


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


Tradition or future?
We unify both.





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

Best or first?
Both.




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



Simple or personal?
Both.

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




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



Financial compensation or
a comprehensive service?

Both.

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



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

Table of Contents

The Triglav Group and Zavarovalnica Triglav d.d.

Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for the Year Ended 31 December 2019

Business Report

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

Risk Management

Risk management system	147
Risk exposure and management	154

Accounting Report

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

About the report

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

Navigation

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

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

Stay informed about our business operations

Detailed information for investors and existing shareholders is available at:

Information for shareholders:

Zavarovalnica Triglav, d.d., Ljubljana, Miklošičeva cesta 19, 1000 Ljubljana,

Helena Ulaga Kitek, Head of Investor Relations

Telephone: +386 (1) 47 47 331

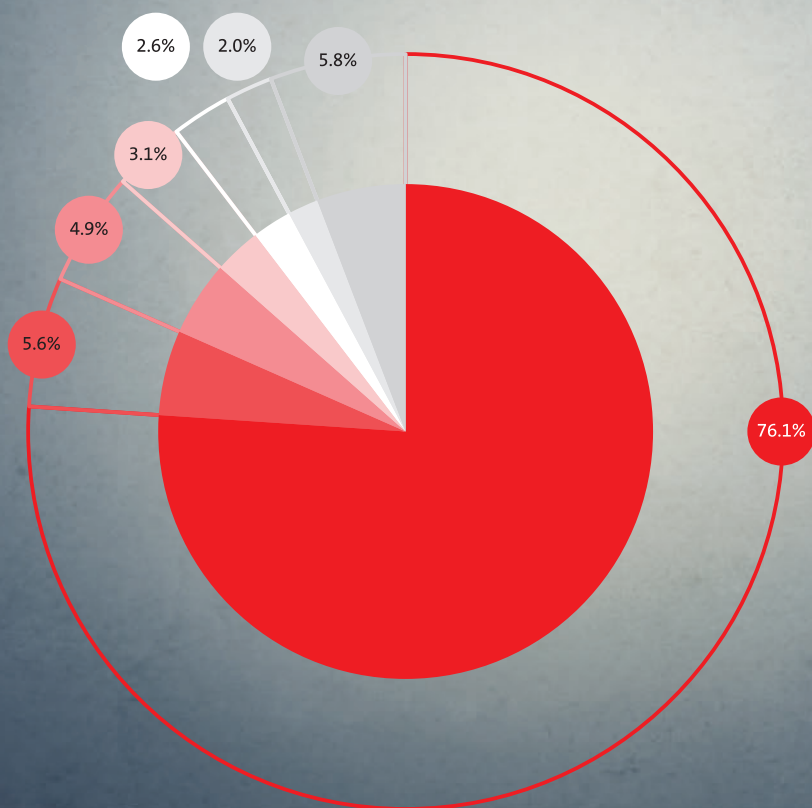
Email: investor.relations@triglav.si

Triglav Group and Zavarovalnica Triglav in 2019

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

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

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



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

38 companies

in six countries
of the Adria region

223%

Capital Adequacy Ratio
of the Triglav Group

EUR 1.0 billion

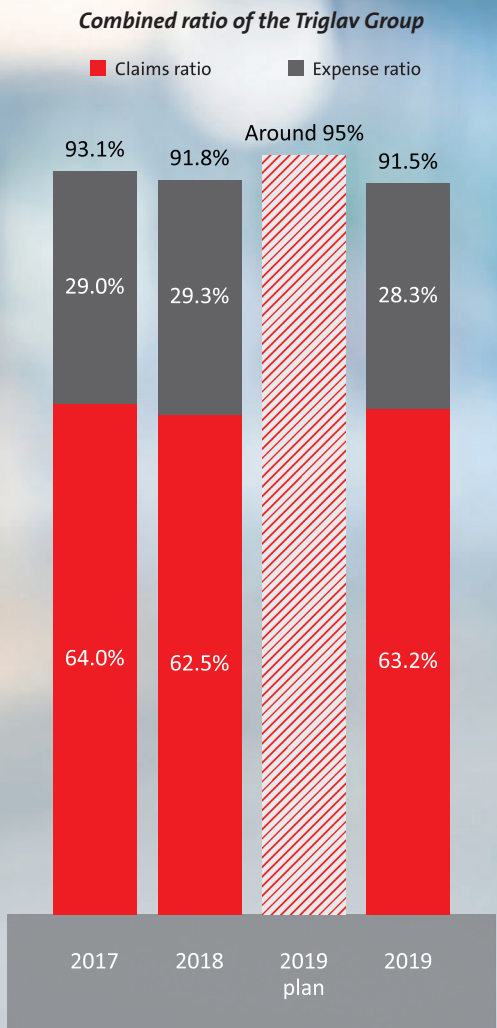
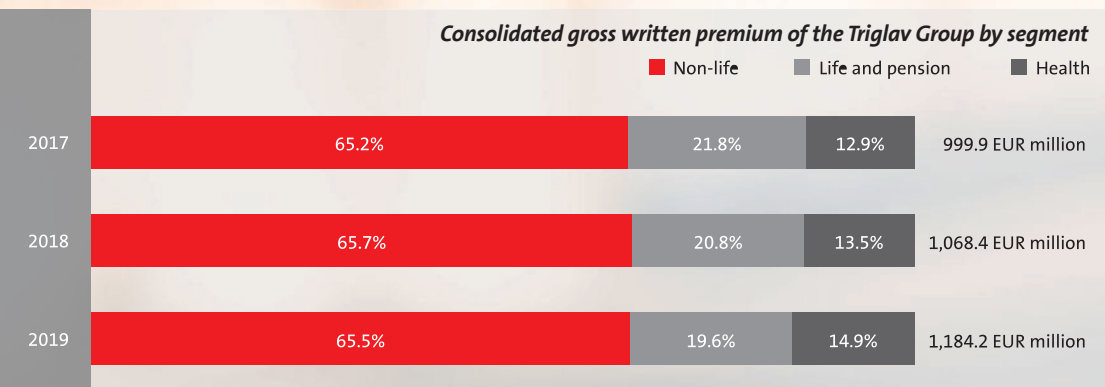
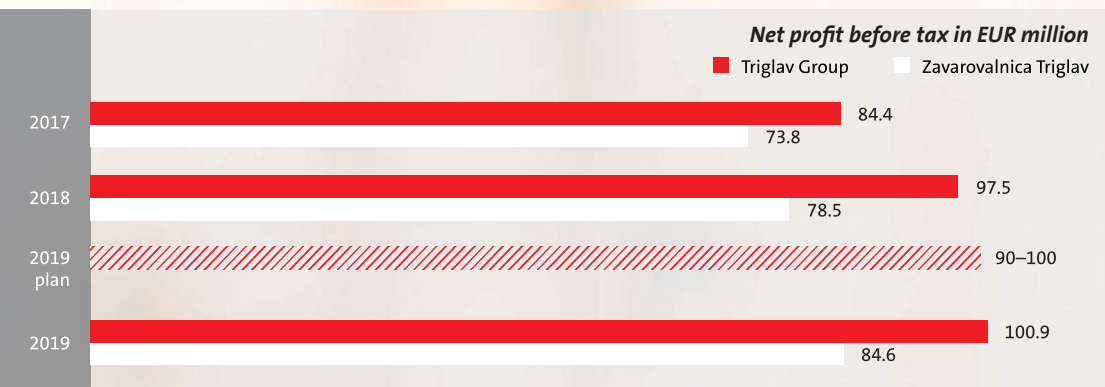
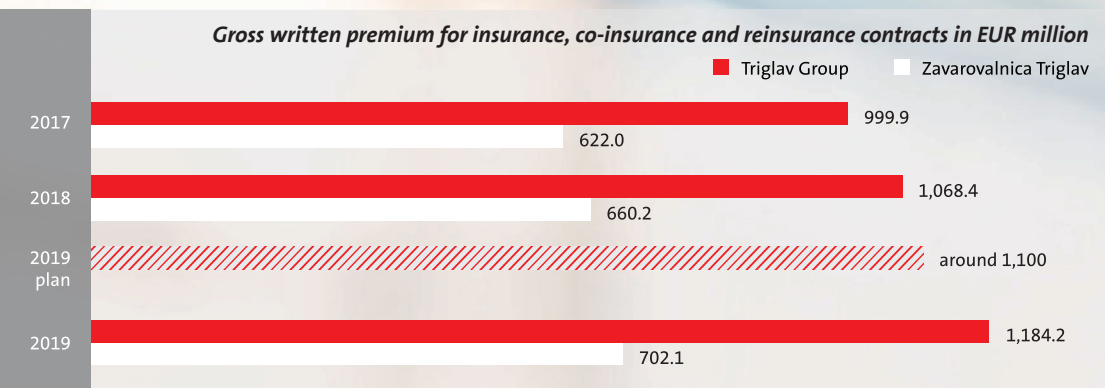
in mutual funds

+68%

EUR 3,315.1 million

Financial investments
of the Triglav Group
including investment
property





1. Address by the President of the Management Board¹

Dear Shareholders, Business Partners and Colleagues,

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

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

Good results in both core activities – insurance and asset management

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

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

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

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

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

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

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

Interdisciplinary process development aimed at providing best user experience

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

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

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

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

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

Working together with the social environment

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

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

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

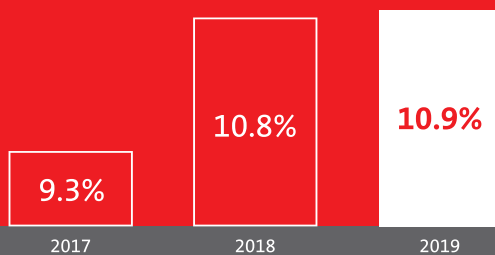
By being committed to stable long-term effective operations and high standards of corporate governance, we undertook many activities with the goal of caring for the social environment and protecting the natural environment. The parent company's carbon footprint and electricity consumption were reduced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

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

Andrej Slapar

President of the Management Board
of Zavarovalnica Triglav

Return on equity of the Triglav Group



2. Triglav Group and Zavarovalnica Triglav in 2019

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

2.1 Financial highlights of the Triglav Group²

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

2.2 Financial highlights of Zavarovalnica Triglav³

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

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

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

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

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

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

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

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

For additional information about this report
please contact:⁴

Zavarovalnica Triglav d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana

Tomaž Žust,
Director of Strategic Planning and
Controlling Department

Phone: ++386 (1) 47 47 449

Fax: ++386 (1) 23 16 456

E-mail: tomaz.zust@triglav.si

2.4 Major events in 2019

A high credit rating of

»A«

maintained:

The credit rating agencies S&P Global Ratings and AM Best confirmed the Group's »A« credit rating with a stable medium-term outlook. See [→ *Section 6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav*] for more details.

 **triglav**skladi

ALTA

Strengthening of asset

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

Bond issue:

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

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



Good business results:

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

Dividend payment:

Divided payments accounted for

70% of the net profit

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

Entry into the pension insurance market in North Macedonia:

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

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



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

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

2.5 Financial calendar 2020

Calendar of financial announcements for 2020

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

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

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

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

2.6 Activities, markets and position of the Triglav Group⁵

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

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

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

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

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

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

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

* Q1-3 2019 data

** H1 2019 data

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

Strategic activities

Insurance

Non-life

Life

Pensions

Health

Reinsurance

Asset management

Own insurance portfolio
(asset backing liabilities and
backing funds)

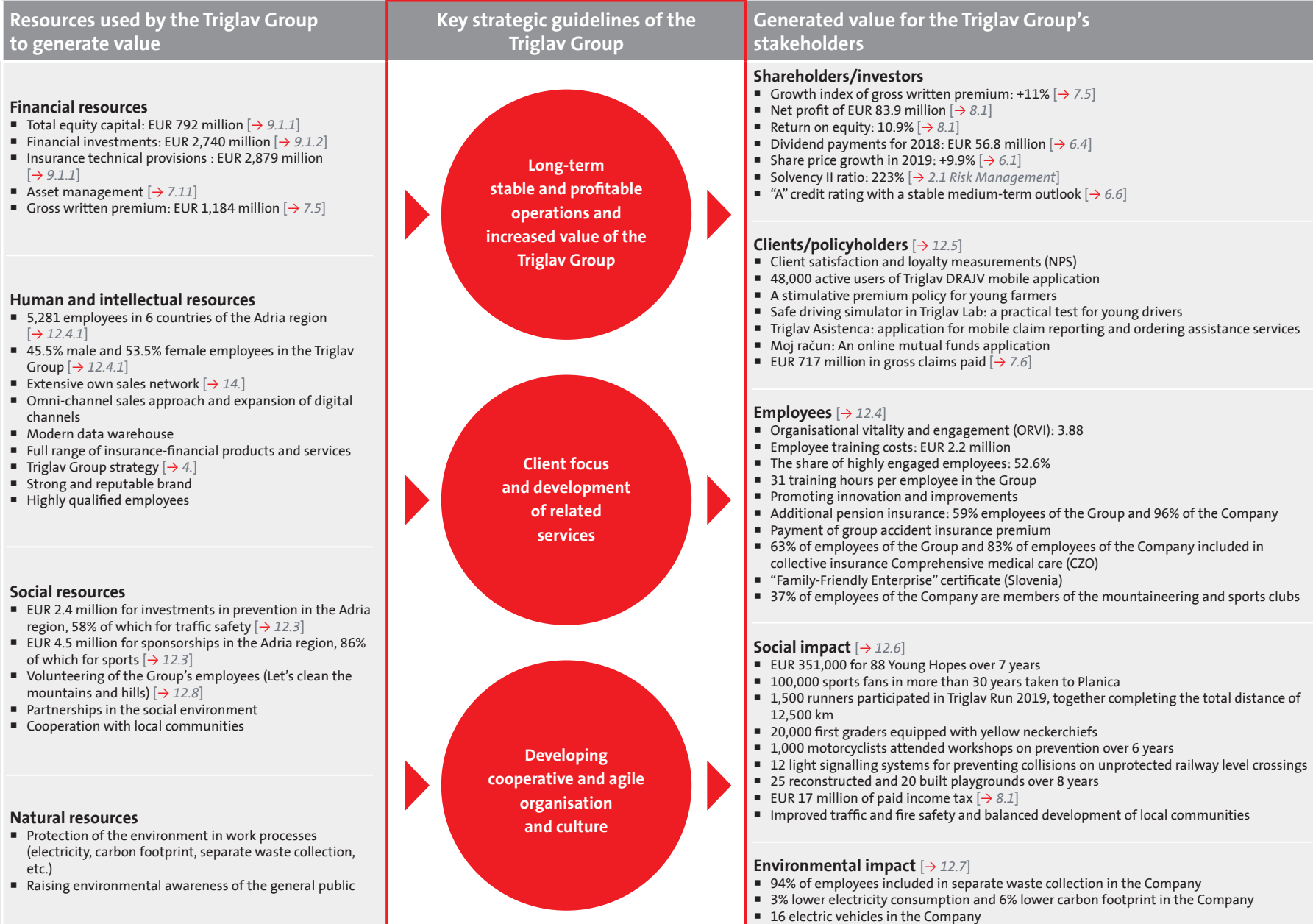
Mutual funds and individual
asset management

Pension funds

2.6.1. The business model of the Triglav Group

Dynamic challenges in the environment:

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



2.6.2. Insurance

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

The insurance business of the Group comprises:

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

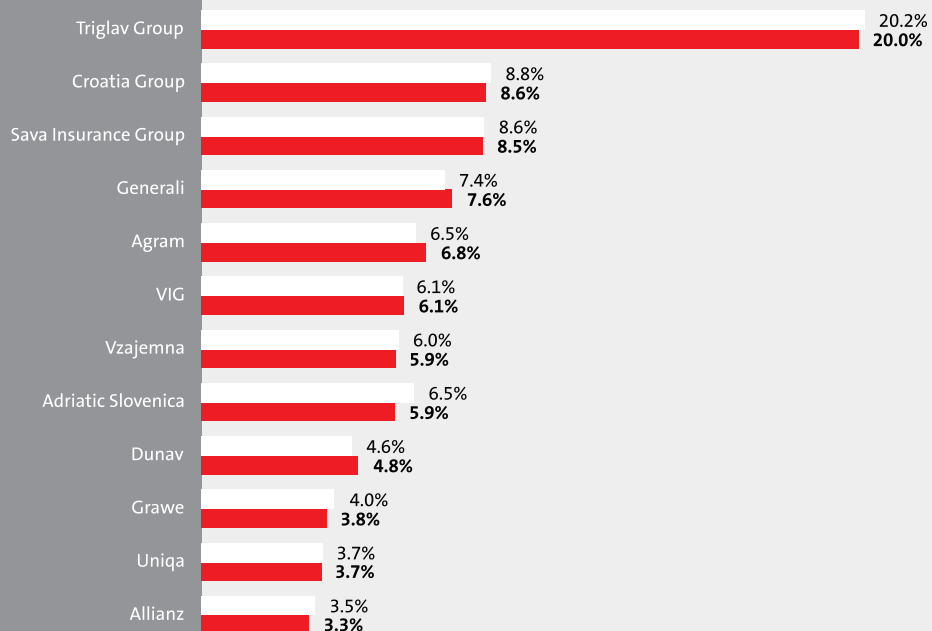
Position in the regional insurance market

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

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

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

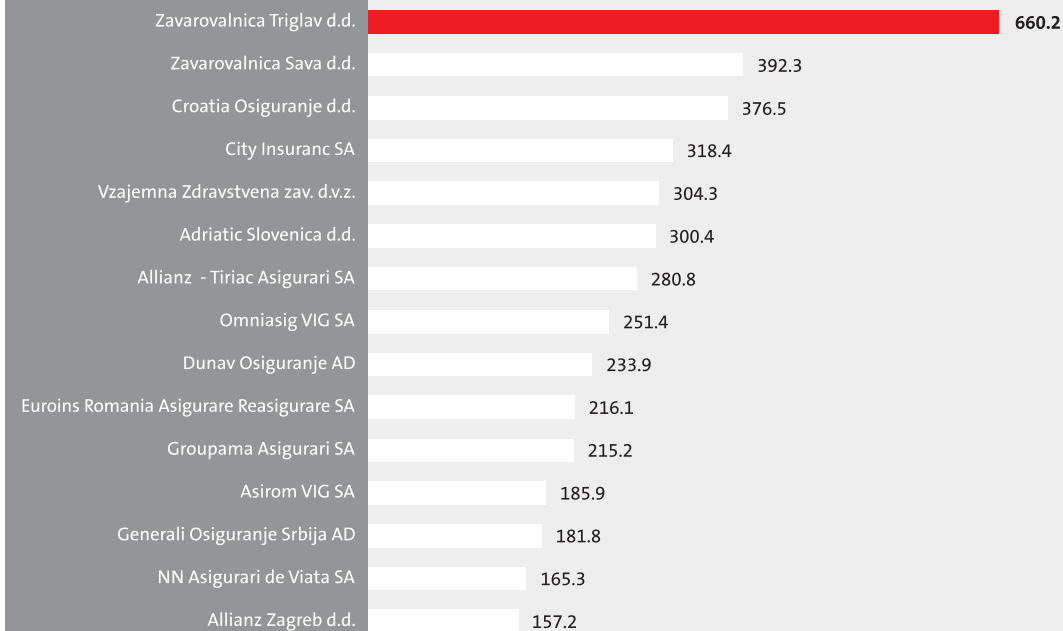
2017 2018



* Data for 2019 are not yet available.

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

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



Source: SeeNews 2019

2.6.3. Asset management

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

2.6.4. Structure of the Triglav Group

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

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

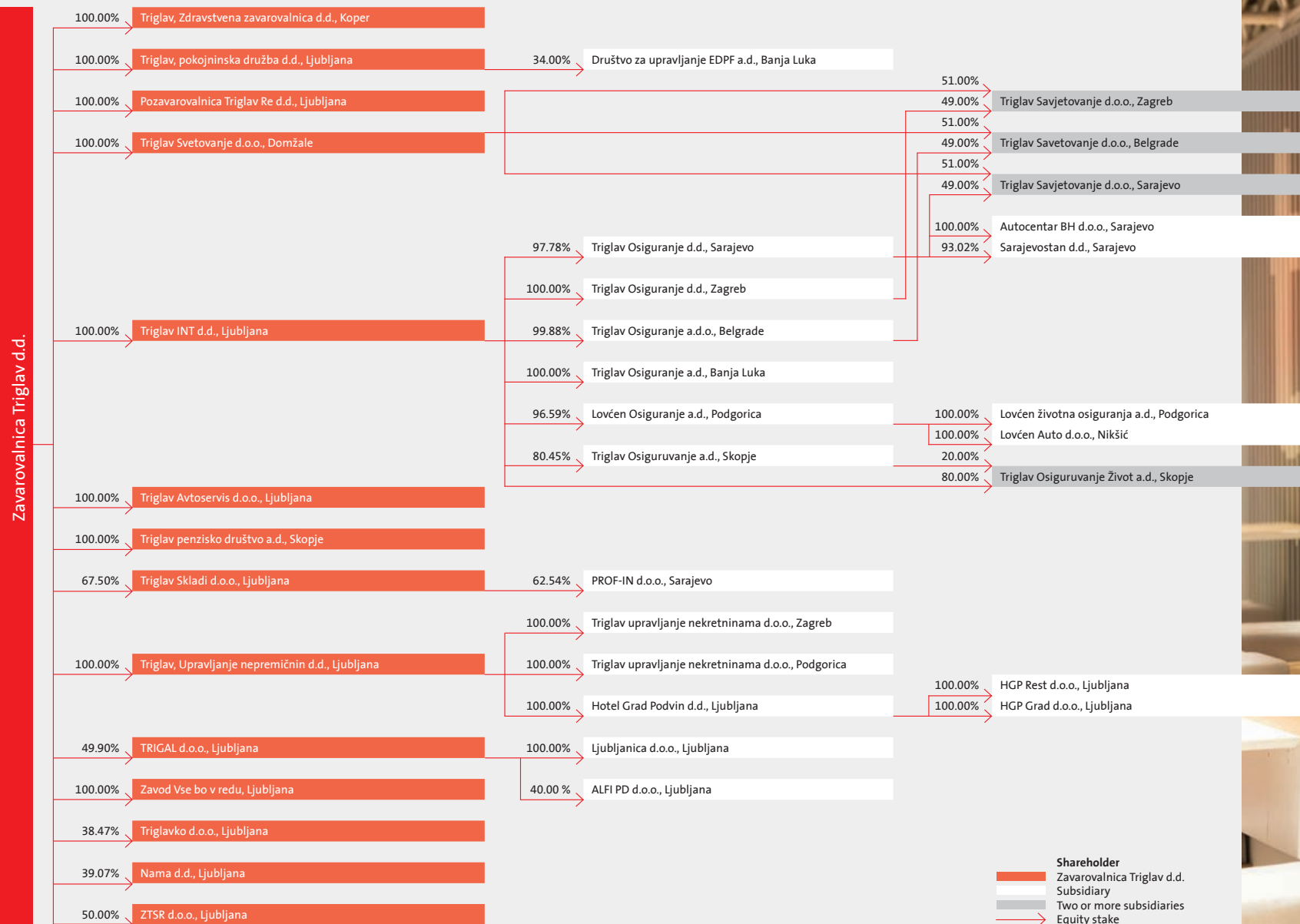
		Insurance	Asset Management	Other
Slovenia		<ul style="list-style-type: none"> ■ Zavarovalnica Triglav d.d. ■ Pozavarovalnica Triglav Re d.d. ■ Triglav, Zdravstvena zavarovalnica d.d. ■ Triglav, pokojninska družba d.d. 	<ul style="list-style-type: none"> ■ Triglav Skladi d.o.o. ■ Triglav, Upravljanje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

Changes in the structure of the Triglav Group in 2019⁶

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

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

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



2.7 Management of Zavarovalnica Triglav

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



3.

Report of the Supervisory Board

Report of the Supervisory Board
of Zavarovalnica Triglav d.d.
on the Verification of the Annual Report of
the Triglav Group and Zavarovalnica Triglav d.d.
for 2019
and
Opinion of the Supervisory Board
of Zavarovalnica Triglav d.d. on
the Annual Internal Audit Report of the Internal
Audit Department of Zavarovalnica Triglav d.d.
for 2019

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

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



Igor Stebernak
Chairman



Andrej Andoljšek
Vice Chairman



Nataša Damjanovič
Member



Žiga Škerjanec
Member



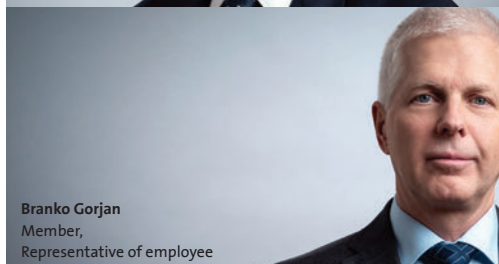
Mario Gobbo
Member



Milan Tomaževič
Member



Peter Celar
Member,
Representative of employee



Branko Gorjan
Member,
Representative of employee



Igor Zupan
Member,
Representative of employee

1. Introduction

Pursuant to Article 282 of the Companies Act and Article 69 of the Insurance Act, the Supervisory Board hereby presents its Report on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 (hereinafter: the report) and its Opinion on the Annual Internal Audit Report for 2019.

The findings are based on the supervision of operations of Zavarovalnica Triglav d.d. (hereinafter: the Company, the controlling company or the parent company) in 2019 and on the verification of the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019, including the report of the non-life insurance actuarial function holder and the life insurance actuarial function holder for 2019.

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

2. General information

The Supervisory Board and its committees in 2019

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

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

Audit Committee

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

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

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

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

Appointment and Remuneration Committee

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

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

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

The committee held eight meetings.

Strategy Committee

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

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

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

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

a) With regard to its core competences, the Supervisory Board in 2019:

- adopted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018, the Report by the Supervisory Board of

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

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

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

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

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

c) In addition, the Supervisory Board in 2019:

- approved the issue of a subordinated bond of Zavarovalnica Triglav d.d. and the acquisition of participating interests of Zavarovalnica Triglav, when the approval of the Supervisory Board for the decisions of the Management Board is required in accordance with the Rules of Procedure of the Supervisory Board;
- adopted fit and proper assessments of the candidates for members of the Management Board and the Management Board as a collective body;
- discussed the report of the Works Council of Zavarovalnica Triglav d.d.;
- approved the proposed candidate of the Audit Committee for the auditor for the 2019, 2020 and 2021 business years and formulated a proposal for the 44th General Meeting of Shareholders of Zavarovalnica Triglav for the appointment of the auditor of Zavarovalnica Triglav for the 2019, 2020 and 2021 business years;
- appointed Boštjan Koler an external member of the Nomination Committee;
- adopted amendments to the Rules of Procedure of the Supervisory Board of Zavarovalnica Triglav d.d., the Policy on Insurance Product Governance and Oversight, the Rules on Insurance Distribution, the Fit and Proper Policy for the Management Board and Supervisory Board Members of Zavarovalnica Triglav d.d.;
- performed other activities related to the supervision or work of the Supervisory Board or its committees.

The costs in connection with the Supervisory Board's work other than the remuneration paid to

its members and committees (disclosed in [→ *Section 5.5 Management and supervisory bodies and their remuneration in the Accounting Report*] and in [→ *Section 5.3.3.2 Supervisory Board in the Business Report*]), mostly included translation costs of materials for Supervisory Board's sessions and meetings of its committees, the costs of interpreting at its sessions and the rental costs of interpretation equipment, training costs of the members of the Supervisory Board and its committees, and the outsourced IT services for the Audit Committee. In 2019, these costs amounted to EUR 85 thousand.

4. Self-assessment

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

All members were involved in the work of the Supervisory Board and its committees. With their attendance at its sessions and active participation in discussions and decision-making, they contributed to the effective discharge of duties within the powers of the Supervisory Board and its committees. The work of the Supervisory Board is well managed and supported, whilst the frequency of its sessions is adequate. The Rules of Procedure of the Supervisory Board include the rules regulating potential conflicts of interest. The Supervisory Board amended these rules by incorporating the provisions of the Rules of Zavarovalnica Triglav d.d. on managing conflicts of interest pertaining to the Supervisory Board and its members. The Supervisory Board

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

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

The fit and proper criteria as set out in the Fit and Proper Policy for the Management Board and Supervisory Board Members of Zavarovalnica Triglav d.d. apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fit and proper assessments were made periodically by the Appointment and Remuneration Committee. The Supervisory Board as a collective body was assessed as fit and proper,

taking into account the adequate range of qualifications, knowledge and experience in view of the circumstances and requirements under which the Company operates.

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

The Supervisory Board believes that its composition in 2019 corresponded to the size, activities and set objectives of both Zavarovalnica Triglav d.d. and the Group. The proper composition enabled the Supervisory Board to make quality decisions.

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

5. Opinion of the annual internal audit report for 2019

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

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

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

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

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

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

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

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

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

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

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

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

The Triglav Group's financial stability, high capital adequacy and high profitability in 2019 were again confirmed by the two renowned rating agencies S&P Global Ratings and A.M. Best by assigning an »A« rating to the Group. Both credit ratings have a stable medium-term outlook.

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

- Report of the non-life insurance actuarial function holder for 2019,
- Report of the life insurance actuarial function holder for 2019,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019.

The Supervisory Board has no objection to the aforementioned reports.

7. Annual Report

The Management Board submitted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 to the Supervisory Board.

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

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

On the basis of a detailed verification, the Supervisory Board established that the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019, which was prepared by the Management Board and verified by a certified auditor, was compiled in a clear and transparent manner and that it was a true and fair presentation of the assets, liabilities, financial position, and profit or loss of the Triglav Group and Zavarovalnica Triglav d.d. The Supervisory Board is of the opinion that the Corporate Governance Statement, which is included in the Annual Report, is appropriate and has no objections to it.

In accordance with the aforementioned findings, the Supervisory Board expresses no objection to the positive opinion of the certified audit firm Deloitte revizija d.o.o., Ljubljana, which found that in all material respects the consolidated and stand-alone financial statements presented a true and fair presentation of the financial position of the Triglav Group and Zavarovalnica Triglav d.d. as at 31 December 2019, their profit or loss, comprehensive income and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as approved by the EU.

In view of the above, the Supervisory Board approves the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for the Year Ended 31 December 2019.

8. Proposal for the distribution of accumulated profit

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

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

Igor Stebernak,
Chairman of the Supervisory Board

Ljubljana, 30 March 2020

4. Strategy and plans of the Triglav Group

4.1 Mission, values and vision of the Triglav Group

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

Mission

Building a safer future.

Values

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

Vision of the Triglav Group

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

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

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



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

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

⁷ GRI GS 103-1, 103-2, 103-3



4.2.1. Implementation of the Triglav Group Strategy in 2019⁸

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

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

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



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

Purpose:

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

■ Profitable operations

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

■ Growth in business volume

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

■ Increased value of the Triglav Group

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

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

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

■ Comprehensive risk management and introduction of new business models

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

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

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

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

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

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

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



2. Client focus and development of related services

Purpose:

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

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

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

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

■ Increased client satisfaction and loyalty

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

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

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

■ Insurance products with a high degree of related services

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

■ The digital way of doing business and innovation

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



3. Developing cooperative and agile organisation and culture

Purpose:

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

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

■ Transformed organisational culture

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

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

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

■ Adequate competences and digital skills of employees

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

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

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

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

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

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

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

The credit rating agencies S&P Global Ratings and AM Best again confirmed the Group's **»A« credit rating with a stable medium-term outlook**, which confirms the Group's **strong financial stability, high capital adequacy and high profitability**. The achievement of the »A« credit rating is in line with the Group's strategy, thus enabling the Group to maintain an appropriate competitive position on insurance, reinsurance and financial markets. It also confirms the Group's financial strength and solid performance. See [→ *Section 6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav*] for more details.

4.4 Plans of the Triglav Group for 2020

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

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

Triglav Group Business Plan for 2020

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

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

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

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

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

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

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

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

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

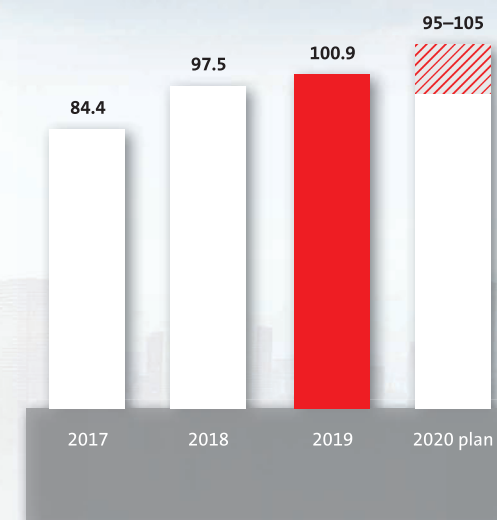
Financial highlights of the Triglav Group business plan for 2020 (in EUR million)

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

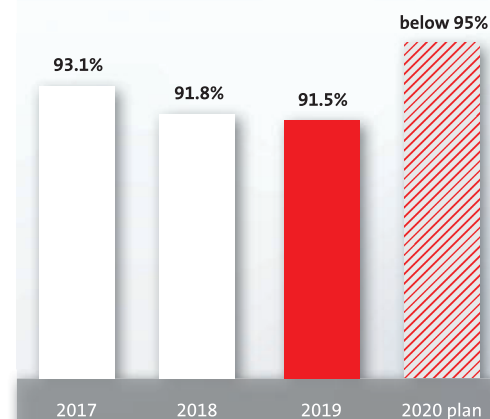
Disclaimer

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

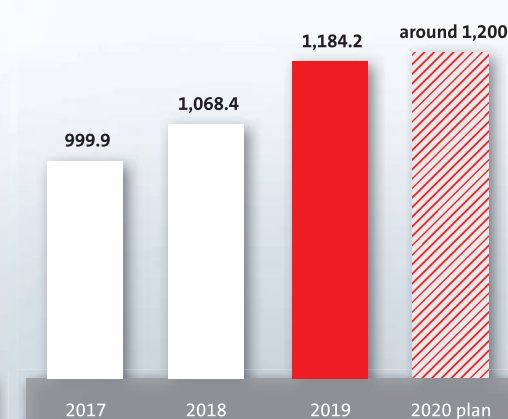
Planned net profit before tax of the Triglav Group for 2020 (in EUR million)



Planned combined ratio of the Triglav Group for 2020



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



5. Corporate Governance Statement

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

5.1 Governance policy

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

5.2 Statement of Compliance with the Slovene Corporate Governance Code¹⁰

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

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

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

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

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

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

Moreover, Zavarovalnica Triglav has its own code published on its official website (www.triglav.eu). This code presents Zavarovalnica Triglav's fundamental values and principles of operation in order to achieve its business objectives, strategic guidelines and competitive advantages in a fair and transparent manner and in compliance with the law and ethics.

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

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

Two-tier governance of Zavarovalnica Triglav

General Meeting of Shareholders



13,161
Shareholders
(31 December 2019)

Supervisory Board



9 members
4-year term of office

Management Board



6 members
5-year term of office

5.3 Management bodies of Zavarovalnica Triglav¹¹

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

5.3.1 General Meeting of Shareholders

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

The powers and operation of the General Meeting of Shareholders are set out in the Companies Act and the Articles of Association. The Articles of Association do not set out any specific provisions regarding their amendment.

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

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

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

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

In accordance with the Financial Instruments Market Act, the following three shareholders of Zavarovalnica Triglav hold a qualifying holding (as at 31 December 2019):

- Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Institute of Pension and Invalidity Insurance of Slovenia; hereinafter: ZPIZ) is the direct holder of 7,836,628 shares or 34.47% of the share capital of Zavarovalnica Triglav. Its share in 2019 remained unchanged. On behalf of and for the account of ZPIZ, the shareholder's rights attached to the shares were managed by Slovenski državni holding d.d. (hereinafter: SDH).
- SDH is the direct holder of 6,386,644 shares or 28.09% of the share capital of Zavarovalnica Triglav. Its stake remained unchanged in 2019.
- Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, held 1,494,061 shares or 6.57% of the share capital of Zavarovalnica Triglav, representing an increase of 5,252 shares over the 2018 year-end.

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

General Meeting of Shareholders in 2019

Zavarovalnica Triglav's shareholders met once, i.e. on 28 May 2019, at the 44th General Meeting of Shareholders. The total number of shares and voting rights represented at the General Meeting of Shareholders was 18,070,174 or 79.57% of all shares to which the voting rights are attached. The General Meeting of Shareholders was briefed on:

- Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018,
- opinion given by the audit firm,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2018,
- Report of the Supervisory Board of Zavarovalnica Triglav d.d. on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018 and
- Opinion of the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2018.

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

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

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

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

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

5.3.2 Management Board

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

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

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

Composition and appointment of the Management Board

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

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

The appointment and dismissal of an individual or all Management Board members is proposed to the Supervisory Board by the President of the

Management Board. Any individual member or President of the Management Board may be dismissed by the Supervisory Board if legal grounds for their dismissal have been established.

5.3.2.1 Management Board's powers to increase the share capital

In accordance with the Company's Articles of Association, the Management Board is authorised to increase the share capital of Zavarovalnica Triglav by up to EUR 14,740,278.36 by issuing new shares for cash contributions within five years of 2 June 2016. The issue of new shares, the amount of capital increase, the rights attached to the new shares and the conditions for issuing new shares are decided upon by the Company's Management Board with the consent of the Supervisory Board. Following a share capital increase, the Supervisory Board is authorised to amend the Company's Articles of Association.

5.3.2.2 Presentation of the Management Board, its functioning and powers

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

The proposal for his appointment took into account the Diversity Policy adopted by the Management Board and the Supervisory Board. Its objectives are to ensure complementarity and diversity in the Management Board by taking into account various qualifications, experience and knowledge defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., gender balance and representation of various age groups.

Composition of the Management Board in 2019¹²

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

Data on the remuneration of the Management Board members are disclosed in [→ *Section 5.5 of the Accounting Report of the Annual Report*]. The basis for the remuneration of the Management Board is the Remuneration Policy of Zavarovalnica Triglav d.d., which is based on Directive 2009/138/EC – Solvency II, as amended by Directive 2012/23/EU, and Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC.

The Remuneration Policy of Zavarovalnica Triglav d.d. is designed to ensure the Company's appropriate capital strength, to encourage reliable and effective risk management while not promoting the assumption of risks exceeding the allowed risk limits, and to provide for the acquisition and retention of appropriately professionally qualified, responsible and engaged employees. The Policy serves as a foundation for implementing a robust and reliable governance system and ensures business integrity and transparency.

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

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

* The disclosure does not include travel expenses, accommodation costs and daily allowance as, by their nature, they are not considered remuneration of the Management Board.

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

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

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

5.3.3 Supervisory Board

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

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

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

In assessing the composition and performance of the Supervisory Board as a whole along with a diverse gender and age structure, the Supervisory Board takes into account diversity in such a manner that all members possess the relevant knowledge, skills and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

The General Meeting of Shareholders may dismiss any elected Supervisory Board member before the expiry of their term of office, while each Supervisory Board member may resign from their position under the conditions and in the manner laid down by the Articles of Association.

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

5.3.3.1 Powers of the Supervisory Board

The powers and operation of the Supervisory board are set out by the applicable legislation, the Company's Articles of Association and the Rules of Procedure of the Supervisory Board (available at www.triglav.eu). Besides the powers specified in the Companies Act and the Insurance Act, the Supervisory Board has the power to give consent to

the decisions of the Management Board where the value or an investment exceeds the amount set out in the Rules of Procedure of the Supervisory Board, i.e., in the event of:

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

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

5.3.3.2 Supervisory Board in 2019

Composition of the Supervisory Board in 2019¹³

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

External members of Supervisory Board committees in 2019

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

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

Data on the remuneration of the Supervisory Board members are disclosed in [[→ Section 5.5 of the Accounting Report of the Annual Report](#)]. Remuneration of the Supervisory Board members was in line with the resolution passed by the 41st General Meeting of Shareholders of Zavarovalnica Triglav.

¹³ GRI GS 405-1

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

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

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

5.3.3.3 Composition of Supervisory Board Committees and their activities in 2019

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

Audit Committee

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

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

Supervisory Board Committees

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

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

Appointment and Remuneration Committee

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

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

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

Strategy Committee

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

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

Nomination Committee

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

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

5.4 1.1 Governance and management of subsidiaries¹⁴

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

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

The governance of the Group's subsidiaries is implemented as corporate governance by actively exercising the management rights in compliance with the law applicable to individual subsidiaries and their internal regulations. Corporate governance includes business management with mechanisms for effective business supervision and cooperation in all business segments, harmonisation of business standards and mutual information of the Group's subsidiaries. This approach also includes business and professional coordination of activi-

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

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

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

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

¹⁴ GRI GS 102-10, GS 102-18

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

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

5.5 External and internal audit

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

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

5.6 Internal controls and risk management in relation to financial reporting¹⁵

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

The characteristics and operation of the risk management system is discussed in detail in [[→ Section 1. Risk management](#)]. The internal control system was set up in all organisational levels, units and processes of the Triglav Group and includes:

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

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

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

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

5.7 Notes on the takeover legislation

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

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

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

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

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

Zavarovalnica Triglav has no employee share scheme.

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

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

Andrej Slapar
President of the Management Board

Uroš Ivanc
Member of the Management Board

Tadej Čoroli
Member of the Management Board

Barbara Smolnikar
Member of the Management Board

David Benedek
Member of the Management Board

Marica Makoter
Member of the Management Board

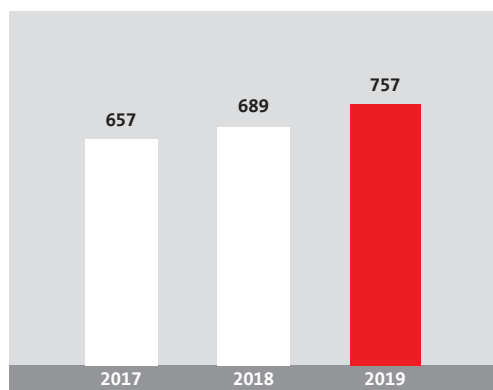
6. The share and shareholders of Zavarovalnica Triglav

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

6.1 Share of Zavarovalnica Triglav

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

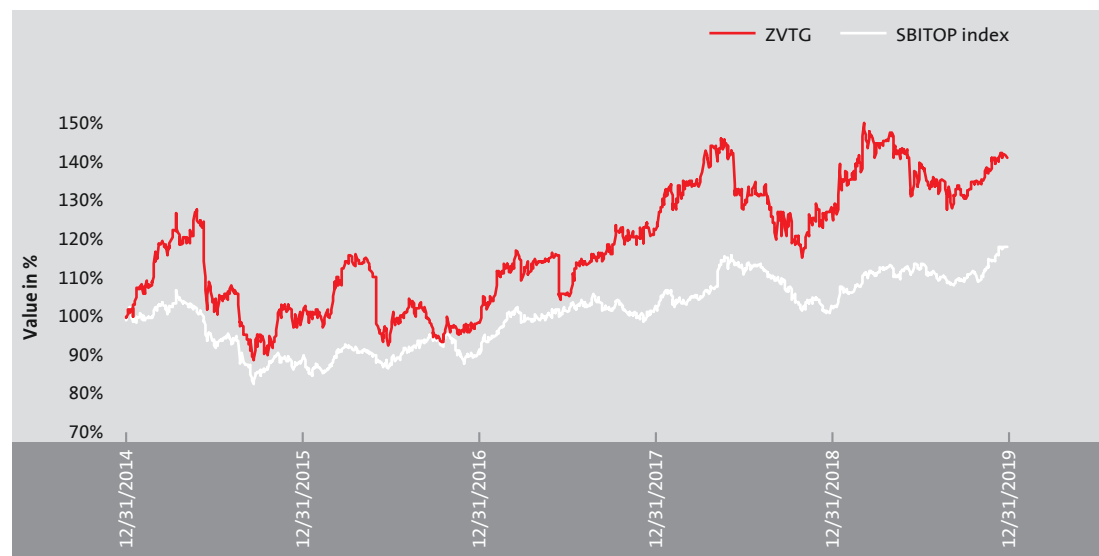
Market capitalisation of Zavarovalnica Triglav (in EUR million)



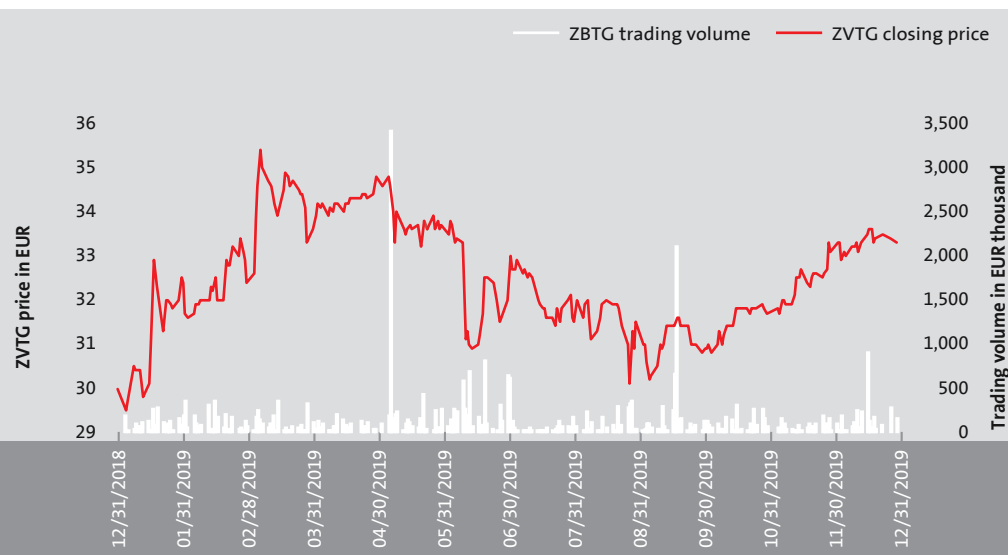
According to the available data, ZVTG share is included in **13 indices**, owned by MSCI, STOXX and S&P and the Ljubljana, Vienna, Zagreb and Warsaw stock exchanges. In 2019, ZVTG share was included in two new regional indices – the ADRIA Prime total return index and the CEEplus index. The ADRIA Prime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

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

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



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

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

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

6.2 Equity

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

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

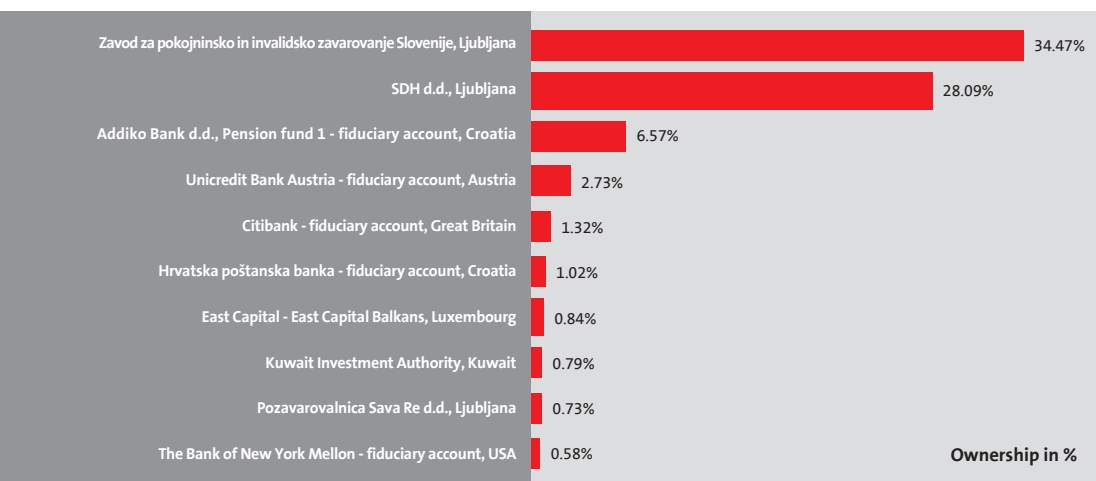
- the acquisition of shares of an insurance undertaking by which a person acquires or exceeds a qualifying holding (i.e. a direct or indirect holding of shares or other rights that gives the holder a minimum 10% share of voting rights or capital, or that gives the holder a share of voting rights or capital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

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

6.3 Shareholder structure¹⁶

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

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



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

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

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

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

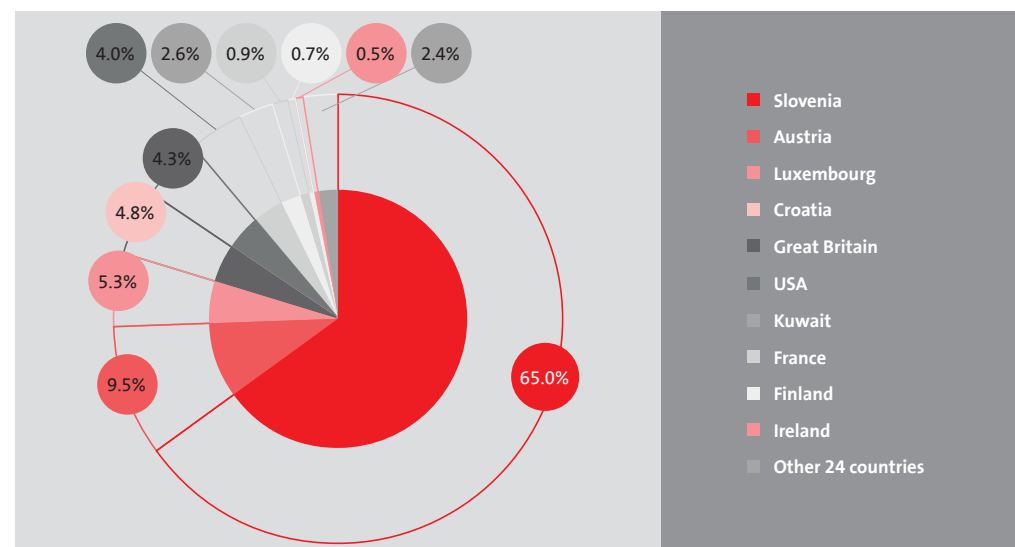
Shareholder structure of Zavarovalnica Triglav as at 31 December 2019

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

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

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

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



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

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

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

6.4 Dividend and dividend policy

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

Dividend payments for the business years 2016–2019

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

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

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

6.5 Investor relation management¹⁷

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

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

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

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

Information for shareholders:

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

6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav

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

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

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

Credit ratings of Zavarovalnica Triglav since 2008

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

6.7 Bonds of Zavarovalnica Triglav

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

Bonds of Zavarovalnica Triglav

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

7. Performance of the Triglav Group and Zavarovalnica Triglav

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

7.1 The general economic environment worldwide and in Slovenia

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

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

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

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

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

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

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

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

7.2 Environmental impact on the performance of the Triglav Group¹⁸

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

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

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

7.3 Global insurance market

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

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

7.4.1 South-East Europe

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

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

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

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

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

Source: IMF, World Economic Outlook, October 2019

* Agency for Statistics of Montenegro (Q3 2019)

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

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

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

* Q1-3 2019 data

** H1 2019 data

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

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

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

Premium
per capita
(2018 data)
1,133
EUR

Premium as a
percentage of GDP
(2018 data)
5.1
percent

Insurance market
growth index
in 2019
108.2

Source: Slovenian Insurance Association

7.4.1.1 Slovene insurance market

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

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

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

There were 9 composite and 10 specialised insurers (life, health and non-life insurance) operating in Slovenia. These data exclude direct insurance transactions of the insurers from other EU Member States (foreign-owned subsidiaries – FOS). Even though their share is growing, it is still negligible. Zavarovalnica Triglav directly operates in all 28 EU Member States.



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

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

Source: Swiss RE, SIGMA 3/2019

* Data for Slovenia: Slovenian Insurance Association



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

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

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

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

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

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

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

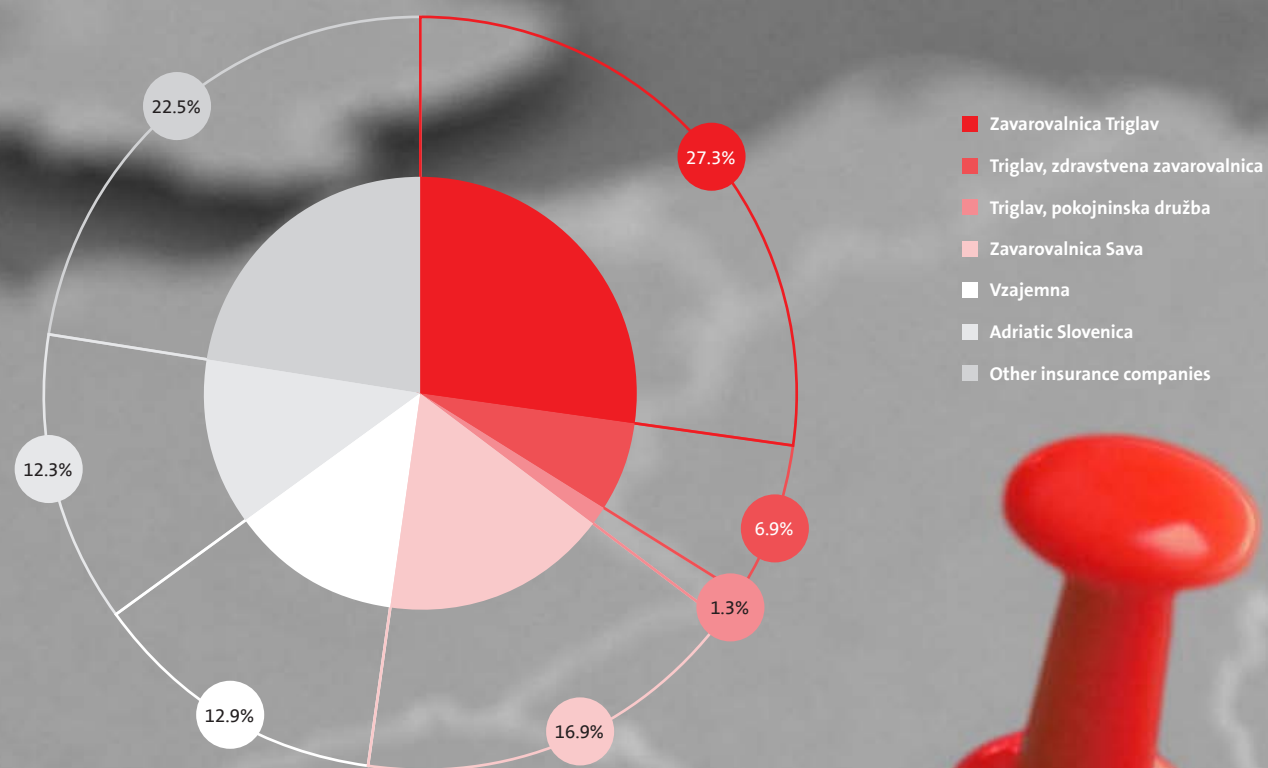
The market share of **Triglav, Zdravstvena zavarovalnica**:

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

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

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

The market share of insurance companies in Slovenia in 2019



Premium
per capita

(2018 data)

324
EURPremium as a
percentage of GDP

(2018 data)

2.6
percentInsurance market
growth index
in 2019

107.0

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

7.4.1.2 Croatia

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

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

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



Insurance market

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

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

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



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

Premium
per capita

(2018 data)

119
EURPremium as a
percentage of GDP

(2018 data)

1.9
percentInsurance market
growth index
in Q1-3 2019

105.9

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

7.4.1.3 Serbia

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

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

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



Insurance market

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

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

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



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

Premium
per capita

(2018 data)

140
EURPremium as a
percentage of GDP

(2018 data)

1.9
percentInsurance market
growth index
in 2019

109.1

Source: Insurance Supervision
Agency of Montenegro

7.4.1.4 Montenegro

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

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

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



Insurance market

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

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

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



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

Premium
per capita

(2018 data)

103
EURPremium as a
percentage of GDP

(2018 data)

2.2
percentInsurance market
growth index
in H1 2019

106.7

Source: FBiH Insurance
Supervision Agency,
RS Insurance Agency

7.4.1.5 Bosnia and Herzegovina

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

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

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

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



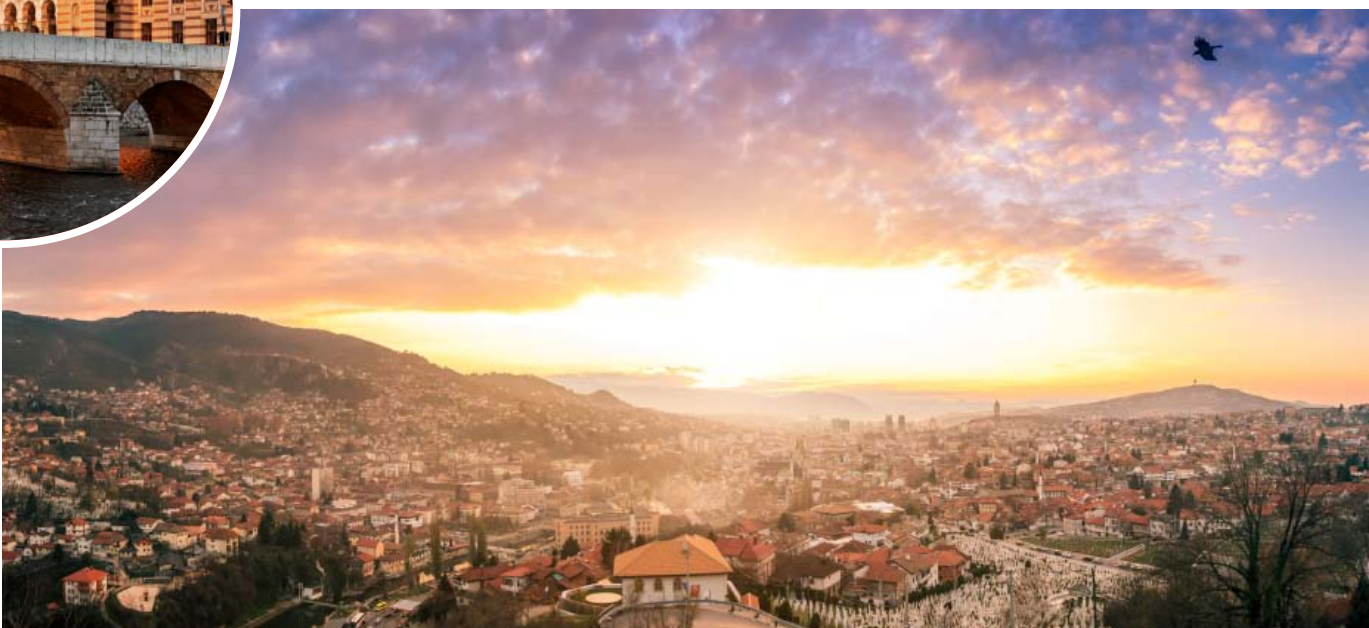
Insurance market

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

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

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

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



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

Premium
per capita

(2018 data)

78
EURPremium as a
percentage of GDP

(2018 data)

1.5
percentInsurance market
growth index
in 2019

106.6

Source: Insurance Supervision
Agency of North Macedonia

7.4.1.6 North Macedonia

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

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

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



Insurance market

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

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



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

7.5 Gross written insurance, co-insurance and reinsurance premiumus

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

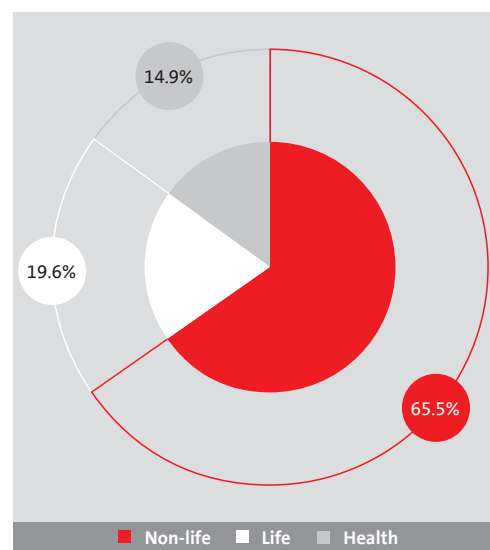
- **non-life insurance:** EUR 775.5 million (index 110),
- **life and pension insurance:** EUR 231.9 million (index 104),
- **health insurance:** EUR 176.7 million (index 123).

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

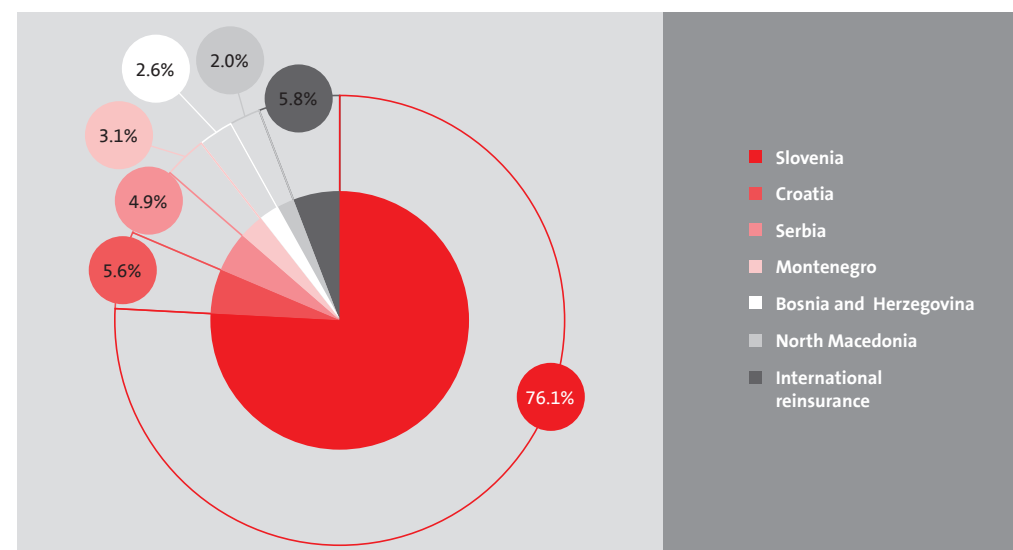
- non-life insurance: a 65.5% share (compared to 65.7% in 2018),
- life and pension insurance: a 19.6% share (compared to 20.8% in 2018),
- health insurance: a 14.9% share (compared to 13.5% in 2018).

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

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



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



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

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

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

+11%
Consolidated
gross written
premium of
the Triglav Group

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

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

* The data already include pre-consolidation adjustments.

7.5.1 Non-life insurance

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

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

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

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

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

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

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

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

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

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

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

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

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

7.5.2 Life and pension insurance

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

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

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

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

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

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

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

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

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

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

7.5.3 Gross written reinsurance premium of Pozavarovalnica Triglav Re

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

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

7.6 Gross claims paid

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

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

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

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

* The data already include pre-consolidation adjustments.

+5%
Consolidated
gross claims
of the
Triglav Group

7.6.1 Non-life insurance

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

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

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

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

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

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

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

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

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

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

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

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

7.6.2 Life and pension insurance

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

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

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

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

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

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

Insurance class	Gross claims paid			Index		Share
	2019	2018	2017	2019/2018	2018/2017	2019
Accident insurance	23,673,861	23,608,780	23,019,389	100	103	3.5%
Health insurance	143,785,330	121,356,577	106,519,452	118	114	21.0%
Comprehensive car insurance	98,799,095	93,863,228	87,626,067	105	107	14.4%
Real property insurance	91,798,667	111,847,394	84,422,815	82	132	13.4%
Motor liability insurance	95,003,851	93,438,289	87,670,650	102	107	13.9%
General liability insurance	17,589,035	18,430,832	14,880,210	95	124	2.6%
Credit insurance	6,012,228	3,881,949	2,871,513	155	135	0.9%
Other non-life insurance	21,731,247	23,186,370	18,996,651	94	122	3.2%
Non-life insurance	498,393,314	489,613,419	426,006,747	102	115	72.7%
Life insurance	109,763,192	92,472,985	91,119,134	119	101	16.0%
Unit-linked life insurance*	71,885,180	75,211,711	96,537,828	96	78	10.5%
Capital redemption insurance	5,050,338	5,885,491	5,365,889	86	110	0.7%
Life and pension insurance	186,698,710	173,570,187	193,022,851	108	90	27.3%
Total	685,092,024	663,183,606	619,029,598	103	107	100.0%

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

Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid			Index		Share
	2019	2018	2017	2019/2018	2018/2017	2019
Accident insurance	13,732,622	13,893,520	13,035,715	99	107	3.2%
Health insurance	252,787	141,362	20,464	179	691	0.1%
Comprehensive car insurance	81,388,346	78,121,265	73,168,562	104	107	19.1%
Real property insurance	68,522,847	79,094,590	67,908,280	87	116	16.1%
Motor liability insurance	63,861,193	61,265,319	57,003,661	104	107	15.0%
General liability insurance	15,188,764	16,915,196	13,194,829	90	128	3.6%
Credit insurance	5,217,685	3,701,849	2,660,748	141	139	1.2%
Other non-life insurance	17,220,406	19,114,790	13,427,908	90	142	4.0%
Non-life insurance	265,384,650	272,247,891	240,420,167	97	113	62.4%
Life insurance	96,566,196	81,883,672	82,932,299	118	99	22.7%
Unit-linked life insurance	58,203,197	60,985,528	82,587,169	95	74	13.7%
Capital redemption insurance	5,050,338	5,885,491	5,365,889	86	110	1.2%
Life and pension insurance	159,819,731	148,754,691	170,885,357	107	87	37.6%
Total	425,204,381	421,002,582	411,305,524	101	102	100.0%

7.6.3 Gross claims paid of Pozavarovalnica Triglav Re

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

7.7 Gross operating expenses

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

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

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

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

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

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

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

Gross operating expenses of the Triglav Group by nature

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

Gross operating expenses of Zavarovalnica Triglav by nature

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

7.8 Risk equalisation

7.8.1 Insurance technical provisions

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

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

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

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

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

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

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

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

7.8.2 Reinsurance

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

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

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

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

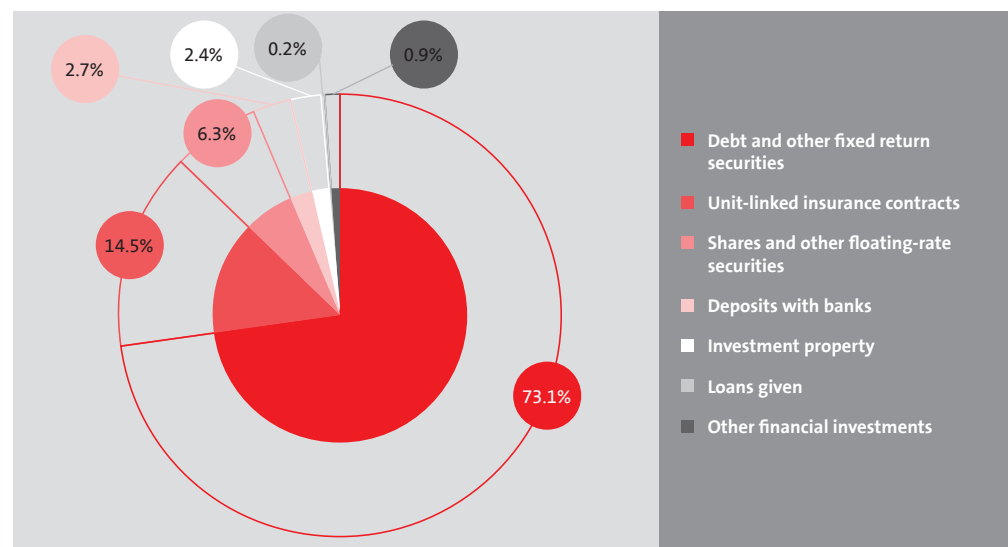
The Triglav Group continues to pursue a somewhat conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. The key objective is to maintain a high overall rating of the whole investment portfolio. The structure of the portfolio remains similar to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

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

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

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

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



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

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

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

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

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

Unit-linked life insurance contract investments data are excluded.

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

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

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

Unit-linked life insurance contract investments data are excluded.

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

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

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

Unit-linked life insurance contract investments data are excluded.

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

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

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

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

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

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

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

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

7.10 Investment in own-use real property and equipment

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

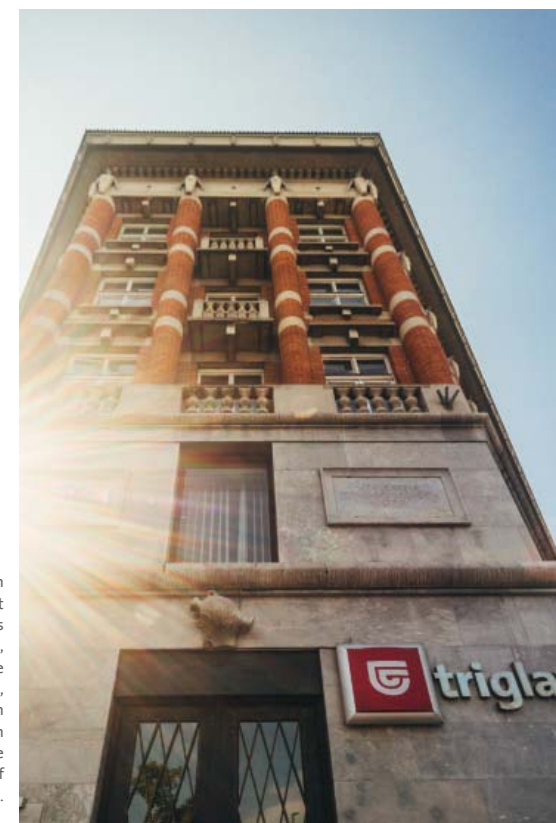
The value of own-use property is increased through active management. Such property was intensively renovated in 2019 in order to make the best use of the existing capacity and achieve high standards that are in line with advanced technological and functional guidelines as well as with the Group's sustainable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

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

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

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

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



7.11 Asset management

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

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

Asset management market

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

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

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

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

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

8. Financial result of the Triglav Group and Zavarovalnica Triglav

+4%

Consolidated
profit before tax
of the
Triglav Group

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

8.1 The Triglav Group

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

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

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

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

8.1.1 Premium earned, claims incurred and operating expenses

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

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

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

8.1.2 Income and expenses from financial assets

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

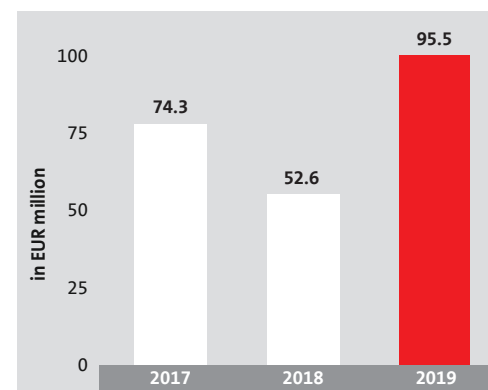
Expenses from investments, including expenses from investments in associates, decreased by 63% and reached EUR 24.7 million. Expenses from investments in associates amounted to EUR 733 thousand and expenses from investments totalled EUR 24.0 million (index 36). Losses on disposals amounted to EUR 9.8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

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

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

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

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



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

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

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

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

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

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

Financial result ratios of the Triglav Group

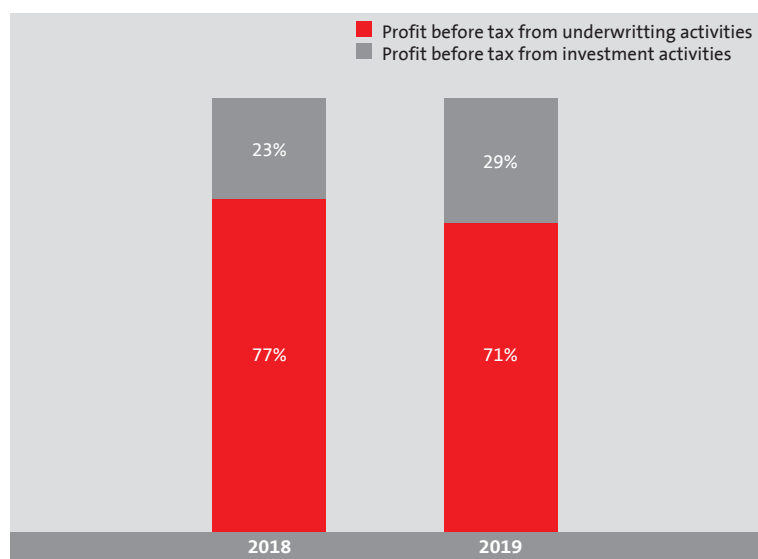
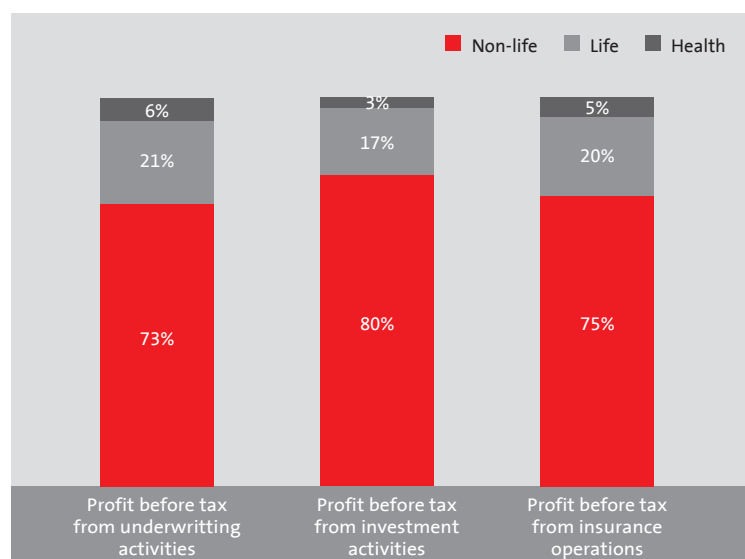
Financial result ratios	2019	2018	2017
Loss ratio	63.2%	62.5%	64.0%
Expense ratio	28.3%	29.3%	29.0%
Combined ratio	91.5%	91.8%	93.1%
Operating expenses of insurance business in gross written premiums	23.2%	24.5%	24.8%
Gross written premium per company employee* (in EUR)	260,516	237,579	224,171

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

Structure of profit before tax of the Triglav Group*

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

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

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

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

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

8.2 Zavarovalnica Triglav

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

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

8.2.1 Premium earned, claims incurred and operating expenses

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

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

sions of EUR –16.9 million (index 73).

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

8.2.2 Income and expenses from financial assets

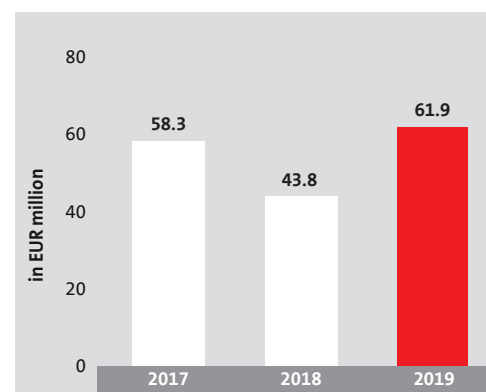
Income from investments, including income from investments in associates, increased by 116% and reached EUR 145.2 million. Income from investments in associates totalled EUR 3.6 million, a decrease of 31%, mainly as a result of lower dividends paid. Income from investments climbed by 129% to EUR 141.5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

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

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

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

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



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

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

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

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

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

Income statement of Zavarovalnica Triglav for 2019 – according to IFRS

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

Financial result ratios of Zavarovalnica Triglav

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

9. Financial position of the Triglav Group and Zavarovalnica Triglav

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

9.1 The Triglav Group

9.1.1 Equity and liabilities

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

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

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

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

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

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

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

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

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

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

9.1.2 Assets

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

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

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

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

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

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

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

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

Financial position ratios of the Triglav Group

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

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

	31 December 2019	31 December 2018	Index	Share 2019	Share 2018
ASSETS	3,936,999,820	3,645,277,487	108	100.0%	100.0%
Intangible assets	101,725,725	84,060,048	121	2.6%	2.3%
Property, plant and equipment	114,072,290	113,296,053	101	2.9%	3.1%
Non-current assets held for sale	4,164,221	2,067,399	201	0.1%	0.1%
Deferred tax assets	12,462,082	12,893,732	97	0.3%	0.4%
Investment property	79,921,480	89,840,456	89	2.0%	2.5%
Right of use assets	10,937,925	0	0	0.3%	0.0%
Investments in associates	13,154,379	14,125,973	93	0.3%	0.4%
- accounted for using the equity method	13,154,379	14,125,973	93	0.3%	0.4%
Financial investments	2,740,030,952	2,588,904,297	106	69.6%	71.0%
- loans and deposits	112,578,151	138,857,972	81	2.9%	3.8%
- held to maturity	186,109,072	196,773,185	95	4.7%	5.4%
- available for sale	1,826,940,416	1,802,568,767	101	46.4%	49.4%
- recognised at fair value through profit and loss	614,403,313	450,704,373	136	15.6%	12.4%
Unit-linked insurance assets	482,031,288	402,515,770	120	12.2%	11.0%
Reinsurers' share of technical provisions	102,747,806	85,920,499	120	2.6%	2.4%
Receivables	194,235,748	178,654,878	109	4.9%	4.9%
- receivables from direct insurance operations	105,459,829	96,601,328	109	2.7%	2.7%
- receivables from reinsurance and co-insurance operations	57,989,502	51,299,903	113	1.5%	1.4%
- current tax receivables	1,281,349	579,645	221	0.0%	0.0%
- other receivables	29,505,068	30,174,002	98	0.7%	0.8%
Other assets	5,646,149	5,396,722	105	0.1%	0.1%
Cash and cash equivalents	75,869,775	67,601,660	112	1.9%	1.9%
<i>Off balance sheet items</i>	<i>205,911,992</i>	<i>251,429,127</i>	<i>82</i>		
EQUITY AND LIABILITIES	3,936,999,820	3,645,277,487	108	100.0%	100.0%
Equity	791,951,788	746,862,805	106	20.1%	20.5%
Controlling interests	789,526,123	744,566,806	106	20.1%	20.4%
- share capital	73,701,392	73,701,392	100	1.9%	2.0%
- share premium	50,276,637	50,206,540	100	1.3%	1.4%
- reserves from profit	354,734,274	334,121,464	106	9.0%	9.2%
- treasury share reserves	364,680	364,680	100	0.0%	0.0%
- treasury shares	-364,680	-364,680	100	0.0%	0.0%
- fair value reserve	84,099,924	66,237,889	127	2.1%	1.8%
- net profit brought forward	165,896,170	142,483,579	116	4.2%	3.9%
- net profit for the year	63,404,824	80,533,643	79	1.6%	2.2%
- currency translation differences	-2,587,098	-2,717,701	95	-0.1%	-0.1%
Non-controlling interests	2,425,665	2,295,999	106	0.1%	0.1%
Subordinated liabilities	64,847,293	15,462,711	419	1.6%	0.4%
Insurance technical provisions	2,393,927,336	2,310,503,061	104	60.8%	63.4%
- unearned premiums	332,510,935	300,166,946	111	8.4%	8.2%
- mathematical provisions	1,404,439,748	1,357,233,017	103	35.7%	37.2%
- claims provisions	615,398,744	614,943,915	100	15.6%	16.9%
- other insurance technical provisions	41,577,909	38,159,183	109	1.1%	1.0%
Insurance technical provisions for unit-linked insurance contracts	484,942,835	402,598,039	120	12.3%	11.0%
Employee benefits	15,873,046	14,804,574	107	0.4%	0.4%
Other provisions	2,750,400	1,919,555	143	0.1%	0.1%
Deferred tax liabilities	22,516,692	17,203,576	131	0.6%	0.5%
Other financial liabilities	1,864,413	5,620,904	33	0.0%	0.2%
Operating liabilities	66,872,331	54,792,055	122	1.7%	1.5%
- liabilities from direct insurance operations	21,558,544	19,717,929	109	0.5%	0.5%
- liabilities form reinsurance and co-insurance operations	41,548,913	30,465,655	136	1.1%	0.8%
- current tax liabilities	3,764,874	4,608,471	82	0.1%	0.1%
Lease liabilities	10,915,678	0	0	0.3%	0.0%
Other liabilities	80,538,008	75,510,207	107	2.0%	2.1%
<i>Off balance sheet items</i>	<i>205,911,992</i>	<i>251,429,127</i>	<i>82</i>		

9.2 Zavarovalnica Triglav

9.2.1 Equity and liabilities

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

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

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

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

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

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

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

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

9.2.2 Assets

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

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

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

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

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

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

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

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

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

10. Cash flow statement

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

10.1 The Triglav Group

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

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

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

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

Summary cash flow statement of the Triglav Group

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

10.2 Zavarovalnica Triglav

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

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

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

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

Summary cash flow statement of Zavarovalnica Triglav

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

11. Development and sales activities

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

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

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

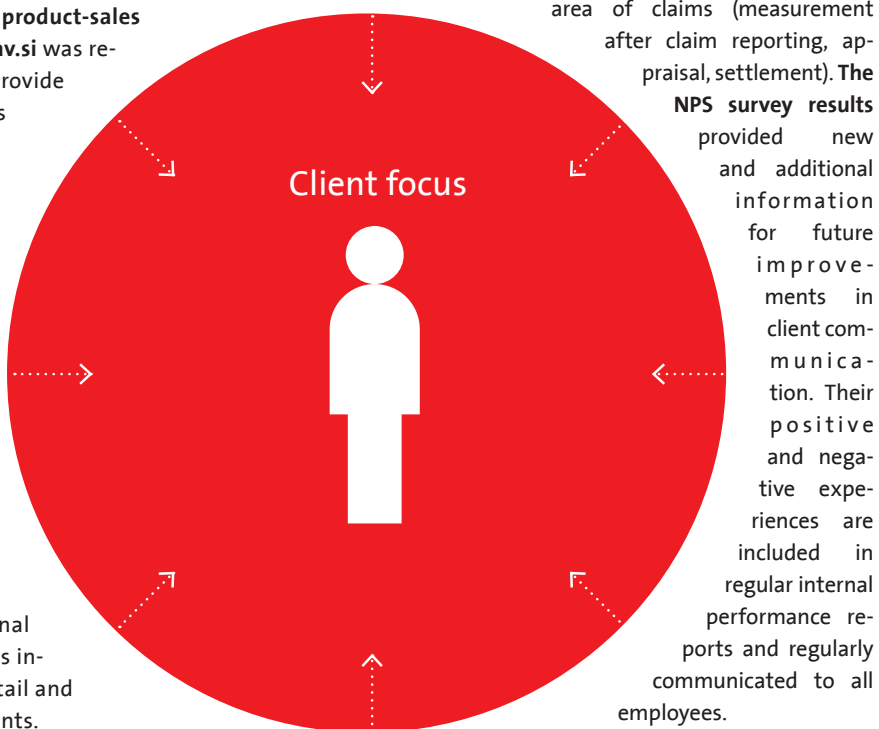
The development activities presented below are managed interdisciplinarily from the parent company, with the constructive cooperation of all Group members. Technological solutions (digital platforms, artificial intelligence) are employed to simplify the understanding of products, tailor them to clients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

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

11.1 Comprehensive client relationship

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

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



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

Understanding client needs and the ability to anticipate their future needs and expectations is one of the Group's core strategic guidelines. Client focus was achieved through improved cooperation between sales channels. It was examined how to make clients aware of the importance of insurance, and suggestions were made how to better tailor insurance products to clients.

Advanced methodology was used to strengthen client relationships and, based on the feedback obtained, communication activities were improved and more appropriate communication tools were selected. In the Net Promoter Score (NPS) survey for the insurance industry, the scope of client points of contact was expanded in the area of claims (measurement after claim reporting, appraisal, settlement). The NPS survey results provided new and additional information for future improvements in client communication. Their positive and negative experiences are included in regular internal performance reports and regularly communicated to all employees.

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

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

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



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

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

Omni-channel sales approach and expansion of digital channels

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

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

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

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

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

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

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

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

Omni-channel client approach



Business digitalisation

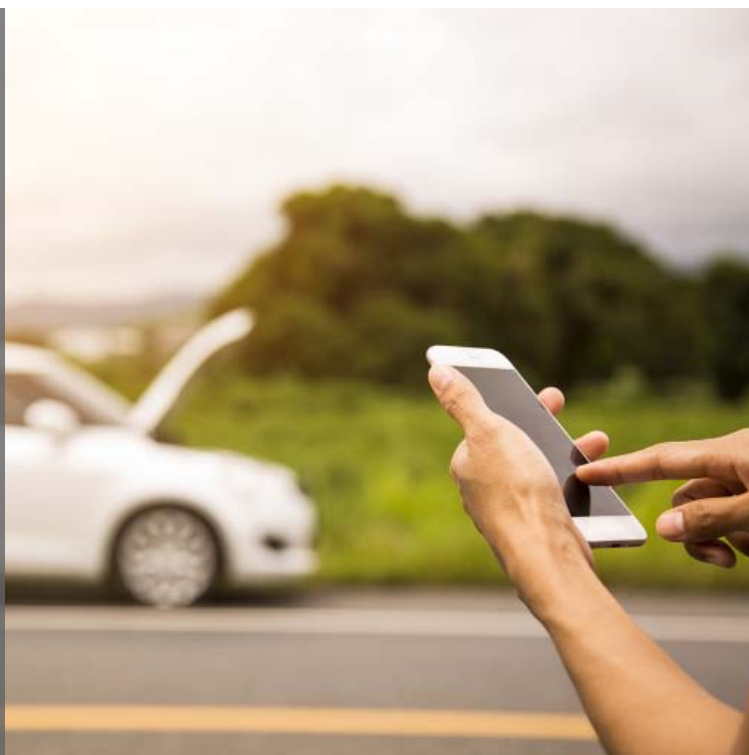
With the expansion of digital technology solutions, the Company is improving, **updating and upgrading the processes of taking out and processing insurance and settling claims**. In 2019, processes were upgraded by implementing remote electronic signing and electronic delivery of insurance documentation.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

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

The Company devoted special attention to promoting the

use of mobile services

in reporting and monitoring the settlement of claims.



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

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

Product upgrade and development

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

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

Product upgrade and development highlights:

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

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

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

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

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

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

Development and new forms of partnerships

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

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

Activities on Triglav Group markets outside Slovenia

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

Edvard König and the EKWB team of over 120 employees

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



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

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

Highlights of individual markets of the Group are as follows:

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

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

On all markets:

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

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

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

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

11.2 Business transformation of the Triglav Group

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

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

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

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

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

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

11.3 Efficient asset management in the Triglav Group

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

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

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

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

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

11.4 Development of a modern culture and engaged employees

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

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

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

11.5 Marketing activities

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

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

Brand management and marketing communications

The reputation of the Triglav brand and the Triglav Group, clients' loyalty and relationships with them are built using an in-depth knowledge of clients' behaviour and needs, together with examining upcoming trends. Brand strength is increased by applying a comprehensive approach to branding at corporate (i.e. at the Group level) and product levels (i.e. at the level of individual products, product groups and services). In addition, brand identity is implemented on all target markets.

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

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



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

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

Assessment of effectiveness and market research

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

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

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

Zavarovalnica Triglav is one of the most reputable brands on the Slovene market. It ranks among the top five brands in terms of reputation on markets outside Slovenia, which is a significant achievement. The Group members are recognised as reputable companies with a distinctive, transparent style of communication with their clients. The Group is known well for its comprehensive range of insurance products and efficient claim settlement, including the payment of indemnities and benefits.

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

Product campaigns

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



triglav.si

triglav



triglav

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

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

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

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

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

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

Corporate identity building

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

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

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

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

11.6 Adjustment to the regulatory changes

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

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

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

Statement on non-financial reporting

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

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

About the report²³

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

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

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

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

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

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

Andrej Slapar
President of the Management Board

Uroš Ivanc
Member of the Management Board

Tadej Čoroli
Member of the Management Board

Barbara Smolnikar
Member of the Management Board

David Benedek
Member of the Management Board

Marica Makoter
Member of the Management Board

12. Sustainable development at the Triglav Group

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

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

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

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

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

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

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

Achievement of United Nations Sustainable Development Goals (SDGs)

1

NO
POVERTY

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

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

See sections 11.1 and 12.5. for more information.

2

ZERO
HUNGER

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

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

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

3

GOOD HEALTH
AND WELL-BEING

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

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

8

DECENT WORK AND
ECONOMIC GROWTH

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

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

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

See Section 12.4.4 for more information.

