

7. Operations of the Triglav Group and Zavarovalnica Triglav

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

7.1 The general economic environment worldwide and in Slovenia

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

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

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

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

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

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

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

7.2 Environmental impact on the Triglav Group's operations¹⁹

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

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

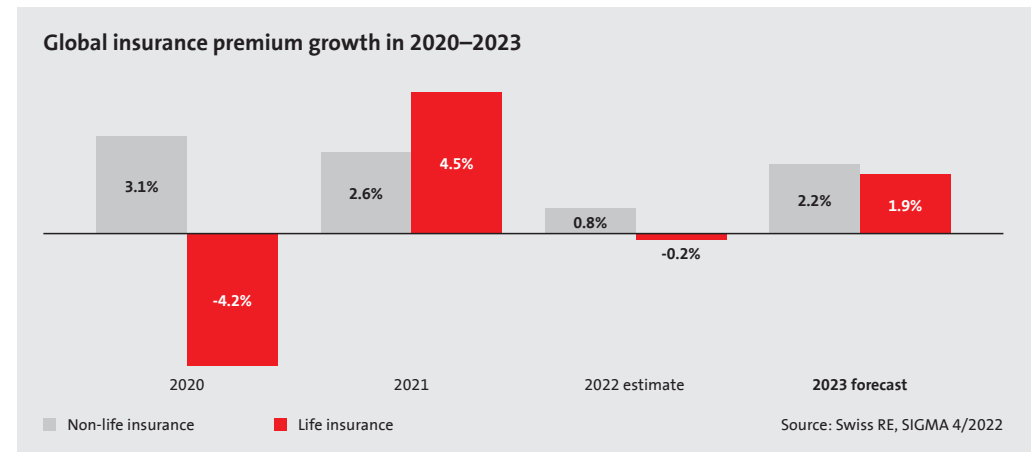
In 2022, the volume of major CAT events and their impact on the Group's profit was less favourable. Their impact is estimated at EUR 32.1 million (compared to EUR 23.6 million in the previous year). In Slovenia, hailstorms in May and June and a storm at the end of August led to EUR 18.9 million in claims,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

7.3 Global insurance market

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

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

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



¹⁹ GRI 201-2, SASB: FN-IN-450a.2

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

7.4.1 South-East Europe

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

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

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

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

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

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

* Agency for Statistics of Montenegro (Q3 2022)

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

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

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

* Data for January–September 2022.

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

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

7.4.1.1 Slovenian insurance market

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

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

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

Source: Swiss RE, SIGMA 4/2022

* Data for Slovenia: Slovenian Insurance Association (SZZ)

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

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

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

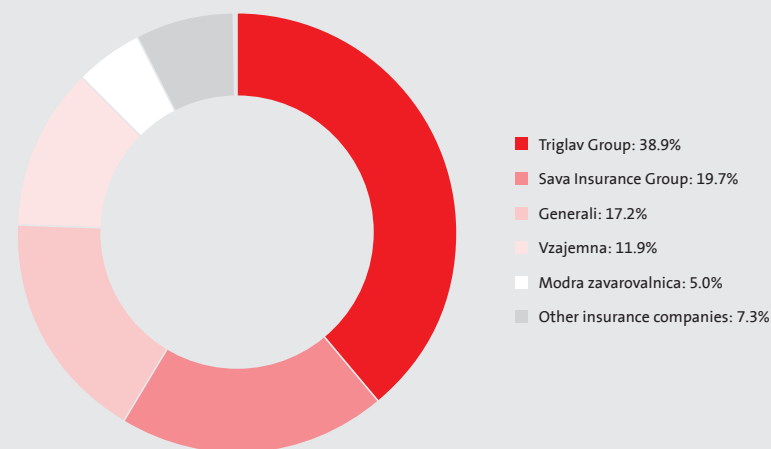
In the Slovenian insurance market, insurance companies collected **EUR 2.8 billion** in gross written insurance, coinsurance and reinsurance premiums (this calculation does not take into account internal transfers of assets for the payment of pension annuities), up by 6.7% relative to the year before.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

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

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

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

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



Source: Slovenian Insurance Association (SZZ)

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

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

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

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

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

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



Slovenia

1st place



EUR 1,237
premium per capita*

5.0% premium
as percentage in GDP*

106.7 insurance market
growth index in 2022

* data for 2021
Source: Slovenian Insurance Association (SZZ)

38.9%
market
share of
the Triglav
Group



7.4.1.2 Croatia

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

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

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

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

Insurance market

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

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



Croatia
7th place

EUR 398
premium per capita*
2.7% premium
as percentage in GDP*
108.2 insurance market
growth index in 2022

