


The Triglav Group
and Zavarovalnica Triglav d.d.
Annual Report
2019


Tradition or future?
We unify both.





As the **leading insurance-financial group** in the Adria region, we are reaching highs and actively participating in the development of our insurance markets. We were the first in the region to provide cyber insurance to both individuals and businesses.

Best or first?
Both.




We take pride in protecting good stories of business success. **EKWB** is the world leader in the segment of custom liquid cooling products for high performance computers. The company decided to take out cyber insurance with Zavarovalnica Triglav as part of its comprehensive security policy.



Simple or personal?
Both.

New technologies help us improve our client relationships and simplify our services. Špela Jereb Planinšek from the Innovation and Digitalisation Department at Zavarovalnica Triglav and Peter Mihajlovič, an insurance agent, have concluded an insurance policy remotely as part of the pilot project.




Accessibility and understandability of our services are also at the forefront of **spreading financial literacy**. Experts from Zavarovalnica Triglav and Triglav Skladi are happy to help plan the financial future of young people through personal training courses and interactive web portals.



Financial compensation or
a comprehensive service?

Both.

Marinka Novak from the Varaždin unit has been one of the most successful insurance agents in Croatia for many years. She is always a top advisor to our clients. In addition to the insurance product range, she is well-versed in all insurance processes, from taking out an insurance policy to settling a claim.



Experienced craftsman **Rešad Fatić** responds promptly when repairs are needed as part of home assistance insurance in Sarajevo and its surroundings. Thanks to our good sales network, we are expanding our assistance services and our partner network for claim settlement.

Table of Contents

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 2019

Business Report

| | |
|--|-----|
| 1. Address by the President of the Management Board | 8 |
| 2. Triglav Group and Zavarovalnica Triglav in 2019 | 10 |
| 3. Report of the Supervisory Board | 22 |
| 4. Strategy and plans of the Triglav Group | 27 |
| 5. Corporate Governance Statement | 32 |
| 6. The share and shareholders of Zavarovalnica Triglav | 42 |
| 7. Performance of the Triglav Group and in Zavarovalnica Triglav | 48 |
| 8. Financial result of the Triglav Group and Zavarovalnica Triglav | 72 |
| 9. Financial position of the Triglav Group and Zavarovalnica Triglav | 78 |
| 10. Cash flow statement | 83 |
| 11. Development and sales activities | 85 |
| Statement on non-financial reporting | 93 |
| 12. Sustainable development at the Triglav Group | 94 |
| 13. Information on the Triglav Group as at 31 December 2019 | 124 |
| 14. Business network of the Triglav Group | 129 |
| 15. Performance indicators of Zavarovalnica Triglav | 131 |

Risk Management

| | |
|------------------------------|-----|
| Risk management system | 147 |
| Risk exposure and management | 154 |

Accounting Report

| | |
|--|-----|
| Statement of management's responsibilities | 174 |
| Independent auditor's report | 175 |
| Financial statements | 181 |
| General information | 187 |
| Notes to the statement of financial position | 207 |
| Notes to the income statement | 239 |
| Other information | 255 |
| Appendix: Glossary of insurance terms | 291 |
| GRI Content Index | 294 |

About the report

The Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 is integrated and refers to the balance and plans as at 31 December 2019. When compiling the report, the aim was to present a comprehensive overview of main financial and non-financial aspects, results and plans. Learn more about the international standards and guidelines followed in the report's compilation →

Navigation

In addition to the interactive table of contents, you can access the contents of the report in a PDF document via quick links:

- in pagination by main section of the report, e.g.: the sections include quick links that you can click on for detailed, related or additional content: [Business Report](#)
- in other sections of the report, e.g.: [→ in Section 4. Strategy and plans of the Triglav Group],
- in documents published on other websites, e.g.: www.triglav.eu.

Stay informed about our business operations

Detailed information for investors and existing shareholders is available at:

Information for shareholders:

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Helena Ulaga Kitek, Head of Investor Relations

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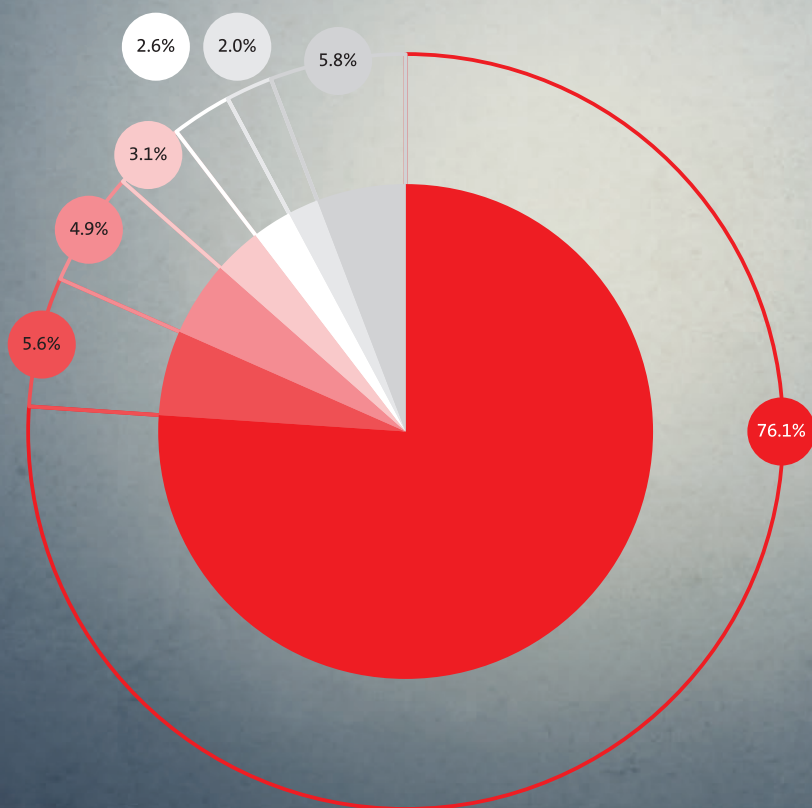
Email: investor.relations@triglav.si

Triglav Group and Zavarovalnica Triglav in 2019

The credit rating agencies S&P Global Ratings and AM Best confirmed the Group's

»A« credit rating
with a stable medium-term outlook.
See [→ Section 6.6].

*Consolidated insurance, co-insurance and reinsurance premiums of the
Triglav Group by market*



■ Slovenia
 ■ Croatia
 ■ Serbia
 ■ Montenegro
 ■ Bosnia and Herzegovina
 ■ North Macedonia
 ■ International reinsurance

38 companies

in six countries
of the Adria region

223%

Capital Adequacy Ratio
of the Triglav Group

EUR 1.0 billion

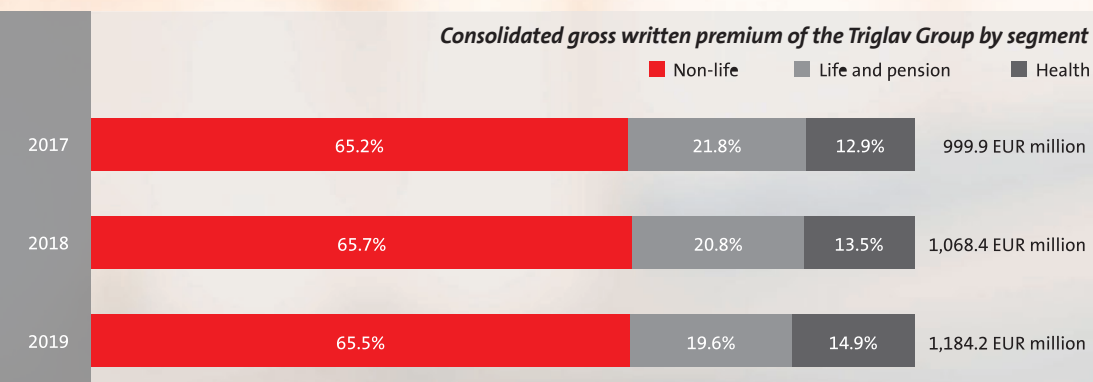
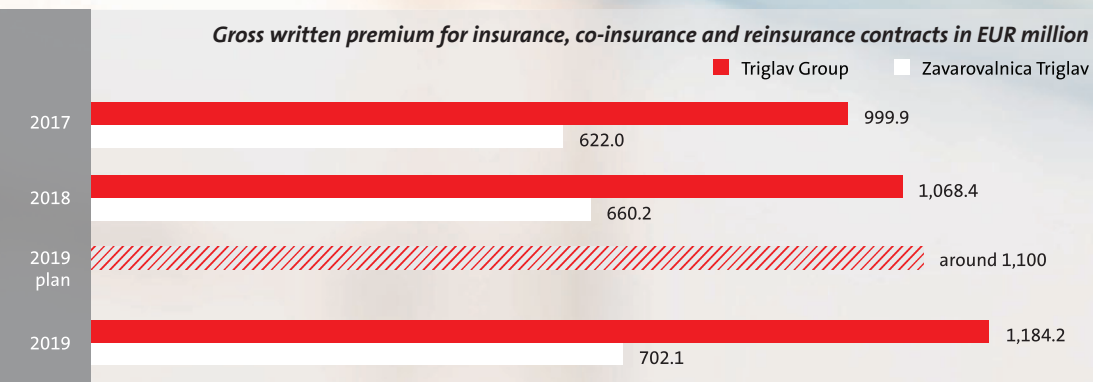
in mutual funds

+68%

EUR 3,315.1 million

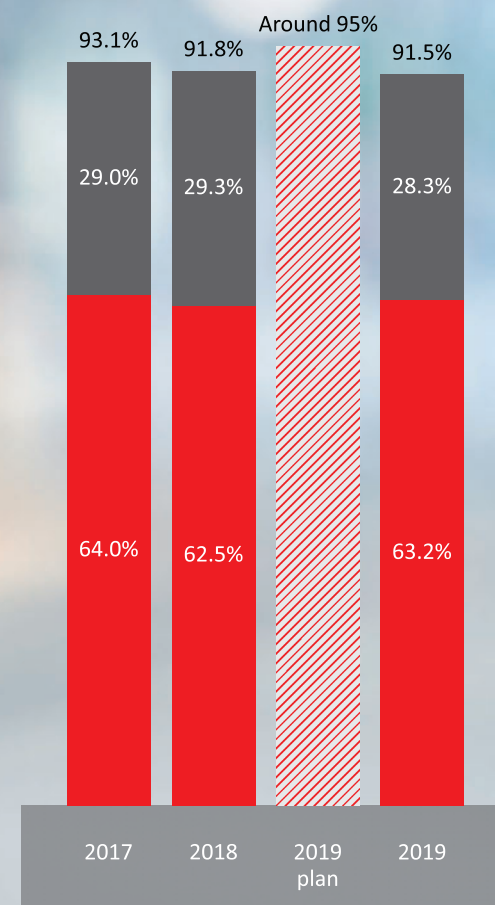
Financial investments
of the Triglav Group
including investment
property





Combined ratio of the Triglav Group

Claims ratio Expense ratio



1. Address by the President of the Management Board¹

Dear Shareholders, Business Partners and Colleagues,

The Triglav Group actively pursued the strategic guidelines outlined in its strategy until 2022. The results confirm that we have been successful.

Ensuring long-term stable and profitable operations and increasing the value of the Triglav Group is the first of three guidelines set in order to achieve its mission and create a more secure future for all our stakeholders. Profit before tax increased to EUR 100.9 million in 2019, slightly exceeding the upper end of the planned EUR 100 million. Return on equity (ROE) stood at 10.9% as at the 2019 year-end (compared to 10.8% in the previous year), which is in line with our strategic objective of exceeding 10%. This was also a result of returns on investment, which were higher due to one-time events even though interest income continued to decline due to financial market conditions. The composition of our investment portfolio worth EUR 3.3 billion did not substantially change, but we extended its maturity, reduced market risks and actively adjusted the shares of individual investment grades.

Good results in both core activities – insurance and asset management

We are pleased with the results in both pillars of our business, i.e. insurance and asset management. The volume of written premium rose by 11% to EUR 1.2 billion, while taking a disciplined approach to underwriting risks. Gross premium growth was recorded on all insurance markets and in all

insurance segments. The Group continued to strategically diversify premiums in terms of products and geographical areas. With respect to the latter, we again increased the share of premium written

on markets outside Slovenia, which stood at 18.1% as at the end of the year. The performance of the claims segment was as expected, while the volume of claims as a result of major CAT events was lower than the year before. The Group's combined ratio was favourable, standing at 91.5%, which is in the lower end of the range of its average target strategic value. In our asset management activity, we increased the volume of clients' assets managed in mutual funds and through discretionary mandate services by 68%. The significant increase allows us to develop this activity more ambitiously, and it was influenced not only by the acquisition of ALTA Skladi, but also by the situation on the capital markets and net inflows. With a 34% market share, the Group holds a leading position among Slovene mutual fund managers (compared to 24.6% a year earlier).

“With eleven insurance companies, the Triglav Group remains a firm leader in the Adria region.,,”

The Group's focus on profitable and safe operations was closely linked with adopting new ways of doing business, and all development steps were assessed in terms of target risk-adjusted return. The Group's financial stability is confirmed by the re-affirmed »A« credit rating with a stable medium-term outlook. With eleven insurance companies, the Triglav Group remains a firm leader in the Adria region, which has great potential; therefore, we will remain focused on existing markets in the long run. Through the establishment of a new company, the Group entered the Macedonian market in the pension insurance segment. Our growth is organic, but takeovers are not ruled out if an opportunity arises. For operations outside the existing markets, we are developing new business approaches and models with partners. In 2019, we participated in the partnership scheme for selling motor vehicle insurance in Greece, which was set up as a pilot project a year earlier. It proved to be a success, and we are now expanding this type of partnership to the Italian market by providing warranty insurance. Even though this represents only a small part of our business in terms of premium volume, it is important for the Group's development.

Through comprehensive risk management as well as prudent capital management, the Company ensures not only an optimal composition of the capital but also cost-effectiveness. As part of its regular activities, the Company issued a 30.5-year subordinated bond with great success, replacing the subordinated bond that expires in 2020. Our dividend policy is linked to our capital management policy and the achievement of our target capital adequacy. The dividend policy is both appealing and

sustainable. As such, it provides our shareholders with a high dividend yield, which stood at 7.5% at the end of the year, and a total return of 17.4%.

Interdisciplinary process development aimed at providing best user experience

The Group's second strategic guideline is focusing on its clients. The driving force of development activities in both pillars of our core business is focused on the activities that are directly visible to clients, while improving our internal operations. We have made great progress in making the Group's operations lean as well as improving cost and process efficiency (improved management practices and techniques, enhanced information and data system, even more efficient support functions, internal processes, etc.). Development activities in which all Group members participated were managed interdisciplinarily by the parent company. Our common goal is to provide clients with a superior experience in doing business with us.

As our goal is to provide complete and simple to our clients, we have continued with the extensive redesign and development of our products in 2019, also upgrading them with support and advisory services. Furthermore, we have developed new technological solutions, which contribute to greater responsiveness and transparency in taking out insurance and settling claims, in addition to improving fraud identification. We respond to dynamic changes in the environment by designing modern solutions for our clients' financial security, which is why we were the first in the region to offer cyber insurance for businesses.

As we deepen our relationship with our clients, we also shape their proactive attitude towards risks. Business digitalisation and an efficient sales network, which is one of the Group's strongest competitive advantages, play a special role in this. In line with the strategy incorporating an omni-channel sales approach, the Group's own sales network is complemented by the strengthened external

network and other external sales channels, particularly partnerships with banks and companies selling cars and providing telecommunication services. Our online sales activity

is also being upgraded. In this context, the website www.triglav.si was updated, in addition to increasing the functionality of the i.triglav digital office. Digital visibility is enhanced by advanced technological services such as Drajv (Drive), Triglav vreme (Triglav Weather) and Vse bo v redu (Everything Will Be Alright). They are also available at Triglav Lab, our technological centre and training ground for digital business, which is of particular interest to young people. There, visitors can gain valuable experience through simulators and virtual reality, become better prepared to respond effectively in the face of a natural disaster or traffic accident, and take a safe driving course. We want to be a lifelong partner to our clients, which not only provides them with financial security, but also helps them solve problems in different areas and circumstances.

Working together with the social environment

The third focus of the Triglav Group's strategy is organisation and culture. It is important that we as a team of over 5,200 employees are able to work in a harmonious, cooperative and most stimulating work environment. To this end, numerous activities and measures were carried out in the area of rewards, communication and training. The measurement of organisational vitality, which has been used for many years to determine the level of employee satisfaction and engagement, has shown that we have maintained a high level

34%
market share
among Slovene
mutual fund
managers (2018: 24.6%)

of internal vitality, even slightly exceeding results regarding most of the main indicators.

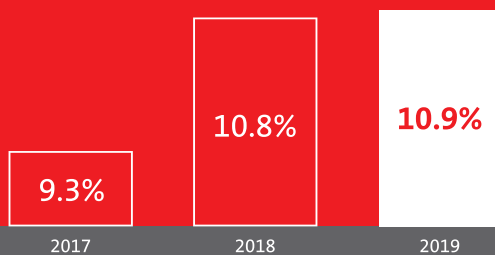
By being committed to stable long-term effective operations and high standards of corporate governance, we undertook many activities with the goal of caring for the social environment and protecting the natural environment. The parent company's carbon footprint and electricity consumption were reduced by 6% and 3% respectively, and the monitoring of sustainable development indicators in the Group members was further expanded. We have increased the volume of investments in prevention as part of the Group's contribution to the sustainable development of the community. Investments primarily focus on promoting traffic safety and reducing other relevant risks. We have established an omni-channel presence, backed by an innovative approach and the new vozimse.si online platform.

I would like to thank all the stakeholders of the Triglav Group for their trust and contribution to our good business results. Together, we have proven that we are successfully combining tradition and the future, which is without a doubt one of the best ways to celebrate the Company's 120 years in business.

Andrej Slapar

President of the Management Board
of Zavarovalnica Triglav

Return on equity of the Triglav Group



2. Triglav Group and Zavarovalnica Triglav in 2019

- The Triglav Group and its parent company operated at a profit and surpassed the planned business results.
- Strategic development activities were carried out actively and systematically in accordance with the strategy of the Triglav Group.
- The Group is financially sound, its capital adequacy is within the target range and the credit rating of »A« has a stable medium-term outlook.
- The Group firmly remains the leader both in the Adria region and the Slovene insurance market.
- Premium growth was achieved on all insurance markets and in all insurance segments. The value of assets under management was increased.
- The asset management business was strengthened by the acquisition of ALTA Skladi and their merger with Triglav Skladi.

2.1 Financial highlights of the Triglav Group²

| | in EUR million | | | | |
|--|----------------|---------|---------|--------------------|-----------|
| | 2019 | 2018 | 2017 | Index 2019/2018 | 2018/2017 |
| Gross written premium from insurance, co-insurance and reinsurance contracts | 1,184.2 | 1,068.4 | 999.9 | 111 | 107 |
| Net premium income | 1,027.6 | 951.8 | 891.2 | 108 | 107 |
| Gross claims paid | 716.7 | 679.6 | 642.2 | 105 | 106 |
| Net claims incurred | 684.1 | 626.6 | 620.0 | 109 | 101 |
| Gross operating expenses | 305.3 | 288.8 | 274.0 | 106 | 105 |
| Profit before tax | 100.9 | 97.5 | 84.4 | 104 | 115 |
| Net profit | 83.9 | 80.8 | 69.7 | 104 | 116 |
| Net profit attributable to the controlling company | 83.7 | 80.7 | 69.3 | 104 | 116 |
| Combined ratio | 91.5% | 91.8% | 93.1% | 100 | 99 |
| Insurance technical provision as at 31 December | 2,878.9 | 2,713.1 | 2,732.2 | 106 | 99 |
| Equity as at 31 December | 792.0 | 746.9 | 756.6 | 106 | 99 |
| Equity attributable to the controlling company as at 31 December | 789.5 | 744.6 | 749.8 | 106 | 99 |
| Return on equity | 10.9% | 10.8% | 9.3% | 101 | 116 |
| Return on equity attributable to the controlling company | 10.9% | 10.8% | 9.3% | 101 | 116 |
| Book value per share (in EUR) | 34.73 | 32.75 | 32.98 | 106 | 99 |
| Net earnings per share (in EUR) | 3.69 | 3.56 | 3.07 | 104 | 116 |
| Number of employees as at 31 December | 5,281 | 5,166 | 5,151 | 102 | 100 |

2.2 Financial highlights of Zavarovalnica Triglav³

| | in EUR million | | | | |
|--|----------------|---------|---------|--------------------|-----------|
| | 2019 | 2018 | 2017 | Index 2019/2018 | 2018/2017 |
| Gross written premium from insurance, co-insurance and reinsurance contracts | 702.1 | 660.2 | 622.0 | 106 | 106 |
| Net premium income | 573.6 | 551.9 | 522.1 | 104 | 106 |
| Gross claims paid | 425.2 | 421.0 | 411.3 | 101 | 102 |
| Net claims incurred | 376.8 | 359.9 | 376.3 | 105 | 96 |
| Gross operating expenses | 180.5 | 174.4 | 167.7 | 103 | 104 |
| Profit before tax | 84.6 | 78.5 | 73.8 | 108 | 106 |
| Net profit | 70.6 | 65.5 | 62.5 | 108 | 105 |
| Combined ratio | 85.6% | 86.1% | 87.9% | 99 | 98 |
| Insurance technical provisions as at 31 December | 2,149.0 | 2,061.4 | 2,103.4 | 104 | 98 |
| Equity as at 31 December | 580.5 | 560.1 | 571.4 | 104 | 98 |
| Return on equity | 12.4% | 11.6% | 11.0% | 107 | 105 |
| Book value per share (in EUR) | 25.53 | 24.64 | 25.13 | 104 | 98 |
| Net earnings per share (in EUR) | 3.11 | 2.88 | 2.75 | 108 | 105 |
| Number of employees as at 31 December | 2,253 | 2,290 | 2,285 | 98 | 100 |

The calculation of indicators and the chosen terms are explained in the glossary enclosed to the Annual Report. See page 291.

2.3 Other economic, social and environmental impacts of the Triglav Group's operations

| | 2019 | 2018 | 2017 | Index | |
|--|---------|---------|---------|-----------|-----------|
| | | | | 2019/2018 | 2018/2017 |
| 1. Other economic impacts (in EUR million) | | | | | |
| Economic value generated | 1,292.4 | 1,107.7 | 1,087.6 | 117 | 102 |
| Economic value distributed | 1,245.6 | 1,069.3 | 1,061.5 | 116 | 101 |
| - Net claims incurred and other insurance expenses | 838.4 | 636.9 | 682.1 | 132 | 93 |
| - Expenses from financial assets | 21.9 | 64.9 | 28.5 | 34 | 228 |
| - Other expenses | 23.5 | 17.4 | 16.6 | 135 | 105 |
| - Operating costs* | 120.2 | 118.4 | 109.2 | 102 | 108 |
| - Dividend payments | 56.8 | 56.8 | 56.8 | 100 | 100 |
| - Tax expense (income tax expense) | 17.1 | 16.6 | 14.7 | 103 | 113 |
| - Community investments (prevention activities, donations, sponsorships) | 7.4 | 6.3 | 5.8 | 117 | 110 |
| - Employee wages, allowances and benefits | 160.3 | 152.1 | 147.7 | 105 | 103 |
| Economic value retained | 46.8 | 38.3 | 26.2 | 122 | 146 |
| 2. Social impact | | | | | |
| Average training hours per employee (Triglav Group) | 31 | 21 | 17 | 146 | 124 |
| Number of insurance policies (products, services) sold online | 18 | 19 | 18 | 95 | 106 |
| Number of insurance products encouraging preventive actions | 62 | 62 | 62 | 100 | 100 |
| Personal data protection (number of fines received - target is zero)** | 0 | 0 | 1 | 0 | 0 |
| Fair business practices (share of investigated fraud cases in %)** | 79 | 91 | 91 | 87 | 100 |
| 3. Impact on the environment | | | | | |
| Electricity consumption in MWh (Zavarovalnica Triglav)**** | 10,686 | 8,602 | 5,031 | 124 | 171 |
| Carbon footprint: | | | | | |
| - Zavarovalnica Triglav (tons of CO ₂ equivalent) | 7,215 | 7,600 | 4,793 | 95 | 159 |
| - Triglav Osiguranje, Zagreb (tons of CO ₂ equivalent) | 480 | 477 | 602 | 101 | 79 |
| - Triglav Osiguranje, Belgrade (tons of CO ₂ equivalent) | 648 | 774 | 743 | 84 | 104 |
| - Lovćen Osiguranje, Podgorica (tons of CO ₂ equivalent) | 438 | 209 | 206 | 210 | 101 |
| - Triglav Osiguranje, Sarajevo (tons of CO ₂ equivalent) | 331 | 155 | 151 | 214 | 103 |
| - Triglav Osiguranje, Banja Luka (tons of CO ₂ equivalent) | 136 | 100 | 72 | 136 | 139 |
| - Triglav Osiguruvanje, Skopje (tons of CO ₂ equivalent) | 149 | 171 | 201 | 87 | 85 |
| - Pozavarovalnica Triglav RE (tons of CO ₂ equivalent) | 522 | | | | |
| - Triglav, Zdravstvena zavarovalnica (tons of CO ₂ equivalent) | 488 | | | | |
| - Triglav, pokojninska družba (tons of CO ₂ equivalent) | 41 | | | | |
| - Triglav Skladi (tons of CO ₂ equivalent) | 32 | | | | |
| - Zavarovalnica Triglav (tons of CO ₂ equivalent per employee) | 3.2 | 3.3 | 2.1 | 97 | 157 |
| Waste sorting (share of employees participating in Zavarovalnica Triglav in %) | 94 | 94 | 94 | 100 | 100 |

* Operating expenses include payments to suppliers, acquisition expenses, etc.

** See [→ Section 12.5 Responsibility towards clients, Fair business practices] for more details.

*** Data for 2019 are collected for insurance companies, whereas for 2018 and 2017 only for Zavarovalnica Triglav.

**** Data for 2019 are collected for the key companies of the Triglav Group (all insurance companies, Triglav Skladi and Triglav, pokojninska družba, whereas for 2018 and 2017 only for Zavarovalnica Triglav.

For additional information about this report
please contact:⁴

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Controlling Department
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Fax: ++386 (1) 23 16 456
E-mail: tomaz.zust@triglav.si

2.4 Major events in 2019

A high credit rating of

»A«

maintained:

The credit rating agencies S&P Global Ratings and AM Best 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 details.

 **triglav**skladi

ALTA

Strengthening of asset

management: With the acquisition of ALTA Skladi management company, the Triglav Group became the leading provider of mutual funds on the Slovene market. See [→ *Section Changes in the structure of the Triglav Group*] and [→ *Section 2.10 of the Accounting Report*] for further details.

Bond issue:

Zavarovalnica Triglav successfully issued a 30.5-year subordinated bond, replacing the subordinated bond that will mature in 2020. The new issue is part of the regular capital management activities of the Triglav Group, aimed at ensuring the **Company's optimal capital structure and its cost effectiveness.**

See [→ *Section 6.7 Bonds of Zavarovalnica Triglav*] for further details.



Good business results:

The Triglav Group operated at a profit and surpassed the planned business results. Premium growth was recorded on all insurance markets and in all insurance segments.

Dividend payment:

Divided payments accounted for

70% of the net profit

of the Triglav Group for 2018. See [→ *Section 6.4 Dividends and dividend policy*] for more details.

Entry into the pension insurance market in North Macedonia:

Through the establishment of Triglav penzisko društvo a.d. pension company, the Triglav Group entered the pension insurance market, where it operates as one of three companies.

See [→ *Section Changes in the structure of the Triglav Group*] for more details.



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

The Supervisory Board appointed David Benedek to a five-year term of office as a Management Board member of Zavarovalnica Triglav. The Works Council appointed three members of the Supervisory Board – employee representatives: Peter Celar, Branko Gorjan and Igor Zupan. See [→ *Sections 5.3.2 Management Board and 5.3.3 Supervisory Board*] for more details.

2.5 Financial calendar 2020

Calendar of financial announcements for 2020

| Date of announcement* | Type of announcement | Quiet period** |
|---------------------------|--|-------------------------------|
| Monday, 2 March 2020 | Preliminary information on performance in 2019 | From Monday, 10 February 2020 |
| Tuesday, 31 March 2020 | Audited annual report for 2019 | From Tuesday, 17 March 2020 |
| Thursday, 23 April 2020 | Calling of the General Meeting of Shareholders to decide on the distribution of accumulated profit | |
| Thursday, 14 May 2020 | Interim report for the period from 31 January to 31 March 2020 | From Thursday, 30 April 2020 |
| Tuesday, 26 May 2020 | General Meeting of Shareholders and announcement of its resolutions | |
| Wednesday, 10 June 2020 | Dividend record date | |
| Thursday, 11 June 2020 | Dividend payment date to Centralna klirinška depotna družba | |
| Tuesday, 18 August 2020 | Interim report for the period from 31 January to 30 June 2020 | From Tuesday, 4 August 2020 |
| Tuesday, 17 November 2020 | Interim report for the period from 31 January to 30 September 2020 | From Tuesday, 3 November 2020 |

* 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 performance report during which Zavarovalnica Triglav does not disclose information on current operations to the public.

The financial calendar as well as any amendments to the dates of publication will be published on the Ljubljana Stock Exchange website via the SEOnet system (seonet.ljse.si) and on the Company's website (www.triglav.eu).

2.6 Activities, markets and position of the Triglav Group⁵

Slovenia
1st rank, 35.5% market share
 +10% written premium***

Croatia
 8th rank, 4.6% market share
 +14% written premium***

Serbia
 5th rank, 6.4% market share*
 +19% written premium***

Montenegro
 1st rank, 38.7% market share
 +11% written premium***

Bosnia and Herzegovina
 6th rank, 7.7% market share**
 +9% written premium***

North Macedonia
 1st rank, 13.8% market share
 +1% written premium***

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

* Q1-3 2019 data

** H1 2019 data

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

Strategic activities

Insurance

Non-life

Life

Pensions

Health

Reinsurance

Asset management

Own insurance portfolio
(asset backing liabilities and
backing funds)

Mutual funds and individual
asset management

Pension funds

2.6.1. The business model of the Triglav Group

Dynamic challenges in the environment:

- Competition
- New client needs
- Technological development
- Financial and macroeconomic factors
- Development of regulatory frameworks
- Environmental change
- Demographic and social changes
- Economic and political factors

Resources used by the Triglav Group to generate value

Financial resources

- Total equity capital: EUR 792 million [→ 9.1.1]
- Financial investments: EUR 2,740 million [→ 9.1.2]
- Insurance technical provisions : EUR 2,879 million [→ 9.1.1]
- Asset management [→ 7.11]
- Gross written premium: EUR 1,184 million [→ 7.5]

Human and intellectual resources

- 5,281 employees in 6 countries of the Adria region [→ 12.4.1]
- 45.5% male and 53.5% female employees in the Triglav Group [→ 12.4.1]
- Extensive own sales network [→ 14.]
- Omni-channel sales approach and expansion of digital channels
- Modern data warehouse
- Full range of insurance-financial products and services
- Triglav Group strategy [→ 4.]
- Strong and reputable brand
- Highly qualified employees

Social resources

- EUR 2.4 million for investments in prevention in the Adria region, 58% of which for traffic safety [→ 12.3]
- EUR 4.5 million for sponsorships in the Adria region, 86% of which for sports [→ 12.3]
- Volunteering of the Group's employees (Let's clean the mountains and hills) [→ 12.8]
- Partnerships in the social environment
- Cooperation with local communities

Natural resources

- Protection of the environment in work processes (electricity, carbon footprint, separate waste collection, etc.)
- Raising environmental awareness of the general public

Key strategic guidelines of the Triglav Group

Long-term
stable and profitable
operations and
increased value of the
Triglav Group

Client focus
and development
of related
services

Developing
cooperative and agile
organisation
and culture

Generated value for the Triglav Group's stakeholders

Shareholders/investors

- Growth index of gross written premium: +11% [→ 7.5]
- Net profit of EUR 83.9 million [→ 8.1]
- Return on equity: 10.9% [→ 8.1]
- Dividend payments for 2018: EUR 56.8 million [→ 6.4]
- Share price growth in 2019: +9.9% [→ 6.1]
- Solvency II ratio: 223% [→ 2.1 Risk Management]
- "A" credit rating with a stable medium-term outlook [→ 6.6]

Clients/policyholders [→ 12.5]

- Client satisfaction and loyalty measurements (NPS)
- 48,000 active users of Triglav DRAJV mobile application
- A stimulative premium policy for young farmers
- Safe driving simulator in Triglav Lab: a practical test for young drivers
- Triglav Asistenca: application for mobile claim reporting and ordering assistance services
- Moj račun: An online mutual funds application
- EUR 717 million in gross claims paid [→ 7.6]

Employees [→ 12.4]

- Organisational vitality and engagement (ORVI): 3.88
- Employee training costs: EUR 2.2 million
- The share of highly engaged employees: 52.6%
- 31 training hours per employee in the Group
- Promoting innovation and improvements
- Additional pension insurance: 59% employees of the Group and 96% of the Company
- Payment of group accident insurance premium
- 63% of employees of the Group and 83% of employees of the Company included in collective insurance Comprehensive medical care (CZO)
- "Family-Friendly Enterprise" certificate (Slovenia)
- 37% of employees of the Company are members of the mountaineering and sports clubs

Social impact [→ 12.6]

- EUR 351,000 for 88 Young Hopes over 7 years
- 100,000 sports fans in more than 30 years taken to Planica
- 1,500 runners participated in Triglav Run 2019, together completing the total distance of 12,500 km
- 20,000 first graders equipped with yellow neckerchiefs
- 1,000 motorcyclists attended workshops on prevention over 6 years
- 12 light signalling systems for preventing collisions on unprotected railway level crossings
- 25 reconstructed and 20 built playgrounds over 8 years
- EUR 17 million of paid income tax [→ 8.1]
- Improved traffic and fire safety and balanced development of local communities

Environmental impact [→ 12.7]

- 94% of employees included in separate waste collection in the Company
- 3% lower electricity consumption and 6% lower carbon footprint in the Company
- 16 electric vehicles in the Company

2.6.2. Insurance

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

The insurance business of the Group 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 undertakings in Croatia, Serbia, Montenegro, Bosnia and Herzegovina and North Macedonia.

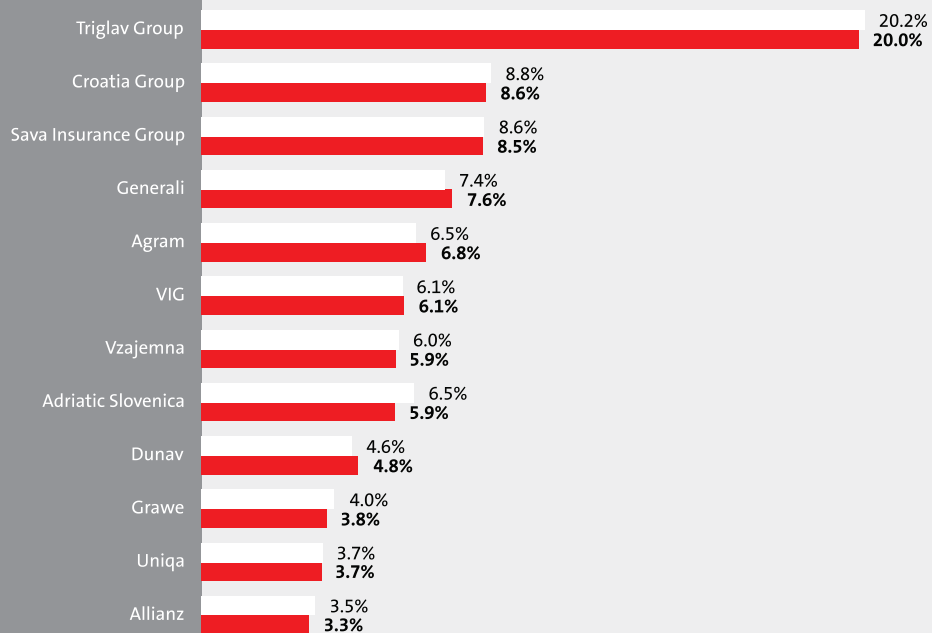
Position in the regional insurance market

In 2018, the Triglav Group achieved a 20.0% market share and holds the dominant position among the insurers in the Adria region (Slovenia, Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia).

In 2018, the parent company Zavarovalnica Triglav was again the leading insurer in South-East Europe (Albania, Bosnia and Herzegovina, Bulgaria, Montenegro, Croatia, Moldova, Romania, North Macedonia, Serbia and Slovenia). According to a SeeNews survey, 7 insurance subsidiaries of the Triglav Group and 14 Slovene insurers rank among the top 100 insurers in South-East Europe in terms of gross written premium. The top three insurers maintained their place for the third consecutive year, while at the same time all three achieved growth in both written premium and profit. Zavarovalnica Triglav recorded the highest profit in 2018 among all 100 insurers.

*The market share of the insurance undertakings in the Adria region in 2018 and 2017 (in %)**

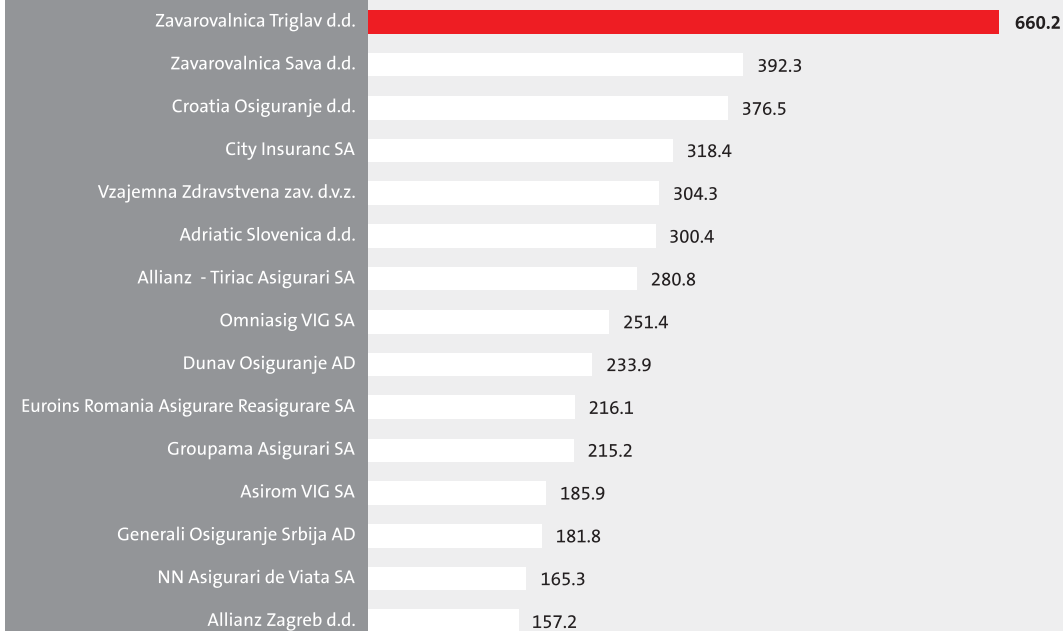
2017 2018



* Data for 2019 are not yet available.

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

The largest insurers in South-East Europe by written premium in 2018 (in million EUR)



Source: SeeNews 2019

2.6.3. Asset management

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

2.6.4. Structure of the Triglav Group

As at 31 December 2019, the Triglav Group consisted of 38 companies: in addition to the parent company, 31 subsidiaries and 6 associates.

The Triglav Group members directly involved in or supporting the Group's core business lines

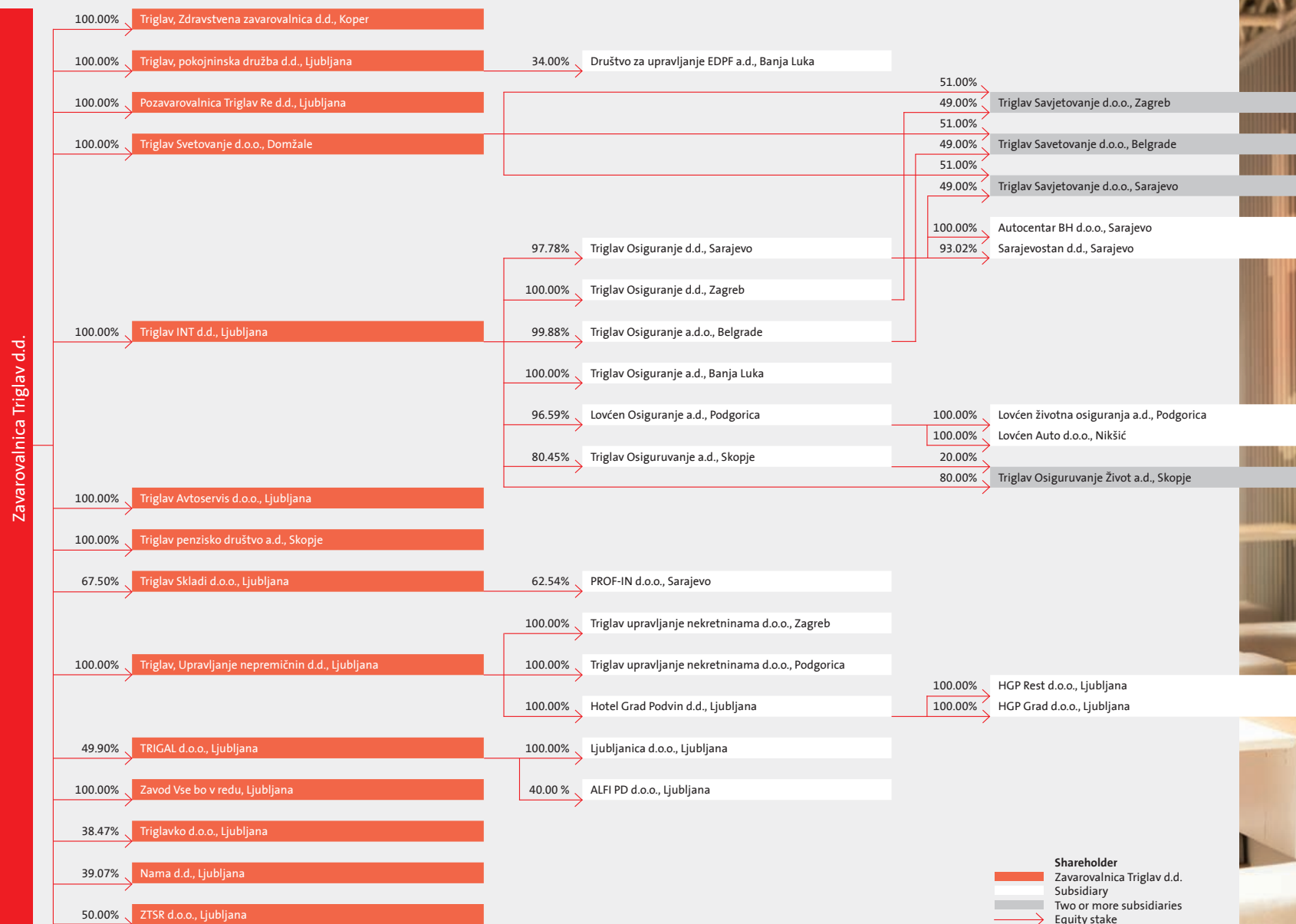
| | | Insurance | Asset Management | Other |
|------------------------|---|--|--|---|
| Slovenia |  | <ul style="list-style-type: none"> ■ Zavarovalnica Triglav d.d. ■ Pozavarovalnica Triglav Re d.d. ■ Triglav, Zdravstvena zavarovalnica d.d. ■ Triglav, pokojninska družba d.d. | <ul style="list-style-type: none"> ■ Triglav Skladi d.o.o. ■ Triglav, Upravljanje nepremičnin d.d. ■ Triglav d.o.o. | <ul style="list-style-type: none"> ■ Triglav INT d.d. ■ Triglav Svetovanje d.o.o. ■ Triglav Avtoservis d.o.o. ■ Triglavko, 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"> ■ Lovćen Osiguranje a.d., Podgorica ■ Lovćen životna osiguranja a.d., Podgorica | | <ul style="list-style-type: none"> ■ Lovćen 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"> ■ PROF-IN 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 | |

Changes in the structure of the Triglav Group in 2019⁶

| | | | |
|--|---|---|---|
| <p>Triglav INT d.d. acquired a 0.1% participating interest in Triglav Osiguranje a.d., Skopje from non-controlling interest holders, thereby increasing its interest in said company to 80.45%. The consideration totalled MAK 888,940 or EUR 14,428.</p> | <p>On 27 March 2019, Zavarovalnica Triglav established Triglav penzisko društvo a.d., Skopje, a company for the management of compulsory and voluntary pension funds, by paying in EUR 3,000,000.</p> | <p>In Q2 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes. By increasing the capital through in-cash contributions of HRK 2,100,000 or EUR 284,000 in cash, the two companies retained their participating interests of 51% and 49% respectively.</p> | <p>On 19 September 2019, Triglav Auto d.o.o., Banja Luka was liquidated. The liquidation did not affect the consolidated financial statements of the Triglav Group.</p> |
| <p>Lovćen Osiguranje a.d. increased the capital of its subsidiary Lovćen Auto d.o.o. in the amount of EUR 2,400,000, thus remaining its 100% owner.</p> | <p>On 29 March 2019, Hotel Grad Podvin d.o.o. established two companies: HGP Grad, investicije d.o.o. and HGP Rest, investicije d.o.o., which are both wholly owned by Hotel Grad Podvin d.o.o.</p> | <p>On 8 August 2019, Zavarovalnica Triglav and Sava Re d.d. entered into an agreement, under which Zavarovalnica Triglav has the option to acquire a 40% interest in the share capital of Diagnostični center Bled d.o.o., representing 50% of the voting rights. The aim of Zavarovalnica Triglav, together with Sava Re, is to acquire control of said company through ZTSR d.o.o., which is jointly owned by them. The investment is part of the regular activities, by which the Company pursues the financial investment management policy of the Triglav Group, and will not have a significant impact on the structure of its financial investment portfolio. Before the transaction is executed, certain conditions precedent have to be fulfilled.</p> | <p>In December 2019, Skupna pokojninska družba was renamed Triglav, pokojninska družba d.d.</p> |
| <p>With cash contributions of EUR 1,094,670, Zavarovalnica Triglav increased the capital of its associate Trigal d.o.o., thereby maintaining its 49.9% participating interest.</p> | | | |
| <p>Triglav Skladi d.o.o. and Triglav, Upravljanje nepremičnin d.d. sold their interests of 11.72% and 10.37% respectively in ZIF Prof Plus d.d.</p> | <p>On 24 April 2019, Triglav Skladi d.o.o. became a 100% owner of ALTA Skladi, družba za upravljanje. On 19 December 2019, the merger was entered in the Companies Register. See [→ Section 2.10 of the Accounting Report] for further details.</p> | <p>In Q3 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Belgrade increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade through in-cash contributions in accordance with their proportional stakes. By increasing the capital in the amount of RSD 2,500,000 or EUR 21,000, the two companies retained their participating interests of 51% and 49% respectively.</p> | <p>Unis automobili i dijelovi d.o.o. was merged with Autocentar BH d.o.o. The merger did not affect the consolidated financial statements of the Triglav Group.</p> |
| <p>On 5 February 2019, Trigal d.o.o. and TRIGAL AIF SICAV – RAIF S.C.A. Compartment 2, Regional Multi Asset Fund Compartment, Luxembourg, signed an agreement to sell KRDU Building d.o.o. and LOMA CENTER d.o.o. As a result, the two companies are no longer treated as associates of the Triglav Group.</p> | <p>TRI-LIFE d.o.o., Zagreb was renamed Triglav Savjetovanje d.o.o., Zagreb.</p> | <p>In accordance with its strategic guidelines, Triglav, Upravljanje nepremičnin d.d. sold its 80.73% participating interest in Golf Arboretum d.o.o.</p> | <p>Trigal d.o.o. and three other partners established ALFI PD d.o.o. on 3 September 2019. With the payment of EUR 40.000 thousand, Trigal became a 40% owner of said company.</p> |

The changes in the Triglav Group are discussed in greater detail in [\[→ Section 2.10 of the Accounting Report\]](#).

Subsidiaries and associated companies of the Triglav Group as at 31 December 2019 and their participating interests



2.7 Management of Zavarovalnica Triglav

As at the 2019 year-end, the Management Board of the Company was comprised of the following members:



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 2019
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 2019

In 2019, the Supervisory Board of Zavarovalnica Triglav ensured responsible and high-quality supervision of the operations of Zavarovalnica Triglav and the Triglav Group. It discussed different aspects of their operations and development, and on that basis took appropriate decisions and followed up on their implementation. Specific topics were discussed in advance by the Supervisory Board's committees. Based on the findings, proposals and careful assessment of committees, the Supervisory Board adopted appropriate decisions. The Supervisory Board monitored the implementation of the Triglav Group's strategy for 2018 and 2019. It appointed David Benedek as a Management Board member for a five-year term of office.

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



Igor Stebernak
Chairman



Andrej Andoljšek
Vice Chairman



Nataša Damjanovič
Member



Žiga Škerjanec
Member



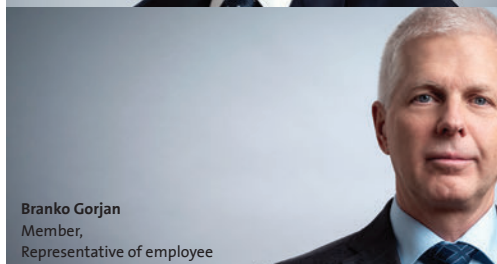
Mario Gobbo
Member



Milan Tomaževič
Member



Peter Celar
Member,
Representative of employee



Branko Gorjan
Member,
Representative of employee



Igor Zupan
Member,
Representative of employee

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 2019 (hereinafter: the report) and its Opinion on the Annual Internal Audit Report for 2019.

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 2019 and on the verification of the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019, including the report of the non-life insurance actuarial function holder and the life insurance actuarial function holder for 2019.

The constituent part of the report is also the opinion of the Supervisory Board on the work of the Internal Audit Department in 2019 and the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019.

2. General information

The Supervisory Board and its committees in 2019

The composition of the Supervisory Board in 2019 is described in [→ *Section 5. Corporate Governance Statement (Supervisory Board) of the Business Report*]. In 2019, the Supervisory Board held eight sessions and had three committees: the Audit Committee, the Appointment and Remuneration Committee, and the Strategy Committee. At its last session in 2019, it also established the Nomination Committee to carry out the nomination process for the appointment of one candidate for a Supervisory Board member – shareholder representative,

but the committee had not met in 2019. The composition of the Supervisory Board committees in 2019 as well as significant duties and competences of individual committees are described in [→ *Section 5. Corporate Governance Statement (Composition of Supervisory Board committees and their activities in 2019) in the Business Report*].

Audit Committee

In 2019, the Audit Committee held eight meetings, at which it, among others:

- monitored and discussed financial reporting procedures and the external audit of the annual financial statements of the Triglav Group and Zavarovalnica Triglav;
- assessed the compilation of interim performance reports and the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018;
- discussed the Solvency and Financial Condition Report of Zavarovalnica Triglav d.d. as at 31 December 2018 and the Solvency and Financial Condition Report of the Triglav Group as at 31 December 2018, including the independent auditor's assurance reports and management representation letters;
- monitored and discussed the risk management systems, the functioning of internal controls, the Internal Audit Department's reports, recommendations, annual work plan for 2020 and guidelines for the 2021–2023 period;
- monitored the selection procedure following the change of the auditor for the financial years 2019, 2020 and 2021 and formulated a proposal of the confirmation of the selected auditor for the Supervisory Board;
- supervised and discussed the conclusion of agreements with audit firms, the quality of audit performance, the audit plan for 2019 and the independence of the certified auditor;

- discussed the Statement of Compliance with the Slovene Corporate Governance Code and the positions on the Corporate Governance Code for Companies with Capital Assets of the State; and
- discussed the annual report of the Compliance Office for 2018 and its work plan for 2020, risk and investment reports, and the revised IT strategy of the Triglav Group for 2019–2022.

The external expert Jernej Pirc provided his expertise and support in IT-related matters of the Audit Committee. The Audit Committee conducted a performance self-assessment with the aim of ensuring continued improvement and quality of its work and adopted an action plan for the improvement of its performance.

Appointment and Remuneration Committee

The key activities of the Appointment and Remuneration Committee in 2019 included:

- drafting of assessment proposals or fit and proper assessments of the members or candidates for the members of the Management Board and the Supervisory Board and of the two bodies as a whole;
- discussing the proposal for appointment of a Management Board member;
- discussing average gross salary in the Triglav Group in the Republic of Slovenia and adjusting the salary of the President of the Management Board;
- making fit and proper assessments of candidates for Supervisory Board members – employee representatives;
- discussing the report on the development of key promising staff in Zavarovalnica Triglav in 2018;
- considering the calculation of the factor on which the variable part of remuneration of the Management Board members depends; and

- discussing amendments to the Fit and Proper Policy for the Management Board and Supervisory Board Members of Zavarovalnica Triglav d.d.

The committee held eight meetings.

Strategy Committee

The Strategy Committee, which held two meetings in 2019, devoted special attention to the implementation of the Triglav Group's strategy in 2018 and 2019 and to the starting points for the development of the Triglav Group's business plan for 2020.

3. Work of the Supervisory Board and scope of supervision of the company's operations in 2019

The description of the Supervisory Board's work and scope of monitoring and supervision of Zavarovalnica Triglav's and the Triglav Group's operations in 2019 are based on the supervision of the Company's and the Group's operations, which was performed by the Supervisory Board within the scope of its powers.

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 Articles of Association, the Rules of Procedure of the Supervisory Board and the 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, the Supervisory Board in 2019:

- adopted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018, 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 2018 and the Opinion of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report for 2018 of the Internal Audit Department of Zavarovalnica Triglav d.d.;

- approved the Triglav Group's business policy and business plan for 2020;
- approved the Solvency and Financial Condition Report of Zavarovalnica Triglav and the Triglav Group as at 31 December 2018;
- discussed the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2018;
- approved the Internal Audit Department's work plan for 2020 and its guidelines for the 2021–2023 period;
- appointed David Benedek a Management Board member for a five-year term of office;
- proposed to the 44th General Meeting of Shareholders of Zavarovalnica Triglav to grant discharge to the Management Board for the 2018 business year; approved the Management Board's proposal to the General Meeting of Shareholders regarding the use of accumulated profit as at 31 December 2018;
- discussed the findings of the Insurance Supervision Agency, tax inspection and other supervisory bodies in the supervision procedures and was briefed on procedures related to these findings or requirements;
- adopted amendments to the Management Board Rules; and
- approved amendments to the Governance System and Policy of Zavarovalnica Triglav d.d. as well as to the Company's internal documents related to risk and capital management and compliance.

b) With respect to supervision of the management of the Company's operations, the Supervisory Board in 2019:

- was briefed on performance reports of Zavarovalnica Triglav d.d., the Triglav Group and the subsidiaries of Zavarovalnica Triglav d.d.;
- was briefed on the implementation of the Triglav Group's strategy;
- monitored the assessed performance indicators of the Company in each period, the implementation of the business plan and potential measures;
- was briefed on risk and capital adequacy reports;
- oversaw the work of the Internal Audit Department and was briefed on its internal audit reports as well as on the Compliance Office's annual report for 2018 and the work plans for 2020 of both departments;
- was briefed on the Letter to the Management following the audit of the financial statements for 2018;
- was briefed on 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;
- was briefed on the report on the work of the Marketing Department and the report on key activities and projects of the Corporate Communication Department and the report on the development of key promising staff in Zavarovalnica Triglav d.d. in 2018;
- discussed the reports of the Audit Committee, the Appointment and Remuneration Committee, and the Strategy Committee; and

- was briefed on other information regarding Zavarovalnica Triglav d.d., the Triglav Group and its subsidiaries.

c) In addition, the Supervisory Board in 2019:

- approved the issue of a subordinated bond of Zavarovalnica Triglav d.d. and the acquisition of participating interests of Zavarovalnica Triglav, when the approval of the Supervisory Board for the decisions of the Management Board is required in accordance with the Rules of Procedure of the Supervisory Board;
- adopted fit and proper assessments of the candidates for members of the Management Board and the Management Board as a collective body;
- discussed the report of the Works Council of Zavarovalnica Triglav d.d.;
- approved the proposed candidate of the Audit Committee for the auditor for the 2019, 2020 and 2021 business years and formulated a proposal for the 44th General Meeting of Shareholders of Zavarovalnica Triglav for the appointment of the auditor of Zavarovalnica Triglav for the 2019, 2020 and 2021 business years;
- appointed Boštjan Koler an external member of the Nomination Committee;
- adopted amendments to the Rules of Procedure of the Supervisory Board of Zavarovalnica Triglav d.d., the Policy on Insurance Product Governance and Oversight, the Rules on Insurance Distribution, the Fit and Proper Policy for the Management Board and Supervisory Board Members of Zavarovalnica Triglav d.d.;
- performed other activities related to the supervision or 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 5.5 Management and supervisory bodies and their remuneration in the Accounting Report*] and in [→ *Section 5.3.3.2 Supervisory Board in the Business Report*]), mostly included translation costs of materials for Supervisory Board's sessions and meetings of its committees, the costs of interpreting at its sessions and the rental costs of interpretation equipment, training costs of the members of the Supervisory Board and its committees, and the outsourced IT services for the Audit Committee. In 2019, these costs amounted to EUR 85 thousand.

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 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 adopted resolutions, given recommendations and opinions, and passed appropriate resolutions after careful assessment.

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 frequency of its sessions is adequate. The Rules of Procedure of the Supervisory Board include the rules regulating potential conflicts of interest. The Supervisory Board amended these rules by incorporating the provisions of the Rules of Zavarovalnica Triglav d.d. on managing conflicts of interest pertaining to the Supervisory Board and its members. The Supervisory Board

members signed and submitted statements of independence in accordance with the Slovene Corporate Governance Code, which the Company published on its website. All members of the Supervisory Board and the external member of the Audit Committee (an independent accounting and audit expert) are independent. The Supervisory Board and its committees did not, to the knowledge of the Supervisory Board, deal with any conflict of interest of a Supervisory Board member in 2019, other than the conflict of interest of one Supervisory Board member with respect to one resolution, which was duly disclosed and appropriately managed.

The Supervisory Board is of the opinion that its cooperation with the Management Board was appropriate, in accordance with the applicable legislation and best practices. To its best knowledge, the Supervisory Board was informed of all events of material significance to the assessment of the situation and its consequences, as well as to supervision of the Company's operations. The materials for the Supervisory Board's sessions are of good quality and the data are accurate, exhaustive, relevant, reliable and comparable. The Supervisory Board regularly followed the implementation of its resolutions. The Governance System and Policy of Zavarovalnica Triglav d.d. sets out the 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. Fit and proper assessments were made periodically by the Appointment and Remuneration Committee. 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.

The Supervisory Board regularly carries out the self-assessment procedure. Based on the findings thereof, 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 2019 corresponded to the size, activities and set objectives of both Zavarovalnica Triglav d.d. and the Group. The proper composition enabled the Supervisory Board to make quality decisions.

In view of the above, the Supervisory Board is of the opinion that its work and the work of its committees in 2019 were successful.

5. Opinion of the annual internal audit report for 2019

In accordance with paragraph three of Article 165 of the Insurance Act (ZZavar-1), the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019 was submitted to the Supervisory Board, which was briefed on the report at its session on 30 March 2020. The report contains an overview of the implementation of the Internal Audit Department's (hereinafter: IAD) planned activities in 2019 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, and the statement of independence and impartiality of the IAD and its employees.

The IAD conducted the planned internal audits in the Company and other Group members, presented its internal audit findings to the relevant persons in charge, and made recommendations for improving risk management and the internal control system. On the basis of conducted 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 at the Group level were overall appropriate and were constantly improving. The IAD also performed 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.

By monitoring the work of the IAD and based on the submitted Annual Internal Audit Report of the Internal Audit Department for 2019, the Supervisory Board finds that the Internal Audit Department performed its duties in accordance with the Work Plan of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019, adopted by the Management Board and approved by the Supervisory Board in accordance with its expectations. With its work, the IAD contributed to improving the operation of the internal control system and risk management at the Company and the Triglav Group. The Supervisory Board has no objection to the Annual Internal

Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019.

6. Findings of the Supervisory Board regarding the operations of Zavarovalnica Triglav in 2019

On the basis of its monitoring and supervision of the Company's operations in 2019 and its examination and verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019, the Supervisory Board hereby establishes that the Company performed well and prudently pursued its strategic objectives.

The Triglav Group generated EUR 100.9 million of consolidated profit before tax (index 104) and EUR 83.9 million of consolidated net profit (index 104), thus exceeding the planned profit. The parent company's net profit amounted to EUR 70.6 million (index 108).

Insurance subsidiaries of the Triglav Group generated insurance and co-insurance premiums of EUR 1,184.2 million in 2019 (index 111), of which EUR 702.1 million (index 106) was earned by the parent company. Premium growth was achieved in all insurance segments and on all markets where the Triglav Group operates.

The Triglav Group recorded gross claims paid of EUR 716.7 million, an increase of 5% relative to 2018. Gross claims paid of Zavarovalnica Triglav amounted to EUR 425.2 million (index 101).

Total consolidated gross operating expenses of the Triglav Group totalled EUR 305.3 million, up by 6% on 2018, while those of the parent company grew by 3% to EUR 180.5 million. Higher operating expenses are predominantly a result of higher direct and indirect acquisition costs due to high premium growth and strategic development activities.

The Group's total equity amounted to EUR 792.0 million as at the 2019 year-end and was 6% higher compared to the previous year. Return on equity (ROE) stood at 10.9%.

The Triglav Group's financial stability, high capital adequacy and high profitability in 2019 were again confirmed by the two renowned rating agencies S&P Global Ratings and A.M. 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 2019,
- Report of the life insurance actuarial function holder for 2019,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019.

The Supervisory Board has no objection to the aforementioned reports.

7. Annual Report

The Management Board submitted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 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 audit of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 was carried out by the audit firm Deloitte revizija d.o.o., Ljubljana, which on 10 March 2020 issued a positive opinion on the stand-alone and consolidated financial statements in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019. The independent auditor's report also contains its position on key audit matters relating to the valuation of insurance technical provisions, the valuation of financial investments and, with respect to Zavarovalnica Triglav, the recoverable amount of financial assets of subsidiaries. The auditor also gave an opinion on other information regarding compliance with the financial statements, statutory requirements and knowledge obtained in the audit.

The certified auditor who signed the Annual Report attended the session of the Supervisory Board and the Audit Committee during the items when the Annual Report was discussed and provided the required additional explanations to the Audit Committee and the Supervisory Board. The Audit Committee discussed the report after the pre-audit and the final audit and the Letter to the Management after the audit, which was also discussed by the Supervisory Board.

On the basis of a detailed verification, the Supervisory Board established that the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019, 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 positive opinion of the certified audit firm Deloitte revizija d.o.o., Ljubljana, which found that in all material respects the consolidated and stand-alone 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 2019, 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 2019.

8. Proposal for the distribution of accumulated profit

The Management Board of Zavarovalnica Triglav d.d. is assessing the impact of the COVID-19 coronavirus pandemic on the Triglav Group's operations and position. The proposal of the Management Board and the Supervisory Board for the distribution of accumulated profit for 2019 will be made by also taking into account this aspect. The call of the General Meeting of Shareholders, which will decide on the distribution of accumulated profit, will be published, including all materials, on 23 April 2020. The proposal will be decided on by the General Meeting of Shareholders, which is scheduled for 26 May 2020 according to the Company's financial calendar.

The Supervisory Board hereby proposes to the General Meeting of Shareholders to grant a discharge to the Management Board for its work in 2019.

Igor Stebernak,
Chairman of the Supervisory Board

Ljubljana, 30 March 2020

4. Strategy and plans of the Triglav Group

4.1 Mission, values and vision of the Triglav Group

- Client focus is at the heart of the Triglav Group Strategy until 2022.
- The Triglav Group is developing into a modern, innovative and dynamic insurance/financial group, which firmly remains the leader both in Slovenia and the wider region.
- The planned profit level for 2019 was surpassed.
- In 2020, profit before tax of the Triglav Group is planned at EUR 95–105 million and gross written premium at around EUR 1.2 billion.

Mission

Building a safer future.

Values

- **Responsiveness:**
We respond immediately and effectively.
- **Simplicity:**
We are simple and transparent.
- **Reliability:**
We deliver as promised.

Vision of the Triglav Group

Based on its client-centric approach, the Group dynamically develops new ways of doing business as the foundation of its responsible long-term development, while at the same time earns profit and operates safely.

- In South-East Europe, the Triglav Group is recognised as the leading provider of innovative and comprehensive insurance-service products and asset management services.
- The Group is the largest in terms of income and the best in terms of client satisfaction.
- Clients perceive the Group's omni-channel products and services as simple and desirable.
- The Group's main competitive advantage is client experiences.
- The Group dynamically develops new ways of doing business, which are among the top trends of digitalisation.
- It is well-positioned in dynamic networks of business ecosystems.
- The Group effectively manages the risks and ensures its financial stability.
- Return on equity (ROE) exceeds 10% throughout the whole strategy period.
- The standalone »A« credit rating assigned by a renowned rating agency is being maintained.
- The governance and management system of the Group is structured and effective.
- The Group's processes are lean, simple, technologically advanced and cost-effective.
- Engaged and highly skilled employees are the cornerstone of the Group's culture of openness and cooperation, as well as its sustainable development and a responsible attitude towards all stakeholders.

4.2 The Triglav Group Strategy for the 2019–2020 period and its implementation in 2019⁷



| Strategic activities | |
|--|---|
| Insurance | Asset management |
| Non-life | Own insurance portfolio (asset backing liabilities and backing funds) |
| Life | |
| Pensions | Mutual funds and individual asset management |
| Health | |
| Reinsurance | Pension funds |
| Key strategic guidelines | |
| Long-term stable operations and increased value of the Triglav Group | |
| Client focus and development of related services | |
| Developing cooperative and agile organisation and culture | |

| Strategic objectives | |
|--|--|
| Strategic objectives were classified into four balanced scorecard strategy levels: | |
| Financial operations | Clients |
| <ul style="list-style-type: none"> ■ Profitable operations ■ Growth in the volume of operations (in terms of written premium, the Triglav Group remains the largest insurance company in South-East Europe) ■ Maintaining the “A” credit ratings ■ Capital adequacy and optimal capital allocation by segment/subsidiary of the Group ■ Comprehensive risk management | <ul style="list-style-type: none"> ■ Comprehensive and responsible client relationship management and omni-channel communication with clients ■ Satisfied and loyal clients ■ Growth in the number of active clients, their understanding of the Group’s services and higher insurance coverage of individual clients ■ Insurance products with a high degree of related services ■ New business models |
| Processes and organisation | Employees, competences and learning |
| <ul style="list-style-type: none"> ■ A high degree of automation, optimisation and cost-effectiveness of business processes ■ Digital business ■ Developed multi-matrix organisation and business productivity growth ■ Efficient use of data (internal and external) so as to make the right business decisions ■ Innovation ■ Exploitation of synergies within the Group | <ul style="list-style-type: none"> ■ Redesigned organisational culture ■ An appropriate number, structure and engagement of employees in relation to renewed and optimised processes ■ Adequate competences and digital skills of employees ■ Stability and appropriate structure of key promising employees ■ Employee mobility |

⁷ GRI GS 103-1, 103-2, 103-3



4.2.1. Implementation of the Triglav Group Strategy in 2019⁸

The objectives set were achieved through various activities aimed at implementing the strategy. The Company was active in numerous areas, such as new product development and the upgrading of existing products, streamlining and optimising work, work processes and business process management, IT support and enhancing digital support. Strategic processes were also pursued in sales promotion and development of even more effective approaches, channels and communication techniques, as well as catering for the needs of the existing and potential clients. In the parent company and in relation to subsidiaries and key external stakeholders, special attention was paid to the building of partnerships, Triglav's core competence.

The implementation of the strategy is periodically reviewed and dynamically adapted to changes in the internal and external environments. In 2019, the strategies of individual Group members were revised, followed by intense activities aimed at deepening the knowledge of the key content of the Group's revised strategy.

The summary of achievements in 2019 in relation to the strategic objectives and key guidelines of the Triglav Group Strategy for the 2019–2022 period shows that the Group's foundations are sound and that it is driven to achieve the set goals. The Company established good starting points for further strengthening the Group's competitive position and overcoming the challenges in the near future.



1. Long-term stable and profitable operations and increased value of the Triglav Group

Purpose:

Creating a more secure future for all stakeholders. Long-term responsible asset management.

■ Profitable operations

- Profit before tax: EUR 100.9 million
- Return on equity (ROE): 10.9%

■ Growth in business volume

- Gross written premium: +11%
- Increased overall market share of the Triglav Group on the Slovene insurance market.

■ Increased value of the Triglav Group

- High profitability of the parent company's share was achieved.
- Strengthened market position with the management of capital investments: capital increase of subsidiaries, increase in participating interests in the subsidiaries of strategic importance, sale of non-strategic investments, establishment and co-founding of a new company, and integration of the acquired competing company.
- Maintained "A" credit rating with stable medium-term outlook.

■ Capital adequacy and optimal capital allocation by segment/subsidiary of the Group

- A 30.5-year subordinated bond was issued to achieve the desired optimal capital structure.
- Upgraded bases for calculating the efficiency of capital utilisation of individual Group members and segments of the Group's core activities.

■ Comprehensive risk management and introduction of new business models

- Upgraded the own risk and solvency assessment (ORSA) process with the involvement of subsidiaries.
- Communicated and verified the core content of the Group's strategy and the revised strategies of individual subsidiaries.
- Identified key functionalities of an innovative remote business model.
- Implementation of new technological solutions (e.g. artificial intelligence in the non-life insurance segment).

■ A high degree of automation, optimisation and cost-effectiveness of business processes

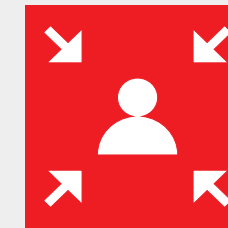
- The share of operating expenses of the insurance business in gross written premium lower by 1.3 percentage point.
- Controlled and streamlined costs where possible and positive for achieving the strategic objectives.

■ Efficient use of data (internal and external) so as to make the right business decisions

- Improved data warehouse functionality and an expanded database for decision-making at various organisational levels.
- In-depth knowledge of the specifics of business processes at the Group level and client behaviour.

■ Developed multi-matrix organisation, business productivity growth and utilisation of synergies within the Group

- Transfer of best practices, products and services to subsidiaries and adaptation to individual markets.
- Increased cooperation and transfer of knowledge, especially sales skills, tools and techniques.
- Increased productivity by enhancing cross-selling within the Group.
- Fulfilled desired financial effects of entering into new partnerships.



2. Client focus and development of related services

Purpose:

Build and maintain relationships based on trust. Effectively manage the decision-making process.

Improve user experience. Achieve client satisfaction and loyalty. Increase client lifetime value.

■ Comprehensive and responsible client relationship management and omni-channel communication

- Expanded range of client contact points.
- Development of a system for personalised client service and introduction of a rating system based on various criteria.
- A redesigned product-sales website www.triglav.si and improved user experience.

■ Increased client satisfaction and loyalty

- Active measurement and collection of user experience to improve client satisfaction.
- Higher overall client satisfaction score.
- Rewarding of client loyalty.

■ Growth in the number of active clients, better understanding of the Group's services and higher insurance coverage of individual clients

- Development of new products and services and upgrading of existing ones.
- Development of digital sales, communication and distribution channels.

■ Insurance products with a high degree of related services

- Establishment of joint digital sales for the non-life, life and health insurance segments.
- Upgrading of related services in cooperation with various partners.

■ The digital way of doing business and innovation

- Implementation of paperless, mobile and streamlined business operations with clients and partners.
- Process optimisation to increase client focus, especially when dealing with loss events.



3. Developing cooperative and agile organisation and culture

Purpose:

Dynamically adapt the organisation to provide responsive, simple and effective services to both internal and external clients. Empower

individuals and working groups to design and execute solutions by assuming responsibility. Introduce agility and modern practices at all levels of business.

■ Transformed organisational culture

- Transfer of best practices within the Group.
- Coaching at the parent company and subsidiaries and training of new in-house coaches.
- A strengthened mentoring system, promotion of diversity and intergenerational cooperation.
- Establishment of a system of competencies and powers in subsidiaries for responsive and reliable decision-making.

■ An appropriate number, structure and commitment of employees to revised and optimised processes

- Activities carried out to effectively manage changes and strengthen project work or teamwork.
- The target level of engagement at the Group level was achieved.
- Adaptation of the organisational structure and key processes to dynamic changes in the environment.

■ Adequate competences and digital skills of employees

- Strengthening of the management-by-objectives system by conducting periodic development interviews according to the Company's own methodology.
- Adaptation of work processes in an increasingly digitalised environment.
- Increasing proportion of digital content training hours.
- Ongoing training and coaching of leaders.

■ Stability and appropriate structure of key promising employees and employee mobility

- Maintaining stable and adequate occupation of key posts.
- Strengthening cooperation and mobility within the Group.

4.3 Implementation of the Triglav Group's business plans in 2019⁹

The Triglav Group's performance was sound and the Group achieved its strategic objectives despite operating in challenging and unfavourable conditions on financial markets. By generating **profit before tax of EUR 100.9 million**, the Group exceeded the planned profit (see [→ *Section 8. Financial result of the Triglav Group and Zavarovalnica Triglav*] for further details).

The Group's written premium was also higher than planned: premium growth was achieved in all insurance segments and on all insurance markets of the Group. In the parent company, premium was up by 6%, in Triglav, Zdravstvena zavarovalnica by 23% and in Triglav, pokojninska družba by 1%. Premium growth on the Slovene market was 10% while on markets outside Slovenia it stood at 12%. See [→ *Section 7.5 Gross written insurance, co-insurance and reinsurance premiums*] for further details on insurance premium.

The combined ratio of the Triglav Group was **91.5%**, which is in the lower end of the range of its average target strategic value (the performance indicator of the Company in the core non-life and health insurance business excluding return on investment). See [→ *sections 8. Financial result of the Triglav Group and Zavarovalnica Triglav*] and [→ *7.2 Environmental impact on the performance of the Triglav Group*] for more information.

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**, which confirms the Group's **strong financial stability, high capital adequacy and high profitability**. The achievement of the »A« credit rating is in line with the Group's strategy, thus enabling the Group to maintain an appropriate competitive position on insurance, reinsurance and financial markets. It also confirms the Group's financial strength and solid performance. See [→ *Section 6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav*] for more details.

4.4 Plans of the Triglav Group for 2020

The strategic starting points, market potential and competitive conditions on the markets in which the Group operates as well as forecast macroeconomic trends and developments of financial markets were the basis for drawing up the Triglav Group Business Plan for 2020.

Expected business conditions: The Group expects that the macroeconomic environment of the region will continue to be favourable for its insurance business, even though somewhat less than before, which could result in even fiercer competitive conditions on the insurance markets. According to expectations, the financial environment for the rates of return on the Group's investments will remain unfavourable in 2020.

Triglav Group Business Plan for 2020

Profit before tax: Profit before tax of EUR 95–105 million is planned. The planned profit is based on the projected performance of the Group's insurance and asset management business, taking into account the anticipated conditions on the financial markets, which will affect the rates of return on investments.

Insurance premium: In the insurance business, written premium is planned at around EUR 1.2 billion. Through consistent implementation of development activities, the Group will adapt to the competitive situation and achieve the set strategic objectives. Quality, simplicity and integrity of services tailored to the clients' needs and expectations will be the main guidelines of the Group's activities. These will continue to include the development of services and sales processes, which are based on innovative and advanced technologies, the improvement and upgrading of omni-channel client communication, and the enhancement of sales channels efficiency. On this basis, backed by further prudent underwriting, the Group will increase premium volume and maintain the profitability of the insurance business on its markets.

Mass claims: Approximately the same development and occurrence of major CAT events (flood, hail, storm) is foreseen as in past years. Adequate reinsurance protection will be maintained.

Combined ratio: At the Group level, the combined ratio of below 95% is planned, which is in the lower end of the range of its average target strategic value of around 95%.

Gross operating expenses: The planned growth in the volume of operations will continue to increase the Group's cost effectiveness, because the planned cost growth is lower than the planned premium growth. The Group expects higher insurance acquisition costs (fees and commissions, marketing campaigns, advertising, labour costs of the agent network) and higher depreciation of property, plant and equipment resulting from high past and future planned investments in information technology and strategic projects. Furthermore, gross operating expenses will be affected by the streamlining measures, which will be predominantly focused on the types of costs not directly related to insurance acquisition. The planning of staffing levels and labour costs, which account for the bulk of total operating expenses of the Group's insurance subsidiaries, will follow the strategic guidelines, changes in business processes and any identified requirements of individual work areas.

Asset management: The Group will follow the strategic objectives of increasing the volume of assets under management by selling existing savings insurance products and increasing the assets of investment funds. The Group will continue to actively pursue any opportunities arising from the consolidation of the asset management industry in the region.

Profit from financial investments: Given the expected continuation of low interest rates, the Group plans a further decline in rates of return on investment, excluding unit-linked assets. The main elements of the investment policy thus remain unchanged and include ensuring adequate security, liquidity and diversification of investments while achieving adequate profitability. The objective of the Group's investment policy is to maintain a high credit rating of the entire portfolio. The investment portfolio structure remains relatively conservative. Bonds and other fixed-rate investments, which are mostly invested in the euro area, will continue to account for the majority. In some parts of the portfolio, the Group intends to achieve slightly higher rates of return at a lower liquidity of investments by improving the matching of asset-liability maturity.

Maintaining high credit ratings: By retaining strong financial stability, high capital adequacy, high profitability and reliable risk management, the Group is expected to maintain high credit ratings assigned by the renowned credit rating agencies S&P Global Ratings and AM Best.

The business plan for 2020 is the continuation of the consistent implementation of the Group's planned strategic guidelines until 2022 and a step towards the realisation of its vision.

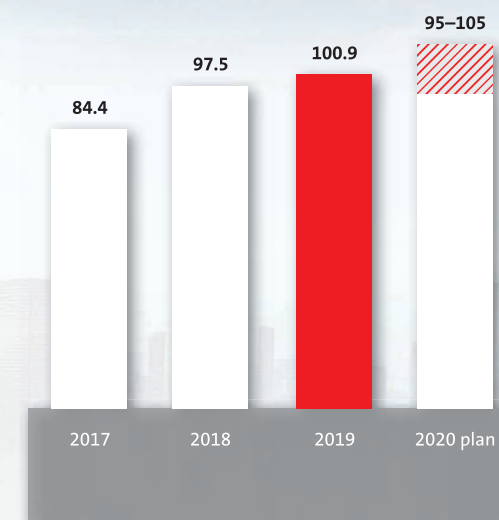
Financial highlights of the Triglav Group business plan for 2020 (in EUR million)

| | 2017 | 2018 | in EUR million | |
|--|-------|---------|----------------|--------------|
| | | | 2019 | 2020 plan |
| Profit/loss before tax | 84.4 | 97.5 | 100.9 | 95–105 |
| Gross written premium form insurance, co-insurance and reinsurance contracts | 999.9 | 1,068.4 | 1,184.2 | around 1,200 |
| Combined ratio | 93.1% | 91.8% | 91.5% | below 95% |

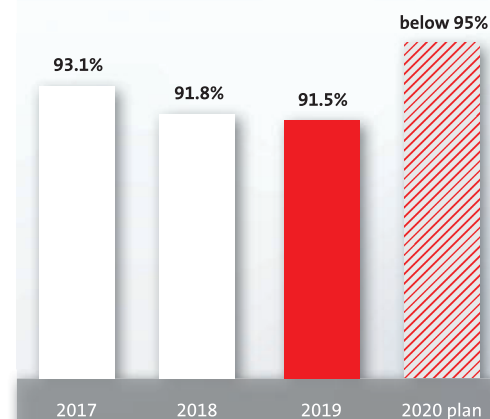
Disclaimer

The planned figures for 2020 are based on the outlook, expectations about events and circumstances, and forecasts available to the Company when drafting the plan. The actual results, performance and events may significantly deviate from those taken into account in the plan. When publishing the interim results of the Triglav Group in 2020, the Company will each time comment on the Group's planned annual profit before tax.

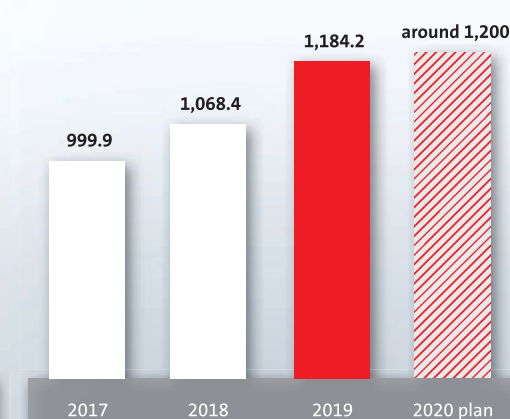
Planned net profit before tax of the Triglav Group for 2020 (in EUR million)



Planned combined ratio of the Triglav Group for 2020



Planned gross written premium for insurance and co-insurance contracts of the Triglav Group for 2020 (in EUR million)



5. Corporate Governance Statement

- The Supervisory Board appointed David Benedek to a five-year term of office as a new Management Board member.
- Three members of the Supervisory Board – employee representatives commenced their term of office.
- The business functions in subsidiaries are even more closely related to Zavarovalnica Triglav's business segments. The governance system of the Triglav Group's subsidiaries was upgraded with uniform treatment and a higher level of involvement of all subsidiaries.

5.1 Governance policy

The Governance System and Policy of Zavarovalnica Triglav, adopted by the Management and Supervisory Boards, define the main guidelines for the governance of the Company, taking into account the set long-term objectives and values. They are the foundation for setting up and implementing a reliable governance system, which is based on an effective risk management system and enables the implementation of the business strategy of the Company. The document is published on SEOnet, the Ljubljana Stock Exchange information system, and on Zavarovalnica Triglav's official website (www.triglav.eu).

5.2 Statement of Compliance with the Slovene Corporate Governance Code¹⁰

In its operations, Zavarovalnica Triglav abides by the Corporate Governance Code (hereinafter: the Code), which was adopted on 27 October 2016 and which is publicly available on the website of the Ljubljana Stock Exchange in Slovene and English (www.ljse.si).

Zavarovalnica Triglav's Statement of Compliance with the Corporate Governance Code for the period from 1 January 2019 to the day of publication in 2020 is available on SEOnet and on Zavarovalnica Triglav's official website (www.triglav.eu).

Zavarovalnica Triglav applies the provisions of the Code. For well-grounded reasons, the Company did not adhere to the following provisions of the Code:

- Point 5.7: The Corporate Governance Statement, as part of the Annual Report, is reviewed annually by an external independent auditor. In addition, Zavarovalnica Triglav has an internal audit department, which performs independent control over the organisation and economy of Zavarovalnica Triglav's operations in accordance with the relevant regulations and internal acts.

- Point 14.4: With the help of the relevant departments, the Supervisory Board conducts an annual self-assessment of the work of the Supervisory and its committees and draws up a report, with respect of which the Supervisory Board gives an opinion and adopts an action plan with measures for improvement. At its discretion, the Supervisory Board also conducts external assessment in cooperation with external experts.
- Point 15.3: The Code recommends that the Chairman of the Supervisory Board is not the chair of the Supervisory Board's committees. In order to facilitate the coordination and implementation of procedures at Zavarovalnica Triglav, the Chairman of the Supervisory Board is also the chair of the Appointment and Remuneration Committee.
- Point 19.6: 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, they do promptly inform the Supervisory Board in writing about their appointment in accordance with Article 62(2)(1) of the Insurance Act (ZZavar-1).

In its operations, the Company abides to the principles of the Insurance Code, available on the website of the Slovenian Insurance Association (www.zav-zdruzenje.si).

Moreover, Zavarovalnica Triglav has its own code published on its official website (www.triglav.eu). This code presents Zavarovalnica Triglav's fundamental values and principles of operation 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.

Zavarovalnica Triglav took a position on the provisions of the Corporate Governance Code for Companies with Capital Assets of the State and the Recommendations and Expectations of the Slovenian Sovereign Holding (both available on the website of Slovenski državni holding d.d. at (www.sdh.si), which is published on the Company's official website (www.triglav.eu).

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

Two-tier governance of Zavarovalnica Triglav

General Meeting of Shareholders



13,161
Shareholders
(31 December 2019)

Supervisory Board



9 members
4-year term of office

Management Board



6 members
5-year term of office

5.3 Management bodies of Zavarovalnica Triglav¹¹

The Company uses a two-tier management system. The management and supervisory 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 their own 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 exercise their rights in respect of the matters concerning the Company through 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 set out by the 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 Articles of Association do not set out any specific provisions regarding their amendment.

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 the shareholders who are entered in the share register managed by KDD— Centralno klirinška depotna družba d.d. by the end of the fourth day before the date of the General Meeting of Shareholders have the right to attend the General Meeting and exercise their voting rights if they apply to be present no later than by the end of the fourth day prior to 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 2019):

- 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 share capital of Zavarovalnica Triglav. Its share in 2019 remained unchanged. On behalf of 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 share capital of Zavarovalnica Triglav. Its stake remained unchanged in 2019.
- Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, held 1,494,061 shares or 6.57% of the share capital of Zavarovalnica Triglav, representing an increase of 5,252 shares over the 2018 year-end.

As at the reporting date, Zavarovalnica Triglav had no other shareholders whose holdings exceeded 5.00% of the share capital, nor any issued securities that would grant their holders special control rights.

General Meeting of Shareholders in 2019

Zavarovalnica Triglav's shareholders met once, i.e. on 28 May 2019, at the 44th General Meeting of Shareholders. The total number of shares and voting rights represented at the General Meeting of Shareholders was 18,070,174 or 79.57% 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 2018,
- opinion given by the audit firm,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2018,
- 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 2018 and
- Opinion of the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2018.

The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 66,783,627.69 as at 31 December 2018:

- A part of accumulated profit amounting to EUR 56,837,870.00 shall be allocated for dividend payments. The dividend in the amount of EUR 2.50 gross per share shall be paid to the shareholders appearing in the Share Register on 12 June 2019. The Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d. on 13 June 2019.
- The distribution of the remaining accumulated profit of EUR 9,945,757.69 shall be decided on in the next years.

The shareholders granted a discharge for the 2018 business year to both the Management Board and the Supervisory Board of Zavarovalnica Triglav.

The audit firm Deloitte revizija d.o.o., Dunajska cesta 165, Ljubljana, was appointed the auditor of Zavarovalnica Triglav for the 2019, 2020 and 2021 financial years.

No action of voidness was announced at the General Meeting of Shareholders.

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.

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. This Policy sets out the fit and proper assessment procedure for Management Board members to be performed before the 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 Zavarovalnica Triglav. All members should 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 Zavarovalnica Triglav operates.

In March 2019, prior to David Benedek's appointment, the fit and proper assessment procedure was carried out for both the Management Board member candidate and the Management Board as a collective body, taking into account said candidate. It was assessed that David Benedek was fit and proper to perform the duties of a Management Board member; in addition, taking into account its members, the Management Board as a collective body was assessed to be fit and proper. In October 2019, a periodic assessment of all other Management Board members and the Management Board as a collective body was performed, taking into account David Benedek's assessment from the fit and proper assessment procedure that took place before his appointment. Furthermore, the Management Board as a collective body was assessed as fit and proper.

Composition and appointment of the Management Board

According to the 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 delegation of the Management Board's powers 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 an individual Management Board member 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 and dismissal of an individual or all Management Board members 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 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 by issuing new shares for cash contributions within five years of 2 June 2016. 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

On 28 March 2019, the Supervisory Board appointed David Benedek a new member of the Management Board. His five-year term of office began on 29 August 2019.

The proposal for his appointment took into account the Diversity Policy adopted by the Management Board and the Supervisory Board. Its objectives are to ensure complementarity and diversity in the Management 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., gender balance and representation of various age groups.

Composition of the Management Board in 2019¹²

| Name and surname | Function | Area of work in the Management Board (as at 31 Dec. 2019) | 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 the head office support departments (the Management Board Office, the Legal Office, the Internal Audit Department, the Corporate Communication Department, the Compliance Office, the Business Intelligence Department) as well as the Non-Life Insurance Development and Actuarial Department. In charge of the Corporate Accounts Division, HR matters related to the employees with special powers, Arbitration, Nuclear Pool and the economic interest grouping of Slovene insurance companies. | 22 May 2013 | 12 Nov 2024 | Male | Slovene | 1972 | LL.B. | Management, strategic management, commercial law, insurance and reinsurance, actuarial science | Krka d.d. Pozavarovalnica Triglav Re d.d. Triglav Skladi d.o.o. (until 1 Oct 2019) Triglav INT d.d. (until 12 Jul 2019) |
| Uroš Ivanc | Member | In charge of the following head office support departments: Strategic Purchasing Department, Risk Management Department, Strategic Planning and Controlling Department, Finance and Accounting Functional Areas excluding Investment Department | 14 Jul 2014 | 15 Jul 2024 | Male | Slovene | 1975 | Master of Science in Business and Organisation | Management and organisation, strategic management, insurance, financial management, financial markets and analyses, asset management, risk management | Triglav INT d.d. (until 12 Jul 2019) Triglav, upravljanje naložb in svetovalne storitve d.o.o. Triglav, Upravljanje nepremičnin d.d. (until 21 Aug 2019) Triglav, Zdravstvena zavarovalnica d.d. (from 9 Aug 2019) |
| Tadej Čoroli | Member | In charge of the Innovation and Digitalisation Department, the Client Contact Unit, the Marketing Department, the Non-Life Insurance Division, the Non-Life Insurance Claims Division and the Non-Life Insurance Sales Division. | 29 Jul 2014 | 30 Jul 2024 | Male | Slovene | 1975 | LL.M. | Management, strategic management, commercial law, insurance, marketing | Triglav, Zdravstvena zavarovalnica d.d. (until 8 Aug 2019) Triglav INT d.d. (until 12 Jul 2019) Triglav, pokojninska družba d.d. (until 19 Jul 2019) |
| Barbara Smolnikar | Member | In charge of the Life Insurance Division and the Life Insurance Development and Actuarial Department. Responsible for anti-money laundering. | 17 Oct 2017 | 17 Oct 2022 | Female | Slovene | 1967 | PhD in Management | Management, strategic management, banking, bancassurance, financial markets and analyses, risk management | Triglav INT d.d. (until 12 Jul 2019) Triglav, Zdravstvena zavarovalnica d.d. (until 8 Aug 2019) Triglav Svetovanje d.o.o. (until 9 Jul 2019) Triglav, pokojninska družba d.d. |
| David Benedek | Member | In charge of Subsidiary Management and the Investment Department. | 29 Aug 2019 | 29 Aug 2024 | Male | Slovene | 1973 | MSc in Business and Organisation | Management, strategic management, banking, insurance, financial markets and analyses, corporate governance | Triglav Osiguranje, Zagreb d.d. Triglav INT d.d. Triglav, upravljanje naložb in svetovalne storitve d.o.o. (from 13 May 2019) Triglav, Upravljanje nepremičnin d.d. (from 22 Aug 2019) Triglav Skladi d.o.o. (from 2 Oct 2019) |
| Marica Makoter | Member and Worker Director | Represents the workers' interests as set out in the Worker Participation in Management Act. In charge of the Organisation Development and Business Process Management Department, the Fraud Prevention, Detection and Investigation Department and the Change and Project Portfolio Management Department. Responsible for the IT Division, the Back Office Division and the Human Resource Management Division (excluding HR matters related to the employees with special powers). | 21 Dec 2011 | 22 Dec 2021 | Female | Slovene | 1972 | LL.B. | Management, strategic management, commercial law, insurance, human resources and organisation, worker representation | Triglav INT d.d. (until 12 Jul 2019) |

Data on the remuneration of the Management Board members are disclosed in [→ *Section 5.5 of the Accounting Report of the Annual Report*]. The basis for the remuneration of the Management Board is the Remuneration Policy of Zavarovalnica Triglav d.d., 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 Policy of Zavarovalnica Triglav d.d. is designed to ensure the Company's appropriate capital strength, to encourage reliable and effective risk management while not promoting the assumption of risks exceeding the allowed risk limits, and to provide for the acquisition and retention of appropriately professionally qualified, responsible and engaged employees. The Policy serves as a foundation for implementing a robust and reliable governance system and ensures business integrity and transparency.

Composition and remuneration of the Management Board in 2019 (in EUR)

| Name and surname | Function (President, member) | Fixed remuneration - gross (1) | Variable remuneration - gross | | | Deferred remuneration - gross (3) | Severance pay (4) | Benefits and SVPI (5) | Claw-back (6) | Total gross (1+2+4-6) | Total net (1+2+4-6) |
|-------------------|------------------------------|--------------------------------|--------------------------------|-------------------------------|---------------------------------|-----------------------------------|-------------------|-----------------------|---------------|-----------------------|---------------------|
| | | | Based on quantitative criteria | Based on qualitative criteria | Total variable remuneration (2) | | | | | | |
| Andrej Slapar | President | 181,575 | 48,895 | | 48,895 | 54,842 | 0 | 65,885 | 0 | 230,470 | 79,755 |
| Uroš Ivanc | Member | 172,597 | 46,450 | | 46,450 | 52,100 | 0 | 44,961 | 0 | 219,047 | 76,257 |
| Tadej Čoroli | Member | 172,597 | 46,450 | | 46,450 | 52,100 | 0 | 50,384 | 0 | 219,047 | 74,166 |
| Barbara Smolnikar | Member | 172,597 | 24,590 | | 24,590 | 28,447 | 0 | 50,401 | 0 | 197,187 | 65,634 |
| David Benedek | Member from 29 August 2019 | 44,633 | 0 | | 0 | 0 | | 15,128 | 0 | 44,633 | 12,848 |
| Marica Makoter | Member | 172,597 | 46,450 | | 46,450 | 52,100 | 0 | 49,354 | 0 | 219,047 | 73,574 |
| Benjamin Jošar | Member until 2 November 2017 | 0 | 4,400 | | 4,400 | 8,223 | 0 | 0 | 0 | 4,400 | 2,570 |
| Total | | 916,596 | 217,235 | 0 | 217,235 | 247,812 | 0 | 276,113 | 0 | 1,133,831 | 384,804 |

* 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.

** The data under item (2) contain the 3rd portion of the bonus for 2015, the 2nd portion of the bonus for 2016 and the 1st portion of the bonus for 2018, which were paid in 2019.

*** The data under item (3) contain the 3rd portion of the bonus for 2016, the 2nd and 3rd portions of the bonus for 2017 and the 2nd and 3rd portions of the bonus for 2018, which will be paid out in the coming years.

**** The data under item (5) contain the benefits and the supplemental voluntary pension insurance premium.

5.3.3 Supervisory Board

The Supervisory Board is composed of six shareholder representatives and three employee representatives. As a supervisory body, it supervises the Company's business conduct with full responsibility.

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Works Council. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Their appointment and dismissal are made in accordance with the applicable legislation and the documents of the Company. The members of the Supervisory Board are given a four-year term of office and may be re-elected without limitation. The fit and proper criteria as set out in the Fit and Proper Policy for the Management 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.

Fit and proper assessment is made before the appointment, periodically, extraordinarily or after the appointment of an individual Supervisory Board member.

In assessing the composition and performance of the Supervisory Board as a whole along with a diverse gender and age structure, the Supervisory Board takes into account diversity in such a manner 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 Zavarovalnica Triglav operates.

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.

In March and August 2019, prior to the appointment of the Supervisory Board members – employee representatives, the fit and proper assessment procedures of the candidates Branko Gorjan, Peter Celar and Igor Zupan were carried out, as well as the assessment of the Supervisory Board as a collective body taking into account said candidates. It was assessed that Branko Gorjan, Peter Celar and Igor Zupan were fit and proper to perform the duties of a Supervisory Board member; in addition, taking into account said candidates, the Supervisory Board as a collective body was assessed to be fit and proper.

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:

- founding limited companies in Slovenia and abroad;
- the acquisition or sale of Zavarovalnica Triglav's equity stakes in domestic or foreign companies;
- the issue of debt securities and long-term borrowing from domestic or foreign banks; and
- 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 2019

Composition of the Supervisory Board in 2019¹³

| Name and surname | Function | Start of term of office (the first) | End of tern of office | Attendance of sessions of the Supervisory Board / total number of Supervisory Board sessions | Gender | Nationality | Date of birth | Education | Professional profile | Independence under Art. 23 of the Corporate Governance Code | Existence of conflict of interest in 2019 | Membership in the supervisory and/or management bodies of other companies while serving on the Supervisory Board in 2019 | 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 |
|-------------------|---------------|-------------------------------------|---------------------------|--|--------|-------------|---------------|---|---|---|---|--|--|--|---|
| Igor Stebernak | Chairman | 18 Aug 2016 | 2 Jun 2020 | 8 of 8 | Male | Slovene | 1968 | BSc in Electrical Engineering, MBA | Banking, insurance, strategic management, financial markets and analyses, controlling, accounting and business process reengineering | YES | NO | / | Appointment and Remuneration Committee | Chairman | 8 of 8 |
| Andrej Andoljšek | Member | 13 Jun 2017 | 13 Jun 2021 | 7 of 8 | Male | Slovene | 1970 | BSc in Economics | Financial and general management, financial markets and analyses, banking, corporate governance, business and financial restructuring of companies | YES | NO | / | Strategy Committee | Member | 2 of 2 |
| | Vice Chairman | 21 Jun 2017 | 13 Jun 2021 | | | | | | | | | | Nomination Committee | Chairman | 0 of 0 |
| Milan Tomaževič | Member | 13 Jun 2017 | 13 Jun 2021 | 8 of 8 | Male | Slovene | 1946 | BSc in Economics | Insurance and reinsurance, informatics, management and actuarial science | YES | NO | / | Strategy Committee | Chairman | 2 of 2 |
| Žiga Škerjanec | Member | 13 Jun 2017 | 13 Jun 2021 | 8 of 8 | Male | Slovene | 1978 | LL.B. | Corporate law and finance and the operation of supervisory boards | YES | NO | / | Strategy Committee | Member | 2 of 2 |
| | | | | | | | | | | | | | Appointment and Remuneration Committee | Member | 8 of 8 |
| Nataša Damjanovič | Member | 13 Jun 2017 | 13 Jun 2021 | 8 of 8 | Female | Slovene | 1965 | Bachelor of Economics | Financial markets and analyses, banking, marketing and strategic management | YES | NO | / | Audit Committee | Member | 8 of 8 |
| | | | | | | | | | | | | | Appointment and Remuneration Committee | Member | 8 of 8 |
| Mario Gobbo | Member | 12 Jun 2013 | 13 Jun 2021 | 8 of 8 | Male | Italian | 1953 | PhD in Economics | Banking, financial management, financial markets and analyses, investment banking, investment, restructuring, acquisition of financial assets and privatisation | YES | NO | / | Audit Committee | Chairman | 8 of 8 |
| Peter Celar | Member | 30 May 2011 1 Jun 2019 | 31 May 2019 2 Jun 2023 | 8 of 8 | Male | Slovene | 1958 | Bachelor of Economics | Insurance | YES | NO | / | Strategy Committe | Member | 1 of 1 |
| | | | | | | | | | | | | | Appointement and Remuneration Committee | Member | 2 of 2 |
| Branko Gorjan | Member | 1 Jun 2019 | 1 Jun 2023 | 4 of 4 | Male | Slovene | 1960 | Economic technician | Insurance | YES | NO | / | Strategy Committee | Member | 1 of 1 |
| | Igor Zupan | 27 Sep 2019 | 1 Jun 2023 | 3 of 3 | Male | Slovene | 1972 | Bachelor of Administrative Organisation – IT Specialist | Insurance | YES | NO | Lovčen životna osiguranja a.d. | Audit Committee | Member | 1 of 1 |
| Boštjan Molan | Member | 31 May 2015 | 31 May 2019 | 4 of 4 | Male | Slovene | 1973 | Bachelor of Economics | Insurance | YES | NO | / | Appointment and Remuneration Committee | Member | 5 of 5 |
| Ivan Sotošek | Member | 31 May 2015 | 31 May 2019 | 3 of 4 | Male | Slovene | 1969 | LL.M. | Insurance | YES | NO | / | Audit Committee | Member | 3 of 4 |

External members of Supervisory Board committees in 2019

| First and last name | Supervisory Board committee | Attendance of meetings of Supervisory Board committees / total number of committee meetings | Gender | Nationality | Education | Date of birth | Professional profile | Membership in the supervisory bodies of other companies while serving on a Supervisory Board committee in 2019 |
|---------------------|-----------------------------|---|--------|-------------|------------------|---------------|----------------------------|--|
| Simon Kolenc | Audit Committee | 8 of 8 | Male | Slovene | BSc in Economics | 1977 | Finance, accounting, audit | / |
| Boštjan Koler | Nomination Committee | 0 of 0 | Male | Slovene | LL.B. | 1961 | Law | / |

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 5.5 of the Accounting Report of the Annual Report](#)]. Remuneration of the Supervisory Board members was in line with the resolution passed by the 41st General Meeting of Shareholders of Zavarovalnica Triglav.

¹³ GRI GS 405-1

Composition and remuneration of the Supervisory Board members and committees in 2019 (in EUR)

| Name and surname | Function (Chairman, Vice Chairman, member, External committee member) | Remuneration for performing the function - gross per year (1) | Attendance fees for SB sessions and committee meetings - gross per year (2) | Total gross (1+2) | Total net* | Gross travel expenses | Net travel expenses* |
|-------------------|---|---|---|-------------------|----------------|-----------------------|----------------------|
| Igor Stebernak | Chairman | 28,125 | 3,872 | 31,997 | 23,271 | 579 | 421 |
| Andrej Andoljšek | Member | 20,381 | 2,365 | 22,746 | 16,543 | 0 | 0 |
| Milan Tomaževič | Member | 20,625 | 2,640 | 23,265 | 16,921 | 579 | 421 |
| Žiga Škerjanec | Member | 22,500 | 4,312 | 26,812 | 19,500 | 579 | 421 |
| Nataša Damjanovič | Member | 22,500 | 5,588 | 28,088 | 20,428 | 579 | 421 |
| Mario Gobbo | Member | 20,625 | 3,916 | 24,541 | 16,166 | 42,097 | 27,731 |
| Peter Celar | Member | 18,881 | 2,585 | 21,466 | 15,612 | 245 | 178 |
| Branko Gorjan | Member | 10,111 | 1,320 | 11,431 | 8,314 | 129 | 94 |
| Igor Zupan | Member | 4,417 | 1,045 | 5,462 | 3,972 | 0 | 0 |
| Boštjan Molan | Member | 7,813 | 2,112 | 9,925 | 7,218 | 652 | 475 |
| Ivan Sotošek | Member | 7,813 | 1,265 | 9,078 | 6,602 | 1,291 | 939 |
| Simon Kolenc | External committee member | 7,500 | 2,145 | 9,645 | 7,015 | 305 | 222 |
| Total | | 191,291 | 33,165 | 224,456 | 161,562 | 47,035 | 31,323 |

* The amount paid to an individual's account as the payment after deducting the income tax prepayment, which does not take into account any subsequent payments of an individual's personal income tax.

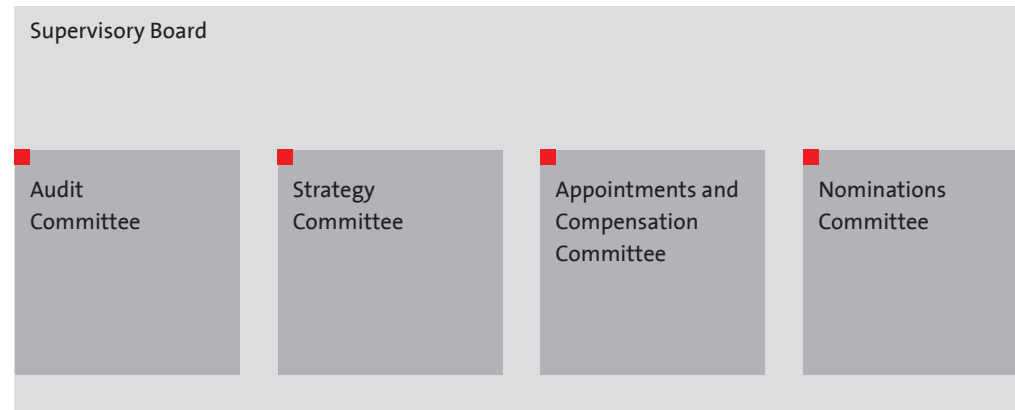
5.3.3.3 Composition of Supervisory Board Committees and their activities in 2019

In 2019, the Company had the following committees: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee as an ad-hoc committee. Supervisory Board committees prepare draft resolutions for the Supervisory Board, assure their implementation and carry out other tasks.

Audit Committee

The duties and powers of the Audit Committee are set out in the Companies Act, the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions. The most important duties of the Audit Committee include:

- monitoring the financial reporting process, drafting recommendations and proposals for ensuring its comprehensiveness;
- monitoring the efficiency and effectiveness of internal controls, internal audit and risk management systems;
- monitoring the mandatory audit of annual and consolidated financial statements and reporting on the audit findings to the Supervisory Board;
- being in charge of the auditor selection procedure and proposing a candidate to the Supervisory Board to audit the Company's annual report and participating in the drafting of an agreement between the auditor and the Company;
- supervising the integrity of financial information provided by the Company; evaluating the drafting of the annual report, including a draft proposal for the Supervisory Board;

Supervisory Board Committees

- cooperation with the Internal Audit Department, monitoring its interim reports, examination of the internal documents of the Internal Audit Department, the Rules of Operation of the Internal Audit Department and the annual plan of the Internal Audit Department;
- consideration of decisions on the appointment, dismissal and remuneration of the head of the Internal Audit Department.

In 2019, the Committee was composed of: Dr Mario Gobbo as its Chairman and Nataša Damjanovič, Ivan Sotošek (until 31 May 2019), Igor Zupan (from 13 November 2019) and Simon Kolenc, an out-sourced independent expert, as its members.

Appointment and Remuneration Committee

The main duties and powers of the Appointment and Remuneration Committee, set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions, include:

- drafting proposals regarding the criteria for membership in the Management Board;
- drafting proposals regarding the policy of remuneration, compensation and other benefits for the Management Board members;
- preliminary consideration of proposals made by the President of the Management Board related to the management of the Company, pursuant to the third paragraph of Article 13 of the Articles of Association;
- performance of fit and proper assessment for the Management and Supervisory Board members in line with the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d.;
- support and making proposals on matters that concern the Supervisory Board (e.g. conflicts of interest, design and implementation of a remuneration system for Supervisory Board members, assessment of the Supervisory Board's work against the Corporate Governance Code).

In 2019, the Appointment and Remuneration Committee had the following composition: Igor Stebernak as its Chairman and Nataša Damjanovič, Žiga Škerjanec, Boštjan Molan (until 31 May 2019) and Peter Celar (from 20 August 2019) as its members.

Strategy Committee

The duties and powers of the Strategy Committee are set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board's resolutions. The Committee's main areas of work include discussing and preparing proposals related to the strategic development and planning of the Triglav Group and the realisation of its strategic plans.

In 2019, the Strategy Committee was composed of the following members: Milan Tomažević as its Chairman and Andrej Andoljšek, Žiga Škerjanec, Peter Celar (until 31 May 2019) and Branko Gorjan (from 20 August 2019) as its members.

Nomination Committee

The Nomination Committee is an ad-hoc committee of the Supervisory Board, established to carry out a nomination procedure for Supervisory Board members – shareholder representatives. The Committee sets the selection criteria unless the Supervisory Board decides otherwise. It makes a list of the candidates for Supervisory Board members and asks the Appointment and Remuneration Committee to draw up their fit and proper assessment. The Nomination Committee then submits to the Supervisory Board a nomination proposal for one or several candidates for Supervisory Board members – shareholder representatives.

Since on 2 June 2020 the four-year term of office of Igor Stebernak, Member and Chairman of the Supervisory Board, will expire, on 19 December 2019 the Supervisory Board established a Nomination Committee for a period of time ending with the appointment of a new Supervisory Board member but no longer than until 1 June 2020. The Committee is composed of: Andrej Andoljšek as its Chairman, Žiga Škerjanec and Peter Celar as its members, and Boštjan Koler as its external member.

5.4 1.1 Governance and management of subsidiaries¹⁴

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 legislation, resolutions passed by the general meetings and the management and supervisory bodies of subsidiaries, business cooperation agreements (if any) and other adopted internal documents implemented by individual subsidiaries.

The Governance Policy of the Triglav Group's Subsidiaries is the basis for the establishment and implementation a robust and reliable governance system. The Policy is designed to establish the Group's governance system by standardising and harmonising the rules and procedures in individual business segments within the Group's subsidiaries. The main objective of the Group's governance system is to implement uniform minimum standards for core business activities, reporting and supervision at the level of the whole Group. The Governance Policy takes into account both the Group's internal environment and its strategic objectives as well as external environment factors, including the local regulatory environment and the regulators' requirements, the business environment of each subsidiary and the good business practices of other institutions.

The governance of the Group's subsidiaries is implemented as corporate governance by actively exercising the management rights in compliance with the law applicable to individual subsidiaries and their internal regulations. Corporate governance includes business management with 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 includes business and professional coordination of activi-

ties 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 business practices at Group level.

Zavarovalnica Triglav is the controlling company, which actively manages direct subsidiaries in accordance with the Governance Policy of the Triglav Group's Subsidiaries. Direct subsidiaries assume responsibility for the transfer of the governance system and active management of their subsidiaries. The manner of transferring the system and implementing the activities is defined in greater detail in the minimum standards for individual business segments.

Based on past experience and in line with the Group's strategic objectives, the governance system of the Group's subsidiaries was comprehensively upgraded in 2019. The uniform approach and a higher level of involvement of all subsidiaries at the level of the parent company provide for an even closer integration of business functions in subsidiaries and Zavarovalnica Triglav's business segments.

The governance and management of subsidiaries follows the key guidelines and objectives of the strategy of the Triglav Group, as described in [→ *Section 4. Strategy and plans of the Triglav Group*]. The pursuit of the Group's values is an ongoing process in all subsidiaries and the key guidelines in their governance, with a special emphasis on long-term effort to increase the value of the Group's assets. The responsiveness and effectiveness of the subsidiary governance system is ensured by ongoing monitoring of the business environment, the operations of subsidiaries and the implementation of the outlined strategy. Furthermore, identification of business opportunities and challenges both in the local and wider environment is encouraged in order to achieve the optimal development of individual subsidiaries and the whole Group.

¹⁴ GRI GS 102-10, GS 102-18

The composition of governance and management bodies as at 31 December 2019

| Slovenia | | Croatia | Bosnia and Herzegovina | North Macedonia |
|---|--|---|--|---|
| Pozavarovalnica Triglav Re d.d., Ljubljana Gregor Stražar – President, Tomaž Rotar – Member, Stanislav Vrtunski – Member Supervisory Board: Andrej Slapar – Chairman, Tomaž Žust, Sebastjan Debevc, Janko Šemrov | Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale Edvard Kranjčič – Director, Omar Husić – Procuration Holder Supervisory Board: Andreja Pelc – Chairwoman, Matjaž Novak, Lidija Breznik, Jana Polda | Triglav Osiguranje d.d., Zagreb Marin Matijaca – President, Denis Burmaz – Member, Mišo Čeplak – Procuration Holder Supervisory Board: David Benedek – Chairman, Tomaž Žust, Gorazd Jenko, Darko Popovski, Nives Matijević | Triglav Osiguranje d.d., Sarajevo Edib Galijatović – Chairman, Edin Muftić – Member Supervisory Board: Tedo Djekanović – Chairman, Janko Šemrov, Matej Gostiša, Uroš Cvetko, Aleš Levstek | Triglav Osiguruvanje a.d., Skopje Gjorgje Vojnović – Chief Executive Officer, Rok Pivk – Executive Officer Board of Directors: Tedo Djekanović – Chairman, Darko Popovski, Matej Ferlan, Blaž Kmetec, Gjorge Vojnović, Rok Pivk |
| Triglav, Zdravstvena zavarovalnica d.d., Koper Meta Berk Skok – President, Simon Vidmar – Member Supervisory Board: Uroš Ivanc – Chairman, Nataša Veselinovič, Tomaž Krevatin | Triglav INT, holdinška družba d.d., Ljubljana Tedo Djekanović – Executive Director Management Board: David Benedek – Chairman, Tedo Djekanović, Saša Kovačič | Montenegro Lovćen Osiguranje a.d., Podgorica Matjaž Božič – Executive Director Board of Directors: Tedo Djekanović – Chairman, Tomaž Žust, Darko Popovski | Triglav Osiguranje a.d., Banja Luka Matej Žljapah – Director Management Board: Blaž Jakič – President, Iztok Šekoranja, Draško Milinović | Triglav Osiguruvanje Život a.d., Skopje Aleksandar Andonovski – Chief Executive Director Board of Directors: Tedo Djekanović – Chairman, Igor Donevski, Aleksandar Andonovski, Gjorgji Jančevski |
| Triglav, pokojninska družba d.d., Ljubljana Aljoša Uršič – President, Peter Krassnig – Member, Vida Šeme Hočevvar – Member Supervisory Board: Barbara Smolnikar – Chairwoman Nataša Veselinovič, Miha Grilec, Jaka Kirn, Miran Kalčič, Vesna Vodopivec, Borut Simonič, Tomaž Jontes | Triglav Avtoservis d.o.o., Ljubljana Edvard Zabukovnik – Director, Boris Kuhelj – Director Supervisory Board: Matej Ferlan – Chairman, Aleš Klement, Lidija Breznik | Lovćen životna osiguranja a.d., Podgorica Zorka Milić – Executive Director Board of Directors: Igor Zupan, Janez Rožmarin, Edvard Kranjčič | Serbia Triglav Osiguranje a.d.o., Belgrade Dragan Marković – General Manager, Blaž Jakič – Member of the Executive Committee Supervisory Board: Tedo Djekanović – Chairman, Radenko Purić, Vuk Šušić, Gorazd Jenko, Fejsal Hrustanović | Triglav penzisko društvo a.d., Skopje Vojdan Jordanov – President Marijan Nikolovski – Member Supervisory Board: Aljoša Uršič – President, Darko Popovski, Blaž Kmetec, Nikola Tanasoski |
| Triglav Skladi, družba za upravljanje d.o.o., Ljubljana Benjamin Jošar – President, Andrej Petek – Member Miha Grilec – Member Supervisory Board: David Benedek – Chairman, Blaž Kmetec, Meta Berk Skok, Nataša Veselinovič, Matej Runjak | Triglav, Upravljanje nepremičnin d.d., Ljubljana Mitja Selan – President, Aleš Vahčič – Member Supervisory Board: David Benedek – Chairman, Ksenija Zajc, Nataša Veselinovič, Nataša Novak Priveršek | | | |

5.5 External and internal audit

On 28 May 2019, the General Meeting of Shareholders appointed the audit firm Deloitte revizija d.o.o. the auditor of Zavarovalnica Triglav for the 2019, 2020 and 2021 financial years.

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 reporting¹⁵

The effective and integrated internal control and risk management system established within the Group is promptly adapted to the development, organisational changes and good practices. 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 [→ *Section 1. Risk management*]. The internal control system was set up in all organisational levels, units and processes of the Triglav Group 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, set up 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 Zavarovalnica Triglav as the parent company of the Group and implemented 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 an appropriate sharing of responsibilities, checking the performance of transactions, keeping of up-to-date records, compliance of books of account with the actual situation, 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. 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 Management Board of Zavarovalnica Triglav 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 upon 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 Takeover Act (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 Takeover Act 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

Barbara Smolnikar
Member of the Management Board

David Benedek
Member of the Management Board

Marica Makoter
Member of the Management Board

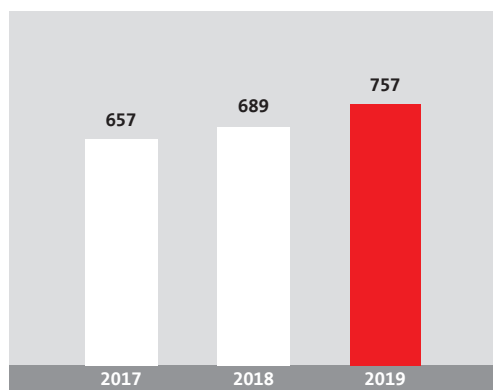
6. The share and shareholders of Zavarovalnica Triglav

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

6.1 Share of Zavarovalnica Triglav

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

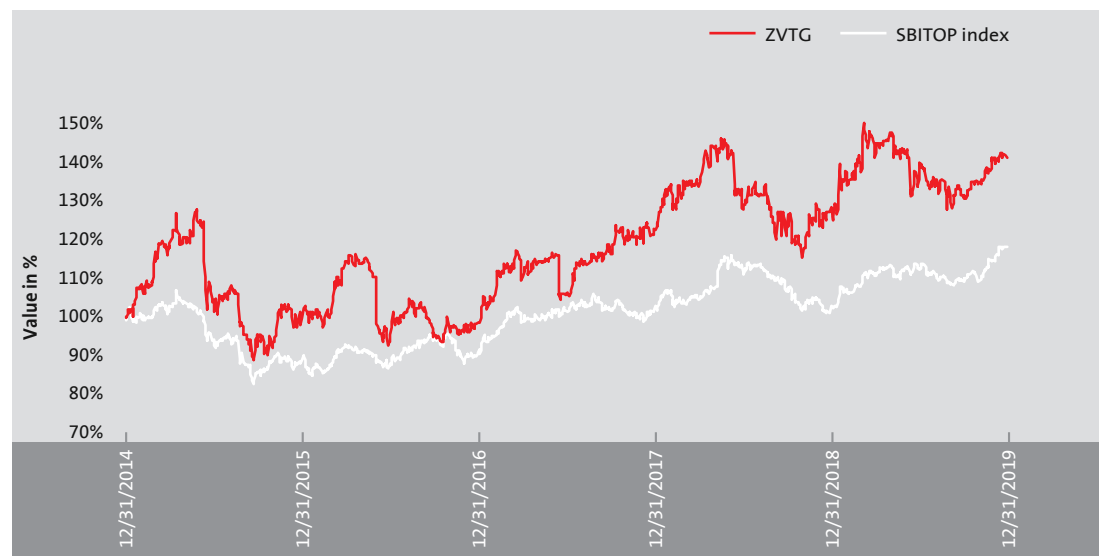
Market capitalisation of Zavarovalnica Triglav (in EUR million)



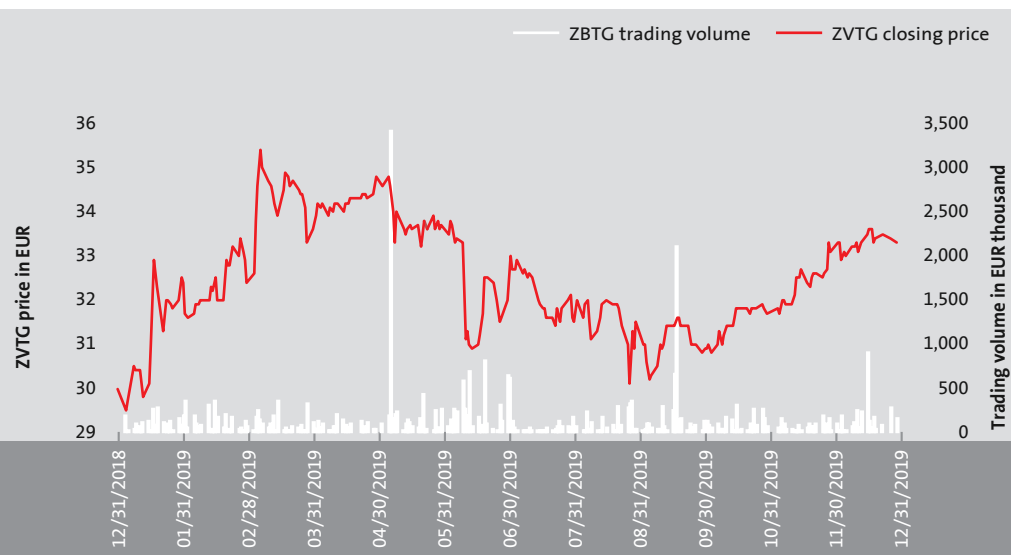
According to the available data, ZVTG share is included in **13 indices**, owned by MSCI, STOXX and S&P and the Ljubljana, Vienna, Zagreb and Warsaw stock exchanges. In 2019, ZVTG share was included in two new regional indices – the ADRIA Prime total return index and the CEEplus index. The ADRIA Prime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

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

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



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

Movements in the closing price (left axis) and trading volume (right axis) of the ZVTG share in 2019**Key figures relating to the share of Zavarovalnica Triglav**

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

6.2 Equity

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

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

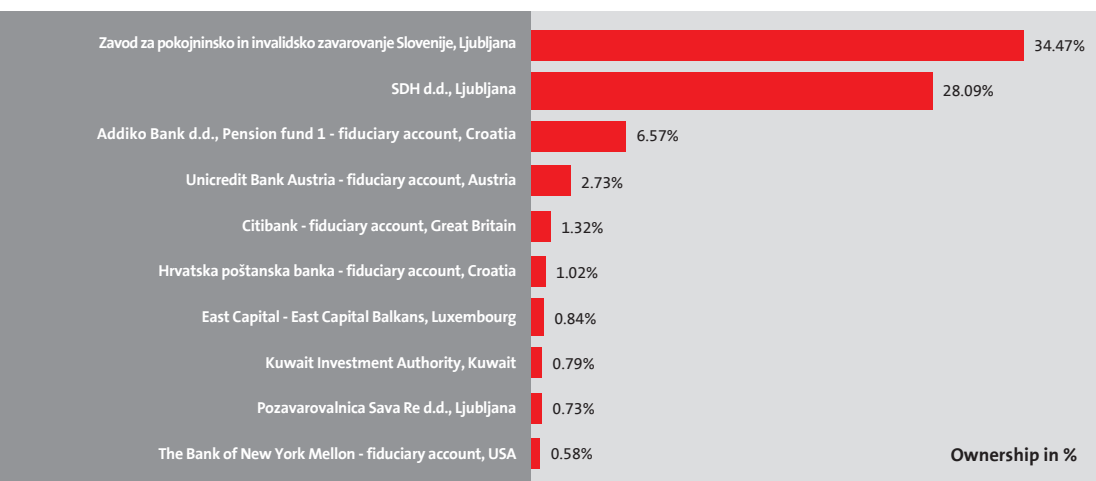
- the acquisition of shares of an insurance undertaking by which a person acquires or exceeds a qualifying holding (i.e. a direct or indirect holding of shares or other rights that gives the holder a minimum 10% share of voting rights or capital, or that gives the holder a share of voting rights or capital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

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

6.3 Shareholder structure¹⁶

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

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



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

| Shareholder | Number of shares | | Ownership (in %) | |
|---|------------------|-----------|------------------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana | 7,836,628 | 7,836,628 | 34.47 | 34.47 |
| SDH d.d., Ljubljana | 6,386,644 | 6,386,644 | 28.09 | 28.09 |
| Addiko Bank d.d., Pension fund 1 - fiduciary account, Zagreb, Croatia | 1,494,061 | 1,488,809 | 6.57 | 6.55 |
| Unicredit Bank Austria - fiduciary account, Vienna, Austria | 619,634 | 703,410 | 2.73 | 3.09 |
| Citibank - fiduciary account, London, Great Britain | 301,183 | 289,498 | 1.32 | 1.27 |
| Hrvatska poštanska banka - fiduciary account d.d., Zagreb, Croatia | 232,644 | 232,189 | 1.02 | 1.02 |
| East Capital - East Capital Balkans, Luxembourg, Luksembourg | 190,420 | 188,100 | 0.84 | 0.83 |
| Kuwait Investment Authority, Safat, Kuwait | 179,227 | 187,827 | 0.79 | 0.83 |
| Pozavarovalnica Sava Re d.d., Ljubljana | 166,678 | 166,678 | 0.73 | 0.73 |
| The Bank of New York Mellon - fiduciary account, New York, USA | 132,658 | 109,855 | 0.58 | 0.48 |

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

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

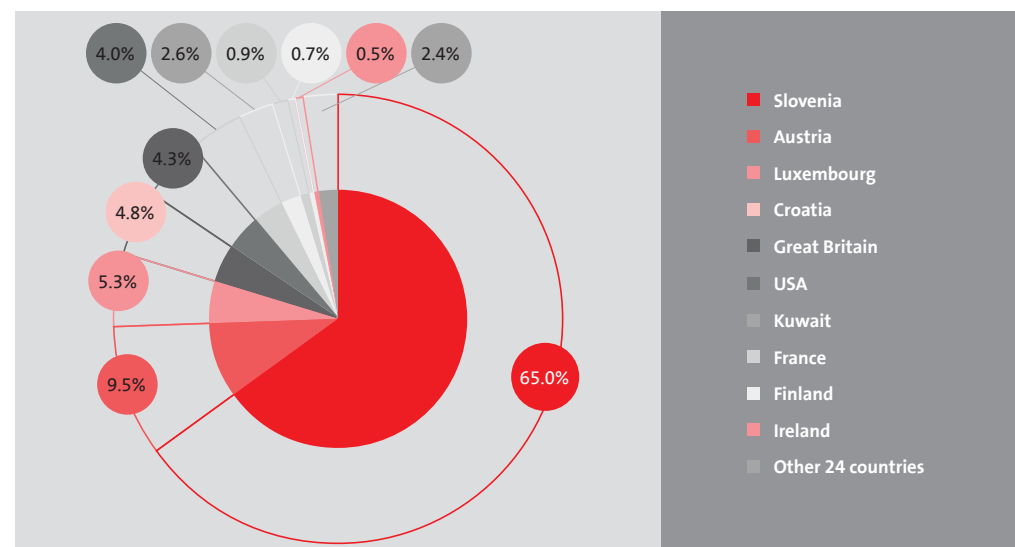
Shareholder structure of Zavarovalnica Triglav as at 31 December 2019

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

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

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

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



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

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

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

6.4 Dividend and dividend policy

At the General Meeting of Shareholders held on 25 May 2019, the shareholders of Zavarovalnica Triglav passed the draft resolution on the dividend payment in the same amount as the year before, totalling EUR 56,837,870 or EUR 2.50 gross per share, which accounted for 70% of consolidated net profit for 2018. Taking into account the closing price as at 31 December 2019, the **dividend yield of the ZVTG share was 7.5%** and total return was 17.4%.

Dividend payments for the business years 2016–2019

| Items | 2019 | 2018 | 2017 | 2016 |
|---------------------------------|---------------|-------------|-------------|-------------|
| Total dividends (in EUR) | to be defined | 56,837,870 | 56,837,870 | 56,837,870 |
| Dividends per share (in EUR) | to be defined | 2.50 | 2.50 | 2.50 |
| General Meeting of Shareholders | 26 May 2020 | 28 May 2019 | 29 May 2018 | 30 May 2017 |

In March 2018, the **dividend policy** of Zavarovalnica Triglav was revised. The Company pursues an attractive and sustainable dividend policy. A part of consolidated net profit of the preceding year, which is to be allocated to dividend payment, accounts for at least 50%. The Company will strive to pay out a dividend not lower than the dividend payment of the preceding year. As thus far, the future implementation of the dividend policy will be subordinated to achieving the medium-term sustainable target capital adequacy of the Triglav Group. The proposal of the Management Board and the Supervisory Board as regards the annual distribution of accumulated profit of the Company will therefore take into account the following three objectives in a balanced manner: to ensure prudent capital management of the Triglav Group and its financial stability, to reinvest net profit in the implementation of the strategy of growth and development of the Triglav Group and to pay out attractive dividends to the shareholders.

The strategic objectives of capital management and the dividend policy are described in [[→ Section 1.3 Risk Management](#)].

6.5 Investor relation management¹⁷

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

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

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

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

Information for shareholders:

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

6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav

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

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

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

Credit ratings of Zavarovalnica Triglav since 2008

| Year | Credit rating | Medium-term outlook | Rating agency |
|------|---------------|---------------------|--------------------|
| 2019 | A | Stable | AM Best |
| | | | S&P Global Ratings |
| 2018 | A | Stable | AM Best |
| | | | S&P Global Ratings |
| 2017 | A | Stable | AM Best |
| | | | S&P Global Ratings |
| 2016 | A | Stable | AM Best |
| | | | S&P Global Ratings |
| 2015 | A- | Positive | AM Best |
| | | | S&P Global Ratings |
| 2014 | A- | Positive | AM Best |
| | A- | Stable | S&P Global Ratings |
| 2013 | A- | Stable | S&P Global Ratings |
| | A- | Stable | AM Best |
| | BBB+ | Positive | S&P Global Ratings |
| 2012 | A- | Negative | S&P Global Ratings |
| 2011 | A | Negative | S&P Global Ratings |
| 2010 | A | Stable | S&P Global Ratings |
| 2009 | A | Stable | S&P Global Ratings |
| 2008 | A | Stable | S&P Global Ratings |

6.7 Bonds of Zavarovalnica Triglav

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

Bonds of Zavarovalnica Triglav

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

7. Performance of the Triglav Group and Zavarovalnica Triglav

- Despite the challenging market conditions, economic growth had a positive impact on premium growth on the Triglav Group's markets.
- Premium growth was recorded in all insurance segments and on all insurance markets.
- The Group's market share was improved in Montenegro, Serbia, Slovenia and Croatia. The Group maintained its leading position in Slovenia, Montenegro and North Macedonia.
- Unlike the year before, the year 2019 was more favourable in terms of loss events.
- Premium growth was higher than the growth in operating expenses of the insurance business.
- Low interest rates continued to reduce returns on investment.

7.1 The general economic environment worldwide and in Slovenia

After a decade of economic growth, 2019 was marked by a slowdown in the global economy. Although household consumption was rather robust and supported by favourable labour market conditions, wage growth and favourable economic sentiment, the economic environment in many countries was uncertain. In particular, the US–China trade war, geopolitical tensions in the Middle East and the unclear exit of the United Kingdom from the European Union had a significant impact on business confidence, investment spending of businesses and consequently on their level of participation in international trade. Influenced by international developments, the industrial production index fell noticeably in the euro area, especially due to the slowdown in the automotive industry. At the end of the year, financial institutions forecast a moderate economic growth of the euro area of around 1.2% and an equal rate of increase in consumer prices. Forecasts are just over half a percentage point lower than in 2018.

Slovenia's economy was affected by the situation in the rest of the euro area countries. Economic growth (2.8% according to the latest IMAD forecasts) was again significantly higher than in the euro area, but a good percentage point lower than a year earlier. The relatively low, 1.8% average annual growth in consumer prices remained almost unchanged. Industrial production and the related export activity declined throughout the year, whereas increased household consumption became an important driver of Slovenia's economic growth, backed by wage growth and favourable labour market conditions. The registered unemployment rate again dropped to its lowest level since 2008, accounting for 7.7% of the working age population. Slovenia continued to record a favourable fiscal position by having a positive balance for the third consecutive year and again reducing its gross debt. According to the Slovenian Government's latest data, it accounted for 66% of GDP at the 2019 year-end.

Financial markets achieved new historical values, while a fall in interest rates was seen in the bond markets. In mid-2019, the key central banks

announced and then realised their intention of monetary easing. Among others, the European Central Bank (ECB) reduced its deposit interest rate by a tenth of a percentage point to –0.50% and resumed its bond buying programme towards the end of the year. In three steps, the US Federal Reserve (FED) lowered its interest rate range by a total of 0.75 percentage point to 1.50–1.75%. Both central banks stressed they were prepared to take further measures if necessary. The required yields of euro area government bonds declined consistently throughout the year and in the third quarter of 2019 many entered a negative yield territory for the first time in history. The German ten-year bond had recorded a negative yield since April, reaching a historical value of –0.74% in early September and –0.19% at the year-end. The comparable Slovenian bond reached sub-zero yield in August and reached its minimum at –0.28%, ending the year at 0.28%. In 2019, the yield of the German bond decreased by 0.43 percentage point and that of the Slovenian bond by 0.74 percentage point. The corporate sector remained optimistic. Over the year, credit spreads declined, while stock indices increased and quickly recovered after a strong,

more than 10% correction in the last quarter of the previous year. The US S&P 500, which reached its historic peak before the end of 2019, recorded a 28.9% annual growth while the European Stoxx 50 saw an annual growth of 24.8%. The Slovenian SBI index ended the year with a 15.0% growth. The average growth of stock market indices in emerging markets was slightly lower. For example, Hang Seng achieved only a 9.1% growth.