9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

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

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

13

CLIMATE
ACTION

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

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

15

LIFE
ON LAND

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

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

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

16

PEACE, JUSTICE
AND STRONG
INSTITUTIONS

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

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

Commitments to external initiatives²⁷ and membership of associations²⁸

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

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

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



Awards and prizes in 2019

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

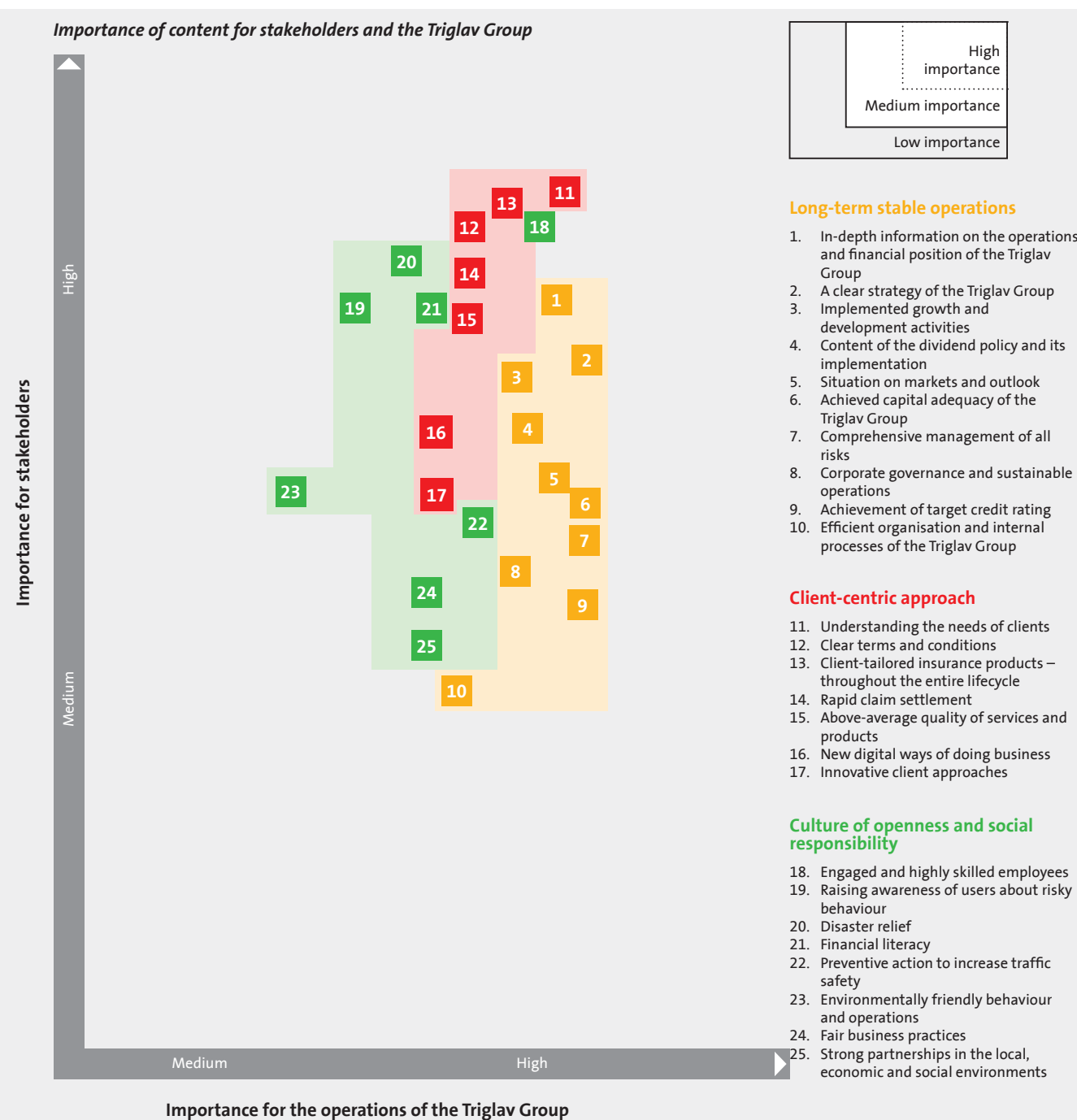
12.2 Key stakeholders²⁹

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



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

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



Highlighted topics and methods of stakeholder engagement

Stakeholders	Material topics/interest	Engagement method
Clients/policyholders	<ul style="list-style-type: none"> Understanding the needs of clients Rapid claim settlement Innovative financial/insurance products and services Client-tailored insurance products – throughout the entire lifecycle Profitability in economic stability of the insurance company Clear terms and conditions Quality insurance and financial products and services Quality of a broad range of assistance services Socially and environmentally responsible operations of the company Financial literacy New digital ways of doing business and an easy-to-use online presentation of products/services Raising awareness of users about risky behaviour 	<ul style="list-style-type: none"> Personal contact with insurance experts, asset managers Detection of complaints and praise and responding thereto Email Telephone conversations Opinion polls and surveys Websites, blogs and e-newsletters Social networks Mobile applications Marketing communication
Employees	<ul style="list-style-type: none"> Internal culture of cooperation Rewarding of performance Personal and professional development Career advancement system Information about important milestones and changes in the Company Business strategy Work-life balance Education and additional training Safety and health at work Employee loyalty 	<ul style="list-style-type: none"> Management participation (the works council, trade unions, employee representatives in the supervisory boards) Career development and training system Measurement of organisational vitality Opinion polls and surveys Triglav.smo programme In-house print and online media In-house events, professional training, sports and recreational events Personal contact Email Telephone conversations
Shareholders/investors	<ul style="list-style-type: none"> Clear business strategy In-depth information on the operations, financial position and plans of the Group Financial efficiency, capital adequacy Implemented growth and development activities Dividend policy and return Situation on markets and outlook Comprehensive management of all risks Corporate governance and sustainable operations Achievement of target credit rating Efficient organisation and internal processes within the Group 	<ul style="list-style-type: none"> General Meetings of Shareholders Sessions of the Supervisory Board and its committees Public announcements on the Ljubljana Stock Exchange SEOnet online portal Corporate website Presentation for Investors Investor conferences, individual meetings, conference calls Email Opinion polls and surveys
State and supervisory bodies	<ul style="list-style-type: none"> Ensuring capital adequacy Safety of policyholders and/or users of insurance services Efficient risk management system Compliance of operations and insurance and financial services and products Complying with all obligations of a public company Responsible and sustainable operations 	<ul style="list-style-type: none"> Regulatory reporting (to the Insurance Supervision Agency, the Securities Market Agency) Regular reviews by inspection and supervisory bodies Audits by certified auditors
Suppliers	<ul style="list-style-type: none"> Long-term cooperation Reliable and timely payments Upgrading the existing cooperation Delivery times, prices of services and goods Delivery of environmentally friendly material Paperless operations 	<ul style="list-style-type: none"> Public tenders and competitions Working meetings E-mail and electronic operations Telephone conversations
Local and broader communities	<ul style="list-style-type: none"> Traffic safety Fire safety Health protection and care Co-development of projects in the areas of culture, sport, prevention, health, art, charity Infrastructure investments Access to insurance services for people with various disabilities Insurance and financial literacy Fair business practices Disaster relief 	<ul style="list-style-type: none"> Partnerships with non-profit organisations and educational institutions and execution of joint projects Joint projects with local communities, particularly in traffic safety Funds allocation system for sponsorships and donations Cooperation with local decision-makers Email Telephone conversations
Media	<ul style="list-style-type: none"> Transparent information about the operations, events and changes in the Triglav Group Information about insurance and financial products and services Cooperation with local and broader community Development and general insurance topics Professional insurance and financial topics 	<ul style="list-style-type: none"> Press releases and statements Meetings with media representatives Answers and explanations Email Telephone conversations Websites

12.3 Economic aspects³⁰

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

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

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

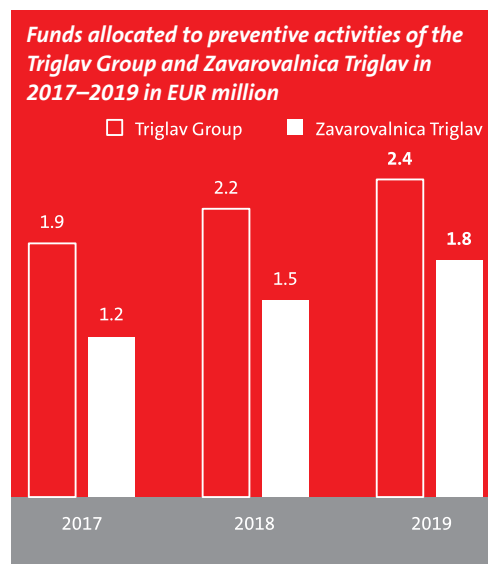
The Group holds the leading position among insurance/financial groups in the Adria region. Its **market position** in individual markets is presented in the [→ sections 2.6.2 *Insurance*] and [→ 7.4 *Triglav Group's operations in the Adria Region*].

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

- the results of participation in investments in prevention, sponsorships and donor partnerships;
- the needs identified in local environments by the Group's subsidiaries and business units;
- direct contact with local communities;
- performance analyses, especially risks and claims experience, published data of specialised organisations and institutions;
- market research and public opinion polls.

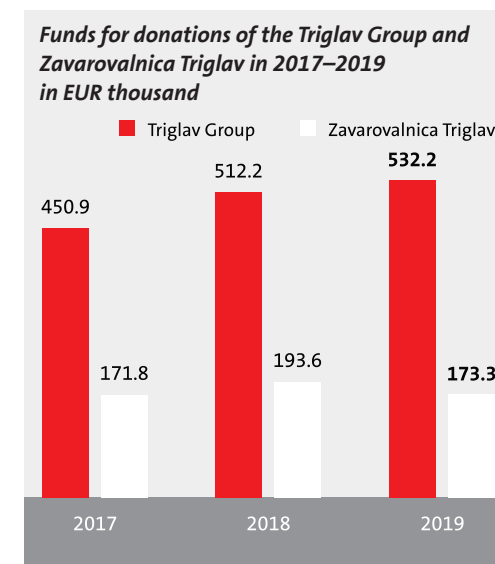
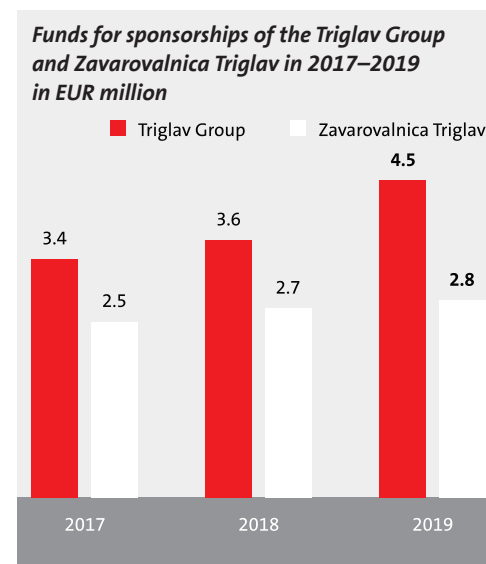
Investments in prevention³¹

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



Sponsorships and donations³²

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



Infrastructure investments

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

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

Renovated playground on
Kum above Trbovlje.
↓



Procurement practices³³

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

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

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

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

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

Locally-oriented procurement³⁴

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

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

Protection of competition

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

Remuneration of insurance agencies and their sales staff

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

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

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

On markets outside Slovenia, the Group cooperates with over 940 contractors (agencies, roadworthiness test providers, leasing companies, car dealers and banks). In awarding a bonus, linear bonus schemes are used, which may be upgraded with bonus commissions depending on the value of insurance policies, financial discipline and the claims ratio. Premium rates are universal (regardless of whether an insurance policy is new or renewed), whereas exclusive partnerships are additionally rewarded with benefits.

Subsidies and state aid³⁸

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

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

12.4 Social aspects

12.4.1 Responsibility to employees³⁹

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

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



Strategic human resource management guidelines and the recruitment policy

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



The number of employees in the Triglav Group

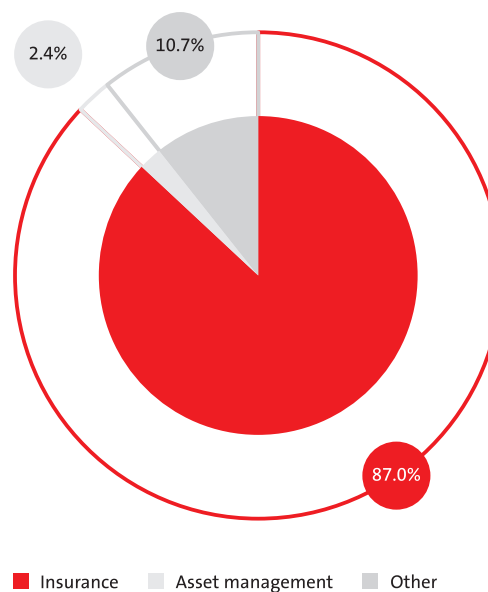
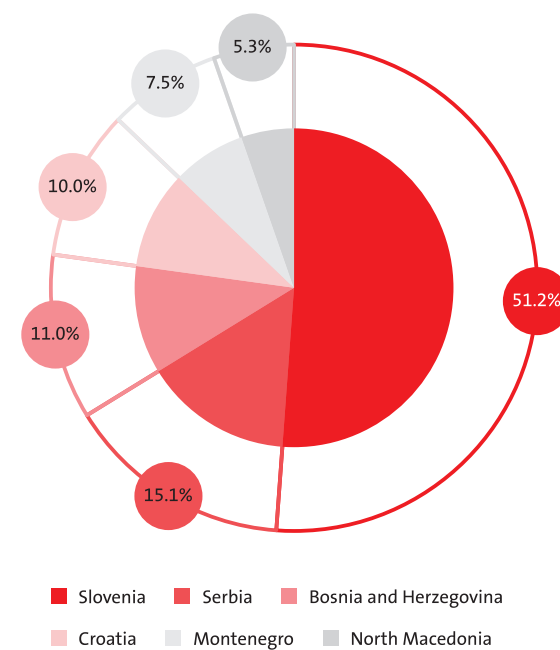
Year	Number of employees
2017	5,151
2018	5,166
2019	5,281

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

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

12.4.1.1 Recruitment and employee structure⁴⁰

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

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

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

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

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

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

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

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

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

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

12.4.2 Employee training and development⁵⁰

Education and training

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

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

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

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

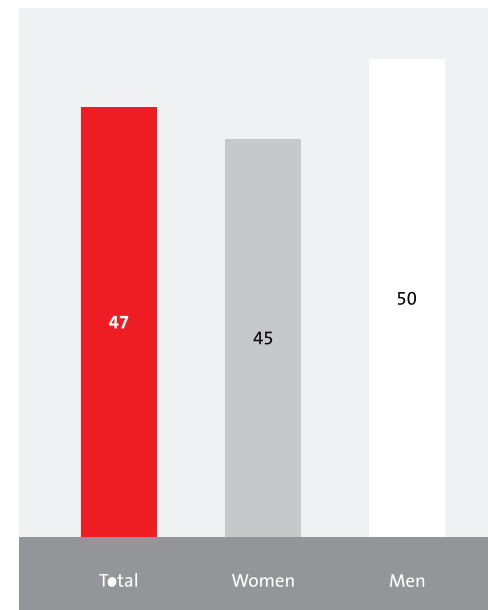
Leadership development training programmes also continued. Two new teams of **in-house coaches** were trained to support leaders in implementing a new mentality (strengths-based leadership) in the context of organisational culture development. All supervisors from the parent company and the Group participated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

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

Participants of the Triglav International Business Academy.



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



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

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

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

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

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

Management by objectives and competence⁵³

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

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

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

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

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

Fit and proper assessment

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

12.4.2.1 Organisational vitality (climate) and organisational culture⁵⁴

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

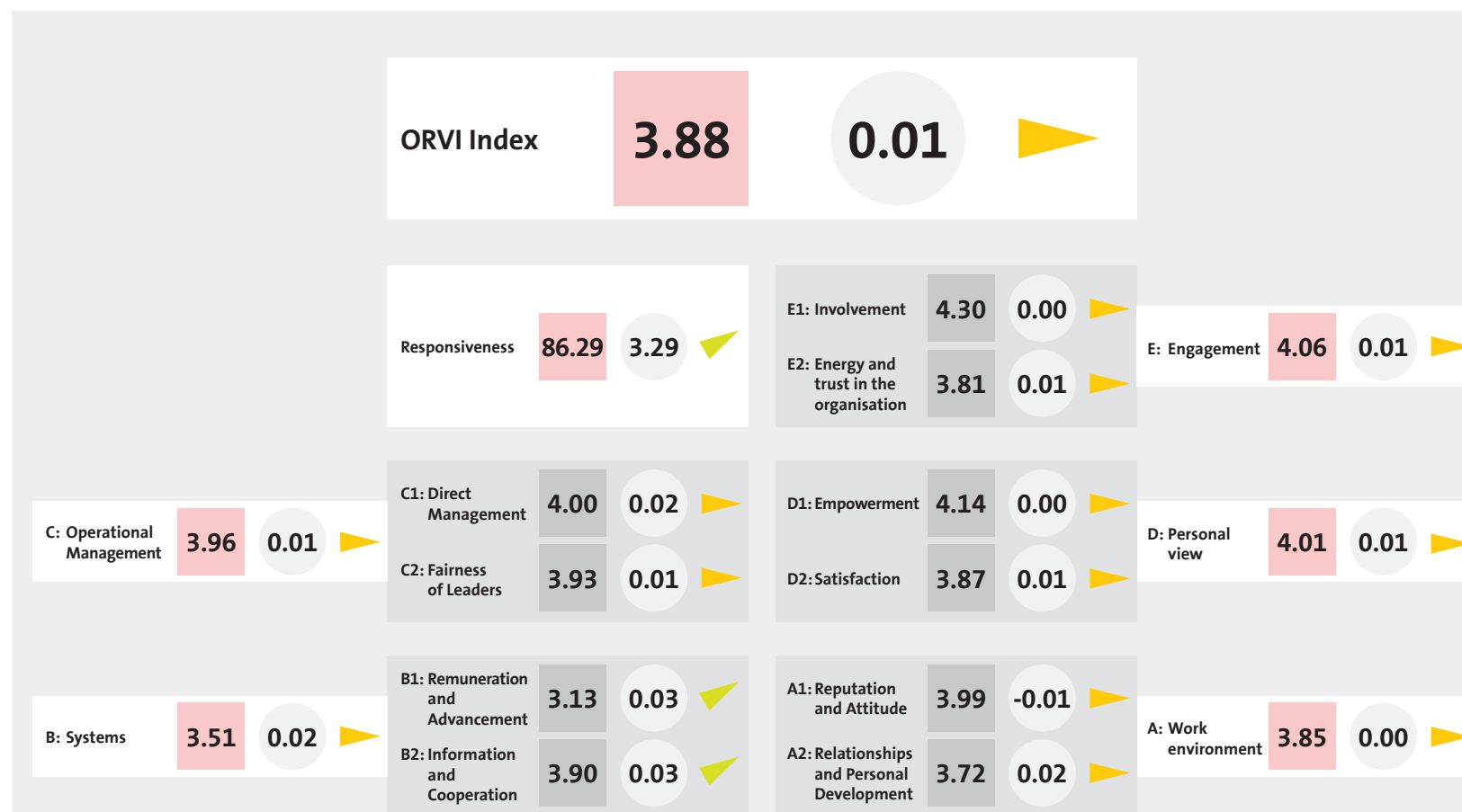
Organisational vitality at the Group further improved in 2019. The ORVI index was 3.88, an

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

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

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

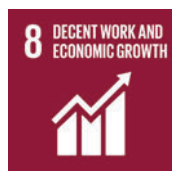
The results of the measurement serve as the basis for adjustments and improvements of the organisational culture of the Triglav Group and the long-term organisational vitality of Zavarovalnica Triglav. Key measures in this respect include the establishment of a leadership culture and the systematic development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



⁵⁴ GRI GS 102-43, 102-44

12.4.3 Occupational health and safety⁵⁵

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



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

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

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

In a modern e-classroom, employees learn about fire safety and occupational health and safety (participation in the training course and the exam are obligatory). In addition, a mix of communication channels is used for raising awareness. The parent company carries out the **Protecting Health** (Zavarujmo zdravje) health promotion

programme, with the emphasis on mental health, and the measures of the full Family-Friendly Enterprise Certificate, while the **Triglav.smo** programme is implemented at the Group level to promote healthy, satisfied and engaged employees.

A new four-day preventive health programme **Days of Health** (Dnevi zdravja) was launched in 2019, which was attended by 199 employees at one of the Slovene thermal spas. The programme will continue in 2020.

The parent company also provides its employees with a psychological and social support programme aimed at comprehensive treatment of employees in all kinds of distress.

Due to the increasing proportion of older employees, a special focus is on **ageing in the workplace**. All employees are advised to exercise regularly, eat healthy and abandon unhealthy habits, and educated on how to sit properly, effectively relax and manage stress. Employees' families are also invited to attend these workshops and events.

Support to employees in the event of workplace violence⁵⁹

Employees who are in contact with clients are trained in how to respond in the event of violence, robbery or threats. In addition to the modern technical security measures to protect both the employees and the business premises, regulations and instructions ensuring a safe work environment are also in place.

Fire safety

With regard to fire safety, the Group implements preventive measures, monitors on-site fire safety in accordance with the applicable statutory requirements, carries out regular training and education of employees, and ensures ongoing improvement of fire safety at all business locations. A plan on emergency response and actions in the case of an emergency and other security events was developed for the employees. In the case of an

emergency or event that poses a security threat, employees can call the security control centre, where they will receive appropriate instructions.

Occupational health and safety topics covered in formal agreements with trade unions and in the collective agreement⁶⁰

Safe working conditions in the parent company are provided in accordance with Zavarovalnica Triglav's collective agreement and the applicable legislation, while the subsidiaries adhere to the applicable local legislation. Before starting their work, employees are familiarised with the dangers at work and work safety measures that they are obligated to follow. Furthermore, employees are provided with the required work equipment and personal protection equipment. Periodic medical examinations are carried out in line with the timeline and scope foreseen for individual workplace categories.

Injuries at work⁶¹

The number of injuries at work increased in the Triglav Group, but decreased in Zavarovalnica Triglav. Overall, the number of injuries at work remained low.

Injuries at work in the Triglav Group and Zavarovalnica Triglav in 2018 and 2019

	2019		2018		Index
	Number	Share (in %)	Number	Share (in %)	2019/2018
Triglav Group					
At work	11	55.0	8	57.1	138
On business trips	9	45.0	6	42.9	150
Total	20	100.0	14	100.0	143
Zavarovalnica Triglav					
At work	2	28.6	3	37.5	67
On business trips	5	71.4	5	62.5	100
Total	7	100.0	8	100.0	88

The number of lost work days in the Group rose due to the higher number of injuries at work.

Lost work days due to injuries at work in the Triglav Group and Zavarovalnica Triglav in 2018 and 2019

	2019	2018	Index
Lost work days due to injuries at work			
Triglav Group	754	529	143
Zavarovalnica Triglav	73	106	69



12.4.4 Care for employee satisfaction⁶⁴

↑
Employees' children summer camp.

Family-Friendly Enterprise Certificate

Zavarovalnica Triglav is planning for the long-term preservation of cognitive skills and promotion of both physical and mental health of its employees. The measures of the Family-Friendly Enterprise Certificate are designed to provide for a better work-life balance of the employees. Zavarovalnica Triglav has been the holder of the full Family-Friendly Enterprise Certificate since 2016 and received special recognition for maintaining it in 2019. The measures of the certificate are also implemented in the context of the strategic project of transforming the organisational culture.

In Zavarovalnica Triglav, children who have lost one of their parents receive an annuity or scholarship. The Company also responds if its employees need humanitarian assistance; employees' children were taken to summer camp for the fourth consecutive year. The "care fund of work hours" has been welcomed by employees who have family members suffering from a serious illness. Employees can also take extraordinary leave to accompany their loved ones for doctor's appointments.

Additional benefits for employees:⁶⁵

- the employer makes payments for supplemental pension insurance for 59% of the employees of the Triglav Group and for 96% of the employees of the parent company;
- payment of group accident insurance premium;
- favourable conditions for taking out additional accident insurance for employees and their family members;
- additional accident insurance for all business trips;
- after one year of employment in the parent company, employees may opt for supplemental voluntary pension insurance and voluntary pension insurance;
- the collective insurance package Comprehensive medical care (Celostna zdravstvena oskrba – CZO), in which 63% of all employees of the Group and 83% of the parent company are included.

Other benefits are listed in the previous sections. The Group members operating outside Slovenia also provide benefits to their employees in the form of discounts on medical examinations, the payment of accident insurance premium, discounts on other types of insurance and, in certain companies, the payment of voluntary health insurance premium.

Parental leave or part-time work in the Triglav Group and Zavarovalnica Triglav in 2019⁶⁶

Triglav Group	Women	Men	Total
Maternity leave, child care leave	137	4	141
Father's leave of 20 days*	0	62	62
Father's leave of 75 days (up to the child's age of three years)	0	6	6
Option to work part-time	40	2	42
Zavarovalnica Triglav	Women	Men	Total
Maternity leave, child care leave	47	1	48
Father's leave of 20 days*	0	49	49
Father's leave of 75 days (up to the child's age of three years)	0	1	1
Option to work part-time	26	1	27

The number of employees who returned to work after parental leave was 94% (both genders).

Return to work and retention rate after using parental leave in the Triglav Group and Zavarovalnica Triglav in 2019⁶⁷

Triglav Group	Women	Men	Total
The number of employees who returned to work after parental leave	129	4	133
The number of employees who returned to work after parental leave (by gender) and who stayed employed in the Company after 12 months	129	4	133
Return rate after parental leave	94%	100%	94%
Retention rate after parental leave	100%	100%	100%
Zavarovalnica Triglav	Women	Men	Total
The number of employees who returned to work after parental leave	47	1	48
The number of employees who returned to work after parental leave (by gender) and who stayed employed in the Company after 12 months	47	1	48
Return rate after parental leave	100%	100%	100%
Retention rate after parental leave	100%	100%	100%

Circumstance and work requirements permitting, working hours can be adapted to the needs and wishes of employees. Employees who are parents of first graders can take advantage of a day's paid leave on the first school day. Employees can take unpaid leave in certain cases and in agreement with their supervisors.

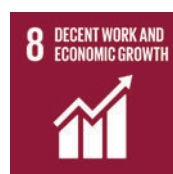
⁶⁴ GRI GS 103-1, 103-2, 103-3 | ⁶⁵ GRI GS 401-2, 201-3 | ⁶⁶ GRI GS 401-3 | ⁶⁷ GRI GS 401-3

Relationships among employees and management, trade union activities⁶⁸

Two representative trade unions are active in Zavarovalnica Triglav and the Works Council. The Company concluded a special agreement and co-operates well with both of them. Before adoption, any document specifying the rights and obligations of workers is submitted to the trade unions to give their opinion. The agreement on worker participation in the management of Zavarovalnica Triglav specifies the implementation of workers' rights under the Worker Participation in Management Act and regulates other rights and the method of participation of workers in the company's management, which may be both individual and collective. The Company informs the Works Council of any changes in the Company's operations at least 10 days prior to adopting such a decision.

Respecting the workers' rights and human rights⁶⁹

By respecting fundamental human rights and caring for the values of dignity, integrity and equality, the Group is building a safe, healthy and friendly work environment for its employees. The mutual relations are regulated by the Triglav Group Code, which promotes prevention of discrimination, harassment and mobbing in the workplace. In the implementation of the Code, individual companies also comply with the applicable local legislation. At Zavarovalnica Triglav, discrimination and unwanted conduct are governed by the Rules on the protection of workers' dignity at work, under which a confidant is appointed with the agreement of the Works Council. Insurance companies outside Slovenia have internally defined resolving and joint reporting of breaches of the Code. Great care is taken that the employees are not exposed to any conflicts and unwanted conduct that would undermine their dignity. Any disagreements are resolved through dialogue. It is



important for comprehensive dispute resolution to start resolving a dispute at its earliest stage, with the cooperation of a wide circle of experts and leaders.

In 2019, the Group's employees did not report any interference with the fundamental rights to protect the dignity and unlawful conduct of discrimination, harassment or mobbing in the workplace as defined by the Triglav Group Code.⁷⁰

Promoting innovation and improvements

As part of the **Idea IN** system designed to foster creativity and collect good ideas and proposals for

improvements, 14 ideas were submitted by employees, of which 8 were recognised as good and were rewarded and 3 related to an improvement of the existing solutions.

Care for employees outside the working hours

Social and sports activities popular among the employees include the Triglav Group Day – Our Day, sports games of financial organisations (ŠI-FO) and gatherings with retired Triglav employees. Over 21% of employees of the Group members and 37% of the employees of the parent company were members of the mountaineering and sports clubs.

The Triglav Group Day – Our Day. ↑

12.5 Responsibility towards clients⁷¹

Focusing on clients is one of the three key strategic guidelines of the Triglav Group. Therefore, building long-term relationships with clients, monitoring their needs and successfully resolving any disagreements are at the forefront of the Company's operations. The Company strives for the best possible transparency, comprehensibility and accessibility of its products and services, which is taken into account already during their development. Modern technologies provide new ways of reaching clients and give clients the possibility to choose the type of communication that is best suited for them. Much attention is also paid to quality after-sales services. See [→ *Section 11. Development and sales activities*] for more details.

Marketing and labelling⁷²

The Company provides its clients with all the necessary information and easy access to it. It ensures that its insurance and other general terms and conditions are appropriate and fair and that clients are treated professionally and equally.

No misleading, aggressive, insulting, shocking or other inappropriate practices are used in promotional activities and the marketing of products and services. The Company also follows the recommendations of the Slovene Consumers' Association for improving financial literacy.

Any complaints are resolved quickly within the prescribed procedures. The Company fully complies with consumer protection legislation and the special requirements with regard to client information when concluding distant contracts for financial services, including insurance contracts. See [→ *Section 11.6 Adjustment to regulatory changes*] for more information.

New EU legislation came into force in 2019, setting uniform rules for communicating and conducting sales activities, as well as upgrading and increasing the protection of consumers. Therefore, a great deal of activities was devoted to putting these rules into practice.

Product and service accessibility and portfolio⁷³

Rapid development and use of modern technologies provide greater accessibility and simplicity of services, constant interaction, new forms of partnerships and the upgrading of products into services. See [→ *Section 11. Development and sales activities*] for more details.

- **Telematics to promote safe driving:** The DRAJV mobile application is regularly used by 48,000 drivers per month, which is 14% more than in 2018. The number of safe drivers who took out an insurance policy with the DRAJV discount increased.
- **Safe driving simulator in Triglav Lab:** Young drivers can take a practical driving test on a simulator to obtain a 50% reduction in the surcharge for increased risk in young drivers. By combining the use of the DRAJV application with the e-exam and the safe driving test in the training centre or on the simulator, the young driver can get a 100% exemption from the surcharge payment.

Safe driving simulator in
Triglav Lab.
↓



⁷¹ GRI GS 103-1, 103-2, 103-3 | ⁷² GRI GS 103-1, 103-2, 103-3, GS 417-1 | ⁷³ GRI G4-FS7, G4-FS8, SDG 13



- **Application for mobile claim reporting and ordering assistance services:** The Triglav Asistenca mobile application enables clients to report a claim, monitor the progress of claim settlement and order assistance services.
- **Mobile appraisal units in the event of mass claims:** Mobile appraisal units were set up in the affected areas also in 2019, thereby facilitating the appraisal of damage.
- **Simplified claim settlement:** The settlement of low-value claims was simplified for all non-life insurance claims regardless of the claim reporting channel. Reporting, registration and settlement of travel and health insurance claims was simplified. Automatic billing and liquidation of claims was introduced for some insurance subclasses and clients, which ensures quick response and faster settlement of claims.
- **Expanded electronic and mobile claim reporting:** In the Mobilni zastopnik and Mobilna cenilka mobile applications, an authorised person may report a claim on behalf of the client. In addition, the option of reporting animal and crop insurance claims was developed.
- **Use of drones to appraise crop damage and damage to major buildings:** Damage assessment and appraisal using drones was launched to ensure a quick, safe and accurate damage assessment.

With use of drones we ensure a quick, safe and accurate damage assessment. ↓



- **Paperless operations:** Cooperation with physicians' offices is completely paperless in order to ensure faster settlement of claims. Paperless communication (in electronic form) with clients takes place in the settlement of non-life insurance claims, with the client's consent to electronic correspondence.
- **Integration of the new Audatex vehicle damage assessment application:** In this way, the contractor – repair shop or the employee of Zavarovalnica Triglav can view and assess the damage.
- **Prevention advice and insurance literacy:** The online portal Vse bo v redu (Everything Will Be Alright) provides advice and explains the basic insurance concepts and principles. In addition, Naložbenik magazine is published with the aim of raising awareness about the importance of life insurance in relation to ensuring financial security. Triglav Skladi has participated in the "Financial literacy of young people" project for many years.
- **Weather alert mobile application:** The free and freely accessible Triglav Vreme (Triglav Weather) application, in partnership with the Slovenian Environment Agency, provides reliable weather information and forecasts for a particular location and the whole Slovenia.
- **Online transactions with mutual funds and investment solutions:** In 2019, Triglav Skladi launched the Moj račun (My Account) online application, which enables users comprehensive online transactions with mutual funds and investment solutions, while providing a comprehensive overview of portfolio balance and information about new features and services. The online communication platform Zaslužite si več (Earn More) provides additional information about investment and funds and raises awareness of prudent asset management for a variety of target groups, especially young people.
- **Accessibility in client communication:** See [→ *Section 11. Development and sales activities*] for more information about online communication channels and tools. In addition to those, clients can receive information on non-life and life insurance products by calling the toll-free number 080 555 555. The assistance and general information centre is available 24/7 at the special phone number 080 2864 (for calls from abroad: +386 2222 2864). The web office, which is available as an Android and iOS smartphone application, provides easier access to insurance products to computer literate movement-impaired policyholders.⁷⁴



Insurance products and services designed to promote environmental responsibility

- Raising the awareness about the importance of **prevention and risk management in agricultural production** and the need to protect domestic food production:
 - promotion of insurance co-financed by municipalities at the level of local communities,
 - promotion of cooperatives by concluding insurance via cooperatives (especially with regard to hop insurance).
- The premium policy and participation in prevention programmes encourage policyholders to invest in **active protection from adverse weather conditions** through the use of anti-hail nets, greenhouses, tunnels, irrigation and sprinkler systems for spring frost protection, and test anti-frost candles against spring frost for orchards and vineyards.⁷⁵
- In agricultural insurance, damage appraisal in the field is performed **electronically (paperlessly)**.
- The Company raises awareness of young farmers with regard to risk management in agriculture and supports the Innovative Young Farmer project, both in partnership with the Association of Slovene Rural Youth.
- The premium policy is designed to encourage **less intensive animal production**, which is not only environmentally friendlier but also involves fewer insurance risks. Cattle insurance (the main class of livestock insurance) was adapted to regional specifics and small and medium-sized livestock farms to maintain agricultural production in less favoured areas (limiting agricultural factors).⁷⁶



80 participants of the first workshop on safe driving with tractors. ↑

- Together with the AMZS and the Association of Slovene Rural Youth, the Company organised training on **safe driving with a tractor** at the AMZS training centre in Vransko.
- Remote sensing technology with satellite-based soil moisture measurement was added to the crop insurance against drought, which will be transferred to subsidiaries outside Slovenia.
- The Company participates in the pilot project of the Swiss Re reinsurance company “Hail occurrence based on lightning characteristics”, in which experts study the probability of hail occurrence based on the characteristics of lightning during storms.
- **The range of partner authorised veterinary clinics for small animals is growing** with the aim of improving the quality of insurance and healthcare services.
- The stimulative premium policy for **young farmers** contributes to the promotion of young farmers setting up an agricultural holding, the preservation of settlement and larger land cultivation in the countryside.



These goals are consistent with the interests of both the Common Agricultural Policy and Slovenia's agricultural policy.⁷⁷

- In cooperation with the Slovenian Environment Agency (ARSO), the Company acquired the observer status in the Alpine Drought Observatory (ADO) project, which is managed by the EURAC Institute from Bolzano. The online platform for the Alpine region provides simultaneous monitoring of point and satellite drought indicators.

Due to environmental risks, long-term and short-term financial security of agricultural producers is increased:

- by actively participating in the **project team for upgrading the financial risk management system** in agriculture, forestry and beekeeping due to natural disasters for the 2020–2027 period, which was established by the Ministry of Agriculture, Forestry and Food;
- by **taking out agriculture insurance with state premium co-financing** (in accordance with the applicable legislation, the insurer and the policyholder agree on the payment of only that part of the premium which the policyholder is required to pay, while the remaining portion of the state co-financed premium is directly claimed by the insurer on behalf of the policyholder).

⁷⁵ GRI G4-FS8, SDG 2.3 | ⁷⁶ GRI G4-FS8 | ⁷⁷ GRI G4-FS7, SDG 9.3

Access to insurance services for people with various disabilities⁷⁸**Zavarovalnica Triglav: to improve the services provided to persons with disabilities and ensure their full integration**

- 70% of the Company's points of sale provide independent access to people with different types of disabilities. The renovation of business premises in 2019 also involved improving access to the elevators for people with disabilities in the commercial building at Dunajska cesta in Ljubljana, at two points of sales and one appraisal point.
- 100% of the points of sale are equipped with aids for partially sighted persons.
- 100% of the regional units' head offices are fitted with FM devices for hard-of-hearing persons.
- Awareness about the needs of people with disabilities is raised in cooperation with the Sports Federation for the Disabled of Slovenia and the Vozim Institute, as well as through volunteer work of employees at school sports days.

Fair business practices⁷⁹

The principles of fair and ethical conduct are set out in the **Triglav Group Code** (hereinafter: the Code), which applies to all insurance and financial companies of the Group. Its content and principles are constantly communicated and included in employee training, e.g. ethical conduct and compliance, transparency, prevention of corrupt practices, conflict of interest management, fraud management, prevention of money laundering and terrorist financing, consumer protection, fair business practices and respect for human rights.

Through the Code, the system for direct reporting of non-compliance was set up, regulated by a special internal document for dealing with internal fraud and breaches of the Code. These rules apply to all Group members.

No major breaches of the Code or cases of internal fraud were identified in the Triglav Group in 2019.⁸⁰

No major inconsistencies in the Triglav Group were identified by external supervisory authorities. They imposed a fine of EUR 358 during a fire safety review, and the Pension and Disability Insurance Institute of Slovenia issued an admonition.⁸¹

Insurance fraud management⁸²

Insurance fraud is identified using an advanced application software, which was implemented in all insurance subsidiaries of the Triglav Group. The identification of fraud suspicions is thus simpler, and the established indicators allow the Company to identify fraud suspicions in a shorter time. The internal control system is being improved based on confirmed suspicions of fraud or identified risks. In the fight against fraud, the Company actively cooperates with other insurers and competent state authorities.

Systematic training and awareness raising activities are carried out for all employees of the Group so as to effectively identify fraud, particularly with respect to insurance underwriting and claim settlement. In doing so, the employees are encouraged to report suspicions using the application software.

Insurance fraud was confirmed in 677 cases out of 1,310 reported cases of suspected fraud in 2019. The number of confirmed cases of suspected fraud was 50% higher than in 2018.⁸³

Anti-corruption measures and personal data protection⁸⁴

In accordance with the Declaration on Fair Business, the Slovene Corporate Integrity Guidelines and the relevant internal documents, the anti-corruption clause is an

obligatory contractual provision that must be included in legal relationships with contractors. With the adopted anti-corruption policy, its mandatory application was extended to other insurance and financial companies of the Triglav Group. There were no reported suspicions of corruption in the Triglav Group in 2019.

The parent company signed the Commitment to Respect Human Rights in Business in 2019 in order to implement the National Action Plan of the Republic of Slovenia for Respect for Human Rights in the Economy. This standard will be transferred to the Group members after its implementation in the parent company.

With regard to personal data protection, Zavarovalnica Triglav further strengthened the number of education and training courses for its employees and external sales staff. Together with the Group members, the Company began to prepare common rules for the processing and protection of personal data.⁸⁵

The Information Commissioner initiated four inspection procedures at Zavarovalnica Triglav in 2019, three of which were based on self-reporting an identified breach of personal data protection. Three supervisory procedures have not yet been completed, while in one case the supervisory authority suspended the procedure. One supervisory procedure was initiated in the subsidiaries of the Group, but no irregularities relating to personal data protection were established.⁸⁶

Monetary value of all contributions to political parties⁸⁷

Zavarovalnica Triglav is prohibited from financing political parties pursuant to the Political Parties Act. The corruption risk management policy of the Triglav Group prohibits such financing and other political activities; therefore, they are not carried out by any of its members.

Client satisfaction⁸⁸

The Company systematically monitors and measures clients' satisfaction, analyses their experience and obtains feedback so as to improve its services. In order to further increase client satisfaction, employees undergo additional training, claim applications are upgraded and insurance sale is monitored.

The client relationship management system and client satisfaction and loyalty measurement system (Net Promoter Score – NPS) provide the necessary information, the profiles of policyholders and potential clients, and user experience. Client satisfaction in 2019 was measured with the NPS index in Zavarovalnica Triglav, Triglav, Zdravstvena zavarovalnica, Triglav, pokojninska družba, Triglav Svetovanje and Triglav Osiguruvanje, Skopje. In 2020, measurement will also be started in Triglav Skladi and Triglav Avtoservis, as well as in other insurance subsidiaries outside Slovenia. See [→ *Section 11.1 Comprehensive client relationships*] for more information.

The goal of the Zavarovalniški monitor survey (Insurance Monitor, an international survey conducted since 2000) and systematic complaint management and resolving is to check client satisfaction and knowledge. The survey results in 2019 were approximately the same as the year before. Zavarovalnica Triglav is still the most recognised insurance company, and a steady increase in popularity was seen (the score is 3 percentage points higher than last year). In the last two years, the preference for the selection set increased; 52% of users of insurance services would choose Zavarovalnica Triglav if they took out insurance today regardless of the insurance class. The best results were achieved in image statements, while the most important factor in taking out new insurance remains speedy and quality payment of claims and benefits.

Twice a year, the Management Board discusses a report on the satisfaction of outsourcers and measures for improvement.

An important indicator of client satisfaction are complaints and compliments, which are regularly monitored, resolved and analysed. A total of 2,807 complaints were registered by the Company in 2019 (up by 6% compared to the previous year), most of which were related to non-life insurance, whereas only 8% referred to life insurance and less than 1% to other segments. Complaints are classified into substantive and general complaints and complaints resolved through a fast-track procedure. Substantive complains in which clients express their dissatisfaction with the handling of their claims are the most common (89%). A total of 10% of resolved complaints were founded and 11% were partly founded. In addition, 57 compliments were received (compared to 62 in 2018).

In Triglav Osiguruvanje, Skopje, an omnibus survey under the CAPI method is conducted twice a year, while a survey using the CATI method is carried out for the needs of health insurance. In Triglav Osiguranje, Zagreb, Lovćen Osiguranje and Triglav Osiguranje, Belgrade, the measurement of client satisfaction is performed in the context of the ISO procedure for service quality assurance. Lovćen Osiguranje conducted a research of the market and its needs in 2019.

Client feedback is also obtained through an anonymous survey when reporting a claim, mail and electronic client complaints, responses on various social networks and own websites, as well as directly from agents in the field.

A book of complaints and compliments is available at all points of sale. In the Group members outside Slovenia, complaints are handled by a complaint committee based on the relevant rules, while complaint records are kept in the prescribed form, mostly digital.

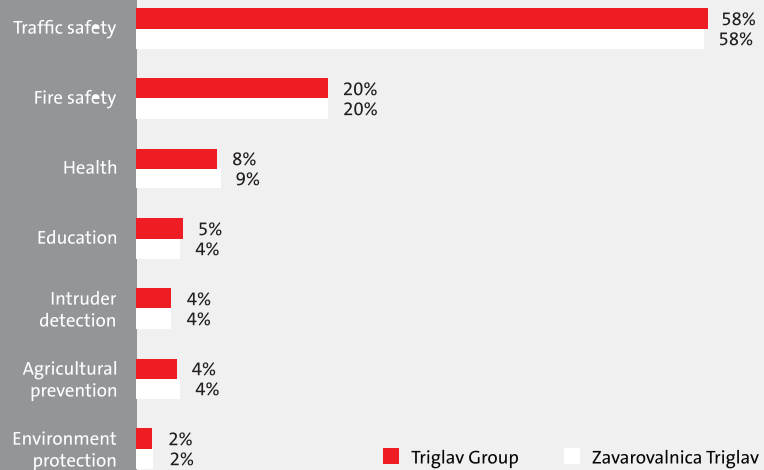
12.6 Responsibility to community

The Triglav Group has close ties with the environment in which it operates not only through partnerships with its policyholders, organisations and local communities, but also through volunteer work of its employees.

12.6.1 Investments in prevention⁸⁹

The bulk of funds was allocated to improving traffic safety and reducing fire risk. The Company's efforts in the field of prevention, sponsorships and donations is also described in [[→ Section 12.3 Indirect economic impacts](#)].

The share of the Triglav Group's and Zavarovalnica Triglav's funds for preventive activities by purpose




Prevention projects⁹⁰

The Triglav Group systematically provides funds to projects, partners, activities and insured persons for accident prevention and reduction of risks and damage.

A great deal of attention in 2019 was devoted to the consolidation and upgrading of traffic safety activities. Based on driver behaviour research conducted in recent years, a comprehensive programme was established to improve driving skills and promote safer mobility, and to supplement it with topics on prevention awareness in the context of the **vozimse.si** platform.

Many topics on prevention are regularly published on the Everything Will Be Alright portal with practical tips on how to avoid illness and accidents at home, during travelling, when making family plans and care for property.

Many topics on prevention are regularly published on the Everything Will Be Alright portal, including awareness video about the ignition of cooking oil in the kitchen. 



↑
Zavarovalnica Triglav equipped the Oljka Day Center in Koper with a defibrillator. Since 2014, it has purchased or co-financed 113 defibrillators.



In the context of the New Year's prevention campaign **For a Better Tomorrow**, Zavarovalnica Triglav supported approximately 30 prevention projects in local communities. Funds were provided for fire-fighters, health care, safety in the mountains and ski resorts, and for the purchase of rescue dog equipment. Almost 160 prevention projects were supported over the period of six years.

Corporate volunteering of Zavarovalnica Triglav's employees

Initiative	Employee volunteering
Cooperation with the Sports Federation for the Disabled of Slovenia – the Paralympic Committee	<ul style="list-style-type: none"> Participation in the organisation of the Paralympic Sports Days in elementary schools across Slovenia.

High profile and comprehensive prevention projects of the Triglav Group in 2019⁹¹

Area: Traffic safety	Impact
Mobility Tour, partner Nerv Tech Institute for Civilisation and Culture, Slovenia	<ul style="list-style-type: none"> 281 drivers from 10 Slovene towns tested their skills with the DRAJV driving simulator. Together with the driver, the instructor analysed their driving and gave them tips to improve their driving skills.
Retake the driving exam, partner AMZS, Slovenia	<ul style="list-style-type: none"> 30 long-time drivers retook the driving exam. Their most common mistakes were analysed and awareness-raising topics were prepared.
Vozimse.si – road traffic prevention portal, partner AMZS, Slovenia	<ul style="list-style-type: none"> Establishment of a portal to easily refresh knowledge of road traffic regulations and promotion of driving etiquette. The tests were taken by 2,100 drivers.
Together for Road Safety project, partner Sipronika, Slovenia	<ul style="list-style-type: none"> 56 speed display signs in local communities, at high-risk road sections and in the vicinity of schools and kindergartens were set up (4 years), of which 12 in 2019. Reduction of speed by 5% or more and improved traffic safety.
Together for Road Safety project, partner COPS system, Slovenia	<ul style="list-style-type: none"> 12 light signalling systems for preventing collisions on unprotected railway level crossings were set up in 2019; 24 in total up to now on unprotected railway level crossings and 24 in crossroads. No casualties one year after setting up 12 crossings equipped with signalling systems.
Training of fire-fighters and other rescue workers in traffic accidents, partners AMZS, Slovenia	<ul style="list-style-type: none"> Training on the technologically advanced simulator Rosenbauer was provided to over 300 fire-fighters and ambulance drivers.
Interactive workshops for secondary school students "I Still Drive But I No Longer Walk", partner Vozim Institute, Slovenia	<ul style="list-style-type: none"> At 156 workshops, 1,950 secondary school students listened to personal stories of traffic accident victims and became acquainted with the DRAJV application. Parents of 15-year-olds learnt about techniques to talk about reducing alcohol consumption among adolescents at the workshop "We need to talk about alcohol".
Activities for the safety of preschool children and first graders in road traffic, partners Slovenian Traffic Safety Agency and Football Association of Slovenia, Slovenia	<ul style="list-style-type: none"> Over 20,000 first graders were equipped with yellow neckerchiefs. Road safety mascot Kuža Pazi (Watch Out Doggy) visited over 50 elementary schools.
Neurophysiological and cognitive profiling of drivers' abilities, partner Faculty of Electrical Engineering, University of Ljubljana, Slovenia	<ul style="list-style-type: none"> Testing of abilities using the safe driving simulator in Triglav Lab for young drivers, professional drivers, agents and others who want to improve their driving skills. Continued neurophysiological and cognitive profiling of abilities on the simulator.
Educational charity event "Motorcyclists for Motorcyclists" partner AMZS, Safe Driving Centre Vransko, Slovenia	<ul style="list-style-type: none"> More than 1,000 motorcyclists attended accident prevention workshops over the period of six years. Two free workshops in 2019.
Training workshop on driving with tractors and tractor trailers, partner AMZS, Safe Driving Centre Vransko, Slovenia	<ul style="list-style-type: none"> 80 participants of the first workshop on safe driving with tractors, many of them were young drivers.
Upgrade of the DRAJV safe driving application, Slovenia	<ul style="list-style-type: none"> More than 48,000 regular monthly users of the DRAJV safe driving application have driven 406 million kilometres.
Area: Fire prevention	Impact
Purchase of fire protection equipment, partners fire services, associations and brigades, Slovenia	<ul style="list-style-type: none"> Co-financed purchase of personal protective equipment for safe fire extinguishing and of vehicles and other fire extinguishing equipment. Purchase of fire detectors.
Home fire safety, partners Heavy Rescue Slovenia and Fire Brigade Ljubljana, Slovenia	<ul style="list-style-type: none"> Awareness videos about the ignition of cooking oil in the kitchen and the ignition of an Advent wreath or Christmas decorations on the Everything Will Be Alright portal.
Area: Health prevention	Impact
Assistance in the event of a sudden cardiac arrest, Slovenia	<ul style="list-style-type: none"> Co-financing or purchase of 2 defibrillators in local communities. 113 defibrillators have been purchased or co-financed since 2014.
Care for health, Slovenia	<ul style="list-style-type: none"> Co-financing of nicotine replacement therapy to quit smoking. Support for the DORA programme for early detection of breast cancer. Co-financing of therapeutic equipment for the elderly. Purchase of an atmosphere gas meter to prevent excess values.
Prevention and early detection of diseases, Slovenia	<ul style="list-style-type: none"> Prevention lectures and consultations with specialists in Triglav Lab (e.g. consultations with a kinesiologist, gynaecologist and obstetrician, consultation on burnout).

12.6.2 Sponsorships and donations⁹²

Almost 1,450 applications for partnerships in the form of sponsorships and donations were collected through the website www.triglav.eu, of which 43% were approved. Attention was paid that their selection and effectiveness comply with the Company's business guidelines and brand. This section describes the causes supported by Zavarovalnica Triglav's sponsorships and donations and the key projects of the Group, while their value is presented in [→ Section 12.3 Economic aspects].

Over the past 30 years, almost 100,000 fans of this sport were taken to Planica.
↓

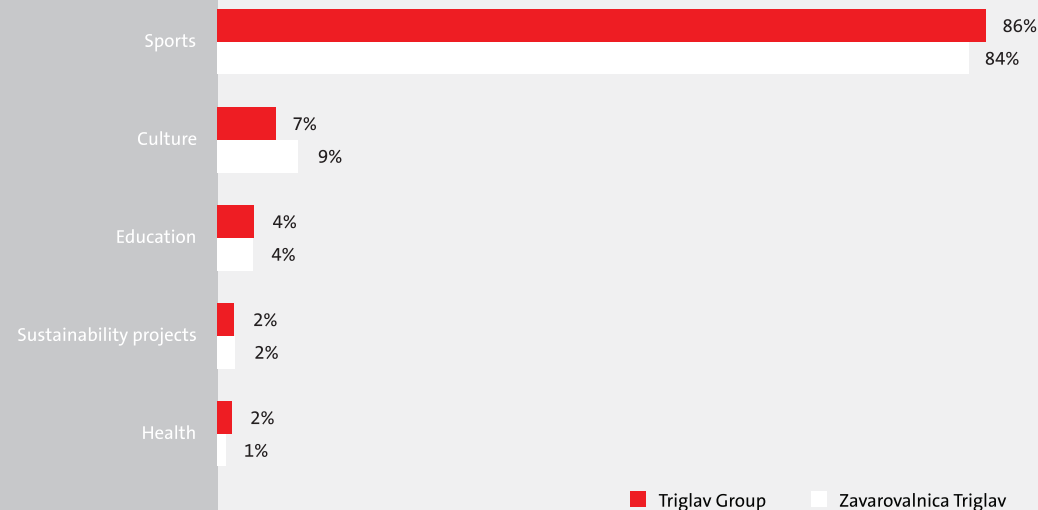


1,500 runners participated in Triglav run 2019.
↑

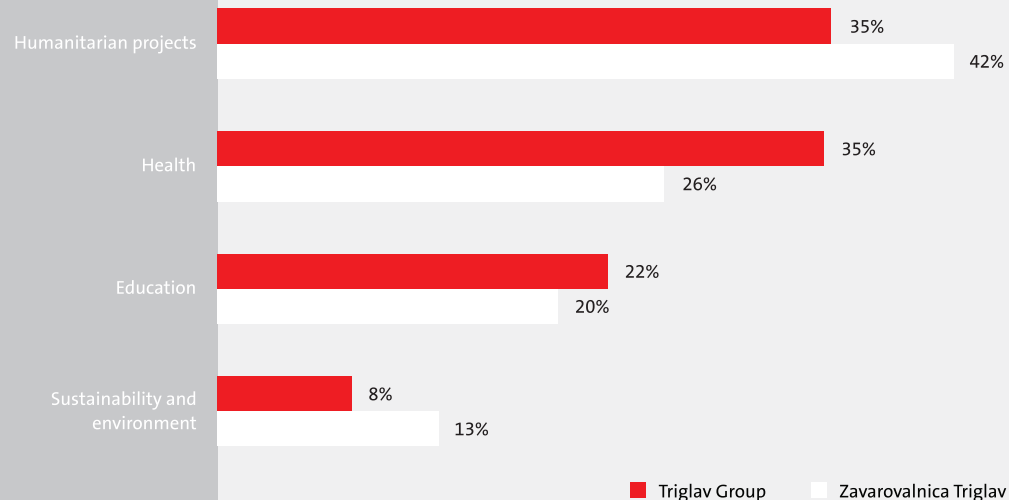
Major sponsorships and donations

Sports sponsorships and the development of young athletes as well as raising awareness about the importance of a healthy lifestyle receive the majority of funds. Zavarovalnica Triglav is recognised as a partner of **national sports associations** (alpine skiing, hockey, canoe, volleyball, etc.) and as a partner of organisers of international sports events and numerous sports clubs in Slovenia.

Sponsorships of the Triglav Group and Zavarovalnica Triglav in 2019 by content



Donations of the Triglav Group and Zavarovalnica Triglav in 2019 by content



⁹² GRI GS 103-1, GS 203-1

Some major sponsorships of the Triglav Group

Country	Sports sponsorship	Culture	Education and training
Slovenia	<ul style="list-style-type: none"> Partner of the Ski Association of Slovenia Golden partner of national teams in biathlon and Nordic skiing General sponsor of the World Cup Ski Jumping Finals in Planica and partner of the World Cup in cross-country skiing in Planica Over 3,300 school children, large families and persons with special needs were given the chance to watch the finals in 2019 Over the past 30 years, almost 100,000 fans of this sport were taken to Planica. Sponsor of the Ski Jumping World Cup Ladies in Ljubno ob Savinji Over 1,000 elementary school children were given the opportunity to watch the Biathlon World Cup in Pokljuka. Sponsor of the Paralympic Committee of Slovenia Golden partner of the Football Association of Slovenia Sponsor of top athletes Peter, Domen and Cene Prevc, Jakov Fak, Vesna Fabjan, Rok Marguč, Klemen Bauer, Špela Rogelj, Žan Košir, Timotej Lampe Ignjič, Ana Marija Lampič, Janez Lampič, Nika Križnar, Vid Vrhovnik, Miha Dovžan, Janja Garnbret and Domen Škofic Main sponsor of the Tennis Association of Slovenia Partner of the climbing event Triglav The Rock Ljubljana 	<ul style="list-style-type: none"> Sponsor of a series of concerts of Music of the World in Cankarjev dom Sponsor of Kinodvor Sponsor of the Ljubljana Puppet Theatre Sponsor of the Ljubljana Festival Sponsor of the Lent Festival Sponsor of the Bobri Festival Sponsor of the Borštnik Theatre Festival 	<ul style="list-style-type: none"> Mountain Rescue Association of Slovenia: Staying Safe in the Mountains Everybody Institute (Zavod Vsak): digital literacy for young people Exercise and Win Institute (Zavod Gibaj in zmagaj): raising awareness of the importance of physical activity
Croatia	<ul style="list-style-type: none"> Croatian Basketball Association Croatia Open Umag Croatian Academic Water Polo Club Mladost Sponsor of the Adriatic Water Polo League 	<ul style="list-style-type: none"> Sponsor of the Wine Festival of Dalmatia and Urbanovo – Days of Wine 	
Montenegro	<ul style="list-style-type: none"> Budučnost Basketball Club Budučnost Female Handball Club Montenegro Olympic Committee Water polo and Swimming Federation of Montenegro Sponsor of the Adriatic Water Polo League Sponsor of the reconstruction of the Jadran Carine Herceg Novi pool 	<ul style="list-style-type: none"> Sponsor of the Budva Theatre Festival Support for the publication of Glasnik of the Pensioners Association of Montenegro Support to the European Creative Centre of Montenegro 	
North Macedonia	<ul style="list-style-type: none"> Vardar Handball Club Stefanovski Auto Kart Club Alkaloid Chess Club MZT Basketball Club Support of young tennis player Aleksandra Simevoj Sponsor of the Canoe Federation of North Macedonia Sponsor of the Handball Federation of North Macedonia Support of the Youth League of the Basketball Federation of North Macedonia 	<ul style="list-style-type: none"> Sponsor of the Music Publishing Centre Sponsor of the Tikveš Young Wine Festival 	<ul style="list-style-type: none"> Support for the Agricultural Association
Bosnia in Herzegovina	<ul style="list-style-type: none"> Female Play Off Basketball Club S. Ketch Street Basketball Bubamara Sports School Mladost Tennis Club Sports and Recreation Association Banja Luka: 2019 Belgrade-Banja Luka Cycling Race Summer in Vrbas 2019, Grand Prix Banja Luka, 2019 Banja Luka Marathon 		<ul style="list-style-type: none"> Mountain Rescue Service Banja Luka: Staying Safe in the Mountains
Serbia	<ul style="list-style-type: none"> General sponsor of the Basketball Federation of Serbia and the Serbian male national basketball team Mega Vizura Basketball Club Radivoj Korać Basketball Cup in Niš General sponsor of the ski school Snow Stars Team on Kopaonik Crvena Zvezda Judo Club Sponsor of the Adriatic Water Polo League 	<ul style="list-style-type: none"> Sponsor of the Despot Stefan Lazarević International Chivalry Festival Sponsor of Eurovision Song Contest Sponsor of the Pigmalion Association for Fine Art Exhibitions 	

Humanitarian activities of the Triglav Group members

Donation recipient	Purpose of aid
Evropa Donna, Slovenia	<ul style="list-style-type: none"> Support to the work of the society and promotion of a diary for female patients
Society of Oncology Patients, Slovenia	<ul style="list-style-type: none"> Support for cancer awareness and promotion of a healthy lifestyle
Ultrasound Association, Slovenia	<ul style="list-style-type: none"> Support for the project "Slojenčki" for the refurbishment of all Slovene maternity hospitals
Slovenian Society for Dog Assisted Therapy Tačke Pomagačke (Helping Little Paws), Slovenia	<ul style="list-style-type: none"> Promotion of reading literacy and communication skills of children with developmental disorders or after an accident
ZPM Ljubljana Moste – Polje, Slovenia	<ul style="list-style-type: none"> Support for the Godparenthood programme
Kinodvor and Paediatric Clinic, Slovenia	<ul style="list-style-type: none"> Enabling children at the hospital to watch a movie and socialising with the Watch Out Doggy mascot
Down sy i mi, Bosnia and Herzegovina	<ul style="list-style-type: none"> Assistance to children with Down syndrome
SOS Children's Village, North Macedonia	<ul style="list-style-type: none"> Helping children without parents
Zelenilo, Montenegro	<ul style="list-style-type: none"> Support for the My Tree campaign for the greening of Podgorica
Clinical Centre, Montenegro	<ul style="list-style-type: none"> Help in purchasing an incubator
Municipality of Danilovgrad, Montenegro	<ul style="list-style-type: none"> Help in the humanitarian campaign for families in social distress
Association for Helping People with Developmental Issues, Croatia	<ul style="list-style-type: none"> Assistance in carrying out activities and support in fund-raising
Centre for Children and Adolescents with Development Disabilities, Serbia	<ul style="list-style-type: none"> Purchase of works of art made by the residents of the centre as business gifts

Preventive activities of the Triglav Group members

Country	Purpose of aid
Montenegro	<ul style="list-style-type: none"> Promotion of prevention in road traffic
North Macedonia	<ul style="list-style-type: none"> Reflective vests for first graders

Everything Will Be Alright Institute

The mission of the "Everything Will Be Alright" Institute is to carry out socially responsible activities aimed at providing help and support to the socially disadvantaged and implement preventive activities. Key projects in 2019 included:

- Support to young talents – Young Hopes project**

Talented young athletes, artists and scientists were supported through the Young Hopes (Mladi up) project for the seventh consecutive year. In 2019, the Company selected 13 recipients of financial aid between the ages of 16 and 19 years. In cooperation with Pro Plus media company, EUR 50,000 was allocated to the development of talented young people and the achievement of their goals; a total of EUR 351,000 was allocated to 88 Young Hope participants over seven years.

At the same time, free lectures were held for everyone who was selected in the context of the Young Hopes project and everyone who was closely connected to their work. The theme of the first alumni meeting was "A Career after a Career", focusing on the life of elite athletes after retirement. At the second alumni meeting, Olympic medal recipient Sara Isaković presented to young people her way of coping with stress and psychological preparation for stressful situations.

- Preventive activities of the Institute aimed at preventing loss events**

The Institute is the partner of the "Alcohol-Free for 40 Days" campaign, in the context of which breathalyser tests were offered free of charge in Planica during the World Cup.

Information on corporate social responsibility partnerships:

Zavarovalnica Triglav d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
E-mail: sponzorstva@triglav.si



↑
Young Hopes 2019.



Employees at Zavarovalnica Triglav can use 16 electric vehicles.

12.7 Environmental aspect⁹³

Protection of the environment in work processes

Zavarovalnica Triglav regularly raises employee awareness about the rational use of resources and waste management. To reduce waste plastic packaging from beverage vending machines, all employees of Zavarovalnica Triglav have their own cup and water bottle. Employees at Zavarovalnica Triglav can use 19 company bicycles (2,537 rides were taken) and 10 electric scooters, while two company bicycles are available in Triglav Osiguruvanje, Skopje. Zavarovalnica Triglav provides van transport four times a day to transfer employees between three units (Miklošičeva, Dunajska and Verovškova).

Zavarovalnica Triglav has 16 electric vehicles available. Most new company vehicles in the Group have significantly lower carbon dioxide emissions, which is in compliance with the guidelines of the European Commission, setting the maximum CO₂ emission target of 95 g/km by 2020. The sustainable business criteria are part of the supplier selection process (see [→ *Procurement practices under Section 12.3 Economic aspects*]).

To reduce paper consumption, the Group members introduced network printers and double-sided printing, developed application software, promoted electronic archiving, adopted measures to implement paperless operations, and sent notifications about rational printing to their employees.

Triglav Skladi uses recycled paper (paper towels and toilet paper), while paper is recycled in Triglav Osiguranje, Belgrade

Carbon footprint calculation⁹⁴

Carbon footprint results in tonnes of CO₂ equivalent by Triglav Group members in 2017–2019

Location	Carbon footprint		
	2019	2018	2017
Zavarovalnica Triglav*	7,215	7,649	7,738
Triglav Osiguranje, Zagreb**	480	477	602
Triglav Osiguranje, Belgrade**	648	774	743
Lovćen Osiguranje, Podgorica**	438	209	206
Triglav Osiguranje, Sarajevo**	331	155	151
Triglav Osiguruvanje, Skopje**	149	171	201
Triglav Osiguranje, Banja Luka**	136	100	72
Pozavarovalnica Triglav Re***	52		
Triglav, Zdravstvena zavarovalnica***	488		
Triglav, pokojninska družba***	41		
Triglav Skladi***	32		

* The Company headquarters, 12 regional units' head offices and the commercial building at Dunajska 22 are included in the calculation.

** The Company headquarters are included in the calculation.

*** The Company headquarters are included in the calculation. The first data were captured in 2019.

The bulk of greenhouse gas emissions is accounted for by emissions due to electricity consumption and heating, followed by work-related transport. The above calculation was performed using the methodology based on the Greenhouse Gas Protocol. The calculation includes direct emissions from heating with natural gas and fuel oil at regional units' head offices and the headquarters as well as the emissions due to the Company's vehicle fleet, which is used exclusively for work-related travel. Indirect emissions included electricity used for cooling, lighting, heating, the operation of electrical and electronic equipment, as well as district heating emissions. Apart from that, emissions due to the use of paper and emissions due to work-related travel using employees' own vehicles or public transport (train, bus, plane) were taken into account. Commuting to/from work was not considered in the calculation.

Electricity consumption at Zavarovalnica Triglav was about 3% lower, carbon footprint fell by more than 10% due to heating, and the overall carbon footprint at Zavarovalnica Triglav decreased by 6%.

Total emissions due to work-related travel (using the Company's vehicle fleet exclusively for work-related travel, public transport and employees' own vehicles) decreased by 7% to 424 tonnes of CO₂ equivalent. The decrease was primarily a result of the smaller number of flights. Almost 9% of all trips using company vehicles were made with electric vehicles.

The average daily consumption of office paper (A4 format) per employee in Zavarovalnica Triglav was 25.4, having decreased by more than two paper sheets per employee per day, while in the Triglav Group the average consumption was 30.2 paper sheets per employee per day.

Use of energy products⁹⁵

The guidelines aimed at reducing the consumption of heating and cooling energy as well as electricity were taken into account in each renovation of the Company's business premises. LED lighting is installed in all new business premises and on advertising signs with the logo. The renovation of the commercial building at Dunajska 22 in Ljubljana included the replacement of windows, insulation and roof.

To reduce fuel consumption, the Group members encouraged the use of the DRAJV application and participation in safe driving courses, renewed their vehicle fleet with smaller vehicles and used GPS tracking of company vehicles.

Use of energy products in the Triglav Group and Zavarovalnica Triglav in 2017–2019

Energy product type	Use of energy product by year					
	Triglav Group		Zavarovalnica Triglav		Index	
	2019	2019	2018	2017	2019/2018	2018/2017
Warm water (MWh)*	5,119	4,937	5,369	5,935	92	90
Fuel oil (l)	66,607	22,931	13,286	0	173	0
Gas (m ³)	131,311	57,870	105,015	92,936	55	113
Electricity (MWh)*	10,686	8,338	8,602	8,593	97	100

* The Company headquarters, 12 regional units' head offices and the commercial building at Dunajska 22 are included in the calculation for Zavarovalnica Triglav. The data for Dunajska 22 apply to the whole building including all tenants.

A total of 63,788 gigajoules (GJ) of electricity was used for heating, cooling, lighting and the operation of electrical and electronic equipment, assuming that 10 kWh of electricity are generated from one litre of fuel oil and 9.5 kWh from a m³ of natural gas. Zavarovalnica Triglav does not yet keep separate records of its energy consumption by energy source, but estimates its structure to be comparable to the structure of energy sources at the national level. According to the latest available data from 2018, it is estimated that the largest energy source in Slovenia is fossil fuels (60.71%), followed by nuclear energy (37.92%), while renewable energy sources accounted for 1.37% of the total.⁹⁶

Waste disposal policy⁹⁷

Full waste separation is carried out only in Slovenia, because separate collection and disposal of waste is not regulated at a national level in any other countries where the Group operates. Only waste paper is collected for charity purposes. Commercial buildings in Slovenia are gradually introducing more efficient ways of organising, separating and monitoring waste, which has resulted in a lower amount of mixed municipal waste and an increased amount of separately collected packaging waste and paper. At the Group level, almost 8 tonnes (of which almost 6 tonnes by Zavarovalnica Triglav) of obsolete IT equipment was handed over to the authorised waste management services.

The quantity of waste in Zavarovalnica Triglav in 2017–2019⁹⁸

Waste type	Zavarovalnica Triglav (in m ³)			Index	
	2019	2018	2017	2019/2018	2018/2017
Mixed waste	472	739	740	64	100
Packaging	523	400	841	131	48
Paper	567	382	580	148	66
Glass	3	3	3	100	
Biological waste	41	11	38	373	
Total	1,606	1,535	2,202	105	70

10th season of Slovenia-wide “Let’s Clean the Mountains”⁹⁹

- Garbage bag dispensers at mountain outposts began to be replaced with wooden awareness signs, thus following the guidelines of the European directive on restricting the consumption of plastic bags.
- In partnership with the Mountain Rescue Association of Slovenia (GRZS) and the Alpine Association of Slovenia (PZS), the Company published mountain awareness topics about cardiac arrest and hypothermia in the mountains, the use of crampons and hiking during winter in the hills.
- Over 36,000 campaign ambassadors on social networks actively co-create the community of lovers of clean mountains and meet at group clean-ups, thereby promoting intergenerational cooperation.
- The GRZS co-financed the purchase of GPS devices for faster search for injured persons in the mountains.
- Within the Best Mountain Trail contest, the Company provided funds to the Laško Mountaineering Society for the reconstruction of the Rečiška loop mountain trail.
- Over the course of four seasons, 80 suggestions for family hikes were published on the interactive website www.ocistimogore.si.
- The purchase of avalanche rescue equipment for mountain rescuers was co-financed.
- The trailblazer course was co-financed.



Company provided funds for the reconstruction of the Rečiška loop mountain trail.



12.8 Key corporate social responsibility guidelines of the Triglav Group in 2020

Guideline	Activities planned
Transparent governance of the organisation	<ul style="list-style-type: none"> ■ Quality information of the financial public on the operations, financial position and plans of the Group ■ Proactive cooperation with analysts, institutional investors and shareholders
Fair business practices	<ul style="list-style-type: none"> ■ Further development of the culture of ethical business practice of the Group members ■ Declaration on Fair Business ■ Proactive internal communication and employee training in compliance and corporate ethics ■ Participation in compliance and fair business external working groups and transfer of best practices ■ An example of best practice in insurance fraud investigation and prevention in the Triglav Group ■ Encouraging employees to identify insurance fraud cases and participating in the relevant training
Responsible recruitment and work practices	<ul style="list-style-type: none"> ■ Transformation of the organisational culture ■ Staff competency development ■ Unification of activities in relation to employee development in the Triglav Group ■ Improvement of selection procedures ■ Effective induction of new hires into the work and culture of employees ■ Employee training ■ Maintaining a healthy and safe environment for the employees ■ Active management of psychosocial risks among employees ■ Intergenerational cooperation – coexistence of generations: activities and training
Respect for human rights	<ul style="list-style-type: none"> ■ Protection of employees' dignity with zero tolerance to discrimination, harassment or mobbing at the workplace
Responsibility to clients and suppliers	<ul style="list-style-type: none"> ■ Preparation of a wide range of quality content, focusing on raising insurance and financial literacy and providing useful tips ■ Services accessible to people with disabilities ■ Expansion and upgrade of cooperation with contractors ■ Locally-oriented procurement
Engagement in the community and its development	<ul style="list-style-type: none"> ■ Traffic safety prevention programmes ■ Employee volunteering ■ Triglav Generations in Planica ■ Triglav Run ■ Children of Triglav ■ Preventive action
Reduction of environmental impact	<ul style="list-style-type: none"> ■ Waste management ■ Let's Clean the Mountains and Hills ■ Reduction of greenhouse gas emissions

13.

Information on the Triglav Group as at 31 December 2019

Insurance

Zavarovalnica Triglav d.d.

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 72 00
Fax:	++ 386 (1) 432 63 02
E-mail address:	info@triglav.si
Website:	www.triglav.si, www.triglav.eu

Pozavarovalnica Triglav Re d.d.

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 79 00
Fax:	++ 386 (1) 433 14 19
E-mail address:	mail@triglavre.si
Website:	www.triglavre.si
Activity:	Reinsurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 4,950,000/EUR 4,950,000

Triglav, Zdravstvena zavarovalnica d.d.

Address:	Pristaniška ulica 10, 6000 Koper, Slovenia
Phone:	++ 386 (5) 662 20 00, 080 26 64
Fax:	++ 386 (5) 662 20 02
E-mail address:	info@triglavzdravje.si
Website:	www.triglavzdravje.si
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 25,822,144/EUR 25,822,144

Triglav, pokojninska družba d.d.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenija
Phone:	++ 386 (1) 47 00 840, 080 80 87
Fax:	++ 386 (1) 47 00 853
E-mail address:	info@triglavpokojnine.si
Website:	www.triglavpokojnine.si
Activity:	Pension funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 6,750,764/EUR 6,750,764

Triglav Osiguranje d.d., Zagreb

Address:	Antuna Heinza 4, 10000 Zagreb, Croatia
Phone:	++ 385 (1) 563 27 77
Fax:	++ 385 (1) 563 27 99
E-mail address:	centrala@triglav-osiguranje.hr
Website:	www.triglav.hr
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 28,073,249

Lovćen Osiguranje a.d., Podgorica

Address:	Ulica Slobode 13a, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 404 400, 404 410
Fax:	++ 382 (20) 665 281
E-mail address:	info@lo.co.me
Website:	www.lo.co.me
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /96.59%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /96.59%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 10,103,242

Lovćen životna osiguranja a.d., Podgorica

Address:	Ulica Marka Miljanova 29, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 231 882
Fax:	++ 382 (20) 231 881
E-mail address:	info@lovceznivot.me
Website:	www.lovceznivot.me
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /96.59%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /96.59%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 2,897,700

Triglav Osiguranje d.d., Sarajevo

Address:	Dolina 8, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (33) 252 110
Fax:	++ 387 (33) 252 179
E-mail address:	info@triglav.ba
Website:	www.triglav.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /97.78%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /98.87%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 10,620,215

Triglav Osiguranje a.d., Banja Luka

Address:	Ulica Prvog krajiškog korpusa broj 29, 78000 Banja Luka, Bosnia and Herzegovina
Phone:	++ 387 (51) 215 262
Fax:	++ 387 (51) 215 262
E-mail address:	info@triglavrs.ba
Website:	www.triglavrs.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 2,845,566

Triglav Osiguranje a.d.o., Belgrade

Address:	Milutina Milankovića 7a, 11070 Novi Beograd, Serbia
Phone:	++ 381 (11) 330 51 00
Fax:	++ 381 (11) 312 24 20
E-mail address:	office@triglav.rs
Website:	www.triglav.rs
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /99.88%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.88%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 14,539,234

Triglav Osiguranje a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 16, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 22 22
Fax:	++ 389 (2) 510 22 97
E-mail address:	info@triglav.mk, pr@triglav.mk, osig@triglav.mk
Website:	www.triglav.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /80.45%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /80.45%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 2,420,278

Triglav Osiguranje Život a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 16, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 22 01
Fax:	++ 389 (2) 510 22 97
E-mail address:	info@triglavzivot.mk
Website:	www.triglavzivot.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /96.09%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /96.09%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 4,806,982

Asset management**Triglav Skladi d.o.o.**

Address:	Slovenska cesta 54, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 300 73 00
Fax:	++ 386 (1) 300 73 50
E-mail address:	info@triglavskladi.si
Website:	www.triglavskladi.si
Activity:	Mutual fund management
Equity stake of Zavarovalnica Triglav/the Triglav Group:	67.50%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 563,345/EUR 834,585

Triglav, Upravljanje nepremičnin d.d.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 47 44 440
Fax:	++ 386 (1) 23 17 785
E-mail address:	info@triglav-upravljanje.si, info-nep@triglav.si
Website:	www.triglav-upravljanje.si
Activity:	Asset management
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 3,160,113/EUR 3,160,113

Trigal, upravljanje naložb in svetovalne storitve d.o.o.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 51 317 019
E-mail address:	info@trigal.com
Website:	www.trigal.com
Activity:	Management of financial funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 8,425,979/EUR 8,425,979

Triglav penzisko društvo a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 18, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 21 90
Fax:	++ 389 (2) 510 28 81
E-mail address:	info@triglavpenzisko.mk
Website:	www.triglavpenzisko.mk
Activity:	Pension funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00% /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00% /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 3,000,068/EUR 3,000,068

Other**Triglav INT, holdinška družba d.d.**

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 724 66 50
E-mail address:	triglavint@triglav-int.si
Website:	www.triglav-int.si
Activity:	Holding company
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 77,180,734/EUR 77,180,734

Triglav svetovanje, zavarovalno zastopanje d.o.o.

Address:	Ljubljanska cesta 86, 1230 Domžale, Slovenia
Phone:	++ 386 (1) 724 66 50
E-mail address:	info@triglav-svetovanje.si
Website:	www.triglav-svetovanje.si
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 8,763/EUR 8,763

Triglav Savetovanje, društvo za zastupanje u aktivnosti osiguranju d.o.o., Belgrade

Address:	Zelengorska 1g, 11070, Belgrade, Serbia
Phone:	++ 381 (1) 165 58 493
E-mail address:	office@triglav-savetovanje.rs
Website:	www.triglav-savetovanje.rs
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	-/99.94%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	-/99.94%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	-/EUR 26,862

Triglav Savjetovanje, društvo za zastupanje u osiguranju d.o.o., Sarajevo

Address:	Topal Osman Paše br. 30, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (3) 361 81 06
Fax:	++ 387 (3) 361 82 95
E-mail address:	info@triglav-savjetovanje.ba
Website:	www.triglav-savjetovanje.ba
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	-/98.91%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	-/98.91%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	-/EUR 151,716

Triglav Savjetovanje, društvo za zastupanje u osiguranju d.o.o., Zagreb

Address:	Sarajevska cesta 60, 10000 Zagreb, Croatia
Phone:	++ 385 (1) 344 41 22
E-mail address:	info@triglav-savjetovanje.hr
Website:	www.triglav-savjetovanje.hr
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	-/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	-/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	-/EUR 568,451

Triglav Avtoservis d.o.o.

Address:	Verovškova 60b, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 580 68 80
Fax:	++ 386 (1) 580 68 75
E-mail address:	info@triglav-avtoservis.si
Website:	www.triglav-avtoservis.si
Activity:	Maintenance and repair of motor vehicle
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 43,663/EUR 43,663

Vse bo v redu, zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti

Address:	Miklošičeva cesta 19, 1000, Ljubljana, Slovenia
Phone:	++386 (1) 47 47 518
Fax:	++386 (1) 47 47 159
E-mail address:	vsebovredu@triglav.si
Website:	www.vsebovredu.si
Activity:	Humanitarian and charity activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Initial contribution of Zavarovalnica Triglav/the Triglav Group:	EUR 100,000/EUR 100,000

14. Business network of the Triglav Group

- The omni-channel approach is being strengthened and the business network is being expanded with the aim of providing sales, after-sales and assistance services in the region.
- The Triglav Group works together with over 1,370 insurance agencies, brokers and banks, with close to 70% of its contractual partners operating in markets outside of Slovenia.

The business network of the Triglav Group effectively combines the conventional with the modern. It is constantly being upgraded, in addition to developing omni-channel insurance services. Clients can take out insurance policies, report claims, obtain information and access assistance and other services online, either through a call centre or directly by telephone. The range of available assistance and online services is being expanded, which is reflected in a higher number of users.

The Group's own sales network, which is comprised of insurance agents, sales clerks and sales staff at its own points of sale, is its competitive advantage. The network is strengthened through strategic partnerships, contractual sales partners, and online and assistance services.

In 2019, the external sales network of the Triglav Group in Slovenia consisted of 436 contractual partners registered for insurance agency activities. Among them were 180 insurance agency companies, representing Zavarovalnica Triglav exclusively and non-exclusively. The Group also effectively cooperates with roadworthiness test providers, car dealers, leasing companies, banks and travel agencies.

In markets outside Slovenia, the Group works with more than 940 insurance agencies, brokers and banks. Most partnerships were entered into in Serbia, where partnerships with vehicle inspection providers prevail. In addition to the traditional sales channels and assistance services,

the Group cooperates with contractual partners in claim settlements.

The business network of the Triglav Group implements the Company's client-centric approach. Through the business network, new ways of doing business are constantly introduced, while communication with users is comprehensive, responsible and omni-channel.

14.1 Insurance

■ Zavarovalnica Triglav d.d., Ljubljana, Headquarters – registered office

Regional units:

- | | |
|-------------|------------------|
| ■ Celje | ■ Murska Sobota |
| ■ Koper | ■ Nova Gorica |
| ■ Kranj | ■ Novo mesto |
| ■ Krško | ■ Postojna |
| ■ Ljubljana | ■ Slovenj Gradec |
| ■ Maribor | ■ Trbovlje |

■ Pozavarovalnica Triglav Re d.d., Ljubljana – registered office

■ Triglav, Zdravstvena zavarovalnica d.d., Koper – registered office

The insurance company has agencies set up in all 12 regional units of Zavarovalnica Triglav and a health information office at its headquarters.

