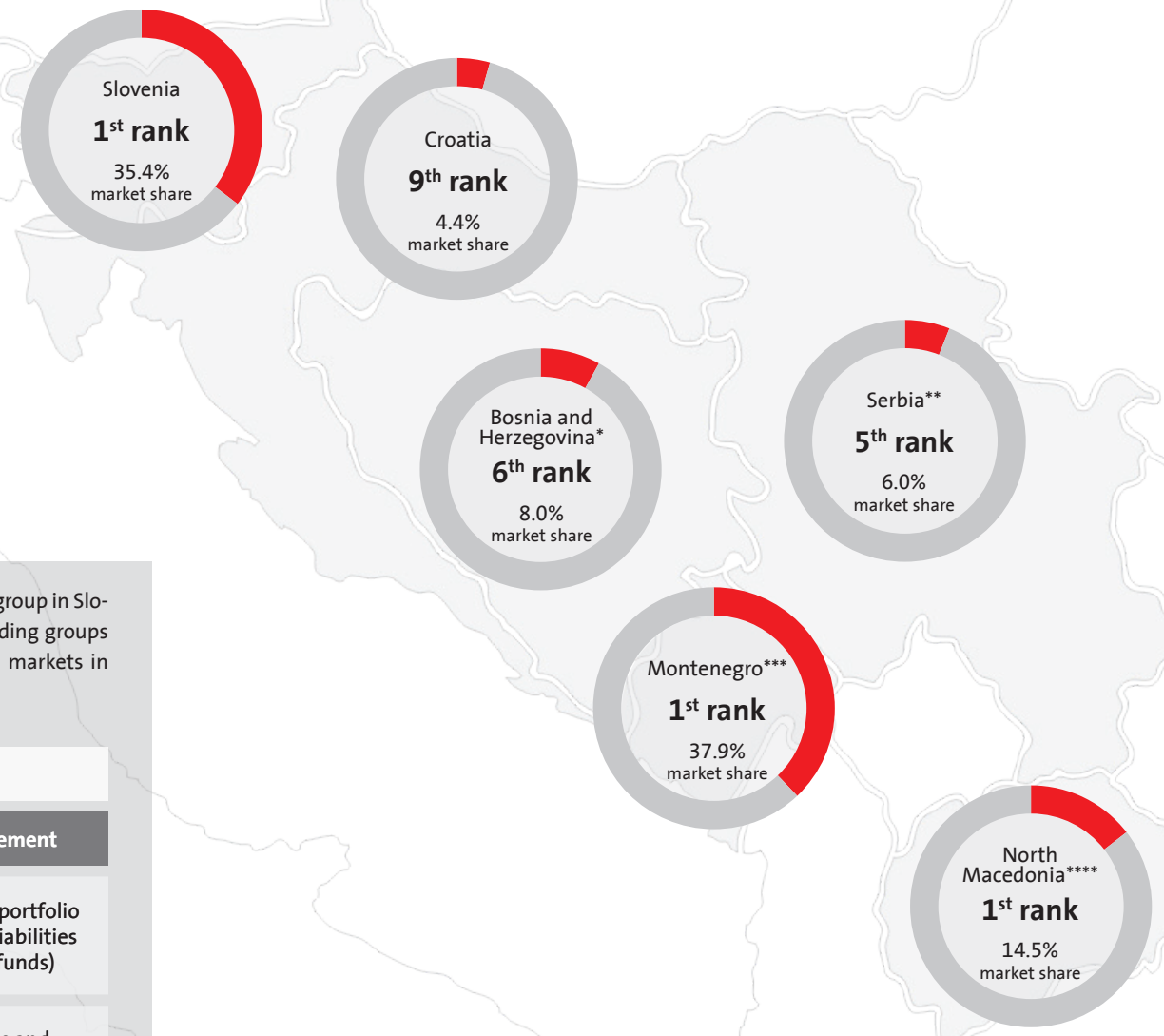


2.6 Activities, markets and position of the Triglav Group⁵



The Triglav Group is the leading insurance/financial group in Slovenia and the Adria region as well as one of the leading groups in South-East Europe. The Group operates in seven markets in six countries.