5.6%
market
share of
the Triglav
Group

* data for 2021
Source: Swiss RE, SIGMA 4/2022,
Croatian Insurance Bureau

7.4.1.3 Serbia

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

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

Insurance market

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

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

EUR 149
premium per capita*

1.9% premium
as percentage in GDP*

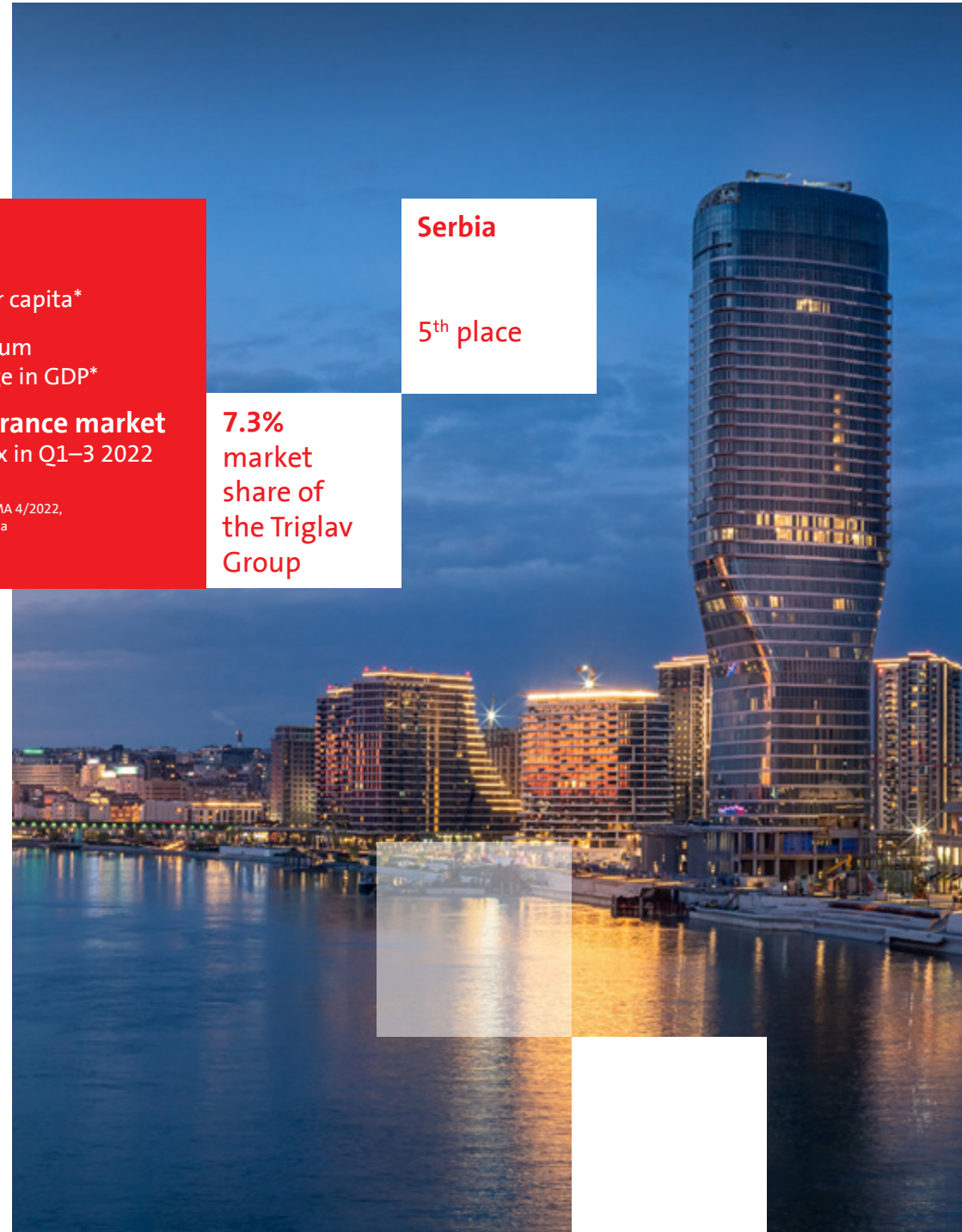
112.2 insurance market
growth index in Q1–3 2022