Forecasts for the global economy in 2020 are moderately favourable, but growth, which is no longer broad-based, will be accompanied by a series of uncertainties, mainly due to the possibility of continued trade wars. Strong shocks could hamper global supply chains, the confidence of the economy and investment, which would negatively impact trade and growth. The emerging markets and the euro area, the situation of which is directly shared by the Slovenian economy, are particularly exposed to uncertainty. According to the latest forecasts, the estimated growth of the euro area and the Slovenian economy is expected to remain at 2019 levels.

Financial markets will be affected by global economic conditions, low inflation and associated less favourable expectations, and the continued stimulative monetary policies, which include the ECB's unchanged interest rate policy and a gradual but uncertain fiscal stimulus from the most economically advanced countries. The required yield on a ten-year German bond is expected to remain relatively low and may continue to be negative. Credit spreads on government bonds (both Slovenian and those with a poor credit rating) will remain low unless they are influenced by specific political events. With the situation deteriorating, there is a relatively high risk of an increase in corporate bond spreads, especially for issuers with a poor credit rating or in cyclical industries. In such circumstances, equity investments are also sub-

ject to major downward risks. However, given the historically low required bond yields and relatively favourable valuations, equity investments could be an attractive alternative for investors.

7.2 Environmental impact on the performance of the Triglav Group¹⁸

Premium growth was positively influenced by economic growth, while the challenging market conditions and aggressive price competition on the insurance markets continued. Zavarovalnica Triglav and its subsidiaries manage the demanding market conditions by implementing marketing, sales and pricing policies, launching new products and redesigning the existing ones, upgrading business processes, and taking various measures to improve the insurance technical result. See [→ *Section 11. Development and sales activities*] for more details.

The unfavourable situation continued on the financial markets and low interest rates resulted in lower rates of return on investment.

The year 2019 was more favourable in terms of major CAT events compared with the previous year. The Group's business results were impacted by major CAT events in the total estimated amount of EUR 16.5 million. Hail storms in Slovenia in June and July caused EUR 8.3 million in damage to crops, cars and buildings (of which claims of EUR 7.5 million were reported and settled). Pozavarovalnica Triglav Re recorded an estimated EUR 7.5 million in claims due to the category five hurricane in Bahamas and typhoons Faxai and Hagibis in Japan. In Montenegro, a February storm caused EUR 346 thousand of damage, a June hail in North Macedonia caused EUR 188 thousand of damage, and a hail storm in April and July in Bosnia and Herzegovina caused EUR 91 thousand of damage.

7.3 Global insurance market

The global insurance market exceeded USD 5,000 billion of premium for the first time ever in 2018 (latest official data from Pozavarovalnica Swiss Re). Real growth of 1.5% was achieved for the second consecutive year, nominally up by 4.8%. Non-life insurance premium increased by 3.0% in real terms, while life insurance premium grew by only 0.2%. The market leader, the US, accounts for 33.9% of global insurance premium (0.2 percentage point less than the previous year), up by 2.1%. The share of Asia (Pacific) declined by 0.2 percentage point to 32.4% (a 2.1% increase in insurance premium). The advanced markets of Europe account for 30.1% of global insurance premium or 0.4 percentage point more than the year before. The Middle East and Africa contribute 2.1% (2.2% in 2017) to the global insurance market, while the share of Central and Eastern Europe, Turkey and Central Asia accounts for 1.5% of global insurance premium and remained unchanged. The last-mentioned group of countries, which includes Slovenia, recorded the highest growth (3.9%). Advanced markets account for 78.7% of global insurance premium (1.3% premium growth) and the rest is contributed by emerging markets (2.1% premium growth).

7.4 Operations of the Triglav Group in the Adria region (South-East Europe)¹⁹

7.4.1 South-East Europe

The Triglav Group sells insurance on 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 Slovene insurance market is well developed. Zavarovalnica Triglav and the specialised insurers Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba are active on the Slovene market. Poza-zarovalnica Triglav Re operates throughout the region and in the wider international environment. The markets outside Slovenia are relatively undeveloped but have a large potential for growth. They continue to be dominated by motor vehicle insurance.

All countries of the region recorded premium growth at moderate economic growth. The highest relative premium growth was seen in Montenegro and Slovenia. The Macedonian and Croatian insurance markets also achieved significant growth, whereas the markets of Bosnia and Herzegovina (mainly the Republic of Srpska) and Serbia grew at a slower pace.

Main macroeconomic indicators for 2019 by insurance market of the Triglav Group

| Macroeconomic indicators | Slovenia | Croatia | Serbia | Montenegro | Bosnia and Herzegovina | North Macedonia |
|--|----------|---------|--------|------------|------------------------|-----------------|
| Population (in million) | 2.1 | 4.1 | 7.0 | 0.6 | 3.5 | 2.1 |
| GDP growth (estimate in %) | 2.9 | 3 | 3.5 | 3.0 | 2.8 | 3.2 |
| 2019 GDP (estimate in USD million) | 54.2 | 60.7 | 51.5 | 5.4 | 20.1 | 12.7 |
| 2019 GDP per capita (estimate in USD) | 26,170 | 14,950 | 7,398 | 8,704 | 5,742 | 6,096 |
| 2019 inflation rate (estimate in %) | 1.8 | 1.0 | 2.2 | 1.1 | 1.1 | 1.3 |
| 2019 unemployment rate (estimate in %) | 4.5 | 9.0 | 13.1 | 15.2* | 18.0 | 17.9 |

Source: IMF, World Economic Outlook, October 2019

* Agency for Statistics of Montenegro (Q3 2019)

The Group maintained its leading position in Slovenia, Montenegro and North Macedonia. The Group increased its market share in Montenegro, Serbia, Slovenia and Croatia, while its total written premium rose on all markets. More information is provided below and in [→ *Section 7.5 Gross written insurance, co-insurance and reinsurance premiums*].

Market shares and market position of the insurance subsidiaries of the Triglav Group in 2019²⁰

| Market | Market share | Market share trend | Ranked in 2019 | Ranked in 2018 |
|----------------------------|--------------|--------------------|----------------|----------------|
| Slovenia | 35.5% | ↑ | 1 | 1 |
| Croatia | 4.6% | ↑ | 8 | 9 |
| Serbia* | 6.4% | ↑ | 5 | 5 |
| Montenegro | 38.7% | ↑ | 1 | 1 |
| Bosnia and Herzegovina** | 7.7% | ↓ | 6 | 6 |
| - Federation of BiH | 8.8% | ■ | 7 | 7 |
| - Republic of Srpska**/*** | 5.5% | ■ | 9 | 7 |
| North Macedonia | 13.8% | ↓ | 1 | 1 |

* Q1-3 2019 data

** H1 2019 data

*** The market shares of Triglav Osiguranje, Banja Luka and the branch Triglav Osiguranje, Sarajevo are included.

The Group pursued a consolidation strategy on the markets where it holds a large market share and a leading position. In other markets, it focused on strengthening its position. The Group aimed to increase productivity and long-term profitability of its operations with its recognisable Triglav brand and other competitive advantages and by taking advantage of the Group's synergies on all markets, while adhering to the local legislation and taking into account the risks to which it is exposed.

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

Premium
per capita

(2018 data)

1,133
EURPremium as a
percentage of GDP

(2018 data)

5.1
percentInsurance market
growth index
in 2019

108.2

Source: Slovenian Insurance Association

7.4.1.1 Slovene insurance market

Despite being somewhat small, the Slovene insurance market is well-developed. On a global scale, Slovenia ranked 29th by premium per capita (three ranks higher relative to the previous year) and remained 30th by insurance penetration (premium share in GDP). Globally, the Slovene insurance market maintained its 55th place by written premium, accounting for 0.05% of the global insurance market and 0.8% of the largest European insurance market – Great Britain (data for 2018).

The average premium per capita rose to EUR 1,133, reaching its peak value in the last ten years. Premium as a percentage of GDP slightly increased to 5.1% (compared to 5.0% in 2017, its bottom in the last ten years).

A total of 14 insurance companies, 5 foreign branches and 2 reinsurance companies were active on the Slovene insurance market in 2019, all members of the Slovenian Insurance Association (hereinafter: SZZ). Croatia zavarovanje, Ljubljana branch, became a new member of the SZZ, while Allianz zavarovalnica, Ljubljana branch (Allianz Hungaria Zrt) was wound-up on 31 December 2018. The insurance company SID-PKZ changed its name to Coface PKZ zavarovalnica.

There were 9 composite and 10 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 (foreign-owned subsidiaries – FOS). Even though their share is growing, it is still negligible. Zavarovalnica Triglav directly operates in all 28 EU Member States.



Premium per capita and market penetration for Slovenia and some other European countries in 2018

| | Premium per capita | | Insurance penetration | |
|----------------|--------------------|------------|-----------------------|------------|
| | (in USD) | World rank | (% of GDP) | World rank |
| Slovenia* | 1,338 | 29 | 5.1% | 30 |
| Croatia | 383 | 48 | 2.6% | 49 |
| Serbia | 140 | 63 | 1.9% | 65 |
| Switzerland | 6,934 | 3 | 8.4% | 12 |
| Great Britain | 4,503 | 11 | 10.6% | 6 |
| Austria | 2,304 | 23 | 4.5% | 33 |
| Czech Republic | 666 | 36 | 2.8% | 48 |
| Poland | 436 | 42 | 2.8% | 46 |
| Turkey | 127 | 65 | 1.3% | 75 |
| Europe | 2,798 | - | 7.0% | - |
| EU | 2,655 | - | 7.3% | - |

Source: Swiss RE, SIGMA 3/2019

* Data for Slovenia: Slovenian Insurance Association



Slovenia | 35.5% market share of the Triglav Group | 1st rank

The insurance companies recorded gross written insurance, co-insurance and reinsurance premium of EUR 2,570.0 million, **up by as much as 8.2%**. **Non-life insurance premium** recorded a 9.5% growth and a 70.7% share. Excluding **health insurance**, which experienced a higher premium growth (11.8%), non-life premium growth would be 8.3%. Health and motor vehicle insurance (comprehensive car insurance and motor liability insurance) contributed the most to the increase in non-life insurance premium. **Life insurance** premium rose by 5.2%, with life insurance and supplemental voluntary pension insurance contributing the majority to its growth.

The Slovene insurance market continues to be highly concentrated, with the four largest insurers holding a 69.3% market share. With a 27.3% market share (compared to 27.8% in 2018), **Zavarovalnica Triglav** remains the market leader, followed by Zavarovalnica Sava (16.9% market share). The **Triglav Group** (the parent company, Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba) increased its market share by 0.3 percentage point to 35.5%.

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

- non-life insurance (excluding health insurance): 43.3% (a decrease of 0.4 percentage point);
- life insurance: 28.3% (a decrease of 0.6 percentage point);
- health insurance: 29.1% (an increase of 2.6 percentage points).

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

- non-life insurance: 28.8% (a decrease of 0.5 percentage point);
- life insurance: 23.9% (a decrease of 0.4 percentage point).

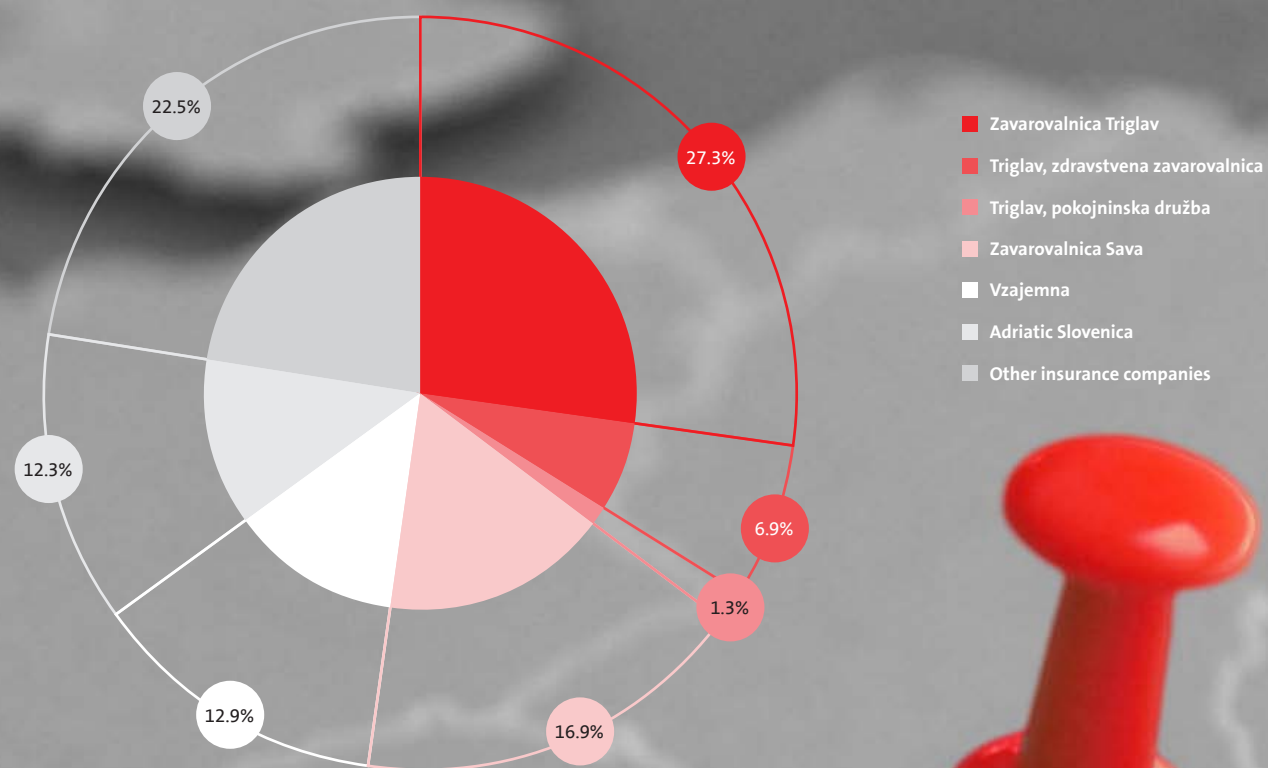
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 29.0% (an increase of 2.6 percentage points and premium growth of 22.6%, the highest among three health insurance providers, which together hold a 98.7% share of the health insurance market).

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

- supplemental voluntary pension insurance (SVPI): 19.7% (the leading position, an increase of 0.1 percentage point).

The market share of insurance companies in Slovenia in 2019



Premium
per capita

(2018 data)

324
EURPremium as a
percentage of GDP

(2018 data)

2.6
percentInsurance market
growth index
in 2019

107.0

Source: Swiss RE,
SIGMA 3/2019,
Croatian Insurance Bureau

7.4.1.2 Croatia

Economic growth, an improved credit rating, a successful tourist season, a crisis in the shipbuilding industry and the lack of labour force all had an impact on the Croatian economy in 2019, which recorded a 2.7% growth at the end of the third quarter. The unemployment rate was estimated at 9.0%, the inflation rate at 1.0% and borrowing was carried at a negative interest rate for the first time.

With the largest liquidation proceedings in the history of Croatia, the story of Agrokor came to an end when its well-performing part was taken over by the Fortenova Group. Private consumption with an expected 4.2% growth and higher exports of products contributed the most to GDP growth. Income from tourism grew by 8%.

In July, Croatia submitted a letter of intent to join the European Exchange Rate Mechanism (ERM II), making the first step towards the adoption of euro. It also introduced a reduced VAT rate of 13% on food products (the overall rate is 25%).



Insurance market

A total of 18 insurance companies operated in the Croatian insurance market (9 composite, 6 non-life and 3 life), which was two fewer than the year before, because Croatia osiguranje kredita was merged with Croatia osiguranje and Erste osiguranje VIG with Wiener osiguranje VIG. The whole portfolio of Ergo osiguranje and Ergo životno osiguranje was transferred to Sava osiguranja at the end of November.

Total written premium of HRK 10.5 billion (EUR 1.4 billion) was 7.0% higher than in 2018. Non-life insurance premium increased by 11.3%, whereas life insurance premium fell by 2.1%. In total written premium, non-life insurance premium increased to 70.9% (compared to 68.2% in 2018) and life insurance accounted for the rest.

Market concentration is high, with top three insurers controlling almost 51% of the market. With a 25.7% market share, Croatia osiguranje maintained its dominant position (2.2 percentage points less than in the previous year). By increasing its market share by 0.2 percentage point to 4.6%, **Triglav Osiguranje, Zagreb** ranked eighth on the market (a rank higher than the year before).



Croatia | 4.6% market share of the Triglav Group | 8th rank

Premium
per capita

(2018 data)

119
EURPremium as a
percentage of GDP

(2018 data)

1.9
percentInsurance market
growth index
in Q1-3 2019

105.9

Source: Swiss RE,
SIGMA 3/2019,
National Bank of Serbia

7.4.1.3 Serbia

The Serbian economy was affected by declined external demand, quotas on steel exports to the EU and 100% customs tariff on exports of goods to Kosovo and Metohija. At slightly poorer conditions, the results achieved are solid. In addition to EU membership, Serbia's main development goals are maintaining macroeconomic, financial and fiscal stability, while improving the overall business and investment environment. The establishment of a "mini-Schengen", which would allow the movement of people and goods without major administrative procedures throughout Serbia, North Macedonia and Albania, would also have a positive impact on Serbia's economic situation.

The estimated GDP growth reached 3.5%, half a percentage point less than the previous year. The inflation rate was estimated at 2.2% and the unemployment rate at 9.5%. Gross fixed capital formation is estimated to have generated real growth of 14.2%, bringing its share in GDP closer to the level of Central European countries.

The largest contributor to GDP growth was the construction industry, which grew by 28.5%. Good results were also achieved in the service sector; tourism reached 7.6%, hospitality 9.1%, transport 6.4% and real retail trade growth 9.2%. The share of exports in trade increased by 8.0%, while its growth stood at 7.8%.



Insurance market

The Serbian insurance market was characterised by premium growth and high concentration. A total of 16 insurance companies (one fewer than in 2018) were active on the Serbian market, of which 6 were composite insurers, 6 non-life insurers and 4 life insurers. In September 2019, OTP osiguranje was acquired by Generali Osiguranje. The top three insurers (Dunav, Generali Osiguranje and DDOR) control nearly 60% of the market.

Total written premium increased by 5.9% in the first nine months of 2019 to RSD 79.0 billion (EUR 669 million). Non-life insurance premium recorded a 6.3% growth, whilst life insurance premium grew by 4.5%. In total written premium, non-life insurance accounted for the bulk (77.6%).

Triglav Osiguranje, Belgrade increased its market share to 6.4% (compared to 6.0% in 2018) and maintained its fifth place. Its premium growth was higher than the Serbian insurance market growth by 7.0 percentage points.



Serbia | 6.4% market share of the Triglav Group | 5th rank

Premium
per capita

(2018 data)

140
EURPremium as a
percentage of GDP

(2018 data)

1.9
percentInsurance market
growth index
in 2019

109.1

Source: Insurance Supervision
Agency of Montenegro

7.4.1.4 Montenegro

The Montenegrin economy is expected to record a 3% GDP growth in 2019. The estimated average annual inflation was 1.1% and the unemployment rate stood at 15.2%. Tourism achieved a 3.1% growth. A positive trend was also seen in construction, which recorded a 31% growth in the third quarter.

The service sector contributes 72% of total GDP, with tourism being the third largest industry. The main industries are the metalworking industry and the production of consumer goods. The whole industrial sector contributes 19% of total GDP.

Montenegro's strategic goal is to join the EU. Thus, development and economic policies are focused on the energy industry, agriculture and tourism. Montenegro also invests heavily in the construction and renovation of transport infrastructure.



Insurance market

A total of 9 insurance companies were active on the rather small Montenegrin insurance market in 2019 (5 non-life insurers and 4 life insurers), which together collected EUR 94.8 million in written premium, up by 9.1% relative to the previous year. Life and non-life insurance premiums increased by 12.5% and 8.4% respectively. In total written premium, non-life insurance remained by far the largest segment with an 81.9% market share.

The insurance companies of the Triglav Group **Lovćen Osiguranje** and its subsidiary **Lovćen životna osiguranja** together hold a 38.7% market share (0.8 percentage point more than in 2018), maintaining their dominant position.

Lovćen Osiguranje is followed by Uniq (non-life and life insurance together) with a 15.0% market share and Sava Osiguranje with a 14.5% market share.



Montenegro | 38.7% market share of the Triglav Group | 1st rank

Premium
per capita

(2018 data)

103
EURPremium as a
percentage of GDP

(2018 data)

2.2
percentInsurance market
growth index
in H1 2019

106.7

Source: FBiH Insurance
Supervision Agency,
RS Insurance Agency

7.4.1.5 Bosnia and Herzegovina

The estimated GDP growth of Bosnia and Herzegovina (BiH) in 2019 was 2.8%, which is significantly less than in 2018, when it was 3.6%. The average inflation rate stood at 1.1% and the estimated unemployment rate was 18%.

The service sector, which employs almost half of labour force, accounts for the largest share of GDP (65%). The industrial sector generated 27% of GDP, with mining and steel industry being the most important sectors.

Developments on the European and global markets (Brexit, fiscal policy changes in France and Italy, the decline of the metal industry in Germany) had a negative impact on the BiH economy. Although Bosnia and Herzegovina's trade with EU countries accounts for 75% of its total trade, it has tried to enter into new markets in the Middle East and Asia. Customs tariffs on imports to Kosovo had a particularly negative impact, as they significantly reduced exports, which resulted in a lower number of jobs.

Bosnia and Herzegovina continues its efforts to achieve the set economic and fiscal policy objectives, which could lead to EU membership, and to strengthen regional cooperation and internal stability.



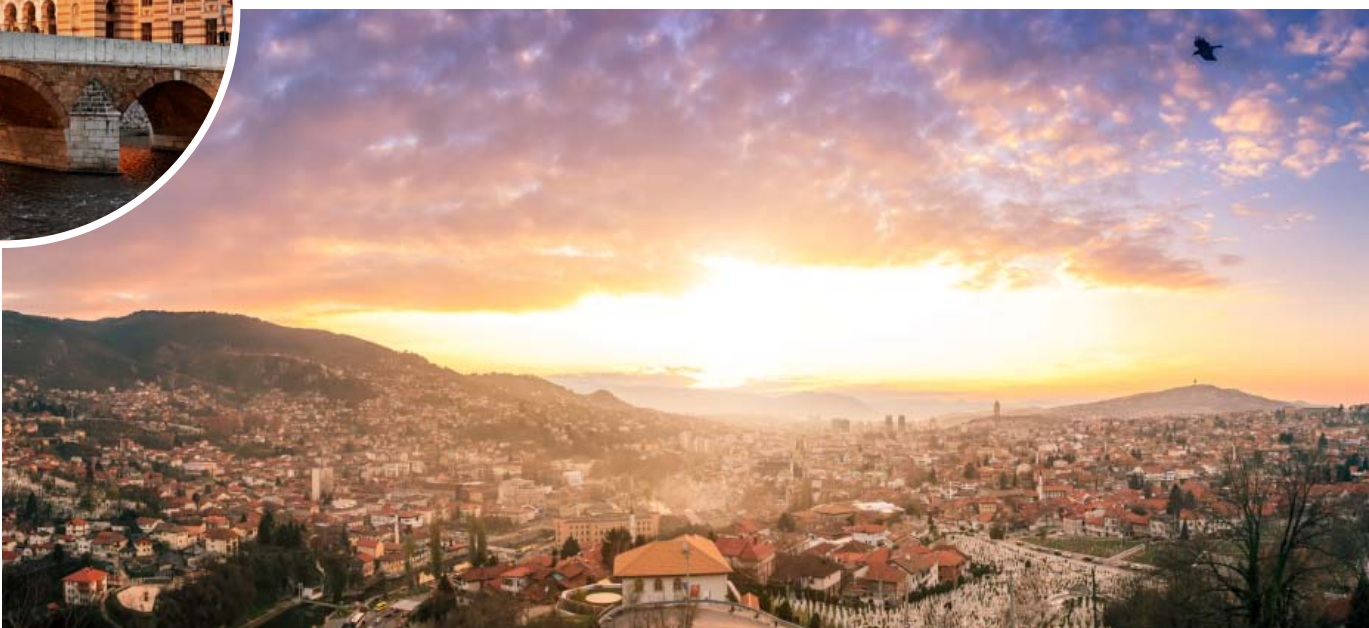
Insurance market

A total of 26 insurance companies operated on the very small but highly competitive insurance market of Bosnia and Herzegovina in the first half of 2019, of which 11 are domiciled in the Federation of BiH and 15 in the Republic of Srpska. The insurance companies operating in the insurance market of Bosnia and Herzegovina as a whole collected BAM 382.8 million (EUR 196 million) in written premium, an increase of 6.7% compared to the previous year. In the insurance market of the Federation of BiH, written premium increased by 8.4% and in the Republic of Srpska by 2.8%. In total written premium, non-life insurance premium accounted for 80%.

In the Federation of BiH, Agram (Adriatic Osiguranje and Euroherc) remained the market leader with a 21.7% market share in the first half of 2019. With an 8.7% market share, **Triglav Osiguranje, Sarajevo** maintained its seventh rank (a 0.5 percentage point less than in the same period of 2018).

With a 9.2% market share, Drina osiguranje is the market leader in the Republic of Srpska. With a 4.8% market share (0.2 percentage point less than the year before), **Triglav Osiguranje, Banja Luka** ranked tenth (ninth in 2018). **The branch of Triglav Osiguranje, Sarajevo**, which sells only life insurance, achieved 32% premium growth and increased its market share to 0.6% (compared to 0.5% in 2018).

On the insurance market of Bosnia and Herzegovina as a whole, **the two insurance subsidiaries of the Triglav Group** taken together maintained their sixth place and achieved a 7.7% market share as at the 2019 year-end (0.3 percentage point less than the previous year).



Bosnia and Herzegovina | **7.7%** market share of the Triglav Group | **6th** rank

Premium
per capita

(2018 data)

78
EURPremium as a
percentage of GDP

(2018 data)

1.5
percentInsurance market
growth index
in 2019

106.6

Source: Insurance Supervision
Agency of North Macedonia

7.4.1.6 North Macedonia

North Macedonia's economic growth is expected to reach 3.2% in 2019, slightly higher than in 2018. By ending the political crisis that lasted several years, North Macedonia was able to accelerate its Euro-Atlantic integration. The inflation rate was estimated at 1.3% and the unemployment rate at 17.9%.

The service sector, the main segments of which are transport, energy and telecommunications, accounts for 63% of GDP, while the industrial sector accounts for 28% of GDP, with leather and textile industries being the most important sectors. As with most of the region's countries, the future of a small but liberalised economy largely depends on European integration. In February 2019, the Greek Parliament ratified an agreement with North Macedonia on its name change, which is one of the key conditions for further progress.

Following the signing of the Declaration on the implementation of the "mini-Schengen", both North Macedonia and the region expect a significant improvement in the economic situation and stabilisation of the political situation.



Insurance market

A total of 16 insurance companies were active on the North Macedonian insurance market in 2019, of which 11 were non-life insurers and 5 life insurers. Makedonija Osiguruvanje VIG also holds a licence to conduct reinsurance business. In the reporting period, the insurance companies booked MKD 10.6 billion (EUR 172 million) in written premium or 6.6% more than the year before. Life insurance premium recorded a high growth of 9.6%, whilst the growth of non-life insurance premium stood at 6.0%, accounting for 82.7% of total written premium. The five largest insurers booked 48% of total written premium. The market concentration was particularly high in the life insurance segment, with Croatia život and Grawe controlling almost 74% of the market.

With a 13.5% market share (0.9 percentage point less than in 2018), **Triglav Osiguruvanje, Skopje** continues to remain the leader in the North Macedonian insurance market. The insurer only sells non-life insurance, holding 16.3% of the non-life insurance market (compared to 17.3% in 2018). It is followed by EuroLink, holding a 11.6% market share, and Osiguruvanje Makedonija (the VIG Group) with a 10.6% market share. **Triglav Osiguruvanje Život, Skopje** achieved a 2.0% market share in the life insurance market (compared to 1.1% in 2018). **Both insurers taken together** held a 13.8% market share, down by 0.7 percentage point compared to the year before.



North Macedonia | **13.8%** market share of the Triglav Group | **1st** rank

7.5 Gross written insurance, co-insurance and reinsurance premiumus

The Triglav Group posted a total of EUR 1,184.2 million in consolidated gross written insurance, co-insurance and reinsurance premiums, an increase of 11% relative to the previous year. Total written premium increased in all insurance segments:

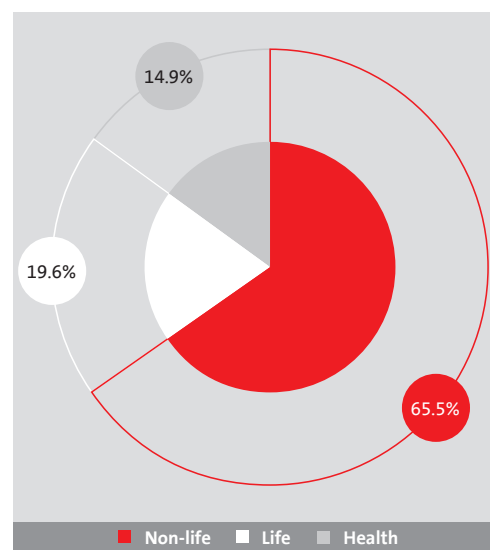
- **non-life insurance:** EUR 775.5 million (index 110),
- **life and pension insurance:** EUR 231.9 million (index 104),
- **health insurance:** EUR 176.7 million (index 123).

The proportion of health insurance premium in total consolidated gross written premium increased, whereas the proportion of non-life, life and pension insurance premiums decreased:

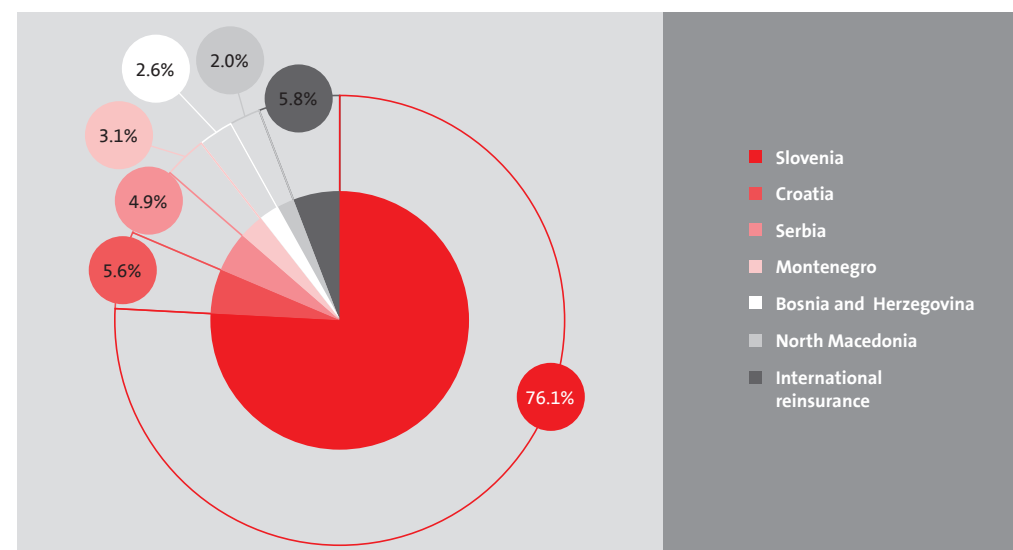
- non-life insurance: a 65.5% share (compared to 65.7% in 2018),
- life and pension insurance: a 19.6% share (compared to 20.8% in 2018),
- health insurance: a 14.9% share (compared to 13.5% in 2018).

The Group continues to gradually increase the **share of insurance premium written on markets outside Slovenia**, which grew by 0.2 percentage point compared to the year before. A total of 76.1% of consolidated gross written premium was generated on the Slovene insurance market, 18.1% of the premium was charged on markets outside Slovenia, while international reinsurance premium represented 5.8%.

Consolidated insurance, co-insurance and reinsurance premiums of the Triglav Group by segment



Consolidated insurance, co-insurance and reinsurance premiums of the Triglav Group by market



Consolidated gross written insurance, co-insurance and reinsurance premiums of the Triglav Group by market

| Country | Gross written premium | | | Index | | Share | | |
|---------------------------|-----------------------|----------------------|--------------------|------------|------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 | 2019 | 2018 | 2017 |
| Slovenia | 900,665,415 | 820,229,351 | 769,865,731 | 110 | 107 | 76.1% | 76.8% | 77.0% |
| Croatia | 65,827,865 | 57,876,297 | 53,548,115 | 114 | 108 | 5.6% | 5.4% | 5.4% |
| Serbia | 58,052,569 | 48,979,893 | 43,730,967 | 119 | 112 | 4.9% | 4.6% | 4.4% |
| Montenegro | 36,627,953 | 32,880,893 | 31,265,239 | 111 | 105 | 3.1% | 3.1% | 3.1% |
| Bosnia and Herzegovina | 30,460,993 | 28,032,889 | 27,181,479 | 109 | 103 | 2.6% | 2.6% | 2.7% |
| North Macedonia | 23,738,156 | 23,438,597 | 21,358,432 | 101 | 110 | 2.0% | 2.2% | 2.1% |
| International reinsurance | 68,801,156 | 56,956,487 | 52,966,663 | 121 | 108 | 5.8% | 5.3% | 5.3% |
| Total | 1,184,174,107 | 1,068,394,407 | 999,916,626 | 111 | 107 | 100.0% | 100.0% | 100.0% |

Premium growth was recorded on **all insurance markets** (see the table below for the overview by insurance subsidiary). The Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) generated EUR 1,127.7 million in non-consolidated gross written premium, up by 10% compared to the previous year.

+11%
Consolidated
gross written
premium of
the Triglav Group

Gross written insurance, co-insurance and reinsurance premiums in 2019 by the insurance company of the Triglav Group

| Insurance company | Gross written premium | | | Index | | Structure | |
|--------------------------------------|-----------------------|--------------------|----------------------|------------|-------------------|------------|---------------|
| | Non-life | Life and pensions | Total | Non-life | Life and pensions | Total | 2019 |
| Zavarovalnica Triglav* | 522,227,911 | 179,897,811 | 702,125,722 | 107 | 103 | 106 | 62.3% |
| Triglav, Zdravstvena zavarovalnica | 177,660,628 | | 177,660,628 | 123 | 0 | 123 | 15.8% |
| Triglav, pokojninska družba | | 33,096,078 | 33,096,078 | 0 | 101 | 101 | 2.9% |
| Triglav Osiguranje, Zagreb | 57,786,672 | 8,041,193 | 65,827,865 | 115 | 104 | 114 | 5.8% |
| Triglav Osiguranje, Sarajevo | 16,826,620 | 8,004,116 | 24,830,736 | 105 | 123 | 110 | 2.2% |
| Lovćen Osiguranje, Podgorica | 33,113,852 | | 33,113,852 | 108 | 0 | 108 | 2.9% |
| Triglav Osiguranje, Belgrade | 53,575,559 | 4,477,599 | 58,053,158 | 118 | 120 | 119 | 5.1% |
| Triglav Osiguranje, Banja Luka | 5,718,843 | | 5,718,843 | 103 | 0 | 103 | 0.5% |
| Triglav Osiguruvanje, Skopje | 23,144,123 | | 23,144,123 | 100 | 0 | 100 | 2.1% |
| Lovćen Životna osiguranja, Podgorica | | 3,514,101 | 3,514,101 | 0 | 163 | 163 | 0.3% |
| Triglav Osiguruvanje Život, Skopje | | 603,041 | 603,041 | 0 | 198 | 198 | 0.1% |
| Total | 890,054,208 | 237,633,939 | 1,127,688,147 | 111 | 105 | 110 | 100.0% |
| Pozavarovalnica Triglav Re | 157,582,324 | | 157,582,324 | 120 | 0 | 120 | |
| Consolidation eliminations | -95,393,309 | -5,703,055 | -101,096,364 | 110 | 114 | 110 | |
| Total consolidated | 952,243,223 | 231,930,884 | 1,184,174,107 | 113 | 104 | 111 | |

* The data already include pre-consolidation adjustments.

7.5.1 Non-life insurance

In the non-life insurance segment, the Group recorded high growth (11%) in non-consolidated insurance, co-insurance and reinsurance premiums, which amounted to EUR 890.1 million. Total written premium increased in all non-life insurance classes.

Motor vehicle insurance remained the largest insurance class with a 28.9% share in total written premium. The Group insurance subsidiaries generated EUR 150.6 million in **comprehensive car insurance** premium, up by 7% compared to the previous year. All insurance subsidiaries recorded premium growth, primarily through effective sales campaigns, enhanced sales activities and winning new clients. The strongest growth in written premium was recorded by Triglav Osiguranje, Belgrade (index 140), Triglav Osiguranje, Banja Luka (index 122), Triglav Osiguranje, Zagreb (index 114) and Lovćen Osiguranje (index 113). The

parent growth achieved a 5% premium growth and represented 83% of the Group's total written premium. Such a good result is a reflection of effective sales activities and sales campaigns (the *Together in Action* vignette sales campaign and the *Free Time* sales campaign) and revised motor vehicle insurance tariffs in January 2019.

The Group collected EUR 174.3 million in **motor liability insurance premium**, up by 7% compared to the preceding year. The highest growth (11%) was recorded by the parent company, holding a 59% share in total written premium, as a result of effective sales activities and sales campaigns, revised motor vehicle insurance tariffs and the increased number of taken out insurance policies, especially for goods vehicles. Premium growth in this insurance class, which continues to account for the largest share on markets outside Slovenia, was recorded by Triglav Osiguranje, Belgrade, Lovćen Osiguranje, Podgorica and Triglav Osiguranje, Sarajevo.

A decrease in premium was recorded by Triglav Osiguranje, Banja Luka (lower written premium in compulsory motor vehicle liability insurance as a result of the decision of the Insurance Agency of Republika Srpska), Triglav Osiguruvanje, Skopje (reduced cooperation with insurance brokers and agencies) and Triglav Osiguranje, Zagreb (restricted conclusion of insurance via car hire providers).

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 213.1 million was generated, having increased by 8%. A 13% premium growth was recorded in other damage to property insurance and a 1% premium growth in fire and natural disaster insurance. The highest growth among insurance subsidiaries was seen in Triglav Osiguranje, Belgrade (index 124) as a result of attracting new policyholders and increasing the scope of insurance coverage with existing policyholders, mainly in crop insurance and contrac-

tors insurance. The parent company, accounting for 80% of the Group's total written premium, recorded an 8% premium growth. Strong growth in combined non-life insurance was generated by attracting new policyholders and increasing the scope of insurance coverage. The high premium growth seen in mobile phone insurance was a result of higher sales volume, while premium growth in property and interest in property insurance for natural persons was a consequence of the higher number of taken out insurance policies. In contrast, a decrease in premium was recorded by Triglav Osiguruvanje, Skopje (index 90) due to the loss of several major policyholders.

Good results were seen in **health insurance**, which generated a 23% premium growth or EUR 184.5 million. The majority (EUR 177.7 million) was posted by Triglav, Zdravstvena zavarovalnica, which also recorded a 23% increase in written premium. The bulk of its written premium stems from supplemental health insurance, where the increased number of concluded insurance policies and the premium increase in March and September 2019 were the main reasons for the increase. It was also successful in selling additional health insurance products. Most other insurance subsidiaries selling health insurance products also recorded a high premium growth.

In **general liability insurance**, the Group generated EUR 49.0 million in premium income, an increase of 7% relative to the previous year. Zavarovalnica Triglav, representing 80% of total premium, recorded a 4% growth compared to the previous year. The high growth was seen in product liability insurance and in different types of professional liability insurance. Strong premium growth was generated by most other insurance subsidiaries by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders.

Accident insurance accounted for 3.6% of total written premium or EUR 40.1 million in nominal terms, up by 1% compared to the preceding year. Premium growth was seen in Triglav Osiguranje, Zagreb, the parent company and Triglav Osiguranje, Banja Luka (primarily as a result of premium growth and the higher number of taken out group accident insurance policies). A 3% premium growth generated by the parent company (representing 67% of the Group's total written premium) was mainly a result of the largest insurance sub-class among accident insurance, i.e. group accident insurance, and accident insurance for children and pupils.

Credit insurance premium grew by 11% to EUR 29.4 million (representing 2.6% of total written premium). Zavarovalnica Triglav's share, which accounted for 78% of total written premium, declined by 10%. The decline in premium was primarily a result of the lower volume of consumer loan insurance (at 55% it is the largest credit insurance subclass), unemployment, disability and whole life insurance (sold by banks as an additional product taken out simultaneously with consumer and housing loans) and overdraft insurance. Lower credit insurance premium was also a consequence of changes in the credit policy of some banks and the measures taken by the Bank of Slovenia to restrict retail lending. Other insurance subsidiaries of the Group selling insurance products of this class generated a high premium growth, with the highest growth recorded in Triglav Osiguranje, Zagreb as a result of fruitful partnership with one of the banks.

Premium from **other non-life insurance** (representing 4.3% of total written premium) rose by 24% to EUR 49.0 million. All insurance companies generated strong premium growth, with the highest seen in Zavarovalnica Triglav (index 127), Triglav Osiguranje, Zagreb (index 124) and Triglav Osiguranje, Belgrade (index 119). The high premi-

um growth recorded by the parent company (representing 70% of total written premium) mainly resulted from assistance insurance (a high growth in roadside assistance premium) and aircraft insurance (a high growth in international aircraft hull insurance, mostly due to fronting arrangements). Triglav Osiguranje, Zagreb generated high premium growth predominantly through fruitful partnership with one of the agencies with regard to marine insurance and effective roadside assistance sales. Triglav Osiguranje, Belgrade achieved good results primarily by generating premium growth in surety insurance (effective sale of the new insolvency insurance product for travel agencies) and assistance insurance.

7.5.2 Life and pension insurance

The Group insurance subsidiaries booked EUR 237.6 million in non-consolidated gross written premium from **life and pension insurance**, an increase of 5% relative to the previous year. Life and pension insurance accounted for 21.1% of total gross written premium, down by 1.0 percentage point compared to the year before.

Life insurance premium (traditional life, annuity, pension annuity and voluntary pension insurance) grew by 5% to EUR 104.0 million, representing 43.7% of total life and pension insurance premium. The parent company recorded a 1% premium growth (representing 79% of total written premium), mainly as a result of higher premium payments. High premium growth was generated in Lovćen životna osiguranja (index 163) through effective sales via the banking sales channel, Triglav Osiguranje Život, Skopje (index 198) through good sales results achieved by its own sales network, Triglav Osiguranje, Sarajevo (index 123) through effective sales via banks and agencies, and Triglav Osiguranje, Belgrade (index 120), primarily through increased sales via banks.

Unit-linked life insurance premium (life insurance linked to the units of investment funds) increased by 4% compared to the preceding year. With EUR 116.0 million, this insurance class accounted for 48.8% of total written life and pension insurance premium. Zavarovalnica Triglav generated a 5% premium growth predominantly through effective sales via its own and external sales networks and increased success in retaining assets from matured policies.

Triglav Osiguranje, Zagreb achieved a 4% premium growth mainly through increased sales via one of the banks. Triglav, pokojninska družba recorded a 1% premium growth.

Capital redemption insurance generated EUR 17.7 million or 7.4% of total life and pension insurance premium. A 5% growth stemmed from large supplemental voluntary insurance premium payments in the parent company.

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

| Insurance class | Gross written premium | | | Index | | Share |
|------------------------------------|-----------------------|----------------------|--------------------|------------|------------|---------------|
| | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 | 2019 |
| Accident insurance | 40,143,471 | 39,686,378 | 40,355,334 | 101 | 98 | 3.6% |
| Health insurance | 184,488,230 | 149,749,316 | 133,059,981 | 123 | 113 | 16.4% |
| Comprehensive car insurance | 150,648,365 | 141,013,328 | 126,375,942 | 107 | 112 | 13.4% |
| Real property insurance | 213,086,928 | 196,458,671 | 173,951,099 | 108 | 113 | 18.9% |
| Motor liability insurance | 174,254,220 | 163,017,829 | 155,140,020 | 107 | 105 | 15.5% |
| General liability insurance | 48,981,728 | 45,614,375 | 43,344,456 | 107 | 105 | 4.3% |
| Credit insurance | 29,437,207 | 26,807,158 | 26,841,774 | 110 | 100 | 2.6% |
| Other non-life insurance | 49,014,062 | 39,442,439 | 37,730,426 | 124 | 105 | 4.3% |
| Non-life insurance | 890,054,211 | 801,789,494 | 736,799,032 | 111 | 109 | 78.9% |
| Life insurance | 103,963,662 | 98,726,660 | 98,518,498 | 105 | 100 | 9.2% |
| Unit-linked life insurance | 116,014,370 | 111,706,354 | 105,851,192 | 104 | 106 | 10.3% |
| Capital redemption insurance* | 17,655,904 | 16,748,583 | 18,070,394 | 105 | 93 | 1.6% |
| Life and pensions insurance | 237,633,936 | 227,181,597 | 222,440,084 | 105 | 102 | 21.1% |
| Total | 1,127,688,147 | 1,028,971,091 | 959,239,116 | 110 | 107 | 100.0% |

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

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

| Insurance class | Gross written premium | | | Index | | Share |
|------------------------------------|-----------------------|--------------------|--------------------|------------|------------|---------------|
| | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 | 2019 |
| Accident insurance | 26,948,216 | 26,173,583 | 27,032,366 | 103 | 97 | 3.8% |
| Health insurance | 728,634 | 692,746 | 486,415 | 105 | 142 | 0.1% |
| Comprehensive car insurance | 124,555,111 | 118,662,442 | 106,632,936 | 105 | 111 | 17.7% |
| Real property insurance | 171,195,183 | 157,967,652 | 138,883,785 | 108 | 114 | 24.4% |
| Motor liability insurance | 102,352,357 | 92,416,996 | 87,528,335 | 111 | 106 | 14.6% |
| General liability insurance | 39,134,048 | 37,671,614 | 35,174,509 | 104 | 107 | 5.6% |
| Credit insurance | 22,962,440 | 25,456,965 | 26,094,675 | 90 | 98 | 3.3% |
| Other non-life insurance | 34,351,972 | 27,054,464 | 26,662,620 | 127 | 101 | 4.9% |
| Non-life insurance | 522,227,961 | 486,096,462 | 448,495,641 | 107 | 108 | 74.4% |
| Life insurance | 82,300,599 | 81,164,340 | 82,276,487 | 101 | 99 | 11.7% |
| Unit-linked life insurance | 79,947,507 | 76,201,048 | 73,128,814 | 105 | 104 | 11.4% |
| Capital redemption insurance | 17,655,904 | 16,748,583 | 18,070,394 | 105 | 93 | 2.5% |
| Life and pensions insurance | 179,904,010 | 174,113,971 | 173,475,695 | 103 | 100 | 25.6% |
| Total | 702,131,971 | 660,210,433 | 621,971,336 | 106 | 106 | 100.0% |

7.5.3 Gross written reinsurance premium of Pozavarovalnica Triglav Re

Pozavarovalnica Triglav Re recorded a higher volume of operations and an increase in gross reinsurance premium. It generated EUR 157.6 million in gross reinsurance premium, an increase of 20% compared to the previous year. Pozavarovalnica Triglav Re recorded the highest growth in motor liability insurance (transactions within the Group), other damage to property insurance (high growth in transactions both within and outside the Group) and fire and natural disaster insurance (high growth in transactions outside the Group).

Transactions outside the Group generated a 21% premium growth, primarily due to the conclusion of new contracts in 2019. The highest premium growth was recorded on the markets of the Republic of South Africa, Italy, Israel and Germany. Transactions within the Group experienced a high premium growth (20%), predominantly as a result of new contracts concluded with the Group members outside Slovenia.

7.6 Gross claims paid

Consolidated gross claims paid of the Triglav Group increased by 5% and amounted to EUR 716.7 million (including claim handling expenses and reduced income from collected subrogation receivables). In the largest segment, **non-life insurance**, they amounted to EUR 394.7 million, an increase of 1% relative to the previous year. An 18% increase was recorded in the **health insurance** segment, in which gross claims paid totalled EUR 140.3 million, and a 7% increase in the **life and pension insurance** segment, in which gross claims paid reached EUR 181.7 million.

The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) posted a total of EUR 685.1 million in non-consolidated gross claims paid, up by 3%. High growth in gross claims paid was recorded by Lovćen životna osiguranja (index 238), Triglav Osiguranje, Belgrade (index 124), Triglav Osiguranje, Sarajevo and Triglav, Zdravstvena zavarovalnica (index 118).

Gross claims paid in 2019 by insurance company of the Triglav Group

| Insurance company | Gross claims paid | | | Index | | Share | |
|--------------------------------------|--------------------|--------------------|--------------------|------------|-------------------|------------|---------------|
| | Non-life | Life and pensions | Total | Non-life | Life and pensions | Total | 2019 |
| Zavarovalnica Triglav* | 265,384,654 | 159,819,727 | 425,204,381 | 97 | 107 | 101 | 62.1% |
| Triglav, Zdravstvena zavarovalnica | 140,273,939 | | 140,273,939 | 118 | 0 | 118 | 20.5% |
| Triglav, pokojninska družba | | 12,429,836 | 12,429,836 | 0 | 98 | 98 | 1.8% |
| Triglav Osiguranje, Zagreb | 36,551,052 | 5,591,164 | 42,142,216 | 95 | 95 | 95 | 6.2% |
| Triglav Osiguranje, Sarajevo | 10,043,781 | 2,807,275 | 12,851,056 | 115 | 130 | 118 | 1.9% |
| Lovćen Osiguranje, Podgorica | 14,686,380 | | 14,686,380 | 67 | 0 | 67 | 2.1% |
| Triglav Osiguranje, Belgrade | 19,343,346 | 3,238,163 | 22,581,509 | 125 | 118 | 124 | 3.3% |
| Triglav Osiguranje, Banja Luka | 1,768,162 | | 1,768,162 | 100 | 0 | 100 | 0.3% |
| Triglav Osiguruvanje, Skopje | 10,342,003 | | 10,342,003 | 89 | 0 | 89 | 1.5% |
| Lovćen životna osiguranja, Podgorica | | 2,782,466 | 2,782,466 | 0 | 238 | 238 | 0.4% |
| Triglav Osiguruvanje Život, Skopje | | 30,076 | 30,076 | 0 | 20 | 20 | 0.0% |
| Total | 498,393,317 | 186,698,707 | 685,092,024 | 102 | 108 | 103 | 100.0% |
| Pozavarovalnica Triglav Re | 73,805,192 | | 73,805,192 | 105 | 0 | 105 | |
| Consolidation eliminations | -37,193,202 | -4,961,878 | -42,155,080 | 76 | 115 | 79 | |
| Total - consolidated | 535,005,307 | 181,736,829 | 716,742,136 | 105 | 107 | 105 | |

* The data already include pre-consolidation adjustments.

+5%
Consolidated
gross claims
of the
Triglav Group

7.6.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** amounted to EUR 498.4 million, an increase of 2% compared to the preceding year. The business result was affected by several major CAT events, which is described in greater detail in [→ Section 7.2 *Environmental impact on the performance of the Triglav Group*].

The movement of gross claims paid by insurance class is presented below.

In **health insurance**, gross claims paid grew by 18% to EUR 143.8 million, representing 21.0% of total gross claims paid. The majority (EUR 140.3 million) is accounted for by gross claims paid of Triglav, Zdravstvena zavarovalnica, which increased by 18% compared to the year before. The high growth was a result of the higher number of insured persons and medical inflation. Equalisation scheme expenses increased by 22% to EUR 7.6 million.

Gross claims paid in **comprehensive car insurance** totalled EUR 98.8 million, up by 5% compared to the previous year. They represented 14.4% of the Group's total gross claims paid. Growth in gross claims paid was recorded by Triglav Osiguranje, Banja Luka (index 134), Triglav Osiguranje, Zagreb (index 127), Zavarovalnica Triglav (index 104) and Triglav Osiguranje, Belgrade (index 103). The high growth of gross claims paid in Triglav Osiguranje, Banja Luka resulted from the increased number of reported claims and the higher average amount of claims paid, whilst in Triglav Osiguranje, Zagreb this was mainly the result of bankruptcy of one of the policyholders providing rent-a-car services and thereto related claims paid. Higher gross claims paid in the parent company resulted from a larger number of insured vehicles and higher repair costs, while in Triglav Osiguranje, Belgrade this was a result of an increased number of claims reported.

Gross claims paid in **motor liability insurance** totalled EUR 95.0 million, an increase of 2% relative to the previous year. They represented 13.9% of the Group's total gross claims paid. Gross claims paid of the parent company, accounting for 67% of the Group's total gross claims paid in this insurance class, increased by 4%. This increase resulted from the higher number of policyholders, higher costs of repair services and required material, and from growth in international claims. Triglav Osiguranje, Belgrade (index 110) and Triglav Osiguranje, Sarajevo (index 103) also recorded higher gross claims paid due to an increase in the number of reported claims. The rest of the Group's insurance subsidiaries recorded a decrease in gross claims paid.

In **real property insurance**, gross claims paid amounted to EUR 91.8 million, down by as much as 18% compared to the year before (representing 13.4% of total gross claims paid). In fire and natural disaster insurance, a 21% decrease in gross claims paid was seen, along with a 17% drop in other damage to property insurance. The largest decrease was recorded by Lovćen Osiguranje (index 18), Triglav Osiguranje, Skopje (index 65), Triglav Osiguranje, Zagreb (index 78) and Zavarovalnica Triglav (index 87). The high decline in gross claims paid in Lovćen Osiguranje was a result of last year's payout of a large claim, while the decrease in the parent company, the Macedonian insurance subsidiary and the Croatian insurance subsidiary was a result of last year's mass claims paid due to natural disasters and some major individual claims paid. High growth in gross claims paid in 2019 due to the payout of large individual claims was also seen in Triglav Osiguranje, Sarajevo, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Banja Luka.

Gross claims paid in **accident insurance**, which amounted to EUR 23.7 million, remained at the

level of the previous year (index 100). Gross claims paid were lower in Triglav Osiguranje, Skopje (lower growth in key person insurance claims), Lovćen Osiguranje (lower payouts in professional liability accident insurance), Zavarovalnica Triglav (lower payouts in AO-plus insurance) and Triglav Osiguranje, Banja Luka. Higher gross claims paid were recorded in Triglav Osiguranje, Belgrade (the increased number of reported claims and payment of some large claims from the international programme) and Triglav Osiguranje, Sarajevo (growth in claims paid from group accident insurance).

Gross claims paid in **general liability insurance** amounted to EUR 17.6 million, down by 5% compared to the year before. Gross claims paid of the parent company represented 86% of the Group's total gross claims paid in this insurance class. They declined by 10%, predominantly due to last year's payment of some major individual product liability insurance claims and lower gross claims paid in general liability insurance. Other insurance subsidiaries selling these insurance products saw an increase in gross claims paid.

Gross claims paid in **credit insurance** rose by 55% to EUR 6.0 million. Gross claims paid rose sharply in Zavarovalnica Triglav (index 141), which represents the majority of claims in this insurance class (87%), and Triglav Osiguranje, Belgrade (index 476), where high growth resulted from the payment of two large claims. Growth in gross claims paid of the parent company was predominantly a result of higher payments in domestic trade credit insurance (payment of large claims due to insolvency) and in consumer and housing credit insurance (the volume of payments was closer to that in the past, as last year's claim payments were relatively low).

Gross claims paid in **other non-life insurance** dropped by 6% to EUR 21.7 million. Zavarovalnica Triglav, holding a 79% share of this insurance class,

recorded a 10% decrease resulting from last year's payments of some large claims from railway insurance and miscellaneous financial loss insurance. A high decline in gross claims paid was recorded by Lovćen Osiguranje, primarily due to the last year's payment of some large claims from aircraft insurance and marine insurance. By contrast, high growth was seen in Triglav Osiguranje, Belgrade (payout of a large individual claim from miscellaneous financial loss insurance), Triglav Osiguranje, Zagreb (growth in claims from suretyship insurance, assistance insurance and marine insurance), Triglav Osiguranje, Sarajevo (an increase in the number of reported roadside assistance claims) and in Triglav Osiguranje, Skopje (payouts of individual large claims from assistance insurance).

7.6.2 Life and pension insurance

Non-consolidated gross claims paid in **life and pension insurance** grew by 8% to EUR 186.7 million. Their share in total non-consolidated claims paid increased by 1.1 percentage point to 27.3%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, pension annuity and voluntary pension insurance), amounting to EUR 109.8 million, an increase of 19% compared to the year before. Higher gross claims paid were seen in Lovćen životna osiguranja (higher payouts due to death, maturity and accident), Triglav Osiguranje, Sarajevo (higher payouts due to maturity, surrender and death of the insured), the parent company (payments of mathematical provisions on capitalised traditional life insurance policies) and Triglav Osiguranje, Belgrade. In Triglav Osiguranje, Zagreb, gross claims paid remained at approximately the same level as in the previous year (index 100).

Gross claims paid in **unit-linked life insurance** amounted to EUR 71.9 million, a decrease of 4%

relative to the year before. The main reason for lower gross claims paid in both the parent company (index 95) and Triglav Osiguranje, Zagreb (index 81) was the decrease in sums paid out on maturity. Gross claims paid of Triglav, pokojninska družba were down by 2%.

Gross claims paid in **capital redemption insurance** decreased by 14%, primarily as a result of lower payouts due to withdrawals from insurance contracts and surrenders pursuant to the Pension and Disability Insurance Act in the parent company.

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

| Insurance class | Gross claims paid | | | Index | | Share |
|-----------------------------------|--------------------|--------------------|--------------------|------------|------------|---------------|
| | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 | 2019 |
| Accident insurance | 23,673,861 | 23,608,780 | 23,019,389 | 100 | 103 | 3.5% |
| Health insurance | 143,785,330 | 121,356,577 | 106,519,452 | 118 | 114 | 21.0% |
| Comprehensive car insurance | 98,799,095 | 93,863,228 | 87,626,067 | 105 | 107 | 14.4% |
| Real property insurance | 91,798,667 | 111,847,394 | 84,422,815 | 82 | 132 | 13.4% |
| Motor liability insurance | 95,003,851 | 93,438,289 | 87,670,650 | 102 | 107 | 13.9% |
| General liability insurance | 17,589,035 | 18,430,832 | 14,880,210 | 95 | 124 | 2.6% |
| Credit insurance | 6,012,228 | 3,881,949 | 2,871,513 | 155 | 135 | 0.9% |
| Other non-life insurance | 21,731,247 | 23,186,370 | 18,996,651 | 94 | 122 | 3.2% |
| Non-life insurance | 498,393,314 | 489,613,419 | 426,006,747 | 102 | 115 | 72.7% |
| Life insurance | 109,763,192 | 92,472,985 | 91,119,134 | 119 | 101 | 16.0% |
| Unit-linked life insurance* | 71,885,180 | 75,211,711 | 96,537,828 | 96 | 78 | 10.5% |
| Capital redemption insurance | 5,050,338 | 5,885,491 | 5,365,889 | 86 | 110 | 0.7% |
| Life and pension insurance | 186,698,710 | 173,570,187 | 193,022,851 | 108 | 90 | 27.3% |
| Total | 685,092,024 | 663,183,606 | 619,029,598 | 103 | 107 | 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 |
|-----------------------------------|--------------------|--------------------|--------------------|------------|------------|---------------|
| | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 | 2019 |
| Accident insurance | 13,732,622 | 13,893,520 | 13,035,715 | 99 | 107 | 3.2% |
| Health insurance | 252,787 | 141,362 | 20,464 | 179 | 691 | 0.1% |
| Comprehensive car insurance | 81,388,346 | 78,121,265 | 73,168,562 | 104 | 107 | 19.1% |
| Real property insurance | 68,522,847 | 79,094,590 | 67,908,280 | 87 | 116 | 16.1% |
| Motor liability insurance | 63,861,193 | 61,265,319 | 57,003,661 | 104 | 107 | 15.0% |
| General liability insurance | 15,188,764 | 16,915,196 | 13,194,829 | 90 | 128 | 3.6% |
| Credit insurance | 5,217,685 | 3,701,849 | 2,660,748 | 141 | 139 | 1.2% |
| Other non-life insurance | 17,220,406 | 19,114,790 | 13,427,908 | 90 | 142 | 4.0% |
| Non-life insurance | 265,384,650 | 272,247,891 | 240,420,167 | 97 | 113 | 62.4% |
| Life insurance | 96,566,196 | 81,883,672 | 82,932,299 | 118 | 99 | 22.7% |
| Unit-linked life insurance | 58,203,197 | 60,985,528 | 82,587,169 | 95 | 74 | 13.7% |
| Capital redemption insurance | 5,050,338 | 5,885,491 | 5,365,889 | 86 | 110 | 1.2% |
| Life and pension insurance | 159,819,731 | 148,754,691 | 170,885,357 | 107 | 87 | 37.6% |
| Total | 425,204,381 | 421,002,582 | 411,305,524 | 101 | 102 | 100.0% |

7.6.3 Gross claims paid of Pozavarovalnica Triglav Re

Gross claims paid of Pozavarovalnica Triglav Re totalled EUR 73.8 million, up by 5% compared to the previous year. A 24% growth in gross claims paid was seen in transactions outside the Group, whereas a decrease of 10% in gross claims paid was recorded in transactions within the Group. The high growth in gross claims paid in transactions outside the Group primarily resulted from portfolio growth in recent years, claims paid due to the 2018 Japanese Typhoon Jebi and crop damage in South Korea, as well as claims already paid due to Hurricane Dorian, which hit the Bahamas in late August. Gross claims paid in transactions within the Group, however, were lower mainly as a consequence of high payouts in 2018 due to storms in Slovenia.

7.7 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group amounted to EUR 305.3 million, up by 6% relative to the previous year. **Insurance business expenses** grew by 5% to EUR 274.2 million, predominantly as a result of higher acquisition costs and labour costs due to the increased volume of business, as well as depreciation of assets and costs of maintenance services, mostly due to past investments and IT maintenance costs. The proportion of insurance business operating expenses in gross written premium dropped by 1.3 percentage point to 23.2%. Operating expenses in the **non-life insurance** segment increased by 4% (EUR 218.0 million), in the **life and pension insurance** segments by 1% (EUR 38.1 million) and in the health insurance segment by 23% (EUR 18.1 million).

Non-insurance business expenses rose by 14% to EUR 31.0 million, primarily due to the strengthening of the asset management activity (the merger

of ALTA Skladi and the establishment of Triglav penzisko društvo).

Acquisition costs (fees and commissions) rose by 12% to EUR 56.2 million, predominantly as a result of higher acquisition costs in Triglav Osiguranje, Zagreb, Triglav Osiguranje, Belgrade, the parent company and Triglav, Zdravstvena zavarovalnica. Increased acquisition costs mainly result from the higher number of taken out insurance policies and the increased volume of written premium from insurance policies taken out via external sales channels (brokers, agencies and banks). The costs of goods sold totalled EUR 49 thousand. The 38% increase in depreciation costs in the amount of EUR 19.7 million was primarily the consequence of implementing the new IFRS 16 Leases, under which leases are differently defined, i.e. long-term leases are defined as long-term assets that are amortised. See [→ *Section 5.11 of the Accounting Report*] for further details.

At 48.0%, labour costs accounted for the largest portion of total expenses, amounting to EUR 154.6 million, up by 5% compared to the year before. This increase is predominantly a result of the higher number of employees in Triglav Osiguranje, Belgrade and Triglav, Zdravstvena zavarovalnica, the merger of ALTA Skladi and higher labour costs in Zavarovalnica Triglav. The latter were mainly influenced by higher payments to insurance agents due to higher sales of insurance products, a change in the salary model, employment of most employees from the subsidiary Triglav INT by the parent company and higher other labour costs. Costs of services provided by natural persons other than sole traders decreased by 52%. They amounted to EUR 1.3 million and represented only 0.4% of total expenses. Other operating expenses dropped by 3% to EUR 90.0 million. Among them, the highest decrease was seen in rental and lease costs (due to the implementation of IFRS 16 Leases) and costs

of representation, advertising and trade shows, whereas the costs of maintenance services (primarily information technology) and professional training services increased.

The proportion of acquisition costs in total gross operating expenses broken down by functional group fell to 59.3% (compared to 60.9% in 2018). Other operating expenses increased to 29.9% (compared to 28.4% in 2018) and asset management costs to 1.0% (compared to 0.9% in 2018). The proportion of acquisition costs remained unchanged at 9.8%.

Gross operating expenses of the Triglav Group by nature

| Operating expenses by nature | Gross operating expenses | | | Index | | Share |
|---|--------------------------|--------------------|--------------------|------------|------------|---------------|
| | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 | 2019 |
| Acquisition costs (fees and charges) | 56,219,931 | 50,066,326 | 43,571,169 | 112 | 115 | 17.5% |
| Costs of goods sold | 48,845 | 52,904 | 230,774 | 92 | 23 | 0.0% |
| Depreciation of operating assets | 19,694,948 | 14,264,627 | 13,222,256 | 138 | 108 | 6.1% |
| Labour costs | 154,621,686 | 146,572,719 | 142,350,871 | 105 | 103 | 48.0% |
| - wages and salaries | 107,324,972 | 101,612,962 | 98,913,028 | 106 | 103 | 33.3% |
| - social security and pension insurance costs | 24,289,499 | 23,640,837 | 22,890,436 | 103 | 103 | 7.5% |
| - other labour costs | 23,007,215 | 21,318,920 | 20,547,407 | 108 | 104 | 7.1% |
| Costs of services provided by natural persons other than SPs, including related taxes | 1,317,788 | 2,756,994 | 1,019,815 | 48 | 270 | 0.4% |
| Other operating expenses | 90,018,718 | 93,062,955 | 90,569,729 | 97 | 103 | 28.0% |
| - costs of entertainment, advertising, trade shows | 19,394,377 | 22,174,825 | 22,133,067 | 87 | 100 | 6.0% |
| - costs of material and energy | 8,261,184 | 8,232,171 | 7,608,524 | 100 | 108 | 2.6% |
| - maintenance costs | 15,575,036 | 14,126,532 | 14,134,554 | 110 | 100 | 4.8% |
| - reimbursement of labour-related costs | 5,690,278 | 5,483,902 | 5,395,372 | 104 | 102 | 1.8% |
| - costs of intellectual and personal services | 5,781,460 | 5,620,509 | 5,782,774 | 103 | 97 | 1.8% |
| - non-income related costs, excluding insurance | 3,391,165 | 3,492,721 | 3,126,976 | 97 | 112 | 1.1% |
| - costs of transport and communication services | 5,584,949 | 5,499,061 | 5,180,429 | 102 | 106 | 1.7% |
| - costs for insurance premiums | 1,121,622 | 1,843,152 | 1,620,212 | 61 | 114 | 0.3% |
| - payment transaction costs and banking services | 8,470,561 | 7,344,413 | 7,280,330 | 115 | 101 | 2.6% |
| - rents | 4,062,029 | 7,919,477 | 7,154,264 | 51 | 111 | 1.3% |
| - costs of professional training services | 1,354,981 | 1,141,933 | 881,851 | 119 | 129 | 0.4% |
| - other costs of services | 11,310,828 | 10,175,371 | 10,271,234 | 111 | 99 | 3.5% |
| - long-term employee benefits | 20,248 | 8,888 | 142 | 228 | 6,259 | 0.0% |
| Total | 321,921,916 | 306,776,525 | 290,964,614 | 105 | 105 | 100.0% |
| Consolidation eliminations | -16,653,191 | -17,950,309 | -16,919,317 | 93 | 106 | |
| Total consolidated | 305,268,725 | 288,826,216 | 274,045,297 | 106 | 105 | |

Gross operating expenses of Zavarovalnica Triglav by nature

| Operating expenses by nature | Gross operating expenses | | | Index | | Share |
|---|--------------------------|--------------------|--------------------|------------|------------|---------------|
| | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 | 2019 |
| Acquisition costs (fees and charges) | 28,759,114 | 27,174,985 | 24,322,707 | 106 | 112 | 15.9% |
| Depreciation of operating assets | 11,167,744 | 9,603,035 | 8,759,767 | 116 | 110 | 6.2% |
| Labour costs | 99,873,831 | 96,407,090 | 94,573,786 | 104 | 102 | 55.3% |
| - wages and salaries | 70,238,081 | 68,211,092 | 67,346,223 | 103 | 101 | 38.9% |
| - social security and pension insurance costs | 11,837,017 | 11,730,444 | 11,476,948 | 101 | 102 | 6.6% |
| - other labour costs | 17,798,733 | 16,465,554 | 15,750,615 | 108 | 105 | 9.9% |
| Costs of services provided by natural persons other than SPs, including related taxes | 349,916 | 339,137 | 277,655 | 103 | 122 | 0.2% |
| Other operating expenses | 40,343,368 | 40,898,603 | 39,810,837 | 99 | 103 | 22.4% |
| - costs of entertainment, advertising, trade shows | 8,598,847 | 8,712,404 | 8,816,688 | 99 | 99 | 4.8% |
| - costs of material and energy | 3,425,880 | 3,606,749 | 3,237,214 | 95 | 111 | 1.9% |
| - maintenance costs | 9,627,759 | 8,869,489 | 9,358,251 | 109 | 95 | 5.3% |
| - reimbursement of labour-related costs | 3,360,635 | 3,306,295 | 3,351,433 | 102 | 99 | 1.9% |
| - costs of intellectual and personal services | 1,963,379 | 2,246,162 | 2,279,968 | 87 | 99 | 1.1% |
| - non-income related costs, excluding insurance | 1,628,366 | 1,523,918 | 1,510,184 | 107 | 101 | 0.9% |
| - costs of transport and communication services | 3,072,649 | 3,210,568 | 2,895,169 | 96 | 111 | 1.7% |
| - costs for insurance premiums | 327,304 | 1,093,183 | 886,867 | 30 | 123 | 0.2% |
| - payment transaction costs and banking services | 1,698,171 | 1,602,368 | 1,540,593 | 106 | 104 | 0.9% |
| - rents | 2,216,058 | 3,303,744 | 2,799,532 | 67 | 118 | 1.2% |
| - costs of professional training services | 902,200 | 632,487 | 447,740 | 143 | 141 | 0.5% |
| - other costs of services | 3,522,120 | 2,791,236 | 2,687,198 | 126 | 104 | 2.0% |
| Total | 180,493,973 | 174,422,850 | 167,744,752 | 103 | 104 | 100.0% |

7.8 Risk equalisation

7.8.1 Insurance technical provisions

The Triglav Group equalised 88% of the risks within its own equalisation capacities. The Group was able to equalise risks that exceeded its own equalisation capacities by reinsurance and, to a lesser extent, by co-insurance arrangements. Within the Group's own equalisation capacities, claims were covered with the current annual inflow of technical premium by insurance class and the insurance technical provisions formed.

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured persons. As at the 2019 year-end, the **Triglav Group** allocated EUR 2,878.9 million to gross insurance technical provisions, which in total represented an increase of 6% compared to the preceding year. The amount of gross insurance technical provisions increased in **non-life insurance** (index 103), **life and pension insurance** (index 107) and **health insurance** (index 135). **Zavarovalnica Triglav** allocated EUR 2,149.0 million to gross insurance technical provisions, up by 4% relative to 2018.

Provisions by type as at 31 December 2019 compared to 31 December 2018:

- **Gross provisions for unearned premium** were 11% higher and amounted to EUR 332.5 million. Unearned premium from non-life insurance increased at the same rate (index 111) to EUR 328.7 million, unearned premium from life insurance rose by 7% to EUR 444 thousand and unearned premium from health insurance grew by 18% to EUR 3.3 million. 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** amounted to EUR 615.4 million and were at a level approximately equal to the 2018 year-end (index 100). Gross claims provisions are formed for covering claims incurred but not settled by the end of the accounting period. Claims provisions from non-life insurance totalled EUR 580.1 million (index 99), those from life insurance equalled EUR 20.8 million (index 101) and those from health insurance amounted to EUR 14.5 million (index 147). Gross claims provisions from health insurance rose due to the higher volume of portfolio and growth in gross claims paid.
- **Mathematical provisions** were 7% higher and amounted to EUR 1,889.4 million. Mathematical provisions for life insurance totalled EUR 1,404.4 million (index 103), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 484.9 million (index 120). They increased due to the growth in the price of fund units. Mathematical provisions of Zavarovalnica Triglav accounted for the majority with EUR 1,455.8 million, having increased by 6% compared to the previous year. Mathematical provisions for life insurance totalled EUR 1,020.2 million (index 101), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 435.6 million (index 119).
- **Provisions for bonuses and discounts** declined by 1% to EUR 19.7 million.
- **Other insurance technical provisions** grew by 19% to EUR 21.9 million. The highest growth (25%) was seen in Zavarovalnica Triglav, where they reached EUR 13.0 million. This increase was mainly the consequence of additional insurance technical provisions of EUR 3.2 million as a result of the liability adequacy test (LAT) due to a reduction in interest rates.

Gross insurance technical provisions of the Triglav Group as at 31 December 2019

| | Gross insurance technical provisions | | | Index | |
|--------------------------------------|--------------------------------------|----------------------|----------------------|------------|-----------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2017 | 2019/2018 | 2018/2017 |
| Unearned premiums | 332,510,935 | 300,166,946 | 278,112,719 | 111 | 108 |
| Mathematical provisions | 1,889,382,583 | 1,759,831,056 | 1,782,599,954 | 107 | 99 |
| Claims provisions | 615,398,744 | 614,943,915 | 638,473,713 | 100 | 96 |
| Provisions for bonuses and discounts | 19,683,771 | 19,833,253 | 18,943,606 | 99 | 105 |
| Other insurance technical provisions | 21,894,138 | 18,325,930 | 14,115,599 | 119 | 130 |
| Total | 2,878,870,171 | 2,713,101,100 | 2,732,245,591 | 106 | 99 |

Gross insurance technical provisions of Zavarovalnica Triglav as at 31 December 2019

| | Gross insurance technical provisions | | | Index | |
|--------------------------------------|--------------------------------------|----------------------|----------------------|------------|-----------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2017 | 2019/2018 | 2018/2017 |
| Unearned premiums | 232,791,056 | 213,919,937 | 196,528,185 | 109 | 109 |
| Mathematical provisions | 1,455,824,397 | 1,374,950,680 | 1,410,988,265 | 106 | 97 |
| Claims provisions | 428,320,763 | 442,560,188 | 469,230,899 | 97 | 94 |
| Provisions for bonuses and discounts | 19,065,148 | 19,547,002 | 18,349,804 | 98 | 107 |
| Other insurance technical provisions | 13,012,868 | 10,403,743 | 8,262,880 | 125 | 126 |
| Total | 2,149,014,232 | 2,061,381,550 | 2,103,360,033 | 104 | 98 |

7.8.2 Reinsurance

The Triglav Group operates in the global reinsurance market via Pozavarovalnica Triglav Re and Zavarovalnica Triglav. Optimum coverage terms and conditions were pursued and also achieved in 2019 in all reinsurance and co-insurance contracts. The Group allocated EUR 131.0 million of reinsurance premium to external equalisation, up by 26% relative to 2018. Ceded reinsurance premium accounted for 11.1% of total gross written premium or 1.3 percentage point more than the year before. Reinsurance premium growth was predominantly a result of the increased volume of non-life insurance premium and inward reinsurance, the higher number of facultative contracts, more expensive excess-of-loss reinsurance protection and higher settlement from these contracts.

Changes in unearned premium related to the reinsurance portion totalled EUR 11.5 million. The reinsurers' and co-insurers' share in gross claims paid amounted to EUR 35.1 million (index 87). The change in gross claims provisions for the reinsurance portion totalled EUR 1.5 million (compared to EUR -11.3 million in 2018). The Group also received EUR 22.0 million in reinsurance fees and commissions (index 140). The reinsurance result was negative and amounted to EUR -60.9 million (compared to EUR -53.1 million in 2018).

The reinsurance result of **Zavarovalnica Triglav** was EUR -57.6 million (compared to EUR -43.8 million in 2018).

7.9 The structure of investments of the Triglav Group and Zavarovalnica Triglav

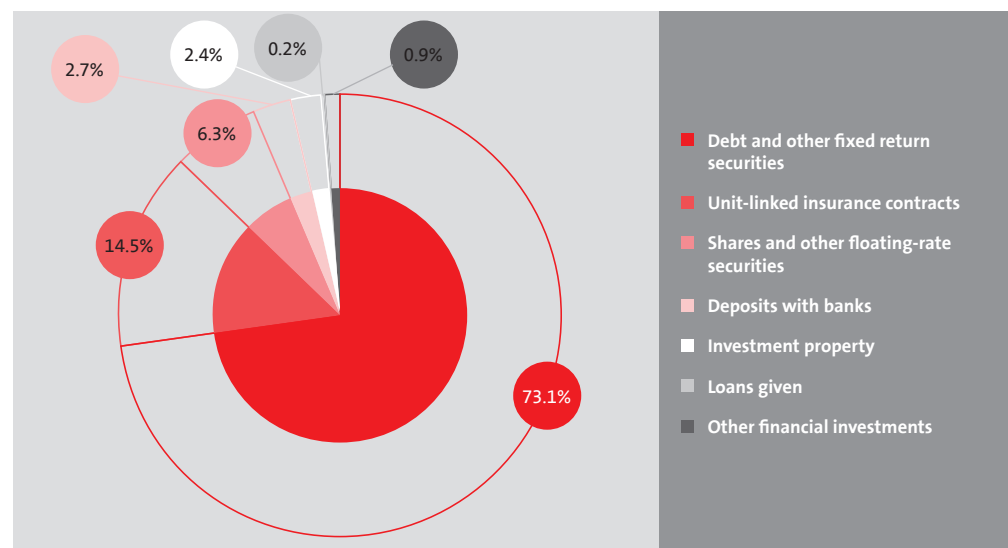
The Triglav Group continues to pursue a somewhat conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. The key objective is to maintain a high overall rating of the whole investment portfolio. The structure of the portfolio remains similar to the previous year, and its maturity was extended. This was achieved by raising the share of high-quality government bonds, thereby reducing the Group's market risks. Bonds continue to hold the largest (73.1%) share in the portfolio, while their quality increased even further. As much as 87.5% of bond investments have a rating of at least »BBB«. When investing, the Company actively adjusted the shares of individual investment grades, doubling the share of alternative funds in the equity portfolio. The latter remains low in the overall portfolio at 1.7% (compared to 0.7% in 2018).

Financial investments of the **Triglav Group** including investment property amounted to EUR 3,315.1 million as at the 2019 year-end, an increase of 7% relative to the previous year. Their share in total assets of the Group was down by 0.7 percentage point to 84.2%.

Financial investments (including investment property) of the Triglav Group as at 31 December 2019 and 31 December 2018

| | Financial investments | | Index 2019/2018 | Share | |
|--|-----------------------|----------------------|--------------------|---------------|---------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | | 31 Dec. 2019 | 31 Dec. 2018 |
| Investment property | 79,921,480 | 89,840,456 | 89 | 2.4% | 2.9% |
| Shares in associates | 13,154,379 | 14,125,973 | 93 | 0.4% | 0.5% |
| Shares and other floating-rate securities | 207,202,683 | 168,345,913 | 123 | 6.3% | 5.4% |
| Debt and other fixed return securities | 2,423,949,186 | 2,281,642,459 | 106 | 73.1% | 73.7% |
| Loans given | 5,161,148 | 36,350,241 | 14 | 0.2% | 1.2% |
| Deposits with banks | 88,402,963 | 86,365,522 | 102 | 2.7% | 2.8% |
| Other financial investments | 6,712,517 | 9,918,886 | 68 | 0.2% | 0.3% |
| Financial investments of reinsurance companies in reinsurance contracts with cedents | 8,602,454 | 6,281,276 | 137 | 0.3% | 0.2% |
| Unit-linked insurance contracts | 482,031,288 | 402,515,770 | 120 | 14.5% | 13.0% |
| Total | 3,315,138,098 | 3,095,386,496 | 107 | 100.0% | 100.0% |

The structure of investments of the Triglav Group as at 31 December 2019



The value of total debt and other fixed-return securities rose by 6%, whereas their share in the total portfolio dropped by 0.6 percentage point. The share of equity investments, including investments in funds, increased by 0.8 percentage point to 6.3% as at the 2019 year-end. The share of unit-linked insurance contract investments increased by 1.5 percentage point primarily due to unit price growth. By contrast, the share of loans given stood at 0.2% as at the 2019 year-end, down by 1.0 percentage point compared to the previous year. This decrease was predominantly a result of maturity of some loans. The share of the Group's investment property fell by 0.5 percentage point to 2.4% due to the sale of some real property. The shares of other financial investments did not change significantly.

The structure of debt securities and equity investments is presented in detail below.

The largest share (59%) in the Group's bond portfolio **by issuer sector** was accounted for by government bonds. In terms of volume, they rose by 21% compared to the 2018 year-end, while their share was higher by 7.4 percentage points. The increase is a result of active adjustments of the bond portfolio, taking into account the credit rating and maturity of individual investments. The shares of financial bonds and corporate bonds in the portfolio remain equal.

Debt securities of the Triglav Group by issuer sector in 2019 and 2018

| Issuer sector | Debt securities | | Index | Structure | |
|---------------|-----------------|---------------|-----------|--------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 2019/2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Government | 1,429,886,787 | 1,177,116,267 | 121 | 59.0% | 51.6% |
| Corporate | 475,884,757 | 565,694,196 | 84 | 19.6% | 24.8% |
| Financial | 517,025,272 | 534,487,535 | 97 | 21.3% | 23.4% |
| Structured | 1,152,369 | 4,344,459 | 27 | 0.0% | 0.2% |
| Total | 2,423,949,186 | 2,281,642,459 | 106 | 100.0% | 100.0% |

Unit-linked life insurance contract investments data are excluded.

The Group's investment portfolio mostly consists of investments in debt securities with a **high credit rating**. The share of debt securities with a rating of at least »BBB« increased by 6.1 percentage points to 87.5% in 2019.

Debt securities of Zavarovalnica Triglav by credit rating in 2019 and 2018

| Credit rating | Debt securities | | Index | Structure | |
|---------------|-----------------|---------------|-----------|--------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 2019/2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| AAA | 247,171,318 | 220,729,382 | 112 | 10.2% | 9.7% |
| AA | 329,308,659 | 151,075,209 | 218 | 13.6% | 6.6% |
| A | 761,757,966 | 647,169,663 | 118 | 31.4% | 28.4% |
| BBB | 782,946,517 | 838,541,633 | 93 | 32.3% | 36.8% |
| Below BBB | 187,505,686 | 324,940,014 | 58 | 7.7% | 14.2% |
| Not rated | 115,259,039 | 99,186,558 | 116 | 4.8% | 4.3% |
| Total | 2,423,949,186 | 2,281,642,459 | 106 | 100.0% | 100.0% |

Unit-linked life insurance contract investments data are excluded.

In terms of **issuer country**, the majority of the portfolio is accounted for by debt securities of issuers from the countries with a high credit rating, which ensures adequate liquidity of the Group. Some changes in exposure to individual countries are a result of price fluctuations and tactical adjustments of some positions.

Debt securities of the Triglav Group by issuer country in 2019 and 2018

| | Debt securities | | Index | Structure | |
|-------------------|-----------------|---------------|-----------|--------------|--------------|
| Country of issuer | 31 Dec. 2019 | 31 Dec. 2018 | 2019/2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Slovenia | 432,899,974 | 372,682,300 | 116 | 17.9% | 16.3% |
| France | 236,839,255 | 170,997,573 | 139 | 9.8% | 7.5% |
| Germany | 174,349,263 | 174,147,165 | 100 | 7.2% | 7.6% |
| Netherlands | 167,277,688 | 152,372,593 | 110 | 6.9% | 6.7% |
| Italy | 138,469,634 | 130,282,806 | 106 | 5.7% | 5.7% |
| Spain | 128,363,769 | 165,345,901 | 78 | 5.3% | 7.2% |
| USA | 108,397,196 | 108,952,967 | 99 | 4.5% | 4.8% |
| Croatia | 103,869,838 | 100,188,584 | 104 | 4.3% | 4.4% |
| Portugal | 74,350,708 | 74,877,427 | 99 | 3.1% | 3.3% |
| Great Britain | 61,359,222 | 77,287,888 | 79 | 2.5% | 3.4% |
| Other | 797,772,637 | 754,507,255 | 106 | 32.9% | 33.1% |
| Total | 2,423,949,186 | 2,281,642,459 | 106 | 100.0% | 100.0% |

Unit-linked life insurance contract investments data are excluded.

Equity investments, which include shares and other variable-return securities and investments in associates, represent 6.6% of the Group's total portfolio, an increase of 0.8 percentage point relative to the previous year. Their value is 21% higher, primarily due to new investments in alternative funds and growth in equity prices. Equity investments also include the category *other funds*, which comprises mostly alternative funds. Its share has doubled in 2019 and represents 25.2% of equity investments or 1.7% of the Group's total portfolio (compared to 0.7% in 2018).

The structure of equity investments of the Triglav Group in 2019 and 2018

| | Equity investments | | Index | Structure | |
|------------------------|--------------------|--------------|-----------|--------------|--------------|
| Equity investment type | 31 Dec. 2019 | 31 Dec. 2018 | 2019/2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Shares | 79,449,680 | 80,697,172 | 98 | 36.1% | 44.2% |
| Equity funds | 56,504,953 | 56,903,183 | 99 | 25.6% | 31.2% |
| Bond funds | 17,653,170 | 12,487,022 | 141 | 8.0% | 6.8% |
| Money market funds | 11,117,584 | 9,618,545 | 116 | 5.0% | 5.3% |
| Other funds | 55,631,676 | 22,765,964 | 244 | 25.2% | 12.5% |
| Total | 220,357,062 | 182,471,886 | 121 | 100.0% | 100.0% |

Equity investments of the Triglav Group by geographic area in 2019 and 2018

| Geographic area | Equity investments | | Index | Structure | |
|--------------------|--------------------|--------------|-----------|--------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 2019/2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Slovenia | 69,483,453 | 61,154,968 | 114 | 31.5% | 33.5% |
| Developed markets | 130,100,465 | 98,861,077 | 132 | 59.0% | 54.2% |
| Developing markets | 13,094,408 | 13,081,652 | 100 | 5.9% | 7.2% |
| Balkans | 7,678,736 | 9,374,190 | 82 | 3.5% | 5.1% |
| Total | 220,357,062 | 182,471,886 | 121 | 100.0% | 100.0% |

Zavarovalnica Triglav's financial investments including investment property amounted to EUR 2,545.0 million, up by 6% compared to the preceding year.

Financial investments of Zavarovalnica Triglav as at 31 December 2019 and 31 December 2018

| | Financial investments | | Index | Structure | |
|--|-----------------------|---------------|-----------|--------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 2019/2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Investment property | 46,091,135 | 45,270,540 | 102 | 1.8% | 1.9% |
| Investments in subsidiaries and associates | 152,992,693 | 148,898,023 | 103 | 6.0% | 6.2% |
| Shares and other floating-rate securities | 107,310,068 | 83,493,766 | 129 | 4.2% | 3.5% |
| Debt and other fixed return securities | 1,760,076,254 | 1,666,922,943 | 106 | 69.2% | 69.4% |
| Loans given | 10,726,466 | 46,099,990 | 23 | 0.4% | 1.9% |
| Deposits with banks | 30,229,076 | 38,481,554 | 79 | 1.2% | 1.6% |
| Other financial investments | 3,865,518 | 3,645,433 | 106 | 0.2% | 0.2% |
| Derivative financial instruments | 0 | 1,393,263 | 0 | 0.0% | 0.1% |
| Unit-linked insurance contract investments | 433,758,610 | 366,664,078 | 118 | 17.0% | 15.3% |
| Total | 2,545,049,820 | 2,400,869,590 | 106 | 100.0% | 100.0% |

7.10 Investment in own-use real property and equipment

The Triglav Group invested EUR 9.3 million in property, plant and equipment and EUR 6.8 million in intangible assets (software and property rights). The parent company invested EUR 3.9 million in property, plant and equipment and EUR 4.7 million in intangible fixed assets (software and property rights).

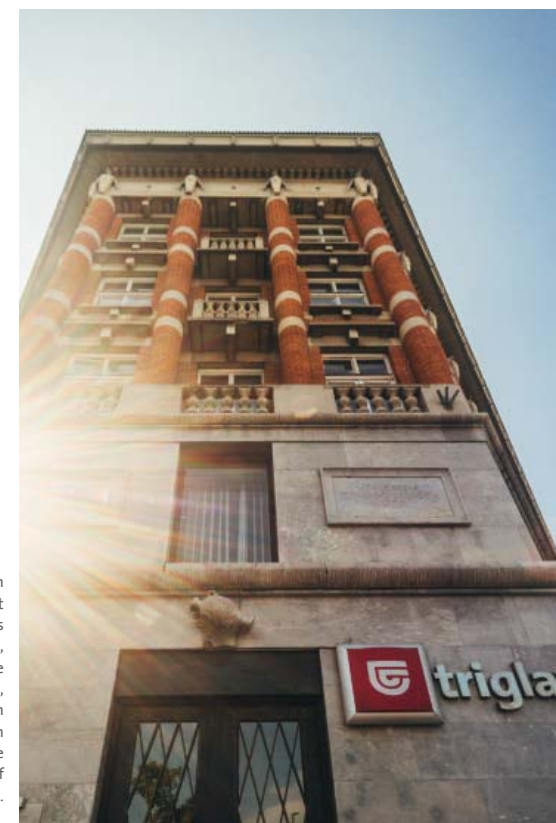
The value of own-use property is increased through active management. Such property was intensively renovated in 2019 in order to make the best use of the existing capacity and achieve high standards that are in line with advanced technological and functional guidelines as well as with the Group's sustainable development principles. In addition to improved functionality, improving energy efficiency and reducing the carbon footprint will continue to be the main goals of renovation.

The energy renovation of one of the largest commercial buildings in Ljubljana was completed, while continuing with the renovation of the parent company's headquarters, which is a cultural monument of national importance. The renovation of key elements of the architect Jože Plečnik's heritage is carried out in close cooperation with the Institute for the Protection of Cultural Heritage and in accordance with conservation plans. In the coming strategy period, several major complete renovation projects of strategic real property are planned (especially commercial buildings of the Company's regional units). Any surplus capacity will be rearranged to be commercially attractive as investment property.

Renovation works are carried out in accordance with the guidelines of modern and efficient operations and in accordance with the uniform renovation design of workplaces and points of sale. Following the best practices, the Company adopted the standards of flexible office space arrangement and defined them as the Group's minimum standard. Some rearrangements were already made in accordance with the uniform design.

IT support for real property management was upgraded to ensure secure and complete record keeping, reporting and various administration processes (e.g. advanced communication with clients). The processes for monitoring and optimising real estate economics will be further upgraded in 2020.

The renovation of the parent company's headquarters, the architect Jože Plečnik's heritage, is carried out in close cooperation with the Institute for the Protection of Cultural Heritage.



7.11 Asset management

Asset management is performed by Zavarovalnica Triglav and its subsidiary Triglav Skladi. The parent company primarily manages the Group's own insurance portfolios (assets backing liabilities and guarantee funds), while Triglav Skladi manages mutual funds and discretionary mandate assets. The Company is also an important partner of the alternative investment management platform Triglav d.o.o.

In line with the strategic guidelines, the Company is increasing the visibility of the Group as a leading asset manager in the target markets and raising the volume of assets under management. To this end, the asset management activity as the Group's second strategic activity was enhanced in 2019 through the acquisition of ALTA Skladi and its merger with Triglav Skladi. With the establishment of Triglav penzisko društvo, the Group entered the pension insurance market in North Macedonia. See [→ *Section 11.3 Efficient asset management in the Triglav Group*] for more information.

Asset management market

As at the 2019 year-end, a total of 5 management companies operated in Slovenia, which managed the net asset value of EUR 3.0 billion in mutual funds, which is 22% more than the year before. Asset growth was primarily driven by market trends and to a lesser extent by net inflows into funds. A total of 6 companies provided discretionary mandate services, of which 3 were asset management companies. The value of discretionary mandate assets managed by said companies amounted to EUR 990.4 million at the 2019 year-end, an increase of 39% compared to 2018.

The subsidiary Triglav Skladi manages 36 mutual funds and 10 investment combinations under two umbrella funds (Triglav vzajemni skladi and Alta). It also manages 3 investment funds in Croatia, which were acquired through the acquisition of ALTA Skladi, and provides discretionary mandate services. In the market of Bosnia and Herzegovina, the company holds a participating interest in PROF-IN management company. As at the reporting date, it managed assets of EUR 1.0 billion in mutual funds, an increase

of 68% on the previous year. The high increase resulted from both the takeover of ALTA Skladi as well as the situation on the capital markets and net inflows. Discretionary mandate assets amounted to EUR 82.5 million at the 2019 year-end, an increase of EUR 65% on the previous year.

Through the acquisition of ALTA Skladi, Triglav Skladi became the leader with a market share of 33.9% among mutual fund management companies (compared to 24.6% in 2018). Triglav Skladi strengthened its market position in the discretionary mandate segment, in which it reached an 8.3% market share (compared to 7.0% in 2018).

**EUR
1,0 billion**
in mutual funds,
managed by
Triglav Skladi

8. Financial result of the Triglav Group and Zavarovalnica Triglav

+4%

Consolidated
profit before tax
of the
Triglav Group

- The Triglav Group generated profit before tax of EUR 100.9 million and achieved a 10.9% return on equity.
- Compared to the previous year, the Group's combined ratio improved and stood at 91.5%, primarily due to the improved expense ratio.
- Despite lower interest income, the rates of return on the Group's financial investments were higher as a result of higher net income from fair value changes and higher net gains on the sale of financial assets.

8.1 The Triglav Group

The Triglav Group performed well in 2019, ending the year with **profit above the budgeted level**. The favourable financial result was driven by growth in business volume, underwriting discipline, favourable claims experience and higher rates of return on investment. Consolidated **profit before tax** amounted to EUR 100.9 million and **net profit** to EUR 83.9 million, both having increasing by 4%. **Net return on equity** was 10.9%, up by 0.1 percentage point.

The **combined ratio** was within the favourable long-term target range and stood at 91.5%, an increase of 0.3 percentage point relative to the previous year. It shows the profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios of the core business (excluding return on investment) are earning a profit. The combined ratio improved primarily as a result of the improved expense ratio or the fact that growth in net premium earned was higher than the growth of operating expenses. The claims ratio remained at favourable 63.2% despite an increase.

The combined ratios in the Triglav Group and individual insurance subsidiaries in 2019 compared to 2018

| Insurance company | 2019 | 2018 | Change |
|------------------------------------|--------------|--------------|------------------|
| Zavarovalnica Triglav | 85.6% | 86.1% | -0.5 p.p. |
| Triglav, Zdravstvena zavarovalnica | 98.0% | 99.3% | -1.3 p.p. |
| Pozavarovalnica Triglav Re | 97.2% | 96.2% | 1.0 p.p. |
| Triglav Osiguranje, Zagreb | 101.9% | 103.1% | -1.2 p.p. |
| Triglav Osiguranje, Belgrade | 95.4% | 97.9% | -2.5 p.p. |
| Lovćen Osiguranje, Podgorica | 92.8% | 91.0% | 1.8 p.p. |
| Triglav Osiguranje, Sarajevo | 97.8% | 99.8% | -2.0 p.p. |
| Triglav Osiguranje, Banja Luka | 123.8% | 107.7% | 16.2 p.p. |
| Triglav Osiguruvanje, Skopje | 102.5% | 100.8% | 1.7 p.p. |
| The Triglav Group | 91.5% | 91.8% | -0.3 p.p. |

8.1.1 Premium earned, claims incurred and operating expenses

Net premium earned increased by 8% to EUR 1,027.6 million. Net premium income from health insurance grew by 23%, net premium income from non-life insurance went up by 6% and net premium income from life and pension insurance rose by 4%. Net premium earned is composed of gross written premium in the amount of EUR 1,184.2 million (index 111) less written premium ceded to reinsurance and co-insurance in the amount of EUR 136.5 million (index 128) and adjusted by the change in net unearned premium of EUR -20.1 million (index 201).

Net claims incurred rose by 9% to EUR 684.1 million. Net claims incurred in health insurance recorded the highest growth (22%) due to higher gross claims paid (see [→ *Section 7.6.1*] for more details). Net claims incurred in non-life insurance increased by 6% and in life and pension insurance by 7%. Net claims incurred are composed of gross claims paid in the amount of EUR 716.7 million (index 105) less reinsurers' and co-insurers' shares in gross claims paid in the amount of EUR 35.3 million (index 88), adjusted by the change in net claims provisions of EUR –4.9 million (index 25) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 7.6 million (index 122). The amount of net claims paid was positively affected by the favourable development of the claims provision in past years.

Operating expenses (acquisition costs and other operating expenses) totalled EUR 244.5 million, up by 5% compared to 2018. Increased operating expenses were mostly a result of higher acquisition costs, direct and indirect, due to high premium growth and strategic development activities. The growth of total operating expenses (all functional cost groups) was behind gross written premium growth, which resulted in a 1.3 percentage point lower ratio of expenses to written premium. See [→ *Section 7.7 Gross operating expenses*] for more details on operating expenses.

8.1.2 Income and expenses from financial assets

Income from investments, including income from investments in associates, increased by 109% and reached EUR 188.1 million. Income from investments in associates amounted to EUR 1.1 million (index 105), while income from investments rose by 110% to EUR 187.0 million. The main reason for income growth was the increase in the prices of securities as a result of further reduction in interest rates and growth in the unit prices of unit-linked insurance investments. Interest income was down by 4% to EUR 53.1 million, whereas gains on disposal of investments increased by 58% to EUR 37.6 million, which resulted primarily from bond swaps due to investment policy changes. Other income from investments rose to EUR 96.3 million (compared to EUR 9.5 million in 2018). Other income from investments includes changes in fair value of EUR 19.2 million (compared to EUR 1.0 million in 2018), other financial income in the amount of EUR 5.2 million (index 131), dividends of EUR 3.9 million (index 95) and net unrealised gains on unit-linked life insurance assets, which totalled EUR 68.0 million (compared to EUR 451 thousand in 2018), with a proportionate increase in the provisions related thereto.

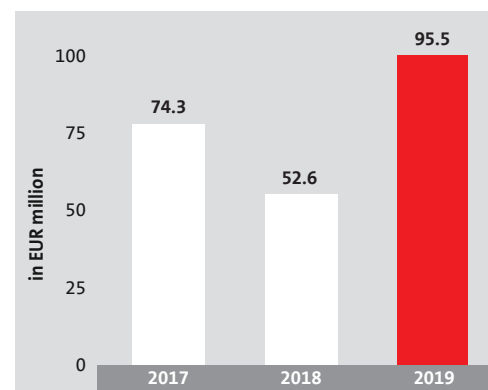
Expenses from investments, including expenses from investments in associates, decreased by 63% and reached EUR 24.7 million. Expenses from investments in associates amounted to EUR 733 thousand and expenses from investments totalled EUR 24.0 million (index 36). Losses on disposals amounted to EUR 9.8 million (index 74), impairments of equity investments equalled EUR 849 thousand (index 57) and other expenses from investments totalled EUR 13.3 million (index 25). Other expenses from investments include net unrealised losses on unit-linked life

insurance assets in the amount of EUR 194 thousand (compared to EUR 30.4 million in 2018), changes in fair value of EUR 6.7 million (index 44) and other financial expenses in the amount of EUR 6.4 million (index 97).

Return on investment of the Triglav Group (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. They amounted to EUR 95.5 million, having increased by 82%. The higher return was a result of the movement of both income and expenses from investments. Despite lower interest income, income was higher mainly as a result of higher net gains on the sale of financial assets and higher net income from changes in fair value. Interest income continues to decline due to low interest rates.

The rates of return on investment also impact the insurance technical provisions and net profit of the Group. See [→ *the next section 8.1.3*] (the table *Structure of profit before tax of the Triglav Group*) for the impact of rates of return on investment on profit before tax.

Rates of return on investment of the Triglav Group (excluding unit-linked insurance investments) in 2017–2019



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

Change in other insurance technical provisions increased to EUR 59.3 million (compared to EUR 39.9 million in 2018), predominantly due to the growth of mathematical provisions. **Change in insurance technical provisions for unit-linked insurance contracts** totalled EUR 69.2 million (compared to EUR –46.9 million in 2018) due to the increase in the price of fund units. **Expenses for bonuses and discounts** rose by 1% to EUR 11.6 million.

Other insurance income, excluding fees and commissions, went up by 8% to EUR 15.1 million. **Other insurance expenses**, excluding fees and commissions, increased by 16% to EUR 19.9 million, mainly due to higher value adjustments of receivables in the parent company. **Net fee and commission income** amounted to EUR –1.6 million (compared to EUR –850 thousand in 2018).

Other income was up by 9%, totalling EUR 39.5 million, predominantly due to the merger of ALTA Skladi with Triglav Skladi. The 22% increase in **other expenses** (EUR 54.5 million) was mainly a result of higher other expenses in Triglav Skladi due to the merger of ALTA Skladi and higher interest expenses from the bonds issued by the parent company.

Income statement of the Triglav Group for 2019 – according to IFRS

| | 2019 | 2018 | Index |
|---|----------------------|--------------------|------------|
| Net premium income | 1,027,628,825 | 951,762,862 | 108 |
| - gross written premium | 1,184,174,107 | 1,068,394,407 | 111 |
| - ceded written premium | -136,453,097 | -106,624,908 | 128 |
| - change in unearned premium reserve | -20,092,185 | -10,006,637 | 201 |
| Income from investments in subsidiaries and associates | 1,076,327 | 1,021,159 | 105 |
| - profit on equity investments accounted for using the equity method | 515,913 | 1,021,159 | 51 |
| - other income from investments in subsidiaries and associates | 560,414 | 0 | 0 |
| Income from investments | 186,989,205 | 88,889,077 | 210 |
| - interest income calculated using the effective interest method | 53,137,742 | 55,573,242 | 96 |
| - gains on disposals | 37,568,819 | 23,777,837 | 158 |
| - other income from investments | 96,282,644 | 9,537,998 | 1,009 |
| Other income from insurance operations | 37,183,512 | 29,837,981 | 125 |
| - fees and commission income | 22,069,255 | 15,806,181 | 140 |
| - other income from insurance operations | 15,114,257 | 14,031,800 | 108 |
| Other income | 39,521,122 | 36,149,533 | 109 |
| Net claims incurred | 684,147,828 | 626,560,398 | 109 |
| - gross claims settled | 716,742,136 | 679,600,218 | 105 |
| - reinsurers` share | -35,254,541 | -39,988,966 | 88 |
| - changes in claims provisions | -4,906,936 | -19,248,552 | 25 |
| - equalisation scheme expenses for supplementary health insurance | 7,567,169 | 6,197,698 | 122 |
| Change in other insurance technical provisions (excluding ULI) | 59,308,590 | 39,860,373 | 149 |
| Change in insurance technical provisions for unit-linked insurance contracts | 69,205,056 | -46,889,547 | |
| Expenses for bonuses and discounts | 11,561,258 | 11,417,685 | 101 |
| Operating expenses | 244,452,851 | 233,637,425 | 105 |
| - acquisition costs | 162,566,584 | 159,245,093 | 102 |
| - other operating costs | 81,886,267 | 74,392,332 | 110 |
| Expenses from investments in subsidiaries and associates | 733,344 | 137,092 | 535 |
| - loss on investments accounted for using the equity method | 170,640 | 137,092 | 124 |
| - other expenses from financial assets and liabilities | 562,704 | 0 | 0 |
| Expenses from investments | 23,953,573 | 67,118,486 | 36 |
| - loss on impairment of investments | 848,962 | 1,497,483 | 57 |
| - loss on disposal on investments | 9,767,166 | 13,128,928 | 74 |
| - other expenses from investments | 13,337,444 | 52,492,075 | 25 |
| Other insurance expenses | 43,565,310 | 33,744,135 | 129 |
| Other expenses | 54,533,956 | 44,618,763 | 122 |
| - expenses from financing | 3,098,502 | 1,384,361 | 224 |
| - other expenses | 51,435,454 | 43,234,402 | 119 |
| Profit before tax | 100,937,227 | 97,455,802 | 104 |
| Income tax expense | 17,072,798 | 16,629,557 | 103 |
| Net profit for the period | 83,864,429 | 80,826,245 | 104 |
| Net profit/loss attributable to the controlling company | 83,690,644 | 80,662,754 | 104 |
| net profit/loss attributable to the non-controlling interest holders | 173,785 | 163,491 | 106 |

Financial result ratios of the Triglav Group

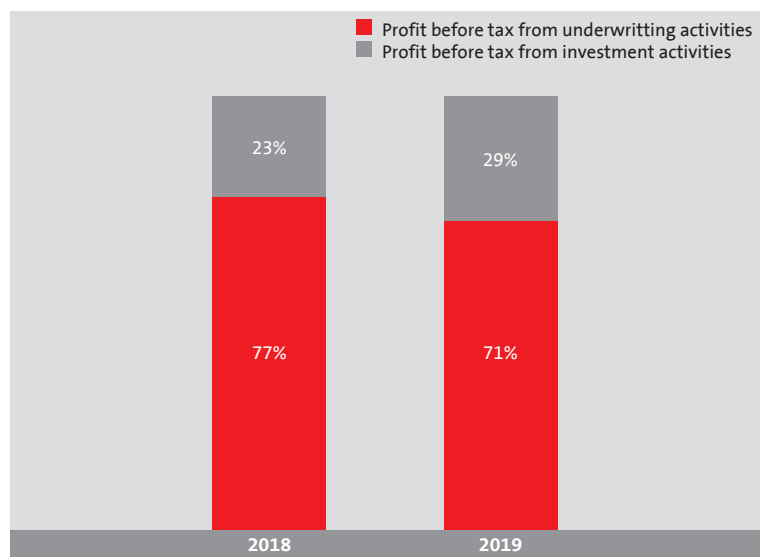
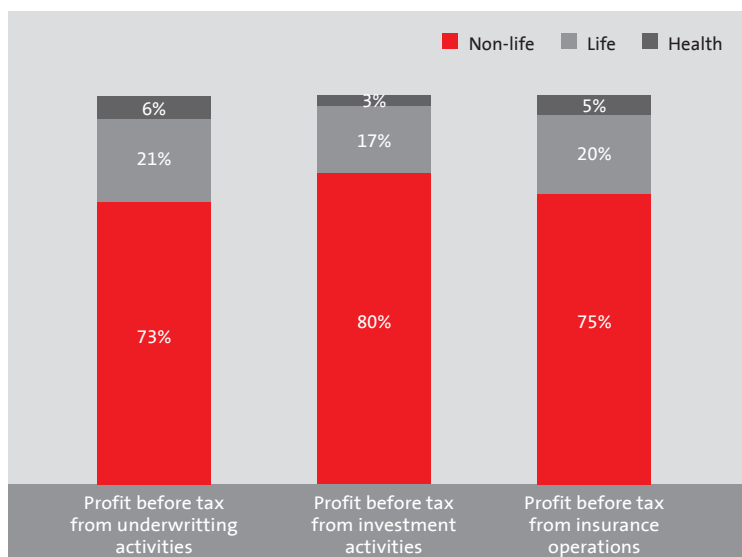
| Financial result ratios | 2019 | 2018 | 2017 |
|--|---------|---------|---------|
| Loss ratio | 63.2% | 62.5% | 64.0% |
| Expense ratio | 28.3% | 29.3% | 29.0% |
| Combined ratio | 91.5% | 91.8% | 93.1% |
| Operating expenses of insurance business in gross written premiums | 23.2% | 24.5% | 24.8% |
| Gross written premium per company employee* (in EUR) | 260,516 | 237,579 | 224,171 |

* Only the employees of the insurance companies and the reinsurance company of the Triglav Group were taken into account.

Structure of profit before tax of the Triglav Group*

| | 2019 | | | | 2018 | | | |
|---|------------|------------|-----------|--------------------|------------|------------|-----------|-------------------|
| | Non-life | Life | Health | Total | Non-life | Life | Health | Total |
| Profit before tax from underwriting activities | 52,189,641 | 15,349,378 | 4,216,154 | 71,755,173 | 51,167,138 | 17,820,019 | 2,638,850 | 71,626,007 |
| Profit before tax from investment activities | 23,337,145 | 4,877,476 | 819,286 | 29,033,907 | 24,534,323 | -3,699,325 | 723,642 | 21,558,640 |
| Profit before tax from insurance operations | 75,526,786 | 20,226,854 | 5,035,440 | 100,789,080 | 75,701,461 | 14,120,694 | 3,362,492 | 93,184,647 |
| Profit before tax from non-insurance operations | | | | 148,147 | | | | 4,271,156 |
| Total profit before tax | | | | 100,937,227 | | | | 97,455,803 |

* Profit from return on investment is reduced by the return guaranteed by the Group's insurance subsidiaries 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.

Structure of profit before tax of the Triglav Group in 2018 and 2019**Structure of profit before tax of the Triglav Group by segment in 2018 and 2019**

The improved non-life and health insurance result resulted from higher profit before tax from underwriting activities, mainly due to higher growth in net premium earned, lower growth in operating expenses and more favourable net claims experience. Profit from financial investments in the non-life insurance segment was somewhat lower than the year before due to lower interest income and lower realised capital gains.

Profit before tax of the Group's life insurance segment increased by EUR 6.1 million to EUR 20.2 million in 2019. Particularly profit from financial investments improved due to higher rates of return on financial investments of Zavarovalnica Triglav. Despite lower interest income, they increased mainly due to higher realised capital gains (by EUR 4.9 million). The higher profit from financial investments was also influenced by the creation of additional provisions, which were down by EUR 3.7 million on the previous year. The result of Zavarovalnica Triglav's life insurance segment remained at the same level as in 2018, whereas that of the subsidiaries was lower by EUR 1.1 million. The lower result in 2019 was also affected by the reversal of additional provisions for guaranteed factors in 2018.

8.2 Zavarovalnica Triglav

Zavarovalnica Triglav also performed well, ending the 2019 business year with a higher profit. Compared to the preceding year, **profit before tax** grew by 8% and reached EUR 84.6 million. **Net profit** also increased by 8% to EUR 70.6 million. **Net return on equity** stood at 12.4%, up by 0.8 percentage point.

Combined ratio in non-life insurance was 85.6%, down by 0.5 percentage point compared to the previous year. Higher growth in net premium earned than growth in net claims incurred resulted in a lower claims ratio (by 0.3 percentage point) and a lower expense ratio (by 0.2 percentage point).

8.2.1 Premium earned, claims incurred and operating expenses

Net premium earned amounted to EUR 573.6 million, an increase of 4% compared to the preceding year. Net premium income from non-life insurance and net premium income from life insurance increased by 4% and 3% respectively. Net premium earned is composed of gross written insurance and co-insurance premiums in the amount of EUR 702.1 million (index 106) less written premium ceded to reinsurance and co-insurance in the amount of EUR 119.5 million (index 118) and adjusted by the change in net unearned premium of EUR –9.0 million (index 130).

Net claims incurred grew by 5% to EUR 376.8 million. Net claims incurred increased by 3% in non-life insurance and by 7% in life insurance. Net claims incurred are composed of gross claims paid in the amount of EUR 425.2 million (index 101) less reinsurers' and co-insurers' shares in claims paid in the amount of EUR 31.5 million (index 83) and adjusted by the change in net claims provi-

sions of EUR –16.9 million (index 73).

Operating expenses (acquisition costs and other operating expenses) increased by 3% to EUR 157.9 million. Acquisition costs and other operating expenses were up by 1% and 10% respectively. The growth of total operating expenses (all functional cost groups) was behind gross written premium growth, which resulted in a 0.7 percentage point lower ratio of expenses to written premium.

8.2.2 Income and expenses from financial assets

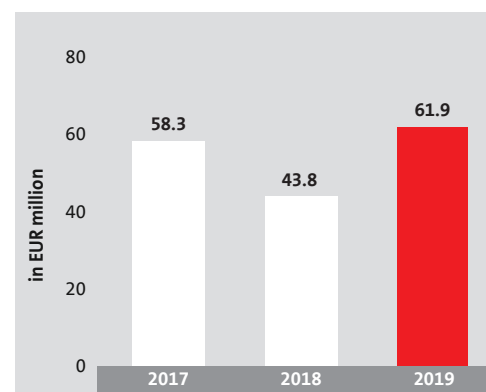
Income from investments, including income from investments in associates, increased by 116% and reached EUR 145.2 million. Income from investments in associates totalled EUR 3.6 million, a decrease of 31%, mainly as a result of lower dividends paid. Income from investments climbed by 129% to EUR 141.5 million. Interest income was down by 5% to EUR 35.1 million, gains on disposal of investments increased by 73% to EUR 32.1 million as a result of bond swaps due to investment policy changes, while other income from investments totalled EUR 74.3 million (compared to EUR 6.3 million in 2018). Other income from investments includes net unrealised gains on unit-linked life insurance assets in the amount of EUR 64.9 million (compared to EUR 440 thousand in 2018), changes in fair value of EUR 3.3 million (index 492), other financial income in the amount of EUR 3.3 million (index 151) and dividends of EUR 2.9 million (index 94).

Expenses from investments, including expenses from investments in associates, decreased by 64% to EUR 18.6 million. Expenses from investments in associates amounted to only EUR 195 thousand (compared to EUR 5 thousand in 2018), while expenses from investments totalled EUR 18.4 million (index 36). Losses on disposals equalled EUR

9.7 million (index 77), impairments of equity investments amounted to EUR 344 thousand (index 28) and other expenses from investments totalled EUR 8.4 million (index 23). Other expenses from investments include net unrealised losses on unit-linked life insurance assets of EUR 193 thousand (compared to EUR 28.1 million in 2018), changes in fair value equalling EUR 4.4 million (index 82) and other financial expenses in the amount of EUR 3.7 million (index 105).

Return on investment (excluding unit-linked life insurance contract investments) rose by 41% to EUR 61.9 million. Reasons for the higher return are connected to both income and expenses from investments. Despite lower interest income, income was higher due to increased net gains on the sale of financial assets and higher net income from changes in fair value. Continuously lower interest income is still caused by low interest rates.

Rates of return on investment of Zavarovalnica Triglav (excluding unit-linked life insurance contract investments) in 2017–2019



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

Change in other insurance technical provisions was lower than the year before and amounted to EUR 22.3 million (compared to EUR 29.5 million in 2018), predominantly due to lower growth in mathematical provisions.

Change in insurance technical provisions for unit-linked insurance contracts amounted to EUR 57.1 million (compared to EUR –50.9 million in 2018) due to the increase in the price of fund units. **Expenses for bonuses and discounts** decreased by 8% to EUR 9.7 million due to change in provisions for bonuses.

Other insurance income, excluding fees and commissions, declined by 5% to EUR 9.9 million. **Other insurance expenses**, excluding fees and commissions, increased by 33% and totalled EUR 11.0 million, primarily due to higher value adjustments of receivables. **Net fee and commission income** grew by 18% to EUR 15.9 million.

Other income fell by 9% to EUR 11.4 million, mainly as a result of lower income from the sale of real property. The 14% increase in **other expenses**, which amounted to EUR 17.8 million, predominantly resulted from higher interest expenses from the issued bonds.

Income statement of Zavarovalnica Triglav for 2019 – according to IFRS

| | 2019 | 2018 | Index |
|---|--------------------|--------------------|--------------|
| Net premium income | 573,555,357 | 551,940,868 | 104 |
| - gross written premium | 702,131,969 | 660,210,432 | 106 |
| - ceded written premium | -119,532,753 | -101,297,110 | 118 |
| - change in unearned premium reserve | -9,043,859 | -6,972,454 | 130 |
| Income from investments in subsidiaries and associates | 3,642,440 | 5,305,545 | 69 |
| - profit on equity investments accounted for using the equity method | 0 | 0 | 0 |
| - other income from investments in subsidiaries and associates | 3,642,440 | 5,305,545 | 69 |
| Income from investments | 141,512,227 | 61,755,135 | 229 |
| - interest income calculated using the effective interest method | 35,136,849 | 36,890,019 | 95 |
| - gains on disposals | 32,059,434 | 18,521,649 | 173 |
| - other income from investments | 74,315,944 | 6,343,467 | 1,172 |
| Other income from insurance operations | 29,755,003 | 27,448,384 | 108 |
| - fees and commission income | 19,848,006 | 17,004,132 | 117 |
| - other income from insurance operations | 9,906,997 | 10,444,252 | 95 |
| Other income | 11,355,435 | 12,491,979 | 91 |
| Net claims incurred | 376,760,877 | 359,941,674 | 105 |
| - gross claims settled | 425,204,380 | 421,002,582 | 101 |
| - reinsurers' share | -31,495,447 | -37,767,613 | 83 |
| - changes in claims provisions | -16,948,056 | -23,293,295 | 73 |
| - equalisation scheme expenses for supplementary health insurance | 0 | 0 | 0 |
| Change in other insurance technical provisions (excluding ULI) | 22,338,141 | 29,499,390 | 76 |
| Change in insurance technical provisions for unit-linked insurance contracts | 57,140,018 | -50,884,979 | |
| Expenses for bonuses and discounts | 9,721,522 | 10,571,287 | 92 |
| Operating expenses | 157,906,165 | 153,008,918 | 103 |
| - acquisition costs | 110,868,380 | 110,230,112 | 101 |
| - other operating costs | 47,037,785 | 42,778,806 | 110 |
| Expenses from investments in subsidiaries and associates | 195,478 | 4,759 | 4,108 |
| - loss on investments accounted for using the equity method | 0 | 0 | 0 |
| - other expenses from financial assets and liabilities | 195,478 | 4,759 | 4,108 |
| Expenses from investments | 18,381,935 | 50,929,727 | 36 |
| - loss on impairment on investments | 344,175 | 1,248,877 | 28 |
| - loss on disposal on investments | 9,679,511 | 12,566,364 | 77 |
| - other expenses from investments | 8,358,249 | 37,114,486 | 23 |
| Other insurance expenses | 14,950,707 | 11,819,639 | 126 |
| Other expenses | 17,814,012 | 15,594,244 | 114 |
| - expenses from financing | 2,867,130 | 1,507,022 | 190 |
| - other expenses | 14,946,882 | 14,087,222 | 106 |
| Profit before tax | 84,611,607 | 78,457,252 | 108 |
| Income tax expense | 13,997,191 | 12,913,388 | 108 |
| Net profit for the period | 70,614,416 | 65,543,864 | 108 |

Financial result ratios of Zavarovalnica Triglav

| Financial result ratios | 2019 | 2018 | 2017 |
|--|-------|-------|-------|
| Return on equity | 12.4% | 11.6% | 11.0% |
| Loss ratio | 55.1% | 55.4% | 58.5% |
| Expense ratio | 30.5% | 30.7% | 29.4% |
| Combined ratio | 85.6% | 86.1% | 87.9% |
| Operating expenses of insurance business in gross written premiums | 25.7% | 26.4% | 27.0% |

9. Financial position of the Triglav Group and Zavarovalnica Triglav

- Return on equity of the Triglav Group increased by 0.1 percentage point to 10.9%.
- As at 31 December 2019, balance sheet total of the Group was 8% higher compared to the previous year, whilst total equity grew by 6%.
- The Triglav Group's financial investments rose by 6%.

9.1 The Triglav Group

9.1.1 Equity and liabilities

The Triglav Group's **total equity** as at the 2019 year-end was EUR 792.0 million, an increase of 6% compared to the previous year. Total equity in total balance sheet liabilities fell by 0.4 percentage point to 20.1%. Equity attributable to the controlling company rose by 6% to EUR 789.5 million and non-controlling interests grew by 6% to EUR 2.4 million. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. As a result of an increase in the value of available-for-sale financial assets, **fair value reserve** increased by 27% to EUR 84.1 million. **Share premium** of EUR 50.3 million remained at approximately the same level (index 100).

Reserves from profit amounted to EUR 354.7 million, an increase of 6% relative to the previous year. They include legal and statutory reserves in the amount of EUR 19.8 million, up by EUR 572 thousand due to the transfer of retained profit, contingency reserves of EUR 640 thousand and other reserves from profit in the amount of EUR 334.3 million. The latter rose by EUR 20.0 million due to the allocation of net profit.

Accumulated profit amounted to EUR 229.3 million and recorded a 3% increase. In addition to net profit for the year, accumulated profit includes EUR 165.9 million of net profit brought forward. Compared to the previous year, net profit brought forward increased by EUR 80.5 million due to the transfer of net profit for the previous year and decreased by EUR 56.8 million due to the payment of dividends and by EUR 327 thousand due to the

transfer to reserves. Net profit for the year disclosed in the balance sheet totalled EUR 63.4 million, which was EUR 20.0 million less than net profit disclosed in the income statement (see [→ Section 9.2.1] for further details).

Due to the issue of a subordinated bond, **subordinated liabilities** increased by 319% to EUR 64.8 million.

Gross insurance technical provisions were 6% higher and amounted to EUR 2,878.9 million. They represent 73.1% of total balance sheet liabilities, down by 1.3 percentage point on the previous year. Mathematical provisions and insurance technical provisions for unit-linked life insurance contracts amounted to EUR 1,889.4 million, up by 7%. Claims provisions of EUR 615.4 million remained at approximately the same level. In contrast, provisions for gross unearned premium (index 111) and other insurance technical provisions (index 109) increased. Insurance technical provisions of the Triglav Group are discussed in greater detail in [→ Section 7.8 Risk equalisation].

Operating liabilities grew by 22% to EUR 66.9 million and accounted for 1.7% of total balance sheet liabilities. Their growth was most influenced by the increase in reinsurance and co-insurance liabilities.

Lease liabilities are a new item related to the accounting for leases under the new accounting standard IFRS 16 Leases. They amounted to EUR 10.9 million, including long-term lease liabilities of EUR 10.5 million and short-term lease liabilities of EUR 432 thousand.

Employee benefits of EUR 15.9 million grew by 7%, whilst **other provisions** totalled EUR 2.8 million (index 143). **Deferred tax liabilities** reached EUR 22.5 million and were 31% higher. This increase is a result of higher fair value reserve from investments for which deferred tax is calculated and additional deferred tax on the acquisition of ALTA Skladi.

Other liabilities were up by 7% predominantly due to higher liabilities to employees and short-term operating liabilities of the parent company. They amounted to EUR 80.5 million, representing 2.0% of total balance sheet liabilities.

9.1.2 Assets

Financial investments, representing 69.6% of total assets, amounted to EUR 2,740.0 million, an increase of 6% relative to the 2018 year-end. Investments available for sale accounted for the largest share, reaching EUR 1,826.9 million as at 31 December 2019. In total financial assets, EUR 614.4 million was accounted for by investments measured at fair value through profit or loss, EUR 186.1 million by investments held to maturity, and EUR 112.6 million by deposits and loans. **Unit-linked insurance** assets amounted to EUR 482.0 million, up by 20%.

Financial investments of the Triglav Group in associates were 7% lower, amounting to EUR 13.2 million. They decreased by EUR 2.1 million due to the sale of the participating interest in ZIF Prof Plus and increased due to the capital increase of Triglav in the amount of EUR 1.1 million and the effects of attribution of the positive result under the equity method. See [→ *Section 7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav*] for details on the structure of financial investments.

Investment property amounted to EUR 79.9 million, down by 11% due to the sale of real property.

Receivables grew by 9% compared to the previous year and amounted to EUR 194.2 million (4.9% of total balance sheet assets), of which receivables from direct insurance operations accounted for the bulk, totalling EUR 105.5 million (index 109). Receivables from reinsurance and co-insurance operations reached EUR 58.0 million (index 113), other receivables stood at EUR 29.5 million (index 98) and current tax receivables at EUR 1.3 million (index 221).

Insurance technical provisions transferred to reinsurance contracts amounted to EUR 102.7 million, having increased by 20%. Assets from reinsurance contracts from claims provisions were 10% higher and totalled EUR 65.3 million, while assets from unearned premium rose by 41% to EUR 37.0 million.

Property, plant and equipment totalled EUR 114.1 million, up by 1%. **Intangible assets** amounted to EUR 101.7 million, up by 21%, mainly due to the recognised goodwill of ALTA SKLADI in the amount of EUR 10.4 million and the growth of long-term deferred acquisition costs.

Right-of-use assets is a new item connected with lease accounting under the new accounting standard IFRS 16 Leases. Right-of-use assets of EUR 10.9 million include the right to use land and buildings of EUR 8.9 million, the right to use vehicles of EUR 1.9 million and the right to use other assets of EUR 144 thousand.

Non-current assets held for sale equalled EUR 4.2 million due to the planned sale of specific land plots and buildings.

Financial position ratios of the Triglav Group

| Financial standing ratios | 2019 | 2018 | 2017 |
|---|--------|--------|--------|
| The portion of equity in total liabilities | 20.1% | 20.5% | 20.6% |
| Average equity balance as % of gross written premium | 65.0% | 70.4% | 75.1% |
| Return on equity | 10.9% | 10.8% | 9.3% |
| Share of gross insurance technical provisions in total liabilities | 73.1% | 74.4% | 74.4% |
| Average balance of gross insurance technical provisions as % of gross written premium | 236.1% | 254.8% | 269.7% |
| Financial assets to total assets ratio | 81.8% | 82.1% | 82.7% |
| Financial assets to gross insurance technical provisions ratio | 111.9% | 110.3% | 111.2% |

Balance sheet of the Triglav Group as at 31 December 2019 – according to IFRS

| | 31 December 2019 | 31 December 2018 | Index | Share 2019 | Share 2018 |
|--|----------------------|----------------------|------------|---------------|---------------|
| ASSETS | 3,936,999,820 | 3,645,277,487 | 108 | 100.0% | 100.0% |
| Intangible assets | 101,725,725 | 84,060,048 | 121 | 2.6% | 2.3% |
| Property, plant and equipment | 114,072,290 | 113,296,053 | 101 | 2.9% | 3.1% |
| Non-current assets held for sale | 4,164,221 | 2,067,399 | 201 | 0.1% | 0.1% |
| Deferred tax assets | 12,462,082 | 12,893,732 | 97 | 0.3% | 0.4% |
| Investment property | 79,921,480 | 89,840,456 | 89 | 2.0% | 2.5% |
| Right of use assets | 10,937,925 | 0 | 0 | 0.3% | 0.0% |
| Investments in associates | 13,154,379 | 14,125,973 | 93 | 0.3% | 0.4% |
| - accounted for using the equity method | 13,154,379 | 14,125,973 | 93 | 0.3% | 0.4% |
| Financial investments | 2,740,030,952 | 2,588,904,297 | 106 | 69.6% | 71.0% |
| - loans and deposits | 112,578,151 | 138,857,972 | 81 | 2.9% | 3.8% |
| - held to maturity | 186,109,072 | 196,773,185 | 95 | 4.7% | 5.4% |
| - available for sale | 1,826,940,416 | 1,802,568,767 | 101 | 46.4% | 49.4% |
| - recognised at fair value through profit and loss | 614,403,313 | 450,704,373 | 136 | 15.6% | 12.4% |
| Unit-linked insurance assets | 482,031,288 | 402,515,770 | 120 | 12.2% | 11.0% |
| Reinsurers' share of technical provisions | 102,747,806 | 85,920,499 | 120 | 2.6% | 2.4% |
| Receivables | 194,235,748 | 178,654,878 | 109 | 4.9% | 4.9% |
| - receivables from direct insurance operations | 105,459,829 | 96,601,328 | 109 | 2.7% | 2.7% |
| - receivables from reinsurance and co-insurance operations | 57,989,502 | 51,299,903 | 113 | 1.5% | 1.4% |
| - current tax receivables | 1,281,349 | 579,645 | 221 | 0.0% | 0.0% |
| - other receivables | 29,505,068 | 30,174,002 | 98 | 0.7% | 0.8% |
| Other assets | 5,646,149 | 5,396,722 | 105 | 0.1% | 0.1% |
| Cash and cash equivalents | 75,869,775 | 67,601,660 | 112 | 1.9% | 1.9% |
| <i>Off balance sheet items</i> | <i>205,911,992</i> | <i>251,429,127</i> | <i>82</i> | | |
| EQUITY AND LIABILITIES | 3,936,999,820 | 3,645,277,487 | 108 | 100.0% | 100.0% |
| Equity | 791,951,788 | 746,862,805 | 106 | 20.1% | 20.5% |
| Controlling interests | 789,526,123 | 744,566,806 | 106 | 20.1% | 20.4% |
| - share capital | 73,701,392 | 73,701,392 | 100 | 1.9% | 2.0% |
| - share premium | 50,276,637 | 50,206,540 | 100 | 1.3% | 1.4% |
| - reserves from profit | 354,734,274 | 334,121,464 | 106 | 9.0% | 9.2% |
| - 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 | 84,099,924 | 66,237,889 | 127 | 2.1% | 1.8% |
| - net profit brought forward | 165,896,170 | 142,483,579 | 116 | 4.2% | 3.9% |
| - net profit for the year | 63,404,824 | 80,533,643 | 79 | 1.6% | 2.2% |
| - currency translation differences | -2,587,098 | -2,717,701 | 95 | -0.1% | -0.1% |
| Non-controlling interests | 2,425,665 | 2,295,999 | 106 | 0.1% | 0.1% |
| Subordinated liabilities | 64,847,293 | 15,462,711 | 419 | 1.6% | 0.4% |
| Insurance technical provisions | 2,393,927,336 | 2,310,503,061 | 104 | 60.8% | 63.4% |
| - unearned premiums | 332,510,935 | 300,166,946 | 111 | 8.4% | 8.2% |
| - mathematical provisions | 1,404,439,748 | 1,357,233,017 | 103 | 35.7% | 37.2% |
| - claims provisions | 615,398,744 | 614,943,915 | 100 | 15.6% | 16.9% |
| - other insurance technical provisions | 41,577,909 | 38,159,183 | 109 | 1.1% | 1.0% |
| Insurance technical provisions for unit-linked insurance contracts | 484,942,835 | 402,598,039 | 120 | 12.3% | 11.0% |
| Employee benefits | 15,873,046 | 14,804,574 | 107 | 0.4% | 0.4% |
| Other provisions | 2,750,400 | 1,919,555 | 143 | 0.1% | 0.1% |
| Deferred tax liabilities | 22,516,692 | 17,203,576 | 131 | 0.6% | 0.5% |
| Other financial liabilities | 1,864,413 | 5,620,904 | 33 | 0.0% | 0.2% |
| Operating liabilities | 66,872,331 | 54,792,055 | 122 | 1.7% | 1.5% |
| - liabilities from direct insurance operations | 21,558,544 | 19,717,929 | 109 | 0.5% | 0.5% |
| - liabilities form reinsurance and co-insurance operations | 41,548,913 | 30,465,655 | 136 | 1.1% | 0.8% |
| - current tax liabilities | 3,764,874 | 4,608,471 | 82 | 0.1% | 0.1% |
| Lease liabilities | 10,915,678 | 0 | 0 | 0.3% | 0.0% |
| Other liabilities | 80,538,008 | 75,510,207 | 107 | 2.0% | 2.1% |
| <i>Off balance sheet items</i> | <i>205,911,992</i> | <i>251,429,127</i> | <i>82</i> | | |

9.2 Zavarovalnica Triglav

9.2.1 Equity and liabilities

Zavarovalnica Triglav's **total equity** was EUR 580.5 million, an increase of 4% compared to 2018. Total equity represented 20.0% of total balance sheet liabilities, a decrease of 0.5 percentage point. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary registered no-par value shares. Share premium of EUR 53.4 million also remained unchanged. Fair value reserve rose by 14% to EUR 53.9 million as a result of an increase in available-for-sale financial assets. Reserves from profit grew by 6% to EUR 339.0 million. They include legal and statutory reserves in the amount of EUR 4.7 million and other reserves in the amount of EUR 334.3 million, which rose by EUR 20.0 million due to the allocation of net profit.

