



Together. At every moment.

The Triglav Group and Zavarovalnica
Triglav d.d. Annual Report 2020



This report is dedicated to the exceptional solidarity and engagement shown by Triglav Group employees.

Confirmation of our resilience, stability and loyalty to clients.

At the heart of the Triglav Group's business model is the creation of value for clients through an agile culture, digital transformation and new ways of doing business.

The Triglav Group's development strategy proved to be appropriate and operational even in a strongly changed environment, thus the planned strategic guidelines continued to be pursued.

[Strategy and plans](#)

[Development and sales activities](#)

Together. At every moment.

We are pleased that even in the uncertain situation brought about by the COVID-19 pandemic our operations were stable and that we stood by our clients.

[Address by the President of the Management Board](#)

[Risk management](#)

Building a safer future. For 120 years.



Nataša Kaurin, Human Resource and Compliance Coordinator, Triglav Osiguranje, Banja Luka

“Living and working in an extraordinary situation is a special challenge due to restrictions and the precautionary principle in limiting the spread of the disease. The openness of co-workers to the different and new in this situation really means a lot. The COVID-19 pandemic is unprecedented and therefore there are no established good practices to follow, including in the field of human resource management.

Despite the adapted models of operation, we have and must constantly learn and test, determine what works best and what will work in the future, and above all, co-operate and protect one another. It is necessary to look for a new work-life balance. Exercising outdoors has always helped me to achieve this.”



Jelena Agafonova, Head of the Digital Strategy and Innovation Department,
Zavarovalnica Triglav

“A lively year is behind us. It has brought many changes that helped us achieve progress on many levels, both strategic and operational, and accelerated the digitalisation of our business. I would like to highlight the development of a number of remote business solutions for working smoothly during the epidemic.

We have developed an innovation methodology and linked innovation to direct business objectives. We are designing and implementing new digital solutions and promoting digitalisation as our strategic guidelines.”



Aleš Furlanič, an independent expert
in the Digital Strategy Department,
Zavarovalnica Triglav

“The environment is changing. Technological development always means boldness and constant improvement, which also applies to our activities. Therefore, we are defining the methodology and expanding innovation processes, and including the main stakeholders. In doing so, we account for the fact that new generations are not only digitally literate but that their financial literacy is also higher.”

Financial highlights of the Triglav Group and Zavarovalnica Triglav in 2020



Jasmina Dunovska,
Client Support Centre,
Zavarovalnica Triglav

43 companies

The parent company
was founded in 1900

Leading market share
in the Adria region

5,316 employees

Balance sheet:
EUR 4.1 billion

NPS 67.1

Customer satisfaction of Zavarovalnica Triglav (NPS index) improved and reached high values throughout the year.

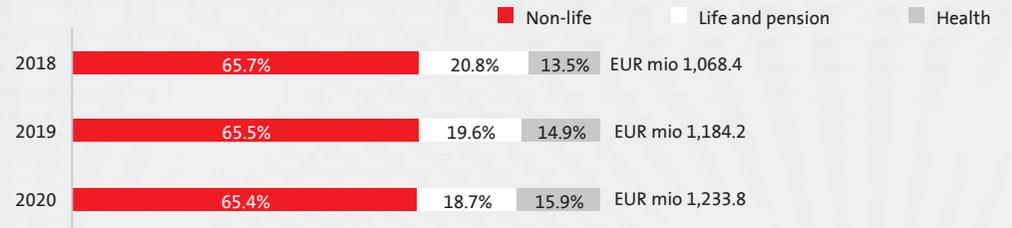
Credit rating

»»A««

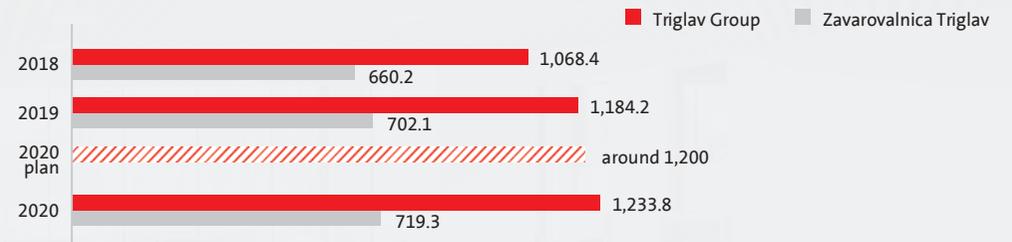
of the Triglav Group
with a stable
medium-term outlook



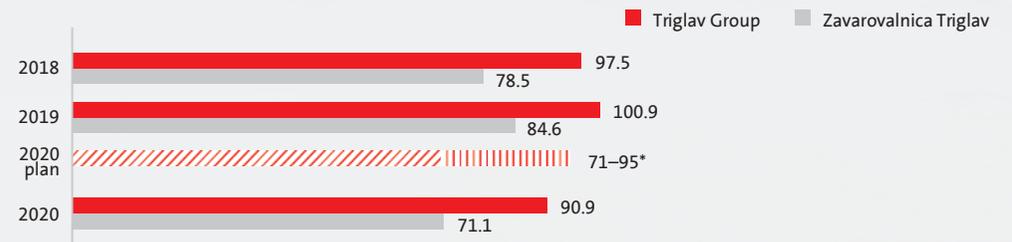
Consolidated gross written premium of the Triglav Group by segment



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



Net profit before tax in EUR million



* Interim estimate: a 10-25% decline in the planned range of profit before tax of EUR 95-105 million

Combined ratio of the Triglav Group

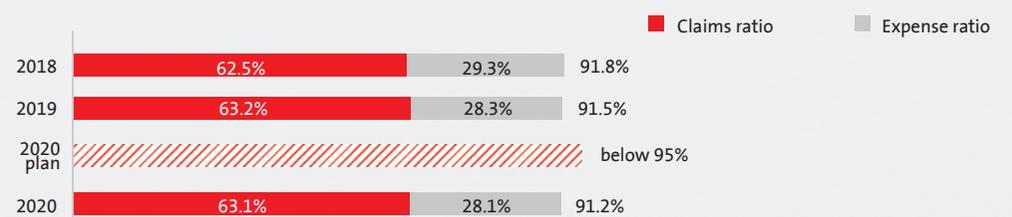


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Triglav d.d. for the Year Ended 31 December 2020

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About the report

The PDF version of the report is designed in accordance with the MAR Regulation and is unofficial. Pursuant to Commission Delegated Regulation (EU) 2019/815 and paragraph one of Article 134 of the Market in Financial Instruments Act (ZTFI-1), the official version of the report is the one designed in the ESEF format and published on the SEOnet of Ljubljanska borza d.d., the Company's official announcement site.

The Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020 is integrated and describes the balance and plans as at 31 December 2020. When compiling the report, the aim was to present a comprehensive overview of the main financial and non-financial (ESG) aspects, results and plans. You can read more about the report in [the section Statement on non-financial reporting](#).

Navigation

You can access the contents of the report through interactive indexes and quick links to related or additional content, for example: [Section 4. Strategy and plans of the Triglav Group](#).

Keep updated about our activities and offers

Detailed information for investors and existing shareholders is available below:
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
E-mail: investor.relations@triglav.si



»» During the COVID-19 pandemic and the low interest rate environment in 2020, the Triglav Group demonstrated its resilience and financial strength.«

1. Address by the President of the Management Board¹

**Dear Shareholders,
Business Partners and
Colleagues,**

The Triglav Group's operations in 2020 were marked by the COVID-19 pandemic and the persisting low interest rate environment. In this situation, we demonstrated our resilience, maintaining our financial strength and proving our ability to adapt effectively to changes. The situation in the business environment and the capital markets had a negative impact on our profit, but we are nevertheless satisfied with the business results, as they are close to the originally planned. The difficult year behind us confirms that our strategy is well set out and that we are developing into a modern, innovative and dynamic insurance and financial group, which firmly remains the leader both in Slovenia and the wider region.

In view of the already implemented strategic projects and based on the planned projects, business continuity, reliability and client focus were ensured in all markets. We further increased our market share in the largest, Slovenian market by 0.4 percentage point to 36.5%. We are especially pleased that clients rated our work with the highest satisfaction scores to date. We are aware that employees are the main foundation of our success, thus for several years we have been strategically transforming our organisation and culture to be even more cooperative and agile. The results of our efforts are already visible. The team of over 5,300 employees in all seven markets is distinguished by diversity, appropriate stability and cooperation. We are proud that the measurements confirmed this increased satisfaction not only with clients but also with employees.

» The situation in the business environment and the capital markets had a negative impact on our profit, but we are nevertheless satisfied with our business results.«

In the difficult year of 2020, we pursued our strategic commitment to the long-term and stable profitability of the Group's operations. The Group generated a profit before tax of EUR 90.9 million and achieved an 8.9% return on equity. The result is lower than originally planned and the one achieved the year before, but it is in line with the published interim

estimate. It was positively influenced by our underwriting discipline, increased business volume and prudent cost management. On the other hand, the result was affected by the situation in the financial markets (a further decrease in interest income and increase in expenses due to the long-term servicing of investment guarantees), major CAT events (hail storms in three markets and the Zagreb earthquake) and an increase in insurance technical provisions due to the current business conditions. The value of the investment portfolio, which continues to be managed conservatively, grew by 5% to EUR 3,496 million. Its composition was not significantly changed. Through active investment, the shares of individual investment grades were adjusted, thus maintaining the appropriate diversification and security of the entire portfolio.

The Group with the high, "A" credit rating

During the year, the Group assessed the impact of the situation on its operations according to different scenarios and regularly reported thereon. These assessments showed that the Group's insurance and investment portfolios are sufficiently resilient and that its capital position is appropriate to effectively cope with any increased risks due to the COVID-19 pandemic. Through comprehensive risk management and prudent capital management, the Group ensured not only an optimal composition of the capital but also its cost-effectiveness. The Group's strong financial stability, capital adequacy and profitability were confirmed by the credit rating agencies S&P Global Ratings and AM Best, which re-affirmed the Group's "A" credit rating with a stable medium-term outlook. This is one of our strategic objectives, which ensures an appropriate competitive position of the Group in insurance, reinsurance and financial markets, as it reflects our financial strength and sound performance.

Good results in insurance and asset management

The volume of written premium rose by 4% to EUR 1,234 million, thus fulfilling the plans, although most countries in the region were marked by the decline in GDP, shrinking insurance markets and fierce competition.

Non-life insurance premium increased by 4% and health insurance premium by 11%, while life and pension insurance premium remained at the same level as in the preceding year. Premium growth was recorded in most insurance markets. Growth stood at 3% in the Slovenian market, thus being at the level of market movements, and 4% in markets outside Slovenia.

We strategically ensure geographical and product diversification of the total written premium and use an omni-channel approach to our clients. We are gradually increasing the share of premium written in markets outside Slovenia (standing at 18.2% in 2020). In addition to non-life insurance, the share of other insurance classes that are part of our offering is being strengthened (the share of non-life insurance at the Group level decreased to 65.5%). Two-thirds of written premium come from retail clients and the rest from corporate clients, whose share increased by 1.4 percentage points. In addition to major CAT events, the

claims experience was affected by the pandemic. The total volume of gross claims paid was 3% lower than in 2019. In addition, we expect that a certain part of claims not incurred in 2020 due to decreased economic activity or other restrictions of the policyholders' movement will be paid in 2021. For this purpose, appropriate insurance technical provisions were formed. The Group's combined ratio was 91.2%, which is in the lower end of its average target strategic value range. Compared to the preceding year, it is lower by 0.3 percentage point due to an improvement in both the claims ratio and the expense ratio.

We are also satisfied with the results of the asset management business. The volume of own insurance portfolio grew by 6% to EUR 2,995 million and the volume of clients' assets in mutual funds and discretionary mandate assets increased by 5% to EUR 1,156 million. Discretionary mandate services are provided by Triglav Skladi, which also manages the investment portfolios of the Group's clients within the framework of unit-linked life insurance and guarantee funds backing supplemental voluntary pension insurance.

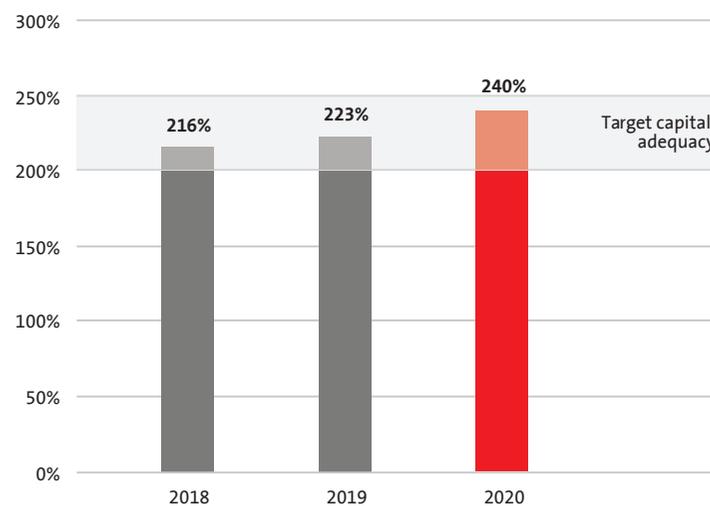
Following the takeover of the ALTA mutual fund manager, we effectively carried out all integration procedures and brought together 110,000 clients under a single brand. With a 32.9% share in the Slovenian mutual fund market at the end of the year, we are one of the leading asset managers.

Client focus and development remain at the forefront

The new situation gave additional impetus to the overall digital business transformation of the Group. We have effectively adapted to the changed environment and the behaviour of our clients. Among the achievements that stand out are the upgraded remote business and the consistent implementation of the measures taken to curb the spread of infection and protect the health of employees, clients and other stakeholders. We upgraded and launched new products and assistance services, improved the handling of claims and introduced artificial intelligence in some processes. Furthermore,

» In 2020, employee and client satisfaction reached the highest levels ever measured.«

Capital adequacy ratio of the Triglav Group as at 31. 12. 2020



we strengthened digital sales, communication and distribution channels and tools. By enhancing our digital presence and promoting the use of online and mobile platforms, we have increased the average premium per employee, achieved higher cost-effectiveness and improved user experience by simplifying procedures for our clients.

»» By adopting the Triglav Group's commitment to sustainability, the Group committed itself, through its activities, to reduce uncertainty in the environment, provide its clients with financial and other security, and create sustainable value for its shareholders and other stakeholders.«

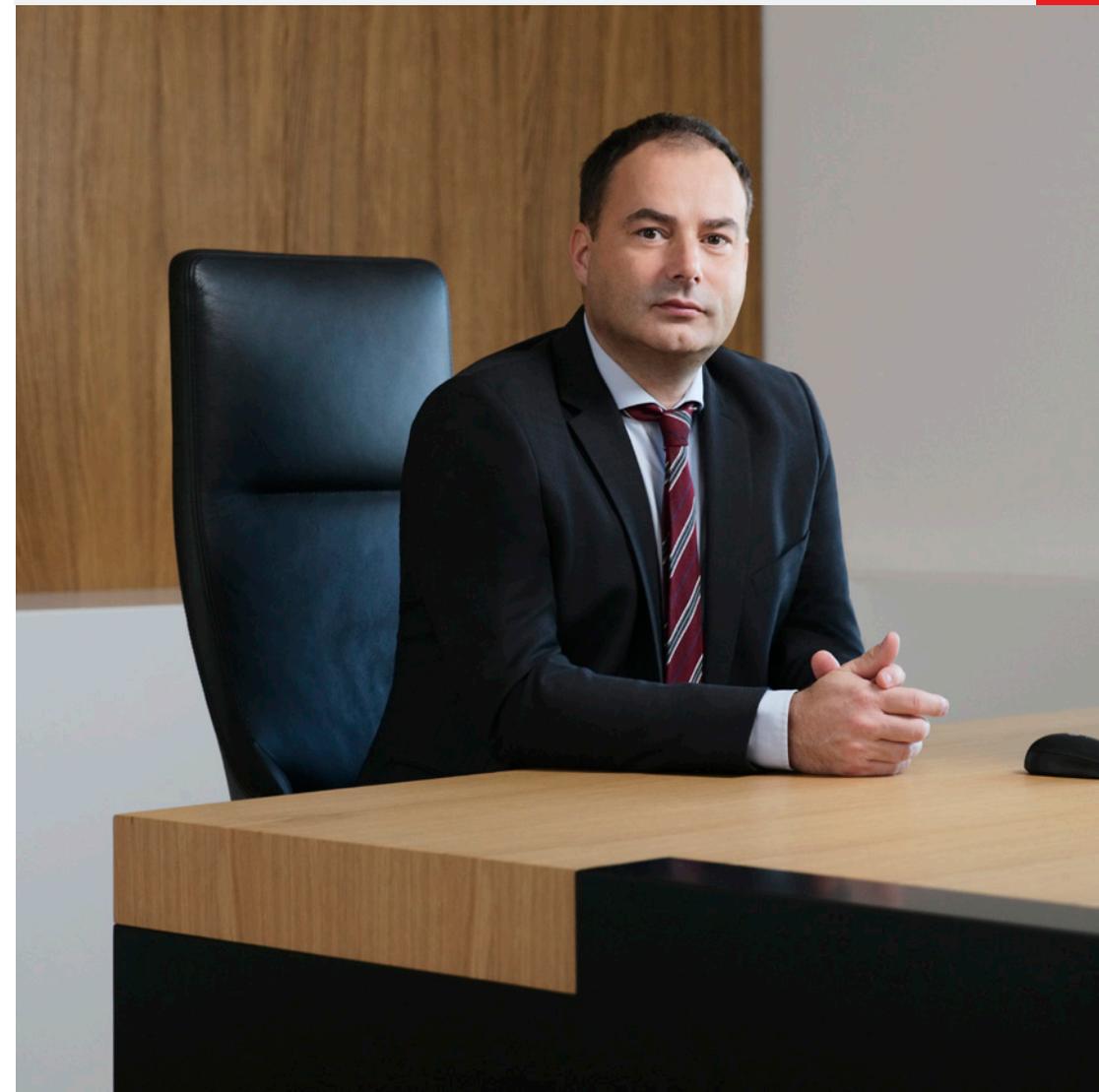
We continued to consolidate our own sales network as our most important sales channel, where 73.3% of premium is written. In accordance with the omni-channel approach, our own sales network was supplemented with the external sales network, which contributed to premium growth in individual markets. In 2020, in line with the planned geographical diversification of operations, Zavarovalnica Triglav provided cross-border insurance services in more than 15 EU Member States. Long-term partnerships were expanded from Greece and Italy to the Norwegian and Dutch insurance markets. These forms of business, which are otherwise marginal in terms of premium volume, are considered important in terms of development.

Implementation of the dividend policy

In accordance with the positions of the Slovenian insurance regulator, Zavarovalnica Triglav's shareholders approved the proposal of the Management Board and the Supervisory Board that the accumulated profit for 2019 remain undistributed. The dividend policy remained unchanged. In its implementation, depending on the circumstances, we take into account the prudent management of the Triglav Group's capital and its financial stability, the need to reinvest profit in the implementation of the growth and development strategy, and the payment of appealing dividends to the shareholders. When the business conditions will normalise, we will be able to continue to implement it by paying dividends.

Commitment to sustainability (ESG)

By pursuing our mission *to build a safer future*, we are realising our sustainability goals. At the end of 2020, the Triglav Group's commitment to sustainability was adopted on these principles as a formal document that sets out the direction of the Group's development in the environmental, social and governance areas (ESG). We committed ourselves, through our activities, to reduce uncertainty in the environment, provide our clients with financial and other security, and create sustainable value for our shareholders and other stakeholders. When designing insurance products, providing services and managing its own portfolios and clients' assets, the Group considers the fundamental aspects of sustainable operations.



We will remember the previous year as one of the most difficult ever. The pandemic has brought both business and personal challenges and affected us all. We thank our clients for their loyalty, our shareholders for their trust, our employees for their dedication and effort, and all our partners for their constructive cooperation.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

2. Triglav Group and Zavarovalnica Triglav in 2020

- Despite the COVID-19 pandemic, the operations of the Triglav Group and its parent company were successful and profitable.
- Strategic development activities were carried out actively and systematically in accordance with the Triglav Group's strategy.
- The Group is financially sound, its capital adequacy is within the target range and the "A" credit rating has a stable medium-term outlook.
- The Group is the leader in both the Adria region, where it has increased its market share, and the Slovene insurance market.
- Premium growth was achieved in most insurance markets and the value of assets under management was increased.

The calculation of indicators and the chosen terms are explained in the glossary enclosed to the Annual Report.
[See page 315.](#)

2.1 Financial highlights of the Triglav Group²

	in EUR million				
	2020	2019	2018	Index	
				2020/2019	2019/2018
Gross written premium from insurance, coinsurance and reinsurance contracts	1,233.8	1,184.2	1,068.4	104	111
Net premium income	1,066.8	1,027.6	951.8	104	108
Gross claims paid	697.4	716.7	679.6	97	105
Net claims incurred	683.6	684.1	626.6	100	109
Gross operating expenses	306.7	305.3	288.8	100	106
Profit before tax	90.9	100.9	97.5	90	104
Net profit	73.7	83.9	80.8	88	104
Net profit attributable to the controlling company	73.5	83.7	80.7	88	104
Combined ratio	91.2%	91.5%	91.8%	100	100
Insurance technical provision as at 31 December	3,033.2	2,878.9	2,713.1	105	106
Equity as at 31 December	870.2	792.0	746.9	110	106
Equity attributable to the controlling company as at 31 December	867.6	789.5	744.6	110	106
Return on equity	8.9%	10.9%	10.8%	81	101
Return on equity attributable to the controlling company	8.9%	10.9%	10.8%	81	101
Book value per share (in EUR)	38.16	34.73	32.75	110	106
Net earnings per share (in EUR)	3.24	3.69	3.56	88	104
Number of employees as at 31 December	5,316	5,281	5,166	101	102

2.2 Financial highlights of Zavarovalnica Triglav³

	in EUR million				
	2020	2019	2018	Index	
				2020/2019	2019/2018
Gross written premium from insurance, coinsurance and reinsurance contracts	719.3	702.1	660.2	102	106
Net premium income	583.9	573.6	551.9	102	104
Gross claims paid	408.3	425.2	421.0	96	101
Net claims incurred	375.3	376.8	359.9	100	105
Gross operating expenses	180.0	180.5	174.4	100	103
Profit before tax	71.1	84.6	78.5	84	108
Net profit	58.0	70.6	65.5	82	108
Combined ratio	86.1%	85.6%	86.1%	101	99
Insurance technical provisions as at 31 December	2,199.0	2,149.0	2,061.4	102	104
Equity as at 31 December	644.0	580.5	560.1	111	104
Return on equity	9.5%	12.4%	11.6%	77	107
Book value per share (in EUR)	28.33	25.53	24.64	111	104
Net earnings per share (in EUR)	2.55	3.11	2.88	82	108
Number of employees as at 31 December	2,244	2,253	2,290	100	98

2.3 Other economic and environmental, social and governance (ESG) aspects of the Triglav Group's operations

	2020	2019	2018	Index 2020/2019	2019/2018
1. Environmental aspects					
Carbon footprint (tonnes of CO ₂ equivalent)*	6,339	7,877	9,486	80	83
Carbon footprint per employee (tonnes of CO ₂ equivalent)	2.02	2.31	2.39	87	97
Electricity consumption (MWh)*/**	6,904	7,550	8,602	91	88
Share of electricity consumption from renewable sources (%)	4.1	1.4	4.0	297	35
Separate waste collection (share of participating employees in Zavarovalnica Triglav in %)	94	94	94	100	100
Average daily consumption of office paper per employee	21.9	30.2	30.2	72	100
Number of insurance products that promote environmental responsibility	4	2	2	200	100
2. Social aspects					
Employee satisfaction (ORVI)	3.99	3.88	3.87	103	100
Average employee age	44.05	44.06	43.96	100	100
Women employees to total employees ratio (%)	53.5	53.5	52.2	100	102
Proportion of women at first and second management levels under the management board (%)	42.1	43.5	42.2	97	103
Employee turnover (number of leavers/average number of employees; in %)	11.7	14.4	12.1	81	119
Average number of training hours per employee	24	31	21	77	146
Lost time incident rate – LTIR (number of work-related incidents/total number of hours of all employees * 200,000)	0.21	0.38	0.27	56	143
Client satisfaction at Zavarovalnica Triglav (NPS)***	67.1	60.6	58.9	111	103
Number of insurance products and services sold online	20	18	19	111	95
Number of insurance products that promote prevention	62	62	62	100	100
Number of suppliers checked against ESG criteria	311	140	0	222	0
Investments into the community (prevention, donations, sponsorships) (EUR million)	7.8	7.3	6.3	108	115
3. Governance aspects					
Proportion of women in the management board/supervisory board/at the first management level under the management board (%)	33.3/0/45.8	33.3/11.1/46.9	40.0/11.1/47.2		
Average age of Zavarovalnica Triglav Management Board members	48	46.7	45.8	102	102
Independence of Zavarovalnica Triglav Supervisory Board members, shareholder representatives (% of members)	100	100	100	100	100
President of the Management Board salary to the average employee salary ratio (factor x)****	5	5	5	100	100
Term of office of the current President of the Management Board (years)	7	6	5	117	120
Policies adopted: equal opportunities policy, anti-corruption policy, employee protection/whistleblower protection policy	YES	YES	YES		
Fair conduct (rate of fraud cases investigated in %)*****	1.134	1.040	752	109	138
Internationally renowned audit firm (Big 4)	YES	YES	YES		
Period of cooperation with the existing auditor (years)	2	1		200	
Investor relations when publishing results	YES	YES	YES		
Economic value generated (EUR million)	1,274.9	1,292.4	1,107.7	99	117
Economic value distributed (EUR million)	1,179.2	1,245.6	1,069.3	95	116
Economic value retained (EUR million)	95.7	46.8	38.3	204	122

* Data capturing for electricity consumption for Zavarovalnica Triglav was changed in 2020, thus data for 2019 and 2018 were also adjusted.

** Data for 2019 and 2020 are collected for the Triglav Group's key companies (all insurance companies, Triglav Skladi and Triglav, pokojninska družba), whereas for 2018 only for Zavarovalnica Triglav.

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

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

***** Data for 2019 and 2020 are collected for all insurance companies and Triglav Skladi, whereas for 2018 only for Zavarovalnica Triglav.

For additional information about this report please contact:⁴ **Zavarovalnica Triglav d.d., Ljubljana, Miklošičeva cesta 19, 1000 Ljubljana**
Tomaz 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 2020

The COVID-19 pandemic:

During the COVID-19 pandemic, the Triglav Group continuously provided its services to clients. The Group operated in accordance with the measures taken to curb the spread of infection and protect the health of its employees, clients and other stakeholders. In an uncertain and volatile business environment, it regularly assessed impacts on its operations according to various, most probable scenarios. It is assessed that the Group's insurance and investment portfolios are sufficiently resilient and that the capital position is appropriate to further effectively cope with any risks increased due to the pandemic.

Good business results:

Despite the difficult conditions caused by the pandemic, the operations of the Triglav Group were successful and profitable. Its strategy, market position and operations within its two core activities remained unchanged. Premium growth was recorded in most insurance markets and in the health and non-life insurance segments. The profit achieved during the pandemic was influenced by the situation in the global financial markets and the increase in provisions due to the current business conditions.

The "A" credit rating affirmed:

The credit rating agencies S&P Global Ratings and AM Best re-affirmed the Group's "A" credit rating with a stable medium-term outlook. See [Section 6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav](#) for more information.

Major CAT events:

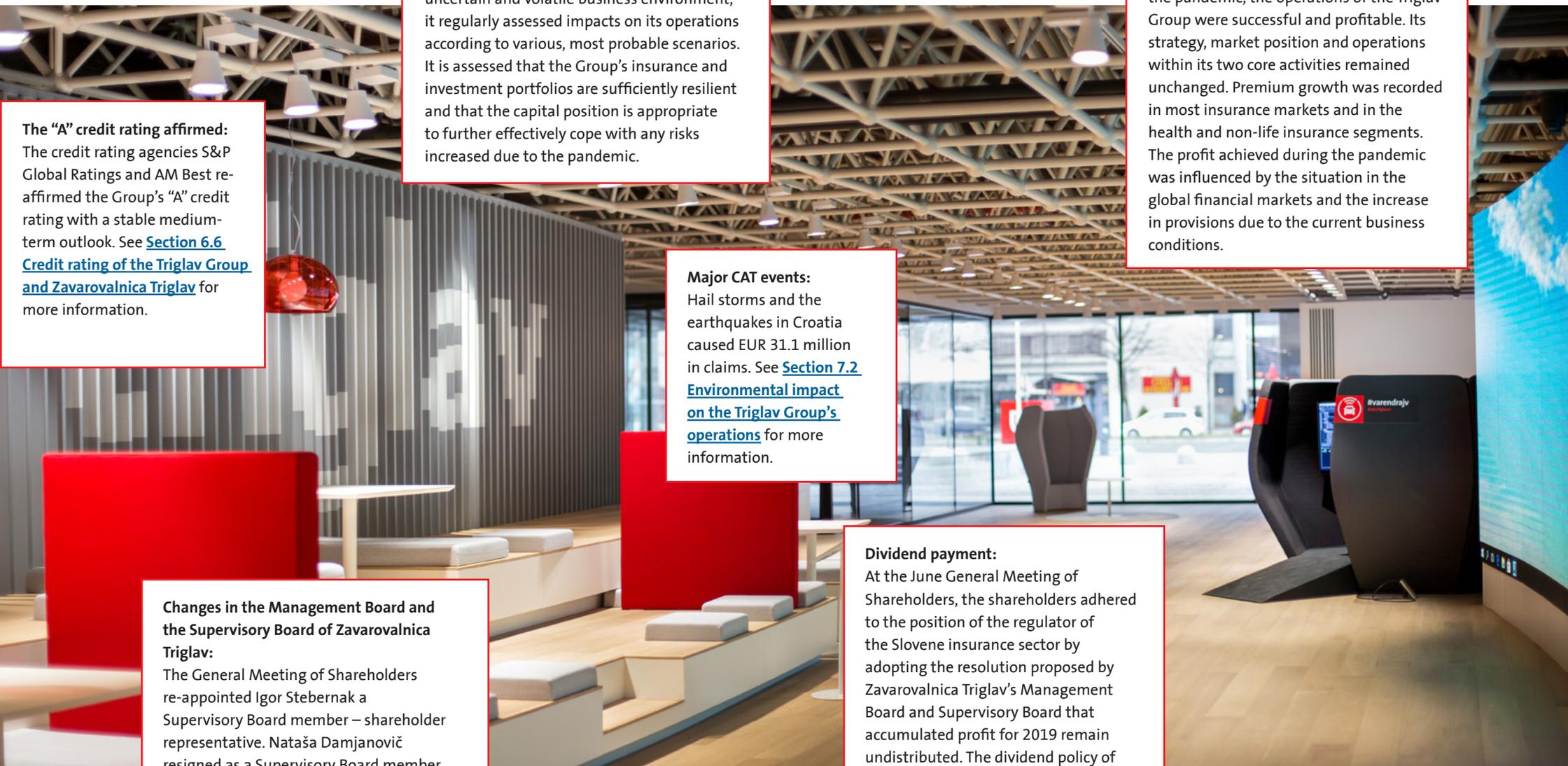
Hail storms and the earthquakes in Croatia caused EUR 31.1 million in claims. See [Section 7.2 Environmental impact on the Triglav Group's operations](#) for more information.

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

The General Meeting of Shareholders re-appointed Igor Stebernak a Supervisory Board member – shareholder representative. Nataša Damjanovič resigned as a Supervisory Board member due to commitments related to her new employment. The Supervisory Board appointed its existing Vice Chairman Andrej Andoljšek its Chairman. See [Section 5.3.3 Supervisory Board](#) for more information.

Dividend payment:

At the June General Meeting of Shareholders, the shareholders adhered to the position of the regulator of the Slovene insurance sector by adopting the resolution proposed by Zavarovalnica Triglav's Management Board and Supervisory Board that accumulated profit for 2019 remain undistributed. The dividend policy of the Company remained unchanged. See [Section 6.4 Dividend and dividend policy](#) for more information.



2.5 The Triglav Group's operations during the COVID-19 pandemic

Jožica Jakšič,
an insurance sales clerk,
Zavarovalnica Triglav

The consequences of the COVID-19 pandemic in 2020 also affected the operations of the Triglav Group. Insurance markets in the countries where the Group operates contracted (with the exception of the Slovenian and Serbian insurance markets) and economic activities declined. The pandemic also affected the high volatility of financial markets (see the [sections 7.1 The general economic environment worldwide and in Slovenia](#) and [7.2 Environmental impact on the Triglav Group's operations](#) for more information).

Business continuity was ensured primarily through effective measures to prevent infections and protect the health of employees, clients and other stakeholders, and through adapted organisation (see [Section 12.4.3 Working safely during the pandemic](#) for more information). For the wide accessibility and availability of its services, the Group

took various measures and enabled its clients to adapt the way they do business. Public calls and instructions on what steps to take in the event of a pandemic and major CAT events were published using an omni-channel approach. The pandemic accelerated the introduction of already planned innovations, which significantly strengthened digital sales, communication and distribution channels and tools (see [Section 11.1 Comprehensive client relationship](#) for more information).

The pandemic also had an impact on lower demand and the decline in written premium of some insurance classes of the Group (see [Section 7.5 Gross written insurance, coinsurance and reinsurance premiums](#) for more information), lower growth in gross claims paid due to lower economic activity and lower population mobility due to restrictive measures to curb the spread of the epidemic (see [Section 7.6 Gross claims paid](#) for more information) and a reduction of some types of operating expenses (see [Section 7.7 Gross operating expenses](#) for more information). Additional provisions for bonuses and discounts

and other insurance technical provisions for were formed (see [Section 7.8 Risk equalisation](#) for more information), in addition to some impairments of financial investments (see [Sections 3.5, 3.6 and 4.3 of the Accounting Report](#) for more information).

Due to the significantly changed business conditions, the Company additionally tested the adequacy of accounting policies, estimates and assumptions used in 2020 and assessed the impact of changes on its financial position, cash flows and profit or loss (see [Section 2.5 The impact of the COVID-19 epidemic in the Accounting Report](#) for more information).

In such an uncertain and volatile business environment, the risks and impacts on operations according to a variety of most probable scenarios were assessed regularly. Market and credit risks were assessed as the most material risks. In the context of market risks, interest rate risk and change in credit spreads are at the forefront, including a sudden change in credit spreads. With respect to credit risks, special attention will continue to be paid to the payment discipline of receivables and the credit quality of major partners (see [Risk management, Section 2.9 Future risks as a result of the pandemic](#) for more information). It is assessed that the Group's insurance and investment portfolios are sufficiently resilient and that the capital position is appropriate to further effectively cope with any increased risks due to the COVID-19 pandemic.

Despite the difficult business conditions and unfavourable situation in the financial markets, it is estimated that the Group performed well in 2020 and prudently pursued its set strategic objectives and goals.



2.6 Financial calendar 2021

Calendar of financial announcements for 2021

Date of announcement*	Type of announcement	Quiet period**
Tuesday, 2 March 2021	Preliminary key figures for 2020	From Tuesday, 9 February 2021
Wednesday, 31 March 2021	Audited annual report for 2020	From Wednesday, 17 March 2021
Thursday, 22 April 2021	Convocation notice of the General Meeting of Shareholders to decide on the distribution of accumulated profit	
Tuesday, 18 May 2021	January–March 2021 interim financial report	From Tuesday, 4 May 2021
Tuesday, 25 May 2021	General Meeting of Shareholders and announcement of its resolutions	
Tuesday, 17 August 2021	January–June 2021 interim financial report	From Tuesday, 3 August 2021
Wednesday, 17 November 2021	January–September 2021 interim financial report	From Wednesday, 3 November 2021

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 (www.seonet.ljse.si) and on the Company's website (www.triglav.eu).

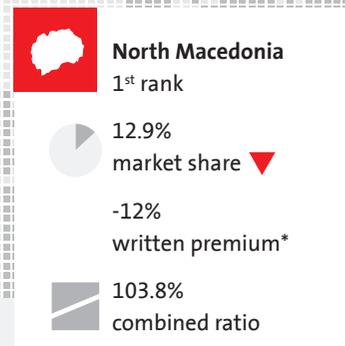
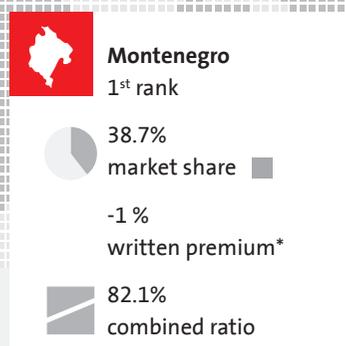
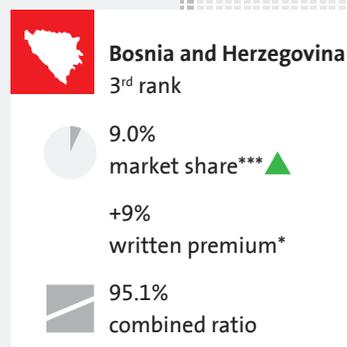
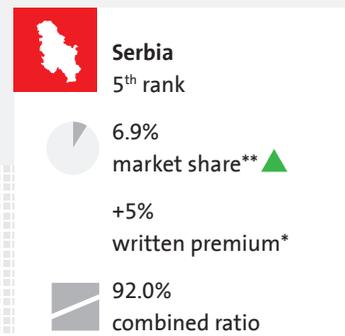
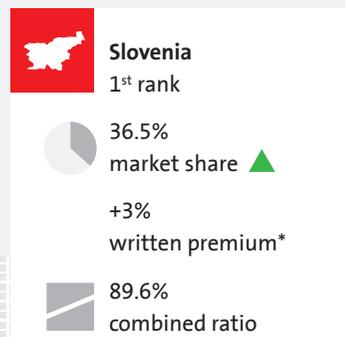
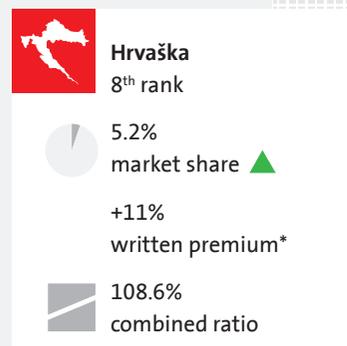
* Announcement dates as planned. The actual dates may differ from the above-stated planned dates.

** 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.

2.7 Activities, markets and position of the Triglav Group⁵

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

The Group operates in seven markets in six countries. Furthermore, it operates in the wider international environment through partnerships with foreign insurance brokerage and agency companies as well as reinsurers.



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

* The data show the growth of the Triglav Group's gross written premium by an individual market
 ** Data for January–September 2020
 *** Data for January–June 2020

⁵GRI GS 102-2, GS 102-4, GS 102-6

2.7.1 The Triglav Group business model

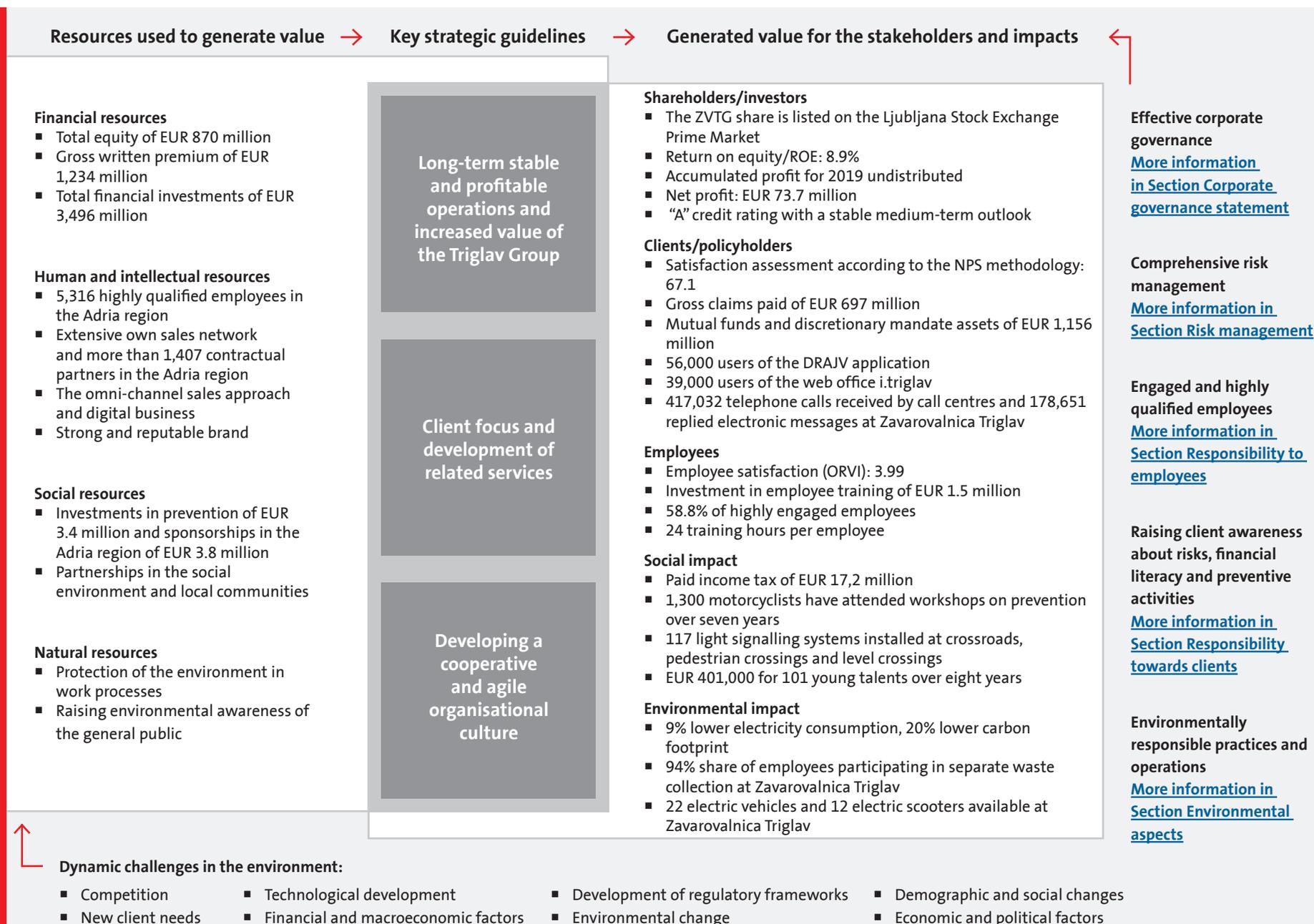
Strategic activities

Insurance

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

Asset management

- Own insurance portfolio
- Mutual funds and discretionary mandate assets
- Pension funds



2.7.2. Insurance

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

The insurance business of the Group comprises:

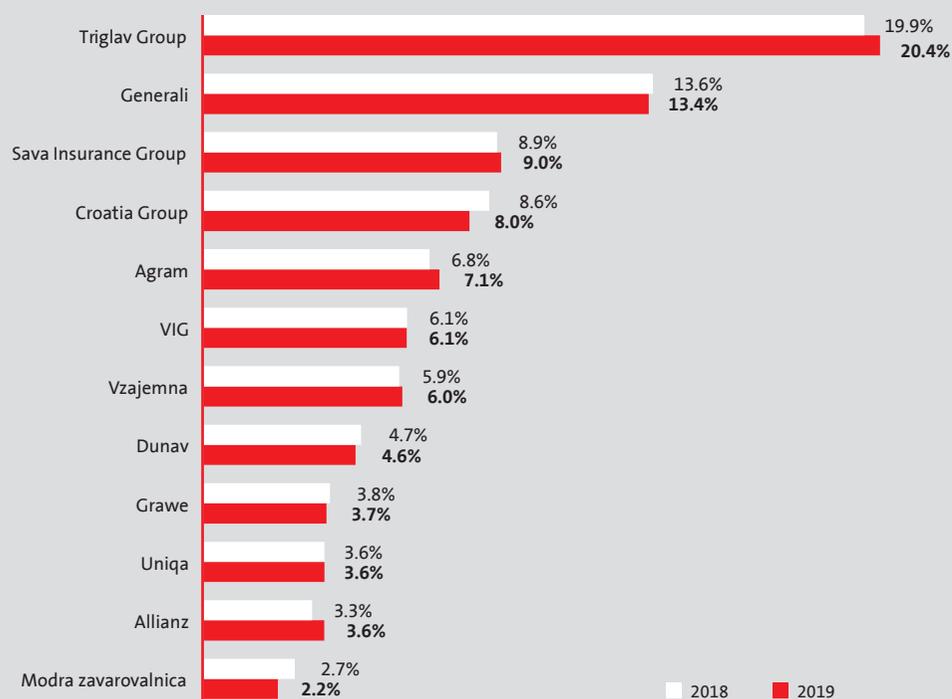
- **in Slovenia:** Zavarovalnica Triglav d.d., Triglav, Zdravstvena zavarovalnica d.d., Pozavarovalnica Triglav Re d.d., and Triglav, pokojninska družba d.d.;
- **abroad:** eight insurance undertakings in Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia.

Position in the regional insurance market

In 2019, the Triglav Group increased its market share in the Adria region (Slovenia, Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia) to 20.4% as at the year-end. By doing so, it has consolidated its dominant position in the region

In 2019, the parent company Zavarovalnica Triglav was again the leading insurer in South-East Europe (Albania, Bosnia and Herzegovina, Bulgaria, Montenegro, Croatia, Kosovo, Moldova, Romania, North Macedonia, Serbia and Slovenia). According to a SeeNews survey, 8 insurance subsidiaries of the Triglav Group (Triglav, pokojninska družba was among them for the first time) and 14 Slovene insurers (three Slovene insurers are among the largest five) rank among the top 100 insurers in South-East Europe in terms of gross written premium. Zavarovalnica Sava remained in second place, while the Romanian insurer City Insurance ranked third (Croatia Osiguranje the year before). The three highest ranked insurers recorded growth in both insurance premium and profit. Among the top 100 insurers, Zavarovalnica Triglav earned the highest profit in 2019.

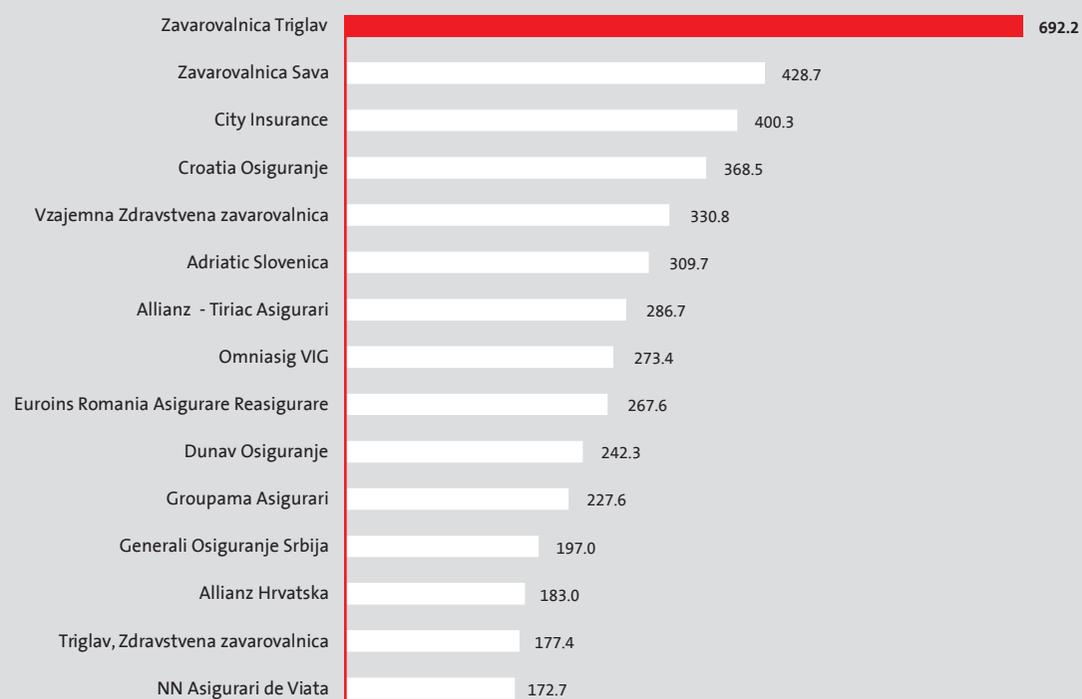
*The market share of the insurance undertakings in the Adria region in 2019 and 2018 (%)**



* Data for 2020 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 2019 (EUR million)



Source: SeeNews 2020

2.7.3. Asset management

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

2.7.4. Structure of the Triglav Group

The Triglav Group consisted of 43 companies as at 31 December 2020. In addition to the parent company, it included 28 subsidiaries and 14 associates.



The Triglav Group members directly involved in or supporting the Group's strategic 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.o.o. 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. ZTSR d.o.o. Alifenet 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., Beograd 		<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 2020⁶

The Croatian regulator (HANFA) rejected the issue of authorisation to acquire a majority stake in the Croatian pension insurance company Raiffeisen mirovinsko osiguravajuće društvo by the Triglav Group. The acquisition of the majority stake was one of the conditions precedent for the validity of the agreement concluded in April 2018 between Triglav INT d.d. and Raiffeisen Bank Austria d.d., Zagreb as the seller.

Lovćen Osiguranje a.d. increased the capital of its subsidiary Lovćen auto d.o.o. twice (on 23 April 2020 and 28 September 2020), thus remaining its 100% owner. The total in-cash contribution amounted to EUR 700,000.

On 15 July 2020, Lovćen Osiguranje a.d. received a decision of the Capital Market Commission, based on which—in accordance with the General Meeting of Shareholders resolution—the existing two series of Lovćen Osiguranje shares were replaced by issuing a new series of 1,828,634 LOVH shares at a nominal value of EUR 5.72. As a result, the participating interest of Triglav INT d.d. increased from 96.59% to 99.07%. Amendments to the Articles of Association resulting from the homogenisation of shares were entered in the Companies Register on 30 September 2020.

Triglav INT d.d. acquired a 0.38% participating interest amounting to MAK 3,016,812 or EUR 48,951 from non-controlling interest holders of Triglav Osiguruvanje a.d., Skopje, thus becoming its 80.83% owner.

Triglav INT d.d. increased the capital of its subsidiary Triglav Osiguranje a.d., Banja Luka on 16 June 2020, thus retaining its 100% participating interest in said company. The in-cash contribution amounted to BAM 3,912,000 or EUR 2,000,174.

Triglav, Upravljanje nepremičnin d.d. was converted into a limited liability company on 5 October 2020.

ZTSR d.o.o., in which Zavarovalnica Triglav d.d. and Sava Re d.d. each hold a 50% participating interest, completed the acquisition procedure (which was initiated in 2019) of the healthcare service provider Diagnostični center Bled d.o.o. on 19 March 2020.

By converting the loan in the amount of EUR 73,202 into a participating interest, Zavarovalnica Triglav acquired a 23.58% participating interest in Alifenet d.o.o. on 29 December 2020.

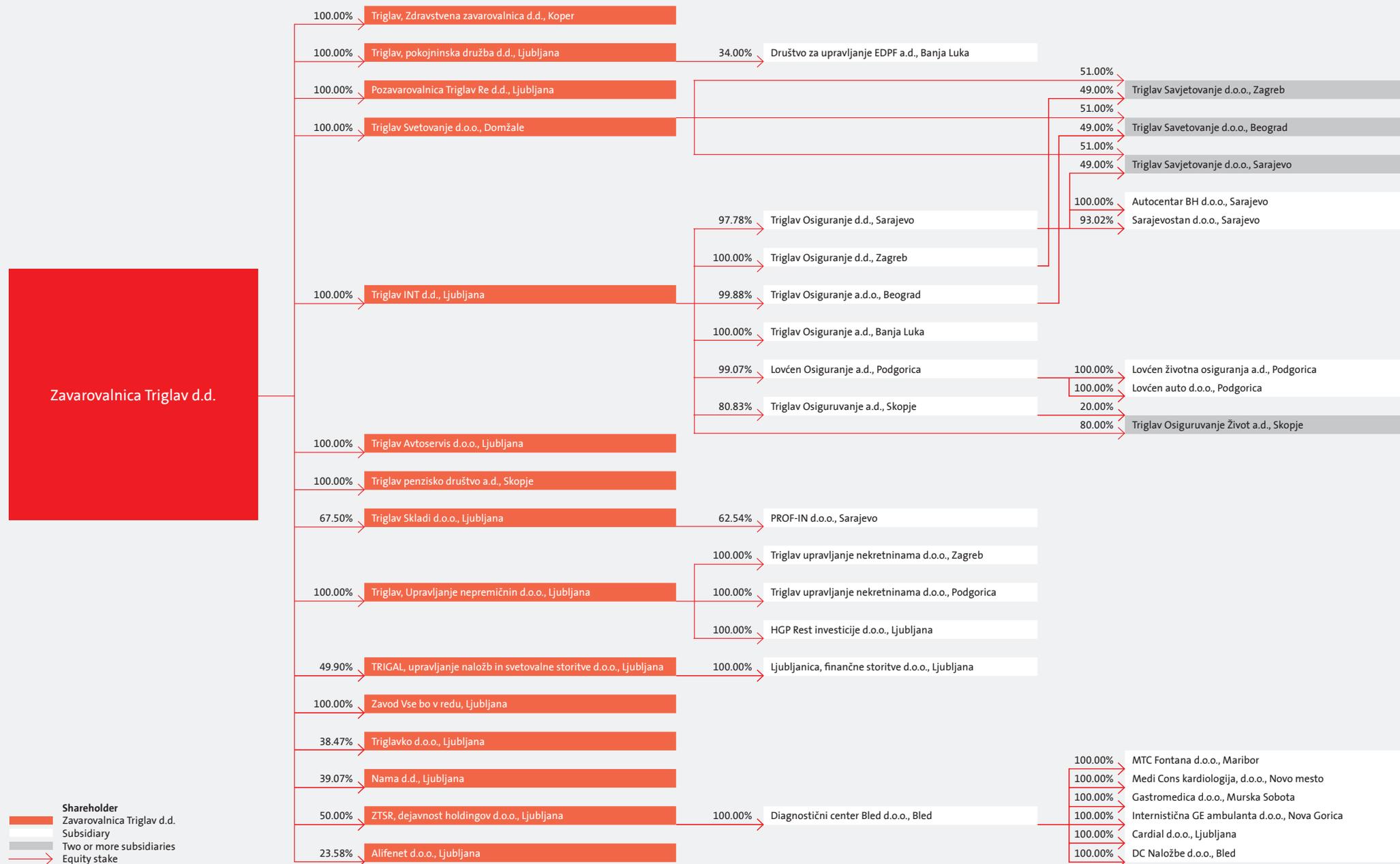
Zavarovalnica Triglav increased the capital of its joint venture ZTSR d.o.o. twice, thereby maintaining its 50.0% participating interest. The first capital increase was carried out with the in-cash contribution of EUR 13.5 million on 12 March 2020 and the second one with the in-cash contribution of EUR 1.4 million on 22 October 2020.

In Q3 2020, 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 of HRK 570,000 or EUR 76,249, the two companies retained their participating interests of 51% and 49% respectively.

In 2020, Hotel Grad Podvin d.o.o. was merged with Triglav, Upravljanje nepremičnin d.o.o.

The changes in the Triglav Group are discussed in greater detail in [Section 2.12 of the Accounting Report](#).

Subsidiaries and associated companies of the Triglav Group as at 31 December 2020 and their participating interests



2.8 Management of Zavarovalnica Triglav

As at 31 December 2020, the Management Board of Zavarovalnica Triglav was comprised of the following members:

Andrej Slapar

President

First appointment to the office and end of term of office: 2013–2024
Employed at the Triglav Group: from 1997



Uroš Ivanc

Member

First appointment to the office and end of term of office: 2014–2024
Employed at the Triglav Group: from 2001

Tadej Čoroli

Member

First appointment to the office and end of term of office: 2014–2024
Employed at the Triglav Group: from 2001



Barbara Smolnikar

Member

First appointment to the office and end of term of office: 2017–2022
Employed at the Triglav Group: from 2017

David Benedek

Member

First appointment to the office and end of term of office: 2019–2024
Employed at the Triglav Group: from 2014, except from 1 April 2018 to 28 February 2019



Marica Makoter

Member

First appointment to the office and end of term of office: 2011–2021
Employed at the Triglav Group: from 2001

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 2020
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 2020**

In 2020, the Supervisory Board of Zavarovalnica Triglav responsibly supervised the operations of Zavarovalnica Triglav d.d. 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. Individual issues were first discussed within the framework of the Supervisory Board's committees. On the basis of their findings and proposals and careful assessment, the Supervisory Board passed appropriate resolutions. The Supervisory Board monitored the implementation and effectiveness of the Triglav Group's strategy.

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



3.1 Introduction

Pursuant to Article 282 of the Companies Act and Article 69 of the Insurance Act, the Supervisory Board hereby presents its Report on the verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020 (hereinafter: the report) and its Opinion on the Annual Internal Audit Report for 2020.

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 2020 and on the verification of the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020, including the report of the non-life insurance actuarial function holder and the life insurance actuarial function holder for 2020.

The integral part of the report is also the opinion of the Supervisory Board on the work of the Internal Audit Department in 2020 and the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020.

3.2 General information

The Supervisory Board and its committees in 2020

The composition of the Supervisory Board in 2020 is described in [Section 5. Corporate Governance Statement \(Supervisory Board\) of the Business Report](#). In 2020, the Supervisory Board held nine sessions and had four committees: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee. The composition of the Supervisory Board committees in 2020 as well as the significant duties and competencies of individual committees are described in

[Section 5. Corporate Governance Statement \(Composition of Supervisory Board committees and their activities in 2020\) of the Business Report](#).

Audit Committee

In 2020, the Audit Committee held five 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 d.d.;
- assessed the compilation of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 and interim reports;
- discussed the Solvency and Financial Condition Report of Zavarovalnica Triglav d.d. as at 31 December 2019 and the Solvency and Financial Condition Report of the Triglav Group as at 31 December 2019, including the independent auditor's assurance reports;
- monitored and discussed the risk management systems, the functioning of internal controls, the Internal Audit Department's reports, recommendations, annual work plan for 2021 and guidelines for the 2022–2024 period;
- supervised and discussed the conclusion of agreements with audit firms, the independence of the certified auditor, the quality of auditing and the audit plan;
- discussed risk reports of Zavarovalnica Triglav d.d. and the Triglav Group;
- discussed the Compliance Office Annual Report for 2019, risk and investment reports and the report on testing IT recovery plans;
- discussed the Statement of Compliance with the Slovenian Corporate Governance Code.

The external expert Jernej Pirc provided his expertise and support to the work of the Audit Committee in relation to information technology

issues. The Audit Committee 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

Major activities of the Appointment and Remuneration Committee in 2020 included:

- drawing up of draft periodic fit and proper assessments of the members of the Management Board and the Supervisory Board and of the two bodies as a whole;
- drawing up of draft fit and proper assessments of the candidates for the members of the Supervisory Board and of the abovementioned bodies as a whole;
- discussion of the calculation and amount of the average gross salary for 2020 in the Group members, which are headquartered in the Republic of Slovenia and were in full consolidation of the Group pursuant to the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (ZPPOGD);
- discussion of the report on the development of key promising staff at Zavarovalnica Triglav in 2019;
- discussion of the Succession Policy for the Members of the Management Board of Zavarovalnica Triglav d.d. and amendments to the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d.;
- consideration of the adjustment of the base salary of the Management Board members and the calculation of the factor on which the variable part of remuneration of the Management Board members depends;

- discussion of additional training programme for the Supervisory Board members in 2020;
- consideration of proposals to issue approval to authorisations of key function holders.

The committee held eight meetings.

Strategy Committee

The Strategy Committee, which held three meetings in 2020, devoted special attention to the realisation of Triglav Group's strategy and starting points for the development of the Triglav Group's business plan for 2021.

Nomination Committee

The Nomination Committee was formed three times in 2021. It was first formed in December 2019 and started operating in January 2020, with the aim of carrying out the nomination procedure for appointing a candidate for a Supervisory Board member – shareholder representative to replace Igor Stebernak, whose four-year term of office expired on 2 June 2020. At the General Meeting of Shareholders, Igor Stebernak was re-appointed as a Supervisory Board member for a new four-year term of office.

For the second time, the Nomination Committee was formed due to the termination of the term of office of Nataša Damjanovič, a Supervisory Board member – shareholder representative, on 18 September 2020.

The last Nomination Committee was formed on 12 November 2020 due to the expiry of the term of office of Supervisory Board members – shareholder representatives, Andrej Andoljšek, Žiga Škerjanec, Mario Gobbo and Milan Tomažević, on 13 June 2021.

3.3 Work of the supervisory board and scope of supervision of the company's operations in 2020

The description of the Supervisory Board's operations and the scope of monitoring and supervision over the governance of the Company and the Group in 2020 are based on the supervision of the Company's and the Group's operations performed by the Supervisory Board in 2020, acting within 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 Slovenian Corporate Governance Code. The methods and organisation of its work are set out in the Rules of Procedure of the Supervisory Board, which are published on the Company's website.

a) With regard to its core competences, the Supervisory Board in 2020:

- approved the Solvency and Financial Condition Report of Zavarovalnica Triglav and the Triglav Group as at 31 December 2019;
- adopted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019, 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 2019 and the Opinion of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report for 2019 of the Internal Audit Department of Zavarovalnica Triglav d.d.;
- discussed the Annual Internal Audit Report of the Internal Audit Department for 2019;
- approved the Triglav Group's business policy and business plan for 2021;

- approved the Internal Audit Department's work plan for 2021 and its guidelines for the 2022–2024 period;
- proposed to the 45th General Meeting of Shareholders of Zavarovalnica Triglav to grant discharge to the Management Board for 2019 and to appoint Igor Stebernak a Supervisory Board member;
- discussed the call of the Insurance Supervision Agency of 31 March 2020 not to pay out dividends and not to undertake any irrevocable commitments to pay out dividends by 1 October 2020 and agreed with the Management Board's proposal to propose a resolution to the 45th General Meeting of Shareholders to keep accumulated profit as at 31 December 2019 undistributed;
- considered the notification of the Insurance Supervision Agency dated 20 August 2020 on the verification of the ability to pay dividends for 2019 in 2020;
- 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;
- approved the amendments to the Governance System and Policy of Zavarovalnica Triglav d.d. and the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d.;
- approved individual transactions in accordance with the law and the Rules of Procedure of the Supervisory Board;
- adopted the Succession Policy for the Members of the Management Board of Zavarovalnica Triglav d.d.

b) With respect to supervision of the management of the Company's operations, the Supervisory Board in 2020:

- was briefed on financial reports of Zavarovalnica Triglav d.d., the Triglav Group and the subsidiaries of Zavarovalnica Triglav d.d.;
- took note of the implementation of the Triglav Group's strategy;
- monitored the assessed performance indicators of the Company in each period, capital adequacy, the implementation of the business plan and potential measures;
- took note of risk 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 Annual Report for 2019 and its work plan for 2020;
- took note of the Report of the Life Insurance Actuarial Function Holder in Zavarovalnica Triglav d.d. and the Report of the Non-Life Insurance Actuarial Function Holder in Zavarovalnica Triglav d.d.;
- was briefed on insurance products;
- was briefed on the results of the impact analysis of the pandemic on the operations of Zavarovalnica Triglav d.d. and the Triglav Group;
- took note of the report on the work of the Marketing Department, 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 2019;
- discussed the Statement of Compliance with the Slovenian Corporate Governance Code;
- discussed the reports of the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee;

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

c) Other major actions of the Supervisory Board in 2020:

- adopted fit and proper assessments of the candidates for members of the Supervisory Board and the Supervisory Board as a collective body;
- discussed the periodic fit and proper assessments of the members of the Management Board and the Management Board as a collective body as well as the members of the Supervisory Board and the Supervisory Board as a collective body;
- set the annual performance bonus for the Management Board of Zavarovalnica Triglav d.d. for 2019;
- decided to waive 30% of its remuneration in the first wave of the epidemic up to and including the month when the epidemic in Slovenia was declared to be over;
- discussed the report of the Works Council of Zavarovalnica Triglav d.d.;
- appointed the Chairman and Vice Chairman of the Supervisory Board, a member and chair of the Appointment and Remuneration Committee of the Supervisory Board and a member of the Audit Committee of the Supervisory Board;
- formed the Nomination Committee and appointed Boštjan Koler an external member of the Nomination Committee;
- approved the powers of key function holders;
- adopted amendments to the Rules of Procedure of the Supervisory Board 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 5.6 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 2020, these costs amounted to EUR 361,241.00.

3.4 Self-assessment

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

All members were involved in the work of the Supervisory Board and its committees. With their attendance at its sessions and active participation in discussions and decision-making, they contributed to the effective discharge of duties within the powers of the Supervisory Board and its committees. The work of the Supervisory Board is well managed and supported, whilst the frequency of its sessions is adequate. The Rules of Procedure of the Supervisory Board include the rules regulating possible 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 members of the Supervisory

Board signed and submitted statements of independence in accordance with the Slovenian Corporate Governance Code, which the Company published on its website. All members of the Supervisory Board (except the employee representatives Branko Gorjan and Peter Celar) and an external member of the Audit Committee (an independent expert qualified in accounting and auditing) are considered independent in accordance with the criteria of the Slovenian Corporate Governance Code (all statements of independence are published on the website). In 2020, to the knowledge of the Supervisory Board, there was no case of conflict of interest with an individual Supervisory Board member in the discussions and decisions of the Supervisory Board and its committees.

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

The fit and proper criteria as set out in the Fit and Proper Policy for the Management Board and Supervisory Board Members of Zavarovalnica Triglav d.d. apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. 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 of the self-assessment, 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 2020 corresponded to the size, activities and set objectives of both the Company and the Group, which enabled it to make quality decisions.

Despite the extraordinary circumstances due to the COVID-19 epidemic, the Supervisory Board carried out its duties and powers smoothly. The sessions of the Supervisory Board and its committees were held in person and, in exceptional cases, virtually.

In view of the above, the Supervisory Board is of the opinion that its work and the work of its committees in 2020 were successful.

3.5 Opinion of the annual internal audit report for 2020

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 2020 was submitted to the Supervisory Board, which took note of it at its session on 30 March 2021. The report contains an overview of the implementation of the Internal Audit

Department's (hereinafter: IAD) planned activities in 2020 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 Internal Audit Department conducted the planned internal audits in the Company and other companies of the Group and presented its internal audit findings to the relevant persons in charge and made recommendations for improving risk management and the internal control system of audited areas. 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.

On the basis of the monitoring of the work of the IAD and the submitted Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020, the Supervisory Board is of the opinion that the IAD operated in line with its work plan for 2020, which was adopted by the Management Board with the approval of the Supervisory Board, and the expectations of the Supervisory Board and that its work contributed to the better functioning of the internal control system and improved risk management both in the Company

and the Group. The Supervisory Board has no objection to the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020.

3.6 Findings of the supervisory board regarding the operations of Zavarovalnica Triglav in 2020

On the basis of its monitoring and supervision of the Company's operations in 2020 and the examination and verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d., the Supervisory Board hereby establishes that the Company performed well and consistently pursued its set strategic objectives despite significantly changed business circumstances.

The Group generated EUR 90.9 million of consolidated profit before tax (index 90) and EUR 73.7 million of consolidated net profit (index 88). The parent company's net profit amounted to EUR 58.0 million (index 82).

Insurance subsidiaries of the Group generated insurance and coinsurance premiums of EUR 1,233.8 million in 2020 (index 104), of which EUR 719.3 million (index 102) was earned by the parent company. Premium growth was achieved in non-life and health insurance segments and in almost all markets where the Group operates.

The Group recorded gross claims paid of EUR 697.4 million, a 3% decline relative to 2019. Gross claims paid of the parent company amounted to EUR 408.3 million (index 96).

Total consolidated gross operating expenses incurred by the Triglav Group in the amount of EUR 306.7 million remained at approximately the same level as in 2019 and those of the Company totalled EUR 180.0 million (index 100).

The Group's total equity amounted to EUR 870.2 million as at 31 December 2020 and was 10% higher compared to the preceding year, primarily due to higher net profit brought forward resulting

from the non-payment of dividends. Return on equity (ROE) stood at 8.9%.

The Triglav Group's financial stability, high capital adequacy and high profitability in 2020 were again confirmed by the two renowned rating agencies S&P Global Ratings and AM Best by assigning an "A" rating to the Group. Both credit ratings have a stable medium-term outlook.

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

- Report of the non-life insurance actuarial function holder for 2020,
- Report of the life insurance actuarial function holder for 2020,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020.

The Supervisory Board has no objection to the aforementioned reports.

3.7 Annual report

The Management Board submitted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020 to the Supervisory Board.

The Supervisory Board hereby ascertains that the Annual Report was compiled within the statutory deadline and submitted to the appointed auditor. The Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020 was audited by the audit firm Deloitte revizija d.o.o., Ljubljana, which on 10 March 2021 expressed an unqualified opinion on the stand-alone and consolidated financial statements in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020. In their report as an independent auditor, they took a stance on key audit issues regarding the assessments which are the basis for the calculation of insurance technical provisions and the liability adequacy test (LAT) and expressed their opinion on other information contained in the Annual Report as to their consistency with the

stand-alone and consolidated financial statements and their compliance with the applicable legislation and other regulations.

The certified auditor, a key audit partner, 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 2020, 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 unqualified 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 2020, 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 2020.

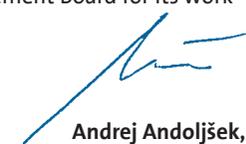
3.8 Proposal for the distribution of accumulated profit

At its 2nd/2021 session, the Supervisory Board examined the Management Board's proposal for the distribution of accumulated profit as at 31 December 2020, which will be subject to a final decision by the General Meeting of Shareholders of Zavarovalnica Triglav d.d., and approved the following draft resolution on the distribution of accumulated profit to be proposed by the Management Board to the General Meeting of Shareholders:

"The accumulated profit totalling EUR 89,624,175.26 as at 31 December 2020 shall be distributed as follows:

- A part of the accumulated profit amounting to EUR 38,649,751.60 shall be distributed for dividend payments. The dividend in the amount of EUR 1.70 gross per share shall be paid to the shareholders appearing in the Share Register as at 9 June 2021. On 10 June 2021, the Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d., intended to execute the corporate action of paying out dividends to the shareholders in accordance with the common European standards for corporate actions.
- The distribution of the remaining accumulated profit of EUR 50,974,423.66 shall be decided on in the coming years and remain undistributed."

The Supervisory Board hereby proposes to the General Meeting of Shareholders to grant a discharge to the Management Board for its work in 2020.


Andrej Andoljšek,
Chairman of the Supervisory Board

Ljubljana, 30 March 2021

4. Strategy and plans of the Triglav Group

Jožefa Mlinar, an insurance agent, Zavarovalnica Triglav

"I was surprised and delighted by how openly our clients accepted the changes and new ways of doing business. Both agents and other colleagues offered their support, we stood by them when they needed help or advice.

Responsive, simple, reliable – just like our values. The new situation has in many cases made our bond even stronger, despite the safety measures. Some new digital solutions only needed to be integrated in the underwriting and claim handling procedures, and now they support the whole process, from which we all have benefited."



- Even in a greatly changed situation, the Triglav Group's strategy has proven to be effective, aimed at developing the Group into a modern, innovative and dynamic insurance/financial group, which firmly remains the leader both in Slovenia and the wider region.
- The implementation of strategic guidelines and projects was accelerated, the Group's responsiveness and agility were increased and effective action was taken.
- Business continuity, stability and client focus were ensured. Employee and client satisfaction reached the highest levels ever measured.
- Performance of the Triglav Group in 2020 was consistent with its plans.
- Profit before tax of the Triglav Group is planned at EUR 85–95 million for 2021. Consolidated gross written premium is planned at EUR 1.2–1.3 billion.

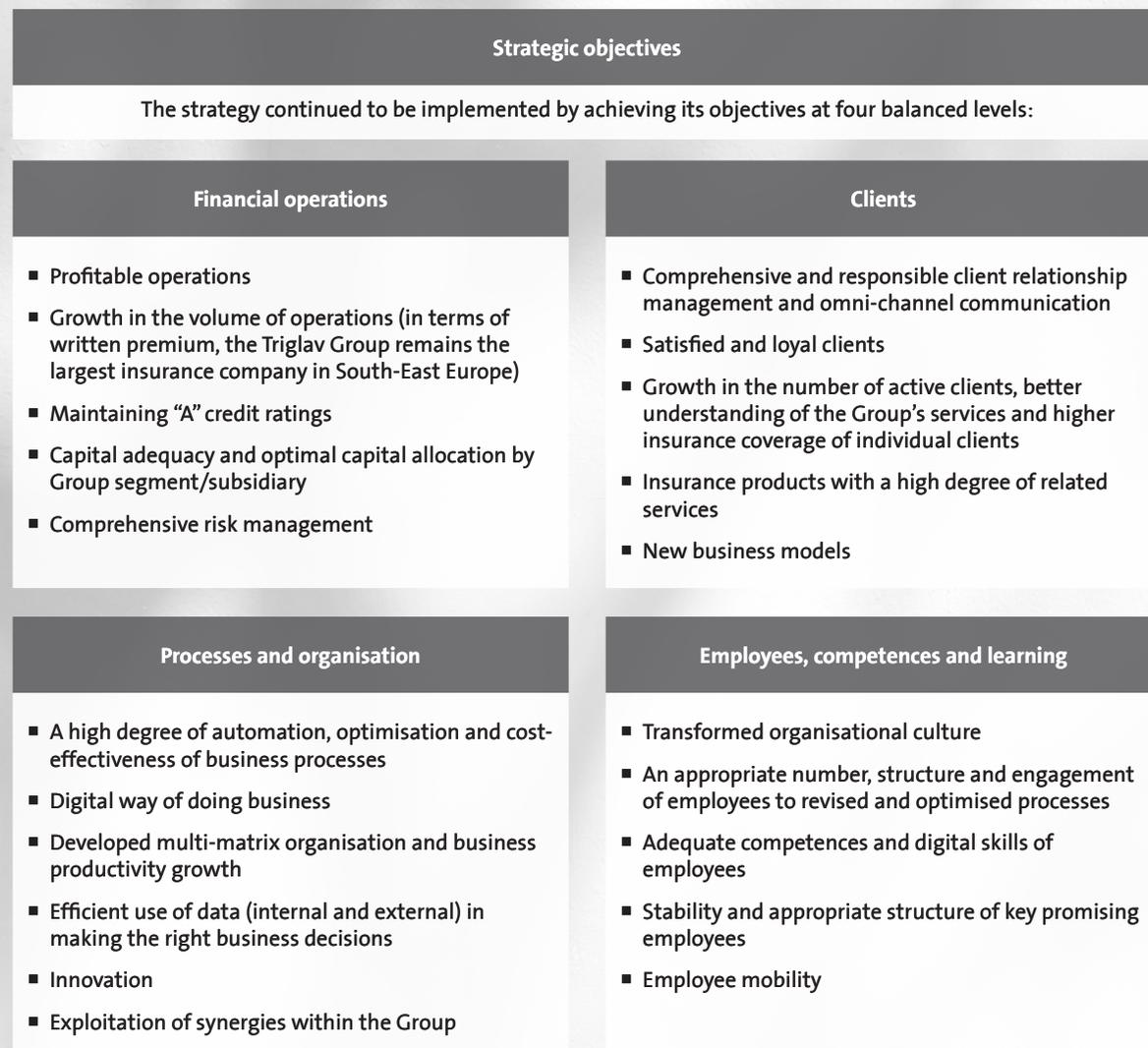
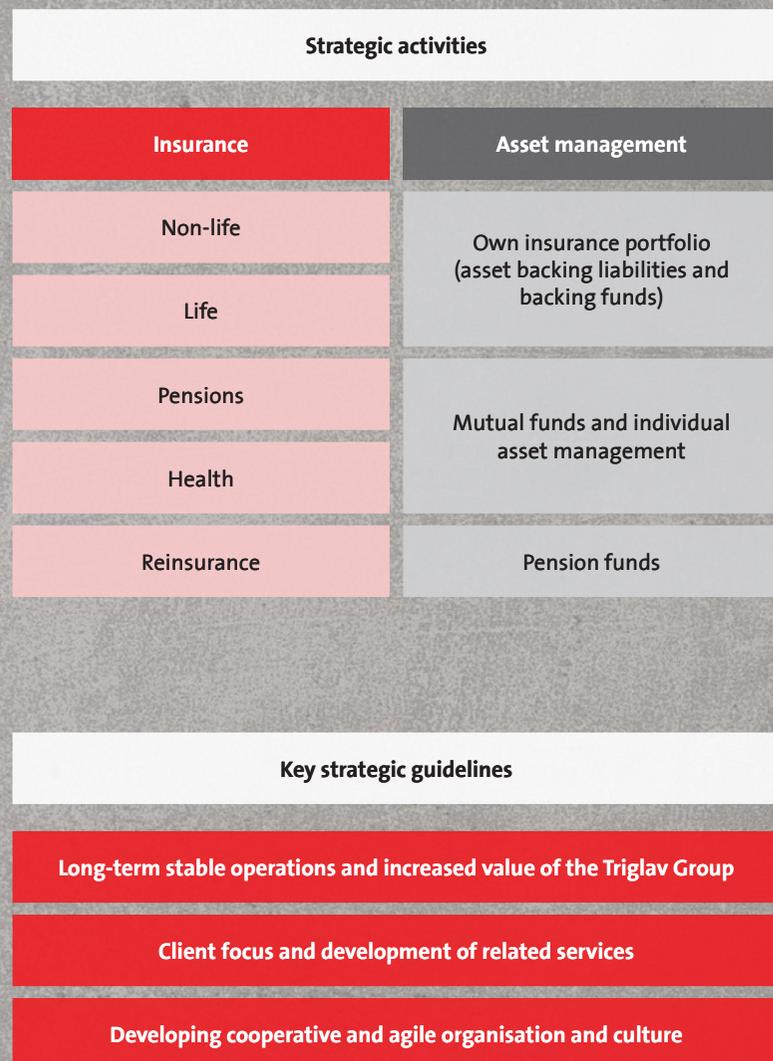
4.1 Mission, values and vision of the Triglav Group

By being committed to the common values and vision, the Triglav Group was able to effectively adjust to the extraordinary situation and ensure reliable operations.

