessions of the Supervisory Board and its committees were held in person and, in exceptional cases, also virtually with the help of technical means.

In view of the above, the Supervisory Board is of the opinion that its work and the work of its committees in 2022 were successful.

3.5 Opinion on the annual internal audit report for 2022

In accordance with paragraph three of Article 165 of the Insurance Act (Zavar-1), the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2022 was submitted to the Supervisory Board, which took note of it at its session on 28 March 2023. The report contains an overview of the implementation of the Internal Audit Department's (hereinafter: IAD) planned activities in 2022 and a summary of material audit findings, including an assessment of the adequacy and

effectiveness of risk management and the internal control system of the audited areas, the assessment of the adequacy of the IAD's funds for its work, the IAD's quality assurance and improvement programme and its results, and the statement of independence and impartiality of the IAD and its employees.

The Internal Audit Department conducted the planned internal audits in the Company and other companies of the Group and presented its internal audit findings to the relevant persons in charge and made recommendations for improving risk management and the internal control system of audited areas. Based on the performed internal audits and the follow-up of implementation of recommendations, the IAD assessed that risk management and the internal control system of the audited areas within the Company and the Group were overall appropriate and were constantly improving. The IAD also carried out advisory activities, followed up on the implementation of recommendations made by external auditors, and carried out tasks related to quality assurance and improvement of the IAD and the internal audit departments of other Group members. The IAD reported on the implementation of its work plan, material audit findings and the implementation of recommendations on a quarterly basis to the Audit Committee and on a semi-annual basis to the Supervisory Board.

Based on the monitoring of the IAD's work and the submitted Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2022, the Supervisory Board is of the opinion that the IAD operated in line with its work plan for 2022, which was adopted by the Management Board with the approval of the Supervisory Board, and the expectations of the Supervisory Board and that its work contributed to the better functioning of the internal control system and improved risk management both in the Company and the Group. The Supervisory Board has no objection to the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2022.

3.6 Findings of the supervisory board regarding the operations of Zavarovalnica Triglav in 2022

Based on its monitoring and supervision of the Company's operations in 2022 and the examination and verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d., the Supervisory Board hereby establishes that the Company performed well and consistently pursued its set strategic objectives.

The Group generated EUR 134.5 million in consolidated profit before tax (index 101) and EUR 110.2 million in consolidated net profit (index 98). The parent company's net profit amounted to EUR 120.5 million (index 164).

The Group's insurance companies generated insurance and coinsurance premiums of EUR 1,479.6 million in the preceding year (index 109), of which EUR 868.9 million (index 109) was earned by the parent company. Premium growth was achieved in all insurance segments and in all markets where the Group operates.

The Group recorded gross claims paid of EUR 832.2 million, up by 13% relative to 2021. Gross claims paid by the parent company amounted to EUR 452.5 million (index 111).

Total consolidated gross operating expenses incurred by the Group in the amount of EUR 374.9 million rose by 12% and those of the Company totalled EUR 221.4 million (index 113).

The Group's total equity amounted to EUR 752.8 million as at 31 December 2022 and was 19% lower relative to the preceding year. Return on equity stood at 13.1%.

The Group's financial stability, high capital adequacy and high profitability in 2022 were again confirmed by the two renowned rating agencies S&P Global Ratings and AM Best by assigning an "A" rating to the Group. Both credit ratings have a stable medium-term outlook.

The findings of the Supervisory Board are also based on the following:

- Report of the non-life insurance actuarial function holder for 2022,
- Report of the life insurance actuarial function holder for 2022,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2022.

The Supervisory Board has no objection to the aforementioned reports.

3.7 Annual report

The Management Board submitted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022 to the Supervisory Board.

The Supervisory Board hereby ascertains that the Annual Report was compiled within the statutory deadline and submitted to the appointed auditor. The Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022 was audited by the audit firm Deloitte revizija d.o.o., Ljubljana, which on 10 March 2023 expressed an unmodified opinion on the separate and consolidated financial statements in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022. In their report as an independent auditor, they took a stance on key audit issues regarding insurance technical provisions and equity investments in subsidiaries. They also provided their opinion on other information contained in the Annual Report as to their consistency with the separate and consolidated financial statements and their compliance with the applicable legislation and other regulations.

The certified auditor, a key audit partner, was present at the session of the Supervisory Board and the Audit Committee regarding those items where the Annual Report was discussed and provided the requested additional explanations to the Audit Committee and the Supervisory Board. The Audit Committee discussed the annual report after the pre-audit and the final audit and the letter to the Management, which was also discussed by the Supervisory Board, after the audit.

Based on a detailed verification, the Supervisory Board established that the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022, which was prepared by the Management Board and verified by a certified auditor, was compiled in a clear and transparent manner and that it was a true and fair presentation of the assets, liabilities, financial position, and profit or loss of the Triglav Group and Zavarovalnica Triglav d.d. The Supervisory Board is of the opinion that the Corporate Governance Statement, which is included in the Annual Report, is appropriate and has no objections to it.

In accordance with the aforementioned findings, the Supervisory Board expresses no objection to the unmodified opinion of the certified audit firm Deloitte revizija d.o.o., Ljubljana, which found that in all material respects the consolidated and separate financial statements presented a true and fair presentation of the financial position of the Triglav Group and Zavarovalnica Triglav d.d. as at 31 December 2022, their profit or loss, comprehensive income and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as approved by the EU.

In view of the above, the Supervisory Board approves the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for the Year Ended 31 December 2022.

At its session, the Supervisory Board also discussed the Remuneration Report for 2022, which was verified by the authorised audit firm Deloitte revizija d.o.o., Ljubljana, and in accordance with paragraph six of Article 294b of the Companies Act (ZGD-1) issued the auditor's report confirming that the Remuneration Report contains all the information required by paragraphs two and three of Article 294b of the ZGD-1. The review of the company's report was performed by a certified auditor in accordance with the International Standard on Assurance Engagements 3000 – Assurance Engagements, except for audits or investigations of past accounting information.

3.8 Proposal for the distribution of accumulated profit

At its 2nd/2023 session, the Supervisory Board examined the Management Board's proposal for the distribution of accumulated profit as at 31 December 2022, which will be subject to a final decision by the General Meeting of Shareholders of Zavarovalnica Triglav d.d., and approved the following draft resolution on the distribution of accumulated profit to be proposed by the Management Board to the General Meeting of Shareholders:

"The accumulated profit totalling EUR 63,769,278.25 as at 31 December 2022 shall be distributed as follows:

- A part of the accumulated profit amounting to EUR 56,837,870.00 shall be distributed for dividend payments. A dividend in the amount of EUR 2.50 gross per share shall be paid to the shareholders appearing in the Share Register as at 20 June 2023. On 21 June 2023, the Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d., intended to execute the corporate action of paying out dividends to the shareholders in accordance with the common European standards for corporate actions.
- The distribution of the remaining accumulated profit of EUR 6,931,408.25 shall be decided on in the coming years and shall remain undistributed."

Ljubljana, 28 March 2023



Andrej Andoljšek
Chairman of the Supervisory Board



Applause to the invisible contributors to our joint success

In the same responsive way as the sales staff listen to the needs of clients, **Barbara Mušič** and **Miroslav Breznik** always come to the aid of sales staff with development and support technological services. Barbara works in the Development and Technology Department in the field of Zavarovalnica Triglav's digital business and client experience. Miroslav always has all the answers to questions relating to IT. The sales staff gave them a big round of applause when they were announced as top salespersons, when they received special recognition for accessibility and efficient assistance.

In the Triglav Group, the development of technology and IT is at the fore of:

- The agile and responsive operation of multifunctional teams,
- Achieving a seamless user experience,
- Building and maintaining business ecosystems that enable an outstanding user experience.

4.

Strategy and plans of the Triglav Group

- Strategic risks and business opportunities are regularly assessed based on the challenges and opportunities identified in the business and social environments, which are characterised by rapid changes.
- The Triglav Group's vision, aimed at creating an outstanding user experience, is implemented through development activities. The transition from an insurance-oriented to a service-oriented business model with multiple ecosystems and continued digital transformation are at the fore.
- The Group's performance in 2022 was sound and impacted by one-off events, with the business result exceeding plans.
- The Group's operations will continue to be profitable, further increasing the business volume in 2023.

Challenges and opportunities of today

The ever-changing business and social environment requires the Group to constantly monitor and identify new challenges and opportunities in its business operations and to effectively deal with unknown risks. To this end, strategic risks and opportunities as well as the relevance of the main

guidelines for the implementation of the Group's strategy are regularly assessed. By constantly upgrading the risk management system, the Group maintains a level of preparedness that ensures an optimal response even in the case of unexpected events, which in turn ensures profitable, stable and future-oriented business operations.

The main trends that the Group has identified as having a significant impact on its business operations today and in the coming years are, in particular, the events related to the geopolitical situation as a result of the Russian-Ukrainian war and their impact on the macroeconomic situation, inflation and financial markets, increased digitalisation of operations and related changes in consumer habits, as well as the effects of climate change and the growing importance of sustainable business.

The impact of the external environment in which the Group operates and may continue to operate

In 2021, most European countries lifted the restrictive measures related to the COVID-19 pandemic, which made it possible to restore stable economic activity. But the start of 2022 was already marked by the conflict between Russia and Ukraine, which escalated into a war between the two countries at the end of February. Russia's military intervention in the territory of Ukraine triggered a series of international measures and sanctions intended to weaken the Russian economy, and which disrupted many supply chains and caused the high growth of energy prices. These effects, together with the existing consequences of the pandemic, supply chain disruptions and measures taken by countries to stimulate increased household consumption during this period, had a strong impact on inflation. In order to limit it to around 2%, the central banks started raising interest rates, which lowered economic growth forecasts. Higher interest rates significantly increased countries' borrowing costs; countries noticeably increased their indebtedness during the pandemic.

Geopolitical risks and deteriorating macroeconomic bases also had an impact on financial markets. The global markets experienced a shake-up in the beginning of the year, especially investments in companies with higher exposure to the Russian market, which was followed by declines in financial markets caused by uncertain economic forecasts and sharp increases in interest rates. In the coming period, supply chain pressures are expected to ease and the EU's dependence on the import of Russian gas and oil to decrease, as a result of which energy prices will stabilise. Nevertheless, it may take several years for inflation to slow down, and the actions taken by central banks may further deteriorate economic growth outlook.

The advantages brought by international trade and globalisation are diminishing, and many businesses are aiming to switch to local supply chains. EU Member States displayed a great deal of coordination in their response to the situation so far, but despite this, many European countries began to pay more attention to the security policy. Expectations regarding the further development of economic trends and financial markets thus remain highly uncertain.

1. Geopolitical risks and financial instability

The Group's acceptance of challenges and risk management

The Triglav Group is responding to the current situation by carefully **adjusting its risk profile**. A well-functioning risk management system enables the Group to monitor the situation and respond to it rapidly by appropriately addressing the negative impacts on capital adequacy and profitability.

Investment policies are primarily designed to pursue the interests of policyholders, insured persons and other beneficiaries from insurance contracts. Therefore, the security of investments and the simultaneous achievement of the highest possible profitability with the assumed risks remain at the forefront. The amount, maturity and currency of assets allocated to cover insurance liabilities are harmonised with liabilities as much as possible, thus further limiting market risks. By managing the remaining assets, the goal of achieving a reasonable rate of return is pursued, taking into account all the risks assumed and maintaining a high overall credit rating of the investment portfolio. See Section [3.3 of Risk management](#) for more information about exposure to market risks.

In the current situation, additional attention is paid to the optimal profitability of the insurance business and the appropriate return on investment, which is also achieved by investing in alternative investments, which at somewhat lower liquidity generate slightly higher expected rates of return.

The volume of such investments is subordinated to achieving adequate portfolio liquidity even in the event of a deteriorating situation in the financial markets.

For the purpose of timely identification and action, the Group set up an effective **system for monitoring the entire counterparty portfolio**. The portfolio's credit quality is constantly monitored and the concentration at Group level is managed by adjusting the exposure to individual partner segments.

Rising interest rates, increased uncertainty about the economic outlook and the unpredictability of the monetary policy have a major impact on market liquidity, which has deteriorated across all asset classes. The Company ensures the timely fulfilment of all obligations with adequate liquidity. To **maintain an optimal liquidity level**, liquidity risk is managed on an ongoing basis, which includes regularly testing liquidity in exceptional circumstances and the liquidity plan with the order of actions to take in such cases. See Section [3.5 of Risk management](#) for more information.

High inflation affects higher claim payouts, especially in the segments of non-life insurance and operating expenses. Such risks are managed by **regularly monitoring and promptly adjusting the pricing policy and through effective cost management**. High inflation and interest rates also affect the value of the investment portfolio, particularly fixed-income investments. Inflation risk is managed in the context of interest rate risk management. High inflation also resulted in a decrease in the real disposable income of households and, consequently, in lower consumption, including insurance purchase. If current macroeconomic developments settle into stagflation (low economic growth with high inflation), credit and liquidity risks could increase.

Due to the increase in required returns on debt securities and the resulting drop in the value of investments, especially with regard to supplemental voluntary pension insurance with a guaranteed return, in which the policyholder does not fully assume the investment risk, the Company adjusted its investment policy to a less risky one in the face of increased fluctuations in the financial markets.

Geopolitical risks are regulated through the appropriate geographic diversification of investments, as presented in Section [7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav](#), and prudent conclusion of insurance and reinsurance transactions in the international market.

The impact of the external environment in which the Group operates and may continue to operate

Among the key challenges of more mature European economies is an ageing population due to longer life expectancy and declining birth rates. International migration mitigates this trend only partially. The accompanying labour shortage will be an important factor in future development and economic growth. In most European countries, young age groups are often characterised by a lower average income, which stems mainly from the unstable labour market and precarious forms of employment and results in the lower funding of the social welfare system. The need for social security is therefore increasing, and its funding is increasingly difficult. The awareness that health, lifestyle and environmental aspects are connected is growing.

Employment in the EU is at its highest levels, and the demand for workers still exceeds supply in many sectors and industries. Staff shortage in the labour market is particularly high in some highly skilled occupations, the demand for which has increased in recent years also due to the rapidly increasing digitalisation of business and the need to combine IT skills and a good knowledge of specific topics. The pandemic has visibly transformed the labour market in past years with the emergence of several forms of hybrid work that include the possibility of working from home. Employees now look for jobs that offer hybrid forms of work. Employers who are better able to adapt to these new demands also have a better chance of attracting suitable staff. Securing an appropriately qualified workforce also results in higher salary costs.

The described challenges also apply to the countries in which the Group companies operate.

2. Demographics and human resource risks

The Group's acceptance of challenges and risk management

Demographic trends are monitored on an on-going basis in all Group markets. They are observed in terms of adjusting insurance terms and conditions and calculation factors as well as identifying opportunities for new types of insurance coverage and products, with which the Group responds to the changing client needs. The coverage of risks that the

compulsory social security scheme does not cover or covers inadequately is ensured by a range of complementary and supplemental insurance products. The Company is expanding its life, pension and health insurance product range, thereby increasing the security of clients at all stages of life. It is exposed to longevity risk in products with lifetime annuity or pension payouts. Especially long-term risk requires special attention: it is managed by developing dynamic models of the policyholders' life expectancy and setting appropriate premium rates and provisions.

The Group is aware that healthcare will continue to gain social significance. It is proactively increasing its range of healthcare services in order to provide its policyholders – at health centres – with timely and, at the same level of quality, more affordable healthcare services than its competitors on the market. The Group aims to transform from a traditional health insurance provider into a health partner and provide clients with comprehensive lifelong services. By offering additional health insurance products and services, it takes into consideration the risk of a potential healthcare reform and the abolition of supplemental health insurance.

The pandemic also profoundly changed employment and how the Group interacts with its employees, who play a key role in achieving the Group's ambitious business objectives. Currently, it is difficult to recruit new employees with appropriate skills and competences in the Slovenian labour market. A general human resource risk was identified when recruiting workers in shortage occupations (IT, digital, BI, risks, actuaries, etc.), in addition to the risk of departure of key staff and problems with retaining existing staff.

The Group is aware of these risks and manages them accordingly. It aims to provide the best working conditions for its employees, thereby reducing the risk of unwanted fluctuations. The Group is strengthening its brand of a development-oriented and responsible employer and building up its recognisability as a desirable employer, being able to attract and motivate new highly qualified and highly skilled workers.

During the COVID-19 pandemic, the Group companies implemented a hybrid work model, which included working from home, for the employees whose nature of work allowed it, and which was continued even after the pandemic ended. This may be a competitive advantage over companies that do not provide this option. See Section [11. Development activities](#) for more information about the hybrid workplace strategic pilot project.

Employee satisfaction within the Group is regularly monitored by measuring the organisational climate, which shows better results every year. This proves that the Group is effectively adapting to changes; communication is open and effective, and the Group remains an attractive working environment for its employees despite changes.

See Section [12.4.2 Responsibility to employees](#) for more information about steps taken to the care for employees.

The impact of the external environment in which the Group operates and may continue to operate

The digital transformation of insurance companies has been accelerating in recent years. Advanced analytics, the use of cloud services, the Internet of Things, cognitive computing, mobile network development, process robotisation, machine learning, artificial intelligence, API interfaces and remote business are all on the rise. The COVID-19 pandemic has rapidly and extensively transformed the way insurance companies engage with their clients, largely shifting from physical contact and a small number of interaction points to remote communication and via digital channels (taking out insurance, settling claims, etc.). In parallel, some work processes shifted partially from the workplace to employees' homes, with communication mainly taking place via an internet connection and with remote access to the Company's data.

This increased the pace of business digitalisation and produced many challenges, such as client identity verification, remote signing and inspection of the object insured, secure document exchange and managing client data changes in databases. Insurers are expected to keep up to date with and adapt their operations to digital changes as well as implement technological upgrades and innovative business models developed by insurtech and fintech companies. Implementing new digital services into operations and providing an outstanding user experience can be a significant challenge for insurance service providers (due to rapid and continuous development), as it requires rapid adaptation to new market opportunities and cost-effective performance. The latter is also becoming one of the key differentiating factors in the industry.

Digitalisation thus not only creates new opportunities but also results in many additional risks. With technological development, the increasing connectivity of businesses and the financial sector's heavy reliance on major global information and communication technology (ICT) service providers to provide services to clients, the vulnerability of insurers to cyber-attacks is increasing, which is reflected in the increased number of these incidents. Understanding the role of effective risk management and the continuous improvement of digital resilience are among the decisive factors for successful business performance and maintaining clients' confidence in the security of their data processing. A requirement for digital resilience is also the effective management and limitation of possible financial and operational-process effects. The development of regulations also follows these guidelines. New requirements include EIOPA guidelines on outsourcing to cloud service providers and guidelines on information and communication technology security management. Additional requirements in this field were specified by the Regulation of the European Parliament and of the Council on digital operational resilience for the financial sector (DORA).

3. Digital transformation and cyber security

The Group's acceptance of challenges and risk management

The Triglav Group incorporates the described changes into the development of its business operations, which are rapidly being digitalised and upgraded with other innovations that are the result of the Group's strategic development processes. The implementation of an omni-channel sales approach and paperless and remote operations are at the fore. See Section [11.2 Transformation and digitalisation](#) for more information on development activities. Thanks to the quick launch of solutions such as remote signing, video identification and remote inspection of the object insured, **business continuity was ensured also in extraordinary circumstances**, proving that the Group was well-prepared for the transition to digital business, which is now being expanded and upgraded.

Ensuring adequate cyber resilience and meeting regulatory requirements are among the Company's strategic objectives. This is achieved by **keeping the information security management system and security controls regularly updated, regularly testing information security** at various levels and verifying recovery procedures and information systems. The Company's **security and control centre** continuously monitors security events and responds to threats 24/7. The Company is introducing new tools and processes for the comprehensive monitoring and control of information (cyber) security risks, which, after being implemented in the parent company, are transferred to other Group members, ensuring their coordinated operation. In this way, the Group's security risks are managed more effectively, in addition to actively managing the level of information security. A new tool for managing all types of operational risks was used to improve the management of information (cyber) risks, which are regularly included in stress scenario tests.

The Company is aware that people are the most vulnerable part of information security, which is why it regularly raises employees' awareness and educates them about information security risks and their management. Employee's level of awareness is regularly checked, for example through social engineering tests using electronic communication (a phishing test). Based on these findings, activities and measures to improve information security and raise employee awareness are planned.

Before the implementation of new technological solutions, risks are consistently assessed and a set of measures for their management is designed. New solutions are then verified on an ongoing basis, used to measure client satisfaction and then further improved based on the feedback received. IT solution providers who comply with high security standards and offer legally compliant solutions for information security and personal data protection with guaranteed compatibility of services are selected. The risks of outsourcing ICT services are managed in all contractual stages of the relationship with service providers. This also applies to the project of developing an integrated sales module.

To better deal with the challenges of remote business and cyber threats, the Company provides tailored cyber insurance products and related assistance services to its clients.

The impact of the external environment in which the Group operates and may continue to operate

Concern for sustainable business and the sustainable development of the natural, social and economic environment ensures the preservation of natural resources and is a prerequisite for long-term successful business. World population growth and economic development have led to excessive consumption of limited resources and adverse effects in the form of climate change. The need for balanced social development, which reduces inequalities in society and improves the well-being of the most vulnerable social groups, is increasingly coming to the fore.

Among sustainability aspects, the most pressing in recent times have been **climate change aspects**. Their impact on the insurance industry is expected both in the investment and insurance segments as:

- the risk of transition to a low-carbon economy,
- physical risks due to the increased frequency and severity of extreme weather events.

Measures to mitigate climate change are becoming increasingly important, and with them the need to adapt operations to reduce transition risk. Any inadequate action in terms of transition risk may increase physical risks, which will, in turn, mainly result in the greater frequency and severity of weather disasters and other consequences.

Insurance companies can greatly contribute to an easier and coordinated transition of society to a low-carbon economy, as they play an important role as institutional investors. In addition to the implementation of investment policies that take sustainability aspects into account, with insurance products covering climate change-related perils, they can contribute to a higher level of safety in terms of physical risks and thereby to a better economic situation.

Physical risks are among the most important long-term challenges for insurance companies, as they are increasing significantly due to the higher average surface temperature and expected further temperature rises. They are and will continue to result in rising sea levels, more frequent and longer heat waves, and other extreme weather events. In the region where the Triglav Group operates, more frequent floods, drought periods and hailstorms are of particular concern.

The frequency and severity of weather disasters will increase the demand for insurance coverage, which on the one hand brings new opportunities to expand the volume of business, and on the other presents a challenge due to the larger scope of required reinsurance coverage. Together with the ever-increasing frequency and severity of these events, this will put pressure on reinsurance prices, increase the risk of the non-life insurance portfolio and intensify the insurers' need for additional capital.

As the global surface temperature increases, mortality and the likelihood of disease or new epidemics also increase, which may affect supply and demand of life and health insurance. The emergence of more extensive and long-lasting disease outbreaks may affect social and economic stability.

Insurers are also exposed to sustainability risks in the investment segment. In terms of climate change, transition risks are in the foreground. In the short and medium term, they can significantly affect the value of financial investments of issuers that are more exposed to climate risks, either because of the sector in which they operate, or because of the way they operate or respond to these risks.

The Group's acceptance of challenges and risk management

Sustainability aspects have traditionally been an important part of the Triglav Group's operations, which are based on responsible long-term development. Through its activities, the Group has undertaken to reduce uncertainty in the environment, provide its clients with financial and other security and create long-term sustainable value for its shareholders and other stakeholders.

The Group's sustainability activities have recently been upgraded to implement additional legal requirements and own guidelines into the Group's processes and management systems to promote the transition to a sustainable society.

The Group's strategic ambitions relating to sustainable development (ESG) define the key guidelines for the implementation of business processes in the Group members, engagement with clients and other stakeholders, and its activities and integration in the community. The Group strives to find sustainable solutions that focus on the efficient use of energy, water and other natural resources as well as reduce pollution. In its engagement with clients and other external stakeholders, the Group endeavours to meet the set environmental goals and national and global environmental commitments, thereby monitoring the direct and indirect impacts of operations on the environment and related environmental risks. In parallel with developing various types of insurance coverage, the Group aims to make individuals be more aware of and better understand climate risks, the growing dangers of natural disasters and other climate change impacts on society. The Group will support the development

of science so as to understand the causes of environmental change and related indicators as well as the development of new technologies to reduce the negative impacts of economic and social activities on the environment. See Section [12.3 Environmental aspect](#) for more information.

The Group's risk management system was significantly upgraded recently. As part of the own risk and solvency assessment process, particular attention was paid to the identification and assessment of climate risks at Group level. Based on the improved quality of data for climate risk assessment, an in-depth qualitative assessment of climate risks was performed for both assets and liabilities. It is expected that, in the investment segment of the Group's business, these risks will be significant both in the medium and long term. The Group's key task remains to adapt its investment policies to the green transition, which also applies to investment and pension insurance. With respect to liabilities, physical risk was identified as the highest short-term climate risk. In Slovenia, the *flood* event is already material. Extraordinary weather events due to climate change will become even more frequent and severe in the medium and long term, and other perils (hailstorms, drought) will likely have a material effect on the Company's operations. It is estimated that transition risk in the Group's insurance portfolio does not materially affect its operations in the short term, but with the emergence of legal and technical risks, it may increase in the medium and long term, becoming a material risk.

Based on a qualitative assessment of climate risks, a stress scenario that included transition risk for assets and physical risk for liabilities was performed. Transition risk could be significant, especially in the event that it would affect the economic situation and thus the financial markets. On the other hand, despite the increased severity and/or frequency of weather disasters within a year, this did not have a noticeable effect on the capital adequacy of the Company's existing non-life insurance portfolio, primarily thanks to the adequate reinsurance protection. Ensuring adequate protection will continue to be of key importance in the future, taking into account changes and limitations to reinsurance terms and conditions.

Sustainability risks also relate to the Group's reputational risk, which arises from the adjustment of operations in relation to competitors, especially with the growing awareness of society and the importance of sustainability for our stakeholders. These future potential risks may materialise in the long term and affect all key business processes, acquisition and retention of business and human resources.

The ever-increasing role of sustainability in business also brings many new opportunities due to both the need for additional insurance coverage and rapid technological progress and innovations in sustainable technologies.

See Section [12. Sustainable development](#) at the Triglav Group for more information about sustainability aspects.

4.

Climate change and sustainable development

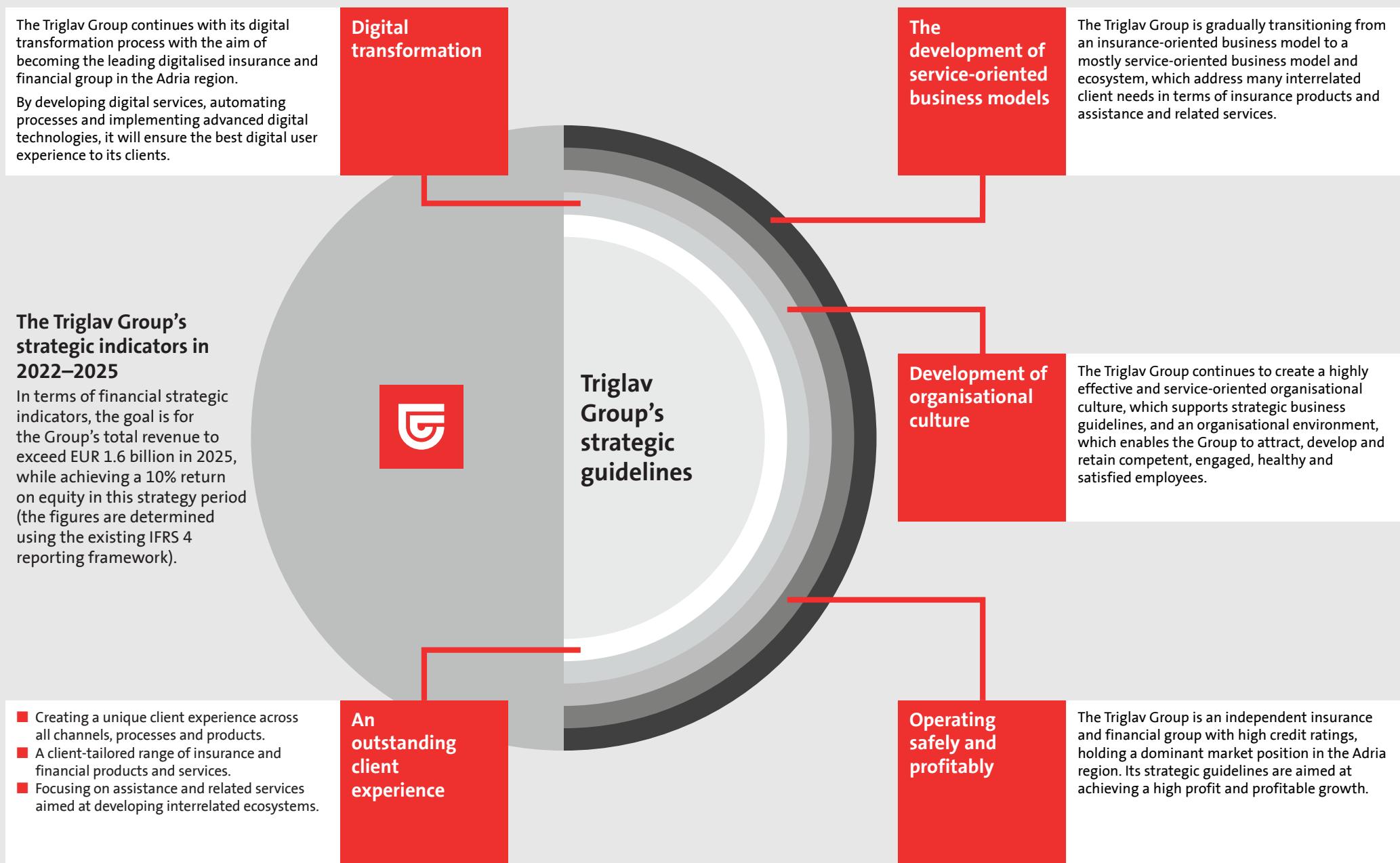
4.1 Triglav Group Strategy for 2022–2025¹⁰

In the revised Triglav Group Strategy to 2025, adopted at the end of 2021, the Group continues to pursue its existing key strategic guidelines, upgrading them in terms of growth and development activities and an improved client-centric approach.

The strategy focuses on the Group's sustainable development ambitions (environmental, social and governance factors) even more than in the past. By pursuing these ambitions, a long-term stable basis is created for the Group's profitable and safe operations, promoting the transition to a sustainable society, reducing its impact on climate change, remaining a development-oriented environment for its employees, maintaining ties with its partners and representing a stable, safe and profitable investment for investors.

Triglav Group's mission, vision and values

 Mission	<p>We build a safer future.</p> <ul style="list-style-type: none"> ■ We are client-centred. ■ We support development of our partners. ■ We provide development-oriented environment for our employees. ■ We are stable, safe and profitable investment for our investors. 	
 Vision	<p>We set standards of outstanding client experience – anytime, anyplace.</p>	<p>Triglav Group is leading Insurance and financial group in Adria region, synonymous with the best user experience. Through our operations we are creating above-average value for our key stakeholders and promote transition to sustainable company.</p>
 Values	<p>Responsiveness, simplicity and reliability are reflected in our day-to-day operations</p>	
 Strategic activities	<p>Insurance</p> <ul style="list-style-type: none"> ■ Non-life ■ Health ■ Life ■ Pension ■ Reinsurance <p>Asset management</p> <ul style="list-style-type: none"> ■ Own insurance portfolio (asset backing liabilities and backing funds) ■ Mutual funds and individual asset management ■ Pension funds 	<p>Triglav Group will remain leader in all its core businesses in Adria region.</p>



4.2 Implementation of the Triglav Group strategy in 2022¹¹

In the first year of implementing the revised strategy to 2025, the focus was on creating an exceptional user experience that will be uniform across all sales channels and for all processes and products. A client-tailored range of insurance and financial services is being developed, gradually transitioning from an insurance-oriented business model to a service-oriented business model and developing service ecosystems so as to address even more effectively the various but interrelated client needs.

The Group continued with its digital transformation process with the aim of becoming the leading digitalised financial and insurance group in the Adria region. In order to achieve the set goals, the Group's highly effective and service-oriented organisational culture continued to be strengthened and co-created by more than 5,300 satisfied and dedicated employees.

Operating safely and profitably



- **Profitable operations and credit rating**
 - Profit before tax: EUR 134.5 million.
 - Return on equity (ROE): 13.1%.
 - Affirmed "A" credit rating with a stable medium-term outlook.
- **Growth in business volume**
 - Gross written premium: +9%.
 - Total market share of Slovenian insurance companies: +0.4 percentage point.
 - Seized opportunities of new business models and partnerships for doing business outside the region.
 - The Triglav Group remains the largest insurance company in South-East Europe (SEE) in terms of written premium.
- **Capital adequacy and capital allocation**
 - Prudent implementation of the capital management policy.
 - Market capital was regularly monitored and risks were assessed by individual activity (insurance business, asset management, capital management), thereby – despite the challenging situation in the financial markets – maintaining financial strength and capital adequacy, which remains around the lower end of the target range.
- **Ensuring safe operations and compliance**
 - Comprehensive review of information systems in terms of information security.
 - Support provided to the implementation of accounting standards IFRS 9 and IFRS 17.
 - Core and support information systems were upgraded for the transition to the euro in Croatia.
- **Growth in business productivity and exploitation of synergies in the Group**
 - Business productivity: increased by 9%; gross written premium per employee: EUR 318 thousand.
 - Transferring good practices among the Group companies and taking advantage of internal potential.

An outstanding client experience



- **Increased client satisfaction and loyalty**
 - Higher client satisfaction rating (NPS) compared to the preceding year: an increase of 4 points.
 - The adjustment of products and services to changed client needs and rewarding their loyalty.
 - The upgrade of the Triglav komplet loyalty programme for underwriting applications.
- **Comprehensive and responsible client relationship management and omni-channel communication**
 - An increased number of clients registered in the i.triglav application and a higher number of clients who gave their consent to receive information electronically.
 - The development of an omni-channel strategy for client communication management.
 - Automated connection of the user's call with their client card for faster resolution of claims.
 - The merger of the databases of non-life and life insurance business partners.
 - The upgraded process and protocol for roadside assistance enable guided acceptance of calls for assistance.
 - The claim reporting process adapted to the "report and repair" option, a clearly presented assistance service procedure, upgraded claim applications for centralised claims settlement.
- **Increased number of active clients, a better understanding of the Group's services and higher insurance coverage of individual clients**
 - The TRIA virtual assistant was launched to help clients and website visitors in answering questions about products and services.
 - Upgraded websites of all Group insurance companies.
 - New marketing and sales approaches.
 - Ongoing measurement and analysis of user experience and implementation of activities to better understand the Group's products and services.

Development of service-oriented business models and digital transformation



- Advanced service-oriented business models
 - A central entry communication point for clients.
 - Business ecosystems upgraded with new services and partnerships and harmonised with the upgraded Triglav komplet loyalty programme.
 - Strengthened partnerships in the mobility, home, pets and health ecosystems.
 - Encouraging the sales network to sell insurance products remotely and deliver insurance documentation electronically.
- A high level of business process digitalisation, optimisation and automation
 - Digitalisation of sales processes.
 - Digitalisation and automation of claim processes.
 - Implementation of advanced analytics and artificial intelligence in client service processes.
 - A digital office and mobile application for clients.

Development of an organisational culture



- Realisation of the Group's key values in relation to all its stakeholders
 - Exceeded planned strategic indicator of employee satisfaction and engagement at Group level.
 - The promotion of teamwork, intergenerational cooperation and a healthy lifestyle and work practices.
 - Enhanced agility of employees and their willingness to accept changes.
- Building a unified employer brand
 - The employer's brand is being upgraded.
 - Workshops and focus groups at the Company and Group level.
- Unified human resource information system in Group companies (Gecko HRM)
 - Basic human resource modules were implemented.
 - Development modules are being introduced.
- A unified system for conducting annual development interviews and a management-by-objectives and remuneration system
 - Workshops on setting SMART operational and strategic goals for all leaders.
 - The module for annual development interviews was transferred to subsidiaries.
- Identifying promising staff and setting up a succession system
 - A group of promising staff was identified at Group level as well as their development opportunities.
 - First training activities for Group employees and coaching sessions.
- Hybrid workspace pilot project (flexible space)
 - The scope of the pilot project was defined, the participating areas were identified and renovation plans were designed for two locations.
 - Information about working in a hybrid workspace for employees.
- Benefits and opportunities for employees
 - Five programmes adapted to employee groups were developed.

Sustainable development (ESG) at the Triglav Group



- **Insurance and asset management**
 - The share of green, sustainable and social impact bonds rose to 10%, thereby demonstrating the Group's contribution to a greener, sustainable and fair future.
 - In the context of its insurance business, the Group develops sustainability-oriented products and

services and increases the premium written from products promoting general social and environmental benefits, including energy efficiency and low-carbon technology.

- **The Triglav Group's business processes**
 - The Group actively pursues goals to reduce the carbon footprint of its operations by reducing energy and paper consumption and the quantity of waste. The Group's Scope 1 and Scope 2 carbon footprint decreased by 13% in 2022.
 - At the end of the year, a sustainable development action plan was developed for individual areas, which is the basis for implementing strategic activities and legislative requirements.
 - In 2022, the Group received for the first time a public score for disclosing according to the CDP questionnaire on climate change.
 - Raising employee awareness about energy conservation and the importance of sustainable practices
 - The share of electric and hybrid vehicles in the Group rose to 8% in 2022.
- **Responsible stakeholder engagement**
 - A high level of satisfaction among the Group's employees and clients was maintained.
 - In early February 2022, the Insure Our Future project was launched. Together with partners from the fields of sport, culture, health, prevention and the economy, the Group raises awareness of the importance of achieving the 17 United Nations Sustainable Development Goals.
 - Increasingly more attention is paid to sustainability aspects when holding events (Triglav Run, Our Day).
- **Effective corporate governance**
 - The Group achieves high corporate governance standards, while improving the public disclosures of its sustainable business and operations.
 - In early 2022, Zavarovalnica Triglav became a signatory to the United Nations Principles for Sustainable Insurance (UN PSI) and joined the Partnership for Carbon Accounting Financials (PCAF).
 - Support for the process of handling reports of violations and protection of reporting persons was implemented within the Group.
 - Within the framework of the Compliance and Sustainable Development Committee and other committees of the risk management system, the development and implementation of regulations, including in ESG areas, is monitored.

4.3 Implementation of the Triglav Group's business plans in 2022

In the difficult economic situation, the Triglav Group achieved a **profit before tax of EUR 134.5 million**, up by 1% relative to 2021 and more than planned. This is the result of good performance and one-off events (see Section [8. Financial result of the Triglav Group and Zavarovalnica Triglav](#) for more information).

Total written premium grew by 9% to EUR 1,479.6 million, exceeding the planned figures. Premium growth was recorded in all insurance markets of the Group and in all insurance segments despite the challenging situation marked by fierce competition. In the Slovenian market, premium grew by 7%, in other markets in the Adria region by 12% and in the international market by 17%. See Section [7.5 Gross written insurance, coinsurance and reinsurance premiums](#) for further information on insurance premium.

The Group's **combined ratio** reached a favourable **88.1%**, which is in the lower end of its average target strategic value range (the company's performance indicator in the core non-life and health insurance business excluding return on investment). Compared to the previous year, it decreased by 0.8 percentage point as a result of the improved claims ratio. See Section [8. Financial result of the Triglav Group and Zavarovalnica Triglav](#) for more information.

The credit rating agencies S&P Global Ratings and AM Best re-affirmed the Group's **"A"** credit rating with a stable medium-term outlook, thereby confirming the Group's **strong financial stability, capital adequacy and profitability**. Achieving an "A" credit rating ensures an appropriate competitive position of the Group in insurance, reinsurance and financial markets as it confirms its financial strength and sound performance. See Section [6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav](#) for more information.

4.4 Plans of the Triglav Group for 2023

The Triglav Group business plan for 2023 takes into account strategic starting points and goals, performance results and implementation of the business plan in 2022, market potential, competitive conditions, and forecasts of trends in the macroeconomic environment and the financial markets. For the purposes of data comparability, business plans for 2023 were developed using the existing IFRS 4 reporting framework. This will change with the implementation of the new IFRS 17 accounting standard in 2023. Upon the implementation of the new accounting standard, adequate information will be provided regarding its effects on the Group's key performance categories.

Expected business conditions: The outlook for 2023 is characterised by great uncertainty, which will also affect the Group's operations. The situation on the financial and energy markets is particularly unpredictable, and with the war in Ukraine continuing, it is exacerbating the deterioration of the economic outlook and contributing to inflation. Further growth in required yields on government and corporate bonds is expected, but not as much as in 2022.

Triglav Group Business Plan for 2023

A **profit before tax of EUR 95–110 million** is planned for 2023. The planned profit is lower than the profit for 2022, which was affected by one-off events. In the insurance business, the Group plans to operate profitably and record a **total written premium of EUR 1.5–1.6 billion**, as well as achieve a **combined ratio of below 94% in non-life and health insurance**.

As the leading insurance and financial group in Slovenia and the Adria region, the Group plans to further strengthen its position in existing markets, while seeking opportunities in the EU markets according to the principle of free movement of services and through partnerships. In its operations, the Group will consistently follow its strategic guidelines, focusing on a high-quality and uniform client experience, the further development of service-oriented business models and ecosystems that address the interrelated needs of clients, and the implementation of innovative processes using modern technology.

The Group will continue to pursue cost streamlining, effective risk management, financial stability and retain high credit ratings from recognised credit rating agencies. The Company's dividend policy remains unchanged, and every effort will be made for the ZVTG share to remain a profitable, safe and stable investment for investors.

5.

Corporate Governance Statement

- The Group's corporate governance system was responsive and efficient during the pandemic. It showed adequate robustness even in a changing business environment, which is shaped by the broader geopolitical situation.
- Blaž Jakič was appointed a Management Board member for a five-year term of office. The decision will enter into force upon the fulfilment of the conditions precedent, including obtaining the authorisation of the Slovenian Insurance Supervision Agency to perform the function of a management board member.
- The term of office the Management Board members Barbara Smolnikar and David Benedek ended.

5.1 Governance policy

The Company's reliable governance system, which is based on effective risk management, enables it to implement its business strategy. The main governance guidelines take into account the set long-term objectives. They are defined in the Company's Governance System and Policy. This document, which is adopted by the Management and Supervisory Boards, is published on SEOnet, the Ljubljana Stock Exchange information system, and on the Company's official website (www.triglav.eu).

5.2 Statement of Compliance with the Slovene Corporate Governance Code

In its operations in 2022, Zavarovalnica Triglav abided by the Corporate Governance Code (hereinafter: the Code), which was adopted on 9 December 2021 and entered into force on 1 January 2022. The Code is available on the website of the Ljubljana Stock Exchange (Ljubljanska borza d.d.) at <http://www.lje.si> in Slovene and English. Zavarovalnica Triglav's statement of compliance with the Corporate Governance Code for the period from 1 January 2022 to the day of publication in 2023 is available on SEOnet and Zavarovalnica Triglav's official website (www.triglav.eu).

Zavarovalnica Triglav adheres to the provisions of the Code. For well-grounded reasons, the Company deviated from or did not comply with the following provisions of the Code (as clarified by specific point of the Code):

■ Points 4.1 to 4.3 refer to the Diversity Policy:

The Company and its management and supervisory bodies are subject to the Insurance Act and the Companies Act, which require that the members of the management and supervisory bodies and the bodies as a whole meet the fit and proper criteria for insurance companies. Zavarovalnica Triglav has adopted a Diversity Policy, according to which, when several candidates meet the fit and proper criterion, the candidate who contributes more to the diversity of the Management Board or the Supervisory Board will have priority. The diversity of expertise and experiences is set out in greater detail in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. The aim of the Diversity Policy is for both genders to be represented on the management and supervisory bodies. The ratio between the two genders, which is appropriate given the size of the company and its goals and procedures, is not determined in advance, as it is first necessary to ensure the fitness and propriety of the bodies as a whole, in accordance with the requirements of the law. When appointing the members of the management and supervisory bodies, strict legislative regulations applicable to insurance companies and the regulator's requirements as regards the fitness and propriety of the candidates for members of the Management Board and the Supervisory Board must primarily be taken into account. In any case, when appointing the members of the Management Board and the Supervisory Board, the Company aims to achieve the greatest possible diversity, including by specifying in the position requirements, in addition to the fit and proper requirements that candidates must meet, which candidates will

have an advantage in terms of diversity (e.g. gender, age, nationality). The Diversity Policy does not set goals for each individual aspect of diversity and for each body separately, but it does determine the way to ensure diversity as mentioned above and, as a result, has a direct impact on personnel procedures and other processes in the Company.

■ **Point 5.6 refers to an external assessment of the appropriateness of the Corporate Governance Code by an independent institution:**

The Corporate Governance Statement, as part of the annual report, is reviewed annually by an independent external auditor. Zavarovalnica Triglav is a regulated company whose operations are supervised by the Insurance Supervision Agency. In parallel, internal audit is established as one of its key functions, which not only performs continuous and comprehensive supervision of the Company's operations but also verifies and assesses whether the processes of risk management, control procedures and management of the Company are appropriate.

■ **Points 7.1 to 7.4 refer to the development of the Sustainable Development Policy:**

It is planned that Zavarovalnica Triglav will develop an overarching sustainability policy by 31 March 2023. In 2021, the Company upgraded its sustainability orientation in environmental, social and governance areas by adopting the Triglav Group's strategic ambitions in sustainable development (ESG), which was approved by the Supervisory Board. At Group level, sustainability-related activities are coordinated and directed by the Sustainable Development Coordinator, monitored by the Compliance and Sustainable Development Committee and decided on by the parent company's Management Board. The ambitions regarding the ESG goals for 2025 are divided into four key areas: insurance and asset management, Triglav Group's business processes, responsible stakeholder engagement and effective corporate governance. The Commitment to respect human rights in business operations was incorporated into the business processes, with which the Triglav Group undertakes to respect human rights in the entire business process and to avoid and prevent any adverse effects in ensuring human rights.

■ **Point 16.4 stipulates that at least once in every three years the supervisory board should ensure an external assessment in which it cooperates with an institution or external experts:**

Each year, the Supervisory Board, with the assistance of competent departments, carries out self-assessment of its work and the work of its committees and draws up a report. It takes a position on this and adopts an action plan to improve its functioning. At its discretion, the Supervisory Board also performs external assessment, in which it cooperates with relevant external experts.

■ **Point 21.6 refers to the prior approval of the Supervisory Board before the appointment of the members of the Management Board to the management or supervisory bodies in other companies:**

Pursuant to the resolution of the Supervisory Board, the members of the Management Board do not require the approval of the Supervisory Board prior to their appointment to the management or supervisory bodies of Zavarovalnica Triglav's direct and indirect subsidiaries and associates; however, the Management Board members promptly inform the Supervisory Board in writing about their appointment in accordance with point 1 of paragraph two of Article 62 of the Insurance Act (ZZavar-1).

■ **Point 25 stipulates that all supervisory board and committee members are independent:**

Two members of the Supervisory Board, both employee representatives, are not considered independent in accordance with point g) of Appendix B of the Code, as they have served on the Supervisory Board for more than three terms.

In addition, the Company is bound by the principles of the Insurance Code in its operations and conduct, which is available on the Slovenian Insurance Association's website (www.zav-zdruzenje.si).

The Company also has its own code, which presents its fundamental values and business principles in order to achieve its business objectives, strategic guidelines and competitive advantages in a fair and transparent manner and in compliance with the law and ethics. It is published on the Company's official website (www.triglav.eu).

The Statement of compliance with the Slovenian Corporate Governance Code is available both on SEOnet and the Company's official website (www.triglav.eu).

5.3 Management bodies of Zavarovalnica Triglav¹²

The Company has a two-tier governance system in place. Its governance bodies are as follows: **General Meeting of Shareholders, Management Board and Supervisory Board**. They operate in compliance with the primary and secondary legislation, the Articles of Association and adopted rules of procedure. Zavarovalnica Triglav's Articles of Association are published on its official website (www.triglav.eu).

5.3.1 General Meeting of Shareholders

The shareholders of Zavarovalnica Triglav exercise their rights at the General Meeting of Shareholders, which is convened at least once a year, by the end of August at the latest. The General Meeting of Shareholders may also be convened in other circumstances provided by law and the Articles of Association, and when it is in the interest of the Company.

The powers and operation of the General Meeting of Shareholders are set out in the Companies Act and the Articles of Association. The latter does not lay down any specific provisions for the adoption of amendments.

Each share of Zavarovalnica Triglav gives its holder the right to:

- one vote at the General Meeting of Shareholders,
- proportional dividends from the profit intended for the dividend payment and
- a proportional share from the remaining bankruptcy or liquidation estate in the event of bankruptcy or liquidation.

All shareholders who are entered in the share register managed by KDD – Centralno klirinška depotna družba d.d. not later than by the end of the seventh day before the date of the General Meeting of Shareholders have the right to attend the General Meeting. They may exercise their voting right provided that they register their attendance not later than by the end of the fourth day before the date of the General Meeting of Shareholders.

The rights and obligations attached to the shares as well as the notes on the restriction of transfer of shares and on reaching a qualifying holding are described in Section [6.2 Equity](#). See the Insurance Act for further details.

In accordance with the Financial Instruments Market Act, the following three shareholders of Zavarovalnica Triglav hold a qualifying holding (as at 31 December 2022):

- Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Institute of Pension and Invalidity Insurance of Slovenia; hereinafter: ZPIZ) is the direct holder of 7,836,628 shares or 34.47% of the Company's share capital. Its stake remained unchanged in 2022. On behalf and for the account of ZPIZ, the shareholder's rights attached to the shares were managed by Slovenski državni holding d.d. (hereinafter: SDH).
- SDH is the direct holder of 6,386,644 shares or 28.09% of the Company's share capital. Its stake remained unchanged in 2022.
- Erste Group Bank – PBZ Croatia Osiguranje OMF account – a fiduciary account, Vienna, holds 1,526,190 shares or 6.71% of the Company's share capital.

According to the data available, as at the reporting date Zavarovalnica Triglav had no other shareholders whose interests exceeded 5.00% of the share capital, nor any issued securities that would grant their holders special control rights.

General Meeting of Shareholders in 2022

Zavarovalnica Triglav's shareholders held one general meeting in 2022. The total number of shares and voting rights represented at the 47th General Meeting of Shareholders, held on 24 May 2022, was 17,439,358 or 76.97% of all shares to which the voting rights are attached. The General Meeting of Shareholders was briefed on:

- Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2021,
- the opinion on the annual report given by the audit firm,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2021,

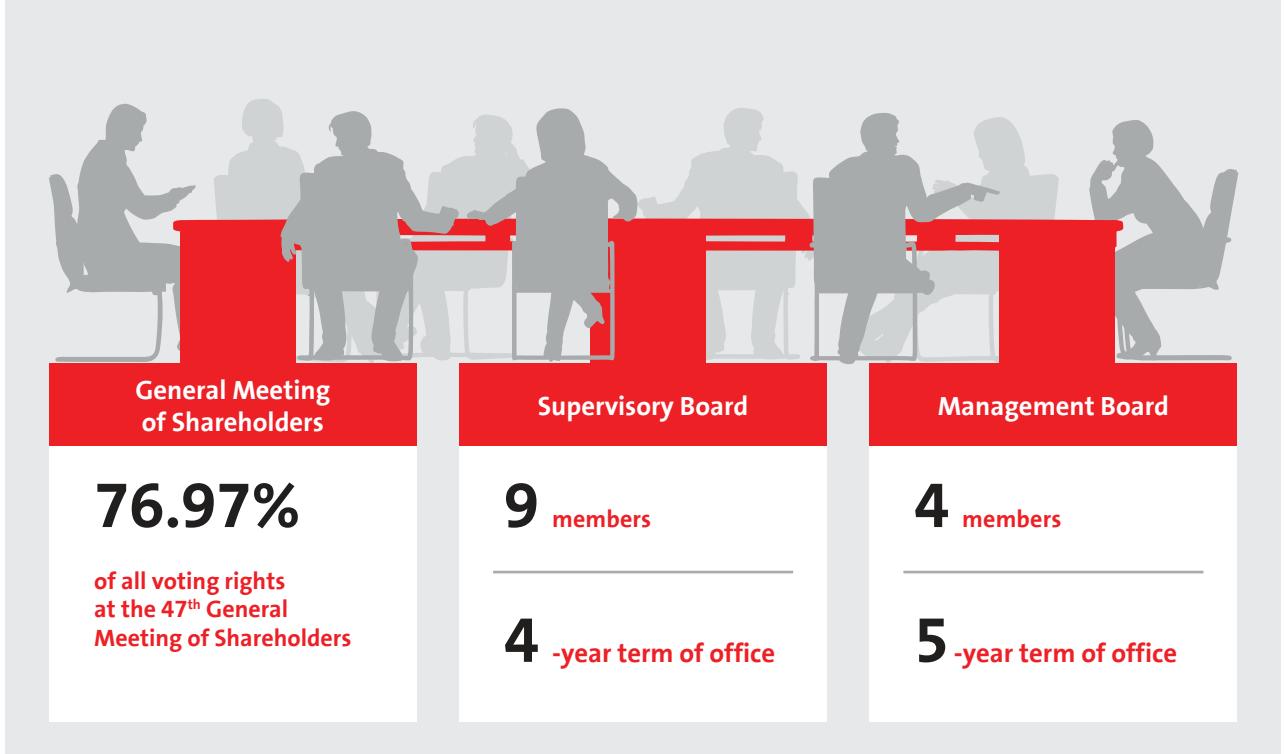
- Report of the Supervisory Board of Zavarovalnica Triglav d.d. on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2021,
- Opinion of the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2021.

The shareholders approved Zavarovalnica Triglav's remuneration report for 2021, whereas the consultative resolution on its remuneration policy was not adopted. The remuneration policy complies with the law, but it is not fully in line with the recommendations of the shareholder SDH, which were published on 16 March 2022 and will be examined by the next regular General Meeting of Shareholders.

The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 87,660,380.45 as at 31 December 2021:

- A part of accumulated profit in the amount of EUR 84,120,047.60 shall be allocated for dividend payments. The dividend of EUR 3.70 gross per share shall be paid to the shareholders appearing in the share register as at 7 June 2022. As at 8 June 2022, the Company provided funds for the payment of all dividends to the account of KDD – Centralno klirinška depotna družba d.d.
- The distribution of the remaining accumulated profit of EUR 3,540,332.85 shall be decided in the next few years.

Two-tier governance of Zavarovalnica Triglav



The shareholders granted a discharge for the 2021 financial year to both the Management Board and the Supervisory Board of Zavarovalnica Triglav.

The General Meeting of Shareholders appointed the audit firm Deloitte revizija d.o.o., Ljubljana the auditor of Zavarovalnica Triglav for the 2022, 2023 and 2024 financial years.

5.3.2 Management Board

The Management Board manages the Company independently and at its own responsibility, and presents and represents the Company without limitations. In legal transactions, the Company is always jointly presented and represented by two members of the Management Board, one of whom is its President.

According to the Solvency II Directive requirements, all persons who manage an insurance undertaking must have adequate professional qualifications (fit) and be appropriate to perform this function, i.e. be of good reputation and integrity (proper). The fit and proper assessment of the Management Board members is carried out based on national legislation and internal regulations.

Any person fulfilling the requirements stipulated by the Insurance Act, the Companies Act and the applicable documents of the Company may be appointed to the Management Board as its President or member. The fit and proper criteria, which the Management Board members and other individuals are required to meet, are clearly defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., which sets out the fit and proper assessment procedure for individual Management Board members to be performed before their appointment, periodically, extraordinarily or after the appointment of an individual Management Board member. Furthermore, the policy determines the fit and proper assessment criteria and procedures for the Management Board as a collective body. With respect to the latter, the Supervisory Board takes into account the diversity of knowledge and competences, which not only allow comprehensive functioning of the Management Board, but also contribute to an appropriate variety of skills, knowledge and experience for professional management of the Company. All members are required to collectively possess the relevant knowledge and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which the Company operates.

In October 2022, a preliminary fit and proper assessment of Blaž Jakič as a new Management Board member took place. In November 2022, the existing Management Board members (Andrej Slapar, Tadej Čoroli, Uroš Ivanc, Marica Makoter and David Benedek) and the Management Board as a collective body, also excluding David Benedek, were subject to periodic assessment.

The Diversity Policy is also taken into account when appointing an individual member of the Management Board. Its aim is to ensure complementarity and diversity in the Management Board by taking into account various qualifications, experiences and knowledge as defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. as well as to achieve gender balance and representation of various age groups. The gender balance in the Management Board, which is appropriate to the Company's size, the objectives it pursues and

the procedures for selecting management body members and other procedures in the Company, is not predetermined. If several candidates meet the fit and proper criterion, the candidate who will contribute more to greater diversity of the Management Board will have priority. One of the important goals is that both genders are represented in the management body. A comprehensive approach enables prudent and careful management of the Company, thus achieving strategic objectives and ensuring long-term values for all key stakeholders.

At its session on 17 October 2022, the Supervisory Board of Zavarovalnica Triglav agreed with the proposal of the President of the Management Board to appoint Blaž Jakič a new Management Board Member and approved the agreement on the termination of the term of office of the Management Board Member David Benedek. Blaž Jakič was appointed for a five-year term of office. The decision will enter into force upon the fulfilment of the conditions precedent, including obtaining the authorisation of the Slovenian Insurance Supervision Agency to perform the function of a management board member. The term of office of the Management Board member David Benedek ended on 1 December 2022 by mutual agreement, while the five-year term of office of the Management Board member Barbara Smolnikar ended on 17 October 2022.

Composition and appointment of the Management Board

In accordance with the Company's Articles of Association, the Management Board has no less than three and no more than six members, one of whom one is the president. The number of the Management Board members, their powers, the manner of representation and presentation and the transfer of the Management Board's authorisations are determined by the Supervisory Board in the Management Board Rules.

The Management Board is appointed by the Supervisory Board. The term of office of individual Management Board members is up to five years, with the possibility of reappointment without limitation. Zavarovalnica Triglav has one Worker Director, who is a member of the Management Board.

The appointment or recall of an individual member or all members of the Management Board is proposed to the Supervisory Board by the President of the Management Board. Any individual member or President of the Management Board may be dismissed also by the Supervisory Board if legal grounds for their dismissal have been established.

5.3.2.1 Management Board's powers to increase the share capital

In accordance with the Company's Articles of Association, the Management Board is authorised to increase the share capital of Zavarovalnica Triglav by up to EUR 14,740,278.36 through new shares issued for cash contributions within five years of 28 May 2021. The issue of new shares, the amount of capital increase, the rights attached to the new shares and the conditions for issuing new shares are decided upon by the Company's Management Board with the consent of the Supervisory Board. Following a share capital increase, the Supervisory Board is authorised to amend the Company's Articles of Association.

5.3.2.2 Presentation of the Management Board, its functioning and powers

Composition of the Management Board in 2022¹³

First and last name	Function	Area of work in the Management Board (as at 31 December 2022)	Start of term of office (the first)	End of term of office	Gender	Nationality	Date of birth	Education	Professional profile	Membership in the supervisory and/or management bodies of other companies
Andrej Slapar	President	Manages and directs the work of the Management Board and head office support departments (the Management Board Office, the Legal Office, the Internal Audit Department, the Corporate Communication Department and the Compliance Office). In charge of the Corporate Accounts Division, the Non-Life Insurance Division, the Triglav Group Subsidiary Management Division (excluding the subsidiaries outside Slovenia), HR matters related to the employees with special powers, arbitration, Nuclear Pool and the economic interest grouping of Slovenian insurance companies. Also responsible for the drawing up and implementation of the strategy of Zavarovalnica Triglav and the Triglav Group.	22 May 2013	12 November 2024	Male	Slovenian	1972	LL.B.	Management, strategic management, commercial law, insurance and reinsurance, actuarial science	
Uroš Ivanc	Member	In charge of the Non-Life Insurance Actuarial Department, the Life Insurance Actuarial Department, the Accounting Division, the Finance and Controlling Division, excluding the Investment Department, the Triglav Group Subsidiary Management Division – the subsidiaries outside Slovenia and the Investment Department (a head office support department). Also responsible for mergers and acquisitions (M&A), investor relations (IR) and relations with credit rating agencies, as well as for environmental, social and corporate sustainable development (ESG) activities.	14 July 2014	15 July 2024	Male	Slovenian	1975	MSc in Business and Organisation	Management and organisation, strategic management, insurance, financial management, financial markets and analyses, asset management, risk management	Trigal, upravljanje naložb in svetovalne storitve d.o.o. Triglav, Zdravstvena zavarovalnica d.d. Triglav INT d.o.o. Triglav Osiguranje, Zagreb d.d. (from 1 July 2022)
Tadej Čoroli	Member	In charge of the Marketing Division, the Non-Life Insurance Claims Division, the Insurance Sales Division, the Digital Operations and Client Experience Division, the Digital Platform and Business Intelligence Division, the Life Insurance Division, the IT Division and the head office support departments: the Risk Management Department and the Bancassurance Section.	29 July 2014	30 July 2024	Male	Slovenian	1975	LL.M.	Management, strategic management, commercial law, insurance, marketing	Pozavarovalnica Triglav Re d.d.
Marica Makoter	Member and Worker Director	Represents the workers' interests as set out in the Worker Participation in Management Act. In charge of the Fraud Prevention, Detection and Investigation Department and the Change and Project Portfolio Management Department. Responsible for the Back Office Division and the Human Resource Management Division (excluding HR matters related to the employees with special powers). Also responsible for the Strategic Sourcing Department and the Money Laundering Prevention Department (head office support departments).	21 December 2011	23 December 2026	Female	Slovenian	1972	LL.B.	Management, strategic management, commercial law, insurance, human resources and organisation, worker representation	Triglav Skladi d.o.o.
Barbara Smolnikar	Member		17 October 2017	17 October 2022	Female	Slovenian	1967	PhD in Management	Management, strategic management, banking, bancassurance, financial markets and analyses, risk management	Triglav, pokojninska družba d.d. (until 17 October 2022)
David Benedek	Member		29 August 2019	1 December 2022	Male	Slovenian	1973	MSc in Business and Organisation	Management, strategic management, banking, insurance, financial markets and analyses, corporate governance	Triglav Osiguranje, Zagreb d.d. (until 30 June 2022) Trigal, upravljanje naložb in svetovalne storitve d.o.o. (until 16 November 2022) Triglav, Upravljanje nepremičnin d.o.o. (until 16 November 2022) Triglav Skladi d.o.o. (until 16 November 2022) Diagnostični center Bled d.o.o. (until 16 November 2022)

Andrej Slapar took over the position of the President of the Management Board nine years ago, and in 2022 all members of the Management Board (together) performed their function for an average of seven years.

Data on the remuneration of the Management Board members¹⁴

Data on the remuneration of the Management Board members are disclosed in Section [5.8 of the Accounting Report](#). The basis for the remuneration of the Management Board is the Remuneration Policy of Zavarovalnica Triglav d.d. (hereinafter: the Remuneration Policy), which is based on Directive 2009/138/EC – Solvency II, as amended by Directive 2012/23/EU, and Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC.

The remuneration of the Management Board members consists of the basic salary (fixed part) and a variable part of the salary. The basic salary of the President of the Management Board is set as five times the average gross salary of employees in Group companies in Slovenia, and the basic salary of the Management Board members is set at 95% of the basic salary of the President of the Management Board. The President and members of the Management Board are entitled to the variable part of up to 30% of the basic salaries paid annually provided that the Triglav Group not only generated profit in the previous year but also surpassed the set objectives. The achievement of annual and medium-term objectives and the assessment of the Management Board members' work according to adopted criteria is monitored by the Supervisory Board. Both financial criteria (e.g. premium, claims, costs, profit) and non-financial criteria (compliance, client satisfaction – NPS, employee satisfaction, achievement of ethical and sustainability standards) are taken into account. The amount of remuneration and the Remuneration Policy are approved by the General Meeting of Shareholders.

The Remuneration Policy is designed to ensure the maintenance of appropriate capital strength of the Company, to encourage reliable and effective risk management, and to provide for the acquisition and retention of appropriately professionally qualified, competent, responsible and engaged employees. The policy is the foundation for implementing a robust and reliable governance system, ensuring responsible long-term development and business integrity and transparency. In 2021, it was revised in accordance with the requirements of the Regulation on sustainability-related disclosures in the financial services sector. In accordance with the Triglav Group's strategic ambitions in sustainable development (ESG), the succession policy, the diversity policy and the remuneration policy for the Group companies' management members will be upgraded with environmental, social and governance factors.

5.3.3 Supervisory Board

The Company's conduct of business is supervised by the Supervisory Board, which is composed of nine members: six shareholder representatives and three employee representatives. Their term of office is four years, and they can be re-elected without a term limit.

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Company's Works Council. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. The appointment and dismissal of the Supervisory Board members is made in accordance with the applicable legislation and Company regulations. The General Meeting of Shareholders may dismiss any elected Supervisory Board member before the expiry of their term of office, while each Supervisory Board member may resign from their position under the conditions and in the manner laid down by the Articles of Association.

According to the Solvency II Directive requirements, the Supervisory Board members must have adequate professional qualifications (fit) and be appropriate to perform this function, i.e. be of good reputation and integrity (proper). Their fit and proper assessment is carried out based on national legislation and internal regulations.

The criteria as set out in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. also apply to both the Supervisory Board as a collective body and to individual Supervisory Board members. Fit and proper assessment is made before the appointment,

periodically, extraordinarily or after the appointment of an individual Supervisory Board member. In accordance with this policy, a periodic fit and proper assessment was carried out in November 2022 for all Supervisory Board members and the Supervisory Board as a collective body. All individual members were assessed as fit and proper, with the exception of Branko Bračko, for whom it was not yet possible to provide a final periodic fit and proper assessment as a Supervisory Board member. In the same way, a periodic fit and proper assessment the Supervisory Board as a collective body was carried out, excluding Branko Bračko.

In assessing its composition and performance in accordance with the Insurance Act and the Companies Act, the Supervisory Board takes into account that all members possess the relevant knowledge, skills and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which the Company operates. In addition to the above, if several candidates meet the fit and proper criterion, the Diversity Policy is taken into account in the appointment of new members. Its goal is to ensure complementarity and diversity in the Supervisory Board by taking into account various qualifications, experience and knowledge defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. This enables prudent and careful supervision of the Company, thereby achieving strategic objectives and ensuring long-term values for all key stakeholders, representation of both genders and representation of different age groups. The gender balance in the supervisory body, which is appropriate to the Company's size, the objectives it pursues and the procedures for selecting supervisory body members and other procedures in the Company, is not predetermined, because in accordance with the law it is first necessary to ensure that the composition of the Supervisory Body as a whole is fit and proper.

On 9 December 2022, the Supervisory Board members Branko Bračko and Peter Kavčič notified the Company of their resignation as Supervisory Board members. In order to ensure the proper implementation of the nomination procedures, they are submitting an irrevocable letter of resignation effective as of the date on which the Supervisory Board approves the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022, or as of 31 March 2023 at the latest. The effective date of their resignation and termination of their term of office as Supervisory Board members will be the date of the regular annual General Meeting of Shareholders (which, according to the Company's financial calendar, is planned to take place on 6 June 2023), but not later than 30 June 2023.

5.3.3.1 Powers of the supervisory Board

The powers and operation of the Supervisory board are set out by the applicable legislation, the Company's Articles of Association and the Rules of Procedure of the Supervisory Board (available at www.triglav.eu). Besides the powers specified in the Companies Act and the Insurance Act, the Supervisory Board has the power to give consent to the decisions of the Management Board where the value or an investment exceeds the amount set out in the Rules of Procedure of the Supervisory Board, i.e. in the event of:

- the founding of limited companies in Slovenia and abroad;
- the acquisition or sale of Zavarovalnica Triglav's participating interests in domestic or foreign companies, except in the case of participating interests for which the conventional portfolio management approach is used;
- the issue of debt securities and long-term borrowing from domestic or foreign banks;
- the acquisition and sale of real property and investment in real property of Zavarovalnica Triglav.

In accordance with the law and the Rules of Procedure, the Supervisory Board holds at least one session per quarter, or more if necessary.

5.3.3.2 Supervisory Board in 2022

Composition of the Supervisory Board in 2022¹⁵

First and last name	Function	Start of term of office (the first)	End of term of office	Attendance of sessions of the Supervisory Board/total number of Supervisory Board sessions	Gender	Nationality	Year of birth	Education	Professional profile	Independence pursuant to Article 23 of the Corporate Governance Code	Composition of the Supervisory Board in 2022	Membership in the supervisory and/or management bodies of other companies while serving on the Supervisory Board in 2022	Membership in Supervisory Board committees	Function in Supervisory Board committees	Attendance of meetings of Supervisory Board committees/total number of meetings of Supervisory Board committees
Andrej Andoljšek	Member	13 June 2017	13 June 2021	8 of 8	Male	Slovenian	1970	BSc in Economics	Financial and general management, financial markets and analyses, banking, corporate governance, business and financial restructuring of companies	YES	NO	Sava d.d.	Strategy Committee	Member	2 of 2
	Vice Chairman	21 June 2017	17 August 2020										Nomination Committee	Chairman	/
	Chairman	18 August 2020	13 June 2021												
	Member	14 June 2021	14 June 2025												
	Chairman	18 June 2021	14 June 2025												
Branko Bračko	Member	14 June 2021	14 June 2025	8 of 8	Male	Slovenian	1967	BSc in Mechanical Engineering	Business strategy and business models, governance system	YES	NO	Stanovanjsko podjetje Konjice d.o.o.	Strategy Committee	Chairman	2 of 2
	Vice Chairman	18 June 2021	14 June 2025												
Tomaž Benčina	Member	14 June 202	14 June 2025	8 of 8	Male	Slovenian	1965	BSc in Economics and BSc in Metallurgy	Financial markets, business strategy and business models, governance system, financial analyses	YES	NO	Luka Koper d.d.	Appointment and Remuneration Committee	Chairman	7 of 7
Peter Kavčič	Member	14 June 2021	14 June 2025	8 of 8	Male	Slovenian	1969	MSc in International Business	Financial markets, business strategy and business models, governance system, financial analyses	YES	NO	Mladinska knjiga založba d.d.	Audit Committee	Chairman	6 of 6
	Strategy Committee	Member	14 June 2021												
Igor Stebernak	Chairman	18 August 2016	2 June 2020	8 of 8	Male	Slovenian	1968	BSc in Electrical Engineering, MBA	Banking, insurance, strategic management, financial markets and analyses, controlling, accounting and business process reengineering	YES	NO	/	Audit Committee	Member	6 of 6
	Member	3 June 2020	3 June 2024												
Jure Valjavec	Member	14 June 2021	14 June 2025	8 of 8	Male	Slovenian	1975	Master of Science	Business strategy and business models, governance system	YES	NO	/	Appointment and Remuneration Committee	Member	7 of 7
	Nomination Committee	Member	14 June 2021												
Peter Celar	Member	29 May 2007	31 May 2019	8 of 8	Male	Slovenian	1958	BSc in Economics	Insurance, management systems, regulatory and other legal requirements that apply to Zavarovalnica Triglav	NO	NO	/	Appointment and Remuneration Committee	Member	7 of 7
	Nomination Committee	Member	29 May 2007												
Branko Gorjan	Member	14 March 1995	30 May 2015	8 of 8	Male	Slovenian	1960	Economic technician	Insurance, management systems, regulatory and other legal requirements that apply to Zavarovalnica Triglav	NO	NO	/	Strategy Committee	Member	2 of 2
	Nomination Committee	Member	14 March 1995												
Igor Zupan	Member	27 September 2019	1 June 2023	8 of 8	Male	Slovenian	1972	BSc in Organisation	Insurance, management systems, regulatory and other legal requirements that apply to Zavarovalnica Triglav	YES	NO	/	Audit Committee	Member	6 of 6
	Nomination Committee	Member	27 September 2019												

External members of Supervisory Board committees in 2022

First and last name	Supervisory Board committee	Attendance of meetings of Supervisory Board committees / total number of committee meetings	Gender	Nationality	Education	Year of birth	Professional profile	Membership in the supervisory bodies of other companies while serving on a Supervisory Board committee in 2021
Luka Kumer	Audit Committee	6 of 6	Male	Slovenian	BSc in Economics	1981	Financial markets, business strategy and business models, governance system, financial analyses	/
Mitja Svoljšak	Nomination Committee	/	Male	Slovenian	BSc in Economics	1974	Corporate finance, asset management	Cinkarna Celje d.d.

By signing the Statement of Independence and Loyalty (www.triglav.eu), the members of the Supervisory Board undertook to adhere to the principles of independence laid down in item B of the Annex to the Corporate Governance Code.

Data on the remuneration of the Supervisory Board members are disclosed in Section [5.8 of the Accounting Report](#). Their remuneration was in line with the resolution passed by the 42nd General Meeting of Shareholders of Zavarovalnica Triglav.

5.3.3.3 Composition of Supervisory Board committees and their activities in 2022

In 2022, the Supervisory Board committees were the following: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee was established as an ad-hoc committee. Supervisory Board committees prepare draft resolutions for the Supervisory Board, assure their implementation and carry out other tasks.

The duties and powers of the committees are set out in the Companies Act, the Rules of Procedure of the Supervisory Board, Supervisory Board resolutions and the rules of procedure of individual committees. Their main tasks are presented in the diagram below.

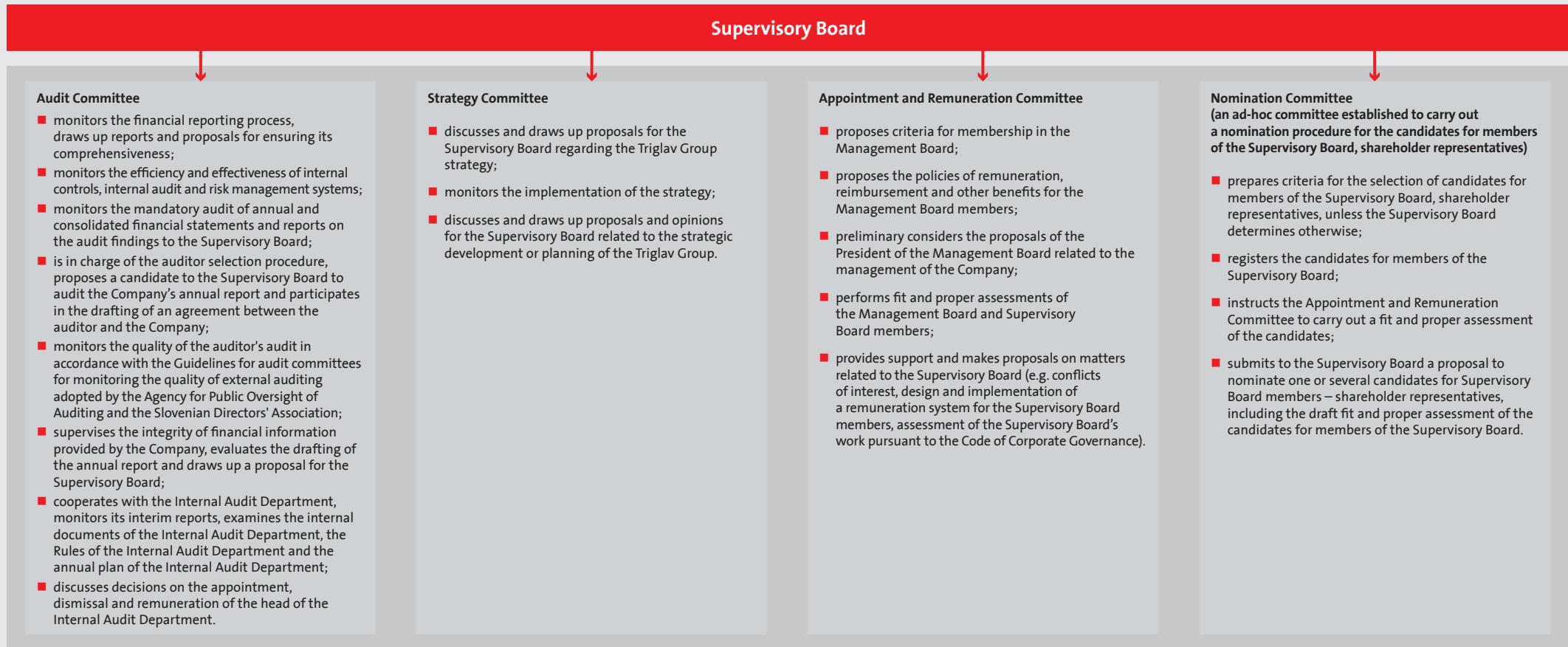
In 2022, the **Audit Committee** was composed of Peter Kavčič as chair and Igor Stebernak, Igor Zupan and Luka Kumer, an independent external expert, as members.

The **Appointment and Remuneration Committee** had the following composition: Tomaž Benčina as chair and Jure Valjavec and Peter Celar as members.

The **Strategy Committee** was composed of Branko Bračko as chair and Andrej Andoljšek, Peter Kavčič and Branko Gorjan as members.

The **Nomination Committee** as an ad-hoc committee was established on 21 December 2022 due to the submission of resignation letters of the Supervisory Board members Branko Bračko and Peter Kavčič. The Committee will operate until the election of new Supervisory Board members – shareholder representatives at the General Meeting of Shareholders, but not later than 6 June 2023. It is composed of Andrej Andoljšek as chair, Jure Valjavec and Igor Zupan as members, and Mitja Svoljšak as the external member.

The Supervisory Board committees and their main tasks



5.4 Governance and management of subsidiaries¹⁶

The Triglav Group is comprised of Zavarovalnica Triglav as the controlling company and its subsidiaries and associates. The subsidiaries operate as independent legal entities in accordance with the applicable local legislation, resolutions passed by their general meetings and their management and supervisory bodies, business cooperation agreements (if any) and other internal documents implemented by individual subsidiaries.

The governance policy of the Triglav Group's subsidiaries, which is the basis for the establishment and implementation of a robust and reliable governance system, was revised in 2022. The main objective of the Group's governance system is to implement uniform minimum standards for core business activities, reporting and supervision at Group level. The policy is designed to establish an internally consistent governance system of the Group by standardising and harmonising the rules and procedures in individual business segments within subsidiaries. The policy takes into account both the Group's strategic objectives and local legislation and regulatory requirements, the business environment of subsidiaries and good business practices.

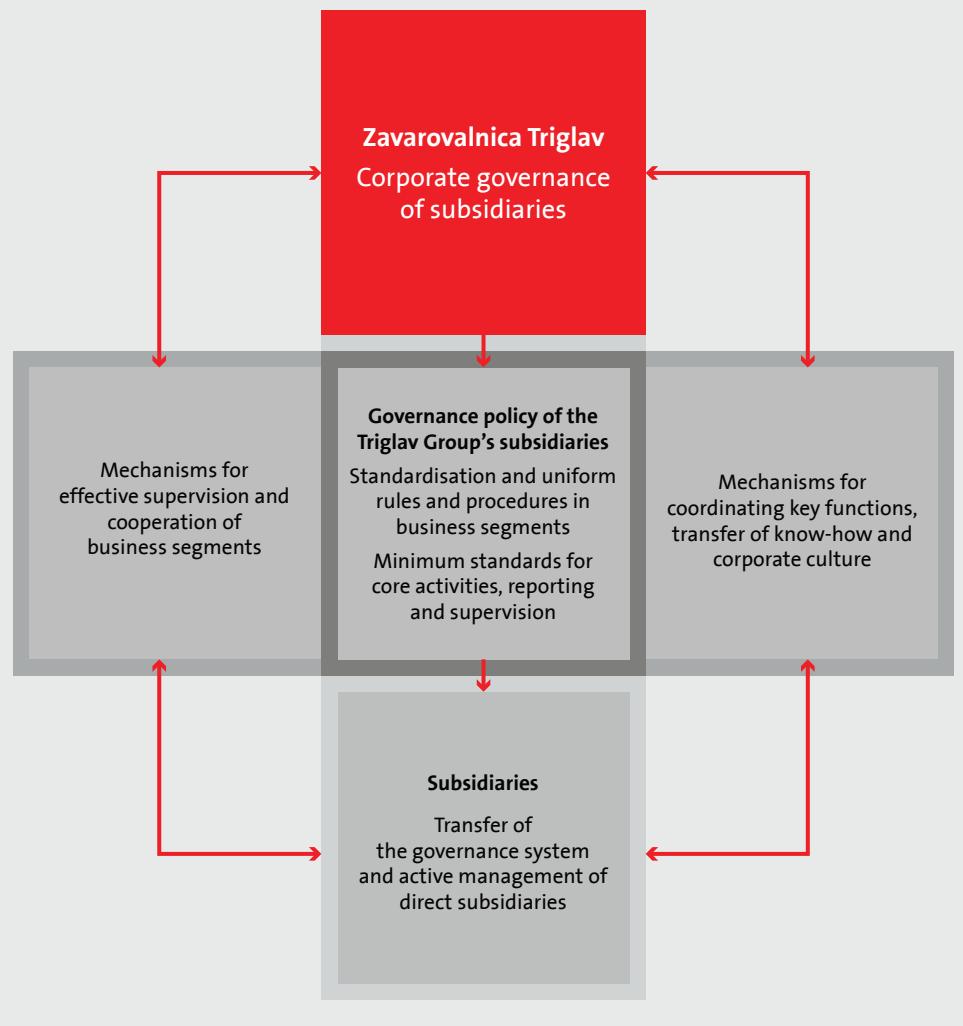
Corporate governance and business management are used to govern the Group's subsidiaries. In corporate governance, the management rights are exercised in compliance with the law applicable to individual subsidiaries, taking into account their internal regulations. Business management is carried out via mechanisms for effective business supervision and cooperation in all business segments, harmonisation of business standards and mutual information of the Group's subsidiaries. This approach also comprises business and professional coordination of activities within

the Group, as well as holding various training courses with an aim to unify business processes, coordinate key functions and transfer know-how, corporate culture and good practices.

Zavarovalnica Triglav as the controlling company actively manages its direct subsidiaries, while subsidiaries assume responsibility for the transfer of the governance system and active management of their subsidiaries. The methods of transferring the system and carrying out the activities are defined in the minimum standards for individual business segments, which were thoroughly revised in 2022. Their implementation in individual subsidiaries is monitored by the competent business areas of the parent company, connecting the subsidiaries' business functions with Zavarovalnica Triglav's business segments and providing a comprehensive overview at Group level.

Based on experience in achieving strategic objectives, it was estimated that the governance system of the Group's subsidiaries functioned appropriately during the pandemic and is suitably robust even in the changing business environment defined by the broader geopolitical situation. A responsive and effective subsidiary governance system continued to ensure prompt identification of events in the business environment, optimisation of subsidiaries' operations and implementation of the outlined strategy. Furthermore, identification of business opportunities and challenges both in the local and wider environment was encouraged in line with the strategic objectives of the Group and individual Group companies.

Corporate governance of the Triglav Group's subsidiaries



The composition of governance and management bodies as at 31 December 2022

Subsidiary	Management	Supervisory function
Slovenia		
Pozavarovalnica Triglav Re d.d., Ljubljana	Gregor Stražar – President, Tomaž Rotar – Member, Stanislav Vrtunski – Member	Supervisory Board: Tadej Čoroli – Chairman Nataša Veselinović, Katja Modec, Janko Šemrov
Triglav, Zdravstvena zavarovalnica d.d., Koper	Meta Berk Skok – President, Simon Vidmar – Member	Supervisory Board: Uroš Ivanc – Chairman, Nataša Veselinović, Tomaž Krevatin
Triglav, pokojninska družba d.d., Ljubljana	Aljoša Uršič – President, Peter Krassnig – Member, Vida Šeme Hočvar – Member	Supervisory Board: Blaž Kmetec – Chairman Nataša Veselinović, Miha Grilec, Miran Kalčič, Vesna Vodopivec, Borut Simonič, Tomaž Jontes
Triglav Skladi, družba za upravljanje d.o.o., Ljubljana	Benjamin Jošar – President, Andrej Petek – Member Miha Grilec – Member	Supervisory Board: Marica Makotar – Chairwoman, Jaka Kirn, Nataša Veselinović, Barbara Gorjup, Miran Kraševac
Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale	Matej Golob Matzele – Director	Supervisory Board: Jasna Kajtazović – Chairwoman, Jana Polda, Matjaž Novak, Lidija Breznik
Triglav INT, holdinška družba d.o.o., Ljubljana	Tedo Djekanović – Director	Supervisory Board: Uroš Ivanc – Chairman, Nataša Veselinović, Saša Kovačić
Triglav Avtoservis d.o.o., Ljubljana	Edvard Zabukovnik – Director, Boris Kuhelj – Director	Supervisory Board: Janez Obah – Chairman, Nataša Novak Priveršek, Aleš Klement, Boštjan Molan
Triglav, Upravljanje nepremičnin d.o.o., Ljubljana	Mitja Selan – Chief Executive Officer, Rok Pivk – Director	Supervisory Board: Nataša Veselinović – Chairwoman, Ksenija Zajc, Nataša Novak Priveršek
Croatia		
Triglav Osiguranje d.d., Zagreb	Denis Burmaz – President, Darko Popovski – Member	Supervisory Board: Uroš Ivanc – Chairman, Tomaž Žust, Gorazd Jenko, Alenka Vrhovnik Težak, Pave Srezović-Pušić
Serbia		
Triglav Osiguranje a.d.o., Belgrade	Dragan Marković – President of the Executive Committee, Blaž Jakić – Member of the Executive Committee	Supervisory Board: Tedo Djekanović – Chairman, Fejsal Hrustanović, Vuk Šušić, Gorazd Jenko, Milan Tomažević
Montenegro		
Lovčen Osiguranje a.d., Podgorica	Matjaž Božič – Executive Director	Board of Directors: Tedo Djekanović – Chairman, Tomaž Žust, Alenka Vrhovnik Težak, Marjeta Gorinšek, Mateja Geržina
Lovčen životna osiguranja a.d., Podgorica	Zorka Milić – Executive Director	Board of Directors: Ljubica Kovačević – Chairwoman, Slobodanka Vukadinović, Danilo Pavličić
Bosnia and Herzegovina		
Triglav Osiguranje d.d., Sarajevo	Edib Galijatović – President, Edin Muftić – Member	Supervisory Board: Tedo Djekanović – Chairman, Janko Šemrov, Ivica Vulić, Aleš Levstek, Gorazd Jamnik
Triglav Osiguranje a.d., Banja Luka	Janez Rožmarin – Director, Dejan Vujičić – Member of the Executive Committee, Dragan Berić – Member of the Executive Committee	Management Board: Darko Popovski – President, Iztok Šekoranja, Blaž Jakić
North Macedonia		
Triglav Osiguruvanje a.d., Skopje	Gjorgje Vojnović – Chief Executive Officer, Vojdan Jordanov – Executive Director	Board of Directors: Tedo Djekanović – Chairman, Darko Popovski, Matej Ferlan, Blaž Kmetec, Gjorgje Vojnović, Vojdan Jordanov, Gjorgji Jančevski
Triglav Osiguruvanje Život a.d., Skopje	Vilma Učeta Duzlevska – Chief Executive Officer	Board of Directors: Tedo Djekanović – Chairman, Ivan Sotošek, Vilma Učeta Duzlevska, Gjorgji Jančevski, Vladimir Mišo Čepak
Triglav penzisko društvo a.d., Skopje	Tihomir Petreski – President, Marijan Nikolovski – Member	Supervisory Board: Aljoša Uršič – Chairman, Rok Pivk, Blaž Kmetec, Miroslav Vujič

5.5 External and internal audit

On 24 May 2022, the General Meeting of Shareholders appointed the audit firm Deloitte revizija d.o.o. the auditor of Zavarovalnica Triglav for the 2022, 2023 and 2024 financial years, which was thus appointed for the second time in a row for a three-year period.

The report on the work of the Internal Audit Department is included in Section [1.1 Risk management](#).

5.6 Internal controls and risk management in relation to financial reporting

The Group's integrated internal control and risk management system is continuously adapted to the development, organisational changes and good practices, thereby maintaining its effectiveness. The system exceeds the basic statutory requirements for insurance undertakings set out in the Companies Act and the Insurance Act, as well as special implementing regulations of the Insurance Supervision Agency on the establishment and maintenance of a suitable internal control and risk management system.

The characteristics and operation of the risk management system is discussed in detail in the first section of [Risk management](#). The system was set up in all organisational levels, units and processes and includes:

- a clear organisational structure with a precisely defined and transparent system of duties and powers;
- efficient procedures for an ongoing control, error prevention, and identification, assessment, management and monitoring of risks to which the insurance undertakings are or may be exposed in the course of their operations;
- an adequate internal control system that includes appropriate administrative and accounting procedures (reporting, working procedures, risk exposure limits and physical controls);
- ensuring compliance with the applicable regulatory requirements.

The Internal Audit Department is an independent organisational unit, established in compliance with the law. It regularly reviews the effectiveness of the internal control and risk management system and offers upgrade proposals as well as reports to the Management Board, the Audit Committee and the Supervisory Board.

Internal controls are guidelines and procedures established by the parent company Zavarovalnica Triglav and implemented within the Group at all levels. Their purpose is not only to manage the risks relating to financial reporting, but also to ensure reliability of financial reporting and compliance with the applicable laws and other external and internal regulations.

Accounting controls are based on the principles of truthfulness and appropriate sharing of responsibilities. They include checking the performance of transactions, keeping up-to-date records, ensuring the matching of balance of books of account with the actual balance, separation of the records from the execution of transactions, professionalism of accountants and their independence. Accounting controls are closely linked to IT controls, which, *inter alia*, restrict and control access to the data and applications and ensure completeness and accuracy of data capturing and processing.

5.7 Notes on the takeover legislation

Zavarovalnica Triglav is subject to the Takeover Act (hereinafter: ZPre-1).

The share capital structure of Zavarovalnica Triglav, the rights and obligations attached to the shares, the restriction on transfer of shares and the absence of shares that would grant their holders special control rights are described in detail in Section [6. The share and shareholders of Zavarovalnica Triglav](#).

5.8 Disclosure of existence of any agreements or authorisations regarding shares or voting rights

Zavarovalnica Triglav is not aware of any shareholder agreements that could cause a restriction on the transfer of shares or voting rights.

The Company's Management Board is not authorised by the General Meeting of Shareholders to buy its own shares. The Management Board's authorisation to increase the share capital is described in Section [5.3.2.1](#). The issue of new shares, the amount of capital increase, the rights attached to new shares and the conditions for issuing new shares are decided on by the Company's Management Board with the consent of the Supervisory Board.

Zavarovalnica Triglav has no employee share scheme.

The Company is not aware of any agreements that would become effective, change or expire on the basis of a changed control of the Company or as a consequence of a takeover bid as defined by the ZPre-1.

Zavarovalnica Triglav has not entered into any agreements with the members of its management or supervisory bodies or employees which would provide for remuneration if a takeover bid in line with the Zpre-1 caused them to resign, be dismissed without justified grounds, or caused their employment to be terminated in some other manner.

Andrej Slapar
President of the Management Board



Uroš Ivanc
Member of the Management Board



Tadej Čoroli
Member of the Management Board



Marica Makoter
Member of the Management Board



Blaž Jakič
Member of the Management Board



6.

The share and shareholders of Zavarovalnica Triglav

6.1 Share of Zavarovalnica Triglav

Zavarovalnica Triglav's share (ZVTG) is listed on the Ljubljana Stock Exchange Prime Market. Its **total annual return** was **4.5%** as at 31 December 2022, of which the **dividend yield** was **10.7%**. The price-to-book ratio was 1.05.

With the market capitalisation of EUR 784.4 million (index 94), Zavarovalnica Triglav was the **fourth largest Slovenian listed company** in 2022, and its share was the **fourth most liquid share on the Ljubljana Stock Exchange**. The ZVTG share generated the annual stock market turnover of EUR 28.3 million, up by 41% compared to the year before, while the total turnover on the Ljubljana Stock Exchange rose by 13%. Over a quarter of its share turnover was carried out by the **liquidity provider**, which has rendered its services for the Company since 2019. According to the data available, the ZVTG share is included in indices of STOXX, S&P, Bloomberg and the Ljubljana, Vienna, Zagreb and Warsaw stock exchanges.

Key figures relating to the Zavarovalnica Triglav share

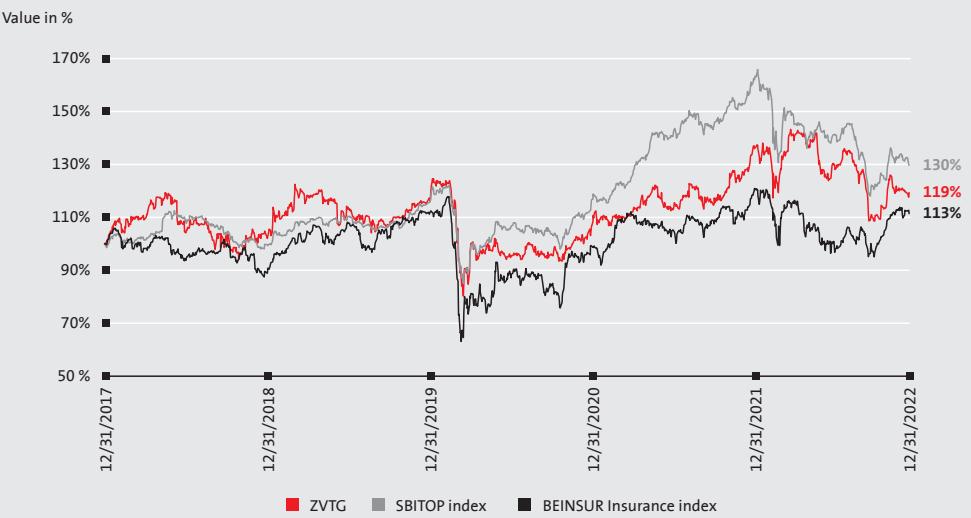
Items	31 December 2022	31 December 2021	31 December 2020
Maximum closing price	41.40	37.20	36.00
Minimum closing price	31.40	29.80	23.20
Closing price	34.50	36.80	30.00
Book value per share (parent company)	24.28	29.70	28.33
Book value per share (consolidated data)	32.96	40.93	38.16
Net earnings per share (consolidated data)	4.85	4.97	3.24
Market capitalisation	784,362,606	836,653,446	682,054,440
Average daily trading volume (excluding block trades)	113,291	80,554	131,945
Payed dividend per share	3.70	1.70	0.00
No. of shares	22,735,148	22,735,148	22,735,148
The percentage of floating stock	30.73 %	30.73%	30.73%
Traded on	Ljubljana Stock Exchange - LSE		
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 ZVTG share achieved a 4.5% total return and a 10.7% dividend yield at the 41% annual growth of the trading volume.
- The Triglav Group was assigned an "A" credit rating with a stable medium-term outlook for the seventh time in a row.
- There were no significant changes in the shareholder structure of Zavarovalnica Triglav.
- In investor relations, increased attention was paid to natural persons, whose trading in ZVTG shares and stake have strengthened in recent years.

Movement in the ZVTG share price in 2022 compared to the Ljubljana Stock Exchange SBITOP index and the sectoral index of European insurance companies STOXX Europe 600 Insurance (the baseline date: 31 December 2021 = 100)



Movement in the ZVTG share price in the last five years compared to the Ljubljana Stock Exchange SBITOP index and the BEINSUR sectoral index (31 December 2017 = 100)



The ZVTG share price movement in 2022 was influenced by several factors; positive factors included good business results and the forecast high dividend payout of 74% of the Company's consolidated net profit for 2021. The dividend payment cut-off date was 7 June 2022 (see Section [5.3.1 General Meeting of Shareholders](#) and [6.4 Dividends and the dividend policy](#) for more information). Apart from that, the share price was negatively affected by the situation on the stock markets, including the Slovenian stock market, as a result of the war in Ukraine, the deterioration of the economic environment and an uncertain macroeconomic outlook. As seen in the figure, the ZVTG share price in 2022 decreased by 6%, the Ljubljana Stock Exchange SBITOP index, in which the ZVTG share holds an 11.5% share, fell by 17% and the STOXX Europe 600 Insurance sectoral index of 35 shares of European insurance companies dropped by 1%.

6.2 Equity

As at 31 December 2022, 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, and all have been fully paid up. Each share gives its holder the right to one vote at the General Meeting of Shareholders and a proportionate share of profit allocated for dividend payment. In the event of bankruptcy or liquidation, the shareholders are entitled to 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 Slovenian 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 has no voting rights with respect to those shares. See the ZZavar-1 for further information.

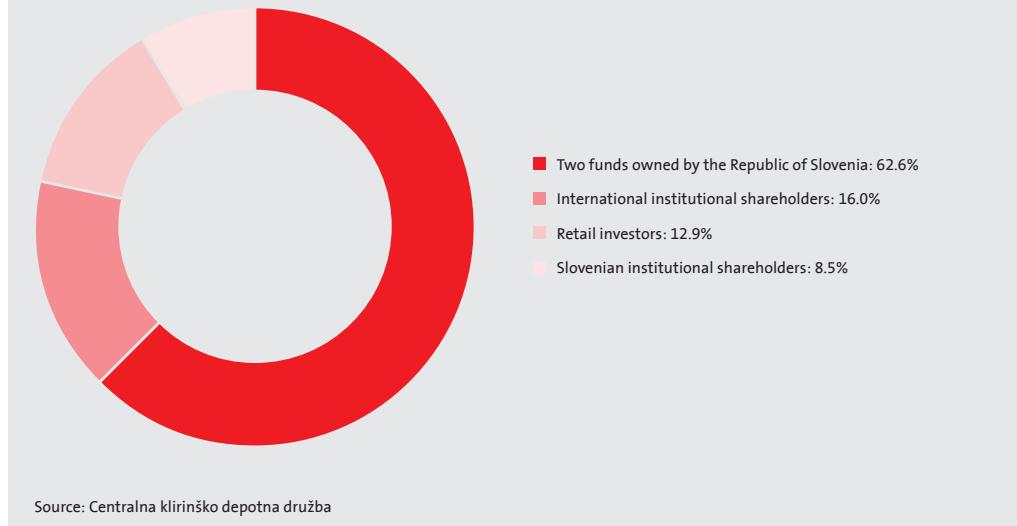
6.3 Shareholder structure¹⁷

There were no significant changes in Zavarovalnica Triglav's shareholder structure in 2022. The stakes of the three largest shareholders, two funds owned by the Republic of Slovenia (ZPIZ Slovenije and SDH d.d.) and the Croatian pension fund, which appears in the Company's share register on the fiduciary account of its custodian bank, remained unchanged.

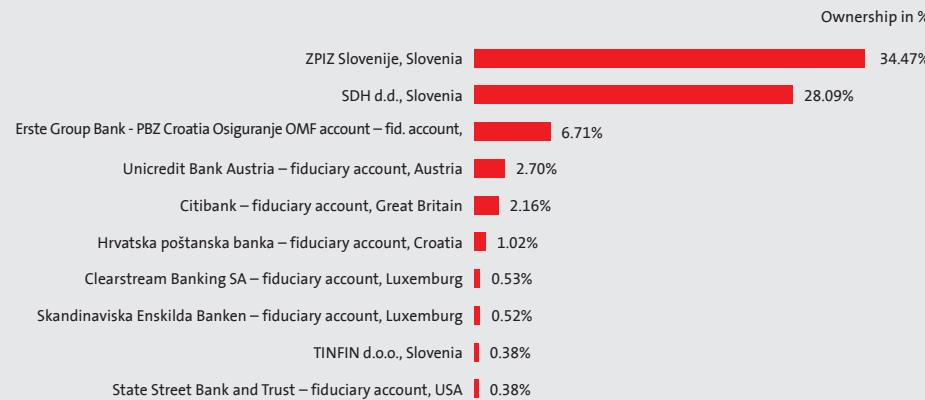
Zavarovalnica Triglav had **8,294 shareholders** as at 31 December 2022, among them around 40 international banks with fiduciary accounts held by their clients and international institutional investors. At the beginning of the year, the number of shareholders decreased by a third (primarily natural persons) as a result of the activities of KDD (Centralna klirinško depotna družba), which were related to the time of the ownership transformation of Slovenian companies.

The stake of **international institutional shareholders**, who originate mostly from Europe and the USA, continues to remain stable and reached 16.0% as at 31 December 2022 (0.5 percentage point less than the previous year). The stake of **Slovenian institutional shareholders** remained unchanged at 8.5%, while the stake of **natural persons** increased by 0.6 percentage point to 12.9%. In recent years, natural persons have been actively trading in ZVTG shares, gradually increasing their stake, which the Company encourages with additional activities as part of its investor relations.

The shareholder structure of Zavarovalnica Triglav as at 31 December 2022



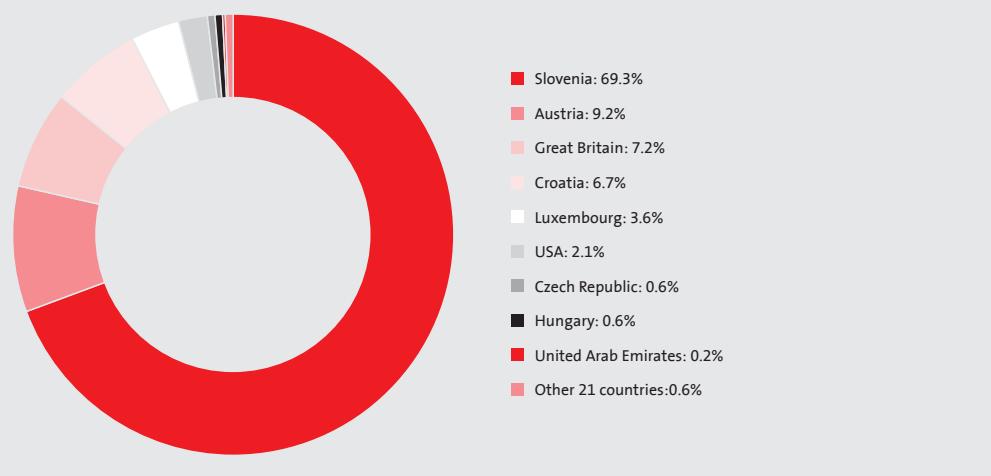
Zavarovalnica Triglav's top ten shareholders as at 31 December 2022



Source: Centralna klijinsko depotna družba

The Company's share of the free float, i.e. the shares held by the shareholders with less than a 5% stake, stood at 30.7%, remaining stable. The ownership of the free float is dispersed among shareholders from 30 countries.

The minority shareholder structure of Zavarovalnica Triglav by the country of origin as at 31 December 2022 (the share of the free float in %)



The number of shares held by the members of the Management and Supervisory Boards as at 31 December 2022

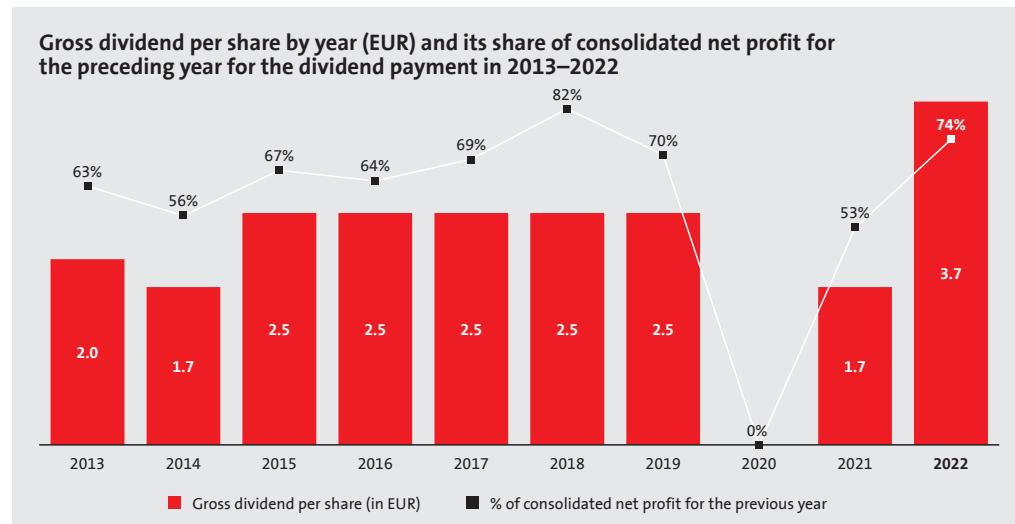
Name and surname	Post	Number of shares	Equity stake
Management Board		1,675	0.01%
Andrej Slapar	President	900	0.00%
Uroš Ivanc	Member	475	0.00%
Tadej Čoroli	Member	150	0.00%
Marica Makoter	Member	150	0.00%
Supervisory Board		3,104	0.01%
Shareholders representatives		1,500	0.01%
Andrej Andoljšek	President	0	0.00%
Branko Bračko	Deputy Chairman	0	0.00%
Tomaž Benčina	Member	0	0.00%
Peter Kavčič	Member	1,220	0.01%
Igor Stebernak	Member	0	0.00%
Jure Valjavec	Member	280	0.00%
Employee representatives		1,604	0.01%
Peter Celar	Member	400	0.00%
Branko Gorjan	Member	1,204	0.01%
Igor Zupan	Member	0	0.00%
Management and Supervisory Board combined		4,779	0.02%

6.4 Dividends and dividend policy

The Company considers its **dividend policy** to be a firm commitment to its shareholders and implements it in accordance with its provisions. In 2020 and 2021, the implementation of the dividend policy was affected by the COVID-19 pandemic and related positions of the Slovenian insurance sector regulator. In 2022, based on the Management Board and the Supervisory Board's proposal, the General Meeting of Shareholders approved the **resolution to pay the dividend of EUR 3.70 gross or EUR 84.1 million in total**. The amount exceeded the initial 50% of the consolidated net profit for the previous year – it was **74% of the net profit**. A part of the dividend was the additional amount made possible by the level of the Group's available capital and stemmed from the uniqueness or exceptionality of some segments of the Group's operations in the past two years. See Section [5.3.1 General Meeting of Shareholders](#) for more information about the 2022 General Meeting of Shareholders.

The dividend policy of Zavarovalnica Triglav provides as follows: »*The Company pursues an attractive and sustainable dividend policy. The 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 no 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 its shareholders.«*

The strategic objectives of capital management in conjunction with the dividend policy are described in Section [2.1 Risk management](#).



6.5 Investor relations management¹⁸

Through the **active management of relations with investors**, shareholders and analysts, the Company promotes the attractiveness of its financial instruments. In doing so, the Company follows best international practices and, as one of the largest companies listed on the Ljubljana Stock Exchange (in December 2022 the Company marked 11 years since its listing on the prime market), strives to co-create the standards of this market.

The Company strives for transparent information. 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 website www.triglav.eu.

The Company also keeps the lines of communication with its shareholders, investors and analysts open, and pays special care to **shareholders – natural persons** by being available to them for any questions on a daily basis. Last year, the Company presented its ZVTG share at two events held by the Ljubljana Stock Exchange, targeting shareholders – natural persons, raising financial literacy of small investors and jointly promoting Ljubljana Stock Exchange Prime Market shares.

In the reporting period, the Company mainly communicated with **institutional shareholders**, predominantly via videoconferencing meetings, conference calls and by email. The **calendar of the 13 investor events attended by the Company** is available on its website, including the respective presentations. Among them was a special event organised by the Company, which was aimed at presenting the Triglav Group's strategy for 2022–2025, and four meetings held following the publication of each financial report.

For any information for shareholders, investors and analysts, please use the contact information below.

Information for shareholders:

Zavarovalnica Triglav, d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
Ms Helena Ulaga Kitek, Head of Investor Relations
Telephone: ++386 (1) 47 47 331
Email: investor.relations@triglav.si

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. Both agencies assigned an **“A” stand-alone credit rating with a stable medium-term outlook** to the Triglav Group. In 2022, both credit rating agencies rated all individual elements of the overall credit rating **as high as the year before** and substantiated them in a similar way.

Credit ratings of Zavarovalnica Triglav since 2008

Year	Credit rating	Medium-term outlook	Rating agency
2022	A	Stable	AM Best S&P Global Ratings
2021	A	Stable	AM Best S&P Global Ratings
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
	A-	Stable	S&P Global Ratings
2013	A-	Stable	AM Best
	BBB+	Positive	S&P Global Ratings
	A-	Negative	S&P Global Ratings
2012	A-	Negative	S&P Global Ratings
2011	A	Negative	S&P Global Ratings
2010	A	Stable	S&P Global Ratings
2009	A	Stable	S&P Global Ratings
2008	A	Stable	S&P Global Ratings

In 2022, both credit rating agencies rated all individual elements of the overall credit rating **as high as the year before** and substantiated them in a similar way. The business risk profile of the Triglav Group was again assessed as strong and its financial risk profile as very strong by the S&P credit rating agency. The AM Best credit rating agency re-affirmed the Financial Strength Rating of "A" (Excellent) and the Long-Term Issuer Credit Ratings of "a" (Excellent).

The latest credit rating reports, i.e. the announcements of the credit rating agencies from 2022, are available on the website www.triglav.eu under the Investor Relations tab.

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. It replaced the bond that matured on 21 March 2020. See the table below 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)

7. Operations of the Triglav Group and Zavarovalnica Triglav

- The Triglav Group maintained its leading market position among insurance groups in Slovenia and Montenegro. Its market shares were either increased or maintained in most insurance markets.
- Premium growth was recorded in all insurance markets and all insurance segments.
- Due to higher inflation, gross claims paid and operating expenses increased, and it was necessary to make adjustments to premium rates.
- Escalation of the frequency of weather-related loss events additionally affected gross claims paid.
- Rising interest rates in the financial markets and falls in values in the stock markets reduced the value of financial investments, assets under asset management and returns on financial investments.

7.1 The general economic environment worldwide and in Slovenia

The year 2022 was marked by the war in Ukraine, sanctions imposed against Russia and a sharp rise in general inflation. The global economy also started to cool down. A moderate technical recession was recorded in the USA in the first half of the year, while the euro area found itself in a similar situation upon entering 2023. Economic sentiment indicators fell among businesses in both the manufacturing and the service sectors, which had begun to recover from the pandemic. At the same time, the looming threat of an energy crisis, record prices of energy products and ever-increasing general inflation severely eroded confidence among European consumers. Their purchasing power decreased noticeably, but the situation in the labour market remained favourable. Due to record low unemployment and a considerable shortage of workers, salary growth started to strengthen. According to Eurostat data, inflation in the euro area reached 10.6% in October, which is the highest since it started being measured by this institution. Inflation like this has not been recorded in developed countries since the energy crisis in the 1970s.

According to the latest estimates, inflation in the euro area in 2022 stood at 8.5% on average. In 2023, it is forecast to decrease slightly, but will remain at a high level of close to 6%. The economy of the euro area countries, whose real GDP growth was 3.2% on average, will go into a slight recession next year. Analysts point to the great uncertainty regarding geopolitical events and the wider consequences associated with them.

The Slovenian economy recovered above average in 2022, which is the result of the growth effect from the previous year. The first signs of cooling appeared in the first half of the year, when the effect of the post-pandemic opening of the economy gradually wore off, and the sentiment among businesses and consumers deteriorated due to the energy crisis. The growth of private consumption and gross investments began to slow down, and the growth of international trade also fell slightly. The labour market situation remained favourable, with the survey unemployment rate reaching an all-time low (4.0% in Q3 2022) according to the latest available data. The state of public finances was also favourable, as according to the Bank of Slovenia's December forecast, the general government deficit was relatively low, standing at 2.9% of GDP, while gross government debt decreased, but remained above the pre-epidemic level at 71% of GDP.

According to the forecast of the Slovenian central bank, Slovenian GDP growth in 2022 was 5.0%, and in 2023, the economy will practically stagnate at 0.8% growth. Inflation will also be slightly lower at 6.8%, which reached its peak at 9.3% in 2022. The forecasts are accompanied by numerous uncertainties due to geopolitical events, which may directly or indirectly affect economic growth and inflation in Slovenia through the international environment.

In 2022, the decisive response of central banks due to the economic situation had a markedly negative impact on capital markets worldwide. In early 2022, the US Federal Reserve (Fed) and the European Central Bank (ECB) accelerated the end of their multi-year accommodative monetary policies and started to raise interest rates. From March to the end of 2022, the Fed raised its key interest rate range to 4.25–4.50% in seven increments. The ECB ended its net asset purchases in June, and in the

second half of the year raised its central interest rate to 2.5% in four increments. In December, the ECB announced that in March, just as the Fed had already done in June 2022, it would start net bond sales. The representatives of both central banks clearly communicated on multiple occasions that they would continue to increase interest rates in the fight against inflation in 2023.

The required yields on long-term risk-free bonds grew at a historic rate save for a few short-lived downward spikes. The required yield on the 10-year German government bond rose from a negative value at the end of 2021 by 2.75 percentage points to 2.57% by the end of 2022, while the yield on the 10-year Slovenian government bond increased by 3.41 percentage points to 3.82%. Spreads on government bonds, especially those with a poor credit rating, also gradually rose following the July announcement of the ECB's new bond-buying scheme to combat financial fragmentation. On average, spreads on investment grade corporate bonds almost reached their peak at the outbreak of the pandemic in October, but fell slightly during the rest of the year. Stock indices also recorded one of their worst years. The US S&P index and the German DAX index fell by 19.4% and 12.3% in a year, respectively. The China's Hang Seng index fell by 15.5%. The Slovenian stock exchange index SBITOP ended the year with a 16.9% drop.

7.2 Environmental impact on the Triglav Group's operations¹⁹

Higher inflation resulted in higher prices of materials and services, and therefore higher payments of gross claims paid and gross operating expenses. Due to inflationary pressures, sums insured and premium rates were adjusted in most non-life insurance classes; however, they will have a greater impact on the growth of premium income in 2023. See Section [3. of Risk management](#) for more information about the impact of inflation. The increase in the number and volume of claims paid was also influenced by the greater mobility of the population and the economy, as well as by the need to compensate for the healthcare services that were unavailable due to the pandemic last year. Supply chain disruptions also had an impact on higher gross claims paid.

Due to high inflation, the war in Ukraine and the shutdown of the Chinese economy as a result of the COVID-19 pandemic, the prices of all major asset classes fell in the capital markets. The volume of the European asset management market decreased, which is primarily due to a fall in the value of the markets, while inflows into the funds were also under pressure. See Section [7.11 Asset management](#) for more information. The situation in the financial markets resulted in negative returns on investments, a decline in assets under management and lower values of financial investments.

In 2022, the volume of major CAT events and their impact on the Group's profit was less favourable. Their impact is estimated at EUR 32.1 million (compared to EUR 23.6 million in the previous year). In Slovenia, hailstorms in May and June and a storm at the end of August led to EUR 18.9 million in claims, while in Croatia hailstorms and floods resulted in EUR 0.7 million in claims. Furthermore, in North Macedonia hailstorms resulted in EUR 0.5 million in claims and in Montenegro in EUR 0.4 million in claims. The Group also incurred EUR 11.6 million in reinsurance claims (due to the February storms in Great Britain, the Benelux countries and Germany, floods in South Africa and Australia, hailstorms in France, typhoon Hinnamnor in South Korea and drought that affected crops in Croatia).

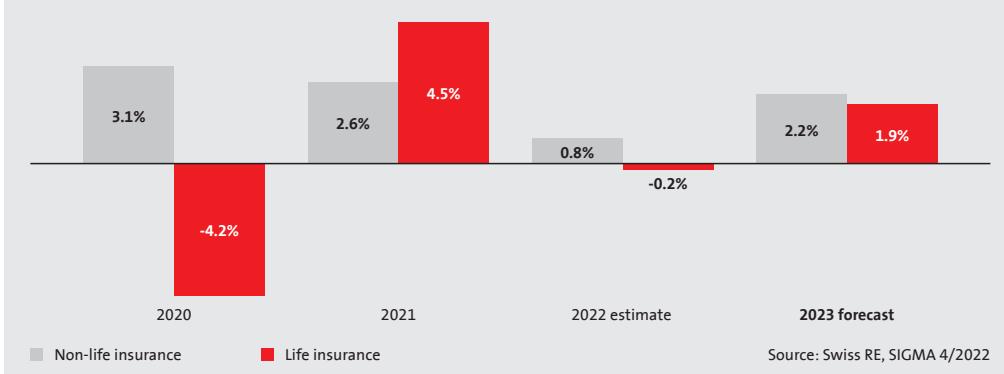
7.3 Global insurance market

Total premium volume on the **global insurance market** in 2021 reached USD 6.9 trillion (according to latest official data from Swiss Re reinsurance company) or **3.4% in real terms** (nominal growth was 9.0%). The real growth rate for non-life insurance premium was slightly lower and stood at 2.6%, whereas for life insurance premium it was higher and reached 4.5%. The US, which remained the market leader, reached 3.3% real growth and accounted for 44.2% of total global premium. Among the groups of countries, the insurance market of advanced EMEA countries strengthened the most, achieving 6.6% growth and 25.8% of total global premium (vs. 24.6% the year before). The Middle East and Africa countries hold a 2.0% share of the global insurance market and recorded a 5.0% increase in written premium. The premium of Emerging Europe and Central Asia countries, which includes Slovenia, was 4.5% higher, with the region maintaining its 1.2% share of the world market. The countries of Asia (Pacific) recorded a 0.7% growth in premium volume but decreased their share in the global insurance market by 1.3 percentage points to 26.8%. Advanced markets accounted for 81.1% of the global insurance premium (3.9% premium growth) and the rest was contributed by emerging markets (1.5% premium growth).

The US continues to have the largest insurance market with a 39.6% of share of the world market, followed by China (10.1%), Japan (5.9%) and three European insurance markets – United Kingdom (5.8%), France (4.3%) and Germany (4.0%).

Swiss Re estimates that the slowdown in economic growth and high inflation will have a negative impact on the insurance market in 2022 and 2023. A slowdown in economic growth usually results in lower demand for insurance, while high inflation will primarily result in higher claims payout. According to Swiss Re, the global premium volume will surpass USD 7.0 trillion for the first time in 2022, achieving 6.1% nominal growth and 0.4% real growth. Non-life insurance premium will increase by 0.8% in real terms, whereas life insurance premium will contract slightly by 0.2%. In 2023, insurance premium growth will be somewhat higher.

Global insurance premium growth in 2020–2023



7.4 Operations of the Triglav Group in the Adria region (South-East Europe)²⁰

7.4.1 South-East Europe

The Triglav Group sells insurance in seven insurance markets in six countries: Slovenia, Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia. The Group operates in the wider international environment through partnerships with foreign insurance brokerage and agency companies as well as with reinsurers.

The Slovenian insurance market, where Zavarovalnica Triglav and the specialised insurers Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba are active, is well developed. Other insurance markets in the Adria region remain relatively underdeveloped, maintaining great potential for growth. They continue to be dominated by motor vehicle insurance. Pozavarovalnica Triglav Re operates throughout the region and in the wider international environment.

Premium growth was recorded in all insurance markets in the region. The Serbian, North Macedonian and Montenegrin markets achieved the highest relative growth.

Main macroeconomic indicators for 2022 by Triglav group insurance market and in the EU

Macroeconomic indicators	Slovenia	Croatia	Serbia	Montenegro	Bosnia and Herzegovina	North Macedonia	European Union
Population (in million)	2.1	4.0	6.8	0.6	3.5	2.1	443.6
GDP growth (estimate in %)	5.7	5.9	3.5	7.2	2.5	2.7	3.2
2022 GDP (estimate in USD million)	62.2	69.4	62.7	6.1	23.7	14.1	16,613.1
2022 GDP per capita (estimate in USD)	29,469	17,318	9,164	9,850	6,818	6,816	53,960
2022 inflation rate (estimate in %)	8.9	9.8	11.5	12.8	10.5	10.6	9.2
2022 unemployment rate (estimate in %)	4.3	6.9	9.9	13.0*	17.3	15.2	n/a

Source: International Monetary Fund (IMF), World Economic Outlook, October 2022.

* Agency for Statistics of Montenegro (Q3 2022)

The Triglav Group has a leading position among insurance groups in Slovenia and Montenegro and ranks third in North Macedonia. The Group increased or maintained its market share in most markets, while increasing the written premium volume in all markets. More information is provided below and in Section [7.5 Gross written insurance, coinsurance and reinsurance premiums](#).

Market shares and market position of the Triglav Group in the Adria region in 2022

Market	Market share	Market share trend	Ranked in 2022	Ranked in 2021
Slovenia	38.9%	↑ + 0.4 percentage point	1	1
Croatia	5.6%	● 0.0 percentage point	7	7
Serbia*	7.3%	● 0.0 percentage point	5	5
Montenegro	37.8%	↓ - 1.3 percentage point	1	1
Bosnia and Herzegovina	9.4%	↑ + 0.6 percentage point	3	3
- Federation of BiH	10.8%	↑ + 1.0 percentage point	3	4
- Republic of Srpska**	6.3%	↓ - 0.3 percentage point	7	7
North Macedonia	14.7%	↑ + 1.6 percentage point	3	3

* Data for January–September 2022.

** Including the market shares of Triglav Osiguranje, Banja Luka and the branch of Triglav Osiguranje, Sarajevo in Banja Luka.

Presented below are the characteristics of individual markets and the market position of Group members.

7.4.1.1 Slovenian insurance market

Although relatively small, the Slovenian insurance market is well developed. On a global scale, in 2021 Slovenia ranked 32nd by premium per capita (27th in the preceding year) and 31st by insurance penetration (premium as percentage in GDP), which is three ranks lower than the year before. The Slovenian insurance market ranked 59th by written premium (54th in the preceding year), accounting for 0.03% of the global insurance market and 0.2% of the EU insurance market (Swiss Re data for 2021).

Premium per capita and market penetration for Slovenia and some other European countries in 2021

	Premium per capita		Insurance penetration	
	(in EUR)	World rank	(% of GDP)	World rank
Slovenia*	1,237	32	5.0%	31
Croatia	398	42	2.7%	49
Serbia	149	62	1.9%	65
Switzerland	5,555	7	7.1%	20
United Kingdom	4,432	12	11.1%	8
Austria	2,084	25	4.6%	35
Czech Republic	648	36	2.9%	45
Poland	379	44	2.5%	51
Turkey	104	69	1.3%	74
Central Europe	429	-	2.7%	-
Eastern Europe	235	-	2.1%	-
European union	2,244	-	7.0%	-
Euro area	2,609	-	7.4%	-

Source: Swiss RE, SIGMA 4/2022

* Data for Slovenia: Slovenian Insurance Association (SZZ)

In 2021, the average premium per capita (insurance density) in Slovenia increased to EUR 1,237, reaching its peak value to date. Premium as percentage of GDP dropped to 5.0% (vs. 5.6% in 2020), reaching its bottom since 2000. The reason is high 8.1% growth of Slovenian GDP in 2021; nevertheless, the insurance industry remains one of the most important economic sectors.

In 2022, a total of 13 insurance companies, four foreign branches and two reinsurance companies were active in the Slovenian insurance market, all members of the Slovenian Insurance Association (hereinafter: the SZZ).

There were eight composite and nine specialised insurers (life, health and non-life insurance) operating in Slovenia. These data exclude direct insurance transactions of the insurers from other EU Member States (FOS), whose share is growing but is still relatively low.

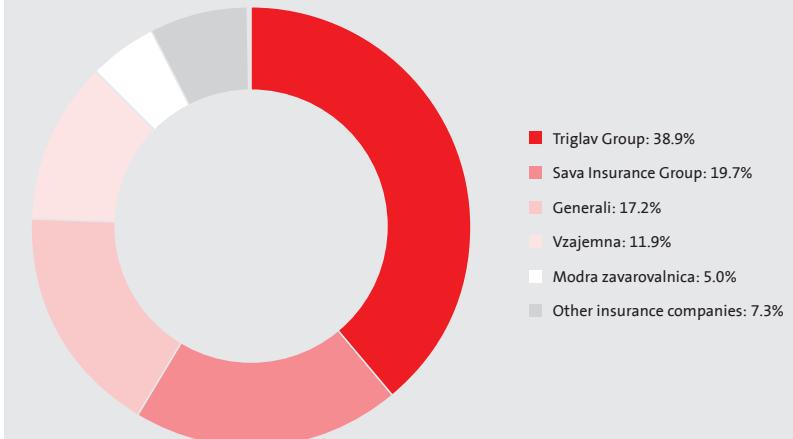
In the Slovenian insurance market, insurance companies collected **EUR 2.8 billion** in gross written insurance, coinsurance and reinsurance premiums (this calculation does not take into account internal transfers of assets for the payment of pension annuities), up by 6.7% relative to the year before. **Non-life insurance premium** rose by 7.9% and represents a 74.5% share. Motor vehicle insurance and other damage to property insurance contributed the most to the increase in non-life insurance premium. **Life insurance premium** grew by 3.1%, with unit-linked life insurance and capital redemption insurance recording growth. **Health insurance premium**, which is taken into account in non-life insurance premium, reached 5.0% growth.

The Slovenian insurance market continues to be highly concentrated, with the four largest insurers holding a 76.0% market share. **Zavarovalnica Triglav** is the market leader with a 30.5% market share (vs. 29.8% in the previous year), followed by Generali (a 17.2% market share). **The Triglav Group** (the parent company, Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba) is the leading insurance group, which increased its market share by 0.4 percentage point to 38.9%.

The market shares of the **Triglav Group** by segment:

- non-life insurance (excluding health insurance): 46.4% (an increase of 0.5 percentage point);
- life insurance: 32.3% (an increase of 0.7 percentage point);
- health insurance: 30.3% (a decrease of 0.7 percentage point).

The market shares of insurance companies or insurance groups in Slovenia in 2022



Source: Slovenian Insurance Association (SZZ)

The market shares of **Zavarovalnica Triglav** by segment:

- non-life insurance: 31.6% (an increase of 0.8 percentage point);
- life insurance: 27.4% (an increase of 0.6 percentage point).

The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 30.1% (a decrease of 0.7 percentage point).

The market share of **Triglav, pokojninska družba**:

- supplemental voluntary pension insurance (SVPI): 19.0% (a decrease of 0.3 percentage point).



7.4.1.2 Croatia

According to the International Monetary Fund (IMF), Croatia achieved 5.9% GDP growth in 2022, one of the highest in the European Union. The unemployment rate is estimated at 6.9%, and inflation rose to 9.8% in line with global trends.