Accumulated profit amounted to EUR 60.5 million (index 91), including net profit brought forward of EUR 9.9 million and net profit for the year. Net profit brought forward increased by EUR 65.5 million due to the transfer of net profit for the previous year and decreased by EUR 56.8 million due to the payment of dividends. Net profit for the year disclosed in the balance sheet totalled EUR 50.6 million, which was EUR 20.0 million less than net profit disclosed in the income statement. In accordance with the Management Board's decision, the Company used a portion of net profit to form other reserves from profit.

Due to the issue of a subordinated bond, **subordinated liabilities** increased by 240% to EUR 70.0 million.

Gross insurance technical provisions rose by 4% to EUR 2,149.0 million. They represented 74.1% of total balance sheet liabilities, a decline of 1.4 percentage point compared to 2018. Mathematical provisions totalled EUR 1,455.8 million, having increased by 6% compared to the previous year. Provisions for gross unearned premium were up by 9% and other insurance technical provisions by 7%. Gross claims provisions decreased by 3%.

Operating liabilities grew by 12% to EUR 31.9 million and represented 1.1% of total balance sheet liabilities. They rose predominantly as a result of a 26% increase in liabilities from direct insurance operations.

Lease liabilities totalled EUR 4.2 million, the majority of which was accounted for by long-term lease liabilities, whereas short-term lease liabilities accounted for only EUR 11 thousand.

Deferred tax liabilities, which are balanced with deferred tax assets, went up by 103%, primarily due to higher fair value reserve from financial investments, which is recognised under other comprehensive income. They totalled EUR 5.7 million.

Other liabilities rose by 5% to EUR 45.6 million due to higher liabilities to employees and short-term operating liabilities. They represented 1.6% of total balance sheet liabilities.

9.2.2 Assets

Financial investments in subsidiaries and associates grew by 3% and totalled EUR 153.0 million, representing 5.3% of total balance sheet assets. As a result of the establishment of Triglav penzisko društvo, Skopje and the payment of EUR 3.0 million, financial investments in **subsidiaries** increased by 2% to EUR 134.9 million. Financial investments in **associates** rose by 6% to EUR 18.1 million due to the capital increase of Triglav in the amount of EUR 1.1 million.

Financial investments rose by 4% to EUR 1,912.2 million and represented 65.9% of total balance sheet assets. In total financial investments, EUR 1,382.8 million was accounted for by investments available for sale, EUR 329.9 million by investments measured at fair value through profit or loss, EUR 150.5 million by investments held to maturity, and EUR 49.0 million by loans and deposits. **Unit-linked insurance assets** amounted to EUR 433.8 million, up by 18% relative to 2018.

Investment property totalled EUR 46.1 million, an increase of 2% predominantly due to the renovation of the commercial building at Dunajska cesta 22 in Ljubljana.

Receivables increased by 4% to EUR 93.7 million and represented 3.2% of total balance sheet assets. Receivables from direct insurance operations, which went up by 9% and amounted to EUR 68.4 million, accounted for the bulk. Receivables from reinsurance and co-insurance operations decreased by 5% to EUR 17.2 million and other receivables fell by 12% to EUR 8.1 million.

Insurance technical provisions transferred to reinsurance contracts increased by 12% and amounted to EUR 98.4 million. Assets from reinsurance contracts from claims provisions were 4% higher and totalled EUR 67.1 million, while assets from unearned premium rose by 33% to EUR 31.3 million.

Intangible assets of EUR 61.9 million and **property, plant and equipment** of EUR 68.3 million remained at approximately the same level as in 2018 (index 100).

Right-of-use assets amounted to EUR 4.1 million. They include the right to use land and buildings of EUR 2.9 million, the right to use vehicles of EUR 1.1 million and the right to use other assets of EUR 21 thousand.

Balance sheet of Zavarovalnica Triglav as at 31 December 2019 – according to IFRS

| | 31 December 2019 | 31 December 2018 | Index | Share 2019 | Share 2018 |
|--|----------------------|----------------------|------------|---------------|---------------|
| ASSETS | 2,901,140,141 | 2,730,187,525 | 106 | 100.0% | 100.0% |
| Intangible assets | 61,924,273 | 62,162,502 | 100 | 2.1% | 2.3% |
| Property, plant and equipment | 68,305,684 | 67,986,100 | 100 | 2.4% | 2.5% |
| Investment property | 46,091,135 | 45,270,540 | 102 | 1.6% | 1.7% |
| Right of use assets | 4,106,316 | 0 | 0 | 0.1% | 0.0% |
| Investments in subsidiaries | 134,938,667 | 131,938,667 | 102 | 4.7% | 4.8% |
| Investments in associates | 18,054,026 | 16,959,355 | 106 | 0.6% | 0.6% |
| - measured at fair value | 18,054,026 | 16,959,355 | 106 | 0.6% | 0.6% |
| Financial investments | 1,912,207,382 | 1,840,036,950 | 104 | 65.9% | 67.4% |
| - loans and deposits | 49,049,847 | 92,670,309 | 53 | 1.7% | 3.4% |
| - held to maturity | 150,469,553 | 159,463,950 | 94 | 5.2% | 5.8% |
| - available for sale | 1,382,802,069 | 1,383,855,505 | 100 | 47.7% | 50.7% |
| - recognised at fair value through profit and loss | 329,885,913 | 204,047,186 | 162 | 11.4% | 7.5% |
| Unit-linked insurance assets | 433,758,610 | 366,664,078 | 118 | 15.0% | 13.4% |
| Reinsurers' share of technical provisions | 98,433,270 | 87,893,306 | 112 | 3.4% | 3.2% |
| Receivables | 93,715,995 | 89,980,951 | 104 | 3.2% | 3.3% |
| - receivables from direct insurance operations | 68,401,137 | 62,635,337 | 109 | 2.4% | 2.3% |
| - receivables from reinsurance and co-insurance operations | 17,219,677 | 18,157,611 | 95 | 0.6% | 0.7% |
| - other receivables | 8,095,181 | 9,188,003 | 88 | 0.3% | 0.3% |
| Other assets | 3,492,671 | 3,296,589 | 106 | 0.1% | 0.1% |
| Cash and cash equivalents | 26,112,112 | 17,998,487 | 145 | 0.9% | 0.7% |
| <i>Off balance sheet items</i> | <i>107,689,690</i> | <i>178,359,227</i> | <i>60</i> | | |
| EQUITY AND LIABILITIES | 2,901,140,141 | 2,730,187,525 | 106 | 100.0% | 100.0% |
| Equity | 580,480,275 | 560,120,736 | 104 | 20.0% | 20.5% |
| - share capital | 73,701,392 | 73,701,392 | 100 | 2.5% | 2.7% |
| - share premium | 53,412,884 | 53,412,884 | 100 | 1.8% | 2.0% |
| - reserves from profit | 338,962,643 | 318,962,643 | 106 | 11.7% | 11.7% |
| - fair value reserve | 53,859,881 | 47,260,189 | 114 | 1.9% | 1.7% |
| - net profit/loss brought forward | 9,929,059 | 1,239,764 | 801 | 0.3% | 0.0% |
| - net profit/loss for the year | 50,614,416 | 65,543,864 | 77 | 1.7% | 2.4% |
| Subordinated liabilities | 69,999,451 | 20,612,951 | 340 | 2.4% | 0.8% |
| Insurance technical provisions | 1,713,421,521 | 1,696,143,475 | 101 | 59.1% | 62.1% |
| - unearned premiums | 232,791,056 | 213,919,937 | 109 | 8.0% | 7.8% |
| - mathematical provisions | 1,020,231,686 | 1,009,712,605 | 101 | 35.2% | 37.0% |
| - claims provisions | 428,320,763 | 442,560,188 | 97 | 14.8% | 16.2% |
| - other insurance technical provisions | 32,078,016 | 29,950,745 | 107 | 1.1% | 1.1% |
| Insurance technical provisions for unit-linked insurance contracts | 435,592,711 | 365,238,075 | 119 | 15.0% | 13.4% |
| Employee benefits | 11,892,449 | 11,167,156 | 106 | 0.4% | 0.4% |
| Other provisions | 732,811 | 758,435 | 97 | 0.0% | 0.0% |
| Deferred tax liabilities | 5,706,679 | 2,813,736 | 203 | 0.2% | 0.1% |
| Other financial liabilities | 1,640,125 | 1,587,443 | 103 | 0.1% | 0.1% |
| Operating liabilities | 31,912,738 | 28,523,572 | 112 | 1.1% | 1.0% |
| - liabilities from direct insurance operations | 14,239,495 | 11,306,835 | 126 | 0.5% | 0.4% |
| - liabilities form reinsurance and co-insurance operations | 15,309,075 | 13,819,946 | 111 | 0.5% | 0.5% |
| - current tax liabilities | 2,364,168 | 3,396,791 | 70 | 0.1% | 0.1% |
| Lease liabilities | 4,166,278 | 0 | 0 | 0.1% | 0.0% |
| Other liabilities | 45,595,103 | 43,224,946 | 105 | 1.6% | 1.6% |
| <i>Off balance sheet items</i> | <i>107,689,690</i> | <i>178,359,227</i> | <i>60</i> | | |

10.

Cash flow statement

- The Triglav Group and Zavarovalnica Triglav generated a positive cash flow from operating activities and negative cash flows from investing and financing activities.
- The closing balance of cash and cash equivalents of the Triglav Group was EUR 75.9 million, up by 12% compared to the previous year.

10.1 The Triglav Group

A positive cash flow from operating activities of the Triglav Group increased by 105% to EUR 90.3 million. Its growth mainly resulted from the higher volume of net written premium and lower net claims paid.

Cash flow from investing activities was EUR –71.4 million (compared to EUR 3.4 million in 2018). Its decrease is a result of increased investments due to higher net written premium and additional assets raised with the issue of a new subordinated bond. Cash balances with banks were also higher, which partly offset an even higher negative cash flow from investing activities.

Cash flow from financing activities was negative and stood at EUR –13.5 million (compared to –58.3 million in 2018). Income from financing activities grew due to the issue of a new subordinated bond. Financing expenses include dividend payments, expenses for interest on treasury bonds, and expenses for interest and principal payments from leases.

The closing balance of cash and cash equivalents totalled EUR 75.9 million, up by 12% compared to the previous year.

Summary cash flow statement of the Triglav Group

| | 2019 | 2018 | Index |
|---|--------------------|--------------------|------------|
| A. Operating cash flow | | | |
| Income statement items | 91,179,693 | 63,558,277 | 143 |
| Changes in net current assets—operating balance sheet items | -882,254 | -19,565,937 | 5 |
| Net cash from/ (used in) operating activities | 90,297,439 | 43,992,340 | 205 |
| B. Cash flows from investing activities | | | |
| Cash inflows from investing activities | 1,469,286,636 | 999,778,200 | 147 |
| Cash outflows from investing activities | -1,540,674,760 | -996,334,697 | 155 |
| Net cash from/ (used in) investing activities | -71,388,124 | 3,443,503 | |
| C. Cash flows from financing activities | | | |
| Cash inflows from financing activities | 49,367,159 | 0 | |
| Cash outflows from financing activities | -62,882,638 | -58,256,189 | 108 |
| Net cash from/ (used in) financing activities | -13,515,479 | -58,256,189 | 23 |
| D. Closing balance of cash and cash equivalents | 75,869,775 | 67,601,660 | 112 |
| E1. Net cash flow for the period | 5,393,836 | -10,820,346 | |
| E1. External acquisition | 2,862,910 | 0 | |
| E3. Foreign exchange differences | 11,369 | 4,159 | 273 |
| F. Opening balance of cash and cash equivalents | 67,601,660 | 78,417,847 | 86 |

10.2 Zavarovalnica Triglav

A positive **cash flow from operating activities** of Zavarovalnica Triglav reached EUR 30.8 million, up by 132% compared to the year before, predominantly due to the higher volume of net written premium and lower net claims paid.

Cash flow from investing activities was EUR –11.8 million (compared to EUR 27.3 million in 2018). Its decrease is a result of increased investment due to higher net written premium and additional assets raised with the issue of a new subordinated bond. Cash balances with banks were higher in 2019, which partly offset an even higher negative cash flow from investing activities.

Cash flow from financing activities was negative and reached EUR –10.8 million (compared to EUR –58.1 million in 2018). It improved compared to the previous year as a result of gains from the issue of the new subordinated bond. Financing expenses include dividend payments, interest on treasury bonds, and interest and principal payments from leases.

The closing balance of cash and cash equivalents of EUR 26.1 million was higher by 45% compared to the previous year.

Summary cash flow statement of Zavarovalnica Triglav

| | 2019 | 2018 | Index |
|--|--------------------|--------------------|------------|
| A. Operating cash flow | | | |
| Income statement items | 31,051,477 | 27,298,196 | 114 |
| Changes in net current assets—operating balance sheet items | -297,987 | -14,036,824 | 2 |
| Net cash from/ (used in) operating activities | 30,753,490 | 13,261,372 | 232 |
| B. Cash flows from investing activities | | | |
| Cash inflows from investing activities | 1,198,898,504 | 796,648,223 | 150 |
| Cash outflows from investing activities | -1,210,737,724 | -769,343,650 | 157 |
| Net cash from/ (used in) investing activities | -11,839,220 | 27,304,573 | |
| C. Cash flows from financing activities | | | |
| Cash inflows from financing activities | 49,367,159 | 0 | |
| Cash outflows from financing activities | -60,167,804 | -58,082,203 | 104 |
| Net cash from/ (used in) financing activities | -10,800,645 | -58,082,203 | 19 |
| D. Closing balance of cash and cash equivalents | 26,112,112 | 17,998,487 | 145 |
| E. Net cash flow for the period (sum of net cash flows) | 8,113,625 | -17,516,258 | |
| F. Opening balance of cash and cash equivalents | 17,998,487 | 35,514,746 | 51 |

11. Development and sales activities

- Development activities were carried out interdisciplinarily with the participation of all Group members.
- Through a pilot project in the field of life insurance sales, the cooperation between internal and specialised external sales networks increased, improving sales results.
- Modern technological solutions were implemented in compliance with legal and regulatory requirements.
- The procedures for resolving client complaints were streamlined.
- Online sales and the digital enhancement of cooperation with external sales channels were the focus of the development of new sales channels on markets outside Slovenia.
- On two markets outside Slovenia, every third client has roadside assistance insurance.
- An analysis of websites and presence on social networks has shown good results.
- The Triglav Lab digital centre in Ljubljana is becoming an important communication tool of the Triglav Group.

Focusing on clients is the driving force behind the Group's development activities. Client experience is at the heart of both core activities – insurance and asset management.

Development activities are based on the continuous investment in rapidly advancing technology, growing client expectations, new regulatory requirements, demographic and climate change, and increased competitiveness. The Group strives to deepen its client relationships beyond the usual buying and renewal process, thus the aim is to develop a proactive attitude towards risks. Business digitalisation and an efficient sales network play a special role in this process, with the help of which client relationships are built in line with the principles of simplicity and transparency. The focus of the Group on profitable and safe operations is therefore closely related to adopting new ways of doing business by assessing all development steps in terms of capital adequacy.

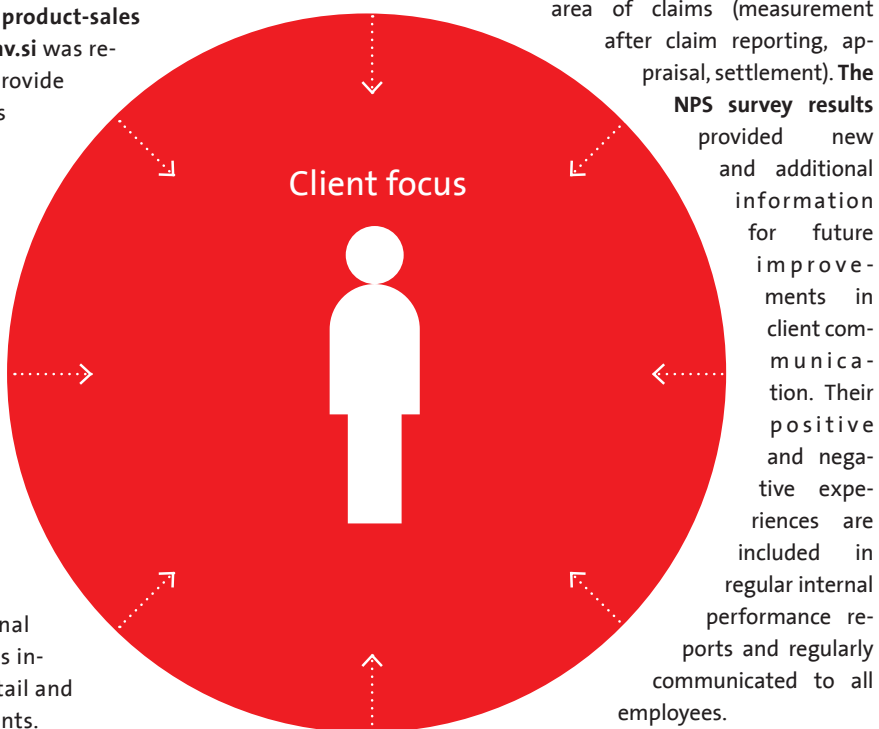
The development activities presented below are managed interdisciplinarily from the parent company, with the constructive cooperation of all Group members. Technological solutions (digital platforms, artificial intelligence) are employed to simplify the understanding of products, tailor them to clients and provide complete solutions that exceed the products and expand assistance/support and advisory services. The aim is to provide data and information via user-friendly interfaces designed to enable clients to more easily access their financial position information and to better understand and manage risks. Several important steps were taken in this area in 2019.

By developing new technological solutions in the insurance industry, greater responsiveness and transparency is achieved in taking out insurance and in claim settlement, in addition to improving fraud detection. These important aspects of sustainable operations are further presented in other sections of the Annual Report, especially in [[→ sections 2.7 Risk management](#)] and [[→ 12.5 of Sustainable development in the Triglav Group](#)].

11.1 Comprehensive client relationship

A client-centric approach continued to be applied to a greater extent in **all six segments of the Group's business** (non-life, life, pension and health insurance, reinsurance and asset management). All sales channels were actively linked in 2019. A pilot project was used to examine how the internal and specialised external sales networks could be incorporated into life insurance sales. The results showed that cooperation could significantly contribute to creating a comprehensive client service and even improve sales.

As part of the expansion of online business, **the product-sales website triglav.si** was re-designed to provide content, news and services to clients in a uniform and simple manner. The always accessible electronic service is easy to use and includes procedures that do not require personal contact, and is intended for retail and corporate clients.



*Focusing on clients is the driving force behind the Group's development activities.
Client experience is at the heart of both core activities – insurance and asset management.*

In the pension insurance segment, additional monitoring and measurement of user experience was launched and, based on the findings, client service was redesigned to be more comprehensive. In the health insurance segment, following an in-depth analysis of client claims, steps were taken to optimise business processes that directly affect client service.

In an effort to ensure ethical and professional client relationship management, the Group undertook activities to monitor the implementation of new regulatory requirements and directives, which began in 2018. As a result, **higher standards and better protection of clients' interests** are being incorporated into **client operations**.

High responsiveness is essential to client relationships, which is also achieved through the use of toll-free telephone numbers. The two assistance centres are always available to provide assistance and general information to clients. In the event of **mass claims**, the organisation of work is specially adapted; in addition, the policyholders' property risk and their personal circumstances are taken into consideration in the mass claim reporting process. At the same time, the Company publishes notices and instructions on what steps to take. For example, simple property damage claims can be reported by calling the toll-free telephone number 080 555 555, online or via the Triglav Asistenca mobile application²¹.



The goal is to provide clients with effective assistance at the moment they need it most – on the road, at home or abroad. On the toll-free telephone number 080 2864, staff are ready to provide an ever-expanding range of assistance services and to help clients resolve unpredictable and less favourable life circumstances. Special attention is

paid to clients who had a negative experience with the Company and rated it worse than expected or otherwise expressed dissatisfaction. The content of interviews about their experience serves as an important basis for improving the Company's services, products and processes.

Omni-channel sales approach and expansion of digital channels

The introduction of new technologies is changing shopping habits and provides new opportunities for modern sales channels tailored to client needs. The aim is to implement an omni-channel sales approach that provides comprehensive user experience, because the client can choose the channel that suits them best.

Automatic insurance renewal is performed for clients who want to renew non-life insurance quickly and without a sales interview – remotely. An innovative pilot project for taking out insurance policies remotely was implemented in 2019. In this way, the agent and the client are in contact through video communication and screen sharing. This solution saves the client time, in addition to being a simple and transparent procedure.

Young generations in particular want simple and accessible products and services when it suits them, which is why **digital sales-communication and distribution channels** were additionally strengthened in 2019. Apart from the redesigned website www.triglav.si with upgraded underwriting mechanisms, the online sales tools include the i.triglav web office, of which functionality is also being expanded. It provides clients (personalised access for both retail and corporate clients) with an overview of concluded insurance policies and many other additional options and information. Online and mobile sales were upgraded to use electronic signatures when taking out insurance

of natural persons. The visibility of the Company's online offering is complemented by advanced technological services (Drajv, Triglav vreme, Vse bo v redu). See [→ *Section 12.5 in Sustainable development*] for more information.

The extensive sales network is one of the key elements of its competitive advantage. Sales staff continued to be empowered, primarily through training and by strengthening their motivation and commitment.

The implementation of the Insurance Distribution Directive in insurance sales required extensive preparation, changes in sales processes, educational content and programmes in all insurance segments (non-life, life, pension and health insurance). In order to support these changes, various forms of training were used, including e-learning, as it is easily accessible and intended for all sales channels, including the external sales network. Sales consultations at different levels and for different employee profiles were held.

A comprehensive, multi-channel sales network ensures that the services are accessible to all potential clients. Therefore, sales staff were familiarised with innovations in work processes, market trends and in the product range. Furthermore, various competitions were held, such as the annual internal sales network and external sales coordinator prize competition, as well as a mid-year performance assessment of health, life and non-life insurance sales campaigns. Even though our own sales network is the most important sales channel, the external sales network is also being strengthened (consisting of insurance agency and brokerage companies). To motivate external agents, the Volume Bonus campaign was carried out for the third time and awards an additional commission to those who achieve their sales targets. It is also very well accepted by our partners.

The development of new sales channels on markets outside Slovenia focused on **online sales and digital upgrades** of cooperation with external sales channels, including banks and companies selling cars and providing telecommunication services. With the new, integrated solution for taking out insurance policies online, clients in most markets of the Triglav Group are able to easily take out travel insurance with medical assistance abroad. In addition, IT support for taking out health insurance policies with assistance was provided on partner websites. This form of online sales was also introduced for home insurance (also see [→ *Section Activities on markets of the Triglav Group outside Slovenia*]). The strengthening of sales channels contributed to premium growth on individual markets (see [→ *Section 7.5 Gross written insurance, co-insurance and reinsurance premiums*]).

Omni-channel client approach



Business digitalisation

With the expansion of digital technology solutions, the Company is improving, **updating and upgrading the processes of taking out and processing insurance and settling claims**. In 2019, processes were upgraded by implementing remote electronic signing and electronic delivery of insurance documentation. More attention was paid to the digitalisation of non-life insurance claim processing, aiming at a higher degree of automation and simplification of specific steps and processes, while reducing the probability of risk occurrence. The efficiency of managing loss events and user experience was improved by introducing the electronic delivery of certain documents and tracking of registered mail. The shorter claim set-

tlement process is supported by analyses, such as measuring the duration of claim settlement in each individual stage. In 2019, the Company devoted special attention to promoting the use of mobile services in reporting and monitoring the settlement of claims. At the same time, the Company continued to develop services for those clients who prefer to report and settle claims using traditional channels (personal contact). In partnership with an outsourcer, agricultural damage appraisers were trained in the use of drones when assessing storm damage. The claim file management process was digitalised, while an application was launched to support the process of municipal co-financing of insurance premium. Electronic enforcement was upgraded with a secure electronic mailbox to exchange data with the court.

The Company devoted special attention to promoting the **use of mobile services** in reporting and monitoring the settlement of claims.



To increase the efficiency of the sales staff in the field and the resolving of complaints, the Company **simplified certain formalities and streamlined procedures for clients**, which increased the responsiveness and shortened the time of processing the clients and their applications. The process of taking out life insurance was upgraded with automatic risk assessment, which provides for faster operations. The online application for taking out non-life insurance was upgraded, in addition to preparing the bases for automatic risk assumption in this insurance segment. The functionality of the geographical information system was upgraded (the possibility of monitoring flood risk classes in Slovenia, preparation of exposure assessment after natural disasters). The management of insurance conditions and tariffs was upgraded and digitalised.

By enhancing its digital presence and promoting the use of online and mobile platforms, the Company increased performance efficiency in various areas. Among others, the Triglav Skladi web office was redesigned, and digital and paperless operations were implemented in the asset management segment (mutual funds and discretionary mandates). Paperless operations were also introduced for vehicle registration. The vision of a digital insurance company will be pursued **through the active use of artificial intelligence**, as the Company is aware of its future relevance to its business. A project was launched in 2019 to identify the status of non-life insurance policies in order to increase the efficiency of their overview by using artificial intelligence.

Product upgrade and development

The Company continued with the extensive redesign and development of its products and tailored them to **new client needs and guidelines** for simple, comprehensive and transparent products and services. In order to improve insurance

technical results, the Company analysed insurance sub-classes and developments that affected the target results and adjusted insurance bases (i.e. tariffs, terms and conditions, underwriting guidelines). Modern technological solutions were introduced to provide for a comprehensive user experience while ensuring compliance with the applicable legal and regulatory requirements (see [→ Section 11.6] for more information).

Product upgrade and development highlights:

- **Property and interest in property insurance:** Travel insurance, trip cancellation insurance and medical aid insurance products were all redesigned. The insurance basis for doctors' professional indemnity insurance, design liability insurance and professional liability insurance were also revised. The Sprosti čas 2020 (Free Time) marketing campaign was upgraded to include e-mobility insurance.
- **Motor vehicle insurance:** In addition to designing a new short-term vehicle lease insurance and adjusting the range of insurance products for leasing providers and vehicle importers, the conclusion of multi-year motor vehicle insurance policies was upgraded.
- **Agricultural insurance:** Premium rates were revised for the groups of agricultural crops, individual perils and existing hazardous areas.
- **Accident insurance:** New travel insurance products were designed and the insurance bases for group accident insurance with simple cover for different target groups were revised.
- **Health insurance:** The Specialisti+ (Specialists+) group insurance was upgraded and the redesign of the Zobje/Zobje+ (Teeth/Teeth+) and Rehabilitacija/Promet (Rehabilitation/Transport) insurance products was prepared, in addition to the accelerated integration of primary care in the range of additional health insurance products.

- **Transport insurance:** A new product for the legal protection of trucks and contracts of carriage was designed.
- **Accounts receivable insurance:** With respect to financial credit insurance products, the insurance bases for credit insurance for small businesses were revised. New alternative sales channels, such as managing general agents (MGAs), were established for commodity credit insurance and suretyship insurance.
- **Life insurance:** The range of insurance products, which are sold through a bank sales channel, was updated and upgraded. The single premium unit-linked life insurance GB Življenje+ (GB Life+ – sold by Gorenjska banka) and group life insurance for authorised overdraft users

(sold by Abanka) were developed. The borrower's life insurance was redesigned (minimum insurance periods and minimum premiums were reduced, thus enabling the conclusion of insurance for short-term and low-value loans) and supplemental unemployment insurance was upgraded (it can be added to borrower's life insurance). Due to unfavourable conditions on the financial markets, life insurance with a savings component was removed from the product range and the option of choosing a fund with a guaranteed return for unit-linked life insurance is no longer available. Flex unit-linked life insurance products were upgraded with the option of choosing a new investment strategy, "active investment packages", which

also includes a new conservative investment policy. With regard to supplemental accident insurance, the flexibility of insurance coverage was increased, progressive payouts were introduced for accidental disability, monthly accidental disability annuity was upgraded, and the new cover "Benefits for fractures, dislocations and burns" was launched.

- **Pension insurance:** A competitive product was offered to the policyholders with pension schemes that determine the factors for calculating pension annuity from supplemental voluntary pension insurance; in this insurance product, the interest rate level of accelerated annuities was raised to the level used for determining the factors (annuities with a 3.25%

and 4% interest rate). Because the conditions for changing the pension annuity factors for a certain group of members of supplemental voluntary pension insurance and policyholders of voluntary pension insurance were fulfilled in 2019, as well as the condition for abolishing the valuation of assets at base interest rate (TOM) in voluntary pension insurance, the method of setting new pension annuity factors was introduced, pricing was adjusted and clients were notified.

Development and new forms of partnerships

The Company is forming new partnerships and strengthening existing partnerships on all markets of the Group and in many business segments. Partnerships are especially important when introducing modern technology. The Company also works with start-ups and accelerators. In addition, partnerships with banks and new insurance agency and brokerage companies are being strengthened.

Partnerships with Abanka, Gorenjska banka, Nova Ljubljanska banka and Nova Kreditna banka Maribor are of special importance. In addition, the Company places great value on its partnership with BTC, Institute of Sports of the Republic of Slovenia, Chamber of Craft and Small Business of Slovenia, Chamber of Commerce and Industry of Slovenia, international and local CEED associations, Finance newspaper (in the context of forums and conferences for business and other expert communities), Dnevnik newspaper (in the context of the Golden Thread and the Gazelles project) and Mladinska knjiga publishers (in the context of accident insurance). New partnerships include cooperation with Giro (short-term vehicle lease insurance) and Alifenet (trip cancellation insurance).

Activities on Triglav Group markets outside Slovenia

The Company was very active in achieving synergies in various business segments of the Group, especially between the key segments of the two core activities. When developing new and redesigning existing products, services and processes, their market potential for the entire Group is taken into account. At the same time, the key objective is to transfer best practices and solutions to its subsidiaries by tailoring them to the specifics of each market. Local characteristics are also taken

Edvard König and the EKWB team of over 120 employees

improve liquid cooling for high performance computers around the world through innovative solutions. Part of a comprehensive security policy is taking out cyber insurance with Zavarovalnica Triglav. [More →](#)



into account in the development of new and the upgrade of existing products and services. The focus in 2019 was on streamlining the sales process for clients, empowering the Group's own sales network, adapting IT support to increase the efficiency of the sales staff, and on new sales channels and partnerships. The range of assistance services was expanded, with special attention devoted to increasing the quality of their provision, which was also recognised by clients. On two markets of the Group, every third client now has roadside assistance insurance.

Attention was paid to improving the client experience, also by measuring client satisfaction and taking measures related thereto. Furthermore, the Company transferred best practices of implementing regulatory requirements and risk management to other Group members.

Highlights of individual markets of the Group are as follows:

- **Triglav Osiguranje, Zagreb** offered several upgraded and new insurance products: insurance for small and medium-sized enterprises (SMEs), cyber risk insurance, loan protection insurance, key loss insurance, card insurance and insurance for companies selling cars.
- **Triglav Osiguranje, Belgrade** launched product liability insurance and mobile device insurance, in addition to upgrading online home insurance sales.
- **Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Banja Luka** offered new and redesigned insurance products on the market of Bosnia and Herzegovina: home assistance insurance, loan protection insurance, card insurance and business interruption insurance due to machinery breakdown. Comprehensive car insurance and health insurance products were upgraded, and specialised insurance products for the electric power industry, construction and erection services were launched.

- **Triglav Osiguranje, Skopje** launched loan protection insurance and tyre insurance products.
- By establishing **Triglav penzisko društvo, Skopje** on the Macedonian market, the Group has become one of three pension insurance providers.
- In **Lovćen Osiguranje, Podgorica**, card insurance was introduced and online sale of home insurance was upgraded.
- A great deal of attention was paid to entering into partnerships with banks. New partnerships were established in Montenegro, Croatia, Serbia, and Bosnia and Herzegovina.

On all markets:

- products were tailored to the market and target groups;
- one-stop shopping was provided for companies operating in several markets of the Group;
- cooperation was strengthened with partners performing roadworthiness tests and car services and selling cars; and
- partnerships with local and regional insurance brokers and agencies were expanded with numerous marketing activities and joint partnership campaigns.

In the area of information technology (IT), IT infrastructure continued to be centralised within the Group so as to achieve more efficient use of IT resources and ensure compliance with regulatory requirements. To increase information security, the Company continued to implement its security tools in subsidiaries. Its modern B2C and B2B sales channel support platform was upgraded with new sales products. To increase productivity in the workplace, information tools based on Microsoft Office 365 cloud technology began to be introduced.

Cooperation with banks was improved with the introduction of a single B2B entry point that enables unified user experience and simple operations in the non-life and life insurance segments.

In accordance with the Triglav Group Strategy, the Company fulfilled its commitment to enter into new partnerships. The Company enters the business ecosystems as an insurance provider that co-creates a full range of various products and services. Additional forms of international business and opportunities for expanding it include **partnerships with foreign insurance brokerage and agency companies**. Through them, the Company gradually tests the models for conducting insurance business without its direct geographical presence and its own sales network. In 2019, the Company was part of the partnership scheme for selling motor vehicle insurance in Greece, which proved to be a success. It was established in 2018 as the first form of such partnership. In the reporting year, such partnerships and activities were expanded to the Italian market, where warranty insurance was sold.

11.2 Business transformation of the Triglav Group

Strategic transformation of the Group's operations is based on improvements in management practices and techniques, information and data system upgrades, and the development of even more efficient support functions.

The reporting and analytics system was upgraded to provide key information about the operations of each Group member and the whole Group in one place. The central reporting and analytics system increases the role of centralised data by providing subsidiaries with better conditions for making business decisions, thus contributing to further improvements in the corporate governance system.

IT support that follows technological trends and takes into account changes in the business environment is also of key importance to ensure more efficient support functions. For the purpose of uniform functioning of IT support and improved management thereof, the IT Strategic Manage-

ment Committee was established, which represents the highest level for managing IT and is focused on providing quality, cost-effective and time-efficient IT services.

To unify its support IT services, the Company continued to implement a modern human resource IT system not only in the parent company but also in its subsidiaries; in addition, the intranet as a shared communication channel for all Group employees continued to be set up.

An IT support upgrade and process optimisation also took place in other business support areas. **Lean business and cost and process efficiency** were the guidelines followed when implementing improvements and innovations in subsidiaries and unifying the Group's practices. The minimum standards, which combine the Group's common standards in one place, were fully revised. The desired organisational culture directly related to business transformation is further described in other sections of the report (see [→ *Section 12. Sustainable development in the Triglav Group*], specifically [→ *sections 12.4 and 12.5*] for more details).

11.3 Efficient asset management in the Triglav Group

Efficient management of the Group's assets is of strategic importance and is reflected in **increasing the value of assets** managed in financial and pension (guarantee) funds and discretionary mandate assets.

The asset management business was strengthened **with the acquisition of ALTA Skladi**, which was successfully merged with Triglav Skladi at the end of the year. With EUR 1 billion in assets under management, the latter further consolidated its position among the leading mutual funds on the Slovene market. With the acquisition of ALTA Skladi, Triglav Skladi became the manager of three mutual funds in Croatia, thus establishing the ba-

sis for further expansion of this activity in South-East Europe, where regulatory frameworks and market needs are evolving. The increased volume of assets under management allows the Group to more ambitiously develop its asset management business, particularly marketing and sales, and provides a sound foundation for continued good performance of this segment.

The platform for alternative investments (Trigal) will be further developed, while improving the cost-effectiveness of the Group's asset management business. **The internal asset liability management (ALM) processes** were additionally upgraded to include the management of portfolios intended to cover insurance liabilities and connected with the upgraded capital management process at the Group level. The management of risks, capital, assets and liabilities has a significant impact on the value of assets and the efficiency of asset management.

A **pension company** was established in North Macedonia as a result of constantly seeking and identifying opportunities for development and growth on the target markets.

11.4 Development of a modern culture and engaged employees

The Triglav Group strives to create a uniform organisational culture as a common way of achieving strategic objectives.

The strategic project of organisational culture transformation is supported with systematic measures tailored to the existing situation in each Group member, primarily with regard to remuneration, communication and training, using various methods, including coaching. Trustworthy and diverse teams are built in the entire business ecosystem.

By measuring organisational vitality, the Company determines the level of employee satisfaction and engagement and, on this basis, decides on improvements (see [→ *Section 12. Sustainable development in the Triglav Group*], particularly [→ *12.4.2.1*], for further details).

11.5 Marketing activities

Advanced IT solutions are carefully introduced also in marketing, in addition to using modern customer relationship management (CRM) tools. Direct marketing was supported with Microsoft Dynamics 365 Marketing, which continuously monitors written premiums and costs resulting from direct marketing campaigns.

Marketing approaches and campaigns in 2019 were implemented in compliance with statutory and other consumer protection regulations. Additional and related benefits are provided to the clients through partnerships. Client focus is also achieved using new approaches and content at the Triglav Lab digital centre.

Brand management and marketing communications

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' behaviour and needs, together with examining upcoming trends. Brand strength is increased by applying a comprehensive approach to branding at corporate (i.e. at the 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.

Two subsidiaries were renamed and their visual identities redesigned in 2019. On the Montenegrin market, the Lovćen Group introduced its new visual identity that is consistent with the monolithic ar-

chitecture of Zavarovalnica Triglav's brand. The development of the Lovćen brand required a sound strategy tailored to the specifics of the market. According to research, the new visual identity further strengthened the reputation of the Lovćen Group members. On the Slovene market, Skupna pokojninska družba was renamed and its visual identity redesigned to match Zavarovalnica Triglav's corporate identity.



The Group complies with the Slovene Code of Advertising Practice. No proceedings for infringements related to marketing communications were instituted against Zavarovalnica Triglav and its subsidiaries in 2019.²²

The Company received international and national awards for its achievements in marketing communication, including: German Design Awards, Content Marketing Awards, ARC Awards, IADA Awards, Trusted Brand 2019, Marketing Excellence 2019 and Gold Quill (see [→ *section 12.1*]).

Assessment of effectiveness and market research

The effectiveness of marketing and communication campaigns and events is assessed with key performance indicators (KPIs). The media audit (the first conducted in 2015 and the second in 2018) was revised in 2019 to the point that the first such audit outside of the domestic market is planned to take place in Montenegro in 2020.

The Company regularly assesses not only the effects of its activities on brand reputation, but also

the efficiency and effectiveness of advertising campaigns. In addition to the traditional CAWI methods, i.e. computer-assisted web interviewing, newer methods are used such as electroencephalography (EEG) and eye tracking. The Company researches clients' needs and their relationship to insurance products and tests new products, key messages and communication channels in order to build a comprehensive and consistent market presence also in terms of consolidation of insurance products.

Zavarovalnica Triglav is one of the most reputable brands on the Slovene market. It ranks among the top five brands in terms of reputation on markets outside Slovenia, which is a significant achievement. 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.

An analysis of the Slovene insurance industry for 2019 (content and heuristic analyses of websites of Slovene insurance companies and their social media profiles) showed good results, which reflects the quality of the Company's services, its effective online approach to clients and its competitiveness. With respect to the effectiveness and comprehensibility of key advertising campaigns among insurance companies, the Company most often ranked first and its messages continued to be well received.

Product campaigns

Product campaigns are used to promote sales and are often carried out in collaboration with partners. The focus in 2019 was on promoting life insurance sales, also in partnership with Abanka and Gorenjska banka. Marketing and communica-



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tion approaches were upgraded with creative solutions based on everyday real-life situations. The impact was assessed using the EEG method (see the [→ *previous section Assessment of effectiveness and market research*] for more information).

With regard to non-life insurance, the third vignette campaign was carried out with a partner. The Triglav komplet bonus programme, which rewards client loyalty in a simple and transparent way, was promoted throughout the whole year. A new online platform vozimse.si was launched, which provides traffic prevention information. See [→ *Section 12.6.1 in Sustainable development*] for further details.

Travel insurance, agricultural insurance, personal protection insurance and insurance for motorcyclists were actively promoted. The Company continued to use an innovative approach to accident insurance for children and young people under the PAZI TO! brand. In this context, the Huda iz-

kušnja (Top Experience) project was carried out for students who want to test their skills in a work environment.

With regard to corporate clients, mainly the Triglav Podjetniški paket (Triglav Entrepreneurial Package) and a new cyber insurance product were promoted. The products offered together with partners (see [→ *Development and new forms of partnerships*] above) were also promoted at expert consultations and events. The focus with regard to health insurance products was on marketing communication of additional insurance. In addition to consolidating the Triglav zdravje brand, the Company increased the visibility of Specialists/Specialists+, Teeth/Teeth+ and Medical Advice insurance products.

For the fourth consecutive year, the Company co-created a financial literacy project with the team from the Moje finance magazine. See [→ *Section 12.5 Sustainable development*] for further details.

Corporate identity building

In over a year, Triglav Lab, the digital centre and training ground of the Group's digital business, has become recognised as a place of innovative and advanced solutions that are especially relatable to younger generations. It enables the Company to act as a trusted partner in various areas, such as preventive actions, financial literacy and cooperation with athletes. Its visibility will be further increased, primarily as the development centre for testing solutions and products together with clients.

With the help of simulators, visitors are able to experience rescue operations after an earthquake and traffic accident, test their safe driving skills on the DRAJV simulator (young drivers can complete a safe driving course) and virtually ski jump from Planica. In 2019, the technology centre hosted 130 events, various training courses, workshops and seminars attended by over 3,600 visitors.

Naložbenik magazine is dedicated to improving the financial literacy of several target groups. Three digital issues related to content and marketing campaigns were published in 2019.

The corporate identity is also built through the Zavarovalnica Triglav's Mladi upi project and events presented in [→ *Section 12. Sustainable development in the Triglav Group*].

11.6 Adjustment to the regulatory changes

When planning and implementing development and sales activities within the Group, the Company adheres to the applicable legal regulations and regulatory frameworks.

In 2019, the Company focused primarily on developing best practices related to the General Data Protection Regulation (GDPR), respect for the right to privacy in electronic communications and on implementing the requirements of the Insurance Distribution Directive (IDD), in respect of which the Company participated in the preparation of regulatory changes for the insurance industry. With regard to financial reporting, the Company took the steps necessary to implement new international standards, such as IFRS 9, IFRS 16 and IFRS 17.

In addition to developing the common guidelines for outsourcing on the insurance market, the Company provided its position on the amendment to the Personal Data Protection Act, the Prevention of Money Laundering and Terrorist Financing Act and the Identity Card Act. It also participated in procedures and activities related to the amendment to the Pension and Disability Insurance Act and the implementing regulation on the calculation of pension annuities.

Statement on non-financial reporting

Zavarovalnica Triglav has used international sustainability reporting standards developed by the Global Reporting Initiative (GRI) since 2009. As a result, the Annual Report of the Triglav Group and Zavarovalnica Triglav for 2019 is in compliance with the requirements of the European Directive on disclosure of non-financial and diversity information by certain large undertakings and groups, which was incorporated into the Slovene legislation in 2017. The requirements of the non-financial statement in accordance with the Companies Act (ZGD-1J) are presented throughout the whole Annual Report as references to GRI disclosures.

- The information, description of policies and results of the policies on environmental, social and employee matters, respect for human rights, and anti-corruption and bribery matters are presented in [[→ Section 12. Sustainable development in the Triglav Group](#)].
- The main risks related to the above-mentioned areas are presented in the [[→ sections Risk management, 11. Development and sales activities and 12. Sustainable development in the Triglav Group](#)].
- The description of the business model or the Group's value generation model is presented in [[→ Section 2. Triglav Group and Zavarovalnica Triglav in 2019](#)].
- The description of diversity policies implemented in relation to administrative, management and supervisory bodies is presented in [[→ Section 5. Corporate Governance Statement](#)].

About the report²³

The Annual Report of the Triglav Group and Zavarovalnica Triglav is compiled by the relevant departments of the Company in cooperation with the relevant departments of the subsidiaries.²⁴ Reporting refers to a particular business and calendar year. Zavarovalnica Triglav adheres to the **International Financial Reporting Standards (IFRS)**, the **Companies Act (ZGD-1J)** and the **Insurance Act (ZZavar-1)**.

The economic, social and environmental impact of operations is explained in accordance with the international sustainability reporting standards **GRI**, which are included in various sections and are evident from footnotes, by taking into account GRI guidelines – Global Standards (GS) and specific guidelines for the financial sector.

In 2019, the Company re-examined the interests of its stakeholders and, based on their responses, prepared a materiality analysis and a matrix of interests, which are both presented in [[→ Section 12.2 Key stakeholders](#)]. The range of topics and disclosures is presented in the GRI Content Index at the end of the Annual Report.

An overview of the areas where the Triglav Group contributes to the achievement of sustainable development goals adopted by the United Nations is included in [[→ Section 12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group and Zavarovalnica Triglav](#)].

The data on the Group's sustainable operations are collected by the relevant departments of the parent company Zavarovalnica Triglav, which is in charge of the reporting. The disclosures pursuant to the GRI standard mainly pertain to the parent company, but they are also being gradually introduced to subsidiaries.

The calculation methodology for individual indicators is given in the text and the notes. There were no changes to the data provided in previous reports which would significantly affect the state of affairs due to new findings or deviations. Individual minor changes are explained in the notes.²⁵

Andrej Slapar
President of the Management Board

Uroš Ivanc
Member of the Management Board

Tadej Čoroli
Member of the Management Board

Barbara Smolnikar
Member of the Management Board

David Benedek
Member of the Management Board

Marica Makoter
Member of the Management Board

12. Sustainable development at the Triglav Group

- Organisational vitality in the Triglav Group remains high.
- As much as 42% more hours or 28% more assets were spent on employee training and competency development
- The number of employee accidents remains low; in 2019, their number increased in the Group, but decreased in Zavarovalnica Triglav.
- The promotion of traffic safety was combined into the single platform vozimse.si and the activities of preventive action were strengthened.
- By accelerating the development and use of new technologies, the Company's services were simplified and made more accessible to clients. The scope of e-business was expanded and claim settlement processes were streamlined.
- Zavarovalnica Triglav's electricity consumption was reduced by 3% and its carbon footprint by 6%.
- The set goals and activities for 2019 were fully achieved.




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

The Triglav Group's reputation is understood as building quality relationships with key stakeholders, while business performance reflects the positive trends of the key indicators of the Group's sustainable development. The Group pursues strategic guidelines to 2022 using the indicators that show progress in the sustainable aspects of its operations.

The annual goals and activities were defined based on key long-term aspects of the Group's impact and were fully achieved.

The Group participates in the long-term sustainable development of the insurance and financial industries, particularly by pursuing responsible and comprehensive management of financial and non-financial risks and the management of its shareholders' and clients' assets, as promoted by the respective United Nations and Global Reporting Initiative guidelines. The range of material topics and disclosures under the GRI GS standard and the implementation of the United Nations Sustainable Development Goals (SDG) are presented in the two tables below.

Material topics of sustainable development of the Triglav Group and Zavarovalnica Triglav:²⁶

| | | |
|--|--|---|
| Economic aspects  | <ul style="list-style-type: none"> ■ Economic performance ■ Market presence ■ Indirect economic impacts ■ Procurement practices | <ul style="list-style-type: none"> ■ Protection of competition ■ Anti-corruption behaviour |
| Social aspects  | <ul style="list-style-type: none"> ■ Employment ■ Relationships between the employees and the management ■ Occupational health and safety ■ Education and training ■ Diversity and equal opportunity ■ Labour practices grievance mechanisms | <ul style="list-style-type: none"> ■ Local communities ■ Non-discrimination ■ Grievance mechanisms on human rights policies or procedures ■ Supplier social assessment ■ Marketing and labelling ■ Product and service portfolio ■ User privacy ■ Socioeconomic compliance area |
| Environmental aspects  | <ul style="list-style-type: none"> ■ Energy | <ul style="list-style-type: none"> ■ Wastewater and waste ■ Supplier environmental assessment |

*Achievement of United Nations Sustainable Development Goals (SDGs)***1****NO
POVERTY**

- An extensive sales network, also accessible in less populated areas.
- Free mobile applications for claim reporting and ordering assistance services.

- Points of sale equipped with aids for partially sighted and hard of hearing, most points of sale also provide independent access to people with different types of disabilities.
- A multi-channel approach and digital sales-communication and distribution channels.
- Alternative sales channels such as the sale of insurance products via banks and leasing companies.

See sections 11.1 and 12.5. for more information.

2**ZERO
HUNGER**

- A free Triglav Vreme mobile application for weather alerts.
- A stimulative premium policy for young farmers,

which contributes to the promotion of young farmers setting up an agricultural holding, the preservation of settlement and larger land cultivation in the countryside.

- Agricultural insurance products with municipal and state premium co-financing which are available to a broad range of farmers.
- Cattle insurance products were adapted to local specifics and small and medium-sized livestock farms in order to maintain agricultural production in less favoured areas.

3**GOOD HEALTH
AND WELL-BEING**

- Intensive work in the area of traffic prevention (the Triglav Group's special purpose investments in prevention). See Section 12.6 for more information.

- Micro-health insurance that simplifies access to medical advice.
- A comprehensive range of health and life insurance services and products.

8**DECENT WORK AND
ECONOMIC GROWTH**

- A wide range of insurance products for micro, small and medium-sized enterprises.

- Development partnerships with the start-up environment and entrepreneurs.

- Efforts to reward employees equally for equal work, regardless of gender, and to provide a safe and healthy work environment (see Section 12.4.4 for more information).
- A programme for raising employees' awareness about a healthy lifestyle and the provision of preventive health checks are in place.
- The holder of the Family-Friendly Enterprise Certificate.

See Section 12.4.4 for more information.

9**INDUSTRY, INNOVATION
AND INFRASTRUCTURE**

- Increasing the level of insurance coverage in the emerging insurance markets in the Adria region.

- A wide range of insurance products for micro, small and medium-sized enterprises.
- Partnerships with local suppliers in the Adria region.

13**CLIMATE
ACTION**

- Responsive and streamlined mass claim management using mobile units in the field at the time of natural disasters.

- A free Triglav Vreme mobile application for weather alerts.
- Provision of non-life and natural disaster liability insurance products.
- A stimulative premium policy for less intensive animal production, which is more environmentally friendly.

15**LIFE
ON LAND**

- Reducing the pollution of mountains and raising awareness of responsible hiking in the hills/ mountains and waste management in

the mountains in the context of the Let's Clean the Mountains and Hills project.

- Promotion of mountain pasture by providing insurance of livestock during grazing on mountain pastures, which helps to preserve mountain ecosystems.

16**PEACE, JUSTICE
AND STRONG
INSTITUTIONS**

- Consistent implementation of the Anti-Corruption Policy and the Triglav Group Code in order to implement the

principles of fair and ethical conduct, prevent corrupt practices, manage conflicts of interest and insurance fraud, prevent money laundering and terrorist financing, and ensure consumer protection and competition.

Commitments to external initiatives²⁷ and membership of associations²⁸

The Triglav Group members and their employees voluntarily participate in various initiatives and associations that promote business practices that are ethically, environmentally, socially and economically sustainable. The Company implements professional business practice standards in the context of the Insurance Code of the Slovenian Insurance Association, as well as by taking into account the recommendations of the Slovene Consumers' Association for improving financial literacy. The Company is active in the European Institute of Compliance and Ethics (EICE) and the Corporate Ethics and Transparency Committee of the American Chamber of Commerce. The Company is a signatory to the Declaration on Fair Business and participates in the development of anti-corruption culture in partnership with Transparency International Slovenia. In 2019, it began to implement the National Action Plan of the Republic of Slovenia for Respect for Human Rights in the Economy.

The Company is an active member of the Slovenian Insurance Association, the Chamber of Commerce and Industry of Slovenia, the Board of Issuers of Ljubljana Stock Exchange, the Slovenian Directors' Association, the Managers' Association of Slovenia, the Association of Employers of Slovenia, the European Institute of Compliance and Ethics, the American Chamber of Commerce, 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 for finance, actuaries and compliance. The Group companies are members of industry and professional associations in individual countries where the Group operates.

Zavarovalnica Triglav recieved special thanks for promoting the family-friendly company culture.



Awards and prizes in 2019

- **Superbrands Slovenija 2018:** Superbrands 2018 award for Zavarovalnica Triglav and its ranking among the 15 most excellent brands in Slovenia.
- **Top Employers 2018:** Awards for Zavarovalnica Triglav in the categories “top 10 employers” and “most reputable employer in the industry”.
- **Trusted Brand 2019:** For the thirteenth consecutive year, Zavarovalnica Triglav was awarded the most trusted brand in the “insurance companies” category.
- **Marketing excellence 2019:** The Grand Award for Marketing Excellence and the award in the “large B2C companies” category for Zavarovalnica Triglav.
- **Gold Quill:** Gold Quill Award of Excellence for the Together for Road Safety project in the “corporate social responsibility” category and Gold Quill Award of Merit for the Annual Report of the Triglav Group for 2017 in the “writing” category for Zavarovalnica Triglav.
- **Content Marketing Awards:** Campaign of the year in the “B2C branded content” category for Zavarovalnica Triglav’s »Let’s Ask Life for Those We Love« life insurance campaign. Also shortlisted were the story about grieving in the “best feature article – digital” category and the cover of Obzorik International (September 2018) in the “best cover” category.
- **Special thanks for promoting the family-friendly company culture:** Special thanks of the Equilib Institute to Zavarovalnica Triglav for **promoting a family-friendly work environment.**
- **ARC Awards:** Gold Award in the “interactive annual report” category for the Annual Report of the Triglav Group for 2018 and Award of Honours in the “design/graphics” category.
- **IADA Awards:** Silver Award in the “PDF” category for the Annual Report of the Triglav Group for 2018 and Bronze Award in the “overall” category.
- **German Design Awards:** German Design Award in the “excellent architecture” category for the Triglav Lab digital centre.
- **WEBSI 2019:** Triglav Skladi ranked 2nd among all outstanding digital achievements in 2018 in the “financial sector” category with the new communication platform “Zaslužite si več” (Earn More).

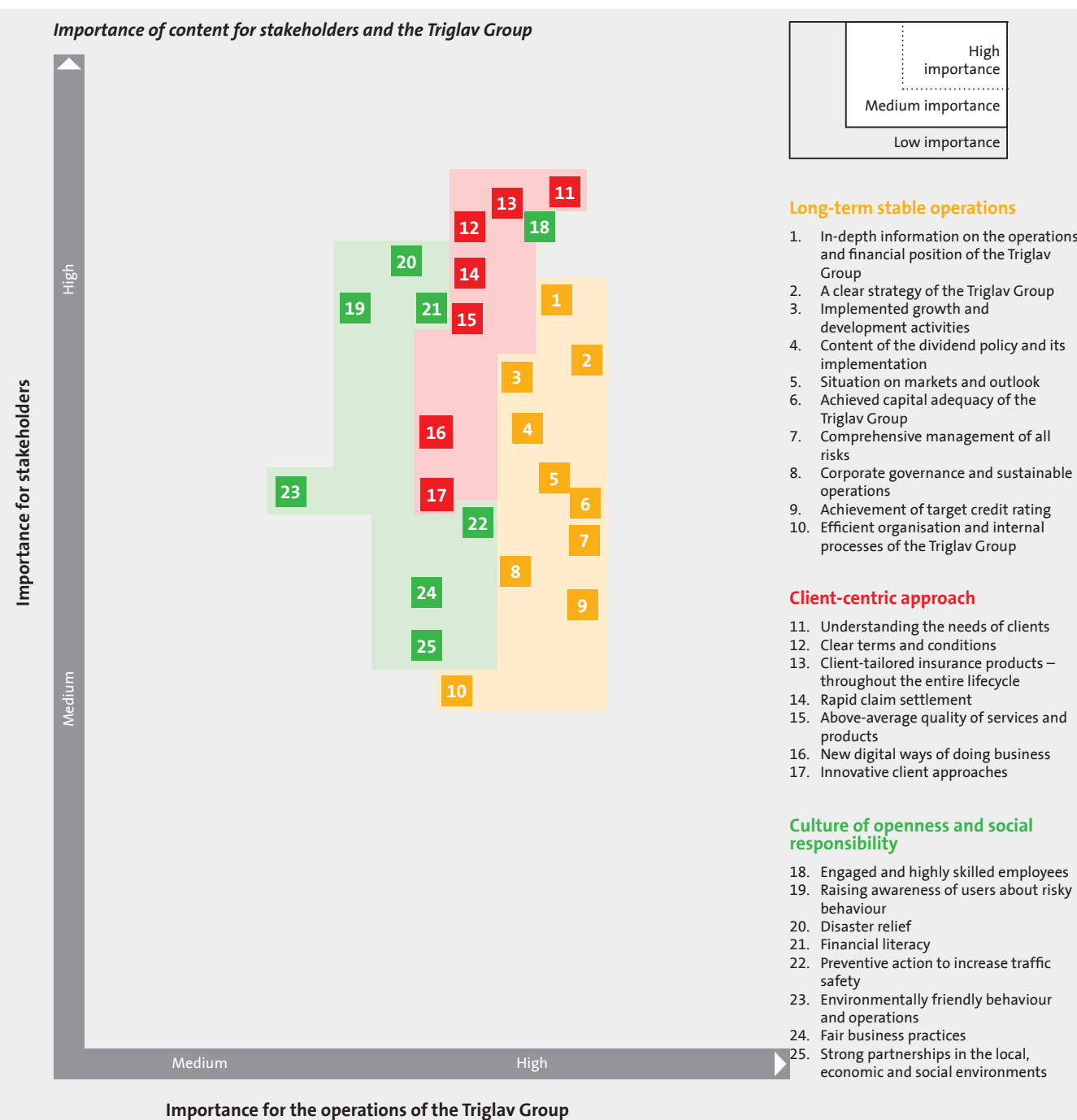
12.2 Key stakeholders²⁹

Mutual trust and understanding are strengthened by proactively engaging individual stakeholder groups. The Company monitors the needs and interests of its stakeholders through a mix of mutual relationships at the strategic and operational levels.



²⁹ GRI GS 102- 40, 102-42, 102-43, 102-44

A stakeholder analysis and a materiality analysis of stakeholder content were conducted for the second time in 2019, and for the first time in 2017. In order to identify employees' interests, a survey in the form of two focus groups was conducted, as well as in-depth interviews with clients. The interests of investors or shareholders were monitored through personal contact and questions at investor conferences and the General Meeting of Shareholders. As part of the analysis, stakeholders were asked to prioritise their interests or influences that individual factors have on their decisions, and based on that, a matrix of interests was prepared. Individual topics were divided into three strategic sets: long-term business stability, client focus, and a culture of openness and corporate social responsibility.



Highlighted topics and methods of stakeholder engagement

| Stakeholders | Material topics/interest | Engagement method |
|-------------------------------|--|---|
| Clients/policyholders | <ul style="list-style-type: none"> Understanding the needs of clients Rapid claim settlement Innovative financial/insurance products and services Client-tailored insurance products – throughout the entire lifecycle Profitability in economic stability of the insurance company Clear terms and conditions Quality insurance and financial products and services Quality of a broad range of assistance services Socially and environmentally responsible operations of the company Financial literacy New digital ways of doing business and an easy-to-use online presentation of products/services Raising awareness of users about risky behaviour | <ul style="list-style-type: none"> Personal contact with insurance experts, asset managers Detection of complaints and praise and responding thereto Email Telephone conversations Opinion polls and surveys Websites, blogs and e-newsletters Social networks Mobile applications Marketing communication |
| 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 Safety and health at work 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 Telephone conversations |
| Shareholders/investors | <ul style="list-style-type: none"> Clear business strategy In-depth information on the operations, financial position and plans of the Group Financial efficiency, capital adequacy Implemented growth and development activities Dividend policy and return Situation on markets and outlook Comprehensive management of all risks Corporate governance and sustainable operations Achievement of target credit rating Efficient organisation and internal processes within the Group | <ul style="list-style-type: none"> General Meetings of Shareholders Sessions of the Supervisory Board and its committees Public announcements on the Ljubljana Stock Exchange SEOnet online portal Corporate website Presentation for Investors Investor conferences, individual meetings, conference calls Email Opinion polls and surveys |
| 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 |
| 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 E-mail and electronic operations Telephone conversations |
| Local and broader communities | <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 insurance 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 |
| 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 community Development and general insurance topics 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 |

12.3 Economic aspects³⁰

Economic performance is the basic condition for sustainable long-term operations of the Triglav Group. It is defined by strategic objectives at all levels. The condition for its achievement is effective management of risks, which are fully understood and include non-financial risks.

Reporting on economic performance is included in several sections of the Annual Report, as seen in the footnotes and GRI Content Index.

The Triglav Group's economic value distributed amounted to EUR 46.8 million in 2019 (compared to EUR 38.3 million in 2018). Its structure by value and share is presented in [→ Section 2. in the table *Other economic, social and environmental impacts of the Triglav Group's operations*].

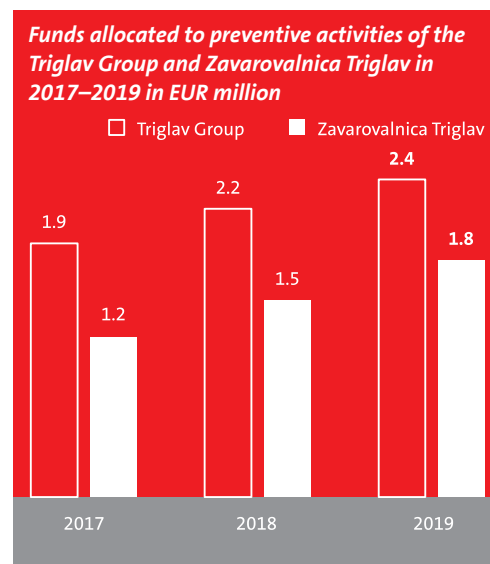
The Group holds the leading position among insurance/financial groups in the Adria region. Its **market position** in individual markets is presented in the [→ sections 2.6.2 *Insurance*] and [→ 7.4 *Triglav Group's operations in the Adria Region*].

Indirect economic impacts of the Group primarily include investments in prevention, sponsorships and donations, as well as investments in infrastructure at national and local levels. Their content is defined based on:

- the results of participation in investments in prevention, sponsorships and donor partnerships;
- the needs identified in local environments by the Group's subsidiaries 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.

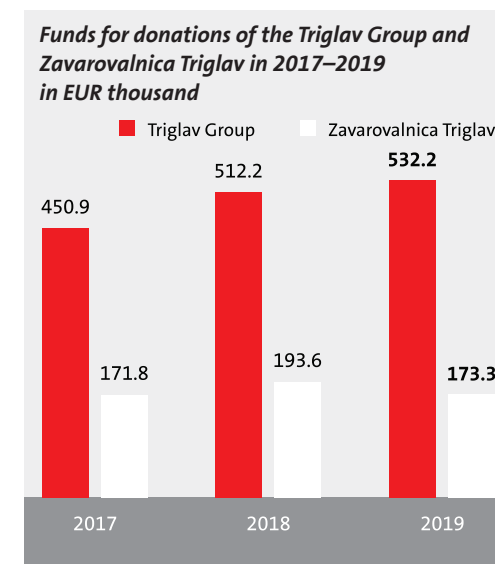
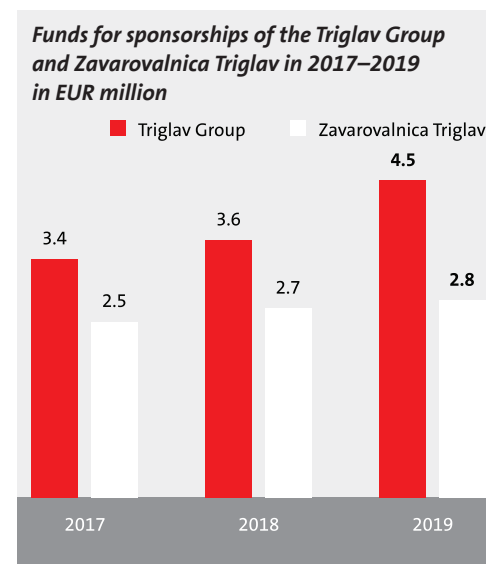
Investments in prevention³¹

Investing in prevention programmes enables the insurance industry to have an important economic and social impact by reducing risks; these programmes are also prescribed by law. Investments in prevention are described in detail [→ Section 12.4 *Social aspects*]. These investments increased in 2019.



Sponsorships and donations³²

Funds for sponsorships increased, whereas the amount of donations remained at approximately the same level as in 2018. Donations for the Triglav Group are mostly made for medical purposes.



Infrastructure investments

As part of the **Children of Triglav** campaign, playgrounds on Kum above Trbovlje and in the Municipality of Tržič were renovated in 2019. New playgrounds were built in the Kobilje Sports and Recreation Centre, in front of the Ljubljana Climbing Centre and in front of the SOS Telephone Safe House. During the eight years from the beginning of the Children of Triglav campaign, over 20 new playgrounds were built and 25 existing playgrounds were renovated for families with children, adolescents and others, providing them with quality leisure time.

In North Macedonia we have renovated playground at Strašo Pindur Elementary School in Kavadarci. In the municipalities of Čukarica and Pančevo, Serbia we have constructed basketball courts.

Renovated playground on
Kum above Trbovlje.
↓



Procurement practices³³

The procurement process focused on the implementation of an **upgraded standardised software for procurement** at the Company in 2019, which replaced the existing software. With improved traceability at all stages of the procurement process and a faster procedure, communication with suppliers was more effective. At the same time, the Company improved cost control, reduced risks and increased connectivity with internal rules, agreements, quality standards and legislation. The tool also allows for greater unification of the procurement process for different types of procurement and a higher level of automation. In accordance with adopted procurement policies, long-term agreements concluded more than three years ago over a certain annual value were renewed.

The **supplier selection criteria** take into account pricing, quality and quantity factors as well as the requirements of individual areas. In addition to analysing competing suppliers, good experiences with suppliers are taken into account. The Company also checks whether suppliers are tax debtors, have been found to have committed serious violations of labour, criminal or commercial law, or whether proceedings have been brought against them by the Commission for the Prevention of Corruption. The remaining criteria depend on the type of procurement (credit rating, production capacity, delivery time, payment terms, warranty, references and reputation in the profession, etc.). Over 130 procurement procedures were carried out in 2019.

The existing suppliers were invited to fill out the forms Supplier Compliance Assessment and **Sustainable Business Operations**, which were completed by more than 140 newly registered suppliers. The forms included, among other things, a

³³ GRI GS 102-9, 103-1, 103-2, 103-3, 414-1

supplier's confirmation that they provide a healthy and safe work environment to their employees and those employed in other forms of work, adhere to human rights legislation and international human rights regulations, and comply with all environmental law requirements in countries where they do business. In selection procedures, where appropriate, the aim was to procure environmentally friendly materials and services.

Locally-oriented procurement³⁴

The Group members procure the majority of materials and services on their local markets. With regard to some similar purchases of materials, raw materials and services, however, procurement for companies in Slovenia was centralised and, when appropriate, at the Group level. As a result, more favourable terms and conditions were achieved with suppliers than an individual company would have achieved. **The minimum standards for the procurement process for the Triglav Group members** were revised in 2019.

The Company also strives to carry out most of its procurement on the Slovene market, which is regarded as the local market. The broader market trends in key procurement groups are regularly monitored (IT, property management, general procurement, intellectual services, marketing, labour and general affairs). Searching for suppliers on foreign markets is not part of a general practice unless it is economically viable.

Protection of competition

The Group follows the rules of consumer protection and competition on the market and good business practices in its operations, product development and marketing; in doing so, it respects the protected interests of its competitors.³⁵ Care is taken that the supplier selection procedures are transparent and comply with fair competition rules. The Group denounces any arrangements with competitors, which could lead to restrictive practices, and ensures that no marketing purposes or preferences are revealed in its communication with competitors. Any information on competitors is gathered solely in compliance with the law. Furthermore, no banned advertising approaches are used in marketing communication and advertising. As the company holding the leading position, Zavarovalnica Triglav takes great care not to abuse its power on individual markets. Zavarovalnica Triglav was not informed of any legal actions filed against the Company or any Group member before the Slovenian Competition Protection Agency or competent supervisory authorities in other countries of the Group members for violating the competition protection laws.³⁶

Remuneration of insurance agencies and their sales staff

Before signing an agreement with a new contractor, the standardised selection procedure is carried out. The business results of existing contractors are regularly monitored and measures are taken for enhancing cooperation and improving sales. The Triglav Group cooperates with more than 1,370 contractors.

As at the 2019 year-end, Zavarovalnica Triglav cooperated with 436 contractors holding an insurance agency licence (roadworthiness test providers, car dealers, leasing companies, banks, travel agencies, life and non-life insurance agencies). Most agreements are concluded with non-exclusive agencies.³⁷ Non-life insurance agencies are classified based on the following criteria: exclusivity, written premium, size of the area of operation, insurance product range and the number of new or renewed insurance policies. When awarding a bonus, the Company takes into account the fulfilment of monthly targets, renewability and growth of the portfolio. In the case of contractors selling life insurance products, the commission rate depends on exclusivity, portfolio trend, client loyalty index and the effectiveness of maintaining the portfolio. Contractors are also rewarded for exceeding the annual non-life and life insurance sales targets (volume bonus).

E-learning with regard to the implementation of the EU Insurance Distribution Directive and the requirements for the professional training of insurance distributors was provided for the sales staff of contractors in Slovenia in 2019.

On markets outside Slovenia, the Group cooperates with over 940 contractors (agencies, roadworthiness test providers, leasing companies, car dealers and banks). In awarding a bonus, linear bonus schemes are used, which may be 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.

Subsidies and state aid³⁸

In 2019, the Company received subsidies in the amount of EUR 5,594.26 as reimbursement for the costs of using a portable power generator. Apart from that, the Company received subsidies for people with disabilities (bonuses for exceeding the set quotas, exemption from the payment of pension and disability insurance contributions) in accordance with the Vocational Rehabilitation and Employment of Disabled Persons Act.

³⁴ GRI GS 103-1, 103-2, 103-3, 204-1 | ³⁵ GRI GS 103-1 | ³⁶ GRI GS 206-1 | ³⁷ GRI GS 102-10 | ³⁸ GRI GS 201-4

12.4 Social aspects

12.4.1 Responsibility to employees³⁹

One of the Group's strategic projects is the transformation of the organisational culture, which is also reflected in the **Group's human resource management policy**. The Group's strategic and business objectives are achieved through development activities and training to increase the level of motivation and engagement of employees. New hires are carefully selected among the best workers available. The employees are provided with opportunities for personal growth, development and career advancement. The Company values new knowledge and digital skills, as well as promotes innovation, multiculturalism, and transfer of experience and knowledge through inter-generational cooperation.

We pay special attention to the training and coaching of leaders.



Strategic human resource management guidelines and the recruitment policy

- A uniform organisational culture is being created based on constructive behaviour, teamwork, initiative, responsibility and cooperation. In 2019, the Company began to more uniformly manage and communicate its strategic objectives to the Group members by implementing corporate values, rules, established processes and procedures, and employee conduct.
- A good employer reputation is being built. In addition to recruiting, developing and retaining the best employees, the aim is to further improve selection processes, promote mobility within each company and between the Group companies. The Company set up a system of induction and development mentoring for both new and promising employees. In recruitment, both traditional and alternative methods are employed. A special challenge is to obtain employees with inter-functional, analytical and technical skills.
- In the framework of the competency model in 2019, the main competence, i.e. cooperation, was developed, while promoting the development of micro-project work.
- A special emphasis is on key promising employees. In addition to continuing training in digital technologies and sales skills, training and coaching of leaders are ongoing activities.
- Zavarovalnica Triglav's human resource information system, with the necessary adjustments, began to be implemented in some other Group members in 2019.



The number of employees in the Triglav Group

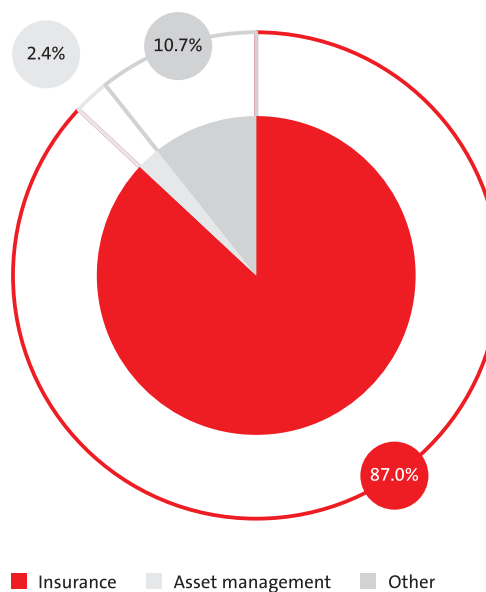
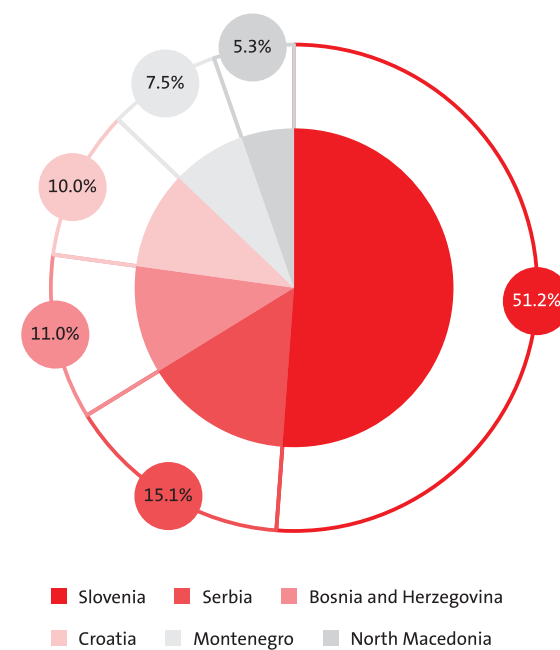
| Year | Number of employees |
|------|---------------------|
| 2017 | 5,151 |
| 2018 | 5,166 |
| 2019 | 5,281 |

**Proportion of employees in the Triglav Group
with at least level VI education according to
the Bologna study programmes**

| Year | Proportion (%) |
|------|----------------|
| 2017 | 52.6% |
| 2018 | 53.7% |
| 2019 | 55.2% |

12.4.1.1 Recruitment and employee structure⁴⁰

The Triglav Group had 5,281 employees as at 31 December 2019, an increase of 115 employees compared with the previous year. The number increased the most in Triglav Osiguranje, Belgrade, Triglav Osiguruvanje Život, Skopje, Triglav Skladi (due to the acquisition of Alta Skladi) and in the new company Triglav penzisko društvo, Skopje.

Employees by activity of the Triglav Group**Employees by market of the Triglav Group**

Employees in the Triglav Group and Zavarovalnica Triglav by type of employment (full-time, part-time) as at 31 December 2019⁴¹

| | Triglav Group | | | | Zavarovalnica Triglav | | | |
|-------------------------------------|---------------|--------------|--------------|--------------|-----------------------|--------------|--------------|--------------|
| | 2019 | | 2018 | | 2019 | | 2018 | |
| Type of employment | Number | Share (in %) | Number | Share (in %) | Number | Share (in %) | Number | Share (in %) |
| Part-time | 267 | 5.1 | 295 | 5.7 | 91 | 4.0 | 91 | 4.0 |
| Full-time | 5,014 | 94.9 | 4,871 | 94.3 | 2,162 | 96.0 | 2,199 | 96.0 |
| Total | 5,281 | 100.0 | 5,166 | 100.0 | 2,253 | 100.0 | 2,290 | 100.0 |
| Type of employment agreement | | | | | | | | |
| Fixed-term | 793 | 15.0 | 655 | 12.7 | 46 | 2.0 | 35 | 1.5 |
| Permanent | 4,488 | 85.0 | 4,511 | 87.3 | 2,207 | 98.0 | 2,255 | 98.5 |
| Total | 5,281 | 100.0 | 5,166 | 100.0 | 2,253 | 100.0 | 2,290 | 100.0 |

The **employee turnover rate**⁴² in the Group was 12.5% (compared to 10.8% in 2018) and 5.1% in the parent company (compared to 3.0% in 2018). Most leavers were aged between 31 and 40 years and above 56 years due to retirement. The majority of new hires were aged between 26 and 35 years.

The **average age** of employees in the Triglav Group was somewhat higher than in the previous year, i.e. 44.06 years (compared to 43.96 years in 2018). The average age of employees in the parent company was 45.89 years (compared to 45.61 years in 2018). The average age of Zavarovalnica Triglav's Management Board members was 46.67 years.⁴³ In Slovenia, senior management is hired from the local community, as is the majority of senior management on the markets outside Slovenia where the Group operates.⁴⁴

In terms of gender, the **proportion of women** among employees increased by 1.3 percentage point. In all employee categories, locations and activities, the **basic salary of men and women** is equal.⁴⁵ The **proportion of women in senior management** increased to 14.6% (compared to 13.6% in 2018) and to 40.4% in middle management (compared to 40.2% in 2018). The proportion of women among the members of the Management Board of Zavarovalnica Triglav was 33.3%.⁴⁶

The **proportion of employees under the collective agreement** in the Group was 91.1% (compared to 91.4% in 2018) and 92.1% in the Company (compared 93.1% in 2018). The remaining 8.9% were employees with individual agreements.⁴⁸ Benefits are the same for all employees, be it permanent full-time employees, fixed-term employees or part-time employees.⁴⁹

Employees in the Triglav Group and Zavarovalnica Triglav by age and gender as at 31 December 2019⁴⁷

| | Triglav Group | | | | Zavarovalnica Triglav | | | |
|---------------|---------------|--------------|--------------|--------------|-----------------------|--------------|--------------|--------------|
| | 2019 | | 2018 | | 2019 | | 2018 | |
| Age group | Number | Share (in %) | Number | Share (in %) | Number | Share (in %) | Number | Share (in %) |
| From 18 to 19 | 5 | 0.1 | 5 | 0.1 | 0 | 0.0 | 0 | 0.0 |
| From 20 to 25 | 135 | 2.6 | 116 | 2.2 | 16 | 0.7 | 17 | 0.7 |
| From 26 to 30 | 403 | 7.6 | 397 | 7.7 | 115 | 5.1 | 121 | 5.3 |
| From 31 to 35 | 622 | 11.8 | 645 | 12.5 | 202 | 9.0 | 224 | 9.8 |
| From 36 to 40 | 786 | 14.9 | 780 | 15.1 | 288 | 12.8 | 297 | 13.0 |
| From 41 to 45 | 923 | 17.5 | 905 | 17.5 | 403 | 17.9 | 422 | 18.4 |
| From 46 to 50 | 878 | 16.6 | 829 | 16.0 | 446 | 19.8 | 434 | 19.0 |
| From 51 to 55 | 766 | 14.5 | 749 | 14.5 | 437 | 19.4 | 434 | 19.0 |
| 56 and over | 763 | 14.4 | 740 | 14.3 | 346 | 15.4 | 341 | 14.9 |
| Total | 5,281 | 100.0 | 5,166 | 100.0 | 2,253 | 100.0 | 2,290 | 100.0 |
| Gender | | | | | | | | |
| Men | 2,456 | 46.5 | 2,470 | 47.8 | 1,116 | 49.5 | 1,128 | 49.3 |
| Women | 2,825 | 53.5 | 2,696 | 52.2 | 1,137 | 50.5 | 1,162 | 50.7 |
| Total | 5,281 | 100.0 | 5,166 | 100.0 | 2,253 | 100.0 | 2,290 | 100.0 |

⁴¹ GRI GS 102-8 | ⁴² GRI GS 401-1 | ⁴³ GRI GS 405-1 | ⁴⁴ GRI GS 202-2 | ⁴⁵ GRI GS 405-2 | ⁴⁶ GRI GS 405-1 | ⁴⁷ GRI GS 405-1 | ⁴⁸ GRI GS 102-41 | ⁴⁹ GRI GS 401-2

12.4.2 Employee training and development⁵⁰

Education and training

Continuous education and training of employees is one of the key conditions for achieving the Group's strategic objectives. In this way, the employees are provided with many internal and external training courses in various fields of expertise. Most of the training, as much as 94%, was organised in-house (54% as traditional training, 40% as online training). The emphasis was on insurance topics, sales training, leadership training, and training programmes aimed at increasing employee competences.

Over 1,100 employees of the parent company requiring an authorisation to conduct insurance agency business (i.e. a license) were affected by the new legislation that came into force in 2019, requiring them to complete **at least 20 teaching hours of training** per year. Numerous training courses in insurance and consumer protection

were held, in addition to short training courses as part of regular weekly meetings at regional units.

The Company organised **21 consultations** for employees in various fields of expertise. In addition to the Company's employees, **employees at external points of sale** were included in various online training courses. Two groups of insurance agents attended the **Sales Academy**, while their supervisors attended the **Sales Management Academy**. Newly hired insurance agents, employees from subsidiaries and external points of sale participated in the preparatory course for obtaining a license to conduct insurance agency business.

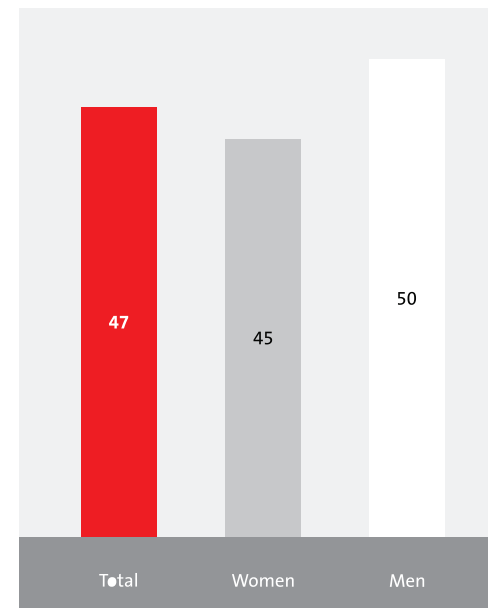
Leadership development training programmes also continued. Two new teams of **in-house coaches** were trained to support leaders in implementing a new mentality (strengths-based leadership) in the context of organisational culture development. All supervisors from the parent company and the Group participated in coaching.

The Group's promising staff completed the **Triglav International Business Academy (TIBA)**

Participants of the Triglav International Business Academy.



The average number of functional training hours in Zavarovalnica Triglav in 2019 by gender⁵¹



programme in May. A new **Digital Academy** training program was created, in which employees from the whole Group participated. The **V živo #sTriglava** programme helped the participants to manage their professional image online.

The **investment in the training programmes of the Triglav Group** amounted to EUR 2.2 million (index 128), primarily due to the significantly higher number of internally organised training programmes. The latter increased also due to the development of training plans for all employees in the parent company. In the context of annual interviews, supervisors selected appropriate training programmes for their employees based on competency assessments with the aim of strengthening them. Although training was fairly evenly distributed across all age groups, a slightly higher number of new hires participated in training.

The employees are encouraged to obtain further **formal education**. Full or partial funding of work study was provided to 112 employees of the Group. A total of 20 young employees completed traineeship under the guidance of mentors. Scholarships were provided to 25 high school and university students, while obligatory work placement was provided to 52 high school and university students. Cooperation with faculties continued and the Company presented its activities to high school and university students on several occasions.

The Group organised **16 international expert symposia** for employees. Pozavarovalnica Triglav held a training course on accounts receivable insurance for employees of the whole Group. The Digital Academy was available to the employees in and outside Slovenia, while internal training entitled "Triglav School" (Triglav škola) gradually began to be carried out in all companies. In addition, e-learning was implemented at all subsidiaries outside Slovenia.

The Group's online training focused on specialised topics of insurance business and sales skills, including preparation for licenses, occupational safety and health, information security, personal data protection, and the prevention of money laundering and terrorist financing.⁵²

Management by objectives and competence⁵³

Management by objectives is used to monitor employees' performance, provide them with feedback and motivate them. Employees are rewarded for the achievement of their objectives, which are set together with their supervisor during the annual interview and monitored at quarterly interviews. Due to the nature of their work, sales staff are subject to other forms of remuneration, such as commission, which – as a rule – depends on their performance results.

⁵⁰ GRI GS 103-1, 103-2, 103-3 | ⁵¹ GRI GS 404-1 | ⁵² GRI GS 412-2 | ⁵³ GRI GS 404-3

The development of the competences of all employees is planned according to the requirements for current competences, according to the performance of tasks and duties, and according to the anticipated needs or requirements for competences in the future. By defining individual competency profiles and development activities, the competency model is integrated into annual development interviews.

As much as 70% of all employees are included in the management-by-objective system, which is also being introduced in various forms to other companies in Slovenia. Insurance subsidiaries outside Slovenia introduced management by objectives for all employees whose remuneration is not based on the commission system.

The competences and development potential of employees in several Group companies are also assessed using the DNLA (Discovery of Natural Latent Abilities) tool. This tool is also used in recruitment at Zavarovalnica Triglav, Pozavarovalnica Triglav Re and Triglav Osiguranje, Belgrade and for the development of leadership skills at the parent company, Pozavarovalnica Triglav Re, Triglav, Zdravstvena zavarovalnica and in insurance subsidiaries outside Slovenia.

Fit and proper assessment

The Solvency II Directive requires that all persons who manage or supervise an insurance undertaking or hold a key function have adequate professional qualifications (fit) and are of good reputation and integrity (proper). In the Triglav Group, fit and proper assessment is conducted in line with national legislation and the adopted internal documents for the members of management boards, supervisory boards and key function holders. The assessment, which is carried out in all insurance companies, was also done in 2019.

12.4.2.1 Organisational vitality (climate) and organisational culture⁵⁴

A total of 3,756 or 86.3% of employees in 14 Group companies participated in the measurement of organisational vitality and engagement (ORVI). The responsiveness was 3.2 percentage points higher in 2019 (compared to 83.1% in 2018). The aggregate ORVI index is composed of the indicators *work environment, systems, operational management, personal view* and engagement.

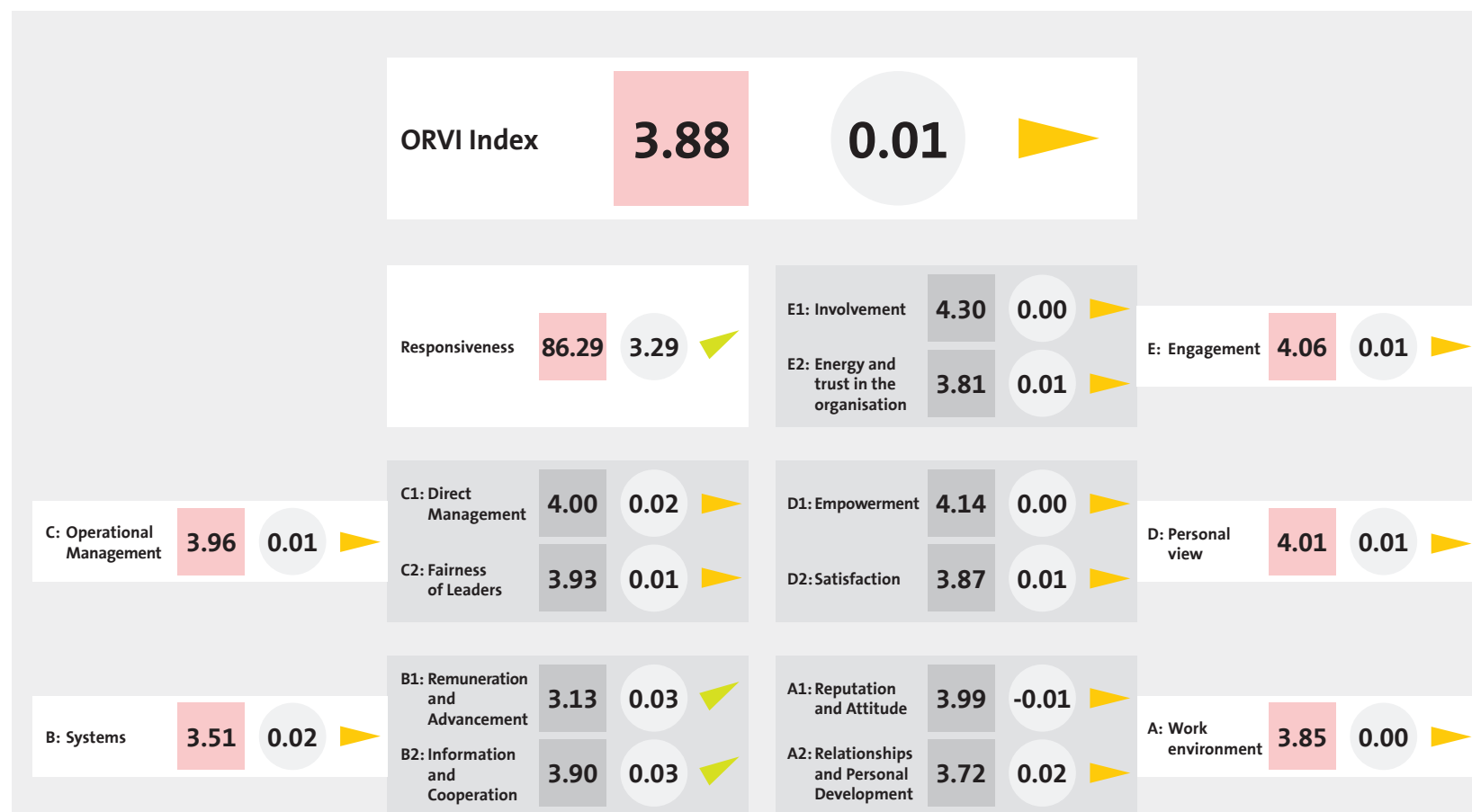
Organisational vitality at the Group further improved in 2019. The ORVI index was 3.88, an

increase of 0.1 percentage point. Improvement was recorded in most major indicators.

The share of highly engaged employees slightly increased in 2019 (by 0.2 percentage point) to 52.6%, whereas the share of less engaged employees dropped to 11.7% (compared to 12.0% in 2018). The Group's employees perceive their work environment as positive; they are satisfied with regular employment, working time, their co-workers and direct supervisors. Improvement was also seen in the Remuneration and Advancement category.

The ORVI index of the **parent company** is higher than that of the Group and stands at 3.92. The indicators remained at the level of the previous year.

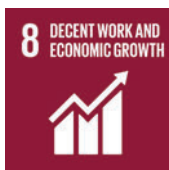
The results of the measurement serve as the basis for adjustments and improvements of the organisational culture of the Triglav Group and the long-term organisational vitality of Zavarovalnica Triglav. Key measures in this respect include the establishment of a leadership culture and the systematic development of supervisors throughout the whole Group.



⁵⁴ GRI GS 102-43, 102-44

12.4.3 Occupational health and safety⁵⁵

The comprehensive approach developed by the parent company to ensure safe and healthy working conditions is transferred to the Group by implementing common minimum standards for occupational health and safety in compliance with local legislation. In this regard, the aim is to identify, mitigate and manage risks arising from work duties and the work environment.



Occupational health and safety is organised in accordance with the legislation and ensures the smooth provision of a healthy work environment for the employees.⁵⁶

The Safety Statement and Risk Assessment for individual **workplace categories** include an assessment of hazards and harmful effects, which could impact the health of employees, and the foreseen mitigation measures. It is an ongoing process, which involves making regular revisions of assessments and updating the measures. Employees also take part in it. Health risk assessments are revised in cooperation with occupational health physicians. Based on the results of risk assessment, employees are referred to periodic medical examinations and every new hire is required to undergo a statutory medical examination.⁵⁷

Care for occupational health and safety is **promoted among clients** through insurance products. Any one (employer) wishing to conclude group accident insurance can only do so if it fulfils the requirements relating to occupational health and safety of its employees.⁵⁸

In a modern e-classroom, employees learn about fire safety and occupational health and safety (participation in the training course and the exam are obligatory). In addition, a mix of communication channels is used for raising awareness. The parent company carries out the **Protecting Health** (Zavarujmo zdravje) health promotion

programme, with the emphasis on mental health, and the measures of the full Family-Friendly Enterprise Certificate, while the **Triglav.smo** programme is implemented at the Group level to promote healthy, satisfied and engaged employees.

A new four-day preventive health programme **Days of Health** (Dnevi zdravja) was launched in 2019, which was attended by 199 employees at one of the Slovene thermal spas. The programme will continue in 2020.

The parent company also provides its employees with a psychological and social support programme aimed at comprehensive treatment of employees in all kinds of distress.

Due to the increasing proportion of older employees, a special focus is on **ageing in the workplace**. All employees are advised to exercise regularly, eat healthy and abandon unhealthy habits, and educated on how to sit properly, effectively relax and manage stress. Employees' families are also invited to attend these workshops and events.

Support to employees in the event of workplace violence⁵⁹

Employees who are in contact with clients are trained in how to respond in the event of violence, robbery or threats. In addition to the modern technical security measures to protect both the employees and the business premises, regulations and instructions ensuring a safe work environment are also in place.

Fire safety

With regard to fire safety, the Group implements preventive measures, monitors on-site fire safety in accordance with the applicable statutory requirements, carries out regular training and education of employees, and ensures ongoing improvement of fire safety at all business locations. A plan on emergency response and actions in the case of an emergency and other security events was developed for the employees. 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.

Occupational health and safety topics covered in formal agreements with trade unions and in the collective agreement⁶⁰

Safe working conditions in the parent company are provided 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 dangers at work and work safety measures that they are obligated to follow. Furthermore, employees are provided with the required work equipment and personal protection equipment. Periodic medical examinations are carried out in line with the timeline and scope foreseen for individual workplace categories.

Injuries at work⁶¹

The number of injuries at work increased in the Triglav Group, but decreased in Zavarovalnica Triglav. Overall, the number of injuries at work remained low.

Injuries at work in the Triglav Group and Zavarovalnica Triglav in 2018 and 2019

| | 2019 | | 2018 | | Index |
|-----------------------|-----------|--------------|-----------|--------------|------------|
| | Number | Share (in %) | Number | Share (in %) | 2019/2018 |
| Triglav Group | | | | | |
| At work | 11 | 55.0 | 8 | 57.1 | 138 |
| On business trips | 9 | 45.0 | 6 | 42.9 | 150 |
| Total | 20 | 100.0 | 14 | 100.0 | 143 |
| Zavarovalnica Triglav | | | | | |
| At work | 2 | 28.6 | 3 | 37.5 | 67 |
| On business trips | 5 | 71.4 | 5 | 62.5 | 100 |
| Total | 7 | 100.0 | 8 | 100.0 | 88 |

The number of lost work days in the Group rose due to the higher number of injuries at work.

Lost work days due to injuries at work in the Triglav Group and Zavarovalnica Triglav in 2018 and 2019

| | 2019 | 2018 | Index |
|--|------|------|-------|
| Lost work days due to injuries at work | | | |
| Triglav Group | 754 | 529 | 143 |
| Zavarovalnica Triglav | 73 | 106 | 69 |



12.4.4 Care for employee satisfaction⁶⁴

Family-Friendly Enterprise Certificate

Zavarovalnica Triglav is planning for the long-term preservation of cognitive skills and promotion of both physical and mental health of its employees. The measures of the Family-Friendly Enterprise Certificate are designed to provide for a better work-life balance of the employees. Zavarovalnica Triglav has been the holder of the full Family-Friendly Enterprise Certificate since 2016 and received special recognition for maintaining it in 2019. The measures of the certificate are also implemented in the context of the strategic project of transforming the organisational culture.

In Zavarovalnica Triglav, children who have lost one of their parents receive an annuity or scholarship. The Company also responds if its employees need humanitarian assistance; employees' children were taken to summer camp for the fourth consecutive year. The "care fund of work hours" has been welcomed by employees who have family members suffering from a serious illness. Employees can also take extraordinary leave to accompany their loved ones for doctor's appointments.



Employees' children summer camp.

Additional benefits for employees:⁶⁵

- the employer makes payments for supplemental pension insurance for 59% of the employees of the Triglav Group and for 96% of the employees of the parent company;
- payment of group accident insurance premium;
- favourable conditions for taking out additional accident insurance for employees and their family members;
- additional 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 collective insurance package Comprehensive medical care (Celostna zdravstvena oskrba – CZO), in which 63% of all employees of the Group and 83% of the parent company are included.

Other benefits are listed in the previous sections. The Group members operating outside Slovenia also provide benefits to their employees in the form of discounts on medical examinations, the payment of accident insurance premium, discounts on other types of insurance and, in certain companies, the payment of voluntary health insurance premium.

Parental leave or part-time work in the Triglav Group and Zavarovalnica Triglav in 2019⁶⁶

| Triglav Group | Women | Men | Total |
|--|-------|-----|-------|
| Maternity leave, child care leave | 137 | 4 | 141 |
| Father's leave of 20 days* | 0 | 62 | 62 |
| Father's leave of 75 days (up to the child's age of three years) | 0 | 6 | 6 |
| Option to work part-time | 40 | 2 | 42 |
| Zavarovalnica Triglav | Women | Men | Total |
| Maternity leave, child care leave | 47 | 1 | 48 |
| Father's leave of 20 days* | 0 | 49 | 49 |
| Father's leave of 75 days (up to the child's age of three years) | 0 | 1 | 1 |
| Option to work part-time | 26 | 1 | 27 |

The number of employees who returned to work after parental leave was 94% (both genders).

Return to work and retention rate after using parental leave in the Triglav Group and Zavarovalnica Triglav in 2019⁶⁷

| Triglav Group | Women | Men | Total |
|--|-------|------|-------|
| The number of employees who returned to work after parental leave | 129 | 4 | 133 |
| The number of employees who returned to work after parental leave (by gender) and who stayed employed in the Company after 12 months | 129 | 4 | 133 |
| Return rate after parental leave | 94% | 100% | 94% |
| Retention rate after parental leave | 100% | 100% | 100% |
| Zavarovalnica Triglav | Women | Men | Total |
| The number of employees who returned to work after parental leave | 47 | 1 | 48 |
| The number of employees who returned to work after parental leave (by gender) and who stayed employed in the Company after 12 months | 47 | 1 | 48 |
| Return rate after parental leave | 100% | 100% | 100% |
| Retention rate after parental leave | 100% | 100% | 100% |

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.

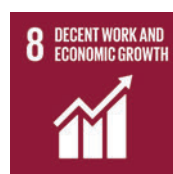
⁶⁴ GRI GS 103-1, 103-2, 103-3 | ⁶⁵ GRI GS 401-2, 201-3 | ⁶⁶ GRI GS 401-3 | ⁶⁷ GRI GS 401-3

Relationships among employees and management, trade union activities⁶⁸

Two representative trade unions are active in Zavarovalnica Triglav and the Works Council. The Company concluded a special agreement and co-operates well with both of them. Before adoption, any document specifying the rights and obligations of workers is submitted to the trade unions to give their opinion. The agreement on worker participation in the management of Zavarovalnica Triglav specifies the implementation of workers' rights under the Worker Participation in Management Act and regulates other rights and the method of participation of workers in the company's management, which may be both individual and collective. The Company informs the Works Council of any changes in the Company's operations at least 10 days prior to adopting such a decision.

Respecting the workers' rights and human rights⁶⁹

By respecting fundamental human rights and caring for the values of dignity, integrity and equality, the Group is building a safe, healthy and friendly work environment for its employees. The mutual relations are regulated by the Triglav Group Code, which promotes prevention of discrimination, harassment and mobbing in the workplace. In the implementation of the Code, individual companies also comply with the applicable local legislation. At Zavarovalnica Triglav, discrimination and unwanted conduct are governed by the Rules on the protection of workers' dignity at work, under which a confidant is appointed with the agreement of the Works Council. Insurance companies outside Slovenia have internally defined resolving and joint reporting of breaches of the Code. Great care is taken that the employees are not exposed to any conflicts and unwanted conduct that would undermine their dignity. Any disagreements are resolved through dialogue. It is



important for comprehensive dispute resolution to start resolving a dispute at its earliest stage, with the cooperation of a wide circle of experts and leaders.

In 2019, the Group's employees did not report any interference with the fundamental rights to protect the dignity and unlawful conduct of discrimination, harassment or mobbing in the workplace as defined by the Triglav Group Code.⁷⁰

Promoting innovation and improvements

As part of the **Idea IN** system designed to foster creativity and collect good ideas and proposals for

improvements, 14 ideas were submitted by employees, of which 8 were recognised as good and were rewarded and 3 related to an improvement of the existing solutions.

Care for employees outside the working hours

Social and sports activities popular among the employees include the Triglav Group Day – Our Day, sports games of financial organisations (ŠI-FO) and gatherings with retired Triglav employees. Over 21% of employees of the Group members and 37% of the employees of the parent company were members of the mountaineering and sports clubs.

The Triglav Group Day – Our Day. 

12.5 Responsibility towards clients⁷¹

Focusing on clients is one of the three key strategic guidelines of the Triglav Group. Therefore, building long-term relationships with clients, monitoring their needs and successfully resolving any disagreements are at the forefront of the Company's operations. The Company strives for the best possible transparency, comprehensibility and accessibility of its products and services, which is taken into account already during their development. Modern technologies provide new ways of reaching clients and give clients the possibility to choose the type of communication that is best suited for them. Much attention is also paid to quality after-sales services. See [→ *Section 11. Development and sales activities*] for more details.

Marketing and labelling⁷²

The Company provides its clients with all the necessary information and easy access to it. It ensures that its insurance and other general terms and conditions are appropriate and fair and that clients are treated professionally and equally.

No misleading, aggressive, insulting, shocking or other inappropriate practices are used in promotional activities and the marketing of products and services. The Company also follows the recommendations of the Slovene Consumers' Association for improving financial literacy.

Any complaints are resolved quickly within the prescribed procedures. The Company fully complies with consumer protection legislation and the special requirements with regard to client information when concluding distant contracts for financial services, including insurance contracts. See [→ *Section 11.6 Adjustment to regulatory changes*] for more information.

New EU legislation came into force in 2019, setting uniform rules for communicating and conducting sales activities, as well as upgrading and increasing the protection of consumers. Therefore, a great deal of activities was devoted to putting these rules into practice.

Product and service accessibility and portfolio⁷³

Rapid development and use of modern technologies provide greater accessibility and simplicity of services, constant interaction, new forms of partnerships and the upgrading of products into services. See [→ *Section 11. Development and sales activities*] for more details.

- **Telematics to promote safe driving:** The DRAJV mobile application is regularly used by 48,000 drivers per month, which is 14% more than in 2018. The number of safe drivers who took out an insurance policy with the DRAJV discount increased.
- **Safe driving simulator in Triglav Lab:** Young drivers can take a practical driving test on a simulator to obtain a 50% reduction in the surcharge for increased risk in young drivers. By combining the use of the DRAJV application with the e-exam and the safe driving test in the training centre or on the simulator, the young driver can get a 100% exemption from the surcharge payment.

Safe driving simulator in
Triglav Lab.
↓

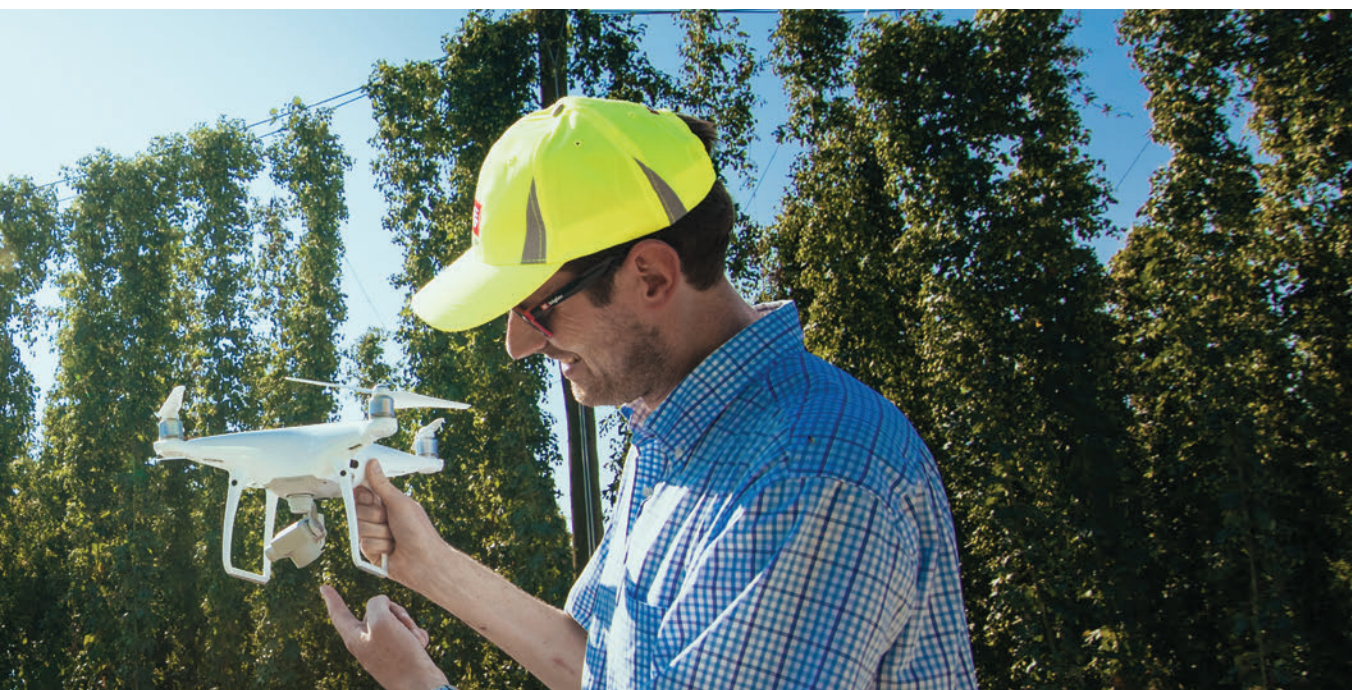


⁷¹ GRI GS 103-1, 103-2, 103-3 | ⁷² GRI GS 103-1, 103-2, 103-3, GS 417-1 | ⁷³ GRI G4-FS7, G4-FS8, SDG 13



- **Application for mobile claim reporting and ordering assistance services:** The Triglav Asistenca mobile application enables clients to report a claim, monitor the progress of claim settlement and order assistance services.
- **Mobile appraisal units in the event of mass claims:** Mobile appraisal units were set up in the affected areas also in 2019, thereby facilitating the appraisal of damage.
- **Simplified claim settlement:** The settlement of low-value claims was simplified for all non-life insurance claims regardless of the claim reporting channel. Reporting, registration and settlement of travel and health insurance claims was simplified. Automatic billing and liquidation of claims was introduced for some insurance subclasses and clients, which ensures quick response and faster settlement of claims.
- **Expanded electronic and mobile claim reporting:** In the Mobilni zastopnik and Mobilna cenilka mobile applications, an authorised person may report a claim on behalf of the client. In addition, the option of reporting animal and crop insurance claims was developed.
- **Use of drones to appraise crop damage and damage to major buildings:** Damage assessment and appraisal using drones was launched to ensure a quick, safe and accurate damage assessment.

With use of drones we ensure a quick, safe and accurate damage assessment. ↓



- **Paperless operations:** Cooperation with physicians' offices is completely paperless in order to ensure faster settlement of claims. Paperless communication (in electronic form) with clients takes place in the settlement of non-life insurance claims, with the client's consent to electronic correspondence.
- **Integration of the new Audatex vehicle damage assessment application:** In this way, the contractor – repair shop or the employee of Zavarovalnica Triglav can view and assess the damage.
- **Prevention advice and insurance literacy:** The online portal Vse bo v redu (Everything Will Be Alright) provides advice and explains the basic insurance concepts and principles. In addition, Naložbenik magazine is published with the aim of raising awareness about the importance of life insurance in relation to ensuring financial security. Triglav Skladi has participated in the "Financial literacy of young people" project for many years.
- **Weather alert mobile application:** The free and freely accessible Triglav Vreme (Triglav Weather) application, in partnership with the Slovenian Environment Agency, provides reliable weather information and forecasts for a particular location and the whole Slovenia.
- **Online transactions with mutual funds and investment solutions:** In 2019, Triglav Skladi launched the Moj račun (My Account) online application, which enables users comprehensive online transactions with mutual funds and investment solutions, while providing a comprehensive overview of portfolio balance and information about new features and services. The online communication platform Zaslužite si več (Earn More) provides additional information about investment and funds and raises awareness of prudent asset management for a variety of target groups, especially young people.
- **Accessibility in client communication:** See [→ *Section 11. Development and sales activities*] for more information about online communication channels and tools. In addition to those, clients can receive information on non-life and life insurance products by calling the toll-free number 080 555 555. The assistance and general information centre is available 24/7 at the special phone number 080 2864 (for calls from abroad: +386 2222 2864). The web office, which is available as an Android and iOS smartphone application, provides easier access to insurance products to computer literate movement-impaired policyholders.⁷⁴



Insurance products and services designed to promote environmental responsibility

- Raising the awareness about the importance of **prevention and risk management in agricultural production** and the need to protect domestic food production:
 - promotion of insurance co-financed by municipalities at the level of local communities,
 - promotion of cooperatives by concluding insurance via cooperatives (especially with regard to hop insurance).
- The premium policy and participation in prevention programmes encourage policyholders to invest in **active protection from adverse weather conditions** through the use of anti-hail nets, greenhouses, tunnels, irrigation and sprinkler systems for spring frost protection, and test anti-frost candles against spring frost for orchards and vineyards.⁷⁵
- In agricultural insurance, damage appraisal in the field is performed **electronically (paperlessly)**.
- The Company raises awareness of young farmers with regard to risk management in agriculture and supports the Innovative Young Farmer project, both in partnership with the Association of Slovene Rural Youth.
- The premium policy is designed to encourage **less intensive animal production**, which is not only environmentally friendlier but also involves fewer insurance risks. Cattle insurance (the main class of livestock insurance) was adapted to regional specifics and small and medium-sized livestock farms to maintain agricultural production in less favoured areas (limiting agricultural factors).⁷⁶



80 participants of the first workshop on safe driving with tractors. ↑

- Together with the AMZS and the Association of Slovene Rural Youth, the Company organised training on **safe driving with a tractor** at the AMZS training centre in Vransko.
- Remote sensing technology with satellite-based soil moisture measurement was added to the crop insurance against drought, which will be transferred to subsidiaries outside Slovenia.
- The Company participates in the pilot project of the Swiss Re reinsurance company “Hail occurrence based on lightning characteristics”, in which experts study the probability of hail occurrence based on the characteristics of lightning during storms.
- **The range of partner authorised veterinary clinics for small animals is growing** with the aim of improving the quality of insurance and healthcare services.
- The stimulative premium policy for **young farmers** contributes to the promotion of young farmers setting up an agricultural holding, the preservation of settlement and larger land cultivation in the countryside.



These goals are consistent with the interests of both the Common Agricultural Policy and Slovenia's agricultural policy.⁷⁷

- In cooperation with the Slovenian Environment Agency (ARSO), the Company acquired the observer status in the Alpine Drought Observatory (ADO) project, which is managed by the EURAC Institute from Bolzano. The online platform for the Alpine region provides simultaneous monitoring of point and satellite drought indicators.

Due to environmental risks, long-term and short-term financial security of agricultural producers is increased:

- by actively participating in the **project team for upgrading the financial risk management system** in agriculture, forestry and beekeeping due to natural disasters for the 2020–2027 period, which was established by the Ministry of Agriculture, Forestry and Food;
- by **taking out agriculture insurance with state premium co-financing** (in accordance with the applicable legislation, the insurer and the policyholder agree on the payment of only that part of the premium which the policyholder is required to pay, while the remaining portion of the state co-financed premium is directly claimed by the insurer on behalf of the policyholder).

⁷⁵ GRI G4-FS8, SDG 2.3 | ⁷⁶ GRI G4-FS8 | ⁷⁷ GRI G4-FS7, SDG 9.3

Access to insurance services for people with various disabilities⁷⁸**Zavarovalnica Triglav: to improve the services provided to persons with disabilities and ensure their full integration**

- 70% of the Company's points of sale provide independent access to people with different types of disabilities. The renovation of business premises in 2019 also involved improving access to the elevators for people with disabilities in the commercial building at Dunajska cesta in Ljubljana, at two points of sales and one appraisal point.
- 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.

Fair business practices⁷⁹

The principles of fair and ethical conduct are set out in the **Triglav Group Code** (hereinafter: the Code), which applies to all insurance and financial companies of the Group. Its content and principles are constantly communicated and included in employee training, e.g. ethical conduct and compliance, transparency, prevention of corrupt practices, conflict of interest management, fraud management, prevention of money laundering and terrorist financing, consumer protection, fair business practices and respect for human rights.

Through the Code, the system for direct reporting of non-compliance was set up, regulated by a special internal document for dealing with internal fraud and breaches of the Code. These rules apply to all Group members.

No major breaches of the Code or cases of internal fraud were identified in the Triglav Group in 2019.⁸⁰

No major inconsistencies in the Triglav Group were identified by external supervisory authorities. They imposed a fine of EUR 358 during a fire safety review, and the Pension and Disability Insurance Institute of Slovenia issued an admonition.⁸¹

Insurance fraud management⁸²

Insurance fraud is identified using an advanced application software, which was implemented in all insurance subsidiaries of the Triglav Group. The identification of fraud suspicions is thus simpler, and the established indicators allow the Company to identify fraud suspicions in a shorter time. The internal control system is being improved based on confirmed suspicions of fraud or identified risks. In the fight against fraud, the Company actively cooperates with other insurers and competent state authorities.

Systematic training and awareness raising activities are carried out for all employees of the Group so as to effectively identify fraud, particularly with respect to insurance underwriting and claim settlement. In doing so, the employees are encouraged to report suspicions using the application software.

Insurance fraud was confirmed in 677 cases out of 1,310 reported cases of suspected fraud in 2019. The number of confirmed cases of suspected fraud was 50% higher than in 2018.⁸³

Anti-corruption measures and personal data protection⁸⁴

In accordance with the Declaration on Fair Business, the Slovene Corporate Integrity Guidelines and the relevant internal documents, the anti-corruption clause is an

obligatory contractual provision that must be included in legal relationships with contractors. With the adopted anti-corruption policy, its mandatory application was extended to other insurance and financial companies of the Triglav Group. There were no reported suspicions of corruption in the Triglav Group in 2019.

The parent company signed the Commitment to Respect Human Rights in Business in 2019 in order to implement the National Action Plan of the Republic of Slovenia for Respect for Human Rights in the Economy. This standard will be transferred to the Group members after its implementation in the parent company.

With regard to personal data protection, Zavarovalnica Triglav further strengthened the number of education and training courses for its employees and external sales staff. Together with the Group members, the Company began to prepare common rules for the processing and protection of personal data.⁸⁵

The Information Commissioner initiated four inspection procedures at Zavarovalnica Triglav in 2019, three of which were based on self-reporting an identified breach of personal data protection. Three supervisory procedures have not yet been completed, while in one case the supervisory authority suspended the procedure. One supervisory procedure was initiated in the subsidiaries of the Group, but no irregularities relating to personal data protection were established.⁸⁶

Monetary value of all contributions to political parties⁸⁷

Zavarovalnica Triglav is prohibited from financing political parties pursuant to the Political Parties Act. The corruption risk management policy of the Triglav Group prohibits such financing and other political activities; therefore, they are not carried out by any of its members.

Client satisfaction⁸⁸

The Company systematically monitors and measures clients' satisfaction, analyses their experience and obtains feedback so as to improve its services. In order to further increase client satisfaction, employees undergo additional training, claim applications are upgraded and insurance sale is monitored.

The client relationship management system and client satisfaction and loyalty measurement system (Net Promoter Score – NPS) provide the necessary information, the profiles of policyholders and potential clients, and user experience. Client satisfaction in 2019 was measured with the NPS index in Zavarovalnica Triglav, Triglav, Zdravstvena zavarovalnica, Triglav, pokojninska družba, Triglav Svetovanje and Triglav Osiguruvanje, Skopje. In 2020, measurement will also be started in Triglav Skladi and Triglav Avtoservis, as well as in other insurance subsidiaries outside Slovenia. See [→ *Section 11.1 Comprehensive client relationships*] for more information.

The goal of the Zavarovalniški monitor survey (Insurance Monitor, an international survey conducted since 2000) and systematic complaint management and resolving is to check client satisfaction and knowledge. The survey results in 2019 were approximately the same as the year before. Zavarovalnica Triglav is still the most recognised insurance company, and a steady increase in popularity was seen (the score is 3 percentage points higher than last year). In the last two years, the preference for the selection set increased; 52% of users of insurance services would choose Zavarovalnica Triglav if they took out insurance today regardless of the insurance class. The best results were achieved in image statements, while the most important factor in taking out new insurance remains speedy and quality payment of claims and benefits.

Twice a year, the Management Board discusses a report on the satisfaction of outsourcers and measures for improvement.

An important indicator of client satisfaction are complaints and compliments, which are regularly monitored, resolved and analysed. A total of 2,807 complaints were registered by the Company in 2019 (up by 6% compared to the previous year), most of which were related to non-life insurance, whereas only 8% referred to life insurance and less than 1% to other segments. Complaints are classified into substantive and general complaints and complaints resolved through a fast-track procedure. Substantive complains in which clients express their dissatisfaction with the handling of their claims are the most common (89%). A total of 10% of resolved complaints were founded and 11% were partly founded. In addition, 57 compliments were received (compared to 62 in 2018).

In Triglav Osiguruvanje, Skopje, an omnibus survey under the CAPI method is conducted twice a year, while a survey using the CATI method is carried out for the needs of health insurance. In Triglav Osiguranje, Zagreb, Lovćen Osiguranje and Triglav Osiguranje, Belgrade, the measurement of client satisfaction is performed in the context of the ISO procedure for service quality assurance. Lovćen Osiguranje conducted a research of the market and its needs in 2019.

Client feedback is also obtained through an anonymous survey when reporting a claim, mail and electronic client 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 all points of sale. In the Group members outside Slovenia, complaints are handled by a complaint committee based on the relevant rules, while complaint records are kept in the prescribed form, mostly digital.

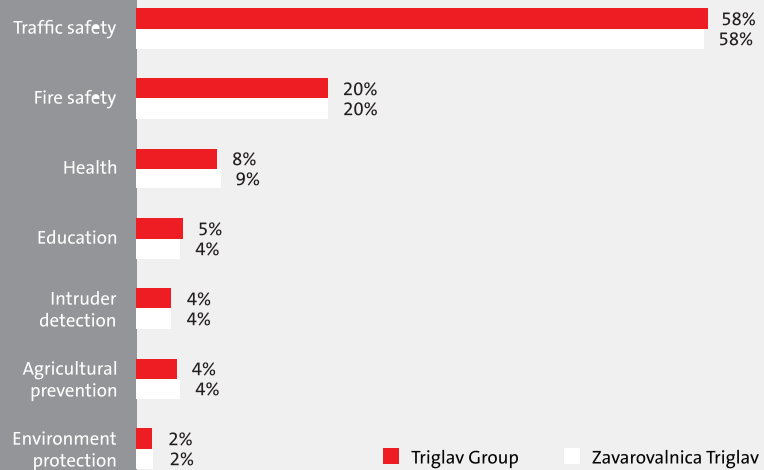
12.6 Responsibility to community

The Triglav Group has close ties with the environment in which it operates not only through partnerships with its policyholders, organisations and local communities, but also through volunteer work of its employees.

12.6.1 Investments in prevention⁸⁹

The bulk of funds was allocated to improving traffic safety and reducing fire risk. The Company's efforts in the field of prevention, sponsorships and donations is also described in [[→ Section 12.3 Indirect economic impacts](#)].

The share of the Triglav Group's and Zavarovalnica Triglav's funds for preventive activities by purpose



Prevention projects⁹⁰

The Triglav Group systematically provides funds to projects, partners, activities and insured persons for accident prevention and reduction of risks and damage.

A great deal of attention in 2019 was devoted to the consolidation and upgrading of traffic safety activities. Based on driver behaviour research conducted in recent years, a comprehensive programme was established to improve driving skills and promote safer mobility, and to supplement it with topics on prevention awareness in the context of the **vozimse.si** platform.

Many topics on prevention are regularly published on the Everything Will Be Alright portal with practical tips on how to avoid illness and accidents at home, during travelling, when making family plans and care for property.

Many topics on prevention are regularly published on the Everything Will Be Alright portal, including awareness video about the ignition of cooking oil in the kitchen.



↑
Zavarovalnica Triglav equipped the Oljka Day Center in Koper with a defibrillator. Since 2014, it has purchased or co-financed 113 defibrillators.



In the context of the New Year's prevention campaign **For a Better Tomorrow**, Zavarovalnica Triglav supported approximately 30 prevention projects in local communities. Funds were provided for fire-fighters, health care, safety in the mountains and ski resorts, and for the purchase of rescue dog equipment. Almost 160 prevention projects were supported over the period of six years.

Corporate volunteering of Zavarovalnica Triglav's employees

| Initiative | Employee volunteering |
|--|--|
| Cooperation with the Sports Federation for the Disabled of Slovenia – the Paralympic Committee | <ul style="list-style-type: none"> Participation in the organisation of the Paralympic Sports Days in elementary schools across Slovenia. |

High profile and comprehensive prevention projects of the Triglav Group in 2019⁹¹

| Area: Traffic safety | Impact |
|--|---|
| Mobility Tour, partner Nerv Tech Institute for Civilisation and Culture, Slovenia | <ul style="list-style-type: none"> 281 drivers from 10 Slovene towns tested their skills with the DRAJV driving simulator. Together with the driver, the instructor analysed their driving and gave them tips to improve their driving skills. |
| Retake the driving exam, partner AMZS, Slovenia | <ul style="list-style-type: none"> 30 long-time drivers retook the driving exam. Their most common mistakes were analysed and awareness-raising topics were prepared. |
| Vozimse.si – road traffic prevention portal, partner AMZS, Slovenia | <ul style="list-style-type: none"> Establishment of a portal to easily refresh knowledge of road traffic regulations and promotion of driving etiquette. The tests were taken by 2,100 drivers. |
| Together for Road Safety project, partner Sipronika, Slovenia | <ul style="list-style-type: none"> 56 speed display signs in local communities, at high-risk road sections and in the vicinity of schools and kindergartens were set up (4 years), of which 12 in 2019. Reduction of speed by 5% or more and improved traffic safety. |
| Together for Road Safety project, partner COPS system, Slovenia | <ul style="list-style-type: none"> 12 light signalling systems for preventing collisions on unprotected railway level crossings were set up in 2019; 24 in total up to now on unprotected railway level crossings and 24 in crossroads. No casualties one year after setting up 12 crossings equipped with signalling systems. |
| Training of fire-fighters and other rescue workers in traffic accidents, partners AMZS, Slovenia | <ul style="list-style-type: none"> Training on the technologically advanced simulator Rosenbauer was provided to over 300 fire-fighters and ambulance drivers. |
| Interactive workshops for secondary school students "I Still Drive But I No Longer Walk", partner Vozim Institute, Slovenia | <ul style="list-style-type: none"> At 156 workshops, 1,950 secondary school students listened to personal stories of traffic accident victims and became acquainted with the DRAJV application. Parents of 15-year-olds learnt about techniques to talk about reducing alcohol consumption among adolescents at the workshop "We need to talk about alcohol". |
| Activities for the safety of preschool children and first graders in road traffic, partners Slovenian Traffic Safety Agency and Football Association of Slovenia, Slovenia | <ul style="list-style-type: none"> Over 20,000 first graders were equipped with yellow neckerchiefs. Road safety mascot Kuža Pazi (Watch Out Doggy) visited over 50 elementary schools. |
| Neurophysiological and cognitive profiling of drivers' abilities, partner Faculty of Electrical Engineering, University of Ljubljana, Slovenia | <ul style="list-style-type: none"> Testing of abilities using the safe driving simulator in Triglav Lab for young drivers, professional drivers, agents and others who want to improve their driving skills. Continued neurophysiological and cognitive profiling of abilities on the simulator. |
| Educational charity event "Motorcyclists for Motorcyclists" partner AMZS, Safe Driving Centre Vransko, Slovenia | <ul style="list-style-type: none"> More than 1,000 motorcyclists attended accident prevention workshops over the period of six years. Two free workshops in 2019. |
| Training workshop on driving with tractors and tractor trailers, partner AMZS, Safe Driving Centre Vransko, Slovenia | <ul style="list-style-type: none"> 80 participants of the first workshop on safe driving with tractors, many of them were young drivers. |
| Upgrade of the DRAJV safe driving application, Slovenia | <ul style="list-style-type: none"> More than 48,000 regular monthly users of the DRAJV safe driving application have driven 406 million kilometres. |
| Area: Fire prevention | Impact |
| Purchase of fire protection equipment, partners fire services, associations and brigades, Slovenia | <ul style="list-style-type: none"> Co-financed purchase of personal protective equipment for safe fire extinguishing and of vehicles and other fire extinguishing equipment. Purchase of fire detectors. |
| Home fire safety, partners Heavy Rescue Slovenia and Fire Brigade Ljubljana, Slovenia | <ul style="list-style-type: none"> Awareness videos about the ignition of cooking oil in the kitchen and the ignition of an Advent wreath or Christmas decorations on the Everything Will Be Alright portal. |
| Area: Health prevention | Impact |
| Assistance in the event of a sudden cardiac arrest, Slovenia | <ul style="list-style-type: none"> Co-financing or purchase of 2 defibrillators in local communities. 113 defibrillators have been purchased or co-financed since 2014. |
| Care for health, Slovenia | <ul style="list-style-type: none"> Co-financing of nicotine replacement therapy to quit smoking. Support for the DORA programme for early detection of breast cancer. Co-financing of therapeutic equipment for the elderly. Purchase of an atmosphere gas meter to prevent excess values. |
| Prevention and early detection of diseases, Slovenia | <ul style="list-style-type: none"> Prevention lectures and consultations with specialists in Triglav Lab (e.g. consultations with a kinesiologist, gynaecologist and obstetrician, consultation on burnout). |

12.6.2 Sponsorships and donations⁹²

Almost 1,450 applications for partnerships in the form of sponsorships and donations were collected through the website www.triglav.eu, of which 43% were approved. Attention was paid that their selection and effectiveness comply with the Company's business guidelines and brand. This section describes the causes supported by Zavarovalnica Triglav's sponsorships and donations and the key projects of the Group, while their value is presented in [→ Section 12.3 Economic aspects].

Over the past 30 years, almost 100,000 fans of this sport were taken to Planica.
↓

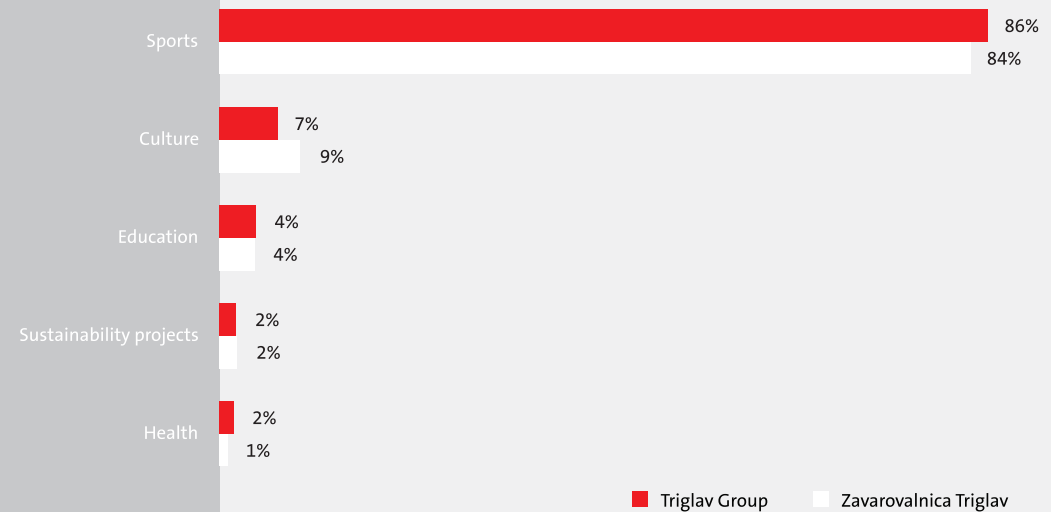


1,500 runners participated in Triglav run 2019.
↑

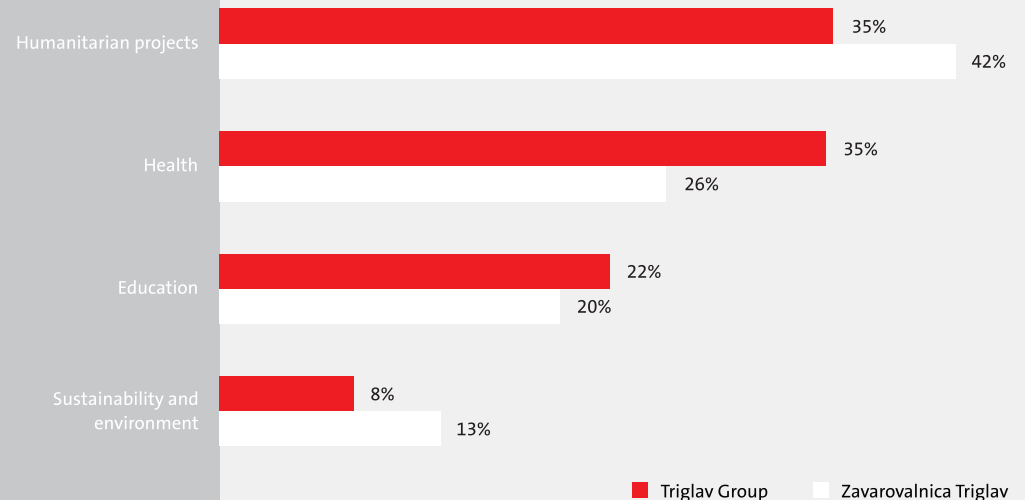
Major sponsorships and donations

Sports sponsorships and the development of young athletes as well as raising awareness about the importance of a healthy lifestyle receive the majority of funds. Zavarovalnica Triglav is recognised as a partner of **national sports associations** (alpine skiing, hockey, canoe, volleyball, etc.) and as a partner of organisers of international sports events and numerous sports clubs in Slovenia.