Mission	Values	Vision of the Triglav Group
<p>Building a safer future.</p>	<ul style="list-style-type: none"> ▪ Responsiveness: We respond immediately and effectively. ▪ Simplicity: We are simple and transparent. ▪ Reliability: We deliver as promised. 	<p>Based on its client-centric approach, the Triglav 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.</p> <ul style="list-style-type: none"> ▪ In South-East Europe, the 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. ▪ Client experience is the Group's main competitive advantage. ▪ The Group dynamically develops new ways of doing business, setting top trends in digitalisation. ▪ The Group 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 Group's governance and management systems are 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 2019–2022 and its implementation in 2020⁷

Even in greatly changed business conditions in 2020, the strengthening of the Triglav Group as a modern, digital and dynamic insurance/financial system proved to be an effective strategy.



Monitoring the implementation of the strategy (through periodic review and adjustment to internal and external changes) was introduced in all subsidiaries and thus standardised at the Group level in 2020, which was reflected in greater responsiveness and agility and more effective action in the event of changes in the environment. The Group as a whole responded immediately to any identified business risk during the pandemic. The Group accelerated the implementation of the strategy of strengthening the Group as a modern, digital and dynamic insurance/financial group, which will remain the leader both in Slovenia and the wider region. In an uncertain and volatile business environment, the Group regularly carried out an assessment of impact on its operations according to various probable scenarios, based on which it was assessed that the Group was able to effectively cope with any future increased risks arising from the COVID-19 pandemic.

See [Challenges and opportunities of today in Section Risk management](#) for more information; for further information on the Triglav Group's response see related sections, especially in [Sections 11. Development and marketing activities](#) and [12. Sustainable development and ESG aspects of the Triglav Group](#).

Major risk factors in the environment

- The COVID-19 pandemic
- Declining economic growth
- Low and negative interest rates
- Changed client expectations and needs
- Increased need for digitally supported services
- Increased cyber risks
- Effects of climate change
- Demographic changes
- The need for greater social security of the population

Main responses of the Triglav Group

- Smooth organisational and process transition to remote business
- Expansion of digital channels, launch of new technologically supported services and redesign of assistance services
- Implementation of new forms of work
- Training and knowledge transfer to improve the digital skills of all employee age groups
- Client support in the transition to remote business
- Regular monitoring of the implementation of the strategy in all subsidiaries
- Uniform internal business standards
- Prudent adjustment of the risk profile and investment policy
- Active reduction of market risks and careful liquidity risk management
- Upgraded information security management system and security controls
- Continuous operation of the new security control centre
- Custom-tailored insurance products for cyber security
- Prudent diversification of risks assumed through reinsurance
- Adoption of The Triglav Group's commitment to sustainability (ESG)
- Upgraded climate change risk management
- Redesigned financial products for social security at all stages of life (life, pension and health)
- Effective multi-channel communication with stakeholders on service accessibility and doing business in new circumstances

The tables below present in greater detail the implementation of the Group's strategic guidelines and objectives in the reporting year, which was not only marked by the COVID-19 pandemic but also by intense development activities. In this respect, important innovations for further business digitalisation were introduced and the implementation of several strategic projects was accelerated. The set strategic objectives were fulfilled. To sum up, all that was achieved helped to consolidate the foundations of the Group's operations and provided additional momentum for achieving the set strategic objectives.

Among the achievements stands out the upgraded remote business, which together with changes in the way of working and business processes is an important milestone in the digital transformation of the Group's operations. During the COVID-19 pandemic, the Group continuously provided its services to clients, taking into account the measures taken to curb the spread of infection and protect the health of its employees, clients and other stakeholders. The Group is satisfied with the response and the results achieved and so are its clients, who rated the Group the highest so far in the most difficult months.



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

■ Profitable operations

- Profit before tax: EUR 90.9 million.
- Return on equity (ROE): 8.9%.

■ Growth in business volume

- Gross written premium: +4%.
- Overall market share in the Slovenian insurance market: +0.4 percentage point.
- Seized opportunities in new target markets; achieved target financial effects of new partnerships.

■ Increased value of the Triglav Group

- Share annual turnover: +4%.
- Market position: strengthened through capital investment management (capital increase of subsidiaries and increase of participating interest in the subsidiaries of strategic importance, integration of an acquired company, a structure for investing in healthcare service providers).
- Credit rating: reaffirmed "A" credit rating with a stable medium-term outlook.

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

- Achieved target capital adequacy and upgraded capital adequacy monitoring process.
- Risk, capital and asset liability management system: effective operation; the parent company's portfolio is in line with the revised investment policies.
- Investment processes: upgraded to enable the Group to take a comprehensive approach to implementing its commitment to sustainability.

■ Comprehensive risk management and introduction of new business models

- Ongoing analyses of the impact of the COVID-19 pandemic, its effects on operations and taking action; upgrading the risk monitoring and reduction process.
- Communication and verification of implementation of the strategy of the Group and its members.

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

- The proportion of operating expenses of the insurance business in gross written premium lower: -1.1 percentage points.
- Business digitalisation and optimisation: new technological solutions already introduced or being implemented.

■ Efficient use of data (internal and external) in making business decisions

- Improved data warehouse functionality and an expanded database at several organisational levels.
- In-depth knowledge of business processes at the Group level and client expectations.

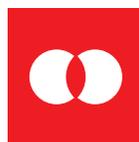
■ Developed multi-matrix organisation, business productivity growth and utilisation of synergies within the Group

- Business productivity increased by 3%; average gross written premium per Company employee is EUR 267.5 thousand.
- Transfer of good practices and exploitation of internal potential; adapting products and services to markets; implemented minimum business standards in subsidiaries.



2. Client focus and development of related services

- **Comprehensive and responsible client relationship management and omni-channel communication**
 - Enhanced communication with existing and potential clients via all communication channels to achieve high responsiveness, reliability and transparency; a new client communication platform launched.
 - Redesigned websites triglav.si and triglav.eu; upgraded i.triglav web platform.
- **Increased client satisfaction and loyalty**
 - The highest client satisfaction score achieved (NPS = 67).
 - Adaptation of products and services to client expectations and rewarding of their loyalty.
- **Growth in the number of active clients, better understanding of the Group's services and higher insurance coverage of individual clients**
 - Diverse and innovative marketing and sales approaches; targeted promotional activities to attract new clients.
 - Increased scope of measurements and analyses of user experience, activities to improve understanding of the Group's products and services.
- **Insurance products with a high degree of related services**
 - Upgrade of several assistance services; product development in mobility.
 - Strengthening of existing and establishment of new partnerships in related services.
- **Digitalisation and implementation of innovative forms of doing business**
 - Adaptation of key insurance processes to remote work and business, implementation of new digital solutions, such as remote video identification.
 - Expansion and simplification of taking out insurance and settling claims remotely.



3. Developing cooperative and agile organisation and culture

- **Transformed organisational culture**
 - Realisation of key values in relation to all stakeholders.
 - Enhanced agility of employees and their attitude to change.
 - Promotion of intergenerational cooperation, teamwork and a healthy lifestyle and work practices.
- **An appropriate number, structure and engagement of employees to revised and optimised processes**
 - Exceeded target level of employee engagement and satisfaction at the Group level.
 - Adaptation of the organisation and main processes to changed circumstances and market needs.
- **Adequate competences and digital skills of employees**
 - Training system: adapted to changed circumstances; empowered employees with improved digital competences for independent teleworking.
 - Management-by-objective system: strengthened by periodic development interviews.
- **Stability and appropriate structure of key promising employees and employee mobility**
 - Maintaining stable and adequate occupation of key posts.
 - Enhanced cooperation, knowledge transfer and mobility of employees within the Group.

4.3 Implementation of the Triglav Group's business plans in 2020

In challenging conditions aggravated by the COVID-19 pandemic and the unfavourable situation in the financial markets, the Triglav Group performed well and generated **profit before tax of EUR 90.9 million**. The profit earned is lower than originally planned for 2020, but **in line with the interim estimate of the reduced planned profit** (see [Section 8. Financial result of the Triglav Group and Zavarovalnica Triglav](#) for more information).

The Group **increased the volume of written premium by 4% and fulfilled its plans** despite the demanding market conditions marked by fierce competition. Premium growth was recorded in most insurance markets of the Group and in the health and non-life insurance segments. Premium growth in the Slovenian market was 3%, while in markets outside Slovenia it stood at 4%. See [Section 7.5 Gross written insurance, coinsurance and reinsurance premiums](#) for further information on insurance premium.

The **combined ratio of the Triglav Group was 91.2%**, which is in the lower end of its average target strategic value range (the performance indicator of the Company in the core non-life and health insurance business excluding return on investment). Compared to the preceding year, it is lower by 0.3 percentage point due to an improvement in both the claims ratio and the expense ratio. See [Section 8. Financial result of the Triglav Group and Zavarovalnica Triglav](#) for more information.

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

4.4 Plans of the Triglav Group for 2021

The Triglav Group business plan for 2021 is the continuation of the consistent implementation of the Group's planned strategic guidelines and a new step towards the realisation of its vision.

The Triglav Group business plan is based on strategic starting points and goals, performance assessment in 2020, market potential, competitive conditions, and the forecasts of macroeconomic trends and trends in financial markets.

Expected business conditions: According to the selected baseline scenario, the Group estimates that in 2021 the macroeconomic environment will improve compared to the previous year and that the economy will gradually recover, with GDP growth not offsetting the 2020 declines. It is taken into account that the proportions of the epidemiological situation remain a factor of great uncertainty and pose a risk that the period of paralysed economic activity will continue and that the decline in GDP will be higher and more lasting than expected.

Triglav Group Business Plan for 2021

Profit before tax: Profit before tax of EUR 85–95 million is planned. The planned profit is based on projected performance of the Group's both activities, taking into account the anticipated conditions in the financial markets that will affect the rates of return on investment.

Premium: In the insurance business, written premium volume is planned to increase to EUR 1.2–1.3 billion. Through continued underwriting discipline, the Group plans to maintain the profitability of its insurance business. By implementing a client-focused strategy, the Group will promptly adapt to the competitive situation in its markets. The main emphasis will remain on the achievement of high-quality services aimed at comprehensively addressing the challenges and needs of clients, the innovative development of technologically advanced sales processes, and the development of the sales network by using an omni-channel approach to clients.

Claims: In the claims segment, an increase in the volume of claims paid is expected, particularly due to the growth of the insurance portfolio and other factors. With regard to major CAT events, similar trends as in previous years are expected and, therefore, the prudently selected reinsurance protection will be maintained.

Combined ratio: The Triglav Group's combined ratio of below 95% is planned, which is in the lower (more favourable) end of its average target strategic value range of around 95%.

Cost-effectiveness: Cost streamlining measures predominantly focused on the types of costs not directly related to insurance acquisition will continue to be implemented. An increase is expected in costs related to insurance sale, expansion of digitalisation, development and maintenance of IT support, and depreciation costs due to past and planned investments in information technology. The planning of staffing levels and labour costs, which account for the bulk of the Group's total operating expenses, will comply with the strategic guidelines, changed business processes and the requirements of individual work areas.

Profit from financial investments: The situation, which is characterised by low or negative interest rates, is expected to continue, therefore the plan took into account that the rates of return on investment, excluding unit-linked assets, will continue to decline. The Group's investment policies remain unchanged. Their main focus in 2021 will continue to be ensuring security, liquidity and diversification of investments while achieving adequate profitability. The Group will maintain a conservative investment structure, placing emphasis on fixed-rate investments, and continue to ensure the high quality of the whole investment portfolio. 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. The Group will ensure that the underwritten risks will be in line with the defined risk appetite of the Triglav Group.

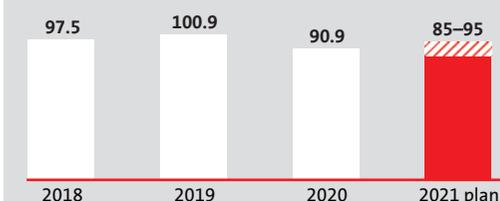
Asset management: The Group will pursue the strategic objectives of increasing the volume of assets under management by selling existing savings and insurance products and increasing the assets of investment funds managed by Triglav Skladi.

Maintaining high credit ratings: The Group will maintain its high financial stability and security in 2021 by ensuring the amount of capital that, in accordance with strategic guidelines, adequately exceeds the set level of underwritten risks. This and profit earned are the bases to retain high credit ratings assigned by the renowned credit rating agencies S&P Global Ratings and AM Best.

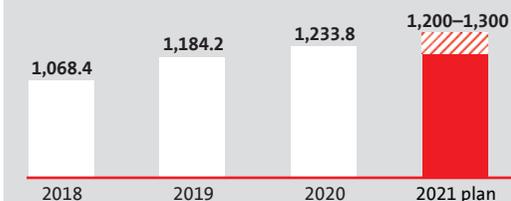
Financial highlights of the Triglav Group business plan for 2021 (EUR million)

	2018	2019	2020	2021 plan
Profit/loss before tax	97.5	100.9	90.9	85–95
Gros written premium from insurance, coinsurance and reinsurance contracts	1,068.4	1,184.2	1,233.8	1,200–1,300
Combined ratio in non-life insurance	91.8%	91.5%	91.2%	below 95%

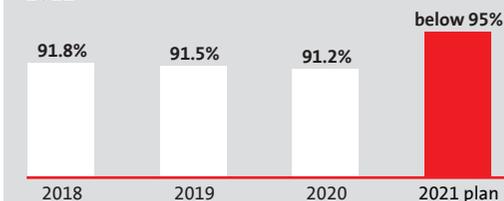
Planned net profit before tax of the Triglav Group for 2021 (EUR million)



Planned gross written premium for insurance, coinsurance and reinsurance contracts of the Triglav Group for 2021 (EUR million)



Planned combined ratio of the Triglav Group for 2021



Disclaimer

The planned figures for 2021 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 2021, the Company will each time comment on the Group's planned annual profit before tax.

5. Corporate Governance Statement

- The Supervisory Board appointed Andrej Andoljšek its Chairman and Milan Tomažević its Vice Chairman.
- Igor Stebernak, shareholder representative, was re-appointed a Supervisory Board member.
- The business functions in subsidiaries are even more closely integrated with Zavarovalnica Triglav's business segments. The governance system of the Triglav Group's subsidiaries was upgraded with uniform treatment and a higher level of integration of all subsidiaries.

5.1 Governance policy

The main guidelines for the governance of the Company are defined by the Governance System and Policy of Zavarovalnica Triglav d.d., which are adopted by the Management and Supervisory Boards, taking into account the set long-term objectives and values. They are the foundation for implementing a reliable governance system, which is based on an effective risk management system and enables the implementation of the Company's business strategy. 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 Code⁸

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

Zavarovalnica Triglav's statement of compliance with the Corporate Governance Code for the period from 1 January 2020 to the day of publication in 2021 is available on SEOnet and Zavarovalnica Triglav's official website (www.triglav.eu).

Zavarovalnica Triglav adheres to the provisions of the Code. For well-grounded reasons, the Company did not comply with the following provisions of the Code:

- Point 5.7 of the *Code relating to an external assessment of the appropriateness of the Corporate Governance Statement by an independent institution*: The Corporate Governance Statement, as part of the annual report, is reviewed annually by an independent external auditor. Zavarovalnica Triglav is a regulated company whose operations are supervised by the Insurance Supervision Agency. In addition, one of its key functions is internal audit, which performs continuous and comprehensive supervision of the Company's operations in order to verify and assess whether the processes of risk management, control procedures and management of the Company are appropriate.

- Point 14.4 of the *Code stipulating that at least once in every three years the supervisory board should ensure an external assessment in which it cooperates with an institution or external experts*: Each year, the Supervisory Board, with the assistance of competent departments, carries out self-assessment of its work and the work of its committees and draws up a report. It takes a position on this and adopts an action plan to improve its functioning. At its discretion, the Supervisory Board also performs external assessment, in which it cooperates with relevant external experts.
- Point 19.6 of the *Code relating to the prior approval of the Supervisory Board before the appointment of the members of the Management Board to the management or supervisory bodies in other companies*: Pursuant to the resolution of the Supervisory Board, the members of the Management Board do not require the approval of the Supervisory Board prior to their appointment to the management or supervisory bodies of Zavarovalnica Triglav's direct and indirect subsidiaries and associates; however, the Management Board members promptly inform the Supervisory Board in writing about their appointment in accordance with point 1 of paragraph two of Article 62 of the Insurance Act (ZZavar-1).
- Point 23 of the *Code stipulating that all supervisory board and committee members are independent*: Two members of the Supervisory Board, both employee representatives, are not independent in accordance with point g) of Appendix B3 of the Code, as they have served on the Supervisory Board for more than three terms.

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

Zavarovalnica Triglav also 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 Slovenian Corporate Governance Code is available both on SEOnet and the Company's official website (www.triglav.eu).

Two-tier governance of Zavarovalnica Triglav

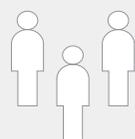
General Meeting of Shareholders



12,982

Shareholders
(31 December 2020)

Supervisory Board



9 members
4-year term of office

Management Board



6 members
5-year term of office

5.3 Management bodies of Zavarovalnica Triglav⁹

The Company uses a two-tier governance system. Its 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 adopted rules of procedure. Zavarovalnica Triglav's Articles of Association are published on its official website (www.triglav.eu).

5.3.1 General Meeting of Shareholders

The shareholders of Zavarovalnica Triglav exercise their rights 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 in 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 shareholders who are entered in the share register managed by KDD – Centralno klirinška depotna družba d.d. no later than 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 by the specified deadline.

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 2020):

- 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 stake remained unchanged in 2020. On behalf and for the account of ZPIZ, the shareholder's rights attached to the shares were managed by Slovenski državni holding d.d. (hereinafter: SDH).
- SDH is the direct holder of 6,386,644 shares or 28.09% of the share capital of Zavarovalnica Triglav. Its stake remained unchanged in 2020.
- Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, is the holder of 1,526,190 shares or 6.71% of the share capital of Zavarovalnica Triglav, representing an increase of 32,129 shares or 0.14 percentage point over the 2019 year-end.

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

General Meeting of Shareholders in 2020

Zavarovalnica Triglav's shareholders met once, i.e. on 2 June 2020, at the 45th General Meeting of Shareholders. The total number of shares and voting rights represented at the General Meeting of Shareholders was 18,884,305 or 83.06% of all shares to which the voting rights are attached.

The General Meeting of Shareholders was briefed on:

- the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019,
- the opinion given by the audit firm,
- the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019,
- the 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,
- the Opinion of the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019,
- the remuneration policy for the members of the management and supervisory bodies of Zavarovalnica Triglav d.d. and the remuneration policy for the members of the management bodies for the three largest Triglav Group subsidiaries for 2019 and
- the appointment of new Supervisory Board members, employee representatives.

When deciding on the use of accumulated profit, the shareholders adopted a resolution not to distribute accumulated profit, which amounted to EUR 60,543,474.97 as at 31 December 2019.

The shareholders granted a discharge for the 2019 business year to both the Management Board and the Supervisory Board of Zavarovalnica Triglav.

The General Meeting of Shareholders took note of the expiry of the term of office of the Supervisory Board member Igor Stebernak, shareholder representative, and reappointed him for a four-year term of office, which commenced on 3 June 2020.

At the General Meeting of Shareholders, the Pan-Slovenian Shareholders' Association (VZMD) announced an action to set aside all adopted resolutions. However, no such action was filed against Zavarovalnica Triglav.

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., which 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 are required to collectively possess the relevant knowledge and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates. In addition to the above, the Diversity Policy, which aims 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 different age groups, is taken into account in the appointment of an individual Management Board member. In the selection process, if several candidates meet the fit and proper criterion, the candidate who will contribute to greater diversity of the Management Board will have priority. The aim is for both genders to be represented on the management body. A comprehensive approach enables prudent and careful management of the Company, thus achieving strategic objectives and ensuring long-term values for all key stakeholders.

In November 2020, a periodic assessment of all Management Board members and the Management Board as a collective body was performed, whereby all members individually and the Management Board as a collective body were 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 in-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

Composition of the Management Board in 2020¹⁰

First and last name	Function	Area of work in the Management Board (as at 31 December 2020)	State of term of office (the first)	End of term of office	Gender	Nationality	Date of birth	Education	Professional profile	Membership in the supervisory and/or management bodies of other companies
Andrej Slapar	President	Manages and directs the work of the Management Board and head office support departments (the Management Board Office, the Legal Office, the Internal Audit Department, the Corporate Communication Department and the Compliance Office). In charge of the Corporate Accounts, Marketing, and Business Intelligence and Client Relationship Management divisions, HR matters related to the employees with special powers, arbitration and Jedrski Pool GIZ (a nuclear insurance and reinsurance pool).	22 May 2013	12 November 2024	Male	Slovenian	1972	LL.B.	Management, strategic management, commercial law, insurance and reinsurance, actuarial science	Krka d.d. (until 20 August 2020) Pozavarovalnica Triglav Re d.d.
Uroš Ivanc	Member	In charge of the following head office support departments: the Strategic Purchasing Department, the Risk Management Department, the Strategic Planning and Controlling Department, the independent Non-Life Insurance Development and Actuarial Department, and the Accounting and Finance divisions excluding the Investment Department.	14 July 2014	15 July 2024	Male	Slovenian	1975	MSc in business and organisation	Management and organisation, strategic management, insurance, financial management, financial markets and analyses, asset management, risk management	Triglav, upravljanje naložb in svetovalne storitve d.o.o. Triglav, Zdravstvena zavarovalnica d.d. ZTSR d.o.o. (from 17 March 2020)
Tadej Čoroli	Member	In charge of the Non-Life Insurance, Non-Life Insurance Claims, Insurance Sales, and Digitalisation, Processes and Technology divisions.	29 July 2014	30 July 2024	Male	Slovenian	1975	LL.M.	Management, strategic management, commercial law, insurance, marketing	
Barbara Smolnikar	Member	In charge of the Life Insurance Division and the independent Life Insurance Development and Actuarial Department. Responsible for anti-money laundering.	17 October 2017	17 October 2022	Female	Slovenian	1967	PhD in management	Management, strategic management, banking, bancassurance, financial markets and analyses, risk management	Triglav, pokojninska družba d.d.
David Benedek	Member	In charge of the Subsidiary Management Division and the Investment Department.	29 August 2019	29 August 2024	Male	Slovenian	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. Triglav, Upravljanje nepremičnin d.o.o. Triglav Skladi d.o.o. Diagnostični center Bled d.o.o. (from 2 April 2020)
Marica Makoter	Member and Worker Director	Represents the workers' interests as set out in the Worker Participation in Management Act. In charge of the independent Fraud Prevention, Detection and Investigation Department and the Change and Project Portfolio Management Department. Responsible for the IT, Back Office and Human Resource Management divisions (excluding HR matters related to the employees with special powers).	21 December 2011	22 December 2021	Female	Slovenian	1972	LL.B.	Management, strategic management, commercial law, insurance, human resources and organisation, worker representation	

Andrej Slapar took over the position of the President of the Management Board seven years ago, and in 2020 all members of the Management Board (together) performed their function for an average of five years.

Data on the remuneration of the Management Board members are disclosed in [Section 5.6 of the Accounting 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, competent, 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 2020 (EUR)

Name and surname	Function	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	188,542	51,114	0	51,114	57,786	0	73,806	0	239,656	79,885
Uroš Ivanc	Member	179,219	48,559	0	48,559	54,896	0	44,322	0	227,778	81,428
Tadej Čoroli	Member	179,219	48,559	0	48,559	54,896	0	50,387	0	227,778	78,945
Barbara Smolnikar	Member	179,219	28,764	0	28,764	51,039	0	50,546	0	207,983	71,136
David Benedek	Member	179,839	8,559	0	8,559	8,559	0	51,619	0	188,398	63,155
Marica Makoter	Member	179,219	48,559	0	48,559	54,896	0	49,837	0	227,778	78,068
Benjamin Jošar	Member until 2 November 2017	0	4,365	0	4,365	3,857	0	0	0	4,365	2,550
Total		1,085,257	238,479	0	238,479	285,929	0	320,517	0	1,323,736	455,167

* 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 third portion of the bonus for 2016, the second portion of the bonus for 2017 and the first portion of the bonus for 2019, which were paid in 2020.

*** The data under item (3) contain the third portion of the bonus for 2017, the second and third portions of the bonus for 2018 and the second and third portions of the bonus for 2019, which will be paid out in the coming years.

**** The data under item (5) include 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 management 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 General Meeting of Shareholders may dismiss any elected member of the Supervisory Board before the expiry of their term of office, while each member of the Supervisory Board may resign from the position under the conditions and in the manner laid down by the Articles of Association.

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. also apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fit and proper assessments are 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 collective body 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. In addition to the above, the Diversity Policy, which aims to ensure complementarity and diversity in the Supervisory Board by taking into account various qualifications, experience and knowledge defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., is taken into account in the appointment of an individual Supervisory Board member. This enables prudent and careful supervision of the Company, thus achieving strategic objectives and ensuring long-term values for all key stakeholders, representation of both genders and representation of different age groups.

The Diversity Policy was also taken into account in the appointment of Igor Stebernak, a Supervisory Board member – shareholder representative, for a new four-year term of office. Igor Stebernak, whose term of office expired on 2 June 2020 and whose new term of office commenced on 3 June 2020, contributes to the greater diversity of the Supervisory Board with his knowledge and experiences.

Nataša Damjanovič resigned as a Supervisory Board member on 18 June 2020 due to commitments related to her new employment. Pursuant to paragraph two of Article 21 of Articles of Association of Zavarovalnica Triglav d.d., her term of office ended upon the expiry of a three-month notice period, i.e. on 18 September 2020.

At its session on 18 August 2020, the Supervisory Board appointed Andrej Andoljšek its Chairman and Milan Tomažević its Vice Chairman.

In accordance with the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., a fit and proper periodic assessment was carried out in November 2020 for all Management and Supervisory Board members, excluding Igor Stebernak. Due to his reappointment as a Supervisory Board member, he was assessed in accordance with the prescribed procedure before the appointment of supervisory body members. All individual members and the Supervisory Board as a collective body were assessed as fit and proper.

5.3.3.1 Powers of the supervisory Board

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

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

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

5.3.3.2 Supervisory Board in 2020

Composition of the Supervisory Board in 2020¹¹

First and last name	Function	Start of term of office (the first)	End of term of office	Attendance of sessions of the Supervisory Board / total number of Supervisory Board sessions	Gender	Nationality	Year of birth	Education	Professional profile	Independence pursuant to Article 23 of the Corporate Governance Code	Existence of conflict of interest in 2020	Membership in the supervisory and/or management bodies of other companies while serving on the Supervisory Board in 2020	Membership in Supervisory Board committees	Function in Supervisory Board committees	Attendance of meetings of Supervisory Board committees / total number of meetings of Supervisory Board committees
Andrej Andoljšek	Member	13 June 2017	13 June 2021	9 of 9	Male	Slovenian	1970	BSc in Economics	Financial and general management, financial markets and analyses, banking, corporate governance, business and financial restructuring of companies	YES	NO	/	Strategy Committee Nomination Committee	Member Chairman Member	3 of 3 12 of 12
	Vice Chairman	21 June 2017	13 June 2021												
	Chairman	18 August 2020	13 June 2021												
Milan Tomažević (former President of the Management Board of Zavarovalnica Triglav d.d.)	Member Vice Chairman	13 June 2017 18 August 2020	13 June 2021 13 June 2021	9 of 9	Male	Slovenian	1946	BSc in Economics	Insurance and reinsurance, informatics, management and actuarial science	YES	NO	/	Strategy Committee	Chairman	3 of 3
Igor Stebernak	Chairman Member	18 August 2016 3 June 2020	2 June 2020 3 June 2024	9 of 9	Male	Slovenian	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 Nomination Committee Audit Committee	Chairman Chairman Member	7 of 8 5 of 12 1 of 5
Žiga Škerjanec	Member	13 June 2017	13 June 2021	9 of 9	Male	Slovenian	1978	LL.B.	Corporate law and finance and the operation of supervisory boards	YES	NO	/	Strategy Committee Appointment and Remuneration Committee Nomination Committee	Member Member Member	3 of 3 8 of 8 12 of 12
Nataša Damjanovič	Member	13 June 2017	18 September 2020	6 of 9	Female	Slovenian	1965	Bachelor of Economics	Financial markets and analyses, banking, marketing and strategic management	YES	NO	/	Audit Committee Appointment and Remuneration Committee	Member Member	3 of 5 5 of 8
Mario Gobbo	Member	12 June 2013	13 June 2021	9 of 9	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	5 of 5
Peter Celar	Member	29 May 2007 1 June 2019	31 May 2019 2 June 2023	9 of 9	Male	Slovenian	1958	Bachelor of Economics	Insurance	NO	NO	/	Appointment and Remuneration Committee Nomination Committee	Member Member	8 of 8 12 of 12
Branko Gorjan	Member	14 March 1995 1 June 2019	30 May 2015 1 June 2023	9 of 9	Male	Slovenian	1960	Economic technician	Insurance	NO	NO	/	Strategy Committee	Member	3 of 3
Igor Zupan	Member	27 September 2019	1 June 2023	9 of 9	Male	Slovenian	1972	Bachelor of Administrative Organisation – IT Specialist	Insurance	YES	NO	Lovčen životna osiguranja a.d., until 16 February 2020	Audit Committee	Member	5 of 5

External members of Supervisory Board committees in 2020

First and last name	Supervisory Board committee	Attendance of meetings of Supervisory Board committees / total number of committee meetings	Gender	Nationality	Education	Year of birth	Professional profile	Membership in the supervisory bodies of other companies while serving on a Supervisory Board committee in 2020
Simon Kolenc	Audit Committee	5 of 5	Male	Slovenian	BSc in Economics	1977	Finance, accounting, audit	/
Boštjan Koler	Nomination Committee	12 of 12	Male	Slovenian	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 5.6 of the Accounting Report](#). Remuneration of the Supervisory Board members was in line with the resolution passed by the 41st General Meeting of Shareholders of Zavarovalnica Triglav.

Composition and remuneration of the Supervisory Board members and committees in 2020 (EUR)

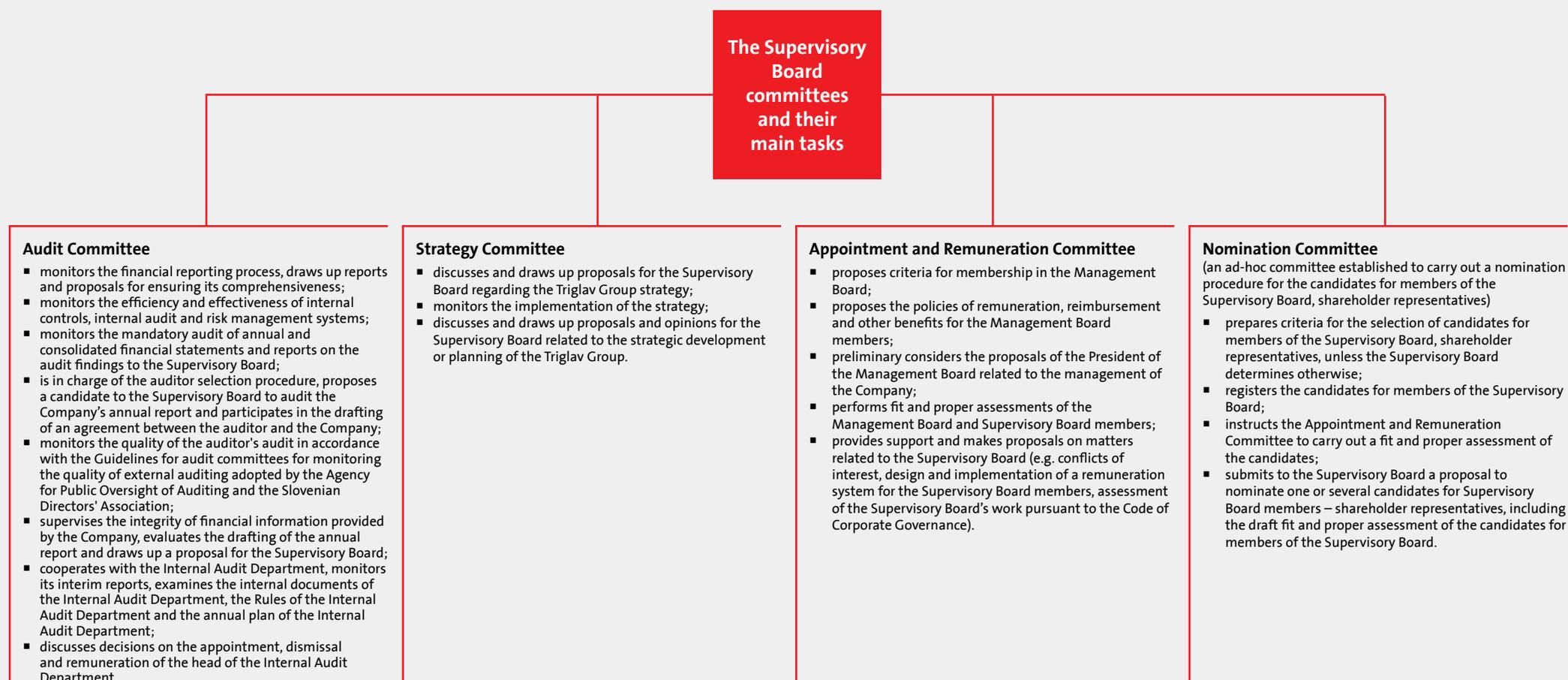
Name and surname	Function	Remuneration for performing the function – gross per year (1)	Attendance fees for SB sessions and committee meetings – gross per year (2)	Total gross (1+2)	Total net*	Gross travel expenses	Net travel expenses*
Andrej Andoljšek	Chairman	25,166	5,368	30,534	22,208	0	0
Milan Tomažević	Vice Chairman	20,202	2,794	22,996	16,725	0	0
Igor Stebernak	Member	21,787	5,874	27,661	20,118	0	0
Žiga Škerjanec	Member	21,431	7,942	29,373	21,363	0	0
Mario Gobbo	Member	19,645	3,234	22,879	15,072	12,550	8,268
Nataša Damjanovič	Member	15,056	3,124	18,180	13,223	0	0
Peter Celar	Member	20,254	7,348	27,602	20,075	487	355
Branko Gorjan	Member	17,859	2,794	20,653	15,021	0	0
Igor Zupan	Member	17,859	3,234	21,093	15,341	0	0
Simon Kolenc	External committee member	7,144	1,293	8,437	6,136	59	43
Boštjan Koler	External committee member	3,031	3,454	6,485	4,716	0	0
Total		189,434	46,459	235,893	169,998	13,096	8,666

* 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 2020

In 2020, 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.

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



In 2020, the **Audit Committee** was composed of Dr Mario Gobbo as chair and Nataša Damjanovič (until 18 September 2020), Igor Stebernak (from 19 September 2020), Igor Zupan and Simon Kolenc, an independent external expert, as members.

The **Appointment and Remuneration Committee** had the following composition: Igor Stebernak as chair (until 2 June 2020 and from 18 August 2020) and Nataša Damjanovič (until 18 September 2020), Žiga Škerjanec and Peter Celar as members.

The **Strategy Committee** was composed of Milan Tomažević as chair and Andrej Andoljšek, Žiga Škerjanec and Branko Gorjan as members.

The **Nomination Committee** as an ad-hoc committee was established by the Supervisory Board after the resignation of the Supervisory Board member Nataša Damjanovič became effective (she submitted her resignation letter on 18 June 2020 and her term of office ended on 18 September 2020). The five-member Nomination Committee was established on 25 September 2020 for the period to the appointment of a new Supervisory Board member but not later than 1 January 2021. The committee was composed of Igor Stebernak as chair, Žiga Škerjanec, Andrej Andoljšek and Peter Celar as members, and Boštjan Koler as the external member.

Since the four-year term of office of the Supervisory Board members Žiga Škerjanec, Andrej Andoljšek, Dr Mario Gobbo and Milan Tomažević will expire on 13 June 2021, on 12 November 2020 the Supervisory Board established a four-member Nomination Committee for the period to the appointment of Supervisory Board members – shareholder representatives but not later than 25 May 2021. The committee is composed of Igor Stebernak as chair, Žiga Škerjanec and Peter Celar as members, and Boštjan Koler as the external member.

5.4 Governance and management of subsidiaries¹²

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 an internally consistent governance system of the Group by standardising and harmonising the rules and procedures in individual business segments within Zavarovalnica Triglav'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 Group level. 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 good business practices.

Corporate governance is used to govern the Group's subsidiaries by actively exercising the management rights in compliance with the law applicable to individual subsidiaries, taking into account 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 comprises business and professional coordination of activities within the Group, as well as holding various training courses with an aim to unify business processes, coordinate key functions and transfer know-how, corporate culture and good business practices at Group level.

Zavarovalnica Triglav as the controlling company actively manages its 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 detailed methods of transferring the system and implementing the activities are defined in the minimum standards for individual business segments.

Based on previous experience in achieving strategic objectives, it was estimated that the governance system of the Group's subsidiaries functioned appropriately even during the pandemic in 2020.

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 guideline in their governance, with a special emphasis on long-term effort to increase the value of the Group's assets. All of the above was implemented with great engagement in 2020. A responsive and effective subsidiary governance system continued to ensure 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 was encouraged to achieve the optimal development of individual subsidiaries and the whole Group.

With a unified approach and a higher level of integration of subsidiaries into the system, the Company achieved a tighter connection of the subsidiaries' business functions with the Company's business segments, which proved to be effective even in the unpredictable pandemic-related situation.

The composition of governance and management bodies as at 31 December 2020

Slovenia

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, Zdravstvena zavarovalnica d.d., Koper

Meta Berk Skok – President,
Simon Vidmar – Member

Supervisory Board:
Uroš Ivanc – Chairman,
Nataša Veselinovič, Tomaž Krevatin

Triglav, pokojninska družba d.d., Ljubljana

Aljoša Uršič – President,
Peter Krassnig – Member,
Vida Šeme Hočevar – Member

Supervisory Board:
Barbara Smolnikar – Chairwoman
Nataša Veselinovič, Miha Grilec, Jaka Kirn,
Miran Kalčič, Vesna Vodopivec,
Borut Simonič, Tomaž Jontes

Triglav Skladi, družba za upravljanje d.o.o., Ljubljana

Benjamin Jošar – President,
Andrej Petek – Member,
Miha Grilec – Member

Supervisory Board:
David Benedek – Chairman,
Blaž Kmetec, Meta Berk Skok,
Nataša Veselinovič, Matej Runjak

Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale

Edvard Kranjčič – Director

Supervisory Board:
Jasna Kajtazović – Chairwoman,
Jana Polda, Matjaž Novak, Lidija Breznik

Triglav INT, holdinška družba d.d., Ljubljana

Tedo Djekanović – Executive Director

Management Board:
David Benedek – Chairman,
Tedo Djekanović, Saša Kovačič

Triglav Avtoservis d.o.o., Ljubljana

Edvard Zabukovnik – Director,
Boris Kuhelj – Director

Supervisory Board:
Matej Ferlan – Chairman,
Nataša Novak Priveršek, Aleš Klement,
Lidija Breznik

Triglav, Upravljanje nepremičnin d.o.o., Ljubljana

Mitja Selan – President

Supervisory Board:
David Benedek – Chairman,
Ksenija Zajc, Nataša Novak Priveršek

Croatia

Triglav Osiguranje d.d., Zagreb

Marin Matijaca – President,
Denis Burmaz – Member

Supervisory Board:
David Benedek – Chairman,
Tomaž Žust, Gorazd Jenko,
Darko Popovski, Nives Matijević

Triglav Savjetovanje d.o.o., Zagreb

Dragica Dalić – Director

Serbia

Triglav Osiguranje a.d.o., Beograd

Dragan Marković – Managing Director,
Blaž Jakič – Member of the Executive Committee

Supervisory Board:
Tedo Djekanović – Chairman,
Radenko Purić, Vuk Šušić, Gorazd Jenko,
Fejsal Hrustanović

Triglav Savetovanje d.o.o., Beograd

Dušan Dujmić – Director

Montenegro

Lovćen Osiguranje a.d., Podgorica

Matjaž Božič – Executive Director

Board of Directors:
Tedo Djekanović – Chairman,
Tomaž Žust, Darko Popovski

Lovćen životna osiguranja a.d., Podgorica

Zorka Milić – Executive Director

Board of Directors:
Janez Rožmarin – President,
Slobodanka Vukadinović, Edvard Kranjčič

Bosnia and Herzegovina

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 Osiguranje a.d., Banja Luka

Darko Popovski – Director,
Dejan Vujičić – Member of the Executive Committee,
Sanja Štrkić – Member of the Executive Committee

Management Board:
Blaž Jakič – President,
Iztok Šekoranja, Draško Milinović

Triglav Savjetovanje d.o.o., Sarajevo

Zlatko Hadžić – Director

North Macedonia

Triglav Osiguranje a.d., Skopje

Gjorgje Vojnović – Chief Executive Officer,
Rok Pivk – Executive Director

Board of Directors:
Tedo Djekanović – Chairman,
Darko Popovski, Matej Ferlan, Blaž Kmetec,
Gjorge Vojnović, Rok Pivk, Gjorgji Jančevski

Triglav Osiguranje Život a.d., Skopje

Vilma Učeta Duzlevska – Chief Executive Director

Board of Directors:
Tedo Djekanović – Chairman,
Ivan Sotošek, Vilma Učeta Duzlevska,
Gjorgji Jančevski, Jasna Kajtazović

Triglav penzisko društvo a.d., Skopje

Vojdan Jordanov – President
Marijan Nikolovski – Member

Supervisory Board:
Aljoša Uršič – President,
Darko Popovski, Blaž Kmetec, Miroslav Vujić

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 reporting¹³

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 [the first section of 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. The share and shareholders of Zavarovalnica Triglav](#).

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

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

The 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 on by the Company's Management Board with the consent of the Supervisory Board.

Zavarovalnica Triglav has no employee share scheme.

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

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

Andrej Slapar
President of the Management Board

Uroš Ivanc
Member of the Management Board

Tadej Čoroli
Member of the Management Board

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

- Zavarovalnica Triglav is the third largest listed company in Slovenia, and its share is one of the most liquid shares on the Ljubljana Stock Exchange.
- The General Meeting of Shareholders decided to keep the accumulated profit for 2019 undistributed as called upon by the Slovenian insurance sector regulator.
- The Triglav Group was again assigned the high credit rating of “A” with a stable medium-term outlook.
- There were no significant changes in the shareholder structure of Zavarovalnica Triglav in 2020.

6.1 Share of Zavarovalnica Triglav

With EUR 682 million in market capitalisation, Zavarovalnica Triglav is **the third largest** listed Slovenian company, and its share (ZVTG) is **one of the most liquid** shares on the Ljubljana Stock Exchange (ranking fourth in 2020). Compared to the preceding year, the share annual turnover increased by 4% and amounted to EUR 33 million, accounting for 9% of total annual turnover on the Slovenian stock

exchange excluding block trades. One third of stock exchange turnover was performed by the ZVTG’s liquidity provider. The Company has been cooperating with the latter since 2019, when it started to provide its services on the Ljubljana Stock Exchange. According to the data available, the ZVTG share is included in indices owned by MSCI, STOXX and S&P and the Ljubljana, Vienna, Zagreb and Warsaw stock exchanges.

Key figures relating to the share of Zavarovalnica Triglav

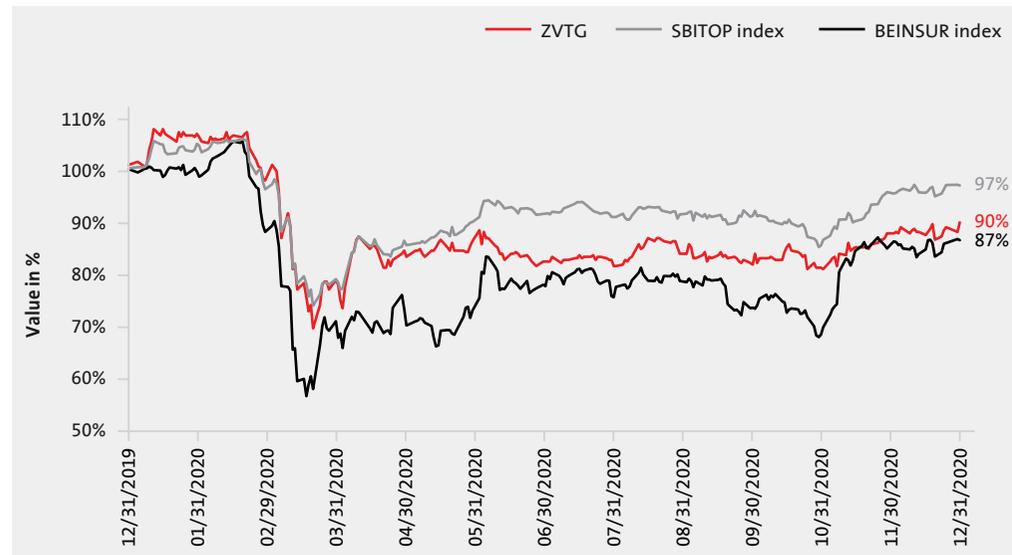
Items	31 December 2020	31 December 2019	31 December 2018
Maximum closing price	36.00	35.40	34.50
Minimum closing price	23.20	29.50	27.20
Closing price	30.00	33.30	30.30
Book value per share (parent company)	28.33	25.53	24.64
Book value per share (consolidated data)	38.16	34.73	32.75
Net earnings per share (consolidated data)	3.24	3.69	3.56
Market capitalisation	682,054,440	757,080,428	688,874,984
Average daily trading volume	131,945	135,518	176,495
Dividend paid per share for the previous year	to be defined	0.00	2.50
Number of shares	22,735,148	22,735,148	22,735,148
The percentage of floating stock	30.73%	30.87%	30.89%
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

The return on the ZVTG share in 2020 deviates from previous years. From 2015 to 2019, its annual return ranged from 9% to 33%, which is 17% on average. Dividend yield was on average 9%, and the proportion for dividend payment averaged 70% of consolidated net profit.

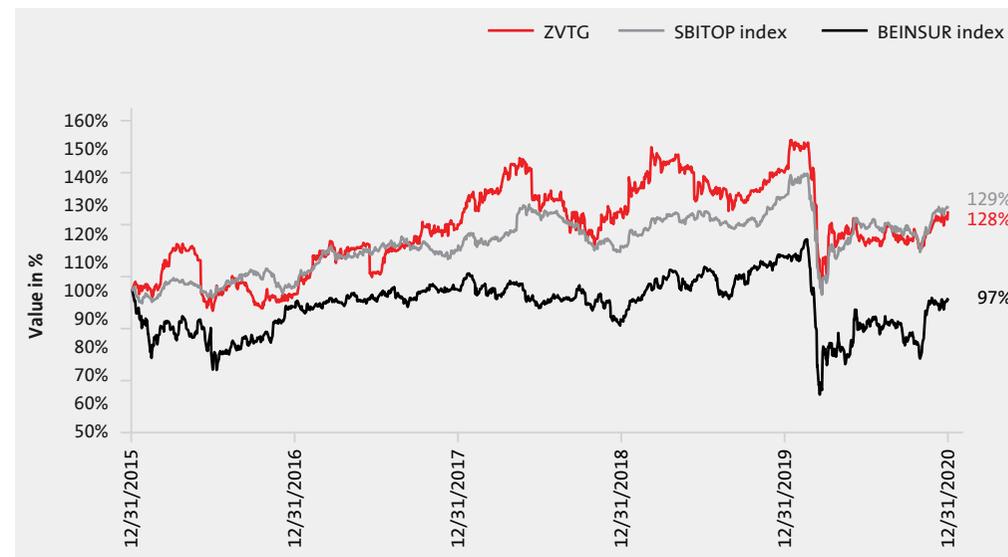
In 2020, the year marked by the pandemic, the ZVTG share price **decreased by 10%** compared to the preceding year. However, by comparison, it fell by 3 percentage points less than the value of the BEINSUR sectoral index (which consists of 32 shares of European insurers). As seen in the figure below, in the few weeks following the outbreak of the COVID-19 epidemic, the ZVTG share price fell sharply, reaching its lowest value on 23 March 2020 when it was EUR 23.20 or 35% less than the

value on the baseline date before the crash of 21 February 2020. The value of the Slovenian stock exchange index SBI TOP fell by 30% in the same 30-day period, while the BEINSUR sectoral index decreased by 44%. From April to the year-end, ZVTG share trading and its return were further affected by the Slovenian regulator's calls to the insurers to suspend the payment of dividends for 2019 and the resolution adopted by the Company's General Meeting of Shareholders **that accumulated profit for 2019 remain undistributed** (see sections [5.3.1 General Meeting of Shareholders](#) and [6.4 Dividend and dividend policy for more information](#)). The market value of ZVTG was EUR 30.00 as at 31 December 2020, which is 79% of its consolidated book value.

Movement in the ZVTG share price in 2020 compared to the BEINSUR sectoral index and the Ljubljana Stock Exchange index (as at the 2019 year-end = 100)



Movement in the ZVTG share price in the last five years compared to the BEINSUR sectoral index and the Ljubljana Stock Exchange index (as at the 2015 year-end = 100)



A five-year comparison of the movement of the ZVTG share price with the sectoral index and the stock exchange index shows that it exceeded them both most of the 2016–2020 period. In addition, it grew by 28% by the 2020 year-end compared to the 2015 year-end. The Ljubljana Stock Exchange index rose by 29% over the same period, while the European insurance sector index was 3% lower.

6.2 Equity

As at 31 December 2020, Zavarovalnica Triglav's share capital amounted to EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares of the same class. All shares are issued in a dematerialised form and are freely transferable. Each share represents the same stake and corresponding amount in share capital, and all have been fully paid up. Each share gives its holder the right to one vote at the General Meeting of Shareholders, a proportionate share of profit allocated for dividend payment 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). An 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;

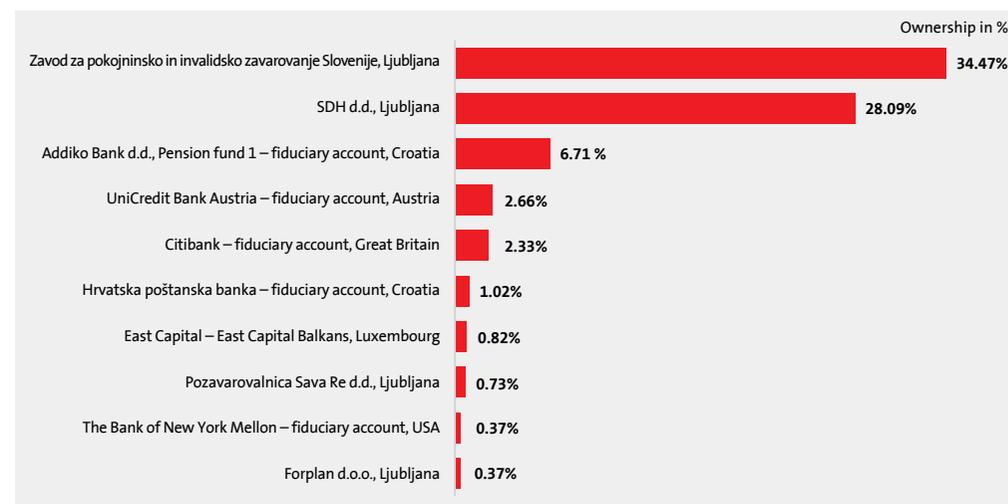
- before any subsequent acquisition of shares by the joint qualifying holders that would result in their joint qualifying holding exceeding the range subject to the already issued authorisation for acquisition of a qualifying holding.

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 information.

6.3 Shareholder structure¹⁴

Zavarovalnica Triglav's shareholder structure did not change significantly in 2020 compared to the preceding year. The stakes of the two largest shareholders, funds owned by the Republic of Slovenia, remained unchanged, while the total stake of the ten largest shareholders stood at 77.6% (77.1% in 2019). The Kuwait Investment Authority is no longer a top 10 shareholder, while several major shareholders partially adjusted their stakes. The table below shows that the biggest change was made by Citibank, London, which increased its investment in Zavarovalnica Triglav by 76%.

Top ten shareholders of Zavarovalnica Triglav as at 31 December 2020 and their stakes



Top ten shareholders of Zavarovalnica Triglav as at 31 December 2020 relative to 31 December 2019

Shareholder	Number of shares		Ownership (in %)		Change	
	2020	2019	2020	2019	No. of shares	Percentage points
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	7,836,628	34.47	34.47	0	0.00
SDH d.d., Ljubljana	6,386,644	6,386,644	28.09	28.09	0	0.00
Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, Croatia	1,526,190	1,494,061	6.71	6.57	32,129	0.14
UniCredit Bank Austria – fiduciary account, Vienna, Austria	604,642	619,634	2.66	2.73	-14,992	-0.07
Citibank – fiduciary account, London, Great Britain	530,402	301,183	2.33	1.32	229,219	1.01
Hrvatska poštanska banka – fiduciary account d.d., Zagreb, Croatia	232,644	232,644	1.02	1.02	0	0.00
East Capital – East Capital Balkans, Luxembourg, Luxembourg	186,201	190,420	0.82	0.84	-4,219	-0.02
Pozavarovalnica Sava Re d.d., Ljubljana	166,678	166,678	0.73	0.73	0	0.00
The Bank of New York Mellon – fiduciary account, New York, USA	84,399	132,658	0.37	0.58	-48,259	-0.21
Forplan d.o.o., Ljubljana	84,298	83,108	0.37	0.37	1,190	0.01

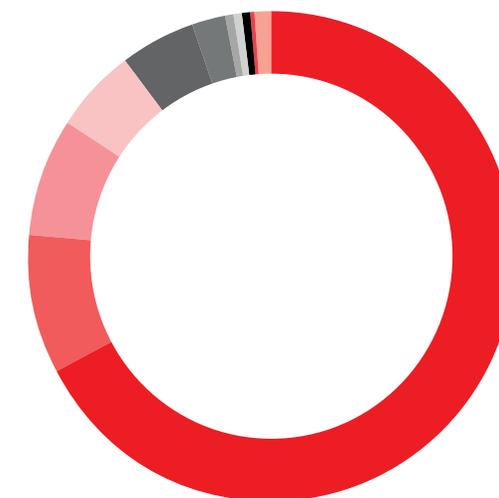
The share of Zavarovalnica Triglav's free float was 30.7% as at 31 December 2020, globally dispersed among **12,982** shareholders/subscribers in the share register from 36 countries, mostly Europe and the USA.

The Company is pleased to note that **Slovenian citizens** are actively trading in the ZVTG shares and gradually increasing their stake, which grew by 1.0 percentage point to 12.0% in 2020. Individual **international shareholders/subscribers in the Company's share register** adjusted their position, while their total stake remained stable relative to previous years. As at 31 December 2020, it accounted for 16.8% of all shares or 32.7% of the free float.

Shareholder structure of Zavarovalnica Triglav as at 31 December 2020

	Total	Domestic	International	Legal entities	Natural persons
Number of shares	22,735,148	18,924,295	3,810,853	20,015,818	2,719,330
Number of shareholders	12,982	12,423	559	479	12,503
Number of shares - percentage	100.00%	83.24%	16.76%	88.04%	11.96%
Number of shareholders - percentage	100.00%	95.69%	4.31%	3.69%	96.31%

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

The free float shareholder structure of Zavarovalnica Triglav by the country of origin of shareholder/subscriber in the share register as at 31 December 2020

■ Slovenia: 67.3%	■ France: 0.6%
■ Austria: 9.2%	■ Czech Republic: 0.5%
■ Great Britain: 7.6%	■ Hungary: 0.5%
■ Croatia: 5.8%	■ Ireland: 0.3%
■ Luxembourg: 4.8%	■ Other 26 countries: 1.0%
■ USA: 2.3%	

The members of the Management Board and the Supervisory Board held 5,688 shares of Zavarovalnica Triglav as at 31 December 2020, the same as the year before.

The number of shares owned by members of the Management and Supervisory Boards as at 31 December 2020

Name and surname	Post	Number of shares	Equity stake
Management Board		80	0.00%
Andrej Slapar	President	-	-
Uroš Ivanc	Member	80	0.00%
Tadej Čoroli	Member	-	-
Barbara Smolnikar	Member	-	-
David Benedek	Member	-	-
Marica Makoter	Member, Working Director	-	-
Supervisory Board		5,608	0.02%
Shareholder representatives		4,004	0.02%
Andrej Andoljšek	President	-	-
Milan Tomaževič	Deputy Chairman	4,004	0.02%
Igor Stebernak	Member	-	-
Žiga Škerjanec	Member	-	-
Mario Gobbo	Member	-	-
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

The gross dividend per ZVTG share amounted to EUR 2.50 in the last five years (payments in 2015–2019). Between 64% and 82% of consolidated net profit, or an average of 70%, was paid out as dividends.

The dividend policy in 2020 was adjusted to the situation caused by the pandemic. On the proposal of the Management Board and the Supervisory Board, the General Meeting of Shareholders of Zavarovalnica Triglav held on 2 June 2020 decided that **accumulated profit for 2019 remain undistributed** and thus allocated for the future payment of dividends or for other purposes in accordance with the General Meeting of Shareholders' resolution. In its decision-making, the General Meeting of Shareholders complied with the previous **calls and recommendations of the Slovenian insurance market regulator to the insurers to suspend the payment of dividends during the pandemic**. The call of the Slovenian regulator complied with the recommendations and actions of EU regulators and authorities (EIOPA and IAIS) to ensure the solvency and capital adequacy of insurance companies in the EU.

Zavarovalnica Triglav's dividend policy remains unchanged and provides as follows: "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 paid out in the preceding year. As thus far, the future implementation of the dividend policy will be subordinated to achieving the medium-term sustainable target capital adequacy of the Triglav Group. The proposal of the Management Board and the Supervisory Board as regards the annual distribution of accumulated profit of the Company will therefore take into account the following three objectives in a balanced manner: to ensure prudent capital management of the Triglav Group and its financial stability, to reinvest net profit in the implementation of the strategy of growth and development of the Triglav Group and to pay out attractive dividends to the shareholders."

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

Dividend payments in 2016–2020

Items	2020	2019	2018	2017	2016
Total dividends (EUR)	to be defined	0	56,837,870	56,837,870	56,837,870
Dividends per share (EUR)	to be defined	0.00	2.50	2.50	2.50
General Meetings of Shareholders	25 May 2021	26 May 2020	28 May 2019	29 May 2018	30 May 2017

6.5 Investor relation management¹⁵

Through active management of relations with investors, shareholders and analysts, the Company **promotes the attractiveness of its issued financial instruments**. In doing so, the Company follows best international practices and, as one of the largest listed companies on the Ljubljana Stock Exchange, strives to co-create the standards of this market.

The Company continued to provide **transparent information** to its shareholders, investors and analysts even in the uncertain situation in 2020. All key information about the Company's operations, position and outlook is regularly published in Slovenian and English on the SEOnet information system of the Ljubljana Stock Exchange and on the Company's redesigned website www.triglav.eu.

Contact with investors was promptly adjusted to the restrictions and carried out as videoconferencing meetings, conference calls and by email. The Company participated in eight virtual events held for institutional investors in Europe and the USA. The calendar of past investor conferences, including the presentation material, and the calendar of future events are available on the Company's website. For any information, please use the contact below.

Information for shareholders:

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

Credit ratings of Zavarovalnica Triglav since 2008

Year	Credit rating	Medium-term outlook	Rating agency
2020	A	Stable	AM Best
			S&P Global Ratings
2019	A	Stable	AM Best
			S&P Global Ratings
2018	A	Stable	AM Best
			S&P Global Ratings
2017	A	Stable	AM Best
			S&P Global Ratings
2016	A	Stable	AM Best
			S&P Global Ratings
2015	A-	Positive	AM Best
			S&P Global Ratings
2014	A-	Positive	AM Best
	A-	Stable	S&P Global Ratings
2013	A-	Stable	S&P Global Ratings
	A-	Stable	AM Best
	BBB+	Positive	S&P Global Ratings
	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

6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav

The credit ratings of the Triglav Group – and thus its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re – are assigned by two renowned credit rating agencies: S&P Global Ratings (hereinafter: S&P) and AM Best. The Triglav Group was assigned an “A” stand-alone credit rating with a stable medium-term outlook by both. The latest credit rating report, i.e. the announcement of the credit rating agency from 2020, is available on the website www.triglav.eu under the Investor Relations tab.

In assigning its credit ratings on 11 September 2020, the credit rating agency S&P pointed out that the “A” credit rating exclusively reflects the Group’s standalone credit profile. The credit rating is based on stable and profitable operations of the Group, its strong capitalisation, sound reinsurance protection and its leading market position in Slovenia and the region. The business risk profile of the Group was assessed as strong and its financial risk profile as very strong. By maintaining its client-centric approach, the Group’s business remained stable and profitable in both activities, even during the challenging times in 2020. The leading position in the Slovenian market enables the Group to implement economies of scale, which it complements with its diversified product range and sales network, as well as a strong brand. The Group’s sound risk profile benefits from its conservative investment policy and a stable and effective reinsurance protection. Its investment portfolio is of high quality and well-diversified, with most assets invested across the euro area. The underwriting discipline is a key factor for the Group’s stable earnings and capital position. The medium-term outlook reflects S&P’s expectations that the Group will continue to effectively implement its business strategy at least over the next two years, focusing on growth and further diversifying its operations. S&P expects that despite the pandemic and its impacts the Group will sustain strong, stable earnings and strong capitalisation.

In its report issued on 16 October 2020, the credit rating agency AM Best assessed the Group’s balance sheet strength as very strong and its operating performance as strong, the impact of both the business profile and the majority holding on the credit rating as neutral, and its risk management as appropriate given the complexity and scope of its operations. By re-affirming the high credit rating of Pozavarovalnica Triglav Re, AM Best highlighted its strategic importance as the reinsurer of all Triglav Group members and its strong integration into the Group. The Group’s very strong balance sheet is underpinned by its risk-adjusted capitalisation at the strongest level. In the life insurance portfolio, the Group is reducing its exposure to products with a guaranteed return and has further improved its asset and liability management. Furthermore, the Group has a prudent reserving approach and good financial flexibility with access to equity and bond markets. AM Best pointed out the Group’s strong operating performance over the recent years, which has been driven by excellent non-life insurance technical earnings in the domestic market and healthy investment income. In highly competitive markets outside Slovenia, the Group is constantly increasing its volume and improving its operations, also by actively seeking alternative, cost-effective distribution channels. AM Best highlighted the benefits of the Group’s dominant position both in the Slovenian market and the region. Through its various companies, the Group is a global provider of insurance and reinsurance services, leading to a well-diversified portfolio by product/service and geography.

6.7 Bonds of Zavarovalnica Triglav

Zavarovalnica Triglav has one issued subordinate bond, which is included in its capital adequacy. The bond was issued in 2019 as part of the Group's regular capital management to ensure its optimal composition and cost efficiency and to replace the bond that matured on 21 March 2020. See the table for more information.

Bond of Zavarovalnica Triglav

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

7. Operations of the Triglav Group and Zavarovalnica Triglav

- The COVID-19 pandemic resulted in the contraction of most insurance markets (with the exception of the Slovenian and Serbian insurance markets) and the fall in GDP of the countries where the Triglav Group operates.
- Premium growth was recorded in most insurance markets of the Group and in the non-life and health insurance segments.
- The Group maintained its leading market position in Slovenia, Montenegro and North Macedonia. Its market share improved in Bosnia and Herzegovina, Slovenia, Croatia and Serbia.
- Unlike the year before, the year 2020 was less favourable in terms of major CAT events.
- Premium growth was higher than the growth in operating expenses of the insurance business.
- Low interest rates continued to reduce rates of return on investment.

7.1 The general economic environment worldwide and in Slovenia

The year 2020 was marked by the COVID-19 pandemic and its effects on the global economy. The deep and unusual recession far exceeded the known consequences of the great financial crisis in 2008 and hit service activities the hardest. At the beginning of the year, tight measures to curb the spread of the virus paralysed the entire economy. Central banks and governments responded swiftly and uniformly and provided support in historic proportions. The adopted aid packages mitigated unemployment growth relatively successfully, but at the same time they significantly expanded the balance sheets of central banks and caused the fiscal statistics to deteriorate. With the epidemiological situation improving, the global economy recovered in the middle of the year, but the recovery was uneven, as the opening up of activities was gradual and selective. Industrial production and related international trade in particular strengthened. Towards the end of the year, a resurgence in the number of infections and renewed containment measures was seen, which slowed down economic growth again, but to a lesser extent. Expectations also deteriorated again. In December, financial institutions forecast a 7.4% decline in the real GDP of the euro area for 2020, while consumer prices are expected to rise by only a few tenths of a percent.

The fate of the euro area was shared by the Slovenian economy. In its December publication for 2020, the Institute of Macroeconomic Analysis and Development (IMAD) forecast a 6.6% decline in real GDP and a slightly milder recession than in the euro area, while consumer prices are expected to stagnate at zero inflation. Slovenian industrial production recovered considerably over the year, but the more modest recovery in the service sector had a strong impact on the decline in economic activity and international trade. Nevertheless, the latter made a slightly positive contribution to real GDP growth. The steep decline in final consumption mitigated the growth of government consumption. At the same time, government aid packages halted a significant reduction in household consumption and mitigated the decline in employment. The surveyed unemployment rate rose moderately to 5.1%, which is significantly less than during the previous financial crisis. Compared to the preceding year, the budget deficit and gross government debt increased sharply. According to the European Commission's November forecast, the former was 8.7% and the latter 82.2% of GDP.

Following the extremely high fall in stock market prices in March, the decline in risk-free interest rates and the opening of credit spreads, the financial markets recovered by the end of the year. Some stock indices even reached all-time highs. In the first quarter, the US Federal Reserve (Fed) reduced the key interest rate range to 0.0–0.25% in two steps and began with unlimited and accelerated purchase of government bonds. Towards the end of the year, the Fed announced that no change in the key interest rate range was expected over the next three years. The European Central Bank (ECB) did not change its record-low interest rate policy and outlook, but adopted a number of quantitative measures. One such measure was the pandemic emergency purchase programme (PEPP) adopted in March, which was further expanded in two steps later in the year. The ECB, like the Fed, emphasised its commitment to a loose monetary policy in order to maintain favourable financial conditions and meet its inflation target. Apart from that, financial markets responded positively to the December conclusion of an agreement on future trade relations between the EU and the United Kingdom of Great Britain and Northern Ireland, ending the transitional period following the UK's official exit in January. At the end of the year, the focus of EU government measures was on the recovery instrument, i.e. Next Generation EU, and its record seven-year budget. In the United States, on the other hand, presidential elections and the adoption of anti-crisis aid packages were at the forefront.

After the first wave of the epidemic, bond markets remained under the strong influence of central banks for most of the year. The required yield on the ten-year German bond saw a record-high drop in March 2020 (when it was also affected by oil prices and the general withdrawal of investors into safe investments), but later stabilised, ending the year at –0.57%. The required yields on

low-rated bonds rose sharply in the first quarter, followed by a gradual decline. The required yield on Italian and Slovenian bonds was thus only 0.54% and -0.17% respectively by the year-end. Stock market indices suffered high losses in the first quarter, over 30%, which were largely offset over the rest of the year, while some stock market indices even recorded positive annual growth. This was also seen in the American S&P and the German DAX, which recorded a 16.5% and 3.5% annual growth respectively, while the European STOXX50 and the Slovenian SBITOP fell by 5.1% and 2.8% respectively.

Forecasts for the global and European economy in 2021 are moderately favourable and uncertain. Most official institutions anticipate an end to the health crisis and the phasing out of containment measures, which will boost growth, together with sustainable development programmes. Nevertheless, the recovery will be uneven across sectors and countries, and on average, economies will only reach pre-epidemic levels of activity in mid-2022. According to the estimates of institutions, the euro area and Slovenia will record around 4% real GDP growth and a 1% inflation rate in 2021, but the forecasts are accompanied by a high level of uncertainty. This is mainly related to the course of the health crisis, and the risk of lower-than-forecast growth is high. Given the situation in which loose economic policies will continue to be pursued, it is expected that the extensive quantitative easing programmes of central banks will maintain most required yields on government bonds at negative values. In the absence of unforeseen shocks, credit spreads on corporate bonds, especially those that will not be paralysed by the pandemic, will remain low, and equity investments will be an appealing investment alternative in such circumstances.

7.2 Environmental impact on the Triglav Group's operations¹⁶

Due to the COVID-19 pandemic, insurance markets contracted and GDP declined in most countries where the Triglav Group operates (with the exception of the Slovenian and Serbian insurance markets). Challenging market conditions and fierce price competition continued in the insurance markets. Zavarovalnica Triglav and its subsidiaries cope with the demanding market conditions by pursuing marketing, sales and pricing policies, launching new products and redesigning the existing ones, upgrading business processes, and taking various measures to improve the underwriting result. [See Section 11. Development and marketing activities](#) for more information.

The unfavourable situation continued in the financial markets, as low interest rates resulted in lower rates of return on investment. Due to low interest rates, additional insurance technical provisions were formed for life and non-life insurance.

The pandemic also had an impact on the decline in written premium of some insurance classes ([see Section 7.5 Gross written insurance, coinsurance and reinsurance premiums for more information](#)), lower growth in gross claims paid due to lower economic activity and lower population mobility due to restrictive measures to curb the spread of the epidemic ([see Section 7.6 Gross claims paid for more information](#)) and reduction of some types of gross operating expenses ([see Section 7.7 Gross operating expenses for more information](#)). Due to the pandemic, additional provisions for bonuses and discounts and other insurance technical provisions for health insurance were formed ([see Section 7.8 Risk equalisation for more information](#)).

Business conditions in 2020 were also less favourable due to major CAT events, which amounted to a total estimated value of EUR 31.1 million. Hail storms in Slovenia, Croatia and North Macedonia caused EUR 22.0 million in claims (of which claims of EUR 18.8 million were reported and settled). The earthquakes in Croatia are estimated to have caused EUR 8.6 million in claims; the earthquake with the epicentre near Zagreb with a 5.3 magnitude on the Richter scale at the end of March caused EUR 5.4 million in claims, while the earthquake at the end of December with the epicentre near Petrinja with a 6.3 magnitude caused EUR 3.1 million in claims. Pozavarovalnica Triglav Re received claims estimated at EUR 474 thousand due to the Maysak typhoon in South Korea.

7.3 Global insurance market

Total premiums written on the **global insurance market** reached USD 6.3 trillion (according to latest official data from Swiss Re reinsurance company) or 2.9% real growth (nominal growth was 2.3%). Non-life insurance premium increased by 3.5% in real terms, while life insurance premium grew by 2.2%. The US, which remained the market leader, accounted for 43.7% of total global written premium and reached a 2.2% growth. The highest growth among groups of countries was again contributed by Asia (Asia-Pacific), as it achieved a 4.4% growth and increased its share by 0.4 percentage point to 27.7%. Advanced Europe accounted for 25.5% of total global written premium, up by 2.4%. The countries of the Middle East and Africa maintained their 1.8% share in the global insurance market, while emerging Europe and Central Asia represented a 1.3% share (Slovenia is also part of this group). Advanced markets accounted for 81.5% of the global insurance premium (2.1% premium growth) and the rest was contributed by emerging markets (6.6% premium growth).

Swiss Re estimates that the pandemic will put global premium growth back by 3% in 2020. Life insurance premium will shrink by 6%, while non-life insurance premium will remain at approximately the same level as in 2019. According to expectations, at a 3% increase the premium will recover to the 2019 level over the course of 2021. Emerging markets will outperform advanced markets in both 2020 and 2021.

Global premium growth in 2019, estimates for 2020 and forecasts for 2021 (%)

	Total written premium			Non-life insurance			Life insurance		
	2019	2020 estimate	2021 forecast	2019	2020 estimate	2021 forecast	2019	2020 estimate	2021 forecast
Advanced markets	+2.1	-4	+2	+2.7	-1	+3	+1.3	-8	+2
Emerging markets	+6.6	+1	+7	+7.7	+3	+7	+5.6	0	+7
World	+2.9	-3	+3	+3.5	0	+3	+2.2	-6	+3

Source: Swiss RE, SIGMA 4/2020

7.4 Operations of the Triglav Group in the Adria region (South-East Europe)¹⁷

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

Due to the COVID-19 pandemic, a decline in insurance markets and a drop in GDP were recorded in most countries. More premiums were written only in the Slovenian and Serbian markets.

Main macroeconomic indicators for 2020 by insurance market of the Triglav Group and the EU

Macroeconomic indicators	Slovenia	Croatia	Serbia	Montenegro	Bosnia and Herzegovina	North Macedonia	European Union
Population (in million)	2.1	4.0	6.9	0.6	3.3	2.1	444.7
GDP growth (estimate in %)	-6.7	-9.0	-2.5	-12.0	-6.5	-5.4	-7.6
2020 GDP (estimate in USD million)	51.8	56.8	52.0	4.9	18.9	12.5	14,926.5
2020 GDP per capita (estimate in USD)	25,039	14,033	7,497	7,933	5,762	6,019	43,616
2020 inflation rate (estimate in %)	0.5	0.3	1.5	-0.1	-0.8	0.9	0.8
2020 unemployment rate (estimate in %)	8.0	9.3	13.4	19.0*	19.0	20.2	n/a

Source: IMF, World Economic Outlook, October 2020

*Agency for Statistics of Montenegro (Q3 2020)

The Group maintained its dominant market position in Slovenia, Montenegro and North Macedonia. Its market share grew in Bosnia and Herzegovina, Slovenia, Croatia and Serbia, while premium volume increased in most markets. More information is provided below and in [Section 7.5 Gross written insurance, coinsurance and reinsurance premiums](#).

Market shares and market position of the insurance subsidiaries of the Triglav Group in 2020

Market	Market share	Market share trend	Ranked in 2020	Ranked in 2019
Slovenia	36.5%	↑ +0.4-percentage point	1	1
Croatia	5.2%	↑ +0.6-percentage point	8	8
Serbia*	6.9%	↑ +0.4-percentage point	5	5
Montenegro	38.7%	■ 0.0-percentage point	1	1
Bosnia and Herzegovina**	9.0%	↑ +1.3-percentage point	3	6
- Federation of BiH	9.7%	↑ +0.9-percentage point	5	7
- Republic of Srpska**/***	6.4%	↑ +0.9-percentage point	6	8
North Macedonia	12.9%	↓ -1.0-percentage point	1	1

* Data for January–September 2020

** Data for January–June 2020

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

During the COVID-19 pandemic, great attention continued to be paid to strengthening business development and the competitive position of insurance subsidiaries outside Slovenia. In the existing markets, the Group intensively implemented the market processing strategy, maintained and strengthened the competitive position and carried out the product development strategy, i.e. the launch of upgraded and new or innovative products and services, especially for remote business. The implementation of the market development strategy (entry into new markets, establishing partnerships and building visibility) and the diversification strategy (development of new products and services in new markets) was adapted to the new situation.