Tourism returned to the pre-pandemic level of successful tourist seasons (reaching 96% of the record 2019 year) and remained Croatia's main strategic guideline and foundation of its economic success. Key future challenges for maintaining economic growth will include managing public spending, supporting investment and fostering the business climate.

On 1 January 2023, Croatia joined the euro area and the Schengen Area, which also improved its credit ratings in 2022 assigned by all credit rating agencies.

In accordance with global trends, GDP growth is expected to decrease to 3.5% in 2023 and inflation will continue to rise, expecting to reach 5.5%.

Insurance market

A total of 15 insurance companies were active in the Croatian market, of which nine were composite insurers, four non-life insurers and two life insurers. Total written premium was 8.2% higher than the previous year, with non-life insurance premium increasing by 11.5% and life insurance premium dropping by 1.8%. In total written premium, non-life insurance premium rose to 77.6% (vs. 75.3% in the preceding year), while life insurance accounted for the rest.

Market concentration continued to be high, with top three insurers controlling almost 48% of the market. With a 24.1% market share, Croatia osiguranje maintained its dominant position (0.2 percentage point less than in the preceding year). **Triglav Osiguranje, Zagreb** maintained its 5.6% market share, ranking seventh. Its written premium growth was slightly higher than the Croatian insurance market growth (index 108.9).



7.4.1.3 Serbia

After a quick recovery from the economic consequences of the pandemic, the Serbian economy began to cool down. The inflation rate was estimated at high 11.5%, whereas the unemployment rate fell to 9.9%. It is estimated that Serbia recorded 3.5% GDP growth in 2022. The slowdown in economic trends resulted from the destabilising global and regional environment due to the war in Ukraine, weaker demand in the European Union, rising energy prices, supply chain disruptions and the impact of drought on agriculture. In order to tap into the potential for further growth, the Serbian government will need to focus on structural reforms, comprehensive control over government spending and providing assistance to the energy sector.

In December 2022, the European Council confirmed with satisfaction the general progress of Serbia in the accession negotiations for EU membership. It also highlighted that Serbia's progress in the rule of law and the normalisation of relations with Kosovo will be key in the future. In the context of the Open Balkan initiative, i.e. the way to establishing a zone of free movement of people, goods and services, Serbia, together with North Macedonia and Albania, continued with the activities to realise the set goals.

Insurance market

The Serbian insurance market was characterised by high concentration, where 16 insurance companies were active (six composite insurers, six non-life insurers and four life insurers). The top three insurers (Dunav, Generali Osiguranje and Wiener) control 57% of the market. Total written premium increased by 12.2% in the first nine months. Non-life insurance premium recorded 14.3% growth, while life insurance premium grew by 4.6%. In total written premium, non-life insurance premium climbed to 79.7% (vs. 78.2% in the preceding year).

The Serbian insurer **Triglav Osiguranje, Belgrade** maintained its 7.3% market share, ranking fifth. Its written premium growth was slightly higher than the Serbian insurance market growth (index 112.9).



7.4.1.4 Montenegro

According to estimates, Montenegro recorded 7.2% GDP growth in 2022, which is mainly the result of fiscal incentives and the recovery of the tourism sector; progress was also seen in export. The inflation rate rose to high 12.8% due to global economic developments.

Public debt remains relatively high, which requires an agile fiscal policy and a prompt response to changes. While solving never-ending challenges, the economic policy will have to be directed towards improving legislative frameworks and strengthening competitiveness at the microlevel, especially in green energy, agriculture, tourism and digital transformation.

In the accession process to the European Union, Montenegro fulfilled a great deal of requirements and opened all negotiating chapters. In the coming period, the implementation of reforms will be crucial to restore the functioning and credibility of the main judicial bodies.

Insurance market

A total of nine insurance companies are active in the Montenegrin insurance market (five non-life insurers and four life insurers). Their total written premium was 9.6% higher than the year before. Non-life and life insurance premiums increased by 10.3% and 6.8% respectively. In total written premium, non-life insurance continued to account for the bulk (80.3%).

The Triglav Group, represented by **Lovćen Osiguranje** and **Lovćen životna osiguranja**, maintained its first place in the market, achieving a 37.8% market share (vs. 39.0% in 2021). The Group is followed by Sava Osiguranje and Uniqa Group (non-life and life insurance together) with a 16.1% and 14.7% market share respectively. The Group recorded 6.0% premium growth.



Montenegro

1st place

EUR 160
premium per capita*
2.0% premium
as percentage in GDP*
109.6 insurance market
growth index in 2022

* data for 2021
Source: Insurance Supervision Agency of Montenegro

37.8%
market
share of
the Triglav
Group

7.4.1.5 Bosnia and Herzegovina

It is estimated that the gross domestic product of Bosnia and Herzegovina grew by 2.5%, with domestic demand being the main growth driver. Inflation rose to high 10.5% due to negative economic trends worldwide, while the unemployment rate remained unchanged at 17.3%.

The priorities of Bosnia and Herzegovina's economy include strengthening the fiscal system, reforming public administration, and promoting a dynamic and competitive private sector. In the coming period, the key challenges will be solving the problem of qualified labour shortage and lowering labour costs, which should improve the business climate and increase the volume of significant foreign investment.

In December 2022, the leaders of the EU Member States granted Bosnia and Herzegovina EU candidate status. This was an important step on its path to European integration. It was also pointed out that in the future Bosnia and Herzegovina must take action in the fields of the rule of law, the fight against corruption and organised crime, migration management and fundamental human rights.

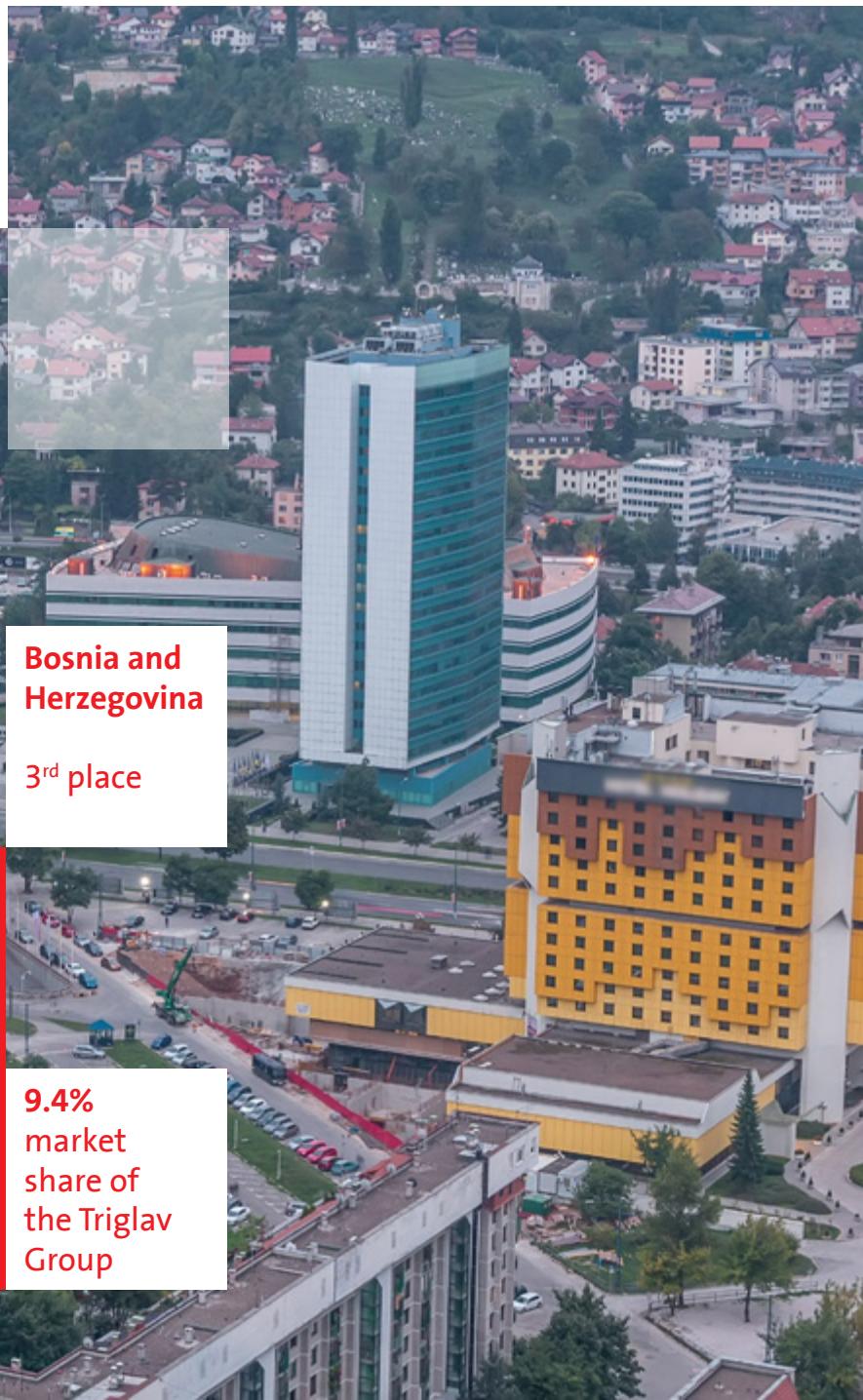
Insurance market

A total of 25 insurance companies were active on the very small but highly competitive insurance market of Bosnia and Herzegovina, of which 11 were domiciled in the Federation of BiH and 14 in Republika Srpska, including branches. Total written premium in Bosnia and Herzegovina rose by 7.7%. Premium written in the Federation of BiH grew by 7.8% and in Republika Srpska by 7.3%. In total written premium, non-life insurance premium maintained its 78.7% share.

In the Federation of BiH, the Agram corporate group (Adriatic osiguranje and Euroherc) remained the market leader with a 22.3% market share. By increasing its share by 1.0 percentage point to 10.8%, **Triglav Osiguranje, Sarajevo** ranked third (vs. fifth in the preceding year).

Holding a 13.0% market share, Grawe osiguranje was the market leader in Republika Srpska. With a 4.7% market share, which was 0.2 percentage point more than the year before, **Triglav Osiguranje, Banja Luka** maintained its eighth place. The branch of **Triglav Osiguranje, Sarajevo**, which sells only life insurance, held a 1.6% market share (vs. 2.1% the year before).

In Bosnia and Herzegovina, the **Triglav Group** increased its market share to 9.4% (vs. 8.8% in the previous year) and maintained its third place among the insurance groups. It recorded 14.7% premium growth, which was 7.1 percentage points higher than the insurance market growth.



Bosnia and Herzegovina

3rd place

EUR 119
premium per capita*

2.2% premium
as percentage in GDP*

107.7 insurance market
growth index in 2022

* data for 2021
Source: FBBIH Insurance Supervision Agency,
RS Insurance Agency

9.4%
market
share of
the Triglav
Group

7.4.1.6 North Macedonia

The economic situation in North Macedonia deteriorated. According to estimates by the International Monetary Fund (IMF), its economic growth was 2.7%. The inflation rate rose to 10.6%, whereas the unemployment rate fell slightly to 15.2%.

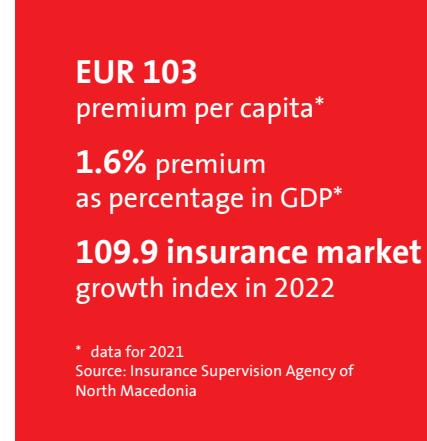
In July 2022, the Parliament of North Macedonia adopted the Declaration of Social Consensus on Economic Reforms, Policies and Measures. The declaration summarises that the biggest obstacle to future development is the lack of the rule of law, an uncompetitive environment and the excessive influence of the political establishment on the economy. Future growth will depend primarily on the effective implementation of structural reforms to increase productivity and competitiveness, and investment in the green and digital transformation.

North Macedonia has always strived for regional integration. After 17 years, it was finally granted EU candidate status. In 2023, economic growth is expected to reach 3% and the inflation rate is expected to drop significantly to 4.5%.

Insurance market

A total of 16 insurance companies were active in the North Macedonian insurance market as at the 2022 year-end (11 non-life insurers and five life insurers), with Osiguruvanje Makedonija also holding a licence to conduct reinsurance business. The insurance companies booked MKD 12.8 billion (EUR 208 million) in written premium, up by 9.9% relative to the preceding year. Non-life insurance premium, representing 82.2% of total written premium, grew by 9.2% and life insurance premium by 13.7%. The five largest insurers booked nearly 46% of total written premium. The market concentration was particularly high in the life insurance segment, with Croatia život and Grawe život controlling 54% of the market.

The Triglav Group operates with two companies on the Macedonian market. Holding a 11.9% market share (0.4 percentage point more than in 2021), **Triglav Osiguruvanje, Skopje** continues to remain the leader in the North Macedonian insurance market. The insurer specialises in non-life insurance, holding a 14.4% market share (vs. 13.8% in the previous year). **Triglav Osiguruvanje Život, Skopje** significantly increased its share in the life insurance market by 6.2 percentage points to 16.1%. The Triglav Group therefore improved its market share by 1.6 percentage points to 14.7%, maintaining the third place among the insurance groups.



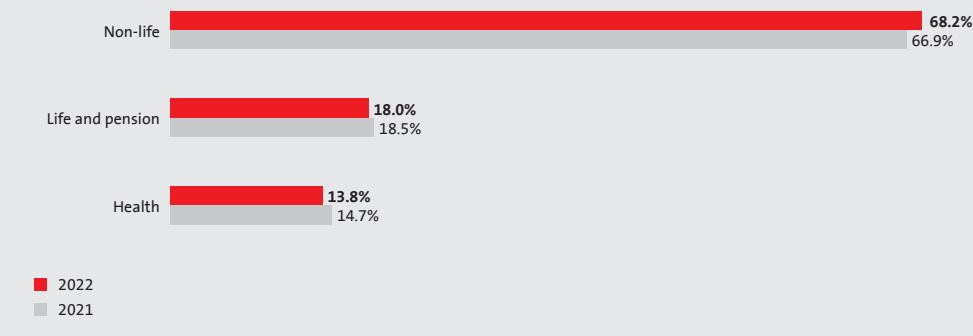
7.5 Gross written insurance, coinsurance and reinsurance premiums

The Triglav Group collected a total of EUR 1,479.6 million in consolidated gross insurance, coinsurance and reinsurance premiums, up by 9% relative to the preceding year. Total written premium increased in all insurance segments:

- **non-life insurance:** EUR 1,009.2 million (index 112),
- **life and pension insurance:** EUR 266.2 million (index 106),
- **health insurance:** EUR 204.2 million (index 103).

The proportion of non-life insurance premium in total consolidated gross written premium increased by 1.4 percentage points, whereas the proportions of life and pension insurance premium and health insurance premium decreased by 0.5 percentage point and 0.9 percentage point respectively.

The structure of consolidated insurance, coinsurance and reinsurance premiums of the Triglav Group by segment



The Group continues to increase the share of insurance premium written in markets outside Slovenia, which grew by 0.5 percentage point. A total of 65.3% of consolidated gross written premium was earned in the Slovenian insurance market, while 19.5% of the premium was charged in other markets of the Adria region. International insurance and reinsurance premium also increased and accounted for 15.2%

The structure of consolidated insurance, coinsurance and reinsurance premiums of the Triglav Group by market

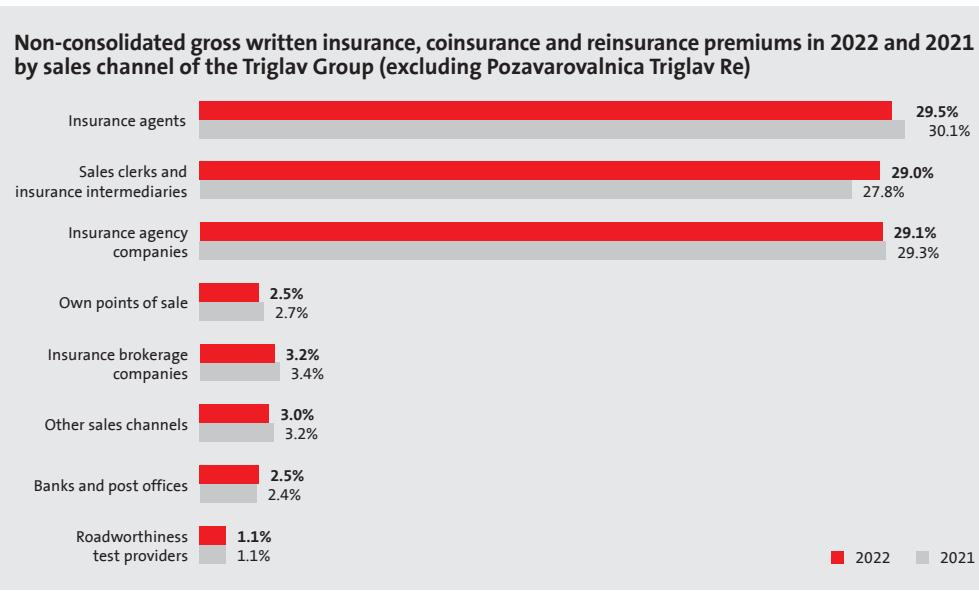
Country	Gross written premium			Index		Share		
	2022	2021	2020	2022/2021	2021/2020	2022	2021	2020
Slovenia	965,457,942	903,397,817	872,396,910	107	104	65.3%	66.8%	70.7%
Croatia	94,408,379	86,805,041	72,871,040	109	119	6.4%	6.4%	5.9%
Serbia	79,905,307	69,274,521	60,770,184	115	114	5.4%	5.1%	4.9%
Bosnia and Herzegovina	42,757,734	37,189,884	33,220,348	115	112	2.9%	2.7%	2.7%
Montenegro	40,890,334	38,578,564	36,249,030	106	106	2.8%	2.9%	2.9%
North Macedonia	30,629,458	24,847,107	20,976,376	123	118	2.1%	1.8%	1.7%
International insurance and reinsurance*	225,507,933	192,882,616	137,291,477	117	140	15.2%	14.3%	11.1%
Total	1,479,557,087	1,352,975,550	1,233,775,365	109	110	100.0%	100.0%	100.0%

* Premium written outside the Adria region, collected according to the principle of free movement of services (FOS), and inward reinsurance premium.

Total written premium increased in all insurance markets. In the Slovenian market, premium grew by 7%, in other markets in the Adria region by 12% and in the international market by 17%.

Non-consolidated gross written premium of retail clients amounted to EUR 879.7 million, up by 13% relative to the year before. Its share in total written premium increased by 2.1 percentage points to 62.9%. The rest, 37.1%, was accounted for by corporate clients' written premium, which reached EUR 517.8 million, up by 3% relative to the preceding year.

The largest share, 64.0% (0.3 percentage points more than in the previous year), of the Group's non-consolidated gross written premium was collected via own sales channels (agents, sales clerks and brokers, own points of sale, online and other own sales channels). Its volume rose by 9%. The rest (36.0%) was collected via external sales channels (insurance agency and brokerage companies, banks, post offices and roadworthiness test providers), recording an 8% growth.



Gross written insurance, coinsurance and reinsurance premiums in 2022 by Triglav Group insurance company

Insurance company	Gross written premium			Index 2022/2021			Share 2022
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	
Zavarovalnica Triglav*	670,083,437	198,944,654	869,028,091	111	105	109	62.2%
Triglav, Zdravstvena zavarovalnica	204,622,959	1,425	204,624,384	103	95	103	14.6%
Triglav, pokojninska družba		35,401,117	35,401,117	0	104	104	2.5%
Triglav Osiguranje, Zagreb	86,395,961	8,012,418	94,408,379	110	99	109	6.8%
Triglav Osiguranje, Belgrade	73,711,208	6,194,099	79,905,307	118	94	115	5.7%
Triglav Osiguranje, Sarajevo	20,530,358	15,614,374	36,144,732	119	110	115	2.6%
Lovčen Osiguranje, Podgorica	36,008,211		36,008,211	106	0	106	2.6%
Triglav Osiguruvanje, Skopje	24,659,871		24,659,871	114	0	114	1.8%
Triglav Osiguranje, Banja Luka	6,647,064		6,647,064	113	0	113	0.5%
Lovčen životna osiguranja, Podgorica		4,882,123	4,882,123	0	105	105	0.3%
Triglav Osiguruvanje Život, Skopje		5,969,587	5,969,587	0	184	184	0.4%
Total	1,122,659,069	275,019,797	1,397,678,866	109	106	109	100.0%
Pozavarovalnica Triglav Re	250,292,376		250,292,376	124	0	124	
Consolidation eliminations	-159,555,333	-8,858,822	-168,414,155	128	92	125	
Total consolidated	1,213,396,112	266,160,975	1,479,557,087	110	106	109	

* The data already include pre-consolidation adjustments.

7.5.1 Non-life insurance

In the **non-life insurance segment**, the Group's insurance companies charged EUR 1,122.7 million in non-consolidated written premium, a 9% increase compared to the preceding year. Growth was achieved in all non-life insurance groups.

In total written premium, **motor vehicle insurance** (comprehensive car insurance, motor vehicle liability insurance) remained the largest insurance class with a 26.1% share. Motor vehicle insurance premium increased by 10% to EUR 365.4 million, and its share by 0.3 percentage point. The Group collected EUR 195.2 million in motor liability insurance premium, up by 10% compared to the preceding year. The volume of **motor liability insurance** premium grew in all insurance companies. The largest growth of 20% was achieved by the Serbian insurer, as it increased the number of points of sale and achieved a higher number of concluded insurance policies. The 11% premium growth recorded by the parent company (a 62% share in total written premium) was primarily a result of effective sales according to the principle of free movement of services (FOS transactions) and adjustments to premium rates due to inflation.

The Group collected EUR 170.2 million in **comprehensive car insurance** premium or 10% more than in the preceding year. The volume of comprehensive car insurance premium grew in all insurance companies. The highest growth of 15% was achieved by both insurers in Bosnia and Herzegovina as a result of effective sales through brokers and agencies, an increase in the number of concluded insurance policies and a higher average premium. The Serbian insurer recorded 13% growth resulting from a higher number of insurance policies and an increase in premium rates. The premium written by the parent company increased by 9% and represented 83% of the Group's total written premium due to a larger range of insurance covers and adjustments to premium rates due to higher inflation.

The **real property insurance** premium (fire and natural disaster insurance and other damage to property insurance) rose by 6% to EUR 309.9 million. It accounts for 22.2% of total written premium (0.6 percentage point less than last year). Premium growth of 8% was recorded in other damage to property insurance, whereas a 2% premium drop was seen in fire and natural disaster insurance. Premium growth was recorded in most markets by attracting new policyholders and increasing the scope of insurance coverage. The Serbian and Sarajevo insurers achieved the highest growth. With a share of more than 77% in total written premium, the parent company recorded 6% growth and achieved solid sales results mainly in property and interest in property insurance for natural persons (effective sales of redesigned insurance), earthquake insurance (acquisition of new business) and computer and mobile phone insurance (effective sales of extended warranty at electronics stores).

In **health insurance**, EUR 216.2 million was collected in written premium, up by 4% relative to the preceding year. The bulk (EUR 204.6 million) of premium was written by Triglav, Zdravstvena zavarovalnica, which recorded a 3% increase. The majority of its premium was accounted for by supplemental health insurance, in addition to being successful mainly in the sale of complementary health insurance products. High premium growth was achieved by the majority of other insurance subsidiaries selling these insurance products by acquiring new policyholders.

In **general liability insurance**, the Group booked EUR 62.4 million in written premium, up by 15% relative to the year before. Zavarovalnica Triglav, accounting for 78% of total written premium, saw a 14% growth in written premium compared to the preceding year, predominantly as a result of high premium growth in product liability insurance, directors and officers liability insurance and general

liability insurance. A high premium growth was also seen in other insurance companies by attracting new policyholders or increasing the scope of insurance coverage with existing policyholders, the highest premium growth being recorded by the Sarajevo insurer.

Accident insurance premium amounted to EUR 38.3 million, up by 1%. Strong premium growth was recorded by the North Macedonian insurer (index 132), predominantly by attracting new policyholders. At the parent company (a 66% share in total written premium), written premium remained at approximately the same level as the previous year (index 100).

In **credit insurance**, the Group saw 25% premium growth, collecting EUR 37.6 million in written premium. At the parent company, written premium, which accounted for 72% of total written premium, grew by 23%. The main reasons for such favourable trend are mainly the increase in consumer credit insurance premium (higher demand for new housing loans and the repayment of existing loans at the reference interest rate mostly until September, the greater scope of cooperation with one of the leasing companies) and the high growth of the commodity credit insurance premium (export credits and domestic trade credits) due to the acquisition of new policyholders and higher bases for premium calculation resulting from rising prices of raw materials, energy products and inflation. With the exception of Croatia, insurance companies experienced strong growth in all other markets, the highest in Montenegro (effective sales of consumer credit insurance) and North Macedonia (acquisition of some new major policyholders).

High 34% growth was recorded in the **other non-life insurance** premium, which amounted to EUR 93.0 million. In all insurance markets, the written premium volume was higher, with the highest growth recorded in Croatia, Serbia, and Bosnia and Herzegovina. At the Croatian insurer, high premium growth resulted from premium growth in aircraft insurance (acquisition of new major policyholders) and marine insurance (higher sales via an agency). At the Serbian insurer, growth resulted from a premium increase in railway insurance (a new insurance product), assistance insurance (normalisation of the situation related to the COVID-19 epidemic and effective online sale) and miscellaneous financial loss insurance (fronting insurance), while at the Sarajevo insurer growth was a result of a premium increase in assistance insurance and goods in transit insurance (acquisition of new policyholders). The parent company (a 71% share in total written premium) achieved high 30% premium growth. Good results were recorded mainly in marine insurance (high growth of international comprehensive marine insurance) and assistance insurance (premium growth in roadside assistance insurance due to the higher number of concluded insurance policies and a premium increase).

7.5.2 Life and pension insurance

Premium growth was also recorded by the Group's **life and pension insurance**, where non-consolidated gross written premium amounted to EUR 275.0 million, a 6% increase compared to the preceding year. Its share in total gross written premium dropped by 0.5 percentage point to 19.7%.

Life insurance premium (traditional life, annuity, pension annuity and voluntary pension insurance) fell by 1% to EUR 110.9 million. The parent company's written premium was 6% lower than the preceding year mainly due to lower premium payments. Serbian and Croatian insurers also recorded a decline in written premium. Strong premium growth was seen in the Sarajevo insurer (effective sales via bank sales channels) and the North Macedonian life insurer (effective sales via banks and direct sale).

Non-consolidated gross written insurance, coinsurance and reinsurance premiums of the Triglav Group insurance companies (excluding Pozavarovalnica Triglav Re) by insurance class

Insurance class	Gross written premium			Index		Share 2022
	2022	2021	2020	2022/2021	2021/2020	
Accident insurance	38,261,420	37,801,508	38,181,300	101	99	2.7%
Health insurance	216,165,405	208,329,989	204,060,344	104	102	15.5%
Comprehensive car insurance	170,185,517	155,404,424	153,459,390	110	101	12.2%
Real property insurance	309,865,917	293,121,568	237,408,204	106	123	22.2%
Motor liability insurance	195,188,463	177,177,660	175,732,026	110	101	14.0%
General liability insurance	62,396,965	54,208,387	48,408,488	115	112	4.5%
Credit insurance	37,606,653	30,194,983	25,453,099	125	119	2.7%
Other non-life insurance	92,988,731	69,214,485	52,465,305	134	132	6.7%
Non-life insurance	1,122,659,071	1,025,453,004	935,168,156	109	110	80.3%
Life insurance	110,857,535	112,261,447	106,799,922	99	105	7.9%
Unit-linked life insurance*	142,641,251	127,167,633	112,206,228	112	113	10.2%
Supplemental pension insurance in line with the Pension and Disability Insurance Act	21,521,009	20,316,064	18,880,523	106	108	1.5%
Life and pension insurance	275,019,795	259,745,144	237,886,673	106	109	19.7%
Total	1,397,678,866	1,285,198,148	1,173,054,829	109	110	100.0%

* According to the definition of the Insurance Supervision Agency, premium written by Triglav, pokojninska družba is included in the unit-linked life insurance class.

Gross written insurance, coinsurance and reinsurance premiums of Zavarovalnica Triglav by insurance class

Insurance class	Gross written premium			Index		Share 2022
	2022	2021	2020	2022/2021	2021/2020	
Accident insurance	25,342,439	25,235,448	25,696,568	100	98	2.9%
Health insurance	933,955	787,154	926,557	119	85	0.1%
Comprehensive car insurance	141,497,773	129,298,413	127,536,357	109	101	16.3%
Real property insurance	238,834,859	225,822,878	188,545,816	106	120	27.5%
Motor liability insurance	121,932,762	109,621,258	106,754,958	111	103	14.0%
General liability insurance	48,665,425	42,719,369	38,619,888	114	111	5.6%
Credit insurance	26,957,216	21,883,871	19,137,654	123	114	3.1%
Other non-life insurance	65,919,007	50,641,101	37,569,379	130	135	7.6%
Non-life insurance	670,083,436	606,009,492	544,787,177	111	111	77.1%
Life insurance	74,655,209	79,238,943	79,466,230	94	100	8.6%
Unit-linked life insurance	102,603,969	88,785,604	76,121,938	116	117	11.8%
Supplemental pension insurance in line with the Pension and Disability Insurance Act	21,521,009	20,316,064	18,880,523	106	108	2.5%
Life and pension insurance	198,780,187	188,340,611	174,468,691	106	108	22.9%
Total	868,863,623	794,350,103	719,255,868	109	110	100.0%

The premium generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) amounted to EUR 142.6 million, a 12% increase relative to the year before. This insurance class accounted for 51.9% of total written life and pension insurance premium. The high 15% growth at the parent company is the result of higher premium payments, asset transfers and additional payments. High increase was also recorded in the North Macedonian life insurer with effective sales via the bank sales channel. The volume of the pension company's written premium was also higher (index 104) as a result of the higher number of concluded insurance policies and the higher average monthly premium paid.

Premium from **supplemental pension insurance in line with the Pension and Disability Insurance Act** increased by 6% relative to the previous year and amounted to EUR 21.5 million. The growth stemmed from higher regular premium payments and transfers of supplemental pension insurance assets from other insurance companies.

7.5.3 Gross written reinsurance premium of Pozavarovalnica Triglav Re

Pozavarovalnica Triglav Re booked a total of EUR 250.3 million in gross written reinsurance premium, up by 24%. In transactions within the Group, it collected 30% more written premium (EUR 137.5 million), increasing its volume the most in motor vehicle insurance (motor vehicle liability insurance and comprehensive car insurance). In transactions outside the Group, premium growth was 17% (EUR 112.8 million), which is predominantly a result of organic growth of renewed transactions from the preceding year and the increase in shares in some other damage to property insurance contracts. The highest premium growth was recorded in the markets of Japan, Slovenia, China, South Korea and Israel.

7.6 Gross claims paid

The Group's **consolidated gross claims paid** amounted to EUR 832.2 million, up by 13% over the previous year. The increase was influenced by the higher number of reported claims due to the larger portfolio, higher population mobility (which was lower last year due to the pandemic), the higher number of major CAT events and the growth of prices of materials and services. In the largest segment, **non-life insurance**, gross claims paid amounted to EUR 463.4 million and were higher by 18%. In the **health insurance** segment, they grew by 16% to EUR 183.4 million.

In the **life and pension insurance** segment, gross claims paid in the amount of EUR 185.4 million remained at approximately the same level as in the previous year (index 100). Gross claims paid include claim handling expenses less income from collected subrogation receivables.

Non-consolidated gross claims paid of the Group insurance companies (excluding Pozavarovalnica Triglav Re) were also higher. High growth was recorded by most insurance companies, the highest among them by the North Macedonian life insurer.

Gross claims paid in 2022 by Triglav Group insurance company

Insurance company	Gross claims paid			Index 2022/2021			Share	
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	2022	
Zavarovalnica Triglav*	298,242,177	154,213,675	452,455,852	118	99	111	57.0%	
Triglav, Zdravstvena zavarovalnica	183,387,565	28,513	183,416,078	116	0	116	23.1%	
Triglav, pokojninska družba		20,238,242	20,238,242	0	116	116	2.6%	
Triglav Osiguranje, Zagreb	51,680,209	6,505,720	58,185,929	120	91	116	7.3%	
Triglav Osiguranje, Belgrade	26,099,069	3,513,061	29,612,130	119	69	110	3.7%	
Lovčen Osiguranje, Podgorica	16,479,024		16,479,024	110	0	110	2.1%	
Triglav Osiguranje, Sarajevo	9,360,511	5,042,422	14,402,933	106	114	109	1.8%	
Triglav Osiguruvanje, Skopje	10,874,980		10,874,980	110	0	110	1.4%	
Lovčen životna osiguranja, Podgorica		3,669,976	3,669,976	0	99	99	0.5%	
Triglav Osiguranje, Banja Luka	2,750,893		2,750,893	84	0	84	0.3%	
Triglav Osiguruvanje Život, Skopje		1,049,798	1,049,798	0	277	277	0.1%	
Total	598,874,428	194,261,407	793,135,835	117	100	112	100.0%	
Pozavarovalnica Triglav Re	105,532,665		105,532,665	120	0	120		
Consolidation eliminations	-57,577,591	-8,860,368	-66,437,959	113	103	112		
Total - consolidated	646,829,502	185,401,039	832,230,541	118	100	113		

* The data already include pre-consolidation adjustments.

7.6.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** (excluding Pozavarovalnica Triglav Re) grew by 17% compared to the year before and totalled EUR 598.9 million. The claims ratio was impacted by some major CAT events, which is described in greater detail in Section [7.2 Environmental impact on the Triglav Group's operations](#). An increase in claims was characteristic of most non-life insurance classes, with the exception of accident insurance.

In **health insurance**, gross claims paid rose by 16% to EUR 189.9 million, representing 23.9% of total gross claims paid. The majority (EUR 183.4 million) was accounted for by gross claims paid by Triglav, Zdravstvena zavarovalnica (index 116). Their growth was influenced by the normalisation of the provision of healthcare services after the end of the pandemic and the increase in the prices of healthcare services. Most of the other Group insurance companies selling these insurance products also recorded high growth in gross claims paid. Equalisation scheme expenses increased by 3% to EUR 7.4 million.

In **real property insurance**, gross claims paid amounted to EUR 115.8 million, up by 21% compared to the preceding year. Most insurance companies saw strong growth in gross claims paid; the highest was recorded by the Montenegrin insurer (payment of a large claim in construction insurance, an increase in crop insurance claims due to hail and a higher number of fire and natural disaster insurance claims), the Sarajevo insurer (payment of three large fire and natural disaster insurance claims) and the Croatian insurer (payment of claims due to drought that affected crops, growth in animal insurance claims and payment of several large fronting insurance claims). Gross claims paid by the parent company, representing 69% of real property insurance claims, grew by 24%, predominantly due to the payment of several large individual claims from the international insurance programme in construction insurance and combined non-life insurance, a greater number of reported property and interest in property insurance claims, the rising prices of materials and services due to inflation and supply chain disruption, as well as major CAT events. In addition to the latter, several local CAT events (hail, flood) occurred, which were not large enough to be individually defined as major, but their total value was equal to the value of a major CAT event.

Gross claims paid in **comprehensive car insurance** totalled EUR 109.5 million, an 18% increase relative to the year before. The majority of insurance companies recorded high growth that resulted from a higher number of reported claims due to the larger portfolio, higher population mobility, major CAT events (hailstorms) and the rising prices of materials and services.

Gross claims paid in **comprehensive car insurance** grew by 12% and reached EUR 107.8 million. With the exception of the Serbian and the North Macedonian insurer, growth was seen in all other insurance companies. The reasons are mainly the increasing number of settled claims due to both the larger portfolio and greater population mobility compared to last year as well as the rising prices of materials and services. At the parent company, growth in gross claims paid was also influenced by the higher number of claims from insurance contracts underwritten under the principle of free movement of services (FOS transactions). The Banja Luka insurer recorded high growth due to the payment of a large individual claim from 2013.

Gross claims paid in **other non-life insurance** grew by 33% and totalled EUR 33.7 million. High growth was recorded by all insurance companies with the exception of the North Macedonian insurer. The largest increase was seen at the Croatian insurer (a higher number of reported marine insurance claims due to the larger portfolio) and the Serbian insurer (large payment of a claim due to insolvency in suretyship insurance, a higher number of assistance insurance claims due to the lifting of epidemic-related restrictions and an increased number of goods in transit insurance claims). Gross claims paid of the parent company, which accounted for 77% of other non-life insurance claims, were 30% higher mainly due to the larger volume of roadside assistance claims (a higher number of claims, rising prices of petroleum products and services, due to delays in the delivery of spare parts and longer coverage of replacement vehicle rental) and higher payment of international comprehensive marine insurance claims.

Gross claims paid in **accident insurance** decreased by 5% to EUR 21.5 million. A strong decline was recorded by the Montenegrin insurer (lower payouts in accident insurance for pensioners) and the Sarajevo insurer (lower payouts in group accident insurance). At the parent company, gross claims were down by 2% resulting from some large payouts due to disability in the previous year after the interruption caused by the pandemic. Lower payouts were mainly recorded in individual accident insurance.

Gross claims paid in **general liability insurance** amounted to EUR 15.0 million, up by 13% over the preceding year. High growth was experienced by Serbian, Croatian and Montenegrin insurers due to some larger claims paid out. Gross claims paid by the parent company, accounting for 78% of total gross claims paid by the Group in this insurance class, increased by 8% primarily due to higher payouts in architects and engineers liability insurance and general liability insurance (a higher number of settled claims and payouts of some large claims).

Gross claims paid in **credit insurance** amounted to EUR 5.6 million, up by 16%. Strong growth was recorded by the Croatian (large increase in the number of claims) and the Serbian insurer (payment of two large claims). Gross claims paid of the parent company, which account for the bulk (64%) of claims in this insurance class, recorded an 11% decline due to lower payouts in overdraft insurance (fewer reported claims) and export credit insurance.

7.6.2 Life and pension insurance

Non-consolidated gross claims paid in the **life and pension insurance group** totalled EUR 194.3 million, remaining at approximately the same level as the year before (index 100). Their share in total non-consolidated claims paid fell by 3.0 percentage points to 24.5%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, pension annuity and voluntary pension insurance), totalling EUR 117.8 million, down by 1% relative to the previous year. Gross claims paid by the parent company were 1% lower as a result of lower payouts due to maturity, illness and accident. Moreover, a large decline in gross claims paid was recorded by the Serbian insurer (which in 2021, as a result of the COVID-19 pandemic, recorded higher payouts due to death) and the Croatian insurer (which in 2021 carried out a campaign related to capitalised policies, resulting in payouts of mathematical provisions), while the Montenegrin life insurer recorded slightly lower payouts. Other insurance companies selling these insurance products recorded higher gross claims paid.

Gross claims paid in **unit-linked life insurance** rose by 1% to EUR 71.2 million. High 16% growth was recorded by Triglav, pokojninska družba (the higher number of withdrawals from insurance contracts and the higher number of increased ordinary termination of insurance contracts due to retirement and related transfer to annuity funds) and 9% growth by the Croatian insurer (higher payouts due to surrenders). A 4% decrease in gross claims paid by the parent company was primarily a result of lower payouts due to surrenders.

Gross claims paid in **supplemental pension insurance in line with the Pension and Disability Insurance Act** increased by 20%, predominantly as a result of higher payouts due to withdrawals from insurance contracts and transfers of insurance contracts.

Non-consolidated gross claims paid of Triglav Group insurance companies (excluding Pozavarovalnica Triglav Re) by insurance class

Insurance class	Gross claims paid			Index		Share
	2022	2021	2020	2022/2021	2021/2020	
Accident insurance	21,548,633	22,740,003	20,727,007	95	110	2.7%
Health insurance	189,929,677	163,043,285	147,911,003	116	110	23.9%
Comprehensive car insurance	109,522,638	92,636,703	92,882,937	118	100	13.8%
Real property insurance	115,792,051	95,514,391	89,057,583	121	107	14.6%
Motor liability insurance	107,830,744	96,226,864	94,229,264	112	102	13.6%
General liability insurance	14,974,192	13,276,964	18,212,366	113	73	1.9%
Credit insurance	5,599,782	4,832,669	6,079,260	116	79	0.7%
Other non-life insurance	33,676,712	25,253,513	20,706,410	133	122	4.2%
Non-life insurance	598,874,429	513,524,392	489,805,830	117	105	75.5%
Life insurance	117,769,441	119,439,876	111,595,230	99	107	14.8%
Unit-linked life insurance*	71,162,436	70,447,230	62,944,570	101	112	9.0%
Supplemental pension insurance in line with the Pension and Disability Insurance Act	5,329,529	4,425,926	4,656,031	120	95	0.7%
Life and pension insurance	194,261,406	194,313,032	179,195,831	100	108	24.5%
Total	793,135,835	707,837,424	669,001,661	112	106	100.0%

* According to the definition of the Insurance Supervision Agency, gross claims paid by Triglav, pokojninska družba are included in unit-linked life insurance.

Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid			Index		Share
	2022	2021	2020	2022/2021	2021/2020	
Accident insurance	12,481,300	12,755,919	11,259,216	98	113	2.8%
Health insurance	308,704	232,436	425,255	133	55	0.1%
Comprehensive car insurance	90,795,098	76,216,318	77,548,159	119	98	20.1%
Real property insurance	80,445,892	64,751,034	67,698,027	124	96	17.8%
Motor liability insurance	72,987,859	64,001,235	64,244,617	114	100	16.1%
General liability insurance	11,662,782	10,761,352	16,143,731	108	67	2.6%
Credit insurance	3,609,094	4,045,904	4,709,310	89	86	0.8%
Other non-life insurance	25,951,450	19,961,633	16,009,493	130	125	5.7%
Non-life insurance	298,242,179	252,725,831	258,037,808	118	98	65.9%
Life insurance	100,112,760	100,677,756	96,431,879	99	104	22.1%
Unit-linked life insurance	48,771,384	51,038,868	49,152,423	96	104	10.8%
Supplemental pension insurance in line with the Pension and Disability Insurance Act	5,329,529	4,425,926	4,656,031	120	95	1.2%
Life and pension insurance	154,213,673	156,142,550	150,240,333	99	104	34.1%
Total	452,455,852	408,868,381	408,278,141	111	100	100.0%

7.6.3 Gross claims paid of Pozavarovalnica Triglav Re

Gross claims paid by **Pozavarovalnica Triglav Re** totalled EUR 105.5 million, a 20% increase over the previous year. A 42% growth in gross claims paid was seen in transactions outside the Group (EUR 59.0 million), whereas gross claims paid in transactions within the Group remained at approximately the same level as last year (EUR 46.5 million). In transactions outside the Group, the increase was mainly a result of the payment of other damage to property insurance claims (a large claim under the facultative contract, which was fully ceded to one of the world's leading reinsurers) and fire and natural disaster insurance claims. In transactions within the Group, strong growth in gross claims paid was recorded in motor vehicle liability insurance claims due to the change in accounting for quota contracts, while settled fire and natural disaster insurance claims experienced a significant decline compared to the previous year.

7.7 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group rose by 12% to EUR 374.8 million. **Expenses from insurance operations** amounted to EUR 338.2 million, up by 13%. The highest increase was recorded by acquisition costs (fees and commissions), costs of materials and energy, and reimbursement of work-related costs. The share of operating expenses of insurance operations in gross written premium grew by 0.7 percentage point to 22.9%. Operating expenses increased in all insurance segments; by 16% in the **health insurance** segment (EUR 18.4 million), by 13% in the **non-life insurance** segment (EUR 269.2 million) and by 12% in the **life and pension insurance** segment (EUR 50.6 million).

Expenses from non-insurance operations increased by 9% and totalled EUR 36.7 million, primarily as a result of higher costs of materials and energy, higher labour costs and the inclusion of Triglav Fondovi, Sarajevo under the full consolidation method.

Acquisition costs (fees and commissions) rose by 24% to EUR 82.6 million. High growth in acquisition costs was recorded by most insurance companies mainly as a result of the higher number of underwritten insurance policies and the increased volume of written premium from insurance policies taken out via external sales channels (contracted points of sale, brokers, agencies and banks). In addition, their increase was influenced by the higher volume of transactions concluded under the principle of free movement of services (FOS) in the EU.

The 14% increase in *depreciation costs* in the amount of EUR 25.8 million was predominantly the consequence of higher depreciation costs of intangible fixed assets at the parent company (high investments in software last year), higher lease costs at the Serbian insurer and higher costs of depreciation of right-of-use assets at Triglav Skladi.

At 45.0%, *labour costs* accounted for the largest portion of total expenses. They amounted to EUR 177.3 million, up by 7% relative to the preceding year. The increase in labour costs resulted from the higher number of employees in some companies, adjustments to basic salaries due to inflationary pressures and higher other labour costs (higher meal and travel allowances, higher payments by the employer for voluntary pension insurance, etc.). At the parent company, labour costs rose by 6% mainly due to higher payments to insurance agents resulting from higher sale, an increase in basic salaries for employees in September and higher other labour costs.

Costs of services provided by natural persons other than sole proprietors (contract work and services of the student work service) dropped by 6%. They amounted to EUR 1.4 million and represented only 0.4% of total expenses.

Other operating expenses increased by 12% compared to the year before, reaching EUR 106.5 million. Among them, the bulk is represented by costs of representation, advertising and trade shows (EUR 22.7 million), followed by maintenance costs (EUR 14.7 million). Reimbursements of work-related costs increased the most compared to last year as a result of the smaller scope of agents' work, as well as lower reimbursement of business travel costs and training costs due to the pandemic in 2021. Their increase was influenced by the rise in the prices of fuel and hotel services; however, despite the high growth, they are still lower than they were before the pandemic. High growth was also recorded by costs of materials and energy due to high growth of energy prices, non-income related costs excluding insurance, and costs of intellectual and personal services (higher costs of advisory services at the parent company).

Acquisition costs represented the largest share (62.5%) of total gross operating expenses from insurance operations broken down by functional group. Other operating expenses represented 26.8%, claim handling expenses 9.3% and asset management costs 1.4%.

Gross operating expenses of the Triglav Group by nature

Operating expenses by nature	Gross operating expenses			Index		Share
	2022	2021	2020	2022/2021	2021/2020	
Acquisition costs (fees and charges)	82,580,992	66,422,411	54,124,019	124	123	21.0%
Costs of goods sold	7,722	130,008	11,179	6	1,163	0.0%
Depreciation of operating assets	25,825,206	22,591,303	22,001,097	114	103	6.6%
Labour costs	177,294,305	166,208,923	157,524,456	107	106	45.0%
- wages and salaries	123,057,863	115,443,711	110,229,227	107	105	31.3%
- social security and pension insurance costs	26,839,326	26,163,907	24,559,378	103	107	6.8%
- other labour costs	27,397,116	24,601,305	22,735,851	111	108	7.0%
Costs of services provided by natural persons other than SPs, including related taxes	1,444,698	1,535,695	1,208,769	94	127	0.4%
Other operating expenses	106,549,332	95,345,836	87,942,602	112	108	27.1%
- costs of entertainment, advertising, trade shows	22,687,179	20,704,813	17,181,444	110	121	5.8%
- costs of material and energy	10,761,123	7,916,541	8,426,457	136	94	2.7%
- maintenance costs	14,690,745	15,368,460	15,181,848	96	101	3.7%
- reimbursement of labour-related costs	4,741,674	3,456,616	3,202,363	137	108	1.2%
- costs of intellectual and personal services	8,512,551	6,724,017	5,560,110	127	121	2.2%
- non-income related costs, excluding insurance	4,556,697	3,490,300	3,241,068	131	108	1.2%
- costs of transport and communication services	5,692,554	5,510,075	5,360,314	103	103	1.4%
- costs for insurance premiums	1,353,304	1,132,762	1,159,846	119	98	0.3%
- payment transaction costs and banking services	12,096,235	11,921,424	9,495,754	101	126	3.1%
- rents	6,498,713	5,683,599	4,847,443	114	117	1.7%
- costs of professional training services	1,547,135	1,303,829	1,099,790	119	119	0.4%
- other costs of services	13,404,742	12,124,181	13,183,530	111	92	3.4%
- long-term employee benefits	6,680	9,219	2,635	72	350	0.0%
Total	393,702,255	352,234,176	322,812,122	112	109	100.0%
Consolidation eliminations	-18,818,724	-18,842,729	-16,065,703	100	117	
Total consolidated	374,883,531	333,391,447	306,746,419	112	109	

Gross operating expenses of Zavarovalnica Triglav by nature

Operating expenses by nature	Gross operating expenses			Index		Share
	2022	2021	2020	2022/2021	2021/2020	
Acquisition costs (fees and charges)	45,294,710	34,375,142	28,550,727	132	120	20.5%
Depreciation of operating assets	15,950,731	13,173,274	12,145,270	121	108	7.2%
Labour costs	112,948,624	106,607,468	101,313,635	106	105	51.0%
- wages and salaries	79,079,757	75,208,360	72,334,018	105	104	35.7%
- social security and pension insurance costs	13,398,355	12,778,998	12,000,752	105	106	6.1%
- other labour costs	20,470,512	18,620,110	16,978,865	110	110	9.2%
Costs of services provided by natural persons other than SPs, including related taxes	513,798	309,753	289,970	166	107	0.2%
Other operating expenses	46,667,116	40,582,438	37,651,247	115	108	21.1%
- costs of entertainment, advertising, trade shows	9,688,703	8,647,852	7,607,576	112	114	4.4%
- costs of material and energy	5,223,028	3,443,255	3,782,544	152	91	2.4%
- maintenance costs	7,171,955	8,699,049	8,823,036	82	99	3.2%
- reimbursement of labour-related costs	3,060,471	2,426,737	2,175,475	126	112	1.4%
- costs of intellectual and personal services	4,442,670	2,754,338	2,072,025	161	133	2.0%
- non-income related costs, excluding insurance	2,353,146	1,457,614	1,380,668	161	106	1.1%
- costs of transport and communication services	2,783,075	2,929,987	2,978,697	95	98	1.3%
- costs for insurance premiums	452,582	305,143	379,318	148	80	0.2%
- payment transaction costs and banking services	1,330,980	1,135,155	1,218,983	117	93	0.6%
- rents	4,320,030	3,688,633	3,024,699	117	122	2.0%
- costs of professional training services	1,066,332	895,727	764,945	119	117	0.5%
- other costs of services	4,774,144	4,198,948	3,443,281	114	122	2.2%
Total	221,374,979	195,048,075	179,950,849	113	108	100.0%

7.8 Risk equalisation

7.8.1 Insurance technical provisions

The Triglav Group equalised 83% of the risks within its own equalisation capacities. Claims were covered with the current annual inflow of technical premium by insurance class and the insurance technical provisions formed. The Group was able to equalise risks that exceeded its own equalisation capacities by reinsurance and, to a lesser extent, by coinsurance arrangements.

Gross insurance technical provisions of the **Triglav Group**, which are the basis for balanced operations and ensuring the long-term safety of insured persons, amounted to EUR 3,100.1 million as at 31 December 2022 (index 97). The amount of gross insurance technical provisions increased in **non-life insurance** (index 103), while decreasing in both **health insurance** (index 78) and **life and pension insurance** (index 94). **Zavarovalnica Triglav** allocated EUR 2,173.4 million to gross insurance technical provisions, down by 5% relative to the preceding year.

Provisions by type as at 31 December 2022 relative to 31 December 2021:

- **Gross unearned premium** amounted to EUR 414.3 million, a 12% increase over the previous year. Unearned premium for non-life insurance also increased by 12% to EUR 410.3 million, while unearned premium for health insurance grew by 1% to EUR 3.5 million. In contrast, unearned premium for life and pension insurance dropped by 1% to EUR 452 thousand. The movement of gross unearned premium corresponds to the movement and duration of gross written premium and the nature of underwritten risks.
- **Gross claims provisions** declined by 1% to EUR 688.8 million over 2021. Gross claims provisions are created for covering claims incurred but not settled by the end of the accounting period. Claims provisions for non-life insurance amounted to EUR 647.9 million, a 1% drop compared to the previous year. In calculating non-life insurance claims provisions, the inflation forecast by the International Monetary Fund (IMF) and local institutions in each country was taken into account. In addition, in making provisions, the higher frequency of claims was taken into account, which decreased during the COVID-19 pandemic, but is now returning to the pre-pandemic level. A partial release of claims provisions created in previous years largely compensated for higher gross claims paid; in doing so, in estimating claims provisions, the trends of the best estimate introduced by IFRS 17 were followed, bringing their amount closer to the estimated value according to IFRS 17. Claims provisions for life and pension insurance amounted to EUR 21.8 million (index 95) and those for health insurance equalled EUR 19.1 million (index 119). See Section [2.7.2 The impact of geopolitical risks and the changed economic situation on individual items in the financial statements](#) in the Accounting Report for more information.

■ **Mathematical provisions** declined by 6% to EUR 1,937.8 million. Mathematical provisions for the guarantee fund backing life insurance totalled EUR 1,356.9 million (index 95), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 580.9 million (index 93). They fell due to the drop in the price of fund units. **Zavarovalnica Triglav**'s mathematical provisions of EUR 1,440.2 million accounted for the bulk (index 93), of which mathematical provisions for the guarantee fund backing life insurance amounted to EUR 944.5 million (index 94) and insurance technical provisions for unit-linked life insurance contracts equalled EUR 495.7 million (index 92).

■ **Provisions for bonuses and discounts** declined by 20% to EUR 22.0 million predominantly as a result of their decrease at the parent company and the health insurer.

■ **Other insurance technical provisions** reached EUR 37.1 million, having decreased by 28%. At **Zavarovalnica Triglav**, they were lower due to a decrease in provisions as a result of the LAT for life insurance, and at **Triglav, Zdravstvena zavarovalnica** provisions were formed last year for unexpired risks due to the pandemic. In addition, the parent company and **Triglav, pokojninska družba** created additional provisions due to failing to achieve the guaranteed return on supplemental voluntary pension insurance.

Gross insurance technical provisions of the Triglav Group

	Gross insurance technical provisions			Index	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	2022/2021	2021/2020
Unearned premium	414,289,158	370,043,725	344,760,927	112	107
Mathematical provisions	1,937,835,355	2,054,917,059	1,967,008,673	94	104
Claims provisions	688,788,186	694,498,311	645,331,168	99	108
Provisions for bonuses and discounts	21,962,914	27,464,185	28,195,354	80	97
Other insurance technical provisions	37,148,522	51,748,503	47,917,732	72	108
Total	3,100,024,135	3,198,671,783	3,033,213,854	97	105

Gross insurance technical provisions of Zavarovalnica Triglav

	Gross insurance technical provisions			Index	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	2022/2021	2021/2020
Unearned premium	276,301,500	246,017,850	235,190,816	112	105
Mathematical provisions	1,440,231,062	1,548,454,207	1,490,283,181	93	104
Claims provisions	426,901,198	446,567,255	430,259,621	96	104
Provisions for bonuses and discounts	21,450,003	23,724,069	23,837,107	90	100
Other insurance technical provisions	8,547,506	15,744,857	19,470,754	54	81
Total	2,173,431,269	2,280,508,238	2,199,041,479	95	104

7.8.2 Reinsurance

The Triglav Group operates in the global reinsurance market via Pozavarovalnica Triglav Re and Zavarovalnica Triglav. It aims for optimum coverage terms and conditions, which was achieved in all reinsurance and coinsurance contracts in 2022.

The Group allocated EUR 248.2 million of reinsurance premium to external equalisation, up by 16% relative to the year before. Ceded reinsurance premium accounted for 16.8% of total gross written premium or 1.0 percentage point more than the previous year. Reinsurance premium growth mainly resulted from the increased volume of non-life insurance premium, primarily those policies underwritten based on the principle of free movement of services (FOS). Higher reinsurance prices in the global reinsurance market and the change in quota reinsurance protection also contributed to its growth.

Changes in unearned premium related to the reinsurance portion totalled EUR 14.0 million compared to EUR 15.5 million in the preceding year. The amount of EUR 57.3 million was received from reinsurance (index 137). The change in gross claims provisions for the reinsurance portion amounted to EUR 29.4 million (index 113). The Group also received EUR 49.1 million in reinsurance fees and commissions (index 126). The reinsurance result was negative and amounted to EUR –98.3 million (compared to EUR –90.9 million in 2021).

The reinsurance result of Zavarovalnica Triglav was EUR –81.9 million (compared to EUR –89.5 million in 2021).

7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav²¹

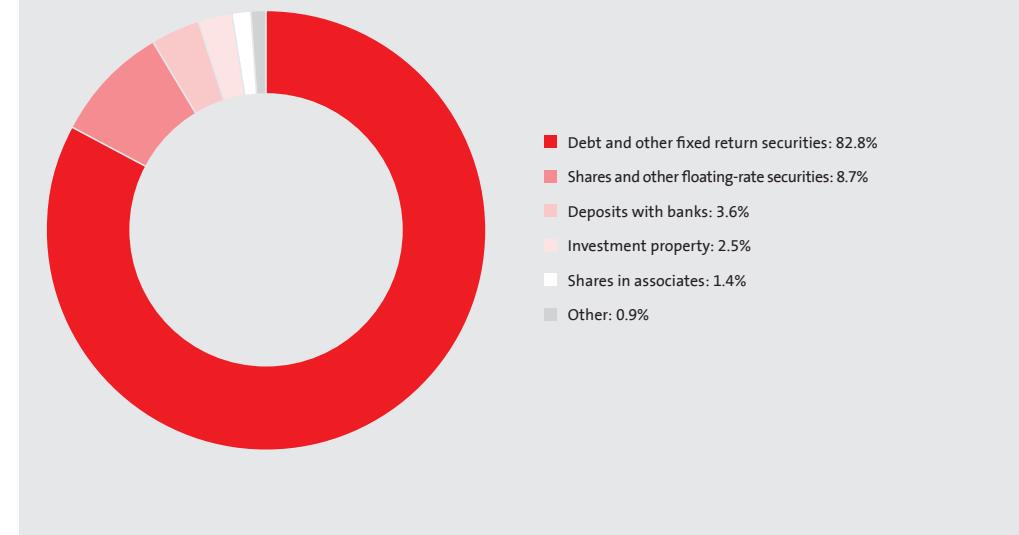
The Triglav Group pursues a relatively conservative investment policy in order to achieve an adequate return on its investment portfolio, while focusing on the security and liquidity of investments. The goal of investment management is to achieve a high credit rating of the whole portfolio. Environmental, social and governance (ESG) aspects are integrated into investment processes, which are aligned with the Group's strategic ambitions in sustainable development.

Financial investments (including investment property) of the Triglav Group

	Financial investments		Index	Share	
	31 Dec. 2022	31 Dec. 2021	2022/2021	31 Dec. 2022	31 Dec. 2021
Investment property	68,377,495	75,110,973	91	2.5%	2.5%
Shares in associates	37,810,184	36,031,343	105	1.4%	1.2%
Shares and other floating-rate securities	234,776,667	330,960,660	71	8.7%	10.9%
Debt and other fixed return securities	2,236,307,959	2,512,569,818	89	82.8%	82.4%
Loans given	4,645,899	4,525,184	103	0.2%	0.1%
Deposits with banks	96,853,602	70,472,827	137	3.6%	2.3%
Other financial investments	6,480,742	5,810,984	112	0.2%	0.2%
Financial investments of reinsurance companies in reinsurance contracts with cedents	14,044,977	13,340,360	105	0.5%	0.4%
Derivatives	0	20,317	0	0.0%	0.0%
Total (1)	2,699,297,525	3,048,842,466	89	100.0%	100.0%
Unit-linked insurance contract investments (2)	571,866,521	619,617,488	92		
Total (1+2)	3,271,164,046	3,668,459,954	89		

Through active investment, the Group maintained an investment portfolio composition comparable to the balance as at 31 December 2021. The bulk (68.4%) of the whole portfolio, or 82.8% excluding the unit-linked life insurance contract investments portfolio, is represented by bonds invested in developed markets, most of which have a high credit rating. Both the value of the bond and equity portfolio and the value of unit-linked life insurance contract investments were affected by the situation in the financial markets. The majority of this asset class is accounted for by assets invested in mutual funds of the policyholders' choice, mostly in funds managed by Triglav Skladi. The decrease in the volume of investment property compared to the previous year is the result of their planned partial sale.

Investment structure of the Triglav Group (excluding unit-linked life insurance contract investments) as at 31 December 2022



The detailed structure of the Group's bond and equity portfolio is presented below, and the data for the Company are presented at the end of this section.

The Group's bond portfolio is of **high quality** and globally diversified. A total of 90.4% of bond investments have an investment grade credit rating of at least "BBB" (vs. 90.9% as at 31 December 2021) and 58.2% have at least the "A" credit rating (vs. 59.4% as at 31 December 2021).

Debt securities of the Triglav Group by credit rating

Credit rating	Debt securities		Index		Share	
	31 Dec. 2022	31 Dec. 2021	2022/2021	31 Dec. 2022	31 Dec. 2021	
AAA	484,876,559	438,921,752	110	21.7%	17.5%	
AA	306,967,815	376,763,744	81	13.7%	15.0%	
A	510,662,035	677,949,441	75	22.8%	27.0%	
BBB	718,482,959	789,294,818	91	32.1%	31.4%	
Below BBB	170,946,072	185,667,718	92	7.6%	7.4%	
Not rated	44,372,520	43,972,345	101	2.0%	1.8%	
Total	2,236,307,959	2,512,569,818	89	100.0%	100.0%	

Unit-linked life insurance contract investments data are excluded.

By **issuer sector**, the largest share (60.5%) in the Group's bond portfolio in 2022 continued to be accounted for by government bonds. Compared to 2021, their share decreased by 4.7 percentage points primarily due to price fluctuations, whereas the shares of financial and corporate bonds increased in equal proportions.

Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index		Share	
	31 Dec. 2022	31 Dec. 2021	2022/2021	31 Dec. 2022	31 Dec. 2021	
Government	1,351,856,599	1,637,292,470	83	60.5%	65.2%	
Financial	458,582,957	450,896,480	102	20.5%	17.9%	
Corporate	424,897,803	423,363,902	100	19.0%	16.8%	
Structured	970,601	1,016,966	95	0.0%	0.0%	
Total	2,236,307,959	2,512,569,818	89	100.0%	100.0%	

Unit-linked life insurance contract investments data are excluded.

Debt securities of the Triglav Group by issuer sector/activity²²

Issuer sector	Debt securities		Index		Share	
	31 Dec. 2022	31 Dec. 2021	2022/2021	31 Dec. 2022	31 Dec. 2021	
EMU bonds	991,672,234	1,204,550,177		82	44.3%	47.9%
Finance	459,553,557	451,913,446		102	20.5%	18.0%
Bonds of other countries	191,947,342	227,890,193		84	8.6%	9.1%
EU bonds (excluding EMU)	175,930,346	204,852,100		86	7.9%	8.2%
Non-cyclical sectors	124,865,616	106,676,738		117	5.6%	4.2%
Public goods	58,232,423	74,478,500		78	2.6%	3.0%
Communications	44,663,972	47,049,094		95	2.0%	1.9%
Cyclical sectors	50,702,125	46,995,262		108	2.3%	1.9%
Technology	31,756,559	39,255,888		81	1.4%	1.6%
Industry	41,403,083	37,525,233		110	1.9%	1.5%
Energy sector	33,041,595	36,662,200		90	1.5%	1.5%
Raw materials	32,539,108	34,720,987		94	1.5%	1.4%
Total	2,236,307,959	2,512,569,818		89	100.0%	100.0%

By **issuer country**, the majority of the portfolio is accounted for by debt securities of issuers from the countries with a high credit rating. The changed exposure to individual countries was mainly influenced by price fluctuations and tactical adjustments of some positions.

Debt securities of the Triglav Group by issuer country

Country of issuer	Debt securities		Index		Share	
	31 Dec. 2022	31 Dec. 2021	2022/2021	31 Dec. 2022	31 Dec. 2021	
Germany	357,572,021	371,741,005		96	16.0%	14.8%
Slovenia	196,671,133	312,387,021		63	8.8%	12.4%
France	193,715,593	202,916,739		95	8.7%	8.1%
International financial institutions	169,288,879	153,800,111		110	7.6%	6.1%
Spain	133,738,698	154,859,010		86	6.0%	6.2%
Italy	121,071,901	133,591,273		91	5.4%	5.3%
USA	120,969,189	132,660,828		91	5.4%	5.3%
Croatia	116,405,899	113,080,581		103	5.2%	4.5%
Netherlands	97,151,100	90,155,239		108	4.3%	3.6%
Austria	67,733,516	66,664,263		102	3.0%	2.7%
Other	661,990,029	780,713,748		85	29.6%	31.1%
Total	2,236,307,959	2,512,569,818		89	100.0%	100.0%

Unit-linked life insurance contract investments data are excluded.

The Triglav Group set out strategic objectives relating to sustainability (see sections [4. Strategy and plans](#) and [12. Sustainable development](#) for more details). They are the basis for taking into account **environmental, social and governance (ESG) factors** in the management of the Group's investments and exercising its management rights when making decisions related to sustainable development with those issuers in its portfolio where this is possible.

The Group is increasing the **share of sustainable fixed-income investments** in line with its strategic ambitions. Their share in the bond portfolio almost doubled in 2021 compared to the previous year and further increased in 2022. As at the reporting date, sustainable fixed-income investments reached EUR 222.9 million, representing an 10.0% share of the bond portfolio.

Sustainable (ESG) fixed-income investments of the Triglav Group

	Sustainable fixed income investments			Share in debt securities		
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Social impact bonds*	98,060,591	83,630,721	33,278,595	4.4%	3.3%	1.3%
Green bonds**	110,964,143	104,433,167	67,424,385	5.0%	4.2%	2.6%
Sustainable bonds***	13,839,732	16,448,265	3,629,090	0.6%	0.7%	0.1%
Total ESG bonds	222,864,466	204,512,153	104,332,071	10.0%	8.1%	4.1%

* Bonds with a social impact are an instrument for funding social services.

** Green bonds are an instrument for funding environmental projects, the funds of which are intended for ecologically efficient products, technologies and processes, pollution prevention and control, sustainable management of natural resources, sustainable management of water resources, renewable energy use, energy efficiency and clean transport.

*** Sustainable bonds are an instrument for funding sustainability projects and a combination of green and social impact bonds. Funding is often conditional on achieving sustainability goals.

Equity investments, which comprise shares and other variable-income securities and investments in associates, amounted to EUR 272.6 million as at 31 December 2022. They accounted for 8.3% of the Group's entire portfolio, or 10.1% of the investment portfolio excluding unit-linked life insurance contract investments. The portfolio also includes the category *Other funds*, which comprises mostly alternative funds, among which the alternative fund managed by the associate Trigal holds a significant share. The total volume of the equity portfolio fell by 26% compared to the preceding year, which also resulted from the sale of certain investments.

The structure of equity investments of the Triglav Group

Equity investment type	Equity investments		Index	Share	
	31 Dec. 2022	31 Dec. 2021		2022/2021	31 Dec. 2022
Shares	60,621,118	128,582,339	47	22.2 %	35.0 %
Equity funds	50,307,701	85,330,024	59	18.5 %	23.3 %
Bond funds	52,981,904	62,836,072	84	19.4 %	17.1 %
Money market funds	7,530,672	4,177,739	180	2.8 %	1.1 %
Other funds	101,145,457	86,065,829	118	37.1 %	23.5 %
Total	272,586,851	366,992,003	74	100.0 %	100.0 %

Equity investments of the Triglav Group by region

Geographic area	Equity investments		Index	Share	
	31 Dec. 2022	31 Dec. 2021		2022/2021	31 Dec. 2022
Slovenia	54,651,955	103,490,296	53	20.0%	28.2%
Developed markets	201,749,712	244,542,137	83	74.0%	66.6%
Developing markets	12,033,289	13,588,353	89	4.4%	3.7%
Balkans	4,151,895	5,371,218	77	1.5%	1.5%
Total	272,586,851	366,992,003	74	100.0%	100.0%

Equity investments of the Triglav Group by issuer sector/activity²³

Issuer sector	Equity investments		Index	Share	
	31 Dec. 2022	31 Dec. 2021		2022/2021	31 Dec. 2022
Highly diversified activities	201,820,111	222,711,485	91	74.0%	60.7%
Non-cyclical sectors	35,201,684	75,540,556	47	12.9%	20.6%
Finance	18,627,715	25,015,182	74	6.8%	6.8%
Technology	4,895,154	12,932,690	38	1.8%	3.5%
Energy sector	443	12,679,131	0	0.0%	3.5%
Cyclical sectors	7,472,384	8,477,152	88	2.7%	2.3%
Public goods	3,111,515	3,428,188	91	1.1%	0.9%
Industry	1,018,292	3,399,847	30	0.4%	0.9%
Communications	438,941	2,210,403	20	0.2%	0.6%
Raw materials	612	597,371	0	0.0%	0.2%
Total	272,586,851	366,992,003	74	100.0%	100.0%

At **Zavarovalnica Triglav**, financial investments, including investment property, amounted to EUR 2,386.5 million as at 31 December 2022, down by 12%.

Financial investments of Zavarovalnica Triglav

	Financial investments		Index	Share	
	31 Dec. 2022	31 Dec. 2021	2022/2021	31 Dec. 2022	31 Dec. 2021
Investment property	43,377,173	43,840,055	99	2.3%	2.0%
Investments in subsidiaries and associates	227,312,214	173,618,679	131	12.0%	7.9%
Shares and other floating rate securities	151,148,306	204,009,208	74	8.0%	9.3%
Debt and other fixed return securities	1,446,813,411	1,736,539,693	83	76.3%	79.4%
Loans given	4,446,916	5,155,689	86	0.2%	0.2%
Deposits with banks	19,499,355	19,660,793	99	1.0%	0.9%
Other financial investments	3,264,537	3,278,363	100	0.2%	0.1%
Derivatives	0	20,317	0	0.0%	0.0%
Total (1)	1,895,861,912	2,186,122,797	87	100.0%	100.0%
Unit-linked insurance contract investments (2)	490,618,848	539,417,972	91		
Total (1+2)	2,386,480,760	2,725,540,769	88		

7.10 Investment in own-use real property and equipment

The Triglav Group invested EUR 10.1 million in property, plant and equipment and EUR 12.6 million in intangible assets (software and property rights). The parent company invested EUR 6.9 million in property, plant and equipment and EUR 9.0 million in intangible fixed assets.

By actively managing own-use real property and prudently investing in it, its value is being increased. In addition, its utilisation is being improved and its functionality increased. Renovation works are carried out in accordance with the Triglav Group's sustainable development guidelines, which include improved energy efficiency and a lower carbon footprint, in addition to better use of the premises. The rationalisation and optimisation of the premises takes place in accordance with the approved plan for 2021–2025. To this end, the energy and functional renovation of strategic real property, both for own use and investment, continued. In 2022, special attention continued to be paid to measures designed to protect health and ensure the safe use of real property for employees, clients, tenants and other users.

At Group level, minimum standards for flexible arrangement of workplace and points of sale are adopted, which comply with the international examples of good practice to modernise operations and make them more effective. If necessary, these standards will be updated according to new findings and guidelines in the business environment.

In 2022, the Company began to implement a **hybrid workplace** pilot project; for more information see Section [11.2 Transformation and digitalisation](#). Its implementation will result in a more modern and flexible arrangement, which will be better adapted to the different forms of employees' work (taking into account working from home), their need for rest during the working day and interaction, while being geared towards the better use of the premises.

IT support for real property management enables secure and complete record keeping, fast and accurate reporting and the implementation of various administration processes. In 2022, the IT support's software version was upgraded by including applications for investment management, cost management and energy accounting. Upgrades will be fully rolled out in 2023.

The value of the Group's real property and the excellent occupancy and profitability of investment property are maintained with systematic investment in real property of strategic importance and the sale of non-strategic real property. In 2022, several pieces of strategically less important real property was sold (business premises, land, holiday facilities). The sales process of one of the most important real property in the Company's portfolio, which was owned by Triglav, Upravljanje nepremičnin, was completed. In addition, the positive effects of the sale of the development land from 2021 were seen. Moreover, the project to rationalise own-use real property and locations was carried out.

7.11 Asset management

Asset management comprises the management of the parent company's own insurance portfolios (assets backing liabilities and guarantee funds), saving of clients through the Group's life and pension insurance companies, asset management by Trigal and the management of clients' assets in mutual funds and discretionary mandates by Triglav Skladi.

The value of assets under management of the Triglav Group as at 31 December 2022:²⁴

- own insurance portfolio: EUR 2,699.6 million (index 89),
- mutual funds and discretionary mandate assets at Triglav Skladi: EUR 1,389.5 million (index 90),
- investment management at Trigal: EUR 99.6 million (index 109).

Asset and investment fund management market

Due to high inflation, the war in Ukraine and the shutdown of the Chinese economy as a result of the COVID-19 pandemic, the prices of all major asset classes fell in the capital markets. According to the European Fund and Asset Management Association (EFAMA), the volume of the **European asset management market** (investment funds and discretionary mandates) decreased by EUR 3.8 trillion or 12% by Q3 2022, which is primarily due to the fall in the value of the markets, while inflows into the funds were also under pressure. By the end of October, outflows from UCITS funds reached EUR 238 billion, with EUR 78 billion outflow from equity funds, EUR 26 billion from money market funds and EUR 160 billion from bond funds. Net inflows of EUR 25 billion were attracted by multi-asset funds.

Alternative investment funds (AIF) also experienced outflows of EUR 117 billion by the end of October. The European investment fund industry (UCITS funds) managed EUR 12 trillion, while AIF managed EUR 7.1 trillion at the end of October.

As at 31 December 2022, a total of five asset management companies operated in Slovenia, which managed the total net asset value of EUR 3.9 billion in **mutual funds**, down by 9% relative to the year before. The decrease was a result of the decline in value on the capital markets, but in contrast to the European market, net inflows in Slovenia were positive and amounted to EUR 209 million. **As at 31 December 2021, Triglav Skladi held a 31.3% market share** (vs. 31.8% in 2021), remaining one of the leading managers of assets in investment funds in the Slovenian market. With respect to mutual funds, the company offers 18 different investment policies: conservative investments (two bond funds and a money market fund), moderately risky investments (flexible, mixed and defensive funds) and dynamic equity investments (equity funds). As at 31 December 2022, the company managed the portfolio of 110,000 investors worth **EUR 1.2 billion in mutual funds**, down by 10% compared to the year before. The value of net assets under management increased by EUR 68.0 million due to net inflows and decreased by EUR 205.0 million due to the situation in the capital markets. The net effect was therefore reflected in a decrease in the value of net assets of EUR 137.1 million.

A total of six companies provided **discretionary mandate services**, of which four were asset management companies. As at 31 December 2022, the latter managed EUR 2.5 billion in discretionary mandate assets, up by 34% relative to the previous year. Triglav Skladi held a 6.2% market share in the discretionary mandate segment (vs. 9.0% in 2021). Triglav Skladi's discretionary mandate assets amounted to EUR 154.5 million. Despite positive inflows of EUR 9.3 million, they decreased by EUR 12.7 million relative to the previous year due to the drop in value in the capital markets.

In addition to mutual funds, the company also offers six investment combinations as predefined structured mutual fund baskets, which correspond to the risk profiles of six different client segments.

In Bosnia and Herzegovina, the Group is present on the asset management market via **Triglav Fondovi**, which manages two open-end funds.

Triglav Skladi, as the Group's main asset management company, also manages the Group's unit-linked life insurance assets; this includes implementing the Financial Objectives investment strategy, which enables clients to actively adjust their portfolios according to the lifecycle principle, and Active Investment Packages, which correspond to different client segments adjusted to the risk profile. In addition, Triglav Skladi manages five portfolios of guarantee funds backing supplemental voluntary pension insurance: Triglav Drzni, Triglav Zmerni, Delniški Skupni pokojninski sklad, Mešani Skupni pokojninski sklad and Obvezniški Skupni pokojninski sklad.

Integration of environmental, social and governance (ESG) aspects into asset management²⁵

Asset management may help to achieve higher returns in the long run by taking into account key sustainability risks. The Triglav Zeleni equity fund is a sustainability fund that complies with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector. It primarily pursues an environmental goal, namely striving to implement the Paris Agreement as regards the limitation of the increase in the average global temperature by 1.5 °C compared to the pre-industrial era. Moreover, the company pays attention to social impacts and does not invest in companies when it is clear that there were serious problems and incidents related to human rights.²⁶

In the management of financial instruments, clients were offered the new GFI Equity – Socially Responsible investment policy, which complies with Article 8 of Regulation (EU) 2019/2088. The aforementioned investment policy pursues the MSCI Climate Paris Aligned Index, which is committed to exceeding the standards adopted in the Paris Agreement. When making investment decisions, the company therefore considers the carbon footprint and exposure to companies operating in the fossil fuel sector as the principal adverse impact (PAI). Through a careful review of each investment, it is checked whether a company ensures minimum protective measures related to good corporate governance.

Active ownership²⁷

In the context of the investment process, the possibility to influence the corporate governance of companies in the portfolio is assessed, when ownership rights and the size of the participating interest allow it. Active ownership is key for the adoption of better business policies and practices of companies (or issuers of financial instruments) and improves their performance. It is exercised through communication with the issuer or through the exercise of rights deriving from financial instruments, and include participation, voting and proposing agenda items at issuers' general meetings.

See Section [11.3 Development activities related to asset management](#) for more information on strengthening the asset management activity.

8.

Financial result of the Triglav Group and Zavarovalnica Triglav

The Triglav Group performed well in 2022 despite the deteriorated economic situation. Consolidated profit before tax amounted to EUR 134.5 million, up by 1% compared to the previous year. Net profit of EUR 110.2 million fell by 2%. The increased business volume and the release of claims provisions created in past periods effectively compensated for higher gross claims paid and gross operating expenses due to the higher activity of households and businesses, rising inflation and other impacts from the environment. In estimating claims provisions, the trends of the best estimate introduced by IFRS 17 were followed, bringing their amount closer to the estimated value according to IFRS 17. Return on investment decreased due to the unfavourable situation in the financial markets and the impairment of investments. Gains on disposal of investment property and some equity investments also had a positive impact on profit. Net return on equity increased by 0.5 percentage point to 13.1%.

Zavarovalnica Triglav posted a profit before tax of EUR 140.4 million, an increase of 64% over the previous year. In addition to the aforementioned one-off events, the growth was largely influenced by income from dividend payments from subsidiaries. Net profit also grew by 64% and totalled EUR 120.5 million. Net return on equity of the parent company increased by 8.5 percentage points to 19.6%.

The Group's combined ratio in non-life and health insurance was within the favourable long-term target range and stood at 88.1%, down by 0.8 percentage point relative to 2021. The decrease is the result of an improved *claims ratio* (by 2.0 percentage points to 59.4%), which was influenced by the growth of net premium income and the release of claims provisions. On the other hand, the increase in operating expenses and other insurance expenses affected the higher *expense ratio* (up by 1.2 percentage points to 28.7%).

The combined ratios in the Triglav Group and individual insurance companies

Insurance company	2022	2021	Change
Zavarovalnica Triglav	77.2%	81.8%	-4.6 p.p.
Triglav, Zdravstvena zavarovalnica	99.7%	96.0%	3.8 p.p.
Pozavarovalnica Triglav Re	93.2%	90.5%	2.7 p.p.
Triglav Osiguranje, Zagreb	103.9%	98.8%	5.2 p.p.
Triglav Osiguranje, Belgrade	99.7%	99.7%	0.0 p.p.
Lovćen Osiguranje, Podgorica	89.9%	93.7%	-3.8 p.p.
Triglav Osiguranje, Sarajevo	91.3%	98.0%	-6.6 p.p.
Triglav Osiguranje, Banja Luka	102.6%	112.1%	-9.5 p.p.
Triglav Osiguruvanje, Skopje	101.0%	102.1%	-1.1 p.p.
The Triglav Group	88.1%	88.9%	-0.8 p.p.

- The Triglav Group generated a profit before tax of EUR 134.5 million.
- The Group's combined ratio was favourable at 88.1%, remaining within the target range.
- Higher interest rates and the fall in the prices of shares on the financial markets affected the lower return on investment of the Group.

8.1 Total revenue, net premium income, claims incurred and operating expenses

Total revenue increased by 10% and amounted to EUR 1,599.3 million. It is composed of gross written insurance and coinsurance premiums in the amount of EUR 1,479.6 million (index 109), other insurance income in the amount of EUR 59.9 million (index 123) and other income in the amount of EUR 59.8 million (index 112).

Net premium income rose by 6% to EUR 1,189.9 million. Net premium income from non-life insurance grew by 7%, from life and pension insurance by 6% and from health insurance by 3%. Net premium income comprises gross written premium in the amount of EUR 1,479.6 million less written premium ceded to reinsurance and coinsurance in the amount of EUR 255.0 million (index 115) and adjusted by the change in net unearned premium of EUR –34.7 million (compared to –12.2 million in the previous year).

Net claims incurred of EUR 746.7 million were higher by 4%. The highest growth (17%) was recorded in the health insurance segment due to higher gross claims paid to compensate for the healthcare services that were unavailable due to the pandemic last year. Net claims incurred in non-life insurance increased by 2%, whereas in life and pension insurance they fell by 1%. Net claims incurred comprise gross claims paid in the amount of EUR 832.2 million (index 113) less reinsurers' and insurers' shares in gross claims paid in the amount of EUR 59.9 million (index 133), adjusted by the change in net claims provisions of EUR –33.0 million (higher by EUR 16.2 million in 2021) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 7.4 million (index 103).

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 301.9 million, up by 13%. *Acquisition costs* rose by 14%, predominantly due to premium growth, a higher volume of business based on the principle of free movement of services (FOS) in the EU and a higher premium volume from insurance policies taken out via external sales channels. *Other operating expenses* went up by 10%. The share of *operating expenses from insurance operations* (includes all functional cost groups) in gross written premium was 22.9%, up by 0.7 percentage point compared to the year before. See Section [7.7 Gross operating expenses](#) for more information on operating expenses.

8.2 Income and expenses from financial assets

Income, expenses and return on investment of the Triglav Group

	2022			2021		
	Income and expenses from investments, including unit-linked insurance assets	Income and expenses from unit-linked life insurance assets (VEP – unit value)*	Income and expenses from investments and return on investment (excluding VEP – unit value)	Income and expenses from investments, including unit-linked insurance assets	Income and expenses from unit-linked life insurance assets (VEP – unit value)*	Income and expenses from investments and return on investment (excluding VEP – unit value)
INCOME FROM FINANCIAL ASSETS	93,398,564	8,374,638	85,023,926	156,783,225	87,798,280	68,984,945
- profit on investments in associates and joint ventures accounted for by using the equity method	1,842,183		1,842,183	1,444,054		1,444,054
- interest	34,401,619	556,163	33,845,456	34,281,279	1,702,475	32,578,804
- dividends	6,151,738	1,207,406	4,944,332	6,069,730	1,030,544	5,039,186
- change in the fair value	5,085,853	3,968,877	1,116,976	90,078,182	75,804,534	14,273,648
- gains on disposal	37,775,442	572,224	37,203,218	16,301,340	6,106,275	10,195,065
- other financial income	8,141,729	2,069,968	6,071,761	8,608,640	3,154,452	5,454,188
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	201,644,899	100,931,963	100,712,936	31,978,417	5,483,554	26,494,863
- loss on investments in associates and joint ventures accounted for by using the equity method	0		0	145,631		145,631
- interest	0		0	0		0
- change in the fair value	132,594,207	94,635,781	37,958,426	16,138,516	4,087,778	12,050,738
- losses on disposal	50,341,763	5,725,743	44,616,020	7,122,739	937,693	6,185,046
- permanent impairment	9,034,736	0	9,034,736	33,629	0	33,629
- other financial expenses	9,674,193	570,439	9,103,754	8,537,902	458,083	8,079,819
Return on investment			-15,689,010			42,490,082

* The effect of the return on unit-linked life insurance contract investments (VEP – unit value) must be considered together with the change in insurance technical provisions for unit-linked insurance contracts and, therefore, it has no effect on the return on investment.

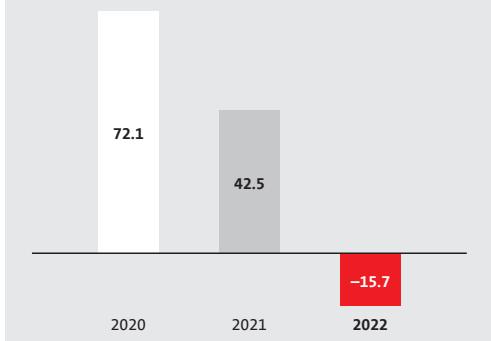
Income from investments, including income from investments in associates and unit-linked insurance contract investments, decreased by 40% to EUR 93.4 million. Gains on disposal of investments increased by 132% to EUR 37.8 million, primarily due to disposal of some equity investments, while interest income of EUR 34.4 million remained at the level of the previous year (index 100). Changes in the fair value decreased to EUR 5.1 million (compared to EUR 90.1 million last year), mainly as a result of rising interest rates. Other financial income dropped to EUR 8.1 million (index 95), whereas income from dividends in the amount of EUR 6.2 million was slightly higher than last year (index 101).

Expenses from investments, including expenses from investments in associates and unit-linked insurance contract investments, increased to EUR 201.6 million (index 631). Due to the fall in the value of bonds resulting from the rise in interest rates and the decrease in the value of equity investments, expenses from changes in the fair value rose to EUR 132.6 million (compared to EUR 16.1 million in the previous year). Due to higher interest rates and consequently lower bond prices, losses on disposal increased, amounting to EUR 50.3 million (index 707). Other financial expenses were higher by 13% and totalled EUR 9.7 million. Return on investment in 2022 was also significantly affected by the permanent impairment of Russian bonds, amounting to EUR 9.0 million.

Unit-linked life insurance contract investments decreased due to the fall in share prices to which the majority of policyholders' investments under these insurance contracts are tied (a drop in prices of fund units).

The Group's return on investment (excluding unit-linked insurance contract investments) was negative and amounted to EUR –15.7 million (compared to EUR 42.5 million in the preceding year). The decrease in the value of equity and bond investments resulted from the situation in the financial markets caused by rising interest rates and share price falls, which was reflected in higher net expenses due to changes in the fair value and lower realised net capital gains.

Return on investment of the Triglav Group (excluding unit-linked life insurance contract investments) in 2020–2022



Income, expenses and return on investment of Zavarovalnica Triglav

	2022			2021		
	Income and expenses from investments, including unit-linked insurance assets	Income and expenses from unit-linked life insurance assets (VEP – unit value)*	Income and expenses from investments and return on investment (excluding VEP – unit value)	Income and expenses from investments, including unit-linked insurance assets	Income and expenses from unit-linked life insurance assets (VEP – unit value)*	Income and expenses from investments and return on investment (excluding VEP – unit value)
INCOME FROM FINANCIAL ASSETS	97,581,935	3,813,608	93,768,327	123,792,784	79,523,179	44,269,605
- profit on investments in associates and joint ventures accounted for by using the equity method	0		0	0		0
- interest	19,662,989	103,243	19,559,746	19,863,123	86,419	19,776,704
- dividends	37,859,760	597,236	37,262,524	12,824,634	473,710	12,350,924
- change in the fair value	2,065,425	2,009,301	56,124	73,502,582	71,590,148	1,912,434
- gains on disposal	34,325,465	561,193	33,764,272	14,888,504	5,941,140	8,947,364
- other financial income	3,668,296	542,635	3,125,661	2,713,941	1,431,763	1,282,178
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	153,435,580	86,916,160	66,519,420	19,453,734	3,763,418	15,690,316
- loss on investments in associates and joint ventures accounted for by using the equity method	0		0	0		0
- interest	0		0	0		0
- change in the fair value	89,339,217	80,992,271	8,346,946	6,127,181	2,777,976	3,349,205
- losses on disposal	46,526,684	5,641,837	40,884,847	6,870,017	837,707	6,032,310
- permanent impairment	10,353,228	0	10,353,228	1,066,400	0	1,066,400
- other financial expenses	7,216,451	282,052	6,934,399	5,390,136	147,734	5,242,402
Return on investment			27,248,906			28,579,288

* The effect of the return on unit-linked life insurance contract investments (VEP – unit value) must be considered together with the change in insurance technical provisions for unit-linked insurance contracts and, therefore, it has no effect on the return on investment.

Zavarovalnica Triglav's return on investment (excluding unit-linked insurance contract investments) amounted to EUR 27.2 million, down by 5% over the previous year. The generated income was mainly positively influenced by higher dividend payments from subsidiaries, dividends from listed companies and realised gains on disposal of equity investments. The main negative impact was realised losses on disposal of bond investments. Higher impairments of investments mostly include impairments of Russian bond investments, equity and bond funds, and capital investments of subsidiaries.

8.3 Change in other insurance technical provisions and other income and expenses

Other insurance technical provisions fell by EUR 79.0 million (compared to EUR 2.1 million in the previous year), predominantly due to the decline in mathematical provisions (EUR -67.6 million) and other insurance technical provisions for health insurance (EUR -11.5 million). In health insurance, the bulk (EUR 6.3 million) refers to the release of provisions for unexpired risks defined in the Act Determining Temporary Measures to Mitigate and Remedy the Consequences of COVID-19 (PKP5), which stipulated that the provisions are also intended for the payment of healthcare services in the share of supplemental health insurance until they are used up or until the measure expires at the end of 2024.

Change in insurance technical provisions for unit-linked insurance contracts was negative in the amount of EUR 43.8 million (in 2021 these provisions rose by EUR 112.7 million) due to a decrease in price of fund units. The majority of **expenses for bonuses and discounts** of EUR 10.8 million (index 95) are accounted for by expenses of the parent company (EUR 9.2 million), down by 13% as a result of lower provisions for bonuses.

Other insurance income, excluding fees and commissions, increased by 9% and reached EUR 10.8 million. The growth is primarily the result of higher income from external recovery and the elimination of impairment adjustment, as well as higher interest income from subrogation receivables. **Other insurance expenses**, excluding fees and commissions, grew by 22% to EUR 20.5 million, mainly due to higher contributions to cover uninsured vehicles and higher recovery costs of the health insurer. **Net fee and commission income** rose by 164% to EUR 10.2 million primarily due to the high growth of written premium ceded to reinsurance.

Other income was up by 12%, amounting to EUR 59.8 million. Its high growth mainly resulted from higher income from the sale of investment property. More than half of other income is accounted for by income from the management of clients' assets in the amount of EUR 30.6 million, up by 1% relative to the year before. **Other expenses** amounted to EUR 70.8 million (index 121), the bulk of which is accounted for by expenses of the Group's non-insurance companies.

Income statement of the Triglav Group

	2022	2021	Index
Net premium income	1,189,905,615	1,119,846,051	106
- gross written premium	1,479,557,087	1,352,975,550	109
- ceded written premium	-254,986,410	-220,949,875	115
- change in unearned premium reserve	-34,665,062	-12,179,624	285
Income from investments in subsidiaries and associates	1,842,183	1,444,054	128
- profit on equity investments accounted for using the equity method	1,842,183	1,444,054	128
- other income from investments in subsidiaries and associates	0	0	0
Income from investments	91,556,381	155,339,171	59
- interest income calculated using the effective interest method	34,401,619	34,281,279	100
- gains on disposals	37,775,442	16,301,340	232
- other income from investments	19,379,320	104,756,552	18
Other income from insurance operations	59,934,985	48,794,300	123
- fee and commission income	49,184,889	38,916,088	126
- other income from insurance operations	10,750,096	9,878,212	109
Other income	59,826,129	53,334,060	112
Net claims incurred	746,732,431	715,028,788	104
- gross claims paid	832,230,541	736,580,050	113
- reinsurers' share	-59,907,680	-44,884,460	133
- changes in claims provisions	-32,975,668	16,152,394	
- equalisation scheme expenses for supplemental health insurance	7,385,238	7,180,804	103
Change in other insurance technical provisions (excluding ULI)	-79,041,779	-2,113,408	3,740
Change in insurance technical provisions for unit-linked insurance contracts	-43,787,917	112,661,349	
Expenses for bonuses and discounts	10,798,750	11,404,143	95
Operating expenses	301,928,130	266,857,908	113
- acquisition costs	211,429,288	184,911,170	114
- other operating expenses	90,498,842	81,946,738	110
Expenses from investments in subsidiaries and associates	0	145,632	0
- loss on investments accounted for using the equity method	0	145,632	0
- other expenses from financial assets and liabilities	0	0	0
Expenses from investments	201,644,899	31,832,786	633
- loss on impairment of investments	9,034,736	33,628	26,867
- loss on disposal on investments	50,341,763	7,122,739	707
- other expenses from investments	142,268,400	24,676,419	577
Other insurance expenses	59,496,583	51,915,940	115
Other expenses	70,753,966	58,379,653	121
- expenses from financing	2,731,227	2,729,286	100
- other expenses	68,022,739	55,650,367	122
Profit before tax	134,540,230	132,644,845	101
Income tax expense	24,323,552	19,679,152	124
Net profit for the period	110,216,678	112,965,693	98
Net profit/loss attributable to the controlling company	110,459,978	112,761,814	98
net profit/loss attributable to the non-controlling interest holders	-243,300	203,879	

Financial result ratios of the Triglav Group

Financial result ratios	2022	2021	2020
Loss ratio	59.4%	61.4%	63.1%
Expense ratio	28.7%	27.5%	28.1%
Combined ratio	88.1%	88.9%	91.2%
Operating expenses of insurance business in gross written premiums	22.9%	22.2%	22.1%
Gross written premium per company employee* (in EUR)	317,611	292,523	268,516

* The average number of employees at the insurance companies and the reinsurance company of the Triglav Group was taken into account.

The structure of profit before tax from insurance operations of the Triglav Group*

	2022				2021			
	Non-life	Life and pension	Health	Total	Non-life	Life and pension	Health	Total
Profit before tax from underwriting activities	86,754,031	15,929,355	3,019,458	105,702,844	79,745,847	13,457,141	7,197,026	100,400,014
Profit before tax from investment activities	17,248,981	643,965	-1,030,725	16,862,221	17,490,477	6,171,883	788,554	24,450,914
Profit before tax from insurance operations	104,003,012	16,573,320	1,988,733	122,565,066	97,236,324	19,629,024	7,985,580	124,850,928
Profit before tax from non-insurance operations				11,975,163				7,793,918
Total profit before tax				134,540,230				132,644,845

* Profit from return on investment is reduced by the return guaranteed by the Group's insurance companies to life insurance policyholders in the form of a guaranteed return determined in insurance contracts. In addition, return on investment is reduced by the increase in mathematical provisions due to lower internally set maximum interest rate used for the valuation of life insurance liabilities.

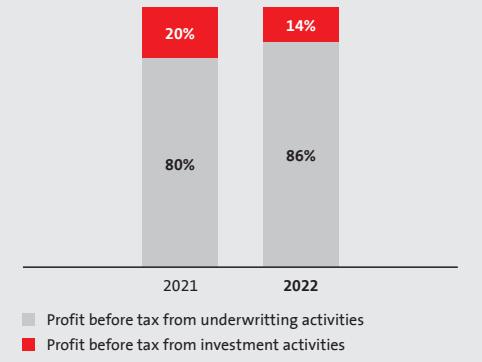
Profit before tax of the Group's **non-life and health insurance** segments amounted to EUR 106.0 million, up by 1% or EUR 0.8 million relative to the preceding year. The higher profit from non-life insurance underwriting activities was influenced by higher premium volume and a partial release of claims provisions created in previous years. The decrease in profit from health insurance underwriting activities was mainly influenced by the high increase in the frequency of supplemental health insurance claims. The decrease in profit from financial investments was influenced by the negative result of health insurance due to losses on disposal of investments and the impairment of bonds.

Profit before tax of the Group's **life and pension insurance** segments amounted to EUR 16.6 million, down by EUR 3.1 million relative to the previous year. Zavarovalnica Triglav's profit amounted to EUR 19.2 million, an increase of EUR 12.1 million compared to the year before. It was largely influenced by the release of additional provisions from the liability adequacy test in the amount of EUR 16.8 million. The rise in interest rates on the financial markets also resulted in a decrease in the value of investments,

but these were mostly offset by the reduction of provisions created in the past within mathematical provisions. The exception were the provisions for failing to achieve the guaranteed return on pension insurance, which were created for this purpose in the amount of EUR 4.5 million. The parent company's profit before tax was also influenced by higher profit before tax from life insurance underwriting activities of EUR 5.3 million, the lower cost of life insurance indexation of EUR 1.2 million as a result of rising inflation and higher operating expenses in the amount of EUR 4.0 million. Profit before tax of other Group members is lower by EUR 14.8 million, primarily due to additional provisions for failing to achieve the guaranteed return at Triglav, pokojninska družba. In 2021, the Group released EUR 7.8 million in provisions as a result of the LAT; in 2022, the Group formed provisions for failing to achieve the guaranteed return on pension insurance in the amount of EUR 5.1 million.

Profit before tax of **non-insurance operations** reached EUR 12.0 million. Compared to last year, it was higher by EUR 4.2 million mainly due to the realisation of gains on disposal of investment property.

The structure of profit before tax of the Triglav Group in 2022 and 2021



Income statement of Zavarovalnica Triglav

	2022	2021	Index
Net premium income	627,675,389	598,755,000	105
- gross written premium	868,863,623	794,350,103	109
- ceded written premium	-222,977,014	-187,969,749	119
- change in unearned premium reserve	-18,211,220	-7,625,354	239
Income from investments in subsidiaries and associates	32,887,342	8,179,885	402
- profit on equity investments accounted for using the equity method	0	0	0
- other income from investments in subsidiaries and associates	32,887,342	8,179,885	402
Income from investments	64,694,593	115,612,898	56
- interest income calculated using the effective interest method	19,620,922	19,685,884	100
- gains on disposals	34,325,465	14,888,504	231
- other income from investments	10,748,206	81,038,510	13
Other income from insurance operations	58,536,290	45,387,033	129
- fee and commission income	50,904,726	38,196,377	133
- other income from insurance operations	7,631,564	7,190,656	106
Other income	11,036,337	8,825,846	125
Net claims incurred	346,407,269	365,137,225	95
- gross claims paid	452,455,851	408,868,382	111
- reinsurers' share	-49,939,407	-35,818,958	139
- changes in claims provisions	-56,109,175	-7,912,199	709
Change in other insurance technical provisions (excluding ULI)	-56,716,599	-13,989,227	405
Change in insurance technical provisions for unit-linked insurance contracts	-47,072,818	91,860,583	
Expenses for bonuses and discounts	9,167,812	10,490,736	87
Operating expenses	194,264,584	170,334,866	114
- acquisition costs	142,569,005	124,268,560	115
- other operating expenses	51,695,579	46,066,306	112
Expenses from investments in subsidiaries and associates	4,002,475	1,087,047	368
- loss on investments accounted for using the equity method	0	0	0
- other expenses from financial assets and liabilities	4,002,475	1,087,047	368
Expenses from investments	149,433,105	18,366,687	814
- loss on impairment on investments	6,433,441	0	0
- loss on disposal on investments	46,526,684	6,870,017	677
- other expenses from investments	96,472,980	11,496,670	839
Other insurance expenses	27,910,368	25,298,497	110
Other expenses	27,075,891	22,485,637	120
- expenses from financing	2,289,560	2,277,892	101
- other expenses	24,786,331	20,207,745	123
Profit before tax	140,357,864	85,688,611	164
Income tax expense	19,885,791	12,273,062	162
Net profit for the period	120,472,073	73,415,549	164

Financial result ratios of Zavarovalnica Triglav

Financial result ratios	2022	2021	2020
Return on equity	19.6%	11.1%	9.5%
Loss ratio	45.2%	50.4%	54.8%
Expense ratio	32.0%	31.4%	31.3%
Combined ratio	77.2%	81.8%	86.1%
Operating expenses of insurance business in gross written premiums	25.5%	24.6%	25.0%

9. Financial position of the Triglav Group and Zavarovalnica Triglav

- Despite the challenging situation in the financial markets, the Triglav Group maintained its financial strength and capital adequacy around the lower end of its target range.
- Balance sheet total of the Triglav Group as at 31 December 2022 stood at EUR 4.1 billion, down by 6% relative to the preceding year.
- Total equity of the Triglav Group and Zavarovalnica Triglav decreased due to the reduction of fair value reserve as a result of the situation in the financial markets and a higher dividend payout.

9.1 Equity and liabilities

The Group's total equity as at 31 December 2022 amounted to EUR 752.8 million, down by 19% relative to the preceding year, while **Zavarovalnica Triglav's total equity** declined by 18% to EUR 552.1 million. The decrease in value is predominantly the result of a decrease in fair value reserve and a higher dividend payout. Total equity in the Group's total balance sheet liabilities declined by 3.1 percentage points to 18.2%. Equity attributable to the controlling company fell by 19% to EUR 749.4 million. The non-controlling interests increased to EUR 3.4 million (index 137), mainly due to the inclusion of Triglav Fondovi in the consolidated financial statements under the full consolidation method. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. Due to the decrease in the value of available-for-sale financial assets, the Group's **other comprehensive income** was negative in the amount of EUR -97.9 million (in 2021 other comprehensive income was positive in the amount of EUR 101.5 million). As a result, **fair value reserve** decreased and amounted to EUR -129.5 million as at 31 December 2022 (compared to EUR 77.8 million as at 31 December 2021). **Share premium** amounted to EUR 50.3 million and remained at a level approximately equal to the 2021 year-end (index 100).

Reserves from profit in the amount of EUR 481.8 million grew by 14% relative to the year before and comprise legal and statutory reserves in the amount of EUR 20.3 million, contingency reserves of EUR 640 thousand and other reserves from profit of EUR 460.9 million. Other reserves from profit rose by EUR 60.2 million due to the allocation of net profit for the year.

The Group's net profit brought forward amounted to EUR 225.9 million (index 96). It grew by EUR 75.4 million due to the transfer of net profit for the preceding year and fell by EUR 84.0 million due to the dividend payment. **Net profit for the year** disclosed in the balance sheet amounted to EUR 53.6 million and, due to the allocation of part of the net profit to other reserves from profit, was EUR 60.2 million lower than net profit disclosed in the income statement.

Subordinated liabilities equalled EUR 49.5 million and were at a level approximately equal to the 2021 year-end (index 100).

Gross insurance technical provisions totalled EUR 3,100.0 million, down by 3%. They represented 75.1% of total balance sheet liabilities, up by 2.0 percentage points relative to the preceding year. Mathematical provisions and insurance technical provisions for unit-linked life insurance contracts in the amount of EUR 1,937.8 million declined by 6%; other insurance technical provisions (index 75) and claims provisions (index 99) also fell. In contrast, provisions for gross unearned premium increased (index 112). The Group's insurance technical provisions are discussed in greater detail in Section [7.8 Risk equalisation](#).

Operating liabilities rose by 48% over the 2021 year-end and amounted to EUR 93.8 million, thus representing 2.3% of balance sheet total. Their growth was primarily influenced by a 47% increase in liabilities from reinsurance and coinsurance operations (EUR 60.8 million), mainly due to high growth of liabilities for reinsurance premium. High growth was also recorded by current tax liabilities, which increased to EUR 11.5 million due to higher profit before tax (index 432).

Lease liabilities totalled EUR 10.8 million (index 95) as at the reporting date and comprise long-term lease liabilities of EUR 9.5 million (index 95) and short-term lease liabilities of EUR 1.2 million (index 99).

Other liabilities rose by 17% to EUR 100.2 million, mainly due to higher short-term liabilities for advances received, higher provisions for accrued costs of insurance acquisition fees and commissions and an increase in liabilities to employees at the parent company. The increase was also influenced by higher accrued equalisation scheme expenses for supplemental health insurance.

Employee benefits of EUR 17.4 million declined by 1% and **other provisions** by 15% to EUR 2.1 million.

Due to declines in the value of financial assets and the resulting negative fair value reserve, deferred tax assets of EUR 41.0 million were recognised at the 2022 year-end, while due to positive fair value reserve at the 2021 year-end, **deferred tax liabilities** in the amount of EUR 9.4 million were disclosed.

Other financial liabilities amounted to EUR 1.9 million, down by 39%, mainly due to the write-off of expired liabilities for unpaid dividends.

9.2 Assets

Financial investments, representing 62.8% of total assets, amounted to EUR 2,593.1 million, down by 12% relative to the 2021 year-end. The decrease in their value was primarily a result of the rise in interest rates on the financial markets and the fall in value on the stock markets. The bulk of financial assets was accounted for by available-for-sale financial assets, which totalled EUR 1,810.8 million (index 85). Furthermore, held-to-maturity financial investments amounted to EUR 456.5 million (index 290), financial investments measured at fair value through profit or loss amounted to EUR 199.3 million (index 37) and deposits and loans to EUR 126.5 million (index 129). In order to manage higher interest rates and reduce fluctuations in the value of SVPI guaranteed pension funds, the share of bond investments valued at amortized cost using the effective interest method and classified as held-to-maturity financial investments was increased. **Unit-linked insurance assets** amounted to EUR 571.9 million, down by 8%. See Section [7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav](#) for more information on the structure of financial investments.

The Group's financial investments in associates of EUR 37.8 million were 5% higher compared to 31 December 2021. **Zavarovalnica Triglav's financial investments in subsidiaries and associates** rose by 31% and totalled EUR 227.3 million. Their increase is the result of the capital increase of Triglav, pokojninska družba, Triglav INT and Triglav penzisko društvo, Skopje (see Section [2.7.4 Composition of the Triglav Group](#) for more information).

Investment property in the amount of EUR 68.4 million decreased by 9% due to the sale of investment property.

Receivables, representing 6.5% of total balance sheet assets, grew by 27% compared to the preceding year and amounted to EUR 269.1 million, of which receivables from direct insurance operations of EUR 145.7 million (index 125) accounted for the bulk. Receivables from reinsurance and coinsurance operations reached EUR 81.3 million (index 121), other receivables stood at EUR 35.5 million (index 147) and current tax receivables at EUR 6.7 million (index 162). Due to the negative value of fair value reserve, **deferred tax assets** increased to EUR 40.3 million (compared to EUR 927 thousand as at 31 December 2021).

Insurance technical provisions transferred to reinsurance contracts grew by 20% and amounted to EUR 209.8 million. Assets from reinsurance contracts from claims provisions were 23% higher and totalled EUR 147.2 million, assets from unearned premium grew by 9% to EUR 57.7 million and assets from mathematical provisions rose by 56% to EUR 8.8 million.

Intangible assets totalled EUR 112.5 million, up by 5% due to increased long-term deferred acquisition costs. **Property, plant and equipment** amounted to EUR 108.0 million, down by 1% relative to the 2021 year-end.

Right-of-use assets amounted to EUR 10.4 million, down by 5% relative to 31 December 2021. They comprise the right to use land and buildings of EUR 8.3 million (index 96), the right to use vehicles of EUR 2.1 million (index 92) and the right to use other assets of EUR 37 thousand (index 43).

Non-current assets held for sale of EUR 2.2 million declined by 43% due to the sale of real property.

Cash and cash equivalents totalled EUR 98.5 million (index 120) and **other assets** equalled EUR 6.3 million (index 130).

Financial position ratios of the Triglav Group

Financial position ratios	2022	2021	2020
Equity to total liabilities ratio	18.2%	21.3%	21.0%
Average equity balance as % of gross written premium	57.0%	66.6%	67.4%
Return on equity	13.1%	12.5%	8.9%
Gross insurance technical provisions to total liabilities ratio	75.1%	73.1%	73.3%
Average balance of gross insurance technical provisions as % of gross written premium	212.9%	230.3%	239.6%
Financial assets to total assets ratio	76.7%	81.3%	81.9%
Financial assets to gross insurance technical provisions	102.1%	111.2%	111.7%

Balance sheet of the Triglav Group

	31 December 2022	31 December 2021	Index	Share 2022	Share 2021
ASSETS	4,128,824,920	4,374,353,616	94	100.0%	100.0%
Intangible assets	112,459,749	107,184,415	105	2.7%	2.5%
Property, plant and equipment	107,998,468	108,655,212	99	2.6%	2.5%
Non-current assets held for sale	2,182,419	3,812,044	57	0.1%	0.1%
Deferred tax assets	40,971,447	927,425	4,418	1.0%	0.0%
Investment property	68,377,495	75,110,973	91	1.7%	1.7%
Right-of-use assets	10,367,625	10,933,109	95	0.3%	0.2%
Investments in associates	37,810,184	36,031,346	105	0.9%	0.8%
Financial investments	2,593,109,846	2,937,700,150	88	62.8%	67.2%
- loans and deposits	126,526,363	98,104,537	129	3.1%	2.2%
- held to maturity	456,469,434	157,560,733	290	11.1%	3.6%
- available for sale	1,810,796,092	2,137,609,082	85	43.9%	48.9%
- recognised at fair value through profit or loss	199,317,957	544,425,798	37	4.8%	12.4%
Unit-linked insurance assets	571,866,521	619,617,488	92	13.9%	14.2%
Reinsurers' share of technical provisions	209,799,017	174,839,890	120	5.1%	4.0%
Receivables	269,140,646	212,376,909	127	6.5%	4.9%
- receivables from direct insurance operations	145,702,112	116,855,207	125	3.5%	2.7%
- receivables from reinsurance and coinsurance operations	81,261,176	67,200,932	121	2.0%	1.5%
- current tax receivables	6,704,693	4,127,384	162	0.2%	0.1%
- other receivables	35,472,665	24,193,386	147	0.9%	0.6%
Other assets	6,280,050	4,843,025	130	0.2%	0.1%
Cash and cash equivalents	98,461,452	82,321,630	120	2.4%	1.9%
EQUITY AND LIABILITIES	4,128,824,920	4,374,353,616	94	100.0%	100.0%
Equity	752,798,862	932,986,869	81	18.2%	21.3%
Controlling interests	749,398,340	930,511,224	81	18.2%	21.3%
- share capital	73,701,392	73,701,392	100	1.8%	1.7%
- share premium	50,304,674	50,283,747	100	1.2%	1.1%
- reserves from profit	481,833,959	421,633,959	114	11.7%	9.6%
- treasury share reserves	364,680	364,680	100	0.0%	0.0%
- treasury shares	-364,680	-364,680	100	0.0%	0.0%
- fair value reserve	-129,532,451	77,834,278		-3.1%	1.8%
- net profit brought forward	225,893,107	234,588,994	96	5.5%	5.4%
- net profit for the year	50,259,978	75,439,847	67	1.3%	1.7%
- currency translation differences	-3,062,318	-2,970,993	103	-0.1%	-0.1%
Non-controlling interests	3,400,522	2,475,645	137	0.1%	0.1%
Subordinated liabilities	49,522,163	49,471,831	100	1.2%	1.1%
Insurance technical provisions	2,519,079,596	2,576,368,384	98	61.0%	58.9%
- unearned premiums	414,289,158	370,043,725	112	10.0%	8.5%
- mathematical provisions	1,356,890,816	1,432,613,660	95	32.9%	32.8%
- claims provisions	68,788,186	694,498,311	99	16.7%	15.9%
- other insurance technical provisions	59,111,436	79,212,688	75	1.4%	1.8%
Insurance technical provisions for unit-linked insurance contracts	580,944,539	622,303,399	93	14.1%	14.2%
Provisions for employee benefits	17,429,108	17,672,133	99	0.4%	0.4%
Other provisions	2,146,887	2,512,536	85	0.1%	0.1%
Deferred tax liabilities	259,455	9,377,034	3	0.0%	0.2%
Other financial liabilities	1,873,559	3,085,647	61	0.0%	0.1%
Operating liabilities	93,775,550	63,341,658	148	2.3%	1.4%
- liabilities from direct insurance operations	21,501,649	19,450,557	111	0.5%	0.4%
- liabilities from reinsurance and coinsurance operations	60,816,415	41,241,465	147	1.5%	0.9%
- current tax liabilities	11,457,486	2,649,636	432	0.3%	0.1%
Lease liabilities	10,767,382	11,274,806	95	0.3%	0.3%
Other liabilities	100,227,818	85,959,319	117	2.4%	2.0%

Balance sheet of Zavarovalnica Triglav

	31 December 2022	31 December 2021	Index	Share 2022	Share 2021
ASSETS	2,920,466,482	3,118,944,094	94	100.0%	100.0%
Intangible assets	70,414,326	67,022,027	105	2.4%	2.1%
Property, plant and equipment	67,285,004	65,143,307	103	2.3%	2.1%
Deferred tax assets	34,667,180	0	0	1.2%	0.0%
Investment property	43,377,173	43,840,055	99	1.5%	1.4%
Right-of-use assets	3,940,725	4,548,298	87	0.1%	0.1%
Investments in subsidiaries	185,360,343	131,924,683	141	6.3%	4.2%
Investments in associates	41,951,871	41,693,997	101	1.4%	1.3%
Financial investments	1,625,187,871	1,968,679,979	83	55.6%	63.1%
- loans and deposits	31,856,441	32,521,523	98	1.1%	1.0%
- held to maturity	227,656,974	140,946,233	162	7.8%	4.5%
- available for sale	1,278,747,957	1,588,390,263	81	43.8%	50.9%
- recognised at fair value through profit and loss	86,926,499	206,821,960	42	3.0%	6.6%
Unit-linked insurance assets	490,618,848	539,417,972	91	16.8%	17.3%
Reinsurers' share of technical provisions	180,142,940	136,077,958	132	6.2%	4.4%
Receivables	152,064,970	105,169,567	145	5.2%	3.4%
- receivables from direct insurance operations	98,739,720	73,516,574	134	3.4%	2.4%
- receivables from reinsurance and coinsurance operations	37,156,172	23,522,340	158	1.3%	0.8%
- current tax receivables	0	564,166	0	0.0%	0.0%
- other receivables	16,169,078	7,566,487	214	0.6%	0.2%
Other assets	2,389,990	1,513,260	158	0.1%	0.0%
Cash and cash equivalents	23,065,241	13,912,991	166	0.8%	0.4%
EQUITY AND LIABILITIES	2,920,466,482	3,118,944,094	94	100.0%	100.0%
Equity					
- share capital	552,089,340	675,221,933	82	18.9%	21.6%
- share premium	73,701,392	73,701,392	100	2.5%	2.4%
- reserves from profit	53,412,884	53,412,884	100	1.8%	1.7%
- fair value reserve	464,762,643	404,562,643	115	15.9%	13.0%
- net profit/loss brought forward	-103,556,856	55,884,634		-3.5%	1.8%
- net profit/loss for the year	3,497,205	50,944,831	7	0.1%	1.6%
Subordinated liabilities	60,272,072	36,715,549	164	2.1%	1.2%
Insurance technical provisions	49,522,163	49,471,831	100	1.7%	1.6%
- unearned premiums	1,677,748,467	1,740,373,185	96	57.4%	55.8%
- mathematical provisions	276,301,501	246,017,849	112	9.5%	7.9%
- claims provisions	944,548,259	1,008,319,155	94	32.3%	32.3%
- other insurance technical provisions	426,901,198	446,567,255	96	14.6%	14.3%
- other insurance technical provisions	29,997,509	39,468,926	76	1.0%	1.3%
Insurance technical provisions for unit-linked insurance contracts	495,682,803	540,135,052	92	17.0%	17.3%
Provisions for employee benefits	12,381,473	12,842,304	96	0.4%	0.4%
Other provisions	154,638	358,980	43	0.0%	0.0%
Deferred tax liabilities	0	4,212,732	0	0.0%	0.1%
Other financial liabilities	22,640	1,690,586	1	0.0%	0.1%
Operating liabilities	67,460,551	34,861,554	194	2.3%	1.1%
- liabilities from direct insurance operations	11,547,677	10,182,945	113	0.4%	0.3%
- liabilities from reinsurance and coinsurance operations	46,215,403	24,678,609	187	1.6%	0.8%
- current tax liabilities	9,697,471	0	0	0.3%	0.0%
Lease liabilities	4,054,668	4,643,844	87	0.1%	0.1%
Other liabilities	61,349,739	55,132,093	111	2.1%	1.8%

10.

Cash flow statement

A positive **cash flow from operating activities of the Group** declined by 38% to EUR 84.9 million, primarily as a result of the higher volume of claims paid and increased operating expenses. For the same reasons, a positive **cash flow from operating activities of Zavarovalnica Triglav** fell by 31% to EUR 37.3 million.

Cash flow from investing activities of the Group was positive and reached EUR 20.5 million (compared to EUR -93.9 million last year), while **cash flow from investing activities of the parent company** was EUR 59.4 million (compared to EUR -20.3 million last year). The cash flow from investing activities of both the Group and the parent company was positive due to lower cash flow from operating activities and higher cash outflows for financing activities, which was financed with net disposal of investments.

Cash flow from financing activities of the Group was negative and stood at EUR -89.3 million. There were no cash inflows from financing activities in 2022, whereas cash outflows grew by 107% as a result of the higher dividend payment in 2022. In addition to the dividend payment, cash outflows for financing activities include cash outflows for interest on issued bonds and other interest. **Cash flow from financing activities of Zavarovalnica Triglav** was also negative due to the dividend payment and amounted to EUR -87.6 million (index 208).

The closing balance of cash and cash equivalents of the Group totalled EUR 98.5 million, up by 20% over the previous year, and that of the parent company increased by 66% to EUR 23.1 million.

Summary cash flow statement of the Triglav Group

	2022	2021	Index 2022/2021
A. Operating cash flow			
Income statement items	131,696,364	144,641,397	91
Changes in net current assets—operating balance sheet items	-46,777,647	-7,290,132	642
Net cash from/ (used in) operating activities	84,918,717	137,351,265	62
B. Cash flows from investing activities			
Cash inflows from investing activities	1,060,019,361	1,093,015,888	97
Cash outflows from investing activities	-1,039,487,097	-1,186,871,319	88
Net cash from/ (used in) investing activities	20,532,264	-93,855,431	
C. Cash flows from financing activities			
Cash inflows from financing activities	0	0	0
Cash outflows from financing activities	-89,334,516	-43,097,819	207
Net cash from/ (used in) financing activities	-89,334,516	-43,097,819	207
D. Closing balance of cash and cash equivalents	98,461,452	82,321,630	120
E1. Net cash flow for the period	16,116,465	404,882	3,981
E2. Currency differences	23,357	17,084	137
F. Opening balance of cash and cash equivalents	82,321,630	81,899,664	101

Summary cash flow statement of Zavarovalnica Triglav

	2022	2021	Index 2022/2021
A. Operating cash flow			
Income statement items	59,519,111	57,377,294	104
Changes in net current assets—operating balance sheet items	-22,261,880	-3,345,436	665
Net cash from/ (used in) operating activities	37,257,231	54,031,858	69
B. Cash flows from investing activities			
Cash inflows from investing activities	866,067,369	945,312,942	92
Cash outflows from investing activities	-806,619,546	-965,578,127	84
Net cash from/ (used in) investing activities	59,447,823	-20,265,185	
C. Cash flows from financing activities			
Cash inflows from financing activities	0	0	0
Cash outflows from financing activities	-87,552,803	-42,157,904	208
Net cash from/ (used in) financing activities	-87,552,803	-42,157,904	208
D. Closing balance of cash and cash equivalents	23,065,242	13,912,991	166
E. Net cash flow for the period	9,152,251	-8,391,231	
F. Opening balance of cash and cash equivalents	13,912,991	22,304,222	62

■ The Triglav Group and Zavarovalnica Triglav generated a positive cash flow from operating and investing activities and a negative cash flow from financing activities.

■ The closing balance of cash and cash equivalents of the Group was EUR 98.5 million, up by 20%.

11.

Development activities

- The number of client interaction points and the range of assistance service providers increased in all markets. Cooperation with partners was upgraded, and they were included in the Company's platform solutions.
- Business ecosystems were upgraded with new services and harmonised with the revised *Triglav komplet* loyalty programme.
- Assistance, sales and claims procedures, as well as communication processes, continued to be digitalised and automated in order to fully meet client needs the moment they arise.
- Among the numerous innovations implemented, digital sales and marketing stand out; the digital platform for easy-to-use electronic client service was upgraded in accordance with the latest guidelines and the TRIA virtual assistant was launched.
- Product development and pricing policies were adapted to personalised solutions and macroeconomic trends.
- The Company entered into partnerships in third countries, and international brokerage companies are increasingly recognising the quality and flexibility of the Company's services.
- The Company's internal organisation was redesigned to facilitate the achievement of its strategic objectives and ambitions.
- A pilot project for setting up a hybrid workspace was launched.
- The IT infrastructure continued to be centralised with the aim of including 11 Group companies in the Group's hybrid cloud by 2025.



Comprehensive client experience

Client-centric approach

Client at the forefront

At the forefront of the Group's development activities, which are carried out by respective divisions and departments at the parent company, was the implementation of strategic guidelines with a particular emphasis on achieving an outstanding client experience, digital transformation and the development of service-oriented business ecosystems. The goals set were fully achieved. Furthermore, sustainability aspects and regulatory changes were incorporated into the development of products and services. See Section [12. Sustainable development at the Triglav Group](#) for further information.

11.1 A client-centric approach

Our increasing focus on clients is reflected in the expansion of the range of client interaction points and the development of business ecosystems, thereby strengthening the Company's market presence and creating new sales opportunities. All of this increases the flexibility of the Group's business model, changing the value provided by the two core activities by designing comprehensive solutions to meet client needs, in addition to ensuring clients' financial security.

11.1.1 Business ecosystems

The main building blocks of all our ecosystems are assistance services expanded by related services, based on high-quality partnerships and supported by advanced information and digital solutions.

Ecosystems are built in the fields of health, well-being, mobility, living and financial services, integrating them with the revised *Triglav komplet* loyalty programme, as seen below.

In caring for people's health, new healthcare partners are added to the well-developed *Zdravje* (Health) business ecosystem, while upgrading existing partnerships and expanding the range of assistance and healthcare services. An outstanding user experience is also ensured by constantly improving processes in key client channels and implementing the most advanced technologies.

In a similar way, the Company enhances and upgrades partnerships with providers of home, car, computer, micromobility and pet assistance. At the home ecosystem, focus is on the solutions that provide the client with comprehensive repair of damage: from providing assistance immediately after the damage has occurred to repairing the damage using the "report and repair" method. In order to make it easier and faster to repair damage to clients' homes, various service providers were contracted. As part of the business ecosystem for the health and well-being of pets, their owners are joined into a community with easy access to information and service providers.

Triglav Group's business ecosystems

Triglav Health

Assistance to clients with acute and chronic illnesses, health prevention and provision of care.



Triglav Pets

For the well-being of pets, help with their acute illnesses and traumas, and insuring the owners' personal liability when caused by their pet.



Triglav Mobility

Ensuring various forms of safe and sustainable mobility.



Triglav Financial Security

A central point for planning and creating an individual's financial security in all periods of life - from savings to pension, access to advisors (financial, tax) or the use of various financial instruments.



Triglav Home

An ecosystem of assistance services in the elimination of damage, access to the services of verified contractors and solutions and systems for remote assistance, control and home security.



The Triglav Group single platform

Customer data management, ensuring security, personalization of the offer, loyalty program, evaluation of providers, gamification, shared digital technologies (e.g. image and speech recognition, AI/ML, bots, geolocation services, AR).

11.1.2 Development of sales processes and channels

The single platform for client communication and service continues to be developed. It is intended to ensure the coordinated, integrated and transparent dealing with clients and is based on the Hermes model and Microsoft Dynamics 365 technology. It includes automated processes and a single solution for an omni-channel user experience. To ensure such experiences, data and content about products and services will be integrated into the platform, enabling it to become the main digital transformation accelerator. In accordance with the plans, the management of claims that are submitted to the single entry point through several channels was optimised.

In support of sales, the process of managing life insurance contractors was automated (the entire process up to the drawing up and signing of the contract and notification of the partner). In addition, a mobile application for non-life insurance partners is being developed, incorporating new back-office automated marketing modules into the platform. The application for automatically sending claims will simplify the procedures from the acceptance of claims to the payment of claims. By the end of 2023, claim reporting for 20 insurance classes will be automated.

To ensure standardised recording and a comprehensive overview of data, as well as simplified change management, the registers of the databases of non-life and life insurance business partners were merged. Underwriting applications were adapted to the revised *Triglav komplet* loyalty programme, enabling the automatic renewal of home insurance.

In Slovenia, the single digital platform was upgraded to support the sales processes of non-life, life and health insurance products. The range of insurance products and services offered in banks was expanded to include the option of taking out

insurance remotely and e-signing, as well as the storage and delivery of e-documentation, which was linked to the call centre.

In Croatia, the life insurance sales portal was integrated into the new single platform for non-life, life and health insurance.

Development and new forms of partnerships

The Triglav Group is consolidating its position on the primary markets in the Adria region and strengthening its position in the wider international environment through partnerships with foreign insurance brokerage and agency companies as well as with reinsurers.

Through various forms of partnerships in Slovenia and a large network of contact points, clients can take out insurance at the very moment they need it, making this experience as convenient as possible for them. Partnerships are being strengthened mainly with vendors and service companies providing banking and other financial services, while the level of cooperation with partners providing assistance services is also being increased. In 2022, a greater level of cooperation was seen with regard to the settlement of motor vehicle and non-life insurance claims, as well as in roadside, home and cyber assistance at the insurance companies outside Slovenia.

To ensure comprehensive vendor management, the Company established the Quality and

Contractor Relations Department. Cooperation was enhanced with the a specialised retail chain, a telecommunications operator and other vendors selling electronic devices, as well as business cooperation with a savings bank, which sells Triglav life insurance products.

In Montenegro, most new partnerships were entered into with banks (accounts receivable insurance) and with a mobile operator (mobile phone insurance). In addition, cooperation with MontenegrinTelekom was expanded in the high-net-worth client segment. Software support for own sales network and obtaining consent for direct marketing were improved. Furthermore, an online calculator was launched, and partnerships with four banks selling life insurance products were renewed.

The Home ecosystem

A complex business model



For the sales network in **Serbia**, a portal to simplify taking out home insurance and automatically renewing home and comprehensive insurance was designed, an application for selling life insurance was launched and the underwriting process was automated.

In **Croatia**, sales folders were introduced to simplify selling products via the sales network, authorisations for faster issuance of insurance policies were revised and e-classrooms for sales channel training were updated. Vehicle inspection providers were given access to the B2B portal, where motor vehicle insurance can be taken out. The introduction of the interface has simplified the use of Croatian insurance comparison sites. Moreover, a life and health insurance sales portal was launched.