Sponsorships of the Triglav Group and Zavarovalnica Triglav in 2019 by content



Donations of the Triglav Group and Zavarovalnica Triglav in 2019 by content



⁹² GRI GS 103-1, GS 203-1

Some major sponsorships of the Triglav Group

| 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 World Cup Ski Jumping Finals in Planica and partner of the World Cup in cross-country skiing in Planica Over 3,300 school children, large families and persons with special needs were given the chance to watch the finals in 2019 Over the past 30 years, almost 100,000 fans of this sport were taken to Planica. Sponsor of the Ski Jumping World Cup Ladies in Ljubno ob Savinji Over 1,000 elementary school children were given the opportunity to watch the Biathlon World Cup in Pokljuka. Sponsor of the Paralympic Committee of Slovenia Golden partner of the Football Association of Slovenia Sponsor of top athletes Peter, Domen and Cene Prevc, Jakov Fak, Vesna Fabjan, Rok Marguč, Klemen Bauer, Špela Rogelj, Žan Košir, Timotej Lampe Ignjič, Ana Marija Lampič, Janez Lampič, Nika Križnar, Vid Vrhovnik, Miha Dovžan, Janja Garnbret and Domen Škofic Main sponsor of the Tennis Association of Slovenia Partner of the climbing event Triglav The Rock Ljubljana | <ul style="list-style-type: none"> Sponsor of a series of concerts of Music of the World in Cankarjev dom Sponsor of Kinodvor Sponsor of the Ljubljana Puppet Theatre Sponsor of the Ljubljana Festival Sponsor of the Lent Festival Sponsor of the Bobri Festival Sponsor of the Borštnik Theatre Festival | <ul style="list-style-type: none"> Mountain Rescue Association of Slovenia: Staying Safe in the Mountains Everybody Institute (Zavod Vsak): digital literacy for young people Exercise and Win Institute (Zavod Gibaj in zmagaj): raising awareness of the importance of physical activity |
| Croatia | <ul style="list-style-type: none"> Croatian Basketball Association Croatia Open Umag Croatian Academic Water Polo Club Mladost Sponsor of the Adriatic Water Polo League | <ul style="list-style-type: none"> Sponsor of the Wine Festival of Dalmatia and Urbanovo – Days of Wine | |
| Montenegro | <ul style="list-style-type: none"> Budučnost Basketball Club Budučnost Female Handball Club Montenegro Olympic Committee Water polo and Swimming Federation of Montenegro Sponsor of the Adriatic Water Polo League Sponsor of the reconstruction of the Jadran Carine Herceg Novi pool | <ul style="list-style-type: none"> Sponsor of the Budva Theatre Festival Support for the publication of Glasnik of the Pensioners Association of Montenegro Support to the European Creative Centre of Montenegro | |
| North Macedonia | <ul style="list-style-type: none"> Vardar Handball Club Stefanovski Auto Kart Club Alkaloid Chess Club MZT Basketball Club Support of young tennis player Aleksandra Simevoj Sponsor of the Canoe Federation of North Macedonia Sponsor of the Handball Federation of North Macedonia Support of the Youth League of the Basketball Federation of North Macedonia | <ul style="list-style-type: none"> Sponsor of the Music Publishing Centre Sponsor of the Tikveš Young Wine Festival | <ul style="list-style-type: none"> Support for the Agricultural Association |
| Bosnia in Herzegovina | <ul style="list-style-type: none"> Female Play Off Basketball Club S. Ketch Street Basketball Bubamara Sports School Mladost Tennis Club Sports and Recreation Association Banja Luka: 2019 Belgrade-Banja Luka Cycling Race Summer in Vrbas 2019, Grand Prix Banja Luka, 2019 Banja Luka Marathon | | <ul style="list-style-type: none"> Mountain Rescue Service Banja Luka: Staying Safe in the Mountains |
| Serbia | <ul style="list-style-type: none"> General sponsor of the Basketball Federation of Serbia and the Serbian male national basketball team Mega Vizura Basketball Club Radivoj Korać Basketball Cup in Niš General sponsor of the ski school Snow Stars Team on Kopaonik Crvena Zvezda Judo Club Sponsor of the Adriatic Water Polo League | <ul style="list-style-type: none"> Sponsor of the Despot Stefan Lazarević International Chivalry Festival Sponsor of Eurovision Song Contest Sponsor of the Pigmalion Association for Fine Art Exhibitions | |

Humanitarian activities of the Triglav Group members

| Donation recipient | Purpose of aid |
|--|--|
| Evropa Donna, Slovenia | <ul style="list-style-type: none"> Support to the work of the society and promotion of a diary for female patients |
| Society of Oncology Patients, Slovenia | <ul style="list-style-type: none"> Support for cancer awareness and promotion of a healthy lifestyle |
| Ultrasound Association, Slovenia | <ul style="list-style-type: none"> Support for the project "Slojenčki" for the refurbishment of all Slovene maternity hospitals |
| Slovenian Society for Dog Assisted Therapy Tačke Pomagačke (Helping Little Paws), Slovenia | <ul style="list-style-type: none"> Promotion of reading literacy and communication skills of children with developmental disorders or after an accident |
| ZPM Ljubljana Moste – Polje, Slovenia | <ul style="list-style-type: none"> Support for the Godparenthood programme |
| Kinodvor and Paediatric Clinic, Slovenia | <ul style="list-style-type: none"> Enabling children at the hospital to watch a movie and socialising with the Watch Out Doggy mascot |
| Down sy i mi, Bosnia and Herzegovina | <ul style="list-style-type: none"> Assistance to children with Down syndrome |
| SOS Children's Village, North Macedonia | <ul style="list-style-type: none"> Helping children without parents |
| Zelenilo, Montenegro | <ul style="list-style-type: none"> Support for the My Tree campaign for the greening of Podgorica |
| Clinical Centre, Montenegro | <ul style="list-style-type: none"> Help in purchasing an incubator |
| Municipality of Danilovgrad, Montenegro | <ul style="list-style-type: none"> Help in the humanitarian campaign for families in social distress |
| Association for Helping People with Developmental Issues, Croatia | <ul style="list-style-type: none"> Assistance in carrying out activities and support in fund-raising |
| Centre for Children and Adolescents with Development Disabilities, Serbia | <ul style="list-style-type: none"> Purchase of works of art made by the residents of the centre as business gifts |

Preventive activities of the Triglav Group members

| Country | Purpose of aid |
|-----------------|---|
| Montenegro | <ul style="list-style-type: none"> Promotion of prevention in road traffic |
| North Macedonia | <ul style="list-style-type: none"> Reflective vests for first graders |

Everything Will Be Alright Institute

The mission of the "Everything Will Be Alright" Institute is to carry out socially responsible activities aimed at providing help and support to the socially disadvantaged and implement preventive activities. Key projects in 2019 included:

- Support to young talents – Young Hopes project**

Talented young athletes, artists and scientists were supported through the Young Hopes (Mladi up) project for the seventh consecutive year. In 2019, the Company selected 13 recipients of financial aid between the ages of 16 and 19 years. 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; a total of EUR 351,000 was allocated to 88 Young Hope participants over seven years.

At the same time, free lectures were held for everyone who was selected in the context of the Young Hopes project and everyone who was closely connected to their work. The theme of the first alumni meeting was "A Career after a Career", focusing on the life of elite athletes after retirement. At the second alumni meeting, Olympic medal recipient Sara Isaković presented to young people her way of coping with stress and psychological preparation for stressful situations.

- Preventive activities of the Institute aimed at preventing loss events**

The Institute is the partner of the "Alcohol-Free for 40 Days" campaign, in the context of which breathalyser tests were offered free of charge in Planica during the World Cup.

Information on corporate social responsibility partnerships:

Zavarovalnica Triglav d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
E-mail: sponzorstva@triglav.si



↑
Young Hopes 2019.



Employees at Zavarovalnica Triglav can use 16 electric vehicles.

12.7 Environmental aspect⁹³

Protection of the environment in work processes

Zavarovalnica Triglav regularly raises employee awareness about the rational use of resources and waste management. To reduce waste plastic packaging from beverage vending machines, all employees of Zavarovalnica Triglav have their own cup and water bottle. Employees at Zavarovalnica Triglav can use 19 company bicycles (2,537 rides were taken) and 10 electric scooters, while two company bicycles are available in Triglav Osiguruvanje, Skopje. Zavarovalnica Triglav provides van transport four times a day to transfer employees between three units (Miklošičeva, Dunajska and Verovškova).

Zavarovalnica Triglav has 16 electric vehicles available. Most new company vehicles in the Group have significantly lower carbon dioxide emissions, which is in compliance with the guidelines of the European Commission, setting the maximum CO₂ emission target of 95 g/km by 2020. The sustainable business criteria are part of the supplier selection process (see [→ *Procurement practices under Section 12.3 Economic aspects*]).

To reduce paper consumption, the Group members introduced network printers and double-sided printing, developed application software, promoted electronic archiving, adopted measures to implement paperless operations, and sent notifications about rational printing to their employees.

Triglav Skladi uses recycled paper (paper towels and toilet paper), while paper is recycled in Triglav Osiguranje, Belgrade

Carbon footprint calculation⁹⁴

Carbon footprint results in tonnes of CO₂ equivalent by Triglav Group members in 2017–2019

| Location | Carbon footprint | | |
|---------------------------------------|------------------|-------|-------|
| | 2019 | 2018 | 2017 |
| Zavarovalnica Triglav* | 7,215 | 7,649 | 7,738 |
| Triglav Osiguranje, Zagreb** | 480 | 477 | 602 |
| Triglav Osiguranje, Belgrade** | 648 | 774 | 743 |
| Lovćen Osiguranje, Podgorica** | 438 | 209 | 206 |
| Triglav Osiguranje, Sarajevo** | 331 | 155 | 151 |
| Triglav Osiguruvanje, Skopje** | 149 | 171 | 201 |
| Triglav Osiguranje, Banja Luka** | 136 | 100 | 72 |
| Pozavarovalnica Triglav Re*** | 52 | | |
| Triglav, Zdravstvena zavarovalnica*** | 488 | | |
| Triglav, pokojninska družba*** | 41 | | |
| Triglav Skladi*** | 32 | | |

* The Company headquarters, 12 regional units' head offices and the commercial building at Dunajska 22 are included in the calculation.

** The Company headquarters are included in the calculation.

*** The Company headquarters are included in the calculation. The first data were captured in 2019.

The bulk of greenhouse gas emissions is accounted for by emissions due to electricity consumption and heating, followed by work-related transport. The above calculation was performed using the methodology based on the Greenhouse Gas Protocol. The calculation includes direct emissions from heating with natural gas and fuel oil at regional units' head offices and the headquarters as well as the emissions due to the Company's vehicle fleet, which is used exclusively for work-related travel. Indirect emissions included electricity used for cooling, lighting, heating, the operation of electrical and electronic equipment, as well as district heating emissions. Apart from that, emissions due to the use of paper and emissions due to work-related travel using employees' own vehicles or public transport (train, bus, plane) were taken into account. Commuting to/from work was not considered in the calculation.

Electricity consumption at Zavarovalnica Triglav was about 3% lower, carbon footprint fell by more than 10% due to heating, and the overall carbon footprint at Zavarovalnica Triglav decreased by 6%.

Total emissions due to work-related travel (using the Company's vehicle fleet exclusively for work-related travel, public transport and employees' own vehicles) decreased by 7% to 424 tonnes of CO₂ equivalent. The decrease was primarily a result of the smaller number of flights. Almost 9% of all trips using company vehicles were made with electric vehicles.

The average daily consumption of office paper (A4 format) per employee in Zavarovalnica Triglav was 25.4, having decreased by more than two paper sheets per employee per day, while in the Triglav Group the average consumption was 30.2 paper sheets per employee per day.

Use of energy products⁹⁵

The guidelines aimed at reducing the consumption of heating and cooling energy as well as electricity were taken into account in each renovation of the Company's business premises. LED lighting is installed in all new business premises and on advertising signs with the logo. The renovation of the commercial building at Dunajska 22 in Ljubljana included the replacement of windows, insulation and roof.

To reduce fuel consumption, the Group members encouraged the use of the DRAJV application and participation in safe driving courses, renewed their vehicle fleet with smaller vehicles and used GPS tracking of company vehicles.

Use of energy products in the Triglav Group and Zavarovalnica Triglav in 2017–2019

| Energy product type | Use of energy product by year | | | | | |
|-----------------------|-------------------------------|--------|-----------------------|--------|-----------|-----------|
| | Triglav Group | | Zavarovalnica Triglav | | Index | |
| | 2019 | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 |
| Warm water (MWh)* | 5,119 | 4,937 | 5,369 | 5,935 | 92 | 90 |
| Fuel oil (l) | 66,607 | 22,931 | 13,286 | 0 | 173 | 0 |
| Gas (m ³) | 131,311 | 57,870 | 105,015 | 92,936 | 55 | 113 |
| Electricity (MWh)* | 10,686 | 8,338 | 8,602 | 8,593 | 97 | 100 |

* The Company headquarters, 12 regional units' head offices and the commercial building at Dunajska 22 are included in the calculation for Zavarovalnica Triglav. The data for Dunajska 22 apply to the whole building including all tenants.

A total of 63,788 gigajoules (GJ) of electricity was used for heating, cooling, lighting and the operation of electrical and electronic equipment, assuming that 10 kWh of electricity are generated from one litre of fuel oil and 9.5 kWh from a m³ of natural gas. Zavarovalnica Triglav does not yet keep separate records of its energy consumption by energy source, but estimates its structure to be comparable to the structure of energy sources at the national level. According to the latest available data from 2018, it is estimated that the largest energy source in Slovenia is fossil fuels (60.71%), followed by nuclear energy (37.92%), while renewable energy sources accounted for 1.37% of the total.⁹⁶

Waste disposal policy⁹⁷

Full waste separation is carried out only in Slovenia, because separate collection and disposal of waste is not regulated at a national level in any other countries where the Group operates. Only waste paper is collected for charity purposes. Commercial buildings in Slovenia are gradually introducing more efficient ways of organising, separating and monitoring waste, which has resulted in a lower amount of mixed municipal waste and an increased amount of separately collected packaging waste and paper. At the Group level, almost 8 tonnes (of which almost 6 tonnes by Zavarovalnica Triglav) of obsolete IT equipment was handed over to the authorised waste management services.

The quantity of waste in Zavarovalnica Triglav in 2017–2019⁹⁸

| Waste type | Zavarovalnica Triglav (in m ³) | | | Index | |
|------------------|--|--------------|--------------|------------|-----------|
| | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 |
| Mixed waste | 472 | 739 | 740 | 64 | 100 |
| Packaging | 523 | 400 | 841 | 131 | 48 |
| Paper | 567 | 382 | 580 | 148 | 66 |
| Glass | 3 | 3 | 3 | 100 | |
| Biological waste | 41 | 11 | 38 | 373 | |
| Total | 1,606 | 1,535 | 2,202 | 105 | 70 |

10th season of Slovenia-wide "Let's Clean the Mountains"⁹⁹

- Garbage bag dispensers at mountain outposts began to be replaced with wooden awareness signs, thus following the guidelines of the European directive on restricting the consumption of plastic bags.
- In partnership with the Mountain Rescue Association of Slovenia (GRZS) and the Alpine Association of Slovenia (PZS), the Company published mountain awareness topics about cardiac arrest and hypothermia in the mountains, the use of crampons and hiking during winter in the hills.
- Over 36,000 campaign ambassadors on social networks actively co-create the community of lovers of clean mountains and meet at group clean-ups, thereby promoting intergenerational cooperation.
- The GRZS co-financed the purchase of GPS devices for faster search for injured persons in the mountains.
- Within the Best Mountain Trail contest, the Company provided funds to the Laško Mountaineering Society for the reconstruction of the Rečiška loop mountain trail.
- Over the course of four seasons, 80 suggestions for family hikes were published on the interactive website www.ocistimogore.si.
- The purchase of avalanche rescue equipment for mountain rescuers was co-financed.
- The trailblazer course was co-financed.



Company provided funds for the reconstruction of the Rečiška loop mountain trail.



12.8 Key corporate social responsibility guidelines of the Triglav Group in 2020

| Guideline | Activities planned |
|---|---|
| Transparent governance of the organisation | <ul style="list-style-type: none"> ■ Quality information of the financial public on the operations, financial position and plans of the Group ■ Proactive cooperation with analysts, institutional investors and shareholders |
| Fair business practices | <ul style="list-style-type: none"> ■ Further development of the culture of ethical business practice of the Group members ■ Declaration on Fair Business ■ Proactive internal communication and employee training in compliance and corporate ethics ■ Participation in compliance and fair business external working groups and transfer of best practices ■ An example of best practice in insurance fraud investigation and prevention in the Triglav Group ■ Encouraging employees to identify insurance fraud cases and participating in the relevant training |
| Responsible recruitment and work practices | <ul style="list-style-type: none"> ■ Transformation of the organisational culture ■ Staff competency development ■ Unification of activities in relation to employee development in the Triglav Group ■ Improvement of selection procedures ■ Effective induction of new hires into the work and culture of employees ■ Employee training ■ Maintaining a healthy and safe environment for the employees ■ Active management of psychosocial risks among employees ■ Intergenerational cooperation – coexistence of generations: activities and training |
| Respect for human rights | <ul style="list-style-type: none"> ■ Protection of employees' dignity with zero tolerance to discrimination, harassment or mobbing at the workplace |
| Responsibility to clients and suppliers | <ul style="list-style-type: none"> ■ Preparation of a wide range of quality content, focusing on raising insurance and financial literacy and providing useful tips ■ Services accessible to people with disabilities ■ Expansion and upgrade of cooperation with contractors ■ Locally-oriented procurement |
| Engagement in the community and its development | <ul style="list-style-type: none"> ■ Traffic safety prevention programmes ■ Employee volunteering ■ Triglav Generations in Planica ■ Triglav Run ■ Children of Triglav ■ Preventive action |
| Reduction of environmental impact | <ul style="list-style-type: none"> ■ Waste management ■ Let's Clean the Mountains and Hills ■ Reduction of greenhouse gas emissions |

13.

Information on the Triglav Group
as at 31 December 2019

Insurance

Zavarovalnica Triglav d.d.

| | |
|-----------------|--|
| Address: | Miklošičeva cesta 19, 1000 Ljubljana, Slovenia |
| Phone: | ++ 386 (1) 474 72 00 |
| Fax: | ++ 386 (1) 432 63 02 |
| E-mail address: | 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 |
| E-mail address: | 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 |
| E-mail address: | 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, Slovenija |
| Phone: | ++ 386 (1) 47 00 840, 080 80 87 |
| Fax: | ++ 386 (1) 47 00 853 |
| E-mail address: | 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 6,750,764/EUR 6,750,764 |

Triglav Osiguranje d.d., Zagreb

| | |
|--|--|
| Address: | Antuna Heinza 4, 10000 Zagreb, Croatia |
| Phone: | ++ 385 (1) 563 27 77 |
| Fax: | ++ 385 (1) 563 27 99 |
| E-mail address: | centrala@triglav-osiguranje.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% |
| Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group: | - /EUR 28,073,249 |

Lovćen Osiguranje a.d., Podgorica

| | |
|--|--|
| Address: | Ulica Slobode 13a, 81000 Podgorica, Montenegro |
| Phone: | ++ 382 (20) 404 400, 404 410 |
| Fax: | ++ 382 (20) 665 281 |
| E-mail address: | info@lo.co.me |
| Website: | www.lo.co.me |
| Activity: | Insurance |
| Equity stake of Zavarovalnica Triglav/the Triglav Group: | - /96.59% |
| Share of voting rights of Zavarovalnica Triglav/the Triglav Group: | - /96.59% |
| Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group: | - /EUR 10,103,242 |

Lovćen životna osiguranja a.d., Podgorica

| | |
|--|---|
| Address: | Ulica Marka Miljanova 29, 81000 Podgorica, Montenegro |
| Phone: | ++ 382 (20) 231 882 |
| Fax: | ++ 382 (20) 231 881 |
| E-mail address: | info@lovceznivot.me |
| Website: | www.lovceznivot.me |
| Activity: | Insurance |
| Equity stake of Zavarovalnica Triglav/the Triglav Group: | - /96.59% |
| Share of voting rights of Zavarovalnica Triglav/the Triglav Group: | - /96.59% |
| Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group: | - /EUR 2,897,700 |

Triglav Osiguranje d.d., Sarajevo

| | |
|--|--|
| Address: | Dolina 8, 71000 Sarajevo, Bosnia and Herzegovina |
| Phone: | ++ 387 (33) 252 110 |
| Fax: | ++ 387 (33) 252 179 |
| E-mail address: | info@triglav.ba |
| Website: | www.triglav.ba |
| Activity: | Insurance |
| Equity stake of Zavarovalnica Triglav/the Triglav Group: | - /97.78% |
| Share of voting rights of Zavarovalnica Triglav/the Triglav Group: | - /98.87% |
| Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group: | - /EUR 10,620,215 |

Triglav Osiguranje a.d., Banja Luka

| | |
|--|---|
| Address: | Ulica Prvog krajiškog korpusa broj 29, 78000 Banja Luka, Bosnia and Herzegovina |
| Phone: | ++ 387 (51) 215 262 |
| Fax: | ++ 387 (51) 215 262 |
| E-mail address: | 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 2,845,566 |

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 |
| E-mail address: | office@triglav.rs |
| Website: | www.triglav.rs |
| Activity: | Insurance |
| Equity stake of Zavarovalnica Triglav/the Triglav Group: | - /99.88% |
| Share of voting rights of Zavarovalnica Triglav/the Triglav Group: | - /99.88% |
| Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group: | - /EUR 14,539,234 |

Triglav Osiguranje 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 |
| E-mail address: | info@triglav.mk, pr@triglav.mk, osig@triglav.mk |
| Website: | www.triglav.mk |
| Activity: | Insurance |
| Equity stake of Zavarovalnica Triglav/the Triglav Group: | - /80.45% |
| Share of voting rights of Zavarovalnica Triglav/the Triglav Group: | - /80.45% |
| Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group: | - /EUR 2,420,278 |

Triglav Osiguranje Život a.d., Skopje

| | |
|--|---|
| Address: | Bulevar 8-mi Septemvri br. 16, 1000 Skopje, North Macedonia |
| Phone: | ++ 389 (2) 510 22 01 |
| Fax: | ++ 389 (2) 510 22 97 |
| E-mail address: | info@triglavzivot.mk |
| Website: | www.triglavzivot.mk |
| Activity: | Insurance |
| Equity stake of Zavarovalnica Triglav/the Triglav Group: | - /96.09% |
| Share of voting rights of Zavarovalnica Triglav/the Triglav Group: | - /96.09% |
| Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group: | - /EUR 4,806,982 |

Asset management**Triglav Skladi d.o.o.**

| | |
|--|--|
| Address: | Slovenska cesta 54, 1000 Ljubljana, Slovenia |
| Phone: | ++ 386 (1) 300 73 00 |
| Fax: | ++ 386 (1) 300 73 50 |
| E-mail address: | info@triglavskladi.si |
| Website: | www.triglavskladi.si |
| Activity: | Mutual fund management |
| Equity stake of Zavarovalnica Triglav/the Triglav Group: | 67.50%/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 834,585 |

Triglav, Upravljanje nepremičnin d.d.

| | |
|--|--|
| Address: | Dunajska cesta 22, 1000 Ljubljana, Slovenia |
| Phone: | ++ 386 (1) 47 44 440 |
| Fax: | ++ 386 (1) 23 17 785 |
| E-mail address: | 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 |
| E-mail address: | 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 8,425,979/EUR 8,425,979 |

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 |
| E-mail address: | 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 3,000,068/EUR 3,000,068 |

Other**Triglav INT, holdinška družba d.d.**

| | |
|--|---|
| Address: | Dunajska cesta 22, 1000 Ljubljana, Slovenia |
| Phone: | ++ 386 (1) 724 66 50 |
| E-mail address: | 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 |
| E-mail address: | 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 aktivnosti osiguranju d.o.o., Belgrade

| | |
|--|---|
| Address: | Zelengorska 1g, 11070, Belgrade, Serbia |
| Phone: | ++ 381 (1) 165 58 493 |
| E-mail address: | office@triglav-savetovanje.rs |
| Website: | www.triglav-savetovanje.rs |
| Activity: | Insurance agency activities |
| Equity stake of Zavarovalnica Triglav/the Triglav Group: | -/99.94% |
| Share of voting rights of Zavarovalnica Triglav/the Triglav Group: | -/99.94% |
| Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group: | -/EUR 26,862 |

Triglav Savjetovanje, društvo za zastupanje u osiguranju d.o.o., Sarajevo

| | |
|--|---|
| Address: | Topal Osman Paše br. 30, 71000 Sarajevo, Bosnia and Herzegovina |
| Phone: | ++ 387 (3) 361 81 06 |
| Fax: | ++ 387 (3) 361 82 95 |
| E-mail address: | info@triglav-savjetovanje.ba |
| Website: | www.triglav-savjetovanje.ba |
| Activity: | Insurance agency activities |
| Equity stake of Zavarovalnica Triglav/the Triglav Group: | -/98.91% |
| Share of voting rights of Zavarovalnica Triglav/the Triglav Group: | -/98.91% |
| Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group: | -/EUR 151,716 |

Triglav Savjetovanje, društvo za zastupanje u osiguranju d.o.o., Zagreb

| | |
|--|--|
| Address: | Sarajevska cesta 60, 10000 Zagreb, Croatia |
| Phone: | ++ 385 (1) 344 41 22 |
| E-mail address: | 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 568,451 |

Triglav Avtoservis d.o.o.

| | |
|--|--|
| Address: | Verovškova 60b, 1000 Ljubljana, Slovenia |
| Phone: | ++ 386 (1) 580 68 80 |
| Fax: | ++ 386 (1) 580 68 75 |
| E-mail address: | info@triglav-avtoservis.si |
| Website: | 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 |

Vse bo v redu, zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti

| | |
|--|---|
| Address: | Miklošičeva cesta 19, 1000, Ljubljana, Slovenia |
| Phone: | ++386 (1) 47 47 518 |
| Fax: | ++386 (1) 47 47 159 |
| E-mail address: | vsebovredu@triglav.si |
| Website: | 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% |
| Initial contribution of Zavarovalnica Triglav/the Triglav Group: | EUR 100,000/EUR 100,000 |

14. Business network of the Triglav Group

- The omni-channel approach is being strengthened and the business network is being expanded with the aim of providing sales, after-sales and assistance services in the region.
- The Triglav Group works together with over 1,370 insurance agencies, brokers and banks, with close to 70% of its contractual partners operating in markets outside of Slovenia.

The business network of the Triglav Group effectively combines the conventional with the modern. It is constantly being upgraded, in addition to developing omni-channel insurance services. Clients can take out insurance policies, report claims, obtain information and access assistance and other services online, either through a call centre or directly by telephone. The range of available assistance and online services is being expanded, which is reflected in a higher number of users.

The Group's own sales network, which is comprised of insurance agents, sales clerks and sales staff at its own points of sale, is its competitive advantage. The network is strengthened through strategic partnerships, contractual sales partners, and online and assistance services.

In 2019, the external sales network of the Triglav Group in Slovenia consisted of 436 contractual partners registered for insurance agency activities. Among them were 180 insurance agency companies, representing Zavarovalnica Triglav exclusively and non-exclusively. The Group also effectively cooperates with roadworthiness test providers, car dealers, leasing companies, banks and travel agencies.

In markets outside Slovenia, the Group works with more than 940 insurance agencies, brokers and banks. Most partnerships were entered into in Serbia, where partnerships with vehicle inspection providers prevail. In addition to the traditional sales channels and assistance services,

the Group cooperates with contractual partners in claim settlements.

The business network of the Triglav Group implements the Company's client-centric approach. Through the business network, new ways of doing business are constantly introduced, while communication with users is comprehensive, responsible and omni-channel.

14.1 Insurance

■ Zavarovalnica Triglav d.d., Ljubljana, Headquarters – registered office

Regional units:

- | | |
|-------------|------------------|
| ■ Celje | ■ Murska Sobota |
| ■ Koper | ■ Nova Gorica |
| ■ Kranj | ■ Novo mesto |
| ■ Krško | ■ Postojna |
| ■ Ljubljana | ■ Slovenj Gradec |
| ■ Maribor | ■ 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 headquarters.

■ Triglav, pokojninska družba d.d., Ljubljana – registered office

■ Triglav Osiguranje d.d., Zagreb – registered office

Branch offices:

- | | |
|--------------|---------|
| ■ Zagreb | ■ Reka |
| ■ Čakovec | ■ Pulj |
| ■ Varaždin | ■ Split |
| ■ Koprivnica | ■ Zadar |
| ■ Osijek | |

■ Lovćen Osiguranje a.d., Podgorica – registered office

Branch offices:

- | | |
|-------------|----------------|
| ■ Podgorica | ■ Bijelo Polje |
| ■ Nikšić | ■ Kotor |
| ■ Berane | ■ Bar |
| ■ Pljevlja | ■ Budva |

Offices:

- | | |
|---------------|---------------|
| ■ Andrijeвица | ■ Rožaje |
| ■ Ulcinj | ■ Mojkovac |
| ■ Danilovgrad | ■ Tivat |
| ■ Kolašin | ■ Herceg Novi |
| ■ Tuzi | ■ Cetinje |
| ■ Žabljak | ■ Šavnik |
| ■ Plav | ■ Plužine |

■ Triglav Osiguranje d.d., Sarajevo – registered office

Branch offices:

- | | |
|-----------------------------------|------------------|
| ■ Sarajevo (Gradačaka, Novi Grad) | ■ Banja Luka |
| ■ Bihać | ■ Ljubuški |
| ■ Tuzla | ■ Kiseljak |
| ■ Mostar | ■ Jelah (Tešanj) |
| ■ Zenica | ■ Čitluk |
| ■ Travnik | ■ Široki Brijeg |
| ■ Goražde | ■ Novi Travnik |
| ■ Brčko | ■ Teočak |
| | ■ Breza |
| | ■ Gračanica |

■ Triglav Osiguranje a.d.o., Banja Luka – registered office

Branch offices:

- | | |
|--------------|--------------------|
| ■ Banja Luka | ■ Gradiška |
| ■ Doboj | ■ Istočno Sarajevo |
| ■ Prijedor | ■ Bijeljina |

Offices:

- | | |
|-----------------|-------------------|
| ■ Laktaši | ■ Modriča |
| ■ Mrkonjić Grad | ■ Brod |
| ■ Teslić | ■ Novi Grad |
| ■ Derventa | ■ Kozarska Dubica |

- Kostajnica
- Prnjavor
- Istočna Ilidža
- Zvornik
- Vlasenica
- Pale
- Omarska
- Bratunac
- Šipovo

■ Triglav Osiguranje a.d.o., Belgrade – registered office

Branch offices:

- Belgrade
- Novi Sad
- Kruševac
- Niš
- Valjevo
- Kikinda
- Subotica
- Šabac
- Kragujevac
- Čačak
- Jagodina
- Vranje
- Vršac
- Novi Pazar
- Užice
- Zrenjanin

Offices and agencies:

- Belgrade 1
- Bor
- Bečej
- Negotin
- Leskovac
- Prokuplje
- Pančevo
- Bogatić
- Bela Crkva
- Kraljevo
- Sremska Mitrovica

■ Triglav Osiguruvanje a.d., Skopje – registered office

Branch offices:

- Skopje
- Bitola
- Ohrid
- Gostivar
- Tetovo
- Kumanovo
- Veles
- Gevgelija
- Prilep
- Kičevo
- Radoviš
- Kočani
- Štip
- Kavadarci
- Strumica
- Struga

Agencies:

- Kumanovo
- Tetovo (2 agencies)
- Negotino
- Resen
- Kočani
- Kruševo
- Berovo
- Delčevo
- Makedonska Kamenica
- Vinica
- Dolno Palčište
- Dobri Dol
- Debar
- Rosoman
- Valandovo
- Demir Hisar
- Zajas (Kičevo)
- Velešta
- Vrapčište
- Skopje – Cento
- Skopje – Aerodrom
- Struga
- Ohrid
- Gostivar

■ Triglav Osiguruvanje Život a.d., Skopje – registered office

14.2 Asset management

- Triglav Skladi d.o.o., Ljubljana – registered office
- Triglav, Upravljanje nepremičnin d.d., Ljubljana – registered office
- Triglav, upravljanje naložb in svetovalne storitve d.o.o., Ljubljana – registered office

14.3 Other

- Triglav INT, holdinška družba d.d., Ljubljana – registered office
- Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale – registered office
- Triglav Avtoservis d.o.o., Ljubljana – registered office
- Triglav penzisko društvo a.d., Skopje – 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. | | Gross written premium | | | Index | |
| | | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 |
| 1 | 2 | 3 | 4 | 5 | 6=3/4*100 | 7=4/5*100 |
| 1 | Accident insurance | 26,948,216 | 26,173,583 | 27,032,366 | 103 | 97 |
| 2 | Health insurance | 728,634 | 692,746 | 486,414 | 105 | 142 |
| 3 | Land motor vehicle insurance | 124,555,113 | 118,662,444 | 106,632,935 | 105 | 111 |
| 4 | Railway insurance | 3,154,574 | 3,041,772 | 3,142,650 | 104 | 97 |
| 5 | Aircraft insurance | 1,928,948 | 611,302 | 970,750 | 316 | 63 |
| 6 | Marine insurance | 308,649 | 333,969 | 345,918 | 92 | 97 |
| 7 | Good in transit insurance | 4,724,407 | 4,952,630 | 5,324,046 | 95 | 93 |
| 8 | Fire and natural disaster insurance | 56,134,878 | 55,459,450 | 54,761,073 | 101 | 101 |
| 9 | Other damage to property insurance | 115,060,305 | 102,508,202 | 84,122,714 | 112 | 122 |
| 10 | Motor TPL insurance | 102,352,357 | 92,416,996 | 87,528,335 | 111 | 106 |
| 11 | Aircraft liability insurance | 1,988,419 | 988,282 | 994,150 | 201 | 99 |
| 12 | Marine liability insurance | 811,322 | 453,104 | 335,514 | 179 | 135 |
| 13 | General liability insurance | 39,134,047 | 37,671,613 | 35,174,509 | 104 | 107 |
| 14 | Credit insurance | 22,962,440 | 25,456,965 | 26,094,676 | 90 | 98 |
| 15 | Suretyship insurance | 2,414,586 | 1,842,317 | 1,601,544 | 131 | 115 |
| 16 | Miscellaneous financial loss insurance | 2,807,251 | 2,816,203 | 2,821,601 | 100 | 100 |
| 17 | Legal expenses insurance | 700,475 | 443,097 | 393,897 | 158 | 112 |
| 18 | Travel assistance insurance | 15,513,341 | 11,571,786 | 10,732,548 | 134 | 108 |
| 19 | Total non-life insurance (No. 1-18) | 522,227,961 | 486,096,463 | 448,495,641 | 107 | 108 |
| 20 | Life insurance | 82,300,599 | 81,164,340 | 82,276,487 | 101 | 99 |
| 21 | Wedding insurance or birth insurance | - | - | - | - | - |
| 22 | Unit-linked life insurance | 79,947,507 | 76,201,048 | 73,128,814 | 105 | 104 |
| 23 | Tontine | - | - | - | - | - |
| 24 | Capital redemption insurance | 17,655,904 | 16,748,583 | 18,070,394 | 105 | 93 |
| 25 | Income protection insurance due to accident or illness | - | - | - | - | - |
| 26 | Total life insurance (No. 20-25) | 179,904,010 | 174,113,971 | 173,475,695 | 103 | 100 |
| 27 | Total (No. 19+26) | 702,131,971 | 660,210,433 | 621,971,336 | 106 | 106 |

15.2 Net written premium as % of gross written insurance premium

| | | Net written premium*100 | | | | | |
|-----|--|-------------------------|--------------------|--------------------|--------------------|---|------------|
| | | Gross written premium | | | | | |
| | | | | | | in EUR | |
| | | | | | | Net written premium as % of gross written insurance premium | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Accident insurance | 25,893,398 | 25,314,374 | 26,948,216 | 26,173,583 | 96 | 97 |
| 2 | Health insurance | 468,930 | 428,000 | 728,634 | 692,746 | 64 | 62 |
| 3 | Land motor vehicle insurance | 114,830,648 | 109,238,897 | 124,555,113 | 118,662,444 | 92 | 92 |
| 4 | Railway insurance | 2,462,435 | 2,344,637 | 3,154,574 | 3,041,772 | 78 | 77 |
| 5 | Aircraft insurance | 197,970 | 190,540 | 1,928,948 | 611,302 | 10 | 31 |
| 6 | Marine insurance | 282,146 | 266,847 | 308,649 | 333,969 | 91 | 80 |
| 7 | Good in transit insurance | 2,828,814 | 2,559,751 | 4,724,407 | 4,952,630 | 60 | 52 |
| 8 | Fire and natural disaster insurance | 34,952,660 | 34,410,580 | 56,134,878 | 55,459,450 | 62 | 62 |
| 9 | Other damage to property insurance | 63,485,852 | 62,140,310 | 115,060,305 | 102,508,202 | 55 | 61 |
| 10 | Motor TPL insurance | 92,822,564 | 85,870,747 | 102,352,357 | 92,416,996 | 91 | 93 |
| 11 | Aircraft liability insurance | 158,967 | 94,134 | 1,988,419 | 988,282 | 8 | 10 |
| 12 | Marine liability insurance | 495,209 | 349,217 | 811,322 | 453,104 | 61 | 77 |
| 13 | General liability insurance | 27,285,281 | 26,417,695 | 39,134,047 | 37,671,613 | 70 | 70 |
| 14 | Credit insurance | 18,958,624 | 21,564,742 | 22,962,440 | 25,456,965 | 83 | 85 |
| 15 | Suretyship insurance | 1,805,255 | 1,396,282 | 2,414,586 | 1,842,317 | 75 | 76 |
| 16 | Miscellaneous financial loss insurance | 1,248,636 | 1,236,135 | 2,807,251 | 2,816,203 | 44 | 44 |
| 17 | Legal expenses insurance | 531,431 | 414,089 | 700,475 | 443,097 | 76 | 93 |
| 18 | Travel assistance insurance | 14,757,892 | 11,000,093 | 15,513,341 | 11,571,786 | 95 | 95 |
| 19 | Total non-life insurance (No. 1-18) | 403,466,713 | 385,237,072 | 522,227,961 | 486,096,463 | 77 | 79 |
| 20 | Life insurance | 81,529,094 | 80,726,621 | 82,300,599 | 81,164,340 | 99 | 99 |
| 21 | Wedding insurance or birth insurance | - | - | - | - | - | - |
| 22 | Unit-linked life insurance | 79,947,507 | 76,201,048 | 79,947,507 | 76,201,048 | 100 | 100 |
| 23 | Tontine | - | - | - | - | - | - |
| 24 | Capital redemption insurance | 17,655,904 | 16,748,583 | 17,655,904 | 16,748,583 | 100 | 100 |
| 25 | Income protection insurance due to accident or illness | - | - | - | - | - | - |
| 26 | Total life insurance (No. 20-25) | 179,132,505 | 173,676,252 | 179,904,010 | 174,113,971 | 100 | 100 |
| 27 | Total (No. 19+26) | 582,599,218 | 558,913,324 | 702,131,971 | 660,210,433 | 83 | 85 |

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 |
|-----|--|--|-------------|-------------|--|-----------|--------|
| | | Gross claims paid | | | Index | | |
| No. | | 2019 | 2018 | 2017 | 2019/2018 | 2018/2017 | |
| 1 | 2 | 3 | 4 | 5 | 6=3/4*100 | 7=4/5*100 | |
| 1 | Accident insurance | 12,153,879 | 12,350,357 | 11,545,124 | 98 | 107 | |
| 2 | Health insurance | 243,561 | 134,892 | 14,210 | 181 | 949 | |
| 3 | Land motor vehicle insurance | 79,970,757 | 76,808,657 | 71,726,550 | 104 | 107 | |
| 4 | Railway insurance | 1,000,537 | 2,521,898 | 1,441,997 | 40 | 175 | |
| 5 | Aircraft insurance | 11,954 | 15,168 | 87,147 | 79 | 17 | |
| 6 | Marine insurance | 91,682 | 508,970 | 650,614 | 18 | 78 | |
| 7 | Good in transit insurance | 1,395,610 | 1,082,274 | 1,188,764 | 129 | 91 | |
| 8 | Fire and natural disaster insurance | 19,721,686 | 26,508,728 | 21,581,327 | 74 | 123 | |
| 9 | Other damage to property insurance | 44,513,081 | 49,201,547 | 42,710,558 | 90 | 115 | |
| 10 | Motor TPL insurance | 61,356,582 | 59,008,202 | 53,963,444 | 104 | 109 | |
| 11 | Aircraft liability insurance | 17,028 | 16,674 | 24,782 | 102 | 67 | |
| 12 | Marine liability insurance | 13,980 | 29,627 | 46,469 | 47 | 64 | |
| 13 | General liability insurance | 13,579,671 | 15,388,188 | 11,853,905 | 88 | 130 | |
| 14 | Credit insurance | 11,404,559 | 9,692,982 | 7,989,944 | 118 | 121 | |
| 15 | Suretyship insurance | 223,376 | 206,704 | 66,264 | 108 | 312 | |
| 16 | Miscellaneous financial loss insurance | 2,434,591 | 4,161,301 | 823,140 | 59 | 506 | |
| 17 | Legal expenses insurance | 2,560 | 12,734 | -245 | 20 | - | |
| 18 | Travel assistance insurance | 10,922,757 | 9,600,577 | 8,538,092 | 114 | 112 | |
| 19 | Total non-life insurance (No. 1-18) | 259,057,852 | 267,249,479 | 234,252,085 | 97 | 114 | |
| 20 | Life insurance | 95,622,077 | 80,774,735 | 81,846,116 | 118 | 99 | |
| 21 | Wedding insurance or birth insurance | - | - | - | - | - | |
| 22 | Unit-linked life insurance | 57,234,124 | 59,839,416 | 81,504,295 | 96 | 73 | |
| 23 | Tontine | - | - | - | - | - | |
| 24 | Capital redemption insurance | 4,929,640 | 5,753,105 | 5,236,135 | 86 | 110 | |
| 25 | Income protection insurance due to accident or illness | - | - | - | - | - | |
| 26 | Total life insurance (No. 20-25) | 157,785,841 | 146,367,257 | 168,586,546 | 108 | 87 | |
| 27 | Total (No. 19+26) | 416,843,693 | 413,616,736 | 402,838,631 | 101 | 103 | |

15.4 Loss ratio

| | | Gross claims paid*100 | | Gross written premium | | | | in EUR | |
|-----|--|-----------------------|--------------------|-----------------------|--------------------|----------------|-----------|--------|--|
| | | | | | | | | | |
| | | Gross claims paid | | Gross written premium | | Loss ratio (%) | | | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 | | |
| 1 | Accident insurance | 12,153,879 | 12,350,357 | 26,948,216 | 26,173,583 | 45 | 47 | | |
| 2 | Health insurance | 243,561 | 134,892 | 728,634 | 692,746 | 33 | 19 | | |
| 3 | Land motor vehicle insurance | 79,970,757 | 76,808,657 | 124,555,113 | 118,662,444 | 64 | 65 | | |
| 4 | Railway insurance | 1,000,537 | 2,521,898 | 3,154,574 | 3,041,772 | 32 | 83 | | |
| 5 | Aircraft insurance | 11,954 | 15,168 | 1,928,948 | 611,302 | 1 | 2 | | |
| 6 | Marine insurance | 91,682 | 508,970 | 308,649 | 333,969 | 30 | 152 | | |
| 7 | Good in transit insurance | 1,395,610 | 1,082,274 | 4,724,407 | 4,952,630 | 30 | 22 | | |
| 8 | Fire and natural disaster insurance | 19,721,686 | 26,508,728 | 56,134,878 | 55,459,450 | 35 | 48 | | |
| 9 | Other damage to property insurance | 44,513,081 | 49,201,547 | 115,060,305 | 102,508,202 | 39 | 48 | | |
| 10 | Motor TPL insurance | 61,356,582 | 59,008,202 | 102,352,357 | 92,416,996 | 60 | 64 | | |
| 11 | Aircraft liability insurance | 17,028 | 16,674 | 1,988,419 | 988,282 | 1 | 2 | | |
| 12 | Marine liability insurance | 13,980 | 29,627 | 811,322 | 453,104 | 2 | 7 | | |
| 13 | General liability insurance | 13,579,671 | 15,388,188 | 39,134,047 | 37,671,613 | 35 | 41 | | |
| 14 | Credit insurance | 11,404,559 | 9,692,982 | 22,962,440 | 25,456,965 | 50 | 38 | | |
| 15 | Suretyship insurance | 223,376 | 206,704 | 2,414,586 | 1,842,317 | 9 | 11 | | |
| 16 | Miscellaneous financial loss insurance | 2,434,591 | 4,161,301 | 2,807,251 | 2,816,203 | 87 | 148 | | |
| 17 | Legal expenses insurance | 2,560 | 12,734 | 700,475 | 443,097 | 0 | 3 | | |
| 18 | Travel assistance insurance | 10,922,757 | 9,600,577 | 15,513,341 | 11,571,786 | 70 | 83 | | |
| 19 | Total non-life insurance (No. 1-18) | 259,057,852 | 267,249,479 | 522,227,961 | 486,096,463 | 50 | 55 | | |
| 20 | Life insurance | 95,622,077 | 80,774,735 | 82,300,599 | 81,164,340 | 116 | 100 | | |
| 21 | Wedding insurance or birth insurance | - | - | - | - | - | - | | |
| 22 | Unit-linked life insurance | 57,234,124 | 59,839,416 | 79,947,507 | 76,201,048 | 72 | 79 | | |
| 23 | Tontine | - | - | - | - | - | - | | |
| 24 | Capital redemption insurance | 4,929,640 | 5,753,105 | 17,655,904 | 16,748,583 | 28 | 34 | | |
| 25 | Income protection insurance due to accident or illness | - | - | - | - | - | - | | |
| 26 | Total life insurance (No. 20-25) | 157,785,841 | 146,367,257 | 179,904,010 | 174,113,971 | 88 | 84 | | |
| 27 | Total (No. 19+26) | 416,843,693 | 413,616,736 | 702,131,971 | 660,210,433 | 59 | 63 | | |

15.5 Operating expenses as % of gross written premium

| | | Operating expenses*100 | | | | | |
|-----|--|------------------------|--------------------|-----------------------|--------------------|--|-----------|
| | | Gross written premium | | | | | |
| | | | | | | in EUR | |
| | | Operating expenses | | Gross written premium | | Operating expenses as % of gross written premium | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Accident insurance | 8,861,320 | 9,458,145 | 26,948,216 | 26,173,583 | 33 | 36 |
| 2 | Health insurance | 167,540 | 150,379 | 728,634 | 692,746 | 23 | 22 |
| 3 | Land motor vehicle insurance | 32,242,680 | 29,696,078 | 124,555,113 | 118,662,444 | 26 | 25 |
| 4 | Railway insurance | 387,448 | 392,363 | 3,154,574 | 3,041,772 | 12 | 13 |
| 5 | Aircraft insurance | 147,876 | 154,051 | 1,928,948 | 611,302 | 8 | 25 |
| 6 | Marine insurance | 181,378 | 196,655 | 308,649 | 333,969 | 59 | 59 |
| 7 | Good in transit insurance | 1,329,110 | 1,402,480 | 4,724,407 | 4,952,630 | 28 | 28 |
| 8 | Fire and natural disaster insurance | 17,929,041 | 17,885,085 | 56,134,878 | 55,459,450 | 32 | 32 |
| 9 | Other damage to property insurance | 29,726,699 | 27,971,925 | 115,060,305 | 102,508,202 | 26 | 27 |
| 10 | Motor TPL insurance | 28,524,684 | 26,260,970 | 102,352,357 | 92,416,996 | 28 | 28 |
| 11 | Aircraft liability insurance | 186,170 | 194,248 | 1,988,419 | 988,282 | 9 | 20 |
| 12 | Marine liability insurance | 265,834 | 205,577 | 811,322 | 453,104 | 33 | 45 |
| 13 | General liability insurance | 11,544,690 | 11,085,981 | 39,134,047 | 37,671,613 | 30 | 29 |
| 14 | Credit insurance | 5,643,718 | 6,119,796 | 22,962,440 | 25,456,965 | 25 | 24 |
| 15 | Suretyship insurance | 667,742 | 560,762 | 2,414,586 | 1,842,317 | 28 | 30 |
| 16 | Miscellaneous financial loss insurance | 873,915 | 825,989 | 2,807,251 | 2,816,203 | 31 | 29 |
| 17 | Legal expenses insurance | 380,788 | 265,058 | 700,475 | 443,097 | 54 | 60 |
| 18 | Travel assistance insurance | 6,858,280 | 7,222,355 | 15,513,341 | 11,571,786 | 44 | 62 |
| 19 | Total non-life insurance (No. 1-18) | 145,918,915 | 140,047,898 | 522,227,961 | 486,096,463 | 28 | 29 |
| 20 | Life insurance | 16,397,125 | 16,452,677 | 82,300,599 | 81,164,340 | 20 | 20 |
| 21 | Wedding insurance or birth insurance | - | - | - | - | - | - |
| 22 | Unit-linked life insurance | 15,997,740 | 15,913,563 | 79,947,507 | 76,201,048 | 20 | 21 |
| 23 | Tontine | - | - | - | - | - | - |
| 24 | Capital redemption insurance | 2,180,195 | 2,008,712 | 17,655,904 | 16,748,583 | 12 | 12 |
| 25 | Income protection insurance due to accident or illness | - | - | - | - | - | - |
| 26 | Total life insurance (No. 20-25) | 34,575,060 | 34,374,952 | 179,904,010 | 174,113,971 | 19 | 20 |
| 27 | Total (No. 19+26) | 180,493,976 | 174,422,850 | 702,131,971 | 660,210,433 | 26 | 26 |

15.6 Acquisition costs as % of gross written insurance premium

| | | Acquisition costs*100 | | | | | |
|-----|--|-----------------------|-------------------|--------------------|--------------------|---|------------|
| | | Gross written premium | | | | | |
| | | | | | | in EUR | |
| | | | | | | Acquisition costs as % of gross written insurance premium | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Accident insurance | 947,383 | 1,421,275 | 26,948,216 | 26,173,583 | 3,5 | 5,4 |
| 2 | Health insurance | 4,714 | 10,310 | 728,634 | 692,746 | 0,6 | 1,5 |
| 3 | Land motor vehicle insurance | 4,619,441 | 3,696,663 | 124,555,113 | 118,662,444 | 3,7 | 3,1 |
| 4 | Railway insurance | 6,337 | 5,871 | 3,154,574 | 3,041,772 | 0,2 | 0,2 |
| 5 | Aircraft insurance | 3,674 | 6,793 | 1,928,948 | 611,302 | 0,2 | 1,1 |
| 6 | Marine insurance | 5,828 | 6,922 | 308,649 | 333,969 | 1,9 | 2,1 |
| 7 | Good in transit insurance | 315,878 | 334,589 | 4,724,407 | 4,952,630 | 6,7 | 6,8 |
| 8 | Fire and natural disaster insurance | 1,916,022 | 1,825,468 | 56,134,878 | 55,459,450 | 3,4 | 3,3 |
| 9 | Other damage to property insurance | 2,969,670 | 3,357,715 | 115,060,305 | 102,508,202 | 2,6 | 3,3 |
| 10 | Motor TPL insurance | 6,067,721 | 4,472,255 | 102,352,357 | 92,416,996 | 5,9 | 4,8 |
| 11 | Aircraft liability insurance | 3,143 | 5,141 | 1,988,419 | 988,282 | 0,2 | 0,5 |
| 12 | Marine liability insurance | 69,042 | 6,794 | 811,322 | 453,104 | 8,5 | 1,5 |
| 13 | General liability insurance | 1,862,958 | 1,845,263 | 39,134,047 | 37,671,613 | 4,8 | 4,9 |
| 14 | Credit insurance | 1,007,008 | 1,118,288 | 22,962,440 | 25,456,965 | 4,4 | 4,4 |
| 15 | Suretyship insurance | 74,318 | 13,251 | 2,414,586 | 1,842,317 | 3,1 | 0,7 |
| 16 | Miscellaneous financial loss insurance | 195,469 | 177,210 | 2,807,251 | 2,816,203 | 7,0 | 6,3 |
| 17 | Legal expenses insurance | 88,807 | 25,155 | 700,475 | 443,097 | 12,7 | 5,7 |
| 18 | Travel assistance insurance | 379,838 | 400,079 | 15,513,341 | 11,571,786 | 2,4 | 3,5 |
| 19 | Total non-life insurance (No. 1-18) | 20,537,250 | 18,729,043 | 522,227,961 | 486,096,463 | 3,9 | 3,9 |
| 20 | Life insurance | 2,642,616 | 2,814,767 | 82,300,599 | 81,164,340 | 3,2 | 3,5 |
| 21 | Wedding insurance or birth insurance | - | - | - | - | - | - |
| 22 | Unit-linked life insurance | 5,503,282 | 5,539,248 | 79,947,507 | 76,201,048 | 6,9 | 7,3 |
| 23 | Tontine | - | - | - | - | - | - |
| 24 | Capital redemption insurance | 75,966 | 91,927 | 17,655,904 | 16,748,583 | 0,4 | 0,5 |
| 25 | Income protection insurance due to accident or illness | - | - | - | - | - | - |
| 26 | Total life insurance (No. 20-25) | 8,221,864 | 8,445,942 | 179,904,010 | 174,113,971 | 4,6 | 4,9 |
| 27 | Total (No. 19+26) | 28,759,115 | 27,174,986 | 702,131,971 | 660,210,433 | 4,1 | 4,1 |

15.7 Net loss ratio

| | | (Net settled claims + Change in claims provisions)*100 | | | | | |
|-----|--|--|--------------------|--------------------|--------------------|--------------------|-----------|
| | | Net premium income | | | | | |
| | | | | | | in EUR | |
| | | Net settled claims + Change in claims provisions | | Net premium income | | Net loss ratio (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Accident insurance | 5,148,544 | 13,930,195 | 25,712,226 | 25,635,949 | 20 | 54 |
| 2 | Health insurance | 252,170 | 135,950 | 551,298 | 347,257 | 46 | 39 |
| 3 | Land motor vehicle insurance | 72,489,801 | 70,450,454 | 112,935,787 | 105,662,062 | 64 | 67 |
| 4 | Railway insurance | 2,080,146 | 1,243,699 | 2,368,929 | 2,428,797 | 88 | 51 |
| 5 | Aircraft insurance | -23,948 | -57,921 | 174,533 | 171,949 | - | - |
| 6 | Marine insurance | 57,699 | 376,949 | 281,272 | 267,568 | 21 | 141 |
| 7 | Good in transit insurance | 1,136,867 | 449,645 | 2,780,895 | 2,572,334 | 41 | 17 |
| 8 | Fire and natural disaster insurance | 16,556,117 | 14,200,769 | 34,739,117 | 34,055,627 | 48 | 42 |
| 9 | Other damage to property insurance | 32,659,484 | 34,968,473 | 61,059,151 | 60,522,086 | 53 | 58 |
| 10 | Motor TPL insurance | 56,809,629 | 41,989,259 | 90,542,312 | 84,435,182 | 63 | 50 |
| 11 | Aircraft liability insurance | 406,119 | 51,356 | 99,929 | 93,446 | 406 | 55 |
| 12 | Marine liability insurance | 435,517 | -48,038 | 432,665 | 332,366 | 101 | - |
| 13 | General liability insurance | -2,722,945 | 2,421,350 | 26,502,179 | 26,092,596 | - | 9 |
| 14 | Credit insurance | 1,177,904 | 761,596 | 19,770,083 | 22,155,420 | 6 | 3 |
| 15 | Suretyship insurance | 18,553 | -13,210 | 1,385,093 | 1,207,042 | 1 | - |
| 16 | Miscellaneous financial loss insurance | -297,184 | 1,776,583 | 1,247,168 | 1,198,840 | - | 148 |
| 17 | Legal expenses insurance | -53,963 | 65,307 | 507,846 | 397,664 | - | 16 |
| 18 | Travel assistance insurance | 10,749,451 | 9,099,066 | 13,323,834 | 10,682,411 | 81 | 85 |
| 19 | Total non-life insurance (No. 1-18) | 196,879,962 | 191,801,484 | 394,414,318 | 378,258,596 | 50 | 51 |
| 20 | Life insurance | 95,448,286 | 81,397,084 | 113,643,807 | 110,099,124 | 84 | 74 |
| 21 | Wedding insurance or birth insurance | - | - | - | - | - | - |
| 22 | Unit-linked life insurance | 57,234,124 | 59,839,416 | 47,841,329 | 46,834,564 | 120 | 128 |
| 23 | Tontine | - | - | - | - | - | - |
| 24 | Capital redemption insurance | 4,929,640 | 5,753,105 | 17,655,904 | 16,748,583 | 28 | 34 |
| 25 | Income protection insurance due to accident or illness | - | - | - | - | - | - |
| 26 | Total life insurance (No. 20-25) | 157,612,051 | 146,989,606 | 179,141,040 | 173,682,272 | 88 | 85 |
| 27 | Total (No. 19+26) | 354,492,013 | 338,791,090 | 573,555,357 | 551,940,868 | 62 | 61 |

15.8 Combined loss ratio

| | | (Net settled claims + Change in claims provisions + Net operating expenses)*100 | | | | | |
|-----|--------------------|---|-------------|--------------------|-------------|-------------------------|-----------|
| | | Net premium income | | | | | |
| | | | | | | in EUR | |
| | | Net settled claims + Change in claims provisions + Net operating expenses | | Net premium income | | Combined loss ratio (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Non-life insurance | 327,176,747 | 318,563,461 | 394,414,319 | 378,258,597 | 83 | 84 |

15.9 Expense ratio

| | | Operating expenses*100 | | | | | |
|-----|----------------|------------------------|------------|--------------------|-------------|-------------------|-----------|
| | | Net premium income | | | | | |
| | | | | | | in EUR | |
| | | Operating expenses | | Net premium income | | Expense ratio (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Life insurance | 34,575,060 | 34,374,952 | 179,141,040 | 173,682,273 | 19 | 20 |

15.10 Utility ratio

| | | (Paid claims + Change in insurance technical provisions)*100 | | | | | |
|-----|----------------|--|-------------|---------------------|-------------|-------------------|-----------|
| | | Net written premium | | | | | |
| | | | | | | in EUR | |
| | | Paid claims + Change in insurance technical provisions | | Net written premium | | Utility ratio (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Life insurance | 234,654,876 | 122,840,805 | 179,132,506 | 173,676,253 | 131 | 71 |

15.11 Investment return as % of average balance of investments

| | | Investment return*100 | | | | | |
|-----|--|---|-------------|--------------------------------|---------------|--|-----------|
| | | (starting balance for the year + ending balance for the year)/2 | | | | | |
| | | | | | | in EUR | |
| | | Investment return | | Average balance of investments | | Investment return as % of average balance of investments | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Asset backing liabilities | 15,689,748 | 20,956,650 | 681,196,820 | 666,731,738 | 2,3 | 3,1 |
| 2 | Guarantee fund backing traditional life insurance | 23,999,526 | 22,197,287 | 789,542,163 | 773,085,242 | 3,0 | 2,9 |
| 3 | Guarantee fund backing SVPI | 10,603,351 | -435,260 | 210,430,776 | 199,298,981 | 5,0 | -0,2 |
| 4 | Guarantee fund backing SVPI during the annuity payout period | 1,412,081 | 1,274,131 | 50,771,853 | 43,277,219 | 2,8 | 2,9 |
| 5 | Guarantee fund backing unit-linked insurance | 67,988,593 | -29,722,381 | 390,654,818 | 391,006,303 | 17,4 | -7,6 |
| 6 | Investments not financed from insurance technical provisions | 11,707,490 | 8,247,785 | 338,930,590 | 329,884,266 | 3,5 | 2,5 |
| 7 | Total | 131,400,790 | 22,518,211 | 2,461,527,020 | 2,403,283,750 | 5,3 | 0,9 |

15.12 Net claims provisions as % of net premium income

| | | Net claims provisions*100 | | | | | |
|-----|--|---------------------------|--------------------|--------------------|--------------------|--|-----------|
| | | Net premium income | | | | | |
| | | | | | | in EUR | |
| | | | | | | Net claims provisions as % of net premium income | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Accident insurance | 22,239,155 | 28,811,601 | 25,712,226 | 25,635,949 | 86 | 112 |
| 2 | Health insurance | 54,556 | 39,483 | 551,298 | 347,257 | 10 | 11 |
| 3 | Land motor vehicle insurance | 17,601,078 | 18,301,740 | 112,935,787 | 105,662,062 | 16 | 17 |
| 4 | Railway insurance | 4,559,400 | 3,479,703 | 2,368,929 | 2,428,797 | 192 | 143 |
| 5 | Aircraft insurance | 49,357 | 80,465 | 174,533 | 171,949 | 28 | 47 |
| 6 | Marine insurance | 345,595 | 376,579 | 281,272 | 267,568 | 123 | 141 |
| 7 | Good in transit insurance | 1,418,409 | 1,126,387 | 2,780,895 | 2,572,334 | 51 | 44 |
| 8 | Fire and natural disaster insurance | 13,057,498 | 11,966,761 | 34,739,117 | 34,055,627 | 38 | 35 |
| 9 | Other damage to property insurance | 23,931,240 | 23,171,621 | 61,059,151 | 60,522,086 | 39 | 38 |
| 10 | Motor TPL insurance | 156,311,058 | 155,162,597 | 90,542,312 | 84,435,182 | 173 | 184 |
| 11 | Aircraft liability insurance | 686,854 | 280,891 | 99,929 | 93,446 | 687 | 301 |
| 12 | Marine liability insurance | 471,258 | 48,982 | 432,665 | 332,366 | 109 | 15 |
| 13 | General liability insurance | 95,875,908 | 109,341,224 | 26,502,179 | 26,092,596 | 362 | 419 |
| 14 | Credit insurance | 1,946,004 | 2,750,968 | 19,770,083 | 22,155,420 | 10 | 12 |
| 15 | Suretyship insurance | 43,299 | 58,416 | 1,385,093 | 1,207,042 | 3 | 5 |
| 16 | Miscellaneous financial loss insurance | 870,382 | 1,945,392 | 1,247,168 | 1,198,840 | 70 | 162 |
| 17 | Legal expenses insurance | 61,547 | 117,801 | 507,846 | 397,664 | 12 | 30 |
| 18 | Travel assistance insurance | 2,394,178 | 2,007,583 | 13,323,834 | 10,682,411 | 18 | 19 |
| 19 | Total non-life insurance (No. 1-18) | 341,916,776 | 359,068,194 | 394,414,318 | 378,258,596 | 87 | 95 |
| 20 | Life insurance | 19,318,913 | 19,133,482 | 113,643,807 | 110,099,124 | 17 | 17 |
| 21 | Wedding insurance or birth insurance | - | - | - | - | - | - |
| 22 | Unit-linked life insurance | 0 | 0 | 47,841,329 | 46,834,564 | - | - |
| 23 | Tontine | - | - | - | - | - | - |
| 24 | Capital redemption insurance | 0 | 0 | 17,655,904 | 16,748,583 | - | - |
| 25 | Income protection insurance due to accident or illness | - | - | - | - | - | - |
| 26 | Total life insurance (No. 20-25) | 19,318,913 | 19,133,482 | 179,141,040 | 173,682,272 | 11 | 11 |
| 27 | Total (No. 19+26) | 361,235,689 | 378,201,676 | 573,555,357 | 551,940,868 | 63 | 69 |

| | | Gross profit/loss*100 | | Net written premium | | Gross profit/loss for the year as % of net written premium | |
|-----|--------------------|-----------------------|-------------------|---------------------|--------------------|--|-------------|
| | | | | | | in EUR | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | | | | | 7=3/5*100 | 8=4/6*100 |
| 1 | Non-life insurance | 67,345,887 | 69,592,565 | 403,466,712 | 385,237,071 | 16,7 | 18,1 |
| 2 | Life insurance | 17,265,723 | 8,864,689 | 179,132,506 | 173,676,253 | 9,6 | 5,1 |
| 3 | Total | 84,611,610 | 78,457,254 | 582,599,218 | 558,913,324 | 14,5 | 14,0 |

| | | Gross profit/loss*100 (equity starting balance for the year + equity ending balance for the year)/2 | | | | | |
|-----|--------------------|--|------------|---------------------------|-------------|---|-----------|
| | | | | | | in EUR | |
| | | Gross profit/loss | | Average balance of equity | | Gross profit/loss for the year as % of average equity | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Non-life insurance | 67,345,887 | 69,592,565 | 472,649,351 | 467,915,788 | 14,2 | 14,9 |
| 2 | Life insurance | 17,265,723 | 8,864,689 | 97,651,154 | 97,850,730 | 17,7 | 9,1 |
| 3 | Total | 84,611,610 | 78,457,254 | 570,300,506 | 565,766,518 | 14,8 | 13,9 |

| | | Gross profit/loss*100 (assets starting balance for the year + assets ending balance for the year)/2 | | | | in EUR | |
|-----|--------------------|--|------------|---------------------------|---------------|---|-----------|
| No. | | Gross profit/loss | | Average balance of assets | | Gross profit/loss for the year as % of average assets | |
| | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Non-life insurance | 67,345,887 | 69,592,565 | 1,258,554,573 | 1,227,670,825 | 5,4 | 5,7 |
| 2 | Life insurance | 17,265,723 | 8,864,689 | 1,576,305,973 | 1,549,413,574 | 1,1 | 0,6 |
| 3 | Total | 84,611,610 | 78,457,254 | 2,834,860,546 | 2,777,084,399 | 3,0 | 2,8 |

15.16 Gross profit/loss for the year per share

| Gross profit/loss | | Number of shares | | | | | |
|-------------------|--------------------|-------------------|------------|------------------|------------|--|-------|
| Number of shares | | | | | | | |
| | | Gross profit/loss | | Number of shares | | Gross profit/loss for the year per share | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5 | 8=4/6 |
| 1 | Non-life insurance | 67,345,887 | 69,592,565 | 15,837,350 | 15,837,350 | 4,3 | 4,4 |
| 2 | Life insurance | 17,265,723 | 8,864,689 | 6,897,798 | 6,897,798 | 2,5 | 1,3 |
| 3 | Total | 84,611,610 | 78,457,254 | 22,735,148 | 22,735,148 | 3,7 | 3,5 |

in EUR

15.17 Receivables from reinsurance and reinsurer's share of insurance technical provisions as % of equity

| Receivables from reinsurance and reinsurer's share of insurance technical provisions*100 | | Equity | | | | | |
|--|--------------------|--|------------|-------------|-------------|---|-----------|
| Equity | | | | | | | |
| | | Receivables from reinsurance and reinsurer's share of insurance technical provisions | | Equity | | Receivables from reinsurance and reinsurer's share of insurance technical provisions as % of equity (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Non-life insurance | 106,021,178 | 94,467,362 | 478,889,482 | 466,409,221 | 22,1 | 20,3 |
| 2 | Life insurance | 17,656 | 10,040 | 101,590,793 | 93,711,515 | - | - |
| 3 | Total | 106,038,834 | 94,477,402 | 580,480,275 | 560,120,736 | 18,3 | 16,9 |

in EUR

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 | | | | | |
|--|--------------------|--|-------------|--|---------------|--|-----------|
| Average balance of equity and insurance technical provisions | | | | | | | |
| | | Net written premium | | Average balance of equity and insurance technical provisions | | Net written premium as % of average balance of equity and insurance technical provisions (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Non-life insurance | 403,466,712 | 385,237,071 | 1,040,300,084 | 1,044,812,434 | 38,8 | 36,9 |
| 2 | Life insurance | 179,132,506 | 173,676,253 | 1,542,035,024 | 1,516,714,400 | 11,6 | 11,5 |
| 3 | Total | 582,599,218 | 558,913,324 | 2,582,335,109 | 2,561,526,834 | 22,6 | 21,8 |

in EUR

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 | |
| | | Average balance of net insurance technical provisions | | Net premium income | | Average balance of net insurance technical provisions as % of net premium income (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Non-life insurance | 567,650,733 | 576,896,647 | 394,414,319 | 378,258,597 | 143,9 | 152,5 |
| 2 | Life insurance | 1,444,383,870 | 1,418,863,670 | 179,141,040 | 173,682,273 | 806,3 | 816,9 |
| 3 | Total | 2,012,034,603 | 1,995,760,316 | 573,555,359 | 551,940,870 | 350,8 | 361,6 |

15.20 Equity as % of liabilities

| | | Equity * 100 | | | | | |
|-----|--------------------|--------------|-------------|---------------|---------------|--------------------------------|-----------|
| | | Liabilities | | | | | |
| | | | | | | in EUR | |
| | | Equity | | Liabilities | | Equity as % of liabilities (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Non-life insurance | 478,889,482 | 466,409,221 | 1,296,007,131 | 1,221,102,015 | 37,0 | 38,2 |
| 2 | Life insurance | 101,590,793 | 93,711,515 | 1,624,857,608 | 1,527,754,338 | 6,3 | 6,1 |
| 3 | Total | 580,480,275 | 560,120,736 | 2,920,864,739 | 2,748,856,353 | 19,9 | 20,4 |

15.21 Net insurance technical provisions as % of liabilities

| | | Net insurance technical provisions*100 | | | | | |
|-----|--------------------|--|---------------|---------------|---------------|--|-----------|
| | | Liabilities | | | | | |
| | | | | | | in EUR | |
| | | Net insurance technical provisions | | Liabilities | | Net insurance technical provisions as % of liabilities (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Non-life insurance | 564,500,042 | 570,801,424 | 1,296,007,131 | 1,221,102,015 | 43,6 | 46,7 |
| 2 | Life insurance | 1,486,080,920 | 1,402,686,820 | 1,624,857,608 | 1,527,754,338 | 91,5 | 91,8 |
| 3 | Total | 2,050,580,962 | 1,973,488,244 | 2,920,864,739 | 2,748,856,353 | 70,2 | 71,8 |

15.22 Net life insurance technical provisions as % of net insurance technical provisions

| | | Net life insurance technical provisions*100 | | | | | |
|-----|-------|---|---------------|------------------------------------|---------------|---|-----------|
| | | Net insurance technical provisions | | | | | |
| | | | | | | in EUR | |
| | | Net life insurance technical provisions | | Net insurance technical provisions | | Net life insurance technical provisions per % of net insurance technical provisions (%) | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5*100 | 8=4/6*100 |
| 1 | Total | 1,455,824,397 | 1,374,950,680 | 2,050,580,962 | 1,973,488,244 | 71,0 | 69,7 |

15.23 Gross written premium per number of permanent employees

| | | Gross written premium | | | | | |
|-----|-------|--|-------------|-----------------------------|-------|---|---------|
| | | (ending number of employees for the previous year + ending number of employees for the year)/2 | | | | | |
| | | | | | | in EUR | |
| | | Gross written premium | | Average number of employees | | Gross written premium per number of permanent employees | |
| No. | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=3/5 | 8=4/6 |
| 1 | Total | 702,131,971 | 660,210,433 | 2,272 | 2,288 | 309,105 | 288,617 |

Risk management 145

| | |
|---|------------|
| 1. Risk management | 147 |
| 1.1 Powers and responsibilities | 148 |
| 1.2 Risk management framework | 150 |
| 1.3 Capital management | 152 |
| 1.4 Risk types | 152 |
| 2. Risk exposure and management | 154 |
| 2.1 Capital and capital adequacy management | 154 |
| 2.2 Risk profile | 155 |
| 2.3 Underwriting risks | 156 |
| 2.4 Market risks | 160 |
| 2.5 Credit risks | 165 |
| 2.6 Liquidity risks | 166 |
| 2.7 Operational risks | 170 |
| 2.8 Non-financial risks | 171 |
| 2.9 Stress tests | 171 |



Risk management

- The Triglav Group was adequately capitalised, safe and profitable in 2019.
- The adequacy of the Group's capital and financial strength is reflected in the "A" ratings of S&P Global Ratings and AM Best.
- Capital strength is confirmed by the capital structure, which almost entirely consists of the highest-quality capital.
- As part of the Group's regular capital management activities, Zavarovalnica Triglav last year successfully issued a subordinated bond.

The basis for ensuring adequate safety and profitability of operations and a high level of trust of all stakeholders is the firmly integrated process of managing capital in the Group. The objective is the efficient use of available own funds for the long-term and stable return on investment of Zavarovalnica Triglav's shareholders. The return on investment is predefined in the dividend policy criteria and takes into account the interests of the remaining stakeholders and regulatory restrictions.

One of the key factors for achieving these goals is a comprehensive risk management system, closely linked to the process of accepting risks. It enables the persons responsible to identify, in a timely manner, profitability and risks posed by a particular business opportunity, and to regularly measure and monitor the amount, return and use of economic capital. On this basis, the capital structure is optimised and business decisions are adjusted.

The Group measures the risks and monitors capital adequacy using the methods which comply with the Solvency II standard formula, based on mark-to-market valuation. At the same time, it uses and develops an internal risk measurement methodology by risk type, which is also used to test the appropriateness of the regulatory method. To ensure long-term target capital adequacy, the own risk and solvency assessment is regularly performed so as to determine the current and future solvency requirements and define the appropriate capital management measures. The 2019 own risk and solvency assessment confirmed the high level of capital adequacy of the Group despite the still less favourable conditions on the financial markets or increasingly pessimistic forecasts for the EU economy.

In 2019, the Group was well capitalised. Its capital strength is reflected in its capital structure, which almost entirely consists of the highest-quality capital – share capital and reconciliation reserve. A small portion of available own funds also includes subordinated liabilities. Last year, as part of the Group's regular capital management activities to ensure its optimal capital structure and cost-effectiveness, Zavarovalnica Triglav successfully issued a 30.5-year subordinated bond (Tier 2 pursuant to the Solvency II regulations) with the first call date after 10.5 years. The total value of the bond issue was EUR 50 million. The adequate capital and financial strength of the Group is reflected in the long-term credit rating and financial strength rating of "A" assigned to the Group by the credit rating agencies S&P Global Ratings and AM Best. Both credit ratings have a stable medium-term outlook. [→ See Section 6.6 of the Business Report for more information].

Changes in exposure and on the financial markets, mainly the lowering of already low interest rates, required some adjustments to the Group's risk profile compared to the end of 2018. These changes primarily arise from the changed investment portfolio and the increase in the volume of the insurance portfolio, particularly the non-life insurance portfolio. The continued low interest rate period also increased life insurance risks. In the context of market risks, the Company lowered spread risks as a result of decreased corporate bond exposure and higher exposure to government bonds, thereby reducing market risks in relation to the previous year. The own risk and solvency assessment was performed once in 2019.

During the reporting year, emerging risks from the environment were continuously monitored and the Company actively responded to any potential threats.

The existing risk management system is continuously upgraded, especially in the areas of increased vulnerability related to external influences or internal initiatives.

Main risk management development activities at the Group level in 2019

- In the context of **market risks**, development activities focused on interest rate risks. Due to the increased risks associated with the external environment as a result of low interest rates, the regular duration gap calculation and the monitoring of the impact of interest rates on capital were upgraded. As a measure to reduce interest rate risks, stricter policies for target asset-liability matching in the portfolios of concluded insurance policies were adopted. Apart from that, certain measures in taking out life insurance were introduced.
- With regard to **underwriting risks**, the relevant processes began to be comprehensively upgraded in order to gain a quicker and high-quality overview of the Group's concentrations.
- In the context of **credit risks**, regular monitoring of subsidiaries' exposure to banks was successfully transferred from Zavarovalnica Triglav to its subsidiaries. This has enabled the Company to carry out more effective monitoring and take timely action to ensure the target exposure to banking groups at the Group level. A more detailed control review of the credit ratings of all reinsurance companies with which the Group members cooperate was set up, in addition to the system of regular automatic verification.
- With respect to **liquidity risks**, a harmonised methodology for determining liquid assets was prepared, thus harmonising liquidity monitoring in the Group members.
- Based on experience and knowledge gained, the **operational risk management system was upgraded**. Reporting on realised operational risks was implemented at the Group level, with a special emphasis on information technology risks, including cyber risks and the business continuity management system. An increase in exposure to cyber risks was identified, and stress scenarios were updated in all Group members within the own risk and solvency assessment. At the Group level, vulnerability arising from such risks was checked. Additional risk measurement and monitoring was implemented and new security mechanisms were set up, which will be continuously upgraded.
- In the implementation of minimum standards, particularly in the drafting of regular risk reports, the Company **continued to cooperate with the Group members** with the aim of improving the quality of data and the reporting system at the Group level. With the goal of improving the risk management culture, training workshops were held for the employees of the Company and the Group.

1. Risk management system

The **comprehensive risk management system** is one of the key prerequisites for the achievement of the Triglav Group's strategic objectives and the cornerstone of the wider system of its governance. The risk management system of Zavarovalnica Triglav is clear, transparent and well documented. In accordance with the principles of the parent company, it is defined in the Group's minimum standards and established in all its members, taking into account the principle of proportionality, i.e. the size, complexity and business profile of a particular subsidiary. The system provides for a timely identification, monitoring and reporting of all material risks. Furthermore, it includes the processes that provide for effective management of individual risks or exposures. The development of the system is effectively transferred from the parent company to other Group members on the basis of the common minimum standards.

Risk management within the Group is first performed at the level of individual subsidiaries and then at the 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.

In Zavarovalnica Triglav, the Risk Management Department is responsible for the preparation and transfer of minimum standards, with a focus on subsidiaries, while a separate department is in charge of the management of subsidiaries within the Group. By enforcing minimum standards, this establishes

and maintains an efficient and transparent governance system of the Triglav Group, for which effective communication and quality exchange of data and information are essential, in particular time availability, methodological consistency, accounting verifiability and integrity.

The **own risk and solvency assessment process**, which is strongly related to the quality of the whole risk management system, is part of the second line of defence [[→ see the description of the lines of defence below in Section 1.1](#)]. 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 optimise the use of capital, solvency requirements are assessed in relation to the requirements of implementing the strategic plan, while capital adequacy is tested using the defined stress tests. On this basis, the Company takes measures such as changes to the guidelines for accepting transactions, premium rates, adjustments to the limit system and risk transfers. Part of the described process is the stability testing of the Group's capital adequacy in relation to new, emerging risks from the environment. After testing their impact on own funds using the selected scenarios, risk mitigation measures are identified based on the estimated impact so as to increase the readiness for identified risks and upgrade the internal control system. All of this forms an effective system for making strategic decisions.

1.1 Powers and responsibilities

The comprehensive risk management system enables the Company to make business decisions that are consistent with risk appetite objectives.

The risk management system is designed based on the “**three lines of defence**” model.

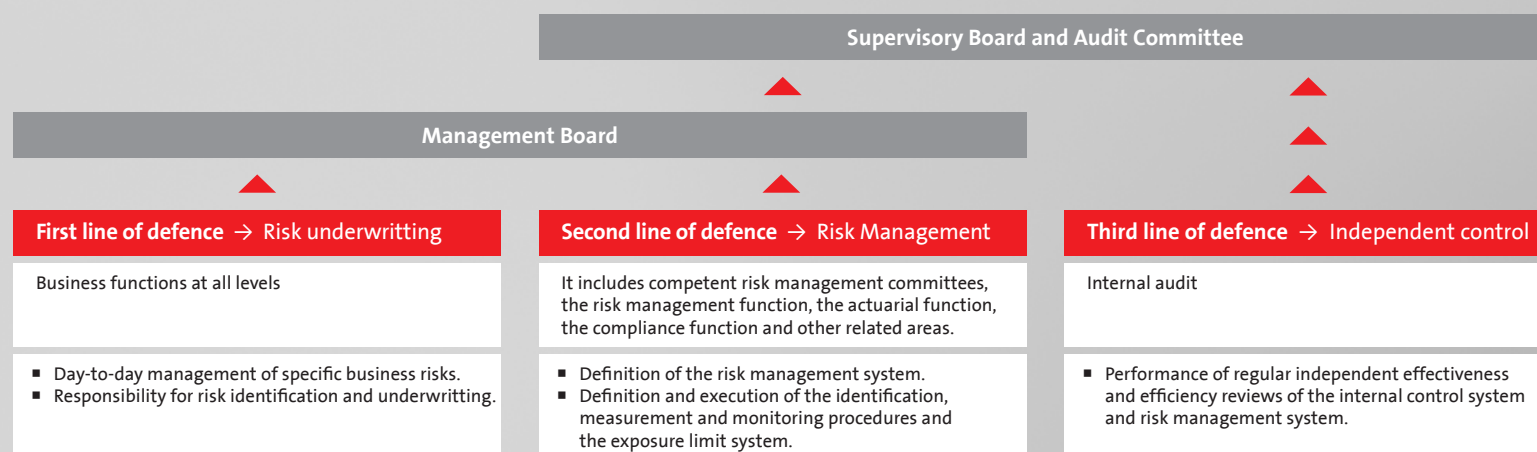
- The **first line of defence** consists of the business functions, which actively manage concrete business risks through their business decisions and are primarily responsible for risk identification and underwriting.
- The **second line of defence** includes key functions and other related areas that exercise oversight as well as decision-making bodies. The latter form the risk management system, which includes exposure identification, measurement and monitoring as well as the exposure limit system.
- The **third line of defence** includes the internal audit function. This function executes regular independent effectiveness and efficiency reviews of the internal control system and the risk management system in individual functional areas.

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 are not only the primary stakeholders serviced by the three lines of defence, but are also in charge of the operation of the three lines of defence system.

The **Supervisory Board** gives consent to the Management Board with respect to the written rules of the risk management system at the highest level. Within the scope of its powers and responsibilities, it is briefed with the reports of key functions. At its sessions, the Supervisory Board regularly monitors the risk profile and capital adequacy, as well as the results of the own risk and solvency assessment. Furthermore, it gives its approval to the Solvency and Financial Condition Report and to risk reports. The Supervisory Board may establish a working body, which provides expert assistance and support in the formulation of positions on risk management.

The **Audit Committee** of the Supervisory Board supervises the adequacy and effectiveness of the risk management system and monitors the comprehensive risk profile of the Company.

The decision-making bodies participating in the integrated corporate risk management process and the three lines of defence



The **Management Board** defines the business objectives and the risk appetite, as well as approves the risk management strategy and policies. It is responsible for ensuring the effectiveness of the risk management system and approves the policies and work plans of each key function. It is regularly briefed on capital adequacy and approves the most important reports drafted by the key functions, including the Regular Supervisory Report and the Solvency and Financial Condition Report. Independently or within a committee, the Management Board not only actively participates in and directs the own risk and solvency assessment process, but also ensures its compliance with, and integration into, the capital planning and management processes.

The **business functions at Zavarovalnica Triglav and individual subsidiaries of the Triglav Group** are responsible for risk underwriting and identification in their respective work area in accordance with the guidelines of the Management Board, as well as for the management of concrete risks within the allowed exposure limits.

The **key functions** of Zavarovalnica Triglav's governance system are **organised as independent organisational units**. These are the risk management function, the non-life and life insurance actuarial functions, the compliance function, and the internal audit function, which carry out their duties and responsibilities independently from one another and from the other organisational units of the Company. They are all part of the second line of defence, except for the internal audit function, which is also a key function but part of the third line of defence. All key functions cooperate with one another and regularly exchange the necessary information. The key function holders meet the fit and proper requirements defined by the applicable internal rules for the respective area. In the risk management activities, the key functions proactively cooperate with the other control functions at the Group level.

The **risk management function** is responsible for the establishment and coordinated and continuous operation of the integrated risk management system in accordance with the guidelines of the Management Board. Furthermore, it is in charge of monitoring the general risk profile, developing risk measurement methodologies and risk valuation models, performing the underlying risk analyses, reporting on risk exposures, and undertaking capital adequacy valuation using the regulatory method and other capital models. In line with the guidelines of the Management Board, the risk management function also coordinates and performs the own risk and solvency assessment, drafts quarterly risk reports, the Solvency and Financial Condition Report and the Regular Supervisory Report, as well as reports to regulatory bodies as required. In addition, it regularly reports on the risk profile to the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board.

The **compliance function** monitors the compliance of the Company's operations with the applicable regulations and commitments within the internal control system, and regularly reports to the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board thereon. It monitors and assesses the impacts due to the changed legal environment and compliance risks, assesses the adequacy and effectiveness of procedures, and advises on measures to adapt the Company's operations to any identified changes by giving guidelines, recommendations and proposals to co-create the internal controls for ensuring compliance of a particular process, line of business, or the Company as a whole. The compliance function also plays a major role with respect to fair and transparent conduct by monitoring adherence to the ethical commitments and ensures their implementation in practice.

The **internal audit function** performs an ongoing 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 systematic and methodical manner and by making recommendations for their improvement. It cooperates with external auditors and other supervisory bodies, monitors the implementation of internal and external auditors' recommendations and participates in internal audits at other Group members. Moreover, the internal audit function is responsible not only for the quality and continuous development of internal auditing at the Company, but also for transferring know-how and best practices in this area to the other Group members. Apart from that, it provides advisory services in agreement with the Management Board and the management of functional areas.

The **actuarial function** coordinates and calculates insurance technical provisions. It ensures that the appropriate methods, models and assumptions are used in the calculations and that the data used are appropriate, sufficient and of good quality. Its key tasks are to verify the appropriateness of the general underwriting risk policy and to deliver 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 the own risk and solvency assessment, while also adjusting and calculating capital requirements based on underwriting risks. In the context of the second line of defence, it regularly monitors the implementation of the actuarial function and informs the Supervisory Board and the Management Board of any important findings.

All key functions are in charge of not only transferring know-how and best practices to the Group members but also of ensuring their coordinated operation.

The second line of defence of the risk management system includes the **committees appointed by the Management Board**. They have an advisory role and may be granted certain decision-making rights by the Management Board. Their purpose is to provide support to the Management Board in regular monitoring, coordination and information about risk management. The powers and responsibilities of the committees are defined in the respective rules of procedure approved by the Management Board.

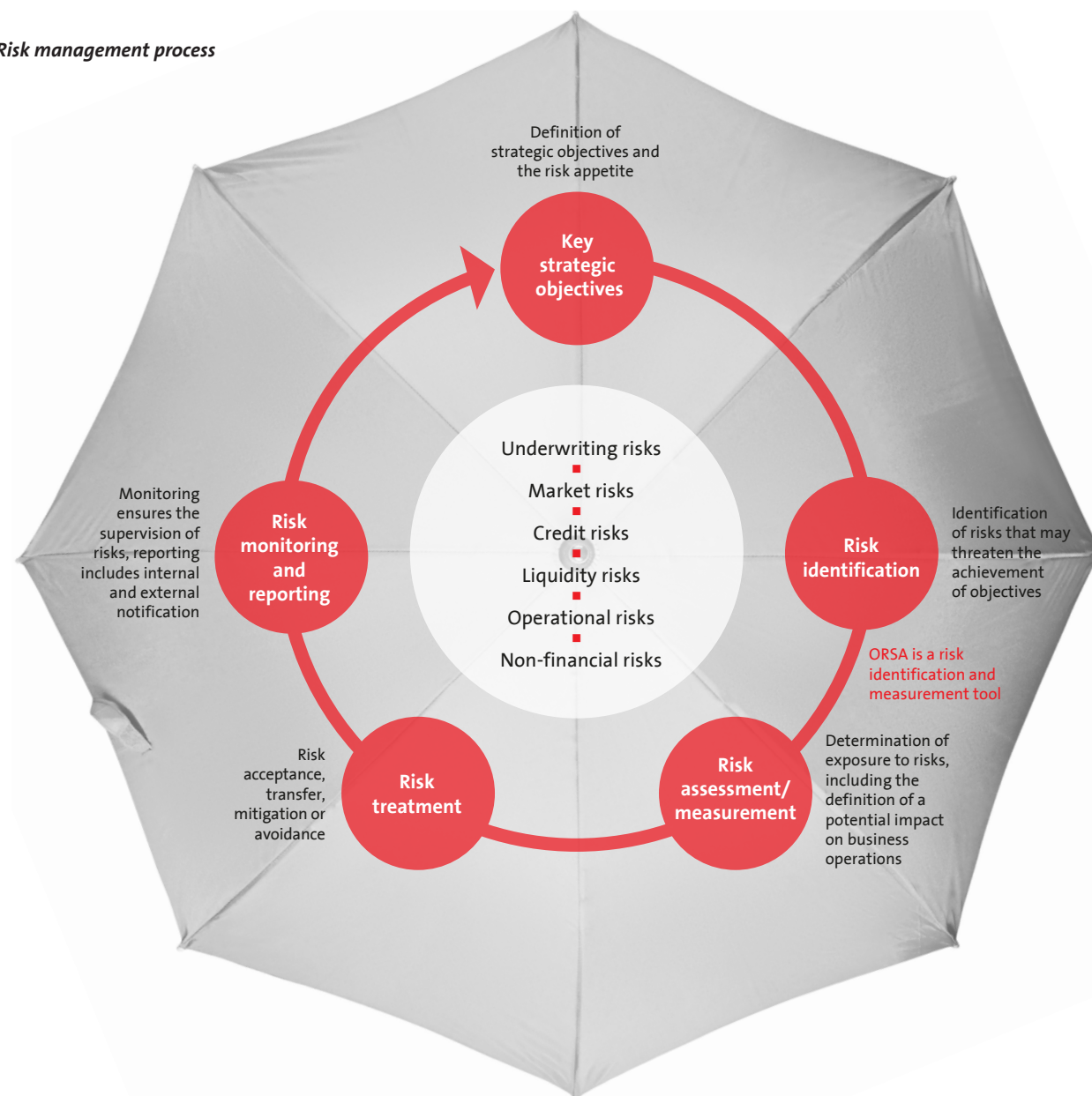
The risk management system includes the following committees at the Company level.

- The **Risk Management Committee** manages all material risks for the Company and/or the Group, while also being responsible for the management of strategic or non-financial risks.
- The **Assets and Liabilities Committee** is in charge of market risks, including credit risk arising from the exposure to banks and banking groups, life underwriting risks and liquidity risks.
- The **Non-life Insurance Committee** manages credit and non-life underwriting risks, including the risks related to the transfer of exposures to reinsurers.
- The **Operational Risk Committee** is responsible for operational risks, including information security risks – cyber risks and the business continuity management system – as well as compliance and outsourcing risks.
- The **Life and Non-life Insurance Product Forums** are responsible for the development of new insurance products, including any risks related thereto.
- The **Project Steering Committee** deals with project risks and reports to other competent committees thereon.

1.2 Risk management framework

The risk management system incorporates all areas of risk management, with a special emphasis on those that materially affect the operations and the set business objectives. An important factor in risk management is the establishment of an appropriate culture within the Company, based on knowledge, cooperation and open communication about risks; the Management Board and the management bodies of individual Group members play the key role in this.

Risk management process



The **comprehensive risk management process** of Zavarovalnica Triglav is based on the Group's strategy and the Company's business plan. In the process of planning the guidelines and objectives for the strategy period, the Company defines the risks that it is willing to take in order to achieve these objectives. In addition, it defines the key indicators based on which the target (appetite) and threshold (tolerance) values of risk exposure are set. Firstly, on the basis of the set strategic objectives, any probable events that could have a material impact on the achievement of objectives are identified once a year in the own risk and solvency assessment process. Secondly, the impact of these events on the Company's operations is assessed and, if necessary, measures to manage them are defined.

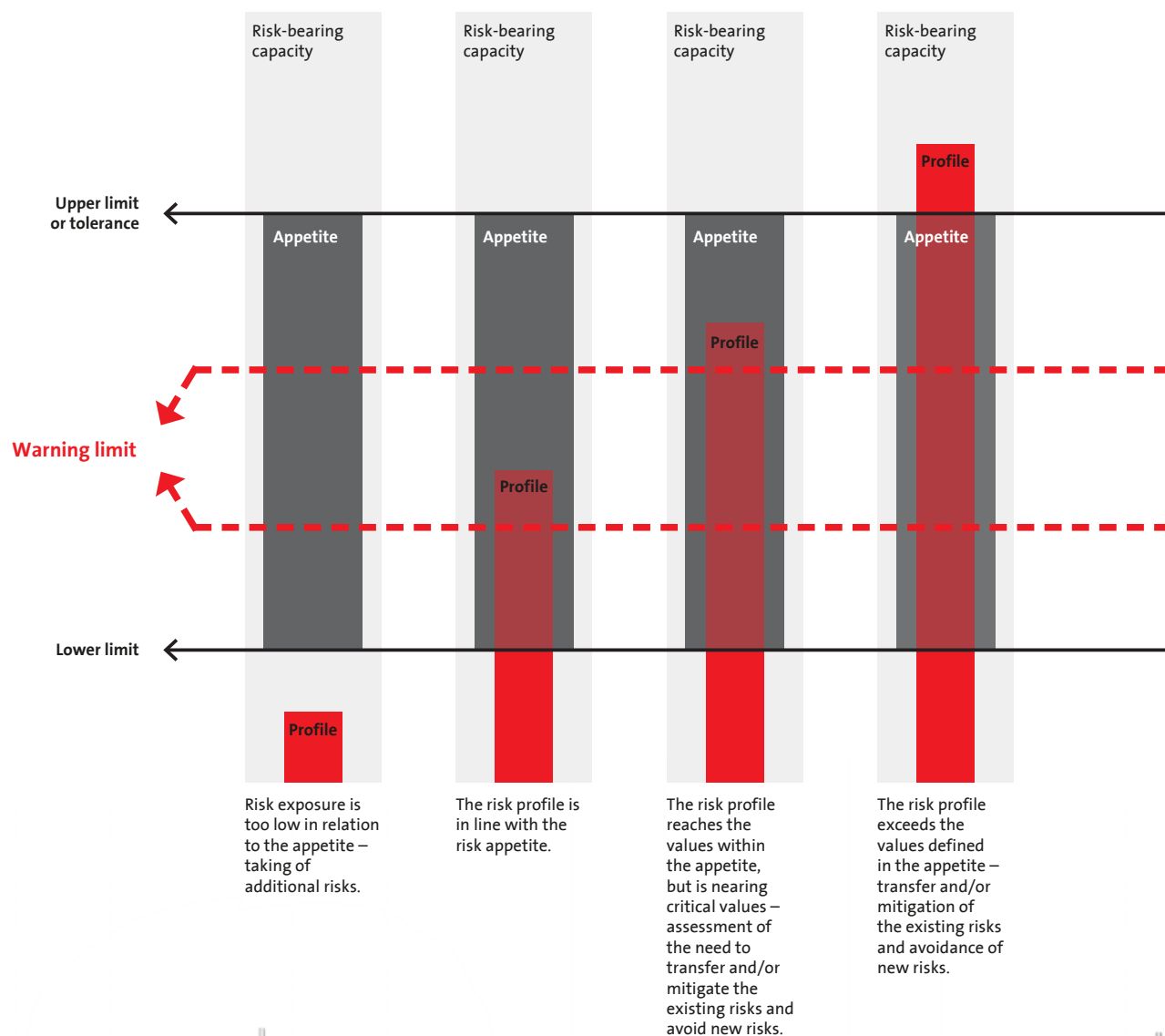
The identified events are the risks which the Company appropriately classifies, assesses and analyses, particularly in terms of size of impact and probability of occurrence. The analysis serves as the basis for the Management Board to make decisions on the risk management method, which depends on the ratio of the actual exposure (the risk profile) to the values set in the risk appetite (acceptance, transfer, mitigation or avoidance). All the risks are regularly monitored and controlled, which includes regular reporting to both external and internal stakeholders.

The **risk appetite** determines the key indicators for each material risk and their target and threshold values. 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 is the *solvency ratio*. Its target range and tolerance are consistent with the dividend policy and defined in the internal document regulating capital management of the Company and the Group. 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 Risk Management Department regularly monitors the matching of the risk profile (the actual exposure to risks) and the risk appetite and briefs the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board thereon.

The selection of the approach depends on the ratio between the risk profile and the values determined in the risk appetite as shown in the following figure.

The basis for deciding on the risk management method



The risk exposure monitoring mechanisms enable the Company not only to detect and identify any negative trends but also to take appropriate measures, which is operationally performed at several levels. At the level of the **functional areas**, risks are identified with the established processes of notifying the key functions about transactions with increased risks, while at the **aggregate level** risks are identified by regularly monitoring the concentration of exposure and the increased volatility where the exposure of the Group is higher. Material detected or identified risks are included in the own risk and solvency assessment process.

Risks are regularly measured and monitored using various methods.

- **The regulatory method.** This method is based on risk measurement in accordance with the Solvency II standard formula and includes the explanation of substantial changes in the period.
- **Internal methods.** Own calculations of the defined key risk indicators are regularly performed, thereby assessing the risk level of a particular risk type. In addition, the limits are defined in order to limit the underwriting of risks. These limits are used in the ordinary course of operations.
- **S&P risk assessment method.** Capital adequacy is also calculated by using the methodology of the S&P rating agency.

The appropriateness of the regulatory method is thoroughly analysed at least once a year in the context of the own risk and solvency assessment process. The results of the internal risk measurement method are also taken into account in the final assessment of appropriateness.

The Management Board and the Supervisory Board are regularly informed about the Company's and the Group's exposure to both individual risk types and the overall exposure to risks.

The risk report, which is prepared on a quarterly basis, is a documented result of regular risk measurement and monitoring, as it covers all key risk indicators, including the trends, limits and recommendations of the Risk Management Department.

The Company regularly documents any deficiencies identified within the risk management system and prepares proposals for improvements, including measures and recommendations for its upgrade.

1.3 Capital management

A well-integrated risk management system is key to effective capital management. **Ensuring capital adequacy within the target range** means that at any given moment the Triglav Group has a sufficient amount of capital in relation to the measurable risks accepted. By consistently assessing profitability in relation to the risks accepted, capital adequacy goals are pursued when deciding to enter into a transaction, including taking into account the criterion of earning appropriate profit for owners. 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.

In previous years and during 2019, the Group was adequately capitalised, safe and profitable.

The amount of available own funds to cover regulatory capital requirements is regularly measured both at the level of individual insurance subsidiaries and at the Group level in accordance with the applicable legislation.

The target capital adequacy of Zavarovalnica Triglav at the Group level is set within the range of 200–250%. This means that the Company 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. In addition to maintaining regular capital adequacy, the Company plans and assesses future capital and capital adequacy levels. This allows it to detect any changes in the environment affecting capital adequacy and to ensure optimum capital allocation.

Capital adequacy also has a significant impact on credit ratings; therefore, credit rating models are taken into account when making decisions. The capital model of the Group 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.

1.4 Risk types

The most important risk types are described below, while the risk management methods and exposure to a specific risk type are described in greater detail in [→ *Section 2. Risk management*].

The basis for defining the risk appetite is identification of the risks to which the Company is exposed in the course of its operations. The risk identification process is ongoing, involving all functional areas in accordance with their respective powers and responsibilities. Its purpose is to ensure the inclusion of all material risks in the risk management system, to set up the risk exposure measurement process, and to achieve uniform risk management and understanding at all management levels. The Group uses the risk classification

The capital management strategic objectives and the dividend policy criteria

| | | |
|----------|---------------------------------------|--|
| > 250% | Surplus capital adequacy | Possibility of a more aggressive growth of business volume, assessment of potential changes in the business strategy |
| 200–250% | Target capital adequacy | Regular performance of risk management activities |
| 150–200% | Sub-optimum level of capital adequacy | Analyzing possible medium and long-term measures to improve capital adequacy and emphasized monitoring of risks |
| 130–150% | Warning level of capital adequacy | Implementation of measures to improve capital adequacy |
| < 130% | Insufficient capital adequacy | |

in accordance with the Insurance Act (ZZavar-1) for internal risk monitoring. In its operations, the Company assumes the following risks:

- **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. Every type of insurance has its own specific risks, which are duly identified and managed. In direct insurance business, the Company is predominantly faced with traditional underwriting risks, which are divided into premium risk, provision risk, catastrophe risk and lapse risk. Within underwriting risks (including reinsurance risks), non-life underwriting risks (including health insurance) and life underwriting risks (including pension insurance) are treated separately.
- **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 include interest rate risk, equity risk, currency risk, property risk, spread risk and market concentration risk.
- **Liquidity risks** are the risks of loss that may occur if the Company or the Group members are not able to meet all expected and unexpected present and future cash outflows and past due liabilities. Liquidity risks may arise from inadequate or insufficient available funds or from the uncertainty of financial markets and the consequent difficulty in accessing the financial resources needed to pay for liabilities. Liquidity risks usually materialise as the inability to liquidate financial assets or selling them at prices below current market rates.
- **Credit risks** present a risk of loss or adverse change in the financial position of the Company and arise from fluctuations in the credit

position. They are the result of the debtor's failure to meet all or part of its financial or contractual obligations.

- **Operational risks** are the risks of loss arising from inadequate or failed internal processes, personnel or systems, or from external events and their impact. They include information security risks with a special emphasis on cyber risks, legal risks, compliance risk, conduct risk, project risk, outsourcing risk and model risk.
- **Non-financial risks** include strategic risks, capital risk, reputational risk and the Group risks.
 - *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 (including legal and regulatory risks).
 - *Capital risk* is the risk of loss due to inadequate capital structure with regard to the business volume and method or problems encountered when acquiring fresh capital, especially in the face of adverse business conditions or the need for a rapid increase in capital.
 - *Reputational risk* is the risk of loss arising from lost income from future or existing operations of the Company or the Group, resulting from a negative image held by its shareholders and investors, clients, employees, business partners, competent or supervisory bodies and the public.
 - *The 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 of the Group and insufficient understanding of the business environment of its members. This also includes any changed circumstances

relating to environmental, social, human resource, bribery and anti-corruption matters. The Company's risk profile is also influenced by the transactions between the associated companies and the high complexity of concentration risk management.

In the context of non-financial risks, the Company separately addresses *sustainability risks*, which have become increasingly important in the recent period and include environmental, social and governance (ESG) factors. From the perspective of insurers, the focus of sustainable risks is the impact of climate change, which along with other sustainable risks (the ageing population, antibiotic resistance, pandemic risk, etc.) will affect the business of insurers, both via liabilities and assets.

In addition to the risks described above, the Group is also exposed to emerging risks, i.e. risks that may still develop or that already exist. They are difficult to quantify but can 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.

Emerging risks are therefore monitored very closely and the risk management system is appropriately upgraded. As part of regular monitoring, they are identified through risk trend assessment.

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 IFRS, the most common market risks are currency, interest rate and other price risks, which include equity and property risks.
- Under IFRS, credit risks include spread risk, market concentration risk and counterparty

default risk. In this respect, exposures from cash and cash equivalents, reinsurance and receivables represent a significant part of the counterparty default risk.

- There are no differences between the classifications of underwriting and liquidity risks.
- Other risks, as defined by the IFRS, include operational and non-financial risks.

The Company monitors the situation and reports to the management on exposure and risk assessment based on regulatory requirements and internal risk classification. Due to the differences in the IFRS and Solvency II valuation methods, the values of individual balance sheet items may differ noticeably. This is also reflected in differences in exposure to individual risks. In addition, different valuation methods affect the sensitivity of the items and thus the risk assessment. A more detailed description of the differences between the valuations is presented in Section D of the Solvency and Financial Condition Report of Zavarovalnica Triglav and in Section D of the Solvency and Financial Condition Report of the Triglav Group.

Presented below in more detail are exposures according to the classification used in the risk management system of the Company.

2. Risk exposure and management

The quantitative presentation of risk exposure is primarily based on accounting data. Exposures on a mark-to-market basis, which is also used for solvency reporting, will be presented in greater detail in the Solvency and Financial Condition Report, which is compiled separately for Zavarovalnica Triglav and the Triglav Group.

The presentation of the risk profile of the Group and the risk assessments of individual risk segments are based on market values for solvency purposes. The Company uses the regulatory method, which was adjusted to the Group's internal characteristics and assessed as appropriate for risk measurement in the context of the own risk and solvency assessment process.

With respect to unit-linked life insurance, investment risk is borne by the policyholder and not by the insurer. The tables below therefore separately show the value of these insurance contracts, where appropriate, or exclude them from the presentation of exposure and risk assessment of the Company and the Group. This applies to unit-linked insurance and, in 2019, also to PDPZ Zmerni and Drzni guarantee funds. For ease of comparison, their figures as at the end of 2019 were compared with the corresponding figures for 2018.

2.1 Capital and capital adequacy management

Capital management enables the Group to optimise its operations, adopt appropriate business decisions and maintain its competitive advantages. Management is centralised and takes place at the parent company level. The concentration of available own funds in the parent company enables it to actively manage these funds in accordance with the strategic objectives and interests of a wide circle of stakeholders.

According to the latest available estimates, the level of available own funds, with the dividends taken into account at the Group level, significantly exceeded the estimated regulatory risk level, which is shown in the table as a capital requirement.

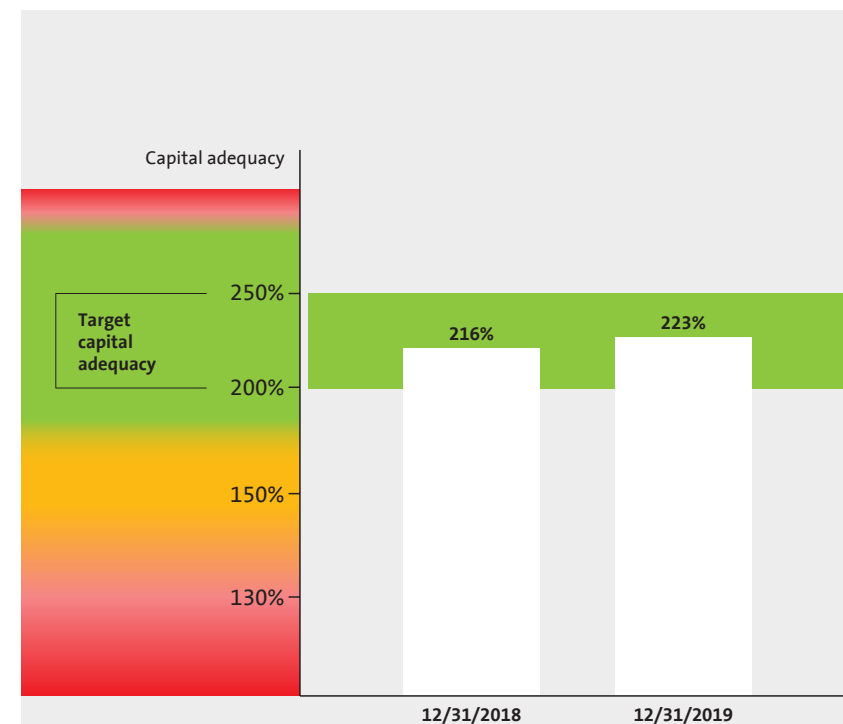
Solvency ratio for the Triglav Group and Zavarovalnica Triglav

| | Triglav Group | | Zavarovalnica Triglav | |
|---|---------------|--------------|-----------------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Available own funds (in EUR million) | 892 | 843 | 905 | 861 |
| SCR (in EUR million) | 400 | 391 | 320 | 325 |
| Solvency ratio (in %) | 223 | 216 | 283 | 265 |

The Group was well capitalised as at the 2019 year-end. Available own funds increased by EUR 49 million due to market profit and the issued subordinated bond. The expected dividend amount for 2019 has been already deducted from this amount of available own funds. The capital requirement is calculated using the standard formula. The increase in the capital requirement in 2019 primarily resulted from the higher volume of business, which was additionally influenced by the approved legislative amendments to the Commission Delegated Regulation. The later increased the capital requirement for natural catastrophes and thus the amount of non-life insurance underwriting risks. In addition to the earthquake and flood risks, the capital requirement for natural catastrophes also includes hail and storm risks.

Details of significant reasons for the changes in the 2019 business year are described in the Solvency and Financial Condition Report for 2019, which is published separately for the Company and the Group on the Company's website.

Risk appetite and actual capital adequacy of the Triglav Group



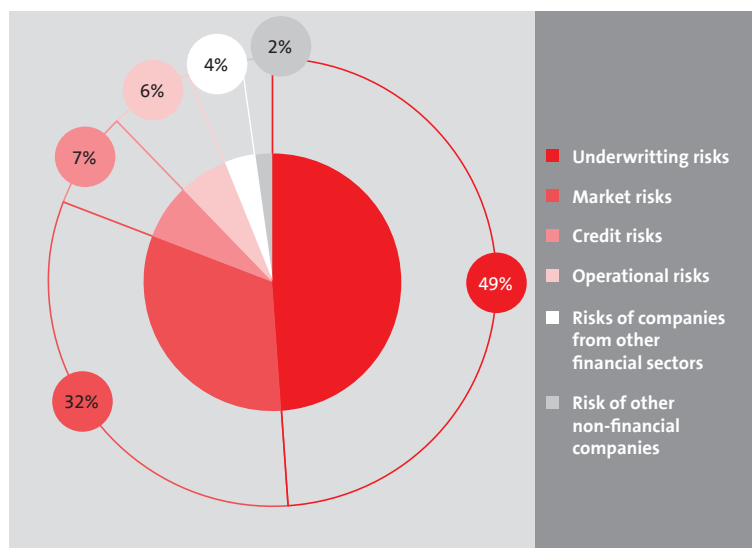
2.2 Risk profile

Risks are assessed on the basis of prescribed stress in the standard formula and internal methods based on a value-at-risk method. It distributes market losses or gains over a one-year horizon with a confidence interval of 99.5%. With regard to solvency capital requirement (SCR), the diversification specified in the standard formula in accordance with applicable law is taken into account.

The level of underwritten risks is in line with the guidelines defined in the risk appetite. As the period of low interest rates continued in 2019, the Company pursued the goal of reducing market risks while increasing the scope of underwriting risks. The first is mainly a result of a more conservative investment policy and better matching of life insurance assets and liabilities. The Group is most exposed to market and underwriting risks, followed by credit and operational risks. Within the Group, Zavarovalnica Triglav assumes the bulk of the risks.

The risk profile of Zavarovalnica Triglav and the Triglav Group, which shows their exposure to material risk types, is shown in the following table.

Risk profile assessment of the Triglav Group* as at 31 December 2019



* 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 risk categories. Risk assessment is based on the latest known data that impact risk assessment and perceived trends. It is the best estimate as at 31 December 2019.

Risk dashboard of Zavarovalnica Triglav and the Triglav Group* as at 31 December 2019

| Risks | Risk assessment | Risk trend | Note |
|--------------------|-----------------|------------|---|
| Capital adequacy | Low | Upward | Capital adequacy remains within the target range in both the Company and the Group, despite changes in the 2019 standard formula that increase the risk assessment. There are some uncertainties in the announced changes to the standard formula, which are still being harmonised at the EU level and which may affect capital adequacy in the coming years. |
| Underwriting risks | Medium | Stable | The Group maintains premium growth and achieves the target values of indicators in strategic markets. The combined ratio is within the strategically defined range. Low interest rate risks that hamper the profitability of life and pension insurance are still present. Due to the inclusion of hail and storm risks in the standard formula, non-life underwriting risks also increased. |
| Market risks | Medium | Stable | Given the challenging financial market conditions and persistent low interest rates, the Company pursued the maximum possible matching of assets and liabilities and a more conservative investment policy, and thus a reduction in market risks. Uncertainty about the sudden increase in credit spreads remains at the forefront. Due to extremely low interest rates, Zavarovalnica Triglav regularly monitored interest rate risks and implemented measures primarily in the life and pension insurance segments. |
| Credit risks | Low | Stable | Despite the increase in exposure, credit risks remain low. The main reason is the regular monitoring and management of individual exposures in all segments and good diversification of the portfolio. |
| Liquidity risks | Medium | Stable | Zavarovalnica Triglav's liquidity position is regularly monitored at various time intervals. The liquidity position has improved slightly in the recent period and, according to internal criteria, is in a neutral liquidity position. |
| Operational risks | Medium | Stable | The Triglav Group has identified cyber and regulatory risks as key types of operational risks. In order to better identify vulnerabilities and readiness for cyber events, the Company and its subsidiaries analysed in detail the most current cyber risks and prepared key measures to reduce them in 2019. Furthermore, the Company began to obtain the Information Security Management System certification in accordance with the requirements of the ISO 27001 standard in 2019. |

* An overall assessment of the main risk types was made on the basis of discussed quarterly risk reports. The risk trend shows a potential assessment of future risks relative to current projections.

i) The colour scale of assessed risks: ■ high ■ medium ■ low

ii) Risk trend: ◀ downward ▶ stable ▲ upward.

2.3 Underwriting risks

Underwriting risks are the risks that are directly related to taking out an insurance policy, its amount and, consequently, the loss or 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.

The Triglav Group assumes underwriting risks by conducting its core business, which includes insurance, reinsurance and asset management activities. A well-established and effective underwriting risk management system includes the relevant procedures, segregation of powers and authorisations to achieve the target level of risks, which the Company is still prepared to accept in order to achieve its business and strategic objectives.

The **execution of insurance transactions comprises four key processes**, in the context of which underwriting risks are identified, measured, monitored and managed: product development, underwriting, underwriting risk transfer and claim settlement.

- The limits of the target levels of risks accepted are taken into account already in **product development** by setting the premium amount and the general underwriting criteria using actuarial techniques. At this stage, the Company defines the underwriting risks which it is prepared to accept, which it wishes to avoid, which have to be mitigated and which will be transferred to reinsurers, either partly or fully.
- The next key process is **underwriting**, in which risks are properly classified, the price of insurance coverage is set and where an insurance product is appropriately tailored to the policyholder or the insured object by reducing the possibility of abuse, moral hazard and adverse selection.

- The third key process is defining a comprehensive approach to **transferring (excess) underwriting risks** to reinsurance partners or capital markets. The main method for the transfer of underwriting risks is reinsurance. The annual planned reinsurance programme includes the calculation of own shares by individual insurance class, and on this basis, maximum coverage is defined, in addition to procedures and criteria for determining the maximum possible loss with regard to individual insurance perils.
- The last key process in conducting insurance transactions is **claim settlement**, in which the Company pays out the claims it is obligated to pay to the insured in exchange for received insurance premium. In the claim settlement process, the Company monitors whether the amount of an insurance claim is within reasonable expectations. The Company responds to any identified discrepancies with appropriate corrective actions in all key processes described.

The way the four key processes are implemented affects the entire insurance business.

Underwriting risks are divided into:

- **non-life underwriting risks** and
- **life underwriting risks**.

The structure of consolidated gross written insurance, co-insurance and reinsurance premiums of the Group by non-life and life insurance segment is presented in detail in [→ *Section 7.5 Gross written insurance, co-insurance and reinsurance premiums of the Business Report*].

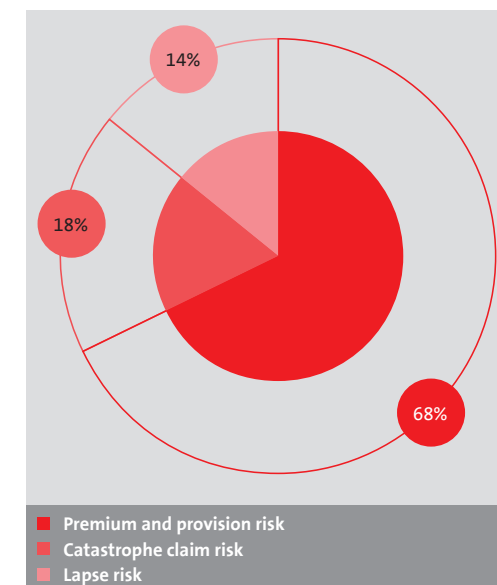
2.3.1 Non-life insurance underwriting risks

When concluding non-life insurance policies, the Group's insurance and reinsurance subsidiaries underwrite premium risk, provision risk, lapse risk and catastrophe risk. Under the standard formula, these risks depend on the exposure of individual insurance segments and their variability.

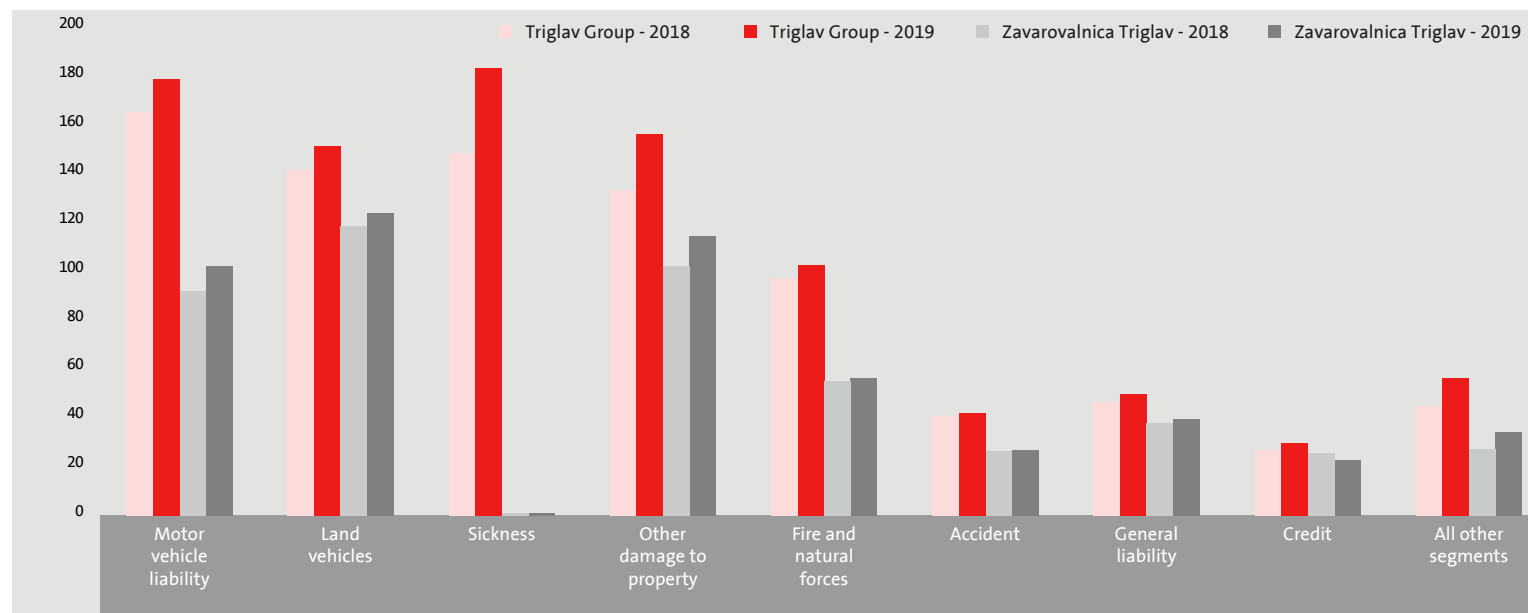
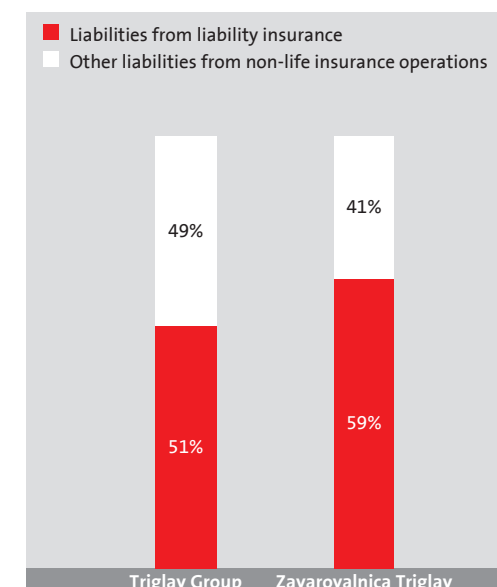
The Group is most exposed to premium and provision risks, followed by catastrophe and lapse risks. At the Group level, Zavarovalnica Triglav underwrites the bulk of the non-life underwriting risks, while Triglav, Zdravstvena zavarovalnica underwrites the majority of health underwriting risks.

Premium risk occurs when written premium is insufficient to meet all obligations arising from the conclusion of an insurance contract, not taking into account major or catastrophe losses. The risk depends on premium earned and the annual variability of claims ratios, which are determined for each insurance segment using the standard formula. Greater the variability, greater the risk. Since premium risk also depends on the range of various insurance segments in the portfolio, the Group pursues a balanced diversification of the portfolio in different insurance segments.

Risk assessment for the Triglav Group by non-life underwriting risk type including health underwriting risks as at 31 December 2019*



* 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 non-life insurance underwriting risks. It includes non-life insurance and additional accident insurance taken out with life insurance, but non-life insurance annuities are excluded. Risk assessment is the best estimate as at 31 December 2019, which is based on the latest known data that impact risk assessment and perceived trends.

Gross written premium from insurance and co-insurance contracts by insurance segment in EUR million**Ratio of liabilities from liability insurance to other insurance as at 31 December 2019**

Premium risk is regularly monitored at the Group level as well as at the level of its insurance and re-insurance subsidiaries. The adequacy of written premium in relation to actual claims and costs arising from underwritten insurance contracts is measured with combined ratios. Combined ratios for the last three years are presented in [[→ Section 8.1 for the Group and Section 8.2 for the Company in 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.

Provision risk occurs when the actual claims paid deviate from the expected. Insurance technical provisions for solvency purposes represent the best estimate of expected claims paid from the

existing non-life and health insurance contracts, taking into account the time value of money. If the claims paid are higher than the formed provisions, the Group will generate a loss from the existing obligations in the amount of such a surplus. However, if future realisation is lower than expected, the Group will generate profit. Provision risk is measured by assessing potential loss from provisions for claims already incurred in an extreme event, taking into account a scenario that (statistically) occurs once in 200 years and which, in accordance with the standard formula for each insurance segment, depends on the best estimate of net claims provision and its annual variability.

The appropriateness of provisions for individual insurance classes (see [[→ Section 2.9 of the Accounting Report](#)] for further details) is verified by regularly performing the liability adequacy test based

on the balance on the last day of the business year and by regularly calculating insurance technical provisions for solvency purposes. According to actuarial estimates of future claims as at the 2019 year-end, insurance technical provisions, both for financial reporting and for solvency purposes, were adequate (see the [[→ sections 2.9.3 and 3.15 of the Accounting Report](#)] for more information), therefore provision risk management is appropriate.

The provision risk is also influenced by the maturity of liabilities, which represents the average duration of claim settlements for which provisions were made. With respect to liability insurance, more than half of the claims are settled after one year, while in other insurance segments more than half of the claims are paid within one year. As a general rule, provisions with long maturity are relatively riskier than short-term provisions, whereas in the period of one year they are less risky.

The share of long-term provisions of the Group is lower than the comparable share of the Company, primarily due to the significant impact of short-term health insurance of Triglav, Zdravstvena zavarovalnica.

After one year, it is expected that approximately a quarter of provisions for long-term liabilities and three quarters of provisions for short-term liabilities relating to non-life insurance will be released, including health insurance. Long-term provisions are released at a slower pace, which is why they are more stable than short-term provisions in a one-year period.

Lapse risk occurs when the lapse rates of underwritten non-life insurance contracts are higher than the expected lapse rates. In practice this risk is lower than in life insurance policies, because the term of non-life insurance policies is mostly one

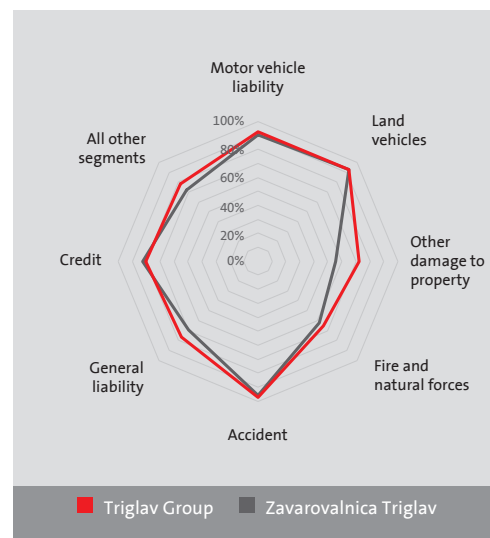
year (short-term) and because even in the case of multi-year insurance policies the Company cannot unilaterally terminate an insurance policy, except in the case of default on premium payments. Nevertheless, the lapse risk assessment under the standard formula is conservative, as it is equal to the maximum potential loss upon immediate termination of 40% of insurance policies.

Non-life insurance catastrophe risk is the risk of an unexpected one-time loss event with a loss potential that is significantly higher than the estimated average loss of insurance companies in the Group. Catastrophe risk at the Group level is greatest where the insurance business is concentrated in a particular geographical area, sector or economic activity by individual insurance peril.

Non-life insurance risk concentration. Concentration risk is the consequence of the concentration of insurance business in a geographic area, sector or industry, or individual insured perils. It may also arise as a result of correlation between individual insurance classes. In such a case, even a single loss event may have a material impact on the Company's ability to settle its obligations. Concentration risk is managed with regular monitoring of exposures and appropriate reinsurance contracts.

A large loss can occur in the case of large individual claims, such as fire of an industry building, or a high number of claims caused simultaneously, e.g. in the event of an earthquake. The fire and natural disaster insurance portfolio includes the largest number of individual large perils, which is also exposed to natural disasters perils. Reinsurance cover is therefore most needed in this segment.

Net written premium share in relation to gross written premium as at 31 December 2019



With regard to regulating the reinsurance coverage in the Triglav Group, Pozavarovalnica Triglav Re plays an important role as it assumes the underwriting risks based on reinsurance agreements concluded with individual subsidiaries of the Group. Pozavarovalnica Triglav Re concludes outward reinsurance contracts 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.

Low-frequency and high-severity risks. Special attention is paid to events such as earthquakes, storms, hail, floods and frost. 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 different types of reinsurance coverage, which depend on the nature of insured perils and insurance segments.

The Triglav Group's largest retention amounts to EUR 5 million per peril, with the exception of nuclear perils, EUR 10 million per natural catastrophe and EUR 5 million per other aggregate perils occurring after the event. The Group's largest contingent exposure in the amount of EUR 14 million could arise from nuclear perils, which the Group has assumed from the Slovene Nuclear Pool. Nuclear perils are characterised by an extremely low frequency, as no loss event has been reported in 26 years, and by a low or null correlation with other contingent liabilities. The year 2019 was marked by four major weather disasters. See [→ *Section 7.2 Environmental impact on the performance of the Triglav Group in the Business Report*] for more information.

Assumed capacity of nuclear perils for 2018 and 2019

| | Assumed capacity in EUR | |
|---------------------------------|-------------------------|-------------------|
| | 2019 | 2018 |
| Zavarovalnica Triglav d.d. | 10,000,000 | 10,000,000 |
| Pozavarovalnica Triglav Re d.d. | 3,000,000 | 2,984,400 |
| Triglav Osiguranje d.d., Zagreb | 1,000,000 | 850,000 |
| Total after the event | 14,000,000 | 13,834,400 |

The reinsurance coverage for retention in the case of catastrophe events is designed as excess of loss reinsurance with four layers and has been activated twice since 2010. The protection against increased occurrence of natural catastrophes is also arranged for the Group. Past events have shown that the reinsurance programme is suitable.

The greatest risk among low-frequency and high-severity risks of the Group is an earthquake in Ljubljana. It is covered with quota share reinsurance, while retention is additionally protected with excess-of-loss reinsurance for catastrophe events. In the context of the insurance scenario, the Company tested the effect of a 200-year earthquake, which represents the maximum

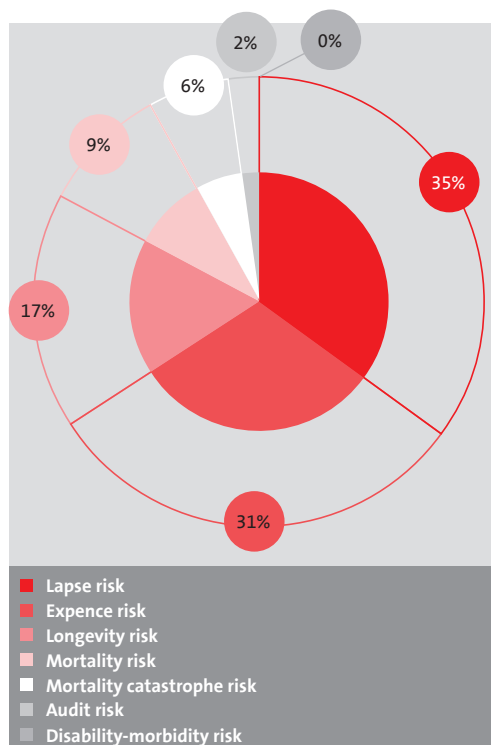
concentration of exposure for this risk. In addition to the payment of damages from insurance operations, this scenario includes all other operating effects on the business, such as increased claim handling expenses and costs of business continuity downtime. Furthermore, the scenario includes the calculation of the effect of a fall in the value of Slovene government debt securities and equity investments, drop in the value of real property due to the adverse economic situation in Slovenia and the effect of changes in the volume of insurance business. Having an adequate reinsurance coverage, the Company and the Group would successfully survive a severe earthquake. In the case of a 200-year earthquake in Ljubljana, the estimated financial impact under the scenario would amount to EUR 115 million for the Company or EUR 133 million for the Group. These crisis scenarios showed a strong resilience of both the Company and the Group, which would retain their capital adequacy even if these scenarios were realised.

2.3.2 Life insurance underwriting risks

The life insurance portfolio includes traditional, unit-linked and pension insurance policies. Pension insurance also includes supplemental voluntary pension insurance provided by the Company in the context of the second pillar of the pension system. Supplemental insurance can be added to unit-linked and traditional insurance policies. **Life insurance underwriting risks** comprise all underwriting risks arising from life insurance underwriting processes and from maintaining the life insurance portfolio. The Group underwrites mortality, longevity and morbidity risks, permanent total incapacity for work risk, disability, accidental death, critical illness and injury risks, medical expense risk, daily benefit risk, second medical opinion risk and others.

The level of underwritten risks is determined in the defined risk appetite. The Group is most exposed to life expense and lapse risks. Within the Group, Zavarovalnica Triglav underwrites the bulk of life underwriting risks. Gross written insurance, co-insurance and reinsurance premiums in 2019 by insurance subsidiary of the Group is presented in [→ *Section 7.5 of the Business Report*].

Risk assessment* by life underwriting risk type for the Triglav Group as at 31 December 2019



* 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 non-life insurance underwriting risks. It includes life insurance and non-life insurance annuities, but additional accidental insurance taken out with life insurance is excluded. Risk assessment is the best estimate as at 31 December 2019, which is based on the latest known data that impact risk assessment and perceived trends.

Lapse risk (early policy termination is requested by the policyholder) is the difference between the future realised and expected surrenders, capitalisation and any other changes to policies. Lapse risk may arise from changes in the general economic environment, which affect policyholders' behaviour.

Life expense risk is the risk that the actual life insurance expenses will differ from the expected. It may be reflected in inadequately calculated premium, insufficient insurance technical provisions and in the difference between the actual and expected result. Expense risk may be a consequence of miscalculations and incorrect allocation of actual expenses (the inadequacy of the cost model) and incorrectly estimated volume, trend or volatility of expenses.

Mortality risk may occur when there is a difference between actual and projected mortality. The difference affects the adequacy of:

- the amount of calculated premium,
- the level of insurance technical provisions,
- the amount and type of risk transfer (reinsurance, co-insurance), and
- differences between the actual and the expected result of the Company.

Mortality risk can arise from:

- inappropriate risk assessment in the underwriting process (mainly arising from information asymmetry between the policyholder and the Company);
- incorrectly estimated level, trend or volatility of future mortality rates for a particular homogeneous risk group (e.g. the lack of empirical data);
- catastrophe events that affect mortality (e.g. a pandemic); and
- other sources leading to an incorrect estimate.

Moreover, mortality risk may include **longevity risk**, which is discussed in detail primarily in annuity and pension insurance.

Adequate risk equalisation, which is the basic principle under which the insurance industry functions, is achieved through sufficiently large homogeneous risk groups, which constitute the entire portfolio of the presented risks. An important prerequisite for adequate risk equalisation is efficient and correct classification of risks in underwriting, based on which a specific risk is assessed and classified into an appropriate group. Also considered in underwriting are the new findings, know-how and procedures of reinsurers who assume a portion of risks.

Premium and provision risks are managed in the context of the actuarial control cycle, where deviations of the actual effects compared to the estimated are regularly checked. In the event any deviations outside the set parameters are detected, appropriate action is taken, e.g. adapting the design or parameters of an insurance product, appropriately adjusting the parameters for the calculation of insurance technical provisions.

The adequacy of provisions is regularly tested 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 business year (see [→ *Section 2.9 of the Accounting Report*]). The test results for 2019 show that an adequate level of insurance technical provisions for life insurance was formed at the level of both the Group and individual insurance subsidiaries, with the exception of an identified shortfall in the guarantee fund backing supplemental voluntary pension insurance, for which additional other insurance technical provisions were created.

A part of life insurance risk management is the transfer of a corresponding portion of risks to reinsurers under the adopted reinsurance programme, which is also part of regular checks in the context of the actuarial control cycle.

Traditional life and pension insurance policies which include saving at a guaranteed interest rate are exposed to asset-liability mismatch risk, where the assets are insufficient to cover the described liabilities. Similar risks due to a special guarantee for the return arise from the SVPI policies during the saving period. These risks are described in detail among market risks in [→ *Section 2.4.6 of Risk management*].

Contractual financial options and guarantees are embedded in a number of policies, therefore the risks related thereto are assessed in the context of regular portfolio valuation. Among them is the guaranteed interest rate risk, which occurs in the products with a savings component. 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 such policies, are lower than the guaranteed interest rate. This risk is reduced by maximising the matching of assets and liabilities arising from these policies, as well as by creating additional provisions, especially in the part of the portfolio of liabilities with higher guarantees. The guarantee fund backing life insurance with mathematical provisions in the amount of EUR 760 million includes the majority of the Company's liabilities with a guaranteed fixed interest rate. In order to achieve a guaranteed return on the life insurance portfolio in said guarantee fund, it is necessary to guarantee a 2.3% return on assets. The return on investments achieved by this fund in 2019 was 3.0% (see [→ *Section 15.11 of the Business Report*] for more information).