In achieving the strategic objectives in core and support activities, cooperation among Group members was strengthened. This was especially seen in the health and pension insurance segments and strategic projects, where the development of digital content and modern approaches to sale and marketing were at the forefront. At the organisational level, a significant step towards the target organisational culture was made. Special attention was devoted to the setting up of a single information and data system, which will enable the Group to achieve the highest level of transparency and business transformation at the Group level.

In the coming period, even greater focus will be on strengthening and achieving synergies in various fields of activity, especially at a horizontal level, i.e. among the core segments or activities, which will be a key guideline at the leadership and management levels.

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

7.4.1.1 Slovenian insurance market

Despite being somewhat small, the Slovenian insurance market is well-developed. On a global scale, in 2019 Slovenia ranked 30th by premium per capita (a rank lower than the preceding year) and 29th by insurance penetration (premium share in GDP), which is a rank higher than the year before. Globally, the Slovenian insurance market ranked 54th by written premium (a rank higher than the preceding year), accounting for 0.04% of the global insurance market and 0.8% of the largest European insurance market – UK (Swiss Re data for 2019).

Premium per capita and market penetration for Slovenia and some other European countries in 2019

	Premium per capita		Insurance penetration	
	(in USD)	World rank	(% of GDP)	World rank
Slovenia*	1,354	30	5.2%	29
Croatia	391	49	2.6%	50
Serbia	140	65	1.9%	64
Switzerland	6,835	4	8.4%	14
United Kingdom	4,362	13	10.3%	9
Austria	2,219	25	4.4%	37
Czech Republic	677	37	2.8%	45
Poland	418	47	2.7%	48
Turkey	131	67	1.5%	71
European union	2,374	-	6.8%	-
Euro area	2,784	-	7.2%	-

Source: Swiss RE, SIGMA 4/2020

* Data for Slovenia: Slovenian Insurance Association

The average premium per capita in Slovenia rose to EUR 1,210 in 2019, reaching its peak value in the last ten years. Premium as a percentage of GDP slightly increased to 5.24% (compared to 5.07% in 2017, its bottom in the last ten years).

A total of 13 insurance companies, four foreign branches and two reinsurance companies were active on the Slovenian insurance market in 2020, all members of the Slovenian Insurance Association (hereinafter: SZZ). On 3 January 2020, Generali acquired Adriatic Slovenica. The portfolio of the ERGO branch, which ceased to operate in Slovenia on 1 October 2020, was transferred to ERGO Versicherung Aktiengesellschaft, Vienna. After taking over Pozavarovalnica Sava d.d., the insurer NLB Vita, življenjska zavarovalnica was renamed Vita, življenjska zavarovalnica.

* Source: Slovenian Insurance Association



Slovenia

Premium per capita*
(2019 data)

1,210 EUR

Premium as a percentage of GDP
(2019 data)

5.2 %

Insurance market growth index
in 2020

102.7

36.5% market share of the Triglav Group

1st rank

There were seven composite and ten 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.

The insurance companies recorded gross written insurance, coinsurance and reinsurance premiums of EUR 2.6 billion, **up by 2.7%**. **Non-life insurance premium** recorded a 4.8% growth and a 73.2% share. Excluding **health insurance**, which experienced a higher premium growth (7.1%), non-life premium growth would be 3.7%. Health and real property insurance (fire and natural disaster insurance and other non-life insurance) contributed the most to the increase in non-life insurance premium. **Life insurance** premium declined by 2.7% due to lower premiums of life and unit-linked life insurance.

The Slovenian insurance market continues to be highly concentrated, with the four largest insurers holding a 75.0% market share. With a 27.6% market share (compared to 27.7% in 2019), **Zavarovalnica Triglav** is the market leader, followed by Zavarovalnica Sava (a 17.5% market share). **The Triglav Group** (the parent company, Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba) increased its market share by 0.4 percentage point to 36.5%.

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

- non-life insurance (excluding health insurance): 43.6% (an increase of 0.3 percentage point);
- life insurance: 29.7% (the same as in 2019);
- health insurance: 30.1% (an increase of 1.0 percentage point).

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

- non-life insurance: 28.6% (a decrease of 0.1 percentage point);
- life insurance: 25.0% (a decrease of 0.1 percentage point).

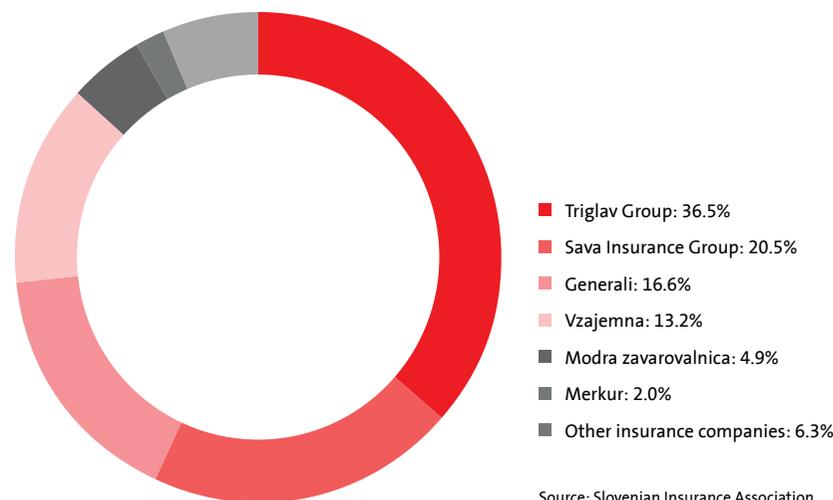
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 30.0% (an increase of 1.0 percentage point).

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

- supplemental voluntary pension insurance (SVPI): 19.8% (the leading position, an increase of 0.1 percentage point).

The market share of insurance companies in Slovenia in 2020



7.4.1.2 Croatia

After a more encouraging start of the year when Croatia took over the Presidency of the Council of the European Union, the year 2020 was marked by deteriorating circumstances. In addition to the extraordinary situation caused by the COVID-19 pandemic, the country was hit by a strong earthquake in the spring, followed by two slightly more severe earthquakes at the end of the year. At the end of the third quarter, Croatia saw a 9.0% drop in GDP, the unemployment rate was estimated at 9.3% and the inflation rate was 0.3%.

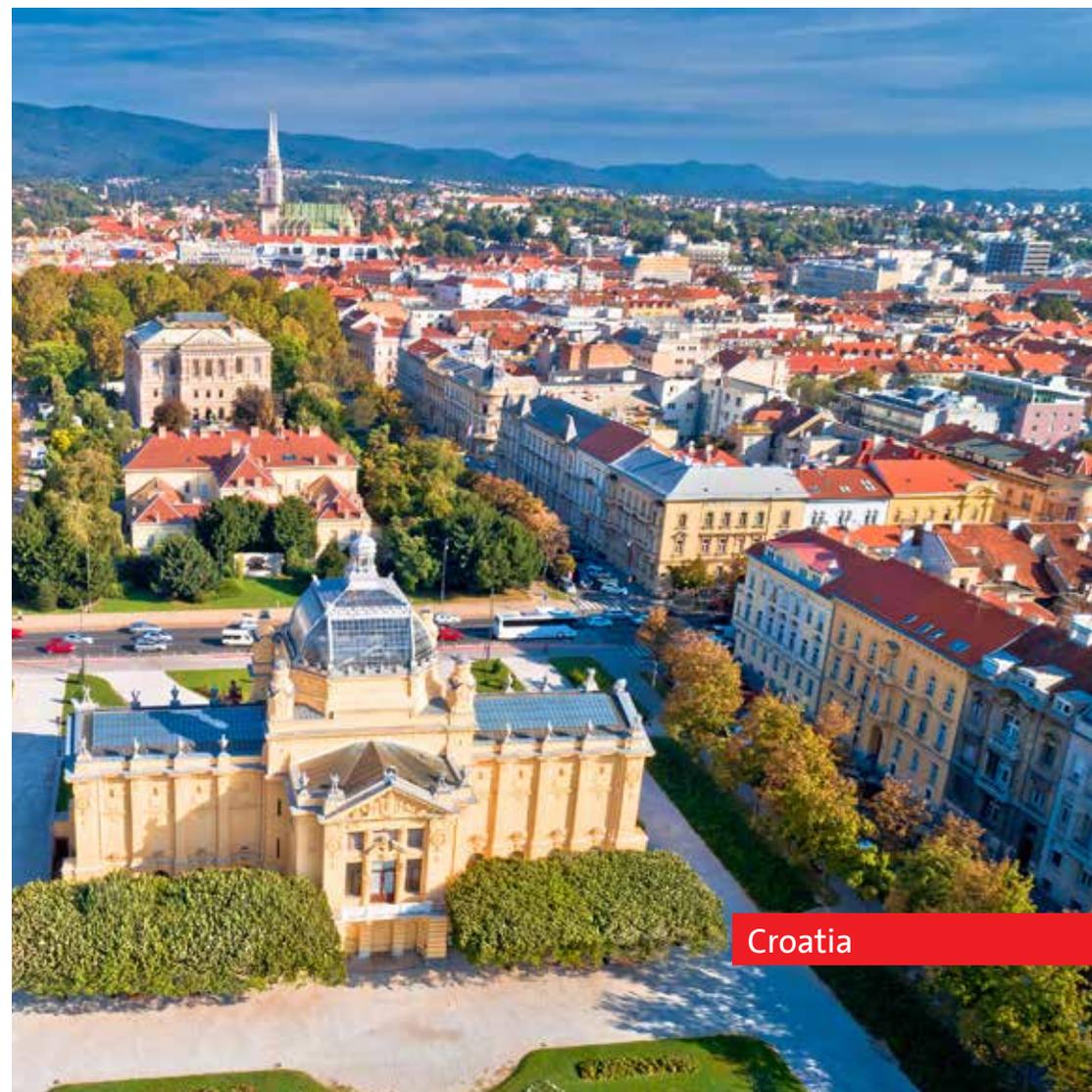
As a result of effects of the COVID-19 pandemic, Croatia is one of the most affected countries in Europe, as it has experienced a shock in the labour market due to its dependence on the tourism industry. The unemployment rate for the next year is expected to reach 10.3%.

In July 2020, Croatia joined the EU Exchange Rate Mechanism (ERM II), committing itself to at least two years of price and exchange rate stability in order to meet the condition for the introduction of the euro.

Insurance market

A total of 16 insurance companies (two fewer than in 2019) were active in the Croatian market, of which nine were composite insurers, five non-life insurers and two life insurers. The whole portfolio of Ergo osiguranje and Ergo životno osiguranje was transferred to the branch Sava osiguranje. Total written premium of HRK 10.5 billion (EUR 1.4 billion) was slightly lower than in 2019 (index 99.3). Non-life insurance premium increased by 4.7%, whereas life insurance premium fell by 13.7%. In total written premium, non-life insurance premium increased to 74.7% (compared to 70.9% in 2019) and life insurance accounted for the rest.

Market concentration continued to be high, with top three insurers controlling almost 50% of the market. With a 25.8% market share, Croatia osiguranje retained its dominant position (0.1 percentage point more than in the preceding year). Having increased its market share by 0.6 percentage point to 5.2%, Triglav Osiguranje, Zagreb again ranked eighth.



Croatia

Premium per capita*
(2019 data)

349 EUR

Premium as a percentage of GDP
(2019 data)

2.6 %

Insurance market growth index
in 2020

99.3

5.2% market share of the Triglav Group

8th rank

* Source: Swiss RE, SIGMA 4/2020, Croatian Insurance Bureau

7.4.1.3 Serbia

The Serbian economy showed resilience to the first effects of the pandemic and recorded a lower fall in gross domestic product than most European countries. Increased indebtedness will make it more difficult to solve existing structural problems. At the end of the third quarter, Serbia recorded a 2.5% drop in GDP, the inflation rate fell to 1.5% and the unemployment rate rose to 13.4%.

A stable exchange rate between the Serbian dinar and the euro and a low inflation rate are expected in 2021, which will have a negative impact on international price competitiveness. Among major events in the financial sector was the takeover of Komercijalna banka, the largest state-owned bank, by Nova Ljubljanska banka.

In 2020, Serbia continued to strengthen bilateral relations with countries in the region and activities for gradual accession to the European Union. It signed a memorandum of cooperation with North Macedonia and Albania in the fight against COVID-19 and an interstate agreement with Albania on the free movement of citizens.

Insurance market

The Serbian insurance market was characterised by high concentration, where 16 insurance companies were active (six composite insurers, six non-life insurers and four life insurers). The top three insurers (Dunav, Generali Osiguranje and DDOR) control nearly 60% of the market. Total written premium increased by 2.2% in the first nine months of 2020 to RSD 80.7 billion (EUR 686 million). Non-life insurance premium recorded a 2.2% growth, while life insurance premium grew by slightly less, 2.1%. In total written premium, non-life insurance accounted for the bulk (77.6%).

Triglav Osiguranje, Belgrade increased its market share to 6.9% (compared to 6.4% in 2019) and maintained its fifth place. Its growth was somewhat higher than the Serbian insurance market growth by 7.0 percentage points.



Serbia

Premium per capita*
(2019 data)

125 EUR

Premium as a percentage of GDP
(2019 data)

1.9 %

Insurance market growth index
in Q1–3 2020

102.2

6.9% market share of the Triglav Group

5th rank

* Source: Swiss RE, SIGMA 4/2020, National Bank of Serbia

7.4.1.4 Montenegro

Montenegro recorded a 12% drop in GDP in the first three quarters, resulting from the general decline in economic activity in the region due to its significant dependence on the tourism industry. The inflation rate was -0.07% .

The development of transport infrastructure was one of the main development goals of Montenegro. In addition to the demanding construction of the Bar–Boljare motorway, the construction of a EUR 2.5 billion container terminal in Bar was announced in 2020, which could become the first port for ships sailing to Europe across the Adriatic Sea. This will have a positive impact on improving connections and infrastructure investment in other countries in the region.

Apart from focusing on meeting the conditions for joining the EU and privatisation, Montenegro will strive to increase future fiscal stability in order to ensure the long-term sustainability of public finance. Furthermore, it plans to reduce public debt, which is very high due to the aforementioned investments, and exceeds 80.0%.

Insurance market

A total of nine insurance companies were active in the rather small Montenegrin insurance market in 2020 (five non-life insurers and four life insurers), which together collected EUR 93.7 million in written premium, down by 1.1% relative to the preceding year. Life insurance premium increased by 15.1%, whereas non-life insurance premium, representing 78.9% of total written premium, declined by 4.7%.

Lovćen Osiguranje and its subsidiary **Lovćen životna osiguranja**, both insurance subsidiaries of the Triglav Group, together hold a 38.7% market share, maintaining their dominant market position (as in 2019). Lovćen Osiguranje is followed by Uniqa (non-life and life insurance together) with a 14.5% market share and Sava Osiguranje with a 13.7% market share.



Montenegro

Premium per capita*
(2019 data)

152 EUR

Premium as a percentage of GDP
(2019 data)

1.9 %

Insurance market growth index
in 2020

98.9

38.7% market share of the Triglav Group

1st rank

* Source: Insurance Supervision Agency of Montenegro

7.4.1.5 Bosnia and Herzegovina

In recent years, Bosnia and Herzegovina's economy has shown high potential for growth and development, but the COVID-19 pandemic has severely hampered economic activity and shifted it toward levels in previous years. The estimated decline in GDP after the end of the third quarter is 6.5%. Negative inflation of -0.8% was recorded, whereas the unemployment rate rose to 19.0%. High dependence on the euro area, where economic activity is expected to decline, is also problematic.

As a potential candidate for EU membership, Bosnia and Herzegovina will need to implement economic and social changes, including: improving the business environment, increasing competitiveness, reforming the healthcare system and promoting economic growth.

In 2021, Bosnia and Herzegovina will continue negotiations for the approval of a loan from the International Monetary Fund in the amount of EUR 750 million. In the future, the focus will be on measures designed to mitigate pandemic-related effects, including the establishment of a guarantee fund at the FBiH Development Bank and direct assistance to the most affected industries, such as tourism, transport and export-oriented industry.

Insurance market

A total of 25 insurance companies operated on the very small but highly competitive insurance market of Bosnia and Herzegovina in the first half of 2020 (one fewer than in 2019 because Atos was merged with Grawe osiguranje), of which 11 are domiciled in the Federation of BiH and 14 in the Republika Srpska. Insurers in the insurance market of Bosnia and Herzegovina as a whole collected BAM 375.1 million (EUR 192 million) in written premium, down by 2.0% relative to the preceding year. The premium written in the Federation of BiH was 3.1% lower, whereas in the Republika Srpska it was slightly higher than last year (index 100.7). In total written premium, non-life insurance premium represented 80.0%.

In the Federation of BiH, the Agram corporate group (Adriatic Osiguranje and Euroherc) remained the market leader with a 22.7% market share in 2020. By increasing its market share by 0.9 percentage point to 9.7%, **Triglav Osiguranje, Sarajevo** ranked fifth (vs. seventh in 2019).

With a 13.2% market share, Grawe osiguranje was the market leader in the Republika Srpska (Drina osiguranje was the market leader in 2019) in the first half of 2020. By increasing its market share by 0.1 percentage point to 4.9%, **Triglav Osiguranje, Banja Luka** ranked eighth (vs. tenth in 2019). The branch of **Triglav Osiguranje, Sarajevo**, which sells only life insurance, achieved 133% premium growth and increased its market share to 1.5% (compared to 0.6% in 2019).

In the insurance market of Bosnia and Herzegovina as a whole, the **two insurance companies of the Triglav Group** taken together ranked third (sixth the year before) and increased their market share by 1.3 percentage points to 9.0% in the first half of 2020.



Bosnia and Herzegovina

Premium per capita*
(2019 data)

110 EUR

Premium as a percentage of GDP
(2019 data)

2.2 %

Insurance market growth index
in H1 2020

98.0

9.0% market share of the Triglav Group

3rd rank

* Source: FBiH Insurance Supervision Agency, RS Insurance Agency

7.4.1.6 North Macedonia

The increase in attractiveness for foreign investors and the improved position in South-East Europe have placed North Macedonia among the countries with high market potential. Its economic growth in recent years has been largely the result of increased government consumption and foreign investment, but in 2020 the effects of the pandemic shifted the growth curve downward. GDP fell 5.4% after the first three quarters. The inflation rate rose slightly to 0.9%, and due to the poor economic situation, the unemployment rate climbed to 20.2%.

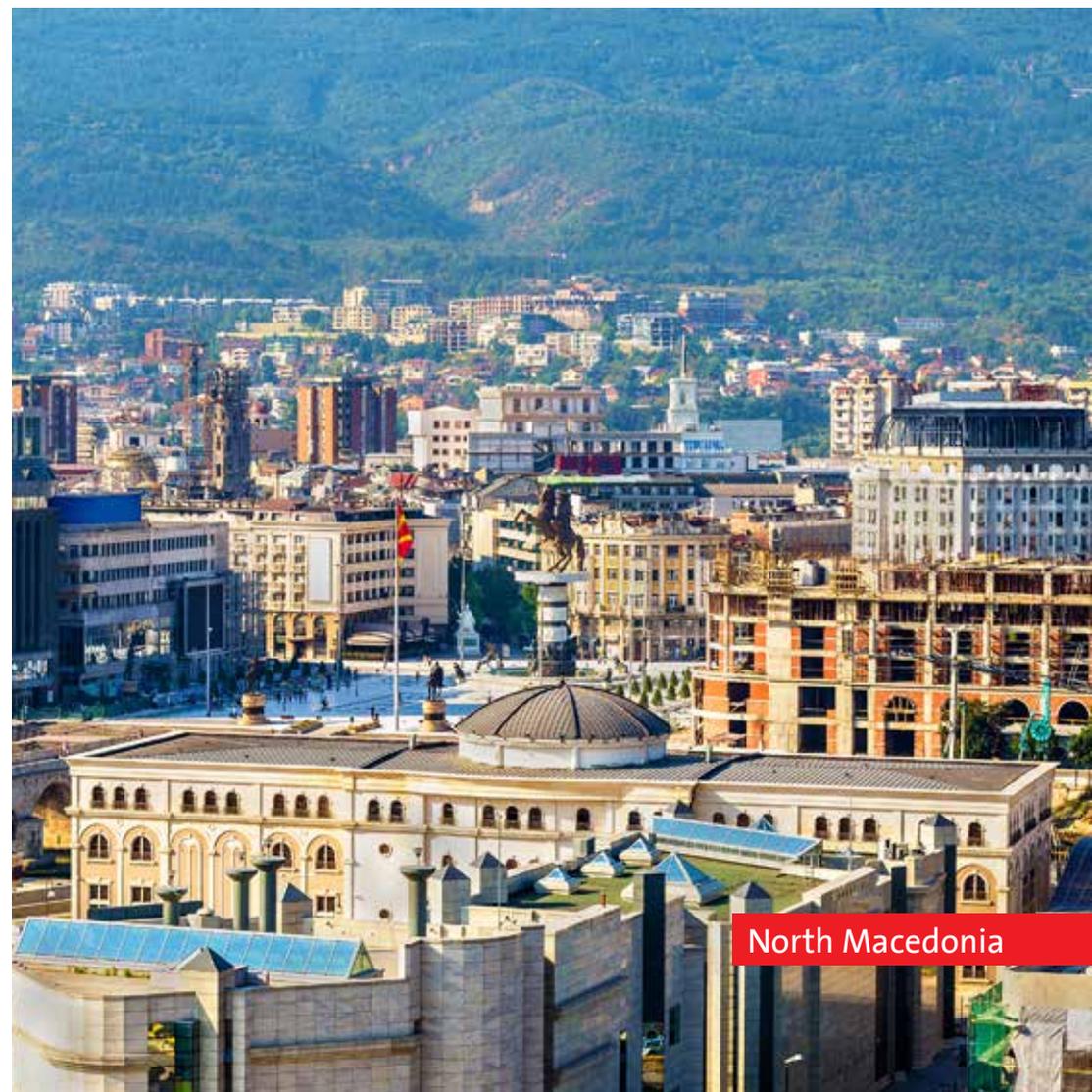
The export-oriented manufacturing industry focused on higher value-added products, but the government will be forced to address structural problems related to the education system and infrastructure investments, which are essential for improving labour productivity and competitiveness of the economy, in addition to implementing measures to mitigate the effects of the pandemic on economic growth and employment.

In 2020, North Macedonia signed a memorandum of cooperation with Serbia and Albania in the fight against the COVID-19 pandemic. It also became a full member of NATO and fulfilled all the conditions for the start of EU accession negotiations, which were suspended due to the opposition of Bulgaria.

Insurance market

A total of 16 insurance companies were active in the North Macedonian insurance market as at the 2020 year-end (11 non-life insurers and five life insurers), of which Osiguruvanje Makedonija also holds a licence to conduct reinsurance business. In 2020, the insurance companies booked MKD 10.1 billion (EUR 163 million) in written premium or 4.9% less than the year before. Non-life and life insurance premiums also shrank by 4.9%. The non-life insurance premium represented 82.7% of total premium written in the market. The five largest insurers booked 47% of total written premium. The market concentration was particularly high in the life insurance segment, with Croatia život and Grawe controlling 68% of the market.

With a 12.2% market share (1.2 percentage points less than in 2019), **Triglav Osiguruvanje, Skopje** continues to remain the leader in the North Macedonian insurance market. The insurer only sells non-life insurance products, holding a 14.8% market share (compared to 16.3% in 2019). It is followed by Eurolink, holding a 11.6% market share, and Osiguruvanje Makedonija (the VIG Group) with a 10.4% market share. **Triglav Osiguruvanje Život, Skopje** achieved a 3.6% market share in the life insurance market (compared to 2.0% in 2019) **Both insurers taken together** held a 12.9% market share, down by 1.0 percentage point compared to the year before.



Premium per capita*
(2019 data)

83 EUR

Premium as a percentage of GDP
(2019 data)

1.5 %

Insurance market growth index
in 2020

95.1

12.9% market share of the Triglav Group

1st rank

* Source: Insurance Supervision Agency of North Macedonia

7.5 Gross written insurance, coinsurance and reinsurance premiums

The Triglav Group collected 4% more consolidated gross insurance, coinsurance and reinsurance premiums than in the preceding year. The volume of written premiums amounted to EUR 1,233.8 million and increased in the non-life and health insurance segments:

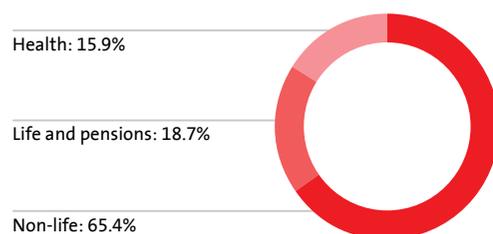
- **non-life insurance:**
EUR 807.2 million (index 104),
- **life and pension insurance:**
EUR 230.8 million (index 100),
- **health insurance:**
EUR 195.7 million (index 111).

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

- non-life insurance: a 65.4% share (compared to 65.5% in 2019),
- life and pension insurance: an 18.7% share (compared to 19.6% in 2019),
- health insurance: a 15.9% share (compared to 14.9% in 2019).

The Group continues to gradually increase the share of insurance premium written in markets outside Slovenia, which grew by 0.1 percentage point compared to the year before. A total of 74.9% of consolidated gross written premium was generated in the Slovenian insurance market, 18.2% of the premium was charged in markets outside Slovenia, while international reinsurance premium represented 6.9%.

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



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



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

Country	Gross written premium			Index		Share		
	2020	2019	2018	2020/2019	2019/2018	2020	2019	2018
Slovenia	924,490,143	900,665,415	820,229,351	103	110	74.9%	76.1%	76.8%
Croatia	72,871,040	65,827,865	57,876,297	111	114	5.9%	5.6%	5.4%
Serbia	60,770,184	58,052,569	48,979,893	105	119	4.9%	4.9%	4.6%
Montenegro	36,249,030	36,627,953	32,880,893	99	111	2.9%	3.1%	3.1%
Bosnia and Herzegovina	33,220,348	30,460,993	28,032,889	109	109	2.7%	2.6%	2.6%
North Macedonia	20,976,376	23,738,156	23,438,597	88	101	1.7%	2.0%	2.2%
International reinsurance	85,198,244	68,801,156	56,956,487	124	121	6.9%	5.8%	5.3%
Total	1,233,775,365	1,184,174,107	1,068,394,407	104	111	100.0%	100.0%	100.0%

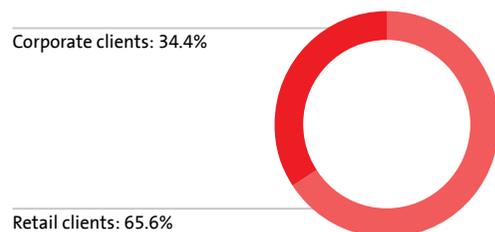
Premium growth was recorded in **most insurance markets** with the exception of the Montenegrin and Macedonian insurance markets. Premium growth in the Slovenian market was 3%, while in markets outside Slovenia it stood at 4%. The Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) generated EUR 1,173.1 million in non-consolidated gross written premium, up by 4% relative to 2019.

The share of non-consolidated gross insurance premium of **retail clients**, amounting to EUR 769.4 million, accounted for 65.6% of total written premium and decreased by 1.4 percentage points. The remaining EUR 403.7 million was accounted for by the premium of **corporate clients**.

+4%

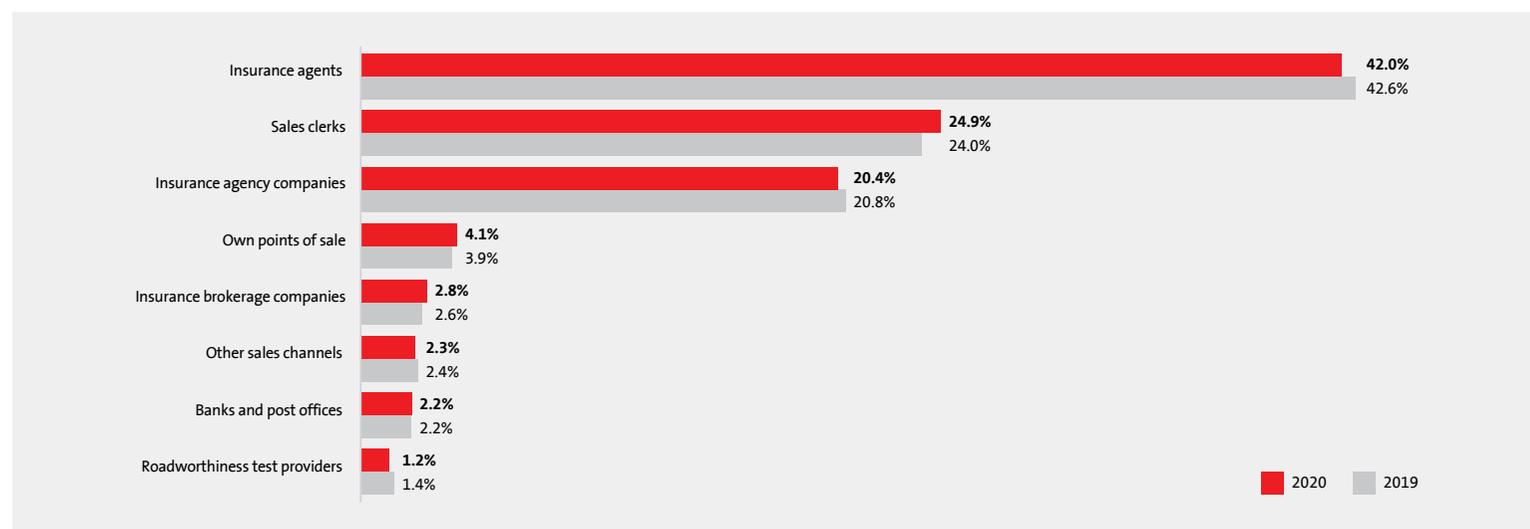
Consolidated gross written premium of the Triglav Group

The structure of non-consolidated gross written insurance, coinsurance and reinsurance premiums in 2020 of the Triglav Group (excluding Pozavarovalnica Triglav Re) by policyholder type



In terms of sales channels, the share of non-consolidated gross written premium of the Group, which was collected via own sales network (agents, sales clerks, own points of sale, online and other own sales channels), reached 73.3% of total written premium and slightly strengthened. It increased by 0.3 percentage point and amounted to EUR 860.2 million. The remaining share of gross written premium of EUR 312.9 million was collected via the external sales network (insurance agency and brokerage companies, banks, post offices and roadworthiness test providers).

Non-consolidated gross written insurance, coinsurance and reinsurance premiums in 2020 by sales channel of the Triglav Group (excluding Pozavarovalnica Triglav Re)



Gross written insurance, coinsurance and reinsurance premiums in 2020 by the insurance company of the Triglav Group

Insurance company	Gross written premium			Index		Share	
	Non-life	Life and pension	Total	Non-life	Life and pension	Total	2020
Zavarovalnica Triglav*	544,795,372	174,468,691	719,264,063	104	97	102	61.3%
Triglav, Zdravstvena zavarovalnica	196,770,140	0	196,770,140	111	0	111	16.8%
Triglav, pokojninska družba	0	32,841,315	32,841,315	0	99	99	2.8%
Triglav Osiguranje, Zagreb	64,918,960	7,967,169	72,886,129	112	99	111	6.2%
Triglav Osiguranje, Sarajevo	16,678,200	10,899,291	27,577,491	99	136	111	2.4%
Lovćen Osiguranje, Podgorica	31,963,960	0	31,963,960	97	0	97	2.7%
Triglav Osiguranje, Belgrade	54,369,276	6,401,421	60,770,697	101	143	105	5.2%
Triglav Osiguranje, Banja Luka	5,702,454	0	5,702,454	100	0	100	0.5%
Triglav Osiguruvanje, Skopje	19,969,792	0	19,969,792	86	0	86	1.7%
Lovćen životna osiguranja, Podgorica	0	4,285,070	4,285,070	0	122	122	0.4%
Triglav Osiguruvanje Život, Skopje	0	1,023,718	1,023,718	0	170	170	0.1%
Total	935,168,154	237,886,675	1,173,054,829	105	100	104	100.0%
Pozavarovalnica Triglav Re	180,967,469	0	180,967,469	115	0	115	
Consolidation eliminations	-113,177,911	-7,069,022	-120,246,933	119	124	119	
Total consolidated	1,002,957,712	230,817,653	1,233,775,365	105	100	104	

* The data already include pre-consolidation adjustments.

7.5.1 Non-life insurance

In the **non-life insurance** segment, the Triglav Group's insurance subsidiaries charged EUR 935.2 million in non-consolidated written premium, a 5% increase compared to the preceding year. Growth was recorded in most insurance classes, with the exception of credit insurance, accident insurance and general liability insurance.

Motor vehicle insurance remained the largest insurance class with a 28.1% share in total written premium. Its share is lower by 0.7 percentage point, while its premium increased by 1% to EUR 329.2 million. A total of EUR 175.7 million was generated in motor vehicle liability insurance, up by 1% relative to the preceding year. Due to the consequences of the pandemic, most insurance subsidiaries recorded a decline in written premium, with the exception of the parent company and Triglav Osiguranje, Zagreb. A 4% growth in Zavarovalnica Triglav was achieved primarily through effective sales based on the principle of freedom of movement of services in the EU markets. The Croatian insurer achieved a 6% growth mainly through an increase in the value of the average premium despite a lower insurance premium for rent-a-car vehicles.

Comprehensive car insurance premium totalled EUR 153.5 million, an increase of 2% compared to the year before. High (11%) growth was achieved by Triglav Osiguranje, Belgrade with effective sales through leasing companies and agencies, sales to major policyholders and premium growth in insurance products for retail clients. Premium growth was also recorded by Triglav Osiguranje, Zagreb (index 103) and Zavarovalnica Triglav (index 102). Lovćen Osiguranje, Triglav Osiguruvanje, Skopje, and Triglav Osiguranje, Sarajevo recorded a decline in written premium

due to non-renewal of insurance or lower insurance coverage of some major policyholders and lower sales of new cars.

Real property insurance premium (fire and natural disaster insurance and other damage to property insurance) rose by 11% to EUR 237.4 million, thereby increasing its share in total written premium to 20.2%. A 14% premium growth was recorded in other damage to property insurance and a 6% premium growth in fire and natural disaster insurance. High premium growth was seen in most insurance subsidiaries. The highest growth was achieved by Triglav Osiguranje, Zagreb (index 138), Triglav Osiguranje, Sarajevo (index 122) and Lovćen Osiguranje (index 121) by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders. In addition, the Croatian insurer achieved premium growth in animal insurance and crop insurance. A 10% growth was recorded by the parent company (a 79% share in total written premium) by attracting new policyholders and developing new projects, increasing the scope of insurance coverage and partly through different premium charging dynamics. Strong growth was mainly recorded in combined non-life insurance, cyber insurance and mobile phone insurance.

In **health insurance**, EUR 204.1 million was collected in premium, up by 11% relative to the preceding year. The majority of premium was written by Triglav, Zdravstvena zavarovalnica in the amount of EUR 196.8 million, an 11% increase, which was predominantly a result of last year's increase in average premium. The bulk of its premium was accounted for by supplemental health insurance, in addition to being successful in the sale of additional health insurance products. Moreover, high growth was

recorded by Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Belgrade by attracting new policyholders, mainly corporate clients.

In **general liability insurance**, the Group generated EUR 48.4 million in written premium, down by 1% relative to the year before. Zavarovalnica Triglav, accounting for 80% of total written premium, also recorded a 1% drop in written premium. This predominantly resulted from a premium decrease in general liability insurance and product liability insurance due to different premium charging dynamics, completed projects and cancelled insurance policies due to the pandemic. A decline in premium was seen in the majority of the remaining insurance subsidiaries. The exception are the Croatian and the Serbian insurer, which achieved growth by acquiring new policyholders and increasing the scope of insurance coverage with existing policyholders.

Accident insurance premium amounted to EUR 38.2 million, down by 5% (representing 3.3% of total written premium). Excluding Triglav Osiguruvanje, Skopje, lower premium was recorded in all insurance subsidiaries, the largest of which was seen in Triglav Osiguranje, Belgrade (due to lower sales of accident insurance to borrowers via one of the banks) and Triglav Osiguranje, Sarajevo (lower group accident insurance and car accident insurance premium).

Credit insurance premium amounted to EUR 25.5 million, down by 14% compared to the year before (representing 2.2% of total written premium). Zavarovalnica Triglav's written premium, which accounted for 75% of total written premium, declined by 17%. The main reason for this trend is the lower volume of consumer loan insurance, which was influenced by the Bank of Slovenia's measures to limit retail lending, changes in the

credit policy of some banks and the consequences of the pandemic (less lending by banks). A drop in premium was recorded by Triglav Osiguranje, Zagreb (a lower volume of loans due to the pandemic), Triglav Osiguruvanje, Skopje (lower insurance coverage of a major policyholder) and Lovćen Osiguranje (premium decrease in loan protection insurance covering loss of employment, accidental death or disability).

Premium from **other non-life insurance** (accounting for 4.5% of total written premium) increased by 7% to EUR 52.5 million. Said premium grew in Triglav Osiguranje, Zagreb (index 133) and Zavarovalnica Triglav (index 109). Triglav Osiguranje, Zagreb generated high premium growth through fruitful partnership with one of the agencies with regard to marine insurance and by attracting new policyholders in suretyship insurance. The parent company achieved a good result in railway insurance, marine insurance (high growth of international comprehensive marine insurance) and assistance insurance (premium growth in roadside assistance insurance).

7.5.2 Life and pension insurance

The Group booked EUR 237.9 million in non-consolidated gross written premium from **life and pension insurance**, which is approximately at the same level as in 2019 (index 100). Life and pension insurance accounted for 20.3% of total gross written premium, down by 0.8 percentage point compared to the year before.

Life insurance premium (traditional life, annuity, pension annuity and voluntary pension insurance) grew by 3%. With EUR 106.8 million, it accounted for 44.9% of total life and pension insurance premium. Strong premium growth was seen in Triglav Osiguranje, Sarajevo (effective sales via bank and agency sales channels), Triglav Osiguranje, Belgrade (effective sales via the bank sales channel), Lovćen životna osiguranja (effective sales of group loan protection insurance covering death via the bank sales channel) and Triglav Osiguruvanje Život, Skopje (effective sales via own sales channel). The parent company's premium was 3% lower than in the preceding year.

The premium generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) declined by 3% to EUR 112.2 million. This insurance class accounted for 47.2% of total written life and pension insurance premium. Triglav Osiguranje, Zagreb achieved a 9% premium growth due to increased sales via one of the banks. Zavarovalnica Triglav's premium dropped by 5% primarily due to less success in retaining assets from matured policies. The premium volume of Triglav, pokojninska družba decreased by 1%, which is a result of lower payments by some employers due to increased uncertainty in doing business during the pandemic.

Capital redemption insurance increased by 7% relative to the preceding year and amounted to EUR 18.9 million (representing 7.9% of total life and pension insurance premium). The growth stemmed from transfers of assets from other insurance companies and higher regular premium payments at the parent company.

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

Insurance class	Gross written premium			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Accident insurance	38,181,300	40,143,471	39,686,378	95	101	3.3%
Health insurance	204,060,344	184,488,230	149,749,316	111	123	17.4%
Comprehensive car insurance	153,459,390	150,648,365	141,013,328	102	107	13.1%
Real property insurance	237,408,204	213,086,928	196,458,671	111	108	20.2%
Motor liability insurance	175,732,026	174,254,220	163,017,829	101	107	15.0%
General liability insurance	48,408,488	48,981,728	45,614,375	99	107	4.1%
Credit insurance	25,453,099	29,437,207	26,807,158	86	110	2.2%
Other non-life insurance	52,465,305	49,014,062	39,442,439	107	124	4.5%
Non-life insurance	935,168,156	890,054,211	801,789,494	105	111	79.7%
Life insurance	106,799,922	103,963,662	98,726,660	103	105	9.1%
Unit-linked life insurance*	112,206,228	116,014,370	111,706,354	97	104	9.6%
Capital redemption insurance	18,880,523	17,655,904	16,748,583	107	105	1.6%
Life and pensions insurance	237,886,673	237,633,936	227,181,597	100	105	20.3%
Total	1,173,054,829	1,127,688,147	1,028,971,091	104	110	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, coinsurance and reinsurance premiums of Zavarovalnica Triglav by insurance class

Insurance class	Gross written premium			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Accident insurance	25,696,568	26,948,216	26,173,583	95	103	3.6%
Health insurance	926,557	728,634	692,746	127	105	0.1%
Comprehensive car insurance	127,536,357	124,555,111	118,662,442	102	105	17.7%
Real property insurance	188,545,816	171,195,183	157,967,652	110	108	26.2%
Motor liability insurance	106,754,958	102,352,357	92,416,996	104	111	14.8%
General liability insurance	38,619,888	39,134,048	37,671,614	99	104	5.4%
Credit insurance	19,137,654	22,962,440	25,456,965	83	90	2.7%
Other non-life insurance	37,569,379	34,351,972	27,054,464	109	127	5.2%
Non-life insurance	544,787,177	522,227,961	486,096,462	104	107	75.7%
Life insurance	79,466,230	82,300,599	81,164,340	97	101	11.0%
Unit-linked life insurance	76,121,938	79,947,507	76,201,048	95	105	10.6%
Capital redemption insurance	18,880,523	17,655,904	16,748,583	107	105	2.6%
Life and pensions insurance	174,468,691	179,904,010	174,113,971	97	103	24.3%
Total	719,255,868	702,131,971	660,210,433	102	106	100.0%

7.5.3 Gross written reinsurance premium of Pozavarovalnica Triglav Re

Pozavarovalnica Triglav Re posted a total of EUR 181.0 million in gross written reinsurance premium, up by 15% relative to 2019. The highest growth was recorded in other damage to property insurance and marine insurance in transactions outside the Group and land motor vehicle insurance in transactions within the Group.

An 8% premium growth was seen in transactions within the Group and a 24% premium growth in transactions outside the Group, which is the result of organic growth of renewed transactions from the preceding year and the increase in shares in some contracts. The reinsurer recorded the highest premium growth in the markets of Japan, Central and South America (Peru and Chile), Thailand and Hong Kong.

7.6 Gross claims paid

Consolidated gross claims paid of the Triglav Group dropped by 3% and amounted to EUR 697.4 million (including claim handling expenses less income from collected subrogation receivables). Gross claims paid in the **non-life insurance** segment decreased by 4% to EUR 380.9 million, while in the **life and pension insurance** segment they declined by 5% to EUR 172.9 million. In contrast, gross claims paid in the **health insurance** segment increased by 2% and amounted to EUR 143.7 million.

-3%
Consolidated
gross claims
paid of the
Triglav Group

Business interruption insurance claims due to the COVID-19 pandemic are estimated at around EUR 8 million.

A 2% decrease was seen in some non-consolidated gross claims paid of the Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re), which totalled EUR 669.0 million. Most

insurance subsidiaries recorded a decline in gross claims paid, whereas growth was recorded by Triglav Osiguruvanje Život, Skopje (index 753), Lovćen životna osiguranja (index 113), Triglav Osiguranje, Belgrade (index 112), Triglav, Zdravstvena zavarovalnica (index 102) and Triglav, pokojninska družba (index 101).

Gross claims paid in 2020 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Share
	Non-life	Life and pension	Total	Non-life	Life and pension	Total	2020
Zavarovalnica Triglav*	258,037,808	150,240,333	408,278,141	97	94	96	61.0%
Triglav, Zdravstvena zavarovalnica	143,657,792	0	143,657,792	102	0	102	21.5%
Triglav, pokojninska družba	0	12,501,341	12,501,341	0	101	101	1.9%
Triglav Osiguranje, Zagreb	32,636,595	5,772,816	38,409,411	89	103	91	5.7%
Triglav Osiguranje, Sarajevo	9,121,078	3,240,535	12,361,613	91	115	96	1.8%
Lovćen Osiguranje, Podgorica	13,886,054	0	13,886,054	95	0	95	2.1%
Triglav Osiguranje, Belgrade	21,271,029	4,056,467	25,327,496	110	125	112	3.8%
Triglav Osiguranje, Banja Luka	1,604,915	0	1,604,915	91	0	91	0.2%
Triglav Osiguruvanje, Skopje	9,590,558	0	9,590,558	93	0	93	1.4%
Lovćen životna osiguranja, Podgorica	0	3,157,851	3,157,851	0	113	113	0.5%
Triglav Osiguruvanje Život, Skopje	0	226,489	226,489	0	753	753	0.0%
Total	489,805,829	179,195,832	669,001,661	98	96	98	100.0%
Pozavarovalnica Triglav Re	76,015,279	0	76,015,279	103	0	103	
Consolidation eliminations	-41,255,823	-6,317,549	-47,573,372	111	127	113	
Total consolidated	524,565,285	172,878,283	697,443,568	98	95	97	

* The data already include pre-consolidation adjustments.

7.6.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** amounted to EUR 489.8 million, down by 2% relative to the preceding year. Despite some major CAT events, which are reported in more detail in [Section 7.2 Environmental impact on the Triglav Group's operations](#), gross claims paid were lower primarily as a result of the decline in economic activity and population mobility due to restrictive measures to curb the COVID-19 epidemic.

The movement of gross claims paid by insurance class is presented below. Compared to the preceding year, a decline was seen in most insurance classes, whereas an increase was recorded in health insurance, general liability insurance and credit insurance.

In **health insurance**, gross claims paid rose by 3% and amounted to EUR 147.9 million, representing 22.1% of total gross claims paid. The majority (EUR 143.7 million) was accounted for by gross claims paid of Triglav, Zdravstvena zavarovalnica, which at a 2% increase lagged slightly behind the trend in health insurance claims paid. This trend reflects the lower number of healthcare services provided in the context of both supplemental and additional health insurance, mainly in the second quarter of 2020 due to the COVID-19 epidemic. In contrast, equalisation scheme expenses grew by 5% to EUR 7.9 million.

Gross claims paid in **motor vehicle liability insurance** totalled EUR 94.2 million, down by 1% relative to the year before. They represented 14.1% of the Group's total gross claims paid. Lower population mobility due to restriction measures also resulted in a smaller number of reported claims and therefore all insurance

subsidiaries, except Triglav Osiguranje, Belgrade (index 108) and the parent company (index 101), recorded a decline in gross claims paid.

Gross claims paid in **comprehensive car insurance** dropped by 6% and reached EUR 92.9 million. They represented 13.9% of the Group's total gross claims paid. Most insurance subsidiaries in this insurance class recorded a decline in gross claims paid due to a lower number of claims reported. Growth was recorded only by Triglav Osiguranje, Belgrade (index 134) due to some major individual claims paid and Triglav Osiguranje, Banja Luka (index 105) as a result of higher average amount of claims paid.

In **real property insurance**, gross claims paid amounted to EUR 89.1 million, down by 3% compared to the preceding year (representing 13.3% of total gross claims paid). The decrease was recorded in most insurance subsidiaries, the highest in Triglav Osiguranje, Banja Luka (index 37), Lovćen Osiguranje (index 86) and Triglav Osiguranje, Zagreb (index 89).

Compared to the preceding year, the decline was the highest in gross claims paid in **accident insurance**, which fell by 12% and amounted to EUR 20.7 million. The decline in gross claims paid was primarily a result of lower gross claims paid in Zavarovalnica Triglav (lower payouts in group accident insurance and AO-plus insurance predominantly as a result of business restrictions and the lower activity of policyholders due to the pandemic), Triglav Osiguranje, Sarajevo (lower growth in group accident insurance claims) and Triglav Osiguranje, Belgrade (a lower number of reported claims).

Growth in gross claims paid was recorded in **general liability insurance**, which amounted to EUR 18.2 million, up by 4% relative to the year before. This increase was primarily a result of a 6% rise in gross claims paid by the parent company (which accounted for 89% of the gross claims paid by the Group in this insurance class) due to the payment of a large claim in directors and officers liability insurance. As a result of some major claims paid, gross claims paid increased also at Lovćen Osiguranje and Triglav Osiguranje, Sarajevo.

Gross claims paid in **credit insurance** totalled EUR 6.1 million, up by 1% despite their decrease at Zavarovalnica Triglav. They increased sharply in Triglav Osiguranje, Belgrade (the payment of a major claim) and Triglav Osiguranje, Zagreb (payments of claims based on a court decision). At the parent company (representing 77% of total credit insurance claims paid by the Group), gross claims paid were 10% lower than in the preceding year when a major domestic trade credit insurance claim was paid.

Gross claims paid from **other non-life insurance** fell by 5% to EUR 20.7 million. The decrease was recorded by Triglav Osiguranje, Zagreb (a lower number of reported marine insurance claims due to the pandemic), Triglav Osiguranje, Banja Luka (a lower number of reported travel health insurance claims due to the pandemic) and the parent company (lower claims paid in insurance for business interruption due to fire and railway insurance). Gross claims paid by other insurance subsidiaries went up.

7.6.2 Life and pension insurance

Non-consolidated gross claims paid in **life and pension insurance** declined by 4% to EUR 179.2 million. Their share in total non-consolidated claims paid decreased to 26.8% (compared to 27.3% in 2019).

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, pension annuity and voluntary pension insurance). Gross claims paid in life insurance reached EUR 111.6 million, up by 2% relative to the preceding year. Significant growth in gross claims paid was seen in Triglav Osiguranje, Sarajevo (higher claims paid due to death and policyholders' unemployment), Triglav Osiguruvanje Život, Skopje and Triglav Osiguranje, Belgrade (higher claims paid due to maturity), and Lovćen životna osiguranja (higher claims paid due to death). Gross claims paid by the parent company remained at approximately the same level as in 2019 (index 100).

Gross claims paid in **unit-linked life insurance** amounted to EUR 62.9 million, down by 12% relative to the preceding year. This significant decrease resulted predominantly from lower payments due to surrenders and advances and from lower payments due to maturity at the parent company (index 84).

Gross claims paid in **capital redemption insurance** (supplemental voluntary pension insurance) were 8% lower, which was mainly a result of lower payments due to insurance transfers 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
	2020	2019	2018	2020/2019	2019/2018	2020
Accident insurance	20,727,007	23,673,861	23,608,780	88	100	3.1%
Health insurance	147,911,003	143,785,330	121,356,577	103	118	22.1%
Comprehensive car insurance	92,882,937	98,799,095	93,863,228	94	105	13.9%
Real property insurance	89,057,583	91,798,667	111,847,394	97	82	13.3%
Motor liability insurance	94,229,264	95,003,851	93,438,289	99	102	14.1%
General liability insurance	18,212,366	17,589,035	18,430,832	104	95	2.7%
Credit insurance	6,079,260	6,012,228	3,881,949	101	155	0.9%
Other non-life insurance	20,706,410	21,731,247	23,186,370	95	94	3.1%
Non-life insurance	489,805,830	498,393,314	489,613,419	98	102	73.2%
Life insurance	111,595,230	109,763,192	92,472,985	102	119	16.7%
Unit-linked life insurance*	62,944,570	71,885,180	75,211,711	88	96	9.4%
Capital redemption insurance	4,656,031	5,050,338	5,885,491	92	86	0.7%
Life and pension insurance	179,195,831	186,698,710	173,570,187	96	108	26.8%
Total	669,001,661	685,092,024	663,183,606	98	103	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
	2020	2019	2018	2020/2019	2019/2018	2020
Accident insurance	11,259,216	13,732,622	13,893,520	82	99	2.8%
Health insurance	425,255	252,787	141,362	168	179	0.1%
Comprehensive car insurance	77,548,159	81,388,346	78,121,265	95	104	19.0%
Real property insurance	67,698,027	68,522,847	79,094,590	99	87	16.6%
Motor liability insurance	64,244,617	63,861,193	61,265,319	101	104	15.7%
General liability insurance	16,143,731	15,188,764	16,915,196	106	90	4.0%
Credit insurance	4,709,310	5,217,685	3,701,849	90	141	1.2%
Other non-life insurance	16,009,493	17,220,406	19,114,790	93	90	3.9%
Non-life insurance	258,037,808	265,384,650	272,247,891	97	97	63.2%
Life insurance	96,431,879	96,566,196	81,883,672	100	118	23.6%
Unit-linked life insurance	49,152,423	58,203,197	60,985,528	84	95	12.0%
Capital redemption insurance	4,656,031	5,050,338	5,885,491	92	86	1.1%
Life and pension insurance	150,240,333	159,819,731	148,754,691	94	107	36.8%
Total	408,278,141	425,204,381	421,002,582	96	101	100.0%

7.6.3 Gross claims paid of Pozavarovalnica Triglav Re

Gross claims paid by Pozavarovalnica Triglav Re amounted to EUR 76.0 million, up by 3% compared to the preceding year. Gross claims increased by 4% in transactions outside the Group and by 2% in transactions within the Group. The increase in gross claims paid in transactions outside the Group was predominantly a result of the payment of comprehensive car insurance claims under the French non-life insurance contract and marine insurance claims paid in the South Korean market. Higher gross claims paid in the Group mainly resulted from the payment of a major general liability insurance claim under the facultative contract with the parent company and higher payments of motor vehicle liability insurance claims.

7.7 Gross operating expenses

Total consolidated gross operating expenses incurred by the Triglav Group amounted to EUR 306.7 million, thus remaining at approximately the same level as the year before (index 100). **Insurance business expenses** totalled EUR 272.3 million, down by 1% relative to the preceding year. The share of insurance business operating expenses in gross written premium dropped by 1.1 percentage points to 22.1%. Operating expenses varied by insurance group. **Health insurance** operating expenses decreased by 18% to EUR 14.8 million, **non-life insurance** operating expenses of EUR 217.8 million remained at approximately the same level as the year before, whereas **health and pension insurance** operating expenses grew by 4% to EUR 39.8 million.

Non-insurance business expenses amounted to EUR 34.4 million. The 11% increase is mainly a result of the merger of ALTA Skladi with Triglav Skladi and the rise in other costs of services in Sarajevostan.

In contrast, acquisition costs (fees and commissions) fell by 4% to EUR 54.1 million, primarily due to lower costs at Triglav, Zdravstvena zavarovalnica. The decline is mostly a result of lower sales due to restrictive measures related to the COVID-19 pandemic. The 12% increase in depreciation costs in the amount of EUR 22.0 million was predominantly the consequence of higher depreciation costs of computer equipment and intangible fixed assets at the parent company and higher depreciation costs at Triglav Skladi due to the aforementioned merger of ALTA Skladi.

At 48.8%, labour costs accounted for the largest portion of total expenses, amounting to EUR 157.5 million, up by 2% relative to the preceding year. This increase is predominantly a result of the higher number of employees at Triglav Osiguranje, Belgrade, the merger of ALTA Skladi with Triglav Skladi and higher labour costs at Zavarovalnica Triglav. The latter were influenced by a change in the salary model, reassignment of employees from the subsidiary Triglav INT to the parent company, higher payments to insurance agents due to increased sale of insurance products and more accrued provisions for unused annual leave. Costs of services provided by natural persons other than sole traders decreased by 8%. They amounted to EUR 1.2 million and represented only 0.4% of total expenses. Other operating expenses dropped by 2% to EUR 87.9 million. Due to the measures related to the COVID-19 pandemic, the highest decrease was recorded in the reimbursement of work-related costs and the costs of representation, advertising and trade shows. With regard to the growth of costs, the highest increase was seen in the costs of payment transactions and banking services (at Triglav Skladi due to the merger of ALTA Skladi), rent and lease costs (due to the change in the recording of costs of certain computer software licenses previously classified as maintenance costs) and other costs of services (provisions were formed due to additionally established tax liabilities at Sarajevostan).

Acquisition costs represented 60.0% (the largest share) of total gross operating expenses of the insurance business broken down by functional group. Other operating expenses represented 28.4%, claim handling expenses 9.9% and asset management costs 1.6% of total gross operating expenses of the insurance business.

Gross operating expenses of the Triglav Group by nature

Operating expenses by nature	Gross operating expenses			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Acquisition costs (fees and charges)	54,124,019	56,219,931	50,066,326	96	112	16.8%
Costs of goods sold	11,179	48,845	52,904	23	92	0.0%
Depreciation of operating assets	22,001,097	19,694,948	14,264,627	112	138	6.8%
Labour costs	157,524,456	154,621,686	146,572,719	102	105	48.8%
- wages and salaries	110,229,227	107,324,972	101,612,962	103	106	34.1%
- social security and pension insurance costs	24,559,378	24,289,499	23,640,837	101	103	7.6%
- other labour costs	22,735,851	23,007,215	21,318,920	99	108	7.0%
Costs of services provided by natural persons other than SPs, including related taxes	1,208,769	1,317,788	2,756,994	92	48	0.4%
Other operating expenses	87,942,602	90,018,718	93,062,955	98	97	27.2%
- costs of entertainment, advertising, trade shows	17,181,444	19,394,377	22,174,825	89	87	5.3%
- costs of material and energy	8,426,457	8,261,184	8,232,171	102	100	2.6%
- maintenance costs	15,181,848	15,575,036	14,126,532	97	110	4.7%
- reimbursement of labour-related costs	3,202,363	5,690,278	5,483,902	56	104	1.0%
- costs of intellectual and personal services	5,560,110	5,781,460	5,620,509	96	103	1.7%
- non-income related costs, excluding insurance	3,241,068	3,391,165	3,492,721	96	97	1.0%
- costs of transport and communication services	5,360,314	5,584,949	5,499,061	96	102	1.7%
- costs for insurance premiums	1,159,846	1,121,622	1,843,152	103	61	0.4%
- payment transaction costs and banking services	9,495,754	8,470,561	7,344,413	112	115	2.9%
- rents	4,847,443	4,062,029	7,919,477	119	51	1.5%
- costs of professional training services	1,099,790	1,354,981	1,141,933	81	119	0.3%
- other costs of services	13,183,530	11,310,828	10,175,371	117	111	4.1%
- long-term employee benefits	2,635	20,248	8,888	13	228	0.0%
Total	322,812,122	321,921,916	306,776,525	100	105	100.0%
Consolidation eliminations	-16,065,703	-16,653,191	-17,950,309	96	93	
Total consolidated	306,746,419	305,268,725	288,826,216	100	106	

Gross operating expenses of Zavarovalnica Triglav by nature

Operating expenses by nature	Gross operating expenses			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Acquisition costs (fees and charges)	28,550,727	28,759,114	27,174,985	99	106	15.9%
Depreciation of operating assets	12,145,270	11,167,744	9,603,035	109	116	6.7%
Labour costs	101,313,635	99,873,831	96,407,090	101	104	56.3%
- wages and salaries	72,334,018	70,238,081	68,211,092	103	103	40.2%
- social security and pension insurance costs	12,000,752	11,837,017	11,730,444	101	101	6.7%
- other labour costs	16,978,865	17,798,733	16,465,554	95	108	9.4%
Costs of services provided by natural persons other than SPs, including related taxes	289,970	349,916	339,137	83	103	0.2%
Other operating expenses	37,651,247	40,343,368	40,898,603	93	99	20.9%
- costs of entertainment, advertising, trade shows	7,607,576	8,598,847	8,712,404	88	99	4.2%
- costs of material and energy	3,782,544	3,425,880	3,606,749	110	95	2.1%
- maintenance costs	8,823,036	9,627,759	8,869,489	92	109	4.9%
- reimbursement of labour-related costs	2,175,475	3,360,635	3,306,295	65	102	1.2%
- costs of intellectual and personal services	2,072,025	1,963,379	2,246,162	106	87	1.2%
- non-income related costs, excluding insurance	1,380,668	1,628,366	1,523,918	85	107	0.8%
- costs of transport and communication services	2,978,697	3,072,649	3,210,568	97	96	1.7%
- costs for insurance premiums	379,318	327,304	1,093,183	116	30	0.2%
- payment transaction costs and banking services	1,218,983	1,698,171	1,602,368	72	106	0.7%
- rents	3,024,699	2,216,058	3,303,744	136	67	1.7%
- costs of professional training services	764,945	902,200	632,487	85	143	0.4%
- other costs of services	3,443,281	3,522,120	2,791,236	98	126	1.9%
Total	179,950,849	180,493,973	174,422,850	100	103	100.0%

7.8 Risk equalisation

7.8.1 Insurance technical provisions

The Triglav Group equalised 87.0% of the risks within its own equalisation capacities. Claims were covered with the current annual inflow of technical premium by insurance class and the insurance technical provisions formed. The Group was able to equalise risks that exceeded its own equalisation capacities by reinsurance and, to a lesser extent, by coinsurance arrangements.

Gross insurance technical provisions of the **Triglav Group** are the basis for balanced operations and ensure the long-term safety of insured persons. They amounted to EUR 3,033.2 million as at 31 December 2020, up by 5% relative to 2019. The amount of gross insurance technical provisions increased in **non-life insurance** (index 105), **life and pension insurance** (index 104) and **health insurance** (index 201). **Zavarovalnica Triglav** allocated EUR 2,199.0 million to gross insurance technical provisions, up by 2% relative to 2019.

Provisions by type as at 31 December 2020 relative to 31 December 2019:

- **Gross unearned premium** was 4% higher and amounted to EUR 344.8 million. Unearned premium from non-life insurance also increased by 4% to EUR 340.9 million, unearned premium from life and pension insurance rose by 3% to EUR 458 thousand and unearned premium from health insurance grew by 1% to EUR 3.4 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** rose by 5% to EUR 645.3 million. 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 609.3 million, up by 5%, primarily due to earthquakes in Croatia and claims provisions formed as a result

of the decision of the Supreme Court of the Republic of Croatia, which changed the criteria and amounts for determining monetary compensation for non-pecuniary damages from motor vehicle liability insurance. Claims provisions from life and pension insurance totalled EUR 21.4 million (index 103) and those from health insurance amounted to EUR 14.6 million (index 101).

- **Mathematical provisions** were 4% higher and amounted to EUR 1,967.0 million. The rise in mathematical provisions is also a result of additional provisions, both due to the lower internally set maximum interest rate used for the valuation of life insurance liabilities and due to the increase in provisions as a result of the liability adequacy test. Mathematical provisions for the guarantee fund backing life insurance totalled EUR 1,457.0 million (index 104), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 510.0 million (index 105). They increased due to the growth in the price of fund units. Zavarovalnica Triglav's mathematical provisions of EUR 1,490.3 million accounted for the bulk (index 102), of which mathematical provisions for the guarantee fund backing life insurance amounted to EUR 1,041.6 million (index 102) and insurance technical provisions for unit-linked life insurance contracts equalled EUR 448.7 million (index 103).
- **Provisions for bonuses and discounts** grew by 43% to EUR 28.2 million, mainly as a result of additional insurance technical provisions created due to the pandemic.
- **Other insurance technical provisions** rose by 119% to EUR 47.9 million as a result of additional other insurance technical provisions for health insurance due to the pandemic in the amount of EUR 18.5 million.

Gross insurance technical provisions of the Triglav Group as at 31 December 2020

	Gross insurance technical provisions			Index	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	2020/2019	2019/2018
Unearned premiums	344,760,927	332,510,935	300,166,946	104	111
Mathematical provisions	1,967,008,673	1,889,382,583	1,759,831,056	104	107
Claims provisions	645,331,168	615,398,744	614,943,915	105	100
Provisions for bonuses and discounts	28,195,354	19,683,771	19,833,253	143	99
Other insurance technical provisions	47,917,732	21,894,138	18,325,930	219	119
Total	3,033,213,854	2,878,870,171	2,713,101,100	105	106

Gross insurance technical provisions of Zavarovalnica Triglav as at 31 December 2020

	Gross insurance technical provisions			Index	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	2020/2019	2019/2018
Unearned premiums	235,190,816	232,791,056	213,919,937	101	109
Mathematical provisions	1,490,283,181	1,455,824,397	1,374,950,680	102	106
Claims provisions	430,259,621	428,320,763	442,560,188	100	97
Provisions for bonuses and discounts	23,837,107	19,065,148	19,547,002	125	98
Other insurance technical provisions	19,470,754	13,012,868	10,403,743	150	125
Total	2,199,041,479	2,149,014,232	2,061,381,550	102	104

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 2020 in all reinsurance and coinsurance contracts. The Group allocated EUR 154.5 million of reinsurance premium to external equalisation, up by 18% relative to 2019. Ceded reinsurance premium accounted for 12.5% of total gross written premium or 1.5 percentage points more than the year before. Reinsurance premium growth was 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 4.6 million. The amount of EUR 31.7 million was received from reinsurance (index 90). The change in gross claims provisions for the reinsurance portion amounted to EUR 17.4 million (compared to EUR 1.5 million in 2019). The Group also received EUR 30.6 million in reinsurance fees and commissions (index 139). The reinsurance result was negative and amounted to EUR –70.2 million (compared to EUR –60.9 million in 2019).

The reinsurance result of **Zavarovalnica Triglav** was EUR –73.0 million (compared to EUR –57.6 million in 2019).

7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav¹⁸

Amid the challenging situation of the COVID-19 pandemic and the situation in the financial markets, the Triglav Group continued to pursue a somewhat conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. The structure of the Group's investment portfolio remained similarly conservative as at the 2019 year-end, while actively making minor adjustments to the shares of individual investment grades in order to maintain adequate diversification, appropriate security and high credit ratings of the whole investment portfolio. Bonds invested in developed markets account for the largest share (73.6%) in the financial investments portfolio (89.6% of bond investments have a rating of at least "BBB" and 61.3% have the "A" rating).

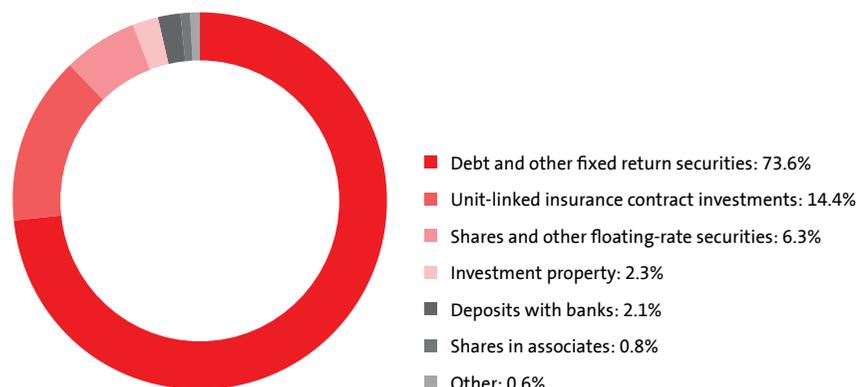
Financial investments of the **Triglav Group** including investment property and investments in associates amounted to EUR 3,496.4 million as at 31 December 2020, an increase of 5% relative to the 2019 year-end. Their share in total assets of the Group rose by 0.3 percentage point to 84.5%.

Compared to the 2019 year-end, the total value of the largest investment grade, i.e. debt and other fixed-return securities, increased by 6%, while the share of this investment grade in total portfolio grew by 0.5 percentage point to 73.6%. The value of equity investments including investments in funds was 6% higher, whereas their share in total portfolio remained the same (6.3%).

Financial investments (including investment property) of the Triglav Group as at 31 December 2020 and 31 December 2019

	Financial investments		Index	Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019
Investment property	78,977,800	79,921,480	99	2.3%	2.4%
Shares in associates	28,237,714	13,154,379	215	0.8%	0.4%
Shares and other floating-rate securities	220,367,991	207,202,683	106	6.3%	6.3%
Debt and other fixed return securities	2,572,533,950	2,423,949,186	106	73.6%	73.1%
Loans given	4,218,279	5,161,148	82	0.1%	0.2%
Deposits with banks	72,474,217	88,402,963	82	2.1%	2.7%
Other financial investments	6,462,139	6,712,517	96	0.2%	0.2%
Financial investments of reinsurance companies in reinsurance contracts with cedents	11,210,682	8,602,454	130	0.3%	0.3%
Derivatives	113,301	0	0	0.0%	0.0%
Unit-linked insurance contract investments	501,808,980	482,031,288	104	14.4%	14.5%
Total	3,496,405,053	3,315,138,098	105	100.0%	100.0%

The structure of investments of the Triglav Group as at 31 December 2020



The share of unit-linked insurance contract investments declined by 0.2 percentage point to 14.4%. The majority is accounted for by assets invested in mutual funds of the policyholders' choice and mostly in funds managed by Triglav Skladi.

The share of investments in associates rose by 0.4 percentage point as a result of the capital increase of ZTSR, while the share of investment property declined by 0.2 percentage point to 2.3%. Share of deposits with banks fell further to 2.1%. The shares of other investment grades did not change significantly.

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

The largest share (65.4%) in the Group's bond portfolio **by issuer sector** was accounted for by government bonds. In terms of volume, they rose by 18% compared to the preceding year, while their share was higher by 6.4 percentage points. Government bonds are followed by financial bonds accounting for 17.9% and corporate bonds accounting for 16.6%, both shares were lower. In the second half of the year, the share of government bond issuers started to be increased at the expense of corporate and financial issuers in order to improve portfolio security.

Debt securities of the Triglav Group by issuer sector in 2020 and 2019

Issuer sector	Debt securities		Index		Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019	
Government	1,682,830,112	1,429,886,787	118	65.4%	59.0%	
Financial	461,605,954	517,025,272	89	17.9%	21.3%	
Corporate	427,038,594	475,884,757	90	16.6%	19.6%	
Shared	1,059,291	1,152,369	92	0.0%	0.0%	
Total	2,572,533,950	2,423,949,186	106	100.0%	100.0%	

Unit-linked life insurance contract investments data are excluded.

The Group's bond investment portfolio is of good quality, its investments are globally diversified and consists of investments in debt securities with a **high credit rating**. The credit rating at the level of the entire portfolio increased in 2020. As much as 89.6% of debt securities have an investment grade credit rating of at least "BBB" (compared to 87.5% as at 31 December 2019) and 61.3% have the "A" credit rating or higher (compared to 55.2% as at 31 December 2019).

Debt securities of the Triglav Group by credit rating in 2020 and 2019

Credit rating	Debt securities		Index		Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019	
AAA	463,012,284	247,171,318	187	18.0%	10.2%	
AA	383,681,511	329,308,659	117	14.9%	13.6%	
A	729,748,691	761,757,966	96	28.4%	31.4%	
BBB	728,788,550	782,946,517	93	28.3%	32.3%	
Below BBB	200,940,476	187,505,686	107	7.8%	7.7%	
Not rated	66,362,438	115,259,039	58	2.6%	4.8%	
Total	2,572,533,950	2,423,949,186	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 the Group appropriate security and liquidity. 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 2020 and 2019

Country of issuer	Debt securities		Index		Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019	
Germany	399,195,893	174,349,263	229	15.5%	7.2%	
Slovenia	394,525,822	432,899,974	91	15.3%	17.9%	
France	191,067,434	236,839,255	81	7.4%	9.8%	
Spain	139,353,731	128,363,769	109	5.4%	5.3%	
USA	123,650,851	108,397,196	114	4.8%	4.5%	
Italy	123,487,125	138,469,634	89	4.8%	5.7%	
Netherlands	117,712,265	167,277,688	70	4.6%	6.9%	
International financial institutions	106,856,495	60,596,923	176	4.2%	2.5%	
Croatia	106,124,399	103,869,838	102	4.1%	4.3%	
Austria	85,172,491	33,634,748	253	3.3%	1.4%	
Other	785,387,446	839,250,897	94	30.5%	34.6%	
Total	2,572,533,950	2,423,949,186	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 as shown in the table, represent 7.1% of the Group's total portfolio, an increase of 0.5 percentage point relative to the preceding year. Their value is 13% higher, primarily due to the capital increase of ZTSR and revaluation of equity investments. Equity investments also include the category *other funds*, which comprises mostly alternative funds, among which alternative funds managed by the associate Triglav hold a significant share. The share of *other funds* is increasing and represents 26.2% of equity investments.

The structure of equity investments of the Triglav Group in 2020 and 2019

Equity investment type	Equity investments		Index		Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019	
Shares	91,531,483	79,449,680	115	36.8%	36.1%	
Equity funds	58,121,021	56,504,953	103	23.4%	25.6%	
Bond funds	30,288,800	17,653,170	172	12.2%	8.0%	
Money market funds	3,436,410	11,117,584	31	1.4%	5.0%	
Other funds	65,227,991	55,631,676	117	26.2%	25.2%	
Total	248,605,705	220,357,062	113	100.0%	100.0%	

Equity investments of the Triglav Group by geographic area in 2020 and 2019

Geographic area	Equity investments		Index		Share
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019
Slovenia	80,365,862	69,483,453	116	32.3%	31.5%
Developed markets	150,493,047	130,100,465	116	60.5%	59.0%
Developing markets	13,244,477	13,094,408	101	5.3%	5.9%
Balkans	4,502,320	7,678,736	59	1.8%	3.5%
Total	248,605,705	220,357,062	113	100.0%	100.0%

Zavarovalnica Triglav's financial investments including investment property amounted to EUR 2,634.0 million, up by 3% relative to the preceding year.

Financial investments of the Triglav Group as at 31 December 2020 and 31 December 2019

	Financial investments		Index		Share
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019
Investment property	44,451,276	46,091,135	96	1.7%	1.8%
Investments in subsidiaries and associates	163,675,415	152,992,692	107	6.2%	6.0%
Shares and other floating rate securities	113,586,570	107,310,068	106	4.3%	4.2%
Debt and other fixed return securities	1,837,372,253	1,760,076,255	104	69.8%	69.2%
Loans given	9,294,087	10,726,466	87	0.4%	0.4%
Deposits with banks	19,567,302	30,229,076	65	0.7%	1.2%
Other financial investments	3,654,860	3,865,518	95	0.1%	0.2%
Derivatives	113,301	0	0	0.0%	0.0%
Unit-linked insurance contract investments	442,292,488	433,758,610	102	16.8%	17.0%
Total	2,634,007,552	2,545,049,820	103	100.0%	100.0%

7.10 Investment in own-use real property and equipment

The Triglav Group invested EUR 9.0 million in property, plant and equipment and EUR 7.7 million in intangible assets (software and property rights). The parent company invested EUR 4.7 million in property, plant and equipment and EUR 6.1 million in intangible fixed assets.

By actively managing own-use real property, its value is increased, while the aim of on-going renovation is to make the best use of the existing capacity and achieve high standards that are in line with advanced technological and functional guidelines. The renovation is carried out in accordance with the Triglav Group's sustainable development principles, which include a better spatial use of the premises, improved energy efficiency and a lower carbon footprint. The year 2020 was particularly marked by measures designed to protect health and ensure the safe use of real property for employees, clients, tenants and other users.

The energy and functional renovation of one of the largest commercial buildings in Dunajska cesta in Ljubljana and the renovation of the parent company's headquarters, which is the work of the architect Jože Plečnik and a cultural monument of national importance, both continued. The renovation of company headquarters was carried out in close cooperation with the Institute for the Protection of Cultural Heritage and in accordance with conservation plans. The functional renovation of the premises at Verovškova Street, including the modernisation of paint repair services at Triglav Avtoservis, was completed, thus significantly improving their use. 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 and commercial buildings of Triglav, Zdravstvena zavarovalnica in Koper and Triglav, Upravljanje nepremičnin in Ljubljana). Any excess real property is refurbished to increase market attractiveness and gain investment value. In 2020, a part of the commercial building of the Kranj regional unit was refurbished and leased.

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. The Company adopted standards for flexible arrangement of business premises, which correspond to international good practice examples, defined them as minimum standards of the Group and already renovated several premises in accordance with said standards.

IT support for real property management, which will be further upgraded in 2021, enables secure and complete record keeping, reporting and the implementation of various administration processes (e.g. advanced communication with clients).

In 2020, the Group's real property portfolio continued to be improved by seizing good market opportunities. Several strategically uninteresting real property assets (Hoče, Medlog, Podvin, several locations in Montenegro and Croatia) were sold and some real property assets were acquired, particularly in order to gain ownership of property at strategic locations (Dunajska Street in Ljubljana). Measures to curb the COVID-19 epidemic made it impossible for several tenants to carry out their activity, thus the Company sought appropriate solutions together with them. The value of real property, the excellent occupancy of investment property and its profitability were maintained, which is also a result of many years of systematic investment in real property of strategic importance and the sale of non-strategic real property.

7.11 Asset management

Asset management is one of the two strategic activities of the Triglav Group. It comprises the management of the parent company's own insurance portfolios (assets backing liabilities and guarantee funds), saving of clients through the Group's life and pension insurance companies, investment management by Triglav, and the management of clients' assets in mutual funds and discretionary mandates by Triglav Skladi. The value of assets under management of the Triglav Group as at 31 December 2020:

- own insurance portfolio: EUR 2,995 million (index 106),
- mutual funds and discretionary mandate assets at Triglav Skladi: EUR 1,156 million (index 105),
- Investment management at Triglav: EUR 53 million.