In **North Macedonia**, cooperation with reputable partners was enhanced: another partner bank obtained authorisation to sell insurance, new partnerships with banks were established for selling consumer loan insurance and home insurance products, and an agreement was made with the leading mobile operator for telecommunications equipment insurance and home insurance via the B2B platform. In cooperation with healthcare institutions, free PCR tests were provided to policyholders.

In the Federation of **Bosnia and Herzegovina**, cooperation with travel agencies was expanded. In Republika Srpska, the sales network development strategy was revised to include the goal of expanding the sales network to new regions, new regulations on the work of the sales network and its remuneration were adopted, and both the number of points of sale of own and external sales networks and their employees were increased.

In the markets where the Group is not directly present, focus was on the strategy of expanding the core business. The Group's business presence was enhanced especially in most EU Member States and the EEA, while establishing new business partnerships with partners from third countries. The Group's business operations are developed and expanded through agency cooperation with local partners and international brokerage companies, which increasingly recognise the high quality and flexibility of the Group's services. Reinsurance products for international business clients were added to the insurance offer for agency partners abroad, globalising the Group's operations and underwriting.

11.1.3 Development of insurance products and services

Focused on client needs and setting the standard for an outstanding user experience, the Company aimed for responsiveness, simplicity and reliability of its services, products and processes. The transfer of products and good practices within the Group continued, achieving synergistic effects backed by a unified market presence.

■ **Property and interest in property insurance:** In order to mitigate inflationary pressures and balance the claims ratio of some insurance subclasses, premium rates, coverage limits and sums insured for all property insurance products were adjusted. Fixed deductibles were increased and the discount on insurance premium was adjusted. Sums insured were revalued based on the latest data on inflation rates and the construction index. The agreed value insurance terms and conditions were replaced with new *special insurance terms and conditions for investments of companies in buildings and equipment*, thereby removing automatic immunity from underinsurance. Insurance bases for general liability insurance were fully revised. The COVID-19 insurance coverage in the context of

insurance for travel abroad was extended, and for auto-renewal insurance policies the sum insured under liability insurance was increased to EUR 100,000.

- **Motor vehicle insurance:** Insurance bases, premiums and tariff rates of motor vehicle insurance were adjusted to inflationary pressures and other needs. *Mini* roadside assistance insurance and roadside assistance insurance for goods vehicles with a maximum permissible weight over 3.5 tonnes was launched. Claims experience monitoring within the *Triglav komplet* system was designed, and the basis for awarding the *Triglav komplet Bonus* (TKB) was implemented. Insurance solutions continued to be developed for leasing service providers and vehicle importers (e.g. a multi-year policy for leasing-financed vehicles).
- **Agricultural insurance:** Insurance products were harmonised with the Decree on co-financing of insurance premiums for primary agricultural production and fisheries for 2022. With regard to fruit tree insurance against the risk of spring frost, risk assumption activities were increased and the scope of insurance guarantee for outdoor orchards was reduced. Sums insured, premiums, tariff rates, the amount of insurance guarantee and pet insurance premiums were adjusted to inflationary pressures. The development and adaptation of insurance solutions continued in the context of building the *Triglav Male Živali* (Pets) ecosystem.
- **Financial credit insurance:** Focus was on launching new and upgraded insurance products. With respect to credit insurance, the range of products for an individual assessment of whether to insure a credit was harmonised with regulatory amendments and modified criteria for determining creditworthiness. With regard to trade receivables insurance, advance payment insurance and factoring receivables insurance were adjusted to new market needs. A solution was developed for the approval of guarantees without expiry and for transactions involving long-term contracts (the energy sector).
- **Transport insurance:** The portfolio analysis resulted in changes to road carrier's liability insurance for road carriers transporting new and used road vehicles (increased surcharge and deductible, clearly specified guarantee for sub-carriers as a secondary guarantee). In terms of legal protection for goods vehicles, the premium for the part that covers the protection of the transport contract was reduced, thereby increasing the availability of the product to carriers having a large fleet.
- **Life and accident insurance:** In addition to upgrading *Fleks* unit-linked life insurance products, providing new investment options to clients and expanding the range of ETF funds, single premium unit-linked life insurance for bank clients and certain accident insurance products were upgraded. The redesign of the complementary accident insurance for children has made it possible for clients to opt for a higher sum insured and new risks (annuity, fractures, dislocations, burns and other injuries), as well as package or individual coverages and an additional benefit for families with three or more children. With the new coverages, the existing package offer of group accident insurance and accident insurance for the elderly was expanded and new coverages were added.
- **Health insurance:** The range of modular health insurance products for businesses was expanded to include *Diagnoza rak Kolektivno* (Group Cancer Diagnosis) and *Psihološka pomoč Kolektivno* (Group Psychological Support), while the range of specialist outpatient treatment products was upgraded with additional elements and coverages (e.g. the option of remotely determining the

existence of a medically justified indication for referral to specialist treatment via family physicians who have a contract with the insurance company). The range of specialist areas, tests and procedures was expanded.

To better meet client needs, many processes were upgraded (for example, additional providers were included in the system for direct ordering of healthcare services and the range of services that can be ordered electronically at any time was expanded) and the assistance application was regularly updated to optimise the operation of the assistance centre. Due to the growing need to expand the range of assistance products for various groups of policyholders and the related provision of services, the Triglav zdravje asistenca company was founded.

■ **Pensions:** The age classes of *Skupni pokojninski sklad* (Joint Pension Fund) guarantee funds were unified at Group level (*Skupni pokojninski sklad* (Joint Pension fund), *Skupina kritnih skladov Triglav PDPZ* (Triglav SVPI Guarantee Fund Group), *Skupina kritnih skladov Triglav pokojnine+* (Triglav Pensions+ Guarantee Fund Group)). This simplification, which will be implemented in early 2023, will also contribute to the reduction of the share of assets with a guaranteed return.

11.2 Transformation and digitalisation

Digitalisation and digital transformation are the key building blocks of the Group's new strategy period, aimed at providing clients with an outstanding user experience. The transformation is based on the unified management of client experience and digital business, which utilises self-service, digital sales and process automation. The latter also simplifies internal processes. Thus, several internal business processes were automated and digitalised using tools for robotic process automation (RPA).

In 2022, the network and server infrastructure was upgraded to ensure the stable, efficient and secure operation of information systems and services. As part of IT infrastructure centralisation, this project was completed at Triglav Osiguranje, Banja Luka. The goal is to include 11 companies in the Group's hybrid cloud by 2025, increasing the utilisation of equipment, obtaining additional security mechanisms and reducing maintenance costs. In developing the IT infrastructure, cloud services are used in all areas where this is reasonable and on-premise data centres are migrated to the hybrid cloud. A data centre was set up in the MS Azure cloud, enabling subsidiaries to migrate applications to the cloud.

By implementing the new AdlInsure 3 core information system as a strategic project, a single platform for non-life, life and health insurance is being built. Within its framework, the AdlInsure 3 sales portal for selling life insurance products was launched at the Croatian insurance company.

Core and support systems were upgraded to incorporate the new IFRS 17 accounting standard, while a uniform human resource system and intranet were implemented in companies in Slovenia

and most insurance companies outside Slovenia. By merging data from the Company's biggest registers, work was simplified and client experience was improved. Upon setting up the single business partners register, business partners' data from non-life and life insurance registers were collected in one place.

Due to the adverse economic situation, greater focus was on the recovery of insurance premium and the recovery of claims for unpaid rent.

Pilot project: hybrid workplace

Zavarovalnica Triglav launched a **hybrid workplace** pilot project, in which around 14% of employees participate. In the context of the project, the employer's premises are primarily intended for collaboration, networking and creative processes, while employees perform mental and routine tasks to a greater extent in a quiet environment in a remote (home) office. The premises are designed as a hybrid working environment with a flex space that includes integrated creative points for collaboration or individual work, designated areas for socialising, virtual areas for collaboration (video calls), quiet rooms for conversations, etc. Unassigned workspaces are also planned, which should gradually reduce the need for fixed workstations.



The situation during the COVID-19 pandemic changed the way employees work, therefore, where the nature of work allows it, **working from home was made possible**. In addition, efforts are being made to digitalise human resource employment procedures to the greatest extent possible in order to enable job candidates to apply digitally and conduct the first round of interviews online.

The Company's organisational structure is adapted to facilitate the realisation of its strategic guidelines and ambitions.

- The Council of Architects (to ensure the consistency of proposals for IT solutions with the target information system architecture) and
- the Council of Security Experts (to ensure systematic treatment of cyber risks) were established.
- By revising digital business segments and the operation of the digital platform, two organisational units were established:
 - the Digital Platform and Business Intelligence Division (the implementation and promotion of digital business, seeking new ways of doing business and defining requirements) and
 - the Digital Operations and Client Experience Division (the development of new technological solutions, the paths leading to them and the technological aspect of data preparation and analysis for making business decisions).
- The Cyber Resilience Department (safe operation of information systems and data security, ensuring confidentiality, integrity and availability of information) was established.
- A more extensive overhaul of the non-life insurance claim segment was also aimed at digitalisation, automation and simplification of processes.

In Croatia, many activities were focused on the introduction of the euro as of 1 January 2023.

The transformation of digital solutions and services continued, especially the upgrade of the digital platform for easy-to-use electronic client service. Key acquisitions are in line with the latest digitalisation trends:

- the new i.triglav mobile application (a one-stop shop for clients, where they can arrange most matters related to insurance contracts and receive other services);
- inclusion of clients in the i.triglav digital office, also via the SI-PASS and Rekono identity verification services and a multi-level access for clients (services depending on the client identification method);
- management of several vehicles and measurement of driving with motorcycles in the DRAJV application;
- redesigned websites of eight insurance companies outside Slovenia as well as Triglav Skladi and Triglav Svetovanje (uniform user experience across all websites and applications of the Group insurance companies and personalised content for registered users);
- the TRIA virtual assistant (user help and answers to questions about the Company's products and services, personalised services or information for registered users);
- advanced analytics and artificial intelligence were integrated into client service processes (faster decision-making when selling services);
- prepared and consolidated data in the Synaps system (improved reporting quality).

11.3 Development activities related to asset management

A more advanced and simpler experience was ensured to both the internal and external users of **Triglav Skladi**'s services, thereby strengthening the company's competitive position. Priority was given to the company's sustainability (ESG) strategy, which was first implemented in the context of discretionary mandates, and to the adaptation of data sources for the pursuit of sustainable investment policies. In addition, the Sustainable Business Policy was adopted and the Key Indicators of Sustainable Business were defined.

By incorporating the company's offer of savings plans into **the Triglav Group's komplet single loyalty programme**, clients can receive additional benefits when taking out non-life insurance. The company's website was redesigned, adapting it to digital marketing.

All five investment policies were updated, which are also the basis for *Aktivni naložbeni paketi* (Active Investment Packages), designed for the clients to actively manage and individually adjust their investment strategy in the context of unit-linked life insurance. The company's IT system was integrated into Zavarovalnica Triglav's environment. The server infrastructure was centralised, business processes were digitalised, the data warehouse was upgraded and reporting dashboards for making business decisions were established. The sales funnel in the automated marketing tool was synchronised with the MS Dynamics CRM platform, improving the monitoring and treatment of sales leads and clients at all interaction points, to which the automated communication was also adapted.

The implementation of the new SimCorp Dimension platform for fund management and discretionary mandates, as well as the effective digital implementation of business processes will be completed in 2023.

The subsidiary **Triglav Fondovi, Sarajevo** upgraded its range of products and services in 2022. With two new mutual funds, it has effectively positioned itself in the segment of investing investor assets in open-end investment funds.

At **Triglav, pokojninska družba**, a new version of the IN2 Delta investment information system was implemented (in addition to easier monitoring of portfolios, it enables the preparation of materials and ongoing simulations to ensure guaranteed profitability) and comprehensive management of a group of new Triglav pokojnine+ lifecycle guarantee funds was established.

The platform for investing in alternative investments continued to be developed by Triglav, further expanding its range of alternative investment classes. In order to increase the return on portfolios, the exposure of alternative investment classes in relation to the risks assumed was slightly increased, while maintaining high portfolio liquidity.

Non-financial statement

Sustainability (ESG) aspects of business are integrated in the Triglav Group's very mission and strategic guidelines. They are continuously incorporated in business processes, thereby upgrading them, while at the same time promoting the transition to a sustainable society. The Group joined the efforts and commitments for sustainable business and mitigating climate change and adopted the Triglav Group's strategic ambitions in sustainable development (ESG).

For reporting on environmental, social and management aspects, the Group uses Global Reporting Initiative (GRI) standards and their specific guidelines for the financial sector, Sustainability Accounting Standards Board (SASB) standards and an overview of the Group's progress in contributing to the achievement of the United Nations Sustainable Development Goals (SDGs). The integrated Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2022 is thus in line with the requirements of the Companies Act (ZGD-1), which requires public interest entities with an average number of employees greater than 500 on the balance sheet cut-off date to include a non-financial statement in their business report. This content is presented in an integrated way throughout the whole annual report.

- The information on environmental, social and employee matters, respect for human rights, and anti-corruption and bribery matters, as well as the description of the policies and results of the policies in these areas are presented in Section [12. Sustainable development at the Triglav Group](#).
- The main risks related to the abovementioned areas are presented in the context of [Risk Management](#), Section [11. Development activities](#) and Section [12. Sustainable development at the Triglav Group](#).
- A description of the Group's business model or value creation model is presented in Section [2. Triglav Group and Zavarovalnica Triglav in 2022](#).
- A description of the diversity policies implemented in relation to administrative, management and supervisory bodies is presented in Section [5. Corporate Governance Statement](#).
- The disclosures required by the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 concerning the proportion of exposures to taxonomy non-eligible and taxonomy-eligible economic activities are described in Section [12. Sustainable development at the Triglav Group](#).

Andrej Slapar
President of the Management Board



Uroš Ivanc
Member of the Management Board



Tadej Čoroli
Member of the Management Board



Marica Makoter
Member of the Management Board



Blaž Jakič
Member of the Management Board





Our concern for occupational safety and health: good national and European practices



Zavarovalnica Triglav received a national award from the Ministry of Labour, Family, Social Affairs and Equal Opportunities for the effective prevention and management of work-related musculoskeletal disorders and the comprehensive regulation of occupational health and safety.

A holistic view of employees' health

The message that raises awareness about the importance of having a correct posture when using a computer is only part of the wide-ranging care shown by Zavarovalnica Triglav for the health of its employees.

»We couldn't have wished for a better celebration of the ten-year anniversary,« said Duša Lindtner, who leads a committed team of the Triglav.smo – Protecting Health programme, upon receiving a national and European award for good practice. With many activities and benefits for employees, the programme promotes a healthy lifestyle and a good work-life balance. In addition, authorised occupational medicine specialists participate in the programme with the aim of co-creating in-house health content and provide their services for the well-being of each individual.

The European Agency for Safety and Health at Work (EU-OSHA) awarded Zavarovalnica Triglav a good practice award for its strategic approach to the management of occupational safety and health and its contribution to the effective elimination of musculoskeletal disorders.

12. Sustainable development at the Triglav Group

- Implementing the Triglav Group's strategic ambitions in sustainable development (ESG).
- In the context of its insurance business, the Group develops sustainability-oriented products and services and increases the premium written from products promoting general social and environmental benefits, including energy efficiency and low-carbon technology.
- The share of green, social impact and sustainable bonds rose to 10%.
- The Group's Triglav Zeleni equity fund complies with Article 8 of EU regulation on sustainability-related disclosures in the financial services sector.
- Employee satisfaction was maintained at a high level, and client satisfaction was further improved.
- The Scope 1 and Scope 2 carbon footprint decreased by 13%. A total of 63% of electricity for the Group was obtained from renewable energy sources.
- Preventive health activities were strengthened. For the effective prevention and management of work-related musculoskeletal disorders, Zavarovalnica Triglav was awarded an EU-OSHA Healthy Workplaces Good Practice Award.
- Commitment to respect human rights in business operations was incorporated into business processes. Due diligence of respect for human rights is carried out on a regular basis as part of risk assessment.

12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group

The implementation of the Group's mission was closely linked with its pursuit of sustainability goals, thereby creating a long-term stable basis for its profitable and safe operations, promoting the transition to a sustainable society and reducing its impact on climate change. At the end of 2021, an action plan for sustainable business, including key strategic activities and legislative requirements for individual departments and divisions, was adopted.

At Group level, sustainability-related activities are coordinated and directed by the Sustainable Development Coordinator, monitored by the Compliance and Sustainable Development Committee and decided on by the parent company's Management Board.

The ambitions regarding the ESG goals for 2025 are achieved in four key areas:

■ Insurance and asset management

In the Triglav Group's investment portfolio, the share of green, sustainable and social impact bonds was further increased (see Section [7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav](#) for more details). In early 2022, by joining the Partnership for Carbon Accounting Financials (PCAF), the Group committed to publish the carbon footprint of at least one asset class over a three-year period. The Triglav Zeleni sustainability equity fund, which complies with Article 8 of EU regulation on sustainability-related disclosures in the financial services sector, has been available to clients for several years (See Section [7.11 Asset management](#) for more information).

In the insurance segment, products are designed that promote social and environmental benefits, such as solar power plant insurance, micromobility insurance, electric and hybrid vehicle insurance, agricultural insurance with an emphasis on local production and improving crop protection against drought. With the aim of ensuring that the Group's range of insurance products complies with Regulation (EU) 2017/2358, an internal methodology was developed to assess their sustainability. To better manage sustainability risks at Group level, monitoring of the insurance portfolio of legal entities according to the European classification of economic activities (NACE) was set up.

■ Own business processes

The Group's Scope 1 and Scope 2 carbon footprint decreased by 13% in 2022. In light of the energy crisis and care for the environment, efforts were made to raise employees' awareness about energy conservation and the importance of sustainable practices. As part of our carbon footprint calculation and the promotion of sustainable mobility, a survey was conducted among employees about how they commute to work. In 2022, first investments were made in solar panels to provide for partial energy self-sufficiency. The share of electric and hybrid vehicles in the fleet was increased. The Group companies took many additional measures related to digitalisation and paperless operations, enabling the Group to reduce overall paper consumption. The total quantity of waste generated at Group level fell by 6%.

■ Responsible stakeholder engagement

Employee and client satisfaction remained high in 2022. The concept of flexible working is being implemented with the aim of improving employees' work-life balance and expanding programmes promoting health and well-being, while providing for multidimensional diversity and the development and training of employees. The Group will continue to participate in social responsibility and environmental projects, enter into partnerships and give donations. In early 2022, together with partners from the fields of sports, culture, healthcare, prevention and the economy, the Insure Our Future project was launched, dedicated to raising awareness about the 17 United Nations Sustainable Development Goals (SDGs). Sustainability aspects began to be incorporated into the execution of some events (Triglav Run, Our Day). An important part of employee training takes place in digital format.

■ Effective corporate governance

The Triglav Group achieves high corporate governance standards, while improving the public disclosures of its sustainable business and operations. In 2022, Triglav Funds adopted the Sustainable Business Policy and defined the Key Indicators of Sustainable Business. To make sure that its efforts in sustainable development are visible and communicated properly, it is a signatory to selected international initiatives (UN PSI, UNEP FI and PCAF, disclosures are made in accordance with the GRI and SASB sustainability standards). The Group disclosed through CDP's climate change questionnaire for the second year in a row.

See Section [4. Triglav Group strategy and plans](#) for more details about the achievement of strategic ambitions in sustainable development (ESG). At Group level, sustainability-related activities are coordinated and directed by the Sustainable Development Coordinator, monitored by the Compliance and Sustainable Development Committee and decided on by the parent company's Management Board.

Sustainable development milestones of Zavarovalnica Triglav and the Triglav Group





The Group's sustainable development goals

Transition to a climate-neutral and resilient circular economy

↓1.86

tCO₂ (the carbon footprint) per employee in the Group and 2.10 tCO₂ at Zavarovalnica Triglav (Scopes 1 and 2)



95%

of electricity consumed at Zavarovalnica Triglav comes from renewable sources (63% at Group level)

↑20%

rise in premium written by the Group from products with environmental and social impacts

Responsible stakeholder and community engagement

= 4.00

the ORVI index, high employee satisfaction

↑77

NPS for the Group, ↑76 NPS for Zavarovalnica Triglav – high client satisfaction



1 billion

km driven with the DRAJV safe driving application

Effective corporate governance

41%

of women at first and second management levels under the Management Board, 24% of women in management and supervisory bodies



Policies adopted to integrate ESG aspects into operations

Engagement

of the Compliance and Sustainable Development Committee and the Sustainable Development Coordinator in sustainability risk management



Environmental, social and governance factors (ESG) included in investment processes with the aim of ensuring long-term profitable investments (the sustainability aspect of the investment policy)

Integrating ESG aspects into product development and the execution of own business processes. By 2025, to reduce the carbon footprint (Scopes 1 and 2) of own activities per employee using the location-based method by 15%. Implementing the European Green Deal on carbon neutrality by 2050.

Maintaining high employee and client satisfaction. Developing an open culture of diversity and cooperation. Promoting projects that contribute to the achievement of the United Nations Sustainable Development Goals (SDGs).

Upgrading high corporate governance standards by integrating ESG aspects and effectively managing sustainability risks.

Increasing the scope of public disclosures related to main aspects of sustainable business (according to GRI, SASB, CDP/TCFD methodologies).

To double the share of social impact, green and sustainable bonds in debt securities by 2025.

12.2 Key stakeholders²⁸

The Group's identified key stakeholders are **clients, employees, suppliers and partners, shareholders and investors, state and supervisory bodies, local communities and the media**. They are proactively included in the Group's operations, thereby strengthening mutual trust and understanding.

Their needs and interests are identified through mutual relationships at strategic and operational levels. In doing so, the Company measures reputation, satisfaction and Net Promoter Score (NPS), monitors regulatory changes and implements their requirements and recommendations, analyses complaints and compliments, maintains daily contact with investors and clients, regularly communicates with the media and so on.

In addition, it regularly monitors interests, opinions and proposals by **analysing the needs and interests of stakeholders**, which is also used to examine the desired disclosures. See Section [2.4 About the report](#) for more information.

Gained knowledge and guidelines are taken into account as much as possible in the Group's business and operations.

Highlighted topics and methods of stakeholder engagement

Stakeholders	Key interests	Engagement method	Engagement results
Clients	<ul style="list-style-type: none"> ■ Understanding the needs of clients ■ Rapid claim settlement ■ Innovative financial and insurance products and services ■ Client-tailored insurance products – throughout the entire lifecycle ■ Economic stability of the Company ■ Clear terms and conditions ■ Quality insurance and financial products and services ■ A broad range of quality assistance services ■ Sustainable development of the Company ■ Financial literacy ■ Digital ways of doing business and an easy-to-use online presentation of products/services ■ Raising awareness of users about risky behaviour and promoting prevention 	<ul style="list-style-type: none"> ■ Personal contact with insurance experts, asset managers ■ Recording complaints and compliments and responding thereto ■ Email ■ Telephone conversations ■ Opinion polls and surveys ■ Websites, blogs and e-newsletters ■ Social networks ■ Mobile applications ■ Marketing communication 	<ul style="list-style-type: none"> ■ 610,569 telephone conversations in Zavarovalnica Triglav's call centres. ■ 164,126 replied electronic messages at Zavarovalnica Triglav. ■ More than 29,000 subscribers to the newsletters <i>Vozim se</i> ('I'm driving) and <i>Vse bo v redu</i> ('Everything Will Be Alright). ■ 132,694 users of the i.triglav digital office. ■ More than 115,000 regular users of the <i>Vse bo v redu</i> and the <i>Vozim se</i> portals. ■ Improved NPS of the Group by 4 points and of Zavarovalnica Triglav by 3 points. ■ 299,885 processed claim files by Zavarovalnica Triglav, of which 266,433 were newly registered in 2022. ■ 3,429 complaints and 52 compliments in Zavarovalnica Triglav (according to the number of claims at Zavarovalnica Triglav and Triglav, pokojninska družba, the rate of complaints was 1.22% compared to 1.30% in 2021).²⁹
Employees	<ul style="list-style-type: none"> ■ Internal culture of cooperation ■ Rewarding of performance ■ Personal and professional development ■ Career advancement system ■ Information about important milestones and changes in the Company ■ Business strategy ■ Work-life balance ■ Education and additional training ■ Care for safety and health ■ Employee loyalty 	<ul style="list-style-type: none"> ■ Management participation (the works council, trade unions, employee representatives in the supervisory boards) ■ Career development and training system ■ Measurement of organisational vitality ■ Opinion polls and surveys ■ Triglav.smo programme ■ In-house print and online media ■ In-house events, professional training, sports and recreational events ■ Personal contact ■ Email 	<ul style="list-style-type: none"> ■ 4.00 – the ORVI index maintained at the same level ■ 24% of employees are members of the Triglav Group mountaineering and sports clubs. ■ Supplemental pension insurance for 59% employees of the Group and 95% of the Company. ■ The group insurance package Comprehensive Medical Care (Celostna zdravstvena oskrba – CZO), in which 50% of all employees of the Group and 83% of the parent company are included. ■ 33 training hours per employee at Group level.
Shareholders/investors	<ul style="list-style-type: none"> ■ Business strategy and its implementation ■ The Group's operations, financial position and plans ■ The implementation of the dividend policy and ZVTG share profitability ■ Capital adequacy and risk management ■ Implementation of growth and development activities ■ Performance by particular market, situation in the markets and outlook ■ Corporate governance and sustainable operations ■ Cost-effectiveness ■ Achievement of the target credit rating ■ Effective organisation and governance of the Group 	<ul style="list-style-type: none"> ■ General Meetings of Shareholders ■ Sessions of the Supervisory Board and its committees ■ Quality and up-to-date information on the SEOnet ■ Information provided as presentation for investors ■ Active contact and relations with institutional investors (investor conferences, individual meetings, conference calls) ■ Organised presentations for shareholders natural persons and provision of information (by email and telephone) ■ Corporate website, LinkedIn and Twitter ■ Minority shareholders' associations 	<ul style="list-style-type: none"> ■ 77% of all voting rights at the annual General Meeting of Shareholders. ■ The Company provides organised collection of proxies to vote at the General Meeting of Shareholders. ■ 28 publications of controlled information (all in Slovenian and English). ■ 11 events held for institutional investors. ■ 2 organised presentations for retail investors. ■ Cooperation with minority shareholders' associations. ■ An available financial calendar of all key announcements. ■ An available calendar of events for investors.
State and supervisory bodies	<ul style="list-style-type: none"> ■ Ensuring capital adequacy ■ Safety of policyholders and/or users of insurance services ■ Efficient risk management system ■ Compliance of operations and insurance and financial services and products ■ Complying with all obligations of a public company ■ Responsible and sustainable operations 	<ul style="list-style-type: none"> ■ Regulatory reporting (to the Insurance Supervision Agency, the Securities Market Agency) ■ Regular reviews by inspection and supervisory bodies ■ Audits by certified auditors 	<ul style="list-style-type: none"> ■ 4 complaints with respect to personal data protection at the Triglav Group, 3 of which were partially grounded. ■ 886 fraud cases confirmed out of 1,651 reported cases of suspected insurance fraud insurance.
Suppliers	<ul style="list-style-type: none"> ■ Long-term cooperation ■ Reliable and timely payments ■ Upgrading the existing cooperation ■ Delivery times, prices of services and goods ■ Delivery of environmentally friendly material ■ Paperless operations 	<ul style="list-style-type: none"> ■ Public tenders and competitions ■ Working meetings ■ Email and electronic operations ■ Telephone conversations ■ Assessment of suppliers according to ESG criteria 	<ul style="list-style-type: none"> ■ 419 assessments of suppliers according to regulatory and expanded sustainability criteria, which confirmed that they respect employees' rights, human rights and environmental legislation.
The local and wider community	<ul style="list-style-type: none"> ■ Traffic safety ■ Fire safety ■ Health protection and care ■ Co-development of projects in the areas of culture, sport, prevention, health, art, charity ■ Infrastructure investments ■ Access to services for people with various disabilities ■ Insurance and financial literacy ■ Fair business practices ■ Disaster relief 	<ul style="list-style-type: none"> ■ Partnerships with non-profit organisations and educational institutions and execution of joint projects ■ Joint projects with local communities, particularly in traffic safety ■ Funds allocation system for sponsorships and donations ■ Cooperation with local decision-makers ■ Email ■ Telephone conversations 	<ul style="list-style-type: none"> ■ Involvement of over 160 partners in the Insure Our Future project, with the aim of raising awareness about the United Nations Sustainable Development Goals. ■ Support for 127 young talents in ten years of the Young Hopes project, to which over EUR 500,000 was allocated. ■ 2,000 motorcyclists attended safe driving workshops over nine years. ■ A total of 75 events, training sessions, workshops, seminars and video recording sessions to promote insurance literacy, risk awareness, presentation of products and services were held. ■ 24 sponsored top athletes in Slovenia. ■ EUR 4.1 million for prevention activities, EUR 5.1 million for sponsorships and EUR 1.1 million for donations. ■ 12 speed display signs installed, co-financed by Zavarovalnica Triglav in 2022.
Media	<ul style="list-style-type: none"> ■ Transparent information about the operations, events and changes in the Triglav Group ■ Information about insurance and financial products and services ■ Cooperation with local and broader communities ■ Professional insurance and financial topics 	<ul style="list-style-type: none"> ■ Press releases and statements ■ Meetings with media representatives ■ Answers and explanations ■ Email ■ Telephone conversations ■ Websites 	<ul style="list-style-type: none"> ■ 63 press releases by Zavarovalnica Triglav. ■ 178 answers to the questions of the press by Zavarovalnica Triglav. ■ 6,972 publications related to key topics about the Triglav Group in the media.

12.3 Environmental aspects

12.3.1 Protection of the environment in business processes³⁰

In line with its strategic ambitions, the Group reduces its impact on the natural environment primarily through the efficient use of energy and by limiting greenhouse gas emissions. It strives for careful waste management, lower consumption of water and other resources. Its employees and partners are regularly reminded to act responsibly towards the natural environment, making them aware of its importance.

Among the goals set out in the Group's strategic ambitions relating to sustainable development is a **higher share of electric and hybrid vehicles**. In 2022, they accounted for 8% of all company vehicles in the Group (compared to 4% in the previous year), while at the parent company this share increased from 11% to 18%.³¹ At Group level, 40 electric and 10 hybrid vehicles and 24 company bicycles are available to employees, which they used to travel to 1,100 business obligations; in addition, 33 electric scooters are available for short trips. In Ljubljana, employees are able to use the car sharing service **to travel between the Company's three locations**, thereby gradually replacing company vehicles with low mileage.

The Group's employees are invited to use the DRAJV application to reduce fuel consumption and travel safely, providing them with training in safe driving courses and encouraging them to use a bicycle. Paper consumption is reduced by developing software, through electronic archiving and digitalisation of business processes (paperless operations, encouraging employees to use e-signing and reduce the use of printers). The quantity of plastic waste is reduced by using company mugs and water bottles. In 2022, 62% of all training sessions were held digitally (compared to 19% before the COVID-19 pandemic).



In North Macedonia, free use of a replacement electric car was offered to clients with comprehensive car insurance while their car was being repaired.

In 2022, the Company also carried out teambuilding programmes, which contributed to the quality development of the community, e.g. the playground at a kindergarten was renovated and arrangements were made with the associations that will be the Company's partner in organising volunteer activities for employees.

In the supplier selection process, the suppliers' sustainable business practices are checked (see Procurement practices in Section [12.4.4 Responsibility to suppliers](#)).

12.3.2 Carbon footprint³²

In 2022, the Group's carbon footprint (Scopes 1 and 2) was **reduced** by 13% compared to 2021, and by 14% compared to the 2019 base year. The Group's largest source of GHG emissions are Scopes 1 and 2 taken together (a 50% share). They are created by the consumption of electricity, district heating, heating fuel and motor fuel for cars owned or under operational lease by the companies included in the calculation.

Taken separately, **Scope 1 carbon footprint** increased by 12% at Group level in 2022 compared to the year before due to higher fuel consumption by company vehicles. At Zavarovalnica Triglav it increased by 14%. Compared to the 2019 base year, Scope 1 carbon footprint at Group level rose by 2%.

Compared to the previous year, **Scope 2 carbon footprint** fell by 20% at Group level in 2022 according to the location-based method and by 11% at Zavarovalnica Triglav. In 2021, the Company only purchased electricity from renewable sources for premises owned, therefore the Group's Scope 2 carbon footprint decreased by 27% according to the market-based method, which takes into account emission factors obtained from the energy supplier, and that of the Company by 11%. The share of green electricity for the premises owned by the Company was 100%. Compared to the 2019 base year, Scope 2 carbon footprint at Group level according to the location-based method decreased by 20%.

Scope 3 carbon footprint at Group level was 33% higher in 2022 compared to the previous year, and 3% lower compared to 2019. The largest share in 2022 was accounted for by employees commuting to work, business trips and purchases of computer equipment. Emissions from business trips rose by 30% at Group level by 22% at the parent company, because the number of business trips in the past two years was lower due to the COVID-19 pandemic. Emissions from employees commuting to work increased by 56% at Group level and by 37% at the parent company.

³⁰ GRI 3-3, 306-2 | ³¹ The total number of company vehicles includes all vehicles owned by the Company or under operating lease, including the vehicles used for private purposes. Due to a change in methodology, the share for the past year is lower than published in the Annual Report of the Triglav Group and Zavarovalnica Triglav for 2021. | ³² GRI 3-3, 305-1, 305-2, 305-3

Overview of the carbon footprint of the Triglav Group by scope

Quantities of specific activities	GHG emissions in tCO ₂ e				Index		
	2022	2021	2020	2019	2022/2021	2021/2020	2022/2019
Scope 1 – Direct GHG emissions	2,836	2,526	2,139	2,790	112	118	102
- Scope 1.1 – Consumption of energy products from own capacities	580	458	557	810	127	82	72
- Scope 1.2 – Fuel consumption of company cars	2,257	2,068	1,582	1,981	109	131	114
Scope 2 – Indirect GHG emissions (location-based)	7,020	8,773	8,463	8,728	80	104	80
Scope 2 – Indirect GHG emissions (market-based)	4,248	5,849	8,243	7,986	73	71	53
Scope 3 – Other direct GHG emissions	9,814	7,377	7,028	10,098	133	105	97
- Business travel (plane, train, bus, car)	1,430	1,101	1,125	1,963	130	98	73
- Purchase of computer equipment	848	917	909	705	92	101	120
- Waste management	196	195	172	47	100	113	419
- Employee commuting to work	7,036	4,501	4,207	6,565	156	107	107
- Paper consumption – internal	130	128	338	431	101	38	30
- Paper consumption – external	165	526	254	364	31	207	45
- Water consumption	10	9	23	24	116	38	42
Total Scope 1–2 GHG emissions	9,857	11,299	10,602	11,518	87	107	86
Total Scope 1–3 GHG emissions	19,671	18,677	17,630	21,617	105	106	91
Carbon footprint (Scope 1–2) per employee	1.86	2.09	1.95	2.13	89	107	88

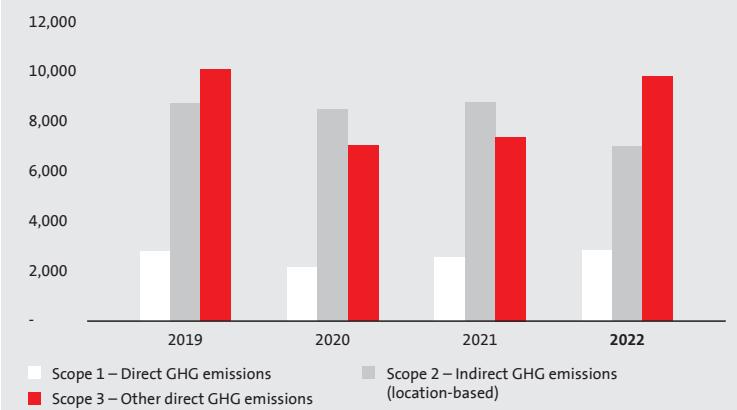
Following the change in data capture, the data for 2019, 2020 and 2021 were adjusted.

Overview of the carbon footprint of Zavarovalnica Triglav by scope

Quantities of specific activities	GHG emissions in tCO ₂ e				Index		
	2022	2021	2020	2019	2022/2021	2021/2020	2022/2019
Scope 1 – Direct GHG emissions	693	605	587	938	114	103	74
- Scope 1.1 – Consumption of energy products from own capacities	180	187	178	393	96	105	486
- Scope 1.2 – Fuel consumption of company cars	513	419	409	546	123	102	94
Scope 2 – Indirect GHG emissions (location-based)	4,004	4,503	4,351	4,379	89	103	91
Scope 2 – Indirect GHG emissions (market-based)	1,416	1,589	4,173	4,318	89	38	33
Scope 3 – Other direct GHG emissions	5,608	4,634	4,013	5,565	121	115	101
- Business travel (plane, train, bus, car)	1,053	861	886	1,369	122	97	77
- Purchase of computer equipment	443	602	398	315	74	151	141
- Waste management	78	85	68	20	92	125	396
- Employee commuting to work	3,837	2,791	2,393	3,463	132	117	111
- Paper consumption – internal	48	63	49	69	77	128	70
- Paper consumption – external	146	229	209	322	64	109	45
- Water consumption	3	3	8	8	96	34	32
Total Scope 1–2 GHG emissions	4,697	5,109	4,939	5,317	92	103	88
Total Scope 1–3 GHG emissions	10,305	9,743	8,951	10,882	106	109	95
Carbon footprint (Scope 1–2) per employee	2.10	2.14	2.09	2.23	98	102	94

Following the change in data capture, the data for 2019, 2020 and 2021 were adjusted.

Comparison of the quantity of Scopes 1, 2 and 3 carbon footprint in 2019–2022



The Triglav Group's carbon footprint calculation was prepared in accordance with the methodology for calculating Zavarovalnica Triglav's and the Triglav Group's carbon footprint, defining in greater detail the scope and limits, the method of data collection and analysis, and emission factors. For year-on-year comparisons and setting targets to reduce the carbon footprint, 2019 was set as the base year, when the epidemic situation had not yet affected the total volume of greenhouse gas emissions (GHG). The carbon footprint calculation according to the location-based method includes all Group companies that are fully consolidated and have office space or employees and therefore meet the materiality criterion.

The methodology follows the guidelines of the internationally recognised Greenhouse Gas Protocol and takes into account the release factors of the international database, which classifies emissions into three scopes (Scopes 1, 2, 3). The calculation of the Group's carbon footprint included the following scopes and categories of emissions:

- **Scope 1:** direct emissions from sources owned or controlled by the company (e.g. boilers, stoves, painting chambers, company vehicles) and fugitive emissions associated with air-conditioning units.
- **Scope 2:** indirect emissions resulting from purchased district heating and electricity.
- **Scope 3:** indirect emissions resulting from business trips by air, train, bus and car not owned or leased by the company, from purchases of IT equipment, generated waste, employee commuting, consumption of paper and water.

Based on an independent verification carried out in accordance with the ISO 14064-3 standard, the verifier, SIQ Ljubljana, gave a **positive opinion** on the carbon footprint report of Zavarovalnica Triglav d.d. and the Triglav Group and confirmed that the report:

- was prepared in accordance with the GHG protocol for GHG emission reporting (Scopes 1 and 2 emission reporting guidelines),
- was correct in terms of content and fairly presents GHG data (Scopes 1 and 2) from 1 January 2022 to 31 December 2022 for Zavarovalnica Triglav d.d. and the Triglav Group.

Use of energy products

The Group consumed 1,787 tonnes of oil equivalent (TOE) of energy on heating, cooling, lighting and electrical and electronic equipment, down by 2% relative to 2021, while the Company reduced its energy consumption by 6%. At the parent company, consumption of gas, electricity and water for heating decreased the most, whereas fuel oil consumption increased the most.

The Company launched a project to install solar power plants on some roofs of its commercial buildings, which together will cover around 8% of its total electricity needs. In Ljubljana (at Dunajska cesta 22), thermostatic valves for central temperature regulation were installed and the basic infrastructure for a higher number of electric cars was built. The guidelines aimed at reducing the consumption of energy products used for heating and cooling as well as electricity in general were taken into account in each renovation of the Group's business premises. LED lighting is installed in all new business premises and on advertising signs (see sections [12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group](#) and [7.10 Investment in own-use real property and equipment](#) for more information).

Use of energy products at the Triglav Group and Zavarovalnica Triglav in energy product unit³³

Quantities	Energy product unit					Index		
	2022	2021	2020	2019	2022/2021	2021/2020	2022/2019	
Triglav Group								
Heating water	kWh	4,618,841	4,967,025	4,359,684	4,411,103	93	114	105
Fuel oil	L	29,410	27,388	57,342	89,790	107	48	33
Gas	kWh	2,221,206	1,656,589	1,660,892	2,581,140	134	100	86
Wood pellets	kg	49,030	51,810	47,000	26,000	95	110	189
Electricity	kWh	13,353,852	14,086,990	12,841,319	13,382,997	95	110	100
Green electricity	kWh	8,448,791	8,466,599	345,961	117,659	100	2,447	7,181
Green electricity	%	63.3	60.1	2.7	0.9	105	2,234	7,190
Zavarovalnica Triglav								
Heating water	kWh	3,843,000	4,045,257	3,629,474	3,741,053	95	111	103
Fuel oil	L	15,520	7,760	6,126	23,414	200	127	66
Gas	kWh	723,129	879,589	843,736	1,732,335	82	104	42
Wood pellets	kg	0				0	0	0
Electricity	kWh	8,330,044	8,890,970	8,438,062	8,404,232	94	105	99
Green electricity	kWh	7,913,093	8,446,421	345,961	117,659	94	2,441	6,725
Green electricity	%	95.0	95.0	4.1	1.4	100	2,317	6,785

Following the change in data capture, the data for 2019, 2020 and 2021 were adjusted.

Use of energy products at the Triglav Group and Zavarovalnica Triglav in tonne of oil equivalent (TOE)

Triglav Group	TOE (ton equivalent)					Index		
	2022	2021	2020	2019	2022/2021	2021/2020	2022/2019	
Triglav Group								
Hot water	397	427	375	379	93	114	105	
Fuel oil	25	24	49	77	107	48	33	
Gas	196	146	147	228	134	100	86	
Wood pellets	20	21	19	11	95	110	189	
Electricity	1,148	1,211	1,104	1,006	95	110	114	
Green electricity	726	728	30	8	100	2,447	8,976	
Total	1,787	1,829	1,694	1,701	98	108	105	
Zavarovalnica Triglav								
Hot water	330	348	312	322	95	111	103	
Fuel oil	13	7	5	20	200	127	66	
Gas	64	78	74	153	82	104	42	
Wood pellets	0				0	0	0	
Electricity	716	764	726	578	94	105	124	
Green electricity	680	726	30	8	94	2,441	8,407	
Total	1,124	1,197	1,117	1,073	94	107	105	

Following the change in data capture, the data for 2019, 2020 and 2021 were adjusted.

³³ The calculation for a tonne of oil equivalent (toe) is based on the assumption that 10 kWh of electricity are generated from one litre of fuel oil and 9.5 kWh from a m³ of natural gas. GRI 302-1.

Waste management³⁴

Compared to the year before, the total quantity of waste generated in 2022 decreased by 6% at Group level and by 18% at the Company. The share of recycled waste increased to 29.7% at Group level and 37.1% at the Company.

This year, too, the consumption of paper for internal purposes was reduced. The average daily consumption of office paper (A4 and A3 formats) in sheets per employee fell to 19 at Group level (compared to 20 in 2021) and to 18 at the Company (compared to 23 in 2021).

Waste separation and disposal depends on the waste management system at the local level or at the level of the country in which the Group members operate. Full waste separation is carried out in Slovenia, whereas in other countries waste separation and disposal is not yet fully regulated, therefore the quantity and type of waste are often not available. In commercial buildings in Slovenia, employees are encouraged in various ways to use less packaging and better separate waste. In 2022, the subsidiary company in Serbia adopted a waste management plan, which implemented the monitoring of waste-by-waste separation category and type of waste disposal.



Employees are encouraged to use less packaging and better separate waste in a variety of ways.

Waste management at the Triglav Group and Zavarovalnica Triglav

	Unit	Triglav Group					Index	
		2022	2021	2020	2019	2022/2021	2021/2020	2022/2019
Paper	kg	76,124	71,139	113,209	85,443	107	63	89
Biological waste	kg	36,107	24,669	12,968	12,567	146	190	287
Packaging	kg	66,008	57,883	43,677	53,328	114	133	124
Glass	kg	3,903	1,438	11,093	5,396	271	13	72
Mixed waste	kg	430,833	431,965	346,780	415,353	100	125	104
Electrical equipment and other	kg	825	64,455	135,026	5,861	1	48	14
Total recycled waste	kg	182,142	155,129	180,947	156,734	117	86	116
Total waste intended for removal	kg	431,658	496,420	481,806	421,214	87	103	102
Total waste generated	kg	613,800	651,549	662,753	577,948	94	98	106
Water consumption	m ³	68,086	58,659	65,700	68,847	116	89	99
Waste in ton/employee	kg	116	124	125	109	94	99	106

	Unit	Zavarovalnica Triglav					Index	
		2022	2021	2020	2019	2022/2021	2021/2020	2022/2019
Paper	kg	34,495	35,806	65,319	38,818	96	55	89
Biological waste	kg	30,026	20,727	10,059	9,849	145	206	305
Packaging	kg	35,366	37,120	24,851	29,929	95	149	118
Glass	kg	667	651	7,546	971	102	9	69
Mixed waste	kg	170,202	174,971	137,730	180,327	97	127	94
Electrical equipment and other	kg	275	64,000	134,958	5,852	0	47	5
Total recycled waste	kg	100,554	94,304	107,775	79,567	107	88	126
Total waste intended for removal	kg	170,477	238,971	272,688	186,179	71	88	92
Total waste generated	kg	271,031	333,275	380,463	265,746	81	88	102
Water consumption	m ³	18,347	19,116	23,342	23,071	96	82	80
Waste in ton/employee	kg	121	148	170	118	82	88	103

Paper consumption at the Triglav Group and Zavarovalnica Triglav

Triglav Group	Paper consumption in kg					Index	
	2022	2021	2020	2019	2022/2021	2021/2020	2022/2019
Total paper consumption*	321,002	725,961	629,639	817,114	44	115	39
Paper consumption by employees (A4 and A3)	131,356	133,990	312,769	369,200	98	43	36
Average daily office paper consumption per employee (sheets)	19	20	45	53	98	43	36
Zavarovalnica Triglav	2022	2021	2020	2019	2022/2021	2021/2020	2022/2019
Total paper consumption*	211,006	317,563	280,839	409,710	66	113	52
Paper consumption by employees (A4 and A3)	52,460	68,120	53,214	72,090	77	128	73
Average daily office paper consumption per employee (sheets)	18	23	18	25	78	128	74

Following the change in data capture, the data for 2019, 2020 and 2021 were adjusted.

* Includes paper consumption for internal and external purposes, including envelopes, promotional material, printed material, insurance documentation, etc.

The Triglav Group worked with the Slovenia Forest Service to **reforest the Karst region** after the devastation caused by fires in 2022. At the end of November, employees with their families and friends joined volunteers from Slovenia and abroad to plant saplings in the first large-scale campaign.

At the North Macedonian life insurer, employees organised a tree-planting campaign by the Veles Lake entitled “New life – for life with a smile”, while employees at Triglav penzisko društvo, Skopje participated in the tree-planting campaign “Plant a dream for a better future”. Triglav Skladi promoted investing in sustainable companies with the “Create a #floral summer” campaign.

See Section [12.4.3 Responsibility to the community](#) for more details on prevention projects.

12.3.3 Services and products promoting social and environmental impacts³⁵

Sustainability principles are implemented already when designing insurance and investment products. Each product in the development and approval stage is assessed in accordance with the internal methodology for sustainability impact assessment. Described below are the most important services and products that promote social and environmental benefits.

- **Solar power plant insurance and micromobility insurance:** Solar power plant insurance provides insurance for solar power plants and adequate insurance coverage for users of energy from renewable sources. Insurance for small electric means of transport is designed to promote the use of means of transport with zero emissions.
- **Comprehensive car insurance and roadside assistance insurance:** These products include all the necessary coverage for **electric and hybrid vehicles**, because they provide insurance for the entire infrastructure for charging such vehicles (charging stations, cables, etc.). In North Macedonia, the Kasko Green insurance product range was designed for owners of electric and hybrid vehicles, which includes a 50% discount when taking out comprehensive car insurance.
- **The DRAJV application:** With a lower motor vehicle insurance premium, it encourages clients to drive safely, economically and responsibly.
- **Co-financed agricultural insurance:** These insurance products promote the supply of locally produced food and its consumption, as well as shorter supply chains. In this way they contribute to the preservation of agricultural production and rural settlements, which is particularly important for more remote areas with difficult conditions for farming (less favoured areas for agriculture).
- **The range of agricultural insurance products:** Greater emphasis is being placed on plant production insurance and insurance of small and medium-sized livestock farms, which are a significantly smaller burden on the environment than intensive animal farming.
- **Agricultural insurance premium policy:** It promotes the importance of establishing preventive protection against increasing production risks as a result of climate change. The Company **participates in prevention programmes** for sustainable food production (irrigation systems, sprinkler systems to protect against spring frost, anti-hail nets, greenhouses, tunnels).

■ **Index insurance products**, such as crop insurance against drought with remote sensing technology to detect a lack of soil moisture, help to reduce the burden on the environment in the claim settlement process. Damage assessment procedures in the field using tablets and drones are also more environmentally friendly.

■ **Benefits for young farmers:** In partnership with the Slovenian Rural Youth Association, young farmers receive benefits when concluding insurance upon taking over a farm. Support is provided to innovative and preventive projects such as the IMK project (Innovative Young Farmer) and (Un)safe Driving with Tractors.

■ **Triglav Skladi's Triglav Zeleni equity fund:** The fund complies with EU regulation on sustainability-related disclosures in the financial services sector. The fund invests in the shares of leading companies in the field of sustainable development and corporate social responsibility. In 2022, Triglav Skladi offered the option of investing in sustainable funds for the life insurance products with a savings component.

Written premium from insurance and investment products that promote general social and environmental benefits is on the rise, which helps to realise the Company's strategic ambitions. It reached EUR 20.8 million in 2022 (index 127). The Triglav Zeleni fund's assets under management rose by 18% to EUR 49.2 million.



Our now traditional preventive workshops titled »(Un)safe Driving with Tractors« were held for young farmers.

Written premium from the Triglav Group's insurance products that promote social and environmental benefits and Triglav Zeleni fund's assets under management

	Written premium and assets under management			Index	
	2022	2021	2020	2022/2021	2021/2020
Crop insurance	17,056,736	13,392,760	11,140,631	127	120
Electric vehicle insurance	2,427,251	1,920,092	1,429,155	126	134
Micromobility insurance	550,591	484,875	475,136	114	102
Solar power plant insurance	773,394	537,912	459,248	144	117
Total written premium	20,807,972	16,335,639	13,504,170	127	121
Assets managed by the Triglav Zeleni fund	49,246,838	41,833,991	24,556,690	118	170

Integration of ESG factors into investment management and strategy³⁶

Investing of the Group's financial assets takes into account the sustainability aspect of the investment policy (in compliance with the requirements of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector), which includes a description of sustainability risks and an overview of adverse sustainability impacts.

In the investment process, the Company pursues the social corporate responsibility guidelines developed by the Organisation for Economic Co-operation and Development (OECD) and the principles for responsible investment (PRI), supported by the United Nations.

Voluntary and mandatory disclosures of proportions of exposure of taxonomy-eligible and taxonomy non-eligible economic activities

Presented below are some of the proportions of exposure to taxonomy-eligible and taxonomy non-eligible economic activities according to the EU Taxonomy Regulation in total assets and non-life insurance activities. The proportions presented partially comply with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852.

Proportions and values of individual categories in the Triglav Group's total assets (voluntary disclosure)

Triglav Group	31 December 2022		31 December 2021	
	Proportion	Value in EUR	Proportion	Value in EUR
The proportion in total assets of exposures to taxonomy non-eligible economic activities, except exposures to central governments, central banks and supranational issuers excluded from the calculation of the numerator and denominator	89%	2,184,808,041	85%	2,025,967,171
The proportion in total assets of exposures to taxonomy eligible economic activities, except exposures to central governments, central banks and supranational issuers excluded from the calculation of the numerator and denominator	11%	281,908,313	15%	346,600,213
The proportion in total assets of exposures to taxonomy eligible economic activities of financial undertakings	3%	69,869,725	4%	88,379,241
The proportion in total assets of exposures to taxonomy eligible economic activities of non-financial undertakings	9%	211,081,858	11%	255,924,963
Exposures to central governments, central banks and supranational issuers and derivatives	44%	1,091,468,585	58%	1,382,189,062
Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU	45%	1,596,251,823	41%	1,521,997,653

Estimates of the Bloomberg information system were used for the calculation.

Derivatives are excluded from the numerator for calculating non-eligible and eligible exposures.

Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU are excluded from the numerator of key performance indicators of financial undertakings.

Exposures to investments held in respect of life insurance contracts where the investment risk is borne by the policyholders are excluded from the calculation of the numerator and denominator of all exposure calculations.

The proportion of taxonomy-eligible and taxonomy non-eligible non-life insurance economic activities in the Triglav Group (mandatory disclosure)

Triglav Group	Proportion	
	31 December 2022	31 December 2021
Taxonomy eligible non-life insurance economic activities	91%	91%
Taxonomy non-eligible non-life insurance economic activities	9%	9%

The Group's strategic ambitions in sustainable development (ESG) fully follow the goals adopted in the context of the Paris Agreement to limit global warming and the European Green Deal on reducing greenhouse gas emissions by 2030 and reaching carbon neutrality by 2050.

In both strategic activities, insurance and asset management, the Group's activities will be focused on the transition to a climate-neutral society and a climate-resilient circular economy. In carrying out its activities, the Group will promote sustainable economic activity, energy efficiency and energy from renewable sources with an aim to reduce greenhouse gas emissions.

See Section [12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group and Zavarovalnica Triglav](#) for more information.

12.4 Social aspects

12.4.1 Responsibility to clients³⁷

In client relations, the Company pursues the principles of simplicity and transparency and responds quickly and effectively to clients' needs, thereby building mutual trust. A lot of effort is invested in good long-term relationships, monitoring developments in the insurance markets, determining the requirements and needs of clients, and professionally and properly addressing their comments. On this basis, the Company improves its business models and processes, and develops new products, services and ecosystems. Client focus is also achieved using new marketing approaches at all levels.

By developing digital solutions, the Company aims to improve the clients' user experience; furthermore, it strengthens its relationships through direct communication via insurance agents (see Section [11. Development activities](#) for more information). The focus is on keeping clients informed about insurance products and protecting their personal data and rights. Ensuring quality and thus client satisfaction is governed by rules, protocols and instructions.

An integral part of developing insurance products are procedures set up for approving and testing products before they are sold or distributed. Each product must meet clients' needs and goals in its lifetime and correspond to their characteristics. The adequacy of distribution strategies is checked and tested on an ongoing basis. When any deviations are identified, the respective product or its distribution is appropriately adjusted.

Informing clients³⁸

The Company informs clients in a professional and transparent manner, enabling them easy access to all the necessary information about the Company's products and services. The Company aims to ensure that its insurance and other general terms and conditions are fair and transparent and that clients are treated in a proper and equal manner. Furthermore, the Company complies with special requirements with regard to client information when concluding financial and insurance contracts remotely.

Any complaint, which may be filed in various ways, is resolved quickly according to the prescribed procedures. The Company complies with the guidelines of supervisory bodies and carefully implements its policy of management and control of insurance services and products and their distribution.

As regards advertising, the newest communication guidelines are followed, without using any misleading, aggressive, insulting, shocking or other inappropriate practices. The Company is guided by ethical principles, cultivates its brand reputation and applies the recommendations of the Slovene Consumers' Association for improving financial literacy. No proceedings for violations related to marketing communication were initiated against Zavarovalnica Triglav and its subsidiaries in 2022.

Availability of services

By expanding and constantly upgrading our digital solutions, clients are provided with easily accessible products and services and a simple way of doing business. See Section [11. Development activities](#) for more information about improvements and numerous activities.

- **Communication objectives:** Toll-free telephone numbers are available for the Company's services (general information and technical assistance: 080 555 555, info@triglav.si; and assistance services: 080 2864 in Slovenia, 080 2222 2864 abroad). The toll-free telephone number 080 2664 of Triglav, Zdravstvena zavarovalnica, is available for information on health insurance, and the toll-free telephone number 080 1019 of Triglav Skladi is available for information on investment solutions. Call centres also operate in Croatia, Serbia and North Macedonia. Additional dialogue was created for the digital assistant (chatbot) and support topics for clients were expanded.
- **The DRAJV mobile application:** The milestone marking 1 billion kilometres being driven in total was surpassed. The upgraded application now uses a driving assessment algorithm, allows multiple vehicles to be added to user accounts (a car, motorhome, motorcycle), motorcycle rides to be recorded and also offers a custom way of claiming discounts on

'Insure Our Future' with partnerships for sustainable development

In early 2022, in cooperation with over 160 partners – our sponsored parties, the **Insure Our Future** project was launched live on streaming channels. The project aims to raise awareness about the United Nations Sustainable Development Goals (SDGs). Our employees, followers of our sponsored parties, clients and other users of our communication channels are encouraged to commit to implementing them. The existing collaboration was upgraded into a joint partnership for sustainable development, taking on an ambassadorial role in raising awareness about global development challenges and sustainable living.



³⁷ GRI 3-3

³⁸ GRI 3-3, 417-1, 417-2, 417-3, SASB: FN-IN-270a.1, FN-IN-270a.4, FN-AC-270a.2, FN-AC-270a.3

motorcycle insurance. The application is used by more than 60,000 drivers per month, who recorded over 11 million journeys in 2022 (up by 36% relative to the previous year) and drove more than 275 million kilometres. By driving safely, users are rewarded with a discount when taking out motor vehicle insurance or insurance for young drivers and receive a discount on motorcycle insurance.



The DRAJV mobile app is used by more than 60,000 users a month.

■ **The i.triglav mobile application:** By upgrading the application, a wider range of services was made available to smart device users. Clients can sort out most things related to insurance contracts in one place and access the Company's other services (taking out or renewing insurance policies, reporting a claim and monitoring the status of their claim, ordering assistance, reviewing details of insurance and benefits, etc.). The mobile application allows clients to check the balance of their savings at Triglav Skladi and the balance of their life and pension insurance assets. In the i.triglav digital office, the processes related to taking out insurance and making additional premium payments were upgraded, and communication with employers was enabled in the i.triglav Poslovni (Business) application.

- **The Triglav Vreme mobile application:** The application provides reliable weather information and forecasts. The data are provided by the Slovenian Environment Agency.
- **Websites of Group companies:** With the technological, content and design upgrade of the websites of subsidiaries outside Slovenia and Triglav Skladi, the user experience was unified and their visibility boosted with a uniform digital identity, i.e. corporate visual identity (see Section [11.2 Transformation and digitalisation](#)).
- **Mobile appraisal units in the event of mass claims:** In the affected areas, mobile appraisal units were set up for a quick and prompt damage assessment. In 2022, eight mobile appraisal units were set up after six major and several small hailstorms in Slovenia, which carried out a total of over 4,000 appraisals of damaged vehicles.
- **An application for inspection of the object insured:** Remote inspection is possible using a client's smartphone, a drone and 360° cameras, as well as by capturing data using OCR technology. Damage reporting and inspection procedures are therefore simpler and faster.
- **Many new features have been added to claim settlement:** the possibility of reporting claims online for liability insurance claims, paperless claim reporting at claim reporting counters, the upgraded *Mobilni zastopnik* (Mobile Agent) mobile application, the centralisation of claim settlement according to the "report and repair" procedure, the possibility to report motor vehicle legal protection insurance claims at SK+ service centres, the establishment of a call centre to assist clients in reporting and inspecting damage, the launch of assistance for pets, the possibility of electronic document signing for clients in the claim settlement process.
- **The Triglav Skladi mobile application and *Moj račun* (My Account) online application:** The two upgraded applications with automated input of professional topics and advice for prudent asset management enable comprehensive online service and the remote management of mutual funds and investment solutions.
- **Remote consultation with a doctor under the *Zdravstveni nasvet* (Medical Advice) insurance product:** Clients can consult with a specialist doctor by telephone or video call.
- **A safe driving simulator at Triglav Lab:** Young drivers can take a practical driving test on a simulator to obtain a discount when concluding a young driver's insurance policy. They can also get a discount by attending a safe driving workshop.

Access to insurance services for people with various disabilities³⁹

Zavarovalnica Triglav: improving the services provided to persons with disabilities and ensuring their social integration

- A total of 70% of the Company's points of sale provide independent access to people with different types of disabilities. In 2022, disability-friendly restroom facilities were built at Dunajska cesta 22 in Ljubljana, and during the renovation of the Vič representative office, automatic sliding doors were installed for easier access.
- 100% of the points of sale are equipped with aids for partially sighted persons.
- 100% of the regional units' head offices are fitted with FM devices for hard-of-hearing persons.
- Awareness about the needs of people with disabilities is raised in cooperation with the Sports Federation for the Disabled of Slovenia and the Vozim Institute, as well as through volunteer work of employees at school sports days.

12.4.1.1 Client satisfaction⁴⁰

Client satisfaction is monitored by measuring and researching clients' experience. The results obtained are helpful not only in improving services but also in designing employee training, upgrading claim applications and monitoring sales.

In 2022, client satisfaction measurement according to the Net Promotor Score (NPS) methodology was expanded to include additional contact points in subsidiaries. Satisfaction with assistance services began to be measured in subsidiaries in Croatia, Bosnia and Herzegovina and Montenegro, as well as satisfaction with underwriting and paying out claims in Bosnia and Herzegovina. NPS measurement is performed in all markets where the Group operates, expanding the number of companies included.

The NPS of the Group and the Company reached the highest levels ever. The Triglav Group's NPS in 2022 was 77, up by four points compared to the previous year, while Zavarovalnica Triglav's NPS was 76, up by three points. This is mainly a result of improved satisfaction with taking out insurance, which grew by five percentage points. Clients once again expressed their greatest satisfaction with assistance services, where the NPS increased by two points (88).

Any negative client experiences are dealt with very carefully. The automated recording and sending of client comments about their experiences with the Company will be integrated into the CRM platform in 2023. Employees are informed about the satisfaction measurement results, and based on the findings, internal processes and services are further improved.

Client satisfaction with healthcare service providers is measured at the Zdravstvena točka health information office. Scores always exceed target values. All clients who left negative feedback are contacted. The range of products and services is adapted based on feedback

received, which is also communicated to partner healthcare service providers. The best rated partner healthcare service providers are awarded awards of excellence, and the *Ambassador of Excellence* award is given to the providers who were awarded five years in a row.

In asset management, a recognisable brand was built and client satisfaction was improved through active and targeted tailoring of the product range. Clients were addressed via various marketing channels, our presence on social networks and the use of digital platforms were strengthened, a call centre was set up and client satisfaction measurement according to the NPS methodology was established.

Insurance companies outside Slovenia continued to perform activities aimed at increasing client satisfaction. When implementing solutions, they take into account the parent company's experiences as well as business digitalisation trends and needs in the region.

In addition to NPS measurement, client feedback is obtained through an anonymous survey when reporting a claim, mail and electronic complaints,

responses on various social networks and own websites, as well as directly from agents in the field. A book of complaints and compliments is available at **points of sale**, which are also recorded in an application. No such complaints were recorded in 2022 (4 compliments were received).

Complaints and compliments are regularly monitored and analysed. Individual complaints are monitored and managed with effective software. The complaint handling rules define the individual stages of the complaints procedure and the duties of the responsible persons. Once a year, a report on the handling of complaints and compliments is drawn up and presented to the Company's management. It also specifies measures to improve the complaints procedure and processes. The Company ensures that clients are transparently informed about the complaints procedure, both with appropriate explanations in the insurance documentation and on the Company's websites, where they can find all information related to the effective handling of complaints.

In 2022, Zavarovalnica Triglav received 3,429 complaints (compared to 3,335 complaints in 2021), most of which related to non-life insurance

claims (91%), followed by complaints related to life insurance claims (6%), life insurance (2%) and non-life insurance (1%). Less than one percent of complaints were related to subrogations and other matters. Complaints are classified into substantive and general complaints and complaints relating to personal data protection. Substantive complaints in which clients express their dissatisfaction with the handling of their claims are the most common (94%). Of all complaints received, two-thirds were unfounded, 11% were founded and 17% were partly founded. Apart from that, 52 compliments were received, mainly from employees, agents, technicians and appraisers. In the Group members outside Slovenia, complaints are handled in accordance with complaint committee's rules; records are kept in the prescribed form, mostly digital.

The client retention rate in Zavarovalnica Triglav in 2022 was 92.9%. Together with the new clients acquired this year, the total number increased by 8.6%.⁴¹ The rate of complaints in relation to the number of claims at Zavarovalnica Triglav and Triglav, pokojninska družba was 1.22% compared to 1.30% in 2021.⁴²

12.4.1.2 Assessment of effectiveness and market research

Marketing and communication campaigns are monitored by researching visibility, likeability and what affects clients' understanding and purchasing decisions. EEG-based neurometry and eye tracking are used to monitor emotional perception and response to certain TV ads.

When developing, upgrading and consolidating products and services, measurements are used to check the suitability of services, bundles and the potential use of mobile applications, in addition to the mystery shopping method and using focus groups for new underwriting applications and products.



In Montenegro, a full-day event with activities for children and a concert was held for clients using the My Home service.



Building on brand strength by incorporating a new value promise

All stakeholders in all markets are involved in repositioning the brand and renewing the value promise. The branding process is managed by Zavarovalnica Triglav's Marketing Communication Department.

Tjaša Kolenc Filipčič: "We are building on the implementation of our mission and business development, where, with new business models and services, we are focusing even more on the changed needs of clients and their user experience."

The purchasing habits of consumers are monitored with quantitative research of factors that affect purchasing (All insurance), which takes place in the entire insurance market and provides insight into end consumer habits. An in-house report on measuring contractors' satisfaction is drawn up twice a year, identifying measures for improvement.

Zavarovalnica Triglav is **one of the most reputable brands** in the Slovenian market and ranks among top five brands in terms of reputation in markets outside Slovenia. The Group members are recognised as reputable companies with a distinctive, transparent style of communication with their clients. The Group is known well for its comprehensive range of insurance products and efficient claim settlement, including the payment of indemnities and benefits. It has the best corporate image in Slovenia, where Zavarovalnica Triglav is considered one of the best companies in Slovenia and contributes positively to the development of the local community; in other markets, the Group is still growing its image.

Brand management and marketing communication

For effective brand positioning and communication, a **new Triglav brand strategy** is being developed. It covers three aspects – the company's corporate brand, product brand and employer brand, and the Triglav brand identity, which is built based on its new personality archetype.

The reputation of the Triglav brand and the Triglav Group, clients' loyalty and relationships with them are built using an in-depth knowledge of clients' needs and examining trends. Brand strength is increased by applying comprehensive branding at corporate (i.e. at Group level) and product levels (i.e. at the level of individual products, product groups and services). In addition, brand identity is implemented on all target markets.

In the **non-life insurance segment**, the focus was on building the visibility of the upgraded Triglav komplet loyalty programme, which includes subsidiaries' insurance products. The interest in agricultural insurance, insurance for motorcyclists and tractor operators, *Pazi name!* (Watch Out for Me!) accident insurance, travel insurance, insurance for young drivers and DRAJV challenges was actively promoted.

In the **life insurance segment**, the focus was on an integrated approach that comprehensively addressed several target groups. In cooperation with top sport climber Janja Garnbret, the whole life insurance campaign was carried out.

In the **asset management segment**, due to the situation related to the war in Ukraine, an online information centre was set up to provide expert explanation regarding the safety of invested assets.

In the **health insurance segment**, a new long-term 360-degree communication, content and sales campaign was designed, focusing on the message "Your partner in health" and the Company's position as a reliable organiser of healthcare and assistance services, as well as on additional health insurance products.

12.4.1.3 Awards and acknowledgements received

Awards and acknowledgments of the Triglav Group in 2022

- **WEBSI 2022:** Triglav Skladi was ranked second in the Corporate Social Responsibility Projects category for its Wholehearted Woods project.
- **TOP investor in education:** Zavarovalnica Triglav was awarded a certificate for systematic investment in employee education and training.
- **Top manager and Top Funds 2022 selected by the Moje finance magazine:** Mitja Baša from Triglav Skladi received an award for the best mutual fund manager, and the winning mutual funds were: for the three-year period (2019–2021) Triglav Money Market EUR in the Money Market – Euro category, Triglav Top Brands in the Equity Global category and Triglav Asia in the Equity Asia – Oceania category, which was also awarded the highest score for the ten-year period (2012–2021).
- **European Agency for Safety and Health at Work (EU-OSHA):** Zavarovalnica Triglav was recognised for effective prevention and management of work-related musculoskeletal disorders.
- **Recognition for occupational safety and health:** Zavarovalnica Triglav received a national award for its Protecting Health programme by the Ministry of Labour, Family, Social Affairs and Equal Opportunities in the context of the Healthy Workplaces Good Practice Awards 2020–2022 competition.
- **IADA:** The 2021 Annual Report of the Triglav Group and the parent company received gold awards in the following categories: Overall Presentation (online version), Home Page Design (PDF version) and Infographic (PDF version).
- **Arc Awards:** The 2021 Annual Report of the Triglav Group and the parent company received gold awards in the following categories: PDF Version of Annual Report, Design/Graphics and Photography/Video. In addition, the annual report was the grand winner in the Best of Eastern Europe category.
- **Gold Quill:** The 2020 Annual Report of the Triglav Group and parent company received two awards from the International Association of Business Communicators (IABC) – for excellence in strategic communication and for an integrated online approach with effective and imaginative use of online tools.
- **Best Annual Report:** Two awards for the best annual report in the Communication and Sustainable Development categories for 2021 selected by the Finance business daily.
- **Reputable Employer:** Zavarovalnica Triglav received the title of *Reputable Employer 2021* in the insurance sector for the fourth time in a row.
- **Recognition for spreading a family-friendly company culture:** Special thanks for spreading a family-friendly company culture to Zavarovalnica Triglav, which has been a holder of the Family-Friendly Enterprise Certificate since 2012.

12.4.2 Responsibility to employees⁴³

Strategic employee management guidelines and the recruitment policy

- The Company acquires, develops and retains the best employees, as well as improves selection processes. Standardised employee management processes are introduced within the Group by implementing minimum standards and transferring good practices.
- A uniform organisational culture is being created at Group level based on constructive behaviour, teamwork, initiative, responsibility and cooperation. The employer brand is systematically redesigned in order to strengthen the Company's reputation. Mobility within individual companies and between Group companies is promoted. Onboarding mentoring for new hires and development mentoring for promising employees are carried out, in addition to fostering intergenerational cooperation.
- Employees' know-how is being upgraded in all areas of work and the competencies necessary for the effective achievement of individuals' goals are developed on an ongoing basis. In 2022, the main competency – flexibility was strengthened at Group level.
- The development of key and promising employees and leaders is an ongoing process. Zavarovalnica Triglav's leadership license encourages leaders to continuously improve their knowledge and upgrade their leadership skills.
- Employee satisfaction and commitment are a priority, which is monitored using an annual ORVI survey.
- Modern, hybrid forms of work are being implemented that will enable employees to

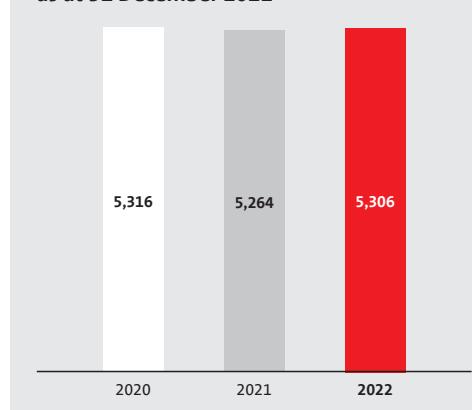
work more flexibly and efficiently, facilitate networking and cooperation, and improve their work-life balance.

- At the Triglav Group, the main modules were integrated into the Gecko HRM HR information system, and by the end of 2023 development modules will be fully implemented.

12.4.2.1 Recruitment and employee structure⁴⁴

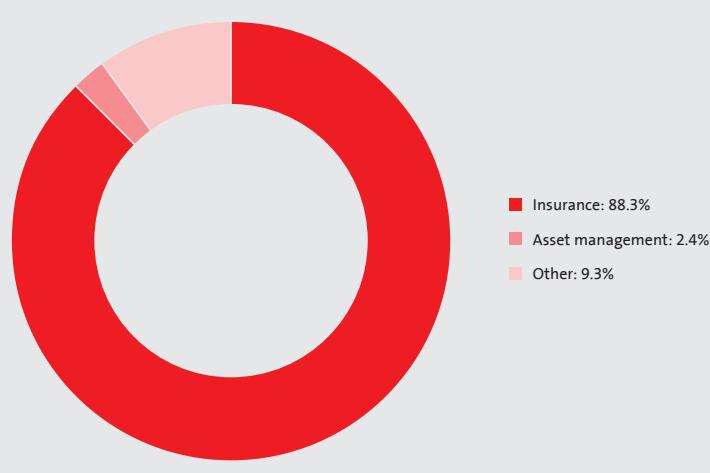
The Triglav Group had 5,306 employees as at 31 December 2022, up by 42 over the preceding year. The number of employees increased the most due to new hires at the Serbian insurer, Triglav, Zdravstvena zavarovalnica and the Macedonian life insurer.

The number of Triglav Group employees as at 31 December 2022



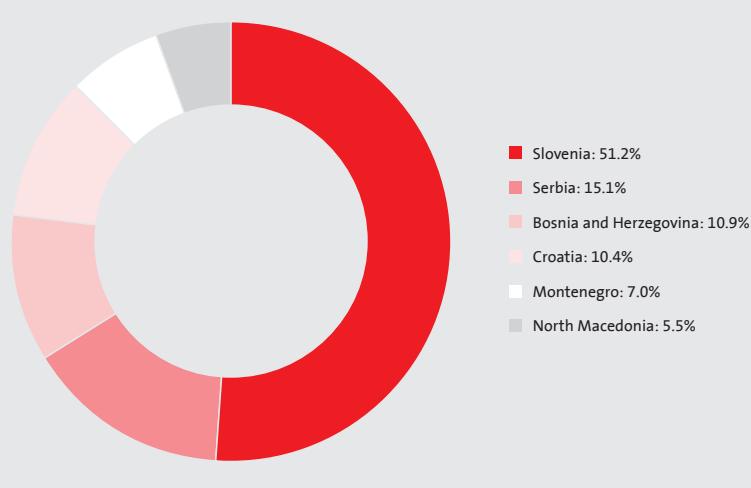
The majority, i.e. 88.3%, of all employees worked in the insurance activity, up by 0.5 percentage point compared to 2021. The share of employees in asset management activity increased by 0.1 percentage point, whereas in other activities it decreased by 0.6 percentage point.

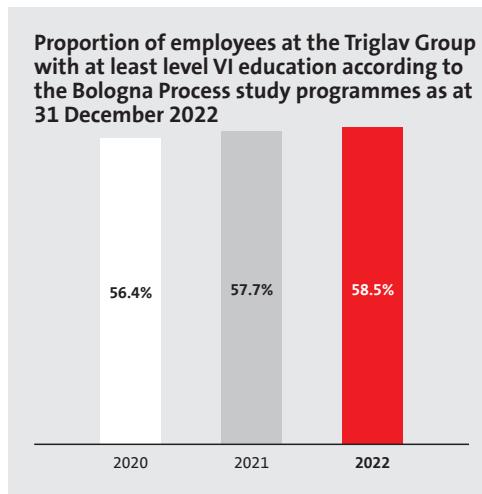
Employees by Triglav Group activity as at 31 December 2022



A total of 51.2% of all Group employees are employed in Slovenia, down by 0.2 percentage point relative to the preceding year. The share of employees in Serbia increased the most, by 0.6 percentage point.

Employees by Triglav Group market as at 31 December 2022





Employees at the Triglav Group and Zavarovalnica Triglav by type of employment (full-time, part-time) as at 31 December 2022

	Triglav Group						Zavarovalnica Triglav					
	2022		2021		2020		2022		2021		2020	
Type of employment	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Part-time	241	4.5	221	4.2	251	4.7	74	3.3	74	3.3	77	3.4
Full-time	5,065	95.5	5,043	95.8	5,065	95.3	2,169	96.7	2,172	96.7	2,167	96.6
Total	5,306	100.0	5,264	100.0	5,316	100.0	2,243	100.0	2,246	100.0	2,244	100.0
Type of employment agreement												
Fixed-term	607	11.4	624	11.9	779	14.7	33	1.5	41	1.8	49	2.2
Permanent	4,699	88.6	4,640	88.1	4,537	85.3	2,210	98.5	2,205	98.2	2,195	97.8
Total	5,306	100.0	5,264	100.0	5,316	100.0	2,243	100.0	2,246	100.0	2,244	100.0

The turnover rate⁴⁵ at Group level fell to 11.6% (compared to 13.2% in 2021) and rose to 5.3% at Zavarovalnica Triglav (compared to 4.1% in 2021). A total of 615 employees left in 2022; most leavers were aged over 56 years (due to retirement) and 36–40 years. A total of 652 new employees were hired; most new hires were aged between 26 and 35 years.

The average age of employees in the Group rose slightly to 44.80 years (compared to 44.67 years in 2021); at the parent company it was 46.74 years (compared to 46.55 years in 2021). The average age of Zavarovalnica Triglav's Management Board members was 48.50 years.⁴⁶ In Slovenia, senior

management is hired from the local community, as is the majority of senior management in the markets outside Slovenia.⁴⁷

The proportion of women among all employees increased both at the Company and in the Group, where it reached 54.7%. The proportion of women among the members of the Management Board of Zavarovalnica Triglav was 25.0%, and in the management and supervisory bodies of all Group companies it stood at 23.6%.⁴⁸ In all employee categories, activities and countries where the Group operates, the basic salary of men and women is equal.⁴⁹

Gender representation by various categories at the Triglav Group and Zavarovalnica Triglav as at 31 December 2022 (%)⁵⁰

Triglav Group	2022	Share in %		Index	
		2021	2020	2022/2021	2021/2020
Women employees to total employees ratio	54.7	53.9	53.5	102	101
Proportion of women at the first management level under the Management Board	45.1	45.3	45.8	100	99
Proportion of women at first and second management levels under the Management Board	41.2	42.0	42.1	98	100
Proportion of women in management and supervisory bodies	23.6	20.9	20.7	113	101
Proportion of the underrepresented gender in management and supervisory bodies	17.1	17.2	18.2	100	94
Women in management to women employees ratio	4.9	4.5	5.3	108	85
Zavarovalnica Triglav	2022	2021	2020	2022/2021	2021/2020
Women employees to total employees ratio	51.1	50.8	50.4	101	101
Proportion of women on the Management Board of Zavarovalnica Triglav	25.0	33.3	33.3	75	100
Proportion of women on the Supervisory Board of Zavarovalnica Triglav	0.0	0.0	0.0	0	0
Proportion of women at the first management level under the Management Board	25.9	25.9	25.9	100	100
Proportion of women at first and second management levels under the Management Board	40.2	38.8	37.9	104	102
Women in management to women employees ratio	3.5	3.5	3.4	100	104

Employees at the Triglav Group and Zavarovalnica Triglav by age and gender as at 31 December 2022⁵¹

Age group	Triglav Group				Zavarovalnica Triglav							
	2022		2021		2020		2022		2021		2020	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
From 18 to 19	3	0.1	6	0.1	4	0.1	0	0.0	1	0.0	0	0.0
From 20 to 25	127	2.4	125	2.4	138	2.6	24	1.1	21	0.9	17	0.8
From 26 to 30	361	6.8	371	7.0	389	7.3	88	3.9	94	4.2	100	4.5
From 31 to 35	555	10.5	569	10.8	588	11.1	191	8.5	194	8.6	191	8.5
From 36 to 40	741	14.0	771	14.6	813	15.3	268	11.9	264	11.8	285	12.7
From 41 to 45	904	17.0	885	16.8	909	17.1	367	16.4	393	17.5	409	18.2
From 46 to 50	940	17.7	882	16.8	852	16.0	438	19.5	422	18.8	413	18.4
From 51 to 55	828	15.6	821	15.6	803	15.1	446	19.9	455	20.3	451	20.1
56 and over	847	16.0	834	15.8	820	15.4	421	18.8	402	17.9	378	16.8
Total	5,306	100.0	5,264	100.0	5,316	100.0	2,243	100.0	2,246	100.0	2,244	100.0
Gender												
Men	2,401	45.3	2,426	46.1	2,472	46.5	1,096	48.9	1,104	49.2	1,114	49.6
Women	2,905	54.7	2,838	53.9	2,844	53.5	1,147	51.1	1,142	50.8	1,130	50.4
Total	5,306	100.0	5,264	100.0	5,316	100.0	2,243	100.0	2,246	100.0	2,244	100.0

A total of 88.5% of Group employees were **employed under the collective agreement** (compared to 89.3% in 2021) and 89.6% at the Company (compared to 91.1% in 2021). The remaining 11.5% were employees with individual agreements.⁵² Benefits are the same for all employees, be it permanent full-time employees, fixed-term employees or part-time employees.⁵³

The Company does not employ any employees without a guaranteed minimum or fixed number of working hours.⁵⁴ In accordance with the law, 30 natural persons were employed at the Company under a work contract in 2022.⁵⁵

12.4.2.2 Employee training and development⁵⁶

The Group's strategic guidelines are implemented also by pursuing an educational policy, thereby ensuring the employees' expertise, sustainable business, digitalisation and an outstanding user experience.

Particular attention is paid to training leaders, promising employees, in-house mentors, sales staff and employees in the claim segment. Employees from all Group companies and employees at external points of sale are included in training. A variety of educational topics are available to

employees. At the parent company, the focus was again on insurance topics, sales training and business communication.

Most training sessions at Group level (67%) were held online (webinars and e-learning). In addition to regular training, the following took place:

- **Specialised in-house training** of 70 employees. A total of 62 Triglav employees attended the Spring School to obtain new knowledge and skills (45 of them participated remotely).
- New educational topics were made available to **leaders** in the context of the leadership license, which is gradually being transferred to Group companies. In spring, the **Conference for Leaders** was held for the leaders at the parent company, and the **Effective Leadership and Communication programme** was offered to the management bodies of subsidiaries.
- New hires were included in the **Triglav Guide** programme, provided with onboarding mentoring and traineeships and participated in creative workshops.
- A new group of employees who took on the role of sales ambassadors participated in the **Triglav Ambassadors** programme to exchange knowledge, skills and experience of the best insurance agents.

■ A total of 118 insurance agents and 30 sales clerks attended the **Sales Academy**, while all heads of sale continued with the Sales Management Academy programme.

■ The compulsory training of **20 teaching hours** to maintain a **licence to conduct insurance agency business** was held for 1,216 employees at the parent company.

■ Training of the Group's **16 new in-house coaches** commenced, who will provide coaching for leaders and promising employees. There are a total of 58 in-house coaches.

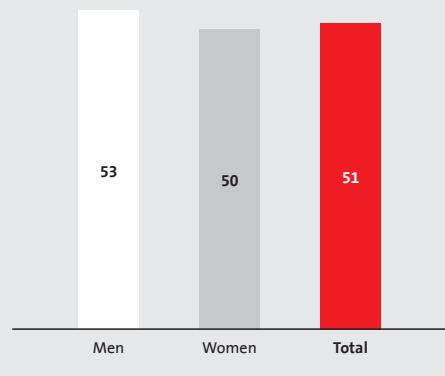
■ A total of **9 expert meetings** were held for employees from subsidiaries, who also participated in other **in-house training sessions**; a total of 9,982 training hours were held for employees of subsidiaries. Special attention was paid to the internal transfer of knowledge, as 61% of in-house training was carried out by employees, i.e. in-house trainers.

■ In cooperation with the IEDC – Bled School of Management, promising employees were given the opportunity to participate in the **Integrative Approach to Business** educational programme. The TIBA Alumni event was held with its main theme dedicated to understanding the **VUCA world**.

■ In the context of online training for **employees at external points of sale**, topics about insurance products and consumer protection were at the forefront.

The total number of functional training hours at Group level rose by 8%. Employees at Group level participated in 33 training hours on average (index 107) and 51 training hours at the Company (index 110), most in the age group up to 30 years. At the Company, men participated in training on average two hours more than women.

The average number of functional training hours at Zavarovalnica Triglav in 2022 by gender⁵⁷



The Group's training costs amounted to EUR 2.4 million (compared to EUR 1.8 million in 2021), as the number of training hours in traditional form and related costs increased.

Employees are encouraged to continue their formal education. **Work study** was funded for 137 Group employees and **scholarships** were provided to 48 pupils and students. **Obligatory work placement** was provided to 67 pupils and students. The Company partnered with schools and faculties to transfer practical knowledge and experience to young people. A total of 22 young employees completed **traineeship** under the guidance of mentors.

Management by objectives and development of competences⁵⁸

The management-by-objectives system is implemented by all Group insurance companies and some Slovenian non-insurance companies. A total of 49% of all Group employees and 71% of the parent company's employees are included. Employees' performance is monitored and rewarded on a quarterly basis; their objectives are set together with their supervisor in an annual development interview (the top-down approach).

Due to the nature of their work, agents and heads of sales teams who are rewarded on the basis of sales targets are excluded from the management-by-objectives system.

The competency model, which is integrated into annual development interviews, identifies competency profiles and development activities of each employee. The development of employees' competencies is systematically planned based on the performance of tasks and duties as well as the current and anticipated development opportunities and requirements.

The competencies and development potential of employees in some Group members are assessed using the **DNLA** (Discovery of Natural Latent Abilities) **tool**. It is also used in training of leaders at Group most insurance companies and in the recruitment process at Zavarovalnica Triglav, Pozavarovalnica Triglav Re and Triglav Osiguranje, Belgrade.

12.4.2.3 Occupational health and safety⁵⁹

Zavarovalnica Triglav takes a comprehensive approach to ensuring occupational health and safety. In order to manage and reduce risks to the lowest possible level, the Company fully complies with sectoral legislation (identification of risks and hazards and their management), promotes occupational health (Triglav.smo – *Zavarujmo zdravje* (Protecting Health) health promotion programme), provides personal protective equipment, appropriate working conditions and ergonomic workplace arrangement, raises employees' awareness and educates them. Various activities take place in the context of the Family-Friendly Enterprise Certificate, additionally contributing to greater satisfaction and better health of employees.

Occupational health and safety system⁶⁰

The comprehensive approach is transferred from the parent company to other Group companies

by establishing common minimum occupational health and safety standards and by strictly complying with local legislation. In this regard, the aim is to identify, mitigate and manage risks arising from duties and the work environment.

Occupational safety and health is organised in accordance with the legislation and ensures the smooth provision of a healthy work environment for the employees.

The Safety Statement and Risk Assessment for **job categories** includes an assessment of hazards and harmful effects which could impact the health of employees. Measures for their prevention and reduction are also specified. As part of this continuous process, in which employees actively participate, assessments are revised and measures upgraded on an ongoing basis. Health risk assessments are revised in cooperation with occupational health specialists. Based on the assessment, employees are referred to periodic medical examinations and every new hire is required to undergo a statutory medical examination before taking up employment.

Participation in training and passing a test on **fire safety and occupational health and safety** are mandatory for employees. At **Zavarovalnica Triglav**, employees are made aware of these topics via various communication channels, the **Insure Our Future** (*Zavarujmo*

zdravje) health promotion programme, the measures related to the full Family-Friendly Enterprise Certificate and the **Triglav.smo** programme. Best practices are implemented at Group level.

Health promotion⁶¹

Health promotion is carried out with regard to the most common health problems that are perceived among employees based on anonymous reports of occupational medicine. Employees are able to participate in the **Health Days** (*Dnevi zdravja*) four-day preventive health programme, which has been attended by more than 550 employees over the past four years. Useful topics are communicated via in-house media, at training sessions, with e-Campus topics and at the series of the **Healthy Mind in a Healthy Body** workshops. On World Mental Health Day, a well-attended event titled *Seeking Help is Brave* was held in cooperation with Triglav, Zdravstvena zavarovalnica. At the event, renowned Slovenian experts spoke about when, how and why it is important to seek help when faced with mental distress.

In 2022, the parent company received an **important national and European award** in health protection, which is reported in greater detail in Section [12.4.1.3 Awards and acknowledgements](#).



Zavarovalnica Triglav received the **Healthy Workplaces Good Practice Award** at an award ceremony held in San Sebastian.

A survey on the promotion of health, employees' well-being and experiences in the working environment was conducted at the parent company. Every year, together with an authorised occupational medicine specialist, an analysis of sick leave in the previous calendar year is made, which is then used as a guideline in planning appropriate activities in protecting employees' health and preventing the risks of sick leave due to health issues.

Care for occupational health and safety is **promoted among clients** through insurance products. Anyone (employer) wishing to conclude group accident insurance can only do so if they fulfil the requirements relating to occupational health and safety.

The crisis team, set up in the parent company when the **COVID-19 pandemic** was declared, drew up work instructions, regulated the organisation of work and issued up-to-date information regarding measures and the epidemic situation in Slovenia in order to ensure business continuity and safety at work. Employees were provided with protective equipment and rapid antigen (HAG) tests for self-testing, and the online mailbox for reporting infections remained active. The Company was subject to 43 inspections regarding the implementation of measures to prevent the spread of infectious diseases and compliance with the recovered/vaccinated/tested rule in 2022.

Fire safety

A **plan on emergency response and actions in the case of an emergency and other security events** is in place at Group level. In the case of an emergency or event that poses a security threat, employees can call the security control centre, where they will receive appropriate instructions. The Company regularly improves fire safety, monitors its compliance with legislative requirements and provides for training and education of employees; security patrols, inspections of buildings and premises and evacuation drills are carried out according to the annual plan. In 2022, 8 fire risk assessments and 5 fire safety inspections were carried out, with no major irregularities identified.

Occupational health and safety topics covered in formal agreements with trade unions and in the collective agreement⁶²

Safe working conditions at the parent company are defined in accordance with Zavarovalnica Triglav's collective agreement and the applicable legislation, while the subsidiaries adhere to the applicable local legislation. Before starting their work, employees are familiarised with the risks at work and work safety measures that they are obligated to follow. Employees are provided with the prescribed work equipment and personal protective equipment, and periodic medical examinations are carried out in line with the timeline and scope foreseen for individual job categories.

Injuries at work⁶³

The number of accidents remains low; at Group level their number increased to 20 in 2022, while at the parent company it decreased to 4.

Injuries at work at the Triglav Group and Zavarovalnica Triglav

Triglav Group	2022		2021		2020		Index	
	Number	Percentage	Number	Percentage	Number	Percentage	2022/2021	2021/2020
At work	14	70.0	10	76.9	7	63.6	140	143
On business trips	6	30.0	3	23.1	4	36.4	200	75
Total	20	100.0	13	100.0	11	100.0	154	118

Zavarovalnica Triglav	2022		2021		2020		Index	
	Number	Percentage	Number	Percentage	Number	Percentage	2022/2021	2021/2020
At work	1	25.0	4	57.1	1	25.0	25	400
On business trips	3	75.0	3	42.9	3	75.0	100	100
Total	4	100.0	7	100.0	4	100.0	57	175

The number of lost work days at Group level rose due to the higher number of injuries at work, while in the parent company this was a result of longer absences from work.

Lost work days and lost time incident rate due to injuries at work at the Triglav Group and Zavarovalnica Triglav

Triglav Group	Index				
	2022	2021	2020	2021/2020	2020/2019
Lost work days due to work-related injuries	1,279	543	289	236	188
Lost time incident rate – LTIR*	0.37	0.24	0.21	155	113
Zavarovalnica Triglav					
Lost work days due to work-related injuries	578	321	98	180	328
Lost time incident rate – LTIR*	0.18	0.31	0.17	58	175

* The number of work-related incidents/total number of hours of all employees x 200,000

Each injury which would render an employee unfit for work for more than three working days, each dangerous occurrence and each established occupational disease must be reported to the Labour Inspectorate of the Republic of Slovenia. The Company recorded two dangerous occurrences (also 2 in 2021) and no occupational diseases in 2022.⁶⁴

Absenteeism⁶⁵

At Group level, the absenteeism rate was 5.04 and was 0.30 percentage point higher than in 2021. The share of absenteeism for which sickness benefits are borne by the employer increased by 0.14 percentage point (medical leave up to 30 days), while the share of lost work days for which benefits are borne by other organisations increased by 0.16 percentage point (medical leave longer than 30 days, sick nursing, accompanying a sick person). The absenteeism rate at the Company was also higher and stood at 5.86% (compared to 5.13% in 2021). As a result, the share of work days lost borne by the employer rose by 0.18 percentage point and the share of work days lost borne by the Health Insurance Institute of Slovenia increased by 0.55 percentage point.

12.4.2.4 Care for employee satisfaction

Organisational vitality (climate) and organisational culture⁶⁶

The results of the **organisational vitality survey (ORVI)**, which measures employee satisfaction, remained at the same high level in 2022 as the year before. The ORVI index was **4.00** at **Group level** and **4.05** at the **parent company**. A total of 86% of employees from 17 Group companies participated in the survey (compared to 87% from 15 companies in 2021). The aggregate ORVI index is composed of the indicators (indices) for work environment, systems, operational management, personal view and engagement, which are further classified into ten categories.

The indicators for **operational leadership** and **engagement** recorded the highest values. Employees also remain **highly committed and active**. Their satisfaction with regular employment, working time, co-workers and direct supervisors were also rated high. **Interpersonal relationships and cooperation** within the organisation remain at a level similar to last

year, with employees cooperating more with employees from other Group companies. Triglav employees are **proud** to be part of the Triglav Group (score 4.33) and are satisfied with the **benefits** offered by employment in the Group; there is a sense of **security and equal treatment** at the workplace.

The change in the behavioural styles of the **organisational culture** was measured in 2021; based on the results, a number of activities were implemented.

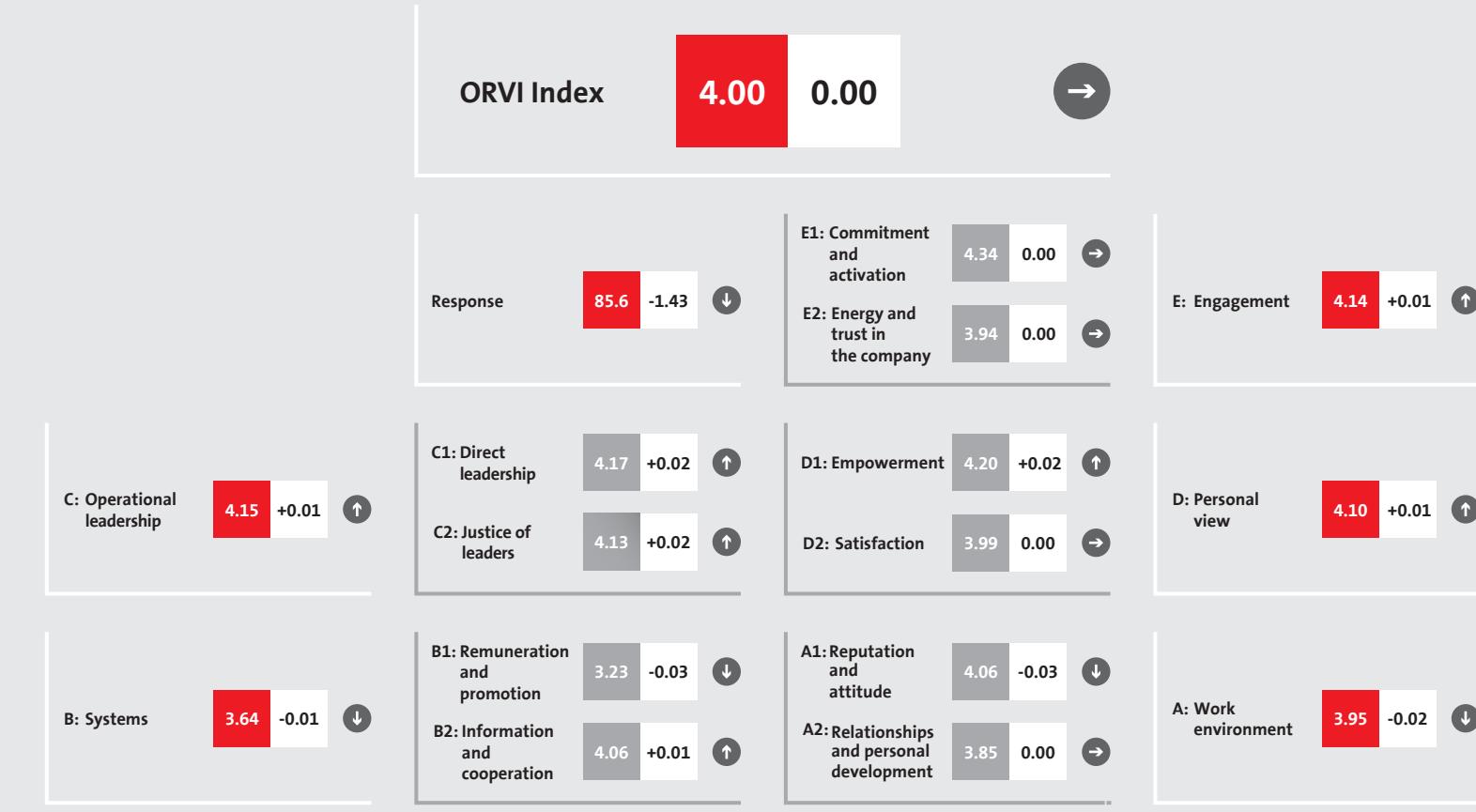
Benefits and opportunities for employees

The **Triglav.smo** overarching programme is designed to improve the satisfaction of the Company's employees, bringing together various workshops and events to strengthen the awareness and knowledge of all important aspects of our lives. To a lesser extent, these activities also take place in other Group companies. The programme includes taking care

of employees' children by organising holiday camps and traditionally giving gifts to children at the end of the year. In 2022, a charity drive was carried out to raise money for the treatment of an employee's child. All Triglav Group employees are included in the Greeting the Seasons events.

The two in-house experts, who offer individual psychological counselling to employees as part of the **Psychological Pulse** group at Zavarovalnica Triglav, conducted 99 interviews in 2022, almost more than double than in 2021.

Results of organisational vitality (ORVI) of the Triglav Group in 2022



The Family-Friendly Enterprise Certificate facilitates better work-life balance of employees at the parent company, depending on the needs they have in different life situations or age periods. The Company has been the holder of the full Family-Friendly Enterprise Certificate since 2012. In 2022, extraordinary working from home was added to the benefits: in exceptional health-related cases, employees may work from home for up to 30 days. Based on good practices, the aim is to promote similar conduct in the Group subsidiaries and gradually set as uniform standards as possible.

Additional benefits for employees:⁶⁷

- supplemental pension insurance for 59% of employees of the Triglav Group and for 95% of employees of the parent company;
- payment of group accident insurance premium;
- favourable conditions for taking out complementary accident insurance for employees and their family members;
- complementary accident insurance for all business trips;
- after one year of employment in the parent company, employees may opt for supplemental voluntary pension insurance and voluntary pension insurance;
- the group insurance package Comprehensive Medical Care (Celostna zdravstvena oskrba – CZO), in which 50% of all employees of the Group and 83% of the parent company are included.

The Group members operating outside Slovenia provide benefits to their employees such as supplemental voluntary pension insurance premium, discounts on medical examinations, the payment of accident insurance premium and discounts on other types of insurance.

Work from home, parental leave and part-time work

At Zavarovalnica Triglav and some Group companies, employees whose nature of work allows it may work from home. At the 2022 year-end, 33% of Group employees and 63% of Company employees had this option available to them.

Proportion of employees who worked from home and proportion of hours of working from home in the Triglav Group and Zavarovalnica Triglav in 2022

	Triglav Group	Zavarovalnica Triglav
Number of employees allowed to work from home	1,757	1,412
Proportion of employees allowed to work from home	33.1	63.0
Number of hours of working from home	634,846	437,583
Proportion of hours of working from home	5.9	9.7

Circumstance and work requirements permitting, working hours can be adapted to the needs and wishes of employees. Employees who are parents of first graders can take advantage of a day's paid leave on the first school day. Employees can take unpaid leave in certain cases and in agreement with their supervisors.

Parental leave or part-time work at the Triglav Group and Zavarovalnica Triglav in 2022⁶⁸

Triglav Group	Women	Men	Total
Maternity leave, child care leave	164	2	166
Paternity leave of 20 days		47	47
Paternity leave of 75 days (up to the child's age of three years)		2	2
Option of part-time working	39	6	45
Number of employees who returned to work after maternity leave in the reporting year	90	2	92
Return rate after parental leave	56%	100%	57%

Zavarovalnica Triglav	Women	Men	Total
Maternity leave, child care leave	51		51
Paternity leave of 20 days		45	45
Paternity leave of 75 days (up to the child's age of three years)			0
Option of part-time working	27	1	28
Number of employees who returned to work after maternity leave in the reporting year	48	2	50
Return rate after parental leave	96%	100%	96%

Relationships among employees and management, trade union activities⁶⁹

The employees exercise their management rights in line with the Worker Participation in Management Act and based on the agreement on worker participation in the management of Zavarovalnica Triglav. The Act sets out in greater detail the manner of exercising the rights referred to in said Act and lays down other rights and the manner of workers' participation in management, which is both individual and collective. Two representative trade unions and the Works Council are active in the Company. The Company concluded a special agreement and cooperates well with both. Before adoption, any document relating to the organisation of work or laying down the obligations that workers must be aware of to fulfil their contractual and other obligations is submitted to both trade unions to give their opinion.

Respecting the workers' rights and human rights⁷⁰

Any reported or detected suspected violation is dealt with according to a predetermined procedure, in which professionalism, confidentiality and protection of the reporting person are guaranteed.

The Triglav Group Code defines the ethical principles of its operations, including respect for human rights, which is based on respect for and protection of internationally recognised human rights and fundamental freedoms. The Group creates a stimulating work environment that respects and protects the dignity and integrity of employees at the workplace, regardless of any personal circumstances or affiliation.

In addition to the Code, insurance companies outside Slovenia take into account local legislation. These companies have internal resolution mechanisms in place, and reporting of Code violations takes place in the context of compliance. Each report and identity of the reporting person (whistleblower) are treated confidentially. The reporting person is protected from any retaliatory action and is given an opportunity to informally resolve the issue.

Potential discrimination and unwanted conduct at Zavarovalnica Triglav are additionally governed by the Rules on the protection of workers' dignity at work. The rules set out the manner of recognising, preventing and eliminating the consequences of discrimination, sexual and other harassment and workplace mobbing. In accordance with the rules, a confidant and their deputy are also appointed with the consent of the Works Council. Employees can report a suspected violation of rights to the confidant or their deputy, who then initiates proceedings to resolve the case, if possible, at the earliest stage. If the conflict cannot be resolved at this stage, a mediator is included in its resolution or a hearing before the competent committee is held.

In 2022, three reports of inadmissible conduct were received in Zavarovalnica Triglav, which the confidant dealt with in accordance with the rules. In one case, no violations were identified, and the confidant concluded the proceedings with a report. Two reports are still pending, as they were made at the end of the year.

The Company incorporated its **commitment to respect human rights in business operations** into its business processes. With it, as the Group's parent company, the Company committed itself to respecting human rights throughout the entire business process and to avoiding and preventing possible negative impacts on ensuring human rights. Due diligence of respect for human rights is carried out on a regular basis as part of risk assessment in compliance, human resources and procurement.



As part of the Children of Triglav corporate social responsibility project, new children's playground equipment was installed in Mežica

12.4.3 Responsibility to community⁷²

Through its business operations, the Group can directly or indirectly influence society. It aims to make a positive contribution to economic development, improving the quality of life of employees and their families, as well as the local community and society in general. In partnership with its stakeholders, the Group provides support to sports, cultural, educational, environmental and health activities.

The volume of generated assets distributed among various stakeholders of the Group is shown by economic value distributed. In 2022, it increased to EUR 1,351.1 million (index 105) predominantly due to higher dividend payments and an increase in expenses from financial assets.

Economic value distributed of the Triglav Group⁷³

	Index				
	2022	2021	2020	2021/2020	2020/2019
Economic value generated	1,403.1	1,378.8	1,274.9	102	108
Economic value distributed	1,351.1	1,281.8	1,179.2	105	109
- Net claims incurred and other insurance expenses	658.7	856.8	814.3	77	105
- Expenses from financial assets	196.8	27.6	36.7	714	75
- Other expenses	34.0	24.8	22.9	137	108
- Operating expenses	160.9	135.8	119.4	118	114
- Dividend payments	84.0	38.6	0.0	218	0
- Tax expense (income tax expense)	24.3	19.7	17.2	124	114
- Community investments (prevention activities, donations, sponsorships)	10.2	8.8	8.0	116	111
- Employee wages, allowances and benefits	182.0	169.7	160.7	107	106
Economic value retained	52.0	96.9	95.7	54	101

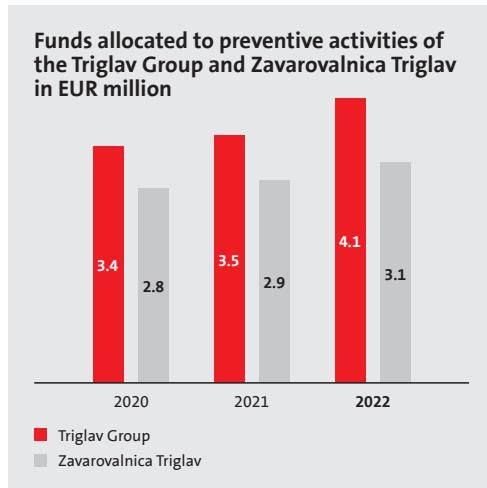
The Group's responsibility to the community is fulfilled primarily through investments in prevention, sponsorships and donations, as well as investments in infrastructure at national and local levels, which are presented below. Their content is defined based on:

- sponsorships and donor partnerships and participation in investments in prevention;
- the needs identified in local environments by the Group's companies and business units;
- direct contact with local communities;
- performance analyses, especially risks and claims experience, published data of specialised organisations and institutions;
- market research and public opinion polls.

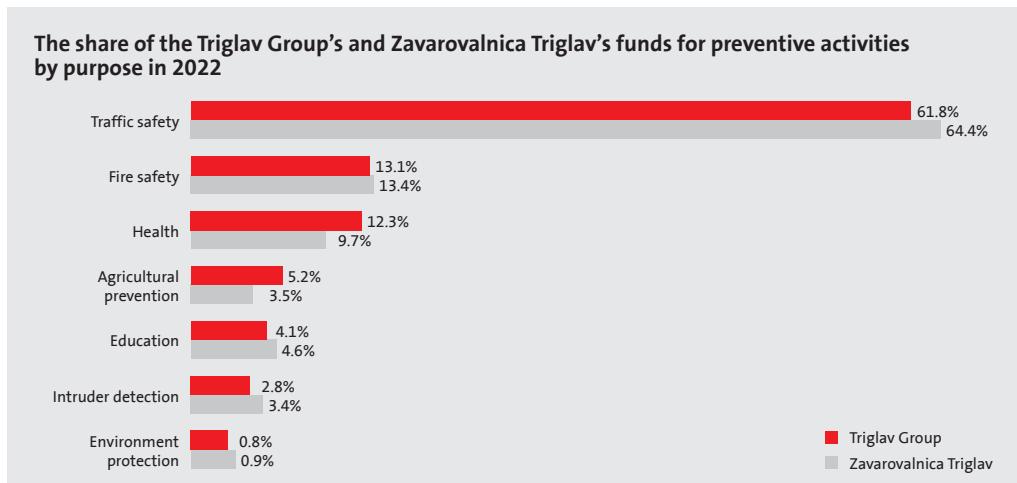
12.4.3.1 Investment in prevention

Prevention programmes are an important social aspect of sustainable impacts of the insurance industry, as they reduce risks and are also prescribed by law. The volume of investment in prevention has increased over the last three years, both at Group level and the parent company.

The bulk of funds was allocated to **improving traffic, fire and health safety**.



In cooperation with AMZS, 150 drivers over the age of 60 took a refresher course. Due to high interest, the project was continued and another 500 drivers were invited to participate.



Prevention projects⁷⁴

Prevention projects are mainly directed at the groups of people and natural environments most at risk. In line with demographic trends, the number of elderly drivers is increasing, and they are among those more exposed to the risk of being involved in a traffic accident. To this end, for the fourth year running, could the Company offers them the chance to improve their driving skills and knowledge of traffic regulations as part of the **Refresher Ride with a Driving Instructor for the Elderly** campaign. For motorcyclists, another more at risk group of drivers, the **DRAJV** safe driving application was upgraded. Support was provided to a total of 98 fire brigades and associations. To prevent accidents and fires in the mountains, cooperation was strengthened with the Mountain Rescue Association of Slovenia, the Alpine Association of Slovenia, the Avalanche Warning Institute, the Triglav National Park Public Institute and the Kranjska Gora Mountain Rescue Society and a dangerous high-mountain trail was rebuilt.

High profile and comprehensive prevention projects of the Triglav Group in Slovenia in 2022 by area⁷⁵

Health prevention and safety at work	Impact
Assistance in the event of a sudden cardiac arrest	<ul style="list-style-type: none"> Co-financing or purchase of 18 defibrillators for local communities (184 in 9 years). Co-financing of training sessions in using a defibrillator.
Prevention and early detection of disease and mental health	<ul style="list-style-type: none"> 9 meetings and other events on physical and mental health were held at the Triglav Lab. The Najdi.se project was set up (in cooperation with the Vozim Institute) to promote and protect mental health among young people. 6 workshops for parents (in cooperation with the Vozim Institute) were held on alcohol- and cannabis-related issues, attended by 482 parents. Support was provided to 10 Hrastnik Social Work Centre workshops for parents on the mental and physical health of young people. Support was provided to the Slovenian Urological Patients Association in the Movember 2022 campaign.
Training in first aid response	<ul style="list-style-type: none"> Co-financing of first aid training – the purchase of QCPR manikins for demonstration and CPR training.
Purchase of medical and therapeutic equipment	<ul style="list-style-type: none"> Purchase and co-financing of devices such as a mobile X-ray, a medical recliner for the elderly and a therapeutic chair for physically challenged students. Purchase of oximeters and infant warmers for 5 Slovenian maternity hospitals.
Prevention of accidents at work, partner: the Slovenian Forest Service	<ul style="list-style-type: none"> Financing a chainsaw safety course for forest owners.
Traffic safety	Impact
Refresher ride with a driving instructor for the elderly, partner: AMZS	<ul style="list-style-type: none"> A total of 150 drivers over the age of 60 attended a two-stage refresher course in driving knowledge and skills (driving in the city and at the safe driving centre) and 300 drivers attended a city driving course. In the four years of implementing this campaign, more than 640 experienced drivers have taken a refresher course with a driving instructor. The course focused on roundabouts, speed and keeping a suitable safety distance.
Vozimse.si – a road traffic prevention portal, partners: AMZS and Atmosferci	<ul style="list-style-type: none"> A total of 51,535 online tests were taken to refresh drivers' knowledge of road traffic regulations. Raising awareness of safe driving with videos on driving and working with tractors, autonomous and electric vehicles.
The Together for Road Safety project, partners: Sipronika and Zavod Vozim (I'm Driving Institute)	<ul style="list-style-type: none"> 12 new speed display signs in local communities, at high-risk road sections and in the vicinity of schools and kindergartens were set up, 92 in total over seven years. Under the mentorship of the Vozim Institute, students from schools with displays were researching speeding and submitted proposals to their municipalities to reduce speed in their settlements.
Together for Road Safety project, partner: COPS system	<ul style="list-style-type: none"> 10 new COPS@zebra and COPS@road systems were installed in Slovenia at points with the greatest risk of traffic accidents (over 70 in total).
Interactive workshops for secondary school students "I still drive but I no longer walk", partners: Zavod Vozim (I'm Driving Institute) and Sipronika	<ul style="list-style-type: none"> At 208 workshops in person or online, 10,386 young people listened to personal stories of traffic accident victims and became acquainted with the DRAJV safe driving application. 330 young people researched the influence of speed on impact load and braking distance at 117 specialised workshops. 380 young people attended the Alcohol=Change of Life workshop.
The safety of preschool children and first graders in road traffic, partner: the Slovenian Traffic Safety Agency	<ul style="list-style-type: none"> 21,000 first graders received yellow safety neckerchiefs. The Kuža Pazi (Watch Out Doggy) road safety mascot visited 45 elementary schools to promote being cautious.
Training events and topics for motorcyclists	<ul style="list-style-type: none"> The day of free prevention and first aid workshops for motorcyclists (attended by more than 2,000 motorcyclists in eight years). A conference on motorcyclists' behavioural risks entitled "Anatomy of a Motorcyclist's Ride". Presentation at the event about driving motorcycles of up to 125 cubic centimetres safely (analysis of data from the DRAJV application).
A training workshop on driving with tractors and tractor trailers, partner: AMZS, Vrasko Safe Driving Centre	<ul style="list-style-type: none"> More than 300 tractor drivers attended the workshop on safe driving with tractors (more than 500 tractor drivers in three years, including many young tractor drivers).
The DRAJV safe driving application	<ul style="list-style-type: none"> The data from the DRAJV application were used to analyse and plan preventive measures and to select locations for the installation of speed display signs. The application was upgraded so as to promote the safe driving of motorcyclists.
Promotion of forming an emergency lane on motorways, partner: Zavod Reševalni pas (Emergency Lane Institute)	<ul style="list-style-type: none"> Sharing videos about the problems of ambulances on an emergency call.
Young drivers	<ul style="list-style-type: none"> A subpage for young drivers "Mission: pass your driver's test and be a safe driver" was set up on the Vozimse.si portal. In cooperation with gamers Žiga Lah (ScorpLZ) and Jaka Krčovnik (Jack on the Box) and psychologist Anja Čorić, an event was held for young drivers, at which the topic of having a fear of driving was discussed.
Being Safe on a Bike, partners: Butan plin, Slovenian Traffic Safety Agency, National Education Institute of Slovenia	<ul style="list-style-type: none"> More than 10,000 students (from over 100 schools) took part in cycling education about sustainable mobility, traffic regulations and active leisure time.
Fire prevention	Impact
Care for greater fire safety in mountain huts, partners: the Alpine Association of Slovenia and the Fire Fighting Association of Slovenia, Bonpet	<ul style="list-style-type: none"> 30 mountain huts were equipped with automatic fire extinguishing ampoules and fire extinguishers (115 mountain huts in three years). Support was provided to the construction of a new mountain hut on Okrešelj as a model of a modern fire-safe mountain hut.
Purchase of fire protection equipment, partners fire services, associations and brigades	<ul style="list-style-type: none"> Co-financed purchase of protective equipment, fire-fighting equipment and fire engines as well as investments in fire stations for 98 volunteer fire brigades and associations.
Financing of training and competitive activities of firefighters, partners: Fire Fighting Association of Slovenia and Instructor 112	<ul style="list-style-type: none"> The main sponsorship of the Firefighting Olympics in Celje. Co-financed three-day Heavy Rescue training course for firefighters in the event of major accidents, attended by 250 volunteer and professional firefighters from seven countries. In cooperation with the Atmosferci group, video content warning of the risk of battery fires was regularly posted on the Vozimse.si portal.
Protection of the natural environment	Impact
Safe return – prevention of bird strikes, partner: the Society of Knowledge and Values of Nature	<ul style="list-style-type: none"> Studying the coexistence of birds and airplanes in Slovenia and researching bird strike prevention techniques.
The sustainable development of pond banks, partner: the Brdo Public Utility Institute	<ul style="list-style-type: none"> Support for sustainable development of the bank of the pond in the Brdo pri Kranju park.
Sustainable visiting of Triglav National Park, partner: the Triglav National Park Public Institute	<ul style="list-style-type: none"> Co-organisation of an expert meeting and an open day at the Triglav Lab. The results of the analysis of driving with the Triglav application in terms of traffic congestion and speeding will serve as the basis to design measures to reduce motorised traffic in Triglav National Park.
Long-term conservation of protected wetlands, partner: the Wetland Research Society, Slovenia	<ul style="list-style-type: none"> Survey of 60 wetlands in the Julian Alps.
Study and conservation of dolphins, partner: Morigenos – Slovenian Marine Mammal Society	<ul style="list-style-type: none"> Initiation of the development of a research and education centre about dolphins in Piran.
Protection of indigenous marine species, partner: the Jesenice Fishing Family	<ul style="list-style-type: none"> Co-financing the construction of a centre for the breeding of indigenous marine species in Jesenice.
Keeping mountain trails well-maintained and safe, partner: the Alpine Association of Slovenia	<ul style="list-style-type: none"> Support in arranging mountain trails from Gorjanci to Kočevski rog as part of Trailblazers' Day. Support for restoring the challenging mountain trail to Koroška Rinka.
Sustainable visit to the mountains, partners: the Alpine Association of Slovenia and AMZS	<ul style="list-style-type: none"> Support for the Green Mountain Trail project to promote the sustainable choice of mountain locations, thereby contributing to less populated peaks.

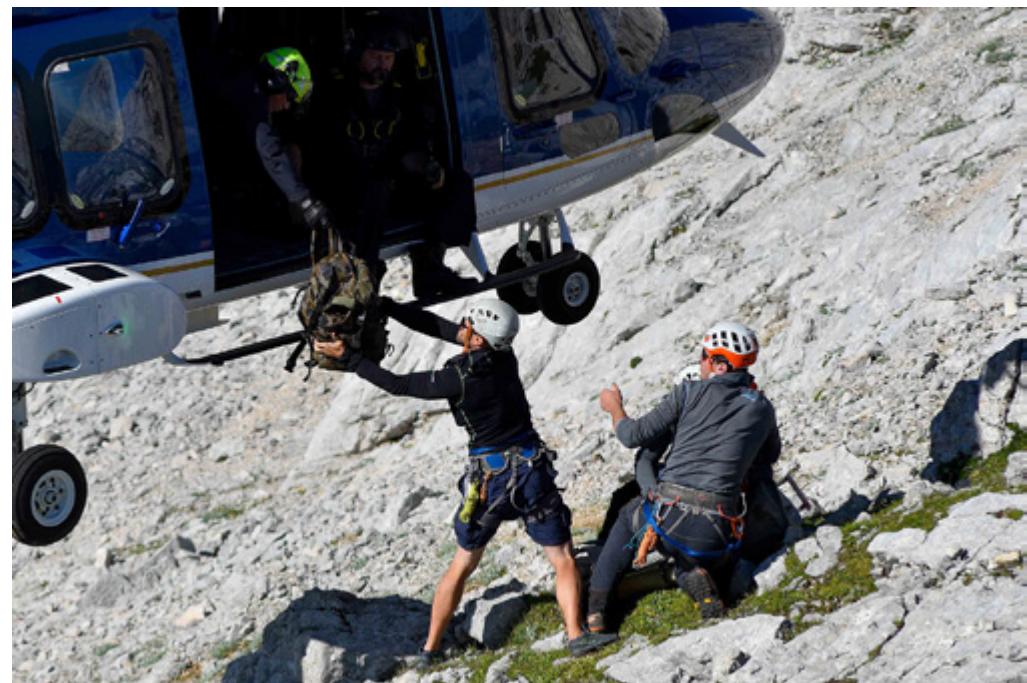
In the context of this year's traditional New Year's prevention campaign **Za boljši jutri (For a better tomorrow)**, 26 prevention projects were supported in Slovenian local communities. Funds were allocated to firefighters, healthcare, civil protection, counselling in the field of children's mental health, institutions for users with special needs and elementary schools. Over 230 preventive projects were supported over nine years.



As part of the Best Mountain Trail contest, the Company funded the renovation of the Koroška Rinka trail after it had been closed for several years.

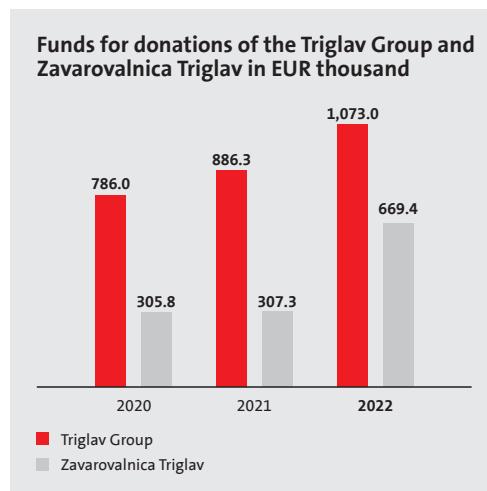
High profile and comprehensive prevention projects of the Triglav Group in the markets outside Slovenia in 2022 by area

Health prevention	Impact
Prevention of musculoskeletal diseases, partner: the Basketball Federation of Serbia, Serbia	<ul style="list-style-type: none"> ■ Organisation of workshops for the prevention of musculoskeletal diseases in athletes.
Early detection of diseases, partner: the Croatian Neurological Society, Croatia	<ul style="list-style-type: none"> ■ Support for the "Links in Neurology" symposium.
Prevention and early detection of disease, partner: the "Heart for Children with Cancer" Association, Bosnia and Herzegovina	<ul style="list-style-type: none"> ■ Financial support for the treatment of children with cancer and help for their families.
Prevention of accidents in the mountains, partner: the Mountain Rescue Service of the Federation of BiH, Bosnia and Herzegovina	<ul style="list-style-type: none"> ■ Co-financing of activities of the Goražde Mountain Rescue Service.
Protection of the natural environment	Impact
Protection of the natural environment and biodiversity, partner: Eko Fond Orahovica, Bosnia and Herzegovina	<ul style="list-style-type: none"> ■ Implementation of environmental and cleanliness drives.



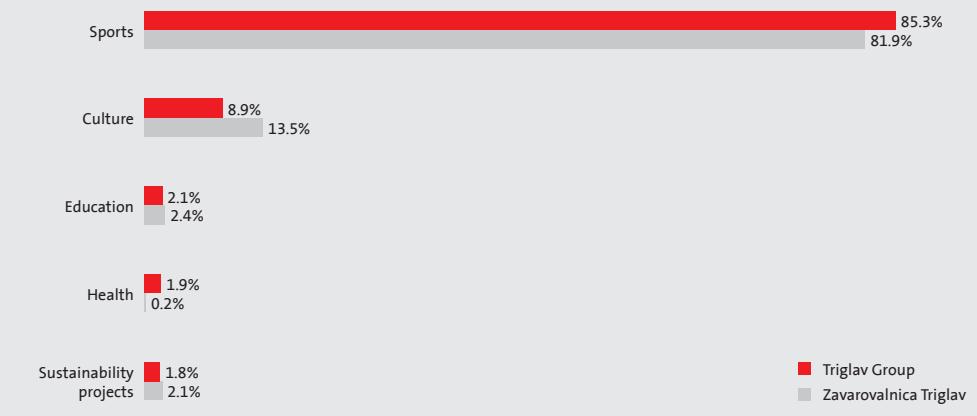
12.4.3.2 Sponsorships and donations⁷⁶

The Group has uniform guidelines for sponsorships and donor partnerships in place. Attention is paid that their selection complies with the Company's business guidelines and brand. In 2022, the amounts of both sponsorships (index 133) and donations (index 121) were increased.

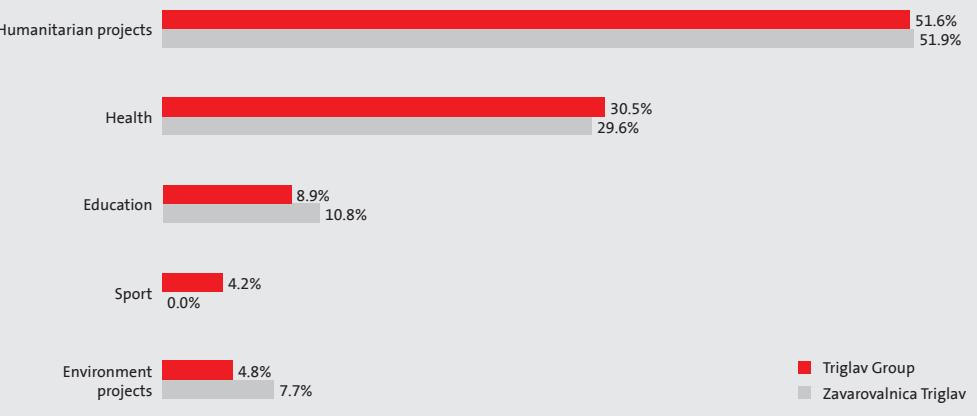


As part of the New Year's prevention campaign »For a Better Tomorrow«, more than 230 prevention projects have been supported throughout Slovenia over the past nine years.

Sponsorships of the Triglav Group and Zavarovalnica Triglav in 2022 by content



Donations of the Triglav Group and Zavarovalnica Triglav in 2022 by content



Major sponsorships and donations

Sports sponsorships, the development of young athletes and raising awareness about the importance of a healthy lifestyle receive the majority of funds. The Group is recognised as a partner of national sports associations, international sports events and numerous sports clubs in its markets. In 2022, the largest share of donations was given to humanitarian projects and healthcare.