This risk group also includes the guaranteed annuity rate risk, which arises from the annuity rates set at the time of concluding certain older pension insurance policies (in the savings phase). The policyholder will be entitled to them at the end of the savings period and the transition to the 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. This guarantee exposes the Company also to longevity risk (in addition to the above-mentioned interest rate risk). This risk is not transferred to reinsurers, instead additional provisions are formed if necessary.

The most important type of a contractual financial option is the policyholder's right to suspend the payment of premium and transform the policy into a paid-up policy or to surrender the policy. The fulfilment of this risk depends on the policyholders' actions, and therefore it is more difficult to manage. The Company reduces this risk by designing the products that meet the clients' needs and by carefully managing the existing portfolio.

Life underwriting risk concentration. The concentration of **life insurance** underwriting risks is assessed as low, because the life insurance risk portfolio is well dispersed by all relevant criteria and due to the fact that most policies originate from geographically dispersed retail sale. Any risk concentration in the portfolio is reduced by transferring a portion of the risks to reinsurers based on the reinsurance programme. The risk sum insured in the event of death is less than EUR 60,000 for 81.1% of the whole life insurance portfolio and less than EUR 35,000 for 99.9% for the other life insurance portfolio. For additional accidental death insurance, the sum insured is lower than EUR 50,000 and accounts for 98.1% of the respective portfolio, while for additional disability insurance the sum insured is less than

EUR 100,000 for 97.9% of the respective portfolio. The aforementioned sums insured represent the stipulated retention in line with the reinsurance contract for most insurance policies.

2.4 Market risks

Financial investments are the largest asset category and represent 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. The Group is exposed to market risks, which mostly arise from exposure to different asset classes. However, individual market risks are also significantly affected by the matching of assets and liabilities.

For the purpose of market risk management, methods and processes with clearly defined powers and responsibilities were established so as to promptly identify, measure, manage and monitor market risks. The market risk management system enables quality analyses and reporting on market risks, as well as preparing and implementing measures aimed at preventing the reduction of available own funds due to changes on financial markets, including the real property market.

In its market risk appetite, the Group defined the level of unexpected losses, which is still acceptable in relation to its strategic objectives and capital strength. On this basis, the limit system also specifies maximum acceptable exposure to individual market risks, the target investment portfolio structure, etc.

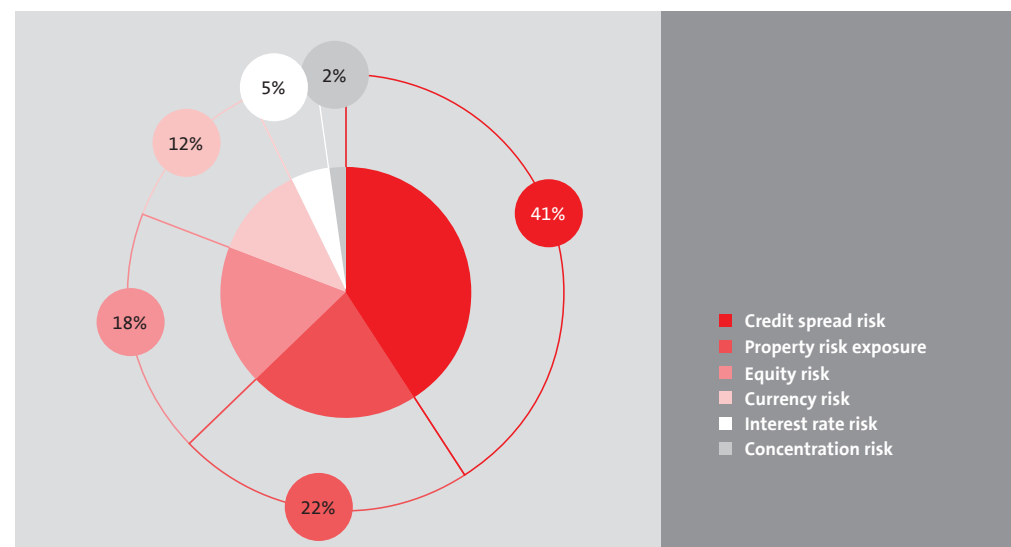
Apart from an appropriately diversified investment portfolio and regular asset-liability matching, the Group uses derivatives to reduce risks.

The Group is exposed to the following market risk types:

- interest rate risk,
- equity risk,
- property risk,
- spread risk,
- currency risk,
- market concentration risk.

Based on the investment structure (see [→ *Section 7.9 of the Business Report*] for further details), the Group is most exposed to debt securities, followed by equity securities and investment property. The highest market risk for the Group is spread risk, followed by property, equity, currency and interest rate risks. The lowest risk is market concentration risk. See [→ *Section 7.9 of the Business Report*] for concentration by sector and geographical area.

Market risk assessment* by type for the Triglav Group as at 31 December 2019



* The market risk profile is determined on the basis of a risk assessment using the standard formula. It also includes market risks from the ring fenced funds, without taking into account the effects of diversification across individual market risk categories. Risk assessment is the best estimate as at 31 December 2019, which is based on the latest known data that impact risk assessment and perceived risk trends.

2.4.1 Spread risk

Spread risk is predominantly determined by debt securities, which account for more than 73% of the Group's total investments. Their value also depends on the level and volatility of credit spreads, which reflect the credit quality of an instrument. The majority of these investments is associated with exposure to government bonds, followed by exposure to the corporate sector, which represents over 21% of investments in debt securities.

Credit risk exposure resulting from debt securities is limited by the investment policy aimed at investing in high-quality securities. In its investment portfolio, the Group is exposed to investments with outstanding credit quality. Over 55% of investments in debt securities have at least the "A" credit rating. The bulk (over 87%) of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least "BBB". The credit quality of the debt portfolio improved compared to the previous year, mainly due to replacing investments with poor credit ratings with investments with better credit ratings.

The structure of debt securities is presented in detail in [→ *Section 7.9 Investment structure*] in the Business Report.

2.4.2 Equity risk

Equity investments that are managed under financial investments and exclude investments in subsidiaries and associates and unit-linked life insurance contract investments account for approximately 6.3% of the Group's investment portfolio. The majority of exposure to equity risk arises from exposure of the parent company.

The Group manages equity risk in its portfolio through exposure limits as well as through geographical and sectoral diversification of investments. In addition, due to different levels of development of capital markets and local statutory limitations, the investment policy is adapted to individual markets.

The following table shows the geographical diversification of equity investments, excluding unit-linked life insurance contract investments. The value of equity investments increased due to new investments in alternative investments and growth in equity prices. Most equity investments are represented by shares issued by EU issuers, followed by globally diversified shares.

Sensitivity analysis of equity investments

| | Triglav Group | | | | Zavarovalnica Triglav | | | |
|------------------------------------|-------------------|--------------------|-------------------|--------------------|-----------------------|--------------------|------------------|-------------------|
| | 31 Dec. 2019 | | 31 Dec. 2018 | | 31 Dec. 2019 | | 31 Dec. 2018 | |
| | 10% | -10% | 10% | -10% | 10% | -10% | 10% | -10% |
| Equities in the EU | 17,252,422 | -17,252,422 | 12,473,458 | -12,473,458 | 10,634,499 | -10,634,499 | 7,466,788 | -7,466,788 |
| Equities in the USA | 879,600 | -879,600 | 1,060,780 | -1,060,780 | 0 | 0 | 412,601 | -412,601 |
| Equities in Asia* | 0 | 0 | 41,671 | -41,671 | 0 | 0 | 41,671 | -41,671 |
| Equities in emerging markets | 647,739 | -647,739 | 771,608 | -771,608 | 47,519 | -47,519 | 51,940 | -51,940 |
| Global equities** | 1,940,508 | -1,940,508 | 2,487,074 | -2,487,074 | 48,989 | -48,989 | 376,377 | -376,377 |
| Total financial investments | 20,720,268 | -20,720,268 | 16,834,591 | -16,834,591 | 10,731,007 | -10,731,007 | 8,349,377 | -8,349,377 |
| Impact on equity | 14,751,545 | -14,699,550 | 10,640,662 | -10,425,723 | 10,661,415 | -10,609,420 | 7,361,449 | -7,148,462 |
| Impact on profit or loss | 5,968,724 | -6,020,719 | 6,193,930 | -6,408,869 | 69,592 | -121,587 | 987,927 | -1,200,915 |

* Equity investments in developed Asian countries (Japan, Hong Kong)

** Globally diversified equity investments

Geographical diversification of equity investments

| | Triglav Group | | Zavarovalnica Triglav | |
|--|--------------------|--------------------|-----------------------|--------------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Equities in the EU | 172,524,215 | 124,734,578 | 106,344,992 | 74,667,877 |
| Equities in the USA | 8,796,000 | 10,607,802 | 0 | 4,126,014 |
| Equities in Asia* | 0 | 416,705 | 0 | 416,705 |
| Equities in emerging markets | 6,477,385 | 7,716,085 | 475,185 | 519,403 |
| Global equities** | 19,405,083 | 24,870,743 | 489,891 | 3,763,766 |
| Total financial investments | 207,202,683 | 168,345,913 | 107,310,068 | 83,493,766 |
| Unit-linked life insurance contract investments*** | 411,955,883 | 346,204,752 | 372,603,167 | 316,843,905 |
| TOTAL | 619,158,566 | 514,550,665 | 479,913,235 | 400,337,671 |

* Equity investments in developed Asian countries (Japan, Hong Kong)

** Globally diversified equity investments

*** The figure includes only 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 its 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 equity in the amount of EUR 14.8 million and on its profit in the amount of EUR 6.0 million. By contrast, a 10% drop in market prices of equity investments would reduce the Group's equity by EUR 14.7 million and its profit by EUR 6.0 million. The assessment of impact on profit or loss shown in the table below shows only the impact realised at the Group level, because it does not include unit-linked life insurance contract investments.

2.4.3 Property risk

The property risk of the Group arises from real property for own use, investment property and leased property. Total exposure amounts to EUR 206.3 million. Real property for own use also includes property leased by the Group. With respect to the latter, the Group is not directly exposed to property risk, because it primarily involves long-term lease agreements. The Group's real property is primarily located in Slovenia.

Exposure to real property in relation to its purpose

| | Triglav Group | | Zavarovalnica Triglav | |
|----------------------------|--------------------|--------------------|-----------------------|--------------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Investment property | 79,921,480 | 89,840,454 | 46,091,134 | 45,270,540 |
| Real property for own use* | 125,010,215 | 113,296,053 | 72,412,004 | 67,986,100 |
| Total | 204,931,695 | 203,136,507 | 118,503,138 | 113,256,640 |

* 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](#)], where other land and buildings for direct performance of the insurance activity are deducted, which are otherwise included in "property, plant and equipment". The fair value is calculated using valuation techniques. Valuation of property based on the existing methodology is performed by an authorised valuer. The amount of leased property includes only right-of-use assets in the table.

2.4.4 Currency risk

The Group's currency risk arises predominantly from subsidiaries operating in an environment whose local currency is not the euro. These companies conduct most of their transactions in the local currency, thus being exposed to currency risk relating to the euro to a lesser extent. The Group's currency risk also arises from the surplus of assets over liabilities in US dollars, which the Group reduced relative to the previous year.

The Group manages currency risk through asset-liability matching and, to a lesser extent, by using currency derivatives for hedging purposes. The Company entered into a foreign exchange forward contract in the amount of EUR 19.4 million to hedge the open currency position in Croatian kunas. The actual exposure to this currency is therefore lower than the one shown in the table below.

Financial investments in euros represent 92.7% of the Group's total financial investments. Exposure to a specific currency does not account for more than 1% of total financial investments.

Currency exposure of the Triglav Group's financial assets and liabilities

| Triglav Group as at 31 Dec. 2019 | EUR | HRK | USD | RSD | BAM | MKD | Other | Total |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| Financial investments | 2,534,674,173 | 70,376,862 | 21,600,318 | 39,314,817 | 34,378,233 | 22,098,617 | 11,280,218 | 2,733,723,238 |
| Debt securities | 2,316,079,577 | 36,958,936 | 15,172,817 | 32,991,075 | 14,695,316 | 10,958,551 | 9,134,536 | 2,435,990,808 |
| Equity securities | 193,192,056 | 8,112,689 | 3,840,700 | 92,453 | 1,873,101 | 91,681 | 0 | 207,202,680 |
| Derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and deposits | 25,402,540 | 25,305,237 | 2,586,801 | 6,231,289 | 17,809,816 | 11,048,385 | 2,145,682 | 90,529,750 |
| Reinsurers' share of insurance technical provisions | 91,005,175 | 294,265 | 1,144,442 | 5,307,698 | 4,486,267 | 0 | 509,958 | 102,747,805 |
| Operating receivables | 162,311,980 | 12,279,694 | 2,622,413 | 13,210,004 | 5,707,266 | 5,786,038 | 4,780,429 | 206,697,824 |
| Cash and cash equivalents | 57,875,879 | 2,358,734 | 1,027,643 | 2,037,517 | 11,896,352 | 332,288 | 341,364 | 75,869,777 |
| Total | 2,845,867,207 | 85,309,555 | 26,394,816 | 59,870,036 | 56,468,118 | 28,216,943 | 16,911,969 | 3,119,038,644 |
| Unit-linked life insurance contract investments | 460,129,885 | 2,286,839 | 18,260,912 | 0 | 0 | 0 | 1,353,653 | 482,031,289 |
| TOTAL ASSETS | 3,305,997,092 | 87,596,394 | 44,655,728 | 59,870,036 | 56,468,118 | 28,216,943 | 18,265,622 | 3,601,069,933 |
| Subordinated liabilities | 64,847,294 | 0 | 0 | 0 | 0 | 0 | 0 | 64,847,294 |
| Insurance technical provisions | 2,203,819,904 | 53,133,946 | 8,398,241 | 43,862,405 | 41,063,989 | 17,427,553 | 26,221,303 | 2,393,927,341 |
| Insurance technical provisions for unit-linked life insurance contracts | 463,041,430 | 2,286,839 | 18,260,912 | 0 | 0 | 0 | 1,353,653 | 484,942,834 |
| Other financial liabilities | 1,678,527 | 16,981 | 0 | 0 | 140,824 | 28,063 | 0 | 1,864,395 |
| TOTAL LIABILITIES | 2,733,387,155 | 55,437,766 | 26,659,153 | 43,862,405 | 41,204,813 | 17,455,616 | 27,574,956 | 2,945,581,864 |
| Difference | 572,609,937 | 32,158,628 | 17,996,575 | 16,007,631 | 15,263,305 | 10,761,327 | -9,309,334 | 655,488,069 |

| Triglav Group as at 31 Dec. 2018 | EUR | HRK | USD | RSD | BAM | MKD | Other | Total |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| Financial investments | 2,397,158,010 | 31,334,849 | 59,455,121 | 34,032,066 | 19,336,647 | 32,102,498 | 9,782,779 | 2,583,201,970 |
| Debt securities | 2,179,834,960 | 22,722,806 | 31,848,557 | 17,030,938 | 10,089,367 | 29,090,296 | 6,907,924 | 2,297,524,848 |
| Equity securities | 150,226,170 | 6,381,713 | 6,803,879 | 3,777,111 | 86,724 | 144,662 | 925,654 | 168,345,913 |
| Derivatives | 1,393,263 | 0 | 0 | 0 | 0 | 0 | 0 | 1,393,263 |
| Loans and deposits | 65,703,616 | 2,230,329 | 20,802,686 | 13,224,017 | 9,160,556 | 2,867,540 | 1,949,201 | 115,937,945 |
| Reinsurers' share of insurance technical provisions | 75,642,018 | 681,999 | 0 | 4,117,876 | 0 | 5,060,226 | 418,380 | 85,920,499 |
| Operating receivables | 141,722,581 | 0 | 13,748,977 | 8,661,043 | 5,484,475 | 9,037,802 | 0 | 178,654,878 |
| Cash and cash equivalents | 55,020,251 | 2,600,347 | 866,052 | 6,499,300 | 488,391 | 1,937,935 | 189,385 | 67,601,661 |
| Total | 2,669,542,860 | 34,617,195 | 74,070,150 | 53,310,285 | 25,309,513 | 48,138,461 | 10,390,544 | 2,915,379,007 |
| Unit-linked life insurance contract investments | 392,565,570 | 7,778,931 | 2,032,955 | 0 | 0 | 0 | 138,314 | 402,515,770 |
| TOTAL ASSETS | 3,062,108,430 | 42,396,126 | 76,103,105 | 53,310,285 | 25,309,513 | 48,138,461 | 10,528,858 | 3,317,894,777 |
| Subordinated liabilities | 15,462,711 | 0 | 0 | 0 | 0 | 0 | 0 | 15,462,711 |
| Insurance technical provisions | 2,161,944,608 | 0 | 48,862,941 | 36,532,431 | 20,382,204 | 42,780,876 | 0 | 2,310,503,061 |
| Insurance technical provisions for unit-linked life insurance contracts | 392,647,839 | 7,778,931 | 2,032,955 | 0 | 0 | 0 | 138,314 | 402,598,039 |
| Other financial liabilities | 1,780,297 | 0 | 2,713,736 | 464,862 | 27,974 | 634,034 | 0 | 5,620,903 |
| TOTAL LIABILITIES | 2,571,835,455 | 7,778,931 | 53,609,632 | 36,997,293 | 20,410,178 | 43,414,910 | 138,314 | 2,734,184,714 |
| Difference | 490,272,974 | 34,617,195 | 22,493,472 | 16,312,992 | 4,899,335 | 4,723,551 | 10,390,544 | 583,710,063 |

2.4.5 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. They are classified as financial assets available for sale and financial assets measured at fair value through profit or loss. The Group is also exposed to interest rate risk on the liabilities side, mostly through insurance technical provisions for **life insurance**. In the event of a drop in interest rates, the Company performs the LAT to determine whether insurance technical provisions need to be increased. However, in terms of accounting, the change in interest rates does not affect insurance technical provisions for **non-life insurance**. The Company therefore manages interest rate risk on the basis of a more comprehensive, economic perspective. The latter is presented in the Solvency and Financial Condition Report, which shows the interest rate sensitivity of assets and liabilities in terms of economic impact.

The Company manages interest rate risk through economic valuation. In this regard, special attention is paid to the matching of cash flows of assets and liabilities and/or to reducing the duration gap.

Due to the continued low interest rate period, the Company intensified the matching of assets and liabilities, especially in life insurance. In this segment, the Company is particularly exposed to re-investment risk, as the duration of assets is shorter than the duration of liabilities.

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 62.7 million), while a sudden increase of 100 basis points would have a negative impact (in the amount of EUR 120 million). The impact of changes in interest rates on the financial statements is more pronounced than in the previous year, which is a consequence of deliberately extending the duration of interest-sensitive investments in order to better match the duration of liabilities based on economic

valuation, which is not fully included in accounting valuation. The matching of the duration of assets and liabilities was mainly performed in the life insurance segment.

The Company monitors the duration gap¹⁰⁰ of interest-sensitive items for the life and non-life insurance segments, excluding the unit-linked life insurance and supplemental voluntary pension insurance segments.

The duration of assets is almost completely matched with the duration of liabilities if the Company does not take into account the issued subordinated bonds. The duration gap is negative and stands at –0.1 year (compared to –2.7 years as at 31 December 2018¹⁰¹ and differs from the disclosure in the 2018 Annual Report due to the upgraded calculation method). Taking into account the issued subordinated bonds, however, the gap is slightly higher but still low at –0.3 year (compared to –2.7 years as at 31 December 2018); the duration gap of assets and liabilities is –2.0 years for the life insurance portfolio and 2.1 years for the non-life insurance portfolio.

2.4.6 Market risk concentration

The Group continuously monitors concentration arising from financial investments on the basis of exposure by issuer and/or group of related issuers of securities and other financial assets, as well as geographical and sectoral concentration.

The largest share of the Group's assets is accounted for by debt securities. Almost 60% of debt securities are government bonds and the rest are corporate bonds. The latter are divided approximately equally into financial and non-financial sector bonds. Excluding unit-linked life insurance contract investments, the highest exposure to an individual issuer is represented by the Republic of Slovenia. See [→ *Section 7.9 of the Business Report*] for more information on the concentration of financial investments.

Sensitivity analysis of assets and liabilities to interest rate changes

| | Triglav Group | | | | Zavarovalnica Triglav | | | |
|--|---------------------|--------------------|--------------------|-------------------|-----------------------|--------------------|--------------------|-------------------|
| | 31 Dec. 2019 | | 31 Dec. 2018 | | 31 Dec. 2019 | | 31 Dec. 2018 | |
| | +100 bp | –100 bp | +100 bp | –100 bp | +100 bp | –100 bp | +100 bp | –100 bp |
| Debt securities issued by countries | –92,126,066 | 108,770,451 | –39,545,827 | 42,191,448 | –74,640,246 | 90,321,058 | –26,320,170 | 28,195,793 |
| Debt securities issued by financial institutions | –15,579,416 | 16,415,370 | –15,918,260 | 16,816,479 | –14,476,826 | 15,287,208 | –14,076,794 | 14,889,685 |
| Debt securities issued by companies | –18,274,181 | 19,096,553 | –19,810,010 | 20,952,389 | –12,472,527 | 13,274,208 | –16,262,872 | 17,349,891 |
| Compound securities | 3,199 | 5,589 | –942,401 | 982,350 | 3,199 | 5,589 | –942,401 | 982,350 |
| Other | 0 | 0 | 5,515,871 | –6,111,478 | 0 | 0 | 5,515,871 | –6,111,478 |
| Total financial investments | –125,976,464 | 144,287,963 | –70,700,627 | 74,831,188 | –101,586,400 | 118,888,063 | –52,086,368 | 55,306,240 |
| Insurance technical provisions for life insurance | –6,026,137 | 81,542,341 | –4,495,081 | 77,215,736 | –5,985,948 | 44,985,191 | –4,478,371 | 52,388,731 |
| Difference | –119,950,327 | 62,745,622 | –66,205,546 | –2,384,548 | –95,600,452 | 73,902,872 | –47,607,997 | 2,917,509 |
| Impact on equity | –83,382,893 | 94,106,788 | –61,958,139 | 66,172,298 | –68,434,720 | 78,148,813 | –49,798,827 | 53,102,350 |
| Impact on profit or loss | –36,567,434 | –31,361,166 | –4,247,407 | –68,556,846 | –27,165,731 | –4,245,941 | 2,190,830 | –50,184,841 |

¹⁰⁰ In addition to the duration of assets and liabilities, the duration gap also takes into account the value of assets and liabilities.

¹⁰¹ The recalculation was made on the basis of the applicable methodology to ensure the comparability of the calculated duration gap as at 31 December 2018 and 31 December 2019.

2.5 Credit risks

Credit risk is defined as the risk of loss or adverse changes in the financial situation of the Company and/or the Group, resulting from fluctuations in the credit position of counterparties and potential debtors.

Concentration risk in the context of credit risk is the risk of loss arising from overexposure to an individual counterparty, group of related parties or parties connected by common risk factors such as credit ratings.

The Company and the Group assume the credit risks of:

- investments at which the risk of downgrade or insolvency of counterparties exists, with all exposures to each debtor being monitored;
- reinsurance contracts where the risk of inability to pay out claims or the risk of downgrade of a reinsurer due to a loss event exists (it also includes credit concentration risk, which is a result of exposure to the average credit rating of a reinsurance group);
- receivables from insurance transactions, which at the time of their existence represent expected payments of premium and recourse claims.

Credit risk exposure by partner type

| | Triglav Group | | Zavarovalnica Triglav | |
|--|--------------------|--------------------|-----------------------|--------------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Cash | 75,869,775 | 67,601,660 | 26,112,112 | 17,998,487 |
| - Cash from unit-linked life insurance contract investments | 7,081,628 | 3,009,899 | 6,885,372 | 2,934,139 |
| - Other cash | 68,788,147 | 64,591,761 | 19,226,740 | 15,064,348 |
| Reinsurance | 111,785,643 | 98,238,506 | 102,101,892 | 91,140,148 |
| Receivables | 33,598,434 | 36,573,280 | 14,970,545 | 15,273,807 |
| Total | 221,261,729 | 183,241,074 | 143,184,843 | 124,412,442 |
| Total excluding cash from unit-linked life insurance contract investments | 214,180,101 | 180,231,175 | 136,299,471 | 121,478,303 |

Based on the financial statements, the Company and the Group are exposed to credit risks from financial assets in relation to banks through cash. The table above also shows cash from unit-linked life insurance contract investments, which do not pose any direct credit risks to the Company and the Group. Credit risk to banks is managed by performing an expert analysis of the credit quality of these partners and through a sufficient degree of portfolio diversification. The Company and the Group achieve this by establishing a limit system for each bank and banking group.

The exposure of the Company and the Group to reinsurance is measured by unearned premium and insurance technical provisions ceded to reinsurers, including past due receivables from reinsurance and co-insurance operations. Prudent assessment of the adequacy of reinsurance partners in terms of their credit quality and diversification is key. Exposure to receivables is measured by the Company's receivables from insurance operations and other receivables.

The Company regularly monitors counterparties' credit ratings and carefully manages its exposure to partners without a credit rating.

The largest exposures of the Company and the Group from financial investments are presented in [[→ Section 5.12 of the Accounting Report](#)].

With regard to cash and cash equivalents, the Company is most exposed to Slovene banks. These mainly have the "BB" credit rating or are without a credit rating. At the Group level, in addition to Slovene banks, exposure arises from banks in the countries of subsidiaries, which usually do not have a credit rating.

The Company monitors all reinsurance partners at the Group level. It manages a comprehensive system, in which the rules for designating partners and their basic data are clearly specified. As the most important in this system, the procedure for assigning credit ratings is clearly defined; it enables the Company to assign an appropriate and coordinated second-best credit rating of partners. A system of uniform designating and assigning credit ratings is important not only in terms of credit risk monitoring and management, but also in terms of regulatory calculation of capital requirements for the Company and the Group.

The Group is most exposed to reinsurers with the "A" credit rating. The proportion of partners with an "AA" credit rating is also high. The proportion of reinsurance partners without a credit rating at the Group level is 15.9%, while it is considerably lower in the Company, i.e. 2.7%.

All receivables of the Company and the Group from insurance transactions with clients are presented in [[→ Section 3.9 of the Accounting Report](#)]. In the context of credit risks, the Company monitors and manages receivables from policyholders, receivables from intermediaries, other receivables from direct insurance operations and other short-term receivables, the majority of which are recourse claims.

In credit risk management, insurance receivables are monitored by maturity, namely all past due receivables from 0 days past due.

Separately from receivables from direct insurance operations, the Company also monitors and manages recourse claims. They represent a credit risk that a person liable to recourse claims will not settle their obligations. In addition to the payment of recourse claims, the Company monitors the effectiveness of the collection of credited recourse claims and the share of recourse claims in relation to claims settled.

Exposure to reinsurance partners by credit rating

| | Triglav Group | | Zavarovalnica Triglav | |
|-----------|---------------|--------------|-----------------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| AAA | 0.0% | 0.4% | 0.0% | 0.0% |
| AA to BBB | 79.3% | 82.2% | 92.7% | 95.0% |
| Below BBB | 4.8% | 5.9% | 4.6% | 1.6% |
| Not rated | 15.9% | 11.5% | 2.7% | 3.4% |

2.6 Liquidity risks

Liquidity risk management is an important element of the risk management system, although the solvency capital requirement is not specified for liquidity risk by the standard formula. The Group pursues the goal of being able to meet all expected and unexpected present and future cash outflows and past due liabilities at any given moment. For this purpose, the Group maintains a surplus of liquid assets, allowing it to settle its obligations even in exceptional circumstances.

The liquidity risk management framework provides a comprehensive overview of liquidity. It takes into account the sources of liquidity (cash flows from investments and premiums) and liquidity needs (e.g. payments of claims), and allows for the analysis of potential impacts of exceptional circumstances from the aspect of the sources of liquidity and liabilities.

The Group members have established processes that enable them to maintain an appropriate structure of assets in terms of their nature, duration and liquidity. In the event of increased liquidity needs, an adequate liquidity position is ensured by planning actual and potential net cash outflows, having an appropriate level and structure of liquid investments, and monitoring the structure of liabilities and financial assets. The liquidity position is regularly monitored at various time intervals under assumed normal and exceptional circumstances and by establishing a limit system that adequately limits exposure to liquidity risk.

The liquidity risk management framework at the Group level is governed by guidelines that enable consistent monitoring at the Group level. The Company has established regular monitoring, measurement and reporting of risks, which is also introduced to subsidiaries through the transfer of methodology. Each subsidiary ensures that it meets its liquidity requirements, while complying with locally prescribed regulatory liquidity requirements and the minimum standards for liquidity risk at the Group level.

The Company has sufficient liquidity thanks to the large volume of liquid investments and the regular inflow of premiums paid. Sufficient liquidity in exceptional circumstances is achieved with additional safety mechanisms and planned actions (credit lines, repurchase agreements, etc.).

Financial assets and liabilities of the Triglav Group by contractual maturity¹⁰²

| Triglav Group as at 31 Dec. 2019 | Not defined | Under 1 year | 1 to 5 years | 5 to 10 years | Over 10 years | Total |
|---|--------------------|--------------------|----------------------|--------------------|--------------------|----------------------|
| FINANCIAL ASSETS | | | | | | |
| Financial investments | 210,723,904 | 336,837,102 | 1,060,206,056 | 682,565,205 | 443,390,971 | 2,733,723,238 |
| Debt securities | 264,700 | 299,594,414 | 1,017,167,110 | 677,319,782 | 441,644,802 | 2,435,990,808 |
| Held to maturity | 0 | 27,857,884 | 38,245,129 | 92,051,148 | 27,954,910 | 186,109,071 |
| At fair value through profit and loss | 0 | 43,055,517 | 237,204,597 | 124,603,533 | 152,419,520 | 557,283,167 |
| Available for sale | 0 | 219,105,366 | 739,106,003 | 460,665,101 | 255,279,810 | 1,674,156,280 |
| Loans and deposits | 264,700 | 9,575,647 | 2,611,381 | 0 | 5,990,562 | 18,442,290 |
| Equity securities | 207,184,150 | 0 | 0 | 18,530 | 0 | 207,202,680 |
| At fair value through profit and loss | 57,120,147 | 0 | 0 | 0 | 0 | 57,120,147 |
| Available for sale | 150,064,003 | 0 | 0 | 18,530 | 0 | 150,082,533 |
| Derivatives | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and deposits | 3,275,054 | 37,242,688 | 43,038,946 | 5,226,893 | 1,746,169 | 90,529,750 |
| Unit-linked life insurance contract investments | 412,257,898 | 5,667,553 | 37,818,047 | 5,092,862 | 21,194,927 | 482,031,287 |
| At fair value through profit and loss | 412,054,586 | 1,944,818 | 37,818,047 | 5,092,862 | 21,194,927 | 478,105,240 |
| Available for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and deposits | 203,312 | 3,722,735 | 0 | 0 | 0 | 3,926,047 |
| Reinsurers' share of insurance technical provisions | 736,604 | 42,705,727 | 44,772,392 | 12,546,548 | 1,986,535 | 102,747,806 |
| Operating receivables | 12,661,873 | 190,793,792 | 3,031,895 | 16,010 | 194,260 | 206,697,830 |
| Cash | 56,380,343 | 19,489,432 | 0 | 0 | 0 | 75,869,775 |
| Total | 692,760,622 | 595,493,606 | 1,145,828,390 | 700,220,625 | 466,766,693 | 3,601,069,936 |
| FINANCIAL LIABILITIES | | | | | | |
| Subordinated liabilities | 0 | 15,468,468 | 0 | 0 | 49,378,826 | 64,847,294 |
| Insurance technical provisions | 22,443,171 | 657,298,324 | 594,600,025 | 456,665,735 | 662,920,083 | 2,393,927,338 |
| Insurance technical provisions for unit-linked life insurance contracts | 435,810,508 | 128,400 | 602,232 | 4,743,210 | 43,658,485 | 484,942,835 |
| Other financial liabilities | 115,805 | 1,686,513 | 62,062 | 1 | 33 | 1,864,414 |
| Total | 458,369,484 | 674,581,705 | 595,264,319 | 461,408,946 | 755,957,427 | 2,945,581,881 |

¹⁰² The table shows financial assets classified by contractual maturity, although liquid investments may be sold earlier. The liability side shows insurance technical provisions 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. 2018 | Not defined | Under 1 year | 1 to 5 years | 5 to 10 years | Over 10 years | Total |
|---|--------------------|--------------------|----------------------|--------------------|--------------------|----------------------|
| FINANCIAL ASSETS | | | | | | |
| Financial investments | 179,605,017 | 281,657,284 | 1,195,372,423 | 804,584,025 | 121,983,220 | 2,583,201,970 |
| Debt securities | 253,583 | 227,445,826 | 1,152,214,012 | 804,528,041 | 113,083,386 | 2,297,524,848 |
| Held to maturity | 0 | 22,162,116 | 57,599,720 | 89,392,632 | 27,618,717 | 196,773,185 |
| At fair value through profit and loss | 0 | 39,314,564 | 223,607,114 | 121,750,457 | 4,316,673 | 388,988,809 |
| Available for sale | 4,668 | 153,618,489 | 869,997,488 | 593,384,952 | 75,157,894 | 1,692,163,491 |
| Loans and deposits | 248,915 | 12,350,657 | 1,009,689 | 0 | 5,990,102 | 19,599,363 |
| Equity securities | 168,297,382 | 0 | 0 | 48,531 | 0 | 168,345,913 |
| At fair value through profit and loss | 60,463,809 | 0 | 0 | 0 | 0 | 60,463,809 |
| Available for sale | 107,833,573 | 0 | 0 | 48,531 | 0 | 107,882,104 |
| Derivatives | 0 | 0 | 1,393,263 | 0 | 0 | 1,393,263 |
| Loans and deposits | 11,054,052 | 54,211,457 | 41,765,148 | 7,453 | 8,899,834 | 115,937,945 |
| Unit-linked life insurance contract investments | 346,224,134 | 516,278 | 37,311,530 | 1,020,578 | 17,443,250 | 402,515,770 |
| At fair value through profit and loss | 346,224,134 | 516,278 | 33,087,558 | 1,020,578 | 17,443,250 | 398,291,798 |
| Available for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and deposits | 0 | 0 | 4,223,972 | 0 | 0 | 4,223,972 |
| Reinsurers' share of insurance technical provisions | 4,442,156 | 38,280,234 | 25,641,541 | 11,054,273 | 6,502,295 | 85,920,499 |
| Operating receivables | 15,486,498 | 159,483,278 | 3,473,317 | 211,783 | 2 | 178,654,878 |
| Cash | 48,172,681 | 19,428,979 | 0 | 0 | 0 | 67,601,660 |
| Total | 593,930,486 | 499,366,053 | 1,261,798,811 | 816,870,659 | 145,928,767 | 3,317,894,776 |
| FINANCIAL LIABILITIES | | | | | | |
| Subordinated liabilities | 0 | 15,462,711 | 0 | 0 | 0 | 15,462,711 |
| Insurance technical provisions | 395,158,863 | 492,108,990 | 388,203,592 | 437,460,039 | 597,571,577 | 2,310,503,062 |
| Insurance technical provisions for unit-linked life insurance contracts | 365,238,128 | 580,566 | 2,900,642 | 4,649,424 | 29,229,279 | 402,598,038 |
| Other financial liabilities | 0 | 5,620,904 | 0 | 0 | 0 | 5,620,904 |
| Total | 760,396,991 | 513,773,171 | 391,104,234 | 442,109,463 | 626,800,856 | 2,734,184,715 |

Total financial assets exceed total financial liabilities of the Triglav Group. As at the 2019 year-end, the Group had a higher surplus of financial assets over financial liabilities in the maturity buckets of 1–5 years and 5–10 years and undefined maturity, whereas 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 projected cash flows. Therefore, neither deficit in individual maturity buckets nor the payment of liabilities before the maturity date present a liquidity risk.

Liquidity at the Group level is adequate if the liquidity of each Group member is adequate. Thus, adequate liquidity of the Group can be deduced from the adequate or excess liquidity of the Company and the adequate liquidity of all or at least significant Group members. It is believed that the liquidity of Zavarovalnica Triglav and its major subsidiaries is adequate and therefore the Group's liquidity is adequate.

Financial assets and liabilities of Zavarovalnica Triglav by contractual maturity

| Zavarovalnica Triglav as at 31 Dec. 2019 | Not defined | Under 1 year | 1 to 5 years | 5 to 10 years | Over 10 years | Total |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| FINANCIAL ASSETS | | | | | | |
| Financial investments | 109,750,581 | 201,962,376 | 728,903,011 | 479,498,235 | 388,227,661 | 1,908,341,864 |
| Debt securities | 0 | 191,594,425 | 708,961,849 | 474,393,611 | 385,126,369 | 1,760,076,254 |
| Held to maturity | 0 | 11,172,275 | 29,692,929 | 88,657,404 | 20,946,944 | 150,469,553 |
| At fair value through profit and loss | 0 | 22,721,942 | 119,345,943 | 46,557,817 | 140,564,297 | 329,189,998 |
| Available for sale | 0 | 157,700,208 | 559,512,870 | 339,178,390 | 217,624,567 | 1,274,016,035 |
| Loans and deposits | 0 | 0 | 410,106 | 0 | 5,990,562 | 6,400,668 |
| Equity securities | 107,310,068 | 0 | 0 | 0 | 0 | 107,310,068 |
| At fair value through profit and loss | 695,915 | 0 | 0 | 0 | 0 | 695,915 |
| Available for sale | 106,614,152 | 0 | 0 | 0 | 0 | 106,614,152 |
| Derivatives | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and deposits | 2,440,514 | 10,367,951 | 19,941,162 | 5,104,624 | 3,101,292 | 40,955,543 |
| Unit-linked life insurance contract investments | 372,905,282 | 5,667,553 | 32,906,130 | 1,642,404 | 20,637,240 | 433,758,610 |
| At fair value through profit and loss | 372,905,282 | 1,944,818 | 32,906,130 | 1,642,404 | 20,637,240 | 430,035,875 |
| Available for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and deposits | 0 | 3,722,735 | 0 | 0 | 0 | 3,722,735 |
| Reinsurers' share of insurance technical provisions | 0 | 60,528,259 | 28,528,978 | 7,426,931 | 1,949,102 | 98,433,270 |
| Operating receivables | 0 | 113,440,596 | 0 | 0 | 0 | 113,440,596 |
| Cash | 26,112,112 | 0 | 0 | 0 | 0 | 26,112,112 |
| Total | 508,767,975 | 381,598,785 | 790,338,119 | 488,567,570 | 410,814,003 | 2,580,086,452 |
| FINANCIAL LIABILITIES | | | | | | |
| Subordinated liabilities | 0 | 20,620,625 | 0 | 0 | 49,378,826 | 69,999,451 |
| Insurance technical provisions | 0 | 453,524,657 | 469,508,331 | 329,553,522 | 460,835,011 | 1,713,421,522 |
| Insurance technical provisions for unit-linked life insurance contracts | 414,454,235 | 128,400 | 602,232 | 2,185,636 | 18,222,209 | 435,592,711 |
| Other financial liabilities | 0 | 1,632,021 | 0 | 0 | 0 | 1,632,021 |
| Total | 414,454,235 | 475,905,703 | 470,110,563 | 331,739,158 | 528,436,046 | 2,220,645,705 |

| Zavarovalnica Triglav as at 31 Dec. 2018 | Not defined | Under 1 year | 1 to 5 years | 5 to 10 years | Over 10 years | Total |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| FINANCIAL ASSETS | | | | | | |
| Financial investments | 95,142,342 | 157,284,550 | 848,083,058 | 637,616,344 | 98,265,217 | 1,836,391,512 |
| Debt securities | 0 | 136,520,581 | 805,019,490 | 637,616,344 | 87,766,529 | 1,666,922,943 |
| Held to maturity | 0 | 13,510,990 | 36,635,000 | 81,699,243 | 27,618,717 | 159,463,950 |
| At fair value through profit and loss | 0 | 12,407,182 | 104,922,221 | 70,897,029 | 4,316,673 | 192,543,106 |
| Available for sale | 0 | 110,602,409 | 663,052,162 | 485,020,072 | 49,841,037 | 1,308,515,679 |
| Loans and deposits | 0 | 0 | 410,106 | 0 | 5,990,102 | 6,400,208 |
| Equity securities | 83,493,766 | 0 | 0 | 0 | 0 | 83,493,766 |
| At fair value through profit and loss | 10,110,817 | 0 | 0 | 0 | 0 | 10,110,817 |
| Available for sale | 73,382,949 | 0 | 0 | 0 | 0 | 73,382,949 |
| Derivatives | 0 | 0 | 1,393,263 | 0 | 0 | 1,393,263 |
| Loans and deposits | 11,648,576 | 20,763,969 | 41,670,305 | 0 | 10,498,688 | 84,581,539 |
| Unit-linked life insurance contract investments | 316,843,905 | 0 | 32,376,923 | 0 | 17,443,250 | 366,664,078 |
| At fair value through profit and loss | 316,843,905 | 0 | 28,346,931 | 0 | 17,443,250 | 362,634,086 |
| Available for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and deposits | 0 | 0 | 4,029,992 | 0 | 0 | 4,029,992 |
| Reinsurers' share of insurance technical provisions | 49,529,019 | 27,224,261 | 8,273,186 | 2,866,840 | 0 | 87,893,306 |
| Operating receivables | 0 | 89,980,951 | 0 | 0 | 0 | 89,980,951 |
| Cash | 17,998,487 | 0 | 0 | 0 | 0 | 17,998,487 |
| Total | 479,513,754 | 274,489,762 | 888,733,168 | 640,483,184 | 115,708,467 | 2,398,928,334 |
| FINANCIAL LIABILITIES | | | | | | |
| Subordinated liabilities | 0 | 20,612,951 | 0 | 0 | 0 | 20,612,951 |
| Insurance technical provisions | 388,362,002 | 226,224,257 | 315,890,863 | 351,884,235 | 413,782,117 | 1,696,143,474 |
| Insurance technical provisions for unit-linked life insurance contracts | 365,238,075 | 0 | 0 | 0 | 0 | 365,238,075 |
| Other financial liabilities | 0 | 1,587,443 | 0 | 0 | 0 | 1,587,443 |
| Total | 753,600,077 | 248,424,651 | 315,890,863 | 351,884,235 | 413,782,117 | 2,083,581,943 |

2.7 Operational risks

The aim of effective operational risk management of the Group is mainly to effectively remedy the consequences of realised operational loss events, mitigate and prevent operating losses, and to conduct business in a professional, diligent and ethical manner. The primary purpose of operational risk management is not to eliminate operational risks, but to identify them in a timely manner and reduce them cost-effectively with respect to the Company's tolerance of these risks. In order to achieve these goals, the Company established processes with clearly defined powers and responsibilities. An important role is also played by the Operational Risk Committee (ORC), which is regularly briefed on any identified operational loss events and discusses them in greater detail, including the adopted measures and the status of implementation. The Company defined eight operational risk groups to monitor risks (internal fraud or unauthorised activity of employees; external fraud or unauthorised activity of third parties; system break-down and the related system disruption; damage to physical assets; inadequate management of human resources and the safety of the work environment; non-compliance with the applicable regulations, improper business or market practice as well as clients and products; inadequate implementation and management of processes and the control environment, including suppliers and business partners; information security risks).

The operational risk management methodology is based on three key sets:

- identification and assessment of potential operational risks;
- reporting on realised operational loss events; and
- monitoring of key operational risk indicators, which include early warning signals.

The established system enables the Company to comprehensively manage operational risks, i.e. quality and prompt identification, measurement, assessment, management, monitoring and reporting of operational risks. The Company regularly upgrades this system based on the identified deficiencies and changes from the internal and external environments. In accordance with the principle of proportionality and materiality, it transfers it to subsidiaries, which report to it on realised operational loss events and other material operational risks.

Operational risk management places the greatest emphasis on critical business processes or operational risk segments. When assessing operational risk exposures across all business processes, the Company takes an inventory of internal controls, which is one of the key methods to manage them. The priorities of the internal control system are as follows:

- efficiency, reliability and continuity of business processes;
- ensuring compliance of the Company's operations with the internal documents and legal regulations;
- accuracy and reliability of financial and accounting reporting; and
- protection of property.

The Company uses the reporting application for reporting on realised operational loss events, which enables the employees to report these events also anonymously. Operational loss events are thus aggregated in one place. By monitoring key operational risk indicators and comparing them with the operational risk appetite (the level of risks or potential losses that the Company is willing to take), it enables the Company to take quick and effective action if the appetite is exceeded.

The Triglav Group identified cyber and regulatory risks as key types of operational risks in 2019.

Computerisation, digitalisation and more sophisticated cyber attacks increase **cyber risks**. Even though in this respect the Company has not yet suffered a loss, it is aware of the threat posed by such risks and the need for regular maintenance and additional upgrading of the information security management system. In order to better identify vulnerabilities and thus be better prepared for such events, cyber risks and the Group's segments that would be most affected were examined in greater detail as part of own risk and solvency assessment (ORSA). From experience, risks can be linked to events that can adversely affect the processes or personal data protection. All subsidiaries were involved in the preparation of risk scenarios, and based on the findings, key risk mitigation measures and appropriate action were adopted in the event of their realisation. Furthermore, the Company began with the activities to obtain the Information Security Management System certification in accordance with the requirements of the ISO 27001 standard in 2019. The established mechanisms of managing cyber and all other types of operational risks are gradually being transferred to other Group members.

The Company is exposed to regulatory risks due to extensive regulatory requirements, frequent changes and new elements in the regulatory environment, and high regulatory penalties – especially in connection with the General Data Protection Regulation (GDPR). Although the planned compliance of Zavarovalnica Triglav's processes with the requirements of the GDPR has been achieved in recent years, there is still a certain degree of compliance risk, mainly due to possible differences in the interpretation of the GDPR between the Company and the supervisory authority and the absence of case law and comparative business practices. Moreover, the planned national legislation relating to personal data protection was not adopted in 2019.

Requirements for documenting disclosures to consumers and other relevant public have increased. In addition, the Company holds a dominant position in some segments of the insurance market. Both increase exposure to conduct risk, to which due attention is given.

The Company actively responds to changes in Slovene and European regulations. In doing so, it submits proposals to competent stakeholders, intensively engages in legislative processes for adopting and amending regulations that could affect work processes, and devotes adequate resources to this.

2.7.1 Ensuring business continuity and functioning of systems material for smooth business process implementation

The functioning of information technology, particularly key applications, is important for the Group's operations. Zavarovalnica Triglav carefully manages information security risks and related business disruption and interruption. To ensure continuity of key business processes, the business continuity management system (BCM) was set up. Business continuity plans for critical business processes and IT disaster recovery plans are regularly revised, upgraded and checked. The BCM also includes:

- a crisis management team of the Company, who is activated in the case of extraordinary events causing an interruption or disruption in business processes;
- a disaster recovery team for extraordinary events that cause major disruption to IT services;
- recovery teams for the Company's headquarters and regional units, who are activated in the event of interruption to the operation of the Company's headquarters or regional units.

In 2019, the Company prepared revised recovery plans for some key systems in its subsidiaries and, in cooperation with them, began to update the business impact assessment of the interruption of key processes. On this basis, business continuity plans will be comprehensively revised.

2.8 Non-financial risks

In terms of the Company's operations, material non-financial risks include strategic risks, capital risks, reputational risk, group risk and other potential risks. Non-financial risks are very closely linked to other risks within the Group, especially operational risks, and are affected by many different factors, both inside and outside the Group.

2.8.1 Strategic risks

Strategic risks are the risks of loss due to adverse business decisions of the management body, improper implementation of strategic decisions and lack of responsiveness to changes in the business environment.

Strategic risks are appropriately managed with the established organisation and processes which ensure that the Company's management has up-to-date and relevant information when making business decisions.

2.8.2 Capital risks

Capital risks are the risks of loss due to inadequate capital structure with regard to the business volume and method or problems encountered by the parent company when acquiring new capital. They occur in the face of adverse business conditions or the need for a rapid increase in capital. They also include the effects on capital adequacy due to regulatory or accounting changes.

Capital risks are regularly monitored in the context of the capital adequacy process. Some uncertainty is caused by potential amendments to legislation, which are currently being harmonised (Review 2020¹⁰³), and the implementation of the new IFRS 17. The latter may indirectly affect capital adequacy due to the closely linked accounting and market measurement approaches, which serve as a basis for determining capital adequacy.

2.8.3 Reputational risk

Reputational risk is the risk of damage to the Triglav brand and its reputation, which could have an adverse impact on the operations of the Group members. It arises from a negative image held about the Group by policyholders, employees, business partners, shareholders, investors, competent or supervisory bodies, and other interested stakeholders. Reputational risk also arises as a secondary effect of other events involving credit, liquidity, market or operational risks.

The Group's reputational risk management system is based on effective corporate governance and transparent communication with all stakeholders. In order to assess such risks, the Company conducts regular research and analysis to monitor the key stakeholders' view of the Group and take appropriate action on this basis. Furthermore, the Company analyses external media releases, strength of the Triglav brand, employee and client satisfaction, and feedback from external stakeholders. One of the indicators of employee satisfaction is the ORVI index (see [→ *Section 12.4.2.1 Organisational vitality (climate) and organisational culture*] for more information). The Company uses Net Promoter Score for quality management of client satisfaction (see the sections [→ *11.1 Comprehensive client relationships*] and [→ *12.5 Responsibility towards clients, Client satisfaction*] for more details).

2.8.4 Group risks

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 of the Group and insufficient understanding of the business environment of its members.

2.8.5 Other non-financial and potential risks

The success of the Company's operations depends on the comprehensive management of **sustainable risks** and high confidence of all key stakeholders. The Group is committed to long-term effective management and transparent governance.

As described in [→ *Section 2.3 of Risk management*], insurance operations include four key processes, through which underwriting risks are identified, measured, monitored and managed. In the context of these processes, the Company identifies the impacts of climate change and related risks, which include more frequent damage and greater severity of weather disasters. Products that are affected by climate change (e.g. crop insurance, hull insurance) are adjusted appropriately; their pricing is adjusted based on ongoing monitoring of past events. Climate change risk is also addressed when creating insurance technical provisions for some insurance classes. The Company manages the increased climate change risk through effective reinsurance protection for more frequent and widespread natural catastrophes. There is no sufficient empirical data yet for some changes in the environment, thus they are managed by testing sensitivity parameters and running potential scenarios, on the basis of which appropriate measures are adopted. The management of some non-financial risks is described in [→ *Section 12. Sustainable development of the Business Report*],

especially in the sections on respect for human rights and fair business practices, anti-corruption measures and personal data protection.

At the same time, the Company is preparing to implement the Regulation of the European Parliament and of the Council, adopted in November 2019, on sustainability-related disclosures in the financial services sector, which will enter into force in March 2021.

The potential reform of the existing healthcare system in Slovenia, particularly the financing of the public part of the system, was publicly discussed also in 2019; however, no changes were made.

2.9 Stress tests

The Group regularly conducts stress tests for all material types of risks as well as monitors and assesses the potential impact of exceptional events on the risk profile and solvency. For more information see Section C of the Solvency and Financial Condition Report, which is published separately for the Company and the Group on the Company's website.

¹⁰³ <https://www.eiopa.europa.eu/content/consultation-paper-opinion-2020-review-solvency-ii>

Accounting Report

Accounting Report

| | | | |
|--|------------|---|------------|
| Statement of management's responsibilities | 174 | 3.16. Provisions for employee benefits | 234 |
| Independent auditor's report | 175 | 3.17. Other provisions | 236 |
| 1. Financial statements | 181 | 3.18. Deferred tax assets and liabilities | 237 |
| 1.1. Statement of financial position | 181 | 3.19. Other financial liabilities | 237 |
| 1.2. Income statement | 182 | 3.20. Lease liabilities | 237 |
| 1.3. Other comprehensive income | 183 | 3.21. Operating liabilities | 238 |
| 1.4. Statement of changes in equity | 184 | 3.22. Other liabilities | 238 |
| 1.5. Cash flow statement | 186 | 4. Notes to the income statement | 239 |
| 2. General information | 187 | 4.1. Premium income | 239 |
| 2.1. Profile of Zavarovalnica Triglav and Triglav Group | 187 | 4.2. Total income from financial assets | 242 |
| 2.2. Management and supervisory bodies | 187 | 4.3. Total expenses from financial assets | 242 |
| 2.3. Statement of compliance | 188 | 4.4. Fair value gains and losses | 242 |
| 2.4. Reporting basis | 188 | 4.5. Realised gains and losses | 243 |
| 2.5. Basis for consolidation | 188 | 4.6. Other insurance income | 243 |
| 2.6. Foreign currency translation | 188 | 4.7. Other income | 243 |
| 2.7. Risk management | 189 | 4.8. Claims | 244 |
| 2.8. Summary of significant accounting policies | 190 | 4.9. Reinsurance result | 247 |
| 2.9. Main assumptions | 197 | 4.10. Change in other insurance-technical provisions | 247 |
| 2.10. Composition and changes in the composition of the Triglav Group in 2019 | 201 | 4.11. Expenses for bonuses and discounts | 247 |
| 3. Notes to the statement of financial position | 207 | 4.12. Acquisition costs and other operating expenses | 247 |
| 3.1. Intangible assets | 207 | 4.13. Other expenses from insurance operations | 252 |
| 3.2. Property, plant and equipment | 209 | 4.14. Other expenses | 252 |
| 3.3. Investment property | 211 | 4.15. Income tax expense | 253 |
| 3.4. Right of use assets | 213 | 5. Other information | 255 |
| 3.5. Investments in subsidiaries | 214 | 5.1. Fair value measurement | 255 |
| 3.6. Investments in associates | 215 | 5.2. Additional notes to the cash flow statement | 259 |
| 3.7. Financial investments | 216 | 5.3. Amounts spent on auditors | 260 |
| 3.8. Reinsurers' share of technical provisions | 221 | 5.4. Related party transaction | 260 |
| 3.9. Receivables | 222 | 5.5. Members of the Management Board and Supervisory Board | 262 |
| 3.10. Other assets | 226 | 5.6. Off balance sheet items | 263 |
| 3.11. Cash and cash equivalents | 226 | 5.7. Employees | 263 |
| 3.12. Non-current assets held for sale | 226 | 5.8. Major legal and arbitrary disputes | 264 |
| 3.13. Equity | 227 | 5.9. Significant reviews by supervisory bodies | 266 |
| 3.14. Subordinated liabilities | 228 | 5.10. Subsequent events | 268 |
| 3.15. Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts | 229 | 5.11. New and amended standards with interpretations | 269 |
| | | 5.12. Segment reporting | 272 |
| | | 5.13. Reporting by guarantee funds posted separately for Zavarovalnica Triglav | 285 |

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 2019, 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 2019 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

Barbara Smolnikar
Member of the Management Board

David Benedek
Member of the Management Board

Marica Makoter
Member of the Management Board

Ljubljana, 10 March 2020

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 consolidated financial statements of the company ZAVAROVALNICA TRIGLAV d.d. and its subsidiaries (hereinafter 'the Group'), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRSs').

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements of the year ended 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance Technical Provisions

| Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| Valuation of Insurance Technical Provisions | |
| Disclosures regarding insurance technical provisions are included in disclosures 3.15. "Insurance technical provisions and insurance technical provisions for life-assurance policies where the investment risk is borne by the policyholders". | We obtained understanding of key controls and tested their operating effectiveness. We also reviewed the processes of analyzing the economic and non-economic assumptions used in the calculation of provisions. |
| Insurance technical provisions are an important liability of the Group in the consolidated statement of financial position. As at 31 December 2019, the value of insurance technical provisions equals EUR 2,393,927 thousand (2018: EUR 2,310,503 thousand). The provisions are measured in accordance with the accounting policies set in the financial statements. | We reviewed the adequacy of key management assumptions used in assessing the amount of insurance technical provisions for individual cases and reconciled them in accordance with appropriate supporting documents. |
| The calculation of provisions for insurance contracts is complex, as it involves a high degree of management judgement and complex mathematical and statistical calculations. The models for calculating the amount of technical provisions are created separately for each category. The creation depends largely on economic and demographic assumptions. | We assessed whether the provisions recorded were in accordance with the requirements of the accounting framework, industry best practice and regulatory requirements. |
| Management reviews premiums, claims settlements and other input data and assumptions of the model; the actuarial function is responsible for reviewing the adequacy of the estimated provisions. | In addition, we have reviewed the information disclosed in the financial statements to assess whether the balances are sufficiently disclosed for the users of the financial statements. |
| Insurance technical provisions are accounting estimates that are materially significant accounting balances and are therefore subject to high degree of judgement, which is why we considered this accounting estimates as key audit matter. | Experts from the actuarial field were included in the assessment of actuarial assumptions, including the treatment and judgment of management's assumptions. Actuarial experts were included in testing the calculations of the models, and they also performed independent calculations and assessments. |

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In Slovenia the services are provided by Deloitte revizija d.o.o. and Deloitte svetovanje d.o.o. (jointly referred to as "Deloitte Slovenia") which are affiliates of Deloitte Central Europe Holdings Limited. Deloitte Slovenia is one of the leading professional services organizations in the country providing services in audit and assurance, consulting, financial advisory, risk advisory, tax and related services, through over 135 national and foreign professionals.

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Financial Investments

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| Valuation of Financial Investments | |
| <p>The disclosures in relation to financial investments are included in disclosures 3.7. «Financial investments» and as at 31 December 2019, these financial investments amount to EUR 2,740,039 thousand (2018: EUR 2,588,904 thousand).</p> <p>The Group classifies these financial investments in the following groups:</p> <ul style="list-style-type: none"> - financial assets measured at fair value through profit or loss, - held-to-maturity financial assets, - loans and deposits and - available-for-sale financial assets. <p>Classification is made in accordance with purpose of purchase of the financial investment. At initial recognition, a decision on their classification is taken.</p> <p>These financial investments are measured by the group to which the financial investment is classified:</p> <ul style="list-style-type: none"> - financial assets measured at fair value through profit or loss are measured at fair value, - held-to-maturity financial assets are measured at amortized cost less impairment losses, - loans and deposits are measured at amortized cost using the effective interest method, and - available-for-sale financial assets are measured at fair value. <p>Due to significance of these financial investments in statement of financial position of the insurance company, they are considered as key audit matter.</p> | <p>For these financial investments, we reviewed adequacy of measurement.</p> <p>We also performed the following procedures:</p> <ul style="list-style-type: none"> - For investments in marketable securities, we have recalculated the fair value of investments based on the value arising from the securities market as of 31 December 2019. - For investments in non-marketable securities measured at fair value, we have considered the appropriateness of the assumptions used and the methodology used by the company. In particular, we considered the assumptions for the calculation of discount rates and expected future cash flows. We included auditor's experts in procedures of assessment of valuations. - For investments measured at amortized cost, we have recalculated the amortized cost based on the maturity data of each investment as of 31 December 2019. |

Other Matter

The consolidated financial statements of ZAVAROVALNICA TRIGLAV, d.d., for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2019.

Other Information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the 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 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 consolidated financial statements;
- other information are prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Group and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management, Supervisory board and Audit committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, management is responsible for assessing its 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 Group or to cease operations, or has no realistic alternative but to do so.

Supervisory Board and Audit Committee are responsible for overseeing the Group's financial reporting process and for approving audited annual report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 consolidated financial statements.

As part of an audit in accordance with auditing rules, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence concerning the financial information of the entities or business activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for conducting, overseeing and performing the audit of the Group. We have sole responsibility for the audit opinion expressed.

With Supervisory Board and Audit Committee we communicate the planned scope and timing of the audit and significant findings from the audit, including deficiencies in internal control we have identified during our audit.

We also provide Supervisory Board and Audit Committee with the statement of compliance with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters for which it may reasonably be thought to bear on independence, and, if appropriate, all the related safeguards.

From the matters communicated with Supervisory Board and Audit Committee, we determine those matters that were of most significance in the audit of the 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

Appointment of the Auditor and the Period of Engagement

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 28 May 2019. Our total uninterrupted engagement has lasted 1 year.

Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 March 2019 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.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj, certified auditor.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj
Certified auditor

For signature please refer to the original Slovenian version.

Ljubljana, 10 March 2020

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INDEPENDENT AUDITOR'S REPORT to the shareholders of ZAVAROVALNICA TRIGLAV d.d.

Opinion

We have audited the financial statements of the company ZAVAROVALNICA TRIGLAV d.d. (hereinafter 'the Company'), which comprise the statement of financial position as at 31 December 2019, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRSs').

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 Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements of the year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance Technical Provisions

| Key Audit Matter | How the matter was addressed in our audit |
|---|--|
| Valuation of Insurance Technical Provisions | |
| Disclosures regarding insurance technical provisions are included in disclosures 3.15. <i>"Insurance technical provisions and insurance technical provisions for life-assurance policies where the investment risk is borne by the policyholders".</i> | We obtained understanding of key controls and tested their operating effectiveness. We also reviewed the processes of analyzing the economic and non-economic assumptions used in the calculation of provisions. |
| Insurance technical provisions are an important liability of the Company in the statement of financial position. As at 31 December 2019, the value of insurance technical provisions equals EUR 1,713,421 thousand (2018: EUR 1,696,143 thousand). The provisions are measured in accordance with the accounting policies set in the financial statements. | We reviewed the adequacy of key management assumptions used in assessing the amount of insurance technical provisions for individual cases and reconciled them in accordance with appropriate supporting documents. |
| The calculation of provisions for insurance contracts is complex, as it involves a high degree of management judgement and complex mathematical and statistical calculations. The models for calculating the amount of technical provisions are created separately for each category. The creation depends largely on economic and demographic assumptions. | We assessed whether the provisions recorded were in accordance with the requirements of the accounting framework, industry best practice and regulatory requirements. |
| Management reviews premiums, claim settlements and other input data and assumptions of the model; the actuarial function of the Company is responsible for reviewing the adequacy of the estimated provisions. | In addition, we have reviewed the information disclosed in the financial statements to assess whether the balances are sufficiently disclosed for the users of the financial statements. |
| Insurance technical provisions are accounting estimates that are materially significant accounting balances and are therefore subject to high degree of judgement, which is why we considered these accounting estimates as key audit matter. | Experts from the actuarial field were included in the assessment of actuarial assumptions, including the treatment and judgment of management's assumptions. Actuarial experts were included in testing the calculations of the Company's model, and they also performed independent calculations. |

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Investments in Subsidiaries

| Key audit matter | How the matter was addressed in our audit |
|--|--|
| Valuation of Investments in the Equity of Subsidiaries | |
| <p>The disclosures in relation to investments in subsidiaries are included in disclosures 3.5, "Investments in subsidiaries" and 5.4, "Related party transactions".</p> <p>Investments in the equity of subsidiaries amount to EUR 134,939 thousand (2018: EUR 131,939 thousand) and are measured at cost. At least once a year, the management assesses the impairment indicators of the aforementioned investments and, where required, performs tests based on discounting future cash flows. These procedures require management assessment.</p> <p>In assessing impairment indicators, professional judgement and the use of subjective assumptions by the management are required.</p> <p>Due to the significance of the above-mentioned circumstances, the identification of impairment indicators and calculation of the impairments are considered as key audit matter.</p> | <p>We have assessed the management's consideration of impairment indicators for investments in subsidiaries. The emphasis of our audit procedures was on assessing and testing the key assumptions that the management used for identifying the impairment indicators and for assessing for impairment.</p> <p>Our procedures also included the following:</p> <ul style="list-style-type: none"> - verification and comparison of net assets with investment value, - assessment of assumptions used in the calculation of discount rates and their recalculation, - review of planned future cash flows that the Company uses for impairment testing, - comparison of the planned cash flows, including the assumptions on revenue growth rate and operating profitability, with previous results of testing the accuracy of management's assumptions, - verification of the adequacy of disclosures in the financial statements. <p>We included an auditor's expert in our procedures.</p> |

Financial Investments

| Key audit matter | How the matter was addressed in our audit |
|---|--|
| Valuation of Financial Investments | |
| <p>The disclosures in relation to financial investments are included in disclosure 3.7, "Financial Investments".</p> <p>As at 31 December 2019, these financial investments amount to EUR 1,912,207 thousand (2018: EUR 1,840,037 thousand).</p> <p>The insurance company classifies these financial investments in the following groups:</p> <ul style="list-style-type: none"> - financial assets measured at fair value through profit or loss, - held-to-maturity financial assets, - loans and deposits and | <p>For these financial investments, we reviewed adequacy of measurement.</p> <p>We also performed the following procedures:</p> <ul style="list-style-type: none"> - For investments in marketable securities, we have recalculated the fair value of investments based on the value arising from the securities market as of 31 December 2019. - For investments in non-marketable securities measured at fair value, we have considered the appropriateness of the assumptions used and the methodology used by the company. In particular, we |

| | |
|---|--|
| <ul style="list-style-type: none"> - available-for-sale financial assets. <p>These financial investments are classified in accordance with the purpose of their purchase. At initial recognition, the management decides on the classification of investments.</p> <p>The Company measures these financial investments by the group to which the financial investment is classified:</p> <ul style="list-style-type: none"> - financial assets measured at fair value through profit or loss are measured at fair value, - held-to-maturity financial assets are measured at amortized cost less impairment losses, - loans and deposits are measured at amortized cost using the effective interest method, and - available-for-sale financial assets are measured at fair value. <p>Due to significance of the financial investments in statement of financial position of the insurance company, they are considered as key audit matter.</p> | <p>considered the assumptions for the calculation of discount rates and expected future cash flows. We included auditor's experts in procedures of assessment of valuations.</p> <ul style="list-style-type: none"> - For investments measured at amortized cost, we have recalculated the amortized cost based on the maturity data of each investment as of 31 December 2019. |
|---|--|

Other Matter

The financial statements of ZAVAROVALNICA TRIGLAV, d.d., for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2019.

Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the 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 financial statements;
- other information are prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Company and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management, Supervisory Board and Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, management is responsible for assessing its 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 or to cease operations, or has no realistic alternative but to do so.

Supervisory Board and Audit Committee are responsible for overseeing the Company's financial reporting process and for approving audited annual report.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with auditing rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

With Supervisory Board and Audit Committee we communicate the planned scope and timing of the audit and significant findings from the audit, including deficiencies in internal control we have identified during our audit.

We also provide Supervisory Board and Audit Committee with the statement of compliance with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters for which it may reasonably be thought to bear on independence, and, if appropriate, all the related safeguards.

From the matters communicated Supervisory Board and Audit Committee, we determine those matters that were of most significance in the audit of the 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

Appointment of the Auditor and the Period of Engagement

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 28 May 2019. Our total uninterrupted engagement has lasted first years.

Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 March 2020 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 which have not been disclosed in the Annual Report.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj, certified auditor.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj
Certified auditor

For signature please refer to the original
Slovenian version.

Ljubljana, 10 March 2020

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS

1. Financial statements¹⁰⁴

1.1. Statement of financial position

| | | | | | in EUR |
|--|-------|------------------|------------------|-----------------------|------------------|
| | | Triglav Group | | Zavarovalnica Triglav | |
| | Notes | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| ASSETS | | 3,936,999,820 | 3,645,277,487 | 2,901,140,141 | 2,730,187,525 |
| Intangible assets | 3.1 | 101,725,725 | 84,060,048 | 61,924,273 | 62,162,502 |
| Property, plant and equipment | 3.2 | 114,072,290 | 113,296,053 | 68,305,684 | 67,986,100 |
| Non-current assets held for sale | 3.12 | 4,164,221 | 2,067,399 | 0 | 0 |
| Deferred tax assets | 3.18 | 12,462,082 | 12,893,732 | 0 | 0 |
| Investment property | 3.3 | 79,921,480 | 89,840,456 | 46,091,135 | 45,270,540 |
| Right of use assets | 3.4 | 10,937,925 | 0 | 4,106,316 | 0 |
| Investments in subsidiaries | 3.5 | 0 | 0 | 134,938,667 | 131,938,667 |
| Investments in associates | 3.6 | 13,154,379 | 14,125,973 | 18,054,026 | 16,959,355 |
| – accounted for using the equity method | | 13,154,379 | 14,125,973 | 0 | 0 |
| – measured at fair value | | 0 | 0 | 18,054,026 | 16,959,355 |
| Financial investments | 3.7 | 2,740,030,952 | 2,588,904,297 | 1,912,207,382 | 1,840,036,950 |
| – loans and deposits | | 112,578,151 | 138,857,972 | 49,049,847 | 92,670,309 |
| – held to maturity | | 186,109,072 | 196,773,185 | 150,469,553 | 159,463,950 |
| – available for sale | | 1,826,940,416 | 1,802,568,767 | 1,382,802,069 | 1,383,855,505 |
| – recognised at fair value through profit and loss | | 614,403,313 | 450,704,373 | 329,885,913 | 204,047,186 |
| Unit-linked insurance assets | 3.7 | 482,031,288 | 402,515,770 | 433,758,610 | 366,664,078 |
| Reinsurers’ share of technical provisions | 3.8 | 102,747,806 | 85,920,499 | 98,433,270 | 87,893,306 |
| Receivables | 3.9 | 194,235,748 | 178,654,878 | 93,715,995 | 89,980,951 |
| – receivables from direct insurance operations | | 105,459,829 | 96,601,328 | 68,401,137 | 62,635,337 |
| – receivables from reinsurance and coinsurance operations | | 57,989,502 | 51,299,903 | 17,219,677 | 18,157,611 |
| – current tax receivables | | 1,281,349 | 579,645 | 0 | 0 |
| – other receivables | | 29,505,068 | 30,174,002 | 8,095,181 | 9,188,003 |
| Other assets | 3.10 | 5,646,149 | 5,396,722 | 3,492,671 | 3,296,589 |
| Cash and cash equivalents | 3.11 | 75,869,775 | 67,601,660 | 26,112,112 | 17,998,487 |
| Off balance sheet items | 5.6 | 205,911,992 | 251,429,127 | 107,689,690 | 178,359,227 |
| EQUITY AND LIABILITIES | | 3,936,999,820 | 3,645,277,487 | 2,901,140,141 | 2,730,187,525 |
| Equity | 3.13 | 791,951,788 | 746,862,805 | 580,480,275 | 560,120,736 |
| Controlling interests | | 789,526,123 | 744,566,806 | 580,480,275 | 560,120,736 |
| – share capital | | 73,701,392 | 73,701,392 | 73,701,392 | 73,701,392 |
| – share premium | | 50,276,637 | 50,206,540 | 53,412,884 | 53,412,884 |
| – reserves from profit | | 354,734,274 | 334,121,464 | 338,962,643 | 318,962,643 |
| – treasury share reserves | | 364,680 | 364,680 | 0 | 0 |
| – treasury shares | | -364,680 | -364,680 | 0 | 0 |
| – fair value reserve | | 84,099,924 | 66,237,889 | 53,859,881 | 47,260,189 |
| – net profit brought forward | | 165,896,170 | 142,483,579 | 9,929,059 | 1,239,764 |
| – net profit/loss for the year | | 63,404,824 | 80,533,643 | 50,614,416 | 65,543,864 |
| – currency translation differences | | -2,587,098 | -2,717,701 | 0 | 0 |
| Non-controlling interests | 2.10 | 2,425,665 | 2,295,999 | 0 | 0 |
| Subordinated liabilities | 3.14 | 64,847,293 | 15,462,711 | 69,999,451 | 20,612,951 |
| Insurance technical provisions | 3.15 | 2,393,927,336 | 2,310,503,061 | 1,713,421,521 | 1,696,143,475 |
| – unearned premiums | | 332,510,935 | 300,166,946 | 232,791,056 | 213,919,937 |
| – mathematical provisions | | 1,404,439,748 | 1,357,233,017 | 1,020,231,686 | 1,009,712,605 |
| – claims provisions | | 615,398,744 | 614,943,915 | 428,320,763 | 442,560,188 |
| – other insurance technical provisions | | 41,577,909 | 38,159,183 | 32,078,016 | 29,950,745 |
| Insurance technical provisions for unit-linked insurance contracts | 3.15 | 484,942,835 | 402,598,039 | 435,592,711 | 365,238,075 |
| Provisions for employee benefits | 3.16 | 15,873,046 | 14,804,574 | 11,892,449 | 11,167,156 |
| Other provisions | 3.17 | 2,750,400 | 1,919,555 | 732,811 | 758,435 |
| Deferred tax liabilities | 3.18 | 22,516,692 | 17,203,576 | 5,706,679 | 2,813,736 |
| Other financial liabilities | 3.19 | 1,864,413 | 5,620,904 | 1,640,125 | 1,587,443 |
| Operating liabilities | 3.21 | 66,872,331 | 54,792,055 | 31,912,738 | 28,523,572 |
| – liabilities from direct insurance operations | | 21,558,544 | 19,717,929 | 14,239,495 | 11,306,835 |
| – liabilities from reinsurance and co-insurance operations | | 41,548,913 | 30,465,655 | 15,309,075 | 13,819,946 |
| – current tax liabilities | | 3,764,874 | 4,608,471 | 2,364,168 | 3,396,791 |
| Lease liabilities | 3.20 | 10,915,678 | 0 | 4,166,278 | 0 |
| Other liabilities | 3.22 | 80,538,008 | 75,510,207 | 45,595,103 | 43,221,946 |
| Off balance sheet items | 5.6 | 205,911,992 | 251,429,127 | 107,689,690 | 178,359,227 |

¹⁰⁴ Notes on pages from 187 to 284 are part of financial statements.

1.2. Income statement

| | | Triglav Group | | Zavarovalnica Triglav | | in EUR |
|---|-------------|----------------------|--------------------|-----------------------|--------------------|--------|
| INCOME STATEMENT | Notes | 2019 | 2018 | 2019 | 2018 | |
| Net premium income | 4.1 | 1,027,628,825 | 951,762,862 | 573,555,357 | 551,940,868 | |
| – gross written premium | | 1,184,174,107 | 1,068,394,407 | 702,131,969 | 660,210,432 | |
| – ceded written premium | | -136,453,097 | -106,624,908 | -119,532,753 | -101,297,110 | |
| – change in unearned premium reserve | | -20,092,185 | -10,006,637 | -9,043,859 | -6,972,454 | |
| Income from investments in subsidiaries and associates | 4.2 | 1,076,327 | 1,021,159 | 3,642,440 | 5,305,545 | |
| – profit on equity investments accounted for using the equity method | | 515,913 | 1,021,159 | 0 | 0 | |
| – other income from investments in subsidiaries and associates | | 560,414 | 0 | 3,642,440 | 5,305,545 | |
| Income from investments | 4.2 | 186,989,205 | 88,889,077 | 141,512,227 | 61,755,135 | |
| – interest income calculated using the effective interest method | | 53,137,742 | 55,573,242 | 35,136,849 | 36,890,019 | |
| – gains on disposals | | 37,568,819 | 23,777,837 | 32,059,434 | 18,521,649 | |
| – other income from investments | | 96,282,644 | 9,537,998 | 74,315,944 | 6,343,467 | |
| Other income from insurance operations | 4.6 | 37,183,512 | 29,837,981 | 29,755,003 | 27,448,384 | |
| – fees and commission income | | 22,069,255 | 15,806,181 | 19,848,006 | 17,004,132 | |
| – other income from insurance operations | | 15,114,257 | 14,031,800 | 9,906,997 | 10,444,252 | |
| Other income | 4.7 | 39,521,122 | 36,149,533 | 11,355,435 | 12,491,979 | |
| Net claims incurred | 4.8 | 684,147,828 | 626,560,398 | 376,760,877 | 359,941,674 | |
| – gross claims settled | | 716,742,136 | 679,600,218 | 425,204,380 | 421,002,582 | |
| – reinsurers' share | | -35,254,541 | -39,988,966 | -31,495,447 | -37,767,613 | |
| – changes in claims provisions | | -4,906,936 | -19,248,552 | -16,948,056 | -23,293,295 | |
| – equalisation scheme expenses for supplementary health insurance | | 7,567,169 | 6,197,698 | 0 | 0 | |
| Change in other insurance technical provisions (excluding ULI) | 4.10 | 59,308,590 | 39,860,373 | 22,338,141 | 29,499,390 | |
| Change in insurance technical provisions for unit-linked insurance contracts | 4.10 | 69,205,056 | -46,889,547 | 57,140,018 | -50,884,979 | |
| Expenses for bonuses and discounts | 4.11 | 11,561,258 | 11,417,685 | 9,721,522 | 10,571,287 | |
| Operating expenses | 4.12 | 244,452,851 | 233,637,425 | 157,906,165 | 153,008,918 | |
| – acquisition costs | | 162,566,584 | 159,245,093 | 110,868,380 | 110,230,112 | |
| – other operating costs | | 81,886,267 | 74,392,332 | 47,037,785 | 42,778,806 | |
| Expenses from investments in subsidiaries and associates | 4.3 | 733,344 | 137,092 | 195,478 | 4,759 | |
| – loss on investments accounted for using the equity method | | 170,640 | 137,092 | 0 | 0 | |
| – other expenses from financial assets and liabilities | | 562,704 | 0 | 195,478 | 4,759 | |
| Expenses from investments | 4.3 | 23,953,572 | 67,118,486 | 18,381,935 | 50,929,727 | |
| – loss on impairment of investments | | 848,962 | 1,497,483 | 344,175 | 1,248,877 | |
| – loss on disposal of investments | | 9,767,166 | 13,128,928 | 9,679,511 | 12,566,364 | |
| – other expenses from investments | | 13,337,444 | 52,492,075 | 8,358,249 | 37,114,486 | |
| Other insurance expenses | 4.13 | 43,565,310 | 33,744,135 | 14,950,707 | 11,819,639 | |
| Other expenses | 4.14 | 54,533,956 | 44,618,763 | 17,814,012 | 15,594,244 | |
| – expenses from financing | | 3,098,502 | 1,384,361 | 2,867,130 | 1,507,022 | |
| – other expenses | | 51,435,454 | 43,234,402 | 14,946,882 | 14,087,222 | |
| Profit before tax | | 100,937,227 | 97,455,802 | 84,611,607 | 78,457,252 | |
| Income tax expense | 4.15 | 17,072,798 | 16,629,557 | 13,997,191 | 12,913,388 | |
| NET PROFIT FOR THE PERIOD | | 83,864,429 | 80,826,245 | 70,614,416 | 65,543,864 | |
| Earnings per share (basic and diluted) | | 3,69 | 3,56 | - | - | |
| Net profit/loss attributable to the controlling company | | 83,690,644 | 80,662,754 | - | - | |
| Net profit/loss attributable to the non-controlling interest holders | | 173,785 | 163,491 | - | - | |

1.3. Other comprehensive income

| | | Triglav Group | | Zavarovalnica Triglav | | in EUR |
|---|-------------|--------------------|--------------------|-----------------------|--------------------|--------|
| | Notes | 2019 | 2018 | 2019 | 2018 | |
| Net profit for the year after tax | 3.13 | 83,864,429 | 80,826,245 | 70,614,416 | 65,543,864 | |
| Other comprehensive income after tax | | 18,003,465 | -28,931,958 | 6,582,993 | -19,997,563 | |
| Items which will not be transferred in income statement in future periods | | -351,094 | -303,425 | -309,508 | -266,153 | |
| Actuarial gains/losses on defined benefit pension plans | 3.16 | -351,094 | -303,550 | -309,508 | -266,153 | |
| Tax on items which will not be transferred in income statement | | 0 | 125 | 0 | 0 | |
| Items which could be transferred into income statement in future periods | | 18,354,559 | -28,628,533 | 6,892,501 | -19,731,410 | |
| Fair value gains/losses on available-for-sale financial assets | 3.13 | 28,490,288 | -50,091,501 | 13,274,750 | -39,514,888 | |
| – net gains/losses recognized directly in equity | | 41,338,796 | -32,052,599 | 25,033,214 | -25,811,542 | |
| – transfers from equity to income statement | | -12,848,508 | -18,038,902 | -11,758,464 | -13,703,346 | |
| Share of OCI of entities accounted for using the equity method | | 0 | -310,367 | 0 | 0 | |
| Liabilities from insurance contracts with DPF | | -4,005,357 | 12,510,378 | -4,005,357 | 12,510,379 | |
| Currency translation differences | | 137,443 | 127,483 | 0 | 0 | |
| Tax on other comprehensive income | | -6,267,815 | 9,135,474 | -2,376,892 | 7,273,099 | |
| COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX | | 101,867,894 | 51,894,287 | 77,197,409 | 45,546,301 | |
| Controlling interest | | 101,666,578 | 51,702,769 | - | - | |
| Non-controlling interest | | 201,316 | 191,518 | - | - | |

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 2018 | 73,701,392 | 50,403,656 | 593,033 | 18,514,040 | 364,680 | -364,680 | 314,300,000 | 95,398,236 | 160,647,992 | 39,133,955 | -2,854,060 | 749,838,244 | 6,807,439 | 756,645,683 |
| Comprehensive income for the year after tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -29,160,347 | 64,002 | 80,662,754 | 136,359 | 51,702,768 | 191,518 | 51,894,287 |
| a) Net profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80,662,754 | 0 | 80,662,754 | 163,491 | 80,826,245 |
| b) Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -29,160,347 | 64,002 | 0 | 136,359 | -28,959,986 | 28,027 | -28,931,959 |
| Repayment of equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -133,062 | -133,062 |
| Transfer to retained earnings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39,133,955 | -39,133,955 | 0 | 0 | 0 | 0 |
| Dividend payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -56,777,086 | 0 | 0 | -56,777,086 | -102,094 | -56,879,180 |
| Transfer of net profit to reserves from profit | 0 | 0 | 6,819 | 707,572 | 0 | 0 | 0 | 0 | -585,282 | -129,109 | 0 | 0 | 0 | 0 |
| Change in Group | 0 | -197,116 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -197,116 | -4,467,802 | -4,664,918 |
| As at 31 December 2018 | 73,701,392 | 50,206,540 | 599,852 | 19,221,612 | 364,680 | -364,680 | 314,300,000 | 66,237,889 | 142,483,579 | 80,533,643 | -2,717,701 | 744,566,806 | 2,295,999 | 746,862,805 |
| Comprehensive income for the year after tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,862,035 | -16,704 | 83,690,644 | 130,603 | 101,666,578 | 201,316 | 101,867,894 |
| a) Net profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 83,690,644 | 0 | 83,690,644 | 173,785 | 83,864,429 |
| b) Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,862,035 | -16,704 | 0 | 130,603 | 17,975,934 | 27,531 | 18,003,465 |
| Transfer to retained earnings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80,533,643 | -80,533,643 | 0 | 0 | 0 | 0 |
| Dividend payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -56,777,146 | 0 | 0 | -56,777,146 | 0 | -56,777,146 |
| Transfer of net profit to reserves from profit | 0 | 0 | 40,488 | 572,534 | 0 | 0 | 20,000,000 | 0 | -327,202 | -20,285,820 | 0 | 0 | 0 | 0 |
| Change in Group | 0 | -472 | 0 | -212 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -684 | -71,650 | -72,334 |
| Other | 0 | 70,569 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 70,569 | 0 | 70,569 |
| As at 31 December 2019 | 73,701,392 | 50,276,637 | 640,340 | 19,793,934 | 364,680 | -364,680 | 334,300,000 | 84,099,924 | 165,896,170 | 63,404,824 | -2,587,098 | 789,526,123 | 2,425,665 | 791,951,788 |

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 2018 | 73,701,392 | 53,412,884 | 4,662,643 | 314,300,000 | 67,250,264 | 25,563,172 | 32,521,950 | 571,412,305 |
| Comprehensive income for the year after tax | 0 | 0 | 0 | 0 | -19,990,075 | -7,488 | 65,543,864 | 45,546,301 |
| a) Net profit | 0 | 0 | 0 | 0 | 0 | 0 | 65,543,864 | 65,543,864 |
| b) Other comprehensive income | 0 | 0 | 0 | 0 | -19,990,075 | -7,488 | 0 | -19,997,563 |
| Dividend payment | 0 | 0 | 0 | 0 | 0 | -56,837,870 | 0 | -56,837,870 |
| Transfer to retained earnings | 0 | 0 | 0 | 0 | 0 | 32,521,950 | -32,521,950 | 0 |
| As at 31 December 2018 | 73,701,392 | 53,412,884 | 4,662,643 | 314,300,000 | 47,260,189 | 1,239,764 | 65,543,864 | 560,120,736 |
| Comprehensive income for the year after tax | 0 | 0 | 0 | 0 | 6,599,692 | -16,699 | 70,614,416 | 77,197,409 |
| a) Net profit | 0 | 0 | 0 | 0 | 0 | 0 | 70,614,416 | 70,614,416 |
| b) Other comprehensive income | 0 | 0 | 0 | 0 | 6,599,692 | -16,699 | 0 | 6,582,993 |
| Dividend payment | 0 | 0 | 0 | 0 | 0 | -56,837,870 | 0 | -56,837,870 |
| Transfer of net profit to other reserves from profit | 0 | 0 | 0 | 20,000,000 | 0 | 0 | -20,000,000 | 0 |
| Transfer to retained earnings | 0 | 0 | 0 | 0 | 0 | 65,543,864 | -65,543,864 | 0 |
| As at 31 December 2019 | 73,701,392 | 53,412,884 | 4,662,643 | 334,300,000 | 53,859,881 | 9,929,059 | 50,614,416 | 580,480,275 |

1.5. Cash flow statement

| | | | | in EUR | |
|-----|--|---------------|----------------|-----------------------|--------------|
| | | Triglav Group | | Zavarovalnica Triglav | |
| | Notes | 2019 | 2018 | 2019 | 2018 |
| A. | OPERATING CASH FLOW | | | | |
| a. | Net profit for the period | 1.2 | 83,864,429 | 80,826,246 | 65,543,865 |
| b. | Adjustments: | | 20,602,022 | -25,835,186 | -29,661,945 |
| | – depreciation and amortisation | | 18,212,851 | 12,215,733 | 10,541,634 |
| | – changes in fair value of investments | | -80,270,766 | -63,561,375 | 32,424,985 |
| | – other investment income and expenses | | -85,905,413 | -65,117,337 | -50,349,712 |
| | – interest expenses and other expenses | | 3,098,502 | 2,867,130 | 1,507,022 |
| | – revaluation of investment properties and receivables | | 5,037,035 | 2,477,665 | 889,024 |
| | – changes in technical provisions | | 143,698,894 | 71,801,858 | -36,802,504 |
| | – corporate income tax excluding deferred taxes | | 16,730,919 | 13,481,140 | 12,127,606 |
| c. | Net income before changes in operating assets (a+b) | | 104,466,451 | 44,779,230 | 35,881,920 |
| | Changes in operating receivables | | -13,392,691 | -6,748,441 | -12,797,338 |
| | Changes in other assets | | -2,675,675 | -797,687 | -4,304,205 |
| | Changes in liabilities | | 19,007,395 | 8,034,150 | 4,347,797 |
| | Paid corporate income tax | | -17,108,041 | -14,513,762 | -9,866,802 |
| d. | Changes in net operating assets | | -14,169,012 | -14,025,740 | -22,620,548 |
| e. | Net cash from/ (used in) operating activities (c+d) | 5.2 | 90,297,439 | 30,753,490 | 13,261,372 |
| B. | CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| a. | Cash inflows from investing activities | | 1,469,286,636 | 1,198,898,504 | 796,648,222 |
| | Cash inflows from interest from investing activities | | 65,980,623 | 36,683,169 | 36,970,864 |
| | Cash inflows from dividends received and profit sharing | | 5,037,378 | 7,206,057 | 7,557,132 |
| | Cash inflows from the disposal of intangible assets | | 71,871 | 30,782 | 3,094 |
| | Cash inflows from the disposal of property, plant and equipment | | 7,961,376 | 1,404,653 | 8,181,979 |
| | Cash inflows from the disposal of financial investments | | 1,390,235,388 | 1,153,573,843 | 743,935,153 |
| | – Cash inflows from the disposal of investments in subsidiaries and associates | | 2,340,104 | 0 | 0 |
| | – Other cash inflows from disposal of financial investments | | 1,387,895,284 | 1,153,573,843 | 743,935,153 |
| b. | Cash outflows from investing activities | | -1,540,674,760 | -1,210,737,724 | -769,343,650 |
| | Cash outflows for the purchase of intangible assets | | -5,182,272 | -3,282,390 | -2,948,864 |
| | Cash outflows for the purchase of property, plant and equipment | | -13,134,912 | -8,068,006 | -10,003,879 |
| | Cash outflows for the purchase of financial investments | | -1,522,357,576 | -1,199,387,328 | -756,390,907 |
| | – Cash outflows for the purchase of investments in subsidiaries and associates | | -1,149,098 | -4,094,671 | -17,060,388 |
| | – Other cash outflows to acquire financial investments | | -1,521,208,478 | -1,195,292,657 | -739,330,519 |
| c. | Net cash from/ (used in) investing activities (a + b) | 5.2 | -71,388,124 | -11,839,220 | 27,304,572 |
| C. | CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| a. | Cash inflows from financing activities | | 49,367,159 | 49,367,159 | 0 |
| | Cash inflows from paid-in capital | | 0 | 0 | 0 |
| | Cash inflows from long-term loans received and issued | | 49,367,159 | 49,367,159 | 0 |
| | Cash inflows from short-term loans received | | 0 | 0 | 0 |
| b. | Cash outflows from financing activities | | -62,882,638 | -60,167,804 | -58,082,203 |
| | Cash outflows for paid interest | | -2,829,914 | -2,351,553 | -1,227,366 |
| | Cash outflows for purchase of treasury shares | | 0 | 0 | 0 |
| | Cash outflows for capital repayment | | 0 | 0 | 0 |
| | Cash outflows for payments of long-term financial liabilities | | -240,011 | 0 | 0 |
| | Cash outflows for payments of short-term financial liabilities | | -3,035,142 | -977,954 | 0 |
| | Cash outflows from dividends paid and profit sharing | | -56,777,571 | -56,838,297 | -56,854,837 |
| c. | Net cash from/ (used in) financing activities (a + b) | 5.2 | -13,515,479 | -10,800,645 | -58,082,203 |
| D. | Closing balance of cash and cash equivalents | 3.11 | 75,869,775 | 26,112,112 | 17,998,487 |
| E1. | Net cash flow for the period | | 5,393,836 | 8,113,625 | -17,516,259 |
| E2. | External acquisition | 2.10 | 2,862,910 | 0 | 0 |
| E3. | Foreign exchange differences | | 11,369 | 0 | 0 |
| F. | Opening balance of cash and cash equivalents | 3.11 | 67,601,660 | 17,998,487 | 35,514,746 |

2. General information

2.1. Profile of Zavarovalnica Triglav and Triglav Group

Zavarovalnica Triglav d.d. (hereinafter: Zavarovalnica Triglav or the controlling company) is a public limited company, with its registered office at Miklošičeva 19 in Ljubljana, Slovenia. The largest interests in Zavarovalnica Triglav is held by the Institute of Pension and Disability Insurance of Slovenia (Zavod za pokojninsko in invalidsko zavarovanje Slovenije) and the Slovenian Sovereign Holding (Slovenski državni holding), which participate with 34.47% and 28.09% of the share capital, respectively.

Zavarovalnica Triglav offers a broad range of life and non-life insurance, as well as ancillary insurance and pension fund services. In accordance with the Pension and Disability Insurance Act (ZPIZ-2), the Company also provides pension insurance and other ancillary services in relation to insurance and pension funds in the framework of life insurance.

In the life insurance segment, the following funds of assets for supplemental voluntary pension insurance operated in 2019:

- the group of assets, covering technical provisions for supplemental voluntary pension insurance PDPZ (registration no. 5063345032), includes three funds through which the lifecycle investment policy is implemented. All three funds serve to implement pension schemes of group supplemental voluntary pension insurance bearing the codes PN-ZT-01/15-9, PN-ZT-03/15-9, PN-ZT-05/15-9 as well as schemes of individual supplemental voluntary pension insurance bearing the codes PN-ZT-02/15-9, PN-ZT-04/15-9, PN-ZT-06/15-9. The PDPZ group of funds comprises the following three funds of assets, covering technical provisions:
 - fund Triglav PDPZ – zajamčeni (registration number 5063345029);
 - fund Triglav PDPZ – zmerni (registration number 5063345030);
 - fund Triglav PDPZ – drzni (registration number 5063345031);
- fund of assets, covering technical provisions for supplemental voluntary pension insurance during the payout period of pension annuities – rent 1 (registration number 5063345028);
- fund of assets, covering technical provisions for supplemental voluntary pension insurance during the payout period of pension annuities – rent 2 (registration number 5063345033);
- unit-linked life insurance contracts (registration number 5063345023).

Statements of financial position and income statements for funds posted separately are shown in [→ Section 5.13].

The manager of the Triglav PDPZ – zmerni and Triglav PDPZ – drzni funds is Triglav Skladi d.o.o. Zavarovalnica Triglav manages the other abovementioned funds. The custodian of all PDPZ guarantee funds is Abanka d.d.

Zavarovalnica Triglav is the controlling company of the Triglav Group. The structure of the Triglav Group is presented in detail in [→ Section 2.10]. The Triglav Group is the leading insurance/financial group in Slovenia and the Adria region and one of the leading groups in South-East Europe. Insurance is the core business of the Group, including asset management support activities and other services.

Both separate and consolidated financial statements are prepared.

2.2. Management and supervisory bodies

Supervisory Board

The Supervisory Board monitors and supervises the management and performance of Zavarovalnica Triglav. According to the Articles and Memorandum of Association, the Supervisory Board has nine members (six representatives of shareholders and three representatives of employees). Members of the Supervisory Board are given a four-year mandate and can be re-elected without limitation. In 2019, the Supervisory Board had the following members:

| Name | SB | AC | ACC | SC | Notes |
|-------------------|----|----|-----|----|--|
| Igor Stebernak | M | | | | since 2 June 2016 |
| | P | | | | since 18 August 2016 |
| | | | P | | since 18 August 2016 until 12 June 2017 and since 21 June 2017 |
| Andrej Andoljšek | M | | | | since 13 June 2017 |
| | DP | | | | since 21 June 2017 |
| | | | | M | since 21 June 2017 |
| Milan Tomaževič | M | | | | since 13 June 2017 |
| | | | P | | since 21 June 2017 |
| Žiga Škerjanec | M | | M | | since 13 June 2017 |
| | | | | M | since 21 June 2017 |
| | | | | | since 21 June 2017 |
| Nataša Damjanovič | M | | | | since 13 June 2017 |
| | | M | | | since 21 June 2017 |
| | | | M | | since 21 June 2017 |
| Mario Gobbo | M | | | | since 12 June 2013 |
| | | P | | | since 1 July 2013 until 12 June 2017 and since 21 June 2017 |
| Peter Celar | M | | | | since 30 May 2011 |
| | | | M | | since 1 July 2013 until 12 June 2017 and since 21 June 2017 |
| Boštjan Molan | M | | | | since 31 May 2015 |
| | | | | | since 20 August 2015 until 12 June 2017 and since 21 June 2017 |
| Ivan Sotošek | M | | | | since 31 May 2015 |
| | | M | | | since 20 August 2015 until 12 June 2017 and since 21 June 2017 |
| Branko Gorjan | M | | | M | since 1 June 2019 |
| Igor Zupan | M | M | | | since 27 September 2019 |
| Simon Kolenc | | M | | | since 19 August 2017 |
| Boštjan Koler* | | | | | since 19 December 2019 |

Legend:

SB – Supervisory Board

AC – Audit Committee

ACC – Appointments and Compensation Committee

SC – Strategy Committee

P – President

DP – Deputy President

M – Member

*Nomination Committee member

Management Board

The Management Board directs, represents and acts on behalf of Zavarovalnica Triglav, independently and on its own responsibility. In compliance with the Articles and Memorandum of Association, the Supervisory Board can appoint three to six members to the Management Board. The President and members of the Management Board are appointed for a five-year term with the possibility of reappointment or early termination of office in the case of a serious breach of obligations. In 2019, the Management Board had the following composition:

- Andrej Slapar, President,
- Uroš Ivanc, member,
- Tadej Čoroli, member,
- Barbara Smolnikar, member,
- David Benedek, member
- Marica Makoter, member.

2.3. Statement of compliance

The separate financial statements and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter: IFRS), the Companies Act (hereinafter: ZGD-1) and the Insurance Act (hereinafter: ZZavar-1).

2.4. Reporting basis

The financial statements have been prepared on a going concern basis and 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 are consistent with those of the financial statements for the comparable period, except for lease recognition for

which the new accounting standard IFRS 16 Leases is used. The details of the new standard are explained in [→ [Section 5.11](#)].

The methods used for measuring fair value are described in [→ [Section 2.8.11](#)].

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities as at the reporting date and the amount of income and expenses in the reporting period. Although these estimates are based on the management's best knowledge of current events and activities, actual results may differ from these estimates. The estimates and assumptions are regularly reviewed and their corrections are recognised in the period of change. The use of estimates and assumptions is presented in more detail in [→ [Section 2.9](#)].

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 exists a legal right to offset the amounts, and intend to either settle them on a net basis or to settle the asset and the liability simultaneously. Income and expenses on the income statement are offset only if so provided by the standards, explained in the notes or required by the accounting policies of the Company.

The Annual Report is adopted by the Management Board and approved by the Supervisory Board. In the event the Supervisory Board fails to approve the report, it is discussed by the General Meeting of Shareholders.

On 10 March 2020, the Management Board approved the Annual Report, which is available at the headquarters of Zavarovalnica Triglav and on its website.

2.5. Basis for consolidation

The consolidated financial statements of the Triglav Group include all companies directly or indirectly controlled by Zavarovalnica Triglav. Zavarovalnica Triglav controls a company if and only if it has all of the following elements:

- power over the company (directs the relevant activities that significantly affect the company's returns);
- exposure, or rights, to variable returns from its involvement with the company, and
- the ability to use its power over the company to affect the amount of its returns.

Subsidiaries are included in the consolidated financial statements under the full consolidation method from the acquisition date. In the process of full consolidation, the carrying amount of the financial investment by the controlling company in each subsidiary and the parent company's portion of equity of each subsidiary are offset (eliminated). Intragroup assets and liabilities as well as income and expenses relating to transactions between the entities of the Triglav Group are eliminated in full.

In case Zavarovalnica Triglav disposes of a subsidiary or loses control over it, such a subsidiary is deconsolidated from the date on which control ceases. All effects from the loss of control are recognised as profit or loss in the consolidated income statement.

The financial statements of Zavarovalnica Triglav and its subsidiaries used in the preparation of the consolidated financial statements all refer to the same reporting date.

All companies within the Triglav Group apply 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 accounting policies of the Group.

In the consolidated financial statements, profit/loss and other comprehensive income are proportionately attributed also 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 the 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 owners of the parent company.

2.6. Foreign currency translation

Functional and presentation currency

Items included in the separate financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the respective entity operates (functional currency). The financial statements are presented in euros, which is the presentation currency of the Group. In the financial statements, the amounts and disclosures are rounded to one euro.

Translation of business events and items

Transactions in foreign currencies are translated into the functional currency at the related exchange rate from the reference exchange rates of the European Central Bank, published by the Bank of Slovenia. Exchange-rate differences arising from the settlement of these transactions or from the translation of cash items are recognised in the Profit and Loss Account.

Foreign exchange 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 the income statement. Foreign exchange differences from non-monetary items, such as equity instruments classified as financial assets measured at fair value through profit or loss, are recognised in the income statement. Foreign exchange differences from non-monetary items, such as equity instruments classified as available for sale financial assets, are recognised in equity as fair value reserve together with the effects of the measurement at fair value under other comprehensive income.

Translation from the functional into the presentation currency

The financial statements of Group entities 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 balance sheet date,
- income, expenses and costs at the average exchange rate for the year,
- capital components are translated at a historical rate,
- all the resulting exchange rate differences are recognised in other comprehensive income.

Goodwill and adjustment of acquired assets of a subsidiary abroad to fair value are recognised in the same way as assets of a subsidiary abroad and translated into the presentation currency at the closing rate.

In the consolidated financial statements, exchange rate differences resulting from the translation of a net investment in a subsidiary abroad are recognised in the statement of comprehensive income. When the Group loses control over a subsidiary abroad, 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 gain or loss from sale.

2.7. Risk management

Each company being aware of the risks to which it is exposed is essential to its security and financial stability. There are four major sets of financial risks in the Triglav Group: underwriting, market, credit and liquidity risks.

The following table summarises the aforementioned risks by nature of exposure, method of measurement and references to the relevant chapter in the Annual Report with additional information.

| Risk type and reference | Nature of exposure | Method of measurement | Risk management |
|--|---|-------------------------------------|--|
| <i>Underwriting risk</i> Risk Management, [→ Section 2.3] and Accounting Report, [→ Sections 2.9.2 and 2.9.4] | Premium risk Provision risk Lapse risk Concentration risk Low-frequency and high-severity risks Life expense risk Mortality risk Premium and provision risks | Sensitivity analysis | Four key processes, in the context of which underwriting risks are identified, measured, monitored and managed: product development, underwriting, underwriting risk transfer and claim settlement. |
| <i>Market risk</i> Risk Management, [→ Section 2.4] | Interest rate risk Equity risk Property risk Spread risk Currency risk | Sensitivity analysis | Methods and processes with clearly defined powers and responsibilities used to promptly identify, measure, manage and monitor market risks. |
| <i>Credit risk</i> Risk Management, [→ Section 2.5] | Investments Reinsurance contracts Receivables from insurance operations | Maturity analysis Credit ratings | Expert analysis of the credit quality of partners, sufficient portfolio diversification, regular monitoring of credit ratings and management of exposures to partners with no credit rating, prudent assessment of the suitability of reinsurance partners with regard to their credit quality and diversification, and regular monitoring of exposures to them, monitoring of receivables below and over 90 days, separate monitoring of subrogation receivables including recovery efficiency. |
| <i>Liquidity risk</i> Risk Management, [→ Section 2.6] | The risk of inappropriate assets in terms of their nature, duration and liquidity compared to liabilities | Forecast of future cash flows | 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. |

2.8. Summary of significant accounting policies

The significant accounting policies used in the preparation of the financial statements are set out below.

2.8.1. Business combinations and goodwill

Business combinations are accounted for by using the acquisition method. The acquisition date is the date on which the acquirer obtains control of the acquiree. The acquired assets and liabilities measured at fair value are determined on the acquisition date. In each business combination, any non-controlling interest (NCI) is measured at NCI's proportionate share of net assets of the acquiree.

Goodwill arises from the acquisition of a subsidiary provided that the surplus of the aggregate of the consideration transferred (measured at fair value) exceeds the net amount of the acquired assets and liabilities of the subsidiary. If the difference is negative, the resulting gain is fully recognised in profit or loss. Contingent consideration at fair value is also included in consideration. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment test is conducted annually for a cash-generating unit to which goodwill relates.

The accounting policies relating to goodwill impairment are described in [[→ Section 2.8.12](#)].

2.8.2. Intangible assets

Intangible assets are accounted for using the cost model. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Amortisation is calculated using the straight-line amortisation method.

| | Annual amortisation rate |
|-----------------------|--------------------------|
| Software | 20 % |
| Other economic rights | 1-20 % |

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each business year. If the expected useful life of an asset differs from previous estimates, the amortisation period is adjusted accordingly.

Intangible assets with an indefinite useful life are not amortised, but are subject to impairment tests on an annual basis. These assets are impaired if their carrying amount exceeds their recoverable amount.

Deferred acquisition costs for non-life insurance contracts are also a part of intangible assets. Decrease or increase in deferred acquisition costs is recognised as a change in unearned premium provision in the income statement, within net premium income.

Deferred acquisition costs for life insurance contracts are considered in the calculation of mathematical provisions using the Zillmer method. A change in the deferred acquisition cost of life insurance contracts is recognised as a change in the mathematical provision.

Accounting policies regarding the impairment of intangible assets are described in [[→ Section 2.8.12](#)].

2.8.3. Property, plant and equipment

Property, plant and equipment are accounted for using the cost model. The cost of an item of property, plant and equipment comprises its purchase price and any other costs directly attributable to the conditions necessary for it to be capable of operating.

After initial recognition, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line depreciation method. The depreciation rates given below have been used consistently through the years.

| | Annual depreciation rate |
|----------------------------|--------------------------|
| Buildings | 1.5 - 5.0 % |
| Transport vehicles | 12.5 % |
| Computers and hardware | 50 % |
| Office and other furniture | 10 - 20 % |
| Other equipment | 6.7 - 25.0 % |

Depreciation of an asset being constructed begins when it is available for use. Depreciation of an asset ceases as at the date that the asset is derecognised.

The residual value and useful life of an asset are reviewed as at the reporting date and adjusted in the event expectations differ from previous estimates.

The gain or loss from the derecognition of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item and is included in profit or loss when it is derecognised.

Maintenance and repair costs are recognised in the income statement as incurred. Further investments that increase future economic benefits increase the value of property, plant and equipment.

Accounting policies regarding the impairment of property, plant and equipment are described in [[→ Section 2.8.12](#)].

2.8.4. Investment property

Investment property is property (land and buildings) owned or leased to earn rentals. Property is classified as investment property if not used by the holder for performing its business activities or if only a minor part of the building is used for that purpose.

After initial recognition investment property is measured at historical cost, including costs for the purpose of acquiring the asset. Investment property is accounted for using the cost model. Investment property is depreciated and impaired using the same method as that used for property, plant and equipment described under [[→ Section 2.8.2 and 2.8.3](#)].

Fair values for disclosure purposes are based on a valuation by an independent appraiser who holds a recognised and relevant professional qualification.

All income arising from investment property is rental income and is shown in the income statement under Other income. Expenses arising from investment property consist of the depreciation charges and maintenance costs of the investment property. In the income statement, they are disclosed under Other expenses.

Accounting policies regarding the impairment of investment property are described in [[→ Section 2.8.12](#)].

2.8.5. Leases

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.

Leases in the case of lessee

An asset acquired under a lease is recognised as right-of-use assets and lease liabilities. Right-of-use assets do not include assets from short-term leases (up to 1 year) and low-value leases (individual lease amount is less than EUR 4,300). The value of an asset is recognised as present value of future lease payments. Leases are discounted using the rate determined at lease inception or the rate implicit in the lease. 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 rate implicit in the lease is determined on the basis of the interest rate on risk-free government bonds and credit spread.

Right-of-use assets are measured by applying the cost model. The initial value of right-to-use assets is reduced over the life of the asset by depreciation, impairment losses and adjusted for remeasurement of the lease liability. Right-of-use assets are depreciated from the commencement date to the end of the lease term.

When measuring lease liabilities, after the commencement date of the lease, liabilities are increased by interest and decreased by lease payments. If the lease is modified, the amount of liability is remeasured or a separate lease is calculated.

The right-of-use assets and lease liabilities are disclosed in the statement of financial position as separate items.

Leases in the case of lessor

For leases where the Company is the lessor, investment property or equipment leases are classified as operating or finance lease. If the lease transfers to the lessee all material risks and rewards incidental to ownership of an underlying asset, the lease is classified as a finance lease. All other leases are classified as operating leases. A lessor recognises assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. A lessor recognises financial income over the lease term of a finance lease based on a pattern reflecting a constant periodic rate of return on the net investment. For an operating lease, the value of the leased asset is increased by initial direct costs incurred in negotiating or arranging the operating lease, and lease income is recognised over the lease term.

2.8.6. Investments in subsidiaries

In separate financial statements, investments in equity instruments of subsidiaries (shares, stakes) are measured at cost. Investments in subsidiaries represent investments in the companies (investees) over which Zavarovalnica Triglav has controlling influence and where the following conditions are met:

- Zavarovalnica Triglav has power over the investee that arises either from the voting rights resulting from capital instruments or from other rights resulting from contractual agreements;
- Zavarovalnica Triglav is exposed to variable returns or has the right to variable returns from its involvement with the investee;
- Zavarovalnica Triglav has the ability to affect those returns through its power over the investee.

Initial recognition follows as soon as the shares or equity interest has been entered into the Court Register.

Increase in the share capital of subsidiaries with in-kind contributions solely owned by Zavarovalnica Triglav is initially measured at the carrying amount of the contributions in kind. The carrying amount of the contributions in kind as at the date of investment equals the value of assets invested as the in-kind contribution recorded in the financial statements of Zavarovalnica Triglav as at that date.

Accounting policies regarding the impairment of investments in subsidiaries are described in [[→ Section 2.8.12](#)].

Subsidiaries are included in the consolidated financial statements under the full consolidation method. The consolidation procedures are presented in detail in [[→ Section 2.5](#)].

2.8.7. Investments in associated companies

Investments in associates represent investments in the companies (investees) over which Zavarovalnica Triglav has significant influence arising from its power to participate in financial and operating policy decisions of an investee, but not joint control or control of those policies. In separate financial statements investments in equity instruments of associated companies (shares, stakes) are measured at fair value.

For associated companies with no quoted price on the stock exchange, internal models of valuating are used (listed comparable companies method, comparable transactions method, discounting of cash flows, contract value). The valuation assumptions applied are presented in greater detail in [[→ Section 2.9.5](#)]. The effects of the valuation at fair value are disclosed in other comprehensive income.

Associates of the Triglav Group are those companies in which the Company directly or indirectly

holds between 20% and 50% of the voting rights and has a significant but not dominant influence. In the consolidated financial statements of the Triglav Group, investments in associates are accounted for using the equity method. The corresponding share of the profit or loss of an associate is recognised in the consolidated profit or loss. The associated effects included in other comprehensive income of an associate are recognised in the consolidated statement of comprehensive income.

Dividends are recognised in income statement once the right to payment is obtained. The dividends of associates are excluded in consolidated financial statements.

Accounting policies regarding the impairment of investments in associated companies are described in [→ *Section 2.8.12*].

2.8.8. 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.

2.8.8.1. Financial investments

Financial investments are classified into the following groups: financial investments at fair value through profit and loss, financial investments held to maturity, loans and deposits and available-for-sale financial investments. Their classification depends on the initial intent at the time of their purchase. Management decides on the classification of investments at the date of initial recognition.

At initial recognition financial investments are measured based on their fair value. Initially recognised values are increased by transaction costs

that are directly attributable to the acquisition of the financial investments (allowances to agents, consultants, and brokers, fees paid to the stock exchange and other transfer related fees). The rule does not apply to financial investments classified as assets disclosed at their fair value through profit and loss, where these costs are recognised directly in the income statement at acquisition.

The trade date is used for the initial recognition of financial investments, except for loans and deposits, for which the settlement date is used.

Available-for-sale financial investments

Available-for-sale financial investments are those non-derivative financial investments that are classified as available for sale and not classified as loans and deposits, financial investments held to maturity, or financial investments recognised at fair value through profit and loss.

After initial recognition, financial investments classified as available for sale are measured at their fair value, without deducting transaction costs that may occur in their sale or other disposal. Financial instruments not listed on a stock exchange are measured at fair value on the basis of their prices in the latest transactions (official price offers by stock broking firms or banks for certain securities) or through a valuation model (discounting of expected cash flows). Details on valuation models are described in [→ *Section 5.1.2*]. Equity instruments not quoted in an active market and for which the fair value cannot be reliably measured are measured at cost.

Changes in fair value are recognised directly in other comprehensive income as an increase (gain) or decrease (loss) in the revaluation surplus, with the exception of investment impairments and foreign exchange differences regarding monetary

items, such as debt securities recognised in the income statement.

When available-for-sale financial investments are derecognised, the accumulated losses or gains, previously recognised under other comprehensive income, are transferred to the income statement.

Held-to-maturity financial investments

Financial investments held to maturity are non-derivative financial investments with fixed or determinable payments and fixed maturities that Zavarovalnica Triglav definitely intends to hold and is able to hold to their maturity.

Financial investments held to maturity are measured at amortised cost reduced for impairment.

Financial investments at fair value through profit and loss

This category is divided into two groups: financial instruments held for trading and financial instruments measured at fair value through profit and loss.

A financial investments is classified as such if the underlying purpose of its acquisition was for resale within a short period of time, if it forms part of a portfolio of financial instruments aimed at short-term profit generation or if this classification was decided on by the management. Derivative financial instruments are always classified as financial instruments held for trading.

A financial investments designated at fair value through profit and loss is an investment:

- held in the Company's investment portfolios to cover liabilities arising from insurance contracts, relating to a change in the fair value of these investments (such a classification eliminates or reduces any mismatches that might

arise from the measurement of investments and liabilities or the recognition of gains and losses arising from various contracts) or

- managed and its performance measured based on fair value in accordance with Zavarovalnica Triglav's investment policy.

After initial recognition, financial investments measured at fair value through profit or loss are measured at fair value on the basis of prices quoted in an active market.

Gains and losses arising from a change in fair value are recognised in the income statement.

The category of financial investments designated at fair value through profit and loss also includes financial investments that have an embedded unrelated derivative.

Loans and deposits

Loans and deposits are non-derivative financial investments 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. The impairments of loans and deposits are recognised if there is objective evidence that the receivable will not be recovered in accordance with the contractual terms.

Derivative financial instruments

After initial recognition, derivatives are measured based on their fair value, with effects recognised in the income statement. The fair value is determined on the basis of the price quoted in an active market. If the price is not known, the fair value is determined by using another pricing model (discounting of expected cash flow; the Black-Scholes option pricing model). Derivatives include financial

instruments used for protecting cash flows against interest rate risk as well as for protecting the cash flows of individual financial instruments and other items. All of the documented gains and losses due to changes in fair value are recognised in profit or loss through financial income or expenses.

2.8.8.2. Receivables from insurance operations

Receivables from insurance operations are recognised when insured persons are charged the premium. After initial recognition, receivables are measured at fair value reduced by the impairment allowance, so as to show their expected recoverable amount.

Subrogation receivables are recognised when the first instalment is paid by the debtor, after a receivable has been tested in court or based on an agreement made with the subrogation debtor. In credit insurance, subrogated receivables are recognised upon occurrence.

Accounting policies regarding the impairment of receivables are described in [→ [Section 2.8.12](#)].

2.8.8.3. Cash and cash equivalents

Cash includes cash in banks, cash in transit, cash in hand and cash equivalents such as call deposits.

2.8.9. Other assets

Other assets include inventories, short-term deferred expenses and accrued revenue.

At initial recognition inventories are measured at cost. The cost of inventory comprises all costs of purchase. The cost of inventories is assigned by using the first-in, first-out (FIFO) formula.

Short-term deferred expenses are amounts that will impact profit or loss in the following accounting periods. They are accrued in order to ensure their even impact on profit or loss, or to accrue prepaid expenses not yet incurred.

Accrued revenue refers to revenue earned in the current accounting period, but which will be collected in a subsequent period.

2.8.10. Non-current assets held for sale

Non-current assets held for sale are those non-financial assets whose value will be recovered through a sale transaction rather than their continued use. The condition for the classification into the category of non-current assets held for sale is fulfilled when the sale is highly probable and the asset is available for immediate sale in its present condition. The management is committed to the sales plan, which must be carried out within a period of one year from the classification of assets into this category.

These assets are measured at the lower of the carrying amount or fair value less costs to sell. The same applies to subsequent measurement of these assets. In such subsequent measurements, it is necessary to recognise impairment losses arising from initial or subsequent write-offs of assets to their fair value, less costs to sell or profits resulting from a subsequent increase in fair value less costs to sell, which may not exceed any accumulated impairment losses.

2.8.11. 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 participant at the measurement date. A fair value measurement assumes that the asset or liability is exchanged in

an orderly transaction under current market conditions in the principal (or most advantageous) market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a 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.

All financial assets are measured at fair value, except for loans and deposits and held-to-maturity financial assets which are disclosed at amortised cost in the financial statements, while their fair value is disclosed in disclosures in [→ [Section 3.7](#)]. The fair value of land and buildings used for insurance operations and of investment property is disclosed under [→ [Sections 3.2 and 3.3](#)] that of subordinated liabilities under [→ [Section 3.14](#)].

The fair value of financial instruments traded on organised financial markets is measured on the basis of their prices quoted as at the reporting date.

If there is no active market for a financial instrument, its fair value is measured by valuation techniques. In determining the fair value of financial assets, valuation techniques are applied, using the reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants for establishing instrument prices and if such a technique has yielded reliable estimates of prices used in actual market transactions, such a technique is applied. The applied estimates and assumptions involve certain risks as to their future realisation. With the aim of reducing this risk, the assumptions and estimates applied are verified by different methods (by comparing assumptions and estimates against the indus-

try average, individual traded companies, etc.). Moreover, a sensitivity analysis of the following value drivers is applied in order to estimate the value range of an individual investment: net sales income, the EBITDA margin, financial intermediation margin, rate of return on the financial asset portfolio, operating expenses to total assets, cash flow growth over a forecast period and the discount rate. In the discounted cash flow method, future cash flows and discount rates are applied as estimated by the management, reflecting interest rates on comparable instruments.

If the fair value of financial instruments cannot be reliably measured, the financial instruments are measured at cost (paid or received amount) increased by expenses incurred in the underlying transaction.

For disclosure purposes, a price level hierarchy has been applied for all financial assets measured at fair value. It is determined with regard to the inputs in the valuation technique, which are used to measure fair value.

- Level 1 inputs: are quoted prices (unadjusted) in active markets 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.

2.8.12. Impairment

Intangible assets and property, plant and equipment

The value of intangible assets and property, plant and equipment is tested as at the reporting date. It is determined whether there are any objective signs of impairment. If there are, the recoverable amount is assessed, which represents the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount of intangible assets with an indefinite useful life and of intangible assets not yet put into use is measured on an annual basis, irrespective of any objective signs of impairment. If the recoverable amount exceeds the carrying value, the assets are not impaired.

For material assets, impairments are assessed on an individual basis. The impairment of the remaining assets is carried out at the level of cash-generating units.

The previously recognised impairment losses of property, plant and equipment and intangible assets are reversed only if their recoverable amount increases and if this increase can be objectively related to an event occurring after the previous impairment was recognised. An impairment loss of an asset is derecognised only up to the amount of the carrying amount that would have resulted after the depreciation charge, if in previous periods no impairment loss had been recognised.

Goodwill

The value of goodwill is tested as at the reporting date so as to ascertain if there are any objective signs of impairment. Impairment of goodwill is recognised for a cash generating unit, which represents an individual company. In the event there are objective signs of impairment, the recoverable amount is assessed, which represents the higher

of an asset's fair value less costs to sell and its value in use. If the recoverable amount exceeds the carrying value, the goodwill is not impaired.

Goodwill impairment testing is carried out in compliance with IAS 36, while testing of valuation techniques is carried out in compliance with the International Valuation Standards (IVS). The testing and the estimation of potential impairment is carried out in accordance with the estimated recoverable amount. The basis for the explicit forecast period are the available plans of the management and assessors' estimates of market convergence towards more developed ones, taking into account the forecasted economic convergence of international financial institutions and other EU regulators. The discount rate is calculated by applying the CAPM method and surpluses for specific risks. Goodwill impairment tests are carried out on an annual basis.

Investment property

The value of investment property is estimated on an annual basis in order to determine whether there are any objective signs of impairment. In the event of any sign of impairment of investment property, the recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) is assessed. If the carrying amount of investment property exceeds its recoverable amount, an impairment loss is recognised in the amount equalling the difference between the two.

Financial investments in subsidiaries and associates

In the stand-alone financial statement, financial investments in associates are accounted for at cost. Signs of the impairment of investments in subsidiaries are reviewed on quarterly basis. Underperformance of a subsidiary may represent a sign of possible impairment.

In the separate financial statement, financial investments in associates are accounted for at fair value. Impairment loss is calculated in the same as for available-for-sale financial assets. Details are given below.

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. When such evidence exists, loss due to impairment needs to be determined.

An impairment loss on an available-for-sale financial asset is calculated on the basis of its fair value at the time. When there is objective evidence of impairment of an available-for-sale financial asset, the accumulated loss, initially recognised in other comprehensive income, is transferred to the income statement. For equity instruments, objective evidence of impairment includes statutory changes (bankruptcy, liquidation, etc.), a significant decrease in the fair value of a security or a long-term decrease in the fair value of a security. For debt instruments, objective evidence of impairment includes statutory changes (bankruptcy, liquidation, etc.), payment arrears or other significant negative events related to the creditworthiness of the issuer.

The reversal of the previously recognised impairment losses on equity instruments, classified as available-for-sale financial assets, is recognised in other comprehensive income.

The impairment loss of a financial asset measured at amortised cost is calculated as the difference between that asset's carrying amount and the present value of expected future cash flows, determined on the basis of the original effective interest rate.

A reversal of previously recognised impairment of financial assets measured at amortised cost and debt instruments classified as available for sale is recognised in the income statement. An impairment loss may be reversed, if such a reversal can be objectively related to an event occurring after the impairment was recognised.

Insurance receivables

The adequacy of the value disclosed is tested for each group of receivables. All insurance receivables are tested for impairment or impairment reversal at least at the end of the business year. Impairments are recorded as an adjustment of the value of receivables and are formed individually or collectively for receivables with similar credit risk. Credit risk is assessed based on the classification of receivables by maturity and the experience of previous years regarding the recovery of receivables with the same maturity. Impairment loss is recognised as an expense from insurance operations.

Reinsurers' share of technical provisions

Reinsurers' share of technical provisions (assets from reinsurance contracts) is tested for impairment on an annual basis. These assets are impaired only if there is objective evidence resulting from an event occurring after the initial recognition of the reinsurance asset showing that the amounts due from reinsurers in accordance with a contract may not be recovered and if the event has a reliably measurable effect on the amounts that will be recovered by Zavarovalnica Triglav from the reinsurer. An impairment loss of assets from reinsurance contracts is recognised in the income statement.

2.8.13. Equity

Share capital equals the nominal value of paid-up ordinary shares, denominated in euros. When Zavarovalnica Triglav or a subsidiary acquires shares of Zavarovalnica Triglav, their value is disclosed as a deduction from the Group's equity. The same amount is then allocated to treasury share reserves as required by the Companies Act (hereinafter: »ZGD-1«).

Share premium is formed from the paid-in capital surplus and other capital contributions in line with the Memorandum and Articles of Association. As part of the share premium, the impact of the acquisition of non-controlling shares is also recognised in the consolidated financial statements.

Reserves from profit are legal reserves, statutory and other reserves, treasury share reserves.

Legal reserves are formed and used in line with ZGD-1 and the local legislation of each subsidiary. Together with share premium, they have to amount to no less than 10% of the share capital. They represent tied capital set aside in order to protect creditors' interests.

Statutory reserves represent up to 20% of share capital of the parent company. Based on a decision by the Management Board, Zavarovalnica Triglav may allocate up to 5% of net profit to statutory reserves in any business year, decreased by any amounts used for covering losses brought forward and amounts allocated to legal reserves and reserves from profit. Statutory reserves may be used for covering loss after tax for the business year or loss brought forward, for treasury share reserves, for increasing share capital from authorised capital, as well as for dividend payment policy purposes.

According to ZGD-1, the Management Board of Zavarovalnica Triglav may allocate net profit for

the current year to other profit reserves, i.e. up to one half of the net profit remaining after statutory allocations.

2.8.14. Subordinated liabilities

Subordinated liabilities refer to subordinated debt instruments which are, in accordance with the underlying agreements, to be paid last in the event of the issuer's bankruptcy or liquidation. Subordinated liabilities are measured at amortised cost.

2.8.15. Insurance–technical provisions

Unearned premium provisions

Unearned premium provisions are formed for the part of gross written premium that refers to the following business year(s). These are calculated separately for individual insurance contracts using the pro rata temporis method, except for insurance policies where insurance coverage changes during their term and where the expiry of insurance coverage is agreed to be more than one year after the insurance policy is taken out. Unearned premiums are calculated both for life and non-life insurance contracts.

Claims provisions

Claims provisions are formed for claims incurred but not settled until the reporting date. Claims provisions are formed for reported claims as well as for unreported and inadequately reported claims.

Provisions for claims reported are based on an inventory of claims. If a claim is settled as an annuity, the amount is reserved as a capitalised annuity, which Zavarovalnica Triglav calculates on the basis of Slovene mortality tables and a 1.0% interest rate. Other insurance subsidiaries use local mortality tables.

Provisions for incurred but not reported claims (IBNR) are calculated by means of »triangle« methods (a combination of Chain Ladder and Bornhuetter-Ferguson methods). The basis for calculation is a sample of past claims experience with appropriate allowance for future trends. For this purpose a several-year-long time series of settled claims is applied.

Additional provisions for incurred but not enough reported claims (IBNER) for annuity insurance are also formed in cases when the policyholder is a minor or a young person and the insurance company can reasonably expect that the policyholder will also submit a claim for loss of income at a certain age.

With the exception of annuities, provisions for outstanding claims are not discounted. The methods used and estimates made are reviewed at least on an quarterly basis.

Mathematical provisions

Mathematical provisions for life, annuity, pension and unit-linked products are calculated separately for each individual policy. For life, annuity and pension contracts in the pay-out period, a modified net premium prospective method is applied, taking into account insurance contract acquisition costs. For pension contracts in the saving period, where the nature of products makes the aforementioned method inappropriate, the retrospective net premium method is applied. The liabilities for unit-linked insurance contracts are evaluated for each insurance policy as the fair value of assets in the investment account decreased by capitalised future management charges on initial units (actuarial funding). For certain insurance products, additional provisions are formed for covering contractual risk payments.

All calculations allow for prudent actuarial assumption bases, the legislation in force and all liabilities to policyholders arising from contracts and the respective terms and conditions.

Mathematical provisions also contain components for discretionary benefits allocated to policyholders in the past, based on the terms and conditions of the underlying contracts.

A portion of fair value reserve of available-for-sale financial assets, which will be distributed among policyholders after maturity, is also included in mathematical provisions. The principle of shadow accounting is applied. In relation to available-for-sale financial instruments, all revaluation surpluses are accounted for in other comprehensive income upon recognition; on the balance sheet date, the transfer to mathematical provisions is made for the part that will go to the insurer upon realisation in line with the provisions of the insurance contract or internal regulations.

The applied assumptions and other parameters are presented in greater detail in [→ [Section 2.9.1](#)].

Other insurance-technical provision

Provisions for bonuses in non-life insurance are formed for the part of the premium that will be reimbursed to those beneficiaries who meet certain beneficiary criteria set out in insurance conditions (total loss ratio over the last three years, financial discipline in premium payment and total insurance premium). An annual analysis and pre-set criteria are used to calculate the amount of premium reimbursement.

Provisions for cancellations represent that part of unearned premiums which is expected to be reimbursed in the event of early cancellation and for which deferred acquisition costs have been formed.

Provisions for unexpired risk are formed for policies where, based on past experience, it is assumed that the amount of unearned premiums will not suffice for covering all future claims.

2.8.16. Classification of insurance and financial contracts

All products in the portfolios of the Group's subsidiaries are classified as insurance contracts since they all either bear significant insurance risk or their share of the insurance premium in the entire portfolio is insignificant. The significance is determined on the basis of additional payments upon the occurrence of a loss event. The significance of additional amounts is assessed by comparing the greatest difference between the value of the payment in the event of a loss event and the payment in other cases. The abovementioned difference must amount to at least 10 percent of the payment at the beginning of the insurance. Other contracts, including contracts on asset management and lease contracts, are not relevant for disclosure purposes.

2.8.17. Provisions for employee benefits

Employee benefits comprise provisions for jubilee and retirement benefits and unused leave. The calculation of these provisions is made by using the actuarial evaluation method, i.e. the method of the estimated relevance of units or the method including profit proportionally to the work carried out. In line with IAS 19, the calculation is based on the following actuarial assumptions:

- demographic variables (employee mortality and labour turnover),
- financial assumptions, such as:
 - the discount rate taking account of the yield of sovereign securities at the balance sheet date; and

- future salary increases taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the labour market.

Provisions for unused annual leave equal the amount of the total gross wage due for the period when leave was not taken. The amounts of provisions are undiscounted.

Changes in provisions for employee benefits due to payments and new provisions made are recognised in the income statement 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 in other comprehensive income, but only for provisions for retirement benefits.

2.8.18. Other financial liabilities

At initial recognition financial liabilities are measured at cost. Subsequently they are decreased by paid amounts and increased by accrued interest. In the financial statement financial liabilities are measured at amortised cost. Interest paid on loans taken is recognised as expense and accordingly accrued over the term of the underlying loan.

2.8.19. Operating liabilities and other liabilities

Operating liabilities and other liabilities are recognised in the statement of financial position when the contractual obligation results in the payment of the liability. Operating liabilities and other liabilities are disclosed at amortised cost.

2.8.20. Premium income

Net premium income is calculated on the basis of gross written premium and gross outward reinsurance premium, reduced by reinsurers' and retrocessionaires' share and adjusted depending on the change in gross provisions for unearned premiums taking into account the reinsurers' and retrocessionaires' share in provisions for unearned premiums. The invoiced premium serves as the basis for recognising gross written premium.

2.8.21. Income from financial investments

Income from financial investments arises from interest income, dividends, changes in fair value, capital gains and other financial income. In the income statement, interest income is carried at amortised cost using the effective interest rate, which does not apply to financial investments recognised at fair value through profit and loss. Income from dividends is recognised in the income statement once the right to the payment is obtained. Income from changes in fair value arises from the subsequent remeasurement of the fair value of financial investments recognised at fair value through profit and loss. Gains on disposal arise from the derecognition of financial investments other than those recognised at fair value through profit and loss. The difference between the carrying amount of a financial investments and its sales value represents a realised gain.

Income from financial investments includes net unrealised gains on unit-linked life insurance assets. The latter arise from changes in the fair value of unit-linked life insurance investments.

2.8.22. Other income from insurance operations

Other insurance income includes fee and commission income (asset management fees, reinsurance and other fees) and other income from insurance operations (green card sales, loss adjustment services, assistance services and other). Under this income, interest income from operating receivables is also disclosed. This income is recognised in the income statement when the service is provided or when an invoice is issued.

2.8.23. Other income

Other income includes investment property income, income from intangible assets and property, plant and equipment, as well as other income not directly related to insurance operations and sales income from non-insurance subsidiaries. Other income is recognised in the income statement when an invoice is issued.

2.8.24. Claims incurred

Net claims represent gross claims settled (claims incurred and claim handling costs), reduced by the reinsurers' share and subrogated receivables, and adjusted by the change in gross provisions for outstanding claims, taking into account the reinsurers' share of these provisions. Claim handling costs consist of external and internal costs of assessing the eligibility and amount of claims, including court fees and charges, expert fees and subrogation recovery expenses.

Gross claims are recognised in the income statement once they have been settled.

2.8.25. Operating expenses

Gross operating costs are recognised as original expenses by natural type of cost. In the income statement these costs are classified by function. Claim handling costs are a constituent part of claims incurred, asset management costs are a constituent part of investment expense, whilst insurance contract acquisition costs and other operating costs are separately disclosed in the statement. All operating costs are disclosed by natural type and function.

2.8.26. Expenses from financial assets and liabilities

Investment expenses consist of impairments of investments, losses on disposal of investments and other investment expenses. Other investment expenses include changes in the fair value of financial investments that represent the effect of subsequent measurement of the fair value of financial assets measured at fair value through profit or loss. Also included are net unrealised losses on unit-linked life insurance assets and foreign exchange differences.

2.8.27. Other insurance expenses

Other insurance expenses include management fees, losses arising from the impairment of receivables, fire protection tax, prevention expenses and other insurance-related expenses. Other insurance expenses are recognised in the income statement once a service is provided.

2.8.28. Other expenses

Other expenses include other expenses not directly related to insurance operations and operating expenses of non-insurance companies. Other expenses also include financing expenses, which in-

clude interest expenses from subordinated bonds, interest expenses from asset leases and other interest expenses from operating activities. Other expenses are recognised in the income statement when the service is provided.

2.8.29. Taxes

Tax expense for the year comprises current and deferred tax. Deferred tax is calculated for all temporary differences between the amounts of assets and liabilities used for taxation and their carrying amount. The impact of the recognition of deferred tax receivables or liabilities is disclosed as income or expense in the income statement, excluding taxes charged on a business event recognised under other comprehensive income.