Strategic activities	
Insurance	Asset management
Non-life	Own insurance portfolio (asset backing liabilities and backing funds)
Life	
Pensions	Mutual funds and individual asset management
Health	
Reinsurance	

* Market share of Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Banja Luka (H1 2018 data)
 ** Q 1-3 2018 data
 *** Market share of Lovćen Osiguranje and Lovćen životna osiguranja
 **** Market share of Triglav Osiguruvanje, Skopje and Triglav Osiguruvanje Život, Skopje

⁵GRI GS 102-2, GS 102-4, GS 102-6

2.6.1 The business model of the Triglav Group

Dynamic challenges in the environment

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

For who value is created

- Shareholders/investors
- Policyholders/clients
- Employees
- Suppliers
- Social and natural environment

Checking and improving the created value

- Strategic performance indicators
- Operational performance indicators

Our resources

- Employees
- Financial capital of shareholders and investors
- Intellectual capital
- Operating assets
- Partnerships in the social environment
- Natural resources
- Modern data warehouse

 The Triglav Group accomplishes its mission and creates value for its stakeholders by applying a client-centric approach, focusing on profitable operations and increasing the value of the Group.

Results

- Client satisfaction and loyalty
- Motivated and qualified employees
- Financial stability
- Profitability and growth of shareholders' assets
- Financially security of clients
- Innovative and comprehensive insurance and financial products and services
- Increase in the Group's value
- Strong and reputable brand
- Improved traffic and fire safety and balanced development of local communities

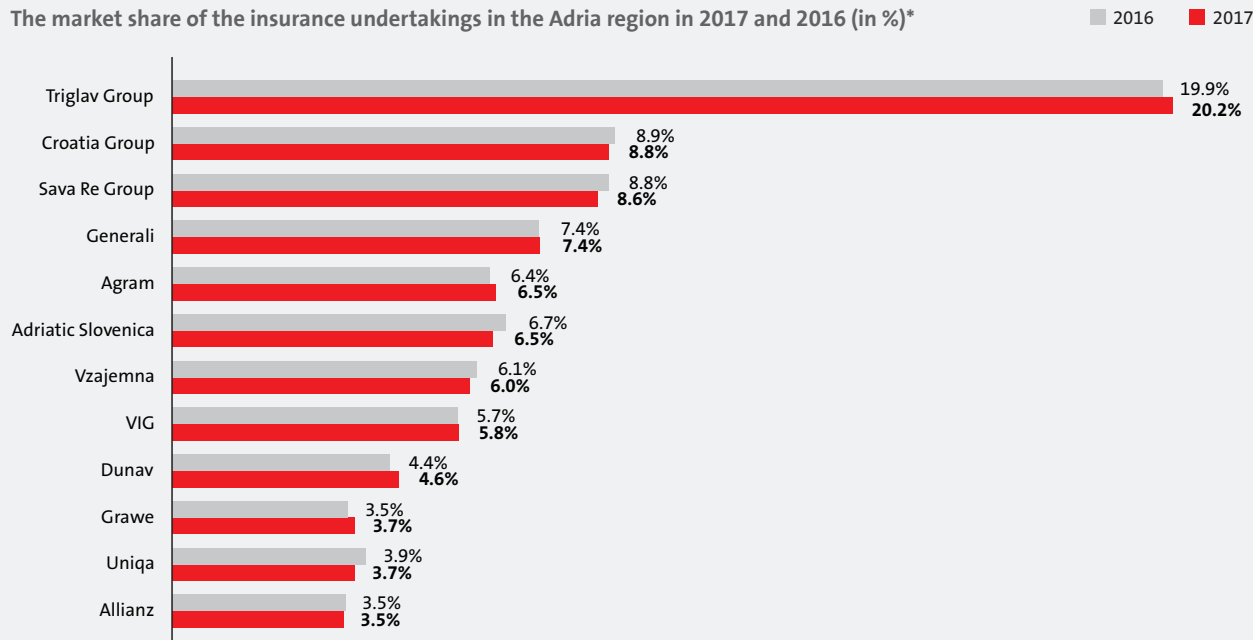
Products and services that create value

- Comprehensive range of insurance and financial products and services
 - Insurance services
 - Assistance services
 - Investment services