Asset and investment fund management market

The volume of **assets under management** in the **European industry** has been on the rise for several years due to positive developments in the capital markets, the growing awareness of the importance of diversified asset accumulation and the low interest rate environment. At the end of the first half of 2020, the total volume of assets under management was estimated at EUR 24.9 billion, representing 157% of European GDP.

The COVID-19 pandemic had a strong impact on financial markets, with stock market correction seen in the first quarter of 2020, while the shutdown of entire economies will affect corporate performance in the future.

The **European investment fund industry** (UCITS) suffered net outflows of EUR 313 billion in March 2020, the largest monthly net outflow in history in absolute terms. After a sharp fall, the markets recovered

and investment funds again recorded net inflows on a monthly basis. At the end of October 2020, the European investment fund industry (UCITS and AIF) managed EUR 17.6 billion in assets, a 1% decrease in the volume of assets compared to the 2019 year-end. Net inflows and the growth of prices in the capital markets after the correction helped to bring the volume of assets under management almost back to the value recorded at the beginning of the year.

As at the 2020 year-end, a total of five management companies operated in **Slovenia**, which managed the net asset value of EUR 3.2 billion in **mutual funds**, up by 7% relative to the year before. Asset

growth was primarily driven by market trends and to a lesser extent by net inflows into funds. At the year-end, Triglav Skladi held a 32.9% market share and is thus one of the leading managers of assets in investment funds in Slovenia.

A total of six companies provided **discretionary mandate services**, of which three were asset management companies. The value of discretionary mandate assets managed by said companies amounted to EUR 1.3 billion at the 2020 year-end, an increase of 29% compared to 2019. Triglav Skladi held a 7.5% market share in the discretionary mandate segment.

The offer of investment solutions of **Triglav Skladi** includes the management and marketing of mutual funds, discretionary mandate services and investment advice. With respect to mutual funds, the company offers 18 different investment policies: conservative investments (bond funds and money market funds), moderately risky investments (flexible and mixed funds) and dynamic equity investments (equity funds). In addition to mutual funds, the company also offers six investment combinations as predefined portfolios that correspond to the risk profiles of six different client segments. In the market of Bosnia and Herzegovina, the company holds a participating interest in PROF-IN asset management company.

In 2020, with the merger of the Alta umbrella fund with the umbrella fund *Triglav vzajemni skladi*, Triglav Skladi **integrated** investment solutions and clients. All clients were united under the single brand Triglav Skladi, thus consolidating its position in the market and enabling a comprehensive management of the clients' investment portfolio. As at 31 December 2020, the company managed the portfolio of 110,000 investors worth EUR 1.1 billion in mutual funds, which is 4% more than the year before.

Discretionary mandate assets amounted to EUR 95.6 million, an increase of EUR 13.2 million or 16% on the preceding year. Of the total discretionary mandate assets, EUR 38.1 million are invested in mutual funds and EUR 57.5 million in other financial instruments.

Triglav Skladi also manages the investment portfolios of the Triglav Group's clients. For 13 years, Triglav Skladi has managed the financial objectives strategies, which, as part of unit-linked life insurance, enable clients to actively adjust their portfolio according to the life cycle principle.

Triglav Skladi also manages guarantee funds backing supplemental voluntary pension insurance, within which two portfolios are managed: *Triglav Drzni* and *Triglav Zmerni*.

See [Section 11.3 Efficient asset management in the Triglav Group](#) for more information on the strengthening of asset management activities.

+5%

Mutual funds
and discretionary
mandate assets at
Triglav Skladi

8. Financial result of the Triglav Group and Zavarovalnica Triglav

- The Triglav Group generated profit before tax of EUR 90.9 million and achieved an 8.9% return on equity.
- Its combined ratio improved compared to the preceding year, reflecting an improvement in both the claims ratio and the expense ratio. It reached 91.2%.
- The lower rates of return on investment are primarily a result of lower interest rates and lower net income from changes in the fair value of investments.

8.1 The Triglav Group

Despite the situation that affected its operations, the Triglav Group operated successfully in 2020, ending the year with a **profit**. Consolidated **profit before tax** amounted to EUR 90.9 million, down by 10% relative to the preceding year, and **net profit** amounted to EUR 73.7 million, down by 12%. **Profit before tax** was lower primarily as a result of lower rates of return on financial investment, major CAT events ([see Section 7.2 Environmental impact on the Triglav Group's operations for more information](#)) and insurance technical provisions created due to the current business conditions. **Net return on equity** was 8.9%, down by 2.0 percentage points.

The Group's **combined ratio** was within the favourable long-term target range and stood at 91.2%, a decrease of 0.3 percentage point relative to the preceding year. The combined ratio 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 favourable trend, i.e. the decline in the combined ratio, is a result of the improved claims ratio (the growth of net premium income was higher than the growth of net claims incurred) and expense ratio (the growth of net premium income was higher than the growth of operating expenses).

91.2%
Combined
ratio of the
Triglav Group

The combined ratios in the Triglav Group and individual insurance companies in 2020 compared to 2019

Insurance company	2020	2019	Change
Zavarovalnica Triglav	86.1%	85.6%	0.5 p.p.
Triglav, Zdravstvena zavarovalnica	97.0%	98.0%	-1.1 p.p.
Pozavarovalnica Triglav Re	94.9%	97.2%	-2.3 p.p.
Triglav Osiguranje, Zagreb*	108.6%	101.9%	6.7 p.p.
Triglav Osiguranje, Belgrade	92.0%	95.4%	-3.4 p.p.
Lovćen Osiguranje, Podgorica	82.1%	92.5%	-10.4 p.p.
Triglav Osiguranje, Sarajevo	92.4%	97.8%	-5.4 p.p.
Triglav Osiguranje, Banja Luka	102.5%	123.8%	-21.4 p.p.
Triglav Osiguruvanje, Skopje	103.8%	102.5%	1.4 p.p.
The Triglav Group	91.2%	91.5%	-0.3 p.p.

*The high growth of the combined ratio of Triglav Osiguranje, Zagreb is, in addition to the earthquake, mainly a result of the increase in claims provisions due to the decision of the Supreme Court of the Republic of Croatia, which changes the criteria and amounts for determining monetary compensation for non-pecuniary damages from motor vehicle liability insurance.

8.1.1 Net premium income, claims incurred and operating expenses

Net premium income increased by 4% to EUR 1,066.8 million. Net premium income from health insurance increased the most, by 11%, followed by non-life insurance premium income, which rose by 4%, whereas net income from life and pension insurance declined by 2%. Net premium income comprises gross written premium in the amount of EUR 1,233.8 million (index 104) less written premium ceded to reinsurance and coinsurance in the amount of EUR 160.0 million (index 117) and adjusted by the change in net unearned premium of EUR -7.0 million (index 35).

Net claims incurred in the amount of EUR 683.6 million remained at approximately the same level as in the preceding year (index 100) and varied by insurance class. In non-life insurance they increased by 3%, in life and pension insurance they decreased by 5%, while in health insurance they remained at the level of the preceding year (index 100). Net claims incurred are comprised of gross claims paid in the amount of EUR 697.4 million

(index 97) less reinsurers' and coinsurers' shares in gross claims paid in the amount of EUR 34.3 million (index 97), adjusted by the change in net claims provisions of EUR 12.5 million (compared to EUR -4.9 million in 2019) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 7.9 million (index 105).

Operating expenses (acquisition costs and other operating expenses) totalled EUR 240.9 million, down by 1%. Acquisition costs increased by 1%, predominantly due to premium growth. Other operating expenses fell by 5%. Because the growth of total operating expenses (all functional cost groups) was behind gross written premium growth, the ratio of expenses to written premium decreased by 1.1 percentage points. See [Section 7.7 Gross operating expenses](#) for more information on operating expenses.

8.1.2 Income and expenses from financial assets

Income from investments, including income from investments in associates, declined by 34% relative to 2019 and amounted to EUR 123.5 million. Income from investments in associates reached EUR 437 thousand (index 41). Income from investment was also lower by 34% and amounted to EUR 123.1 million, with interest income (EUR 42.1 million) down by 21% and gains on disposal of investments (EUR 40.2 million) up by 7%. These results were achieved by pursuing an active investment management policy and aligning them with new investment policies, thus tracking cash flows on the liabilities side as best as possible. Other income from investments fell to EUR 40.9 million (compared to EUR 96.3 million in 2019). Other income from investments comprises changes in the fair value of EUR 14.9 million (index 78), other financial income of EUR 3.3 million (index 63), dividends of EUR 4.5 million

(index 116) and net unrealised gains on unit-linked life insurance assets of EUR 18.2 million (compared to EUR 68.0 million in 2019). The latter decreased primarily due to lower growth of stock markets, to which most of the policyholders' investments of these insurance contracts are tied.

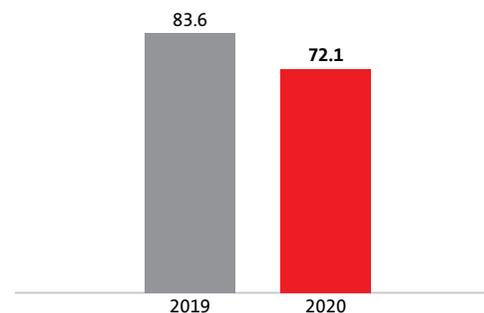
Expenses from investments, including expenses from investments in associates, increased by 67% and reached EUR 41.1 million. Expenses from investments in associates amounted to EUR 139 thousand (index 19) and expenses from investments totalled EUR 41.0 million (index 171). Losses on disposals amounted to EUR 6.9 million (index 71), impairments of equity investments equalled EUR 2.0 million (index 232) and other expenses from investments totalled EUR 32.1 million (index 241). Other expenses from investments include net unrealised losses on unit-linked life insurance assets in the amount of EUR 10.7 million (compared to EUR 194 thousand in 2019), changes in fair value of EUR 5.9 million (index 88) and other financial expenses of EUR 15.4 million (index 240).

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 72.1 million, down by 14%. The main reason for the lower rates of return on investment is lower interest income due to low interest rates and lower net income from changes in the fair value of investments. Low interest rates continue to affect the steady decline in interest income, which is partially offset by higher net gains on the sale of securities.

The rates of return on investment also impact the amount of insurance technical provisions and net profit of the Group. See [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).

Return on investment of the Triglav Group (excluding unit-linked life insurance contracts) in 2019 and 2020

in EUR million



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

Change in other insurance technical provisions totalled EUR 62.6 million. It was higher than in the preceding year (EUR 59.3 million) mainly due to the formation of other insurance technical provisions for health insurance due to the implementation of the provisions of the fifth anti-corona package and compliance with EIOPA guidelines. **Expenses from the change in insurance technical provisions for unit-linked insurance contracts** amounted to EUR 25.5 million (compared to EUR 69.2 million in 2019) due to a decrease in the value of investments to which the assets of these insurance contracts are tied. **Expenses for bonuses and discounts** rose by 85% to EUR 21.4 million as a result of additional provisions created due to the COVID-19 pandemic by the parent company and Triglav, Zdravstvena zavarovalnica.

Other insurance income, excluding fees and commissions, totalled EUR 10.4 million, down by 31% primarily due to lower interest income from subrogation receivables of the parent company

(see [Section 8.2.3 for more information](#)), lower other income from reinsurance operations of Pozavarovalnica Triglav Re and lower income from the sale of green cards and other insurance income of Lovćen Osiguranje. In contrast, **other insurance expenses**, excluding fees and commissions, increased by 7% to EUR 21.3 million, predominantly as a result of higher assets for prevention at the parent company. **Net fee and commission income** amounted to EUR 389 thousand (compared to EUR -1.6 million in 2019).

Other income was up by 10%, totalling EUR 43.6 million, mainly due to the merger of ALTA Skladi with Triglav Skladi. The 5% increase in other expenses (EUR 57.3 million) was primarily a result of higher **other expenses** at Triglav Skladi due to the merger of ALTA Skladi and other expenses at the parent company.

Income statement of the Triglav Group for 2020 – according to IFRS

	2020	2019	Index
Net premium income	1,066,754,825	1,027,628,825	104
- gross written premium	1,233,775,365	1,184,174,107	104
- ceded written premium	-160,022,349	-136,453,097	117
- change in unearned premium reserve	-6,998,191	-20,092,185	35
Income from investments in subsidiaries and associates	436,610	1,076,327	41
- profit on equity investments accounted for using the equity method	436,610	515,913	85
- other income from investments in subsidiaries and associates	0	560,414	0
Income from investments	123,079,449	186,989,205	66
- interest income calculated using the effective interest method	42,055,802	53,137,742	79
- gains on disposals	40,162,889	37,568,819	107
- other income from investments	40,860,758	96,282,644	42
Other income from insurance operations	41,006,993	37,183,512	110
- fees and commission income	30,649,757	22,069,255	139
- other income from insurance operations	10,357,236	15,114,257	69
Other income	43,613,977	39,521,122	110
Net claims incurred	683,631,775	684,147,828	100
- gross claims paid	697,443,568	716,742,136	97
- reinsurers` share	-34,278,930	-35,254,541	97
- changes in claims provisions	12,541,034	-4,906,936	
- equalisation scheme expenses for supplemental health insurance	7,926,103	7,567,169	105
Change in other insurance technical provisions (excluding ULI)	62,636,590	59,308,590	106
Change in insurance technical provisions for unit-linked insurance contracts	25,492,453	69,205,056	37
Expenses for bonuses and discounts	21,350,276	11,561,258	185
Operating expenses	240,912,735	244,452,851	99
- acquisitions costs	163,528,966	162,566,584	101
- other operating expenses	77,383,769	81,886,267	95
Expenses from investments in subsidiaries and associates	139,422	733,344	19
- loss on investments accounted for using the equity method	139,422	170,640	82
- other expenses from financial assets and liabilities	0	562,704	0
Expenses from investments	40,993,211	23,953,572	171
- loss on impairment of investments	1,971,302	848,962	232
- loss on disposal on investments	6,941,490	9,767,166	71
- other expenses from investments	32,080,419	13,337,444	241
Other insurance expenses	51,523,388	43,565,310	118
Other expenses	57,308,722	54,533,956	105
- expenses from financing	2,937,501	3,098,502	95
- other expenses	54,371,221	51,435,454	106
Profit before tax	90,903,282	100,937,227	90
Income tax expense	17,238,584	17,072,798	101
Net profit for the period	73,664,698	83,864,429	88
Net profit/loss attributable to the controlling company	73,504,373	83,690,644	88
net profit/loss attributable to the non-controlling interest holders	160,325	173,785	92

Financial result ratios of the Triglav Group

Financial result ratios	2020	2019	2018
Claims ratio	63.1%	63.2%	62.5%
Expense ratio	28.1%	28.3%	29.3%
Combined ratio	91.2%	91.5%	91.8%
Operating expenses of insurance business in gross written premiums	22.1%	23.2%	24.5%
Gross written premium per company employee* (in EUR)	267,485	260,516	237,579

* 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*

	2020				2019			
	Non-life	Life and pension	Health	Total	Non-life	Life and pension	Health	Total
Profit before tax from underwriting activities	55,436,285	14,408,524	6,649,783	76,494,592	52,189,641	15,349,378	4,216,154	71,755,173
Profit before tax from investment activities	23,584,921	-11,307,315	701,493	12,979,099	23,337,145	4,877,476	819,286	29,033,907
Profit before tax from insurance operations	79,021,206	3,101,209	7,351,276	89,473,691	75,526,786	20,226,854	5,035,440	100,789,080
Profit before tax from non-insurance operations				1,429,591				148,147
Total profit before tax				90,903,282				100,937,227

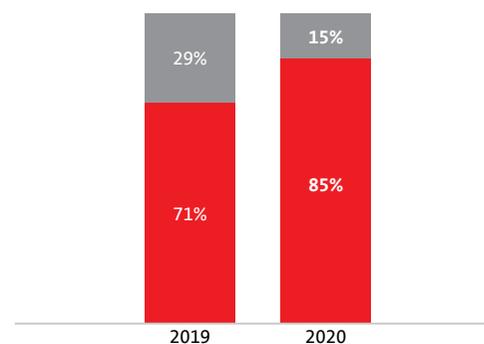
* Profit from return on investment is reduced by the return guaranteed by the Group's insurance subsidiaries to life insurance policyholders in the form of a guaranteed return determined in insurance contracts. In addition, return on investment is reduced by the increase in mathematical provisions due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

Profit before tax of the Group's **non-life and health insurance** segments amounted to EUR 86.4 million, up by EUR 5.8 million compared to the preceding year. The improved non-life and health insurance result resulted from higher profit before tax from underwriting activities, mainly due to higher net premium income, lower growth in operating expenses and more favourable net claims experience. Despite lower interest income, profit from non-life insurance investments improved due to higher realised capital gains, whereas profit from health insurance investments decreased slightly compared to the preceding year.

Profit before tax of the Group's **life and pension insurance** segments amounted to EUR 3.1 million, down by EUR 17.1 million compared to the preceding year. The main reason for lower profit is the creation of additional provisions, both due to the lower internally set maximum interest rate used for the valuation of life insurance liabilities and due to the increase in provisions as a result of the liability adequacy test. As a result, the Company formed additional provisions of EUR 12.1 million in 2020 compared to the preceding year. Furthermore, EUR 8.7 million of additional provisions were formed within the Group as a result of the liability adequacy test of Triglav, pokojninska družba.

Structure of profit before tax of the Triglav Group in 2019 and 2020

■ Profit before tax from underwriting activities
■ Profit before tax from investment activities



8.2 Zavarovalnica Triglav

Zavarovalnica Triglav performed well and ended 2020 with a profit. Compared to the preceding year, **profit before tax** fell by 16% and amounted to EUR 71.1 million. **Net profit** declined by 18% to EUR 58.0 million. **Net return on equity** dropped by 2.9 percentage points to 9.5%.

The **combined ratio in non-life insurance** was 86.1%, up by 0.5 percentage point compared to 2019. Higher growth in net premium income than the growth in net claims incurred resulted in a lower claims ratio (by 0.4 percentage point), whereas due to higher growth in expenses for bonuses and discounts and other insurance expenses the expense ratio increased (by 0.8 percentage point).

8.2.1 Net premium income, claims incurred and operating expenses

Net premium income amounted to EUR 583.9 million, a 2% increase compared to the preceding year. Net premium income from non-life insurance increased by 4%, whereas net premium income from life insurance declined by 3%. Net premium income is composed of gross written insurance and coinsurance premiums in the amount of EUR 719.3 million (index 102) less written premium ceded to reinsurance and coinsurance in the amount of EUR 137.9 million (index 115) and adjusted by the change in net unearned premium of EUR 2.5 million (compared to EUR –9.0 million in 2019).

Net claims incurred amounted to EUR 375.3 million, remaining at approximately the same level as the year before (index 100). Net claims incurred increased by 4% in non-life insurance and decreased by 6% in life insurance. Net claims incurred comprise gross claims paid in the amount of EUR 408.3 million (index 96) less the reinsurers' and coinsurers' shares in claims in the amount of EUR 31.7 million (index 101) and

adjusted by the change in net claims provisions of EUR –1.3 million (compared to EUR –16.9 million in 2019).

Operating expenses (acquisition costs and other operating expenses) totalled EUR 155.9 million, down by 1%. Acquisition costs rose by 2%, whereas other operating expenses dropped by 10%. 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 (25.0%).

8.2.2 Income and expenses from financial assets

Income from investments, including income from investments in associates, decreased by 38% to EUR 89.5 million. Income from investments in associates amounted to EUR 303 thousand, a decrease of 92%, mainly as a result of lower dividends paid. Income from investments fell by 37% to EUR 89.2 million. Interest income was down by 26% and amounted to EUR 25.9 million, gains on disposal of investments grew by 16% to EUR 37.3 million as a result of tactical sale of securities and other income from investments totalled EUR 26.0 million (index 35). Other income from investments includes net unrealised gains on unit-linked life insurance assets in the amount of EUR 17.8 million (compared to EUR 64.9 million in 2019), changes in fair value of EUR 3.4 million (index 104), other financial income in the amount of EUR 981 thousand (index 30) and dividends of EUR 3.8 million (index 131).

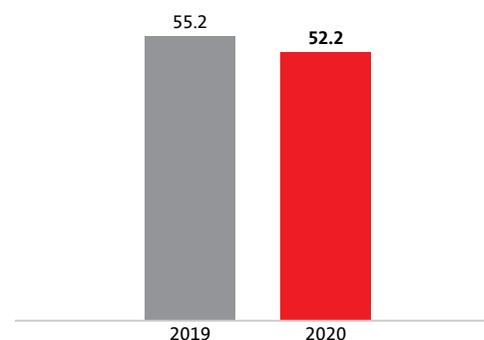
Expenses from investments, including expenses from investments in associates, increased by 59% and reached EUR 29.6 million. Expenses from investments in associates amounted to EUR 3.9 million and increased due to impairments of investments (compared to EUR 195 thousand in 2019; [see the sections 3.5, 3.6 and 4.3 of the Accounting Report for further information](#)), while

expenses from investments totalled EUR 25.7 million (index 140). Losses on disposals amounted to EUR 5.7 million (index 59), impairments of equity investments equalled EUR 1.6 million (index 474) and other expenses from investments totalled EUR 18.3 million (index 219). Other expenses from investments comprise net unrealised losses on unit-linked life insurance assets totalling EUR 10.7 million (compared to EUR 193 thousand in 2019), changes in the fair value of EUR 653 thousand (compared to EUR 4.4 million in 2019) and other financial expenses in the amount of EUR 7.0 million (index 186).

Return on investment (excluding unit-linked life insurance contract investments) declined by 5% to EUR 52.2 million primarily as a result of lower interest income and impairment of investments in associates.

Return on investment of Zavarovalnica Triglav (excluding unit-linked life insurance contract investments) in 2019 and 2020

in EUR million



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

Change in other insurance technical provisions was lower than in the preceding year and amounted to EUR 13.4 million (compared to EUR 22.3 million in 2019), predominantly due to lower growth in mathematical provisions.

Expenses from the change in insurance technical provisions for unit-linked insurance contracts amounted to EUR 13.3 million (compared to EUR 57.1 million in 2019) due to a decrease in the value of investments to which the assets of these insurance contracts are tied. **Expenses for bonuses and discounts** rose by 65% to EUR 16.0 million as a result of additional provisions created due to the COVID-19 pandemic ([see Section 2.5 The impact of the COVID-19 epidemic on the preparation of financial statements of the Accounting Report for more information](#)).

Other insurance income, excluding fees and commissions, fell by 19% to EUR 8.0 million due to the reduced volume of insurance business and related services. The decrease mainly relates to lower interest income from subrogation receivables. **Other insurance expenses**, excluding fees and commissions, increased by 18% and totalled EUR 13.0 million, primarily due to higher assets for prevention. **Net fee and commission income** grew by 18% to EUR 18.8 million, predominantly due to the increased volume of reinsurance business.

Other income decreased by 31% to EUR 7.9 million as a result of management fee income, which has been disclosed under other insurance income since 2020. **Other expenses** in the amount of EUR 20.4 million increased by 14%.

Income statement of Zavarovalnica Triglav for 2020 – according to IFRS

	2020	2019	Index
Net premium income	583,867,846	573,555,357	102
- gross written premium	719,255,868	702,131,969	102
- ceded written premium	-137,934,204	-119,532,753	115
- change in unearned premium reserve	2,546,182	-9,043,859	
Income from investments in subsidiaries and associates	302,643	3,642,440	8
- profit on equity investments accounted for using the equity method	0	0	0
- other income from investments in subsidiaries and associates	302,643	3,642,440	8
Income from investments	89,181,634	141,512,227	63
- interest income calculated using the effective interest method	25,933,800	35,136,849	74
- gains on disposals	37,288,158	32,059,434	116
- other income from investments	25,959,676	74,315,944	35
Other income from insurance operations	38,110,029	29,755,003	128
- fees and commission income	30,080,891	19,848,006	152
- other income from insurance operations	8,029,138	9,906,997	81
Other income	7,872,585	11,355,435	69
Net claims incurred	375,336,947	376,760,877	100
- gross claims paid	408,278,140	425,204,380	96
- reinsurers' share	-31,689,089	-31,495,447	101
- changes in claims provisions	-1,252,104	-16,948,056	7
- equalisation scheme expenses for supplemental health insurance	0	0	0
Change in other insurance technical provisions (excluding ULI)	13,449,956	22,338,141	60
Change in insurance technical provisions for unit-linked insurance contracts	13,270,367	57,140,018	23
Expenses for bonuses and discounts	16,029,498	9,721,522	165
Operating expenses	155,904,617	157,906,165	99
- acquisition costs	113,568,435	110,868,380	102
- other operating expenses	42,336,182	47,037,785	90
Expenses from investments in subsidiaries and associates	3,930,396	195,478	2,011
- loss on investments accounted for using the equity method	0	0	0
- other expenses from financial assets and liabilities	3,930,396	195,478	2,011
Expenses from investments	25,675,273	18,381,935	140
- loss on impairment on investments	1,632,351	344,175	474
- loss on disposal on investments	5,719,183	9,679,511	59
- other expenses from investments	18,323,739	8,358,249	219
Other insurance expenses	24,308,038	14,950,707	163
Other expenses	20,359,679	17,814,012	114
- expenses from financing	2,578,946	2,867,130	90
- other expenses	17,780,733	14,946,882	119
Profit before tax	71,069,966	84,611,607	84
Income tax expense	13,072,327	13,997,191	93
Net profit for the period	57,997,639	70,614,416	82

Financial result ratios of Zavarovalnica Triglav

Financial result ratios	2020	2019	2018
Return on equity	9.5%	12.4%	11.6%
Claims ratio	54.8%	55.1%	55.4%
Expense ratio	31.3%	30.5%	30.7%
Combined ratio	86.1%	85.6%	86.1%
Operating expenses of insurance business in gross written premiums	25.0%	25.7%	26.4%

9. Financial position of the Triglav Group and Zavarovalnica Triglav

- Balance sheet total of the Triglav Group as at 31 December 2020 stood at EUR 4.1 billion, an increase of 6% relative to the preceding year.
- Total equity grew by 10% predominantly as a result of higher net profit brought forward resulting from the non-payment of dividends.
- The return on equity of the Triglav Group was 8.9%, down by 2.0 percentage points compared to the preceding year.
- The Triglav Group's financial investments rose by 5%.

9.1 The Triglav Group

9.1.1 Equity and liabilities

The Triglav Group's **total equity** amounted to EUR 870.2 million, up by 10% relative to the 2019 year-end, primarily due to higher net profit brought forward resulting from the non-payment of dividends (see sections 6.4 Dividend and dividend policy and 5.3.1 General Meeting of Shareholders for more information). The share of equity in balance sheet total grew by 0.9 percentage point to 21.0%. Equity attributable to the controlling company increased by 10% to EUR 867.6 million and non-controlling interests rose to EUR 2.5 million (index 103). The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. **Fair value reserve** grew by 6% to EUR 89.3 million as a result of an increase in the value of available-for-sale financial assets. **Share premium** of EUR 50.3 million remained at a level approximately equal to the 2019 year-end (index 100).

Reserves from profit amounted to EUR 384.1 million, an increase of 8% relative to the previous year. They comprise legal and statutory reserves in the amount of EUR 20.3 million, contingency reserves of EUR 640 thousand and other reserves of EUR 363.2 million. Legal and statutory reserves were higher by EUR 472 thousand due to legal reserves formed by Triglav, Zdravstvena zavarovalnica from the net profit. Other reserves from profit rose by EUR 28.9 million due to the allocation of net profit.

Accumulated profit amounted to EUR 273.4 million and recorded a 19% increase. In addition to net profit for the year, accumulated profit includes EUR 229.3 million of net profit brought forward (index 138). Net profit brought forward increased by EUR 63.4 million due to the transfer

of net profit for the previous year. Net profit for the year disclosed in the balance sheet totalled EUR 44.1 million, which was EUR 28.9 million lower than net profit disclosed in the income statement (see Section 9.2.1 for further information).

Subordinated liabilities decreased by 24% to EUR 49.4 million due to the maturity of a 10-year subordinated bond.

Gross insurance technical provisions were 5% higher and amounted to EUR 3,033.2 million. They represented 73.3% of total balance sheet liabilities, up by 0.2 percentage point relative to the preceding year.

Compared to the preceding year, mathematical provisions and insurance technical provisions for unit-linked life insurance contracts grew by 4% to EUR 1,967.0 million. An increase was also seen in claims provisions (index 105), provisions for gross unearned premium (index 104) and other insurance technical provisions (index 183). Insurance technical provisions of the Triglav Group are discussed in greater detail in [Section 7.8 Risk equalisation](#).

Operating liabilities grew by 5% to EUR 70.3 million and represented 1.7% of total balance sheet liabilities. They increased mostly on the account of liabilities from coinsurance and reinsurance operations, which rose to EUR 48.9 million (index 118).

Lease liabilities amounted to EUR 10.0 million, a decrease of 8% relative to the 2019 year-

+5%

Financial
investments of
the Triglav Group

end. Lease liabilities comprise long-term lease liabilities of EUR 9.6 million and short-term lease liabilities of EUR 391 thousand.

Other financial liabilities amounted to EUR 2.9 million (a 0.1% share in total balance sheet liabilities), up by 55% due to higher liabilities arising from deposits with cedants in Pozavarovalnica Triglav Re and liabilities to banks due to Triglav Osiguranje, Belgrade loans.

Employee benefits of EUR 17.8 million increased by 12%, while **other provisions** rose by 2% to EUR 2.8 million. **Deferred tax liabilities** increased by 34% primarily due to the higher fair value reserve from investments for which deferred tax is calculated and equalled EUR 14.5 million.

Other liabilities fell by 6% mainly due to lower short-term trade payables of the parent company and amounted to EUR 68.3 million, representing 1.6% of total balance sheet liabilities.

9.1.2 Assets

Financial investments represented 69.8% of total assets and amounted to EUR 2,887.4 million, an increase of 5% relative to the 2019 year-end. Available-for-sale financial assets, accounted for the largest share, reaching EUR 2,101.9 million as at 31 December 2020. Furthermore, financial assets measured at fair value through profit or loss amounted to EUR 524.7 million, held-to-maturity financial assets to EUR 162.8 million and deposits and loans to EUR 98.0 million. **Unit-linked insurance assets** amounted to EUR 501.8 million, up by 4%. [See Section 7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav](#) for more information on the structure of financial investments.

The Triglav Group's financial investments in associates rose by 115% to EUR 28.2 million, predominantly due to the capital increase of ZTSR ([see 9.2.2 for more information](#)). **Investment property** was down by 1% to EUR 79.0 million.

Receivables, representing 4.9% of total balance sheet assets, grew by 9% compared to the preceding year and amounted to EUR 203.2 million, of which receivables from direct insurance business of EUR 105.5 million (index 100) accounted for the bulk. Receivables from reinsurance and coinsurance operations totalled EUR 72.4 million (index 125), other receivables amounted to EUR 23.4 million (index 109) and current tax receivables equalled EUR 2.0 million (index 152).

Insurance technical provisions transferred to reinsurance contracts increased by 23% and amounted to EUR 125.9 million. Assets from reinsurance contracts from claims provisions increased to EUR 83.1 million (index 127), assets from unearned premium rose to EUR 40.7 million (index 110) and assets from mathematical provisions grew by 477% to EUR 2.0 million.

Both **property, plant and equipment** of EUR 113.3 million and **intangible assets** of EUR 101.0 million fell by 1%.

Right-of-use assets dropped by 10% to EUR 9.8 million. They comprise the right to use land and buildings of EUR 8.1 million (index 91), the right to use vehicles of EUR 1.6 million (index 87) and the right to use equipment and other assets of EUR 91 thousand (index 63).

Non-current assets held for sale declined by 78% due to the sale of land and real property of Triglav, Upravljanje nepremičnin.

Cash and cash equivalents amounted to EUR 81.9 million (index 108) and **other assets** totalled EUR 6.3 million (index 112).

Financial position ratios of the Triglav Group

Financial position ratios	2020	2019	2018
Share of equity in total liabilities	21.0%	20.2%	20.5%
Average equity balance as % of gross written premium	67.4%	65.0%	70.4%
Return on equity	8.9%	10.9%	10.8%
Share of gross insurance technical provisions in total liabilities	73.3%	73.1%	74.4%
Average balance of gross insurance technical provisions as % of gross written premium	239.6%	236.1%	254.8%
Share of financial assets in total assets	81.9%	82.3%	82.1%
Financial assets to gross insurance technical provisions	111.7%	111.9%	110.3%

Balance sheet of the Triglav Group as at 31 December 2020 – according to IFRS

	31 December 2020	31 December 2019*	Index	Share 2020	Share 2019
ASSETS	4,139,441,072	3,917,275,222	106	100.0%	100.0%
Intangible assets	100,975,475	101,725,725	99	2.4%	2.6%
Property, plant and equipment	113,291,036	114,072,290	99	2.7%	2.9%
Non-current assets held for sale	915,851	4,164,221	22	0.0%	0.1%
Deferred tax assets	778,589	800,542	97	0.0%	0.0%
Investment property	78,977,800	79,921,480	99	1.9%	2.0%
Right-of-use assets	9,821,211	10,937,925	90	0.2%	0.3%
Investments in associates	28,237,714	13,154,379	215	0.7%	0.3%
Financial investments	2,887,380,559	2,740,030,952	105	69.8%	69.6%
- loans and deposits	97,971,079	112,578,151	87	2.4%	2.9%
- held to maturity	162,824,686	186,109,072	87	3.9%	4.7%
- available for sale	2,101,914,068	1,826,940,416	115	50.8%	46.4%
- recognised at fair value through profit and loss	524,670,726	614,403,313	85	12.7%	15.6%
Unit-linked insurance assets	501,808,980	482,031,288	104	12.1%	12.2%
Reinsurers' share of technical provisions	125,873,637	102,747,806	123	3.0%	2.6%
Receivables	203,183,851	186,172,690	109	4.9%	4.8%
- receivables from direct insurance operations	105,484,939	105,459,829	100	2.5%	2.7%
- receivables from reinsurance and coinsurance operations	72,355,133	57,989,502	125	1.7%	1.5%
- current tax receivables	1,950,631	1,281,349	152	0.0%	0.0%
- other receivables	23,393,148	21,442,010	109	0.6%	0.5%
Other assets	6,296,705	5,646,149	112	0.2%	0.1%
Cash and cash equivalents	81,899,664	75,869,775	108	2.0%	1.9%
EQUITY AND LIABILITIES	4,139,441,072	3,917,275,222	106	100.0%	100.0%
Equity	870,151,947	791,951,788	110	21.0%	20.1%
Controlling interests	867,648,574	789,526,123	110	21.0%	20.1%
- share capital	73,701,392	73,701,392	100	1.8%	1.9%
- share premium	50,271,107	50,276,637	100	1.2%	1.3%
- reserves from profit	384,106,692	354,734,274	108	9.3%	9.0%
- 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	89,293,484	84,099,924	106	2.2%	2.1%
- net profit brought forward	229,284,048	165,896,170	138	5.5%	4.2%
- net profit for the year	44,131,955	63,404,824	70	1.1%	1.6%
- currency translation differences	-3,140,104	-2,587,098	121	-0.1%	-0.1%
Non-controlling interests	2,503,373	2,425,665	103	0.1%	0.1%
Subordinated liabilities	49,423,693	64,847,293	76	1.2%	1.6%
Insurance technical provisions	2,523,229,144	2,393,927,336	105	61.0%	60.8%
- unearned premium	344,760,927	332,510,935	104	8.3%	8.4%
- mathematical provisions	1,457,023,963	1,404,439,748	104	35.2%	35.7%
- claims provisions	645,331,168	615,398,744	105	15.6%	15.6%
- other insurance technical provisions	76,113,086	41,577,909	183	1.8%	1.1%
Insurance technical provisions for unit-linked insurance contracts	509,984,710	484,942,835	105	12.3%	12.3%
Employee benefits	17,781,153	15,873,046	112	0.4%	0.4%
Other provisions	2,809,101	2,750,400	102	0.1%	0.1%
Deferred tax liabilities	14,539,515	10,855,152	134	0.4%	0.3%
Other financial liabilities	2,895,834	1,864,413	155	0.1%	0.0%
Operating liabilities	70,313,038	66,872,331	105	1.7%	1.7%
- liabilities from direct insurance operations	16,801,856	21,558,544	78	0.4%	0.5%
- liabilities from reinsurance and coinsurance operations	48,940,738	41,548,913	118	1.2%	1.1%
- current tax liabilities	4,570,444	3,764,874	121	0.1%	0.1%
Lease liabilities	10,025,532	10,915,678	92	0.2%	0.3%
Other liabilities	68,287,405	72,474,950	94	1.6%	1.9%

* Data are adjusted for 2019. [See Section 2.4 of the Accounting Report](#) for additional explanations.

9.2 Zavarovalnica Triglav

9.2.1 Equity and liabilities

Zavarovalnica Triglav's **total equity** amounted to EUR 644.0 million, an increase of 11% relative to the 2019 year-end. The share of equity in balance sheet total grew by 1.5 percentage points to 21.5%. **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. **Reserves from profit** grew by 9% to EUR 367.9 million. They include legal and statutory reserves in the amount of EUR 4.7 million and other reserves in the amount of EUR 363.2 million, which rose by EUR 28.9 million due to the allocation of net profit.

Fair value reserve rose by 10% to EUR 59.4 million as a result of an increase in available-for-sale financial assets.

Accumulated profit was 48% higher, totalling EUR 89.6 million. In addition to net profit for the year, accumulated profit includes EUR 60.5 million of net profit brought forward (index 610). Net profit brought forward increased by EUR 50.6 million due to the transfer of net profit for the preceding year. Net profit for the year disclosed in the balance sheet totalled EUR 29.1 million, which was EUR 28.9 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. In accordance with the resolution of the General Meeting of Shareholders, accumulated profit for 2019 remained entirely undistributed, which is the reason for its increase compared to the year before.

Due to the maturity of a 10-year subordinated bond, **subordinated liabilities** decreased by 29% to EUR 49.4 million.

Gross insurance technical provisions grew by 2% to EUR 2,199.0 million. They represented 73.4% of total balance sheet liabilities, down by 0.7 percentage point. Mathematical provisions were 2% higher and amounted to EUR 1,490.3 million. Provisions for gross unearned premium increased by 1% and other insurance technical provisions by 35%. Gross claims provisions remained at approximately the same level as the year before (index 100).

Operating liabilities grew by 6% to EUR 34.0 million and accounted for 1.1% of total balance sheet liabilities. Their growth was mainly influenced by the 29% increase in liabilities from reinsurance and coinsurance operations and a rise in current tax liabilities.

Lease liabilities fell by 12% relative to the 2019 year-end and amounted to EUR 3.7 million, the majority of which (EUR 3.7 million) was accounted for by long-term lease liabilities (index 88), while short-term lease liabilities amounted to only EUR 7 thousand (index 68).

Deferred tax liabilities offset against deferred tax assets amounted to EUR 9.5 million, having increased by 67%, primarily due to higher fair value reserve from financial investments for which deferred tax is calculated.

Other liabilities fell by 11% to EUR 40.4 million, mainly due to lower short-term trade payables. They represented 1.3% of total balance sheet liabilities.

9.2.2 Assets

Financial investments in subsidiaries and associates rose by 7% and totalled EUR 163.7 million, representing 5.5% of total balance sheet assets. Investments in subsidiaries and associates increased by EUR 14.9 million as a result of the capital increase of ZTSR and decreased by EUR 4.3 million due to the impairments of these investments.

Financial investments increased to EUR 1,983.6 million (index 104) and represented 66.2% of total balance sheet assets. In total financial investments, EUR 1,595.0 million was accounted for by investments available for sale, EUR 207.7 million by investments measured at fair value through profit or loss, EUR 143.9 million by investments held to maturity and EUR 37.0 million by loans and deposits. **Unit-linked insurance assets** totalled EUR 442.3 million, up by 2%.

Investment property amounted to EUR 44.5 million, down by 4% as a result of the depreciation charge in the amount of EUR 965 thousand and impairments of EUR 694 thousand.

Receivables grew by 2% to EUR 95.8 million and represented 3.2% of total balance sheet assets. Receivables from direct insurance business, which declined by 1% to EUR 67.6 million, accounted for the bulk. Receivables from reinsurance and coinsurance operations increased by 15% to EUR 19.8 million and other receivables rose by 3% to EUR 8.4 million.

Insurance technical provisions transferred to reinsurance contracts amounted to EUR 105.9 million, up by 8%. Assets from reinsurance contracts from claims provisions were 5% higher and totalled EUR 70.3 million, while assets from unearned premium rose by 14% to EUR 35.6 million.

Intangible assets increased by 1% to EUR 62.4 million, whereas **property, plant and equipment** fell by 1% to EUR 67.8 million.

Right-of-use assets amounted to EUR 3.6 million. They comprise the right to use land and buildings of EUR 2.4 million (index 81), the right to use vehicles of EUR 1.2 million (index 104) and the right to use other assets of EUR 21 thousand (index 100).

Balance sheet of Zavarovalnica Triglav as at 31 December 2020 – according to IFRS

	31 December 2020	31 December 2019	Index	Share 2020	Share 2019
ASSETS	2,995,518,165	2,901,140,141	103	100.0%	100.0%
Intangible assets	62,397,579	61,924,273	101	2.1%	2.1%
Property, plant and equipment	67,775,451	68,305,684	99	2.3%	2.4%
Investment property	44,451,276	46,091,135	96	1.5%	1.6%
Right-of-use assets	3,587,916	4,106,316	87	0.1%	0.1%
Investments in subsidiaries	132,337,466	134,938,667	98	4.4%	4.7%
Investments in associates	31,337,951	18,054,026	174	1.0%	0.6%
Financial investments	1,983,588,373	1,912,207,382	104	66.2%	65.9%
- loans and deposits	36,951,085	49,049,847	75	1.2%	1.7%
- held to maturity	143,908,512	150,469,553	96	4.8%	5.2%
- available for sale	1,595,002,429	1,382,802,069	115	53.2%	47.7%
- recognised at fair value through profit and loss	207,726,347	329,885,913	63	6.9%	11.4%
Unit-linked insurance assets	442,292,488	433,758,610	102	14.8%	15.0%
Reinsurers' share of technical provisions	105,903,438	98,433,270	108	3.5%	3.4%
Receivables	95,800,206	93,715,995	102	3.2%	3.2%
- receivables from direct insurance operations	67,632,214	68,401,137	99	2.3%	2.4%
- receivables from reinsurance and coinsurance operations	19,797,094	17,219,677	115	0.7%	0.6%
- other receivables	8,370,898	8,095,181	103	0.3%	0.3%
Other assets	3,741,799	3,492,671	107	0.1%	0.1%
Cash and cash equivalents	22,304,222	26,112,112	85	0.7%	0.9%
EQUITY AND LIABILITIES	2,995,518,165	2,901,140,141	103	100.0%	100.0%
Equity	644,003,173	580,480,275	111	21.5%	20.0%
Controlling interests	644,003,173	580,480,275	111	21.5%	20.0%
- share capital	73,701,392	73,701,392	100	2.5%	2.5%
- share premium	53,412,884	53,412,884	100	1.8%	1.8%
- reserves from profit	367,862,643	338,962,643	100	12.3%	11.7%
- fair value reserve	59,402,079	53,859,881	110	2.0%	1.9%
- net profit/loss brought forward	60,526,536	9,929,059	610	2.0%	0.3%
- net profit/loss for the year	29,097,637	50,614,416	57	1.0%	1.7%
Subordinated liabilities	49,423,693	69,999,451	71	1.6%	2.4%
Insurance technical provisions	1,750,315,382	1,713,421,521	102	58.4%	59.1%
- unearned premium	235,190,816	232,791,056	101	7.9%	8.0%
- mathematical provisions	1,041,557,084	1,020,231,686	102	34.8%	35.2%
- claims provisions	430,259,621	428,320,763	100	14.4%	14.8%
- other insurance technical provisions	43,307,861	32,078,016	135	1.4%	1.1%
Insurance technical provisions for unit-linked insurance contracts	448,726,097	435,592,711	103	15.0%	15.0%
Employee benefits	13,073,364	11,892,449	110	0.4%	0.4%
Other provisions	769,957	732,811	105	0.0%	0.0%
Deferred tax liabilities	9,531,162	5,706,679	167	0.3%	0.2%
Other financial liabilities	1,633,896	1,640,125	100	0.1%	0.1%
Operating liabilities	33,977,772	31,912,738	106	1.1%	1.1%
- liabilities from direct insurance operations	10,636,904	14,239,495	75	0.4%	0.5%
- liabilities from reinsurance and coinsurance operations	19,824,185	15,309,075	129	0.7%	0.5%
- current tax liabilities	3,516,683	2,364,168	149	0.1%	0.1%
Lease liabilities	3,675,805	4,166,278	88	0.1%	0.1%
Other liabilities	40,387,864	45,595,103	89	1.3%	1.6%

10. Cash flow statement

10.1 The Triglav Group

A positive **cash flow from operating activities** of the Triglav Group increased to EUR 119.1 million (index 132). Its growth primarily resulted from the higher volume of net written premium.

Cash flow from investing activities was EUR –83.9 million (index 118). Its decrease is a result of a larger volume of investing activities due to the higher cash flow from operating and financing activities and changes in cash during the period.

Cash flow from financing activities was negative and stood at EUR –29.0 million (compared to –13.5 million in 2019). There was no income from financing activities in 2020 ([see Section 10.2 for further information](#)).

Financing expenses include dividend payments, which were not paid out in 2020, expenses for interest on treasury bonds and expenses for interest and principal payments from leases. Most outflows in 2020 were related to the maturity of the bond.

The closing balance of cash and cash equivalents totalled EUR 81.9 million, an 8% increase relative to the year before.

Summary cash flow statement of the Triglav Group

	2020	2019	Index
A. Operating cash flow			
Income statement items	125,392,511	91,179,693	138
Changes in net current assets–operating balance sheet items	-6,336,992	-882,254	718
Net cash from/ (used in) operating activities	119,055,519	90,297,439	132
B. Cash flows from investing activities			
Cash inflows from investing activities	1,361,243,567	1,469,286,636	93
Cash outflows from investing activities	-1,445,191,950	-1,540,674,760	94
Net cash from/ (used in) investing activities	-83,948,383	-71,388,124	118
C. Cash flows from financing activities			
Cash inflows from financing activities	0	49,367,159	0
Cash outflows from financing activities	-29,035,063	-62,882,638	46
Net cash from/ (used in) financing activities	-29,035,063	-13,515,479	215
D. Closing balance of cash and cash equivalents	81,899,664	75,869,775	108
E1. Net cash flow for the period	6,072,073	5,393,836	113
E2. External acquisition	0	2,862,910	
E3. Currency differences	-42,184	11,369	
F. Opening balance of cash and cash equivalents	75,869,775	67,601,660	112

- 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 Group was EUR 81.9 million, up by 8% relative to the preceding year.

10.2 Zavarovalnica Triglav

A positive **cash flow from operating activities** of Zavarovalnica Triglav in the amount of EUR 38.5 million was 25% higher compared to the preceding year, primarily due to lower net claims paid.

Cash flow from investing activities was EUR –17.1 million (compared to EUR –11.8 million in 2019). The decrease is a result of a larger volume of investing activities due to higher cash flow from operating and financing activities and changes in cash during the period. Thus, cash balances with banks declined in 2020 due to higher net expenses from financial investments.

Cash flow from financing activities was negative and stood at EUR 25.2 million (index 145). There was no income from financing activities in 2020, while in 2019 income was a result of the issue of a new subordinated bond. Financing expenses include dividend payments, which were not paid out in 2020, expenses for interest on treasury bonds and expenses for interest and principal payments from leases. Most outflows in 2020 were related to the maturity of the bond.

The closing balance of cash and cash equivalents of EUR 22.3 million was lower by 15% relative to the preceding year.

Summary cash flow statement of Zavarovalnica Triglav

	2020	2019	Index
A. Operating cash flow			
Income statement items	43,160,418	31,051,477	139
Changes in net current assets–operating balance sheet items	-4,635,089	-297,987	1.555
Net cash from/ (used in) operating activities	38,525,329	30,753,490	125
B. Cash flows from investing activities			
Cash inflows from investing activities	1,132,256,197	1,198,898,504	94
Cash outflows from investing activities	-1,149,365,270	-1,210,737,724	95
Net cash from/ (used in) investing activities	-17,109,073	-11,839,220	145
C. Cash flows from financing activities			
Cash inflows from financing activities	0	49,367,159	0
Cash outflows from financing activities	-25,224,146	-60,167,804	42
Net cash from/ (used in) financing activities	-25,224,146	-10,800,645	234
D. Closing balance of cash and cash equivalents	22,304,222	26,112,112	85
E. Net cash flow for the period	-3,807,890	8,113,625	
F. Opening balance of cash and cash equivalents	26,112,112	17,998,487	145

11.

Development and marketing activities

- The redesign of products and assistance services and the way we process loss events were adapted to market needs, which also resulted from the effects of the pandemic.
- Numerous innovations in business digitalisation ensured business continuity and smooth remote business.
- Important changes were introduced to the marketing, sales and after-sales processes.
- A high level of client satisfaction was achieved and user experience was improved with an omni-channel sales approach.
- The i.triglav web platform and the triglav.si and triglav.eu websites were redesigned.
- Our business transformation focused on the even more efficient operation of support functions, which was also achieved through changes in internal organisation.
- The revised minimum business standards were implemented in all key and support areas of Zavarovalnica Triglav's subsidiaries.
- The new system for effective and close cooperation in the management of the Group's assets is now operational.

The Group's development activities are managed in an **interdisciplinary manner** by the parent company, while its overall operations are built on the values of simplicity, responsiveness and responsibility. Both activities, insurance and asset management, are aimed at deepening client relationships and promoting the continued proactive attitude of clients towards risks. In this way, the Group is further realising its commitment to sustainable development, as seen from the references to related content in [Section Sustainable development and ESG aspects](#). With technologically supported solutions, the needs of clients and their understanding of products are monitored and studied, in addition to all phases of development and adaptation of processes and products. As a result, comprehensive solutions are designed that go beyond products, while support and advisory services continue to be expanded. To ensure profitable and safe operations, new ways of doing business are introduced and all development steps are assessed in terms of capital adequacy.

In 2020, in accordance with the plans from the development phase, the largest range of new solutions so far was put into business practice and numerous business processes were upgraded, which had a positive impact on operations in difficult conditions. Client focus and development of related services was fully integrated with the implementation of the second strategic guideline, i.e. developing cooperative and agile organisation and culture. The set objectives were fulfilled by making progress in both areas, with several

objectives even being exceeded. The Company is especially proud of the high satisfaction of its clients and employees, which will also be a challenge in the future.

By responding effectively to the new situation, **the comprehensive digital transformation of the Group's operations was also accelerated**. The even more coordinated operation of sales channels was achieved, new opportunities to make clients aware of the need for insurance were identified and possibilities to adapt insurance to their needs were sought. In the development and implementation of new services and communication and marketing tools, regulatory requirements and directives were taken into account, resulting in higher standards and better protection of clients' interests being incorporated into client operations. As evident from the review of implemented innovations, the aim was to provide clients with easy access to information and data and a better understanding and management of risks by upgrading interfaces and expanding their functionality.

Progress with respect to organisation and client satisfaction is described below. Encouraging trends in the development of an organisational culture, which were seen in 2020, are explained in [Section 4. Strategy and plans](#) and in greater detail in [Section 2.8 Risk Management](#) and in [Section Challenges and opportunities of today](#) and in [12.4.2.1 Sustainable development and ESG aspects at the Triglav Group](#).

11.1 Comprehensive client relationship

The widespread use of digital channels and new communication tools has enabled the Company to carefully monitor the quality of the user experience and client satisfaction. This was made possible by increasing the scope of interaction points between the Group and clients and the data provided by clients as a response to the services used.

The findings of client satisfaction measurements and analyses, which were submitted to a wide range of business functions, were included in the improvements of internal processes and services. This particularly applies to the information provided by the Net Promoter Score (NPS) methodology to improve communication and client relationships. The highest scores ever were measured since the start of measurements using this method; the scores rose to above-average levels. The results of other analyses of measured client satisfaction also improved significantly. The tested methodologies are being gradually implemented in other Group members. Special attention is paid to negative experiences and low client scores so as to improve the Company's services, products and processes on their basis. Professional and communication excellence is pursued also in demanding claim settlement procedures where the Company and the client do not see eye to eye.

Help and information continued to be available to clients via toll-free telephone numbers without interruption. Due to increased demand, the scope of operation of both assistance centres was expanded. In the case of major CAT events (which occurred in individual markets in 2020 – weather disasters, an earthquake), the financial risk to clients was taken into account and special forms of organisation of work and claim reporting were activated. Simple property damage claims can be reported by calling the toll-free telephone number 080 555 555, online or via the Triglav Asistenca mobile application. For more information read below and refer to [Section 12. Sustainable development and ESG aspects](#).

Public calls and instructions on what steps to take in the event of a pandemic and major CAT events were published on multiple channels in order to inform clients about access to and availability of the Company's services. The extended range of assistance services (roadside and home assistance, assistance for travelling abroad, for microvehicles and watercraft) was also available on the toll-free number 080 28 64.

Omni-channel sales approach: the customer chooses the most appropriate channel



Omni-channel sales approach and business digitalisation

The Triglav Group strategy for 2019–2022 is based not only on the introduction of new technologies and modern ways of doing business, but also on using an omni-channel sales approach tailored to each client to the greatest extent so as to provide a more comprehensive user experience.

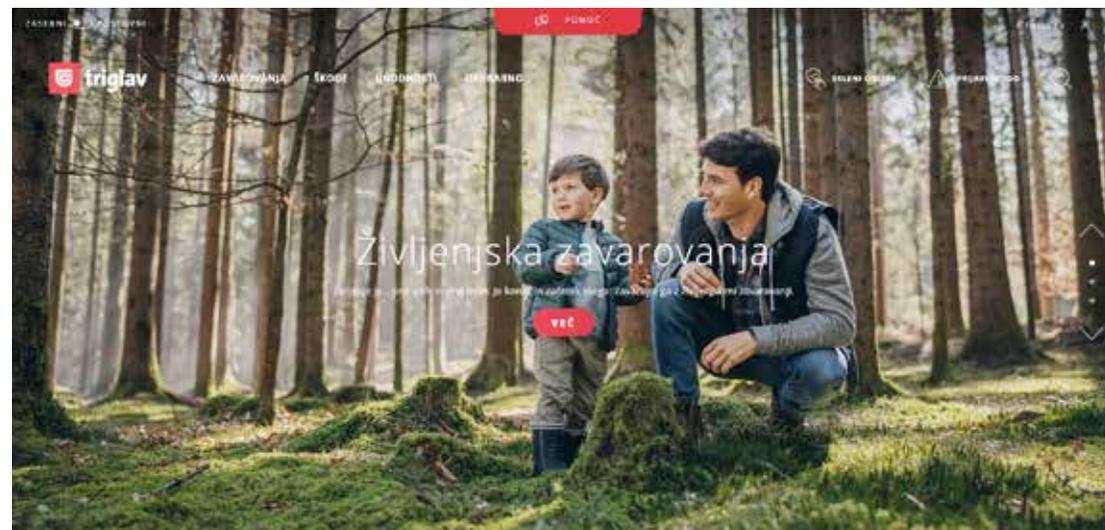
The COVID-19 pandemic has changed the behaviour of clients of practically all ages and has accelerated the introduction of planned innovations. A sudden and extremely extensive shift towards conducting business remotely was seen in the first, spring wave, after which its share remained significantly higher throughout the year than before.

In the insurance business, user experience will be upgraded by setting up a **single entry point**, which is planned to further increase the responsiveness and transparency of claim settlement. Various forms of client communication during the phase of obtaining input information (telephone calls, email, text messages (SMS)) will be merged into a single and improved channel. Preparations for the launch of the new platform were continued.

By enhancing its digital presence and promoting the use of online and mobile platforms, the Company increased performance in several areas. With the expansion of digital solutions, **the processes of taking out and processing insurance and settling claims are being improved, updated and upgraded**. In this way, sales staff perform their work even more efficiently, while procedures for clients are simplified.

Digital sales and communication channels and distribution channels and tools were significantly strengthened. New digital solutions and services that are always available and easy to use include:

- **the redesigned i.triglav web office** for retail clients (design upgrade, adaptive design for mobile devices and additional functionalities: remote signing, video identification, additional security mechanisms, claim reporting, simple and fast notification of clients about their claim settlement procedure and the option of confirming all issued documents);
- **the automated notification of all clients** who have opted to receive information **about reported claims** electronically (to ensure quick responses and notification via selected communication channels);
- **redesigned websites triglav.si and triglav.eu** (design upgrade, adaptive design for mobile devices, upgraded underwriting procedures and new functionalities);
- **the upgraded process of taking out life insurance** (adaptive design for mobile devices, more transparent and simpler), which includes a simplified way of signing documents remotely;
- **the completely redesigned Drajv mobile application** (revamped image, expanded functionalities: display of current speed and speed limit on a given road section and immediate warning of driving errors, the option of automatic recording of journeys, etc. (the visibility of the products and services available online is enhanced by advanced technological services such as Triglav vreme (Triglav Weather) and Vse bo v redu (Everything Will Be Alright) – [see 12.5 in Section Sustainable development and ESG aspects for more information](#));



The i.triglav web platform and the triglav.si and triglav.eu websites were redesigned.

- **remote inspection of the subject insured** by capturing images for the purposes of taking out insurance or assessing damage (added functionality for capturing and storing images in back office information systems);
- **video identification and verification of the identity of the insured person** (the procedure is primarily intended for taking out life insurance);
- **remote signing** of documents;
- inclusion of a **dynamic questionnaire** on the state of health in underwriting applications for life insurance (by digitalising insurance underwriting, the average time from making an insurance offer to underwriting has been shortened);
- **digitalisation** of printing documents on insurance policies taken out via the bank sales network;
- **IT support** to sales staff when reporting clients' claims;
- **development of the Smart Locator service in assistance insurance for locating the victims** (for easy determination of the exact location of the client in need of help using a smartphone).

A major innovation was introduced in the life insurance segment: **the digitalised processing of matured life insurance policies**. The process was upgraded with the option of submitting a request for payment related to the maturity, advance, surrender, mathematical provision, transfer of SVPI assets between pension funds and payouts of surrender value. The option of submitting these requests in electronic form remotely was also made available.



Matjaž Horvat, Director of Department, IT – Digital Distribution, Zavarovalnica Triglav

“When the first wave of the epidemic hit, the redesigned i.triglav web office had just been launched and my colleagues in the life insurance segment had introduced video identification. We switched to remote business smoothly. The solutions were upgraded throughout the year.

In a matter of weeks, digital literacy increased greatly, improvement which would have otherwise taken years. IT functions were overloaded, which is understandable, as they are the heart of our operations.”



Tomaž Kodela, Head of Department, IT – Local Client Support, Zavarovalnica Triglav

“The digital landscape is shaped by the strategic use of hardware and the effective deployment of software solutions. My colleagues and I ensure that not only equipment is developed, but that client relationships and responsiveness come first. After that, everything is easier to solve. It was certainly an advantage that we had the necessary equipment in stock. In this way, we were able to immediately fill in any gaps, upgrade solutions, for example in the case of portable equipment used in the agent network or when providing support to employees at working from home.”

Measures to curb the COVID-19 pandemic made it difficult for clients to move around and thus visit a doctor, which is why **as part of the assistance services** in the health insurance segment:

- the number of expert articles published on the online portal was increased and
- **advice by specialists** was provided to clients remotely (by phone, email and text messages and by participating in online conversations).

The Company's vision of reaching a higher degree of business digitalisation is being realised through **the active use of artificial intelligence**, which is considered a development necessity to complement existing activities. In this regard, the project of identifying the status of non-life insurance policies continued to be carried out by using an upgraded model in day-to-day operating processes. At the same time, activities for the introduction of machine learning in car risk analysis were initiated.

Development of the sales network and sales and after-sales services

Sales and after-sales processes changed significantly in 2020. A remote business system was established immediately after the ban on the sale of insurance services with physical contact with clients at the onset of the COVID-19 pandemic. In addition, the existing way of doing business by regular post was upgraded and, as already described, digital sale and conclusion of insurance was strengthened. Good relations with outsourcers and high-quality services were maintained to make it as easy as possible to meet client needs. With the same goal, the stable operation of the call centre and other communication channels and assistance services was maintained.

Sales staff worked hard to lessen the burden of the Group's clients in such difficult circumstances by using **an omni-channel approach**. They educated and advised clients on the transition to remote business, helping them to take out insurance and report claims remotely, while adapting the use of communication channels to client needs. Through the coordinated operation of sales and other competent departments, the Company increased its capacity for the direct and professional handling of client calls and extended the working hours for providing information. Prompt measures were taken to improve business processes in all insurance segments. The Company consolidated its own sales network, which is its most important sales channel, and strengthened its cooperation with the external sales network through various forms of integration.

Sales staff continued to be empowered primarily through training, encouraging their perceptiveness, motivation and engagement. In accordance with the Insurance Distribution Directive (IDD), various training modules were designed and carried out, intended for the management of all sales channels, including the external sales network. Sales staff were encouraged through various motivational incentives, both financial and non-financial. Sales consultations for various professional profiles at several levels were held, while the implementation of training courses was adapted to the manner of working and doing business remotely.

A new information hub was established, **a single portal for taking out non-life, life and health insurance through the bank sales network**, which provides clients with custom-tailored and accessible insurance products. The Company offered new bancassurance services to its partners

and continued to adapt the life insurance product range to the needs of their clients.

The direct elimination of individual types of damage to buildings and objects was upgraded. According to the "report & eliminate" principle, contact with the **client** is established **immediately after reporting a claim** and assistance in claim settlement is provided to them with the help of contractors. From now on, **additional and related concierge services** are available, which go beyond settling a claim and include assistance in providing minor and maintenance works on vehicles and buildings. In this context, two pilot projects were successfully carried out: provision of help in changing a tyre at an affordable price and without waiting, and help with documentation in the event of a traffic accident.

For the sale of **additional health insurance**, the **modular offering concept** was developed and technologically supported, which is an important step towards greater simplicity and better adaptation of products to clients.

With regard to **the development of alternative sales channels**, a new car lease insurance product was designed together with a car sharing platform, thereby entering the short-term insurance market in the field of the sharing economy.

The development of new sales channels on markets outside Slovenia focused on **online sales and the digital upgrade** of cooperation with external sales channels, including banks and companies providing leasing services, selling cars and supplying telecommunication services ([also see Activities on the Triglav Group markets outside Slovenia](#)). The strengthening of sales channels contributed to premium growth in individual markets ([see Section 7.5 Gross written insurance, coinsurance and reinsurance premiums](#)).

Product upgrade and development

The development and upgrade of products was adapted to the changed market conditions and **client needs**. The guidelines for designing simple, comprehensive and transparent products and services were followed, while ensuring compliance with the applicable legal and regulatory requirements ([see Section 11.5 for more information](#)). In order to improve underwriting results, the Company regularly analysed individual insurance sub-classes and adjusted insurance bases (i.e. tariffs, terms and conditions, underwriting guidelines).

Product upgrade and development highlights:

- **Property and interest in property insurance:** Personal protection insurance and micromobility insurance products were redesigned and upgraded to cover the risks associated with the use of electric vehicles. The following new products were developed: liability insurance for the clinical trial of medicinal products, extended warranty insurance and insurance for hardware and appliances. Liability insurance for insurance brokerage was redesigned.
- **Motor vehicle insurance:** Insurance bases were adjusted to market conditions. Roadside assistance for goods vehicles with maximum permissible weight over 3.5 tonnes was developed. The range of insurance products for leasing providers and vehicle importers was adapted.
- **Agricultural insurance:** In addition to implementing changes in accordance with the Decree on co-financing of insurance premiums for primary agricultural production and fisheries for 2020, premium rates were revised for individual groups of agricultural crops, perils and existing hazardous areas. Crop insurance against drought risk was redesigned.
- **Accident insurance:** The existing travel insurance product was redesigned and launched onto the market as a new product known as insurance for travelling abroad. Personal protection insurance was upgraded with redesigned accident insurance with post-injury assistance. The new micromobility insurance product was upgraded to include accident insurance and post-injury assistance. In addition, insurance bases of group insurance products for special target groups were revised.
- **Health insurance:** Assistance services and specialist advice to clients were upgraded. A primary health committee was established as a multidisciplinary expert advisory body which will contribute to the introduction of innovations and the digitalisation of the product range.
- **Transport insurance:** Transport insurance products were adjusted to domestic and foreign regulatory changes in transport and freight forwarder activities. New insurance bases for drone insurance were adopted.
- **Accounts receivable insurance:** Insurance bases for financial credit insurance were revised. Unemployment insurance was redesigned to include new insurance guarantees also for groups of clients who borrow based on leasing agreements and instalment sales agreements.
- **Life insurance:** In addition to the life insurance product known as Jesen življenja (Autumn of Life), life insurance with a partial premium refund was designed and offered as a new product in the Slovenian market and which is sold through the banking channel. The whole life insurance product was redesigned and adapted to different target groups and their needs. Supplemental severe illness and injury



insurance or supplemental critical illness insurance of all policyholders was expanded free of charge to include hospital treatment for COVID-19. Due to the merger of two sub-funds with the umbrella fund Triglav vzajemni skladi, the starting points for the entire unit-linked life insurance product portfolio were adapted, taking into account some other mergers of funds offered.

- **Pension insurance:** Pension insurance-related services were consolidated and the product

portfolio of Triglav, pokojninska družba was redesigned. The group voluntary pension insurance was redesigned to provide assets for additional pension, which allows investments in mutual and index/exchange traded funds, where clients can choose an investment strategy under which assets are managed by the insurer.

Development and new forms of partnerships

The Company is forming new partnerships and strengthening existing partnerships in all markets of the Group. Partnerships with banks are being strengthened, whereby emphasis is being placed on cooperation with Nova KBM, Gorenjska Banka and Sberbank, as well as with new insurance agency and brokerage partners. Integration is encouraged especially with regard to the introduction of modern technologies and as part of the expansion of business by entering various business ecosystems. The Company also works with start-ups and business accelerators.

Partnerships with leasing companies and vehicle importers are extremely important and include: Renault – RCI, Porsche, Emil Frey, Summit, Avtotehna VIS, NLB Leasing, SKB Leasing and others. Partnerships in mobility are being established and upgraded with Petrol, Sygic, Eurotax, Nervtech, AMZS and Avant Car. In addition, partnerships are being strengthened in other areas, thus linking insurance with various ecosystems, including companies and platforms such as Avant2go, Giro car sharing, Go2Insure, Big Bang, T2, M-tehnika, Enaa.com, eMundia and MBills. The Company also works with various organisations and media companies, such as the Institute of Sports of the Republic of Slovenia, the Chamber of Craft and Small Business of Slovenia, the Chamber of Commerce and Industry of Slovenia, the Mladinska Knjiga Založba publishing house and the newspapers *Finance* (within forums and conferences for business and other expert communities), *Dnevnik* (in the framework of the Golden Thread and the Gazelles projects) and *Delo*. Furthermore, various pilot collaborations are developed, for example with GenePlanet.

The range of partner authorised veterinary clinics for small animals is growing with the aim of improving the quality of insurance and healthcare services in this field. The Company acquired the observer status in the Alpine Drought Observatory (ADO) project, which is managed by the EURAC Institute from Bolzano. This cooperation allows the Company access to an online database for the Alpine region, where it can monitor point and satellite drought indicators, participate in international workshops in six Alpine countries and workshops with stakeholders from Slovenia (the Slovenian Environment Agency, the Maribor Institute of Agriculture and Forestry, the Iskra Institute and others). The Company began to actively participate in the project group under the auspices of the Ministry of Agriculture, Forestry and Food established to upgrade the financial risk management system in agriculture, forestry and beekeeping due to natural disasters.

Activities on Triglav Group markets outside Slovenia

Development activities in markets outside Slovenia were largely adapted to the conditions of the COVID-19 pandemic, thus the focus was on business transformation and digitalisation.

Numerous innovations implemented in insurance subsidiaries enabled **remote business**, including the online payment of obligations. Legal bases were provided for the transfer of remote business solutions, thus providing both electronic and remote signing.

The redesign of insurance products, expansion of assistance services and handling of claims were adapted to market needs and to the restricted physical contact for health safety reasons. Several changes were made to claim settlement: clients were redirected to use digital communication channels, a new, faster and more cost-effective way of conducting car damage inspections was implemented, cooperation with body shops was expanded and a comprehensive client service was designed that includes all necessary steps – from damage reporting and appraisal to vehicle repair.

The Company was very active in achieving synergies between various business segments of the Group, especially between the key segments of the two core activities. Best practices and solutions were transferred to subsidiaries by tailoring them to the specifics of each market. In addition to assessing the market potential of products, some products were fully redesigned and technologically upgraded.

Sales focused on **simplifying the sales process for clients**, empowering own sales network and establishing **new sales channels and partnerships**. **The range of assistance services was expanded**, with special attention devoted to increasing the quality of their provision.

Seven key aspects of development activities during the COVID-19 pandemic outside Slovenia

1. Measures to protect the health of employees and clients

2. Introduction of remote business

3. Changed claim settlement

4. Simplified sales process for clients

5. Product upgrade and technological adaptation

6. Expanded range of assistance services

7. New sales channels and partnerships

Highlights of insurance business development in individual markets of the Group.

- **In Croatia**, several insurance products were redesigned: animal insurance, insurance for small and medium-sized enterprises (SMEs), additional cover for the treatment of COVID-19 was added to some insurance products, and additional bicycle assistance and liability for cyclists and owners of other mobile vehicles were introduced. The own sales network and cooperation with banks and car dealerships were strengthened. A call centre was set up to help clients and client satisfaction began to be monitored according to the NPS methodology.
- **In Serbia**, travel insurance was redesigned and upgraded to include additional cover for the treatment of COVID-19. Home insurance was adapted to market needs. The redesign of insurance for small and medium-sized enterprises (SMEs) is nearly complete. Cooperation with telecommunication service providers and agents selling health insurance was strengthened, while cooperation with companies providing leasing services and car dealerships was upgraded. In the life insurance segment, a new partnership was entered into with a company selling children's clothing and cosmetics.
- Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Banja Luka launched redesigned whole life insurance onto the **Bosnia and Herzegovina** market, offered more competitive terms and conditions for travel insurance, motor vehicle liability insurance and home insurance, as well as launched new cyber risk insurance and assistance services for goods vehicles. The own sales network was strengthened, synergies were achieved with the subsidiary Autocentar BH and cooperation with banks was expanded, including the

establishment of a business portal (B2B) and the expansion of the product range (card insurance, etc.).

- **In North Macedonia**, Triglav Osiguranje, Skopje launched the following new products: pet insurance, unit-linked life insurance and health insurance that includes the cover for surgeries abroad. The own sales network and the banking channel for selling life insurance were strengthened and an interface for doing business with selected banks and car dealerships was established. In addition, the medical assistance centre was upgraded.
- **In Montenegro**, where Lovćen Osiguranje, Podgorica and Lovćen životna osiguranje, Podgorica operate, the health insurance for foreign nationals was redesigned, the network of healthcare providers was expanded and group life insurance was upgraded. The own sales network and the call centre for life insurance were strengthened. Partnership with a telecommunication company was upgraded and a business portal (B2B) was established.
- A great deal of attention was paid to entering into partnerships with banks. New partnerships were thus established in **Montenegro, Croatia, North Macedonia, and Bosnia and Herzegovina**.

In the asset management segment, bases for the establishment of two open-end mutual funds for the market of **Bosnia and Herzegovina** were developed, expanding the range of unit-linked life insurance products. In **Croatia**, in order to increase business performance, the management of funds which were sold exclusively in this market and which were under the supervision of the Croatian regulator was transferred to Intercapital Asset Management by entering into an agreement. The Group is present in this market through

Triglav Skladi mutual funds, which are sold in the framework of unit-linked life insurance, thus building the basis for the further expansion of this activity in South-East Europe, where regulatory frameworks and market needs are gradually evolving.

Activities in other markets

The Company is entering into partnerships as an insurance provider that co-creates a full range of various products and services. Its international operations and opportunities for expansion include **partnerships with foreign insurance brokerage and agency companies**; these allow the Company to conduct business without its direct presence and own sales network in the target area. The Company's international operations were expanded in 2020 in line with the planned geographical diversification of its operations. In EU Member States, the existing models for the conduct of insurance business were expanded and upgraded and new partnerships were formed.

At the year-end, cross-border insurance services were provided in more than fifteen Member States of EU. Long-term partnerships were expanded from Greece and Italy to the Norwegian and Dutch insurance markets, in addition to completing preparations for entering into the Polish market, where insurance products and services will begin to be provided in the first half of 2021. Activities and the range of products and services were expanded in the European and North American **reinsurance markets**. Eurasia, ION, Sogaz, Swiss Re Corporate Solutions and Fidelidade Portuga are among the **new reinsurance partners**.

11.2 Business transformation of the Triglav Group

The strategic transformation of the Group's operations is based on:

- improvements in management practices and techniques,
- updating the information and data system and
- developing even more efficient support functions.

Changes in internal organisation took place in all Group members. The new **Digitalisation, Business Process and Technology Division** is dedicated to coordinated strategic digital transformation, encompassing all business functions. The primary task of the newly established specialised **Bancassurance Department** is to manage relationships with the bank network, assist the staff at banks and introduce innovations. Important steps in organisation and operation were taken in the processes aimed at developing client relationships and improving user experience.

The human resource information systems were upgraded for working from home and the online tool MS Teams was introduced, which enabled employees to communicate and cooperate remotely. A modern human resource information system continued to be implemented in subsidiaries and an intranet was set up at the Group level.

Several operational committees were established to continually improve IT support management. They operate within the framework of the IT Strategic Management Committee, the highest management level focused on the operation of quality, cost-effective and time-efficient IT services. The aim of the strategic starting points for the development of IT systems within the Group is to improve system integration and

increase flexibility and response to market needs. Pilot projects for the implementation of standardised sales tools and systems at the Group level were concluded.

The information infrastructure was further **centralised**. Secondary data centres are already centralised in most Group members. In Skopje, the centralisation of the primary data centre was concluded, which will continue in the remaining subsidiaries. Security tools for information security were expanded. The Group follows the development of business information systems that introduce products available as online services, which is why information tools based on Microsoft cloud technologies for the Office 365 platform are being introduced, and that enable the transfer and connectivity of products with the systems of its business partners.

Uniform information support **improved the standardisation of accounting processes** at the Group level. Preparations were underway to implement remote inspection of the subject insured and other digital solutions in subsidiaries. In order to improve the corporate governance system, **the reporting and analytical system** was further upgraded to collect key information on the operations of both individual members and the Group in one place. At the same time, the role of centralised data was increased and the conditions for decision-making in subsidiaries were improved.

The transformation of business processes in the acquiring company Triglav Skladi allowed the Company to monitor the integration of Alta Skladi and the merger of the sub-funds of the Alta umbrella fund with the sub-funds of the umbrella fund *Triglav vzajemni skladi*, thus unifying the management processes based on **the single service platform** for the efficient management of client needs. The merger also changed the

organisation of the acquiring company and the organisational culture, as well as increased joint staff potential, knowledge and experiences. [See 11.3 for more information.](#)

In addition to implementing the revised minimum business standards in all key and support areas within the Group, the desired organisational culture was established at the Group level. [See Section 12. Sustainable development and ESG aspects at the Triglav Group](#), especially [12.4](#) and [12.5](#), for further information.

11.3 Efficient asset management in the Triglav Group

Efficient asset management at the Group was again reflected in **increasing the value of assets** managed in financial and pension (guarantee) funds and discretionary mandate assets ([see Section 7.11 for further information](#)). The aforementioned merger of Alta Skladi with Triglav Skladi also contributed to that increase. With this merger, management processes were upgraded and management knowledge and experience were integrated at the Group level, as a **system for the effective exchange of opinions and in-depth cooperation in asset management** was established. Joint investment forums make it possible to obtain and exchange the views of various experts from different fields. Furthermore, the Group strengthened cooperation in the unit-linked life insurance and investment advice segments, specifically with regard to investment strategies used and pension insurance management.

Process centralisation in the Group's **asset management continued** in order to improve the quality of assets and cost-effectiveness. Processes will also be upgraded based on good practices in sustainable asset management.

The upgraded asset liability management process is used to monitor the risk-adjusted return of individual business segments in order to achieve the optimal use of available capital.

As one of the leading managers in the Slovenian market, Triglav Skladi introduced **innovations in its offering of mutual funds** in 2020.