Some major sponsorships of the Triglav Group in 2022

Country	Sports sponsorship	Culture	Education and training
Slovenia	<ul style="list-style-type: none"> ■ Partner of the Ski Association of Slovenia ■ Golden partner of national teams in biathlon and Nordic skiing ■ General sponsor of the FIS Ski Flying World Championship in Planica ■ Sponsor of the Ski Jumping World Cup Ladies (the New Year's Eve Tour) in Ljubno ob Savinji ■ Sponsor of the Biathlon World Cup in Pokljuka ■ Sponsor of the Sports Federation for the disabled of Slovenia ■ Golden partner of the Football Association of Slovenia and its national teams as well as the first women's and the first men's football league ■ Sponsor of the Tennis Association of Slovenia ■ Golden sponsor of the Table Tennis Association of Slovenia ■ Sponsor of the Gymnastic Federation of Slovenia ■ Sponsor of the Canoe Federation of Slovenia ■ Sponsor of the Olimpija Ice Hockey Club and the Jesenice Ice Hockey Skating Society ■ Sponsor of the Slovenian Golf Association ■ Sponsor of the Ice Hockey Federation of Slovenia ■ Sponsor of the Cedevita Olimpija Basketball Club, the Krka – Telekom Novo mesto Basketball Club and the Domžale Basketball Club ■ Sponsor of the ACH Volley Ljubljana Volleyball Club and the Merkur Maribor Volleyball Club ■ General partner of the climbing event Triglav The Rock Ljubljana ■ Partner of the Woop! Odbito na Ljublanici event ■ Sponsor of top athletes: Peter, Domen and Cene Prevc, Anamarija Lampič, Ela Nala Milič, Kaja Juvan, Domen Škofic, Janja Garnbret, Nataša Robnik, Miha Dovžan, Vid Vrhovnik, Aljaž Sladič, Nika Radišč, Špela Rogelj, Nika Križnar, Taja Bodlaj, Rok Marguč, Klemen Bauer, Jakov Fak, Katja Pogačar, Žan Košir, Jan Pancar, Tjaša Fifer, Anej Doplihar and Matej Žan. 	<ul style="list-style-type: none"> ■ A series of concerts of Music of the World in Cankarjev dom ■ Kinodvor ■ Ljubljana Puppet Theatre ■ Slovene Writers' Association ■ Ljubljana Festival ■ Ljubljana Castle ■ Lent Festival ■ National Museum of Slovenia ■ Arsana Festival ■ Beletrina ■ Modern Gallery ■ Festival RUTA Triglav Group – a regional festival 	<ul style="list-style-type: none"> ■ Mountain Rescue Association of Slovenia: Staying Safe in the Mountains ■ Managers' Association of Slovenia ■ Slovenian Society for Dog Assisted Therapy Tačke Pomagačke (Helping Little Paws) ■ Maritime Law Association ■ American Chamber of Commerce in Slovenia (AmCham Slovenia)
Croatia	<ul style="list-style-type: none"> ■ Croatian Basketball Association ■ Croatia Open Umag ■ General sponsor of the Adriatic Water Polo League 	<ul style="list-style-type: none"> ■ Wine of Dalmatia Association 	
Montenegro	<ul style="list-style-type: none"> ■ Podgorica Basketball Club ■ AS Tennis Club ■ Budućnost VOLI Basketball Club ■ Budućnost Female Handball Club ■ ALL STAR Basketball Club ■ Podgorica Millennium Run ■ Water Polo and Swimming Federation of Montenegro 	<ul style="list-style-type: none"> ■ Budva Theatre Festival 	<ul style="list-style-type: none"> ■ EYCA international programme for young people
North Macedonia	<ul style="list-style-type: none"> ■ Vardar Handball Club ■ Vardar Female Handball Club ■ Alkaloid Handball Club ■ Support of rally driver Igor Stefanovski ■ Support of young tennis player Vesna Jovanova ■ Handball Federation of North Macedonia ■ Basketball Federation of North Macedonia 	<ul style="list-style-type: none"> ■ Kraft produkcija Festival 	<ul style="list-style-type: none"> ■ AETM
Bosnia and Herzegovina	<ul style="list-style-type: none"> ■ Female Play Off Sarajevo Basketball Club ■ Sarajevo Ski Club ■ Bosna Visoko Handball Club ■ Vitez Minifootball Club ■ Čelik Zenica Football Club ■ Jajce Handball Club ■ Support to SPARS 05 Youth Basketball Club 		
Serbia	<ul style="list-style-type: none"> ■ General sponsor of the Basketball Federation of Serbia and the Serbian male national team ■ Crvena zvezda Volleyball Club ■ Judo Federation of Serbia ■ Borac Basketball Club ■ Vojvodina Basketball Club ■ Golf Association of Vojvodina ■ Support for the judoka Nemanja Majdov 	<ul style="list-style-type: none"> ■ Manasija Knights Festival ■ Cultural manifestation – Oplenačka berba 	

Triglav Lab's activities

Many events, workshops and training sessions in prevention, financial literacy and cooperation with athletes are held at the Triglav Lab technology centre. In 2022, 75 on-site and online events were held, of which 42 were educational, 18 in the field of preventive healthcare, 10 for business and awareness purposes and 5 related to the Company's products. The main topics of the virtual events were fire and flood safety and dog care and health, while the virtual events on the topic of health were held in cooperation with Triglav Zdravje. As part of the POMNI project, screening tests for dementia took place in the premises of Triglav Lab (over several months), in addition to providing consulting for hematological patients. In the context of the summer finance school, young people attended a lecture on financial literacy (Triglav Skladi in partnership with Moje Finance magazine).

Everything Will Be Alright Institute

Zavarovalnica Triglav's *Zavod Vse bo v redu* (Everything Will Be Alright Institute) carries out socially responsible activities aimed at providing help and support to the socially disadvantaged as well as implements preventive activities. Key projects in 2022 included:

■ The Help Ukraine project

In the Slovenian companies of the Triglav Group, a charity drive was carried out to raise funds for refugees from Ukraine staying in Slovenia. The Group's employees, together with donations from Group companies, raised EUR 310.7 thousand.

■ Cooperation with the Slovenian Forest Service

The Everything Will Be Alright Institute signed an agreement on long-term cooperation in the Green Heart of the Karst project, with which the Triglav Group joined the project of Karst reforestation after the fire in 2022. The first large-scale campaign took place in November at the Cerje Monument of Peace. A total of 50 employees and other volunteers from Slovenia and abroad planted saplings.

As part of the collaboration with the Slovenian Forest Service, support was provided for the renovation of the Charcoal Forest Nature Trail in Dole pri Litiji, which is considered the heart of the Charcoal-Making Region.

■ Prevention activities aimed at preventing loss events

The Company participated as a **partner in the Alcohol-Free for 40 Days campaign** for the seventh year in a row, which promotes a healthy and sober lifestyle among the general public, including drivers.

■ Support to young talents – the Young Hopes project

The year 2022 was the tenth anniversary of the Young Hopes social responsibility project, providing support to talented young athletes, para-athletes, artists and scientists. This time, an open call was published in the spring. An expert jury selected 13 young and successful finalists aged between 16 and 20. In cooperation with Pro Plus media company, EUR 50,000 was allocated to the development of talented young people and the achievement of their goals. In ten years, 127 young people were

supported with a total of over half a million euros. The project ended with a gala event at the Ljubljana Castle, where diplomas were awarded to the last two generations of young people.

The recipients of financial support from the past five years were invited to apply to receive sponsorship funds from Zavarovalnica Triglav and which enabled them to receive even longer-term support. In addition, alumni meetings with lectures were held, focusing on safety, obstacles, tips and knowledge that young people need when they become young drivers.



Young Hopes 2022.

Information on corporate social responsibility partnerships:

Zavarovalnica Triglav, d.d., Ljubljana

Miklošičeva cesta 19, 1000 Ljubljana

Email: sponsorstva@triglav.si

12.4.4 Responsibility to suppliers

Procurement practices⁷⁷

The Company uses a **standardised software solution** for procurement, which increases the transparency of procurement procedures and reduces the operational risks of non-compliance with good business practices. The procurement procedures above a certain amount (above EUR 10,000) are performed by the Strategic Sourcing Department, which is responsible for coordination and communication between the relevant departments in need of procurement and suppliers. With the new electronic form implemented in 2022, the preparation of initial information for starting the procurement procedure was simplified.

Only verified suppliers who meet the **legal compliance** criteria can participate in procurement procedures. *The supplier compliance assessment* assesses the risks of corrupt practices, conflicts of interest and political exposure, while *the business sustainability assessment* is used to assess respect for human rights, provision of a safe and healthy work environment for employees and other workers, compliance with Slovenian legislation and international human rights documents and environmental legislation requirements. Based on these criteria, new suppliers are assessed in the selection process, while existing suppliers are assessed once a year. In 2022, additional criteria were added to the sustainable development form.

Locally-oriented procurement⁷⁸

The Company selects its suppliers mostly on the Slovenian market; the share of suppliers based outside the local market is less than 10%. Market trends in key procurement groups, such as IT, property management, general procurement, intellectual services, marketing, labour and general affairs, are regularly monitored. The Company seeks offers outside the local market when it is economically feasible or there is no comparable supplier in the market for the goods or services in demand.

The Group companies also carry out most of their procurement in local markets by complying with the common minimum procurement standards. Where possible and reasonable, some of the same types of materials, raw materials and services are procured centrally at Group level at more favourable purchasing terms and conditions. In 2022, procurement procedures above EUR 25,000 were centralised for all Slovenian companies and are carried out by the parent company's Strategic Sourcing Department.

Remuneration of insurance agency companies and sales staff

The Group's sales network is constantly being expanded with contractors. In 2022 their number **exceeded 1,980**, of which **1,441 were outside Slovenia**. See Section [14. Business network of the Triglav Group](#) for further information.⁷⁹ Before signing an agreement with a new contractor, the standardised selection procedure is carried out, while the business results of existing contractors are regularly monitored and measures are taken for enhancing cooperation and improving sales.

Non-life insurance agency companies are rewarded based on the following criteria: exclusivity, written premium, size of the area of operation, volume of sales of insurance products and fulfilment of planned obligations. When awarding a bonus, the Company takes into account the fulfilment of monthly targets and the renewability and growth of the insurance portfolio. The commission rate of contractors selling *life insurance* products depends on exclusivity, portfolio balance, client loyalty indicator and the effectiveness of maintaining the portfolio. Contractors are also rewarded for exceeding the annual non-life and life insurance sales targets (volume bonus); furthermore, special additional rewards are made available during the year. The first agreement with a new partner is concluded for a fixed term. Priority is given to exclusive sales, as insurance distributors can offer policyholders a comprehensive range of products of the Group members.

In Republika Srpska, remuneration regulations were revised. In some countries where the Group operates, additional incentives were used to promote sale to retail clients. In awarding a bonus, linear bonus schemes are used, which are upgraded with bonus commissions depending on the value of insurance policies, financial discipline and the claims ratio. Premium rates are universal (regardless of whether an insurance policy is new or renewed), whereas exclusive partnerships are additionally rewarded with benefits.

In order to maintain and promote loyalty, contractors may attend training sessions, workshops, and sales and motivational events, thus gaining new insurance and sales knowledge and skills, which improves not only relations between contractors and the Company but also client satisfaction.

12.5 Governance aspects⁸⁰

Fair business practices⁸¹

The Triglav Group adopted the **Triglav Group Code**, which focuses on twelve main ethical principles:

- integrity and compliance,
- conflict of interest management,
- prevention of the restriction of competition, unfair competition and unfair business practices,
- transparency and comprehensive communication,
- respect for human rights,
- responsibility to the employees,
- a client-centric approach,
- responsibility to the business partners and shareholders,
- fraud management,
- prevention of corruptive actions,
- money laundering and terrorist financing prevention,
- data protection and integrity.

Employees in all Group companies are made aware of and educated about the Code, fostering adherence to the adopted principles at all levels.

The Code defines the system for direct reporting of non-compliance, while the procedure for dealing with internal fraud and violations of the Code is regulated by an internal document. In 2022, the Group dealt with 14 reports of violations and two cases of suspected internal fraud. No major monetary losses directly related to the marketing and provision of information on insurance products were identified.⁸² None of the covered employees were involved in investment-related investigations, consumer complaints, private civil disputes or other regulatory proceedings.⁸³ No monetary losses directly related to legal proceedings concerning fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, abuse or other laws or regulations of the financial industry were recorded.⁸⁴

Insurance fraud management

To identify suspected fraud, advanced computer solutions are used that automatically and reliably detect suspicious cases and are helpful to experienced investigators. Key internal controls for fraud prevention and detection are also based on advanced technological solutions, which at the same time measure the effectiveness of fraud management processes.

Systematic training and awareness raising activities on how to identify insurance fraud, particularly with respect to underwriting and claim settlement, are carried out for all Group employees. In the fight against

fraud, the Company actively works together with other insurers, the Slovenian Insurance Association and the competent state authorities.

Modern forms of insurance and remote business lead to new types of fraud, which requires systematic monitoring and adjustment of the Company's operations.

Reporting and dealing with suspected fraud is regulated by the Group's Code, while the Rules on dealing with internal fraud and violations provide a framework for ensuring the protection of the reporting person's identity, handling anonymous reports and protection against retaliatory actions. The Rules also govern **whistleblowing** regulations.



To identify suspected fraud, advanced computer solutions are being used that automatically and reliably detect suspicious cases and are an additional tool for experienced investigators.

At least one communication channel for reporting violations (an online form, a hotline for reporting fraud or the email address prevar@triglav.si) is available in all insurance and financial companies of the Group. In companies with at least 50 employees, the reporting person can also use an application to report violations, which is available and accessible on the www.triglav.eu website, and thus available to all external stakeholders. Any unlawful conduct, or an attempt thereof, that is contrary to the values and principles of the Triglav Group may be reported. Each report is dealt with in accordance with a predetermined procedure; the bona fide reporting person is protected during the procedure and after its completion.

Insurance fraud was confirmed in 886 cases out of 1,651 reported cases of suspected fraud in 2022. Of these, 25 reports of suspected fraud were received from external and internal reporting persons (whistleblowers), which were confirmed in three cases. The number of confirmed cases of suspected fraud was 9% higher than in 2021.⁸⁵

Anti-corruption behaviour⁸⁶

The anti-corruption policy sets a minimum standard of conduct in proceedings with an identified corruption risk for the Group companies. Mandatory contractual provisions include an anti-corruption clause, a conflict of interest clause and clauses on the protection of human rights, personal data, inside information and business secrets. Employees are regularly made aware of how to act lawfully, fairly and transparently and how to respond to identified irregularities.

In 2022, the Company's employees attended training sessions on managing conflicts of interest and preventing money laundering and terrorist financing for an average of 3 hours. No cases of corrupt practices were confirmed in the Group.

In line with the Political Parties Act, Zavarovalnica Triglav may not and does not finance political parties. Such financing and other political activities are also banned by the corruption risk management policy of the Triglav Group; therefore, neither are carried out by any of its members.⁸⁷



Employees receive regular training on personal data protection and fair business practices.

Personal data protection⁸⁸

With regard to **personal data protection**, the Group received four complaints, three of which were found to be partially grounded. The cases of detected non-compliance were investigated and the internal control system was updated. No material sanctions due to non-compliance were imposed on the Company. In one case, a fine was imposed on the person responsible, but the procedure related to the request for judicial protection is still pending.⁸⁹

On average, the Company's employees received one hour of training on personal data protection. Information security and the personal data protection internal control system were upgraded, while keeping clients informed about the processing of their personal data. Uniform rules for personal data processing and protection continued to be implemented within Group; they are based on common minimum standards.

Protection of competition⁹⁰

In its operations, product development and marketing, the Group respects consumer rights and follows good business practices. When choosing suppliers, it aims for transparency and respects the protected interests of its competitors. In the Handbook for Consumer and Competition Protection, the rules of behaviour to competitors have been regulated to avoid the risk of violating regulations and principles of fair competition. In the markets where the Group holds a dominant position, consumers are advised to be cautious when taking out insurance and business partners when entering into business relationships. Proceedings for alleged non-compliance with competition protection rules have been initiated against a Group subsidiary company; as a result, in the future, the Group will be even more active in drawing attention to the importance of consumer protection and competition.

Commitments to external initiatives and membership in associations⁹¹

Zavarovalnica Triglav became a signatory to the United Nations Principles for Sustainable Insurance (UN PSI) and a member of the global community of banks, insurers and investors joining the United Nations Environment Programme Finance Initiative (UNEP FI). Also, it is a signatory to the Partnership for Carbon Accounting Financials (PCAF) initiative.

The main standard of professional business practices is implemented by complying with the Insurance Code of the Slovenian Insurance Association and other industry codes. The Company is active in the American Chamber of Commerce, especially in the Corporate Ethics and Transparency Committee and the Sustainable Growth Committee. As one of the first Slovenian companies, it committed itself to respecting the Declaration on Fair Business Practices. By joining Transparency International Slovenia, the Company additionally committed itself to developing an anti-corruption culture, and by signing the Commitment to Respect Human Rights in Business, it supported the implementation of the National Action Plan of the Republic of Slovenia for Respect for Human Rights in the Economy.

⁸⁵ GRI 419-1, SASB: FN-AC-510a.1, FN-AC-510a.3 | ⁸⁶ GRI 3-3, 205-1, 205-2, 205-3

⁸⁷ GRI 415-1 | ⁸⁸ GRI 3-3, 412-2, SDG 16 | ⁸⁹ GRI 419-1, 418-1 | ⁹⁰ GRI 3-3, 206-1 | ⁹¹ GRI 2-28

The Company is an active member of the Slovenian Insurance Association and its committees, the Chamber of Commerce and Industry of Slovenia and other local and interest chambers. It has representatives in several professional associations, such as the Slovenian Directors' Association, the Managers' Association of Slovenia, the Association of Employers of Slovenia, the European Institute of Compliance and Ethics, the Slovenian Association of Actuaries and the Institute of Internal Auditors – IIA Slovenia. Furthermore, representatives of the Company are members of many international industry and professional associations, particularly in the fields of finance, actuaries and compliance. Subsidiaries are members of industry and professional associations in the countries where they operate and participate in various committees.

Adjustment to regulatory changes

In 2022, the focus was on standardising the Group's personal data protection practices. The system for monitoring and complying with restrictive measures (sanctions) adopted due to the aggression against Ukraine was upgraded (e.g. the scope of client due diligence was updated and expanded, additional internal controls and ongoing notification of adopted new features were implemented); furthermore, guidelines for the Group's subsidiaries operating outside the EU were drawn up.

Procedures were updated in line with the amended law governing the prevention of money laundering and terrorist financing. The guidelines of the European Insurance and Occupational Pensions Authority in outsourcing cloud services were implemented.

Operations continued to be harmonised with the regulation on sustainability-related disclosures in the financial services sector and the EU Taxonomy, while regularly monitoring legislative changes in sustainable business. In addition, the implementation of accounting standards IFRS 17 and IFRS 9 continued.

The definitions of the target market and the distribution strategy for more complex products were reviewed and updated in line with the respective EIOPA's guidelines. Amendments to the Commission Delegated Regulation (EU) 2017/653 on PRIIPs and the Slovenian Insurance Supervision Agency's notices were taken into account in drafting key information documents for products. With respect to supplemental voluntary pension insurance (SVPI), approvals for changes to guarantee fund management rules were obtained.

Group subsidiaries adapted to changes and were actively involved in regulatory procedures. In the countries where EU legislation does not apply, the minimum standards of the parent company are followed.

Government grants and other forms of government assistance⁹²

The Triglav Group received EUR 3.1 million (index 116) in grants and other forms of government assistance in 2022, of which Zavarovalnica Triglav received EUR 2.9 million (index 114). The largest share of government grants in the Group, 86.5%, was accounted for by reimbursements of labour costs by the state. Government assistance in the context of aid measures due to unfavourable trends in the economy (mainly the rise in energy prices) accounted for 6.9%, while incentives for employing specific categories of workers accounted for 5.3%. The share of funds obtained in public tenders for co-financing the cost of a particular asset was 1.2%. See Section [5.6 of the Accounting Report](#) for more information on government grants.

13.

Information on the Triglav Group as at 31 December 2022

Insurance

Zavarovalnica Triglav d.d.

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 72 00 , 080 555 555, 080 28 64
Fax:	++ 386 (1) 432 63 02
Email:	info@triglav.si
Website:	www.triglav.si , www.triglav.eu

Pozavarovalnica Triglav Re d.d.

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 79 00
Fax:	++ 386 (1) 433 14 19
Email:	mail@triglavre.si
Website:	www.triglavre.si
Activity:	Reinsurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 4,950,000/EUR 4,950,000

Triglav, Zdravstvena zavarovalnica d.d.

Address:	Pristaniška ulica 10, 6000 Koper, Slovenia
Phone:	++ 386 (5) 662 20 00, 080 26 64
Fax:	++ 386 (5) 662 20 02
Email:	info@triglavzdravje.si
Website:	www.triglavzdravje.si
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 25,822,144/EUR 25,822,144

Triglav, pokojninska družba d.d.

Address:	Dunajska cesta 22, 1000, Ljubljana, Slovenia
Phone:	++ 386 (1) 47 00 840, 080 80 87
Fax:	++ 386 (1) 47 00 853
Email:	info@triglavpokojnine.si
Website:	www.triglavpokojnine.si
Activity:	Pension funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 25,756,808/EUR 25,756,808

Triglav Osiguranje d.d., Zagreb

Address:	Antuna Heinza 4, 10000 Zagreb, Croatia
Phone:	0800 20 20 80
Fax:	++ 385 (1) 563 27 99, 0800 20 20 80
Email:	info@triglav.hr
Website:	www.triglav.hr
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominalna vrednost kapitalskega deleža Zavarovalnice Triglav/Skupine Triglav:	- /EUR 38,060,776

Triglav Osiguranje d.d., Sarajevo

Address:	Dolina 8, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (33) 252 110
Fax:	++ 387 (33) 252 179
Email:	info@triglav.ba
Website:	www.triglav.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /97.78%
Share of voting rights of Zavarovalnice Triglav/Skupine Triglav pravic:	- /98.87%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 10,620,215

Lovčen Osiguranje a.d., Podgorica

Address:	Ulica slobode 13a, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 404 404
Fax:	++ 382 (20) 665 281
Email:	info@lo.co.me
Website:	www.lo.co.me
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 10,362,648

Triglav Osiguranje a.d., Banja Luka

Address:	Ulica Prvog krajiškog korpusa 29, 78000 Banja Luka, Bosnia and Herzegovina
Phone:	++ 387 (51) 215 262
Fax:	++ 387 (51) 215 262
Email:	info@triglavrs.ba
Website:	www.triglavrs.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 4,777,227

Lovčen životna osiguranja a.d., Podgorica

Address:	Ulica Marka Miljanova 29, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 231 882
Fax:	++ 382 (20) 231 881
Email:	info@lovczivot.me
Website:	www.lo.co.me
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 3,665,590

Triglav Osiguranje a.d.o., Belgrade

Address:	Milutina Milankovića 7a, 11070 Novi Beograd, Serbia
Phone:	++ 381 (11) 330 51 00
Fax:	++ 381 (11) 312 24 20
Email:	office@triglav.rs
Website:	www.triglav.rs
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 19,661,348

Triglav Osiguruvanje a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 16, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 22 22
Fax:	++ 389 (2) 510 22 97
Email:	info@triglav.mk
Website:	www.triglav.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /81.69%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /81.69%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 2,457,582

Triglav Osiguruvanje Život a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 18, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 22 01
Fax:	++ 389 (2) 510 22 97
Email:	info@triglavzivot.mk
Website:	www.triglavzivot.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /97.38%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /97.38%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 6,819,115

Asset management

Triglav Skladi d.o.o.

Address:	Dunajska cesta 20, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 300 73 00, 080 10 19
Fax:	++ 386 (1) 300 73 50
Email:	info@triglavskladi.si
Website:	www.triglavskladi.si
Activity:	Mutual fund management
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 563,345/EUR 563,345

Triglav, Upravljanje nepremičnin d.o.o.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 47 44 440
Fax:	++ 386 (1) 23 17 785
Email:	info@triglav-upravljanje.si, info-nep@triglav.si
Website:	www.triglav-upravljanje.si
Activity:	Asset management
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 3,160,113/EUR 3,160,113

Trigal, upravljanje naložb in svetovalne storitve d.o.o.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 51 317 019, 82 007 348
Email:	info@trigal.com
Website:	www.trigal.com
Activity:	Management of financial funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 7,331,308/EUR 7,331,308

Triglav penzisko društvo a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 18, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 21 90
Fax:	++ 389 (2) 510 28 81
Email:	info@triglavpenzisko.mk
Website:	www.triglavpenzisko.mk
Activity:	Pension funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 5,356,000/EUR 5,356,000

Triglav Fondovi d.o.o., Sarajevo

Address:	Ul. Mehmed paše Sokolovića br. 15, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++387 33 277 270
Fax:	++387 33 277 271
Email:	info@triglavfondovi.ba
Website:	www.triglavfondovi.ba
Activity:	Management of financial funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /62.54%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /62.54%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 399,704

Other**Triglav INT, holdinška družba d.o.o.**

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 430 95 34
Email:	triglavint@triglav-int.si
Website:	www.triglav-int.si
Activity:	Holding company
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 77,180,734/EUR 77,180,734

Triglav Svetovanje, zavarovalno zastopanje d.o.o.

Address:	Ljubljanska cesta 86, 1230 Domžale, Slovenia
Phone:	++ 386 (1) 724 66 50
Email:	info@triglav-svetovanje.si
Website:	www.triglav-svetovanje.si
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 8,763/EUR 8,763

Triglav Savetovanje, društvo za zastupanje u osiguranju d.o.o., Belgrade

Address:	Zelengorska 1g, 11070, Belgrade, Serbia
Phone:	++ 381 (1) 165 58 497, 011 655 84 97
Email:	office@triglav-savetovanje.rs
Website:	www.triglav-savetovanje.rs
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 31,305

Triglav Savjetovanje, društvo za zastupanje u osiguranju d.o.o., Sarajevo

Address:	Dolina br. 8, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (3) 361 81 06
Faks:	++ 387 (3) 361 82 95
Email:	info@triglav-savjetovanje.ba
Website:	www.triglav-savjetovanje.ba
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /97.78%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /97.78%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 149,983

Triglav Savjetovanje, društvo za zastupanje u osiguranju d.o.o., Zagreb

Address:	Sarajevska cesta 60, 10000 Zagreb, Croatia
Phone:	++ 385 (1) 344 41 22
Email:	info@triglav-savjetovanje.hr
Website:	www.triglav-savjetovanje.hr
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 790,000

Triglav Avtoservis d.o.o.

Address:	Verovškova 60b, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 580 68 80
Fax:	++ 386 (1) 580 68 75
Email:	info@triglav-avtoservis.si
Spletna stran:	www.triglav-avtoservis.si
Activity:	Maintenance and repair of motor vehicle
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 43,663/EUR 43,663

Triglav zdravje asistenza d.o.o., Ljubljana

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 893 84 40
Email:	info@tza.si
Website:	www.tza.si
Activity:	Other human health activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 7,500/EUR 7,500

Diagnostični center Bled d.o.o.

Address:	Pod skalo 4, 4260 Bled, Slovenia
Phone:	++ 386 (4) 579 80 00
Email:	info@dc-bled.si
Spletna stran:	www.dc-bled.si
Activity:	Hospital activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	50.00%/50.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	50.00%/50.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 189,562/EUR 189,562

Vse bo v redu, zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti

Address:	Miklošičeva cesta 19, 1000, Ljubljana, Slovenia
Phone:	++386 (1) 47 47 518
Faks:	++386 (1) 47 47 159
Email:	vsebovredu@triglav.si
Spletna stran:	www.vsebovredu.si
Activity:	Humanitarian and charity activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Ustanovni vložek Zavarovalnice Triglav/Skupine Triglav:	EUR 100,000/EUR 100,000

14.

Business network of the Triglav Group

The Triglav Group's well-developed business network is constantly upgraded. The traditional method of selling insurance and financial services is complemented with a multi-channel approach and hybrid forms of business, which is made possible by business digitalisation. In 2022, the Group strengthened its advantages by entering into more strategic partnerships and increasing the number of contract sales partners and the scope of online and assistance services.

The Group's insurance sales network is composed of insurance agents, sales clerks and own points of sale. In 2022, the external sales network in Slovenia comprised 542 partners registered for insurance agency activities – 469 in non-life insurance and 73 in life insurance. Based on contracts, the Group also cooperates with roadworthiness test providers, car dealers, leasing companies, banks and travel agencies with great success. Subsidiaries outside Slovenia also strengthened their own and external sales networks. In markets outside Slovenia, the Group cooperates with more than 1,440 insurance agencies, with most partnerships being entered into in Serbia, particularly with vehicle inspection providers. In 2022, the bank sales channel was strengthened in particular. See Section [12.4.4 Responsibility to suppliers, Remuneration of insurance agencies and their sales staff](#) for more information.

In order to effectively resolve claims, the range of contractors was expanded, communication channels were upgraded and claims procedures were automated and simplified. Clients have access to insurance services also via call centres, where they receive the necessary information; furthermore, clients may take out insurance, report a claim and request assistance services via the telephone or online.

14.1 Insurance

■ Zavarovalnica Triglav d.d., Ljubljana, Headquarters – registered office

Regional units:

■ Celje	■ Ljubljana	■ Novo mesto
■ Koper	■ Maribor	■ Postojna
■ Kranj	■ Murska Sobota	■ Slovenj Gradec
■ Krško	■ Nova Gorica	■ Trbovlje

■ Pozavarovalnica Triglav Re d.d., Ljubljana – registered office

■ Triglav Zdravstvena zavarovalnica d.d., Koper – registered office

The insurance company has agencies set up in all 12 regional units of Zavarovalnica Triglav and a health information office at its registered office.

■ Triglav, pokojninska družba d.d., Ljubljana – registered office

- The Group's well-developed business network was further expanded. It includes over 1,980 insurance agencies, brokers and banks in the Adria region. Almost 73% of its contractors operate in markets outside Slovenia.
- Sales, after-sales and assistance services, which are provided in increasingly hybrid forms, are being upgraded with digital, automated and simplified processes.

■ Triglav Osiguranje d.d., Zagreb – registered office

Branch offices:

- Zagreb
- Koprivnica
- Čakovec
- Osijek
- Varaždin
- Rijeka

■ Lovćen Osiguranje a.d., Podgorica – registered office

Branch offices:

- Podgorica
- Bar
- Nikšić
- Budva
- Berane
- Plužine
- Pljevlja
- Šavnik
- Bijelo Polje
- Danilovgrad
- Kotor
- Cetinje

■ Triglav Osiguranje d.d., Sarajevo – registered office

Branch offices:

- Sarajevo
- Grude
- Novi Grad – Autocentar
- Banja Luka
- Goražde
- Ljubuški
- Kiseljak
- Jelah – Tešanj
- Bihać
- Čitluk
- Ključ
- Široki Brijeg
- Tuzla
- Novi Travnik
- Mostar
- Teočak
- Zenica
- Breza
- Travnik
- Gračanica
- Vitez
- Kakanj

■ Triglav Osiguranje a.d.o., Banja Luka – registered office

Regional offices:

- Pula
- Split
- Banja Luka
- Doboj
- Prijedor
- Gradiška
- Pale
- Bijeljina

■ Triglav Osiguranje a.d.o., Belgrade – registered office

Branch offices:

- Belgrade
- Čačak
- Novi Sad
- Jagodina
- Kruševac
- Vranje
- Niš
- Valjevo
- Kikinda
- Vršac
- Herceg Novi
- Subotica
- Novi Pazar
- Užice
- Mojkovac
- Šabac
- Zrenjanin
- Pančevo
- Cetinje
- Kragujevac
- Bečej
- Sremska Mitrovica
- Bogatić
- Bor
- Negotin
- Kraljevo
- Leskovac
- Sombor
- Prijepolje

■ Triglav Osiguruvanje a.d., Skopje – registered office

Branch offices:

- Skopje
- Veles
- Bitola
- Gevgelija
- Štip
- Tomislavgrad
- Ohrid
- Prilep
- Kavadarci
- Livno
- Gostivar
- Kičevo
- Strumica
- Čapljina
- Tetovo
- Radoviš
- Struga
- Konjic
- Lukavac
- Kumanovo
- Kočani

■ Triglav Osiguruvanje Život a.d., Skopje – registered office

14.2 Asset management

- Triglav Skladi d.o.o., Ljubljana – registered office
- Triglav, Upravljanje nepremičnin d.o.o., Ljubljana – registered office
- Trigal, upravljanje naložb in svetovalne storitve d.o.o., Ljubljana – registered office
- Triglav Fondovi d.o.o., Sarajevo – registered office
- Triglav penzisko društvo a.d., Skopje – registered office

14.3 Other

- Triglav INT, holdinška družba d.o.o., Ljubljana – registered office
- Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale – registered office
- Triglavko d.o.o., Ljubljana – registered office
- Triglav zdravje asistenca d.o.o., Ljubljana – registered office
- Diagnostični center Bled d.o.o., Bled – registered office
- Triglav Savjetovanje d.o.o., Zagreb – registered office
- Triglav Savetovanje d.o.o., Belgrade – registered office
- Triglav Savjetovanje d.o.o., Sarajevo – registered office
- Triglav Avtoservis d.o.o., Ljubljana – registered office

15.

Performance indicators of Zavarovalnica Triglav

15.1 Growth of gross written premium (index)

Gross written premium for the current year*100

Gross written premium for the preceding year

in EUR

No.	2	Gross written premium			Index	
		2022	2021	2020	2022/2021	2021/2020
1		3	4	5	6 = 3/4*100	7 = 4/5*100
1	Accident insurance	25,342,439	25,235,448	25,696,568	100	98
2	Health insurance	933,956	787,154	926,557	119	85
3	Land motor vehicle insurance	141,497,773	129,298,413	127,536,359	109	101
4	Railway insurance	5,880,448	4,614,328	4,175,198	127	111
5	Aircraft insurance	2,546,345	3,683,029	2,390,519	69	154
6	Marine insurance	18,083,405	7,689,364	994,760	235	773
7	Good in transit insurance	7,975,392	6,858,896	5,321,053	116	129
8	Fire and natural disaster insurance	56,381,966	60,796,633	58,291,995	93	104
9	Other damage to property insurance	182,452,894	165,026,243	130,253,821	111	127
10	Motor TPL insurance	121,932,761	109,621,258	106,754,958	111	103
11	Aircraft liability insurance	1,557,041	2,779,402	1,693,326	56	164
12	Marine liability insurance	1,427,546	1,390,962	950,911	103	146
13	General liability insurance	48,665,425	42,719,369	38,619,888	114	111
14	Credit insurance	26,957,217	21,883,872	19,137,654	123	114
15	Suretyship insurance	4,516,701	3,600,839	2,775,316	125	130
16	Miscellaneous financial loss insurance	3,643,791	2,948,793	2,574,281	124	115
17	Legal expenses insurance	610,916	595,434	641,309	103	93
18	Travel assistance insurance	19,677,421	16,480,055	16,052,704	119	103
19	Total non-life insurance (No. 1-18)	670,083,437	606,009,493	544,787,178	111	111
20	Life insurance	74,655,209	79,238,943	79,466,230	94	100
21	Unit-linked life insurance	102,603,969	88,785,604	76,121,938	116	117
22	Supplementary pension insurance (Pension and Invalidity Insurance Act)	21,521,009	20,316,064	18,880,523	106	108
23	Total life insurance (No. 20-22)	198,780,186	188,340,610	174,468,691	106	108
24	Total (No. 19+23)	868,863,623	794,350,103	719,255,868	109	110

15.2 Net written premium as % of gross written premium

No.	1	2	Net written premium*100		Gross written premium		in EUR		Net written premium as % of gross written premium	
			3	4	5	6	7 = 3/5*100	8 = 4/6*100		
1	Accident insurance		22,882,650	24,111,394	25,342,439	25,235,448	90	96		
2	Health insurance		541,171	403,141	933,956	787,154	58	51		
3	Land motor vehicle insurance		126,583,283	118,746,789	141,497,773	129,298,413	89	92		
4	Railway insurance		3,721,998	3,179,050	5,880,448	4,614,328	63	69		
5	Aircraft insurance		1,234,960	512,084	2,546,345	3,683,029	48	14		
6	Marine insurance		-756,181	4,049,207	18,083,405	7,689,364	-	53		
7	Good in transit insurance		4,865,040	4,377,329	7,975,392	6,858,896	61	64		
8	Fire and natural disaster insurance		31,997,468	36,435,356	56,381,966	60,796,633	57	60		
9	Other damage to property insurance		85,767,808	70,839,126	182,452,894	165,026,243	47	43		
10	Motor TPL insurance		97,665,647	95,758,179	121,932,761	109,621,258	80	87		
11	Aircraft liability insurance		984,115	274,980	1,557,041	2,779,402	63	10		
12	Marine liability insurance		999,335	1,204,425	1,427,546	1,390,962	70	87		
13	General liability insurance		30,369,988	26,327,195	48,665,425	42,719,369	62	62		
14	Credit insurance		18,956,530	15,642,754	26,957,217	21,883,872	70	71		
15	Suretyship insurance		2,243,640	1,697,484	4,516,701	3,600,839	50	47		
16	Miscellaneous financial loss insurance		1,713,049	-738,912	3,643,791	2,948,793	47	-		
17	Legal expenses insurance		482,797	479,720	610,916	595,434	79	81		
18	Travel assistance insurance		17,780,134	15,565,586	19,677,421	16,480,055	90	94		
19	Total non-life insurance (No. 1-18)		448,033,432	418,864,887	670,083,437	606,009,493	67	69		
20	Life insurance		73,763,948	78,448,515	74,655,209	79,238,943	99	99		
21	Unit-linked life insurance		102,568,222	88,750,889	102,603,969	88,785,604	100	100		
22	Supplementary pension insurance (Pension and Invalidity Insurance Act)		21,521,009	20,316,064	21,521,009	20,316,064	100	100		
23	Total life insurance (No. 20-22)		197,853,178	187,515,467	198,780,186	188,340,610	100	100		
24	Total (No. 19+23)		645,886,610	606,380,354	868,863,623	794,350,103	74	76		

15.3 Movements in gross claims paid (index)

Gross claims paid for the current year*100

Gross claims paid for the preceding year

in EUR

No.	2	Gross claims paid			Index	
		2022	2021	2020	2022/2021	2021/2020
1	1	10,970,662	11,341,654	9,908,838	97	114
2	Accident insurance	299,364	224,251	415,865	133	54
3	Health insurance	87,963,736	73,547,686	75,806,644	120	97
4	Land motor vehicle insurance	937,433	1,351,160	623,235	69	217
5	Railway insurance	47,179	427,733	44,785	11	955
6	Aircraft insurance	2,536,821	462,437	-12,306	549	-
7	Marine insurance	2,405,710	1,330,731	1,511,975	181	88
8	Good in transit insurance	17,242,071	18,508,455	19,974,929	93	93
9	Fire and natural disaster insurance	57,656,612	41,729,984	43,758,137	138	95
10	Other damage to property insurance	69,979,954	60,644,632	61,408,263	115	99
11	Motor TPL insurance	66,673	4,171	23,398	1,598	18
12	Aircraft liability insurance	296,388	244,093	298,968	121	82
13	Marine liability insurance	10,086,223	9,130,723	14,547,830	110	63
14	General liability insurance	8,591,108	9,691,229	12,026,300	89	81
15	Credit insurance	363,218	888,227	454,233	41	196
16	Suretyship insurance	1,183,995	1,485,539	871,232	80	171
17	Miscellaneous financial loss insurance	9,865	8,277	15,000	119	55
18	Legal expenses insurance	16,373,498	12,837,972	11,386,584	128	113
19	Travel assistance insurance	287,010,510	243,858,953	253,063,910	118	96
20	Total non-life insurance (No. 1-18)	99,226,366	99,811,473	95,631,064	99	104
21	Life insurance	47,830,664	50,176,608	48,338,150	95	104
22	Unit-linked life insurance	5,142,370	4,210,438	4,476,399	122	94
23	Supplementary pension insurance (Pension and Invalidity Insurance Act)	152,199,401	154,198,520	148,445,613	99	104
24	Total life insurance (No. 20-22)	439,209,911	398,057,473	401,509,523	110	99
	Total (No. 19+23)					

15.4 Claims ratio

No.	2	Gross claims paid*100		Gross written premium		in EUR	
		3	4	2022	2021	2022	2021
1	Accident insurance	10,970,662	11,341,654	25,342,439	25,235,448	43	45
2	Health insurance	299,364	224,251	933,956	787,154	32	28
3	Land motor vehicle insurance	87,963,736	73,547,686	141,497,773	129,298,413	62	57
4	Railway insurance	937,433	1,351,160	5,880,448	4,614,328	16	29
5	Aircraft insurance	47,179	427,733	2,546,345	3,683,029	2	12
6	Marine insurance	2,536,821	462,437	18,083,405	7,689,364	14	6
7	Good in transit insurance	2,405,710	1,330,731	7,975,392	6,858,896	30	19
8	Fire and natural disaster insurance	17,242,071	18,508,455	56,381,966	60,796,633	31	30
9	Other damage to property insurance	57,656,612	41,729,984	182,452,894	165,026,243	32	25
10	Motor TPL insurance	69,979,954	60,644,632	121,932,761	109,621,258	57	55
11	Aircraft liability insurance	66,673	4,171	1,557,041	2,779,402	4	0
12	Marine liability insurance	296,388	244,093	1,427,546	1,390,962	21	18
13	General liability insurance	10,086,223	9,130,723	48,665,425	42,719,369	21	21
14	Credit insurance	8,591,108	9,691,229	26,957,217	21,883,872	32	44
15	Suretyship insurance	363,218	888,227	4,516,701	3,600,839	8	25
16	Miscellaneous financial loss insurance	1,183,995	1,485,539	3,643,791	2,948,793	32	50
17	Legal expenses insurance	9,865	8,277	610,916	595,434	2	1
18	Travel assistance insurance	16,373,498	12,837,972	19,677,421	16,480,055	83	78
19	Total non-life insurance (No. 1-18)	287,010,510	243,858,953	670,083,437	606,009,493	43	40
20	Life insurance	99,226,366	99,811,473	74,655,209	79,238,943	133	126
21	Unit-linked life insurance	47,830,664	50,176,608	102,603,969	88,785,604	47	57
22	Supplementary pension insurance (Pension and Invalidity Insurance Act)	5,142,370	4,210,438	21,521,009	20,316,064	24	21
23	Total life insurance (No. 20-22)	152,199,401	154,198,520	198,780,186	188,340,610	77	82
24	Total (No. 19+23)	439,209,911	398,057,473	868,863,623	794,350,103	51	50

15.5 Operating expenses as % of gross written premium

No.	2	Operating expenses*100		Gross written premium		Operating expenses as % of gross written premium	
		3	4	2022	2021	2022	2021
1	Accident insurance	9,166,396	8,672,975	25,342,439	25,235,448	36	34
2	Health insurance	242,741	230,509	933,956	787,154	26	29
3	Land motor vehicle insurance	37,818,022	34,096,829	141,497,773	129,298,413	27	26
4	Railway insurance	818,888	559,582	5,880,448	4,614,328	14	12
5	Aircraft insurance	194,829	154,791	2,546,345	3,683,029	8	4
6	Marine insurance	2,932,558	822,118	18,083,405	7,689,364	16	11
7	Good in transit insurance	1,623,270	1,422,276	7,975,392	6,858,896	20	21
8	Fire and natural disaster insurance	19,388,387	19,781,204	56,381,966	60,796,633	34	33
9	Other damage to property insurance	38,631,076	32,123,263	182,452,894	165,026,243	21	19
10	Motor TPL insurance	34,467,832	30,362,056	121,932,761	109,621,258	28	28
11	Aircraft liability insurance	191,607	144,705	1,557,041	2,779,402	12	5
12	Marine liability insurance	409,010	341,804	1,427,546	1,390,962	29	25
13	General liability insurance	14,682,730	12,282,912	48,665,425	42,719,369	30	29
14	Credit insurance	6,098,333	5,172,811	26,957,217	21,883,872	23	24
15	Suretyship insurance	936,446	906,404	4,516,701	3,600,839	21	25
16	Miscellaneous financial loss insurance	1,013,787	806,297	3,643,791	2,948,793	28	27
17	Legal expenses insurance	463,390	524,741	610,916	595,434	76	88
18	Travel assistance insurance	9,029,782	7,752,097	19,677,421	16,480,055	46	47
19	Total non-life insurance (No. 1-18)	178,109,085	156,157,374	670,083,437	606,009,493	27	26
20	Life insurance	18,448,832	17,535,773	74,655,209	79,238,943	25	22
21	Unit-linked life insurance	21,709,776	18,324,915	102,603,969	88,785,604	21	21
22	Supplementary pension insurance (Pension and Invalidity Insurance Act)	3,107,286	3,030,016	21,521,009	20,316,064	14	15
23	Total life insurance (No. 20-22)	43,265,894	38,890,703	198,780,186	188,340,610	22	21
24	Total (No. 19+23)	221,374,979	195,048,077	868,863,623	794,350,103	25	25

15.6 Acquisition costs as % of gross written premium

No.	2	Acquisition costs*100		Gross written premium		in EUR		Acquisition costs as % of gross written premium	
		3	4	2022	2021	2022	2021	7 = 3/5*100	8 = 4/6*100
1	Accident insurance	1,381,637	1,223,219	25,342,439	25,235,448	5.5	4.8		
2	Health insurance	14,296	8,814	933,956	787,154	1.5	1.1		
3	Land motor vehicle insurance	5,202,715	3,885,870	141,497,773	129,298,413	3.7	3.0		
4	Railway insurance	198,382	48,155	5,880,448	4,614,328	3.4	1.0		
5	Aircraft insurance	13,438	8,031	2,546,345	3,683,029	0.5	0.2		
6	Marine insurance	2,538,661	567,938	18,083,405	7,689,364	14.0	7.4		
7	Good in transit insurance	364,372	387,937	7,975,392	6,858,896	4.6	5.7		
8	Fire and natural disaster insurance	2,580,415	2,356,688	56,381,966	60,796,633	4.6	3.9		
9	Other damage to property insurance	6,271,876	5,168,814	182,452,894	165,026,243	3.4	3.1		
10	Motor TPL insurance	8,896,098	6,052,533	121,932,761	109,621,258	7.3	5.5		
11	Aircraft liability insurance	2,991	2,997	1,557,041	2,779,402	0.2	0.1		
12	Marine liability insurance	108,174	99,227	1,427,546	1,390,962	7.6	7.1		
13	General liability insurance	2,784,138	2,199,986	48,665,425	42,719,369	5.7	5.1		
14	Credit insurance	1,308,473	1,122,319	26,957,217	21,883,872	4.9	5.1		
15	Suretyship insurance	317,100	277,576	4,516,701	3,600,839	7.0	7.7		
16	Miscellaneous financial loss insurance	278,372	172,472	3,643,791	2,948,793	7.6	5.8		
17	Legal expenses insurance	161,288	225,651	610,916	595,434	26.4	37.9		
18	Travel assistance insurance	1,094,379	617,728	19,677,421	16,480,055	5.6	3.7		
19	Total non-life insurance (No. 1-18)	33,516,807	24,425,956	670,083,437	606,009,493	5.0	4.0		
20	Life insurance	5,225,617	4,544,110	74,655,209	79,238,943	7.0	5.7		
21	Unit-linked life insurance	6,517,877	5,329,105	102,603,969	88,785,604	6.4	6.0		
22	Supplementary pension insurance (Pension and Invalidity Insurance Act)	34,409	75,970	21,521,009	20,316,064	0.2	0.4		
23	Total life insurance (No. 20-22)	11,777,903	9,949,186	198,780,186	188,340,610	5.9	5.3		
24	Total (No. 19+23)	45,294,710	34,375,142	868,863,623	794,350,103	5.2	4.3		

15.7 Net claims ratio

(Net claims paid + Change in claims provisions)*100

Net premium income

in EUR

No.	2	Net claims paid + Change in claims provisions		Net premium income		Net claims ratio (%)	
		2022	2021	2022	2021	2022	2021
1	Accident insurance	8,523,287	9,121,682	23,069,429	24,183,142	37	38
2	Health insurance	292,541	213,843	537,495	405,936	54	53
3	Land motor vehicle insurance	77,728,698	67,900,878	122,102,052	117,492,243	64	58
4	Railway insurance	2,298,836	859,551	3,757,608	2,532,086	61	34
5	Aircraft insurance	-241,814	184,020	954,383	397,629	-	46
6	Marine insurance	2,711,596	635,964	-103,121	2,962,887	-	21
7	Good in transit insurance	2,116,359	1,346,910	4,887,802	4,308,714	43	31
8	Fire and natural disaster insurance	9,839,683	9,539,011	33,234,442	36,638,740	30	26
9	Other damage to property insurance	31,708,359	34,535,524	78,167,008	68,237,187	41	51
10	Motor TPL insurance	22,419,552	41,872,511	95,153,415	95,040,153	24	44
11	Aircraft liability insurance	-53,745	-35,691	1,082,161	175,361	-	-
12	Marine liability insurance	935,179	258,624	1,021,816	1,072,262	92	24
13	General liability insurance	-3,216,187	6,442,374	28,950,270	26,162,127	-	25
14	Credit insurance	42,323	816,479	17,258,960	14,346,889	0	6
15	Suretyship insurance	-213,149	293,166	1,524,759	1,887,076	-	16
16	Miscellaneous financial loss insurance	672,884	693,901	1,388,585	-486,163	48	-
17	Legal expenses insurance	41,032	-32,338	483,039	465,841	8	-
18	Travel assistance insurance	15,126,483	12,092,879	16,350,508	15,400,394	93	79
19	Total non-life insurance (No. 1-18)	170,731,916	186,739,289	429,820,612	411,222,504	40	45
20	Life insurance	97,693,354	101,319,177	92,054,945	97,382,393	106	104
21	Unit-linked life insurance	47,837,534	50,171,484	84,278,825	69,834,039	57	72
22	Supplementary pension insurance (Pension and Invalidity Insurance Act)	5,142,370	4,210,438	21,521,009	20,316,063	24	21
23	Total life insurance (No. 20-22)	150,673,259	155,701,100	197,854,778	187,532,496	76	83
24	Total (No. 19+23)	321,405,175	342,440,389	627,675,390	598,755,001	51	57

15.8 Combined claims ratio

$(\text{Net claims paid} + \text{Change in claims provisions} + \text{Net operating expenses}) * 100$

Net premium income

in EUR

No.	2	Net claims paid + Change in claims provisions + Net operating expenses		Net premium income		Combined claims ratio (%)	
		2022	2021	2022	2021	2022	2021
1		3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	319,126,063	324,345,168	429,820,613	411,222,504	74	79

15.9 Expense ratio

$\text{Operating expenses} * 100$

Net premium income

in EUR

No.	2	Operating expenses		Net premium income		Expense ratio (%)	
		2022	2021	2022	2021	2022	2021
1		3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Life insurance	43,265,894	38,890,703	197,854,778	187,532,496	22	21

15.10 Utility ratio

$(\text{Claims paid} + \text{Change in insurance technical provisions}) * 100$

Net written premium

in EUR

No.	2	Claims paid + Change in insurance technical provisions		Net written premium		Utility ratio (%)	
		2022	2021	2022	2021	2022	2021
1		3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Life insurance	55,518,856	235,795,772	197,853,178	187,515,467	28	126

15.11 Investment return as % of average balance of investments

Investment return*100		in EUR					
(starting balance for the year + ending balance for the year)/2							
No.	2	Investment return		Average balance of investments		Investment return as % of average balance of investments	
		2022	2021	2022	2021	2022	2021
1	Asset backing liabilities	-4,359,129	10,587,574	706,297,608	751,765,118	-0.6	1.4
2	Guarantee fund backing traditional life insurance	9,820,809	14,715,936	670,308,751	780,794,982	1.5	1.9
3	Guarantee fund backing SVPI	-23,082,448	4,718,672	238,178,371	238,957,091	-9.7	2.0
4	Guarantee fund backing SVPI during the annuity payout period	-2,975,773	561,902	73,269,345	70,049,069	-4.1	0.8
5	Guarantee fund backing unit-linked insurance	-77,106,902	69,625,937	473,527,719	459,105,483	-16.3	15.2
6	Investments not financed from insurance technical provisions	47,940,633	9,312,530	383,790,208	369,312,925	12.5	2.5
7	Total	-49,762,811	109,522,551	2,545,372,003	2,669,984,670	-2.0	4.1

15.12 Net claims provisions as % of net premium income

No.	1	2	Net claims provisions*100		Net premium income		in EUR		Net claims provisions as % of net premium income	
			3	4	2022	2021	5	6	7 = 5/4*100	8 = 6/2*100
1	Accident insurance		15,684,696	17,680,459	23,069,429	24,183,142			68	73
2	Health insurance		17,065	13,120	537,495	405,936			3	3
3	Land motor vehicle insurance		15,450,403	17,134,841	122,102,052	117,492,243			13	15
4	Railway insurance		7,474,465	6,113,036	3,757,608	2,532,086			199	241
5	Aircraft insurance		212,808	498,393	954,383	397,629			22	125
6	Marine insurance		2,852,417	608,592	-103,121	2,962,887			-	21
7	Good in transit insurance		3,014,662	1,846,688	4,887,802	4,308,714			62	43
8	Fire and natural disaster insurance		6,943,563	10,973,756	33,234,442	36,638,740			21	30
9	Other damage to property insurance		23,089,518	27,564,239	78,167,008	68,237,187			30	40
10	Motor TPL insurance		123,057,802	157,639,676	95,153,415	95,040,153			129	166
11	Aircraft liability insurance		522,840	585,935	1,082,161	175,361			48	334
12	Marine liability insurance		1,437,930	788,206	1,021,816	1,072,262			141	74
13	General liability insurance		72,172,026	83,997,640	28,950,270	26,162,127			249	321
14	Credit insurance		996,625	1,707,665	17,258,960	14,346,889			6	12
15	Suretyship insurance		-363,880	19,932	1,524,759	1,887,076			-	1
16	Miscellaneous financial loss insurance		970,741	1,245,341	1,388,585	-486,163			70	-
17	Legal expenses insurance		110,548	73,293	483,039	465,841			23	16
18	Travel assistance insurance		2,113,699	2,176,686	16,350,508	15,400,394			13	14
19	Total non-life insurance (No. 1-18)		275,757,926	330,667,499	429,820,612	411,222,504			64	80
20	Life insurance		20,204,285	21,432,296	92,054,945	97,382,393			22	22
21	Unit-linked life insurance		0	-28,409	84,278,825	69,834,039			0	-
22	Supplementary pension insurance (Pension and Invalidity Insurance Act)		0	0	21,521,009	20,316,063			-	-
23	Total life insurance (No. 20-22)		20,204,285	21,403,887	197,854,778	187,532,496			10	11
24	Total (No. 19+23)		295,962,212	352,071,386	627,675,390	598,755,001			47	59

15.13 Gross profit/loss for the year as % of net written premium

No.	2	Gross profit/loss*100		Net written premium		in EUR		Gross profit/loss for the year as % of net written premium	
		2022	2021	2022	2021	2022	2021	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	121,116,596	78,538,655	448,033,432	418,864,887	27.0	18.8		
2	Life insurance	19,241,273	7,149,957	197,853,178	187,515,467	9.7	3.8		
3	Total	140,357,869	85,688,612	645,886,610	606,380,354	21.7	14.1		

15.14 Gross profit/loss for the year as % of average equity

No.	2	Gross profit/loss*100		Average balance of equity		in EUR		Gross profit/loss for the year as % of average equity	
		2022	2021	2022	2021	2022	2021	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	121,116,596	78,538,655	560,218,957	555,544,412	21.6	14.1		
2	Life insurance	19,241,273	7,149,957	53,436,680	104,068,138	36.0	6.9		
3	Total	140,357,869	85,688,612	613,655,637	659,612,550	22.9	13.0		

15.15 Gross profit/loss for the year as % of average assets

No.	2	Gross profit/loss*100		Average balance of assets		in EUR		Gross profit/loss for the year as % of average assets	
		2022	2021	2022	2021	2022	2021	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	121,116,596	78,538,655	1,430,286,810	1,387,484,404	8.5	5.7		
2	Life insurance	19,241,273	7,149,957	1,600,612,601	1,683,923,776	1.2	0.4		
3	Total	140,357,869	85,688,612	3,030,899,411	3,071,408,181	4.6	2.8		

15.16 Gross profit/loss for the year per share

No.	2	Gross profit/loss		Number of shares		in EUR		Gross profit/loss for the year per share	
		2022	2021	2022	2021	2022	2021	7 = 3/5	8 = 4/6
1		121,116,596	78,538,655	15,837,350	15,837,350	7.6	5.0		
1	Non-life insurance								
2	Life insurance	19,241,273	7,149,957	6,897,798	6,897,798	2.8	1.0		
3	Total	140,357,869	85,688,612	22,735,148	22,735,148	6.2	3.8		

15.17 Receivables from reinsurance and reinsurer's share of insurance technical provisions as % of equity

No.	2	Receivables from reinsurance and reinsurer's share of insurance technical provisions*100		Equity		in EUR		Receivables from reinsurance and reinsurer's share of insurance technical provisions as % of equity (%)	
		2022	2021	2022	2021	2022	2021	7 = 3/5*100	8 = 4/6*100
1		3	4	5	6	7	8		
1	Non-life insurance	201,997,092	151,216,498	543,041,098	577,396,816	37.2	26.2		
2	Life insurance	40,963	91,560	9,048,243	97,825,117	0.5	0.1		
3	Total	202,038,055	151,308,058	552,089,341	675,221,933	36.6	22.4		

15.18 Net written premium as % of average balance of equity and insurance technical provisions

		Net written premium*100							
		Average balance of equity and insurance technical provisions						in EUR	
No.	2	Net written premium		Average balance of equity and insurance technical provisions		Net written premium as % of average balance of equity and insurance technical provisions (%)		2022	2021
		3	4	5	6	7 = 3/5*100	8 = 4/6*100		
1	Non-life insurance	448,033,432	418,864,887	1,103,609,912	1,118,415,085	40.6	37.5		
2	Life insurance	197,853,178	187,515,467	1,578,905,030	1,659,981,628	12.5	11.3		
3	Total	645,886,610	606,380,354	2,682,514,942	2,778,396,712	24.1	21.8		

15.19 Average balance of net insurance technical provisions as % of net premium income

		Average balance of net insurance technical provisions*100							
		Net premium income						in EUR	
No.	2	Average balance of net insurance technical provisions		Net premium income		Average balance of net insurance technical provisions as % of net premium income (%)		2022	2021
		3	4	5	6	7 = 3/5*100	8 = 4/6*100		
1	Non-life insurance	543,390,955	562,870,672	429,820,613	411,222,504	126.4	136.9		
2	Life insurance	1,525,468,350	1,555,913,490	197,854,778	187,532,496	771.0	829.7		
3	Total	2,068,859,305	2,118,784,161	627,675,391	598,755,000	329.6	353.9		

15.20 Equity as % of liabilities

No.	2	Equity*100		Liabilities		in EUR		Equity as % of liabilities (%)	
		2022	2021	2022	2021	2022	2021	2022	2021
1		543,041,098	577,396,816	1,435,563,635	1,425,009,986	37.8	40.5		
1	Non-life insurance								
2	Life insurance	9,048,243	97,825,117	1,496,632,978	1,704,592,224	0.6	5.7		
3	Total	552,089,341	675,221,933	2,932,196,613	3,129,602,210	18.8	21.6		

15.21 Net insurance technical provisions as % of liabilities

No.	2	Net insurance technical provisions*100		Liabilities		in EUR		Net insurance technical provisions as % of liabilities (%)	
		2022	2021	2022	2021	2022	2021	2022	2021
1		526,435,966	560,345,943	1,435,563,635	1,425,009,986	36.7	39.3		
1	Non-life insurance								
2	Life insurance	1,466,852,362	1,584,084,338	1,496,632,978	1,704,592,224	98.0	92.9		
3	Total	1,993,288,328	2,144,430,281	2,932,196,613	3,129,602,210	68.0	68.5		

15.22 Net life insurance technical provisions as % of net insurance technical provisions

No.	1	Total	Net life insurance technical provisions*100		Net insurance technical provisions		in EUR		Net life insurance technical provisions as % of net insurance technical provisions (%)	
			Net life insurance technical provisions		Net insurance technical provisions		in EUR		Net life insurance technical provisions as % of net insurance technical provisions (%)	
			2022	2021	2022	2021	2022	2021	7 = 3/5*100	8 = 4/6*100
			3	4	5	6	1,440,231,062	1,548,454,207	1,993,288,328	2,144,430,281
									72.3	72.2

15.23 Gross written premium as % of number of permanent employees

No.	1	Total	Gross written premium		Average number of employees		Gross written premium per number of permanent employees	
			Gross written premium		Average number of employees		Gross written premium per number of permanent employees	
			2022	2021	2022	2021	2022	2021
			3	4	5	6	7 = 3/5	8 = 4/6
			868,863,623	794,350,103	2,245	2,245	387,108	353,831



Risk Management

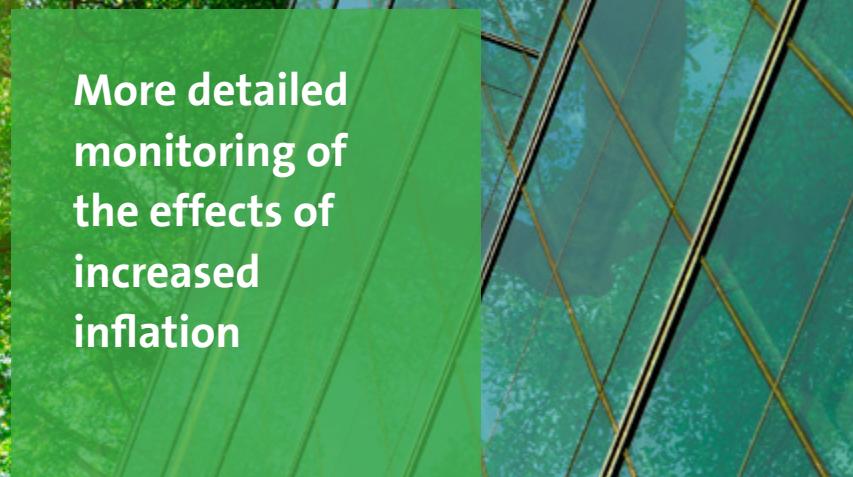
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200%

Capital adequacy of
the Triglav Group as at
31 December 2022



**More detailed
monitoring of
the effects of
increased
inflation**



**Sustainability risks
and information
security risks
management
upgraded**

Risk Management

The Group's operations are considerably affected by changes in the macroeconomic environment and financial markets. The year 2022 was marked by the Russian-Ukrainian war and strained geopolitical relations due to the sanctions imposed against Russia. Among the key consequences of the war in Ukraine is high inflation, stemming from incentives given to the business sector to mitigate the effects of the COVID-19 pandemic. To curb inflationary pressures, central banks raised interest rates, which was followed by financial markets (see Section [7.1 of the Business Report](#) for more information).

Increases in inflation and interest rates mainly affect market and underwriting risks of the Company and the Group, especially non-life insurance, life insurance with a guarantee and supplemental voluntary pension insurance (SVPI) with a guaranteed return. The Group's risk management was therefore aimed at adapting to changes in the financial markets, mainly uncertainties due to higher inflation and higher risk-free interest rates, while taking into account the sanctions imposed against Russia and Belarus.

The military aggression led to a significant expansion and the implementation of additional restrictive measures at the level of the EU and the USA (OFAC). The Group's increased exposure to regulatory risk was identified, i.e. potential sanctions due to non-compliance with national legislation and/or financial sanctions and loss of reputation due to non-compliance with international restrictive measures. To ensure compliance, a uniform interpretation of restrictions was implemented and the processes necessary to regularly verify the correct use and compliance with restrictive measures in the Group were set up. Exposure to Russia and Belarus remained limited until the end of the year.

Despite the difficult business environment, the Triglav Group sustained strong capitalisation even by adhering to its dividend policy. Its capital adequacy was 200% as at 31 December 2022, which is around the lower end of the target range. The Group's capital strength is based on effective risk management and quality capital structure, which to a lesser extent includes subordinated liabilities. The Group's adequate capital and financial strength was additionally confirmed by the long-term credit rating of "A" and the financial strength rating of "A" assigned to the Group by the credit rating agencies S&P Global Ratings and AM Best. Both ratings have a stable medium-term outlook. See Section [6.6 of the Business Report](#) for more information. Zavarovalnica Triglav and Group companies have adequate liquidity, which is achieved through regular liquidity risk management. See Section [3.5 of Risk Management](#) for more information about the liquidity risk.

Main risk management development activities at Triglav Group level were carried out in the business lines that were identified as key due to internal improvements needed or in order to respond to external circumstances:

- With regard to **market risks**, due to higher interest rates and increased volatility in the financial markets, an additional set of indicators was implemented for more effective monitoring of risks within Zavarovalnica Triglav's in Triglav, Pokojninska družba d.d.'s supplemental voluntary pension insurance guaranteed fund.
- With respect to **non-life underwriting risks**, more detailed monitoring of the effects of increased inflation on insurance technical provisions was launched and measures were taken to ensure stable operations of the Company and the Group.
- The **liquidity risk** management system was upgraded for SVPI, which was included in the life insurance optimal liquidity monitoring system. The focus was on transferring good practices to the Group's subsidiaries.
- **Operational risk** management was upgraded particularly with respect to cyber risks. By updating risk indicators, the assessment of information risks was improved, ensuring better quality and timely action. Due to the increased volume of outsourcing, a better overview of risks was implemented, in addition to upgrading the integrated monitoring system.
- **Non-financial risk** management was upgraded especially in relation to **sustainability risks**. With regard to climate risks, a qualitative and quantitative assessment of the effects of climate change on the business operations of the Company and the Group was carried out, covering both transition risks and physical risks. It was found that some climate change impacts could be material for the Company and the Group, therefore timely measures are needed. On this basis, the activities for measuring and managing these risks were defined by specific segment, as well as main requirements for their regular monitoring.

For the remaining types of risk, the focus was on process automation and maintaining the existing system. More attention was paid to upgrading the **risk management system at the level of subsidiaries** in order to consistently monitor their material risks.

1. Risk management system

The risk management system proved to be adequate also in 2022. By upgrading it, it continued to be comprehensive and up-to-date. The system is defined by internal rules and a clear separation of the powers and responsibilities of the business functions, the Management Board, the Supervisory Board, and the key functions and other related areas that exercise supervision. It consists of effective processes used to constantly identify, assess and control assumed and potential or emerging risks. This allows the Company to take appropriate and timely action and keep its risk profile at the level defined in its risk appetite. The system is clear, transparent and well-documented. In subsidiaries, it is developed according to the parent company's principles and by adhering to the principle of proportionality.

1.1 Powers and responsibilities

The system of powers and responsibilities in risk management is **based on the “three lines of defence” model**.

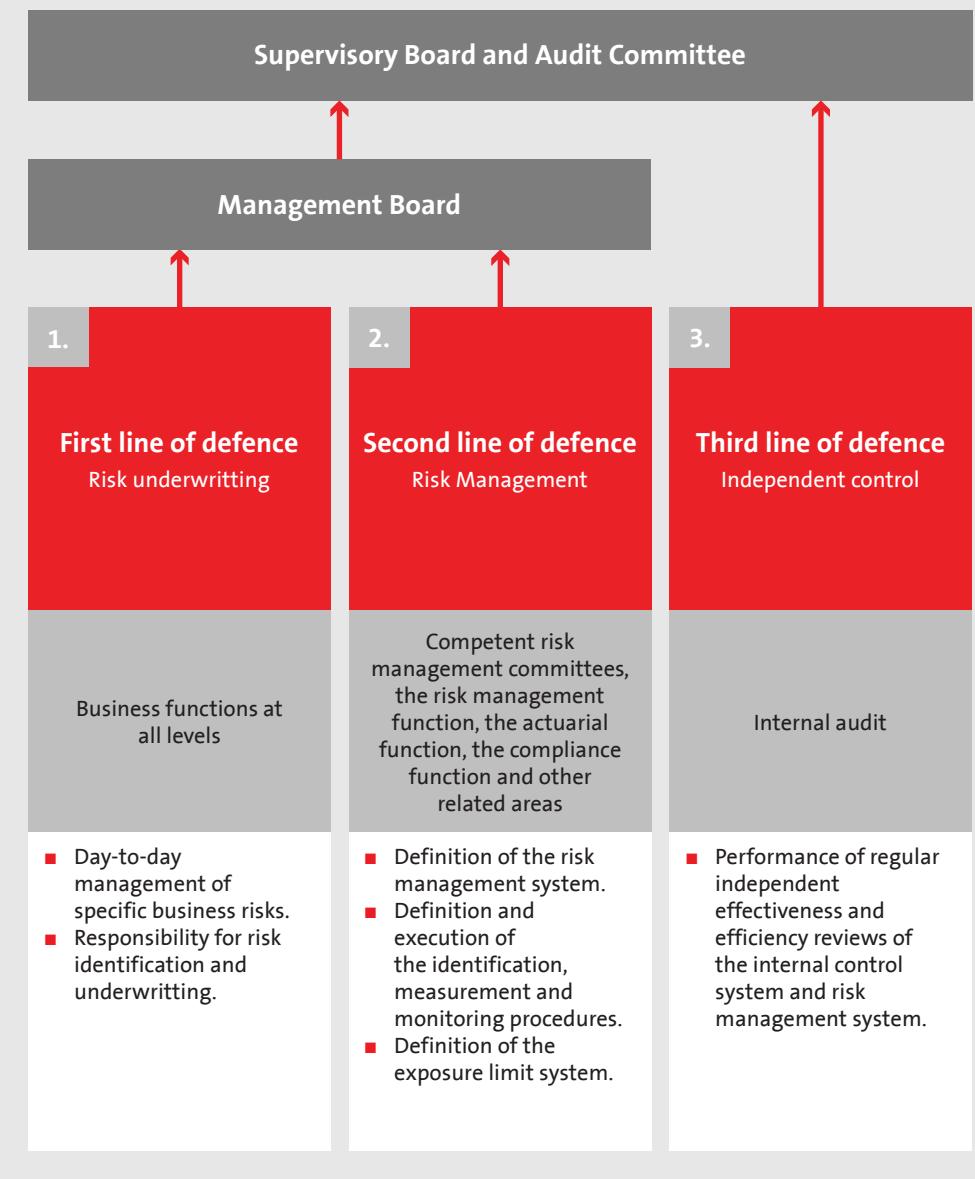
Even though the **Management Board** and the **Supervisory Board** are not directly part of the lines of defence, they play a key role in the risk management system. They both are key stakeholders serviced by the three lines of defence. They are responsible for the operation of the system and defining organisational goals and strategies for achieving them. Furthermore, they establish the management structure and processes for optimal management of assumed risks.

The Company's **business functions** operate within the framework of first line of defence. They are responsible for risk identification and underwriting in their respective work area in accordance with the guidelines of the Management Board, as well as for the management of specific risks within the allowed exposure limits.

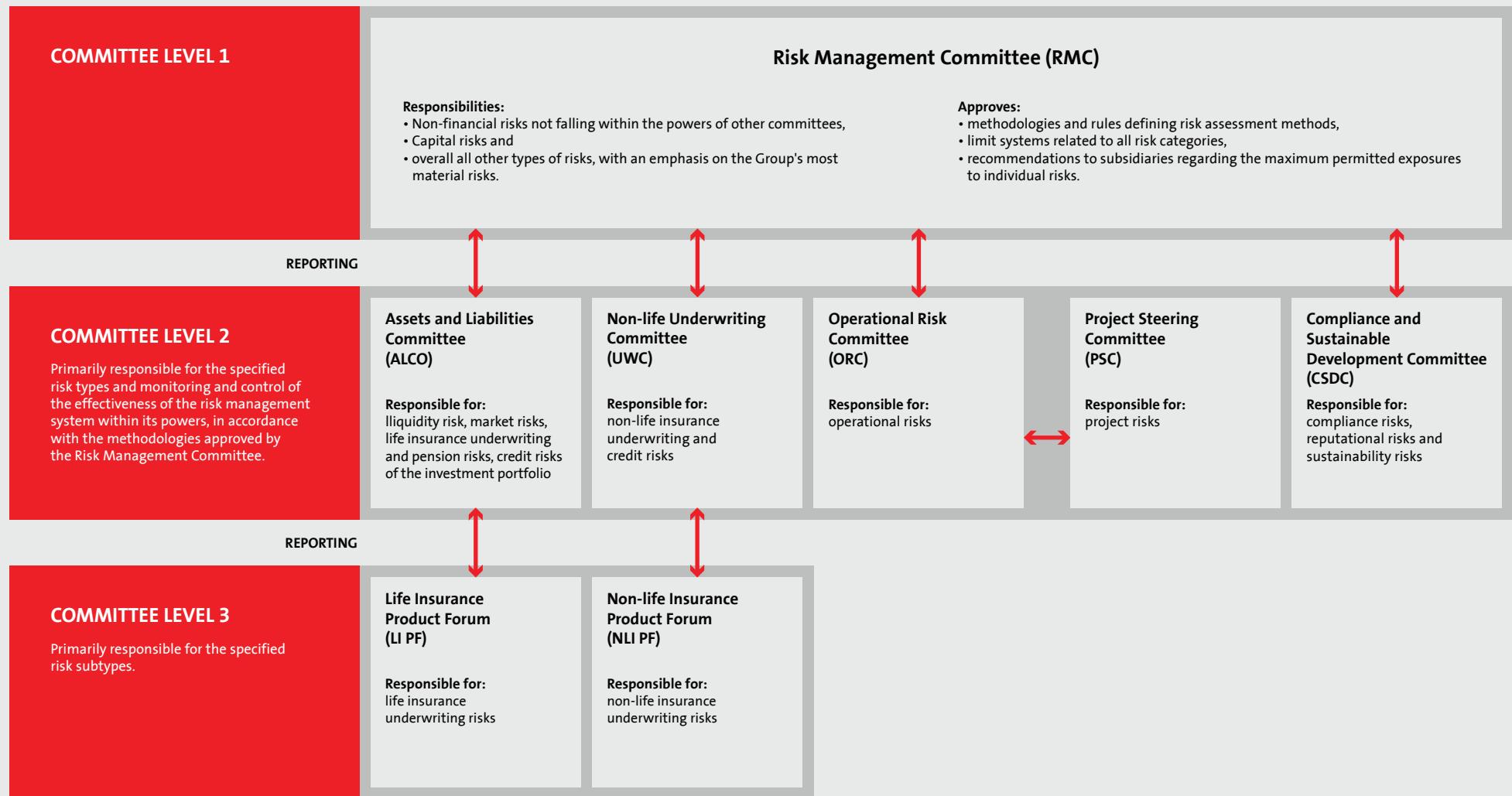
The **key functions** of Zavarovalnica Triglav's **governance system** are **organised as independent organisational units**. They comprise the risk management function, the non-life and life insurance actuarial functions, the compliance function and the internal audit function. The key functions are all part of the second line of defence, except for the internal audit function, which is part of the third line of defence. All key functions cooperate with one another and with other areas within the Company and with Group companies. They are independent in their work.

The **risk management function** is responsible for the establishment and coordinated and continuous operation of the integrated risk management system. Furthermore, it monitors the general risk profile, methodologically consistent system development and the harmonisation of main risk assessment models, performs the underlying risk analyses, reports on risk exposures and assesses capital adequacy using the regulatory method and other capital models. In line with the Management Board's guidelines, the risk management function coordinates and performs own risk and solvency assessment, checks the risk profile on a quarterly basis and reports thereon to the Management and Supervisory Boards, drafts other regulatory reports, such as the Solvency and Financial Condition Report and the Regular Supervisory Report, and reports to regulatory bodies as required.

The decision-making bodies participating in the integrated corporate risk management process and the three lines of defence



The risk management system's committees and their responsibilities



The compliance function operates within the internal control system and monitors the compliance of the Company's operations with the applicable regulations and commitments, on which it regularly reports to the Management Board and the Supervisory Board. It monitors and assesses the impacts of the changed legal environment and compliance risks, assesses the adequacy and effectiveness of procedures, advises on measures to adapt the Company's operations to any identified changes, and co-creates the internal controls for ensuring compliance of a particular process, line of business, or the Company as a whole by providing guidelines and making recommendations and proposals. In addition, the compliance function plays a major role in ensuring fair and transparent operations by monitoring adherence to the ethical commitments and overseeing their implementation in practice.

The actuarial function coordinates and calculates insurance technical provisions using appropriate methods, models and assumptions, as well as comprehensive, high-quality data. It also verifies the appropriateness of the overall underwriting policy and reinsurance, and delivers an opinion whether the amount of the premium of individual products is sufficient to cover all the liabilities arising from insurance contracts. The actuarial function also checks the adequacy of reinsurance and participates in own risk and solvency assessment, while coordinating and calculating capital requirements for underwriting risks. It reports on important findings to the Management Board and the Supervisory Board. The actuarial function operates separately for non-life and life insurance.

The internal audit function performs regular and comprehensive control of the Company's operations. This is achieved by reviewing and assessing the adequacy and effectiveness of the Company's governance, risk management and control procedures in a planned and systematic manner and by making recommendations for their improvement. Moreover, the internal audit function is responsible for the quality and continuous development of internal auditing. It cooperates with external auditors and other supervisory bodies, as well as monitors the implementation of internal and external auditors' recommendations. Apart from participating in internal audits in other Group companies, the internal audit function also provides advisory services in agreement with the Management Board and the management of divisions.

All key functions are in charge of not only transferring know-how and best practices to other Group members but also of ensuring their coordinated operation.

The second line of defence of the risk management system includes **committees**, which provide support to the Management Board in regular risk monitoring, coordination of actions and information about risk management.

Risk management first takes place at the level of individual subsidiaries and then at Group level. At the level of individual subsidiaries, the management body and the persons in charge of risk management are responsible for the establishment and operation of the risk management system.

The Subsidiary Management Division at the parent company coordinates the drawing up of minimum standards for Group companies. These also include minimum standards for risk management, for which the parent company's Risk Management Department is responsible; their transfer to the subsidiaries is carried out by the Risk Management Department in cooperation with the Subsidiary Management Division. Through the common standards, the Group ensures an effective and transparent risk management system, which is based on effective communication, quality exchange of data and information, time availability, methodological consistency, accounting verifiability and integrity.

1.2 Risk management process

The comprehensive risk management process at Zavarovalnica Triglav is based on the Group's strategy and the Company's business plan, which define its **risk appetite**. The risk appetite sets out material risks the Group is willing to assume to achieve its objectives and the key indicators by which these risks are measured and monitored, including target values and limits. The Company has zero tolerance for all risks that it is not willing to assume in the course of its operations.

One of the key indicators, *the capital adequacy ratio*, which the Company uses to measure business performance and pursue strategic objectives, is specified in greater detail its risk appetite. It is the ratio between available capital and the amount of capital requirement in relation to the amount and structure of the risks assumed. As part of **the own risk and solvency assessment process**, when planning solvency needs, it is ensured that the ratio is kept within the target range of 200–250% at Group level. Maintaining the ratio in the target range is ensured through a set of more detailed risk indicators and exposure limits in all segments of the Group's operations.

By regularly monitoring them, risks are identified in due time and appropriate action is taken. The Company's dividend policy is defined within the framework of managing its and the Group's capital and is subject to capital adequacy targets. Maintaining capital adequacy within the target range is an ongoing process, which requires regular review of business decisions in terms of profitability and the risks assumed.

The own risk and solvency assessment process is closely connected to the quality of the whole risk management system. By assessing solvency requirements, the appropriateness of both the regulatory method and the strategic guidelines is verified in terms of ensuring capital adequacy. In order to improve the use of capital, solvency requirements are assessed in relation to the requirements of implementing the strategic plan. The stability of capital adequacy is checked with stress scenarios for existing and potential or emerging risks by individual type of risk. This provides the Company the basis to take appropriate action, also by amending the guidelines for accepting transactions and making adjustments to premium rates and the limit system, risk transfers and similar. This approach increases the readiness of Group members for identified risks and upgrades the internal control system, while building an effective system for strategic decision-making.

The risk management process consists of risk identification, assessment or measurement, management, monitoring and reporting.

The standard Solvency II formula (the regulatory method), which is based on standard volatility and own risk exposure, is primarily used for **risk assessment**. The standard formula determines the level or a change in the parameters in the calculation under the stress scenario, and its result indicates for each risk how much the available capital would therefore decrease in the stress scenario. The more the risk affects the capital, the more material it is. With regard to solvency capital requirement (SCR), the diversification specified in the standard formula as prescribed by law is taken into account. The risk assessment is complemented with the Company's own assessment of the volatility of risk factors, taking into account the Value at Risk method, with the same confidence level of 99.5% over a one-year horizon. Risks are additionally assessed according to the methodology of the credit rating agency S&P.

At least once a year, in the context of the **own risk and solvency assessment process**, a comprehensive analysis is performed to assess the appropriateness of the regulatory method. The results of the internal method of risk measurement or assessment are also taken into account in the final assessment of appropriateness.

For assumed and potential risks, the target values and/or limits are set that must be complied with when taking risks. The risk monitoring mechanisms, which are set up at several levels, enable the Company not only to identify any negative trends but also to **manage risks** appropriately. At the level of business lines, negative trends are identified with the processes established to notify the key functions about transactions with increased risks, while at the aggregate level, risks are identified by regularly monitoring the concentration of exposure and increased volatility, where the Group's

vulnerability is higher. Material detected or identified risks are treated also in the own risk and solvency assessment process.

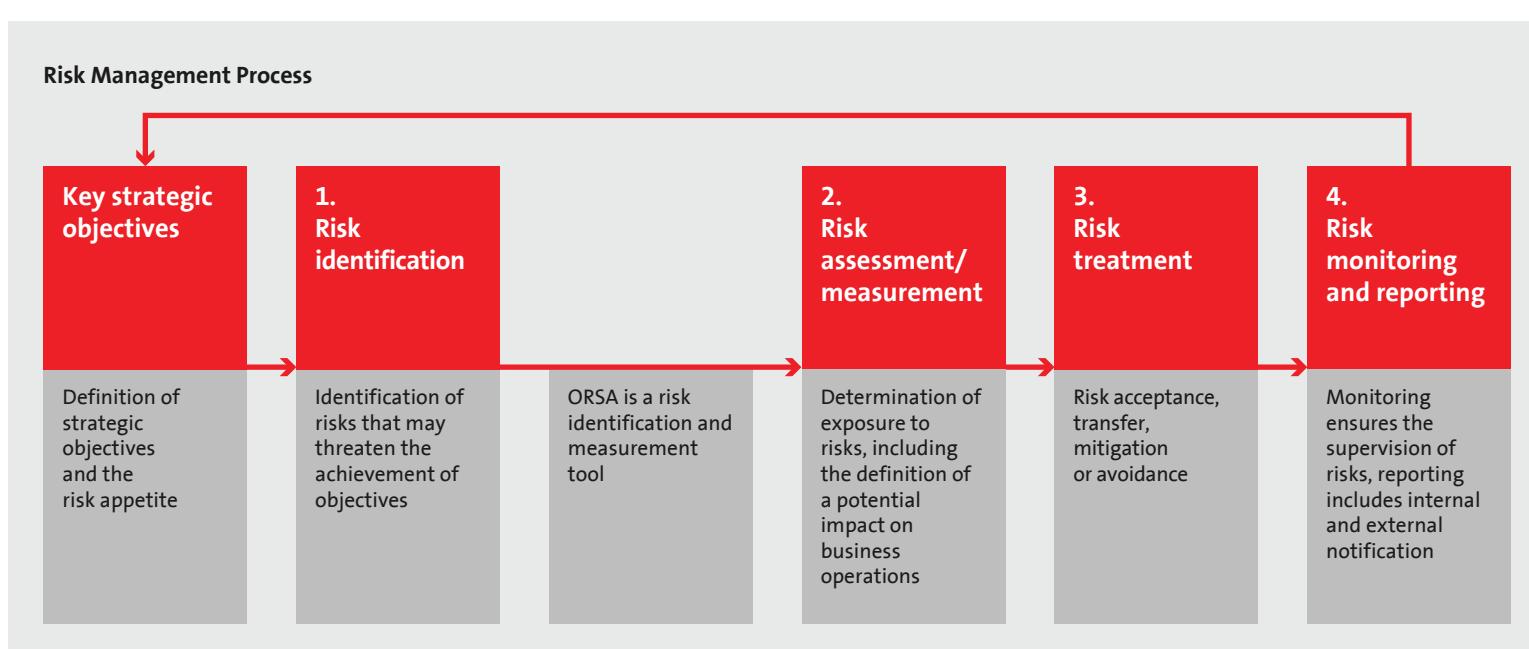
The Risk Management Department regularly **monitors** the matching of the actual risk profile and the defined risk appetite. The findings are discussed by the Risk Management Committee, which approves any measures to be taken in the event of a violation. Regular **reporting** on risks to the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board also includes any findings and measures taken by the Risk Management Committee.

1.3 Risk classification

The Group uses risk classification in accordance with the standard formula set out in the Insurance Act (ZZavar-1) for internal risk monitoring. Exposure and assessment to individual types of risk and risk management methods are presented in greater detail in Section [3. of Risk Management](#).

The most important types of risks taken in the course of operations are described below.

- **Underwriting risks** are the risks of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions taken into account in the calculation of insurance technical provisions. **Non-life underwriting risks** (including health insurance) and **life underwriting risks** (including pension insurance) are treated separately. In direct insurance business, the Company is predominantly faced with traditional underwriting risks.
 - *Non-life underwriting risks*: premium and reserve risk, lapse risk and catastrophe risk.
 - *Life underwriting risks*: mortality risk, longevity risk, disability-morbidity risk, lapse risk, expense risk, catastrophe risk and revision risk.
- **Market risks** are the risks of loss or of adverse changes in the financial situation, resulting from fluctuations in the level and the volatility of market prices of assets, liabilities and financial instruments. Market risks comprise interest rate risk, equity risk, currency risk, property risk, spread risk and market concentration risk.



- **Credit risks** are the risks of loss or adverse change in the financial position of the company due to fluctuations in the credit position of counterparties and are a result of the debtor's inability to fulfil contractual obligations.
- **Liquidity risk** is the risk of loss that may occur if the company is not able to meet all expected and unexpected present or future cash outflows. Liquidity risk may arise from inadequate or insufficient available funds or from the uncertainty of financial markets and the consequent difficulty in accessing the financial resources.
- **Capital risk** is the risk of loss due to inadequate capital amount and/or structure with regard to the business volume and method or problems potentially encountered when the Company or the Group acquires additional capital, especially in the case of need for a rapid capital increase and/or unfavourable conditions for acquiring additional capital. The category of capital risks also includes legislative changes and changes in accounting standards having an impact on the Group's capital adequacy and, consequently, on the dividend payment.
- **Operational risks** are the risks of loss arising from inadequate or failed internal processes, personnel or systems, or from external events and their impact. Among others, they include information security risks with a special emphasis on cyber risks and major business interruptions.
- **Non-financial risks** important to the Triglav Group's operations include strategic risks, reputational risk, Group risk and sustainability risks. Non-financial risks predominantly originate from the external environment and are closely linked to other risks, especially operational risks. Generally, they arise from several realised factors both inside and outside of the Group.

The Group is also exposed to *potential or emerging risks*. These are risks that may develop in the future or already exist but are not yet material. They are difficult to assess but may have a significant impact on the business. They cannot be predicted based on past experience as there is often no data from which to predict either the frequency or the severity of the damage caused.

Potential or emerging risks are therefore monitored closely and, in view of the findings, the risk management system is upgraded accordingly.

Classification of the Company's risks according to IFRS

Risks as determined by **IFRS** are **underwriting, market, credit, liquidity and other risks**.

The Company's risk classification can be translated into the IFRS risk classification as follows:

- In accordance with said standards, the most common market risks are currency, interest rate and other price risks, including equity and property risks.
- Under IFRS, credit risks include counterparty default risk, a significant part of which comprises exposures from reinsurance, cash, cash equivalents and receivables, as well as spread risk and market concentration risk. The classification used by Zavarovalnica Triglav considers the latter two as part of market risks.
- There are no differences between the classifications of underwriting and liquidity risks.
- Other risks as defined by the IFRS include operational, capital and non-financial risks.

The Company monitors the situation and reports to the management on risk exposure and risk assessment based on regulatory requirements and internal risk classification. Due to the differences in the IFRS and Solvency II valuation, the values of individual balance sheet items may differ noticeably, which is also reflected in differences in exposure to individual risks. In addition, different valuation methods affect the sensitivity of the items and therefore the risk assessment. A more detailed presentation of the differences between the two valuations is included in the Solvency and Financial Condition Report, which is published on the Company's website (www.triglav.eu).

Risk exposures according to the classification used in the Company's risk management system are presented further on in the text.

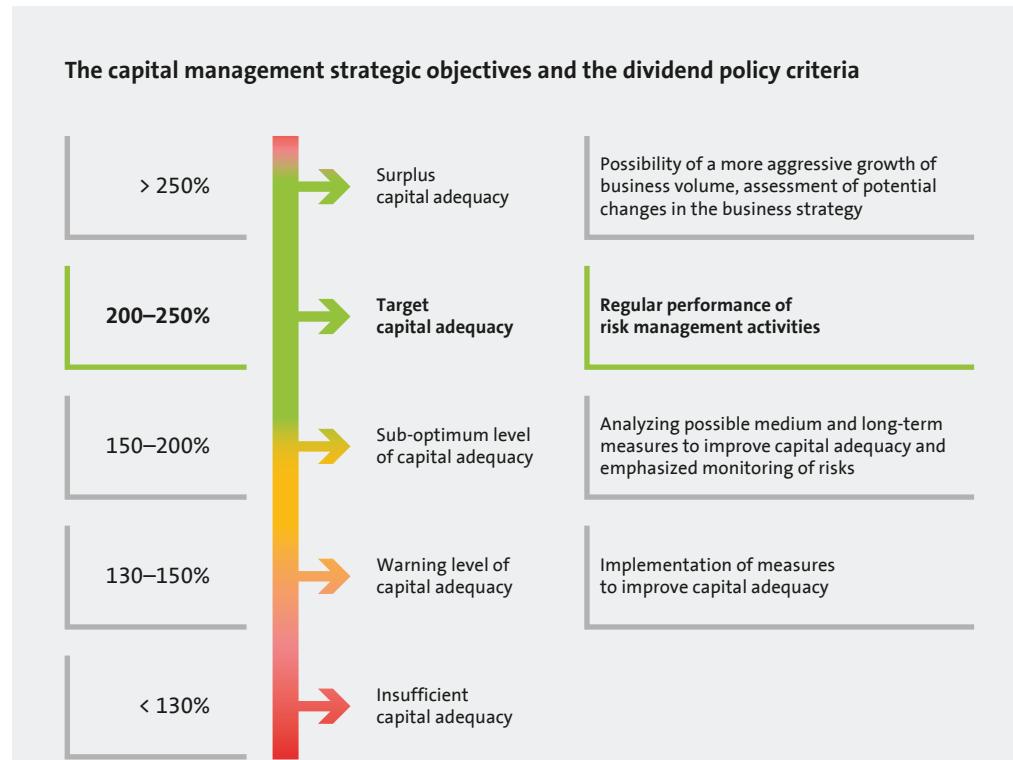
2. Capital position

The management of the Company's and the Group's capital is an ongoing process, by which its adequate volume and quality are determined and maintained and, as a rule, capital risk managed.

2.1 Capital management⁹³

A well-integrated risk management system is essential to effective management of capital and capital risk. Ensuring capital adequacy within the target range allows the Group at any given moment to have a sufficient amount of capital that corresponds to the measurable risks assumed. As part of the Group's regular capital management to ensure its optimal composition and cost efficiency, the Company issued a subordinated bond, which is taken into account in the calculation of capital adequacy. See Section [6.7 of the Business Report](#) for more information.

When deciding on entering into a transaction, the Company consistently assesses its profitability in relation to the assumed risks, thereby pursuing the target capital adequacy, and takes into account the criterion of earning appropriate profit for the shareholders. The goal of capital management is to guarantee the safety and profitability of operations as well as a long-term and stable return on investment by paying out dividends based on the predefined criteria in the dividend policy.



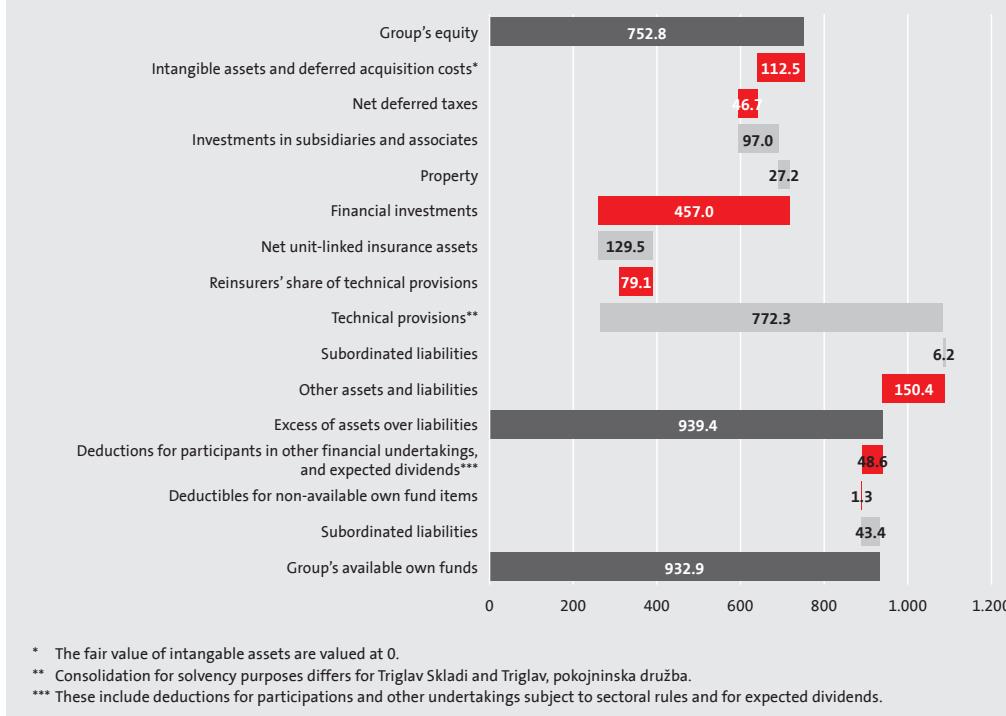
The Group's target capital adequacy is set within the range of 200–250%. This means that the Group has an adequate amount of capital to carry out its core business and cover potential losses. Capital surplus provides protection against losses due to unforeseen adverse events and volatile capital requirements.

Capital adequacy also has a significant impact on the Company's credit ratings. Therefore, when making business decisions, the impact on the results of the models of major credit rating agencies is taken into account. The Group's capital model is assessed by the credit rating agencies S&P Global Ratings and AM Best. See Section [6.6 of the Business Report](#) for more information on the credit rating.

2.2 Capital adequacy

Effective capital management enables the Group to improve its operations, adopt appropriate business decisions and maintain its competitive advantages.

Explanation of differences in capital valuation in the balance sheet for financial reporting and solvency purposes for the Triglav Group as at 31 December 2022 (EUR million)



The definition of equity in the balance sheet for the preparation of financial statements differs from its definition for solvency purposes. Differences and important reasons for changes in items of both types of capital in 2022 are described in the Group's Solvency and Financial Condition Report for 2022, D and E sections. The report is published on the website www.triglav.eu.

The Group calculates capital adequacy and the capital adequacy ratio according to the standard formula as the ratio between total eligible own funds and the solvency capital requirement. In determining capital adequacy, it does not take into account any adjustments and simplifications.

The Triglav Group was well capitalised as at 31 December 2022. Its capital adequacy was 200% and thus around the lower end of its target range of 200–250%, thereby meeting its target risk appetite. The risk appetite is in line with the capital management strategic objectives and the dividend policy criteria presented in Section [2.1 of Risk Management](#).

Capital adequacy of the Triglav Group and Zavarovalnica Triglav

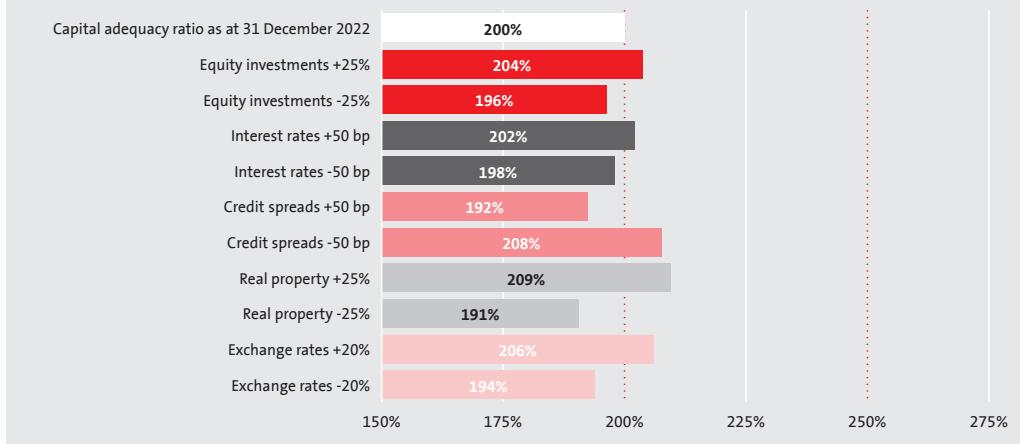
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Available own funds (EUR million)	932.9	1,007.1	927.4	1,022.2
SCR (EUR million)	466.5	459.3	377.1	374.3
Capital adequacy (%)	200	219	246	273

The Group's capital adequacy was affected by the decrease in available own funds by EUR 74.2 million compared to 2021 primarily due to a poorer result in the asset management segment as a consequence of a difficult situation on the financial markets. In the context of capital management, the largest impact on the reduction of available own funds is the paid dividend in the amount of EUR 84.1 million.

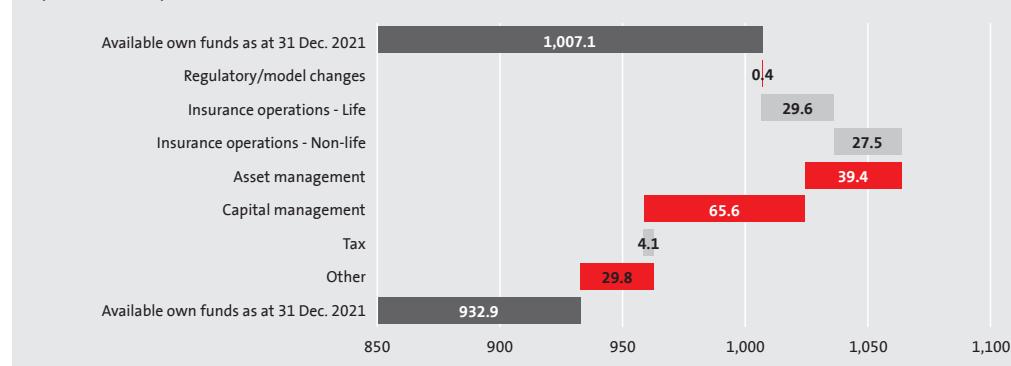
The Group's capital requirements increased by EUR 7.2 million, mainly due to higher non-life underwriting risks and the change in the adjustment for the absorption capacity of deferred taxes.

In addition to calculating the Group's capital adequacy, at least once a year a **sensitivity analysis of its capital adequacy ratio** to major changes in selected financial market parameters is performed. With it, the stability of the Group's capital position, its resilience to major risk factors and their impact is assessed. Analyses as at 31 December 2022 show sensitivity to individual shocks on financial markets.

Sensitivity analysis of the movement of the Group's capital adequacy ratio



Available own funds of the Group from 31 December 2021 to 31 December 2022 (EUR million)



3. Risk profile

The risk profile shows the types of risks to which the Triglav Group is most exposed. Compared to the previous year, underwriting risks increased, whereas market risks decreased slightly. The Group continues to be most exposed to underwriting risks, followed by market, credit and operational risks. See Section [3.1 of Risk Management](#) for more information about exposure to particular risk types.

In 2022, the Group's risk management was focused on adjusting to changes in the financial markets, mainly uncertainties due to rising inflation and higher risk-free interest rates while taking into account the sanctions imposed against Russia and Belarus, and on upgrading sustainability risks and information security risks.

The impact of inflation on operations

Higher inflation affects both insurance and asset management activities. The central banks' response to raise interest rates caused the inflation to indirectly affect the rise in required yields on **debt investments**, which are an important part of the investment portfolio.

Inflation affected **non-life insurance** operations in 2022 by increasing gross written premium, gross claims paid, claims provisions and expenses. Premium increase in 2022 will have the largest impact on premium income in 2023. Product prices were set by taking into account inflation at premium, claims and cost levels, including reinsurance. In agreement with the insurers, clauses were incorporated in contracts to allow adjusting the sum insured and premium according to the relevant price index in a certain period of time. Furthermore, sums insured, premiums and deductibles were adjusted by agreement, specifically in real property insurance, motor vehicle insurance, agricultural insurance and transport insurance. In adjusting, not only inflation was taken into account, but also the claims ratio of individual segments and any relevant trends (such as claims frequency).

In non-life insurance, inflation causes claims inflation, which increases the volume of provisions and costs. Both affect the operating result and the capital adequacy ratio. To assess the risk of higher inflation, the impact of its increase by 1 percentage point was tested (based on the calculation of non-life insurance claims provisions as at 31 December 2022). Taking into account higher inflation, gross claims provisions increase by EUR 3.1 million, mostly in the case of long-tail motor liability insurance and general liability insurance.

The **Company's life insurance products**, where benefits are limited by the sum insured, are not significantly affected by inflation. An exception may be some types of complementary insurance (riders), where the liability depends on the price of the service. Most insurance policies include a clause that allows the policyholder to adjust the premium and benefits based on inflation. The analyses carried out so far have not shown a significant impact of the current period of higher inflation on policyholders' decision to terminate an insurance policy early.

Inflation risks were actively managed within the established asset-liability management process (the ALM process). The impact of changes in the bond market, and thus on the bonds in the Company's asset portfolio, therefore remained within the previously set limits defined in the Risk Appetite Statement.

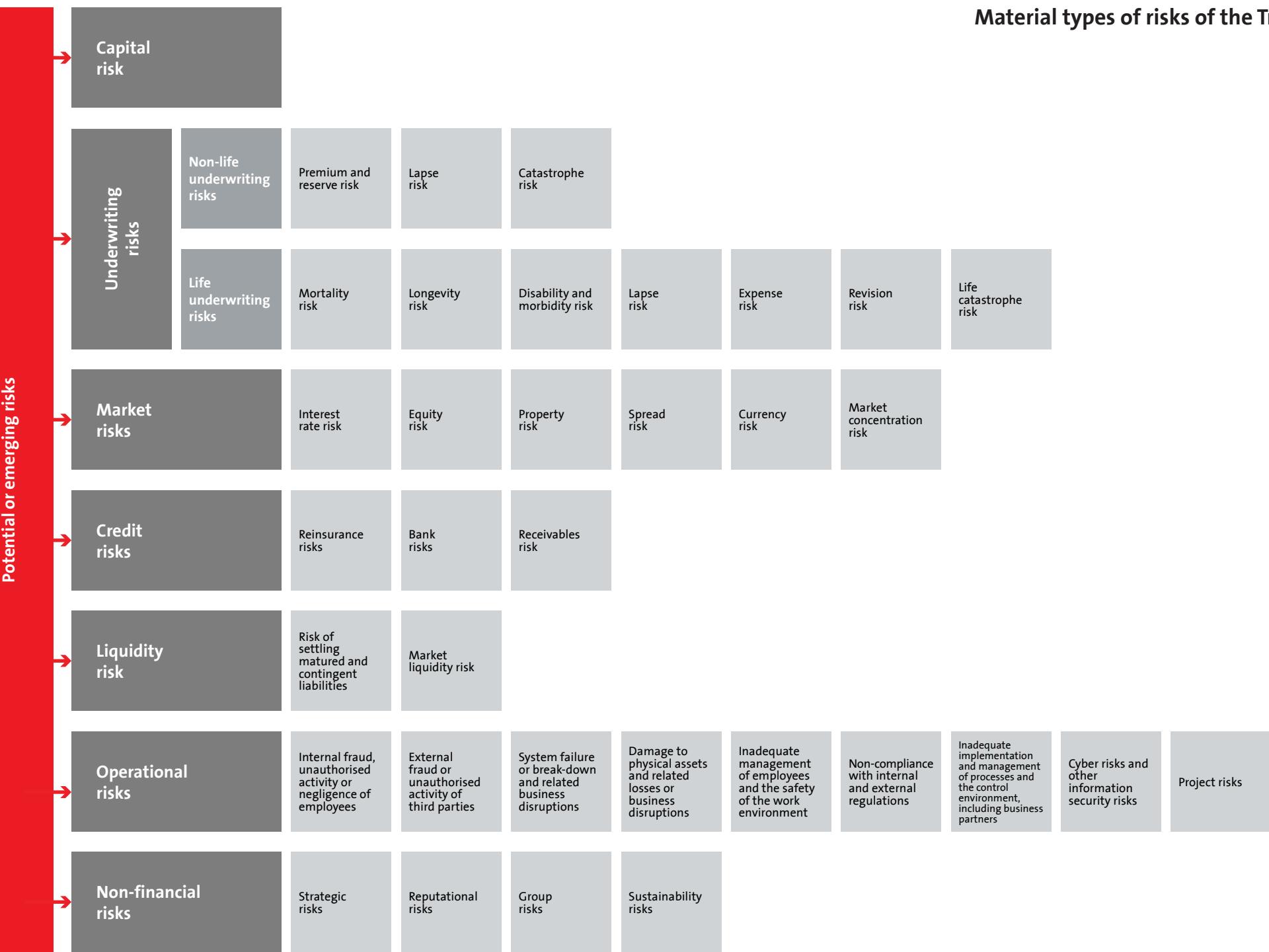
The impact of inflation on the **supplemental voluntary pension insurance** guaranteed fund is indirect – through an increase in the minimum guaranteed return and a fall in the value of existing debt investments in the pension fund. For Group companies that underwrite supplemental voluntary pension insurance with a guaranteed return (Zavarovalnica Triglav and Triglav, pokojninska družba), the risk of failing to achieve the guaranteed return materialised in 2022 as a result of rising interest rates and, consequently, a greater difference between the fund's guaranteed value and the value of the policyholders' assets. Particularly for Triglav, pokojninska družba, this also increased the risk of non-refundable payment into the guarantee fund with a guaranteed return, which occurs when provisions for failing to achieve the guaranteed return exceed 20% of the company's capital. See Section [3.2.2.2 of Risk Management](#) for more information.

The Company and Group companies also monitor the impact of inflation on **liquidity risk**. In the event of declining purchasing power or too low returns on traditional insurance products with a savings component, this could increase the frequency of life insurance surrenders, whereas rapidly rising interest rates could decrease the value of assets. The higher frequency of surrenders and the fall in the value of assets are included in the stress scenario designed to regularly verify liquidity in exceptional circumstances. The liquidity stress scenario was transferred to Group subsidiaries. Both the Company and the Group companies had adequate liquidity in 2022. See Section [3.5 of Risk Management](#) for more information about liquidity stress scenarios.

The year 2022 was also marked by a significant increase in health insurance claims incurred, especially in supplemental health insurance. The reasons for the increase in claims incurred are mainly the normalisation of the provision of healthcare services following the end of the epidemic, the increase in the prices of healthcare services and the implementation of legislative changes to ensure the stability of the healthcare system in autumn 2022. The aforementioned legislative changes had an additional impact on the increased volume of supplemental health insurance claims, but at the same time enabled the Company to release additional provisions for unexpired risks created in accordance with the Act Determining Temporary Measures to Mitigate and Remedy the Consequences of COVID-19, which partially mitigated the negative consequences on operations in 2022. With respect to complementary health insurance, some insurance bases were adjusted to manage significant inflationary pressures and their impact on the prices of healthcare services and the amount of expected claims.

In 2022, the risks described in more detail in Section [Challenges and opportunities of today in the Business Report](#) were also relevant.

Material types of risks of the Triglav Group



Sustainability risk management as part of comprehensive risk management at the Triglav Group



Sustainability risk management has been greatly upgraded in recent years. The content related to sustainability and sustainability risks is discussed in the context of the Group's strategic ambitions in this field (see sections [12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group](#) and [4.2 Implementation of the Triglav Group strategy in 2022 of the Business Report](#) for more information), incorporating care for sustainable development into the Company's organisational structure. The Company is building a comprehensive sustainability risk management system; sustainability risks are part of non-financial risks (see Section [1.3 of Risk Management](#)). At Group level, sustainability-related activities are coordinated and directed by the Sustainable Development Coordinator. The Company's risk management function is responsible for the optimal integration of sustainability aspects of business into the risk management system, which are monitored by the Compliance and Sustainable Development Committee. The latter reports to the Risk Management Committee, which is responsible for the comprehensive management of the Group's most material risks. Decisions are made by the Management Board. See Section [12. of the Business Report](#) for more information about sustainability aspects.

3.1 Presentation of the risk profile

The level of underwritten risks in 2022 was within the range defined in the risk appetite. Of the risks covered by the standard formula, the Group is most exposed to underwriting and market risks, followed by credit and operational risks. Within the Group, the Company assumes the bulk of the risks. See Section [1.3 of Risk Management](#) for more information about the types of risks assumed by the Company.

The risk profile of the Company and the Group shows their exposure to most material risk categories and is presented in the table below.

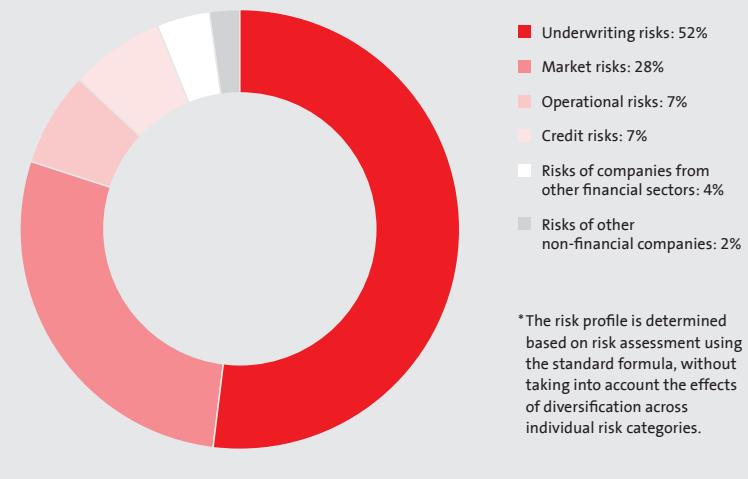
A well-integrated and uniform assessment method is needed to properly compare risks between business lines. Risks are assessed based on the standard formula defined by the applicable legislation and internal methodologies.

The quantitative presentation of risk exposure presented below is primarily based on accounting data. Exposures on a mark-to-market basis are presented in greater detail in the Solvency and Financial Condition Report, Section C, available at www.triglav.eu.

The presentation of the Triglav Group's risk profile and risk assessments by individual risk segment are based on market values for solvency purposes. The Company uses a regulatory method, which is assessed as appropriate for risk measurement in the context of the own risk and solvency assessment process.

In the case of unit-linked insurance, the risk is not borne by the Company. Certain tables below therefore show the value of these insurance contracts separately or are excluded from the presentation of exposure and risk assessment of the Company and consequently the Group.

Risk profile assessment* of the Triglav Group as at 31 December 2022



*The risk profile is determined based on risk assessment using the standard formula, without taking into account the effects of diversification across individual risk categories.

Risk dashboard of Zavarovalnica Triglav and the Triglav Group* as at 31 December 2022

Risk	Risk assessment (current)	Risk trend (future)	Note
Capital adequacy and capital risk	🟡	→	The Company's and the Group's capital adequacy remained within the target range throughout 2022. With the ORSA process, capital strength was confirmed even in stress scenarios.
Underwriting risks	🟡	→	The Group maintains premium growth and achieves the target values of indicators in strategic markets. The impact of inflation on non-life underwriting risks is adequately managed by taking measures to adjust covers provided by products and their pricing backed by consistent cost management. Going forward, uncertainty remains regarding future claims and cost inflation. Due to inflation and a rapid increase in interest rates, the risk of failing to achieve the guaranteed return materialised during the year in the pension insurance segment, which the Company adequately managed by taking appropriate action.
Market risks	🟡	→	The year 2022 was marked by elevated inflation, resulting in rising interest rates. Greater volatility was detected in the financial markets, which resulted in increased market risks. Nevertheless, the Group maintains market risks at defined levels and pays special attention to the matching of assets and liabilities and optimal investment policies developed on this basis. With respect to pension insurance investment portfolios, the Company responded to the situation by switching to a less risky investment policy.
Credit risks	🟢	→	Despite the increase in exposure, credit risks remain low. This is ensured by regular and systematic monitoring and management of individual exposures in all segments and a well-diversified portfolio of partners. The credit risk assessment in 2022 was affected by deterioration in the credit quality of partners due to the Russian-Ukrainian war.
Liquidity risk	🟢	↑	The Company's strong liquidity position is maintained by regularly monitoring its liquidity; the Group subsidiaries also have adequate operational liquidity. In the context of the ORSA process, liquidity was checked with stress scenarios, which confirmed that the Group companies are well prepared for extraordinary events.
Operational risks	🟡	→	The Group takes a proactive approach to operational risk management. It pays increasingly more attention to regular maintenance and additional upgrades of the information security management system, as cyber risks remain among the most relevant. In addition to these, operational risk is mainly increased by large-scale regulatory changes and the general human resource risk of employing workers in shortage occupations.

* An overall assessment of the main risk categories was made on the basis of discussed quarterly risk reports. The risk trend shows a potential assessment of future risks relative to the latest projections.

i) The colour scale of assessed risks: ● High ● Medium ● Low

ii) Risk trend: ● downward ● stable ● upward

3.2 Underwriting risks

The Group assumes underwriting risks by underwriting various types of insurance policies. Its insurance portfolio is diverse in terms of products and so are its underwriting risks. Insurance is divided into non-life insurance, which includes health insurance and reinsurance, and life insurance, which includes pension insurance. Insurance claims or insurance liabilities stemming from insurance policies are classified as life insurance liabilities (that depend on biometric factors such as age, gender and health status of the person insured) and non-life insurance liabilities (that are independent of biometric factors).

Non-life insurance liabilities include all (potential) non-life insurance claims, including health insurance claims, and reinsurance claims, with the exception of non-life insurance claims paid out as an annuity. The latter are non-life insurance claims that depend on biometric factors of the injured party and are therefore classified as life insurance liabilities. Non-life insurance liabilities also include (potential) accident insurance claims stemming from life insurance policies, but which do not depend on the biometric factors of the injured parties.

Life insurance liabilities arise from insurance policies for traditional, unit-linked and pension insurance. The latter also includes supplemental voluntary pension insurance provided by the Company in the context of the second pillar of the pension system. Life insurance liabilities include non-life insurance claims, which are paid out as annuities and which to the greatest extent stem from motor vehicle liability insurance.

The basic principle of the insurance business is adequate **risk equalisation**. At Group level, this is achieved through sufficiently large homogeneous risk groups, which constitute the entire portfolio of the presented underwriting risks. The key prerequisite for adequate risk equalisation is efficient and correct classification of risks. A specific risk is assessed and classified into an appropriate group at the time of underwriting. Also considered are new findings, know-how and procedures of reinsurers who assume a portion of underwriting risks.

All identified risks are managed **in the context of the actuarial control cycle** by regularly checking the deviations of the actual effects of risks from those anticipated. In the event of identified deviations, appropriate action is taken – each time by adjusting the design or criteria of an insurance product or the criteria for calculating insurance technical provisions.

Underwriting risks are directly related to underwriting insurance policies, the amount of premiums and insurance technical provisions. They are negatively affected by losses or adverse changes in the value of insurance liabilities due to inadequate pricing and assumptions taken into account in the calculation of insurance technical provisions.

This type of risk is strongly related to the premium amount. The structure of consolidated gross written insurance, coinsurance and reinsurance premiums of the Group by non-life and life insurance segment is presented in detail in Section [7.5 Gross written insurance, coinsurance and reinsurance premiums of the Business Report](#).

Underwriting risks are presented separately for non-life and life insurance.

3.2.1 Non-life underwriting risks

3.2.1.1 Description of risk and its management

Non-life insurance underwriting at Group level creates risks for an undercharged premium in relation to assumed risks, higher claims than provisions created for underwritten policies, higher deviations in the profitability of underwritten policies than expected and numerous or major catastrophic events. The described risks depend on their volatility and respective exposure.

- **Premium risk** is the risk that written premium is insufficient to meet all obligations arising from the conclusion of an insurance contract. The risk depends on net premium income and the annual volatility of claims ratios, which are determined for each insurance segment using the standard formula. The test of their adequacy for the insurance portfolio is performed annually in the context of own risk and solvency assessment; on average, it shows lower risks than predicted by the standard formula. Premium risk also depends on the diversification of their exposure by various insurance segment in the portfolio. Thus, the Group aims to ensure that the portfolio is appropriately diversified. Premium risk is managed through efficient monitoring of claims experience and a timely adjustment of pricing policy.
- **Reserve risk** arises when the actual realised claims deviate from the expected claims. Insurance technical provisions are formed based on the estimate of expected claims paid from valid non-life insurance contracts. The reserve risk is therefore measured by estimating potential loss for claims already incurred in an exceptional event. With respect to the latter, a scenario is taken into consideration which, in an annual period, (statistically) occurs once in 200 years and which, in accordance with the standard formula used to measure the amount of the Company's required capital for each insurance segment, depends on the best estimate of net claims provision and its annual volatility. The reserve risk is also influenced by the maturity of liabilities – the average duration of claim settlements – for which provisions were made. With respect to liability insurance, more than half of foreseen claims are settled after one year, while in other insurance segments they are paid within one year. The reserve risk is higher in provisions with long maturities than in provisions with short maturities. Liabilities with long maturities also include claims paid as annuities and therefore include the payment revision risk and other biometric risks, which are otherwise characteristic of life insurance products. The reserve risk is monitored by regularly checking the past amount of formed provisions in relation to realised claims and, based on the findings, by adapting the processes of creating provisions.
- **Lapse risk** is realised when the lapse rates of underwritten non-life insurance contracts are higher than the expected lapse rates. At Group level, this risk is managed by regularly analysing lapse and adjusting products if necessary.
- **Catastrophe risk** means the risk of an unexpected one-off event with a loss potential that is considerably higher than the estimated average loss of Group insurance companies. Catastrophe risk at Group level is the highest where the insurance business is concentrated in a particular geographical area or sector/industry by individual insurance peril.

Therefore, for non-life insurance, **concentration risk** is monitored at Group level and separately in each (re)insurance company. Concentration risk occurs upon the concentration of insurance business for individual insured perils in some geographical areas or sectors/industries. Concentration also arises as a result of correlation between individual insurance classes. In such case, even a single loss event may have a significant impact on the Company's ability to settle its obligations in a particular insurance segment. Concentration risk is managed through prudent assumption of underwriting risks, regular monitoring of portfolio exposures and appropriate reinsurance contracts.

Special attention is paid to all claims incurred at natural events. The results of various models are taken into consideration when assessing the loss potential of catastrophe events and then used to determine the reinsurance coverage. The reinsurance programme includes various types of reinsurance protection, which is used to manage underwriting risks both at Group level and at the level of each Group insurance company.

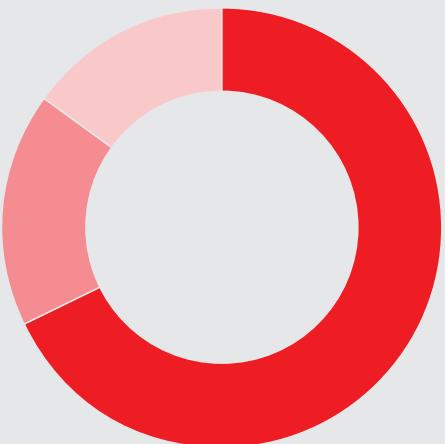
3.2.1.2 Risk in 2022

The profile of non-life underwriting risks changed somewhat in 2022. Due to the larger insurance portfolio and unfavourable claims experience, premium and reserve risks increased.

When underwriting non-life insurance and inward reinsurance policies, the Group's insurance companies and reinsurance company underwrite premium risk, reserve risk, lapse risk and catastrophe risk. Under the standard formula, these risks depend on exposure to individual risks and their volatility.

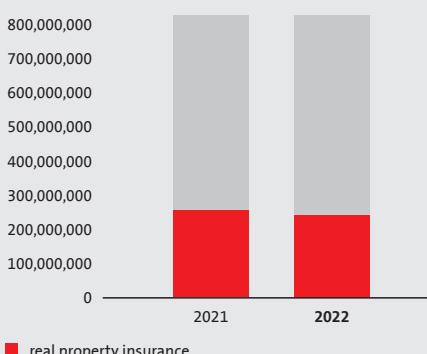
The Group is most exposed to premium and reserve risks, followed by catastrophe and lapse risks. At Group level, Zavarovalnica Triglav underwrites the bulk of the non-life underwriting risks, Triglav, Zdravstvena zavarovalnica underwrites most health underwriting risks, while Pozavarovalnica Triglav Re underwrites the majority of inward reinsurance underwriting risks. Other Group insurance companies contribute just over 20% to total non-life underwriting risks.

Risk assessment* for non-life insurance and inward reinsurance including health insurance for the Triglav Group as at 31 December 2022



* The risk profile is determined based on risk assessment using the standard formula, without taking into account the effects of diversification across individual categories of non-life underwriting risks. It includes non-life insurance and complementary accident insurance taken out with life insurance, but non-life insurance annuities are excluded.

Exposure of the Triglav Group to premium risk as at 31 December 2021 and 31 December 2022 (EUR)*



* Real property insurance comprises insurance from insurance classes 8 (fire and natural disaster insurance) and 9 (other damage to property insurance).

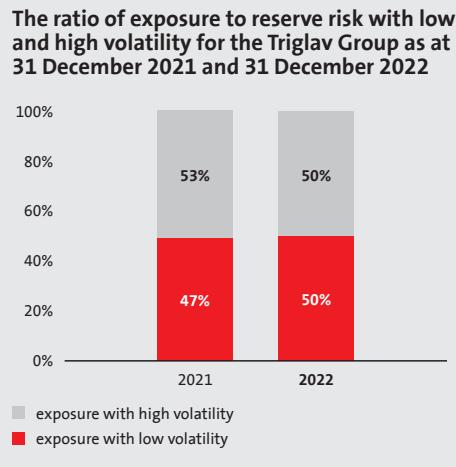
Exposure to premium risk increased the most in the real property insurance group in 2022. Most growth in this insurance group stems from underwriting international reinsurance policies, which increases the geographical diversification at Group level. See Section [7.5 of the Business Report](#) for more details about the movement of gross written insurance, coinsurance and reinsurance premiums.

Premium risk is regularly monitored both at Group level and at the level of insurance segments. The adequacy of written premium in relation to actual claims and costs arising from underwritten insurance contracts is also measured with combined ratios. Combined ratios for the last three years are presented in Section [8. Financial result of the Triglav Group and Zavarovalnica Triglav of the Business Report](#).

Based on actuarial estimates of the movement of the amount of benefits, expenses, combined ratios and the market situation, premium rates for non-life insurance are high enough, therefore premium risk management is appropriate.

The appropriateness of provisions for financial reporting purposes for individual insurance classes (see Section [3.18 of the Accounting Report](#) for more information) is verified by performing the liability adequacy test based on the balance as at the last day of the financial year by regularly calculating insurance technical provisions for solvency purposes. According to actuarial estimates of future claims as at the 2022 year-end, the created insurance technical provisions were adequate for both financial reporting and solvency purposes (see Section [3.16](#) and Section [3.18 of the Accounting Report](#) for more information).

In addition to exposures (net claims provisions), reserve risk assessment is affected by volatility, which varies by line of business. In 2022, the Group maintained the ratio between the exposure of insurance segments with low and high volatility. Insurance segments with lower volatility at Group level include motor vehicle liability insurance, other motor vehicle insurance and legal expenses insurance. The remaining insurance segments are characterised by higher volatility, with the highest volatility in the credit and suretyship insurance segment.



For Slovenia, the Company has several models at its disposal, on the basis of which the distribution of claims according to return periods for hail, storm and flood is determined. The table below shows probable maximum loss (PML) for a 200-year return period⁹⁴ over a one-year period by peril.

The Company models flood, storm and hail among realised catastrophe events, but it does not model frost. See Section [7.2 Environmental impact on the Triglav Group's operations in the Business Report](#) for more information about realised catastrophe events.

Non-life insurance risk concentration

The fire and natural disaster insurance portfolio includes the largest number of individual large perils, which is also exposed to catastrophe perils; therefore, the greatest need for reinsurance coverage is related thereto. Compared to the preceding year, the Group's reinsurance coverage did not change significantly.

With regard to regulating the reinsurance coverage in the Triglav Group, Pozavarovalnica Triglav Re plays an important role as it assumes underwriting risks based on reinsurance agreements with individual Group companies. Triglav Re concludes outward reinsurance agreements (retrocession agreements) for a portion of the risks it reinsures in order to better control its exposure and to protect its own assets, while indirectly protecting the assets of the Group's insurance subsidiaries.

The Group's largest retention amounts to EUR 11.5 million per peril, with the exception of the nuclear peril. For the latter, the Group's largest exposure amounts to EUR 14 million, which the Group assumes from the Slovenian and the Croatian nuclear pool. Nuclear perils are characterised by an extremely low frequency, as no such claim has been reported in 28 years, and by a low or null correlation with other contingent liabilities.

The Group's insurance companies regularly analyse the adequacy of insurance technical provisions, which are created by consistently using harmonised actuarial methods. The adequacy of provisions is assessed by comparing the difference between the originally estimated liabilities and the actual liabilities on a specific cut-off date, taking into account claims already paid in the reporting period. Analyses show that the difference in historical years is such that it confirms the adequacy of provisions as at 31 December 2022.

Lapse risk did not change significantly during the year.

Catastrophe risk

In 2022, three events were recorded that were defined as catastrophe events; all three were hailstorms. The table presents the gross and net financial effects of these events for the Company. They are shown separately according to modelled and non-modelled perils, as the Company regularly models the perils that pose the greatest exposure or high risk. These perils are flood, hail, storm and earthquake.