■ Triglav, pokojninska družba d.d., Ljubljana – registered office

■ Triglav Osiguranje d.d., Zagreb – registered office

Branch offices:

- | | |
|--------------|---------|
| ■ Zagreb | ■ Reka |
| ■ Čakovec | ■ Pulj |
| ■ Varaždin | ■ Split |
| ■ Koprivnica | ■ Zadar |
| ■ Osijek | |

■ Lovćen Osiguranje a.d., Podgorica – registered office

Branch offices:

- | | |
|-------------|----------------|
| ■ Podgorica | ■ Bijelo Polje |
| ■ Nikšić | ■ Kotor |
| ■ Berane | ■ Bar |
| ■ Pljevlja | ■ Budva |

Offices:

- | | |
|---------------|---------------|
| ■ Andrijeвица | ■ Rožaje |
| ■ Ulcinj | ■ Mojkovac |
| ■ Danilovgrad | ■ Tivat |
| ■ Kolašin | ■ Herceg Novi |
| ■ Tuzi | ■ Cetinje |
| ■ Žabljak | ■ Šavnik |
| ■ Plav | ■ Plužine |

■ Triglav Osiguranje d.d., Sarajevo – registered office

Branch offices:

- | | |
|-----------------------------------|------------------|
| ■ Sarajevo (Gradačaka, Novi Grad) | ■ Banja Luka |
| ■ Bihać | ■ Ljubuški |
| ■ Tuzla | ■ Kiseljak |
| ■ Mostar | ■ Jelah (Tešanj) |
| ■ Zenica | ■ Čitluk |
| ■ Travnik | ■ Široki Brijeg |
| ■ Goražde | ■ Novi Travnik |
| ■ Brčko | ■ Teočak |
| | ■ Breza |
| | ■ Gračanica |

■ Triglav Osiguranje a.d.o., Banja Luka – registered office

Branch offices:

- | | |
|--------------|--------------------|
| ■ Banja Luka | ■ Gradiška |
| ■ Doboj | ■ Istočno Sarajevo |
| ■ Prijedor | ■ Bijeljina |

Offices:

- | | |
|-----------------|-------------------|
| ■ Laktaši | ■ Modriča |
| ■ Mrkonjić Grad | ■ Brod |
| ■ Teslić | ■ Novi Grad |
| ■ Derventa | ■ Kozarska Dubica |

- Kostajnica
- Prnjavor
- Istočna Ilidža
- Zvornik
- Vlasenica
- Pale
- Omarska
- Bratunac
- Šipovo
- Triglav Osiguranje a.d.o., Belgrade – registered office

Branch offices:

- Belgrade
- Novi Sad
- Kruševac
- Niš
- Valjevo
- Kikinda
- Subotica
- Šabac
- Kragujevac
- Čačak
- Jagodina
- Vranje
- Vršac
- Novi Pazar
- Užice
- Zrenjanin

Offices and agencies:

- Belgrade 1
- Bor
- Bečej
- Negotin
- Leskovac
- Prokuplje
- Pančevo
- Bogatić
- Bela Crkva
- Kraljevo
- Sremska Mitrovica

- Triglav Osiguruvanje a.d., Skopje – registered office

Branch offices:

- Skopje
- Bitola
- Ohrid
- Gostivar
- Tetovo
- Kumanovo
- Veles
- Gevgelija
- Prilep
- Kičevo
- Radoviš
- Kočani
- Štip
- Kavadarci
- Strumica
- Struga

Agencies:

- Kumanovo
- Tetovo (2 agencies)
- Negotino
- Resen
- Kočani
- Kruševo
- Berovo
- Delčevo
- Makedonska Kamenica
- Vinica
- Dolno Palčište
- Dobri Dol
- Debar
- Rosoman
- Valandovo
- Demir Hisar
- Zajas (Kičevo)
- Velešta
- Vrapčište
- Skopje – Cento
- Skopje – Aerodrom
- Struga
- Ohrid
- Gostivar

- Triglav Osiguruvanje Život a.d., Skopje – registered office

14.2 Asset management

- Triglav Skladi d.o.o., Ljubljana – registered office
- Triglav, Upravljanje nepremičnin d.d., Ljubljana – registered office
- Triglav, upravljanje naložb in svetovalne storitve d.o.o., Ljubljana – registered office

14.3 Other

- Triglav INT, holdinška družba d.d., Ljubljana – registered office
- Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale – registered office
- Triglav Avtoservis d.o.o., Ljubljana – registered office
- Triglav penzisko društvo a.d., Skopje – registered office

15. Performance indicators of Zavarovalnica Triglav

15.1 Growth of gross written premium (index)

		Gross written premium for the current year*100			Gross written premium for the preceding year	
					in EUR	
No.		Gross written premium			Index	
		2019	2018	2017	2019/2018	2018/2017
1	2	3	4	5	6=3/4*100	7=4/5*100
1	Accident insurance	26,948,216	26,173,583	27,032,366	103	97
2	Health insurance	728,634	692,746	486,414	105	142
3	Land motor vehicle insurance	124,555,113	118,662,444	106,632,935	105	111
4	Railway insurance	3,154,574	3,041,772	3,142,650	104	97
5	Aircraft insurance	1,928,948	611,302	970,750	316	63
6	Marine insurance	308,649	333,969	345,918	92	97
7	Good in transit insurance	4,724,407	4,952,630	5,324,046	95	93
8	Fire and natural disaster insurance	56,134,878	55,459,450	54,761,073	101	101
9	Other damage to property insurance	115,060,305	102,508,202	84,122,714	112	122
10	Motor TPL insurance	102,352,357	92,416,996	87,528,335	111	106
11	Aircraft liability insurance	1,988,419	988,282	994,150	201	99
12	Marine liability insurance	811,322	453,104	335,514	179	135
13	General liability insurance	39,134,047	37,671,613	35,174,509	104	107
14	Credit insurance	22,962,440	25,456,965	26,094,676	90	98
15	Suretyship insurance	2,414,586	1,842,317	1,601,544	131	115
16	Miscellaneous financial loss insurance	2,807,251	2,816,203	2,821,601	100	100
17	Legal expenses insurance	700,475	443,097	393,897	158	112
18	Travel assistance insurance	15,513,341	11,571,786	10,732,548	134	108
19	Total non-life insurance (No. 1-18)	522,227,961	486,096,463	448,495,641	107	108
20	Life insurance	82,300,599	81,164,340	82,276,487	101	99
21	Wedding insurance or birth insurance	-	-	-	-	-
22	Unit-linked life insurance	79,947,507	76,201,048	73,128,814	105	104
23	Tontine	-	-	-	-	-
24	Capital redemption insurance	17,655,904	16,748,583	18,070,394	105	93
25	Income protection insurance due to accident or illness	-	-	-	-	-
26	Total life insurance (No. 20-25)	179,904,010	174,113,971	173,475,695	103	100
27	Total (No. 19+26)	702,131,971	660,210,433	621,971,336	106	106

15.2 Net written premium as % of gross written insurance premium

		Net written premium*100					
		Gross written premium					
						in EUR	
						Net written premium as % of gross written insurance premium	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	25,893,398	25,314,374	26,948,216	26,173,583	96	97
2	Health insurance	468,930	428,000	728,634	692,746	64	62
3	Land motor vehicle insurance	114,830,648	109,238,897	124,555,113	118,662,444	92	92
4	Railway insurance	2,462,435	2,344,637	3,154,574	3,041,772	78	77
5	Aircraft insurance	197,970	190,540	1,928,948	611,302	10	31
6	Marine insurance	282,146	266,847	308,649	333,969	91	80
7	Good in transit insurance	2,828,814	2,559,751	4,724,407	4,952,630	60	52
8	Fire and natural disaster insurance	34,952,660	34,410,580	56,134,878	55,459,450	62	62
9	Other damage to property insurance	63,485,852	62,140,310	115,060,305	102,508,202	55	61
10	Motor TPL insurance	92,822,564	85,870,747	102,352,357	92,416,996	91	93
11	Aircraft liability insurance	158,967	94,134	1,988,419	988,282	8	10
12	Marine liability insurance	495,209	349,217	811,322	453,104	61	77
13	General liability insurance	27,285,281	26,417,695	39,134,047	37,671,613	70	70
14	Credit insurance	18,958,624	21,564,742	22,962,440	25,456,965	83	85
15	Suretyship insurance	1,805,255	1,396,282	2,414,586	1,842,317	75	76
16	Miscellaneous financial loss insurance	1,248,636	1,236,135	2,807,251	2,816,203	44	44
17	Legal expenses insurance	531,431	414,089	700,475	443,097	76	93
18	Travel assistance insurance	14,757,892	11,000,093	15,513,341	11,571,786	95	95
19	Total non-life insurance (No. 1-18)	403,466,713	385,237,072	522,227,961	486,096,463	77	79
20	Life insurance	81,529,094	80,726,621	82,300,599	81,164,340	99	99
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	79,947,507	76,201,048	79,947,507	76,201,048	100	100
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	17,655,904	16,748,583	17,655,904	16,748,583	100	100
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	179,132,505	173,676,252	179,904,010	174,113,971	100	100
27	Total (No. 19+26)	582,599,218	558,913,324	702,131,971	660,210,433	83	85

15.3 Movements in gross claims paid (index)

		Gross claims paid for the current year*100			Gross claims paid for the preceding year		in EUR
		Gross claims paid			Index		
No.		2019	2018	2017	2019/2018	2018/2017	
1	2	3	4	5	6=3/4*100	7=4/5*100	
1	Accident insurance	12,153,879	12,350,357	11,545,124	98	107	
2	Health insurance	243,561	134,892	14,210	181	949	
3	Land motor vehicle insurance	79,970,757	76,808,657	71,726,550	104	107	
4	Railway insurance	1,000,537	2,521,898	1,441,997	40	175	
5	Aircraft insurance	11,954	15,168	87,147	79	17	
6	Marine insurance	91,682	508,970	650,614	18	78	
7	Good in transit insurance	1,395,610	1,082,274	1,188,764	129	91	
8	Fire and natural disaster insurance	19,721,686	26,508,728	21,581,327	74	123	
9	Other damage to property insurance	44,513,081	49,201,547	42,710,558	90	115	
10	Motor TPL insurance	61,356,582	59,008,202	53,963,444	104	109	
11	Aircraft liability insurance	17,028	16,674	24,782	102	67	
12	Marine liability insurance	13,980	29,627	46,469	47	64	
13	General liability insurance	13,579,671	15,388,188	11,853,905	88	130	
14	Credit insurance	11,404,559	9,692,982	7,989,944	118	121	
15	Suretyship insurance	223,376	206,704	66,264	108	312	
16	Miscellaneous financial loss insurance	2,434,591	4,161,301	823,140	59	506	
17	Legal expenses insurance	2,560	12,734	-245	20	-	
18	Travel assistance insurance	10,922,757	9,600,577	8,538,092	114	112	
19	Total non-life insurance (No. 1-18)	259,057,852	267,249,479	234,252,085	97	114	
20	Life insurance	95,622,077	80,774,735	81,846,116	118	99	
21	Wedding insurance or birth insurance	-	-	-	-	-	
22	Unit-linked life insurance	57,234,124	59,839,416	81,504,295	96	73	
23	Tontine	-	-	-	-	-	
24	Capital redemption insurance	4,929,640	5,753,105	5,236,135	86	110	
25	Income protection insurance due to accident or illness	-	-	-	-	-	
26	Total life insurance (No. 20-25)	157,785,841	146,367,257	168,586,546	108	87	
27	Total (No. 19+26)	416,843,693	413,616,736	402,838,631	101	103	

15.4 Loss ratio

		Gross claims paid*100		Gross written premium				in EUR	
		Gross claims paid		Gross written premium		Loss ratio (%)			
No.		2019	2018	2019	2018	2019	2018		
1	2	3	4	5	6	7=3/5*100	8=4/6*100		
1	Accident insurance	12,153,879	12,350,357	26,948,216	26,173,583	45	47		
2	Health insurance	243,561	134,892	728,634	692,746	33	19		
3	Land motor vehicle insurance	79,970,757	76,808,657	124,555,113	118,662,444	64	65		
4	Railway insurance	1,000,537	2,521,898	3,154,574	3,041,772	32	83		
5	Aircraft insurance	11,954	15,168	1,928,948	611,302	1	2		
6	Marine insurance	91,682	508,970	308,649	333,969	30	152		
7	Good in transit insurance	1,395,610	1,082,274	4,724,407	4,952,630	30	22		
8	Fire and natural disaster insurance	19,721,686	26,508,728	56,134,878	55,459,450	35	48		
9	Other damage to property insurance	44,513,081	49,201,547	115,060,305	102,508,202	39	48		
10	Motor TPL insurance	61,356,582	59,008,202	102,352,357	92,416,996	60	64		
11	Aircraft liability insurance	17,028	16,674	1,988,419	988,282	1	2		
12	Marine liability insurance	13,980	29,627	811,322	453,104	2	7		
13	General liability insurance	13,579,671	15,388,188	39,134,047	37,671,613	35	41		
14	Credit insurance	11,404,559	9,692,982	22,962,440	25,456,965	50	38		
15	Suretyship insurance	223,376	206,704	2,414,586	1,842,317	9	11		
16	Miscellaneous financial loss insurance	2,434,591	4,161,301	2,807,251	2,816,203	87	148		
17	Legal expenses insurance	2,560	12,734	700,475	443,097	0	3		
18	Travel assistance insurance	10,922,757	9,600,577	15,513,341	11,571,786	70	83		
19	Total non-life insurance (No. 1-18)	259,057,852	267,249,479	522,227,961	486,096,463	50	55		
20	Life insurance	95,622,077	80,774,735	82,300,599	81,164,340	116	100		
21	Wedding insurance or birth insurance	-	-	-	-	-	-		
22	Unit-linked life insurance	57,234,124	59,839,416	79,947,507	76,201,048	72	79		
23	Tontine	-	-	-	-	-	-		
24	Capital redemption insurance	4,929,640	5,753,105	17,655,904	16,748,583	28	34		
25	Income protection insurance due to accident or illness	-	-	-	-	-	-		
26	Total life insurance (No. 20-25)	157,785,841	146,367,257	179,904,010	174,113,971	88	84		
27	Total (No. 19+26)	416,843,693	413,616,736	702,131,971	660,210,433	59	63		

15.5 Operating expenses as % of gross written premium

		Operating expenses*100					
		Gross written premium					
						in EUR	
		Operating expenses		Gross written premium		Operating expenses as % of gross written premium	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	8,861,320	9,458,145	26,948,216	26,173,583	33	36
2	Health insurance	167,540	150,379	728,634	692,746	23	22
3	Land motor vehicle insurance	32,242,680	29,696,078	124,555,113	118,662,444	26	25
4	Railway insurance	387,448	392,363	3,154,574	3,041,772	12	13
5	Aircraft insurance	147,876	154,051	1,928,948	611,302	8	25
6	Marine insurance	181,378	196,655	308,649	333,969	59	59
7	Good in transit insurance	1,329,110	1,402,480	4,724,407	4,952,630	28	28
8	Fire and natural disaster insurance	17,929,041	17,885,085	56,134,878	55,459,450	32	32
9	Other damage to property insurance	29,726,699	27,971,925	115,060,305	102,508,202	26	27
10	Motor TPL insurance	28,524,684	26,260,970	102,352,357	92,416,996	28	28
11	Aircraft liability insurance	186,170	194,248	1,988,419	988,282	9	20
12	Marine liability insurance	265,834	205,577	811,322	453,104	33	45
13	General liability insurance	11,544,690	11,085,981	39,134,047	37,671,613	30	29
14	Credit insurance	5,643,718	6,119,796	22,962,440	25,456,965	25	24
15	Suretyship insurance	667,742	560,762	2,414,586	1,842,317	28	30
16	Miscellaneous financial loss insurance	873,915	825,989	2,807,251	2,816,203	31	29
17	Legal expenses insurance	380,788	265,058	700,475	443,097	54	60
18	Travel assistance insurance	6,858,280	7,222,355	15,513,341	11,571,786	44	62
19	Total non-life insurance (No. 1-18)	145,918,915	140,047,898	522,227,961	486,096,463	28	29
20	Life insurance	16,397,125	16,452,677	82,300,599	81,164,340	20	20
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	15,997,740	15,913,563	79,947,507	76,201,048	20	21
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	2,180,195	2,008,712	17,655,904	16,748,583	12	12
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	34,575,060	34,374,952	179,904,010	174,113,971	19	20
27	Total (No. 19+26)	180,493,976	174,422,850	702,131,971	660,210,433	26	26

15.6 Acquisition costs as % of gross written insurance premium

		Acquisition costs*100					
		Gross written premium					
						in EUR	
						Acquisition costs as % of gross written insurance premium	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	947,383	1,421,275	26,948,216	26,173,583	3,5	5,4
2	Health insurance	4,714	10,310	728,634	692,746	0,6	1,5
3	Land motor vehicle insurance	4,619,441	3,696,663	124,555,113	118,662,444	3,7	3,1
4	Railway insurance	6,337	5,871	3,154,574	3,041,772	0,2	0,2
5	Aircraft insurance	3,674	6,793	1,928,948	611,302	0,2	1,1
6	Marine insurance	5,828	6,922	308,649	333,969	1,9	2,1
7	Good in transit insurance	315,878	334,589	4,724,407	4,952,630	6,7	6,8
8	Fire and natural disaster insurance	1,916,022	1,825,468	56,134,878	55,459,450	3,4	3,3
9	Other damage to property insurance	2,969,670	3,357,715	115,060,305	102,508,202	2,6	3,3
10	Motor TPL insurance	6,067,721	4,472,255	102,352,357	92,416,996	5,9	4,8
11	Aircraft liability insurance	3,143	5,141	1,988,419	988,282	0,2	0,5
12	Marine liability insurance	69,042	6,794	811,322	453,104	8,5	1,5
13	General liability insurance	1,862,958	1,845,263	39,134,047	37,671,613	4,8	4,9
14	Credit insurance	1,007,008	1,118,288	22,962,440	25,456,965	4,4	4,4
15	Suretyship insurance	74,318	13,251	2,414,586	1,842,317	3,1	0,7
16	Miscellaneous financial loss insurance	195,469	177,210	2,807,251	2,816,203	7,0	6,3
17	Legal expenses insurance	88,807	25,155	700,475	443,097	12,7	5,7
18	Travel assistance insurance	379,838	400,079	15,513,341	11,571,786	2,4	3,5
19	Total non-life insurance (No. 1-18)	20,537,250	18,729,043	522,227,961	486,096,463	3,9	3,9
20	Life insurance	2,642,616	2,814,767	82,300,599	81,164,340	3,2	3,5
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	5,503,282	5,539,248	79,947,507	76,201,048	6,9	7,3
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	75,966	91,927	17,655,904	16,748,583	0,4	0,5
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	8,221,864	8,445,942	179,904,010	174,113,971	4,6	4,9
27	Total (No. 19+26)	28,759,115	27,174,986	702,131,971	660,210,433	4,1	4,1

15.7 Net loss ratio

		(Net settled claims + Change in claims provisions)*100							
		Net premium income							
								in EUR	

15.8 Combined loss ratio

		(Net settled claims + Change in claims provisions + Net operating expenses)*100					
		Net premium income					
						in EUR	
		Net settled claims + Change in claims provisions + Net operating expenses		Net premium income		Combined loss ratio (%)	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	327,176,747	318,563,461	394,414,319	378,258,597	83	84

15.9 Expense ratio

		Operating expenses*100					
		Net premium income					
						in EUR	
		Operating expenses		Net premium income		Expense ratio (%)	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Life insurance	34,575,060	34,374,952	179,141,040	173,682,273	19	20

15.10 Utility ratio

		(Paid claims + Change in insurance technical provisions)*100					
		Net written premium					
						in EUR	
		Paid claims + Change in insurance technical provisions		Net written premium		Utility ratio (%)	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Life insurance	234,654,876	122,840,805	179,132,506	173,676,253	131	71

15.11 Investment return as % of average balance of investments

		Investment return*100					
		(starting balance for the year + ending balance for the year)/2					
						in EUR	
		Investment return		Average balance of investments		Investment return as % of average balance of investments	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Asset backing liabilities	15,689,748	20,956,650	681,196,820	666,731,738	2,3	3,1
2	Guarantee fund backing traditional life insurance	23,999,526	22,197,287	789,542,163	773,085,242	3,0	2,9
3	Guarantee fund backing SVPI	10,603,351	-435,260	210,430,776	199,298,981	5,0	-0,2
4	Guarantee fund backing SVPI during the annuity payout period	1,412,081	1,274,131	50,771,853	43,277,219	2,8	2,9
5	Guarantee fund backing unit-linked insurance	67,988,593	-29,722,381	390,654,818	391,006,303	17,4	-7,6
6	Investments not financed from insurance technical provisions	11,707,490	8,247,785	338,930,590	329,884,266	3,5	2,5
7	Total	131,400,790	22,518,211	2,461,527,020	2,403,283,750	5,3	0,9

15.12 Net claims provisions as % of net premium income

		Net claims provisions*100					
		Net premium income					
						in EUR	
						Net claims provisions as % of net premium income	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	22,239,155	28,811,601	25,712,226	25,635,949	86	112
2	Health insurance	54,556	39,483	551,298	347,257	10	11
3	Land motor vehicle insurance	17,601,078	18,301,740	112,935,787	105,662,062	16	17
4	Railway insurance	4,559,400	3,479,703	2,368,929	2,428,797	192	143
5	Aircraft insurance	49,357	80,465	174,533	171,949	28	47
6	Marine insurance	345,595	376,579	281,272	267,568	123	141
7	Good in transit insurance	1,418,409	1,126,387	2,780,895	2,572,334	51	44
8	Fire and natural disaster insurance	13,057,498	11,966,761	34,739,117	34,055,627	38	35
9	Other damage to property insurance	23,931,240	23,171,621	61,059,151	60,522,086	39	38
10	Motor TPL insurance	156,311,058	155,162,597	90,542,312	84,435,182	173	184
11	Aircraft liability insurance	686,854	280,891	99,929	93,446	687	301
12	Marine liability insurance	471,258	48,982	432,665	332,366	109	15
13	General liability insurance	95,875,908	109,341,224	26,502,179	26,092,596	362	419
14	Credit insurance	1,946,004	2,750,968	19,770,083	22,155,420	10	12
15	Suretyship insurance	43,299	58,416	1,385,093	1,207,042	3	5
16	Miscellaneous financial loss insurance	870,382	1,945,392	1,247,168	1,198,840	70	162
17	Legal expenses insurance	61,547	117,801	507,846	397,664	12	30
18	Travel assistance insurance	2,394,178	2,007,583	13,323,834	10,682,411	18	19
19	Total non-life insurance (No. 1-18)	341,916,776	359,068,194	394,414,318	378,258,596	87	95
20	Life insurance	19,318,913	19,133,482	113,643,807	110,099,124	17	17
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	0	0	47,841,329	46,834,564	-	-
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	0	0	17,655,904	16,748,583	-	-
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	19,318,913	19,133,482	179,141,040	173,682,272	11	11
27	Total (No. 19+26)	361,235,689	378,201,676	573,555,357	551,940,868	63	69

15.13 Gross profit/loss for the year as % of net written premium

		Gross profit/loss*100					
		Net written premium				in EUR	
		Gross profit/loss		Net written premium		Gross profit/loss for the year as % of net written premium	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	67,345,887	69,592,565	403,466,712	385,237,071	16,7	18,1
2	Life insurance	17,265,723	8,864,689	179,132,506	173,676,253	9,6	5,1
3	Total	84,611,610	78,457,254	582,599,218	558,913,324	14,5	14,0

15.14 Gross profit/loss for the year as % of average equity

		Gross profit/loss*100 (equity starting balance for the year + equity ending balance for the year)/2				Gross profit/loss for the year as % of average equity		
		Gross profit/loss		Average balance of equity				in EUR
No.		2019	2018	2019	2018	2019	2018	
1	2	3	4	5	6	7=3/5*100	8=4/6*100	
1	Non-life insurance	67,345,887	69,592,565	472,649,351	467,915,788	14,2	14,9	
2	Life insurance	17,265,723	8,864,689	97,651,154	97,850,730	17,7	9,1	
3	Total	84,611,610	78,457,254	570,300,506	565,766,518	14,8	13,9	

15.15 Gross profit/loss for the year as % of average assets

		Gross profit/loss*100 (assets starting balance for the year + assets ending balance for the year)/2				Gross profit/loss for the year as % of average assets		
		Gross profit/loss		Average balance of assets				in EUR
No.		2019	2018	2019	2018	2019	2018	
1	2	3	4	5	6	7=3/5*100	8=4/6*100	
1	Non-life insurance	67,345,887	69,592,565	1,258,554,573	1,227,670,825	5,4	5,7	
2	Life insurance	17,265,723	8,864,689	1,576,305,973	1,549,413,574	1,1	0,6	
3	Total	84,611,610	78,457,254	2,834,860,546	2,777,084,399	3,0	2,8	

15.16 Gross profit/loss for the year per share

Gross profit/loss		Number of shares					
Number of shares							
		Gross profit/loss		Number of shares		Gross profit/loss for the year per share	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5	8=4/6
1	Non-life insurance	67,345,887	69,592,565	15,837,350	15,837,350	4,3	4,4
2	Life insurance	17,265,723	8,864,689	6,897,798	6,897,798	2,5	1,3
3	Total	84,611,610	78,457,254	22,735,148	22,735,148	3,7	3,5

in EUR

15.17 Receivables from reinsurance and reinsurer's share of insurance technical provisions as % of equity

Receivables from reinsurance and reinsurer's share of insurance technical provisions*100		Equity					
		Receivables from reinsurance and reinsurer's share of insurance technical provisions		Equity		Receivables from reinsurance and reinsurer's share of insurance technical provisions as % of equity (%)	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	106,021,178	94,467,362	478,889,482	466,409,221	22,1	20,3
2	Life insurance	17,656	10,040	101,590,793	93,711,515	-	-
3	Total	106,038,834	94,477,402	580,480,275	560,120,736	18,3	16,9

in EUR

15.18 Net written premium as % of average balance of equity and insurance technical provisions

Net written premium*100		Average balance of equity and insurance technical provisions					
		Net written premium		Average balance of equity and insurance technical provisions		Net written premium as % of average balance of equity and insurance technical provisions (%)	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	403,466,712	385,237,071	1,040,300,084	1,044,812,434	38,8	36,9
2	Life insurance	179,132,506	173,676,253	1,542,035,024	1,516,714,400	11,6	11,5
3	Total	582,599,218	558,913,324	2,582,335,109	2,561,526,834	22,6	21,8

in EUR

15.19 Average balance of net insurance technical provisions as % of net premium income

		Average balance of net insurance technical provisions*100					
		Net premium income					
						in EUR	
		Average balance of net insurance technical provisions		Net premium income		Average balance of net insurance technical provisions as % of net premium income (%)	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	567,650,733	576,896,647	394,414,319	378,258,597	143,9	152,5
2	Life insurance	1,444,383,870	1,418,863,670	179,141,040	173,682,273	806,3	816,9
3	Total	2,012,034,603	1,995,760,316	573,555,359	551,940,870	350,8	361,6

15.20 Equity as % of liabilities

		Equity * 100					
		Liabilities					
						in EUR	
		Equity		Liabilities		Equity as % of liabilities (%)	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	478,889,482	466,409,221	1,296,007,131	1,221,102,015	37,0	38,2
2	Life insurance	101,590,793	93,711,515	1,624,857,608	1,527,754,338	6,3	6,1
3	Total	580,480,275	560,120,736	2,920,864,739	2,748,856,353	19,9	20,4

15.21 Net insurance technical provisions as % of liabilities

		Net insurance technical provisions*100					
		Liabilities					
						in EUR	
		Net insurance technical provisions		Liabilities		Net insurance technical provisions as % of liabilities (%)	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	564,500,042	570,801,424	1,296,007,131	1,221,102,015	43,6	46,7
2	Life insurance	1,486,080,920	1,402,686,820	1,624,857,608	1,527,754,338	91,5	91,8
3	Total	2,050,580,962	1,973,488,244	2,920,864,739	2,748,856,353	70,2	71,8

15.22 Net life insurance technical provisions as % of net insurance technical provisions

		Net life insurance technical provisions*100					
		Net insurance technical provisions					
						in EUR	
		Net life insurance technical provisions		Net insurance technical provisions		Net life insurance technical provisions per % of net insurance technical provisions (%)	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Total	1,455,824,397	1,374,950,680	2,050,580,962	1,973,488,244	71,0	69,7

15.23 Gross written premium per number of permanent employees

		Gross written premium					
		(ending number of employees for the previous year + ending number of employees for the year)/2					
						in EUR	
		Gross written premium		Average number of employees		Gross written premium per number of permanent employees	
No.		2019	2018	2019	2018	2019	2018
1	2	3	4	5	6	7=3/5	8=4/6
1	Total	702,131,971	660,210,433	2,272	2,288	309,105	288,617

Risk management 145

1. Risk management	147
1.1 Powers and responsibilities	148
1.2 Risk management framework	150
1.3 Capital management	152
1.4 Risk types	152
2. Risk exposure and management	154
2.1 Capital and capital adequacy management	154
2.2 Risk profile	155
2.3 Underwriting risks	156
2.4 Market risks	160
2.5 Credit risks	165
2.6 Liquidity risks	166
2.7 Operational risks	170
2.8 Non-financial risks	171
2.9 Stress tests	171



Risk management

- The Triglav Group was adequately capitalised, safe and profitable in 2019.
- The adequacy of the Group's capital and financial strength is reflected in the "A" ratings of S&P Global Ratings and AM Best.
- Capital strength is confirmed by the capital structure, which almost entirely consists of the highest-quality capital.
- As part of the Group's regular capital management activities, Zavarovalnica Triglav last year successfully issued a subordinated bond.

The basis for ensuring adequate safety and profitability of operations and a high level of trust of all stakeholders is the firmly integrated process of managing capital in the Group. The objective is the efficient use of available own funds for the long-term and stable return on investment of Zavarovalnica Triglav's shareholders. The return on investment is predefined in the dividend policy criteria and takes into account the interests of the remaining stakeholders and regulatory restrictions.

One of the key factors for achieving these goals is a comprehensive risk management system, closely linked to the process of accepting risks. It enables the persons responsible to identify, in a timely manner, profitability and risks posed by a particular business opportunity, and to regularly measure and monitor the amount, return and use of economic capital. On this basis, the capital structure is optimised and business decisions are adjusted.

The Group measures the risks and monitors capital adequacy using the methods which comply with the Solvency II standard formula, based on mark-to-market valuation. At the same time, it uses and develops an internal risk measurement methodology by risk type, which is also used to test the appropriateness of the regulatory method. To ensure long-term target capital adequacy, the own risk and solvency assessment is regularly performed so as to determine the current and future solvency requirements and define the appropriate capital management measures. The 2019 own risk and solvency assessment confirmed the high level of capital adequacy of the Group despite the still less favourable conditions on the financial markets or increasingly pessimistic forecasts for the EU economy.

In 2019, the Group was well capitalised. Its capital strength is reflected in its capital structure, which almost entirely consists of the highest-quality capital – share capital and reconciliation reserve. A small portion of available own funds also includes subordinated liabilities. Last year, as part of the Group's regular capital management activities to ensure its optimal capital structure and cost-effectiveness, Zavarovalnica Triglav successfully issued a 30.5-year subordinated bond (Tier 2 pursuant to the Solvency II regulations) with the first call date after 10.5 years. The total value of the bond issue was EUR 50 million. The adequate capital and financial strength of the Group is reflected in the long-term credit rating and financial strength rating of "A" assigned to the Group by the credit rating agencies S&P Global Ratings and AM Best. Both credit ratings have a stable medium-term outlook. [→ See Section 6.6 of the Business Report for more information].

Changes in exposure and on the financial markets, mainly the lowering of already low interest rates, required some adjustments to the Group's risk profile compared to the end of 2018. These changes primarily arise from the changed investment portfolio and the increase in the volume of the insurance portfolio, particularly the non-life insurance portfolio. The continued low interest rate period also increased life insurance risks. In the context of market risks, the Company lowered spread risks as a result of decreased corporate bond exposure and higher exposure to government bonds, thereby reducing market risks in relation to the previous year. The own risk and solvency assessment was performed once in 2019.

During the reporting year, emerging risks from the environment were continuously monitored and the Company actively responded to any potential threats.

The existing risk management system is continuously upgraded, especially in the areas of increased vulnerability related to external influences or internal initiatives.

Main risk management development activities at the Group level in 2019

- In the context of **market risks**, development activities focused on interest rate risks. Due to the increased risks associated with the external environment as a result of low interest rates, the regular duration gap calculation and the monitoring of the impact of interest rates on capital were upgraded. As a measure to reduce interest rate risks, stricter policies for target asset-liability matching in the portfolios of concluded insurance policies were adopted. Apart from that, certain measures in taking out life insurance were introduced.
- With regard to **underwriting risks**, the relevant processes began to be comprehensively upgraded in order to gain a quicker and high-quality overview of the Group's concentrations.
- In the context of **credit risks**, regular monitoring of subsidiaries' exposure to banks was successfully transferred from Zavarovalnica Triglav to its subsidiaries. This has enabled the Company to carry out more effective monitoring and take timely action to ensure the target exposure to banking groups at the Group level. A more detailed control review of the credit ratings of all reinsurance companies with which the Group members cooperate was set up, in addition to the system of regular automatic verification.
- With respect to **liquidity risks**, a harmonised methodology for determining liquid assets was prepared, thus harmonising liquidity monitoring in the Group members.
- Based on experience and knowledge gained, the **operational risk management system was upgraded**. Reporting on realised operational risks was implemented at the Group level, with a special emphasis on information technology risks, including cyber risks and the business continuity management system. An increase in exposure to cyber risks was identified, and stress scenarios were updated in all Group members within the own risk and solvency assessment. At the Group level, vulnerability arising from such risks was checked. Additional risk measurement and monitoring was implemented and new security mechanisms were set up, which will be continuously upgraded.
- In the implementation of minimum standards, particularly in the drafting of regular risk reports, the Company **continued to cooperate with the Group members** with the aim of improving the quality of data and the reporting system at the Group level. With the goal of improving the risk management culture, training workshops were held for the employees of the Company and the Group.

1. Risk management system

The **comprehensive risk management system** is one of the key prerequisites for the achievement of the Triglav Group's strategic objectives and the cornerstone of the wider system of its governance. The risk management system of Zavarovalnica Triglav is clear, transparent and well documented. In accordance with the principles of the parent company, it is defined in the Group's minimum standards and established in all its members, taking into account the principle of proportionality, i.e. the size, complexity and business profile of a particular subsidiary. The system provides for a timely identification, monitoring and reporting of all material risks. Furthermore, it includes the processes that provide for effective management of individual risks or exposures. The development of the system is effectively transferred from the parent company to other Group members on the basis of the common minimum standards.

Risk management within the Group is first performed at the level of individual subsidiaries and then at the Group level. At the level of individual subsidiaries, the management body and the persons in charge of risk management are responsible for the establishment and operation of the risk management system.

In Zavarovalnica Triglav, the Risk Management Department is responsible for the preparation and transfer of minimum standards, with a focus on subsidiaries, while a separate department is in charge of the management of subsidiaries within the Group. By enforcing minimum standards, this establishes

and maintains an efficient and transparent governance system of the Triglav Group, for which effective communication and quality exchange of data and information are essential, in particular time availability, methodological consistency, accounting verifiability and integrity.

The **own risk and solvency assessment process**, which is strongly related to the quality of the whole risk management system, is part of the second line of defence [[→ see the description of the lines of defence below in Section 1.1](#)]. By assessing solvency requirements, the appropriateness of both the regulatory method and the strategic guidelines is verified in terms of ensuring capital adequacy. In order to optimise the use of capital, solvency requirements are assessed in relation to the requirements of implementing the strategic plan, while capital adequacy is tested using the defined stress tests. On this basis, the Company takes measures such as changes to the guidelines for accepting transactions, premium rates, adjustments to the limit system and risk transfers. Part of the described process is the stability testing of the Group's capital adequacy in relation to new, emerging risks from the environment. After testing their impact on own funds using the selected scenarios, risk mitigation measures are identified based on the estimated impact so as to increase the readiness for identified risks and upgrade the internal control system. All of this forms an effective system for making strategic decisions.

1.1 Powers and responsibilities

The comprehensive risk management system enables the Company to make business decisions that are consistent with risk appetite objectives.

The risk management system is designed based on the “**three lines of defence**” model.

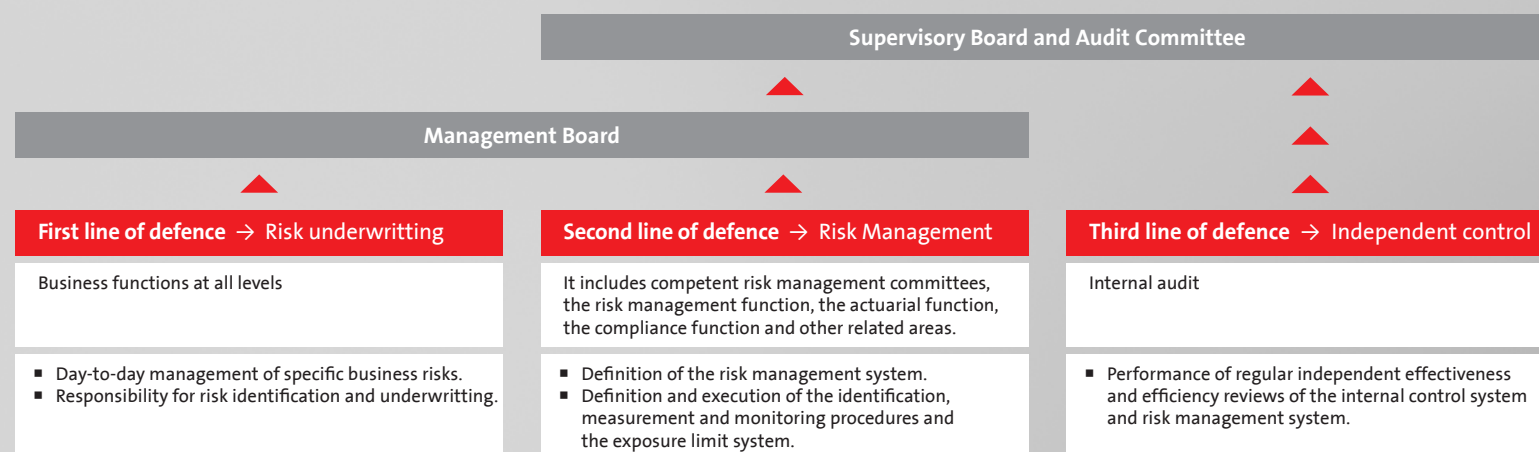
- The **first line of defence** consists of the business functions, which actively manage concrete business risks through their business decisions and are primarily responsible for risk identification and underwriting.
- The **second line of defence** includes key functions and other related areas that exercise oversight as well as decision-making bodies. The latter form the risk management system, which includes exposure identification, measurement and monitoring as well as the exposure limit system.
- The **third line of defence** includes the internal audit function. This function executes regular independent effectiveness and efficiency reviews of the internal control system and the risk management system in individual functional areas.

Even though the Management Board and the Supervisory Board are not directly part of the lines of defence, they play a key role in the risk management system. They are not only the primary stakeholders serviced by the three lines of defence, but are also in charge of the operation of the three lines of defence system.

The **Supervisory Board** gives consent to the Management Board with respect to the written rules of the risk management system at the highest level. Within the scope of its powers and responsibilities, it is briefed with the reports of key functions. At its sessions, the Supervisory Board regularly monitors the risk profile and capital adequacy, as well as the results of the own risk and solvency assessment. Furthermore, it gives its approval to the Solvency and Financial Condition Report and to risk reports. The Supervisory Board may establish a working body, which provides expert assistance and support in the formulation of positions on risk management.

The **Audit Committee** of the Supervisory Board supervises the adequacy and effectiveness of the risk management system and monitors the comprehensive risk profile of the Company.

The decision-making bodies participating in the integrated corporate risk management process and the three lines of defence



The **Management Board** defines the business objectives and the risk appetite, as well as approves the risk management strategy and policies. It is responsible for ensuring the effectiveness of the risk management system and approves the policies and work plans of each key function. It is regularly briefed on capital adequacy and approves the most important reports drafted by the key functions, including the Regular Supervisory Report and the Solvency and Financial Condition Report. Independently or within a committee, the Management Board not only actively participates in and directs the own risk and solvency assessment process, but also ensures its compliance with, and integration into, the capital planning and management processes.

The **business functions at Zavarovalnica Triglav and individual subsidiaries of the Triglav Group** are responsible for risk underwriting and identification in their respective work area in accordance with the guidelines of the Management Board, as well as for the management of concrete risks within the allowed exposure limits.

The **key functions** of Zavarovalnica Triglav's governance system are **organised as independent organisational units**. These are the risk management function, the non-life and life insurance actuarial functions, the compliance function, and the internal audit function, which carry out their duties and responsibilities independently from one another and from the other organisational units of the Company. They are all part of the second line of defence, except for the internal audit function, which is also a key function but part of the third line of defence. All key functions cooperate with one another and regularly exchange the necessary information. The key function holders meet the fit and proper requirements defined by the applicable internal rules for the respective area. In the risk management activities, the key functions proactively cooperate with the other control functions at the Group level.

The **risk management function** is responsible for the establishment and coordinated and continuous operation of the integrated risk management system in accordance with the guidelines of the Management Board. Furthermore, it is in charge of monitoring the general risk profile, developing risk measurement methodologies and risk valuation models, performing the underlying risk analyses, reporting on risk exposures, and undertaking capital adequacy valuation using the regulatory method and other capital models. In line with the guidelines of the Management Board, the risk management function also coordinates and performs the own risk and solvency assessment, drafts quarterly risk reports, the Solvency and Financial Condition Report and the Regular Supervisory Report, as well as reports to regulatory bodies as required. In addition, it regularly reports on the risk profile to the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board.

The **compliance function** monitors the compliance of the Company's operations with the applicable regulations and commitments within the internal control system, and regularly reports to the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board thereon. It monitors and assesses the impacts due to the changed legal environment and compliance risks, assesses the adequacy and effectiveness of procedures, and advises on measures to adapt the Company's operations to any identified changes by giving guidelines, recommendations and proposals to co-create the internal controls for ensuring compliance of a particular process, line of business, or the Company as a whole. The compliance function also plays a major role with respect to fair and transparent conduct by monitoring adherence to the ethical commitments and ensures their implementation in practice.

The **internal audit function** performs an ongoing and comprehensive control of the Company's

operations. This is achieved by reviewing and assessing the adequacy and effectiveness of the Company's governance, risk management and control procedures in a systematic and methodical manner and by making recommendations for their improvement. It cooperates with external auditors and other supervisory bodies, monitors the implementation of internal and external auditors' recommendations and participates in internal audits at other Group members. Moreover, the internal audit function is responsible not only for the quality and continuous development of internal auditing at the Company, but also for transferring know-how and best practices in this area to the other Group members. Apart from that, it provides advisory services in agreement with the Management Board and the management of functional areas.

The **actuarial function** coordinates and calculates insurance technical provisions. It ensures that the appropriate methods, models and assumptions are used in the calculations and that the data used are appropriate, sufficient and of good quality. Its key tasks are to verify the appropriateness of the general underwriting risk policy and to deliver an opinion whether the amount of the premium of individual products is sufficient to cover all the liabilities arising from insurance contracts. The actuarial function also checks the adequacy of reinsurance and participates in the own risk and solvency assessment, while also adjusting and calculating capital requirements based on underwriting risks. In the context of the second line of defence, it regularly monitors the implementation of the actuarial function and informs the Supervisory Board and the Management Board of any important findings.

All key functions are in charge of not only transferring know-how and best practices to the Group members but also of ensuring their coordinated operation.

The second line of defence of the risk management system includes the **committees appointed by the Management Board**. They have an advisory role and may be granted certain decision-making rights by the Management Board. Their purpose is to provide support to the Management Board in regular monitoring, coordination and information about risk management. The powers and responsibilities of the committees are defined in the respective rules of procedure approved by the Management Board.

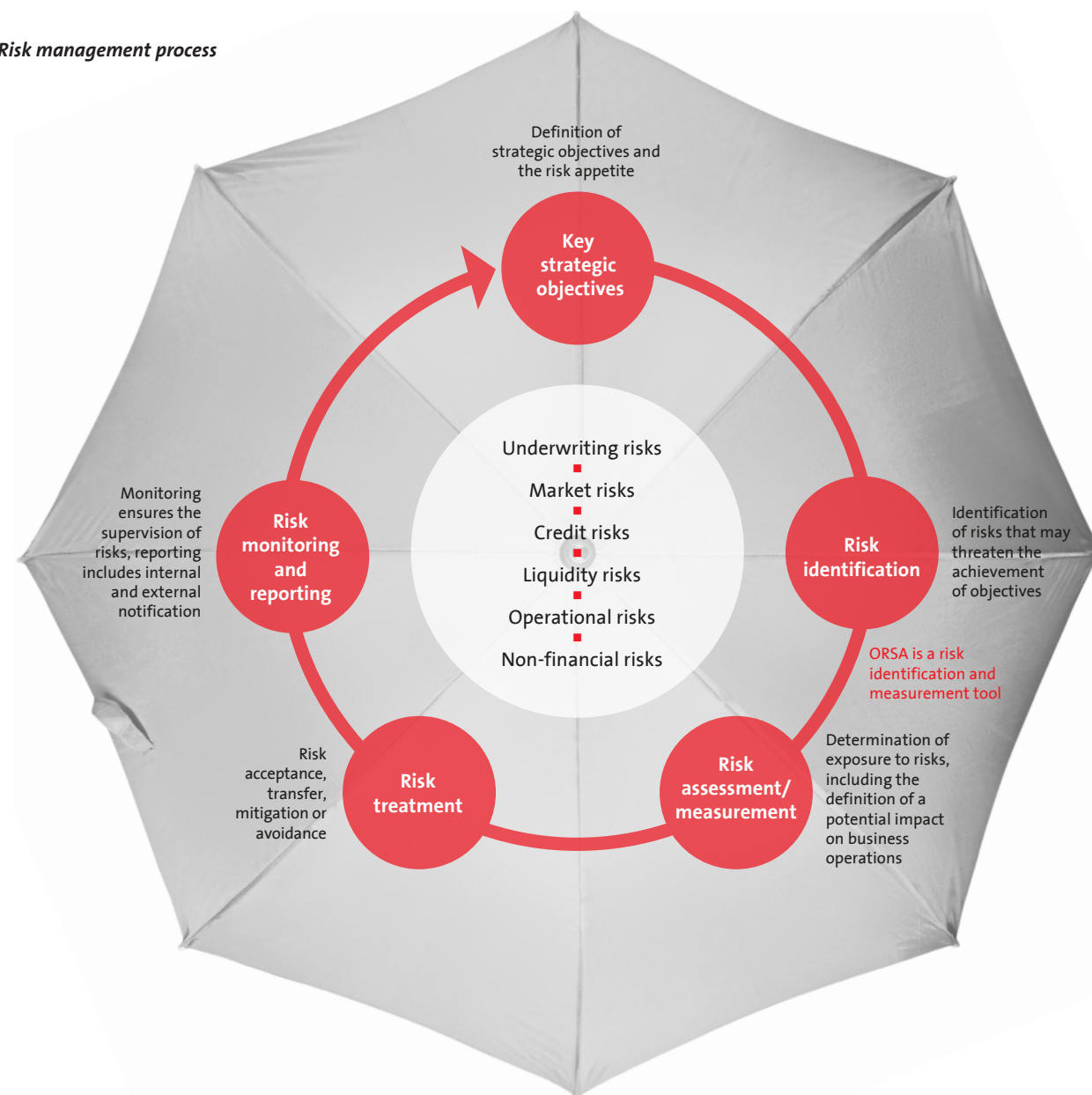
The risk management system includes the following committees at the Company level.

- The **Risk Management Committee** manages all material risks for the Company and/or the Group, while also being responsible for the management of strategic or non-financial risks.
- The **Assets and Liabilities Committee** is in charge of market risks, including credit risk arising from the exposure to banks and banking groups, life underwriting risks and liquidity risks.
- The **Non-life Insurance Committee** manages credit and non-life underwriting risks, including the risks related to the transfer of exposures to reinsurers.
- The **Operational Risk Committee** is responsible for operational risks, including information security risks – cyber risks and the business continuity management system – as well as compliance and outsourcing risks.
- The **Life and Non-life Insurance Product Forums** are responsible for the development of new insurance products, including any risks related thereto.
- The **Project Steering Committee** deals with project risks and reports to other competent committees thereon.

1.2 Risk management framework

The risk management system incorporates all areas of risk management, with a special emphasis on those that materially affect the operations and the set business objectives. An important factor in risk management is the establishment of an appropriate culture within the Company, based on knowledge, cooperation and open communication about risks; the Management Board and the management bodies of individual Group members play the key role in this.

Risk management process



The **comprehensive risk management process** of Zavarovalnica Triglav is based on the Group's strategy and the Company's business plan. In the process of planning the guidelines and objectives for the strategy period, the Company defines the risks that it is willing to take in order to achieve these objectives. In addition, it defines the key indicators based on which the target (appetite) and threshold (tolerance) values of risk exposure are set. Firstly, on the basis of the set strategic objectives, any probable events that could have a material impact on the achievement of objectives are identified once a year in the own risk and solvency assessment process. Secondly, the impact of these events on the Company's operations is assessed and, if necessary, measures to manage them are defined.

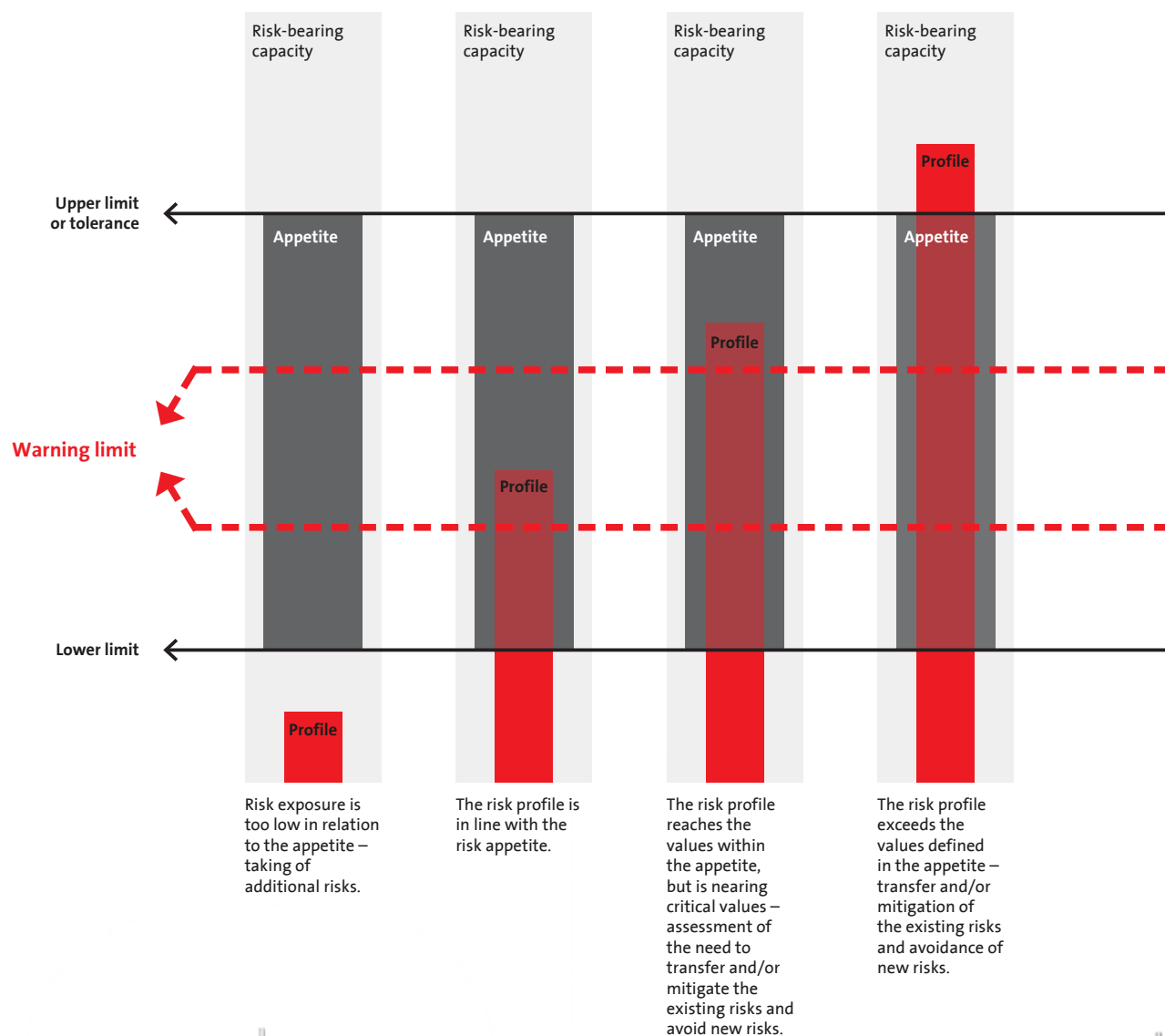
The identified events are the risks which the Company appropriately classifies, assesses and analyses, particularly in terms of size of impact and probability of occurrence. The analysis serves as the basis for the Management Board to make decisions on the risk management method, which depends on the ratio of the actual exposure (the risk profile) to the values set in the risk appetite (acceptance, transfer, mitigation or avoidance). All the risks are regularly monitored and controlled, which includes regular reporting to both external and internal stakeholders.

The **risk appetite** determines the key indicators for each material risk and their target and threshold values. The Company has zero tolerance for all risks that it is not willing to assume in the course of its operations. One of the key indicators is the *solvency ratio*. Its target range and tolerance are consistent with the dividend policy and defined in the internal document regulating capital management of the Company and the Group. Maintaining capital adequacy within the target range is an ongoing process, which requires regular review of business decisions in terms of profitability and the risks assumed.

The Risk Management Department regularly monitors the matching of the risk profile (the actual exposure to risks) and the risk appetite and briefs the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board thereon.

The selection of the approach depends on the ratio between the risk profile and the values determined in the risk appetite as shown in the following figure.

The basis for deciding on the risk management method



The risk exposure monitoring mechanisms enable the Company not only to detect and identify any negative trends but also to take appropriate measures, which is operationally performed at several levels. At the level of the **functional areas**, risks are identified with the established processes of notifying the key functions about transactions with increased risks, while at the **aggregate level** risks are identified by regularly monitoring the concentration of exposure and the increased volatility where the exposure of the Group is higher. Material detected or identified risks are included in the own risk and solvency assessment process.

Risks are regularly measured and monitored using various methods.

- **The regulatory method.** This method is based on risk measurement in accordance with the Solvency II standard formula and includes the explanation of substantial changes in the period.
- **Internal methods.** Own calculations of the defined key risk indicators are regularly performed, thereby assessing the risk level of a particular risk type. In addition, the limits are defined in order to limit the underwriting of risks. These limits are used in the ordinary course of operations.
- **S&P risk assessment method.** Capital adequacy is also calculated by using the methodology of the S&P rating agency.

The appropriateness of the regulatory method is thoroughly analysed at least once a year in the context of the own risk and solvency assessment process. The results of the internal risk measurement method are also taken into account in the final assessment of appropriateness.

The Management Board and the Supervisory Board are regularly informed about the Company's and the Group's exposure to both individual risk types and the overall exposure to risks.

The risk report, which is prepared on a quarterly basis, is a documented result of regular risk measurement and monitoring, as it covers all key risk indicators, including the trends, limits and recommendations of the Risk Management Department.

The Company regularly documents any deficiencies identified within the risk management system and prepares proposals for improvements, including measures and recommendations for its upgrade.

1.3 Capital management

A well-integrated risk management system is key to effective capital management. **Ensuring capital adequacy within the target range** means that at any given moment the Triglav Group has a sufficient amount of capital in relation to the measurable risks accepted. By consistently assessing profitability in relation to the risks accepted, capital adequacy goals are pursued when deciding to enter into a transaction, including taking into account the criterion of earning appropriate profit for owners. The goal of capital management is to guarantee the safety and profitability of operations as well as a long-term and stable return on investment by paying out dividends based on the predefined criteria in the dividend policy.

In previous years and during 2019, the Group was adequately capitalised, safe and profitable.

The amount of available own funds to cover regulatory capital requirements is regularly measured both at the level of individual insurance subsidiaries and at the Group level in accordance with the applicable legislation.

The target capital adequacy of Zavarovalnica Triglav at the Group level is set within the range of 200–250%. This means that the Company has an adequate amount of capital to carry out its

core business and cover potential losses. Capital surplus provides protection against losses due to unforeseen adverse events and volatile capital requirements. In addition to maintaining regular capital adequacy, the Company plans and assesses future capital and capital adequacy levels. This allows it to detect any changes in the environment affecting capital adequacy and to ensure optimum capital allocation.

Capital adequacy also has a significant impact on credit ratings; therefore, credit rating models are taken into account when making decisions. The capital model of the Group is assessed by the credit rating agencies S&P Global Ratings and AM Best. See [→ *Section 6.6 of the Business Report*] for more information on the credit rating.

1.4 Risk types

The most important risk types are described below, while the risk management methods and exposure to a specific risk type are described in greater detail in [→ *Section 2. Risk management*].

The basis for defining the risk appetite is identification of the risks to which the Company is exposed in the course of its operations. The risk identification process is ongoing, involving all functional areas in accordance with their respective powers and responsibilities. Its purpose is to ensure the inclusion of all material risks in the risk management system, to set up the risk exposure measurement process, and to achieve uniform risk management and understanding at all management levels. The Group uses the risk classification

The capital management strategic objectives and the dividend policy criteria

> 250%	Surplus capital adequacy	Possibility of a more aggressive growth of business volume, assessment of potential changes in the business strategy
200–250%	Target capital adequacy	Regular performance of risk management activities
150–200%	Sub-optimum level of capital adequacy	Analyzing possible medium and long-term measures to improve capital adequacy and emphasized monitoring of risks
130–150%	Warning level of capital adequacy	Implementation of measures to improve capital adequacy
< 130%	Insufficient capital adequacy	

in accordance with the Insurance Act (ZZavar-1) for internal risk monitoring. In its operations, the Company assumes the following risks:

- **Underwriting risks** are the risks of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions taken into account in the calculation of insurance technical provisions. Every type of insurance has its own specific risks, which are duly identified and managed. In direct insurance business, the Company is predominantly faced with traditional underwriting risks, which are divided into premium risk, provision risk, catastrophe risk and lapse risk. Within underwriting risks (including reinsurance risks), non-life underwriting risks (including health insurance) and life underwriting risks (including pension insurance) are treated separately.
- **Market risks** are the risks of loss or of adverse changes in the financial situation, resulting from fluctuations in the level and the volatility of market prices of assets, liabilities and financial instruments. Market risks include interest rate risk, equity risk, currency risk, property risk, spread risk and market concentration risk.
- **Liquidity risks** are the risks of loss that may occur if the Company or the Group members are not able to meet all expected and unexpected present and future cash outflows and past due liabilities. Liquidity risks may arise from inadequate or insufficient available funds or from the uncertainty of financial markets and the consequent difficulty in accessing the financial resources needed to pay for liabilities. Liquidity risks usually materialise as the inability to liquidate financial assets or selling them at prices below current market rates.
- **Credit risks** present a risk of loss or adverse change in the financial position of the Company and arise from fluctuations in the credit

position. They are the result of the debtor's failure to meet all or part of its financial or contractual obligations.

- **Operational risks** are the risks of loss arising from inadequate or failed internal processes, personnel or systems, or from external events and their impact. They include information security risks with a special emphasis on cyber risks, legal risks, compliance risk, conduct risk, project risk, outsourcing risk and model risk.
- **Non-financial risks** include strategic risks, capital risk, reputational risk and the Group risks.
 - *Strategic risks* are the risks of loss due to adverse business decisions, improper implementation of adopted strategic decisions and insufficient responsiveness to changes in the business environment (including legal and regulatory risks).
 - *Capital risk* is the risk of loss due to inadequate capital structure with regard to the business volume and method or problems encountered when acquiring fresh capital, especially in the face of adverse business conditions or the need for a rapid increase in capital.
 - *Reputational risk* is the risk of loss arising from lost income from future or existing operations of the Company or the Group, resulting from a negative image held by its shareholders and investors, clients, employees, business partners, competent or supervisory bodies and the public.
 - *The Group risks* arise from the business model of the Company, which is the parent company or a group of related parties. They include risks that might threaten the achievement of strategic objectives due to an inefficient governance system of the Group and insufficient understanding of the business environment of its members. This also includes any changed circumstances

relating to environmental, social, human resource, bribery and anti-corruption matters. The Company's risk profile is also influenced by the transactions between the associated companies and the high complexity of concentration risk management.

In the context of non-financial risks, the Company separately addresses *sustainability risks*, which have become increasingly important in the recent period and include environmental, social and governance (ESG) factors. From the perspective of insurers, the focus of sustainable risks is the impact of climate change, which along with other sustainable risks (the ageing population, antibiotic resistance, pandemic risk, etc.) will affect the business of insurers, both via liabilities and assets.

In addition to the risks described above, the Group is also exposed to emerging risks, i.e. risks that may still develop or that already exist. They are difficult to quantify but can have a significant impact on the business. They cannot be predicted based on past experience as there is often no data from which to predict either the frequency or the severity of the damage caused.

Emerging risks are therefore monitored very closely and the risk management system is appropriately upgraded. As part of regular monitoring, they are identified through risk trend assessment.

Risks as determined by IFRS are: **underwriting, market, credit, liquidity and other risks**. The Company's risk classification can be translated into the IFRS risk classification as follows:

- In accordance with IFRS, the most common market risks are currency, interest rate and other price risks, which include equity and property risks.
- Under IFRS, credit risks include spread risk, market concentration risk and counterparty

default risk. In this respect, exposures from cash and cash equivalents, reinsurance and receivables represent a significant part of the counterparty default risk.

- There are no differences between the classifications of underwriting and liquidity risks.
- Other risks, as defined by the IFRS, include operational and non-financial risks.

The Company monitors the situation and reports to the management on exposure and risk assessment based on regulatory requirements and internal risk classification. Due to the differences in the IFRS and Solvency II valuation methods, the values of individual balance sheet items may differ noticeably. This is also reflected in differences in exposure to individual risks. In addition, different valuation methods affect the sensitivity of the items and thus the risk assessment. A more detailed description of the differences between the valuations is presented in Section D of the Solvency and Financial Condition Report of Zavarovalnica Triglav and in Section D of the Solvency and Financial Condition Report of the Triglav Group.

Presented below in more detail are exposures according to the classification used in the risk management system of the Company.

2. Risk exposure and management

The quantitative presentation of risk exposure is primarily based on accounting data. Exposures on a mark-to-market basis, which is also used for solvency reporting, will be presented in greater detail in the Solvency and Financial Condition Report, which is compiled separately for Zavarovalnica Triglav and the Triglav Group.

The presentation of the risk profile of the Group and the risk assessments of individual risk segments are based on market values for solvency purposes. The Company uses the regulatory method, which was adjusted to the Group's internal characteristics and assessed as appropriate for risk measurement in the context of the own risk and solvency assessment process.

With respect to unit-linked life insurance, investment risk is borne by the policyholder and not by the insurer. The tables below therefore separately show the value of these insurance contracts, where appropriate, or exclude them from the presentation of exposure and risk assessment of the Company and the Group. This applies to unit-linked insurance and, in 2019, also to PDPZ Zmerni and Drzni guarantee funds. For ease of comparison, their figures as at the end of 2019 were compared with the corresponding figures for 2018.

2.1 Capital and capital adequacy management

Capital management enables the Group to optimise its operations, adopt appropriate business decisions and maintain its competitive advantages. Management is centralised and takes place at the parent company level. The concentration of available own funds in the parent company enables it to actively manage these funds in accordance with the strategic objectives and interests of a wide circle of stakeholders.

According to the latest available estimates, the level of available own funds, with the dividends taken into account at the Group level, significantly exceeded the estimated regulatory risk level, which is shown in the table as a capital requirement.

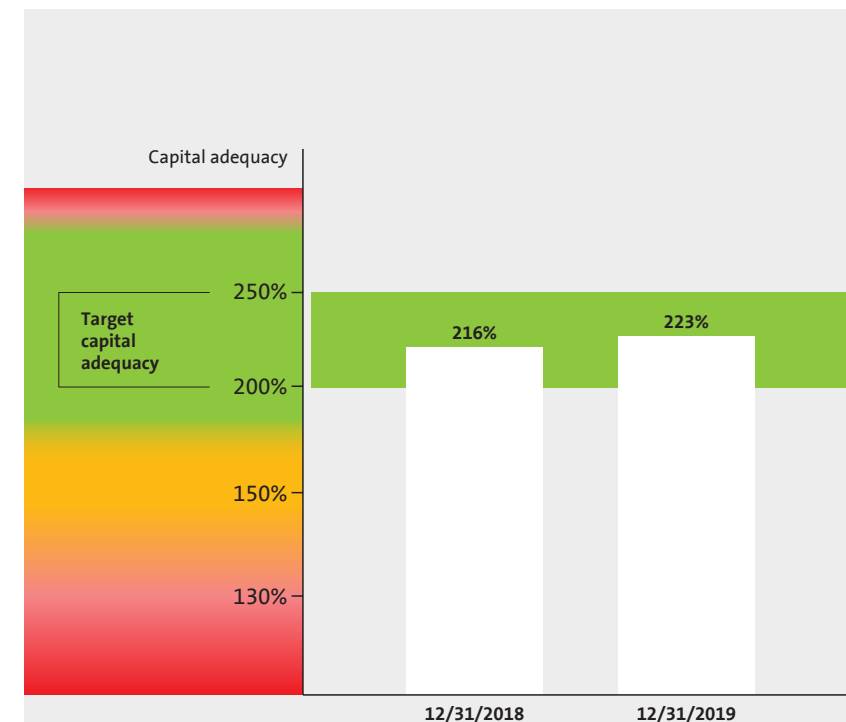
Solvency ratio for the Triglav Group and Zavarovalnica Triglav

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Available own funds (in EUR million)	892	843	905	861
SCR (in EUR million)	400	391	320	325
Solvency ratio (in %)	223	216	283	265

The Group was well capitalised as at the 2019 year-end. Available own funds increased by EUR 49 million due to market profit and the issued subordinated bond. The expected dividend amount for 2019 has been already deducted from this amount of available own funds. The capital requirement is calculated using the standard formula. The increase in the capital requirement in 2019 primarily resulted from the higher volume of business, which was additionally influenced by the approved legislative amendments to the Commission Delegated Regulation. The later increased the capital requirement for natural catastrophes and thus the amount of non-life insurance underwriting risks. In addition to the earthquake and flood risks, the capital requirement for natural catastrophes also includes hail and storm risks.

Details of significant reasons for the changes in the 2019 business year are described in the Solvency and Financial Condition Report for 2019, which is published separately for the Company and the Group on the Company's website.

Risk appetite and actual capital adequacy of the Triglav Group



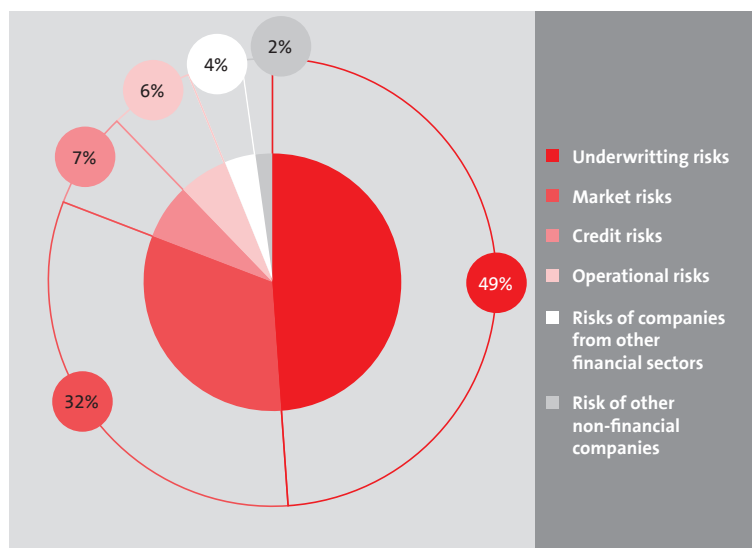
2.2 Risk profile

Risks are assessed on the basis of prescribed stress in the standard formula and internal methods based on a value-at-risk method. It distributes market losses or gains over a one-year horizon with a confidence interval of 99.5%. With regard to solvency capital requirement (SCR), the diversification specified in the standard formula in accordance with applicable law is taken into account.

The level of underwritten risks is in line with the guidelines defined in the risk appetite. As the period of low interest rates continued in 2019, the Company pursued the goal of reducing market risks while increasing the scope of underwriting risks. The first is mainly a result of a more conservative investment policy and better matching of life insurance assets and liabilities. The Group is most exposed to market and underwriting risks, followed by credit and operational risks. Within the Group, Zavarovalnica Triglav assumes the bulk of the risks.

The risk profile of Zavarovalnica Triglav and the Triglav Group, which shows their exposure to material risk types, is shown in the following table.

Risk profile assessment of the Triglav Group* as at 31 December 2019



* The risk profile is determined on the basis of a risk assessment using the standard formula, without taking into account the effects of diversification across individual risk categories. Risk assessment is based on the latest known data that impact risk assessment and perceived trends. It is the best estimate as at 31 December 2019.

Risk dashboard of Zavarovalnica Triglav and the Triglav Group* as at 31 December 2019

Risks	Risk assessment	Risk trend	Note
Capital adequacy	Low	Upward	Capital adequacy remains within the target range in both the Company and the Group, despite changes in the 2019 standard formula that increase the risk assessment. There are some uncertainties in the announced changes to the standard formula, which are still being harmonised at the EU level and which may affect capital adequacy in the coming years.
Underwriting risks	Medium	Stable	The Group maintains premium growth and achieves the target values of indicators in strategic markets. The combined ratio is within the strategically defined range. Low interest rate risks that hamper the profitability of life and pension insurance are still present. Due to the inclusion of hail and storm risks in the standard formula, non-life underwriting risks also increased.
Market risks	Medium	Stable	Given the challenging financial market conditions and persistent low interest rates, the Company pursued the maximum possible matching of assets and liabilities and a more conservative investment policy, and thus a reduction in market risks. Uncertainty about the sudden increase in credit spreads remains at the forefront. Due to extremely low interest rates, Zavarovalnica Triglav regularly monitored interest rate risks and implemented measures primarily in the life and pension insurance segments.
Credit risks	Low	Stable	Despite the increase in exposure, credit risks remain low. The main reason is the regular monitoring and management of individual exposures in all segments and good diversification of the portfolio.
Liquidity risks	Medium	Stable	Zavarovalnica Triglav's liquidity position is regularly monitored at various time intervals. The liquidity position has improved slightly in the recent period and, according to internal criteria, is in a neutral liquidity position.
Operational risks	Medium	Stable	The Triglav Group has identified cyber and regulatory risks as key types of operational risks. In order to better identify vulnerabilities and readiness for cyber events, the Company and its subsidiaries analysed in detail the most current cyber risks and prepared key measures to reduce them in 2019. Furthermore, the Company began to obtain the Information Security Management System certification in accordance with the requirements of the ISO 27001 standard in 2019.

* An overall assessment of the main risk types was made on the basis of discussed quarterly risk reports. The risk trend shows a potential assessment of future risks relative to current projections.

i) The colour scale of assessed risks: ■ high ■ medium ■ low

ii) Risk trend: ◀ downward ▶ stable ▲ upward.

2.3 Underwriting risks

Underwriting risks are the risks that are directly related to taking out an insurance policy, its amount and, consequently, the loss or adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions taken into account in the calculation of insurance technical provisions.

The Triglav Group assumes underwriting risks by conducting its core business, which includes insurance, reinsurance and asset management activities. A well-established and effective underwriting risk management system includes the relevant procedures, segregation of powers and authorisations to achieve the target level of risks, which the Company is still prepared to accept in order to achieve its business and strategic objectives.

The **execution of insurance transactions comprises four key processes**, in the context of which underwriting risks are identified, measured, monitored and managed: product development, underwriting, underwriting risk transfer and claim settlement.

- The limits of the target levels of risks accepted are taken into account already in **product development** by setting the premium amount and the general underwriting criteria using actuarial techniques. At this stage, the Company defines the underwriting risks which it is prepared to accept, which it wishes to avoid, which have to be mitigated and which will be transferred to reinsurers, either partly or fully.
- The next key process is **underwriting**, in which risks are properly classified, the price of insurance coverage is set and where an insurance product is appropriately tailored to the policyholder or the insured object by reducing the possibility of abuse, moral hazard and adverse selection.

- The third key process is defining a comprehensive approach to **transferring (excess) underwriting risks** to reinsurance partners or capital markets. The main method for the transfer of underwriting risks is reinsurance. The annual planned reinsurance programme includes the calculation of own shares by individual insurance class, and on this basis, maximum coverage is defined, in addition to procedures and criteria for determining the maximum possible loss with regard to individual insurance perils.
- The last key process in conducting insurance transactions is **claim settlement**, in which the Company pays out the claims it is obligated to pay to the insured in exchange for received insurance premium. In the claim settlement process, the Company monitors whether the amount of an insurance claim is within reasonable expectations. The Company responds to any identified discrepancies with appropriate corrective actions in all key processes described.

The way the four key processes are implemented affects the entire insurance business.

Underwriting risks are divided into:

- **non-life underwriting risks** and
- **life underwriting risks**.

The structure of consolidated gross written insurance, co-insurance and reinsurance premiums of the Group by non-life and life insurance segment is presented in detail in [→ *Section 7.5 Gross written insurance, co-insurance and reinsurance premiums of the Business Report*].

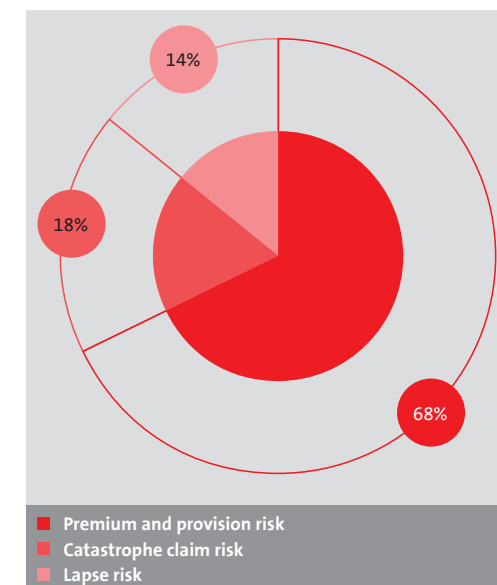
2.3.1 Non-life insurance underwriting risks

When concluding non-life insurance policies, the Group's insurance and reinsurance subsidiaries underwrite premium risk, provision risk, lapse risk and catastrophe risk. Under the standard formula, these risks depend on the exposure of individual insurance segments and their variability.

The Group is most exposed to premium and provision risks, followed by catastrophe and lapse risks. At the Group level, Zavarovalnica Triglav underwrites the bulk of the non-life underwriting risks, while Triglav, Zdravstvena zavarovalnica underwrites the majority of health underwriting risks.

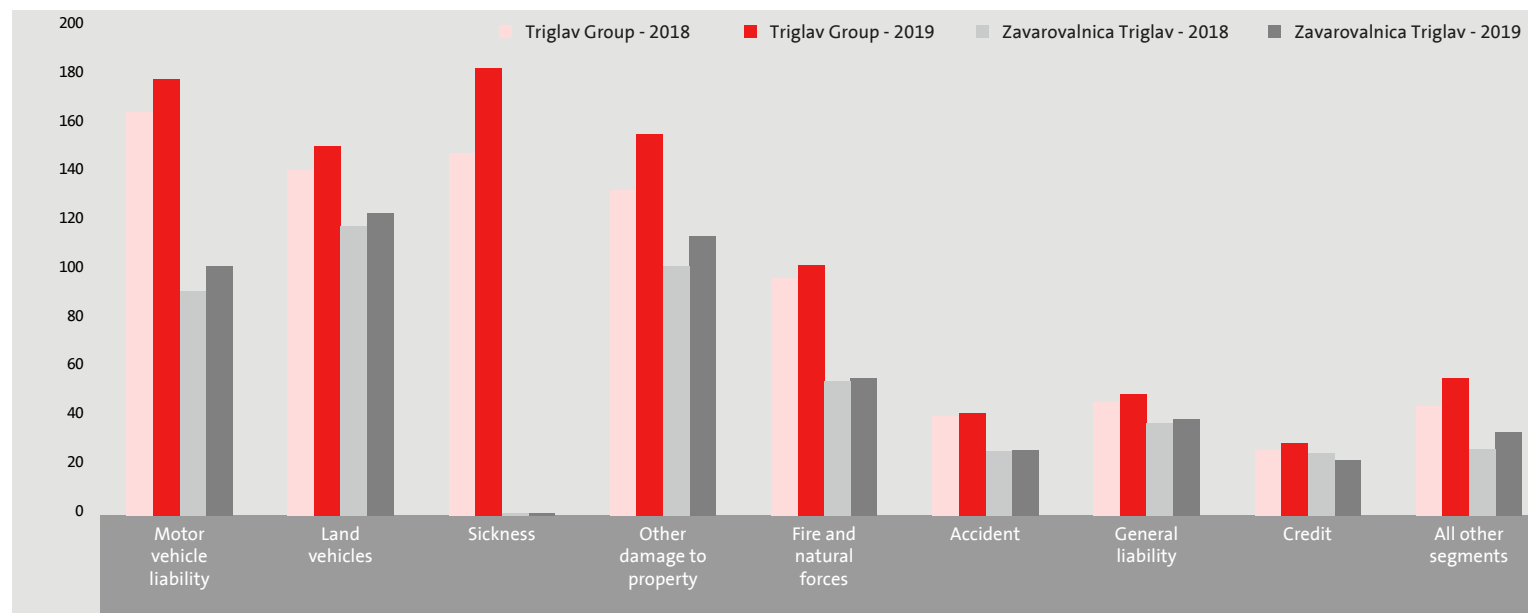
Premium risk occurs when written premium is insufficient to meet all obligations arising from the conclusion of an insurance contract, not taking into account major or catastrophe losses. The risk depends on premium earned and the annual variability of claims ratios, which are determined for each insurance segment using the standard formula. Greater the variability, greater the risk. Since premium risk also depends on the range of various insurance segments in the portfolio, the Group pursues a balanced diversification of the portfolio in different insurance segments.

Risk assessment for the Triglav Group by non-life underwriting risk type including health underwriting risks as at 31 December 2019*



* The risk profile is determined on the basis of a risk assessment using the standard formula, without taking into account the effects of diversification across individual categories of non-life insurance underwriting risks. It includes non-life insurance and additional accident insurance taken out with life insurance, but non-life insurance annuities are excluded. Risk assessment is the best estimate as at 31 December 2019, which is based on the latest known data that impact risk assessment and perceived trends.

Gross written premium from insurance and co-insurance contracts by insurance segment in EUR million



Premium risk is regularly monitored at the Group level as well as at the level of its insurance and re-insurance subsidiaries. The adequacy of written premium in relation to actual claims and costs arising from underwritten insurance contracts is measured with combined ratios. Combined ratios for the last three years are presented in [[→ Section 8.1 for the Group and Section 8.2 for the Company in the Business Report](#)]. Based on actuarial estimates of the movement of the amount of benefits, expenses, combined ratios and the market situation, premium rates for non-life insurance are high enough, therefore premium risk management is appropriate.

Provision risk occurs when the actual claims paid deviate from the expected. Insurance technical provisions for solvency purposes represent the best estimate of expected claims paid from the

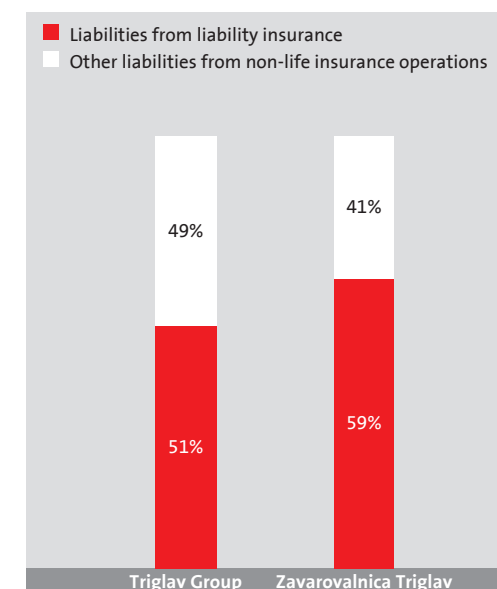
existing non-life and health insurance contracts, taking into account the time value of money. If the claims paid are higher than the formed provisions, the Group will generate a loss from the existing obligations in the amount of such a surplus. However, if future realisation is lower than expected, the Group will generate profit. Provision risk is measured by assessing potential loss from provisions for claims already incurred in an extreme event, taking into account a scenario that (statistically) occurs once in 200 years and which, in accordance with the standard formula for each insurance segment, depends on the best estimate of net claims provision and its annual variability.

The appropriateness of provisions for individual insurance classes (see [[→ Section 2.9 of the Accounting Report](#)] for further details) is verified by regularly performing the liability adequacy test based

on the balance on the last day of the business year and by regularly calculating insurance technical provisions for solvency purposes. According to actuarial estimates of future claims as at the 2019 year-end, insurance technical provisions, both for financial reporting and for solvency purposes, were adequate (see the [[→ sections 2.9.3 and 3.15 of the Accounting Report](#)] for more information), therefore provision risk management is appropriate.

The provision risk is also influenced by the maturity of liabilities, which represents the average duration of claim settlements for which provisions were made. With respect to liability insurance, more than half of the claims are settled after one year, while in other insurance segments more than half of the claims are paid within one year. As a general rule, provisions with long maturity are relatively riskier than short-term provisions, whereas in the period of one year they are less risky.

Ratio of liabilities from liability insurance to other insurance as at 31 December 2019



The share of long-term provisions of the Group is lower than the comparable share of the Company, primarily due to the significant impact of short-term health insurance of Triglav, Zdravstvena zavarovalnica.

After one year, it is expected that approximately a quarter of provisions for long-term liabilities and three quarters of provisions for short-term liabilities relating to non-life insurance will be released, including health insurance. Long-term provisions are released at a slower pace, which is why they are more stable than short-term provisions in a one-year period.

Lapse risk occurs when the lapse rates of underwritten non-life insurance contracts are higher than the expected lapse rates. In practice this risk is lower than in life insurance policies, because the term of non-life insurance policies is mostly one

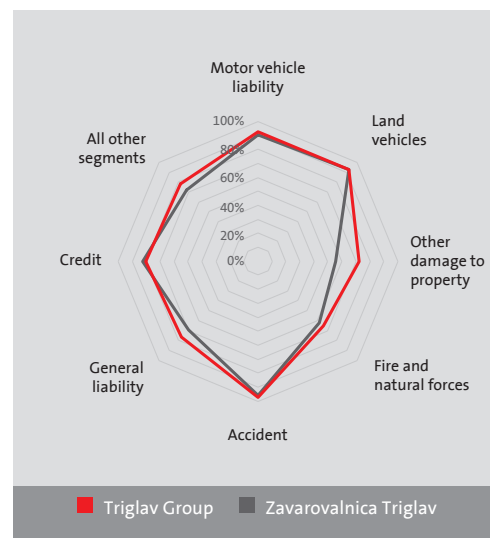
year (short-term) and because even in the case of multi-year insurance policies the Company cannot unilaterally terminate an insurance policy, except in the case of default on premium payments. Nevertheless, the lapse risk assessment under the standard formula is conservative, as it is equal to the maximum potential loss upon immediate termination of 40% of insurance policies.

Non-life insurance catastrophe risk is the risk of an unexpected one-time loss event with a loss potential that is significantly higher than the estimated average loss of insurance companies in the Group. Catastrophe risk at the Group level is greatest where the insurance business is concentrated in a particular geographical area, sector or economic activity by individual insurance peril.

Non-life insurance risk concentration. Concentration risk is the consequence of the concentration of insurance business in a geographic area, sector or industry, or individual insured perils. It may also arise as a result of correlation between individual insurance classes. In such a case, even a single loss event may have a material impact on the Company's ability to settle its obligations. Concentration risk is managed with regular monitoring of exposures and appropriate reinsurance contracts.

A large loss can occur in the case of large individual claims, such as fire of an industry building, or a high number of claims caused simultaneously, e.g. in the event of an earthquake. The fire and natural disaster insurance portfolio includes the largest number of individual large perils, which is also exposed to natural disasters perils. Reinsurance cover is therefore most needed in this segment.

Net written premium share in relation to gross written premium as at 31 December 2019



With regard to regulating the reinsurance coverage in the Triglav Group, Pozavarovalnica Triglav Re plays an important role as it assumes the underwriting risks based on reinsurance agreements concluded with individual subsidiaries of the Group. Pozavarovalnica Triglav Re concludes outward reinsurance contracts for a portion of the risks it reinsures in order to better control its exposure and to protect its own assets, while indirectly protecting the assets of the Group's insurance subsidiaries.

Low-frequency and high-severity risks. Special attention is paid to events such as earthquakes, storms, hail, floods and frost. The results of various models are taken into consideration when assessing the loss potential of catastrophe events and then used to determine the reinsurance coverage. The reinsurance programme includes different types of reinsurance coverage, which depend on the nature of insured perils and insurance segments.

The Triglav Group's largest retention amounts to EUR 5 million per peril, with the exception of nuclear perils, EUR 10 million per natural catastrophe and EUR 5 million per other aggregate perils occurring after the event. The Group's largest contingent exposure in the amount of EUR 14 million could arise from nuclear perils, which the Group has assumed from the Slovene Nuclear Pool. Nuclear perils are characterised by an extremely low frequency, as no loss event has been reported in 26 years, and by a low or null correlation with other contingent liabilities. The year 2019 was marked by four major weather disasters. See [→ *Section 7.2 Environmental impact on the performance of the Triglav Group in the Business Report*] for more information.

Assumed capacity of nuclear perils for 2018 and 2019

	Assumed capacity in EUR	
	2019	2018
Zavarovalnica Triglav d.d.	10,000,000	10,000,000
Pozavarovalnica Triglav Re d.d.	3,000,000	2,984,400
Triglav Osiguranje d.d., Zagreb	1,000,000	850,000
Total after the event	14,000,000	13,834,400

The reinsurance coverage for retention in the case of catastrophe events is designed as excess of loss reinsurance with four layers and has been activated twice since 2010. The protection against increased occurrence of natural catastrophes is also arranged for the Group. Past events have shown that the reinsurance programme is suitable.

The greatest risk among low-frequency and high-severity risks of the Group is an earthquake in Ljubljana. It is covered with quota share reinsurance, while retention is additionally protected with excess-of-loss reinsurance for catastrophe events. In the context of the insurance scenario, the Company tested the effect of a 200-year earthquake, which represents the maximum

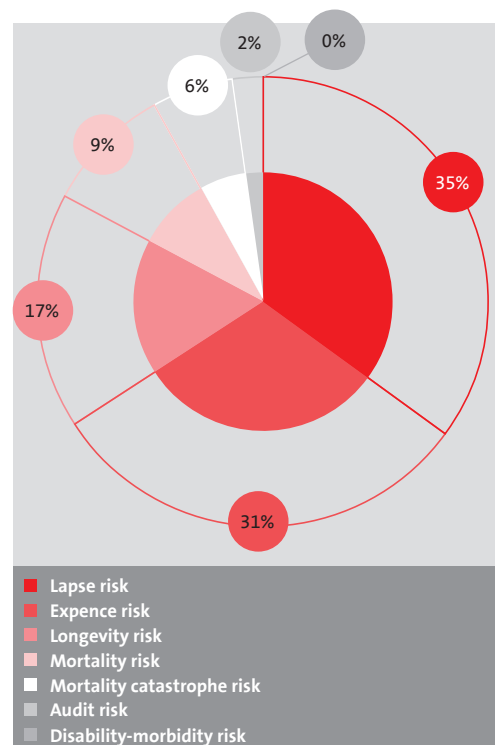
concentration of exposure for this risk. In addition to the payment of damages from insurance operations, this scenario includes all other operating effects on the business, such as increased claim handling expenses and costs of business continuity downtime. Furthermore, the scenario includes the calculation of the effect of a fall in the value of Slovene government debt securities and equity investments, drop in the value of real property due to the adverse economic situation in Slovenia and the effect of changes in the volume of insurance business. Having an adequate reinsurance coverage, the Company and the Group would successfully survive a severe earthquake. In the case of a 200-year earthquake in Ljubljana, the estimated financial impact under the scenario would amount to EUR 115 million for the Company or EUR 133 million for the Group. These crisis scenarios showed a strong resilience of both the Company and the Group, which would retain their capital adequacy even if these scenarios were realised.

2.3.2 Life insurance underwriting risks

The life insurance portfolio includes traditional, unit-linked and pension insurance policies. Pension insurance also includes supplemental voluntary pension insurance provided by the Company in the context of the second pillar of the pension system. Supplemental insurance can be added to unit-linked and traditional insurance policies. **Life insurance underwriting risks** comprise all underwriting risks arising from life insurance underwriting processes and from maintaining the life insurance portfolio. The Group underwrites mortality, longevity and morbidity risks, permanent total incapacity for work risk, disability, accidental death, critical illness and injury risks, medical expense risk, daily benefit risk, second medical opinion risk and others.

The level of underwritten risks is determined in the defined risk appetite. The Group is most exposed to life expense and lapse risks. Within the Group, Zavarovalnica Triglav underwrites the bulk of life underwriting risks. Gross written insurance, co-insurance and reinsurance premiums in 2019 by insurance subsidiary of the Group is presented in [→ *Section 7.5 of the Business Report*].

Risk assessment* by life underwriting risk type for the Triglav Group as at 31 December 2019



* The risk profile is determined on the basis of a risk assessment using the standard formula, without taking into account the effects of diversification across individual categories of non-life insurance underwriting risks. It includes life insurance and non-life insurance annuities, but additional accidental insurance taken out with life insurance is excluded. Risk assessment is the best estimate as at 31 December 2019, which is based on the latest known data that impact risk assessment and perceived trends.

Lapse risk (early policy termination is requested by the policyholder) is the difference between the future realised and expected surrenders, capitalisation and any other changes to policies. Lapse risk may arise from changes in the general economic environment, which affect policyholders' behaviour.

Life expense risk is the risk that the actual life insurance expenses will differ from the expected. It may be reflected in inadequately calculated premium, insufficient insurance technical provisions and in the difference between the actual and expected result. Expense risk may be a consequence of miscalculations and incorrect allocation of actual expenses (the inadequacy of the cost model) and incorrectly estimated volume, trend or volatility of expenses.

Mortality risk may occur when there is a difference between actual and projected mortality. The difference affects the adequacy of:

- the amount of calculated premium,
- the level of insurance technical provisions,
- the amount and type of risk transfer (reinsurance, co-insurance), and
- differences between the actual and the expected result of the Company.

Mortality risk can arise from:

- inappropriate risk assessment in the underwriting process (mainly arising from information asymmetry between the policyholder and the Company);
- incorrectly estimated level, trend or volatility of future mortality rates for a particular homogeneous risk group (e.g. the lack of empirical data);
- catastrophe events that affect mortality (e.g. a pandemic); and
- other sources leading to an incorrect estimate.

Moreover, mortality risk may include **longevity risk**, which is discussed in detail primarily in annuity and pension insurance.

Adequate risk equalisation, which is the basic principle under which the insurance industry functions, is achieved through sufficiently large homogeneous risk groups, which constitute the entire portfolio of the presented risks. An important prerequisite for adequate risk equalisation is efficient and correct classification of risks in underwriting, based on which a specific risk is assessed and classified into an appropriate group. Also considered in underwriting are the new findings, know-how and procedures of reinsurers who assume a portion of risks.

Premium and provision risks are managed in the context of the actuarial control cycle, where deviations of the actual effects compared to the estimated are regularly checked. In the event any deviations outside the set parameters are detected, appropriate action is taken, e.g. adapting the design or parameters of an insurance product, appropriately adjusting the parameters for the calculation of insurance technical provisions.

The adequacy of provisions is regularly tested using the liability adequacy test (LAT) and calculating the "realistic provisions" set based on the present value of the best estimate of expected contractual and other cash flows. The test is performed at least once a year based on the balance on the last day of the business year (see [→ *Section 2.9 of the Accounting Report*]). The test results for 2019 show that an adequate level of insurance technical provisions for life insurance was formed at the level of both the Group and individual insurance subsidiaries, with the exception of an identified shortfall in the guarantee fund backing supplemental voluntary pension insurance, for which additional other insurance technical provisions were created.

A part of life insurance risk management is the transfer of a corresponding portion of risks to reinsurers under the adopted reinsurance programme, which is also part of regular checks in the context of the actuarial control cycle.

Traditional life and pension insurance policies which include saving at a guaranteed interest rate are exposed to asset-liability mismatch risk, where the assets are insufficient to cover the described liabilities. Similar risks due to a special guarantee for the return arise from the SVPI policies during the saving period. These risks are described in detail among market risks in [→ *Section 2.4.6 of Risk management*].

Contractual financial options and guarantees are embedded in a number of policies, therefore the risks related thereto are assessed in the context of regular portfolio valuation. Among them is the guaranteed interest rate risk, which occurs in the products with a savings component. The guaranteed interest rate is set at the time of concluding an insurance policy and remains valid for the entire policy term. The risk arises when the actual rates of return on investment, which cover the benefits under such policies, are lower than the guaranteed interest rate. This risk is reduced by maximising the matching of assets and liabilities arising from these policies, as well as by creating additional provisions, especially in the part of the portfolio of liabilities with higher guarantees. The guarantee fund backing life insurance with mathematical provisions in the amount of EUR 760 million includes the majority of the Company's liabilities with a guaranteed fixed interest rate. In order to achieve a guaranteed return on the life insurance portfolio in said guarantee fund, it is necessary to guarantee a 2.3% return on assets. The return on investments achieved by this fund in 2019 was 3.0% (see [→ *Section 15.11 of the Business Report*] for more information).

This risk group also includes the guaranteed annuity rate risk, which arises from the annuity rates set at the time of concluding certain older pension insurance policies (in the savings phase). The policyholder will be entitled to them at the end of the savings period and the transition to the payout period, i.e. when they will begin to receive life annuity, which will then be calculated based on the saved assets and by applying the aforementioned fixed factors. This guarantee exposes the Company also to longevity risk (in addition to the above-mentioned interest rate risk). This risk is not transferred to reinsurers, instead additional provisions are formed if necessary.

The most important type of a contractual financial option is the policyholder's right to suspend the payment of premium and transform the policy into a paid-up policy or to surrender the policy. The fulfilment of this risk depends on the policyholders' actions, and therefore it is more difficult to manage. The Company reduces this risk by designing the products that meet the clients' needs and by carefully managing the existing portfolio.

Life underwriting risk concentration. The concentration of **life insurance** underwriting risks is assessed as low, because the life insurance risk portfolio is well dispersed by all relevant criteria and due to the fact that most policies originate from geographically dispersed retail sale. Any risk concentration in the portfolio is reduced by transferring a portion of the risks to reinsurers based on the reinsurance programme. The risk sum insured in the event of death is less than EUR 60,000 for 81.1% of the whole life insurance portfolio and less than EUR 35,000 for 99.9% for the other life insurance portfolio. For additional accidental death insurance, the sum insured is lower than EUR 50,000 and accounts for 98.1% of the respective portfolio, while for additional disability insurance the sum insured is less than

EUR 100,000 for 97.9% of the respective portfolio. The aforementioned sums insured represent the stipulated retention in line with the reinsurance contract for most insurance policies.

2.4 Market risks

Financial investments are the largest asset category and represent an important part of the Group's operations. In this way, insurance and other obligations and capital requirements are covered while ensuring an appropriate return. The Group is exposed to market risks, which mostly arise from exposure to different asset classes. However, individual market risks are also significantly affected by the matching of assets and liabilities.

For the purpose of market risk management, methods and processes with clearly defined powers and responsibilities were established so as to promptly identify, measure, manage and monitor market risks. The market risk management system enables quality analyses and reporting on market risks, as well as preparing and implementing measures aimed at preventing the reduction of available own funds due to changes on financial markets, including the real property market.

In its market risk appetite, the Group defined the level of unexpected losses, which is still acceptable in relation to its strategic objectives and capital strength. On this basis, the limit system also specifies maximum acceptable exposure to individual market risks, the target investment portfolio structure, etc.

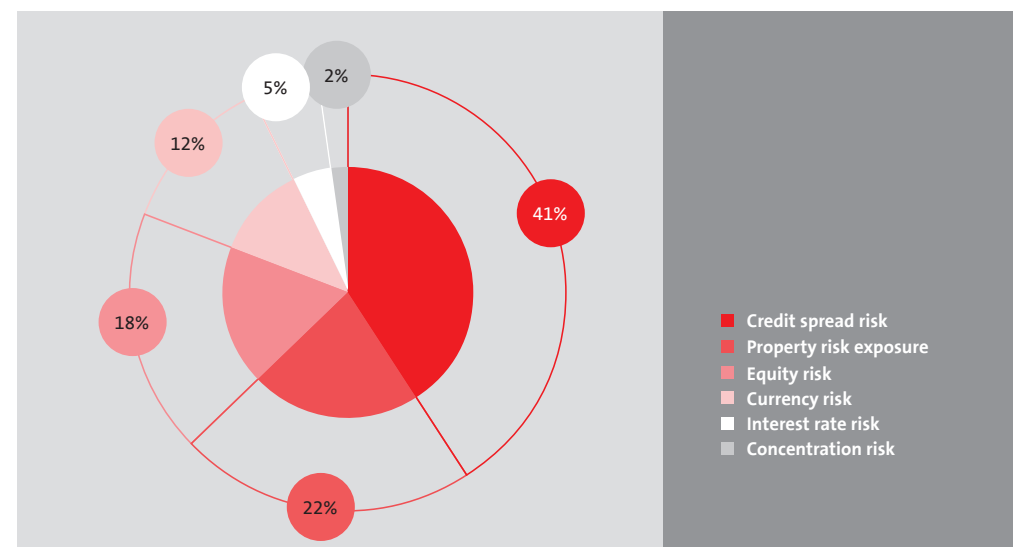
Apart from an appropriately diversified investment portfolio and regular asset-liability matching, the Group uses derivatives to reduce risks.