- **Triglav Tehnologija**: a dynamic sector fund for investors who believe in the long-term potential of technology and the technology sector. The technology sector is the most profitable of the sectors in the last decade and has a high development potential.
- **Triglav Aktivni**: a fund that dynamically adjusts the composition of its portfolio to market fluctuations. The first mutual fund in Slovenia to use advanced quantitative methods designed to assess volatility and optimise portfolio composition. A capital protection mechanism was developed at this fund to protect against a more than 20% drop in the value of a fund unit relative to the highest value achieved in the last year.
- **Triglav Preudarni**: it is intended for investors who wish to increase their assets more prudently in a zero interest rate environment, without taking high investment risks and maintaining the real value of invested assets.
- **Triglav Zeleni**: it is aimed at modern equity investors who believe in sustainable development. [See Section 12.5 Responsibility towards clients for more information.](#)

Investing in alternative investments (Triglav) **was further developed** to expand the range of investment classes managed for both our own portfolios and our clients' portfolios.

The operations and activities of the pension company in **North Macedonia**, established in 2019, were strengthened.



11.4 Marketing activities

Clients in all markets were encouraged to use digital communication channels. Special attention was paid to monitoring changes in client behaviour, the consistency of an omnichannel marketing approach and ensuring the reach and clarity of key messages to clients, which was crucial during the COVID-19 pandemic and contributed to effective remote business. In doing so, analytical methods were used for in-depth knowledge and the monitoring of client behaviour and needs, as well as checking the effectiveness of the Group's activities. Client relationship management (CRM) was further supported with modern CRM tools, while the realisation of premium and costs related to direct marketing were supported with the Microsoft Dynamic 365 Marketing information solution.

Client relationships were also strengthened through online talks with renowned experts in various fields who advised clients remotely, thus confirming the advantages of new technologies and approaches at the Triglav Lab digital centre.

Brand management and marketing communication

Brand strength is increased through efficient and coordinated branding at the corporate and product levels. In 2020, as part of brand management, the corporate visual identity used in digital media was redesigned and the use of language in marketing communication was unified. The main logo was upgraded with a symbol to mark the Company's 120th anniversary, which also reflects its clients' trust and the stability of its business. In the pension insurance segment, the Triglav Pokojnine brand was launched to unify the marketing approach.



In the design and implementation of marketing campaigns, the Company complied with the Slovenian Code of Advertising Practices. No proceedings for infringements related to marketing communication were instituted against Zavarovalnica Triglav and its subsidiaries in the reporting year.¹⁹ In one case, the Company complied with the call of the Agency for Communication Networks and Services of the Republic of Slovenia (AKOS) and stopped broadcasting a television advertisement due to the proceedings initiated against the actor in the advertisement.

For achievements in marketing communication, the Company received many international and domestic awards, such as WEBSI 2020 and Trusted Brand 2020, awards at the Slovenian Advertising Festival (SOF) and annual report awards IADA, ARC and Gold Quill ([see Section 12.1 for further information](#)).

Assessment of effectiveness and market research

Understanding clients' needs and their attitude towards insurance products played an even greater role in the extraordinary situation due to the COVID-19 pandemic. To this end, a study on the impact of the pandemic on consumer behaviour was conducted in Slovenia, Croatia and Serbia to obtain key information on remote business. The Company checked changes in the attitude towards taking out insurance remotely and individual tools and changes in the purchasing process.

Media audits are carried out in the Slovenian market every two years; the first media audit

outside the domestic market was conducted in Montenegro. The effectiveness of marketing communication campaigns and events is checked by measuring KPIs (Key Performance Indicators). The Company regularly assesses not only the effects of its activities on brand reputation, but also the efficiency and effectiveness of advertising campaigns by using both the traditional computer-assisted web interviewing (CAWI) method and newer methods, such as electroencephalography (EEG) and eye tracking.

The results show that Zavarovalnica Triglav continues to be one of the most reputable brands in the Slovenian market. It ranks among the top six brands in terms of reputation in markets outside Slovenia, which is quite an achievement. The Group members are recognised as reputable companies with a distinctive, transparent style of communication with their clients, a comprehensive range of insurance products and effective claim settlement.

Product campaigns

In the non-life insurance segment, the sale of insurance products adapted to the modern way of life and mobility was promoted. The Company communicated with its clients throughout the year and participated in the international online conference *City as a Lab* on new forms of mobility.

In the life insurance segment in Slovenia, the focus was on empowering sales staff, promoting sales and financial literacy of clients in partnership with Nova KBM, Abanka and Gorenjska banka. The new product Jesen življenja (Autumn of Life) for the elderly was launched. A comprehensive media strategy was designed to promote the visibility of life insurance products and attract new clients. Market research was carried out to identify guidelines for the development of life insurance.



The Triglav Skladi mobile application for easy payments and transfers among funds.

¹⁹ GRI GS 417-2, 417-3, SASB: FN-IN-270a.1, FN-AC-270a.2

In partnership with the specialised retail network Big Bang, redesigned Kasko (Full Cover) and Zaščita Plus (Protection Plus) insurance products were launched, which were also offered at Big Bang's points of sale.

In addition to promoting interest in agricultural insurance, insurance for motorcyclists and tractor operators, Pazi name! (Watch Out for Me!) accident insurance and supplemental voluntary pension insurance, the marketing approach for travel insurance was adapted to specific target groups.

In the health insurance segment, the Triglav zdravje brand was strengthened through the marketing communication of additional health insurance. The new website zdravstveninasvet.triglavzdravje.si with health-related topics was launched. Furthermore, the *Pazi nase* magazine was digitised and published on the website of the same name, themed electronic news was regularly published and the visibility of digital consultations with doctors was promoted.

Due to the increased volume of remote business, the entrepreneurs' interest in cyber insurance was strengthened. Other insurance products intended for corporate clients were also presented as part of various professional consultations and partnerships.

In asset management, the Triglav Skladi mobile application was launched and promoted for digital and secure business, which allows easy payments and transfers between funds.

The aim of the "I Invest in What I Believe" campaign was to monitor **the introduction of new funds** (Triglav Preudarni, Triglav Aktivni, Triglav Zeleni, Triglav Tehnologija) and target different segments of potential investors.

Corporate identity building

Triglav Lab, the technological centre and training ground of the Group's digital business, is an important communication tool for the visibility of the brand as a provider of innovative and advanced solutions. It promotes the Company's visibility also in areas such as preventive action, financial literacy and cooperation with athletes. Visitors to Triglav Lab 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. A total of 80 events, training courses, workshops, seminars and video recording sessions to promote insurance literacy, risk awareness, presentation of products and services were held in 2020, which were attended by over 2,000 participants in person or virtually.

For the fifth consecutive year, the Company co-created a **financial literacy** project in partnership with the team from the Moje finance magazine and with the support of the Vse bo v redu (Everything Will Be Alright) online portal, which was also launched in Serbia in 2020. Professional training events focused on the importance of life and health insurance. Young target groups learned about asset management using modern communication channels and approaches.

The corporate identity is also strengthened through Zavarovalnica Triglav's Mladi upi project and events; see [Section 12. Sustainable development and ESG aspects at the Triglav Group for more information](#) about the latter and financial literacy.



In 2020, Triglav Lab hosted over 2,000 participants in various workshops, trainings and seminars.

11.5 Adjustment to regulatory changes

Compliance with legal and regulatory changes is already being built into the planning of development activities, which also applies to marketing. Due to the greatly increased volume of digital forms of communication, in 2020 the Company actively strived to co-create good practice in personal data protection and privacy in electronic communication and to ensure a safe and healthy business environment for both employees and clients. For more information see [Section Sustainable development and ESG aspects](#), particularly [12.5](#), where compliance is also discussed.

Financial reporting continued to be adjusted to new international standards (IFRS 9, IFRS 16 and IFRS 17), in addition to implementing amended legal requirements in money laundering and terrorist financing prevention, pension and disability insurance, and laws governing insurance, the financial instruments market and integrity and corruption prevention.

The bases for liability insurance for the trial of medicinal products were revised and harmonised with the relevant EU regulation. Personal protection insurance was upgraded. The new Micromobility product was designed to comply with the expected changes in road transport legislation, which will regulate the field of special means of transport. The bases for liability insurance for insurance brokerage were adapted based on the relevant Commission Delegated Regulation and ESMA (European Securities and Markets Agency) guidelines for testing the impact of the situation in exceptional cases on the liquidity of open-end investment funds and alternative investment

funds. The Company began to adjust to regulations on sustainable business practices and to promote sustainable investment and long-term cooperation with shareholders.

Client due diligence procedures were upgraded to take into account US economic sanctions and restrictions on doing business with individuals, government organisations and legal entities with significant ties to the institutions and leaders of countries contrary to US government geopolitical interests (especially the Office of Foreign Assets Control – OFAC). EIOPA guidelines were integrated into the transfer of the implementation of important processes to external cloud service providers and into the Company's approach to the review of supervisory policies and product management. The Company also responded to EIOPA's call to take an active approach to mitigating the effects of the COVID-19 pandemic. In addition, the Company began to adapt to the regulation on sustainability-related disclosures in the financial services sector and monitored changes in tax legislation.

Furthermore, the Company implemented regulatory changes (the amended Personal Income Tax Act (ZDoh-2V)) in life insurance-related business processes (the new tax rate on life insurance income, taxation of amounts attributed to profit sharing in accordance with insurance terms and conditions and amounts that the insurer could pay to the account of the policyholder's policy).

Statement on non-financial reporting

Before the end of 2020, Zavarovalnica Triglav adopted the **Triglav Group's commitment to sustainability**, which at the umbrella level addresses the guidelines of its sustainable development more uniformly and connects it even more closely with comprehensive risk management.

In non-financial reporting, the Company integrates aspects of operations that contribute to meeting the United Nations Sustainable Development Goals using the Global Reporting Initiative (GRI) Standards, which comprehensively reflect progress in the economic, social and environmental areas. As a result, the integrated Annual Report of Zavarovalnica Triglav and the Triglav Group for 2020 is in compliance with the requirements of the EU Directive on disclosure of non-financial and diversity information by certain large undertakings and groups, which was incorporated into the Slovenian legislation in 2017. The requirements of the non-financial statement in accordance with the Companies Act (ZGD-1J) are presented in an integrated manner throughout the whole annual report as references to GRI disclosures.

- The information, described policies and results of the policies on environmental, social and human resource matters, respect for human rights, and anti-corruption and bribery matters are presented in [Section 12. Sustainable development and ESG aspects at the Triglav Group](#).
- The main risks related to the abovementioned areas are presented in the [sections Risk management, 11. Development and marketing activities](#) and [12. Sustainable development and ESG aspects at the Triglav Group](#).
- A description of the business model and the Group's value generation model is presented in [Section 2. Triglav Group and Zavarovalnica Triglav in 2020](#).
- A description of the diversity policies implemented in relation to administrative, management and supervisory bodies is presented in [Section 5. Corporate Governance Statement](#).

About the report²⁰

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

Progress made in the economic, social and environmental areas is described in the framework of the **GRI** international sustainability reporting standards. Because the report is integrated, GRI indicators are included in various sections and are evident from footnotes by adhering to the latest GRI guidelines – Global Standards (GS) and specific guidelines for the financial sector. The range of topics and disclosures is presented in the GRI Content Index at the end of the annual report.

With the adoption of the Triglav Group's commitment to sustainability, a new step was taken towards a more comprehensive definition and implementation of the sustainable development principles. In addition, progress was made in reporting, where the identification of indicators of various global standards was expanded. Thus, for the first time, an overview of the Group's compliance with the **SASB** (Sustainability Accounting Standards Board) for insurance, asset management and custody was prepared, which is also evident from the GRI Content Index and references.

Also presented are the aspects of operations with which the Group contributes to the fulfilment of the United Nations Sustainable Development Goals. The overview is included in [Section 12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group and Zavarovalnica Triglav](#).

The content of the annual report and the data on the Group's sustainable operations are collected by the competent departments of the Company, which is responsible for reporting, in cooperation with the competent departments of subsidiaries. Reporting refers to a particular business and calendar year. The disclosures pursuant to the GRI standards mainly pertain to the parent company, but they are also being gradually implemented in the 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.²¹

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

²⁰GRI GS 102-46

²¹GRI GS 102-48, 102-49, GRI GS 102-50, 102-52



Digital workshops and remote consultation with experts.

Remote consultation with experts was provided at the Triglav Lab digital laboratory. Among the most visited were workshops with health specialists, who advised on how to improve health and what to do in case of an illness, and answered questions.

There was particular interest in digital workshops led by Associate Professor Dr Nataša Tul Mandić, an obstetrics and gynaecology specialist from the Postojna Maternity Hospital. With her help, expectant mothers overcame many insecurities and were better prepared for childbirth and child care.



12. Sustainable development and the ESG aspects at the Triglav Group

- The Triglav Group's commitment to sustainability was adopted.
- Sustainability aspects have been incorporated into asset management. The new Triglav Zeleni sub-fund invests in socially and environmentally responsible projects and companies.
- Compared to the preceding year, the Triglav Group's organisational vitality improved by 0.12 percentage point. A survey showed that the Triglav Group responds appropriately to changes in the environment.
- The spread of COVID-19 was limited with a number of measures designed to protect the health of clients and employees, including those working from home. Preventive activities in health were also strengthened.
- For more accessible remote business, the Triglav Group enabled its clients to digitally sign and conclude some insurance policies via video identification, as well as simplified asset management and claim settlement processes with mobile applications.
- Electricity consumption was reduced by 9% at the Triglav Group and by 10% at Zavarovalnica Triglav.

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

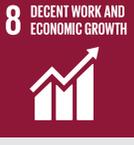
The Triglav Group understands sustainable development as the realisation of its mission by building quality and long-term relationships with key stakeholders. Therefore, its business performance has been assessed also in terms of sustainability aspects for many years.

At the end of 2020, **the Triglav Group's commitment to sustainability** was adopted as the main document that sets the direction of the Group's development in the environmental, social and governance areas (Environment, Social, Governance – ESG). In addition, the process of creating central holders and responsibilities for the comprehensive development and implementation of sustainable principles in the Group's operations continued.

In its commitment to sustainability, the Group committed itself, through its activities, to reduce uncertainty in the environment, provide its clients with financial and other security, and create sustainable value for its shareholders and other stakeholders. When designing insurance products, providing services and managing its own portfolios and clients' assets, the Group considers fundamental aspects of sustainable operations. The commitment to sustainability is available on the triglav.eu website. In 2020, preparations were underway for the entry into force of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

The ESG factors and indirect economic factors are comprehensively identified and managed in accordance with the GRI standards (Global Reporting Initiative – Global Standards (GRI GS)) and by achieving the United Nations Global Sustainable Development Goals (SDGs). The table below shows the key ESG factors and their connection with main SDGs, which is shown in detail throughout the report with appendices and in this section. The annual goals and activities were defined based on key long-term aspects of the Group's impact and were fully achieved in 2020.

Presentation of key ESG factors and main SDGs at the Triglav Group:²²

Area	Activities	Main SDGs
<p>Environmental aspect (E)</p>  <p>GRI GS 302, 305, 306, G4 F58</p>	<ul style="list-style-type: none"> Energy use and carbon footprint Paperless operations Activities for a cleaner environment Environmental responsibility with insurance products Waste <ul style="list-style-type: none"> Electricity consumption at the Triglav Group was reduced by 9% and carbon footprint by 20%. Electric vehicles account for 11% of Zavarovalnica Triglav's vehicle fleet. Employees may use company bikes and electric scooters. Promoting the use of less packaging and better waste separation. Reduced average daily paper consumption per employee at the Triglav Group from 30.2 paper sheets in 2019 to 21.9 paper sheets per day in 2020. Responsive and streamlined mass claim management using mobile applications and mobile appraisal units in the field at the time of natural disasters. A free Triglav Vreme mobile application for weather alerts. Support for projects such as City as a Lab, which builds on the establishment and development of modern and environmentally friendly forms of mobility, and the Sustainable Mobility project. Paperless operations at Triglav Lab. Lower circulation and focusing on digital forms in the preparation of marketing materials (brochures, leaflets, folders, operational printed material, etc.). Selection and purchase of products made of environmentally friendly materials (less plastic packaging) for promotional products and purchase of reusable protective masks. A stimulative premium policy for less intensive animal production, which is more environmentally friendly. Strengthening digital communication with clients. Promoting a low-carbon society by providing insurance solutions that support renewable energy sources and energy efficiency (solar power plant insurance). 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 our Mountains project. Promotion of mountain pasture by providing insurance of livestock during grazing on mountain pastures, which helps to preserve mountain ecosystems. 	  
<p>Social aspect (S)</p>  <p>GRI GS 203, 204, 401-405, 413, 414, 417, 418, G4 F57, FS13, FS14</p>	<ul style="list-style-type: none"> Preventive activities aimed at reducing risks in the social environment Responsibility to clients Employee safety, health and satisfaction Responsibility to suppliers and contractors Investing in local communities and supporting sports, culture, education and health Diversity and equal opportunity <ul style="list-style-type: none"> 117 speed display signs and light signalling systems installed on dangerous road and railway sections, co-financed by Zavarovalnica Triglav. The DRAJV application and driving simulator to promote safe driving. Global client assistance 24/7, free mobile applications for claim reporting and ordering assistance services. Alternative sales channels such as the sale of insurance products via banks and leasing companies. Promotion of investing in pension funds, health insurance and health systems. An extensive sales network, also accessible in less populated areas. 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. Micro-health insurance that simplifies access to medical advice and a comprehensive range of health and life services and products. Improved net promoter score (NPS). The Young Hopes project to support young talents. Improving the organisational climate – ORVI index at 3.99. The Motorcyclists for Motorcyclists project – 1,300 motorcyclists attended accident prevention workshops over seven years. Planned employee training. Gaining knowledge about information security, personal data protection and the prevention of money laundering and terrorist financing through online training. The women employees to total employees ratio at the Group is 53.5%. Equal remuneration of employees for equal work regardless of gender. Full "Family-Friendly Enterprise" Certificate at Zavarovalnica Triglav. Active identification, reduction and management of risks in occupational health and safety. A programme for raising employees' awareness about a healthy lifestyle and the provision of preventive health examinations are in place. Partnerships with local suppliers in the Adria region. A wide range of insurance products for micro, small and medium-sized enterprises. 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. Development partnerships with the start-up environment and entrepreneurs. Increasing the level of insurance coverage in the emerging insurance markets in the Adria region. 	  
<p>Governance aspect (G)</p>  <p>GRI GS 201, 202, 205, 206, 406, 412, 419</p>	<ul style="list-style-type: none"> Stable and profitable operations High standards of corporate governance Diversity and remuneration of the Management Board Effective risk management Active investor relations management policy Fair business practices Non-discrimination and respect for human rights in operations <ul style="list-style-type: none"> The governance system and policy of Zavarovalnica Triglav and the governance policy of the Triglav Group's subsidiaries. The diversity policy, which ensures gender balance and representation of various age groups in the Management Board, in addition to appropriate qualifications, experience and know-how. Corporate Governance Code for Companies with Capital Assets of the State. 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. Transparent, active, equal and open cooperation with investors at events held for institutional investors in Europe and the US, meetings, conference calls and other contacts. 	  

²²GRI GS 102-47

Commitments to external initiatives²³ and membership of associations²⁴

The Triglav Group voluntarily participates in initiatives that promote business practices that are ethically, environmentally, socially and economically sustainable. The main professional conduct standards at Zavarovalnica Triglav are implemented in the context of the Insurance Code of the Slovenian Insurance Association, as well as by following the recommendations of the Slovenian 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. As one of the first Slovenian signatories of the Declaration on fair business practices, Zavarovalnica Triglav committed itself to implementing fair business practice programmes and raising awareness of them. The Company is also a member of Transparency International Slovenia and a signatory of the Commitment to respect human rights in business (see [Section 12.5 Fair business practices for more information](#)). The Group members integrate the parent company's commitments in their operations or directly adopt similar commitments and initiatives.

The Company is a member of numerous associations in Slovenia. It actively participates in the Slovenian Insurance Association and its committees, the Chamber of Commerce and Industry of Slovenia and other local and interest chambers, the AmCham Slovenia and its committees. The Company's representatives are also members of several international industry and professional associations operating particularly in finance, actuarial science and compliance (the Slovenian Directors' Association, the Managers' Association of Slovenia, the Association of Employers of Slovenia, the European Institute of Compliance and Ethics, the Slovenian Association of Actuaries and the Institute of Internal Auditors – IIA Slovenia). The Group members are members of industry and professional associations in individual countries where they operate.



Awards and prizes in 2020

- **Trusted Brand 2020:** For the fourteenth consecutive year, Zavarovalnica Triglav was awarded the most trusted brand in the “insurance companies” category.
- **Slovenian Advertising Festival (SOF):** Triglav Lab received the Silver Award in the Branded Content – Experiences category.
- **WEBSI 2020:** Zavarovalnica Triglav achieved 1st place in the Digital Tools category for the i.triglav web office, 2nd place for underwriting applications in the e-Commerce category, 2nd place for the project Vozim se – Ponovno na izpitno vožnjo (I'm driving – retaking the driving test) in the Content Marketing category and 3rd place for the revamped website triglav.si in the Financial Sector and Website categories.
- **ARC Awards:** Zavarovalnica Triglav received the Gold Award for content design, the Silver Award for a photographic story and the Bronze Award for the interactive online annual report of the Triglav Group and Zavarovalnica Triglav for 2019.
- **The best annual report:** *Finance* newspaper, in cooperation with the Finance Academy, awarded Zavarovalnica Triglav with the main prize for the best annual report among financial institutions and the awards for the best annual report in the Business Analysis and Planning category and the Communication category.
- **IADA Awards:** The IADA Awards jury awarded Zavarovalnica Triglav two Gold awards for the integrated annual report of the Triglav Group and Zavarovalnica Triglav for 2019.
- **Gold Quill:** Zavarovalnica Triglav received an award for communication excellence in the Publications category for the digital edition of the annual report of the Triglav Group and Zavarovalnica Triglav for 2018.

The *Retaking the driving exam* project as part of Vozim se won second place at Websi 2020 in the Content Marketing category.

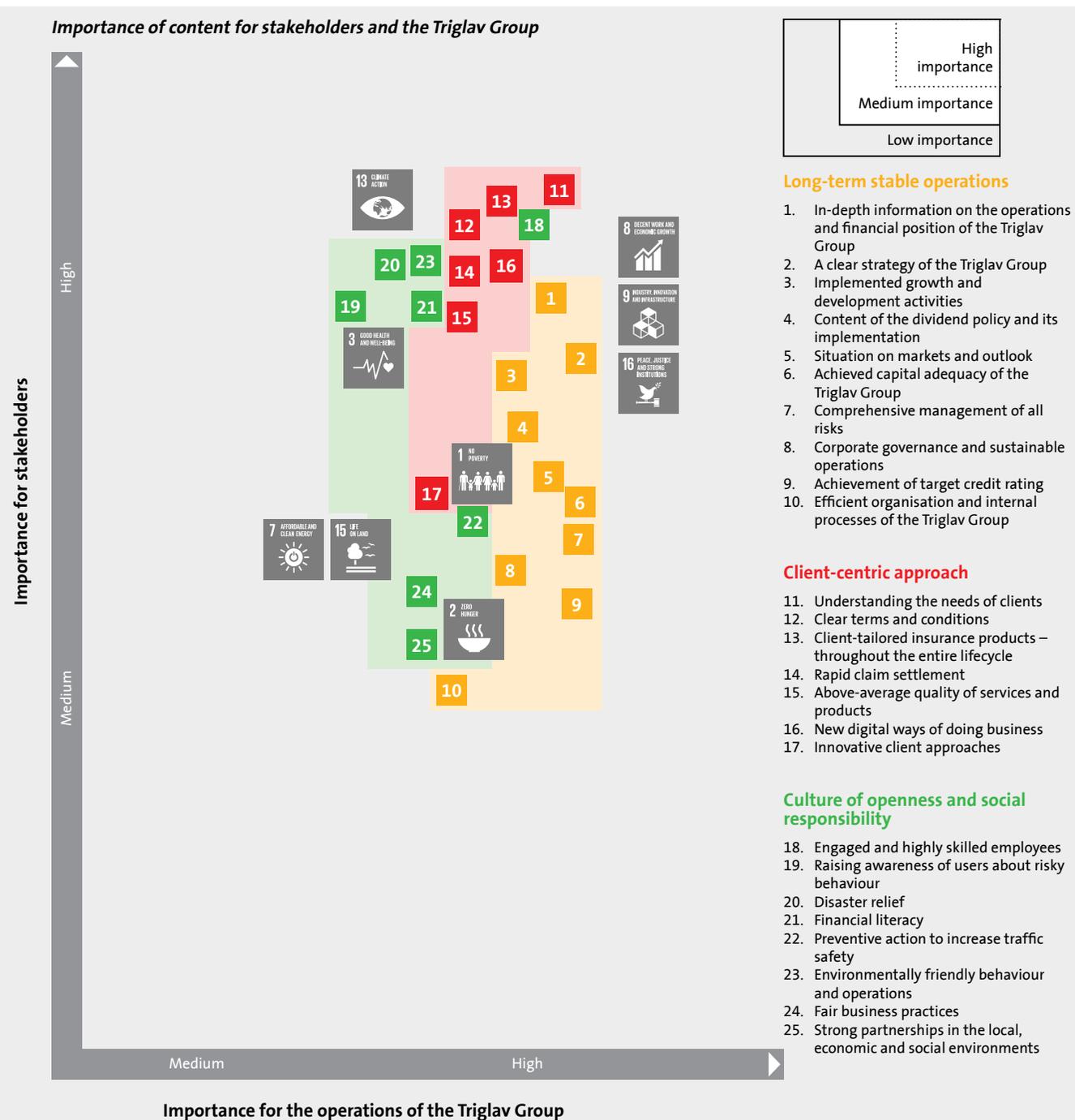
12.2 Key stakeholders²⁵

The Group's key stakeholders are **clients or policyholders, employees, shareholders or investors, state and supervisory bodies, local communities, suppliers and the media**. Mutual trust and understanding are strengthened by proactively engaging individual stakeholder groups.

Their needs and interests are monitored by **analysing stakeholders and the materiality of content** for them. The last analysis was conducted in 2019, when the results from quantitative research were verified with employee focus groups and in-depth interviews with clients. The interests of investors or shareholders are regularly monitored by analysing the data captured through personal contact and their questions and interests expressed at investor conferences and general meetings of shareholders.

The interests of key stakeholders are identified through **regular monitoring** of the mix of mutual relationships at the strategic and operational levels. In doing so, the Company measures reputation, satisfaction and NPS (Net Promoter Score), implements the regulators' requirements and recommendations, analytically monitors complaints, compliments and daily contact with investors and clients, as well as communicates and stays in regular contact with the media, etc. In 2020, great communication efforts were devoted to identifying the needs, problems and solutions in remote business with clients, as engagement with clients moved to digital channels due to the protection measures during the COVID-19 pandemic. See [Section 12.5 for more information](#).

The findings obtained from the described activities were again taken into account as much as possible in the operations and development of products and services. On their basis, the schematic presentation of the importance of content for stakeholders and for the Triglav Group was updated (below).



²⁵ GRI GS 102-40, 102-42, 102-43, 102-44

Highlighted topics and methods of stakeholder engagement

Stakeholders	Material topics/interest	Engagement method	Engagement results
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 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 	<ul style="list-style-type: none"> 417,032 telephone conversations in Zavarovalnica Triglav's call centres 178,651 replied electronic messages in Zavarovalnica Triglav More than 22 thousand subscribers to the newsletters Vozim se (I'm driving) and Vse bo v redu (Everything Will Be Alright) 39,000 users of i.triglav web office More than 137 thousand regular users of the Vse bo v redu portal and more than 15 thousand regular users of the Vozim se portal Improved client satisfaction in all Group members, improved NPS of Zavarovalnica Triglav by 10.7 index points 295,791 processed claim files by Zavarovalnica Triglav, of which 250,529 were newly registered in 2020 2,941 complaints and 50 compliments at Zavarovalnica Triglav. The share of complaints (with respect to the number of processed claim files) was 0.99%²⁶
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 	<ul style="list-style-type: none"> ORVI index at 3.99 – an improvement of 0.12% 23% of employees are members of the Triglav Group mountaineering and sports clubs Supplemental pension insurance for 59% employees of the Group and 96% of the Company The group insurance package Comprehensive medical care (Celostna zdravstvena oskrba – CZO), in which 73% of all employees of the Group and 83% of the parent company are included 40 training hours per employee at Zavarovalnica Triglav
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 	<ul style="list-style-type: none"> 12,982 shareholders 83.06% of all voting rights at the regular General Meeting of Shareholders 8 events held for investors 29 publications of controlled information (in Slovenian and English) Available financial calendar and calendar of events for investors
State and supervisory bodies	<ul style="list-style-type: none"> Ensuring capital adequacy Safety of policyholders and/or users of insurance services Efficient risk management system Compliance of operations and insurance and financial services and products Complying with all obligations of a public company Responsible and sustainable operations 	<ul style="list-style-type: none"> Regulatory reporting (to the Insurance Supervision Agency, the Securities Market Agency) Regular reviews by inspection and supervisory bodies Audits by certified auditors 	<ul style="list-style-type: none"> 8 inspections in the field of personal data protection at the Triglav Group 763 insurance fraud cases confirmed out of 1,331 reported cases of suspected fraud (up by 13% relative to 2019)
Suppliers	<ul style="list-style-type: none"> Long-term cooperation Reliable and timely payments Upgrading the existing cooperation Delivery times, prices of services and goods Delivery of environmentally friendly material Paperless operations 	<ul style="list-style-type: none"> Public tenders and competitions Working meetings Email and electronic operations Telephone conversations 	<ul style="list-style-type: none"> 311 completed forms Supplier Compliance Assessment and Sustainable Business Operations, with which suppliers confirmed that they respect the rights of employees, human rights and environmental legislation
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 	<ul style="list-style-type: none"> 117 speed display signs and light signalling systems installed on dangerous road and railway sections, co-financed by Zavarovalnica Triglav. Support for 101 young talents in eight years of the Young Hopes project, to which EUR 401,000 was allocated 1,300 motorcyclists attended safe driving workshops A total of 80 events, training courses, workshops, seminars and video recording sessions to promote insurance literacy, risk awareness, presentation of products and services were held, which were attended by over 2,000 participants in person or virtually 17 sponsored top athletes in Slovenia EUR 3.3 million for prevention activities, EUR 3.8 million for sponsorships and EUR 666,000 for donations 150 automatic fire extinguishing ampoules delivered to 52 mountain huts
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 the local community and the community at large 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 	<ul style="list-style-type: none"> 69 press releases by Zavarovalnica Triglav 194 answers to the questions of the press by Zavarovalnica Triglav 5,942 publications related to key topics about the Triglav Group in the media

12.3 Economic aspects²⁷

Economic performance as a precondition for sustainable long-term operations 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, which shows the volume of generated assets distributed among stakeholders, totalled EUR 1,179.2 million in 2020 and was lower due to non-payment of dividends to shareholders. Its structure by value and share is presented in the table below.

Economic value distributed of the Triglav Group in EUR million

	2020	2019	2018	Index	
				2020/2019	2019/2018
Economic value generated	1,274.9	1,292.4	1,107.7	99	117
Economic value distributed	1,179.2	1,245.6	1,069.3	95	116
- Net claims incurred and other insurance expenses	814.3	838.4	636.9	97	132
- Expenses from financial assets	36.7	21.9	64.9	167	34
- Other expenses	22.9	23.5	17.4	97	135
- Operating costs	119.5	120.2	118.4	99	102
- Dividend payments	0.0	56.8	56.8	0	100
- Tax expense (income tax expense)	17.2	17.1	16.6	101	103
- Community investments (prevention activities, donations, sponsorships)	7.8	7.4	6.3	105	117
- Employee wages, allowances and benefits	160.7	160.3	152.1	100	105
Economic value retained	95.7	46.8	38.3	204	122

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 2.7.2 Insurance](#) and [7.4 The Triglav Group's operations in the Adria Region](#).

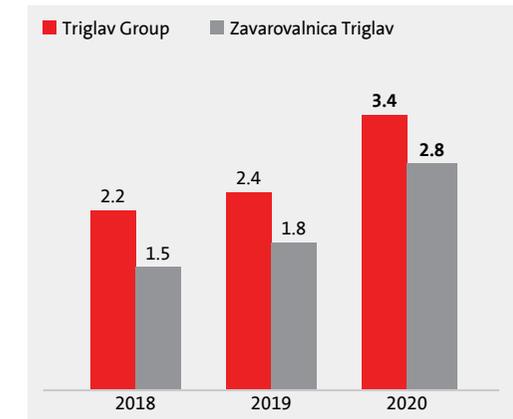
Indirect economic impacts of the Group primarily include investments in prevention, sponsorships and donations, as well as investments in infrastructure at national and local levels. Their content is defined based on:

- sponsorships and donor partnerships and participation in investments in prevention;
- 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 prevention²⁸

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 in [Section 12.4 Social aspects](#). In the year of increased risks, the volume of investments in prevention was significantly strengthened at the level of both the parent company and the Group.

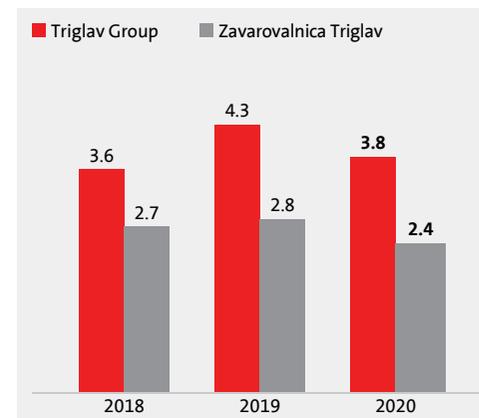
Funds allocated to preventive activities of the Triglav Group and Zavarovalnica Triglav in EUR million



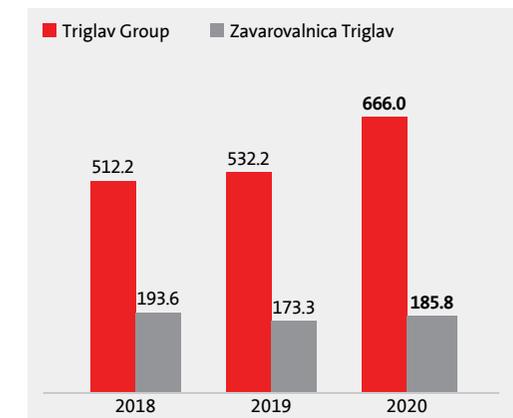
Sponsorships and donations²⁹

The situation related to the COVID-19 pandemic and the cancellations of some events are also reflected in the changed structure of funds earmarked for sponsorships and donations. The share of sponsorships fell (index 88), whereas the share of donations increased by 25%. Most donations were made for medical and humanitarian purposes.

Funds for sponsorships of the Triglav Group and Zavarovalnica Triglav in EUR million



Funds for donations of the Triglav Group and Zavarovalnica Triglav in EUR thousand



Infrastructure investments

As part of the long-term campaign **Children of Triglav**, the playground in Stanko Bloudek Park in Idrija was renovated. Over nine years, 27 playgrounds were renovated and more than 20 new playgrounds were built for children, adolescents and families, providing them with quality leisure time.

Renovated
Stanko Bloudek Park,
Photo: Damijan Bogataj,
Idrijske novice

In Serbia, with the same purpose, funds were provided for the construction of basketball courts in the municipalities of Bač, Medvedja, Kruševac and Pančevo.



Procurement practices³⁰

In 2020, the procurement process at Zavarovalnica Triglav was improved with **upgraded standardised software for procurement**, supported by an analytical module and a module for more comprehensive management of the agreement management process. The tool increases the transparency of operations and the management of procurement procedures, while reducing operational risks associated with non-compliance with good business practices.

Only suppliers included in the list of the **Company's potential suppliers** may participate in procurement procedures that include the Strategic Procurement Department. It is designed based on the assessment of the suitability of suppliers, i.e. on assessed risks. Upon registration in the Purchasing Portal of Zavarovalnica Triglav, all suppliers must undergo the supplier compliance assessment and the sustainable business operations assessment, which are repeated after one year. *The supplier compliance assessment* is intended to assess the risks of corrupt practices, conflicts of interest and political exposure, while *the sustainable business operations assessment* is used for the suppliers to show that they respect human rights, ensure a safe and healthy work environment for their employees and workers who work for them based on other forms of employment (at least in accordance with the applicable legislation), comply with Slovenian legislation and international human rights documents and implement the requirements of environmental legislation.

A total of 311 suppliers were included in the list of potential suppliers in 2020, which were assessed in terms of GRI indicators (the environmental and governance aspects). In this way, the potential suppliers database can be easily and promptly monitored and managed, which at the same time

enables the Company to make an assessment more easily in terms of risk to Zavarovalnica Triglav's reputation and sustainable operations.

Locally-oriented procurement³¹

The Group members procure the majority of materials and services on their local markets. Where possible and reasonable, some of the same types of materials, raw materials and services were procured centrally and more favourable purchasing terms and conditions were achieved. **The minimum standards for the procurement process at the Triglav Group level** were being implemented in the Group members.

The Slovenian market is Zavarovalnica Triglav's local market, where most procurements are made, thus the share of suppliers outside the local market is less than 10%. The broader market trends in key procurement groups, such as IT, property management, general procurement, intellectual services, marketing, labour and general affairs, are regularly monitored. The Company seeks offers outside the local market only when it is economically feasible or there is no supplier in the market for the goods or services in demand.

Protection of competition³²

The Group follows the rules of consumer protection and competition and good business practices in its operations, product development and marketing; in doing so, it respects the protected interests of its competitors. 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.

³⁰ GRI GS 102-9, 103-1, 103-2, 103-3, 414-1 | ³¹ GRI GS 103-1, 103-2, 103-3, GS 204-1 | ³² GRI GS 103-1, 103-2, 103-3, 206-1

Marketing communication is reported in [Section 12.5](#). As the company holding the leading position, Zavarovalnica Triglav takes great care not to abuse its power in individual markets. Zavarovalnica Triglav was not informed of any legal actions filed for violating the competition protection laws against the Company or any Group member before the Slovenian Competition Protection Agency or any competent supervisory bodies in other countries where the Group members operate.

Remuneration of insurance agencies and their sales staff

The Triglav Group cooperates with more than 1,400 contractors.³³ Before signing an agreement with a new contractor, the standardised selection procedure is carried out, while the business results of existing contractors are regularly monitored and measures are taken for enhancing cooperation and improving sales.

As at the 2020 year-end, the Company cooperated with 457 contractual partners registered as insurance agents (roadworthiness test providers, car dealers, leasing companies, banks, travel agencies, life and non-life insurance agencies). 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 fulfilment of planned obligations. When awarding a bonus, the Company takes into account the fulfilment of monthly targets and the renewability and growth of the insurance portfolio. The commission rate of contractors selling life insurance products depends on exclusivity, portfolio 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). Three campaigns for a one-time additional reward of contractors were carried out in 2020.

When entering into new agreements with agencies, priority is given to exclusive sales, as insurance distributors can offer policyholders a comprehensive range of products of the Group members. In 2020, e-learning for contract insurance distributors was held, thus enabling them to gain new knowledge and obtain certificates in accordance with the respective Insurance Supervision Agency's decision.

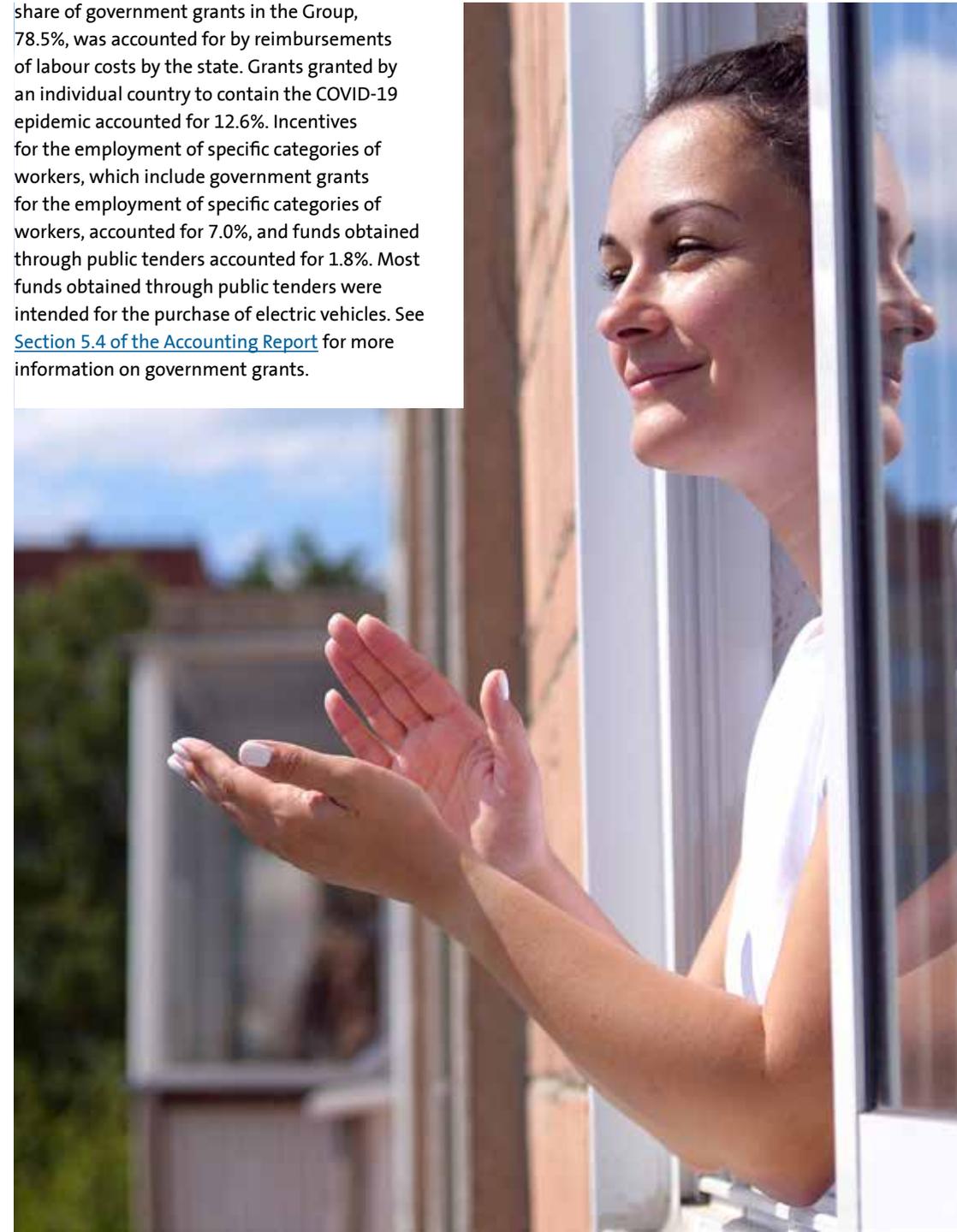
In markets outside Slovenia, the Group members cooperate with over 950 contractors (agencies, roadworthiness test providers, leasing companies, car dealers and banks). In the reporting year, they continued to expand partnerships, mainly with banks and car dealers. New partnerships with banks were thus established in Montenegro, Croatia, North Macedonia, and Bosnia and Herzegovina. The number of agencies and brokers increased, especially in Serbia and Croatia. Due to the COVID-19 pandemic, a lot of attention was paid to the development of sale to retail clients and the bonus schemes were upgraded with additional incentives. Several additional alternative sales channels were introduced.

In awarding a bonus, linear bonus schemes are used, which are upgraded with bonus commissions depending on the value of insurance policies, financial discipline and the claims ratio. Premium rates are universal (regardless of whether an insurance policy is new or renewed), whereas exclusive partnerships are additionally rewarded with benefits.

Government grants and other forms of government assistance³⁴

The Triglav Group received EUR 3.0 million in 2020, of which Zavarovalnica Triglav received EUR 2.1 million in government grants and other forms of government assistance. The largest

share of government grants in the Group, 78.5%, was accounted for by reimbursements of labour costs by the state. Grants granted by an individual country to contain the COVID-19 epidemic accounted for 12.6%. Incentives for the employment of specific categories of workers, which include government grants for the employment of specific categories of workers, accounted for 7.0%, and funds obtained through public tenders accounted for 1.8%. Most funds obtained through public tenders were intended for the purchase of electric vehicles. See [Section 5.4 of the Accounting Report](#) for more information on government grants.



12.4 Social aspects

12.4.1 Responsibility to employees³⁵

The human resource management policy of the Triglav Group aims to create a stimulating, development-oriented environment with engaged, healthy and satisfied employees. Thus, the Group is able to reach ambitious strategic and business objectives. In addition to the development and care for existing employees, new hires are carefully selected and onboarded. Employees are provided with opportunities for personal growth, development and career advancement. The Company values new knowledge, digital skills and cooperation, as well as promotes innovation, multiculturalism, and transfer of experience and knowledge through intergenerational cooperation.

Strategic human resource management guidelines and the recruitment policy

- A uniform organisational culture of the Triglav Group is being created, which supports the achievement of strategic objectives by pursuing corporate values, rules, methods of implementing processes, behaviour and methods of work of employees. The uniform organisational culture is based on constructive behaviour, teamwork, initiative, responsibility and cooperation. The desired organisational culture and engaged, healthy and satisfied employees help to build a reputable employer brand.
- The focus is on standardising employee management processes within the Group by implementing minimum standards and transferring good practices.

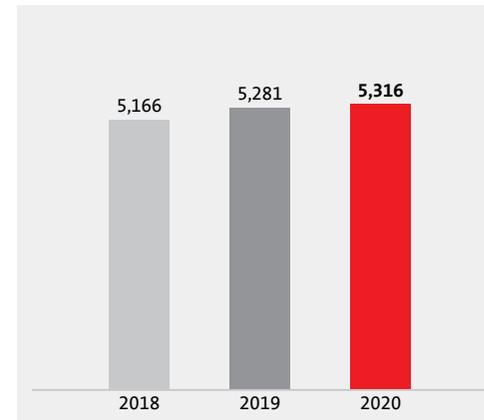
- The Company acquires, develops and retains the best employees, improves selection processes and promotes mobility both within an individual Group member and at the Group level. Onboarding and introductory mentoring has been established for new hires and development mentoring has been set up for promising employees, in addition to fostering intergenerational cooperation.
- Know-how is upgraded in all areas of work and the competencies necessary for the effective achievement of individuals' goals are developed on an ongoing basis. Employees are constantly trained in digital technologies and sales skills. In 2020, the main competency – responsibility was strengthened at the Group level.
- Special attention is paid to key and promising employees and all leaders. A licensed management system was developed, which will be introduced in 2021.
- The human resource information system (Gecko HRM) was launched in 2020 in Slovenian subsidiaries and began to be implemented in two other Group members outside Slovenia.

12.4.1.1 Recruitment and employee structure³⁶

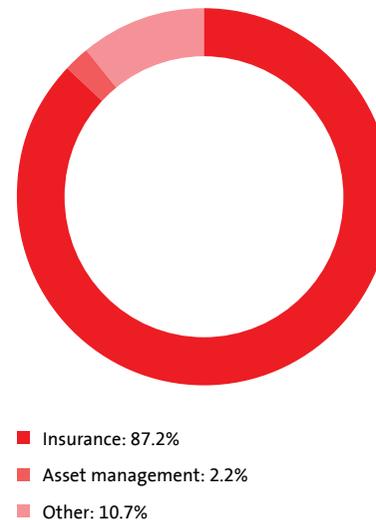
The Triglav Group had 5,316 employees as at 31 December 2020, an increase of 35 relative to the preceding year. Employment was strengthened mainly at Triglav Osiguranje, Belgrade, Triglav Osiguranje, Zagreb and Triglav, Zdravstvena zavarovalnica.

A total of 87.2% of all employees worked in the insurance activity, up by 0.2 percentage point compared to the year before. Employees in asset management activity, whose share decreased by 0.2 percentage point, represented 2.2% of all employees; the share of employees in other activities remained the same.

The number of employees in the Triglav Group as at 31 December

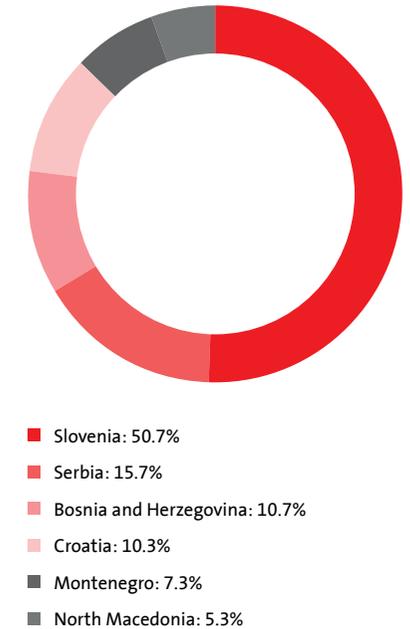


Employees by activity of the Triglav Group as at 31 December 2020

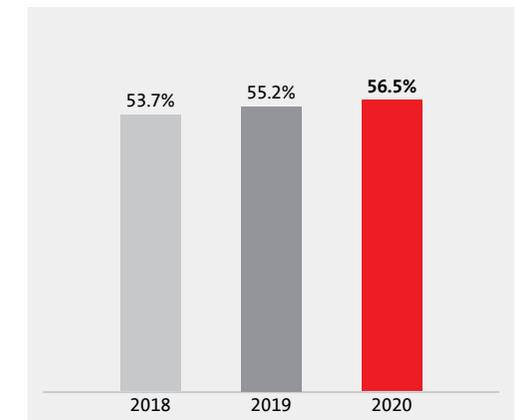


A total of 50.7% of all employees of the Group are employed in Slovenia, up by 0.5 percentage point relative to the preceding year.

Employees by market of the Triglav Group as at 31 December 2020



Proportion of employees at the Triglav Group with at least level VI education according to the Bologna study programmes as at 31 December



³⁵ GRI GS 103-1, 103-2, 103-3 | ³⁶ GRI GS 102-7, 102-8

The turnover rate³⁷ declined in both the Triglav Group and Zavarovalnica Triglav; it was 11.7% in the Group (compared to 14.4% in 2019) and 3.4% in the parent company (compared to 5.4% in 2019). Most leavers were aged between 26 and 35 years and above 56 years due to retirement, while the majority of new hires were aged between 26 and 40 years.

The average age of employees in the Group slightly dropped to 44.05 years (compared to 44.06 years in 2019); in the parent company it was 46.33 years (compared to 45.89 years in 2019). The average age of Zavarovalnica Triglav's Management Board members was 47.67 years.³⁸

In Slovenia, senior management is hired from the local community, as is the majority of senior management in the markets outside Slovenia.³⁹

The composition of employees by gender remained unchanged, with the share of women standing at 53.5%. The proportion of women among the members of the Management Board of Zavarovalnica Triglav was 33.3%.⁴⁰ In all employee categories, activities and countries where the Group operates, the basic salary of men and women is equal.⁴¹

A total of 90.7% of employees in the Group were employed under the collective agreement (compared to 91.1% in 2019) and 91.4% in the parent company (compared to 92.1% in 2019). The remaining 9.3% were employees with individual agreements.⁴² Benefits are the same for all employees, be it permanent full-time employees, fixed-term employees or part-time employees.⁴³

Employees at the Triglav Group and Zavarovalnica Triglav by type of employment (full-time, part-time) as at 31 December 2020⁴⁴

Type of employment	Triglav Group						Zavarovalnica Triglav					
	2020		2019		2018		2020		2019		2018	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Part-time	251	4.7	267	5.1	295	5.7	77	3.4	91	4.0	91	4.0
Full-time	5,065	95.3	5,014	94.9	4,871	94.3	2,167	96.6	2,162	96.0	2,199	96.0
Total	5,316	100.0	5,281	100.0	5,166	100.0	2,244	100.0	2,253	100.0	2,290	100.0
Fixed-term	779	14.7	793	15.0	655	12.7	49	2.2	46	2.0	35	1.5
Permanent	4,537	85.3	4,488	85.0	4,511	87.3	2,195	97.8	2,207	98.0	2,255	98.5
Total	5,316	100.0	5,281	100.0	5,166	100.0	2,244	100.0	2,253	100.0	2,290	100.0

Employees at the Triglav Group and Zavarovalnica Triglav by age and gender as at 31 December 2020⁴⁵

Age group	Triglav Group						Zavarovalnica Triglav					
	2020		2019		2018		2020		2019		2018	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
From 18 to 19	4	0.1	5	0.1	5	0.1	0	0.0	0	0.0	0	0.0
From 20 to 25	138	2.6	135	2.6	116	2.2	17	0.8	16	0.7	17	0.7
From 26 to 30	389	7.3	403	7.6	397	7.7	100	4.5	115	5.1	121	5.3
From 31 to 35	588	11.1	622	11.8	645	12.5	191	8.5	202	9.0	224	9.8
From 36 to 40	813	15.3	786	14.9	780	15.1	285	12.7	288	12.8	297	13.0
From 41 to 45	909	17.1	923	17.5	905	17.5	409	18.2	403	17.9	422	18.4
From 46 to 50	852	16.0	878	16.6	829	16.0	413	18.4	446	19.8	434	19.0
From 51 to 55	803	15.1	766	14.5	749	14.5	451	20.1	437	19.4	434	19.0
56 and over	820	15.4	763	14.4	740	14.3	378	16.8	346	15.4	341	14.9
Total	5,316	100.0	5,281	100.0	5,166	100.0	2,244	100.0	2,253	100.0	2,290	100.0
Gender												
Men	2,472	46.5	2,456	46.5	2,470	47.8	1,114	49.6	1,116	49.5	1,128	49.3
Women	2,844	53.5	2,825	53.5	2,696	52.2	1,130	50.4	1,137	50.5	1,162	50.7
Total	5,316	100.0	5,281	100.0	5,166	100.0	2,244	100.0	2,253	100.0	2,290	100.0

Gender diversity by different categories at the Triglav Group and Zavarovalnica Triglav as at 31 December 2020 (%)⁴⁶

Triglav group	Share (%)			Index	
	2020	2019	2018	2020/2019	2019/2018
Women employees to total employees ratio	53.5	53.5	52.2	100	102
Proportion of women at the first management level under the Management Board	45.8	46.9	47.2	98	99
Proportion of women at first and second management levels under the Management Board	42.1	43.5	42.2	97	103
Women in management to women employees ratio	73.5	75.2	73.8	98	102
Zavarovalnica Triglav					
Women employees to total employees ratio	50.4	50.5	50.7	100	99
Proportion of women on the Management Board of Zavarovalnica Triglav	33.3	33.3	40.0	100	83
Proportion of women on the Supervisory Board of Zavarovalnica Triglav	0.0	11.1	11.1	0	100
Proportion of women at the first management level under the Management Board	25.9	32.1	33.3	81	96
Proportion of women at first and second management levels under the Management Board	37.9	36.8	35.7	103	103
Women in management to women employees ratio	74.7	72.4	70.9	103	102

12.4.2 Employee training and development⁴⁷

Education and training

Through the education and training of employees, knowledge is provided for the achievement of the Group's strategic objectives. High-quality training courses provided to employees also during the COVID-19 pandemic, but in a modified form as of March 2020. **The manner of organising training courses was adapted** and during the year all training programmes were transferred to MS Teams and other similar online applications.

Most training courses were held in-house (53% as interactive webinars, 32% online via the eCampus portal and 15% in the traditional form). The emphasis was on insurance topics, training in business communication and various business, financial and legal topics. Due to the transition to remote business, the Company held several **training courses in digital skills** and courses on how to use various applications and tools (MS Teams, e-pen, digital signature) and provided educational content on the importance of using social networks in sales. An emphasis was also placed on **maintaining the health and stability of employees in the uncertain situation** brought about by the pandemic. To support employees, **new educational content** was provided on personal relationships during self-isolation and emotional intelligence in crisis management, and a lecture for parents and a lecture on proper movement while working at the office and at home were held.

Insurance agents continued to attend the **Sales Academy**, while their supervisors attended the **Sales Management Academy**. As part of transforming the organisational culture, educational programmes for the development of leaders continued to be carried out by introducing the strengths-based leadership concept. Three teams of trained coaches were joined by a new

group consisting of in-house coaches from various Group members. At the parent company, the **School of Leadership** took place as a series of webinars for new leaders, while new educational programmes were designed to help with remote leadership (Leading hybrid teams, Leading people we can't see, A macroeconomic perspective on the COVID-19 consequences).

Over 1,100 employees of the parent company requiring an authorisation to conduct insurance agency business (i.e. a license) were provided educational content in order to complete the required **20 teaching hours of training** per year. In accordance with the recommendation of the Insurance Supervision Agency, a compulsory final exam was introduced for webinar participants.

More extensive training programmes included: the DIMAQ (digital marketing qualification) training programme, the Train the Best Trainer training programme, the ResQ and QRadar workshops and the Guardium training, and a preparatory course for obtaining an authorisation to conduct insurance agency business.

Promising employees of the most recent generation were able to participate in the training event Knowledge Matters organised by the Centre of Business Excellence at the School of Business and Economics. As part of **TIBA Alumni** (Triglav International Business Academy), a training meeting **Staying in touch when out of reach** was held for all promising employees. Specialised in-house training was provided to employees of subsidiaries, which took place for the tenth year in a row. It was called **Triglav Autumn & Winter School 2020**, and it connected 36 participants and 38 mentors. A training programme was developed for remote mentoring for mentors, while mentees participated in the training course entitled How to come up with new solutions by thinking outside the box.

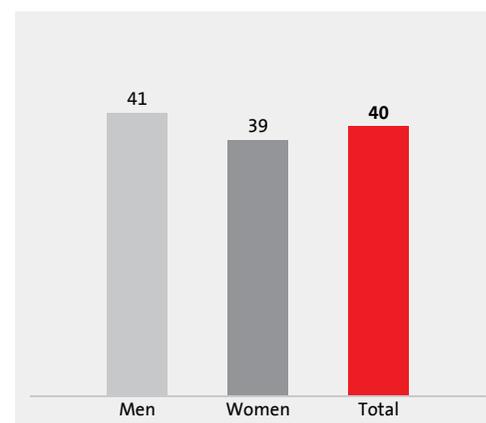
Employees from the Group members also participated in in-house training programmes. In total, employees from the Group members attended **4,613** hours of training organised by the parent company.

Apart from that, **employees at external points of sale** participated in various online training courses, which focused on insurance products and consumer protection.

The Group's online training focused on specialised topics of insurance business and sales skills, occupational safety and health, and preparation for obtaining a license. In the field of information security, personal data protection and the prevention of money laundering, Zavarovalnica Triglav employees' training lasted a total of 3,219 teaching hours via the eCampus portal, i.e. 18.1% of time of all types of training or 52.4% of online training at Zavarovalnica Triglav.⁴⁸

Investments in the training programme at the Group amounted EUR 1.5 million (index 69). The lower training costs are the result of a smaller

The average number of functional training hours in Zavarovalnica Triglav in 2020 by gender⁴⁹



number of external training courses and webinars, which also reduced some indirect costs.

The majority of employees participating in training were aged between 26 and 30 years, whereas those over 56 years were the fewest in number. Men participated in training on average two hours more than women.

Employees are encouraged to continue their **formal education** at all times. Full or partial funding of work study was provided to 130 employees of the Group. Scholarships were provided to 27 high school and university students, while obligatory work placement was provided to 36 high school and university students despite the pandemic-related measures. Cooperation with faculties continued and the Company presented its activities to high school and university students on several occasions. A total of 30 young employees completed traineeship under the guidance of mentors.

Management by objectives and development of competences⁵⁰

A total of 70% of employees at the parent company are included in the management-by-objective system, which is also implemented in various forms in most other companies in Slovenia. Insurance subsidiaries outside Slovenia introduced management by objectives for anyone whose remuneration is not based on the commission system. 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 (the top-down approach) and monitored at quarterly interviews. Employees in insurance sale are subject to the already described commission-based remuneration.

The competency model is integrated into annual development interviews by defining individual competency profiles and development activities. The development of employees' competencies is planned based on the performance of tasks and duties as well as the current and anticipated requirements.

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

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). The fit and proper assessment of the management board members, the supervisory board members and key function holders in the Group is carried out based on national legislation and adopted internal documents, which is also described in [Section 5. Corporate Governance Statement](#). Said assessment was again performed in all insurance subsidiaries.

12.4.2.1 Organisational vitality (climate) and organisational culture⁵¹

The organisational vitality survey (ORVI) in 2020 exceeded the Group's expectations in many respects and showed that the Group is responding appropriately to changes in the environment. The survey included the largest number of employees so far; a total of 3,870 or 88.2% of employees in

14 Group members in which ORVI is measured participated in the survey. The responsiveness was 1.9 percentage points higher than the year before (86.3% in 2019).

The aggregate ORVI index is composed of the indicators (indices) work environment, systems, operational management, personal view and engagement, which are further classified into ten categories. Organisational vitality in the Group improved; furthermore, improvement was

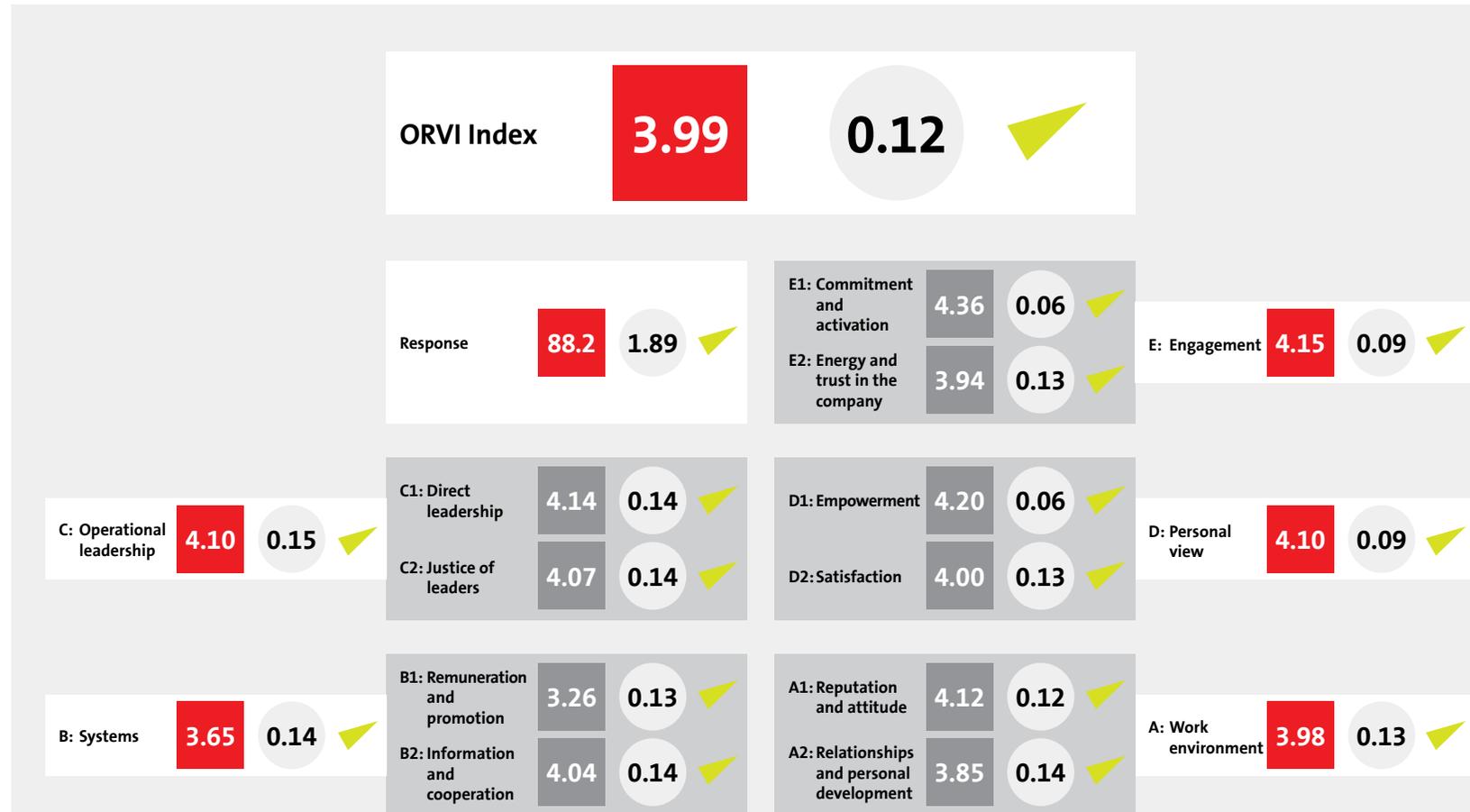
measured in all indices and categories. **The ORVI index stood at 3.99** (compared to 3.88 in 2019).

The Group's employees perceive their work environment as positive; they are satisfied with regular employment, working time, their co-workers and direct supervisors. An improvement was seen in the categories *Information and cooperation* and *Relationships and personal development*. Improvement was also seen in the *Remuneration and promotion* category.

The **ORVI index of the parent company** is higher than that of the Group. For the first time, it exceeded 4.00 and stood at 4.03 (compared to 3.92 in 2019). All other indicators also improved.

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.

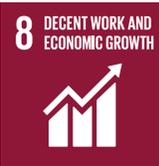
Results of organisational vitality (ORVI) of the Triglav Group in 2020



⁵¹GRI GS 102-43, 102-44

12.4.3 Occupational health and safety⁵²

Zavarovalnica Triglav set up an occupational health and safety management system, which includes several components: ensuring occupational health and safety at work and identifying risks and hazards related to work and the work environment. It includes their management, treatment of injuries at work, dangerous occurrences and occupational diseases, implementation of training in health protection, provision of personal protective equipment, psychosocial support for employees and health promotion at work and numerous activities within the Triglav.smo programme.



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 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.⁵³

The Safety Statement and Risk Assessment for individual **job categories** include an assessment of hazards and harmful effects, which could impact the health of employees, and the foreseen prevention and mitigation measures. It is an ongoing process, which involves making regular revisions of assessments and updating the measures; employees are also directly involved in this process. 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 before taking up employment.⁵⁴

Care for occupational health and safety is **promoted among clients** through insurance products. Anyone (employer) wishing to conclude group accident insurance can only do so if they fulfil the requirements relating to occupational health and safety.⁵⁵

Participation in training and taking an exam on **fire safety and occupational health and safety** are mandatory, while employees acquire other knowledge in the e-classroom. In addition, a mix of the Company's communication channels is used for raising awareness. The Company carries out the **Protecting Health** (Zavarujmo zdravje) health promotion programme with an emphasis on mental health. The measures of the full Family-Friendly Enterprise Certificate and activities in the context of the Triglav.smo programme both contribute to health protection. Several good practices of this programme are being transferred to the Group.⁵⁶

In the reporting year, the health promotion programme was adapted to the situation caused by the epidemic by raising employees' awareness of the importance of complying with the recommendations to curb the spread of infection, providing protective equipment and organising remote work, and holding workshops and training for employees on how to care for one's mental health during the epidemic.

The four-day preventive health programme **Days of Health** (Dnevi zdravja) was continued in 2020, which, however, was attended by fewer employees due to the epidemic. If the epidemiological situation allows, the programme will continue in 2021.



Due to the large share of older employees, the Company pays close attention to **ageing in the workplace**, reminding employees of the importance of exercising regularly, eating healthy and abandoning unhealthy habits and educating them on the sitting posture, relaxation and stress management.

To raise employee awareness, various communication channels are used as part of the Protecting Health programme that promotes health (on the screen: Drink a glass of water).

Working safely during the pandemic

Upon the announcement of the COVID-19 pandemic, in order to protect the health of employees and clients, the Company immediately set about managing the spread of the new coronavirus. A crisis team was set up in the parent company to draw up work instructions, organise work and keep up-to-date information on the rapidly changing epidemiological situation in the country. The crisis team will be active throughout the pandemic and will be in constant contact with the management and leaders; the good practice of crisis management was transferred to the Group members.

To ensure business continuity, the Company introduced regular testing of key employees and reporting of infections to the hotline number and mailbox, and ensured that all employees received up-to-date information, recommendations and forms through the intranet throughout the year. The occupational health and safety area showed high competencies and provided employees with a high level of safety throughout the pandemic with appropriate work organisation and protective equipment. Special attention was paid to ensuring a good climate in the working groups, which had to adjust to working from home overnight.

Instructions were drawn up on how to arrange work space at home for all employees working from home. The suitability of the home environment for work was checked in cooperation with employees, as it is important to the Company that it meets the basic occupational health and safety requirements.

The employees who had to work at the Company's premises due to the nature of their work were regularly informed about the compliance with the required safety measures. In addition, they were provided with sufficient quantities of protective masks and disinfectants

and plexiglass partitions were installed in more exposed workplaces (e.g. windows intended for sale and claim reporting, the canteen).

Support to employees in the event of workplace violence⁵⁷

In addition to modern technical security measures to protect both the employees and the business premises, regulations and instructions ensuring a safe work environment are in place. Employees who are in contact with clients are trained in how to respond in the event of violence, robbery or threats.

Fire safety

With regard to fire safety at the Group, 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. Furthermore, 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.

Due to the pandemic, e-training was established, which is carried out by an authorised provider for training in fire protection in cooperation with the Training Department. Visits and inspections of buildings and premises were carried out according to the annual plan, but, due to the situation, fire

Matej Eigner, Director of the Insurance Law Department, Zavarovalnica Triglav

“We have established both a core and extended crisis team early on and managed it effectively, thus information flowed quickly in all directions. Taking into account the local situation, appropriate measures were taken by all companies; however, measures were generally adopted in a uniform manner, also when purchasing protective equipment. The conditions for working from home were met in a short time, with IT staff playing a major role. It is important for everyone that we have drawn up the rules regulating working from home. Based on our experiences so far, I believe that the scope of working from home and remote business will increase in the future.”



evacuation drills did not take place. Maintenance and regular inspections of active fire protection systems are performed within the prescribed deadlines. A total of 26 fire safety audits were performed in 2020.

Occupational health and safety topics covered in formal agreements with trade unions and in the collective agreement⁵⁸

Safe working conditions at 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. Employees are provided with the prescribed work equipment and personal protective equipment, and periodic medical examinations are carried out in line with the timeline and scope foreseen for individual job categories.

Injuries at work⁵⁹

The number of injuries at work at the Group level remained small. In 2020, this number decreased significantly in both the Group and the Company.

Injuries at work at the Triglav Group and Zavarovalnica Triglav

Triglav Group	2020		2019		2018		Index	
	Number	Percentage	Number	Percentage	Number	Percentage	2020/2019	2019/2018
At work	7	63.6	11	55.0	8	57.1	64	138
On business trips	4	36.4	9	45.0	6	42.9	44	150
Total	11	100.0	20	100.0	14	100.0	55	143
Zavarovalnica Triglav								
At work	1	25.0	2	28.6	3	37.5	50	67
On business trips	3	75.0	5	71.4	5	62.5	60	100
Total	4	100.0	7	100.0	8	100.0	57	88

The number of lost work days in the Group dropped due to the lower number of injuries at work.

Lost work days and lost time incident rate due to injuries at work at the Triglav Group and Zavarovalnica Triglav

Triglav Group	2020		2019		2018		Index	
	Number	Percentage	Number	Percentage	Number	Percentage	2020/2019	2019/2018
Lost work days due to work-related injuries	289		754		529		38	143
Lost time incident rate – LTIR*	0.21		0.38		0.27		56	143
Zavarovalnica Triglav								
Lost work days due to work-related injuries	98		73		106		134	69
Lost time incident rate – LTIR*	0.17		0.30		0.35		58	88

* The number of work-related incidents/total number of hours of all employees * 200,000

Each injury at work which would render an employee unfit for work for more than three working days, each dangerous occurrence and each established occupational disease must be reported to the Labour Inspectorate of the Republic of Slovenia. The Company recorded one dangerous occurrence (compared to five in 2019) and no occupational diseases in 2020.⁶⁰

Absenteeism⁶¹

In the Triglav Group, the absenteeism rate was 4.51 and was 0.16 percentage point lower than in 2019, with the proportion of absenteeism paid by the Company decreasing by 0.19 percentage point (sickness benefits up to 30 days). In contrast, the lost time incident rate for which the costs are borne by other organisations increased by 0.03 percentage point (sickness benefits over 30 days, nursing and/or accompanying a sick person). The absenteeism rate at the parent company was also lower and stood at 4.61% (compared to 4.75% in 2019). The lost time incident rate for which the costs are borne by the Company fell by 0.24 percentage point, whereas the lost time incident rate for which the costs are borne by the Health Insurance Institute of Slovenia rose by 0.10 percentage point.

12.4.4 Care for employee satisfaction⁶²

Family-Friendly Enterprise Certificate

Zavarovalnica Triglav is planning for the long-term preservation of cognitive skills and the promotion of both physical and mental health of its employees. As part of the **Triglav.smo** programme, the Company combines numerous activities to enhance the satisfaction of its employees. The awareness and knowledge of all important aspects of our lives was strengthened through various workshops and events. Employees were regularly informed about events and the operation of this programme. To a lesser extent, such activities are also carried out in the Group members.

The measures of the **Family-Friendly Enterprise Certificate** are designed to provide for a better work-life balance of the Company's employees. The Company has been the holder of the full

Family-Friendly Enterprise Certificate since 2012 with a regular audit was performed in 2020.

All the Company's employees had in-house psychological counselling available in 2020. Educational activities in mental health were held, while further emphasising the importance of the work of the **Psychological Pulse** (Psihološki utrip) group, in which a psychologist and a psychotherapist provide psychological help to employees.

Additional benefits for employees:⁶³

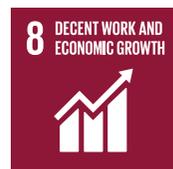
- supplemental pension insurance for 59% of the employees of the Triglav Group and for 96% of the employees of the parent company;
- payment of group accident insurance premium;
- favourable conditions for taking out additional accident insurance for employees and their family members;
- additional accident 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 group insurance package Comprehensive Medical Care (Celostna zdravstvena oskrba – CZO), in which 73% of all employees of the Group and 83% of the parent company are included.

The Group members operating outside Slovenia also provide benefits to their employees, such as discounts on medical examinations, the payment of accident insurance premium, discounts on other types of insurance and, in some companies, the payment of voluntary health insurance premium.

Parental leave or part-time work at the Triglav Group and Zavarovalnica Triglav in 2020⁶⁴

Triglav Group	Women	Men	Total
Maternity leave, child care leave	119	4	123
Paternity leave of 20 days		46	46
Paternity leave of 75 days (up to the child's age of three years)		4	4
Option of part-time working	73	1	74
Number of employees who returned to work after maternity leave in the reporting year	94	2	96
Return rate after parental leave	90%	67%	90%
Zavarovalnica Triglav			
Maternity leave, child care leave	23	2	25
Paternity leave of 20 days		40	40
Paternity leave of 75 days (up to the child's age of three years)			0
Option of part-time working	34	1	35
Number of employees who returned to work after maternity leave in the reporting year	23	1	24
Return rate after parental leave	92%		96%

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.

Relationships among employees and management, trade union activities⁶⁵

The agreement on worker participation in the management of Zavarovalnica Triglav specifies the manner of implementation of the workers' rights under the Worker Participation in Management Act. The agreement also sets out other rights and the manner of workers' participation in management, which is both individual and collective. Two representative trade unions are active in Zavarovalnica Triglav and the Works Council. The Company concluded a special agreement and cooperates 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 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 rights⁶⁶

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. Mutual relationships are regulated by **the Triglav Group Code**, which promotes the prevention of discrimination, harassment and mobbing in the workplace. In the implementation of the Code, individual Group members also comply with the applicable local legislation. At Zavarovalnica Triglav, discrimination and unwanted conduct are additionally governed by the Rules on the protection of workers' dignity at work, under which a confidant is appointed with the approval of the Works

Council. Insurance subsidiaries outside Slovenia have internally defined resolving mechanisms and joint reporting of violations of the Code.

The Company incorporated into its business processes the Commitment to respect human rights in business, which it signed the year before as part of the national action plan. With it, as the Group's parent company, the Company committed itself to respecting human rights in the entire business process and to avoiding and preventing possible negative impacts on ensuring human rights.

Great care is taken not to expose employees to any conflicts and unwanted conduct that would undermine their dignity, while any disagreements are attempted to be resolved through dialogue. To ensure comprehensive dispute resolution, resolving a dispute begins at its earliest stage, with the cooperation of a number of experts (the mediator, the committee for consideration of unacceptable behaviour) and supervisors. Violations of the Code upon a suspicion of violation of dignity at work may be reported to the supervisor, **the Compliance Department** or **the employees' confidant**. Each reported violation is dealt with according to a predetermined procedure with the protection of the person who reported the violation.