Probable maximum loss (PML) for a 200-year return period by peril* at Zavarovalnica Triglav

Modelled peril (EUR million)	31 Dec. 2022
Hail	77.7
Storm	138.3
Flood	47.7

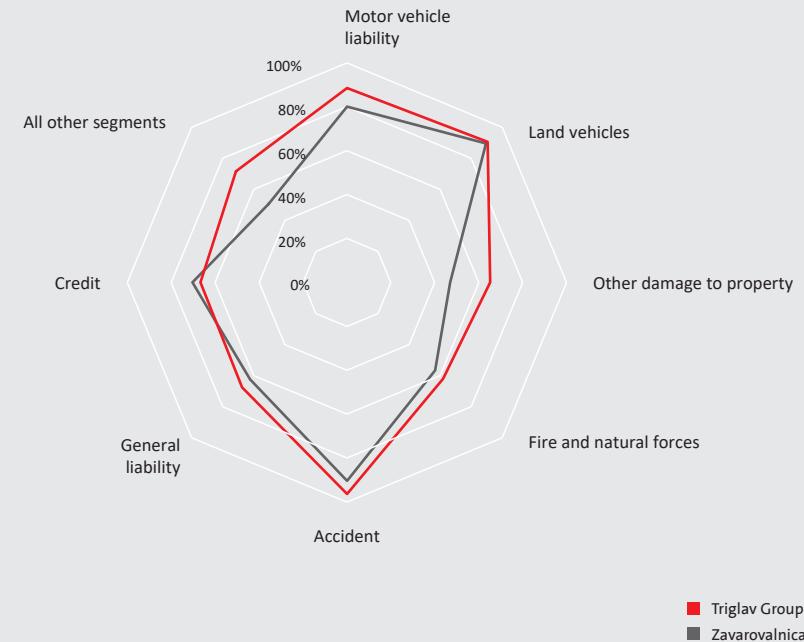
* In the case of availability of several models, the average of modelled results was taken into account.

Realised financial effect of catastrophe events at Zavarovalnica Triglav^{95*}

	Modelled perils		Non-modelled perils	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Gross financial impact (EUR million)	21.3	12.8	0	3.4
Net financial impact (EUR million)	16.6	11.2	0	3.3

* Also includes claims development and an estimate by the end of the year.

Net written premium share in relation to gross written premium as at 31 December 2022



Assumed capacity of nuclear perils for 2021 and 2022 at the Triglav Group

	Assumed capacity in EUR	
	2022	2021
Zavarovalnica Triglav d.d.	10,000,000	10,000,000
Pozavarovalnica Triglav Re d.d.	3,000,000	3,000,000
Triglav Osiguranje d.d., Zagreb	1,000,000	1,000,000
Total after the event	14,000,000	14,000,000

The earthquake event in Ljubljana also poses a concentration risk for the Group. It is covered with quota share reinsurance, while retention is additionally protected with excess-of-loss reinsurance for catastrophe events. The impact of the 200-year earthquake in Ljubljana on the capital adequacy of the Company and the Group is verified each year in the context of the own risk and solvency assessment process. Having an adequate reinsurance coverage, the Company and the Group would successfully survive a severe earthquake. According to stress scenario calculations⁹⁶, the estimated financial impact of a major earthquake in Ljubljana would amount to EUR 24.8 million for the Company and EUR 25 million for the Group. This shows a strong resilience of both the Company and the Group, which would retain their capital adequacy even if this event were realised. As part of the own risk and solvency assessment process, the impact of a 200-year flood in Slovenia in 2022 was assessed, where according to stress scenario calculations the estimated financial impact would amount to EUR 18.6 million.

3.2.2 Life underwriting risks

3.2.2.1 Description of risk and its management

Life underwriting risks, which to the greatest extent stem from the life insurance segment, also include pension insurance and health insurance. The bulk originates from direct insurance business.

Life insurance liabilities largely arise from the life insurance portfolio. It comprises traditional insurance, mainly insurance with profit participation, and unit-linked insurance. Traditional insurance covers, which also include a savings component, are to the greatest extent linked to the life and health of the persons insured; they also include pure term insurance with mortality risk and several types of annuity insurance with longevity risk. Furthermore, longevity risk occurs in pension insurance, particularly in supplemental voluntary insurance. The vast majority of insurance covers include statutory or contractual rights of policyholders to modify the insurance or reinsurance cover, i.e. to either early terminate or increase it in whole or in part, making them subject to lapse risk.

Life underwriting risks, which also stem from pension insurance, include biometric and business risks. Biometric risks arise from the uncertainty of biometric assumptions in the calculation of the insurance liability, namely from mortality, longevity, health, morbidity and disability. Business risks stem from the uncertainty of assumptions regarding the amount of costs and the unfavourable realisation of policyholders' contractual options, the most important of which is early termination.

If the assumptions in the insurance liability calculation change unfavourably, the premium and/or insurance technical provisions may become too low and the insurance policy less profitable than expected at the time of its conclusion. Life insurance riders (additional coverage) are less dependent on biometric factors, as a result their risks are more similar to the risks of non-life insurance. For example, accident insurance is less dependent on biometric data, therefore their risks are similar to the risks of non-life insurance.

Life underwriting risks are described in greater detail below.

- **Mortality risk** is associated with insurance that covers the risk of death if at the time of the person insured's death the coverage is greater than the provisions created. Whole life insurance products, credit life insurance products and life insurance products with a savings component pose the highest exposure for the Group. The sums insured in the event of death in these cases are high, while insurance technical provisions are relatively low.
- **Longevity risk** at Group level stems mainly from annuity and pension insurance products. With these policies, the amount of the basic annuity is determined in advance and is fixed. It is calculated based on paid-in assets and assumptions, in particular the life expectancy of the beneficiaries. If the overall life expectancy of the population insured increases significantly, the probability of death decreases, thereby increasing the liabilities of exposed policies. Due to the guaranteed amount of annuity, the Company faces the risk of uncertainty due to longevity (guaranteed annuity rate risk) in some older pension insurance policies already during the accumulation period. The policyholder will be entitled to guaranteed payouts at the end of the accumulation period and the transition to the annuity period (payout period), i.e. when they will begin to receive life annuity, which will then be calculated based on the saved assets and by applying the aforementioned fixed factors. Longevity risk is not transferred to reinsurers, instead additional dedicated provisions are formed if necessary.
- **Disability and morbidity risk** is associated with the products, which are underwritten by the Group's insurance companies and cover critical and serious illnesses and disability.
- **Lapse risk** refers to products where the contractual provisions allow the policyholder to modify the policy, which includes the option of partial or full surrender, changing the amount of coverage or premium, capitalisation, etc. Whether this risk materialised depends on the policyholders' actions, and therefore it is more difficult to manage. This risk is reduced by designing the products that meet the clients' needs and by carefully managing the existing portfolio.
- The Group assumes **expense risk** in all life insurance products and non-life annuities. The expenses included in the policy are determined at the time of conclusion, either as a fixed amount or share. However, as insurance or annuity payments last many years, the increase in actual expenses may exceed the expenses attributed to the policy and thus have a negative impact on the profitability of the Group's insurance portfolio. This risk may be a consequence of miscalculations, the inadequacy of the cost model or incorrectly estimated future volume, trend or volatility of expenses.
- **Revision risk** may affect non-life insurance claims paid out as annuity. Periodic annuity payments may be increased mainly due to the deterioration of the beneficiary's health or a change in legal practice, consequently increasing the nominal value of the Group's liabilities.

⁹⁶ In addition to high insurance claims, the earthquake scenario in Ljubljana takes into account additional operating expenses due to business interruption, an increase in claim handling expenses and a reduction in reinsurers' share in claims. The scenario does not take into account the potential effects of the earthquake in Ljubljana on the financial markets in Slovenia.

■ **Life catastrophe risk** primarily includes cases of concentration and extreme events that may affect a large number of persons insured.

Contractual financial options and guarantees are embedded in a number of policies, so the risks related thereto are assessed in the context of regular portfolio valuation. Among them is guaranteed interest rate risk, which occurs in the products with a savings component (traditional life insurance and annuity insurance). The guaranteed interest rate is set at the time of concluding an insurance policy and remains valid for the entire policy term. The risk arises when the actual rates of return on investment, which cover the benefits under the policies, are lower than the guaranteed interest rate. This risk is reduced by maximising the matching of assets and liabilities from these policies and by creating additional provisions, especially in the part of the portfolio of liabilities with higher guarantees. Similar risks due to a special guarantee for the return arise from the SVPI policies during the saving period.

3.2.2.2 Risk in 2022

The profile of life underwriting risks changed somewhat in 2022. On the one hand, lapse risks increased, and on the other, mortality and expense risks decreased.

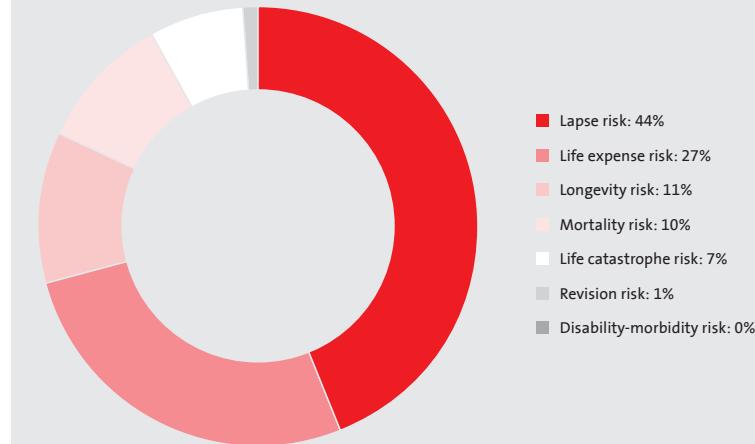
Among life underwriting risks, the Group is most exposed to lapse risk, life expense risk, longevity risk and mortality risk. Within the Group, Zavarovalnica Triglav underwrites the bulk of life underwriting risks. The largest share of the Group's guaranteed interest rate risk is assumed by Zavarovalnica Triglav and Triglav, pokojninska družba.

Gross written insurance, coinsurance and reinsurance premiums in 2022 by (re)insurance subsidiary of the Group is presented in Section [7.5 of the Business Report](#).

The adequacy of insurance technical provisions for life insurance is regularly checked, they are determined according to prudent assumptions. The adequacy of provisions is checked using the liability adequacy test (LAT) and calculating the "realistic provisions" set based on the present value of the best estimate of expected contractual and other cash flows. The test is performed at least once a year based on the balance on the last day of the year (see Section [3.17 of the Accounting Report](#) for more information). The test results for 2022 showed that an adequate level of insurance technical provisions for life insurance was created for the Group and individual insurance companies. Additional insurance technical provisions were created for the identified shortfalls in the guarantee fund backing supplemental voluntary pension insurance saving and the guarantee fund backing supplemental voluntary pension insurance payouts.

Traditional life and pension insurance policies which include saving at a guaranteed interest rate cause potential asset-liability mismatch risk. The guarantee fund backing life insurance includes the majority of the Company's liabilities with a guaranteed fixed interest rate. Mathematical provisions in the amount of EUR 698.0 million were created for this guarantee fund. In order to achieve a guaranteed return on the life insurance portfolio in said guarantee fund, it is necessary to guarantee a 2.0% return on assets. The achieved rate of return on the fund in 2022 stood at 1.5% (see Section [15.11 of the Business Report](#) for more information).

Risk assessment* of life insurance for the Triglav Group as at 31 December 2022



*The risk profile is determined on the basis of a risk assessment using the standard formula, without taking into account the effects of diversification across individual categories of life underwriting risks. It also comprises risks from ring-fenced funds. It includes life insurance and non-life insurance annuities, but complementary accidental insurance taken out with life insurance is excluded.

Similar risks due to a special guarantee for the return arise from the SVPI policies during the saving period. These risks mostly arise from market risks, which are described in more detail in Section [3.3 of Risk Management](#). In 2022, due to the rapid rise in interest rates and the resulting required returns on debt investments, the risk of failing to achieve the guaranteed return materialised in supplemental voluntary pension insurance of Zavarovalnica Triglav and Triglav, pokojninska družba, d.d. As a result, a number of steps were taken to manage this risk, which were aimed at adjusting the investment policy to a less risky one (e.g. reducing the duration of debt investments, reducing exposure to equity investments). One of the key actions taken by Triglav, pokojninska družba d.d. was capital increase, which ensured capital strength and compliance with all legal requirements applying to pension companies.

Life underwriting risk concentration

The concentration of life underwriting risks is assessed as low. The life insurance portfolio is well dispersed by all criteria, including geographically, due to dispersed retail sale of policies. Any minor concentration risk in the portfolio is reduced by transferring a portion of the risks to reinsurers based on the reinsurance programme. The sum insured in the event of death is less than EUR 60,000 for 82.4% of the whole life insurance portfolio and less than EUR 35,000 for 99.2% for the other life insurance portfolio. The sum insured of 98.7% of complementary accidental death insurance is lower than EUR 50,000, while the sum insured of 99.1% of complementary accidental disability insurance is lower than EUR 100,000. The aforementioned sums insured represent retention stipulated by a contract in line with the reinsurance contract for most insurance policies.

3.3 Market risks

3.3.1 Description of risk and its management

The Group invests written premium (in the framework of the insurance business) and subsidiaries' own assets. The value of the Group companies' investment portfolios depends on the situation and trends in financial markets. Financial investments are the largest asset group and therefore an important part of the Group's operations. In this way, insurance and other obligations and capital requirements are covered while ensuring an appropriate return. In investing, the Company is exposed to market risks due to changes in the prices of equity securities and real property, changes in interest rates (risk-free interest rates and credit spreads) and changes in exchange rates. An important part of these risks are also risks arising from the excessive concentration of assets from direct investment in financial instruments or indirect through investments in collective investment undertakings. The primary method of measuring and monitoring these risks at Group level is based on the **Solvency II standard formula**, which is complemented by **internal measures based on the value-at-risk (VaR) method**.

Market risks are managed according to the established methods and processes with clearly defined powers and responsibilities. The market risk management system enables quality analyses and reporting on market risks, as well as developing and implementing measures aimed at preventing the reduction of available own assets due to changes in financial markets, including the real property market. Market risks are reduced by appropriately diversifying the investment portfolio and regularly matching assets and liabilities (**the ALM process**). Derivatives are also used but to a lesser extent.

The level of unexpected losses, which is still acceptable in relation to the Group's strategic objectives and capital strength, is defined in its market risk appetite. On this basis, the limit system was set up that also specifies maximum acceptable exposure to individual types of market risk and the target investment portfolio structure.

The following risks are considered in the context of market risks:

- **Interest rate risk** is highly dependent on the time matching of cash flows of assets and liabilities. At the Group level, it is managed within the framework of the asset and liability management (ALM) process and is limited by the maximum permissible deviation in the gap of the duration of assets and liabilities. In the event of a negative gap between the duration of assets and liabilities, interest rate risk means that when interest rates rise, the value of liabilities from the Group's insurance policies decreases more than the value of assets. This movement, however, affects the profitability of operations and capital adequacy.
- **Equity risk** is mainly related to changes in exposure and equity prices and volatile growth in share prices. Assets and liabilities sensitive to changes in the level or stock market volatility are exposed to this risk. Assets (investments) mainly include shares and equity-oriented collective investment undertakings. With the growth of stock markets, opportunities can arise from such investments. Liabilities sensitive to this risk arise primarily from unit-linked life insurance and supplemental voluntary pension insurance, where such risks are primarily assumed by the policyholders. In this segment, the focus is therefore on achieving the greatest possible matching of assets and liabilities.

The purpose of equity investments is to achieve high long-term returns and ensure adequate diversification of the investment portfolio. The Group manages equity risk in its portfolio by setting exposure limits as well as through geographical and sectoral diversification of equity investments. In addition, due to different levels of development of capital markets and local statutory limitations, the investment policy is adapted to individual markets.

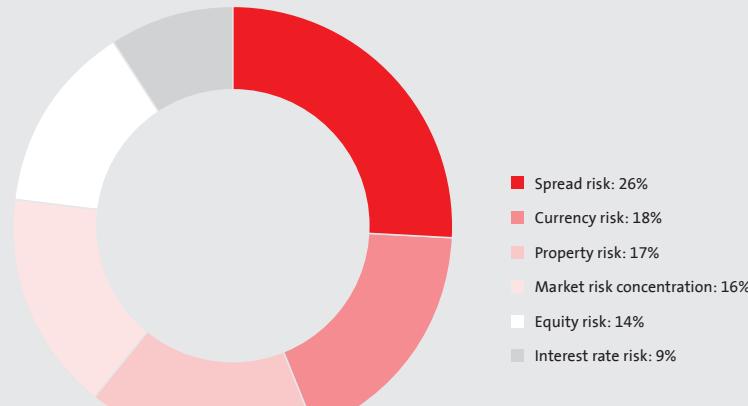
- **Property risk** arises primarily from changes in the value of investment property, own-use real property, other tangible fixed assets and real property leased by Group companies for own use.
- **Spread risk** arises from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of credit spreads over the risk-free interest rate term structure, which means that it cannot be eliminated by matching the liabilities. Within the Group, only debt investments with embedded credit and liquidity risks are exposed to the risk. The increase in credit spreads is associated with the fall in the price of debt securities and vice versa. Zavarovalnica Triglav actively manages credit spread risk arising from such securities at Group level. Therefore, investment policies were developed that aim to invest in high-quality securities and are subject to the limit as defined in the Risk Appetite Statement.
- **Currency risk** is the risk of a decrease in the value of assets denominated in foreign currencies or an increase in the value of liabilities denominated in foreign currencies due to changes in exchange rates. Therefore, currency risk results from the mismatched currency position of assets and liabilities. It is managed by matching assets and liabilities and, to a lesser extent, by using derivatives.
- **Market concentration risk** arises from a possible unfavourable change in the financial situation due to high dependence or unfavourable correlations between the movement of the values of individual exposures or their groups. Factors or types of concentration are different. They include, for example, the risk of asset concentration (in case of excessive exposure to one investment or one issuer) and the risk of sector or geographical concentration (with excessive exposure to one concentrated geographical area and/or sector/industry, where the risk arises from geopolitical, macroeconomic, social, weather or other disturbances). The Group continuously monitors concentration to issuers and groups of related issuers as well as geographical and sector concentration.

3.3.2 Risk in 2022

Despite major changes in the financial markets, the Group always kept market risks at predetermined levels, which required active management of these risks. The scope of market risks decreased, and their structure changed as a result of active risk management and redirecting investments to safer asset classes. The decline in market risks compared to the previous year is primarily a result of a decrease in equity risk and spread risk. In contrast, market concentration risk rose mainly due to greater excess concentration to the Triglav Group.

With respect to market risks in the context of financial investments (see Section [7.9 of the Business Report](#) for more details), the Group is most exposed to debt instruments, which mostly include debt securities and deposits with banks, followed by equity securities and real property. The highest market risk for the Group is spread risk, followed by currency risk, property risk, market concentration risk and equity risk. Interest rate risk is the lowest.

Market risk assessment* by subtype for the Triglav Group as at 31 December 2022



*The market risk profile is determined based on risk assessment using the standard formula. It also includes market risks from ring-fenced funds, without taking into account the effects of diversification across individual market risk categories.

3.3.2.1 Spread risk

Spread risk is predominantly affected by debt securities, which account for around 68% of the Group's total investments. Their value also depends on the level of credit spreads, which reflect the credit quality of debt instruments. The level of credit spreads increased during 2022 due to the tense geopolitical situation and rising inflation with increases in interest rates and required returns. They initially raised risk-free interest rates, but at the same time credit spreads also increased as a result of an expected worsening economic situation. This can additionally affect the credit quality of debt securities issuers. The Company and the Group manage this risk proactively in accordance with investment policies.

The bulk (approximately 61%) of investments that are exposed to spread risk are related to exposure to countries, followed by exposure to the financial sector, which relates to 21% of investments in debt securities.

Exposure to spread risk is limited by the maximum allowed share in the capital, to which the investment policy is also adapted. Spread risk is a material risk, because a change in credit spread affects the amount of assets but not the amount of liabilities, therefore the risk cannot be reduced through asset-liability management. In its investment portfolio, the Group is exposed to investments with outstanding credit quality. A total of 58% of investments in debt securities have at least an "A" credit rating. The bulk (90%) of the portfolio is accounted for by debt securities of issuers having a credit rating of at least "BBB". The credit quality of the debt securities portfolio did not change significantly in 2022, as the average credit quality with an "A" credit rating was maintained.

The structure of debt securities is presented in detail in Section [7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav in the Business Report](#).

3.3.2.2 Equity risk

Equity risk arises from exposure to equity investments, excluding investments in subsidiaries and associates and unit-linked life insurance contract investments. These comprise 8.7% of the Triglav Group's investment portfolio. The majority of exposure to equity risk arises from exposure of the parent company.

The value of the aforementioned equity investments decreased in 2022. The reason for their decrease is primarily the sale of some investments. Geographical diversification of equity investments is shown in the table. Most equity investments are in shares issued by issuers in advanced markets, among which issuers based in the European Union predominate.

Geographical diversification of equity investments excluding associates (EUR)

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Equities in the EU	206,450,200	276,478,222	140,724,000	184,660,063
Equities in the USA	9,730,015	31,728,927	9,723,308	18,463,891
Equities in Asia*	0	0	0	0
Equities in emerging markets	5,126,789	6,988,438	700,998	885,254
Global equities**	13,469,662	15,765,073	0	0
Total financial investments	234,776,666	330,960,660	151,148,306	204,009,208
Unit-linked life insurance contract investments***	546,964,429	594,267,073	484,822,314	529,598,379
TOTAL	781,741,095	925,227,733	635,970,621	733,607,587

* Equity investments in advanced Asia (Japan, Hong Kong).

** Globally dispersed equity investments.

*** Unit-linked life insurance contract investments include only equity securities excluding debt securities.

Sensitivity analysis of equity investments*, excluding associates (EUR)

	Triglav Group				Zavarovalnica Triglav			
	31 Dec. 2022		31 Dec. 2021		31 Dec. 2022		31 Dec. 2021	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Equities in the EU	20,645,020	-20,645,020	27,647,822	-27,647,822	14,072,400	-14,072,400	18,466,006	-18,466,006
Equities in the USA	973,002	-973,002	3,172,893	-3,172,893	972,331	-972,331	1,846,389	-1,846,389
Equities in Asia**	0	0	0	0	0	0	0	0
Equities in emerging markets	512,679	-512,679	698,844	-698,844	70,100	-70,100	88,525	-88,525
Global equities***	1,346,966	-1,346,966	1,576,507	-1,576,507	0	0	0	0
Total financial investments	23,477,667	-23,477,667	33,096,066	-33,096,066	15,114,831	-15,114,831	20,400,921	-20,400,921
Impact on fair value reserves	13,650,271	-12,110,607	20,490,695	-20,394,885	13,290,041	-11,750,377	17,237,779	-17,141,969
Impact on profit or loss	9,827,396	-11,367,059	12,605,371	-12,701,181	1,824,790	-3,364,453	3,163,142	-3,258,952
Impact on equity	23,477,667	-23,477,667	33,096,066	-33,096,066	15,114,831	-15,114,831	20,400,921	-20,400,921

* The effects shown do not include the tax aspect and the indirect impact of the change in these assets or liabilities (for life insurance).

** Equity investments in advanced Asia (Japan, Hong Kong).

*** Globally dispersed equity investments.

The sensitivity analysis of equity investments, whose risks are borne by the Company and the Group, in relation to the change in prices of equity investments and an analysis of this impact on the Group's comprehensive income or profit or loss showed that a 10% increase in market prices of equities in the portfolio would have a positive impact on the Group's fair value reserves in the amount of EUR 13.7 million, and on its profit in the amount of EUR 9.8 million. If the trend were opposite and market prices of equity investments dropped by 10%, the Group's fair value reserves would decrease by EUR 12.1 million and its profit by EUR 11.4 million. The estimated impact on the profit or loss is shown in the table. This only illustrates the estimated changes at Group level and does not include unit-linked life insurance contract investments.

3.3.2.3 Property risk

The Group's total exposure to property risk amounts to EUR 186.7 million. Own-use real property also includes property leased by the Group. With respect to the latter, the Group is not directly exposed to property risk, because it involves mostly long-term lease agreements. The Group's real property is primarily located in Slovenia.

Exposure to real property in relation to its purpose* (EUR)

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Right-of-use assets	10,367,625	10,933,109	3,940,725	4,548,297
Investment property not intended for the direct conduct of insurance business	68,377,495	75,110,973	43,377,173	43,840,055
Real property for own use**	107,998,470	108,655,212	67,285,007	65,143,310
Total	186,743,590	194,699,294	114,602,905	113,531,662

* Investment property is disclosed at cost in the financial statements. The fair value of investment property is presented in Section [3.3 of the Accounting Report](#). The fair value is calculated using valuation techniques. Valuation of property based on the existing methodology is performed by an authorised value.

** Own-use real property includes the item "property, plant and equipment" in the Accounting Report.

3.3.2.4 Currency risk⁹⁷

The Group's currency risk arises predominantly from subsidiaries not operating in the euro area. These companies conduct most of their transactions in the local currency, thus being exposed to currency risk relating to the euro and other currencies to a lesser extent. A part of the Group's currency risk arises from the excess of assets over liabilities in US dollars, in respect of which the exposure is similar as in the preceding year.

To a lesser extent, the Group manages currency risks with derivatives. As at 31 December 2022, the Group had no currency derivative contracts.

Financial investments in euros represent 91% of the Group's financial investments, with the exposure to individual foreign currency not exceeding 3%. Compared to the previous year, the open currency position in Croatian kuna, which was managed in previous years with derivatives, increased slightly. Due to Croatia adopting the euro in early 2023, the open currency position as at 31 December 2022 was not reduced with derivatives.

Currency exposure of the Triglav Group's financial assets and liabilities* (all figures are in EUR)

Triglav Group as at 31 Dec. 2022	EUR	USD	BAM	RSD	HRK	MKD	Other	Total
Investment property	67,360,152	0	595,820	262,041	159,482	0	0	68,377,495
Investments in associates	37,810,184	0	0	0	0	0	0	37,810,184
Financial investments	2,347,938,798	23,919,505	24,893,374	45,870,610	80,785,520	26,883,325	42,818,167	2,593,109,846
Debt securities	2,066,524,463	19,733,028	12,437,085	38,700,115	45,121,211	14,896,016	38,896,041	2,236,307,959
Equity securities	212,213,418	6,597	8,077,212	9,043	13,933,393	536,457	0	234,776,667
Derivatives	0	0	0	0	0	0	0	0
Deposits and loans	64,305,727	4,179,880	3,764,519	6,511,746	21,730,916	11,129,564	3,922,126	115,544,478
Other financial investments	4,895,190	0	614,558	649,706	0	321,288	0	6,480,742
Insurance technical provisions transferred to reinsurers	163,884,364	5,178,558	5,018,909	9,479,050	6,531,800	0	19,706,336	209,799,017
Operating receivables	225,500,238	8,645,511	6,746,512	17,453,238	22,348,990	5,835,338	23,582,266	310,112,093
Cash and cash equivalents	69,266,573	1,328,014	19,060,436	4,124,195	2,108,475	651,170	1,922,589	98,461,452
Total	2,911,760,309	39,071,588	56,315,051	77,189,134	111,934,267	33,369,833	88,029,358	3,317,670,087
Unit-linked life insurance contract investments	514,795,165	50,314,953	0	0	760,544	719,558	5,276,301	571,866,521
TOTAL ASSETS	3,426,555,474	89,386,541	56,315,051	77,189,134	112,694,811	34,089,391	93,305,659	3,889,536,608
Subordinated liabilities	49,522,163	0	0	0	0	0	0	49,522,163
Insurance technical provisions	2,235,382,965	27,273,770	25,145,402	50,626,594	85,673,510	17,997,831	76,979,524	2,519,079,596
Insurance technical provisions for unit-linked life insurance contracts	523,873,183	50,314,953	0	0	760,544	719,558	5,276,301	580,944,539
Employee benefits	15,266,627	0	703,239	223,475	915,410	320,357	0	17,429,108
Other financial liabilities	1,293,690	-27	72,876	490,208	15,328	2,277	-792	1,873,560
TOTAL LIABILITIES	2,825,338,628	77,588,696	25,921,517	51,340,277	87,364,792	19,040,023	82,255,033	3,168,848,966
Net currency exposure	601,216,846	11,797,845	30,393,534	25,848,857	25,330,019	15,049,368	11,050,626	720,687,642

Triglav Group as at 31 Dec. 2021	EUR	USD	BAM	RSD	HRK	MKD	Other	Total
Investment property	73,655,405	0	939,908	343,315	165,071	7,274	0	75,110,973
Investments in associates	35,591,377	0	439,970	0	0	0	0	36,031,348
Financial investments	2,696,810,852	33,348,260	16,018,156	46,360,648	82,083,642	24,907,486	38,171,105	2,937,700,149
Debt securities	2,356,117,282	16,010,033	10,329,321	40,483,390	39,468,000	16,185,482	33,976,306	2,512,569,814
Equity securities	295,388,355	13,665,459	2,653,539	9,161	17,595,702	563,555	1,084,890	330,960,661
Derivatives	20,317	0	0	0	0	0	0	20,317
Deposits and loans	41,257,160	3,672,768	2,425,387	5,349,172	25,019,940	7,504,037	3,109,909	88,338,373
Other financial investments	4,027,738	0	609,909	518,925	0	654,412	0	5,810,984
Insurance technical provisions transferred to reinsurers	134,760,073	11,754,730	10,916,992	5,380,847	6,582,046	0	5,445,203	174,839,891
Operating receivables	137,361,117	6,165,396	5,678,925	21,679,860	16,501,938	4,818,444	21,098,646	213,304,326
Cash and cash equivalents	59,471,380	969,631	15,422,167	1,707,739	1,931,335	476,533	2,342,846	82,321,631
Total	3,137,650,205	52,238,017	49,416,118	75,472,409	107,264,032	30,209,737	67,057,800	3,519,308,318
Unit-linked life insurance contract investments	567,844,531	44,651,331	0	0	2,552,189	108,067	4,461,368	619,617,486
TOTAL ASSETS	3,705,494,736	96,889,348	49,416,118	75,472,409	109,816,221	30,317,804	71,519,168	4,138,925,804
Subordinated liabilities	49,471,831	0	0	0	0	0	0	49,471,831
Insurance technical provisions	2,306,950,485	22,677,748	30,595,827	45,549,130	79,294,238	25,226,955	66,074,002	2,576,368,385
Insurance technical provisions for unit-linked life insurance contracts	573,082,632	44,651,331	0	0	0	108,067	4,461,368	622,303,398
Employee benefits	15,702,584	0	590,328	227,465	840,249	311,507	0	17,672,133
Other financial liabilities	2,653,226	0	37,556	377,054	15,372	2,445	0	3,085,653
TOTAL LIABILITIES	2,947,860,758	67,329,079	31,223,711	46,153,649	80,149,859	25,648,974	70,535,370	3,268,901,400
Net currency exposure of the statement of financial position	757,633,978	29,560,269	18,192,407	29,318,760	29,666,362	4,668,830	983,798	870,024,404
Currency derivatives	19,275,628				-19,255,311			20,317
Net currency exposure	776,909,605	29,560,269	18,192,407	29,318,760	10,411,051	4,668,830	983,798	870,044,721

*The tables include only the most important items from the balance sheet by currency. Therefore, intangible assets, property, plant and equipment, non-current assets held for sale, right-of-use assets, financial investments in subsidiaries and other assets, other provisions, deferred tax liabilities, operating liabilities, lease liabilities and other liabilities are not included.

3.3.2.5 Interest rate risk

In terms of financial statements, the Group is exposed to interest rate risk primarily on the assets side, particularly through debt securities, which are classified as available-for-sale financial assets and financial assets measured at fair value through profit or loss. The Group could be exposed to interest rate risk on the liabilities side, mostly through insurance technical provisions for **life insurance**, and to a lesser extent, in insurance technical provisions for **non-life insurance**, especially those created for the payment of annuity claims for motor vehicle and accident insurance. In the event of a drop in market interest rates, the Company performs the LAT to determine whether insurance technical provisions need to be increased. When interest rates rose in 2022, the test showed that there was no significant need for such an increase. When interest rates rise, insurance technical provisions are further reduced and are below the level of accounting estimates.

The Company manages interest rate risk with economic valuation. The latter is presented in the Solvency and Financial Condition Report, which shows the interest rate sensitivity of assets and liabilities to the market value. In this regard, the cash flows of assets and liabilities are carefully matched and their duration gap is reduced.

The Company continued to shorten the maturity of its investment portfolio in 2022 due to rising inflation and the resulting increases in interest rates and required returns on debt investments.

The asset-liability sensitivity analysis of the change in interest rate and its impact on comprehensive income or profit or loss of the Group showed that a sudden decrease of 100 basis points would have a positive impact (in the amount of EUR 73.2 million), while a sudden increase of 100 basis points would have a negative impact (in the amount of EUR 75.6 million). The impact of a rise in interest rates on the financial statements is lower than in the preceding year due to lower interest sensitivity of assets and liabilities. Assets are less sensitive to interest rates due to lower exposure and shorter maturity. Due to higher interest rates, insurance liabilities show low interest rate sensitivity.

The Company and the Group monitor the duration gap⁹⁸ of interest-sensitive items for the life, non-life and supplemental voluntary insurance segments, excluding the unit-linked life insurance segment.

The matching of the duration of assets and liabilities is measured through the duration gap of assets and liabilities, which measures the sensitivity of interest-bearing assets and liabilities to changes in interest rates. The gap shows the matching of cash inflows and outflows. The market matching assessment as at 31 December 2022 was comparable to that as at 31 December 2021. This was achieved primarily by actively managing interest rate risk and adjusting the portfolio to rising interest rates. The duration gap of assets and liabilities at Group level is negative and stands at -1.2 year (compared to -1.0 year as at 31 December 2021). The most important impact originates from the Company, where the duration gap of assets and liabilities is -1.9 years (compared to -1.8 years as at 31 December 2021). The duration gap of assets and liabilities in the Company's life insurance portfolio (excluding supplemental voluntary insurance and the unit-linked life insurance segment) is -2.8 years and in its non-life insurance portfolio 0.5 year.

Sensitivity analysis of assets and liabilities to interest rate changes (EUR)*

	Triglav Group				Zavarovalnica Triglav			
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Debt securities issued by countries	-58,030,809	64,188,532	-95,209,665	109,701,001	-37,726,493	43,067,408	-72,058,154	84,374,724
Debt securities issued by financial institutions	-8,088,344	8,417,840	-11,781,910	12,466,525	-5,874,733	6,153,647	-8,987,158	9,510,788
Debt securities issued by companies	-9,605,769	9,964,273	-13,766,502	14,581,999	-6,193,354	6,491,901	-8,721,396	9,259,840
Compound securities	18,736	-13,885	4,851	1,427	18,736	-13,885	4,851	1,427
Other	0	0	0	0			0	0
Total financial investments	-75,706,186	82,556,760	-120,753,227	136,750,952	-49,775,844	55,699,071	-89,761,857	103,146,779
Insurance technical provisions for life insurance	0	0	-7,114,800	89,556,173	0	0	-7,114,800	56,984,924
Insurance technical provisions for non-life insurance	-100,847	9,374,115	0	23,687,975	0	9,293,421	0	23,255,269
Total insurance technical provisions	-100,847	9,374,115	-7,114,800	113,244,149	0	9,293,421	-7,114,800	80,240,192
Impact on capital	-75,605,340	73,182,647	-113,638,426	23,506,803	-49,775,844	46,405,650	-82,647,057	22,906,587
Impact on fair value reserves	-74,225,337	81,009,938	-102,271,823	116,707,229	-48,294,995	54,152,249	-82,277,092	95,072,550
Impact on profit or loss	-1,380,003	-7,827,291	-11,366,604	-93,200,426	-1,480,850	-7,746,599	-369.965	-72,165,963

* The effects shown do not include the tax aspect and the indirect impact of the change in these assets on liabilities (for life insurance).

⁹⁸ In addition to the duration of assets and liabilities, the duration gap also takes into account the value of assets and liabilities as at calculation date (weighted duration gap).

3.3.2.6 Market risk concentration

The largest share of the Group's assets is accounted for by debt securities. Approximately 61% is accounted for by government bonds, followed by financial bonds (21%) and corporate bonds (19%). Among individual issuers of debt securities, excluding unit-linked life insurance contract investments, the Group is most exposed to issuers from Germany, followed by Slovenia. See Section [7.9 of the Business Report](#) for more information on the concentration of financial investments.

3.4 Credit risks

3.4.1 Description of risk and its management

The Group companies are exposed to credit risks in their operations. These risks measure the potential loss of assets due to the inability of the counterparty to meet its contractual obligations. They arise from fluctuations in the credit position of individual counterparties and the concentration of risks of these parties.

There are three sources of the Group's credit risk by partner type:

- **reinsurance:** The Group creates credit risks by transferring underwriting risks to reinsurers. Its exposure to reinsurance is measured by insurance technical provisions ceded to reinsurers, including overdue receivables from reinsurance and coinsurance business. At Group level, these risks are managed by carefully selecting reinsurance partners with an appropriate credit rating, ensuring that the transferred risks are adequately dispersed among the partners. The comprehensive system and well-defined rules for credit risk management include the process of assigning credit ratings to partners, which also takes into account own criteria in addition to public information or credit ratings. For monitoring and managing credit risks as well as calculating capital requirements using the regulatory method, the system of uniform naming and keeping of basic data on reinsurance partners is also important when determining credit ratings.
- **banks:** Credit risks arising from the Group members' investments in cash and cash equivalents are managed by performing an expert analysis of the bank's credit quality and through a sufficient degree of portfolio diversification. This is achieved through a resilient and comprehensive limit system, which limits the exposures of individual companies to banks and the Group to banking groups.
- **receivables:** Credit risks at Group level also arise from overdue insurance and other receivables from partners of the Group's (re)insurance companies. This exposure is managed by regularly monitoring the payment dynamics by various homogeneous groups and insurance segments. Separately from receivables from direct insurance operations, the Company also monitors and manages *subrogation receivables*, which represent the credit risk of non-payment of the policyholder's liabilities towards the Company. The Company manages them by monitoring the effectiveness of the collection of credited subrogation receivables and the share of subrogation receivables in relation to the claims settled.

Concentration risk in the context of credit risk occurs upon overexposure to an individual counterparty, group of related parties or parties connected by common risk factors such as credit ratings. At Group level, the concentration risk of individual counterparties is managed with a single database of all counterparties in reinsurance and banking.

3.4.2 Risk in 2022

Compared to the 2021 year-end, the credit risk assessment as at 31 December 2022 increased predominantly due to higher exposure to banks and growth in receivables from policyholders.

The Group is exposed to credit risks from reinsurance, banks and receivables from policyholders and other partners. It is exposed to banks through cash held for the operations of the Company and other Group companies.

Credit risk exposure by partner type (EUR)

	Triglav Group	Zavarovalnica Triglav		
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Banks	98,787,801	82,321,630	23,065,241	13,912,991
- Cash from unit-linked life insurance contract investments	8,891,955	2,042,836	8,411,716	1,967,631
- Other cash	89,895,846	80,278,794	14,653,525	11,945,360
Reinsurers	248,232,922	201,967,510	200,895,093	149,562,360
Persons insured and other partners*	59,754,456	44,905,588	26,685,926	16,881,127
Total	406,775,179	329,194,728	250,646,260	180,356,478
Total excluding cash from unit-linked life insurance contract investments	397,883,224	327,151,892	242,234,544	178,388,847

* Past due reinsurance receivables are included in exposure from reinsurance.

With regard to cash and cash equivalents, the Company is most exposed to Slovenian banks, which mainly have a "BBB" credit rating or are without a credit rating. In addition, the Group is exposed to banks in the countries where its subsidiaries operate, which are usually without a credit rating. The table above also shows cash from unit-linked life insurance contract investments, which do not pose any direct credit risks to the Group. In 2022, the credit ratings of banks to which the Group is exposed did not change significantly.

The Company monitors all reinsurance partners at Group level, with the largest exposure arising from the parent company and the Group's reinsurance company.

Exposure to reinsurance partners by credit rating

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
AAA	0.0%	0.0%	0.0%	0.0%
AA to BBB	73.9%	75.9%	76.2%	76.3%
Below BBB	7.6%	9.4%	6.7%	16.6%
Not rated	18.5%	14.8%	17.1%	7.1%
Average credit rating	BBB	BBB	BBB	BBB

The Group is most exposed to reinsurers with an "A" credit rating. The proportion of partners with an "AA" credit rating is also high. The proportion of non-rated reinsurance partners at Group level is 18.5%, The bulk stems from insurance claims of insurance companies in strategic markets, which are covered by non-rated reinsurers. The proportion of non-rated reinsurers in the Company is slightly lower, i.e. 17.1%. The reason for such a major change compared to 2021 are provisions and reinsurance claims from already existing old claims reinsured with Russian reinsurance partners, which lost their credit rating in 2022.

The geographical concentration of reinsurers at Group level is the highest in Germany. Compared to 2021, it changed mainly due to the increase in the concentration of exposure to reinsurers in Kazakhstan, which predominantly arises from the Company's businesses and is the result of new reported claims reinsured in Kazakhstan. Due to its exposure to the subsidiary Pozavarovalnica Triglav Re, Zavarovalnica Triglav is geographically most exposed in Slovenia.

Concentration of five largest exposures to reinsurers by country

Triglav Group			
	31 Dec. 2022	31 Dec. 2021	
Germany	14.8%	Germany	19.2%
Kazakhstan	10.2%	Russia	12.6%
Serbia	8.4%	Serbia	8.6%
Russia	8.1%	Bosnia and Herzegovina	7.0%
Great Britain	6.8%	Great Britain	6.1%

Zavarovalnica Triglav			
	31 Dec. 2022	31 Dec. 2021	
Slovenia	47.8%	Slovenia	52.5%
Kazakhstan	11.9%	Russia	16.1%
Russia	9.4%	Barbados	4.3%
Cyprus	6.7%	Kazakhstan	3.4%
Great Britain	5.9%	Great Britain	3.2%

The Group is exposed to receivables through past due receivables from insurance operations and other receivables. In the context of credit risks, the Company monitors and manages receivables from policyholders and agents, other receivables from direct insurance operations and other short-term receivables, particularly subrogation receivables. In the Group's portfolio, these receivables are well dispersed and therefore do not cause concentration. All receivables from insurance transactions with clients are presented in Section [3.10 of the Accounting Report](#).

The Company monitors the payment discipline of receivables from policyholders in detail using several indicators. The movements of written premium and payments are monitored by maturity, in different time periods and by insurance class.

Separately from receivables from direct insurance operations, the Company also monitors and manages subrogation receivables. These pose a credit risk of the person insured's default. In addition to the payment of subrogation receivables, the Company monitors the effectiveness of the collection of credited subrogation receivables and the share of subrogation receivables in relation to claims settled.

Share of paid established receivables for the year

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Receivables due from policyholders	67.5%	66.4%	88.1%	88.6%
Subrogation receivables	42.3%	41.2%	49.7%	45.4%

The payment discipline did not change significantly during the year with regard to receivables from policyholders and subrogation receivables. It will remain within expected values in 2022 as well.

3.5 Liquidity risk⁹⁹

3.5.1 Description of risk and its management

Liquidity risk is the risk of loss when the company is unable to meet its obligations arising from the timing mismatch of inflows and outflows, or when it is able to meet them only at higher costs. It includes risk of settling matured and contingent liabilities and market liquidity risk.

- **Risk of settling matured and contingent liabilities** is the risk of the company's inability to dispose of a liquidity position that enables it to settle its liabilities (including incurred unexpected liabilities) upon maturity.
- **Market liquidity risk** is the risk of loss due to the inability to sell an asset without major impact on the market price due to inadequate market depth or market disruptions.

The Company's expected cash flows, i.e. inflows and outflows, are kept and managed proactively. Most cash flows of liabilities arise from insurance operations. The assets intended to cover these liabilities are adjusted by covering them in accordance with the investment policy in normal circumstances (the ALM process), while aiming to generate surplus assets to ensure the repayment of liabilities even when liquidity needs are higher. Thus, when necessary, the Group adjusts the liquidity of its portfolio in order to meet all expected and unexpected cash outflows and overdue liabilities at any given moment.

To manage liquidity risk, a process was set up based on the liquidity coverage ratio (LCR), which is used to provide for adequate liquidity reserves on an ongoing basis. The LCR is determined for both expected and predetermined liquidity stress scenarios. These are determined based on **various stress scenarios** adjusted to the Company's liquidity risk, which includes adverse insurance and financial events.

Furthermore, the sources of liquidity are regularly adjusted, as the available funds must always exceed the needs.

When measuring liquidity, liquidity sources include primarily insurance premium and cash flows of investments intended to cover liabilities. The most important liquidity needs include the payment of claims, expenses and the payout of planned dividends. In the event of an emergency, an action plan is in place, including the sale of liquid excess assets over liabilities and additional security mechanisms such as credit and repo lines. Scenarios and measures are reviewed annually and adjusted to exposures and the market situation. With the described system, liquidity risk is effectively managed, while optimising excess liquidity by investing in alternative sources with higher returns on the market.

Liquidity at Group level is assessed based on the liquidity of the Company and the subsidiaries. The liquidity of the Group companies is planned on an annual basis by estimating the volume and scope of business in the coming year. In the framework of own risk and solvency assessment, it is planned for at least three years; the planning includes future potential liquidity needs and effectively provides for available liquidity sources.

Futures, options and other financial derivatives are used only if they help to mitigate market risks. As a possible measure to obtain additional liquidity, repo lines were established with commercial banks. The Company does not carry out securities lending techniques.

3.5.2 Risk in 2022

Zavarovalnica Triglav and the Group companies had adequate liquidity in 2022. Also, as part of own risk and solvency assessment in 2022, the liquidity scenarios carried out confirmed the Company's liquidity strength and that the subsidiaries were properly prepared for stress scenarios.

Financial assets and liabilities of the Triglav Group by contractual maturity* (EUR)

Triglav Group as at 31 Dec. 2022	Not defined	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	206,588,948	380,947,184	1,390,509,876	373,384,715	241,679,124	2,593,109,847
Debt securities	0	293,611,097	1,328,382,834	372,634,903	241,679,124	2,236,307,958
- held to maturity	0	10,459,762	271,956,745	110,939,522	63,113,407	456,469,436
- at fair value through profit or loss	0	37,767,073	92,082,668	5,552,767	434,233	135,836,741
- available for sale	0	245,384,262	964,343,421	256,142,614	172,149,046	1,638,019,343
- loans and receivables	0	0	0	0	5,982,438	5,982,438
Equity securities	199,392,945	423,210	34,951,618	8,894	0	234,776,667
- at fair value through profit or loss	63,480,799	0	0	0	0	63,480,799
- available for sale	135,912,146	423,210	34,951,618	8,894	0	171,295,868
Derivatives	0	0	0	0	0	0
Loans and receivables	715,260	86,912,877	27,175,424	740,918	0	115,544,479
Other financial investments	6,480,743	0	0	0	0	6,480,743
Unit-linked life insurance contract investments	546,964,429	6,445,414	13,692,299	3,958,181	806,198	571,866,521
- at fair value through profit or loss	546,964,429	1,800,595	13,692,299	3,958,181	806,198	567,221,702
- available for sale	0	0	0	0	0	0
- loans and receivables	0	4,644,819	0	0	0	4,644,819
Insurance technical provisions transferred to reinsurers	600,000	123,023,763	62,482,943	18,839,732	4,852,580	209,799,017
Operating receivables (including tax receivables)	4,210,654	302,277,560	783,797	2,833,680	6,402	310,112,093
Cash	64,977,662	33,483,790	0	0	0	98,461,452
Total financial assets	823,341,693	846,177,711	1,467,468,915	399,016,308	247,344,304	3,783,868,185
FINANCIAL LIABILITIES						
Subordinated liabilities	0	0	0	0	49,522,163	49,522,163
Insurance technical provisions	2,832,730	830,300,253	712,169,018	291,095,892	682,681,703	2,519,079,596
Insurance technical provisions for unit-linked life insurance contracts	471,954,899	1,595,718	10,787,145	18,973,015	77,633,761	580,944,538
Other financial liabilities	490,206	1,322,103	0	61,230	19	1,873,558
Total financial liabilities	475,277,835	833,218,083	722,956,163	310,130,137	809,837,646	3,151,419,858

*The table shows financial assets classified by contractual maturity, although liquid investments may be sold earlier. In liabilities, insurance technical provisions are disclosed using projected cash flows to determine the duration. Therefore, the table does not reflect real liquidity. Liquidity is ensured not only with short-term investments (with the maturity of less than 1 year), but also with other highly liquid assets in other maturity buckets (e.g. government bonds of EEA countries and the OECD, shares in ETF funds, etc.).

Triglav Group as at 31 Dec. 2021	Not defined	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	299,747,250	305,299,752	1,410,124,941	586,181,956	336,346,249	2,937,700,148
Debt securities	0	268,969,894	1,322,232,348	585,021,323	336,346,249	2,512,569,814
- held to maturity	0	12,364,163	57,517,081	65,706,297	21,973,192	157,560,733
- at fair value through profit or loss	0	49,754,895	263,687,277	112,089,222	5,933,801	431,465,195
- available for sale	0	206,850,836	1,001,027,990	407,225,804	302,447,617	1,917,552,247
- loans and receivables	0	0	0	0	5,991,639	5,991,639
Equity securities	293,369,717	422,663	37,159,397	8,884	0	330,960,661
- at fair value through profit or loss	112,613,404	0	0	0	0	112,613,404
- available for sale	180,756,313	422,663	37,159,397	8,884	0	218,347,257
Derivatives	20,317	0	0	0	0	20,317
Loans and receivables	546,233	35,907,195	50,733,196	1,151,749	0	88,338,373
Other financial investments	5,810,983	0	0	0	0	5,810,983
Unit-linked life insurance contract investments	594,159,007	7,191,213	12,620,647	5,633,332	13,287	619,617,486
- at fair value through profit or loss	594,159,007	7,191,213	12,620,647	5,633,332	13,287	619,617,486
- available for sale	0	0	0	0	0	0
- loans and receivables	0	0	0	0	0	0
Insurance technical provisions transferred to reinsurers	707,317	111,030,024	45,868,052	13,893,756	3,340,741	174,839,890
Operating receivables (including tax receivables)	19,462,809	173,998,442	18,838,077	1,005,010	1	213,304,339
Cash	60,027,240	22,294,390	0	0	0	82,321,630
Total financial assets	974,103,623	619,813,821	1,487,451,717	606,714,054	339,700,278	4,027,783,493
FINANCIAL LIABILITIES						
Subordinated liabilities	0	0	0	0	49,471,831	49,471,831
Insurance technical provisions	3,704,868	810,272,794	715,686,591	333,267,267	713,436,864	2,576,368,384
Insurance technical provisions for unit-linked life insurance contracts	526,332,718	3,410,853	16,097,832	22,339,710	54,122,285	622,303,398
Other financial liabilities	949,088	2,106,282	236,919	-206,664	22	3,085,647
Total financial liabilities	530,986,674	815,789,929	732,021,342	355,400,313	817,031,002	3,251,229,260

The Group's total financial assets exceeded its total financial liabilities also in 2022. The surplus is presented in the maturity buckets of 1–5 years, 5–10 years and with undefined maturity. In other buckets, the value of assets was below the value of liabilities. The vast majority of the Group's assets is invested in highly liquid investments, which also provides the coverage of liabilities in maturity buckets

before the bucket into which they are classified in the table shown. The insurance technical provisions take into account the maturity based on forecast cash flows. Therefore, neither deficit in individual maturity buckets nor payments of liabilities before the maturity date present a liquidity risk.

Financial assets and liabilities of Zavarovalnica Triglav by contractual maturity (EUR)

	Not defined	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	154,412,843	180,127,401	863,631,863	237,789,321	189,226,441	1,625,187,870
Debt securities	0	162,218,573	858,319,994	237,048,403	189,226,441	1,446,813,411
- held to maturity	0	3,972,138	142,330,844	53,855,301	27,498,690	227,656,974
- at fair value through profit or loss	0	12,339,169	54,658,756	1,246,440	434,233	68,678,599
- available for sale	0	145,907,265	661,330,393	181,946,662	155,311,080	1,144,495,399
- loans and receivables	0	0	0	0	5,982,438	5,982,438
Equity securities	151,148,306	0	0	0	0	151,148,306
- at fair value through profit or loss	18,247,899	0	0	0	0	18,247,899
- available for sale	132,900,407	0	0	0	0	132,900,407
Derivatives	0	0	0	0	0	0
Loans and receivables	0	17,908,828	5,311,870	740,918	0	23,961,616
Other financial investments	3,264,537	0	0	0	0	3,264,537
Unit-linked life insurance contract investments	484,822,314	1,055,933	2,271,907	2,467,150	1,544	490,618,848
- at fair value through profit or loss	484,822,314	1,055,933	2,271,907	2,467,150	1,544	490,618,848
- available for sale	0	0	0	0	0	0
- loans and receivables	0	0	0	0	0	0
Insurance technical provisions transferred to reinsurers	0	109,819,057	53,644,423	13,527,531	3,151,930	180,142,941
Operating receivables (including tax receivables)	0	198,462,281	0	0	0	198,462,281
Cash	23,065,242	0	0	0	0	23,065,242
Total financial assets	662,300,400	489,464,672	919,548,193	253,784,002	192,379,916	2,517,477,183
FINANCIAL LIABILITIES						
Subordinated liabilities	0	0	0	0	49,522,163	49,522,163
Insurance technical provisions	0	533,549,983	549,994,070	178,032,154	416,172,259	1,677,748,466
Insurance technical provisions for unit-linked life insurance contracts	449,399,980	866,336	5,260,288	8,694,816	31,461,383	495,682,803
Other financial liabilities	0	16,615	0	0	0	16,615
Total financial liabilities	449,399,980	534,432,933	555,254,358	186,726,970	497,155,806	2,222,970,046

Zavarovalnica Triglav as at 31 Dec. 2021	Not defined	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	207,307,887	178,362,414	875,493,902	420,843,793	286,671,983	1,968,679,979
Debt securities	0	175,031,547	854,813,120	420,023,044	286,671,983	1,736,539,694
- held to maturity	0	10,423,856	49,873,577	65,706,297	14,942,503	140,946,233
- at fair value through profit or loss	0	15,282,149	101,084,076	55,128,541	3,675,459	175,170,224
- available for sale	0	149,325,542	703,855,468	299,188,206	262,062,381	1,414,431,597
- loans and receivables	0	0	0	0	5,991,639	5,991,639
Equity securities	204,009,208	0	0	0	0	204,009,208
- at fair value through profit or loss	31,631,419	0	0	0	0	31,631,419
- available for sale	172,377,789	0	0	0	0	172,377,789
Derivatives	20,317	0	0	0	0	20,317
Loans and receivables	0	3,330,867	20,680,782	820,749	0	24,832,398
Other financial investments	3,278,362	0	0	0	0	3,278,362
Unit-linked life insurance contract investments	529,598,379	4,477,899	2,755,241	2,584,215	2,237	539,417,972
- at fair value through profit or loss	529,598,379	4,477,899	2,755,241	2,584,215	2,237	539,417,972
- available for sale	0	0	0	0	0	0
- loans and receivables	0	0	0	0	0	0
Insurance technical provisions transferred to reinsurers		86,954,349	38,199,558	8,394,428	2,529,622	136,077,957
Operating receivables (including tax receivables)	0	105,681,286	0	0	0	105,681,286
Cash	13,912,991	0	0	0	0	13,912,991
Total financial assets	750,819,257	375,475,948	916,448,701	431,822,437	289,203,842	2,763,770,185
FINANCIAL LIABILITIES						
Subordinated liabilities	0	0	0	0	49,471,831	49,471,831
Insurance technical provisions	0	516,066,665	562,566,480	222,178,125	439,561,917	1,740,373,186
Insurance technical provisions for unit-linked life insurance contracts	499,681,626	843,819	5,022,362	8,158,599	26,428,645	540,135,052
Other financial liabilities	0	1,684,403	0	0	0	1,684,403
Total financial liabilities	499,681,626	518,594,886	567,588,842	230,336,724	515,462,393	2,331,664,472

3.6 Operational risks

3.6.1 Description of risk and its management

Operational risks are the risks of loss arising from inadequate or failed internal processes, personnel or systems, or from external events and their impact, both within the Company or in other Group companies.

As part of the risk appetite, which is the main guideline for operational risk management, high standards for ensuring compliance with the law and zero tolerance for internal criminal acts and fraud, including corruption, were set. The Company aims to ensure an appropriate level of information security (confidentiality, integrity and availability) for all information as it represents Company's business asset, and in doing so follows good practices in information security, taking into account the levels of information security risks defined as acceptable for each type of information.

The Group's operational risks are ever-present; therefore it is of key importance to identify and manage the most material in a timely manner, limiting them cost-effectively according to the defined tolerance. The aim of operational risk management is to prevent their occurrence, quickly and effectively remedy the consequences of realised operational loss events, as well as mitigate and prevent business damage in a professional, diligent and ethical manner. Here, the greatest emphasis is placed on key business processes and types of operational risks. Recently, cyber, regulatory and human resource risks have come to the fore. Operational risks are assessed based on all available information, such as estimates of potential risks by business process groups, realised operational loss events, key indicators of these risks and other relevant information from employees and key functions. In 2021, the Company implemented *GRC/IRM software (governance, risk, compliance/integrated risk management)* to collect and manage data as well as report on operational risks more comprehensively. This tool also supports compliance and internal audit processes for an even more coordinated operation of key functions in risk management processes and a more responsive overview. The Operational Risk Committee plays an important role in monitoring operational risks; it deals with any identified (potential or realised) material risks and takes appropriate action.

When assessing exposure and managing operational risks, internal controls for their management are inventoried by each business process. The priorities of the internal control system are as follows:

- efficiency, reliability and continuity of business processes;
- ensuring compliance of operations with the internal acts and legal regulations;
- accuracy and reliability of financial and accounting reporting and
- information and property protection.

In accordance with the principles of proportionality and materiality, Zavarovalnica Triglav transfers the operational risk management system to subsidiaries, all of which regularly report on realised operational loss events and other material operational risks.

Ensuring business continuity and functioning of systems material for smooth business process implementation

As part of operational risk management, the **business continuity management system** was set up to ensure continuity of key business processes. It comprises all key components relevant to business continuity, particularly ensuring key staff, work locations and resources, which includes the operation of information and communication technology with key applications. Business continuity plans for critical business processes and IT disaster recovery plans are regularly revised, upgraded and tested. Among others, the business continuity management system also defines measures to be taken in the case of extraordinary events that cause or could cause interruptions or disruptions in business processes. The Company has set up:

- a crisis management team, which is activated in the case of extraordinary events that cause a major interruption or disruption in business processes;
- a disaster recovery team for extraordinary events that cause major disruption to ICT services;
- recovery teams for the Company's head office and regional units, which are activated in the event the accessibility or operation in an individual commercial building or regional unit is interrupted.

As part of operational risks, events related to business interruptions and disruptions are also monitored.

3.6.2 Risk in 2022

Through proactive management of operational risks, any shortcomings, changes and trends in the internal and external environments that may affect their increase are promptly identified. Such an approach allowed the Company to respond quickly and effectively even in emergency situations such as the COVID-19 pandemic and the war in Ukraine. More attention was paid to the perceived growing risks and, when necessary, appropriate measures were taken to prevent them from materialising. The risks were mainly: the absence of key employees or simultaneous absence of many employees due to illness, the need to quickly adjust organisation of work and execution of business processes, additional information risks due to working from home and the war in Ukraine, regulatory changes due to government emergency measures, as well as the expansion and implementation of additional restrictive measures against Russia and Belarus at EU and OFAC levels.

The Company has not yet suffered a loss due to **cybersecurity incidents**; however, it is aware of their growing threat and being exposed to them. Changes brought about by the pandemic, remote work, the war in Ukraine and increasing regulatory requirements contributed to this. Accordingly, the information security system is regularly maintained and further upgraded. In order to step up the identification of our vulnerability and be better prepared for such incidents, the biggest cybersecurity threats and the Group's business segments that would be most affected were examined in greater detail as part of own risk and solvency assessment in 2022. Measures to improve information security were designed to further reduce the aforementioned risks and ensure their even more proactive monitoring and treatment.

The Group is also exposed to **regulatory changes risk** in other areas. Such an example is the significant expansion and implementation of additional restrictive measures at EU and OFAC levels as a result of the war in Ukraine, as well as the risks due to rapid adjustment of remote business with (potential)

clients. Also, the Group continues to be exposed to outsourcing risks and risks relating to the conduct of insurance business in foreign markets. Regulatory risk is managed by promptly taking into account legislative changes in business processes, regular monitoring of business practices, the positions of supervisory and other state bodies, and participating in regular and extraordinary Slovenian Insurance Association procedures.

In addition, attention is paid to the general human resource risk of recruiting workers in shortage occupations (see Section [4. Triglav Group strategy and plans \(Challenges and opportunities of today\)](#) and Section [12.4.2 Responsibility to employees in the Business Report](#) for more information).

Zavarovalnica Triglav has an effective **risk management system for outsourcing**. This ensures that operational and other risks related to outsourcing do not increase excessively. Internal rules require that risks are identified and assessed before concluding a new business with outsourcer, regularly monitored and, if necessary, action is taken to mitigate them. The Company has two outsourced businesses: the subsidiary Triglav Skladi is the outsourcer in the management of assets of PDPZ Drzni and Zmerni guarantee funds and the managing general agent (MGA) is the outsourcer for insurance sale and claim settlement in the Polish market. On behalf and for the account of the Company, the MGA – directly and by providing a network of contractors (agents and agency companies) – ensures the provision of insurance distribution services and carries out, using own and external resources, claim settlement procedures and own general insurance administration. Furthermore, some Company activities are currently defined as partly outsourced, meaning they have certain elements of outsourced activities, while the remaining (not outsourced) part of the business process is managed with own resources. In terms of content, these businesses relate mainly to contractual insurance agency services (selling via agencies) and the provision of hardware and software (the maintenance of software and IT systems). A revision of outsourcing rules is underway, which will include, in addition to the management of outsourced activities, the management of other key and important outsourced services.

Ensuring business continuity and functioning of systems material for smooth business process implementation

In the reporting year, the Company focused on the management of information security risks and business disruption and interruption. In past years, the business continuity management system was already upgraded, as after the pandemic, information of employee substitution was added because human resource risks were recognised as very relevant (especially the possibility of a high number of absent employees, absence of key employees and employee overload). Risk concentration was examined in terms of key processes and their smooth and continuous implementation. The latter requires a sufficient number of available employees, locations and resources, among which ICT resources are key. In order to identify such risks in detail, an overview was made of the connections between key processes, employees, external ICT and other providers, ICT resources that support the operation of part or the entire process or several processes, and locations. Most subsidiaries have also already developed or are planning to develop such an overview to identify the largest concentrations, which will be followed by findings at Group level.

Business continuity plans were upgraded with current scenarios and then tested, which also applies to IT disaster recovery plans.

3.7 Non-financial risks

3.7.1 Description of risk and its management

Non-financial risks important to the Triglav Group's operations include strategic risks, reputational risk, Group risk and sustainability risks. Non-financial risks usually originate from the external environment and are very closely linked to other risks, especially operational. Usually they occur due to several realised factors both inside and outside the Group.

- *Strategic risks* are the risks of loss due to adverse business decisions, improper implementation of adopted strategic decisions and insufficient responsiveness to changes in the business environment. They also include part of legal and regulatory risks arising from key changes in the Group's business environment.
- *Reputational risk* is the risk of loss of existing or future business or goodwill due to a negative opinion of the Group held by its clients, business partners, employees, shareholders, investors, supervisory and other government bodies, and others concerned or the general public.
- *Group risks* arise from the business model of the Company, which is the parent company or a group of related parties. They include risks that might threaten the achievement of strategic objectives due to an inefficient governance system and insufficient understanding of the business environment of the Group members. The risk profile is also affected by the review and treatment of large transactions between related companies and the complexity of concentration risk management. All these risks can materialise in the form of major or minor deviations from the business and financial plans due to losses incurred or lost business opportunities.
- *Sustainability risks* (also ESG risks) are a set of risks of the Group arising from environmental, social and governance factors, and may have a negative impact on the financial position or solvency of the Group.

Environmental risks are divided into physical risks and transition risks. Physical risks are the risks of a financial loss due to extreme weather events or other environmental impacts related to climate change. Transition risk is associated with risks arising from changes in business or the environment, due to measures to promote the transition to a low-carbon economy in order to reduce the human impact on climate change.

Social risks mainly include risks arising from the way the Company and the Group companies operate in relation to the requirements of the wider social environment, in particular ensuring diversity and equal opportunities for various stakeholders, safety, health and satisfaction of employees, and good relations with clients, suppliers and outsourcers.

Governance risks are associated with an inappropriately or inadequately established governance system, especially in the field of environmental and social aspects. They include the legality of

business operations, corporate governance standards, including the risk management system and internal control system, remuneration of the company's management, used business practices and the investor relations policy.

More activities are presented Section [12. Sustainable development at the Triglav Group](#) of the Business Report.

Non-financial risks are risks that, due to their nature, cannot be reduced, addressed or mitigated with dedicated capital. The standard formula does not cover them.

To manage reputational risk, an assessment method is used which takes into account additional aspects that may negatively affect the Group's reputation. They are divided into internal and external. With a functioning internal control system, it is ensured that the Group's operations are legal, professional and ethical. The Group ensures the appropriate quality of services and products, achieves financial goals, properly manages relationships with its key stakeholders and implements sustainability commitments or sustainable aspects of business. Furthermore, the Group respects the set environmental goals and aims to respect unrestricted, healthy competition in the market. Maintaining a low reputational risk score is key, as the Group set high goals in this area.

3.7.2 Risk in 2022

In order to assess reputational risk and the adequacy of the Group's actions, key stakeholders' views of the Group are regularly surveyed. In addition, the Company follows in detail external media announcements, monitors the strength of the Triglav brand, measures the satisfaction of employees and clients, and analyses feedback from other stakeholders. Satisfaction of key stakeholders is monitored with various indicators. Employee satisfaction is measured using the ORVI index (see Section [12.4.2.4 Care for employee satisfaction](#) for more information), and quality client satisfaction management by the NPS indicator (see Section [12.4.1.1 Client satisfaction](#) for more information). In order to maintain the reputation of the Group, care is taken to achieve the target credit rating (see Section [6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav](#) for more information). Assessments of all aforementioned indicators for 2022 show a low reputational risk.

In 2022, the Group's sustainability risk management system continued to be upgraded, mainly by improving data quality and defining methodologies, indicators and reporting on environmental risks. It is assessed that environmental risks are the most material among sustainability risks for the Group. They mainly include emerging risks that may have long-term effects. They were particularly carefully examined in the framework of own risk and solvency assessment. In order to assess climate risks (covering both transition risks and physical risks), a qualitative and quantitative assessment of the effects of climate change on the business operations of the Company and the Group was performed. According to the qualitative analysis, specific climate change impacts could be material for the Company and the Group. This applies especially to transition risk on the investment side and to physical risks on the liabilities side, where only floods in Slovenia were identified as a significant event. Based on these findings, a quantitative impact assessment of effects on the capital adequacy of both the Company and the Group was carried out. The Company assessed that action needs to be taken in due time, primarily with respect to improving the quality of data on active reinsurance and real property

transactions. Regular measurement, management and monitoring of these risks must also be set up. See [Challenges and opportunities of today in the Business Report](#) for more information.

3.8 Future risks

In terms of risks and capital adequacy, Zavarovalnica Triglav and the Triglav Group ended 2022 within the framework set out in the Risk Appetite Statement. The Company also remains highly liquid.

Regarding inflation, it is currently assumed that it will return to the target range within two years. However, the Company is aware of the possibility that elevated inflation may persist longer than anticipated. In this case, central banks could respond by further raising interest rates and pursuing a tight monetary policy. Excessive responses, however, could lead to the cooling of the economy and a recession. As a result, a debt crisis could develop with increased credit spreads, lower growth or falling market prices of equity investments. The cooling of the economy and increased volatility in the financial markets would adversely affect the Company's operations, as it could lead to market risks materialising.

With higher inflation, there are also risks associated with higher prices of services and rising costs, which could affect the profitability of insurance, especially in the segments where premium change is not possible. As a result, the combined ratios and the number of surrenders of life insurance policies with a savings component may increase.

A deep recession could have a negative impact on insurance demand and insurance premium, which would affect performance and increase **liquidity risk** – both due to the potential reduction of inflows from the insurance business and due to lower market liquidity of the investment portfolio.

In the coming year, market, underwriting and credit risks could materialise with a significant potential impact on the Group's operations. With regard to **market risks**, particularly an increase in spread risk could arise due to the aggravated economic situation or deteriorating credit ratings of issuers of securities. Negative developments in stock markets and a possible decline in the value of real property may also be expected. An increase in interest rate risk due to expected rising interest rates would have a negative impact on both the Company and the Group. This could then manifest in a decrease in the value of investments. In the context of **underwriting risks**, the Company will consistently monitor premium risks, i.e. the adequacy of the pricing policy and with respect to **credit risks**, the payment discipline of receivables and the creditworthiness of important partners.

As part of testing the sensitivity of the credit portfolio of both the Company and the Group, the parameters that would have a material impact on the Company's and the Group's business in the coming years were examined. According to the analysis, the credit ratings of partners (banks and reinsurance companies) and the share of payments of insurance and subrogation receivables can have a significant impact on business. In the event of a deterioration in the credit rating of our largest bank partner by one notch at the same exposure, the average credit rating of all bank partners would not change. The same applies in the event of a deterioration in the credit rating of our largest reinsurance partner.

The Company's sensitivity to the payment discipline of receivables was tested by reducing the expected share of payments for 2023. This share was defined according to its lowest level in the last fifteen years (during the 2012 debt crisis). This reduction would not have a significant impact on the Company's operations, as expected payments would be EUR 1.1 million lower.

A sensitivity analysis shows potential current impacts on the Group's capital in the case of a loss event, which would translate into a sudden rise in interest rates by 150 basis points, a drop in equity and real property exposures, and the deterioration of the claims and expense ratios by 1 percentage point. Should this adverse scenario be realised, the Group's capital would decrease by EUR 148.2 million, i.e. by EUR 124.2 million as a reduction of fair value reserves and EUR 24 million as a reduction due to the impact on profit or loss.

In the coming year, the risk management system will be developed further. The primary focus will be on the areas where increased risk trends will be identified. Some development activities will also be shaped by legislative and accounting changes.

Sensitivity analysis as at 31 December 2022* (EUR)

	Triglav Group			Zavarovalnica Triglav		
	Impact on fair value reserves	Impact on profit or loss	Total impact on capital	Impact on fair value reserves	Impact on profit or loss	Total impact on capital
Spread risk (50 bp)	-37,891,369	-748.462	-38,639,831	-24,815,992	-748.462	-25,564,454
Interest rate risk (+100 bp)	-74,225,337	-1,380,003	-75,605,340	-48,294,995	-1,480,850	-49,775,844
Equity risk (-10%)	-12,110,607	-11,367,059	-23,477,666	-11,750,377	-3,364,453	-15,114,831
Property risk (-5%)	0	-1,173,430	-1,173,430	0	-1,099,860	-1,099,860
Combined ratio risk (+1 pp)	0	-9,298,075	-9,298,075	0	-4,298,206	-4,298,206
Total	-124,227,313	-23,967,029	-148,194,342	-84,861,364	-10,991,831	-95,853,195

*The effects shown do not include the tax aspect and the indirect impact of the change in these assets on liabilities (for life insurance).

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Statement of management's responsibilities

The Management Board herewith confirms the financial statements Zavarovalnica Triglav, d.d. and Triglav Group for the year ended 31 December 2022, and the accompanying accounting policies and notes to the accounting policies.

The Management Board is responsible for preparing the Annual Report so that it is true and fair presentation of the Company's and Group's assets and liabilities, financial position and profit for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU.

The Management Board additionally confirms that the appropriate accounting policies were consistently used and that the accounting estimates were prepared according to the principles of prudence and good management. The Management Board furthermore confirms that the financial statements, together with the notes are prepared on a going concern basis and that they comply with the applicable legislation and International Financial Reporting Standards as adopted by the EU.

The Management Board confirms that the Business Report includes a fair presentation of the development and financial position of the Company and the Group, including a description of the major risks to which the Company and the Group are exposed to.

The Management Board is also responsible for appropriate accounting practices, for the adoption of appropriate measures for the protection of property, and for the prevention and identification of fraud and other irregularities or illegal acts.

The tax authorities may, at any time within the period of five years since the day the tax become chargeable, review the operations of the Company, which may result in additional tax liabilities, default interest and penalties related to corporate income tax and/or other taxes or levies. The Management Board of the Company is unaware of any circumstances that could potentially result in any such significant liability.

Andrej Slapar
President of the Management Board



Uroš Ivanc
Member of the Management Board



Tadej Čoroli
Member of the Management Board

Blaž Jakič
Member of the Management Board



Marica Makoter
Member of the Management Board



Independent auditor's report



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INDEPENDENT AUDITOR'S REPORT
to the shareholders of ZAVAROVALNICA TRIGLAV, d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of the company ZAVAROVALNICA TRIGLAV, d.d. (hereinafter 'the Company') and consolidated financial statements of the company ZAVAROVALNICA TRIGLAV, d.d. and its subsidiaries (hereinafter 'the Group'), which comprise the separate and the consolidated statement of financial position as at 31 December 2022, and the separate and consolidated income statement, separate and consolidated statement of other comprehensive income, separate and consolidated statement of changes in equity, separate and consolidated cash flow statement for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRS').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those rules are further described in the *Opinion on the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements.



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Deloitte revija d.o.o. - The company is registered with the Ljubljana District Court, registration no. 3647105 - VAT ID 062560085 - Nominal capital EUR 74,214.30.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the year ended 31 December 2022. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of technical provisions in the separate and consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
Disclosures related to technical provisions are included in 2.5.2.4 <i>Insurance-technical provisions</i> (accounting policies) and 3.16. <i>Insurance technical provisions and insurance technical provisions for unit-linked life insurance contracts</i> (value and assumptions).	
Technical provisions are a significant item in the separate and consolidated statements of financial position. The value of technical provisions as at 31 December 2022 equals EUR 1,677,748 thousand (2021: EUR 1,740,373 thousand) in the separate financial statements and EUR 2,519,080 thousand (2021: EUR 2,576,368 thousand) in the consolidated financial statements. Provisions are measured in accordance with accounting policies, which are described in the financial statements.	Our procedures that we carried out included, among others: <ul style="list-style-type: none"> - Obtaining an understanding of key internal controls and testing the effectiveness of their effectiveness. We have also reviewed the procedures for analysing economic and non-economic assumptions applied in the calculation of provisions.
Calculation of provisions for insurance contracts is complex as it entails a high level of management judgement and complex mathematical and statistical calculations. The models used to calculate technical provisions are designed for each category separately and this process largely depends on economic and demographic assumptions.	<ul style="list-style-type: none"> - Evaluation of the design, implementation and effectiveness of general IT controls by our IT experts.
Management reviews premiums, claims payments and other input data and assumptions of a model; the Company's actuarial function is responsible for verifying the adequacy of provisions assessed.	<ul style="list-style-type: none"> - Study of the adequacy of the key management assumptions applied in the assessment of the technical provisions for individual cases, and agreed them with adequate supporting documentation. We assessed whether provisions disclosed are in accordance with the requirements of the accounting framework, best industry practice and legal requirements.
Technical provisions are significant accounting estimates, subject to a high level of judgement, therefore we have considered them as a key audit matter.	<ul style="list-style-type: none"> - In the assessment of actuarial assumptions, including the treatment and assessment of management assumptions, also included actuarial professionals as auditor's experts. Actuarial professionals took part in testing the calculations of the model and also performed independent

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	<p>recalculations of provisions. Actuarial experts were involved in checking the adequacy of the models and testing the model calculations, and they also performed independent recalculations of provisions.</p> <p>- We have also reviewed information in the separate and consolidated financial statements in order to assess whether information related to technical provisions is adequately disclosed.</p>
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Valuation of investments in the equity of subsidiaries in the separate financial statements

Key audit matter	How our audit addressed the key audit matter
Disclosures related to investments in the equity of subsidiaries are included in 2.5.1.1. <i>Investments in subsidiaries</i> (accounting policies) and 3.5. <i>Investments in subsidiaries</i> and 5.7. <i>Related-party transactions</i> (value and assumptions).	
Investments in the equity of subsidiaries equal EUR 185,360 thousand (2021: EUR 132,925 thousand) in the separate financial statements and are measured at cost less any impairments. Management assesses indications of impairment of such investments at least on an annual basis and performs impairment testing as necessary. These procedures require management judgement.	<p>We have assessed the treatment of indications of impairment of investments in the equity of subsidiaries in the separate financial statements by management. The emphasis of our audit procedures was put on assessing and testing the key assumptions that management applied to define indications of impairment and to assess impairments.</p> <p>Our procedures included the following:</p> <ul style="list-style-type: none"> - checking and comparing net assets of a subsidiary with the value of the investment in the separate financial statements as at 31 December 2022; - assessing the assumptions applied to calculate discount rates and their recalculation; - reviewing projected future cash flows used by the Company to carry out impairment tests; - comparing projected cash flows, including the assumptions related to revenue growth rates and operating margins, against historical performance to test the accuracy of previous management assessments, and checking other assumptions and estimates included in judgements,
Professional judgement and application of subjective assumptions by management are necessary in order to assess indications of impairment.	
Investments in equity of subsidiaries are subject to significant judgements and estimates. Due to that and because of the significance of the account balances in the separate statement of financial position, we have considered investments in the equity of subsidiaries a key audit matter.	

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	<ul style="list-style-type: none"> - verifying the adequacy of disclosures in the separate financial statements. <p>An auditor's expert took part in our procedures.</p>
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Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the separate and consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances. In relation to this and based on our procedures performed, we report that:

- other information are, in all material respects, consistent with the audited separate and consolidated financial statements;
- other information are prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Company and the Group and their environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements of the Company and the Group, management is responsible for assessing their ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process and for approving audited annual report.



Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing rules will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other



matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

Report on the requirements of the Regulation (EU) No 537/2014 of the European Parliament and of the Council (Regulation EU 537/2014)

Appointment of the Auditor and the Period of Engagement

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company and the Group on General Shareholders' Meeting held on 24 May 2022. Our total uninterrupted engagement has lasted 4 years.

Confirmation to the Audit Committee

We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 March 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

Auditor's Report on Compliance of Financial Statements in Electronic Form with the Commission Delegated Regulation (EU) No. 2019/815 on European Single Electronic Format (ESEF)

We undertook a reasonable assurance engagement on whether the separate and consolidated financial statements of the Company and the Group for the year ended 31 December, 2022 (hereinafter 'audited separate and consolidated financial statements') are prepared taking into consideration the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format, valid for the year 2022 (hereinafter 'Delegated Regulation').

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and correct presentation of audited separate and consolidated financial statements in electronic form in accordance with the requirements of the Delegated Regulation and for such internal control as determined necessary by the management, to enable the preparation of separate and consolidated financial statements in electronic form that are free from material misstatement, whether due to fraud or error.

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Those charged with governance are responsible for overseeing the preparation of audited separate and consolidated financial statements in electronic form in accordance with the requirements of the Delegated Regulation.

Auditor's Responsibility

Our responsibility is to carry out a reasonable assurance engagement and to express the conclusion on whether the audited separate and consolidated financial statements in electronic form are prepared in accordance with the requirements of the Delegated Regulation. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (revised)–*Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)* published by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Regulation EU No. 537/2014 and IESBA Code. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We are in compliance with the International Standard on Quality Management (ISQM 1) and accordingly maintain an overall quality management system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and statutory requirements.

Summary of Work Performed

Within the scope of the work performed, we have carried out the following audit procedures:

- we have identified and assessed the risk of material non-compliance of audited separate and consolidated financial statements misstatement with the requirements of the Delegated Regulation;
- we have obtained understanding of the internal control processes considered important for our reasonable assurance engagement in order to design appropriate procedures in given circumstances, however, not with the purpose of expressing an opinion on the effectiveness of internal control;
- we have assessed whether the audited separate and consolidated financial statements satisfy the conditions of Delegated Regulations, valid on the reporting date;
 - we have obtained reasonable assurance that the audited separate and consolidated financial statements of the issuer are presented in the electronic XHTML format;
 - we have obtained reasonable assurance that the values and disclosures in the audited consolidated financial statements in the electronic XHTML format are tagged correctly and in the Inline XBRL technology (iXBRL), so that their machine reading can ensure complete and correct information that is included in the audited consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed and the evidence obtained we believe that the audited separate and consolidated financial statements of the Company and the Group for the year ended 31 December 2022, are in all material respect prepared in accordance with the requirements of the Delegated Regulation.

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Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj
Certified auditor

*For signature please refer to the
original Slovenian version.*

Ljubljana, 10 March 2023

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Ljubljana, Slovenija 3

1. Financial statements¹⁰⁰

1.1 Statement of financial position

		Notes	Triglav Group		Zavarovalnica Triglav	
			31 December 2022	31 December 2021	31 December 2022	31 December 2021
ASSETS			4,128,824,919	4,374,353,616	2,920,466,482	3,118,944,094
Intangible assets	3.1		112,459,749	107,184,415	70,414,326	67,022,027
Property, plant and equipment	3.2		107,998,468	108,655,212	67,285,004	65,143,307
Non-current assets held for sale	3.13		2,182,419	3,812,044	0	0
Deferred tax assets	3.21		40,971,447	927,425	34,667,180	0
Investment property	3.3		68,377,495	75,110,973	43,377,173	43,840,055
Right of use assets	3.4		10,367,625	10,933,109	3,940,725	4,548,298
Investments in subsidiaries	3.5		0	0	185,360,343	131,924,683
Investments in associates	3.6		37,810,184	36,031,346	41,951,871	41,693,997
– accounted for using the equity method			37,810,184	36,031,346	0	0
– measured at fair value			0	0	41,951,871	41,693,997
Financial investments	3.7		2,593,109,846	2,937,700,150	1,625,187,871	1,968,679,979
– loans and deposits			126,526,363	98,104,537	31,856,441	32,521,523
– held to maturity			456,469,434	157,560,733	227,656,974	140,946,233
– available for sale			1,810,796,092	2,137,609,082	1,278,747,957	1,588,390,263
– recognised at fair value through profit and loss			199,317,957	544,425,798	86,926,499	206,821,960
Unit-linked insurance assets	3.8		571,866,521	619,617,488	490,618,848	539,417,972
Reinsurers' share of technical provisions	3.9		209,799,017	174,839,890	180,142,940	136,077,958
Receivables	3.10		269,140,646	212,376,909	152,064,970	105,169,567
– receivables from direct insurance operations			145,702,112	116,855,207	98,739,720	73,516,574
– receivables from reinsurance and coinsurance operations			81,261,176	67,200,932	37,156,172	23,522,340
– current tax receivables			6,704,693	4,127,384	0	564,166
– other receivables			35,472,665	24,193,386	16,169,078	7,566,487
Other assets	3.11		6,280,050	4,843,025	2,389,990	1,513,260
Cash and cash equivalents	3.12		98,461,452	82,321,630	23,065,241	13,912,991
EQUITY AND LIABILITIES			4,128,824,919	4,374,353,616	2,920,466,482	3,118,944,094
Equity	3.14		752,798,863	932,986,869	552,089,340	675,221,933
Controlling interests			749,398,341	930,511,224	552,089,340	675,221,933
– share capital			73,701,392	73,701,392	73,701,392	73,701,392
– share premium			50,304,674	50,283,747	53,412,884	53,412,884
– reserves from profit			481,833,959	421,633,959	464,762,643	404,562,643
– treasury share reserves			364,680	364,680	0	0
– treasury shares			-364,680	-364,680	0	0
– fair value reserve			-129,532,451	77,834,278	-103,556,856	55,884,634
– net profit brought forward			225,893,107	234,588,994	3,497,205	50,944,831
– net profit/loss for the year			50,259,978	75,439,847	60,272,072	36,715,549
– currency translation differences			-3,062,318	-2,970,993	0	0
Non-controlling interests	2.1.4		3,400,522	2,475,645	0	0
Subordinated liabilities	3.15		49,522,163	49,471,831	49,522,163	49,471,831
Insurance technical provisions	3.16		2,519,079,596	2,576,368,384	1,677,748,467	1,740,373,185
– unearned premiums			414,289,158	370,043,725	276,301,501	246,017,849
– mathematical provisions			1,356,890,816	1,432,613,660	944,548,259	1,008,319,155
– claims provisions			688,788,186	694,498,311	426,901,198	446,567,255
– other insurance technical provisions			59,111,436	79,212,688	29,997,509	39,468,926
Insurance technical provisions for unit-linked insurance contracts	3.16		580,944,539	622,303,399	495,682,803	540,135,052
Provisions for employee benefits	3.19		17,429,108	17,672,133	12,381,473	12,842,304
Other provisions	3.20		2,146,887	2,512,536	154,638	358,980
Deferred tax liabilities	3.21		259,455	9,377,034	0	4,212,732
Other financial liabilities	3.22		1,873,559	3,085,647	22,640	1,690,586
Operating liabilities	3.24		93,775,550	63,341,658	67,460,551	34,861,554
– liabilities from direct insurance operations			21,501,649	19,450,557	11,547,677	10,182,945
– liabilities from reinsurance and co-insurance operations			60,816,415	41,241,465	46,215,403	24,678,609
– current tax liabilities			11,457,486	2,649,636	9,697,471	0
Lease liabilities	3.23		10,767,382	11,274,806	4,054,668	4,643,844
Other liabilities	3.25		100,227,817	85,959,319	61,349,739	55,132,093

¹⁰⁰ Notes on pages from 204 to 313 are part of financial statements.

1.2 Income statement

in EUR

	Notes	Triglav Group		Zavarovalnica Triglav	
		2022	2021	2022	2021
Net premium income	4.1	1,189,905,615	1,119,846,051	627,675,389	598,755,000
– gross written premium		1,479,557,087	1,352,975,550	868,863,623	794,350,103
– ceded written premium		-254,986,410	-220,949,875	-222,977,014	-187,969,749
– change in unearned premium reserve		-34,665,062	-12,179,624	-18,211,220	-7,625,354
Income from investments in subsidiaries and associates	4.2	1,842,183	1,444,054	32,887,342	8,179,885
– profit on equity investments accounted for using the equity method		1,842,183	1,444,054	0	0
– other income from investments in subsidiaries and associates		0	0	32,887,342	8,179,885
Income from investments	4.2	91,556,381	155,339,171	64,694,593	115,612,898
– interest income calculated using the effective interest method		34,401,619	34,281,279	19,620,922	19,685,884
– gains on disposals		37,775,442	16,301,340	34,325,465	14,888,504
– other income from investments		19,379,320	104,756,552	10,748,206	81,038,510
Other income from insurance operations	4.6	59,934,985	48,794,300	58,536,290	45,387,033
– fees and commission income		49,184,889	38,916,088	50,904,726	38,196,377
– other income from insurance operations		10,750,096	9,878,212	7,631,564	7,190,656
Other income	4.7	59,826,129	53,334,060	11,036,337	8,825,846
Net claims incurred	4.8	746,732,431	715,028,788	346,407,269	365,137,225
– gross claims settled		832,230,541	736,580,050	452,455,851	408,868,382
– reinsurers' share		-59,907,680	-44,884,460	-49,939,407	-35,818,958
– changes in claims provisions		-32,975,668	16,152,394	-56,109,175	-7,912,199
– equalisation scheme expenses for supplementary health insurance		7,385,238	7,180,804	0	0
Change in other insurance technical provisions (excluding ULI)	4.10	-79,041,779	-2,113,408	-56,716,599	-13,989,227
Change in insurance technical provisions for unit-linked insurance contracts	4.10	-43,787,917	112,661,349	-47,072,818	91,860,583
Expenses for bonuses and discounts	4.11	10,798,750	11,404,143	9,167,812	10,490,736
Operating expenses	4.12	301,928,130	266,857,908	194,264,584	170,334,866
– acquisition costs		211,429,288	184,911,170	142,569,005	124,268,560
– other operating costs		90,498,842	81,946,738	51,695,579	46,066,306
Expenses from investments in subsidiaries and associates	4.3	0	145,632	4,002,475	1,087,047
– loss on investments accounted for using the equity method		0	145,632	0	0
– other expenses from financial assets and liabilities		0	0	4,002,475	1,087,047
Expenses from investments	4.3	201,644,899	31,832,786	149,433,105	18,366,687
– loss on impairment of investments		9,034,736	33,628	6,433,441	0
– loss on disposal of investments		50,341,763	7,122,739	46,526,684	6,870,017
– other expenses from investments		142,268,400	24,676,419	96,472,980	11,496,670
Other insurance expenses	4.13	59,496,583	51,915,940	27,910,368	25,298,497
Other expenses	4.14	70,753,966	58,379,653	27,075,891	22,485,637
– expenses from financing		2,731,227	2,729,286	2,289,560	2,277,892
– other expenses		68,022,739	55,650,367	24,786,331	20,207,745
Profit before tax		134,540,230	132,644,845	140,357,864	85,688,611
Income tax expense	4.15	24,323,552	19,679,152	19,885,791	12,273,062
NET PROFIT FOR THE PERIOD		110,216,678	112,965,693	120,472,073	73,415,549
Earnings per share (basic and diluted) ¹⁰¹		4.85	4.97	-	-
Net profit/loss attributable to the controlling company		110,459,978	112,761,814	-	-
Net profit/loss attributable to the non-controlling interest holders		-243,300	203,879	-	-

¹⁰¹ Basic earnings per share are calculated by dividing the shareholders' net profit by the weighted average number of ordinary shares, excluding ordinary shares held by the Company or the Group. The Group and the Company do not have dilutive potential ordinary shares, thus the basic and diluted earnings per share are the same.

1.3 Other comprehensive income

		Notes	Triglav Group		Zavarovalnica Triglav	
			2022	2021	2022	2021
Net profit for the year after tax	3.14		110,216,678	112,965,693	120,472,073	73,415,549
Other comprehensive income after tax			-208,116,859	-11,437,675	-159,484,615	-3,547,037
Items which will not be transferred in income statement in future periods			1,277,288	129,024	1,245,737	164,711
Actuarial gains/losses on defined benefit pension plans	3.19		1,277,288	129,024	1,245,737	164,711
Tax on items which will not be transferred in income statement			0	0	0	0
Items which could be transferred into income statement in future periods			-209,394,147	-11,566,699	-160,730,352	-3,711,748
Fair value gains/losses on available-for-sale financial assets	3.7		-264,520,286	-40,682,514	-210,403,921	-32,679,481
– net gains/losses recognized directly in fair value reserve			-224,832,237	-19,537,964	-171,620,525	-13,562,819
– transfers from fair value reserve to income statement			-39,688,049	-21,144,550	-38,783,396	-19,116,662
Liabilities from insurance contracts with DPF			11,541,802	23,304,304	11,541,802	23,304,304
Currency translation differences			-93,590	170,440	0	0
Tax on other comprehensive income			43,677,927	5,641,071	38,131,767	5,663,429
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX			-97,900,181	101,528,018	-39,012,542	69,868,512
Controlling interest			-97,053,678	101,458,431	-	-
Non-controlling interest			-846,503	69,587	-	-

in EUR

1.4 Statement of changes in equity

in EUR

Triglav Group	Share capital	Share premium	Reserves from profit					Fair value reserve	Net profit brought forward	Net profit/loss	Currency translation differences	Total equity attributable to the controlling company	Non- controlling interests	Total	
			Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares	Other reserves from profit								
As at 1 January 2021	73,701,392	50,271,107	640,340	20,266,352	364,680	-364,680	363,200,000	89,293,484	229,284,048	44,131,955	-3,140,104	867,648,574	2,503,373	870,151,947	
Comprehensive income for the year after tax	0	0	0	0	0	0	0	-11,459,206	-13,289	112,761,814	169,111	101,458,431	69,587	101,528,018	
a) Net profit	0	0	0	0	0	0	0	0	0	112,761,814	0	112,761,814	203,879	112,965,693	
b) Other comprehensive income	0	0	0	0	0	0	0	-11,459,206	-13,289	0	169,111	-11,303,383	-134,292	-11,437,675	
Dividend payment	0	0	0	0	0	0	0	0	-38,608,421	0	0	-38,608,421	0	-38,608,421	
Allocation of last year's net profit to net profit brought forward	0	0	0	0	0	0	0	0	44,131,954	-44,131,954	0	0	0	0	
Allocation of net profit for the year to reserves from profit	0	0	0	487,949	0	0	36,834,020	0	0	-37,321,969	0	0	0	0	
Increase in legal and statutory reserves by profit brought forward	0	0	0	205,298	0	0	0	0	-205,298	0	0	0	0	0	
Reclassification from statutory to other reserves from profit	0	0	0	-652,926	0	0	652,926	0	0	0	0	0	0	0	
Change in Group	0	12,640	0	0	0	0	0	0	0	0	0	12,640	-97,315	-84,675	
As at 31 December 2021	73,701,392	50,283,747	640,340	20,306,673	364,680	-364,680	400,686,946	77,834,278	234,588,994	75,439,847	-2,970,993	930,511,224	2,475,645	932,986,869	
Comprehensive income for the year after tax	0	0	0	0	0	0	0	-207,366,729	-55,601	110,459,978	-91,325	-97,053,677	-846,503	-97,900,181	
a) Net profit	0	0	0	0	0	0	0	0	0	110,459,978	0	110,459,978	-243,300	110,216,678	
b) Other comprehensive income	0	0	0	0	0	0	0	-207,366,729	-55,601	0	-91,325	-207,513,655	-603,203	-208,116,859	
Dividend payment	0	0	0	0	0	0	0	0	-84,030,139	0	0	-84,030,139	-22,199	-84,052,338	
Allocation of last year's net profit to net profit brought forward	0	0	0	0	0	0	0	0	75,439,847	-75,439,847	0	0	0	0	
Allocation of net profit for the year to reserves from profit	0	0	0	0	0	0	60,200,000	0	0	-60,200,000	0	0	0	0	
Increase in legal and statutory reserves by profit brought forward	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Reclassification from statutory to other reserves from profit	0	0	0	0	0	0	0	0	-49,994	0	0	-49,994	-1,135	-51,129	
Change in Group	0	20,927	0	0	0	0	0	0	0	0	0	0	20,927	1,794,714	1,815,641
As at 31 December 2022	73,701,392	50,304,674	640,340	20,306,673	364,680	-364,680	460,886,946	-129,532,451	225,893,107	50,259,978	-3,062,318	749,398,341	3,400,522	752,798,863	

in EUR

Zavarovalnica Triglav	Share capital	Share premium	Reserves from profit		Fair value reserve	Net profit brought forward	Net profit/loss	Total
			Legal and statutory reserves	Other reserves from profit				
As at 1 January 2021	73,701,392	53,412,884	4,662,643	363,200,000	59,402,079	60,526,536	29,097,639	644,003,173
Comprehensive income for the year after tax	0	0	0	0	-3,517,445	-29,592	73,415,549	69,868,512
a) Net profit	0	0	0	0	0	0	73,415,549	73,415,549
b) Other comprehensive income	0	0	0	0	-3,517,445	-29,592	0	-3,547,037
c) Dividend payment	0	0	0	0	0	-38,649,752	0	-38,649,752
Allocation of last year's net profit to net profit brought forward	0	0	0	0	0	29,097,639	-29,097,639	0
Allocation of net profit for the year to reserves from profit	0	0	0	36,700,000	0	0	-36,700,000	0
As at 31 December 2021	73,701,392	53,412,884	4,662,643	399,900,000	55,884,634	50,944,831	36,715,549	675,221,933
Comprehensive income for the year after tax	0	0	0	0	-159,441,490	-43,125	120,472,073	-39,012,542
a) Net profit	0	0	0	0	0	0	120,472,073	120,472,073
b) Other comprehensive income	0	0	0	0	-159,441,490	-43,125	0	-159,484,615
Dividend payment	0	0	0	0	0	-84,120,050	0	-84,120,050
Allocation of last year's net profit to net profit brought forward	0	0	0	0	0	36,715,549	-36,715,549	0
Allocation of net profit for the year to reserves from profit	0	0	0	60,200,000	0	0	-60,200,000	0
As at 31 December 2022	73,701,392	53,412,884	4,662,643	460,100,000	-103,556,856	3,497,205	60,272,072	552,089,340

1.5 Cash flow statement

in EUR

	Notes	Triglav Group		Zavarovalnica Triglav	
		2022	2021	2022	2021
A. OPERATING CASH FLOW					
a. Net profit for the period		110,216,678	112,965,693	120,472,073	73,415,549
b. Adjustments:		42,863,811	63,556,712	-50,018,909	4,209,150
– depreciation and amortisation		26,637,016	23,556,292	17,097,319	14,336,508
– changes in fair value of investments		136,543,090	-73,906,038	93,958,724	-67,375,401
– other investment income and expenses		-27,987,036	-49,529,610	-38,105,079	-36,963,650
– interest expenses and other expenses		2,625,553	2,729,286	472,995	3,508,152
– revaluation of other assets		1,947,123	2,607,602	632,779	1,304,005
– changes in technical provisions		-123,135,722	139,060,606	-143,961,438	77,471,473
– corporate income tax		26,233,787	19,038,574	19,885,791	11,928,063
c. Net income before changes in operating assets (a+b)		153,080,489	176,522,405	70,453,164	77,624,699
Changes in operating receivables		-35,496,451	-14,471,407	-37,677,895	-2,904,874
Changes in other assets		-4,420,233	2,972,861	-12,603,034	-454,701
Changes in liabilities		-8,771,199	-9,851,218	28,019,054	-4,224,674
Paid corporate income tax		-19,473,890	-17,814,509	-10,934,058	-16,008,593
d. Changes in net operating assets		-68,161,772	-39,164,273	-33,195,934	-23,592,842
e. Net cash from/ (used in) operating activities (c+d)	5.2	84,918,717	137,358,132	37,257,231	54,031,857
B. CASH FLOWS FROM INVESTING ACTIVITIES					
a. Cash inflows from investing activities		1,060,042,718	1,093,015,888	866,067,369	945,312,943
Cash inflows from interest from investing activities		37,585,569	37,412,752	22,699,669	23,440,425
Cash inflows from dividends received and profit sharing		6,151,738	5,653,046	37,802,746	12,494,301
Cash inflows from the disposal of intangible assets		0	0	0	0
Cash inflows from the disposal of property, plant and equipment		7,995,544	3,515,560	785,630	151,349
Cash inflows from the disposal of financial investments		1,008,309,867	1,046,434,530	804,779,324	909,226,868
– Cash inflows from the disposal of investments in subsidiaries and associates		0	0	0	0
– Other cash inflows from disposal of financial investments		1,008,309,867	1,046,434,530	804,779,324	909,226,868
b. Cash outflows from investing activities		-1,039,510,454	-1,186,871,319	-806,619,546	-965,578,127
Cash outflows for the purchase of intangible assets		-8,650,450	-7,877,065	-5,506,904	-6,931,001
Cash outflows for the purchase of property, plant and equipment		-8,981,115	-9,507,447	-5,474,025	-3,365,839
Cash outflows for the purchase of financial investments		-1,021,878,889	-1,169,486,807	-795,638,617	-955,281,287
– Cash outflows for the purchase of investments in subsidiaries and associates		-35,987	-4,465,325	-57,355,448	-7,039,617
– Other cash outflows to acquire financial investments		-1,021,842,902	-1,165,021,482	-738,283,169	-948,241,670
c. Net cash from/ (used in) investing activities (a + b)	5.2	20,532,264	-93,855,431	59,447,823	-20,265,184
C. CASH FLOWS FROM FINANCING ACTIVITIES					
a. Cash inflows from financing activities		0	0	0	0
b. Cash outflows from financing activities		-89,334,516	-43,097,819	-87,552,803	-42,157,904
Cash outflows for paid interest		-2,625,553	-2,458,714	-2,266,934	-2,343,302
Cash outflows for payments of long-term financial liabilities		0	0	0	0
Cash outflows for payments of short-term financial liabilities		-2,656,625	-2,030,685	-1,165,822	-1,164,850
Cash outflows from dividends paid		-84,052,338	-38,608,420	-84,120,048	-38,649,752
c. Net cash from/ (used in) financing activities (a + b)	5.2	-89,334,516	-43,097,819	-87,552,803	-42,157,904
D. Closing balance of cash and cash equivalents	3.12	98,461,452	82,321,630	23,065,242	13,912,991
E1. Net cash flow for the period		16,116,465	404,882	9,152,251	-8,391,231
E2. Foreign exchange differences		23,357	17,084	0	0
F. Opening balance of cash and cash equivalents	3.12	82,321,630	81,899,664	13,912,991	22,304,222

2. Notes to the financial statements

2.1 Profile of Zavarovalnica Triglav and Triglav Group

2.1.1 About Zavarovalnica Triglav

Zavarovalnica Triglav, d.d. (hereinafter: Zavarovalnica Triglav or the Company or the controlling company) is a public limited company, with its head office at Miklošičeva 19 in Ljubljana, Slovenia. The Company is entered in the Companies Register at the Ljubljana District Court.

Its shares are listed on the Ljubljana Stock Exchange, under the ticker symbol ZVTG. The Company's largest shareholders are Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Pension and Disability Insurance Institute of Slovenia) and Slovenski državni holding, d.d. (Slovenian Sovereign Holding), which hold 34.47% and 28.09% of the share capital respectively.

Zavarovalnica Triglav is a composite insurance company that conducts life and non-life insurance business. In accordance with the Pension and Disability Insurance Act (ZPIZ-2), the Company also provides pension insurance and other ancillary services with regard to insurance products and pension funds in the framework of life insurance.

In the life insurance segment, the following funds, which are kept separately, operated in 2022:

- Skupina kritnih skladov PDPZ (registered number 5063345032), which includes three guarantee funds, within which the lifecycle investment policy is implemented. The pension schemes for group supplemental voluntary pension insurance with the designations PN-ZT-01/15-9, PN-ZT-03/15-9 and PN-ZT-05/15-9 and for individual supplemental voluntary pension insurance with the designations PN-ZT-02/15-9, PN-ZT-02/15-9, PN-ZT-04/15-9 and PN-ZT-06/15-9 are implemented in all three guarantee funds. The following guarantee funds operate in Skupina kritnih skladov PDPZ:
 - Triglav PDPZ – zajamčeni guarantee fund (registered number 5063345029);
 - Triglav PDPZ – zmerni guarantee fund (registered number 5063345030);
 - Triglav PDPZ – drzni guarantee fund (registered number 5063345031);
- PDPZ guarantee fund in the period of pension annuity payout – renta 1 (registered number 5063345028);
- PDPZ guarantee fund in the period of pension annuity payout – renta 2 (registered number 5063345033);
- guarantee fund backing unit-linked life insurance (registered number 5063345023).

The manager of the Triglav PDPZ – zmerni and Triglav PDPZ – drzni guarantee funds is Triglav Skladi d.o.o. Zavarovalnica Triglav manages the rest of the abovementioned guarantee funds. Custodial services are provided by the custodial bank.

2.1.2 Management and supervisory bodies

The Company has a two-tier governance system, according to which it is managed by the Management Board whose work is monitored and supervised by the Supervisory Board. The Company's management and supervisory bodies are the General Meeting of Shareholders, the Supervisory Board and the Management Board, and the following Supervisory Board committees: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee.

In accordance with the Articles of Association, Zavarovalnica Triglav has a nine-member Supervisory Board, whose members in 2022 were:

- Andrej Andoljšek, Chairman,
- Branko Bračko, Vice Chairman,
- Peter Kavčič, Member,
- Igor Stebernak, Member,
- Tomaž Benčina, Member,
- Jure Valjavec, Member,
- Peter Celar, Member – Employee Representative,
- Branko Gorjan, Member – Employee Representative, and
- Igor Zupan, Member – Employee Representative.

On 9 December 2022, two Supervisory Board members of Zavarovalnica Triglav, Branko Bračko and Peter Kavčič, notified the Company of their resignation as Supervisory Board members. In order to ensure the proper implementation of nomination procedures, they are submitting an irrevocable letter of resignation effective as of the date on which the Supervisory Board approves the Triglav Group's annual report for 2022, or as of 31 March 2023 at the latest. The effective date of their resignation and termination of their term of office as Supervisory Board members shall be the date of the regular annual General Meeting of Shareholders (which, according to the Company's financial calendar for 2023, is planned to take place on 6 June 2023), but not later than 30 June 2023.

The Management Board directs, represents and acts on behalf of Zavarovalnica Triglav, independently and on its own responsibility. In compliance with the Articles of Association, the Supervisory Board appoints three to six Management Board members.

At its session on 17 October 2022, the Supervisory Board of Zavarovalnica Triglav agreed with the proposal of the President of the Management Board to appoint Blaž Jakič a new Management Board Member and approved the agreement on the termination of the term of office of Management Board

Member David Benedek, which entered into force as of 1 December 2022. Blaž Jakič was appointed for a five-year term of office, the decision entered into force on 2 March 2023. The five-year term of office of the Management Board Member Barbara Smolnikar ended on 17 October 2022.

In 2022, the Management Board was composed of:

- Andrej Slapar, President,
- Uroš Ivanc, Member,
- Tadej Čoroli, Member,
- Barbara Smolnikar, Member, until 17 October 2022
- David Benedek, Member, until 1 December 2022
- Marica Makoter, Member.

The powers of individual bodies are set out in the Companies Act (ZGD-1), and they are defined in greater detail in the Company's Articles of Association and the rules of procedure of individual bodies.

It is the responsibility of the Management Board to compile and approve the annual report. The audited annual report is approved by the Supervisory Board. In the event that the Supervisory Board fails to approve the annual report, the General Meeting of Shareholders decides on the adoption of the annual report.

The Management Board approved the audited annual report for the financial year ended 31 December 2022 on 10 March 2023. The annual report is published on the Company's website www.triglav.eu.

2.1.3 Data on employees

In 2022, the Group employed an average of 5,286 employees (2021: 5,281), of which 2,231 were employees of Zavarovalnica Triglav (2021: 2,243).

As at 31 December 2022, the Group employed 5,306 employees (31 December 2021: 5,246), of which 2,243 were employees of Zavarovalnica Triglav (31 December 2021: 2,246).

The number of employees within the Group and at Zavarovalnica Triglav based on their level of education is shown in the table below.

Education level	Triglav Group		Zavarovalnica Triglav	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
2-5	2,204	2,226	772	803
6/1	528	534	363	379
6/2	809	781	458	438
7	1,529	1,491	551	528
8/1	214	211	90	90
8/2	22	21	9	8
TOTAL	5,306	5,264	2,243	2,246
Average number of employees	5,286	5,281	2,231	2,243

The average number of employees is calculated as the average number of employees as at the last working day of the month.

2.1.4 About the Triglav Group

Zavarovalnica Triglav is the controlling company of the Triglav Group (hereinafter: the Group), therefore, in addition to the separate financial statements of the Company, it also compiles the consolidated financial statements of the Group.

The Group's two key strategic activities are insurance and asset management. The Triglav Group is the leading insurance and financial group in Slovenia and the Adria region as well as one of the leading groups in South-East Europe.

Triglav Group subsidiaries¹⁰²

Company	Address	Tax rate (in %)	ACTIVITY	Equity stake (in %)		Share of voting rights (in %)	
				2022	2021	2022	2021
Pozavarovalnica Triglav RE, d.d.	Miklošičeva cesta 19, Ljubljana, Slovenija	19	Reinsurance	100.00	100.00	100.00	100.00
Triglav, Zdravstvena zavarovalnica, d.d.	Pristaniška ulica 10, Koper, Slovenija	19	Insurance	100.00	100.00	100.00	100.00
Triglav Osiguranje, d.d., Zagreb	Antuna Heinza 4, Zagreb, Hrvatska	18	Insurance	100.00	100.00	100.00	100.00
Triglav Osiguranje, d.d., Sarajevo	Dolina 8, Sarajevo, Bosna in Hercegovina	10	Insurance	97.78	97.78	98.87	98.87
Lovčen Osiguranje, a.d., Podgorica	Ulica slobode 13a, Podgorica, Črna gora	9	Insurance	99.07	99.07	99.07	99.07
Lovčen životna osiguranja, a.d., Podgorica	Ulica Marka Miljanova 29/III, Podgorica, Črna gora	9	Insurance	99.07	99.07	99.07	99.07
Triglav Osiguranje, a.d.o., Beograd	Milutina Milankovića 7a, Beograd, Srbija	15	Insurance	100.00	100.00	100.00	100.00
Triglav Osiguranje, a.d., Banja Luka	Ulica Prvog krajiškog korpusa 29, Banja Luka, Bosna in Hercegovina	10	Insurance	100.00	100.00	100.00	100.00
Triglav Osiguruvanje, a.d., Skopje	Bulevar 8-mi Septembri 16, Skopje, Severna Makedonija	10	Insurance	81.69	81.32	81.69	81.32
Triglav Osiguruvanje Život, a.d., Skopje	Bulevar 8-mi Septembri 18, Skopje, Severna Makedonija	10	Insurance	97.38	96.26	97.38	96.26
Triglav penziško društvo, a.d., Skopje	Bulevar 8-mi septembri 18, Skopje, Severna Makedonija	10	Fund management	100.00	100.00	100.00	100.00
Triglav, pokojninska družba, d.d.	Dunajska cesta 22, Ljubljana, Slovenija	19	Fund management	100.00	100.00	100.00	100.00
Triglav INT, d.o.o.	Dunajska cesta 22, Ljubljana, Slovenija	19	Holding company	100.00	100.00	100.00	100.00
Triglav Skladi, d.o.o.	Dunajska cesta 20, Ljubljana, Slovenija	19	Fund management	100.00	100.00	100.00	100.00
Triglav Avtoservis, d.o.o.	Verovškova 60b, Ljubljana, Slovenija	19	Maintenance and repair of motor vehicles	100.00	100.00	100.00	100.00
Triglav Svetovanje, d.o.o.	Ljubljanska cesta 86, Domžale, Slovenija	19	Insurance agency	100.00	100.00	100.00	100.00
Triglav, Upravljanje nepremičnin, d.o.o.	Dunajska cesta 22, Ljubljana, Slovenija	19	Real estate management	100.00	100.00	100.00	100.00
Triglav Savjetovanje, d.o.o., Sarajevo	Dolina 8, Sarajevo, Bosna in Hercegovina	10	Insurance agency	97.78	97.78	97.78	97.78
Triglav Savjetovanje, d.o.o., Zagreb	Sarajevska cesta 60, Zagreb, Hrvatska	18	Insurance	100.00	100.00	100.00	100.00
Triglav Savetovanje, d.o.o., Beograd	Zelengorska 1g, Beograd, Srbija	15	Insurance agency	100.00	100.00	100.00	100.00
Autocentar BH, d.o.o.	Džemala Bijedića 165b, Sarajevo, Bosna in Hercegovina	10	Maintenance and repair of motor vehicles	97.78	97.78	98.87	97.78
Sarajevostan, d.o.o.	Džemala Bijedića 147, Sarajevo, Bosna in Hercegovina	10	Real estate management	90.95	90.95	91.97	90.95
Lovčen auto, d.o.o., Podgorica	Novaka Miloševa 6/2, Podgorica, Črna gora	9	Maintenance and repair of motor vehicle	99.07	99.07	99.07	99.07
Triglav upravljanje nekretninama, d.o.o., Zagreb	Ulica Josipa Marohnića 1/1, Zagreb, Hrvatska	18	Real estate management	100.00	100.00	100.00	100.00
Triglav upravljanje nekretninama, d.o.o., Podgorica	Džordža Vašingtona 44, Podgorica, Črna gora	9	Real estate management	100.00	100.00	100.00	100.00
Triglav upravljanje nekretninama, d.o.o., Sarajevo	Dolina 8, Sarajevo, Bosna in Hercegovina	10	Real estate management	100.00	97.78	100.00	97.78
Triglav Fondovi, d.o.o., Sarajevo	Ulica Mehmed paše Sokolovića 15, Sarajevo, Bosna in Hercegovina	10	Fund management	62.54	62.54	62.54	62.54
Triglav zdravje asistencija, d.o.o., Ljubljana	Dunajska cesta 22, Ljubljana, Slovenija	19	Other human health activities	100.00	-	100.00	-
Zavod Vse bo v redu	Miklošičeva cesta 19, Ljubljana, Slovenija	19	Corporate Social Responsibility Institute	100.00	100.00	100.00	100.00

¹⁰² All subsidiaries except institute Vse bo v redu, which is not material for the Group, are included in the consolidated financial statements according to the full consolidation method. GRI 207-4.

Condensed financial statements of the Triglav Group companies

in EUR

Company	Assets		Liabilities		Equity		Income		Net profit/loss	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Pozavarovalnica Triglav Re d.d., Ljubljana	391,600,201	362,467,179	304,900,543	266,915,458	86,699,658	95,551,721	283,059,307	228,079,978	6,956,723	11,324,430
Triglav, Zdravstvena zavarovalnica d.d., Koper	92,513,597	111,448,859	56,072,074	65,812,869	36,441,523	45,635,990	206,807,792	200,703,434	-1,212,580	6,379,174
Triglav Osiguranje d.d., Zagreb	196,962,193	196,173,329	171,156,174	166,478,465	25,806,019	29,694,864	103,991,820	96,269,515	-3,237,771	1,820,083
Triglav Osiguranje d.d., Sarajevo	83,825,109	76,491,259	63,527,655	56,377,177	20,297,454	20,114,082	40,978,095	36,219,946	1,347,979	1,296,180
Lovčen Osiguranje a.d., Podgorica	55,181,897	52,424,790	42,140,738	39,286,519	13,041,159	13,138,271	39,958,692	37,677,417	2,261,664	1,308,164
Lovčen životna osiguranja a.d., Podgorica	8,207,691	8,180,680	4,587,312	4,191,088	3,620,379	3,989,592	5,211,203	4,935,706	384,647	256,415
Triglav Osiguranje a.d.o., Beograd	105,743,031	101,307,828	81,512,923	74,849,135	24,230,108	26,458,693	87,961,160	79,849,221	1,457,188	3,585,281
Triglav Osiguranje a.d., Banja Luka	14,312,162	13,102,599	9,011,437	8,859,000	5,300,725	4,243,599	7,515,921	6,625,994	42,813	-302,774
Triglav Osiguruvanje a.d., Skopje	41,888,801	49,525,142	28,096,676	32,843,926	13,792,125	16,681,216	27,448,166	24,135,021	65,059	482,192
Triglav Osiguruvanje Život a.d., Skopje	11,551,111	7,907,892	6,494,782	3,649,158	5,056,329	4,258,734	6,221,044	3,409,223	36,002	-86,155
Triglav penzisko društvo a.d., Skopje	3,337,875	1,738,046	158,532	184,087	3,179,343	1,553,959	516,136	308,458	-658,783	-623,974
Triglav, pokojninska družba d.d., Ljubljana	444,936,228	416,477,600	387,166,335	397,380,084	57,769,893	19,097,516	49,173,044	57,784,500	-4,448,273	1,597,670
Triglav INT d.o.o., Ljubljana	67,880,648	71,128,059	23,950	33,581	67,856,698	71,094,478	977,783	69	-13,237,780	-1,253,106
Triglav Skladi d.o.o., Ljubljana	70,404,233	86,248,279	10,490,054	11,071,037	59,914,179	75,177,242	30,839,723	30,728,566	7,248,043	8,246,729
Triglav Avtoservis d.o.o., Ljubljana	1,280,681	1,298,820	1,129,950	1,168,153	150,731	130,667	3,159,777	2,508,476	9,835	1,967
Triglav Svetovanje d.o.o., Domžale	1,899,367	1,807,856	1,467,293	1,495,117	432,074	312,739	5,730,523	4,880,110	105,393	-209,070
Triglav, Upravljanje nepremičnin d.o.o., Ljubljana	29,168,602	32,393,981	3,490,986	3,296,282	25,677,616	29,097,699	15,994,120	3,740,839	10,527,057	288,055
Triglav Savjetovanje d.o.o., Sarajevo	268,100	341,689	258,192	338,995	9,908	2,694	695,685	700,024	7,213	-65,178
Triglav Savjetovanje d.o.o., Zagreb	54,398	236,485	91,415	146,759	-37,017	89,726	370,325	577,291	-126,522	42,090
Triglav Savetovanje d.o.o., Beograd	266,807	137,944	268,503	128,612	-1,696	9,332	688,500	698,454	-36,589	-26,889
Autocentar BH d.o.o., Sarajevo	2,574,026	2,775,450	530,338	763,557	2,043,688	2,011,893	1,775,595	1,720,885	82,925	63,082
Sarajevostan d.o.o., Sarajevo	1,890,498	1,624,805	709,061	666,977	1,181,437	957,828	2,314,825	2,855,026	223,609	800,106
Lovčen auto d.o.o., Podgorica	4,824,902	4,907,430	1,439,562	1,616,923	3,385,340	3,290,507	2,325,018	1,856,714	94,833	-428,084
Triglav upravljanje nekretninama d.o.o., Zagreb	456,642	460,737	729	2,719	455,913	458,018	81,034	112,772	-834	-51,835
Triglav upravljanje nekretninama d.o.o., Podgorica	790,982	1,923,394	194,395	210,583	596,587	1,712,811	12,252	32,706	-116,225	-110,568
Triglav upravljanje nekretninama d.o.o., Sarajevo	990,357	15,339	5,173	0	985,184	15,339	8,397	0	-13,526	0
Triglav Fondovi d.o.o., Sarajevo	4,182,216	4,989,348	20,708	34,847	4,161,508	4,954,501	144,562	1,046,677	-786,584	560,544
Triglav zdravje asistenza d.o.o., Ljubljana	6,100	-	599	-	5,501	-	2,455	-	-1,999	-
Zavod Vse bo v redu	98,730	147,171	0	3,544	100,000	100,000	364,907	113,000	-44,898	47,180

Non-controlling interests in the Triglav Group companies

Company	Non-controlling interest in capital (in %)		Voting rights of non-controlling interests (in %)		Net profit or loss attributable to non-controlling interest holders (in EUR)		Retained earnings attributable to non-controlling interest holders (in EUR)	
	2022	2021	2022	2021	2022	2021	2022	2021
Triglav Osiguranje d.d., Sarajevo	2.22	2.22	1.13	1.13	27,850	27,640	283,170	280,040
Triglav Osiguruvanje a.d., Skopje	18.31	18.68	18.31	18.68	11,915	90,054	1,389,778	1,955,469
Lovćen Osiguranje a.d., Podgorica	0.93	0.93	0.93	0.93	21,033	18,676	497,584	498,487
Lovćen životna osiguranja a.d., Podgorica	0.93	0.93	0.93	0.93	3,577	2,385	80,166	83,600
Triglav Savjetovanje d.o.o., Sarajevo	2.22	2.22	1.13	2.22	160	-1,447	-19,462	-19,622
Autocentar BH d.o.o., Sarajevo	2.22	2.22	1.13	2.22	816	1,400	-143,109	-142,790
Lovćen auto d.o.o., Podgorica	0.93	0.93	0.93	0.93	882	-3,982	-398,599	-399,483
Triglav Osiguruvanje Život a.d., Skopje	2.62	3.74	2.62	3.74	942	-3,218	-78,641	-26,610
Sarajevostan d.o.o., Sarajevo	9.05	9.05	8.03	9.05	-15,822	72,370	230,733	246,555
Triglav Fondovi d.o.o., Sarajevo	37.46	-	37.46	-	-294,654	-	1,558,902	-
TOTAL					-243,301	203,878	3,400,522	2,475,645

The two Group companies holding a significant non-controlling interest are Triglav Osiguruvanje, a.d., Skopje and Triglav Fondovi, d.o.o., Sarajevo. Their key financial information is presented below.

	in EUR			
	Triglav Osiguruvanje a.d., Skopje	Triglav Fondovi d.o.o., Sarajevo	31 Dec. 2022	31 Dec. 2021
CONDENSED BALANCE SHEET				
Current assets	7,277,227	7,286,521	3,906,712	4,756,230
Current liabilities	4,433,108	3,001,242	19,212	33,649
Net current assets/liabilities	2,844,119	4,285,279	3,887,500	4,722,582
Non-current assets	34,611,574	42,238,621	275,567	233,194
Non-current liabilities	23,663,568	29,842,684	1,496	1,274
Net non-current assets/liabilities	10,948,006	12,395,937	274,071	231,920
Net assets	13,792,125	16,681,216	4,161,571	4,954,501

	in EUR			
	Triglav Osiguruvanje a.d., Skopje	Triglav Fondovi d.o.o., Sarajevo	2022	2021
CONDENSED COMPREHENSIVE INCOME				
Net profit or loss for the year	65,059	482,192	-786,584	560,544
Other comprehensive income	-2,954,150	361,165	0	0
Total comprehensive income	-2,889,091	843,357	-786,584	560,544

	in EUR			
	Triglav Osiguruvanje a.d., Skopje	Triglav Fondovi d.o.o., Sarajevo	2022	2021
CONDENSED CASH FLOW STATEMENT				
Cash flows from operating activities	1,513,473	336,580	-107,193	233,535
Cash flows from investing activities	-1,600,936	-143,442	231,556	-157,171
Cash flows from financing activities	0	20,280	296	-849
Net change in cash flows	-87,463	213,418	124,659	75,515

Changes in the structure of the Triglav Group in 2022

Purchase of shares of Triglav Osiguruvanje, a.d., Skopje from non-controlling interest holders

Triglav INT, d.o.o., Ljubljana acquired a 0.36% participating interest from the non-controlling interest holders of Triglav Osiguruvanje, a.d., Skopje, thereby becoming its 81.69% owner. The consideration totalled MAK 2,203,980 or EUR 35,826. The effect of the acquisition of the non-controlling interest was recognised in the consolidated financial statements as an increase in share premium of EUR 20,928.

Transfer of the participating interest in Triglav Svetovanje, d.o.o., Belgrade

Triglav Svetovanje, d.o.o., Domžale sold its 51% participating interest in Triglav Svetovanje a.o.o., Belgrade to Triglav Osiguranje, a.d.o., Belgrade. As a result, Triglav Osiguranje, a.d.o., Belgrade became a 100% owner of Triglav Svetovanje, d.o.o., Belgrade. This transaction had no impact on the Group's consolidated financial statements.

Establishment of Triglav zdravje asistenza, družba za zdravstveno dejavnost, d.o.o., Ljubljana

Triglav, Zdravstvena zavarovalnica, d.d., Koper, established the subsidiary Triglav zdravje asistenza, družba za zdravstveno dejavnost, d.o.o., in which it holds a 100% participating interest. The new company is included in the Triglav Group's consolidated financial statements under the full consolidation method.

Transfer of the participating interest in Triglav Savjetovanje, d.o.o., Zagreb

Triglav Svetovanje, d.o.o., Domžale sold its 51% participating interest in Triglav Savjetovanje, d.o.o., Zagreb to Triglav Osiguranje, d.d., Zagreb. As a result, Triglav Osiguranje, d.d., Zagreb became a 100% owner of Triglav Savjetovanje, d.o.o., Zagreb. This transaction had no impact on the Group's consolidated financial statements.

Capital increase of Triglav, pokojninska družba, d.d., Ljubljana

Zavarovalnica Triglav d.d. carried out two capital increases of Triglav, pokojninska družba, d.d., Ljubljana. The first capital increase was performed at the end of May in the amount of EUR 7,999,836 and the second in June in the amount of EUR 36,999,612. Both capital increases in the total amount of EUR 44,999,448 were carried out with in-cash contributions. With the capital increases, Zavarovalnica Triglav remained a 100% owner of said company. The capital increases did not affect the consolidated financial statements of the Triglav Group.

The first consolidation of Triglav Fondovi, d.o.o., Sarajevo

In the third quarter of 2022, Triglav Fondovi, d.o.o., Sarajevo, was for the first time included in the Triglav Group's consolidated financial statements under the full consolidation method. Up to and including the first half of 2022, the company was included in the consolidated financial statements using the equity method due to immateriality. Due to the nature and scope of business, the company may become material for the consolidated financial statements in the future, therefore, with the aim of greater transparency, it became subject to full consolidation. As a result of the first consolidation of said company, the Triglav Group's balance sheet total as at 31 December 2022 increased by EUR 4,182,279 and, consequently, minority interests increased by EUR 1,853,556. There were no effects on the consolidated income statement from this transaction.

Capital increase of and transfer of the participating interest in Triglav upravljanje nekretninama, d.o.o., Sarajevo

In 2022, Triglav Osiguranje, d.d., Sarajevo, Autocentar BH, d.o.o., Sarajevo, and Sarajevostan, d.o.o., Sarajevo, increased the capital of Triglav upravljanje nekretninama, d.o.o., Sarajevo with in-kind contributions in the total amount of EUR 983,386. As at the 2022 year-end, the ownership of this company was transferred to Triglav Upravljanje nepremičnin, d.o.o., Ljubljana. The capital increase and the transfer of the participating interest had no material impact on the Triglav Group's consolidated financial statements.

Capital increase of Triglav Osiguranje, a.d., Banja Luka

Triglav INT, holdinška družba, d.o.o., Ljubljana, increased the capital of Triglav Osiguranje, d.d., Banja Luka with an in-cash contribution of EUR 999,985. With the capital increase, Triglav INT, d.o.o., remained a 100% owner of said company. The capital increase had no impact on the Group's consolidated financial statements.

Capital increase of Triglav Osiguranje, d.d., Zagreb

Triglav INT, holdinška družba, d.o.o., Ljubljana, increased the capital of Triglav Osiguranje, d.d., Zagreb with an in-cash contribution of EUR 9,987,527. With the capital increase, Triglav INT, d.o.o. remained a 100% owner of said company. The capital increase had no impact on the Group's consolidated financial statements.

Capital increase of Triglav Osiguruvanje Život, a.d., Skopje

Triglav INT, holdinška družba, d.o.o., Ljubljana, increased the capital of Triglav Osiguruvanje Život, a.d., Skopje with an in-cash contribution of EUR 2,000,000. Because the capital increase was carried out by one of the two shareholders, their participating interests changed. Through the capital increase, Triglav INT, d.o.o., became an 85.71% owner (previously 80%) of said company, while the participating interest of Triglav Osiguruvanje, a.d., in said company decreased to 14.29% (previously 20%). Due to indirect ownership, the Group's participating interest in said company increased to 97.38% (previously 96.34%) on account of the capital increase.

Capital increase of Triglav penzisko društvo, a.d., Skopje

Zavarovalnica Triglav, d.d., increased the capital of Triglav penzisko društvo, a.d., Skopje with an in-cash contribution of EUR 2,356,000. With the capital increase, Zavarovalnica Triglav remained a 100% owner of said company. The capital increase had no impact on the Group's consolidated financial statements.

Capital increase of Triglav INT, holdinška družba, d.o.o., Ljubljana

Zavarovalnica Triglav, d.d., increased the capital of Triglav INT, holdinška družba, d.o.o., Ljubljana, with an in-cash contribution of EUR 10,000,000. With the capital increase, Zavarovalnica Triglav remained a 100% owner of said company. The capital increase had no impact on the Group's consolidated financial statements.