The Group is exposed to the following market risk types:

- interest rate risk,
- equity risk,
- property risk,
- spread risk,
- currency risk,
- market concentration risk.

Based on the investment structure (see [→ *Section 7.9 of the Business Report*] for further details), the Group is most exposed to debt securities, followed by equity securities and investment property. The highest market risk for the Group is spread risk, followed by property, equity, currency and interest rate risks. The lowest risk is market concentration risk. See [→ *Section 7.9 of the Business Report*] for concentration by sector and geographical area.

Market risk assessment* by type for the Triglav Group as at 31 December 2019



* The market risk profile is determined on the basis of a risk assessment using the standard formula. It also includes market risks from the ring fenced funds, without taking into account the effects of diversification across individual market risk categories. Risk assessment is the best estimate as at 31 December 2019, which is based on the latest known data that impact risk assessment and perceived risk trends.

2.4.1 Spread risk

Spread risk is predominantly determined by debt securities, which account for more than 73% of the Group's total investments. Their value also depends on the level and volatility of credit spreads, which reflect the credit quality of an instrument. The majority of these investments is associated with exposure to government bonds, followed by exposure to the corporate sector, which represents over 21% of investments in debt securities.

Credit risk exposure resulting from debt securities is limited by the investment policy aimed at investing in high-quality securities. In its investment portfolio, the Group is exposed to investments with outstanding credit quality. Over 55% of investments in debt securities have at least the "A" credit rating. The bulk (over 87%) of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least "BBB". The credit quality of the debt portfolio improved compared to the previous year, mainly due to replacing investments with poor credit ratings with investments with better credit ratings.

The structure of debt securities is presented in detail in [→ *Section 7.9 Investment structure*] in the Business Report.

2.4.2 Equity risk

Equity investments that are managed under financial investments and exclude investments in subsidiaries and associates and unit-linked life insurance contract investments account for approximately 6.3% of the Group's investment portfolio. The majority of exposure to equity risk arises from exposure of the parent company.

The Group manages equity risk in its portfolio through exposure limits as well as through geographical and sectoral diversification of investments. In addition, due to different levels of development of capital markets and local statutory limitations, the investment policy is adapted to individual markets.

The following table shows the geographical diversification of equity investments, excluding unit-linked life insurance contract investments. The value of equity investments increased due to new investments in alternative investments and growth in equity prices. Most equity investments are represented by shares issued by EU issuers, followed by globally diversified shares.

Sensitivity analysis of equity investments

	Triglav Group				Zavarovalnica Triglav			
	31 Dec. 2019		31 Dec. 2018		31 Dec. 2019		31 Dec. 2018	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Equities in the EU	17,252,422	-17,252,422	12,473,458	-12,473,458	10,634,499	-10,634,499	7,466,788	-7,466,788
Equities in the USA	879,600	-879,600	1,060,780	-1,060,780	0	0	412,601	-412,601
Equities in Asia*	0	0	41,671	-41,671	0	0	41,671	-41,671
Equities in emerging markets	647,739	-647,739	771,608	-771,608	47,519	-47,519	51,940	-51,940
Global equities**	1,940,508	-1,940,508	2,487,074	-2,487,074	48,989	-48,989	376,377	-376,377
Total financial investments	20,720,268	-20,720,268	16,834,591	-16,834,591	10,731,007	-10,731,007	8,349,377	-8,349,377
Impact on equity	14,751,545	-14,699,550	10,640,662	-10,425,723	10,661,415	-10,609,420	7,361,449	-7,148,462
Impact on profit or loss	5,968,724	-6,020,719	6,193,930	-6,408,869	69,592	-121,587	987,927	-1,200,915

* Equity investments in developed Asian countries (Japan, Hong Kong)

** Globally diversified equity investments

Geographical diversification of equity investments

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Equities in the EU	172,524,215	124,734,578	106,344,992	74,667,877
Equities in the USA	8,796,000	10,607,802	0	4,126,014
Equities in Asia*	0	416,705	0	416,705
Equities in emerging markets	6,477,385	7,716,085	475,185	519,403
Global equities**	19,405,083	24,870,743	489,891	3,763,766
Total financial investments	207,202,683	168,345,913	107,310,068	83,493,766
Unit-linked life insurance contract investments***	411,955,883	346,204,752	372,603,167	316,843,905
TOTAL	619,158,566	514,550,665	479,913,235	400,337,671

* Equity investments in developed Asian countries (Japan, Hong Kong)

** Globally diversified equity investments

*** The figure includes only equity investments.

The sensitivity analysis of equity investments, whose risks are borne by the Company and the Group, in relation to the change in prices of equity investments and its impact on the Group's comprehensive income or profit or loss showed that a 10% increase in market prices of equities in the portfolio would have a positive impact on the Group's equity in the amount of EUR 14.8 million and on its profit in the amount of EUR 6.0 million. By contrast, a 10% drop in market prices of equity investments would reduce the Group's equity by EUR 14.7 million and its profit by EUR 6.0 million. The assessment of impact on profit or loss shown in the table below shows only the impact realised at the Group level, because it does not include unit-linked life insurance contract investments.

2.4.3 Property risk

The property risk of the Group arises from real property for own use, investment property and leased property. Total exposure amounts to EUR 206.3 million. Real property for own use also includes property leased by the Group. With respect to the latter, the Group is not directly exposed to property risk, because it primarily involves long-term lease agreements. The Group's real property is primarily located in Slovenia.

Exposure to real property in relation to its purpose

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Investment property	79,921,480	89,840,454	46,091,134	45,270,540
Real property for own use*	125,010,215	113,296,053	72,412,004	67,986,100
Total	204,931,695	203,136,507	118,503,138	113,256,640

* Investment property is disclosed at cost in the financial statements. The fair value of investment property is presented in [[→ Section 3.3 of the Accounting Report](#)], where other land and buildings for direct performance of the insurance activity are deducted, which are otherwise included in "property, plant and equipment". The fair value is calculated using valuation techniques. Valuation of property based on the existing methodology is performed by an authorised valuer. The amount of leased property includes only right-of-use assets in the table.

2.4.4 Currency risk

The Group's currency risk arises predominantly from subsidiaries operating in an environment whose local currency is not the euro. These companies conduct most of their transactions in the local currency, thus being exposed to currency risk relating to the euro to a lesser extent. The Group's currency risk also arises from the surplus of assets over liabilities in US dollars, which the Group reduced relative to the previous year.

The Group manages currency risk through asset-liability matching and, to a lesser extent, by using currency derivatives for hedging purposes. The Company entered into a foreign exchange forward contract in the amount of EUR 19.4 million to hedge the open currency position in Croatian kunas. The actual exposure to this currency is therefore lower than the one shown in the table below.

Financial investments in euros represent 92.7% of the Group's total financial investments. Exposure to a specific currency does not account for more than 1% of total financial investments.

Currency exposure of the Triglav Group's financial assets and liabilities

Triglav Group as at 31 Dec. 2019	EUR	HRK	USD	RSD	BAM	MKD	Other	Total
Financial investments	2,534,674,173	70,376,862	21,600,318	39,314,817	34,378,233	22,098,617	11,280,218	2,733,723,238
Debt securities	2,316,079,577	36,958,936	15,172,817	32,991,075	14,695,316	10,958,551	9,134,536	2,435,990,808
Equity securities	193,192,056	8,112,689	3,840,700	92,453	1,873,101	91,681	0	207,202,680
Derivatives	0	0	0	0	0	0	0	0
Loans and deposits	25,402,540	25,305,237	2,586,801	6,231,289	17,809,816	11,048,385	2,145,682	90,529,750
Reinsurers' share of insurance technical provisions	91,005,175	294,265	1,144,442	5,307,698	4,486,267	0	509,958	102,747,805
Operating receivables	162,311,980	12,279,694	2,622,413	13,210,004	5,707,266	5,786,038	4,780,429	206,697,824
Cash and cash equivalents	57,875,879	2,358,734	1,027,643	2,037,517	11,896,352	332,288	341,364	75,869,777
Total	2,845,867,207	85,309,555	26,394,816	59,870,036	56,468,118	28,216,943	16,911,969	3,119,038,644
Unit-linked life insurance contract investments	460,129,885	2,286,839	18,260,912	0	0	0	1,353,653	482,031,289
TOTAL ASSETS	3,305,997,092	87,596,394	44,655,728	59,870,036	56,468,118	28,216,943	18,265,622	3,601,069,933
Subordinated liabilities	64,847,294	0	0	0	0	0	0	64,847,294
Insurance technical provisions	2,203,819,904	53,133,946	8,398,241	43,862,405	41,063,989	17,427,553	26,221,303	2,393,927,341
Insurance technical provisions for unit-linked life insurance contracts	463,041,430	2,286,839	18,260,912	0	0	0	1,353,653	484,942,834
Other financial liabilities	1,678,527	16,981	0	0	140,824	28,063	0	1,864,395
TOTAL LIABILITIES	2,733,387,155	55,437,766	26,659,153	43,862,405	41,204,813	17,455,616	27,574,956	2,945,581,864
Difference	572,609,937	32,158,628	17,996,575	16,007,631	15,263,305	10,761,327	-9,309,334	655,488,069

Triglav Group as at 31 Dec. 2018	EUR	HRK	USD	RSD	BAM	MKD	Other	Total
Financial investments	2,397,158,010	31,334,849	59,455,121	34,032,066	19,336,647	32,102,498	9,782,779	2,583,201,970
Debt securities	2,179,834,960	22,722,806	31,848,557	17,030,938	10,089,367	29,090,296	6,907,924	2,297,524,848
Equity securities	150,226,170	6,381,713	6,803,879	3,777,111	86,724	144,662	925,654	168,345,913
Derivatives	1,393,263	0	0	0	0	0	0	1,393,263
Loans and deposits	65,703,616	2,230,329	20,802,686	13,224,017	9,160,556	2,867,540	1,949,201	115,937,945
Reinsurers' share of insurance technical provisions	75,642,018	681,999	0	4,117,876	0	5,060,226	418,380	85,920,499
Operating receivables	141,722,581	0	13,748,977	8,661,043	5,484,475	9,037,802	0	178,654,878
Cash and cash equivalents	55,020,251	2,600,347	866,052	6,499,300	488,391	1,937,935	189,385	67,601,661
Total	2,669,542,860	34,617,195	74,070,150	53,310,285	25,309,513	48,138,461	10,390,544	2,915,379,007
Unit-linked life insurance contract investments	392,565,570	7,778,931	2,032,955	0	0	0	138,314	402,515,770
TOTAL ASSETS	3,062,108,430	42,396,126	76,103,105	53,310,285	25,309,513	48,138,461	10,528,858	3,317,894,777
Subordinated liabilities	15,462,711	0	0	0	0	0	0	15,462,711
Insurance technical provisions	2,161,944,608	0	48,862,941	36,532,431	20,382,204	42,780,876	0	2,310,503,061
Insurance technical provisions for unit-linked life insurance contracts	392,647,839	7,778,931	2,032,955	0	0	0	138,314	402,598,039
Other financial liabilities	1,780,297	0	2,713,736	464,862	27,974	634,034	0	5,620,903
TOTAL LIABILITIES	2,571,835,455	7,778,931	53,609,632	36,997,293	20,410,178	43,414,910	138,314	2,734,184,714
Difference	490,272,974	34,617,195	22,493,472	16,312,992	4,899,335	4,723,551	10,390,544	583,710,063

2.4.5 Interest rate risk

In terms of financial statements, the Group is exposed to interest rate risk primarily on the assets side, particularly through debt securities. They are classified as financial assets available for sale and financial assets measured at fair value through profit or loss. The Group is also exposed to interest rate risk on the liabilities side, mostly through insurance technical provisions for **life insurance**. In the event of a drop in interest rates, the Company performs the LAT to determine whether insurance technical provisions need to be increased. However, in terms of accounting, the change in interest rates does not affect insurance technical provisions for **non-life insurance**. The Company therefore manages interest rate risk on the basis of a more comprehensive, economic perspective. The latter is presented in the Solvency and Financial Condition Report, which shows the interest rate sensitivity of assets and liabilities in terms of economic impact.

The Company manages interest rate risk through economic valuation. In this regard, special attention is paid to the matching of cash flows of assets and liabilities and/or to reducing the duration gap.

Due to the continued low interest rate period, the Company intensified the matching of assets and liabilities, especially in life insurance. In this segment, the Company is particularly exposed to re-investment risk, as the duration of assets is shorter than the duration of liabilities.

The asset-liability sensitivity analysis of the change in interest rate and its impact on comprehensive income or profit or loss of the Group showed that a sudden decrease of 100 basis points would have a positive impact (in the amount of EUR 62.7 million), while a sudden increase of 100 basis points would have a negative impact (in the amount of EUR 120 million). The impact of changes in interest rates on the financial statements is more pronounced than in the previous year, which is a consequence of deliberately extending the duration of interest-sensitive investments in order to better match the duration of liabilities based on economic

valuation, which is not fully included in accounting valuation. The matching of the duration of assets and liabilities was mainly performed in the life insurance segment.

The Company monitors the duration gap¹⁰⁰ of interest-sensitive items for the life and non-life insurance segments, excluding the unit-linked life insurance and supplemental voluntary pension insurance segments.

The duration of assets is almost completely matched with the duration of liabilities if the Company does not take into account the issued subordinated bonds. The duration gap is negative and stands at –0.1 year (compared to –2.7 years as at 31 December 2018¹⁰¹ and differs from the disclosure in the 2018 Annual Report due to the upgraded calculation method). Taking into account the issued subordinated bonds, however, the gap is slightly higher but still low at –0.3 year (compared to –2.7 years as at 31 December 2018); the duration gap of assets and liabilities is –2.0 years for the life insurance portfolio and 2.1 years for the non-life insurance portfolio.

2.4.6 Market risk concentration

The Group continuously monitors concentration arising from financial investments on the basis of exposure by issuer and/or group of related issuers of securities and other financial assets, as well as geographical and sectoral concentration.

The largest share of the Group's assets is accounted for by debt securities. Almost 60% of debt securities are government bonds and the rest are corporate bonds. The latter are divided approximately equally into financial and non-financial sector bonds. Excluding unit-linked life insurance contract investments, the highest exposure to an individual issuer is represented by the Republic of Slovenia. See [→ *Section 7.9 of the Business Report*] for more information on the concentration of financial investments.

Sensitivity analysis of assets and liabilities to interest rate changes

	Triglav Group				Zavarovalnica Triglav			
	31 Dec. 2019		31 Dec. 2018		31 Dec. 2019		31 Dec. 2018	
	+100 bp	–100 bp	+100 bp	–100 bp	+100 bp	–100 bp	+100 bp	–100 bp
Debt securities issued by countries	–92,126,066	108,770,451	–39,545,827	42,191,448	–74,640,246	90,321,058	–26,320,170	28,195,793
Debt securities issued by financial institutions	–15,579,416	16,415,370	–15,918,260	16,816,479	–14,476,826	15,287,208	–14,076,794	14,889,685
Debt securities issued by companies	–18,274,181	19,096,553	–19,810,010	20,952,389	–12,472,527	13,274,208	–16,262,872	17,349,891
Compound securities	3,199	5,589	–942,401	982,350	3,199	5,589	–942,401	982,350
Other	0	0	5,515,871	–6,111,478	0	0	5,515,871	–6,111,478
Total financial investments	–125,976,464	144,287,963	–70,700,627	74,831,188	–101,586,400	118,888,063	–52,086,368	55,306,240
Insurance technical provisions for life insurance	–6,026,137	81,542,341	–4,495,081	77,215,736	–5,985,948	44,985,191	–4,478,371	52,388,731
Difference	–119,950,327	62,745,622	–66,205,546	–2,384,548	–95,600,452	73,902,872	–47,607,997	2,917,509
Impact on equity	–83,382,893	94,106,788	–61,958,139	66,172,298	–68,434,720	78,148,813	–49,798,827	53,102,350
Impact on profit or loss	–36,567,434	–31,361,166	–4,247,407	–68,556,846	–27,165,731	–4,245,941	2,190,830	–50,184,841

¹⁰⁰ In addition to the duration of assets and liabilities, the duration gap also takes into account the value of assets and liabilities.

¹⁰¹ The recalculation was made on the basis of the applicable methodology to ensure the comparability of the calculated duration gap as at 31 December 2018 and 31 December 2019.

2.5 Credit risks

Credit risk is defined as the risk of loss or adverse changes in the financial situation of the Company and/or the Group, resulting from fluctuations in the credit position of counterparties and potential debtors.

Concentration risk in the context of credit risk is the risk of loss arising from overexposure to an individual counterparty, group of related parties or parties connected by common risk factors such as credit ratings.

The Company and the Group assume the credit risks of:

- investments at which the risk of downgrade or insolvency of counterparties exists, with all exposures to each debtor being monitored;
- reinsurance contracts where the risk of inability to pay out claims or the risk of downgrade of a reinsurer due to a loss event exists (it also includes credit concentration risk, which is a result of exposure to the average credit rating of a reinsurance group);
- receivables from insurance transactions, which at the time of their existence represent expected payments of premium and recourse claims.

Credit risk exposure by partner type

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Cash	75,869,775	67,601,660	26,112,112	17,998,487
- Cash from unit-linked life insurance contract investments	7,081,628	3,009,899	6,885,372	2,934,139
- Other cash	68,788,147	64,591,761	19,226,740	15,064,348
Reinsurance	111,785,643	98,238,506	102,101,892	91,140,148
Receivables	33,598,434	36,573,280	14,970,545	15,273,807
Total	221,261,729	183,241,074	143,184,843	124,412,442
Total excluding cash from unit-linked life insurance contract investments	214,180,101	180,231,175	136,299,471	121,478,303

Based on the financial statements, the Company and the Group are exposed to credit risks from financial assets in relation to banks through cash. The table above also shows cash from unit-linked life insurance contract investments, which do not pose any direct credit risks to the Company and the Group. Credit risk to banks is managed by performing an expert analysis of the credit quality of these partners and through a sufficient degree of portfolio diversification. The Company and the Group achieve this by establishing a limit system for each bank and banking group.

The exposure of the Company and the Group to reinsurance is measured by unearned premium and insurance technical provisions ceded to reinsurers, including past due receivables from reinsurance and co-insurance operations. Prudent assessment of the adequacy of reinsurance partners in terms of their credit quality and diversification is key. Exposure to receivables is measured by the Company's receivables from insurance operations and other receivables.

The Company regularly monitors counterparties' credit ratings and carefully manages its exposure to partners without a credit rating.

The largest exposures of the Company and the Group from financial investments are presented in [[→ Section 5.12 of the Accounting Report](#)].

With regard to cash and cash equivalents, the Company is most exposed to Slovene banks. These mainly have the "BB" credit rating or are without a credit rating. At the Group level, in addition to Slovene banks, exposure arises from banks in the countries of subsidiaries, which usually do not have a credit rating.

The Company monitors all reinsurance partners at the Group level. It manages a comprehensive system, in which the rules for designating partners and their basic data are clearly specified. As the most important in this system, the procedure for assigning credit ratings is clearly defined; it enables the Company to assign an appropriate and coordinated second-best credit rating of partners. A system of uniform designating and assigning credit ratings is important not only in terms of credit risk monitoring and management, but also in terms of regulatory calculation of capital requirements for the Company and the Group.

The Group is most exposed to reinsurers with the "A" credit rating. The proportion of partners with an "AA" credit rating is also high. The proportion of reinsurance partners without a credit rating at the Group level is 15.9%, while it is considerably lower in the Company, i.e. 2.7%.

All receivables of the Company and the Group from insurance transactions with clients are presented in [[→ Section 3.9 of the Accounting Report](#)]. In the context of credit risks, the Company monitors and manages receivables from policyholders, receivables from intermediaries, other receivables from direct insurance operations and other short-term receivables, the majority of which are recourse claims.

In credit risk management, insurance receivables are monitored by maturity, namely all past due receivables from 0 days past due.

Separately from receivables from direct insurance operations, the Company also monitors and manages recourse claims. They represent a credit risk that a person liable to recourse claims will not settle their obligations. In addition to the payment of recourse claims, the Company monitors the effectiveness of the collection of credited recourse claims and the share of recourse claims in relation to claims settled.

Exposure to reinsurance partners by credit rating

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
AAA	0.0%	0.4%	0.0%	0.0%
AA to BBB	79.3%	82.2%	92.7%	95.0%
Below BBB	4.8%	5.9%	4.6%	1.6%
Not rated	15.9%	11.5%	2.7%	3.4%

2.6 Liquidity risks

Liquidity risk management is an important element of the risk management system, although the solvency capital requirement is not specified for liquidity risk by the standard formula. The Group pursues the goal of being able to meet all expected and unexpected present and future cash outflows and past due liabilities at any given moment. For this purpose, the Group maintains a surplus of liquid assets, allowing it to settle its obligations even in exceptional circumstances.

The liquidity risk management framework provides a comprehensive overview of liquidity. It takes into account the sources of liquidity (cash flows from investments and premiums) and liquidity needs (e.g. payments of claims), and allows for the analysis of potential impacts of exceptional circumstances from the aspect of the sources of liquidity and liabilities.

The Group members have established processes that enable them to maintain an appropriate structure of assets in terms of their nature, duration and liquidity. In the event of increased liquidity needs, an adequate liquidity position is ensured by planning actual and potential net cash outflows, having an appropriate level and structure of liquid investments, and monitoring the structure of liabilities and financial assets. The liquidity position is regularly monitored at various time intervals under assumed normal and exceptional circumstances and by establishing a limit system that adequately limits exposure to liquidity risk.

The liquidity risk management framework at the Group level is governed by guidelines that enable consistent monitoring at the Group level. The Company has established regular monitoring, measurement and reporting of risks, which is also introduced to subsidiaries through the transfer of methodology. Each subsidiary ensures that it meets its liquidity requirements, while complying with locally prescribed regulatory liquidity requirements and the minimum standards for liquidity risk at the Group level.

The Company has sufficient liquidity thanks to the large volume of liquid investments and the regular inflow of premiums paid. Sufficient liquidity in exceptional circumstances is achieved with additional safety mechanisms and planned actions (credit lines, repurchase agreements, etc.).

Financial assets and liabilities of the Triglav Group by contractual maturity¹⁰²

Triglav Group as at 31 Dec. 2019	Not defined	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	210,723,904	336,837,102	1,060,206,056	682,565,205	443,390,971	2,733,723,238
Debt securities	264,700	299,594,414	1,017,167,110	677,319,782	441,644,802	2,435,990,808
Held to maturity	0	27,857,884	38,245,129	92,051,148	27,954,910	186,109,071
At fair value through profit and loss	0	43,055,517	237,204,597	124,603,533	152,419,520	557,283,167
Available for sale	0	219,105,366	739,106,003	460,665,101	255,279,810	1,674,156,280
Loans and deposits	264,700	9,575,647	2,611,381	0	5,990,562	18,442,290
Equity securities	207,184,150	0	0	18,530	0	207,202,680
At fair value through profit and loss	57,120,147	0	0	0	0	57,120,147
Available for sale	150,064,003	0	0	18,530	0	150,082,533
Derivatives	0	0	0	0	0	0
Loans and deposits	3,275,054	37,242,688	43,038,946	5,226,893	1,746,169	90,529,750
Unit-linked life insurance contract investments	412,257,898	5,667,553	37,818,047	5,092,862	21,194,927	482,031,287
At fair value through profit and loss	412,054,586	1,944,818	37,818,047	5,092,862	21,194,927	478,105,240
Available for sale	0	0	0	0	0	0
Loans and deposits	203,312	3,722,735	0	0	0	3,926,047
Reinsurers' share of insurance technical provisions	736,604	42,705,727	44,772,392	12,546,548	1,986,535	102,747,806
Operating receivables	12,661,873	190,793,792	3,031,895	16,010	194,260	206,697,830
Cash	56,380,343	19,489,432	0	0	0	75,869,775
Total	692,760,622	595,493,606	1,145,828,390	700,220,625	466,766,693	3,601,069,936
FINANCIAL LIABILITIES						
Subordinated liabilities	0	15,468,468	0	0	49,378,826	64,847,294
Insurance technical provisions	22,443,171	657,298,324	594,600,025	456,665,735	662,920,083	2,393,927,338
Insurance technical provisions for unit-linked life insurance contracts	435,810,508	128,400	602,232	4,743,210	43,658,485	484,942,835
Other financial liabilities	115,805	1,686,513	62,062	1	33	1,864,414
Total	458,369,484	674,581,705	595,264,319	461,408,946	755,957,427	2,945,581,881

¹⁰² The table shows financial assets classified by contractual maturity, although liquid investments may be sold earlier. The liability side shows insurance technical provisions using projected cash flows to determine the duration. Therefore, the table does not reflect real liquidity. Liquidity is ensured not only with short-term investments with the maturity of less than 1 year, but also with other highly liquid assets in other maturity buckets (e.g. government bonds of EEA countries and the OECD, shares in ETF funds, etc.).

Triglav Group as at 31 Dec. 2018	Not defined	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	179,605,017	281,657,284	1,195,372,423	804,584,025	121,983,220	2,583,201,970
Debt securities	253,583	227,445,826	1,152,214,012	804,528,041	113,083,386	2,297,524,848
Held to maturity	0	22,162,116	57,599,720	89,392,632	27,618,717	196,773,185
At fair value through profit and loss	0	39,314,564	223,607,114	121,750,457	4,316,673	388,988,809
Available for sale	4,668	153,618,489	869,997,488	593,384,952	75,157,894	1,692,163,491
Loans and deposits	248,915	12,350,657	1,009,689	0	5,990,102	19,599,363
Equity securities	168,297,382	0	0	48,531	0	168,345,913
At fair value through profit and loss	60,463,809	0	0	0	0	60,463,809
Available for sale	107,833,573	0	0	48,531	0	107,882,104
Derivatives	0	0	1,393,263	0	0	1,393,263
Loans and deposits	11,054,052	54,211,457	41,765,148	7,453	8,899,834	115,937,945
Unit-linked life insurance contract investments	346,224,134	516,278	37,311,530	1,020,578	17,443,250	402,515,770
At fair value through profit and loss	346,224,134	516,278	33,087,558	1,020,578	17,443,250	398,291,798
Available for sale	0	0	0	0	0	0
Loans and deposits	0	0	4,223,972	0	0	4,223,972
Reinsurers' share of insurance technical provisions	4,442,156	38,280,234	25,641,541	11,054,273	6,502,295	85,920,499
Operating receivables	15,486,498	159,483,278	3,473,317	211,783	2	178,654,878
Cash	48,172,681	19,428,979	0	0	0	67,601,660
Total	593,930,486	499,366,053	1,261,798,811	816,870,659	145,928,767	3,317,894,776
FINANCIAL LIABILITIES						
Subordinated liabilities	0	15,462,711	0	0	0	15,462,711
Insurance technical provisions	395,158,863	492,108,990	388,203,592	437,460,039	597,571,577	2,310,503,062
Insurance technical provisions for unit-linked life insurance contracts	365,238,128	580,566	2,900,642	4,649,424	29,229,279	402,598,038
Other financial liabilities	0	5,620,904	0	0	0	5,620,904
Total	760,396,991	513,773,171	391,104,234	442,109,463	626,800,856	2,734,184,715

Total financial assets exceed total financial liabilities of the Triglav Group. As at the 2019 year-end, the Group had a higher surplus of financial assets over financial liabilities in the maturity buckets of 1–5 years and 5–10 years and undefined maturity, whereas in other buckets the value of assets was below the value of liabilities. The vast majority of the Group's assets is invested in highly liquid investments, which also provides the coverage of liabilities in maturity buckets before the bucket into which they are classified in the table shown. The insurance technical provisions take into account the maturity based on projected cash flows. Therefore, neither deficit in individual maturity buckets nor the payment of liabilities before the maturity date present a liquidity risk.

Liquidity at the Group level is adequate if the liquidity of each Group member is adequate. Thus, adequate liquidity of the Group can be deduced from the adequate or excess liquidity of the Company and the adequate liquidity of all or at least significant Group members. It is believed that the liquidity of Zavarovalnica Triglav and its major subsidiaries is adequate and therefore the Group's liquidity is adequate.

Financial assets and liabilities of Zavarovalnica Triglav by contractual maturity

Zavarovalnica Triglav as at 31 Dec. 2019	Not defined	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	109,750,581	201,962,376	728,903,011	479,498,235	388,227,661	1,908,341,864
Debt securities	0	191,594,425	708,961,849	474,393,611	385,126,369	1,760,076,254
Held to maturity	0	11,172,275	29,692,929	88,657,404	20,946,944	150,469,553
At fair value through profit and loss	0	22,721,942	119,345,943	46,557,817	140,564,297	329,189,998
Available for sale	0	157,700,208	559,512,870	339,178,390	217,624,567	1,274,016,035
Loans and deposits	0	0	410,106	0	5,990,562	6,400,668
Equity securities	107,310,068	0	0	0	0	107,310,068
At fair value through profit and loss	695,915	0	0	0	0	695,915
Available for sale	106,614,152	0	0	0	0	106,614,152
Derivatives	0	0	0	0	0	0
Loans and deposits	2,440,514	10,367,951	19,941,162	5,104,624	3,101,292	40,955,543
Unit-linked life insurance contract investments	372,905,282	5,667,553	32,906,130	1,642,404	20,637,240	433,758,610
At fair value through profit and loss	372,905,282	1,944,818	32,906,130	1,642,404	20,637,240	430,035,875
Available for sale	0	0	0	0	0	0
Loans and deposits	0	3,722,735	0	0	0	3,722,735
Reinsurers' share of insurance technical provisions	0	60,528,259	28,528,978	7,426,931	1,949,102	98,433,270
Operating receivables	0	113,440,596	0	0	0	113,440,596
Cash	26,112,112	0	0	0	0	26,112,112
Total	508,767,975	381,598,785	790,338,119	488,567,570	410,814,003	2,580,086,452
FINANCIAL LIABILITIES						
Subordinated liabilities	0	20,620,625	0	0	49,378,826	69,999,451
Insurance technical provisions	0	453,524,657	469,508,331	329,553,522	460,835,011	1,713,421,522
Insurance technical provisions for unit-linked life insurance contracts	414,454,235	128,400	602,232	2,185,636	18,222,209	435,592,711
Other financial liabilities	0	1,632,021	0	0	0	1,632,021
Total	414,454,235	475,905,703	470,110,563	331,739,158	528,436,046	2,220,645,705

Zavarovalnica Triglav as at 31 Dec. 2018	Not defined	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	95,142,342	157,284,550	848,083,058	637,616,344	98,265,217	1,836,391,512
Debt securities	0	136,520,581	805,019,490	637,616,344	87,766,529	1,666,922,943
Held to maturity	0	13,510,990	36,635,000	81,699,243	27,618,717	159,463,950
At fair value through profit and loss	0	12,407,182	104,922,221	70,897,029	4,316,673	192,543,106
Available for sale	0	110,602,409	663,052,162	485,020,072	49,841,037	1,308,515,679
Loans and deposits	0	0	410,106	0	5,990,102	6,400,208
Equity securities	83,493,766	0	0	0	0	83,493,766
At fair value through profit and loss	10,110,817	0	0	0	0	10,110,817
Available for sale	73,382,949	0	0	0	0	73,382,949
Derivatives	0	0	1,393,263	0	0	1,393,263
Loans and deposits	11,648,576	20,763,969	41,670,305	0	10,498,688	84,581,539
Unit-linked life insurance contract investments	316,843,905	0	32,376,923	0	17,443,250	366,664,078
At fair value through profit and loss	316,843,905	0	28,346,931	0	17,443,250	362,634,086
Available for sale	0	0	0	0	0	0
Loans and deposits	0	0	4,029,992	0	0	4,029,992
Reinsurers' share of insurance technical provisions	49,529,019	27,224,261	8,273,186	2,866,840	0	87,893,306
Operating receivables	0	89,980,951	0	0	0	89,980,951
Cash	17,998,487	0	0	0	0	17,998,487
Total	479,513,754	274,489,762	888,733,168	640,483,184	115,708,467	2,398,928,334
FINANCIAL LIABILITIES						
Subordinated liabilities	0	20,612,951	0	0	0	20,612,951
Insurance technical provisions	388,362,002	226,224,257	315,890,863	351,884,235	413,782,117	1,696,143,474
Insurance technical provisions for unit-linked life insurance contracts	365,238,075	0	0	0	0	365,238,075
Other financial liabilities	0	1,587,443	0	0	0	1,587,443
Total	753,600,077	248,424,651	315,890,863	351,884,235	413,782,117	2,083,581,943

2.7 Operational risks

The aim of effective operational risk management of the Group is mainly to effectively remedy the consequences of realised operational loss events, mitigate and prevent operating losses, and to conduct business in a professional, diligent and ethical manner. The primary purpose of operational risk management is not to eliminate operational risks, but to identify them in a timely manner and reduce them cost-effectively with respect to the Company's tolerance of these risks. In order to achieve these goals, the Company established processes with clearly defined powers and responsibilities. An important role is also played by the Operational Risk Committee (ORC), which is regularly briefed on any identified operational loss events and discusses them in greater detail, including the adopted measures and the status of implementation. The Company defined eight operational risk groups to monitor risks (internal fraud or unauthorised activity of employees; external fraud or unauthorised activity of third parties; system break-down and the related system disruption; damage to physical assets; inadequate management of human resources and the safety of the work environment; non-compliance with the applicable regulations, improper business or market practice as well as clients and products; inadequate implementation and management of processes and the control environment, including suppliers and business partners; information security risks).

The operational risk management methodology is based on three key sets:

- identification and assessment of potential operational risks;
- reporting on realised operational loss events; and
- monitoring of key operational risk indicators, which include early warning signals.

The established system enables the Company to comprehensively manage operational risks, i.e. quality and prompt identification, measurement, assessment, management, monitoring and reporting of operational risks. The Company regularly upgrades this system based on the identified deficiencies and changes from the internal and external environments. In accordance with the principle of proportionality and materiality, it transfers it to subsidiaries, which report to it on realised operational loss events and other material operational risks.

Operational risk management places the greatest emphasis on critical business processes or operational risk segments. When assessing operational risk exposures across all business processes, the Company takes an inventory of internal controls, which is one of the key methods to manage them. The priorities of the internal control system are as follows:

- efficiency, reliability and continuity of business processes;
- ensuring compliance of the Company's operations with the internal documents and legal regulations;
- accuracy and reliability of financial and accounting reporting; and
- protection of property.

The Company uses the reporting application for reporting on realised operational loss events, which enables the employees to report these events also anonymously. Operational loss events are thus aggregated in one place. By monitoring key operational risk indicators and comparing them with the operational risk appetite (the level of risks or potential losses that the Company is willing to take), it enables the Company to take quick and effective action if the appetite is exceeded.

The Triglav Group identified cyber and regulatory risks as key types of operational risks in 2019.

Computerisation, digitalisation and more sophisticated cyber attacks increase **cyber risks**. Even though in this respect the Company has not yet suffered a loss, it is aware of the threat posed by such risks and the need for regular maintenance and additional upgrading of the information security management system. In order to better identify vulnerabilities and thus be better prepared for such events, cyber risks and the Group's segments that would be most affected were examined in greater detail as part of own risk and solvency assessment (ORSA). From experience, risks can be linked to events that can adversely affect the processes or personal data protection. All subsidiaries were involved in the preparation of risk scenarios, and based on the findings, key risk mitigation measures and appropriate action were adopted in the event of their realisation. Furthermore, the Company began with the activities to obtain the Information Security Management System certification in accordance with the requirements of the ISO 27001 standard in 2019. The established mechanisms of managing cyber and all other types of operational risks are gradually being transferred to other Group members.

The Company is exposed to regulatory risks due to extensive regulatory requirements, frequent changes and new elements in the regulatory environment, and high regulatory penalties – especially in connection with the General Data Protection Regulation (GDPR). Although the planned compliance of Zavarovalnica Triglav's processes with the requirements of the GDPR has been achieved in recent years, there is still a certain degree of compliance risk, mainly due to possible differences in the interpretation of the GDPR between the Company and the supervisory authority and the absence of case law and comparative business practices. Moreover, the planned national legislation relating to personal data protection was not adopted in 2019.

Requirements for documenting disclosures to consumers and other relevant public have increased. In addition, the Company holds a dominant position in some segments of the insurance market. Both increase exposure to conduct risk, to which due attention is given.

The Company actively responds to changes in Slovene and European regulations. In doing so, it submits proposals to competent stakeholders, intensively engages in legislative processes for adopting and amending regulations that could affect work processes, and devotes adequate resources to this.

2.7.1 Ensuring business continuity and functioning of systems material for smooth business process implementation

The functioning of information technology, particularly key applications, is important for the Group's operations. Zavarovalnica Triglav carefully manages information security risks and related business disruption and interruption. To ensure continuity of key business processes, the business continuity management system (BCM) was set up. Business continuity plans for critical business processes and IT disaster recovery plans are regularly revised, upgraded and checked. The BCM also includes:

- a crisis management team of the Company, who is activated in the case of extraordinary events causing an interruption or disruption in business processes;
- a disaster recovery team for extraordinary events that cause major disruption to IT services;
- recovery teams for the Company's headquarters and regional units, who are activated in the event of interruption to the operation of the Company's headquarters or regional units.

In 2019, the Company prepared revised recovery plans for some key systems in its subsidiaries and, in cooperation with them, began to update the business impact assessment of the interruption of key processes. On this basis, business continuity plans will be comprehensively revised.

2.8 Non-financial risks

In terms of the Company's operations, material non-financial risks include strategic risks, capital risks, reputational risk, group risk and other potential risks. Non-financial risks are very closely linked to other risks within the Group, especially operational risks, and are affected by many different factors, both inside and outside the Group.

2.8.1 Strategic risks

Strategic risks are the risks of loss due to adverse business decisions of the management body, improper implementation of strategic decisions and lack of responsiveness to changes in the business environment.

Strategic risks are appropriately managed with the established organisation and processes which ensure that the Company's management has up-to-date and relevant information when making business decisions.

2.8.2 Capital risks

Capital risks are the risks of loss due to inadequate capital structure with regard to the business volume and method or problems encountered by the parent company when acquiring new capital. They occur in the face of adverse business conditions or the need for a rapid increase in capital. They also include the effects on capital adequacy due to regulatory or accounting changes.

Capital risks are regularly monitored in the context of the capital adequacy process. Some uncertainty is caused by potential amendments to legislation, which are currently being harmonised (Review 2020¹⁰³), and the implementation of the new IFRS 17. The latter may indirectly affect capital adequacy due to the closely linked accounting and market measurement approaches, which serve as a basis for determining capital adequacy.

2.8.3 Reputational risk

Reputational risk is the risk of damage to the Triglav brand and its reputation, which could have an adverse impact on the operations of the Group members. It arises from a negative image held about the Group by policyholders, employees, business partners, shareholders, investors, competent or supervisory bodies, and other interested stakeholders. Reputational risk also arises as a secondary effect of other events involving credit, liquidity, market or operational risks.

The Group's reputational risk management system is based on effective corporate governance and transparent communication with all stakeholders. In order to assess such risks, the Company conducts regular research and analysis to monitor the key stakeholders' view of the Group and take appropriate action on this basis. Furthermore, the Company analyses external media releases, strength of the Triglav brand, employee and client satisfaction, and feedback from external stakeholders. One of the indicators of employee satisfaction is the ORVI index (see [→ *Section 12.4.2.1 Organisational vitality (climate) and organisational culture*] for more information). The Company uses Net Promoter Score for quality management of client satisfaction (see the sections [→ *11.1 Comprehensive client relationships*] and [→ *12.5 Responsibility towards clients, Client satisfaction*] for more details).

2.8.4 Group risks

Group risks arise from the business model of the Company, which is the parent company or a group of related parties. They include risks that might threaten the achievement of strategic objectives due to an inefficient governance system of the Group and insufficient understanding of the business environment of its members.

2.8.5 Other non-financial and potential risks

The success of the Company's operations depends on the comprehensive management of **sustainable risks** and high confidence of all key stakeholders. The Group is committed to long-term effective management and transparent governance.

As described in [→ *Section 2.3 of Risk management*], insurance operations include four key processes, through which underwriting risks are identified, measured, monitored and managed. In the context of these processes, the Company identifies the impacts of climate change and related risks, which include more frequent damage and greater severity of weather disasters. Products that are affected by climate change (e.g. crop insurance, hull insurance) are adjusted appropriately; their pricing is adjusted based on ongoing monitoring of past events. Climate change risk is also addressed when creating insurance technical provisions for some insurance classes. The Company manages the increased climate change risk through effective reinsurance protection for more frequent and widespread natural catastrophes. There is no sufficient empirical data yet for some changes in the environment, thus they are managed by testing sensitivity parameters and running potential scenarios, on the basis of which appropriate measures are adopted. The management of some non-financial risks is described in [→ *Section 12. Sustainable development of the Business Report*],

especially in the sections on respect for human rights and fair business practices, anti-corruption measures and personal data protection.

At the same time, the Company is preparing to implement the Regulation of the European Parliament and of the Council, adopted in November 2019, on sustainability-related disclosures in the financial services sector, which will enter into force in March 2021.

The potential reform of the existing healthcare system in Slovenia, particularly the financing of the public part of the system, was publicly discussed also in 2019; however, no changes were made.

2.9 Stress tests

The Group regularly conducts stress tests for all material types of risks as well as monitors and assesses the potential impact of exceptional events on the risk profile and solvency. For more information see Section C of the Solvency and Financial Condition Report, which is published separately for the Company and the Group on the Company's website.

¹⁰³ <https://www.eiopa.europa.eu/content/consultation-paper-opinion-2020-review-solvency-ii>

Accounting Report

Accounting Report

Statement of management's responsibilities	174	3.16. Provisions for employee benefits	234
Independent auditor's report	175	3.17. Other provisions	236
1. Financial statements	181	3.18. Deferred tax assets and liabilities	237
1.1. Statement of financial position	181	3.19. Other financial liabilities	237
1.2. Income statement	182	3.20. Lease liabilities	237
1.3. Other comprehensive income	183	3.21. Operating liabilities	238
1.4. Statement of changes in equity	184	3.22. Other liabilities	238
1.5. Cash flow statement	186	4. Notes to the income statement	239
2. General information	187	4.1. Premium income	239
2.1. Profile of Zavarovalnica Triglav and Triglav Group	187	4.2. Total income from financial assets	242
2.2. Management and supervisory bodies	187	4.3. Total expenses from financial assets	242
2.3. Statement of compliance	188	4.4. Fair value gains and losses	242
2.4. Reporting basis	188	4.5. Realised gains and losses	243
2.5. Basis for consolidation	188	4.6. Other insurance income	243
2.6. Foreign currency translation	188	4.7. Other income	243
2.7. Risk management	189	4.8. Claims	244
2.8. Summary of significant accounting policies	190	4.9. Reinsurance result	247
2.9. Main assumptions	197	4.10. Change in other insurance-technical provisions	247
2.10. Composition and changes in the composition of the Triglav Group in 2019	201	4.11. Expenses for bonuses and discounts	247
3. Notes to the statement of financial position	207	4.12. Acquisition costs and other operating expenses	247
3.1. Intangible assets	207	4.13. Other expenses from insurance operations	252
3.2. Property, plant and equipment	209	4.14. Other expenses	252
3.3. Investment property	211	4.15. Income tax expense	253
3.4. Right of use assets	213	5. Other information	255
3.5. Investments in subsidiaries	214	5.1. Fair value measurement	255
3.6. Investments in associates	215	5.2. Additional notes to the cash flow statement	259
3.7. Financial investments	216	5.3. Amounts spent on auditors	260
3.8. Reinsurers' share of technical provisions	221	5.4. Related party transaction	260
3.9. Receivables	222	5.5. Members of the Management Board and Supervisory Board	262
3.10. Other assets	226	5.6. Off balance sheet items	263
3.11. Cash and cash equivalents	226	5.7. Employees	263
3.12. Non-current assets held for sale	226	5.8. Major legal and arbitrary disputes	264
3.13. Equity	227	5.9. Significant reviews by supervisory bodies	266
3.14. Subordinated liabilities	228	5.10. Subsequent events	268
3.15. Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts	229	5.11. New and amended standards with interpretations	269
		5.12. Segment reporting	272
		5.13. Reporting by guarantee funds posted separately for Zavarovalnica Triglav	285

Statement of management's responsibilities

The Management Board herewith confirms the financial statements Zavarovalnica Triglav, d.d. and Triglav Group for the year ended 31 December 2019, and the accompanying accounting policies and notes to the accounting policies.

The Management Board is responsible for preparing the Annual Report so that it is true and fair presentation of the Company's and Group's assets and liabilities, financial position and profit for the year ended 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU.

The Management Board additionally confirms that the appropriate accounting policies were consistently used and that the accounting estimates were prepared according to the principles of prudence and good management. The Management Board furthermore confirms that the financial statements, together with the notes are prepared on a going concern basis and that they comply with the applicable legislation and International Financial Reporting Standards as adopted by the EU.

The Management Board confirms that the Business Report includes a fair presentation of the development and financial position of the Company and the Group, including a description of the major risks to which the Company and the Group are exposed to.

The Management Board is also responsible for appropriate accounting practices, for the adoption of appropriate measures for the protection of property, and for the prevention and identification of fraud and other irregularities or illegal acts.

The tax authorities may, at any time within the period of five years since the day the tax become chargeable, review the operations of the Company, which may result in additional tax liabilities, default interest and penalties related to corporate income tax and/or other taxes or levies. The Management Board of the Company is unaware of any circumstances that could potentially result in any such significant liability.

Andrej Slapar
President of the Management Board

Uroš Ivanc
Member of the Management Board

Tadej Čoroli
Member of the Management Board

Barbara Smolnikar
Member of the Management Board

David Benedek
Member of the Management Board

Marica Makoter
Member of the Management Board

Ljubljana, 10 March 2020

Independent auditor's report



Deloitte revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana
Slovenia
VAT ID: SI62560085

Tel: +386 (0) 1 3072 800
Fax: +386 (0) 1 3072 900
www.deloitte.si

INDEPENDENT AUDITOR'S REPORT to the shareholders of ZAVAROVALNICA TRIGLAV d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of the company ZAVAROVALNICA TRIGLAV d.d. and its subsidiaries (hereinafter 'the Group'), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRSs').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those rules are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance Technical Provisions

Key Audit Matter	How the matter was addressed in our audit
Valuation of Insurance Technical Provisions	
Disclosures regarding insurance technical provisions are included in disclosures 3.15. <i>"Insurance technical provisions and insurance technical provisions for life-assurance policies where the investment risk is borne by the policyholders"</i> .	We obtained understanding of key controls and tested their operating effectiveness. We also reviewed the processes of analyzing the economic and non-economic assumptions used in the calculation of provisions.
Insurance technical provisions are an important liability of the Group in the consolidated statement of financial position. As at 31 December 2019, the value of insurance technical provisions equals EUR 2,393,927 thousand (2018: EUR 2,310,503 thousand). The provisions are measured in accordance with the accounting policies set in the financial statements.	We reviewed the adequacy of key management assumptions used in assessing the amount of insurance technical provisions for individual cases and reconciled them in accordance with appropriate supporting documents. We assessed whether the provisions recorded were in accordance with the requirements of the accounting framework, industry best practice and regulatory requirements.
The calculation of provisions for insurance contracts is complex, as it involves a high degree of management judgement and complex mathematical and statistical calculations. The models for calculating the amount of technical provisions are created separately for each category. The creation depends largely on economic and demographic assumptions.	In addition, we have reviewed the information disclosed in the financial statements to assess whether the balances are sufficiently disclosed for the users of the financial statements. Experts from the actuarial field were included in the assessment of actuarial assumptions, including the treatment and judgment of management's assumptions. Actuarial experts were included in testing the calculations of the models, and they also performed independent calculations and assessments.
Management reviews premiums, claims settlements and other input data and assumptions of the model; the actuarial function is responsible for reviewing the adequacy of the estimated provisions.	
Insurance technical provisions are accounting estimates that are materially significant accounting balances and are therefore subject to high degree of judgement, which is why we considered this accounting estimates as key audit matter.	

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

In Slovenia the services are provided by Deloitte revizija d.o.o. and Deloitte svetovanje d.o.o. (jointly referred to as "Deloitte Slovenia") which are affiliates of Deloitte Central Europe Holdings Limited. Deloitte Slovenia is one of the leading professional services organizations in the country providing services in audit and assurance, consulting, financial advisory, risk advisory, tax and related services, through over 135 national and foreign professionals.

Deloitte revizija d.o.o. - The company is registered with the Ljubljana District Court, registration no. 1647105 - VAT ID: SI62560085 - Nominal capital EUR 74,214.30
© 2020 Deloitte Slovenia

Financial Investments

Key audit matter	How the matter was addressed in our audit
Valuation of Financial Investments	
<p>The disclosures in relation to financial investments are included in disclosures 3.7. «Financial investments» and as at 31 December 2019, these financial investments amount to EUR 2,740,039 thousand (2018: EUR 2,588,904 thousand).</p> <p>The Group classifies these financial investments in the following groups:</p> <ul style="list-style-type: none"> - financial assets measured at fair value through profit or loss, - held-to-maturity financial assets, - loans and deposits and - available-for-sale financial assets. <p>Classification is made in accordance with purpose of purchase of the financial investment. At initial recognition, a decision on their classification is taken.</p> <p>These financial investments are measured by the group to which the financial investment is classified:</p> <ul style="list-style-type: none"> - financial assets measured at fair value through profit or loss are measured at fair value, - held-to-maturity financial assets are measured at amortized cost less impairment losses, - loans and deposits are measured at amortized cost using the effective interest method, and - available-for-sale financial assets are measured at fair value. <p>Due to significance of these financial investments in statement of financial position of the insurance company, they are considered as key audit matter.</p>	<p>For these financial investments, we reviewed adequacy of measurement.</p> <p>We also performed the following procedures:</p> <ul style="list-style-type: none"> - For investments in marketable securities, we have recalculated the fair value of investments based on the value arising from the securities market as of 31 December 2019. - For investments in non-marketable securities measured at fair value, we have considered the appropriateness of the assumptions used and the methodology used by the company. In particular, we considered the assumptions for the calculation of discount rates and expected future cash flows. We included auditor's experts in procedures of assessment of valuations. - For investments measured at amortized cost, we have recalculated the amortized cost based on the maturity data of each investment as of 31 December 2019.

Other Matter

The consolidated financial statements of ZAVAROVALNICA TRIGLAV, d.d., for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2019.

Other Information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances.

In relation to this and based on our procedures performed, we report that:

- other information are, in all material respects, consistent with the consolidated financial statements;
- other information are prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Group and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management, Supervisory board and Audit committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, management is responsible for assessing its ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Supervisory Board and Audit Committee are responsible for overseeing the Group's financial reporting process and for approving audited annual report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing rules will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing rules, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence concerning the financial information of the entities or business activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for conducting, overseeing and performing the audit of the Group. We have sole responsibility for the audit opinion expressed.

With Supervisory Board and Audit Committee we communicate the planned scope and timing of the audit and significant findings from the audit, including deficiencies in internal control we have identified during our audit.

We also provide Supervisory Board and Audit Committee with the statement of compliance with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters for which it may reasonably be thought to bear on independence, and, if appropriate, all the related safeguards.

From the matters communicated with Supervisory Board and Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

Appointment of the Auditor and the Period of Engagement

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 28 May 2019. Our total uninterrupted engagement has lasted 1 year.

Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 March 2019 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj, certified auditor.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj
Certified auditor

For signature please refer to the original Slovenian version.

Ljubljana, 10 March 2020

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS



Deloitte revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana
Slovenia
VAT ID: SI62560085

Tel: +386 (0) 1 3072 600
Fax: +386 (0) 1 3072 900
www.deloitte.si

INDEPENDENT AUDITOR'S REPORT to the shareholders of ZAVAROVALNICA TRIGLAV d.d.

Opinion

We have audited the financial statements of the company ZAVAROVALNICA TRIGLAV d.d. (hereinafter 'the Company'), which comprise the statement of financial position as at 31 December 2019, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRSs').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those rules are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance Technical Provisions

Key Audit Matter	How the matter was addressed in our audit
Valuation of Insurance Technical Provisions	
Disclosures regarding insurance technical provisions are included in disclosures 3.15. <i>"Insurance technical provisions and insurance technical provisions for life-assurance policies where the investment risk is borne by the policyholders".</i>	We obtained understanding of key controls and tested their operating effectiveness. We also reviewed the processes of analyzing the economic and non-economic assumptions used in the calculation of provisions.
Insurance technical provisions are an important liability of the Company in the statement of financial position. As at 31 December 2019, the value of insurance technical provisions equals EUR 1,713,421 thousand (2018: EUR 1,696,143 thousand). The provisions are measured in accordance with the accounting policies set in the financial statements.	We reviewed the adequacy of key management assumptions used in assessing the amount of insurance technical provisions for individual cases and reconciled them in accordance with appropriate supporting documents.
The calculation of provisions for insurance contracts is complex, as it involves a high degree of management judgement and complex mathematical and statistical calculations. The models for calculating the amount of technical provisions are created separately for each category. The creation depends largely on economic and demographic assumptions.	We assessed whether the provisions recorded were in accordance with the requirements of the accounting framework, industry best practice and regulatory requirements.
Management reviews premiums, claim settlements and other input data and assumptions of the model; the actuarial function of the Company is responsible for reviewing the adequacy of the estimated provisions.	In addition, we have reviewed the information disclosed in the financial statements to assess whether the balances are sufficiently disclosed for the users of the financial statements.
Insurance technical provisions are accounting estimates that are materially significant accounting balances and are therefore subject to high degree of judgement, which is why we considered these accounting estimates as key audit matter.	Experts from the actuarial field were included in the assessment of actuarial assumptions, including the treatment and judgment of management's assumptions. Actuarial experts were included in testing the calculations of the Company's model, and they also performed independent calculations.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

In Slovenia the services are provided by Deloitte revizija d.o.o. and Deloitte svetovanje d.o.o. (jointly referred to as "Deloitte Slovenia") which are affiliates of Deloitte Central Europe Holdings Limited. Deloitte Slovenia is one of the leading professional services organizations in the country providing services in audit and assurance, consulting, financial advisory, risk advisory, tax and related services, through over 135 national and foreign professionals.

Deloitte revizija d.o.o. - The company is registered with the Ljubljana District Court, registration no. 1647105 - VAT ID SI62560085 - Nominal capital EUR 74,214.30.
© 2020. Deloitte Slovenia

Investments in Subsidiaries

Key audit matter	How the matter was addressed in our audit
Valuation of Investments in the Equity of Subsidiaries	
<p>The disclosures in relation to investments in subsidiaries are included in disclosures 3.5, "Investments in subsidiaries" and 5.4, "Related party transactions".</p> <p>Investments in the equity of subsidiaries amount to EUR 134,939 thousand (2018: EUR 131,939 thousand) and are measured at cost. At least once a year, the management assesses the impairment indicators of the aforementioned investments and, where required, performs tests based on discounting future cash flows. These procedures require management assessment.</p> <p>In assessing impairment indicators, professional judgement and the use of subjective assumptions by the management are required.</p> <p>Due to the significance of the above-mentioned circumstances, the identification of impairment indicators and calculation of the impairments are considered as key audit matter.</p>	<p>We have assessed the management's consideration of impairment indicators for investments in subsidiaries. The emphasis of our audit procedures was on assessing and testing the key assumptions that the management used for identifying the impairment indicators and for assessing for impairment.</p> <p>Our procedures also included the following:</p> <ul style="list-style-type: none"> - verification and comparison of net assets with investment value, - assessment of assumptions used in the calculation of discount rates and their recalculation, - review of planned future cash flows that the Company uses for impairment testing, - comparison of the planned cash flows, including the assumptions on revenue growth rate and operating profitability, with previous results of testing the accuracy of management's assumptions, - verification of the adequacy of disclosures in the financial statements. <p>We included an auditor's expert in our procedures.</p>

Financial Investments

Key audit matter	How the matter was addressed in our audit
Valuation of Financial Investments	
<p>The disclosures in relation to financial investments are included in disclosure 3.7, "Financial investments".</p> <p>As at 31 December 2019, these financial investments amount to EUR 1,912,207 thousand (2018: EUR 1,840,037 thousand).</p> <p>The insurance company classifies these financial investments in the following groups:</p> <ul style="list-style-type: none"> - financial assets measured at fair value through profit or loss, - held-to-maturity financial assets, - loans and deposits and 	<p>For these financial investments, we reviewed adequacy of measurement.</p> <p>We also performed the following procedures:</p> <ul style="list-style-type: none"> - For investments in marketable securities, we have recalculated the fair value of investments based on the value arising from the securities market as of 31 December 2019. - For investments in non-marketable securities measured at fair value, we have considered the appropriateness of the assumptions used and the methodology used by the company. In particular, we

<ul style="list-style-type: none"> - available-for-sale financial assets. <p>These financial investments are classified in accordance with the purpose of their purchase. At initial recognition, the management decides on the classification of investments.</p> <p>The Company measures these financial investments by the group to which the financial investment is classified:</p> <ul style="list-style-type: none"> - financial assets measured at fair value through profit or loss are measured at fair value, - held-to-maturity financial assets are measured at amortized cost less impairment losses, - loans and deposits are measured at amortized cost using the effective interest method, and - available-for-sale financial assets are measured at fair value. <p>Due to significance of the financial investments in statement of financial position of the insurance company, they are considered as key audit matter.</p>	<p>considered the assumptions for the calculation of discount rates and expected future cash flows. We included auditor's experts in procedures of assessment of valuations.</p> <ul style="list-style-type: none"> - For investments measured at amortized cost, we have recalculated the amortized cost based on the maturity data of each investment as of 31 December 2019.
---	--

Other Matter

The financial statements of ZAVAROVALNICA TRIGLAV, d.d., for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2019.

Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances.

In relation to this and based on our procedures performed, we report that:

- other information are, in all material respects, consistent with the financial statements;
- other information are prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Company and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management, Supervisory Board and Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, management is responsible for assessing its ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Supervisory Board and Audit Committee are responsible for overseeing the Company's financial reporting process and for approving audited annual report.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing rules will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

With Supervisory Board and Audit Committee we communicate the planned scope and timing of the audit and significant findings from the audit, including deficiencies in internal control we have identified during our audit.

We also provide Supervisory Board and Audit Committee with the statement of compliance with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters for which it may reasonably be thought to bear on independence, and, if appropriate, all the related safeguards.

From the matters communicated Supervisory Board and Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

Appointment of the Auditor and the Period of Engagement

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 28 May 2019. Our total uninterrupted engagement has lasted first years.

Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 March 2020 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company, and which have not been disclosed in the Annual Report.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj, certified auditor.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj
Certified auditor

For signature please refer to the original
Slovenian version.

Ljubljana, 10 March 2020

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS

1. Financial statements¹⁰⁴

1.1. Statement of financial position

in EUR					
		Triglav Group		Zavarovalnica Triglav	
	Notes	31 December 2019	31 December 2018	31 December 2019	31 December 2018
ASSETS		3,936,999,820	3,645,277,487	2,901,140,141	2,730,187,525
Intangible assets	3.1	101,725,725	84,060,048	61,924,273	62,162,502
Property, plant and equipment	3.2	114,072,290	113,296,053	68,305,684	67,986,100
Non-current assets held for sale	3.12	4,164,221	2,067,399	0	0
Deferred tax assets	3.18	12,462,082	12,893,732	0	0
Investment property	3.3	79,921,480	89,840,456	46,091,135	45,270,540
Right of use assets	3.4	10,937,925	0	4,106,316	0
Investments in subsidiaries	3.5	0	0	134,938,667	131,938,667
Investments in associates	3.6	13,154,379	14,125,973	18,054,026	16,959,355
– accounted for using the equity method		13,154,379	14,125,973	0	0
– measured at fair value		0	0	18,054,026	16,959,355
Financial investments	3.7	2,740,030,952	2,588,904,297	1,912,207,382	1,840,036,950
– loans and deposits		112,578,151	138,857,972	49,049,847	92,670,309
– held to maturity		186,109,072	196,773,185	150,469,553	159,463,950
– available for sale		1,826,940,416	1,802,568,767	1,382,802,069	1,383,855,505
– recognised at fair value through profit and loss		614,403,313	450,704,373	329,885,913	204,047,186
Unit-linked insurance assets	3.7	482,031,288	402,515,770	433,758,610	366,664,078
Reinsurers’ share of technical provisions	3.8	102,747,806	85,920,499	98,433,270	87,893,306
Receivables	3.9	194,235,748	178,654,878	93,715,995	89,980,951
– receivables from direct insurance operations		105,459,829	96,601,328	68,401,137	62,635,337
– receivables from reinsurance and coinsurance operations		57,989,502	51,299,903	17,219,677	18,157,611
– current tax receivables		1,281,349	579,645	0	0
– other receivables		29,505,068	30,174,002	8,095,181	9,188,003
Other assets	3.10	5,646,149	5,396,722	3,492,671	3,296,589
Cash and cash equivalents	3.11	75,869,775	67,601,660	26,112,112	17,998,487
Off balance sheet items	5.6	205,911,992	251,429,127	107,689,690	178,359,227
EQUITY AND LIABILITIES		3,936,999,820	3,645,277,487	2,901,140,141	2,730,187,525
Equity	3.13	791,951,788	746,862,805	580,480,275	560,120,736
Controlling interests		789,526,123	744,566,806	580,480,275	560,120,736
– share capital		73,701,392	73,701,392	73,701,392	73,701,392
– share premium		50,276,637	50,206,540	53,412,884	53,412,884
– reserves from profit		354,734,274	334,121,464	338,962,643	318,962,643
– treasury share reserves		364,680	364,680	0	0
– treasury shares		-364,680	-364,680	0	0
– fair value reserve		84,099,924	66,237,889	53,859,881	47,260,189
– net profit brought forward		165,896,170	142,483,579	9,929,059	1,239,764
– net profit/loss for the year		63,404,824	80,533,643	50,614,416	65,543,864
– currency translation differences		-2,587,098	-2,717,701	0	0
Non-controlling interests	2.10	2,425,665	2,295,999	0	0
Subordinated liabilities	3.14	64,847,293	15,462,711	69,999,451	20,612,951
Insurance technical provisions	3.15	2,393,927,336	2,310,503,061	1,713,421,521	1,696,143,475
– unearned premiums		332,510,935	300,166,946	232,791,056	213,919,937
– mathematical provisions		1,404,439,748	1,357,233,017	1,020,231,686	1,009,712,605
– claims provisions		615,398,744	614,943,915	428,320,763	442,560,188
– other insurance technical provisions		41,577,909	38,159,183	32,078,016	29,950,745
Insurance technical provisions for unit-linked insurance contracts	3.15	484,942,835	402,598,039	435,592,711	365,238,075
Provisions for employee benefits	3.16	15,873,046	14,804,574	11,892,449	11,167,156
Other provisions	3.17	2,750,400	1,919,555	732,811	758,435
Deferred tax liabilities	3.18	22,516,692	17,203,576	5,706,679	2,813,736
Other financial liabilities	3.19	1,864,413	5,620,904	1,640,125	1,587,443
Operating liabilities	3.21	66,872,331	54,792,055	31,912,738	28,523,572
– liabilities from direct insurance operations		21,558,544	19,717,929	14,239,495	11,306,835
– liabilities from reinsurance and co-insurance operations		41,548,913	30,465,655	15,309,075	13,819,946
– current tax liabilities		3,764,874	4,608,471	2,364,168	3,396,791
Lease liabilities	3.20	10,915,678	0	4,166,278	0
Other liabilities	3.22	80,538,008	75,510,207	45,595,103	43,221,946
Off balance sheet items	5.6	205,911,992	251,429,127	107,689,690	178,359,227

¹⁰⁴ Notes on pages from 187 to 284 are part of financial statements.

1.2. Income statement

		Triglav Group		Zavarovalnica Triglav		in EUR
INCOME STATEMENT	Notes	2019	2018	2019	2018	
Net premium income	4.1	1,027,628,825	951,762,862	573,555,357	551,940,868	
– gross written premium		1,184,174,107	1,068,394,407	702,131,969	660,210,432	
– ceded written premium		-136,453,097	-106,624,908	-119,532,753	-101,297,110	
– change in unearned premium reserve		-20,092,185	-10,006,637	-9,043,859	-6,972,454	
Income from investments in subsidiaries and associates	4.2	1,076,327	1,021,159	3,642,440	5,305,545	
– profit on equity investments accounted for using the equity method		515,913	1,021,159	0	0	
– other income from investments in subsidiaries and associates		560,414	0	3,642,440	5,305,545	
Income from investments	4.2	186,989,205	88,889,077	141,512,227	61,755,135	
– interest income calculated using the effective interest method		53,137,742	55,573,242	35,136,849	36,890,019	
– gains on disposals		37,568,819	23,777,837	32,059,434	18,521,649	
– other income from investments		96,282,644	9,537,998	74,315,944	6,343,467	
Other income from insurance operations	4.6	37,183,512	29,837,981	29,755,003	27,448,384	
– fees and commission income		22,069,255	15,806,181	19,848,006	17,004,132	
– other income from insurance operations		15,114,257	14,031,800	9,906,997	10,444,252	
Other income	4.7	39,521,122	36,149,533	11,355,435	12,491,979	
Net claims incurred	4.8	684,147,828	626,560,398	376,760,877	359,941,674	
– gross claims settled		716,742,136	679,600,218	425,204,380	421,002,582	
– reinsurers' share		-35,254,541	-39,988,966	-31,495,447	-37,767,613	
– changes in claims provisions		-4,906,936	-19,248,552	-16,948,056	-23,293,295	
– equalisation scheme expenses for supplementary health insurance		7,567,169	6,197,698	0	0	
Change in other insurance technical provisions (excluding ULI)	4.10	59,308,590	39,860,373	22,338,141	29,499,390	
Change in insurance technical provisions for unit-linked insurance contracts	4.10	69,205,056	-46,889,547	57,140,018	-50,884,979	
Expenses for bonuses and discounts	4.11	11,561,258	11,417,685	9,721,522	10,571,287	
Operating expenses	4.12	244,452,851	233,637,425	157,906,165	153,008,918	
– acquisition costs		162,566,584	159,245,093	110,868,380	110,230,112	
– other operating costs		81,886,267	74,392,332	47,037,785	42,778,806	
Expenses from investments in subsidiaries and associates	4.3	733,344	137,092	195,478	4,759	
– loss on investments accounted for using the equity method		170,640	137,092	0	0	
– other expenses from financial assets and liabilities		562,704	0	195,478	4,759	
Expenses from investments	4.3	23,953,572	67,118,486	18,381,935	50,929,727	
– loss on impairment of investments		848,962	1,497,483	344,175	1,248,877	
– loss on disposal of investments		9,767,166	13,128,928	9,679,511	12,566,364	
– other expenses from investments		13,337,444	52,492,075	8,358,249	37,114,486	
Other insurance expenses	4.13	43,565,310	33,744,135	14,950,707	11,819,639	
Other expenses	4.14	54,533,956	44,618,763	17,814,012	15,594,244	
– expenses from financing		3,098,502	1,384,361	2,867,130	1,507,022	
– other expenses		51,435,454	43,234,402	14,946,882	14,087,222	
Profit before tax		100,937,227	97,455,802	84,611,607	78,457,252	
Income tax expense	4.15	17,072,798	16,629,557	13,997,191	12,913,388	
NET PROFIT FOR THE PERIOD		83,864,429	80,826,245	70,614,416	65,543,864	
Earnings per share (basic and diluted)		3,69	3,56	-	-	
Net profit/loss attributable to the controlling company		83,690,644	80,662,754	-	-	
Net profit/loss attributable to the non-controlling interest holders		173,785	163,491	-	-	

1.3. Other comprehensive income

		Triglav Group		Zavarovalnica Triglav		in EUR
	Notes	2019	2018	2019	2018	
Net profit for the year after tax	3.13	83,864,429	80,826,245	70,614,416	65,543,864	
Other comprehensive income after tax		18,003,465	-28,931,958	6,582,993	-19,997,563	
Items which will not be transferred in income statement in future periods		-351,094	-303,425	-309,508	-266,153	
Actuarial gains/losses on defined benefit pension plans	3.16	-351,094	-303,550	-309,508	-266,153	
Tax on items which will not be transferred in income statement		0	125	0	0	
Items which could be transferred into income statement in future periods		18,354,559	-28,628,533	6,892,501	-19,731,410	
Fair value gains/losses on available-for-sale financial assets	3.13	28,490,288	-50,091,501	13,274,750	-39,514,888	
– net gains/losses recognized directly in equity		41,338,796	-32,052,599	25,033,214	-25,811,542	
– transfers from equity to income statement		-12,848,508	-18,038,902	-11,758,464	-13,703,346	
Share of OCI of entities accounted for using the equity method		0	-310,367	0	0	
Liabilities from insurance contracts with DPF		-4,005,357	12,510,378	-4,005,357	12,510,379	
Currency translation differences		137,443	127,483	0	0	
Tax on other comprehensive income		-6,267,815	9,135,474	-2,376,892	7,273,099	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX		101,867,894	51,894,287	77,197,409	45,546,301	
Controlling interest		101,666,578	51,702,769	-	-	
Non-controlling interest		201,316	191,518	-	-	

1.4. Statement of changes in equity

in EUR														
Triglav Group	Share capital	Share premium	Reserves from profit					Fair value reserve	Net profit brought forward	Net profit/loss	Currency translation differences	Total equity attributable to the controlling company	Non-controlling interests	Total
			Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares	Other reserves from profit							
As at 1 January 2018	73,701,392	50,403,656	593,033	18,514,040	364,680	-364,680	314,300,000	95,398,236	160,647,992	39,133,955	-2,854,060	749,838,244	6,807,439	756,645,683
Comprehensive income for the year after tax	0	0	0	0	0	0	0	-29,160,347	64,002	80,662,754	136,359	51,702,768	191,518	51,894,287
a) Net profit	0	0	0	0	0	0	0	0	0	80,662,754	0	80,662,754	163,491	80,826,245
b) Other comprehensive income	0	0	0	0	0	0	0	-29,160,347	64,002	0	136,359	-28,959,986	28,027	-28,931,959
Repayment of equity	0	0	0	0	0	0	0	0	0	0	0	0	-133,062	-133,062
Transfer to retained earnings	0	0	0	0	0	0	0	0	39,133,955	-39,133,955	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	-56,777,086	0	0	-56,777,086	-102,094	-56,879,180
Transfer of net profit to reserves from profit	0	0	6,819	707,572	0	0	0	0	-585,282	-129,109	0	0	0	0
Change in Group	0	-197,116	0	0	0	0	0	0	0	0	0	-197,116	-4,467,802	-4,664,918
As at 31 December 2018	73,701,392	50,206,540	599,852	19,221,612	364,680	-364,680	314,300,000	66,237,889	142,483,579	80,533,643	-2,717,701	744,566,806	2,295,999	746,862,805
Comprehensive income for the year after tax	0	0	0	0	0	0	0	17,862,035	-16,704	83,690,644	130,603	101,666,578	201,316	101,867,894
a) Net profit	0	0	0	0	0	0	0	0	0	83,690,644	0	83,690,644	173,785	83,864,429
b) Other comprehensive income	0	0	0	0	0	0	0	17,862,035	-16,704	0	130,603	17,975,934	27,531	18,003,465
Transfer to retained earnings	0	0	0	0	0	0	0	0	80,533,643	-80,533,643	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	-56,777,146	0	0	-56,777,146	0	-56,777,146
Transfer of net profit to reserves from profit	0	0	40,488	572,534	0	0	20,000,000	0	-327,202	-20,285,820	0	0	0	0
Change in Group	0	-472	0	-212	0	0	0	0	0	0	0	-684	-71,650	-72,334
Other	0	70,569	0	0	0	0	0	0	0	0	0	70,569	0	70,569
As at 31 December 2019	73,701,392	50,276,637	640,340	19,793,934	364,680	-364,680	334,300,000	84,099,924	165,896,170	63,404,824	-2,587,098	789,526,123	2,425,665	791,951,788

in EUR

Zavarovalnica Triglav	Share capital	Share premium	Reserves from profit		Fair value reserve	Net profit brought forward	Net profit/loss	Total
			Legal and statutory reserves	Other reserves from profit				
As at 1 January 2018	73,701,392	53,412,884	4,662,643	314,300,000	67,250,264	25,563,172	32,521,950	571,412,305
Comprehensive income for the year after tax	0	0	0	0	-19,990,075	-7,488	65,543,864	45,546,301
a) Net profit	0	0	0	0	0	0	65,543,864	65,543,864
b) Other comprehensive income	0	0	0	0	-19,990,075	-7,488	0	-19,997,563
Dividend payment	0	0	0	0	0	-56,837,870	0	-56,837,870
Transfer to retained earnings	0	0	0	0	0	32,521,950	-32,521,950	0
As at 31 December 2018	73,701,392	53,412,884	4,662,643	314,300,000	47,260,189	1,239,764	65,543,864	560,120,736
Comprehensive income for the year after tax	0	0	0	0	6,599,692	-16,699	70,614,416	77,197,409
a) Net profit	0	0	0	0	0	0	70,614,416	70,614,416
b) Other comprehensive income	0	0	0	0	6,599,692	-16,699	0	6,582,993
Dividend payment	0	0	0	0	0	-56,837,870	0	-56,837,870
Transfer of net profit to other reserves from profit	0	0	0	20,000,000	0	0	-20,000,000	0
Transfer to retained earnings	0	0	0	0	0	65,543,864	-65,543,864	0
As at 31 December 2019	73,701,392	53,412,884	4,662,643	334,300,000	53,859,881	9,929,059	50,614,416	580,480,275

1.5. Cash flow statement

				in EUR	
		Triglav Group		Zavarovalnica Triglav	
	Notes	2019	2018	2019	2018
A.	OPERATING CASH FLOW				
a.	Net profit for the period	1.2	83,864,429	80,826,246	65,543,865
b.	Adjustments:		20,602,022	-25,835,186	-29,661,945
	– depreciation and amortisation		18,212,851	12,215,733	10,541,634
	– changes in fair value of investments		-80,270,766	-63,561,375	32,424,985
	– other investment income and expenses		-85,905,413	-65,117,337	-50,349,712
	– interest expenses and other expenses		3,098,502	2,867,130	1,507,022
	– revaluation of investment properties and receivables		5,037,035	2,477,665	889,024
	– changes in technical provisions		143,698,894	71,801,858	-36,802,504
	– corporate income tax excluding deferred taxes		16,730,919	13,481,140	12,127,606
c.	Net income before changes in operating assets (a+b)		104,466,451	44,779,230	35,881,920
	Changes in operating receivables		-13,392,691	-6,748,441	-12,797,338
	Changes in other assets		-2,675,675	-797,687	-4,304,205
	Changes in liabilities		19,007,395	8,034,150	4,347,797
	Paid corporate income tax		-17,108,041	-14,513,762	-9,866,802
d.	Changes in net operating assets		-14,169,012	-14,025,740	-22,620,548
e.	Net cash from/ (used in) operating activities (c+d)	5.2	90,297,439	30,753,490	13,261,372
B.	CASH FLOWS FROM INVESTING ACTIVITIES				
a.	Cash inflows from investing activities		1,469,286,636	1,198,898,504	796,648,222
	Cash inflows from interest from investing activities		65,980,623	36,683,169	36,970,864
	Cash inflows from dividends received and profit sharing		5,037,378	7,206,057	7,557,132
	Cash inflows from the disposal of intangible assets		71,871	30,782	3,094
	Cash inflows from the disposal of property, plant and equipment		7,961,376	1,404,653	8,181,979
	Cash inflows from the disposal of financial investments		1,390,235,388	1,153,573,843	743,935,153
	– Cash inflows from the disposal of investments in subsidiaries and associates		2,340,104	0	0
	– Other cash inflows from disposal of financial investments		1,387,895,284	1,153,573,843	743,935,153
b.	Cash outflows from investing activities		-1,540,674,760	-1,210,737,724	-769,343,650
	Cash outflows for the purchase of intangible assets		-5,182,272	-3,282,390	-2,948,864
	Cash outflows for the purchase of property, plant and equipment		-13,134,912	-8,068,006	-10,003,879
	Cash outflows for the purchase of financial investments		-1,522,357,576	-1,199,387,328	-756,390,907
	– Cash outflows for the purchase of investments in subsidiaries and associates		-1,149,098	-4,094,671	-17,060,388
	– Other cash outflows to acquire financial investments		-1,521,208,478	-1,195,292,657	-739,330,519
c.	Net cash from/ (used in) investing activities (a + b)	5.2	-71,388,124	-11,839,220	27,304,572
C.	CASH FLOWS FROM FINANCING ACTIVITIES				
a.	Cash inflows from financing activities		49,367,159	49,367,159	0
	Cash inflows from paid-in capital		0	0	0
	Cash inflows from long-term loans received and issued		49,367,159	49,367,159	0
	Cash inflows from short-term loans received		0	0	0
b.	Cash outflows from financing activities		-62,882,638	-60,167,804	-58,082,203
	Cash outflows for paid interest		-2,829,914	-2,351,553	-1,227,366
	Cash outflows for purchase of treasury shares		0	0	0
	Cash outflows for capital repayment		0	0	0
	Cash outflows for payments of long-term financial liabilities		-240,011	0	0
	Cash outflows for payments of short-term financial liabilities		-3,035,142	-977,954	0
	Cash outflows from dividends paid and profit sharing		-56,777,571	-56,838,297	-56,854,837
c.	Net cash from/ (used in) financing activities (a + b)	5.2	-13,515,479	-10,800,645	-58,082,203
D.	Closing balance of cash and cash equivalents	3.11	75,869,775	26,112,112	17,998,487
E1.	Net cash flow for the period		5,393,836	8,113,625	-17,516,259
E2.	External acquisition	2.10	2,862,910	0	0
E3.	Foreign exchange differences		11,369	0	0
F.	Opening balance of cash and cash equivalents	3.11	67,601,660	17,998,487	35,514,746

2. General information

2.1. Profile of Zavarovalnica Triglav and Triglav Group

Zavarovalnica Triglav d.d. (hereinafter: Zavarovalnica Triglav or the controlling company) is a public limited company, with its registered office at Miklošičeva 19 in Ljubljana, Slovenia. The largest interests in Zavarovalnica Triglav is held by the Institute of Pension and Disability Insurance of Slovenia (Zavod za pokojninsko in invalidsko zavarovanje Slovenije) and the Slovenian Sovereign Holding (Slovenski državni holding), which participate with 34.47% and 28.09% of the share capital, respectively.

Zavarovalnica Triglav offers a broad range of life and non-life insurance, as well as ancillary insurance and pension fund services. In accordance with the Pension and Disability Insurance Act (ZPIZ-2), the Company also provides pension insurance and other ancillary services in relation to insurance and pension funds in the framework of life insurance.

In the life insurance segment, the following funds of assets for supplemental voluntary pension insurance operated in 2019:

- the group of assets, covering technical provisions for supplemental voluntary pension insurance PDPZ (registration no. 5063345032), includes three funds through which the lifecycle investment policy is implemented. All three funds serve to implement pension schemes of group supplemental voluntary pension insurance bearing the codes PN-ZT-01/15-9, PN-ZT-03/15-9, PN-ZT-05/15-9 as well as schemes of individual supplemental voluntary pension insurance bearing the codes PN-ZT-02/15-9, PN-ZT-04/15-9, PN-ZT-06/15-9. The PDPZ group of funds comprises the following three funds of assets, covering technical provisions:
 - fund Triglav PDPZ – zajamčeni (registration number 5063345029);
 - fund Triglav PDPZ – zmerni (registration number 5063345030);
 - fund Triglav PDPZ – drzni (registration number 5063345031);
- fund of assets, covering technical provisions for supplemental voluntary pension insurance during the payout period of pension annuities – rent 1 (registration number 5063345028);
- fund of assets, covering technical provisions for supplemental voluntary pension insurance during the payout period of pension annuities – rent 2 (registration number 5063345033);
- unit-linked life insurance contracts (registration number 5063345023).

Statements of financial position and income statements for funds posted separately are shown in [→ Section 5.13].

The manager of the Triglav PDPZ – zmerni and Triglav PDPZ – drzni funds is Triglav Skladi d.o.o. Zavarovalnica Triglav manages the other abovementioned funds. The custodian of all PDPZ guarantee funds is Abanka d.d.

Zavarovalnica Triglav is the controlling company of the Triglav Group. The structure of the Triglav Group is presented in detail in [→ Section 2.10]. The Triglav Group is the leading insurance/financial group in Slovenia and the Adria region and one of the leading groups in South-East Europe. Insurance is the core business of the Group, including asset management support activities and other services.

Both separate and consolidated financial statements are prepared.

2.2. Management and supervisory bodies

Supervisory Board

The Supervisory Board monitors and supervises the management and performance of Zavarovalnica Triglav. According to the Articles and Memorandum of Association, the Supervisory Board has nine members (six representatives of shareholders and three representatives of employees). Members of the Supervisory Board are given a four-year mandate and can be re-elected without limitation. In 2019, the Supervisory Board had the following members:

Name	SB	AC	ACC	SC	Notes
Igor Stebernak	M				since 2 June 2016
	P				since 18 August 2016
			P		since 18 August 2016 until 12 June 2017 and since 21 June 2017
Andrej Andoljšek	M				since 13 June 2017
	DP				since 21 June 2017
				M	since 21 June 2017
Milan Tomaževič	M				since 13 June 2017
			P		since 21 June 2017
Žiga Škerjanec	M		M		since 13 June 2017
				M	since 21 June 2017
					since 21 June 2017
Nataša Damjanovič	M				since 13 June 2017
		M			since 21 June 2017
			M		since 21 June 2017
Mario Gobbo	M				since 12 June 2013
		P			since 1 July 2013 until 12 June 2017 and since 21 June 2017
Peter Celar	M				since 30 May 2011
			M		since 1 July 2013 until 12 June 2017 and since 21 June 2017
Boštjan Molan	M				since 31 May 2015
					since 20 August 2015 until 12 June 2017 and since 21 June 2017
Ivan Sotošek	M				since 31 May 2015
		M			since 20 August 2015 until 12 June 2017 and since 21 June 2017
Branko Gorjan	M			M	since 1 June 2019
Igor Zupan	M	M			since 27 September 2019
Simon Kolenc		M			since 19 August 2017
Boštjan Koler*					since 19 December 2019

Legend:

SB – Supervisory Board

AC – Audit Committee

ACC – Appointments and Compensation Committee

SC – Strategy Committee

P – President

DP – Deputy President

M – Member

*Nomination Committee member

Management Board

The Management Board directs, represents and acts on behalf of Zavarovalnica Triglav, independently and on its own responsibility. In compliance with the Articles and Memorandum of Association, the Supervisory Board can appoint three to six members to the Management Board. The President and members of the Management Board are appointed for a five-year term with the possibility of reappointment or early termination of office in the case of a serious breach of obligations. In 2019, the Management Board had the following composition:

- Andrej Slapar, President,
- Uroš Ivanc, member,
- Tadej Čoroli, member,
- Barbara Smolnikar, member,
- David Benedek, member
- Marica Makoter, member.

2.3. Statement of compliance

The separate financial statements and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter: IFRS), the Companies Act (hereinafter: ZGD-1) and the Insurance Act (hereinafter: ZZavar-1).

2.4. Reporting basis

The financial statements have been prepared on a going concern basis and on the historical cost basis, except in the case of financial assets recognised at fair value through profit or loss and available-for-sale financial assets measured at fair value.

The accounting policies used are consistent with those of the financial statements for the comparable period, except for lease recognition for

which the new accounting standard IFRS 16 Leases is used. The details of the new standard are explained in [→ [Section 5.11](#)].

The methods used for measuring fair value are described in [→ [Section 2.8.11](#)].

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities as at the reporting date and the amount of income and expenses in the reporting period. Although these estimates are based on the management's best knowledge of current events and activities, actual results may differ from these estimates. The estimates and assumptions are regularly reviewed and their corrections are recognised in the period of change. The use of estimates and assumptions is presented in more detail in [→ [Section 2.9](#)].

For the preparation of the statement of financial position, individual items are classified into groups of assets and liabilities depending on their nature, listed in the order of their liquidity and/or maturity. In additional disclosures current and non-current assets as well as current and non-current liabilities are posted as separate items, depending on whether they are expected to be paid or settled within 12 months of the balance sheet date (current) or after more than 12 months from the balance sheet date (non-current).

Financial assets and liabilities on the statement of financial position are offset only when there exists a legal right to offset the amounts, and intend to either settle them on a net basis or to settle the asset and the liability simultaneously. Income and expenses on the income statement are offset only if so provided by the standards, explained in the notes or required by the accounting policies of the Company.

The Annual Report is adopted by the Management Board and approved by the Supervisory Board. In the event the Supervisory Board fails to approve the report, it is discussed by the General Meeting of Shareholders.

On 10 March 2020, the Management Board approved the Annual Report, which is available at the headquarters of Zavarovalnica Triglav and on its website.

2.5. Basis for consolidation

The consolidated financial statements of the Triglav Group include all companies directly or indirectly controlled by Zavarovalnica Triglav. Zavarovalnica Triglav controls a company if and only if it has all of the following elements:

- power over the company (directs the relevant activities that significantly affect the company's returns);
- exposure, or rights, to variable returns from its involvement with the company, and
- the ability to use its power over the company to affect the amount of its returns.

Subsidiaries are included in the consolidated financial statements under the full consolidation method from the acquisition date. In the process of full consolidation, the carrying amount of the financial investment by the controlling company in each subsidiary and the parent company's portion of equity of each subsidiary are offset (eliminated). Intragroup assets and liabilities as well as income and expenses relating to transactions between the entities of the Triglav Group are eliminated in full.

In case Zavarovalnica Triglav disposes of a subsidiary or loses control over it, such a subsidiary is deconsolidated from the date on which control ceases. All effects from the loss of control are recognised as profit or loss in the consolidated income statement.

The financial statements of Zavarovalnica Triglav and its subsidiaries used in the preparation of the consolidated financial statements all refer to the same reporting date.

All companies within the Triglav Group apply uniform accounting policies. If the accounting policies of a particular subsidiary differ from the accounting policies applied by the Group, appropriate adjustments are made to the financial statements of such subsidiary prior to the compilation of the consolidated financial statements to ensure compliance with the accounting policies of the Group.

In the consolidated financial statements, profit/loss and other comprehensive income are proportionately attributed also to non-controlling interests. If the equity stake of non-controlling interests changes, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to the owners of the parent company.

2.6. Foreign currency translation

Functional and presentation currency

Items included in the separate financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the respective entity operates (functional currency). The financial statements are presented in euros, which is the presentation currency of the Group. In the financial statements, the amounts and disclosures are rounded to one euro.

Translation of business events and items

Transactions in foreign currencies are translated into the functional currency at the related exchange rate from the reference exchange rates of the European Central Bank, published by the Bank of Slovenia. Exchange-rate differences arising from the settlement of these transactions or from the translation of cash items are recognised in the Profit and Loss Account.

Foreign exchange differences arising from changes in the amortised cost of monetary items, denominated in foreign currency and classified as available-for-sale financial assets, are recognised in the income statement. Foreign exchange differences from non-monetary items, such as equity instruments classified as financial assets measured at fair value through profit or loss, are recognised in the income statement. Foreign exchange differences from non-monetary items, such as equity instruments classified as available for sale financial assets, are recognised in equity as fair value reserve together with the effects of the measurement at fair value under other comprehensive income.

Translation from the functional into the presentation currency

The financial statements of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the final exchange rate as at the balance sheet date,
- income, expenses and costs at the average exchange rate for the year,
- capital components are translated at a historical rate,
- all the resulting exchange rate differences are recognised in other comprehensive income.

Goodwill and adjustment of acquired assets of a subsidiary abroad to fair value are recognised in the same way as assets of a subsidiary abroad and translated into the presentation currency at the closing rate.

In the consolidated financial statements, exchange rate differences resulting from the translation of a net investment in a subsidiary abroad are recognised in the statement of comprehensive income. When the Group loses control over a subsidiary abroad, previously recognised exchange rate differences arising from the translation into the presentation currency are reclassified from other comprehensive income into the income statement as part of gain or loss from sale.

2.7. Risk management

Each company being aware of the risks to which it is exposed is essential to its security and financial stability. There are four major sets of financial risks in the Triglav Group: underwriting, market, credit and liquidity risks.

The following table summarises the aforementioned risks by nature of exposure, method of measurement and references to the relevant chapter in the Annual Report with additional information.

Risk type and reference	Nature of exposure	Method of measurement	Risk management
<i>Underwriting risk</i> Risk Management, [→ Section 2.3] and Accounting Report, [→ Sections 2.9.2 and 2.9.4]	Premium risk Provision risk Lapse risk Concentration risk Low-frequency and high-severity risks Life expense risk Mortality risk Premium and provision risks	Sensitivity analysis	Four key processes, in the context of which underwriting risks are identified, measured, monitored and managed: product development, underwriting, underwriting risk transfer and claim settlement.
<i>Market risk</i> Risk Management, [→ Section 2.4]	Interest rate risk Equity risk Property risk Spread risk Currency risk	Sensitivity analysis	Methods and processes with clearly defined powers and responsibilities used to promptly identify, measure, manage and monitor market risks.
<i>Credit risk</i> Risk Management, [→ Section 2.5]	Investments Reinsurance contracts Receivables from insurance operations	Maturity analysis Credit ratings	Expert analysis of the credit quality of partners, sufficient portfolio diversification, regular monitoring of credit ratings and management of exposures to partners with no credit rating, prudent assessment of the suitability of reinsurance partners with regard to their credit quality and diversification, and regular monitoring of exposures to them, monitoring of receivables below and over 90 days, separate monitoring of subrogation receivables including recovery efficiency.
<i>Liquidity risk</i> Risk Management, [→ Section 2.6]	The risk of inappropriate assets in terms of their nature, duration and liquidity compared to liabilities	Forecast of future cash flows	Planning of actual and potential net cash outflows, appropriate amount and composition of liquid investments, regular monitoring of the liquidity position at different time intervals, assuming normal and exceptional circumstances, the limit system.