In the Republic of Slovenia, current income tax is charged at a 19% tax rate and in other countries where subsidiaries operate at tax rates enacted by local tax laws (as shown in [→ Section 2.10]). The same applies to the calculation of deferred taxes.

In consolidation, temporary differences may be recognised, arising either from the difference between the official financial statements of a subsidiary and those adjusted for consolidation purposes, or from consolidation procedures.

2.9. Main assumptions

2.9.1. Parameters and assumptions in calculating life insurance provisions

Life and annuity insurance

For life and annuity insurance contract liabilities valuation, a modified prospective net premium method is applied by taking into account insurance acquisition costs, all of the contractual obligations and the previously allocated surplus.

The insurance technical parameters used by the method are either the same as those used for calculating insurance premiums or corrected so as to reflect the subsequent circumstances which increase the value of liabilities. A correction to reflect the current circumstances applies to the annuity insurance products of Zavarovalnica Triglav, where the relevant liabilities are valued on the basis of rather conservative mortality tables and a prudently set lower interest rate. The relevant liabilities of Zavarovalnica Triglav are valued on the basis of rather conservative Slovenian mortality tables SIA65 from 2010 and an interest rate of 2.7% p.a. for the contracts containing a fixed interest rate guarantee of 2.75% or more.

The guaranteed technical interest rate used for valuation ranges between 0% p.a. and 5% p.a. The calculation takes into account insurance contract acquisition costs below 3.5% of the sum insured under life insurance policies.

Voluntary pension insurance

During the accumulation period, mathematical provisions are evaluated using the retrospective method. This method takes into account all of the premiums received up to the day of valuation, entrance charges, any sums paid out, the guaranteed interest rate and the additional allocated surplus made to individual accounts arising from profit sharing. During the pension annuity pay-out period, provisions are set aside on the basis of the current value of the expected future liabilities of the insurance company (the prospective net method).

Voluntary pension insurance is classified under insurance contracts as it contains discretionary participation features to receive a portion of profits of a guarantee fund; in addition, the majority of voluntary pension insurance contracts include factors for calculating the pension.

The insurance technical parameters used in the calculation are either the same as those used when underwriting a policy, or they are adapted to the circumstances expected in the pension annuity pay-out period in the event these circumstances are worse than those taken into account in the premium calculation. The guaranteed technical interest rate used for the valuation of liabilities during the premium payment period ranges between 0.75% p.a. and 2.7% p.a. For the purpose of valuing its liabilities during the pay-out period of pension annuities bearing an interest rate from 1.0% p.a. to 2.7% p.a. the Company applies Slovenian mortality tables SIA65 from 2010.

Supplementary voluntary pension insurance

During the accumulation period, mathematical provisions are evaluated using the retrospective method. The method takes into account all of the premiums received up to the day of valuation, entrance charges, any sums paid out, guaranteed interest rates and the additional allocated surplus made to individual accounts arising from extra returns on funds. During the pension annuity pay-out period, provisions are set aside on the basis of the current value of the expected future liabilities of the insurance company (the prospective net method).

The technical parameters used are either the same as those used when underwriting a policy or adjusted due to circumstances which will change later and increase the value of liabilities – primarily when valuing liabilities arising from pension annuity pay-outs. For the purpose of valuing its liabilities the Company applies Slovenian mortality tables SIA from 2010. During the annuity pay-out period, the insurance companies value their liabilities at an interest rate ranging from 1.0% to 2.7%.

Unit-linked insurance

The liabilities for unit-linked insurance contracts are evaluated for each insurance policy as the fair value of assets in the investment account decreased by capitalised future management charges on initial units (actuarial funding). For certain insurance products, additional provisions are formed to cover contractual risk payments under basic and additional policies and additional insurance-technical provisions are established to cater for credit risk.

2.9.2. The liability adequacy test (LAT) for life insurance

The purpose of LAT is to verify the adequacy of provisioning for life insurance. The test consists of comparing the amount of provisions with the best estimate of provisions, arrived at on the basis of the present value of the best estimate of the future expected contractual and other cash flows. The calculation is performed for each separate contract while the results are aggregated on the level of homogenous groups. The test is based on a unified methodology that determines, among others, the grouping of policies into homogenous groups, the choice of risk-free discount rates and the type of cash flows being modelled. The portfolio balance is tested as at the last day of the business year.

Insurance contracts are segmented into homogenous groups which feature similar risks and are kept within the same portfolio. As a rule, insurance contracts are grouped according to their insurance classes:

- traditional life insurance,
- unit-linked life insurance,
- supplemental voluntary pension insurance during the accumulation period,

- supplemental voluntary pension insurance during the pension annuity pay-out period.

The cash-generating unit or the insurance company are also considered a homogenous group. Any deficit is determined at the level of the individual insurance company. If the test shows that the liabilities are insufficient, the total amount of the difference is recognised as an increase in provisions and an expense in the income statement.

Parameters and assumptions applied to the LAT test for life insurance

Mortality, longevity and morbidity assumptions

Assumptions regarding mortality, longevity and morbidity rates are based on internal analysis of the company's life insurance portfolio, on the data of national statistical offices, the data of reinsurers and other sources.

Persistency

The model uses the probability of an early termination of the insurance contract or discontinuation of premium payments determined on the basis of the analysis of early terminations of life insurance contracts in the past years. The Group continuously monitors the persistency of insurance policies by duration and type of insurance, and adapts their assumptions accordingly.

Expenses

The calculation takes into account policy handling/maintenance expenses, claim handling expenses and asset management expenses, as defined on the basis of an analysis of the individual company's expenses in preceding years. Estimated future expenses are increased every year in line with the expected inflation rate.

Increasing insurance premiums

In the case of insurance policies for which the monthly premium directly or indirectly follows the increase in salaries, the increase is calculated in line with the expected inflation 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 Slovene government debt securities denominated in euro as at 31 December 2019 was used for Zavarovalnica Triglav, d.d. The ten-year benchmark is 0.96% for life, annuity and voluntary pension insurance, and 0.37% for all other insurance.
- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2019 was used for Triglav, pokojninska družba, d.d. The ten-year benchmark is 0.37%.
- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2019 was used for Triglav Osiguranje, d.d., Sarajevo. The ten-year benchmark is 0.37%.
- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2019 was used for Lovćen životna osiguranja, a.d., Podgorica. The ten-year benchmark is 0.37%.
- The yield curve of Croatian government debt securities denominated in euro and with the payment of obligations in Croatian kuna as at 31 December 2019 was used for Triglav Osiguranje, d.d., Zagreb. The ten-year benchmark is 1.26%.

- The yield curves of Serbian government debt securities denominated in euro (the ten-year benchmark is 1.80%) and Serbian dinar (the ten-year benchmark is 3.33%) as at 31 December 2019 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 2019 was used for Triglav Osiguruvanje Život, AD, Skopje. The ten-year benchmark is 2.25%.

Profit participation

The determination of the profit participation rate is at the discretion of each Group member and regulated by internal rules. The estimated future allocation of surpluses are in line with the expected performance, the previous profit allocation rates and the policyholders' reasonable expectations.

In the model, profit is allocated in an excess of the technical interests for with-profit policies. The allocation is determined on the basis of the 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 55% of supplemental voluntary pension insurance policyholders and 85% 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.

Results of the liability adequacy test for life insurance

Based on the available data of the liability adequacy test the provisioning for life insurance confirms the sufficient amount of provisions formed for all insurance companies in the Group, except for the insurance company Triglav Osiguruvanje Život, a.d., Skopje and for the guarantee funds backing supplemental voluntary pension insurance during the period of annuity payments by Zavarovalnica Triglav, d.d.

The guarantee funds backing supplemental voluntary pension insurance during the period of annuity payments by Zavarovalnica Triglav, d.d., are showing a deficit of EUR 8,711,891 as at 31 December 2019. The insurance company has set aside sufficient insurance technical provisions to offset this deficit.

As at the reporting date, Triglav Osiguruvanje Život, a.d., Skopje recorded a deficit in the total amount of EUR 62,607. Zavarovalnica Triglav set aside sufficient insurance technical provisions to cover the deficit amount.

Sensitivity analysis of LAT test to parameter changes

The valuation of liabilities depends on variables such as mortality, lapse rate, operating costs and the estimated percentage of policyholders deciding to opt for a pension annuity. 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. The changes represent reasonable potential changes in the parameters which could significantly impact the performance of the company.

Individual sensitivity analyses always 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 changes under consideration were:

- an increase in mortality rates by 10%,
- a decrease in longevity rates by 10%,
- an increase in lapse rates by 10%,
- a decrease in lapse rates by 10%,
- an increase in expenses by 10%.

The table below shows how the changes of individual parameters increase the provision deficit.

| | in EUR | |
|--|-----------------------|------------------------------------|
| Change in provisions due to changed parameters | Zavarovalnica Triglav | Triglav Osiguruvanje Život, Skopje |
| An increase in mortality rates by 10% | -1,380,138 | 3,658 |
| A decrease in mortality rates by 10% | 1,523,343 | -3,669 |
| An increase in lapse rates by 10% | 0 | -27,771 |
| A decrease in lapse rates by 10% | 0 | 29,404 |
| An increase in expenses by 10% | 409,975 | 40,860 |

For other Group entities LAT test shows the adequacy of formed provisions even with the changed parameters.

2.9.3. Parameters and assumptions in calculating non-life insurance provisions

The unearned premium for most insurance policies is calculated pro-rata temporis, assuming a uniform distribution of claims frequency during the term of insurance contracts. Insurance policies with a variable sum insured are the exception to this rule. These policies include credit insurance, since the insurance cover in such cases gradually decreases, and construction and erection insurance, where the insurance cover rises. For such type of insurance, the calculation of unearned premiums is based on the assumption of a constant claim frequency throughout the duration of the insurance contract and variable insurance cover.

In general, the claims provisions are calculated as the sum of total claims reported but not settled and incurred but not reported (IBNR) claims. The majority of provisions for incurred but not reported claims are calculated using the run-off triangle method. Previous experience shows that claims from mass loss events, such as hail, floods and storms, are reported with considerable delay. None of the standard actuarial methods for determining the amount of IBNR claims after mass loss events is suitable for calculating these claims. Such claims can represent a significant part of total incurred but not reported claims. In order to ensure an up-to-date calculation of the actual amount of claims after mass loss events, additional provisions for IBNR or insufficiently reported claims after mass loss events are formed.

Claims provisions also include provisions for annuities in the case of liability insurance. Provisions for these claims were calculated as a capitalised annuity value as at the cut-off date based on applicable mortality tables and an interest rate of 1.0%.

2.9.4. Liability adequacy test (LAT) for non-life insurance

The insurance companies of the Group form reserves for unexpired risks for those lines of business where the expected loss ratio exceeds 100%. Additional reserves for unexpired risks are calculated as a product of unearned premiums and the difference between the value of the loss ratio and 100%.

Additional tests are performed to check the adequacy of the unearned premiums and unexpired risk reserves. The amounts of future gross claims and gross claim handling costs are applied in these tests and compared with the amount of established provisions for unearned premiums reduced by deferred insurance acquisition costs.

The results of tests show that the level of unearned premiums reserves, together with the level of unexpired risk reserves, is sufficient. Additional provisions were not necessary to create.

Assumptions that would have a material impact are not used in the calculation of technical provisions, so a sensitivity analysis was not performed.

2.9.5. Parameters and assumptions applied in measuring the value of financial income from other investing activities

Valuation of investments in subsidiaries

Zavarovalnica Triglav recognises its subsidiary holdings in separate financial statements, measured at historical cost. The impairment recognition is based on IAS 36 which provides the recoverable amount of an asset or a cash-generating unit as the higher of the two items:

- its fair value less costs to sell; or
- its value in use.

The valuation was made in compliance with the International Valuation Standards.

When recognising an impairment, it is first ascertained whether there are any indications of impairment. In this exercise, indications from external sources of information (significant changes in the environment with an adverse effect on the entity, changes in market interest rates and return on investment of assets likely to affect the recoverable amount of assets, unexpected drops in market values of assets) and indications from internal sources of information (statutory changes, changes in the management and scope of operations, poorer performance of the company) are considered. In the event there are objective signs of impairment, the recoverable amount is assessed.

Indicator tests and impairment tests are carried out by external certified and internal business appraisers applying internal valuation models.

The valuation procedure includes at a minimum:

- general environment analysis of a company (macroeconomic and institutional);
- specific environment analysis (the insurance market and markets of other relevant activities)
- business model and business operations analysis;
- analysis of a company's competitive position in the insurance market;
- analysis of plan attainment in terms of planning adequacy and realisation potential;
- choice of suitable valuation methodology and methods in consideration of standards, purpose (accounting purposes) and scope of valuation (including insurance class);
- derivation and assessment of assumptions in accordance with the analysis;
- derivation of cost of capital based on market parameters (time value, all relevant risks);
- valuation;
- assumption sensitivity analysis of a valuation and relevance analysis of the resulting range of valuations.

The key assumptions and sources applied in valuation included:

- information on the environment acquired from the European Central Bank, statistical offices, International Monetary Fund (IMF), supervisory bodies and other regulators;
- profit/loss and financial position estimates for 2019 and business plans of individual companies for 2019 as approved by their supervisory bodies as well as strategic plans of individual companies for the next three year period, if available;
- documentation and information acquired from the management and other key persons for company valuation;
- professional assessments by internal departments of Zavarovalnica Triglav and subsidiaries of Triglav Group.

In 2019, the impairment indications of financial investments in all insurance and non-insurance subsidiaries and Triglav INT d.d., Ljubljana were tested. No impairment indications were identified.

Valuation of financial income from other investing activities

The valuation methods and the assumptions used for measuring the value of non-tradable financial assets are described under [→ 5.1.2 below].

2.10. Composition and changes in the composition of the Triglav Group in 2019

Members of Triglav Group¹⁰⁵

| No. | COMPANY | ADDRESS | TAX RATE (in %) | ACTIVITY | EQUITY STAKE (in %) | | SHARE OF VOTING RIGHTS (in %) | | VALUE OF EQUITY AS AT 31 DECEMBER (in EUR) | |
|-----|--|--|-----------------|---|---------------------|--------|-------------------------------|--------|--|------------|
| | | | | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | Pozavarovalnica Triglav RE d.d. | Miklošičeva 19, Ljubljana, Slovenija | 19 | Reinsurance | 100.00 | 100.00 | 100.00 | 100.00 | 82,868,431 | 79,455,791 |
| 2 | Triglav, Zdravstvena zavarovalnica d.d. | Pristaniška 10, Koper, Slovenija | 19 | Insurance | 100.00 | 100.00 | 100.00 | 100.00 | 34,970,059 | 31,627,112 |
| 3 | Triglav Osiguranje d.d., Zagreb | Antuna Heinza 4, Zagreb, Hrvatska | 18 | Insurance | 100.00 | 100.00 | 100.00 | 100.00 | 32,453,111 | 29,945,453 |
| 4 | Triglav Osiguranje d.d., Sarajevo | Dolina 8, Sarajevo, BiH | 10 | Insurance | 97.78 | 97.78 | 98.87 | 98.87 | 18,411,244 | 17,272,246 |
| 5 | Lovčen Osiguranje a.d., Podgorica | Ulica Slobode 13a, Podgorica, Crna gora | 9 | Insurance | 96.59 | 96.59 | 96.59 | 96.59 | 9,522,111 | 8,609,819 |
| 6 | Lovčen Životna osiguranja a.d., Podgorica | Ulica Marka Miljanova 29, Podgorica, Crna gora | 9 | Insurance | 96.59 | 96.59 | 96.59 | 96.59 | 3,698,824 | 3,209,528 |
| 7 | Triglav Osiguranje a.d.o., Beograd | Milutina Milankovića 7a, Novi Beograd, Srbija | 15 | Insurance | 99.88 | 99.88 | 99.88 | 99.88 | 21,332,594 | 18,358,695 |
| 8 | Triglav Osiguranje a.d., Banja Luka | Ulica Prvog krajiškog korpusa broj 29, Banja Luka, BiH | 10 | Insurance | 100.00 | 100.00 | 100.00 | 100.00 | 2,570,137 | 3,727,010 |
| 9 | Triglav Osiguruvanje a.d., Skopje | Bulevar 8-mi Septemvri 16, Skopje, Severna Makedonija | 10 | Insurance | 80.45 | 80.35 | 80.35 | 80.35 | 14,767,267 | 14,383,011 |
| 10 | Triglav Osiguruvanje Život a.d., Skopje | Bulevar sv. Kiril i Metodij 18, Skopje, Severna Makedonija | 10 | Insurance | 96.09 | 96.07 | 96.09 | 96.07 | 4,704,091 | 4,941,556 |
| 11 | Triglav penzisko društvo a.d., Skopje | Bulevar 8-mi septemvri broj 18, kat 2, 1000 Skopje, Severna Makedonija | 10 | Fund management | 100.00 | - | 100.00 | - | 2,696,009 | - |
| 12 | Triglav, pokojninska družba d.d. | Dunajska 22, Ljubljana, Slovenija | 19 | Fund management | 100.00 | 100.00 | 100.00 | 100.00 | 18,320,294 | 17,070,762 |
| 13 | Triglav INT d.d. | Dunajska 22, Ljubljana, Slovenija | 19 | Holding company | 100.00 | 100.00 | 100.00 | 100.00 | 73,288,185 | 75,071,066 |
| 14 | Triglav Skladi d.o.o. | Slovenska 54, Ljubljana, Slovenija | 19 | Fund management | 67.50 | 67.50 | 100.00 | 100.00 | 56,342,387 | 46,144,535 |
| 15 | Triglav Avtoservis d.o.o. | Verovškova 60b, Ljubljana, Slovenija | 19 | Maintenance and repair of motor vehicles | 100.00 | 100.00 | 100.00 | 100.00 | 67,513 | 67,410 |
| 16 | Triglav Svetovanje d.o.o. | Ljubljanska 86, Domžale, Slovenija | 19 | Insurance agency | 100.00 | 100.00 | 100.00 | 100.00 | 484,259 | 578,638 |
| 17 | Golf Arboretum d.o.o. | Volčji Potok 43g, Radomlje, Slovenija | 19 | Sport facilities management | - | 80.73 | - | 80.73 | - | 316,314 |
| 18 | Triglav Upravljanje nepremičnin d.d. | Dunajska 22, Ljubljana, Slovenija | 19 | Real estate management | 100.00 | 100.00 | 100.00 | 100.00 | 36,314,117 | 35,397,601 |
| 19 | Triglav Savjetovanje d.o.o., Sarajevo | Topal Osman Paše 30, Sarajevo, BiH | 10 | Insurance agency | 98.91 | 98.91 | 98.91 | 98.91 | 81,402 | 94,662 |
| 20 | Triglav Savjetovanje d.o.o., Zagreb | Sarajevska 60, Zagreb, Hrvatska | 18 | Insurance | 100.00 | 100.00 | 100.00 | 100.00 | -128,347 | -281,333 |
| 21 | Triglav Savetovanje d.o.o., Beograd | Zelengorska 1g, Beograd, Srbija | 15 | Insurance agency | 99.94 | 99.94 | 99.94 | 99.94 | 18,804 | 8,443 |
| 22 | Autocentar BH d.o.o. | Džemala Bjedića 165b, Sarajevo, BiH | 10 | Maintenance and repair of motor vehicles | 97.78 | 97.78 | 98.87 | 98.87 | 1,908,677 | 1,793,419 |
| 23 | Unis automobili i dijelovi d.o.o. | Mehmeda ef. Pandže 13, Sarajevo, BiH | 10 | Maintenance and repair of motor vehicles | - | 97.78 | - | 98.87 | - | 135,536 |
| 24 | Sarajevostan d.o.o. | Kolodvorska 12, Sarajevo, BiH | 10 | Real estate management | 90.95 | 90.95 | 91.97 | 91.97 | 1,617,879 | 1,531,907 |
| 25 | Lovčen Auto d.o.o., Podgorica | Novaka Miloševa 6/2, Podgorica, Crna gora | 9 | Maintenance and repair of motor vehicle | 96.59 | 96.59 | 96.59 | 96.59 | 2,900,519 | 1,158,530 |
| 26 | Triglav Auto d.o.o. | Trg srpskih junaka 4, Banja Luka, BiH | 10 | Maintenance and repair of motor vehicle | - | 100.00 | - | 100.00 | - | 1,023 |
| 27 | Triglav upravljanje nekretninama d.o.o., Zagreb | Ivana Lučića 2a, Zagreb, Hrvatska | 18 | Real estate management | 100.00 | 100.00 | 100.00 | 100.00 | 1,529,368 | 3,189,395 |
| 28 | Triglav upravljanje nekretninama d.o.o., Podgorica | Džordža Vašingtona 44, Podgorica, Crna gora | 9 | Real estate management | 100.00 | 100.00 | 100.00 | 100.00 | 2,694,136 | 3,307,275 |
| 29 | PROF-IN d.o.o. | Mehmed paše Sokolovića 15, Sarajevo, BiH | 10 | Fund management | 62.54 | 62.54 | 62.54 | 62.54 | 4,095,459 | 3,604,502 |
| 30 | Hotel Grad Podvin d.d. | Dunajska 20, Ljubljana, Slovenija | 19 | Tourism | 100.00 | 100.00 | 100.00 | 100.00 | 310,860 | 546,091 |
| 31 | Zavod Vse bo v redu | Miklošičeva 19, Ljubljana, Slovenija | 19 | Institute for corporate social responsibility | 100.00 | 100.00 | 100.00 | 100.00 | 100,000 | 100,000 |

¹⁰⁵ The companies listed under numbers 1 to 28 have been included in the consolidated financial statements using the full consolidation method. The companies listed under numbers 29 to 31 have not been included using the full consolidation method, as they are not of importance to the Group. GRI GS 102-45

Summary financial information on subsidiaries

| COMPANY | ASSETS | | LIABILITIES | | EQUITY | | INCOME | | NET PROFIT/LOSS | | in EUR |
|--|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|-----------------|-----------|--------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | |
| | | | | | | | | | | | |
| Pozavarovalnica Triglav Re d.d., Ljubljana | 306,350,076 | 285,485,523 | 223,481,645 | 206,029,732 | 82,868,431 | 79,455,791 | 176,851,086 | 147,093,177 | 4,904,789 | 4,532,787 | |
| Triglav, Zdravstvena zavarovalnica d.d., Koper | 69,867,321 | 59,416,391 | 34,897,262 | 27,789,279 | 34,970,059 | 31,627,112 | 178,852,499 | 145,928,444 | 2,931,501 | 1,324,192 | |
| Triglav Osiguranje d.d., Zagreb | 167,551,455 | 149,791,109 | 135,098,344 | 119,845,656 | 32,453,111 | 29,945,453 | 79,074,756 | 64,655,378 | 329,012 | 875,819 | |
| Triglav Osiguranje d.d., Sarajevo | 58,630,555 | 51,862,677 | 40,219,311 | 34,590,431 | 18,411,244 | 17,272,246 | 28,034,688 | 25,037,266 | 943,473 | 925,597 | |
| Lovćen Osiguranje a.d., Podgorica | 52,374,715 | 50,332,908 | 42,852,604 | 41,723,089 | 9,522,111 | 8,609,819 | 39,220,482 | 35,362,033 | 643,877 | 412,726 | |
| Lovćen životna osiguranja a.d., Podgorica | 7,525,804 | 7,042,710 | 3,826,980 | 3,833,182 | 3,698,824 | 3,209,528 | 3,959,804 | 2,563,680 | 362,095 | 417,927 | |
| Triglav Osiguranje a.d.o., Beograd | 82,306,838 | 67,505,358 | 61,074,571 | 49,146,663 | 21,232,267 | 18,358,695 | 64,830,227 | 53,454,959 | 1,943,406 | 1,765,910 | |
| Triglav Osiguranje a.d., Banja Luka | 11,902,070 | 11,717,746 | 9,344,399 | 7,990,736 | 2,557,671 | 3,727,010 | 6,463,781 | 6,205,975 | -1,135,083 | 3,225 | |
| Triglav Osiguruvanje a.d., Skopje | 41,371,349 | 37,658,712 | 26,628,173 | 23,275,701 | 14,743,176 | 14,383,011 | 25,349,063 | 24,755,663 | 303,453 | 540,769 | |
| Triglav Osiguruvanje Život a.d., Skopje | 5,667,820 | 5,157,166 | 966,810 | 215,610 | 4,701,010 | 4,941,556 | 767,937 | 435,590 | -243,581 | -149,669 | |
| Triglav penzisko društvo a.d., Skopje | 3,021,317 | - | 328,355 | - | 2,692,962 | - | 83,711 | - | -313,293 | - | |
| Triglav, pokojninska družba d.d., Ljubljana | 362,923,664 | 323,872,026 | 344,603,370 | 306,801,264 | 18,320,294 | 17,070,762 | 57,514,415 | 41,671,530 | -281,655 | 212,669 | |
| Triglav INT d.d., Ljubljana | 73,471,798 | 75,381,489 | 183,613 | 310,423 | 73,288,185 | 75,071,066 | 101,871 | 4,496,760 | -1,769,877 | 2,320,200 | |
| Triglav Skladi d.o.o., Ljubljana | 67,297,910 | 52,242,331 | 10,955,523 | 6,097,796 | 56,342,387 | 46,144,535 | 22,556,631 | 20,550,198 | 6,266,224 | 7,743,528 | |
| Triglav Avtoservis d.o.o., Ljubljana | 653,290 | 445,658 | 585,777 | 378,248 | 67,513 | 67,410 | 2,434,587 | 2,241,741 | 3,909 | 2,146 | |
| Triglav Svetovanje d.o.o., Ljubljana | 1,725,338 | 1,440,158 | 1,241,079 | 861,520 | 484,259 | 578,638 | 4,923,517 | 4,667,756 | -92,041 | 21,768 | |
| Golf Arboretum d.o.o., Ljubljana | - | 1,149,977 | - | 833,663 | - | 316,314 | 525,834 | 695,674 | -5,136 | -57,721 | |
| Triglav, Upravljanje nepremičnin d.d., Ljubljana | 38,969,275 | 43,119,424 | 2,655,158 | 7,721,823 | 36,314,117 | 35,397,601 | 5,446,854 | 4,772,288 | 1,163,668 | 870,320 | |
| Triglav Savjetovanje d.o.o., Sarajevo | 386,618 | 232,418 | 305,216 | 137,756 | 81,402 | 94,662 | 920,945 | 995,145 | -13,260 | 26,509 | |
| Triglav Savjetovanje d.o.o., Zagreb | 167,170 | 105,035 | 295,517 | 386,368 | -128,347 | -281,333 | 307,428 | 356,917 | -130,690 | -154,177 | |
| Triglav Savetovanje d.o.o., Beograd | 110,378 | 82,871 | 85,207 | 74,428 | 25,171 | 8,443 | 554,684 | 379,870 | -4,625 | -36,243 | |
| Autocentar BH d.o.o., Sarajevo | 2,959,310 | 2,677,522 | 1,050,633 | 884,103 | 1,908,677 | 1,793,419 | 1,574,966 | 1,565,719 | 37,498 | 126,823 | |
| Unis automobili i dijelovi d.o.o., Sarajevo | - | 188,637 | - | 53,101 | - | 135,536 | - | 201,550 | - | 2,142 | |
| Sarajevostan d.o.o., Sarajevo | 2,414,747 | 4,055,029 | 796,868 | 2,523,122 | 1,617,879 | 1,531,907 | 2,308,513 | 2,443,267 | 85,972 | 135,887 | |
| Lovćen Auto d.o.o., Podgorica | 5,195,713 | 3,915,032 | 2,295,194 | 2,756,502 | 2,900,519 | 1,158,530 | 1,714,551 | 2,128,939 | -658,011 | -889,313 | |
| Triglav Auto d.o.o., Banja Luka | - | 1,023 | - | 0 | - | 1,023 | - | 0 | - | 0 | |
| Triglav Upravljanje nekretninama d.o.o., Zagreb | 1,535,688 | 3,330,251 | 6,320 | 140,856 | 1,529,368 | 3,189,395 | 55,105 | 54,445 | -243,389 | -80,896 | |
| Triglav Upravljanje nekretninama d.o.o., Podgorica | 2,990,105 | 3,452,529 | 295,969 | 145,254 | 2,694,136 | 3,307,275 | 151,799 | 209,461 | -613,139 | 7,991 | |
| PROF-IN d.o.o., Banja Luka | 4,282,058 | 3,643,170 | 186,599 | 38,668 | 4,095,459 | 3,604,502 | 963,059 | 625,681 | 490,957 | 162,330 | |
| Hotel Grad Podvin d.d., Ljubljana | 2,322,347 | 2,537,920 | 2,011,487 | 1,991,829 | 310,860 | 546,091 | 41,477 | 75,531 | -235,231 | -101,133 | |
| Zavod Vse bo v redu | 128,020 | 143,507 | 28,020 | 43,507 | 100,000 | 100,000 | 26,700 | 55,001 | -15,488 | 10,678 | |

Non-controlling interests in the companies of the Triglav Group

| | | | in EUR | | | | | | | |
|--------------|---|--|--|-------|---|-------|--|----------------|---|------------------|
| NO. | COMPANY | ADDRESS | NON-CONTROLLING INTEREST IN CAPITAL (in %) | | VOTING RIGHTS OF NON-CONTROLLING INTERESTS (in %) | | NET PROFIT OR LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST HOLDERS | | RETAINED EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTEREST HOLDERS | |
| | | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | Triglav Osiguranje d.d., Sarajevo | Dolina 8, Sarajevo, Bosna in Hercegovina | 2.22 | 2.22 | 1.13 | 1.13 | 20,582 | 19,418 | 240,897 | 240,001 |
| 2 | Triglav Osiguranje a.d.o., Beograd | Milutina Milankovića 7a, Novi Beograd, Srbija | 0.12 | 0.12 | 0.12 | 0.12 | 2,374 | 2,181 | 206,048 | 201,008 |
| 3 | Triglav Osiguruvanje a.d., Skopje | Bulevar 8-mi Septemvri 16, Skopje, Republika Severna Makedonija | 19.55 | 19.65 | 19.55 | 19.65 | 59,325 | 106,261 | 1,703,933 | 1,650,912 |
| 4 | Lovćen Osiguranje a.d., Podgorica | Ulica Slobode 13a, Podgorica, Črna gora | 3.41 | 3.41 | 3.41 | 3.41 | 103,796 | 53,289 | 444,022 | 331,073 |
| 5 | Lovćen životna osiguranja a.d., Podgorica | Marka Miljanova 29/III, Podgorica, Črna gora | 3.41 | 3.41 | 3.41 | 3.41 | 12,347 | 14,251 | 88,708 | 72,024 |
| 6 | Golf Arboretum d.o.o., Volčji Potok | Volčji Potok 43g, Radomlje, Slovenija | - | 19.27 | - | 19.27 | -990 | -11,123 | - | 58,827 |
| 7 | Triglav Savjetovanje d.o.o., Sarajevo | Topal Osman Paše 30, Sarajevo, Bosna in Hercegovina | 1.09 | 1.09 | 1.09 | 1.09 | -144 | 288 | -16,753 | -16,609 |
| 8 | Unis automobili i dijelovi d.o.o., Sarajevo | Mehmeda ef. Pandže 13, Sarajevo, Bosna in Hercegovina | - | 2.22 | - | 1.13 | - | 48 | - | -333,323 |
| 9 | Autocentar BH d.o.o., Sarajevo | Džemala Bjedića 165b, Sarajevo, Bosna in Hercegovina | 2.22 | 2.22 | 1.13 | 1.13 | 684 | 2,816 | -145,082 | 163,530 |
| 10 | Lovćen Auto d.o.o., Podgorica | Novaka Miloševa 6/2, Podgorica, Črna gora | 3.41 | 3.41 | 3.41 | 3.41 | -22,438 | -30,326 | -390,088 | -367,651 |
| 11 | Triglav Osiguruvanje Život a.d., Skopje | Bulevar sv. Kiril i Metodij 18, Skopje, Republika Severna Makedonija | 3.91 | 3.93 | 3.91 | 3.93 | -9,524 | -5,882 | -12,135 | -2,135 |
| 12 | Sarajevostan d.o.o., Sarajevo | Kolodvorska 12, Sarajevo, Bosna in Hercegovina | 9.05 | 9.05 | 8.03 | 8.03 | 7,776 | 12,291 | 306,257 | 298,480 |
| 13 | Triglav Savetovanje d.o.o., Beograd | Milutina Milankovića 7a, Novi Beograd, Srbija | 0.06 | 0.06 | 0.06 | 0.06 | -3 | -21 | -141 | -137 |
| TOTAL | | | | | | | 173,785 | 163,491 | 2,425,665 | 2,295,999 |

Material non-controlling interests

Presented below are the condensed balance sheet and comprehensive income for material non-controlling interests.

| | in EUR | |
|---|---------------------------|-------------------|
| | Triglav Osiguranje Skopje | |
| | 31 December 2019 | 31 December 2018 |
| CONDENSED BALANCE SHEET | | |
| Current assets | 6,280,101 | 5,921,431 |
| Current liabilities | 3,238,360 | 2,679,504 |
| Net current assets/liabilities | 3,041,741 | 3,241,927 |
| Non-current assets | 35,091,248 | 31,737,281 |
| Non-current liabilities | 23,389,813 | 20,596,197 |
| Net non-current assets/liabilities | 11,701,435 | 11,141,084 |
| Net assets | 14,743,176 | 14,383,011 |
| | 2019 | 2018 |
| CONDENSED COMPREHENSIVE INCOME | | |
| Net profit or loss for the year | 303,453 | 540,769 |
| Other comprehensive income | 56,711 | 237,920 |
| Total comprehensive income | 360,164 | 778,689 |
| Dividends from associates for the year | 0 | 0 |
| | 2019 | 2018 |
| CONDENSED CASH FLOW STATEMENT | | |
| Cash flows from operating activities | 847,503 | -58,496 |
| Cash flows from investing activities | -979,026 | 13,694 |
| Cash flows from financing activities | 0 | 0 |
| Net change in cash flows | -131,523 | -44,802 |

Changes occurred in the ownership structure of the Triglav Group in 2019*Acquisition of Alta SKLADI, družba za upravljanje d.d.*

Triglav Skladi d.o.o., acquired a 100% equity stake in Alta Skladi, družba za upravljanje d.d. (hereinafter: Alta Skladi), thereby obtaining 100% of the voting rights and a controlling interest in said company. On 19 December 2019, Alta Skladi d.d., was stricken off the Companies Register due to its merger with the acquiring company Triglav Skladi d.o.o.

The activity of the acquiree is the provision of investment fund management services. The purpose of the acquisition was to obtain the right to manage their investment funds and to take advantage of the positive effects of the companies' merger and the integration of fund management.

The acquisition of Alta Skladi d.d., is treated as a business combination in the Group. In the consolidated financial statements, the said business combination was accounted for using the acquisition method. As at the acquisition date of 30 April 2019, all assets acquired and liabilities assumed of Alta Skladi were measured at fair value. The right of managing the fund was recognised in the net fair value of assets and is separately included in intangible assets as list of customers. The value in the amount of EUR 5,472,939 was determined based on the valuation using the excess earnings method. The 10-year useful life was taken into account. Deferred tax in the amount of EUR 1,039,858 was also calculated.

The consideration for the purchase of the company is EUR 22.5 million and consists of a fixed and variable amount. The variable part of consideration, which is contingent consideration, consists of a deferred payment of EUR 1,930,000 (for potential lawsuits, legal proceedings, breach of warranty or agreement mistakes). The deferred payment lasts for a maximum of 5 years + 60 days. The second portion of the variable amount totals maximum EUR 2.4 million and depends on net payments from the Flegma product. This value was assessed based on the data on net inflows from this product in the past and the present year using the discounted cash flow method. Contingent consideration is also recognised as a financial liability. As at 31 December 2019, the financial liability of contingent consideration amounted to EUR 3,527,000.

Total consideration exceeds the net asset value by EUR 10.4 million and is recognised as goodwill in the consolidated financial statements. Goodwill is the value of synergy effects arising from increased assets under management, greater market visibility and the synergy effects of pooling the fund managers' knowledge.

The assets acquired and liabilities assumed and the calculation of goodwill as at the acquisition date of 30 April 2019 are as follows:

| | in EUR |
|---|--------------------------------|
| Recognised amounts | Fair value as at 30 April 2019 |
| ASSETS ACQUIRED | 13,911,407 |
| Intangible assets | 8,722,477 |
| Property, plant and equipment | 25,609 |
| Financial investment | 965,902 |
| Operating receivables | 583,545 |
| Other receivables | 426,717 |
| Other assets | 324,247 |
| Cash and cash equivalents | 2,862,910 |
| LIABILITIES ASSUMED | 1,805,583 |
| Provisions for retirement benefits | 23,128 |
| Other provisions | 292,322 |
| Deferred tax liabilities | 1,108,838 |
| Operating liabilities | 194,485 |
| Current tax liabilities | 36,534 |
| Other liabilities | 150,276 |
| TOTAL IDENTIFIABLE NET ASSETS | 12,105,824 |
| CONSIDERATION | 22,519,136 |
| – fixed consideration | 18,606,034 |
| – contingent consideration: | 3,913,102 |
| – deferred consideration | 1,930,000 |
| – consideration for Flegma product | 1,983,102 |
| FINANCIAL LIABILITY for contingent consideration | 3,913,102 |
| GOODWILL | 10,413,312 |

Goodwill adjustments are possible during the measurement period (within one year of the acquisition), but only because of a change in contingent consideration and any changes in the fair value of assets acquired and liabilities assumed that relate to the facts and circumstances existing as at the acquisition date. In the period from 1 July to 31 December 2019, the fair value of liabilities assumed was adjusted by EUR 14,362 and thus the amount of goodwill increased. The change was recognised following the audit of assets and liabilities.

Any changes in the fair value of financial liabilities of contingent consideration due to new information relating to changes in events after the acquisition date will be recognised in profit or loss.

From 1 May to 19 December 2019 (until striking off the register), Alta Skladi d.d., generated income of EUR 3,835,931 and net profit of EUR 1,192,198.

Purchase of shares of Triglav Osiguruvanje a.d., Skopje from non-controlling interest holders

Triglav INT d.d. acquired a 0.10% equity stake from the non-controlling interest holders of Triglav Osiguruvanje, a.d., Skopje, thereby becoming its 80.45% owner. The acquisition price of the equity stake amounted to MKD 888,940 or EUR 14,428. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as an increase in share premium of EUR 614.

Capital increase of Lovćen Auto d.o.o.

Lovćen Osiguranje, a.d., increased its equity stake in its subsidiary Lovćen Auto d.o.o., in the amount of EUR 2,400,000, thus remaining a 100% owner of the said company.

Capital increase of Triglav d.o.o.

By paying in EUR 1,094,670, Zavarovalnica Triglav d.d., increased the share capital of its associate Triglav d.o.o., and thus maintained its 49.9% equity stake in the said company.

Capital increase of Triglav Savjetovanje d.o.o., Zagreb

In Q2 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of HRK 2,100,000 or EUR 284 thousand. As a result, both companies maintained their stakes in said company, 51% and 49% respectively.

Establishment of Triglav penzisko društvo a.d., Skopje

On 27 March 2019, the pension company Triglav penzisko društvo, a.d., Skopje was established in North Macedonia. The total share capital of EUR 3 million was paid in by Zavarovalnica Triglav d.d., thereby becoming a 100% owner of the said company.

Capital increase of Triglav Savetovanje d.o.o., Belgrade

In Q3 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Belgrade increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of RSD 2,500,000 or EUR 21 thousand. As a result, both companies maintained their stakes in the said company; 51% and 49% respectively.

Sale of ZIF Prof Plus d.d., Sarajevo

Triglav Skladi d.o.o. and Triglav, Upravljanje nepremičnin d.d. sold their equity stakes in ZIF Prof Plus d.d. of 11.72% and 10.37% respectively. As a result of selling the combined equity stake of 22.09%, a profit of EUR 560 thousand was generated at the Group level.

Sale of Golf Arboretum d.o.o., Ljubljana

Triglav, Upravljanje nepremičnin d.d. sold its equity stake of 80.73% in Golf Arboretum d.o.o. As a result, the Triglav Group generated a loss of EUR 563 thousand.

Liquidation of Triglav Auto d.o.o., Banja Luka

On 19 September 2019, Triglav Auto d.o.o., Banja Luka was liquidated. The liquidation had no effect on the consolidated financial statements of the Triglav Group.

Merger of Unis automobili i dijelovi d.o.o., Sarajevo

Unis automobili i dijelovi d.o.o. was merged with Autocentar BH d.o.o. The merger did not have an impact on the consolidated financial statements of the Triglav Group.

Sale of KRDU Building d.o.o. and LOMA CENTER d.o.o.

On 5 February 2019, Trigal d.o.o. and the fund TRIGAL AIF SICAV – RAIF S.C.A. Compartment 2, Regional Multi Asset Fund Compartment, Luxembourg, signed an agreement to sell KRDU Building d.o.o. and LOMA CENTER d.o.o. As a result, both companies are no longer considered associates of the Triglav Group. There was no effect of derecognition.

Establishment of ALFI PD, upravljanje alternativnih investicijskih skladov d.o.o.

Trigal d.o.o. and three other partners established ALFI PD d.o.o. on 3 September 2019. With the payment of EUR 40 thousand, Trigal became a 40% owner of said company.

3. Notes to the statement of financial position

3.1. Intangible assets

| Triglav Group | | | | | | in EUR |
|---------------------------------|------------|---------------------------|--------------------------|-----------------------|--|-------------|
| | Goodwill | Deferred acquisition cost | Long-term deferred items | Licences and software | Intangible assets in course of acquisition | Total |
| COST | | | | | | |
| As at 1 January 2018 | 0 | 42,121,469 | 4,464,919 | 71,282,413 | 3,296,603 | 121,165,404 |
| – transfer in use | 0 | 0 | 0 | 2,896,144 | -2,896,144 | 0 |
| – purchases | 0 | 0 | 0 | 4,996,291 | 2,592,996 | 7,589,287 |
| – disposals | 0 | 0 | 0 | -2,927,961 | -2,987 | -2,930,948 |
| – reclassification | 0 | 1,206,307 | 0 | -1,206,307 | 0 | 0 |
| – increase (net value) | 0 | 5,947,377 | -1,475,430 | 0 | 0 | 4,471,947 |
| – exchange rate difference | 0 | 4,001 | 0 | 19,758 | -1,250 | 22,509 |
| As at 31 December 2018 | 0 | 49,279,154 | 2,989,489 | 75,060,338 | 2,989,220 | 130,318,201 |
| – transfer in use | 0 | 0 | 0 | 1,503,027 | -1,503,027 | 0 |
| – purchases | 0 | 0 | 0 | 3,527,791 | 3,293,015 | 6,820,806 |
| – disposals | 0 | 0 | 0 | -2,393,328 | 0 | -2,393,328 |
| – impairment | 0 | 0 | 0 | -443,726 | 0 | -443,726 |
| – increase (net value) | 0 | 1,448,230 | -1,176,041 | 0 | 0 | 272,189 |
| – acquisition* | 10,413,312 | 0 | 0 | 8,966,464 | 0 | 19,379,776 |
| – exchange rate difference | 0 | 47,372 | 0 | 14,317 | 329 | 62,018 |
| As at 31 December 2019 | 10,413,312 | 50,774,756 | 1,813,448 | 86,234,883 | 4,779,537 | 154,015,936 |
| ACCUMULATED AMORTISATION | | | | | | |
| As at 1 January 2018 | 0 | 0 | 0 | -42,324,789 | 0 | -42,324,789 |
| – current year amortisation | 0 | 0 | 0 | -6,837,916 | 0 | -6,837,916 |
| – disposals | 0 | 0 | 0 | 2,917,758 | 0 | 2,917,758 |
| – impairment | 0 | 0 | 0 | 0 | 0 | 0 |
| – exchange rate difference | 0 | 0 | 0 | -13,199 | 0 | -13,199 |
| As at 31 December 2018 | 0 | 0 | 0 | -46,258,148 | 0 | -46,258,148 |
| – current year amortisation | 0 | 0 | 0 | -8,161,376 | 0 | -8,161,376 |
| – disposals | 0 | 0 | 0 | 2,356,530 | 0 | 2,356,530 |
| – impairment | 0 | 0 | 0 | 43,840 | 0 | 43,840 |
| – acquisition* | 0 | 0 | 0 | -254,753 | 0 | -254,753 |
| – exchange rate difference | 0 | 0 | 0 | -16,299 | 0 | -16,299 |
| As at 31 December 2019 | 0 | 0 | 0 | -52,290,206 | 0 | -52,290,206 |
| CARRYING AMOUNT | | | | | | |
| As at 31 December 2018 | 0 | 49,279,154 | 2,989,489 | 28,802,185 | 2,989,220 | 84,060,048 |
| As at 31 December 2019 | 10,413,312 | 50,774,756 | 1,813,448 | 33,944,672 | 4,779,537 | 101,725,725 |

* Acquisition relates to Alta Skladi, d.d.

Goodwill

Upon the acquisition of Alta Skladi d.d. in 2019, goodwill was recognised as at the acquisition date of 30 April 2019. A more detailed description is presented in [→ *Section 2.10*].

The value of goodwill was checked as at the reporting date. In testing goodwill for impairment, where key assumptions have been tested, the recoverable amount of the cash-generating unit (Alta Skladi) was calculated in addition to assessing impairment indications. The value in use was taken into account when measuring the recoverable amount. The discounted rate of 12.1% was taken into account when estimating cash flows for a 5-year period.

The calculated value in use as at 31 December 2019 was higher than the carrying amount. The goodwill impairment test showed that there was no need to impair goodwill as at 31 December 2019.

Other intangible fixed assets

Amortisation of intangible assets is recognised in the income statement under different items. Details are given in the breakdown of costs by nature and function in [→ *Section 4.12*].

The Group has no individual intangible assets that are material to the consolidated financial statements.

| Zavarovalnica Triglav | Deferred acquisition costs | Long-term deferred items | Licenses and software | Intangible assets in course of acquisition | in EUR Total |
|---------------------------------|----------------------------|--------------------------|-----------------------|--|--------------------|
| COST | | | | | |
| As at 1 January 2018 | 30,659,972 | 4,464,919 | 50,286,241 | 2,528,350 | 87,939,483 |
| – transfer in use | 0 | 0 | 1,276,865 | -1,276,865 | 0 |
| – purchases | 0 | 0 | 4,291,359 | 132,935 | 4,424,294 |
| – disposal | 0 | 0 | -2,782,408 | 0 | -2,782,408 |
| – increase (net value) | 4,476,220 | -1,475,430 | 0 | 0 | 3,000,790 |
| As at 31 December 2018 | 35,136,192 | 2,989,489 | 53,072,058 | 1,384,420 | 92,582,159 |
| – transfer in use | 0 | 0 | 360,322 | -360,322 | 0 |
| – purchases | 0 | 0 | 2,797,294 | 1,879,420 | 4,676,714 |
| – disposal | 0 | 0 | -2,341,130 | 0 | -2,341,130 |
| – increase (net value) | 1,995,928 | -1,394,325 | 0 | 0 | 601,603 |
| As at 31 December 2019 | 37,132,120 | 1,595,164 | 53,888,544 | 2,903,514 | 95,519,344 |
| ACCUMULATED AMORTISATION | | | | | |
| As at 1 January 2018 | 0 | 0 | -28,153,198 | 0 | -28,153,198 |
| – amortisation | 0 | 0 | -5,045,772 | 0 | -5,045,772 |
| – disposal | 0 | 0 | 2,779,314 | 0 | 2,779,314 |
| As at 31 December 2018 | 0 | 0 | -30,419,656 | 0 | -30,419,656 |
| – amortisation | 0 | 0 | -5,485,765 | 0 | -5,485,765 |
| – disposal | 0 | 0 | 2,310,348 | 0 | 2,310,348 |
| As at 31 December 2019 | 0 | 0 | -33,595,071 | 0 | -33,595,071 |
| CARRYING AMOUNT | | | | | |
| As at 31 December 2018 | 35,136,192 | 2,989,489 | 22,652,403 | 1,384,420 | 62,162,502 |
| As at 31 December 2019 | 37,132,120 | 1,595,164 | 20,293,474 | 2,903,514 | 61,924,273 |

Zavarovalnica Triglav did not pledge any intangible assets as collateral. As at 31 December 2019, trade payables for intangible assets amounted to EUR 2,547,605 (vs. EUR 6,113,245 as at 31 December 2018).

The amortisation for the current year is split between several items of the income statement. For details, see expenses by nature and function in [[→ Section 4.12](#)]. Change in deferred acquisition costs is recognised as a change in unearned premium provision in the income stated, as stated in [[→ Section 4.1](#)].

Zavarovalnica Triglav has no individual intangible assets that are material to the financial statements. Cost of fully depreciated intangible assets still in use represents 20.02% of the total cost of intangible assets.

3.2. Property, plant and equipment

| Triglav Group | Land | Buildings | Equipment | PP&E in course of acquisition | in EUR |
|-------------------------------------|-------------------|--------------------|--------------------|-------------------------------|--------------------|
| | | | | | Total |
| COST | | | | | |
| As at 1 January 2018 | 11,774,345 | 123,582,099 | 62,954,526 | 3,234,099 | 201,545,069 |
| – transfer in use | 0 | 2,511,143 | 4,564,476 | -7,075,620 | 0 |
| – purchases | 2,777 | 206,016 | 2,931,406 | 7,826,487 | 10,966,686 |
| – disposals | 0 | -195,820 | -8,673,843 | -14,135 | -8,883,798 |
| – impairment | 0 | -18,892 | -141,038 | 0 | -159,930 |
| – transfer from investment property | 0 | -1,597,617 | 0 | 0 | -1,597,617 |
| – exchange rate differences | 16,489 | 59,901 | 8,080 | 180 | 84,650 |
| As at 31 December 2018 | 11,793,611 | 124,546,831 | 61,643,604 | 3,971,011 | 201,955,057 |
| – transfer in use | 23,517 | 986,157 | 1,505,951 | -2,515,626 | 0 |
| – purchases | 382,859 | 2,629,972 | 4,493,328 | 1,815,723 | 9,321,882 |
| – disposals | -50,018 | -168,025 | -3,630,856 | 0 | -3,848,899 |
| – transfer to investment property | 147,127 | 848,796 | 251,433 | 0 | 1,247,356 |
| – impairment | 0 | 0 | -4,242 | 0 | -4,242 |
| – sale of Golf Arboretum | -773,133 | -1,144,199 | -571,623 | -7,429 | -2,496,384 |
| – reclassification | 0 | -655,204 | -45,709 | 0 | -700,913 |
| – acquisition* | 0 | 0 | 125,034 | 0 | 125,034 |
| – exchange rate differences | -16,259 | -11,166 | 16,482 | -196 | -11,139 |
| As at 31 December 2019 | 11,507,705 | 127,033,164 | 63,783,402 | 3,263,482 | 205,587,753 |
| ACCUMULATED DEPRECIATION | | | | | |
| As at 1 January 2018 | 0 | -38,258,199 | -52,076,438 | 0 | -90,334,637 |
| – depreciation for the current year | 0 | -2,269,813 | -5,194,358 | 0 | -7,464,171 |
| – disposals | 0 | 84,369 | 8,415,541 | 0 | 8,499,910 |
| – impairment | 0 | 18,892 | 157,452 | 0 | 176,344 |
| – transfer from investment property | 0 | 481,171 | 0 | 0 | 481,171 |
| – exchange rate differences | 0 | -11,274 | -6,355 | 0 | -17,629 |
| As at 31 December 2018 | 0 | -39,954,853 | -48,704,159 | 0 | -88,659,012 |
| – depreciation for the current year | 0 | -2,365,602 | -5,488,430 | 0 | -7,854,032 |
| – disposals | 0 | 32,162 | 2,879,578 | 0 | 2,911,740 |
| – transfer to investment property | 0 | 35,379 | 90,403 | 0 | 125,782 |
| – impairment | 0 | 0 | -8,224 | 0 | -8,224 |
| – sale of Golf Arboretum | 0 | 853,968 | 526,550 | 0 | 1,380,518 |
| – reclassification | 0 | 655,204 | 45,709 | 0 | 700,913 |
| – acquisition* | 0 | 0 | -112,067 | 0 | -112,067 |
| – exchange rate differences | 0 | 6,676 | -7,764 | 0 | -1,088 |
| As at 31 December 2019 | 0 | -40,737,064 | -50,778,398 | 0 | -91,515,462 |
| CARRYING AMOUNT | | | | | |
| As at 31 December 2018 | 11,793,611 | 84,591,978 | 12,939,445 | 3,971,011 | 113,296,053 |
| As at 31 December 2019 | 11,507,705 | 86,296,100 | 13,005,004 | 3,263,482 | 114,072,290 |

* Acquisition relates to Alta Skladi, d.d.

The Group has no items of property, plant and equipment pledged as collateral for liabilities. The Group members have equipment held under a finance lease in the amount of EUR 504 thousand.

The depreciation charge for the current year is disclosed in several items of the income statement, as income statement expenses are recorded by functional group, as described in [→ [Section 2.8.25](#)]. For details, see expenses by nature and function in [→ [Section 4.12](#)].

A comparison between the carrying amounts and the fair values of own-account buildings and land is given below.

| | in EUR | |
|----------------------|--------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 |
| Carrying amount | 97,803,805 | 96,385,589 |
| Estimated fair value | 102,603,482 | 95,864,073 |

| Zavarovalnica Triglav | Land | Buildings | Equipment | PP&E in course of acquisition | in EUR |
|-------------------------------------|------------------|--------------------|--------------------|-------------------------------|--------------------|
| | | | | | Total |
| COST | | | | | |
| As at 1 January 2018 | 5,621,960 | 79,970,328 | 40,481,040 | 357,374 | 126,430,702 |
| – transfer in use | 0 | 148,215 | 3,770,938 | -3,919,153 | 0 |
| – purchases | 2,777 | 58,324 | 1,920,529 | 4,472,594 | 6,454,224 |
| – disposal | 0 | -171,414 | -7,817,509 | 0 | -7,988,923 |
| – transfer from investment property | 0 | -1,506,337 | 0 | 0 | -1,506,337 |
| As at 31 December 2018 | 5,624,737 | 78,499,116 | 38,354,998 | 910,815 | 123,389,666 |
| – transfer in use | 0 | 654,217 | 874,757 | -1,528,974 | 0 |
| – purchases | 110,262 | 125,442 | 2,651,378 | 976,633 | 3,863,715 |
| – disposal | 0 | -57,258 | -1,401,371 | 0 | -1,458,629 |
| – transfer to investment property | 122,380 | 1,269,159 | 0 | 0 | 1,391,539 |
| As at 31 December 2019 | 5,857,377 | 80,490,677 | 40,479,762 | 358,472 | 127,186,288 |
| ACCUMULATED DEPRECIATION | | | | | |
| As at 1 January 2018 | 0 | -25,358,024 | -33,545,901 | 0 | -58,903,925 |
| – depreciation for the current year | 0 | -1,331,975 | -3,312,480 | 0 | -4,644,455 |
| – disposal | 0 | 76,190 | 7,623,707 | 0 | 7,699,897 |
| – transfer to investment property | 0 | 444,920 | 0 | 0 | 444,920 |
| As at 31 December 2018 | 0 | -26,168,889 | -29,234,674 | 0 | -55,403,563 |
| – depreciation for the current year | 0 | -1,343,373 | -3,450,729 | 0 | -4,794,102 |
| – disposal | 0 | 26,317 | 1,290,744 | 0 | 1,317,061 |
| As at 31 December 2019 | 0 | -27,485,944 | -31,394,660 | 0 | -58,880,604 |
| CARRYING AMOUNT | | | | | |
| As at 31 December 2018 | 5,624,737 | 52,330,227 | 9,120,324 | 910,815 | 67,986,100 |
| As at 31 December 2019 | 5,857,377 | 53,004,733 | 9,085,101 | 358,472 | 68,305,684 |

Zavarovalnica Triglav did not pledge any property, plant and equipment as collateral.

The depreciation for the current year is split between several items of the income statement. For details, see expenses by nature and function in [[→ Section 4.12](#)]. As at 31 December 2019, trade payables for property, plant and equipment amounted to EUR 2,947,049 (vs. EUR 2,228,906 as at 31 December 2018). Cost of fully depreciated property, plant and equipment still in use represents 19.57% of the total cost of property, plant and equipment.

Fair values of land and buildings are shown in the table below.

| | in EUR | |
|----------------------|--------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 |
| Carrying amount | 58,862,110 | 57,954,964 |
| Estimated fair value | 65,323,896 | 59,002,099 |

3.3. Investment property

| Triglav Group | Land | Buildings | IP in course of acquisition | in EUR Total |
|--|-------------------|--------------------|-----------------------------|--------------------|
| COST | | | | |
| As at 1 January 2018 | 24,648,439 | 71,617,835 | 15,864,729 | 112,131,003 |
| – transfer in use | 0 | 1,370,775 | -1,370,775 | 0 |
| – purchases | 0 | 398,619 | 3,683,798 | 4,082,417 |
| – disposals | -834,718 | -3,793,583 | -3,945,000 | -8,573,301 |
| – impairment | 0 | 0 | 0 | 0 |
| – transfer to non-current assets held for sale | 78,837 | 139,595 | 0 | 218,432 |
| – transfer to property, plant and equipment | 64,852 | 1,532,765 | 0 | 1,597,617 |
| – increase | 0 | 13,173 | 0 | 13,173 |
| – exchange rate difference | 2,766 | 4,069 | 0 | 6,835 |
| As at 31 December 2018 | 23,960,176 | 71,283,245 | 14,232,752 | 109,476,173 |
| – transfer in use | 256,268 | 6,782,241 | -7,038,509 | 0 |
| – purchases | 94,484 | 295,063 | 5,070,949 | 5,460,496 |
| – disposals | -2,826,934 | -6,117,253 | 0 | -8,944,187 |
| – transfer from property, plant and equipment | -147,127 | -1,189,207 | 0 | -1,336,334 |
| – impairment | -1,444,876 | -799,876 | 0 | -2,244,752 |
| – transfer to non-current assets held for sale | -1,806,052 | -1,898,159 | 0 | -3,704,211 |
| – exchange rate difference | -1,115 | 3,005 | 0 | 1,890 |
| As at 31 December 2019 | 18,084,824 | 68,359,056 | 12,265,192 | 98,709,072 |
| ACCUMULATED DEPRECIATION | | | | |
| As at 1 January 2018 | 0 | -18,123,526 | 0 | -18,123,526 |
| – depreciation for the current year | 0 | -1,415,409 | 0 | -1,415,409 |
| – disposals | 0 | 860,652 | 0 | 860,652 |
| – impairment | 0 | -474,484 | 0 | -474,484 |
| – transfer to non-current assets held for sale | 0 | -1,745 | 0 | -1,745 |
| – transfer to property, plant and equipment | 0 | -481,171 | 0 | -481,171 |
| – exchange rate difference | 0 | -42 | 0 | -42 |
| As at 31 December 2018 | 0 | -19,635,725 | 0 | -19,635,725 |
| – depreciation for the current year | 0 | -1,385,473 | 0 | -1,385,473 |
| – disposals | 0 | 2,054,780 | 0 | 2,054,780 |
| – transfer from property, plant and equipment | 0 | -36,804 | 0 | -36,804 |
| – impairment | 0 | -170,898 | 0 | -170,898 |
| – transfer to non-current assets held for sale | 0 | 387,695 | 0 | 387,695 |
| – exchange rate difference | 0 | -1,177 | 0 | -1,177 |
| As at 31 December 2019 | 0 | -18,787,601 | 0 | -18,787,601 |
| CARRYING AMOUNT | | | | |
| As at 31 December 2018 | 23,960,176 | 51,647,520 | 14,232,752 | 89,840,456 |
| As at 31 December 2019 | 18,084,824 | 49,571,455 | 12,265,192 | 79,921,480 |

The Group leases its investment properties, i.e. individual business premises. All leasing agreements, stipulated for an initial period from one to ten years, may be rescinded at any moment. Rents do not include conditional rents.

All investment property income relates exclusively to rents and is shown in the income statement under the item Other income (see [→ *Section 4.7*]). All investment property expenses relate to depreciation and maintenance costs arising from the investment property and are shown in the income statement under the item Other expenses (see [→ *Section 4.14*]).

Fair value is disclosed below.

| | in EUR | |
|----------------------|--------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 |
| Carrying amount | 79,921,480 | 89,840,456 |
| Estimated fair value | 95,349,597 | 99,121,781 |

| | | | | in EUR |
|---|------------------|-------------------|-----------------------------|-------------------|
| Zavarovalnica Triglav | Land | Buildings | IP in course of acquisition | Total |
| COST | | | | |
| As at 1 January 2018 | 4,657,794 | 36,946,434 | 15,380,881 | 56,985,109 |
| – transfer in use | 0 | 906,144 | -906,144 | 0 |
| – purchases | 0 | 386,505 | 3,163,151 | 3,549,656 |
| – disposal | -488,168 | -3,074,765 | -3,945,000 | -7,507,933 |
| – transfer to property, plant and equipment | 0 | 1,506,337 | 0 | 1,506,337 |
| As at 31 January 2018 | 4,169,626 | 36,670,655 | 13,692,888 | 54,533,169 |
| – transfer in use | 0 | 6,285,884 | -6,285,884 | 0 |
| – purchases | 0 | 59,002 | 4,145,289 | 4,204,291 |
| – disposal | -438,428 | -1,036,356 | 0 | -1,474,784 |
| – impairment | -59,626 | -140,788 | 0 | -200,414 |
| – transfer from property, plant and equipment | -122,380 | -1,269,159 | 0 | -1,391,539 |
| As at 31 December 2019 | 3,549,193 | 40,569,237 | 11,552,293 | 55,670,723 |
| ACCUMULATED DEPRECIATION | | | | |
| As at 1 January 2018 | 0 | -8,770,708 | 0 | -8,770,708 |
| – depreciation | 0 | -851,407 | 0 | -851,407 |
| – disposal | 0 | 804,406 | 0 | 804,406 |
| – transfer to property, plant and equipment | 0 | -444,920 | 0 | -444,920 |
| As at 31 December 2018 | 0 | -9,262,629 | 0 | -9,262,629 |
| – depreciation | 0 | -904,388 | 0 | -904,388 |
| – disposal | 0 | 551,031 | 0 | 551,031 |
| – impairment | 0 | 36,398 | 0 | 36,398 |
| As at 31 December 2019 | 0 | -9,579,587 | 0 | -9,579,587 |
| CARRYING AMOUNT | | | | |
| As at 31 December 2018 | 4,169,626 | 27,408,026 | 13,692,888 | 45,270,540 |
| As at 31 December 2019 | 3,549,193 | 30,989,650 | 11,552,293 | 46,091,135 |

Zavarovalnica Triglav leases its investment properties, i.e. individual business premises. All leasing agreements, stipulated for an initial period from one to ten years, may be rescinded at any moment. Rents do not include conditional rents. For additional notes on the rental income see [→ [Section 4.7](#)]. All investment property expenses relate to depreciation and maintenance costs arising from the investment property and are shown in the income statement under the item Other expenses (see [→ [Section 4.14](#)]).

Fair value of investment property is disclosed below.

| | 31 December 2019 | 31 December 2018 |
|----------------------|------------------|------------------|
| Carrying amount | 46,091,135 | 45,270,540 |
| Estimated fair value | 60,115,354 | 52,936,499 |

The following income is recognised in the income statement as lease income:

| | Triglav Group | Zavarovalnica Triglav |
|-----------------|---------------|-----------------------|
| | 2019 | 2019 |
| Lease income | 5,002,968 | 5,662,363 |
| Sublease income | 92,392 | 61,296 |

Based on the current contractual provisions in lease contracts, an analysis of expected future cash flows from leases is presented below.

| | Triglav Group | Zavarovalnica Triglav |
|-------------------|-------------------|-----------------------|
| | | |
| 1 year | 7,751,029 | 4,666,717 |
| 2 years | 7,398,674 | 4,651,506 |
| 3 years | 6,725,838 | 4,105,947 |
| 4 years | 6,163,593 | 3,763,365 |
| 5 years | 2,194,319 | 773,140 |
| More than 5 years | 2,399,676 | 1,503,433 |
| TOTAL | 32,633,129 | 19,464,108 |

3.4. Right of use assets

Right-of-use assets are recognised for asset leases in 2019. In the comparable year, only assets held under a finance lease were recognised under property, plant and equipment. A more detailed explanation is provided in [[→ Section 5.11](#)] in the implementation of the new IFRS 16 Leases.

| | in EUR | | | |
|--|--------------------|-----------|---------|------------|
| Triglav Group | Land and buildings | Vehicles | Other | Total |
| Cost as at 1 January 2019 | 9,869,244 | 2,074,186 | 250,375 | 12,193,805 |
| – addition | 1,475,367 | 654,077 | 89,492 | 2,218,936 |
| – accumulated depreciation | -2,397,799 | -788,925 | -78,058 | -3,264,782 |
| – modification | -84,397 | -62,357 | -73,905 | -220,659 |
| – exchange rate difference | 69,857 | -15,332 | -43,900 | 10,625 |
| Carrying amount as at 31 December 2019 | 8,932,272 | 1,861,649 | 144,004 | 10,937,925 |

| | in EUR | | | |
|--|--------------------|-----------|---------|------------|
| Zavarovalnica Triglav | Land and buildings | Vehicles | Other | Total |
| Cost as at 1 January 2019 | 3,334,307 | 1,313,475 | 33,876 | 4,681,658 |
| – addition | 179,957 | 310,687 | 0 | 490,644 |
| – accumulated depreciation | -596,539 | -421,318 | -13,622 | -1,031,479 |
| – modification | 17,748 | -53,296 | 1,040 | -34,508 |
| Carrying amount as at 31 December 2019 | 2,935,474 | 1,149,548 | 21,294 | 4,106,316 |

| | in EUR | |
|--|---------------|-----------------------|
| | Triglav Group | Zavarovalnica Triglav |
| | 2019 | 2019 |
| DEPRECIATION OF RIGHT OF USE ASSETS | 3,264,782 | 1,031,479 |
| Depreciation of rights to use land and buildings | 2,397,799 | 596,539 |
| Depreciation of right to use vehicles | 788,925 | 421,318 |
| Depreciation of rights to use other assets | 78,058 | 13,622 |
| INTEREST EXPENSE ON LEASE LIABILITIES | 554,387 | 76,026 |
| OTHER LEASE EXPENSES | 623,404 | 497,280 |
| Short – term lease expenses | 218,710 | 26,135 |
| Low – value lease expenses | 404,694 | 471,145 |
| Payment for right of use assets | 3,589,529 | 1,053,342 |

3.5. Investments in subsidiaries

Investments in subsidiaries are included in the consolidated financial statements under the full consolidation method. In stand-alone financial statements of Zavarovalnica Triglav, the subsidiaries directly owned by Zavarovalnica Triglav are disclosed at cost. See the tables below for detail.

Zavarovalnica Triglav's shares in subsidiaries

| No. | COMPANY | ADDRESS | TAX RATE (in %) | ACTIVITY | EQUITY STAKE (in %) | | SHARE OF VOTING RIGHTS (in %) | | BOOK VALUE (in EUR) | |
|-------|---|---|-----------------------|--|---------------------|--------|-------------------------------|--------|---------------------|-------------|
| | | | | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | Pozavarovalnica Triglav Re d.d. | Miklošičeva 19, Ljubljana, Slovenija | 19 | Reinsurance | 100.00 | 100.00 | 100.00 | 100.00 | 9,750,752 | 9,750,752 |
| 2 | Triglav, Zdravstvena zavarovalnica d.d. | Pristaniška 10, Koper, Slovenija | 19 | Insurance | 100.00 | 100.00 | 100.00 | 100.00 | 3,735,886 | 3,735,886 |
| 3 | Triglav INT d.d. | Dunajska 22, Ljubljana, Slovenija | 19 | Holding company | 100.00 | 100.00 | 100.00 | 100.00 | 79,770,730 | 79,770,730 |
| 4 | Triglav, pokojninska družba d.d. | Dunajska 22, Ljubljana, Slovenija | 19 | Fund management | 100.00 | 100.00 | 100.00 | 100.00 | 11,631,327 | 11,631,327 |
| 5 | Triglav Upravljanje nepremičnin d.d. | Dunajska 22, Ljubljana, Slovenija | 19 | Real estate management | 100.00 | 100.00 | 100.00 | 100.00 | 24,493,300 | 24,493,300 |
| 6 | Triglav Skladi d.o.o. | Slovenska 54, Ljubljana, Slovenija | 19 | Fund management | 67.50 | 67.50 | 100.00 | 100.00 | 2,076,723 | 2,076,723 |
| 7 | Triglav Avtoservis d.o.o. | Verovškova 60b, Ljubljana, Slovenija | 19 | Maintenance and repair of motor vehicle | 100.00 | 100.00 | 100.00 | 100.00 | 100,214 | 100,214 |
| 8 | Triglav Svetovanje d.o.o. | Ljubljanska 86, Domžale, Slovenija | 19 | Insurance agency | 100.00 | 100.00 | 100.00 | 100.00 | 279,736 | 279,736 |
| 9 | Zavod Vse bo v redu | Miklošičeva 19, Ljubljana, Slovenija | 19 | Insitute 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 septemvri broj 18, kat 2, 1000 Skopje, Severna Makedonija | 10 | Fund management | 100.00 | - | 100.00 | - | 3,000,000 | - |
| TOTAL | | | | | | | | | 134,938,667 | 131,938,667 |

3.6. Investments in associates

Loma center d.o.o. and KRDU Building d.o.o. were excluded from the Triglav Group in 2019. The two companies were sold by Triglav d.o.o. There was no effect of derecognition. A new associate, Alfi PD d.o.o., established by Triglav d.o.o. with three other partners, became a member of the Group. For details on the acquisition of interests see [→ *Section 2.10*].

The effects of valuation using the equity method are disclosed under [→ *items 4.2 and 4.3*] in the income statement. A summary of accounting information for the associates and the Group's interests in these companies are shown in the tables below.¹⁰⁶

| COMPANY | ADDRESS | TAX RATE (in%) | ACTIVITY |
|---|---|----------------|-------------------------------|
| Nama d.d. | Tomšičeva 1, Ljubljana, Slovenija | 19 | Retail trade |
| Triglavko d.o.o. | Ulica XXX. divizije 23, Nova Gorica, Slovenija | 19 | Insurance agency |
| ZIF Prof Plus | Veselina Masleše 1, Banja Luka, Republika Srbska, Bosnia and Herzegovina | 10 | Investment fund |
| TRIGAL, upravljanje naložb in svetovanje d.o.o. | Dunajska cesta 22, Ljubljana, Slovenija | 19 | Management of financial funds |
| LOMA CENTER, nepremičnine d.o.o. | Dunajska cesta 22, Ljubljana, Slovenija | 19 | Real estate management |
| KRDU Building d.o.o. | Dunajska cesta 22, Ljubljana, Slovenija | 19 | Real estate management |
| Ljubljana d.o.o. | Dunajska cesta 22, Ljubljana, Slovenija | 19 | Holding company |
| Društvo za upravljanje EDPF a.d., Banja Luka | Kralja Petra i Karadorđevića 109 Banja Luka, Republika Srbska, Bosnia and Herzegovina | 10 | Fund management |
| ZTSR, raziskovanje trga d.o.o. | Dunajska cesta 22, Ljubljana, Slovenija | 19 | Business services |
| Alfi PD d.o.o. | Verovškova ulica 55A, Ljubljana, Slovenija | 19 | Fund management |

| COMPANY | 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) | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Nama d.d. | 39.07 | 39.07 | 39.07 | 39.07 | 4,123,945 | 3,956,065 | 39.07 | 39.07 | 39.07 | 39.07 | 9,464,548 | 9,464,548 |
| Triglavko d.o.o. | 38.47 | 38.47 | 38.47 | 38.47 | 14,421 | 16,586 | 38.47 | 38.47 | 38.47 | 38.47 | 38,499 | 38,499 |
| ZIF Prof Plus | - | 22.09 | - | 22.09 | 0 | 2,063,504 | 0 | 0 | 0 | 0 | 0 | 0 |
| TRIGAL, upravljanje naložb in svetovanje d.o.o. | 49.90 | 49.90 | 49.90 | 49.90 | 8,448,647 | 7,375,491 | 49.90 | 49.90 | 49.90 | 49.90 | 8,425,979 | 7,331,308 |
| LOMA CENTER, nepremičnine d.o.o. | - | 49.90 | - | 49.90 | 0 | 0 | - | - | - | - | 0 | 0 |
| KRDU Building d.o.o. | - | 49.90 | - | 49.90 | 0 | 0 | - | - | - | - | 0 | 0 |
| Ljubljana d.o.o. | 49.90 | 49.90 | 49.90 | 49.90 | 0 | 0 | - | - | - | - | 0 | 0 |
| Društvo za upravljanje EDPF a.d. | 34.00 | 34.00 | 34.00 | 34.00 | 526,064 | 611,768 | 0 | 0 | 0 | 0 | 0 | 0 |
| ZTSR, raziskovanje trga d.o.o. | 50.00 | 50.00 | 50.00 | 50.00 | 41,303 | 102,560 | 50.00 | 50.00 | 50.00 | 50.00 | 125,000 | 125,000 |
| Alfi PD d.o.o. | 49.90 | - | 49.90 | - | 0 | - | - | - | - | - | - | - |
| TOTAL | | | | | 13,154,379 | 14,125,974 | | | | | 18,054,026 | 16,959,355 |

| COMPANY | ASSETS | | LIABILITIES | | EQUITY | | REVENUES | | PROFIT/LOSS | |
|---|------------|------------|-------------|-----------|------------|------------|------------|------------|-------------|----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Nama d.d. ¹⁰⁷ | 14,296,898 | 12,457,350 | 3,828,906 | 2,291,817 | 10,467,992 | 10,165,533 | 10,210,217 | 15,932,493 | 391,533 | 112,989 |
| Triglavko d.o.o. | 149,086 | 168,926 | 63,643 | 76,945 | 85,443 | 91,092 | 336,367 | 457,560 | -5,649 | -9,767 |
| ZIF Prof Plus | - | 18,772,316 | - | 54,786 | - | 18,717,530 | - | 661,320 | - | 2,554 |
| TRIGAL, upravljanje naložb in svetovanje d.o.o. | 17,045,672 | 14,865,541 | 78,419 | 173,063 | 16,967,252 | 14,692,478 | 1,334,543 | 1,010,969 | -83,670 | 313,654 |
| LOMA CENTER, nepremičnine d.o.o. | - | 8,300,328 | - | 6,088,658 | - | 2,211,670 | - | 897,341 | - | 71,981 |
| KRDU Building d.o.o. | - | 5,157,346 | - | 4,997,601 | - | 159,745 | - | 600,602 | - | -10,141 |
| Ljubljana d.o.o. | 2,118,593 | 10,000 | 38,777 | - | 2,079,816 | 10,000 | 902 | - | -123,913 | - |
| Društvo za upravljanje EDPF a.d. | 1,564,976 | 1,815,513 | 18,169 | 16,409 | 1,546,807 | 1,799,206 | 82,448 | 35,171 | -252,072 | -283,668 |
| ZTSR, raziskovanje trga d.o.o. | 95,491 | 220,564 | 12,885 | 15,444 | 82,606 | 205,120 | 48,313 | 7 | -122,514 | -44,880 |
| Alfi PD d.o.o. | 116,533 | - | 8,027 | - | 108,506 | - | 25,474 | - | 8,506 | - |

¹⁰⁶ Financial data for 2019 are unaudited, whilst the data for 2018 were adjusted if the audited data differed from the data published in the 2018 Annual Report.

¹⁰⁷ The data refer to the January – September 2019 period, i.e. as at 30 September 2019.

| | NAMA, d.d. | | TRIGAL, d.o.o. | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| CONDENSED BALANCE SHEET | | | | |
| Current assets | 6,545,769 | 6,790,490 | 458,119 | 1,351,979 |
| Current liabilities | 1,701,947 | 1,595,038 | 78,419 | 159,430 |
| Net current assets/liabilities | 4,843,822 | 5,195,452 | 379,700 | 1,192,549 |
| Non-current assets | 7,751,129 | 5,666,860 | 16,587,553 | 13,513,562 |
| Non-current liabilities | 2,126,959 | 696,779 | 5,113 | 13,633 |
| Net non-current assets/liabilities | 5,624,170 | 4,970,081 | 16,582,440 | 13,499,929 |
| Net assets | 10,467,992 | 10,165,533 | 16,962,140 | 14,692,478 |
| | 2019 | 2018 | 2019 | 2018 |
| CONDENSED COMPREHENSIVE INCOME | | | | |
| Net profit or loss for the year | 391,533 | 112,989 | 75,933 | 313,654 |
| Other comprehensive income | 15,837 | 31,192 | 0 | 0 |
| Total comprehensive income | 407,370 | 144,181 | 75,933 | 313,654 |
| Dividends from associates for the year | 40,988 | 63,345 | 0 | 0 |

in EUR

3.7. Financial investments¹⁰⁸

| | Carrying value | | Fair value | |
|---|----------------------|----------------------|----------------------|----------------------|
| Triglav Group | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Held to maturity | 186,109,072 | 196,773,185 | 230,326,336 | 236,599,916 |
| At fair value through profit and loss | 614,403,313 | 450,704,373 | 614,403,313 | 450,704,373 |
| – designated | 614,403,313 | 449,311,110 | 614,403,313 | 449,311,110 |
| – held for trading | 0 | 1,393,263 | 0 | 1,393,263 |
| Available for sale | 1,826,940,416 | 1,802,568,767 | 1,826,940,416 | 1,802,568,767 |
| Loans and deposits | 112,578,151 | 138,857,972 | 111,869,033 | 138,681,009 |
| Unit-linked insurance assets | 482,031,288 | 402,515,770 | 482,136,908 | 402,856,839 |
| – at fair value through profit and loss | 478,105,241 | 398,291,798 | 478,105,241 | 398,291,798 |
| – loans and deposits | 3,926,047 | 4,223,972 | 4,031,667 | 4,565,041 |
| – available for sale | 0 | 0 | 0 | 0 |
| TOTAL | 3,222,062,240 | 2,991,420,067 | 3,265,676,006 | 3,031,410,904 |

in EUR

The table above shows the carrying amount of financial investments (without operating receivables and cash or cash equivalents). The measuring of fair value of other financial investments is shown in [→ Section 5.1.2].

An overview of financial investments by type is disclosed below.

| | | | | | in EUR | |
|---|--------------------|--------------------------|-------------------------------------|----------------------|--------------------|----------------------|
| | HTM | FVTPL – Held for trading | FVTPL - Designated upon acquisition | AFS | L&R | TOTAL |
| 31 December 2019 | | | | | | |
| Debt and other fixed-return securities | 186,109,072 | 0 | 622,838,556 | 1,674,156,290 | 6,474,012 | 2,489,577,930 |
| Investments in shares, other floating-rate securities and fund coupons | 0 | 0 | 469,156,425 | 150,082,534 | 0 | 619,238,960 |
| Financial derivatives | 0 | 513,573 | 0 | | 0 | 513,573 |
| Loans and deposits | 0 | 0 | 0 | 2,701,588 | 101,427,732 | 104,129,319 |
| – deposits with banks | 0 | 0 | 0 | 0 | 81,812,754 | 81,812,754 |
| – loans given | 0 | 0 | 0 | 0 | 16,008,854 | 16,008,854 |
| – other financial investments | 0 | 0 | 0 | 2,701,588 | 3,606,123 | 6,307,711 |
| Financial investments of reinsurance companies in reinsurance contracts | 0 | 0 | 0 | 0 | 8,602,454 | 8,602,454 |
| TOTAL | 186,109,072 | 513,573 | 1,091,994,981 | 1,826,940,416 | 116,504,197 | 3,222,062,240 |

| | | | | | in EUR | |
|---|--------------------|--------------------------|-------------------------------------|----------------------|--------------------|----------------------|
| | HTM | FVTPL – Held for trading | FVTPL - Designated upon acquisition | AFS | L&R | TOTAL |
| 31 December 2018 | | | | | | |
| Debt and other fixed-return securities | 196,773,185 | 0 | 440,532,304 | 1,669,947,422 | 6,400,208 | 2,313,653,119 |
| Investments in shares, other floating-rate securities and fund coupons | 0 | 0 | 406,527,054 | 132,191,892 | 0 | 538,718,946 |
| Financial derivatives | 0 | 1,936,813 | 0 | 0 | 0 | 1,936,813 |
| Loans and deposits | 0 | 0 | 0 | 429,453 | 130,400,460 | 130,829,913 |
| – deposits with banks | 0 | 0 | 0 | 0 | 90,589,490 | 90,589,490 |
| – loans given | 0 | 0 | 0 | 0 | 34,538,109 | 34,538,109 |
| – other financial investments | 0 | 0 | 0 | 429,453 | 5,272,861 | 5,702,314 |
| Financial investments of reinsurance companies in reinsurance contracts | 0 | 0 | 0 | 0 | 6,281,276 | 6,281,276 |
| TOTAL | 196,773,185 | 1,936,813 | 847,059,358 | 1,802,568,767 | 143,081,944 | 2,991,420,067 |

108 For presentational ease, abbreviations of individual categories of financial assets are used in the disclosures:

- HTM - financial assets held to maturity
- FVTPL - financial assets at fair value through profit and loss
- AFS - financial assets available for sale
- L&R - loans and deposits
- ULI - financial assets of long-term business fund backing unit-linked insurance

The table below shows the movements of financial investments of Triglav Group in 2018 and 2019.

| FINANCIAL ASSETS | HTM | FVTPL | AFS | L&R | ULI | in EUR |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|----------------------|
| | | | | | | TOTAL |
| As at 1 January 2018 | 221,390,576 | 425,884,741 | 1,815,323,900 | 125,251,487 | 450,236,044 | 3,038,086,748 |
| Purchases | 0 | 186,743,567 | 461,384,166 | 344,100,205 | 43,435,175 | 1,035,663,113 |
| Disposals | 0 | -103,328,464 | -341,190,416 | -56,078,096 | -52,290,251 | -552,887,227 |
| Maturities | -34,257,758 | -52,660,947 | -124,202,363 | -278,449,915 | -5,587,254 | -495,158,237 |
| Amount removed from equity at disposal | 0 | 0 | -1,716,243 | 0 | 0 | -1,716,243 |
| Valuation trough profit and loss | 0 | -15,786,757 | -3,966,036 | -306,143 | -34,105,474 | -54,164,410 |
| Valuation trough equity | 0 | 0 | -32,213,748 | 0 | 0 | -32,213,748 |
| Impairments | 0 | 0 | -1,269,225 | 0 | 0 | -1,269,225 |
| Premiums and discounts | 4,329,426 | 0 | -4,726,425 | 785,401 | 198,739 | 587,141 |
| Interest income | 5,486,508 | 9,638,473 | 35,218,161 | 3,567,405 | 756,035 | 54,666,582 |
| Exchange rate difference | -175,567 | 213,760 | -73,004 | -12,372 | -127,244 | -174,427 |
| As at 31 December 2018 | 196,773,185 | 450,704,373 | 1,802,568,767 | 138,857,972 | 402,515,770 | 2,991,420,067 |
| Purchases | 7,009,575 | 450,208,879 | 807,275,939 | 282,974,783 | 47,404,907 | 1,594,874,083 |
| Disposals | -10,404,012 | -239,461,333 | -637,145,021 | -54,544,876 | -58,244,546 | -999,799,788 |
| Maturities | -16,120,154 | -46,880,447 | -200,495,344 | -258,848,679 | -1,281,561 | -523,626,185 |
| Amount removed from equity at disposal | 0 | 0 | -12,815,251 | 0 | 0 | -12,815,251 |
| Valuation trough profit and loss | 0 | 3,681,398 | -17,008 | 0 | 76,925,335 | 80,589,725 |
| Valuation trough equity | 0 | 0 | 37,672,131 | 0 | 0 | 37,672,131 |
| Impairments | 0 | 0 | -458,670 | 31,050 | 0 | -427,620 |
| Premiums and discounts | 4,518,551 | 0 | -6,115,483 | 461,509 | 197,091 | -938,332 |
| Interest income | 4,342,416 | 9,773,252 | 34,926,563 | 3,535,938 | 726,665 | 53,304,834 |
| Transfer between funds | 0 | -13,686,556 | 0 | 0 | 13,686,556 | 0 |
| Acquisition | 0 | 0 | 956,895 | 0 | 0 | 956,895 |
| Exchange rate difference | -10,489 | 63,747 | 586,898 | 110,454 | 101,071 | 851,681 |
| As at 31 December 2019 | 186,109,072 | 614,403,313 | 1,826,940,416 | 112,578,151 | 482,031,288 | 3,222,062,240 |

The proportion of financial investments classified as subordinated instruments by the issuer was 2.9% as at the reporting date.

| | Carrying value | | Fair value | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Zavarovalnica Triglav | | | | |
| Loans and deposits | 49,049,847 | 92,670,309 | 47,819,371 | 91,151,215 |
| Held to maturity | 150,469,553 | 159,463,950 | 192,128,559 | 195,583,229 |
| Available for sale | 1,382,802,069 | 1,383,855,505 | 1,382,802,069 | 1,383,855,505 |
| At fair value through profit and loss: | 329,885,913 | 204,047,186 | 329,885,913 | 204,047,186 |
| – designated | 329,885,913 | 202,653,923 | 329,885,913 | 202,653,923 |
| – held for trading | 0 | 1,393,263 | 0 | 1,393,263 |
| Unit-linked insurance assets: | 433,758,610 | 366,664,078 | 433,858,926 | 366,989,905 |
| – at fair value through profit and loss | 430,035,875 | 362,634,086 | 430,035,875 | 362,634,086 |
| – deposits | 3,722,735 | 4,029,992 | 3,823,051 | 4,355,819 |
| TOTAL | 2,345,965,992 | 2,206,701,028 | 2,386,494,838 | 2,241,627,040 |

An overview of financial investments of Zavarovalnica Triglav by type is disclosed below.

| | | | | | | in EUR |
|--|--------------------|-------------------------------------|--------------------------|----------------------|-------------------|----------------------|
| 31 December 2019 | HTM | FVTPL - Designated upon acquisition | FVTPL - Held for trading | AFS | L&R | TOTAL |
| Debt and other fixed-return securities | 150,469,553 | 385,825,326 | 0 | 1,274,016,035 | 6,400,668 | 1,816,711,582 |
| Investments in shares, other floating-rate securities and fund coupons | 0 | 373,601,197 | 0 | 106,514,153 | 0 | 480,115,350 |
| Financial derivatives | 0 | | 495,265 | 0 | 0 | 495,265 |
| Loans and deposits: | 0 | 0 | 0 | 2,271,881 | 46,371,914 | 48,643,795 |
| – deposits with banks and certificates of deposits | 0 | 0 | 0 | 0 | 33,951,811 | 33,951,811 |
| – loans given | 0 | 0 | 0 | 0 | 10,726,466 | 10,726,466 |
| – other financial investments | 0 | 0 | 0 | 2,271,881 | 1,693,637 | 3,965,518 |
| TOTAL | 150,469,553 | 759,426,523 | 495,265 | 1,382,802,069 | 52,772,582 | 2,345,965,992 |

| | | | | | | in EUR |
|--|--------------------|-------------------------------------|--------------------------|----------------------|-------------------|----------------------|
| 31 December 2018 | HTM | FVTPL - Designated upon acquisition | FVTPL - Held for trading | AFS | L&R | TOTAL |
| Debt and other fixed-return securities | 159,463,950 | 237,809,118 | 0 | 1,308,515,680 | 6,400,208 | 1,712,188,956 |
| Investments in shares, other floating-rate securities and fund coupons | 0 | 326,954,722 | 0 | 73,382,949 | 0 | 400,337,671 |
| Financial derivatives | 0 | 0 | 1,917,432 | 0 | 0 | 1,917,432 |
| Loans and deposits: | 0 | 0 | 0 | 1,956,876 | 90,300,093 | 92,256,969 |
| – deposits with banks and certificates of deposits | 0 | 0 | 0 | 0 | 42,511,546 | 42,511,546 |
| – loans given | 0 | 0 | 0 | 0 | 46,099,990 | 46,099,990 |
| – other financial investments | 0 | 0 | 0 | 1,956,876 | 1,688,557 | 3,645,433 |
| TOTAL | 159,463,950 | 564,763,840 | 1,917,432 | 1,383,855,505 | 96,700,301 | 2,206,701,028 |

The table below shows the movements of financial investments of Zavarovalnica Triglav in 2018 and 2019.

| FINANCIAL ASSETS | HTM | FVTPL | AFS | L&R | ULI | in EUR |
|--------------------------------------|--------------------|--------------------|----------------------|-------------------|--------------------|----------------------|
| | | | | | | TOTAL |
| As at 1 January 2018 | 166,993,807 | 201,922,766 | 1,400,652,988 | 91,428,595 | 417,607,959 | 2,278,606,115 |
| Purchases | 0 | 112,625,649 | 362,425,412 | 252,437,627 | 33,385,275 | 760,873,963 |
| Maturities | -15,187,047 | -17,884,432 | -76,408,064 | -254,071,333 | -5,368,316 | -368,919,192 |
| Disposal | 0 | -88,806,086 | -297,109,630 | 0 | -49,236,954 | -435,152,670 |
| Amount removed from equity | 0 | 0 | -14,952,222 | 0 | 0 | -14,952,222 |
| Realized gains or losses on disposal | 0 | 0 | 0 | 0 | 0 | 0 |
| Valuation trough profit and loss | 0 | -7,883,265 | 10,884,732 | 0 | -30,535,596 | -27,534,129 |
| Valuation trough equity | 0 | 0 | -24,562,665 | 0 | 0 | -24,562,665 |
| Premiums and discounts | 4,329,426 | 0 | -4,579,345 | 432,356 | 198,739 | 381,176 |
| Interest income | 3,327,764 | 3,877,334 | 26,932,000 | 2,428,579 | 612,971 | 37,178,648 |
| Exchange rate difference | 0 | 195,220 | 572,299 | 14,485 | 0 | 782,004 |
| As at 31 December 2018 | 159,463,950 | 204,047,186 | 1,383,855,505 | 92,670,309 | 366,664,078 | 2,206,701,028 |
| Purchases | 0 | 327,036,022 | 674,666,881 | 173,433,279 | 34,430,616 | 1,209,566,798 |
| Maturities | -5,707,297 | -15,956,959 | -151,179,634 | -220,313,091 | -601,247 | -393,758,228 |
| Disposal | -10,404,012 | -170,468,147 | -558,379,985 | 0 | -51,546,608 | -790,798,752 |
| Amount removed from equity | 0 | 0 | -12,102,639 | 0 | 0 | -12,102,639 |
| Realized gains or losses on disposal | 0 | 0 | 0 | 0 | 0 | 0 |
| Valuation trough profit and loss | 0 | -4,937,517 | 0 | 0 | 70,286,504 | 65,348,987 |
| Valuation trough equity | 0 | 0 | 25,377,389 | 0 | 0 | 25,377,389 |
| Impairments | 0 | 0 | -344,175 | 0 | 0 | -344,175 |
| Premiums and discounts | 4,518,551 | 0 | -5,754,525 | 461,509 | 197,092 | -577,373 |
| Interest income | 2,598,361 | 3,767,593 | 26,322,111 | 2,868,834 | 534,620 | 36,091,519 |
| Transfer between funds | 0 | -13,686,556 | 0 | 0 | 13,686,556 | 0 |
| Exchange rate difference | 0 | 84,291 | 341,141 | -70,993 | 106,999 | 461,438 |
| As at 31 December 2019 | 150,469,553 | 329,885,913 | 1,382,802,069 | 49,049,847 | 433,758,610 | 2,345,965,992 |

As at the reporting date, the portfolio of Zavarovalnica Triglav included neither received securities as collateral for loans given, nor any securities pledged as collateral for its liabilities. The proportion of financial investments classified as subordinated instruments by the issuer was 3.4% as at the reporting date.

3.8. Reinsurers' share of technical provisions

| | Triglav Group | | Zavarovalnica Triglav | | in EUR |
|---|--------------------|-------------------|-----------------------|-------------------|--------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| NON-LIFE INSURANCE | | | | | |
| Reinsurers' share of unearned premiums | 37,003,404 | 26,263,889 | 31,347,630 | 23,516,562 | |
| Reinsurers' share of claims | 65,324,133 | 59,632,915 | 67,067,984 | 64,366,704 | |
| Reinsurers' share of technical provisions for bonuses and discounts | 48,171 | 22,976 | 0 | 0 | |
| Total non-life insurance | 102,375,708 | 85,919,780 | 98,415,614 | 87,883,266 | |
| LIFE INSURANCE | | | | | |
| Reinsurers' share of unearned premiums | 1,402 | 719 | 566 | 302 | |
| Reinsurers' share of claims | 23,309 | 0 | 17,090 | 9,738 | |
| Reinsurers' share of other mathematical provisions | 347,387 | 0 | 0 | 0 | |
| Total life insurance | 372,098 | 719 | 17,656 | 10,040 | |
| TOTAL ASSETS FROM REINSURANCE CONTRACTS | 102,747,806 | 85,920,499 | 98,433,270 | 87,893,306 | |

3.9. Receivables

Triglav Group

| | NOT DUE | | | OVERDUE UP TO 180 DAYS | | | OVERDUE OVER 180 DAYS | | | in EUR |
|---|--------------------|-----------------|--------------------|------------------------|-------------------|-------------------|-----------------------|---------------------|------------------|--------------------|
| 31 December 2019 | Gross value | Impairment | Net value | Gross value | Impairment | Net value | Gross value | Impairment | Net value | TOTAL NET VALUE |
| Receivables from direct insurance operations | 80,214,265 | -220,689 | 79,993,576 | 23,956,726 | -3,206,017 | 20,750,709 | 50,983,505 | -46,267,961 | 4,715,544 | 105,459,829 |
| Receivables from insurers | 78,340,800 | -220,689 | 78,120,111 | 22,954,725 | -3,147,053 | 19,807,672 | 40,099,018 | -38,150,313 | 1,948,705 | 99,876,488 |
| Receivables from insurance brokers | 290,876 | 0 | 290,876 | 186,583 | -31,936 | 154,647 | 584,744 | -576,041 | 8,703 | 454,226 |
| Other receivables from direct insurance operations | 1,582,589 | 0 | 1,582,589 | 815,418 | -27,028 | 788,390 | 10,299,743 | -7,541,607 | 2,758,136 | 5,129,115 |
| Receivables from co-insurance and reinsurance operations | 48,951,664 | 0 | 48,951,664 | 6,905,606 | -20,532 | 6,885,074 | 4,269,665 | -2,116,901 | 2,152,764 | 57,989,502 |
| Premium receivable from co-insurance | 629,862 | 0 | 629,862 | 234,085 | -20,532 | 213,553 | 79,997 | -3,257 | 76,740 | 920,155 |
| Premium receivable from reinsurance | 35,261,396 | 0 | 35,261,396 | 5,207,854 | 0 | 5,207,854 | 1,294,404 | -96,437 | 1,197,967 | 41,667,217 |
| Receivables from co-insurers ' share in claims | 258,040 | 0 | 258,040 | 10,111 | 0 | 10,111 | 121 | 0 | 121 | 268,272 |
| Receivables from reinsurers ' share in claims | 10,000,953 | 0 | 10,000,953 | 1,346,411 | 0 | 1,346,411 | 2,857,855 | -2,017,207 | 840,648 | 12,188,012 |
| Other receivables from co-insurance and reinsurance operation | 2,801,413 | 0 | 2,801,413 | 107,145 | 0 | 107,145 | 37,288 | 0 | 37,288 | 2,945,846 |
| Receivables for income tax refund | 1,281,349 | 0 | 1,281,349 | 0 | 0 | 0 | 0 | 0 | 0 | 1,281,349 |
| Other receivables | 21,390,574 | -17,687 | 21,372,887 | 6,171,208 | -1,078,045 | 5,093,163 | 71,100,501 | -68,061,483 | 3,039,018 | 29,505,068 |
| Other short-term receivables from insurance operations* | 8,568,805 | -12,640 | 8,556,165 | 3,483,693 | -943,383 | 2,540,310 | 64,966,233 | -63,668,271 | 1,297,961 | 12,394,437 |
| Short-term receivables from financing | 1,051,537 | 0 | 1,051,537 | 106,296 | -1,875 | 104,421 | 648,029 | -603,090 | 44,939 | 1,200,897 |
| Other short-term receivables | 11,285,044 | -5,047 | 11,279,997 | 2,563,665 | -132,584 | 2,431,081 | 3,962,750 | -3,744,906 | 217,844 | 13,928,922 |
| Long-term receivables | 485,188 | 0 | 485,188 | 17,554 | -203 | 17,351 | 1,523,489 | -45,216 | 1,478,274 | 1,980,812 |
| TOTAL | 151,837,852 | -238,376 | 151,599,476 | 37,033,540 | -4,304,594 | 32,728,946 | 126,353,671 | -116,446,345 | 9,907,326 | 194,235,748 |

* Note: Subrogated receivables are included in other short-term receivables from insurance operations.

| | NOT DUE | | | OVERDUE UP TO 180 DAYS | | | OVERDUE OVER 180 DAYS | | | in EUR |
|---|--------------------|-------------------|--------------------|------------------------|-------------------|-------------------|-----------------------|---------------------|-------------------|--------------------|
| 31 December 2018 | Gross value | Impairment | Net value | Gross value | Impairment | Net value | Gross value | Impairment | Net value | TOTAL NET VALUE |
| Receivables from direct insurance operations | 69,249,681 | -64,726 | 69,184,955 | 25,667,259 | -3,048,090 | 22,619,169 | 55,526,564 | -50,729,360 | 4,797,204 | 96,601,328 |
| Receivables from insurers | 68,674,946 | -55,477 | 68,619,469 | 23,513,403 | -2,513,520 | 20,999,883 | 44,600,293 | -42,493,965 | 2,106,328 | 91,725,680 |
| Receivables from insurance brokers | 209,124 | 0 | 209,124 | 538,874 | -450,888 | 87,986 | 402,774 | -384,423 | 18,351 | 315,461 |
| Other receivables from direct insurance operations | 365,611 | -9,249 | 356,362 | 1,614,982 | -83,682 | 1,531,300 | 10,523,497 | -7,850,972 | 2,672,525 | 4,560,187 |
| Receivables from co-insurance and reinsurance operations | 38,981,896 | 0 | 38,981,896 | 10,211,742 | 0 | 10,211,742 | 4,237,343 | -2,131,078 | 2,106,265 | 51,299,903 |
| Premium receivable from co-insurance | 785,474 | 0 | 785,474 | 79,540 | 0 | 79,540 | 41,678 | -3,228 | 38,450 | 903,464 |
| Premium receivable from reinsurance | 27,716,272 | 0 | 27,716,272 | 6,181,686 | 0 | 6,181,686 | 1,199,329 | -96,070 | 1,103,259 | 35,001,217 |
| Receivables from co-insurers ' share in claims | 107,098 | 0 | 107,098 | 10,705 | 0 | 10,705 | 687 | 0 | 687 | 118,490 |
| Receivables from reinsurers ' share in claims | 8,068,238 | 0 | 8,068,238 | 3,449,419 | 0 | 3,449,419 | 2,986,671 | -2,031,780 | 954,891 | 12,472,548 |
| Other receivables from co-insurance and reinsurance operation | 2,304,814 | 0 | 2,304,814 | 490,392 | 0 | 490,392 | 8,978 | 0 | 8,978 | 2,804,184 |
| Receivables for income tax refund | 579,645 | 0 | 579,645 | 0 | 0 | 0 | 0 | 0 | 0 | 579,645 |
| Other receivables | 22,136,002 | -1,118,907 | 21,017,095 | 6,725,779 | -950,333 | 5,775,446 | 76,883,223 | -73,501,762 | 3,381,461 | 30,174,002 |
| Other short-term receivables from insurance operations* | 7,383,225 | 0 | 7,383,225 | 3,078,825 | -850,708 | 2,228,117 | 69,982,715 | -68,856,084 | 1,126,631 | 10,737,973 |
| Short-term receivables from financing | 1,701,982 | 0 | 1,701,982 | 813,260 | -6,062 | 807,198 | 437,200 | -420,604 | 16,596 | 2,525,776 |
| Other short-term receivables | 12,450,935 | -1,118,907 | 11,332,028 | 2,772,839 | -90,239 | 2,682,600 | 4,587,942 | -4,181,769 | 406,173 | 14,420,801 |
| Long-term receivables | 599,860 | 0 | 599,860 | 60,855 | -3,324 | 57,531 | 1,875,366 | -43,305 | 1,832,061 | 2,489,452 |
| TOTAL | 130,947,224 | -1,183,633 | 129,763,591 | 42,604,780 | -3,998,423 | 38,606,357 | 136,647,130 | -126,362,200 | 10,284,930 | 178,654,878 |

* Note: Subrogated receivables are included in other short-term receivables from insurance operations

Zavarovalnica Triglav

| | | | | | | | | | | in EUR |
|---|-------------------|-----------------|-------------------|------------------------|-------------------|-------------------|-----------------------|--------------------|------------------|-------------------|
| | | | | | | | | | | |
| | | NOT DUE | | OVERDUE UP TO 180 DAYS | | | OVERDUE OVER 180 DAYS | | | TOTAL NET VALUE |
| 31 December 2019 | Gross value | Impairment | Net value | Gross value | Impairment | Net value | Gross value | Impairment | Net value | |
| Receivables from direct insurance operations | 57,238,122 | -194,267 | 57,043,855 | 10,257,068 | -1,602,609 | 8,654,459 | 21,394,608 | -18,691,785 | 2,702,823 | 68,401,137 |
| Receivables from insurers | 55,926,673 | -194,267 | 55,732,406 | 9,710,962 | -1,596,539 | 8,114,423 | 18,787,917 | -18,539,771 | 248,146 | 64,094,975 |
| Receivables from insurance brokers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other receivables from direct insurance operations | 1,311,449 | 0 | 1,311,449 | 546,106 | -6,070 | 540,036 | 2,606,691 | -152,014 | 2,454,677 | 4,306,162 |
| Receivables from co-insurance and reinsurance operations | 13,550,763 | 0 | 13,550,763 | 2,649,608 | 0 | 2,649,608 | 1,019,306 | 0 | 1,019,306 | 17,219,677 |
| Premium receivable from co-insurance | 574,330 | 0 | 574,330 | 1,303 | 0 | 1,303 | 0 | 0 | 0 | 575,633 |
| Premium receivable from reinsurance | 5,252,488 | 0 | 5,252,488 | 1,783,263 | 0 | 1,783,263 | 569,813 | 0 | 569,813 | 7,605,564 |
| Receivables from co-insurers ' share in claims | 181,347 | 0 | 181,347 | 109 | 0 | 109 | 0 | 0 | 0 | 181,456 |
| Receivables from reinsurers ' share in claims | 7,542,598 | 0 | 7,542,598 | 864,933 | 0 | 864,933 | 449,493 | 0 | 449,493 | 8,857,024 |
| Other receivables from co-insurance and reinsurance operation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other receivables | 4,481,950 | -32 | 4,481,918 | 3,658,805 | -933,150 | 2,725,655 | 63,763,747 | -62,876,139 | 887,608 | 8,095,181 |
| Other short-term receivables from insurance operations* | 1,568,839 | -32 | 1,568,807 | 3,231,574 | -930,994 | 2,300,580 | 63,455,271 | -62,675,358 | 779,913 | 4,649,300 |
| Short-term receivables from financing | 1,031,192 | 0 | 1,031,192 | 56,638 | -1,876 | 54,762 | 133,801 | -126,918 | 6,883 | 1,092,837 |
| Other short-term receivables | 1,601,045 | 0 | 1,601,045 | 370,593 | -280 | 370,313 | 174,675 | -73,863 | 100,812 | 2,072,170 |
| Long-term receivables | 280,874 | 0 | 280,874 | 0 | 0 | 0 | 0 | 0 | 0 | 280,874 |
| TOTAL | 75,270,835 | -194,299 | 75,076,536 | 16,565,481 | -2,535,759 | 14,029,722 | 86,177,661 | -81,567,924 | 4,609,737 | 93,715,995 |

* Note: Subrogated receivables are included in other short-term receivables from insurance operations

| | | | | | | | | | | in EUR |
|---|-------------------|----------------|-------------------|------------------------|-------------------|-------------------|-----------------------|--------------------|------------------|-------------------|
| | | | | | | | | | | |
| | | NOT DUE | | OVERDUE UP TO 180 DAYS | | | OVERDUE OVER 180 DAYS | | | TOTAL NET VALUE |
| 31 December 2018 | Gross value | Impairment | Net value | Gross value | Impairment | Net value | Gross value | Impairment | Net value | |
| Receivables from direct insurance operations | 50,709,180 | -26,653 | 50,682,527 | 10,663,711 | -1,548,755 | 9,114,956 | 24,270,711 | -21,432,857 | 2,837,854 | 62,635,337 |
| Receivables from insurers | 50,646,861 | -26,653 | 50,620,208 | 9,460,997 | -1,505,104 | 7,955,893 | 21,447,079 | -21,269,602 | 177,477 | 58,753,578 |
| Receivables from insurance brokers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other receivables from direct insurance operations | 62,319 | 0 | 62,319 | 1,202,714 | -43,651 | 1,159,063 | 2,823,632 | -163,255 | 2,660,377 | 3,881,759 |
| Receivables from co-insurance and reinsurance operations | 14,910,769 | 0 | 14,910,769 | 2,040,182 | 0 | 2,040,182 | 1,206,660 | 0 | 1,206,660 | 18,157,611 |
| Premium receivable from co-insurance | 522,401 | 0 | 522,401 | 0 | 0 | 0 | 1,058 | 0 | 1,058 | 523,459 |
| Premium receivable from reinsurance | 4,319,906 | 0 | 4,319,906 | 1,580,680 | 0 | 1,580,680 | 683,510 | 0 | 683,510 | 6,584,096 |
| Receivables from co-insurers ' share in claims | 94,169 | 0 | 94,169 | 0 | 0 | 0 | 0 | 0 | 0 | 94,169 |
| Receivables from reinsurers ' share in claims | 9,974,293 | 0 | 9,974,293 | 459,502 | 0 | 459,502 | 522,092 | 0 | 522,092 | 10,955,887 |
| Other receivables from co-insurance and reinsurance operation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other receivables | 5,867,006 | 0 | 5,867,006 | 3,460,357 | -856,911 | 2,603,446 | 68,360,379 | -67,642,828 | 717,551 | 9,188,003 |
| Other short-term receivables from insurance operations* | 1,602,831 | 0 | 1,602,831 | 3,020,677 | -850,708 | 2,169,969 | 68,105,377 | -67,430,648 | 674,729 | 4,447,529 |
| Short-term receivables from financing | 2,455,403 | 0 | 2,455,403 | 71,599 | -6,063 | 65,536 | 117,783 | -104,313 | 13,470 | 2,534,409 |
| Other short-term receivables | 1,517,565 | 0 | 1,517,565 | 368,081 | -140 | 367,941 | 137,219 | -107,867 | 29,352 | 1,914,858 |
| Long-term receivables | 291,207 | 0 | 291,207 | 0 | 0 | 0 | 0 | 0 | 0 | 291,207 |
| TOTAL | 71,486,955 | -26,653 | 71,460,302 | 16,164,250 | -2,405,666 | 13,758,584 | 93,837,750 | -89,075,685 | 4,762,065 | 89,980,951 |

* Note: Subrogated receivables are included in other short-term receivables from insurance operations

The table below shows changes in impairment allowance for receivables separately for Triglav Group and Zavarovalnica Triglav.

| | Triglav Group | | Zavarovalnica Triglav | | in EUR |
|---|--------------------|--------------------|-----------------------|--------------------|--------|
| | 2019 | 2018 | 2019 | 2018 | |
| VALUE ADJUSTMENT OF RECEIVABLES FROM POLICYHOLDERS | | | | | |
| Impairment allowance for receivables as at 1 January | 45,062,962 | 49,464,861 | 22,801,359 | 25,029,929 | |
| – Increase of impairment allowance for receivables | 5,616,335 | 4,669,542 | 3,064,785 | 2,648,004 | |
| – Decrease in impairment allowance for receivables | -4,475,628 | -4,000,989 | -2,371,711 | -2,399,878 | |
| – Receivables write-off | -4,694,683 | -5,062,602 | -3,163,856 | -2,476,696 | |
| – Changes in Group | 0 | 0 | 0 | 0 | |
| – Exchange rate difference | 9,069 | -7,849 | 0 | 0 | |
| Impairment allowance for receivables as at 31 December | 41,518,055 | 45,062,962 | 20,330,577 | 22,801,359 | |
| IMPAIRMENT ALLOWANCE FOR OTHER SHORT-TERM RECEIVABLES | | | | | |
| Impairment allowance for receivables as at 1 January | 69,706,792 | 76,586,808 | 68,281,356 | 74,799,511 | |
| – Increase of impairment allowance for receivables | 8,992,161 | 8,787,035 | 8,949,908 | 8,564,636 | |
| – Decrease in impairment allowance for receivables | -7,768,697 | -7,824,492 | -7,310,608 | -7,479,700 | |
| – Receivables write-off | -6,314,272 | -7,841,513 | -6,314,272 | -7,603,091 | |
| – Changes in Group | 0 | 0 | 0 | 0 | |
| – Exchange rate difference | 8,310 | -1,046 | 0 | 0 | |
| Impairment allowance for receivables as at 31 December | 64,624,294 | 69,706,792 | 63,606,384 | 68,281,356 | |
| VALUE ADJUSTMENT OF OTHER RECEIVABLES | | | | | |
| Impairment allowance for receivables as at 1 January | 16,774,502 | 16,665,427 | 425,289 | 989,204 | |
| – Increase of impairment allowance for receivables | 446,940 | 3,103,663 | 39,343 | 268,705 | |
| – Decrease in impairment allowance for receivables | -189,049 | -1,462,895 | -58,068 | -712,744 | |
| – Receivables write-off | -2,134,483 | -1,559,641 | -45,543 | -119,876 | |
| – Transfer on deferred income | 0 | 0 | 0 | 0 | |
| – Exchange rate difference | -3,760 | 27,559 | 0 | 0 | |
| – Changes in Group | -47,958 | 388 | 0 | 0 | |
| – Merger | 774 | 0 | 0 | 0 | |
| – Transfer on disposal group held for sale | 0 | 0 | 0 | 0 | |
| Impairment allowance for receivables as at 31 December | 14,846,966 | 16,774,502 | 361,021 | 425,289 | |
| TOTAL VALUE ADJUSTMENT OF RECEIVABLES | | | | | |
| As at 1 January | 131,544,256 | 142,717,096 | 91,508,004 | 100,818,644 | |
| As at 31 December | 120,989,315 | 131,544,256 | 84,297,982 | 91,508,004 | |

3.10. Other assets

| | Triglav Group | | Zavarovalnica Triglav | |
|--|------------------|------------------|-----------------------|------------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Inventories | 551,003 | 567,740 | 277,391 | 228,244 |
| Deferred costs | 4,413,900 | 4,315,270 | 2,813,728 | 2,666,792 |
| Investments into computer software for the Group | 401,553 | 401,553 | 401,553 | 401,553 |
| Other assets | 279,693 | 112,159 | 0 | 0 |
| TOTAL | 5,646,149 | 5,396,722 | 3,492,671 | 3,296,589 |

3.11. Cash and cash equivalents

| | Triglav Group | | Zavarovalnica Triglav | |
|--------------------------|-------------------|-------------------|-----------------------|-------------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Cash in bank accounts | 56,539,640 | 53,527,430 | 21,095,311 | 17,981,629 |
| Call account | 18,347,172 | 13,509,500 | 5,000,172 | 0 |
| Cash on hand and cheques | 982,963 | 564,730 | 16,628 | 16,858 |
| TOTAL | 75,869,775 | 67,601,660 | 26,112,112 | 17,998,487 |

3.12. Non-current assets held for sale

| | Triglav Group | | Zavarovalnica Triglav | |
|--|------------------|------------------|-----------------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Land and property of company Triglav Upravljanje nekretninama, d.o.o., Zagreb | 149,104 | 1,310,626 | 0 | 0 |
| Land and property of company Triglav Upravljanje Nepremičnin, d.d. | 4,015,117 | 756,773 | 0 | 0 |
| TOTAL | 4,164,221 | 2,067,399 | 0 | 0 |

3.13. Equity

As at 31 December 2019, the share capital amounted to EUR 73,701,392. The share capital was divided into 22,735,148 no-par value shares. Each share represents the same stake and a corresponding amount in the share capital. The portion of each no-par value share in the share capital is determined on the basis of the number of no-par value shares issued. All of the shares have been paid up in full.

Shareholders of Zavarovalnica Triglav

| Shareholders | Number of shares | | Percentage of ownership | |
|---|-------------------|-------------------|-------------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana | 7,836,628 | 7,836,628 | 34.47 | 34.47 |
| SDH d.d., Ljubljana | 6,386,644 | 6,386,644 | 28.09 | 28.09 |
| Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, Croatia | 1,494,061 | 1,488,809 | 6.57 | 6.55 |
| Unicredit Bank Austria – fiduciary account, Vienna, Austria | 619,634 | 703,410 | 2.73 | 3.09 |
| Citibank – fiduciary account, London, Great Britain | 301,183 | 289,498 | 1.32 | 1.27 |
| Hrvatska poštanska banka d.d. – fiduciary account, Zagreb, Croatia | 232,644 | 232,189 | 1.02 | 1.02 |
| East Capital – East Capital Balkans, Luxembourg, Luxembourg | 190,420 | 188,100 | 0.84 | 0.83 |
| Kuwait Investment Authority, Safat, Kuwait | 179,227 | 187,827 | 0.79 | 0.83 |
| Pozavarovalnica Sava Re d.d., Ljubljana | 166,678 | 166,678 | 0.73 | 0.73 |
| The Bank of New York Mellon – fiduciary account, New York, USA | 132,658 | 109,855 | 0.58 | 0.48 |
| Other shareholders (less than 1%) | 5,195,371 | 5,145,510 | 22.86 | 22.64 |
| TOTAL | 22,735,148 | 22,735,148 | 100.00 | 100.00 |

Share price

| | 31 Dec. 2019 | 31 Dec. 2018 |
|--|--------------|--------------|
| Quoted price of the share on the regulated securities market | 33.30 | 30.30 |
| Book value of equity per share | 25.53 | 24.64 |

Distribution of accumulated profits of Zavarovalnica Triglav

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Net profit/loss for the year | 70,614,416 | 65,543,864 |
| Net profit brought forward | 9,945,758 | 1,247,252 |
| Increase in retained income | -16,699 | -7,488 |
| Increase of other reserves from profit based on the decision by the Management and Supervisory Boards | -20,000,000 | 0 |
| ACCUMULATED PROFITS | 60,543,475 | 66,783,628 |
| Distribution of accumulated profits | | |
| – to shareholders | | 56,837,870 |
| – allocation to other reserves from profit | | 0 |
| – transfer to the following year | | 9,945,758 |

The distribution of the accumulated profit for 2019 will be proposed by the Management and Supervisory Board and submitted for decision to the General Meeting of Shareholders of Zavarovalnica Triglav.

Dividends

| | 2019 | 2018 |
|---|---------------|------------|
| Dividends to be distributed to shareholders | Not published | 56,837,870 |
| Dividend per share | - | 2.50 |

Authorised 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 by issuing new shares against contributions in cash within five years as of 2 June 2016. The Management Board decides on new share issues, the amount of capital increases, the rights attached to new shares and the conditions of new share issues subject to the approval of the Supervisory Board.

To date, Zavarovalnica Triglav has not yet exercised the right to increase its share capital from said authorisation.

Reserves from profit

In addition to legal and treasury share reserves, reserves from profit also comprise other profit reserves.

According to the ZGD-1, the Management Board of Zavarovalnica Triglav may allocate net profit for the year to other profit reserves, i.e. up to one half of the net profit remaining after statutory allocations. In addition to prudent risk management, strategic capital needs are considered when forming these profit reserves.

Reserves from treasury shares and treasury shares (as a deductible item)

The treasury shares include the shares of Zavarovalnica Triglav held by other companies of the Group Triglav, whose financial statements are included in the consolidated financial statements of the Triglav Group. Triglav, Upravljanje nepremičnin d.d. held 24,312 shares of Zavarovalnica Triglav in the amount of EUR 364,680 as at 31 December 2019.

In the consolidated financial statements, treasury shares are measured at their historical cost and are recognized as a deductible item within equity.

For these shares, reserves for treasury shares are formed in the same amount, and they are formed from the retained earnings.

Fair value reserve

The fair value reserve represents changes in the fair value of available-for-sale financial assets. The fair value reserve is reduced by the deferred tax liabilities. Changes in the fair value reserve are specified in more detail in the statement of comprehensive income in [→ *Section 1.3*].

Currency translation adjustment

Currency translation differences arise from foreign exchange differences in consolidation procedures. In 2019, the currency translation adjustment totalled EUR 130,602 (vs. EUR 136,360 in 2018).¹⁰⁹ Translation differences mainly refer to the change in the value of Croatian kuna and Serbian dinar.

Notes to the statement of changes in equity

The following changes are shown in the statement of changes in equity for 2019:

- In accordance with the resolution of the General Meeting of Shareholders of Zavarovalnica Triglav on 28 May 2019, EUR 56,837,870 was allocated for the payment of dividends to the shareholders. For the purpose of preparing the consolidated financial statements, dividends paid to Triglav, Upravljanje nepremičnin in the amount of EUR 60,726 were eliminated.
- Other reserves from profit increased by EUR 20 million. They were created from net profit for the year generated by Zavarovalnica Triglav, d.d.
- Legal and statutory reserves increased by EUR 572,322. Reserves were formed from retained profit brought forward or net profit for the year.

¹⁰⁹ The amount does not include translation differences relating to non-controlling interests.

3.14. Subordinated liabilities

| | Triglav Group | | Zavarovalnica Triglav | |
|----------------|------------------|------------------|-----------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Amortised cost | 64,847,293 | 15,462,711 | 69,999,451 | 20,612,951 |
| Fair value | 68,199,075 | 16,369,802 | 73,646,914 | 21,822,171 |

in EUR

Subordinated debt refers to the ZT02 bond and the newly issued bond ZAVARO 4 3/8 10/22/49.

As at the balance sheet date the principal of the ZT02 bonds - issued in 2009 as euro-denominated subordinated registered bonds in a dematerialised form - was recognised as a subordinated liability. A total of 30,000 bonds worth EUR 1,000 each were issued. All the bonds were sold. The fixed interest rate of the bond is 250 basis points above the 10-year mid-swap rate as at 15 December 2009 and equals 5.95% p.a. The last coupon and the principal will fall due on 21 March 2020. The company does not have the right to call them before maturity. ZT02 bonds have been listed on the Ljubljana Stock Exchange in 2010.

ZAVARO 4 3/8 10/22/49 bond 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 bonds are disclosed at amortised cost. The value of ZT02 bonds held by the companies of the Triglav Group (5,154 lots) was excluded from the consolidated financial statements. In the separate financial statements of the Company, subordinated debt was reduced by purchased bonds outside the Group (9,372 lots). For the calculation of fair values, the last known price on the Ljubljana Stock Exchange is taken into account. As at 31 December 2019, ZT02 price stood at 101.068% (105.789% as at 31 December 2018). As at 31 December 2019, the price of ZAVARO 4 3/8 10/22/49 was 102.849%.

In the event of winding-up or liquidation, liabilities arising from the above-mentioned bond issue are subordinated to net debt instruments and payable only after the satisfaction of all non-subordinated liabilities to ordinary creditors. These bonds may not be cashed before the maturity set by the amortisation schedule, and likewise Zavarovalnica Triglav has no right to redeem them before maturity. The bonds are not convertible into capital or any other form of debt.

3.15. Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts

| | Triglav Group | | Zavarovalnica Triglav | | in EUR |
|---|------------------|------------------|-----------------------|------------------|--------|
| NON-LIFE INSURANCE | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| GROSS UNEARNED PREMIUM PROVISIONS | 328,736,413 | 296,924,690 | 232,398,752 | 213,519,363 | |
| GROSS CLAIMS PROVISIONS | 580,098,532 | 584,519,134 | 408,984,759 | 423,416,968 | |
| Gross claims provisions for IBNR and IBNER | 263,229,663 | 302,755,513 | 183,093,750 | 213,040,229 | |
| Gross provisions for incurred and reported claims | 285,625,604 | 254,056,778 | 199,582,429 | 187,205,588 | |
| Gross claims provisions for co-insurance | 713,766 | 911,138 | 713,766 | 911,138 | |
| Expected subrogation | -7,044,507 | -9,135,984 | -7,044,507 | -9,135,984 | |
| Provisions for claim handling costs | 37,574,010 | 35,931,689 | 32,639,321 | 31,395,997 | |
| GROSS PROVISIONS FOR BONUSES AND DISCOUNTS | 19,683,771 | 19,833,253 | 19,065,148 | 19,547,002 | |
| OTHER GROSS INSURANCE TECHNICAL PROVISIONS | 5,581,324 | 5,445,662 | 2,466,997 | 2,201,357 | |
| TOTAL NON-LIFE INSURANCE TECHNICAL PROVISIONS | 934,100,040 | 906,722,739 | 662,915,656 | 658,684,690 | |
| LIFE INSURANCE | | | | | |
| GROSS UNEARNED PREMIUM PROVISIONS | 443,779 | 414,329 | 392,304 | 400,574 | |
| GROSS MATHEMATICAL PROVISIONS | 1,404,439,748 | 1,357,233,017 | 1,020,231,686 | 1,009,712,605 | |
| Gross mathematical provisions covering life insurance | 834,082,375 | 820,799,524 | 762,626,058 | 756,226,453 | |
| Gross mathematical provisions covering SVPI | 514,144,335 | 489,469,402 | 201,392,590 | 206,522,061 | |
| Gross mathematical provisions covering SVPI during the annuity pay-out period | 56,213,038 | 46,964,091 | 56,213,038 | 46,964,091 | |
| GROSS CLAIMS PROVISIONS | 20,761,018 | 20,555,708 | 19,336,004 | 19,143,220 | |
| Gross claims provisions for IBNR and IBNER | 17,412,195 | 16,811,783 | 16,337,595 | 16,112,014 | |
| Gross provisions for incurred and reported claims | 3,067,313 | 3,379,774 | 2,752,151 | 2,724,176 | |
| Gross claims provisions for co-insurance | 0 | 0 | 0 | 0 | |
| Expected subrogation | 0 | 0 | 0 | 0 | |
| Provisions for claim handling costs | 281,509 | 364,151 | 246,258 | 307,030 | |
| OTHER INSURANCE TECHNICAL PROVISIONS | 12,592,965 | 9,605,442 | 10,545,871 | 8,202,386 | |
| TOTAL LIFE INSURANCE TECHNICAL PROVISIONS | 1,438,237,510 | 1,387,808,496 | 1,050,505,865 | 1,037,458,785 | |
| HEALTH INSURANCE | | | | | |
| GROSS UNEARNED PREMIUM PROVISIONS | 3,330,743 | 2,827,927 | 0 | 0 | |
| GROSS CLAIMS PROVISIONS | 14,539,194 | 9,869,071 | 0 | 0 | |
| Gross claims provisions for IBNR and IBNER | 13,330,156 | 9,012,635 | 0 | 0 | |
| Gross provisions for incurred and reported claims | 892,555 | 621,457 | 0 | 0 | |
| Gross claims provisions for co-insurance | 37,825 | 41,520 | 0 | 0 | |
| Expected subrogation | 0 | 0 | 0 | 0 | |
| Provisions for claim handling costs | 278,658 | 193,459 | 0 | 0 | |
| OTHER INSURANCE TECHNICAL PROVISIONS | 3,719,849 | 3,274,826 | 0 | 0 | |
| TOTAL HEALTH INSURANCE TECHNICAL PROVISIONS | 21,589,786 | 15,971,824 | 0 | 0 | |
| TOTAL INSURANCE TECHNICAL PROVISIONS | 2,393,927,336 | 2,310,503,061 | 1,713,421,521 | 1,696,143,475 | |
| GROSS MATHEMATICAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE | 484,942,834 | 402,598,039 | 435,592,711 | 365,238,075 | |

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.