2.2 Bases for the preparation of financial statements

2.2.1 Statement of compliance

The Group's consolidated financial statements and the Company's separate financial statements for the financial year ended 31 December 2022 were prepared in accordance with International Financial Reporting Standards (hereinafter: IFRS) as adopted by the EU.

The Group's and the Company's financial statements were also prepared in accordance with the requirements of the Companies Act (ZGD-1), the Insurance Act (ZZavar-1) and its implementing regulations.

2.2.2 Bases for measurement and classification

The financial statements were prepared under the going concern assumption and taking into account the requirements of adequacy, reliability, comprehensibility and comparability of financial information. Furthermore, they were compiled on the historical cost basis, except in the case of financial assets recognised at fair value through profit or loss and available-for-sale financial assets measured at fair value.

The accounting policies used in the compilation of the financial statements are consistent with those of the financial statements for the comparable period.

The financial year is the same as the calendar year.

For the preparation of the statement of financial position, individual items are classified into groups of assets and liabilities depending on their nature, listed in the order of their liquidity and/or maturity. In additional disclosures current and non-current assets as well as current and non-current liabilities are posted as separate items, depending on whether they are expected to be paid or settled within 12 months of the balance sheet date (current) or after more than 12 months from the balance sheet date (non-current).

Financial assets and liabilities on the statement of financial position are offset only when there is a legal right and intent for net settlement, or when the assets are realised and the liabilities are settled simultaneously. Income and expenses on the income statement are not offset, except if so required by standards and notes or if this is specified in the Company's accounting policies.

The financial statements are presented in euros, which is the Group's presentation currency. The amounts in the financial statements are rounded to one euro.

2.2.3 Verifying the going concern assumption

When preparing the financial statements, an assessment was made of the ability of both the Group and the Company to continue as a going concern due to the deterioration of the general economic and geopolitical situation and the consequences of the COVID-19 epidemic.

The sensitivity of the Group's and the Company's profitability, financial position and liquidity under significant assumptions or uncertainties in the environment is described in the section on risk management.

Based on all the calculations presented, it can be confirmed that the going concern assumption is appropriate.

The impact of the general economic and geopolitical situation and the consequences of COVID-19 epidemic on individual items in the financial statements is presented in Section [2.7.2](#).

2.3 Bases for consolidation

In addition to the separate financial statements, the Company compiles the consolidated financial statements of the Group. The Group's consolidated financial statements include all companies directly or indirectly controlled by the Company.

Zavarovalnica Triglav controls a company if all the following three elements of control are met:

- it has influence over the company (directs important activities that significantly affect the company's returns) by virtue of voting rights based on equity instruments or by virtue of other rights arising from contractual agreements,
- it is exposed to variable returns or has the right to variable returns from its participation in the company and
- it is able, through its influence over the company, to influence the amount of its return.

An assessment of the existence of control of an individual company is performed once a year or if the facts and circumstances show that one or more of the three elements of control have changed.

Subsidiaries are included in the consolidated financial statements under the full consolidation method from the acquisition date.

The assets and liabilities of a subsidiary are measured at fair value on initial consolidation. Any difference between the market value of the business combination and the acquirer's share of the net fair value of the assets, liabilities and contingent liabilities acquired is accounted for as goodwill. The effects of any subsequent changes in the acquirer's interest in the subsidiary are recognised in share premium.

If the Company disposes of a subsidiary or loses control over it, such a subsidiary is deconsolidated from the date on which control ceases. Related assets (including goodwill), liabilities, non-controlling interests and other components of equity are derecognised, with any effect of loss of control in the

consolidated income statement being recognised as profit or loss. Any remaining interests in this company that no longer represent a significant or dominant interest after the disposal are recognised at fair value.

All the Group subsidiaries that are significant to the Group's financial statements are fully consolidated. Exceptionally, companies that are insignificant from the point of view of consolidated financial statements, i.e. the size of an individual such company does not exceed 0.5% of the Group's total assets, may be excluded from full consolidation. A company conducting insurance business or an activity directly related thereto (e.g. insurance brokerage) cannot be excluded from consolidation. In the full consolidation process, the carrying amount of the financial investment by the controlling company in each subsidiary and the controlling company's share in equity of each subsidiary are offset (eliminated). Intragroup assets and liabilities, income and expenses and the effects of other transactions within the Group are also eliminated in full.

In the consolidated financial statements, profit/loss and other comprehensive income are proportionately attributed to non-controlling interests. If the equity stake of non-controlling interests changes, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in a subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to the controlling company's owners.

The reporting date of the financial statements of Zavarovalnica Triglav and its subsidiaries does not differ from the reporting date of the consolidated financial statements.

All Group companies participating in the consolidation process use uniform accounting policies. If the accounting policies of a particular subsidiary differ from the accounting policies applied by the Group, appropriate adjustments are made to the financial statements of such subsidiary prior to the compilation of the consolidated financial statements to ensure compliance with the Group's accounting policies.

The financial year is the same as the calendar year.

2.4 Foreign currency translation

Items included in the separate financial statements of each Group company are measured using the currency of the primary economic environment in which the respective company operates (functional currency). The financial statements are presented in euros, which is the Group's presentation currency.

2.4.1 Translation of business events and items

Transactions in foreign currency are translated into the functional currency as at the date of the transaction at the exchange rate quoted in the European Central Bank's reference rate list published by the Bank of Slovenia. If the exchange rate for a certain currency is not published by the Bank of Slovenia, the exchange rate published by Bloomberg is used. Exchange rate differences arising from the settlement of these transactions or from the translation of monetary items are recognised in profit or loss.

Foreign rate differences arising from changes in the amortised cost of monetary items denominated in foreign currency and classified as available-for-sale financial assets are recognised in profit or loss. Foreign rate differences from non-monetary items, such as equity instruments classified as financial assets measured at fair value through profit or loss, are recognised in profit or loss. Foreign rate differences from non-monetary items, such as equity instruments classified as available-for-sale financial assets, are recognised together with the effects of measurement at fair value in other comprehensive income and accumulated in equity.

2.4.2 Translation from the functional into the presentation currency

The financial statements of Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the final exchange rate as at the reporting date;
- income, expenses and costs are translated at the average exchange rate for the reporting period;
- equity components are translated at a historical exchange rate;
- all the resulting exchange rate differences are recognised in other comprehensive income.

Goodwill and adjustment of acquired assets of a foreign subsidiary to fair value are treated in the same way as assets of a foreign subsidiary and are translated into the presentation currency at the closing exchange rate.

In the consolidated financial statements, exchange rate differences resulting from the translation of a net investment in a foreign subsidiary are recognised in the statement of comprehensive income. When the Group loses control over a foreign subsidiary, previously recognised exchange rate differences arising from the translation into the presentation currency are reclassified from other comprehensive income into the income statement as part of gains or losses on sale.

2.5 Significant accounting policies

2.5.1 Investments in subsidiaries and associates, business combinations and goodwill

2.5.1.1 Investments in subsidiaries

An investment in a subsidiary is considered to be an investment in a company that is directly or indirectly controlled by Zavarovalnica Triglav.

Investments in subsidiaries are measured in the separate financial statements at cost less accumulated impairment losses.

The initial recognition of the investment is made on the date on which the acquirer obtains the right to control the acquiree. Increases in the share capital of subsidiaries with in-kind contributions are measured at estimated fair value or carrying amount, where justified.

Subsidiaries are included in the consolidated financial statements under the full consolidation method as described in Section [2.3](#).

2.5.1.2 Investments in associates and joint ventures

An investment in an associate is an investment in a company in which Zavarovalnica Triglav has a direct or indirect significant influence (directly or indirectly between 20% and 50% of voting rights), provided by the possibility of participating in the company's financial and business policy decisions, but not by controlling these policies.

Joint ventures are companies that are jointly controlled by the Triglav Group and a contract partner based on a contractual agreement.

Investments in equity instruments of associates and joint ventures are accounted for in the separate financial statements at fair value. For associates whose values are not published on a stock exchange, a valuation model is used (guideline public company method, comparable transaction analysis, discounted cash flows, contract value). The effects of valuation at fair value are disclosed in other comprehensive income.

In the Group's consolidated financial statements, investments in associates and joint ventures are accounted for using the equity method. An investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is subsequently adjusted to change the Group's share in the associate's or joint venture's net assets as of the acquisition date. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment. Signs of impairment are tested at each reporting date. If the recoverable amount is lower than the carrying amount, the Group carries out impairment up to the level of the recoverable amount.

The corresponding share of an associate's and joint venture's profit or loss is recognised in the consolidated profit or loss. The corresponding effects included in other comprehensive income of an associate or joint venture are recognised in the consolidated statement of comprehensive income.

Dividends of associates and joint ventures are recognised in the Company's profit or loss when the right to receive the dividend is acquired. Dividends of associates and joint ventures are eliminated in the consolidated financial statements.

Upon loss of significant influence over an associate or loss of joint control of a joint venture, each retained investment is measured at its fair value. The difference between the carrying amount of the associate or joint venture and the fair value of the retained investment is recognised in profit or loss.

2.5.1.3 Business combinations and goodwill

The acquisition method is used for business combinations. The acquisition date is the date on which the acquirer obtains the right to control the acquiree. The identifiable assets acquired and liabilities assumed are determined and measured at their acquisition-date fair values. In each business combination, the non-controlling interest is also measured at the current proportionate share of the equity interests in the acquiree's recognised net assets.

Goodwill arises on the acquisition of a subsidiary if the excess of the sum of the consideration given measured at fair value is greater than the fair value of the company's acquired assets. If the difference is negative, the gain is recognised in full in profit or loss. Contingent consideration at fair value is also included in the consideration.

Accounting policies for the assessment of impairment of goodwill and investments in subsidiaries are presented in Section [2.5.4.7](#), and accounting policies for determining the fair value of associates and joint ventures in Section [2.5.13](#).

2.5.2 Insurance contracts

2.5.2.1 Classification of contracts

The products of the Group's insurance companies are classified into homogeneous groups according to the features of individual products: non-life insurance, traditional life insurance, pension insurance and unit-linked life insurance. Products can contain either an underwriting risk or both an underwriting and financial risk.

Contracts of an individual homogeneous group are defined as insurance if they contain material underwriting risk. Such insurance contracts are accounted for in accordance with IFRS 4. If the contracts contain a material financial risk, they are classified as financial and accounted for in accordance with IAS 39.

The materiality of underwriting risk is determined in relation to additional benefits in the case of a loss event. The significance of additional benefits is assessed by comparing the maximum difference between the economic value of the payout after a loss event and the payout in other cases. This difference must be at least 10% of the payout amount at the inception date of the insurance policy.

All non-life insurance, traditional life insurance and unit-linked life insurance contracts contain material underwriting risk and are therefore defined as insurance contracts.

The same applies to all pension insurance contracts. In some pension insurance contracts, the base for determining the amount of pension annuity is already set at the time of concluding the contract, while most remaining insurance contracts provide additional benefits above the amount of accumulated assets in the case of death of the policyholder during the accumulation period. In addition, all pension insurance contracts also contain a discretionary right to profit participation. These contracts enable the policyholder, under certain terms and conditions determined by the Company, the payment of additional coverage, which is linked to the return on assets of the guarantee fund, and are therefore also defined as insurance contracts according to this criterion.

Once an insurance contract is defined as an insurance contract, it remains so until its expiry, even if during its term the underwriting risk is significantly reduced, unless all rights and obligations are terminated or expire.

2.5.2.2 Premium income and other insurance income

Net premium income is calculated based on gross written premium and gross outward (co)reinsurance premium, reduced by (co)reinsurers' and retrocessionaires' share and adjusted by the change in gross unearned premium taking into account the (co)reinsurers' and retrocessionaires' share in unearned premium. Written premium is the basis for recognising gross premium.

Other insurance income includes fee and commission income (asset management fees, (co)reinsurance and other fees and commissions) and other income from insurance operations (green card sales, claims settled on behalf of other insurance companies, assistance services and other). Interest income from operating receivables is also disclosed under this income. This income is recognised in profit or loss when the service is provided or invoiced.

2.5.2.3 Claims incurred and other insurance expenses

Net claims incurred are gross claims paid (claim payments and claim handling expenses), reduced by income from collected subrogation receivables and the reinsurance portion and adjusted by the change in gross claims provisions taking into account the reinsurers' share in these provisions. Claim handling expenses comprise external and internal costs of assessing the eligibility and amount of claims, including legal expenses, expert fees and subrogation recovery expenses. Gross claims paid are recognised in profit or loss once the claims are settled.

Other insurance expenses include fee and commission expenses, expenses from impairment of receivables, fire protection tax, prevention expenses and other insurance expenses. Other insurance expenses are recognised in profit or loss once a service is provided.

2.5.2.4 Insurance-technical provisions

Unearned premium and provisions for unexpired risks

Provisions for unearned premium are the part of gross written premium that relates to the period after the end of the financial year. They are calculated separately for each insurance contract.

The unearned premium for most insurance policies is calculated using the *pro rata temporis* method, which assumes that claims are distributed evenly over the term of the contract and that the insurance cover is constant. Insurance policies with a variable insurance cover are the exception to this rule. These policies include credit insurance at which the insurance cover decreases and construction and erection insurance at which the insurance cover increases. For such type of insurance, the calculation of unearned premium is based on the assumption of a constant claim frequency throughout the term of the contract and a variable insurance cover.

Provisions for unexpired risk are formed for insurance policies where, based on past experience, it is assumed that the amount of unearned premium will not suffice for covering all future claims, i.e. for those insurance classes for which the claims ratio exceeds 100%. Additional provisions for unexpired risks are calculated in the share of unearned premium, which represents the difference between the value of the expected claims ratio and 100%.

Additional tests are performed to check the adequacy of the provisions for unearned premium and unexpired risks. The amounts of future gross claims and gross future expenses are taken into account in these tests and compared with the amount of established provisions for unearned premium reduced by deferred acquisition costs.

Claims provisions

Claims provisions are made to cover claims incurred but not settled by the end of the accounting period. Claims provisions are formed for claims reported, not reported and not enough reported.

Claims provisions are calculated as the sum of incurred and reported claims and incurred but not reported claims (IBNR). Provisions for incurred and reported claims are based on an inventory of claims. The majority of provisions for IBNR claims are calculated using the run-off triangular method, taking into account the combination of the chain ladder method and the Bornhuetter-Ferguson method. The basis for the calculation is a sample of past claims experience with projected future trends. For this purpose, a multi-year time series of settled claims is used.

Previous experience shows that claims from major CAT events, such as hail, floods and storms, are reported with a delay. None of the standard actuarial methods for determining the amount of IBNR claims after major CAT events is suitable for their valuation. Such claims can represent a significant portion of total IBNR claims; therefore, in order to ensure an up-to-date calculation of the actual amount of claims following major CAT events, an additional provision is made for IBNR and incurred but not enough reported (IBNER) claims separately for each major CAT event.

If in liability insurance a claim is settled as an annuity, the amount is reserved as a capitalised value of annuity calculated based on the Slovenian SIA65 mortality tables and a 2.50% interest rate. Other insurance subsidiaries use local mortality tables. Depending on the possibilities, additional claims provisions are made for not enough reported annuity claims when the injured party is a minor or a young person and the insurance company may reasonably expect that the injured party will also file a claim for loss of income when reaching a certain age.

With the exception of annuity claims, claims provisions are not discounted.

The adequacy of the claims provisions made is reviewed quarterly. A claims provision is formed based on statistical data and using actuarial methods. As such, it in itself is a test of the adequacy of claims provisions.

In the context of testing the adequacy of claims provisions, the liability adequacy test (LAT) is carried out for liabilities paid out as annuities. Mortality, indexation and discount interest rate assumptions are used to calculate the adequacy of the claims provisions paid out as annuities.

Mathematical provisions

Mathematical provisions for life, annuity, pension and unit-linked insurance portfolio are calculated separately for each insurance contract.

The valuation of life and annuity insurance liabilities is carried out by using the modified prospective net premium method, taking into account acquisition costs, including all contractual obligations and bonuses. The insurance technical parameters taken into account by the method either match the parameters used in the calculation of insurance premium or are adjusted for those subsequently changed circumstances that increase the amount of liabilities. This is particularly the case for annuity insurance where the calculation of liabilities takes into account own, more conservative mortality tables and a carefully set (lower) interest rate.

The mathematical provisions for voluntary pension insurance are built up over the accumulation (premium payment) period using the retrospective method. In calculating the provisions, this method takes into account all premiums paid up to the valuation date, entry fees, sums paid out, bonuses from the guaranteed interest rate and bonuses credited to personal accounts from profit participation. During the pension annuity payout period, provisions are set aside based on the present value of estimated future liabilities (the prospective net method). The insurance technical parameters taken into account in the calculation are either the same as those set at the time of underwriting the policy or adjusted to the circumstances expected during the pension payout, if these circumstances are worse than those taken into account in the premium calculation.

The mathematical provisions for supplemental voluntary pension insurance are built up over the accumulation period using the retrospective method. In calculating the provisions, this method takes into account all premiums paid up to the valuation date, entry fees, sums paid out, bonuses from the return on the guarantee fund, the guaranteed return from funds with a guaranteed return and bonuses credited to personal accounts from profit participation. During the pension annuity payout period, provisions are set aside based on the present value of estimated future liabilities (the prospective net method). The insurance technical parameters taken into account in the calculation either match the

parameters set at the time of underwriting the policy or are adjusted for those subsequently changed circumstances that increase the amount of liabilities, particularly in the valuation of liabilities during the pension payout period.

The provisions for unit-linked life insurance are calculated for each insurance policy as the fair value of assets in the investment account less future capitalised management costs (actuarial funding). For certain insurance products, additional provisions are made to cover contractually defined risks of payouts under the primary or complementary insurance policies.

All calculations take into account actuarial assumptions, applicable legal provisions and all contractual liabilities to policyholders arising from insurance policies and the respective insurance terms and conditions.

The mathematical provisions also take into account bonuses attributed to policyholders in previous financial years in accordance with the rights set out in the underlying insurance contracts and mathematical provisions in the amount of estimated bonuses for the current financial year.

Fair value reserve for available-for-sale financial assets is also recognised in the context of mathematical provisions. The principle of shadow accounting is applied. In relation to available-for-sale financial instruments, fair value reserve is accounted for in other comprehensive income upon recognition; on the balance sheet date, the transfer to mathematical provisions is made for the portion that will be due to the policyholders upon realisation in line with the provisions of the insurance contract or internal regulations.

The LAT is carried out annually both in the Group and the Company. The purpose of the LAT is to verify the adequacy of life insurance provisions. The test is performed by comparing the amount of provisions made with the best estimate of provisions determined by taking into account the present value of the best estimate of future expected contractual and other cash flows. The calculation is performed at the level of each insurance contract and the results are aggregated into appropriate homogeneous insurance groups. The test is based on a uniform methodology that determines, among others, the method of creating homogeneous groups, the selection of risk-free interest rate curves and the scope of cash flows considered. The test is carried out based on the portfolio balance as at the last day of the financial year.

Insurance contracts are classified into several homogenous groups subject to approximately the same risks and managed within the same portfolio. Homogeneous groups are formed according to insurance classes as follows:

- traditional life insurance,
- unit-linked life insurance,
- supplemental voluntary pension insurance during the accumulation period and
- supplemental voluntary pension insurance during the pension payout period.

The cash-generating unit or insurance company is also considered a homogenous group. Any deficit is determined at the level of an individual insurance company and recognised in the financial statements as an increase in provisions and an expense in profit or loss.

Mortality, longevity and morbidity assumptions, assumptions about portfolio persistency, assumptions about costs, increases in insurance premium, expected returns and discount interest rates, profit participation and annuity factor guarantees are included in the LAT. If the LAT shows that the provisions are insufficient, additional provisions will be charged to the profit or loss.

Other insurance-technical provisions

Provisions for bonuses in non-life insurance are formed for the part of the premium that will be reimbursed to those persons insured who meet the criteria set out in insurance terms and conditions (total claims ratio over the last three years, premium payment discipline and the amount of total premium). Based on an annual analysis and predefined criteria, the amount of premium reimbursement is calculated.

Provisions for cancellations represent that portion of unearned premium which is expected to be reimbursed in the event of early termination and for which deferred acquisition costs were made.

2.5.3 Financial assets

Financial assets comprise financial investments, operating and other receivables, and cash and cash equivalents. The accounting policies for each of these assets are presented below.

2.5.3.1 Financial investments

Financial investments are classified into the following groups: financial assets measured at fair value through profit or loss, held-to-maturity financial assets, loans and deposits, and available-for-sale financial assets. Classification depends on the initial purpose for which an investment was acquired. The management decides on the classification of investments at initial recognition.

At initial recognition, financial investments are measured at fair value. The initially recognised value is increased by transaction costs (fees and severance payments to agents, advisers, stock brokers, stock exchange fees and other transfer-related taxes) that are directly attributable to the acquisition or issue of a financial asset. This does not apply to financial investments classified as assets measured at fair value through profit or loss, because these costs are recognised in profit or loss directly at acquisition.

The trade date is used at the purchase or sale of a financial investment, except for loans and deposits where the settlement date is used.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are classified as available for sale or not classified as loans and deposits, held-to-maturity financial investments or financial assets recognised at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are measured at fair value, without deducting transaction costs that may occur when selling or otherwise disposing them. Financial instruments not listed on a stock exchange are measured at fair value based on recent transaction prices if the market

situation has not changed significantly since the last transaction, or using the discounted expected cash flow valuation model. Equity instruments not quoted in an active market and for which fair value cannot be reliably measured are measured at cost. The method of determining the fair value of available-for-sale financial assets is described in more detail in Section [2.5.13](#).

Changes in fair value are recognised directly in other comprehensive income as an increase (gain) or decrease (loss) in fair value reserve, except for impairment of investment and foreign exchange rate differences on monetary items, such as debt securities recognised in profit or loss.

When available-for-sale financial assets are derecognised, the accumulated losses or gains previously recognised in other comprehensive income are transferred to the income statement.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company definitely intends and is able to hold to maturity.

Held-to-maturity financial assets are measured at amortised cost less impairment losses.

Financial assets at fair value through profit or loss

This category includes two groups: financial instruments held for trading and financial instruments measured at fair value through profit or loss.

A financial asset is classified as such if the principal intent of its acquisition was to sell it in the near term, if it is part of the portfolio of financial instruments for short-term profit taking or if this classification was decided on by the management. Derivatives are always classified as financial instruments held for trading.

A financial asset designated at fair value through profit or loss is an asset:

- held in the Company's investment portfolios to cover liabilities arising from insurance contracts related to changes in the fair value of these assets (this classification eliminates or reduces any mismatches arising from the measurement of assets and liabilities or the recognition of gains and losses on various bases) or
- managed and whose performance is measured based on fair value in accordance with the Company's investment strategy.

After initial recognition, financial assets measured at fair value through profit or loss are measured at fair value. The method of determining the fair value of financial assets designated at fair value through profit or loss is described in more detail in Section [2.5.13](#).

Gains and losses from changes in fair value are recognised in profit or loss.

The category of financial assets measured at fair value through profit or loss also includes financial assets with an embedded unrelated derivative.

Loans and deposits

Loans and deposits are non-derivative financial assets with fixed or determinable payments not listed in an active market.

At initial recognition, loans and deposits are measured at cost and later at amortised cost using the effective interest method.

Derivatives

After initial recognition, derivatives are measured at fair value through profit or loss. Market value is determined based on the quoted price in an active securities market, and if it is not known, the fair value is estimated according to the valuation model (discounted expected cash flows, Black-Scholes option pricing model).

Derivatives include financial instruments used for hedging cash flows against interest rate risk as well as for hedging cash flows of individual financial instruments and other items.

All proven gains or losses from a change in fair value are recognised in profit or loss.

2.5.3.2 Operating and other receivables

Receivables from insurance operations are recognised when premium is charged to policyholders. At initial recognition, receivables are disclosed at cost, and subsequently reduced by impairment adjustment so as to disclose their expected recoverable amount.

Subrogation receivables are recognised when the Company receives the first instalment of the payment, based on a ruling of the court or based on an agreement reached with the subrogation debtor. In credit insurance, subrogation receivables are recognised immediately at inception.

2.5.3.3 Cash and cash equivalents

Cash includes balances with banks, cash in transit, cash on hand and cash equivalents such as call deposits.

2.5.3.4 Impairment of financial assets

Impairment of financial investments

On a quarterly basis or at least at the end of the reporting period, it is assessed whether there is objective evidence that a financial asset or group of financial assets is impaired.

For equity instruments, objective evidence of impairment includes an issuer's statutory changes (bankruptcy, liquidation, etc.), a significant decrease in the fair value of a security or a long-term decrease in its fair value.

For debt instruments, objective evidence of impairment includes an issuer's statutory changes (bankruptcy, liquidation, etc.), late payment or other significant negative events related to the issuer's credit rating.

When such evidence exists, impairment losses need to be determined.

An impairment loss on an available-for-sale financial asset is calculated based on its current fair value. The accumulated loss initially recognised in other comprehensive income is transferred to the income statement. The reversal of impairment of equity securities classified as available-for-sale is recognised in other comprehensive income.

An impairment loss in respect of a financial asset disclosed at amortised cost is calculated as the difference between its carrying amount and the present value of expected future cash flows, determined based on the original effective interest rate. The loss is recognised in profit or loss.

The reversal of impairment of financial assets disclosed at amortised cost and available-for-sale financial assets that are debt instruments is recognised in profit or loss. An impairment loss may be reversed if such a reversal can be objectively related to an event occurring after the impairment was recognised.

Impairment of operating and other receivables

The adequacy of the disclosed amount of receivables is checked for each group of receivables. At least at the end of the financial year, receivables are tested for impairment or impairment reversal. An impairment recorded as adjustment is formed individually for individual significant receivables or collectively for receivables with a similar credit risk. Credit risk is assessed based on the classification of receivables into classes by maturity and experience from previous years with respect to the repayment of receivables from the same age group. Impairment adjustment increases other expenses from insurance operations.

Signs of impairment of reinsurance contracts are checked annually. These are impaired only if there is objective evidence as a result of an event occurred after the initial recognition of the reinsurance asset that the Company may not be reimbursed for all amounts owed by reinsurers under the contract and if the event has a reliably measurable impact on the amounts which the Company will get reimbursed from the reinsurer. In the case of impairment of assets from reinsurance contracts, the effect of impairment is recognised in profit or loss.

2.5.4 Non-financial assets

Non-financial assets include investments in subsidiaries and associates, intangible assets, property, plant and equipment, investment property, right-of-use assets, non-current assets held for sale and other assets.

Accounting policies for investments in subsidiaries and associates are described in Section [2.5.1](#).

2.5.4.1 Intangible assets

Intangible assets include goodwill and other intangible assets.

Accounting policies for goodwill are described in Section [2.5.1](#).

At initial recognition, other intangible assets are recognised at cost. At subsequent measurement, intangible assets are disclosed at cost less accumulated amortisation and accumulated impairment loss.

The useful life of all other intangible assets of the Company and the Group is assessed as finite.

Intangible assets with a finite useful life are amortised over their useful life. Amortisation is calculated individually using the straight-line amortisation method for each item, with the exception of goodwill, which is not amortised. Intangible assets are amortised when they are available for use. Amortisation costs of intangible assets with a finite useful life are recognised in profit or loss.

The appropriateness of the amortisation period and the amortisation method of intangible assets with a finite useful life is assessed at least at the end of each reporting period. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

At least once a year, at the end of the reporting period, it is assessed whether there are any signs of impairment of intangible assets with a finite useful life. In the case of any signs of impairment, assets are impaired and losses recognised in profit or loss.

An intangible asset is derecognised upon disposal (i.e. the date on which the recipient acquires control of the asset) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Intangible assets also include deferred acquisition costs for non-life insurance contracts. An increase or decrease in these costs is recognised in profit or loss as a change in unearned premium within net premium income. Deferred acquisition costs for life insurance contracts are considered in the calculation of mathematical provisions according to the Zillmer method. A change in deferred acquisition costs for life insurance contracts is recognised as a change in mathematical provisions.

2.5.4.2 Property, plant and equipment

Property, plant and equipment are accounted for using the cost model. At initial recognition, the cost includes the purchase price and all costs necessary to bring the asset to working condition for its intended use.

After initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated when they are available for use. Depreciation is calculated using the straight-line depreciation method. Residual value, useful life and depreciation methods of property, plant and equipment are checked at the end of each financial year and adjusted if necessary. Changes are treated as changes in estimates.

Assets under construction or in production are not depreciated until they are available for use. Depreciation of a property, plant and equipment asset ceases when it is derecognised.

A property, plant and equipment asset or any significant part that was initially recognised is derecognised upon disposal (i.e. the date on which the recipient acquires control of the asset) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss upon derecognition.

Maintenance and repair costs are recognised in profit or loss in the period in which they are incurred. Further investments that increase future economic benefits increase the value of property, plant and equipment.

Both the Group and the Company disclose the fair value of property, plant and equipment in the notes to the financial statements. The method of determining the fair value is described in more detail in Section [2.5.13](#).

2.5.4.3 Investment property

Investment property comprises land and buildings intended for lease. Real property is defined as investment property if it is not used for own activity or if only an insignificant part of the building is used for own activity.

The guidelines on the recognition, valuation and derecognition method of investment property are the same as those for property, plant and equipment and are described in Section [2.5.4.2](#).

All income from investment property relates exclusively to leases and is disclosed in profit or loss under other income. Expenses from investment property relate to depreciation and maintenance costs of investment property and are disclosed under other expenses in profit or loss.

Both the Group and the Company disclose the fair value of investment property in the notes to the financial statements. The method of determining the fair value is described in more detail in Section [2.5.13](#).

2.5.4.4 Right-of-use assets

Whether a contract contains a lease is assessed at the inception of the contract. A contract contains a lease if it conveys the right to control the use of the identified asset for a period of time in exchange for consideration.

The Group and the Company use a uniform approach to recognition and measurement for all leases, except for short-term leases (up to 12 months) and leases of low-value assets (up to EUR 4,300).

An asset acquired under a lease is recognised as right-of-use assets and lease liabilities. Assets and liabilities are recognised in the amount of the present value of lease payments to be made in accordance with the concluded lease contract. Future lease payments are discounted at the interest rate implicit in the lease or at incremental borrowing rate if the interest rate implicit in the lease cannot be determined.

The calculation of right-of-use assets also takes into account any initial direct costs and an estimate of any removal and restoration costs.

The incremental interest rate is determined based on the interest rate for risk-free government bonds at the level of the individual country where the Group operates and the credit spread.

Right-of-use assets are measured using the cost model. The initial value of right-of-use assets is reduced over the life of the asset by depreciation and impairment losses and adjusted for remeasurement of the lease liability. After initial recognition, lease liabilities are increased by interest and decreased by lease payments.

The right-of-use assets and lease liabilities are disclosed in the statement of financial position as separate items.

Modifications related to leases may be a result of:

- modifications of agreed lease terms and conditions and
- modifications of accounting estimates related to leases.

Modifications of agreed lease terms and conditions relate to changes in the scope of lease, modifications of lease consideration or modifications of the lease term. In these cases, lease modification is calculated in two ways:

- the modification is treated as a separate lease.
- to modify the terms and conditions, the existing lease contract is amended.

Lease modification is treated as a separate lease only when it involves adding one or more underlying assets at a price applicable in the event of an independent lease of that added asset. In this case, lease is accounted for as a separate lease, independently of the original lease, and the accounting for the original lease continues unchanged.

In contrast, if a modification is not a separate lease, the accounting reflects that there is a linkage between the original lease and the modified lease. The existing lease liability is remeasured as follows:

- The new amount of lease consideration is taken into account.
- In the case of adding a new asset, the total consideration is evenly distributed among all underlying leased assets.
- The new term of the lease is taken into account.
- When remeasuring lease liabilities, the new discount rate effective at the time of modification is taken into account.

On the other hand, based on the difference between the newly measured liability and the balance of liabilities before the modification, an appropriate adjustment is made to right-of-use assets, resulting in a change in the amount of depreciation.

In the event of a change in the accounting estimate in respect of leases, the lease liability is remeasured to take into account the new discount rate effective at the time of the modification. The amount from the remeasurement of the lease liability is recognised as an adjustment to the value of the right-of-use asset. If the carrying amount of a right-of-use asset is zero and the lease liability is further reduced, the remaining amount of remeasurement is recognised in profit or loss.

In the case of leases with an indefinite term, the term of the lease is assumed in accordance with the strategy period. The assessment of the contract term is reviewed every three years.

2.5.4.5 Non-current assets held for sale

Non-current assets held for sale are those non-financial assets whose value will be recovered through sale instead of through continuing use. The condition for the classification into the category of non-current assets held for sale is met when sale is highly probable and the asset is available for immediate sale in its present condition. The management is committed to a plan to sell the asset, which must be carried out within one year of the asset being classified into this category.

At recognition, non-current assets held for sale are measured at the lower of carrying amount before classification and fair value less costs to sell. Costs to sell are expenses that are directly attributable to the disposal of an asset (disposal group), excluding financial expenses and tax expenses.

The same applies to the subsequent measurement of these assets. An impairment loss from the initial or subsequent write-off of an asset to fair value less costs to sell or gains on subsequent increases in fair value less costs to sell which may not exceed any accumulated impairment loss.

When property, plant and equipment or intangible assets are classified as held for sale, they are no longer amortised. They are presented separately in the statement of financial position as non-current items.

2.5.4.6 Other assets

Other assets include materials inventories, short-term deferred expenses and accrued income. At initial recognition, inventories are measured at cost increased by direct costs of procurement. Materials inventories are recorded according to the FIFO method.

Short-term deferred costs or expenses are amounts that will impact profit or loss in the following accounting periods. They are accrued in order to ensure an even impact on profit or loss, or are deferred because they have already been paid but have not yet been incurred.

Other assets also include accrued income for goods and services supplied to clients whose performance obligations have already been met.

2.5.4.7 Impairment of non-financial assets

For all non-financial assets, except goodwill, the Group and the Company assess at each reporting date whether there are any signs of impairment. If there are signs of impairment, an impairment test is performed. An impairment test for goodwill is performed at the reporting date.

Assessment of impairment signs of non-financial assets

Signs of impairment of investments in subsidiaries are assessed on a yearly basis. The assessment takes into account signs from external sources of information (significant changes in the environment with a negative impact on the company, changes in market interest rates and returns on assets that affect the recoverable amount of assets, unexpected falls in market values of assets, etc.) and from internal sources of information (statutory changes, changes in management, change in the volume of business, the company's deteriorated economic performance).

Signs of impairment of land and buildings (classified as property, plant and equipment, investment property or right-of-use assets) are assessed on a yearly basis. The assessment takes into account signs from external sources (changes in the real property market) and internal sources (depletion, obsolescence, inability to lease or generate positive cash flows from operations).

If there are signs of impairment, an impairment test is performed, and the Group and the Company estimate the asset's recoverable amount. If the asset's carrying amount exceeds its recoverable amount, the asset is impaired.

Impairment test of investments in subsidiaries

The basis for performing an impairment test is IAS 36, which defines the recoverable amount of an asset or cash-generating unit as the higher of two items:

- fair value less costs of disposal or
- value in use.

Impairment tests of investments in subsidiaries are performed by external chartered and internal business valuator using valuation models, taking into account International Valuation Standards.

The valuation procedure includes at least:

- an analysis of the wider environment of society (macroeconomic and institutional);
- an analysis of the immediate environment (insurance market and markets of other relevant activities);
- an analysis of the company's business model and operations;
- an analysis of the company's competitive position in the market;
- an analysis of the achievement of the plan in terms of the adequacy of planning or the ability to implement a new plan;
- the selection of appropriate methodology and valuation methods according to the standards, purpose (for accounting purposes) and subject of valuation (business activity);
- making and estimating assumptions consistent with the analysis;
- estimating the cost of capital based on market parameters;
- valuation;
- a sensitivity analysis of assumptions to valuation and estimated range.

The key bases and sources for valuation are:

- environmental data obtained from local regulatory institutions and statistical offices, the European Central Bank and the International Monetary Fund;
- an assessment of the income statement and the statement of financial position for the year in question, the business plan of each company approved by the supervisory body of each company for the year in question and the strategic plan of each company for the coming strategic period;
- documentation and information obtained from the management and other key persons of the company being valued;
- expert assessments of the relevant internal departments of Zavarovalnica Triglav and its subsidiaries or Group companies.

An impairment loss is measured as the difference between the asset's carrying amount and its recoverable amount and is recognised in profit or loss.

Impairment of non-financial assets is recognised in profit or loss.

Impairment test of land and buildings

In the case of individually material assets, an impairment test is performed individually. The impairment test of the remaining assets is carried out at the level of cash-generating units.

In determining fair value less costs to sell, International Valuation Standards (IAS), Slovenian Accounting Standard 2 – Valuation of Real Property Rights and Slovenian Accounting Standard 8 – Valuation for Financial Reporting are taken into account. Market valuation methods are used in the valuation, such as the market approach, the income approach and the subdivision development method. The valuation is performed by an independent certified real estate valuer.

The market approach is used as the primary method of valuation, as the valuation by this method is also the best indicator of the value of real property rights, but only in cases where there are sufficient transactions with comparable real property available. In the cases where the market analysis is not a sufficiently credible indicator to prepare a valuation, the valuation is made based on other valuation methods.

Where an income approach is used, potential market rent and stabilised income are assessed. These data are obtained by analysing current rents and actual collected rent for similar real property in the vicinity and based on the comparable real property available in the vicinity of the real property under valuation. The capitalisation rate is determined by the market analysis method based on the calculated ratio of stable profit and the sales price of real property. Transaction data are obtained through market analysis and monitoring and the real estate valuer's own database.

In the case of large undeveloped building land, where a detailed design is defined and where there is no similar land on the market, the assessment is also made using the subdivision development approach. The basis for using this method is the assumption that a rational investor will not sell the land at a lower price than the potential return generated through land development.

For non-financial assets, an assessment is made at each reporting date to determine whether there is any indication that impairment losses previously recognised no longer exist or have decreased. If any such indication exists, the recoverable amount of the asset is estimated. A previously recognised impairment loss is reversed only if the assumptions used to determine the asset's recoverable amount have changed since the last impairment loss was recognised. A reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined without depreciation, if no impairment loss had been recognised for the asset in previous years. Such reversal is recognised in the income statement.

Goodwill impairment test

Due to the need for impairment, goodwill is tested for impairment annually at the reporting date. In accordance with IAS 36, it is assessed whether there are any signs of impairment of the cash-generating unit to which goodwill was allocated. The impairment testing and the assessment of required impairment is performed by assessing the recoverable amount of this cash-generating unit using the discounted cash flow method. If the recoverable amount exceeds the carrying value, goodwill is not impaired.

The key assumptions included in the calculation of the recoverable amount are the cash flows realised and comparison with planned, expected cash flows based on available management plans and the discount rate calculated as the required rate of return using the CAPM model.

Goodwill impairment is recognised in profit or loss.

2.5.5 Equity and subordinated liabilities

Share capital equals the nominal value of paid-up ordinary shares denominated in euros. If the Company or a subsidiary acquires treasury shares, i.e. Zavarovalnica Triglav's shares, their value is disclosed as a deductible item of the Group's equity. In accordance with the requirements of the Companies Act (ZGD-1), treasury share reserves are created in the same amount.

Share premium are payments above the nominal amounts of shares or other capital payments in line with the Articles of Association. The effects of acquisition of non-controlling interests are also recognised in the consolidated financial statements under share premium.

The Company's reserves from profit are statutory, legal and other reserves from profit and treasury share reserves. The Company's legal reserves are created and used in accordance with the ZGD-1. Together with share premium, they must equal at least 10% of the share capital. This is the Company's tied-up capital set aside to protect the creditor's interests. The Company's statutory reserves are created in the amount that equals up to 20% of the share capital. The Company creates statutory reserved based on a decision by the Management Board to allocate up to 5% of net profit in a financial year to statutory reserves, decreased by any amounts used to cover retained loss, legal reserves and reserves from profit. Statutory reserves may be used to cover net loss for the year and loss brought forward, for treasury share reserves, increase share capital from the Company's assets and regulate the dividend policy.

In accordance with the ZGD-1, the Company's Management Board may allocate up to one half of the amount of the net profit remaining after the appropriation of the profit for the purposes required by law to create other reserves.

Reserves of subsidiaries are formed and used in accordance with the legislation of the countries in which these companies operate.

Subordinated liabilities include subordinated debt instruments for which it was agreed in the underlying agreements to be paid last in the event of the bankruptcy or liquidation of the company that issued these securities. Subordinated liabilities are measured at amortised cost in the financial statements.

2.5.6 Employee benefits

Employee benefits comprise provisions for jubilee and retirement benefits and unused leave. Provisions for jubilee and retirement benefits are calculated using the actuarial valuation method, i.e. the projected unit credit method or the accrued benefits based on service method. In line with IAS 19, the calculation is based on the following actuarial assumptions:

- demographic assumptions (mortality and early termination of employment);
- financial assumptions:
 - the discount rate taking into account the yield on government securities at the balance sheet date and
 - wage growth taking into account inflation, age, promotion and other factors such as supply and demand in the employment market.

Provisions for unused leave are calculated as the value of gross wage plus taxes for the period of unused leave. Provisions are undiscounted.

Changes in provisions for employee benefits due to payments and new provisions made are recognised in profit or loss under operating expenses (labour costs). Revaluation of provisions from an increase or decrease in the present value of liabilities due to changes in actuarial items and experience adjustments is recognised as actuarial gains or losses as follows: for provisions for retirement benefits in other comprehensive income and for provisions for jubilee benefits in profit or loss.

2.5.7 Operating and financial liabilities

Operating liabilities are recognised in the statement of financial position when the payment of a liability results from a contractual obligation. Operating liabilities are disclosed at amortised cost.

At initial recognition, financial liabilities are measured at cost based on the relevant documents on their origin. They are decreased by paid amounts and increased by accrued interest. Financial liabilities are disclosed at amortised cost in the financial statements. Interest paid on loans taken is recognised as expense and accordingly accrued over the term of the underlying loan.

2.5.8 Income and expenses from financial investments

Income from financial investments comprises interest income, dividends, changes in fair value, gains on disposal and other income from financial investments. Expenses from financial investments comprise expenses from impairment of financial investments, losses on disposal and other expenses from financial assets.

Interest income is recognised in profit or loss using the effective interest method, except for financial assets classified at fair value through profit or loss.

Income from dividends is recognised in profit or loss when it is authorised for payment.

Income and expenses due to changes in fair value of financial assets relate to the results of subsequent measurement of the fair value of financial assets measured at fair value through profit or loss.

Gains and losses on disposal of financial assets relate to the derecognition of financial assets other than financial assets measured at fair value through profit or loss. Gain is the difference between the carrying amount of a financial asset and its sales price.

Income and expenses from financial investments include net unrealised gains and losses on unit-linked life insurance assets. These income and expenses represent changes in the fair value of unit-linked life insurance assets.

2.5.9 Other income and expenses

Other income includes income from investment property, income from intangible assets and property, plant and equipment, other income not directly related to insurance operations and sales income from non-insurance companies. They relate to income from contracts with clients that is recognised upon the transfer of control of goods or services to the client in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services.

Income from contracts with clients is recognised at the fair value of the consideration received or receivable, net of returns and discounts, rebates and volume discounts. Income is disclosed when the buyer has taken control of the goods or benefits from the services provided.

When selling goods or services, income is recognised when the goods are delivered to the client or the service is provided and the recoverability of related receivables is reasonably guaranteed.

Other expenses include other expenses not directly related to insurance operations and operating expenses of non-insurance companies. Other expenses also include financial expenses, which include interest expenses from subordinated bonds, interest expenses from asset leases and other interest expenses from operating activities. Other expenses are recognised in profit or loss when the service is provided.

2.5.10 Government grants and government assistance

Funds received directly or indirectly by a company from the state, government agency or similar bodies at local, national or international levels are considered government grants or assistance. The received government grants are not the result of the performance of ordinary commercial transactions which a company receives in exchange for the provided service or supply of goods. A government grant means the transfer of funds to a company in exchange for taking into account specific circumstances in the past or future.

The calculation of a government grant is made using the income approach, which provides for the recognition of a government grant in profit or loss. A government grant is recognised in profit or loss as income over the period necessary to match them with the related costs, for which they are intended to compensate. The grants received for costs already incurred are recognised immediately.

Government grants related to assets which are conditional on the purchase, construction or otherwise acquired asset are recognised as deferred income, which the company recognises in profit or loss on a systematic basis over the useful life of the asset.

Grants related to income, i.e. grants not related to assets, are recognised as a deduction of related expenses.

2.5.11 Operating expenses

Gross operating expenses are recognised as original expenses by nature. Expenses are classified by function in profit or loss. Claim handling expenses are an integral part of claims incurred and asset management costs are an integral part of expenses for investments, whereas acquisition costs and other operating expenses are disclosed separately. Total operating expenses are disclosed by nature and function in disclosures.

2.5.12 Taxes and deferred taxes

Tax expense comprises current tax expense and deferred tax income or expense.

Short-term income tax assets and liabilities are measured at the amount expected to be paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those effective as at the reporting date in the countries where the Group and the Company operate and earn taxable profit.

Deferred tax assets and liabilities are calculated for temporary differences between the value of assets and liabilities for tax purposes and their carrying amount.

Deferred tax assets are recognised for all deductible temporary differences, transfer of unused tax credits and any unused tax losses. Deferred tax assets are recognised if it is probable that taxable profit against which deductible temporary differences can be utilised and the transfer of unused tax credits and losses will be available, except:

- if the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination and which, at the time of the transaction, does not affect either the accounting or the taxable profit;
- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are only recognised to the extent that it is probable that the reversal will not occur in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilised.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which deferred tax assets will be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profits will be available against which the deferred tax assets can be utilised.

In assessing the collectability of deferred tax assets, the Group and the Company rely on the same assumptions that they use in other parts of the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- if the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination and which, at the time of the transaction, does not affect either the accounting or the taxable profit;
- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when it is possible to control the timing of the reversal of temporary differences and that it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted as at the reporting date.

The effects of the recognition of deferred tax assets and liabilities are recognised as income or expense in profit or loss, except when the tax arises from an event recognised in other comprehensive income. Deferred tax assets and liabilities relating to the same tax jurisdiction, period and taxable unit are offset at the level of an individual company.

In the case of consolidation, temporary differences arising from differences between the official financial statements of a subsidiary and the adjusted financial statements for consolidation purposes and those differences arising from consolidation procedures may be recognised.

2.5.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of the fair value of assets or liabilities takes into account their characteristics and assumes that the asset or liability is exchanged in an orderly transaction under current market conditions in the principal market or in the most advantageous market for those assets or liabilities.

Financial assets measured at fair value through profit or loss and available-for-sale financial assets are measured at fair value. Financial assets classified as loans and receivables and held-to-maturity financial assets are measured at amortised cost and their fair value is disclosed.

The fair value of financial instruments traded on regulated financial markets is determined based on quoted prices at the reporting date.

If there is no active market for a financial instrument, its fair value is measured by various valuation techniques. An active market is a market in which transactions between market participants take place frequently enough and to a sufficient extent to provide price information on a regular basis. Market activity, i.e. whether the market is active or not, is determined for each financial instrument according to the available information and circumstances. Factors that are important in assessing market activity include: the low number of transactions in a given time period, high volatility of quoted prices in a given time period or between different market makers, high price difference between supply and demand, the

low number of market participants (fewer than 4). An important criterion, which includes all the above factors, for the activity of securities is the Bloomberg Valuation Service (BVAL) Score. Low scores of the indicator (below 3) indicate that the market is not active.

In determining the fair value of financial instruments, valuation methods are used at the comparable fair value of another instrument that has similar significant characteristics, as well as discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to determine the price of the instrument and if its reliability in estimating the prices obtained from actual market transactions has been demonstrated, such a technique will be used. The assumptions and estimates used contain certain risks regarding their actual fulfilment in the future. In order to reduce these risks, the assumptions and estimates used are tested in various ways (e.g. comparison of assumptions or estimates with the sector/industry, individual market companies and similar). In addition, when calculating the range of estimated value of an individual investment, a sensitivity analysis is performed for key value drivers such as: net sales income, the EBITDA margin, the financial intermediation margin, the rate of return on financial investment portfolio, operating expenses to total assets, cash flow growth and the discount rate. The discounted cash flow method uses estimated future cash flows and discount rates that reflect interest rates for comparable instruments.

If the fair value of financial instruments cannot be measured reliably, they are measured at cost (amount paid or received), plus any costs incurred in the transaction.

Investments in associates and joint ventures are also measured at fair value in the Company's separate financial statements. For associates and joint ventures whose values are not listed on the stock exchange or for which there is no active market, a valuation model is used (the guideline public company method, the comparable transaction analysis, discounted cash flows, the contractual value).

For the purpose of disclosing fair value, the fair value of non-financial assets is also assessed, taking into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In assessing the fair value of own-use land and buildings and investment property, the income capitalisation approach, the market approach and the analysis of the most economical use for development land are used. The most important parameters included in the calculation are market prices of comparable real property and the capitalisation rate. Fair value is estimated by internal and external chartered business valuers, taking into account International Valuation Standards.

When estimating the fair value of a subordinated bond issued, the price according to the model (the discounted cash flow method) is taken into account, as the management assessed that the market was not active.

The fair value hierarchy is used to disclose the method of determining the fair value of assets and liabilities. This is determined by the inputs to the valuation technique used to measure fair value.

- Level 1 inputs: unadjusted quoted prices in active markets under IFRS 13 for identical assets or liabilities that the entity can access at the measurement date. The quoted prices may be adjusted only exceptionally.
- Level 2 inputs: are quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and quoted prices that are observable.
- Level 3 inputs: are prices that do not meet the standards for Level 1 or Level 2. The share of unobservable inputs used in value measurement models is considerable. Unobservable inputs have to use the assumptions that market participants would use when pricing the asset or liability, including risk assumptions.

The valuation techniques and market inputs used to develop these techniques are presented below.

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
EXTERNAL APPRAISERS (market operator)				
Debt securities - composite	Stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		Level 2
Debt securities – compound with exposure to stock markets	Stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		Level 2
Derivatives	Black-Scholes model	Index volatility		Level 2
BLOOMBERG BVAL				
Debt securities – companies, financial institutions and government	Cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		Level 2
INTERNAL APPRAISERS				
Debt securities - government	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency); credit spread between 0 and 0.92%	Level 2
Debt securities - companies and financial institutions	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency); credit spread between 1.87 and 6%	Level 2
Equity securities	Cash flow discounting	g (growth rate during constant growth period) EBIT margin (constant growth period) Discount rate Lack of marketability discount	16.40–30.30% 11.71–14.7% 6.50–18.00%	Level 3
	NAV method	Real property price changes		
	Market approach	MVIC/EBITDA		
Equity investment in associates	Equity method	Accumulated gains and losses		Level 3
Real property for own use	Income approach, market approach, land residual method (analysis of the most economical use of development land)	Capitalisation rate, market prices of comparable real property	7.5–15% depending on risk/location Market values based on information available	Level 3
Investment property				

The fair value of assets and liabilities is shown in section [5.3](#).

2.6 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in line with IFRS requires the use of judgments, estimates and assumptions that affect the value of reported assets and liabilities at the reporting date and the amount of income and expenses in the reporting period. Although the estimates used are based on the best knowledge of current events and activities, the actual results may differ from the estimates. Estimates and assumptions are reviewed regularly and their adjustments are recognised in the period of the change.

The following is a summary of the accounting judgments, estimates and assumptions used in the preparation of the financial statements of the Group and the Company. Accounting policies for items subject to judgments and estimates are described in Section [2.5](#). The estimates used in the preparation of the financial statements for the financial year ended 31 December 2022 are presented in Section [3](#).

Item in the financial statements / content	Accounting judgement / estimate	Assumptions and sources of uncertainty	Accounting policy	Assumptions and estimates used
Going concern	The judgement of the Group and the Company as a going concern is prepared based on an assessment of the risks and uncertainties to which the Group and the Company are exposed.	Assumptions about future risk exposure and uncertainty in the business environment. A sensitivity analysis of the Group's and the Company's profitability, financial position and liquidity to risks and uncertainties.	N/A	The section on risks, 2.7
Investments in subsidiaries	Investments in subsidiaries are investments in companies that are directly or indirectly controlled by Zavarovalnica Triglav. A significant judgement is the judgement of whether the conditions of control in an individual company are met.	The existence of influence on the company based on voting rights or contractual agreements. Exposure to variable return. Impact on return via impact on the company.	2.3 2.5.1.1	3.5
Investments in subsidiaries	Investments in subsidiaries are measured at cost in the Company's separate financial statements. A significant judgement is the judgement of whether there are any signs of impairment of these investments. If any sign of impairment exists, the significant accounting estimate relates to the calculation of the required impairment at the balance sheet date.	Assumptions about the wider and immediate environment of the company and the company's position in the market, assumptions about the adequacy of the business model, predictions about the company's future operations and its ability to implement plans, assumptions about the cost of capital and the long-term growth rate.	2.5.1.1 2.5.4.7	3.5
Investments in associates and joint ventures	Investments in associates and joint ventures are measured at fair value in separate financial statements. A significant estimate is the estimate of the fair value of these investments when their values are not quoted on the stock exchange.	The estimate of comparable public companies, the estimate of comparable stock market transactions, the estimate of expected cash flows, discount rates and long-term growth rates.	2.5.1.2 2.5.1.3 5.1	3.6
Goodwill	At initial recognition, goodwill is measured at cost and subsequently assessed for impairment annually. The amount of the required impairment is a significant estimate in the Group's financial statements.	Assumptions about the company's future operations and its ability to achieve the set goals, the estimate of the convergence of markets towards more developed ones, expected economic trends, discount rate, the estimate of the necessary premium for specific risks.	2.5.4.7	3.1
Classification of contracts	Contracts concluded by the Group and Company are classified as insurance or financial contracts according to their characteristics. The estimate of whether a contract is an insurance or financial contract has a significant effect on the further measurement and disclosure of related items in the financial statements.	The assumption of material underwriting risk in relation to additional payouts in the event of a loss event.	2.5.2.1	N/A
Unearned premium and provisions for unexpired risks	When preparing the financial statements, it is assessed whether the Group or the Company created unearned premium in an adequate amount. In the event that unearned premium is not formed in an adequate amount, an estimate is made of the required amount of provisions for unexpired risks.	Assumptions about the claims ratio, assumptions about future gross claims and gross future expenses.	2.5.2.4	3.16
Claims provisions	Claims provisions are made to cover claims incurred but not settled by the end of the accounting period. Claims provisions are calculated using the actuarial methods that take into account the pattern of claim settlement in the past and predictions about future trends. Claim provisions are a significant estimate in the financial statements.	Predictions of future claim trends. Assumptions about mortality, longevity and morbidity, indexation and discount rate for annuity claims.	2.5.2.4	3.16
Mathematical provisions	Mathematical provisions are created to cover life insurance liabilities. They are calculated using actuarial methods and are a significant estimate in the financial statements.	Assumptions about mortality, longevity and morbidity, interest rate, guaranteed technical interest rate.	2.5.2.4	3.16

Item in the financial statements / content	Accounting judgement / estimate	Assumptions and sources of uncertainty	Accounting policy	Assumptions and estimates used
Mathematical provisions	The adequacy of created life insurance provisions is checked annually using the liability adequacy test (LAT), which is based on the best estimate of provisions, taking into account the present value of the best estimated future expected contractual and other cash flows and is performed at the level of individual insurance contracts.	Assumptions about mortality, longevity and morbidity, assumptions about portfolio persistency, expenses, increase in insurance premium, expected returns and discount rates, profit participation and annuity factor guarantees.	2.5.2.4	3.17
Financial investments	Financial investments are measured at fair value in the financial statements or their fair value is disclosed. The fair value of financial investments is a significant accounting estimate when the fair values of investments are not quoted on the active market (stock market).	The estimate of comparable stock market transactions, interest rate curves, credit spreads, interest rate volatility, stock index volatility, the estimate of expected cash flows, discount rates and growth rates.	2.5.3.1 2.5.13	3.7 5.1
Available-for-sale financial investments, financial investments valued at amortised cost, investments in associates	A significant judgement is the judgement of whether there are any signs of impairment of these investments. If any sign of impairment exists, the significant accounting estimate relates to the calculation of the required impairment at the balance sheet date.	Assumptions of expected cash flows, the estimate of what is a significant and what is a long-term decline in the value of financial instruments.	2.5.3.1 2.5.3.4	3.7
Receivables	Receivables are disclosed in the financial statements at amortised cost, and when preparing the financial statements it is assessed whether the receivables are impaired. A significant judgement is the judgement of credit risk associated with specific receivables or a group of receivables, and a significant estimate is the estimate of the necessary impairment.	Assumptions about the recoverability of receivables based on experience from past years.	2.5.3.2 2.5.3.4	3.10
Intangible assets, property, plant and equipment, investment property	Intangible assets, property, plant and equipment and investment property are disclosed in the financial statements using the cost model. A significant estimate that affects the amount of amortisation expense is the estimated useful life of assets.	Expected physical wear and tear, technical and economic ageing of the asset. Expected legal or other restrictions of use.	2.5.4.1 2.5.4.2 2.5.4.3	3.1 3.2 3.3
Property, plant and equipment, investment property	Property, plant and equipment and investment property are disclosed in the financial statements using the cost model. The fair value of these assets, which is determined for disclosure purposes, is a significant estimate.	Market prices of comparable real property, the expected rates of return on real property (potential market rent and stabilised income), the capitalisation rate.	2.5.4.2 2.5.4.3 2.5.13	3.2 3.3
Property, plant and equipment, investment property	Property, plant and equipment and investment property are disclosed in the financial statements using the cost model. When compiling the financial statements, it is assessed whether there are any signs of impairment of these assets. In any sign of impairment exist, an estimate of the necessary impairment is a significant accounting estimate.	Market prices of comparable real property, the expected rates of return on real property (potential market rent and stabilised income), the capitalisation rate.	2.5.4.2 2.5.4.3 2.5.4.7	3.2 3.3
Assets and liabilities from received leases	The amount of leased assets and related financial liabilities is measured upon recognition at the present value of future lease payments. A significant estimate in determining the amount of assets and liabilities is the assumed discount rate, and in the case of assets leased for an indefinite term also the estimate of lease term.	Assumption of interest rate and the necessary mark-ups. The expected lease term.	2.5.4.4	3.4
Deferred tax assets	Deferred tax assets are recognised in the financial statements if it is probable that taxable profit against which deductible temporary differences can be utilised and the transfer of unused tax credits and losses will be available. The judgement of the justification of created deferred tax assets is a significant accounting judgement.	Assumptions about the future profitability of the Group's companies and Zavarovalnica Triglav.	2.5.12	3.21
Employee benefits	The calculation of provisions for termination and jubilee benefits is based on an actuarial valuation method and therefore is a significant estimate in the financial statements.	Demographic assumptions (mortality, early termination of employment) and financial assumptions (discount rate, wage growth, inflation).	2.5.6	3.19

2.7 Risk management

Awareness of the risks to which individual companies are exposed is key to their security and financial stability. The Triglav Group has four major sets of financial risks occurring in its operations: underwriting, market, credit and liquidity risks.

They are summarised below, including the nature of exposure, measurement methods and references to the relevant section in the annual report where additional information can be found.

2.7.1 Overview of material risks to which the Company and the Group are exposed

Risk type and reference	Nature of exposure	Method of measurement	Risk management
<i>Underwriting risk</i>	Premium risk Provision risk Lapse risk Catastrophe risk Concentration risk Low frequency and high severity risks Life expense risk Mortality risk Longevity risk Premium and provision risks	Sensitivity analysis LAT Overview of concentrations	Analysis of premium and provision risk volatility, regular monitoring of low frequency and high severity risks, liability adequacy test (LAT).
<i>Risk management, Section 3.2</i> Accounting Report, Section 3.17			
<i>Market risk</i>	Interest rate risk Equity risk Property risk Spread risk Currency risk Market concentration risk	Sensitivity analysis Asset-liability matching analysis Overview of concentrations	Appropriate diversification of the investment portfolio, regular matching of assets and liabilities, regular assessment of market risks according to established methods, the limit system.
<i>Risk management, Section 3.3</i>			
<i>Credit risk</i>	Investment risk Risk from reinsurance contracts Risk from insurance contracts	Maturity analysis Overview of concentrations	The analysis of the credit quality of partners, adequate portfolio diversification, regular monitoring of exposure by credit rating and management of exposures to partners with no credit rating, monitoring of receivables below and over 0 days past due, separate monitoring of subrogation receivables including recovery efficiency, the limit system.
<i>Risk management, Section 3.4</i>			
<i>Liquidity risk</i>	The risk of inappropriate assets in terms of their nature, duration and liquidity compared to liabilities	Maturity of assets and liabilities	Planning of actual and potential net cash outflows, appropriate amount and composition of liquid investments, regular monitoring of the liquidity position at different time intervals, assuming normal and exceptional circumstances, the limit system.
<i>Risk management, Section 3.5</i>			

2.7.2 The impact of geopolitical risks and the changed economic situation on individual items in the financial statements

The COVID-19 pandemic gradually ended in 2022. European countries' pandemic-related measures resulted in loosening supply chains, stimulated increased household consumption and higher sovereign debt. The year 2022 was marked by the beginning of the war in Ukraine. The consequences of the Russian aggression on Ukraine were the extensive sanctions of the world economies with the aim of weakening the Russian economy, which additionally affected supply chain disruptions and increased the prices of energy products. All these events in 2022 resulted in rising inflation, which the central banks tried to moderate by increasing interest rates, thereby greatly increasing the borrowing costs of the already highly indebted countries. Geopolitical risks and the deteriorating macroeconomic situation also affected the financial markets, where significant increases in interest rates, uncertainty surrounding the operations in the Russian market and uncertainty regarding future economic development caused major falls in market prices.

Impact on business

Geopolitical risks and the changed macroeconomic situation mainly influenced the increase in operating expenses and claims paid in the non-life insurance segment. High inflation did not have a significant impact on life insurance claims experience, as the vast majority of insurance policies have a sum insured determined in an absolute amount that is independent of inflation.

In response to inflationary trends, primarily gross written premium rose and, as expected, premium income to a somewhat lesser extent. Premium increase in 2022 will have the largest impact on premium income in 2023.

The changed economic environment did not have a significant impact on policyholders' decision to terminate their policies early. On the basis of empirical data, up to and including December 2022, no significant deviations from the past few years were identified. Furthermore, changes in the economic environment in 2022 have not yet had a negative impact on the balance or structure of receivables by maturity, as shown in Section 3.10.

Impact on assumptions used in creating provisions

The changed economic situation mainly affected the assumptions used to calculate non-life insurance claims provisions, provisions resulting from the LAT for life insurance and employee benefits.

In calculating non-life insurance claims provisions as at 31 December 2022, the inflation forecast for 2023 by the International Monetary Fund (IMF) and local institutions in each country was taken into account. For Slovenia, a 3.9% inflation rate was taken into account, which is in line with the forecast of the Institute of Macroeconomic Analysis and Development of the Republic of Slovenia. The consumer price index was used as an inflation indicator for all non-life insurance segments. The claim frequency, which fell during the COVID-19 epidemic, returned to a level comparable to pre-COVID-19 levels, which was taken into account in creating provisions.

Due to the nature of the calculation of insurance-technical provisions for life insurance, inflation had no effect on their level, but due to the rise in interest rates provisions from the LAT in the amount of EUR 12,257,283 were released.

In the calculation of employee benefits, the assumption of future salary increases was increased, while the risk-free interest rate term structure increased due to rising interest rates in the financial markets. The combined effect of both changes is a reduction in provisions by EUR 2,098,298.

Impact on the financial assets portfolio

In 2022, due to the reasons described above, there was a historic increase in risk-free interest rates and credit spreads (which affected the fall in the value of the Group's debt financial investments) and a decline in the value of the Group's equity investments. The increase in interest rates mainly depended on the higher inflation rate. Since higher inflation is accompanied by higher nominal interest rates, the inflationary environment negatively affects the value of fixed-income assets. Fixed-rate debt financial instruments account for the majority of the Group's financial investments. Part of the interest sensitivity of assets can be neutralised with the interest sensitivity of insurance liabilities by implementing an appropriate asset-liability management policy, which in the event of an increase in interest rates means that both assets and liabilities are revalued, while the effect on the amount of excess of assets over liabilities, i.e. capital, is accordingly lower.

In 2023, the Company expects a gradual easing of inflation, but it will remain elevated. As a result, the Company anticipates a calm and moderate increase in interest rates for the next year as well, and thus a smaller impact on the revaluation of the Group's financial assets.

Impact on the valuation of investments in subsidiaries

For the purposes of financial statements, interests in subsidiaries are subject to a model-based valuation. In the model-based valuation, nominal projections of cash flows from operating activities are used. The nominal interest rate and other market parameters (e.g. premium for capital risk) are also taken into account in the discount rate. The actual impact of inflation on an individual subsidiary strongly depends on the ability of how quickly and efficiently the company can transfer the impact of inflation on key operating parameters (premium adjustments, increase in claims, etc.) to end customers.

The business plans, which are the basis for making value assessment, were prepared with increased inflation in mind and the ability to protect an individual company from the effects of inflation. The negative impact of inflation on the value of the considered balance sheet item would therefore be expressed only through the part of inflation that would not be properly taken into account/forecast when developing business plans or which a company would not be able to contain adequately.

See Section [3.5](#) for more information about the impairment of investments in subsidiaries.

Impact on real property valuation

The sensitivity of real property to inflation is historically relatively low or not negative. Rising rents and increasing demand for real property, which is considered to preserve real value, tend to neutralise the negative effects of higher inflation on the value of assets.

In valuing real property as at 31 December 2022, due to the rise in prices of basic building materials, problems with their supply and the rise in service prices, the appraiser took into account 10% higher costs of the replacement reserve than in 2021.

The Slovenian real property market is characterised by excess demand, which in 2021 and 2022 was stimulated to the greatest extent by low interest rates and loan availability, and at the end of the year by the fear of rising inflation. Additional pressure on prices was caused by the rise in construction costs as a result of the global rise in energy and building materials prices, first due to the pandemic, and later due to the war in Ukraine. However, according to the appraiser's findings, the first signs of a slowdown in price growth have begun to show at the end of 2022. It is expected that market supply will exceed creditworthy demand and the sale of residential property will come to an end. In addition to the above, rising interest rates will have a major impact. All these expectations were taken into account when determining the fair value of real property as at 31 December 2022. Impairment of real property was not necessary, which is presented in more detail in sections [3.2](#) and [3.3](#).

2.8 Tax policy

The Triglav Group regularly reviews and carefully implements processes for identifying, assessing, monitoring and managing tax risks, and if necessary, engages external tax consultants. In the process of tax liability management, the Group's strategy is pursued, with the main emphasis being on safety and reliability. In cooperating with tax authorities, the Group is committed to transparency and responsiveness and to an open and early dialogue. It responds to all inquiries, information or requests in a timely manner.

The Group's key tax policies are:

- compliance with tax laws and regulations governing taxation,
- adapting to new digital business guidelines and
- clarity and transparency in communicating about tax matters to various stakeholders.

At Zavarovalnica Triglav, its Accounting Division is responsible for taxation. Individual Group members are responsible for ensuring compliance with local tax laws, regularly reporting on all tax matters to Zavarovalnica Triglav's Accounting Division. Tax rates by different countries where the Group members operate are presented in Section [2.1.4](#).

The amount of taxes and contributions calculated by individual type is shown below.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Insurance premium tax	60,722,335	55,497,420	49,806,199	45,732,765
Fees from income of natural persons (employer's contributions and taxes)	26,151,952	34,312,596	16,004,255	14,829,707
Corporate income tax	25,112,860	20,082,226	20,633,936	11,928,064
Fire fee	5,619,234	5,162,084	5,043,587	4,600,869
Value added tax	5,966,859	3,878,207	1,269,293	1,315,778
Fee for the use of building land	1,036,726	992,342	742,547	717,619
Financial services tax	613,045	725,015	104,215	89,774
Other fees	1,055,105	232,516	0	0
Total fees charged in the year	126,630,964	120,882,406	93,604,032	79,214,576

2.9 Segment reporting

2.9.1 Triglav Group segments

Zavarovalnica Triglav's management monitors the operations of the Triglav Group by business segment and geographical segment.

Business segments are individual components of the Group's operations that differ from other business segments by nature of transaction, type of service and business risks. Business segments for which the Company's management separately monitors business results and makes decisions on the allocation of resources are non-life insurance, life insurance, health insurance and non-insurance operations.

Geographical segments are components of the Group's operations that differ from other geographical segments, mainly in terms of geographical location, economic and regulatory environment, which are subject to different returns and risks. The Company's management separately monitors business results and makes decisions on the allocation of resources for the Slovenian market and separately for foreign markets.

All components of the Group's operations are included in one of the business segments and in one of the geographical segments.

The results of a specific business and geographical segment are assessed based on the profit or loss achieved by that segment; in addition, the management monitors the amount of assets and liabilities of specific segments. All income and expenses items are included in the determination of profit or loss, and all assets and liabilities items of the Group are included in the monitoring of the amount of assets and liabilities of specific segments.

Income and expenses are allocated directly to each segment, but if this is not possible, allocation keys are adopted for this purpose. Income and expenses from insurance operations are recorded in the accounting records by specific insurance class, which are then aggregated into insurance groups. Other income and expenses and costs are recorded in the accounting records by specific insurance group and separately for the Slovenian market and foreign markets. They are classified in specific insurance groups partly directly and partly through defined allocation keys.

Income and expenses from operations of non-insurance companies are fully disclosed under other income or expenses.

Assets and liabilities are allocated directly to each segment and are already kept separately in the accounting records by insurance group and geographical segment.

The management monitors the operations of individual segments at the level of non-consolidated financial statements of individual companies, which are summed up for the purposes of analysing the entire financial statements of the Group, without taking into account eliminations from consolidation.

The statement of financial position and the income statement by business and geographical segment are shown below for the reporting and the preceding year.

in EUR

Statement of financial position	31 December 2022						ELIMINATIONS	TOTAL (after eliminations)
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)			
ASSETS	2,176,100,199	2,112,703,629	88,062,826	195,057,434	4,571,924,088	-443,099,169	4,128,824,919	
Intangible assets	85,700,534	7,466,973	410,239	18,882,003	112,459,749	0	112,459,749	
Property, plant and equipment	91,823,423	10,021,800	1,804,464	4,348,781	107,998,468	0	107,998,468	
Deferred tax assets	20,141,702	21,040,073	2,078,560	270,692	43,531,027	-2,559,580	40,971,447	
Investment property	46,695,729	1,208,135	0	20,473,631	68,377,495	0	68,377,495	
Right of use assets	10,578,968	777,319	428,285	3,035,139	14,819,711	-4,452,086	10,367,625	
Investments in subsidiaries	171,768,414	21,249,883	7,500	74,162,546	267,188,343	-267,188,343	0	
Investments in associates	37,369,536	440,648	0	0	37,810,184	0	37,810,184	
Financial assets	1,080,399,828	1,972,050,911	72,877,987	41,231,004	3,166,559,730	-1,583,363	3,164,976,367	
Financial investments	1,080,399,828	1,400,184,390	72,877,987	41,231,004	2,594,693,209	-1,583,363	2,593,109,846	
– loans and deposits	70,108,140	54,550,244	0	3,451,342	128,109,726	-1,583,363	126,526,363	
– held to maturity	0	456,469,434	0	0	456,469,434	0	456,469,434	
– available for sale	995,921,433	706,309,748	72,877,987	35,686,924	1,810,796,092	0	1,810,796,092	
– recognised at fair value through profit and loss	14,370,255	182,854,964	0	2,092,738	199,317,957	0	199,317,957	
Unit-linked insurance assets	0	571,866,521	0	0	571,866,521	0	571,866,521	
Reinsurers' share of technical provisions	292,026,028	8,871,415	1,587,797	0	302,485,240	-92,686,223	209,799,017	
Receivables	309,766,986	12,713,965	6,809,719	14,281,239	343,571,909	-74,431,263	269,140,646	
– receivables from direct insurance operations	139,543,071	1,996,181	4,822,986	60,453	146,422,691	-720,579	145,702,112	
– receivables from reinsurance and coinsurance operations	142,211,080	231,491	260,700	0	142,703,271	-61,442,095	81,261,176	
– current tax receivables	958,109	5,815	0	5,740,769	6,704,693	0	6,704,693	
– other receivables	27,054,726	10,480,478	1,726,033	8,480,017	47,741,254	-12,268,589	35,472,665	
Other assets	4,469,721	1,033,767	323,744	651,129	6,478,361	-198,311	6,280,050	
Cash and cash equivalents	25,161,426	55,828,740	1,734,531	15,736,755	98,461,452	0	98,461,452	
Non-current assets held for sale	197,904	0	0	1,984,515	2,182,419	0	2,182,419	
EQUITY AND LIABILITIES	2,176,100,199	2,112,703,629	88,062,826	195,057,434	4,571,924,089	-443,099,169	4,128,824,919	
Equity	701,242,554	110,828,057	32,012,221	174,777,994	1,018,860,827	-266,061,964	752,798,863	
Controlling interests	701,242,554	110,828,057	32,012,221	174,777,994	1,018,860,827	-269,462,486	749,398,341	
– share capital	129,690,864	77,249,393	20,822,144	106,331,530	334,093,931	-260,392,539	73,701,392	
– share premium	43,380,681	39,652,231	0	31,061,946	114,094,858	-63,790,184	50,304,674	
– reserves from profit	430,038,432	47,825,525	1,853,961	7,884,580	487,602,498	-5,768,539	481,833,959	
– treasury share reserves	0	0	0	364,680	364,680	0	364,680	
– treasury shares	0	0	0	0	0	-364,680	-364,680	
– fair value reserve	-38,962,183	-99,343,389	-5,166,703	14,335,245	-129,137,030	-395,421	-129,532,451	
– net profit brought forward	86,529,971	31,913,518	15,665,581	16,768,226	150,877,296	75,015,811	225,893,107	
– net profit for the year	52,531,732	14,490,402	-1,162,762	-1,898,934	63,960,438	-13,700,460	50,259,978	
– currency translation differences	-1,966,943	-959,612	0	-69,278	-2,995,844	-66,475	-3,062,318	
Non-controlling interests	0	0	0	0	0	3,400,522	3,400,522	
Subordinated liabilities	49,522,163	0	0	0	49,522,163	0	49,522,163	
Insurance technical provisions	1,177,721,774	1,392,255,152	41,791,333	0	2,611,768,259	-92,688,663	2,519,079,596	
– unearned premiums	441,382,787	451,984	3,666,189	0	445,500,960	-31,211,802	414,289,158	
– mathematical provisions	0	1,356,890,816	0	0	1,356,890,816	0	1,356,890,816	
– claims provisions	708,046,618	21,845,252	19,075,626	0	748,967,496	-60,179,310	688,788,186	
– other insurance technical provisions	28,292,369	13,067,100	19,049,518	0	60,408,987	-1,297,551	59,111,436	
Insurance technical provisions for unit-linked insurance contracts	0	580,944,539	0	0	580,944,539	0	580,944,539	
Employee benefits	13,403,259	2,270,564	842,667	912,618	17,429,108	0	17,429,108	
Other provisions	761,486	29,804	240,099	1,115,498	2,146,887	0	2,146,887	
Deferred tax liabilities	774,194	-1,954,683	0	4,011,227	2,830,738	-2,571,283	259,455	
Other financial liabilities	1,935,601	15,965	0	699,378	2,650,944	-777,385	1,873,559	
Operating liabilities	139,984,311	9,023,024	6,261,317	1,218,781	156,487,433	-62,711,883	93,775,550	
– liabilities from direct insurance operations	8,350,506	8,436,881	5,989,540	0	22,776,927	-1,275,278	21,501,649	
– liabilities from reinsurance and co-insurance operations	121,468,760	512,483	271,777	0	122,253,020	-61,436,605	60,816,415	
– current tax liabilities	10,165,045	73,660	0	1,218,781	11,457,486	0	11,457,486	
Lease liabilities	10,885,928	795,055	436,456	3,239,155	15,356,594	-4,589,212	10,767,382	
Other liabilities	79,868,929	18,496,152	6,478,733	9,082,783	113,926,597	-13,698,780	100,227,817	
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0	

in EUR

31 December 2021							
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	2,121,657,494	2,293,277,858	106,463,985	207,038,314	4,728,437,651	-354,084,035	4,374,353,616
Intangible assets	80,112,808	8,377,752	663,298	18,030,557	107,184,415	0	107,184,415
Property, plant and equipment	90,588,295	10,233,472	2,062,448	5,770,997	108,655,212	0	108,655,212
Deferred tax assets	110,869	101,004	421,898	293,654	927,425	0	927,425
Investment property	46,340,133	1,773,064	0	22,974,761	71,087,958	4,023,015	75,110,973
Right of use assets	11,276,046	960,258	500,797	2,750,469	15,487,570	-4,554,461	10,933,109
Investments in subsidiaries	126,066,794	13,438,187	0	70,917,798	210,422,779	-210,422,779	0
Investments in associates	35,591,376	439,970	0	0	36,031,346	0	36,031,346
Financial assets	1,213,722,046	2,211,229,231	92,219,328	42,731,707	3,559,902,312	-2,584,674	3,557,317,638
Financial investments	1,213,722,046	1,591,611,743	92,219,328	42,731,707	2,940,284,824	-2,584,674	2,937,700,150
– loans and deposits	67,343,910	31,324,538	0	2,020,763	100,689,211	-2,584,674	98,104,537
– held to maturity	0	157,560,733	0	0	157,560,733	0	157,560,733
– available for sale	1,134,439,152	870,239,658	92,219,328	40,710,944	2,137,609,082	0	2,137,609,082
– recognised at fair value through profit and loss	11,938,984	532,486,814	0	0	544,425,798	0	544,425,798
Unit-linked insurance assets	0	619,617,488	0	0	619,617,488	0	619,617,488
Reinsurers' share of technical provisions	245,721,499	5,789,488	3,140,932	0	254,651,919	-79,812,029	174,839,890
Receivables	250,038,638	4,281,888	5,792,983	12,889,452	273,002,961	-60,626,052	212,376,909
– receivables from direct insurance operations	110,522,961	1,647,367	5,344,333	61,240	117,575,901	-720,694	116,855,207
– receivables from reinsurance and coinsurance operations	114,992,337	196,218	281,728	0	115,470,283	-48,269,351	67,200,932
– current tax receivables	924,396	13,330	0	3,189,658	4,127,384	0	4,127,384
– other receivables	23,598,944	2,424,973	166,922	9,638,554	35,829,393	-11,636,007	24,193,386
Other assets	3,080,138	1,000,430	314,179	555,333	4,950,080	-107,055	4,843,025
Cash and cash equivalents	18,810,948	35,653,114	1,348,122	26,509,446	82,321,630	0	82,321,630
Non-current assets held for sale	197,904	0	0	3,614,140	3,812,044	0	3,812,044
EQUITY AND LIABILITIES	2,121,657,494	2,293,277,858	106,463,985	207,038,314	4,728,437,651	-354,084,035	4,374,353,616
Equity	743,587,952	168,107,999	40,652,405	185,914,932	1,138,263,288	-205,276,419	932,986,869
Controlling interests	743,587,952	168,107,999	40,652,405	185,914,932	1,138,263,288	-207,752,064	930,511,224
– share capital	113,689,614	55,543,349	20,822,144	103,344,414	293,399,521	-219,698,129	73,701,392
– share premium	43,511,478	13,658,827	0	21,061,946	78,232,251	-27,948,504	50,283,747
– reserves from profit	369,676,651	47,734,549	1,853,961	1,598,175	420,863,336	770,623	421,633,959
– treasury share reserves	0	0	0	364,680	364,680	0	364,680
– treasury shares	0	0	0	0	0	-364,680	-364,680
– fair value reserve	52,410,528	6,571,912	813,221	19,058,145	78,853,806	-1,019,528	77,834,278
– net profit brought forward	115,164,702	36,678,335	11,403,820	33,876,580	197,123,437	37,465,557	234,588,994
– net profit for the year	51,103,020	8,814,962	5,759,259	6,673,325	72,350,566	3,089,281	75,439,847
– currency translation differences	-1,968,041	-893,935	0	-62,333	-2,924,309	-46,684	-2,970,993
Non-controlling interests	0	0	0	0	0	2,475,645	2,475,645
Subordinated liabilities	49,471,831	0	0	0	49,471,831	0	49,471,831
Insurance technical provisions	1,130,247,082	1,472,413,320	53,551,980	0	2,656,212,382	-79,843,998	2,576,368,384
– unearned premiums	386,311,527	454,613	3,614,672	0	390,380,812	-20,337,087	370,043,725
– mathematical provisions	0	1,432,613,660	0	0	1,432,613,660	0	1,432,613,660
– claims provisions	711,964,825	23,114,787	16,058,686	0	751,138,298	-56,639,987	694,498,311
– other insurance technical provisions	31,970,730	16,230,260	33,878,622	0	82,079,612	-2,866,924	79,212,688
Insurance technical provisions for unit-linked insurance contracts	0	622,303,399	0	0	622,303,399	0	622,303,399
Employee benefits	13,617,610	2,335,076	872,627	846,820	17,672,133	0	17,672,133
Other provisions	1,053,458	26,518	182,905	1,249,655	2,512,536	0	2,512,536
Deferred tax liabilities	2,186,148	1,914,479	0	5,288,143	9,388,770	-11,736	9,377,034
Other financial liabilities	4,871,905	25,666	0	810,018	5,707,589	-2,621,942	3,085,647
Operating liabilities	98,011,738	8,890,090	6,073,859	27,549	113,003,236	-49,661,578	63,341,658
– liabilities from direct insurance operations	6,949,487	8,165,901	5,518,766	0	20,634,154	-1,183,597	19,450,557
– liabilities from reinsurance and co-insurance operations	88,834,137	697,681	187,628	0	89,719,446	-48,477,981	41,241,465
– current tax liabilities	2,228,114	26,508	367,465	27,549	2,649,636	0	2,649,636
Lease liabilities	11,606,194	904,600	510,009	2,935,103	15,955,906	-4,681,100	11,274,806
Other liabilities	67,003,576	16,356,711	4,620,200	9,966,094	97,946,581	-11,987,262	85,959,319
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

in EUR

Income statement	2022				2021					
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
Net premium income	725,629,617	260,098,110	204,177,888	0	1,189,905,615	677,079,548	244,584,435	198,182,068	0	1,119,846,051
– gross written premium	1,009,172,823	266,160,975	204,223,289	0	1,479,557,087	904,500,010	250,160,945	198,314,595	0	1,352,975,550
– ceded written premium	-248,921,289	-6,065,121	0	0	-254,986,410	-215,369,686	-5,580,189	0	0	-220,949,875
– change in unearned premium reserve	-34,621,917	2,256	-45,401	0	-34,665,062	-12,050,776	3,679	-132,527	0	-12,179,624
Income from investments in subsidiaries and associates	1,841,505	678	0	0	1,842,183	1,093,864	0	0	350,190	1,444,054
– profit on equity investments accounted for using the equity method	1,841,505	678	0	0	1,842,183	1,093,864	0	0	350,190	1,444,054
– other income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	0	0
Income from investments	40,616,373	50,057,369	827,649	54,990	91,556,381	23,313,042	131,084,839	881,499	59,791	155,339,171
– interest income calculated using the effective interest method	10,438,732	23,421,577	500,645	40,665	34,401,619	10,513,512	23,153,778	569,890	44,099	34,281,279
– gains on disposals	23,511,658	14,089,269	163,601	10,914	37,775,442	6,288,821	9,795,552	203,031	13,936	16,301,340
– other income from investments	6,665,983	12,546,523	163,403	3,411	19,379,320	6,510,709	98,135,509	108,578	1,756	104,756,552
Other income from insurance operations	56,734,123	2,315,408	885,454	0	59,934,985	46,745,180	1,976,072	73,048	0	48,794,300
– fees and commission income	46,900,776	2,284,113	0	0	49,184,889	36,966,451	1,949,637	0	0	38,916,088
– other income from insurance operations	9,833,347	31,295	885,454	0	10,750,096	9,778,729	26,435	73,048	0	9,878,212
Other income	9,415,112	189,920	97,076	50,124,021	59,826,129	11,211,689	428,125	109,532	41,584,714	53,334,060
Net claims incurred	370,254,786	182,690,242	193,787,403	0	746,732,431	363,348,949	185,440,722	166,239,117	0	715,028,788
– gross claims settled	463,442,125	185,401,039	183,387,377	0	832,230,541	393,254,881	185,673,862	157,651,307	0	736,580,050
– reinsurers' share	-58,416,618	-1,489,120	-1,942	0	-59,907,680	-42,961,049	-1,924,694	1,283	0	-44,884,460
– changes in claims provisions	-34,770,721	-1,221,677	3,016,730	0	-32,975,668	13,055,117	1,691,554	1,405,723	0	16,152,394
– equalisation scheme expenses for supplementary health insurance	0	0	7,385,238	0	7,385,238	0	0	7,180,804	0	7,180,804
Change in other insurance technical provisions (excluding ULI)	67,049	-67,578,173	-11,530,655	0	-79,041,779	-503,642	-10,008,883	8,399,117	0	-2,113,408
Change in insurance technical provisions for unit-linked insurance contracts	0	-43,787,917	0	0	-43,787,917	0	112,661,349	0	0	112,661,349
Expenses for bonuses and discounts	10,786,607	14,233	-2,090	0	10,798,750	11,392,922	11,221	0	0	11,404,143
Operating expenses	237,351,894	46,880,107	17,696,129	0	301,928,130	209,838,574	41,771,953	15,247,381	0	266,857,908
– acquisition costs	177,993,251	29,683,424	3,752,613	0	211,429,288	155,114,037	26,761,666	3,035,467	0	184,911,170
– other operating costs	59,358,643	17,196,683	13,943,516	0	90,498,842	54,724,537	15,010,287	12,211,914	0	81,946,738
Expenses from investments in subsidiaries and associates	0	0	0	0	0	135,453	10,179	0	0	145,632
– loss on investments accounted for using the equity method	0	0	0	0	0	135,453	10,179	0	0	145,632
– other expenses from financial assets and liabilities	0	0	0	0	0	0	0	0	0	0
Expenses from investments	25,208,897	173,730,559	1,858,374	847,069	201,644,899	6,780,978	24,870,022	92,945	88,841	31,832,786
– loss on impairment of investments	4,646,874	3,506,616	881,246	0	9,034,736	29,285	4,343	0	0	33,628
– loss on disposal of investments	13,949,589	35,523,691	868,137	346	50,341,763	1,720,014	5,384,202	18,116	407	7,122,739
– other expenses from investments	6,612,434	134,700,252	108,991	846,723	142,268,400	5,031,679	19,481,477	74,829	88,434	24,676,419
Other insurance expenses	57,320,881	905,640	1,270,062	0	59,496,583	50,434,727	991,677	489,536	0	51,915,940
Other expenses	29,243,604	3,233,474	920,111	37,356,777	70,753,966	20,779,040	2,696,207	792,471	34,111,935	58,379,653
– expenses from financing	2,500,105	42,818	0	188,304	2,731,227	2,465,509	55,600	0	208,177	2,729,286
– other expenses	26,743,499	3,190,656	920,111	37,168,473	68,022,739	18,313,531	2,640,607	792,471	33,903,758	55,650,367
Profit before tax	104,003,012	16,573,320	1,988,733	11,975,165	134,540,230	97,236,322	19,629,024	7,985,580	7,793,919	132,644,845
Income tax expense	18,990,486	2,809,389	-253,864	2,777,541	24,323,552	15,130,729	974,805	1,469,393	2,104,225	19,679,152
NET PROFIT FOR THE PERIOD	85,012,526	13,763,931	2,242,597	9,197,624	110,216,678	82,105,593	18,654,219	6,516,187	5,689,694	112,965,693
Net profit/loss attributable to the controlling company	84,958,080	13,753,059	2,242,597	9,506,242	110,459,978	81,973,513	18,650,761	6,516,187	5,621,353	112,761,814
Net profit/loss attributable to the non-controlling interest holders	54,446	10,872	0	-308,618	-243,300	132,080	3,458	0	68,341	203,879

in EUR

Statement of financial position	31 December 2022				
	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	4,034,615,290	537,308,798	4,571,924,088	-443,099,169	4,128,824,919
Intangible assets	90,893,228	21,566,521	112,459,749	0	112,459,749
Property, plant and equipment	71,092,819	36,905,649	107,998,468	0	107,998,468
Deferred tax assets	40,268,086	3,262,941	43,531,027	-2,559,580	40,971,447
Investment property	62,494,753	5,882,742	68,377,495	0	68,377,495
Right of use assets	7,542,429	7,277,282	14,819,711	-4,452,086	10,367,625
Investments in subsidiaries	261,302,480	5,885,863	267,188,343	-267,188,343	0
Investments in associates	37,810,184	0	37,810,184	0	37,810,184
Financial assets	2,870,210,561	296,349,169	3,166,559,730	-1,583,363	3,164,976,367
Financial investments	2,321,724,897	272,968,312	2,594,693,209	-1,583,363	2,593,109,846
– loans and deposits	66,490,372	61,619,354	128,109,726	-1,583,363	126,526,363
– held to maturity	448,967,712	7,501,722	456,469,434	0	456,469,434
– available for sale	1,627,938,498	182,857,594	1,810,796,092	0	1,810,796,092
– recognised at fair value through profit and loss	178,328,315	20,989,642	199,317,957	0	199,317,957
Unit-linked insurance assets	548,485,664	23,380,857	571,866,521	0	571,866,521
Reinsurers' share of technical provisions	252,472,014	50,013,226	302,485,240	-92,686,223	209,799,017
Receivables	271,366,036	72,205,873	343,571,909	-74,431,263	269,140,646
– receivables from direct insurance operations	104,221,217	42,201,474	146,422,691	-720,579	145,702,112
– receivables from reinsurance and coinsurance operations	125,597,707	17,105,564	142,703,271	-61,442,095	81,261,176
– current tax receivables	6,106,570	598,123	6,704,693	0	6,704,693
– other receivables	35,440,542	12,300,712	47,741,254	-12,268,589	35,472,665
Other assets	3,079,189	3,399,172	6,478,361	-198,311	6,280,050
Cash and cash equivalents	64,148,373	34,313,079	98,461,452	0	98,461,452
Non-current assets held for sale	1,935,138	247,281	2,182,419	0	2,182,419
EQUITY AND LIABILITIES	4,034,615,290	537,308,798	4,571,924,088	-443,099,169	4,128,824,919
Equity	891,756,334	127,104,493	1,018,860,827	-266,061,965	752,798,863
Controlling interests	891,756,334	127,104,493	1,018,860,827	-269,462,487	749,398,341
– share capital	211,194,463	122,899,469	334,093,932	-260,392,540	73,701,392
– share premium	112,205,859	1,888,999	114,094,858	-63,790,184	50,304,674
– reserves from profit	476,413,471	11,189,026	487,602,497	-5,768,538	481,833,959
– treasury share reserves	364,680	0	364,680	0	364,680
– treasury shares	0	0	0	-364,680	-364,680
– fair value reserve	-112,483,389	-16,653,641	-129,137,030	-395,421	-129,532,451
– net profit brought forward	141,127,910	9,749,386	150,877,296	75,015,811	225,893,107
– net profit/loss for the year	62,933,340	1,027,098	63,960,438	-13,700,460	50,259,978
– currency translation differences	0	-2,995,844	-2,995,844	-66,475	-3,062,318
Non-controlling interests	0	0	0	3,400,522	3,400,522
Subordinated liabilities	49,522,163	0	49,522,163	0	49,522,163
Insurance technical provisions	2,292,914,917	318,853,342	2,611,768,259	-92,688,663	2,519,079,596
– unearned premiums	334,538,645	110,962,315	445,500,960	-31,211,802	414,289,158
– mathematical provisions	1,260,182,283	96,708,533	1,356,890,816	0	1,356,890,816
– claims provisions	640,408,091	108,559,405	748,967,496	-60,179,310	688,788,186
– other insurance technical provisions	57,785,898	2,623,089	60,408,987	-1,297,551	59,111,436
Insurance technical provisions for unit-linked insurance contracts	557,670,060	23,274,479	580,944,539	0	580,944,539
Employee benefits	14,117,696	3,311,412	17,429,108	0	17,429,108
Other provisions	1,349,054	797,833	2,146,887	0	2,146,887
Deferred tax liabilities	2,007,770	822,968	2,830,738	-2,571,283	259,455
Other financial liabilities	1,615,994	1,034,949	2,650,943	-777,384	1,873,559
Operating liabilities	126,276,645	30,210,788	156,487,433	-62,711,883	93,775,550
– liabilities from direct insurance operations	18,661,600	4,115,327	22,776,927	-1,275,278	21,501,649
– liabilities from reinsurance and co-insurance operations	96,717,362	25,535,658	122,253,020	-61,436,605	60,816,415
– current tax liabilities	10,897,683	559,803	11,457,486	0	11,457,486
Lease liabilities	7,720,133	7,636,461	15,356,594	-4,589,212	10,767,382
Other liabilities	89,664,524	24,262,073	113,926,597	-13,698,779	100,227,817
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

in EUR

Statement of financial position	31 December 2021				
	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	4,209,162,813	519,274,838	4,728,437,651	-354,084,035	4,374,353,616
Intangible assets	87,040,191	20,144,224	107,184,415	0	107,184,415
Property, plant and equipment	70,597,438	38,057,774	108,655,212	0	108,655,212
Deferred tax assets	702,993	224,432	927,425	0	927,425
Investment property	65,830,986	5,256,972	71,087,958	4,023,015	75,110,973
Right of use assets	7,819,804	7,667,766	15,487,570	-4,554,461	10,933,109
Investments in subsidiaries	204,614,572	5,808,207	210,422,779	-210,422,779	0
Investments in associates	36,031,346	0	36,031,346	0	36,031,346
Financial assets	3,267,043,376	292,858,936	3,559,902,312	-2,584,674	3,557,317,638
Financial investments	2,674,514,711	265,770,113	2,940,284,824	-2,584,674	2,937,700,150
– loans and deposits	50,234,018	50,455,193	100,689,211	-2,584,674	98,104,537
– held to maturity	149,195,563	8,365,170	157,560,733	0	157,560,733
– available for sale	1,947,934,174	189,674,908	2,137,609,082	0	2,137,609,082
– recognised at fair value through profit and loss	527,150,956	17,274,842	544,425,798	0	544,425,798
Unit-linked insurance assets	592,528,665	27,088,823	619,617,488	0	619,617,488
Reinsurers' share of technical provisions	201,524,459	53,127,460	254,651,919	-79,812,029	174,839,890
Receivables	205,351,678	67,651,283	273,002,961	-60,626,052	212,376,909
– receivables from direct insurance operations	79,378,490	38,197,411	117,575,901	-720,694	116,855,207
– receivables from reinsurance and coinsurance operations	97,809,626	17,660,657	115,470,283	-48,269,351	67,200,932
– current tax receivables	3,733,579	393,805	4,127,384	0	4,127,384
– other receivables	24,429,983	11,399,410	35,829,393	-11,636,007	24,193,386
Other assets	2,136,932	2,813,148	4,950,080	-107,055	4,843,025
Cash and cash equivalents	56,904,412	25,417,218	82,321,630	0	82,321,630
Non-current assets held for sale	3,564,626	247,418	3,812,044	0	3,812,044
EQUITY AND LIABILITIES	4,209,162,813	519,274,838	4,728,437,651	-354,084,035	4,374,353,616
Equity	1,009,582,130	128,681,158	1,138,263,288	-205,276,419	932,986,869
Controlling interests	1,009,582,130	128,681,158	1,138,263,288	-207,752,064	930,511,224
– share capital	192,180,918	101,218,603	293,399,521	-219,698,129	73,701,392
– share premium	76,212,455	2,019,796	78,232,251	-27,948,504	50,283,747
– reserves from profit	410,086,847	10,776,489	420,863,336	770,623	421,633,959
– treasury share reserves	364,680	0	364,680	0	364,680
– treasury shares	0	0	0	-364,680	-364,680
– fair value reserve	73,779,454	5,074,352	78,853,806	-1,019,528	77,834,278
– net profit brought forward	192,565,348	4,558,089	197,123,437	37,465,557	234,588,994
– net profit/loss for the year	64,392,428	7,958,138	72,350,566	3,089,281	75,439,847
– currency translation differences	0	-2,924,309	-2,924,309	-46,684	-2,970,993
Non-controlling interests	0	0	0	2,475,645	2,475,645
Subordinated liabilities	49,471,831	0	49,471,831	0	49,471,831
Insurance technical provisions	2,354,629,760	301,582,622	2,656,212,382	-79,843,998	2,576,368,384
– unearned premiums	291,969,004	98,411,808	390,380,812	-20,337,087	370,043,725
– mathematical provisions	1,345,183,071	87,430,589	1,432,613,660	0	1,432,613,660
– claims provisions	638,293,195	112,845,103	751,138,298	-56,639,987	694,498,311
– other insurance technical provisions	79,184,490	2,895,122	82,079,612	-2,866,924	79,212,688
Insurance technical provisions for unit-linked insurance contracts	595,544,240	26,759,158	622,303,399	0	622,303,399
Employee benefits	14,696,255	2,975,878	17,672,133	0	17,672,133
Other provisions	1,598,604	913,932	2,512,536	0	2,512,536
Deferred tax liabilities	7,916,794	1,471,976	9,388,770	-11,736	9,377,034
Other financial liabilities	2,873,112	2,834,477	5,707,589	-2,621,942	3,085,647
Operating liabilities	83,749,408	29,253,828	113,003,236	-49,661,578	63,341,658
– liabilities from direct insurance operations	16,753,335	3,880,819	20,634,154	-1,183,597	19,450,557
– liabilities from reinsurance and co-insurance operations	64,585,731	25,133,715	89,719,446	-48,477,981	41,241,465
– current tax liabilities	2,410,342	239,294	2,649,636	0	2,649,636
Lease liabilities	7,976,199	7,979,707	15,955,906	-4,681,100	11,274,806
Other liabilities	81,124,480	16,822,102	97,946,582	-11,987,263	85,959,319
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

in EUR

Income statement	2022			2021		
	SLOVENIA	OTHER	TOTAL	SLOVENIA	OTHER	TOTAL
Net premium income	958,065,989	231,839,626	1,189,905,615	906,255,858	213,590,193	1,119,846,051
– gross written premium	1,190,965,875	288,591,212	1,479,557,087	1,096,280,433	256,695,117	1,352,975,550
– ceded written premium	-209,405,140	-45,581,270	-254,986,410	-180,456,640	-40,493,235	-220,949,875
– change in unearned premium reserve	-23,494,746	-11,170,316	-34,665,062	-9,567,935	-2,611,689	-12,179,624
Income from investments in subsidiaries and associates	1,842,183	0	1,842,183	1,444,054	0	1,444,054
– profit on equity investments accounted for using the equity method	1,842,183	0	1,842,183	1,444,054	0	1,444,054
– other income from investments in subsidiaries and associates	0	0	0	0	0	0
Income from investments	83,766,268	7,790,113	91,556,381	143,978,937	11,360,234	155,339,171
– interest income calculated using the effective interest method	28,235,063	6,166,556	34,401,619	28,027,866	6,253,413	34,281,279
– gains on disposals	37,748,974	26,468	37,775,442	15,883,514	417,826	16,301,340
– other income from investments	17,782,231	1,597,089	19,379,320	100,067,557	4,688,995	104,756,552
Other income from insurance operations	48,877,912	11,057,073	59,934,985	39,799,148	8,995,152	48,794,300
– fees and commission income	41,536,713	7,648,176	49,184,889	32,848,742	6,067,346	38,916,088
– other income from insurance operations	7,341,199	3,408,897	10,750,096	6,950,406	2,927,806	9,878,212
Other income	52,375,306	7,450,823	59,826,129	41,096,092	12,237,968	53,334,060
Net claims incurred	618,904,582	127,827,849	746,732,431	596,436,554	118,592,234	715,028,788
– gross claims settled	695,224,251	137,006,290	832,230,541	612,775,009	123,805,041	736,580,050
– reinsurers' share	-47,780,703	-12,126,977	-59,907,680	-35,058,683	-9,825,777	-44,884,460
– changes in claims provisions	-35,924,204	2,948,536	-32,975,668	11,539,424	4,612,970	16,152,394
– equalisation scheme expenses for supplementary health insurance	7,385,238	0	7,385,238	7,180,804	0	7,180,804
Change in other insurance technical provisions (excluding ULI)	-84,772,001	5,730,222	-79,041,779	-7,719,847	5,606,439	-2,113,408
Change in insurance technical provisions for unit-linked insurance contracts	-40,494,749	-3,293,168	-43,787,917	108,609,475	4,051,874	112,661,349
Expenses for bonuses and discounts	9,151,979	1,646,771	10,798,750	10,490,542	913,601	11,404,143
Operating expenses	212,764,433	89,163,697	301,928,130	185,659,845	81,198,063	266,857,908
– acquisition costs	143,103,607	68,325,681	211,429,288	124,303,436	60,607,734	184,911,170
– other operating costs	69,660,826	20,838,016	90,498,842	61,356,409	20,590,329	81,946,738
Expenses from investments in subsidiaries and associates	0	0	0	145,632	0	145,632
– loss on investments accounted for using the equity method	0	0	0	145,632	0	145,632
– other expenses from financial assets and liabilities	0	0	0	0	0	0
Expenses from investments	195,571,582	6,073,317	201,644,899	30,608,229	1,224,557	31,832,786
– loss on impairment of investments	9,032,989	1,747	9,034,736	0	33,628	33,628
– loss on disposal of investments	50,332,452	9,311	50,341,763	7,101,695	21,044	7,122,739
– other expenses from investments	136,206,141	6,062,259	142,268,400	23,506,534	1,169,885	24,676,419
Other insurance expenses	53,184,760	6,311,823	59,496,583	46,552,182	5,363,758	51,915,940
Other expenses	55,812,390	14,941,576	70,753,966	48,575,954	9,803,699	58,379,653
– expenses from financing	2,336,102	395,125	2,731,227	2,304,423	424,863	2,729,286
– other expenses	53,476,288	14,546,451	68,022,739	46,271,531	9,378,836	55,650,367
Profit before tax	124,804,682	9,735,548	134,540,230	113,215,523	19,429,322	132,644,845
Income tax expense	23,960,861	362,691	24,323,552	18,425,518	1,253,634	19,679,152
NET PROFIT FOR THE PERIOD	100,843,821	9,372,857	110,216,678	94,790,005	18,175,688	112,965,693
Net profit/loss attributable to the controlling company	100,843,821	9,616,157	110,459,978	94,790,005	17,971,809	112,761,814
Net profit/loss attributable to the non-controlling interest holders	0	-243,300	-243,300	0	203,879	203,879

2.9.2 Business segments of Zavarovalnica Triglav

In accordance with the requirements of the Decision on annual reports and quarterly financial statements of insurance undertakings (Official Gazette of the Republic of Slovenia, No. 1/16), the Company's operations are described by specific business segments.

Statement of financial position	31 December 2022			31 December 2021		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,435,563,635	1,496,632,978	2,932,196,613	1,425,009,986	1,704,592,224	3,129,602,210
Intangible assets	63,071,014	7,343,311	70,414,326	58,793,824	8,228,203	67,022,027
Property, plant and equipment	59,340,077	7,944,927	67,285,004	57,022,314	8,120,993	65,143,307
Deferred tax assets	15,415,208	19,251,972	34,667,180	0	0	0
Investment property	43,095,689	281,484	43,377,173	43,019,770	820,285	43,840,055
Right of use assets	3,940,725	0	3,940,725	4,548,298	0	4,548,298
Investments in subsidiaries	166,826,654	18,533,689	185,360,343	120,444,672	11,480,011	131,924,683
Investments in associates	41,951,871	0	41,951,871	41,693,997	0	41,693,997
Financial assets	698,915,782	1,416,890,936	2,115,806,718	841,558,081	1,666,539,870	2,508,097,951
Financial investments	698,915,782	926,272,088	1,625,187,871	841,558,081	1,127,121,898	1,968,679,979
– loans and deposits	22,088,137	9,768,303	31,856,441	25,488,933	7,032,590	32,521,523
– held to maturity	0	227,656,974	227,656,974	0	140,946,233	140,946,233
– available for sale	676,827,645	601,920,312	1,278,747,957	816,048,831	772,341,432	1,588,390,263
– recognised at fair value through profit and loss	0	86,926,499	86,926,499	20,317	206,801,643	206,821,960
Unit-linked insurance assets	0	490,618,848	490,618,848	0	539,417,972	539,417,972
Reinsurers' share of technical provisions	180,101,977	40,963	180,142,940	135,986,397	91,560	136,077,957
Receivables	154,183,507	9,611,595	163,795,102	113,944,682	1,883,002	115,827,684
– receivables from direct insurance operations	98,522,971	216,748	98,739,720	73,285,008	231,566	73,516,574
– receivables from reinsurance and coinsurance operations	37,153,635	2,538	37,156,172	23,516,494	5,846	23,522,340
– current tax receivables	0	0	0	564,166	0	564,166
– other receivables	18,506,901	9,392,309	27,899,210	16,579,014	1,645,590	18,224,604
Other assets	2,352,519	37,471	2,389,990	1,463,755	49,505	1,513,260
Cash and cash equivalents	6,368,612	16,696,630	23,065,241	6,534,196	7,378,795	13,912,991
EQUITY AND LIABILITIES	1,435,563,635	1,496,632,978	2,932,196,613	1,425,009,986	1,704,592,224	3,129,602,210
Equity	543,041,098	9,048,243	552,089,340	577,396,816	97,825,117	675,221,933
– share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
– share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
– reserves from profit	419,248,752	45,513,891	464,762,643	359,048,752	45,513,891	404,562,643
– fair value reserve	-15,140,347	-88,416,509	-103,556,856	52,861,390	3,023,244	55,884,634
– net profit brought forward	3,497,205	0	3,497,205	43,310,026	7,634,805	50,944,831
– net profit for the year	43,749,970	16,522,102	60,272,072	30,491,131	6,224,418	36,715,549
Subordinated liabilities	49,522,163	0	49,522,163	49,471,831	0	49,471,831
Insurance technical provisions	706,537,944	971,210,522	1,677,748,467	696,332,340	1,044,040,846	1,740,373,186
– unearned premiums	275,914,934	386,566	276,301,501	245,629,454	388,396	246,017,850
– mathematical provisions	0	944,548,259	944,548,259	0	1,008,319,155	1,008,319,155
– claims provisions	406,656,449	20,244,749	426,901,198	425,072,536	21,494,719	446,567,255
– other insurance technical provisions	23,966,561	6,030,948	29,997,509	25,630,350	13,838,576	39,468,926
Insurance technical provisions for unit-linked insurance contracts	0	495,682,803	495,682,803	0	540,135,052	540,135,052
Employee benefits	10,301,838	2,079,636	12,381,473	10,763,216	2,079,089	12,842,305
Other provisions	154,638	0	154,638	342,266	16,714	358,980
Deferred tax liabilities	0	0	0	973,178	3,239,555	4,212,733
Other financial liabilities	22,640	0	22,640	1,690,586	0	1,690,586
Operating liabilities	61,220,200	6,240,352	67,460,551	28,724,774	6,136,780	34,861,554
– liabilities from direct insurance operations	5,317,350	6,230,328	11,547,677	4,053,234	6,129,711	10,182,945
– liabilities from reinsurance and co-insurance operations	46,205,379	10,024	46,215,403	24,671,540	7,069	24,678,609
– current tax liabilities	9,697,471	0	9,697,471	0	0	0
Lease liabilities	4,054,668	0	4,054,668	4,643,844	0	4,643,844
Other liabilities	60,708,446	12,371,422	73,079,868	54,671,134	11,119,071	65,790,206

All items disclosed in the statement of financial position by business segment are not offset.

The amount of the balance sheet total after offsetting is shown below.

	31 December 2022	31 December 2021
Balance sheet total (without offsetting)	2,932,196,613	3,129,602,210
Mutual receivables and liabilities	-11,730,131	-10,658,116
Deferred tax assets and liabilities	0	0
Offset balance	2,920,466,482	3,118,944,094

in EUR

Income statement	2022			2021		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Net premium income	429,820,611	197,854,778	627,675,389	411,222,504	187,532,496	598,755,000
– gross written premium	670,083,437	198,780,186	868,863,623	606,009,493	188,340,610	794,350,103
– ceded written premium	-222,050,006	-927,008	-222,977,014	-187,144,606	-825,143	-187,969,749
– change in unearned premium reserve	-18,212,820	1,600	-18,211,220	-7,642,383	17,029	-7,625,354
Income from investments in subsidiaries and associates	29,175,149	3,712,193	32,887,342	8,179,885	0	8,179,885
– profit on equity investments accounted for using the equity method	0	0	0	0	0	0
– other income from investments in subsidiaries and associates	29,175,149	3,712,193	32,887,342	8,179,885	0	8,179,885
Income from investments	30,842,470	33,852,123	64,694,593	14,196,067	101,416,831	115,612,898
– interest income calculated using the effective interest method	4,210,389	15,410,533	19,620,922	4,517,587	15,168,297	19,685,884
– gains on disposals	21,408,415	12,917,050	34,325,465	5,599,009	9,289,495	14,888,504
– other income from investments	5,223,666	5,524,540	10,748,206	4,079,471	76,959,039	81,038,510
Other income from insurance operations	52,871,824	5,664,466	58,536,290	40,177,409	5,209,624	45,387,033
– fees and commission income	45,240,980	5,663,746	50,904,726	32,989,482	5,206,895	38,196,377
– other income from insurance operations	7,630,844	720	7,631,564	7,187,927	2,729	7,190,656
Other income	10,249,268	787,069	11,036,337	7,933,559	892,287	8,825,846
Net claims incurred	193,719,737	152,687,532	346,407,269	207,492,094	157,645,131	365,137,225
– gross claims settled	298,242,176	154,213,675	452,455,851	252,725,831	156,142,551	408,868,382
– reinsurers' share	-49,612,866	-326,541	-49,939,407	-35,569,203	-249,755	-35,818,958
– changes in claims provisions	-54,909,573	-1,199,602	-56,109,175	-9,664,534	1,752,335	-7,912,199
Change in other insurance technical provisions (excluding ULI)	610,277	-57,326,876	-56,716,599	-161,262	-13,827,965	-13,989,227
Change in insurance technical provisions for unit-linked insurance contracts	0	-47,072,818	-47,072,818	0	91,860,583	91,860,583
Expenses for bonuses and discounts	9,167,812	0	9,167,812	10,490,736	0	10,490,736
Operating expenses	154,279,681	39,984,903	194,264,584	134,499,756	35,835,110	170,334,866
– acquisition costs	114,854,039	27,714,966	142,569,005	98,861,653	25,406,907	124,268,560
– other operating costs	39,425,642	12,269,937	51,695,579	35,638,103	10,428,203	46,066,306
Expenses from investments in subsidiaries and associates	3,056,317	946,158	4,002,475	1,087,047	0	1,087,047
– loss on investments accounted for using the equity method	0	0	0	0	0	0
– other expenses from financial assets and liabilities	3,056,317	946,158	4,002,475	1,087,047	0	1,087,047
Expenses from investments	19,965,522	129,467,583	149,433,105	5,475,499	12,891,188	18,366,687
– loss on impairment of investments	2,927,051	3,506,390	6,433,441	0	0	0
– loss on disposal of investments	11,919,826	34,606,858	46,526,684	1,691,092	5,178,925	6,870,017
– other expenses from investments	5,118,645	91,354,335	96,472,980	3,784,407	7,712,263	11,496,670
Other insurance expenses	27,049,929	860,439	27,910,368	24,354,804	943,693	25,298,497
Other expenses	23,993,453	3,082,438	27,075,891	19,932,095	2,553,542	22,485,637
– expenses from financing	2,286,174	3,386	2,289,560	2,276,328	1,564	2,277,892
– other expenses	21,707,279	3,079,052	24,786,331	17,655,767	2,551,978	20,207,745
Profit before tax	121,116,594	19,241,270	140,357,864	78,538,655	7,149,956	85,688,611
Income tax expense	17,166,624	2,719,167	19,885,791	11,347,522	925,540	12,273,062
NET PROFIT FOR THE PERIOD	103,949,970	16,522,103	120,472,073	67,191,131	6,224,418	73,415,549

in EUR

Comprehensive income by business segments	2022			2021		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Net profit for the year after tax	103,949,970	16,522,103	120,472,073	67,191,131	6,224,418	73,415,549
Other comprehensive income after tax	-68,051,744	-91,432,871	-159,484,615	3,437,170	-6,984,207	-3,547,037
Items which will not be transferred in P&L in future periods	1,040,035	205,702	1,245,737	138,303	26,408	164,711
Actuarial gains and losses related to post-employment benefits on retirement	1,040,035	205,702	1,245,737	138,303	26,408	164,711
Tax on items which will not be transferred in P&L	0	0	0	0	0	0
Items which could be transferred into P&L in future periods	-69,091,779	-91,638,573	-160,730,352	3,298,867	-7,010,615	-3,711,748
Fair value gains/losses on available-for-sale financial assets	-85,298,492	-125,105,429	-210,403,921	4,072,638	-36,752,119	-32,679,481
– net gains/losses recognized directly in fair value reserve	-60,034,737	-111,585,788	-171,620,525	12,380,157	-25,942,976	-13,562,819
– transfers from fair value reserve to income statement	-25,263,755	-13,519,641	-38,783,396	-8,307,519	-10,809,143	-19,116,662
Liabilities from insurance contracts with DPF	0	11,541,802	11,541,802	0	23,304,304	23,304,304
Tax on other comprehensive income	16,206,713	21,925,054	38,131,767	-773,771	6,437,200	5,663,429
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	35,898,226	-74,910,768	-39,012,542	70,628,301	-759,789	69,868,512

2.9.3 Additional disclosures of the Triglav Group and Zavarovalnica Triglav

Depreciation and amortisation expenses by business segment are disclosed under operating expenses in Section [4.12](#).

The values of purchased intangible assets, property, plant and equipment and investment property by business segment are shown in the table below:

Triglav Group 2022	in EUR				
	Non-life	Life	Health	Non- insurance	TOTAL
Investments in intangible assets	7,704,512	2,582,858	34,056	2,311,108	12,632,534
Investments in property, plant and equipment	8,735,825	213,605	241,778	929,961	10,121,169
Investments in investment property	1,152,492	0	0	1,434,136	2,586,628

Triglav Group 2021	in EUR				
	Non-life	Life	Health	Non- insurance	TOTAL
Investments in intangible assets	10,868,526	5,492,221	51,503	689,454	17,101,703
Investments in property, plant and equipment	4,383,310	222,963	463,851	543,795	5,613,921
Investments in investment property	633,222	10,258	0	942,371	1,585,851

The highest exposure of Triglav Group to individual financial institutions is:

- in non-life insurance, exposure to Kreditanstalt für Wiederaufbau of EUR 61,579,803
- in life insurance, exposure to Kreditanstalt für Wiederaufbau of EUR 35,699,523
- in health insurance, exposure to Kreditanstalt für Wiederaufbau of EUR 8,525,985
- in non-insurance, exposure to Nova KBM, d.d. of EUR 7,498,494.

Zavarovalnica Triglav 2022	Non-life	Life	TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	6,566,488	2,545,370	9,111,858
Investments in property, plant and equipment	6,811,231	45,135	6,856,366
Investments in investment property	1,152,492	0	1,152,492
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-12,252,817	-3,630,570	-15,883,387
Depreciation of right of use assets	-1,004,900	-209,032	-1,213,932
Expenses from the impairment of premium and subrogation receivables	-8,626,544	-2,855	-8,629,399
Income from reversal of impairment of receivables	8,231,348	0	8,231,348
Expenses from impairment of investment property	0	0	0
Expenses from impairment of other receivables	-71,268	0	-71,268
Income from reversal of impairment of other receivables	69,128	7,106	76,234

Zavarovalnica Triglav 2021	Non-life	Life	TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	10,012,022	5,434,848	15,446,870
Investments in property, plant and equipment	2,424,416	148,325	2,572,740
Investments in investment property	631,433	10,258	641,690
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-10,567,162	-2,572,023	-13,139,185
Depreciation of right of use assets	-967,958	-218,634	-1,186,592
Expenses from the impairment of premium and subrogation receivables	-9,712,692	-3,818	-9,716,510
Income from reversal of impairment of receivables	8,610,007	0	8,610,007
Expenses from impairment of investment property	0	0	0
Expenses from impairment of other receivables	-62,736	0	-62,736
Income from reversal of impairment of other receivables	44,413	0	44,413

Maximum individual exposure of Zavarovalnica Triglav to financial institutions is:

- for non-life insurance: Kreditanstalt für Wiederaufbau: EUR 43,054,693 and
- for life insurance: SID-Slovenska izvozna in razvojna banka, d.d., Ljubljana: EUR 15,217,612.

2.10 The impact of new or amended standards on the preparation of financial statements

The accounting policies used in the preparation of the consolidated and separate financial statements are consistent with those of the consolidated and separate financial statements of Zavarovalnica Triglav for the financial year ended 31 December 2021, except for the new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2022, which are presented below.

Amendments to existing standards effective for the current reporting period

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

Amendments to IAS 16 Property, Plant and Equipment

Amendments refer to proceeds before intended use are effective for annual periods beginning on or after 1 January 2022.

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Amendments refer to the cost of fulfilling and are effective for annual periods beginning on or after 1 January 2022.

Amendments specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that directly relate to the contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling the contract.

Amendments to IFRS 3 Business Combinations

Amendments are effective for annual periods beginning on or after 1 January 2022 and relate to the reference to the conceptual framework with amendment to IFRS 3.

These amendments:

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to various standards due to Improvements to IFRSs (the 2018–2020 cycle)

Amendments result from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying the wording, which were adopted by the EU on 28 June 2021. Amendments to IFRS 1, IFRS 9 and IFRS 41 are effective for annual periods beginning on or after 1 January 2022. Amendments to IFRS 16 relate only to the illustrative example, so no effective date is stated.

These amendments:

- clarify that a subsidiary that applies paragraph D16(a) of IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs (IFRS 1);
- clarify which fees an entity includes when it applies the "10 per cent" test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf (IFRS 9);
- remove from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example (Illustrative Example 13 accompanying IFRS 16); and
- remove the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IFRS 41).

The impact of amendments to existing standards on the Company's and the Group's financial statements
The adopted amendments did not have any impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

Adopted standards and amendments to existing standards which will become effective at a later date, not applied by the Company and the Group in their financial statements

At the date of authorisation of these financial statements, the following amendments to existing standards were issued by the IASB and adopted by the EU but which are not yet effective:

New IFRS 17 Insurance Contracts

Amendments to IFRS 17 Insurance Contracts issued by the IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, amendments introduce simplifications and clarifications of some requirements in the standard and provide additional reliefs in the first-time application of IFRS 17.

The new standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts and related interpretations while applied.

In parallel with the new IFRS 17, IFRS 9 will apply to insurance companies that have opted for the temporary exemption from the application of said standard. The application of IFRS 17 and IFRS 9 will have a significant impact on the interim and annual consolidated and separate financial statements of Zavarovalnica Triglav for periods beginning on or after 1 January 2023. The assessed impact of the transition is presented in more detail in sections [5.1](#) and [5.2](#).

Amendments to IAS 1 Presentation of Financial Statements

Amendments to the standard refer to the disclosure of accounting policies and are effective for annual periods beginning on or after 1 January 2023.

Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to the standard refer to the definition of accounting estimates and are effective for annual periods beginning on or after 1 January 2023. Amendments focus on accounting estimates and provide guidance on how to distinguish between accounting policies and accounting estimates.

Amendments to IAS 12 Income Taxes

Amendments address deferred tax related to assets and liabilities arising from a single transaction and are effective for annual periods beginning on or after 1 January 2023. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

The impact of new standards and amendments to existing standards that will be effective at a later date on the Company's and the Group's financial statements

With the exception of the implementation of IFRS 17 and IFRS 9, it is estimated that the adopted amendments to the standards will not have a significant impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU

Presently, IFRSs as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to existing standards.

Amendments to IAS 1 Presentation of Financial Statements

Amendments are effective for annual periods beginning on or after 1 January 2023 and relate to the classification of liabilities as current or non-current.

Amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by the IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements

Amendments are effective for annual periods beginning on or after 1 January 2024 and relate to non-current liabilities with covenants.

The amendments clarify how the conditions that the entity must fulfil within twelve months after the reporting period affect the classification of liabilities.

Amendments to IFRS 16 Leases

Amendments refer to the lease liability in a sale and leaseback transaction and are effective for annual periods beginning on or after 1 January 2024.

The amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Amendments to IFRS 14 Regulatory Deferral Accounts

Amendments are effective for annual periods beginning on or after 1 January 2016. However, the European Commission has decided not to begin the process of endorsing this interim standard until its final version has been issued.

The objective of the standard is to enable an entity that is a first-time adopter of IFRS to continue to account for regulatory deferral account balances in accordance with its previous GAAP when it adopts IFRS.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

Amendments deal with the sale and contribution of assets between an investor and its associate or joint venture, and further amendments. The effective date is deferred indefinitely until the research project on the equity method has been concluded.

The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The impact of new standards and amendments to existing standards not yet adopted by the EU on the Company's and the Group's financial statements

The management anticipates that the adoption of these new standards and amendments to existing standards will have no material impact on the Company's separate and consolidated financial statements in the period of initial application.

Notes on temporary exemption from applying IFRS 9

In 2022, the Company continued to apply the temporary exemption from the application of IFRS 9. Due to the adoption of the new standard that addresses insurance contracts, IFRS 17, the standard may be applied from 1 January 2023. The deferral condition is that the carrying amount of liabilities arising from the insurance business is at least 90% of total carrying amount of liabilities. The fulfilment of the conditions was verified as at 31 December 2015. The calculation is shown in the table below. There have been no changes since 31 December 2015 that would significantly impact the fulfilment of the conditions.

		in EUR	
		Triglav Group	Zavarovalnica Triglav
		31 December 2015	31 December 2015
Insurance technical provisions		2,600,442,123	2,053,864,286
Total liabilities		2,789,412,299	2,154,872,319
Ratio of insurance liabilities to total liabilities		93%	95%

The table below presents an analysis of the fair value of financial assets at the end of the reporting period and the corresponding change in fair value during the reporting period. Financial assets are broken down into assets whose contractual cash flows are solely payments of principal and interest (SPPI) on the principal amounts outstanding, excluding any financial assets held for trading, and all other financial assets.

Triglav Group	in EUR			
	Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding		Other financial assets	
	Fair value 1 January 2022	Fair value 31 December 2022	Fair value 1 January 2022	Fair value 31 December 2022
Debt securities	2,504,048,741	2,178,943,983	42,751,390	37,038,153
Equity securities	0	0	360,707,903	265,998,629
Derivatives	0	0	20,317	0
Loans and deposits	74,170,926	99,825,103	0	0
Cash and cash equivalents	82,321,630	98,461,452	0	0
Total	2,660,541,297	2,377,230,538	403,479,609	303,036,782

Zavarovalnica Triglav	in EUR			
	Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding		Other financial assets	
	Fair value 1 January 2022	Fair value 31 December 2022	Fair value 1 January 2022	Fair value 31 December 2022
Debt securities	1,743,950,017	1,422,119,467	25,504,977	23,833,305
Equity securities	0	0	204,009,208	151,148,306
Derivatives	0	0	20,317	0
Loans and deposits	24,470,029	23,321,503	3,278,362	3,264,537
Cash and cash equivalents	13,912,991	23,065,241	0	0
Total	1,782,333,038	1,468,506,211	232,812,864	178,246,148

The table below shows the fair value of assets as at 31 December 2022 whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding by credit risk rating grades.

Triglav Group	in EUR					
	Unrated	AAA	AA/A	BBB	BB/B	Total
Debt securities	37,101,404	481,771,294	792,619,023	696,480,513	170,971,749	2,178,943,983
Loans and deposits	95,437,149	0	0	775,123	3,612,830	99,825,103
Cash and cash equivalents	45,665,576	0	4,635	29,125,119	23,667,786	98,463,116
Total	178,204,129	481,771,294	792,623,658	726,380,755	198,252,365	2,377,232,202

Zavarovalnica Triglav	in EUR					
	Unrated	AAA	AA/A	BBB	BB/B	Total
Debt securities	15,983,926	336,338,881	601,466,910	417,861,002	50,468,748	1,422,119,467
Loans and deposits	23,321,503	0	0	0	0	23,321,503
Cash and cash equivalents	503,061	0	4,635	19,146,567	3,410,977	23,065,241
Total	39,808,491	336,338,881	601,471,545	437,007,569	53,879,725	1,468,506,211

The table below shows the fair value and carrying amount of assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding and for which the Group determined that their credit risk was not low. The carrying amount is measured in accordance with IAS 39 prior to any impairment adjustment of assets measured at amortised cost.

Skupina Triglav	in EUR	
	Fair value	Carrying amount
Debt securities	208,073,153	208,047,476
Loans and deposits	99,049,979	100,698,363
Cash and cash equivalents	69,333,362	69,333,362
Total	376,456,494	378,079,201

Zavarovalnica Triglav	in EUR	
	Fair value	Carrying amount
Debt securities	66,452,674	66,452,674
Loans and deposits	23,321,503	23,946,271
Cash and cash equivalents	3,914,039	3,914,039
Total	93,688,216	94,312,984

3. Notes to the statement of financial position

3.1 Intangible assets

Triglav Group	Goodwill	Deferred acquisition cost	Long-term deferred items	Licences and software	Intangible assets in course of acquisition	Total
COST						
As at 1 January 2021						
– transfer in use	0	0	0	2,400,471	-2,400,471	0
– purchases	0	0	0	14,390,973	2,710,730	17,101,703
– disposals	0	0	0	-1,705,072	0	-1,705,072
– decrease (net value)	0	422,546	-1,293,306	0	0	-870,760
– other changes	0	0	0	2,200,000	0	2,200,000
– exchange rate difference	0	26,445	0	29,139	192	55,776
As at 31 December 2021	10,413,312	53,104,963	302,282	109,221,003	3,568,032	176,609,593
– transfer in use	0	0	0	2,361,862	-2,361,862	0
– purchases	0	0	0	6,550,771	6,081,763	12,632,534
– disposals	0	0	0	-3,369,436	0	-3,369,436
– decrease (net value)	0	5,588,379	-143,861	0	0	5,444,518
– exchange rate difference	0	-3,244	0	-13,845	-288	-17,377
As at 31 December 2022	10,413,312	58,690,098	158,421	114,750,355	7,287,645	191,299,831
ACCUMULATED AMORTISATION						
As at 1 January 2021						
– current year amortisation	0	0	0	-58,852,464	0	-58,852,464
– disposals	0	0	0	-10,018,359	0	-10,018,359
– other changes	0	0	0	1,669,635	0	1,669,635
– exchange rate difference	0	0	0	-2,200,000	0	-2,200,000
As at 31 December 2021	0	0	0	-69,425,175	0	-69,425,175
– current year amortisation	0	0	0	-12,790,825	0	-12,790,825
– disposals	0	0	0	3,365,322	0	3,365,322
– exchange rate difference	0	0	0	10,596	0	10,596
As at 31 December 2022	0	0	0	-78,840,082	0	-78,840,082
CARRYING AMOUNT						
As at 31 December 2021	10,413,312	53,104,963	302,282	39,795,828	3,568,032	107,184,417
As at 31 December 2022	10,413,312	58,690,098	158,421	35,910,273	7,287,645	112,459,749

Goodwill

Goodwill arises from the merger of Alta Skladi, d.d., to Triglav Skladi, družba za upravljanje, d.o.o. in 2019.