* data for 2021
Source: Swiss RE, SIGMA 4/2022,
National Bank of Serbia

Serbia

5th place

7.3%
market
share of
the Triglav
Group



7.4.1.4 Montenegro

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

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

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

Insurance market

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

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



Montenegro

1st place

EUR 160
premium per capita*

2.0% premium
as percentage in GDP*

109.6 insurance market
growth index in 2022

* data for 2021
Source: Insurance Supervision Agency of Montenegro

37.8%
market
share of
the Triglav
Group

7.4.1.5 Bosnia and Herzegovina

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

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

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

Insurance market

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

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

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

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



Bosnia and Herzegovina

3rd place

EUR 119
premium per capita*

2.2% premium
as percentage in GDP*

107.7 insurance market
growth index in 2022

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

9.4%
market
share of
the Triglav
Group

7.4.1.6 North Macedonia

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

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

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

Insurance market

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

The Triglav Group operates with two companies on the Macedonian market. Holding a 11.9% market share (0.4 percentage point more than in 2021), Triglav Osiguruvanje, Skopje continues to remain the leader in the North Macedonian insurance market. The insurer specialises in non-life insurance, holding a 14.4% market share (vs. 13.8% in the previous year).

Triglav Osiguruvanje Život, Skopje significantly increased its share in the life insurance market by 6.2 percentage points to 16.1%. The Triglav Group therefore improved its market share by 1.6 percentage points to 14.7%, maintaining the third place among the insurance groups.



EUR 103
premium per capita*

1.6% premium
as percentage in GDP*

109.9 insurance market
growth index in 2022

* data for 2021
Source: Insurance Supervision Agency of
North Macedonia

**North
Macedonia**

3rd place

14.7%
market
share of
the Triglav
Group

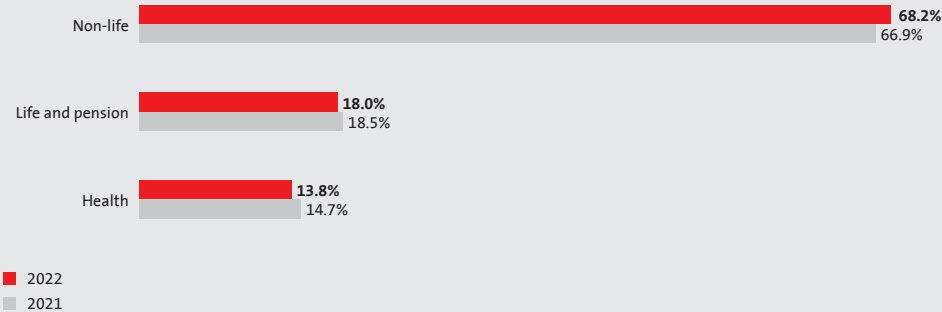
7.5 Gross written insurance, coinsurance and reinsurance premiums

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

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

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

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



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

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

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

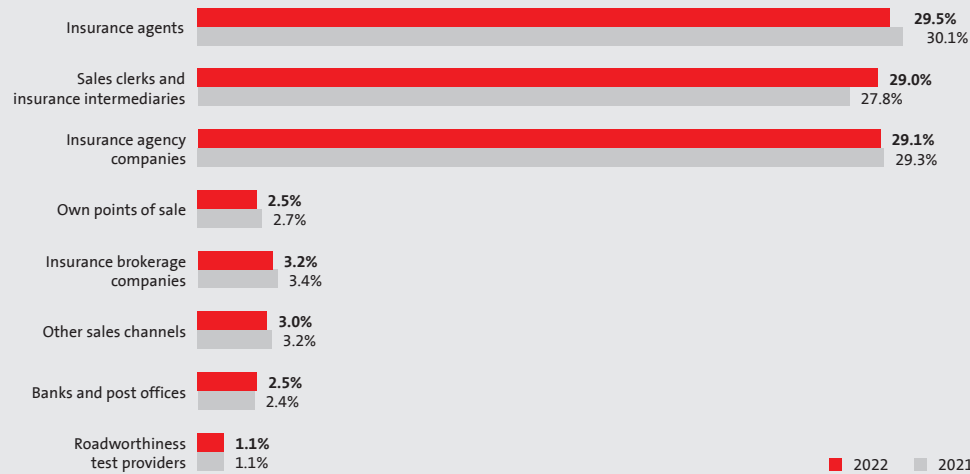
* Premium written outside the Adria region, collected according to the principle of free movement of services (FOS), and inward reinsurance premium.

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

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

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

Non-consolidated gross written insurance, coinsurance and reinsurance premiums in 2022 and 2021 by sales channel of the Triglav Group (excluding Pozavarovalnica Triglav Re)



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

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

* The data already include pre-consolidation adjustments.

7.5.1 Non-life insurance

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

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

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

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

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

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

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

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

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

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

7.5.2 Life and pension insurance

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

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

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

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

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

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

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

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

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

7.5.3 Gross written reinsurance premium of Pozavarovalnica Triglav Re

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

7.6 Gross claims paid

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

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

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

Gross claims paid in 2022 by Triglav Group insurance company

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

* The data already include pre-consolidation adjustments.