Breakdown of gross and net claims provisions

| | Triglav Group | | Zavarovalnica Triglav | |
|---|------------------|------------------|-----------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| NON-LIFE INSURANCE | | | | |
| Gross provisions for incurred and unreported claims | 250,060,031 | 291,544,973 | 173,876,721 | 201,853,532 |
| Gross claims provisions | 263,229,663 | 302,755,513 | 183,093,750 | 213,040,229 |
| Reinsurers' share | -13,169,632 | -11,210,540 | -9,217,029 | -11,186,697 |
| Gross provisions for incurred and reported claims | 232,922,591 | 205,018,987 | 141,182,960 | 133,410,165 |
| Gross claims provisions | 285,625,604 | 254,056,778 | 199,582,429 | 187,205,589 |
| Reinsurers' and co-insurers' share | -52,703,013 | -49,037,791 | -58,399,469 | -53,795,424 |
| Gross claims provisions for co-insurance | 713,766 | 911,138 | 713,766 | 911,138 |
| Gross claims provisions | 713,766 | 911,138 | 713,766 | 911,138 |
| Reinsurers' share | 0 | 0 | 0 | 0 |
| Expected subrogation | -6,495,992 | -8,520,568 | -6,495,992 | -8,520,568 |
| Gross claims provisions | -7,044,507 | -9,135,984 | -7,044,507 | -9,135,984 |
| Reinsurers' share | 548,515 | 615,416 | 548,515 | 615,416 |
| Provisions for claim handling costs | 37,574,010 | 35,931,689 | 32,639,321 | 31,395,997 |
| Gross claims provisions | 37,574,010 | 35,931,689 | 32,639,321 | 31,395,997 |
| Reinsurers' share | 0 | 0 | 0 | 0 |
| TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS | 514,774,406 | 524,886,219 | 341,916,776 | 359,050,264 |
| TOTAL GROSS CLAIMS PROVISIONS | 580,098,536 | 584,519,134 | 408,984,759 | 423,416,968 |
| TOTAL REINSURERS' SHARE | -65,324,130 | -59,632,915 | -67,067,983 | -64,366,704 |
| LIFE INSURANCE | | | | |
| Gross provisions for incurred and unreported claims | 17,412,195 | 16,821,521 | 16,337,595 | 16,112,014 |
| Gross claims provisions | 17,412,195 | 16,811,783 | 16,337,595 | 16,112,014 |
| Reinsurers' share | 0 | 9,738 | 0 | 0 |
| Gross provisions for incurred and reported claims | 3,044,004 | 3,370,036 | 2,735,061 | 2,714,438 |
| Gross claims provisions | 3,067,313 | 3,379,774 | 2,752,151 | 2,724,176 |
| Reinsurers' share | -23,309 | -9,738 | -17,090 | -9,738 |
| 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 | 281,509 | 364,151 | 246,258 | 307,030 |
| Gross claims provisions | 281,509 | 364,151 | 246,258 | 307,030 |
| Reinsurers' share | 0 | 0 | 0 | 0 |
| TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS | 20,737,708 | 20,555,708 | 19,318,914 | 19,133,482 |
| TOTAL GROSS CLAIMS PROVISIONS | 20,761,017 | 20,555,708 | 19,336,004 | 19,143,220 |
| TOTAL REINSURERS' SHARE | -23,309 | 0 | -17,090 | -9,738 |
| HEALTH INSURANCE | | | | |
| Gross provisions for incurred and unreported claims | 13,330,156 | 9,012,635 | 0 | 0 |
| Gross claims provisions | 13,330,156 | 9,012,635 | 0 | 0 |
| Reinsurers' share | 0 | 0 | 0 | 0 |
| Gross provisions for incurred and reported claims | 892,555 | 621,457 | 0 | 0 |
| Gross claims provisions | 892,555 | 621,457 | 0 | 0 |
| Reinsurers' and co-insurers' share | 0 | 0 | 0 | 0 |
| Gross claims provisions for co-insurance | 37,825 | 41,520 | 0 | 0 |
| Gross claims provisions | 37,825 | 41,520 | 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 | 278,658 | 193,459 | 0 | 0 |
| Gross claims provisions | 278,658 | 193,459 | 0 | 0 |
| Reinsurers' share | 0 | 0 | 0 | 0 |
| TOTAL HEALTH INSURANCE GROSS CLAIMS PROVISIONS | 14,539,194 | 9,869,071 | 0 | 0 |
| TOTAL GROSS CLAIMS PROVISIONS | 14,539,194 | 9,869,071 | 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 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 2018 | 275,166,193 | 609,068,596 | 18,943,606 | 6,573,642 | 0 | 909,752,037 |
| Increase | 228,480,533 | 188,034,474 | 12,777,715 | 3,837,937 | 0 | 433,130,659 |
| Use | -206,778,357 | -212,655,908 | -11,886,556 | -4,969,307 | 0 | -436,290,128 |
| Exchange rate difference | 56,321 | 71,972 | -1,512 | 3,390 | 0 | 130,171 |
| 31 December 2018 | 296,924,690 | 584,519,134 | 19,833,253 | 5,445,662 | 0 | 906,722,739 |
| Increase | 243,437,184 | 194,015,560 | 14,711,158 | 4,188,605 | 0 | 456,352,507 |
| Use | -211,761,019 | -198,513,439 | -14,860,612 | -4,067,598 | 0 | -429,202,668 |
| Exchange rate difference | 135,558 | 77,277 | -28 | 14,655 | 0 | 227,462 |
| 31 December 2019 | 328,736,413 | 580,098,532 | 19,683,771 | 5,581,324 | 0 | 934,100,040 |

| | | | | | | in EUR |
|--------------------------|---------------------------|----------------------------------|----------------------------|---|---|---|
| LIFE INSURANCE | Gross unearned premium | Gross mathematical provisions | Gross claims provisions | Other gross insurance technical provisions | Unit-linked insurance-technical provisions | Total gross insurance technical provisions |
| 1 January 2018 | 426,149 | 1,333,055,389 | 19,476,640 | 5,270,021 | 449,544,565 | 1,807,772,763 |
| Increase | 403,589 | 129,645,897 | 14,165,394 | 4,509,651 | 18,291,860 | 167,016,391 |
| Use | -415,465 | -105,632,762 | -13,088,128 | -174,230 | -65,310,701 | -184,621,286 |
| Exchange rate difference | 56 | 164,493 | 1,804 | 0 | 72,315 | 238,668 |
| 31 December 2018 | 414,329 | 1,357,233,017 | 20,555,710 | 9,605,442 | 402,598,038 | 1,790,406,536 |
| Increase | 416,793 | 171,154,577 | 15,616,819 | 3,146,933 | 133,012,947 | 323,348,069 |
| Use | -387,342 | -109,518,575 | -15,410,215 | -159,467 | -64,920,594 | -190,396,193 |
| Transfer between funds | 0 | -14,315,978 | 0 | 0 | 14,315,978 | 0 |
| Exchange rate difference | -1 | -113,293 | -1,296 | 57 | -63,535 | -178,068 |
| 31 December 2019 | 443,779 | 1,404,439,748 | 20,761,018 | 12,592,965 | 484,942,834 | 1,923,180,344 |

| | | | | | | in EUR |
|--------------------------|---------------------------|----------------------------------|----------------------------|---|---|---|
| HEALTH INSURANCE | Gross unearned premium | Gross mathematical provisions | Gross claims provisions | Other gross insurance technical provisions | Unit-linked insurance-technical provisions | Total gross insurance technical provisions |
| 1 January 2018 | 2,520,377 | 0 | 9,928,477 | 2,271,936 | 0 | 14,720,790 |
| Increase | 2,917,168 | 0 | 9,491,994 | 1,008,309 | 0 | 13,417,471 |
| Use | -2,609,617 | 0 | -9,551,399 | -5,420 | 0 | -12,166,436 |
| Exchange rate difference | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 December 2018 | 2,827,927 | 0 | 9,869,071 | 3,274,826 | 0 | 15,971,824 |
| Increase | 3,435,305 | 0 | 14,233,771 | 445,411 | 0 | 18,114,487 |
| Use | -2,932,489 | 0 | -9,563,648 | -388 | 0 | -12,496,525 |
| Exchange rate difference | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 December 2019 | 3,330,743 | 0 | 14,539,194 | 3,719,849 | 0 | 21,589,786 |

Analysis of changes in gross insurance technical provisions for Zavarovalnica Triglav

| 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 | in EUR | |
|--------------------|---------------------------|----------------------------|---|---|---|---|--|
| | | | | | | Total gross insurance technical provisions | |
| 1 January 2018 | 196,121,893 | 450,789,937 | 18,349,804 | 3,025,520 | 0 | 668,287,154 | |
| Increase | 179,517,437 | 149,611,662 | 12,580,404 | 2,201,357 | 0 | 343,910,860 | |
| Use | -162,119,967 | -176,984,631 | -11,383,206 | -3,025,520 | 0 | -353,513,324 | |
| 31 December 2018 | 213,519,363 | 423,416,968 | 19,547,002 | 2,201,357 | 0 | 658,684,690 | |
| Increase | 191,230,100 | 156,292,535 | 14,277,786 | 2,466,997 | 0 | 364,267,418 | |
| Use | -172,350,711 | -170,724,744 | -14,759,640 | -2,201,357 | 0 | -360,036,452 | |
| 31 December 2019 | 232,398,752 | 408,984,759 | 19,065,148 | 2,466,997 | 0 | 662,915,656 | |

| LIFE INSURANCE | Gross unearned premium | Gross mathematical provisions | Gross claims provisions | Other gross insurance technical provisions | Unit-linked insurance-technical provisions | in EUR | |
|------------------------|---------------------------|----------------------------------|----------------------------|---|---|---|--|
| | | | | | | Total gross insurance technical provisions | |
| 1 January 2018 | 406,292 | 994,737,498 | 18,440,962 | 5,237,360 | 416,250,767 | 1,435,072,879 | |
| Increase | 400,574 | 90,568,446 | 11,600,287 | 3,113,895 | 8,944,966 | 114,628,168 | |
| Use | -406,292 | -75,593,339 | -10,898,029 | -148,869 | -59,957,658 | -147,004,187 | |
| 31 December 2018 | 400,574 | 1,009,712,605 | 19,143,220 | 8,202,386 | 365,238,075 | 1,402,696,860 | |
| Increase | 392,304 | 110,393,263 | 12,419,997 | 2,502,951 | 115,012,613 | 240,721,128 | |
| Use | -400,574 | -85,558,204 | -12,227,213 | -159,466 | -58,973,955 | -157,319,412 | |
| Transfer between funds | 0 | -14,315,978 | 0 | 0 | 14,315,978 | 0 | |
| 31 December 2019 | 392,304 | 1,020,231,686 | 19,336,004 | 10,545,871 | 435,592,711 | 1,486,098,576 | |

Analysis of the decrease in gross mathematical provisions

| | Triglav Group | | Zavarovalnica Triglav | | in EUR |
|------------|---------------|-------------|-----------------------|------------|--------|
| | 2019 | 2018 | 2019 | 2018 | |
| Surrenders | 40,127,011 | 25,845,426 | 26,302,093 | 11,156,773 | |
| Endowments | 52,227,344 | 56,390,693 | 47,930,673 | 51,210,505 | |
| Deaths | 3,076,315 | 3,081,525 | 2,333,561 | 2,367,665 | |
| Other | 14,087,904 | 20,315,118 | 8,991,877 | 10,858,396 | |
| TOTAL | 109,518,574 | 105,632,762 | 85,558,204 | 75,593,339 | |

Other releases refer to the payment of annuities, 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 2010 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | TOTAL |
| Cumulative loss assessment | | | | | | | | | | | | |
| – at the end of year of occurrence | | 535,615,958 | 509,028,152 | 537,773,397 | 540,980,548 | 523,335,884 | 494,721,974 | 497,610,909 | 523,078,938 | 559,765,704 | 601,779,178 | |
| – 1 year after year of occurrence | | 492,902,084 | 461,311,067 | 539,573,012 | 447,917,990 | 481,304,284 | 477,337,992 | 463,199,516 | 513,384,536 | 555,986,957 | | |
| – 2 years after year of occurrence | | 473,335,579 | 474,755,005 | 500,921,267 | 463,342,293 | 466,027,510 | 463,910,257 | 456,287,534 | 507,874,872 | | | |
| – 3 years after year of occurrence | | 479,637,277 | 455,085,444 | 496,641,454 | 439,583,068 | 458,436,319 | 460,400,102 | 452,152,498 | | | | |
| – 4 years after year of occurrence | | 467,602,633 | 458,416,153 | 487,381,079 | 433,339,855 | 453,418,013 | 454,797,271 | | | | | |
| – 5 years after year of occurrence | | 467,642,819 | 450,071,089 | 481,306,074 | 431,734,293 | 450,983,977 | | | | | | |
| – 6 years after year of occurrence | | 459,856,973 | 448,004,684 | 476,606,548 | 428,281,455 | | | | | | | |
| – 7 years after year of occurrence | | 457,000,191 | 445,950,087 | 474,416,822 | | | | | | | | |
| – 8 years after year of occurrence | | 455,357,549 | 439,296,442 | | | | | | | | | |
| – 9 years after year of occurrence | | 454,012,047 | | | | | | | | | | |
| – 10 years after year of occurrence | 82,511,753 | | | | | | | | | | | |
| Cumulative loss assessment | | 454,012,047 | 439,296,442 | 474,416,822 | 428,281,455 | 450,983,977 | 454,797,271 | 452,152,498 | 507,874,872 | 555,986,957 | 601,779,178 | |
| Cumulative payments until balane sheet date | 4,750,553 | 443,748,737 | 427,790,853 | 450,653,613 | 410,593,527 | 430,730,747 | 429,430,926 | 417,277,276 | 459,407,287 | 468,703,118 | 364,368,906 | |
| Claims provisions balance at the beginning of the period | 85,992,255 | 12,876,545 | 18,831,398 | 27,382,119 | 22,529,545 | 24,757,609 | 34,569,756 | 48,428,966 | 80,134,002 | 211,896,845 | | 567,399,041 |
| Settled during the period | 4,750,553 | 1,267,733 | 672,164 | 1,429,184 | 1,388,779 | 2,011,348 | 3,518,204 | 9,303,306 | 25,965,801 | 120,329,328 | 364,368,906 | 535,005,307 |
| Claim provisions balance | 77,761,199 | 10,263,309 | 11,505,589 | 23,763,209 | 17,687,927 | 20,253,229 | 25,366,345 | 34,875,222 | 48,467,585 | 87,283,839 | 237,410,272 | 594,637,726 |

Analysis of changes in loss events for non-life insurance for Zavarovalnica Triglav

| | in EUR | | | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Year of occurrence | | | | | | | | | | | |
| | Before 2010 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | TOTAL |
| Cumulative loss assessment | | | | | | | | | | | | |
| – at the end of year of occurrence | | 397,894,156 | 344,766,188 | 357,523,991 | 317,835,549 | 320,473,605 | 288,017,455 | 287,798,336 | 303,002,462 | 300,175,993 | 306,625,399 | |
| – 1 year after year of occurrence | | 349,567,530 | 303,201,976 | 304,864,538 | 266,546,400 | 276,286,823 | 244,620,306 | 248,557,097 | 279,993,010 | 278,632,613 | | |
| – 2 years after year of occurrence | | 333,049,538 | 288,324,957 | 296,542,971 | 256,384,328 | 265,047,929 | 236,877,342 | 244,240,955 | 273,830,944 | | | |
| – 3 years after year of occurrence | | 326,228,216 | 282,155,740 | 289,326,478 | 249,972,030 | 260,339,640 | 233,832,537 | 238,886,264 | | | | |
| – 4 years after year of occurrence | | 320,837,129 | 281,692,146 | 283,750,168 | 245,898,744 | 255,549,812 | 229,118,262 | | | | | |
| – 5 years after year of occurrence | | 317,082,345 | 278,889,676 | 279,036,814 | 243,246,940 | 251,874,520 | | | | | | |
| – 6 years after year of occurrence | | 313,090,207 | 277,885,732 | 273,848,769 | 239,361,697 | | | | | | | |
| – 7 years after year of occurrence | | 311,355,522 | 276,372,349 | 271,275,009 | | | | | | | | |
| – 8 years after year of occurrence | | 309,920,962 | 269,479,638 | | | | | | | | | |
| – 9 years after year of occurrence | | 308,040,803 | | | | | | | | | | |
| – 10 years after year of occurrence | 68,514,243 | | | | | | | | | | | |
| Cumulative loss assessment | | 308,040,803 | 269,479,638 | 271,275,009 | 239,361,697 | 251,874,520 | 229,118,262 | 238,886,264 | 273,830,944 | 278,632,613 | 306,625,399 | |
| Cumulative payments until balane sheet date | | 300,658,773 | 260,735,284 | 251,488,237 | 226,818,403 | 237,801,048 | 211,918,354 | 217,034,284 | 243,298,659 | 230,162,901 | 169,700,081 | |
| Claims provisions balance at the beginning of the period | 77,141,826 | 10,151,769 | 16,096,210 | 23,232,480 | 17,073,667 | 18,825,878 | 23,832,405 | 32,513,203 | 51,591,743 | 130,697,774 | | 401,156,955 |
| Settled during the period | 2,633,422 | 889,579 | 459,146 | 871,949 | 645,130 | 1,077,113 | 1,918,222 | 5,306,532 | 14,897,391 | 60,684,682 | 169,700,081 | 259,083,247 |
| Claim provisions balance | 65,880,821 | 7,382,030 | 8,744,354 | 19,786,771 | 12,543,294 | 14,073,473 | 17,199,908 | 21,851,980 | 30,532,285 | 48,469,712 | 136,925,318 | 383,389,945 |

3.16. Provisions for employee benefits

| | Triglav Group | | Zavarovalnica Triglav | |
|------------------------------------|-------------------|-------------------|-----------------------|-------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Provisions for unused leave | 4,281,300 | 4,280,949 | 3,525,883 | 3,500,312 |
| Provisions for retirement benefits | 9,540,429 | 8,602,839 | 6,909,641 | 6,287,047 |
| Provisions for jubilee payments | 2,051,316 | 1,920,785 | 1,456,925 | 1,379,797 |
| TOTAL | 15,873,046 | 14,804,574 | 11,892,449 | 11,167,156 |

in EUR

The calculation of provisions for pensions and severance pays upon retirement included:

- the expected mortality on the basis of crude mortality tables for the population of Slovenia from 2017 (Statistical Office of the Republic of Slovenia), taking into account a 20% lower mortality than given in those tables; in the subsidiaries outside of Slovenia, mortality tables from individual countries were taken into account;
- the expected annual employee fluctuation depending on age which, on average, stands at 2.9% in Slovenia and 3.2%, on average, in other countries;
- the expected growth of average salaries in Slovenia is 2.3% annually, while in other countries it is 3.0% on average;
- the yield curve of the Slovene government debt securities denominated in EUR as at 31 December 2019. The benchmark for a 10-year period is 0.37%. In the subsidiaries outside of Slovenia, the yield curves of government debt securities between 2.5% and 5.0% were taken into account.

Changes in provisions for unused annual leave and jubilee payments are fully recognised as operating expenses in the income statement. The same applies to changes in provisions for retirement benefits, excluding actuarial gains and losses. The latter are recognised in comprehensive income.

Analysis of the movement of employee benefits for the Triglav Group

| | Provisions for unused leave | Provisions for retirement benefits | Provisions for jubilee payments | in EUR |
|------------------------------------|--------------------------------|---------------------------------------|------------------------------------|-------------------|
| | | | | TOTAL |
| As at 1 January 2018 | 4,393,109 | 7,886,897 | 1,699,836 | 13,979,843 |
| Use of provisions in the year | -3,776,470 | -139,454 | -166,166 | -4,082,090 |
| Release of provisions in the year | -3,422 | -228,635 | -10,755 | -242,812 |
| Creation of provisions in the year | 3,667,331 | 1,081,777 | 397,902 | 5,147,010 |
| Exchange rate difference | 404 | 2,258 | -32 | 2,630 |
| As at 31 December 2018 | 4,280,949 | 8,602,839 | 1,920,785 | 14,804,574 |
| Use of provisions in the year | -3,899,870 | -406,761 | -160,777 | -4,467,408 |
| Release of provisions in the year | -84,650 | -57,846 | -23,222 | -165,718 |
| Creation of provisions in the year | 3,984,856 | 1,376,030 | 314,720 | 5,675,606 |
| Acquisition | 0 | 23,128 | 0 | 23,128 |
| Change in Group | 0 | 3,859 | 0 | 3,859 |
| Exchange rate difference | 15 | -820 | -190 | -995 |
| As at 31 December 2019 | 4,281,300 | 9,540,429 | 2,051,316 | 15,873,046 |

Analysis of the movement of employee benefits for the Zavarovalnica Triglav

| | Provisions for unused leave | Provisions for retirement benefits | Provisions for jubilee payments | in EUR |
|------------------------------------|--------------------------------|---------------------------------------|------------------------------------|-------------------|
| | | | | TOTAL |
| As at 1 January 2018 | 3,782,886 | 5,744,460 | 1,173,117 | 10,700,463 |
| Use of provisions in the year | -3,782,886 | -98,149 | -139,950 | -4,020,985 |
| Creation of provisions in the year | 3,500,312 | 640,736 | 346,630 | 4,487,678 |
| As at 31 December 2018 | 3,500,312 | 6,287,047 | 1,379,797 | 11,167,156 |
| Use of provisions in the year | -3,500,312 | -150,642 | -138,197 | -3,789,151 |
| Creation of provisions in the year | 3,525,883 | 773,236 | 215,325 | 4,514,444 |
| As at 31 December 2019 | 3,525,883 | 6,909,641 | 1,456,925 | 11,892,449 |

Development of provisions for retirement benefits and jubilee payments in Triglav Group

| | | | in EUR |
|---|---------------------------------------|------------------------------------|-------------------|
| | Provisions for retirement benefits | Provisions for jubilee payments | TOTAL |
| As at 1 January 2018 | 7,886,897 | 1,699,836 | 9,586,733 |
| Current service cost | 716,419 | 122,747 | 839,166 |
| Interest cost | 56,817 | 3,519 | 60,336 |
| Actuarial gains/losses due to: | | | |
| - changes in demographic assumptions | 124,664 | 20,219 | 144,883 |
| - changes in financial assumptions | -71,359 | -37,396 | -108,755 |
| - experience adjustments | 250,264 | 269,271 | 519,535 |
| Past service cost | -220,077 | -6,635 | -226,712 |
| Benefits paid during the year | -110,779 | -162,421 | -273,200 |
| Gains/losses upon payment | -32,261 | 11,677 | -20,584 |
| Exchange rate difference | 2,258 | -32 | 2,226 |
| As at 31 December 2018 | 8,602,839 | 1,920,785 | 10,523,624 |
| Current service cost | 854,173 | 190,426 | 1,044,599 |
| Interest cost | 65,175 | 5,844 | 71,019 |
| Actuarial gains/losses due to: | | | |
| - changes in demographic assumptions | -91,135 | -18,374 | -109,509 |
| - changes in financial assumptions | 572,620 | 62,628 | 635,248 |
| - experience adjustments | 55,127 | 31,733 | 86,860 |
| Past service cost | 17,348 | -11,739 | 5,609 |
| Benefits paid during the year | -350,233 | -1,669 | -351,902 |
| Gains/losses upon payment | -211,652 | -128,128 | -339,780 |
| Liabilities recognised in business combinations | 26,987 | 0 | 26,987 |
| Exchange rate difference | -820 | -190 | -1,010 |
| As at 31 December 2019 | 9,540,429 | 2,051,316 | 11,591,745 |

Sensitivity analysis of parameter changes for Triglav Group

| | | | in EUR |
|-------------------------------------|--|---------|----------|
| Parameter | Parameter change | 2019 | 2018 |
| Interest rate | shift in the discount curve by +0.25% | 131,209 | -209,526 |
| | shift in the discount curve by -0.25% | 670,558 | 218,244 |
| Wage growth | change in annual wage growth by +0.5% | 857,127 | 419,885 |
| | change in annual wage growth by -0.5% | -15,637 | -365,008 |
| Mortality rate | constant increase in mortality by +20% | 315,345 | -100,306 |
| | constant increase in mortality by -20% | 481,333 | 102,302 |
| Early employment termination | shift in the expense curve by +20% | 297,685 | -233,519 |
| | shift in the expense curve by -20% | 516,227 | 250,590 |

Development of provisions for retirement benefits and jubilee payments in Zavarovalnica Triglav

| | Provisions for retirement benefits | Provisions for jubilee payments | in EUR TOTAL |
|--------------------------------------|------------------------------------|---------------------------------|------------------|
| As at 1 January 2018 | 5,744,460 | 1,173,117 | 6,917,577 |
| Current service cost | 335,242 | 96,665 | 431,907 |
| Interest expenses | 39,341 | 3,016 | 42,357 |
| Actuarial gains/loss due to: | | | |
| – change in demographic assumptions | 132,185 | 20,396 | 152,581 |
| – change in financial assumptions | -105,958 | -71,936 | -177,894 |
| – experience adjustments | 239,926 | 267,668 | 507,594 |
| Profit/loss upon payment | 0 | 30,821 | 30,821 |
| Termination payments during the year | -98,149 | -139,950 | -238,099 |
| As at 31 December 2018 | 6,287,047 | 1,379,797 | 7,666,844 |
| Current service cost | 415,753 | 114,057 | 529,810 |
| Interest expenses | 47,976 | 5,542 | 53,518 |
| Actuarial gains/loss due to: | | | |
| – change in demographic assumptions | -84,493 | -18,374 | -102,867 |
| – change in financial assumptions | 499,294 | 61,461 | 560,755 |
| – experience adjustments | 93,294 | 31,728 | 125,022 |
| Profit/loss upon payment | -198,587 | -138,197 | -336,784 |
| Termination payments during the year | -150,643 | 20,911 | -129,732 |
| As at 31 December 2019 | 6,909,641 | 1,456,925 | 8,366,566 |

Sensitivity analysis of parameter changes for Zavarovalnica Triglav

| Parameter | Parameter change | 2019 | in EUR 2018 |
|-------------------------------------|--|----------|----------------|
| Interest rate | shift in the discount curve by +0.25% | -174,865 | -154,287 |
| | shift in the discount curve by -0.25% | 182,036 | 160,474 |
| Wage growth | change in annual wage growth by +0.5% | 340,333 | 304,322 |
| | change in annual wage growth by -0.5% | -301,951 | -270,534 |
| Mortality rate | constant increase in mortality by +20% | -76,744 | -67,316 |
| | constant increase in mortality by -20% | 77,899 | 68,292 |
| Early employment termination | shift in the expense curve by +20% | -185,077 | -164,873 |
| | shift in the expense curve by -20% | 194,185 | 172,926 |

3.17. Other provisions

| | Triglav Group | in EUR Zavarovalnica Triglav |
|-------------------------------|------------------|---------------------------------|
| As at 1 January 2018 | 3,794,647 | 724,961 |
| Increase (creation) | 28,040 | 247,442 |
| Decrease (draw down) | -260,821 | -213,968 |
| Release | -1,643,696 | 0 |
| Exchange rate difference | 1,385 | 0 |
| As at 31 December 2018 | 1,919,555 | 758,435 |
| Increase (creation) | 1,100,457 | 224,467 |
| Decrease (draw down) | -665,575 | -250,091 |
| Release | -50,330 | 0 |
| Acquisition | 292,322 | 0 |
| Change in Group | 152,753 | 0 |
| Exchange rate difference | 1,218 | 0 |
| As at 31 December 2019 | 2,750,400 | 732,811 |

The maturity of over 90% of other provisions is above 12 months. The largest portion of total provisions is accounted for provisions for legal disputes. The increase in other provisions is shown as »Other income« in the income statement.

3.18. Deferred tax assets and liabilities

| | in EUR | |
|--------------------------------------|---------------|-----------------------|
| | Triglav Group | Zavarovalnica Triglav |
| DEFERRED TAX ASSETS | | |
| As at 1 January 2018 | 13,769,115 | 12,963,374 |
| – increase | 2,595,553 | 2,485,412 |
| – decrease | -3,470,936 | -3,271,195 |
| – increase due to change in tax rate | 0 | 0 |
| As at 31 December 2018 | 12,893,732 | 12,177,591 |
| – increase | 2,630,944 | 2,400,815 |
| – decrease | -3,062,594 | -2,916,866 |
| – increase due to change in tax rate | 0 | 0 |
| As at 31 December 2019 | 12,462,082 | 11,661,540 |
| DEFERRED TAX LIABILITIES | | |
| As at 1 January 2018 | 26,396,579 | 22,264,427 |
| – increase | 81,536 | 0 |
| – decrease | -9,274,539 | -7,273,100 |
| – increase due to change in tax rate | 0 | 0 |
| As at 31 December 2018 | 17,203,576 | 14,991,327 |
| – increase | 5,339,526 | 2,376,892 |
| – decrease | -26,410 | 0 |
| – increase due to change in tax rate | 0 | 0 |
| As at 31 December 2019 | 22,516,692 | 17,368,219 |
| NET DEFERRED TAX ASSETS | | |
| As at 31 December 2018 | -4,309,844 | -2,813,736 |
| As at 31 December 2019 | -10,054,610 | -5,706,679 |

Deferred tax assets are recognised for temporary differences arising from the impairment of receivables, financial assets and investment property, formation of post-employment benefits, jubilee benefits, actuarial losses and unused tax losses. Deferred tax assets are not recognized from impairments of investments in subsidiaries and associates disclosed in the stand-alone financial statements.

Deferred tax liabilities are recognised due to the valuation of available-for-sale financial assets.

The change in deferred tax assets is recognised in the income statement, increasing and/or decreasing income tax expense. The change in deferred tax liabilities is recognised in other comprehensive income. The impact of changes on the income statement and the comprehensive income is shown in [→ Section 4.15].

3.19. Other financial liabilities

| | in EUR | | | |
|---|------------------|------------------|-----------------------|------------------|
| | Triglav Group | | Zavarovalnica Triglav | |
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Long-term liabilities for a finance lease | 30,459 | 284,056 | 0 | 0 |
| Loans from banks | 43,432 | 517,260 | 0 | 0 |
| Financial liabilities for acquired securities | 970,295 | 917,137 | 970,295 | 917,137 |
| Liabilities for dividends | 657,526 | 657,846 | 657,526 | 657,846 |
| Other financial liabilities | 162,701 | 3,244,605 | 12,304 | 12,460 |
| TOTAL | 1,864,413 | 5,620,904 | 1,640,125 | 1,587,443 |

The long-term financial liabilities of the Triglav Group and Zavarovalnica Triglav amount to EUR 40,647 and EUR 8,107 respectively.

3.20. Lease liabilities

Lease liabilities are recognised at the present value of future payments in 2019. In the comparable year, liabilities were recognised only for finance leases. The explanation is given in [→ Section 5.11] in the implementation of the new IFRS 16 Leases.

Maturity analysis of lease liabilities

| | in EUR | |
|------------------------------|-------------------|-----------------------|
| | Triglav Group | Zavarovalnica Triglav |
| MATURITY ANALYSIS | | |
| 1 year | 2,885,540 | 1,034,149 |
| 2 years | 2,773,314 | 931,987 |
| 3 years | 2,529,719 | 842,397 |
| 4 years | 1,631,203 | 733,709 |
| 5 years | 339,363 | 89,890 |
| More than 5 years | 731,970 | 534,146 |
| Foreign exchange differences | 24,569 | 0 |
| TOTAL | 10,915,678 | 4,166,278 |

3.21. Operating liabilities

| | Triglav Group | | Zavarovalnica Triglav | |
|---|-------------------|-------------------|-----------------------|-------------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| DIRECT INSURANCE LIABILITIES | 21,558,544 | 19,717,929 | 14,239,495 | 11,306,835 |
| Liabilities to policyholders | 13,989,205 | 11,408,191 | 11,166,548 | 8,345,773 |
| Liabilities to insurance brokers | 1,767,868 | 1,540,170 | 1,202,150 | 1,170,587 |
| Other liabilities from direct insurance operations | 5,801,471 | 6,769,568 | 1,473,815 | 1,428,595 |
| Liabilities from direct insurance operations to Group companies | 0 | 0 | 396,982 | 361,880 |
| LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS | 41,548,913 | 30,465,655 | 15,309,075 | 13,819,946 |
| Liabilities for re/co-insurance premiums | 23,302,031 | 18,293,707 | 13,978,149 | 12,655,925 |
| Liabilities for co-insurers' share of claims | 6,805,001 | 4,363,764 | 1,330,926 | 1,164,021 |
| Other re/co-insurance liabilities | 11,441,881 | 7,808,184 | 0 | 0 |
| CURRENT TAX LIABILITIES | 3,764,874 | 4,608,471 | 2,364,168 | 3,396,791 |
| TOTAL LIABILITIES FROM INSURANCE OPERATIONS | 66,872,331 | 54,792,055 | 31,912,738 | 28,523,572 |

All operating liabilities are short-term and are to be settled within 12 months.

3.22. Other liabilities

| | Triglav Group | | Zavarovalnica Triglav | |
|---|-------------------|-------------------|-----------------------|-------------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| Short-term liabilities to employees | 24,120,800 | 22,256,505 | 20,064,741 | 18,470,071 |
| Trade payables | 10,595,631 | 8,218,320 | 10,595,631 | 8,218,320 |
| Other short-term liabilities from insurance operations | 14,594,305 | 13,919,849 | 6,270,357 | 5,243,624 |
| Other short-term liabilities | 11,502,580 | 11,882,026 | 2,984,438 | 2,389,528 |
| Other long-term liabilities | 2,361,024 | 4,292,179 | 0 | 4,076,309 |
| Accrued interest on issued bonds | 1,374,110 | 958,354 | 1,374,110 | 958,354 |
| Short-term deferred income from charged interest on arrears | 1,931,477 | 2,154,573 | 1,931,477 | 2,154,573 |
| Other accruals | 14,058,081 | 11,828,405 | 2,374,349 | 1,711,168 |
| TOTAL | 80,538,008 | 75,510,207 | 45,595,103 | 43,221,946 |

The disclosed other liabilities include the Group's long-term liabilities of EUR 817,692, whereas Zavarovalnica Triglav has no long-term liabilities.

4. Notes to the income statement

4.1. Premium income

| | Triglav Group | | Zavarovalnica Triglav | | in EUR |
|---|----------------------|--------------------|-----------------------|--------------------|--------|
| | 2019 | 2018 | 2019 | 2018 | |
| NON-LIFE INSURANCE | | | | | |
| Gross written premium | 668,136,011 | 628,813,312 | 479,262,624 | 458,879,616 | |
| Assumed re-insurance written premium | 105,274,042 | 71,681,191 | 41,872,667 | 26,143,238 | |
| Assumed co-insurance written premium | 2,084,877 | 1,722,693 | 1,092,668 | 1,073,607 | |
| Ceded co-insurance written premium | -5,223,607 | -2,659,181 | -2,578,625 | -1,583,712 | |
| Reinsurance written premium | -130,514,701 | -103,870,707 | -116,182,623 | -99,275,679 | |
| Changes in gross provisions for unearned premiums | -31,115,490 | -15,998,370 | -16,883,462 | -12,921,249 | |
| Changes in reinsurers' share of unearned premiums | 11,525,072 | 6,282,125 | 7,831,069 | 5,942,775 | |
| Net premium income on non-life insurance | 620,166,204 | 585,971,063 | 394,414,318 | 378,258,596 | |
| LIFE INSURANCE | | | | | |
| Gross written premium | 231,917,205 | 222,162,500 | 179,904,010 | 174,113,971 | |
| Assumed co-insurance written premium | 13,679 | 0 | 0 | 0 | |
| Ceded co-insurance written premiums | -217,422 | 0 | -39,311 | -9,820 | |
| Reinsurance written premium | -497,367 | -95,020 | -732,194 | -427,898 | |
| Changes in gross provisions for unearned premiums | -16,513 | 12,058 | 8,270 | 5,717 | |
| Changes in reinsurers' share of unearned premiums | 680 | 5,100 | 264 | 302 | |
| Net premium income on life insurance | 231,200,262 | 222,084,638 | 179,141,039 | 173,682,272 | |
| HEALTH INSURANCE | | | | | |
| Gross written premium | 176,748,293 | 144,014,711 | 0 | 0 | |
| Changes in gross provisions for unearned premiums | -485,933 | -307,551 | 0 | 0 | |
| Net premium income on health insurance | 176,262,359 | 143,707,160 | 0 | 0 | |
| TOTAL NET PREMIUM INCOME | 1,027,628,825 | 951,762,862 | 573,555,357 | 551,940,868 | |

Overview of premium income by insurance class for Triglav Group¹¹⁰

| | in EUR | | | | |
|--|--------------------------------------|---|------------------------------------|-----------------------------|----------------------|
| | Gross written premium ¹¹¹ | Co-insurers' share in gross written premium | Ceded co-insurance written premium | Reinsurance written premium | Own share |
| 2019 | | | | | |
| NON-LIFE INSURANCE | | | | | |
| Accident insurance | 41,613,025 | 112,562 | -295,837 | -903,691 | 40,526,059 |
| Health insurance | 183,494,721 | 221,615 | -259,854 | -645,057 | 182,811,425 |
| Land motor vehicle insurance | 152,015,046 | 430 | -343,131 | -11,506,202 | 140,166,143 |
| Railway insurance | 3,294,906 | 0 | 0 | -787,049 | 2,507,857 |
| Aircraft insurance | 3,829,915 | 0 | 0 | -2,089,373 | 1,740,542 |
| Marine Insurance | 6,753,821 | 0 | -54,364 | -532,860 | 6,166,597 |
| Cargo insurance | 7,923,780 | 0 | -565,396 | -1,358,336 | 6,000,048 |
| Fire and natural forces insurance | 101,733,050 | 1,217,028 | -972,062 | -34,409,340 | 67,568,676 |
| Other damage to property insurance | 156,492,096 | 383,922 | -1,613,117 | -41,877,887 | 113,385,014 |
| Motor TPL insurance | 179,157,481 | 40,208 | 0 | -13,240,359 | 165,957,330 |
| Aircraft liability insurance | 2,960,984 | 0 | 0 | -1,651,076 | 1,309,908 |
| Marine liability insurance | 1,790,587 | 0 | -220,750 | -230,431 | 1,339,406 |
| General liability insurance | 49,667,964 | 87,374 | -758,917 | -10,621,359 | 38,375,062 |
| Credit insurance | 29,572,216 | 0 | 0 | -5,876,014 | 23,696,202 |
| Suretyship insurance | 3,921,136 | 3,932 | 0 | -1,015,572 | 2,909,496 |
| Miscellaneous financial loss insurance | 6,098,459 | 17,806 | -95,062 | -3,132,482 | 2,888,721 |
| Legal expenses insurance | 711,465 | 0 | -45,117 | -154,092 | 512,256 |
| Travel assistance insurance | 19,127,697 | 0 | 0 | -483,523 | 18,644,174 |
| Total non-life insurance | 950,158,349 | 2,084,877 | -5,223,607 | -130,514,703 | 816,504,916 |
| LIFE INSURANCE | | | | | |
| Life insurance | 104,197,450 | 13,679 | -217,422 | -496,590 | 103,497,117 |
| Wedding insurance or birth insurance | 0 | 0 | 0 | 0 | 0 |
| Unit-linked life insurance | 109,836,048 | 0 | 0 | 0 | 109,836,048 |
| Tontines | 0 | 0 | 0 | 0 | 0 |
| Capital redemption insurance | 17,655,904 | 0 | 0 | 0 | 17,655,904 |
| Loss of income due to illness | 227,800 | 0 | 0 | -777 | 227,023 |
| Total life insurance | 231,917,202 | 13,679 | -217,422 | -497,367 | 231,216,092 |
| TOTAL | 1,182,075,551 | 2,098,556 | -5,441,029 | -131,012,070 | 1,047,721,008 |

| | in EUR | | | | |
|--|-----------------------|---|------------------------------------|-----------------------------|--------------------|
| | Gross written premium | Co-insurers' share in gross written premium | Ceded co-insurance written premium | Reinsurance written premium | Own share |
| 2018 | | | | | |
| NON-LIFE INSURANCE | | | | | |
| Accident insurance | 40,848,248 | 70,274 | -48,460 | -683,132 | 40,186,930 |
| Health insurance | 148,697,953 | 183,987 | -25,055 | -363,493 | 148,493,392 |
| Land motor vehicle insurance | 142,002,450 | 27 | -9,198 | -9,411,913 | 132,581,366 |
| Railway insurance | 3,181,714 | 0 | 0 | -1,123,078 | 2,058,636 |
| Aircraft insurance | 1,807,213 | 0 | 0 | -799,871 | 1,007,342 |
| Marine Insurance | 5,300,424 | 4 | 0 | -453,152 | 4,847,276 |
| Cargo insurance | 7,774,190 | 0 | -647,213 | -1,637,678 | 5,489,299 |
| Fire and natural forces insurance | 96,115,705 | 1,140,434 | -946,360 | -32,658,558 | 63,651,221 |
| Other damage to property insurance | 133,418,045 | 256,108 | -365,190 | -31,722,516 | 101,586,447 |
| Motor TPL insurance | 165,750,020 | 13,127 | 0 | -5,915,860 | 159,847,287 |
| Aircraft liability insurance | 1,489,205 | 0 | 0 | -840,624 | 648,581 |
| Marine liability insurance | 1,231,416 | 0 | -63,478 | -184,711 | 983,227 |
| General liability insurance | 46,130,908 | 58,732 | -448,040 | -8,839,709 | 36,901,891 |
| Credit insurance | 26,825,201 | 0 | 0 | -5,021,329 | 21,803,872 |
| Suretyship insurance | 2,749,305 | 0 | 0 | -577,142 | 2,172,163 |
| Miscellaneous financial loss insurance | 6,171,395 | 0 | -106,187 | -3,377,937 | 2,687,271 |
| Legal expenses insurance | 482,824 | 0 | 0 | -11,554 | 471,270 |
| Travel assistance insurance | 14,532,996 | 0 | 0 | -248,450 | 14,284,546 |
| Total non-life insurance | 844,509,212 | 1,722,693 | -2,659,181 | -103,870,707 | 739,702,017 |
| LIFE INSURANCE | | | | | |
| Life insurance | 93,522,973 | 0 | 0 | -93,203 | 93,429,770 |
| Wedding insurance or birth insurance | 0 | 0 | 0 | 0 | 0 |
| Unit-linked life insurance | 111,706,354 | 0 | 0 | 0 | 111,706,354 |
| Tontines | 0 | 0 | 0 | 0 | 0 |
| Capital redemption insurance | 16,748,583 | 0 | 0 | 0 | 16,748,583 |
| Loss of income due to illness | 184,592 | 0 | 0 | -1,817 | 182,775 |
| Total life insurance | 222,162,502 | 0 | 0 | -95,020 | 222,067,482 |
| TOTAL | 1,066,671,714 | 1,722,693 | -2,659,181 | -103,965,727 | 961,769,499 |

¹¹⁰ Non-life insurance also includes health insurance.¹¹¹ Gross written premium also includes written reinsurance premiums accepted.

Overview of premium income by insurance class for Zavarovalnica Triglav

| | in EUR | | | | |
|--|-----------------------|---|------------------------------------|-----------------------------|--------------------|
| | Gross written premium | Co-insurers' share in gross written premium | Ceded co-insurance written premium | Reinsurance written premium | Own share |
| 2019 | | | | | |
| NON-LIFE INSURANCE | | | | | |
| Accident insurance | 26,948,216 | 0 | -155,434 | -899,385 | 25,893,398 |
| Health insurance | 728,634 | 0 | -259,704 | 0 | 468,930 |
| Land motor vehicle insurance | 124,555,113 | 0 | 0 | -9,724,465 | 114,830,648 |
| Railway insurance | 3,154,574 | 0 | 0 | -692,139 | 2,462,435 |
| Aircraft insurance | 1,928,948 | 0 | 0 | -1,730,977 | 197,970 |
| Marine Insurance | 308,649 | 0 | 0 | -26,503 | 282,146 |
| Cargo insurance | 4,724,407 | 0 | -565,396 | -1,330,197 | 2,828,814 |
| Fire and natural forces insurance | 55,078,786 | 1,056,091 | -416,398 | -20,765,821 | 34,952,658 |
| Other damage to property insurance | 115,060,304 | 0 | -135,988 | -51,438,465 | 63,485,851 |
| Motor TPL insurance | 102,354,472 | -2,116 | 0 | -9,529,793 | 92,822,563 |
| Aircraft liability insurance | 1,988,419 | 0 | 0 | -1,829,452 | 158,967 |
| Marine liability insurance | 811,322 | 0 | -220,750 | -95,363 | 495,209 |
| General liability insurance | 39,095,354 | 38,693 | -767,804 | -11,080,961 | 27,285,281 |
| Credit insurance | 22,962,440 | 0 | 0 | -4,003,816 | 18,958,624 |
| Suretyship insurance | 2,414,586 | 0 | 0 | -609,331 | 1,805,255 |
| Miscellaneous financial loss insurance | 2,807,251 | 0 | -12,034 | -1,546,580 | 1,248,636 |
| Legal expenses insurance | 700,475 | 0 | -45,117 | -123,927 | 531,431 |
| Travel assistance insurance | 15,513,341 | 0 | 0 | -755,448 | 14,757,892 |
| Total non-life insurance | 521,135,291 | 1,092,668 | -2,578,625 | -116,182,623 | 403,466,711 |
| LIFE INSURANCE | | | | | |
| Life insurance | 82,300,599 | 0 | -39,311 | -732,194 | 81,529,094 |
| Wedding insurance or birth insurance | 0 | 0 | 0 | 0 | 0 |
| Unit-linked life insurance | 79,947,507 | 0 | 0 | 0 | 79,947,507 |
| Tontines | 0 | 0 | 0 | 0 | 0 |
| Capital redemption insurance | 17,655,904 | 0 | 0 | 0 | 17,655,904 |
| Loss of income due to illness | 0 | 0 | 0 | 0 | 0 |
| Total life insurance | 179,904,010 | 0 | -39,311 | -732,194 | 179,132,505 |
| TOTAL | 701,039,301 | 1,092,668 | -2,617,936 | -116,914,817 | 582,599,216 |

| | in EUR | | | | |
|--|-----------------------|---|------------------------------------|-----------------------------|--------------------|
| | Gross written premium | Co-insurers' share in gross written premium | Ceded co-insurance written premium | Reinsurance written premium | Own share |
| 2018 | | | | | |
| NON-LIFE INSURANCE | | | | | |
| Accident insurance | 26,173,583 | 0 | -137 | -859,071 | 25,314,375 |
| Health insurance | 692,746 | 0 | -263,937 | -809 | 428,000 |
| Land motor vehicle insurance | 118,662,443 | 0 | 0 | -9,423,547 | 109,238,896 |
| Railway insurance | 3,041,772 | 0 | 0 | -697,135 | 2,344,637 |
| Aircraft insurance | 611,302 | 0 | 0 | -420,762 | 190,540 |
| Marine Insurance | 333,966 | 4 | 0 | -67,123 | 266,847 |
| Cargo insurance | 4,952,630 | 0 | -647,200 | -1,745,678 | 2,559,752 |
| Fire and natural forces insurance | 54,464,093 | 995,356 | -179,158 | -20,869,711 | 34,410,580 |
| Other damage to property insurance | 102,508,202 | 0 | -12,711 | -40,355,181 | 62,140,310 |
| Motor TPL insurance | 92,415,938 | 1,058 | 0 | -6,546,249 | 85,870,747 |
| Aircraft liability insurance | 988,282 | 0 | 0 | -894,148 | 94,134 |
| Marine liability insurance | 453,104 | 0 | -63,478 | -40,410 | 349,216 |
| General liability insurance | 37,594,425 | 77,189 | -417,091 | -10,836,827 | 26,417,696 |
| Credit insurance | 25,456,965 | 0 | 0 | -3,892,223 | 21,564,742 |
| Suretyship insurance | 1,842,317 | 0 | 0 | -446,035 | 1,396,282 |
| Miscellaneous financial loss insurance | 2,816,203 | 0 | 0 | -1,580,068 | 1,236,135 |
| Legal expenses insurance | 443,097 | 0 | 0 | -29,009 | 414,088 |
| Travel assistance insurance | 11,571,786 | 0 | 0 | -571,693 | 11,000,093 |
| Total non-life insurance | 485,022,854 | 1,073,607 | -1,583,712 | -99,275,679 | 385,237,070 |
| LIFE INSURANCE | | | | | |
| Life insurance | 81,164,340 | 0 | -9,820 | -427,898 | 80,726,622 |
| Wedding insurance or birth insurance | 0 | 0 | 0 | 0 | 0 |
| Unit-linked life insurance | 76,201,048 | 0 | 0 | 0 | 76,201,048 |
| Tontines | 0 | 0 | 0 | 0 | 0 |
| Capital redemption insurance | 16,748,583 | 0 | 0 | 0 | 16,748,583 |
| Loss of income due to illness | 0 | 0 | 0 | 0 | 0 |
| Total life insurance | 174,113,971 | 0 | -9,820 | -427,898 | 173,676,253 |
| TOTAL | 659,136,825 | 1,073,607 | -1,593,532 | -99,703,577 | 558,913,323 |

4.2. Total income from financial assets

| | Triglav Group | | Zavarovalnica Triglav | |
|--|--------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| in EUR | | | | |
| INTEREST INCOME FROM FINANCIAL ASSETS | | | | |
| – available for sale | 29,910,023 | 31,745,848 | 20,567,584 | 22,352,655 |
| – loans and deposits | 3,921,136 | 3,673,878 | 3,620,175 | 3,223,478 |
| – held to maturity | 8,860,967 | 9,815,935 | 7,116,912 | 7,657,191 |
| – at fair value through profit and loss | 10,445,616 | 10,337,581 | 4,259,388 | 4,444,301 |
| Interest income | 53,137,742 | 55,573,242 | 35,564,059 | 37,677,625 |
| DIVIDENDS FROM | | | | |
| – available-for-sale financial assets | 3,289,086 | 3,577,567 | 2,684,732 | 2,868,187 |
| – financial assets at fair value through profit and loss | 525,711 | 466,275 | 205,034 | 209,516 |
| – subsidiaries and associates | 40,988 | 0 | 3,213,938 | 4,506,342 |
| TOTAL DIVIDENDS | 3,855,785 | 4,043,842 | 6,103,704 | 7,584,045 |
| Fair value gains | 87,186,487 | 1,492,063 | 68,172,441 | 1,108,893 |
| Realised gains on disposals | 38,129,233 | 23,777,837 | 32,059,434 | 18,521,649 |
| Other financial income | 5,240,372 | 4,002,093 | 3,255,029 | 2,168,468 |
| Profit on investments accounted for using the equity method | 515,913 | 1,021,159 | 0 | 0 |
| TOTAL INVESTMENT INCOME | 188,065,532 | 89,910,236 | 145,154,667 | 67,060,680 |

Fair value gains are described in detail in [→ [Section 4.4](#)], and realised gains on disposals in [→ [Section 4.5](#)]. Data in the table also include income from financial assets for shareholder-related companies.

4.3. Total expenses from financial assets

| | Triglav Group | | Zavarovalnica Triglav | |
|---|-------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| in EUR | | | | |
| Fair value losses | 6,915,721 | 45,840,584 | 4,611,063 | 33,533,878 |
| Realised loss on disposals | 9,767,166 | 13,128,928 | 9,679,511 | 12,566,364 |
| Loss on disposals of subsidiaries | 562,704 | 0 | 0 | 0 |
| Loss on impairment of financial assets | 848,962 | 1,497,483 | 344,175 | 1,248,877 |
| Other finance costs | 6,421,723 | 6,651,494 | 3,942,664 | 3,585,367 |
| - Net exchange losses | 1,039,315 | 2,497,447 | 489,247 | 660,647 |
| - Other expenses from financial assets and liabilities | 2,584,845 | 1,768,614 | 1,351,956 | 1,126,190 |
| - Asset management costs | 2,797,563 | 2,385,433 | 2,101,461 | 1,798,530 |
| Loss on equity investments in associates accounted for using the equity method | 170,640 | 137,092 | 0 | 0 |
| TOTAL EXPENSES FROM FINANCIAL ASSETS | 24,686,916 | 67,255,581 | 18,577,413 | 50,934,486 |

Fair value losses are described in detail in [→ [Section 4.4](#)], and realised loss on disposals of financial assets in [→ [Section 4.5](#)]. Data in the table also include expenses from financial assets for shareholder-related companies.

4.4. Fair value gains and losses

| | Triglav Group | | Zavarovalnica Triglav | |
|---|-------------------|--------------------|-----------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| in EUR | | | | |
| Financial assets recognised at fair value through profit/loss | 80,327,326 | -43,705,592 | 63,617,937 | -31,770,799 |
| – gains | 87,119,619 | 1,429,476 | 68,105,572 | 1,057,563 |
| – losses | -6,792,293 | -45,135,068 | -4,487,635 | -32,828,362 |
| Derivative financial instruments | -56,560 | -642,929 | -56,559 | -654,187 |
| – gains | 66,868 | 62,587 | 66,868 | 51,330 |
| – losses | -123,428 | -705,516 | -123,428 | -705,516 |
| NET GAINS FROM CHANGES IN FAIR VALUE | 80,270,766 | -44,348,521 | 63,561,378 | -32,424,985 |

Net income from changes in fair value of financial assets includes net unrealised gains on unit-linked life insurance assets. Net expenses from changes in fair value of financial assets include net unrealised losses on unit-linked life insurance assets.

4.5. Realised gains and losses

| | Triglav Group | | Zavarovalnica Triglav | |
|---|-------------------|-------------------|-----------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Financial assets recognised at fair value through profit/loss | 7,663,277 | -3,325,788 | 7,373,185 | -3,279,198 |
| – realised gains on disposals | 7,987,214 | 696,651 | 7,657,038 | 678,530 |
| – realised losses on disposals | -323,937 | -4,022,439 | -283,854 | -3,957,728 |
| Available-for-sale financial assets | 26,265,832 | 17,014,673 | 20,573,780 | 11,925,982 |
| – realised gains on disposals | 29,499,354 | 18,164,581 | 23,759,731 | 12,939,619 |
| – realised losses on disposals | -3,233,522 | -1,149,908 | -3,185,951 | -1,013,637 |
| Loans and deposits | 0 | -294,753 | 0 | 0 |
| – realised gains on disposals | 0 | 13,105 | 0 | 0 |
| – realised losses on disposals | 0 | -307,858 | 0 | 0 |
| Derivative financial instruments | -5,604,207 | -2,745,223 | -5,604,207 | -2,691,500 |
| – realised gains on disposals | 605,500 | 4,903,500 | 605,500 | 4,903,500 |
| – realised losses on disposals | -6,209,707 | -7,648,723 | -6,209,707 | -7,595,000 |
| Held-to-maturity financial assets | 37,165 | 0 | 37,165 | 0 |
| – realised gains on disposals | 37,165 | 0 | 37,165 | 0 |
| – realised losses on disposals | 0 | 0 | 0 | 0 |
| Financial liabilities | 0 | 0 | 0 | 0 |
| – realised gains on disposals | 0 | 0 | 0 | 0 |
| – realised losses on disposals | 0 | 0 | 0 | 0 |
| TOTAL REALISED GAINS AND LOSSES | 28,362,067 | 10,648,909 | 22,379,923 | 5,955,284 |

in EUR

4.6. Other insurance income

| | Triglav Group | | Zavarovalnica Triglav | |
|--|-------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Fees and commission income | 22,069,255 | 15,806,181 | 19,848,006 | 17,004,132 |
| – reinsurance commission income | 22,013,758 | 15,750,966 | 19,792,510 | 16,948,917 |
| – investment management services | 55,497 | 55,215 | 55,496 | 55,215 |
| Other income from insurance operations | 15,114,257 | 14,031,800 | 9,906,997 | 10,444,252 |
| – income from sale of green cards for motor vehicles | 1,754,473 | 2,388,333 | 1,004,770 | 999,019 |
| – income from claims settled for other insurance companies | 685,290 | 712,579 | 550,590 | 455,901 |
| – income from assistance services | 24,179 | 50,398 | 18,355 | 37,576 |
| – other income from insurance operations | 6,662,743 | 4,521,771 | 2,744,077 | 2,851,248 |
| – interest from receivables | 5,987,574 | 6,358,721 | 5,589,205 | 6,100,508 |
| OTHER INSURANCE INCOME | 37,183,512 | 29,837,981 | 29,755,003 | 27,448,384 |

in EUR

4.7. Other income

| | Triglav Group | | Zavarovalnica Triglav | |
|---|-------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Income from investment property | 6,951,440 | 6,860,194 | 5,662,363 | 5,569,135 |
| Income from disposal of investment property | 999,045 | 1,473,740 | 340,238 | 1,171,222 |
| Income from disposal of intangible assets | 0 | 8,665 | 0 | 0 |
| Income from disposal of property, plant and equipment | 153,405 | 170,318 | 1,555 | 32,572 |
| Income from other services | 1,568,578 | 1,986,091 | 5,274,718 | 5,514,416 |
| Income from non-insurance companies in the Group | 29,515,380 | 25,330,425 | 0 | 0 |
| Fair value gains | 140,621 | 241,939 | 70,601 | 165,465 |
| Claims refund | 192,654 | 78,161 | 5,960 | 39,169 |
| TOTAL OTHER INCOME | 39,521,122 | 36,149,533 | 11,355,435 | 12,491,979 |

in EUR

4.8. Claims

| | Triglav Group | | Zavarovalnica Triglav | |
|---|--------------------|--------------------|-----------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| NON-LIFE INSURANCE | | | | |
| Gross claims settled | 367,371,941 | 374,502,594 | 271,314,359 | 273,030,985 |
| Gross claims paid from inward reinsurance | 44,762,054 | 33,701,523 | 7,882,121 | 12,719,613 |
| Income from gross subrogated receivables | -17,396,530 | -16,967,528 | -13,811,826 | -13,502,708 |
| Reinsurers' share of gross claims settled | -34,973,279 | -40,184,452 | -31,232,576 | -37,927,113 |
| Co-insurers' share of gross claims settled | -163,170 | 195,761 | 96,351 | 262,030 |
| Change in gross claims provisions | -8,261,273 | -31,600,189 | -14,432,209 | -27,372,969 |
| Change in gross claims provisions for re/co-insurer's share | -1,508,080 | 11,311,263 | -2,701,279 | 3,354,795 |
| Net claims incurred on non-life insurance | 349,831,663 | 330,958,972 | 217,114,940 | 210,564,633 |
| LIFE INSURANCE | | | | |
| Gross claims settled | 181,736,829 | 169,247,828 | 159,819,727 | 148,754,692 |
| Reinsurers' share in gross claims | -118,092 | -275 | -359,222 | -102,530 |
| Change in gross claims provisions | 205,837 | 1,077,159 | 192,783 | 702,258 |
| Change in reinsurers' share in gross claims provisions | -13,543 | 22,621 | -7,351 | 22,621 |
| Net claims incurred on life insurance | 181,811,031 | 170,347,333 | 159,645,937 | 149,377,041 |
| HEALTH INSURANCE | | | | |
| Gross claims settled | 140,293,784 | 119,145,307 | 0 | 0 |
| Income from gross exercised subrogation receivables | -25,942 | -29,506 | 0 | 0 |
| Change in gross claims provisions | 4,673,818 | -70,820 | 0 | 0 |
| Change in claims provisions for reinsurers' share | -3,695 | 11,414 | 0 | 0 |
| Equalisation scheme expenses | 7,567,169 | 6,197,698 | 0 | 0 |
| TOTAL net claims incurred on health insurance | 152,505,134 | 125,254,093 | 0 | 0 |
| NET CLAIMS INCURRED TOTAL | 684,147,828 | 626,560,398 | 376,760,877 | 359,941,674 |

Overview of net claims incurred by insurance class

| | in EUR | | | |
|--|--------------------------------|--|----------------------|------------------------|
| Triglav Group 2019 | Gross claims ¹¹² | Income from subrogated receivables | Reinsurers' share | Net claims incurred |
| NON-LIFE INSURANCE | | | | |
| Accident insurance | 24,418,611 | -35,930 | -599,640 | 23,783,041 |
| Health insurance | 143,879,958 | -26,389 | -259,010 | 143,594,559 |
| Land motor vehicle insurance | 103,769,720 | -4,111,863 | -3,795,409 | 95,862,448 |
| Railway insurance | 1,062,241 | -88 | 0 | 1,062,153 |
| Aircraft insurance | 1,166,301 | 0 | -124,128 | 1,042,173 |
| Marine Insurance | 3,783,849 | -33,898 | -18,943 | 3,731,008 |
| Cargo insurance | 2,736,035 | -335,519 | -371,644 | 2,028,872 |
| Fire and natural forces insurance | 45,301,428 | -221,271 | -7,445,386 | 37,634,771 |
| Other damage to property insurance | 74,204,164 | -445,857 | -11,439,008 | 62,319,299 |
| Motor TPL insurance | 101,378,566 | -3,614,028 | -3,600,060 | 94,164,478 |
| Aircraft liability insurance | 486,289 | 0 | -137,328 | 348,961 |
| Marine liability insurance | 327,872 | 0 | -459 | 327,413 |
| General liability insurance | 18,173,316 | -275,044 | -2,599,413 | 15,298,859 |
| Credit insurance | 14,095,639 | -8,082,298 | -2,557,877 | 3,455,464 |
| Suretyship insurance | 607,264 | -194,133 | -8,289 | 404,842 |
| Miscellaneous financial loss insurance | 3,582,949 | -7,539 | -1,797,919 | 1,777,491 |
| Legal expenses insurance | 59,200 | 0 | -223 | 58,977 |
| Travel assistance insurance | 13,394,374 | -38,615 | -218,550 | 13,137,209 |
| Total non-life insurance | 552,427,776 | -17,422,472 | -34,973,286 | 500,032,018 |
| LIFE INSURANCE | | | | |
| Life insurance | 109,673,444 | 0 | -118,092 | 109,555,352 |
| Wedding insurance or birth insurance | 0 | 0 | 0 | 0 |
| Unit-linked life insurance | 66,923,331 | 0 | 0 | 66,923,331 |
| Tontines | 0 | 0 | 0 | 0 |
| Capital redemption insurance | 5,050,338 | 0 | 0 | 5,050,338 |
| Loss of income due to illness | 89,719 | 0 | 0 | 89,719 |
| Total life insurance | 181,736,832 | 0 | -118,092 | 181,618,740 |
| TOTAL | 734,164,608 | -17,422,472 | -35,091,378 | 681,650,758 |

| | in EUR | | | |
|--|--------------------|--|----------------------|------------------------|
| Triglav Group 2018 | Gross claims | Income from subrogated receivables | Reinsurers' share | Net claims incurred |
| NON-LIFE INSURANCE | | | | |
| Accident insurance | 24,227,816 | -10,801 | -230,009 | 23,987,006 |
| Health insurance | 121,362,005 | -29,523 | -122,892 | 121,209,590 |
| Land motor vehicle insurance | 97,815,885 | -3,513,921 | -3,733,347 | 90,568,617 |
| Railway insurance | 2,583,036 | -30 | -244,676 | 2,338,330 |
| Aircraft insurance | 659,117 | 0 | -166,071 | 493,046 |
| Marine Insurance | 3,437,920 | -8,716 | -367,337 | 3,061,867 |
| Cargo insurance | 2,519,395 | -199,348 | -114,151 | 2,205,896 |
| Fire and natural forces insurance | 52,496,392 | -152,359 | -13,895,816 | 38,448,217 |
| Other damage to property insurance | 74,508,007 | -564,165 | -12,359,892 | 61,583,950 |
| Motor TPL insurance | 98,955,254 | -3,700,133 | -1,686,194 | 93,568,927 |
| Aircraft liability insurance | 285,242 | 0 | -24,169 | 261,073 |
| Marine liability insurance | 270,764 | 0 | -2,501 | 268,263 |
| General liability insurance | 18,947,236 | -221,192 | -3,056,247 | 15,669,797 |
| Credit insurance | 11,945,067 | -8,063,118 | -1,396,156 | 2,485,793 |
| Suretyship insurance | 687,953 | -506,428 | 42,206 | 223,731 |
| Miscellaneous financial loss insurance | 4,812,263 | 0 | -2,639,070 | 2,173,193 |
| Legal expenses insurance | 67,104 | 0 | -331 | 66,773 |
| Travel assistance insurance | 11,768,968 | -27,300 | -187,799 | 11,553,869 |
| Total non-life insurance | 527,349,424 | -16,997,034 | -40,184,452 | 470,167,938 |
| LIFE INSURANCE | | | | |
| Life insurance | 92,419,363 | 0 | -275 | 92,419,088 |
| Wedding insurance or birth insurance | 0 | 0 | 0 | 0 |
| Unit-linked life insurance | 70,889,784 | 0 | 0 | 70,889,784 |
| Tontines | 0 | 0 | 0 | 0 |
| Capital redemption insurance | 5,885,491 | 0 | 0 | 5,885,491 |
| Loss of income due to illness | 53,190 | 0 | 0 | 53,190 |
| Total life insurance | 169,247,828 | 0 | -275 | 169,247,553 |
| TOTAL | 696,597,252 | -16,997,034 | -40,184,727 | 639,415,491 |

¹¹² Gross claims paid also include gross claims paid from inward reinsurance.

| | in EUR | | | |
|--|--------------------|--|----------------------|------------------------|
| Zavarovalnica Triglav 2019 | Gross claims | Income from subrogated receivables | Reinsurers' share | Net claims incurred |
| NON-LIFE INSURANCE | | | | |
| Accident insurance | 13,764,088 | -31,466 | -401,423 | 13,331,199 |
| Health insurance | 252,787 | 0 | -6,465 | 246,322 |
| Land motor vehicle insurance | 83,988,870 | -2,600,525 | -4,192,601 | 77,195,744 |
| Railway insurance | 1,062,241 | -88 | 0 | 1,062,153 |
| Aircraft insurance | 35,535 | 0 | -4,793 | 30,742 |
| Marine Insurance | 95,544 | 0 | -3,000 | 92,545 |
| Cargo insurance | 1,536,491 | -124,241 | -426,523 | 985,727 |
| Fire and natural forces insurance | 21,014,498 | -203,417 | -4,052,887 | 16,758,193 |
| Other damage to property insurance | 48,117,697 | -405,929 | -12,207,287 | 35,504,480 |
| Motor TPL insurance | 65,967,231 | -2,106,039 | -3,589,376 | 60,271,816 |
| Aircraft liability insurance | 51,926 | 0 | -16,871 | 35,055 |
| Marine liability insurance | 45,105 | 0 | -740 | 44,366 |
| General liability insurance | 15,423,660 | -234,896 | -2,602,404 | 12,586,360 |
| Credit insurance | 13,086,937 | -7,869,249 | -1,552,441 | 3,665,247 |
| Suretyship insurance | 271,699 | -191,258 | 1,552 | 81,993 |
| Miscellaneous financial loss insurance | 2,538,209 | -7,539 | -1,649,226 | 881,444 |
| Legal expenses insurance | 58,965 | 0 | -269 | 58,695 |
| Travel assistance insurance | 11,884,996 | -37,179 | -527,822 | 11,319,995 |
| Total non-life insurance | 279,196,479 | -13,811,826 | -31,232,576 | 234,152,077 |
| LIFE INSURANCE | | | | |
| Life insurance | 96,566,193 | 0 | -359,222 | 96,206,971 |
| Wedding insurance or birth insurance | 0 | 0 | 0 | 0 |
| Unit-linked life insurance | 58,203,196 | 0 | 0 | 58,203,196 |
| Tontines | 0 | 0 | 0 | 0 |
| Capital redemption insurance | 5,050,338 | 0 | 0 | 5,050,338 |
| Loss of income due to illness | 0 | 0 | 0 | 0 |
| Total life insurance | 159,819,727 | 0 | -359,222 | 159,460,505 |
| TOTAL | 439,016,206 | -13,811,826 | -31,591,798 | 393,612,582 |

| | in EUR | | | |
|--|--------------------|--|----------------------|------------------------|
| Zavarovalnica Triglav 2018 | Gross claims | Income from subrogated receivables | Reinsurers' share | Net claims incurred |
| NON-LIFE INSURANCE | | | | |
| Accident insurance | 13,903,658 | -10,138 | -372,369 | 13,521,151 |
| Health insurance | 141,361 | 0 | -5,201 | 136,160 |
| Land motor vehicle insurance | 80,419,568 | -2,298,303 | -4,747,607 | 73,373,658 |
| Railway insurance | 2,583,036 | -30 | -182,692 | 2,400,314 |
| Aircraft insurance | 41,849 | 0 | -8,938 | 32,911 |
| Marine Insurance | 402,518 | 0 | -3,805 | 398,713 |
| Cargo insurance | 1,235,612 | -147,185 | -309,110 | 779,317 |
| Fire and natural forces insurance | 27,662,364 | -132,283 | -7,172,427 | 20,357,654 |
| Other damage to property insurance | 52,112,313 | -547,804 | -14,354,973 | 37,209,536 |
| Motor TPL insurance | 63,388,400 | -2,123,082 | -3,373,416 | 57,891,902 |
| Aircraft liability insurance | 52,187 | 0 | -15,761 | 36,426 |
| Marine liability insurance | 61,938 | 0 | -1,481 | 60,457 |
| General liability insurance | 17,127,665 | -212,469 | -2,907,026 | 14,008,169 |
| Credit insurance | 11,444,728 | -7,742,878 | -932,892 | 2,768,958 |
| Suretyship insurance | 244,752 | -261,783 | 58,821 | 41,790 |
| Miscellaneous financial loss insurance | 4,289,396 | 0 | -3,134,366 | 1,155,030 |
| Legal expenses insurance | 63,809 | 0 | -637 | 63,172 |
| Travel assistance insurance | 10,575,444 | -26,753 | -463,232 | 10,085,459 |
| Total non-life insurance | 285,750,598 | -13,502,708 | -37,927,113 | 234,320,777 |
| LIFE INSURANCE | | | | |
| Life insurance | 81,883,672 | 0 | -102,530 | 81,781,142 |
| Wedding insurance or birth insurance | 0 | 0 | 0 | 0 |
| Unit-linked life insurance | 60,985,529 | 0 | 0 | 60,985,529 |
| Tontines | 0 | 0 | 0 | 0 |
| Capital redemption insurance | 5,885,491 | 0 | 0 | 5,885,491 |
| Loss of income due to illness | 0 | 0 | 0 | 0 |
| Total life insurance | 148,754,692 | 0 | -102,530 | 148,652,162 |
| TOTAL | 434,505,290 | -13,502,708 | -38,029,643 | 382,972,939 |

4.9. Reinsurance result

| | Triglav Group | | Zavarovalnica Triglav | |
|---|--------------------|--------------------|-----------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Reinsurance premiums | -131,012,070 | -103,965,727 | -119,532,753 | -101,297,110 |
| Changes in reinsurers' share of unearned premiums | 11,525,751 | 6,287,215 | 7,831,333 | 5,943,077 |
| Reinsurers' share of claims | 35,091,378 | 40,184,727 | 31,591,798 | 38,029,643 |
| Changes in claims provisions for reinsurers' shares | 1,525,318 | -11,345,298 | 2,708,631 | -3,377,416 |
| Net result from reinsurance operations | -82,869,623 | -68,839,083 | -77,400,991 | -60,701,806 |
| Reinsurance commission | 22,013,759 | 15,750,967 | 19,792,511 | 16,948,916 |
| GROSS REINSURANCE RESULT | -60,855,864 | -53,088,116 | -57,608,480 | -43,752,889 |

4.10. Change in other insurance-technical provisions

| | Triglav Group | | Zavarovalnica Triglav | |
|--|--------------------|--------------------|-----------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Change in other insurance technical provisions | 59,308,589 | 39,860,373 | 22,338,141 | 29,499,390 |
| – changes in gross provisions for cancellations | 61,201 | 69,299 | 113,200 | 1,593 |
| – changes in gross provisions for unexpired risks | 560,277 | 55,176 | 152,440 | -825,756 |
| – changes in gross provisions for other catastrophic risks | 0 | -183,598 | 0 | 0 |
| – changes in gross provisions for life insurance | 58,327,494 | 39,657,720 | 21,712,883 | 30,061,777 |
| – changes in gross provisions for bonuses from with-profits life insurance | 359,618 | 261,776 | 359,618 | 261,776 |
| Change in gross provisions for unit-linked insurance contracts | 69,205,056 | -46,889,547 | 57,140,018 | -50,884,979 |
| TOTAL CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS | 128,513,645 | -7,029,174 | 79,478,159 | -21,385,589 |

4.11. Expenses for bonuses and discounts

| | Triglav Group | | Zavarovalnica Triglav | |
|---|-------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Settled bonuses and discounts | 11,150,325 | 10,319,128 | 10,203,376 | 9,374,088 |
| Changes in gross provisions for bonuses and discounts | 410,933 | 1,098,555 | -481,855 | 1,197,198 |
| TOTAL EXPENSES FOR BONUSES AND DISCOUNTS | 11,561,258 | 11,417,685 | 9,721,522 | 10,571,287 |

4.12. Acquisition costs and other operating expenses

| | Triglav Group | | Zavarovalnica Triglav | |
|---|--------------------|--------------------|-----------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Acquisition costs | 162,566,584 | 159,245,093 | 110,868,380 | 110,230,111 |
| Other operating costs | 81,886,268 | 74,392,332 | 47,037,785 | 42,778,807 |
| Claim handling costs* | 26,992,891 | 25,629,551 | 20,486,350 | 19,615,402 |
| Costs of asset management** | 2,797,563 | 2,385,433 | 2,101,461 | 1,798,530 |
| Operating expenses from non-insurance operations*** | 31,025,419 | 27,173,807 | 0 | 0 |
| TOTAL | 305,268,725 | 288,826,216 | 180,493,976 | 174,422,850 |

* Claim handling costs are disclosed as a part of gross claims incurred.

** Costs of asset management are disclosed as financial expenses.

*** Operating expenses from non-insurance operations are disclosed as other expenses.

4.12.1. Gross operating expenses by nature and business segment

| | | | | | | in EUR |
|---|--------------------|-------------------|-------------------|---|---|--------------------|
| Triglav Group 2019 | Non-life insurance | Life insurance | Health insurance | Total costs of insurance operations | Costs of non-insurance operations | TOTAL |
| Acquisition costs | 37,970,939 | 9,521,453 | 4,879,789 | 52,372,181 | 0 | 52,372,181 |
| Cost of goods sold | 0 | 0 | 0 | 0 | 48,845 | 48,845 |
| Depreciation of operating assets | 13,848,924 | 2,378,720 | 843,897 | 17,071,541 | 2,224,314 | 19,295,855 |
| Labour costs | 113,388,012 | 19,340,257 | 5,807,740 | 138,536,009 | 15,306,467 | 153,842,476 |
| Wages and salaries | 78,917,582 | 13,355,803 | 4,382,193 | 96,655,578 | 10,593,356 | 107,248,934 |
| Social security and pension insurance costs | 17,797,881 | 2,786,393 | 732,979 | 21,317,253 | 2,834,733 | 24,151,986 |
| Other labour costs | 16,672,549 | 3,198,061 | 692,568 | 20,563,178 | 1,878,378 | 22,441,556 |
| Costs of services provided by natural persons other than SPs, including related taxes | 966,642 | 97,837 | 253,309 | 1,317,788 | 0 | 1,317,788 |
| Other operating costs | 51,786,172 | 6,809,880 | 6,349,735 | 64,945,787 | 13,445,793 | 78,391,580 |
| Costs of entertainment, advertising, trade shows | 14,766,638 | 576,518 | 985,585 | 16,328,741 | 885,791 | 17,214,532 |
| Costs of material and energy | 5,091,718 | 604,192 | 357,087 | 6,052,997 | 1,718,021 | 7,771,018 |
| Maintenance costs | 8,433,447 | 1,563,918 | 2,249,122 | 12,246,487 | 1,257,000 | 13,503,487 |
| Reimbursement of labour-related costs | 4,195,261 | 298,422 | 187,490 | 4,681,173 | 764,284 | 5,445,457 |
| Costs of intellectual and personal services | 2,912,627 | 656,939 | 271,318 | 3,840,884 | 1,416,645 | 5,257,529 |
| Membership fees and charges | 2,184,394 | 426,976 | 101,877 | 2,713,247 | 667,878 | 3,381,125 |
| Costs of services - transport and communications | 3,273,747 | 459,481 | 1,097,500 | 4,830,728 | 145,904 | 4,976,632 |
| Costs for insurance premiums | 745,795 | 51,147 | 2,258 | 799,200 | 49,049 | 848,249 |
| Payment transaction costs and banking services | 1,488,233 | 272,897 | 382,858 | 2,143,988 | 2,434,813 | 4,578,801 |
| Rents | 2,650,974 | 438,221 | 5,631 | 3,094,826 | 663,110 | 3,757,936 |
| Costs of professional training services | 916,425 | 204,014 | 67,007 | 1,187,446 | 151,199 | 1,338,645 |
| Other costs of services | 5,126,913 | 1,257,155 | 642,002 | 7,026,070 | 3,292,099 | 10,318,169 |
| TOTAL OPERATING EXPENSES | 217,960,689 | 38,148,147 | 18,134,470 | 274,243,306 | 31,025,419 | 305,268,725 |

| | | | | | | in EUR |
|---|--------------------|-------------------|-------------------|---|---|--------------------|
| Triglav Group 2018 | Non-life insurance | Life insurance | Health insurance | Total costs of insurance operations | Costs of non-insurance operations | TOTAL |
| Acquisition costs | 32,970,748 | 9,231,634 | 3,778,927 | 45,981,309 | 0 | 45,981,309 |
| Cost of goods sold | 0 | 0 | 0 | 0 | 52,904 | 52,904 |
| Depreciation of operating assets | 10,746,299 | 1,784,980 | 484,229 | 13,015,508 | 1,249,119 | 14,264,627 |
| Labour costs | 107,616,995 | 19,223,168 | 4,829,461 | 131,669,624 | 14,204,726 | 145,874,350 |
| Wages and salaries | 74,835,746 | 13,344,670 | 3,677,805 | 91,858,221 | 9,710,045 | 101,568,266 |
| Social security and pension insurance costs | 17,296,601 | 2,822,743 | 623,487 | 20,742,831 | 2,746,253 | 23,489,084 |
| Other labour costs | 15,484,648 | 3,055,755 | 528,169 | 19,068,572 | 1,748,428 | 20,817,000 |
| Costs of services provided by natural persons other than SPs, including related taxes | 2,500,098 | 84,678 | 172,218 | 2,756,994 | 0 | 2,756,994 |
| Other operating costs | 55,323,363 | 7,386,378 | 5,519,233 | 68,228,974 | 11,667,058 | 79,896,032 |
| Costs of entertainment, advertising, trade shows | 17,507,734 | -1,779,107 | 753,783 | 16,482,410 | 691,744 | 17,174,154 |
| Costs of material and energy | 5,174,363 | 1,020,058 | 331,282 | 6,525,703 | 1,611,346 | 8,137,049 |
| Maintenance costs | 7,264,034 | 2,253,591 | 2,164,324 | 11,681,949 | 993,988 | 12,675,937 |
| Reimbursement of labour-related costs | 4,084,109 | 514,639 | 192,421 | 4,791,169 | 690,379 | 5,481,548 |
| Costs of intellectual and personal services | 3,083,908 | 1,027,325 | 126,990 | 4,238,223 | 824,578 | 5,062,801 |
| Membership fees and charges | 2,032,523 | 439,940 | 89,299 | 2,561,762 | 922,998 | 3,484,760 |
| Costs of services - transport and communications | 3,419,187 | 1,066,007 | 848,368 | 5,333,562 | 154,015 | 5,487,577 |
| Costs for insurance premiums | 1,324,876 | 175,924 | 2,867 | 1,503,667 | 53,797 | 1,557,464 |
| Payment transaction costs and banking services | 1,383,173 | 654,676 | 348,692 | 2,386,541 | 1,093,494 | 3,480,035 |
| Rents | 4,816,298 | 669,725 | 9,087 | 5,495,110 | 1,007,809 | 6,502,919 |
| Costs of professional training services | 701,299 | 157,075 | 90,875 | 949,249 | 184,220 | 1,133,469 |
| Other costs of services | 4,531,859 | 1,186,525 | 561,245 | 6,279,629 | 3,438,690 | 9,718,319 |
| TOTAL OPERATING EXPENSES | 209,157,503 | 37,710,838 | 14,784,068 | 261,652,409 | 27,173,807 | 288,826,216 |

| | in EUR | | | | | |
|---|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | 2019 | | | 2018 | | |
| Zavarovalnica Triglav | Non-life insurance | Life insurance | TOTAL | Non-life insurance | Life insurance | TOTAL |
| Acquisition costs | 20,537,251 | 8,221,864 | 28,759,115 | 18,729,044 | 8,445,942 | 27,174,986 |
| Depreciation of operating assets | 9,306,961 | 1,860,782 | 11,167,743 | 8,136,900 | 1,466,135 | 9,603,035 |
| Labour costs | 84,468,319 | 15,405,513 | 99,873,832 | 81,286,516 | 15,120,570 | 96,407,086 |
| Wages and salaries | 59,446,002 | 10,792,080 | 70,238,082 | 57,631,614 | 10,579,475 | 68,211,089 |
| Social security and pension insurance costs | 10,000,710 | 1,836,307 | 11,837,017 | 9,889,336 | 1,841,107 | 11,730,443 |
| Other labour costs | 15,021,607 | 2,777,126 | 17,798,733 | 13,765,566 | 2,699,988 | 16,465,554 |
| Costs of services provided by natural persons other than SPs, including related taxes | 303,626 | 46,290 | 349,916 | 274,040 | 65,097 | 339,137 |
| Other operating costs | 31,302,758 | 9,040,612 | 40,343,370 | 31,621,398 | 9,277,208 | 40,898,606 |
| Costs of entertainment, advertising, trade shows | 6,314,611 | 2,284,236 | 8,598,847 | 6,940,513 | 1,771,891 | 8,712,404 |
| Costs of material and energy | 2,702,111 | 723,768 | 3,425,879 | 2,789,901 | 816,848 | 3,606,749 |
| Maintenance costs | 7,602,688 | 2,025,071 | 9,627,759 | 6,708,088 | 2,161,400 | 8,869,488 |
| Reimbursement of labour-related costs | 2,946,849 | 413,787 | 3,360,636 | 2,903,368 | 402,927 | 3,306,295 |
| Costs of intellectual and personal services | 1,475,483 | 487,897 | 1,963,380 | 1,447,154 | 799,008 | 2,246,162 |
| Membership fees and charges | 1,306,399 | 321,967 | 1,628,366 | 1,168,667 | 355,252 | 1,523,919 |
| Costs of services - transport and communications | 2,143,568 | 929,081 | 3,072,649 | 2,232,851 | 977,717 | 3,210,568 |
| Costs for insurance premiums | 302,748 | 24,556 | 327,304 | 937,893 | 155,291 | 1,093,184 |
| Payment transaction costs and banking services | 1,096,078 | 602,093 | 1,698,171 | 1,047,188 | 555,182 | 1,602,370 |
| Rents | 1,827,225 | 388,833 | 2,216,058 | 2,746,549 | 557,195 | 3,303,744 |
| Costs of professional training services | 725,103 | 177,098 | 902,201 | 489,471 | 143,016 | 632,487 |
| Other costs of services | 2,859,895 | 662,225 | 3,522,120 | 2,209,755 | 581,481 | 2,791,236 |
| TOTAL OPERATING EXPENSES | 145,918,915 | 34,575,061 | 180,493,976 | 140,047,898 | 34,374,952 | 174,422,850 |

In addition to the above-stated amount of EUR 70,238,082 (vs. EUR 68,211,089 in 2018), total wages and salaries include employee bonuses based on performance results in 2019 in the total amount of EUR 9,094,941 (vs. EUR 8,496,124 in 2018). Total costs for wages and salaries in 2019 thus amount to EUR 79,333,023 (vs. EUR 76,707,213 in 2018).

Total costs of Zavarovalnica Triglav for the above-mentioned item, including taxes and other contributions chargeable to the employer, amount to EUR 10,559,226 and are disclosed as other expenses.

4.12.2. Gross operating expenses by nature and function

| | | | | | | in EUR |
|---|------------------------------------|----------------------------|---------------------------------|--------------------------------|---|-------------|
| Triglav Group 2019 | Cost of contract acquisition | Claim handling costs | Costs of asset management | Other operating expenses | Costs of non-insurance operations | TOTAL |
| Acquisition costs | 52,372,181 | 0 | 0 | 0 | 0 | 52,372,181 |
| Cost of goods sold | 0 | 0 | 0 | 0 | 48,845 | 48,845 |
| Depreciation of operating assets | 6,521,385 | 2,934,970 | 185,928 | 7,429,258 | 2,224,314 | 19,295,855 |
| Labour costs | 71,293,990 | 18,770,287 | 1,645,714 | 46,826,018 | 15,306,467 | 153,842,476 |
| Wages and salaries | 51,103,066 | 12,795,861 | 1,199,395 | 31,557,256 | 10,593,356 | 107,248,934 |
| Social security and pension insurance costs | 10,689,303 | 2,937,135 | 253,782 | 7,437,033 | 2,834,733 | 24,151,986 |
| Other labour costs | 9,501,621 | 3,037,291 | 192,537 | 7,831,729 | 1,878,378 | 22,441,556 |
| Costs of services provided by natural persons other than SPs, including related taxes | 436,122 | 462,378 | 5,493 | 413,795 | 0 | 1,317,788 |
| Other operating costs | 31,942,906 | 4,825,256 | 960,428 | 27,217,197 | 13,445,793 | 78,391,580 |
| Costs of entertainment, advertising, trade shows | 13,299,391 | 71,188 | 30,334 | 2,927,828 | 885,791 | 17,214,532 |
| Costs of material and energy | 3,158,194 | 839,563 | 50,098 | 2,005,142 | 1,718,021 | 7,771,018 |
| Maintenance costs | 3,688,532 | 1,169,448 | 314,427 | 7,074,080 | 1,257,000 | 13,503,487 |
| Reimbursement of labour-related costs | 3,560,819 | 124,904 | 47,343 | 948,107 | 764,284 | 5,445,457 |
| Costs of intellectual and personal services | 732,261 | 455,234 | 217,860 | 2,435,529 | 1,416,645 | 5,257,529 |
| Membership fees and charges | 818,020 | 101,926 | 3,933 | 1,789,368 | 667,878 | 3,381,125 |
| Costs of services - transport and communications | 2,079,895 | 461,001 | 44,219 | 2,245,613 | 145,904 | 4,976,632 |
| Costs for insurance premiums | 360,384 | 67,085 | 8,368 | 363,363 | 49,049 | 848,249 |
| Payment transaction costs and banking services | 387,577 | 9,854 | 95,386 | 1,651,171 | 2,434,813 | 4,578,801 |
| Rents | 1,311,953 | 328,268 | 19,351 | 1,435,254 | 663,110 | 3,757,936 |
| Costs of professional training services | 391,845 | 111,120 | 15,927 | 668,554 | 151,199 | 1,338,645 |
| Other costs of services | 2,154,035 | 1,085,665 | 113,182 | 3,673,188 | 3,292,099 | 10,318,169 |
| TOTAL OPERATING EXPENSES | 162,566,584 | 26,992,891 | 2,797,563 | 81,886,268 | 31,025,419 | 305,268,725 |

| | | | | | | in EUR |
|---|------------------------------------|----------------------------|---------------------------------|--------------------------------|---|-------------|
| Triglav Group 2018 | Cost of contract acquisition | Claim handling costs | Costs of asset management | Other operating expenses | Costs of non-insurance operations | TOTAL |
| Acquisition costs | 45,981,309 | 0 | 0 | 0 | 0 | 45,981,309 |
| Cost of goods sold | 0 | 0 | 0 | 0 | 52,904 | 52,904 |
| Depreciation of operating assets | 6,464,125 | 1,724,817 | 123,906 | 4,702,660 | 1,249,119 | 14,264,627 |
| Labour costs | 68,966,811 | 18,355,084 | 1,404,281 | 42,943,448 | 14,204,726 | 145,874,350 |
| Wages and salaries | 49,098,833 | 12,351,548 | 1,026,916 | 29,380,924 | 9,710,045 | 101,568,266 |
| Social security and pension insurance costs | 10,509,211 | 2,860,813 | 213,231 | 7,159,576 | 2,746,253 | 23,489,084 |
| Other labour costs | 9,358,767 | 3,142,723 | 164,134 | 6,402,948 | 1,748,428 | 20,817,000 |
| Costs of services provided by natural persons other than SPs, including related taxes | 1,943,097 | 458,251 | 2,301 | 353,345 | 0 | 2,756,994 |
| Other operating costs | 35,889,751 | 5,091,399 | 854,945 | 26,392,879 | 11,667,058 | 79,896,032 |
| Costs of entertainment, advertising, trade shows | 13,962,904 | 50,660 | 12,726 | 2,456,120 | 691,744 | 17,174,154 |
| Costs of material and energy | 3,526,442 | 858,291 | 38,430 | 2,102,540 | 1,611,346 | 8,137,049 |
| Maintenance costs | 4,221,553 | 1,176,547 | 236,140 | 6,047,709 | 993,988 | 12,675,937 |
| Reimbursement of labour-related costs | 3,758,919 | 115,886 | 31,835 | 884,529 | 690,379 | 5,481,548 |
| Costs of intellectual and personal services | 819,409 | 493,175 | 264,442 | 2,661,197 | 824,578 | 5,062,801 |
| Membership fees and charges | 933,423 | 148,540 | 23,564 | 1,456,235 | 922,998 | 3,484,760 |
| Costs of services - transport and communications | 2,643,442 | 505,079 | 17,950 | 2,167,091 | 154,015 | 5,487,577 |
| Costs for insurance premiums | 759,510 | 200,048 | 11,029 | 533,080 | 53,797 | 1,557,464 |
| Payment transaction costs and banking services | 802,267 | 7,941 | 65,163 | 1,511,170 | 1,093,494 | 3,480,035 |
| Rents | 2,398,047 | 521,247 | 36,678 | 2,539,138 | 1,007,809 | 6,502,919 |
| Costs of professional training services | 282,710 | 79,847 | 9,247 | 577,445 | 184,220 | 1,133,469 |
| Other costs of services | 1,781,125 | 934,138 | 107,741 | 3,456,625 | 3,438,690 | 9,718,319 |
| TOTAL OPERATING EXPENSES | 159,245,093 | 25,629,551 | 2,385,433 | 74,392,332 | 27,173,807 | 288,826,216 |

| | | | | | in EUR |
|---|---------------------------------|-------------------------|------------------------------|-----------------------------|--------------------|
| Zavarovalnica Triglav 2019 | Cost of contract acquisition | Claim handling costs | Costs of asset management | Other operating expenses | TOTAL |
| Acquisition costs | 28,759,115 | 0 | 0 | 0 | 28,759,115 |
| Depreciation of operating assets | 5,082,222 | 2,581,480 | 136,042 | 3,367,999 | 11,167,743 |
| Labour costs | 55,024,679 | 14,703,524 | 1,214,263 | 28,931,366 | 99,873,832 |
| Wages and salaries | 39,869,143 | 10,166,569 | 902,729 | 19,299,641 | 70,238,082 |
| Social security and pension insurance costs | 6,671,805 | 1,709,510 | 153,935 | 3,301,767 | 11,837,017 |
| Other labour costs | 8,483,731 | 2,827,445 | 157,599 | 6,329,958 | 17,798,733 |
| Costs of services provided by natural persons other than SPs, including related taxes | 26,619 | 270,593 | 1,048 | 51,656 | 349,916 |
| Other operating costs | 21,975,745 | 2,930,753 | 750,108 | 14,686,764 | 40,343,370 |
| Costs of entertainment, advertising, trade shows | 8,176,881 | 39,165 | 12,324 | 370,477 | 8,598,847 |
| Costs of material and energy | 1,748,105 | 600,282 | 34,366 | 1,043,126 | 3,425,879 |
| Maintenance costs | 3,337,188 | 986,807 | 297,099 | 5,006,665 | 9,627,759 |
| Reimbursement of labour-related costs | 2,871,332 | 49,205 | 29,300 | 410,799 | 3,360,636 |
| Costs of intellectual and personal services | 512,470 | 52,622 | 200,793 | 1,197,495 | 1,963,380 |
| Membership fees and charges | 603,041 | 80,045 | 459 | 944,821 | 1,628,366 |
| Costs of services - transport and communications | 1,783,027 | 331,672 | 34,684 | 923,266 | 3,072,649 |
| Costs for insurance premiums | 76,763 | 31,988 | 1,575 | 216,978 | 327,304 |
| Payment transaction costs and banking services | 647,645 | 762 | 81,612 | 968,152 | 1,698,171 |
| Rents | 569,482 | 214,860 | 13,166 | 1,418,550 | 2,216,058 |
| Costs of professional training services | 313,902 | 94,488 | 13,143 | 480,668 | 902,201 |
| Other costs of services | 1,335,909 | 448,857 | 31,587 | 1,705,767 | 3,522,120 |
| TOTAL OPERATING EXPENSES | 110,868,380 | 20,486,350 | 2,101,461 | 47,037,785 | 180,493,976 |

| | | | | | in EUR |
|---|---------------------------------|-------------------------|------------------------------|-----------------------------|--------------------|
| Zavarovalnica Triglav 2018 | Cost of contract acquisition | Claim handling costs | Costs of asset management | Other operating expenses | TOTAL |
| Acquisition costs | 27,174,986 | 0 | 0 | 0 | 27,174,986 |
| Depreciation of operating assets | 5,438,220 | 1,486,233 | 104,925 | 2,573,657 | 9,603,035 |
| Labour costs | 54,369,024 | 14,546,113 | 1,023,137 | 26,468,812 | 96,407,086 |
| Wages and salaries | 39,291,695 | 10,002,413 | 760,734 | 18,156,247 | 68,211,089 |
| Social security and pension insurance costs | 6,678,803 | 1,722,700 | 128,377 | 3,200,563 | 11,730,443 |
| Other labour costs | 8,398,526 | 2,821,000 | 134,026 | 5,112,002 | 16,465,554 |
| Costs of services provided by natural persons other than SPs, including related taxes | 29,704 | 273,507 | 951 | 34,975 | 339,137 |
| Other operating costs | 23,218,177 | 3,309,549 | 669,517 | 13,701,363 | 40,898,606 |
| Costs of entertainment, advertising, trade shows | 8,369,713 | 34,175 | 4,622 | 303,894 | 8,712,404 |
| Costs of material and energy | 1,858,397 | 630,913 | 26,360 | 1,091,079 | 3,606,749 |
| Maintenance costs | 3,372,299 | 1,020,337 | 226,148 | 4,250,704 | 8,869,488 |
| Reimbursement of labour-related costs | 2,860,342 | 55,413 | 17,824 | 372,716 | 3,306,295 |
| Costs of intellectual and personal services | 547,897 | 59,728 | 244,509 | 1,394,028 | 2,246,162 |
| Membership fees and charges | 745,358 | 132,577 | 19,519 | 626,465 | 1,523,919 |
| Costs of services - transport and communications | 1,874,885 | 387,405 | 12,624 | 935,654 | 3,210,568 |
| Costs for insurance premiums | 535,498 | 162,096 | 6,244 | 389,346 | 1,093,184 |
| Payment transaction costs and banking services | 686,384 | 767 | 54,358 | 860,861 | 1,602,370 |
| Rents | 1,244,227 | 321,541 | 20,727 | 1,717,249 | 3,303,744 |
| Costs of professional training services | 201,627 | 70,028 | 8,230 | 352,602 | 632,487 |
| Other costs of services | 921,550 | 434,569 | 28,352 | 1,406,765 | 2,791,236 |
| TOTAL OPERATING EXPENSES | 110,230,111 | 19,615,402 | 1,798,530 | 42,778,807 | 174,422,850 |

4.13. Other expenses from insurance operations

| | Triglav Group | | Zavarovalnica Triglav | |
|--|-------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Fee and commission expenses | 23,732,270 | 16,747,703 | 3,976,854 | 3,598,300 |
| Expenses from impairment of insurance receivables and write-offs | 4,481,382 | 4,040,324 | 2,658,427 | 1,511,505 |
| Fire tax | 4,465,062 | 4,543,801 | 4,088,719 | 4,100,129 |
| Expenses of preventive activity | 2,421,801 | 2,197,547 | 1,805,266 | 1,498,562 |
| Contributions for claims from uninsured or unidentified vehicles | 2,036,902 | 1,427,306 | 766,364 | -90,685 |
| Supervisory authority fees | 1,617,379 | 1,534,377 | 866,690 | 815,368 |
| Other net insurance expenses | 4,810,514 | 3,253,078 | 788,387 | 386,460 |
| OTHER EXPENSES FROM INSURANCE OPERATIONS | 43,565,310 | 33,744,135 | 14,950,707 | 11,819,639 |

in EUR

4.14. Other expenses

| | Triglav Group | | Zavarovalnica Triglav | |
|---|-------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Financial expenses | 3,098,502 | 1,384,359 | 2,867,130 | 1,507,022 |
| Interest expenses for bonds issued | 2,504,904 | 1,042,856 | 2,691,945 | 1,227,366 |
| Lease interest expenses | 554,387 | 0 | 76,026 | 0 |
| Other financing expenses | 39,211 | 341,503 | 99,159 | 279,655 |
| Other expenses | 51,435,454 | 43,234,402 | 14,946,882 | 14,087,222 |
| Operating expenses of non-insurance companies | 30,092,616 | 26,450,272 | 0 | 0 |
| Employee and Management Board bonuses | 12,133,664 | 10,877,720 | 10,559,226 | 9,864,000 |
| Expenses from impairment of investment property | 2,415,650 | 474,484 | 164,017 | 0 |
| Other investment property expenses | 2,368,430 | 2,649,014 | 2,674,784 | 3,070,405 |
| Depreciation of investment property | 1,385,473 | 1,415,406 | 1,047,990 | 938,600 |
| Loss from investment property disposal | 18,301 | 27,840 | 0 | 5,813 |
| Expenses from reversal of impairment of other receivables | 536,735 | 522,638 | 45,606 | -210,129 |
| Expenses from disposal of property, plant and equipment | 33,072 | 18,189 | 10,329 | 14,159 |
| Expenses from disposal of intangible assets | 30,782 | 3,616 | 30,782 | 3,093 |
| Other expenses | 2,420,731 | 795,223 | 414,149 | 401,281 |
| TOTAL OTHER EXPENSES | 54,533,956 | 44,618,763 | 17,814,012 | 15,594,244 |

in EUR

4.15. Income tax expense

4.15.1. Tax expense in the income statement

| | Triglav Group | | Zavarovalnica Triglav | |
|--|-------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Current tax expense | 16,731,029 | 15,560,650 | 13,481,140 | 12,127,605 |
| Deferred tax expense | 341,769 | 1,068,907 | 516,051 | 785,783 |
| TOTAL TAX EXPENSE IN THE INCOME STATEMENT | 17,072,798 | 16,629,557 | 13,997,191 | 12,913,388 |

in EUR

4.15.2. Tax expense in other comprehensive income

| Triglav Group | 2019 | | | 2018 | | |
|--|-------------------|-------------------|-------------------|--------------------|------------------|--------------------|
| | Before tax | Tax | After tax | Before tax | Tax | After tax |
| Profit from increase in fair value of available for sale financial assets | 29,429,816 | -7,207,343 | 22,222,473 | -52,468,348 | 11,453,351 | -41,014,997 |
| Liabilities from insurance contracts with a discretionary participating feature (shadow accounting) | -4,944,885 | 939,528 | -4,005,357 | 14,887,351 | -2,376,972 | 12,510,379 |
| Gains/losses recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities recognised using the equity method | 0 | 0 | 0 | -310,367 | 58,970 | -251,397 |
| Actuarial gains/losses | -351,094 | 0 | -351,094 | -303,550 | 125 | -303,425 |
| Translation differences | 137,442 | 0 | 137,442 | 127,483 | 0 | 127,483 |
| TOTAL OTHER COMPREHENSIVE INCOME | 24,271,279 | -6,267,815 | 18,003,464 | -38,067,431 | 9,135,474 | -28,931,957 |

in EUR

| Zavarovalnica Triglav | 2019 | | | 2018 | | |
|---|------------------|-------------------|------------------|--------------------|------------------|--------------------|
| | Before tax | Tax | After tax | Before tax | Tax | After tax |
| Profit from increase in fair value of available-for-sale financial assets | 14,214,278 | -3,316,420 | 10,897,858 | -41,891,860 | 9,650,071 | -32,241,789 |
| Liabilities from insurance contracts with a discretionary participating feature (shadow accounting) | -4,944,885 | 939,528 | -4,005,357 | 14,887,351 | -2,376,972 | 12,510,379 |
| Actuarial gains/losses | -309,508 | 0 | -309,508 | -266,153 | 0 | -266,153 |
| TOTAL OTHER COMPREHENSIVE INCOME | 8,959,885 | -2,376,892 | 6,582,993 | -27,270,662 | 7,273,099 | -19,997,563 |

in EUR

4.15.3. Reconciliation between tax expense and accounting profit

| | Triglav Group | | Zavarovalnica Triglav | |
|---|--------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Accounting profit | 100,937,227 | 97,455,802 | 84,611,607 | 78,457,252 |
| Income tax rate - tax rate average of several countries | 19.39% | 19.73% | 19% | 19% |
| Accounting profit multiplied by tax rate | 19,567,913 | 19,232,615 | 16,076,205 | 14,906,878 |
| Tax effect of income deductible for tax purposes | -1,715,820 | -1,665,125 | -1,348,982 | -1,447,934 |
| Tax effect of income added for tax purposes | 192,147 | 129,619 | 0 | 0 |
| Tax effect on the reduction in expenses not deductible for tax purposes | 1,717,579 | 1,436,315 | 627,370 | 1,120,647 |
| Tax relief | -2,338,768 | -2,032,557 | -1,398,032 | -1,563,505 |
| Previously unrecognized deferred taxes | -385,249 | -545,267 | 0 | -176,654 |
| Other tax effects | 35,106 | 73,957 | 40,629 | 73,957 |
| TOTAL TAX EXPENSE | 17,072,908 | 16,629,557 | 13,997,190 | 12,913,388 |
| Effective tax rate ¹¹³ | 16.91% | 17.06% | 16.54% | 16.46% |
| Final liabilities for corporate income tax | 16,731,029 | 15,560,650 | 13,481,140 | 12,127,605 |

In accordance with the Corporate Income Tax Act (ZDDPO–2), the applicable tax rate in Slovenia was 19% in 2019, the same as in the previous year.

In subsidiaries operating outside the Republic of 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 2.10](#)].

Unused tax losses of the Group amounted to EUR 21.8 million as at 31 December 2019 (EUR 22.7 million as at 31 December 2018).

¹¹³ 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. Fair value measurement

5.1.1. Fair value hierarchy

In measuring financial assets at fair value Zavarovalnica Triglav applied the following fair value hierarchy:

- Level 1: value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (stock exchange quotations and listings provided by third parties e.g. Bloomberg). The fair value is determined purely on the basis of directly observable data and without using any indirectly observable data, whereby the share of binding listings must be at least 90% and at least three binding listings not older than one day must be available.
- Level 2: value measurement less than entirely based on quoted prices for the asset or liability. Fair value measurements may be based on indirectly observable inputs, i.e. data derived from prices of comparable financial instruments, but only up to a strictly limited percentage (10%).
- Level 3: value measurement based on prices that do not meet the standards for Level 1 or Level 2. The percentage of unobservable inputs used in value measurement models is considerable.

The tables below show fair values of assets and liabilities, classified according to the fair value hierarchy.

| Triglav Group | | | | | in EUR |
|--|------------------|-------------|---------------|-------------|---------------|
| As at 31 December 2019 | Measurement date | Level 1 | Level 2 | Level 3 | Total |
| Assets - measured at fair value | | | | | |
| Equity securities | 31 Dec. 2019 | 150,929,053 | 0 | 61,061,888 | 211,990,941 |
| Debt securities | 31 Dec. 2019 | 689,898,611 | 1,539,454,173 | 0 | 2,229,352,784 |
| Derivative financial instruments | 31 Dec. 2019 | 0 | 0 | 0 | 0 |
| Unit-linked insurance assets | 31 Dec. 2019 | 414,992,543 | 63,112,698 | 0 | 478,105,241 |
| Assets - fair value disclosed | | | | | |
| Land and buildings for insurance activities | 31 Dec. 2019 | 0 | 0 | 102,603,482 | 102,603,482 |
| Land and buildings for investment activities | 31 Dec. 2019 | 0 | 0 | 95,349,597 | 95,349,597 |
| Debt securities (HTM) | 31 Dec. 2019 | 6,903,608 | 223,422,728 | 0 | 230,326,336 |
| Deposits with banks | 31 Dec. 2019 | 0 | 100,371,835 | 0 | 100,371,835 |
| Loans given | 31 Dec. 2019 | 0 | 9,171,013 | 0 | 9,171,013 |
| Debt securities (L&R) | 31 Dec. 2019 | 0 | 6,357,852 | 0 | 6,357,852 |
| Liabilities - fair value disclosed | | | | | |
| Subordinated bonds | 31 Dec. 2019 | 0 | 68,199,075 | 0 | 68,199,075 |

| Triglav Group | | | | | in EUR |
|--|------------------|-------------|---------------|------------|---------------|
| As at 31 December 2018 | Measurement date | Level 1 | Level 2 | Level 3 | Total |
| Assets - measured at fair value | | | | | |
| Equity securities | 31 Dec. 2018 | 134,833,210 | 0 | 35,999,032 | 170,832,242 |
| Debt securities | 31 Dec. 2018 | 218,669,118 | 1,862,378,509 | 0 | 2,081,047,627 |
| Derivative financial instruments | 31 Dec. 2018 | 0 | 1,393,263 | 0 | 1,393,263 |
| Unit-linked insurance assets | 31 Dec. 2018 | 346,651,462 | 51,640,336 | 0 | 398,291,798 |
| Assets - fair value disclosed | | | | | |
| Land and buildings for insurance activities | 31 Dec. 2018 | 0 | 0 | 95,864,073 | 95,864,073 |
| Land and buildings for investment activities | 31 Dec. 2018 | 0 | 0 | 99,121,781 | 99,121,781 |
| Debt securities (HTM) | 31 Dec. 2018 | 0 | 236,599,916 | 0 | 236,599,916 |
| Deposits with banks | 31 Dec. 2018 | 0 | 89,997,524 | 0 | 89,997,524 |
| Loans given | 31 Dec. 2018 | 0 | 47,193,884 | 0 | 47,193,884 |
| Debt securities (L&R) | 31 Dec. 2018 | 0 | 6,054,643 | 0 | 6,054,643 |
| Liabilities - fair value disclosed | | | | | |
| Subordinated bonds | 31 Dec. 2018 | 0 | 16,369,802 | 0 | 16,369,802 |

| Zavarovalnica Triglav | | | | | in EUR |
|--|------------------|-------------|---------------|------------|---------------|
| As at 31 December 2019 | Measurement date | Level 1 | Level 2 | Level 3 | Total |
| Assets - measured at fair value | | | | | |
| Equity securities | 31 Dec. 2019 | 53,796,804 | 0 | 55,685,145 | 109,481,949 |
| Debt securities | 31 Dec. 2019 | 571,882,208 | 1,031,323,825 | 0 | 1,603,206,033 |
| Derivative financial instruments | 31 Dec. 2019 | 0 | 0 | 0 | 0 |
| Unit-linked insurance assets | 31 Dec. 2019 | 373,498,861 | 56,537,014 | 0 | 430,035,875 |
| Investments in associates | 31 Dec. 2019 | 0 | 0 | 18,054,026 | 18,054,026 |
| Assets - fair value disclosed | | | | | |
| Land and buildings for insurance activities | 31 Dec. 2019 | 0 | 0 | 65,323,896 | 65,323,896 |
| Land and buildings for investment activities | 31 Dec. 2019 | 0 | 0 | 60,115,354 | 60,115,354 |
| Debt securities (HTM) | 31 Dec. 2019 | 0 | 192,128,559 | 0 | 192,128,559 |
| Deposits with banks | 31 Dec. 2019 | 0 | 34,113,282 | 0 | 34,113,282 |
| Loans given | 31 Dec. 2019 | 0 | 11,171,288 | 0 | 11,171,288 |
| Debt securities (L&R) | 31 Dec. 2019 | 0 | 6,357,852 | 0 | 6,357,852 |
| Liabilities - fair value disclosed | | | | | |
| Subordinated bonds | 31 Dec. 2019 | 0 | 73,646,914 | 0 | 73,646,914 |

| Zavarovalnica Triglav | | | | | in EUR |
|--|------------------|-------------|---------------|------------|---------------|
| As at 31 December 2018 | Measurement date | Level 1 | Level 2 | Level 3 | Total |
| Assets - measured at fair value | | | | | |
| Equity securities | 31 Dec. 2018 | 55,390,776 | 0 | 30,059,866 | 85,450,642 |
| Debt securities | 31 Dec. 2018 | 187,526,798 | 1,313,531,987 | 0 | 1,501,058,785 |
| Derivative financial instruments | 31 Dec. 2018 | 0 | 1,393,263 | 0 | 1,393,263 |
| Unit-linked insurance assets | 31 Dec. 2018 | 316,843,905 | 45,790,181 | 0 | 362,634,086 |
| Investments in associates | 31 Dec. 2018 | 0 | 0 | 16,959,355 | 16,959,355 |
| Assets - fair value disclosed | | | | | |
| Land and buildings for insurance activities | 31 Dec. 2018 | 0 | 0 | 59,002,099 | 59,002,099 |
| Land and buildings for investment activities | 31 Dec. 2018 | 0 | 0 | 52,936,499 | 52,936,499 |
| Debt securities (HTM) | 31 Dec. 2018 | 2,255,610 | 193,327,619 | 0 | 195,583,229 |
| Deposits with banks | 31 Dec. 2018 | 0 | 42,488,135 | 0 | 42,488,135 |
| Loans given | 31 Dec. 2018 | 0 | 46,964,255 | 0 | 46,964,255 |
| Debt securities (L&R) | 31 Dec. 2018 | 0 | 6,054,643 | 0 | 6,054,643 |
| Liabilities - fair value disclosed | | | | | |
| Subordinated bonds | 31 Dec. 2018 | 0 | 21,822,171 | 0 | 21,822,171 |

5.1.2. Fair value assessment techniques

Value assessment techniques and inputs used to the development of 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 | | Nivo 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 0.63% | Level 2 |
| Debt securities - companies and financial institutions ¹¹⁴ | 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 0.42% and 3.98% | Level 2 |
| Equity securities | Cash flow discounting | g (growth rate during constant growth period) | 2% | Level 3 |
| | | EBIT margin (constant growth period) | 35.00% | |
| | | Discount rate | 12.8% up to 70% for start ups | |
| | | Lack of marketability discount | 10% | |
| | 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 Investment property | Income approach, market approach, 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 |

¹¹⁴ Also applied to valuation of subordinated ZT02 bonds.

5.1.3. Financial assets classified into Level 3

| | Triglav Group | | Zavarovalnica Triglav | |
|---|-------------------|-------------------|-----------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Value as at 1 January | 35,999,032 | 37,121,010 | 47,019,220 | 42,819,002 |
| Purchases | 29,929,720 | 14,552,716 | 30,842,619 | 18,383,186 |
| Disposals | -7,103,994 | -16,195,789 | -6,475,694 | -15,426,370 |
| Revaluation through profit or loss | -20,775 | -235,267 | 0 | -22,003 |
| Revaluation in other comprehensive income | 2,681,708 | 773,189 | 2,353,024 | 1,265,406 |
| Transfers from/to other levels | -422,558 | -18,472 | 0 | 0 |
| Foreign exchange differentials | -1,245 | 1,645 | 0 | 0 |
| Value as at 31 December | 61,061,888 | 35,999,032 | 73,739,170 | 47,019,220 |

The value of financial assets classified into Level 3 increased in 2019 due to the payments into venture capital funds. The largest total amount of payments into the fund MEAG INFRA DEBT – SUB FUND 1 was EUR 9.9 million. The largest disposal was the sale of Gorenjska banka d.d. shares in the total amount of EUR 4.7 million. Revaluation is the result of changes in the value of venture capital funds.

5.1.4. Sensitivity analysis of non-marketable equity securities

Sensitivity analysis of financial assets, classified in Level 3 is disclosed below. In analysis Zavarovalnica Triglav includes equity investment in associates. The sensitivity analysis shows the level of increase or decrease in the fair value of Level 3 equity financial assets in case of differently applied assumptions that are not based on available market data. The sensitivity analysis considered a median scenario of value appraisals.

| | Triglav Group | | Zavarovalnica Triglav | |
|---------------------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Non-marketable assets (Level 3) | 61,061,888 | 35,999,032 | 55,685,145 | 30,059,866 |
| Estimated value deviation-/+ | -10,344,834/7,145,254 | -4,388,887/4,608,847 | -9,776,996/6,447,385 | -3,649,235/+3,829,181 |
| Equity investment in associates | 13,154,397 | 14,125,975 | 18,054,025 | 16,959,355 |
| Estimated value deviation-/+ | -1,973,157/1,973,157 | -1,412,598/5,982,426 | -1,389,341/368,894 | -1,292,529/+749,481 |

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, $\pm 10\%$ of the change in investment value for alternative investment funds investing in debt securities, and asymmetric $-25/+10\%$ of the change in investment value for alternative investment funds investing in equity securities.

5.1.5. Reclassification of financial assets between levels

| | Triglav Group | | Zavarovalnica Triglav | |
|--|---------------|-------------|-----------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Reclassification from level 1 to level 2 | 69,235,699 | 176,158,469 | 55,945,228 | 135,990,522 |
| Reclassification from level 2 to level 1 | 291,060,269 | 105,798,635 | 238,555,889 | 90,557,353 |

In 2019, the method of measuring fair value did not change. Reclassifications between levels were a result of market factors. At the end of 2019, some financial assets showed greater liquidity and depth of the market than at the end of 2018, thus meeting the requirements for classification to level 1. One part of financial assets no longer fulfilled the conditions to be classified to level 1 of the fair value hierarchy and was reclassified to level 2. Reclassification between levels has no impact on fair value.

5.1.6. Reclassification of financial assets between categories

In 2019, no reclassifications of financial assets between categories were carried out. The effects of 2008 reclassifications are shown below. The effective interest rate on the day of reclassification was 5.8%.

| Reclassifications from AFS to HTM | Triglav Group | | Zavarovalnica Triglav | |
|--|---------------|------------|-----------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Carrying amount of reclassified assets as at 31 December | 31,695,191 | 35,147,942 | 18,849,099 | 18,780,741 |
| Fair value of reclassified assets as at 31 December | 34,253,771 | 39,666,531 | 21,054,272 | 21,987,888 |
| Impact on comprehensive income if not reclassified | 2,205,174 | 3,207,147 | 2,205,174 | 3,207,147 |
| Estimated cash flows | 32,574,646 | 24,365,660 | 20,922,559 | 21,964,462 |

5.2. 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 on the basis of the indirect method. Income and expenses in profit or loss are adjusted for the effects of transactions of a non-cash nature (impairments, changes in insurance technical provisions, deferred income and expenses) and for items of income and expenses related to cash flows from investing and financing activities. In the calculation of net cash flows from operating activities, changes in assets and liabilities during the period are taken into account.

Cash flow from financing activities is prepared based on actual payments. The amount of dividend payments in the cash flow statement differs from that disclosed in the statement of changes in equity by the amount of unpaid dividends. Cash flows from financing activities in 2019 include expenses for interest and principal payments from leases. In 2018, lease expenses were included in cash flows from operating activities.

The consolidated cash flow statement is composed of the combined cash flows of all Triglav Group companies, taking into account intercompany eliminations.

| | | Triglav Group | | Zavarovalnica Triglav | |
|-----|--|----------------|--------------|-----------------------|--------------|
| | | 2019 | 2018 | 2019 | 2018 |
| A. | CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| a. | Income statement items | 91,179,693 | 63,558,277 | 31,051,477 | 27,298,196 |
| | Net written premium for the period | 1,075,625,420 | 992,822,784 | 582,599,216 | 558,913,321 |
| | Investment income (excluding financial income) | 24,277,722 | 21,545,047 | 11,669,749 | 11,916,643 |
| | Other operating income (excluding revaluation and provisions reductions) and financial income from operating receivables | 43,070,868 | 39,089,344 | 10,445,796 | 10,868,255 |
| | Net claims paid for the period | -687,175,444 | -658,958,408 | -393,708,934 | -383,234,969 |
| | Bonuses and discounts paid | -12,209,631 | -10,350,140 | -10,203,376 | -9,374,088 |
| | Net operating expenses excluding depreciation costs and change in deferred acquisition costs | -255,951,926 | -240,531,743 | -130,532,605 | -129,555,100 |
| | Investment expenses (excluding depreciation and financial expenses) | -8,164,999 | -11,076,031 | -5,331,552 | -5,595,378 |
| | Other operating expenses excluding depreciation (other than revaluation and excluding the increase in provisions) | -71,184,276 | -54,675,615 | -19,373,055 | -16,773,686 |
| | Corporate income tax and other taxes excluded from operating expenses | -17,108,041 | -14,306,961 | -14,513,762 | -9,866,802 |
| b. | Changes in net operating current assets – operating balance sheet items | -882,254 | -19,565,937 | -297,987 | -14,036,824 |
| | Changes in operating receivables from direct insurance operations | -9,855,418 | -10,439,344 | -6,458,904 | -8,151,580 |
| | Changes in receivables from reinsurance operations | -7,317,799 | -10,452,845 | 937,934 | -4,267,818 |
| | Changes in other receivables from (re)insurance operations | -3,735,330 | 2,614,724 | -1,819,040 | -1,264,030 |
| | Changes in other receivables and assets | -4,155,344 | -2,998,138 | 703,234 | -1,302,382 |
| | Changes in deferred tax assets | 431,650 | -1,444,446 | 0 | 0 |
| | Changes in inventories | -58,436 | 27,655 | -49,146 | -2,973 |
| | Changes in liabilities from direct insurance operations | 1,779,437 | 843,066 | 2,932,659 | -47,430 |
| | Changes in liabilities from reinsurance operations | 10,148,782 | 4,012,279 | 1,489,129 | -1,429,852 |
| | Changes in other operating liabilities | 330,405 | 5,751,510 | -300,429 | -2,718 |
| | Changes in other liabilities (other than unearned premium) | 6,236,683 | -6,159,491 | 2,266,576 | 2,431,959 |
| | Changes in deferred tax liabilities | 5,313,116 | -1,320,907 | 0 | 0 |
| c. | Net cash from/(used in) operating activities (a + b) | 90,297,439 | 43,992,340 | 30,753,490 | 13,261,372 |
| B. | CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| a. | Cash inflows from investing activities | 1,469,286,636 | 999,778,200 | 1,198,898,504 | 796,648,222 |
| | Cash inflows from interest received from investing activities | 65,980,623 | 53,035,031 | 36,683,169 | 36,970,864 |
| | Cash inflows from dividends and profit sharing | 5,037,378 | 3,828,099 | 7,206,057 | 7,557,132 |
| | Cash inflows from disposal of intangible assets | 71,871 | 3,094 | 30,782 | 3,094 |
| | Cash inflows from disposal of plant, property and equipment | 7,961,376 | 8,715,584 | 1,404,653 | 8,181,979 |
| | Cash inflows from disposal of financial investments | 1,390,235,388 | 934,196,392 | 1,153,573,843 | 743,935,153 |
| | – Cash outflows for acquisition of investments in subsidiaries and other companies | 2,340,104 | 0 | 0 | 0 |
| | – Other cash outflows for acquisition of financial investments | 1,387,895,284 | 934,196,392 | 1,153,573,843 | 743,935,153 |
| b. | Cash outflows from investing activities | -1,540,674,760 | -996,334,697 | -1,210,737,724 | -769,343,650 |
| | Cash outflows for acquisition of intangible assets | -5,182,272 | -6,223,811 | -3,282,390 | -2,948,864 |
| | Cash outflows for acquisition of property, plant and equipment | -13,134,912 | -14,669,708 | -8,068,006 | -10,003,879 |
| | Cash outflows for acquisition of financial investments | -1,522,357,576 | -975,441,178 | -1,199,387,328 | -756,390,907 |
| | – Cash outflows for acquisition of investments in subsidiaries and other companies | -1,149,098 | -11,617,277 | -4,094,671 | -17,060,388 |
| | – Other cash outflows for acquisition of financial investments | -1,521,208,478 | -963,823,901 | -1,195,292,657 | -739,330,519 |
| c. | Net cash from/(used in) investing activities (a + b) | -71,388,124 | 3,443,503 | -11,839,220 | 27,304,572 |
| C. | CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| a. | Cash inflows from financing activities | 49,367,159 | 0 | 49,367,159 | 0 |
| | Cash inflows from paid-in capital | 0 | 0 | 0 | 0 |
| | Cash inflows from long-term loans received (issued bond) | 49,367,159 | 0 | 49,367,159 | 0 |
| | Cash inflows from short-term loans received | 0 | 0 | 0 | 0 |
| b. | Cash outflows for financing activities | -62,882,638 | -58,256,189 | -60,167,804 | -58,082,203 |
| | Cash outflows for interest paid | -2,829,914 | -1,227,366 | -2,351,553 | -1,227,366 |
| | Cash outflows for purchase of treasury shares | 0 | 0 | 0 | 0 |
| | Cash outflows for capital repayment | 0 | -133,062 | 0 | 0 |
| | Cash outflows for payments of long-term financial liabilities | -240,011 | 0 | 0 | 0 |
| | Cash outflows for payments of short-term financial liabilities | -3,035,142 | 0 | -977,954 | 0 |
| | Cash outflows for dividends and profit sharing | -56,777,571 | -56,895,761 | -56,838,297 | -56,854,837 |
| c. | Net cash from/(used in) financing activities (a +b) | -13,515,479 | -58,256,189 | -10,800,645 | -58,082,203 |
| D. | Closing balance of cash and cash equivalents | 75,869,775 | 67,601,660 | 26,112,112 | 17,998,487 |
| E1. | Net cash flow for the period | 5,393,836 | -10,820,346 | 8,113,625 | -17,516,259 |
| E2. | External acquisition | 2,862,910 | 0 | 0 | 0 |
| E3. | Exchange rate differences | 11,369 | 4,159 | 0 | 0 |
| F. | Opening balance of cash and cash equivalents | 67,601,660 | 78,417,847 | 17,998,487 | 35,514,746 |

5.3. Amounts spent on auditors

The audit of the stand-alone and consolidated financial statements for 2019 was conducted by the audit firm Deloitte, Revizija d.o.o., Ljubljana. Said audit firm also carried out an audit in all Group members. The amounts spent on the services of this audit firm are shown in the table below.

| | Triglav Group | | Zavarovalnica Triglav | |
|-------------------------------|----------------|----------------|-----------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Auditing of the Annual Report | 482,355 | 415,054 | 122,720 | 73,139 |
| Other auditing services | 3,767 | 22,838 | 0 | 0 |
| Other assurance services | 0 | 2,745 | 0 | 2,745 |
| Other non-auditing services | 1,619 | 137,095 | 0 | 137,095 |
| TOTAL | 487,741 | 577,732 | 122,720 | 212,979 |

in EUR

5.4. Related party transaction

Related party transactions are disclosed separately for the Group and Zavarovalnica Triglav:

- Transactions with subsidiaries are disclosed only at the level of Zavarovalnica Triglav and include transactions with entities in which Zavarovalnica Triglav has a dominant influence (presented in [→ [Section 3.5](#)]). At the level of the Triglav Group, these transactions are eliminated in the consolidation processes.
- Associates in whom the Group and Zavarovalnica Triglav have significant influence – these are presented in [→ [Section 3.6](#)].
- Transactions with shareholders and shareholder-related companies.

The largest shareholders of Zavarovalnica Triglav are Zavod za pokojninsko in invalidsko zavarovanje (ZPIZ), holding an equity stake of 34.47% and Slovenski državni holding (SDH) with a 28.09% shareholding.

The shareholder-related companies are those in which the SDH and the Republic of Slovenia together directly hold at least a 20% stake. As at 31 December 2019, there were 43 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

Business with the two largest shareholders and the state-related parties is limited to regular business cooperation. The only material transaction in 2019 was the payment of dividends. In 2019, the Company paid dividends for 2018 in the total amount of EUR 56.8 million, of which the Pension and Disability Insurance Institute of the Republic of Slovenia received EUR 19.5 million and the Slovenian Sovereign Holding EUR 16 million.

In the reporting period, there were no individual significant transactions between the above-stated companies. Total transaction value is shown in the table below.

The services exchanged between Group companies are rendered at prices that are applied to other companies outside the Group. Pricing methods include external comparable, internal comparable and cost contribution arrangement.

Outstanding balances referring to the above-mentioned related parties as at the reporting date and income and expenses during the period are shown below.

Transactions with subsidiaries

| | in EUR | |
|---|------------------|------------------|
| | 31 December 2019 | 31 December 2018 |
| ASSETS | | |
| Stakes and shares | 134,938,667 | 131,938,667 |
| Debt securities and loans given to members of the Group | 8,205,916 | 14,264,601 |
| Right of use assets | 894,363 | 0 |
| Insurance premium receivables from policyholders | 16,117 | 13,835 |
| Co-insurance receivables | 0 | 0 |
| Re-insurance receivables | 2,658,012 | 2,561,802 |
| Receivables for co-insurer's share in claims | 2,207 | 245 |
| Receivables for reinsurer's share in claims | 6,516,400 | 8,499,977 |
| Other short-term receivables from insurance operations | 20,131 | 30,972 |
| Short-term receivables from financing | 27,743 | 1,372,945 |
| Other short-term receivables | 787,779 | 740,157 |
| Short-term deferred expenses | 31,010 | 30,809 |
| LIABILITIES | | |
| Liabilities to policyholders | 1,924 | 0 |
| Liabilities to agents and brokers | 389,637 | 350,644 |
| Liabilities to insurances for co-insurance premium | 20,523 | 13,862 |
| Liabilities for reinsurance premiums | 8,769,818 | 9,022,657 |
| Liabilities for shares in claims from co-insurance | 0 | 13,712 |
| Liabilities for shares in claims from re-insurance | 488,063 | 684,674 |
| Lease liabilities | 905,208 | 0 |
| Other short-term liabilities | 348,599 | 163,432 |

| | in EUR | |
|---|--------------------|--------------------|
| | 2019 | 2018 |
| INCOME AND EXPENSES | | |
| Gross written premium and active reinsurance premium | 17,989,584 | 17,253,553 |
| Assumed co-insurance written premium | 0 | 0 |
| Outward re-/co-insurance premium (–) | -65,341,032 | -60,924,424 |
| Net premium income | -47,351,448 | -43,670,871 |
| Re-/co-insurance commission income | 14,291,836 | 12,140,542 |
| Other income from insurance operations | 4,438,250 | 4,778,246 |
| Interest income | 427,211 | 787,607 |
| Other insurance income | 1,498,150 | 1,868,894 |
| Income from land and buildings | 738,458 | 787,739 |
| Income from disposal of financial assets | 0 | 0 |
| Other income | 374,487 | 305,533 |
| Dividends | 3,172,950 | 4,442,997 |
| Other income from financial assets | 1,290 | 11,597 |
| TOTAL INCOME | -22,408,816 | -18,547,716 |
| Gross claims settled | 5,026,827 | 10,890,698 |
| Re-/co-insurers' share in gross claims | -21,114,777 | -25,163,434 |
| Shares in indemnities from assumed co-insurances abroad | 0 | 4,286 |
| Net claims | -16,087,950 | -14,268,450 |
| Expenses for reinsurance premiums | 1,914,849 | 1,875,885 |
| Loss on disposal from financial assets | 0 | 0 |
| Other financial expenses | 195,478 | 4,759 |
| Other expenses | 0 | 0 |
| Interest expenses | 23,499 | 0 |
| TOTAL EXPENSES | -13,954,124 | -12,387,806 |

Transactions with associates

| | in EUR | | | |
|--|---------------|--------------|-----------------------|--------------|
| | Triglav Group | | Zavarovalnica Triglav | |
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| ASSETS | | | | |
| Stakes and shares | 13,154,379 | 14,125,973 | 18,054,026 | 16,959,355 |
| Insurance premium receivables from policyholders | 1,511 | 618 | 1,380 | 182 |
| LIABILITIES | | | | |
| Liabilities to policy holders | 27 | 27 | 0 | 0 |
| Liabilities to agents and brokers | 5,902 | 11,752 | 5,421 | 11,236 |
| Other short-term liabilities | 312 | 484 | 0 | 0 |
| Accrued costs and expenses | 1,182 | 702 | 0 | 0 |

| | Triglav Group | | Zavarovalnica Triglav | |
|----------------------------------|----------------|---------------|-----------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| INCOME AND EXPENSES | | | | |
| Gross written premium | 39,745 | 38,854 | 37,564 | 35,801 |
| Income from dividends and stakes | 0 | 0 | 40,988 | 63,345 |
| Income from land and buildings | 0 | 559 | 0 | 559 |
| Gains on the sale of securities | 560,414 | 0 | 0 | 0 |
| TOTAL INCOME | 600,159 | 39,413 | 78,552 | 99,705 |
| Gross claims settled | 24,069 | 5,030 | 24,069 | 5,030 |
| Acquisition costs | 5,844 | 8,245 | 0 | 0 |
| Other operating expenses | 0 | 0 | 0 | 0 |
| TOTAL EXPENSES | 29,913 | 13,275 | 24,069 | 5,030 |

Transactions with shareholders and shareholder-related companies

| | Triglav Group | | Zavarovalnica Triglav | |
|--------------------------|---------------|--------------|-----------------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| ASSETS | | | | |
| Stakes and shares | 8,963,246 | 9,017,103 | 17,747,194 | 16,269,741 |
| Debt securities | 98,462,080 | 80,752,961 | 75,690,601 | 65,876,560 |
| Operating receivables | 62,634 | 5,747 | 68,729 | 10,383 |
| Re-insurance receivables | 0 | 0 | 25,135 | 39,386 |
| Other assets | 4,809,284 | 4,983,653 | 0 | 0 |
| LIABILITIES | | | | |
| Operating liabilities | 1,477,079 | 2,056,005 | 1,506,890 | 1,861,031 |
| Re-insurance liabilities | 0 | 0 | 9,840 | 33,852 |

| | in EUR | | | |
|-----------------------|---------------|------------|-----------------------|------------|
| | Triglav Group | | Zavarovalnica Triglav | |
| | 2019 | 2018 | 2019 | 2018 |
| INCOME | | | | |
| Gross written premium | 19,526,782 | 21,443,107 | 20,182,072 | 22,001,648 |
| Financial income | 3,544,478 | 4,368,126 | 3,363,589 | 4,149,869 |
| Other income | 60,003 | 67,616 | 106,426 | 159,864 |
| EXPENSES | | | | |
| Gross claims settled | 7,216,309 | 8,517,985 | 7,436,835 | 8,732,795 |
| Financial expenses | 470,230 | 317,663 | 317,301 | 205,043 |
| Other expenses | 11,491,301 | 10,855,849 | 10,552,112 | 10,294,621 |

5.5. Members of the Management Board and Supervisory Board

In 2019, the Management Board members were paid the following amounts as compensation for their work:

| | in EUR | | | | | | |
|---------------------|----------------------|----------------------------|---------|------------------|-----------------------|-------------------|----------------|
| Management board | Fixed salary (gross) | Other additional payments* | Bonuses | Net pay received | Insurance premiums ** | Other benefits*** | Reimbursements |
| Andrej Slapar | 179,558 | 2,017 | 48,895 | 79,755 | 58,817 | 7,068 | 1,874 |
| Uroš Ivanc | 170,580 | 2,017 | 46,450 | 76,257 | 41,403 | 3,558 | 1,253 |
| Tadej Čoroli | 170,580 | 2,017 | 46,450 | 74,166 | 41,376 | 9,008 | 1,139 |
| Barbara Smolnikar | 170,580 | 2,017 | 24,590 | 65,634 | 40,849 | 9,552 | 724 |
| David Benedek**** | 43,961 | 672 | 0 | 12,848 | 6,974 | 8,154 | 268 |
| Marica Makoter | 170,580 | 2,017 | 46,450 | 73,574 | 41,362 | 7,992 | 607 |
| Benjamin Jošar***** | 0 | 0 | 4,400 | 2,570 | 0 | 0 | 0 |
| TOTAL | 905,839 | 10,757 | 217,235 | 384,804 | 230,781 | 45,332 | 5,865 |

* Other additional payments include holiday allowances and other reimbursements.
** Insurance premiums include premiums for supplementary pension insurance, accident insurance, liability insurance and other types of insurance.
*** Other benefits include company cars.

As at 31 December 2019, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

| | in EUR | |
|---------------------|------------------------------------|------------------------------------|
| Management board | Receivables as at 31 December 2019 | Liabilities as at 31 December 2019 |
| Andrej Slapar | 13 | 69,998 |
| Uroš Ivanc | 19 | 66,481 |
| Tadej Čoroli | 30 | 66,463 |
| Barbara Smolnikar | 27 | 42,804 |
| David Benedek**** | 13 | 14,314 |
| Marica Makoter | 29 | 66,402 |
| Benjamin Jošar***** | 0 | 8,223 |
| TOTAL | 131 | 334,685 |

**** David Benedek's term of office as a Management Board member began on 29 August 2019.
***** Benjamin Jošar was Management Board member until 2 November, 2017.

In 2019 the Supervisory Board members and members of Committees were paid the following amounts as compensation for their work:

| | in EUR | | | | |
|-------------------|--------------|----------------|----------------|-----------------|---------------|
| Supervisory board | Compensation | Attendance fee | Reimbursements | Total gross pay | Total net pay |
| Igor Stebernak | 28,125 | 3,872 | 579 | 32,576 | 23,692 |
| Andrej Andoljšek | 20,381 | 2,365 | 0 | 22,746 | 16,543 |
| Milan Tomaževič | 20,625 | 2,640 | 579 | 23,844 | 17,342 |
| Žiga Škerjanec | 22,500 | 4,312 | 579 | 27,391 | 19,921 |
| Nataša Damjanovič | 22,500 | 5,588 | 579 | 28,667 | 20,849 |
| Mario Gobbo | 20,625 | 3,916 | 42,097 | 66,638 | 43,897 |
| Peter Celar | 18,881 | 2,585 | 245 | 21,711 | 15,790 |
| Branko Gorjan | 10,111 | 1,320 | 129 | 11,560 | 8,408 |
| Igor Zupan | 4,417 | 1,045 | 0 | 5,462 | 3,972 |
| Boštjan Molan | 7,813 | 2,112 | 652 | 10,577 | 7,693 |
| Ivan Sotošek | 7,813 | 1,265 | 1,291 | 10,369 | 7,541 |
| Simon Kolenc* | 7,500 | 2,145 | 305 | 9,950 | 7,237 |
| TOTAL | 191,291 | 33,165 | 47,035 | 271,491 | 192,885 |

* External committee members.

All listed remuneration payments made to the members of the Management Board and the Supervisory Board represent remuneration received in Zavarovalnica Triglav. They did not receive any remuneration in the other Group members.

Proposed criteria for the assessment of the performance of Management Board members are proposed by the Appointments and Compensation Committee and approved by the Supervisory Board. The purpose of these criteria is to maximise the objective monitoring of existing goal achievement and to periodically evaluate the performance of Management Board members. The performance criteria are designed to follow the long-term business objectives of the Company, making part of the annual business plans and other strategic documents of the Company. The definition of an individual objective includes the following: its description, expected target value, assigned weight and method for measuring or assessing its achievement. According to this method, a Management Board member is entitled to a bonus in the case of over-performance and a pay deduction in the case of underperformance.

A one-off annual bonus for good performance is paid in two parts: the first half 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, both payments must be proportionate to the period of the office being held in any calendar year.

Management Board members are entitled to severance pay equalling six time average monthly salary they received as board members, if they are dismissed on economic and business grounds, and their employment is terminated as a consequence. Severance is paid within one month of dismissal.

5.6. Off balance sheet items

| | Triglav Group | | Zavarovalnica Triglav | |
|---|--------------------|--------------------|-----------------------|--------------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| | in EUR | | | |
| Outstanding subrogated receivables | 39,095,779 | 42,672,288 | 38,022,409 | 36,281,241 |
| Derivatives - futures | 0 | 65,416,000 | 0 | 65,416,000 |
| Alternative investments | 47,538,801 | 55,300,980 | 44,030,995 | 55,300,980 |
| Bonds, guarantees and other sureties issued | 3,327,108 | 8,198,004 | 0 | 29,000 |
| Contingent assets | 3,971,417 | 6,779,136 | 2,899,401 | 1,896,311 |
| Receivables from option agreements | 3,247,638 | 1,363,886 | 3,247,638 | 0 |
| Receivables from forward contracts | 19,489,247 | 19,435,695 | 19,489,247 | 19,435,695 |
| Contingent liabilities | 6,787,697 | 2,111,809 | 0 | 0 |
| Properties under acquisition | 0 | 139,974 | 0 | 0 |
| Assets under management | 82,454,303 | 50,011,356 | 0 | 0 |
| TOTAL OFF-BALANCE SHEET ITEMS | 205,911,992 | 251,429,128 | 107,689,690 | 178,359,227 |

5.7. Employees

The table below shows the number and educational structure of employees in the Group and Zavarovalnica Triglav.

| Bologna level | Triglav Group | | Zavarovalnica Triglav | |
|-----------------------------|---------------|--------------|-----------------------|--------------|
| | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019 | 31 Dec. 2018 |
| | in EUR | | | |
| 2-5 | 2,364 | 2,394 | 844 | 910 |
| 6/1 | 562 | 544 | 395 | 393 |
| 6/2 | 718 | 694 | 415 | 405 |
| 7 | 1,429 | 1,340 | 506 | 491 |
| 8/1 | 186 | 174 | 84 | 82 |
| 8/2 | 22 | 20 | 9 | 9 |
| TOTAL | 5,281 | 5,166 | 2,253 | 2,290 |
| Average number of employees | 4,584 | 5,144 | 2,267 | 2,284 |

5.8. Major legal and arbitrary disputes

- Matjaž Rakovec as the plaintiff against Zavarovalnica Triglav d.d., for determining the annulment of the resolution of the Supervisory Board dated 22 May 2013 referring to the dismissal of Matjaž Rakovec from the office of President of the Management Board and appointment of Andrej Slapar as President of the Management Board, and payment of damages

On 19 August 2013, Zavarovalnica Triglav d.d., received a claim filed by Matjaž Rakovec, in which he requested the annulment of the Supervisory Board's resolution dated 22 May 2013 with respect to the dismissal of Matjaž Rakovec from the office of President of the Management Board and the appointment of Andrej Slapar as temporary President of the Management Board, the annulment of the entry of changes related to the President of the Management Board into the Court Register and the payment of damages amounting to EUR 516,399. Apart from that, the plaintiff requested that the defendant reappointed him President of the Management Board and recognises an uninterrupted performance of function of President of the Zavarovalnica Triglav's Management Board with all the rights arising from the employment contract for the entire duration of unlawful dismissal from the office of President of the Management Board until his reappointment. Zavarovalnica Triglav d.d., was served a partial judgement rendered by the District Court in Ljubljana with reference to the dismissal of Matjaž Rakovec as President of the Management Board stating the nullity and voidness of the resolution passed by the Supervisory Board on the ground that the reasons for the dismissal were not sufficiently grounded in accordance with the mandatory provisions of the Companies Act. In addition, the Court rejected the claim for nullity and voidness of the resolution on the appointment of an acting President of the Management Board of Zavarovalnica Triglav d.d., passed by the Supervisory Board on 22 May 2013. The claim by Mr Rakovec for the nullity and voidness of the entry into the Companies Register (of the President of the Management Board) made on 29 May 2013 was also rejected. The Court further rejected the claim by Mr Rakovec for payment of damages as *lis pendens*. The Court has yet to decide on the claimed amount of EUR 80,000 for non-material damage. A judgement of the Higher Court in Ljubljana was served, by which the latter confirmed the partial judgement rendered by the District Court in Ljubljana and set aside the resolution with respect to the nullity and voidness of the claim of Matjaž Rakovec for the payment of material damage; at the same time, the Court referred this part of the claim to the Labour and Social Court in Ljubljana. Zavarovalnica Triglav d.d., filed an application for direct revision against the decision of the Higher Court in Ljubljana, which was rejected by the Supreme Court as inadmissible, as the value of the contested part of the final judgement does not exceed the statutory limit value for the settlement, while the Court dismissed the permitted revision based on the filed application of Zavarovalnica Triglav d.d., with regard to the nullity and voidness of the Supervisory Board's resolution as an appropriate sanction since the resolution of the Supervisory Board was not based on the conditions for the recall in accordance with the Companies Act.