How value is created

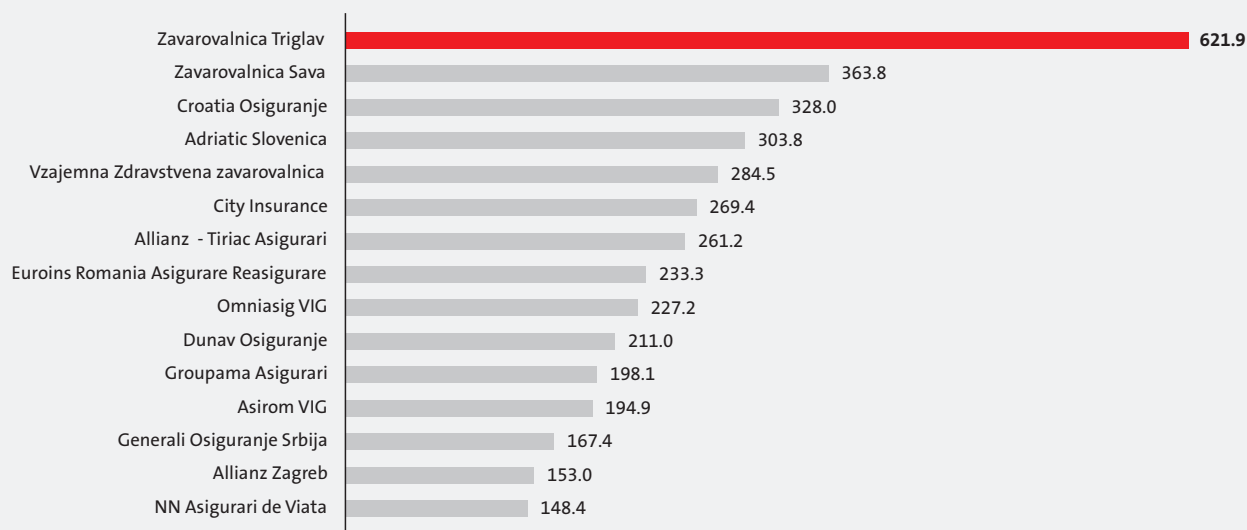
- Implementation of the Triglav Group's strategy
- Employee development
- Efficient risk management
- Efficient asset management
- Adaptation of products and services to client needs
- Multi-channel client approach
- Active role on the markets in the region
- Business digitalisation
- Implementation of modern business models and technologies
- Strategic partnerships and integration into dynamic business ecosystems
- Cooperation with partners in the social environment
- Comprehensive and transparent communication

The market share of the insurance undertakings in the Adria region in 2017 and 2016 (in %)*



* Data for 2018 were not yet available
Source: The calculation of Zavarovalnica Triglav based on the data of national insurance supervision agencies and insurance associations

The largest insurers in South-East Europe by written premium in 2017 (in EUR million)



Source: SeeNews 2018

2.6.2 Insurance

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

The insurance-oriented part of the Group encompasses:

- in Slovenia: Zavarovalnica Triglav d.d., Triglav, Zdravstvena zavarovalnica d.d., Pozavarovalnica Triglav Re d.d. and Skupna pokojninska družba d.d.;
- abroad: eight insurance undertakings in Croatia, Serbia, Montenegro, Bosnia and Herzegovina and North Macedonia.

Position in the regional insurance market

In 2018, the Triglav Group held a dominant position among the insurers in the Adria region (Slovenia, Croatia, Serbia, Montenegro, Bosnia and Herzegovina and North Macedonia), as it had increased its market share to 20.2% in 2017.

Among the 100 largest insurers in South-East Europe in terms of written premium in 2017 were 7 insurance companies of the Triglav Group and 14 Slovene insurers. The SeeNews study for South-East Europe covers Albania, Bosnia and Herzegovina, Bulgaria, Croatia, North Macedonia, Moldavia, Montenegro, Romania, Serbia and Slovenia. According to its findings, Zavarovalnica Triglav topped the ranking, being 1.7 times larger than the second ranked Slovene insurer Zavarovalnica Sava.

2.6.3 Asset management

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

2.6.4 Structure of the Triglav Group

Subsidiaries of the Triglav Group directly involved in or supporting the Group's core business lines

	Insurance	Assets management	Other
Slovenia	<ul style="list-style-type: none"> Zavarovalnica Triglav d.d. Pozavarovalnica Triglav Re d.d. Triglav, Zdravstvena zavarovalnica d.d. Skupna pokojninska družba d.d. 	<ul style="list-style-type: none"> Triglav Skladi d.o.o. Triglav, Upravljanje nepremičnin d.d. Triglav d.o.o. 	<ul style="list-style-type: none"> Triglav INT d.d. Triglav Svetovanje d.o.o. Triglav Avtoservis d.o.o. Triglavko d.o.o.
Croatia	<ul style="list-style-type: none"> Triglav Osiguranje d.d., Zagreb 		<ul style="list-style-type: none"> TRI-LIFE d.o.o.
Serbia	<ul style="list-style-type: none"> Triglav Osiguranje a.d.o., Belgrade 		<ul style="list-style-type: none"> Triglav Savetovanje d.o.o.
Montenegro	<ul style="list-style-type: none"> Lovćen Osiguranje a.d., Podgorica Lovćen životna osiguranja a.d., Podgorica 		<ul style="list-style-type: none"> Lovćen Auto d.o.o.
Bosnia and Herzegovina	<ul style="list-style-type: none"> Triglav Osiguranje d.d., Sarajevo Triglav Osiguranje a.d., Banja Luka Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka 	<ul style="list-style-type: none"> PROF-IN d.o.o. 	<ul style="list-style-type: none"> Triglav Savjetovanje d.o.o. Triglav Auto d.o.o. Autocentar BH d.o.o. Unis automobili i dijelovi d.o.o.
North Macedonia	<ul style="list-style-type: none"> Triglav Osiguruvanje a.d., Skopje Triglav Osiguruvanje Život a.d., Skopje 		