7.6.1 Non-life insurance

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

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

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

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

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

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

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

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

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

7.6.2 Life and pension insurance

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

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

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

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

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

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

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

Gross claims paid of Zavarovalnica Triglav by insurance class

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

7.6.3 Gross claims paid of Pozavarovalnica Triglav Re

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

7.7 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group rose by 12% to EUR 374.8 million.

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

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

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

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

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

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

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

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

Gross operating expenses of the Triglav Group by nature

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

Gross operating expenses of Zavarovalnica Triglav by nature

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

7.8 Risk equalisation

7.8.1 Insurance technical provisions

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

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

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

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

- Mathematical provisions** declined by 6% to EUR 1,937.8 million. Mathematical provisions for the guarantee fund backing life insurance totalled EUR 1,356.9 million (index 95), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 580.9 million (index 93). They fell due to the drop in the price of fund units. Zavarovalnica Triglav's mathematical provisions of EUR 1,440.2 million accounted for the bulk (index 93), of which mathematical provisions for the guarantee fund backing life insurance amounted to EUR 944.5 million (index 94) and insurance technical provisions for unit-linked life insurance contracts equalled EUR 495.7 million (index 92).
- Provisions for bonuses and discounts** declined by 20% to EUR 22.0 million predominantly as a result of their decrease at the parent company and the health insurer.
- Other insurance technical provisions** reached EUR 37.1 million, having decreased by 28%. At Zavarovalnica Triglav, they were lower due to a decrease in provisions as a result of the LAT for life insurance, and at Triglav, Zdravstvena zavarovalnica provisions were formed last year for unexpired risks due to the pandemic. In addition, the parent company and Triglav, pokojninska družba created additional provisions due to failing to achieve the guaranteed return on supplemental voluntary pension insurance.

Gross insurance technical provisions of the Triglav Group

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

Gross insurance technical provisions of Zavarovalnica Triglav

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

7.8.2 Reinsurance

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

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

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

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

7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav²¹

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

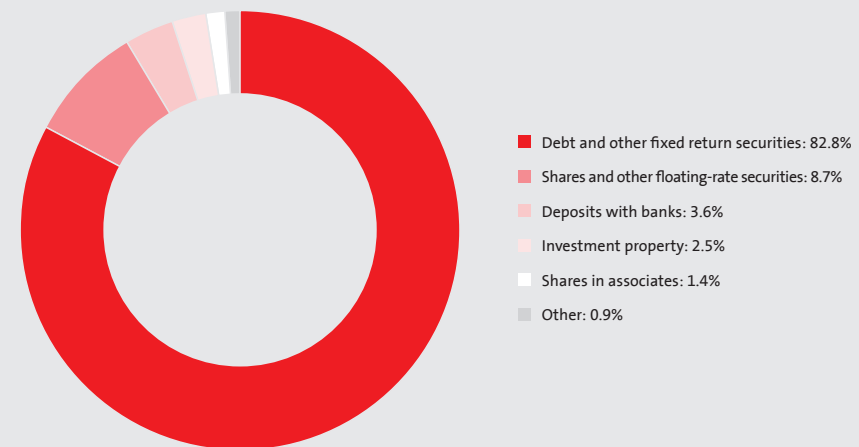
The Group’s total financial investments including investment property, unit-linked insurance contract investments and investments in associates totalled EUR 3,271.2 million as at 31 December 2022, down by 11% relative to 31 December 2021. The decrease in value is to the greatest extent a result of the rise in interest rates on the financial markets and the fall in value on the stock markets. Their share in the Group’s total assets was down by 4.7 percentage points to 79.2%.

Financial investments (including investment property) of the Triglav Group

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

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

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



²¹ SASB: FN-AC-410a.1

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

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

Debt securities of the Triglav Group by credit rating

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

Unit-linked life insurance contract investments data are excluded.

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

Debt securities of the Triglav Group by issuer sector

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

Unit-linked life insurance contract investments data are excluded.

Debt securities of the Triglav Group by issuer sector/activity²²

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

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

Debt securities of the Triglav Group by issuer country

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

Unit-linked life insurance contract investments data are excluded.

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

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

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

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

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

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

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

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

The structure of equity investments of the Triglav Group

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

Equity investments of the Triglav Group by region

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

Equity investments of the Triglav Group by issuer sector/activity²³

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

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

Financial investments of Zavarovalnica Triglav

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

7.10 Investment in own-use real property and equipment

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

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

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

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

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

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

7.11 Asset management

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

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

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

Asset and investment fund management market

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

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

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

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

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

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

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

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

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

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

Active ownership²⁷

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

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