In a labour law dispute brought against the Company by the plaintiff Matjaž Rakovec, the Ljubljana Labour and Social Court initially ruled that his employment contract did not cease to be in force, i.e. remained in force, therefore Zavarovalnica Triglav d.d., owed the plaintiff compensation for salaries plus interest in the amount of around EUR 430,000. Zavarovalnica Triglav d.d., lodged an appeal against this

judgment before the Higher Court, which upheld the appeal by partly modifying and partly setting aside the judgment of the first instance court. The judgment was thus modified in the material part relating to the unlawful termination of the employment contract or the employment relationship, in that the court rejected the plaintiff's claim in that part, as well as set aside the part of the judgment which reads "including all the resulting rights", and referred the parts of the case relating to the claim for compensation for salaries, holiday allowance and legal costs back to the first instance court for reconsideration. The plaintiff filed a review against the final part by which the Higher Court modified the judgment of the first instance court (Judgment Pdp 899/2016), which, however, the Supreme Court of the Republic of Slovenia (Decision VIII Ips 105/2018) rejected and upheld the judgment of the Higher Court. The plaintiff's employment contract was thus terminated lawfully, and by said decision the proceedings concerning the alleged unlawfulness of the termination of the employment contract and the employment relationship pending before the ordinary court were completed. However, the plaintiff, according to his statement, filed a constitutional complaint against the judgment of the Supreme Court of the Republic of Slovenia, regarding which Zavarovalnica Triglav d.d., has not yet been informed whether it was accepted for consideration by the Constitutional Court of the Republic of Slovenia or not.

In the retrial, the claims for compensation for salaries and annual holiday allowance that were remitted for reconsideration were rejected by the first instance court (Judgment I Pd 672/2017), and such a decision was upheld also by the Higher Court following the plaintiff's appeal (Judgment and Decision Pdp 96/2018). The Supreme Court of the Republic of Slovenia, on the motion of the plaintiff, allowed the review and, on the basis of the filed review, set aside the first and second instance judgment in the main part and remitted the case to the first instance court for a new trial (Decision VIII Ips 193/2018), with the argument that the court should also have considered the relevant part on the basis of compensation for damages.

In addition to the above, separate proceedings were conducted based on the plaintiff's claim for the compensation of the costs of preventive medical examinations, education and training, annual personal insurance premium, group accident insurance, voluntary pension and supplementary pension insurance, rewards, the use of a business vehicle for personal purposes, membership dues and anniversary bonuses in the amount of EUR 192,466.39 with statutory default interest. By Judgment I Pd 25/2016, the first instance court rejected the plaintiff's claims put forward on the basis of labour law (in consequence of a final ruling rejecting the claim for establishing an unlawful termination of employment contract and employment relationship). Such a decision was also upheld by the Higher Court (Pdp 639/2018) following the plaintiff's appeal. The Supreme Court of the Republic of Slovenia granted a review to the plaintiff in that matter as well; the plaintiff already filed the review concerned and Zavarovalnica Triglav d.d., already lodged a response thereto.

In addition, separate proceedings referred to the labour court by the ordinary court are pending before the former, in which the plaintiff also claims the payment of salaries, holiday allowances, preventive medical examinations, education and training, annual insurance premiums and rewards; in the proceedings concerned, it is disputed whether the plaintiff asserts these claims as arising from his employment relationship or as compensation for damages. The first instance court considered the case on the labour

law basis and on the grounds of *lis pendens* or *res iudicate* dismissed the lawsuit in the main part and rejected the remainder of the claims (I Pd 507/2016). Based on the plaintiff's appeal, the Higher Court set aside the judgment of the first instance court in the main part and remanded the case to the court for a new trial (Decision Pdp 607/2018), with the instruction that there is no *lis pendens* and that the claims also have to be considered on the basis of compensation for damages.

- Zavarovalnica Triglav d.d., and Triglav Skladi d.o.o., as the plaintiffs, against the Securities Commission of the Federation of Bosnia and Herzegovina, as the defendant

The Securities Commission of the Federation of Bosnia and Herzegovina (hereinafter: the Commission) issued, in the repeated procedure of 6 June 2018, a decision ordering the companies Zavarovalnica Triglav d.d., and Triglav Skladi d.o.o., to publish a takeover bid for the acquisition of Energoinvest Dalekovo-dizgradnja d.d. (hereinafter: the offeree company). The Commission issued the decision on the basis of the alleged concerted action of the companies ZIF PROF PLUS d.d., DUF PROF IN d.o.o., Triglav Naložbe, Zavarovalnica Triglav d.d., Triglav Skladi d.o.o., NLB d.d. and Banka Celje d.d., which the Commission justifies on the basis of ownership and management relationships of said companies towards the offeree company. Among the reasons why Zavarovalnica Triglav d.d., was obliged to publish a takeover bid for the acquisition of the offeree company, the Commission also pointed out the fact that Zavarovalnica Triglav d.d., is the entity linking all the previously mentioned shareholders of the offeree company with their owner, the Republic of Slovenia. Against the decision of the Commission, Zavarovalnica Triglav d.d., and Triglav Skladi d.d., initiated an administrative dispute that has not yet been decided.

- D.S.U. d.o.o., Ljubljana, as the plaintiff, against Triglav, Upravljanje nepremičnin d.d., as the defendant, for the payment of EUR 450,000 with all dues (unjust enrichment on the account of purchase money received from the sale of real property in Zrenjanin), and for the payment of EUR 123,900 with all dues (unjust enrichment on the account of received rent money from renting out the real property in Zrenjanin).

The universal legal predecessor of Triglav, Upravljanje nepremičnin d.d., i.e. Slovenijales d.d., concluded a sales contract for the sale of real property in Zrenjanin. Before that, the aforementioned real property had been rented out. The plaintiff claims that said real property had not been taken into account in the opening balance sheet of the universal legal predecessor of Slovenijales d.d., i.e. LGM Lesnina d.o.o., and therefore, pursuant to Article 6 of the Act Concluding Ownership Transformation and Privatisation of Legal Entities Owned by the Development Corporation of Slovenia (ZZLPP0), it belongs to the plaintiff as the legal successor of the Slovene Development Corporation. The claim was rejected in its entirety by the first-instance court. The plaintiff appealed against the decision of the first instance court claiming the erroneous application of substantive law, but the appeal has not been decided yet.

- GRADINE INŽENJERING d.d., Pula, as the plaintiff, against Triglav, Upravljanje nepremičnin d.d., as the defendant, for the payment of HRK 748.74 and EUR 138,514.00 with all dues

In 1989, a contract was concluded with the legal predecessor of Triglav, Upravljanje nepremičnin d.d., i.e. Slovenijales d.d., for the supply of equipment and the carrying out of the accompanying works at the Monvidal facilities in Pula. It was agreed that the plaintiff can take over the goods after their full payment. As no final payment was made, the goods were not delivered. In the claim, the return of partial payments and the payment of the costs of the works carried out by third parties is sought. The claim was rejected in its entirety by the first instance court. An appeal was lodged against the first instance decision but was also rejected. The plaintiff filed a petition for a review. The Supreme Court of the Republic of Croatia set aside the decision of the second instance court on the ground of the erroneous application of substantive law and remitted the case to the second instance court for reconsideration of the plaintiff's appeal. The second instance court delivered a judgment, again ruling in favour of the defendant. The plaintiff again lodged a petition for a review against the judgment of the second instance court. The Supreme Court has not yet ruled on the petition for a review.

- Triglav Osiguranje d.d., Sarajevo and others, as the plaintiffs, against SCT BBM d.o.o., Sarajevo, as the defendant

Following unsuccessful mediation, Triglav Osiguranje d.d., Sarajevo, continued litigation proceedings against the defendants SCT BBM d.o.o., Sarajevo, and JP Ceste Federacije BiH. This litigation involves a claim for damages in the amount of BAM 6,385,104, of which BAM 2,065,759 is the share of Triglav Osiguranje d.d., Sarajevo. The legal basis for the claim is compensation to be paid from the performance guarantee. The case is still pending. On 5 April 2019, Sarajevo Municipal Court delivered a judgment in favour of Triglav Osiguranje d.d., Sarajevo, but following the appeal lodged by the defendants, the Cantonal Court in Sarajevo set aside the judgment on 11 December 2019 and remitted the case for retrial for procedural reasons. The court has not yet ruled on the case.

- Triglav Osiguranje a.d.o., Belgrade, as the plaintiff, against Dunav Re a.d.o., as the defendant

On 14 April 2014, Triglav Osiguranje a.d.o., Belgrade filed a request for enforcement on the basis of an authentic document for the payment of EUR 1,934,707. The enforcement debtor raised an objection and the court referred the parties to litigation. The defendant lodged a counterclaim for the annulment of the reinsurance contract. On the basis of the financial analysis conducted in the procedure, Triglav Osiguranje a.d.o., set the amount of its payment claim to RSD 236,690,436, plus interest from 17 March 2013 onwards, and requested the rejection of the counterclaim for the annulment of the reinsurance contract. On 8 September 2017, the court passed a non-final judgment upholding the claim of Triglav Osiguranje a.d.o., Belgrade, and ordered the defendant to pay RSD 236,690,436, plus the statutory late payment interest from 17 December 2013 onwards. On 27 October 2017, the defendant lodged an appeal, which has not been decided yet.

- Minority shareholders of Triglav Osiguruvanje a.d., Skopje, as the plaintiff, against Zavarovalnica Triglav d.d., and Triglav Osiguruvanje a.d., Skopje, as the defendants

In May 2013, minority shareholders of Triglav Osiguruvanje a.d., Skopje filed a lawsuit for the compensation of damages for breach of the provisions of the put option or call option contract in the amount of slightly less than EUR 2.5 million. In October 2013, Triglav Osiguruvanje a.d., Skopje filed its response to the lawsuit, while Zavarovalnica Triglav d.d., was served with the lawsuit as late as in January 2016. The latter responded to the lawsuit within the prescribed time limit, fully objecting to the claim. The court upheld the objection of Zavarovalnica Triglav d.d., concerning the lack of jurisdiction of the Macedonian court and rejected the plaintiff's appeal, thereby rendering the case final. In the proceedings against Triglav Osiguruvanje a.d., Skopje, the first instance court issued a judgment in favour of Triglav Osiguruvanje a.d., Skopje, rejecting the claim. The plaintiffs filed an appeal, which has not yet been decided by the second instance court.

- Stojan Klopčevski, as the plaintiff, against Triglav Osiguruvanje a.d., Skopje, as the defendant

In April 2012, Stojan Klopčevski, the former general manager of Triglav Osiguruvanje a.d., Skopje, lodged a lawsuit for the compensation of damages in the amount of EUR 2.6 million against the Company. The claim was based on an unlawful decision on the termination of his employment and the resulting loss of the possibility to exercise put option or call option contracts concluded with Zavarovalnica Triglav d.d. The court dismissed the lawsuit on the ground of being deficient on 5 March 2013. The court upheld the appeal and the case was remitted to the first instance court for reconsideration. The court rendered a decision rejecting the objection of the lack of substantive jurisdiction of the Macedonian court. The plaintiff filed an appeal, but on 4 October 2017 the higher court issued a decision rejecting the appeal. On 18 December 2018, the court issued a judgment rejecting the claim of the plaintiff Stojan Klopčevski. The plaintiff filed an appeal that has not yet been decided by the second instance court.

5.9. Significant reviews by supervisory bodies

- Zavarovalnica Triglav d.d.

On the basis of the performed review of the business of Zavarovalnica Triglav d.d., the Insurance Supervision Agency issued a recommendation to the Management Board for improving the efficiency of conducting business and a warning in accordance with Article 282 of the Insurance Act on 1 July 2020. All recommendations were duly implemented and the two breaches found in the warning were eliminated.

- Lovćen Osiguranje a.d., Podgorica

Insurance Supervision Agency: At the request of the Agency of 25 December 2018, the company prepared an action plan on 11 April 2019 with the aim of reducing insurance acquisition costs and adjusting them to the overhead allowance level for the years 2019, 2020 and 2021. The procedure has been completed.

- Triglav Osiguranje a.d.o., Belgrade

In 2019, the National Bank of Serbia issued a decision based on the direct and indirect supervision of the company. It refers to the supervision of the management of insurance acquisition costs, the profitability of life insurance and the adequacy of premium. The supervision procedure has not been completed yet.

- Triglav Osiguranje d.d., Zagreb

On 18 December 2018, the Croatian Financial Services Supervisory Agency started to carry out supervision that refers to the issue of certificates on the paid premium for crop and animal insurance policies. No irregularities were identified in the supervision procedure.

- Triglav Osiguranje a.d., Banja Luka

In 2018, the Insurance Agency of the Republic of Srpska started to carry out regular supervision of the company and stated in its opinion certain findings based on a sample of policies that refer to incorrect calculation or premium rates, and to some irregularities regarding reinsurance and coinsurance. The company did not submit comments but clarifications to the findings. The company developed an action plan to eliminate the identified irregularities. The procedure has not been completed yet.

In 2019, the Insurance Agency of the Republic of Srpska started to carry out extraordinary supervision relating to databases for compulsory motor insurance in transport. The Agency noted in the record that the company did not maintain a database of insurance contracts, damage claims and claim settlements based on motor insurance. The company has taken steps to remedy the identified irregularities. The Agency has not yet delivered the relevant decision to the company.

■ Triglav Osiguranje d.d., Sarajevo

In September 2018, the Insurance Supervision Agency of the Federation of Bosnia and Herzegovina carried out regular supervision of the entire business of the company. The company lodged a complaint against the Agency's record. On 9 January 2019, the company received the Agency's decision ordering the company to undertake certain activities necessary to improve the efficiency of conducting business and set the deadlines for their implementation. The company informed the Agency of the activities carried out. The procedure has been completed.

The Insurance Supervision Agency of the Federation of Bosnia and Herzegovina carried out indirect supervision of the conduct of the company relating to the motor insurance premium scheme, as well as the conditions and tariffs for accident and road vehicle insurance in one case of the insured. The record was sent to the company on 19 March 2019. The company submitted some comments regarding the Agency's record which were duly taken into account. The procedure has been completed.

The Insurance Supervision Agency of the Federation of Bosnia and Herzegovina carried out indirect supervision of the company's documents and forms. The Agency found an inconsistency between the insurance acquisition costs and administration according to the Agency's legal acts. The Agency ordered the company to eliminate the irregularities by 31 December 2021. The company prepared an action plan for the elimination of irregularities and submitted it to the Agency.

■ Sarajevostan d.o.o.

The Tax Administration of the Federation of Bosnia and Herzegovina conducted an inspection of the calculation, reporting and payment of public revenues in the associate Sarajevostan d.o.o., for the period from 1 January 2013 to 28 February 2018. The company received the Agency's record establishing an additional tax liability of BAM 2,119,159. The Tax Administration ignored the comments that the company submitted regarding the record and issued a decision ordering the company to pay BAM 2,333,435. The company appealed against the decision, but the appeal was not granted. The company initiated an administrative dispute and a temporary order staying enforcement was issued pending the conclusion of the administrative dispute.

■ Triglav Osiguranje a.d., Skopje

The Insurance Supervision Agency of the Republic of North Macedonia conducted a review of business that covered certain segments of the company's operations in the period from 1 January 2017 to 30 September 2018. The supervision was focused on evaluating the performance of the certified actuary in the company and the associated risks. On 4 April 2019, the Agency sent the final record to the company, and on 27 May 2019 the decision to eliminate the inconsistencies set out in the record. The Agency found no breaches. In the final record and the decision, the Agency made recommendations for the elimination of the identified inconsistencies. Within the set deadlines, the company sends to the Agency the reports on the performed activities in accordance with the record and the decision.

■ Triglav Osiguranje Život a.d., Skopje

In November 2018, the Insurance Supervision Agency carried out the supervision of the company's operations in the information technology (IT) field. On 19 February 2019, the record on the on-the-spot supervision No. UP1 08-1-895 and the order to eliminate the irregularities identified in the record were submitted to the company. The Agency found that the information system was completely dependent on external providers. It also found that the company did not have a business continuity system set up and that it did not have a risk register in place. The company eliminated all irregularities within the set deadlines. The procedure has been completed.

The Insurance Supervision Agency carried out the supervision of the business of Triglav Osiguranje Život a.d., Skopje, and on 19 August 2019 issued a record thereon. Based on the reports for the second quarter of 2019, the Agency found that the company's operations did not comply with the legislation. On 30 July 2019, the company informed the Agency that it had fully aligned the investments of assets covering mathematical reserves with the required legal restrictions. The procedure has been completed.

■ Triglav, Zdravstvena Zavarovalnica d.d.

The Market Inspectorate of the Republic of Slovenia carried out supervision regarding possible unfair sales practices. The procedure was terminated without breaches found and measures imposed.

The Market Inspectorate of the Republic of Slovenia carried out supervision regarding possible unfair insurance terms and conditions and distance underwriting. The procedure is in progress.

■ Triglav Upravljanje nekretninama d.o.o., Zagreb

In 2016, Triglav Osiguranje d.d., Zagreb, established Triglav upravljanje nekretninama d.o.o., Zagreb, and transferred its investment property to said company through capital increase. At the end of 2016, Triglav, Upravljanje nepremičnin d.d., Slovenia, as a specialised real property management company in the Triglav Group, purchased from Triglav Osiguranje d.d., Zagreb, all of its participating interests in Triglav upravljanje nekretninama d.o.o., Zagreb, and became the sole partner of said company. In 2019, tax control was carried out in Triglav Osiguranje d.d., Zagreb, and the taxpayer Triglav, Upravljanje nekretninama d.o.o., Zagreb, was issued decisions for the payment of real estate sales tax by the competent tax offices for all real estate that was the subject of capital increase in 2016, in the total amount of HRK 1,249,648.97. Given that in accordance with the issued tax decisions the appeals do not stay the execution, the taxpayer Triglav, Upravljanje nekretninama d.o.o., paid the tax and filed appeals against all issued decisions, but the appeals have not yet been decided.

5.10. Subsequent events

In the period from the end of the reporting period and the date of approval of the financial statements, no adjusting events occurred that would affect the prepared consolidated and separate financial statements of Zavarovalnica Triglav for 2019, as well as no material corrective events. Business events in the said period may also have no impact on the financial statements for the year 2019.

New International Financial Reporting Standards came into force in 2019, affecting the valuation of individual balance sheet items. Details are presented in the next section.

In early March 2020, international financial markets saw major changes in prices over a short period of time, primarily as a result of uncertainty surrounding the effects of the spread of coronavirus infections on the global economy. We have witnessed a steep decline in share prices and some commodities (e.g. oil), a further sharp fall in risk-free interest rates and an increase in credit spreads.

The Triglav Group is exposed to these movements on the financial markets particularly in the context of market risks related to asset and liability portfolios. The Group regularly monitors and manages all these risks within the framework of a comprehensive risk management system, as described in detail in [[→ Risk Management Report, Section 2.4](#)] of the Annual Report

No events occurring after the reporting date were material to the financial statements for 2019.

5.11. New and amended standards with interpretations

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 year ended 31 December 2018, except for the new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2019, which are presented below.

IFRS 16: Leases

The new accounting standard IFRS 16 Leases is effective from 1 January 2019, and is a mandatory change in the accounting policy. In implementing this standard, the simplified transition approach was used. As at 1 January 2019, right-of-use assets were recognised in the amount of the recognised lease liability in the amount of the present value of future payments. Potential initial direct costs were not taken into account in the right-of-use assets. In the initial calculation, no differences were recognised in retained profit or loss. Comparative data for 2018 are not adjusted.

In calculating the initial values, an interest rate was used which is a combination of the interest rate on risk-free government bonds and the credit spread for an individual company. The interest rate also varies by lease term. In calculating the initial values, the weighted average discount rate of approximately 4.5% was used for the Triglav Group and 1.7% for Zavarovalnica Triglav. The initial value of right-of-use assets as at 1 January 2019 amounted to EUR 12,193,805 for the Triglav Group and EUR 4,681,658 for Zavarovalnica Triglav. The right-of-use assets and lease liabilities are disclosed in the statement of financial position as separate items.

Exemptions were used in the calculation of rights and liabilities. Short-term leases (leases up to 12 months) and leases of low-value assets (the purchase price of underlying assets is less than USD 5,000) were excluded. Such exemptions are disclosed in the same way as in the previous year, i.e. as lease expenses under operating expenses. Right-of-use assets are depreciated on a straight-line basis over the lease term. For leases for an indefinite period, lease term was assessed based on the option of renewal or termination. For fixed-term leases, lease term was individually assessed. The guidelines set out in the strategy of the Triglav Group were taken into account in the assessment. Leases predominantly have a fixed or variable payment, which largely depends on the consumer price index. Depreciation expenses are recognised within operating expenses and interest expenses within finance costs.

No gains or losses on leaseback transactions and no costs associated with variable lease payments not included in the measurement of lease liabilities were recorded in 2019.

The Triglav Group as a lessor has only operating leases. Leased assets are recognised as investment property. Lease agreements are largely concluded for an indefinite period of time with a one-year notice period. Lessees have no purchase option at the end of the lease term.

IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (amendments)

The amendments address concerns arising from implementing the new IFRS 9 Financial Instruments, before the new standard, which is currently under development and applies to insurance contracts, comes into effect. The new standard will replace the existing IFRS 4. The amendments provide two options when accounting for insurance contracts: a temporary exemption from applying IFRS 9 and the overlay approach, which allows the entities issuing insurance contracts falling within the scope of IFRS 4 to re-classify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets.

Due to the adoption of the new standard that addresses insurance contracts, IFRS 17, insurance companies may apply the standard from 1 January 2022. 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 divided into assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding (SPPI), excluding any financial assets held for trading, and all other financial assets.

| | in EUR | | | |
|---------------------------|--|-----------------------------------|---------------------------------|-----------------------------------|
| | Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding | | Other financial assets | |
| Triglav Group | Fair value as at 1 January 2019 | Fair value as at 31 December 2019 | Fair value as at 1 January 2019 | Fair value as at 31 December 2019 |
| Debt securities | 1,872,407,991 | 2,431,352,987 | 447,334,376 | 36,781,268 |
| Equity securities | 0 | 0 | 166,413,190 | 220,357,062 |
| Derivatives | 0 | 0 | 1,393,263 | 0 |
| Loans and deposits | 122,466,039 | 92,994,219 | 0 | 237 |
| Cash and cash equivalents | 67,601,696 | 75,860,559 | 0 | 0 |
| Total | 2,062,475,726 | 2,600,207,766 | 615,140,829 | 257,138,568 |

| | in EUR | | | |
|---------------------------|--|-----------------------------------|---------------------------------|-----------------------------------|
| | Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding | | Other financial assets | |
| Zavarovalnica Triglav | Fair value as at 1 January 2019 | Fair value as at 31 December 2019 | Fair value as at 1 January 2019 | Fair value as at 31 December 2019 |
| Debt securities | 1,463,225,281 | 1,780,053,478 | 239,471,377 | 21,689,527 |
| Equity securities | 0 | 0 | 85,583,228 | 109,481,949 |
| Derivatives | 0 | 0 | 1,393,263 | 0 |
| Loans and deposits | 83,408,015 | 39,767,882 | 0 | 0 |
| Cash and cash equivalents | 17,998,487 | 19,226,740 | 0 | 0 |
| Total | 1,564,631,783 | 1,839,048,101 | 326,447,868 | 131,171,475 |

The table below shows the carrying amount of assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding by credit risk rating grades. The carrying amount is measured in accordance with IAS 39 prior to any impairment allowance for assets measured at amortised cost.

in EUR

| Triglav Group | Ratings of assets whose cash flows are solely payments of principal and interest on the principal amounts outstanding | | | | | Total |
|---------------------------|---|--------------------|----------------------|--------------------|--------------------|----------------------|
| | Unrated | AAA | AA/A | BBB | BB/B | |
| Debt securities | 108,116,108 | 247,171,318 | 1,082,994,012 | 762,566,583 | 186,269,334 | 2,387,117,356 |
| Loans and deposits | 76,563,224 | 0 | 0 | 9,006 | 17,087,874 | 93,660,104 |
| Cash and cash equivalents | 41,050,172 | 0 | 4,934 | 784,740 | 34,029,938 | 75,869,784 |
| Total | 225,729,504 | 247,171,318 | 1,082,998,947 | 763,360,329 | 237,387,145 | 2,556,647,244 |

in EUR

| Zavarovalnica Triglav | Ratings of assets whose cash flows are solely payments of principal and interest on the principal amounts outstanding | | | | | Total |
|---------------------------|---|--------------------|--------------------|--------------------|-------------------|----------------------|
| | Unrated | AAA | AA/A | BBB | BB/B | |
| Debt securities | 66,741,227 | 218,250,696 | 921,484,864 | 471,911,635 | 59,998,306 | 1,738,386,727 |
| Loans and deposits | 30,588,373 | 0 | 0 | 0 | 10,367,170 | 40,955,543 |
| Cash and cash equivalents | 5,083,695 | 0 | 4,934 | 34,962 | 14,103,149 | 19,226,740 |
| Total | 102,413,294 | 218,250,696 | 921,489,799 | 471,946,597 | 84,468,624 | 1,798,569,010 |

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 allowance for assets measured at amortised cost.

in EUR

| Triglav Group | Assets whose contractual cash flows are solely payments of principal and interest and do not have a low rating | |
|---------------------------|--|--------------------|
| | Fair value | Carrying amount |
| Debt securities | 295,175,613 | 294,385,442 |
| Loans and deposits | 92,985,180 | 93,651,097 |
| Cash and cash equivalents | 75,070,885 | 75,080,110 |
| Total | 463,231,678 | 463,116,649 |

in EUR

| Zavarovalnica Triglav | Assets whose contractual cash flows are solely payments of principal and interest and do not have a low rating | |
|---------------------------|--|--------------------|
| | Fair value | Carrying amount |
| Debt securities | 126,747,278 | 126,739,532 |
| Loans and deposits | 37,327,369 | 38,515,029 |
| Cash and cash equivalents | 19,226,740 | 19,226,740 |
| Total | 183,301,387 | 184,481,301 |

IFRS 9: Prepayment Features with Negative Compensation (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments allow financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be »negative compensation«), to be measured at amortised cost or at fair value through other comprehensive income. The amendments do not have an impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 19: Plan Amendment, Curtailment or Settlement (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments to the accounting standard require companies to determine the service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement based on updated actuarial assumptions. The amendments also clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments do not have any impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 28: Long-term Interests in Associates and Joint Ventures (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments address the issue whether the measurement of long-term interests (particularly in terms of impairment requirements regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture) falls within the scope of IFRS 9, IAS 28 or a combination of both. The amendments clarify that an entity must apply IFRS 9 Financial Instruments before applying IAS 28 to recognise long-term interests not measured using the equity method. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that result from the application of IAS 28. The amendments do not have an impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

The interpretations are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The interpretation addresses the uncertainty in accounting for income tax that affects the application of IAS 12. The interpretation provides guidance on accounting for uncertain tax treatments separately or together, examination by taxation authorities, the appropriate method that reflects the uncertainty, and on considering changes in facts and circumstances. The interpretation does not have an impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

Annual improvements to IFRS standards 2015 – 2017 cycle

The International Accounting Standards Board (IASB) issued the annual improvements to IFRS 2015–2017 cycle. The improvements do not have any impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

Amendments to various standards arise from the IFRS annual improvements project (IFRS 3, IFRS 11, IAS 12 and IAS 23), which are primarily aimed at eliminating inconsistencies and clarifying the wording. The amendments include the following clarifications:

IFRS 3: an entity remeasures its previously held interest in a joint operation when it obtains control over a business entity;

IFRS 11: if an entity obtains joint control of a business entity, it does not remeasure its previously held interest in the joint operation;

IAS 12: an entity accounts for all income tax consequences of dividend payments in the same way;

IAS 23: an entity treats as general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale (IAS 23).

Standards not yet effective and not early adopted by the Company*IFRS 17: Insurance Contracts*

This standard applies for annual periods beginning on or after 1 January 2022, with earlier application permitted provided that an entity also reports in accordance with IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. IFRS 17 Insurance Contracts thus establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard also requires that similar principles be applied to reinsurance contracts and investment contracts with discretionary participation features. The objective of the standard is to ensure that an entity provides relevant information that faithfully represents those contracts. This information enables users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the entity's financial position, financial performance and cash flows. This standard has not yet been endorsed by the European Union. The management is still assessing the effects of the transition to the new standard.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The International Accounting Standards Board indefinitely deferred the effective date of the standard, pending the identify the of its research project on the equity method of accounting. These amendments to the standard have not yet been endorsed by the European Union. The management is still assessing the impact of the amendments on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS Conceptual Framework

The International Accounting Standards Board (IASB) published the revised Conceptual Framework for Financial Reporting (Conceptual Framework) on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to understand and interpret the standards. The IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The objective of the IASB is to provide support for the transition to the revised Conceptual Framework to entities that develop their accounting policies based on the guidance of the Conceptual Framework when no standard applies to a particular transaction. For preparers that use the Conceptual Framework to develop their accounting policies, the revised Conceptual Framework is effective for annual periods beginning on or after 1 January 2020. The amendments were endorsed by the European Union on 29 November 2019. The management is still assessing the potential impact of the revision on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 3: Business Combinations (amendments)

The IASB has issued amendments to the definition of a business (amendments to IFRS 3) aimed at resolving the uncertainty that arises when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted. These amendments to the standard have not yet been endorsed by the European Union. The management is still assessing the impact of the amendments on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The amendments clarify the definition of material and how it should be applied. The new definition states that »information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity«. In addition, the IASB clarified the explanation accompanying this definition. The amendments also ensure that the definition of material is consistent across all IFRS. The amendments were endorsed by the European Union on 29 November 2019. The management is still assessing the potential impact of the amendments on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures

The Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) was published by the IASB on 26 September 2019. The changes in Interest Rate Benchmark Reform:

- modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
- require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The amendments were endorsed by the European Union on 15 January 2020. The management is still assessing the potential impact of the amendments on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 14 – Regulatory Statutory Deferral

This standard was published by the IASB on 30 January 2014. 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. This standard has not yet been endorsed by the European Union. The management is still assessing the potential impact of the standard on the consolidated and separate financial statements of Zavarovalnica Triglav.

5.12. Segment reporting

Zavarovalnica Triglav is a composite insurance company, providing non-life and life insurance services. As these are integral economic units, separate accounting records and books of account are kept. Distribution of income and expenses between non-life and life insurance is described below. Assets and their sources, including equity, are also disclosed separately.

The management monitors the operations of the Group based by business segments (non-life insurance, life insurance, health insurance and non-insurance operations) and by geographical segments (separately for the Slovene market and foreign markets).

The distribution of income and expenses between segments for reporting purposes is described below.

Reconciliation of total assets

Assets and liabilities items in the statement of financial position by business segment have not been offset. Mutual receivables and liabilities arising from non-life and life insurance operations and deferred tax assets and liabilities have been offset in the consolidated statement of financial position, as shown in the following table:

| | in EUR | |
|--|----------------------|----------------------|
| | 31 December 2019 | 31 December 2018 |
| Balance sheet total (without offsetting) | 2,920,864,739 | 2,748,856,353 |
| Mutual receivables and liabilities | -8,063,058 | -6,491,237 |
| Deferred tax assets and liabilities | -11,661,540 | -12,177,591 |
| Offset balance | 2,901,140,141 | 2,730,187,525 |

Mutual receivables and liabilities arise from cost sharing, as explained below.

Distribution of income and expenses between business segments is described below.

Income

Income from insurance premiums is disclosed separately by insurance group and insurance class, as well as by geographical areas (separately for Slovenia and other countries).

Investment income is posted separately by insurance group. Income from investments of assets backing liabilities, guarantee funds and investments not financed from insurance technical provisions are posted separately. The latter are also accounted for separately by insurance group.

Other income from insurance operations and other income is accounted for by insurance groups. In order to ensure an appropriate presentation of the insurance-technical result, income from non-insurance operations is disclosed as other income. Other net income from insurance operations is accounted for separately by insurance group.

All income is also accounted for separately according to geographical segmentation – for Slovenia and for other countries.

Expenses

Net claims incurred are disclosed separately by insurance group and insurance class. Direct claim handling costs are posted by insurance class. Part of the claim handling costs, primarily accounted for by their natural type within operating costs, is shown by insurance groups and insurance classes directly and by using a matrix that is the same as that used for distributing other operating costs.

Changes in insurance technical provisions (provisions for bonuses and discounts and other insurance technical provisions) are accounted for directly by insurance group and by insurance class.

Investment expenses are posted separately by insurance groups. Within individual insurance groups, expenses from investments are disclosed separately for assets backing liabilities, long-term business funds and investments not financed by insurance technical provisions. The latter are also accounted for separately by insurance group.

Other net insurance expenses are accounted for separately by insurance group, the same as other expenses from insurance operations and other expenses. In order to ensure the appropriate presentation of the insurance-technical result, operating expenses of non-insurance companies are disclosed as other expenses in the income statement. In the Notes to financial statements they are disclosed also by nature.

Furthermore, all expenses are accounted for by geographical area – separately for Slovenia and for other countries.

Additional disclosures of Triglav Group and Zavarovalnica Triglav

Depreciation and amortisation charges by business segment are disclosed under operating expenses in [→ [Section 4.12](#)].

Values of investments in intangible assets, property, plant and equipment and investment property by business segments are shown in the table below:

| | | | | | in EUR |
|--|-----------|-----------|---------|---------------|-----------|
| Triglav Group | | | | | |
| 2019 | Non-life | Life | Health | Non-insurance | TOTAL |
| Investments in intangible assets | 4,114,609 | 1,802,291 | 229,266 | 674,639 | 6,820,806 |
| Investments in property, plant and equipment | 8,407,222 | 219,571 | 139,002 | 556,087 | 9,321,882 |
| Investments in investment property | 4,483,999 | 0 | 0 | 976,497 | 5,460,496 |

| | | | | | in EUR |
|--|------------|-----------|---------|---------------|------------|
| Triglav Group | | | | | |
| 2018 | Non-life | Life | Health | Non-insurance | TOTAL |
| Investments in intangible assets | 4,188,537 | 2,903,592 | 446,164 | 50,994 | 7,589,287 |
| Investments in property, plant and equipment | 10,294,540 | 106,068 | 201,401 | 364,678 | 10,966,687 |
| Investments in investment property | 3,567,161 | 0 | 0 | 515,255 | 4,082,416 |

The highest exposure of Triglav Group to individual financial institutions is:

- in non-life insurance, exposure to SBERBANK, d.d. of EUR 20,796,540;
- in life insurance, exposure to AGATE ASSETS SA of EUR 27,822,762;
- in health insurance, exposure to N.V.Bank Nederlandse Gemeenten of EUR 805,697;
- in non-insurance, exposure to Abanka, d.d. of EUR 17,312,698.

| Zavarovalnica Triglav 2019 | Non-life | Life | in EUR TOTAL |
|--|-------------|------------|-----------------|
| ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION | | | |
| Investments in intangible assets | 2,906,839 | 1,769,875 | 4,676,714 |
| Investments in property, plant and equipment | 3,786,310 | 77,405 | 3,863,715 |
| Investments in investment property | 4,204,291 | 0 | 4,204,291 |
| ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT | | | |
| Depreciation charge for the current year | -9,469,409 | -1,714,845 | -11,184,254 |
| Depreciation of right of use assets | -861,070 | -170,409 | -1,031,479 |
| Expenses from the impairment of premium and subrogation receivables | -11,947,278 | 0 | -11,947,278 |
| Income from reversal of impairment of receivables | 9,667,270 | 11,963 | 9,679,233 |
| Expenses from impairment of investment property | -164,017 | 0 | -164,017 |
| Expenses from impairment of other receivables | -101,513 | -5,246 | -106,759 |
| Income from reversal of impairment of other receivables | 61,134 | 19 | 61,153 |

| Zavarovalnica Triglav 2018 | Non-life | Life | in EUR TOTAL |
|--|-------------|------------|-----------------|
| ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION | | | |
| Investments in intangible assets | 1,568,480 | 2,855,814 | 4,424,294 |
| Investments in property, plant and equipment | 6,416,064 | 38,160 | 6,454,224 |
| Investments in investment property | 3,549,655 | 0 | 3,549,655 |
| ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT | | | |
| Depreciation charge for the current year | -9,047,736 | -1,493,898 | -10,541,634 |
| Expenses from the impairment of premium and subrogation receivables | -11,366,213 | 0 | -11,366,213 |
| Income from reversal of impairment of receivables | 10,145,070 | 1,773 | 10,146,843 |
| Expenses from impairment of property, plant and equipment | 0 | 0 | 0 |
| Expenses from impairment of other receivables | -83,662 | -31,616 | -115,278 |
| Income from reversal of impairment of other receivables | 318,031 | 7,376 | 325,407 |

Maximum individual exposure of Zavarovalnica Triglav to financial institutions is:

- for non-life insurance: SBERBANK d.d.: EUR 19,572,908 and
- for life insurance: AGATE ASSETS SA: EUR 27,822,762.

| | 2019 | | | | | 2018 | | | | | in EUR |
|--|------------|------------|-----------|------------|-------------|-------------|-------------|-----------|------------|-------------|--------|
| Triglav Group | | | | | | | | | | | |
| Other comprehensive income by business segments | NON-LIFE | LIFE | HEALTH | OTHER | TOTAL | NON-LIFE | LIFE | HEALTH | OTHER | TOTAL | |
| NET PROFIT FOR THE YEAR AFTER TAX | 62,896,114 | 17,244,702 | 4,373,002 | -649,389 | 83,864,429 | 62,862,390 | 12,486,107 | 3,108,231 | 2,369,517 | 80,826,245 | |
| OTHER COMPREHENSIVE INCOME AFTER TAX | 8,911,767 | 4,510,742 | 411,447 | 4,169,509 | 18,003,465 | -18,027,432 | -5,534,695 | -683,406 | -4,686,425 | -28,931,958 | |
| Items which will not be transferred in P&L in future periods | -307,238 | -47,664 | -20,212 | 24,020 | -351,094 | -243,770 | -41,662 | -13,613 | -4,380 | -303,425 | |
| Net actuarial gains/losses for pension plans | -307,238 | -47,664 | -20,212 | 24,020 | -351,094 | -243,770 | -41,662 | -13,613 | -4,505 | -303,550 | |
| Tax on items which will not be transferred in P&L | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 125 | 125 | |
| Items which could be transferred into P&L in future periods | 9,219,005 | 4,558,406 | 431,659 | 4,145,489 | 18,354,559 | -17,783,662 | -5,493,033 | -669,793 | -4,682,045 | -28,628,533 | |
| Fair value gains/losses on available-for-sale financial assets | 10,813,731 | 9,580,568 | 532,912 | 7,563,077 | 28,490,288 | -22,207,016 | -21,643,500 | -826,905 | -5,414,080 | -50,091,501 | |
| – net gains/losses recognized directly in equity | 17,832,579 | 15,014,263 | 654,159 | 7,837,795 | 41,338,796 | -12,938,575 | -16,334,830 | -981,222 | -1,797,972 | -32,052,599 | |
| – transfers from equity to income statement | -7,018,848 | -5,433,695 | -121,247 | -274,718 | -12,848,508 | -9,268,441 | -5,308,670 | 154,317 | -3,616,108 | -18,038,902 | |
| Fair value gains/losses on non-current assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Share of OCI of entities accounted for using the equity method | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -310,367 | -310,367 | |
| Liabilities from insurance contracts with DPF | 0 | -4,005,357 | 0 | 0 | -4,005,357 | 0 | 12,510,378 | 0 | 0 | 12,510,378 | |
| Currency translation differences | 186,748 | -37,740 | 0 | -11,565 | 137,443 | 57,124 | 57,100 | 0 | 13,259 | 127,483 | |
| Tax on other comprehensive income | -1,781,474 | -979,065 | -101,253 | -3,406,023 | -6,267,815 | 4,366,230 | 3,582,989 | 157,112 | 1,029,143 | 9,135,474 | |
| COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX | 71,807,881 | 21,755,444 | 4,784,449 | 3,520,120 | 101,867,894 | 44,834,958 | 6,951,412 | 2,424,825 | -2,316,908 | 51,894,287 | |
| Controlling interest | 71,601,272 | 21,745,624 | 4,784,449 | 3,535,233 | 101,666,578 | 44,606,567 | 6,962,392 | 2,424,825 | -2,291,015 | 51,702,769 | |
| Non-controlling interest | 206,609 | 9,820 | 0 | -15,113 | 201,316 | 228,391 | -10,980 | 0 | -25,893 | 191,518 | |

| | 2019 | | | 2018 | | | in EUR |
|--|------------|------------|-------------|-------------|-------------|-------------|--------|
| Zavarovalnica Triglav | | | | | | | |
| Other comprehensive income by business segments | NON-LIFE | LIFE | TOTAL | NON-LIFE | LIFE | TOTAL | |
| Net profit for the year after tax | 56,289,644 | 14,324,772 | 70,614,416 | 58,259,539 | 7,284,325 | 65,543,864 | |
| Other comprehensive income after tax | 5,745,525 | 837,468 | 6,582,993 | -15,894,778 | -4,102,785 | -19,997,563 | |
| Items which will not be transferred in P&L in future periods | -261,844 | -47,664 | -309,508 | -224,491 | -41,662 | -266,153 | |
| Actuarial gains and losses related to post-employment benefits on retirement | -261,844 | -47,664 | -309,508 | -224,491 | -41,662 | -266,153 | |
| Tax on items which will not be transferred in P&L | | | | 0 | 0 | 0 | |
| Items which could be transferred into P&L in future periods | 6,007,369 | 885,132 | 6,892,501 | -15,670,287 | -4,061,123 | -19,731,410 | |
| Fair value gains/losses on available-for-sale financial assets | 7,416,505 | 5,858,245 | 13,274,750 | -19,346,033 | -20,168,855 | -39,514,888 | |
| – net gains/losses recognized directly in equity | 13,649,773 | 11,383,441 | 25,033,214 | -10,991,664 | -14,819,878 | -25,811,542 | |
| – transfers from equity to income statement | -6,233,268 | -5,525,196 | -11,758,464 | -8,354,369 | -5,348,977 | -13,703,346 | |
| Liabilities from insurance contracts with DPF | 0 | -4,005,357 | -4,005,357 | 0 | 12,510,379 | 12,510,379 | |
| Tax on other comprehensive income | -1,409,136 | -967,756 | -2,376,892 | 3,675,746 | 3,597,353 | 7,273,099 | |
| COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX | 62,035,169 | 15,162,240 | 77,197,409 | 42,364,761 | 3,181,540 | 45,546,301 | |

5.12.1. Reporting by business segment for Triglav Group

The statement of financial position and income statement by business segment are shown below for the reporting and the previous year.

In the consolidation process, the key inter–company eliminations between segments which influenced their profit/loss were the following: acquisition costs and acquisition income, premium income and operating expenses. The aforementioned eliminations had no impact on the consolidated profit/loss. The key inter–company eliminations, which did impact both the profit/loss of individual segments and the consolidated profit/loss, were the effects of the capital, business combinations, the disposal of controlling interests in subsidiaries and the elimination of investment impairments in subsidiaries. These effects are reflected in investment income and expenses. Consolidated profit was also affected by the elimination of intragroup leases.

The management monitors the operations of the Group according to the following main segments:

- non-life insurance,
- life insurance,
- health insurance and
- non-insurance operations.

The non-insurance segment includes real estate management, financial asset management and other support activities in conducting insurance business.

| | 31 December 2019 | | | | | | in EUR |
|--|------------------|---------------|------------|-------------|-----------------------------------|--------------|-----------------------------------|
| Statement of financial position | NON-LIFE | LIFE | HEALTH | OTHER | TOTAL (before eliminations) | ELIMINATIONS | TOTAL (after elimi-nations) |
| ASSETS | 1,886,331,447 | 2,127,584,025 | 69,867,321 | 200,898,657 | 4,284,681,450 | -347,681,630 | 3,936,999,820 |
| Intangible assets | 73,873,704 | 4,960,073 | 1,410,073 | 21,481,875 | 101,725,725 | 0 | 101,725,725 |
| Property, plant and equipment | 95,558,447 | 10,287,688 | 1,330,907 | 6,895,248 | 114,072,290 | 0 | 114,072,290 |
| Deferred tax assets | 11,673,552 | 286,682 | 179,837 | 322,011 | 12,462,082 | 0 | 12,462,082 |
| Investment property | 48,371,952 | 1,867,050 | 0 | 25,659,463 | 75,898,465 | 4,023,015 | 79,921,480 |
| Right of use assets | 11,003,727 | 818,995 | 813,973 | 2,416,991 | 15,053,686 | -4,115,761 | 10,937,925 |
| Investments in subsidiaries | 127,367,858 | 15,104,174 | 0 | 72,875,056 | 215,347,088 | -215,347,088 | 0 |
| Investments in associates | 12,628,315 | 526,064 | 0 | 0 | 13,154,379 | 0 | 13,154,379 |
| Financial assets | 1,081,648,504 | 2,054,668,134 | 57,376,656 | 42,720,774 | 3,236,414,068 | -14,351,828 | 3,222,062,240 |
| Financial investments | 1,081,648,504 | 1,572,636,846 | 57,376,656 | 42,720,774 | 2,754,382,780 | -14,351,828 | 2,740,030,952 |
| – loans and deposits | 82,447,820 | 28,035,356 | 108 | 11,294,539 | 121,777,823 | -9,199,672 | 112,578,151 |
| – held to maturity | 0 | 186,109,072 | 0 | 0 | 186,109,072 | 0 | 186,109,072 |
| – available for sale | 938,892,715 | 803,897,253 | 57,376,548 | 31,426,235 | 1,831,592,751 | -4,652,335 | 1,826,940,416 |
| – recognised at fair value through profit and loss | 60,307,969 | 554,595,165 | 0 | 0 | 614,903,134 | -499,821 | 614,403,313 |
| Unit–linked insurance assets | 0 | 482,031,288 | 0 | 0 | 482,031,288 | 0 | 482,031,288 |
| Reinsurers’ share of technical provisions | 174,939,813 | 372,098 | 1,977,798 | 0 | 177,289,709 | -74,541,903 | 102,747,806 |
| Receivables | 218,205,416 | 3,401,672 | 6,225,706 | 9,702,838 | 237,535,632 | -43,299,884 | 194,235,748 |
| – receivables from direct insurance operations | 98,750,207 | 940,602 | 5,904,061 | 39,889 | 105,634,759 | -174,930 | 105,459,829 |
| – receivables from reinsurance and coinsurance operations | 98,989,542 | 212,839 | 191,854 | 0 | 99,394,235 | -41,404,733 | 57,989,502 |
| – current tax receivables | 194,416 | 1,172 | 0 | 1,085,761 | 1,281,349 | 0 | 1,281,349 |
| – other receivables | 20,271,251 | 2,247,059 | 129,791 | 8,577,188 | 31,225,289 | -1,720,221 | 29,505,068 |
| Other assets | 4,718,106 | 74,106 | 60,856 | 841,262 | 5,694,330 | -48,181 | 5,646,149 |
| Cash and cash equivalents | 26,342,053 | 35,217,289 | 491,515 | 13,818,918 | 75,869,775 | 0 | 75,869,775 |
| Non–current assets held for sale | 0 | 0 | 0 | 4,164,221 | 4,164,221 | 0 | 4,164,221 |
| EQUITY AND LIABILITIES | 1,886,331,447 | 2,127,584,025 | 69,867,321 | 200,898,657 | 4,284,681,450 | -347,681,630 | 3,936,999,820 |
| Equity | 624,320,880 | 163,093,029 | 34,970,059 | 179,818,228 | 1,002,202,196 | -210,250,408 | 791,951,788 |
| Controlling interests | 624,320,880 | 163,093,029 | 34,970,059 | 179,818,228 | 1,002,202,196 | -212,676,073 | 789,526,123 |
| – share capital | 114,718,513 | 48,491,866 | 25,822,144 | 104,271,537 | 293,304,060 | -219,602,668 | 73,701,392 |
| – share premium | 43,118,794 | 13,658,827 | 0 | 20,596,489 | 77,374,110 | -27,097,473 | 50,276,637 |
| – reserves from profit | 304,169,128 | 47,203,902 | 759,573 | 1,737,217 | 353,869,820 | 864,454 | 354,734,274 |
| – treasury share reserves | 0 | 0 | 0 | 0 | 0 | 364,680 | 364,680 |
| – treasury shares | 0 | 0 | 0 | 0 | 0 | -364,680 | -364,680 |
| – fair value reserve | 56,592,416 | 13,594,911 | 1,357,420 | 13,742,971 | 85,287,718 | -1,187,794 | 84,099,924 |
| – net profit brought forward | 63,783,256 | 26,125,799 | 4,385,242 | 35,792,884 | 130,087,181 | 35,808,989 | 165,896,170 |
| – net profit for the year | 43,800,570 | 14,660,149 | 2,645,680 | 3,713,810 | 64,820,209 | -1,415,385 | 63,404,824 |
| – currency translation differences | -1,861,797 | -642,425 | 0 | -36,680 | -2,540,902 | -46,196 | -2,587,098 |
| – reserve of disposal group held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-controlling interests | 0 | 0 | 0 | 0 | 0 | 2,425,665 | 2,425,665 |
| Subordinated liabilities | 60,160,065 | 9,839,385 | 1,500,000 | 0 | 71,499,450 | -6,652,157 | 64,847,293 |
| Insurance technical provisions | 1,008,682,231 | 1,438,237,510 | 21,698,247 | 0 | 2,468,617,988 | -74,690,652 | 2,393,927,336 |
| – unearned premiums | 343,950,574 | 443,779 | 3,436,474 | 0 | 347,830,827 | -15,319,892 | 332,510,935 |
| – mathematical provisions | 0 | 1,404,439,748 | 0 | 0 | 1,404,439,748 | 0 | 1,404,439,748 |
| – claims provisions | 637,832,876 | 20,761,018 | 14,541,924 | 0 | 673,135,818 | -57,737,074 | 615,398,744 |
| – other insurance technical provisions | 26,898,781 | 12,592,965 | 3,719,849 | 0 | 43,211,595 | -1,633,686 | 41,577,909 |
| Insurance technical provisions for unit-linked insurance contracts | 0 | 484,942,835 | 0 | 0 | 484,942,835 | 0 | 484,942,835 |
| Employee benefits | 12,308,513 | 2,265,686 | 628,812 | 670,035 | 15,873,046 | 0 | 15,873,046 |
| Other provisions | 1,377,941 | 127,805 | 130,334 | 1,114,320 | 2,750,400 | 0 | 2,750,400 |
| Deferred tax liabilities | 13,090,239 | 5,030,501 | 0 | 4,407,808 | 22,528,548 | -11,856 | 22,516,692 |
| Other financial liabilities | 1,746,437 | 25,699 | 98,854 | 1,189,450 | 3,060,440 | -1,196,027 | 1,864,413 |
| Operating liabilities | 91,801,534 | 11,691,145 | 5,348,431 | 138,345 | 108,979,455 | -42,107,124 | 66,872,331 |
| – liabilities from direct insurance operations | 6,784,884 | 11,128,658 | 4,346,780 | 0 | 22,260,322 | -701,778 | 21,558,544 |
| – liabilities from reinsurance and co-insurance operations | 82,218,277 | 532,812 | 203,170 | 0 | 82,954,259 | -41,405,346 | 41,548,913 |
| – current tax liabilities | 2,798,373 | 29,675 | 798,481 | 138,345 | 3,764,874 | 0 | 3,764,874 |
| Lease liabilities | 10,997,796 | 794,424 | 819,669 | 2,491,774 | 15,103,663 | -4,187,985 | 10,915,678 |
| Other liabilities | 61,845,811 | 11,536,007 | 4,672,915 | 11,068,697 | 89,123,430 | -8,585,422 | 80,538,008 |
| Non–current liabilities held for sale and discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | 31 December 2018 | | | | in EUR | | |
|--|------------------|---------------|------------|-------------|--------------------------------|--------------|-------------------------------|
| Statement of financial position | NON-LIFE | LIFE | HEALTH | OTHER | TOTAL (before eliminations) | ELIMINATIONS | TOTAL (after eliminations) |
| ASSETS | 1,760,375,116 | 1,975,276,808 | 59,416,391 | 191,819,384 | 3,986,887,699 | -341,610,212 | 3,645,277,487 |
| Intangible assets | 75,096,273 | 4,708,358 | 1,586,002 | 2,669,415 | 84,060,048 | 0 | 84,060,048 |
| Property, plant and equipment | 93,567,305 | 10,132,292 | 1,415,752 | 8,180,704 | 113,296,053 | 0 | 113,296,053 |
| Deferred tax assets | 12,360,640 | 261,140 | 56,415 | 215,537 | 12,893,732 | 0 | 12,893,732 |
| Investment property | 47,702,415 | 2,302,311 | 0 | 34,471,759 | 84,476,485 | 5,363,971 | 89,840,456 |
| Investments in subsidiaries | 124,407,877 | 15,104,174 | 0 | 75,550,601 | 215,062,652 | -215,062,652 | 0 |
| Investments in associates | 11,450,701 | 611,768 | 0 | 2,063,504 | 14,125,973 | 0 | 14,125,973 |
| Financial assets | 1,021,305,282 | 1,905,654,933 | 48,839,718 | 38,188,070 | 3,013,988,003 | -22,567,936 | 2,991,420,067 |
| Financial investments | 1,021,305,282 | 1,503,139,163 | 48,839,718 | 38,188,070 | 2,611,472,233 | -22,567,936 | 2,588,904,297 |
| – loans and deposits | 86,843,593 | 55,853,397 | 86,107 | 13,492,572 | 156,275,669 | -17,417,697 | 138,857,972 |
| – held to maturity | 0 | 196,773,185 | 0 | 0 | 196,773,185 | 0 | 196,773,185 |
| – available for sale | 929,110,722 | 804,659,540 | 48,753,611 | 24,695,498 | 1,807,219,371 | -4,650,604 | 1,802,568,767 |
| – recognised at fair value through profit and loss | 5,350,967 | 445,853,041 | 0 | 0 | 451,204,008 | -499,635 | 450,704,373 |
| Unit–linked insurance assets | 0 | 402,515,770 | 0 | 0 | 402,515,770 | 0 | 402,515,770 |
| Reinsurers’ share of technical provisions | 159,627,897 | 10,457 | 1,551,881 | 0 | 161,190,235 | -75,269,736 | 85,920,499 |
| Receivables | 194,823,677 | 4,599,971 | 5,408,784 | 7,790,707 | 212,623,139 | -33,968,261 | 178,654,878 |
| – receivables from direct insurance operations | 91,221,915 | 628,631 | 4,884,391 | 40,778 | 96,775,715 | -174,387 | 96,601,328 |
| – receivables from reinsurance and coinsurance operations | 80,340,602 | 8,525 | 122,142 | 0 | 80,471,269 | -29,171,366 | 51,299,903 |
| – current tax receivables | 561,791 | 0 | 0 | 17,854 | 579,645 | 0 | 579,645 |
| – other receivables | 22,699,369 | 3,962,815 | 402,251 | 7,732,075 | 34,796,510 | -4,622,508 | 30,174,002 |
| Other assets | 4,747,186 | 84,188 | 114,694 | 556,252 | 5,502,320 | -105,598 | 5,396,722 |
| Cash and cash equivalents | 15,285,863 | 31,807,216 | 443,145 | 20,065,436 | 67,601,660 | 0 | 67,601,660 |
| Non–current assets held for sale | 0 | 0 | 0 | 2,067,399 | 2,067,399 | 0 | 2,067,399 |
| EQUITY AND LIABILITIES | 1,760,375,116 | 1,975,276,808 | 59,416,391 | 191,819,384 | 3,986,887,699 | -341,610,212 | 3,645,277,487 |
| Equity | 604,805,626 | 150,637,960 | 31,627,112 | 168,514,421 | 955,585,119 | -208,722,314 | 746,862,805 |
| Controlling interests | 604,805,626 | 150,637,960 | 31,627,112 | 168,514,421 | 955,585,119 | -211,018,313 | 744,566,806 |
| – share capital | 114,718,513 | 48,091,866 | 25,822,144 | 100,639,031 | 289,271,554 | -215,570,162 | 73,701,392 |
| – share premium | 43,048,225 | 13,658,827 | 0 | 20,674,547 | 77,381,599 | -27,175,059 | 50,206,540 |
| – reserves from profit | 283,812,741 | 47,163,414 | 473,752 | 1,744,009 | 333,193,916 | 927,548 | 334,121,464 |
| – treasury share reserves | 0 | 0 | 0 | 0 | 0 | 364,680 | 364,680 |
| – treasury shares | 0 | 0 | 0 | 0 | 0 | -364,680 | -364,680 |
| – fair value reserve | 47,853,573 | 8,989,544 | 945,975 | 10,080,974 | 67,870,066 | -1,632,177 | 66,237,889 |
| – net profit brought forward | 51,019,235 | 24,525,399 | 3,190,158 | 25,363,275 | 104,098,067 | 38,385,512 | 142,483,579 |
| – net profit/loss for the year | 66,373,248 | 8,815,568 | 1,195,083 | 10,038,964 | 86,422,863 | -5,889,220 | 80,533,643 |
| – currency translation differences | -2,019,909 | -606,658 | 0 | -26,379 | -2,652,946 | -64,755 | -2,717,701 |
| – reserve of disposal group held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non–controlling interests | 0 | 0 | 0 | 0 | 0 | 2,295,999 | 2,295,999 |
| Subordinated liabilities | 10,777,635 | 9,835,316 | 1,500,000 | 0 | 22,112,951 | -6,650,240 | 15,462,711 |
| Insurance technical provisions | 981,911,505 | 1,387,821,429 | 16,081,286 | 0 | 2,385,814,220 | -75,311,159 | 2,310,503,061 |
| – unearned premiums | 311,580,455 | 427,260 | 2,932,489 | 0 | 314,940,204 | -14,773,258 | 300,166,946 |
| – mathematical provisions | 0 | 1,357,233,017 | 0 | 0 | 1,357,233,017 | 0 | 1,357,233,017 |
| – claims provisions | 643,677,440 | 20,555,710 | 9,873,971 | 0 | 674,107,121 | -59,163,206 | 614,943,915 |
| – other insurance technical provisions | 26,653,610 | 9,605,442 | 3,274,826 | 0 | 39,533,878 | -1,374,695 | 38,159,183 |
| Insurance technical provisions for unit–linked insurance contracts | 0 | 402,598,039 | 0 | 0 | 402,598,039 | 0 | 402,598,039 |
| Employee benefits | 11,403,102 | 2,122,168 | 550,996 | 728,308 | 14,804,574 | 0 | 14,804,574 |
| Other provisions | 1,068,693 | 366,467 | 116,263 | 368,132 | 1,919,555 | 0 | 1,919,555 |
| Deferred tax liabilities | 11,148,486 | 3,658,070 | 0 | 2,397,020 | 17,203,576 | 0 | 17,203,576 |
| Other financial liabilities | 5,172,050 | 25,655 | 73,938 | 4,273,413 | 9,545,056 | -3,924,152 | 5,620,904 |
| Operating liabilities | 69,814,814 | 8,716,199 | 5,331,438 | 798,734 | 84,661,185 | -29,869,130 | 54,792,055 |
| – liabilities from direct insurance operations | 6,613,572 | 8,637,360 | 5,166,012 | 0 | 20,416,944 | -699,015 | 19,717,929 |
| – liabilities from reinsurance and co–insurance operations | 59,430,560 | 39,784 | 165,426 | 0 | 59,635,770 | -29,170,115 | 30,465,655 |
| – current tax liabilities | 3,770,682 | 39,055 | 0 | 798,734 | 4,608,471 | 0 | 4,608,471 |
| Other liabilities | 64,273,205 | 9,495,505 | 4,135,358 | 14,739,356 | 92,643,424 | -17,133,217 | 75,510,207 |
| Non–current liabilities held for sale and discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | 2019 | | | | | 2018 | | | | | in EUR |
|---|--------------------|--------------------|--------------------|-------------------|----------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------|
| Income statement | NON-LIFE | LIFE | HEALTH | OTHER | TOTAL | NON-LIFE | LIFE | HEALTH | OTHER | TOTAL | |
| Net premium income | 620,166,204 | 231,200,262 | 176,262,359 | 0 | 1,027,628,825 | 585,971,063 | 222,084,638 | 143,707,161 | 0 | 951,762,862 | |
| – gross written premium | 775,494,930 | 231,930,884 | 176,748,293 | 0 | 1,184,174,107 | 702,217,196 | 222,162,500 | 144,014,711 | 0 | 1,068,394,407 | |
| – ceded written premium | -135,738,308 | -714,789 | 0 | 0 | -136,453,097 | -106,529,888 | -95,020 | 0 | 0 | -106,624,908 | |
| – change in unearned premium reserve | -19,590,418 | -15,833 | -485,934 | 0 | -20,092,185 | -9,716,245 | 17,158 | -307,550 | 0 | -10,006,637 | |
| Income from investments in subsidiaries and associates | 208,868 | 0 | 0 | 867,459 | 1,076,327 | 197,552 | 0 | 0 | 823,607 | 1,021,159 | |
| – profit on equity investments accounted for using the equity method | 208,868 | 0 | 0 | 307,045 | 515,913 | 197,552 | 0 | 0 | 823,607 | 1,021,159 | |
| – other income from investments in subsidiaries and associates | 0 | 0 | 0 | 560,414 | 560,414 | 0 | 0 | 0 | 0 | 0 | |
| Income from investments | 32,870,628 | 151,747,522 | 886,374 | 1,484,681 | 186,989,205 | 34,632,804 | 49,788,938 | 770,319 | 3,697,016 | 88,889,077 | |
| – interest income calculated using the effective interest method | 16,208,950 | 36,274,202 | 631,895 | 22,695 | 53,137,742 | 17,301,940 | 37,548,168 | 662,032 | 61,102 | 55,573,242 | |
| – gains on disposals | 12,106,924 | 24,015,652 | 251,753 | 1,194,490 | 37,568,819 | 11,976,273 | 8,082,627 | 102,829 | 3,616,108 | 23,777,837 | |
| – other income from investments | 4,554,754 | 91,457,668 | 2,726 | 267,496 | 96,282,644 | 5,354,591 | 4,158,143 | 5,458 | 19,806 | 9,537,998 | |
| Other income from insurance operations | 36,860,695 | 280,726 | 42,091 | 0 | 37,183,512 | 29,682,258 | 117,141 | 38,582 | 0 | 29,837,981 | |
| – fees and commission income | 21,841,642 | 227,613 | 0 | 0 | 22,069,255 | 15,731,478 | 74,703 | 0 | 0 | 15,806,181 | |
| – other income from insurance operations | 15,019,053 | 53,113 | 42,091 | 0 | 15,114,257 | 13,950,780 | 42,438 | 38,582 | 0 | 14,031,800 | |
| Other income | 6,633,071 | 352,611 | 79,818 | 32,455,622 | 39,521,122 | 8,416,445 | 81,218 | 73,197 | 27,578,673 | 36,149,533 | |
| Net claims incurred | 349,831,663 | 181,811,031 | 152,505,134 | 0 | 684,147,828 | 330,958,972 | 170,347,333 | 125,254,093 | 0 | 626,560,398 | |
| – gross claims settled | 394,737,465 | 181,736,829 | 140,267,842 | 0 | 716,742,136 | 391,236,589 | 169,247,828 | 119,115,801 | 0 | 679,600,218 | |
| – reinsurers' share | -35,136,449 | -118,092 | 0 | 0 | -35,254,541 | -39,988,691 | -275 | 0 | 0 | -39,988,966 | |
| – changes in claims provisions | -9,769,353 | 192,294 | 4,670,123 | 0 | -4,906,936 | -20,288,926 | 1,099,780 | -59,406 | 0 | -19,248,552 | |
| – equalisation scheme expenses for supplementary health insurance | 0 | 0 | 7,567,169 | 0 | 7,567,169 | 0 | 0 | 6,197,698 | 0 | 6,197,698 | |
| Change in other insurance technical provisions (excluding ULI) | 176,456 | 58,687,111 | 445,023 | 0 | 59,308,590 | -1,062,012 | 39,919,496 | 1,002,889 | 0 | 39,860,373 | |
| Change in insurance technical provisions for unit-linked insurance contracts | 0 | 69,205,056 | 0 | 0 | 69,205,056 | 0 | -46,889,547 | 0 | 0 | -46,889,547 | |
| Expenses for bonuses and discounts | 11,544,916 | 16,342 | 0 | 0 | 11,561,258 | 11,363,385 | 54,300 | 0 | 0 | 11,417,685 | |
| Operating expenses | 191,503,701 | 35,403,309 | 17,545,841 | 0 | 244,452,851 | 184,623,966 | 34,712,670 | 14,300,789 | 0 | 233,637,425 | |
| – acquisition costs | 135,465,781 | 20,245,934 | 6,854,869 | 0 | 162,566,584 | 134,064,349 | 19,835,483 | 5,345,261 | 0 | 159,245,093 | |
| – other operating costs | 56,037,920 | 15,157,375 | 10,690,972 | 0 | 81,886,267 | 50,559,617 | 14,877,187 | 8,955,528 | 0 | 74,392,332 | |
| Expenses from investments in subsidiaries and associates | 84,936 | 85,704 | 0 | 562,704 | 733,344 | 40,624 | 96,468 | 0 | 0 | 137,092 | |
| – loss on investments accounted for using the equity method | 84,936 | 85,704 | 0 | 0 | 170,640 | 40,624 | 96,468 | 0 | 0 | 137,092 | |
| – other expenses from financial assets and liabilities | 0 | 0 | 0 | 562,704 | 562,704 | 0 | 0 | 0 | 0 | 0 | |
| Expenses from investments | 9,657,415 | 13,913,508 | 67,088 | 315,561 | 23,953,572 | 10,255,409 | 56,558,933 | 46,677 | 257,467 | 67,118,486 | |
| – loss on impairment of investments | 737,255 | 111,707 | 0 | 0 | 848,962 | 962,748 | 334,735 | 0 | 200,000 | 1,497,483 | |
| – loss on disposal of investments | 3,543,500 | 6,216,066 | 7,600 | 0 | 9,767,166 | 4,385,692 | 8,681,959 | 7,554 | 53,723 | 13,128,928 | |
| – other expenses from investments | 5,376,660 | 7,585,735 | 59,488 | 315,561 | 13,337,444 | 4,906,969 | 47,542,239 | 39,123 | 3,744 | 52,492,075 | |
| Other insurance expenses | 40,947,571 | 1,550,829 | 1,066,910 | 0 | 43,565,310 | 32,784,314 | 367,369 | 592,452 | 0 | 33,744,134 | |
| Other expenses | 17,466,023 | 2,681,377 | 605,206 | 33,781,350 | 54,533,956 | 14,234,004 | 2,784,219 | 29,867 | 27,570,673 | 44,618,763 | |
| – expenses from financing | 2,497,381 | 422,456 | 0 | 178,665 | 3,098,502 | 777,130 | 604,356 | 0 | 2,875 | 1,384,361 | |
| – other expenses | 14,968,642 | 2,258,921 | 605,206 | 33,602,685 | 51,435,454 | 13,456,874 | 2,179,863 | 29,867 | 27,567,798 | 43,234,402 | |
| Profit before tax | 75,526,786 | 20,226,854 | 5,035,440 | 148,147 | 100,937,227 | 75,701,460 | 14,120,694 | 3,362,492 | 4,271,156 | 97,455,802 | |
| Income tax expense | 12,630,672 | 2,982,152 | 662,438 | 797,536 | 17,072,798 | 12,839,070 | 1,634,587 | 254,261 | 1,901,639 | 16,629,557 | |
| NET PROFIT FOR THE PERIOD | 62,896,114 | 17,244,702 | 4,373,002 | -649,389 | 83,864,429 | 62,862,390 | 12,486,107 | 3,108,231 | 2,369,517 | 80,826,245 | |
| Net profit/loss attributable to the controlling company | 62,712,607 | 17,239,310 | 4,373,002 | -634,275 | 83,690,644 | 62,683,418 | 12,475,561 | 3,108,231 | 2,395,544 | 80,662,753 | |
| Net profit/loss attributable to the non-controlling interest holders | 183,507 | 5,392 | 0 | -15,114 | 173,785 | 178,972 | 10,546 | 0 | -26,027 | 163,491 | |

5.12.2. Reporting by business segment for Zavarovalnica Triglav

| | 31 December 2019 | | | 31 December 2018 | | | in EUR |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------|
| Statement of financial position | NON-LIFE | LIFE | TOTAL | NON-LIFE | LIFE | TOTAL | |
| ASSETS | 1,296,007,131 | 1,624,857,608 | 2,920,864,739 | 1,221,102,015 | 1,527,754,338 | 2,748,856,353 | |
| Intangible assets | 57,101,033 | 4,823,240 | 61,924,273 | 57,598,248 | 4,564,254 | 62,162,502 | |
| Property, plant and equipment | 60,163,552 | 8,142,132 | 68,305,684 | 59,735,959 | 8,250,141 | 67,986,100 | |
| Deferred tax assets | 11,414,866 | 246,674 | 11,661,540 | 11,956,605 | 220,986 | 12,177,591 | |
| Investment property | 45,233,734 | 857,401 | 46,091,135 | 44,056,810 | 1,213,730 | 45,270,540 | |
| Right of use assets | 4,106,316 | 0 | 4,106,316 | 0 | 0 | 0 | |
| Investments in subsidiaries | 121,792,669 | 13,145,998 | 134,938,667 | 118,792,669 | 13,145,998 | 131,938,667 | |
| Investments in associates | 18,054,026 | 0 | 18,054,026 | 16,959,355 | 0 | 16,959,355 | |
| Financial assets | 763,048,943 | 1,582,917,049 | 2,345,965,992 | 720,655,616 | 1,486,045,412 | 2,206,701,028 | |
| Financial investments | 763,048,943 | 1,149,158,439 | 1,912,207,382 | 720,655,616 | 1,119,381,334 | 1,840,036,950 | |
| – loans and deposits | 42,585,064 | 6,464,783 | 49,049,847 | 56,833,143 | 35,837,166 | 92,670,309 | |
| – held to maturity | 0 | 150,469,553 | 150,469,553 | 0 | 159,463,950 | 159,463,950 | |
| – available for sale | 663,894,901 | 718,907,168 | 1,382,802,069 | 662,429,210 | 721,426,295 | 1,383,855,505 | |
| – recognised at fair value through profit and loss | 56,568,978 | 273,316,935 | 329,885,913 | 1,393,263 | 202,653,923 | 204,047,186 | |
| Unit-linked insurance assets | 0 | 433,758,610 | 433,758,610 | 0 | 366,664,078 | 366,664,078 | |
| Reinsurers' share of technical provisions | 98,415,614 | 17,656 | 98,433,270 | 87,883,266 | 10,040 | 87,893,306 | |
| Receivables | 99,996,693 | 1,782,360 | 101,779,053 | 93,426,058 | 3,046,130 | 96,472,188 | |
| – receivables from direct insurance operations | 68,028,729 | 372,408 | 68,401,137 | 62,281,265 | 354,072 | 62,635,337 | |
| – receivables from reinsurance and coinsurance operations | 17,218,816 | 861 | 17,219,677 | 18,154,451 | 3,160 | 18,157,611 | |
| – current tax receivables | 0 | 0 | 0 | 0 | 0 | 0 | |
| – other receivables | 14,749,148 | 1,409,091 | 16,158,239 | 12,990,342 | 2,688,898 | 15,679,240 | |
| Other assets | 3,443,061 | 49,610 | 3,492,671 | 3,268,118 | 28,471 | 3,296,589 | |
| Cash and cash equivalents | 13,236,624 | 12,875,488 | 26,112,112 | 6,769,311 | 11,229,176 | 17,998,487 | |
| EQUITY AND LIABILITIES | 1,296,007,131 | 1,624,857,608 | 2,920,864,739 | 1,221,102,015 | 1,527,754,338 | 2,748,856,353 | |
| Equity | 478,889,482 | 101,590,793 | 580,480,275 | 466,409,221 | 93,711,515 | 560,120,736 | |
| – 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 | 293,448,752 | 45,513,891 | 338,962,643 | 273,448,752 | 45,513,891 | 318,962,643 | |
| – fair value reserve | 47,533,632 | 6,326,248 | 53,859,881 | 41,774,285 | 5,485,903 | 47,260,189 | |
| – net profit brought forward | 9,931,936 | -2,877 | 9,929,059 | 1,241,127 | -1,363 | 1,239,764 | |
| – net profit for the year | 36,289,644 | 14,324,772 | 50,614,416 | 58,259,539 | 7,284,325 | 65,543,864 | |
| Subordinated liabilities | 60,160,066 | 9,839,385 | 69,999,451 | 10,777,635 | 9,835,316 | 20,612,951 | |
| Insurance technical provisions | 662,915,656 | 1,050,505,865 | 1,713,421,521 | 658,684,690 | 1,037,458,785 | 1,696,143,475 | |
| – unearned premiums | 232,398,752 | 392,304 | 232,791,056 | 213,519,363 | 400,574 | 213,919,937 | |
| – mathematical provisions | 0 | 1,020,231,686 | 1,020,231,686 | 0 | 1,009,712,605 | 1,009,712,605 | |
| – claims provisions | 408,984,759 | 19,336,004 | 428,320,763 | 423,416,968 | 19,143,220 | 442,560,188 | |
| – other insurance technical provisions | 21,532,145 | 10,545,871 | 32,078,016 | 21,748,359 | 8,202,386 | 29,950,745 | |
| Insurance technical provisions for unit-linked insurance contracts | 0 | 435,592,711 | 435,592,711 | 0 | 365,238,075 | 365,238,075 | |
| Employee benefits | 9,826,388 | 2,066,061 | 11,892,449 | 9,212,790 | 1,954,366 | 11,167,156 | |
| Other provisions | 621,111 | 111,700 | 732,811 | 646,735 | 111,700 | 758,435 | |
| Deferred tax liabilities | 11,343,388 | 6,024,831 | 17,368,219 | 9,934,252 | 5,057,075 | 14,991,327 | |
| Other financial liabilities | 1,638,375 | 1,750 | 1,640,125 | 1,585,693 | 1,750 | 1,587,443 | |
| Operating liabilities | 22,317,389 | 9,595,349 | 31,912,738 | 21,559,229 | 6,964,343 | 28,523,572 | |
| – liabilities from direct insurance operations | 4,651,168 | 9,588,327 | 14,239,495 | 4,348,116 | 6,958,719 | 11,306,835 | |
| – liabilities from reinsurance and co-insurance operations | 15,302,053 | 7,022 | 15,309,075 | 13,814,322 | 5,624 | 13,819,946 | |
| – current tax liabilities | 2,364,168 | 0 | 2,364,168 | 3,396,791 | 0 | 3,396,791 | |
| Lease liabilities | 4,166,278 | 0 | 4,166,278 | 0 | 0 | 0 | |
| Other liabilities | 44,128,998 | 9,529,163 | 53,658,161 | 42,291,770 | 7,421,413 | 49,713,183 | |

| | 2019 | | | 2018 | | | in EUR |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------|
| Income statement | NON-LIFE | LIFE | TOTAL | NON-LIFE | LIFE | TOTAL | |
| Net premium income | 394,414,318 | 179,141,039 | 573,555,357 | 378,258,596 | 173,682,272 | 551,940,868 | |
| – gross written premium | 522,227,959 | 179,904,010 | 702,131,969 | 486,096,461 | 174,113,971 | 660,210,432 | |
| – ceded written premium | -118,761,248 | -771,505 | -119,532,753 | -100,859,391 | -437,719 | -101,297,110 | |
| – change in unearned premium reserve | -9,052,393 | 8,534 | -9,043,859 | -6,978,474 | 6,020 | -6,972,454 | |
| Income from investments in subsidiaries and associates | 3,642,440 | 0 | 3,642,440 | 5,231,767 | 73,778 | 5,305,545 | |
| – profit on equity investments accounted for using the equity method | 0 | 0 | 0 | 0 | 0 | 0 | |
| – other income from investments in subsidiaries and associates | 3,642,440 | 0 | 3,642,440 | 5,231,767 | 73,778 | 5,305,545 | |
| Income from investments | 23,082,111 | 118,430,116 | 141,512,227 | 24,439,758 | 37,315,377 | 61,755,135 | |
| – interest income calculated using the effective interest method | 9,238,349 | 25,898,500 | 35,136,849 | 9,974,613 | 26,915,406 | 36,890,019 | |
| – gains on disposals | 10,513,445 | 21,545,989 | 32,059,434 | 10,575,678 | 7,945,971 | 18,521,649 | |
| – other income from investments | 3,330,317 | 70,985,627 | 74,315,944 | 3,889,467 | 2,454,000 | 6,343,467 | |
| Other income from insurance operations | 29,490,605 | 264,398 | 29,755,003 | 27,303,374 | 145,010 | 27,448,384 | |
| – fees and commission income | 19,598,985 | 249,021 | 19,848,006 | 16,885,011 | 119,121 | 17,004,132 | |
| – other income from insurance operations | 9,891,620 | 15,377 | 9,906,997 | 10,418,363 | 25,889 | 10,444,252 | |
| Other income | 7,216,917 | 4,138,518 | 11,355,435 | 8,468,264 | 4,023,715 | 12,491,979 | |
| Net claims incurred | 217,114,940 | 159,645,937 | 376,760,877 | 210,564,633 | 149,377,041 | 359,941,674 | |
| – gross claims settled | 265,384,653 | 159,819,727 | 425,204,380 | 272,247,890 | 148,754,692 | 421,002,582 | |
| – reinsurers' share | -31,136,225 | -359,222 | -31,495,447 | -37,665,083 | -102,530 | -37,767,613 | |
| – changes in claims provisions | -17,133,488 | 185,432 | -16,948,056 | -24,018,174 | 724,879 | -23,293,295 | |
| Change in other insurance technical provisions (excluding ULI) | 265,640 | 22,072,501 | 22,338,141 | -824,163 | 30,323,553 | 29,499,390 | |
| Change in insurance technical provisions for unit-linked insurance contracts | 0 | 57,140,018 | 57,140,018 | 0 | -50,884,979 | -50,884,979 | |
| Expenses for bonuses and discounts | 9,721,522 | 0 | 9,721,522 | 10,571,287 | 0 | 10,571,287 | |
| Operating expenses | 125,759,389 | 32,146,776 | 157,906,165 | 121,357,937 | 31,650,981 | 153,008,918 | |
| – acquisition costs | 89,452,908 | 21,415,472 | 110,868,380 | 89,212,605 | 21,017,507 | 110,230,112 | |
| – other operating costs | 36,306,481 | 10,731,304 | 47,037,785 | 32,145,332 | 10,633,474 | 42,778,806 | |
| Expenses from investments in subsidiaries and associates | 195,478 | 0 | 195,478 | 4,759 | 0 | 4,759 | |
| – loss on investments accounted for using the equity method | 0 | 0 | 0 | 0 | 0 | 0 | |
| – other expenses from financial assets and liabilities | 195,478 | 0 | 195,478 | 4,759 | 0 | 4,759 | |
| Expenses from investments | 7,956,648 | 10,425,287 | 18,381,935 | 8,100,760 | 42,828,967 | 50,929,727 | |
| – loss on impairment of investments | 249,476 | 94,699 | 344,175 | 942,865 | 306,012 | 1,248,877 | |
| – loss on disposal of investments | 3,530,238 | 6,149,273 | 9,679,511 | 4,015,614 | 8,550,750 | 12,566,364 | |
| – other expenses from investments | 4,176,934 | 4,181,315 | 8,358,249 | 3,142,281 | 33,972,205 | 37,114,486 | |
| Other insurance expenses | 14,366,392 | 584,315 | 14,950,707 | 11,481,635 | 338,004 | 11,819,639 | |
| Other expenses | 15,120,494 | 2,693,518 | 17,814,012 | 12,852,347 | 2,741,897 | 15,594,244 | |
| – expenses from financing | 2,270,915 | 596,215 | 2,867,130 | 874,476 | 632,546 | 1,507,022 | |
| – other expenses | 12,849,579 | 2,097,303 | 14,946,882 | 11,977,871 | 2,109,351 | 14,087,222 | |
| Profit before tax | 67,345,888 | 17,265,719 | 84,611,607 | 69,592,564 | 8,864,688 | 78,457,252 | |
| Income tax expense | 11,056,244 | 2,940,947 | 13,997,191 | 11,333,025 | 1,580,363 | 12,913,388 | |
| NET PROFIT FOR THE PERIOD | 56,289,644 | 14,324,772 | 70,614,416 | 58,259,539 | 7,284,325 | 65,543,864 | |

5.12.3. Reporting by geographical area for Triglav Group

| | in EUR | | | | |
|--|------------------|-------------|--------------------------------|--------------|-------------------------------|
| | 31 December 2019 | | | | |
| Statement of financial position | SLOVENIA | OTHER | TOTAL (before eliminations) | ELIMINATIONS | TOTAL (after eliminations) |
| ASSETS | 3,838,569,798 | 446,111,652 | 4,284,681,450 | -347,681,630 | 3,936,999,820 |
| Intangible assets | 86,275,221 | 15,450,504 | 101,725,725 | 0 | 101,725,725 |
| Property, plant and equipment | 72,964,687 | 41,107,603 | 114,072,290 | 0 | 114,072,290 |
| Deferred tax assets | 12,141,162 | 320,920 | 12,462,082 | 0 | 12,462,082 |
| Investment property | 69,084,866 | 6,813,599 | 75,898,465 | 4,023,015 | 79,921,480 |
| Right of use assets | 6,838,989 | 8,214,697 | 15,053,686 | -4,115,761 | 10,937,925 |
| Investments in subsidiaries | 209,585,814 | 5,761,274 | 215,347,088 | -215,347,088 | 0 |
| Investments in associates | 13,154,379 | 0 | 13,154,379 | 0 | 13,154,379 |
| Financial assets | 2,973,735,046 | 262,679,022 | 3,236,414,068 | -14,351,828 | 3,222,062,240 |
| Financial investments | 2,513,307,413 | 241,075,367 | 2,754,382,780 | -14,351,828 | 2,740,030,952 |
| – loans and deposits | 74,692,193 | 47,085,630 | 121,777,823 | -9,199,672 | 112,578,151 |
| – held to maturity | 166,255,014 | 19,854,058 | 186,109,072 | 0 | 186,109,072 |
| – available for sale | 1,663,388,304 | 168,204,447 | 1,831,592,751 | -4,652,335 | 1,826,940,416 |
| – recognised at fair value through profit and loss | 608,971,902 | 5,931,232 | 614,903,134 | -499,821 | 614,403,313 |
| Unit-linked insurance assets | 460,427,633 | 21,603,655 | 482,031,288 | 0 | 482,031,288 |
| Reinsurers' share of technical provisions | 150,961,953 | 26,327,756 | 177,289,709 | -74,541,903 | 102,747,806 |
| Receivables | 181,409,391 | 56,126,241 | 237,535,632 | -43,299,884 | 194,235,748 |
| – receivables from direct insurance operations | 74,305,445 | 31,329,314 | 105,634,759 | -174,930 | 105,459,829 |
| – receivables from reinsurance and coinsurance operations | 84,833,856 | 14,560,379 | 99,394,235 | -41,404,733 | 57,989,502 |
| – current tax receivables | 1,067,973 | 213,376 | 1,281,349 | 0 | 1,281,349 |
| – other receivables | 21,202,117 | 10,023,172 | 31,225,289 | -1,720,221 | 29,505,068 |
| Other assets | 4,099,703 | 1,594,627 | 5,694,330 | -48,181 | 5,646,149 |
| Cash and cash equivalents | 54,303,470 | 21,566,305 | 75,869,775 | 0 | 75,869,775 |
| Non-current assets held for sale | 4,015,117 | 149,104 | 4,164,221 | 0 | 4,164,221 |
| EQUITY AND LIABILITIES | 3,838,569,798 | 446,111,652 | 4,284,681,450 | -347,681,630 | 3,936,999,820 |
| Equity | 881,561,015 | 120,641,181 | 1,002,202,196 | -210,250,408 | 791,951,788 |
| Controlling interests | 881,561,015 | 120,641,181 | 1,002,202,196 | -212,676,073 | 789,526,123 |
| – share capital | 192,452,158 | 100,851,902 | 293,304,060 | -219,602,668 | 73,701,392 |
| – share premium | 75,746,998 | 1,627,112 | 77,374,110 | -27,097,473 | 50,276,637 |
| – reserves from profit | 343,392,459 | 10,477,361 | 353,869,820 | 864,454 | 354,734,274 |
| – treasury share reserves | 0 | 0 | 0 | 364,680 | 364,680 |
| – treasury shares | 0 | 0 | 0 | -364,680 | -364,680 |
| – fair value reserve | 73,405,014 | 11,882,704 | 85,287,718 | -1,187,794 | 84,099,924 |
| – net profit brought forward | 133,037,893 | -2,950,712 | 130,087,181 | 35,808,989 | 165,896,170 |
| – net profit/loss for the year | 63,526,493 | 1,293,716 | 64,820,209 | -1,415,385 | 63,404,824 |
| – currency translation differences | 0 | -2,540,902 | -2,540,902 | -46,196 | -2,587,098 |
| – reserve of disposal group held for sale | 0 | 0 | 0 | 0 | 0 |
| Non-controlling interests | 0 | 0 | 0 | 2,425,665 | 2,425,665 |
| Subordinated liabilities | 71,499,450 | 0 | 71,499,450 | -6,652,157 | 64,847,293 |
| Insurance technical provisions | 2,223,254,495 | 245,363,493 | 2,468,617,988 | -74,690,652 | 2,393,927,336 |
| – unearned premiums | 263,723,691 | 84,107,136 | 347,830,827 | -15,319,892 | 332,510,935 |
| – mathematical provisions | 1,332,983,430 | 71,456,318 | 1,404,439,748 | 0 | 1,404,439,748 |
| – claims provisions | 586,682,208 | 86,453,610 | 673,135,818 | -57,737,074 | 615,398,744 |
| – other insurance technical provisions | 39,865,166 | 3,346,429 | 43,211,595 | -1,633,686 | 41,577,909 |
| Insurance technical provisions for unit-linked insurance contracts | 463,586,629 | 21,356,205 | 484,942,835 | 0 | 484,942,835 |
| Employee benefits | 13,354,845 | 2,518,201 | 15,873,046 | 0 | 15,873,046 |
| Other provisions | 1,628,428 | 1,121,972 | 2,750,400 | 0 | 2,750,400 |
| Deferred tax liabilities | 20,596,705 | 1,931,843 | 22,528,548 | -11,856 | 22,516,692 |
| Other financial liabilities | 1,777,384 | 1,283,056 | 3,060,440 | -1,196,027 | 1,864,413 |
| Operating liabilities | 84,924,626 | 24,054,829 | 108,979,455 | -42,107,124 | 66,872,331 |
| – liabilities from direct insurance operations | 19,009,220 | 3,251,102 | 22,260,322 | -701,778 | 21,558,544 |
| – liabilities from reinsurance and co-insurance operations | 62,416,891 | 20,537,368 | 82,954,259 | -41,405,346 | 41,548,913 |
| – current tax liabilities | 3,498,515 | 266,359 | 3,764,874 | 0 | 3,764,874 |
| Lease liabilities | 6,940,044 | 8,163,619 | 15,103,663 | -4,187,985 | 10,915,678 |
| Other liabilities | 69,446,177 | 19,677,253 | 89,123,430 | -8,585,422 | 80,538,008 |
| Non-current liabilities held for sale and discontinued operations | 0 | 0 | 0 | 0 | 0 |

| | in EUR | | | | |
|--|------------------|-------------|--------------------------------|--------------|-------------------------------|
| | 31 December 2018 | | | | |
| Statement of financial position | SLOVENIA | OTHER | TOTAL (before eliminations) | ELIMINATIONS | TOTAL (after eliminations) |
| ASSETS | 3,587,778,966 | 399,108,733 | 3,986,887,699 | -341,610,212 | 3,645,277,487 |
| Intangible assets | 67,838,193 | 16,221,855 | 84,060,048 | 0 | 84,060,048 |
| Property, plant and equipment | 73,862,701 | 39,433,352 | 113,296,053 | 0 | 113,296,053 |
| Deferred tax assets | 12,449,543 | 444,189 | 12,893,732 | 0 | 12,893,732 |
| Investment property | 73,403,971 | 11,072,514 | 84,476,485 | 5,363,971 | 89,840,456 |
| Investments in subsidiaries | 209,261,359 | 5,801,293 | 215,062,652 | -215,062,652 | 0 |
| Investments in associates | 14,125,973 | 0 | 14,125,973 | 0 | 14,125,973 |
| Financial assets | 2,774,056,046 | 239,931,957 | 3,013,988,003 | -22,567,936 | 2,991,420,067 |
| Financial investments | 2,389,333,756 | 222,138,477 | 2,611,472,233 | -22,567,936 | 2,588,904,297 |
| – loans and deposits | 121,499,643 | 34,776,026 | 156,275,669 | -17,417,697 | 138,857,972 |
| – held to maturity | 180,405,984 | 16,367,201 | 196,773,185 | 0 | 196,773,185 |
| – available for sale | 1,640,836,316 | 166,383,055 | 1,807,219,371 | -4,650,604 | 1,802,568,767 |
| – recognised at fair value through profit and loss | 446,591,813 | 4,612,195 | 451,204,008 | -499,635 | 450,704,373 |
| Unit–linked insurance assets | 384,722,290 | 17,793,480 | 402,515,770 | 0 | 402,515,770 |
| Reinsurers’ share of technical provisions | 141,403,785 | 19,786,450 | 161,190,235 | -75,269,736 | 85,920,499 |
| Receivables | 162,717,347 | 49,905,792 | 212,623,139 | -33,968,261 | 178,654,878 |
| – receivables from direct insurance operations | 67,526,174 | 29,249,541 | 96,775,715 | -174,387 | 96,601,328 |
| – receivables from reinsurance and coinsurance operations | 74,531,636 | 5,939,633 | 80,471,269 | -29,171,366 | 51,299,903 |
| – current tax receivables | 393,705 | 185,940 | 579,645 | 0 | 579,645 |
| – other receivables | 20,265,832 | 14,530,678 | 34,796,510 | -4,622,508 | 30,174,002 |
| Other assets | 3,631,703 | 1,870,617 | 5,502,320 | -105,598 | 5,396,722 |
| Cash and cash equivalents | 54,271,572 | 13,330,088 | 67,601,660 | 0 | 67,601,660 |
| Non–current assets held for sale | 756,773 | 1,310,626 | 2,067,399 | 0 | 2,067,399 |
| EQUITY AND LIABILITIES | 3,587,778,966 | 399,108,733 | 3,986,887,699 | -341,610,212 | 3,645,277,487 |
| Equity | 844,198,944 | 111,386,175 | 955,585,119 | -208,722,314 | 746,862,805 |
| Controlling interests | 844,198,944 | 111,386,175 | 955,585,119 | -211,018,313 | 744,566,806 |
| – share capital | 193,083,889 | 96,187,665 | 289,271,554 | -215,570,162 | 73,701,392 |
| – share premium | 75,825,056 | 1,556,543 | 77,381,599 | -27,175,059 | 50,206,540 |
| – reserves from profit | 323,113,430 | 10,080,486 | 333,193,916 | 927,548 | 334,121,464 |
| – treasury share reserves | 0 | 0 | 0 | 364,680 | 364,680 |
| – treasury shares | 0 | 0 | 0 | -364,680 | -364,680 |
| – fair value reserve | 59,516,559 | 8,353,507 | 67,870,066 | -1,632,177 | 66,237,889 |
| – net profit brought forward | 110,168,173 | -6,070,106 | 104,098,067 | 38,385,512 | 142,483,579 |
| – net profit/loss for the year | 82,491,837 | 3,931,026 | 86,422,863 | -5,889,220 | 80,533,643 |
| – currency translation differences | 0 | -2,652,946 | -2,652,946 | -64,755 | -2,717,701 |
| Non-controlling interests | 0 | 0 | 0 | 2,295,999 | 2,295,999 |
| Subordinated liabilities | 22,112,951 | 0 | 22,112,951 | -6,650,240 | 15,462,711 |
| Insurance technical provisions | 2,162,896,237 | 222,917,983 | 2,385,814,220 | -75,311,159 | 2,310,503,061 |
| – unearned premiums | 242,089,186 | 72,851,018 | 314,940,204 | -14,773,258 | 300,166,946 |
| – mathematical provisions | 1,292,659,946 | 64,573,071 | 1,357,233,017 | 0 | 1,357,233,017 |
| – claims provisions | 592,072,952 | 82,034,169 | 674,107,121 | -59,163,206 | 614,943,915 |
| – other insurance technical provisions | 36,074,153 | 3,459,725 | 39,533,878 | -1,374,695 | 38,159,183 |
| Insurance technical provisions for unit-linked insurance contracts | 385,091,524 | 17,506,515 | 402,598,039 | 0 | 402,598,039 |
| Employee benefits | 12,471,275 | 2,333,299 | 14,804,574 | 0 | 14,804,574 |
| Other provisions | 1,332,752 | 586,803 | 1,919,555 | 0 | 1,919,555 |
| Deferred tax liabilities | 15,847,476 | 1,356,100 | 17,203,576 | 0 | 17,203,576 |
| Other financial liabilities | 2,466,852 | 7,078,204 | 9,545,056 | -3,924,152 | 5,620,904 |
| Operating liabilities | 72,847,518 | 11,813,667 | 84,661,185 | -29,869,130 | 54,792,055 |
| – liabilities from direct insurance operations | 16,952,626 | 3,464,318 | 20,416,944 | -699,015 | 19,717,929 |
| – liabilities from reinsurance and co-insurance operations | 51,715,802 | 7,919,968 | 59,635,770 | -29,170,115 | 30,465,655 |
| – current tax liabilities | 4,179,090 | 429,381 | 4,608,471 | 0 | 4,608,471 |
| Other liabilities | 68,513,437 | 24,129,987 | 92,643,424 | -17,133,217 | 75,510,207 |
| Non–current liabilities held for sale and discontinued operations | 0 | 0 | 0 | 0 | 0 |

| | 2019 | | | 2018 | | | in EUR |
|---|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|--------|
| Income statement | SLOVENIA | OTHER | TOTAL | SLOVENIA | OTHER | TOTAL | |
| Net premium income | 849,061,777 | 178,567,048 | 1,027,628,825 | 779,269,087 | 172,493,775 | 951,762,862 | |
| – gross written premium | 969,466,571 | 214,707,536 | 1,184,174,107 | 877,185,838 | 191,208,569 | 1,068,394,407 | |
| – ceded written premium | -109,556,836 | -26,896,261 | -136,453,097 | -89,697,015 | -16,927,893 | -106,624,908 | |
| – change in unearned premium reserve | -10,847,958 | -9,244,227 | -20,092,185 | -8,219,736 | -1,786,901 | -10,006,637 | |
| Income from investments in subsidiaries and associates | 1,076,327 | 0 | 1,076,327 | 1,021,159 | 0 | 1,021,159 | |
| – profit on equity investments accounted for using the equity method | 515,913 | 0 | 515,913 | 1,021,159 | 0 | 1,021,159 | |
| – other income from investments in subsidiaries and associates | 560,414 | 0 | 560,414 | 0 | 0 | 0 | |
| Income from investments | 172,658,424 | 14,330,781 | 186,989,205 | 79,460,683 | 9,428,394 | 88,889,077 | |
| – interest income calculated using the effective interest method | 45,861,466 | 7,276,276 | 53,137,742 | 47,848,810 | 7,724,432 | 55,573,242 | |
| – gains on disposals | 34,965,783 | 2,603,036 | 37,568,819 | 23,219,606 | 558,231 | 23,777,837 | |
| – other income from investments | 91,831,175 | 4,451,469 | 96,282,644 | 8,392,267 | 1,145,731 | 9,537,998 | |
| Other income from insurance operations | 27,613,954 | 9,569,558 | 37,183,512 | 24,411,526 | 5,426,455 | 29,837,981 | |
| – fees and commission income | 17,993,706 | 4,075,549 | 22,069,255 | 14,757,683 | 1,048,498 | 15,806,181 | |
| – other income from insurance operations | 9,620,248 | 5,494,009 | 15,114,257 | 9,653,843 | 4,377,957 | 14,031,800 | |
| Other income | 32,754,811 | 6,766,311 | 39,521,122 | 28,874,202 | 7,275,331 | 36,149,533 | |
| Net claims incurred | 583,659,536 | 100,488,292 | 684,147,828 | 523,119,553 | 103,440,845 | 626,560,398 | |
| – gross claims settled | 609,654,208 | 107,087,928 | 716,742,136 | 569,323,507 | 110,276,711 | 679,600,218 | |
| – reinsurers' share | -26,988,642 | -8,265,899 | -35,254,541 | -34,216,954 | -5,772,012 | -39,988,966 | |
| – changes in claims provisions | -6,573,199 | 1,666,263 | -4,906,936 | -18,184,698 | -1,063,854 | -19,248,552 | |
| – equalisation scheme expenses for supplementary health insurance | 7,567,169 | 0 | 7,567,169 | 6,197,698 | 0 | 6,197,698 | |
| Change in other insurance technical provisions (excluding ULI) | 52,940,551 | 6,368,039 | 59,308,590 | 37,683,950 | 2,176,423 | 39,860,373 | |
| Change in insurance technical provisions for unit-linked insurance contracts | 65,280,488 | 3,924,568 | 69,205,056 | -44,833,006 | -2,056,541 | -46,889,547 | |
| Expenses for bonuses and discounts | 9,722,479 | 1,838,779 | 11,561,258 | 10,346,687 | 1,070,998 | 11,417,685 | |
| Operating expenses | 175,408,811 | 69,044,040 | 244,452,851 | 167,445,429 | 66,191,996 | 233,637,425 | |
| – acquisition costs | 114,882,181 | 47,684,403 | 162,566,584 | 112,892,556 | 46,352,537 | 159,245,093 | |
| – other operating costs | 60,526,630 | 21,359,637 | 81,886,267 | 54,552,873 | 19,839,459 | 74,392,332 | |
| Expenses from investments in subsidiaries and associates | 733,344 | 0 | 733,344 | 137,092 | 0 | 137,092 | |
| – loss on investments accounted for using the equity method | 170,640 | 0 | 170,640 | 137,092 | 0 | 137,092 | |
| – other expenses from financial assets and liabilities | 562,704 | 0 | 562,704 | 0 | 0 | 0 | |
| Expenses from investments | 22,755,661 | 1,197,911 | 23,953,572 | 63,012,641 | 4,105,845 | 67,118,486 | |
| – loss on impairment of investments | 344,175 | 504,787 | 848,962 | 1,448,876 | 48,607 | 1,497,483 | |
| – loss on disposal of investments | 9,767,121 | 45 | 9,767,166 | 12,821,070 | 307,858 | 13,128,928 | |
| – other expenses from investments | 12,644,365 | 693,079 | 13,337,444 | 48,742,695 | 3,749,380 | 52,492,075 | |
| Other insurance expenses | 37,834,645 | 5,730,665 | 43,565,310 | 26,638,755 | 7,105,380 | 33,744,134 | |
| Other expenses | 42,883,479 | 11,650,477 | 54,533,956 | 34,305,265 | 10,313,498 | 44,618,763 | |
| – expenses from financing | 2,655,501 | 443,001 | 3,098,502 | 1,324,643 | 59,718 | 1,384,361 | |
| – other expenses | 40,227,978 | 11,207,476 | 51,435,454 | 32,980,622 | 10,253,780 | 43,234,402 | |
| Profit before tax | 91,946,299 | 8,990,928 | 100,937,227 | 95,180,291 | 2,275,511 | 97,455,802 | |
| Income tax expense | 16,539,422 | 533,376 | 17,072,798 | 15,960,473 | 669,084 | 16,629,557 | |
| NET PROFIT FOR THE PERIOD | 75,406,877 | 8,457,552 | 83,864,429 | 79,219,818 | 1,606,427 | 80,826,245 | |
| Net profit/loss attributable to the controlling company | 75,407,867 | 8,282,777 | 83,690,644 | 79,230,941 | 1,431,813 | 80,662,753 | |
| Net profit/loss attributable to the non-controlling interest holders | -990 | 174,775 | 173,785 | -11,123 | 174,614 | 163,491 | |

5.12.4. Reporting by geographical area for Zavarovalnica Triglav

Zavarovalnica Triglav operates mainly in the territory of the Republic of Slovenia. As more than 96% of premium income is generated by the sale of insurance to the domestic insureds, the Company does not report by geographical area.

5.13. Reporting by guarantee funds posted separately for Zavarovalnica Triglav

5.13.1. Assets and liabilities of pension funds formed as a guarantee fund

| | 31 December 2019 | | | | 31 December 2018 | | | | in EUR |
|--|--------------------|--------------------|-------------------|------------------|--------------------|--------------------|------------------|------------------|--------|
| Statement of financial position for PDPZ funds | PDPZ skupina | PDPZ zajamčeni | PDPZ zmerni | PDPZ drzni | PDPZ skupina | PDPZ zajamčeni | PDPZ zmerni | PDPZ drzni | |
| ASSETS | 223,263,701 | 202,064,810 | 12,250,191 | 9,628,806 | 207,106,565 | 192,764,055 | 8,947,445 | 5,851,602 | |
| 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 | 218,207,628 | 199,094,576 | 10,573,293 | 8,539,760 | 202,653,923 | 188,967,366 | 8,435,560 | 5,250,997 | |
| Measured at amortised cost, of which: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - loans and deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - debt securities | 0 | 0 | 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 through profit or loss, of which: | 218,207,628 | 199,094,576 | 10,573,293 | 8,539,760 | 202,653,923 | 188,967,366 | 8,435,560 | 5,250,997 | |
| - debt securities | 202,463,978 | 198,398,661 | 4,065,317 | 0 | 192,543,106 | 188,967,366 | 3,575,740 | 0 | |
| - equity securities | 15,743,650 | 695,915 | 6,507,976 | 8,539,760 | 10,110,817 | 0 | 4,859,820 | 5,250,997 | |
| Receivables | 200,463 | 2,705,196 | 396,436 | 492,739 | 194,973 | 2,432,172 | 322,001 | 390,271 | |
| Receivables from fund manager up to guaranteed return | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Other receivables | 200,463 | 2,705,196 | 396,436 | 492,739 | 194,973 | 2,432,172 | 322,001 | 390,271 | |
| Cash and cash equivalents | 4,855,610 | 265,038 | 1,280,462 | 596,307 | 4,257,669 | 1,364,517 | 189,884 | 210,334 | |
| Other assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Off-balance-sheet assets | 4,304,085 | 4,304,085 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Financial derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Other off-balance-sheet assets | 4,304,085 | 4,304,085 | 0 | 0 | 0 | 0 | 0 | 0 | |
| LIABILITIES | 223,263,701 | 202,064,810 | 12,250,191 | 9,628,806 | 207,106,565 | 192,764,055 | 8,947,445 | 5,851,602 | |
| Insurance technical provisions | 222,531,067 | 201,392,590 | 12,191,841 | 8,946,636 | 206,522,062 | 192,206,083 | 8,897,217 | 5,418,762 | |
| Mathematical provisions for net paid-in premiums | 155,436,323 | 155,436,323 | 0 | 0 | 149,000,891 | 149,000,891 | 0 | 0 | |
| Mathematical provisions for capital gain on the guarantee fund | 45,956,267 | 45,956,267 | 0 | 0 | 43,205,192 | 43,205,192 | 0 | 0 | |
| - fair value reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Insurance provisions for business funds backing unit-linked insurance, of which: | 21,138,477 | 0 | 12,191,841 | 8,946,636 | 14,315,979 | 0 | 8,897,217 | 5,418,762 | |
| - fair value reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Operating liabilities | 726,235 | 646,894 | 55,744 | 22,073 | 583,051 | 557,003 | 12,826 | 11,962 | |
| Liabilities from acquired securities and other financial instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Guarantee fund manager liabilities | 244,056 | 212,194 | 16,625 | 15,237 | 226,491 | 202,216 | 12,826 | 11,449 | |
| Cash surrender value payments to guarantee fund members | 480,655 | 434,700 | 39,119 | 6,836 | 355,300 | 354,787 | 0 | 513 | |
| Other operating liabilities | 1,524 | 0 | 0 | 0 | 1,260 | 0 | 0 | 0 | |
| Other liabilities | 6,399 | 25,326 | 2,606 | 660,097 | 1,452 | 969 | 37,402 | 420,878 | |
| Off-balance-sheet liabilities | 4,304,085 | 4,304,085 | | | 0 | 0 | 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 | 4,304,085 | 4,304,085 | 0 | 0 | 0 | 0 | 0 | 0 | |

5.13.2. Statement of financial position for funds posted separately

| | 31 December 2019 | | 31 December 2018 | | in EUR |
|--|-------------------|-------------------|-------------------|-------------------|--------|
| Statement of financial position for funds posted separately | Renta 1 | Renta 2 | Renta 1 | Renta 2 | |
| ASSETS | 41,065,669 | 15,894,216 | 37,156,896 | 10,445,014 | |
| Investment property and financial investments | 40,163,494 | 15,152,187 | 36,181,097 | 10,046,928 | |
| Investment property | 0 | 0 | 0 | 0 | |
| Financial investments in subsidiaries and associates | 0 | 0 | 0 | 0 | |
| Investments in subsidiaries | 0 | 0 | 0 | 0 | |
| Investments in associates | 0 | 0 | 0 | 0 | |
| Other financial investments | 40,163,494 | 15,152,187 | 36,181,097 | 10,046,928 | |
| Shares and other floating rate securities and fund coupons | 0 | 0 | 0 | 0 | |
| Debt and other fixed return securities | 40,163,494 | 15,152,187 | 36,181,097 | 10,046,928 | |
| 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 | 606,007 | 0 | 234,921 | 37,548 | |
| Receivables from direct insurance | 0 | 0 | 0 | 0 | |
| - receivables from insurers | 0 | 0 | 0 | 0 | |
| - 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 | 606,007 | 0 | 234,921 | 37,548 | |
| Other assets | 296,168 | 742,029 | 740,878 | 360,538 | |
| Cash and cash equivalents | 296,168 | 742,029 | 740,878 | 360,538 | |
| 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 | |
| | | 0 | | | |
| LIABILITIES | 41,065,669 | 15,894,216 | 37,156,896 | 10,445,014 | |
| Fair value reserves | 0 | 0 | 0 | 0 | |
| Gross insurance technical provisions | 40,835,678 | 15,377,361 | 36,863,008 | 10,101,083 | |
| - gross provisions for unearned premiums | 0 | 0 | 0 | 0 | |
| - gross mathematical provisions | 40,835,678 | 15,377,361 | 36,863,008 | 10,101,083 | |
| - 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 | 229,991 | 516,855 | 293,888 | 343,931 | |
| Liabilities from direct insurance operations | 185,400 | 448,267 | 250,957 | 311,230 | |
| - liabilities to policy holders | 16,773 | 1,017 | 12,478 | 2,003 | |
| - liabilities to agents and brokers | 0 | 0 | 0 | 0 | |
| - other liabilities from direct insurance operations | 168,627 | 447,250 | 238,479 | 309,227 | |
| Liabilities from co-insurance and re-insurance operations | 0 | 0 | 0 | 0 | |
| Other liabilities | 44,591 | 68,588 | 42,931 | 32,701 | |
| Accruals | 0 | 0 | 0 | 0 | |

| | in EUR | |
|--|--------------------|--------------------|
| Statement of financial position for guarantee fund backing unit-linked life insurance | 31 December 2019 | 31 December 2018 |
| ASSETS | 419,695,687 | 369,602,435 |
| Investment property and financial investments | 414,645,557 | 366,664,078 |
| Investment property | 0 | 0 |
| Financial investments in subsidiaries and associates | 0 | 0 |
| Investments in subsidiaries | 0 | 0 |
| Investments in associates | 0 | 0 |
| Other financial investments | 414,645,557 | 366,664,078 |
| Shares and other floating rate securities and fund coupons | 357,857,547 | 316,843,905 |
| Debt and other fixed return securities | 53,065,275 | 45,790,181 |
| Investment fund shares | 0 | 0 |
| Mortgage loans | 0 | 0 |
| Other loans | 0 | 0 |
| Deposits with banks | 3,722,735 | 4,029,992 |
| 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 | 41,528 | 4,218 |
| Receivables from direct insurance | 38,359 | 1,625 |
| - receivables from insurers | 0 | 0 |
| - receivables from insurance brokers | 0 | 0 |
| - other receivables from direct insurance operations | 38,359 | 1,625 |
| Receivables from re-insurance operations | 0 | 0 |
| Other receivables | 3,169 | 2,593 |
| Other assets | 5,008,602 | 2,934,139 |
| Cash and cash equivalents | 5,008,602 | 2,934,139 |
| 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 |
| | 0 | |
| LIABILITIES | 419,695,687 | 369,602,435 |
| 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 | 414,454,235 | 365,238,075 |
| Liabilities from reinsurers' investments in reinsurance contracts | 0 | 0 |
| Other liabilities | 5,241,452 | 4,364,360 |
| Liabilities from direct insurance operations | 103,033 | 35,990 |
| - liabilities to policy holders | 0 | 0 |
| - liabilities to agents and brokers | 0 | 0 |
| - other liabilities from direct insurance operations | 103,033 | 35,990 |
| Liabilities from co-insurance and re-insurance operations | 0 | 0 |
| Other liabilities | 5,138,419 | 4,328,370 |
| Accruals | 0 | 0 |

5.13.3. Income statement of pension funds formed as a guarantee fund

| | 2019 | | | | 2018 | | | | in EUR |
|--|-------------------|------------------|------------------|------------------|-------------------|-------------------|-----------------|-----------------|--------|
| Income statement for PDPZ funds | PDPZ skupina | PDPZ zajamčeni | PDPZ zmerni | PDPZ drzni | PDPZ skupina | PDPZ zajamčeni | PDPZ zmerni | PDPZ drzni | |
| Financial income | 12,483,582 | 8,951,299 | 1,659,527 | 1,872,756 | 5,265,973 | 4,565,400 | 379,548 | 321,025 | |
| Income from dividends and profit sharing | 202,038 | 0 | 94,523 | 107,515 | 208,074 | 42,760 | 81,222 | 84,092 | |
| Interest income | 3,737,667 | 3,656,702 | 80,961 | 4 | 3,840,785 | 3,773,690 | 67,093 | 2 | |
| Gains on disposal of financial investments | 2,426,395 | 2,042,024 | 138,768 | 245,603 | 371,567 | 346,305 | 25,242 | 20 | |
| Net income from changes in the fair value of investments which are recognised at fair value through profit or loss | 5,969,600 | 3,252,405 | 1,275,691 | 1,441,504 | 617,329 | 402,473 | 101,060 | 113,796 | |
| Other financial income | 147,882 | 168 | 69,584 | 78,130 | 228,218 | 172 | 104,931 | 123,115 | |
| 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 | 1,880,231 | 1,695,845 | 93,615 | 90,771 | 5,701,233 | 4,276,930 | 668,545 | 755,758 | |
| Interest expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Losses from disposal of financial investments | 283,314 | 240,764 | 12,196 | 30,354 | 791,077 | 773,132 | 9,533 | 8,412 | |
| Revaluation operating expenses arising from a change in the fair value of financial investment through profit and loss | 1,560,326 | 1,454,949 | 72,799 | 32,578 | 4,885,448 | 3,503,754 | 647,551 | 734,143 | |
| Other financial expenses | 36,591 | 132 | 8,620 | 27,839 | 24,708 | 44 | 11,461 | 13,203 | |
| 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 | 10,603,351 | 7,255,454 | 1,565,912 | 1,781,985 | -435,260 | 288,470 | -288,997 | -434,733 | |
| 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 | 2,184,047 | 1,979,864 | 118,522 | 85,660 | 2,056,071 | 1,901,055 | 95,231 | 59,785 | |
| Management commission | 2,159,296 | 1,979,864 | 105,319 | 74,112 | 2,035,385 | 1,901,055 | 83,141 | 51,189 | |
| Custodian bank fees | 7,177 | 0 | 4,213 | 2,964 | 5,373 | 0 | 3,326 | 2,047 | |
| Auditing expenses | 4,422 | 0 | 2,211 | 2,211 | 3,812 | 0 | 1,906 | 1,906 | |
| Information expenses relating to guarantee fund members | 0 | 0 | 0 | 0 | 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 | 13,152 | 0 | 6,779 | 6,373 | 11,501 | 0 | 6,858 | 4,643 | |
| Other expenses | 1 | 0 | 0 | 1 | 2 | 0 | 1 | 1 | |
| Net profit intended for the insured | 8,419,303 | 5,275,590 | 1,447,390 | 1,696,324 | -2,491,333 | -1,612,585 | -384,229 | -494,519 | |

5.13.4. Income statement for funds posted separately

| | 2019 | | 2018 | | in EUR |
|--|------------------|------------------|------------------|------------------|--------|
| | 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 | 5,794,234 | 6,823,410 | 3,608,382 | 5,215,651 | |
| This legal entity | 3,719,486 | 2,572,406 | 3,305,260 | 760,294 | |
| Other insurance company | 0 | 0 | 0 | 0 | |
| Other pension companies | 2,074,748 | 4,251,004 | 303,122 | 4,455,357 | |
| Mutual pension fund | 0 | 0 | 0 | 0 | |
| Income from investments | 1,776,424 | 264,208 | 1,433,512 | 119,039 | |
| Income from dividends | 0 | 0 | 0 | 0 | |
| Income from other investments | 1,144,960 | 117,598 | 843,424 | 108,805 | |
| Income from land and buildings | 0 | 0 | 0 | 0 | |
| Interest income | 539,004 | 117,598 | 608,554 | 71,257 | |
| Other investment income | 605,956 | 0 | 234,870 | 37,548 | |
| Income from asset value adjustments | 0 | 0 | 0 | 0 | |
| Profit on disposal of investments | 631,464 | 146,610 | 590,088 | 10,234 | |
| Claims incurred | 3,588,403 | 1,698,711 | 3,541,029 | 1,102,574 | |
| Gross claims settled | 3,588,403 | 1,698,711 | 3,541,029 | 1,102,574 | |
| Change in gross provisions for claims outstanding | 0 | 0 | 0 | 0 | |
| Change in other net technical provisions (+/-) | 3,388,879 | 5,105,084 | 1,013,338 | 4,018,142 | |
| Change of mathematical provisions (+/-) | 3,388,879 | 5,105,084 | 1,013,338 | 4,018,142 | |
| Change of other net technical provisions (+/-) | 0 | 0 | 0 | 0 | |
| Expenses included in policies | 572,716 | 248,799 | 487,527 | 200,613 | |
| Initial expenses | 62,462 | 180,675 | 10,703 | 156,470 | |
| Collection, administrative expenses | 396,465 | 0 | 364,944 | 0 | |
| Costs of claim settlement | 113,789 | 68,124 | 111,880 | 44,143 | |
| Net operating expenses | 119,613 | 129,608 | 109,356 | 94,043 | |
| Acquisition costs | 0 | 79,855 | 0 | 64,563 | |
| Change of deferred acquisition costs (+/-) | 0 | 0 | 0 | 0 | |
| Other operating expenses | 119,613 | 49,753 | 109,356 | 29,480 | |
| Depreciation of assets used in insurance business | 7,841 | 3,295 | 5,578 | 1,501 | |
| Labour costs | 66,472 | 27,933 | 58,664 | 15,790 | |
| - wages and salaries | 46,037 | 19,346 | 40,922 | 11,015 | |
| - social security and pension insurance costs | 7,895 | 3,317 | 7,207 | 1,940 | |
| - other labour costs | 12,540 | 5,270 | 10,535 | 2,835 | |
| 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 | 130 | 55 | 100 | 27 | |
| Other operating expenses | 45,170 | 18,470 | 45,014 | 12,162 | |
| Income from reinsurance commissions and from participation in the positive technical result from reinsurance contract (-) | 0 | 0 | 0 | 0 | |
| Expenses from investments | 20,660 | 35,024 | 0 | 13,361 | |
| 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 | 35,024 | 0 | 9,538 | |
| Revaluation financial expenses | 20,660 | 0 | 0 | 0 | |
| Loss on disposal of investments | 0 | 0 | 0 | 3,823 | |
| 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 | 453,103 | 119,191 | 378,171 | 106,570 | |

| | in EUR | |
|--|-------------------|--------------------|
| Income statement for guarantee fund backing unit-linked life insurance | 2019 | 2018 |
| Gross written premium | 47,841,329 | 46,834,564 |
| Income from investments | 68,020,482 | 1,560,287 |
| Income from dividends | 2,995 | 1,442 |
| Income from other investments | 62,786,844 | 1,252,017 |
| Income from land and buildings | 0 | 0 |
| Interest income | 650,800 | 811,771 |
| Other investment income | 62,136,044 | 440,246 |
| - financial income from revaluation | 62,136,041 | 440,246 |
| - other financial income | 3 | 0 |
| Income from asset value adjustments | 0 | 0 |
| Profit on disposal of investments | 5,230,643 | 306,828 |
| Expenses from cash surrender value | 57,234,124 | 59,839,416 |
| Ordinary termination | 29,511,616 | 40,103,123 |
| Extraordinary termination | 27,722,508 | 19,736,293 |
| - withdrawal from insurance contract | 26,075,166 | 18,221,987 |
| - cancellation of insurance contract | 0 | 0 |
| - death of the insured person | 1,647,342 | 1,514,306 |
| Change in other net technical provisions (+/-) | 49,372,992 | -50,884,979 |
| Change of mathematical provisions (+/-) | 49,372,992 | -50,884,979 |
| Change of other net technical provisions (+/-) | 0 | 0 |
| Fund management costs | 9,221,840 | 8,157,745 |
| Entry fees | 2,653,112 | 1,170,538 |
| Exit costs | 0 | 0 |
| Management commission | 6,568,728 | 6,987,207 |
| Expenses from investments | 32,855 | 31,282,669 |
| Depreciation and amortization of assets not used in operations | 0 | 0 |
| Expenses arising from asset management, interest expenses and other financial expenses | 968 | 0 |
| Revaluation financial expenses | 31,347 | 28,122,518 |
| Loss on disposal of investments | 540 | 3,160,151 |
| 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 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 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.

Net earnings per share

The ratio of net profit in the accounting period to the weighted average number of shares.

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 co-insurers' shares of gross claims paid, adjusted for any change in net claims provisions, plus equalisation scheme expenses for supplementary health insurance.

Net premium earned/net premium income

Comprises gross written premium less written premium ceded to reinsurers and co-insurers, 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 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 relating to the company's business and strategic plan, and assessment of the appropriateness of available own funds to cover those risks.

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 number of employees at an insurance or reinsurance company on the reporting date.

Gross claims paid/gross claims settled

Benefits and claims calculated for all or a portion of settled claims in the accounting period, including claim settlement costs.

Risk assessment

Risks are regularly measured and monitored using the regulatory or legally prescribed calculation method. The results of risk assessment represent the potential loss of the insurance company's capital due to exposure to risks.

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

Ratio of the value of share turnover in the accounting period to the number of shares.

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. An insurance company's available own funds must be at least equal to the assessment of assumed risks, as set as out in the regulatory framework.

Co-insurance

A way to equalise risks, where assumed risks are split or spread among several insurers. The proportion of risk assumed by an individual insurer may vary and represents the basis for determining an individual insurer's share of the premium and potential loss. Each insurer 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 earned.

Market capitalisation

The value of a company calculated as the product of the share price and the number of shares on the reporting date.

Economic value generated

Comprises net premium earned, 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 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)

Calculated according to a legally prescribed standard formula that takes into account all 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 Content Index according to GRI Global Standards

GRI Content Index according to GRI Global Standards- Core option *"This report has been prepared in accordance with the GRI Standards: Core option."*

GENERAL STANDARD DISCLOSURES

| GRI Standard and Disclosure | Disclosure | Section/Page number(s) | Remarks/Omissions |
|---|--|--|--------------------------------------|
| GRI 101: Foundation 2016 | | | |
| GRI 102: General DisclosuresOrganisational profile 2016 | | | |
| Predstavitev organizacije 2016 | | | |
| 102-1 | Name of the organization | 2.3/P. 11 | |
| 102-2 | Activities, brands, products, and services | 2.6/P. 14 | |
| 102-3 | Location of headquarters | 2.3/P. 11 | |
| 102-4 | Location of operations | 2.6/P. 14, 7.4/P. 50 | |
| 102-5 | Ownership and legal form | 6.3/P. 44 | |
| 102-6 | Markets served (geographic location, sectors served and types of customers and beneficiaries) | 2.6/P. 14, 7.4/P. 50–57 | |
| 102-7 | Scale of the organization | 2.1/P. 10, 2.2/P. 10, 4.3/P. 30, 12.4.1.1/P. 104 | |
| 102-8 | Information on employees and other workers by employment contract, region and age | 12.4.1.1/P. 104, 105 | |
| 102-9 | Supply chain | 12.3/P. 101 | Number of suppliers is not reported. |
| 102-10 | Significant changes to the organization's size, structure, ownership, or supply chain | 2.6.4./P. 19, 5.4/P. 39, 6.3/P. 44, 12.3/P. 102 | |
| 102-11 | Precautionary Principle or approach | Risk Management Section 145–171 | |
| 102-12 | A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses | 5.2/P. 32, 12.1/P. 96 | |
| 102-13 | Membership of associations | 12.1/P. 96 | |
| Strategy and analysis | | | |
| 102-14 | A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy for addressing sustainability | 1/P. 8–9 | |
| Ethics and integrity | | | |
| 102-16 | Values, principles, standards, and norms of behaviour and the Code of Ethics | 12.5/P. 114 | |
| Governance | | | |
| 102-18 | Governance structure of the organization, including committees of the highest governance body | 5.3/P. 33–39, 5.4/P. 39–40 | |
| Stakeholder engagement | | | |
| 102-40 | A list of stakeholder groups engaged by the organization | 12.2/P. 97 | |
| 102-41 | Percentage of total employees covered by collective agreement | 12.4.1.1/P. 105 | |
| 102-42 | The basis for identifying and selecting stakeholders with whom to engage | 6.5/P. 45, 12.2/P. 97–99 | |
| 102-43 | The organization's approach to stakeholder engagement, including frequency of engagement by stakeholder group | 6.5/P. 45, 12.2/P. 97–99, 12.4.2.1/P. 107 | |
| 102-44 | Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns, including through its reporting | 12.2/P. 97–99, 12.4.2.1/P. 107, 12.5/P. 115 | |

GRI Content Index according to GRI Global Standards- Core option *“This report has been prepared in accordance with the GRI Standards: Core option.”*

GENERAL STANDARD DISCLOSURES

| GRI Standard and Disclosure | Disclosure | Section/Page number(s) | Remarks/Omissions |
|-----------------------------|--|-------------------------------|--|
| Reporting practice | | | |
| 102-45 | Entities included in the consolidated financial statements | Accounting Report 2.10/P. 201 | |
| 102-46 | Defining report content and topic Boundaries | P. 93 | |
| 102-47 | List of material topics | GRI Content Index/P. 294 | The essential topics recognised by the Triglav Group are stated in this GRI Content Index. Nonessential topics are not reported. |
| 102-48 | The effect of any restatements of information given in previous reports, and the reasons for such restatements | P. 93 | |
| 102-49 | Significant changes from previous reporting periods in the list of material topics and topic Boundaries | P. 93 | Compared to the previous reports, the volume of reported topics did not significantly change. |
| 102-50 | Reporting period | P. 93 | |
| 102-51 | Date of most recent report | | The most recent Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018 was published on 29 March 2018. |
| 102-52 | Reporting cycle (annually, quarterly) | P. 93 | |
| 102-53 | Contact point for questions regarding the report | 2.3/P. 11 | |
| 102-54 | Claims of reporting in accordance with the GRI Standards | GRI Content Index/P. 294 | |
| 102-55 | GRI Content Index | P. 294 | |
| 102-56 | External assurance | | The Company has not yet decided to have the GRI standards externally assured. |

Table of Contents po standardu poročanja GRI GS (Global Standards) – osnovna opcija (Core) “This report has been prepared in accordance with the GRI Standards: Core option.”

| TOPIC-SPECIFIC DISCLOSURES | | | |
|---|---|---|---|
| The management approach and disclosures | Material topic | Section/Page number(s) | Reason for Omission/Notes |
| ECONOMIC IMPACT | | | |
| GRI 201: Economic Performance 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 4.2/P. 28, 4.2.1/P. 29, 12.3/P. 100 | |
| 201-1 | Direct economic value generated and distributed | 12.3/P. 100 | |
| 201-2 | Financial implications and other risks and opportunities due to climate change | 7.3/P. 49 | |
| 201-3 | Defined benefit plan obligations and other retirement plans | 12.4.4/P. 109 | |
| GRI 202: Market presence 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 4.2.1/P. 29 | |
| 202-2 | Proportion of senior management hired from the local community | 12.4.1.1/P. 105 | |
| GRI 203: Indirect economic impacts 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.3/P. 100, 12.6.1/P. 116, 12.6.2/P. 118 | |
| 203-1 | Extent of development of significant infrastructure investments and services supported | 12.6.1/P. 116, 12.6.2/P. 118 | |
| GRI 204: Procurement practices 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.3/P. 101 | |
| 204-1 | Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation | 12.3/P. 102 | Share is not reported. |
| GRI 205: Anti-corruption 2016 | | | |
| 103-1, 103-2 | Explanation of the material topic and its Boundary | 12.5/P. 114 | |
| 205-1 | Total number and percentage of operations assessed for risks related to corruption | 12.5/P. 114 | |
| 205-3 | Total number and percentage of operations assessed for risks related to corruption, confirmed incidents of corruption and actions taken | 12.5/P. 114 | |
| GRI 206: Anti-competitive behaviour | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.3/P. 102 | |
| 206-1 | Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation | 12.3/P. 102 | |
| ENVIRONMENTAL IMPACT | | | |
| GRI 302: Energy 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.7/P. 122 | |
| 302-1 | Energy consumption within the organization | 12.7/P. 122 | |
| GRI 305: Emissions 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.7/P. 121 | |
| 305-1 | Direct (Scope 1) GHG emissions | 12.7/P. 121 | |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 12.7/P. 121 | |
| 305-3 | Other indirect (Scope 3) GHG emissions | 12.7/P. 121 | |
| GRI 306: Effluents and waste 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | 12.7/P. 122 | |
| 306-2 | Total weight of waste, with a breakdown by the disposal methods | 12.7/P. 122 | Quantitative data on disposal methods are not included. |

Table of Contents po standardu poročanja GRI GS (Global Standards) – osnovna opcija (Core) “This report has been prepared in accordance with the GRI Standards: Core option.”

| TOPIC-SPECIFIC DISCLOSURES | | | |
|--|---|---|---|
| The management approach and disclosures | Material topic | Section/Page number(s) | Reason for Omission/Notes |
| SOCIAL IMPACT | | | |
| GRI 401: Employment 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.4.1/P. 103 | |
| 401-1 | New employee hires and employee turnover | 12.4.1/P. 105 | |
| 401-2 | Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. | 12.4.1.1/P. 105, 12.4.4/P. 109 | |
| 401-3 | Total number of employees that returned to work in the reporting period after parental leave ended, by gender | 12.4.4/P. 109 | |
| GRI 402: Labour/management relations 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.4.4/P. 110 | |
| 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 | 12.4.4/P. 110 | |
| GRI 403: Occupational health and safety 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.4.3/P. 108 | |
| 403-1 | Occupational health and safety management system | 12.4.3/P. 108 | |
| 403-2 | Hazard identification, risk assessment, and incident investigation | 12.4.3/P. 108 | |
| 403-3 | Occupational health services | 12.4.3/P. 108 | |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | 12.4.3/P. 108 | |
| 403-5 | Worker training on occupational health and safety | 12.4.3/P. 108 | |
| 403-6 | Promotion of worker health | 12.4.3/P. 108 | |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 12.4.3/P. 108 | |
| 403-8 | Workers covered by an occupational health and safety management system | 12.4.3/P. 108 | |
| 403-9 | Work-related injuries | 12.4.3/P. 108 | |
| 403-10 | Work-related ill health | 12.4.3/P. 108 | |
| GRI 404: Training and education 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.4.2/P. 106 | |
| 404-1 | Average hours of training that the organization's employees have undertaken during the reporting period, by gender and employee category | 12.4.2/P. 106 | 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/P. 106 | |
| GRI: 405: Diversity and equal opportunity 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.4.1/P. 103 | |
| 405-1 | Diversity of governance bodies and employees (gender, age group, representatives of minorities, other indicators of diversity) | 5.3.2.2/P. 35, 5.3.3.2/P. 37, 12.4.1.1/P. 109 | |
| 405-2 | Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation | 12.4.1.1/P. 105 | |
| GRI 412: Human rights assessment 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.4.4/P. 110 | |
| 412-2 | Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations and percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations | 12.4.2/P. 106, 12.5/P. 114 | |

Table of Contents po standardu poročanja GRI GS (Global Standards) – osnovna opcija (Core) “This report has been prepared in accordance with the GRI Standards: Core option.”

| TOPIC-SPECIFIC DISCLOSURES | | | |
|--|---|------------------------------|--|
| The management approach and disclosures | Material topic | Section/Page number(s) | Reason for Omission/Notes |
| GRI 406: Non-discrimination 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.4.4/P. 110 | |
| 406-1 | Total number of incidents of discrimination during the reporting period and actions taken | 12.4.4/P. 110 | |
| GRI 413: Local communities 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.6.1/P. 116 | |
| 413-1 | Percentage of operations with implemented local community engagement, impact assessments, and/or development programs | 12.6.1/P. 116 | Share is not reported. |
| GRI 414: Supplier Social Assessment | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.3/P. 101 | |
| 414-1 | New suppliers that were screened using social criteria | 12.3/P. 101 | Share is not reported. |
| GRI 415: Public policy 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.5/P. 114 | |
| 415-1 | Political contributions | 12.5/P. 114 | |
| GRI 418 Customer privacy 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.5/P. 114 | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 12.5/P. 114 | |
| GRI 419: Socioeconomic compliance 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.5/P. 114 | |
| 419-1 | Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area | 12.5/P. 114 | |
| GRI 417: Marketing and labelling 2016 | | | |
| 103-1, 103-2, 103-3 | Explanation of the material topic and its Boundary | 12.5/P. 111 | |
| 417-1 | Requirements for product and service information and labelling | 12.5/P. 111 | |
| 417-2 | Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling | 12.5/P. 111 | |
| 417-3 | Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorships by incidents of non-compliance with regulations resulting in a fine, penalty or warning | 11.5/P. 91 | |
| Financial Services Sector Disclosures - GRI G4 | | | |
| G4-FS7 | Monetary value of products and services designed to deliver a specific social benefit | 12.5/P. 111, 113 | The data monitoring system does not yet allow a precise calculation. |
| G4-FS8 | Monetary value of products and services designed to deliver a specific environmental benefit | 12.5/P. 111, 113 | The data monitoring system does not yet allow a precise calculation. |
| G4-FS13 | Access points in low-populated or economically disadvantaged areas by type | 11.1/P. 86 | Quantitative data on access points are not recorded in this way. |
| G4-FS14 | Initiatives to improve access to financial services for disadvantaged people | 11.1/P. 86, 12.5/P. 111, 114 | |

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