In verifying the value of goodwill as at 31 December 2022, the recoverable amount of the cash-generating unit, i.e. Alta Skladi, was assessed. The recoverable amount was calculated using the discounted net cash flow method, taking into account estimated net cash flows for 2023–2028 and a discount rate of 12.85% (2021: 11.99%).

The calculated recoverable amount of goodwill exceeds its carrying amount, therefore no impairment of goodwill is required.

Other intangible assets

The Group has no intangible assets pledged as collateral for liabilities.

The Group also has no financial liabilities related to the purchase of intangible assets. Intangible assets owned by the Group were not obtained with state support.

The amortisation rate used for software is 20%, and for other material rights it ranges between 1% and 20%. Amortisation rates did not change in 2022. The cost of amortisation of intangible assets is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section 4.12.

As at 31 December 2022, the Group also discloses deferred acquisition costs under intangible assets. A change in deferred acquisition costs is recognised as a change in unearned premium as presented in Section 4.1.

Gains and losses on disposals of intangible assets and impairment expenses are disclosed in the income statement under the item “other income” or “other expenses”.

The Group has no intangible assets that are individually significant for the consolidated financial statements.

In 2022, the Group assessed the existence of possible signs of impairment of other intangible assets. No signs of impairment were identified.

Zavarovalnica Triglav	Deferred acquisition costs	Long-term deferred items	Licenses and software	Intangible assets in course of acquisition	Total
COST					
As at 1 January 2021					
– transfer in use	0	0	1,908,177	-1,908,177	0
– purchases	0	0	13,930,534	1,516,337	15,446,870
– disposal	0	0	-365,304	0	-365,304
– decrease (net value)	-2,753,006	-1,075,021	0	0	-3,828,027
As at 31 December 2021	35,045,849	302,283	74,148,609	2,961,525	112,458,267
– transfer in use	0	0	1,434,479	-1,434,479	0
– purchases	0	0	5,901,323	3,210,534	9,111,858
– disposal	0	0	-1,855,146	0	-1,855,146
– decrease (net value)	4,450,567	-143,861	0	0	4,306,706
As at 31 December 2022	39,496,416	158,422	79,629,265	4,737,580	124,021,683
ACCUMULATED AMORTISATION					
As at 1 January 2021	0	0	-38,807,148	0	-38,807,148
– amortisation	0	0	-6,986,368	0	-6,986,368
– disposal	0	0	357,276	0	357,276
As at 31 December 2021	0	0	-45,436,240	0	-45,436,240
– amortisation	0	0	-10,026,264	0	-10,026,264
– disposal	0	0	1,855,146	0	1,855,146
As at 31 December 2022	0	0	-53,607,358	0	-53,607,358
CARRYING AMOUNT					
As at 31 December 2021	35,045,849	302,283	28,712,369	2,961,525	67,022,026
As at 31 December 2022	39,496,416	158,422	26,021,907	4,737,580	70,414,326

The Company has no intangible assets pledged as collateral for liabilities.

The Company also has no financial liabilities related to the purchase of intangible assets. Trade payables related to the purchase of intangible assets as at 31 December 2022 amount to EUR 2,274,244 (31 December 2021: EUR 8,255,490). Intangible assets owned by the Company were not obtained with state support.

The amortisation rate used for software is 20%, and for other material rights it ranges between 1% and 20%. Amortisation rates did not change in 2022. The cost of amortisation for the year is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

As at 31 December 2022, the Company also discloses deferred acquisition costs under intangible assets. A change in deferred acquisition costs is recognised as a change in unearned premium as presented in Section [4.1](#).

Gains and losses on disposal of intangible assets are disclosed in the income statement under the item "other income" or "other expenses".

The Company has no intangible assets that are individually significant for the financial statements.

Cost of fully depreciated property, plant and equipment still in use represents 19.46% of total cost of property, plant and equipment used by the Company (31 December 2021: 14.46%). In 2022, the Company assessed the existence of possible signs of impairment of other intangible assets. No signs of impairment were identified.

3.2 Property, plant and equipment

Triglav Group	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2021					
- transfer in use	356	1,072,533	878,613	-1,951,502	0
- purchases	17,810	601,893	3,398,405	1,595,813	5,613,921
- disposals	0	-950,733	-4,019,548	-477,221	-5,447,502
- transfer to investment property	0	-1,099,725	0	0	-1,099,725
- impairment	0	0	-50,813	0	-50,813
- exchange rate differences	21,261	83,687	25,627	261	130,836
As at 31 December 2021	11,480,627	129,320,870	67,224,746	2,790,997	210,777,812
- transfer in use	0	546,941	1,110,761	-1,657,702	0
- purchases	0	535,297	8,148,282	1,437,590	10,121,169
- disposals	-33,621	-796,202	-7,313,981	0	-8,143,804
- transfer to investment property	0	-817,293	0	0	-817,293
- transfer from investment property	0	810,984	0	0	810,984
- impairment	0	-767	-96,867	0	-97,634
- transfer to non-current assets	0	-3,082,889	0	0	-3,082,889
- exchange rate differences	-12,267	-40,727	-12,386	-143	-65,523
As at 31 December 2022	11,434,739	126,183,868	69,292,840	1,738,094	208,649,541
ACCUMULATED DEPRECIATION					
As at 1 January 2021					
- depreciation for the current year	0	-2,490,231	-6,135,989	0	-8,626,220
- disposals	0	395,142	4,105,071	0	4,500,213
- transfer to investment property	0	334,888	2,634	0	337,522
- impairment	0	0	50,092	0	50,092
- exchange rate differences	0	-24,243	-19,907	0	-44,150
As at 31 December 2021	0	-44,931,683	-56,337,636	0	-101,269,319
- depreciation for the current year	0	-2,538,175	-5,940,073	0	-8,478,248
- disposals	0	277,580	7,042,755	0	7,320,335
- transfer to investment property	0	356,634	89,129	0	445,763
- transfer from investment property	0	-320,507	0	0	-320,507
- impairment	0	441	95,957	0	96,398
- transfer to non-current assets	0	1,531,109	0	0	1,531,109
- exchange rate differences	0	13,538	9,860	0	23,398
As at 31 December 2022	0	-45,611,063	-55,040,008	0	-100,651,071
CARRYING AMOUNT					
As at 31 December 2021	11,480,627	84,096,841	11,119,395	1,958,349	108,655,212
As at 31 December 2022	11,434,739	80,572,805	14,252,832	1,738,094	107,998,468

The Group has no property, plant and equipment pledged as collateral for liabilities. The Group also has no financial liabilities related to the purchase of property, plant and equipment.

The depreciation rates used for buildings range between 1.5% and 5%, the depreciation rate for computer equipment was 50% and for other equipment it ranged between 6.7% and 25%. Amortisation rates did not change in 2022. The cost of depreciation of property, plant and equipment is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

Gains and losses on disposals of property, plant and equipment and impairment expenses of these assets are disclosed in the income statement under the item "other income" or "other expenses".

In 2022, the Group assessed the existence of possible signs of impairment of land, buildings and equipment. No signs of impairment were identified.

The fair value of the Group's property, plant and equipment exceeds their carrying amount and is presented in more detail in Section [5.3](#).

The fair value of real property was determined based on valuations performed as at 30 September 2022 by an external certified real estate valuer in accordance with the guidelines described in Section [2.5.13](#).

When preparing the financial statements as at 31 December 2022, the management performed a re-assessment and concluded that there were no changes between the valuation date and the reporting date that would significantly affect the fair value of real property. For the purposes of real property valuation, the suitability of using all valuation methods provided by the International Valuation Standards was checked. Considering the results of the real property market analysis as well as taking into consideration the purpose of valuation and the characteristics of specific valued real property, the following were used in valuation:

- the market approach (the comparable transaction method),
- the income approach (the income capitalisation approach) and
- the land residual method.

In the comparable transaction method, fair value was estimated based on market data derived from comparable transactions with similar real property.

When using the income capitalisation method, the fair value of Slovenian real property was estimated using a discount rate ranging between 7.50% and 9.25% for commercial buildings.

Residential buildings were valued using the comparable sales method due to sufficient market evidence in local markets. The following assumptions were taken into account in the calculation of the capitalisation rate:

- the 0.53% risk-free rate of return in real terms, taking into account the yield on a 10-year Slovenian government bond of 3.24% and the annual price growth rate of 2.7%;
- the real estate risk premium of 5.0–7.0%;
- the capital retention premium of 1.42% (in the case of an estimated age of office property of 70 years).

When using the income capitalisation method, the fair value of real property abroad was estimated using a discount rate ranging between 7.8% and 13.4%. The following assumptions were taken into account in the calculation of the capitalisation rate:

- the risk-free rate of return of 5.6–11.2%, taking into account the yield on a 10-year German government bond, the country risk premium and the current and projected inflation rate for the country in which real property is located;
- the real estate risk premium of 6.0%;
- the capital retention premium of 1.67% (in the case of an estimated age of office property of 60 years).

Zavarovalnica Triglav	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2021	5,857,377	82,130,823	41,492,315	700,529	130,181,047
– transfer in use	356	1,051,365	180,956	-1,232,677	0
– purchases	17,810	73,634	1,718,145	763,152	2,572,740
– disposal	0	-1,335	-2,688,127	0	-2,689,461
As at 31 December 2021	5,875,545	83,254,487	40,703,289	231,004	130,064,326
– transfer in use	0	381,851	177,896	-559,747	0
– purchases	0	51,230	6,260,448	544,688	6,856,366
– disposal	0	-392,118	-5,639,803	0	-6,031,921
– transfer from investment property	0	810,984	0	0	810,984
As at 31 December 2022	5,875,545	84,106,434	41,501,830	215,946	131,699,755
ACCUMULATED DEPRECIATION					
As at 1 January 2021	0	-28,792,850	-33,612,742	0	-62,405,592
– depreciation for the current year	0	-1,408,848	-3,776,720	0	-5,185,568
– disposal	0	362	2,669,782	0	2,670,145
As at 31 December 2021	0	-30,201,336	-34,719,680	0	-64,921,016
– depreciation for the current year	0	-1,417,798	-3,472,525	0	-4,890,323
– disposal	0	116,625	5,600,473	0	5,717,098
– transfer from investment property	0	-320,507	0	0	-320,507
As at 31 December 2022	0	-31,823,016	-32,591,732	0	-64,414,748
CARRYING AMOUNT					
As at 31 December 2021	5,875,545	53,053,151	5,983,609	231,004	65,143,310
As at 31 December 2022	5,875,545	52,283,418	8,910,098	215,946	67,285,004

The Company has no property, plant and equipment pledged as collateral for liabilities. The Company also has no financial liabilities related to the purchase of property, plant and equipment. As at 31 December 2022, trade payables for property, plant and equipment amounted to EUR 2,886,007 (31 December 2021: EUR 1,141,961).

The depreciation rates used for buildings range between 1.5% and 5%, the depreciation rate for computer equipment was 50% and for other equipment it ranged between 6.7% and 25%. Amortisation rates did not change in 2022. The cost of amortisation for the year is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

Gains and losses on disposals of property, plant and equipment and impairment expenses of these assets are disclosed in the income statement under the item “other income” or “other expenses”.

Cost of fully depreciated assets still in use represents 19.95% of total cost of all assets used (31 December 2021: 19.12%).

In 2022, the Company assessed the existence of possible signs of impairment of land, buildings and equipment. No signs of impairment were identified.

The fair value of the Company’s property, plant and equipment exceeds their carrying amount and is presented in more detail in Section [5.3](#).

The fair value of real property was determined in the same way as for the Group.

3.3 Investment property

Triglav Group	Land	Buildings	IP in course of acquisition	Total
COST				
As at 1 January 2021				
– transfer in use	0	1,179,054	-1,179,054	0
– purchases	0	23,739	1,562,112	1,585,851
– disposals	-352,328	-1,862,808	0	-2,215,136
– transfer from property, plant and equipment	0	1,099,725	0	1,099,725
– transfer to non-current assets	-2,631,840	-513,428	0	-3,145,268
– impairment	-2,130	-10,176	0	-12,306
– exchange rate difference	458	1,733	0	2,191
As at 31 December 2021	14,848,185	67,418,101	13,905,040	96,171,326
– transfer in use	0	3,347,280	-3,347,280	0
– purchases	0	1,016,944	1,569,684	2,586,628
– disposals	-2,877,976	-1,179,333	-152,144	-4,209,453
– transfer from property, plant and equipment	0	817,294	0	817,294
– transfer to property, plant and equipment	0	-810,984	0	-810,984
– transfer to non-current assets	-4,023,015	0	0	-4,023,015
– exchange rate difference	-206	0	0	-206
As at 31 December 2022	7,946,988	70,609,302	11,975,300	90,531,590
ACCUMULATED DEPRECIATION				
As at 1 January 2021				
– depreciation for the current year	0	-1,335,886	0	-1,335,886
– disposals	0	500,169	0	500,169
– transfer from property, plant and equipment	0	-337,522	0	-337,522
– impairment	0	-7,966	0	-7,966
– exchange rate difference	0	-670	0	-670
As at 31 December 2021	0	-21,060,349	0	-21,060,349
– depreciation for the current year	0	-1,430,563	0	-1,430,563
– disposals	0	379,509	0	379,509
– transfer from property, plant and equipment	0	-356,634	0	-356,634
– transfer to property, plant and equipment	0	320,507	0	320,507
– impairment	0	-6,617	0	-6,617
– exchange rate difference	0	54	0	54
As at 31 December 2022	0	-22,154,093	0	-22,154,093
CARRYING AMOUNT				
As at 31 December 2021	14,848,185	46,357,752	13,905,040	75,110,977
As at 31 December 2022	7,946,988	48,455,209	11,975,300	68,377,495

The Group leases (operational lease) its investment properties, i.e. individual business premises. All operating leases can be cancelled and are concluded for an initial term of one to ten years or for indefinite period. Leases do not include contingent rents (variable lease payments).

All income from investment property relates exclusively to leases or other associated costs and is disclosed in the income statement under "other income". Expenses from investment property relate to amortisation and maintenance costs of investment property and are disclosed in the income statement under "other expenses".

The Group has no investment property pledged as collateral for liabilities. The Group also has no financial liabilities related to the purchase of investment property.

The amortisation rates used for investment property range between 1.5% and 5%. Amortisation rates did not change in 2022. The cost of depreciation of property, plant and equipment is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

Gains and losses on disposals of investment property and impairment expenses of these assets are disclosed in the income statement under the item "other income" or "other expenses".

In 2022, the Group assessed the existence of possible signs of impairment of investment property. No signs of impairment were identified.

The fair value of the Group's investment property exceeds its carrying amount and is presented in more detail in Section [5.3](#).

The fair value of real property was determined based on valuations performed as at 30 September 2022 by an external certified real estate valuer in accordance with the guidelines described in Section [2.5.13](#). When preparing the financial statements as at 31 December 2022, the management performed a re-assessment and concluded that there were no changes between the valuation date and the reporting date that would significantly affect the fair value of real property. For the purposes of real property valuation, the suitability of using all valuation methods provided by the International Valuation Standards was checked. Considering the results of the real property market analysis as well as taking into consideration the purpose of valuation and the characteristics of specific valued real property, the following were used in valuation:

- the market approach (the comparable transaction method),
- the income approach (the income capitalisation approach) and
- the land residual method.

In the comparable transaction method, fair value was estimated based on market data derived from comparable transactions with similar real property.

When using the income capitalisation method, the fair value of Slovenian real property was estimated using a discount rate ranging between 7.50% and 9.25% for commercial buildings and between 3.75% and 5.75% for residential buildings. Residential buildings were valued using the comparable sales method due to sufficient market evidence in local markets. The following assumptions were taken into account in the calculation of the capitalisation rate:

- the 0.53% risk-free rate of return in real terms, taking into account the yield on a 10-year Slovenian government bond of 3.24% and the annual price growth rate of 2.7%;
- the real estate risk premium of 5.0–7.0%;
- the capital retention premium of 1.42% (in the case of an estimated age of office property of 70 years).

When using the income capitalisation method, the fair value of real property abroad was estimated using a discount rate ranging between 7.80% and 13.40%. The following assumptions were taken into account in the calculation of the capitalisation rate:

- the risk-free rate of return of 5.6–11.20%, taking into account the yield on a 10-year German government bond, the country risk premium and the current and projected inflation rate for the country in which real property is located;
- the real estate risk premium of 6.0%;
- the capital retention premium of 1.67% (in the case of an estimated age of office property of 60 years).

Zavarovalnica Triglav	Land	Buildings	IP in course of acquisition	Total	in EUR
COST					
As at 1 January 2021	3,549,193	40,531,909	10,811,077	54,892,179	
- transfer in use	0	619,900	-619,900	0	
- purchases	0	21,950	619,741	641,690	
- disposal	-19,728	-485,625	0	-505,353	
As at 31 December 2021	3,529,464	40,688,133	10,810,918	55,028,516	
- purchases	0	33,675	1,118,817	1,152,492	
- disposal	-16,237	-202,020	0	-218,257	
- transfer to property, plant and equipment	0	-810,984	0	-810,984	
As at 31 December 2022	3,513,227	39,708,804	11,929,735	55,151,767	
ACCUMULATED DEPRECIATION					
As at 1 January 2021	0	-10,440,902	0	-10,440,902	
- depreciation	0	-967,250	0	-967,250	
- disposal	0	219,690	0	219,690	
As at 31 December 2021	0	-11,188,462	0	-11,188,462	
- depreciation	0	-966,800	0	-966,800	
- disposal	0	60,161	0	60,161	
- transfer to property, plant and equipment	0	320,507	0	320,507	
As at 31 December 2022	0	-11,774,594	0	-11,774,594	
CARRYING AMOUNT					
As at 31 December 2021	3,529,464	29,499,671	10,810,918	43,840,054	
As at 31 December 2022	3,513,227	27,934,210	11,929,735	43,377,173	

Zavarovalnica Triglav leases (operational lease) its investment properties, i.e. individual business premises. All operating leases can be cancelled and are concluded for an initial term of one to ten years or for indefinite period. Leases do not include contingent rents (variable lease payments).

All income from investment property relates exclusively to leases or other associated costs and is disclosed in the income statement under "other income". Expenses from investment property relate to amortisation and maintenance costs of investment property and are disclosed in the income statement under "other expenses".

The Company has no investment property pledged as collateral for liabilities. The Company also has no financial liabilities related to the purchase of investment property. Investment property owned by the Company was not obtained with state support.

The amortisation rates used for investment property range between 1.5% and 5%. Amortisation rates did not change in 2022. The cost of depreciation of property, plant and equipment is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

Gains and losses on disposal of investment property are disclosed in the income statement under the item "other income" or "other expenses".

In 2022, the Company assessed the existence of possible signs of impairment of investment property. No signs of impairment were identified.

The fair value of the Company's investment property exceeds its carrying amount and is presented in more detail in Section [5.3](#).

The fair value of real property was determined in the same way as for the Group.

The following income is recognised in the income statement as lease income:

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Lease income	5,132,926	4,954,878	6,058,930	5,596,224
Sublease income	96,441	94,255	57,360	56,692

There were no significant modifications or terminations of lease contracts in 2022. Based on the current contractual provisions in lease contracts, an analysis of expected future cash inflows from leases is presented below. Expected cash inflows are calculated based on the term of valid lease contracts. For contracts concluded without a term, the term was limited to five years at initial recognition.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Year 1	6,296,386	6,598,071	4,163,420	4,194,027
Year 2	5,079,823	6,065,580	3,640,923	3,885,191
Year 3	3,527,026	2,724,405	3,174,242	1,246,545
Year 4	3,199,416	1,182,994	2,893,336	818,800
Year 5	432,008	1,085,003	217,600	768,063
From year 5	320,280	730,220	284,142	473,802
TOTAL	18,854,939	18,386,272	14,373,663	11,386,428

3.4 Right of use assets

Triglav Group	in EUR			
	Land and buildings	Vehicles	Other	Total
Carrying amount as at 1 January 2021	8,116,932	1,613,146	91,133	9,821,211
– addition	1,211,537	1,365,493	38,192	2,615,222
– accumulated depreciation	-2,792,093	-752,043	-39,735	-3,583,871
– modification	2,036,818	-6,209	-4,918	2,025,691
– exchange rate difference	40,350	14,518	-12	54,856
Carrying amount as at 31 December 2021	8,613,544	2,234,905	84,660	10,933,109
– addition	477,392	953,740	1,985	1,433,117
– accumulated depreciation	-2,905,105	-884,393	-39,941	-3,829,439
– modification	2,093,237	-246,226	-9,961	1,837,050
– exchange rate difference	-4,942	-1,235	-34	-6,211
Carrying amount as at 31 December 2022	8,274,126	2,056,791	36,709	10,367,625

Zavarovalnica Triglav	in EUR			
	Land and buildings	Vehicles	Other	Total
Carrying amount as at 1 January 2021	2,366,504	1,200,090	21,322	3,587,916
– addition	463,436	691,747	38,193	1,193,375
– accumulated depreciation	-667,267	-506,765	-12,560	-1,186,592
– modification	1,022,250	-68,651	0	953,599
Carrying amount as at 31 December 2021	3,184,921	1,316,422	46,954	4,548,298
– addition	45,082	563,475	1,985	610,543
– accumulated depreciation	-685,848	-515,855	-12,229	-1,213,932
– modification	-3,674	-509	0	-4,183
Carrying amount as at 31 December 2022	2,540,481	1,363,533	36,710	3,940,725

The Group and the Company lease business premises, vehicles and other equipment used in their operations. Leases for business premises are usually concluded for an indefinite term, and leases for vehicles and other equipment for 1 to 5 years.

The Group and the Company also entered into some leases with lease terms of 12 months or less and leases of low-value equipment. Permitted exceptions to recognition apply to these leases.

To calculate the net present value of future leases, discount rates were used that were determined at the level of the interest rate for risk-free government bonds, increased by the credit spread of an individual Group member. When valuing assets and liabilities from contracts concluded for an indefinite term, there were no changes in the estimated term of contracts in 2022.

	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
DEPRECIATION OF RIGHT OF USE ASSETS	3,829,439	3,583,871	1,213,932	1,186,592
Depreciation of rights to use land and buildings	2,905,105	2,792,093	685,848	667,267
Depreciation of right to use vehicles	884,393	752,043	515,855	506,765
Depreciation of rights to use other assets	39,941	39,735	12,229	12,560
INTEREST EXPENSE ON LEASE LIABILITIES	497,677	489,303	79,806	65,714
OTHER LEASE EXPENSES	689,665	572,507	475,811	430,026
Short – term lease expenses	125,836	84,236	49,092	1,678
Low – value lease expenses	563,829	488,271	426,719	428,348
Payment for right of use assets	4,227,582	3,945,755	1,245,256	1,230,260

3.5 Investments in subsidiaries

There were no business combinations in the Triglav Group in 2022. All other changes in the Group in 2022 are described in Section [2.1.4](#).

In preparing the financial statements for 2022, it was assessed whether there were any changes in the assumptions related to the conditions applicable to the control of individual companies in any of the Group companies. There were no such changes.

Signs of impairment of investments in subsidiaries were assessed in 2022. Where signs were identified, the recoverable amount of the investment was calculated and impairment was made for the difference to its carrying amount.

Impairment of investments in subsidiaries was recognised in the Company's separate financial statements under expenses from investments in associates:

- in the amount of EUR 2,894,788, which relates to the impairment of investments in Triglav Pokojninska družba, d.d., Ljubljana
- in the amount of EUR 1,025,000, which relates to the impairment of investments in Triglav Penzisko društvo, a.d., Skopje.

Zavarovalnica Triglav's interests in subsidiaries

No.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		BOOK VALUE (in EUR)	
					2022	2021	2022	2021	2022	2021
1	Pozavarovalnica Triglav Re d.d.	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Reinsurance	100.00	100.00	100.00	100.00	9,750,752	9,750,752
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška ulica 10, Koper, Slovenia	19	Insurance	100.00	100.00	100.00	100.00	3,735,886	3,735,886
3	Triglav INT d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Holding company	100.00	100.00	100.00	100.00	89,770,730	79,770,730
4	Triglav, pokojninska družba d.d.	Dunajska cesta 22, Ljubljana, Slovenia	19	Fund management	100.00	100.00	100.00	100.00	52,070,000	9,965,340
5	Triglav, Upravljanje nepremičnin d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Real estate management	100.00	100.00	100.00	100.00	24,493,300	24,493,300
6	Triglav Skladi d.o.o.	Dunajska cesta 20, Ljubljana, Slovenia	19	Fund management	100.00	100.00	100.00	100.00	2,076,723	2,076,723
7	Triglav Avtoservis d.o.o.	Verovškova 60b, Ljubljana, Slovenia	19	Maintenance and repair of motor vehicle	100.00	100.00	100.00	100.00	194,216	194,216
8	Triglav Svetovanje d.o.o.	Ljubljanska cesta 86, Domžale, Slovenia	19	Insurance agency	100.00	100.00	100.00	100.00	279,736	279,736
9	Zavod Vse bo v redu	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Institute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000
10	Triglav penzisko društvo a.d., Skopje	Bulevar 8-mi Septembri 18, Skopje, North Macedonia	10	Fund management	100.00	100.00	100.00	100.00	2,889,000	1,558,000
TOTAL									185,360,343	131,924,683

3.6 Investments in associates and joint ventures

The effect of re-measuring the fair value of investments in associates and joint ventures in the amount of EUR 257,874 was recognised in the Company's separate financial statements. The revaluation effect was recognised in other comprehensive income as an increase in fair value reserves.

The following assumptions were taken into account in determining the fair value of investments in associates and joint ventures:

- expected cash flows based on the companies' business plans for 2023–2035,

- the discount rate of 10.91–14.09% based on weighted average cost of capital (WACC) and
- the expected long-term growth rate of 2.0–2.5%.

The effects of valuation using the equity method are disclosed under the items income and expenses from investments in the consolidated income statement. A summary of accounting information for the associates and the Group's interests in these companies are shown in the tables below.¹⁰³

COMPANY	ADDRESS	TAX RATE (in%)	ACTIVITY
Nama d.d.	Tomšičeva 1, Ljubljana, Slovenia	19	Retail trade
Triglavko d.o.o.	Ulica XXX. divizije 23, Nova Gorica, Slovenia	19	Insurance agency
TRIGAL, upravljanje naložb in svetovanje d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Management of financial funds
Društvo za upravljanje EDPF a.d., Banja Luka	Kralja Petra I Karađorđevića 109/III Banja Luka, Bosnia and Herzegovina	10	Fund management
Diagnostični center Bled d.o.o.	Pod skalo 4, Bled, Slovenia	19	Health
Alifenet d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Fund management

	Triglav Group						Zavarovalnica Triglav					
	SHARE IN CAPITAL (in %)		VOTING RIGHTS (in %)		VALUE OF INVESTMENT (in EUR)		SHARE IN CAPITAL (in %)		VOTING RIGHTS (in %)		VALUE OF INVESTMENT (in EUR)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Nama, d.d.	39.15	39.15	39.15	39.15	4,496,424	4,315,813	39.07	39.07	39.07	39.07	10,098,002	9,091,928
Triglavko, d.o.o.	38.47	38.47	38.47	38.47	18,561	18,125	38.47	38.47	38.47	38.47	38,499	38,499
TRIGAL, upravljanje naložb in svetovanje, d.o.o.	49.90	49.90	49.90	49.90	10,925,240	10,704,506	49.90	49.90	49.90	49.90	10,133,000	10,016,000
Društvo za upravljanje EDPF, a.d.	34.00	34.00	34.00	34.00	440,648	439,970	0.00	0.00	0.00	0.00	0	0
Diagnostični center Bled, d.o.o.	50.00	50.00	50.00	50.00	21,856,110	20,479,730	50.00	50.00	50.00	50.00	21,609,167	22,474,368
Alifenet, d.o.o.	23.58	23.58	23.58	23.58	73,202	73,202	23.58	23.58	23.58	23.58	73,202	73,202
TOTAL					37,810,184	36,031,346					41,951,871	41,693,997

COMPANY	ASSETS		LIABILITIES		EQUITY		REVENUES		PROFIT/LOSS	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Nama, d.d. *	13,321,960	13,751,455	2,113,715	2,739,598	11,208,246	11,011,857	11,336,442	11,002,629	432,555	229,928
Triglavko, d.o.o.	144,424	163,574	60,986	81,270	83,438	82,304	345,210	373,638	1,133	2,076
TRIGAL, upravljanje naložb in svetovanje, d.o.o.	23,607,734	22,463,968	1,274,288	137,388	22,333,446	22,326,580	1,385,607	1,286,945	442,652	315,521
Društvo za upravljanje EDPF, a.d.	1,308,881	1,390,985	29,895	52,388	1,278,986	1,338,597	337,902	319,378	22,849	26,127
Diagnostični center Bled, d.o.o.*	46,338,747	44,917,007	17,455,813	18,908,119	28,882,934	26,008,888	29,450,654	25,785,214	2,752,760	1,690,544

* For Nama, d.d. and Diagnostični center Bled, d.o.o., the data from the consolidated financial statements of these companies are shown.

¹⁰³ Data for 2022 are unaudited. Data for 2021 are adjusted if the revised data were different from those published in the 2021 Annual Report.

Presented below are the condensed balance sheet and comprehensive income for material investments in associates.

CONDENSED BALANCE SHEET	Diagnostični center Bled d.o.o.		NAMA d.d.		TRIGAL d.o.o.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Current assets	9,019,587	7,424,883	6,556,745	6,513,339	4,608,767	4,728,599
Current liabilities	6,718,522	5,501,977	1,392,041	2,057,697	283,850	96,689
Net current assets/liabilities	2,301,065	1,922,906	5,164,704	4,455,642	4,324,917	4,631,910
Non-current assets	37,319,160	37,492,125	6,765,216	7,238,116	18,998,967	17,735,369
Non-current liabilities	10,737,292	13,406,142	721,674	681,901	990,438	40,699
Net non-current assets/liabilities	26,581,868	24,085,983	6,043,542	6,556,215	18,008,529	17,694,670
Net assets	28,882,933	26,008,889	11,208,246	11,011,857	22,333,446	22,326,580

CONDENSED COMPREHENSIVE INCOME	Diagnostični center Bled d.o.o.		NAMA d.d.		TRIGAL d.o.o.	
	2022	2021	2022	2021	2022	2021
Net profit or loss for the year	2,752,760	1,690,544	432,555	229,928	442,653	315,521
Other comprehensive income	0	0	-74,031	98,295	0	-164
Total comprehensive income	2,752,760	1,690,544	358,523	328,224	442,653	315,357
Dividends from associates for the year	0	0	63,345	0	0	0

3.7 Financial investments¹⁰⁴

Triglav Group	Carrying value		Fair value		in EUR
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	
Held to maturity	456,469,434	157,560,733	437,358,263	191,798,392	
At fair value through profit and loss	199,317,957	544,425,798	199,317,957	544,425,798	
– held for trading	0	266,015	0	266,015	
– classified at acquisition	199,317,957	544,159,783	199,317,957	544,159,783	
Available for sale	1,810,796,092	2,137,609,082	1,810,620,481	2,137,609,082	
Loans and deposits	126,526,363	98,104,537	126,201,572	99,906,383	
TOTAL	2,593,109,846	2,937,700,150	2,573,498,273	2,973,739,655	

Types of investments of the Triglav Group as at 31 December 2022

	HTM	FVTPL – Held for trading	FVTPL – Designated upon acquisition	AFS	L&R	TOTAL	in EUR
Debt and other fixed-return securities	456,469,434	0	135,836,743	1,638,019,344	5,982,437	2,236,307,958	
Investments in shares, other floating-rate securities and fund coupons	0	0	63,480,799	171,295,868	0	234,776,667	
Financial derivatives	0	0	0	0	0	0	
Loans and deposits	0	0	415	1,480,880	106,498,949	107,980,244	
– deposits with banks	0	0	0	0	96,853,602	96,853,602	
– loans given	0	0	0	0	4,645,899	4,645,899	
– other financial investments	0	0	415	1,480,880	4,999,448	6,480,743	
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	14,044,977	14,044,977	
TOTAL	456,469,434	0	199,317,957	1,810,796,092	126,526,363	2,593,109,846	

Types of investments of the Triglav Group as at 31 December 2021

	HTM	FVTPL – Held for trading	FVTPL – Designated upon acquisition	AFS	L&R	TOTAL	in EUR
Debt and other fixed-return securities	157,560,733	0	431,465,194	1,917,552,252	5,991,639	2,512,569,818	
Investments in shares, other floating-rate securities and fund coupons	0	0	112,613,404	218,347,257	0	330,960,661	
Financial derivatives	0	20,317	0	0	0	20,317	
Loans and deposits	0	0	326,883	1,709,573	78,772,538	80,808,994	
– deposits with banks	0	0	0	0	0	70,472,826	70,472,826
– loans given	0	0	0	0	0	4,525,185	4,525,185
– other financial investments	0	0	326,883	1,709,573	3,774,527	5,810,983	
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	13,340,360	13,340,360	
TOTAL	157,560,733	20,317	544,405,481	2,137,609,082	98,104,537	2,937,700,150	

¹⁰⁴ For ease of presentation, abbreviations of individual categories of financial assets are used in the disclosures:

- HTM – held-to-maturity financial assets
- FVTPL – financial assets measured at fair value through profit or loss
- AFS – available-for-sale financial assets
- L&R – loans and receivables

Movement of investments of Triglav Group

	HTM	FVTPL	AFS	L&R	TOTAL
As at 1 January 2021	162,824,686	524,670,724	2,101,914,068	97,971,079	2,887,380,557
Purchases	0	303,082,731	828,612,089	61,488,798	1,193,183,618
Disposals	-155,425	-230,259,601	-500,165,301	-3,401,132	-733,981,459
Maturities	-12,394,263	-55,550,289	-273,380,879	-60,153,244	-401,478,675
Amount removed from other comprehensive income at disposal	0	0	-20,990,576	260,453	-20,730,123
Valuation through profit and loss	0	-4,896,181	0	0	-4,896,181
Valuation through other comprehensive income	0	0	-17,636,470	0	-17,636,470
Premiums and discounts	4,779,663	0	-7,387,835	473	-2,607,699
Interest income	2,487,611	6,407,128	25,210,816	1,313,955	35,419,510
Exchange rate difference	18,461	971,284	1,433,172	624,155	3,047,072
As at 31 December 2021	157,560,733	544,425,798	2,137,609,082	98,104,537	2,937,700,150
Purchases	311,747,316	210,110,134	613,393,693	93,565,989	1,228,817,132
Disposals	0	-463,473,605	-517,478,479	-23,003,572	-1,003,955,656
Maturities	-23,299,892	-47,633,690	-159,821,692	-43,612,147	-274,367,421
Amount removed from other comprehensive income at disposal	0	0	-47,540,864	0	-47,540,864
Valuation through profit and loss	2,000	-48,547,547	-8,616,734	13	-57,162,268
Valuation through other comprehensive income	0	0	-215,359,280	0	-215,359,280
Impairment	0	0	-8,733,949	162,973	-8,570,976
Premiums and discounts	5,449,360	0	-5,221,220	386	228,526
Interest income	5,018,705	3,560,155	22,660,342	1,361,722	32,600,924
Exchange rate difference	-8,788	876,712	-94,807	-53,538	719,579
As at 31 December 2022	456,469,434	199,317,957	1,810,796,092	126,526,363	2,593,109,846

As 31 December 2022, the Group's portfolio included neither received securities as collateral for loans given, nor any securities pledged as collateral for its liabilities. The proportion of the Group's financial investments classified as subordinated instruments by the issuer was 2.0% as at the reporting date (31 December 2021: 2.22%).

in EUR

Zavarovalnica Triglav	Carrying value		Fair value	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Loans and deposits	31,856,441	32,521,523	31,191,711	32,135,431
Held to maturity	227,656,974	140,946,233	226,836,297	173,901,172
Available for sale	1,278,747,957	1,588,390,263	1,278,747,957	1,588,390,263
At fair value through profit and loss:	86,926,499	206,821,960	86,926,499	206,821,960
– designated	86,926,499	206,801,643	86,926,499	206,801,643
– held for trading	0	20,317	0	20,317
TOTAL	1,625,187,871	1,968,679,979	1,623,702,464	2,001,248,826

Types of investments of Zavarovalnica Triglav as at 31 December 2022

in EUR

	HTM	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL
Debt and other fixed-return securities	227,656,974	68,678,600	1,144,495,399	5,982,438	1,446,813,411
Investments in shares, other floating-rate securities and fund coupons	0	18,247,899	132,900,407	0	151,148,306
Financial derivatives	0	0	0	0	0
Loans and deposits:	0	0	1,352,151	25,874,003	27,226,154
– deposits with banks and certificates of deposits	0	0	0	19,514,700	19,514,700
– loans given	0	0	0	4,446,917	4,446,917
– other financial investments	0	0	1,352,151	1,912,386	3,264,537
TOTAL	227,656,974	86,926,499	1,278,747,957	31,856,441	1,625,187,871

Types of investments of Zavarovalnica Triglav as at 31 December 2021

in EUR

	HTM	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL
Debt and other fixed-return securities	140,946,233	175,170,224	1,414,431,597	5,991,639	1,736,539,694
Investments in shares, other floating-rate securities and fund coupons	0	31,631,419	172,377,789	0	204,009,208
Financial derivatives	0	20,317	0	0	20,317
Loans and deposits:	0	0	1,580,876	26,529,884	28,110,760
– deposits with banks and certificates of deposits	0	0	0	19,676,707	19,676,707
– loans given	0	0	0	5,155,690	5,155,690
– other financial investments	0	0	1,580,876	1,697,486	3,278,362
TOTAL	140,946,233	206,821,960	1,588,390,263	32,521,523	1,968,679,979

Movement of investments of Zavarovalnica Triglav

in EUR

	HTM	FVTPL	AFS	L&R	TOTAL
As at 1 January 2021	143,908,512	207,726,347	1,595,002,429	36,951,085	1,983,588,373
Purchases	0	184,307,139	701,453,620	361,588	886,122,347
Maturities	-9,654,672	-28,614,834	-223,081,727	-5,266,107	-266,617,340
Disposal	0	-154,898,078	-458,906,853	-415,014	-614,219,945
Amount removed from other comprehensive income at disposal	0	0	-19,976,488	0	-19,976,488
Valuation through profit and loss	0	-3,191,308	0	0	-3,191,308
Valuation through other comprehensive income	0	0	-16,669,933	0	-16,669,933
Premiums and discounts	4,779,662	0	-6,861,573	922	-2,080,989
Interest income	1,912,731	1,602,748	17,423,471	796,312	21,735,262
Exchange rate difference	0	-110,054	7,317	92,737	-9,999
As at 31 December 2021	140,946,233	206,821,960	1,588,390,263	32,521,523	1,968,679,979
Purchases	98,905,203	129,497,468	450,431,295	5,825,801	684,659,767
Maturities	-19,746,242	-10,566,989	-103,266,309	-6,844,346	-140,423,886
Disposal	0	-219,420,098	-443,429,715	-184,942	-663,034,755
Amount removed from other comprehensive income at disposal	0	0	-45,216,837	0	-45,216,837
Valuation through profit and loss	2,000	-20,507,966	0	13	-20,505,953
Valuation through other comprehensive income	0	0	-171,878,513	0	-171,878,513
Impairments	0	0	-6,433,441	0	-6,433,441
Premiums and discounts	5,449,192	0	-4,587,203	517	862,506
Interest income	2,100,588	1,178,755	14,734,118	616,342	18,629,803
Exchange rate difference	0	-76,631	4,299	-78,467	-150,799
As at 31 December 2022	227,656,974	86,926,499	1,278,747,957	31,856,441	1,625,187,871

As 31 December 2022, the Company's portfolio included neither received securities as collateral for loans given, nor any securities pledged as collateral for its liabilities. The proportion of the Company's financial investments classified as subordinated instruments by the issuer was 2.92% as at the reporting date (31 December 2021: 2.96%).

The signs of impairment of financial investments were tested as at 31 December 2022, where with respect to equity securities a significant decrease in the fair value of the security (a 20% decrease in fair value below cost) or a long-term decrease in its fair value (a decrease in value over a 9-month period) was taken into account as objective evidence of impairment. For investments in debt instruments, objective evidence of impairment is essential (default due to inability to pay, significant deterioration of the issuer's credit rating).

Signs of impairment of financial investments were identified in several financial instruments. With regard thereto, the Group recorded EUR 9,034,736 in expenses and Zavarovalnica EUR 6,433,441 in expenses in 2022, with Russian bonds accounting for a significant portion thereof. These expenses were recognised in profit or loss under the item "impairment of investments".

3.8 Unit-linked insurance assets

All unit-linked insurance assets are classified in the group of financial assets measured at fair value through profit or loss. Their carrying amounts are equal to their fair values.

Unit-linked financial investments are presented below according to financial asset type.

Types of investments of the Triglav Group as at 31 December 2022

	HTM	FVTPL	AFS	L&R	in EUR TOTAL
Debt and other fixed-return securities	0	19,537,715	0	0	19,537,715
Investments in shares, other floating-rate securities and fund coupons	0	546,964,429	0	0	546,964,429
Financial derivatives	0	719,558	0	0	719,558
Loans and deposits	0	0	0	4,644,819	4,644,819
– deposits with banks and certificates of deposits	0	0	0	0	0
– loans given	0	0	0	4,644,819	4,644,819
– other financial investments	0	0	0	0	0
TOTAL	0	567,221,702	0	4,644,819	571,866,521

Types of investments of Zavarovalnica Triglav as at 31 December 2022

	HTM	FVTPL	AFS	L&R	in EUR TOTAL
Debt and other fixed-return securities	0	5,796,534	0	0	5,796,534
Investments in shares, other floating-rate securities and fund coupons	0	484,822,314	0	0	484,822,314
Financial derivatives	0	0	0	0	0
Loans and deposits	0	0	0	0	0
– deposits with banks and certificates of deposits	0	0	0	0	0
– loans given	0	0	0	0	0
– other financial investments	0	0	0	0	0
TOTAL	0	490,618,848	0	0	490,618,848

Types of investments of the Triglav Group as at 31 December 2021

	HTM	FVTPL	AFS	L&R	in EUR TOTAL
Debt and other fixed-return securities	0	25,350,414	0	0	25,350,414
Investments in shares, other floating-rate securities and fund coupons	0	594,267,074	0	0	594,267,074
Financial derivatives	0	0	0	0	0
Loans and deposits	0	0	0	0	0
– deposits with banks and certificates of deposits	0	0	0	0	0
– loans given	0	0	0	0	0
– other financial investments	0	0	0	0	0
TOTAL	0	619,617,488	0	0	619,617,488

Types of investments of Zavarovalnica Triglav as at 31 December 2021

	HTM	FVTPL	AFS	L&R	in EUR TOTAL
Debt and other fixed-return securities	0	9,819,593	0	0	9,819,593
Investments in shares, other floating-rate securities and fund coupons	0	529,598,379	0	0	529,598,379
Financial derivatives	0	0	0	0	0
Loans and deposits	0	0	0	0	0
– deposits with banks and certificates of deposits	0	0	0	0	0
– loans given	0	0	0	0	0
– other financial investments	0	0	0	0	0
TOTAL	0	539,417,972	0	0	539,417,972

Movement of unit-linked insurance assets

	Triglav Group	Zavarovalnica Triglav
As at 1 January 2021	501,808,980	442,292,488
Purchases	164,719,485	130,148,467
Disposals	-126,792,780	-107,958,832
Maturities	-1,679,786	-304,161
Amount removed from other comprehensive income at disposal	0	0
Profit/loss on disposal	0	0
Valuation through profit and loss	78,491,784	73,893,062
Valuation through other comprehensive income	0	0
Impairments	0	0
Premium and discounts	0	0
Interest income	343,564	86,419
Transfer between funds	0	0
Exchange rate difference	2,726,241	1,260,529
As at 31 December 2021	619,617,488	539,417,972
Purchases	122,498,450	95,793,661
Disposals	-68,610,626	-57,233,134
Maturities	-8,494,018	-4,551,123
Amount removed from other comprehensive income at disposal	-27,600	0
Profit/loss on disposal	0	0
Valuation through profit and loss	-95,800,702	-84,077,545
Valuation through other comprehensive income	-262	0
Impairments	0	0
Premium and discounts	0	0
Interest income	337,022	103,243
Transfer between funds	0	0
Exchange rate difference	2,346,769	1,165,774
As at 31 December 2022	571,866,521	490,618,848

Unit-linked insurance assets are presented below according to financial asset type.

	Triglav Group		Zavarovalnica Triglav	in EUR
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Equity securities	546,964,429	594,267,074	484,822,314	529,598,379
Debt securities	19,537,715	25,350,414	5,796,534	9,819,593
Derivatives	719,558	0	0	0
Loans given	4,644,819	0	0	0
Cash of the KSNT fund	9,078,017	2,685,911	5,063,955	717,080
Total unit-linked insurance assets	580,944,538	622,303,399	495,682,803	540,135,052
Insurance technical provisions for unit-linked life insurance assets	580,944,538	622,303,399	495,682,803	540,135,052

Both the Triglav Group and Zavarovalnica Triglav disclose the cash of the KSNT fund in the statement of financial position under the item "cash and cash equivalents".

3.9 Reinsurers' share of technical provisions

	Triglav Group		Zavarovalnica Triglav	in EUR
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
NON-LIFE INSURANCE				
Reinsurers' share of unearned premiums	57,746,261	53,115,634	49,203,455	41,581,360
Reinsurers' share of claims	143,136,654	115,899,852	130,898,522	94,405,037
Reinsurers' share of technical provisions for bonuses and discounts	44,687	34,916	0	0
Total non-life insurance	200,927,602	169,050,402	180,101,977	135,986,397
LIFE INSURANCE				
Reinsurers' share of unearned premiums	1,581	1,903	499	728
Reinsurers' share of claims	108,695	155,829	40,464	90,832
Reinsurers' share of other mathematical provisions	8,761,139	5,631,756	0	0
Total life insurance	8,871,415	5,789,488	40,963	91,560
TOTAL ASSETS FROM REINSURANCE CONTRACTS	209,799,017	174,839,890	180,142,940	136,077,958

3.10 Receivables

Triglav Group

31 December 2022	in EUR									
	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	114,595,560	-51,531	114,544,029	28,555,048	-2,435,505	26,119,543	44,515,263	-39,476,723	5,038,540	145,702,112
Receivables from insurers	93,936,610	-46,233	93,890,377	27,166,268	-2,373,738	24,792,530	33,546,548	-32,158,672	1,387,876	120,070,783
Receivables from insurance brokers	456,947	0	456,947	287,927	-43,161	244,766	484,901	-475,419	9,482	711,195
Other receivables from direct insurance operations	20,202,003	-5,298	20,196,705	1,100,853	-18,606	1,082,247	10,483,814	-6,842,632	3,641,182	24,920,134
Receivables from co-insurance and reinsurance operations	59,656,918	0	59,656,918	14,366,155	0	14,366,155	7,348,555	-110,452	7,238,103	81,261,176
Premium receivable from co-insurance	1,212,045	0	1,212,045	1,524,254	0	1,524,254	984,557	-6,114	978,443	3,714,742
Premium receivable from reinsurance	44,972,983	0	44,972,983	10,289,309	0	10,289,309	4,641,077	-104,338	4,536,739	59,799,031
Receivables from co-insurers' share in claims	251,353	0	251,353	25,028	0	25,028	5,790	0	5,790	282,171
Receivables from reinsurers' share in claims	12,587,901	0	12,587,901	2,527,564	0	2,527,564	1,715,855	0	1,715,855	16,831,320
Other receivables from co-insurance and reinsurance operation	632,636	0	632,636	0	0	0	1,276	0	1,276	633,912
Receivables for income tax refund	6,704,693	0	6,704,693	0	0	0	0	0	0	6,704,693
Other receivables	28,442,433	-219	28,442,214	6,414,424	-1,015,893	5,398,531	60,803,784	-59,171,864	1,631,920	35,472,665
Other short-term receivables from insurance operations*	6,876,275	0	6,876,275	3,695,319	-977,417	2,717,902	56,422,067	-55,327,089	1,094,978	10,689,155
Short-term receivables from financing	9,299,050	0	9,299,050	43,627	-6,575	37,052	401,647	-398,117	3,530	9,339,632
Other short-term receivables	11,599,045	-219	11,598,826	1,828,201	-31,901	1,796,300	3,980,070	-3,446,658	533,412	13,928,538
Long-term receivables	668,063	0	668,063	847,277	0	847,277	0	0	0	1,515,340
TOTAL	209,399,604	-51,750	209,347,854	49,335,627	-3,451,398	45,884,229	112,667,602	-98,759,039	13,908,563	269,140,646

* Subrogated receivables are included in other short term receivables from insurance operations.

in EUR

31 December 2021	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	91,820,356	-114,585	91,705,771	22,286,167	-2,545,490	19,740,677	46,587,473	-41,178,714	5,408,759	116,855,207
Receivables from insurers	85,627,779	-109,007	85,518,772	20,961,728	-2,412,857	18,548,871	35,233,205	-33,865,076	1,368,129	105,435,772
Receivables from insurance brokers	483,018	0	483,018	284,708	-78,483	206,225	407,273	-398,445	8,828	698,071
Other receivables from direct insurance operations	5,709,559	-5,578	5,703,981	1,039,731	-54,150	985,581	10,946,995	-6,915,193	4,031,802	10,721,364
Receivables from co-insurance and reinsurance operations	50,828,032	0	50,828,032	11,928,250	0	11,928,250	4,546,183	-101,533	4,444,650	67,200,932
Premium receivable from co-insurance	2,686,589	0	2,686,589	815,126	0	815,126	516,108	-6,107	510,001	4,011,716
Premium receivable from reinsurance	36,929,384	0	36,929,384	9,645,377	0	9,645,377	2,981,035	-95,426	2,885,609	49,460,370
Receivables from co-insurers' share in claims	345,342	0	345,342	156,693	0	156,693	2,003	0	2,003	504,038
Receivables from reinsurers' share in claims	10,412,747	0	10,412,747	1,311,054	0	1,311,054	1,043,666	0	1,043,666	12,767,467
Other receivables from co-insurance and reinsurance operation	453,970	0	453,970	0	0	0	3,371	0	3,371	457,341
Receivables for income tax refund	4,127,384	0	4,127,384	0	0	0	0	0	0	4,127,384
Other receivables	18,726,280	-570,974	18,155,306	5,201,870	-980,917	4,220,953	64,283,690	-62,466,563	1,817,127	24,193,386
Other short-term receivables from insurance operations*	4,437,276	-25	4,437,251	3,310,488	-935,726	2,374,762	60,404,439	-59,315,389	1,089,050	7,901,063
Short-term receivables from financing	518,525	0	518,525	102,493	-696	101,797	452,813	-449,259	3,554	623,876
Other short-term receivables	12,059,476	-526,803	11,532,673	1,768,069	-44,495	1,723,574	3,426,438	-2,701,915	724,523	13,980,770
Long-term receivables	1,711,003	-44,146	1,666,857	20,820	0	20,820	0	0	0	1,687,677
TOTAL	165,502,052	-685,559	164,816,493	39,416,287	-3,526,407	35,889,880	115,417,346	-103,746,810	11,670,536	212,376,909

* Subrogated receivables are included in other short term receivables from insurance operations.

Zavarovalnica Triglav

in EUR

31 December 2022	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	85,990,602	-24,932	85,965,670	10,384,165	-1,312,903	9,071,262	18,848,764	-15,145,976	3,702,788	98,739,720
Receivables from insurers	65,991,779	-24,932	65,966,847	9,835,515	-1,296,590	8,538,925	15,147,525	-15,006,389	141,136	74,646,908
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0
Other receivables from direct insurance operations	19,998,823	0	19,998,823	548,650	-16,313	532,337	3,701,239	-139,587	3,561,652	24,092,812
Receivables from co-insurance and reinsurance operations	27,195,591	0	27,195,591	4,765,201	0	4,765,201	5,195,379	0	5,195,379	37,156,172
Premium receivable from co-insurance	448,662	0	448,662	0	0	0	0	0	0	448,662
Premium receivable from reinsurance	15,955,755	0	15,955,755	2,371,835	0	2,371,835	3,567,523	0	3,567,523	21,895,114
Receivables from co-insurers' share in claims	200,310	0	200,310	0	0	0	0	0	0	200,310
Receivables from reinsurers' share in claims	10,590,864	0	10,590,864	2,393,366	0	2,393,366	1,627,856	0	1,627,856	14,612,086
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Receivables for income tax refund	0	0	0	0	0	0	0	0	0	0
Other receivables	12,562,237	0	12,562,237	3,892,707	-920,523	2,972,184	55,107,253	-54,472,596	634,657	16,169,078
Other short-term receivables from insurance operations*	2,257,202	0	2,257,202	3,232,659	-913,563	2,319,096	54,912,709	-54,299,936	612,773	5,189,071
Short-term receivables from financing	8,274,517	0	8,274,517	37,397	-6,575	30,822	124,295	-123,840	455	8,305,794
Other short-term receivables	1,725,630	0	1,725,630	622,651	-385	622,266	70,250	-48,820	21,430	2,369,325
Long-term receivables	304,888	0	304,888	0	0	0	0	0	0	304,888
TOTAL	125,748,430	-24,932	125,723,498	19,042,073	-2,233,426	16,808,647	79,151,396	-69,618,572	9,532,824	152,064,970

* Subrogated receivables are included in other short term receivables from insurance operations.

in EUR

31 December 2021	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	62,724,256	-90,867	62,633,389	8,032,202	-1,226,874	6,805,328	19,914,409	-15,836,552	4,077,857	73,516,574
Receivables from insurers	57,180,390	-90,867	57,089,523	7,337,698	-1,219,558	6,118,140	15,952,913	-15,816,111	136,802	63,344,465
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0
Other receivables from direct insurance operations	5,543,866	0	5,543,866	694,504	-7,316	687,188	3,961,496	-20,441	3,941,055	10,172,109
Receivables from co-insurance and reinsurance operations	16,077,319	0	16,077,319	4,784,925	0	4,784,925	2,660,096	0	2,660,096	23,522,340
Premium receivable from co-insurance	703,483	0	703,483	0	0	0	0	0	0	703,483
Premium receivable from reinsurance	9,334,452	0	9,334,452	3,858,491	0	3,858,491	2,037,158	0	2,037,158	15,230,101
Receivables from co-insurers' share in claims	182,738	0	182,738	45,402	0	45,402	0	0	0	228,140
Receivables from reinsurers' share in claims	5,856,646	0	5,856,646	881,032	0	881,032	622,938	0	622,938	7,360,616
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Receivables for income tax refund	564,166	0	564,166	0	0	0	0	0	0	564,166
Other receivables	4,273,617	-25	4,273,592	3,591,774	-928,466	2,663,308	58,948,341	-58,318,754	629,587	7,566,487
Other short-term receivables from insurance operations*	1,568,569	-25	1,568,544	3,048,304	-927,771	2,120,533	58,727,842	-58,120,916	606,926	4,296,003
Short-term receivables from financing	462,938	0	462,938	102,493	-695	101,798	140,640	-140,170	470	565,206
Other short-term receivables	1,962,760	0	1,962,760	440,977	0	440,977	79,859	-57,668	22,191	2,425,928
Long-term receivables	279,350	0	279,350	0	0	0	0	0	0	279,350
TOTAL	83,639,358	-90,892	83,548,466	16,408,901	-2,155,340	14,253,561	81,522,846	-74,155,306	7,367,540	105,169,567

* Subrogated receivables are included in other short term receivables from insurance operations.

The table below shows an analysis of changes in impairment adjustment separately for the Triglav Group and Zavarovalnica Triglav.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
VALUE ADJUSTMENT OF RECEIVABLES FROM POLICYHOLDERS				
Impairment allowance for receivables as at 1 January	36,386,940	39,353,272	17,126,536	19,206,413
– increase of impairment allowance for receivables	3,721,837	4,399,903	2,278,125	2,607,237
– decrease in impairment allowance for receivables	-2,905,795	-3,037,943	-1,732,404	-2,523,776
– receivables write-off	-2,603,491	-4,363,319	-1,344,346	-2,163,338
– exchange rate difference	-20,848	35,030	0	0
Impairment allowance for receivables as at 31 December	34,578,643	36,386,940	16,327,911	17,126,536
IMPAIRMENT ALLOWANCE FOR OTHER SHORT-TERM RECEIVABLES				
Impairment allowance for receivables as at 1 January	60,251,140	62,548,247	59,048,712	61,510,856
– increase of impairment allowance for receivables	6,328,593	7,179,130	6,258,968	7,123,619
– decrease in impairment allowance for receivables	-6,589,842	-5,986,348	-6,548,616	-6,095,000
– receivables write-off	-3,685,703	-3,490,763	-3,545,565	-3,490,763
– exchange rate difference	318	874	0	0
Impairment allowance for receivables as at 31 December	56,304,506	60,251,140	55,213,499	59,048,712
VALUE ADJUSTMENT OF OTHER RECEIVABLES				
Impairment allowance for receivables as at 1 January	11,320,696	14,089,513	226,290	350,419
– increase of impairment allowance for receivables	803,355	293,938	163,574	48,390
– decrease in impairment allowance for receivables	-178,498	-2,517,850	-26,562	-35,643
– receivables write-off	-546,976	-577,353	-27,782	-136,876
– exchange rate difference	-19,539	32,448	0	0
Impairment allowance for receivables as at 31 December	11,379,038	11,320,696	335,520	226,290
TOTAL VALUE ADJUSTMENT OF RECEIVABLES				
As at 1 January	107,958,776	115,991,032	76,401,538	81,067,688
As at 31 December	102,262,187	107,958,776	71,876,930	76,401,538

3.11 Other assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Inventories	506,418	474,248	225,649	199,858
Deferred costs	5,457,061	3,940,050	2,164,341	1,313,402
Investments into computer software for the Group	0	0	0	0
Other assets	316,571	428,727	0	0
TOTAL	6,280,050	4,843,025	2,389,990	1,513,260

3.12 Cash and cash equivalents

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Cash in bank accounts	83,004,509	54,383,207	23,050,904	13,897,783
Call account	14,627,683	27,510,454	0	0
Cash on hand	829,260	427,969	14,338	15,208
TOTAL	98,461,452	82,321,630	23,065,241	13,912,991

In the statement of financial position under the item "cash and cash equivalents", cash of the KSNT fund is disclosed in the amount of EUR 9,078,017 (2021: EUR 2,685,911) for the Triglav Group and in the amount of EUR 5,063,955 (2021: EUR 717,080) for Zavarovalnica Triglav.

3.13 Non-current assets held for sale

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Land and business premises in Slovenia	0	3,564,626	0	0
Business premises in Slovenia	1,551,780	0	0	0
Building in Slovenia	383,358	0	0	0
Land and buildings outside Slovenia	247,281	247,281	0	0
TOTAL	2,182,419	3,812,044	0	0

3.14 Equity

As at 31 December 2022, the Company's share capital amounted to EUR 73,701,392 (31 December 2021: EUR 73,701,392). It was divided into 22,735,148 ordinary registered no-par value shares. Each share represents the same stake and corresponding amount in share capital. The proportion of each no-par value share in the share capital is determined based on the number of no-par value shares issued. All the shares have been paid up in full.

The shares are entered in the KDD register under the ZVTG ticker symbol and are listed on the Ljubljana Stock Exchange Prime Market. Shareholders have the right to participate in the management of the company and the right to participate in profit.

As at 31 December 2022, there were 8,294 subscribers of shares in Zavarovalnica Triglav's share register (31 December 2021: 11,998). The largest subscribers are presented in the table below.

Shareholders of Zavarovalnica Triglav

Subscribers	in EUR	
	Numbers of shares	Share (%)
	2022	2022
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	34.47
SDH d.d., Ljubljana	6,386,644	28.09
Erste Group Bank PBZ Croatia Osiguranje OMF – fiduciary account, Croatia	1,526,190	6.71
Unicredit Bank Austria – fiduciary account, Austria	613,116	2.70
Citibank – fiduciary account, Great Britain	491,165	2.16
Hrvatska poštanska banka – fiduciary account, Croatia	232,644	1.02
Other shareholders (less than 1%)	5,648,761	24.85
TOTAL	22,735,148	100.00

Subscribers	in EUR	
	Numbers of shares	Share (%)
	2021	2021
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	34.47
SDH d.d., Ljubljana	6,386,644	28.09
Erste Group Bank PBZ Croatia Osiguranje OMF – fiduciary account, Croatia	1,526,190	6.71
Unicredit Bank Austria – fiduciary account, Austria	595,286	2.62
Citibank – fiduciary account, Great Britain	555,383	2.44
Hrvatska poštanska banka – fiduciary account, Croatia	232,764	1.02
Other shareholders (less than 1%)	5,602,253	24.65
TOTAL	22,735,148	100.00

Share price

	in EUR	
	31 December 2022	31 December 2021
Quoted price of the share on the regulated securities market	34.50	36.80
Book value of equity per share	24.28	29.70

The share's book value is calculated taking into account the Company's total equity.

Distribution of accumulated profits of Zavarovalnica Triglav

	in EUR	
	2022	2021
Net profit/loss for the year	120,472,073	73,415,549
Net profit brought forward	3,540,330	50,974,423
Increase in retained income	-43,125	-29,592
Increase of other reserves from profit based on the decision by the Management and Supervisory Boards	-60,200,000	-36,700,000
ACCUMULATED PROFITS	63,769,278	87,660,380
Distribution of accumulated profits		
– to shareholders		84,120,050
– allocation to other reserves from profit		0
– transfer to the following year		3,540,330

The General Meeting of Shareholders will decide on the distribution of accumulated profit for 2022 at the proposal of the Management Board and the Supervisory Board.

Reserves from profit

In addition to legal and treasury share reserves, reserves from profit also comprise other reserves from profit.

In accordance with the ZGD-1, the Management Board may allocate up to one half of the amount of the net profit remaining after the appropriation of the profit for the purposes required by law to create other reserves. In addition to prudent risk management, the creation of these reserves based on, in particular, the anticipated company's strategic needs for capital, taking into account capital sources. When preparing the Annual Report for 2022, the Management Board formed other reserves from profit in the amount of EUR 60,200,000 (2021: EUR 36,700,000).

Treasury shares reserves and treasury shares (as a deductible item)

The treasury shares include the shares of Zavarovalnica Triglav held by other Group companies whose financial statements are included in the Group's consolidated financial statements. Triglav, Upravljanje nepremičnin, d.o.o. held 24,312 shares of Zavarovalnica Triglav in the amount of EUR 364,680 as at 31 December 2022. The balance of treasury shares is unchanged compared to the preceding year.

In the consolidated financial statements, treasury shares are measured at cost and recognised as a deductible under equity. For these shares, treasury share reserves are created in the same amount from net profit brought forward.

Fair value reserves

Fair value reserves are changes in the fair value of available-for-sale financial assets and are reduced by deferred taxes. Changes in fair value reserves are specified in greater detail in the statement of comprehensive income in Section [1.3](#).

Translation differences

Translation differences arise from foreign exchange differences in consolidation procedures. In 2022, translation differences amounted to EUR 92,029 (2021: EUR 169,111)¹⁰⁵. Translation differences mainly refer to the change in the exchange rate of Croatian kuna and Serbian dinar.

Notes to the statement of changes in equity

The following changes are shown in the Group's statement of changes in equity for 2022:

- increase in capital for net profit of the year in the amount of EUR 110,216,678 of which EUR 243,300 is accounted for by non-controlling interests;
- reduction of capital for the dividend payment in the amount of EUR 84,052,338 or EUR 3.70 per share;
- allocation of net profit from 2021 to net profit brought forward in the amount of EUR 75,439,847;
- allocation of net profit from 2022 to reserves from profit in the amount of EUR 60,200,000;
- the effect of the first consolidation of Triglav Fondovi, d.o.o., which increased minority interests by EUR 1,853,556;
- the effect of repurchases of shares of subsidiaries from non-controlling interests, which reduced the value of non-controlling interests by EUR 38,062, while the positive effect of repurchases in the amount of EUR 20,927 is disclosed as an increase in the Group's share premium;
- the effect of the disproportionate capital increase of subsidiaries and the resulting increased share of majority interests, while decreasing the value of non-controlling interests by EUR 20,779;

- reduction of fair value reserves and net profit brought forward in the total amount of EUR 208,116,862 of which EUR 603,203 reduces the capital of non-controlling interest holders. The decrease relates to the re-measurement of the fair value of financial investments and the recalculation of actuarial gains and losses related to employee benefits.

The following changes are shown in the Company's statement of changes in equity for 2022:

- increase in capital for net profit of the year in the amount of EUR 120,472,073;
- reduction of capital for the payment of dividends in the amount of EUR 84,120,048 based on a General Meeting of Shareholders' resolution;
- allocation of net profit from 2021 to net profit brought forward in the amount of EUR 36,715,549;
- allocation of net profit from 2022 to reserves from profit in the amount of EUR 60,200,000 based on a General Meeting of Shareholders' resolution;
- reduction of fair value reserves and net profit brought forward in the total amount of EUR 159,484,619 related to the re-measurement of the fair value of financial investments and the recalculation of actuarial gains and losses related to employee benefits.

3.15 Subordinated liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Amortised cost	49,522,163	49,471,831	49,522,163	49,471,831
Fair value	41,987,521	53,749,521	41,987,521	53,749,521

Subordinated bond with the ISIN code XS1980276858 was issued on 24 April 2019 in the amount of EUR 50 million (500 denominations of EUR 100,000). The final maturity date of said bond is 22 October 2049 and the first call date is 22 October 2029. Until the first call, interest is paid annually at the fixed interest rate of 4.375%. Thereafter, the interest rate is variable, i.e. 3-month Euribor + 4.845%, and interest is paid quarterly. The bond is valued at amortised cost in the financial statements. The bond was listed on the Luxembourg Stock Exchange on 30 April 2019 (ISIN code XS1980276858). The bond is subordinated (Tier 2) and issued in line with the Solvency II regulations.

Issued bond is disclosed at amortised cost. When calculating the fair value, the price according to the valuation model is taken into account, as there are very few transactions on the stock exchange. The price of the bond was 83.118% as at 31 December 2022 (vs. 106.660% as at 31 December 2021).

In the event of the Company's bankruptcy or liquidation, liabilities from the above-mentioned bond issues are subordinated to net debt instruments and are paid only when all non-subordinated liabilities to ordinary creditors have been paid. The holders of bonds do not have the right to early redemption before the maturity date set by the amortisation schedule. Bonds are not convertible to equity or any other liability.

¹⁰⁵ The amount does not include translation differences relating to non-controlling interests.

3.16 Insurance technical provisions and insurance technical provisions for unit-linked life insurance contracts

The calculation of insurance technical provisions is based on actuarial methods, with the influence of selected estimates and assumptions, especially in the calculation of life insurance liabilities, being very large. The estimates and assumptions used in the calculation of insurance technical provisions for life insurance are described below.

The valuation of life and annuity insurance liabilities was carried out by using the modified prospective net premium method, taking into account acquisition costs, including all contractual obligations and bonuses. The insurance technical parameters used by the method are either the same as those used for calculating insurance premium or adjusted so as to reflect subsequently changed circumstances which increase the value of liabilities. This is particularly the case for annuity insurance where in the calculation of liabilities the insurance company takes into account own, more conservative mortality tables and a carefully set (lower) interest rate. Slovenian annuity mortality tables SIA65 from 2010 and the interest rate of 2.4% were used for contracts with a guaranteed interest rate of 2.4% or more. The guaranteed technical interest rate used for valuation ranged between 0% and 5.0%. The calculation took into account acquisition costs below 3.5% of the sum insured under life insurance policies.

The mathematical provisions for voluntary pension insurance were built up over the accumulation period using the retrospective method. In calculating the provisions, this method takes into account all premiums paid up to the valuation date, entry fees, sums paid out, bonuses from the guaranteed interest rate and bonuses credited to personal accounts from profit participation. The mathematical provisions for voluntary pension insurance during the pension annuity payout period were created using the prospective net method. The insurance technical parameters taken into account in the calculation are either the same as those set at the time of underwriting the policy or adjusted to the circumstances expected during pension payout, if these circumstances are worse than those taken into account in premium calculation. The interest rate used in the valuation of liabilities during premium payments ranged from 0.75% to 2.40%. An interest rate in the range of 0.5–2.4% and the Slovenian annuity mortality table SIA65 from 2010 were used in the valuation of liabilities for the pension annuity payout period.

The mathematical provisions for voluntary pension insurance were built up over the accumulation period using the retrospective method; during the pension annuity payout period, provisions are set aside based on the present value of estimated future liabilities (the prospective net method). The insurance technical parameters taken into account in the calculation either match the parameters set at the time of underwriting the policy or are adjusted for those subsequently changed circumstances that increase the amount of liabilities, particularly in the valuation of liabilities during the pension payout period. Slovenian annuity mortality tables SIA65 from 2010 were used in the valuation of liabilities. An interest rate in the range of 0.5–2.4% was used in the valuation of liabilities for the pension annuity payout period.

	Triglav Group		Zavarovalnica Triglav	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
NON-LIFE INSURANCE				in EUR
GROSS UNEARNED PREMIUM PROVISIONS	410,328,413	366,127,294	275,914,934	245,629,454
GROSS CLAIMS PROVISIONS	647,871,942	655,329,262	406,656,449	425,072,536
Gross claims provisions for IBNR and IBNER	215,686,091	263,481,464	111,670,066	165,583,089
Gross provisions for incurred and reported claims	396,867,410	355,693,497	265,231,659	228,650,138
Gross claims provisions for co-insurance	867,899	646,211	867,899	646,211
Expected subrogation	-4,740,711	-6,391,970	-4,740,711	-6,391,970
Provisions for claim handling costs	39,191,253	41,900,059	33,627,536	36,585,068
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	21,962,914	24,165,736	21,450,003	23,724,069
OTHER GROSS INSURANCE TECHNICAL PROVISIONS	5,031,904	4,938,070	2,516,558	1,906,281
TOTAL NON-LIFE INSURANCE TECHNICAL PROVISIONS	1,085,195,173	1,050,560,362	706,537,944	696,332,340
LIFE INSURANCE				
GROSS UNEARNED PREMIUM PROVISIONS	451,984	454,613	386,566	388,396
GROSS MATHEMATICAL PROVISIONS	1,356,890,816	1,432,613,660	944,548,259	1,008,319,155
Gross mathematical provisions covering life insurance	768,079,986	810,444,012	671,371,454	723,013,422
Gross mathematical provisions covering SVPI	503,805,826	545,627,331	188,171,801	208,763,416
Gross mathematical provisions covering SVPI during the annuity pay-out period	85,005,004	76,542,317	85,005,004	76,542,317
GROSS CLAIMS PROVISIONS	21,845,253	23,114,787	20,244,749	21,494,719
Gross claims provisions for IBNR and IBNER	18,385,755	19,431,913	17,400,878	18,542,390
Gross provisions for incurred and reported claims	3,160,770	3,382,190	2,580,122	2,684,866
Gross claims provisions for co-insurance	0	0	0	0
Expected subrogation	0	0	0	0
Provisions for claim handling costs	298,728	300,683	263,749	267,463
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	0	0	0	0
OTHER INSURANCE TECHNICAL PROVISIONS	13,067,100	16,230,260	6,030,949	13,838,576
TOTAL LIFE INSURANCE TECHNICAL PROVISIONS	1,392,255,153	1,472,413,320	971,210,523	1,044,040,846
HEALTH INSURANCE				
GROSS UNEARNED PREMIUM PROVISIONS	3,508,761	3,461,818	0	0
GROSS CLAIMS PROVISIONS	19,070,991	16,054,262	0	0
Gross claims provisions for IBNR and IBNER	16,844,313	14,062,216	0	0
Gross provisions for incurred and reported claims	1,931,386	1,735,686	0	0
Gross claims provisions for co-insurance	43,989	42,281	0	0
Expected subrogation	0	0	0	0
Provisions for claim handling costs	251,303	214,079	0	0
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	0	3,298,449	0	0
OTHER INSURANCE TECHNICAL PROVISIONS	19,049,518	30,580,173	0	0
TOTAL HEALTH INSURANCE TECHNICAL PROVISIONS	41,629,270	53,394,702	0	0
TOTAL INSURANCE TECHNICAL PROVISIONS	2,519,079,596	2,576,368,384	1,677,748,467	1,740,373,186
GROSS MATHEMATICAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE	580,944,539	622,303,398	495,682,803	540,135,052

The gross insurance technical provisions that refer to gross mathematical provisions for unit-linked life insurance are disclosed separately in the financial statements.

Other insurance technical provisions for non-life insurance include provisions for cancellations and provisions for unexpired risks, while other insurance technical provisions for life insurance include additional provisions for credit risks.

Gross and net claims provisions

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
NON-LIFE INSURANCE				
Gross provisions for incurred and unreported claims	190,809,241	246,006,802	99,633,844	156,055,411
Gross claims provisions	215,686,091	263,481,465	111,670,066	165,583,089
Reinsurers' share	-24,876,850	-17,474,662	-12,036,222	-9,527,678
Gross provisions for incurred and reported claims	278,126,675	256,859,736	145,888,428	143,364,210
Gross claims provisions	396,867,410	355,693,497	265,231,659	228,650,138
Reinsurers' and co-insurers' share	-118,740,735	-98,833,761	-119,343,231	-85,285,928
Gross claims provisions for co-insurance	867,899	646,211	867,899	646,211
Gross claims provisions	867,899	646,211	867,899	646,211
Reinsurers' share	0	0	0	0
Expected subrogation	-4,259,780	-5,983,401	-4,259,780	-5,983,401
Gross claims provisions	-4,740,711	-6,391,970	-4,740,711	-6,391,970
Reinsurers' share	480,931	408,569	480,931	408,569
Provisions for claim handling costs	39,191,253	41,900,059	33,627,536	36,585,068
Gross claims provisions	39,191,253	41,900,059	33,627,536	36,585,068
Reinsurers' share	0	0	0	0
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	504,735,288	539,429,407	275,757,926	330,667,499
TOTAL GROSS CLAIMS PROVISIONS	647,871,942	655,329,262	406,656,449	425,072,536
TOTAL REINSURERS' SHARE	-143,136,654	-115,899,852	-130,898,522	-94,405,037

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
LIFE INSURANCE				
Gross provisions for incurred and unreported claims	18,385,755	19,431,913	17,400,878	18,542,390
Gross claims provisions	18,385,755	19,431,913	17,400,878	18,542,390
Reinsurers' share	0	0	0	0
Gross provisions for incurred and reported claims	3,052,075	3,226,361	2,539,658	2,594,034
Gross claims provisions	3,160,770	3,382,190	2,580,122	2,684,866
Reinsurers' share	-108,695	-155,829	-40,464	-90,832
Gross claims provisions for co-insurance	0	0	0	0
Gross claims provisions	0	0	0	0
Reinsurers' share	0	0	0	0
Expected subrogation	0	0	0	0
Gross claims provisions	0	0	0	0
Reinsurers' share	0	0	0	0
Provisions for claim handling costs	298,728	300,683	263,749	267,463
Gross claims provisions	298,728	300,683	263,749	267,463
Reinsurers' share	0	0	0	0
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	21,736,558	22,958,957	20,204,285	21,403,887
TOTAL GROSS CLAIMS PROVISIONS	21,845,253	23,114,787	20,244,749	21,494,719
TOTAL REINSURERS' SHARE	-108,695	-155,829	-40,464	-90,832

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
HEALTH INSURANCE				
Gross provisions for incurred and unreported claims	16,844,313	14,062,216	0	0
Gross claims provisions	16,844,313	14,062,216	0	0
Reinsurers' share	0	0	0	0
Gross provisions for incurred and reported claims	1,931,386	1,735,686	0	0
Gross claims provisions	1,931,386	1,735,686	0	0
Reinsurers' and co-insurers' share	0	0	0	0
Gross claims provisions for co-insurance	43,989	42,281	0	0
Gross claims provisions	43,989	42,281	0	0
Reinsurers' share	0	0	0	0
Expected subrogation	0	0	0	0
Gross claims provisions	0	0	0	0
Reinsurers' share	0	0	0	0
Provisions for claim handling costs	251,303	214,079	0	0
Gross claims provisions	251,303	214,079	0	0
Reinsurers' share	0	0	0	0
TOTAL HEALTH INSURANCE GROSS CLAIMS PROVISIONS	19,070,991	16,054,262	0	0
TOTAL GROSS CLAIMS PROVISIONS	19,070,991	16,054,262	0	0
TOTAL REINSURERS' SHARE	0	0	0	0

Analysis of changes in gross insurance technical provisions for Triglav Group

								in EUR
NON-LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2021	340,941,945	0	609,302,604	24,882,389	5,412,958	0	980,539,896	
Increase	265,980,915	0	230,589,155	17,212,543	3,053,771	0	516,836,384	
Use	-240,971,129	0	-184,792,860	-17,932,464	-3,531,416	0	-447,227,869	
Exchange rate difference	175,563	0	230,363	3,268	2,757	0	411,951	
31 December 2021	366,127,294	0	655,329,262	24,165,736	4,938,070	0	1,050,560,362	
Increase	299,806,147	0	234,358,314	19,134,371	3,157,467	0	556,456,299	
Use	-255,525,702	0	-241,692,031	-21,336,565	-3,064,244	0	-521,618,542	
Exchange rate difference	-79,326	0	-123,603	-628	611	0	-202,946	
31 December 2022	410,328,413	0	647,871,942	21,962,914	5,031,904	0	1,085,195,173	

								in EUR
LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2021	457,883	1,457,023,963	21,380,025	14,516	20,323,718	509,984,710	2,009,184,815	
Increase	408,591	107,993,661	16,372,852	0	618,036	170,753,420	296,146,560	
Use	-411,930	-132,628,576	-14,639,940	-14,516	-4,711,573	-58,543,880	-210,950,415	
Transfer between funds	0	0	0	0	0	0	0	
Exchange rate difference	69	224,612	1,850	0	79	109,148	335,758	
31 December 2021	454,613	1,432,613,660	23,114,787	0	16,230,260	622,303,398	2,094,716,718	
Increase	405,727	64,147,010	19,552,573	0	12,843,415	21,960,654	118,909,379	
Use	-408,305	-139,748,259	-20,821,445	0	-16,006,575	-63,245,471	-240,230,055	
Transfer between funds	0	0	0	0	0	0	0	
Exchange rate difference	-51	-121,595	-662	0	0	-74,043	-196,351	
31 December 2022	451,984	1,356,890,816	21,845,252	0	13,067,100	580,944,539	1,973,199,690	

								in EUR
HEALTH INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2021	3,361,099	0	14,648,539	3,298,449	22,181,056	0	43,489,143	
Increase	3,461,818	0	15,595,425	0	8,605,950	0	27,663,193	
Use	-3,361,099	0	-14,189,702	0	-206,833	0	-17,757,634	
Exchange rate difference	0	0	0	0	0	0	0	
31 December 2021	3,461,818	0	16,054,262	3,298,449	30,580,173	0	53,394,702	
Increase	3,661,615	0	18,894,928	0	1,465,885	0	24,022,428	
Use	-3,614,672	0	-15,878,199	-3,298,449	-12,996,540	0	-35,787,860	
Exchange rate difference	0	0	0	0	0	0	0	
31 December 2022	3,508,761	0	19,070,991	0	19,049,518	0	41,629,270	

Analysis of changes in gross insurance technical provisions for Zavarovalnica Triglav

							in EUR
NON-LIFE INSURANCE	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2021	234,785,484	410,567,439	23,837,107	2,067,543	0	671,257,573	
Increase	203,868,546	178,339,458	17,071,676	1,906,281	0	401,185,961	
Use	-193,024,576	-163,834,361	-17,184,714	-2,067,543	0	-376,111,194	
31 December 2021	245,629,454	425,072,536	23,724,069	1,906,281	0	696,332,340	
Increase	234,373,304	188,387,033	18,304,653	2,516,558	0	443,581,548	
Use	-204,087,824	-206,803,120	-20,578,719	-1,906,281	0	-433,375,944	
31 December 2022	275,914,934	406,656,449	21,450,003	2,516,558	0	706,537,944	

							in EUR
LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2021	405,332	1,041,557,084	19,692,182	17,403,211	448,726,097	1,527,783,906	
Increase	388,396	58,496,458	11,907,104	0	141,789,936	212,581,894	
Use	-405,332	-91,734,387	-10,104,567	-3,564,635	-50,380,981	-156,189,902	
Transfer between funds	0	0	0	0	0	0	
31 December 2021	388,396	1,008,319,155	21,494,719	13,838,576	540,135,052	1,584,175,898	
Increase	386,566	39,193,204	14,475,836	4,498,981	6,109,479	64,664,066	
Use	-388,396	-102,964,101	-15,725,806	-12,306,608	-50,561,728	-181,946,639	
Transfer between funds	0	0	0	0	0	0	
31 December 2022	386,566	944,548,259	20,244,749	6,030,949	495,682,803	1,466,893,325	

Analysis of the decrease in gross mathematical provisions

	Triglav Group		Zavarovalnica Triglav		in EUR
	2022	2021	2022	2021	
	Surrenders	33,343,790	34,745,374	19,073,471	13,582,683
Endowments	75,444,380	67,344,272	61,560,929	63,191,276	
Deaths	3,105,554	3,532,657	2,191,015	2,638,500	
Other	27,854,532	27,006,273	20,138,684	12,321,928	
TOTAL	139,748,256	132,628,576	102,964,099	91,734,387	

Other releases refer to the payment of annuities, releases upon cancellation of insurance and releases of additional valuation provisions upon termination of insurance.

Analysis of changes in loss events for non-life insurance for Triglav Group

in EUR

	Year of occurrence												
	Before 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TOTAL	
Cumulative loss assessment													
- at the end of year of occurrence		540,980,548	523,335,884	494,721,974	497,610,909	523,078,938	559,765,704	589,478,961	699,754,015	651,454,343	685,826,695		
- 1 year after year of occurrence		447,917,990	481,304,284	477,337,992	463,199,516	513,384,536	551,464,785	615,659,287	567,980,725	679,951,181			
- 2 years after year of occurrence		463,342,293	466,027,510	463,910,257	456,287,534	505,363,769	551,950,951	570,039,619	548,452,311				
- 3 years after year of occurrence		439,583,068	458,436,319	460,400,102	450,345,614	501,998,857	556,923,802	566,960,366					
- 4 years after year of occurrence		433,339,855	453,418,013	453,483,042	449,036,330	512,189,291	549,187,286						
- 5 years after year of occurrence		431,734,293	449,934,658	452,435,034	459,081,971	508,996,041							
- 6 years after year of occurrence		427,365,044	449,715,329	463,207,693	452,448,361								
- 7 years after year of occurrence		425,783,667	456,124,574	457,886,746									
- 8 years after year of occurrence		433,719,427	454,162,454										
- 9 years after year of occurrence		432,800,066											
- 10 years after year of occurrence	64,042,086												
Cumulative loss assessment		432,800,066	454,162,454	457,886,746	452,448,361	508,996,041	549,187,286	566,960,366	548,452,311	679,951,181	685,826,695	5,336,671,506	
Cumulative payments until balance sheet date	7,081,105	423,116,552	447,081,001	447,925,811	442,100,137	491,424,536	523,942,865	526,755,822	488,106,767	533,150,063	437,787,845	4,768,472,504	
Claims provisions balance at the beginning of the period	86,582,912	11,861,384	10,510,431	16,576,143	19,730,465	24,720,821	37,785,727	55,612,309	106,601,041	265,680,122	0	635,661,355	
Settled during the period	7,081,105	1,258,509	1,466,858	1,294,261	2,748,630	3,956,066	4,804,791	12,328,512	26,727,083	147,375,842	437,787,845	646,829,502	
Claim provisions balance	56,960,980	9,683,514	7,081,454	9,960,935	10,348,224	17,571,505	25,244,421	40,204,544	60,345,544	146,801,118	248,038,850	632,241,088	

Analysis of changes in loss events for non-life insurance for Zavarovalnica Triglav

in EUR

	Year of occurrence												
	Before 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TOTAL	
Cumulative loss assessment													
- at the end of year of occurrence		317,835,549	320,473,605	288,017,455	287,798,336	303,002,462	300,175,993	306,625,399	297,229,772	319,180,313	318,069,082		
- 1 year after year of occurrence		266,546,400	276,286,823	244,620,306	248,557,097	279,993,010	278,632,613	281,008,780	263,456,383	317,270,132			
- 2 years after year of occurrence		256,384,328	265,047,929	236,877,342	244,240,955	273,830,944	269,833,005	275,224,075	255,974,735				
- 3 years after year of occurrence		249,972,030	260,339,640	233,832,537	238,886,264	270,644,347	266,837,916	272,559,383					
- 4 years after year of occurrence		245,898,744	255,549,812	229,118,262	237,422,941	269,327,405	263,385,009						
- 5 years after year of occurrence		243,246,940	251,874,520	230,089,064	235,266,092	265,678,561							
- 6 years after year of occurrence		239,361,697	252,655,777	228,533,326	229,392,198								
- 7 years after year of occurrence		238,448,945	247,509,999	222,414,852									
- 8 years after year of occurrence		236,727,536	245,534,615										
- 9 years after year of occurrence		235,796,574											
- 10 years after year of occurrence	52,532,408												
Cumulative loss assessment		235,796,574	245,534,615	222,414,852	229,392,198	265,678,561	263,385,009	272,559,383	255,974,735	317,270,132	318,069,082	2,626,075,142	
Cumulative payments until balance sheet date	227,965,501	241,330,795	215,695,696	221,903,208	254,622,593	247,176,289	249,846,626	225,069,801	233,153,491	178,735,201	2,295,499,202		
Claims provisions balance at the beginning of the period	74,651,633	9,077,889	7,371,777	13,695,549	14,058,913	17,243,589	21,692,890	31,174,165	47,999,764	157,913,269	0	394,879,438	
Settled during the period	5,338,724	315,854	1,192,574	857,920	696,029	2,538,777	2,031,262	5,796,716	9,613,181	71,886,447	178,735,201	279,002,686	
Claim provisions balance	47,193,684	7,831,073	4,203,820	6,719,156	7,488,990	11,055,968	16,208,720	22,712,757	30,904,934	84,116,641	139,333,881	377,769,624	

3.17 The liability adequacy test (LAT) for life insurance

The liability adequacy test for life insurance provisions was performed as at 31 December 2022 by the Group's certified actuaries.

3.17.1 Test assumptions

Mortality, longevity and morbidity assumptions

Assumptions about mortality, longevity and morbidity rates are based on internal analyses of the company's life insurance portfolio, the data of national statistical offices, the data of reinsurers and other sources.

Portfolio persistency

The model uses the probability of an early termination (lapse) of the insurance contract or discontinuation of premium payments determined based on the lapse analysis of life insurance contracts in past years. The Company continuously monitors the persistency of insurance policies by policy term and type of insurance, adjusting assumptions accordingly.

Expenses

The model takes into account policy handling/maintenance expenses, claim handling expenses and asset management expenses, as determined based on the cost analysis of an individual insurance company of the Group in previous years and business plans of insurance companies in the next strategy period. Estimated future expenses are increased annually in line with the expected inflation rate.

Increasing premium

In the case of insurance policies of which monthly premium changes and is directly or indirectly dependent on wage growth, premium growth will be taken into account in the future in accordance with the expected wage growth rate.

Expected returns and discount interest rates

In calculating the present value, (risk-free) interest rate term structure (yield curve) is used, which is determined based on yields of the relevant local government debt securities (bonds) denominated in the currency of policy entitlements as at the valuation date, with the latter adjusted to take into account future surplus yields of held-to-maturity investments:

- The yield curve of Slovenian government debt securities denominated in euros as at 31 December 2022 was used for Zavarovalnica Triglav. The ten-year benchmark is 3.92% for life, annuity and voluntary pension insurance, and 3.81% for all other insurance.
- The yield curve of Slovenian government debt securities denominated in euros as at 31 December 2022 was used for Triglav, pokojninska družba, d.d. The ten-year benchmark is 3.81%.
- The yield curve of Slovenian government debt securities denominated in euros as at 31 December 2022 was used for Triglav Osiguranje, d.d., Sarajevo. The ten-year benchmark is 3.81%.
- The yield curve of Slovenian government debt securities denominated in euros as at 31 December 2022 was used for Lovćen životna osiguranja, a.d., Podgorica. The ten-year benchmark is 3.81%.
- The yield curve of Croatian government debt securities denominated in euros and with the payment of obligations in Croatian kuna as at 31 December 2022 was used for Triglav Osiguranje, d.d., Zagreb. The ten-year benchmark is 3.70%.
- The yield curves of Serbian government debt securities denominated in euros (the ten-year benchmark is 4.07%) and Serbian dinars (the ten-year benchmark is 7.21%) as at 31 December 2022 were used for Triglav Osiguranje, a.d.o., Belgrade.
- The yield curve of Macedonian government debt securities denominated in Macedonian denar as at 31 December 2022 was used for Triglav Osiguruvanje Život, a.d., Skopje. The ten-year benchmark is 1.69%.

Profit participation

The determination of the profit participation rate is at the discretion of each insurance company of the Group and regulated by internal rules. The estimated future allocation of bonuses is in line with the expected performance, past profit allocation rates and the policyholders' reasonable expectations.

In the model, profit as surplus over the technical interest rate of the policy is allocated to with-profits policies. The allocation is determined based on mathematical provisions as at the end of the financial year.

Annuity factor guarantee

In the calculation, the liability adequacy test takes into account the annuity factor guarantee for those insurance policies where future mortality projections indicate that, until the retirement of an individual policyholder, the condition from insurance terms and conditions regarding the increase in life expectancy that enables the change in the guaranteed annuity factors will not be fulfilled. The calculation additionally takes into account that 22–40% of supplemental voluntary pension insurance policyholders and 100% of voluntary pension insurance policyholders will choose to purchase pension annuity under guaranteed annuity factors, with the remaining policyholders taking advantage of other options for the payment of assets.

3.17.2 Test results

Based on the data available, the LAT results confirm the sufficient amount of insurance technical provisions for life insurance for all Group companies.

3.17.3 Test sensitivity analysis

The valuation of liabilities mainly depends on insurance technical parameters such as mortality, lapse rate, operating expenses, the probability of policyholders deciding to opt for pension annuity and future increase in life expectancy. Parameters are sensitivity tested in order to assess the impact of changes to the above-mentioned variables on future liabilities, the level of provisions and net profit or loss for the year. These changes are potentially practicable changes in the above parameters, which could significantly impact the future performance of insurance companies.

Individual sensitivity analyses take into account the change of a selected parameter with all the remaining variables unchanged, without accounting for the value of assets backing the liabilities.

The following parameter changes were taken into account:

- increased probability of mortality by 10%;
- decreased probability of mortality (longevity) by 10%;
- increased lapse rate by 10%;
- decreased lapse rate by 10%;
- increased costs by 10%;
- increased share of policyholders who will decide to buy a pension annuity by 10%;
- zero increase in life expectancy of the population.

The LAT results confirm the sufficient amount of insurance technical provisions for life insurance for all Group companies even in the event of changed parameters.

3.18 The liability adequacy test (LAT) for non-life insurance

The liability adequacy test for non-life insurance provisions was performed as at 31 December 2022 by the Group's certified actuaries.

The LAT results for the Group's insurance companies show that provisions for unearned premium together with provisions for unexpired risks are formed in an adequate amount. No additional provisions had to be made.

In the context of testing the adequacy of provisions, the LAT for liabilities paid out as annuities was carried out. The following assumptions were taken into account in the calculation. Most of these provisions were made by Zavarovalnica Triglav.

- Mortality: The risk arises from the longevity assumption. Slovenian annuity mortality tables SIA65 from 2010, which are used for the valuation of life insurance products, are used both for the valuation of provisions and the LAT. Given that the beneficiaries are persons who have suffered injuries in the past, these tables are appropriate. Due to the small size of the sample, it is not possible to perform an appropriateness analysis of the tables to confirm statistically significant appropriateness.
- Indexation: Annuity claims can be adjusted over time to changed circumstances, such as inflation, additional costs awarded by the court or resulting from other court decisions. Indexation is performed every year, which is duly taken into account when valuating liabilities from annuity claims.
- Discount interest rate: The basic model for calculating the capitalised amounts for annuity claims takes into account a 2.50% discount interest rate.

3.19 Provisions for employee benefits

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	
Provisions for unused leave	5,232,404	4,573,999	4,123,232	3,665,467	
Provisions for retirement benefits	9,797,099	10,914,184	6,415,476	7,552,987	
Provisions for jubilee payments	2,399,605	2,183,950	1,842,765	1,623,850	
TOTAL	17,429,108	17,672,133	12,381,473	12,842,304	

The following estimates and assumptions were taken into account in the calculation of provisions for pensions and retirement benefits:

- The expected mortality based on crude mortality tables for the population of Slovenia from 2019 (Statistical Office of the Republic of Slovenia), taking into account a 20% lower mortality than given in those tables; in the companies outside of Slovenia, mortality tables from individual countries were taken into account.
- The expected annual employee turnover depending on age which, on average, stands at 2.5% in Slovenia; in the companies outside Slovenia, the expected employee turnover in an individual country was taken into account.
- The expected annual average wage growth in Slovenia was 3.7%; in the subsidiaries outside Slovenia, the expected average wage growth in an individual country was taken into account.
- The yield curve of the Slovenian government debt securities denominated in EUR as at 31 December 2022. The ten-year benchmark is 3.81%. In the companies outside Slovenia, the yield curves of government debt securities of individual countries were taken into account.

Analysis of the movement of employee benefits at the Triglav Group

	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	in EUR
As at 1 January 2021	4,680,123	10,765,010	2,336,020	17,781,153
Use of provisions in the year	-4,333,805	-347,319	-179,750	-4,860,874
Release of provisions in the year	-34,756	-135,251	-73,559	-243,566
Creation of provisions in the year	4,262,209	627,828	100,499	4,990,536
Exchange rate difference	228	3,916	740	4,884
As at 31 December 2021	4,573,999	10,914,184	2,183,950	17,672,133
Use of provisions in the year	-4,259,433	-463,030	-195,875	-4,918,338
Release of provisions in the year	-24,529	-1,438,072	-27,421	-1,490,022
Creation of provisions in the year	4,942,655	785,793	439,378	6,167,826
Exchange rate difference	-288	-1,776	-427	-2,491
As at 31 December 2022	5,232,404	9,797,099	2,399,605	17,429,108

Analysis of the movement of employee benefits at Zavarovalnica Triglav

	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	in EUR
As at 1 January 2021	3,858,499	7,489,893	1,724,972	13,073,364
Use of provisions in the year	-3,858,499	-176,487	-149,318	-4,184,304
Creation of provisions in the year	3,665,467	239,581	48,196	3,953,244
As at 31 December 2021	3,665,467	7,552,987	1,623,850	12,842,304
Use of provisions in the year	-3,665,467	-1,552,585	-156,259	-5,374,311
Creation of provisions in the year	4,123,232	415,075	375,173	4,913,480
As at 31 December 2022	4,123,232	6,415,477	1,842,764	12,381,473

Provisions for retirement benefits and jubilee payments at the Triglav Group

	Provisions for retirement benefits	Provisions for jubilee payments	in EUR TOTAL
As at 1 January 2021	10,765,010	2,336,020	13,101,030
Current service cost	583,976	112,839	696,815
Interest cost	-2,112	-4,648	-6,760
Actuarial gains/losses due to:			
– changes in demographic assumptions	82,936	26	82,962
– changes in financial assumptions	-391,422	-17,322	-408,744
– experience adjustments	549,748	-70,007	479,741
Past service cost	-36,553	1,329	-35,224
Benefits paid during the year	-536,461	-179,210	-715,671
Gains/losses upon payment	-104,854	4,183	-100,671
Liabilities recognised in business combinations	0	0	0
Exchange rate difference	3,916	740	4,656
As at 31 December 2021	10,914,184	2,183,950	13,098,134
Current service cost	614,100	141,356	755,456
Interest cost	39,723	1,286	41,009
Actuarial gains/losses due to:			
– changes in demographic assumptions	-104	0	-104
– changes in financial assumptions	-1,851,889	257,558	-1,594,331
– experience adjustments	885,479	-12,079	873,400
Past service cost	1,097	-528	569
Benefits paid during the year	-445,872	-179,984	-625,856
Gains/losses upon payment	-357,843	8,473	-349,370
Liabilities recognised in business combinations	0	0	0
Exchange rate difference	-1,776	-427	-2,203
As at 31 December 2022	9,797,099	2,399,605	12,196,704

Sensitivity analysis of parameter changes at the Triglav Group

Parameter	Parameter change	2022	2021
Interest rate	shift in the discount curve by +0.25%	238,036	-258,706
	shift in the discount curve by -0.25%	740,213	261,833
Wage growth	change in annual wage growth by +0.5%	881,583	530,849
	change in annual wage growth by -0.5%	130,401	-478,481
Mortality rate	constant increase in mortality by +20%	394,419	-97,169
	constant increase in mortality by -20%	576,876	99,322
Early employment termination	shift in the expense curve by +20%	108,901	-331,476
	shift in the expense curve by -20%	898,052	385,064

Provisions for retirement benefits and jubilee payments at Zavarovalnica Triglav

	Provisions for retirement benefits	Provisions for jubilee payments	in EUR TOTAL
As at 1 January 2021	7,489,893	1,724,972	9,214,865
Current service cost	444,288	140,920	585,208
Interest expenses	-11,952	-4,690	-16,642
Actuarial gains/loss due to:			
– change in demographic assumptions	0	0	0
– change in financial assumptions	-358,878	-21,065	-379,943
– experience adjustments	564,548	-71,018	493,530
Profit/loss upon payment	-148,442	-149,318	-297,760
Termination payments during the year	-426,470	4,049	-422,421
As at 31 December 2021	7,552,987	1,623,850	9,176,837
Current service cost	395,232	120,280	515,512
Interest expenses	19,844	798	20,642
Actuarial gains/loss due to:			
– change in demographic assumptions	0	0	0
– change in financial assumptions	-1,775,399	259,093	-1,516,306
– experience adjustments	908,542	-12,645	895,897
Profit/loss upon payment	-378,877	7,647	-371,230
Termination payments during the year	-306,852	-156,259	-463,111
As at 31 December 2022	6,415,477	1,842,764	8,258,241

Sensitivity analysis of parameter changes at Zavarovalnica Triglav

Parameter	Parameter change	2022	2021
Interest rate	shift in the discount curve by +0.25%	-135,334	-186,283
	shift in the discount curve by -0.25%	140,435	194,068
Wage growth	change in annual wage growth by +0.5%	258,816	322,551
	change in annual wage growth by -0.5%	-230,782	-282,990
Mortality rate	constant increase in mortality by +20%	-58,971	-74,910
	constant increase in mortality by -20%	59,746	75,941
Early employment termination	shift in the expense curve by +20%	-261,064	-345,669
	shift in the expense curve by -20%	277,580	369,492

3.20 Other provisions

	Triglav Group	Zavarovalnica Triglav
As at 1 January 2021	2,809,101	769,957
Increase (creation)	831,897	281,336
Decrease (draw down)	-660,262	-226,313
Release	-468,556	-466,000
Exchange rate difference	356	0
As at 31 December 2021	2,512,536	358,980
Increase (creation)	530,200	343,433
Decrease (draw down)	-751,210	-465,775
Release	-144,282	-82,000
Exchange rate difference	-357	0
As at 31 December 2022	2,146,887	154,638

Other provisions relate to provisions for legal disputes, provisions for property, plant and equipment acquired free of charge and provisions for received government grants.

3.21 Deferred tax assets and liabilities

Presented below is the movement of deferred tax assets and liabilities in non-offset amounts.

DEFERRED TAX ASSETS	Triglav Group	Zavarovalnica Triglav
As at 1 January 2021	13,940,270	12,216,751
- increase	2,392,637	2,011,611
- decrease	-2,985,372	-2,356,611
As at 31 December 2021	13,347,535	11,871,751
- increase	32,593,347	24,981,590
- decrease	-2,409,855	-2,186,161
As at 31 December 2022	43,531,027	34,667,180

DEFERRED TAX LIABILITIES	Triglav Group	Zavarovalnica Triglav
As at 1 January 2021	27,701,195	21,747,913
- increase	4,367,913	4,302,528
- decrease	-10,271,963	-9,965,958
As at 31 December 2021	21,797,145	16,084,484
- increase	228,742	0
- decrease	-19,206,852	-16,084,484
As at 31 December 2022	2,819,035	0

Deferred tax assets are recognised for deductible temporary differences arising mainly from the valuation of available-for-sale financial instruments (for the Group: EUR 26,939,537, for Zavarovalnica Triglav: EUR 22,047,285), the impairment of receivables (for the Group: EUR 7,936,633, for Zavarovalnica Triglav: EUR 7,488,210), the impairment of financial investments (for the Group: EUR 4,982,976 for Zavarovalnica Triglav: EUR 3,991,790), the impairment of real property (for the Group: EUR 312,092, for Zavarovalnica Triglav: EUR 285,803) and provisions for retirement and jubilee benefits (for the Group: EUR 1,134,507, for Zavarovalnica Triglav: EUR 854,092). Deferred tax assets are not recognised from impairments of investments in subsidiaries and associates disclosed in the separate financial statements.

Deferred tax liabilities are mostly recognised from the valuation of financial assets at fair value through equity.

The offset balance of deferred tax assets and liabilities at the level of individual Group members is presented by tax jurisdiction and the offset amount of deferred tax at the level of individual jurisdiction. Tax rates by different countries where the Group members operate are presented in Section [2.1.4](#).

Tax jurisdiction	Deferred tax assets	Deferred tax liabilities	Total deferred tax	2022		2021	
				Deferred tax assets	Deferred tax liabilities	Total deferred tax	Deferred tax assets
Slovenia	40,268,086	-2,004,470	38,263,616	13,123,103	-20,325,169	-7,202,066	
Croatia	2,360,509	0	2,360,509	66,533	-703,696	-637,163	
Montenegro	530,341	-686,179	-155,838	120,850	-505,058	-384,208	
Bosnia and Herzegovina	24,116	-127,733	-103,617	10,789	-115,492	-104,703	
North Macedonia	321,686	-653	321,033	0	-147,730	-147,730	
Serbia	26,289	0	26,289	26,260	0	26,260	
TOTAL DEFERRED TAX	43,531,027	-2,819,035	40,711,992	13,347,535	-21,797,145	-8,449,610	
Total deferred tax assets			40,971,447			927,425	
Total deferred tax liabilities			-259,455			-9,377,035	

3.22 Other financial liabilities

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	
Loans from banks	501,173	414,897	0	0	
Financial liabilities for acquired securities	1,099	5,170	0	5,170	
Liabilities for dividends	63,524	656,594	0	656,594	
Other financial liabilities	1,307,763	2,008,986	22,640	1,028,822	
TOTAL	1,873,559	3,085,647	22,640	1,690,586	

At Group level, other financial liabilities include liabilities of the reinsurance company for retained deposits of cedants.

3.23 Lease liabilities

To calculate the net present value of future leases, discount rates were used that were determined at the level of the interest rate for risk-free government bonds, increased by the credit spread of an individual Group member.

The table below shows the analysis of maturity of lease liabilities.

MATURITY ANALYSIS	Triglav Group		Zavarovalnica Triglav		in EUR
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	
1 year	2,826,366	3,466,114	1,052,085	1,167,179	
2 years	2,593,212	2,525,541	902,108	949,773	
3 years	2,319,673	1,971,159	830,129	785,757	
4 years	1,824,535	1,680,346	629,924	702,087	
5 years	724,153	1,179,380	164,015	494,262	
More than 5 years	431,897	391,868	476,407	544,785	
Foreign exchange differences	47,547	60,399	0	0	
TOTAL	10,767,382	11,274,806	4,054,668	4,643,844	

3.24 Operating liabilities

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	
DIRECT INSURANCE LIABILITIES	21,501,649	19,450,557	11,547,677	10,182,945	
Liabilities to policyholders	12,966,758	11,823,747	8,678,082	7,927,509	
Liabilities to insurance brokers	1,381,583	1,289,593	1,080,294	1,142,535	
Other liabilities from direct insurance operations	7,153,308	6,337,217	1,314,673	688,893	
Liabilities from direct insurance operations to Group companies	0	0	474,628	424,008	
LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	60,816,415	41,241,465	46,215,403	24,678,609	
Liabilities for re/co-insurance premiums	51,519,315	33,219,399	40,207,540	18,510,739	
Liabilities for co-insurers' share of claims	9,037,842	7,866,165	6,007,863	6,167,870	
Other re/co-insurance liabilities	259,258	155,901	0	0	
CURRENT TAX LIABILITIES	11,457,486	2,649,636	9,697,471	0	
TOTAL LIABILITIES FROM INSURANCE OPERATIONS	93,775,550	63,341,658	67,460,551	34,861,554	

All operating liabilities are short-term and fall due within 12 months.

3.25 Other liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Short-term liabilities to employees	34,501,643	29,754,061	29,963,307	25,270,631
Trade payables	12,280,632	17,435,217	10,192,690	13,450,724
Other short-term liabilities from insurance operations	10,630,213	9,632,019	5,926,537	6,244,071
Other short-term liabilities	14,328,041	6,869,471	7,300,107	3,801,755
Other long-term liabilities	829,228	1,414,672	0	0
Accrued interest on issued bonds	419,521	419,521	419,521	419,521
Short-term deferred income from charged interest on arrears	2,932,768	3,319,240	2,932,768	3,319,240
Other accruals	24,305,772	17,115,118	4,614,809	2,626,151
TOTAL	100,227,818	85,959,319	61,349,739	55,132,093

Other short-term liabilities include recognised liabilities from the realisation of an inadequately issued guarantee under suretyship insurance in the amount of EUR 3,982,754. The issued guarantee was the subject of an inspection by the Croatian Financial Services Supervisory Agency (hereinafter: HANFA), which found irregularities in entering into said transaction. Due to an inadequate procedure in issuing the guarantee, which was issued based on concluding a suretyship insurance contract, there is a high probability that it will be realised by its bearer, therefore it was recognised as a liability in its full amount.

In addition to the aforementioned liability, other short-term liabilities include short-term liabilities for contributions, taxes and other charges in the amount of EUR 1,287,810 (31 December 2021: EUR 1,307,551), short-term liabilities for advances received in the amount of EUR 5,088,921 (31 December 2021: EUR 1,700,798) and liabilities for deductions from employees' salaries in the amount of EUR 443,568 (31 December 2021: EUR 421,868).

4. Notes to the income statement

4.1 Premium income

	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
NON-LIFE INSURANCE				
Gross written premium	826,459,419	732,320,025	584,317,354	518,612,566
Assumed re-insurance written premium	176,111,500	165,013,147	84,844,380	86,288,445
Assumed co-insurance written premium	6,601,904	7,166,838	921,702	1,108,482
Ceded co-insurance written premium	-6,139,418	-6,708,680	-2,198,557	-2,556,301
Reinsurance written premium	-242,781,872	-208,661,006	-219,851,448	-184,588,305
Changes in gross provisions for unearned premiums	-48,661,533	-27,574,814	-25,834,914	-13,596,976
Changes in reinsurers' share of unearned premiums	14,039,616	15,524,038	7,622,095	5,954,593
Net premium income on non-life insurance	725,629,616	677,079,548	429,820,612	411,222,504
LIFE INSURANCE				
Gross written premium	265,959,888	250,137,276	198,780,185	188,340,610
Assumed co-insurance written premium	201,087	23,669	0	0
Ceded co-insurance premiums	-671,916	-972,642	-95,274	-73,329
Reinsurance written premium	-5,393,204	-4,607,547	-831,734	-751,814
Changes in gross provisions for unearned premiums	2,580	3,353	1,829	16,936
Changes in reinsurers' share of unearned premiums	-324	326	-229	93
Net premium income on life insurance	260,098,111	244,584,435	197,854,777	187,532,496
HEALTH INSURANCE				
Gross written premium	204,223,289	198,314,595	0	0
Changes in gross provisions for unearned premiums	-45,401	-132,527	0	0
Net premium income on health insurance	204,177,888	198,182,068	0	0
TOTAL NET PREMIUM INCOME	1,189,905,615	1,119,846,051	627,675,389	598,755,000

in EUR

Overview of premium income by insurance class for Triglav Group¹⁰⁶

2022	in EUR				
	Gross written premium ¹⁰⁷	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	40,031,971	182,236	-308,436	-2,437,784	37,467,987
Health insurance	214,767,196	1,415,959	-630,283	-881,198	214,671,674
Land motor vehicle insurance	173,836,041	99,638	-227,689	-19,998,487	153,709,503
Railway insurance	6,631,322	12,301	-350,753	-2,874,701	3,418,169
Aircraft insurance	7,051,304	0	0	-2,930,460	4,120,844
Marine Insurance	32,504,104	168,888	-71,757	-10,831,475	21,769,760
Cargo insurance	13,601,799	305,682	-424,203	-2,525,856	10,957,422
Fire and natural forces insurance	114,244,450	1,433,824	-1,649,996	-43,585,577	70,442,701
Other damage to property insurance	258,061,211	2,637,493	-1,337,176	-81,070,654	178,290,874
Motor TPL insurance	198,501,093	185	0	-33,550,394	164,950,884
Aircraft liability insurance	2,561,060	0	0	-1,012,142	1,548,918
Marine liability insurance	2,654,940	0	0	-487,711	2,167,229
General liability insurance	63,773,820	213,904	-1,070,704	-18,196,837	44,720,183
Credit insurance	38,221,698	0	0	-12,599,007	25,622,691
Suretyship insurance	7,076,024	5,742	-11,125	-3,477,309	3,593,332
Miscellaneous financial loss insurance	8,268,681	126,052	-12,223	-4,552,523	3,829,987
Legal expenses insurance	627,883	0	-45,042	-81,478	501,363
Travel assistance insurance	24,379,613	0	-31	-1,688,279	22,691,303
Total non-life insurance	1,206,794,210	6,601,904	-6,139,418	-242,781,872	964,474,824
LIFE INSURANCE					
Life insurance	110,306,219	201,087	-671,916	-5,392,198	104,443,192
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	133,782,429	0	0	0	133,782,429
Tontines	0	0	0	0	0
Supplemental pension insurance according to the ZPIZ	21,521,009	0	0	0	21,521,009
Loss of income due to illness	350,229	0	0	-1,006	349,223
Total life insurance	265,959,886	201,087	-671,916	-5,393,204	260,095,853
TOTAL	1,472,754,096	6,802,991	-6,811,334	-248,175,076	1,224,570,677

2021	in EUR				
	Gross written premium ¹⁰⁸	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	39,130,478	212,297	-324,080	-1,145,210	37,873,485
Health insurance	206,710,349	856,987	-254,644	-770,136	206,542,556
Land motor vehicle insurance	157,378,102	46,559	-187,585	-14,622,091	142,614,985
Railway insurance	4,910,990	10,201	-126,174	-1,988,898	2,806,119
Aircraft insurance	7,284,977	0	0	-3,780,515	3,504,462
Marine Insurance	18,209,242	140,003	0	-2,865,578	15,483,667
Cargo insurance	11,404,091	0	-588,173	-2,087,197	8,728,721
Fire and natural forces insurance	114,457,118	1,555,417	-1,359,902	-42,807,649	71,844,984
Other damage to property insurance	229,947,365	3,980,633	-2,293,835	-79,227,479	152,406,684
Motor TPL insurance	180,798,516	12,403	0	-20,907,171	159,903,748
Aircraft liability insurance	3,362,804	0	0	-2,027,875	1,334,929
Marine liability insurance	2,436,261	0	-16,000	-306,603	2,113,658
General liability insurance	55,358,707	172,119	-1,400,139	-16,601,666	37,529,021
Credit insurance	30,674,964	0	0	-10,207,909	20,467,055
Suretyship insurance	6,510,031	129,370	-101,292	-3,578,313	2,959,796
Miscellaneous financial loss insurance	6,731,191	50,849	-8,618	-4,881,327	1,892,095
Legal expenses insurance	615,445	0	-48,238	-73,152	494,055
Travel assistance insurance	19,727,136	0	0	-782,237	18,944,899
Total non-life insurance	1,095,647,767	7,166,838	-6,708,680	-208,661,006	887,444,919
LIFE INSURANCE					
Life insurance	111,908,734	23,669	-972,642	-4,606,600	106,353,161
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	117,592,407	0	0	0	117,592,407
Tontines	0	0	0	0	0
Supplemental pension insurance according to the ZPIZ	20,316,064	0	0	0	20,316,064
Loss of income due to illness	320,071	0	0	-947	319,124
Total life insurance	250,137,276	23,669	-972,642	-4,607,547	244,580,756
TOTAL	1,345,785,043	7,190,507	-7,681,322	-213,268,553	1,132,025,675

¹⁰⁶ Non-life insurance also includes health insurance.¹⁰⁷ Gross written premium also includes inward reinsurance premium.¹⁰⁸ Gross written premium also includes inward reinsurance premium.

Overview of premium income by insurance class for Zavarovalnica Triglav

in EUR

2022	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	25,342,439	0	-161,262	-2,298,527	22,882,650
Health insurance	933,956	0	-392,784	0	541,171
Land motor vehicle insurance	141,497,773	0	0	-14,914,490	126,583,283
Railway insurance	5,880,448	0	0	-2,158,450	3,721,998
Aircraft insurance	2,546,345	0	0	-1,311,385	1,234,960
Marine Insurance	18,083,405	0	0	-18,839,586	-756,181
Cargo insurance	7,975,392	0	-420,081	-2,690,271	4,865,040
Fire and natural forces insurance	55,460,264	921,702	-496,450	-23,888,047	31,997,468
Other damage to property insurance	182,452,893	0	-91,645	-96,593,442	85,767,806
Motor TPL insurance	121,932,761	0	0	-24,267,115	97,665,647
Aircraft liability insurance	1,557,041	0	0	-572,926	984,115
Marine liability insurance	1,427,546	0	0	-428,211	999,335
General liability insurance	48,665,425	0	-583,006	-17,712,429	30,369,990
Credit insurance	26,957,217	0	0	-8,000,687	18,956,530
Suretyship insurance	4,516,701	0	0	-2,273,061	2,243,640
Miscellaneous financial loss insurance	3,643,791	0	-8,287	-1,922,456	1,713,049
Legal expenses insurance	610,916	0	-45,042	-83,078	482,797
Travel assistance insurance	19,677,421	0	0	-1,897,287	17,780,134
Total non-life insurance	669,161,734	921,702	-2,198,557	-219,851,448	448,033,431
LIFE INSURANCE					
Life insurance	74,655,209	0	-95,274	-795,987	73,763,948
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	102,603,967	0	0	-35,747	102,568,220
Tontines	0	0	0	0	0
Supplemental pension insurance according to the ZPIZ	21,521,009	0	0	0	21,521,009
Loss of income due to illness	0	0	0	0	0
Total life insurance	198,780,185	0	-95,274	-831,734	197,853,177
TOTAL	867,941,919	921,702	-2,293,831	-220,683,182	645,886,608

in EUR

2021	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	25,235,448	0	-158,758	-965,296	24,111,394
Health insurance	787,154	0	-384,014	0	403,140
Land motor vehicle insurance	129,298,413	0	0	-10,551,624	118,746,789
Railway insurance	4,614,328	0	0	-1,435,278	3,179,050
Aircraft insurance	3,683,029	0	0	-3,170,945	512,084
Marine Insurance	7,689,364	0	0	-3,640,157	4,049,207
Cargo insurance	6,858,896	0	-588,173	-1,893,395	4,377,328
Fire and natural forces insurance	59,690,602	1,106,031	-434,112	-23,927,164	36,435,357
Other damage to property insurance	165,026,243	0	-73,282	-94,113,835	70,839,126
Motor TPL insurance	109,621,258	0	0	-13,863,079	95,758,179
Aircraft liability insurance	2,779,402	0	0	-2,504,422	274,980
Marine liability insurance	1,390,962	0	-16,000	-170,538	1,204,424
General liability insurance	42,716,918	2,451	-845,106	-15,547,069	26,327,194
Credit insurance	21,883,872	0	0	-6,241,117	15,642,755
Suretyship insurance	3,600,839	0	0	-1,903,355	1,697,484
Miscellaneous financial loss insurance	2,948,793	0	-8,618	-3,679,086	-738,911
Legal expenses insurance	595,434	0	-48,238	-67,476	479,720
Travel assistance insurance	16,480,055	0	0	-914,469	15,565,586
Total non-life insurance	604,901,010	1,108,482	-2,556,301	-184,588,305	418,864,886
LIFE INSURANCE					
Life insurance	79,238,943	0	-73,329	-717,100	78,448,514
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	88,785,604	0	0	-34,715	88,750,889
Tontines	0	0	0	0	0
Supplemental pension insurance according to the ZPIZ	20,316,064	0	0	0	20,316,064
Loss of income due to illness	0	0	0	0	0
Total life insurance	188,340,611	0	-73,329	-751,815	187,515,467
TOTAL	793,241,621	1,108,482	-2,629,630	-185,340,120	606,380,353

4.2 Income from investments

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
INTEREST INCOME FROM FINANCIAL ASSETS				
– available for sale	18,677,538	18,961,233	10,157,304	10,629,506
– loans and deposits	1,357,476	1,312,236	673,908	852,057
– held to maturity	10,474,246	7,267,273	7,549,780	6,692,393
– at fair value through profit and loss	3,892,359	6,740,537	1,281,997	1,689,166
Interest income	34,401,619	34,281,279	19,662,989	19,863,122
DIVIDENDS FROM				
– available-for-sale financial assets	4,649,044	4,517,664	4,410,224	4,285,150
– financial assets at fair value through profit and loss	1,471,355	1,510,514	684,423	539,485
– subsidiaries and associates	31,339	41,552	32,765,113	8,000,000
TOTAL DIVIDENDS	6,151,738	6,069,730	37,859,760	12,824,635
Fair value gains	5,085,853	90,078,182	2,065,425	73,502,582
Realised gains on disposals	37,775,442	16,301,340	34,325,465	14,888,504
Other financial income	8,141,729	8,608,640	3,668,296	2,713,940
Profit on investments accounted for using the equity method	1,842,183	1,444,054	0	0
TOTAL INVESTMENT INCOME	93,398,564	156,783,225	97,581,935	123,792,783

Gains from changes in fair value are described in detail in Section [4.4](#) and gains on disposal in Section [4.5](#). Data in the table also include income from investments in associates.

4.3 Expenses from investments

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Fair value losses				
Realised loss on disposals	132,594,212	16,138,516	89,339,216	6,127,181
Loss on disposals of subsidiaries	50,341,763	7,122,739	46,526,684	6,870,017
Loss on impairment of financial assets	0	0	0	0
Other finance costs	9,034,736	33,628	10,353,229	1,066,400
- Net exchange losses	9,674,188	8,537,903	7,216,451	5,390,136
- Other expenses from financial assets and liabilities	3,102,252	1,526,841	2,109,615	694,116
- Asset management costs	1,756,509	2,612,849	1,229,269	1,103,281
Loss on equity investments in associates accounted for using the equity method	4,815,427	4,398,213	3,877,567	3,592,739
TOTAL EXPENSES FROM FINANCIAL ASSETS	201,644,899	31,978,418	153,435,580	19,453,734

Losses from changes in fair value are described in detail in Section [4.4](#) and losses on disposal of financial assets in Section [4.5](#). Data in the table also include expenses from investments in associates. Expenses due to impairment of financial assets of Zavarovalnica Triglav also include expenses due to impairment of investments in subsidiaries in the total amount of EUR 3,919,788 (see the section [3.5](#)).

4.4 Gains/losses from changes in the fair value of financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Financial assets recognised at fair value through profit/loss				
– gains	-127,400,182	73,908,119	-87,273,791	67,343,854
– losses	5,085,853	89,984,986	2,065,425	73,409,386
Derivative financial instruments	-132,486,035	-16,076,867	-89,339,216	-6,065,532
– gains	-108,172	31,547	0	31,547
– losses	0	93,196	0	93,196
NET GAINS FROM CHANGES IN FAIR VALUE	-127,508,354	73,939,666	-87,273,791	67,375,401

Net gains/losses from changes in the fair value of financial assets include net unrealised gains/losses on unit-linked life insurance assets.

4.5 Net realised gains and losses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Financial assets recognised at fair value through profit/loss	-17,147,763	3,730,480	-17,235,132	3,487,484
– realised gains on disposals	1,501,931	6,380,071	561,805	5,972,200
– realised losses on disposals	-18,649,694	-2,649,591	-17,796,937	-2,484,716
Available-for-sale financial assets	4,712,399	5,536,389	5,164,870	4,665,592
– realised gains on disposals	36,273,511	9,870,950	33,763,660	8,912,305
– realised losses on disposals	-31,561,112	-4,334,561	-28,598,790	-4,246,713
Derivatives	-130,957	-92,268	-130,957	-138,587
– gains on disposal	0	46,319	0	0
– Losses on disposal	-130,957	-138,587	-130,957	-138,587
Loans and deposits	0	4,000	0	4,000
– gains on disposal	0	4,000	0	4,000
– losses on disposal	0	0	0	0
Held to – maturity financial assets	0	0	0	0
– gains on disposal	0	0	0	0
– losses on disposal	0	0	0	0
TOTAL REALISED GAINS AND LOSSES	-12,566,321	9,178,601	-12,201,219	8,018,488

4.6 Other insurance income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Fees and commission income	49,184,889	38,916,088	50,904,726	38,196,377
– reinsurance commission income	49,082,208	38,817,938	50,802,044	38,098,226
– investment management services	102,681	98,150	102,682	98,151
Other income from insurance operations	10,750,096	9,878,212	7,631,564	7,190,656
– income from sale of green cards for motor vehicles	976,267	1,560,468	239,433	758,052
– income from claims settled for other insurance companies	912,028	580,433	498,304	376,336
– income from assistance services	15,052	30,508	6,870	23,622
– other income from insurance operations	3,867,995	3,474,891	2,384,128	2,163,993
– interest from receivables	4,978,754	4,231,912	4,502,829	3,868,653
OTHER INSURANCE INCOME	59,934,985	48,794,300	58,536,290	45,387,033

4.7 Other income

	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Income from investment property	7,293,257	6,918,534	6,058,930	5,596,224
Income from disposal of investment property	7,953,757	319,781	154,310	151,349
Income from disposal of intangible assets	140,083	0	110	0
Income from disposal of property, plant and equipment	82,299	418,456	0	0
Other income	3,680,578	6,480,257	4,574,380	2,974,819
Operating income of non-insurance companies	40,269,245	39,038,452	0	0
– income from asset management	30,101,187	30,184,817	0	0
– other operating income of non-insurance companies	10,168,058	8,853,635	0	0
Revaluation income	406,909	158,580	248,607	103,454
TOTAL OTHER INCOME	59,826,129	53,334,060	11,036,337	8,825,846

Under other income amounting to EUR 4,574,380 as at 31 December 2022, the Company discloses income from the provision of services for Group companies in the total amount of EUR 1,439,610 (2021: EUR 1,664,984), income from deductible VAT in the amount of EUR 212,526 (2021: EUR 195,450), the release of provisions for lawsuits in the amount of EUR 82,000 (2021: EUR 466,000), income from incentives for employing people with disabilities in the amount of EUR 155,268 (2021: EUR 201,482), write-off of liabilities from dividends from previous years in the amount of EUR 1,817,200 (2021: EUR 0) and other income in the amount of EUR 476,291 (2021: EUR 446,903).