In 2020, there was no reported case in the Group that would prove to be an interference with the fundamental rights to protect dignity and/or unacceptable behaviour such as discrimination, harassment or mobbing in the workplace as defined by the Triglav Group Code or the Rules on the protection of workers' dignity at work. Some conflicts were reported to the confidant, who was involved in their resolution; however, at the request of the persons reporting the violations, they were resolved without initiating a formal procedure.⁶⁷

Promoting innovation and improvements

The **Ideja IN** programme, which encourages creativity, putting forward good ideas and proposing improvements at Zavarovalnica Triglav, is in the process of being revised. From 2021, the process will be managed by several departments; submitting ideas and considering them will take place via the human resource information system Gecko HRM. A total of eight employee proposals were considered in 2020, four of which were identified as a good idea and rewarded. One of the rewarded ideas has been realised, two are in the implementation phase and were discussed by competent persons, and one will be at least partially realised in the future. Some other Group members also have a system for putting forward and considering good ideas.

Care for employees outside working hours

In most Group members, employees have the opportunity to take part in various forms of socialising and sports activities outside working hours, but in 2020 they were reduced due to the pandemic.

Thus, the traditional social and sports activities outside working hours, such as the Triglav Group Day – Our Day, sports games of financial organisations (ŠIFO) and gatherings with retired Triglav employees, did not take place. The Group members communicated even more with their employees and encouraged them to socialise remotely. Over 23% of employees of the Group members and almost 40% of the employees of the parent company were members of mountaineering and sports clubs.

12.5 Responsibility towards clients⁶⁸

A client-centric approach is one of the key strategic guidelines of the Triglav Group, which is why it aims to build long-term relationships with its clients and contractors. The Group monitors their requirements and needs, adapts its operations to them and strives to effectively resolve any disagreements.

Marketing and labelling⁶⁹

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, mutual fund prospectuses and key investor information are appropriate and fair and that clients are treated professionally and equally. Priority is given to transparency, comprehensibility and accessibility of its products and services, which is taken into account already during their development. The Company also strives for a responsible attitude towards clients throughout the whole lifecycle. It follows the guidelines of supervisory bodies and adopted a policy of management and control of insurance services and products, their distribution and appropriate information. See [Section 11. Development and marketing activities for more information.](#)

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 financial and insurance contracts remotely. See [Section 11.5 Adjustment to regulatory changes for more information.](#)

Product and service accessibility and portfolio⁷⁰

Constant development and use of modern technologies provide greater accessibility and simplicity of services, ongoing interaction, new forms of partnerships and the upgrading of products into services. During the pandemic, various measures for greater access to services were taken and changed ways of doing business were implemented, which is also described in [Section 11.1 Comprehensive client relationship.](#)

- Telematics to promote safe driving:** The DRAJV mobile application was completely redesigned and its functionalities expanded, such as the display of the speed limit on a given road section and immediate warning of driving errors. The application is regularly used by 56,000 drivers, which is 15% more than in 2019. Using the application, safe drivers can get up to a 25% DRAJV discount when taking out motor vehicle insurance, and young drivers can also receive up to a 25% additional discount on the premium. In the three months of the strictest movement restrictions, 400 kilometres driven were added to active users, thus supporting the efforts to curb the COVID-19 epidemic.
- A safe driving simulator at Triglav Lab:** Young drivers can take a practical driving test on a simulator to obtain a 10% discount when concluding a young driver's insurance policy. They can also get another 10% discount by attending a safe driving workshop.
- A mobile application for 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 centres are set up in the affected areas, thereby facilitating the



appraisal of damage. In 2020, nine mobile appraisal units were set up after six major hail storms in Slovenia, which carried out a total of over 2,200 appraisals of damaged vehicles.

- Simplified claim settlement:** A new way of taking over claims was established, which provides greater flexibility and reduces risks in claim settlement procedures by introducing a claim management tool. The Company began to digitalise legal claims and automate the payout of annuities.
- Remote inspection and claim reporting:** A solution for remote inspection using a client's smart phone was integrated into claim applications. With the integration of the GIS application (geographic information system), claims may be displayed on maps using the selected filters. Clients who report a claim with the help of an authorised person are now able to sign a claim report on the authorised person's mobile phone or remotely.
- Use of drones to appraise crop damage, damage to major buildings and assumption of the non-life insurance risk:** Damage assessment and appraisal and risk assumption using drones was launched to ensure a quick, safe and accurate damage assessment.

By taking a practical driving test on a simulator at Triglav Lab, young drivers can obtain a discount when concluding a young driver's insurance policy.



- **Paperless operations:** Paperless exchange of claim documentation was enabled for the contractors who help to repair damage. Paperless communication with clients takes place in the settlement of non-life insurance claims, with the client's consent to electronic correspondence. Complete e-communication takes place with authorised contractors for body repairs of damaged vehicles.
- **Prevention advice and insurance literacy:** Advice on the main insurance concepts and principles is provided on the Vse bo v redu online portal, in the context of which *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.
- **Online asset management and transactions with mutual funds and investment solutions:** Due to the clients' limited accessibility to asset management services during the epidemic, the **Triglav Skladi** mobile application was launched. The application, together with a remote signature, enables safe and easy management of the investment portfolio, keeping up to date with news, expert articles on capital markets and investment recommendations. The **Moj račun** (My Account) online application provides comprehensive online services related to mutual funds and investment solutions. The **Zaslužite si več** (Earn More) communication platform, to which educational video content, guides (tutorials) and e-manuals were added, provides support for learning about and becoming aware of alternative investment solutions and helps build awareness and financial literacy.

- **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.
- **Accessibility in client communication:** See [Section 11.1 Comprehensive client relationships](#) for more information about online communication channels and tools. In addition to the those, clients can receive information on non-life and life insurance products by calling the **toll-free number 080 555 555** and information on health insurance by calling Triglav, Zdravstvena zavarovalnica's toll-free number 080 2664. Information on Triglav Skladi's investment solutions is available on the toll-free number 080 1019. The **assistance and general information centre** is available 24/7 at the special phone number 080 2864 (for calls from abroad: +386 2222 2864), where claim reporting by phone was enabled during the epidemic and information on insurance products was provided. 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.⁷¹



Insurance products and services designed to promote environmental responsibility⁷²

- Insurance products for **solar power plant insurance and micromobility insurance**, which include insurance for electric means of transport, are designed to promote the use of energy from renewable sources and the use of means of transport with zero CO₂ emissions.

- By offering **co-financed agricultural insurance** products, the Company encourages the production and consumption of locally produced food, thus helping to shorten food supply chains.
- With the **development of index-linked insurance** in the framework of agricultural insurance, the Company helps to reduce emissions into the environment, because claim settlement processes are carried out remotely and do not require a presence in the field.
- **By promoting insurance for crops in protected areas** (greenhouses), food production using a smaller quantity of phytopharmaceuticals is encouraged.
- 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.
- In partnership with the Association of Slovene Rural Youth, the Company raises awareness of **young farmers** with regard to risk management in agriculture.
- **With its premium policy, the Company encourages less intensive animal production**, which is not only environmentally friendlier, but also involves fewer insurance risks. Cattle insurance products were adapted to the local geography and small and medium-sized livestock farms in order to maintain agricultural production in areas less favoured for agricultural activity.



The Triglav Zeleni equity fund invests in the shares of leading companies in the field of sustainable development and social corporate responsibility.

- Remote sensing technology with satellite-based soil moisture measurement was added to **crop insurance against drought**, which is being transferred to subsidiaries outside Slovenia.
- In asset management, Triglav Skladi developed the **Triglav Zeleni equity socially responsible fund**, which invests in the shares of leading companies in the field of sustainable development and social corporate responsibility. It is intended for anyone who believes in a green future and wishes to accumulate part of their savings by investing in innovative and environmentally friendly companies.

Access to insurance services for people with various disabilities⁷³

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. In 2020, access and toilets in three buildings were renovated (installation of a lifting platform that enables access to people with disabilities to the basement, renovation of toilets in accordance with the guidelines and recommendations of the Slovenian Paraplegic Association at Dunajska cesta, improved access and renovated paths in the context of the renovation of the OU Ljubljana head office and access to the branch office in Grosuplje).
- 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 practices⁷⁴

The Triglav Group Code (hereinafter: the Code) sets out the principles of fair and ethical conduct and applies to all insurance and financial companies of the Group. The main principles it addresses are 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. The Code's content is constantly communicated to the employees and included in employee training.

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 violations of the Code. These rules were transferred to other Group members through minimum compliance standards.

In 2020, no major non-compliance issues were identified in the Group with regard to the violations of the Code and internal fraud.⁷⁵ No major inconsistencies were found in the Group by external supervisory bodies, but two proceedings are pending regarding the interpretation of provisions relating to a possible change in annuities from supplemental voluntary pension insurance.⁷⁶

Insurance fraud management

By managing insurance fraud, both the Company's and the policyholders' costs are reduced. Suspicions of fraud are identified with the use of advanced software solutions for quick and easy identification of suspicious cases. The technology introduced also gives the Company guidelines for the proper establishment of key internal controls for fraud prevention and identification, while at the same time helps to measure the Company's effectiveness in preventing insurance fraud.

Systematic training and awareness raising activities are carried out for all employees so as to effectively identify insurance fraud, particularly with respect to taking out insurance and claim settlement. In the fight against fraud, the Company actively collaborates with other insurers and competent state authorities.

During the epidemic and the remote implementation of processes, the Company began to monitor new forms of fraud and adapted work procedures to the changed circumstances.

Insurance fraud was confirmed in 763 cases out of 1,331 reported cases of suspected fraud in 2020. Of these, 38 suspicions of fraud were reported by external individuals (whistleblower reporting via a form on the website, a telephone line for reporting fraud or by email to the email address prevare@triglav.si). Fraud was confirmed in 20 cases and one investigation is still pending. The number of confirmed cases of suspected fraud was 13% higher than in 2019.⁷⁷

Anti-corruption measures and personal data protection⁷⁸



The Triglav Group's anti-corruption policy completes the rules of conduct in proceedings in which the risk of corruption is identified. The obligatory contractual provision regarding legal relationships with the Group's contractors is an anti-corruption clause. Through regular training and communication, employees are provided training in fair and transparent conduct and responding to any identified irregularities. No cases of corrupt practices were confirmed in 2020.

With regard to **personal data protection**, Zavarovalnica Triglav held education and training courses for its employees, upgraded internal controls on personal data protection and the level of informing the individuals about the processing of their personal data by the Company. At the Group level, the internal rules were updated and further steps were taken in the

implementation of uniform rules for personal data processing and protection.

The Information Commissioner initiated seven inspection proceedings against Zavarovalnica Triglav in 2020, three of which were based on self-reporting an identified violation of personal data protection and two on the basis of *ex officio* reporting. Three supervisory proceedings are pending; in one case the supervisory body was instructed to eliminate irregularities and in three cases the proceedings were suspended. The Information Commissioner also issued a decision to suspend the proceedings in three inspection proceedings from 2019 and initiated one misdemeanour proceeding, which is pending. One supervisory proceeding was initiated in the subsidiaries of the Group, in which recommendations were issued.⁷⁹

Monetary value of all contributions to political parties⁸⁰

According to the Political Parties Act, Zavarovalnica Triglav may not and does not finance political parties. Such financing and other political activities are also banned by the corruption risk management policy of the Triglav Group; therefore, neither are carried out by any of its members.

Client satisfaction⁸¹

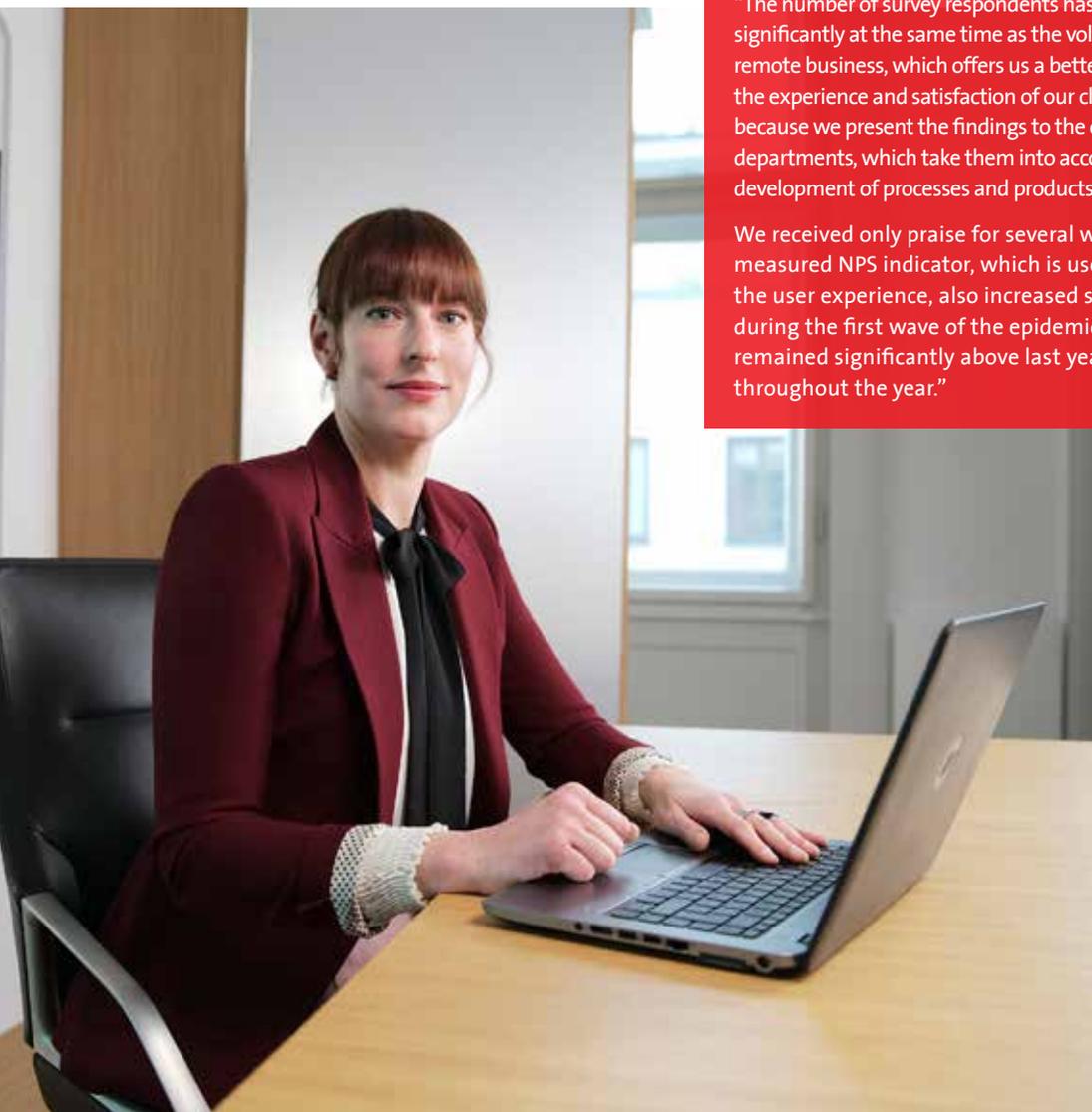
The Company systematically measures and monitors clients' satisfaction, analyses their experience and obtains feedback so as to improve its services. According to the obtained results, client satisfaction is increased through additional employee training, by upgrading claim applications and monitoring sales.

The system for client relationship management and client satisfaction and loyalty measurement (Net Promoter Score – NPS) allows to obtain the necessary information, the profiles of

⁷³ GRI G4-FS14 | ⁷⁴ GRI GS 103-1, 103-2, 103-3, 102-16 | ⁷⁵ GRI GS 205-1 | ⁷⁶ GRI 419-1 | ⁷⁷ GRI GS 419-1, 205-1, GS 205-3, SASB: FN-AC-510a.1

⁷⁸ GRI GS 103-1, 103-2, 103-3, SDG 16 | ⁷⁹ GRI GS 419-1, GS 418-1 | ⁸⁰ GRI GS 415-1 | ⁸¹ GRI GS 103-1, 103-2, 103-3, 102-44

policyholders and potential clients, and user experience. **The NPS index for Zavarovalnica Triglav** in 2020 stood at 67.1, the highest so far, increasing by 10.7 index points compared to the preceding year. Client satisfaction was also measured with the NPS index in Triglav, Zdravstvena zavarovalnica, Triglav, pokojninska družba, Triglav Svetovanje, Triglav Skladi, Triglav Osiguranje, Zagreb, Triglav Avtoservis and Triglav Osiguruvanje, Skopje. In 2021, measurement will also begin in other insurance subsidiaries outside Slovenia and the number of client contact points will be increased. In the NPS survey for the insurance industry, the scope of client contact points was expanded in the area of assistance (measurement via SMS text messages). See [Section 11.1 Comprehensive client relationships for more information](#).



Katja Goričan, an independent business analyst, Zavarovalnica Triglav

“The number of survey respondents has grown significantly at the same time as the volume of remote business, which offers us a better insight into the experience and satisfaction of our clients. This is because we present the findings to the competent departments, which take them into account in the development of processes and products.

We received only praise for several weeks. The measured NPS indicator, which is used to assess the user experience, also increased significantly during the first wave of the epidemic, but remained significantly above last year’s values throughout the year.”

An important indicator of client satisfaction are complaints and compliments, which are monitored, resolved and analysed promptly. A total of 2,941 complaints were registered by the Company in 2020 (up by almost 5% compared to the preceding year), most

of which were related to non-life insurance, whereas only 5% 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 (93%). A total of 10% of registered complaints were founded and 16% were partly founded. In addition, 50 compliments were received (compared to 57 in 2019).

Twice a year, the Management Board discusses a report on the satisfaction of outsourcers and measures for improvement.

The **Zavarovalniški monitor** (Insurance Monitor) survey was not conducted in 2020 due to the COVID-19 epidemic.

In **Croatia and Serbia**, CATI surveys on client responses to changing business circumstances due to the epidemic were conducted, which showed that the Group members responded appropriately to the new circumstances with accelerated digitalisation in both markets. In Croatia, the call centre checked clients’ satisfaction with the services provided by Triglav Osiguranje, Zagreb, the payment of claims and the work of the agency network. The results

showed an increase in general client satisfaction and greater satisfaction with the speed of claim payments and the work of the agency network, which in 2020 was also reflected in an increase in the policy renewal rate. In Serbia, the call centre’s services continued to be upgraded, but due to the epidemiological situation, focus was on digital communication with clients and ensuring the functionality of online premium payment.

In **Macedonia** (Triglav Osiguruvanje, Skopje), an omnibus survey according to the CATI methodology was conducted with regard to brand visibility and satisfaction with the company’s services, which showed an increase in brand visibility in the Macedonian market. An online questionnaire showed an improvement in satisfaction with health insurance services among some of the largest policyholders.

In **Montenegro**, the reputation of the Lovćen osiguranje brand was measured: it is the most reputable insurer in the Montenegrin market and its reputation is based on reliability, a clear vision of development, economic stability, profitability and open communication with clients.

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 points of sale. Complaints are monitored on a monthly basis, and the results are reported to sales departments and company management. 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 carries out a series of activities to reduce risks in the environment and supports activities in sports, culture, education, environment and health. The Group has close ties with the environment in which it operates through partnerships with its employees, policyholders, organisations and local communities.

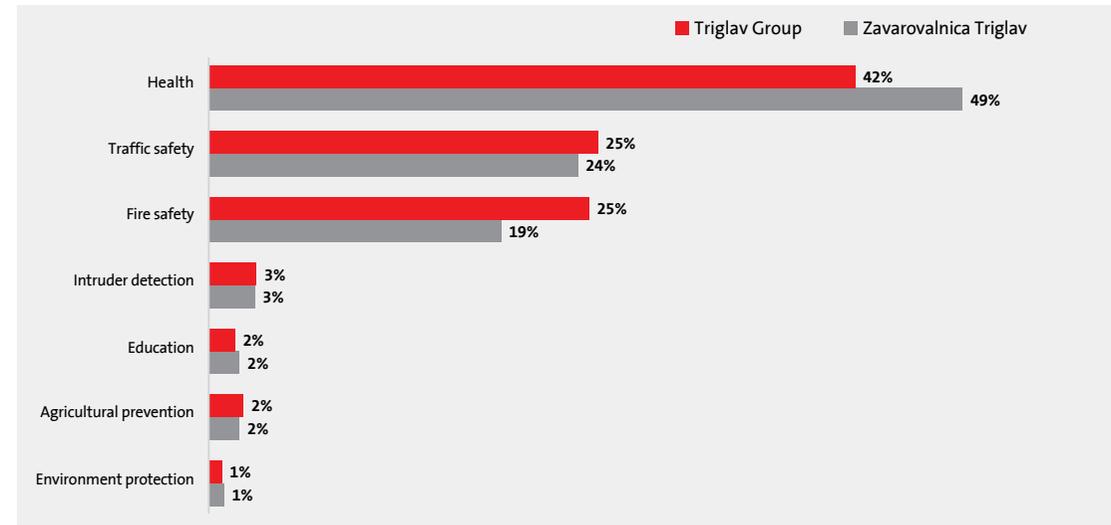
12.6.1 Investments in prevention⁸²

The bulk of funds was allocated to improving health and traffic safety. The scope of funds allocated to prevention, sponsorships and donations is described in [Section 12.3 Indirect economic impacts](#).



In Slovenia, we equipped fire engines with 7 cameras for recording the journey to incidents and raising awareness of the importance of forming an emergency lane using these recordings.

The share of the Triglav Group's and Zavarovalnica Triglav's funds for preventive activities by purpose in 2020



Prevention projects⁸³



In the year marked by the extraordinary health situation, the Triglav Group placed the greatest emphasis on health care and traffic and fire safety. In health care, the focus was on ensuring the safety of its employees and clients and on helping local communities. In addition, numerous digital consultations with specialist doctors took place at Triglav Lab, who gave advice and provided explanations related to physical and mental health. The Group continued to perform activities aimed at preventing accidents and reducing risks that would result in damage and to promote traffic safety. The [vozimse.si](#) platform has become the central point of Zavarovalnica Triglav's own and partner projects for safer roads.



The Company co-financed the purchase of a new CPR training manikin at Senožeče Volunteer Fire Brigade. In 2020, the Company also co-financed the purchase of 28 defibrillators in Slovenia.

⁸² GRI GS 103-1, 103-2, 103-3 | ⁸³ GRI GS 103-1, GS 203-1, 413-1

High profile and comprehensive prevention projects of the Triglav Group in 2020⁸⁴



Area: Health prevention		Impact
Care for health during the COVID-19 pandemic, Triglav Group		<ul style="list-style-type: none"> Financial resources provided to the Administration of the Republic of Slovenia for Civil Protection and Disaster Relief to purchase equipment to curb the spread of the new coronavirus. Awareness-raising topics on mental health, how to survive quarantine with children, etc. on the Everything Will Be Alright portal. Purchase of thermal imaging cameras and protective equipment in the area where the Triglav Group operates.
Assistance in the event of a sudden cardiac arrest, Slovenia		<ul style="list-style-type: none"> Co-financing or purchase of 28 defibrillators in local communities. 141 defibrillators have been purchased or co-financed since 2014.
Prevention and early detection of diseases, Slovenia		<ul style="list-style-type: none"> 24 preventive awareness-raising lectures and consultations with specialists at Triglav Lab on the topic of physical and mental health (e.g. dementia, breathing, consultation with an orthopaedist, midwife, ophthalmologist).

Area: Traffic safety		Impact
The Anatomy of Slovenian Driving conference, partner Inštitut za civilizacijo in kulturo (Institute for Civilisation and Culture), Slovenia		<ul style="list-style-type: none"> An event for the press and the expert community, at which the results of five-year analyses of road traffic prevention projects were presented, with the focus on the question of how to address Slovenian drivers to drive safer.
Retaking the driving exam, partner AMZS (Automobile Association of Slovenia), Slovenia		<ul style="list-style-type: none"> 190 drivers in six Slovenian towns retook the driving test with a driving instructor. The most dangerous road sections were identified in each town with the help of experts and advice was given on how to drive safely there. Long-time drivers learned how to drive in roundabouts and regained sovereignty on the road.
Vozimse.si – road traffic prevention portal, partner AMZS, Slovenia		<ul style="list-style-type: none"> More than 40,000 drivers again passed a road rules test.
Traffic safety awareness videos, partner Atmosferci, Slovenia		<ul style="list-style-type: none"> Five videos were shot: one on the topic of driving etiquette (zipper merge) and four on sins on the road (speed, alcohol, fatigue, not wearing a seat belt).
Together for Road Safety project, partner Sipronika, Slovenia		<ul style="list-style-type: none"> 68 speed display signs in local communities, at high-risk road sections and in the vicinity of schools and kindergartens were set up (within five years), of which 12 in 2020. Reduction of speed by 5–7% or more and improved traffic safety.
Together for Road Safety project, partner COPS system, Slovenia		<ul style="list-style-type: none"> Installation of the innovative COPS@zebra system in Maribor, which helps pedestrians to cross the road safer.
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. Three readers of the vozimse.si portal were provided with the experience of being an ambulance driver.
Interactive workshops for secondary school students “I still drive but I no longer walk”, partners Zavod Vozim (I’m Driving Institute) and Sipronika, Slovenia		<ul style="list-style-type: none"> At 38 workshops in person or online, 3,225 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 the techniques of how to talk about reducing alcohol consumption among adolescents at the workshop “We need to talk about alcohol”. 88 young people researched the influence of speed on impact load and braking distance at two specialised workshops.
Activities for the safety of preschool children and first graders in road traffic, partner the Slovenian Traffic Safety Agency, 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 45 elementary schools.
Neurophysiological and cognitive profiling of drivers’ abilities, partner the Faculty of Electrical Engineering, University of Ljubljana, Slovenia		<ul style="list-style-type: none"> Testing of abilities using the safe driving simulator at Triglav Lab for young drivers, professional drivers, agents and others who want to improve their driving skills. Conclusion of neurophysiological and cognitive profiling of abilities on the simulator.
Educational charity event “Motorcyclists for Motorcyclists” partner AMZS, Center varne vožnje Vransko (Vransko Safe Driving Centre), Slovenia		<ul style="list-style-type: none"> More than 1,300 motorcyclists attended accident prevention workshops over the period of seven years. Two free workshops in 2020.
Upgrade of the DRAJV safe driving application, Slovenia		<ul style="list-style-type: none"> Redesign of the DRAJV application, which is regularly used by over 56,000 users. Using the application, the users have already safely driven more than 616 million kilometres. The analysis of Zavarovalnica Triglav’s portfolio showed that the DRAJV application users pose a 10–15% lower risk than other drivers.
Promotion of forming an emergency lane on motorways, partner Zavod reševalni pas (Emergency Lane Institute), Slovenia		<ul style="list-style-type: none"> Purchase of seven cameras for monitoring the driving of fire engines on an emergency call, which raise drivers’ awareness of the consequences of improper formation of an emergency lane. Topics on the distress of firefighters on an emergency call if they do not reach the scene of the accident in time were focused on raising drivers’ awareness via the Company’s own communication channels.

In the context of the traditional New Year’s prevention campaign **Za boljši jutri** (For a better tomorrow), 23 prevention projects were supported in Slovenian local communities. Funds were allocated to firefighters, health care, civil protection and elementary schools. Over 180 prevention projects were supported over the period of seven 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 Winter Sports Days in elementary schools across Slovenia.

Area: Fire prevention		Impact
Care for greater fire safety in mountain huts, partner Planinska zveza Slovenije (Alpine Association of Slovenia), Slovenia		<ul style="list-style-type: none"> More than 150 automatic fire extinguishing ampoules donated to 52 mountain huts to be installed at heat sources. Preparation of an educational video on the proper use and installation of ampoules and the danger of fire in a mountain hut.
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.
Fire safety at home, Slovenia		<ul style="list-style-type: none"> A new test on the <i>Vse bo v redu</i> portal was set up: How fire-safe is your home? The existing content was updated and actively promoted on the Group’s own channels.

Area: Nature protection		Impact
Selection of the Best Mountain Trail, partner Planinska zveza Slovenije (Alpine Association of Slovenia), Slovenia		<ul style="list-style-type: none"> Co-financing the renovation of a demanding mountain trail across Plemenice to Triglav. Raising awareness of mountaineers about the importance of safe mountain trails and the work of trailblazers.



Digital signs for the safety of pedestrians.

Pedestrians are most exposed to traffic risks. The innovative COPS@zebra warning signs alert pedestrians to an oncoming vehicle and its speed. The majority of surveyed pedestrians felt safer because of the installed sign. The measured speeds showed that most drivers slowed down at crossings where these signs were installed.

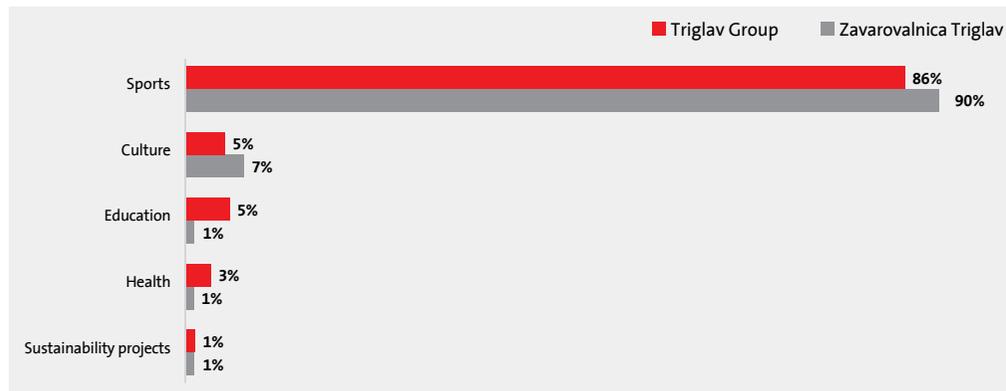
In August 2020, additional test signs were installed at the pedestrian crossing in Maribor at the intersection of Ljubljanska ulica, Šilihova ulica and Trg Miloša Zidanška. The project will continue; in 2021, another 12 dangerous pedestrian crossings will be equipped in cooperation with the COPS systems company.



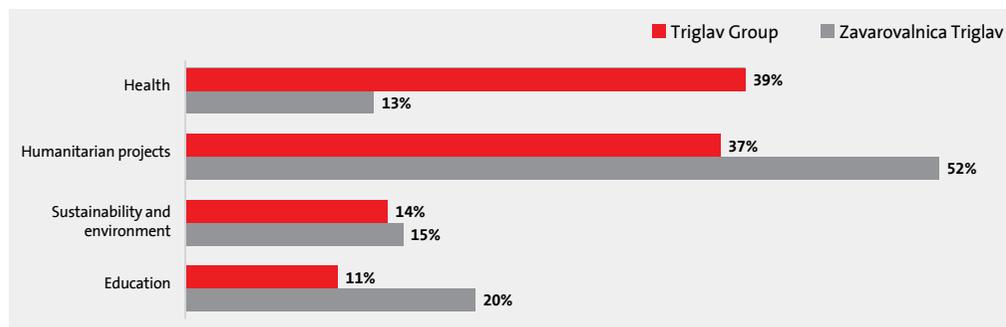
12.6.2 Sponsorships and donations⁸⁵

Zavarovalnica Triglav receives applications for sponsorship and donations via the online system at www.triglav.eu. Over 1,000 applications for partnerships in the form of sponsorships and donations were received in 2020, of which 47% were approved. Attention was paid that their selection and effectiveness comply with the Company's business guidelines and brand dimensions. Described below are the main causes supported by the Group's sponsorships and donations, while their value is presented in [Section 12.3 Economic aspects](#).

Sponsorships of the Triglav Group and Zavarovalnica Triglav in 2020 by content



Donations of the Triglav Group and Zavarovalnica Triglav in 2020 by content



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 sponsorship funds. The Group is recognised as a partner of **national sports associations**, international sports events and numerous sports clubs in the markets where the Group operates. In the reporting year, its donor activities were strengthened and the largest share of funds was allocated to **health care and humanitarian projects**.

The Rapid Response Unit of the Civil Protection of the Municipality of Nova Gorica received the Company's help in the purchase of a rescue pole with a winch for easier rescue from depths and heights.

Some major sponsorships of the Triglav Group in 2020

Country	Sports sponsorship	Culture	Education and training
Slovenia	<ul style="list-style-type: none"> Partner of the Ski Association of Slovenia Golden partner of national teams in biathlon and Nordic skiing General sponsor of the FIS Ski Flying World Championship in Planica Sponsor of the Ski Jumping World Cup Ladies 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 the Tennis Association of Slovenia General partner of the climbing event Triglav The Rock Ljubljana 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 	<ul style="list-style-type: none"> A series of concerts of Music of the World in Cankarjev dom Kinodvor Ljubljana Puppet Theatre Ljubljana Festival Ljubljana Castle Lent Festival Bobri Festival Borštnik Theatre Festival 	<ul style="list-style-type: none"> Mountain Rescue Association of Slovenia: Staying Safe in the Mountains Occupational activity centres in Slovenia
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 		
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 Montenegro ski resorts 	<ul style="list-style-type: none"> Budva Theatre Festival Opuč stand-up comedy festival 	
North Macedonia	<ul style="list-style-type: none"> Vardar Handball Club Vardar Female Handball Club Stefanovski Auto Kart Club Alkaloid Chess Club MZT Basketball Club Support of young tennis player Aleksandra Simevoj 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 release of Ivan Bojkov's record 	
Bosnia and Herzegovina	<ul style="list-style-type: none"> Female Play Off Basketball Club Sarajevo Ski Club Borac Swimming Club Borac Female Handball Club 		<ul style="list-style-type: none"> Banja Luka Elementary School
Serbia	<ul style="list-style-type: none"> General sponsor of the Basketball Federation of Serbia and the Serbian male national team Judo Federation of Serbia Sponsor of the Adriatic Water Polo League Support for the judoka Nemanja Majdov 		<ul style="list-style-type: none"> Dimitar Vlahov school for visually impaired children and adolescent



Lovćen osiguranje donated 25 bicycles for volunteers to the Red Cross of Montenegro.

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
L&L Association and Association of Patients with Blood Diseases, Slovenia	<ul style="list-style-type: none"> Support for the rehabilitation programme
Maternity hospitals in Postojna, Slovenj Gradec, Maribor and Kranj, Slovenia	<ul style="list-style-type: none"> Co-financing of equipment necessary for newborns
CUDV Draga, Slovenia	<ul style="list-style-type: none"> Assistance in performing physical activities for residents
Wetland Research Society, Slovenia	<ul style="list-style-type: none"> Support for natural habitat research
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 Botrstvo (Godparenship), Pomežik soncu (Wink at the Sun) and Veriga dobrih ljudi (The Chain of Good People) programmes
Kinodvor and the 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
Municipality of Idrija, Municipality of Tabor and Mislinja Elementary School, Slovenia	<ul style="list-style-type: none"> Co-financing of the renovation of children's playgrounds
Toxicology Clinic, North Macedonia	<ul style="list-style-type: none"> Purchase of protective and medical equipment
Red Cross, Montenegro	<ul style="list-style-type: none"> Purchase of bikes for volunteers
Clinical Centre, Montenegro	<ul style="list-style-type: none"> Help in purchasing medical equipment
Sutjeska Elementary School, Montenegro	<ul style="list-style-type: none"> Assistance in building the school
Budva Protection Centre, Montenegro	<ul style="list-style-type: none"> Purchase of motorcycle equipment
Zemun Clinical Centre, Serbia	<ul style="list-style-type: none"> Purchase of hospital equipment

Everything Will Be Alright Institute

The mission of Zavarovalnica Triglav's Zavod Vse bo v redu (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 2020 included:

Support to young talents – Young Hopes project

Talented young athletes, artists and scientists were supported through the Mladi up (Young Hopes) project for the eighth consecutive year. The recipients of funds, aged between 16 and 19 years, were announced in early January 2021. In cooperation with Pro Plus media company, EUR 50,000 was allocated to the development of talented young people and achievement of their goals; a total of EUR 401,000 was allocated to 101 Young Hope participants over eight years.

Furthermore, two free lectures were held for all Young Hopes generations and everyone who was closely connected to their work. The first lecture focused on talent and will, led by the ski expert Sandi Murovec, and the second on breathing exercises with the former top athlete Brigita Langerholc Žager.

Donation to the Foundation for Fundraising for the Treatment of Nonsense Mutations

The donation in the amount of EUR 5,000 was given for testing medicinal products for children with diseases caused by a nonsense mutation. Such mutation prevents the body from building complete proteins it needs to function normally.

Information on corporate social responsibility partnerships:

Zavarovalnica Triglav, d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
Email: spozorstva@triglav.si



Young Hopes 2020

12.7 Environmental aspect⁸⁶

Protection of the environment in work processes

By integrating sustainability principles and business policies, their implementation in the Group's internal processes is expanded. In its responsibility to the natural environment, the Group gives priority to the efficient use of energy, water and other resources, as well as to the reduction of greenhouse gas emissions and responsible behaviour in the natural environment. Employees' awareness of the rational use of resources and waste management is raised on an ongoing basis and alternatives that reduce the consumption of fossil fuels are provided to them. The amount of plastic waste at the Company is reduced by using office cups and water bottles. When buying new company vehicles, the lower release of carbon dioxide into the atmosphere is taken into account. Employees took 1,250 journeys with 19 company bicycles, also using 12 electric scooters, 22 electric vehicles (16 in 2019) and four vans for organised regular transport between three locations in Ljubljana and seven company bicycles in North Macedonia (at Triglav Osiguruvanje, Skopje). At Zavarovalnica Triglav, over 12% of all journeys using company vehicles were made with electric vehicles.

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 support and promoted electronic archiving, adopted measures for paperless operations and encouraged employees to do so. For hygienic purposes, Triglav Skladi uses recycled paper, while in Serbia (Triglav Osiguranje, Belgrade) paper is recycled.



Employees at Zavarovalnica Triglav can use 22 company electric vehicles, 12 electric scooters and 19 bicycles, while seven bicycles are available to employees in Macedonia.

Carbon footprint calculation⁸⁷

The carbon footprint is measured at the headquarters of large insurance subsidiaries of the Group. The bulk of greenhouse gas emissions is accounted for by emissions due to electricity consumption and heating, followed by work-related transport. The calculation was performed using the methodology based on the Greenhouse Gas Protocol. It includes direct emissions from heating with natural gas and fuel oil at regional units' head offices and the Company's headquarters as well as the emissions from own 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 from the use of paper and emissions from 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.

Carbon footprint results in tonnes of CO₂ equivalent by Triglav Group company

Company	Carbon footprint			Index	
	2020	2019	2018	2020/2019	2019/2018
Zavarovalnica Triglav*/****	4,317	5,082	5,257	85	97
Triglav Osiguranje, Zagreb**	464	480	477	97	101
Triglav Osiguranje, Belgrade**	357	648	774	55	84
Lovćen Osiguranje, Podgorica**	313	438	209	71	210
Triglav Osiguranje, Sarajevo**	271	331	155	82	214
Triglav Osiguruvanje, Skopje**	139	149	171	93	87
Triglav Osiguranje, Banja Luka**	116	136	100	85	136
Pozavarovalnica Triglav Re***	15	52		29	0
Triglav, Zdravstvena zavarovalnica***	167	488		34	0
Triglav, pokojninska družba***	25	41		61	0
Triglav Skladi***	155	32		484	0
Total	6,339	7,877	7,143	80	110

* 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.

**** Data capturing for Zavarovalnica Triglav was changed in 2020, thus data for 2019 and 2018 were also adjusted.

The Group reduced its **electricity consumption** by 9% and the Company by 10%. Carbon footprint of the Company fell by 9% due to heating, while the overall carbon footprint decreased by 15%.

Total emissions from work-related travel were over 60% lower at the Company and amounted to 161 tonnes of CO₂ equivalent (using the Company's vehicle fleet exclusively for work-related travel, public transport and employees' own vehicles) due to less air travel and a smaller number of journeys using vehicles (as a result of measures taken to curb the COVID-19 epidemic).

The average daily consumption of office paper (A4 format) per Zavarovalnica Triglav employee fell to 18.8 (compared to 25.4 in 2019), which was also due to working from home. The Group's average consumption was 21.9 paper sheets per employee per day (compared to 30.2 paper sheets in 2019).

Use of energy products⁸⁸

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 Group's business premises. LED lighting is installed in all new business premises and on advertising signs. The renovation of the commercial building at Dunajska 22 in Ljubljana included the replacement of windows, insulation and roof. See [Section 11. Development and marketing activities for more information](#).

To reduce fuel consumption, the Group members encouraged the use of the DRAJV application and participation in safe driving courses and renewed their vehicle fleet with vehicles with a small engine size.

Use of energy products at the Triglav Group and Zavarovalnica Triglav

	Use of energy product by year			Index	
	2020	2019	2018	2020/2019	2019/2018
Triglav Group*					
Warm water (MWh)	5,074	5,119		99	0
Fuel oil (l)	20,513	66,607		31	0
Gas (m ³)	132,165	131,311		101	0
Electricity (MWh)**	6,904	7,550		91	0
Zavarovalnica Triglav					
Warm water (MWh)**	4,836	4,937	3,386	98	146
Fuel oil (l)	6,000	22,931	13,286	26	173
Gas (m ³)	87,659	77,912	105,015	113	74
Electricity (MWh)**	4,853	5,413	5,558	90	97

* Data for 2018 for the Triglav Group are not available.

** The Company headquarters, 12 regional units' head offices and the commercial building at Dunajska 22 with some premises of the Company are included in the calculation for Zavarovalnica Triglav. Data capturing for Zavarovalnica Triglav changed in 2020, which was also taken into account in data for previous periods.

A total of 54,366 gigajoules (GJ) of energy was used for heating, cooling, lighting and the operation of electrical and electronic equipment⁸⁹. The Company does not keep a table of 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 2019, it is estimated that the largest energy source in Slovenia is fossil fuels (56.33%), followed by nuclear energy (39.60%), while renewable energy sources accounted for 4.07% of the total.⁹⁰

Waste disposal policy⁹¹

Waste separation and disposal in the Group depends on the waste management system at the local level or at the level of the country in which the Group operates. Full waste separation is carried out only in Slovenia, because separate collection and disposal of waste is not regulated comprehensively in other countries. In commercial buildings in Slovenia, employees are encouraged in various ways to use less packaging and better separate waste. At the Group level, almost 19 tonnes (of which over 6 tonnes were accounted for by the Company) of obsolete IT equipment was handed over to the authorised waste management services.

The development of the waste management system in past years is expected to be reflected in a reduced amount of disposed mixed waste and an increase in other types of disposed waste. Following the change in cooperation with an external partner, the method of waste separation and disposal also changed, which now takes place mainly by users, thus the data are not comparable with previous years. The total quantity of disposed waste increased due to different data capturing, relocation of a number of offices and the use of food delivery providers due to the closure of restaurants during the epidemic and the consequent inconsistent separation and disposal of disposable packaging. For this reason, awareness of the importance of appropriate waste separation and disposal will continue even more systematically in 2021.

The quantity of waste at Zavarovalnica Triglav⁹²

Waste type	Zavarovalnica Triglav (in m ³)			Index	
	2020*	2019	2018	2020/2019	2019/2018
Mixed waste	583	472	739	124	64
Packaging	658	523	400	126	131
Paper	789	567	382	139	148
Glass	3	3	3	100	100
Biological waste	67	41	11	163	373
Total	2,100	1,606	1,535	131	105

* Data capturing was changed in 2020, thus data are not comparable between years.

⁸⁸ GRI GS 103-1, 103-2, 103-3, GS 302-1 | ⁸⁹ The calculation is based on the assumption that 10 kWh of electricity are generated from one litre of fuel oil and 9.5 kWh from a m³ of natural gas.

⁹⁰ Source: Ministry of Agriculture and the Environment, Slovenian Environment Agency, https://www.agen-rs.si/documents/10926/17445/Sestava_virov_2019/0a0d075a-0c4b-42f9-b33e-1f79533fd1a2 | ⁹¹ GRI GS 103-1 | ⁹² GRI GS 306-2

Care for the broader natural environment

15

LIFE
ON LAND

As part of the procurement procedures, in 2020 recycled paper was used for the printing of brochures and other information materials and compatible ink cartridges (for refilling) for printers were purchased, if their use was still possible. In the selection procedures, regular and systematic efforts were made to take care

of the environment and include products made from recycled and more environmentally friendly materials and services, if appropriate, especially in the purchase of vehicles and in marketing. Employees' children received a wooden toy and products made of recyclable materials (paper, wood, glass) from Dedek Mráz (Grandpa Frost), while employees received two washable face masks made of high-tech fabrics. Each mask may be used for seven months, as it is washed once a week in cold water without washing powder or fabric softener, which also reduces the costs of recycling conventional disposable medical face masks that may be used for up to four hours.

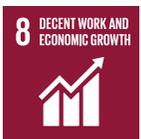
11th season of Slovenia-wide "Let's Clean the Mountains" drive⁹³

- A two-year process of replacing garbage bag dispensers at mountain outposts with wooden awareness signs was completed, thus following the guidelines of the EU directive on restricting the consumption of plastic bags.
- Over 150 automatic fire extinguishing ampoules were installed at 52 mountain huts, thereby contributing to fire management in mountain huts.
- As part of the Best Mountain Trail competition, awareness was raised of the importance of well-kept and safe mountain trails, in addition to co-financing the renovation of the demanding mountain trail across Plemenice to Triglav.
- Over 36,000 campaign ambassadors on social networks actively co-create the community of lovers of clean mountains and promote intergenerational cooperation.
- In partnership with the Mountain Rescue Association of Slovenia (GRZS), awareness-raising videos were recorded on the topics of safe mountaineering during the winter, exhaustion and dehydration, climbing via ferrata routes and hiking with children. A consultation with a mountain rescuer at Triglav Lab was held on the use of the avalanche rescue kit in the mountains during the winter.
- Many ideas for family trips to the mountains were published on the Vse bo v redu (Everything Will Be Alright) portal, thus encouraging families and individuals to spend their free time outdoors.



The Company co-financed the renovation of a mountain trail across Plemenice to Triglav.

12.8 Key sustainable business guidelines of the Triglav Group in 2020

Aspect	Area	Guidelines	Link to SDGs
Environmental aspect	Reduction of environmental impact	<ul style="list-style-type: none"> An active approach to waste management Reduction of greenhouse gas emissions Measures to increase the efficient use of energy, water and other resources Strengthening of paperless operations Purchase of environmentally friendly promotional products Optimal energy management of commercial buildings where own activities are performed Achieving an appropriate vehicle fleet structure by increasing the share of more environmentally friendly vehicles Promoting awareness of climate change risks and the dangers of natural disasters through the further development of insurance coverage Raising awareness of the importance of preserving the natural environment and biodiversity (including by promoting the use of new technologies to reduce economic and social impacts on the environment) 	        
	Responsible recruitment and work practices	<ul style="list-style-type: none"> Strengthening the importance of developing a cooperative organisational culture Maintaining a high level of employee engagement and satisfaction Development of employees' competences and knowledge Improvement of selection procedures Effective onboarding of new hires into the work and culture of employees Maintaining a healthy and safe environment for the employees Active management of psychosocial risks among employees Activities and training in intergenerational cooperation Unification of activities in relation to employee development in the Group 	
	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 Improving user experience and increasing client satisfaction Ensuring personal, information and data security and managing other risks of modern times Providing accessible services to people with disabilities Expansion and upgrade of cooperation with contractors Maintaining locally-oriented procurement 	
	Responsible management of the insurance service portfolio and assets/investments	<ul style="list-style-type: none"> Integrating relevant aspects of sustainable business in the design and implementation of insurance and investment products and services and asset management Proactive use and further development of internal methodology for assessing the sustainability of individual insurance products Depending on the form of investment, active exercising of management rights with issuers from portfolios by promoting sustainable development-related decisions and commitments to achieve sustainability goals 	
	Engagement in the community and its development	<ul style="list-style-type: none"> Development of prevention programmes and promotion of preventive practices in traffic safety, health, fire safety, etc. Increasing employee volunteering Strengthening key partnership projects in sports, culture, education and health Balanced donation activities 	
Governance aspect	Transparent governance of the organisation	<ul style="list-style-type: none"> Compliance with legislation, internal rules and commitments made, thus ensuring fair and legal practices and operations Ensuring a high level of corporate governance and following codes, recommendations and good practices Quality public information on the operations, financial position and plans of the Group Proactive cooperation with analysts, institutional investors and shareholders Maintaining professionalism and independence of external audit of operations Comprehensive fit and proper assessment of members and candidates for the members of the Management Board and the Supervisory Board and business and key function holders Implementation of the diversity and succession policy of the Management Board and the remuneration policy, which includes the management remuneration methodology 	
	Fair business practices	<ul style="list-style-type: none"> Further development of the culture of ethical business practices of the Group members Integration of the principles of the Declaration on Fair Business Practices into business processes Zero tolerance to criminal offences, the prevention of money laundering and terrorist financing, the prevention of corruption, management of conflicts of interest Proactive communication and employee training in compliance and corporate ethics Participation in compliance and fair business external working groups and transfer of best practices The strengthening and transfer of best practices in insurance fraud investigation and prevention in the Group Encouraging employees to identify insurance fraud cases and participating in the relevant training 	
	Respect for human rights	<ul style="list-style-type: none"> Strengthening the importance of respecting and preserving human rights and fundamental freedoms among employees and partners Protection of employees' dignity with zero tolerance to discrimination, harassment and mobbing in the workplace 	

13. Information on the Triglav Group as at 31 December 2020

Insurance

Zavarovalnica Triglav d.d.

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 72 00
Fax:	++ 386 (1) 432 63 02
Email:	info@triglav.si
Website:	www.triglav.si, www.triglav.eu

Pozavarovalnica Triglav Re d.d.

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 79 00
Fax:	++ 386 (1) 433 14 19
Email:	mail@triglavre.si
Website:	www.triglavre.si
Activity:	Reinsurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 4,950,000/EUR 4,950,000

Triglav, Zdravstvena zavarovalnica d.d.

Address:	Pristaniška ulica 10, 6000 Koper, Slovenia
Phone:	++ 386 (5) 662 20 00, 080 26 64
Fax:	++ 386 (5) 662 20 02
Email:	info@triglavzdravje.si
Website:	www.triglavzdravje.si
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 25,822,144/EUR 25,822,144

Triglav, pokojninska družba d.d.

Address:	Dunajska cesta 22, 1000, Ljubljana, Slovenia
Phone:	++ 386 (1) 47 00 840, 080 80 87
Fax:	++ 386 (1) 47 00 853
Email:	info@triglavpokojnine.si
Website:	www.triglavpokojnine.si
Activity:	Pension funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 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
Email:	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

Triglav Osiguranje d.d., Sarajevo

Address:	Dolina 8, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (33) 252 110
Fax:	++ 387 (33) 252 179
Email:	info@triglav.ba
Website:	www.triglav.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /97.78%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /98.87%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 10,620,215

Lovćen Osiguranje a.d., Podgorica

Address:	Ulica Slobode 13a, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 404 400, 404 410
Fax:	++ 382 (20) 665 281
Email:	info@lo.co.me
Website:	www.lo.co.me
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 10,362,648

Triglav Osiguranje a.d., Banja Luka

Address:	Ulica Prvog krajiškog korpusa broj 29, 78000 Banja Luka, Bosnia and Herzegovina
Phone:	++ 387 (51) 215 262
Fax:	++ 387 (51) 215 262
Email:	info@triglavrs.ba
Website:	www.triglavrs.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 3,868,150

Lovćen životna osiguranja a.d., Podgorica

Address:	Ulica Marka Miljanova 29, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 231 882
Fax:	++ 382 (20) 231 881
Email:	info@lovceznivot.me
Website:	www.lovceznivot.me
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 2,972,100

Triglav Osiguranje a.d.o. Belgrade

Address:	Milutina Milankovića 7a, 11070 Novi Beograd, Serbia
Phone:	++ 381 (11) 330 51 00
Fax:	++ 381 (11) 312 24 20
Email:	office@triglav.rs
Website:	www.triglav.rs
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /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
Email:	info@triglav.mk, pr@triglav.mk, osig@triglav.mk
Website:	www.triglav.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /80.83%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /80.83%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 2,431,710

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
Email:	info@triglavzivot.mk
Website:	www.triglavzivot.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /96.17%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /96.17%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 4,810,984

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
Email:	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.o.o.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 47 44 440
Fax:	++ 386 (1) 23 17 785
Email:	info@triglav-upravljanje.si, info-nep@triglav.si
Website:	www.triglav-upravljanje.si
Activity:	Asset management
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 3,160,113/EUR 3,160,113

Triglav, upravljanje naložb in svetovalne storitve d.o.o.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 51 317 019, 82 007 348
Email:	info@triglav.com
Website:	www.triglav.com
Activity:	Management of financial funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 7,331,308/EUR 7,331,308

Triglav penzisko društvo a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 18, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 21 90
Fax:	++ 389 (2) 510 28 81
Email:	info@triglavpenzisko.mk
Website:	www.triglavpenzisko.mk
Activity:	Pension funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00% /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00% /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 3,000,000/EUR 3,000,000

Other**Triglav INT, holdinška družba d.d.**

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 430 95 34
Email:	triglavint@triglav-int.si
Website:	www.triglav-int.si
Activity:	Holding company
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 77,180,734/EUR 77,180,734

Triglav svetovanje, zavarovalno zastopanje d.o.o.

Address:	Ljubljanska cesta 86, 1230 Domžale, Slovenia
Phone:	++ 386 (1) 724 66 50
Email:	info@triglav-svetovanje.si
Website:	www.triglav-svetovanje.si
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 8,763/EUR 8,763

Triglav Savetovanje, društvo za zastupanje u osiguranju d.o.o., Belgrade

Address:	Zelengorska 1g, 11070, Belgrade, Serbia
Phone:	++ 381 (1) 165 58 493
Email:	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:	Dolina br. 8, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (3) 361 81 06
Fax:	++ 387 (3) 361 82 95
Email:	info@triglav-savjetovanje.ba
Website:	www.triglav-savjetovanje.ba
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	-/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
Email:	info@triglav-savjetovanje.hr
Website:	www.triglav-savjetovanje.hr
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	-/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	-/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	-/EUR 644,700

Triglav Avtoservis d.o.o.

Address:	Verovškova 60b, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 580 68 80
Fax:	++ 386 (1) 580 68 75
Email:	info@triglav-avtoservis.si
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
Email:	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 Triglav Group employs a multi-channel approach in the region, while at the same time expanding its business network and its sales, after-sales and assistance services.
- The Triglav Group's business network includes over 1,400 insurance agencies, brokers and banks. Nearly 68% of its contractual partners operate in markets outside Slovenia.

The development of the Triglav Group's business network is based on a client-focused approach and the implementation of new ways of doing business by effectively incorporating both traditional and modern sales channels.

By expanding strategic partnerships, the scope of contractual sales partners, and online and assistance services, the Group is strengthening its advantages of a well-developed own sales network. The Group's insurance sales network is composed of insurance agents, sales clerks and own points of sale. In 2020, the external sales network in Slovenia consisted of 457 contractual partners registered for insurance agency activities, among them 130 insurance agency companies representing Zavarovalnica Triglav exclusively and non-exclusively. The Group also cooperates with roadworthiness test providers, car dealers, leasing companies, banks and travel agencies with great success. In markets outside Slovenia, the Group cooperated with more than 950 insurance agencies, with most partnerships being entered into in Serbia, particularly with vehicle inspection providers.

The number of contractual partners and communication channels was again increased to effectively settle claims, also by using a multi-channel approach. Clients have access to insurance services also via the call centre, where they receive the necessary information;

furthermore, clients may take out insurance, report a claim and request assistance services via the telephone or online.

The number of online service users continued to grow and increased significantly in 2020. For more information see [Section 11. Development and marketing activities](#).

14.1 Insurance

- **Zavarovalnica Triglav d.d., Ljubljana – Headquarters – registered office**

Regional units:

- Celje
- Koper
- Kranj
- Krško
- Ljubljana
- Maribor
- Murska Sobota
- Nova Gorica
- Novo mesto
- Postojna
- Slovenj Gradec
- 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
- Čakovec
- Varaždin
- Koprivnica
- Osijek
- Reka
- Pulj
- Split

- **Lovćen Osiguranje a.d., Podgorica – registered office**

Branch offices:

- Podgorica
- Nikšić
- Berane
- Pljevlja
- Bijelo Polje
- Kotor
- Bar
- Budva

Offices:

- Andrijevića
- Ulcinj
- Danilovgrad
- Kolašin
- Tuzi
- Žabljak
- Plav
- Rožaje
- Mojkovac
- Tivat
- Herceg Novi
- Cetinje
- Šavnik
- Plužine

■ **Triglav Osiguranje d.d., Sarajevo – registered office**

Branch offices:

- Sarajevo (Gradačaka, Novi Grad, Ilidža, Centar, Novo Sarajevo, Ilijaš, Hadžići, Olovo, Visoko)
- Bihać (I and II, Cazin, Velika Kladuša, Bosanska Krupa, Sanski Most, Bužim, Bosanski Petrovac)
- Ključ
- Tuzla (I and II, Lukavac, Živinice, Gradačac, Srebrenik, Kalesija)
- Mostar (Konjic)
- Zenica (Maglaj, Zavidovići, Žepče)
- Travnik (Busovača, Bugojno, Jajce, Gornji Vakuf, Vitez)
- Goražde
- Banja Luka
- Ljubuški
- Kiseljak
- Jelah – Tešanj
- Čitluk
- Široki Brijeg (I and II)
- Novi Travnik
- Teočak
- Breza
- Gračanica (I and II)

■ **Triglav Osiguranje a.d.o., Banja Luka – registered office**

Regional offices:

- Banja Luka
- Doboј
- Prijedor
- Gradiška
- Istočno Sarajevo
- Bijeljina

Offices:

- Laktaši
- Mrkonjić Grad
- Teslić
- Derventa
- Modriča
- Brod
- Novi Grad
- Kozarska Dubica
- Kostajnica
- Prnjavor
- Istočna Ilidža
- Zvornik
- Vlasenica
- 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
- Pančevo
- Bogatić
- Bela Crkva
- Kraljevo
- Sremska Mitrovica
- Prijepolje
- Sombor

■ **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
- Negotino
- Resen
- Kočani
- Kruševo
- Berovo
- Makedonska Kamenica
- Vinica
- Dolno Palčište
- Dobri Dol
- Debar
- Rosoman
- Valandovo
- Demir Hisar
- Velešta
- Vrapčište
- Skopje Čento
- Skopje Aerodrom
- Struga
- 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.o.o., Ljubljana – registered office**

■ **Triglav, upravljanje naložb in svetovalne storitve d.o.o., Ljubljana – registered office**

■ **Triglav penzisko društvo a.d., Skopje – 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 Savjetovanje d.o.o., Zagreb – registered office**

■ **Triglav Savetovanje d.o.o., Belgrade – registered office**

■ **Triglav Savjetovanje d.o.o., Sarajevo – registered office**

■ **Triglav Avtoservis d.o.o., Ljubljana – registered office**

15.

Performance indicators of Zavarovalnica Triglav

15.1 Growth of gross written premium (index)

No.		Gross written premium for the current year*100		Gross written premium for the preceding year		Index		in EUR
		Gross written premium			Index			
		2020	2019	2018	2020/2019	2019/2018		
1	2	3	4	5	6=3/4*100	7=4/5*100		
1	Accident insurance	25,696,568	26,948,216	26,173,583	95	103		
2	Health insurance	926,557	728,634	692,746	127	105		
3	Land motor vehicle insurance	127,536,359	124,555,113	118,662,444	102	105		
4	Railway insurance	4,175,198	3,154,574	3,041,772	132	104		
5	Aircraft insurance	2,390,519	1,928,948	611,302	124	316		
6	Marine insurance	994,760	308,649	333,969	322	92		
7	Good in transit insurance	5,321,053	4,724,407	4,952,630	113	95		
8	Fire and natural disaster insurance	58,291,995	56,134,878	55,459,450	104	101		
9	Other damage to property insurance	130,253,821	115,060,305	102,508,202	113	112		
10	Motor TPL insurance	106,754,958	102,352,357	92,416,996	104	111		
11	Aircraft liability insurance	1,693,326	1,988,419	988,282	85	201		
12	Marine liability insurance	950,911	811,322	453,104	117	179		
13	General liability insurance	38,619,888	39,134,047	37,671,613	99	104		
14	Credit insurance	19,137,654	22,962,440	25,456,965	83	90		
15	Suretyship insurance	2,775,316	2,414,586	1,842,317	115	131		
16	Miscellaneous financial loss insurance	2,574,281	2,807,251	2,816,203	92	100		
17	Legal expenses insurance	641,309	700,475	443,097	92	158		
18	Travel assistance insurance	16,052,704	15,513,341	11,571,786	103	134		
19	Total non-life insurance (No. 1-18)	544,787,178	522,227,961	486,096,463	104	107		
20	Life insurance	79,466,230	82,300,599	81,164,340	97	101		
21	Wedding insurance or birth insurance	-	-	-	-	-		
22	Unit-linked life insurance	76,121,938	79,947,507	76,201,048	95	105		
23	Tontine	-	-	-	-	-		
24	Capital redemption insurance	18,880,523	17,655,904	16,748,583	107	105		
25	Income protection insurance due to accident or illness	-	-	-	-	-		
26	Total life insurance (No. 20-25)	174,468,691	179,904,010	174,113,971	97	103		
27	Total (No. 19+26)	719,255,868	702,131,971	660,210,433	102	106		

15.2 Net written premium as % of gross written premium

		Net written premium*100					
		Gross written premium					
						in EUR	
		Net written premium		Gross written premium		Net written premium as % of gross written premium	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	24,663,008	25,893,398	25,696,568	26,948,216	96	96
2	Health insurance	524,519	468,930	926,557	728,634	57	64
3	Land motor vehicle insurance	117,426,679	114,830,648	127,536,359	124,555,113	92	92
4	Railway insurance	3,341,775	2,462,435	4,175,198	3,154,574	80	78
5	Aircraft insurance	152,316	197,970	2,390,519	1,928,948	6	10
6	Marine insurance	532,087	282,146	994,760	308,649	53	91
7	Good in transit insurance	2,964,486	2,828,814	5,321,053	4,724,407	56	60
8	Fire and natural disaster insurance	36,264,515	34,952,660	58,291,995	56,134,878	62	62
9	Other damage to property insurance	65,409,914	63,485,852	130,253,821	115,060,305	50	55
10	Motor TPL insurance	95,717,270	92,822,564	106,754,958	102,352,357	90	91
11	Aircraft liability insurance	136,593	158,967	1,693,326	1,988,419	8	8
12	Marine liability insurance	816,484	495,209	950,911	811,322	86	61
13	General liability insurance	26,974,734	27,285,281	38,619,888	39,134,047	70	70
14	Credit insurance	14,731,626	18,958,624	19,137,654	22,962,440	77	83
15	Suretyship insurance	1,359,310	1,805,255	2,775,316	2,414,586	49	75
16	Miscellaneous financial loss insurance	871,524	1,248,636	2,574,281	2,807,251	34	44
17	Legal expenses insurance	498,143	531,431	641,309	700,475	78	76
18	Travel assistance insurance	15,265,369	14,757,892	16,052,704	15,513,341	95	95
19	Total non-life insurance (No. 1-18)	407,650,352	403,466,713	544,787,178	522,227,961	75	77
20	Life insurance	78,689,871	81,529,094	79,466,230	82,300,599	99	99
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	76,100,918	79,947,507	76,121,938	79,947,507	100	100
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	18,880,523	17,655,904	18,880,523	17,655,904	100	100
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	173,671,311	179,132,505	174,468,691	179,904,010	100	100
27	Total (No. 19+26)	581,321,663	582,599,218	719,255,868	702,131,971	81	83

15.3 Movements in gross claims paid (index)

		Gross claims paid for the current year*100		Gross claims paid for the preceding year			
		Gross claims paid			Index		in EUR
No.		2020	2019	2018	2020/2019	2019/2018	
1	2	3	4	5	6=3/4*100	7=4/5*100	
1	Accident insurance	9,908,838	12,153,879	12,350,357	82	98	
2	Health insurance	415,865	243,561	134,892	171	181	
3	Land motor vehicle insurance	75,806,644	79,970,757	76,808,657	95	104	
4	Railway insurance	623,235	1,000,537	2,521,898	62	40	
5	Aircraft insurance	44,785	11,954	15,168	375	79	
6	Marine insurance	-12,306	91,682	508,970	-	18	
7	Good in transit insurance	1,511,975	1,395,610	1,082,274	108	129	
8	Fire and natural disaster insurance	19,974,929	19,721,686	26,508,728	101	74	
9	Other damage to property insurance	43,758,137	44,513,081	49,201,547	98	90	
10	Motor TPL insurance	61,408,263	61,356,582	59,008,202	100	104	
11	Aircraft liability insurance	23,398	17,028	16,674	137	102	
12	Marine liability insurance	298,968	13,980	29,627	2,139	47	
13	General liability insurance	14,547,830	13,579,671	15,388,188	107	88	
14	Credit insurance	12,026,300	11,404,559	9,692,982	105	118	
15	Suretyship insurance	454,233	223,376	206,704	203	108	
16	Miscellaneous financial loss insurance	871,232	2,434,591	4,161,301	36	59	
17	Legal expenses insurance	15,000	2,560	12,734	586	20	
18	Travel assistance insurance	11,386,584	10,922,757	9,600,577	104	114	
19	Total non-life insurance (No. 1-18)	253,063,910	259,057,852	267,249,479	98	97	
20	Life insurance	95,631,064	95,622,077	80,774,735	100	118	
21	Wedding insurance or birth insurance	-	-	-	-	-	
22	Unit-linked life insurance	48,338,150	57,234,124	59,839,416	84	96	
23	Tontine	-	-	-	-	-	
24	Capital redemption insurance	4,476,399	4,929,640	5,753,105	91	86	
25	Income protection insurance due to accident or illness	-	-	-	-	-	
26	Total life insurance (No. 20-25)	148,445,613	157,785,841	146,367,257	94	108	
27	Total (No. 19+26)	401,509,523	416,843,693	413,616,736	96	101	

15.4 Claims ratio

		Gross claims paid*100		Gross written premium		Loss ratio (%)		in EUR
No.		2020	2019	2020	2019	2020	2019	
1	2	3	4	5	6	7=3/5*100	8=4/6*100	
1	Accident insurance	9,908,838	12,153,879	25,696,568	26,948,216	39	45	
2	Health insurance	415,865	243,561	926,557	728,634	45	33	
3	Land motor vehicle insurance	75,806,644	79,970,757	127,536,359	124,555,113	59	64	
4	Railway insurance	623,235	1,000,537	4,175,198	3,154,574	15	32	
5	Aircraft insurance	44,785	11,954	2,390,519	1,928,948	2	1	
6	Marine insurance	-12,306	91,682	994,760	308,649	-	30	
7	Good in transit insurance	1,511,975	1,395,610	5,321,053	4,724,407	28	30	
8	Fire and natural disaster insurance	19,974,929	19,721,686	58,291,995	56,134,878	34	35	
9	Other damage to property insurance	43,758,137	44,513,081	130,253,821	115,060,305	34	39	
10	Motor TPL insurance	61,408,263	61,356,582	106,754,958	102,352,357	58	60	
11	Aircraft liability insurance	23,398	17,028	1,693,326	1,988,419	1	1	
12	Marine liability insurance	298,968	13,980	950,911	811,322	31	2	
13	General liability insurance	14,547,830	13,579,671	38,619,888	39,134,047	38	35	
14	Credit insurance	12,026,300	11,404,559	19,137,654	22,962,440	63	50	
15	Suretyship insurance	454,233	223,376	2,775,316	2,414,586	16	9	
16	Miscellaneous financial loss insurance	871,232	2,434,591	2,574,281	2,807,251	34	87	
17	Legal expenses insurance	15,000	2,560	641,309	700,475	2	0	
18	Travel assistance insurance	11,386,584	10,922,757	16,052,704	15,513,341	71	70	
19	Total non-life insurance (No. 1-18)	253,063,910	259,057,852	544,787,178	522,227,961	46	50	
20	Life insurance	95,631,064	95,622,077	79,466,230	82,300,599	120	116	
21	Wedding insurance or birth insurance	-	-	-	-	-	-	
22	Unit-linked life insurance	48,338,150	57,234,124	76,121,938	79,947,507	64	72	
23	Tontine	-	-	-	-	-	-	
24	Capital redemption insurance	4,476,399	4,929,640	18,880,523	17,655,904	24	28	
25	Income protection insurance due to accident or illness	-	-	-	-	-	-	
26	Total life insurance (No. 20-25)	148,445,613	157,785,841	174,468,691	179,904,010	85	88	
27	Total (No. 19+26)	401,509,523	416,843,693	719,255,868	702,131,971	56	59	

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.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	8,074,586	8,861,320	25,696,568	26,948,216	31	33
2	Health insurance	237,192	167,540	926,557	728,634	26	23
3	Land motor vehicle insurance	31,615,432	32,242,680	127,536,359	124,555,113	25	26
4	Railway insurance	369,676	387,448	4,175,198	3,154,574	9	12
5	Aircraft insurance	250,308	147,876	2,390,519	1,928,948	10	8
6	Marine insurance	170,356	181,378	994,760	308,649	17	59
7	Good in transit insurance	1,283,497	1,329,110	5,321,053	4,724,407	24	28
8	Fire and natural disaster insurance	18,026,524	17,929,041	58,291,995	56,134,878	31	32
9	Other damage to property insurance	30,751,757	29,726,699	130,253,821	115,060,305	24	26
10	Motor TPL insurance	27,965,790	28,524,684	106,754,958	102,352,357	26	28
11	Aircraft liability insurance	257,201	186,170	1,693,326	1,988,419	15	9
12	Marine liability insurance	283,531	265,834	950,911	811,322	30	33
13	General liability insurance	11,731,195	11,544,690	38,619,888	39,134,047	30	30
14	Credit insurance	5,174,563	5,643,718	19,137,654	22,962,440	27	25
15	Suretyship insurance	753,988	667,742	2,775,316	2,414,586	27	28
16	Miscellaneous financial loss insurance	838,710	873,915	2,574,281	2,807,251	33	31
17	Legal expenses insurance	441,780	380,788	641,309	700,475	69	54
18	Travel assistance insurance	6,855,949	6,858,280	16,052,704	15,513,341	43	44
19	Total non-life insurance (No. 1-18)	145,082,034	145,918,915	544,787,178	522,227,961	27	28
20	Life insurance	15,418,907	16,397,125	79,466,230	82,300,599	19	20
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	17,120,559	15,997,740	76,121,938	79,947,507	22	20
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	2,329,347	2,180,195	18,880,523	17,655,904	12	12
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	34,868,813	34,575,060	174,468,691	179,904,010	20	19
27	Total (No. 19+26)	179,950,848	180,493,976	719,255,868	702,131,971	25	26

15.6 Acquisition costs as % of gross written premium

		Acquisition costs*100						in EUR	
		Gross written premium							
No.		Acquisition costs		Gross written premium		Acquisition costs as % of gross written premium			
		2020	2019	2020	2019	2020	2019		
1	2	3	4	5	6	7=3/5*100	8=4/6*100		
1	Accident insurance	893,656	947,383	25,696,568	26,948,216	3,5	3,5		
2	Health insurance	8,594	4,714	926,557	728,634	0,9	0,6		
3	Land motor vehicle insurance	4,291,381	4,619,441	127,536,359	124,555,113	3,4	3,7		
4	Railway insurance	3,530	6,337	4,175,198	3,154,574	0,1	0,2		
5	Aircraft insurance	12,293	3,674	2,390,519	1,928,948	0,5	0,2		
6	Marine insurance	5,245	5,828	994,760	308,649	0,5	1,9		
7	Good in transit insurance	298,009	315,878	5,321,053	4,724,407	5,6	6,7		
8	Fire and natural disaster insurance	2,006,623	1,916,022	58,291,995	56,134,878	3,4	3,4		
9	Other damage to property insurance	3,326,414	2,969,670	130,253,821	115,060,305	2,6	2,6		
10	Motor TPL insurance	5,390,429	6,067,721	106,754,958	102,352,357	5,0	5,9		
11	Aircraft liability insurance	3,047	3,143	1,693,326	1,988,419	0,2	0,2		
12	Marine liability insurance	64,965	69,042	950,911	811,322	6,8	8,5		
13	General liability insurance	2,036,301	1,862,958	38,619,888	39,134,047	5,3	4,8		
14	Credit insurance	851,320	1,007,008	19,137,654	22,962,440	4,4	4,4		
15	Suretyship insurance	202,023	74,318	2,775,316	2,414,586	7,3	3,1		
16	Miscellaneous financial loss insurance	166,036	195,469	2,574,281	2,807,251	6,4	7,0		
17	Legal expenses insurance	130,231	88,807	641,309	700,475	20,3	12,7		
18	Travel assistance insurance	304,270	379,838	16,052,704	15,513,341	1,9	2,4		
19	Total non-life insurance (No. 1-18)	19,994,366	20,537,250	544,787,178	522,227,961	3,7	3,9		
20	Life insurance	2,988,995	2,642,616	79,466,230	82,300,599	3,8	3,2		
21	Wedding insurance or birth insurance	-	-	-	-	-	-		
22	Unit-linked life insurance	5,519,076	5,503,282	76,121,938	79,947,507	7,3	6,9		
23	Tontine	-	-	-	-	-	-		
24	Capital redemption insurance	48,289	75,966	18,880,523	17,655,904	0,3	0,4		
25	Income protection insurance due to accident or illness	-	-	-	-	-	-		
26	Total life insurance (No. 20-25)	8,556,361	8,221,864	174,468,691	179,904,010	4,9	4,6		
27	Total (No. 19+26)	28,550,727	28,759,115	719,255,868	702,131,971	4,0	4,1		

15.7 Net claims ratio

		(Net claims paid + Change in claims provisions)*100							
		Net premium income							
		Net settled claims + Change in claims provisions		Net premium income		Net loss ratio (%)			
No.		2020	2019	2020	2019	2020	2019	in EUR	
1	2	3	4	5	6	7=3/5*100	8=4/6*100		
1	Accident insurance	6,609,444	5,148,544	25,197,530	25,712,226	26	20		
2	Health insurance	370,242	252,170	470,703	551,298	79	46		
3	Land motor vehicle insurance	67,636,638	72,489,801	117,077,028	112,935,787	58	64		
4	Railway insurance	2,332,825	2,080,146	3,368,876	2,368,929	69	88		
5	Aircraft insurance	320,915	-23,948	88,826	174,533	361	-		
6	Marine insurance	-205,528	57,699	392,617	281,272	-	21		
7	Good in transit insurance	824,383	1,136,867	2,871,621	2,780,895	29	41		
8	Fire and natural disaster insurance	15,383,091	16,556,117	35,832,757	34,739,117	43	48		
9	Other damage to property insurance	33,555,100	32,659,484	64,658,436	61,059,151	52	53		
10	Motor TPL insurance	67,050,540	56,809,629	96,431,180	90,542,312	70	63		
11	Aircraft liability insurance	-64,456	406,119	182,755	99,929	-	406		
12	Marine liability insurance	438,511	435,517	691,619	432,665	63	101		
13	General liability insurance	-1,430,895	-2,722,945	26,615,217	26,502,179	-	-		
14	Credit insurance	1,214,640	1,177,904	18,718,207	19,770,083	6	6		
15	Suretyship insurance	-5,971	18,553	1,144,956	1,385,093	-	1		
16	Miscellaneous financial loss insurance	368,944	-297,184	884,758	1,247,168	42	-		
17	Legal expenses insurance	53,508	-53,963	516,641	507,846	10	-		
18	Travel assistance insurance	10,680,346	10,749,451	15,065,765	13,323,834	71	81		
19	Total non-life insurance (No. 1-18)	205,132,278	196,879,962	410,209,492	394,414,318	50	50		
20	Life insurance	95,750,124	95,448,286	96,716,441	113,643,807	99	84		
21	Wedding insurance or birth insurance	-	-	-	-	-	-		
22	Unit-linked life insurance	48,309,493	57,234,124	58,061,390	47,841,329	83	120		
23	Tontine	-	-	-	-	-	-		
24	Capital redemption insurance	4,476,399	4,929,640	18,880,523	17,655,904	24	28		
25	Income protection insurance due to accident or illness	-	-	-	-	-	-		
26	Total life insurance (No. 20-25)	148,536,016	157,612,051	173,658,354	179,141,040	86	88		
27	Total (No. 19+26)	353,668,294	354,492,013	583,867,846	573,555,357	61	62		

15.8 Combined claims ratio

		$(\text{Net claims paid} + \text{Change in claims provisions} + \text{Net operating expenses}) * 100$					
		Net premium income					
						in EUR	
No.		Net claims paid + Change in claims provisions + Net operating expenses		Net premium income		Combined claims ratio (%)	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	335,005,046	327,176,747	410,209,492	394,414,319	82	83

15.9 Expense ratio

		$\text{Operating expenses} * 100$					
		Net premium income					
						in EUR	
No.		Operating expenses		Net premium income		Expense ratio (%)	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Life insurance	34,868,813	34,575,060	173,658,353	179,141,040	20	19

15.10 Utility ratio

		$(\text{Claims paid} + \text{Change in insurance technical provisions}) * 100$					
		Net written premium					
						in EUR	
No.		Paid claims + Change in insurance technical provisions		Net written premium		Utility ratio (%)	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Life insurance	168,708,051	234,654,876	173,671,312	179,132,506	97	131

15.11 Investment return as % of average balance of investments

		$\text{Investment return} * 100$					
		$(\text{starting balance for the year} + \text{ending balance for the year}) / 2$					
						in EUR	
No.		Investment return		Average balance of investments		Investment return as % of average balance of investments	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Asset backing liabilities	15,824,767	15,689,748	718,690,591	681,196,820	2.2	2.3
2	Guarantee fund backing traditional life insurance	25,117,942	23,999,526	804,452,488	789,542,163	3.1	3.0
3	Guarantee fund backing SVPI	7,685,057	10,603,351	225,407,801	210,430,776	3.4	5.0
4	Guarantee fund backing SVPI during the annuity payout period	1,844,913	1,412,081	60,151,483	50,771,853	3.1	2.8
5	Guarantee fund backing unit-linked insurance	6,146,060	67,988,593	415,971,560	390,654,818	1.5	17.4
6	Investments not financed from insurance technical provisions	8,857,301	11,707,490	354,957,744	338,930,590	2.5	3.5
7	Total	65,476,040	131,400,790	2,579,631,665	2,461,527,020	2.5	5.3

15.12 Net claims provisions as % of net premium income

		Net claims provisions*100					
		Net premium income					
						in EUR	
		Net claims provisions		Net premium income		Net claims provisions as % of net premium income	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	19,305,185	22,239,155	25,197,530	25,712,226	77	86
2	Health insurance	16,325	54,556	470,703	551,298	3	10
3	Land motor vehicle insurance	15,478,548	17,601,078	117,077,028	112,935,787	13	16
4	Railway insurance	6,338,678	4,559,400	3,368,876	2,368,929	188	192
5	Aircraft insurance	327,719	49,357	88,826	174,533	369	28
6	Marine insurance	157,051	345,595	392,617	281,272	40	123
7	Good in transit insurance	1,381,542	1,418,409	2,871,621	2,780,895	48	51
8	Fire and natural disaster insurance	12,453,443	13,057,498	35,832,757	34,739,117	35	38
9	Other damage to property insurance	24,295,113	23,931,240	64,658,436	61,059,151	38	39
10	Motor TPL insurance	168,214,401	156,311,058	96,431,180	90,542,312	174	173
11	Aircraft liability insurance	621,720	686,854	182,755	99,929	340	687
12	Marine liability insurance	745,431	471,258	691,619	432,665	108	109
13	General liability insurance	85,485,384	95,875,908	26,615,217	26,502,179	321	362
14	Credit insurance	2,131,635	1,946,004	18,718,207	19,770,083	11	10
15	Suretyship insurance	-69,485	43,299	1,144,956	1,385,093	-	3
16	Miscellaneous financial loss insurance	1,074,637	870,382	884,758	1,247,168	121	70
17	Legal expenses insurance	109,220	61,547	516,641	507,846	21	12
18	Travel assistance insurance	2,265,488	2,394,178	15,065,765	13,323,834	15	18
19	Total non-life insurance (No. 1-18)	340,332,034	341,916,776	410,209,492	394,414,318	83	87
20	Life insurance	19,679,961	19,318,913	96,716,441	113,643,807	20	17
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	-28,409	0	58,061,390	47,841,329	-	-
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	0	0	18,880,523	17,655,904	-	-
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	19,651,552	19,318,913	173,658,354	179,141,040	11	11
27	Total (No. 19+26)	359,983,585	361,235,689	583,867,846	573,555,357	62	63

15.13 Gross profit/loss for the year as % of net written premium

		Gross profit/loss*100		Net written premium		Gross profit/loss for the year as % of net written premium		in EUR
No.		2020	2019	2020	2019	2020	2019	
1	2	3	4	5	6	7=3/5*100	8=4/6*100	
1	Non-life insurance	64,691,335	67,345,887	407,650,351	403,466,712	15.9	16.7	
2	Life insurance	6,378,629	17,265,723	173,671,312	179,132,506	3.7	9.6	
3	Total	71,069,964	84,611,610	581,321,663	582,599,218	12.2	14.5	

15.14 Gross profit/loss for the year as % of average equity

		Gross profit/loss*100		Average balance of equity		Gross profit/loss for the year as % of average equity		in EUR
		(equity starting balance for the year + equity ending balance for the year)/2						
No.		2020	2019	2020	2019	2020	2019	
1	2	3	4	5	6	7=3/5*100	8=4/6*100	
1	Non-life insurance	64,691,335	67,345,887	506,290,745	472,649,351	12.8	14.2	
2	Life insurance	6,378,629	17,265,723	105,950,978	97,651,154	6.0	17.7	
3	Total	71,069,964	84,611,610	612,241,723	570,300,506	11.6	14.8	

15.15 Gross profit/loss for the year as % of average assets

		Gross profit/loss*100		Average balance of assets		Gross profit/loss for the year as % of average assets		in EUR
		(assets starting balance for the year + assets ending balance for the year)/2						
No.		2020	2019	2020	2019	2020	2019	
1	2	3	4	5	6	7=3/5*100	8=4/6*100	
1	Non-life insurance	64,691,335	67,345,887	1,322,982,979	1,258,554,573	4.9	5.4	
2	Life insurance	6,378,629	17,265,723	1,644,056,469	1,576,305,973	0.4	1.1	
3	Total	71,069,964	84,611,610	2,967,039,448	2,834,860,546	2.4	3.0	

15.16 Gross profit/loss for the year per share

		Gross profit/loss		Number of shares		Gross profit/loss for the year per share	
						in EUR	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5	8=4/6
1	Non-life insurance	64,691,335	67,345,887	15,837,350	15,837,350	4.1	4.3
2	Life insurance	6,378,629	17,265,723	6,897,798	6,897,798	0.9	2.5
3	Total	71,069,964	84,611,610	22,735,148	22,735,148	3.1	3.7

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 as % of equity (%)	
						in EUR	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	117,204,470	106,021,178	533,692,009	478,889,482	22.0	22.1
2	Life insurance	41,265	17,656	110,311,163	101,590,793	-	-
3	Total	117,245,735	106,038,834	644,003,171	580,480,275	18.2	18.3

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 as % of average balance of equity and insurance technical provisions (%)	
						in EUR	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	407,650,351	403,466,712	1,071,238,466	1,040,300,084	38.1	38.8
2	Life insurance	173,671,312	179,132,506	1,612,862,758	1,542,035,024	10.8	11.6
3	Total	581,321,663	582,599,218	2,684,101,224	2,582,335,109	21.7	22.6

15.19 Average balance of net insurance technical provisions as % of net premium income

		Average balance of net insurance technical provisions*100 Net premium income						in EUR	
No.		Average balance of net insurance technical provisions		Net premium income		Average balance of net insurance technical provisions as % of net premium income (%)			
		2020	2019	2020	2019	2020	2019	7=3/5*100	8=4/6*100
1	2	3	4	5	6				
1	Non-life insurance	564,947,721	567,650,733	410,209,492	394,414,319	137.7	143.9		
2	Life insurance	1,506,911,781	1,444,383,870	173,658,353	179,141,040	867.7	806.3		
3	Total	2,071,859,502	2,012,034,603	583,867,845	573,555,359	354.9	350.8		

15.20 Equity as % of liabilities

		Equity * 100 Liabilities						in EUR	
No.		Equity		Liabilities		Equity as % of liabilities (%)			
		2020	2019	2020	2019	2020	2019	7=3/5*100	8=4/6*100
1	2	3	4	5	6				
1	Non-life insurance	533,692,009	478,889,482	1,349,958,827	1,296,007,131	39.5	37.0		
2	Life insurance	110,311,163	101,590,793	1,663,255,330	1,624,857,608	6.6	6.3		
3	Total	644,003,171	580,480,275	3,013,214,158	2,920,864,739	21.4	19.9		

15.21 Net insurance technical provisions as % of liabilities

		Net insurance technical provisions*100 Liabilities						in EUR	
No.		Net insurance technical provisions		Liabilities		Net insurance technical provisions as % of liabilities (%)			
		2020	2019	2020	2019	2020	2019	7=3/5*100	8=4/6*100
1	2	3	4	5	6				
1	Non-life insurance	565,395,400	564,500,042	1,349,958,827	1,296,007,131	41.9	43.6		
2	Life insurance	1,527,742,641	1,486,080,920	1,663,255,330	1,624,857,608	91.9	91.5		
3	Total	2,093,138,041	2,050,580,962	3,013,214,158	2,920,864,739	69.5	70.2		

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	
No.		Net life insurance technical provisions		Net insurance technical provisions		Net life insurance technical provisions as % of net insurance technical provisions (%)	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Total	1,490,283,181	1,455,824,397	2,093,138,041	2,050,580,962	71.2	71.0

15.23 Gross written premium as % of 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	
No.		Gross written premium		Average number of employees		Gross written premium per number of permanent employees	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5	8=4/6
1	Total	719,255,868	702,131,971	2,249	2,272	319,883	309,105



Mobile appraisal units and services.