2.8. Summary of significant accounting policies

The significant accounting policies used in the preparation of the financial statements are set out below.

2.8.1. Business combinations and goodwill

Business combinations are accounted for by using the acquisition method. The acquisition date is the date on which the acquirer obtains control of the acquiree. The acquired assets and liabilities measured at fair value are determined on the acquisition date. In each business combination, any non-controlling interest (NCI) is measured at NCI's proportionate share of net assets of the acquiree.

Goodwill arises from the acquisition of a subsidiary provided that the surplus of the aggregate of the consideration transferred (measured at fair value) exceeds the net amount of the acquired assets and liabilities of the subsidiary. If the difference is negative, the resulting gain is fully recognised in profit or loss. Contingent consideration at fair value is also included in consideration. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment test is conducted annually for a cash-generating unit to which goodwill relates.

The accounting policies relating to goodwill impairment are described in [[→ Section 2.8.12](#)].

2.8.2. Intangible assets

Intangible assets are accounted for using the cost model. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Amortisation is calculated using the straight-line amortisation method.

	Annual amortisation rate
Software	20 %
Other economic rights	1-20 %

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each business year. If the expected useful life of an asset differs from previous estimates, the amortisation period is adjusted accordingly.

Intangible assets with an indefinite useful life are not amortised, but are subject to impairment tests on an annual basis. These assets are impaired if their carrying amount exceeds their recoverable amount.

Deferred acquisition costs for non-life insurance contracts are also a part of intangible assets. Decrease or increase in deferred acquisition costs is recognised as a change in unearned premium provision in the income statement, within net premium income.

Deferred acquisition costs for life insurance contracts are considered in the calculation of mathematical provisions using the Zillmer method. A change in the deferred acquisition cost of life insurance contracts is recognised as a change in the mathematical provision.

Accounting policies regarding the impairment of intangible assets are described in [[→ Section 2.8.12](#)].

2.8.3. Property, plant and equipment

Property, plant and equipment are accounted for using the cost model. The cost of an item of property, plant and equipment comprises its purchase price and any other costs directly attributable to the conditions necessary for it to be capable of operating.

After initial recognition, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line depreciation method. The depreciation rates given below have been used consistently through the years.

	Annual depreciation rate
Buildings	1.5 - 5.0 %
Transport vehicles	12.5 %
Computers and hardware	50 %
Office and other furniture	10 - 20 %
Other equipment	6.7 - 25.0 %

Depreciation of an asset being constructed begins when it is available for use. Depreciation of an asset ceases as at the date that the asset is derecognised.

The residual value and useful life of an asset are reviewed as at the reporting date and adjusted in the event expectations differ from previous estimates.

The gain or loss from the derecognition of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item and is included in profit or loss when it is derecognised.

Maintenance and repair costs are recognised in the income statement as incurred. Further investments that increase future economic benefits increase the value of property, plant and equipment.

Accounting policies regarding the impairment of property, plant and equipment are described in [[→ Section 2.8.12](#)].

2.8.4. Investment property

Investment property is property (land and buildings) owned or leased to earn rentals. Property is classified as investment property if not used by the holder for performing its business activities or if only a minor part of the building is used for that purpose.

After initial recognition investment property is measured at historical cost, including costs for the purpose of acquiring the asset. Investment property is accounted for using the cost model. Investment property is depreciated and impaired using the same method as that used for property, plant and equipment described under [[→ Section 2.8.2 and 2.8.3](#)].

Fair values for disclosure purposes are based on a valuation by an independent appraiser who holds a recognised and relevant professional qualification.

All income arising from investment property is rental income and is shown in the income statement under Other income. Expenses arising from investment property consist of the depreciation charges and maintenance costs of the investment property. In the income statement, they are disclosed under Other expenses.

Accounting policies regarding the impairment of investment property are described in [[→ Section 2.8.12](#)].

2.8.5. Leases

A contract contains a lease if it conveys the right to control the use of the identified asset for a period of time in exchange for consideration.

Leases in the case of lessee

An asset acquired under a lease is recognised as right-of-use assets and lease liabilities. Right-of-use assets do not include assets from short-term leases (up to 1 year) and low-value leases (individual lease amount is less than EUR 4,300). The value of an asset is recognised as present value of future lease payments. Leases are discounted using the rate determined at lease inception or the rate implicit in the lease. The calculation of right-of-use assets also takes into account any initial direct costs and an estimate of any removal and restoration costs.

The rate implicit in the lease is determined on the basis of the interest rate on risk-free government bonds and credit spread.

Right-of-use assets are measured by applying the cost model. The initial value of right-to-use assets is reduced over the life of the asset by depreciation, impairment losses and adjusted for remeasurement of the lease liability. Right-of-use assets are depreciated from the commencement date to the end of the lease term.

When measuring lease liabilities, after the commencement date of the lease, liabilities are increased by interest and decreased by lease payments. If the lease is modified, the amount of liability is remeasured or a separate lease is calculated.

The right-of-use assets and lease liabilities are disclosed in the statement of financial position as separate items.

Leases in the case of lessor

For leases where the Company is the lessor, investment property or equipment leases are classified as operating or finance lease. If the lease transfers to the lessee all material risks and rewards incidental to ownership of an underlying asset, the lease is classified as a finance lease. All other leases are classified as operating leases. A lessor recognises assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. A lessor recognises financial income over the lease term of a finance lease based on a pattern reflecting a constant periodic rate of return on the net investment. For an operating lease, the value of the leased asset is increased by initial direct costs incurred in negotiating or arranging the operating lease, and lease income is recognised over the lease term.

2.8.6. Investments in subsidiaries

In separate financial statements, investments in equity instruments of subsidiaries (shares, stakes) are measured at cost. Investments in subsidiaries represent investments in the companies (investees) over which Zavarovalnica Triglav has controlling influence and where the following conditions are met:

- Zavarovalnica Triglav has power over the investee that arises either from the voting rights resulting from capital instruments or from other rights resulting from contractual agreements;
- Zavarovalnica Triglav is exposed to variable returns or has the right to variable returns from its involvement with the investee;
- Zavarovalnica Triglav has the ability to affect those returns through its power over the investee.

Initial recognition follows as soon as the shares or equity interest has been entered into the Court Register.

Increase in the share capital of subsidiaries with in-kind contributions solely owned by Zavarovalnica Triglav is initially measured at the carrying amount of the contributions in kind. The carrying amount of the contributions in kind as at the date of investment equals the value of assets invested as the in-kind contribution recorded in the financial statements of Zavarovalnica Triglav as at that date.

Accounting policies regarding the impairment of investments in subsidiaries are described in [[→ Section 2.8.12](#)].

Subsidiaries are included in the consolidated financial statements under the full consolidation method. The consolidation procedures are presented in detail in [[→ Section 2.5](#)].

2.8.7. Investments in associated companies

Investments in associates represent investments in the companies (investees) over which Zavarovalnica Triglav has significant influence arising from its power to participate in financial and operating policy decisions of an investee, but not joint control or control of those policies. In separate financial statements investments in equity instruments of associated companies (shares, stakes) are measured at fair value.

For associated companies with no quoted price on the stock exchange, internal models of valuating are used (listed comparable companies method, comparable transactions method, discounting of cash flows, contract value). The valuation assumptions applied are presented in greater detail in [[→ Section 2.9.5](#)]. The effects of the valuation at fair value are disclosed in other comprehensive income.

Associates of the Triglav Group are those companies in which the Company directly or indirectly

holds between 20% and 50% of the voting rights and has a significant but not dominant influence. In the consolidated financial statements of the Triglav Group, investments in associates are accounted for using the equity method. The corresponding share of the profit or loss of an associate is recognised in the consolidated profit or loss. The associated effects included in other comprehensive income of an associate are recognised in the consolidated statement of comprehensive income.

Dividends are recognised in income statement once the right to payment is obtained. The dividends of associates are excluded in consolidated financial statements.

Accounting policies regarding the impairment of investments in associated companies are described in [→ [Section 2.8.12](#)].

2.8.8. Financial assets

Financial assets comprise financial investments, operating and other receivables, and cash and cash equivalents. The accounting policies for each of these assets are presented below.

2.8.8.1. Financial investments

Financial investments are classified into the following groups: financial investments at fair value through profit and loss, financial investments held to maturity, loans and deposits and available-for-sale financial investments. Their classification depends on the initial intent at the time of their purchase. Management decides on the classification of investments at the date of initial recognition.

At initial recognition financial investments are measured based on their fair value. Initially recognised values are increased by transaction costs

that are directly attributable to the acquisition of the financial investments (allowances to agents, consultants, and brokers, fees paid to the stock exchange and other transfer related fees). The rule does not apply to financial investments classified as assets disclosed at their fair value through profit and loss, where these costs are recognised directly in the income statement at acquisition.

The trade date is used for the initial recognition of financial investments, except for loans and deposits, for which the settlement date is used.

Available-for-sale financial investments

Available-for-sale financial investments are those non-derivative financial investments that are classified as available for sale and not classified as loans and deposits, financial investments held to maturity, or financial investments recognised at fair value through profit and loss.

After initial recognition, financial investments classified as available for sale are measured at their fair value, without deducting transaction costs that may occur in their sale or other disposal. Financial instruments not listed on a stock exchange are measured at fair value on the basis of their prices in the latest transactions (official price offers by stock broking firms or banks for certain securities) or through a valuation model (discounting of expected cash flows). Details on valuation models are described in [→ [Section 5.1.2](#)]. Equity instruments not quoted in an active market and for which the fair value cannot be reliably measured are measured at cost.

Changes in fair value are recognised directly in other comprehensive income as an increase (gain) or decrease (loss) in the revaluation surplus, with the exception of investment impairments and foreign exchange differences regarding monetary

items, such as debt securities recognised in the income statement.

When available-for-sale financial investments are derecognised, the accumulated losses or gains, previously recognised under other comprehensive income, are transferred to the income statement.

Held-to-maturity financial investments

Financial investments held to maturity are non-derivative financial investments with fixed or determinable payments and fixed maturities that Zavarovalnica Triglav definitely intends to hold and is able to hold to their maturity.

Financial investments held to maturity are measured at amortised cost reduced for impairment.

Financial investments at fair value through profit and loss

This category is divided into two groups: financial instruments held for trading and financial instruments measured at fair value through profit and loss.

A financial investments is classified as such if the underlying purpose of its acquisition was for resale within a short period of time, if it forms part of a portfolio of financial instruments aimed at short-term profit generation or if this classification was decided on by the management. Derivative financial instruments are always classified as financial instruments held for trading.

A financial investments designated at fair value through profit and loss is an investment:

- held in the Company's investment portfolios to cover liabilities arising from insurance contracts, relating to a change in the fair value of these investments (such a classification eliminates or reduces any mismatches that might

arise from the measurement of investments and liabilities or the recognition of gains and losses arising from various contracts) or

- managed and its performance measured based on fair value in accordance with Zavarovalnica Triglav's investment policy.

After initial recognition, financial investments measured at fair value through profit or loss are measured at fair value on the basis of prices quoted in an active market.

Gains and losses arising from a change in fair value are recognised in the income statement.

The category of financial investments designated at fair value through profit and loss also includes financial investments that have an embedded unrelated derivative.

Loans and deposits

Loans and deposits are non-derivative financial investments with fixed or determinable payments not listed in an active market.

At initial recognition, loans and deposits are measured at cost and later at amortised cost using the effective interest method. The impairments of loans and deposits are recognised if there is objective evidence that the receivable will not be recovered in accordance with the contractual terms.

Derivative financial instruments

After initial recognition, derivatives are measured based on their fair value, with effects recognised in the income statement. The fair value is determined on the basis of the price quoted in an active market. If the price is not known, the fair value is determined by using another pricing model (discounting of expected cash flow; the Black-Scholes option pricing model). Derivatives include financial

instruments used for protecting cash flows against interest rate risk as well as for protecting the cash flows of individual financial instruments and other items. All of the documented gains and losses due to changes in fair value are recognised in profit or loss through financial income or expenses.

2.8.8.2. Receivables from insurance operations

Receivables from insurance operations are recognised when insured persons are charged the premium. After initial recognition, receivables are measured at fair value reduced by the impairment allowance, so as to show their expected recoverable amount.

Subrogation receivables are recognised when the first instalment is paid by the debtor, after a receivable has been tested in court or based on an agreement made with the subrogation debtor. In credit insurance, subrogated receivables are recognised upon occurrence.

Accounting policies regarding the impairment of receivables are described in [→ [Section 2.8.12](#)].

2.8.8.3. Cash and cash equivalents

Cash includes cash in banks, cash in transit, cash in hand and cash equivalents such as call deposits.

2.8.9. Other assets

Other assets include inventories, short-term deferred expenses and accrued revenue.

At initial recognition inventories are measured at cost. The cost of inventory comprises all costs of purchase. The cost of inventories is assigned by using the first-in, first-out (FIFO) formula.

Short-term deferred expenses are amounts that will impact profit or loss in the following accounting periods. They are accrued in order to ensure their even impact on profit or loss, or to accrue prepaid expenses not yet incurred.

Accrued revenue refers to revenue earned in the current accounting period, but which will be collected in a subsequent period.

2.8.10. Non-current assets held for sale

Non-current assets held for sale are those non-financial assets whose value will be recovered through a sale transaction rather than their continued use. The condition for the classification into the category of non-current assets held for sale is fulfilled when the sale is highly probable and the asset is available for immediate sale in its present condition. The management is committed to the sales plan, which must be carried out within a period of one year from the classification of assets into this category.

These assets are measured at the lower of the carrying amount or fair value less costs to sell. The same applies to subsequent measurement of these assets. In such subsequent measurements, it is necessary to recognise impairment losses arising from initial or subsequent write-offs of assets to their fair value, less costs to sell or profits resulting from a subsequent increase in fair value less costs to sell, which may not exceed any accumulated impairment losses.

2.8.11. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. A fair value measurement assumes that the asset or liability is exchanged in

an orderly transaction under current market conditions in the principal (or most advantageous) market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All financial assets are measured at fair value, except for loans and deposits and held-to-maturity financial assets which are disclosed at amortised cost in the financial statements, while their fair value is disclosed in disclosures in [→ [Section 3.7](#)]. The fair value of land and buildings used for insurance operations and of investment property is disclosed under [→ [Sections 3.2 and 3.3](#)] that of subordinated liabilities under [→ [Section 3.14](#)].

The fair value of financial instruments traded on organised financial markets is measured on the basis of their prices quoted as at the reporting date.

If there is no active market for a financial instrument, its fair value is measured by valuation techniques. In determining the fair value of financial assets, valuation techniques are applied, using the reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants for establishing instrument prices and if such a technique has yielded reliable estimates of prices used in actual market transactions, such a technique is applied. The applied estimates and assumptions involve certain risks as to their future realisation. With the aim of reducing this risk, the assumptions and estimates applied are verified by different methods (by comparing assumptions and estimates against the indus-

try average, individual traded companies, etc.). Moreover, a sensitivity analysis of the following value drivers is applied in order to estimate the value range of an individual investment: net sales income, the EBITDA margin, financial intermediation margin, rate of return on the financial asset portfolio, operating expenses to total assets, cash flow growth over a forecast period and the discount rate. In the discounted cash flow method, future cash flows and discount rates are applied as estimated by the management, reflecting interest rates on comparable instruments.

If the fair value of financial instruments cannot be reliably measured, the financial instruments are measured at cost (paid or received amount) increased by expenses incurred in the underlying transaction.

For disclosure purposes, a price level hierarchy has been applied for all financial assets measured at fair value. It is determined with regard to the inputs in the valuation technique, which are used to measure fair value.

- Level 1 inputs: are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. The quoted prices may be adjusted only exceptionally.
- Level 2 inputs: are quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and quoted prices that are observable.
- Level 3 inputs: are prices that do not meet the standards for Level 1 or Level 2. The share of unobservable inputs used in value measurement models is considerable. Unobservable inputs have to use the assumptions that market participants would use when pricing the asset or liability, including risk assumptions.

2.8.12. Impairment

Intangible assets and property, plant and equipment

The value of intangible assets and property, plant and equipment is tested as at the reporting date. It is determined whether there are any objective signs of impairment. If there are, the recoverable amount is assessed, which represents the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount of intangible assets with an indefinite useful life and of intangible assets not yet put into use is measured on an annual basis, irrespective of any objective signs of impairment. If the recoverable amount exceeds the carrying value, the assets are not impaired.

For material assets, impairments are assessed on an individual basis. The impairment of the remaining assets is carried out at the level of cash-generating units.

The previously recognised impairment losses of property, plant and equipment and intangible assets are reversed only if their recoverable amount increases and if this increase can be objectively related to an event occurring after the previous impairment was recognised. An impairment loss of an asset is derecognised only up to the amount of the carrying amount that would have resulted after the depreciation charge, if in previous periods no impairment loss had been recognised.

Goodwill

The value of goodwill is tested as at the reporting date so as to ascertain if there are any objective signs of impairment. Impairment of goodwill is recognised for a cash generating unit, which represents an individual company. In the event there are objective signs of impairment, the recoverable amount is assessed, which represents the higher

of an asset's fair value less costs to sell and its value in use. If the recoverable amount exceeds the carrying value, the goodwill is not impaired.

Goodwill impairment testing is carried out in compliance with IAS 36, while testing of valuation techniques is carried out in compliance with the International Valuation Standards (IVS). The testing and the estimation of potential impairment is carried out in accordance with the estimated recoverable amount. The basis for the explicit forecast period are the available plans of the management and assessors' estimates of market convergence towards more developed ones, taking into account the forecasted economic convergence of international financial institutions and other EU regulators. The discount rate is calculated by applying the CAPM method and surpluses for specific risks. Goodwill impairment tests are carried out on an annual basis.

Investment property

The value of investment property is estimated on an annual basis in order to determine whether there are any objective signs of impairment. In the event of any sign of impairment of investment property, the recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) is assessed. If the carrying amount of investment property exceeds its recoverable amount, an impairment loss is recognised in the amount equalling the difference between the two.

Financial investments in subsidiaries and associates

In the stand-alone financial statement, financial investments in associates are accounted for at cost. Signs of the impairment of investments in subsidiaries are reviewed on quarterly basis. Underperformance of a subsidiary may represent a sign of possible impairment.

In the separate financial statement, financial investments in associates are accounted for at fair value. Impairment loss is calculated in the same as for available-for-sale financial assets. Details are given below.

Financial investments

On a quarterly basis or at least at the end of the reporting period, it is assessed whether there is objective evidence that a financial asset or group of financial assets is impaired. When such evidence exists, loss due to impairment needs to be determined.

An impairment loss on an available-for-sale financial asset is calculated on the basis of its fair value at the time. When there is objective evidence of impairment of an available-for-sale financial asset, the accumulated loss, initially recognised in other comprehensive income, is transferred to the income statement. For equity instruments, objective evidence of impairment includes statutory changes (bankruptcy, liquidation, etc.), a significant decrease in the fair value of a security or a long-term decrease in the fair value of a security. For debt instruments, objective evidence of impairment includes statutory changes (bankruptcy, liquidation, etc.), payment arrears or other significant negative events related to the creditworthiness of the issuer.

The reversal of the previously recognised impairment losses on equity instruments, classified as available-for-sale financial assets, is recognised in other comprehensive income.

The impairment loss of a financial asset measured at amortised cost is calculated as the difference between that asset's carrying amount and the present value of expected future cash flows, determined on the basis of the original effective interest rate.

A reversal of previously recognised impairment of financial assets measured at amortised cost and debt instruments classified as available for sale is recognised in the income statement. An impairment loss may be reversed, if such a reversal can be objectively related to an event occurring after the impairment was recognised.

Insurance receivables

The adequacy of the value disclosed is tested for each group of receivables. All insurance receivables are tested for impairment or impairment reversal at least at the end of the business year. Impairments are recorded as an adjustment of the value of receivables and are formed individually or collectively for receivables with similar credit risk. Credit risk is assessed based on the classification of receivables by maturity and the experience of previous years regarding the recovery of receivables with the same maturity. Impairment loss is recognised as an expense from insurance operations.

Reinsurers' share of technical provisions

Reinsurers' share of technical provisions (assets from reinsurance contracts) is tested for impairment on an annual basis. These assets are impaired only if there is objective evidence resulting from an event occurring after the initial recognition of the reinsurance asset showing that the amounts due from reinsurers in accordance with a contract may not be recovered and if the event has a reliably measurable effect on the amounts that will be recovered by Zavarovalnica Triglav from the reinsurer. An impairment loss of assets from reinsurance contracts is recognised in the income statement.

2.8.13. Equity

Share capital equals the nominal value of paid-up ordinary shares, denominated in euros. When Zavarovalnica Triglav or a subsidiary acquires shares of Zavarovalnica Triglav, their value is disclosed as a deduction from the Group's equity. The same amount is then allocated to treasury share reserves as required by the Companies Act (hereinafter: »ZGD-1«).

Share premium is formed from the paid-in capital surplus and other capital contributions in line with the Memorandum and Articles of Association. As part of the share premium, the impact of the acquisition of non-controlling shares is also recognised in the consolidated financial statements.

Reserves from profit are legal reserves, statutory and other reserves, treasury share reserves.

Legal reserves are formed and used in line with ZGD-1 and the local legislation of each subsidiary. Together with share premium, they have to amount to no less than 10% of the share capital. They represent tied capital set aside in order to protect creditors' interests.

Statutory reserves represent up to 20% of share capital of the parent company. Based on a decision by the Management Board, Zavarovalnica Triglav may allocate up to 5% of net profit to statutory reserves in any business year, decreased by any amounts used for covering losses brought forward and amounts allocated to legal reserves and reserves from profit. Statutory reserves may be used for covering loss after tax for the business year or loss brought forward, for treasury share reserves, for increasing share capital from authorised capital, as well as for dividend payment policy purposes.

According to ZGD-1, the Management Board of Zavarovalnica Triglav may allocate net profit for

the current year to other profit reserves, i.e. up to one half of the net profit remaining after statutory allocations.

2.8.14. Subordinated liabilities

Subordinated liabilities refer to subordinated debt instruments which are, in accordance with the underlying agreements, to be paid last in the event of the issuer's bankruptcy or liquidation. Subordinated liabilities are measured at amortised cost.

2.8.15. Insurance–technical provisions

Unearned premium provisions

Unearned premium provisions are formed for the part of gross written premium that refers to the following business year(s). These are calculated separately for individual insurance contracts using the pro rata temporis method, except for insurance policies where insurance coverage changes during their term and where the expiry of insurance coverage is agreed to be more than one year after the insurance policy is taken out. Unearned premiums are calculated both for life and non-life insurance contracts.

Claims provisions

Claims provisions are formed for claims incurred but not settled until the reporting date. Claims provisions are formed for reported claims as well as for unreported and inadequately reported claims.

Provisions for claims reported are based on an inventory of claims. If a claim is settled as an annuity, the amount is reserved as a capitalised annuity, which Zavarovalnica Triglav calculates on the basis of Slovene mortality tables and a 1.0% interest rate. Other insurance subsidiaries use local mortality tables.

Provisions for incurred but not reported claims (IBNR) are calculated by means of »triangle« methods (a combination of Chain Ladder and Bornhuetter-Ferguson methods). The basis for calculation is a sample of past claims experience with appropriate allowance for future trends. For this purpose a several-year-long time series of settled claims is applied.

Additional provisions for incurred but not enough reported claims (IBNER) for annuity insurance are also formed in cases when the policyholder is a minor or a young person and the insurance company can reasonably expect that the policyholder will also submit a claim for loss of income at a certain age.

With the exception of annuities, provisions for outstanding claims are not discounted. The methods used and estimates made are reviewed at least on an quarterly basis.

Mathematical provisions

Mathematical provisions for life, annuity, pension and unit-linked products are calculated separately for each individual policy. For life, annuity and pension contracts in the pay-out period, a modified net premium prospective method is applied, taking into account insurance contract acquisition costs. For pension contracts in the saving period, where the nature of products makes the aforementioned method inappropriate, the retrospective net premium method is applied. The liabilities for unit-linked insurance contracts are evaluated for each insurance policy as the fair value of assets in the investment account decreased by capitalised future management charges on initial units (actuarial funding). For certain insurance products, additional provisions are formed for covering contractual risk payments.

All calculations allow for prudent actuarial assumption bases, the legislation in force and all liabilities to policyholders arising from contracts and the respective terms and conditions.

Mathematical provisions also contain components for discretionary benefits allocated to policyholders in the past, based on the terms and conditions of the underlying contracts.

A portion of fair value reserve of available-for-sale financial assets, which will be distributed among policyholders after maturity, is also included in mathematical provisions. The principle of shadow accounting is applied. In relation to available-for-sale financial instruments, all revaluation surpluses are accounted for in other comprehensive income upon recognition; on the balance sheet date, the transfer to mathematical provisions is made for the part that will go to the insurer upon realisation in line with the provisions of the insurance contract or internal regulations.

The applied assumptions and other parameters are presented in greater detail in [→ [Section 2.9.1](#)].

Other insurance-technical provision

Provisions for bonuses in non-life insurance are formed for the part of the premium that will be reimbursed to those beneficiaries who meet certain beneficiary criteria set out in insurance conditions (total loss ratio over the last three years, financial discipline in premium payment and total insurance premium). An annual analysis and pre-set criteria are used to calculate the amount of premium reimbursement.

Provisions for cancellations represent that part of unearned premiums which is expected to be reimbursed in the event of early cancellation and for which deferred acquisition costs have been formed.

Provisions for unexpired risk are formed for policies where, based on past experience, it is assumed that the amount of unearned premiums will not suffice for covering all future claims.

2.8.16. Classification of insurance and financial contracts

All products in the portfolios of the Group's subsidiaries are classified as insurance contracts since they all either bear significant insurance risk or their share of the insurance premium in the entire portfolio is insignificant. The significance is determined on the basis of additional payments upon the occurrence of a loss event. The significance of additional amounts is assessed by comparing the greatest difference between the value of the payment in the event of a loss event and the payment in other cases. The abovementioned difference must amount to at least 10 percent of the payment at the beginning of the insurance. Other contracts, including contracts on asset management and lease contracts, are not relevant for disclosure purposes.

2.8.17. Provisions for employee benefits

Employee benefits comprise provisions for jubilee and retirement benefits and unused leave. The calculation of these provisions is made by using the actuarial evaluation method, i.e. the method of the estimated relevance of units or the method including profit proportionally to the work carried out. In line with IAS 19, the calculation is based on the following actuarial assumptions:

- demographic variables (employee mortality and labour turnover),
- financial assumptions, such as:
 - the discount rate taking account of the yield of sovereign securities at the balance sheet date; and

- future salary increases taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the labour market.

Provisions for unused annual leave equal the amount of the total gross wage due for the period when leave was not taken. The amounts of provisions are undiscounted.

Changes in provisions for employee benefits due to payments and new provisions made are recognised in the income statement under operating expenses (labour costs). Revaluation of provisions from an increase or decrease in the present value of liabilities due to changes in actuarial items and experience adjustments is recognised as actuarial gains or losses in other comprehensive income, but only for provisions for retirement benefits.

2.8.18. Other financial liabilities

At initial recognition financial liabilities are measured at cost. Subsequently they are decreased by paid amounts and increased by accrued interest. In the financial statement financial liabilities are measured at amortised cost. Interest paid on loans taken is recognised as expense and accordingly accrued over the term of the underlying loan.

2.8.19. Operating liabilities and other liabilities

Operating liabilities and other liabilities are recognised in the statement of financial position when the contractual obligation results in the payment of the liability. Operating liabilities and other liabilities are disclosed at amortised cost.

2.8.20. Premium income

Net premium income is calculated on the basis of gross written premium and gross outward reinsurance premium, reduced by reinsurers' and retrocessionaires' share and adjusted depending on the change in gross provisions for unearned premiums taking into account the reinsurers' and retrocessionaires' share in provisions for unearned premiums. The invoiced premium serves as the basis for recognising gross written premium.

2.8.21. Income from financial investments

Income from financial investments arises from interest income, dividends, changes in fair value, capital gains and other financial income. In the income statement, interest income is carried at amortised cost using the effective interest rate, which does not apply to financial investments recognised at fair value through profit and loss. Income from dividends is recognised in the income statement once the right to the payment is obtained. Income from changes in fair value arises from the subsequent remeasurement of the fair value of financial investments recognised at fair value through profit and loss. Gains on disposal arise from the derecognition of financial investments other than those recognised at fair value through profit and loss. The difference between the carrying amount of a financial investments and its sales value represents a realised gain.

Income from financial investments includes net unrealised gains on unit-linked life insurance assets. The latter arise from changes in the fair value of unit-linked life insurance investments.

2.8.22. Other income from insurance operations

Other insurance income includes fee and commission income (asset management fees, reinsurance and other fees) and other income from insurance operations (green card sales, loss adjustment services, assistance services and other). Under this income, interest income from operating receivables is also disclosed. This income is recognised in the income statement when the service is provided or when an invoice is issued.

2.8.23. Other income

Other income includes investment property income, income from intangible assets and property, plant and equipment, as well as other income not directly related to insurance operations and sales income from non-insurance subsidiaries. Other income is recognised in the income statement when an invoice is issued.

2.8.24. Claims incurred

Net claims represent gross claims settled (claims incurred and claim handling costs), reduced by the reinsurers' share and subrogated receivables, and adjusted by the change in gross provisions for outstanding claims, taking into account the reinsurers' share of these provisions. Claim handling costs consist of external and internal costs of assessing the eligibility and amount of claims, including court fees and charges, expert fees and subrogation recovery expenses.

Gross claims are recognised in the income statement once they have been settled.

2.8.25. Operating expenses

Gross operating costs are recognised as original expenses by natural type of cost. In the income statement these costs are classified by function. Claim handling costs are a constituent part of claims incurred, asset management costs are a constituent part of investment expense, whilst insurance contract acquisition costs and other operating costs are separately disclosed in the statement. All operating costs are disclosed by natural type and function.

2.8.26. Expenses from financial assets and liabilities

Investment expenses consist of impairments of investments, losses on disposal of investments and other investment expenses. Other investment expenses include changes in the fair value of financial investments that represent the effect of subsequent measurement of the fair value of financial assets measured at fair value through profit or loss. Also included are net unrealised losses on unit-linked life insurance assets and foreign exchange differences.

2.8.27. Other insurance expenses

Other insurance expenses include management fees, losses arising from the impairment of receivables, fire protection tax, prevention expenses and other insurance-related expenses. Other insurance expenses are recognised in the income statement once a service is provided.

2.8.28. Other expenses

Other expenses include other expenses not directly related to insurance operations and operating expenses of non-insurance companies. Other expenses also include financing expenses, which in-

clude interest expenses from subordinated bonds, interest expenses from asset leases and other interest expenses from operating activities. Other expenses are recognised in the income statement when the service is provided.

2.8.29. Taxes

Tax expense for the year comprises current and deferred tax. Deferred tax is calculated for all temporary differences between the amounts of assets and liabilities used for taxation and their carrying amount. The impact of the recognition of deferred tax receivables or liabilities is disclosed as income or expense in the income statement, excluding taxes charged on a business event recognised under other comprehensive income.

In the Republic of Slovenia, current income tax is charged at a 19% tax rate and in other countries where subsidiaries operate at tax rates enacted by local tax laws (as shown in [→ Section 2.10]). The same applies to the calculation of deferred taxes.

In consolidation, temporary differences may be recognised, arising either from the difference between the official financial statements of a subsidiary and those adjusted for consolidation purposes, or from consolidation procedures.

2.9. Main assumptions

2.9.1. Parameters and assumptions in calculating life insurance provisions

Life and annuity insurance

For life and annuity insurance contract liabilities valuation, a modified prospective net premium method is applied by taking into account insurance acquisition costs, all of the contractual obligations and the previously allocated surplus.

The insurance technical parameters used by the method are either the same as those used for calculating insurance premiums or corrected so as to reflect the subsequent circumstances which increase the value of liabilities. A correction to reflect the current circumstances applies to the annuity insurance products of Zavarovalnica Triglav, where the relevant liabilities are valued on the basis of rather conservative mortality tables and a prudently set lower interest rate. The relevant liabilities of Zavarovalnica Triglav are valued on the basis of rather conservative Slovenian mortality tables SIA65 from 2010 and an interest rate of 2.7% p.a. for the contracts containing a fixed interest rate guarantee of 2.75% or more.

The guaranteed technical interest rate used for valuation ranges between 0% p.a. and 5% p.a. The calculation takes into account insurance contract acquisition costs below 3.5% of the sum insured under life insurance policies.

Voluntary pension insurance

During the accumulation period, mathematical provisions are evaluated using the retrospective method. This method takes into account all of the premiums received up to the day of valuation, entrance charges, any sums paid out, the guaranteed interest rate and the additional allocated surplus made to individual accounts arising from profit sharing. During the pension annuity pay-out period, provisions are set aside on the basis of the current value of the expected future liabilities of the insurance company (the prospective net method).

Voluntary pension insurance is classified under insurance contracts as it contains discretionary participation features to receive a portion of profits of a guarantee fund; in addition, the majority of voluntary pension insurance contracts include factors for calculating the pension.

The insurance technical parameters used in the calculation are either the same as those used when underwriting a policy, or they are adapted to the circumstances expected in the pension annuity pay-out period in the event these circumstances are worse than those taken into account in the premium calculation. The guaranteed technical interest rate used for the valuation of liabilities during the premium payment period ranges between 0.75% p.a. and 2.7% p.a. For the purpose of valuing its liabilities during the pay-out period of pension annuities bearing an interest rate from 1.0% p.a. to 2.7% p.a. the Company applies Slovenian mortality tables SIA65 from 2010.

Supplementary voluntary pension insurance

During the accumulation period, mathematical provisions are evaluated using the retrospective method. The method takes into account all of the premiums received up to the day of valuation, entrance charges, any sums paid out, guaranteed interest rates and the additional allocated surplus made to individual accounts arising from extra returns on funds. During the pension annuity pay-out period, provisions are set aside on the basis of the current value of the expected future liabilities of the insurance company (the prospective net method).

The technical parameters used are either the same as those used when underwriting a policy or adjusted due to circumstances which will change later and increase the value of liabilities – primarily when valuing liabilities arising from pension annuity pay-outs. For the purpose of valuing its liabilities the Company applies Slovenian mortality tables SIA from 2010. During the annuity pay-out period, the insurance companies value their liabilities at an interest rate ranging from 1.0% to 2.7%.

Unit-linked insurance

The liabilities for unit-linked insurance contracts are evaluated for each insurance policy as the fair value of assets in the investment account decreased by capitalised future management charges on initial units (actuarial funding). For certain insurance products, additional provisions are formed to cover contractual risk payments under basic and additional policies and additional insurance-technical provisions are established to cater for credit risk.

2.9.2. The liability adequacy test (LAT) for life insurance

The purpose of LAT is to verify the adequacy of provisioning for life insurance. The test consists of comparing the amount of provisions with the best estimate of provisions, arrived at on the basis of the present value of the best estimate of the future expected contractual and other cash flows. The calculation is performed for each separate contract while the results are aggregated on the level of homogenous groups. The test is based on a unified methodology that determines, among others, the grouping of policies into homogenous groups, the choice of risk-free discount rates and the type of cash flows being modelled. The portfolio balance is tested as at the last day of the business year.

Insurance contracts are segmented into homogenous groups which feature similar risks and are kept within the same portfolio. As a rule, insurance contracts are grouped according to their insurance classes:

- traditional life insurance,
- unit-linked life insurance,
- supplemental voluntary pension insurance during the accumulation period,

- supplemental voluntary pension insurance during the pension annuity pay-out period.

The cash-generating unit or the insurance company are also considered a homogenous group. Any deficit is determined at the level of the individual insurance company. If the test shows that the liabilities are insufficient, the total amount of the difference is recognised as an increase in provisions and an expense in the income statement.

Parameters and assumptions applied to the LAT test for life insurance

Mortality, longevity and morbidity assumptions

Assumptions regarding mortality, longevity and morbidity rates are based on internal analysis of the company's life insurance portfolio, on the data of national statistical offices, the data of reinsurers and other sources.

Persistency

The model uses the probability of an early termination of the insurance contract or discontinuation of premium payments determined on the basis of the analysis of early terminations of life insurance contracts in the past years. The Group continuously monitors the persistency of insurance policies by duration and type of insurance, and adapts their assumptions accordingly.

Expenses

The calculation takes into account policy handling/maintenance expenses, claim handling expenses and asset management expenses, as defined on the basis of an analysis of the individual company's expenses in preceding years. Estimated future expenses are increased every year in line with the expected inflation rate.

Increasing insurance premiums

In the case of insurance policies for which the monthly premium directly or indirectly follows the increase in salaries, the increase is calculated in line with the expected inflation rate.

Expected returns and discount interest rates

In calculating the present value, (risk-free) interest rate term structure (yield curve) is used, which is determined based on yields of the relevant local government debt securities (bonds) denominated in the currency of policy entitlements as at the valuation date, with the latter adjusted to take into account future surplus yields of held-to-maturity investments:

- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2019 was used for Zavarovalnica Triglav, d.d. The ten-year benchmark is 0.96% for life, annuity and voluntary pension insurance, and 0.37% for all other insurance.
- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2019 was used for Triglav, pokojninska družba, d.d. The ten-year benchmark is 0.37%.
- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2019 was used for Triglav Osiguranje, d.d., Sarajevo. The ten-year benchmark is 0.37%.
- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2019 was used for Lovćen životna osiguranja, a.d., Podgorica. The ten-year benchmark is 0.37%.
- The yield curve of Croatian government debt securities denominated in euro and with the payment of obligations in Croatian kuna as at 31 December 2019 was used for Triglav Osiguranje, d.d., Zagreb. The ten-year benchmark is 1.26%.

- The yield curves of Serbian government debt securities denominated in euro (the ten-year benchmark is 1.80%) and Serbian dinar (the ten-year benchmark is 3.33%) as at 31 December 2019 were used for Triglav Osiguranje, a.d.o., Belgrade.

- The yield curve of Macedonian government debt securities denominated in Macedonian denar as at 31 December 2019 was used for Triglav Osiguruvanje Život, AD, Skopje. The ten-year benchmark is 2.25%.

Profit participation

The determination of the profit participation rate is at the discretion of each Group member and regulated by internal rules. The estimated future allocation of surpluses are in line with the expected performance, the previous profit allocation rates and the policyholders' reasonable expectations.

In the model, profit is allocated in an excess of the technical interests for with-profit policies. The allocation is determined on the basis of the mathematical provisions as at the end of the financial year.

Annuity factor guarantee

In the calculation, the liability adequacy test takes into account the annuity factor guarantee for those insurance policies where future mortality projections indicate that, until the retirement of an individual policyholder, the condition from insurance terms and conditions regarding the increase in life expectancy that enables the change in the guaranteed annuity factors will not be fulfilled. The calculation additionally takes into account that 55% of supplemental voluntary pension insurance policyholders and 85% of voluntary pension insurance policyholders will choose to purchase pension annuity under guaranteed annuity factors, with the remaining policyholders taking advantage of other options for the payment of assets.

Results of the liability adequacy test for life insurance

Based on the available data of the liability adequacy test the provisioning for life insurance confirms the sufficient amount of provisions formed for all insurance companies in the Group, except for the insurance company Triglav Osiguruvanje Život, a.d., Skopje and for the guarantee funds backing supplemental voluntary pension insurance during the period of annuity payments by Zavarovalnica Triglav, d.d.

The guarantee funds backing supplemental voluntary pension insurance during the period of annuity payments by Zavarovalnica Triglav, d.d., are showing a deficit of EUR 8,711,891 as at 31 December 2019. The insurance company has set aside sufficient insurance technical provisions to offset this deficit.

As at the reporting date, Triglav Osiguruvanje Život, a.d., Skopje recorded a deficit in the total amount of EUR 62,607. Zavarovalnica Triglav set aside sufficient insurance technical provisions to cover the deficit amount.

Sensitivity analysis of LAT test to parameter changes

The valuation of liabilities depends on variables such as mortality, lapse rate, operating costs and the estimated percentage of policyholders deciding to opt for a pension annuity. Parameters are sensitivity tested in order to assess the impact of changes to the above-mentioned variables on future liabilities, the level of provisions and net profit or loss for the year. The changes represent reasonable potential changes in the parameters which could significantly impact the performance of the company.

Individual sensitivity analyses always take into account the change of a selected parameter with all the remaining variables unchanged without accounting for the value of assets backing the liabilities.

The changes under consideration were:

- an increase in mortality rates by 10%,
- a decrease in longevity rates by 10%,
- an increase in lapse rates by 10%,
- a decrease in lapse rates by 10%,
- an increase in expenses by 10%.

The table below shows how the changes of individual parameters increase the provision deficit.

	in EUR	
Change in provisions due to changed parameters	Zavarovalnica Triglav	Triglav Osiguruvanje Život, Skopje
An increase in mortality rates by 10%	-1,380,138	3,658
A decrease in mortality rates by 10%	1,523,343	-3,669
An increase in lapse rates by 10%	0	-27,771
A decrease in lapse rates by 10%	0	29,404
An increase in expenses by 10%	409,975	40,860

For other Group entities LAT test shows the adequacy of formed provisions even with the changed parameters.

2.9.3. Parameters and assumptions in calculating non-life insurance provisions

The unearned premium for most insurance policies is calculated pro-rata temporis, assuming a uniform distribution of claims frequency during the term of insurance contracts. Insurance policies with a variable sum insured are the exception to this rule. These policies include credit insurance, since the insurance cover in such cases gradually decreases, and construction and erection insurance, where the insurance cover rises. For such type of insurance, the calculation of unearned premiums is based on the assumption of a constant claim frequency throughout the duration of the insurance contract and variable insurance cover.

In general, the claims provisions are calculated as the sum of total claims reported but not settled and incurred but not reported (IBNR) claims. The majority of provisions for incurred but not reported claims are calculated using the run-off triangle method. Previous experience shows that claims from mass loss events, such as hail, floods and storms, are reported with considerable delay. None of the standard actuarial methods for determining the amount of IBNR claims after mass loss events is suitable for calculating these claims. Such claims can represent a significant part of total incurred but not reported claims. In order to ensure an up-to-date calculation of the actual amount of claims after mass loss events, additional provisions for IBNR or insufficiently reported claims after mass loss events are formed.

Claims provisions also include provisions for annuities in the case of liability insurance. Provisions for these claims were calculated as a capitalised annuity value as at the cut-off date based on applicable mortality tables and an interest rate of 1.0%.

2.9.4. Liability adequacy test (LAT) for non-life insurance

The insurance companies of the Group form reserves for unexpired risks for those lines of business where the expected loss ratio exceeds 100%. Additional reserves for unexpired risks are calculated as a product of unearned premiums and the difference between the value of the loss ratio and 100%.

Additional tests are performed to check the adequacy of the unearned premiums and unexpired risk reserves. The amounts of future gross claims and gross claim handling costs are applied in these tests and compared with the amount of established provisions for unearned premiums reduced by deferred insurance acquisition costs.

The results of tests show that the level of unearned premiums reserves, together with the level of unexpired risk reserves, is sufficient. Additional provisions were not necessary to create.

Assumptions that would have a material impact are not used in the calculation of technical provisions, so a sensitivity analysis was not performed.

2.9.5. Parameters and assumptions applied in measuring the value of financial income from other investing activities

Valuation of investments in subsidiaries

Zavarovalnica Triglav recognises its subsidiary holdings in separate financial statements, measured at historical cost. The impairment recognition is based on IAS 36 which provides the recoverable amount of an asset or a cash-generating unit as the higher of the two items:

- its fair value less costs to sell; or
- its value in use.

The valuation was made in compliance with the International Valuation Standards.

When recognising an impairment, it is first ascertained whether there are any indications of impairment. In this exercise, indications from external sources of information (significant changes in the environment with an adverse effect on the entity, changes in market interest rates and return on investment of assets likely to affect the recoverable amount of assets, unexpected drops in market values of assets) and indications from internal sources of information (statutory changes, changes in the management and scope of operations, poorer performance of the company) are considered. In the event there are objective signs of impairment, the recoverable amount is assessed.

Indicator tests and impairment tests are carried out by external certified and internal business appraisers applying internal valuation models.

The valuation procedure includes at a minimum:

- general environment analysis of a company (macroeconomic and institutional);
- specific environment analysis (the insurance market and markets of other relevant activities)
- business model and business operations analysis;
- analysis of a company's competitive position in the insurance market;
- analysis of plan attainment in terms of planning adequacy and realisation potential;
- choice of suitable valuation methodology and methods in consideration of standards, purpose (accounting purposes) and scope of valuation (including insurance class);
- derivation and assessment of assumptions in accordance with the analysis;
- derivation of cost of capital based on market parameters (time value, all relevant risks);
- valuation;
- assumption sensitivity analysis of a valuation and relevance analysis of the resulting range of valuations.

The key assumptions and sources applied in valuation included:

- information on the environment acquired from the European Central Bank, statistical offices, International Monetary Fund (IMF), supervisory bodies and other regulators;
- profit/loss and financial position estimates for 2019 and business plans of individual companies for 2019 as approved by their supervisory bodies as well as strategic plans of individual companies for the next three year period, if available;
- documentation and information acquired from the management and other key persons for company valuation;
- professional assessments by internal departments of Zavarovalnica Triglav and subsidiaries of Triglav Group.

In 2019, the impairment indications of financial investments in all insurance and non-insurance subsidiaries and Triglav INT d.d., Ljubljana were tested. No impairment indications were identified.

Valuation of financial income from other investing activities

The valuation methods and the assumptions used for measuring the value of non-tradable financial assets are described under [→ 5.1.2 below].

2.10. Composition and changes in the composition of the Triglav Group in 2019

Members of Triglav Group¹⁰⁵

No.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		VALUE OF EQUITY AS AT 31 DECEMBER (in EUR)	
					2019	2018	2019	2018	2019	2018
1	Pozavarovalnica Triglav RE d.d.	Miklošičeva 19, Ljubljana, Slovenija	19	Reinsurance	100.00	100.00	100.00	100.00	82,868,431	79,455,791
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška 10, Koper, Slovenija	19	Insurance	100.00	100.00	100.00	100.00	34,970,059	31,627,112
3	Triglav Osiguranje d.d., Zagreb	Antuna Heinza 4, Zagreb, Hrvatska	18	Insurance	100.00	100.00	100.00	100.00	32,453,111	29,945,453
4	Triglav Osiguranje d.d., Sarajevo	Dolina 8, Sarajevo, BiH	10	Insurance	97.78	97.78	98.87	98.87	18,411,244	17,272,246
5	Lovčen Osiguranje a.d., Podgorica	Ulica Slobode 13a, Podgorica, Crna gora	9	Insurance	96.59	96.59	96.59	96.59	9,522,111	8,609,819
6	Lovčen životna osiguranja a.d., Podgorica	Ulica Marka Miljanova 29, Podgorica, Crna gora	9	Insurance	96.59	96.59	96.59	96.59	3,698,824	3,209,528
7	Triglav Osiguranje a.d.o., Beograd	Milutina Milankovića 7a, Novi Beograd, Srbija	15	Insurance	99.88	99.88	99.88	99.88	21,332,594	18,358,695
8	Triglav Osiguranje a.d., Banja Luka	Ulica Prvog krajiškog korpusa broj 29, Banja Luka, BiH	10	Insurance	100.00	100.00	100.00	100.00	2,570,137	3,727,010
9	Triglav Osiguruvanje a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, Severna Makedonija	10	Insurance	80.45	80.35	80.35	80.35	14,767,267	14,383,011
10	Triglav Osiguruvanje Život a.d., Skopje	Bulevar sv. Kiril i Metodij 18, Skopje, Severna Makedonija	10	Insurance	96.09	96.07	96.09	96.07	4,704,091	4,941,556
11	Triglav penzisko društvo a.d., Skopje	Bulevar 8-mi septemvri broj 18, kat 2, 1000 Skopje, Severna Makedonija	10	Fund management	100.00	-	100.00	-	2,696,009	-
12	Triglav, pokojninska družba d.d.	Dunajska 22, Ljubljana, Slovenija	19	Fund management	100.00	100.00	100.00	100.00	18,320,294	17,070,762
13	Triglav INT d.d.	Dunajska 22, Ljubljana, Slovenija	19	Holding company	100.00	100.00	100.00	100.00	73,288,185	75,071,066
14	Triglav Skladi d.o.o.	Slovenska 54, Ljubljana, Slovenija	19	Fund management	67.50	67.50	100.00	100.00	56,342,387	46,144,535
15	Triglav Avtoservis d.o.o.	Verovškova 60b, Ljubljana, Slovenija	19	Maintenance and repair of motor vehicles	100.00	100.00	100.00	100.00	67,513	67,410
16	Triglav Svetovanje d.o.o.	Ljubljanska 86, Domžale, Slovenija	19	Insurance agency	100.00	100.00	100.00	100.00	484,259	578,638
17	Golf Arboretum d.o.o.	Volčji Potok 43g, Radomlje, Slovenija	19	Sport facilities management	-	80.73	-	80.73	-	316,314
18	Triglav Upravljanje nepremičnin d.d.	Dunajska 22, Ljubljana, Slovenija	19	Real estate management	100.00	100.00	100.00	100.00	36,314,117	35,397,601
19	Triglav Savjetovanje d.o.o., Sarajevo	Topal Osman Paše 30, Sarajevo, BiH	10	Insurance agency	98.91	98.91	98.91	98.91	81,402	94,662
20	Triglav Savjetovanje d.o.o., Zagreb	Sarajevska 60, Zagreb, Hrvatska	18	Insurance	100.00	100.00	100.00	100.00	-128,347	-281,333
21	Triglav Savetovanje d.o.o., Beograd	Zelengorska 1g, Beograd, Srbija	15	Insurance agency	99.94	99.94	99.94	99.94	18,804	8,443
22	Autocentar BH d.o.o.	Džemala Bjedića 165b, Sarajevo, BiH	10	Maintenance and repair of motor vehicles	97.78	97.78	98.87	98.87	1,908,677	1,793,419
23	Unis automobili i dijelovi d.o.o.	Mehmeda ef. Pandže 13, Sarajevo, BiH	10	Maintenance and repair of motor vehicles	-	97.78	-	98.87	-	135,536
24	Sarajevostan d.o.o.	Kolodvorska 12, Sarajevo, BiH	10	Real estate management	90.95	90.95	91.97	91.97	1,617,879	1,531,907
25	Lovčen Auto d.o.o., Podgorica	Novaka Miloševa 6/2, Podgorica, Crna gora	9	Maintenance and repair of motor vehicle	96.59	96.59	96.59	96.59	2,900,519	1,158,530
26	Triglav Auto d.o.o.	Trg srpskih junaka 4, Banja Luka, BiH	10	Maintenance and repair of motor vehicle	-	100.00	-	100.00	-	1,023
27	Triglav upravljanje nekretninama d.o.o., Zagreb	Ivana Lučića 2a, Zagreb, Hrvatska	18	Real estate management	100.00	100.00	100.00	100.00	1,529,368	3,189,395
28	Triglav upravljanje nekretninama d.o.o., Podgorica	Džordža Vašingtona 44, Podgorica, Crna gora	9	Real estate management	100.00	100.00	100.00	100.00	2,694,136	3,307,275
29	PROF-IN d.o.o.	Mehmed paše Sokolovića 15, Sarajevo, BiH	10	Fund management	62.54	62.54	62.54	62.54	4,095,459	3,604,502
30	Hotel Grad Podvin d.d.	Dunajska 20, Ljubljana, Slovenija	19	Tourism	100.00	100.00	100.00	100.00	310,860	546,091
31	Zavod Vse bo v redu	Miklošičeva 19, Ljubljana, Slovenija	19	Institute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000

¹⁰⁵ The companies listed under numbers 1 to 28 have been included in the consolidated financial statements using the full consolidation method. The companies listed under numbers 29 to 31 have not been included using the full consolidation method, as they are not of importance to the Group. GRI GS 102-45

Summary financial information on subsidiaries

	ASSETS		LIABILITIES		EQUITY		INCOME		NET PROFIT/LOSS		in EUR
COMPANY	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
Pozavarovalnica Triglav Re d.d., Ljubljana	306,350,076	285,485,523	223,481,645	206,029,732	82,868,431	79,455,791	176,851,086	147,093,177	4,904,789	4,532,787	
Triglav, Zdravstvena zavarovalnica d.d., Koper	69,867,321	59,416,391	34,897,262	27,789,279	34,970,059	31,627,112	178,852,499	145,928,444	2,931,501	1,324,192	
Triglav Osiguranje d.d., Zagreb	167,551,455	149,791,109	135,098,344	119,845,656	32,453,111	29,945,453	79,074,756	64,655,378	329,012	875,819	
Triglav Osiguranje d.d., Sarajevo	58,630,555	51,862,677	40,219,311	34,590,431	18,411,244	17,272,246	28,034,688	25,037,266	943,473	925,597	
Lovćen Osiguranje a.d., Podgorica	52,374,715	50,332,908	42,852,604	41,723,089	9,522,111	8,609,819	39,220,482	35,362,033	643,877	412,726	
Lovćen životna osiguranja a.d., Podgorica	7,525,804	7,042,710	3,826,980	3,833,182	3,698,824	3,209,528	3,959,804	2,563,680	362,095	417,927	
Triglav Osiguranje a.d.o., Beograd	82,306,838	67,505,358	61,074,571	49,146,663	21,232,267	18,358,695	64,830,227	53,454,959	1,943,406	1,765,910	
Triglav Osiguranje a.d., Banja Luka	11,902,070	11,717,746	9,344,399	7,990,736	2,557,671	3,727,010	6,463,781	6,205,975	-1,135,083	3,225	
Triglav Osiguruvanje a.d., Skopje	41,371,349	37,658,712	26,628,173	23,275,701	14,743,176	14,383,011	25,349,063	24,755,663	303,453	540,769	
Triglav Osiguruvanje Život a.d., Skopje	5,667,820	5,157,166	966,810	215,610	4,701,010	4,941,556	767,937	435,590	-243,581	-149,669	
Triglav penzisko društvo a.d., Skopje	3,021,317	-	328,355	-	2,692,962	-	83,711	-	-313,293	-	
Triglav, pokojninska družba d.d., Ljubljana	362,923,664	323,872,026	344,603,370	306,801,264	18,320,294	17,070,762	57,514,415	41,671,530	-281,655	212,669	
Triglav INT d.d., Ljubljana	73,471,798	75,381,489	183,613	310,423	73,288,185	75,071,066	101,871	4,496,760	-1,769,877	2,320,200	
Triglav Skladi d.o.o., Ljubljana	67,297,910	52,242,331	10,955,523	6,097,796	56,342,387	46,144,535	22,556,631	20,550,198	6,266,224	7,743,528	
Triglav Avtoservis d.o.o., Ljubljana	653,290	445,658	585,777	378,248	67,513	67,410	2,434,587	2,241,741	3,909	2,146	
Triglav Svetovanje d.o.o., Ljubljana	1,725,338	1,440,158	1,241,079	861,520	484,259	578,638	4,923,517	4,667,756	-92,041	21,768	
Golf Arboretum d.o.o., Ljubljana	-	1,149,977	-	833,663	-	316,314	525,834	695,674	-5,136	-57,721	
Triglav, Upravljanje nepremičnin d.d., Ljubljana	38,969,275	43,119,424	2,655,158	7,721,823	36,314,117	35,397,601	5,446,854	4,772,288	1,163,668	870,320	
Triglav Savjetovanje d.o.o., Sarajevo	386,618	232,418	305,216	137,756	81,402	94,662	920,945	995,145	-13,260	26,509	
Triglav Savjetovanje d.o.o., Zagreb	167,170	105,035	295,517	386,368	-128,347	-281,333	307,428	356,917	-130,690	-154,177	
Triglav Savetovanje d.o.o., Beograd	110,378	82,871	85,207	74,428	25,171	8,443	554,684	379,870	-4,625	-36,243	
Autocentar BH d.o.o., Sarajevo	2,959,310	2,677,522	1,050,633	884,103	1,908,677	1,793,419	1,574,966	1,565,719	37,498	126,823	
Unis automobili i dijelovi d.o.o., Sarajevo	-	188,637	-	53,101	-	135,536	-	201,550	-	2,142	
Sarajevostan d.o.o., Sarajevo	2,414,747	4,055,029	796,868	2,523,122	1,617,879	1,531,907	2,308,513	2,443,267	85,972	135,887	
Lovćen Auto d.o.o., Podgorica	5,195,713	3,915,032	2,295,194	2,756,502	2,900,519	1,158,530	1,714,551	2,128,939	-658,011	-889,313	
Triglav Auto d.o.o., Banja Luka	-	1,023	-	0	-	1,023	-	0	-	0	
Triglav Upravljanje nekretninama d.o.o., Zagreb	1,535,688	3,330,251	6,320	140,856	1,529,368	3,189,395	55,105	54,445	-243,389	-80,896	
Triglav Upravljanje nekretninama d.o.o., Podgorica	2,990,105	3,452,529	295,969	145,254	2,694,136	3,307,275	151,799	209,461	-613,139	7,991	
PROF-IN d.o.o., Banja Luka	4,282,058	3,643,170	186,599	38,668	4,095,459	3,604,502	963,059	625,681	490,957	162,330	
Hotel Grad Podvin d.d., Ljubljana	2,322,347	2,537,920	2,011,487	1,991,829	310,860	546,091	41,477	75,531	-235,231	-101,133	
Zavod Vse bo v redu	128,020	143,507	28,020	43,507	100,000	100,000	26,700	55,001	-15,488	10,678	

Non-controlling interests in the companies of the Triglav Group

			in EUR							
NO.	COMPANY	ADDRESS	NON-CONTROLLING INTEREST IN CAPITAL (in %)		VOTING RIGHTS OF NON-CONTROLLING INTERESTS (in %)		NET PROFIT OR LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST HOLDERS		RETAINED EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTEREST HOLDERS	
			2019	2018	2019	2018	2019	2018	2019	2018
1	Triglav Osiguranje d.d., Sarajevo	Dolina 8, Sarajevo, Bosna in Hercegovina	2.22	2.22	1.13	1.13	20,582	19,418	240,897	240,001
2	Triglav Osiguranje a.d.o., Beograd	Milutina Milankovića 7a, Novi Beograd, Srbija	0.12	0.12	0.12	0.12	2,374	2,181	206,048	201,008
3	Triglav Osiguruvanje a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, Republika Severna Makedonija	19.55	19.65	19.55	19.65	59,325	106,261	1,703,933	1,650,912
4	Lovćen Osiguranje a.d., Podgorica	Ulica Slobode 13a, Podgorica, Črna gora	3.41	3.41	3.41	3.41	103,796	53,289	444,022	331,073
5	Lovćen životna osiguranja a.d., Podgorica	Marka Miljanova 29/III, Podgorica, Črna gora	3.41	3.41	3.41	3.41	12,347	14,251	88,708	72,024
6	Golf Arboretum d.o.o., Volčji Potok	Volčji Potok 43g, Radomlje, Slovenija	-	19.27	-	19.27	-990	-11,123	-	58,827
7	Triglav Savjetovanje d.o.o., Sarajevo	Topal Osman Paše 30, Sarajevo, Bosna in Hercegovina	1.09	1.09	1.09	1.09	-144	288	-16,753	-16,609
8	Unis automobili i dijelovi d.o.o., Sarajevo	Mehmeda ef. Pandže 13, Sarajevo, Bosna in Hercegovina	-	2.22	-	1.13	-	48	-	-333,323
9	Autocentar BH d.o.o., Sarajevo	Džemala Bjedića 165b, Sarajevo, Bosna in Hercegovina	2.22	2.22	1.13	1.13	684	2,816	-145,082	163,530
10	Lovćen Auto d.o.o., Podgorica	Novaka Miloševa 6/2, Podgorica, Črna gora	3.41	3.41	3.41	3.41	-22,438	-30,326	-390,088	-367,651
11	Triglav Osiguruvanje Život a.d., Skopje	Bulevar sv. Kiril i Metodij 18, Skopje, Republika Severna Makedonija	3.91	3.93	3.91	3.93	-9,524	-5,882	-12,135	-2,135
12	Sarajevostan d.o.o., Sarajevo	Kolodvorska 12, Sarajevo, Bosna in Hercegovina	9.05	9.05	8.03	8.03	7,776	12,291	306,257	298,480
13	Triglav Savetovanje d.o.o., Beograd	Milutina Milankovića 7a, Novi Beograd, Srbija	0.06	0.06	0.06	0.06	-3	-21	-141	-137
TOTAL							173,785	163,491	2,425,665	2,295,999

Material non-controlling interests

Presented below are the condensed balance sheet and comprehensive income for material non-controlling interests.

	in EUR	
	Triglav Osiguranje Skopje	
	31 December 2019	31 December 2018
CONDENSED BALANCE SHEET		
Current assets	6,280,101	5,921,431
Current liabilities	3,238,360	2,679,504
Net current assets/liabilities	3,041,741	3,241,927
Non-current assets	35,091,248	31,737,281
Non-current liabilities	23,389,813	20,596,197
Net non-current assets/liabilities	11,701,435	11,141,084
Net assets	14,743,176	14,383,011
	2019	2018
CONDENSED COMPREHENSIVE INCOME		
Net profit or loss for the year	303,453	540,769
Other comprehensive income	56,711	237,920
Total comprehensive income	360,164	778,689
Dividends from associates for the year	0	0
	2019	2018
CONDENSED CASH FLOW STATEMENT		
Cash flows from operating activities	847,503	-58,496
Cash flows from investing activities	-979,026	13,694
Cash flows from financing activities	0	0
Net change in cash flows	-131,523	-44,802

Changes occurred in the ownership structure of the Triglav Group in 2019*Acquisition of Alta SKLADI, družba za upravljanje d.d.*

Triglav Skladi d.o.o., acquired a 100% equity stake in Alta Skladi, družba za upravljanje d.d. (hereinafter: Alta Skladi), thereby obtaining 100% of the voting rights and a controlling interest in said company. On 19 December 2019, Alta Skladi d.d., was stricken off the Companies Register due to its merger with the acquiring company Triglav Skladi d.o.o.

The activity of the acquiree is the provision of investment fund management services. The purpose of the acquisition was to obtain the right to manage their investment funds and to take advantage of the positive effects of the companies' merger and the integration of fund management.

The acquisition of Alta Skladi d.d., is treated as a business combination in the Group. In the consolidated financial statements, the said business combination was accounted for using the acquisition method. As at the acquisition date of 30 April 2019, all assets acquired and liabilities assumed of Alta Skladi were measured at fair value. The right of managing the fund was recognised in the net fair value of assets and is separately included in intangible assets as list of customers. The value in the amount of EUR 5,472,939 was determined based on the valuation using the excess earnings method. The 10-year useful life was taken into account. Deferred tax in the amount of EUR 1,039,858 was also calculated.

The consideration for the purchase of the company is EUR 22.5 million and consists of a fixed and variable amount. The variable part of consideration, which is contingent consideration, consists of a deferred payment of EUR 1,930,000 (for potential lawsuits, legal proceedings, breach of warranty or agreement mistakes). The deferred payment lasts for a maximum of 5 years + 60 days. The second portion of the variable amount totals maximum EUR 2.4 million and depends on net payments from the Flegma product. This value was assessed based on the data on net inflows from this product in the past and the present year using the discounted cash flow method. Contingent consideration is also recognised as a financial liability. As at 31 December 2019, the financial liability of contingent consideration amounted to EUR 3,527,000.

Total consideration exceeds the net asset value by EUR 10.4 million and is recognised as goodwill in the consolidated financial statements. Goodwill is the value of synergy effects arising from increased assets under management, greater market visibility and the synergy effects of pooling the fund managers' knowledge.

The assets acquired and liabilities assumed and the calculation of goodwill as at the acquisition date of 30 April 2019 are as follows:

	in EUR
Recognised amounts	Fair value as at 30 April 2019
ASSETS ACQUIRED	13,911,407
Intangible assets	8,722,477
Property, plant and equipment	25,609
Financial investment	965,902
Operating receivables	583,545
Other receivables	426,717
Other assets	324,247
Cash and cash equivalents	2,862,910
LIABILITIES ASSUMED	1,805,583
Provisions for retirement benefits	23,128
Other provisions	292,322
Deferred tax liabilities	1,108,838
Operating liabilities	194,485
Current tax liabilities	36,534
Other liabilities	150,276
TOTAL IDENTIFIABLE NET ASSETS	12,105,824
CONSIDERATION	22,519,136
– fixed consideration	18,606,034
– contingent consideration:	3,913,102
– deferred consideration	1,930,000
– consideration for Flegma product	1,983,102
FINANCIAL LIABILITY for contingent consideration	3,913,102
GOODWILL	10,413,312

Goodwill adjustments are possible during the measurement period (within one year of the acquisition), but only because of a change in contingent consideration and any changes in the fair value of assets acquired and liabilities assumed that relate to the facts and circumstances existing as at the acquisition date. In the period from 1 July to 31 December 2019, the fair value of liabilities assumed was adjusted by EUR 14,362 and thus the amount of goodwill increased. The change was recognised following the audit of assets and liabilities.

Any changes in the fair value of financial liabilities of contingent consideration due to new information relating to changes in events after the acquisition date will be recognised in profit or loss.

From 1 May to 19 December 2019 (until striking off the register), Alta Skladi d.d., generated income of EUR 3,835,931 and net profit of EUR 1,192,198.

Purchase of shares of Triglav Osiguruvanje a.d., Skopje from non-controlling interest holders

Triglav INT d.d. acquired a 0.10% equity stake from the non-controlling interest holders of Triglav Osiguruvanje, a.d., Skopje, thereby becoming its 80.45% owner. The acquisition price of the equity stake amounted to MKD 888,940 or EUR 14,428. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as an increase in share premium of EUR 614.

Capital increase of Lovćen Auto d.o.o.

Lovćen Osiguranje, a.d., increased its equity stake in its subsidiary Lovćen Auto d.o.o., in the amount of EUR 2,400,000, thus remaining a 100% owner of the said company.

Capital increase of Triglav d.o.o.

By paying in EUR 1,094,670, Zavarovalnica Triglav d.d., increased the share capital of its associate Triglav d.o.o., and thus maintained its 49.9% equity stake in the said company.

Capital increase of Triglav Savjetovanje d.o.o., Zagreb

In Q2 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of HRK 2,100,000 or EUR 284 thousand. As a result, both companies maintained their stakes in said company, 51% and 49% respectively.

Establishment of Triglav penzisko društvo a.d., Skopje

On 27 March 2019, the pension company Triglav penzisko društvo, a.d., Skopje was established in North Macedonia. The total share capital of EUR 3 million was paid in by Zavarovalnica Triglav d.d., thereby becoming a 100% owner of the said company.

Capital increase of Triglav Savetovanje d.o.o., Belgrade

In Q3 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Belgrade increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of RSD 2,500,000 or EUR 21 thousand. As a result, both companies maintained their stakes in the said company; 51% and 49% respectively.

Sale of ZIF Prof Plus d.d., Sarajevo

Triglav Skladi d.o.o. and Triglav, Upravljanje nepremičnin d.d. sold their equity stakes in ZIF Prof Plus d.d. of 11.72% and 10.37% respectively. As a result of selling the combined equity stake of 22.09%, a profit of EUR 560 thousand was generated at the Group level.

Sale of Golf Arboretum d.o.o., Ljubljana

Triglav, Upravljanje nepremičnin d.d. sold its equity stake of 80.73% in Golf Arboretum d.o.o. As a result, the Triglav Group generated a loss of EUR 563 thousand.

Liquidation of Triglav Auto d.o.o., Banja Luka

On 19 September 2019, Triglav Auto d.o.o., Banja Luka was liquidated. The liquidation had no effect on the consolidated financial statements of the Triglav Group.

Merger of Unis automobili i dijelovi d.o.o., Sarajevo

Unis automobili i dijelovi d.o.o. was merged with Autocentar BH d.o.o. The merger did not have an impact on the consolidated financial statements of the Triglav Group.

Sale of KRDU Building d.o.o. and LOMA CENTER d.o.o.

On 5 February 2019, Trigal d.o.o. and the fund TRIGAL AIF SICAV – RAIF S.C.A. Compartment 2, Regional Multi Asset Fund Compartment, Luxembourg, signed an agreement to sell KRDU Building d.o.o. and LOMA CENTER d.o.o. As a result, both companies are no longer considered associates of the Triglav Group. There was no effect of derecognition.

Establishment of ALFI PD, upravljanje alternativnih investicijskih skladov d.o.o.

Trigal d.o.o. and three other partners established ALFI PD d.o.o. on 3 September 2019. With the payment of EUR 40 thousand, Trigal became a 40% owner of said company.

3. Notes to the statement of financial position

3.1. Intangible assets

Triglav Group						in EUR
	Goodwill	Deferred acquisition cost	Long-term deferred items	Licences and software	Intangible assets in course of acquisition	Total
COST						
As at 1 January 2018	0	42,121,469	4,464,919	71,282,413	3,296,603	121,165,404
– transfer in use	0	0	0	2,896,144	-2,896,144	0
– purchases	0	0	0	4,996,291	2,592,996	7,589,287
– disposals	0	0	0	-2,927,961	-2,987	-2,930,948
– reclassification	0	1,206,307	0	-1,206,307	0	0
– increase (net value)	0	5,947,377	-1,475,430	0	0	4,471,947
– exchange rate difference	0	4,001	0	19,758	-1,250	22,509
As at 31 December 2018	0	49,279,154	2,989,489	75,060,338	2,989,220	130,318,201
– transfer in use	0	0	0	1,503,027	-1,503,027	0
– purchases	0	0	0	3,527,791	3,293,015	6,820,806
– disposals	0	0	0	-2,393,328	0	-2,393,328
– impairment	0	0	0	-443,726	0	-443,726
– increase (net value)	0	1,448,230	-1,176,041	0	0	272,189
– acquisition*	10,413,312	0	0	8,966,464	0	19,379,776
– exchange rate difference	0	47,372	0	14,317	329	62,018
As at 31 December 2019	10,413,312	50,774,756	1,813,448	86,234,883	4,779,537	154,015,936
ACCUMULATED AMORTISATION						
As at 1 January 2018	0	0	0	-42,324,789	0	-42,324,789
– current year amortisation	0	0	0	-6,837,916	0	-6,837,916
– disposals	0	0	0	2,917,758	0	2,917,758
– impairment	0	0	0	0	0	0
– exchange rate difference	0	0	0	-13,199	0	-13,199
As at 31 December 2018	0	0	0	-46,258,148	0	-46,258,148
– current year amortisation	0	0	0	-8,161,376	0	-8,161,376
– disposals	0	0	0	2,356,530	0	2,356,530
– impairment	0	0	0	43,840	0	43,840
– acquisition*	0	0	0	-254,753	0	-254,753
– exchange rate difference	0	0	0	-16,299	0	-16,299
As at 31 December 2019	0	0	0	-52,290,206	0	-52,290,206
CARRYING AMOUNT						
As at 31 December 2018	0	49,279,154	2,989,489	28,802,185	2,989,220	84,060,048
As at 31 December 2019	10,413,312	50,774,756	1,813,448	33,944,672	4,779,537	101,725,725

* Acquisition relates to Alta Skladi, d.d.

Goodwill

Upon the acquisition of Alta Skladi d.d. in 2019, goodwill was recognised as at the acquisition date of 30 April 2019. A more detailed description is presented in [[→ Section 2.10](#)].

The value of goodwill was checked as at the reporting date. In testing goodwill for impairment, where key assumptions have been tested, the recoverable amount of the cash-generating unit (Alta Skladi) was calculated in addition to assessing impairment indications. The value in use was taken into account when measuring the recoverable amount. The discounted rate of 12.1% was taken into account when estimating cash flows for a 5-year period.

The calculated value in use as at 31 December 2019 was higher than the carrying amount. The goodwill impairment test showed that there was no need to impair goodwill as at 31 December 2019.

Other intangible fixed assets

Amortisation of intangible assets is recognised in the income statement under different items. Details are given in the breakdown of costs by nature and function in [[→ Section 4.12](#)].

The Group has no individual intangible assets that are material to the consolidated financial statements.

Zavarovalnica Triglav	Deferred acquisition costs	Long-term deferred items	Licenses and software	Intangible assets in course of acquisition	in EUR Total
COST					
As at 1 January 2018	30,659,972	4,464,919	50,286,241	2,528,350	87,939,483
– transfer in use	0	0	1,276,865	-1,276,865	0
– purchases	0	0	4,291,359	132,935	4,424,294
– disposal	0	0	-2,782,408	0	-2,782,408
– increase (net value)	4,476,220	-1,475,430	0	0	3,000,790
As at 31 December 2018	35,136,192	2,989,489	53,072,058	1,384,420	92,582,159
– transfer in use	0	0	360,322	-360,322	0
– purchases	0	0	2,797,294	1,879,420	4,676,714
– disposal	0	0	-2,341,130	0	-2,341,130
– increase (net value)	1,995,928	-1,394,325	0	0	601,603
As at 31 December 2019	37,132,120	1,595,164	53,888,544	2,903,514	95,519,344
ACCUMULATED AMORTISATION					
As at 1 January 2018	0	0	-28,153,198	0	-28,153,198
– amortisation	0	0	-5,045,772	0	-5,045,772
– disposal	0	0	2,779,314	0	2,779,314
As at 31 December 2018	0	0	-30,419,656	0	-30,419,656
– amortisation	0	0	-5,485,765	0	-5,485,765
– disposal	0	0	2,310,348	0	2,310,348
As at 31 December 2019	0	0	-33,595,071	0	-33,595,071
CARRYING AMOUNT					
As at 31 December 2018	35,136,192	2,989,489	22,652,403	1,384,420	62,162,502
As at 31 December 2019	37,132,120	1,595,164	20,293,474	2,903,514	61,924,273

Zavarovalnica Triglav did not pledge any intangible assets as collateral. As at 31 December 2019, trade payables for intangible assets amounted to EUR 2,547,605 (vs. EUR 6,113,245 as at 31 December 2018).

The amortisation for the current year is split between several items of the income statement. For details, see expenses by nature and function in [[→ Section 4.12](#)]. Change in deferred acquisition costs is recognised as a change in unearned premium provision in the income stated, as stated in [[→ Section 4.1](#)].

Zavarovalnica Triglav has no individual intangible assets that are material to the financial statements. Cost of fully depreciated intangible assets still in use represents 20.02% of the total cost of intangible assets.

3.2. Property, plant and equipment

					in EUR
Triglav Group	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2018	11,774,345	123,582,099	62,954,526	3,234,099	201,545,069
– transfer in use	0	2,511,143	4,564,476	-7,075,620	0
– purchases	2,777	206,016	2,931,406	7,826,487	10,966,686
– disposals	0	-195,820	-8,673,843	-14,135	-8,883,798
– impairment	0	-18,892	-141,038	0	-159,930
– transfer from investment property	0	-1,597,617	0	0	-1,597,617
– exchange rate differences	16,489	59,901	8,080	180	84,650
As at 31 December 2018	11,793,611	124,546,831	61,643,604	3,971,011	201,955,057
– transfer in use	23,517	986,157	1,505,951	-2,515,626	0
– purchases	382,859	2,629,972	4,493,328	1,815,723	9,321,882
– disposals	-50,018	-168,025	-3,630,856	0	-3,848,899
– transfer to investment property	147,127	848,796	251,433	0	1,247,356
– impairment	0	0	-4,242	0	-4,242
– sale of Golf Arboretum	-773,133	-1,144,199	-571,623	-7,429	-2,496,384
– reclassification	0	-655,204	-45,709		-700,913
– acquisition*	0	0	125,034	0	125,034
– exchange rate differences	-16,259	-11,166	16,482	-196	-11,139
As at 31 December 2019	11,507,705	127,033,164	63,783,402	3,263,482	205,587,753
ACCUMULATED DEPRECIATION					
As at 1 January 2018	0	-38,258,199	-52,076,438	0	-90,334,637
– depreciation for the current year	0	-2,269,813	-5,194,358	0	-7,464,171
– disposals	0	84,369	8,415,541	0	8,499,910
– impairment	0	18,892	157,452	0	176,344
– transfer from investment property	0	481,171	0	0	481,171
– exchange rate differences	0	-11,274	-6,355	0	-17,629
As at 31 December 2018	0	-39,954,853	-48,704,159	0	-88,659,012
– depreciation for the current year	0	-2,365,602	-5,488,430	0	-7,854,032
– disposals	0	32,162	2,879,578	0	2,911,740
– transfer to investment property	0	35,379	90,403	0	125,782
– impairment	0	0	-8,224	0	-8,224
– sale of Golf Arboretum	0	853,968	526,550	0	1,380,518
– reclassification	0	655,204	45,709	0	700,913
– acquisition*	0	0	-112,067	0	-112,067
– exchange rate differences	0	6,676	-7,764	0	-1,088
As at 31 December 2019	0	-40,737,064	-50,778,398	0	-91,515,462
CARRYING AMOUNT					
As at 31 December 2018	11,793,611	84,591,978	12,939,445	3,971,011	113,296,053
As at 31 December 2019	11,507,705	86,296,100	13,005,004	3,263,482	114,072,290

* Acquisition relates to Alta Skladi, d.d.

The Group has no items of property, plant and equipment pledged as collateral for liabilities. The Group members have equipment held under a finance lease in the amount of EUR 504 thousand.

The depreciation charge for the current year is disclosed in several items of the income statement, as income statement expenses are recorded by functional group, as described in [→ [Section 2.8.25](#)]. For details, see expenses by nature and function in [→ [Section 4.12](#)].

A comparison between the carrying amounts and the fair values of own-account buildings and land is given below.

	in EUR	
	31 Dec. 2019	31 Dec. 2018
Carrying amount	97,803,805	96,385,589
Estimated fair value	102,603,482	95,864,073

					in EUR
Zavarovalnica Triglav	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2018	5,621,960	79,970,328	40,481,040	357,374	126,430,702
– transfer in use	0	148,215	3,770,938	-3,919,153	0
– purchases	2,777	58,324	1,920,529	4,472,594	6,454,224
– disposal	0	-171,414	-7,817,509	0	-7,988,923
– transfer from investment property	0	-1,506,337	0	0	-1,506,337
As at 31 December 2018	5,624,737	78,499,116	38,354,998	910,815	123,389,666
– transfer in use	0	654,217	874,757	-1,528,974	0
– purchases	110,262	125,442	2,651,378	976,633	3,863,715
– disposal	0	-57,258	-1,401,371	0	-1,458,629
– transfer to investment property	122,380	1,269,159	0	0	1,391,539
As at 31 December 2019	5,857,377	80,490,677	40,479,762	358,472	127,186,288
ACCUMULATED DEPRECIATION					
As at 1 January 2018	0	-25,358,024	-33,545,901	0	-58,903,925
– depreciation for the current year	0	-1,331,975	-3,312,480	0	-4,644,455
– disposal	0	76,190	7,623,707	0	7,699,897
– transfer to investment property	0	444,920	0	0	444,920
As at 31 December 2018	0	-26,168,889	-29,234,674	0	-55,403,563
– depreciation for the current year	0	-1,343,373	-3,450,729	0	-4,794,102
– disposal	0	26,317	1,290,744	0	1,317,061
As at 31 December 2019	0	-27,485,944	-31,394,660	0	-58,880,604
CARRYING AMOUNT					
As at 31 December 2018	5,624,737	52,330,227	9,120,324	910,815	67,986,100
As at 31 December 2019	5,857,377	53,004,733	9,085,101	358,472	68,305,684

Zavarovalnica Triglav did not pledge any property, plant and equipment as collateral.

The depreciation for the current year is split between several items of the income statement. For details, see expenses by nature and function in [[→ Section 4.12](#)]. As at 31 December 2019, trade payables for property, plant and equipment amounted to EUR 2,947,049 (vs. EUR 2,228,906 as at 31 December 2018). Cost of fully depreciated property, plant and equipment still in use represents 19.57% of the total cost of property, plant and equipment.

Fair values of land and buildings are shown in the table below.

	in EUR	
	31 Dec. 2019	31 Dec. 2018
Carrying amount	58,862,110	57,954,964
Estimated fair value	65,323,896	59,002,099

3.3. Investment property

Triglav Group	Land	Buildings	IP in course of acquisition	in EUR Total
COST				
As at 1 January 2018	24,648,439	71,617,835	15,864,729	112,131,003
– transfer in use	0	1,370,775	-1,370,775	0
– purchases	0	398,619	3,683,798	4,082,417
– disposals	-834,718	-3,793,583	-3,945,000	-8,573,301
– impairment	0	0	0	0
– transfer to non-current assets held for sale	78,837	139,595	0	218,432
– transfer to property, plant and equipment	64,852	1,532,765	0	1,597,617
– increase	0	13,173	0	13,173
– exchange rate difference	2,766	4,069	0	6,835
As at 31 December 2018	23,960,176	71,283,245	14,232,752	109,476,173
– transfer in use	256,268	6,782,241	-7,038,509	0
– purchases	94,484	295,063	5,070,949	5,460,496
– disposals	-2,826,934	-6,117,253	0	-8,944,187
– transfer from property, plant and equipment	-147,127	-1,189,207	0	-1,336,334
– impairment	-1,444,876	-799,876	0	-2,244,752
– transfer to non-current assets held for sale	-1,806,052	-1,898,159	0	-3,704,211
– exchange rate difference	-1,115	3,005	0	1,890
As at 31 December 2019	18,084,824	68,359,056	12,265,192	98,709,072
ACCUMULATED DEPRECIATION				
As at 1 January 2018	0	-18,123,526	0	-18,123,526
– depreciation for the current year	0	-1,415,409	0	-1,415,409
– disposals	0	860,652	0	860,652
– impairment	0	-474,484	0	-474,484
– transfer to non-current assets held for sale	0	-1,745	0	-1,745
– transfer to property, plant and equipment	0	-481,171	0	-481,171
– exchange rate difference	0	-42	0	-42
As at 31 December 2018	0	-19,635,725	0	-19,635,725
– depreciation for the current year	0	-1,385,473	0	-1,385,473
– disposals	0	2,054,780	0	2,054,780
– transfer from property, plant and equipment	0	-36,804	0	-36,804
– impairment	0	-170,898	0	-170,898
– transfer to non-current assets held for sale	0	387,695	0	387,695
– exchange rate difference	0	-1,177	0	-1,177
As at 31 December 2019	0	-18,787,601	0	-18,787,601
CARRYING AMOUNT				
As at 31 December 2018	23,960,176	51,647,520	14,232,752	89,840,456
As at 31 December 2019	18,084,824	49,571,455	12,265,192	79,921,480

The Group leases its investment properties, i.e. individual business premises. All leasing agreements, stipulated for an initial period from one to ten years, may be rescinded at any moment. Rents do not include conditional rents.

All investment property income relates exclusively to rents and is shown in the income statement under the item Other income (see [→ *Section 4.7*]). All investment property expenses relate to depreciation and maintenance costs arising from the investment property and are shown in the income statement under the item Other expenses (see [→ *Section 4.14*]).

Fair value is disclosed below.

	in EUR	
	31 Dec. 2019	31 Dec. 2018
Carrying amount	79,921,480	89,840,456
Estimated fair value	95,349,597	99,121,781

				in EUR
Zavarovalnica Triglav	Land	Buildings	IP in course of acquisition	Total
COST				
As at 1 January 2018	4,657,794	36,946,434	15,380,881	56,985,109
– transfer in use	0	906,144	-906,144	0
– purchases	0	386,505	3,163,151	3,549,656
– disposal	-488,168	-3,074,765	-3,945,000	-7,507,933
– transfer to property, plant and equipment	0	1,506,337	0	1,506,337
As at 31 January 2018	4,169,626	36,670,655	13,692,888	54,533,169
– transfer in use	0	6,285,884	-6,285,884	0
– purchases	0	59,002	4,145,289	4,204,291
– disposal	-438,428	-1,036,356	0	-1,474,784
– impairment	-59,626	-140,788	0	-200,414
– transfer from property, plant and equipment	-122,380	-1,269,159	0	-1,391,539
As at 31 December 2019	3,549,193	40,569,237	11,552,293	55,670,723
ACCUMULATED DEPRECIATION				
As at 1 January 2018	0	-8,770,708	0	-8,770,708
– depreciation	0	-851,407	0	-851,407
– disposal	0	804,406	0	804,406
– transfer to property, plant and equipment	0	-444,920	0	-444,920
As at 31 December 2018	0	-9,262,629	0	-9,262,629
– depreciation	0	-904,388	0	-904,388
– disposal	0	551,031	0	551,031
– impairment	0	36,398	0	36,398
As at 31 December 2019	0	-9,579,587	0	-9,579,587
CARRYING AMOUNT				
As at 31 December 2018	4,169,626	27,408,026	13,692,888	45,270,540
As at 31 December 2019	3,549,193	30,989,650	11,552,293	46,091,135

Zavarovalnica Triglav leases its investment properties, i.e. individual business premises. All leasing agreements, stipulated for an initial period from one to ten years, may be rescinded at any moment. Rents do not include conditional rents. For additional notes on the rental income see [→ *Section 4.7*]. All investment property expenses relate to depreciation and maintenance costs arising from the investment property and are shown in the income statement under the item Other expenses (see [→ *Section 4.14*]).

Fair value of investment property is disclosed below.

	31 December 2019	31 December 2018
Carrying amount	46,091,135	45,270,540
Estimated fair value	60,115,354	52,936,499

The following income is recognised in the income statement as lease income:

	Triglav Group	Zavarovalnica Triglav
	2019	2019
Lease income	5,002,968	5,662,363
Sublease income	92,392	61,296

Based on the current contractual provisions in lease contracts, an analysis of expected future cash flows from leases is presented below.

	Triglav Group	Zavarovalnica Triglav
1 year	7,751,029	4,666,717
2 years	7,398,674	4,651,506
3 years	6,725,838	4,105,947
4 years	6,163,593	3,763,365
5 years	2,194,319	773,140
More than 5 years	2,399,676	1,503,433
TOTAL	32,633,129	19,464,108

3.4. Right of use assets

Right-of-use assets are recognised for asset leases in 2019. In the comparable year, only assets held under a finance lease were recognised under property, plant and equipment. A more detailed explanation is provided in [[→ Section 5.11](#)] in the implementation of the new IFRS 16 Leases.

	in EUR			
Triglav Group	Land and buildings	Vehicles	Other	Total
Cost as at 1 January 2019	9,869,244	2,074,186	250,375	12,193,805
– addition	1,475,367	654,077	89,492	2,218,936
– accumulated depreciation	-2,397,799	-788,925	-78,058	-3,264,782
– modification	-84,397	-62,357	-73,905	-220,659
– exchange rate difference	69,857	-15,332	-43,900	10,625
Carrying amount as at 31 December 2019	8,932,272	1,861,649	144,004	10,937,925

	in EUR			
Zavarovalnica Triglav	Land and buildings	Vehicles	Other	Total
Cost as at 1 January 2019	3,334,307	1,313,475	33,876	4,681,658
– addition	179,957	310,687	0	490,644
– accumulated depreciation	-596,539	-421,318	-13,622	-1,031,479
– modification	17,748	-53,296	1,040	-34,508
Carrying amount as at 31 December 2019	2,935,474	1,149,548	21,294	4,106,316

	in EUR	
	Triglav Group	Zavarovalnica Triglav
	2019	2019
DEPRECIATION OF RIGHT OF USE ASSETS	3,264,782	1,031,479
Depreciation of rights to use land and buildings	2,397,799	596,539
Depreciation of right to use vehicles	788,925	421,318
Depreciation of rights to use other assets	78,058	13,622
INTEREST EXPENSE ON LEASE LIABILITIES	554,387	76,026
OTHER LEASE EXPENSES	623,404	497,280
Short – term lease expenses	218,710	26,135
Low – value lease expenses	404,694	471,145
Payment for right of use assets	3,589,529	1,053,342

3.5. Investments in subsidiaries

Investments in subsidiaries are included in the consolidated financial statements under the full consolidation method. In stand-alone financial statements of Zavarovalnica Triglav, the subsidiaries directly owned by Zavarovalnica Triglav are disclosed at cost. See the tables below for detail.

Zavarovalnica Triglav's shares in subsidiaries

No.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		BOOK VALUE (in EUR)	
					2019	2018	2019	2018	2019	2018
1	Pozavarovalnica Triglav Re d.d.	Miklošičeva 19, Ljubljana, Slovenija	19	Reinsurance	100.00	100.00	100.00	100.00	9,750,752	9,750,752
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška 10, Koper, Slovenija	19	Insurance	100.00	100.00	100.00	100.00	3,735,886	3,735,886
3	Triglav INT d.d.	Dunajska 22, Ljubljana, Slovenija	19	Holding company	100.00	100.00	100.00	100.00	79,770,730	79,770,730
4	Triglav, pokojninska družba d.d.	Dunajska 22, Ljubljana, Slovenija	19	Fund management	100.00	100.00	100.00	100.00	11,631,327	11,631,327
5	Triglav Upravljanje nepremičnin d.d.	Dunajska 22, Ljubljana, Slovenija	19	Real estate management	100.00	100.00	100.00	100.00	24,493,300	24,493,300
6	Triglav Skladi d.o.o.	Slovenska 54, Ljubljana, Slovenija	19	Fund management	67.50	67.50	100.00	100.00	2,076,723	2,076,723
7	Triglav Avtoservis d.o.o.	Verovškova 60b, Ljubljana, Slovenija	19	Maintenance and repair of motor vehicle	100.00	100.00	100.00	100.00	100,214	100,214
8	Triglav Svetovanje d.o.o.	Ljubljanska 86, Domžale, Slovenija	19	Insurance agency	100.00	100.00	100.00	100.00	279,736	279,736
9	Zavod Vse bo v redu	Miklošičeva 19, Ljubljana, Slovenija	19	Insitute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000
10	Triglav penzisko društvo a.d., Skopje	Bulevar 8-mi septemvri broj 18, kat 2, 1000 Skopje, Severna Makedonija	10	Fund management	100.00	-	100.00	-	3,000,000	-
TOTAL									134,938,667	131,938,667

3.6. Investments in associates

Loma center d.o.o. and KRDU Building d.o.o. were excluded from the Triglav Group in 2019. The two companies were sold by Triglav d.o.o. There was no effect of derecognition. A new associate, Alfi PD d.o.o., established by Triglav d.o.o. with three other partners, became a member of the Group. For details on the acquisition of interests see [→ *Section 2.10*].