Changes in the structure of the Triglav Group in 2018⁶

- Triglav INT d.d., gradually acquired equity stakes from non-controlling interest holders, in total it acquired a 0.42% equity stake of Triglav Osiguruvanje a.d., Skopje in the reporting year, thereby becoming its 80.35% owner. The purchase price equalled MAK 3,695,289 or EUR 59,968.
- Due to the exclusion of a shareholder, the share capital of Golf Arboretum d.o.o. decreased by EUR 4,966. As a result, other shareholdings proportionately increased. Triglav, Upravljanje nepremičnin d.d. thereby became an 80.73% owner of the said company.
- On 24 April 2018, Triglav INT d.d. signed an agreement with Raiffeisen Bank Austria d.d., Zagreb to purchase a 74.99% stake in the Croatian pension insurance company Raiffeisen Mirovinsko osiguravajuće društvo. The agreement was signed under suspensive conditions due to the required approval of the regulators.
- Zavarovalnica Triglav provided additional capital to its subsidiary Triglav INT d.d. The share capital was paid in by the in-cash contribution of EUR 4,000,000 and financed through a debt to equity swap transaction of EUR 5,170,729.
- Lovćen Auto a.d. changed its legal form from a public limited company (a.d.) to a limited liability company (d.o.o.).
- On 1 August 2018, AKM nepremičnine d.o.o. was stricken off from the Companies Register due to its merger to Triglav, Upravljanje nepremičnin d.d.
- Lovćen Osiguranje a.d., Podgorica, increased its equity stake in its subsidiary Lovćen životna osiguranja a.d. in the amount of EUR 300,000, thus remaining a 100% owner of the said company.
- Through the in-cash contributions of EUR 6,832,309 Zavarovalnica Triglav increased the share capital of its associate Triglav d.o.o. and thus maintained its 49.9% equity stake in the said company. Triglav is a 100% owner of equity stakes

of companies Ljubljana d.o.o., Loma center d.o.o. and KRDU Building d.o.o.