4.8 Claims

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
NON-LIFE INSURANCE				
Gross claims settled	404,111,444	354,171,578	283,732,864	248,226,326
Gross claims paid from inward reinsurance	74,236,187	53,980,157	26,263,098	16,384,151
Gross claims paid from coinsurance	1,922,442	1,153,280	2,369	1,280
Income from gross subrogated receivables	-16,827,948	-16,050,134	-11,756,155	-11,885,927
Reinsurers' share of gross claims settled	-56,360,619	-41,047,824	-48,929,067	-34,824,864
Co-insurers' share of gross claims settled	-2,055,999	-1,913,225	-683,799	-744,339
Change in gross claims provisions	-5,325,072	39,093,301	-18,416,087	14,505,097
Change in gross claims provisions for re/co-insurer's share	-29,445,649	-26,038,184	-36,493,486	-24,169,631
Net claims incurred on non-life insurance	370,254,786	363,348,949	193,719,737	207,492,093
LIFE INSURANCE				
Gross claims settled	185,401,039	185,673,862	154,213,675	156,142,551
Coinsurers' shares and gross claims	-554,601	-1,064,815	-9,054	-8,369
Reinsurers' share in gross claims	-934,519	-859,879	-317,487	-241,386
Change in gross claims provisions	-1,254,110	1,753,071	-1,249,970	1,802,537
Change in reinsurers' share in gross claims provisions	32,433	-61,517	50,368	-50,202
Net claims incurred on life insurance	182,690,242	185,440,722	152,687,532	157,645,131
HEALTH INSURANCE				
Gross claims settled	183,494,904	157,763,966	0	0
Income from gross exercised subrogation receivables	-107,527	-112,659	0	0
Coinsurers' shares in gross claims paid	-1,942	1,283	0	0
Change in gross claims provisions	3,015,022	1,402,895	0	0
Change in claims provisions for reinsurers' share	1,708	2,828	0	0
Equalisation scheme expenses	7,385,238	7,180,804	0	0
TOTAL net claims incurred on health insurance	193,787,403	166,239,117	0	0
NET CLAIMS INCURRED TOTAL	746,732,431	715,028,788	346,407,269	365,137,224

Overview of net claims incurred by insurance class

in EUR

Triglav Group 2022	Gross claims ¹⁰⁹	Gross claims paid from coinsurance	Coincurred's shares	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE						
Accident insurance	21,960,900	55,290	-245,156	-7,287	-386,899	21,376,848
Health insurance	189,330,175	958,989	-345,726	-131,616	-405,893	189,405,929
Land motor vehicle insurance	115,902,914	826	-219,599	-3,874,889	-7,469,814	104,339,438
Railway insurance	1,045,598	13,116	-10,281	0	-3,845	1,044,588
Aircraft insurance	1,068,068	0	0	0	-429,613	638,455
Marine Insurance	8,822,915	75	0	-150,953	-788,602	7,883,435
Cargo insurance	4,032,355	0	-203,467	-215,438	-608,204	3,005,246
Fire and natural forces insurance	51,348,429	13,709	-79,805	-196,609	-7,234,909	43,850,815
Other damage to property insurance	102,015,284	577,429	-275,322	-463,378	-21,064,246	80,789,767
Motor TPL insurance	113,272,117	2,825	0	-4,113,784	-13,549,495	95,611,663
Aircraft liability insurance	361,702	0	0	0	-158,429	203,273
Marine liability insurance	802,850	0	-3,319	-14,449	-4,099	780,983
General liability insurance	15,654,340	212,890	-511,564	-428,416	-785,651	14,141,599
Credit insurance	12,744,430	0	0	-7,077,818	-2,464,302	3,202,310
Suretyship insurance	1,577,314	87,293	-160,874	-216,963	-186,485	1,100,285
Miscellaneous financial loss insurance	2,204,740	0	0	0	-178,154	2,026,586
Legal expenses insurance	69,078	0	-2,828	0	-4,178	62,072
Travel assistance insurance	19,629,327	0	0	-43,875	-637,801	18,947,651
Total non-life insurance	661,842,536	1,922,442	-2,057,941	-16,935,475	-56,360,619	588,410,943
LIFE INSURANCE						
Life insurance	117,663,948	0	-554,601	0	-934,519	116,174,828
Wedding insurance or birth insurance	0	0	0	0	0	0
Unit-linked life insurance	62,303,614	0	0	0	0	62,303,614
Tontines	0	0	0	0	0	0
Supplemental pension insurance according to the ZPIZ	5,329,529	0	0	0	0	5,329,529
Loss of income due to illness	103,947	0	0	0	0	103,947
Total life insurance	185,401,038	0	-554,601	0	-934,519	183,911,918
TOTAL	847,243,574	1,922,442	-2,612,542	-16,935,475	-57,295,138	772,322,861

¹⁰⁹ Gross claims paid also include gross claims paid from inward reinsurance and equalisation scheme expenses for supplemental health insurance.

in EUR

Triglav Group 2021	Gross claims ¹¹⁰	Gross claims paid from coinsurance	Coincurred's shares	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE						
Accident insurance	23,308,302	58,455	-172,853	-5,593	-595,720	22,592,591
Health insurance	162,804,419	556,111	-153,747	-113,080	-331,604	162,762,099
Land motor vehicle insurance	98,314,466	21,449	-291,003	-3,460,340	-6,142,260	88,442,312
Railway insurance	1,442,477	0	0	-550,087	-102	892,288
Aircraft insurance	1,654,818	0	0	0	-1,040,613	614,205
Marine Insurance	5,407,210	515	-48,081	0	-74,632	5,285,012
Cargo insurance	2,877,212	0	-220,857	-173,572	-115,209	2,367,574
Fire and natural forces insurance	49,815,866	4,317	-67,341	-224,422	-12,081,808	37,446,612
Other damage to property insurance	72,522,993	443,977	-468,072	-418,055	-10,045,103	62,035,740
Motor TPL insurance	100,895,715	17,480	0	-2,852,923	-6,842,066	91,218,206
Aircraft liability insurance	560,903	0	0	0	-371,568	189,335
Marine liability insurance	560,882	0	-24,041	0	-1,400	535,441
General liability insurance	13,968,126	50,976	-461,694	-221,470	-401,868	12,934,070
Credit insurance	12,285,635	0	0	-7,441,529	-1,599,993	3,244,113
Suretyship insurance	1,518,451	0	0	-676,329	-78,243	763,879
Miscellaneous financial loss insurance	2,543,480	0	0	0	-1,128,244	1,415,236
Legal expenses insurance	66,885	0	-4,254	0	-334	62,297
Travel assistance insurance	15,367,865	0	0	-25,393	-197,057	15,145,415
Total non-life insurance	565,915,705	1,153,280	-1,911,943	-16,162,793	-41,047,824	507,946,425
LIFE INSURANCE						
Life insurance	119,337,138	0	-1,064,814	0	-859,879	117,412,445
Wedding insurance or birth insurance	0	0	0	0	0	0
Unit-linked life insurance	61,808,056	0	0	0	0	61,808,056
Tontines	0	0	0	0	0	0
Supplemental pension insurance according to the ZPIZ	4,425,926	0	0	0	0	4,425,926
Loss of income due to illness	102,738	0	0	0	0	102,738
Total life insurance	185,673,858	0	-1,064,814	0	-859,879	183,749,165
TOTAL	751,589,563	1,153,280	-2,976,757	-16,162,793	-41,907,703	691,695,590

¹¹⁰ Gross claims paid also include gross claims paid from inward reinsurance and equalisation scheme expenses for supplemental health insurance.

in EUR

Zavarovalnica Triglav 2022	Gross claims	Gross claims paid from coinsurance	Coincurred's shares	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE						
Accident insurance	12,485,330	0	-46,550	-4,030	-401,032	12,033,718
Health insurance	308,705	0	-10,768	0	0	297,936
Land motor vehicle insurance	92,764,887	0	0	-1,969,789	-6,580,810	84,214,287
Railway insurance	1,031,427	0	0	0	-26	1,031,401
Aircraft insurance	81,464	0	0	0	-3,408	78,056
Marine Insurance	2,605,896	75	0	0	-2,069,050	536,921
Cargo insurance	2,579,234	0	-215,224	-170,586	-1,071,515	1,121,909
Fire and natural forces insurance	18,876,250	1,599	-71,611	-41,778	-3,258,807	15,505,653
Other damage to property insurance	61,724,986	0	-40,601	-115,167	-21,317,762	40,251,456
Motor TPL insurance	75,110,990	0	0	-2,123,131	-10,855,397	62,132,462
Aircraft liability insurance	102,773	0	0	0	-57,323	45,449
Marine liability insurance	340,918	0	-3,319	0	-7,614	329,985
General liability insurance	12,028,007	695	-292,898	-365,919	-817,980	10,551,905
Credit insurance	10,318,991	0	0	-6,709,898	-1,127,845	2,481,248
Suretyship insurance	449,053	0	0	-213,362	20,807	256,499
Miscellaneous financial loss insurance	1,320,419	0	0	0	-236,511	1,083,908
Legal expenses insurance	68,821	0	-2,828	0	-3,261	62,732
Travel assistance insurance	17,797,811	0	0	-42,495	-1,141,533	16,613,782
Total non-life insurance	309,995,962	2,369	-683,799	-11,756,155	-48,929,067	248,629,310
LIFE INSURANCE						
Life insurance	100,112,762	0	-9,054	0	-295,948	99,807,760
Wedding insurance or birth insurance	0	0	0	0	0	0
Unit-linked life insurance	48,771,384	0	0	0	-21,539	48,749,845
Tontines	0	0	0	0	0	0
Supplemental pension insurance according to the ZPIZ	5,329,529	0	0	0	0	5,329,529
Loss of income due to illness	0	0	0	0	0	0
Total life insurance	154,213,675	0	-9,054	0	-317,487	153,887,134
TOTAL	464,209,637	2,369	-692,853	-11,756,155	-49,246,554	402,516,444

in EUR

Zavarovalnica Triglav 2021	Gross claims	Gross claims paid from coinsurance	Coincurred' shares	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE						
Accident insurance	12,761,262	0	-42,825	-5,343	-547,077	12,166,017
Health insurance	232,435	0	-7,204	0	0	225,231
Land motor vehicle insurance	77,841,773	0	0	-1,625,455	-5,677,647	70,538,671
Railway insurance	1,427,560	0	0	-265,554	-414	1,161,592
Aircraft insurance	463,425	0	0	0	-414,388	49,037
Marine Insurance	506,568	515	0	0	-278,014	229,069
Cargo insurance	1,479,440	0	-220,857	-94,862	-133,248	1,030,473
Fire and natural forces insurance	19,908,467	240	-58,208	-176,322	-7,255,227	12,418,950
Other damage to property insurance	45,288,870	0	-27,641	-270,220	-10,165,725	34,825,284
Motor TPL insurance	65,402,571	0	0	-1,401,336	-6,796,060	57,205,175
Aircraft liability insurance	48,321	0	0	0	-4,078	44,243
Marine liability insurance	278,905	0	-24,041	0	-4,203	250,661
General liability insurance	10,930,823	525	-359,310	-169,996	-671,299	9,730,743
Credit insurance	11,232,345	0	0	-7,186,442	-1,264,339	2,781,564
Suretyship insurance	959,033	0	0	-667,259	-17,219	274,555
Miscellaneous financial loss insurance	1,592,237	0	0	0	-962,342	629,895
Legal expenses insurance	66,610	0	-4,254	0	-433	61,923
Travel assistance insurance	14,189,833	0	0	-23,139	-633,153	13,533,541
Total non-life insurance	264,610,478	1,280	-744,340	-11,885,928	-34,824,866	217,156,624
LIFE INSURANCE						
Life insurance	100,677,757	0	-8,369	0	-236,262	100,433,126
Wedding insurance or birth insurance	0	0	0	0	0	0
Unit-linked life insurance	51,038,868	0	0	0	-5,125	51,033,743
Tontines	0	0	0	0	0	0
Supplemental pension insurance according to the ZPIZ	4,425,926	0	0	0	0	4,425,926
Loss of income due to illness	0	0	0	0	0	0
Total life insurance	156,142,551	0	-8,369	0	-241,387	155,892,795
TOTAL	420,753,029	1,280	-752,709	-11,885,928	-35,066,253	373,049,419

4.9 Reinsurance result

	Triglav Group		Zavarovalnica Triglav		in EUR
	2022	2021	2022	2021	
Reinsurance premiums	-248,175,076	-213,268,553	-220,683,182	-187,969,749	
Changes in reinsurers' share of unearned premiums	14,039,292	15,524,365	7,621,866	5,954,686	
Reinsurers' share of claims	57,295,138	41,907,703	49,246,554	35,066,250	
Changes in claims provisions for reinsurers' shares	29,411,508	26,096,873	36,443,118	24,219,833	
Net result from reinsurance operations	-147,429,138	-129,739,612	-127,371,644	-122,728,980	
Reinsurance commission	49,082,208	38,817,937	45,463,598	33,189,769	
GROSS REINSURANCE RESULT	-98,346,930	-90,921,675	-81,908,046	-89,539,211	

4.10 Change in other insurance-technical provisions

	Triglav Group		Zavarovalnica Triglav		in EUR
	2022	2021	2022	2021	
Change in other insurance technical provisions	-79,041,779	-2,113,408	-56,716,599	-13,989,227	
– changes in gross provisions for cancellations	-59,131	-30,917	112,319	25,616	
– changes in gross provisions for unexpired risks	-11,404,476	7,877,024	497,958	-186,878	
– changes in gross provisions for other catastrophic risks	0	49,367	0	0	
– changes in gross provisions for life insurance	-70,664,672	-10,190,070	-57,851,848	-14,009,153	
– changes in gross provisions for bonuses from with-profits life insurance	3,086,500	181,188	524,972	181,188	
Change in gross provisions for unit-linked insurance contracts	-43,787,917	112,661,349	-47,072,818	91,860,583	
TOTAL CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-122,829,696	110,547,941	-103,789,417	77,871,356	

4.11 Expenses for bonuses and discounts

	Triglav Group		Zavarovalnica Triglav		in EUR
	2022	2021	2022	2021	
Settled bonuses and discounts	12,794,170	11,584,788	11,441,877	10,603,774	
Changes in gross provisions for bonuses and discounts	-1,995,420	-180,647	-2,274,065	-113,038	
TOTAL EXPENSES FOR BONUSES AND DISCOUNTS	10,798,750	11,404,141	9,167,812	10,490,736	

4.12 Expenses

	Triglav Group		Zavarovalnica Triglav		in EUR
	2022	2021	2022	2021	
Acquisition costs	211,429,288	184,911,170	142,569,005	124,268,560	
Other operating costs	90,498,842	81,946,738	51,695,579	46,066,306	
Claim handling costs*	31,416,954	28,586,329	23,232,828	21,120,474	
Costs of asset management**	4,815,427	4,398,213	3,877,567	3,592,739	
Operating expenses from non-insurance operations***	36,723,021	33,548,996	0	0	
TOTAL	374,883,532	333,391,446	221,374,979	195,048,079	

* Claim handling expenses are disclosed in the financial statements as part of gross claims paid.

** Asset management costs are disclosed in the financial statements as part of expenses from investments.

*** Expenses from non-insurance operations are disclosed in the consolidated financial statements as part of other expenses.

4.12.1 Gross operating expenses by nature and business segment

in EUR

Triglav Group 2022	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	61,409,276	16,335,551	1,505,164	79,249,991	0	79,249,991
Cost of goods sold	0	0	0	0	7,722	7,722
Depreciation of operating assets	16,770,242	4,331,638	844,472	21,946,352	2,578,208	24,524,560
Labour costs	128,009,322	17,581,939	7,663,539	153,254,800	17,683,031	170,937,831
Wages and salaries	88,428,381	10,420,962	5,538,451	104,387,794	12,313,795	116,701,589
Social security and pension insurance costs	19,161,533	3,434,096	931,220	23,526,849	3,312,477	26,839,326
Other labour costs	20,419,408	3,726,881	1,193,868	25,340,157	2,056,759	27,396,916
Costs of services provided by natural persons other than SPs, including related taxes	1,150,558	105,771	188,369	1,444,698	0	1,444,698
Other operating costs	61,834,219	12,239,398	8,191,052	82,264,669	16,454,061	98,718,730
Costs of entertainment, advertising, trade shows	17,210,491	2,123,575	1,223,274	20,557,340	1,658,087	22,215,427
Costs of material and energy	6,944,034	1,272,741	275,686	8,492,461	2,045,029	10,537,490
Maintenance costs	7,873,047	1,921,890	3,208,454	13,003,391	1,271,332	14,274,723
Reimbursement of labour-related costs	3,393,245	581,953	92,248	4,067,446	668,904	4,736,350
Costs of intellectual and personal services	5,462,588	1,158,123	520,024	7,140,735	757,594	7,898,329
Membership fees and charges	2,760,748	512,846	237,477	3,511,071	1,035,176	4,546,247
Costs of services - transport and communications	3,053,336	1,010,013	1,500,050	5,563,399	126,439	5,689,838
Costs for insurance premiums	849,179	76,078	176,055	1,101,312	251,511	1,352,823
Payment transaction costs and banking services	1,466,304	461,361	255,830	2,183,495	4,431,444	6,614,939
Rents	4,816,207	867,205	15,396	5,698,808	753,054	6,451,862
Costs of professional training services	1,021,670	254,677	93,264	1,369,611	176,753	1,546,364
Other costs of services	6,983,370	1,998,936	593,294	9,575,600	3,278,738	12,854,338
TOTAL OPERATING EXPENSES	269,173,617	50,594,297	18,392,596	338,160,510	36,723,022	374,883,532

in EUR

Triglav Group 2021	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	48,358,908	13,692,956	984,955	63,036,819	0	63,036,819
Cost of goods sold	0	0	0	0	130,008	130,008
Depreciation of operating assets	14,726,165	3,271,048	931,743	18,928,956	2,578,441	21,507,397
Labour costs	120,194,355	16,592,516	6,732,156	143,519,027	15,603,003	159,122,030
Wages and salaries	83,158,246	10,029,319	5,141,964	98,329,529	10,948,224	109,277,753
Social security and pension insurance costs	18,956,283	3,199,344	858,629	23,014,256	2,874,701	25,888,957
Other labour costs	18,079,826	3,363,853	731,563	22,175,242	1,780,078	23,955,320
Costs of services provided by natural persons other than SPs, including related taxes	1,244,112	95,630	195,952	1,535,694	0	1,535,694
Other operating costs	54,323,648	11,524,910	6,973,396	72,821,954	15,237,544	88,059,498
Costs of entertainment, advertising, trade shows	15,473,518	2,658,404	1,021,141	19,153,063	1,531,891	20,684,954
Costs of material and energy	4,980,416	970,375	267,730	6,218,521	1,632,672	7,851,193
Maintenance costs	9,220,834	2,008,037	2,680,383	13,909,254	1,126,083	15,035,337
Reimbursement of labour-related costs	2,509,044	399,909	50,008	2,958,961	496,101	3,455,062
Costs of intellectual and personal services	3,678,377	948,568	484,086	5,111,031	862,323	5,973,354
Membership fees and charges	2,187,915	356,050	142,550	2,686,515	793,363	3,479,878
Costs of services - transport and communications	3,171,740	952,785	1,256,779	5,381,304	125,837	5,507,141
Costs for insurance premiums	679,107	43,371	91,675	814,153	38,535	852,688
Payment transaction costs and banking services	1,211,630	414,022	250,149	1,875,801	4,921,518	6,797,319
Rents	4,172,267	769,422	7,528	4,949,217	690,172	5,639,389
Costs of professional training services	858,411	210,383	111,124	1,179,918	123,096	1,303,014
Other costs of services	6,180,389	1,793,584	610,243	8,584,216	2,895,953	11,480,169
TOTAL OPERATING EXPENSES	238,847,188	45,177,060	15,818,202	299,842,450	33,548,996	333,391,446

in EUR

Zavarovalnica Triglav	2022			2021		
	Non-life insurance	Life insurance	TOTAL	Non-life insurance	Life insurance	TOTAL
Acquisition costs	33,516,807	11,777,903	45,294,710	24,425,956	9,949,186	34,375,142
Depreciation of operating assets	12,129,485	3,821,246	15,950,731	10,403,546	2,769,727	13,173,273
Labour costs	95,020,103	17,928,520	112,948,623	89,743,630	16,863,839	106,607,469
Wages and salaries	66,509,395	12,570,361	79,079,756	63,300,286	11,908,074	75,208,360
Social security and pension insurance costs	11,237,387	2,160,968	13,398,355	10,704,876	2,074,123	12,778,999
Other labour costs	17,273,321	3,197,191	20,470,512	15,738,468	2,881,642	18,620,110
Costs of services provided by natural persons other than SPs, including related taxes	465,067	48,732	513,799	272,979	36,776	309,755
Other operating costs	36,977,623	9,689,493	46,667,116	31,311,263	9,271,177	40,582,440
Costs of entertainment, advertising, trade shows	7,922,591	1,766,111	9,688,702	6,341,580	2,306,272	8,647,852
Costs of material and energy	4,207,423	1,015,607	5,223,030	2,685,840	757,417	3,443,257
Maintenance costs	5,396,363	1,775,591	7,171,954	6,832,700	1,866,350	8,699,050
Reimbursement of labour-related costs	2,640,081	420,389	3,060,470	2,113,331	313,405	2,426,736
Costs of intellectual and personal services	3,590,468	852,202	4,442,670	2,127,300	627,038	2,754,338
Membership fees and charges	1,898,865	454,282	2,353,147	1,195,811	261,803	1,457,614
Costs of services - transport and communications	1,880,733	902,342	2,783,075	2,074,106	855,881	2,929,987
Costs for insurance premiums	406,798	45,783	452,581	286,638	18,505	305,143
Payment transaction costs and banking services	988,108	342,872	1,330,980	788,435	346,719	1,135,154
Rents	3,536,818	783,213	4,320,031	2,985,344	703,289	3,688,633
Costs of professional training services	846,045	220,286	1,066,331	722,233	173,495	895,728
Other costs of services	3,663,330	1,110,815	4,774,145	3,157,945	1,041,004	4,198,949
TOTAL OPERATING EXPENSES	178,109,085	43,265,894	221,374,979	156,157,374	38,890,705	195,048,079

In addition to costs of salaries, the Company set aside provisions for employee bonuses based on performance results in 2022 in the amount of EUR 16,298,391 (2021: EUR 13,493,729) under other expenses. Total costs of salaries at Zavarovalnica Triglav in 2022 amounted to EUR 95,378,148 (2021: EUR 88,702,089).

In addition to employees' salaries, contributions charged to the employer are taken into account when creating provisions for employee bonuses based on performance results. Total provisions created for 2022 amounted to EUR 18,922,432 (2021: EUR 15,666,219).

4.12.2 Gross operating expenses by nature and function

in EUR

Triglav Group 2022	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	TOTAL
Acquisition costs	79,249,991	0	0	0	0	79,249,991
Cost of goods sold	0	0	0	0	7,722	7,722
Depreciation of operating assets	10,979,077	2,492,733	470,781	8,003,762	2,578,207	24,524,560
Labour costs	77,494,100	21,422,495	2,984,787	51,353,418	17,683,031	170,937,831
Wages and salaries	53,752,149	14,611,474	2,119,892	33,904,279	12,313,795	116,701,589
Social security and pension insurance costs	11,883,103	3,301,015	421,557	7,921,174	3,312,477	26,839,326
Other labour costs	11,858,848	3,510,006	443,338	9,527,965	2,056,759	27,396,916
Costs of services provided by natural persons other than SPs, including related taxes	424,299	448,609	4,264	567,526	0	1,444,698
Other operating costs	43,281,821	7,053,117	1,355,595	30,574,136	16,454,061	98,718,730
Costs of entertainment, advertising, trade shows	19,312,797	95,269	83,242	1,066,032	1,658,087	22,215,427
Costs of material and energy	4,842,917	1,254,360	102,319	2,292,865	2,045,029	10,537,490
Maintenance costs	3,739,804	1,064,280	313,518	7,885,789	1,271,332	14,274,723
Reimbursement of labour-related costs	2,972,228	179,182	77,461	838,575	668,904	4,736,350
Costs of intellectual and personal services	1,197,990	1,314,238	254,457	4,374,050	757,594	7,898,329
Membership fees and charges	1,880,421	160,562	19,821	1,450,267	1,035,176	4,546,247
Costs of services - transport and communications	2,813,870	502,847	35,851	2,210,831	126,439	5,689,838
Costs for insurance premiums	389,341	100,207	12,179	599,585	251,511	1,352,823
Payment transaction costs and banking services	592,879	1,395	60,094	1,529,127	4,431,444	6,614,939
Rents	2,346,732	744,230	94,598	2,513,248	753,054	6,451,862
Costs of professional training services	451,079	142,731	133,455	642,346	176,753	1,546,364
Other costs of services	2,741,763	1,493,816	168,600	5,171,421	3,278,739	12,854,338
TOTAL OPERATING EXPENSES	211,429,288	31,416,954	4,815,427	90,498,842	36,723,022	374,883,532

in EUR

Triglav Group 2021	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	TOTAL
Acquisition costs	63,036,819	0	0	0	0	63,036,819
Cost of goods sold	0	0	0	0	130,008	130,008
Depreciation of operating assets	9,357,628	2,226,555	409,252	6,935,521	2,578,441	21,507,397
Labour costs	74,311,229	20,621,175	2,886,763	45,699,860	15,603,003	159,122,030
Wages and salaries	51,668,280	14,066,086	2,069,015	30,526,148	10,948,224	109,277,753
Social security and pension insurance costs	11,656,992	3,215,161	414,668	7,727,435	2,874,701	25,888,957
Other labour costs	10,985,957	3,339,928	403,080	7,446,277	1,780,078	23,955,320
Costs of services provided by natural persons other than SPs, including related taxes	675,560	366,678	3,827	489,630	0	1,535,695
Other operating costs	37,529,934	5,371,921	1,098,371	28,821,727	15,237,544	88,059,497
Costs of entertainment, advertising, trade shows	17,450,633	33,977	28,190	1,640,263	1,531,891	20,684,954
Costs of material and energy	3,537,486	814,731	71,368	1,794,936	1,632,672	7,851,193
Maintenance costs	3,757,900	1,071,554	299,955	8,779,845	1,126,083	15,035,337
Reimbursement of labour-related costs	2,437,712	115,755	31,395	374,099	496,101	3,455,062
Costs of intellectual and personal services	855,275	479,533	167,671	3,608,552	862,323	5,973,354
Membership fees and charges	1,215,606	165,946	18,144	1,286,819	793,363	3,479,878
Costs of services - transport and communications	2,813,712	572,972	58,365	1,936,255	125,837	5,507,141
Costs for insurance premiums	282,178	61,115	7,448	463,412	38,535	852,688
Payment transaction costs and banking services	484,061	2,065	93,617	1,296,058	4,921,518	6,797,319
Rents	1,524,895	482,984	38,965	2,902,373	690,172	5,639,389
Costs of professional training services	456,542	120,738	118,511	484,127	123,096	1,303,014
Other costs of services	2,713,934	1,450,551	164,742	4,254,988	2,895,953	11,480,169
TOTAL OPERATING EXPENSES	184,911,170	28,586,329	4,398,213	81,946,738	33,548,996	333,391,446

in EUR

Zavarovalnica Triglav 2022	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
Acquisition costs	45,294,710	0	0	0	45,294,710
Depreciation of operating assets	9,227,110	2,151,769	391,333	4,180,519	15,950,731
Labour costs	63,018,340	16,205,520	2,418,286	31,306,477	112,948,623
Wages and salaries	45,201,789	11,166,937	1,760,582	20,950,450	79,079,758
Social security and pension insurance costs	7,661,652	1,906,140	303,698	3,526,863	13,398,353
Other labour costs	10,154,899	3,132,443	354,006	6,829,164	20,470,512
Costs of services provided by natural persons other than SPs, including related taxes	52,380	284,883	3,738	172,797	513,798
Other operating costs	24,976,465	4,590,656	1,064,210	16,035,786	46,667,117
Costs of entertainment, advertising, trade shows	9,152,773	58,265	62,647	415,017	9,688,702
Costs of material and energy	2,709,374	999,746	81,887	1,432,023	5,223,030
Maintenance costs	2,756,918	835,553	287,936	3,291,548	7,171,955
Reimbursement of labour-related costs	2,535,280	105,988	52,042	367,160	3,060,470
Costs of intellectual and personal services	901,150	781,159	233,289	2,527,072	4,442,670
Membership fees and charges	1,356,180	139,369	17,402	840,196	2,353,147
Costs of services - transport and communications	1,865,407	393,667	26,660	497,341	2,783,075
Costs for insurance premiums	142,330	60,774	4,768	244,710	452,582
Payment transaction costs and banking services	416,035	355	42,049	872,541	1,330,980
Rents	1,440,021	549,439	80,569	2,250,002	4,320,031
Costs of professional training services	372,390	119,882	131,266	442,794	1,066,332
Other costs of services	1,328,607	546,459	43,695	2,855,382	4,774,143
TOTAL OPERATING EXPENSES	142,569,005	23,232,828	3,877,567	51,695,579	221,374,979

in EUR

Zavarovalnica Triglav 2021	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
Acquisition costs	34,375,142	0	0	0	34,375,142
Depreciation of operating assets	7,631,707	1,868,843	325,483	3,347,240	13,173,273
Labour costs	60,760,502	15,886,968	2,410,361	27,549,638	106,607,469
Wages and salaries	43,726,323	11,012,037	1,765,812	18,704,189	75,208,360
Social security and pension insurance costs	7,375,834	1,863,978	304,483	3,234,705	12,778,999
Other labour costs	9,658,345	3,010,954	340,067	5,610,745	18,620,111
Costs of services provided by natural persons other than SPs, including related taxes	25,294	213,541	1,495	69,425	309,755
Other operating costs	21,475,915	3,151,122	855,399	15,100,004	40,582,440
Costs of entertainment, advertising, trade shows	8,388,109	24,103	19,986	215,654	8,647,852
Costs of material and energy	1,918,228	618,348	55,191	851,489	3,443,257
Maintenance costs	2,812,683	845,921	275,369	4,765,076	8,699,049
Reimbursement of labour-related costs	2,169,023	66,670	24,504	166,540	2,426,736
Costs of intellectual and personal services	658,428	79,107	150,657	1,866,146	2,754,338
Membership fees and charges	559,538	133,389	14,177	750,511	1,457,614
Costs of services - transport and communications	1,872,035	465,125	49,865	542,962	2,929,987
Costs for insurance premiums	56,255	22,958	1,943	223,986	305,142
Payment transaction costs and banking services	366,178	553	75,116	693,307	1,135,154
Rents	736,399	291,058	28,466	2,632,709	3,688,633
Costs of professional training services	361,503	104,083	117,498	312,644	895,728
Other costs of services	1,577,537	499,806	42,627	2,078,980	4,198,949
TOTAL OPERATING EXPENSES	124,268,560	21,120,474	3,592,739	46,066,306	195,048,079

4.13 Other expenses from insurance operations

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Fee and commission expenses	39,099,418	35,152,667	15,526,041	14,437,986
Expenses from impairment of insurance receivables and write-offs	1,947,123	2,022,500	632,779	1,284,515
Fire tax	5,652,067	5,013,123	5,043,582	4,600,869
Expenses of preventive activity	4,060,247	3,527,029	3,136,208	2,891,761
Supervisory authority fees	2,363,369	2,014,826	1,162,060	1,058,180
Other net insurance expenses	6,374,359	4,185,795	2,409,698	1,025,186
OTHER EXPENSES FROM INSURANCE OPERATIONS	59,496,583	51,915,940	27,910,368	25,298,497

4.14 Other expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Financial expenses	2,731,227	2,729,286	2,289,560	2,277,892
Interest expenses for bonds issued	2,187,500	2,187,500	2,187,500	2,187,500
Lease interest expenses	497,677	489,303	79,806	65,603
Other financing expenses	46,050	52,483	22,254	24,788
Other expenses	68,022,731	55,650,367	24,786,331	20,207,745
Operating expenses of non-insurance companies	36,293,795	32,844,278	0	0
Employee and Management Board bonuses	21,110,319	17,862,055	18,922,431	15,666,219
Expenses from impairment of investment property	6,617	4,340	0	0
Other investment property expenses	3,453,853	2,162,149	3,999,366	2,725,512
Depreciation of investment property	1,430,563	1,335,886	964,730	967,250
Depreciation of right of use assets	43,320	44,305	43,320	44,305
Loss from investment property disposal	14,518	28,825	1,114	0
Expenses from reversal of impairment of other receivables	329,285	33,829	0	18,323
Expenses from disposal of property, plant and equipment	44,233	39,298	37,120	4,549
Expenses from disposal of intangible assets	0	467,828	0	467,828
Expenses from impairment of real property used for ordinary activities	1,236	0	0	0
Other expenses	5,295,000	827,574	818,250	313,759
TOTAL OTHER EXPENSES	70,753,956	58,379,653	27,075,891	22,485,637

4.15 Income tax expense

4.15.1 Tax expense in the income statement

	Triglav Group		Zavarovalnica Triglav		in EUR
	2022	2021	2022	2021	
Current tax expense	26,233,787	19,038,574	20,633,936	11,928,064	
Deferred tax expense	-1,910,235	640,578	-748,145	345,000	
TOTAL TAX EXPENSE IN THE INCOME STATEMENT	24,323,552	19,679,152	19,885,791	12,273,064	

4.15.2 Tax expense in other comprehensive income

Triglav Group	2022			2021		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from increase in fair value of available for sale financial assets	-267,227,622	46,385,263	-220,842,359	-46,148,956	11,107,513	-35,041,443
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	14,249,138	-2,707,336	11,541,802	28,770,746	-5,466,442	23,304,304
Actuarial gains/losses	1,277,288	0	1,277,288	129,024	0	129,024
Translation differences	-94,294	0	-94,294	170,440	0	170,440
TOTAL OTHER COMPREHENSIVE INCOME	-251,795,490	43,677,927	-208,117,563	-17,078,746	5,641,071	-11,437,675

Zavarovalnica Triglav	2022			2021		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from increase in fair value of available-for-sale financial assets	-213,111,258	40,839,104	-172,272,154	-38,145,921	11,129,871	-27,016,051
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	14,249,138	-2,707,336	11,541,802	28,770,746	-5,466,442	23,304,304
Actuarial gains /losses	1,245,737	0	1,245,737	164,710	0	164,710
TOTAL OTHER COMPREHENSIVE INCOME	-197,616,383	38,131,768	-159,484,615	-9,210,465	5,663,429	-3,547,036

4.15.3 Reconciliation between accounting profit and tax expense

	Triglav Group		Zavarovalnica Triglav		in EUR
	2022	2021	2022	2021	
Accounting profit	134,540,230	132,644,845	140,357,864	85,688,613	
Income tax rate - tax rate average of several countries	18.41%	17.82%	19.00%	19.00%	
Accounting profit multiplied by tax rate	24,762,510	23,639,583	26,667,994	16,280,836	
Tax effect of income deductible for tax purposes	-2,329,470	-3,924,446	-8,105,189	-3,486,988	
Tax effect of income added for tax purposes	-4,728	-9,064	43,711	10,614	
Tax effect on the reduction in expenses not deductible for tax purposes	5,491,270	3,949,419	5,033,229	1,276,901	
Tax relief	-1,831,966	-4,616,918	-2,325,161	-2,245,632	
Other tax effects	199,783	0	-680,649	92,332	
TOTAL TAX EXPENSE	26,233,787	19,038,574	20,633,935	11,928,063	
Effective tax rate ¹¹¹	19.50%	14.35%	14.70%	13.92%	

In accordance with the Corporate Income Tax Act (ZDDPO-2), the applicable tax rate in Slovenia was 19% in 2022, the same as in the preceding year. In subsidiaries operating outside Slovenia, tax rates were used as applicable in the country of operation and in compliance with the local legislation. For the applied tax rates see Section [2.1.4](#).

The Company has no unused tax loss; at the Group level it amounted to EUR 25,026,939 as at 31 December 2022 (compared to EUR 29,372,450 as at 31 December 2021).

¹¹¹ In the data of the Triglav Group, the average of all countries was taken into account in the corporate income tax rate.

5. Other information

5.1 Transition of the application of the new standard IFRS 17 – Insurance contracts

For annual period beginning after 1 January 2023, IFRS 17 will replace IFRS 4. For the Company and Group this means significant changes in classification, measurement and disclosure which are explained below.

5.1.1 Definition and classification

IFRS 17 establishes principles for recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participating features.

An insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The key principles of IFRS 17 are that an entity:

- identifies insurance contracts as those under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct (i.e. non-insurance) goods or services from insurance contracts;
- divides the contracts into groups it will recognize and measure;
- recognizes and measures groups of insurance contracts as:
 - a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information, and
 - an amount representing the unearned profit in the group of contracts (the contractual service margin or CSM).
- recognizes profit from a group of insurance contracts over the period the entity provides insurance and other services. If a group of contracts is expected to be onerous (i.e. loss making) over the remaining coverage period, an entity recognizes the loss immediately;

- presents insurance revenue, insurance service expenses and insurance finance income or expenses separately;
- discloses information to enable financial statement users to assess the effect that contracts within the scope of IFRS 17 have on an entity's financial position, financial performance and cash flows.

The Company and Group do not expect any significant changes in the classification of the non-life portfolio, whereas the life portfolio will be subject to significant changes. Besides separating distinct investment components, the classification of pension product during the saving phase will change from insurance contract to financial contract according to IFRS 17.7(e). This will result in lower income and expense in profit and loss statement as well as lower liabilities from insurance contracts. On the other hand, insurance liabilities and assets from these contracts will be reclassified to liabilities and assets from financial contracts.

5.1.2 Aggregation

A portfolio of insurance contracts is defined as »insurance contracts subject to similar risks and managed together«. The level of aggregation is applied by grouping contracts together at initial recognition, considering all relevant features that are part of a contract, applying the following characteristics:

- similar risk and are managed together (i.e., part of one portfolio of contracts),
- split to annual cohorts;
- similar profitability, distinguishing at inception contracts that are expected to be onerous from those that are expected to be profitable.

The requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a CSM, against losses on groups of onerous contracts, which are recognized immediately. Compared with portfolio level at which the liability adequacy test is performed under IFRS 4, the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognized sooner.

5.1.3 Contract boundaries

The measurement of a group of contracts includes all future cash flows within the boundary of each contract in the group, determined as follows.

Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services). A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Group, which may include both insurance and financial risks, but exclude lapse and expense risks.

Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Expected changes with transition to IFRS 17:

The Company and Group do not expect any significant changes in terms of contracts boundaries for non-life business, compared to the IFRS 4 accounting. Some life (pension) contracts with saving phase were reclassified from insurance contract to financial contract according to IFRS 17.7(e). The payment phase is still classified as insurance contract and consequently the contract boundaries have been changed..

5.1.4 Measurement

IFRS 17 introduces three possible approaches to policy treatment and its accounting:

- General model (also known as Building Block approach – BBA) – this is default model, applicable to all long-term insurance contracts;
- Simplified approach (also known as Premium Allocation Approach - PAA) – standard allows using this simplified model for the measurement of insurance contracts with short coverage (usually applicable to non-life policies with short coverage);
- Variable Fee Approach (VFA) – usually applicable to life participating contracts (unit-linked).

The PAA is permitted if and only if, at the inception of the group of contracts:

- the business unit reasonably expects that such simplification would produce a measurement of the liability for remaining coverage (LRC) for the group that would not differ materially from the one that would be produced applying the requirements for the general model (i.e. the fulfilment cash flows related to future service plus the contractual service margin); or
- the coverage period of each contract in the group (including coverage arising from all premiums within the contract boundary determined at that date) is one year or less.

Insurance contracts with direct participation features are insurance contracts that are substantially investment-related service contracts under which an entity promises an investment return based on underlying items (i.e. items that determine some of the amounts payable to a policyholder). Hence, they are defined as insurance contracts for which:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

According to the standard, Company and Group will classify its products as presented below.

Life business

- In line with the standard, for all long-term traditional life contracts (whole life, term, credit), BBA method will be used;
- For traditional products with profit participation (whole life, dowry, endowments, annuities, old pensions products) and UL product with a high percentage of premium being invested into guaranteed fund BBA method will be used based on VFA eligibility test performed;
- For unit-linked products with a low percentage of premium being invested into guaranteed fund and new pensions products VFA method will be used;

- Shadow accounting will no longer be applied. Instead OCI option will be used to value the majority of the impact of changes in economic / financial assumptions;
- Pension products in saving phase will be reclassified according to IFRS 17.7(e).

Non-Life business

- Most non-life products within Company's and Group's portfolio provide cover up to one year, hence as a general rule PAA method shall be applied;
- Rare exceptions to this rule cover non-life insurance with longer cover, usually with non-linear distribution of risk over time, such as:
 - Insurance of construction and installation projects;
 - Construction guarantees;
 - Credit insurance (with long covers);
 - Financial guarantees;
 - General liability insurance for buildings / installations / design;
 - Other miscellaneous contracts with coverage longer than 1 year.

If sufficient justification is provided, PAA method will be also applied for contracts longer than one year, e.g. based on materiality assessment and PAA eligibility testing.

Fronting and other accepted (inward) reinsurance

For fronting policies, measurement methods should be applied in a manner consistent with similar products within direct insurance business.

Passive (outward) reinsurance

- Instead of the BBA method applied to direct insurance business, a modified BBA approach is imposed by the Standard, in which instead of a Loss Component, a negative CSM can be recognized;
- The choice of the method shall reflect characteristic of reinsurance agreement and underlying direct insurance contract(s);
- The requirement to assign a measure (PAA or BBA) may result in a situation, where the reinsurance contract will be treated in a completely different approach (UoA and measure) than a corresponding direct insurance contract.

On initial recognition, insurance contracts are measured as the total of:

- the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks;
- a risk adjustment for non-financial risk; and
- the contractual service margin (CSM).

The cash flows will be discounted and weighted by the estimated probability of that outcome to derive an expected present value. Discounting is performed by using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the contracts. Cash flows that vary based on the returns on any underlying items will be adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation that the Company and Group would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The contractual service margin is a component of the asset or liability for the group of insurance contracts that represents the surplus of premiums over claims and other expenses expected to be paid over the life of contracts within the group. The idea of creating the CSM is to recognize profits over time instead of showing one-off gains at contracts recognition. The CSM is measured as the difference between expected cash inflows less expected cash outflows within the contractual boundaries, risk adjusted and adjusted for the time value of money. IFRS 17 requires the CSM to be measured on initial recognition of the group of insurance contracts, subsequently adjusted and recognized in profit or loss over the coverage period. CSM is recognized in both the General Model and the Variable Fee approach. CSM is not created when using the premium allocation approach.

For PAA contract on initial recognition, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows at that date. Insurance acquisition cash flows will be expensed when they incurred. Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. According to the standard, liability for remaining coverage will not be adjusted to reflect the time value of money and the effect of financial risk.

5.1.5 Significant judgements and estimates

Future cash flows

Estimates of future cash flows will include all reasonable and supportable information that is available without undue cost or effort at the reporting date. Updated internal and external historical data will be used about claims and other experience in order to reflect current expectations of future events.

Cash flows within the contract boundary are those that relate directly to the fulfilment of the contract, including those for which the Company or Group has discretion over the amount or timing. These include

payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics. The Company and Group will generally allocate insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts in each group.

Risk adjustment

Risk adjustment for non-financial risk is the compensation that insurance company requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as the insurance company fulfils insurance contracts. Risk adjustment will be calculated using the Value at Risk method. Risk adjustment is calculated separately for Non-Life and Life business each with relevant methodology and parameters and also takes into account the entity's risk aversion.

Risk adjustment for Life business

Risk adjustment (RA) is calculated for liability for incurred claims and liability for remaining coverage (LIC and LRC). Risks included in risk adjustment calculations are risks related to mortality, longevity, morbidity, lapse, expense, mortality catastrophe, health. Operational risks are not included nor any of market risks. Metric used for RA calculation is cost-of-capital approach with portfolio run-off as a time horizon.

Solvency 2 methodology is leveraged as much as possible: S2 standard formula submodule shocks for each of the above-mentioned risks deemed to be calibrated to the 99,5 percentile level of confidence are utilized on IFRS 17 cash-flows to derive corresponding capital requirement (with 1-year time horizon). Corresponding 1-year capital requirements for later periods until portfolio run-off are derived via proxies tailored to each risk. Next, capital requirements for each risk are converted into capital requirement at a lower fixed confidence level for all future periods, aggregated to Life portfolio capital requirements (via summation allowing for portfolio diversification effects by scaling down by calibrated factor, thus avoiding non-linearity through use of correlations) for each future period. By applying cost-of-capital rate on those capital requirements 1-year cost-of-capital for each future period is determined. Finally, these are discounted to arrive at the cost-of-capital at portfolio valuation date, which represents final risk adjustment.

All mentioned quantities are calculated bottom-up, starting with policy level. Since we achieved linearity across risks (by avoiding correlations), all aggregations (at the accounting unit level and higher) of needed quantities are done simply via summations and scaling with no subsequent need to allocate entity level RA top-down.

Resulting run-off confidence level of life business RA is in-line with company's risk appetite and appropriately disclosed.

Risk adjustment for Non-Life business

For non-life portfolios the risk adjustment for liability for incurred claims is calculated as the excess of the value at risk over the best estimate of future cash flows at a confidence level determined by entity. The calculation is performed at the level of homogenous groups and the diversification is valued using a correlation matrix and allocated back to the groups.

The risk adjustment of liability for remaining coverage is derived from basic solvency capital requirements of appropriate risks from Solvency II standard formula scaled from 99,5 % to the predetermined confidence level which coincides with the one used in the calculation of the risk adjustment for liability for incurred claims. Diversification between portfolios for both liabilities is again determined using an appropriate correlation matrix and allocated back to portfolios.

Risk adjustments for liabilities of reinsurance held treaties are derived from their underlying direct business and active reinsurance contracts taking into account the specifics of the risks ceded to reinsurers and the format of reinsurance held treaty.

Discount rates

In estimation of the present value of future cash flows, discount rates that reflect the characteristics of the cash flows, should be used. When defining the appropriate discount rate, the liquidity characteristics of insurance contract should also be taken in consideration. Triglav Group will use bottom-up approach with risk free rate and illiquidity premium. The illiquidity premium is applied to the risk-free interest rate as a parallel shift to the last liquidity point.

Base risk-free interest rates for the euro are obtained from the EIOPA database according to the recognition date. These are based on data from interest rate swaps. For the EU countries in which the Group operates, a volatility adjustment is applied, which is also published by EIOPA, and this represents a 100% illiquidity premium curve.

The risk-free interest rate term structure for the Bosnia and Herzegovina convertible mark and the Macedonian denar is calculated based on euro interest rate swaps due to the specifics of both currencies. The illiquidity premium is calculated as the difference between the supply and demand of government bonds of the respective country and euro interest rate swaps.

The basis of risk-free interest rates for the Serbian dinar are liquid government bonds. The illiquidity premium is calculated based on the difference between the supply and demand of liquid government bonds and adjusted Slovenian corporate bonds for the Serbian market.

For life business the level of illiquidity of liabilities is determined for each portfolio at least once yearly through illiquidity investigation which is based on calculation of illiquidity indicators. This is then used to allocate each policy at initial recognition into illiquidity bucket (50%, 75%, and 100% of full illiquidity curve), which does not change until policy's run-off. Resulting curve (discounting and fund growth) is sum of risk-free rates and corresponding illiquidity premium.

For non-life business all liabilities are discounted using EIOPA's risk free yield rates with exception of liabilities relating to annuities stemming from the business. Those cash flows are discounted using published EIOPA volatility adjustment curve as 100% illiquidity premium curve.

Contractual service margin or CSM

The contractual service margin (CSM) is a component of the asset or liability for the group of insurance contracts that represents the surplus of premiums over claims and other expenses expected to be paid over the life of contracts within the group. The idea of creating the CSM is to recognize profits over time instead of showing one-off gains at contracts recognition. The CSM is measured as the difference between expected cash inflows less expected cash outflows within the contractual boundaries, risk adjusted and adjusted for the time value of money. IFRS 17 requires the CSM to be measured on initial recognition of the group of insurance contracts, subsequently adjusted and recognized in profit or loss over the coverage period.

CSM is recognized in both the General Model and the Variable Fee approach (VFA). CSM is not created when using the premium allocation approach (PAA).

The contractual service margin at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognized in profit or loss because it relates to the future service to be provided under the contracts in the Group.

An amount of the contractual service margin for a group of insurance contracts is recognized in profit or loss in each period to reflect the services provided under the group of insurance contracts in that period. The amount is determined by:

- identifying the coverage units in the group. The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage duration. In case of investment contracts with contracts with DPF, CSM shall be recognized in a systematic way that reflects the transfer of investment services under the contract;
- Allocating the contractual service margin at the end of the period (before recognizing any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future;
- Recognizing in profit or loss the amount allocated to coverage units provided in the period.

Basis for determining quantity of benefits provided can be found below in the table.

Type of insurance	Product type	Basis
Life	Endowment life insurance	Sum insured
Life	Term life	Sum insured
Life	Annuity insurance	Annual annuity
Life	Unit linked insurance	Higher of sum insured, fund value
Life	Whole life insurance	Sum insured
Life	Total and permanent disability	Sum insured
Life	Riders	Sum insured
Non-life	Insurance of construction and installation projects	Passage of time and sum insured
Non-life	Construction guarantees	Passage of time and sum insured
Non-life	Credit insurance (with long covers)	Passage of time and sum insured
Non-life	Financial guarantees	Passage of time and sum insured
Non-life	General liability insurance for buildings / installations / design	Passage of time and sum insured

5.1.6 Presentation and disclosure

IFRS 17 will change substantially the Company's and Group's consolidated financial statements.

All rights and obligations arising from the portfolio of insurance and reinsurance contracts will be valued on the basis of expected and actual cash flows and shown in the statement of financial position as an asset or liability from insurance contracts. Receivables from insurance premium, liabilities for claims, insurance-technical provisions and other insurance-related items will no longer be shown in separate balance sheet items. Any assets or liabilities recognized for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Statement of profit and loss will now present the insurance service result, which is divided into insurance revenue and insurance service expenses and result from reinsurance. Insurance finance income or expenses includes the effects of unwinding and changes in the value of underlying items and interest rates. Change in interest rates can also be shown in the statement of other comprehensive income if the entity chooses this option.

Insurance service result

For BBA and VFA method insurance revenue represents services for which the Group expects to receive consideration. The consideration is divided into consideration for covering the entity costs such as admin expenses and claims and an allocation of premiums that relate to recovering insurance acquisition cash flows. The liability for remaining coverage will change according to service provided in the period.

For contracts measured using the PAA, insurance revenue for the period is recognized based on the amount of expected premium receipts allocated to the period based on the passage of time.

The requirements in IFRS 17 to recognize insurance revenue over the coverage period will have an impact on the result on long term contracts. The result will be more evenly distributed over the coverage period especially because different approach in amortizing deferred acquisition costs.

Expenses that relate directly to the fulfilment of contracts will be recognized in profit or loss as insurance service expenses, generally when they are incurred. The Company and Group expect that most expenses will be attributable to insurance contracts. The minority will be shown as not attributable costs outside insurance service result.

Significant changes will also be due to separation of investment component. This will result in lower income and expense in comparison with current practice. The Company and Group will identify the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance.

Passive reinsurance will now be presented as net income or expense from reinsurance as separate line in the statement of profit and loss. Consequently, the revenue and claims will be presented higher than current practice. Active reinsurance will be presented as direct business.

The Company and Group will choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognized in profit or loss will be included in the insurance service result.

Insurance finance income and expense

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from impact of changes in economic / financial assumptions can be disaggregated into the statement of profit and loss or other comprehensive income to reduce accounting mismatch with investment part under IFRS 9. The Group needs to define the disaggregation of portfolio level.

For most of portfolios, the Company and Group will use the option to present the financial effect in the statement of other comprehensive income because most of the investment portfolio under IFRS 9 will also be classified as fair value through other comprehensive income. Some unit linked products however will have the changes presented in the statement of profit and loss because the majority of underlying assets will be classified as fair value through profit and loss under IFRS 9.

5.1.7 Estimated impacts of the transition on the application of the new IFRS 17

Zavarovalnica Triglav will publish the first consolidated and separate financial statements prepared using IFRS 17 for the first half of 2023. A full retroactive approach will be applied, therefore the data for comparable periods will also be restated in the interim and annual financial statements.

The management assessed the impact of the initial application of IFRS 17 on the consolidated and separate financial statements of Zavarovalnica Triglav as at the transition date, i.e. 1 January 2022. The information presented below was prepared based on the best estimate and interpretation of the standard and will be subject to review. Officially published financial statements may therefore contain information that will significantly differ from the estimate presented below.

Life business

Life business will have significant changes in financial statements. The Group expects that the profit recognized over the lifetime of the contracts will not change, but the release pattern will be slower. This is mainly due to deferred acquisition costs under IFRS 17.

A major change relates to transition from discounting with technical interest rate to market interest rate. As most of the group companies has opted to choose the other comprehensive option for change in interest rates, the asset liability management will be more aligned under IFRS 17 versus IFRS 4.

The amount of contractual service margin is significantly affected by risk adjustment, which is also a major change compared to IFRS 4. This reflects the uncertainty in timing and in amount of future cash flows. The introduction of risk adjustment will increase the liability to policyholder and decrease the equity of the Company and Group.

All three methods of transition (full retrospective, modified retrospective and fair value) will be used for transition. For the majority of policies, either modified retrospective or full retrospective were used and consequently initial recognition of losses component, recognized in profit and loss, will not be significant.

Revenues and claims will be lower due to investment component. As Triglav Group has a significant portfolio with mixed content (insurance and investment), the effects will be also significant. As already mentioned, the overall lifetime earnings are expected to be on the same level, but the timing will be different in accordance with the release of the contractual service margin.

Non-Life business

Non-Life business will be less affected by IFRS 17 compared to Life business in terms of financial statement. A greater impact is expected on the transition date, when insurance contracts will be measured for the first time using an estimate that is close to the calculated solvency requirements. Using this method, the estimated liabilities are lower than estimated claims provisions according to IFRS 4. The reduction of liabilities from insurance contracts will manifest in the increase of the profit brought forward from previous years. The impacts are presented below.

Most non-life insurance policies of the Company and the Group (insurance and reinsurance) are short-term contracts; therefore, in accordance with the option allowed by IFRS 17, a simplified approach will be used for the valuation of these contracts, i.e. the premium allocation approach or PAA. Both the full retrospective approach and the modified retrospective approach will be used to restate data retrospectively.

Although the PAA approach is similar to the current accounting treatment of insurance contracts, the implementation of IFRS 17 will affect the financial statements. In accordance with IFRS 17, when measuring insurance contracts, discount must be applied for claims incurred over one year. Discounting will reduce the amount of liabilities. In addition, risk adjustment will be introduced, which will result in a higher liability and lower capital of the Company and the Group. Acquisition costs will be deferred using a different methodology, due to which associated expenses from insurance operations will be lower.

Impacts of the transition on the application of the new IFRS 17

The Company and the Group assess that the impacts of the transition on the application of the new standard IFRS 17 as at 1 January 2022 will be as follows:

Triglav Group	in EUR million		
	Impact on retained earnings	Impact on other comprehensive income	Impact on net deferred tax liabilities
Life business	19.6	-12.4	-1.3
Non-life business	92.6	-7.5	20.4
Total	112.2	-20	19.2

Zavarovalnica Triglav	in EUR million		
	Impact on retained earnings	Impact on other comprehensive income	Impact on net deferred tax liabilities
Life business	15.8	-10.9	-1.5
Non-life business	99.5	-7.5	21.6
Total	115.4	-18.4	20.0

The contractual service margin as at 1 January 2022 for the Group is EUR 157 million, and for the Company 150 million. Risk adjustment as at 1 January 2022 for the Group is EUR 74 million, and for the Company EUR 50 million.

5.2 Transition of the application of the new standard IFRS 9 – Financial instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, Triglav as insurance group has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. Consequently, the Company and Group will apply IFRS 9 for the first time on 1 January 2023. Comparative financial statement for financial year 2022 will also be restated.

The deferral condition is that the carrying amount of liabilities arising from the insurance business is at least 90% of total carrying amount of liabilities. The fulfilment of the conditions was verified as at 31 December 2015. The calculation is shown in the table below. There have been no changes since 31 December 2015 that would significantly impact the fulfilment of the conditions, which are described in detail in Section [2.10](#).

5.2.1 Classification

The classification of investment under IFRS 9 depends on defined business models of the Company and Group along with contractual cash flows characteristics. Accordingly, the Company and Group have three possibilities of classification: amortized cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit and loss. Compared to the previous categories under IAS 39 the held-to-maturity investments and loans and receivables are merged in amortized cost category, available for sale are now mainly presented in fair value through other comprehensive income, fair value through profit and loss does not change.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

- The financial assets are held for the purpose of collecting cash flows according to the business model of collecting cash flows
- The contractual cash flows represent only payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions and is not classified in other categories of measurement:

- The financial assets are held for the purpose of collecting cash flows and sale according to the business model of collecting cash flows and sale
- The contractual cash flows represent only payments of principal and interest on the principal amount outstanding.

Under this category, the Company and Group also measure equity instruments (non-monetary) which are not held for trading and for which the Company and Group irrevocably designate as FVOCI. These are mostly equity instruments of companies closely linked to the Company's and Group's business and equity instruments of companies with a solid dividend yield and an expected long-term growth potential.

Financial assets measured at fair value through profit and loss

If the financial asset is not measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss. This applies to either financial assets that do not pass the cash flow adequacy test (SPPI test) or equity securities that either do not meet the conditions for measurement at fair value through other comprehensive income or are intended for trading. Financial assets from other business models, which are managed on a fair value basis or held for trading, are also measured under fair value through profit and loss.

5.2.2 Impairment

IFRS 9 replaces the incurred loss model under IAS 39 with the forward-looking expected credit loss approach. Expected credit losses are a probability-weighted credit loss estimate (i.e. the present value of all cash flow losses) in the 12-month period after the reporting date or during the expected lifetime of the financial instrument, depending on the stage into which the financial asset is classified.

The general IFRS 9 approach to impairment follows a three stage model. Based on assets credit risk evolution, a financial instrument can migrate from the first stage to the third, but it is also possible to return to the previous group. Movement from Stage 1 to Stage 2 is triggered by significant increase in credit risk, movement to Stage 3 is triggered by objective signs of impairment. The impairment calculation is based on the expected credit losses.

All financial assets (except upon initial recognition of credit-impaired financial assets) are classified into Stage 1 upon initial recognition, for which 12-month expected credit losses are formed. 12-month expected credit losses are the portion of lifetime expected credit losses that refer to possible default events in the next 12 months after the reporting date or in a shorter period if the remaining maturity of the financial asset is less than 1 year. In Stage 1, interest income is recognised at the effective interest rate applied to the total gross amount of the asset (without reduction for loss allowance of the created value).

The new method is applied to debt instruments classified at amortised cost and fair value through other comprehensive income. It is not used for other debt instruments in other balance sheet categories (receivables, lease receivables) due to their insignificance.

Stage 2 includes financial assets where there has been a significant increase in credit risk compared to the credit risk since initial recognition of the financial asset, but the asset does not show objective evidence of impairment. Lifetime expected credit losses are created for Stage 2 financial assets. Lifetime expected credit losses are the expected credit losses arising from all possible default events during the lifetime of the financial asset. Based on a qualitative analysis – a comparison of the credit rating as at the reporting date and the credit rating at initial recognition – the Company determines whether the risk of default has increased significantly since initial recognition and requests a transfer from initial Stage 1 to a lower stage. In Stage 2, interest income is recognised at the effective interest rate applied to the total gross value of the asset (without reduction for expected credit losses).

Stage 3 comprises financial assets that show objective evidence of impairment. Objective evidence of impairment includes:

- payment default of coupon interest due to inability to pay,
- payment default of the principal due to inability to pay,
- initiation of insolvency proceedings.

Lifetime expected credit losses are calculated for Stage 3 financial assets. Interest income is recognised using the effective interest rate applied to the net value of the asset (less expected credit losses).

Credit loss is the difference between discounted contractual cash flows and discounted expected cash flows using the effective interest rate as a discount factor. The main factors for calculating a credit loss are probability of default, loss given default and exposure at default. The Group will use information from all available external and internal sources to ensure best estimates for these major factors. The main source of information will be Bloomberg and rating agencies.

The Company and the Group expect additional loss allowances due to the use of the expected credit loss model according to IFRS 9. The recognition of additional loss allowances upon adoption of IFRS 9 mainly relates to debt investments measured at fair value through other comprehensive income (FVOCI) as well as investments at amortised cost. Impairments of assets in the FVOCI group do not have an impact on total equity because loss allowances will not reduce the (fair value) carrying amount of the investments. Recognition of impairment losses in profit or loss will result in an equal and opposite gain in other comprehensive income.

5.2.3 Impacts of the transition on the application of the new standard IFRS 9

In accordance with the new requirements, IFRS 9 will affect the classification of financial instruments as follows:

- the biggest impact will have the reclassification of equity instruments from available-for-sale financial assets to financial assets measured at fair value through profit or loss (FVTPL);
- debt securities and other investments that fail the SPPI test will also be measured at fair value through profit or loss;
- most debt instruments that have been classified as available-for-sale until now will be classified as financial assets measured at fair value through other comprehensive income;
- held-to-maturity financial investments and loans and receivables measured at amortised cost under IAS 39 will generally also be measured at amortised cost under IFRS 9.

The effect of the transition is as follows:

in EUR million					
Triglav Group	FVOCI	FVOCI OPT	FVTPL	AC	TOTAL
AFS	1,884	67	187	0	2,138
FVTPL	0	0	544	0	544
HTM	0	0	0	158	158
L&R	0	0	6	92	98
TOTAL	1,884	67	737	250	2,938

in EUR million					
Zavarovalnica Triglav	FVOCI	FVOCI OPT	FVTPL	AC	TOTAL
AFS	1,397	64	128	0	1,589
FVTPL	0	0	207	0	207
HTM	0	0	0	141	141
L&R	0	0	6	26	32
TOTAL	1,397	64	341	167	1,969

Most financial assets of the Company and the Group are measured at fair value under IAS 39, and the classification under IFRS 9 will not change this guideline. As a result, the reclassification has no significant impact on the total equity of the Company and the Group as at 1 January 2022. However, the allocation between fair value reserve and retained earnings will change, which also means additional tax liabilities. The Company and the Group assess that the impacts of the transition on the application of the new IFRS 9 as at 1 January 2022 will be as follows:

Triglav Group	Impact on retained earnings	Impact on other comprehensive income	Impact on net deferred tax liabilities
Impact of transition to IFRS 9	35.3	-39.9	-1.4

Zavarovalnica Triglav	Impact on retained earnings	Impact on other comprehensive income	Impact on net deferred tax liabilities
Impact of transition to IFRS 9	16.4	-16.6	-0.1

5.3 Fair value measurement

5.3.1 Fair value hierarchy

The tables below show fair values of assets and liabilities classified according to the fair value hierarchy.

in EUR						
Triglav Group As at 31 December 2022	Carrying amount	Level 1	Level 2	Level 3	Total	
Assets - measured at fair value						
Equity securities	255,410,148	125,087,874	20,967,782	109,354,492	255,410,148	
Debt securities	1,754,703,898	332,204,283	1,422,448,565	51,050	1,754,703,898	
Derivative financial instruments	0	0	0	0	0	0
Unit-linked insurance assets	567,221,702	551,153,357	15,723,134	345,211	567,221,702	
Assets - fair value disclosed						
Land and buildings for insurance activities	91,940,998	0	0	103,969,858	103,969,858	
Land and buildings for investment activities	68,377,495	0	0	85,298,690	85,298,690	
Debt securities (HTM)	456,469,434	99,167,227	336,921,182	0	436,088,409	
Deposits with banks	96,853,602	0	95,179,867	0	95,179,867	
Loans given	9,645,347	0	981,056	8,650,584	9,631,640	
Debt securities (L&R)	5,982,438	0	5,942,477	0	5,942,477	
Liabilities - fair value disclosed						
Subordinated bonds	49,522,163	0	41,978,521	0	41,978,521	

in EUR						
Triglav Group As at 31 December 2021	Carrying amount	Level 1	Level 2	Level 3	Total	
Assets - measured at fair value						
Equity securities	332,988,233	240,531,858	0	92,456,375	332,988,233	
Debt securities	2,349,026,330	479,980,327	1,869,037,119	8,884	2,349,026,330	
Derivative financial instruments	20,317	0	20,317	0	20,317	
Unit-linked insurance assets	619,617,488	598,678,211	20,635,943	303,334	619,617,488	
Assets - fair value disclosed						
Land and buildings for insurance activities	95,577,467	0	0	105,162,133	105,162,133	
Land and buildings for investment activities	75,110,973	0	0	94,510,057	94,510,057	
Debt securities (HTM)	157,560,733	0	191,789,261	0	191,789,261	
Deposits with banks	70,472,826	0	69,641,171	0	69,641,171	
Loans given	8,299,712	0	0	8,304,283	8,304,283	
Debt securities (L&R)	5,991,639	0	5,952,000	0	5,952,000	
Liabilities - fair value disclosed						
Subordinated bonds	49,471,831	0	53,749,521	0	53,749,521	

in EUR						
Zavarovalnica Triglav As at 31 December 2022	Carrying amount	Level 1	Level 2	Level 3	Total	
Assets - measured at fair value						
Equity securities	152,500,457	53,453,233	0	99,047,224		152,500,457
Debt securities	1,213,173,999	249,196,986	963,977,013	0		1,213,173,999
Derivative financial instruments	0	0	0	0		0
Unit-linked insurance assets	490,618,848	485,427,489	5,191,359	0		490,618,848
Investments in associates	41,951,871	0	0	41,951,871		41,951,871
Assets - fair value disclosed						
Land and buildings for insurance activities	58,358,301	0	0	67,510,295		67,510,295
Land and buildings for investment activities	43,377,173	0	0	58,524,955		58,524,955
Debt securities (HTM)	227,656,974	41,528,453	185,307,843	0		226,836,296
Deposits with banks	19,499,355	0	19,116,835	0		19,116,835
Loans given	6,374,648	0	6,132,399	0		6,132,399
Debt securities (L&R)	5,982,438	0	5,942,477	0		5,942,477
Liabilities - fair value disclosed						
Subordinated bonds	49,522,163	0	41,978,521	0		41,978,521

in EUR						
Zavarovalnica Triglav As at 31 December 2021	Knjigovodska vrednost	Nivo 1	Nivo 2	Nivo 3	Total	
Assets - measured at fair value						
Equity securities	205,590,084	120,508,156	0	85,081,928		205,590,084
Debt securities	1,589,601,822	356,825,433	1,232,776,388	0		1,589,601,822
Derivative financial instruments	20,317	0	20,317	0		20,317
Unit-linked insurance assets	539,417,972	530,759,767	8,658,205	0		539,417,972
Investments in associates	41,693,996	0	0	41,693,996		41,693,996
Assets - fair value disclosed						
Land and buildings for insurance activities	59,018,066	0	0	66,748,484		66,748,484
Land and buildings for investment activities	43,840,054	0	0	61,386,766		61,386,766
Debt securities (HTM)	140,946,233	0	173,901,172	0		173,901,172
Deposits with banks	19,660,793	0	19,604,272	0		19,604,272
Loans given	6,869,091	0	6,579,159	0		6,579,159
Debt securities (L&R)	5,991,639	0	5,952,000	0		5,952,000
Liabilities - fair value disclosed						
Subordinated bonds	49,471,831	0	53,749,521	0		53,749,521

5.3.2 Financial assets classified into Level 3

	Triglav Group		Zavarovalnica Triglav		in EUR
	2022	2021	2022	2021	
Value as at 1 January	92,768,593	71,939,935	126,775,925	97,319,448	
Purchases	10,753,186	30,164,475	10,672,230	33,872,252	
Disposals	-3,746,069	-15,202,211	-3,706,781	-15,152,076	
Revaluation through profit or loss	1,075,259	483,964	198,921	400,920	
Revaluation in other comprehensive income	8,137,188	5,471,529	7,058,800	9,725,896	
Transfers from/to other levels	763,753	609,485	0	609,485	
Acquisition	0	-700,404	0	0	
Foreign exchange differentials	-1,157	1,820	0	0	
Value as at 31 December	109,750,753	92,768,593	140,999,095	126,775,925	

The value of financial assets classified into Level 3 increased in 2022 predominantly due to the payments into alternative investment funds. The increase is reduced by payments received from alternative investment funds, which represent the bulk of the "sales" item. The "revaluation in other comprehensive income" item, which has a significant impact on the overall increase in financial assets classified into level 3, is also mainly a result of changes in the value of alternative investment funds.

5.3.3 Sensitivity analysis of non-marketable equity securities

Sensitivity analysis of financial assets classified in Level 3 is disclosed below. The analysis for Zavarovalnica Triglav includes equity investments in associates. The sensitivity analysis shows how much the fair values of these financial assets would increase or decrease in the case of differently applied assumptions that are not based on observable market data. The sensitivity analysis considered a median scenario of value estimates.

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	
Non-marketable assets (Level 3)	109,750,753	94,532,555	99,047,224	85,081,928	
Estimated value deviation-/+	-26,121,887/12,748,545	-23,268,934/13,159,489	-23,899,552/10,599,161	-21,420,123/10,090,535	
Equity investment in associates	38,068,059	36,031,346	41,951,871	41,693,996	
Estimated value deviation-/+	n/a	n/a	-3,606,765/1,123,575	-5,414,335/966,967	

With regard to investments valued using model-based valuation techniques, the value deviation is determined in the valuation process with adjustments made to key assumptions (price of invested capital, growth rate). For non-valued investments, $\pm 15\%$ of the change in investment value is taken into account in calculating the deviation and asymmetric $-25/+10\%$ of the change in investment value for alternative investment funds.

5.3.4 Reclassification of financial assets between levels

	Triglav Group		Zavarovalnica Triglav		in EUR
	2022	2021	2022	2021	
Reclassification from level 1 to level 2	266,222,612	755,181,819	199,015,793	603,687,505	
Reclassification from level 2 to level 1	228,412,676	80,144,184	163,736,364	50,588,034	

The method of measuring fair value did not change in 2022. Reclassifications between levels were a result of market factors. As at the 2022 year-end, some financial assets showed lower liquidity and market depth than at the 2021 year-end, consequently failing to meet the requirements for classification into Level 1. Part of financial assets met the conditions for classification in the highest level of the fair value hierarchy, therefore it was reclassified into Level 1. Reclassification between levels has no impact on fair value.

5.4 Additional notes to the cash flow statement

Below is the cash flow statement as required by the Insurance Supervision Agency. Cash flows from operating activities are prepared using the indirect method. Income and expenses are adjusted for the effects of non-monetary transactions (impairments, changes in insurance technical provisions, deferred income and expenses) and for the income and expenses items related to cash flows from investing and financing activities. In addition, changes in receivables and liabilities from operating activities in the period are taken into account when calculating net cash flows from operating activities.

Cash flows from investing and financing activities are disclosed based on actual payments. Cash flows from financing activities include expenses for interest and principal payments for leases.

The consolidated cash flow statement is composed of the sum of the cash flows of all Group companies and then adjusted for intragroup cash flows.

		in EUR			
		Triglav Group		Zavarovalnica Triglav	
		2022	2021	2022	2021
A. CASH FLOWS FROM OPERATING ACTIVITIES					
a. Income statement items					
Net written premium for the period		131,696,364	144,641,397	59,519,111	57,377,294
Investment income (excluding financial income)		1,224,570,677	1,187,488,721	645,886,610	606,380,354
Other operating income (excluding revaluation and provisions reductions) and financial income from operating receivables		9,983,912	22,539,986	9,934,053	9,134,442
Net claims paid for the period		119,761,114	43,258,766	12,381,043	12,143,285
Bonuses and discounts paid		-779,708,099	-713,359,986	-402,516,445	-373,056,512
Net operating expenses excluding depreciation costs and change in deferred acquisition costs		-12,794,170	-12,072,221	-11,441,877	-10,603,774
Investment expenses (excluding depreciation and financial expenses)		-275,291,114	-288,529,978	-147,229,709	-138,213,385
Other operating expenses excluding depreciation (other than revaluation and excluding the increase in provisions)		-9,674,193	-8,839,299	-7,298,090	-6,371,339
Corporate income tax and other taxes excluded from operating expenses		-125,677,873	-66,806,018	-29,262,415	-26,027,184
		-19,473,890	-19,038,574	-10,934,058	-16,008,593
b. Changes in net operating current assets – operating balance sheet items					
Changes in operating receivables from direct insurance operations		-46,777,647	-7,283,265	-22,261,880	-3,345,436
Changes in receivables from reinsurance operations		-26,704,959	-12,709,036	-24,044,062	-6,113,550
Changes in other receivables from (re)insurance operations		-5,246,480	5,742,340	-6,665,013	-3,725,245
Changes in other receivables and assets		-3,545,012	424,995	-6,968,820	-1,550,658
Changes in deferred tax assets		-4,500,219	-2,679,343	-12,577,248	1,575,807
Changes in inventories		0	-107,165	0	0
Changes in liabilities from direct insurance operations		79,986	365,967	-25,791	454,701
Changes in liabilities from reinsurance operations		2,051,092	2,551,991	1,346,807	-436,034
Changes in other operating liabilities		9,205,323	-1,363,326	21,536,796	4,854,423
Changes in other liabilities (other than unearned premium)		-20,014,916	-9,446,802	1,888,656	0
Changes in deferred tax liabilities		1,897,538	10,472,491	3,246,795	1,595,120
		0	-542,244	0	0
c. Net cash from/(used in) operating activities (a + b)		84,918,717	137,358,132	37,257,231	54,031,858
B. CASH FLOWS FROM INVESTING ACTIVITIES					
a. Cash inflows from investing activities					
Cash inflows from interest received from investing activities		1,060,019,361	1,093,015,888	866,067,369	945,312,942
Cash inflows from dividends and profit sharing		37,562,212	37,412,752	22,699,669	23,440,425
Cash inflows from disposal of plant, property and equipment		6,151,738	5,653,046	37,802,746	12,494,301
Cash inflows from disposal of financial investments		7,995,544	3,515,560	785,630	151,349
– Cash inflows from disposal of investments in subsidiaries and other companies		1,008,309,867	1,046,434,530	804,779,324	909,226,867
– Other cash inflows from disposal of financial investments		0	0	0	0
		1,008,309,867	1,046,434,530	804,779,324	909,226,867
b. Cash outflows from investing activities					
Cash outflows for acquisition of intangible assets		-1,039,487,097	-1,186,871,319	-806,619,546	-965,578,127
Cash outflows for acquisition of property, plant and equipment		-8,627,093	-7,877,065	-5,506,904	-6,931,001
Cash outflows for acquisition of financial investments		-8,981,115	-9,507,447	-5,474,025	-3,365,839
– Cash outflows for acquisition of investments in subsidiaries and other companies		-1,021,878,889	-1,169,486,807	-795,638,617	-955,281,287
– Other cash outflows for acquisition of financial investments		-35,987	-4,465,325	-57,355,448	-7,039,617
		-1,021,842,902	-1,165,021,482	-738,283,169	-948,241,670
c. Net cash from/(used in) investing activities (a + b)		20,532,264	-93,855,431	59,447,823	-20,265,185
C. CASH FLOWS FROM FINANCING ACTIVITIES					
a. Cash inflows from financing activities					
		0	0	0	0
b. Cash outflows for financing activities					
Cash outflows for interest paid		-89,334,516	-43,097,819	-87,552,803	-42,157,905
Cash outflows for payments of long-term financial liabilities		-2,625,553	-2,458,714	-2,266,934	-2,343,302
Cash outflows for payments of short-term financial liabilities		0	0	-1,165,822	-1,164,850
Cash outflows for dividends and profit sharing		-2,656,625	-2,030,685	0	0
		-84,052,338	-38,608,420	-84,120,048	-38,649,752
c. Net cash from/(used in) financing activities (a + b)		-89,334,516	-43,097,819	-87,552,803	-42,157,904
D. Closing balance of cash and cash equivalents		98,461,452	82,321,630	23,065,242	13,912,991
E1. Net cash flow for the period		16,116,465	404,882	9,152,251	-8,391,231
E2. Exchange rate differences		23,357	17,084	0	0
F. Opening balance of cash and cash equivalents		82,321,630	81,899,664	13,912,991	22,304,222

5.5 Amounts spent on auditors

The audit of the separate and consolidated financial statements for 2022 was performed by the audit firm Deloitte. The costs incurred in 2022 and related to this auditor are shown in the table below.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Auditing of the Annual Report	585,014	464,369	152,986	118,706
Other assurance and related services	90,633	75,111	62,708	62,708
TOTAL	675,647	539,480	215,694	181,414

5.6 Government grants

The following are government grants received by the Company in the form of:

- government grants received as part of aid measures in response to unfavourable developments in the economy (primarily rising energy prices);
- incentives for the employment of specific categories of workers;
- funds obtained through public tenders, both for co-financing costs and for the purchase of specific assets;
- reimbursements of labour costs by the state.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2022	2021	2022	2021
Government grants in the framework of aid measures	215,909	194,560	191,008	127,017
State incentives for the employment of specific categories of workers	165,222	214,417	158,179	204,921
Funds obtained through public tenders	37,007	29,797	5,337	4,807
Reimbursement of labour costs by the state	2,713,394	2,259,241	2,525,437	2,189,942
Other government grants and assistance	6,929	14,272	-	-
TOTAL	3,138,461	2,712,287	2,879,961	2,526,687

The grants related to assets are recognised as income and the remaining grants reduce the costs they are intended to compensate.

5.7 Related party transactions

Related party transactions are disclosed separately for the Triglav Group and Zavarovalnica Triglav:

- transactions with subsidiaries are disclosed only at Company level and include transactions with entities in which the Company has a dominant influence (presented in Section 3.5). At Group level, these transactions are eliminated in the consolidation processes;
- transactions of associates in which the Group and the Company have significant influence are presented in Section 3.6;
- transactions with shareholders and shareholder-related companies;
- transactions with the management which is represented by the members of the Management Board and the Supervisory Board.

Transactions with subsidiaries and associates and income, expenses, receivables and liabilities arising from these transactions are shown below.

The largest shareholders of Zavarovalnica Triglav are Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Pension and Disability Insurance Institute of Slovenia – ZPIZ) and Slovenski državni holding (Slovenian Sovereign Holding – SDH), which hold a 34.47% and a 28.09% participating interest respectively. The only material transaction in 2022 with the two largest shareholders was the dividend payout. The two shareholders received dividends in the total amount of EUR 52,569,255, of which the ZPIZ received EUR 28,965,189 and SDH EUR 23,604,066.

The shareholder-related companies are those in which SDH has a majority participating interest or dominant influence. As at 31 December 2022, there were 19 such companies, with which neither the Company nor the Group have significant transactions.

The related party services are charged at the same prices as those applying to unrelated parties. Pricing methods include the external or internal comparables method and cost contribution arrangement.

Transactions with subsidiaries

	in EUR	
	31 December 2022	31 December 2021
ASSETS		
Stakes and shares	185,360,343	131,924,683
Debt securities and loans given to members of the Group	1,250,984	2,146,807
Right of use assets	750,962	888,293
Insurance premium receivables from policyholders	22,914	10,027
Re-insurance receivables	8,356,949	7,002,697
Receivables for co-insurer's share in claims	5,227	2,630
Receivables for reinsurer's share in claims	11,561,376	6,478,503
Other short-term receivables from insurance operations	55,611	228,795
Short-term receivables from financing	28,581	21,531
Other short-term receivables	645,966	752,713
Short-term deferred expenses	30,859	30,732
LIABILITIES		
Liabilities to policyholders	0	17,925
Liabilities to agents and brokers	467,500	419,562
Liabilities to insurances for co-insurance premium	25,353	24,248
Liabilities for reinsurance premiums	16,929,777	10,967,485
Liabilities for shares in claims from re-insurance	5,193,470	5,909,345
Lease liabilities	784,361	915,166
Other short-term liabilities	150,289	174,610

Transactions with associates

	in EUR			
	Triglav Group	Zavarovalnica Triglav	31 Dec. 2022	31 Dec. 2021
ASSETS				
Stakes and shares		37,810,184	36,031,346	41,951,871
Insurance premium receivables from policyholders		1,937	8,857	1,937
LIABILITIES				
Liabilities to agents and brokers		0	2,250	7,127
Other short-term liabilities		0	1,561	0
Accrued costs and expenses		450	450	0

	in EUR			
	Triglav Group	Zavarovalnica Triglav	2022	2021
INCOME AND EXPENSES				
Gross written premium		71,689	91,048	71,689
Income from dividends and stakes		0	0	63,345
TOTAL INCOME		71,689	91,048	135,034
Gross claims settled		2,567	31,551	2,567
Acquisition costs		2,396	2,256	0
Other operating expenses		30,000	0	0
TOTAL EXPENSES		34,963	33,807	2,567

	in EUR	
	2022	2021
INCOME AND EXPENSES		
Gross written premium and active reinsurance premium	25,605,181	31,802,130
Outward re-/co-insurance premium (-)	-106,624,787	-81,394,215
Net premium income	-81,019,606	-49,592,085
Re-/co-insurance commission income	26,870,243	17,710,400
Fee and commission income	5,338,448	4,908,456
Other income from insurance operations	1,304,219	1,440,370
Interest income	42,067	177,238
Other insurance income	1,206,281	1,145,554
Income from land and buildings	876,281	707,040
Other income	562,643	573,300
Dividends	32,701,768	8,000,000
Other income from financial assets	80,162	2,647
TOTAL INCOME	-12,037,494	-14,927,080
Gross claims settled	11,721,197	9,185,312
Re-/co-insurers' share in gross claims	-30,777,452	-26,491,451
Net claims	-19,056,255	-17,306,139
Expenses for reinsurance premiums	6,490,960	4,833,477
Other financial expenses	82,687	20,647
Interest expenses	20,474	20,549
Depreciation of right-of-use assets	120,412	122,001
TOTAL EXPENSES	-12,341,722	-12,309,465

5.8 Members of the Management Board and Supervisory Board

In 2022, the Management Board members received the following remuneration:

First and last name	Fixed remuneration – gross (1)*	Variable remuneration (bonuses) – gross (2)	Total gross (3=1+2)	Total remuneration – net (4)	Insurance premium – benefits and SVPI (5)**	Other benefits (6)***	Total benefits and SVPI (7=5+6)
Andrej Slapar	210,826	56,210	267,036	97,866	74,525	8,432	82,957
Uroš Ivanc	200,399	53,399	253,798	96,922	54,270	984	55,254
Tadej Čoroli	200,399	53,399	253,798	95,971	54,270	4,594	58,864
Barbara Smolnikar****	175,697	97,072	272,769	106,144	44,821	4,449	49,270
David Benedek*****	224,360	78,459	302,819	118,174	51,505	6,003	57,508
Marica Makoter	200,399	53,399	253,798	95,007	54,271	4,273	58,544
TOTAL	1,212,080	391,938	1,604,018	610,084	333,662	28,735	362,397

* Fixed remuneration includes salary, holiday pay and jubilee benefits.

** Insurance premiums include premiums for supplementary pension insurance, accident insurance, liability insurance and other types of insurance.

*** Other benefits include company cars.

**** Barbara Smolnikar served as a Management Board Member until 17 October 2022.

***** David Benedek served as a Management Board Member until 1 December 2022.

The disclosure does not include travel expenses, accommodation costs and daily allowance as, by their nature, they are not considered remuneration of the Management Board.

As at 31 December 2022, Zavarovalnica Triglav had the following liabilities to the Management Board members:

First and last name	Liabilities as at 31 December 2022		
	Deferred variable remuneration (bonuses) – gross (1)	Fixed remuneration (salary) – gross and reimbursement (2)	Total liabilities (3=1+2)
Andrej Slapar	62,870	17,473	80,343
Uroš Ivanc	59,727	16,758	76,485
Tadej Čoroli	59,727	16,969	76,696
Barbara Smolnikar****	16,054	0	16,054
David Benedek*****	12,630	755	13,385
Marica Makoter	59,727	16,599	76,326
TOTAL	270,735	68,554	339,289

The Company's receivables from the Management Board members relate exclusively to receivables from salary deductions. The amounts of these are negligibly low.

In 2022, Zavarovalnica Triglav paid EUR 19,352,495 in remuneration to employees under an individual agreement (2021: EUR 17,317,917), of which EUR 17,151,231 in gross salaries (2021: EUR 15,534,781) and EUR 2,201,264 in other remuneration (2021: EUR 1,783,136). The amounts do not include meal and travel allowances.

In 2022, the Supervisory Board members and committee members received the following remuneration:

First and last name	Flat-rate remuneration – gross (1)	Attendance fees – gross (2)	Total gross (1+2)	Total net	Travel expenses – gross	Travel expenses – net
Andrej Andoljšek	26,361	2,585	28,946	21,052	2,593	1,886
Branko Bračko	22,125	2,585	24,710	17,972	973	708
Tomaž Benčina	20,625	3,641	24,266	17,649	812	590
Peter Kavčič	22,500	3,905	26,405	19,204	1,941	1,412
Igor Stebernak	18,750	3,465	22,215	14,634	623	410
Jure Valjavec	18,861	3,641	22,502	16,366	329	239
Peter Celar	18,750	3,641	22,391	16,285	757	551
Branko Gorjan	18,750	2,585	21,335	15,517	519	377
Igor Zupan	18,861	3,465	22,326	16,238	519	377
Luka Kumer*	7,500	1,650	9,150	6,655	96	70
Mitja Svoljšak*	111	0	111	81	0	0
TOTAL	193,194	31,163	224,357	161,653	9,162	6,620

* External committee members.

All the above-mentioned remuneration of the members of the Management Board and the Supervisory Board represents the remuneration received at Zavarovalnica Triglav, d.d. In the other Group companies, these members did not receive any remuneration.

The criteria for the performance assessment of the Management Board members are proposed by the Appointment and Remuneration Committee and approved by the Supervisory Board. The purpose of these criteria is to maximise the objective monitoring of the achievement of annual and medium-term objectives and to periodically assess the performance of the Management Board members. The performance criteria are designed to follow the Company's annual and medium-term business objectives adopted in the Company's annual business plans and strategic documents. The definition of a specific objective includes the following: its description, the expected target value, the assigned weight and the method for measuring or assessing its achievement. The method used to calculate the performance measures deviations from the set objectives by awarding a bonus for overperformance and through pay deduction from the basic salary of a Management Board member for underperformance.

The annual performance bonus is paid in three installments. The first half is paid within 30 days of the Supervisory Board approving the annual report and adopting a resolution on the bonus amount, or, in the event the annual report is approved at the General Meeting of Shareholders, within 30 days of the General Meeting of Shareholders approving the annual report and the Supervisory Board adopting a resolution on the bonus amount. The remaining 40% of the bonus is paid after two years, and 10% after three years; however, all three payments must be proportionate to the period of the office being held in a particular calendar year.

The Management Board members are entitled to severance pay equalling six times the average monthly basic salary they received as board members, if they are dismissed for economic and business reasons and their employment is terminated as a consequence. Severance is paid within one month of dismissal.

5.9 Off balance sheet items

	in EUR			
	Triglav Group	Zavarovalnica Triglav		
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Outstanding subrogated receivables	59,665,634	63,743,330	50,699,241	54,851,990
Alternative investments	31,038,598	36,317,208	29,329,100	34,145,677
Bonds, guarantees and other sureties issued	750,023	864,880	0	0
Contingent assets	4,264,971	5,302,124	2,706,002	2,730,891
Receivables from forward contracts	0	19,281,915	0	19,281,915
Contingent liabilities	2,533,810	298,647	0	0
Properties under acquisition	8,838	46,862	0	0
Assets under management	2,541,641	167,229,892	0	0
TOTAL OFF-BALANCE SHEET ITEMS	100,803,515	293,084,859	82,734,343	111,010,473

5.10 Major legal and arbitration disputes

On 19 August 2013, Zavarovalnica Triglav, d.d. received an action filed by Matjaž Rakovec, in which he made a request to annul the Supervisory Board's resolution of 22 May 2013 regarding his dismissal from the office of President of the Management Board and the appointment of Andrej Slapar as temporary President of the Management Board, to annul the entry of changes referring to the President of the Management Board into the court register, and to pay compensation amounting to EUR 516,399. Alternatively, Matjaž Rakovec requested that Zavarovalnica Triglav, d.d. be obliged to reappoint him President of the Management Board and to recognise uninterrupted performance of his function of President of Zavarovalnica Triglav's Management Board, including all the rights arising from the employment agreement, for the entire period of his unlawful dismissal from the office of President of the Management Board until his reappointment. In 2022, there was a court settlement in which the plaintiff, Matjaž Rakovec, withdrew his action in its entirety, and Zavarovalnica Triglav, d.d., agreed to the withdrawal of the action and waived the claim for reimbursement of the costs of the proceedings.

Following the court settlement, Zavarovalnica Triglav, d.d., reversed all provisions for legal proceedings.

5.11 Events after the reporting period

On 16 February 2023, the Croatian Financial Services Supervision Agency (hereinafter: HANFA) issued a decision to Triglav Osiguranje d.d., Zagreb, based on a review of the part of its business that relates to risk management when concluding suretyship insurance contracts and their impact on the company's financial position. In its decision, the HANFA imposed on the company the obligation to carry out activities to improve the functioning of internal controls in the execution of these transactions and to record the liabilities arising from the issued guarantee under suretyship insurance. Based on the measures imposed, the company recorded in its separate financial statements for 2022 the maximum amount of liabilities arising from the realisation of the guarantee and expenses in the amount of EUR 4,037,212. This business event is also recorded in the Triglav Group's financial statements.

A significant event after the reporting period is the appointment of Blaž Jakič as a Management Board member of Zavarovalnica Triglav d.d. On 17 October 2022, the Supervisory Board adopted a decision on his appointment as a Management Board member, and on 2 March 2023, he received a decision of the Slovenian Insurance Supervisory Agency, granting him an authorisation to perform this function in Zavarovalnica Triglav d.d.

Reporting as required by the Insurance Supervision Agency¹¹²

Assets and liabilities of pension funds created as a guarantee fund

in EUR

Statement of financial position for PDPZ funds	31 December 2022				31 December 2021			
	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni
ASSETS	234,968,514	188,646,390	23,417,236	22,930,374	249,789,207	209,337,165	20,062,106	20,449,892
Investment property and other real property rights	0	0	0	0	0	0	0	0
Investment property	0	0	0	0	0	0	0	0
Other real property rights	0	0	0	0	0	0	0	0
Financial investments	231,050,533	186,573,718	22,555,975	21,920,840	245,306,210	206,801,643	18,953,886	19,550,681
Measured at amortised cost, of which:	99,647,220	99,647,220	0	0	0	0	0	0
– loans and deposits	0	0	0	0	0	0	0	0
– debt securities	99,647,220	99,647,220	0	0	0	0	0	0
Measured at fair value through other comprehensive income, of which:	0	0	0	0	0	0	0	0
– debt securities	0	0	0	0	0	0	0	0
– equity securities	0	0	0	0	0	0	0	0
Measured at fair value through profit or loss, of which:	131,403,313	86,926,499	22,555,975	21,920,840	245,306,210	206,801,643	18,953,886	19,550,681
– debt securities	74,475,133	68,678,599	5,618,038	178,496	180,910,694	175,170,224	5,543,010	197,460
– equity securities	56,928,180	18,247,899	16,937,937	21,742,344	64,395,516	31,631,419	13,410,877	19,353,221
Receivables	149,589	1,748,766	500,192	919,817	28,662	1,771,999	479,415	686,357
Receivables from fund manager up to guaranteed return	0	0	0	0	0	0	0	0
Other receivables	149,589	1,748,766	500,192	919,817	28,662	1,771,999	479,415	686,357
Cash and cash equivalents	3,768,392	323,906	361,069	89,717	4,454,335	763,522	628,804	212,855
Other assets	0	0	0	0	0	0	0	0
Off-balance-sheet assets	1,438,547	1,438,547	0	0	2,137,172	2,137,172	0	0
Financial derivatives	0	0	0	0	0	0	0	0
Other off-balance-sheet assets	1,438,547	1,438,547	0	0	2,137,172	2,137,172	0	0
LIABILITIES	234,968,514	188,646,390	23,417,236	22,930,374	249,789,207	209,337,165	20,062,106	20,449,892
Insurance technical provisions	234,454,625	188,171,802	23,385,516	22,897,307	249,216,841	208,763,416	20,031,760	20,421,665
Mathematical provisions for net paid-in premiums	167,760,434	167,760,434	0	0	166,070,634	166,070,634	0	0
Mathematical provisions for capital gain on the guarantee fund	20,411,367	20,411,367	0	0	42,692,782	42,692,782	0	0
– fair value reserve	0	0	0	0	0	0	0	0
Insurance provisions for business funds backing unit-linked insurance, of which:	46,282,823	0	23,385,516	22,897,307	40,453,425	0	20,031,760	20,421,665
– fair value reserve	0	0	0	0	0	0	0	0
Financial liabilities	0	0	0	0	0	0	0	0
Operating liabilities	510,569	443,879	30,856	31,611	564,811	501,184	29,462	27,252
Liabilities from acquired securities and other financial instruments	0	0	0	0	0	0	0	0
Guarantee fund manager liabilities	251,557	194,450	27,298	29,809	261,582	211,915	23,737	25,931
Cash surrender value payments to guarantee fund members	254,789	249,430	3,557	1,802	296,316	289,269	5,725	1,321
Other operating liabilities	4,223	0	0	0	6,914	0	0	0
Other liabilities	3,320	30,708	865	1,455	7,555	72,565	884	975
Off-balance-sheet liabilities	1,438,547	1,438,547	0	0	2,137,172	2,137,172	0	0
Financial derivatives	0	0	0	0	0	0	0	0
Guarantees given	0	0	0	0	0	0	0	0
Other off-balance-sheet liabilities	1,438,547	1,438,547	0	0	2,137,172	2,137,172	0	0

¹¹² The data in the tables are not subject to the auditor's review.

Statement of financial position for funds posted separately

in EUR

Assets and liabilities of pension annuity fund	31 December 2022		31 December 2021	
	Renta 1	Renta 2	Renta 1	Renta 2
	45,145,446	40,026,824	45,048,536	31,703,341
ASSETS				
Investment property and financial investments	37,977,731	33,450,105	43,735,837	31,375,017
Investment property	0	0	0	0
Financial investments	0	0	0	0
Investments in subsidiaries	0	0	0	0
Investments in associates	0	0	0	0
Other financial investments	37,977,731	33,450,105	43,735,837	31,375,017
Shares and other floating rate securities and fund coupons	1,709,070	1,709,070	1,980,828	1,980,828
Debt and other fixed return securities	36,268,661	31,741,035	41,755,009	29,394,190
Investment fund shares	0	0	0	0
Mortgage loans	0	0	0	0
Other loans	0	0	0	0
Deposits with banks	0	0	0	0
Other financial investments	0	0	0	0
Reinsurers' share of technical provisions	0	0	0	0
– from unearned premium	0	0	0	0
– from mathematical provision	0	0	0	0
– from outstanding claims	0	0	0	0
– from bonuses and discounts	0	0	0	0
– from technical provisions for life insurance policy holders who bear investment risk	0	0	0	0
Receivables	6,520,547	5,743,594	1,226,482	56,325
Receivables from direct insurance	0	16,491	0	42,039
– receivables from insurers	0	16,491	0	42,039
– receivables from insurance brokers	0	0	0	0
– other receivables from direct insurance operations	0	0	0	0
Receivables from re-insurance operations	0	0	0	0
Other receivables	6,520,547	5,727,102	1,226,482	14,286
Other assets	647,169	833,125	86,217	271,999
Cash and cash equivalents	647,169	833,125	86,217	271,999
Other assets	0	0	0	0
Short-term deferred assets	0	0	0	0
Accrued income from interest and rent	0	0	0	0
Short-term deferred expenses	0	0	0	0
Other short-term deferred items	0	0	0	0
LIABILITIES	45,145,446	40,026,824	45,048,536	31,703,341
Fair value reserves	0	0	0	0
Gross insurance technical provisions	45,126,422	39,878,582	44,891,698	31,650,619
– gross provisions for unearned premiums	0	0	0	0
– gross mathematical provisions	45,126,422	39,878,582	44,891,698	31,650,619
– gross claim provisions	0	0	0	0
– gross provisions for bonuses and discounts	0	0	0	0
Gross insurance technical provisions for unit-linked insurance contracts	0	0	0	0
Liabilities from reinsurers' investments in reinsurance contracts	0	0	0	0
Other liabilities	19,024	148,242	156,837	52,722
Liabilities from direct insurance operations	10,464	89,168	78,705	13,896
– liabilities to policy holders	10,079	2,623	13,557	608
– liabilities to agents and brokers	0	0	0	0
– other liabilities from direct insurance operations	385	86,545	65,148	13,288
Liabilities from co-insurance and re-insurance operations	0	0	0	0
Other liabilities	8,560	59,074	78,133	38,826
Accruals	0	0	0	0

in EUR

Statement of financial position for guarantee fund backing unit-linked life insurance	31 December 2022	31 December 2021
ASSETS	454,107,314	502,042,853
Investment property and financial investments	446,142,033	500,913,405
Investment property	0	0
Financial investments	0	0
Investments in subsidiaries	0	0
Investments in associates	0	0
Other financial investments	446,142,033	500,913,405
Shares and other floating rate securities and fund coupons	446,142,033	496,834,282
Debt and other fixed return securities	0	4,079,123
Investment fund shares	0	0
Mortgage loans	0	0
Other loans	0	0
Deposits with banks	0	0
Other financial investments	0	0
Reinsurers' share of technical provisions	0	0
– from unearned premium	0	0
– from mathematical provision	0	0
– from outstanding claims	0	0
– from bonuses and discounts	0	0
– from technical provisions for life insurance policy holders who bear investment risk	0	0
Receivables	4,350	3,476
Receivables from direct insurance	954	944
– receivables from insurers	0	0
– receivables from insurance brokers	0	0
– other receivables from direct insurance operations	954	944
Receivables from re-insurance operations	0	0
Other receivables	3,396	2,532
Other assets	7,960,931	1,125,972
Cash and cash equivalents	7,960,931	1,125,972
Other assets	0	0
Short-term deferred assets	0	0
Accrued income from interest and rent	0	0
Short-term deferred expenses	0	0
Other short-term deferred items	0	0
LIABILITIES	454,107,314	502,042,853
Fair value reserves	0	0
Gross insurance technical provisions	0	0
– gross provisions for unearned premiums	0	0
– gross mathematical provisions	0	0
– gross claim provisions	0	0
– gross provisions for bonuses and discounts	0	0
Gross insurance technical provisions for unit-linked insurance contracts	449,399,980	499,681,626
Liabilities from reinsurers' investments in reinsurance contracts	0	0
Other liabilities	4,707,334	2,361,227
Liabilities from direct insurance operations	63,914	1,614
– liabilities to policy holders	0	0
– liabilities to agents and brokers	0	0
– other liabilities from direct insurance operations	63,914	1,614
Liabilities from co-insurance and re-insurance operations	0	0
Other liabilities	4,643,420	2,359,613
Accruals	0	0

Income statement of pension funds formed as a guarantee fund

in EUR

Income statement for PDPZ funds	2022				2021			
	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni
Financial income	6,561,453	2,532,018	1,588,674	2,440,762	10,917,769	3,519,412	2,740,192	4,658,165
Income from dividends and profit sharing	684,423	87,187	233,215	364,021	533,901	65,775	166,267	301,860
Interest income	2,488,007	2,385,641	93,966	8,400	1,687,331	1,602,748	76,183	8,400
Gains on disposal of financial investments	539,845	612	200,758	338,475	1,105,119	31,059	387,862	686,197
Net income from changes in the fair value of investments which are recognised at fair value through profit or loss	1,414,009	56,124	518,108	839,777	6,159,170	1,819,238	1,590,022	2,749,910
Other financial income	1,435,169	2,454	542,627	890,088	1,432,248	593	519,857	911,798
Income from investment property	0	0	0	0	0	0	0	0
Rental income from investment property	0	0	0	0	0	0	0	0
Gains on disposal of investment property	0	0	0	0	0	0	0	0
Net income from changes in the fair value of investments, which are recognised at fair value through profit or loss	0	0	0	0	0	0	0	0
Financial expenses	29,643,902	20,500,892	4,382,113	4,760,897	6,199,098	4,934,565	647,202	617,330
Interest expenses	0	0	0	0	0	0	0	0
Losses from disposal of financial investments	13,436,628	12,153,946	702,924	579,758	2,028,376	1,647,009	225,218	156,149
Revaluation operating expenses arising from a change in the fair value of financial investment through profit and loss	15,917,708	8,346,946	3,574,149	3,996,613	4,028,107	3,287,556	343,592	396,959
Other financial expenses	289,566	0	105,040	184,526	142,615	0	78,393	64,222
Expenses from investment property	0	0	0	0	0	0	0	0
Expenses from management and rental of investment property	0	0	0	0	0	0	0	0
Losses from disposal of investment property	0	0	0	0	0	0	0	0
Revaluation operating expenses arising from a change in the fair value of investment property through profit and loss	0	0	0	0	0	0	0	0
Result of investment activities	-23,082,448	-17,968,874	-2,793,439	-2,320,136	4,718,672	-1,415,153	2,092,990	4,040,835
Income from) payments by investment manager for not achieving the guaranteed return	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0
Other expenses directly charged to the guarantee fund in line with the fund management rules	2,389,744	1,929,159	237,816	222,768	2,444,631	2,070,910	192,536	181,185
Management commission	2,358,961	1,929,159	221,353	208,449	2,406,807	2,070,910	172,848	163,049
Custodian bank fees	11,605	0	5,977	5,628	13,436	0	6,914	6,522
Auditing expenses	865	0	432	432	418	0	209	209
Information expenses relating to guarantee fund members	2,805	0	1,403	1,403	0	0	0	0
Brokerage expenses for the purchase and sale of securities	0	0	0	0	0	0	0	0
Other expenses (which, according to the management rules, are) directly charged to the guarantee fund	15,508	0	8,652	6,856	23,970	0	12,565	11,404
Other expenses	0	0	0	0	0	0	0	0
Net profit intended for the insured	-25,472,193	-19,898,033	-3,031,255	-2,542,904	2,274,041	-3,486,063	1,900,453	3,859,651

Income statement for funds posted separately

in EUR

	2022		2021	
	Renta 1	Renta 2	Renta 1	Renta 2
Income statement of the guarantee fund backing additional pension insurance during the annuity payout period				
Transfer of funds from the pension scheme of additional pension insurance	2,775,664	13,270,462	5,929,143	13,773,514
This legal entity	1,450,674	4,749,788	3,835,536	4,820,151
Other insurance company	0	0	0	0
Other pension companies	1,324,990	8,520,674	2,093,608	8,953,363
Mutual pension fund	0	0	0	0
Income from investments	3,098,739	1,665,819	1,579,822	203,815
Income from dividends	7,095	7,095	0	0
Income from other investments	3,072,852	1,657,728	1,455,993	124,729
Income from land and buildings	0	0	0	0
Interest income	368,951	254,480	304,028	124,729
Other investment income	2,703,902	1,403,249	1,151,965	0
Income from asset value adjustments	0	0	0	0
Profit on disposal of investments	18,791	995	123,830	79,085
Claims incurred	3,127,044	4,716,020	3,351,330	3,633,754
Gross claims settled	3,127,044	4,716,020	3,351,330	3,633,754
Change in gross provisions for claims outstanding	0	0	0	0
Change in other net technical provisions (+/-)	234,724	8,227,963	3,500,524	9,702,071
Change of mathematical provisions (+/-)	234,724	8,227,963	3,500,524	9,702,071
Change of other net technical provisions (+/-)	0	0	0	0
Expenses included in policies	152,636	704,787	621,641	565,387
Initial expenses	50,562	497,026	69,559	418,447
Collection, administrative expenses	0	0	444,160	0
Costs of claim settlement	102,074	207,762	107,922	146,940
Net operating expenses	185,876	361,479	155,155	281,503
Acquisition costs	0	169,744	0	156,369
Change of deferred acquisition costs (+/-)	0	0	0	0
Other operating expenses	185,876	191,735	155,155	125,135
Depreciation of assets used in insurance business	16,523	17,820	11,490	9,617
Labour costs	81,816	88,237	70,613	59,103
- wages and salaries	57,179	61,666	49,088	41,086
- social security and pension insurance costs	9,771	10,538	8,806	7,370
- other labour costs	14,867	16,033	12,719	10,646
Costs of services provided by natural persons other than sole proprietors (costs under work contracts, service contracts and other relationships), together with duties and charges borne by the company	295	318	167	140
Other operating expenses	87,242	85,360	72,885	56,274
Income from reinsurance commissions and from participation in the positive technical result from reinsurance contract (-)	0	0	0	0
Expenses from investments	2,359,999	1,287,511	35,470	76,117
Depreciation and amortization of assets not used in operations	0	0	0	0
Expenses arising from asset management, interest expenses and other financial expenses	0	22,499	29,112	18,812
Revaluation financial expenses	719,964	467,612	0	0
Loss on disposal of investments	1,640,035	797,400	6,358	57,304
Profit or loss of the guarantee fund, taking into account expenses included in policies	0	0	0	0
Profit or loss of the guarantee fund, taking into account net operating expenses	-33,241	343,309	466,486	283,884

			in EUR
		2022	2021
Income statement for guarantee fund backing unit-linked life insurance			
Gross written premium		84,314,572	69,868,754
Income from investments		674,252	72,124,822
Income from dividends		0	5,583
Income from other investments		652,292	67,252,158
Income from land and buildings		0	0
Interest income		877	1,835
Other investment income		651,415	67,250,323
– financial income from revaluation		651,415	67,250,323
– other financial income		0	0
Income from asset value adjustments		0	0
Profit on disposal of investments		21,961	4,867,081
Expenses from cash surrender value		47,830,664	50,176,608
Ordinary termination		23,132,939	22,057,919
Extraordinary termination		24,697,725	28,118,690
– withdrawal from insurance contract		22,780,809	26,141,740
– cancellation of insurance contract		0	0
– death of the insured person		1,916,916	1,976,950
Change in other net technical provisions (+/-)		-50,188,437	78,911,179
Change of mathematical provisions (+/-)		-50,188,437	78,911,179
Change of other net technical provisions (+/-)		0	0
Fund management costs		9,565,443	10,406,903
Entry fees		1,228,897	2,743,858
Exit costs		0	0
Management commission		8,336,546	7,663,045
Expenses from investments		77,781,155	2,498,885
Depreciation and amortization of assets not used in operations		0	0
Expenses arising from asset management, interest expenses and other financial expenses		491	5,075
Revaluation financial expenses		73,421,509	2,037,470
Loss on disposal of investments		4,359,155	456,340
Net profit for the period		0	0

Appendix:

Glossary of insurance terms

Inward reinsurance

When a reinsurance company assumes from other insurance and reinsurance companies the portion of the risk that exceeds their retention limits.

Accumulated profit

The legally justified amount of net profit for the current year, net profit brought forward and reserves from profit, which in accordance with the decision of the insurance company's management board is first used to increase reserves (legal reserves, treasury share reserves and treasury shares, and statutory reserves) and other reserves according to the Supervisory Board's decision. The remainder, referred to as accumulated profit, is allocated by the General Meeting of Shareholders to dividends, other reserves and other purposes, and carried forward to the next year.

Cedent

A party to a *reinsurance contract* who passes a portion of their assumed *risks* to *reinsurance*. The recipient of those risks is typically an *insurance company*. To cede means to pass a portion of assumed risk to the reinsurer.

Total return on share

The sum of growth in the share price in the accounting period and the dividend yield as at the reporting date.

Total revenue

Total revenue is composed of gross written insurance, coinsurance and reinsurance written premiums, other insurance income and other income.

Net earnings per share

The ratio of net profit in the accounting period which refers to the ordinary shareholders of the controlling company to the weighted average number of ordinary shares less ordinary shares held by Zavarovalnica Triglav or the Triglav Group members.

Return on equity (ROE)

The ratio of net profit for the period to the average balance of shareholders' equity in the period.

Return on equity attributable to the owners of the controlling company

The ratio of net profit to the average balance of shareholders' equity held by the owners of the controlling company in the accounting period.

Net claims incurred

Comprise gross claims incurred (benefits, claim payments and appraisal costs) less reinsurers' and coinsurers' shares of gross claims paid, adjusted for any change in net claims provisions, plus equalisation scheme expenses for supplementary health insurance.

Net premium income

Comprises gross written premium less written premium ceded to reinsurers and coinsurers, adjusted for the change in net unearned premium.

Floating stock/free float

Shares held by shareholders who own 5% or less of shareholders' equity.

Economic value distributed

Comprises net claims incurred and other insurance expenses, expenses from financial assets, other expenses, operating expenses, dividend payments, tax expense, community investment (prevention activities, donations, sponsorships), employee wages, allowances and benefits.

Dividend yield

The ratio of gross dividends per share to price per share on a given day.

Supplemental insurance/rider

Insurance that is underwritten as a supplement to another (precisely defined) insurance and that cannot be underwritten independently.

Return on investment

Difference between income and expenses from financial assets. Income from investments comprises income from investments in associates and income from investments (interest income, gains on disposal of investments and other income from investments). Expenses from investments comprise expenses from investments in associates and expenses from investments (impairment of investments, losses on the disposal of investments and other expenses from investments). Return on investment does not include net unrealised gains and losses on unit-linked life insurance assets.

Endowment (for life insurance products with a savings component)

Insured event in which the insurer pays the sum insured, together with bonuses after the insured survives an agreed insurance period.

Incurred but not reported (IBNR)

Provisions for incurred but not yet reported claims.

Capitalisation

The reduction of sums insured in life insurance with a savings component, which is carried out if the policyholder stops paying premiums. In addition to standard criteria for setting the premium (gender and age of the insured), the amount of the sum insured depends primarily on the number of paid in premiums and the remaining insurance term.

Book value per share

Ratio of stockholders' equity to the number of outstanding shares on the reporting date.

Capital adequacy ratio

The ratio of available own funds eligible for covering the solvency capital requirement to the solvency capital requirement.

Combined ratio

The sum of the expense ratio and claims ratio. It shows the profitability of non-life and health insurance transactions. A value of less than 100% indicates profit from non-life and health insurance transactions, excluding returns on investment.

Composite (or universal, general) insurance company

An insurance company that conducts non-life and life insurance business.

Gross and net

In the insurance industry, the terms gross and net typically relate to quantities and ratios before and after the deduction for reinsurance.

Unearned premium

A component of insurance technical provisions that represents the component of gross written premium that relates to future or subsequent accounting periods.

Claims provisions

Provisions created to cover claims that incurred in the past and were not settled by the end of the accounting period. Provisions are created for already reported claims, claims not yet reported and/or under-reported claims.

Gross operating expenses

Gross operating expenses are recognised as original costs by nature.

Own risk and solvency assessment (ORSA)

Own assessment of risks to which the insurance company's business is exposed, including the risks it may be exposed to in the future, and an assessment of the appropriateness of available own funds to cover them.

Gross written premium

Sum of all premiums that the insurance company charges to policyholders following the underwriting or renewal of policies in the accounting period.

Gross written premium per company employee

Gross written premium in the accounting period divided by the average number of employees at an insurance company.

Gross claims paid

Benefits and claims calculated for all or a portion of settled claims in the accounting period, including claim settlement costs.

Expense ratio

Ratio of the sum of operating expenses, expenses for bonuses and discounts and other net insurance expenses (calculated as the difference between other insurance expenses and other insurance income) to net non-life and health insurance premium earned.

Surrender

The termination of a life insurance policy that results in the pay-out of the value thereof (saved assets and mathematical provisions, less the costs incurred by the insurance company).

Average daily turnover in shares

The ratio of the total value of share turnover in the accounting period to the number of trading days in that period.

Reinsurance

Reinsurance is the insurance of amounts over the internal risk equalisation rate of a given insurance company with another insurance company registered to provide reinsurance services.

Prevention

The portion of non-life insurance premiums that the insurance company allocates to prevention activities to mitigate future risks.

Associate

A company in which another entity directly or indirectly holds between 20% and 50% of voting rights, and thus has a significant effect on capital, but does not control that company.

Income from claimed gross subrogation receivables

The amount of subrogation claims that were created in the accounting period as subrogation receivable based on a ruling of the competent court, an agreement with the person liable to subrogation, or the payment of benefits with regard to credit insurance.

Risk profile

A risk profile is a quantitative assessment of the risks to which the insurance company is exposed. In order to adequately identify the risk profile, processes are established, and risk exposure and measurements are defined for every type of risk for the purpose of assessing the extent thereof.

Deferred acquisition costs (DAC)

Costs that the insurance company incurs in the acquisition of new insurance contracts are deferred equally for the entire duration of those contracts for accounting purposes. Thus, the one-time cost incurred when insurance is underwritten is deferred equally over the entire insurance period.

Available own funds

Available own funds are used to cover the solvency capital requirement and represent the surplus of assets over liabilities, plus subordinated liabilities, taking into account other regulatory, insurer-specific adjustments.

Reported but not settled (RBNS)

Provisions for losses incurred that have been reported but not settled (provisions after inventory).

Reserves from profit

Comprise other reserves from profit, legal and statutory reserves, contingency reserves and credit risk equalisation reserves.

Solvency II

The European Union's regulatory framework in the area of insurance, which defines the calculation of capital adequacy, and the governance of and reporting by insurance companies. The insurance company's available own funds must be at least equal to the assessment of assumed risks, as set out in the regulatory framework.

Coinurance

A way to equalise risks, where assumed risks are split or spread among several insurance companies. The proportion of risk assumed by an individual insurance company may vary and represents the basis for determining an individual insurance company's share of the premium and potential loss. Each insurance company is jointly and severally liable to the insured, i.e. for the full amount of benefits and/or claims from an insurance contract, irrespective of the proportion of risk it assumes.

Expense ratio – operating expenses from insurance transactions as a proportion of gross written premium

Ratio of operating expenses from insurance transactions to gross written premium.

Claims ratio

Ratio of the sum of net claims incurred and changes in other insurance technical provisions to net non-life and health insurance premium income.

Market capitalisation

The value of a company calculated as the product of the closing share price and the number of shares on the reporting date.

Economic value generated

Comprises net premium income, other insurance income, income from financial assets and other income.

Comprehensive income

Comprehensive income is composed of two elements. The first element comprises net profit or loss for the accounting period from the income statement. The second element comprises other comprehensive income, which discloses the effects of other income and expense items that are not recognised in the income statement, but affect the balance of shareholders' equity, primarily due to changes in fair value reserve.

Economic value retained

Difference between economic value generated and economic value distributed.

Solvency capital requirement (SCR)

The amount of the insurance company's capital that it needs to remain solvent for at least one year with a 99.5% probability calculated in accordance with Solvency II. Calculated according to a statutory standard formula that takes into account all material measurable risks: underwriting, market, credit and operational risks.

Insurance density (premium per capita)

Ratio of gross written premium to the number of inhabitants of a specific country.

Insurance penetration

Insurance premium as a proportion of gross domestic product (GDP).

Insurance premium

The amount set out in an insurance contract that the policyholder pays to the insurance company. Insurance premium covers the payment of current and future claims, the costs of prevention activities and the insurance company's operating expenses.

Insurance group

Several related insurance classes treated as a group. The Insurance Act groups insurance classes 1 to 18 in the non-life insurance group and insurance classes 19 to 24 in the life insurance group.

Insurance class

Various insurance types that are grouped in accordance with the Insurance Act based on the main types of risks they cover. The Insurance Act defines 24 different insurance classes.

Insurance technical provisions

The insurance company must create the necessary insurance technical provisions in connection with all insurance services that it provides. They are intended to cover future insurance liabilities and potential losses due to risks arising from rendered insurance services. They comprise unearned premium, claims provisions, mathematical provisions, provisions for bonuses and discounts, and other insurance technical provisions.

GRI (Global Reporting Initiative) Content Index

Statement of Use	Triglav Group has reported in accordance with the GRI (Global Reporting Initiative) Standards for the period from 1 January 2022 to 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	G4: Financial services sector disclosures

GENERAL DISCLOSURES		Section/page	Requirement(s) omitted	Reason and explanation for omission
GRI standard Disclosure				
GRI 2: General Disclosures 2021				
The Organization and its reporting practices				
2-1	Organizational details	2.7/16, 6.3/53		
2-2	Entities included in the organization's sustainability reporting	2.4/13		
2-3	Reporting period, frequency and contact point	2.3/12, 2.4/13		
2-4	Restatements of information	2.4/13		
2-5	External assurance			The Company has not yet decided to have the GRI standards externally assured.
Activities and workers				
2-6	Activities, value chain and other business relationships	2.1/11, 2.2/11, 2.7/16, 2.7.4/21, 6.3/53, 7.4/59, 12.4.4/131		
2-7	Employees	12.4.2.1/117, 119		
2-8	Workers who are not employees	12.4.2.1/119		
Governance				
2-9	Governance structure and composition	5.3/41, 5.4/48		
2-10	Nomination and selection of the highest governance body	5.3/41		
2-11	Chair of the highest governance body	5.3.2.2/44		
2-12	Role of the highest governance body in overseeing the management of impacts	5.3.2.2/44		
2-13	Delegation of responsibility for managing impacts	12.1/104		
2-14	Role of the highest governance body in sustainability reporting	2.4/13		
2-15	Conflicts of interest	5.3.3.2/46		
2-16	Communication of critical concerns	12.5/132		
2-17	Collective knowledge of the highest governance body	5.3.2/43		
2-18	Evaluation of the performance of the highest governance body	5.3.2.2/45		
2-19	Remuneration policies	5.3.2.2/45		
2-20	Process to determine remuneration	5.3.2.2/45		
2-21	Annual total compensation ratio	2.3/12, 5.3.2.2/45		
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	1./9		
2-23	Policy commitments	12.4.2.4/123, 12.5/132		
2-24	Embedding policy commitments	12.4.2.4/123, 7.11/82, 12.5/132		
2-25	Processes to remediate negative impacts	12.4.1.1/115, 12.4.2.4/123, 12.5/132		
2-26	Mechanisms for seeking advice and raising concerns	12.5/132		
2-27	Compliance with laws and regulations	12.5/132		

GENERAL DISCLOSURES				
GRI standard	Disclosure	Section/page	Requirement(s) omitted	Reason and explanation for omission
2-28	Membership associations	12.5/133		
	Stakeholder engagement			
2-29	Approach to stakeholder engagement	6.5/55, 12.2/106, 12.4.2.4/122		
2-30	Collective bargaining agreements	12.4.2.1/119		
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	2.4/13		
3-2	List of material topics	2.4/13		
ECONOMIC IMPACTS				
GRI 201: Economic Performance 2016				
3-3	Management of material topics	4.1/35		
201-1	Direct economic value generated and distributed	12.4.3/121, 12.4.3.1/125, 12.4.3.2/128		
201-2	Financial implications and other risks and opportunities due to climate change	7.2/58		Reporting on financial implications of weather and natural disasters.
201-3	Defined benefit plan obligations and other retirement plans	12.4.2./123		
201-4	Financial assistance received from government	12.5/134		
GRI 202: Market presence 2016				
3-3	Management of material topics	4.2/37		
202-2	Proportion of senior management hired from the local community	12.4.2.1/118		
GRI 203: Indirect economic impacts 2016				
3-3	Management of material topics	12.4.3/124		
203-1	Extent of development of significant infrastructure investments and services supported	12.4.3/124, 12.4.3.1/125		
GRI 204: Procurement practices 2016				
3-3	Management of material topics	12.4.4/131		
204-1	Percentage of the procurement budget used for local suppliers	12.4.4/131		
GRI 205: Anti-corruption 2016				
3-3	Management of material topics	12.5/133		
205-1	Total number and percentage of operations assessed for risks related to corruption	12.5/133		
205-2	Communication and training about anti-corruption policies and procedures	12.5/133		
205-3	Confirmed incidents of corruption and actions taken	12.5/133		
GRI 206: Anti-competitive behaviour				
3-3	Management of material topics	12.5/133		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	12.5/133		
GRI 207: Tax 2019				
207-1	Approach to tax	Accounting Report/229		
207-2	Tax governance, control, and risk management	Accounting Report/229		
207-3	Stakeholder engagement and management of concerns related to tax	Accounting Report/229		
207-4	Country-by-country reporting	Accounting Report/206		

GENERAL DISCLOSURES				
GRI standard	Disclosure	Section/page	Requirement(s) omitted	Reason and explanation for omission
ENVIRONMENTAL IMPACTS				
GRI 302: Energy 2016				
3-3	Management of material topics	12.3.2/107		
302-1	Energy consumption within the organization	12.3.2/109		
GRI 305: Emissions 2016				
3-3	Management of material topics	12.3.2/107		
305-1	Direct (Scope 1) GHG emissions	12.3.2/107		
305-2	Energy indirect (Scope 2) GHG emissions	12.3.2/107		
305-3	Other indirect (Scope 3) GHG emissions	12.3.2/107		
GRI 306: Waste 2020				
3-3	Management of material topics	12.3.2/107		
306-1	Waste generation and significant waste-related impacts	12.3.2/110		
306-2	Management of significant waste-related impacts	12.3.1/107, 12.3.2/110		
306-3	Waste generated	12.3.2/110		
306-4	Waste diverted from disposal	12.3.2/110		
306-5	Waste directed to disposal	12.3.2/110		
SOCIAL IMPACTS				
GRI 401: Employment 2016				
3-3	Management of material topics	12.4.2/117		
401-1	New employee hires and employee turnover	12.4.2.1/118		
401-2	Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees	12.4.2.1/119, 12.4.2.4/123		
401-3	Parental leave	12.4.2.4/123	The number and share of employees who were still employed 12 months after parental leave ended is not reported on.	
GRI 402: Labour/management relations 2016				
3-3	Management of material topics	12.4.2.4/123		
402-1	Minimum notice periods regarding operational changes, including the information whether the notice period and provisions for consultation and negotiation are specified in collective agreements	12.4.2.4/123		
GRI 403: Occupational Health and Safety 2018				
3-3	Management of material topics	12.4.2.3/120		
403-1	Occupational health and safety management system	12.4.2.3/120		
403-2	Hazard identification, risk assessment, and incident investigation	12.4.2.3/120		
403-3	Occupational health services	12.4.2.3/120		
403-4	Worker participation, consultation, and communication on occupational health and safety	12.4.2.3/120, 121		
403-5	Worker training on occupational health and safety	12.4.2.3/120		
403-6	Promotion of worker health	12.4.2.3/120		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	12.4.2.3/121		
403-8	Workers covered by an occupational health and safety management system	12.4.2.3/120		

GENERAL DISCLOSURES				
GRI standard	Disclosure	Section/page	Requirement(s) omitted	Reason and explanation for omission
403-9	Work-related injuries	12.4.2.3/121		
403-10	Work-related ill health	12.4.2.3/121		
GRI 404: Training and education 2016				
3-3	Management of material topics	12.4.2.2/119		
404-1	Average hours of training that the organisation's employees have undertaken during the reporting period, by gender and employee category	12.4.2.2/120	Training by employee category is not reported on.	Data capture does not include classification by employee category.
404-3	Percentage of employees receiving regular performance and career development reviews by gender	12.4.2.2/120		
GRI: 405: Diversity and equal opportunity 2016				
3-3	Management of material topics	12.5/132		
405-1	Diversity of governance bodies and employees (gender, age group, representatives of minorities, other indicators of diversity)	5.3.2.2/44, 5.3.3.2/46, 12.4.2.1/118		Reporting on the gender and age structure.
405-2	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation	12.4.2.1/118		
GRI 406: Non-discrimination 2016				
3-3	Management of material topics	12.5/132		
406-1	Total number of incidents of discrimination during the reporting period and actions taken	12.4.2.4/124		
GRI 413: Local communities 2016				
3-3	Management of material topics	12.4.3/124		
413-1	Percentage of operations with implemented local community engagement	12.4.3/124	Share is not reported.	
GRI 414: Supplier Social Assessment 2016				
3-3	Management of material topics	12.4.4/131		
414-1	New suppliers that were screened using social criteria	12.4.4/131	Share is not reported.	
GRI 415: Public policy 2016				
3-3	Management of material topics	12.5/133		
415-1	Political contributions	12.5/133		
GRI 417: Marketing and labelling 2016				
3-3	Management of material topics	12.4.1/113		
417-1	Requirements for product and service information and labelling	12.4.1/113		
417-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	12.4.1/113		
417-3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorships	12.4.1/113		
GRI 418 Customer privacy 2016				
3-3	Management of material topics	12.5/133		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	12.5/133		
Financial Services Sector Disclosures - GRI G4				
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit	12.3.3/111		
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit	12.3.3/111		
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	12.4.1/114		

SASB (Sustainability Accounting Standards Board) Content Index

Insurance			
Topic	Accounting metric	Code	Section/Page number
Transparent Information and Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product related information to new and returning customers	FN-IN-270a.1	12.4.1/113, 12.4.1.1/115, 12.5/132
	Complaints-to-claims ratio	FN-IN-270a.2	12.2/106
	Customer retention rate	FN-IN-270a.3	12.4.1.1/115
	Description of approach to informing customers about products	FN-IN-270a.4	12.4./113
Incorporation of Environmental, Social, and Governance Factors in Investment Management	Total invested assets, by industry and asset class	FN-IN-410a.1	7.9/79, 80, 7.11/82
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	12.3.3/112
Policies Designed to Incentivize Responsible Behavior	Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	12.3.3/111
	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	FN-IN-410b.2	12.3.3/111
Environmental Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	3.2.1.2/173
	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) nonmodeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	FN-IN-450a.2	7.2/58, 3.2.1.2/173
	Exposure to derivative instruments by category	FN-IN-550a.1	3.3.2.4/178
Systemic Risk Management	Total fair value of securities lending collateral assets	FN-IN-550a.2	3.3.2.4/178
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	2.1/165, 3.5/183

Asset Management and Custody			
Topic	Accounting metric	Code	Section/Page number
Transparent Information and Fair Advice for Customers	Number and percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-AC-270a.1	12.5/132
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	FN-AC-270a.2	12.4.1./113
	Description of approach to informing customers about products and services	FN-AC-270a.3	12.4.1/113
	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-AC-330a.1	5.3.2.2/44, 5.3.3.2/46, 12.4.2.1/118
Incorporation of Environmental, Social, and Governance Factors in Investment Management and Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	FN-AC-410a.1	7.9/78
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	FN-AC-410a.2	7.11/82
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	7.11/82
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-AC-510a.1	12.5/132, 133
	Description of whistleblower policies and procedures	FN-AC-510a.2	12.5/133

Accounting metric	Code	Section/Page number
Total registered and (2) total unregistered assets under management (AUM)	FN-AC-000.A	7.11/81
Total assets under custody and supervision	FN-AC-000.B	7.11/82

Sustainable Development Goals (UN SDG) Content Index

The Triglav Group is focused on goals 3, 5, 8, 11, 13.

Goal	Description	Section/Page
 2 ZERO HUNGER	By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.	12.3.3/111
 3 GOOD HEALTH AND WELL-BEING	By 2020, halve the number of global deaths and injuries from road traffic accidents. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	12.4.3.1/126 11.1.3/98
 5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	12.4.2.1/118
 7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	12.3.3/111
 8 DECENT WORK AND ECONOMIC GROWTH	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	11.1.3/98 12.4.2.3/120
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.	11.1.2/97
 11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	12.4.3.1/126
 13 CLIMATE ACTION	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	12.1/103 12.3.3/111
 15 LIFE ON LAND	By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.	12.4.3.1/126
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Substantially reduce corruption and bribery in all their forms.	12.5/133

Triglav Group and Zavarovalnica Triglav d.d. Annual Report 2022

Published by: Zavarovalnica Triglav d.d.

Text by: Zavarovalnica Triglav d.d.

Editing, consulting, production by: Studio Kernel d.o.o.

Photographs by: Ciril Jazbec, Andraž Blaznik, Triglav Group archive, Shutterstock, iStock

Ljubljana, March 2023