The effects of valuation using the equity method are disclosed under [→ *items 4.2 and 4.3*] in the income statement. A summary of accounting information for the associates and the Group's interests in these companies are shown in the tables below.¹⁰⁶

COMPANY	ADDRESS	TAX RATE (in%)	ACTIVITY
Nama d.d.	Tomšičeva 1, Ljubljana, Slovenija	19	Retail trade
Triglavko d.o.o.	Ulica XXX. divizije 23, Nova Gorica, Slovenija	19	Insurance agency
ZIF Prof Plus	Veselina Masleše 1, Banja Luka, Republika Srbska, Bosnia and Herzegovina	10	Investment fund
TRIGAL, upravljanje naložb in svetovanje d.o.o.	Dunajska cesta 22, Ljubljana, Slovenija	19	Management of financial funds
LOMA CENTER, nepremičnine d.o.o.	Dunajska cesta 22, Ljubljana, Slovenija	19	Real estate management
KRDU Building d.o.o.	Dunajska cesta 22, Ljubljana, Slovenija	19	Real estate management
Ljubljana d.o.o.	Dunajska cesta 22, Ljubljana, Slovenija	19	Holding company
Društvo za upravljanje EDPF a.d., Banja Luka	Kralja Petra i Karadorđevića 109 Banja Luka, Republika Srbska, Bosnia and Herzegovina	10	Fund management
ZTSR, raziskovanje trga d.o.o.	Dunajska cesta 22, Ljubljana, Slovenija	19	Business services
Alfi PD d.o.o.	Verovškova ulica 55A, Ljubljana, Slovenija	19	Fund management

COMPANY	Triglav Group						Zavarovalnica Triglav					
	SHARE IN CAPITAL (in %)		VOTING RIGHTS (in %)		VALUE OF INVESTMENT (in EUR)		SHARE IN CAPITAL (in %)		VOTING RIGHTS (in %)		VALUE OF INVESTMENT (in EUR)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Nama d.d.	39.07	39.07	39.07	39.07	4,123,945	3,956,065	39.07	39.07	39.07	39.07	9,464,548	9,464,548
Triglavko d.o.o.	38.47	38.47	38.47	38.47	14,421	16,586	38.47	38.47	38.47	38.47	38,499	38,499
ZIF Prof Plus	-	22.09	-	22.09	0	2,063,504	0	0	0	0	0	0
TRIGAL, upravljanje naložb in svetovanje d.o.o.	49.90	49.90	49.90	49.90	8,448,647	7,375,491	49.90	49.90	49.90	49.90	8,425,979	7,331,308
LOMA CENTER, nepremičnine d.o.o.	-	49.90	-	49.90	0	0	-	-	-	-	0	0
KRDU Building d.o.o.	-	49.90	-	49.90	0	0	-	-	-	-	0	0
Ljubljana d.o.o.	49.90	49.90	49.90	49.90	0	0	-	-	-	-	0	0
Društvo za upravljanje EDPF a.d.	34.00	34.00	34.00	34.00	526,064	611,768	0	0	0	0	0	0
ZTSR, raziskovanje trga d.o.o.	50.00	50.00	50.00	50.00	41,303	102,560	50.00	50.00	50.00	50.00	125,000	125,000
Alfi PD d.o.o.	49.90	-	49.90	-	0	-	-	-	-	-	-	-
TOTAL					13,154,379	14,125,974					18,054,026	16,959,355

COMPANY	ASSETS		LIABILITIES		EQUITY		REVENUES		PROFIT/LOSS	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Nama d.d. ¹⁰⁷	14,296,898	12,457,350	3,828,906	2,291,817	10,467,992	10,165,533	10,210,217	15,932,493	391,533	112,989
Triglavko d.o.o.	149,086	168,926	63,643	76,945	85,443	91,092	336,367	457,560	-5,649	-9,767
ZIF Prof Plus	-	18,772,316	-	54,786	-	18,717,530	-	661,320	-	2,554
TRIGAL, upravljanje naložb in svetovanje d.o.o.	17,045,672	14,865,541	78,419	173,063	16,967,252	14,692,478	1,334,543	1,010,969	-83,670	313,654
LOMA CENTER, nepremičnine d.o.o.	-	8,300,328	-	6,088,658	-	2,211,670	-	897,341	-	71,981
KRDU Building d.o.o.	-	5,157,346	-	4,997,601	-	159,745	-	600,602	-	-10,141
Ljubljana d.o.o.	2,118,593	10,000	38,777	-	2,079,816	10,000	902	-	-123,913	-
Društvo za upravljanje EDPF a.d.	1,564,976	1,815,513	18,169	16,409	1,546,807	1,799,206	82,448	35,171	-252,072	-283,668
ZTSR, raziskovanje trga d.o.o.	95,491	220,564	12,885	15,444	82,606	205,120	48,313	7	-122,514	-44,880
Alfi PD d.o.o.	116,533	-	8,027	-	108,506	-	25,474	-	8,506	-

¹⁰⁶ Financial data for 2019 are unaudited, whilst the data for 2018 were adjusted if the audited data differed from the data published in the 2018 Annual Report.

¹⁰⁷ The data refer to the January – September 2019 period, i.e. as at 30 September 2019.

	NAMA, d.d.		TRIGAL, d.o.o.	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
CONDENSED BALANCE SHEET				
Current assets	6,545,769	6,790,490	458,119	1,351,979
Current liabilities	1,701,947	1,595,038	78,419	159,430
Net current assets/liabilities	4,843,822	5,195,452	379,700	1,192,549
Non-current assets	7,751,129	5,666,860	16,587,553	13,513,562
Non-current liabilities	2,126,959	696,779	5,113	13,633
Net non-current assets/liabilities	5,624,170	4,970,081	16,582,440	13,499,929
Net assets	10,467,992	10,165,533	16,962,140	14,692,478
	2019	2018	2019	2018
CONDENSED COMPREHENSIVE INCOME				
Net profit or loss for the year	391,533	112,989	75,933	313,654
Other comprehensive income	15,837	31,192	0	0
Total comprehensive income	407,370	144,181	75,933	313,654
Dividends from associates for the year	40,988	63,345	0	0

in EUR

3.7. Financial investments¹⁰⁸

	Carrying value		Fair value	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Triglav Group				
Held to maturity	186,109,072	196,773,185	230,326,336	236,599,916
At fair value through profit and loss	614,403,313	450,704,373	614,403,313	450,704,373
– designated	614,403,313	449,311,110	614,403,313	449,311,110
– held for trading	0	1,393,263	0	1,393,263
Available for sale	1,826,940,416	1,802,568,767	1,826,940,416	1,802,568,767
Loans and deposits	112,578,151	138,857,972	111,869,033	138,681,009
Unit-linked insurance assets	482,031,288	402,515,770	482,136,908	402,856,839
– at fair value through profit and loss	478,105,241	398,291,798	478,105,241	398,291,798
– loans and deposits	3,926,047	4,223,972	4,031,667	4,565,041
– available for sale	0	0	0	0
TOTAL	3,222,062,240	2,991,420,067	3,265,676,006	3,031,410,904

in EUR

The table above shows the carrying amount of financial investments (without operating receivables and cash or cash equivalents). The measuring of fair value of other financial investments is shown in [→ *Section 5.1.2*].

An overview of financial investments by type is disclosed below.

						in EUR
	HTM	FVTPL – Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL
31 December 2019						
Debt and other fixed-return securities	186,109,072	0	622,838,556	1,674,156,290	6,474,012	2,489,577,930
Investments in shares, other floating-rate securities and fund coupons	0	0	469,156,425	150,082,534	0	619,238,960
Financial derivatives	0	513,573	0		0	513,573
Loans and deposits	0	0	0	2,701,588	101,427,732	104,129,319
– deposits with banks	0	0	0	0	81,812,754	81,812,754
– loans given	0	0	0	0	16,008,854	16,008,854
– other financial investments	0	0	0	2,701,588	3,606,123	6,307,711
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	8,602,454	8,602,454
TOTAL	186,109,072	513,573	1,091,994,981	1,826,940,416	116,504,197	3,222,062,240

						in EUR
	HTM	FVTPL – Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL
31 December 2018						
Debt and other fixed-return securities	196,773,185	0	440,532,304	1,669,947,422	6,400,208	2,313,653,119
Investments in shares, other floating-rate securities and fund coupons	0	0	406,527,054	132,191,892	0	538,718,946
Financial derivatives	0	1,936,813	0	0	0	1,936,813
Loans and deposits	0	0	0	429,453	130,400,460	130,829,913
– deposits with banks	0	0	0	0	90,589,490	90,589,490
– loans given	0	0	0	0	34,538,109	34,538,109
– other financial investments	0	0	0	429,453	5,272,861	5,702,314
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	6,281,276	6,281,276
TOTAL	196,773,185	1,936,813	847,059,358	1,802,568,767	143,081,944	2,991,420,067

108 For presentational ease, abbreviations of individual categories of financial assets are used in the disclosures:

- HTM - financial assets held to maturity
- FVTPL - financial assets at fair value through profit and loss
- AFS - financial assets available for sale
- L&R - loans and deposits
- ULI - financial assets of long-term business fund backing unit-linked insurance

The table below shows the movements of financial investments of Triglav Group in 2018 and 2019.

FINANCIAL ASSETS	HTM	FVTPL	AFS	L&R	ULI	in EUR
						TOTAL
As at 1 January 2018	221,390,576	425,884,741	1,815,323,900	125,251,487	450,236,044	3,038,086,748
Purchases	0	186,743,567	461,384,166	344,100,205	43,435,175	1,035,663,113
Disposals	0	-103,328,464	-341,190,416	-56,078,096	-52,290,251	-552,887,227
Maturities	-34,257,758	-52,660,947	-124,202,363	-278,449,915	-5,587,254	-495,158,237
Amount removed from equity at disposal	0	0	-1,716,243	0	0	-1,716,243
Valuation trough profit and loss	0	-15,786,757	-3,966,036	-306,143	-34,105,474	-54,164,410
Valuation trough equity	0	0	-32,213,748	0	0	-32,213,748
Impairments	0	0	-1,269,225	0	0	-1,269,225
Premiums and discounts	4,329,426	0	-4,726,425	785,401	198,739	587,141
Interest income	5,486,508	9,638,473	35,218,161	3,567,405	756,035	54,666,582
Exchange rate difference	-175,567	213,760	-73,004	-12,372	-127,244	-174,427
As at 31 December 2018	196,773,185	450,704,373	1,802,568,767	138,857,972	402,515,770	2,991,420,067
Purchases	7,009,575	450,208,879	807,275,939	282,974,783	47,404,907	1,594,874,083
Disposals	-10,404,012	-239,461,333	-637,145,021	-54,544,876	-58,244,546	-999,799,788
Maturities	-16,120,154	-46,880,447	-200,495,344	-258,848,679	-1,281,561	-523,626,185
Amount removed from equity at disposal	0	0	-12,815,251	0	0	-12,815,251
Valuation trough profit and loss	0	3,681,398	-17,008	0	76,925,335	80,589,725
Valuation trough equity	0	0	37,672,131	0	0	37,672,131
Impairments	0	0	-458,670	31,050	0	-427,620
Premiums and discounts	4,518,551	0	-6,115,483	461,509	197,091	-938,332
Interest income	4,342,416	9,773,252	34,926,563	3,535,938	726,665	53,304,834
Transfer between funds	0	-13,686,556	0	0	13,686,556	0
Acquisition	0	0	956,895	0	0	956,895
Exchange rate difference	-10,489	63,747	586,898	110,454	101,071	851,681
As at 31 December 2019	186,109,072	614,403,313	1,826,940,416	112,578,151	482,031,288	3,222,062,240

The proportion of financial investments classified as subordinated instruments by the issuer was 2.9% as at the reporting date.

	Carrying value		Fair value	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Zavarovalnica Triglav				
Loans and deposits	49,049,847	92,670,309	47,819,371	91,151,215
Held to maturity	150,469,553	159,463,950	192,128,559	195,583,229
Available for sale	1,382,802,069	1,383,855,505	1,382,802,069	1,383,855,505
At fair value through profit and loss:	329,885,913	204,047,186	329,885,913	204,047,186
– designated	329,885,913	202,653,923	329,885,913	202,653,923
– held for trading	0	1,393,263	0	1,393,263
Unit-linked insurance assets:	433,758,610	366,664,078	433,858,926	366,989,905
– at fair value through profit and loss	430,035,875	362,634,086	430,035,875	362,634,086
– deposits	3,722,735	4,029,992	3,823,051	4,355,819
TOTAL	2,345,965,992	2,206,701,028	2,386,494,838	2,241,627,040

An overview of financial investments of Zavarovalnica Triglav by type is disclosed below.

						in EUR
31 December 2019	HTM	FVTPL - Designated upon acquisition	FVTPL - Held for trading	AFS	L&R	TOTAL
Debt and other fixed-return securities	150,469,553	385,825,326	0	1,274,016,035	6,400,668	1,816,711,582
Investments in shares, other floating-rate securities and fund coupons	0	373,601,197	0	106,514,153	0	480,115,350
Financial derivatives	0		495,265	0	0	495,265
Loans and deposits:	0	0	0	2,271,881	46,371,914	48,643,795
– deposits with banks and certificates of deposits	0	0	0	0	33,951,811	33,951,811
– loans given	0	0	0	0	10,726,466	10,726,466
– other financial investments	0	0	0	2,271,881	1,693,637	3,965,518
TOTAL	150,469,553	759,426,523	495,265	1,382,802,069	52,772,582	2,345,965,992

						in EUR
31 December 2018	HTM	FVTPL - Designated upon acquisition	FVTPL - Held for trading	AFS	L&R	TOTAL
Debt and other fixed-return securities	159,463,950	237,809,118	0	1,308,515,680	6,400,208	1,712,188,956
Investments in shares, other floating-rate securities and fund coupons	0	326,954,722	0	73,382,949	0	400,337,671
Financial derivatives	0	0	1,917,432	0	0	1,917,432
Loans and deposits:	0	0	0	1,956,876	90,300,093	92,256,969
– deposits with banks and certificates of deposits	0	0	0	0	42,511,546	42,511,546
– loans given	0	0	0	0	46,099,990	46,099,990
– other financial investments	0	0	0	1,956,876	1,688,557	3,645,433
TOTAL	159,463,950	564,763,840	1,917,432	1,383,855,505	96,700,301	2,206,701,028

The table below shows the movements of financial investments of Zavarovalnica Triglav in 2018 and 2019.

FINANCIAL ASSETS	HTM	FVTPL	AFS	L&R	ULI	in EUR
						TOTAL
As at 1 January 2018	166,993,807	201,922,766	1,400,652,988	91,428,595	417,607,959	2,278,606,115
Purchases	0	112,625,649	362,425,412	252,437,627	33,385,275	760,873,963
Maturities	-15,187,047	-17,884,432	-76,408,064	-254,071,333	-5,368,316	-368,919,192
Disposal	0	-88,806,086	-297,109,630	0	-49,236,954	-435,152,670
Amount removed from equity	0	0	-14,952,222	0	0	-14,952,222
Realized gains or losses on disposal	0	0	0	0	0	0
Valuation trough profit and loss	0	-7,883,265	10,884,732	0	-30,535,596	-27,534,129
Valuation trough equity	0	0	-24,562,665	0	0	-24,562,665
Premiums and discounts	4,329,426	0	-4,579,345	432,356	198,739	381,176
Interest income	3,327,764	3,877,334	26,932,000	2,428,579	612,971	37,178,648
Exchange rate difference	0	195,220	572,299	14,485	0	782,004
As at 31 December 2018	159,463,950	204,047,186	1,383,855,505	92,670,309	366,664,078	2,206,701,028
Purchases	0	327,036,022	674,666,881	173,433,279	34,430,616	1,209,566,798
Maturities	-5,707,297	-15,956,959	-151,179,634	-220,313,091	-601,247	-393,758,228
Disposal	-10,404,012	-170,468,147	-558,379,985	0	-51,546,608	-790,798,752
Amount removed from equity	0	0	-12,102,639	0	0	-12,102,639
Realized gains or losses on disposal	0	0	0	0	0	0
Valuation trough profit and loss	0	-4,937,517	0	0	70,286,504	65,348,987
Valuation trough equity	0	0	25,377,389	0	0	25,377,389
Impairments	0	0	-344,175	0	0	-344,175
Premiums and discounts	4,518,551	0	-5,754,525	461,509	197,092	-577,373
Interest income	2,598,361	3,767,593	26,322,111	2,868,834	534,620	36,091,519
Transfer between funds	0	-13,686,556	0	0	13,686,556	0
Exchange rate difference	0	84,291	341,141	-70,993	106,999	461,438
As at 31 December 2019	150,469,553	329,885,913	1,382,802,069	49,049,847	433,758,610	2,345,965,992

As at the reporting date, the portfolio of Zavarovalnica Triglav included neither received securities as collateral for loans given, nor any securities pledged as collateral for its liabilities. The proportion of financial investments classified as subordinated instruments by the issuer was 3.4% as at the reporting date.

3.8. Reinsurers' share of technical provisions

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	
NON-LIFE INSURANCE					
Reinsurers' share of unearned premiums	37,003,404	26,263,889	31,347,630	23,516,562	
Reinsurers' share of claims	65,324,133	59,632,915	67,067,984	64,366,704	
Reinsurers' share of technical provisions for bonuses and discounts	48,171	22,976	0	0	
Total non-life insurance	102,375,708	85,919,780	98,415,614	87,883,266	
LIFE INSURANCE					
Reinsurers' share of unearned premiums	1,402	719	566	302	
Reinsurers' share of claims	23,309	0	17,090	9,738	
Reinsurers' share of other mathematical provisions	347,387	0	0	0	
Total life insurance	372,098	719	17,656	10,040	
TOTAL ASSETS FROM REINSURANCE CONTRACTS	102,747,806	85,920,499	98,433,270	87,893,306	

3.9. Receivables

Triglav Group

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			in EUR
31 December 2019	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	TOTAL NET VALUE
Receivables from direct insurance operations	80,214,265	-220,689	79,993,576	23,956,726	-3,206,017	20,750,709	50,983,505	-46,267,961	4,715,544	105,459,829
Receivables from insurers	78,340,800	-220,689	78,120,111	22,954,725	-3,147,053	19,807,672	40,099,018	-38,150,313	1,948,705	99,876,488
Receivables from insurance brokers	290,876	0	290,876	186,583	-31,936	154,647	584,744	-576,041	8,703	454,226
Other receivables from direct insurance operations	1,582,589	0	1,582,589	815,418	-27,028	788,390	10,299,743	-7,541,607	2,758,136	5,129,115
Receivables from co-insurance and reinsurance operations	48,951,664	0	48,951,664	6,905,606	-20,532	6,885,074	4,269,665	-2,116,901	2,152,764	57,989,502
Premium receivable from co-insurance	629,862	0	629,862	234,085	-20,532	213,553	79,997	-3,257	76,740	920,155
Premium receivable from reinsurance	35,261,396	0	35,261,396	5,207,854	0	5,207,854	1,294,404	-96,437	1,197,967	41,667,217
Receivables from co-insurers ' share in claims	258,040	0	258,040	10,111	0	10,111	121	0	121	268,272
Receivables from reinsurers ' share in claims	10,000,953	0	10,000,953	1,346,411	0	1,346,411	2,857,855	-2,017,207	840,648	12,188,012
Other receivables from co-insurance and reinsurance operation	2,801,413	0	2,801,413	107,145	0	107,145	37,288	0	37,288	2,945,846
Receivables for income tax refund	1,281,349	0	1,281,349	0	0	0	0	0	0	1,281,349
Other receivables	21,390,574	-17,687	21,372,887	6,171,208	-1,078,045	5,093,163	71,100,501	-68,061,483	3,039,018	29,505,068
Other short-term receivables from insurance operations*	8,568,805	-12,640	8,556,165	3,483,693	-943,383	2,540,310	64,966,233	-63,668,271	1,297,961	12,394,437
Short-term receivables from financing	1,051,537	0	1,051,537	106,296	-1,875	104,421	648,029	-603,090	44,939	1,200,897
Other short-term receivables	11,285,044	-5,047	11,279,997	2,563,665	-132,584	2,431,081	3,962,750	-3,744,906	217,844	13,928,922
Long-term receivables	485,188	0	485,188	17,554	-203	17,351	1,523,489	-45,216	1,478,274	1,980,812
TOTAL	151,837,852	-238,376	151,599,476	37,033,540	-4,304,594	32,728,946	126,353,671	-116,446,345	9,907,326	194,235,748

* Note: Subrogated receivables are included in other short-term receivables from insurance operations.

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			in EUR
31 December 2018	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	TOTAL NET VALUE
Receivables from direct insurance operations	69,249,681	-64,726	69,184,955	25,667,259	-3,048,090	22,619,169	55,526,564	-50,729,360	4,797,204	96,601,328
Receivables from insurers	68,674,946	-55,477	68,619,469	23,513,403	-2,513,520	20,999,883	44,600,293	-42,493,965	2,106,328	91,725,680
Receivables from insurance brokers	209,124	0	209,124	538,874	-450,888	87,986	402,774	-384,423	18,351	315,461
Other receivables from direct insurance operations	365,611	-9,249	356,362	1,614,982	-83,682	1,531,300	10,523,497	-7,850,972	2,672,525	4,560,187
Receivables from co-insurance and reinsurance operations	38,981,896	0	38,981,896	10,211,742	0	10,211,742	4,237,343	-2,131,078	2,106,265	51,299,903
Premium receivable from co-insurance	785,474	0	785,474	79,540	0	79,540	41,678	-3,228	38,450	903,464
Premium receivable from reinsurance	27,716,272	0	27,716,272	6,181,686	0	6,181,686	1,199,329	-96,070	1,103,259	35,001,217
Receivables from co-insurers ' share in claims	107,098	0	107,098	10,705	0	10,705	687	0	687	118,490
Receivables from reinsurers ' share in claims	8,068,238	0	8,068,238	3,449,419	0	3,449,419	2,986,671	-2,031,780	954,891	12,472,548
Other receivables from co-insurance and reinsurance operation	2,304,814	0	2,304,814	490,392	0	490,392	8,978	0	8,978	2,804,184
Receivables for income tax refund	579,645	0	579,645	0	0	0	0	0	0	579,645
Other receivables	22,136,002	-1,118,907	21,017,095	6,725,779	-950,333	5,775,446	76,883,223	-73,501,762	3,381,461	30,174,002
Other short-term receivables from insurance operations*	7,383,225	0	7,383,225	3,078,825	-850,708	2,228,117	69,982,715	-68,856,084	1,126,631	10,737,973
Short-term receivables from financing	1,701,982	0	1,701,982	813,260	-6,062	807,198	437,200	-420,604	16,596	2,525,776
Other short-term receivables	12,450,935	-1,118,907	11,332,028	2,772,839	-90,239	2,682,600	4,587,942	-4,181,769	406,173	14,420,801
Long-term receivables	599,860	0	599,860	60,855	-3,324	57,531	1,875,366	-43,305	1,832,061	2,489,452
TOTAL	130,947,224	-1,183,633	129,763,591	42,604,780	-3,998,423	38,606,357	136,647,130	-126,362,200	10,284,930	178,654,878

* Note: Subrogated receivables are included in other short-term receivables from insurance operations

Zavarovalnica Triglav

										in EUR
31 December 2019	Gross value	NOT DUE Impairment	Net value	Gross value	OVERDUE UP TO 180 DAYS Impairment	Net value	Gross value	OVERDUE OVER 180 DAYS Impairment	Net value	TOTAL NET VALUE
Receivables from direct insurance operations	57,238,122	-194,267	57,043,855	10,257,068	-1,602,609	8,654,459	21,394,608	-18,691,785	2,702,823	68,401,137
Receivables from insurers	55,926,673	-194,267	55,732,406	9,710,962	-1,596,539	8,114,423	18,787,917	-18,539,771	248,146	64,094,975
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0
Other receivables from direct insurance operations	1,311,449	0	1,311,449	546,106	-6,070	540,036	2,606,691	-152,014	2,454,677	4,306,162
Receivables from co-insurance and reinsurance operations	13,550,763	0	13,550,763	2,649,608	0	2,649,608	1,019,306	0	1,019,306	17,219,677
Premium receivable from co-insurance	574,330	0	574,330	1,303	0	1,303	0	0	0	575,633
Premium receivable from reinsurance	5,252,488	0	5,252,488	1,783,263	0	1,783,263	569,813	0	569,813	7,605,564
Receivables from co-insurers ' share in claims	181,347	0	181,347	109	0	109	0	0	0	181,456
Receivables from reinsurers ' share in claims	7,542,598	0	7,542,598	864,933	0	864,933	449,493	0	449,493	8,857,024
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Other receivables	4,481,950	-32	4,481,918	3,658,805	-933,150	2,725,655	63,763,747	-62,876,139	887,608	8,095,181
Other short-term receivables from insurance operations*	1,568,839	-32	1,568,807	3,231,574	-930,994	2,300,580	63,455,271	-62,675,358	779,913	4,649,300
Short-term receivables from financing	1,031,192	0	1,031,192	56,638	-1,876	54,762	133,801	-126,918	6,883	1,092,837
Other short-term receivables	1,601,045	0	1,601,045	370,593	-280	370,313	174,675	-73,863	100,812	2,072,170
Long-term receivables	280,874	0	280,874	0	0	0	0	0	0	280,874
TOTAL	75,270,835	-194,299	75,076,536	16,565,481	-2,535,759	14,029,722	86,177,661	-81,567,924	4,609,737	93,715,995

* Note: Subrogated receivables are included in other short-term receivables from insurance operations

										in EUR
31 December 2018	Gross value	NOT DUE Impairment	Net value	Gross value	OVERDUE UP TO 180 DAYS Impairment	Net value	Gross value	OVERDUE OVER 180 DAYS Impairment	Net value	TOTAL NET VALUE
Receivables from direct insurance operations	50,709,180	-26,653	50,682,527	10,663,711	-1,548,755	9,114,956	24,270,711	-21,432,857	2,837,854	62,635,337
Receivables from insurers	50,646,861	-26,653	50,620,208	9,460,997	-1,505,104	7,955,893	21,447,079	-21,269,602	177,477	58,753,578
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0
Other receivables from direct insurance operations	62,319	0	62,319	1,202,714	-43,651	1,159,063	2,823,632	-163,255	2,660,377	3,881,759
Receivables from co-insurance and reinsurance operations	14,910,769	0	14,910,769	2,040,182	0	2,040,182	1,206,660	0	1,206,660	18,157,611
Premium receivable from co-insurance	522,401	0	522,401	0	0	0	1,058	0	1,058	523,459
Premium receivable from reinsurance	4,319,906	0	4,319,906	1,580,680	0	1,580,680	683,510	0	683,510	6,584,096
Receivables from co-insurers ' share in claims	94,169	0	94,169	0	0	0	0	0	0	94,169
Receivables from reinsurers ' share in claims	9,974,293	0	9,974,293	459,502	0	459,502	522,092	0	522,092	10,955,887
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Other receivables	5,867,006	0	5,867,006	3,460,357	-856,911	2,603,446	68,360,379	-67,642,828	717,551	9,188,003
Other short-term receivables from insurance operations*	1,602,831	0	1,602,831	3,020,677	-850,708	2,169,969	68,105,377	-67,430,648	674,729	4,447,529
Short-term receivables from financing	2,455,403	0	2,455,403	71,599	-6,063	65,536	117,783	-104,313	13,470	2,534,409
Other short-term receivables	1,517,565	0	1,517,565	368,081	-140	367,941	137,219	-107,867	29,352	1,914,858
Long-term receivables	291,207	0	291,207	0	0	0	0	0	0	291,207
TOTAL	71,486,955	-26,653	71,460,302	16,164,250	-2,405,666	13,758,584	93,837,750	-89,075,685	4,762,065	89,980,951

* Note: Subrogated receivables are included in other short-term receivables from insurance operations

The table below shows changes in impairment allowance for receivables separately for Triglav Group and Zavarovalnica Triglav.

	Triglav Group		Zavarovalnica Triglav		in EUR
	2019	2018	2019	2018	
VALUE ADJUSTMENT OF RECEIVABLES FROM POLICYHOLDERS					
Impairment allowance for receivables as at 1 January	45,062,962	49,464,861	22,801,359	25,029,929	
– Increase of impairment allowance for receivables	5,616,335	4,669,542	3,064,785	2,648,004	
– Decrease in impairment allowance for receivables	-4,475,628	-4,000,989	-2,371,711	-2,399,878	
– Receivables write-off	-4,694,683	-5,062,602	-3,163,856	-2,476,696	
– Changes in Group	0	0	0	0	
– Exchange rate difference	9,069	-7,849	0	0	
Impairment allowance for receivables as at 31 December	41,518,055	45,062,962	20,330,577	22,801,359	
IMPAIRMENT ALLOWANCE FOR OTHER SHORT-TERM RECEIVABLES					
Impairment allowance for receivables as at 1 January	69,706,792	76,586,808	68,281,356	74,799,511	
– Increase of impairment allowance for receivables	8,992,161	8,787,035	8,949,908	8,564,636	
– Decrease in impairment allowance for receivables	-7,768,697	-7,824,492	-7,310,608	-7,479,700	
– Receivables write-off	-6,314,272	-7,841,513	-6,314,272	-7,603,091	
– Changes in Group	0	0	0	0	
– Exchange rate difference	8,310	-1,046	0	0	
Impairment allowance for receivables as at 31 December	64,624,294	69,706,792	63,606,384	68,281,356	
VALUE ADJUSTMENT OF OTHER RECEIVABLES					
Impairment allowance for receivables as at 1 January	16,774,502	16,665,427	425,289	989,204	
– Increase of impairment allowance for receivables	446,940	3,103,663	39,343	268,705	
– Decrease in impairment allowance for receivables	-189,049	-1,462,895	-58,068	-712,744	
– Receivables write-off	-2,134,483	-1,559,641	-45,543	-119,876	
– Transfer on deferred income	0	0	0	0	
– Exchange rate difference	-3,760	27,559	0	0	
– Changes in Group	-47,958	388	0	0	
– Merger	774	0	0	0	
– Transfer on disposal group held for sale	0	0	0	0	
Impairment allowance for receivables as at 31 December	14,846,966	16,774,502	361,021	425,289	
TOTAL VALUE ADJUSTMENT OF RECEIVABLES					
As at 1 January	131,544,256	142,717,096	91,508,004	100,818,644	
As at 31 December	120,989,315	131,544,256	84,297,982	91,508,004	

3.10. Other assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Inventories	551,003	567,740	277,391	228,244
Deferred costs	4,413,900	4,315,270	2,813,728	2,666,792
Investments into computer software for the Group	401,553	401,553	401,553	401,553
Other assets	279,693	112,159	0	0
TOTAL	5,646,149	5,396,722	3,492,671	3,296,589

3.11. Cash and cash equivalents

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Cash in bank accounts	56,539,640	53,527,430	21,095,311	17,981,629
Call account	18,347,172	13,509,500	5,000,172	0
Cash on hand and cheques	982,963	564,730	16,628	16,858
TOTAL	75,869,775	67,601,660	26,112,112	17,998,487

3.12. Non-current assets held for sale

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Land and property of company Triglav Upravljanje nekretninama, d.o.o., Zagreb	149,104	1,310,626	0	0
Land and property of company Triglav Upravljanje Nepremičnin, d.d.	4,015,117	756,773	0	0
TOTAL	4,164,221	2,067,399	0	0

3.13. Equity

As at 31 December 2019, the share capital amounted to EUR 73,701,392. The share capital was divided into 22,735,148 no-par value shares. Each share represents the same stake and a corresponding amount in the share capital. The portion of each no-par value share in the share capital is determined on the basis of the number of no-par value shares issued. All of the shares have been paid up in full.

Shareholders of Zavarovalnica Triglav

Shareholders	Number of shares		Percentage of ownership	
	2019	2018	2019	2018
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	7,836,628	34.47	34.47
SDH d.d., Ljubljana	6,386,644	6,386,644	28.09	28.09
Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, Croatia	1,494,061	1,488,809	6.57	6.55
Unicredit Bank Austria – fiduciary account, Vienna, Austria	619,634	703,410	2.73	3.09
Citibank – fiduciary account, London, Great Britain	301,183	289,498	1.32	1.27
Hrvatska poštanska banka d.d. – fiduciary account, Zagreb, Croatia	232,644	232,189	1.02	1.02
East Capital – East Capital Balkans, Luxembourg, Luxembourg	190,420	188,100	0.84	0.83
Kuwait Investment Authority, Safat, Kuwait	179,227	187,827	0.79	0.83
Pozavarovalnica Sava Re d.d., Ljubljana	166,678	166,678	0.73	0.73
The Bank of New York Mellon – fiduciary account, New York, USA	132,658	109,855	0.58	0.48
Other shareholders (less than 1%)	5,195,371	5,145,510	22.86	22.64
TOTAL	22,735,148	22,735,148	100.00	100.00

Share price

	31 Dec. 2019	31 Dec. 2018
Quoted price of the share on the regulated securities market	33.30	30.30
Book value of equity per share	25.53	24.64

Distribution of accumulated profits of Zavarovalnica Triglav

	2019	2018
Net profit/loss for the year	70,614,416	65,543,864
Net profit brought forward	9,945,758	1,247,252
Increase in retained income	-16,699	-7,488
Increase of other reserves from profit based on the decision by the Management and Supervisory Boards	-20,000,000	0
ACCUMULATED PROFITS	60,543,475	66,783,628
Distribution of accumulated profits		
– to shareholders		56,837,870
– allocation to other reserves from profit		0
– transfer to the following year		9,945,758

The distribution of the accumulated profit for 2019 will be proposed by the Management and Supervisory Board and submitted for decision to the General Meeting of Shareholders of Zavarovalnica Triglav.

Dividends

	2019	2018
Dividends to be distributed to shareholders	Not published	56,837,870
Dividend per share	-	2.50

Authorised capital

In accordance with the Company's Articles of Association, the Management Board is authorised to increase the share capital of Zavarovalnica Triglav by up to EUR 14,740,278.36 by issuing new shares against contributions in cash within five years as of 2 June 2016. The Management Board decides on new share issues, the amount of capital increases, the rights attached to new shares and the conditions of new share issues subject to the approval of the Supervisory Board.

To date, Zavarovalnica Triglav has not yet exercised the right to increase its share capital from said authorisation.

Reserves from profit

In addition to legal and treasury share reserves, reserves from profit also comprise other profit reserves.

According to the ZGD-1, the Management Board of Zavarovalnica Triglav may allocate net profit for the year to other profit reserves, i.e. up to one half of the net profit remaining after statutory allocations. In addition to prudent risk management, strategic capital needs are considered when forming these profit reserves.

Reserves from treasury shares and treasury shares (as a deductible item)

The treasury shares include the shares of Zavarovalnica Triglav held by other companies of the Group Triglav, whose financial statements are included in the consolidated financial statements of the Triglav Group. Triglav, Upravljanje nepremičnin d.d. held 24,312 shares of Zavarovalnica Triglav in the amount of EUR 364,680 as at 31 December 2019.

In the consolidated financial statements, treasury shares are measured at their historical cost and are recognized as a deductible item within equity.

For these shares, reserves for treasury shares are formed in the same amount, and they are formed from the retained earnings.

Fair value reserve

The fair value reserve represents changes in the fair value of available-for-sale financial assets. The fair value reserve is reduced by the deferred tax liabilities. Changes in the fair value reserve are specified in more detail in the statement of comprehensive income in [[→ Section 1.3](#)].

Currency translation adjustment

Currency translation differences arise from foreign exchange differences in consolidation procedures. In 2019, the currency translation adjustment totalled EUR 130,602 (vs. EUR 136,360 in 2018).¹⁰⁹ Translation differences mainly refer to the change in the value of Croatian kuna and Serbian dinar.

Notes to the statement of changes in equity

The following changes are shown in the statement of changes in equity for 2019:

- In accordance with the resolution of the General Meeting of Shareholders of Zavarovalnica Triglav on 28 May 2019, EUR 56,837,870 was allocated for the payment of dividends to the shareholders. For the purpose of preparing the consolidated financial statements, dividends paid to Triglav, Upravljanje nepremičnin in the amount of EUR 60,726 were eliminated.
- Other reserves from profit increased by EUR 20 million. They were created from net profit for the year generated by Zavarovalnica Triglav, d.d.
- Legal and statutory reserves increased by EUR 572,322. Reserves were formed from retained profit brought forward or net profit for the year.

¹⁰⁹ The amount does not include translation differences relating to non-controlling interests.

3.14. Subordinated liabilities

	Triglav Group		Zavarovalnica Triglav	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Amortised cost	64,847,293	15,462,711	69,999,451	20,612,951
Fair value	68,199,075	16,369,802	73,646,914	21,822,171

in EUR

Subordinated debt refers to the ZT02 bond and the newly issued bond ZAVARO 4 3/8 10/22/49.

As at the balance sheet date the principal of the ZT02 bonds - issued in 2009 as euro-denominated subordinated registered bonds in a dematerialised form - was recognised as a subordinated liability. A total of 30,000 bonds worth EUR 1,000 each were issued. All the bonds were sold. The fixed interest rate of the bond is 250 basis points above the 10-year mid-swap rate as at 15 December 2009 and equals 5.95% p.a. The last coupon and the principal will fall due on 21 March 2020. The company does not have the right to call them before maturity. ZT02 bonds have been listed on the Ljubljana Stock Exchange in 2010.

ZAVARO 4 3/8 10/22/49 bond was issued on 24 April 2019 in the amount of EUR 50 million (500 denominations of EUR 100,000). The final maturity date of said bond is 22 October 2049 and the first call date is 22 October 2029. Until the first call, interest is paid annually at the fixed interest rate of 4.375%. Thereafter the interest rate is variable, i.e. 3-month Euribor + 4.845%, and interest is paid quarterly. The bond is valued at amortised cost in the financial statements. The bond was listed on the Luxembourg Stock Exchange on 30 April 2019 (ISIN code XS1980276858). The bond is subordinated (Tier 2) and issued in line with the Solvency II regulations.

Issued bonds are disclosed at amortised cost. The value of ZT02 bonds held by the companies of the Triglav Group (5,154 lots) was excluded from the consolidated financial statements. In the separate financial statements of the Company, subordinated debt was reduced by purchased bonds outside the Group (9,372 lots). For the calculation of fair values, the last known price on the Ljubljana Stock Exchange is taken into account. As at 31 December 2019, ZT02 price stood at 101.068% (105.789% as at 31 December 2018). As at 31 December 2019, the price of ZAVARO 4 3/8 10/22/49 was 102.849%.

In the event of winding-up or liquidation, liabilities arising from the above-mentioned bond issue are subordinated to net debt instruments and payable only after the satisfaction of all non-subordinated liabilities to ordinary creditors. These bonds may not be cashed before the maturity set by the amortisation schedule, and likewise Zavarovalnica Triglav has no right to redeem them before maturity. The bonds are not convertible into capital or any other form of debt.

3.15. Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts

	Triglav Group		Zavarovalnica Triglav		in EUR
NON-LIFE INSURANCE	31 December 2019	31 December 2018	31 December 2019	31 December 2018	
GROSS UNEARNED PREMIUM PROVISIONS	328,736,413	296,924,690	232,398,752	213,519,363	
GROSS CLAIMS PROVISIONS	580,098,532	584,519,134	408,984,759	423,416,968	
Gross claims provisions for IBNR and IBNER	263,229,663	302,755,513	183,093,750	213,040,229	
Gross provisions for incurred and reported claims	285,625,604	254,056,778	199,582,429	187,205,588	
Gross claims provisions for co-insurance	713,766	911,138	713,766	911,138	
Expected subrogation	-7,044,507	-9,135,984	-7,044,507	-9,135,984	
Provisions for claim handling costs	37,574,010	35,931,689	32,639,321	31,395,997	
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	19,683,771	19,833,253	19,065,148	19,547,002	
OTHER GROSS INSURANCE TECHNICAL PROVISIONS	5,581,324	5,445,662	2,466,997	2,201,357	
TOTAL NON-LIFE INSURANCE TECHNICAL PROVISIONS	934,100,040	906,722,739	662,915,656	658,684,690	
LIFE INSURANCE					
GROSS UNEARNED PREMIUM PROVISIONS	443,779	414,329	392,304	400,574	
GROSS MATHEMATICAL PROVISIONS	1,404,439,748	1,357,233,017	1,020,231,686	1,009,712,605	
Gross mathematical provisions covering life insurance	834,082,375	820,799,524	762,626,058	756,226,453	
Gross mathematical provisions covering SVPI	514,144,335	489,469,402	201,392,590	206,522,061	
Gross mathematical provisions covering SVPI during the annuity pay-out period	56,213,038	46,964,091	56,213,038	46,964,091	
GROSS CLAIMS PROVISIONS	20,761,018	20,555,708	19,336,004	19,143,220	
Gross claims provisions for IBNR and IBNER	17,412,195	16,811,783	16,337,595	16,112,014	
Gross provisions for incurred and reported claims	3,067,313	3,379,774	2,752,151	2,724,176	
Gross claims provisions for co-insurance	0	0	0	0	
Expected subrogation	0	0	0	0	
Provisions for claim handling costs	281,509	364,151	246,258	307,030	
OTHER INSURANCE TECHNICAL PROVISIONS	12,592,965	9,605,442	10,545,871	8,202,386	
TOTAL LIFE INSURANCE TECHNICAL PROVISIONS	1,438,237,510	1,387,808,496	1,050,505,865	1,037,458,785	
HEALTH INSURANCE					
GROSS UNEARNED PREMIUM PROVISIONS	3,330,743	2,827,927	0	0	
GROSS CLAIMS PROVISIONS	14,539,194	9,869,071	0	0	
Gross claims provisions for IBNR and IBNER	13,330,156	9,012,635	0	0	
Gross provisions for incurred and reported claims	892,555	621,457	0	0	
Gross claims provisions for co-insurance	37,825	41,520	0	0	
Expected subrogation	0	0	0	0	
Provisions for claim handling costs	278,658	193,459	0	0	
OTHER INSURANCE TECHNICAL PROVISIONS	3,719,849	3,274,826	0	0	
TOTAL HEALTH INSURANCE TECHNICAL PROVISIONS	21,589,786	15,971,824	0	0	
TOTAL INSURANCE TECHNICAL PROVISIONS	2,393,927,336	2,310,503,061	1,713,421,521	1,696,143,475	
GROSS MATHEMATICAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE	484,942,834	402,598,039	435,592,711	365,238,075	

The gross insurance technical provisions that refer to gross mathematical provisions for unit-linked life insurance are disclosed separately in the financial statements.

Other insurance technical provisions for non-life insurance include provisions for cancellations and provisions for unexpired risks, while other insurance technical provisions for life insurance include additional provisions for credit risks.

Breakdown of gross and net claims provisions

	Triglav Group		Zavarovalnica Triglav	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
NON-LIFE INSURANCE				
Gross provisions for incurred and unreported claims	250,060,031	291,544,973	173,876,721	201,853,532
Gross claims provisions	263,229,663	302,755,513	183,093,750	213,040,229
Reinsurers' share	-13,169,632	-11,210,540	-9,217,029	-11,186,697
Gross provisions for incurred and reported claims	232,922,591	205,018,987	141,182,960	133,410,165
Gross claims provisions	285,625,604	254,056,778	199,582,429	187,205,589
Reinsurers' and co-insurers' share	-52,703,013	-49,037,791	-58,399,469	-53,795,424
Gross claims provisions for co-insurance	713,766	911,138	713,766	911,138
Gross claims provisions	713,766	911,138	713,766	911,138
Reinsurers' share	0	0	0	0
Expected subrogation	-6,495,992	-8,520,568	-6,495,992	-8,520,568
Gross claims provisions	-7,044,507	-9,135,984	-7,044,507	-9,135,984
Reinsurers' share	548,515	615,416	548,515	615,416
Provisions for claim handling costs	37,574,010	35,931,689	32,639,321	31,395,997
Gross claims provisions	37,574,010	35,931,689	32,639,321	31,395,997
Reinsurers' share	0	0	0	0
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	514,774,406	524,886,219	341,916,776	359,050,264
TOTAL GROSS CLAIMS PROVISIONS	580,098,536	584,519,134	408,984,759	423,416,968
TOTAL REINSURERS' SHARE	-65,324,130	-59,632,915	-67,067,983	-64,366,704
LIFE INSURANCE				
Gross provisions for incurred and unreported claims	17,412,195	16,821,521	16,337,595	16,112,014
Gross claims provisions	17,412,195	16,811,783	16,337,595	16,112,014
Reinsurers' share	0	9,738	0	0
Gross provisions for incurred and reported claims	3,044,004	3,370,036	2,735,061	2,714,438
Gross claims provisions	3,067,313	3,379,774	2,752,151	2,724,176
Reinsurers' share	-23,309	-9,738	-17,090	-9,738
Gross claims provisions for co-insurance	0	0	0	0
Gross claims provisions	0	0	0	0
Reinsurers' share	0	0	0	0
Expected subrogation	0	0	0	0
Gross claims provisions	0	0	0	0
Reinsurers' share	0	0	0	0
Provisions for claim handling costs	281,509	364,151	246,258	307,030
Gross claims provisions	281,509	364,151	246,258	307,030
Reinsurers' share	0	0	0	0
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	20,737,708	20,555,708	19,318,914	19,133,482
TOTAL GROSS CLAIMS PROVISIONS	20,761,017	20,555,708	19,336,004	19,143,220
TOTAL REINSURERS' SHARE	-23,309	0	-17,090	-9,738
HEALTH INSURANCE				
Gross provisions for incurred and unreported claims	13,330,156	9,012,635	0	0
Gross claims provisions	13,330,156	9,012,635	0	0
Reinsurers' share	0	0	0	0
Gross provisions for incurred and reported claims	892,555	621,457	0	0
Gross claims provisions	892,555	621,457	0	0
Reinsurers' and co-insurers' share	0	0	0	0
Gross claims provisions for co-insurance	37,825	41,520	0	0
Gross claims provisions	37,825	41,520	0	0
Reinsurers' share	0	0	0	0
Expected subrogation	0	0	0	0
Gross claims provisions	0	0	0	0
Reinsurers' share	0	0	0	0
Provisions for claim handling costs	278,658	193,459	0	0
Gross claims provisions	278,658	193,459	0	0
Reinsurers' share	0	0	0	0
TOTAL HEALTH INSURANCE GROSS CLAIMS PROVISIONS	14,539,194	9,869,071	0	0
TOTAL GROSS CLAIMS PROVISIONS	14,539,194	9,869,071	0	0
TOTAL REINSURERS' SHARE	0	0	0	0

Analysis of changes in gross insurance technical provisions for Triglav Group

						in EUR
NON-LIFE INSURANCE	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions
1 January 2018	275,166,193	609,068,596	18,943,606	6,573,642	0	909,752,037
Increase	228,480,533	188,034,474	12,777,715	3,837,937	0	433,130,659
Use	-206,778,357	-212,655,908	-11,886,556	-4,969,307	0	-436,290,128
Exchange rate difference	56,321	71,972	-1,512	3,390	0	130,171
31 December 2018	296,924,690	584,519,134	19,833,253	5,445,662	0	906,722,739
Increase	243,437,184	194,015,560	14,711,158	4,188,605	0	456,352,507
Use	-211,761,019	-198,513,439	-14,860,612	-4,067,598	0	-429,202,668
Exchange rate difference	135,558	77,277	-28	14,655	0	227,462
31 December 2019	328,736,413	580,098,532	19,683,771	5,581,324	0	934,100,040

						in EUR
LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions
1 January 2018	426,149	1,333,055,389	19,476,640	5,270,021	449,544,565	1,807,772,763
Increase	403,589	129,645,897	14,165,394	4,509,651	18,291,860	167,016,391
Use	-415,465	-105,632,762	-13,088,128	-174,230	-65,310,701	-184,621,286
Exchange rate difference	56	164,493	1,804	0	72,315	238,668
31 December 2018	414,329	1,357,233,017	20,555,710	9,605,442	402,598,038	1,790,406,536
Increase	416,793	171,154,577	15,616,819	3,146,933	133,012,947	323,348,069
Use	-387,342	-109,518,575	-15,410,215	-159,467	-64,920,594	-190,396,193
Transfer between funds	0	-14,315,978	0	0	14,315,978	0
Exchange rate difference	-1	-113,293	-1,296	57	-63,535	-178,068
31 December 2019	443,779	1,404,439,748	20,761,018	12,592,965	484,942,834	1,923,180,344

						in EUR
HEALTH INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions
1 January 2018	2,520,377	0	9,928,477	2,271,936	0	14,720,790
Increase	2,917,168	0	9,491,994	1,008,309	0	13,417,471
Use	-2,609,617	0	-9,551,399	-5,420	0	-12,166,436
Exchange rate difference	0	0	0	0	0	0
31 December 2018	2,827,927	0	9,869,071	3,274,826	0	15,971,824
Increase	3,435,305	0	14,233,771	445,411	0	18,114,487
Use	-2,932,489	0	-9,563,648	-388	0	-12,496,525
Exchange rate difference	0	0	0	0	0	0
31 December 2019	3,330,743	0	14,539,194	3,719,849	0	21,589,786

Analysis of changes in gross insurance technical provisions for Zavarovalnica Triglav

NON-LIFE INSURANCE	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	in EUR	
						Total gross insurance technical provisions	
1 January 2018	196,121,893	450,789,937	18,349,804	3,025,520	0	668,287,154	
Increase	179,517,437	149,611,662	12,580,404	2,201,357	0	343,910,860	
Use	-162,119,967	-176,984,631	-11,383,206	-3,025,520	0	-353,513,324	
31 December 2018	213,519,363	423,416,968	19,547,002	2,201,357	0	658,684,690	
Increase	191,230,100	156,292,535	14,277,786	2,466,997	0	364,267,418	
Use	-172,350,711	-170,724,744	-14,759,640	-2,201,357	0	-360,036,452	
31 December 2019	232,398,752	408,984,759	19,065,148	2,466,997	0	662,915,656	

LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	in EUR	
						Total gross insurance technical provisions	
1 January 2018	406,292	994,737,498	18,440,962	5,237,360	416,250,767	1,435,072,879	
Increase	400,574	90,568,446	11,600,287	3,113,895	8,944,966	114,628,168	
Use	-406,292	-75,593,339	-10,898,029	-148,869	-59,957,658	-147,004,187	
31 December 2018	400,574	1,009,712,605	19,143,220	8,202,386	365,238,075	1,402,696,860	
Increase	392,304	110,393,263	12,419,997	2,502,951	115,012,613	240,721,128	
Use	-400,574	-85,558,204	-12,227,213	-159,466	-58,973,955	-157,319,412	
Transfer between funds	0	-14,315,978	0	0	14,315,978	0	
31 December 2019	392,304	1,020,231,686	19,336,004	10,545,871	435,592,711	1,486,098,576	

Analysis of the decrease in gross mathematical provisions

	Triglav Group		Zavarovalnica Triglav		in EUR
	2019	2018	2019	2018	
Surrenders	40,127,011	25,845,426	26,302,093	11,156,773	
Endowments	52,227,344	56,390,693	47,930,673	51,210,505	
Deaths	3,076,315	3,081,525	2,333,561	2,367,665	
Other	14,087,904	20,315,118	8,991,877	10,858,396	
TOTAL	109,518,574	105,632,762	85,558,204	75,593,339	

Other releases refer to the payment of annuities, upon cancellation of insurance and releases of additional valuation provisions upon termination of insurance.

Analysis of changes in loss events for non-life insurance for Triglav Group

	in EUR											
	Year of occurrence											
	Before 2010	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
Cumulative loss assessment												
– at the end of year of occurrence		535,615,958	509,028,152	537,773,397	540,980,548	523,335,884	494,721,974	497,610,909	523,078,938	559,765,704	601,779,178	
– 1 year after year of occurrence		492,902,084	461,311,067	539,573,012	447,917,990	481,304,284	477,337,992	463,199,516	513,384,536	555,986,957		
– 2 years after year of occurrence		473,335,579	474,755,005	500,921,267	463,342,293	466,027,510	463,910,257	456,287,534	507,874,872			
– 3 years after year of occurrence		479,637,277	455,085,444	496,641,454	439,583,068	458,436,319	460,400,102	452,152,498				
– 4 years after year of occurrence		467,602,633	458,416,153	487,381,079	433,339,855	453,418,013	454,797,271					
– 5 years after year of occurrence		467,642,819	450,071,089	481,306,074	431,734,293	450,983,977						
– 6 years after year of occurrence		459,856,973	448,004,684	476,606,548	428,281,455							
– 7 years after year of occurrence		457,000,191	445,950,087	474,416,822								
– 8 years after year of occurrence		455,357,549	439,296,442									
– 9 years after year of occurrence		454,012,047										
– 10 years after year of occurrence	82,511,753											
Cumulative loss assessment		454,012,047	439,296,442	474,416,822	428,281,455	450,983,977	454,797,271	452,152,498	507,874,872	555,986,957	601,779,178	
Cumulative payments until balane sheet date	4,750,553	443,748,737	427,790,853	450,653,613	410,593,527	430,730,747	429,430,926	417,277,276	459,407,287	468,703,118	364,368,906	
Claims provisions balance at the beginning of the period	85,992,255	12,876,545	18,831,398	27,382,119	22,529,545	24,757,609	34,569,756	48,428,966	80,134,002	211,896,845		567,399,041
Settled during the period	4,750,553	1,267,733	672,164	1,429,184	1,388,779	2,011,348	3,518,204	9,303,306	25,965,801	120,329,328	364,368,906	535,005,307
Claim provisions balance	77,761,199	10,263,309	11,505,589	23,763,209	17,687,927	20,253,229	25,366,345	34,875,222	48,467,585	87,283,839	237,410,272	594,637,726

Analysis of changes in loss events for non-life insurance for Zavarovalnica Triglav

	in EUR											
	Year of occurrence											
	Before 2010	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
Cumulative loss assessment												
– at the end of year of occurrence		397,894,156	344,766,188	357,523,991	317,835,549	320,473,605	288,017,455	287,798,336	303,002,462	300,175,993	306,625,399	
– 1 year after year of occurrence		349,567,530	303,201,976	304,864,538	266,546,400	276,286,823	244,620,306	248,557,097	279,993,010	278,632,613		
– 2 years after year of occurrence		333,049,538	288,324,957	296,542,971	256,384,328	265,047,929	236,877,342	244,240,955	273,830,944			
– 3 years after year of occurrence		326,228,216	282,155,740	289,326,478	249,972,030	260,339,640	233,832,537	238,886,264				
– 4 years after year of occurrence		320,837,129	281,692,146	283,750,168	245,898,744	255,549,812	229,118,262					
– 5 years after year of occurrence		317,082,345	278,889,676	279,036,814	243,246,940	251,874,520						
– 6 years after year of occurrence		313,090,207	277,885,732	273,848,769	239,361,697							
– 7 years after year of occurrence		311,355,522	276,372,349	271,275,009								
– 8 years after year of occurrence		309,920,962	269,479,638									
– 9 years after year of occurrence		308,040,803										
– 10 years after year of occurrence	68,514,243											
Cumulative loss assessment		308,040,803	269,479,638	271,275,009	239,361,697	251,874,520	229,118,262	238,886,264	273,830,944	278,632,613	306,625,399	
Cumulative payments until balane sheet date		300,658,773	260,735,284	251,488,237	226,818,403	237,801,048	211,918,354	217,034,284	243,298,659	230,162,901	169,700,081	
Claims provisions balance at the beginning of the period	77,141,826	10,151,769	16,096,210	23,232,480	17,073,667	18,825,878	23,832,405	32,513,203	51,591,743	130,697,774		401,156,955
Settled during the period	2,633,422	889,579	459,146	871,949	645,130	1,077,113	1,918,222	5,306,532	14,897,391	60,684,682	169,700,081	259,083,247
Claim provisions balance	65,880,821	7,382,030	8,744,354	19,786,771	12,543,294	14,073,473	17,199,908	21,851,980	30,532,285	48,469,712	136,925,318	383,389,945

3.16. Provisions for employee benefits

	Triglav Group		Zavarovalnica Triglav	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Provisions for unused leave	4,281,300	4,280,949	3,525,883	3,500,312
Provisions for retirement benefits	9,540,429	8,602,839	6,909,641	6,287,047
Provisions for jubilee payments	2,051,316	1,920,785	1,456,925	1,379,797
TOTAL	15,873,046	14,804,574	11,892,449	11,167,156

in EUR

The calculation of provisions for pensions and severance pays upon retirement included:

- the expected mortality on the basis of crude mortality tables for the population of Slovenia from 2017 (Statistical Office of the Republic of Slovenia), taking into account a 20% lower mortality than given in those tables; in the subsidiaries outside of Slovenia, mortality tables from individual countries were taken into account;
- the expected annual employee fluctuation depending on age which, on average, stands at 2.9% in Slovenia and 3.2%, on average, in other countries;
- the expected growth of average salaries in Slovenia is 2.3% annually, while in other countries it is 3.0% on average;
- the yield curve of the Slovene government debt securities denominated in EUR as at 31 December 2019. The benchmark for a 10-year period is 0.37%. In the subsidiaries outside of Slovenia, the yield curves of government debt securities between 2.5% and 5.0% were taken into account.

Changes in provisions for unused annual leave and jubilee payments are fully recognised as operating expenses in the income statement. The same applies to changes in provisions for retirement benefits, excluding actuarial gains and losses. The latter are recognised in comprehensive income.

Analysis of the movement of employee benefits for the Triglav Group

	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	in EUR TOTAL
As at 1 January 2018	4,393,109	7,886,897	1,699,836	13,979,843
Use of provisions in the year	-3,776,470	-139,454	-166,166	-4,082,090
Release of provisions in the year	-3,422	-228,635	-10,755	-242,812
Creation of provisions in the year	3,667,331	1,081,777	397,902	5,147,010
Exchange rate difference	404	2,258	-32	2,630
As at 31 December 2018	4,280,949	8,602,839	1,920,785	14,804,574
Use of provisions in the year	-3,899,870	-406,761	-160,777	-4,467,408
Release of provisions in the year	-84,650	-57,846	-23,222	-165,718
Creation of provisions in the year	3,984,856	1,376,030	314,720	5,675,606
Acquisition	0	23,128	0	23,128
Change in Group	0	3,859	0	3,859
Exchange rate difference	15	-820	-190	-995
As at 31 December 2019	4,281,300	9,540,429	2,051,316	15,873,046

Analysis of the movement of employee benefits for the Zavarovalnica Triglav

	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	in EUR TOTAL
As at 1 January 2018	3,782,886	5,744,460	1,173,117	10,700,463
Use of provisions in the year	-3,782,886	-98,149	-139,950	-4,020,985
Creation of provisions in the year	3,500,312	640,736	346,630	4,487,678
As at 31 December 2018	3,500,312	6,287,047	1,379,797	11,167,156
Use of provisions in the year	-3,500,312	-150,642	-138,197	-3,789,151
Creation of provisions in the year	3,525,883	773,236	215,325	4,514,444
As at 31 December 2019	3,525,883	6,909,641	1,456,925	11,892,449

Development of provisions for retirement benefits and jubilee payments in Triglav Group

			in EUR
	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2018	7,886,897	1,699,836	9,586,733
Current service cost	716,419	122,747	839,166
Interest cost	56,817	3,519	60,336
Actuarial gains/losses due to:			
- changes in demographic assumptions	124,664	20,219	144,883
- changes in financial assumptions	-71,359	-37,396	-108,755
- experience adjustments	250,264	269,271	519,535
Past service cost	-220,077	-6,635	-226,712
Benefits paid during the year	-110,779	-162,421	-273,200
Gains/losses upon payment	-32,261	11,677	-20,584
Exchange rate difference	2,258	-32	2,226
As at 31 December 2018	8,602,839	1,920,785	10,523,624
Current service cost	854,173	190,426	1,044,599
Interest cost	65,175	5,844	71,019
Actuarial gains/losses due to:			
- changes in demographic assumptions	-91,135	-18,374	-109,509
- changes in financial assumptions	572,620	62,628	635,248
- experience adjustments	55,127	31,733	86,860
Past service cost	17,348	-11,739	5,609
Benefits paid during the year	-350,233	-1,669	-351,902
Gains/losses upon payment	-211,652	-128,128	-339,780
Liabilities recognised in business combinations	26,987	0	26,987
Exchange rate difference	-820	-190	-1,010
As at 31 December 2019	9,540,429	2,051,316	11,591,745

Sensitivity analysis of parameter changes for Triglav Group

			in EUR
Parameter	Parameter change	2019	2018
Interest rate	shift in the discount curve by +0.25%	131,209	-209,526
	shift in the discount curve by -0.25%	670,558	218,244
Wage growth	change in annual wage growth by +0.5%	857,127	419,885
	change in annual wage growth by -0.5%	-15,637	-365,008
Mortality rate	constant increase in mortality by +20%	315,345	-100,306
	constant increase in mortality by -20%	481,333	102,302
Early employment termination	shift in the expense curve by +20%	297,685	-233,519
	shift in the expense curve by -20%	516,227	250,590

Development of provisions for retirement benefits and jubilee payments in Zavarovalnica Triglav

	Provisions for retirement benefits	Provisions for jubilee payments	in EUR TOTAL
As at 1 January 2018	5,744,460	1,173,117	6,917,577
Current service cost	335,242	96,665	431,907
Interest expenses	39,341	3,016	42,357
Actuarial gains/loss due to:			
– change in demographic assumptions	132,185	20,396	152,581
– change in financial assumptions	-105,958	-71,936	-177,894
– experience adjustments	239,926	267,668	507,594
Profit/loss upon payment	0	30,821	30,821
Termination payments during the year	-98,149	-139,950	-238,099
As at 31 December 2018	6,287,047	1,379,797	7,666,844
Current service cost	415,753	114,057	529,810
Interest expenses	47,976	5,542	53,518
Actuarial gains/loss due to:			
– change in demographic assumptions	-84,493	-18,374	-102,867
– change in financial assumptions	499,294	61,461	560,755
– experience adjustments	93,294	31,728	125,022
Profit/loss upon payment	-198,587	-138,197	-336,784
Termination payments during the year	-150,643	20,911	-129,732
As at 31 December 2019	6,909,641	1,456,925	8,366,566

Sensitivity analysis of parameter changes for Zavarovalnica Triglav

Parameter	Parameter change	2019	in EUR 2018
Interest rate	shift in the discount curve by +0.25%	-174,865	-154,287
	shift in the discount curve by -0.25%	182,036	160,474
Wage growth	change in annual wage growth by +0.5%	340,333	304,322
	change in annual wage growth by -0.5%	-301,951	-270,534
Mortality rate	constant increase in mortality by +20%	-76,744	-67,316
	constant increase in mortality by -20%	77,899	68,292
Early employment termination	shift in the expense curve by +20%	-185,077	-164,873
	shift in the expense curve by -20%	194,185	172,926

3.17. Other provisions

	Triglav Group	in EUR Zavarovalnica Triglav
As at 1 January 2018	3,794,647	724,961
Increase (creation)	28,040	247,442
Decrease (draw down)	-260,821	-213,968
Release	-1,643,696	0
Exchange rate difference	1,385	0
As at 31 December 2018	1,919,555	758,435
Increase (creation)	1,100,457	224,467
Decrease (draw down)	-665,575	-250,091
Release	-50,330	0
Acquisition	292,322	0
Change in Group	152,753	0
Exchange rate difference	1,218	0
As at 31 December 2019	2,750,400	732,811

The maturity of over 90% of other provisions is above 12 months. The largest portion of total provisions is accounted for provisions for legal disputes. The increase in other provisions is shown as »Other income« in the income statement.

3.18. Deferred tax assets and liabilities

	in EUR	
	Triglav Group	Zavarovalnica Triglav
DEFERRED TAX ASSETS		
As at 1 January 2018	13,769,115	12,963,374
– increase	2,595,553	2,485,412
– decrease	-3,470,936	-3,271,195
– increase due to change in tax rate	0	0
As at 31 December 2018	12,893,732	12,177,591
– increase	2,630,944	2,400,815
– decrease	-3,062,594	-2,916,866
– increase due to change in tax rate	0	0
As at 31 December 2019	12,462,082	11,661,540
DEFERRED TAX LIABILITIES		
As at 1 January 2018	26,396,579	22,264,427
– increase	81,536	0
– decrease	-9,274,539	-7,273,100
– increase due to change in tax rate	0	0
As at 31 December 2018	17,203,576	14,991,327
– increase	5,339,526	2,376,892
– decrease	-26,410	0
– increase due to change in tax rate	0	0
As at 31 December 2019	22,516,692	17,368,219
NET DEFERRED TAX ASSETS		
As at 31 December 2018	-4,309,844	-2,813,736
As at 31 December 2019	-10,054,610	-5,706,679

Deferred tax assets are recognised for temporary differences arising from the impairment of receivables, financial assets and investment property, formation of post-employment benefits, jubilee benefits, actuarial losses and unused tax losses. Deferred tax assets are not recognized from impairments of investments in subsidiaries and associates disclosed in the stand-alone financial statements.

Deferred tax liabilities are recognised due to the valuation of available-for-sale financial assets.

The change in deferred tax assets is recognised in the income statement, increasing and/or decreasing income tax expense. The change in deferred tax liabilities is recognised in other comprehensive income. The impact of changes on the income statement and the comprehensive income is shown in [→ [Section 4.15](#)].

3.19. Other financial liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Long-term liabilities for a finance lease	30,459	284,056	0	0
Loans from banks	43,432	517,260	0	0
Financial liabilities for acquired securities	970,295	917,137	970,295	917,137
Liabilities for dividends	657,526	657,846	657,526	657,846
Other financial liabilities	162,701	3,244,605	12,304	12,460
TOTAL	1,864,413	5,620,904	1,640,125	1,587,443

The long-term financial liabilities of the Triglav Group and Zavarovalnica Triglav amount to EUR 40,647 and EUR 8,107 respectively.

3.20. Lease liabilities

Lease liabilities are recognised at the present value of future payments in 2019. In the comparable year, liabilities were recognised only for finance leases. The explanation is given in [→ [Section 5.11](#)] in the implementation of the new IFRS 16 Leases.

Maturity analysis of lease liabilities

	in EUR	
	Triglav Group	Zavarovalnica Triglav
MATURITY ANALYSIS		
1 year	2,885,540	1,034,149
2 years	2,773,314	931,987
3 years	2,529,719	842,397
4 years	1,631,203	733,709
5 years	339,363	89,890
More than 5 years	731,970	534,146
Foreign exchange differences	24,569	0
TOTAL	10,915,678	4,166,278

3.21. Operating liabilities

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
DIRECT INSURANCE LIABILITIES	21,558,544	19,717,929	14,239,495	11,306,835
Liabilities to policyholders	13,989,205	11,408,191	11,166,548	8,345,773
Liabilities to insurance brokers	1,767,868	1,540,170	1,202,150	1,170,587
Other liabilities from direct insurance operations	5,801,471	6,769,568	1,473,815	1,428,595
Liabilities from direct insurance operations to Group companies	0	0	396,982	361,880
LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	41,548,913	30,465,655	15,309,075	13,819,946
Liabilities for re/co-insurance premiums	23,302,031	18,293,707	13,978,149	12,655,925
Liabilities for co-insurers' share of claims	6,805,001	4,363,764	1,330,926	1,164,021
Other re/co-insurance liabilities	11,441,881	7,808,184	0	0
CURRENT TAX LIABILITIES	3,764,874	4,608,471	2,364,168	3,396,791
TOTAL LIABILITIES FROM INSURANCE OPERATIONS	66,872,331	54,792,055	31,912,738	28,523,572

All operating liabilities are short-term and are to be settled within 12 months.

3.22. Other liabilities

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Short-term liabilities to employees	24,120,800	22,256,505	20,064,741	18,470,071
Trade payables	10,595,631	8,218,320	10,595,631	8,218,320
Other short-term liabilities from insurance operations	14,594,305	13,919,849	6,270,357	5,243,624
Other short-term liabilities	11,502,580	11,882,026	2,984,438	2,389,528
Other long-term liabilities	2,361,024	4,292,179	0	4,076,309
Accrued interest on issued bonds	1,374,110	958,354	1,374,110	958,354
Short-term deferred income from charged interest on arrears	1,931,477	2,154,573	1,931,477	2,154,573
Other accruals	14,058,081	11,828,405	2,374,349	1,711,168
TOTAL	80,538,008	75,510,207	45,595,103	43,221,946

The disclosed other liabilities include the Group's long-term liabilities of EUR 817,692, whereas Zavarovalnica Triglav has no long-term liabilities.

4. Notes to the income statement

4.1. Premium income

	Triglav Group		Zavarovalnica Triglav		in EUR
	2019	2018	2019	2018	
NON-LIFE INSURANCE					
Gross written premium	668,136,011	628,813,312	479,262,624	458,879,616	
Assumed re-insurance written premium	105,274,042	71,681,191	41,872,667	26,143,238	
Assumed co-insurance written premium	2,084,877	1,722,693	1,092,668	1,073,607	
Ceded co-insurance written premium	-5,223,607	-2,659,181	-2,578,625	-1,583,712	
Reinsurance written premium	-130,514,701	-103,870,707	-116,182,623	-99,275,679	
Changes in gross provisions for unearned premiums	-31,115,490	-15,998,370	-16,883,462	-12,921,249	
Changes in reinsurers' share of unearned premiums	11,525,072	6,282,125	7,831,069	5,942,775	
Net premium income on non-life insurance	620,166,204	585,971,063	394,414,318	378,258,596	
LIFE INSURANCE					
Gross written premium	231,917,205	222,162,500	179,904,010	174,113,971	
Assumed co-insurance written premium	13,679	0	0	0	
Ceded co-insurance written premiums	-217,422	0	-39,311	-9,820	
Reinsurance written premium	-497,367	-95,020	-732,194	-427,898	
Changes in gross provisions for unearned premiums	-16,513	12,058	8,270	5,717	
Changes in reinsurers' share of unearned premiums	680	5,100	264	302	
Net premium income on life insurance	231,200,262	222,084,638	179,141,039	173,682,272	
HEALTH INSURANCE					
Gross written premium	176,748,293	144,014,711	0	0	
Changes in gross provisions for unearned premiums	-485,933	-307,551	0	0	
Net premium income on health insurance	176,262,359	143,707,160	0	0	
TOTAL NET PREMIUM INCOME	1,027,628,825	951,762,862	573,555,357	551,940,868	

Overview of premium income by insurance class for Triglav Group¹¹⁰

	in EUR				
	Gross written premium ¹¹¹	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
2019					
NON-LIFE INSURANCE					
Accident insurance	41,613,025	112,562	-295,837	-903,691	40,526,059
Health insurance	183,494,721	221,615	-259,854	-645,057	182,811,425
Land motor vehicle insurance	152,015,046	430	-343,131	-11,506,202	140,166,143
Railway insurance	3,294,906	0	0	-787,049	2,507,857
Aircraft insurance	3,829,915	0	0	-2,089,373	1,740,542
Marine Insurance	6,753,821	0	-54,364	-532,860	6,166,597
Cargo insurance	7,923,780	0	-565,396	-1,358,336	6,000,048
Fire and natural forces insurance	101,733,050	1,217,028	-972,062	-34,409,340	67,568,676
Other damage to property insurance	156,492,096	383,922	-1,613,117	-41,877,887	113,385,014
Motor TPL insurance	179,157,481	40,208	0	-13,240,359	165,957,330
Aircraft liability insurance	2,960,984	0	0	-1,651,076	1,309,908
Marine liability insurance	1,790,587	0	-220,750	-230,431	1,339,406
General liability insurance	49,667,964	87,374	-758,917	-10,621,359	38,375,062
Credit insurance	29,572,216	0	0	-5,876,014	23,696,202
Suretyship insurance	3,921,136	3,932	0	-1,015,572	2,909,496
Miscellaneous financial loss insurance	6,098,459	17,806	-95,062	-3,132,482	2,888,721
Legal expenses insurance	711,465	0	-45,117	-154,092	512,256
Travel assistance insurance	19,127,697	0	0	-483,523	18,644,174
Total non-life insurance	950,158,349	2,084,877	-5,223,607	-130,514,703	816,504,916
LIFE INSURANCE					
Life insurance	104,197,450	13,679	-217,422	-496,590	103,497,117
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	109,836,048	0	0	0	109,836,048
Tontines	0	0	0	0	0
Capital redemption insurance	17,655,904	0	0	0	17,655,904
Loss of income due to illness	227,800	0	0	-777	227,023
Total life insurance	231,917,202	13,679	-217,422	-497,367	231,216,092
TOTAL	1,182,075,551	2,098,556	-5,441,029	-131,012,070	1,047,721,008

	in EUR				
	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
2018					
NON-LIFE INSURANCE					
Accident insurance	40,848,248	70,274	-48,460	-683,132	40,186,930
Health insurance	148,697,953	183,987	-25,055	-363,493	148,493,392
Land motor vehicle insurance	142,002,450	27	-9,198	-9,411,913	132,581,366
Railway insurance	3,181,714	0	0	-1,123,078	2,058,636
Aircraft insurance	1,807,213	0	0	-799,871	1,007,342
Marine Insurance	5,300,424	4	0	-453,152	4,847,276
Cargo insurance	7,774,190	0	-647,213	-1,637,678	5,489,299
Fire and natural forces insurance	96,115,705	1,140,434	-946,360	-32,658,558	63,651,221
Other damage to property insurance	133,418,045	256,108	-365,190	-31,722,516	101,586,447
Motor TPL insurance	165,750,020	13,127	0	-5,915,860	159,847,287
Aircraft liability insurance	1,489,205	0	0	-840,624	648,581
Marine liability insurance	1,231,416	0	-63,478	-184,711	983,227
General liability insurance	46,130,908	58,732	-448,040	-8,839,709	36,901,891
Credit insurance	26,825,201	0	0	-5,021,329	21,803,872
Suretyship insurance	2,749,305	0	0	-577,142	2,172,163
Miscellaneous financial loss insurance	6,171,395	0	-106,187	-3,377,937	2,687,271
Legal expenses insurance	482,824	0	0	-11,554	471,270
Travel assistance insurance	14,532,996	0	0	-248,450	14,284,546
Total non-life insurance	844,509,212	1,722,693	-2,659,181	-103,870,707	739,702,017
LIFE INSURANCE					
Life insurance	93,522,973	0	0	-93,203	93,429,770
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	111,706,354	0	0	0	111,706,354
Tontines	0	0	0	0	0
Capital redemption insurance	16,748,583	0	0	0	16,748,583
Loss of income due to illness	184,592	0	0	-1,817	182,775
Total life insurance	222,162,502	0	0	-95,020	222,067,482
TOTAL	1,066,671,714	1,722,693	-2,659,181	-103,965,727	961,769,499

¹¹⁰ Non-life insurance also includes health insurance.¹¹¹ Gross written premium also includes written reinsurance premiums accepted.

Overview of premium income by insurance class for Zavarovalnica Triglav

	in EUR				
	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
2019					
NON-LIFE INSURANCE					
Accident insurance	26,948,216	0	-155,434	-899,385	25,893,398
Health insurance	728,634	0	-259,704	0	468,930
Land motor vehicle insurance	124,555,113	0	0	-9,724,465	114,830,648
Railway insurance	3,154,574	0	0	-692,139	2,462,435
Aircraft insurance	1,928,948	0	0	-1,730,977	197,970
Marine Insurance	308,649	0	0	-26,503	282,146
Cargo insurance	4,724,407	0	-565,396	-1,330,197	2,828,814
Fire and natural forces insurance	55,078,786	1,056,091	-416,398	-20,765,821	34,952,658
Other damage to property insurance	115,060,304	0	-135,988	-51,438,465	63,485,851
Motor TPL insurance	102,354,472	-2,116	0	-9,529,793	92,822,563
Aircraft liability insurance	1,988,419	0	0	-1,829,452	158,967
Marine liability insurance	811,322	0	-220,750	-95,363	495,209
General liability insurance	39,095,354	38,693	-767,804	-11,080,961	27,285,281
Credit insurance	22,962,440	0	0	-4,003,816	18,958,624
Suretyship insurance	2,414,586	0	0	-609,331	1,805,255
Miscellaneous financial loss insurance	2,807,251	0	-12,034	-1,546,580	1,248,636
Legal expenses insurance	700,475	0	-45,117	-123,927	531,431
Travel assistance insurance	15,513,341	0	0	-755,448	14,757,892
Total non-life insurance	521,135,291	1,092,668	-2,578,625	-116,182,623	403,466,711
LIFE INSURANCE					
Life insurance	82,300,599	0	-39,311	-732,194	81,529,094
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	79,947,507	0	0	0	79,947,507
Tontines	0	0	0	0	0
Capital redemption insurance	17,655,904	0	0	0	17,655,904
Loss of income due to illness	0	0	0	0	0
Total life insurance	179,904,010	0	-39,311	-732,194	179,132,505
TOTAL	701,039,301	1,092,668	-2,617,936	-116,914,817	582,599,216

	in EUR				
	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
2018					
NON-LIFE INSURANCE					
Accident insurance	26,173,583	0	-137	-859,071	25,314,375
Health insurance	692,746	0	-263,937	-809	428,000
Land motor vehicle insurance	118,662,443	0	0	-9,423,547	109,238,896
Railway insurance	3,041,772	0	0	-697,135	2,344,637
Aircraft insurance	611,302	0	0	-420,762	190,540
Marine Insurance	333,966	4	0	-67,123	266,847
Cargo insurance	4,952,630	0	-647,200	-1,745,678	2,559,752
Fire and natural forces insurance	54,464,093	995,356	-179,158	-20,869,711	34,410,580
Other damage to property insurance	102,508,202	0	-12,711	-40,355,181	62,140,310
Motor TPL insurance	92,415,938	1,058	0	-6,546,249	85,870,747
Aircraft liability insurance	988,282	0	0	-894,148	94,134
Marine liability insurance	453,104	0	-63,478	-40,410	349,216
General liability insurance	37,594,425	77,189	-417,091	-10,836,827	26,417,696
Credit insurance	25,456,965	0	0	-3,892,223	21,564,742
Suretyship insurance	1,842,317	0	0	-446,035	1,396,282
Miscellaneous financial loss insurance	2,816,203	0	0	-1,580,068	1,236,135
Legal expenses insurance	443,097	0	0	-29,009	414,088
Travel assistance insurance	11,571,786	0	0	-571,693	11,000,093
Total non-life insurance	485,022,854	1,073,607	-1,583,712	-99,275,679	385,237,070
LIFE INSURANCE					
Life insurance	81,164,340	0	-9,820	-427,898	80,726,622
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	76,201,048	0	0	0	76,201,048
Tontines	0	0	0	0	0
Capital redemption insurance	16,748,583	0	0	0	16,748,583
Loss of income due to illness	0	0	0	0	0
Total life insurance	174,113,971	0	-9,820	-427,898	173,676,253
TOTAL	659,136,825	1,073,607	-1,593,532	-99,703,577	558,913,323

4.2. Total income from financial assets

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
in EUR				
INTEREST INCOME FROM FINANCIAL ASSETS				
– available for sale	29,910,023	31,745,848	20,567,584	22,352,655
– loans and deposits	3,921,136	3,673,878	3,620,175	3,223,478
– held to maturity	8,860,967	9,815,935	7,116,912	7,657,191
– at fair value through profit and loss	10,445,616	10,337,581	4,259,388	4,444,301
Interest income	53,137,742	55,573,242	35,564,059	37,677,625
DIVIDENDS FROM				
– available-for-sale financial assets	3,289,086	3,577,567	2,684,732	2,868,187
– financial assets at fair value through profit and loss	525,711	466,275	205,034	209,516
– subsidiaries and associates	40,988	0	3,213,938	4,506,342
TOTAL DIVIDENDS	3,855,785	4,043,842	6,103,704	7,584,045
Fair value gains	87,186,487	1,492,063	68,172,441	1,108,893
Realised gains on disposals	38,129,233	23,777,837	32,059,434	18,521,649
Other financial income	5,240,372	4,002,093	3,255,029	2,168,468
Profit on investments accounted for using the equity method	515,913	1,021,159	0	0
TOTAL INVESTMENT INCOME	188,065,532	89,910,236	145,154,667	67,060,680

Fair value gains are described in detail in [→ [Section 4.4](#)], and realised gains on disposals in [→ [Section 4.5](#)]. Data in the table also include income from financial assets for shareholder-related companies.

4.3. Total expenses from financial assets

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
in EUR				
Fair value losses	6,915,721	45,840,584	4,611,063	33,533,878
Realised loss on disposals	9,767,166	13,128,928	9,679,511	12,566,364
Loss on disposals of subsidiaries	562,704	0	0	0
Loss on impairment of financial assets	848,962	1,497,483	344,175	1,248,877
Other finance costs	6,421,723	6,651,494	3,942,664	3,585,367
- Net exchange losses	1,039,315	2,497,447	489,247	660,647
- Other expenses from financial assets and liabilities	2,584,845	1,768,614	1,351,956	1,126,190
- Asset management costs	2,797,563	2,385,433	2,101,461	1,798,530
Loss on equity investments in associates accounted for using the equity method	170,640	137,092	0	0
TOTAL EXPENSES FROM FINANCIAL ASSETS	24,686,916	67,255,581	18,577,413	50,934,486

Fair value losses are described in detail in [→ [Section 4.4](#)], and realised loss on disposals of financial assets in [→ [Section 4.5](#)]. Data in the table also include expenses from financial assets for shareholder-related companies.

4.4. Fair value gains and losses

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
in EUR				
Financial assets recognised at fair value through profit/loss	80,327,326	-43,705,592	63,617,937	-31,770,799
– gains	87,119,619	1,429,476	68,105,572	1,057,563
– losses	-6,792,293	-45,135,068	-4,487,635	-32,828,362
Derivative financial instruments	-56,560	-642,929	-56,559	-654,187
– gains	66,868	62,587	66,868	51,330
– losses	-123,428	-705,516	-123,428	-705,516
NET GAINS FROM CHANGES IN FAIR VALUE	80,270,766	-44,348,521	63,561,378	-32,424,985

Net income from changes in fair value of financial assets includes net unrealised gains on unit-linked life insurance assets. Net expenses from changes in fair value of financial assets include net unrealised losses on unit-linked life insurance assets.