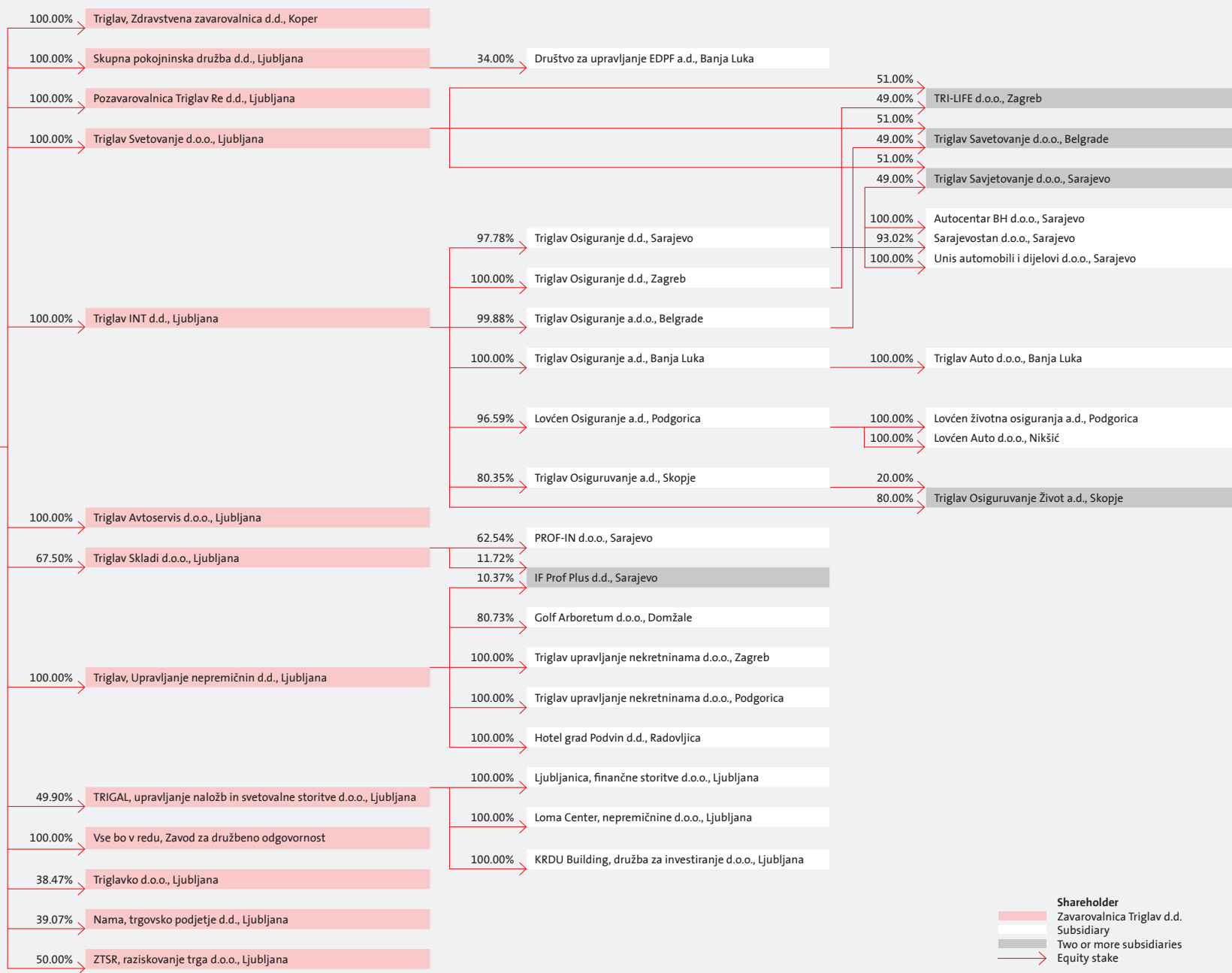
- Furthermore, Lovćen Osiguranje a.d.o., Podgorica increased its equity stake in its subsidiary Lovćen Auto a.d., thus remaining a 100% owner of the said company. The capital increase amounted to EUR 1,150,000.
- Triglav Osiguranje a.d., Belgrade and Triglav Svetovanje d.o.o., Domžale increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade in accordance with their proportional stakes, thus maintaining their stakes of 49% and 51% respectively. The capital was increased by the in-cash contributions of RSD 10 million or EUR 84,829.
- On 14 September 2018, Zavarovalnica Triglav signed an agreement with Nova Ljubljanska banka d.d. to purchase its 28.13% equity stake in Skupna pokojninska družba, thereby becoming its 100% owner. The purchase price equalled EUR 4,600,000. Through consolidation and integrated management of this segment, the Triglav Group continues to implement its growth strategy in the pension insurance segment.
- On 21 September 2018, Triglav Skladi and ALTA Skupina signed an agreement to acquire a 100% stake in ALTA Skladi, družba za upravljanje. The agreement was entered into under suspensive conditions, among which is the condition to obtain the approval of the regulators. The purchase price excluding adjustment for net debt is EUR 21.7 million, a part of which is contingent on future payments made into the funds of the acquiree.
- On 25 September 2018, the project company ZTSR, raziskovanje trga d.o.o. was established for research purposes. Its share capital is EUR 250,000. With a payment of EUR 125,000, Zavarovalnica Triglav became a 50% owner of ZTSR.
- Sarajevostan d.o.o. changed its legal form from a public limited company (d.d.) to a limited liability company (d.o.o.). In the context of changing its legal form, the company's share capital was reduced by BAM 3,728,477 or EUR 1.9 million. All shareholders were repaid proportionally to their share. Following the share capital decrease, Triglav Osiguranje d.d., Sarajevo remained the 93.02% owner of the said company.

The changes in the Triglav Group are discussed in greater detail in [→ Section 2.7 of the Accounting Report].

⁶GRI GS 102-10

Subsidiaries and associates of the Triglav Group as at 31 December 2018 and their equity stake

Zavarovalnica Triglav d.d.



Shareholder
Zavarovalnica Triglav d.d.
Subsidiary
Two or more subsidiaries
Equity stake