Extreme weather conditions, especially severe hail and heavy storms, cause mass damage to vehicles. For a simple and fast appraisal near your home, mobile appraisal units with a light tunnel are set up, such as the ones set up in Ljubljana and Trzin in early August.

You can report a claim before actually visiting us by using different channels, the Triglav asistenca mobile application or calling the toll-free number. Clients are encouraged to report damage to vehicles and real property remotely. A new, electronic module for reporting claims was introduced for agents.

[For more information see Section Development and marketing activities.](#)



Risk management

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Risk management

- Despite the uncertainties brought about by the COVID-19 pandemic, the Triglav Group was adequately capitalised and liquid, which is also reflected in the reaffirmed “A” credit rating.
- In the reporting year, the Triglav Group showed a sufficient degree of preparedness and adaptability to an extraordinary situation, as during the pandemic no material operational risk was realised.
- Increased market risks in insurance segments were actively managed by pursuing optimal matching of assets and liabilities, prudent risk-taking and ensuring appropriate diversification of exposures.

The Triglav Group was well capitalised in 2020. Its capital strength is reflected in its quality capital structure, which to a lesser extent also includes subordinated liabilities. The volume of the latter decreased, as Zavarovalnica Triglav’s subordinated bond with the ZT02 ticker symbol matured in March 2020. The situation was rather unpredictable, especially in the first half of the year. Despite the increased volatility of financial markets and the business environment, taking into account the adopted dividend policy, the high capital adequacy of the Group was confirmed.

On 31 March 2020, the Insurance Supervision Agency (ISA) called on all insurance, reinsurance and pension companies to suspend the payment of dividends by 1 October 2020 in order to ensure financial stability during the pandemic. In August 2020, this preventive measure was extended until the auditors issued an opinion on the annual reports for 2020. The ISA additionally stipulated that a company wishing to pay out dividends earlier must substantiate this decision and the reasons for it, both quantitatively and qualitatively, and inform the Agency at least one month before the intended payment. Zavarovalnica Triglav performed calculations to test the situation in exceptional circumstances, based on the precise assumptions used in stress tests. The impact of the payment on assets, liabilities, available own funds and capital adequacy for the period until the end of 2024 was

also taken into account. Although the appropriate capital strength was confirmed based on the analyses performed, even with the payment of planned dividends, the Company decided not to pay dividends in 2020 due to the aggravated situation and restriction on gathering during the second wave of the COVID-19 epidemic.

The adequate capital and financial strength of the Group was additionally confirmed by 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 ratings have a stable medium-term outlook. See [Section 6.6 of the Business Report for more information](#).

Adequate liquidity of Zavarovalnica Triglav was maintained through regular management of its liquidity position. Due to the slightly tight liquidity situation in the financial markets before the implementation of the European Central Bank (ECB) measures in the first quarter, the Company upgraded its liquidity plan in stress situations. Additional mechanisms were established and tested in order to ensure liquidity in the event of further deterioration in market liquidity. See Section 2.6 for more information about the liquidity position.

The changed exposure to risks and changes in the financial markets, especially the increased volatility of credit spreads and the decrease of already low interest rates, demanded more careful

maintenance of a good underwriting result and the quality of the debt portfolio as well as consistent matching of assets and liabilities. Due to the persisting period of low interest rates, life underwriting risks increased. By reducing the exposure to corporate bonds and increasing the exposure to government bonds, the Company decreased spread risks, thereby reducing market risks compared to the preceding year. Significant fluctuations were also observed in the equity portfolio. During the reporting year, no significant deterioration in the overall credit quality of clients and business partners was seen as a result of the COVID-19 pandemic.

Throughout the year, the Company monitored emerging risks in the environment and actively responded to them, also by upgrading the risk management system.

Main risk management development activities at the Triglav Group level in 2020

- In the context of **market risks**, the main focus was on spread risks. Additional stress scenarios were designed, thus upgrading the regular monitoring of value at risk in spread risk, as increased risks in the external environment and the financial markets were identified. Changes in the environment also demanded a review and revision of the limit system in terms of market risks. Careful attention was also devoted to currency risk.
- With respect to **underwriting risks**, business risks were regularly monitored in terms of the effects of the COVID-19 pandemic, the portfolio of major policies began to be upgraded to ensure better monitoring of portfolio exposure, and the profitability of life insurance products was carefully monitored due to extremely low interest rates.
- The **credit risk** system was upgraded by implementing thresholds in individual areas related to counterparty portfolio management, which will contribute to more effective credit risk management by counterparty type.
- Regular uniform assessment and monitoring of country risk was established to achieve more effective management of risks of exposure to countries in the Group's portfolio.
- The redesigned **liquidity risk** management system enables regular monitoring and comprehensive review of liquidity risk in the coming year with a uniform indicator for normal and stress situations. In addition, the liquidity plan in stress situations, as an important plan of said system, was updated.
- Based on the new knowledge and experience gained during the COVID-19 pandemic, **the operational risk management system was further upgraded**. Special attention was paid to information technology risks, including cyber risks. The new GRC/IRM (governance, risk, compliance/integrated risk management) software was set up to comprehensively manage operational risks and support internal audit processes.
- The Company effectively cooperated with the Group members in regular monitoring of risks, own risk and solvency assessment and assessing stress scenarios, thus **continuing the building of the Group's governance system**.

1. Risk management system

The comprehensive risk management system plays the key role in the achievement of the Triglav Group's strategic objectives and is an important element of its governance system, which enables the fulfillment of obligations and effective operations even in the uncertain situation brought about by the COVID-19 pandemic.

It is determined by internal rules, a clear segregation of powers and responsibilities, and well-established processes and activities to identify and assess risks and control both assumed and potential risks. This allows us the Company to take appropriate action and thus keep its risk profile at the level defined in its risk appetite. The system is clear, transparent and well-documented. In subsidiaries, it is developed according to the principles of the parent company and by adhering to the principle of proportionality. Comprehensive risk management enables the Company to promptly identify, measure, monitor and report on all material risks and to take timely action.

1.1 Powers and responsibilities

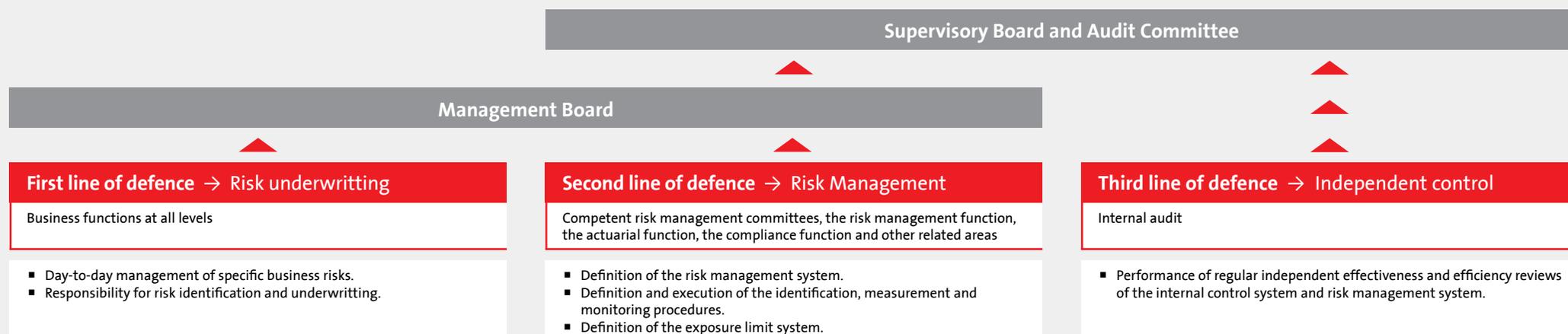
The system of powers and responsibilities in risk management is designed based on the "three lines of defence" model.

- **The first line of defence** consists of the business functions, which actively manage specific business risks through their business decisions and which are responsible for risk identification and underwriting in accordance with the guidelines of the Management Board and for active operational management of specific business risks.
- **The second line of defence** includes key functions – the risk management function, the compliance function and the actuarial function – and other related areas that exercise supervision, as well as risk management system committees. They all form the risk management system, which includes exposure identification, measurement and monitoring as well as the exposure limit system.
- **The third line of defence** comprises the internal audit function, which carries out regular independent effectiveness and efficiency reviews of the operation of the internal control system and the risk management system in individual divisions. It also makes recommendations for improvement.

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 and the Management Board are also responsible for defining organisational goals and strategies for achieving them. Furthermore, they establish the management structure and processes that ensure optimal management of assumed risks.

The decision-making bodies participating in the integrated corporate risk management process and the three lines of defence



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 on the reports of key functions. At its sessions, the Supervisory Board also takes note of the risk profile, capital adequacy and the findings of the own risk and solvency assessment report. Furthermore, it gives its approval to the Solvency and Financial Condition Report.

Expert assistance and support in formulating positions on risk management is provided by **the Audit Committee**, which acts as a working body of the Supervisory Board. The Audit Committee supervises the adequacy and effectiveness of the risk management system and focuses on monitoring the comprehensive risk profile of the Company. It is also included in the definition of stress tests and scenarios, which are used to check the level of capital adequacy as part of the implementation of own risk and solvency assessment.

The Management Board defines the business objectives and the risk appetite, as well as approves the risk management strategy and any related policies. It is responsible for ensuring the effectiveness of the risk management system and approves the work plan 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, the Solvency and Financial Condition Report, the Risk Report and the Own Risk and Solvency Assessment Report. Independently or within a committee, the Management Board actively participates in and directs the own risk and solvency assessment process, which is designed to verify business decisions and define the guidelines of the risk

management system. The Management Board also ensures its compliance with the capital planning and management processes.

The business functions at Zavarovalnica Triglav operate within the framework of the first line of defence. They are responsible for risk underwriting and identification in their respective work area in accordance with the Management Board's guidelines, as well as for the management of specific risks within the allowed exposure limits.

The key functions of Zavarovalnica Triglav's **governance system** are **organised as independent organisational units**. They comprise the risk management function, the non-life and life insurance actuarial functions, the compliance function and the internal audit function, which carry out their duties and responsibilities independently from one another and from other organisational units of the Company. They are all part of the second line of defence, except for the internal audit function, which is part of the third line of defence. All key functions cooperate with one another and regularly exchange the necessary information. In risk management, they also cooperate with other control functions at the Group level. The key function holders meet the fit and proper requirements defined by the applicable internal rules for the respective area.

The risk management function is responsible for the establishment and coordinated and continuous operation of the integrated risk management system in accordance with the Management Board's guidelines. Furthermore, it monitors the general risk profile, methodological development of the risk management system and the harmonisation of main risk assessment models, performs the underlying risk analyses, reports on risk exposures and assesses capital adequacy using the regulatory method and other

capital models. In line with the Management Board's guidelines, the risk management function also coordinates and performs 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 and 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 and the Supervisory Board thereon. It monitors and assesses the impacts of the changed legal environment and compliance risks, assesses the adequacy and effectiveness of procedures, advises on measures to adapt the Company's operations to any identified changes, and co-creates the internal controls for ensuring compliance of a particular process, line of business, or the Company as a whole by providing guidelines and making recommendations and proposals. In addition, the compliance function plays a major role in ensuring a fair and transparent conduct by monitoring adherence to the ethical commitments and overseeing their implementation in practice.

The actuarial function operates separately for non-life and life insurance. Among its tasks is to coordinate and calculate insurance technical provisions using appropriate methods, models and assumptions, as well as comprehensive, high-quality and relevant data. It verifies the appropriateness of the general underwriting risk policy and delivers an opinion whether the amount of the premium of individual products is sufficient to cover all the liabilities arising from insurance contracts. The actuarial function also checks the adequacy of reinsurance and

participates in own risk and solvency assessment, while coordinating and calculating capital requirements for underwriting risks. It reports on important findings to the Management Board and the Supervisory Board.

The **internal audit function** performs regular and comprehensive control of the Company's operations. This is achieved by reviewing and assessing the adequacy and effectiveness of the Company's governance, risk management and control procedures in a 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 for the quality and continuous development of internal auditing at the Company. It provides advisory services in agreement with the Management Board and the management of divisions.

The Company's all key functions are in charge of not only transferring know-how and best practices to other Group members but also of ensuring their coordinated operation.

The second line of defence of the risk management system includes the **committees appointed by the Management Board**. They have an advisory role and may be granted 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.

Zavarovalnica Triglav's committees that are part of the Triglav Group's risk management system and their roles.

- **The Risk Management Committee** deals with all material risks of the Company and the Group and is responsible for the management of strategic or non-financial risks.
- **The Assets and Liabilities Committee** deals with market risks, including credit risks arising from exposure to banks and banking groups, life underwriting risks and liquidity risk.
- **The Non-life Insurance Committee** is responsible for non-life underwriting risks and credit risks related to exposure to reinsurers.
- **The Operational Risk Committee** deals with operational risks, information security risks, including cyber risks and business continuity risks, compliance risks and outsourcing risks.
- **The Non-Life and Life Insurance Product Forums** are responsible for the development of new insurance products and any risks related thereto.
- **The Project Steering Committee** deals with project risks and reports to other competent committees thereon.

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.

The minimum standards for the Group members are set by the Subsidiary Management Division. Minimum standards for risk management are also part of the minimum standards. The parent company's Risk Management Department is responsible for the preparation and transfer

of minimum standards to the subsidiaries in cooperation with the Subsidiary Management Division. By enforcing common standards, the Group establishes and maintains an effective and transparent governance system, with effective communication, quality exchange of data and information, time availability, methodological consistency, accounting verifiability and integrity being its key elements.

1.2 Risk management process

The comprehensive risk management process at Zavarovalnica Triglav is based on the Group's strategy and the Company's business plan, which both provide the basis for defining the risk appetite. The risk appetite sets out material risks the Company is willing to assume to achieve its objectives and the key indicators by which these risks are measured and monitored, including target values and limits. The Company has zero tolerance for all risks

that it is not willing to assume in the course of its operations.

One of the key indicators is *capital adequacy ratio (CAR)*. Its target range and tolerance are consistent with the dividend policy and defined in the framework of the capital management of both 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 **own risk and solvency assessment process** is closely connected to the quality of the whole risk management system. By assessing solvency requirements, the appropriateness of both the regulatory method and the strategic guidelines is verified in terms of ensuring capital adequacy. To optimise the use of capital, solvency requirements are assessed in relation to the implementation of the strategic plan, and the stability of capital adequacy is tested with stress scenarios for

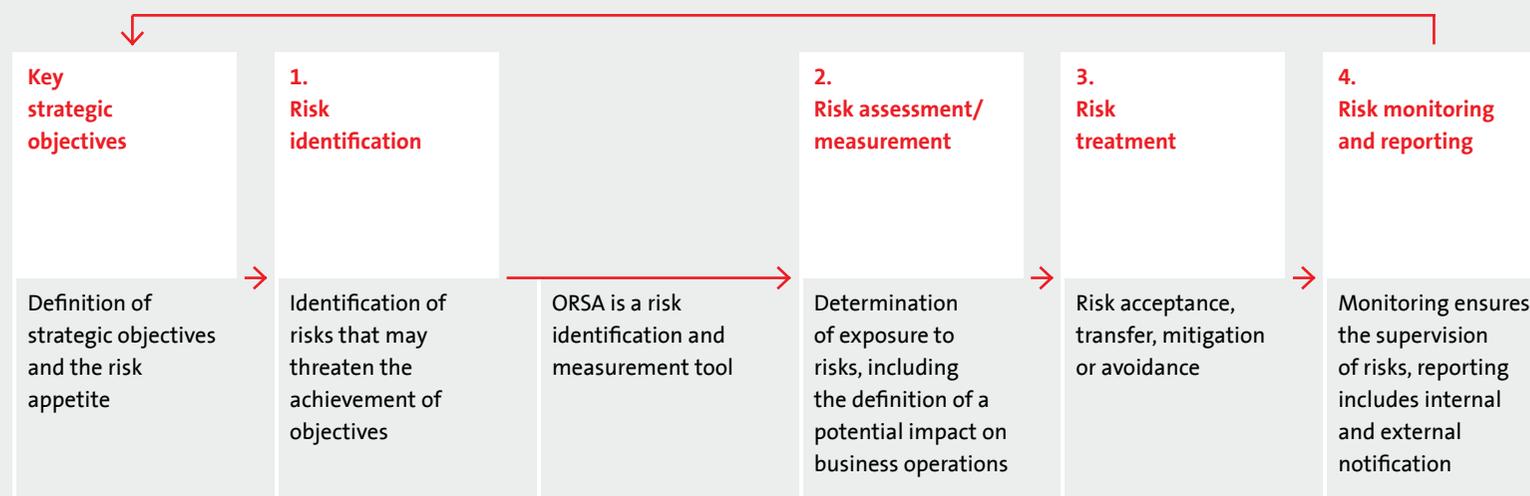
existing and potential or emerging risks from the environment of an individual risk. On this basis, the Company takes appropriate measures such as changes to the guidelines for accepting transactions, premium rates, adjustments to the limit system and risk transfers. This increases the readiness of the Group members for identified risks and upgrades the internal control system, thus building an effective system for strategic decision-making.

The risk management process consists of risk identification, measurement or assessment, treatment and monitoring and risk reporting.

Proper risk assessment requires the correct capture of data on risk exposure and a good knowledge of the properties (volatility) of risk factors and impacts on key indicators (from the Risk Appetite Statement).

In risk measurement, the standard Solvency II formula (the regulatory method) is used

Risk Management Process



as the primary method, which is based on standard volatility and own risk exposure. It is supplemented with the Company's own assessments of the volatility of risk factors at the same confidence level and over the same period. In this way, its adequacy is also regularly monitored. Risks are additionally assessed according to the methodology of the credit rating agency S&P, which is based on a 99.7% confidence level over a period of one year.

At least once a year, in the context of the own risk and solvency assessment process, a comprehensive analysis is performed to assess the appropriateness of the regulatory method. The results of the internal risk measurement method are also taken into account in the final assessment of appropriateness.

For assumed and potential risks, the target values and/or limits are set that must be complied with when taking risks. The risk monitoring mechanisms enable the Company not only to identify any negative trends but also to take appropriate measures, which is operationally performed at several levels. At the level of **divisions**, 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 increased volatility, where the Group's exposure is higher. Material detected or identified risks are included in the own risk and solvency assessment process.

The Risk Management Department regularly monitors and reports on the matching of the actual risk profile and the risk appetite. The findings are discussed by the Risk Management Committee, which approves any measures to be taken in the event of an infringement. Regular

reporting on risks to the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board also includes any findings and measures taken by the Risk Management Committee.

As presented in [Section 1.1](#), the Management Board and the Supervisory Board are regularly informed about the individual types of risks assumed for both the Company and the Group, as well as about the risks as a whole. The risk report, which is drawn up 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.

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 Group has a sufficient amount of capital in relation to the measurable risks assumed. When deciding on entering into a business transaction, the Company consistently assesses profitability in relation to the assumed risks, thereby pursuing the target capital adequacy, and takes into account the criterion of earning appropriate profit for the shareholders. The goal of capital management is to guarantee the safety and profitability of operations as well as a long-term and stable return on investment by paying out dividends based on the predefined criteria in the dividend policy.

In previous years and in 2020, the Group was adequately capitalised, safe and profitable.

The amount of available own funds to cover regulatory capital requirements is regularly measured both for individual insurance subsidiaries and for the Group as a whole.

The target capital adequacy of the Group 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 the existing capital level and its future adequacy. This allows it to adapt to any changes in the environment affecting capital adequacy and to optimise capital allocation.

Capital adequacy also has a significant impact on the Company's credit ratings. Therefore, when making business decisions, it is taken into account how they impact the results of the models of major credit rating agencies. 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.

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	

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](#).

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 divisions 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 risk classification in accordance with the standard formula set out in 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. Within underwriting risks, non-life underwriting risks (including health insurance) and life underwriting risks (including pension insurance) are treated separately. 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.
 - *Non-life underwriting risks* comprise premium risk, provision risk, catastrophe risk and lapse risk.
- *Life underwriting risks* include mortality risk, longevity risk, morbidity risk, lapse risk, expense risk, catastrophe risk and revision risk.
- **Market risks** are the risks of loss or of adverse changes in the financial situation, resulting from fluctuations in the level and the volatility of market prices of assets, liabilities and financial instruments. Market risks comprise interest rate risk, equity risk, currency risk, property risk, spread risk and market concentration risk.
- **Credit risks** are the risks of loss or adverse change in the financial position of the company and arise from fluctuations in the credit position of counterparties. They are the result of the debtor's failure to meet all or part of its contractual obligations.
- **Liquidity risk** is the risk 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 risk may arise from inadequate or insufficient available funds or from the uncertainty of financial markets and the consequent difficulty in accessing the financial resources needed to pay for liabilities. Liquidity risk usually materialises as the inability to liquidate financial assets or sell them at prices lower than the market rates at a given moment.
- **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 and major business interruption events, legal risks, compliance risk, conduct risk, project risk, outsourcing risk and model risk.
- **Non-financial risks** comprise 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 existing or future operations resulting from a negative image of the Company or the Group 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 comprise 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. Moreover, the Company's risk profile is 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, sustainable risks focus on the impact of climate change, which along with other sustainable risks (the ageing population, antibiotic resistance, pandemic risk, etc.) will affect the operations of insurers, both via liabilities and assets. Climate risks are divided into physical risks and transition risks. More activities are presented in [Section 2](#) of this part of the report and in [Section 12. Sustainable development and ESG aspects at the Triglav Group of the Business Report](#).

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 assess 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 the risk trend.

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 comprise spread risk and market risk concentration, which are both classified as market risks according to the Company's classification, 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, which 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 presentation of the differences between the two valuations is included in the Solvency and Financial Condition Report, which is published on the Company's website (www.triglav.eu).

Presented below in more detail are risk exposures according to the classification used in the Company's risk management system.

Challenges and opportunities of today

Presented below is an overview of the main trends in the environment that have affected or will continue to affect the Group's operations and its response to them. By identifying changes, the risk management system is not only built but also constantly upgraded.

Each trend brings opportunities and challenges, which are associated with the risks in operations, depending on how the Company deals with them. The Group realises its vision of long-term operations through their efficient and correct treatment.

The Group's acceptance of challenges and risk management

The Group is responding to the situation at hand by prudently **adjusting its risk profile**, reducing market risks and increasing underwriting risks. A functioning risk management system enables the Group to monitor the situation in the environment on an ongoing basis and to respond to it rapidly by appropriately addressing the negative impacts on capital adequacy and profitability.

Investment policies are primarily designed to pursue the interests of policyholders, insured persons and other beneficiaries from insurance contracts. Therefore, the security of investments and the simultaneous achievement of the highest possible profitability with the assumed risks are at the forefront. The amount, maturity and currency of assets intended to cover insurance liabilities are harmonised with liabilities as much as possible, thus further limiting market risks. By managing the remaining assets, the goal of achieving a reasonable rate of return is pursued, taking into account all the risks assumed and maintaining a high overall credit rating of the investment portfolio. In the current situation, additional attention is paid to the optimal profitability of the insurance business and the appropriate rate of return on investment, which is also achieved by investing in alternative investments, which at somewhat lower liquidity generate slightly higher expected rates of return. The volume of such investments is subordinated to achieving adequate portfolio liquidity even in the event of deteriorating financial market conditions.

The Group has an effective **system for monitoring the entire counterparty portfolio** for timely identification and action. The credit quality of the portfolio is regularly monitored, while the concentration in the Group is managed by taking into account and adjusting the exposure to individual partner segments.

With adequate liquidity, the Company ensures that it meets all its obligations on time. To **maintain the optimal liquidity level**, liquidity risk is managed on an ongoing basis, which includes regular testing of liquidity in exceptional circumstances and the liquidity plan with the order of measures to take in such cases.

1. Macroeconomic and financial instability

The year 2020 was marked in particular by the COVID-19 pandemic and, as its consequence, by increased volatility in the financial markets. The pandemic had a significant impact on the operations of the insurance industry. Its impact is expected in the future as well, especially in the event of a further decline in economic activity. Countries and central banks are responding to the situation with incentive measures which also carry risks. Due to the provision of additional liquidity, the balance sheets of central banks strengthened significantly, and with high budget deficits, the government debt of most countries increased considerably. The potential risks of future economic growth and higher credit spreads have increased, especially for countries that will be more significantly

affected by the effects of the current crisis in the medium term. The deepening recession could also affect the insurance business (potential pressure to reduce premiums, increased credit risks and lower value of financial investments). Reduced inflows and the lower value of financial investments could also have a negative impact on liquidity risk.

The insurance market will continue to face extremely low, negative interest rates in the future, as poor economic forecasts and the pandemic have further increased the likelihood of long-term low interest rates.

2. Digital transformation and cyber security

Digitalisation (advanced analytics, growing use of cloud services, the Internet of Things, cognitive computing, mobile network development, robotic process automation, machine learning, artificial intelligence, API, the sharing economy and remote business) contributes a lot to the changes occurring in the environment. It is reflected in the expectations and needs of clients, the cost-effectiveness of companies and new ways of doing business. Insurers are expected to constantly monitor and adapt their operations to changes in society, technological changes and innovative business models developed by insurtech and fintech companies. Keeping abreast of new solutions and implementing them into operations can be (with very rapid and continuous development) a considerable challenge for insurance service providers, but at the same time it is and will be an important distinguishing factor.

Technological development is associated with the exponential growth of cyber threats, such as attacks to steal information or stop business processes. Managing and limiting the possible financial and operational-process effects of these threats is crucial for successful operations, while maintaining clients' confidence in the secure processing of their often sensitive data. Regulators are therefore working to increase security by introducing security measures and security incident reporting procedures (such as the GDPR). Recent developments include the EIOPA guidelines for outsourcing cloud services and for information technology security and management.

One of the direct consequences of the COVID-19 pandemic for the insurers is engaging with clients mostly remotely and via digital channels (taking out insurance, settling claims, etc.). Work processes also moved from business premises to employees' home, with communication mainly taking place via the internet connection and with remote access to the company's data. All of the above gave additional impetus to business digitalisation and produced many challenges, such as client identification, remote signing, remote inspection of the subject insured and secure document exchange. At the same time, the vulnerability of insurers to cyber attacks as well as their number have increased worldwide.

Increased risks in the environment are also a business opportunity for insurers. Cyber insurance makes a valuable contribution to secure business operations and can play a key role in the healthy transition to a digital economy.

The Group's acceptance of challenges and risk management

The Group actively responds to the situation at hand by accelerating business digitalisation and the use of other solutions resulting from strategic development processes in recent years, particularly the introduction of an omni-channel sales approach and remote and paperless operations. Thanks to solutions such as remote signing, video identification and remote inspection of the subject insured, **business continuity was ensured also in the extraordinary circumstances.**

In order to ensure appropriate information security, **the information security management system and security controls were constantly upgraded**, in addition to having implemented a new operational risk management tool, which includes cyber threats. To continuously monitor security events, **a security and control centre** was established, which operates 24/7. New information tools are developed at the Company and transferred to other Group members in accordance with established procedures. With these security tools, the Company is able not only to promptly manage new security risks, but also actively manage the level of information security at the Company.

Before and during the implementation of new technological solutions, all relevant risks are assessed and a set of measures for their management is designed. When purchasing IT solutions, those providers are selected that offer legally compliant solutions for information security and personal data protection with guaranteed compatibility of services.

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

3. Climate change

Climate change is a material risk in the long run, which also depends on further responses and the speed of nearing carbon-free business. The effectiveness of climate change mitigation measures will increase the degree of required business adjustments, thus putting the risk of transition at the forefront. In the opposite scenario, if measures are inadequate, increased physical risks can be expected with the increasing occurrence of weather disasters and other consequences. The magnitude of this risk is difficult to assess due to the uncertainty of how, when and where the weather disaster will occur and how it will affect the volume of business due to different client expectations and needs.

The Group's acceptance of challenges and risk management

The Company is constantly monitoring the environmental efficiency of its operations and is implementing new regulations that direct the economy towards sustainable development.

It recognises and manages climate change because it is aware of its importance. Extraordinary weather events as a result of climate change are becoming more frequent and occur with increasing intensity. Therefore, special attention is paid to the adequacy of premium amounts to cover weather damage and an expert assessment of the risk of increasing insurance liabilities due to climate change is reasonably included in the information on historical data (the number and intensity of past loss events). The speed of weather changes does not allow, based on past experience, to identify in a timely and sufficient manner, the expected changes and thus potential insurance liabilities which could lead to the fact that an increasing share of capital would have to be allocated to the risks of future weather events.

The Company strives to raise public awareness in various ways about the importance of insurance in the event of such accidents, as it is aware that the risk of climate change will affect the future quality of life of everyone. Weather disasters with major damage are expected in the future as well, thus citizens are advised to check the adequacy of their insurance coverage. Safe and self-protective behaviour is promoted through the Triglav Vreme application.

The Company not only provides a broad range of insurance products that cover the risks of adverse weather events, but also designs new business models focused on new insurance coverage and promotion of insurability. The goal is to attract the attention of as many retail and corporate clients as possible and encourage them to buy insurance, and, with its greater geographical diversification, to provide wider and easier accessibility of insurance products. The Company reduced the impact of assumed risks on its operations by having an appropriate reinsurance coverage, which is constantly checked and adjusted.

In the reporting year, the commitment to sustainability was adopted, which is presented in more detail in [Section 12. Sustainable development and ESG aspects at the Triglav Group of the Business Report](#).

The effects of climate change are already reflected in higher average global atmospheric temperatures, rising sea levels, more frequent and longer heat waves, and in recent years more frequent extreme weather events in our region and worldwide.

The statistical monitoring of atmospheric temperature around the world shows that the last decade has been the warmest of all recorded so far. Based on the current tables and expected trends, it is estimated that the realised climate risks will depend primarily on the increase in average global temperature, which could be reflected in the escalation of the frequency and intensity of weather phenomena such as storms, floods, hail and fires. This will affect the need for greater security and, consequently, the demand for certain non-life insurance products. The related growing need to diversify the risks assumed through reinsurance may lead to higher prices of reinsurance coverage. With the increase in mortality and disease and the emergence of new epidemics, climate risks could also affect the supply and demand of life and health insurance products. A major epidemic leading to a pandemic can worsen socio-political stability and macroeconomic and geopolitical conditions, which is usually reflected in economic activity and financial markets. The identified events will also affect the breakdown of regions according to the suitability for habitation, which may lead to more extensive migration and volatility of the real property market.

Due to further changes in the environment, the insurance industry could feel pressure to increase insurance prices and reduce insurability or even introduce complete non-insurability of individual risks, which would increase competitiveness, reduce overall confidence in the industry and therefore damage the insurers' reputation.

Various stakeholders, from regulators to businesses, consumers, non-governmental organisations and others, are responding to the risk of climate change. The main goal is to harmonise their actions in such a way as to reduce the negative effects of change. To this end, various guidelines are developed for the transition to new conditions and relationships, which is accompanied by the risk of transition to a low-carbon economy and the expectation that the value of direct or related investments in activities, sectors or countries with a high carbon footprint will decrease. The new EU regulation to promote the transition to a green economy and the changing values of consumers increase the attractiveness of the market of insurance products related to the renewable energy sector. The demand for such investment products and insurance solutions, which accompany the buyer in adopting a sustainable lifestyle, is therefore growing.

4. An ageing society and social security

In more mature European economies, we are witnessing a steady ageing of the population as a result of longer life expectancy and declining birth rates. International migration phenomena only partially mitigate this trend. Precarious work

and income insecurity are typical of young age groups in European countries. On the other hand, with increasing longevity, public spending on pensions and healthcare is rising, and undefined long-term care brings additional uncertainty. The described trends are reflected not only in government budget deficits and related government debt, but also in the threatened sustainability of public finances.

The labour shortage that accompanies these trends will also affect development and economic growth.

The Group's acceptance of challenges and risk management

The coverage of risks that are not included in the statutory social security or are insufficient is provided by additional and supplemental insurance products. The Company is expanding its life, pension and health insurance product range, thus increasing the security of clients at all stages of life. It is exposed to the longevity risk in products with lifetime annuity or pension payouts. As this is a very long-term risk, it requires special attention. It is managed by developing dynamic models of the policyholders' life expectancy and setting appropriate premium rates and provisions.

The aim of the Group's employee management policy is to create a stimulating, development-oriented environment with engaged, healthy and satisfied employees. With their help, the Group members are able to achieve ambitious strategic and business objectives. In addition to the development of existing employees, new hires are carefully selected and onboarded.

All employees are provided with opportunities for personal growth, development and career advancement. The Company strives to acquire, develop and retain the best employees, improve selection processes, and promote mobility both within an individual Group member and at the Group level. A system of onboarding and development mentoring was set up for new and promising employees.

The Company values new knowledge and digital skills, cooperation among employees and a responsible attitude towards clients. In addition, it promotes innovation, multiculturalism and the transfer of experience and know-how between generations. Within the framework of the intergenerational cooperation programme, various activities are carried out for the continuous development of know-how and competences, maintaining work performance, satisfaction, health and engagement of older employees (preventive activity). The goal is to train leaders to work with mixed-age groups and to direct organisational culture towards effective cooperation between generations. Great emphasis is placed on the digital literacy of older employees, various forms of mentoring to foster knowledge transfer, workshops for leaders and employees over the age of 55, and the constant raising of awareness of employees of all generations.

The Group implements the minimum standards for the uniform employee management and transfer of good practices within the Group. The Company's adapted human resource information system (Gecko HRM) was launched in 2020 in subsidiaries in Slovenia and began to be implemented in two other Group members in the Adria region.

By developing the desired organisational culture and engaged, healthy and satisfied employees, a reputable employer brand is built.

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, is presented in greater detail in the Solvency and Financial Condition Report, available at the Company's website (www.triglav.eu).

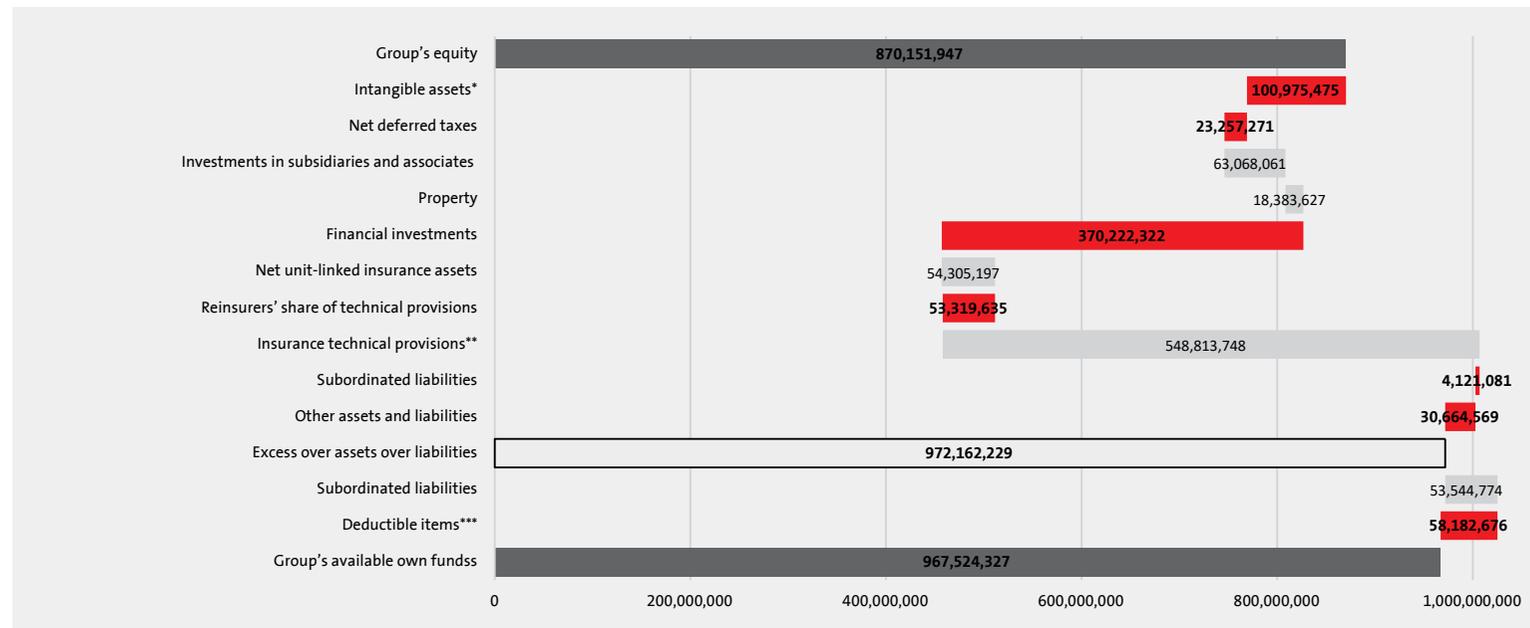
The presentation of the risk profile of the Triglav Group and the risk assessments by individual risk segment are based on market values for solvency purposes. The Company uses the regulatory method, which was assessed as appropriate for risk measurement in the context of the own risk and solvency assessment process.

With respect to unit-linked insurance, investment risk is borne by the insured person and not by the insurer. The tables below therefore, where appropriate, separately show the value of these insurance contracts or exclude them from the presentation of exposure and risk assessment of the Company and consequently the Group.

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.

Explanation of differences in capital valuation in the balance sheet for solvency and financial reporting purposes for the Triglav Group as at 31 December 2020



* The fair value of intangible assets is valued at 0.

** Consolidation method for solvency purposes differs for Triglav Skladi and Triglav, pokojninska družba.

*** In this item interests in companies with sectoral rules, foreseeable dividends and non-available minority interests at group level are included.

The definition of equity in the balance sheet for financial reporting purposes differs from the definition of own funds for solvency purposes. Details of significant reasons for the changes in 2020 and the related differences in valuation are described in the Solvency and Financial Condition Report for 2020, D and E sections, which is published on the Company's website (www.triglav.eu).

As at the 2020 year-end, the Group remained well capitalised. Its capital adequacy improved mainly due to an increase in available own funds, which are higher by EUR 76 million compared to 2019 as a result of market profit. Foreseeable dividends for 2020 were already deducted from available own funds. In the reporting year, the Company did not pay dividends for 2019 based on the regulator's recommendations to temporarily suspend the payment of dividends. However, the capital requirement did not change significantly in the comparative period.

Capital adequacy of the Triglav Group and Zavarovalnica Triglav

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Available own funds (EUR million)	968	892	983	905
SCR (EUR million)	404	400	318	320
Capital adequacy (%)	240	223	309	283

Realised capital adequacy was 240% as at 31 December 2020 and was thus within the target capital adequacy range, i.e. between 200% and 250%. Thus, the Group achieves its target risk appetite, which is in line with the capital management strategic objectives and the dividend policy criteria presented in [Section 1.3 of Risk management](#).

2.2 Risk profile

Risks are assessed on the basis of a standard formula defined by the applicable legislation and internal methodologies, which are mostly based on the value-at-risk method. It distributes market losses or gains with a confidence interval of 99.5% over a one-year horizon. With regard to solvency capital requirement (SCR), the diversification specified in the standard formula prescribed by law is taken into account.

The level of underwritten risks is in line with the guidelines defined in the risk appetite. Due to the outbreak of the COVID-19 pandemic and its impact on financial markets, special attention was paid to market risks in 2020. In doing so, the achievement of optimal matching of assets and liabilities was pursued and the impacts on spread risk were taken into account. Despite the COVID-19 pandemic, underwriting risks were effectively underwritten and their scope increased.

The Group is most exposed to market and underwriting risks, followed by credit and operational risks. Within the Group, the Company assumes the bulk of the risks.

The risk profile of Zavarovalnica Triglav and the Triglav Group, which shows their exposure to material risk categories, is shown in the table below.

Risk dashboard of Zavarovalnica Triglav and the Triglav Group* as at 31 December 2020

Risk	Risk assessment (current)	Risk trend (future)	Note
Capital adequacy	Low	Stable	Despite the uncertainty caused by the COVID-19 pandemic, the capital adequacy remains within the target range both in the Company and the Group. 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 maintained premium growth and achieved the target values of indicators in strategic markets even in the past period. Despite more frequent disasters with higher severity (earthquakes in Croatia, weather disasters), the combined ratio remained within the strategically defined range. Low interest rate risks that hamper the profitability of life and pension insurance are still present.
Market risks	Medium	Stable	The situation in the financial markets deteriorated significantly in 2020 due to the emergence of a pandemic. Despite the easing of the situation in the second half of the year, there is still increased uncertainty regarding future developments in financial markets. This will largely depend on the further development of the pandemic. The risk of a renewed increase in credit spreads is still at the forefront, and low interest rates are still persisting. Due to all the above, the Company actively manages market risks, thus special attention is paid to the development of optimal investment policies and the matching of assets and liabilities, which is especially important in the life insurance segment.
Credit risks	Low	Stable	Despite the increase in exposure, credit risks remain low. The main reason is the regular and systematic monitoring and management of individual exposures in all segments and good diversification of the portfolio.
Liquidity risk	Low	Stable	At the beginning of the year, a short-term deterioration in market liquidity was seen, which did not have an impact on the Company's liquidity. In the second half of the year, the liquidity position slightly improved. Through regular monitoring of the liquidity position, a strong liquidity position is maintained.
Operational risks	Medium	Stable	Due to the COVID-19 pandemic, the Company identified an increase in operational risks, especially due to potential staff absences, adjusted organisation and implementation of processes (internal, regulatory and with respect to clients), new information security risks (due to working from home) and additional regulatory changes arising from emergency legislation. Thanks to regular monitoring of the situation and rapid response to it, no pandemic-related material operational risk was realised. We are aware that these risks are still relevant. In addition to the above, the Group continues to identify cyber and regulatory risks as key types of operational risks, which it manages through ongoing monitoring and responding to current events.

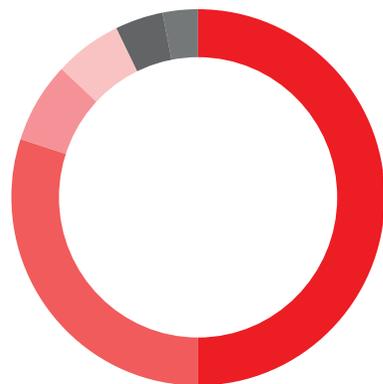
* An overall assessment of the main risk categories was made on the basis of discussed quarterly risk reports. The risk trend shows a potential assessment of future risks relative to current projections.

i) The colour scale of assessed risks:

■ high ■ medium ■ low

ii) Risk trend: ▼ downward ► stable ▲ upward

Risk profile assessment* of the Triglav Group as at 31 December 2020



- Underwriting risks: 50%
- Market risks: 30%
- Credit risks: 7%
- Operational risks: 6%
- Risks of companies from other financial sectors: 4%
- Risks of other non-financial companies: 3%

*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.

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, i.e. insurance and reinsurance 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.

According to insurance types, underwriting risks are classified into:

- **non-life underwriting risks** and
- **life underwriting risks**.

The structure of consolidated gross written insurance, coinsurance and reinsurance premiums of the Group by non-life and life insurance segment is presented in detail in [Section 7.5 Gross written insurance, coinsurance and reinsurance premiums of the Business Report](#).

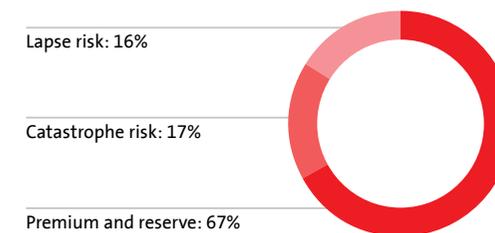
2.3.1 Non-life insurance underwriting risks

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 by individual risks 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.

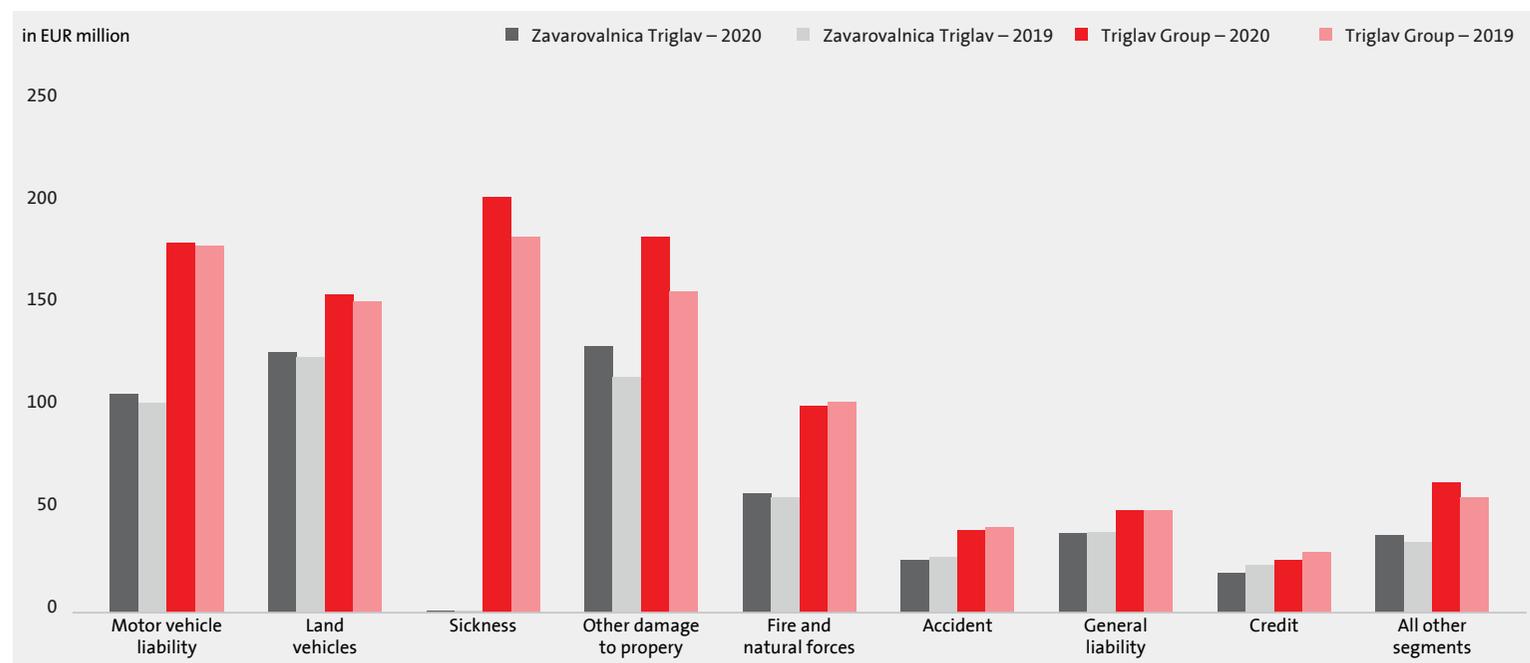
Premium risk is the risk that the written premium will be insufficient to meet all obligations arising from the conclusion of an insurance contract, not taking into account major or catastrophe losses. The risk depends on net premium income and the annual variability of claims ratios, which are determined for each insurance segment using the standard formula. Greater the variability, greater the risk. Premium risk also depends on the range of various insurance segments in the portfolio, thus the Group pursues a balanced diversification of the portfolio in different insurance segments.

Risk assessment* for non-life insurance including health insurance for the Triglav Group as at 31 December 2020



*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.

Gross written insurance, coinsurance and reinsurance premiums by insurance segment in EUR million



Premium risk is regularly monitored both at the Group level and at the level of insurance segments. The adequacy of written premium in relation to actual claims and costs arising from underwritten insurance contracts is also measured with combined ratios. Combined ratios for the last three years are presented in the [sections 8.1 for the Group](#) and [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.

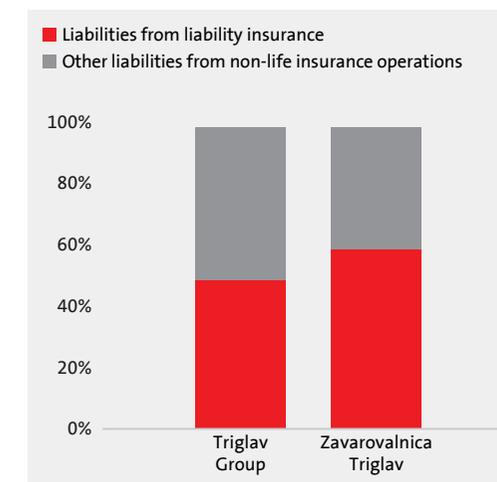
Reserve risk occurs when the actual claims paid deviate from the expected. Insurance technical provisions represent an estimate of expected claims paid from valid non-life insurance contracts. The reserve risk is measured by assessing potential loss for claims already incurred in an extreme event, taking 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 2.11 of the Accounting Report for more information](#)) 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 2020 year-end, insurance technical provisions, for both financial reporting and solvency purposes, were adequate (see the [sections 2.11.7](#) and [3.15 of the Accounting Report for more information](#)).

The reserve risk is also influenced by the maturity of liabilities, i.e. the average duration of claim settlements for which provisions were made. With respect to liability insurance, more than half of foreseen claims are settled after one year, while in other insurance segments they are paid within one year. 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 liabilities from other insurance as at 31 December 2020



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 contracts concluded at 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 is realised when the lapse rates of underwritten non-life insurance contracts are higher than the expected lapse rates. The risk is low in practice, as the duration of non-life insurance policies is mostly one-year, without the possibility of termination, except in special cases. 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.

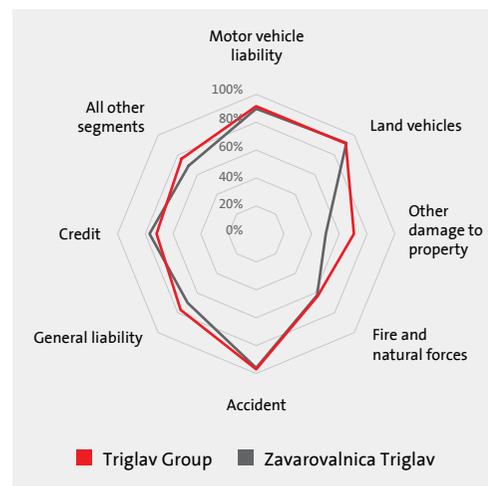
Non-life insurance catastrophe risk means the risk of an unexpected one-time loss event with a loss potential that is considerably higher than the estimated average loss of insurance companies in the Group. Catastrophe risk at the Group level is greatest where the insurance business is concentrated in 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 significant impact on the Company's ability to settle its obligations. Concentration risk is managed through prudent assumption of underwriting risks, regular monitoring of portfolio 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 to gross written premium ratio as at 31 December 2020



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, high-severity risks

Special attention is paid to all claims resulting from natural events. The results of various models are taken into consideration when assessing the loss potential of catastrophe events and then used to determine the reinsurance coverage. The reinsurance programme includes different types of reinsurance coverage, which depend on the type 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.

Assumed capacity of nuclear perils for 2019 and 2020

	Assumed capacity in EUR	
	2020	2019
Zavarovalnica Triglav d.d.	10,000,000	10,000,000
Pozavarovalnica Triglav Re d.d.	3,000,000	3,000,000
Triglav Osiguranje d.d., Zagreb	1,000,000	1,000,000
Total after the event	14,000,000	14,000,000

The year 2020 was marked by six major weather disasters and two earthquakes.

	Triglav Group	Zavarovalnica Triglav
Weather disasters	22,506,043	20,776,002
Earthquakes	8,578,526	4,046,864
Total gross*	31,084,569	24,822,866
Total net*	15,697,146	14,423,146

* Also includes claims development and an estimate by the end of the year.

The gross estimate of natural disasters at the Group level for 2020 amounted to EUR 31.1 million, which is significantly more than in the preceding year. See [Section 7.2 Environmental impact on the Triglav Group's operations in the Business Report for more information](#).

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 once since 2020. The protection against increased occurrence of natural catastrophes is also arranged for the Group. The reinsurance programme has so far proved to be appropriate.

The greatest risk among low-frequency, 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. The impact of the 200-year earthquake in Ljubljana on the capital adequacy of the Company and the Group is assessed each year with a stress scenario in the context of the own risk and solvency assessment process. Having an adequate reinsurance coverage, the Company and the Group would successfully survive a severe earthquake. The estimated financial impact under the stress scenario would amount to EUR 115 million for the Company and EUR 133 million for the Group. This shows a strong resilience of both the Company and the Group, which would retain their capital adequacy even if this scenario were realised.

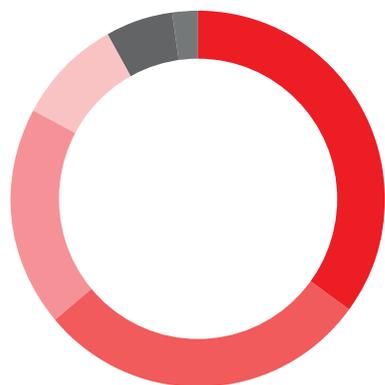
2.3.2 Life insurance underwriting risks

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. **The life insurance underwriting risks** of the Group include mortality, longevity, morbidity, lapse, expense, catastrophe and revision risks.

The Group is most exposed to life expense and lapse risks. The Company underwrites the bulk of the Group's life underwriting risks.

Risk assessment* for life insurance for the Triglav Group as at 31 December 2020



- Lapse risk: 35%
- Life expense risk: 29%
- Longevity risk: 19%
- Mortality risk: 9%
- Catastrophe risk: 6%
- Revision risk: 2%
- Morbidity risk: 0%

* The risk profile is determined on the basis of a risk assessment using the standard formula, without taking into account the effects of diversification across individual categories of life insurance underwriting risks. It also includes risks from ring-fenced funds. It includes life insurance and non-life insurance annuities, but additional accidental insurance taken out with life insurance is excluded.

Lapse risk is the realised difference between the future expected and actual surrenders, capitalisation and any other changes to policies. It 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, consequently, in the difference between the expected and actual difference in profitability of insurance products. The risk may be a consequence of miscalculations, the inadequacy of the cost model or 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 calculated premium, the amount of insurance technical provisions, the amount and type of risk transfer (reinsurance, coinsurance) and the difference between the expected and actual profitability of insurance products.

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. The key 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 by regularly checking the deviations of the actual effects of risks from those anticipated. In the event any deviations outside the set parameters are detected, appropriate action is taken (by adapting the design or parameters of an insurance product or by adjusting the parameters for the calculation of insurance technical provisions).

Gross written insurance, coinsurance and reinsurance premiums in 2020 by (re)insurance subsidiary of the Group is presented in [Section 7.5 of the Business Report](#).

Insurance technical provisions are based on prudent assumptions. 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 2.11 of the Accounting Report for more information](#)). The test results for

2020 showed that an adequate level of insurance technical provisions for life insurance was formed for the Group and individual insurance subsidiaries. Additional other insurance technical provisions were created for the identified shortfalls in the guarantee fund backing supplemental voluntary pension insurance saving and the guarantee fund backing supplemental voluntary pension insurance payouts.

A part of life insurance risk management at the Group level 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. 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 723.5 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 2.0% return on assets. The achieved rate of return on the fund in 2020 stood at 3.1% (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 accumulation phase). The policyholder will be entitled to the guaranteed annuity factors at the end of the accumulation period and the transition to the payout period, i.e. when they will begin to receive lifetime annuity, which will then be calculated based on the accumulated assets and by applying the aforementioned fixed factors. With this guarantee, the Company is additionally exposed to the longevity risk. This risk is not transferred to reinsurers, instead additional dedicated 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 criteria and

due to the fact that most policies originate from geographically dispersed retail sale. Any minor concentration risk in the portfolio is reduced by transferring a portion of the risks to reinsurers based on the reinsurance programme. The sum insured in the event of death is less than EUR 60,000 for 82.5% of the whole life insurance portfolio and less than EUR 35,000 for 99.5% for the other life insurance portfolio. For additional accidental death insurance, the sum insured is lower than EUR 50,000 and accounts for 99.1% of the respective portfolio, while for additional accidental disability insurance the sum insured is less than EUR 100,000 for 99.4% of the respective portfolio. The aforementioned sums insured represent retention stipulated by a contract in line with the reinsurance contract for most insurance policies.

2.4 Market risks

Financial investments are the largest asset category and therefore an important part of the Group's operations. In this way, insurance and other obligations and capital requirements are covered while ensuring an appropriate return. 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.

Market risks are managed according to established methods and processes, with powers and responsibilities clearly defined. This ensures that market risks are promptly identified, measured, managed and monitored. 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 in 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, to a lesser extent, derivatives to reduce market 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.

In terms of the investment structure (see [Section 7.9 of the Business Report for further information](#)), the Group is most exposed to debt securities, followed by investment property and equity securities. The highest market risk for the Group is spread risk, followed by property, equity, currency and interest rate risks. Market concentration risk is the smallest. See [Section 7.9 of the Business Report](#) for concentration by sector and geographical area.

Market risk assessment by subcategory for the Triglav Group as at 31 December 2020*



- Spread risk: 34%
- Property risk: 21%
- Equity risk: 15%
- Currency risk: 14%
- Interest rate risk: 11%
- Market risk concentration: 5%

* The market risk profile is determined on the basis of a risk assessment using the standard formula. It also includes market risks from ring-fenced funds, without taking into account the effects of diversification across individual market risk categories.

2.4.1 Spread risk

Spread risk is predominantly determined by debt securities, which account for almost 74% of the Group's total investments. Their value also depends on the level of credit spreads, which reflect the credit quality of debt instruments. The level and volatility of credit spreads increased significantly in 2020, especially in the first half of the year due to the outbreak of the COVID-19 pandemic. In the second half of the year, both credit spreads and their volatility fell. Nevertheless, the Company and the Group actively manage this risk on an ongoing basis in accordance with established investment policies.

The majority or 65% of investments that are exposed to the spread risk are related to exposure to countries, followed by exposure to the financial sector, which represents nearly 18% 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 61% of investments in debt securities have at least the "A" credit rating. The bulk (almost 90%) of the portfolio is accounted for by debt securities of issuers having a credit rating of at least "BBB". The credit quality of the debt 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 The structure of investments of the Triglav Group and Zavarovalnica Triglav of 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% 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 by setting 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 table below shows the geographical diversification of equity investments, excluding unit-linked life insurance contract investments. The value of equity investments increased primarily due to new investments in associates and alternative funds. Most equity investments are in shares issued by issuers in advanced markets, among which issuers based in the European Union predominate. In 2020, the value of equity investments was significantly affected by the emergence of the COVID-19 pandemic, which caused considerable declines in the value of equity investments, particularly in regulated markets. In the second half of the year, market demand grew again and so this effect was not noticeable at the end of the year.

Geographical diversification of equity investments

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Equities in the EU	182,841,448	172,524,215	112,358,977	106,344,992
Equities in the USA	11,594,039	8,796,000	0	0
Equities in Asia*	0	0	0	0
Equities in emerging markets	6,722,771	6,477,385	703,485	475,185
Global equities**	19,209,734	19,405,083	524,109	489,891
Total financial investments	220,367,992	207,202,683	113,586,570	107,310,068
Unit-linked life insurance contract investments***	443,699,251	411,955,883	396,272,477	372,603,167
TOTAL	664,067,243	619,158,566	509,859,047	479,913,235

* Equity investments in advanced Asia (Japan, Hong Kong)

** Globally dispersed 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 an analysis of this impact on the Group's comprehensive income or profit or loss showed that a 10% increase in market prices of equities in the portfolio would have a positive impact on the Group's fair value reserve in the amount of EUR 14.9 million and on its profit in the amount of EUR 7.2 million. If the trend were opposite and market prices of equity investments dropped by 10%, the Group's fair value reserve would decrease by EUR 14.7 million and its profit by EUR 7.4 million. The assessed impact on profit or loss shown in the table below presents only the assessed changes at the Group level, because it does not include unit-linked life insurance contract investments.

Sensitivity analysis of equity investments*

	Triglav Group				Zavarovalnica Triglav			
	31 Dec. 2020		31 Dec. 2019		31 Dec. 2020		31 Dec. 2019	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Equities in the EU	18,284,145	-18,284,145	17,252,422	-17,252,422	11,235,898	-11,235,898	10,634,499	-10,634,499
Equities in the USA	1,159,404	-1,159,404	879,600	-879,600	0	0	0	0
Equities in Asia**	0	0	0	0	0	0	0	0
Equities in emerging markets	672,277	-672,277	647,739	-647,739	70,349	-70,349	47,519	-47,519
Global equities***	1,920,973	-1,920,973	1,940,508	-1,940,508	52,411	-52,411	48,989	-48,989
Total financial investments	22,036,799	-22,036,799	20,720,268	-20,720,268	11,358,657	-11,358,657	10,731,007	-10,731,007
Impact on fair value reserve	14,868,401	-14,684,012	14,751,545	-14,699,550	11,172,313	-10,987,924	10,661,415	-10,609,420
Impact on profit or loss	7,168,398	-7,352,787	5,968,724	-6,020,719	186,344	-370,733	69,592	-121,587
Impact on capital	22,036,799	-22,036,799	20,720,268	-20,720,268	11,358,657	-11,358,657	10,731,007	-10,731,007

* The effects shown do not include the tax aspect and the impact of the reduction in assets on liabilities (for life insurance).

** Equity investments in advanced Asia (Japan, Hong Kong)

*** Globally dispersed equity investments

2.4.3 Property risk

The property risk of the Group arises from own-use real property, investment property and leased property. Total exposure amounts to EUR 202 million; own-use real property also includes property leased by the Group. With respect to the latter, the Group is not directly exposed to property risk, because it 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. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Investment property	78,977,800	79,921,480	44,451,276	46,091,134
Real property for own use*	122,991,284	125,010,215	71,363,367	72,412,004
Total	201,969,084	204,931,695	115,814,643	118,503,138

* 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" (see [Section 3.2 of the Accounting Report](#)). The fair value is calculated using valuation techniques. Valuation of property based on the existing methodology is performed by an authorised 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 less exposed to currency risk related to the euro. The Group's currency risk also arises from the excess of assets over liabilities in US dollars, in respect of which the Group maintained a similar exposure compared to the preceding 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 19.2 million to hedge the open currency position in Croatian kunas. In addition, Triglav Osiguranje d.d., Zagreb, entered into two foreign exchange forward contracts of EUR 6.3 million to hedge the open currency position in euros.

Financial investments in euros represent 92% of the Group's total financial investments. Exposure to a specific currency does not account for more than 3% of total financial investments.

Currency exposure of the Triglav Group's financial assets and liabilities

Triglav Group as at 31 Dec. 2020	EUR	USD	BAM	RSD	HRK	MKD	Other	Total
Investment property	77,134,475	0	1,185,645	350,965	297,644	8,130	0	78,976,859
Financial investments	2,655,845,492	29,599,429	36,851,948	44,203,906	71,435,682	22,696,740	26,747,358	2,887,380,555
Debt securities	2,438,770,066	17,596,291	15,016,223	37,741,302	38,116,197	13,669,674	24,248,243	2,585,157,996
Equity securities	200,675,591	9,278,833	1,557,322	20,901	8,555,741	279,604	0	220,367,992
Derivatives	113,301	0	0	0	0	0	0	113,301
Loans and deposits	11,177,083	2724305	19691315	6018895	24763744	8404670	2499115	75,279,127
Other financial investments	5,109,451	0	587,088	422,808	0	342,792	0	6,462,139
Reinsurers' share of insurance technical provisions	96,854,065	10,588,314	6,807,883	4,610,331	5,065,478	0	1,947,567	125,873,638
Operating receivables	150,058,314	3,648,543	6,207,656	15,420,036	14,787,717	6,067,265	7,772,900	203,962,431
Cash and cash equivalents	57,215,668	1,685,244	14,907,400	2,329,788	3,520,502	213,554	2,027,508	81,899,664
Total	3,037,108,014	45,521,530	65,960,532	66,915,026	95,107,023	28,985,689	38,495,333	3,378,093,147
Unit-linked life insurance contract investments	469,633,743	29,127,807	0	0	2,238,983	258	808,188	501,808,979
TOTAL ASSETS	3,506,741,757	74,649,337	65,960,532	66,915,026	97,346,006	28,985,947	39,303,521	3,879,902,126
Subordinated liabilities	49,423,693	0	0	0	0	0	0	49,423,693
Insurance technical provisions	2,259,902,671	17,650,600	46,343,223	49,235,940	73,662,286	24,628,309	51,806,112	2,523,229,141
Insurance technical provisions for unit-linked life insurance contracts	480,048,197	29,127,807	0	0	0	258	808,188	509,984,450
Employee benefits	15,734,257	0	524,799	194,598	984,470	343,029	0	17,781,153
Other financial liabilities	1,996,326	0	337,985	519,667	15,777	26,084	0	2,895,839
TOTAL LIABILITIES	2,807,105,144	46,778,407	47,206,007	49,950,205	74,662,533	24,997,680	52,614,300	3,103,314,276
Net currency exposure of the statement of financial position	699,636,613	27,870,930	18,754,525	16,964,821	22,683,473	3,988,267	-13,310,779	776,587,850
Currency derivatives	12,945,506	0	0	0	-12,869,218	0	0	76,288
Net currency exposure	712,582,119	27,870,930	18,754,525	16,964,821	9,814,255	3,988,267	-13,310,779	776,664,138
Triglav Group as at 31 Dec. 2019	EUR	USD	BAM	RSD	HRK	MKD	Other	Total
Investment property	77,818,742	0	1,206,286	364,700	515,824	15,927	0	79,921,480
Financial investments	2,539,890,434	21,600,318	35,092,622	39,641,851	70,376,862	22,553,450	11,280,218	2,740,435,755
Debt securities	2,316,079,577	15,172,817	14,695,316	32,991,075	36,958,936	10,958,551	9,134,536	2,435,990,808
Equity securities	193,192,056	3,840,700	1,873,101	92,453	8,112,689	91,681	0	207,202,680
Derivatives	0	0	0	0	0	0	0	0
Loans and deposits	25,402,540	2,586,801	17,809,816	6,231,289	25,305,237	11,048,385	2,145,682	90,529,750
Other financial investments	5,216,261	0	714,389	327,034	0	454,833	0	6,712,517
Reinsurers' share of insurance technical provisions	91,005,175	1,144,442	4,486,267	5,307,698	294,265	0	509,958	102,747,805
Operating receivables	162,311,980	2,622,413	5,707,266	13,210,004	12,279,694	5,786,038	4,780,429	206,697,824
Cash and cash equivalents	57,875,879	1,027,643	11,896,352	2,037,517	2,358,734	332,288	341,364	75,869,777
Total	2,928,902,210	26,394,816	58,388,793	60,561,770	85,825,379	28,687,703	16,911,969	3,205,672,641
Unit-linked life insurance contract investments	460,129,885	18,260,912	0	0	2,286,839	0	1,353,653	482,031,289
TOTAL ASSETS	3,389,032,095	44,655,728	58,388,793	60,561,770	88,112,218	28,687,703	18,265,622	3,687,703,930
Subordinated liabilities	64,847,294	0	0	0	0	0	0	64,847,294
Insurance technical provisions	2,203,819,904	8,398,241	41,063,989	43,862,405	53,133,946	17,427,553	26,221,303	2,393,927,341
Insurance technical provisions for unit-linked life insurance contracts	463,041,430	18,260,912	0	0	2,286,839	0	1,353,653	484,942,834
Employee benefits	14,027,996	0	504,361	170,062	918,504	252,123	0	15,873,046
Other financial liabilities	1,678,527	0	140,824	0	16,981	28,063	0	1,864,395
TOTAL LIABILITIES	2,747,415,151	26,659,153	41,709,174	44,032,467	56,356,270	17,707,739	27,574,956	2,961,454,910
Net currency exposure of the statement of financial position	641,616,944	17,996,575	16,679,619	16,529,303	31,755,948	10,979,964	-9,309,334	726,249,020
Currency derivatives	19,462,267	0	0	0	-19,491,226	0	0	-28,959
Net currency exposure	661,079,211	17,996,575	16,679,619	16,529,303	12,264,723	10,979,964	-9,309,334	726,220,061

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, which are classified as available-for-sale financial assets 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**. The change in interest rates, in terms of accounting, also has a lesser impact on insurance technical provisions for **non-life insurance**, especially for insurance technical provisions formed for the payment of annuity claims for motor vehicle and accident insurance. In the event of a drop in market interest rates, the Company performs the LAT to determine whether insurance technical provisions need to be increased. When interest rates rise, insurance technical provisions are

reduced to the level of accounting estimates, as the LAT for insurance technical provisions shows a lower excess of their values.