4.5. Realised gains and losses

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Financial assets recognised at fair value through profit/loss	7,663,277	-3,325,788	7,373,185	-3,279,198
– realised gains on disposals	7,987,214	696,651	7,657,038	678,530
– realised losses on disposals	-323,937	-4,022,439	-283,854	-3,957,728
Available-for-sale financial assets	26,265,832	17,014,673	20,573,780	11,925,982
– realised gains on disposals	29,499,354	18,164,581	23,759,731	12,939,619
– realised losses on disposals	-3,233,522	-1,149,908	-3,185,951	-1,013,637
Loans and deposits	0	-294,753	0	0
– realised gains on disposals	0	13,105	0	0
– realised losses on disposals	0	-307,858	0	0
Derivative financial instruments	-5,604,207	-2,745,223	-5,604,207	-2,691,500
– realised gains on disposals	605,500	4,903,500	605,500	4,903,500
– realised losses on disposals	-6,209,707	-7,648,723	-6,209,707	-7,595,000
Held-to-maturity financial assets	37,165	0	37,165	0
– realised gains on disposals	37,165	0	37,165	0
– realised losses on disposals	0	0	0	0
Financial liabilities	0	0	0	0
– realised gains on disposals	0	0	0	0
– realised losses on disposals	0	0	0	0
TOTAL REALISED GAINS AND LOSSES	28,362,067	10,648,909	22,379,923	5,955,284

in EUR

4.6. Other insurance income

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Fees and commission income	22,069,255	15,806,181	19,848,006	17,004,132
– reinsurance commission income	22,013,758	15,750,966	19,792,510	16,948,917
– investment management services	55,497	55,215	55,496	55,215
Other income from insurance operations	15,114,257	14,031,800	9,906,997	10,444,252
– income from sale of green cards for motor vehicles	1,754,473	2,388,333	1,004,770	999,019
– income from claims settled for other insurance companies	685,290	712,579	550,590	455,901
– income from assistance services	24,179	50,398	18,355	37,576
– other income from insurance operations	6,662,743	4,521,771	2,744,077	2,851,248
– interest from receivables	5,987,574	6,358,721	5,589,205	6,100,508
OTHER INSURANCE INCOME	37,183,512	29,837,981	29,755,003	27,448,384

in EUR

4.7. Other income

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Income from investment property	6,951,440	6,860,194	5,662,363	5,569,135
Income from disposal of investment property	999,045	1,473,740	340,238	1,171,222
Income from disposal of intangible assets	0	8,665	0	0
Income from disposal of property, plant and equipment	153,405	170,318	1,555	32,572
Income from other services	1,568,578	1,986,091	5,274,718	5,514,416
Income from non-insurance companies in the Group	29,515,380	25,330,425	0	0
Fair value gains	140,621	241,939	70,601	165,465
Claims refund	192,654	78,161	5,960	39,169
TOTAL OTHER INCOME	39,521,122	36,149,533	11,355,435	12,491,979

in EUR

4.8. Claims

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
NON-LIFE INSURANCE				
Gross claims settled	367,371,941	374,502,594	271,314,359	273,030,985
Gross claims paid from inward reinsurance	44,762,054	33,701,523	7,882,121	12,719,613
Income from gross subrogated receivables	-17,396,530	-16,967,528	-13,811,826	-13,502,708
Reinsurers' share of gross claims settled	-34,973,279	-40,184,452	-31,232,576	-37,927,113
Co-insurers' share of gross claims settled	-163,170	195,761	96,351	262,030
Change in gross claims provisions	-8,261,273	-31,600,189	-14,432,209	-27,372,969
Change in gross claims provisions for re/co-insurer's share	-1,508,080	11,311,263	-2,701,279	3,354,795
Net claims incurred on non-life insurance	349,831,663	330,958,972	217,114,940	210,564,633
LIFE INSURANCE				
Gross claims settled	181,736,829	169,247,828	159,819,727	148,754,692
Reinsurers' share in gross claims	-118,092	-275	-359,222	-102,530
Change in gross claims provisions	205,837	1,077,159	192,783	702,258
Change in reinsurers' share in gross claims provisions	-13,543	22,621	-7,351	22,621
Net claims incurred on life insurance	181,811,031	170,347,333	159,645,937	149,377,041
HEALTH INSURANCE				
Gross claims settled	140,293,784	119,145,307	0	0
Income from gross exercised subrogation receivables	-25,942	-29,506	0	0
Change in gross claims provisions	4,673,818	-70,820	0	0
Change in claims provisions for reinsurers' share	-3,695	11,414	0	0
Equalisation scheme expenses	7,567,169	6,197,698	0	0
TOTAL net claims incurred on health insurance	152,505,134	125,254,093	0	0
NET CLAIMS INCURRED TOTAL	684,147,828	626,560,398	376,760,877	359,941,674

in EUR

Overview of net claims incurred by insurance class

	in EUR			
Triglav Group 2019	Gross claims ¹¹²	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	24,418,611	-35,930	-599,640	23,783,041
Health insurance	143,879,958	-26,389	-259,010	143,594,559
Land motor vehicle insurance	103,769,720	-4,111,863	-3,795,409	95,862,448
Railway insurance	1,062,241	-88	0	1,062,153
Aircraft insurance	1,166,301	0	-124,128	1,042,173
Marine Insurance	3,783,849	-33,898	-18,943	3,731,008
Cargo insurance	2,736,035	-335,519	-371,644	2,028,872
Fire and natural forces insurance	45,301,428	-221,271	-7,445,386	37,634,771
Other damage to property insurance	74,204,164	-445,857	-11,439,008	62,319,299
Motor TPL insurance	101,378,566	-3,614,028	-3,600,060	94,164,478
Aircraft liability insurance	486,289	0	-137,328	348,961
Marine liability insurance	327,872	0	-459	327,413
General liability insurance	18,173,316	-275,044	-2,599,413	15,298,859
Credit insurance	14,095,639	-8,082,298	-2,557,877	3,455,464
Suretyship insurance	607,264	-194,133	-8,289	404,842
Miscellaneous financial loss insurance	3,582,949	-7,539	-1,797,919	1,777,491
Legal expenses insurance	59,200	0	-223	58,977
Travel assistance insurance	13,394,374	-38,615	-218,550	13,137,209
Total non-life insurance	552,427,776	-17,422,472	-34,973,286	500,032,018
LIFE INSURANCE				
Life insurance	109,673,444	0	-118,092	109,555,352
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	66,923,331	0	0	66,923,331
Tontines	0	0	0	0
Capital redemption insurance	5,050,338	0	0	5,050,338
Loss of income due to illness	89,719	0	0	89,719
Total life insurance	181,736,832	0	-118,092	181,618,740
TOTAL	734,164,608	-17,422,472	-35,091,378	681,650,758

	in EUR			
Triglav Group 2018	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	24,227,816	-10,801	-230,009	23,987,006
Health insurance	121,362,005	-29,523	-122,892	121,209,590
Land motor vehicle insurance	97,815,885	-3,513,921	-3,733,347	90,568,617
Railway insurance	2,583,036	-30	-244,676	2,338,330
Aircraft insurance	659,117	0	-166,071	493,046
Marine Insurance	3,437,920	-8,716	-367,337	3,061,867
Cargo insurance	2,519,395	-199,348	-114,151	2,205,896
Fire and natural forces insurance	52,496,392	-152,359	-13,895,816	38,448,217
Other damage to property insurance	74,508,007	-564,165	-12,359,892	61,583,950
Motor TPL insurance	98,955,254	-3,700,133	-1,686,194	93,568,927
Aircraft liability insurance	285,242	0	-24,169	261,073
Marine liability insurance	270,764	0	-2,501	268,263
General liability insurance	18,947,236	-221,192	-3,056,247	15,669,797
Credit insurance	11,945,067	-8,063,118	-1,396,156	2,485,793
Suretyship insurance	687,953	-506,428	42,206	223,731
Miscellaneous financial loss insurance	4,812,263	0	-2,639,070	2,173,193
Legal expenses insurance	67,104	0	-331	66,773
Travel assistance insurance	11,768,968	-27,300	-187,799	11,553,869
Total non-life insurance	527,349,424	-16,997,034	-40,184,452	470,167,938
LIFE INSURANCE				
Life insurance	92,419,363	0	-275	92,419,088
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	70,889,784	0	0	70,889,784
Tontines	0	0	0	0
Capital redemption insurance	5,885,491	0	0	5,885,491
Loss of income due to illness	53,190	0	0	53,190
Total life insurance	169,247,828	0	-275	169,247,553
TOTAL	696,597,252	-16,997,034	-40,184,727	639,415,491

¹¹² Gross claims paid also include gross claims paid from inward reinsurance.

	in EUR			
Zavarovalnica Triglav 2019	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	13,764,088	-31,466	-401,423	13,331,199
Health insurance	252,787	0	-6,465	246,322
Land motor vehicle insurance	83,988,870	-2,600,525	-4,192,601	77,195,744
Railway insurance	1,062,241	-88	0	1,062,153
Aircraft insurance	35,535	0	-4,793	30,742
Marine Insurance	95,544	0	-3,000	92,545
Cargo insurance	1,536,491	-124,241	-426,523	985,727
Fire and natural forces insurance	21,014,498	-203,417	-4,052,887	16,758,193
Other damage to property insurance	48,117,697	-405,929	-12,207,287	35,504,480
Motor TPL insurance	65,967,231	-2,106,039	-3,589,376	60,271,816
Aircraft liability insurance	51,926	0	-16,871	35,055
Marine liability insurance	45,105	0	-740	44,366
General liability insurance	15,423,660	-234,896	-2,602,404	12,586,360
Credit insurance	13,086,937	-7,869,249	-1,552,441	3,665,247
Suretyship insurance	271,699	-191,258	1,552	81,993
Miscellaneous financial loss insurance	2,538,209	-7,539	-1,649,226	881,444
Legal expenses insurance	58,965	0	-269	58,695
Travel assistance insurance	11,884,996	-37,179	-527,822	11,319,995
Total non-life insurance	279,196,479	-13,811,826	-31,232,576	234,152,077
LIFE INSURANCE				
Life insurance	96,566,193	0	-359,222	96,206,971
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	58,203,196	0	0	58,203,196
Tontines	0	0	0	0
Capital redemption insurance	5,050,338	0	0	5,050,338
Loss of income due to illness	0	0	0	0
Total life insurance	159,819,727	0	-359,222	159,460,505
TOTAL	439,016,206	-13,811,826	-31,591,798	393,612,582

	in EUR			
Zavarovalnica Triglav 2018	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	13,903,658	-10,138	-372,369	13,521,151
Health insurance	141,361	0	-5,201	136,160
Land motor vehicle insurance	80,419,568	-2,298,303	-4,747,607	73,373,658
Railway insurance	2,583,036	-30	-182,692	2,400,314
Aircraft insurance	41,849	0	-8,938	32,911
Marine Insurance	402,518	0	-3,805	398,713
Cargo insurance	1,235,612	-147,185	-309,110	779,317
Fire and natural forces insurance	27,662,364	-132,283	-7,172,427	20,357,654
Other damage to property insurance	52,112,313	-547,804	-14,354,973	37,209,536
Motor TPL insurance	63,388,400	-2,123,082	-3,373,416	57,891,902
Aircraft liability insurance	52,187	0	-15,761	36,426
Marine liability insurance	61,938	0	-1,481	60,457
General liability insurance	17,127,665	-212,469	-2,907,026	14,008,169
Credit insurance	11,444,728	-7,742,878	-932,892	2,768,958
Suretyship insurance	244,752	-261,783	58,821	41,790
Miscellaneous financial loss insurance	4,289,396	0	-3,134,366	1,155,030
Legal expenses insurance	63,809	0	-637	63,172
Travel assistance insurance	10,575,444	-26,753	-463,232	10,085,459
Total non-life insurance	285,750,598	-13,502,708	-37,927,113	234,320,777
LIFE INSURANCE				
Life insurance	81,883,672	0	-102,530	81,781,142
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	60,985,529	0	0	60,985,529
Tontines	0	0	0	0
Capital redemption insurance	5,885,491	0	0	5,885,491
Loss of income due to illness	0	0	0	0
Total life insurance	148,754,692	0	-102,530	148,652,162
TOTAL	434,505,290	-13,502,708	-38,029,643	382,972,939

4.9. Reinsurance result

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Reinsurance premiums	-131,012,070	-103,965,727	-119,532,753	-101,297,110
Changes in reinsurers' share of unearned premiums	11,525,751	6,287,215	7,831,333	5,943,077
Reinsurers' share of claims	35,091,378	40,184,727	31,591,798	38,029,643
Changes in claims provisions for reinsurers' shares	1,525,318	-11,345,298	2,708,631	-3,377,416
Net result from reinsurance operations	-82,869,623	-68,839,083	-77,400,991	-60,701,806
Reinsurance commission	22,013,759	15,750,967	19,792,511	16,948,916
GROSS REINSURANCE RESULT	-60,855,864	-53,088,116	-57,608,480	-43,752,889

4.10. Change in other insurance-technical provisions

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Change in other insurance technical provisions	59,308,589	39,860,373	22,338,141	29,499,390
– changes in gross provisions for cancellations	61,201	69,299	113,200	1,593
– changes in gross provisions for unexpired risks	560,277	55,176	152,440	-825,756
– changes in gross provisions for other catastrophic risks	0	-183,598	0	0
– changes in gross provisions for life insurance	58,327,494	39,657,720	21,712,883	30,061,777
– changes in gross provisions for bonuses from with-profits life insurance	359,618	261,776	359,618	261,776
Change in gross provisions for unit-linked insurance contracts	69,205,056	-46,889,547	57,140,018	-50,884,979
TOTAL CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	128,513,645	-7,029,174	79,478,159	-21,385,589

4.11. Expenses for bonuses and discounts

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Settled bonuses and discounts	11,150,325	10,319,128	10,203,376	9,374,088
Changes in gross provisions for bonuses and discounts	410,933	1,098,555	-481,855	1,197,198
TOTAL EXPENSES FOR BONUSES AND DISCOUNTS	11,561,258	11,417,685	9,721,522	10,571,287

4.12. Acquisition costs and other operating expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Acquisition costs	162,566,584	159,245,093	110,868,380	110,230,111
Other operating costs	81,886,268	74,392,332	47,037,785	42,778,807
Claim handling costs*	26,992,891	25,629,551	20,486,350	19,615,402
Costs of asset management**	2,797,563	2,385,433	2,101,461	1,798,530
Operating expenses from non-insurance operations***	31,025,419	27,173,807	0	0
TOTAL	305,268,725	288,826,216	180,493,976	174,422,850

* Claim handling costs are disclosed as a part of gross claims incurred.

** Costs of asset management are disclosed as financial expenses.

*** Operating expenses from non-insurance operations are disclosed as other expenses.

4.12.1. Gross operating expenses by nature and business segment

						in EUR
Triglav Group 2019	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	37,970,939	9,521,453	4,879,789	52,372,181	0	52,372,181
Cost of goods sold	0	0	0	0	48,845	48,845
Depreciation of operating assets	13,848,924	2,378,720	843,897	17,071,541	2,224,314	19,295,855
Labour costs	113,388,012	19,340,257	5,807,740	138,536,009	15,306,467	153,842,476
Wages and salaries	78,917,582	13,355,803	4,382,193	96,655,578	10,593,356	107,248,934
Social security and pension insurance costs	17,797,881	2,786,393	732,979	21,317,253	2,834,733	24,151,986
Other labour costs	16,672,549	3,198,061	692,568	20,563,178	1,878,378	22,441,556
Costs of services provided by natural persons other than SPs, including related taxes	966,642	97,837	253,309	1,317,788	0	1,317,788
Other operating costs	51,786,172	6,809,880	6,349,735	64,945,787	13,445,793	78,391,580
Costs of entertainment, advertising, trade shows	14,766,638	576,518	985,585	16,328,741	885,791	17,214,532
Costs of material and energy	5,091,718	604,192	357,087	6,052,997	1,718,021	7,771,018
Maintenance costs	8,433,447	1,563,918	2,249,122	12,246,487	1,257,000	13,503,487
Reimbursement of labour-related costs	4,195,261	298,422	187,490	4,681,173	764,284	5,445,457
Costs of intellectual and personal services	2,912,627	656,939	271,318	3,840,884	1,416,645	5,257,529
Membership fees and charges	2,184,394	426,976	101,877	2,713,247	667,878	3,381,125
Costs of services - transport and communications	3,273,747	459,481	1,097,500	4,830,728	145,904	4,976,632
Costs for insurance premiums	745,795	51,147	2,258	799,200	49,049	848,249
Payment transaction costs and banking services	1,488,233	272,897	382,858	2,143,988	2,434,813	4,578,801
Rents	2,650,974	438,221	5,631	3,094,826	663,110	3,757,936
Costs of professional training services	916,425	204,014	67,007	1,187,446	151,199	1,338,645
Other costs of services	5,126,913	1,257,155	642,002	7,026,070	3,292,099	10,318,169
TOTAL OPERATING EXPENSES	217,960,689	38,148,147	18,134,470	274,243,306	31,025,419	305,268,725

						in EUR
Triglav Group 2018	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	32,970,748	9,231,634	3,778,927	45,981,309	0	45,981,309
Cost of goods sold	0	0	0	0	52,904	52,904
Depreciation of operating assets	10,746,299	1,784,980	484,229	13,015,508	1,249,119	14,264,627
Labour costs	107,616,995	19,223,168	4,829,461	131,669,624	14,204,726	145,874,350
Wages and salaries	74,835,746	13,344,670	3,677,805	91,858,221	9,710,045	101,568,266
Social security and pension insurance costs	17,296,601	2,822,743	623,487	20,742,831	2,746,253	23,489,084
Other labour costs	15,484,648	3,055,755	528,169	19,068,572	1,748,428	20,817,000
Costs of services provided by natural persons other than SPs, including related taxes	2,500,098	84,678	172,218	2,756,994	0	2,756,994
Other operating costs	55,323,363	7,386,378	5,519,233	68,228,974	11,667,058	79,896,032
Costs of entertainment, advertising, trade shows	17,507,734	-1,779,107	753,783	16,482,410	691,744	17,174,154
Costs of material and energy	5,174,363	1,020,058	331,282	6,525,703	1,611,346	8,137,049
Maintenance costs	7,264,034	2,253,591	2,164,324	11,681,949	993,988	12,675,937
Reimbursement of labour-related costs	4,084,109	514,639	192,421	4,791,169	690,379	5,481,548
Costs of intellectual and personal services	3,083,908	1,027,325	126,990	4,238,223	824,578	5,062,801
Membership fees and charges	2,032,523	439,940	89,299	2,561,762	922,998	3,484,760
Costs of services - transport and communications	3,419,187	1,066,007	848,368	5,333,562	154,015	5,487,577
Costs for insurance premiums	1,324,876	175,924	2,867	1,503,667	53,797	1,557,464
Payment transaction costs and banking services	1,383,173	654,676	348,692	2,386,541	1,093,494	3,480,035
Rents	4,816,298	669,725	9,087	5,495,110	1,007,809	6,502,919
Costs of professional training services	701,299	157,075	90,875	949,249	184,220	1,133,469
Other costs of services	4,531,859	1,186,525	561,245	6,279,629	3,438,690	9,718,319
TOTAL OPERATING EXPENSES	209,157,503	37,710,838	14,784,068	261,652,409	27,173,807	288,826,216

	in EUR					
	2019			2018		
Zavarovalnica Triglav	Non-life insurance	Life insurance	TOTAL	Non-life insurance	Life insurance	TOTAL
Acquisition costs	20,537,251	8,221,864	28,759,115	18,729,044	8,445,942	27,174,986
Depreciation of operating assets	9,306,961	1,860,782	11,167,743	8,136,900	1,466,135	9,603,035
Labour costs	84,468,319	15,405,513	99,873,832	81,286,516	15,120,570	96,407,086
Wages and salaries	59,446,002	10,792,080	70,238,082	57,631,614	10,579,475	68,211,089
Social security and pension insurance costs	10,000,710	1,836,307	11,837,017	9,889,336	1,841,107	11,730,443
Other labour costs	15,021,607	2,777,126	17,798,733	13,765,566	2,699,988	16,465,554
Costs of services provided by natural persons other than SPs, including related taxes	303,626	46,290	349,916	274,040	65,097	339,137
Other operating costs	31,302,758	9,040,612	40,343,370	31,621,398	9,277,208	40,898,606
Costs of entertainment, advertising, trade shows	6,314,611	2,284,236	8,598,847	6,940,513	1,771,891	8,712,404
Costs of material and energy	2,702,111	723,768	3,425,879	2,789,901	816,848	3,606,749
Maintenance costs	7,602,688	2,025,071	9,627,759	6,708,088	2,161,400	8,869,488
Reimbursement of labour-related costs	2,946,849	413,787	3,360,636	2,903,368	402,927	3,306,295
Costs of intellectual and personal services	1,475,483	487,897	1,963,380	1,447,154	799,008	2,246,162
Membership fees and charges	1,306,399	321,967	1,628,366	1,168,667	355,252	1,523,919
Costs of services - transport and communications	2,143,568	929,081	3,072,649	2,232,851	977,717	3,210,568
Costs for insurance premiums	302,748	24,556	327,304	937,893	155,291	1,093,184
Payment transaction costs and banking services	1,096,078	602,093	1,698,171	1,047,188	555,182	1,602,370
Rents	1,827,225	388,833	2,216,058	2,746,549	557,195	3,303,744
Costs of professional training services	725,103	177,098	902,201	489,471	143,016	632,487
Other costs of services	2,859,895	662,225	3,522,120	2,209,755	581,481	2,791,236
TOTAL OPERATING EXPENSES	145,918,915	34,575,061	180,493,976	140,047,898	34,374,952	174,422,850

In addition to the above-stated amount of EUR 70,238,082 (vs. EUR 68,211,089 in 2018), total wages and salaries include employee bonuses based on performance results in 2019 in the total amount of EUR 9,094,941 (vs. EUR 8,496,124 in 2018). Total costs for wages and salaries in 2019 thus amount to EUR 79,333,023 (vs. EUR 76,707,213 in 2018).

Total costs of Zavarovalnica Triglav for the above-mentioned item, including taxes and other contributions chargeable to the employer, amount to EUR 10,559,226 and are disclosed as other expenses.

4.12.2. Gross operating expenses by nature and function

						in EUR
Triglav Group 2019	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	TOTAL
Acquisition costs	52,372,181	0	0	0	0	52,372,181
Cost of goods sold	0	0	0	0	48,845	48,845
Depreciation of operating assets	6,521,385	2,934,970	185,928	7,429,258	2,224,314	19,295,855
Labour costs	71,293,990	18,770,287	1,645,714	46,826,018	15,306,467	153,842,476
Wages and salaries	51,103,066	12,795,861	1,199,395	31,557,256	10,593,356	107,248,934
Social security and pension insurance costs	10,689,303	2,937,135	253,782	7,437,033	2,834,733	24,151,986
Other labour costs	9,501,621	3,037,291	192,537	7,831,729	1,878,378	22,441,556
Costs of services provided by natural persons other than SPs, including related taxes	436,122	462,378	5,493	413,795	0	1,317,788
Other operating costs	31,942,906	4,825,256	960,428	27,217,197	13,445,793	78,391,580
Costs of entertainment, advertising, trade shows	13,299,391	71,188	30,334	2,927,828	885,791	17,214,532
Costs of material and energy	3,158,194	839,563	50,098	2,005,142	1,718,021	7,771,018
Maintenance costs	3,688,532	1,169,448	314,427	7,074,080	1,257,000	13,503,487
Reimbursement of labour-related costs	3,560,819	124,904	47,343	948,107	764,284	5,445,457
Costs of intellectual and personal services	732,261	455,234	217,860	2,435,529	1,416,645	5,257,529
Membership fees and charges	818,020	101,926	3,933	1,789,368	667,878	3,381,125
Costs of services - transport and communications	2,079,895	461,001	44,219	2,245,613	145,904	4,976,632
Costs for insurance premiums	360,384	67,085	8,368	363,363	49,049	848,249
Payment transaction costs and banking services	387,577	9,854	95,386	1,651,171	2,434,813	4,578,801
Rents	1,311,953	328,268	19,351	1,435,254	663,110	3,757,936
Costs of professional training services	391,845	111,120	15,927	668,554	151,199	1,338,645
Other costs of services	2,154,035	1,085,665	113,182	3,673,188	3,292,099	10,318,169
TOTAL OPERATING EXPENSES	162,566,584	26,992,891	2,797,563	81,886,268	31,025,419	305,268,725

						in EUR
Triglav Group 2018	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	TOTAL
Acquisition costs	45,981,309	0	0	0	0	45,981,309
Cost of goods sold	0	0	0	0	52,904	52,904
Depreciation of operating assets	6,464,125	1,724,817	123,906	4,702,660	1,249,119	14,264,627
Labour costs	68,966,811	18,355,084	1,404,281	42,943,448	14,204,726	145,874,350
Wages and salaries	49,098,833	12,351,548	1,026,916	29,380,924	9,710,045	101,568,266
Social security and pension insurance costs	10,509,211	2,860,813	213,231	7,159,576	2,746,253	23,489,084
Other labour costs	9,358,767	3,142,723	164,134	6,402,948	1,748,428	20,817,000
Costs of services provided by natural persons other than SPs, including related taxes	1,943,097	458,251	2,301	353,345	0	2,756,994
Other operating costs	35,889,751	5,091,399	854,945	26,392,879	11,667,058	79,896,032
Costs of entertainment, advertising, trade shows	13,962,904	50,660	12,726	2,456,120	691,744	17,174,154
Costs of material and energy	3,526,442	858,291	38,430	2,102,540	1,611,346	8,137,049
Maintenance costs	4,221,553	1,176,547	236,140	6,047,709	993,988	12,675,937
Reimbursement of labour-related costs	3,758,919	115,886	31,835	884,529	690,379	5,481,548
Costs of intellectual and personal services	819,409	493,175	264,442	2,661,197	824,578	5,062,801
Membership fees and charges	933,423	148,540	23,564	1,456,235	922,998	3,484,760
Costs of services - transport and communications	2,643,442	505,079	17,950	2,167,091	154,015	5,487,577
Costs for insurance premiums	759,510	200,048	11,029	533,080	53,797	1,557,464
Payment transaction costs and banking services	802,267	7,941	65,163	1,511,170	1,093,494	3,480,035
Rents	2,398,047	521,247	36,678	2,539,138	1,007,809	6,502,919
Costs of professional training services	282,710	79,847	9,247	577,445	184,220	1,133,469
Other costs of services	1,781,125	934,138	107,741	3,456,625	3,438,690	9,718,319
TOTAL OPERATING EXPENSES	159,245,093	25,629,551	2,385,433	74,392,332	27,173,807	288,826,216

					in EUR
Zavarovalnica Triglav 2019	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
Acquisition costs	28,759,115	0	0	0	28,759,115
Depreciation of operating assets	5,082,222	2,581,480	136,042	3,367,999	11,167,743
Labour costs	55,024,679	14,703,524	1,214,263	28,931,366	99,873,832
Wages and salaries	39,869,143	10,166,569	902,729	19,299,641	70,238,082
Social security and pension insurance costs	6,671,805	1,709,510	153,935	3,301,767	11,837,017
Other labour costs	8,483,731	2,827,445	157,599	6,329,958	17,798,733
Costs of services provided by natural persons other than SPs, including related taxes	26,619	270,593	1,048	51,656	349,916
Other operating costs	21,975,745	2,930,753	750,108	14,686,764	40,343,370
Costs of entertainment, advertising, trade shows	8,176,881	39,165	12,324	370,477	8,598,847
Costs of material and energy	1,748,105	600,282	34,366	1,043,126	3,425,879
Maintenance costs	3,337,188	986,807	297,099	5,006,665	9,627,759
Reimbursement of labour-related costs	2,871,332	49,205	29,300	410,799	3,360,636
Costs of intellectual and personal services	512,470	52,622	200,793	1,197,495	1,963,380
Membership fees and charges	603,041	80,045	459	944,821	1,628,366
Costs of services - transport and communications	1,783,027	331,672	34,684	923,266	3,072,649
Costs for insurance premiums	76,763	31,988	1,575	216,978	327,304
Payment transaction costs and banking services	647,645	762	81,612	968,152	1,698,171
Rents	569,482	214,860	13,166	1,418,550	2,216,058
Costs of professional training services	313,902	94,488	13,143	480,668	902,201
Other costs of services	1,335,909	448,857	31,587	1,705,767	3,522,120
TOTAL OPERATING EXPENSES	110,868,380	20,486,350	2,101,461	47,037,785	180,493,976

					in EUR
Zavarovalnica Triglav 2018	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
Acquisition costs	27,174,986	0	0	0	27,174,986
Depreciation of operating assets	5,438,220	1,486,233	104,925	2,573,657	9,603,035
Labour costs	54,369,024	14,546,113	1,023,137	26,468,812	96,407,086
Wages and salaries	39,291,695	10,002,413	760,734	18,156,247	68,211,089
Social security and pension insurance costs	6,678,803	1,722,700	128,377	3,200,563	11,730,443
Other labour costs	8,398,526	2,821,000	134,026	5,112,002	16,465,554
Costs of services provided by natural persons other than SPs, including related taxes	29,704	273,507	951	34,975	339,137
Other operating costs	23,218,177	3,309,549	669,517	13,701,363	40,898,606
Costs of entertainment, advertising, trade shows	8,369,713	34,175	4,622	303,894	8,712,404
Costs of material and energy	1,858,397	630,913	26,360	1,091,079	3,606,749
Maintenance costs	3,372,299	1,020,337	226,148	4,250,704	8,869,488
Reimbursement of labour-related costs	2,860,342	55,413	17,824	372,716	3,306,295
Costs of intellectual and personal services	547,897	59,728	244,509	1,394,028	2,246,162
Membership fees and charges	745,358	132,577	19,519	626,465	1,523,919
Costs of services - transport and communications	1,874,885	387,405	12,624	935,654	3,210,568
Costs for insurance premiums	535,498	162,096	6,244	389,346	1,093,184
Payment transaction costs and banking services	686,384	767	54,358	860,861	1,602,370
Rents	1,244,227	321,541	20,727	1,717,249	3,303,744
Costs of professional training services	201,627	70,028	8,230	352,602	632,487
Other costs of services	921,550	434,569	28,352	1,406,765	2,791,236
TOTAL OPERATING EXPENSES	110,230,111	19,615,402	1,798,530	42,778,807	174,422,850

4.13. Other expenses from insurance operations

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Fee and commission expenses	23,732,270	16,747,703	3,976,854	3,598,300
Expenses from impairment of insurance receivables and write-offs	4,481,382	4,040,324	2,658,427	1,511,505
Fire tax	4,465,062	4,543,801	4,088,719	4,100,129
Expenses of preventive activity	2,421,801	2,197,547	1,805,266	1,498,562
Contributions for claims from uninsured or unidentified vehicles	2,036,902	1,427,306	766,364	-90,685
Supervisory authority fees	1,617,379	1,534,377	866,690	815,368
Other net insurance expenses	4,810,514	3,253,078	788,387	386,460
OTHER EXPENSES FROM INSURANCE OPERATIONS	43,565,310	33,744,135	14,950,707	11,819,639

in EUR

4.14. Other expenses

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Financial expenses	3,098,502	1,384,359	2,867,130	1,507,022
Interest expenses for bonds issued	2,504,904	1,042,856	2,691,945	1,227,366
Lease interest expenses	554,387	0	76,026	0
Other financing expenses	39,211	341,503	99,159	279,655
Other expenses	51,435,454	43,234,402	14,946,882	14,087,222
Operating expenses of non-insurance companies	30,092,616	26,450,272	0	0
Employee and Management Board bonuses	12,133,664	10,877,720	10,559,226	9,864,000
Expenses from impairment of investment property	2,415,650	474,484	164,017	0
Other investment property expenses	2,368,430	2,649,014	2,674,784	3,070,405
Depreciation of investment property	1,385,473	1,415,406	1,047,990	938,600
Loss from investment property disposal	18,301	27,840	0	5,813
Expenses from reversal of impairment of other receivables	536,735	522,638	45,606	-210,129
Expenses from disposal of property, plant and equipment	33,072	18,189	10,329	14,159
Expenses from disposal of intangible assets	30,782	3,616	30,782	3,093
Other expenses	2,420,731	795,223	414,149	401,281
TOTAL OTHER EXPENSES	54,533,956	44,618,763	17,814,012	15,594,244

in EUR

4.15. Income tax expense

4.15.1. Tax expense in the income statement

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Current tax expense	16,731,029	15,560,650	13,481,140	12,127,605
Deferred tax expense	341,769	1,068,907	516,051	785,783
TOTAL TAX EXPENSE IN THE INCOME STATEMENT	17,072,798	16,629,557	13,997,191	12,913,388

in EUR

4.15.2. Tax expense in other comprehensive income

Triglav Group	2019			2018		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from increase in fair value of available for sale financial assets	29,429,816	-7,207,343	22,222,473	-52,468,348	11,453,351	-41,014,997
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-4,944,885	939,528	-4,005,357	14,887,351	-2,376,972	12,510,379
Gains/losses recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities recognised using the equity method	0	0	0	-310,367	58,970	-251,397
Actuarial gains/losses	-351,094	0	-351,094	-303,550	125	-303,425
Translation differences	137,442	0	137,442	127,483	0	127,483
TOTAL OTHER COMPREHENSIVE INCOME	24,271,279	-6,267,815	18,003,464	-38,067,431	9,135,474	-28,931,957

in EUR

Zavarovalnica Triglav	2019			2018		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from increase in fair value of available-for-sale financial assets	14,214,278	-3,316,420	10,897,858	-41,891,860	9,650,071	-32,241,789
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-4,944,885	939,528	-4,005,357	14,887,351	-2,376,972	12,510,379
Actuarial gains/losses	-309,508	0	-309,508	-266,153	0	-266,153
TOTAL OTHER COMPREHENSIVE INCOME	8,959,885	-2,376,892	6,582,993	-27,270,662	7,273,099	-19,997,563

in EUR

4.15.3. Reconciliation between tax expense and accounting profit

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Accounting profit	100,937,227	97,455,802	84,611,607	78,457,252
Income tax rate - tax rate average of several countries	19.39%	19.73%	19%	19%
Accounting profit multiplied by tax rate	19,567,913	19,232,615	16,076,205	14,906,878
Tax effect of income deductible for tax purposes	-1,715,820	-1,665,125	-1,348,982	-1,447,934
Tax effect of income added for tax purposes	192,147	129,619	0	0
Tax effect on the reduction in expenses not deductible for tax purposes	1,717,579	1,436,315	627,370	1,120,647
Tax relief	-2,338,768	-2,032,557	-1,398,032	-1,563,505
Previously unrecognized deferred taxes	-385,249	-545,267	0	-176,654
Other tax effects	35,106	73,957	40,629	73,957
TOTAL TAX EXPENSE	17,072,908	16,629,557	13,997,190	12,913,388
Effective tax rate ¹¹³	16.91%	17.06%	16.54%	16.46%
Final liabilities for corporate income tax	16,731,029	15,560,650	13,481,140	12,127,605

In accordance with the Corporate Income Tax Act (ZDDPO–2), the applicable tax rate in Slovenia was 19% in 2019, the same as in the previous year.

In subsidiaries operating outside the Republic of Slovenia, tax rates were used as applicable in the country of operation and in compliance with the local legislation. For the applied tax rates see [→ *Section 2.10*].

Unused tax losses of the Group amounted to EUR 21.8 million as at 31 December 2019 (EUR 22.7 million as at 31 December 2018).

¹¹³ In the data of the Triglav Group, the average of all countries was taken into account in the corporate income tax rate.

5. Other information

5.1. Fair value measurement

5.1.1. Fair value hierarchy

In measuring financial assets at fair value Zavarovalnica Triglav applied the following fair value hierarchy:

- Level 1: value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (stock exchange quotations and listings provided by third parties e.g. Bloomberg). The fair value is determined purely on the basis of directly observable data and without using any indirectly observable data, whereby the share of binding listings must be at least 90% and at least three binding listings not older than one day must be available.
- Level 2: value measurement less than entirely based on quoted prices for the asset or liability. Fair value measurements may be based on indirectly observable inputs, i.e. data derived from prices of comparable financial instruments, but only up to a strictly limited percentage (10%).
- Level 3: value measurement based on prices that do not meet the standards for Level 1 or Level 2. The percentage of unobservable inputs used in value measurement models is considerable.

The tables below show fair values of assets and liabilities, classified according to the fair value hierarchy.

Triglav Group					in EUR
As at 31 December 2019	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec. 2019	150,929,053	0	61,061,888	211,990,941
Debt securities	31 Dec. 2019	689,898,611	1,539,454,173	0	2,229,352,784
Derivative financial instruments	31 Dec. 2019	0	0	0	0
Unit-linked insurance assets	31 Dec. 2019	414,992,543	63,112,698	0	478,105,241
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec. 2019	0	0	102,603,482	102,603,482
Land and buildings for investment activities	31 Dec. 2019	0	0	95,349,597	95,349,597
Debt securities (HTM)	31 Dec. 2019	6,903,608	223,422,728	0	230,326,336
Deposits with banks	31 Dec. 2019	0	100,371,835	0	100,371,835
Loans given	31 Dec. 2019	0	9,171,013	0	9,171,013
Debt securities (L&R)	31 Dec. 2019	0	6,357,852	0	6,357,852
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec. 2019	0	68,199,075	0	68,199,075

Triglav Group					in EUR
As at 31 December 2018	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec. 2018	134,833,210	0	35,999,032	170,832,242
Debt securities	31 Dec. 2018	218,669,118	1,862,378,509	0	2,081,047,627
Derivative financial instruments	31 Dec. 2018	0	1,393,263	0	1,393,263
Unit-linked insurance assets	31 Dec. 2018	346,651,462	51,640,336	0	398,291,798
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec. 2018	0	0	95,864,073	95,864,073
Land and buildings for investment activities	31 Dec. 2018	0	0	99,121,781	99,121,781
Debt securities (HTM)	31 Dec. 2018	0	236,599,916	0	236,599,916
Deposits with banks	31 Dec. 2018	0	89,997,524	0	89,997,524
Loans given	31 Dec. 2018	0	47,193,884	0	47,193,884
Debt securities (L&R)	31 Dec. 2018	0	6,054,643	0	6,054,643
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec. 2018	0	16,369,802	0	16,369,802

Zavarovalnica Triglav					in EUR
As at 31 December 2019	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec. 2019	53,796,804	0	55,685,145	109,481,949
Debt securities	31 Dec. 2019	571,882,208	1,031,323,825	0	1,603,206,033
Derivative financial instruments	31 Dec. 2019	0	0	0	0
Unit-linked insurance assets	31 Dec. 2019	373,498,861	56,537,014	0	430,035,875
Investments in associates	31 Dec. 2019	0	0	18,054,026	18,054,026
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec. 2019	0	0	65,323,896	65,323,896
Land and buildings for investment activities	31 Dec. 2019	0	0	60,115,354	60,115,354
Debt securities (HTM)	31 Dec. 2019	0	192,128,559	0	192,128,559
Deposits with banks	31 Dec. 2019	0	34,113,282	0	34,113,282
Loans given	31 Dec. 2019	0	11,171,288	0	11,171,288
Debt securities (L&R)	31 Dec. 2019	0	6,357,852	0	6,357,852
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec. 2019	0	73,646,914	0	73,646,914

Zavarovalnica Triglav					in EUR
As at 31 December 2018	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec. 2018	55,390,776	0	30,059,866	85,450,642
Debt securities	31 Dec. 2018	187,526,798	1,313,531,987	0	1,501,058,785
Derivative financial instruments	31 Dec. 2018	0	1,393,263	0	1,393,263
Unit-linked insurance assets	31 Dec. 2018	316,843,905	45,790,181	0	362,634,086
Investments in associates	31 Dec. 2018	0	0	16,959,355	16,959,355
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec. 2018	0	0	59,002,099	59,002,099
Land and buildings for investment activities	31 Dec. 2018	0	0	52,936,499	52,936,499
Debt securities (HTM)	31 Dec. 2018	2,255,610	193,327,619	0	195,583,229
Deposits with banks	31 Dec. 2018	0	42,488,135	0	42,488,135
Loans given	31 Dec. 2018	0	46,964,255	0	46,964,255
Debt securities (L&R)	31 Dec. 2018	0	6,054,643	0	6,054,643
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec. 2018	0	21,822,171	0	21,822,171

5.1.2. Fair value assessment techniques

Value assessment techniques and inputs used to the development of these techniques are presented below.

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
EXTERNAL APPRAISERS (market operator)				
Debt securities - composite	Stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		Level 2
Debt securities – compound with exposure to stock markets	Stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		Level 2
Derivatives	Black-Scholes model	Index volatility		Nivo 2
BLOOMBERG BVAL				
Debt securities – companies, financial institutions and government	Cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		Level 2
INTERNAL APPRAISERS				
Debt securities - government	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency); credit spread between 0% and 0.63%	Level 2
Debt securities - companies and financial institutions ¹¹⁴	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency); credit spread between 0.42% and 3.98%	Level 2
Equity securities	Cash flow discounting	g (growth rate during constant growth period)	2%	Level 3
		EBIT margin (constant growth period)	35.00%	
		Discount rate	12.8% up to 70% for start ups	
		Lack of marketability discount	10%	
	NAV method	Real property price changes		
	Market approach	MVIC/EBITDA		
Equity investment in associates	Equity method	Accumulated gains and losses		Level 3
Real property for own use Investment property	Income approach, market approach, analysis of the most economical use of development land	Capitalisation rate, market prices of comparable real property	7.5%–15% depending on risk/location Market values based on information available	Level 3

¹¹⁴ Also applied to valuation of subordinated ZT02 bonds.

5.1.3. Financial assets classified into Level 3

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Value as at 1 January	35,999,032	37,121,010	47,019,220	42,819,002
Purchases	29,929,720	14,552,716	30,842,619	18,383,186
Disposals	-7,103,994	-16,195,789	-6,475,694	-15,426,370
Revaluation through profit or loss	-20,775	-235,267	0	-22,003
Revaluation in other comprehensive income	2,681,708	773,189	2,353,024	1,265,406
Transfers from/to other levels	-422,558	-18,472	0	0
Foreign exchange differentials	-1,245	1,645	0	0
Value as at 31 December	61,061,888	35,999,032	73,739,170	47,019,220

The value of financial assets classified into Level 3 increased in 2019 due to the payments into venture capital funds. The largest total amount of payments into the fund MEAG INFRA DEBT – SUB FUND 1 was EUR 9.9 million. The largest disposal was the sale of Gorenjska banka d.d. shares in the total amount of EUR 4.7 million. Revaluation is the result of changes in the value of venture capital funds.

5.1.4. Sensitivity analysis of non-marketable equity securities

Sensitivity analysis of financial assets, classified in Level 3 is disclosed below. In analysis Zavarovalnica Triglav includes equity investment in associates. The sensitivity analysis shows the level of increase or decrease in the fair value of Level 3 equity financial assets in case of differently applied assumptions that are not based on available market data. The sensitivity analysis considered a median scenario of value appraisals.

	Triglav Group		Zavarovalnica Triglav	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Non-marketable assets (Level 3)	61,061,888	35,999,032	55,685,145	30,059,866
Estimated value deviation-/+	-10,344,834/7,145,254	-4,388,887/4,608,847	-9,776,996/6,447,385	-3,649,235/+3,829,181
Equity investment in associates	13,154,397	14,125,975	18,054,025	16,959,355
Estimated value deviation-/+	-1,973,157/1,973,157	-1,412,598/5,982,426	-1,389,341/368,894	-1,292,529/+749,481

With regard to investments valued using model-based valuation techniques, the value deviation is determined in the valuation process with adjustments made to key assumptions (price of invested capital, growth rate). For non-valued investments, $\pm 15\%$ of the change in investment value is taken into account in calculating the deviation, $\pm 10\%$ of the change in investment value for alternative investment funds investing in debt securities, and asymmetric $-25/+10\%$ of the change in investment value for alternative investment funds investing in equity securities.

5.1.5. Reclassification of financial assets between levels

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Reclassification from level 1 to level 2	69,235,699	176,158,469	55,945,228	135,990,522
Reclassification from level 2 to level 1	291,060,269	105,798,635	238,555,889	90,557,353

In 2019, the method of measuring fair value did not change. Reclassifications between levels were a result of market factors. At the end of 2019, some financial assets showed greater liquidity and depth of the market than at the end of 2018, thus meeting the requirements for classification to level 1. One part of financial assets no longer fulfilled the conditions to be classified to level 1 of the fair value hierarchy and was reclassified to level 2. Reclassification between levels has no impact on fair value.

5.1.6. Reclassification of financial assets between categories

In 2019, no reclassifications of financial assets between categories were carried out. The effects of 2008 reclassifications are shown below. The effective interest rate on the day of reclassification was 5.8%.

Reclassifications from AFS to HTM	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Carrying amount of reclassified assets as at 31 December	31,695,191	35,147,942	18,849,099	18,780,741
Fair value of reclassified assets as at 31 December	34,253,771	39,666,531	21,054,272	21,987,888
Impact on comprehensive income if not reclassified	2,205,174	3,207,147	2,205,174	3,207,147
Estimated cash flows	32,574,646	24,365,660	20,922,559	21,964,462

5.2. Additional notes to the cash flow statement

Below is the cash flow statement as required by the Insurance Supervision Agency. Cash flows from operating activities are prepared on the basis of the indirect method. Income and expenses in profit or loss are adjusted for the effects of transactions of a non-cash nature (impairments, changes in insurance technical provisions, deferred income and expenses) and for items of income and expenses related to cash flows from investing and financing activities. In the calculation of net cash flows from operating activities, changes in assets and liabilities during the period are taken into account.

Cash flow from financing activities is prepared based on actual payments. The amount of dividend payments in the cash flow statement differs from that disclosed in the statement of changes in equity by the amount of unpaid dividends. Cash flows from financing activities in 2019 include expenses for interest and principal payments from leases. In 2018, lease expenses were included in cash flows from operating activities.

The consolidated cash flow statement is composed of the combined cash flows of all Triglav Group companies, taking into account intercompany eliminations.

		Triglav Group		Zavarovalnica Triglav	
		2019	2018	2019	2018
A.	CASH FLOWS FROM OPERATING ACTIVITIES				
a.	Income statement items	91,179,693	63,558,277	31,051,477	27,298,196
	Net written premium for the period	1,075,625,420	992,822,784	582,599,216	558,913,321
	Investment income (excluding financial income)	24,277,722	21,545,047	11,669,749	11,916,643
	Other operating income (excluding revaluation and provisions reductions) and financial income from operating receivables	43,070,868	39,089,344	10,445,796	10,868,255
	Net claims paid for the period	-687,175,444	-658,958,408	-393,708,934	-383,234,969
	Bonuses and discounts paid	-12,209,631	-10,350,140	-10,203,376	-9,374,088
	Net operating expenses excluding depreciation costs and change in deferred acquisition costs	-255,951,926	-240,531,743	-130,532,605	-129,555,100
	Investment expenses (excluding depreciation and financial expenses)	-8,164,999	-11,076,031	-5,331,552	-5,595,378
	Other operating expenses excluding depreciation (other than revaluation and excluding the increase in provisions)	-71,184,276	-54,675,615	-19,373,055	-16,773,686
	Corporate income tax and other taxes excluded from operating expenses	-17,108,041	-14,306,961	-14,513,762	-9,866,802
b.	Changes in net operating current assets – operating balance sheet items	-882,254	-19,565,937	-297,987	-14,036,824
	Changes in operating receivables from direct insurance operations	-9,855,418	-10,439,344	-6,458,904	-8,151,580
	Changes in receivables from reinsurance operations	-7,317,799	-10,452,845	937,934	-4,267,818
	Changes in other receivables from (re)insurance operations	-3,735,330	2,614,724	-1,819,040	-1,264,030
	Changes in other receivables and assets	-4,155,344	-2,998,138	703,234	-1,302,382
	Changes in deferred tax assets	431,650	-1,444,446	0	0
	Changes in inventories	-58,436	27,655	-49,146	-2,973
	Changes in liabilities from direct insurance operations	1,779,437	843,066	2,932,659	-47,430
	Changes in liabilities from reinsurance operations	10,148,782	4,012,279	1,489,129	-1,429,852
	Changes in other operating liabilities	330,405	5,751,510	-300,429	-2,718
	Changes in other liabilities (other than unearned premium)	6,236,683	-6,159,491	2,266,576	2,431,959
	Changes in deferred tax liabilities	5,313,116	-1,320,907	0	0
c.	Net cash from/(used in) operating activities (a + b)	90,297,439	43,992,340	30,753,490	13,261,372
B.	CASH FLOWS FROM INVESTING ACTIVITIES				
a.	Cash inflows from investing activities	1,469,286,636	999,778,200	1,198,898,504	796,648,222
	Cash inflows from interest received from investing activities	65,980,623	53,035,031	36,683,169	36,970,864
	Cash inflows from dividends and profit sharing	5,037,378	3,828,099	7,206,057	7,557,132
	Cash inflows from disposal of intangible assets	71,871	3,094	30,782	3,094
	Cash inflows from disposal of plant, property and equipment	7,961,376	8,715,584	1,404,653	8,181,979
	Cash inflows from disposal of financial investments	1,390,235,388	934,196,392	1,153,573,843	743,935,153
	– Cash outflows for acquisition of investments in subsidiaries and other companies	2,340,104	0	0	0
	– Other cash outflows for acquisition of financial investments	1,387,895,284	934,196,392	1,153,573,843	743,935,153
b.	Cash outflows from investing activities	-1,540,674,760	-996,334,697	-1,210,737,724	-769,343,650
	Cash outflows for acquisition of intangible assets	-5,182,272	-6,223,811	-3,282,390	-2,948,864
	Cash outflows for acquisition of property, plant and equipment	-13,134,912	-14,669,708	-8,068,006	-10,003,879
	Cash outflows for acquisition of financial investments	-1,522,357,576	-975,441,178	-1,199,387,328	-756,390,907
	– Cash outflows for acquisition of investments in subsidiaries and other companies	-1,149,098	-11,617,277	-4,094,671	-17,060,388
	– Other cash outflows for acquisition of financial investments	-1,521,208,478	-963,823,901	-1,195,292,657	-739,330,519
c.	Net cash from/(used in) investing activities (a + b)	-71,388,124	3,443,503	-11,839,220	27,304,572
C.	CASH FLOWS FROM FINANCING ACTIVITIES				
a.	Cash inflows from financing activities	49,367,159	0	49,367,159	0
	Cash inflows from paid-in capital	0	0	0	0
	Cash inflows from long-term loans received (issued bond)	49,367,159	0	49,367,159	0
	Cash inflows from short-term loans received	0	0	0	0
b.	Cash outflows for financing activities	-62,882,638	-58,256,189	-60,167,804	-58,082,203
	Cash outflows for interest paid	-2,829,914	-1,227,366	-2,351,553	-1,227,366
	Cash outflows for purchase of treasury shares	0	0	0	0
	Cash outflows for capital repayment	0	-133,062	0	0
	Cash outflows for payments of long-term financial liabilities	-240,011	0	0	0
	Cash outflows for payments of short-term financial liabilities	-3,035,142	0	-977,954	0
	Cash outflows for dividends and profit sharing	-56,777,571	-56,895,761	-56,838,297	-56,854,837
c.	Net cash from/(used in) financing activities (a +b)	-13,515,479	-58,256,189	-10,800,645	-58,082,203
D.	Closing balance of cash and cash equivalents	75,869,775	67,601,660	26,112,112	17,998,487
E1.	Net cash flow for the period	5,393,836	-10,820,346	8,113,625	-17,516,259
E2.	External acquisition	2,862,910	0	0	0
E3.	Exchange rate differences	11,369	4,159	0	0
F.	Opening balance of cash and cash equivalents	67,601,660	78,417,847	17,998,487	35,514,746

5.3. Amounts spent on auditors

The audit of the stand-alone and consolidated financial statements for 2019 was conducted by the audit firm Deloitte, Revizija d.o.o., Ljubljana. Said audit firm also carried out an audit in all Group members. The amounts spent on the services of this audit firm are shown in the table below.

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Auditing of the Annual Report	482,355	415,054	122,720	73,139
Other auditing services	3,767	22,838	0	0
Other assurance services	0	2,745	0	2,745
Other non-auditing services	1,619	137,095	0	137,095
TOTAL	487,741	577,732	122,720	212,979

in EUR

5.4. Related party transaction

Related party transactions are disclosed separately for the Group and Zavarovalnica Triglav:

- Transactions with subsidiaries are disclosed only at the level of Zavarovalnica Triglav and include transactions with entities in which Zavarovalnica Triglav has a dominant influence (presented in [→ [Section 3.5](#)]). At the level of the Triglav Group, these transactions are eliminated in the consolidation processes.
- Associates in whom the Group and Zavarovalnica Triglav have significant influence – these are presented in [→ [Section 3.6](#)].
- Transactions with shareholders and shareholder-related companies.

The largest shareholders of Zavarovalnica Triglav are Zavod za pokojninsko in invalidsko zavarovanje (ZPIZ), holding an equity stake of 34.47% and Slovenski državni holding (SDH) with a 28.09% shareholding.

The shareholder-related companies are those in which the SDH and the Republic of Slovenia together directly hold at least a 20% stake. As at 31 December 2019, there were 43 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

Business with the two largest shareholders and the state-related parties is limited to regular business cooperation. The only material transaction in 2019 was the payment of dividends. In 2019, the Company paid dividends for 2018 in the total amount of EUR 56.8 million, of which the Pension and Disability Insurance Institute of the Republic of Slovenia received EUR 19.5 million and the Slovenian Sovereign Holding EUR 16 million.

In the reporting period, there were no individual significant transactions between the above-stated companies. Total transaction value is shown in the table below.

The services exchanged between Group companies are rendered at prices that are applied to other companies outside the Group. Pricing methods include external comparable, internal comparable and cost contribution arrangement.

Outstanding balances referring to the above-mentioned related parties as at the reporting date and income and expenses during the period are shown below.

Transactions with subsidiaries

	in EUR	
	31 December 2019	31 December 2018
ASSETS		
Stakes and shares	134,938,667	131,938,667
Debt securities and loans given to members of the Group	8,205,916	14,264,601
Right of use assets	894,363	0
Insurance premium receivables from policyholders	16,117	13,835
Co-insurance receivables	0	0
Re-insurance receivables	2,658,012	2,561,802
Receivables for co-insurer's share in claims	2,207	245
Receivables for reinsurer's share in claims	6,516,400	8,499,977
Other short-term receivables from insurance operations	20,131	30,972
Short-term receivables from financing	27,743	1,372,945
Other short-term receivables	787,779	740,157
Short-term deferred expenses	31,010	30,809
LIABILITIES		
Liabilities to policyholders	1,924	0
Liabilities to agents and brokers	389,637	350,644
Liabilities to insurances for co-insurance premium	20,523	13,862
Liabilities for reinsurance premiums	8,769,818	9,022,657
Liabilities for shares in claims from co-insurance	0	13,712
Liabilities for shares in claims from re-insurance	488,063	684,674
Lease liabilities	905,208	0
Other short-term liabilities	348,599	163,432

	in EUR	
	2019	2018
INCOME AND EXPENSES		
Gross written premium and active reinsurance premium	17,989,584	17,253,553
Assumed co-insurance written premium	0	0
Outward re-/co-insurance premium (–)	-65,341,032	-60,924,424
Net premium income	-47,351,448	-43,670,871
Re-/co-insurance commission income	14,291,836	12,140,542
Other income from insurance operations	4,438,250	4,778,246
Interest income	427,211	787,607
Other insurance income	1,498,150	1,868,894
Income from land and buildings	738,458	787,739
Income from disposal of financial assets	0	0
Other income	374,487	305,533
Dividends	3,172,950	4,442,997
Other income from financial assets	1,290	11,597
TOTAL INCOME	-22,408,816	-18,547,716
Gross claims settled	5,026,827	10,890,698
Re-/co-insurers' share in gross claims	-21,114,777	-25,163,434
Shares in indemnities from assumed co-insurances abroad	0	4,286
Net claims	-16,087,950	-14,268,450
Expenses for reinsurance premiums	1,914,849	1,875,885
Loss on disposal from financial assets	0	0
Other financial expenses	195,478	4,759
Other expenses	0	0
Interest expenses	23,499	0
TOTAL EXPENSES	-13,954,124	-12,387,806

Transactions with associates

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
ASSETS				
Stakes and shares	13,154,379	14,125,973	18,054,026	16,959,355
Insurance premium receivables from policyholders	1,511	618	1,380	182
LIABILITIES				
Liabilities to policy holders	27	27	0	0
Liabilities to agents and brokers	5,902	11,752	5,421	11,236
Other short-term liabilities	312	484	0	0
Accrued costs and expenses	1,182	702	0	0

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
INCOME AND EXPENSES				
Gross written premium	39,745	38,854	37,564	35,801
Income from dividends and stakes	0	0	40,988	63,345
Income from land and buildings	0	559	0	559
Gains on the sale of securities	560,414	0	0	0
TOTAL INCOME	600,159	39,413	78,552	99,705
Gross claims settled	24,069	5,030	24,069	5,030
Acquisition costs	5,844	8,245	0	0
Other operating expenses	0	0	0	0
TOTAL EXPENSES	29,913	13,275	24,069	5,030

Transactions with shareholders and shareholder-related companies

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
ASSETS				
Stakes and shares	8,963,246	9,017,103	17,747,194	16,269,741
Debt securities	98,462,080	80,752,961	75,690,601	65,876,560
Operating receivables	62,634	5,747	68,729	10,383
Re-insurance receivables	0	0	25,135	39,386
Other assets	4,809,284	4,983,653	0	0
LIABILITIES				
Operating liabilities	1,477,079	2,056,005	1,506,890	1,861,031
Re-insurance liabilities	0	0	9,840	33,852

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
INCOME				
Gross written premium	19,526,782	21,443,107	20,182,072	22,001,648
Financial income	3,544,478	4,368,126	3,363,589	4,149,869
Other income	60,003	67,616	106,426	159,864
EXPENSES				
Gross claims settled	7,216,309	8,517,985	7,436,835	8,732,795
Financial expenses	470,230	317,663	317,301	205,043
Other expenses	11,491,301	10,855,849	10,552,112	10,294,621

5.5. Members of the Management Board and Supervisory Board

In 2019, the Management Board members were paid the following amounts as compensation for their work:

	in EUR						
Management board	Fixed salary (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums **	Other benefits***	Reimbursements
Andrej Slapar	179,558	2,017	48,895	79,755	58,817	7,068	1,874
Uroš Ivanc	170,580	2,017	46,450	76,257	41,403	3,558	1,253
Tadej Čoroli	170,580	2,017	46,450	74,166	41,376	9,008	1,139
Barbara Smolnikar	170,580	2,017	24,590	65,634	40,849	9,552	724
David Benedek****	43,961	672	0	12,848	6,974	8,154	268
Marica Makoter	170,580	2,017	46,450	73,574	41,362	7,992	607
Benjamin Jošar*****	0	0	4,400	2,570	0	0	0
TOTAL	905,839	10,757	217,235	384,804	230,781	45,332	5,865

* Other additional payments include holiday allowances and other reimbursements.

** Insurance premiums include premiums for supplementary pension insurance, accident insurance, liability insurance and other types of insurance.

*** Other benefits include company cars.

As at 31 December 2019, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

	in EUR	
Management board	Receivables as at 31 December 2019	Liabilities as at 31 December 2019
Andrej Slapar	13	69,998
Uroš Ivanc	19	66,481
Tadej Čoroli	30	66,463
Barbara Smolnikar	27	42,804
David Benedek****	13	14,314
Marica Makoter	29	66,402
Benjamin Jošar*****	0	8,223
TOTAL	131	334,685

**** David Benedek's term of office as a Management Board member began on 29 August 2019.

***** Benjamin Jošar was Management Board member until 2 November, 2017.

In 2019 the Supervisory Board members and members of Committees were paid the following amounts as compensation for their work:

	in EUR				
Supervisory board	Compensation	Attendance fee	Reimbursements	Total gross pay	Total net pay
Igor Stebernak	28,125	3,872	579	32,576	23,692
Andrej Andoljšek	20,381	2,365	0	22,746	16,543
Milan Tomaževič	20,625	2,640	579	23,844	17,342
Žiga Škerjanec	22,500	4,312	579	27,391	19,921
Nataša Damjanovič	22,500	5,588	579	28,667	20,849
Mario Gobbo	20,625	3,916	42,097	66,638	43,897
Peter Celar	18,881	2,585	245	21,711	15,790
Branko Gorjan	10,111	1,320	129	11,560	8,408
Igor Zupan	4,417	1,045	0	5,462	3,972
Boštjan Molan	7,813	2,112	652	10,577	7,693
Ivan Sotošek	7,813	1,265	1,291	10,369	7,541
Simon Kolenc*	7,500	2,145	305	9,950	7,237
TOTAL	191,291	33,165	47,035	271,491	192,885

* External committee members.

All listed remuneration payments made to the members of the Management Board and the Supervisory Board represent remuneration received in Zavarovalnica Triglav. They did not receive any remuneration in the other Group members.

Proposed criteria for the assessment of the performance of Management Board members are proposed by the Appointments and Compensation Committee and approved by the Supervisory Board. The purpose of these criteria is to maximise the objective monitoring of existing goal achievement and to periodically evaluate the performance of Management Board members. The performance criteria are designed to follow the long-term business objectives of the Company, making part of the annual business plans and other strategic documents of the Company. The definition of an individual objective includes the following: its description, expected target value, assigned weight and method for measuring or assessing its achievement. According to this method, a Management Board member is entitled to a bonus in the case of over-performance and a pay deduction in the case of underperformance.

A one-off annual bonus for good performance is paid in two parts: the first half within 30 days of the Supervisory Board approving the annual report and adopting a resolution on the bonus amount, or, in the event the annual report is approved at the General Meeting of Shareholders, within 30 days of the General Meeting of Shareholders approving the annual report and the Supervisory Board adopting a resolution on the bonus amount. The remaining 40% of the bonus is paid after two years, and 10% after three years; however, both payments must be proportionate to the period of the office being held in any calendar year.

Management Board members are entitled to severance pay equalling six time average monthly salary they received as board members, if they are dismissed on economic and business grounds, and their employment is terminated as a consequence. Severance is paid within one month of dismissal.

5.6. Off balance sheet items

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
	in EUR			
Outstanding subrogated receivables	39,095,779	42,672,288	38,022,409	36,281,241
Derivatives - futures	0	65,416,000	0	65,416,000
Alternative investments	47,538,801	55,300,980	44,030,995	55,300,980
Bonds, guarantees and other sureties issued	3,327,108	8,198,004	0	29,000
Contingent assets	3,971,417	6,779,136	2,899,401	1,896,311
Receivables from option agreements	3,247,638	1,363,886	3,247,638	0
Receivables from forward contracts	19,489,247	19,435,695	19,489,247	19,435,695
Contingent liabilities	6,787,697	2,111,809	0	0
Properties under acquisition	0	139,974	0	0
Assets under management	82,454,303	50,011,356	0	0
TOTAL OFF-BALANCE SHEET ITEMS	205,911,992	251,429,128	107,689,690	178,359,227

5.7. Employees

The table below shows the number and educational structure of employees in the Group and Zavarovalnica Triglav.

Bologna level	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
	in EUR			
2-5	2,364	2,394	844	910
6/1	562	544	395	393
6/2	718	694	415	405
7	1,429	1,340	506	491
8/1	186	174	84	82
8/2	22	20	9	9
TOTAL	5,281	5,166	2,253	2,290
Average number of employees	4,584	5,144	2,267	2,284

5.8. Major legal and arbitrary disputes

- Matjaž Rakovec as the plaintiff against Zavarovalnica Triglav d.d., for determining the annulment of the resolution of the Supervisory Board dated 22 May 2013 referring to the dismissal of Matjaž Rakovec from the office of President of the Management Board and appointment of Andrej Slapar as President of the Management Board, and payment of damages

On 19 August 2013, Zavarovalnica Triglav d.d., received a claim filed by Matjaž Rakovec, in which he requested the annulment of the Supervisory Board's resolution dated 22 May 2013 with respect to the dismissal of Matjaž Rakovec from the office of President of the Management Board and the appointment of Andrej Slapar as temporary President of the Management Board, the annulment of the entry of changes related to the President of the Management Board into the Court Register and the payment of damages amounting to EUR 516,399. Apart from that, the plaintiff requested that the defendant reappointed him President of the Management Board and recognises an uninterrupted performance of function of President of the Zavarovalnica Triglav's Management Board with all the rights arising from the employment contract for the entire duration of unlawful dismissal from the office of President of the Management Board until his reappointment. Zavarovalnica Triglav d.d., was served a partial judgement rendered by the District Court in Ljubljana with reference to the dismissal of Matjaž Rakovec as President of the Management Board stating the nullity and voidness of the resolution passed by the Supervisory Board on the ground that the reasons for the dismissal were not sufficiently grounded in accordance with the mandatory provisions of the Companies Act. In addition, the Court rejected the claim for nullity and voidness of the resolution on the appointment of an acting President of the Management Board of Zavarovalnica Triglav d.d., passed by the Supervisory Board on 22 May 2013. The claim by Mr Rakovec for the nullity and voidness of the entry into the Companies Register (of the President of the Management Board) made on 29 May 2013 was also rejected. The Court further rejected the claim by Mr Rakovec for payment of damages as *lis pendens*. The Court has yet to decide on the claimed amount of EUR 80,000 for non-material damage. A judgement of the Higher Court in Ljubljana was served, by which the latter confirmed the partial judgement rendered by the District Court in Ljubljana and set aside the resolution with respect to the nullity and voidness of the claim of Matjaž Rakovec for the payment of material damage; at the same time, the Court referred this part of the claim to the Labour and Social Court in Ljubljana. Zavarovalnica Triglav d.d., filed an application for direct revision against the decision of the Higher Court in Ljubljana, which was rejected by the Supreme Court as inadmissible, as the value of the contested part of the final judgement does not exceed the statutory limit value for the settlement, while the Court dismissed the permitted revision based on the filed application of Zavarovalnica Triglav d.d., with regard to the nullity and voidness of the Supervisory Board's resolution as an appropriate sanction since the resolution of the Supervisory Board was not based on the conditions for the recall in accordance with the Companies Act.

In a labour law dispute brought against the Company by the plaintiff Matjaž Rakovec, the Ljubljana Labour and Social Court initially ruled that his employment contract did not cease to be in force, i.e. remained in force, therefore Zavarovalnica Triglav d.d., owed the plaintiff compensation for salaries plus interest in the amount of around EUR 430,000. Zavarovalnica Triglav d.d., lodged an appeal against this

judgment before the Higher Court, which upheld the appeal by partly modifying and partly setting aside the judgment of the first instance court. The judgment was thus modified in the material part relating to the unlawful termination of the employment contract or the employment relationship, in that the court rejected the plaintiff's claim in that part, as well as set aside the part of the judgment which reads "including all the resulting rights", and referred the parts of the case relating to the claim for compensation for salaries, holiday allowance and legal costs back to the first instance court for reconsideration. The plaintiff filed a review against the final part by which the Higher Court modified the judgment of the first instance court (Judgment Pdp 899/2016), which, however, the Supreme Court of the Republic of Slovenia (Decision VIII Ips 105/2018) rejected and upheld the judgment of the Higher Court. The plaintiff's employment contract was thus terminated lawfully, and by said decision the proceedings concerning the alleged unlawfulness of the termination of the employment contract and the employment relationship pending before the ordinary court were completed. However, the plaintiff, according to his statement, filed a constitutional complaint against the judgment of the Supreme Court of the Republic of Slovenia, regarding which Zavarovalnica Triglav d.d., has not yet been informed whether it was accepted for consideration by the Constitutional Court of the Republic of Slovenia or not.

In the retrial, the claims for compensation for salaries and annual holiday allowance that were remitted for reconsideration were rejected by the first instance court (Judgment I Pd 672/2017), and such a decision was upheld also by the Higher Court following the plaintiff's appeal (Judgment and Decision Pdp 96/2018). The Supreme Court of the Republic of Slovenia, on the motion of the plaintiff, allowed the review and, on the basis of the filed review, set aside the first and second instance judgment in the main part and remitted the case to the first instance court for a new trial (Decision VIII Ips 193/2018), with the argument that the court should also have considered the relevant part on the basis of compensation for damages.

In addition to the above, separate proceedings were conducted based on the plaintiff's claim for the compensation of the costs of preventive medical examinations, education and training, annual personal insurance premium, group accident insurance, voluntary pension and supplementary pension insurance, rewards, the use of a business vehicle for personal purposes, membership dues and anniversary bonuses in the amount of EUR 192,466.39 with statutory default interest. By Judgment I Pd 25/2016, the first instance court rejected the plaintiff's claims put forward on the basis of labour law (in consequence of a final ruling rejecting the claim for establishing an unlawful termination of employment contract and employment relationship). Such a decision was also upheld by the Higher Court (Pdp 639/2018) following the plaintiff's appeal. The Supreme Court of the Republic of Slovenia granted a review to the plaintiff in that matter as well; the plaintiff already filed the review concerned and Zavarovalnica Triglav d.d., already lodged a response thereto.

In addition, separate proceedings referred to the labour court by the ordinary court are pending before the former, in which the plaintiff also claims the payment of salaries, holiday allowances, preventive medical examinations, education and training, annual insurance premiums and rewards; in the proceedings concerned, it is disputed whether the plaintiff asserts these claims as arising from his employment relationship or as compensation for damages. The first instance court considered the case on the labour

law basis and on the grounds of *lis pendens* or *res iudicate* dismissed the lawsuit in the main part and rejected the remainder of the claims (I Pd 507/2016). Based on the plaintiff's appeal, the Higher Court set aside the judgment of the first instance court in the main part and remanded the case to the court for a new trial (Decision Pdp 607/2018), with the instruction that there is no *lis pendens* and that the claims also have to be considered on the basis of compensation for damages.

- Zavarovalnica Triglav d.d., and Triglav Skladi d.o.o., as the plaintiffs, against the Securities Commission of the Federation of Bosnia and Herzegovina, as the defendant

The Securities Commission of the Federation of Bosnia and Herzegovina (hereinafter: the Commission) issued, in the repeated procedure of 6 June 2018, a decision ordering the companies Zavarovalnica Triglav d.d., and Triglav Skladi d.o.o., to publish a takeover bid for the acquisition of Energoinvest Dalekovo-dizgradnja d.d. (hereinafter: the offeree company). The Commission issued the decision on the basis of the alleged concerted action of the companies ZIF PROF PLUS d.d., DUF PROF IN d.o.o., Triglav Naložbe, Zavarovalnica Triglav d.d., Triglav Skladi d.o.o., NLB d.d. and Banka Celje d.d., which the Commission justifies on the basis of ownership and management relationships of said companies towards the offeree company. Among the reasons why Zavarovalnica Triglav d.d., was obliged to publish a takeover bid for the acquisition of the offeree company, the Commission also pointed out the fact that Zavarovalnica Triglav d.d., is the entity linking all the previously mentioned shareholders of the offeree company with their owner, the Republic of Slovenia. Against the decision of the Commission, Zavarovalnica Triglav d.d., and Triglav Skladi d.d., initiated an administrative dispute that has not yet been decided.

- D.S.U. d.o.o., Ljubljana, as the plaintiff, against Triglav, Upravljanje nepremičnin d.d., as the defendant, for the payment of EUR 450,000 with all dues (unjust enrichment on the account of purchase money received from the sale of real property in Zrenjanin), and for the payment of EUR 123,900 with all dues (unjust enrichment on the account of received rent money from renting out the real property in Zrenjanin).

The universal legal predecessor of Triglav, Upravljanje nepremičnin d.d., i.e. Slovenijales d.d., concluded a sales contract for the sale of real property in Zrenjanin. Before that, the aforementioned real property had been rented out. The plaintiff claims that said real property had not been taken into account in the opening balance sheet of the universal legal predecessor of Slovenijales d.d., i.e. LGM Lesnina d.o.o., and therefore, pursuant to Article 6 of the Act Concluding Ownership Transformation and Privatisation of Legal Entities Owned by the Development Corporation of Slovenia (ZZLPP0), it belongs to the plaintiff as the legal successor of the Slovene Development Corporation. The claim was rejected in its entirety by the first-instance court. The plaintiff appealed against the decision of the first instance court claiming the erroneous application of substantive law, but the appeal has not been decided yet.

- GRADINE INŽENJERING d.d., Pula, as the plaintiff, against Triglav, Upravljanje nepremičnin d.d., as the defendant, for the payment of HRK 748.74 and EUR 138,514.00 with all dues

In 1989, a contract was concluded with the legal predecessor of Triglav, Upravljanje nepremičnin d.d., i.e. Slovenijales d.d., for the supply of equipment and the carrying out of the accompanying works at the Monvidal facilities in Pula. It was agreed that the plaintiff can take over the goods after their full payment. As no final payment was made, the goods were not delivered. In the claim, the return of partial payments and the payment of the costs of the works carried out by third parties is sought. The claim was rejected in its entirety by the first instance court. An appeal was lodged against the first instance decision but was also rejected. The plaintiff filed a petition for a review. The Supreme Court of the Republic of Croatia set aside the decision of the second instance court on the ground of the erroneous application of substantive law and remitted the case to the second instance court for reconsideration of the plaintiff's appeal. The second instance court delivered a judgment, again ruling in favour of the defendant. The plaintiff again lodged a petition for a review against the judgment of the second instance court. The Supreme Court has not yet ruled on the petition for a review.

- Triglav Osiguranje d.d., Sarajevo and others, as the plaintiffs, against SCT BBM d.o.o., Sarajevo, as the defendant

Following unsuccessful mediation, Triglav Osiguranje d.d., Sarajevo, continued litigation proceedings against the defendants SCT BBM d.o.o., Sarajevo, and JP Ceste Federacije BiH. This litigation involves a claim for damages in the amount of BAM 6,385,104, of which BAM 2,065,759 is the share of Triglav Osiguranje d.d., Sarajevo. The legal basis for the claim is compensation to be paid from the performance guarantee. The case is still pending. On 5 April 2019, Sarajevo Municipal Court delivered a judgment in favour of Triglav Osiguranje d.d., Sarajevo, but following the appeal lodged by the defendants, the Cantonal Court in Sarajevo set aside the judgment on 11 December 2019 and remitted the case for retrial for procedural reasons. The court has not yet ruled on the case.

- Triglav Osiguranje a.d.o., Belgrade, as the plaintiff, against Dunav Re a.d.o., as the defendant

On 14 April 2014, Triglav Osiguranje a.d.o., Belgrade filed a request for enforcement on the basis of an authentic document for the payment of EUR 1,934,707. The enforcement debtor raised an objection and the court referred the parties to litigation. The defendant lodged a counterclaim for the annulment of the reinsurance contract. On the basis of the financial analysis conducted in the procedure, Triglav Osiguranje a.d.o., set the amount of its payment claim to RSD 236,690,436, plus interest from 17 March 2013 onwards, and requested the rejection of the counterclaim for the annulment of the reinsurance contract. On 8 September 2017, the court passed a non-final judgment upholding the claim of Triglav Osiguranje a.d.o., Belgrade, and ordered the defendant to pay RSD 236,690,436, plus the statutory late payment interest from 17 December 2013 onwards. On 27 October 2017, the defendant lodged an appeal, which has not been decided yet.

- Minority shareholders of Triglav Osiguranje a.d., Skopje, as the plaintiff, against Zavarovalnica Triglav d.d., and Triglav Osiguranje a.d., Skopje, as the defendants

In May 2013, minority shareholders of Triglav Osiguranje a.d., Skopje filed a lawsuit for the compensation of damages for breach of the provisions of the put option or call option contract in the amount of slightly less than EUR 2.5 million. In October 2013, Triglav Osiguranje a.d., Skopje filed its response to the lawsuit, while Zavarovalnica Triglav d.d., was served with the lawsuit as late as in January 2016. The latter responded to the lawsuit within the prescribed time limit, fully objecting to the claim. The court upheld the objection of Zavarovalnica Triglav d.d., concerning the lack of jurisdiction of the Macedonian court and rejected the plaintiff's appeal, thereby rendering the case final. In the proceedings against Triglav Osiguranje a.d., Skopje, the first instance court issued a judgment in favour of Triglav Osiguranje a.d., Skopje, rejecting the claim. The plaintiffs filed an appeal, which has not yet been decided by the second instance court.

- Stojan Klopčevski, as the plaintiff, against Triglav Osiguranje a.d., Skopje, as the defendant

In April 2012, Stojan Klopčevski, the former general manager of Triglav Osiguranje a.d., Skopje, lodged a lawsuit for the compensation of damages in the amount of EUR 2.6 million against the Company. The claim was based on an unlawful decision on the termination of his employment and the resulting loss of the possibility to exercise put option or call option contracts concluded with Zavarovalnica Triglav d.d. The court dismissed the lawsuit on the ground of being deficient on 5 March 2013. The court upheld the appeal and the case was remitted to the first instance court for reconsideration. The court rendered a decision rejecting the objection of the lack of substantive jurisdiction of the Macedonian court. The plaintiff filed an appeal, but on 4 October 2017 the higher court issued a decision rejecting the appeal. On 18 December 2018, the court issued a judgment rejecting the claim of the plaintiff Stojan Klopčevski. The plaintiff filed an appeal that has not yet been decided by the second instance court.

5.9. Significant reviews by supervisory bodies

- Zavarovalnica Triglav d.d.

On the basis of the performed review of the business of Zavarovalnica Triglav d.d., the Insurance Supervision Agency issued a recommendation to the Management Board for improving the efficiency of conducting business and a warning in accordance with Article 282 of the Insurance Act on 1 July 2020. All recommendations were duly implemented and the two breaches found in the warning were eliminated.

- Lovćen Osiguranje a.d., Podgorica

Insurance Supervision Agency: At the request of the Agency of 25 December 2018, the company prepared an action plan on 11 April 2019 with the aim of reducing insurance acquisition costs and adjusting them to the overhead allowance level for the years 2019, 2020 and 2021. The procedure has been completed.

- Triglav Osiguranje a.d.o., Belgrade

In 2019, the National Bank of Serbia issued a decision based on the direct and indirect supervision of the company. It refers to the supervision of the management of insurance acquisition costs, the profitability of life insurance and the adequacy of premium. The supervision procedure has not been completed yet.

- Triglav Osiguranje d.d., Zagreb

On 18 December 2018, the Croatian Financial Services Supervisory Agency started to carry out supervision that refers to the issue of certificates on the paid premium for crop and animal insurance policies. No irregularities were identified in the supervision procedure.

- Triglav Osiguranje a.d., Banja Luka

In 2018, the Insurance Agency of the Republic of Srpska started to carry out regular supervision of the company and stated in its opinion certain findings based on a sample of policies that refer to incorrect calculation or premium rates, and to some irregularities regarding reinsurance and coinsurance. The company did not submit comments but clarifications to the findings. The company developed an action plan to eliminate the identified irregularities. The procedure has not been completed yet.

In 2019, the Insurance Agency of the Republic of Srpska started to carry out extraordinary supervision relating to databases for compulsory motor insurance in transport. The Agency noted in the record that the company did not maintain a database of insurance contracts, damage claims and claim settlements based on motor insurance. The company has taken steps to remedy the identified irregularities. The Agency has not yet delivered the relevant decision to the company.

■ Triglav Osiguranje d.d., Sarajevo

In September 2018, the Insurance Supervision Agency of the Federation of Bosnia and Herzegovina carried out regular supervision of the entire business of the company. The company lodged a complaint against the Agency's record. On 9 January 2019, the company received the Agency's decision ordering the company to undertake certain activities necessary to improve the efficiency of conducting business and set the deadlines for their implementation. The company informed the Agency of the activities carried out. The procedure has been completed.

The Insurance Supervision Agency of the Federation of Bosnia and Herzegovina carried out indirect supervision of the conduct of the company relating to the motor insurance premium scheme, as well as the conditions and tariffs for accident and road vehicle insurance in one case of the insured. The record was sent to the company on 19 March 2019. The company submitted some comments regarding the Agency's record which were duly taken into account. The procedure has been completed.

The Insurance Supervision Agency of the Federation of Bosnia and Herzegovina carried out indirect supervision of the company's documents and forms. The Agency found an inconsistency between the insurance acquisition costs and administration according to the Agency's legal acts. The Agency ordered the company to eliminate the irregularities by 31 December 2021. The company prepared an action plan for the elimination of irregularities and submitted it to the Agency.

■ Sarajevostan d.o.o.

The Tax Administration of the Federation of Bosnia and Herzegovina conducted an inspection of the calculation, reporting and payment of public revenues in the associate Sarajevostan d.o.o., for the period from 1 January 2013 to 28 February 2018. The company received the Agency's record establishing an additional tax liability of BAM 2,119,159. The Tax Administration ignored the comments that the company submitted regarding the record and issued a decision ordering the company to pay BAM 2,333,435. The company appealed against the decision, but the appeal was not granted. The company initiated an administrative dispute and a temporary order staying enforcement was issued pending the conclusion of the administrative dispute.

■ Triglav Osiguranje a.d., Skopje

The Insurance Supervision Agency of the Republic of North Macedonia conducted a review of business that covered certain segments of the company's operations in the period from 1 January 2017 to 30 September 2018. The supervision was focused on evaluating the performance of the certified actuary in the company and the associated risks. On 4 April 2019, the Agency sent the final record to the company, and on 27 May 2019 the decision to eliminate the inconsistencies set out in the record. The Agency found no breaches. In the final record and the decision, the Agency made recommendations for the elimination of the identified inconsistencies. Within the set deadlines, the company sends to the Agency the reports on the performed activities in accordance with the record and the decision.

■ Triglav Osiguranje Život a.d., Skopje

In November 2018, the Insurance Supervision Agency carried out the supervision of the company's operations in the information technology (IT) field. On 19 February 2019, the record on the on-the-spot supervision No. UP1 08-1-895 and the order to eliminate the irregularities identified in the record were submitted to the company. The Agency found that the information system was completely dependent on external providers. It also found that the company did not have a business continuity system set up and that it did not have a risk register in place. The company eliminated all irregularities within the set deadlines. The procedure has been completed.

The Insurance Supervision Agency carried out the supervision of the business of Triglav Osiguranje Život a.d., Skopje, and on 19 August 2019 issued a record thereon. Based on the reports for the second quarter of 2019, the Agency found that the company's operations did not comply with the legislation. On 30 July 2019, the company informed the Agency that it had fully aligned the investments of assets covering mathematical reserves with the required legal restrictions. The procedure has been completed.

■ Triglav, Zdravstvena Zavarovalnica d.d.

The Market Inspectorate of the Republic of Slovenia carried out supervision regarding possible unfair sales practices. The procedure was terminated without breaches found and measures imposed.

The Market Inspectorate of the Republic of Slovenia carried out supervision regarding possible unfair insurance terms and conditions and distance underwriting. The procedure is in progress.

■ Triglav Upravljanje nekretninama d.o.o., Zagreb

In 2016, Triglav Osiguranje d.d., Zagreb, established Triglav upravljanje nekretninama d.o.o., Zagreb, and transferred its investment property to said company through capital increase. At the end of 2016, Triglav, Upravljanje nepremičnin d.d., Slovenia, as a specialised real property management company in the Triglav Group, purchased from Triglav Osiguranje d.d., Zagreb, all of its participating interests in Triglav upravljanje nekretninama d.o.o., Zagreb, and became the sole partner of said company. In 2019, tax control was carried out in Triglav Osiguranje d.d., Zagreb, and the taxpayer Triglav, Upravljanje nekretninama d.o.o., Zagreb, was issued decisions for the payment of real estate sales tax by the competent tax offices for all real estate that was the subject of capital increase in 2016, in the total amount of HRK 1,249,648.97. Given that in accordance with the issued tax decisions the appeals do not stay the execution, the taxpayer Triglav, Upravljanje nekretninama d.o.o., paid the tax and filed appeals against all issued decisions, but the appeals have not yet been decided.

5.10. Subsequent events

In the period from the end of the reporting period and the date of approval of the financial statements, no adjusting events occurred that would affect the prepared consolidated and separate financial statements of Zavarovalnica Triglav for 2019, as well as no material corrective events. Business events in the said period may also have no impact on the financial statements for the year 2019.

New International Financial Reporting Standards came into force in 2019, affecting the valuation of individual balance sheet items. Details are presented in the next section.

In early March 2020, international financial markets saw major changes in prices over a short period of time, primarily as a result of uncertainty surrounding the effects of the spread of coronavirus infections on the global economy. We have witnessed a steep decline in share prices and some commodities (e.g. oil), a further sharp fall in risk-free interest rates and an increase in credit spreads.

The Triglav Group is exposed to these movements on the financial markets particularly in the context of market risks related to asset and liability portfolios. The Group regularly monitors and manages all these risks within the framework of a comprehensive risk management system, as described in detail in [[→ Risk Management Report, Section 2.4](#)] of the Annual Report

No events occurring after the reporting date were material to the financial statements for 2019.

5.11. New and amended standards with interpretations

The accounting policies used in the preparation of the consolidated and separate financial statements are consistent with those of the consolidated and separate financial statements of Zavarovalnica Triglav for the year ended 31 December 2018, except for the new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2019, which are presented below.

IFRS 16: Leases

The new accounting standard IFRS 16 Leases is effective from 1 January 2019, and is a mandatory change in the accounting policy. In implementing this standard, the simplified transition approach was used. As at 1 January 2019, right-of-use assets were recognised in the amount of the recognised lease liability in the amount of the present value of future payments. Potential initial direct costs were not taken into account in the right-of-use assets. In the initial calculation, no differences were recognised in retained profit or loss. Comparative data for 2018 are not adjusted.

In calculating the initial values, an interest rate was used which is a combination of the interest rate on risk-free government bonds and the credit spread for an individual company. The interest rate also varies by lease term. In calculating the initial values, the weighted average discount rate of approximately 4.5% was used for the Triglav Group and 1.7% for Zavarovalnica Triglav. The initial value of right-of-use assets as at 1 January 2019 amounted to EUR 12,193,805 for the Triglav Group and EUR 4,681,658 for Zavarovalnica Triglav. The right-of-use assets and lease liabilities are disclosed in the statement of financial position as separate items.

Exemptions were used in the calculation of rights and liabilities. Short-term leases (leases up to 12 months) and leases of low-value assets (the purchase price of underlying assets is less than USD 5,000) were excluded. Such exemptions are disclosed in the same way as in the previous year, i.e. as lease expenses under operating expenses. Right-of-use assets are depreciated on a straight-line basis over the lease term. For leases for an indefinite period, lease term was assessed based on the option of renewal or termination. For fixed-term leases, lease term was individually assessed. The guidelines set out in the strategy of the Triglav Group were taken into account in the assessment. Leases predominantly have a fixed or variable payment, which largely depends on the consumer price index. Depreciation expenses are recognised within operating expenses and interest expenses within finance costs.

No gains or losses on leaseback transactions and no costs associated with variable lease payments not included in the measurement of lease liabilities were recorded in 2019.

The Triglav Group as a lessor has only operating leases. Leased assets are recognised as investment property. Lease agreements are largely concluded for an indefinite period of time with a one-year notice period. Lessees have no purchase option at the end of the lease term.

IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (amendments)

The amendments address concerns arising from implementing the new IFRS 9 Financial Instruments, before the new standard, which is currently under development and applies to insurance contracts, comes into effect. The new standard will replace the existing IFRS 4. The amendments provide two options when accounting for insurance contracts: a temporary exemption from applying IFRS 9 and the overlay approach, which allows the entities issuing insurance contracts falling within the scope of IFRS 4 to re-classify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets.

Due to the adoption of the new standard that addresses insurance contracts, IFRS 17, insurance companies may apply the standard from 1 January 2022. The deferral condition is that the carrying amount of liabilities arising from the insurance business is at least 90% of total carrying amount of liabilities. The fulfilment of the conditions was verified as at 31 December 2015. The calculation is shown in the table below. There have been no changes since 31 December 2015 that would significantly impact the fulfilment of the conditions.

	in EUR	
	Triglav Group	Zavarovalnica Triglav
	31 December 2015	31 December 2015
Insurance technical provisions	2,600,442,123	2,053,864,286
Total liabilities	2,789,412,299	2,154,872,319
Ratio of insurance liabilities to total liabilities	93 %	95 %

The table below presents an analysis of the fair value of financial assets at the end of the reporting period and the corresponding change in fair value during the reporting period. Financial assets are divided into assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding (SPPI), excluding any financial assets held for trading, and all other financial assets.

	in EUR			
	Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding		Other financial assets	
Triglav Group	Fair value as at 1 January 2019	Fair value as at 31 December 2019	Fair value as at 1 January 2019	Fair value as at 31 December 2019
Debt securities	1,872,407,991	2,431,352,987	447,334,376	36,781,268
Equity securities	0	0	166,413,190	220,357,062
Derivatives	0	0	1,393,263	0
Loans and deposits	122,466,039	92,994,219	0	237
Cash and cash equivalents	67,601,696	75,860,559	0	0
Total	2,062,475,726	2,600,207,766	615,140,829	257,138,568

	in EUR			
	Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding		Other financial assets	
Zavarovalnica Triglav	Fair value as at 1 January 2019	Fair value as at 31 December 2019	Fair value as at 1 January 2019	Fair value as at 31 December 2019
Debt securities	1,463,225,281	1,780,053,478	239,471,377	21,689,527
Equity securities	0	0	85,583,228	109,481,949
Derivatives	0	0	1,393,263	0
Loans and deposits	83,408,015	39,767,882	0	0
Cash and cash equivalents	17,998,487	19,226,740	0	0
Total	1,564,631,783	1,839,048,101	326,447,868	131,171,475

The table below shows the carrying amount of assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding by credit risk rating grades. The carrying amount is measured in accordance with IAS 39 prior to any impairment allowance for assets measured at amortised cost.

in EUR

Triglav Group	Ratings of assets whose cash flows are solely payments of principal and interest on the principal amounts outstanding					Total
	Unrated	AAA	AA/A	BBB	BB/B	
Debt securities	108,116,108	247,171,318	1,082,994,012	762,566,583	186,269,334	2,387,117,356
Loans and deposits	76,563,224	0	0	9,006	17,087,874	93,660,104
Cash and cash equivalents	41,050,172	0	4,934	784,740	34,029,938	75,869,784
Total	225,729,504	247,171,318	1,082,998,947	763,360,329	237,387,145	2,556,647,244

in EUR

Zavarovalnica Triglav	Ratings of assets whose cash flows are solely payments of principal and interest on the principal amounts outstanding					Total
	Unrated	AAA	AA/A	BBB	BB/B	
Debt securities	66,741,227	218,250,696	921,484,864	471,911,635	59,998,306	1,738,386,727
Loans and deposits	30,588,373	0	0	0	10,367,170	40,955,543
Cash and cash equivalents	5,083,695	0	4,934	34,962	14,103,149	19,226,740
Total	102,413,294	218,250,696	921,489,799	471,946,597	84,468,624	1,798,569,010

The table below shows the fair value and carrying amount of assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding and for which the Group determined that their credit risk was not low. The carrying amount is measured in accordance with IAS 39 prior to any impairment allowance for assets measured at amortised cost.

in EUR

Triglav Group	Assets whose contractual cash flows are solely payments of principal and interest and do not have a low rating	
	Fair value	Carrying amount
Debt securities	295,175,613	294,385,442
Loans and deposits	92,985,180	93,651,097
Cash and cash equivalents	75,070,885	75,080,110
Total	463,231,678	463,116,649

in EUR

Zavarovalnica Triglav	Assets whose contractual cash flows are solely payments of principal and interest and do not have a low rating	
	Fair value	Carrying amount
Debt securities	126,747,278	126,739,532
Loans and deposits	37,327,369	38,515,029
Cash and cash equivalents	19,226,740	19,226,740
Total	183,301,387	184,481,301

IFRS 9: Prepayment Features with Negative Compensation (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments allow financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be »negative compensation«), to be measured at amortised cost or at fair value through other comprehensive income. The amendments do not have an impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 19: Plan Amendment, Curtailment or Settlement (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments to the accounting standard require companies to determine the service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement based on updated actuarial assumptions. The amendments also clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments do not have any impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 28: Long-term Interests in Associates and Joint Ventures (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments address the issue whether the measurement of long-term interests (particularly in terms of impairment requirements regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture) falls within the scope of IFRS 9, IAS 28 or a combination of both. The amendments clarify that an entity must apply IFRS 9 Financial Instruments before applying IAS 28 to recognise long-term interests not measured using the equity method. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that result from the application of IAS 28. The amendments do not have an impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

The interpretations are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The interpretation addresses the uncertainty in accounting for income tax that affects the application of IAS 12. The interpretation provides guidance on accounting for uncertain tax treatments separately or together, examination by taxation authorities, the appropriate method that reflects the uncertainty, and on considering changes in facts and circumstances. The interpretation does not have an impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

Annual improvements to IFRS standards 2015 – 2017 cycle

The International Accounting Standards Board (IASB) issued the annual improvements to IFRS 2015–2017 cycle. The improvements do not have any impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

Amendments to various standards arise from the IFRS annual improvements project (IFRS 3, IFRS 11, IAS 12 and IAS 23), which are primarily aimed at eliminating inconsistencies and clarifying the wording. The amendments include the following clarifications:

IFRS 3: an entity remeasures its previously held interest in a joint operation when it obtains control over a business entity;

IFRS 11: if an entity obtains joint control of a business entity, it does not remeasure its previously held interest in the joint operation;

IAS 12: an entity accounts for all income tax consequences of dividend payments in the same way;

IAS 23: an entity treats as general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale (IAS 23).

Standards not yet effective and not early adopted by the Company*IFRS 17: Insurance Contracts*

This standard applies for annual periods beginning on or after 1 January 2022, with earlier application permitted provided that an entity also reports in accordance with IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. IFRS 17 Insurance Contracts thus establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard also requires that similar principles be applied to reinsurance contracts and investment contracts with discretionary participation features. The objective of the standard is to ensure that an entity provides relevant information that faithfully represents those contracts. This information enables users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the entity's financial position, financial performance and cash flows. This standard has not yet been endorsed by the European Union. The management is still assessing the effects of the transition to the new standard.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The International Accounting Standards Board indefinitely deferred the effective date of the standard, pending the identify the of its research project on the equity method of accounting. These amendments to the standard have not yet been endorsed by the European Union. The management is still assessing the impact of the amendments on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS Conceptual Framework

The International Accounting Standards Board (IASB) published the revised Conceptual Framework for Financial Reporting (Conceptual Framework) on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to understand and interpret the standards. The IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The objective of the IASB is to provide support for the transition to the revised Conceptual Framework to entities that develop their accounting policies based on the guidance of the Conceptual Framework when no standard applies to a particular transaction. For preparers that use the Conceptual Framework to develop their accounting policies, the revised Conceptual Framework is effective for annual periods beginning on or after 1 January 2020. The amendments were endorsed by the European Union on 29 November 2019. The management is still assessing the potential impact of the revision on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 3: Business Combinations (amendments)

The IASB has issued amendments to the definition of a business (amendments to IFRS 3) aimed at resolving the uncertainty that arises when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted. These amendments to the standard have not yet been endorsed by the European Union. The management is still assessing the impact of the amendments on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The amendments clarify the definition of material and how it should be applied. The new definition states that »information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity«. In addition, the IASB clarified the explanation accompanying this definition. The amendments also ensure that the definition of material is consistent across all IFRS. The amendments were endorsed by the European Union on 29 November 2019. The management is still assessing the potential impact of the amendments on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures

The Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) was published by the IASB on 26 September 2019. The changes in Interest Rate Benchmark Reform:

- a) modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- b) are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- c) are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
- d) require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The amendments were endorsed by the European Union on 15 January 2020. The management is still assessing the potential impact of the amendments on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 14 – Regulatory Statutory Deferral

This standard was published by the IASB on 30 January 2014. The objective of the standard is to enable an entity that is a first-time adopter of IFRS to continue to account for regulatory deferral account balances in accordance with its previous GAAP when it adopts IFRS. This standard has not yet been endorsed by the European Union. The management is still assessing the potential impact of the standard on the consolidated and separate financial statements of Zavarovalnica Triglav.

5.12. Segment reporting

Zavarovalnica Triglav is a composite insurance company, providing non-life and life insurance services. As these are integral economic units, separate accounting records and books of account are kept. Distribution of income and expenses between non-life and life insurance is described below. Assets and their sources, including equity, are also disclosed separately.

The management monitors the operations of the Group based by business segments (non-life insurance, life insurance, health insurance and non-insurance operations) and by geographical segments (separately for the Slovene market and foreign markets).

The distribution of income and expenses between segments for reporting purposes is described below.

Reconciliation of total assets

Assets and liabilities items in the statement of financial position by business segment have not been offset. Mutual receivables and liabilities arising from non-life and life insurance operations and deferred tax assets and liabilities have been offset in the consolidated statement of financial position, as shown in the following table:

	in EUR	
	31 December 2019	31 December 2018
Balance sheet total (without offsetting)	2,920,864,739	2,748,856,353
Mutual receivables and liabilities	-8,063,058	-6,491,237
Deferred tax assets and liabilities	-11,661,540	-12,177,591
Offset balance	2,901,140,141	2,730,187,525

Mutual receivables and liabilities arise from cost sharing, as explained below.

Distribution of income and expenses between business segments is described below.

Income

Income from insurance premiums is disclosed separately by insurance group and insurance class, as well as by geographical areas (separately for Slovenia and other countries).

Investment income is posted separately by insurance group. Income from investments of assets backing liabilities, guarantee funds and investments not financed from insurance technical provisions are posted separately. The latter are also accounted for separately by insurance group.

Other income from insurance operations and other income is accounted for by insurance groups. In order to ensure an appropriate presentation of the insurance-technical result, income from non-insurance operations is disclosed as other income. Other net income from insurance operations is accounted for separately by insurance group.

All income is also accounted for separately according to geographical segmentation – for Slovenia and for other countries.

Expenses

Net claims incurred are disclosed separately by insurance group and insurance class. Direct claim handling costs are posted by insurance class. Part of the claim handling costs, primarily accounted for by their natural type within operating costs, is shown by insurance groups and insurance classes directly and by using a matrix that is the same as that used for distributing other operating costs.

Changes in insurance technical provisions (provisions for bonuses and discounts and other insurance technical provisions) are accounted for directly by insurance group and by insurance class.

Investment expenses are posted separately by insurance groups. Within individual insurance groups, expenses from investments are disclosed separately for assets backing liabilities, long-term business funds and investments not financed by insurance technical provisions. The latter are also accounted for separately by insurance group.

Other net insurance expenses are accounted for separately by insurance group, the same as other expenses from insurance operations and other expenses. In order to ensure the appropriate presentation of the insurance-technical result, operating expenses of non-insurance companies are disclosed as other expenses in the income statement. In the Notes to financial statements they are disclosed also by nature.

Furthermore, all expenses are accounted for by geographical area – separately for Slovenia and for other countries.

Additional disclosures of Triglav Group and Zavarovalnica Triglav

Depreciation and amortisation charges by business segment are disclosed under operating expenses in [→ [Section 4.12](#)].

Values of investments in intangible assets, property, plant and equipment and investment property by business segments are shown in the table below:

						in EUR
Triglav Group						
2019	Non-life	Life	Health	Non-insurance	TOTAL	
Investments in intangible assets	4,114,609	1,802,291	229,266	674,639	6,820,806	
Investments in property, plant and equipment	8,407,222	219,571	139,002	556,087	9,321,882	
Investments in investment property	4,483,999	0	0	976,497	5,460,496	

						in EUR
Triglav Group						
2018	Non-life	Life	Health	Non-insurance	TOTAL	
Investments in intangible assets	4,188,537	2,903,592	446,164	50,994	7,589,287	
Investments in property, plant and equipment	10,294,540	106,068	201,401	364,678	10,966,687	
Investments in investment property	3,567,161	0	0	515,255	4,082,416	

The highest exposure of Triglav Group to individual financial institutions is:

- in non-life insurance, exposure to SBERBANK, d.d. of EUR 20,796,540;
- in life insurance, exposure to AGATE ASSETS SA of EUR 27,822,762;
- in health insurance, exposure to N.V.Bank Nederlandse Gemeenten of EUR 805,697;
- in non-insurance, exposure to Abanka, d.d. of EUR 17,312,698.

Zavarovalnica Triglav 2019	Non-life	Life	in EUR TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	2,906,839	1,769,875	4,676,714
Investments in property, plant and equipment	3,786,310	77,405	3,863,715
Investments in investment property	4,204,291	0	4,204,291
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-9,469,409	-1,714,845	-11,184,254
Depreciation of right of use assets	-861,070	-170,409	-1,031,479
Expenses from the impairment of premium and subrogation receivables	-11,947,278	0	-11,947,278
Income from reversal of impairment of receivables	9,667,270	11,963	9,679,233
Expenses from impairment of investment property	-164,017	0	-164,017
Expenses from impairment of other receivables	-101,513	-5,246	-106,759
Income from reversal of impairment of other receivables	61,134	19	61,153

Zavarovalnica Triglav 2018	Non-life	Life	in EUR TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	1,568,480	2,855,814	4,424,294
Investments in property, plant and equipment	6,416,064	38,160	6,454,224
Investments in investment property	3,549,655	0	3,549,655
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-9,047,736	-1,493,898	-10,541,634
Expenses from the impairment of premium and subrogation receivables	-11,366,213	0	-11,366,213
Income from reversal of impairment of receivables	10,145,070	1,773	10,146,843
Expenses from impairment of property, plant and equipment	0	0	0
Expenses from impairment of other receivables	-83,662	-31,616	-115,278
Income from reversal of impairment of other receivables	318,031	7,376	325,407

Maximum individual exposure of Zavarovalnica Triglav to financial institutions is:

- for non-life insurance: SBERBANK d.d.: EUR 19,572,908 and
- for life insurance: AGATE ASSETS SA: EUR 27,822,762.

	2019					2018					in EUR
Triglav Group											
Other comprehensive income by business segments	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	
NET PROFIT FOR THE YEAR AFTER TAX	62,896,114	17,244,702	4,373,002	-649,389	83,864,429	62,862,390	12,486,107	3,108,231	2,369,517	80,826,245	
OTHER COMPREHENSIVE INCOME AFTER TAX	8,911,767	4,510,742	411,447	4,169,509	18,003,465	-18,027,432	-5,534,695	-683,406	-4,686,425	-28,931,958	
Items which will not be transferred in P&L in future periods	-307,238	-47,664	-20,212	24,020	-351,094	-243,770	-41,662	-13,613	-4,380	-303,425	
Net actuarial gains/losses for pension plans	-307,238	-47,664	-20,212	24,020	-351,094	-243,770	-41,662	-13,613	-4,505	-303,550	
Tax on items which will not be transferred in P&L	0	0	0	0	0	0	0	0	125	125	
Items which could be transferred into P&L in future periods	9,219,005	4,558,406	431,659	4,145,489	18,354,559	-17,783,662	-5,493,033	-669,793	-4,682,045	-28,628,533	
Fair value gains/losses on available-for-sale financial assets	10,813,731	9,580,568	532,912	7,563,077	28,490,288	-22,207,016	-21,643,500	-826,905	-5,414,080	-50,091,501	
– net gains/losses recognized directly in equity	17,832,579	15,014,263	654,159	7,837,795	41,338,796	-12,938,575	-16,334,830	-981,222	-1,797,972	-32,052,599	
– transfers from equity to income statement	-7,018,848	-5,433,695	-121,247	-274,718	-12,848,508	-9,268,441	-5,308,670	154,317	-3,616,108	-18,038,902	
Fair value gains/losses on non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	
Share of OCI of entities accounted for using the equity method	0	0	0	0	0	0	0	0	-310,367	-310,367	
Liabilities from insurance contracts with DPF	0	-4,005,357	0	0	-4,005,357	0	12,510,378	0	0	12,510,378	
Currency translation differences	186,748	-37,740	0	-11,565	137,443	57,124	57,100	0	13,259	127,483	
Tax on other comprehensive income	-1,781,474	-979,065	-101,253	-3,406,023	-6,267,815	4,366,230	3,582,989	157,112	1,029,143	9,135,474	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	71,807,881	21,755,444	4,784,449	3,520,120	101,867,894	44,834,958	6,951,412	2,424,825	-2,316,908	51,894,287	
Controlling interest	71,601,272	21,745,624	4,784,449	3,535,233	101,666,578	44,606,567	6,962,392	2,424,825	-2,291,015	51,702,769	
Non-controlling interest	206,609	9,820	0	-15,113	201,316	228,391	-10,980	0	-25,893	191,518	

	2019			2018			in EUR
Zavarovalnica Triglav							
Other comprehensive income by business segments	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
Net profit for the year after tax	56,289,644	14,324,772	70,614,416	58,259,539	7,284,325	65,543,864	
Other comprehensive income after tax	5,745,525	837,468	6,582,993	-15,894,778	-4,102,785	-19,997,563	
Items which will not be transferred in P&L in future periods	-261,844	-47,664	-309,508	-224,491	-41,662	-266,153	
Actuarial gains and losses related to post-employment benefits on retirement	-261,844	-47,664	-309,508	-224,491	-41,662	-266,153	
Tax on items which will not be transferred in P&L				0	0	0	
Items which could be transferred into P&L in future periods	6,007,369	885,132	6,892,501	-15,670,287	-4,061,123	-19,731,410	
Fair value gains/losses on available-for-sale financial assets	7,416,505	5,858,245	13,274,750	-19,346,033	-20,168,855	-39,514,888	
– net gains/losses recognized directly in equity	13,649,773	11,383,441	25,033,214	-10,991,664	-14,819,878	-25,811,542	
– transfers from equity to income statement	-6,233,268	-5,525,196	-11,758,464	-8,354,369	-5,348,977	-13,703,346	
Liabilities from insurance contracts with DPF	0	-4,005,357	-4,005,357	0	12,510,379	12,510,379	
Tax on other comprehensive income	-1,409,136	-967,756	-2,376,892	3,675,746	3,597,353	7,273,099	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	62,035,169	15,162,240	77,197,409	42,364,761	3,181,540	45,546,301	

5.12.1. Reporting by business segment for Triglav Group

The statement of financial position and income statement by business segment are shown below for the reporting and the previous year.

In the consolidation process, the key inter–company eliminations between segments which influenced their profit/loss were the following: acquisition costs and acquisition income, premium income and operating expenses. The aforementioned eliminations had no impact on the consolidated profit/loss. The key inter–company eliminations, which did impact both the profit/loss of individual segments and the consolidated profit/loss, were the effects of the capital, business combinations, the disposal of controlling interests in subsidiaries and the elimination of investment impairments in subsidiaries. These effects are reflected in investment income and expenses. Consolidated profit was also affected by the elimination of intragroup leases.

The management monitors the operations of the Group according to the following main segments:

- non-life insurance,
- life insurance,
- health insurance and
- non-insurance operations.

The non-insurance segment includes real estate management, financial asset management and other support activities in conducting insurance business.

	31 December 2019						in EUR
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after elimi-nations)
ASSETS	1,886,331,447	2,127,584,025	69,867,321	200,898,657	4,284,681,450	-347,681,630	3,936,999,820
Intangible assets	73,873,704	4,960,073	1,410,073	21,481,875	101,725,725	0	101,725,725
Property, plant and equipment	95,558,447	10,287,688	1,330,907	6,895,248	114,072,290	0	114,072,290
Deferred tax assets	11,673,552	286,682	179,837	322,011	12,462,082	0	12,462,082
Investment property	48,371,952	1,867,050	0	25,659,463	75,898,465	4,023,015	79,921,480
Right of use assets	11,003,727	818,995	813,973	2,416,991	15,053,686	-4,115,761	10,937,925
Investments in subsidiaries	127,367,858	15,104,174	0	72,875,056	215,347,088	-215,347,088	0
Investments in associates	12,628,315	526,064	0	0	13,154,379	0	13,154,379
Financial assets	1,081,648,504	2,054,668,134	57,376,656	42,720,774	3,236,414,068	-14,351,828	3,222,062,240
Financial investments	1,081,648,504	1,572,636,846	57,376,656	42,720,774	2,754,382,780	-14,351,828	2,740,030,952
– loans and deposits	82,447,820	28,035,356	108	11,294,539	121,777,823	-9,199,672	112,578,151
– held to maturity	0	186,109,072	0	0	186,109,072	0	186,109,072
– available for sale	938,892,715	803,897,253	57,376,548	31,426,235	1,831,592,751	-4,652,335	1,826,940,416
– recognised at fair value through profit and loss	60,307,969	554,595,165	0	0	614,903,134	-499,821	614,403,313
Unit–linked insurance assets	0	482,031,288	0	0	482,031,288	0	482,031,288
Reinsurers’ share of technical provisions	174,939,813	372,098	1,977,798	0	177,289,709	-74,541,903	102,747,806
Receivables	218,205,416	3,401,672	6,225,706	9,702,838	237,535,632	-43,299,884	194,235,748
– receivables from direct insurance operations	98,750,207	940,602	5,904,061	39,889	105,634,759	-174,930	105,459,829
– receivables from reinsurance and coinsurance operations	98,989,542	212,839	191,854	0	99,394,235	-41,404,733	57,989,502
– current tax receivables	194,416	1,172	0	1,085,761	1,281,349	0	1,281,349
– other receivables	20,271,251	2,247,059	129,791	8,577,188	31,225,289	-1,720,221	29,505,068
Other assets	4,718,106	74,106	60,856	841,262	5,694,330	-48,181	5,646,149
Cash and cash equivalents	26,342,053	35,217,289	491,515	13,818,918	75,869,775	0	75,869,775
Non–current assets held for sale	0	0	0	4,164,221	4,164,221	0	4,164,221
EQUITY AND LIABILITIES	1,886,331,447	2,127,584,025	69,867,321	200,898,657	4,284,681,450	-347,681,630	3,936,999,820
Equity	624,320,880	163,093,029	34,970,059	179,818,228	1,002,202,196	-210,250,408	791,951,788
Controlling interests	624,320,880	163,093,029	34,970,059	179,818,228	1,002,202,196	-212,676,073	789,526,123
– share capital	114,718,513	48,491,866	25,822,144	104,271,537	293,304,060	-219,602,668	73,701,392
– share premium	43,118,794	13,658,827	0	20,596,489	77,374,110	-27,097,473	50,276,637
– reserves from profit	304,169,128	47,203,902	759,573	1,737,217	353,869,820	864,454	354,734,274
– treasury share reserves	0	0	0	0	0	364,680	364,680
– treasury shares	0	0	0	0	0	-364,680	-364,680
– fair value reserve	56,592,416	13,594,911	1,357,420	13,742,971	85,287,718	-1,187,794	84,099,924
– net profit brought forward	63,783,256	26,125,799	4,385,242	35,792,884	130,087,181	35,808,989	165,896,170
– net profit for the year	43,800,570	14,660,149	2,645,680	3,713,810	64,820,209	-1,415,385	63,404,824
– currency translation differences	-1,861,797	-642,425	0	-36,680	-2,540,902	-46,196	-2,587,098
– reserve of disposal group held for sale	0	0	0	0	0	0	0
Non-controlling interests	0	0	0	0	0	2,425,665	2,425,665
Subordinated liabilities	60,160,065	9,839,385	1,500,000	0	71,499,450	-6,652,157	64,847,293
Insurance technical provisions	1,008,682,231	1,438,237,510	21,698,247	0	2,468,617,988	-74,690,652	2,393,927,336
– unearned premiums	343,950,574	443,779	3,436,474	0	347,830,827	-15,319,892	332,510,935
– mathematical provisions	0	1,404,439,748	0	0	1,404,439,748	0	1,404,439,748
– claims provisions	637,832,876	20,761,018	14,541,924	0	673,135,818	-57,737,074	615,398,744
– other insurance technical provisions	26,898,781	12,592,965	3,719,849	0	43,211,595	-1,633,686	41,577,909
Insurance technical provisions for unit-linked insurance contracts	0	484,942,835	0	0	484,942,835	0	484,942,835
Employee benefits	12,308,513	2,265,686	628,812	670,035	15,873,046	0	15,873,046
Other provisions	1,377,941	127,805	130,334	1,114,320	2,750,400	0	2,750,400
Deferred tax liabilities	13,090,239	5,030,501	0	4,407,808	22,528,548	-11,856	22,516,692
Other financial liabilities	1,746,437	25,699	98,854	1,189,450	3,060,440	-1,196,027	1,864,413
Operating liabilities	91,801,534	11,691,145	5,348,431	138,345	108,979,455	-42,107,124	66,872,331
– liabilities from direct insurance operations	6,784,884	11,128,658	4,346,780	0	22,260,322	-701,778	21,558,544
– liabilities from reinsurance and co-insurance operations	82,218,277	532,812	203,170	0	82,954,259	-41,405,346	41,548,913
– current tax liabilities	2,798,373	29,675	798,481	138,345	3,764,874	0	3,764,874
Lease liabilities	10,997,796	794,424	819,669	2,491,774	15,103,663	-4,187,985	10,915,678
Other liabilities	61,845,811	11,536,007	4,672,915	11,068,697	89,123,430	-8,585,422	80,538,008
Non–current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

	31 December 2018				in EUR		
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	1,760,375,116	1,975,276,808	59,416,391	191,819,384	3,986,887,699	-341,610,212	3,645,277,487
Intangible assets	75,096,273	4,708,358	1,586,002	2,669,415	84,060,048	0	84,060,048
Property, plant and equipment	93,567,305	10,132,292	1,415,752	8,180,704	113,296,053	0	113,296,053
Deferred tax assets	12,360,640	261,140	56,415	215,537	12,893,732	0	12,893,732
Investment property	47,702,415	2,302,311	0	34,471,759	84,476,485	5,363,971	89,840,456
Investments in subsidiaries	124,407,877	15,104,174	0	75,550,601	215,062,652	-215,062,652	0
Investments in associates	11,450,701	611,768	0	2,063,504	14,125,973	0	14,125,973
Financial assets	1,021,305,282	1,905,654,933	48,839,718	38,188,070	3,013,988,003	-22,567,936	2,991,420,067
Financial investments	1,021,305,282	1,503,139,163	48,839,718	38,188,070	2,611,472,233	-22,567,936	2,588,904,297
– loans and deposits	86,843,593	55,853,397	86,107	13,492,572	156,275,669	-17,417,697	138,857,972
– held to maturity	0	196,773,185	0	0	196,773,185	0	196,773,185
– available for sale	929,110,722	804,659,540	48,753,611	24,695,498	1,807,219,371	-4,650,604	1,802,568,767
– recognised at fair value through profit and loss	5,350,967	445,853,041	0	0	451,204,008	-499,635	450,704,373
Unit–linked insurance assets	0	402,515,770	0	0	402,515,770	0	402,515,770
Reinsurers’ share of technical provisions	159,627,897	10,457	1,551,881	0	161,190,235	-75,269,736	85,920,499
Receivables	194,823,677	4,599,971	5,408,784	7,790,707	212,623,139	-33,968,261	178,654,878
– receivables from direct insurance operations	91,221,915	628,631	4,884,391	40,778	96,775,715	-174,387	96,601,328
– receivables from reinsurance and coinsurance operations	80,340,602	8,525	122,142	0	80,471,269	-29,171,366	51,299,903
– current tax receivables	561,791	0	0	17,854	579,645	0	579,645
– other receivables	22,699,369	3,962,815	402,251	7,732,075	34,796,510	-4,622,508	30,174,002
Other assets	4,747,186	84,188	114,694	556,252	5,502,320	-105,598	5,396,722
Cash and cash equivalents	15,285,863	31,807,216	443,145	20,065,436	67,601,660	0	67,601,660
Non–current assets held for sale	0	0	0	2,067,399	2,067,399	0	2,067,399
EQUITY AND LIABILITIES	1,760,375,116	1,975,276,808	59,416,391	191,819,384	3,986,887,699	-341,610,212	3,645,277,487
Equity	604,805,626	150,637,960	31,627,112	168,514,421	955,585,119	-208,722,314	746,862,805
Controlling interests	604,805,626	150,637,960	31,627,112	168,514,421	955,585,119	-211,018,313	744,566,806
– share capital	114,718,513	48,091,866	25,822,144	100,639,031	289,271,554	-215,570,162	73,701,392
– share premium	43,048,225	13,658,827	0	20,674,547	77,381,599	-27,175,059	50,206,540
– reserves from profit	283,812,741	47,163,414	473,752	1,744,009	333,193,916	927,548	334,121,464
– treasury share reserves	0	0	0	0	0	364,680	364,680
– treasury shares	0	0	0	0	0	-364,680	-364,680
– fair value reserve	47,853,573	8,989,544	945,975	10,080,974	67,870,066	-1,632,177	66,237,889
– net profit brought forward	51,019,235	24,525,399	3,190,158	25,363,275	104,098,067	38,385,512	142,483,579
– net profit/loss for the year	66,373,248	8,815,568	1,195,083	10,038,964	86,422,863	-5,889,220	80,533,643
– currency translation differences	-2,019,909	-606,658	0	-26,379	-2,652,946	-64,755	-2,717,701
– reserve of disposal group held for sale	0	0	0	0	0	0	0
Non–controlling interests	0	0	0	0	0	2,295,999	2,295,999
Subordinated liabilities	10,777,635	9,835,316	1,500,000	0	22,112,951	-6,650,240	15,462,711
Insurance technical provisions	981,911,505	1,387,821,429	16,081,286	0	2,385,814,220	-75,311,159	2,310,503,061
– unearned premiums	311,580,455	427,260	2,932,489	0	314,940,204	-14,773,258	300,166,946
– mathematical provisions	0	1,357,233,017	0	0	1,357,233,017	0	1,357,233,017
– claims provisions	643,677,440	20,555,710	9,873,971	0	674,107,121	-59,163,206	614,943,915
– other insurance technical provisions	26,653,610	9,605,442	3,274,826	0	39,533,878	-1,374,695	38,159,183
Insurance technical provisions for unit–linked insurance contracts	0	402,598,039	0	0	402,598,039	0	402,598,039
Employee benefits	11,403,102	2,122,168	550,996	728,308	14,804,574	0	14,804,574
Other provisions	1,068,693	366,467	116,263	368,132	1,919,555	0	1,919,555
Deferred tax liabilities	11,148,486	3,658,070	0	2,397,020	17,203,576	0	17,203,576
Other financial liabilities	5,172,050	25,655	73,938	4,273,413	9,545,056	-3,924,152	5,620,904
Operating liabilities	69,814,814	8,716,199	5,331,438	798,734	84,661,185	-29,869,130	54,792,055
– liabilities from direct insurance operations	6,613,572	8,637,360	5,166,012	0	20,416,944	-699,015	19,717,929
– liabilities from reinsurance and co–insurance operations	59,430,560	39,784	165,426	0	59,635,770	-29,170,115	30,465,655
– current tax liabilities	3,770,682	39,055	0	798,734	4,608,471	0	4,608,471
Other liabilities	64,273,205	9,495,505	4,135,358	14,739,356	92,643,424	-17,133,217	75,510,207
Non–current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

	2019					2018					in EUR
Income statement	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	
Net premium income	620,166,204	231,200,262	176,262,359	0	1,027,628,825	585,971,063	222,084,638	143,707,161	0	951,762,862	
– gross written premium	775,494,930	231,930,884	176,748,293	0	1,184,174,107	702,217,196	222,162,500	144,014,711	0	1,068,394,407	
– ceded written premium	-135,738,308	-714,789	0	0	-136,453,097	-106,529,888	-95,020	0	0	-106,624,908	
– change in unearned premium reserve	-19,590,418	-15,833	-485,934	0	-20,092,185	-9,716,245	17,158	-307,550	0	-10,006,637	
Income from investments in subsidiaries and associates	208,868	0	0	867,459	1,076,327	197,552	0	0	823,607	1,021,159	
– profit on equity investments accounted for using the equity method	208,868	0	0	307,045	515,913	197,552	0	0	823,607	1,021,159	
– other income from investments in subsidiaries and associates	0	0	0	560,414	560,414	0	0	0	0	0	
Income from investments	32,870,628	151,747,522	886,374	1,484,681	186,989,205	34,632,804	49,788,938	770,319	3,697,016	88,889,077	
– interest income calculated using the effective interest method	16,208,950	36,274,202	631,895	22,695	53,137,742	17,301,940	37,548,168	662,032	61,102	55,573,242	
– gains on disposals	12,106,924	24,015,652	251,753	1,194,490	37,568,819	11,976,273	8,082,627	102,829	3,616,108	23,777,837	
– other income from investments	4,554,754	91,457,668	2,726	267,496	96,282,644	5,354,591	4,158,143	5,458	19,806	9,537,998	
Other income from insurance operations	36,860,695	280,726	42,091	0	37,183,512	29,682,258	117,141	38,582	0	29,837,981	
– fees and commission income	21,841,642	227,613	0	0	22,069,255	15,731,478	74,703	0	0	15,806,181	
– other income from insurance operations	15,019,053	53,113	42,091	0	15,114,257	13,950,780	42,438	38,582	0	14,031,800	
Other income	6,633,071	352,611	79,818	32,455,622	39,521,122	8,416,445	81,218	73,197	27,578,673	36,149,533	
Net claims incurred	349,831,663	181,811,031	152,505,134	0	684,147,828	330,958,972	170,347,333	125,254,093	0	626,560,398	
– gross claims settled	394,737,465	181,736,829	140,267,842	0	716,742,136	391,236,589	169,247,828	119,115,801	0	679,600,218	
– reinsurers' share	-35,136,449	-118,092	0	0	-35,254,541	-39,988,691	-275	0	0	-39,988,966	
– changes in claims provisions	-9,769,353	192,294	4,670,123	0	-4,906,936	-20,288,926	1,099,780	-59,406	0	-19,248,552	
– equalisation scheme expenses for supplementary health insurance	0	0	7,567,169	0	7,567,169	0	0	6,197,698	0	6,197,698	
Change in other insurance technical provisions (excluding ULI)	176,456	58,687,111	445,023	0	59,308,590	-1,062,012	39,919,496	1,002,889	0	39,860,373	
Change in insurance technical provisions for unit-linked insurance contracts	0	69,205,056	0	0	69,205,056	0	-46,889,547	0	0	-46,889,547	
Expenses for bonuses and discounts	11,544,916	16,342	0	0	11,561,258	11,363,385	54,300	0	0	11,417,685	
Operating expenses	191,503,701	35,403,309	17,545,841	0	244,452,851	184,623,966	34,712,670	14,300,789	0	233,637,425	
– acquisition costs	135,465,781	20,245,934	6,854,869	0	162,566,584	134,064,349	19,835,483	5,345,261	0	159,245,093	
– other operating costs	56,037,920	15,157,375	10,690,972	0	81,886,267	50,559,617	14,877,187	8,955,528	0	74,392,332	
Expenses from investments in subsidiaries and associates	84,936	85,704	0	562,704	733,344	40,624	96,468	0	0	137,092	
– loss on investments accounted for using the equity method	84,936	85,704	0	0	170,640	40,624	96,468	0	0	137,092	
– other expenses from financial assets and liabilities	0	0	0	562,704	562,704	0	0	0	0	0	
Expenses from investments	9,657,415	13,913,508	67,088	315,561	23,953,572	10,255,409	56,558,933	46,677	257,467	67,118,486	
– loss on impairment of investments	737,255	111,707	0	0	848,962	962,748	334,735	0	200,000	1,497,483	
– loss on disposal of investments	3,543,500	6,216,066	7,600	0	9,767,166	4,385,692	8,681,959	7,554	53,723	13,128,928	
– other expenses from investments	5,376,660	7,585,735	59,488	315,561	13,337,444	4,906,969	47,542,239	39,123	3,744	52,492,075	
Other insurance expenses	40,947,571	1,550,829	1,066,910	0	43,565,310	32,784,314	367,369	592,452	0	33,744,134	
Other expenses	17,466,023	2,681,377	605,206	33,781,350	54,533,956	14,234,004	2,784,219	29,867	27,570,673	44,618,763	
– expenses from financing	2,497,381	422,456	0	178,665	3,098,502	777,130	604,356	0	2,875	1,384,361	
– other expenses	14,968,642	2,258,921	605,206	33,602,685	51,435,454	13,456,874	2,179,863	29,867	27,567,798	43,234,402	
Profit before tax	75,526,786	20,226,854	5,035,440	148,147	100,937,227	75,701,460	14,120,694	3,362,492	4,271,156	97,455,802	
Income tax expense	12,630,672	2,982,152	662,438	797,536	17,072,798	12,839,070	1,634,587	254,261	1,901,639	16,629,557	
NET PROFIT FOR THE PERIOD	62,896,114	17,244,702	4,373,002	-649,389	83,864,429	62,862,390	12,486,107	3,108,231	2,369,517	80,826,245	
Net profit/loss attributable to the controlling company	62,712,607	17,239,310	4,373,002	-634,275	83,690,644	62,683,418	12,475,561	3,108,231	2,395,544	80,662,753	
Net profit/loss attributable to the non-controlling interest holders	183,507	5,392	0	-15,114	173,785	178,972	10,546	0	-26,027	163,491	

5.12.2. Reporting by business segment for Zavarovalnica Triglav

	31 December 2019			31 December 2018			in EUR
Statement of financial position	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
ASSETS	1,296,007,131	1,624,857,608	2,920,864,739	1,221,102,015	1,527,754,338	2,748,856,353	
Intangible assets	57,101,033	4,823,240	61,924,273	57,598,248	4,564,254	62,162,502	
Property, plant and equipment	60,163,552	8,142,132	68,305,684	59,735,959	8,250,141	67,986,100	
Deferred tax assets	11,414,866	246,674	11,661,540	11,956,605	220,986	12,177,591	
Investment property	45,233,734	857,401	46,091,135	44,056,810	1,213,730	45,270,540	
Right of use assets	4,106,316	0	4,106,316	0	0	0	
Investments in subsidiaries	121,792,669	13,145,998	134,938,667	118,792,669	13,145,998	131,938,667	
Investments in associates	18,054,026	0	18,054,026	16,959,355	0	16,959,355	
Financial assets	763,048,943	1,582,917,049	2,345,965,992	720,655,616	1,486,045,412	2,206,701,028	
Financial investments	763,048,943	1,149,158,439	1,912,207,382	720,655,616	1,119,381,334	1,840,036,950	
– loans and deposits	42,585,064	6,464,783	49,049,847	56,833,143	35,837,166	92,670,309	
– held to maturity	0	150,469,553	150,469,553	0	159,463,950	159,463,950	
– available for sale	663,894,901	718,907,168	1,382,802,069	662,429,210	721,426,295	1,383,855,505	
– recognised at fair value through profit and loss	56,568,978	273,316,935	329,885,913	1,393,263	202,653,923	204,047,186	
Unit-linked insurance assets	0	433,758,610	433,758,610	0	366,664,078	366,664,078	
Reinsurers' share of technical provisions	98,415,614	17,656	98,433,270	87,883,266	10,040	87,893,306	
Receivables	99,996,693	1,782,360	101,779,053	93,426,058	3,046,130	96,472,188	
– receivables from direct insurance operations	68,028,729	372,408	68,401,137	62,281,265	354,072	62,635,337	
– receivables from reinsurance and coinsurance operations	17,218,816	861	17,219,677	18,154,451	3,160	18,157,611	
– current tax receivables	0	0	0	0	0	0	
– other receivables	14,749,148	1,409,091	16,158,239	12,990,342	2,688,898	15,679,240	
Other assets	3,443,061	49,610	3,492,671	3,268,118	28,471	3,296,589	
Cash and cash equivalents	13,236,624	12,875,488	26,112,112	6,769,311	11,229,176	17,998,487	
EQUITY AND LIABILITIES	1,296,007,131	1,624,857,608	2,920,864,739	1,221,102,015	1,527,754,338	2,748,856,353	
Equity	478,889,482	101,590,793	580,480,275	466,409,221	93,711,515	560,120,736	
– share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392	
– share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884	
– reserves from profit	293,448,752	45,513,891	338,962,643	273,448,752	45,513,891	318,962,643	
– fair value reserve	47,533,632	6,326,248	53,859,881	41,774,285	5,485,903	47,260,189	
– net profit brought forward	9,931,936	-2,877	9,929,059	1,241,127	-1,363	1,239,764	
– net profit for the year	36,289,644	14,324,772	50,614,416	58,259,539	7,284,325	65,543,864	
Subordinated liabilities	60,160,066	9,839,385	69,999,451	10,777,635	9,835,316	20,612,951	
Insurance technical provisions	662,915,656	1,050,505,865	1,713,421,521	658,684,690	1,037,458,785	1,696,143,475	
– unearned premiums	232,398,752	392,304	232,791,056	213,519,363	400,574	213,919,937	
– mathematical provisions	0	1,020,231,686	1,020,231,686	0	1,009,712,605	1,009,712,605	
– claims provisions	408,984,759	19,336,004	428,320,763	423,416,968	19,143,220	442,560,188	
– other insurance technical provisions	21,532,145	10,545,871	32,078,016	21,748,359	8,202,386	29,950,745	
Insurance technical provisions for unit-linked insurance contracts	0	435,592,711	435,592,711	0	365,238,075	365,238,075	
Employee benefits	9,826,388	2,066,061	11,892,449	9,212,790	1,954,366	11,167,156	
Other provisions	621,111	111,700	732,811	646,735	111,700	758,435	
Deferred tax liabilities	11,343,388	6,024,831	17,368,219	9,934,252	5,057,075	14,991,327	
Other financial liabilities	1,638,375	1,750	1,640,125	1,585,693	1,750	1,587,443	
Operating liabilities	22,317,389	9,595,349	31,912,738	21,559,229	6,964,343	28,523,572	
– liabilities from direct insurance operations	4,651,168	9,588,327	14,239,495	4,348,116	6,958,719	11,306,835	
– liabilities from reinsurance and co-insurance operations	15,302,053	7,022	15,309,075	13,814,322	5,624	13,819,946	
– current tax liabilities	2,364,168	0	2,364,168	3,396,791	0	3,396,791	
Lease liabilities	4,166,278	0	4,166,278	0	0	0	
Other liabilities	44,128,998	9,529,163	53,658,161	42,291,770	7,421,413	49,713,183	

	2019			2018			in EUR
Income statement	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
Net premium income	394,414,318	179,141,039	573,555,357	378,258,596	173,682,272	551,940,868	
– gross written premium	522,227,959	179,904,010	702,131,969	486,096,461	174,113,971	660,210,432	
– ceded written premium	-118,761,248	-771,505	-119,532,753	-100,859,391	-437,719	-101,297,110	
– change in unearned premium reserve	-9,052,393	8,534	-9,043,859	-6,978,474	6,020	-6,972,454	
Income from investments in subsidiaries and associates	3,642,440	0	3,642,440	5,231,767	73,778	5,305,545	
– profit on equity investments accounted for using the equity method	0	0	0	0	0	0	
– other income from investments in subsidiaries and associates	3,642,440	0	3,642,440	5,231,767	73,778	5,305,545	
Income from investments	23,082,111	118,430,116	141,512,227	24,439,758	37,315,377	61,755,135	
– interest income calculated using the effective interest method	9,238,349	25,898,500	35,136,849	9,974,613	26,915,406	36,890,019	
– gains on disposals	10,513,445	21,545,989	32,059,434	10,575,678	7,945,971	18,521,649	
– other income from investments	3,330,317	70,985,627	74,315,944	3,889,467	2,454,000	6,343,467	
Other income from insurance operations	29,490,605	264,398	29,755,003	27,303,374	145,010	27,448,384	
– fees and commission income	19,598,985	249,021	19,848,006	16,885,011	119,121	17,004,132	
– other income from insurance operations	9,891,620	15,377	9,906,997	10,418,363	25,889	10,444,252	
Other income	7,216,917	4,138,518	11,355,435	8,468,264	4,023,715	12,491,979	
Net claims incurred	217,114,940	159,645,937	376,760,877	210,564,633	149,377,041	359,941,674	
– gross claims settled	265,384,653	159,819,727	425,204,380	272,247,890	148,754,692	421,002,582	
– reinsurers' share	-31,136,225	-359,222	-31,495,447	-37,665,083	-102,530	-37,767,613	
– changes in claims provisions	-17,133,488	185,432	-16,948,056	-24,018,174	724,879	-23,293,295	
Change in other insurance technical provisions (excluding ULI)	265,640	22,072,501	22,338,141	-824,163	30,323,553	29,499,390	
Change in insurance technical provisions for unit-linked insurance contracts	0	57,140,018	57,140,018	0	-50,884,979	-50,884,979	
Expenses for bonuses and discounts	9,721,522	0	9,721,522	10,571,287	0	10,571,287	
Operating expenses	125,759,389	32,146,776	157,906,165	121,357,937	31,650,981	153,008,918	
– acquisition costs	89,452,908	21,415,472	110,868,380	89,212,605	21,017,507	110,230,112	
– other operating costs	36,306,481	10,731,304	47,037,785	32,145,332	10,633,474	42,778,806	
Expenses from investments in subsidiaries and associates	195,478	0	195,478	4,759	0	4,759	
– loss on investments accounted for using the equity method	0	0	0	0	0	0	
– other expenses from financial assets and liabilities	195,478	0	195,478	4,759	0	4,759	
Expenses from investments	7,956,648	10,425,287	18,381,935	8,100,760	42,828,967	50,929,727	
– loss on impairment of investments	249,476	94,699	344,175	942,865	306,012	1,248,877	
– loss on disposal of investments	3,530,238	6,149,273	9,679,511	4,015,614	8,550,750	12,566,364	
– other expenses from investments	4,176,934	4,181,315	8,358,249	3,142,281	33,972,205	37,114,486	
Other insurance expenses	14,366,392	584,315	14,950,707	11,481,635	338,004	11,819,639	
Other expenses	15,120,494	2,693,518	17,814,012	12,852,347	2,741,897	15,594,244	
– expenses from financing	2,270,915	596,215	2,867,130	874,476	632,546	1,507,022	
– other expenses	12,849,579	2,097,303	14,946,882	11,977,871	2,109,351	14,087,222	
Profit before tax	67,345,888	17,265,719	84,611,607	69,592,564	8,864,688	78,457,252	
Income tax expense	11,056,244	2,940,947	13,997,191	11,333,025	1,580,363	12,913,388	
NET PROFIT FOR THE PERIOD	56,289,644	14,324,772	70,614,416	58,259,539	7,284,325	65,543,864	

5.12.3. Reporting by geographical area for Triglav Group

	in EUR				
	31 December 2019				
Statement of financial position	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	3,838,569,798	446,111,652	4,284,681,450	-347,681,630	3,936,999,820
Intangible assets	86,275,221	15,450,504	101,725,725	0	101,725,725
Property, plant and equipment	72,964,687	41,107,603	114,072,290	0	114,072,290
Deferred tax assets	12,141,162	320,920	12,462,082	0	12,462,082
Investment property	69,084,866	6,813,599	75,898,465	4,023,015	79,921,480
Right of use assets	6,838,989	8,214,697	15,053,686	-4,115,761	10,937,925
Investments in subsidiaries	209,585,814	5,761,274	215,347,088	-215,347,088	0
Investments in associates	13,154,379	0	13,154,379	0	13,154,379
Financial assets	2,973,735,046	262,679,022	3,236,414,068	-14,351,828	3,222,062,240
Financial investments	2,513,307,413	241,075,367	2,754,382,780	-14,351,828	2,740,030,952
– loans and deposits	74,692,193	47,085,630	121,777,823	-9,199,672	112,578,151
– held to maturity	166,255,014	19,854,058	186,109,072	0	186,109,072
– available for sale	1,663,388,304	168,204,447	1,831,592,751	-4,652,335	1,826,940,416
– recognised at fair value through profit and loss	608,971,902	5,931,232	614,903,134	-499,821	614,403,313
Unit-linked insurance assets	460,427,633	21,603,655	482,031,288	0	482,031,288
Reinsurers' share of technical provisions	150,961,953	26,327,756	177,289,709	-74,541,903	102,747,806
Receivables	181,409,391	56,126,241	237,535,632	-43,299,884	194,235,748
– receivables from direct insurance operations	74,305,445	31,329,314	105,634,759	-174,930	105,459,829
– receivables from reinsurance and coinsurance operations	84,833,856	14,560,379	99,394,235	-41,404,733	57,989,502
– current tax receivables	1,067,973	213,376	1,281,349	0	1,281,349
– other receivables	21,202,117	10,023,172	31,225,289	-1,720,221	29,505,068
Other assets	4,099,703	1,594,627	5,694,330	-48,181	5,646,149
Cash and cash equivalents	54,303,470	21,566,305	75,869,775	0	75,869,775
Non-current assets held for sale	4,015,117	149,104	4,164,221	0	4,164,221
EQUITY AND LIABILITIES	3,838,569,798	446,111,652	4,284,681,450	-347,681,630	3,936,999,820
Equity	881,561,015	120,641,181	1,002,202,196	-210,250,408	791,951,788
Controlling interests	881,561,015	120,641,181	1,002,202,196	-212,676,073	789,526,123
– share capital	192,452,158	100,851,902	293,304,060	-219,602,668	73,701,392
– share premium	75,746,998	1,627,112	77,374,110	-27,097,473	50,276,637
– reserves from profit	343,392,459	10,477,361	353,869,820	864,454	354,734,274
– treasury share reserves	0	0	0	364,680	364,680
– treasury shares	0	0	0	-364,680	-364,680
– fair value reserve	73,405,014	11,882,704	85,287,718	-1,187,794	84,099,924
– net profit brought forward	133,037,893	-2,950,712	130,087,181	35,808,989	165,896,170
– net profit/loss for the year	63,526,493	1,293,716	64,820,209	-1,415,385	63,404,824
– currency translation differences	0	-2,540,902	-2,540,902	-46,196	-2,587,098
– reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	2,425,665	2,425,665
Subordinated liabilities	71,499,450	0	71,499,450	-6,652,157	64,847,293
Insurance technical provisions	2,223,254,495	245,363,493	2,468,617,988	-74,690,652	2,393,927,336
– unearned premiums	263,723,691	84,107,136	347,830,827	-15,319,892	332,510,935
– mathematical provisions	1,332,983,430	71,456,318	1,404,439,748	0	1,404,439,748
– claims provisions	586,682,208	86,453,610	673,135,818	-57,737,074	615,398,744
– other insurance technical provisions	39,865,166	3,346,429	43,211,595	-1,633,686	41,577,909
Insurance technical provisions for unit-linked insurance contracts	463,586,629	21,356,205	484,942,835	0	484,942,835
Employee benefits	13,354,845	2,518,201	15,873,046	0	15,873,046
Other provisions	1,628,428	1,121,972	2,750,400	0	2,750,400
Deferred tax liabilities	20,596,705	1,931,843	22,528,548	-11,856	22,516,692
Other financial liabilities	1,777,384	1,283,056	3,060,440	-1,196,027	1,864,413
Operating liabilities	84,924,626	24,054,829	108,979,455	-42,107,124	66,872,331
– liabilities from direct insurance operations	19,009,220	3,251,102	22,260,322	-701,778	21,558,544
– liabilities from reinsurance and co-insurance operations	62,416,891	20,537,368	82,954,259	-41,405,346	41,548,913
– current tax liabilities	3,498,515	266,359	3,764,874	0	3,764,874
Lease liabilities	6,940,044	8,163,619	15,103,663	-4,187,985	10,915,678
Other liabilities	69,446,177	19,677,253	89,123,430	-8,585,422	80,538,008
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

	in EUR				
	31 December 2018				
Statement of financial position	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	3,587,778,966	399,108,733	3,986,887,699	-341,610,212	3,645,277,487
Intangible assets	67,838,193	16,221,855	84,060,048	0	84,060,048
Property, plant and equipment	73,862,701	39,433,352	113,296,053	0	113,296,053
Deferred tax assets	12,449,543	444,189	12,893,732	0	12,893,732
Investment property	73,403,971	11,072,514	84,476,485	5,363,971	89,840,456
Investments in subsidiaries	209,261,359	5,801,293	215,062,652	-215,062,652	0
Investments in associates	14,125,973	0	14,125,973	0	14,125,973
Financial assets	2,774,056,046	239,931,957	3,013,988,003	-22,567,936	2,991,420,067
Financial investments	2,389,333,756	222,138,477	2,611,472,233	-22,567,936	2,588,904,297
– loans and deposits	121,499,643	34,776,026	156,275,669	-17,417,697	138,857,972
– held to maturity	180,405,984	16,367,201	196,773,185	0	196,773,185
– available for sale	1,640,836,316	166,383,055	1,807,219,371	-4,650,604	1,802,568,767
– recognised at fair value through profit and loss	446,591,813	4,612,195	451,204,008	-499,635	450,704,373
Unit–linked insurance assets	384,722,290	17,793,480	402,515,770	0	402,515,770
Reinsurers’ share of technical provisions	141,403,785	19,786,450	161,190,235	-75,269,736	85,920,499
Receivables	162,717,347	49,905,792	212,623,139	-33,968,261	178,654,878
– receivables from direct insurance operations	67,526,174	29,249,541	96,775,715	-174,387	96,601,328
– receivables from reinsurance and coinsurance operations	74,531,636	5,939,633	80,471,269	-29,171,366	51,299,903
– current tax receivables	393,705	185,940	579,645	0	579,645
– other receivables	20,265,832	14,530,678	34,796,510	-4,622,508	30,174,002
Other assets	3,631,703	1,870,617	5,502,320	-105,598	5,396,722
Cash and cash equivalents	54,271,572	13,330,088	67,601,660	0	67,601,660
Non–current assets held for sale	756,773	1,310,626	2,067,399	0	2,067,399
EQUITY AND LIABILITIES	3,587,778,966	399,108,733	3,986,887,699	-341,610,212	3,645,277,487
Equity	844,198,944	111,386,175	955,585,119	-208,722,314	746,862,805
Controlling interests	844,198,944	111,386,175	955,585,119	-211,018,313	744,566,806
– share capital	193,083,889	96,187,665	289,271,554	-215,570,162	73,701,392
– share premium	75,825,056	1,556,543	77,381,599	-27,175,059	50,206,540
– reserves from profit	323,113,430	10,080,486	333,193,916	927,548	334,121,464
– treasury share reserves	0	0	0	364,680	364,680
– treasury shares	0	0	0	-364,680	-364,680
– fair value reserve	59,516,559	8,353,507	67,870,066	-1,632,177	66,237,889
– net profit brought forward	110,168,173	-6,070,106	104,098,067	38,385,512	142,483,579
– net profit/loss for the year	82,491,837	3,931,026	86,422,863	-5,889,220	80,533,643
– currency translation differences	0	-2,652,946	-2,652,946	-64,755	-2,717,701
Non-controlling interests	0	0	0	2,295,999	2,295,999
Subordinated liabilities	22,112,951	0	22,112,951	-6,650,240	15,462,711
Insurance technical provisions	2,162,896,237	222,917,983	2,385,814,220	-75,311,159	2,310,503,061
– unearned premiums	242,089,186	72,851,018	314,940,204	-14,773,258	300,166,946
– mathematical provisions	1,292,659,946	64,573,071	1,357,233,017	0	1,357,233,017
– claims provisions	592,072,952	82,034,169	674,107,121	-59,163,206	614,943,915
– other insurance technical provisions	36,074,153	3,459,725	39,533,878	-1,374,695	38,159,183
Insurance technical provisions for unit-linked insurance contracts	385,091,524	17,506,515	402,598,039	0	402,598,039
Employee benefits	12,471,275	2,333,299	14,804,574	0	14,804,574
Other provisions	1,332,752	586,803	1,919,555	0	1,919,555
Deferred tax liabilities	15,847,476	1,356,100	17,203,576	0	17,203,576
Other financial liabilities	2,466,852	7,078,204	9,545,056	-3,924,152	5,620,904
Operating liabilities	72,847,518	11,813,667	84,661,185	-29,869,130	54,792,055
– liabilities from direct insurance operations	16,952,626	3,464,318	20,416,944	-699,015	19,717,929
– liabilities from reinsurance and co-insurance operations	51,715,802	7,919,968	59,635,770	-29,170,115	30,465,655
– current tax liabilities	4,179,090	429,381	4,608,471	0	4,608,471
Other liabilities	68,513,437	24,129,987	92,643,424	-17,133,217	75,510,207
Non–current liabilities held for sale and discontinued operations	0	0	0	0	0

	2019			2018			in EUR
Income statement	SLOVENIA	OTHER	TOTAL	SLOVENIA	OTHER	TOTAL	
Net premium income	849,061,777	178,567,048	1,027,628,825	779,269,087	172,493,775	951,762,862	
– gross written premium	969,466,571	214,707,536	1,184,174,107	877,185,838	191,208,569	1,068,394,407	
– ceded written premium	-109,556,836	-26,896,261	-136,453,097	-89,697,015	-16,927,893	-106,624,908	
– change in unearned premium reserve	-10,847,958	-9,244,227	-20,092,185	-8,219,736	-1,786,901	-10,006,637	
Income from investments in subsidiaries and associates	1,076,327	0	1,076,327	1,021,159	0	1,021,159	
– profit on equity investments accounted for using the equity method	515,913	0	515,913	1,021,159	0	1,021,159	
– other income from investments in subsidiaries and associates	560,414	0	560,414	0	0	0	
Income from investments	172,658,424	14,330,781	186,989,205	79,460,683	9,428,394	88,889,077	
– interest income calculated using the effective interest method	45,861,466	7,276,276	53,137,742	47,848,810	7,724,432	55,573,242	
– gains on disposals	34,965,783	2,603,036	37,568,819	23,219,606	558,231	23,777,837	
– other income from investments	91,831,175	4,451,469	96,282,644	8,392,267	1,145,731	9,537,998	
Other income from insurance operations	27,613,954	9,569,558	37,183,512	24,411,526	5,426,455	29,837,981	
– fees and commission income	17,993,706	4,075,549	22,069,255	14,757,683	1,048,498	15,806,181	
– other income from insurance operations	9,620,248	5,494,009	15,114,257	9,653,843	4,377,957	14,031,800	
Other income	32,754,811	6,766,311	39,521,122	28,874,202	7,275,331	36,149,533	
Net claims incurred	583,659,536	100,488,292	684,147,828	523,119,553	103,440,845	626,560,398	
– gross claims settled	609,654,208	107,087,928	716,742,136	569,323,507	110,276,711	679,600,218	
– reinsurers' share	-26,988,642	-8,265,899	-35,254,541	-34,216,954	-5,772,012	-39,988,966	
– changes in claims provisions	-6,573,199	1,666,263	-4,906,936	-18,184,698	-1,063,854	-19,248,552	
– equalisation scheme expenses for supplementary health insurance	7,567,169	0	7,567,169	6,197,698	0	6,197,698	
Change in other insurance technical provisions (excluding ULI)	52,940,551	6,368,039	59,308,590	37,683,950	2,176,423	39,860,373	
Change in insurance technical provisions for unit-linked insurance contracts	65,280,488	3,924,568	69,205,056	-44,833,006	-2,056,541	-46,889,547	
Expenses for bonuses and discounts	9,722,479	1,838,779	11,561,258	10,346,687	1,070,998	11,417,685	
Operating expenses	175,408,811	69,044,040	244,452,851	167,445,429	66,191,996	233,637,425	
– acquisition costs	114,882,181	47,684,403	162,566,584	112,892,556	46,352,537	159,245,093	
– other operating costs	60,526,630	21,359,637	81,886,267	54,552,873	19,839,459	74,392,332	
Expenses from investments in subsidiaries and associates	733,344	0	733,344	137,092	0	137,092	
– loss on investments accounted for using the equity method	170,640	0	170,640	137,092	0	137,092	
– other expenses from financial assets and liabilities	562,704	0	562,704	0	0	0	
Expenses from investments	22,755,661	1,197,911	23,953,572	63,012,641	4,105,845	67,118,486	
– loss on impairment of investments	344,175	504,787	848,962	1,448,876	48,607	1,497,483	
– loss on disposal of investments	9,767,121	45	9,767,166	12,821,070	307,858	13,128,928	
– other expenses from investments	12,644,365	693,079	13,337,444	48,742,695	3,749,380	52,492,075	
Other insurance expenses	37,834,645	5,730,665	43,565,310	26,638,755	7,105,380	33,744,134	
Other expenses	42,883,479	11,650,477	54,533,956	34,305,265	10,313,498	44,618,763	
– expenses from financing	2,655,501	443,001	3,098,502	1,324,643	59,718	1,384,361	
– other expenses	40,227,978	11,207,476	51,435,454	32,980,622	10,253,780	43,234,402	
Profit before tax	91,946,299	8,990,928	100,937,227	95,180,291	2,275,511	97,455,802	
Income tax expense	16,539,422	533,376	17,072,798	15,960,473	669,084	16,629,557	
NET PROFIT FOR THE PERIOD	75,406,877	8,457,552	83,864,429	79,219,818	1,606,427	80,826,245	
Net profit/loss attributable to the controlling company	75,407,867	8,282,777	83,690,644	79,230,941	1,431,813	80,662,753	
Net profit/loss attributable to the non-controlling interest holders	-990	174,775	173,785	-11,123	174,614	163,491	

5.12.4. Reporting by geographical area for Zavarovalnica Triglav

Zavarovalnica Triglav operates mainly in the territory of the Republic of Slovenia. As more than 96% of premium income is generated by the sale of insurance to the domestic insureds, the Company does not report by geographical area.

5.13. Reporting by guarantee funds posted separately for Zavarovalnica Triglav

5.13.1. Assets and liabilities of pension funds formed as a guarantee fund

	31 December 2019				31 December 2018				in EUR
Statement of financial position for PDPZ funds	PDPZ skupina	PDPZ zajamčeni	PDPZ zmerni	PDPZ drzni	PDPZ skupina	PDPZ zajamčeni	PDPZ zmerni	PDPZ drzni	
ASSETS	223,263,701	202,064,810	12,250,191	9,628,806	207,106,565	192,764,055	8,947,445	5,851,602	
Investment property and other real property rights	0	0	0	0	0	0	0	0	
Investment property	0	0	0	0	0	0	0	0	
Other real property rights	0	0	0	0	0	0	0	0	
Financial investments	218,207,628	199,094,576	10,573,293	8,539,760	202,653,923	188,967,366	8,435,560	5,250,997	
Measured at amortised cost, of which:	0	0	0	0	0	0	0	0	
- loans and deposits	0	0	0	0	0	0	0	0	
- debt securities	0	0	0	0	0	0	0	0	
Measured at fair value through other comprehensive income, of which:	0	0	0	0	0	0	0	0	
- debt securities	0	0	0	0	0	0	0	0	
- equity securities	0	0	0	0	0	0	0	0	
Measured at fair value through through profit or loss, of which:	218,207,628	199,094,576	10,573,293	8,539,760	202,653,923	188,967,366	8,435,560	5,250,997	
- debt securities	202,463,978	198,398,661	4,065,317	0	192,543,106	188,967,366	3,575,740	0	
- equity securities	15,743,650	695,915	6,507,976	8,539,760	10,110,817	0	4,859,820	5,250,997	
Receivables	200,463	2,705,196	396,436	492,739	194,973	2,432,172	322,001	390,271	
Receivables from fund manager up to guaranteed return	0	0	0	0	0	0	0	0	
Other receivables	200,463	2,705,196	396,436	492,739	194,973	2,432,172	322,001	390,271	
Cash and cash equivalents	4,855,610	265,038	1,280,462	596,307	4,257,669	1,364,517	189,884	210,334	
Other assets	0	0	0	0	0	0	0	0	
Off-balance-sheet assets	4,304,085	4,304,085	0	0	0	0	0	0	
Financial derivatives	0	0	0	0	0	0	0	0	
Other off-balance-sheet assets	4,304,085	4,304,085	0	0	0	0	0	0	
LIABILITIES	223,263,701	202,064,810	12,250,191	9,628,806	207,106,565	192,764,055	8,947,445	5,851,602	
Insurance technical provisions	222,531,067	201,392,590	12,191,841	8,946,636	206,522,062	192,206,083	8,897,217	5,418,762	
Mathematical provisions for net paid-in premiums	155,436,323	155,436,323	0	0	149,000,891	149,000,891	0	0	
Mathematical provisions for capital gain on the guarantee fund	45,956,267	45,956,267	0	0	43,205,192	43,205,192	0	0	
- fair value reserve	0	0	0	0	0	0	0	0	
Insurance provisions for business funds backing unit-linked insurance, of which:	21,138,477	0	12,191,841	8,946,636	14,315,979	0	8,897,217	5,418,762	
- fair value reserve	0	0	0	0	0	0	0	0	
Financial liabilities	0	0	0	0	0	0	0	0	
Operating liabilities	726,235	646,894	55,744	22,073	583,051	557,003	12,826	11,962	
Liabilities from acquired securities and other financial instruments	0	0	0	0	0	0	0	0	
Guarantee fund manager liabilities	244,056	212,194	16,625	15,237	226,491	202,216	12,826	11,449	
Cash surrender value payments to guarantee fund members	480,655	434,700	39,119	6,836	355,300	354,787	0	513	
Other operating liabilities	1,524	0	0	0	1,260	0	0	0	
Other liabilities	6,399	25,326	2,606	660,097	1,452	969	37,402	420,878	
Off-balance-sheet liabilities	4,304,085	4,304,085			0	0	0	0	
Financial derivatives	0	0	0	0	0	0	0	0	
Guarantees given	0	0	0	0	0	0	0	0	
Other off-balance-sheet liabilities	4,304,085	4,304,085	0	0	0	0	0	0	

5.13.2. Statement of financial position for funds posted separately

	31 December 2019		31 December 2018		in EUR
Statement of financial position for funds posted separately	Renta 1	Renta 2	Renta 1	Renta 2	
ASSETS	41,065,669	15,894,216	37,156,896	10,445,014	
Investment property and financial investments	40,163,494	15,152,187	36,181,097	10,046,928	
Investment property	0	0	0	0	
Financial investments in subsidiaries and associates	0	0	0	0	
Investments in subsidiaries	0	0	0	0	
Investments in associates	0	0	0	0	
Other financial investments	40,163,494	15,152,187	36,181,097	10,046,928	
Shares and other floating rate securities and fund coupons	0	0	0	0	
Debt and other fixed return securities	40,163,494	15,152,187	36,181,097	10,046,928	
Investment fund shares	0	0	0	0	
Mortgage loans	0	0	0	0	
Other loans	0	0	0	0	
Deposits with banks	0	0	0	0	
Other financial investments	0	0	0	0	
Reinsurers' share of technical provisions	0	0	0	0	
- from unearned premium	0	0	0	0	
- from mathematical provision	0	0	0	0	
- from outstanding claims	0	0	0	0	
- from bonuses and discounts	0	0	0	0	
- from technical provisions for life insurance policy holders who bear investment risk	0	0	0	0	
Receivables	606,007	0	234,921	37,548	
Receivables from direct insurance	0	0	0	0	
- receivables from insurers	0	0	0	0	
- receivables from insurance brokers	0	0	0	0	
- other receivables from direct insurance operations	0	0	0	0	
Receivables from re-insurance operations	0	0	0	0	
Other receivables	606,007	0	234,921	37,548	
Other assets	296,168	742,029	740,878	360,538	
Cash and cash equivalents	296,168	742,029	740,878	360,538	
Other assets	0	0	0	0	
Short-term deferred assets	0	0	0	0	
Accrued income from interest and rent	0	0	0	0	
Short-term deferred expenses	0	0	0	0	
Other short-term deferred items	0	0	0	0	
		0			
LIABILITIES	41,065,669	15,894,216	37,156,896	10,445,014	
Fair value reserves	0	0	0	0	
Gross insurance technical provisions	40,835,678	15,377,361	36,863,008	10,101,083	
- gross provisions for unearned premiums	0	0	0	0	
- gross mathematical provisions	40,835,678	15,377,361	36,863,008	10,101,083	
- gross claim provisions	0	0	0	0	
- gross provisions for bonuses and discounts	0	0	0	0	
Gross insurance technical provisions for unit-linked insurance contracts	0	0	0	0	
Liabilities from reinsurers' investments in reinsurance contracts	0	0	0	0	
Other liabilities	229,991	516,855	293,888	343,931	
Liabilities from direct insurance operations	185,400	448,267	250,957	311,230	
- liabilities to policy holders	16,773	1,017	12,478	2,003	
- liabilities to agents and brokers	0	0	0	0	
- other liabilities from direct insurance operations	168,627	447,250	238,479	309,227	
Liabilities from co-insurance and re-insurance operations	0	0	0	0	
Other liabilities	44,591	68,588	42,931	32,701	
Accruals	0	0	0	0	

	in EUR	
Statement of financial position for guarantee fund backing unit-linked life insurance	31 December 2019	31 December 2018
ASSETS	419,695,687	369,602,435
Investment property and financial investments	414,645,557	366,664,078
Investment property	0	0
Financial investments in subsidiaries and associates	0	0
Investments in subsidiaries	0	0
Investments in associates	0	0
Other financial investments	414,645,557	366,664,078
Shares and other floating rate securities and fund coupons	357,857,547	316,843,905
Debt and other fixed return securities	53,065,275	45,790,181
Investment fund shares	0	0
Mortgage loans	0	0
Other loans	0	0
Deposits with banks	3,722,735	4,029,992
Other financial investments	0	0
Reinsurers' share of technical provisions	0	0
- from unearned premium	0	0
- from mathematical provision	0	0
- from outstanding claims	0	0
- from bonuses and discounts	0	0
- from technical provisions for life insurance policy holders who bear investment risk	0	0
Receivables	41,528	4,218
Receivables from direct insurance	38,359	1,625
- receivables from insurers	0	0
- receivables from insurance brokers	0	0
- other receivables from direct insurance operations	38,359	1,625
Receivables from re-insurance operations	0	0
Other receivables	3,169	2,593
Other assets	5,008,602	2,934,139
Cash and cash equivalents	5,008,602	2,934,139
Other assets	0	0
Short-term deferred assets	0	0
Accrued income from interest and rent	0	0
Short-term deferred expenses	0	0
Other short-term deferred items	0	0
	0	
LIABILITIES	419,695,687	369,602,435
Fair value reserves	0	0
Gross insurance technical provisions	0	0
- gross provisions for unearned premiums	0	0
- gross mathematical provisions	0	0
- gross claim provisions	0	0
- gross provisions for bonuses and discounts	0	0
Gross insurance technical provisions for unit-linked insurance contracts	414,454,235	365,238,075
Liabilities from reinsurers' investments in reinsurance contracts	0	0
Other liabilities	5,241,452	4,364,360
Liabilities from direct insurance operations	103,033	35,990
- liabilities to policy holders	0	0
- liabilities to agents and brokers	0	0
- other liabilities from direct insurance operations	103,033	35,990
Liabilities from co-insurance and re-insurance operations	0	0
Other liabilities	5,138,419	4,328,370
Accruals	0	0

5.13.3. Income statement of pension funds formed as a guarantee fund

	2019				2018				in EUR
Income statement for PDPZ funds	PDPZ skupina	PDPZ zajamčeni	PDPZ zmerni	PDPZ drzni	PDPZ skupina	PDPZ zajamčeni	PDPZ zmerni	PDPZ drzni	
Financial income	12,483,582	8,951,299	1,659,527	1,872,756	5,265,973	4,565,400	379,548	321,025	
Income from dividends and profit sharing	202,038	0	94,523	107,515	208,074	42,760	81,222	84,092	
Interest income	3,737,667	3,656,702	80,961	4	3,840,785	3,773,690	67,093	2	
Gains on disposal of financial investments	2,426,395	2,042,024	138,768	245,603	371,567	346,305	25,242	20	
Net income from changes in the fair value of investments which are recognised at fair value through profit or loss	5,969,600	3,252,405	1,275,691	1,441,504	617,329	402,473	101,060	113,796	
Other financial income	147,882	168	69,584	78,130	228,218	172	104,931	123,115	
Income from investment property	0	0	0	0	0	0	0	0	
Rental income from investment property	0	0	0	0	0	0	0	0	
Gains on disposal of investment property	0	0	0	0	0	0	0	0	
Net income from changes in the fair value of investments, which are recognised at fair value through profit or loss	0	0	0	0	0	0	0	0	
Financial expenses	1,880,231	1,695,845	93,615	90,771	5,701,233	4,276,930	668,545	755,758	
Interest expenses	0	0	0	0	0	0	0	0	
Losses from disposal of financial investments	283,314	240,764	12,196	30,354	791,077	773,132	9,533	8,412	
Revaluation operating expenses arising from a change in the fair value of financial investment through profit and loss	1,560,326	1,454,949	72,799	32,578	4,885,448	3,503,754	647,551	734,143	
Other financial expenses	36,591	132	8,620	27,839	24,708	44	11,461	13,203	
Expenses from investment property	0	0	0	0	0	0	0	0	
Expenses from management and rental of investment property	0	0	0	0	0	0	0	0	
Losses from disposal of investment property	0	0	0	0	0	0	0	0	
Revaluation operating expenses arising from a change in the fair value of investment property through profit and loss	0	0	0	0	0	0	0	0	
Result of investment activities	10,603,351	7,255,454	1,565,912	1,781,985	-435,260	288,470	-288,997	-434,733	
Income from) payments by investment manager for not achieving the guaranteed return	0	0	0	0	0	0	0	0	
Other income	0	0	0	0	0	0	0	0	
Other expenses directly charged to the guarantee fund in line with the fund management rules	2,184,047	1,979,864	118,522	85,660	2,056,071	1,901,055	95,231	59,785	
Management commission	2,159,296	1,979,864	105,319	74,112	2,035,385	1,901,055	83,141	51,189	
Custodian bank fees	7,177	0	4,213	2,964	5,373	0	3,326	2,047	
Auditing expenses	4,422	0	2,211	2,211	3,812	0	1,906	1,906	
Information expenses relating to guarantee fund members	0	0	0	0	0	0	0	0	
Brokerage expenses for the purchase and sale of securities	0	0	0	0	0	0	0	0	
Other expenses (which, according to the management rules, are) directly charged to the guarantee fund	13,152	0	6,779	6,373	11,501	0	6,858	4,643	
Other expenses	1	0	0	1	2	0	1	1	
Net profit intended for the insured	8,419,303	5,275,590	1,447,390	1,696,324	-2,491,333	-1,612,585	-384,229	-494,519	

5.13.4. Income statement for funds posted separately

	2019		2018		in EUR
	Renta 1	Renta 2	Renta 1	Renta 2	
Income statement of the guarantee fund backing additional pension insurance during the annuity payout period					
Transfer of funds from the pension scheme of additional pension insurance	5,794,234	6,823,410	3,608,382	5,215,651	
This legal entity	3,719,486	2,572,406	3,305,260	760,294	
Other insurance company	0	0	0	0	
Other pension companies	2,074,748	4,251,004	303,122	4,455,357	
Mutual pension fund	0	0	0	0	
Income from investments	1,776,424	264,208	1,433,512	119,039	
Income from dividends	0	0	0	0	
Income from other investments	1,144,960	117,598	843,424	108,805	
Income from land and buildings	0	0	0	0	
Interest income	539,004	117,598	608,554	71,257	
Other investment income	605,956	0	234,870	37,548	
Income from asset value adjustments	0	0	0	0	
Profit on disposal of investments	631,464	146,610	590,088	10,234	
Claims incurred	3,588,403	1,698,711	3,541,029	1,102,574	
Gross claims settled	3,588,403	1,698,711	3,541,029	1,102,574	
Change in gross provisions for claims outstanding	0	0	0	0	
Change in other net technical provisions (+/-)	3,388,879	5,105,084	1,013,338	4,018,142	
Change of mathematical provisions (+/-)	3,388,879	5,105,084	1,013,338	4,018,142	
Change of other net technical provisions (+/-)	0	0	0	0	
Expenses included in policies	572,716	248,799	487,527	200,613	
Initial expenses	62,462	180,675	10,703	156,470	
Collection, administrative expenses	396,465	0	364,944	0	
Costs of claim settlement	113,789	68,124	111,880	44,143	
Net operating expenses	119,613	129,608	109,356	94,043	
Acquisition costs	0	79,855	0	64,563	
Change of deferred acquisition costs (+/-)	0	0	0	0	
Other operating expenses	119,613	49,753	109,356	29,480	
Depreciation of assets used in insurance business	7,841	3,295	5,578	1,501	
Labour costs	66,472	27,933	58,664	15,790	
- wages and salaries	46,037	19,346	40,922	11,015	
- social security and pension insurance costs	7,895	3,317	7,207	1,940	
- other labour costs	12,540	5,270	10,535	2,835	
Costs of services provided by natural persons other than sole proprietors (costs under work contracts, service contracts and other relationships), together with duties and charges borne by the company	130	55	100	27	
Other operating expenses	45,170	18,470	45,014	12,162	
Income from reinsurance commissions and from participation in the positive technical result from reinsurance contract (-)	0	0	0	0	
Expenses from investments	20,660	35,024	0	13,361	
Depreciation and amortization of assets not used in operations	0	0	0	0	
Expenses arising from asset management, interest expenses and other financial expenses	0	35,024	0	9,538	
Revaluation financial expenses	20,660	0	0	0	
Loss on disposal of investments	0	0	0	3,823	
Profit or loss of the guarantee fund, taking into account expenses included in policies	0	0	0	0	
Profit or loss of the guarantee fund, taking into account net operating expenses	453,103	119,191	378,171	106,570	

	in EUR	
Income statement for guarantee fund backing unit-linked life insurance	2019	2018
Gross written premium	47,841,329	46,834,564
Income from investments	68,020,482	1,560,287
Income from dividends	2,995	1,442
Income from other investments	62,786,844	1,252,017
Income from land and buildings	0	0
Interest income	650,800	811,771
Other investment income	62,136,044	440,246
- financial income from revaluation	62,136,041	440,246
- other financial income	3	0
Income from asset value adjustments	0	0
Profit on disposal of investments	5,230,643	306,828
Expenses from cash surrender value	57,234,124	59,839,416
Ordinary termination	29,511,616	40,103,123
Extraordinary termination	27,722,508	19,736,293
- withdrawal from insurance contract	26,075,166	18,221,987
- cancellation of insurance contract	0	0
- death of the insured person	1,647,342	1,514,306
Change in other net technical provisions (+/-)	49,372,992	-50,884,979
Change of mathematical provisions (+/-)	49,372,992	-50,884,979
Change of other net technical provisions (+/-)	0	0
Fund management costs	9,221,840	8,157,745
Entry fees	2,653,112	1,170,538
Exit costs	0	0
Management commission	6,568,728	6,987,207
Expenses from investments	32,855	31,282,669
Depreciation and amortization of assets not used in operations	0	0
Expenses arising from asset management, interest expenses and other financial expenses	968	0
Revaluation financial expenses	31,347	28,122,518
Loss on disposal of investments	540	3,160,151
Net profit for the period	0	0

Appendix:

Glossary of insurance terms

Inward reinsurance

When a reinsurance company assumes from other insurance and reinsurance companies the portion of risk that exceeds their retention limits.

Accumulated profit

The legally justified amount of net profit for the current year, net profit brought forward and reserves from profit, which in accordance with the decision of the company's Management Board is first used to increase reserves (legal reserves, treasury share reserves and treasury shares, and statutory reserves) and other reserves according to the Supervisory Board's decision. The remainder, referred to as accumulated profit, is allocated by the General Meeting of Shareholders to dividends, other reserves and other purposes, and carried forward to the next year.

Cedent

A party to a *reinsurance contract* who passes a portion of their assumed *risks* to *reinsurance*. The recipient of those risks is typically an *insurance company*. To cede means to pass a portion of assumed risk to the reinsurer.

Total return on share

The sum of growth in the share price in the accounting period and the dividend yield as at the reporting date.

Net earnings per share

The ratio of net profit in the accounting period to the weighted average number of shares.

Return on equity (ROE)

The ratio of net profit for the period to the average balance of shareholders' equity in the period.

Return on equity attributable to the owners of the controlling company

The ratio of net profit to the average balance of shareholders' equity held by the owners of the controlling company in the accounting period.

Net claims incurred

Comprise gross claims incurred (benefits, claim payments and appraisal costs) less reinsurers' and co-insurers' shares of gross claims paid, adjusted for any change in net claims provisions, plus equalisation scheme expenses for supplementary health insurance.

Net premium earned/net premium income

Comprises gross written premium less written premium ceded to reinsurers and co-insurers, adjusted for the change in net unearned premium.

Floating stock/free float

Shares held by shareholders who own 5% or less of shareholders' equity.

Economic value distributed

Comprises net claims incurred and other insurance expenses, expenses from financial assets, other expenses, operating expenses, dividend payments, tax expense, community investment (prevention activities, donations, sponsorships), employee wages, allowances and benefits.

Dividend yield

The ratio of gross dividends per share to price per share on a given day.

Supplemental insurance/rider

Insurance that is underwritten as a supplement to another (precisely defined) insurance and that cannot be underwritten independently.

Return on investment

Difference between income and expenses from financial assets. Income from investments comprises income from investments in associates and income from investments (interest income, gains on disposal of investments and other income from investments). Expenses from investments comprise expenses from investments in associates and expenses from investments (impairment of investments, losses on the disposal of investments and other expenses from investments). Return on investment does not include net unrealised gains and losses on unit-linked life insurance assets.

Endowment (for life insurance products with a savings component)

Insured event in which the insurer pays the sum insured, together with bonuses after the insured survives an agreed insurance period.

Incurred but not reported (IBNR)

Provisions for incurred but not yet reported claims.

Capitalisation

The reduction of sums insured in life insurance with a savings component, which is carried out if the policyholder stops paying premiums. In addition to standard criteria for setting the premium (gender and age of the insured), the amount of the sum insured depends primarily on the number of paid in premiums and the remaining insurance term.

Book value per share

Ratio of stockholders' equity to the number of outstanding shares on the reporting date.

Capital adequacy ratio

The ratio of available own funds, eligible for covering the solvency capital requirement, to the solvency capital requirement.

Combined ratio

The sum of the expense ratio and claims ratio. It shows the profitability of non-life and health insurance transactions. A value of less than 100% indicates profit from non-life and health insurance transactions, excluding returns on investment.

Composite insurance company

An insurance company that conducts non-life and life insurance business.

Gross and net

In the insurance industry, the terms gross and net typically relate to quantities and ratios before and after the deduction for reinsurance.

Unearned premium

A component of insurance technical provisions that represents the component of gross written premium that relates to future or subsequent accounting periods.

Claims provisions

Provisions created to cover claims that incurred in the past and were not settled by the end of the accounting period. Provisions are created for already reported claims, claims not yet reported and/or under-reported claims.

Gross operating expenses

Gross operating expenses are recognised as original costs by nature.

Own risk and solvency assessment (ORSA)

Own assessment of risks relating to the company's business and strategic plan, and assessment of the appropriateness of available own funds to cover those risks.

Gross written premium

Sum of all premiums that the insurance company charges to policyholders following the underwriting or renewal of policies in the accounting period.

Gross written premium per company employee

Gross written premium in the accounting period divided by the number of employees at an insurance or reinsurance company on the reporting date.

Gross claims paid/gross claims settled

Benefits and claims calculated for all or a portion of settled claims in the accounting period, including claim settlement costs.

Risk assessment

Risks are regularly measured and monitored using the regulatory or legally prescribed calculation method. The results of risk assessment represent the potential loss of the insurance company's capital due to exposure to risks.

Expense ratio

Ratio of the sum of operating expenses, expenses for bonuses and discounts and other net insurance expenses (calculated as the difference between other insurance expenses and other insurance income) to net non-life and health insurance premium earned.

Surrender

The termination of a life insurance policy that results in the pay-out of the value thereof (saved assets and mathematical provisions, less the costs incurred by the insurance company).

Average daily turnover in shares

Ratio of the value of share turnover in the accounting period to the number of shares.

Reinsurance

Reinsurance is the insurance of amounts over the internal risk equalisation rate of a given insurance company with another insurance company registered to provide reinsurance services.

Prevention

The portion of non-life insurance premiums that the insurance company allocates to prevention activities to mitigate future risks.

Associate

A company in which another entity directly or indirectly holds between 20% and 50% of voting rights, and thus has a significant effect on capital, but does not control that company.

Income from claimed gross subrogation receivables

The amount of subrogation claims that were created in the accounting period as subrogation receivable based on a ruling of the competent court, an agreement with the person liable to subrogation, or the payment of benefits with regard to credit insurance.

Risk profile

A risk profile is a quantitative assessment of the risks to which the insurance company is exposed. In order to adequately identify the risk profile, processes are established, and risk exposure and measurements are defined for every type of risk for the purpose of assessing the extent thereof.

Deferred acquisition costs (DAC)

Costs that the insurance company incurs in the acquisition of new insurance contracts are deferred equally for the entire duration of those contracts for accounting purposes. Thus, the one-time cost incurred when insurance is underwritten is deferred equally over the entire insurance period.

Available own funds

Available own funds are used to cover the solvency capital requirement and represent the surplus of assets over liabilities, plus subordinated liabilities, taking into account other regulatory, insurer-specific adjustments.

Reported but not settled (RBNS)

Provisions for losses incurred that have been reported but not settled (provisions after inventory).

Reserves from profit

Comprise other reserves from profit, legal and statutory reserves, contingency reserves and credit risk equalisation reserves.

Solvency II

The European Union's regulatory framework in the area of insurance, which defines the calculation of capital adequacy, and the governance of and reporting by insurance companies. An insurance company's available own funds must be at least equal to the assessment of assumed risks, as set as out in the regulatory framework.

Co-insurance

A way to equalise risks, where assumed risks are split or spread among several insurers. The proportion of risk assumed by an individual insurer may vary and represents the basis for determining an individual insurer's share of the premium and potential loss. Each insurer is jointly and severally liable to the insured, i.e. for the full amount of benefits and/or claims from an insurance contract, irrespective of the proportion of risk it assumes.

Expense ratio – operating expenses from insurance transactions as a proportion of gross written premium

Ratio of operating expenses from insurance transactions to gross written premium.

Claims ratio

Ratio of the sum of net claims incurred and changes in other insurance technical provisions to net non-life and health insurance premium earned.

Market capitalisation

The value of a company calculated as the product of the share price and the number of shares on the reporting date.

Economic value generated

Comprises net premium earned, other insurance income, income from financial assets and other income.

Comprehensive income

Comprehensive income is composed of two elements. The first element comprises net profit or loss for the period from the income statement. The second element comprises other comprehensive income, which discloses the effects of other income and expense items that are not recognised in the income statement, but affect the balance of shareholders' equity, primarily due to changes in fair value reserve.

Economic value retained

Difference between economic value generated and economic value distributed.

Solvency capital requirement (SCR)

Calculated according to a legally prescribed standard formula that takes into account all measurable risks: underwriting, market, credit and operational risks.

Insurance density (premium per capita)

Ratio of gross written premium to the number of inhabitants of a specific country.

Insurance penetration

Insurance premium as a proportion of gross domestic product (GDP).

Insurance premium

The amount set out in an insurance contract that the policyholder pays to the insurance company. Insurance premium covers the payment of current and future claims, the costs of prevention activities and the insurance company's operating expenses.

Insurance group

Several related insurance classes treated as a group. The Insurance Act groups insurance classes 1 to 18 in the non-life insurance group and insurance classes 19 to 24 in the life insurance group.

Insurance class

Various insurance types that are grouped in accordance with the Insurance Act based on the main types of risks they cover. The Insurance Act defines 24 different insurance classes.

Insurance technical provisions

The insurance company must create the necessary insurance technical provisions in connection with all insurance services that it provides. They are intended to cover future insurance liabilities and potential losses due to risks arising from rendered insurance services. They comprise unearned premium, claims provisions, mathematical provisions, provisions for bonuses and discounts, and other insurance technical provisions.

GRI Content Index according to GRI Global Standards

GRI Content Index according to GRI Global Standards- Core option *"This report has been prepared in accordance with the GRI Standards: Core option."*

GENERAL STANDARD DISCLOSURES

GRI Standard and Disclosure	Disclosure	Section/Page number(s)	Remarks/Omissions
GRI 101: Foundation 2016			
GRI 102: General DisclosuresOrganisational profile 2016			
Predstavitev organizacije 2016			
102-1	Name of the organization	2.3/P. 11	
102-2	Activities, brands, products, and services	2.6/P. 14	
102-3	Location of headquarters	2.3/P. 11	
102-4	Location of operations	2.6/P. 14, 7.4/P. 50	
102-5	Ownership and legal form	6.3/P. 44	
102-6	Markets served (geographic location, sectors served and types of customers and beneficiaries)	2.6/P. 14, 7.4/P. 50–57	
102-7	Scale of the organization	2.1/P. 10, 2.2/P. 10, 4.3/P. 30, 12.4.1.1/P. 104	
102-8	Information on employees and other workers by employment contract, region and age	12.4.1.1/P. 104, 105	
102-9	Supply chain	12.3/P. 101	Number of suppliers is not reported.
102-10	Significant changes to the organization's size, structure, ownership, or supply chain	2.6.4./P. 19, 5.4/P. 39, 6.3/P. 44, 12.3/P. 102	
102-11	Precautionary Principle or approach	Risk Management Section 145–171	
102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	5.2/P. 32, 12.1/P. 96	
102-13	Membership of associations	12.1/P. 96	
Strategy and analysis			
102-14	A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy for addressing sustainability	1/P. 8–9	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour and the Code of Ethics	12.5/P. 114	
Governance			
102-18	Governance structure of the organization, including committees of the highest governance body	5.3/P. 33–39, 5.4/P. 39–40	
Stakeholder engagement			
102-40	A list of stakeholder groups engaged by the organization	12.2/P. 97	
102-41	Percentage of total employees covered by collective agreement	12.4.1.1/P. 105	
102-42	The basis for identifying and selecting stakeholders with whom to engage	6.5/P. 45, 12.2/P. 97–99	
102-43	The organization's approach to stakeholder engagement, including frequency of engagement by stakeholder group	6.5/P. 45, 12.2/P. 97–99, 12.4.2.1/P. 107	
102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns, including through its reporting	12.2/P. 97–99, 12.4.2.1/P. 107, 12.5/P. 115	

GRI Content Index according to GRI Global Standards- Core option *“This report has been prepared in accordance with the GRI Standards: Core option.”*

GENERAL STANDARD DISCLOSURES

GRI Standard and Disclosure	Disclosure	Section/Page number(s)	Remarks/Omissions
Reporting practice			
102-45	Entities included in the consolidated financial statements	Accounting Report 2.10/P. 201	
102-46	Defining report content and topic Boundaries	P. 93	
102-47	List of material topics	GRI Content Index/P. 294	The essential topics recognised by the Triglav Group are stated in this GRI Content Index. Nonessential topics are not reported.
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	P. 93	
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	P. 93	Compared to the previous reports, the volume of reported topics did not significantly change.
102-50	Reporting period	P. 93	
102-51	Date of most recent report		The most recent Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018 was published on 29 March 2018.
102-52	Reporting cycle (annually, quarterly)	P. 93	
102-53	Contact point for questions regarding the report	2.3/P. 11	
102-54	Claims of reporting in accordance with the GRI Standards	GRI Content Index/P. 294	
102-55	GRI Content Index	P. 294	
102-56	External assurance		The Company has not yet decided to have the GRI standards externally assured.

Table of Contents po standardu poročanja GRI GS (Global Standards) – osnovna opcija (Core) “This report has been prepared in accordance with the GRI Standards: Core option.”

TOPIC-SPECIFIC DISCLOSURES			
The management approach and disclosures	Material topic	Section/Page number(s)	Reason for Omission/Notes
ECONOMIC IMPACT			
GRI 201: Economic Performance 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	4.2/P. 28, 4.2.1/P. 29, 12.3/P. 100	
201-1	Direct economic value generated and distributed	12.3/P. 100	
201-2	Financial implications and other risks and opportunities due to climate change	7.3/P. 49	
201-3	Defined benefit plan obligations and other retirement plans	12.4.4/P. 109	
GRI 202: Market presence 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	4.2.1/P. 29	
202-2	Proportion of senior management hired from the local community	12.4.1.1/P. 105	
GRI 203: Indirect economic impacts 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3/P. 100, 12.6.1/P. 116, 12.6.2/P. 118	
203-1	Extent of development of significant infrastructure investments and services supported	12.6.1/P. 116, 12.6.2/P. 118	
GRI 204: Procurement practices 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3/P. 101	
204-1	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation	12.3/P. 102	Share is not reported.
GRI 205: Anti-corruption 2016			
103-1, 103-2	Explanation of the material topic and its Boundary	12.5/P. 114	
205-1	Total number and percentage of operations assessed for risks related to corruption	12.5/P. 114	
205-3	Total number and percentage of operations assessed for risks related to corruption, confirmed incidents of corruption and actions taken	12.5/P. 114	
GRI 206: Anti-competitive behaviour			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3/P. 102	
206-1	Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation	12.3/P. 102	
ENVIRONMENTAL IMPACT			
GRI 302: Energy 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.7/P. 122	
302-1	Energy consumption within the organization	12.7/P. 122	
GRI 305: Emissions 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.7/P. 121	
305-1	Direct (Scope 1) GHG emissions	12.7/P. 121	
305-2	Energy indirect (Scope 2) GHG emissions	12.7/P. 121	
305-3	Other indirect (Scope 3) GHG emissions	12.7/P. 121	
GRI 306: Effluents and waste 2016			
103-1	Explanation of the material topic and its Boundary	12.7/P. 122	
306-2	Total weight of waste, with a breakdown by the disposal methods	12.7/P. 122	Quantitative data on disposal methods are not included.

Table of Contents po standardu poročanja GRI GS (Global Standards) – osnovna opcija (Core) “This report has been prepared in accordance with the GRI Standards: Core option.”

TOPIC-SPECIFIC DISCLOSURES			
The management approach and disclosures	Material topic	Section/Page number(s)	Reason for Omission/Notes
SOCIAL IMPACT			
GRI 401: Employment 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.1/P. 103	
401-1	New employee hires and employee turnover	12.4.1/P. 105	
401-2	Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation.	12.4.1.1/P. 105, 12.4.4/P. 109	
401-3	Total number of employees that returned to work in the reporting period after parental leave ended, by gender	12.4.4/P. 109	
GRI 402: Labour/management relations 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.4/P. 110	
402-1	Minimum notice periods regarding operational changes, including the information whether the notice period and provisions for consultation and negotiation are specified in collective agreements	12.4.4/P. 110	
GRI 403: Occupational health and safety 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.3/P. 108	
403-1	Occupational health and safety management system	12.4.3/P. 108	
403-2	Hazard identification, risk assessment, and incident investigation	12.4.3/P. 108	
403-3	Occupational health services	12.4.3/P. 108	
403-4	Worker participation, consultation, and communication on occupational health and safety	12.4.3/P. 108	
403-5	Worker training on occupational health and safety	12.4.3/P. 108	
403-6	Promotion of worker health	12.4.3/P. 108	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	12.4.3/P. 108	
403-8	Workers covered by an occupational health and safety management system	12.4.3/P. 108	
403-9	Work-related injuries	12.4.3/P. 108	
403-10	Work-related ill health	12.4.3/P. 108	
GRI 404: Training and education 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.2/P. 106	
404-1	Average hours of training that the organization's employees have undertaken during the reporting period, by gender and employee category	12.4.2/P. 106	Data capture does not include classification by employee category
404-3	Percentage of employees receiving regular performance and career development reviews by gender	12.4.2/P. 106	
GRI: 405: Diversity and equal opportunity 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.1/P. 103	
405-1	Diversity of governance bodies and employees (gender, age group, representatives of minorities, other indicators of diversity)	5.3.2.2/P. 35, 5.3.3.2/P. 37, 12.4.1.1/P. 109	
405-2	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation	12.4.1.1/P. 105	
GRI 412: Human rights assessment 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.4/P. 110	
412-2	Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations and percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations	12.4.2/P. 106, 12.5/P. 114	

Table of Contents po standardu poročanja GRI GS (Global Standards) – osnovna opcija (Core) “*This report has been prepared in accordance with the GRI Standards: Core option.*”

TOPIC-SPECIFIC DISCLOSURES			
The management approach and disclosures	Material topic	Section/Page number(s)	Reason for Omission/Notes
GRI 406: Non-discrimination 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.4/P. 110	
406-1	Total number of incidents of discrimination during the reporting period and actions taken	12.4.4/P. 110	
GRI 413: Local communities 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.6.1/P. 116	
413-1	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	12.6.1/P. 116	Share is not reported.
GRI 414: Supplier Social Assessment			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3/P. 101	
414-1	New suppliers that were screened using social criteria	12.3/P. 101	Share is not reported.
GRI 415: Public policy 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/P. 114	
415-1	Political contributions	12.5/P. 114	
GRI 418 Customer privacy 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/P. 114	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	12.5/P. 114	
GRI 419: Socioeconomic compliance 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/P. 114	
419-1	Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area	12.5/P. 114	
GRI 417: Marketing and labelling 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/P. 111	
417-1	Requirements for product and service information and labelling	12.5/P. 111	
417-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	12.5/P. 111	
417-3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorships by incidents of non-compliance with regulations resulting in a fine, penalty or warning	11.5/P. 91	
Financial Services Sector Disclosures - GRI G4			
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit	12.5/P. 111, 113	The data monitoring system does not yet allow a precise calculation.
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit	12.5/P. 111, 113	The data monitoring system does not yet allow a precise calculation.
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	11.1/P. 86	Quantitative data on access points are not recorded in this way.
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	11.1/P. 86, 12.5/P. 111, 114	

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

Published by: Zavarovalnica Triglav d.d.

Text by: Zavarovalnica Triglav d.d.

Editing, CD, production, consulting by: Studio Kernel d.o.o.;

AD: Janja Ošljaj for Studio Kernel

Photographs by: Ciril Jazbec, Andraž Blaznik, Triglav Group archive, Shutterstock

Ljubljana, March 2020