The Company manages interest rate risk with economic valuation. The latter is presented in the Solvency and Financial Condition Report, which shows the interest rate sensitivity of assets and liabilities in terms of economic impact. In this regard, special attention is paid to the matching of cash flows of assets and liabilities and/or to reducing the duration gap.

In 2020, due to the extended period of low interest rates and their further reduction caused by the pandemic, the Company continued its activities to match the duration of assets and liabilities, especially in life insurance. In this segment, the Company is particularly exposed to reinvestment 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 23.9 million), while a sudden increase of 100 basis points would have a negative impact (in the amount of EUR 131.9 million). The impact of a drop in interest rates on the financial statements is lower than in the preceding 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 primarily performed in the life insurance segment in terms of the economic aspect.

The Company monitors the duration gap⁹⁴ 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 largely matches the duration of liabilities. The duration gap is positive and stands at 0.7 years (compared to -0.1 years as at 31 December 2019); the duration gap of assets and liabilities is -0.5 years for the life insurance portfolio and 2.3 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. Over 65% of debt securities are government bonds and the rest are corporate bonds. The latter are divided almost 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 Federal Republic of Germany. 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. 2020		31 Dec. 2019		31 Dec. 2020		31 Dec. 2019	
	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp
Debt securities issued by countries	-120,667,871	143,684,528	-92,126,066	108,770,451	-98,726,974	120,097,898	-74,640,246	90,321,058
Debt securities issued by financial institutions	-15,155,525	16,167,191	-15,579,416	16,415,370	-12,458,272	13,368,843	-14,476,826	15,287,208
Debt securities issued by companies	-14,605,276	15,237,317	-18,274,181	19,096,553	-9,507,308	10,063,122	-12,472,527	13,274,208
Compound securities	-156	7,977	3,199	5,589	-156	7,977	3,199	5,589
Other	0	0	0	0	0	0	0	0
Total financial investments	-150,428,828	175,097,013	-125,976,464	144,287,963	-120,692,710	143,537,841	-101,586,400	118,888,063
Insurance technical provisions for life insurance	-18,578,329	125,293,539	-6,026,137	81,542,341	-9,785,793	87,110,802	-5,985,948	44,985,191
Insurance technical provisions for non-life insurance	0	25,925,448	0	0	0	25,530,747	0	0
Total technical provisions	-18,578,329	151,218,987	-6,026,137	81,542,341	-9,785,793	112,641,549	-5,985,948	44,985,191
Impact on capital	-131,850,499	23,878,027	-119,950,327	62,745,622	-110,906,918	30,896,292	-95,600,452	73,902,872
Impact on fair value reserve	-128,803,593	152,194,239	-83,382,893	94,106,788	-109,455,614	131,023,216	-68,434,720	78,148,813
Impact on profit or loss	-3,046,907	-128,316,212	-36,567,434	-31,361,166	-1,451,304	-100,126,924	-27,165,731	-4,245,941

* The effects shown do not include the tax aspect and the impact of the reduction in assets on liabilities (for life insurance).

⁹⁴ In addition to the duration of assets and liabilities, the duration gap also takes into account the value of assets and liabilities.

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 Triglav Group assumes credit risks associated with:

- financial investments at which the risk of downgrade or insolvency of counterparties exists (all exposures to each debtor are monitored);
- reinsurance contracts where the risk of inability to pay out claims or the risk of downgrade of a reinsurer 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 subrogation receivables.

According to the financial statements, the Triglav Group is exposed to credit risks to banks through cash in terms of financial assets. The table above also shows cash from unit-linked life insurance contract investments, which do not pose any direct credit risks to 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 latter is achieved by limiting our exposure to individual banks and banking groups, which is regulated with a functioning limit system.

Exposure to reinsurance is measured by insurance technical provisions ceded to reinsurers, including past due receivables from reinsurance and coinsurance operations. Prudent assessment of the suitability of reinsurance partners by their creditworthiness and diversification plays a key role in this. Exposure to receivables is measured by the Company's past due receivables from insurance operations and other receivables.

The Group is exposed to receivables through past due 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 5.13 of the Accounting Report](#).

With regard to cash and cash equivalents, the Company is most exposed to Slovenian banks, which mainly have the "BB" credit rating or are without a credit rating. In addition to Slovenian banks, the Group is exposed to banks in the countries where the subsidiaries operate that are usually without a credit rating.

The Company monitors all reinsurance partners also at the Group level. The risks associated with them are managed through a comprehensive system and well-defined rules, the most important of which is the process of assigning credit ratings, as it enables the Company to determine an appropriate and coordinated second-best credit rating of partners. For monitoring and managing credit risks as well as for calculating capital requirements using the regulatory method, the system of uniform naming and keeping of basic data on reinsurance partners is also important when determining credit ratings.

Credit risk exposure by partner type

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Cash	81,899,664	75,869,775	22,304,222	26,112,112
- Cash from unit-linked life insurance contract investments	3,523,659	7,081,628	3,390,040	6,885,372
- Other cash	78,375,005	68,788,147	18,914,182	19,226,740
Reinsurance	140,930,302	111,785,643	115,387,028	102,102,184
Receivables*	30,331,591	33,598,434	14,481,907	14,970,545
Total	253,163,273	221,261,729	174,477,379	143,184,843
Total excluding cash from unit-linked life insurance contract investments	249,639,614	214,180,101	171,087,339	136,299,471

* Past due reinsurance receivables are included in exposure from reinsurance.

Exposure to reinsurance partners by credit rating

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
AAA	0.0%	0.0%	0.0%	0.0%
AA to BBB	76.7%	79.3%	88.2%	92.7%
Below BBB	9.0%	4.8%	8.3%	4.6%
Not rated	14.3%	15.9%	3.6%	2.7%
Average credit rating	BBB	BBB	A	A

The Group is most exposed to reinsurers with the “A” credit rating. The proportion of partners with the “AA” credit rating is also high. The proportion of non-rated reinsurance partners at the Group level is 14.3%, with the majority being related to the claims of subsidiaries covered by non-rated reinsurers. The proportion of non-rated reinsurance partners in the Company is considerably lower, i.e. 3.6%.

Concentration of five largest exposures to reinsurers by country

Triglav Group		Triglav Group	
31 Dec. 2020		31 Dec. 2019	
Germany	25.8%	Germany	25.1%
Serbia	8.7%	United Kingdom	16.7%
United Kingdom	8.1%	Serbia	13.4%
Russia	7.3%	Switzerland	7.8%
France	5.5%	Bosnia and Herzegovina	6.3%

Zavarovalnica Triglav		Zavarovalnica Triglav	
31 Dec. 2020		31 Dec. 2019	
Slovenia	66.8%	Slovenia	67.2%
Russia	8.4%	Russia	6.3%
United Kingdom	4.2%	United Kingdom	5.7%
Germany	3.7%	Switzerland	5.6%
Switzerland	2.7%	Germany	3.3%

The geographical concentration of reinsurers at the Group level is the highest in Germany and has not changed significantly compared to the year before. Concentration to the United Kingdom decreased during 2020 due to a change in the location of our major partners (due to the Brexit). No other consequences of the Brexit were identified that would materially affect the operations of both the Company and the Group.

Zavarovalnica Triglav is geographically most exposed in Slovenia due to its exposure to the subsidiary Pozavarovalnica Triglav Re.

All receivables from insurance transactions with clients are presented in [Section 3.10 of the Accounting Report](#). In the context of credit risks, the Company monitors and manages receivables from policyholders and agents, other receivables from direct insurance business and other short-term receivables, the majority of which are subrogation receivables.

Separately from receivables from direct insurance business, the Company also monitors and manages subrogation receivables. These represent a credit risk that the policyholder will not settle their obligations. In addition to the payment of subrogation receivables, the Company monitors the effectiveness of the collection of credited subrogation receivables and the share of subrogation receivables in relation to claims settled. According to the analyses carried out, the pandemic did not have a significant impact on the payment discipline of insurance receivables nor did it significantly increase the share of insurance receivables in default.

2.6 Liquidity risk⁹⁵

Liquidity risk management is an important part of the risk management system, although the solvency capital requirement is not specified for liquidity risk by the standard formula. The Company 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, it maintains a surplus of liquid assets, allowing it to settle its obligations even in exceptional circumstances.

Liquidity risk management provides a comprehensive overview of the area. Liquidity sources include sources from the existing portfolio of insurance and investments (cash flows of investments and insurance premiums), sources arising from new business and additional sources intended primarily for extraordinary events (credit lines and repurchase agreements). Liquidity requirements are primarily defined as payments of claims, expenses and dividend payments. The framework for managing this risk also allows us to examine the effects of exceptional circumstances on the side of both liquidity sources and liabilities.

The Company established regular monitoring, measurement and reporting on these risks, which is also being implemented in 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 (predominantly credit lines and repurchase agreements).

The Company maintained adequate liquidity in 2020. The greatest impact on liquidity risk was seen at the end of March, when a more pronounced liquidity tightening was observed in the financial markets, which lasted for about two weeks. With liquidity tightening in the financial markets, the liquidity of the Group’s financial investments was analysed by asset classes. The increase in liquidity risk in the financial markets was reflected in the fact that more time was needed for purchases and sales of financial investments, and haircuts (discounts on sales) were also higher than usual. The Company responded to the new situation by maintaining large amounts of cash intended to cover the planned outflows and even more prudently planning expected high outflows. It thus ensured that the costs of meeting current obligations in a timely manner were kept to a minimum.

In April 2020, the situation in the financial markets calmed down to such an extent that, compared to March, a high increase in liquidity risk and deductions in potential purchases or sales of financial instruments was no longer detected in trading in financial instruments. The operations over the rest of the year continued without any perceived problems with operational liquidity, and given the current situation, no major problems are expected in the coming months.

In 2020, the Company upgraded its liquidity risk management system, thereby also responding to the situation resulting from the COVID-19 pandemic. Risk assessment was upgraded to a risk assessment arising from liquidity gaps between cash flows in the coming year. Liquidity risk is monitored separately for the non-life and life insurance portfolios.

Financial assets and liabilities of the Triglav Group by contractual maturity⁹⁶

Triglav Group as at 31 Dec. 2020	Not defined	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	230,651,380	314,246,530	1,129,869,235	666,573,748	546,039,662	2,887,380,555
Debt securities	0	293,809,361	1,082,460,413	665,052,457	544,440,537	2,585,762,768
Held to maturity	0	31,231,539	152,806,645	129,670,716	32,856,608	346,565,508
At fair value through profit and loss	0	63,433,997	286,695,148	144,426,381	45,085,691	539,641,217
Available for sale	0	187,050,251	641,413,262	390,955,360	460,507,176	1,679,926,049
Loans and deposits	0	12,093,574	1,545,358	0	5,991,062	19,629,994
Equity securities	220,347,368	0	0	20,624	0	220,367,992
At fair value through profit and loss	69,654,292	0	0	0	0	69,654,292
Available for sale	150,693,076	0	0	20,624	0	150,713,700
Derivatives	0	113,301	0	0	0	113,301
Loans and deposits	3,841,873	20,323,868	47,408,822	1,500,667	1,599,125	74,674,355
Other financial assets	6,462,139	0	0	0	0	6,462,139
Unit-linked life insurance contract investments	443,699,151	27,399,797	8,441,839	4,947,720	17,320,472	501,808,979
At fair value through profit and loss	443,699,151	27,399,797	8,441,839	4,947,720	17,320,472	501,808,979
Available for sale	0	0	0	0	0	0
Loans and deposits	0	0	0	0	0	0
Reinsurers' share of insurance technical provisions	735,663	54,328,865	49,419,914	14,737,162	6,652,033	125,873,637
Operating receivables (including tax receivables)	18,201,144	180,721,999	3,919,146	921,097	199,054	203,962,440
Cash	63,697,538	18,202,126	0	0	0	81,899,664
Total	756,984,876	594,899,317	1,191,650,134	687,179,727	570,211,221	3,800,925,275
FINANCIAL LIABILITIES						
Subordinated liabilities	0	0	0	0	49,423,693	49,423,693
Insurance technical provisions	44,804	751,488,693	704,856,157	427,309,850	639,529,640	2,523,229,144
Insurance technical provisions for unit-linked life insurance contracts	443,467,200	2,050,279	9,918,342	14,200,974	40,347,914	509,984,709
Other financial liabilities	212,197	2,685,974	-2,362	1	24	2,895,834
Total	443,724,201	756,224,946	714,772,137	441,510,825	729,301,271	3,085,533,380

⁹⁶ 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. 2019	Not defined	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	217,031,615	336,837,102	1,060,206,056	682,565,205	443,390,971	2,740,030,949
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
Other financial assets	6,307,711	0	0	0	0	6,307,711
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 (including tax 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	699,068,333	595,493,606	1,145,828,390	700,220,625	466,766,693	3,607,377,647
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

Total financial assets exceed total financial liabilities of the Triglav Group. As at the 2020 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 with undefined maturity in the same way as at the 2019 year-end, 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 forecast cash flows. Therefore, neither deficit in individual maturity buckets nor the payment of liabilities before the maturity date present a liquidity risk.

Based on the adequate liquidity of the Company and the appropriate liquidity of subsidiaries, adequate liquidity is assessed at the Group level.

Financial assets and liabilities of Zavarovalnica Triglav by contractual maturity

Zavarovalnica Triglav as at 31 Dec. 2020	Not defined	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	119,922,685	212,380,789	704,231,444	487,748,790	459,304,664	1,983,588,373
Debt securities	0	211,857,208	681,095,384	486,714,123	457,705,539	1,837,372,253
Held to maturity	0	6,164,778	43,634,286	77,968,804	16,140,644	143,908,512
At fair value through profit and loss	0	32,999,460	78,661,256	66,561,824	27,527,067	205,749,607
Available for sale	0	172,692,969	558,389,731	342,183,495	408,046,766	1,481,312,962
Loans and deposits	0	0	410,110	0	5,991,062	6,401,173
Equity securities	113,586,570	0	0	0	0	113,586,570
At fair value through profit and loss	1,863,439	0	0	0	0	1,863,439
Available for sale	111,723,131	0	0	0	0	111,723,131
Derivatives	0	113,301	0	0	0	113,301
Loans and deposits	2,681,255	410,281	23,136,060	1,034,667	1,599,125	28,861,388
Other financial assets	3,654,860	0	0	0	0	3,654,860
Unit-linked life insurance contract investments	396,272,477	26,205,391	775,998	2,669,441	16,369,180	442,292,488
At fair value through profit and loss	396,272,477	26,205,391	775,998	2,669,441	16,369,180	442,292,488
Available for sale	0	0	0	0	0	0
Loans and deposits	0	0	0	0	0	0
Reinsurers' share of insurance technical provisions	0	66,547,514	28,797,332	6,691,530	3,867,062	105,903,438
Operating receivables (including tax receivables)	0	95,800,206	0	0	0	95,800,206
Cash	22,304,222	0	0	0	0	22,304,222
Total	538,499,384	400,933,900	733,804,775	497,109,761	479,540,906	2,649,888,726
FINANCIAL LIABILITIES						
Subordinated liabilities	0	0	0	0	49,423,693	49,423,693
Insurance technical provisions	0	486,927,330	550,053,043	299,025,324	414,312,291	1,750,317,988
Insurance technical provisions for unit-linked life insurance contracts	420,868,884	1,005,816	4,629,113	6,617,380	15,604,904	448,726,097
Other financial liabilities	0	1,627,543	0	0	0	1,627,543
Total	420,868,884	489,560,689	554,682,156	305,642,704	479,340,888	2,250,095,321

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	113,616,099	201,962,376	728,903,011	479,498,235	388,227,661	1,912,207,382
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
Other financial assets	3,865,518	0	0	0	0	3,865,518
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 (including tax receivables)	0	113,440,596	0	0	0	113,440,596
Cash	26,112,112	0	0	0	0	26,112,112
Total	512,633,493	381,598,785	790,338,119	488,567,570	410,814,003	2,583,951,970
FINANCIAL LIABILITIES						
Subordinated liabilities	0	20,620,625	0	0	49,378,825	69,999,450
Insurance technical provisions	0	453,535,458	469,508,330	329,553,522	460,835,011	1,713,432,322
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	475,916,504	470,110,562	331,739,158	528,436,045	2,220,656,504

2.7 Operational risks

The aim of effective operational risk management of the Triglav 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 them, but to identify them in a timely manner and reduce them cost-effectively with respect to the defined tolerance of the Company. 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 any major such event in greater detail, defining the necessary measures with persons responsible and deadlines of their implementation as well as monitoring their implementation. The Company defined nine operational risk groups to monitor risks (internal fraud or unauthorised activity of employees; external fraud or unauthorised activity of third parties; system failure or break-down and the related system disruption; damage to physical assets; inadequate management of employees and the safety of the work environment; non-compliance with internal and external regulations; inadequate implementation and management of processes and the control environment, including business partners; information security risks including cyber risks and business continuity management system; project risks).

Operational risk management is based on three key sets:

- identification and assessment of potential operational risks;
- reporting on realised operational loss events; and

- monitoring of key operational risks indicators, which include early warning signals.

The established system enables the Company to comprehensively manage operational risks, and includes quality and prompt identification, assessment or measurement, management, monitoring and reporting of operational risks. The Company regularly upgrades this system based on the identified deficiencies and changes in the internal and external environments. The fact that the Company is adequately flexible and proactive in its approach to operational risks was also demonstrated during the extraordinary situation resulting from the COVID-19 pandemic. Due to regular monitoring of the situation and a rapid response of both the Company and the Group, no material operational risk related to the pandemic has been realised to date. A number of measures have been taken to limit infections, protect employees and ensure remote implementation of as many key business processes as possible. Their results were monitored on an ongoing basis in order to upgrade the measures if necessary. More attention was paid to any increased risks to take additional action if necessary.

In accordance with the principles of proportionality and materiality, Zavarovalnica Triglav transfers the operational risk management system to subsidiaries, which regularly report on realised operational loss events and other material operational risks.

Operational risk management places the greatest emphasis on key business processes or operational risk segments. When assessing exposure to operational risks, internal controls for their management are inventoried by each business process, which is an important part in their management. The priorities of the internal control system are as follows:

- efficiency, reliability and continuity of business processes;
- ensuring compliance of operations with the internal acts and legal regulations;
- accuracy and reliability of financial and accounting reporting; and
- information and property protection.

In 2020, the Company introduced new GRC/IRM (Governance, Risk, Compliance/Integrated Risk Management) software for comprehensive management of all types of operational risk data and support to internal audit processes. The Company will begin using it in early 2021, thus enabling even more coordinated operation of key functions in risk management processes and a more comprehensive (up-to-date) overview of risks.

Due to changes in operations resulting from the COVID-19 pandemic, higher exposures to operational risks were identified. These mainly resulted from the increased probability of the absence of key employees or the simultaneous absence of a high number of employees due to illness, adapted work organisation and implementation of processes (internal, regulatory and with respect to clients), new vulnerabilities due to remote business and related information security risks, and additional regulatory changes arising from emergency legislation.

Although the Company has not yet suffered a loss due to cyber events, it is aware of the dangers of such risks and the importance of regular maintenance and additional upgrades 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 business segments that would be most affected were examined in greater detail as part of

own risk and solvency assessment; on that basis, measures to improve security were designed.

The Company is exposed to the regulatory risk 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). In times of emergency, the Company is additionally exposed to regulatory changes brought about by emergency legislation and risks due to rapid adjustments of business processes. The regulatory risk may also be realised due to differences in interpretation between the Company and the supervisory body and the absence of case law and comparable business practice. The foreseen national legislation for the protection of personal data has not yet been adopted, and the Company continues to be bound by strict consumer legislation and requirements for documenting information disclosures to consumers and other relevant public. The regulatory risk is managed by promptly monitoring and implementing legislative changes in business processes, complying with the positions of supervisory and other state bodies, involving the Company in regular and extraordinary procedures via the Slovenian Insurance Association, and monitoring business practices.

2.7.1 Ensuring business continuity and functioning of systems material for smooth business process implementation

Continuity of key business processes at Zavarovalnica Triglav is ensured with the business continuity management system (BCMS). The operation of IT systems, especially key applications, is important for operations. The Company appropriately manages information security risks and related business disruption and interruption.

It is important that business continuity plans for critical business processes and IT disaster recovery plans are regularly revised, upgraded and tested. The BCMS also includes:

- a crisis management team of the Company, which is activated in the case of extraordinary events that cause a major interruption or disruption in business processes;
- a disaster recovery team for extraordinary events that cause major disruption to IT services;
- recovery teams for the Company's headquarters and regional units, which are activated in the event of interruption to the operation in an individual commercial building or regional unit.

Even during the COVID-19 pandemic, business continuity was ensured, mostly remotely, and thus the adequacy of the BCMS was checked in practice. After the first pandemic wave, the Company effectively implemented the BCMS – pandemic project and, based on the experience gained, updated its documentation, expanded the crisis management team and developed an adapted business continuity plan in the event of an outbreak of infectious diseases.

In 2020, the Company revised recovery plans for some key systems in its subsidiaries and, in cooperation with them, updated the business impact analysis due to the interruption of key processes.

2.8 Non-financial risks

Non-financial risks to the Triglav Group's operations include material strategic risks, capital risks, reputational risk, Group risks 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.

Strategic risks are the risks of loss due to adverse business decisions of the management body, improper implementation of strategic decisions and the lack of responsiveness to key changes in the business environment.

Strategic risks are managed through organisation and processes which ensure that the Company's management has up-to-date and relevant information when making business and strategic decisions.

Capital risks⁹⁷ 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 of regulatory and/or accounting changes on capital adequacy.

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 2020⁹⁸), and the implementation of the new IFRS 17. The latter can also indirectly affect capital adequacy as its determination is based on the accounting and market approaches, which are closely linked.

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 risk, 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, the 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](#)).

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.

2.8.1 Other non-financial and potential risks

The success of the Company's operations depends on the comprehensive management of **sustainable risks** and the high confidence of all key stakeholders. The Group is committed to long-term effective management and transparent governance.

The Company responded quickly and effectively to the COVID-19 pandemic and related changes. Its operations turned out to have reached a high level of digitalisation. Employees effectively performed their duties by working from home. Client support applications also worked without major problems. The NPS analysis showed that our clients accepted a new way of digitalised operations of the Company and were satisfied with it.

The Company sees business digitalisation as the key to the successful future of the Group. In order to meet the changing needs of clients, the Company will continue to implement a strategy that identifies and addresses key challenges in the environment and to pay special attention to the development of hardware and information technology. Thus, client needs will be fulfilled with innovative methods and new products.

Climate change risks

Due to climate change, the profile of underwriting risks accepted by the Company is changing. Climate change is expressed in two ways: as a trend of the rising average temperature and as an increase in the severity and frequency of extreme events. The trend of rising average temperature may cause natural phenomena, such as strong hail storms, droughts in the summer and weather phenomena that did not occur in the past in the area where the Company and the Group accept underwriting risks. In recent years, weather

phenomena in Europe were witnessed that were not typical of or so severe in this region in the past. These include hurricanes, which can affect larger areas and are not just a local phenomenon.

In addition to the increased severity of individual weather phenomena, an increase in their frequency can also be expected in the future. When developing insurance products and concluding insurance, the Company considers climate change trends. In development, climate change is taken into account by incorporating it in the premium, while products are designed to follow the relevant insurance principles (deductibles, limited sums insured and annual aggregates). In underwriting, attention is paid not only to those underwriting risks which are subject to climate change, but also to their corresponding geographical dispersion. These include immovable property insurance and crop insurance. An additional form of managing the risks posed by climate change is adequate reinsurance protection, which protects the portfolio both in terms of individual events and the annual aggregate. At Zavarovalnica Triglav, model-based assessment is used to assess individual risks of natural events. See [Climate Change](#) in [Challenges and opportunities](#) in [Risk Management for more information](#).

The management of some non-financial risks is described in [Section 12. Sustainable development and ESG aspects at the Triglav Group in the Business Report](#), especially in the sections on respect for human rights, fair business practices, anti-corruption measures, personal data protection and environmental aspects.

In the reporting year, the Company also carried out activities to implement the Regulation of the European Parliament and of the Council of 27 November 2019, on sustainability-related

disclosures in the financial services sector, which will enter into force in March 2021.

2.9 Future risks as a result of the pandemic

The year 2020 was marked by the onset of a pandemic. Due to all activities carried out and the situation in the financial markets calming down, Zavarovalnica Triglav and the Triglav Group concluded 2020 in terms of risks and capital adequacy within the framework set out in the Risk Appetite Statement. The Company also maintained strong liquidity.

Nevertheless, the pandemic is not over yet and global economies are still facing a deep economic, health and social crisis. A decline in global gross domestic product is inevitable due to the strict restrictive measures put in place to curb the spread of infection, and may even last longer. Countries are trying to mitigate the negative effects of the pandemic through expansionary fiscal policies that stimulate economic activity and reduce the chance of a possible rise in the unemployment rate. The situation in the financial markets improved throughout 2020 in both equity and debt securities markets. In addition to the above, it is estimated that the insurance market will continue to face extremely low, negative interest rate levels, as poor economic forecasts have further increased the likelihood of a long period of low interest rates.

Incentive measures by central banks also carry risks for future operations as corporate borrowing increases, which in the long run brings potential risks for further growth, because in the event of a deeper recession businesses would be over-indebted.

In addition to future risks arising from central banks' incentive measures, risks arising from a possible deepening recession are also important. They could affect the demand for insurance and the consequent reduction in written premium. This is also related to liquidity risk, both on the side of the potential reduction of inflows from the insurance business and on the side of market liquidity of the investment portfolio.

Significant potential impacts on the Triglav Group's operations, which could be realised in the coming year, are related primarily to market and credit risks. In the context of market risks, the impact could be perceived mainly on spread risk due to the possible increase of credit spreads in the event of the further aggravation of the situation or a deterioration in the credit ratings of issuers of securities. There is also an increased possibility of negative movements in the stock markets and possible reductions in the value of real property. In terms of interest rate risk, this would mean that interest rates would decrease even further, which would have a positive impact on the Company and the Group. With respect to credit risk, special attention is paid to monitoring the payment discipline of receivables and the creditworthiness of major partners.

Liquidity risk could be affected by the consequences of the pandemic in the future through a potential decline in economic activity and a consequent increase in the unemployment rate, which could affect Zavarovalnica Triglav's operations and developments in financial markets with a resurgence in volatility. The performed liquidity tests of the Company at the event as foreseen by the standard formula (i.e. a major change that occurs once in 200 years) and the anticipated delay in payment by the reinsurer for the non-life portfolio show that the Company would be able to meet all operating liabilities and maintain adequate liquidity.

Furthermore, in 2020 a repo agreement was entered into and reviewed, which provides additional liquidity, especially in extraordinary situations. As part of the liquidity risk management system, the liquidity plan in stress scenarios was upgraded, which, among other things, determines the sequence of activities to be performed in this case.

In the context of testing the sensitivity of the credit portfolio of both the Company and the Group, possible real events as a result of the epidemic were assumed which would have a material impact on the Company's and the Group's operations in the coming years. The most probable among them was evaluated.

When testing sensitivity to our partners (banks) in terms of cash and cash equivalents, it was found that in the event of a deterioration in the credit rating of our largest partner by one notch at the same exposure, the average credit rating of these partners would not change.

Similarly, when testing sensitivity to our reinsurance partners, it was found that in the event of a deterioration in the credit rating of our largest partner by one notch at the same exposure, the average credit rating of these partners would not change.

The Company's sensitivity related to receivables from its core business was verified by reducing the expected share of payments for 2021. The share was set at the lowest level in the last ten

Sensitivity analysis*

	Triglav Group			Zavarovalnica Triglav		
	Impact on fair value reserve	Impact on profit or loss	Total impact on capital	Impact on fair value reserve	Impact on profit or loss	Total impact on capital
Spread risk (+1%)	-128,803,593	-21,625,236	-150,428,829	-109,455,614	-11,237,097	-120,692,710
Equity risk (-10%)	-14,684,012	-7,352,787	-22,036,799	-10,987,924	-370,733	-11,358,657
Property risk (-5%)	0	-1,646,020	-1,646,020	0	-1,435,587	-1,435,587
Interest rate risk (-1%)	152,194,239	-128,316,212	23,878,027	131,023,216	-100,126,924	30,896,292
Total	8,706,634	-158,940,255	-150,233,621	10,579,678	-113,170,340	-102,590,662

* The effects shown do not include the tax aspect and the impact of the reduction in assets on liabilities (for life insurance).

years (the 2012 debt crisis). In this scenario, it is estimated that the reduction in expected payments would amount to EUR 44.7 million, which represents a direct impact on the profit or loss. The assessment was made assuming the same value of insurance receivables in 2021 as in 2020.

The development of the risk management system will continue in 2021, particularly in areas where the trend of increasing risks will be identified.

Credit risks in terms of credit quality and the dynamics of clients' payments will be consistently monitored and the amount of assumed market and liquidity risks in relation to the current situation in the financial markets will be regularly assessed. Development activities will also depend on changes in legislation, where changes related to capital adequacy calculations⁹⁹ and sustainable risks are expected.

⁹⁹ In December 2020, EIOPA submitted amendments to Solvency II legislation to the European Commission in a document entitled »Opinion on the 2020 review of Solvency II«.

Accounting Report

Accounting Report

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Statement of management's responsibilities

The Management Board herewith confirms the financial statements Zavarovalnica Triglav, d.d. and Triglav Group for the year ended 31 December 2020, 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 2020 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 2021

Independent auditor's report



Deloitte revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana
Slovenia

Tel.: +386 1 3072 800
Fax: +386 1 3072 900
www.deloitte.si

INDEPENDENT AUDITOR'S REPORT
to the shareholders of the company ZAVAROVALNICA TRIGLAV, d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of the company ZAVAROVALNICA TRIGLAV, d.d. (hereinafter 'the Company') and the consolidated financial statements of the TRIGLAV Group (hereinafter 'the Group'), which comprise the separate and consolidated statements of financial position as at 31 December 2020, separate and consolidated income statements, separate and consolidated statements of other comprehensive income, separate and consolidated statements of changes in equity, separate and consolidated cash flow statements for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRS').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (hereinafter the "Regulation"). Our responsibilities under those rules are further described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International 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 separate and consolidated financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of technical provisions in the separate and consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
<p>Disclosures related to technical provisions are included in 3.16. "Technical provisions and technical provisions for the benefit of life insurance policyholders bearing the investment risk".</p> <p>Technical provisions are a significant item in the separate and consolidated statements of financial position. The value of technical provisions as at 31 December 2020 equals EUR 1,750,315 thousand (2019: EUR 1,713,421 thousand) in the separate financial statements and EUR 2,523,229 thousand (2019: EUR 2,393,927 thousand) in the consolidated financial statements. Provisions are measured in accordance with accounting policies, which are described in the financial statements.</p> <p>Calculation of provisions for insurance contracts is complex as it entails a high level of management judgement and complex mathematical and statistical calculations. The models used to calculate technical provisions are designed for each category separately and this process largely depends on economic and demographic assumptions.</p> <p>Management reviews premiums, claims payments and other input data and assumptions of a model; the Company's actuarial function is responsible for verifying the adequacy of provisions assessed.</p> <p>Technical provisions are significant accounting estimates, subject to a high level of judgement, therefore we have considered them as a key audit matter.</p>	<p>We have obtained an understanding of key internal controls and tested their effectiveness. We have also reviewed the procedures for analysing economic and non-economic assumptions applied in the calculation of provisions.</p> <p>We have studied the adequacy of key management assumptions applied in the assessment of technical provisions for individual cases and agreed them with adequate supporting documentation. We have assessed whether provisions disclosed are in accordance with the requirements of the accounting framework, best industry practice and legal requirements.</p> <p>The assessment of actuarial assumptions, including the treatment and assessment of management assumptions, also included actuarial professionals as auditor's experts. Actuarial professionals took part in testing the calculations of the model and also performed independent recalculations of provisions.</p> <p>We have also reviewed information in the separate and consolidated financial statements in order to assess whether information related to technical provisions is adequately disclosed.</p>



Valuation of investments in the separate and consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
<p>Disclosures related to investments are included in 3.7, <i>Investments</i>.</p> <p>Investments as at 31 December 2020 equal EUR 1,989,588 thousand (2019: EUR 1,912,207 thousand) in the separate financial statements and EUR 2,887,381 thousand (2019: EUR 2,740,031 thousand) in the consolidated financial statements.</p> <p>Investments are classified based of the purpose of their acquisition. Management takes the decision on their classification upon initial recognition.</p> <p>The Company and the Group measure investments with the respect to the group into which each investment is classified:</p> <ul style="list-style-type: none"> - financial assets at fair value through profit or loss are measured at fair value, - held-to-maturity financial assets are measured at amortised cost less impairment losses, - loans and deposits are measured at amortised cost less recognized impairment losses, - available-for-sale financial assets are measured at fair value. <p>Investments are subject to significant judgments and estimates. Due to that and because of significant account balances in separate and consolidated statement of financial position, we have considered them as a key audit matter.</p>	<p>We have reviewed the adequacy of investments measuring in the separate and consolidated financial statements.</p> <p>We have performed the following procedures:</p> <ul style="list-style-type: none"> - For investments in marketable securities, we have recalculated the fair value of these investments based on the value arising from securities market as at 31 December 2020. - For investments in non-marketable securities measured at fair value, we considered the adequacy of assumptions and methodology applied. We particularly took into account assumptions applied to calculating discount rates and expected future cash flows. Auditor's experts took part in the procedures for valuation assessment and valuation it selves. - For investments measured at amortised cost, we recalculated amortised cost based on data on maturity of each investment as at 31 December 2020. <p>We have also reviewed information in the separate and consolidated financial statements in order to assess whether it includes disclosures as required by IFRS.</p>



Valuation of investments in the equity of subsidiaries in the separate financial statements

Key audit matter	How our audit addressed the key audit matter
<p>Disclosures related to investments in the equity of subsidiaries are included in 3.5, <i>Investments in subsidiaries</i> and 5.5, <i>Related-party transactions</i>.</p> <p>Investments in the equity of subsidiaries equal EUR 132,337 thousand (2019: EUR 134,939 thousand) in the separate financial statements and are measured at cost less any impairments. Management assesses indications of impairment of such investments at least on an annual basis and performs impairment testing as necessary. These procedures require management judgement.</p> <p>Professional judgement and application of subjective assumptions by management are necessary in order to assess indications of impairment.</p> <p>Investments in equity of subsidiaries are subject to significant judgements and estimates. Due to that and because of the significance of the account balances in the separate statement of financial position, we have considered investments in the equity of subsidiaries a key audit matter.</p>	<p>We have assessed the treatment of indications of impairment of investments in the equity of subsidiaries in the separate financial statements by management. The emphasis of our audit procedures was put on assessing and testing the key assumptions that management applied to define indications of impairment and to assess impairments.</p> <p>Our procedures included the following:</p> <ul style="list-style-type: none"> - checking and comparing net assets of a subsidiary with the value of the investment in the separate financial statements as at 31 December 2020, - assessing the assumptions applied to calculate discount rates and their recalculation, - reviewing projected future cash flows used by the Company to carry out impairment tests, - comparing projected cash flows, including the assumptions related to revenue growth rates and operating margins, against historical performance to test the accuracy of previous management assessments, and checking other assumptions and estimates included in judgements, - verifying the adequacy of disclosures in the separate financial statements. <p>An auditor's expert took part in our procedures.</p>

Other information

Management is responsible for the other information. The other information comprises information included in the Annual Report, other than the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the separate and consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the other information includes material misstatement, we need to report such circumstances. In relation to this and based on our procedures performed, we report that:

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- the other information is, in all material respects, consistent with the audited separate and consolidated financial statements;
- the other information is prepared in compliance with applicable law and regulations; and
- based on our knowledge and understanding of the Company and the Group and their environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements of the Company and the Group, management is responsible for assessing their ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease their operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process and for approving the audited annual report.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing rules will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with auditing rules, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future

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events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements for the audited 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 and the Group on General Shareholders' Meeting held on 28 May 2019. Our total uninterrupted engagement has lasted for two years.

Confirmation to the Audit Committee

We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company dated 10 March 2021 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-Audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

Auditor's Reporting on Compliance with the Commission Delegated Regulation (EU) No. 2018/815 for the Presentation of the Annual Report and Audited Consolidated Financial Statements in European Single Electronic Format (ESEF)

We undertook a reasonable assurance engagement on whether the consolidated financial statements in electronic form (ESEF documents), included in the electronic file *S49300KG178MKH038N42-2020-12-31.zip*, representing the audited consolidated financial statements of the TRIGLAV Group for the financial year ended 31 December 2020, are prepared in accordance with the requirements of the ESEF Regulation

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Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and content of ESEF documents and, within that framework, for correct presentation of audited consolidated financial statements in electronic form in accordance with the requirements of the ESEF Regulation. This also includes responsibility for establishing appropriate internal control as determined necessary by the management, to enable the preparation of ESEF documents that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the preparation of ESEF documents.

Auditor's Responsibility

Our responsibility is to carry out a reasonable assurance engagement and to express the conclusion on whether the ESEF documents mentioned in the first paragraph of this part of the report, included in the electronic file *549300KGI78MKHQ38N42-2020-12-31.zip*, are prepared in accordance with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 – *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)* published by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We are in compliance with the International Standard on Quality Control (ISQC 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and statutory requirements.

Within the scope of the work performed, we have carried out the following audit procedures:

- we have identified and assessed the risk of material misstatement in ESEF documents and their major non-compliance with the requirements of the ESEF Regulation;
- we have obtained understanding of the internal control processes considered important for our reasonable assurance engagement in order to design appropriate procedures in given circumstances, however, not with the purpose of expressing an opinion on the effectiveness of internal control;
- we have assessed whether the ESEF documents we received satisfy the conditions as set in paragraphs 1 and 2 of the Annex II to the ESEF Regulation;
- we have obtained reasonable assurance that the audited consolidated financial statements (from the first paragraph of this part of the report) are presented correctly in the electronic XHTML format;
- we have obtained reasonable assurance that the values and disclosures in the electronic version of the audited consolidated financial statements (from first paragraph of this report) in the XHTML format are tagged correctly and within the scope as anticipated for the financial year audited as well as in the Inline XBRL technology (iXBRL), so that machine reading of ESEF documents can ensure complete and correct information that is included in the audited financial statements

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Conclusion

Based on the procedures performed and the evidence obtained we confirm that the ESEF documents stated in the first paragraph of this part of report are, in all material respects, the correct reflection of the audited consolidated financial statements of the TRIGLAV Group for the financial year ended 31 December 2020, and are prepared in accordance with the requirements of the ESEF Regulation and within the extent proper for the audited financial year, and that the information is correctly and fully included in the XHTML format.

Our conclusion does not represent an opinion on true and fair view of the financial statements presented in the electronic form. We also do not provide any assurance of other information published together with the ESEF documents.

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.
Dunajska 165
1000 Ljubljana

For signature please refer to the original Slovenian version.

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DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

Barbara Žibret Kralj
Certified Auditor
Ljubljana, 10 March 2021

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS

1. Financial statements¹⁰⁰

1.1 Statement of financial position

	Notes	Triglav Group		Zavarovalnica Triglav	
		31 December 2020	31 December 2019 ¹⁰¹	31 December 2020	31 December 2019
		in EUR			
ASSETS		4,139,441,072	3,917,275,222	2,995,518,165	2,901,140,141
Intangible assets	3.1	100,975,475	101,725,725	62,397,579	61,924,273
Property, plant and equipment	3.2	113,291,036	114,072,290	67,775,451	68,305,684
Non-current assets held for sale	3.13	915,851	4,164,221	0	0
Deferred tax assets	3.19	778,589	800,542	0	0
Investment property	3.3	78,977,800	79,921,480	44,451,276	46,091,135
Right of use assets	3.4	9,821,211	10,937,925	3,587,916	4,106,316
Investments in subsidiaries	3.5	0	0	132,337,466	134,938,667
Investments in associates	3.6	28,237,714	13,154,379	31,337,951	18,054,026
– accounted for using the equity method		28,237,714	13,154,379	0	0
– measured at fair value		0	0	31,337,951	18,054,026
Financial investments	3.7	2,887,380,559	2,740,030,952	1,983,588,373	1,912,207,382
– loans and deposits		97,971,079	112,578,151	36,951,085	49,049,847
– held to maturity		162,824,686	186,109,072	143,908,512	150,469,553
– available for sale		2,101,914,068	1,826,940,416	1,595,002,429	1,382,802,069
– recognised at fair value through profit and loss		524,670,726	614,403,313	207,726,347	329,885,913
Unit-linked insurance assets	3.8	501,808,980	482,031,288	442,292,488	433,758,610
Reinsurers' share of technical provisions	3.9	125,873,637	102,747,806	105,903,438	98,433,270
Receivables	3.10	203,183,851	186,172,690	95,800,206	93,715,995
– receivables from direct insurance operations		105,484,939	105,459,829	67,632,214	68,401,137
– receivables from reinsurance and coinsurance operations		72,355,133	57,989,502	19,797,094	17,219,677
– current tax receivables		1,950,631	1,281,349	0	0
– other receivables		23,393,148	21,442,010	8,370,898	8,095,181
Other assets	3.11	6,296,705	5,646,149	3,741,799	3,492,671
Cash and cash equivalents	3.12	81,899,664	75,869,775	22,304,222	26,112,112
EQUITY AND LIABILITIES		4,139,441,072	3,917,275,222	2,995,518,165	2,901,140,141
Equity	3.14	870,151,947	791,951,788	644,003,173	580,480,275
Controlling interests		867,648,574	789,526,123	644,003,173	580,480,275
– share capital		73,701,392	73,701,392	73,701,392	73,701,392
– share premium		50,271,107	50,276,637	53,412,884	53,412,884
– reserves from profit		384,106,692	354,734,274	367,862,643	338,962,643
– treasury share reserves		364,680	364,680	0	0
– treasury shares		-364,680	-364,680	0	0
– fair value reserve		89,293,484	84,099,924	59,402,079	53,859,881
– net profit brought forward		229,284,048	165,896,170	60,526,536	9,929,059
– net profit/loss for the year		44,131,955	63,404,824	29,097,639	50,614,416
– currency translation differences		-3,140,104	-2,587,098	0	0
Non-controlling interests	2.12	2,503,373	2,425,665	0	0
Subordinated liabilities	3.15	49,423,693	64,847,293	49,423,693	69,999,451
Insurance technical provisions	3.16	2,523,229,144	2,393,927,336	1,750,315,382	1,713,421,521
– unearned premiums		344,760,927	332,510,935	235,190,816	232,791,056
– mathematical provisions		1,457,023,963	1,404,439,748	1,041,557,084	1,020,231,686
– claims provisions		645,331,168	615,398,744	430,259,621	428,320,763
– other insurance technical provisions		76,113,086	41,577,909	43,307,861	32,078,016
Insurance technical provisions for unit-linked insurance contracts	3.16	509,984,710	484,942,835	448,726,097	435,592,711
Provisions for employee benefits	3.17	17,781,153	15,873,046	13,073,364	11,892,449
Other provisions	3.18	2,809,101	2,750,400	769,957	732,811
Deferred tax liabilities	3.19	14,539,515	10,855,152	9,531,162	5,706,679
Other financial liabilities	3.20	2,895,834	1,864,413	1,633,896	1,640,125
Operating liabilities	3.22	70,313,038	66,872,331	33,977,772	31,912,738
– liabilities from direct insurance operations		16,801,856	21,558,544	10,636,904	14,239,495
– liabilities from reinsurance and co-insurance operations		48,940,738	41,548,913	19,824,185	15,309,075
– current tax liabilities		4,570,444	3,764,874	3,516,683	2,364,168
Lease liabilities	3.21	10,025,532	10,915,678	3,675,805	4,166,278
Other liabilities	3.23	68,287,405	72,474,950	40,387,864	45,595,103

¹⁰⁰ Notes on pages from 201 to 308 are part of financial statements.

¹⁰¹ Data for the comparable year are adjusted. Further explanations can be found in [Section 2.4](#).

1.2 Income statement

		Triglav Group		Zavarovalnica Triglav	
	Notes	2020	2019	2020	2019
Net premium income	4.1	1,066,754,825	1,027,628,825	583,867,846	573,555,357
- gross written premium		1,233,775,365	1,184,174,107	719,255,868	702,131,969
- ceded written premium		-160,022,349	-136,453,097	-137,934,204	-119,532,753
- change in unearned premium reserve		-6,998,191	-20,092,185	2,546,182	-9,043,859
Income from investments in subsidiaries and associates	4.2	436,610	1,076,327	302,643	3,642,440
- profit on equity investments accounted for using the equity method		436,610	515,913	0	0
- other income from investments in subsidiaries and associates		0	560,414	302,643	3,642,440
Income from investments	4.2	123,079,449	186,989,205	89,181,634	141,512,227
- interest income calculated using the effective interest method		42,055,802	53,137,742	25,933,800	35,136,849
- gains on disposals		40,162,889	37,568,819	37,288,158	32,059,434
- other income from investments		40,860,758	96,282,644	25,959,676	74,315,944
Other income from insurance operations	4.6	41,006,993	37,183,512	38,110,029	29,755,003
- fees and commission income		30,649,757	22,069,255	30,080,891	19,848,006
- other income from insurance operations		10,357,236	15,114,257	8,029,138	9,906,997
Other income	4.7	43,613,977	39,521,122	7,872,585	11,355,435
Net claims incurred	4.8	683,631,775	684,147,828	375,336,947	376,760,877
- gross claims settled		697,443,568	716,742,136	408,278,140	425,204,380
- reinsurers' share		-34,278,930	-35,254,541	-31,689,089	-31,495,447
- changes in claims provisions		12,541,034	-4,906,936	-1,252,104	-16,948,056
- equalisation scheme expenses for supplementary health insurance		7,926,103	7,567,169	0	0
Change in other insurance technical provisions (excluding ULI)	4.10	62,636,590	59,308,590	13,449,956	22,338,141
Change in insurance technical provisions for unit-linked insurance contracts	4.10	25,492,453	69,205,056	13,270,367	57,140,018
Expenses for bonuses and discounts	4.11	21,350,276	11,561,258	16,029,498	9,721,522
Operating expenses	4.12	240,912,735	244,452,851	155,904,617	157,906,165
- acquisition costs		163,528,966	162,566,584	113,568,435	110,868,380
- other operating costs		77,383,769	81,886,267	42,336,182	47,037,785
Expenses from investments in subsidiaries and associates	4.3	139,422	733,344	3,930,396	195,478
- loss on investments accounted for using the equity method		139,422	170,640	0	0
- other expenses from financial assets and liabilities		0	562,704	3,930,396	195,478
Expenses from investments	4.3	40,993,211	23,953,572	25,675,273	18,381,935
- loss on impairment of investments		1,971,302	848,962	1,632,351	344,175
- loss on disposal of investments		6,941,490	9,767,166	5,719,183	9,679,511
- other expenses from investments		32,080,419	13,337,444	18,323,739	8,358,249
Other insurance expenses	4.13	51,523,388	43,565,310	24,308,038	14,950,707
Other expenses	4.14	57,308,722	54,533,956	20,359,679	17,814,012
- expenses from financing		2,937,501	3,098,502	2,578,946	2,867,130
- other expenses		54,371,221	51,435,454	17,780,733	14,946,882
Profit before tax		90,903,282	100,937,227	71,069,966	84,611,607
Income tax expense	4.15	17,238,584	17,072,798	13,072,327	13,997,191
NET PROFIT FOR THE PERIOD		73,664,698	83,864,429	57,997,639	70,614,416
Earnings per share (basic and diluted) ¹⁰²		3.24	3.69	-	-
Net profit/loss attributable to the controlling company		73,504,373	83,690,644	-	-
Net profit/loss attributable to the non-controlling interest holders		160,325	173,785	-	-

¹⁰² Basic earnings per share are calculated by dividing the shareholders' net profit by the weighted average number of ordinary shares, excluding ordinary shares held by the Company or the Group. The Group and the Company do not have dilutive potential ordinary shares, thus the basic and diluted earnings per share are the same.

1.3 Other comprehensive income

	Notes	Triglav Group		Zavarovalnica Triglav		in EUR
		2020	2019	2020	2019	
Net profit for the year after tax	3.14	73,664,698	83,864,429	57,997,639	70,614,416	
Other comprehensive income after tax		4,584,416	18,003,465	5,525,259	6,582,993	
Items which will not be transferred in income statement in future periods		-281,989	-351,094	-283,076	-309,508	
Actuarial gains/losses on defined benefit pension plans	3.17	-281,989	-351,094	-283,076	-309,508	
Tax on items which will not be transferred in income statement		0	0	0	0	
Items which could be transferred into income statement in future periods		4,866,405	18,354,559	5,808,335	6,892,501	
Fair value gains/losses on available-for-sale financial assets	3.7	24,484,439	28,490,288	24,426,078	13,274,750	
– net gains/losses recognized directly in fair value reserve		42,532,142	41,338,796	40,317,546	25,033,214	
– transfers from fair value reserve to income statement		-18,047,703	-12,848,508	-15,891,468	-11,758,464	
Liabilities from insurance contracts with DPF		-14,238,050	-4,005,357	-14,238,050	-4,005,357	
Currency translation differences		-556,570	137,443	0	0	
Tax on other comprehensive income		-4,823,414	-6,267,815	-4,379,693	-2,376,892	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX		78,249,114	101,867,894	63,522,898	77,197,409	
Controlling interest		78,127,981	101,666,578	-	-	
Non-controlling interest		121,133	201,316	-	-	

1.4 Statement of changes in equity

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 2019	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
Comprehensive income for the year after tax	0	0	0	0	0	0	0	5,193,560	-16,946	73,504,373	-553,006	78,127,981	121,133	78,249,114
a) Net profit	0	0	0	0	0	0	0	0	0	73,504,373	0	73,504,373	160,325	73,664,698
b) Other comprehensive income	0	0	0	0	0	0	0	5,193,560	-16,946	0	-553,006	4,623,608	-39,192	4,584,416
Transfer to retained earnings	0	0	0	0	0	0	0	0	63,404,824	-63,404,824	0	0	0	0
Transfer of net profit to reserves from profit	0	0	0	472,418	0	0	28,900,000	0	0	-29,372,418	0	0	0	0
Change in Group	0	-5,530	0	0	0	0	0	0	0	0	0	-5,530	-43,421	-48,951
As at 31 December 2020	73,701,392	50,271,107	640,340	20,266,352	364,680	-364,680	363,200,000	89,293,484	229,284,048	44,131,955	-3,140,104	867,648,574	2,503,373	870,151,947

in EUR

								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 2019	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
Comprehensive income for the year after tax	0	0	0	0	5,542,198	-16,939	57,997,639	63,522,898
a) Net profit	0	0	0	0	0	0	57,997,639	57,997,639
b) Other comprehensive income	0	0	0	0	5,542,198	-16,939	0	5,525,259
Transfer of net profit to other reserves from profit	0	0	0	28,900,000	0	0	-28,900,000	0
Transfer to retained earnings	0	0	0	0	0	50,614,416	-50,614,416	0
As at 31 December 2020	73,701,392	53,412,884	4,662,643	363,200,000	59,402,079	60,526,536	29,097,639	644,003,173

1.5 Cash flow statement

	Notes	Triglav Group		Zavarovalnica Triglav	
		2020	2019	2020	2019
in EUR					
A. OPERATING CASH FLOW					
a. Net profit for the period	3.14	73,664,698	83,864,429	57,997,639	70,614,416
b. Adjustments:		75,812,482	20,602,022	-2,529,943	-25,835,186
– depreciation and amortisation		19,063,160	18,212,851	13,288,592	12,215,733
– changes in fair value of investments		-16,440,324	-80,270,766	-21,180,963	-63,561,375
– other investment income and expenses		-71,130,714	-85,905,413	-42,433,628	-65,117,337
– interest expenses and other expenses		2,937,501	3,098,502	2,578,947	2,867,130
– revaluation of other assets		7,348,264	5,037,035	3,895,575	2,477,665
– changes in technical provisions		116,796,011	143,698,894	27,693,996	71,801,858
– corporate income tax		17,238,584	16,730,919	13,627,538	13,481,140
c. Net income before changes in operating assets (a+b)		149,477,180	104,466,451	55,467,696	44,779,230
Changes in operating receivables		2,544,756	-13,392,691	740,368	-6,748,441
Changes in other assets		-2,173,717	-2,675,675	-698,003	-797,687
Changes in liabilities		-14,705,181	19,007,395	-4,509,709	8,034,150
Paid corporate income tax		-16,087,519	-17,108,041	-12,475,023	-14,513,762
d. Changes in net operating assets		-30,421,661	-14,169,012	-16,942,367	-14,025,740
e. Net cash from/ (used in) operating activities (c+d)	5.2	119,055,519	90,297,439	38,525,329	30,753,490
B. CASH FLOWS FROM INVESTING ACTIVITIES					
a. Cash inflows from investing activities		1,361,243,567	1,469,286,636	1,132,256,197	1,198,898,504
Cash inflows from interest from investing activities		43,998,453	65,980,623	28,815,764	36,683,169
Cash inflows from dividends received and profit sharing		5,248,223	5,037,378	3,801,801	7,206,057
Cash inflows from the disposal of intangible assets		132,562	71,871	12,562	30,782
Cash inflows from the disposal of property, plant and equipment		3,005,255	7,961,376	414,273	1,404,653
Cash inflows from the disposal of financial investments		1,308,859,074	1,390,235,388	1,099,211,797	1,153,573,843
- Cash inflows from the disposal of investments in subsidiaries and associates		0	2,340,104	0	0
- Other cash inflows from disposal of financial investments		1,308,859,074	1,387,895,284	1,099,211,797	1,153,573,843
b. Cash outflows from investing activities		-1,445,191,950	-1,540,674,760	-1,149,365,270	-1,210,737,724
Cash outflows for the purchase of intangible assets		-9,126,252	-5,182,272	-7,711,934	-3,282,390
Cash outflows for the purchase of property, plant and equipment		-13,601,854	-13,134,912	-7,310,866	-8,068,006
Cash outflows for the purchase of financial investments		-1,422,463,844	-1,522,357,576	-1,134,342,470	-1,199,387,328
- Cash outflows for the purchase of investments in subsidiaries and associates		-14,948,951	-1,149,098	-14,900,000	-4,094,671
- Other cash outflows to acquire financial investments		-1,407,514,893	-1,521,208,478	-1,119,442,470	-1,195,292,657
c. Net cash from/ (used in) investing activities (a+b)	5.2	-83,948,383	-71,388,124	-17,109,073	-11,839,220
C. CASH FLOWS FROM FINANCING ACTIVITIES					
a. Cash inflows from financing activities		0	49,367,159	0	49,367,159
Cash inflows from paid-in capital		0	0	0	0
Cash inflows from long-term loans received and issued		0	49,367,159	0	49,367,159
Cash inflows from short-term loans received		0	0	0	0
b. Cash outflows from financing activities		-29,035,063	-62,882,638	-25,224,146	-60,167,804
Cash outflows for paid interest	4.14	-3,982,947	-2,829,914	-3,513,302	-2,351,553
Cash outflows for purchase of treasury shares		0	0	0	0
Cash outflows for capital repayment		0	0	0	0
Cash outflows for payments of long-term financial liabilities		-21,620,132	-240,011	-20,628,000	0
Cash outflows for payments of short-term financial liabilities		-3,431,984	-3,035,142	-1,082,844	-977,954
Cash outflows from dividends paid		0	-56,777,571	0	-56,838,297
c. Net cash from/ (used in) financing activities (a+b)	5.2	-29,035,063	-13,515,479	-25,224,146	-10,800,645
D. Closing balance of cash and cash equivalents	3.12	81,899,664	75,869,775	22,304,222	26,112,112
E1. Net cash flow for the period		6,072,073	5,393,836	-3,807,890	8,113,625
E2. External acquisition	2.12	0	2,862,910	0	0
E3. Foreign exchange differences		-42,184	11,369	0	0
F. Opening balance of cash and cash equivalents	3.12	75,869,775	67,601,660	26,112,112	17,998,487

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 is also the controlling company of the Triglav Group (hereinafter: the Group). The structure of the Group is presented in detail in [Section 2.12](#). The 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. Insurance is the core business of the Group, including asset management, support activities and other services. Both separate and consolidated financial statements are compiled.

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 2020:

- 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).

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. Custody services are provided by the custodian bank. Until 31 August 2020, these services were provided for all PDPZ guarantee funds by Abanka d.d. On 1 September 2020, the legal merger of Abanka d.d. and NKBM d.d. took place, whereby the latter assumed the obligations of providing these custody services.

The financial statements of guarantee funds and the group of PDPZ guarantee funds, with which the Company implements the members' life cycle investment policy, were compiled in accordance with the Decision on an annual report and interim financial statements of a pension fund, which is set up as a guarantee fund and a group of guarantee funds. For these guarantee funds and the group of guarantee funds, the Company also compiles separate annual reports published on website.

The financial statements of PDPZ guarantee funds in the period of pension annuity payout are compiled in accordance with the prescribed scheme for funds kept separately, as defined in the Decision on an annual report and quarterly financial statements of insurance undertakings.

The financial statements of the guarantee fund backing unit-linked life insurance are compiled in accordance with the prescribed scheme for other insurance kept separately (e.g. unit-linked insurance), as defined in the Decision on an annual report and quarterly financial statements of insurance undertakings.

Assets and liabilities and income statements of the funds kept separately are presented in [Section 5.14](#). The same accounting policies are used in the compilation of the financial statements of guarantee funds as in the compilation of the financial statements of the Triglav Group and Zavarovalnica Triglav and are described in greater detail in [Section 2.10](#).

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 2020, the Supervisory Board had the following members:

Name	SB	AC	ACC	SC	NC	Notes
Igor Stebernak	M					since 2 June 2016 until 18 August 2016 and since 18 August 2020
	P					since 18 August 2016 until 18 August 2020
		M				since 19 September 2020
			P			since 18 August 2016 until 12 June 2017 and since 21 June 2017
Andrej Andoljšek	M					since 25 September 2020 until 1 January 2021
	P					since 12 November 2020 until 25 May 2021
					P	since 13 June 2017 until 18 August 2020
				M		since 18 August 2020
Milan Tomažević						since 21 June 2017
					P	since 19 December 2019 until 1 June 2020
					M	since 25 September 2020 until 1 January 2021
Milan Tomažević	M					since 13 June 2017
					P	since 21 June 2017
Žiga Škerjanec	M					since 13 June 2017
			M			since 21 June 2017
				M		since 21 June 2017
					M	since 19 December 2019 until 1 June 2020
Nataša Damjanovič						since 25 September 2020 until 1 January 2021
					M	since 12 November 2020 until 25 May 2021
	M					since 13 June 2017 until 18 September 2020
		M				since 21 June 2017 until 18 September 2020
Mario Gobbo						since 21 June 2017 until 18 September 2020
	M					since 12 June 2013
Peter Celar						since 1 July 2013 until 12 June 2017 and since 21 June 2017
	M					since 30 May 2011
Peter Celar			M			since 1 July 2013 until 12 June 2017 and since 21 June 2017
					M	since 19 December 2019 until 1 June 2020
					M	since 25 September 2020 until 1 January 2021
					M	since 12 November 2020 until 25 May 2021
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*					M	since 19 December 2019 until 1 June 2020
					M	since 25 September 2020 until 1 January 2021
					M	since 12 November 2020 until 25 May 2021

Legend:

SB – Supervisory Board
AC – Audit Committee
ACC – Appointments and Compensation Committee
SC – Strategy Committee
NC – Nomination Committee
P – President
M – Member
*External 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 2020, the Management Board had the following composition:

- Andrej Slapar, President,
- Uroš Ivanc, Member,
- Tadej Čoroli, Member,
- Barbara Smolnikar, Member,
- David Benedek, Member, and
- 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 Basis for the preparation of financial statements

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 methods used to measure fair value are described in more detail in [Section 2.10.12](#).

The accounting policies used are consistent with those of the financial statements for the comparable period.

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. In compiling the financial statements for 2020, the adequacy of estimates and assumptions was additionally checked due to the impact of the COVID-19 epidemic on the global economy, which is presented in the [sections 2.5](#) and [2.11](#).

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 2021, the Management Board approved the Annual Report, which is available at the headquarters of Zavarovalnica Triglav and on its website.

2.4.1 Comparable data

In order to present more reliable and accurate information, in 2020 individual items of the statement of financial position of the Triglav Group were reclassified. In accordance with this reclassification, the comparative data for 2019 were also adjusted, as follows from the table below. This is a presentation difference that is immaterial and does not affect the true and fair view of the financial statements.

Triglav Group			in EUR
	Before changes	After changes	Difference
STATEMENT OF FINANCIAL POSITION	2019	2019	2019
Deferred tax assets	12,462,082	800,542	-11,661,540
Other receivables	29,505,068	21,442,010	-8,063,058
Total assets	3,936,999,820	3,917,275,222	-19,724,598
Deferred tax liabilities	22,516,692	10,855,152	-11,661,540
Other liabilities	80,538,008	72,474,950	-8,063,058
Total liabilities	3,936,999,820	3,917,275,222	-19,724,598

Deferred tax assets and liabilities relating to individual Group members are offset in the consolidated statement of financial position. Before the change, deferred tax assets and liabilities by individual company were disclosed in non-offset amounts. In addition, assets and liabilities related to operations between business segments were offset and disclosed under the items »Other receivables« and »Other liabilities«.

2.5 The impact of the COVID-19 epidemic

The COVID-19 epidemic has had a significant impact on the economic and financial markets, thus the Company additionally tested the appropriateness of the accounting policies, estimates and assumptions used in 2020 and assessed the impact on its financial position, cash flows and profit or loss.

2.5.1 Verification of the going concern assumption

An assessment was made of the ability of both the Group and the Company to continue as a going concern due to the COVID-19 pandemic. The sensitivity of the Group's and the Company's profitability, financial position and liquidity to significant assumptions or uncertainties in the environment are described in the section on risk management ([Section 2.9 Future risks as a result of the pandemic](#)). On the basis of all the calculations presented, it can be confirmed that the going concern assumption is appropriate.

2.5.2 Impairment of non financial assets

The value of goodwill was verified under non-financial assets. Goodwill impairment testing showed that impairments of goodwill are not necessary, which is presented in more detail in [Section 3.1](#). Accounting policies for goodwill are described in [Section 2.10.1](#).

In addition, the value of own-use real property and investment property was checked within the framework of non-financial assets. Valuation of all real property segments in all markets was carried out. The valuation was performed by an independent certified real estate valuer. The valuation showed that the Group's real property portfolio was not significantly affected by the negative impact of the pandemic. Lower activity was seen in the markets, whereas market data did not show a drop in prices. The use of estimates and assumptions in real property valuation is presented in more detail in [Section 2.11.9](#).

Below is a summary of the impairment of real property in 2020 and 2019.

	Triglav Group		Zavarovalnica Triglav		in EUR
	2020	2019	2020	2019	
Impairment expenses					
Investment property	697,313	2,415,650	653,340		164,016
Own-use real property	316,494	12,466	132,467		0
Cost					
Investment property	98,856,269	98,709,071	59,706,182		60,484,726
Own-use real property	138,540,867	140,762,067	86,348,055		87,988,202
Proportion of impairments (as a percentage of cost)					
Investment property	0.71%	2.45%	1.09%		0.27%
Own-use real property	0.23%	0.01%	0.15%		0.00%

2.5.3 Impairment and measurement of the fair value of financial assets

Despite the fact that by the end of the year the financial markets recovered after the extremely strong fall in March, the appropriateness of the criteria for impairment of financial assets were reassessed due to the unstable economic situation resulting from the pandemic. With regard to debt securities, no impairment criteria were changed, as objective evidence of impairment includes the issuer's status changes (bankruptcy, liquidation, etc.), payment default or other significant adverse events related to the issuer's credit rating. With respect to equity securities, in addition to the issuer's status changes, objective evidence of impairment includes a significant decrease in the fair value of a security or a long-term decrease in its fair value. In previous years, a 40% decrease in value was defined as significant, while in 2020 this criterion was reduced to 20% due to being cautious. The modified criterion did not affect the amount of impaired assets. Even if this criterion were changed in 2019, no additional impairment would be required. Based on the above criteria, in 2020 available-for-sale financial assets in the amount of EUR 2 million (compared to EUR 849 thousand in 2019) were impaired at the Group level and available-for-sale financial assets in the amount of EUR 1.6 million (compared to EUR 344 thousand in 2019) at the Company level.

The value of investments in subsidiaries and associates was also checked. Signs of impairment were found in companies whose operations were affected by the COVID-19 epidemic. As a result, impairments in the amount of EUR 3.9 million were recognised in the separate financial statements of Zavarovalnica Triglav, while in 2019 no impairments of investments in subsidiaries and associates were recognised (see the [sections 3.5](#) and [3.6](#)). These impairments do not have an impact on the consolidated financial statements of the Triglav Group. Accounting policies for impairment of investments in subsidiaries and associates are presented in [Section 2.10.13](#), while the use of estimates and assumptions in valuing these investments is presented in [Section 2.11.8](#).

In addition, the creditworthiness of debtors was assessed as one of the uncertainties. In 2020, the Company therefore additionally monitored the collection of receivables from insurance operations and the adequacy of the criteria for their impairment. As the share of uncollected receivables did not increase, it is assessed that the criteria adequately reflect the recoverability of receivables. In 2020, expenses for impairment of receivables in the amount of EUR 4.5 million (compared to EUR 3.5 million in 2019) were recognised at the Group level and expenses for impairment of receivables in the amount of EUR 3 million (compared to EUR 2.3 million in 2019) at the Company level. Accounting policies related to the impairment of receivables are described in [Section 2.10.9.1](#) and the age structure of receivables in [Section 3.10](#).

No material impairment losses were recognised among other assets.

2.5.4 Verification of material estimates and assumptions in measuring liabilities from insurance contracts

Due to changes in the financial markets, the adequacy of the calculation of provisions for life insurance was verified and the internally set maximum interest rate used by the Company for the valuation of life insurance liabilities was reduced from 2.7% to 2.45%. As a result, insurance technical provisions increased in stand-alone financial statements by EUR 12.1 million and in consolidated financial statements by additional EUR 8.7 million. Details of the liability adequacy test for life insurance provisions are presented in [Section 2.11](#).

Due to changes in the financial markets, the adequacy of the calculation of provisioning for non-life insurance was verified, specifically for liabilities paid out as annuities. For this purpose, additional claims provisions in the amount of EUR 10.6 million were created. Details of the liability adequacy test for non-life insurance provisions are presented in [Section 2.11](#).

Due to restricted activities during the crisis, the Company adjusted the criteria and conditions for the payment of the extraordinary bonus to policyholders for premium for liability insurance and motor vehicle insurance. To this end, additional provisions for bonuses of EUR 4 million were formed. It is assessed that the majority of these provisions will be released in 2021 upon the renewal of insurance policies.

Due to the pandemic, other insurance technical provisions for health insurance were increased in the consolidated financial statements by EUR 18.1 million and provisions for bonuses and discounts by EUR 3.3 million. Additional other insurance technical provisions were formed based on the provisions of the fifth package of measures to mitigate the consequences of the epidemic (PKP5) and are intended to cover future (additional) payments for healthcare services. Provisions for bonuses and discounts were created to ensure fair treatment of clients and to take into account adjustment measures due to the situation caused by COVID-19, as follows from ELOPA's call.

2.5.5 Leases

In light of the COVID-19-related events in 2020, the IASB issued an amendment to IFRS 16 Leases in May 2020. The amendment to the standard allows the use of a practical solution that allows simplified accounting treatment of lessees with respect to possible rent concessions arising as a result of the COVID-19 epidemic. Such concessions need not be treated as a lease modification, but any differences arising from such concessions are recognised directly in the income statement.

There were no significant modifications in lease agreements in neither the Group nor the Company. In relation thereto, EUR 32 thousand was recognised in the consolidated financial statements and EUR 4 thousand in the stand-alone financial statements in 2020.

For leases where the Group is the lessor, there were no modifications in the lease terms and conditions and no rent concessions due to the epidemic. The lessees' payment discipline is regularly monitored. No significant deviations were recorded in the repayment of lease receivables in 2020.

Accounting policies for leases are described in [Section 2.10.5](#) and any additional disclosures in the [sections 3.4](#) and [3.21](#).

2.5.6 Government grants related to the COVID-19 epidemic

The countries in which the Group members operate are taking various intervention measures designed to mitigate the consequences of the epidemic. Intervention measures mainly concern the reimbursement of salary compensation paid or exemption from social security contributions during the absence of workers due to force majeure and the reimbursement of various expenses. A total of EUR 381 thousand of such government grants was received at the Group level in 2020. Zavarovalnica Triglav received COVID-19-related government grants in the total amount of EUR 77 thousand. The same accounting policies were applied to the aforementioned government grants as to other government grants. [See Section 2.10.31 for more information](#).

2.6 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 reporting date of the financial statements of Zavarovalnica Triglav and its subsidiaries does not differ from the reporting date of the consolidated financial statements.

All 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.

2.7 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.

2.8 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
Underwriting risk Risk management, Section 2.3 and Accounting Report, Sections 2.11.4, 2.11.5 and 2.11.7	<ul style="list-style-type: none"> ▪ Premium risk ▪ Provision risk ▪ Lapse risk ▪ Catastrophe risk ▪ Concentration risk ▪ Low – frequency, high – severity risk ▪ Life expense risk ▪ Mortality risk ▪ Longevity risk ▪ Premium and provision risks 	Sensitivity analysis LAT test	Volatility analysis of the premium and provision risks, regular monitoring of low frequency, high severity risks, liability adequacy test (the LAT test)
Market risk Risk management, Section 2.4	<ul style="list-style-type: none"> ▪ Interest rate risk ▪ Equity risk ▪ Property risk ▪ Spread risk ▪ Currency risk ▪ Market concentration risk 	Sensitivity analysis	Methods and processes with clearly defined powers and responsibilities used to promptly identify, measure, manage and monitor market risks.
Credit risk Risk management, Section 2.5	<ul style="list-style-type: none"> ▪ Investment risk ▪ Risk from reinsurance contracts ▪ Risk from insurance contracts 	Maturity analysis Credit ratings	The analysis of the credit quality of partners, the analysis of sufficient portfolio diversification, regular monitoring of exposure by credit rating and management of exposures to partners with no credit rating, monitoring of receivables below and over 0 days past due, separate monitoring of subrogation receivables including recovery efficiency.
Liquidity risk Risk management, Section 2.6	<ul style="list-style-type: none"> ▪ 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.

2.9 Tax policy

The Triglav Group regularly reviews and prudently implements processes for identifying, assessing, monitoring and managing tax risks, and if necessary, hires external tax consultants. The Group's strategy is pursued in the tax management process, with the main emphasis on security and reliability. In cooperating with the tax authorities, the Group is not only committed to transparency, responsiveness and an open and early dialogue, but also responds to any inquiries, information or requests in a timely manner.

The Group's key tax policies are:

- compliance with tax legislation and regulations governing the tax area,
- adapting to new digital business guidelines and
- clarity and transparency in communicating about tax matters to various stakeholders.

Zavarovalnica Triglav is responsible for tax accounting. Individual Group members are independently responsible for ensuring compliance with the local tax legislation and regularly report on any tax matters to the Accounting Division of Zavarovalnica Triglav. Tax rates by different countries where the Group members operate are presented in [Section 2.12](#). Accounting policies for taxes are presented in [Section 2.10.30](#), while additional disclosures are presented in [Section 4.15](#).

The amount of taxes and contributions calculated by individual type is shown below.

	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Insurance premium tax	50,305,506	50,806,671	41,216,351	41,994,109
Fees from income of natural persons (employer's contributions and taxes)	27,111,965	26,541,204	13,761,227	13,453,697
Corporate income tax	18,997,540	18,517,571	13,627,538	13,481,140
Fire fee	4,885,827	4,567,599	4,400,353	4,088,719
Value added tax	4,595,183	5,258,885	1,741,219	2,424,509
Fee for the use of building land	827,968	820,327	722,112	721,485
Financial services tax	501,709	554,556	92,995	125,587
Other fees	335,453	355,059	0	0
Total fees charged in the year	107,561,151	107,421,939	75,561,795	76,289,246

in EUR

2.10 Summary of significant accounting policies

The significant accounting policies used in the preparation of the financial statements are set out below.

2.10.1 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 2.10.13](#).

2.10.2 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 2.10.13](#).

2.10.3 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 2.10.13](#).

2.10.4 Investment property

Investment property comprises land and leased buildings. Real property is defined as investment property if it is not used for own activity or if only an insignificant part of the building is used for own activity.

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 2.10.3](#).

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 2.10.13](#).

2.10.5 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.

2.10.6 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 2.10.13](#).

Subsidiaries are included in the consolidated financial statements under the full consolidation method. The consolidation procedures are presented in detail in [Section 2.6](#).

2.10.7 Investments in associates and joint ventures

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 polices. 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 [Sections 2.11.8](#). 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 effect, but does not control them. Joint ventures are companies that are jointly controlled by the Group on the basis of a contractual agreement. In the consolidated financial statements of the Triglav Group, investments in associates and joint ventures are accounted for using the equity method. The corresponding share of the profit or loss of an associate and joint venture is recognised in the consolidated profit or loss. The associated effects included in other comprehensive income of an associate or joint venture are recognised in the consolidated statement of comprehensive income.

Dividends of associates and joint ventures are recognised in the Company's profit or loss when the right to receive the dividend is acquired. Dividends of associates and joint ventures are eliminated in the consolidated financial statements.

Accounting policies regarding the impairment of investments in associated companies are described in [Section 2.10.13](#).

2.10.8 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.

2.10.9 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 fair value reserve, 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.

Temporary exemption from applying IFRS 9

In 2020, the Company continued to apply the temporary exemption from the application of IFRS 9. Due to the adoption of the new standard that addresses insurance contracts, IFRS 17, the standard may be applied from 1 January 2023. The deferral condition is that the carrying amount of liabilities arising from the insurance business is at least 90% of total carrying amount of liabilities. The fulfilment of the conditions was verified as at 31 December 2015. The calculation is shown in the table below. There have been no changes since 31 December 2015 that would significantly impact the fulfilment of the conditions.

	in EUR	
	Triglav Group	Zavarovalnica Triglav
	31 December 2015	31 December 2015
Insurance technical provisions	2,600,442,123	2,053,864,286
Total liabilities	2,789,412,299	2,154,872,319
Ratio of insurance liabilities to total liabilities	93%	95%

The table below presents an analysis of the fair value of financial assets at the end of the reporting period and the corresponding change in fair value during the reporting period. Financial assets are 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.

Triglav Group	in EUR			
	Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding		Other financial assets	
	Fair value 1 January 2020	Fair value 31 December 2020	Fair value 1 January 2020	Fair value 31 December 2020
Debt securities	2,431,352,987	2,581,853,541	36,781,268	0
Equity securities	0	0	220,357,062	251,365,744
Derivatives	0	0	0	113,301
Loans and deposits	92,994,219	76,208,718	237	0
Cash and cash equivalents	75,860,559	81,899,664	0	0
Total	2,600,207,766	2,739,961,923	257,138,568	251,479,045

Zavarovalnica Triglav	in EUR			
	Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding		Other financial assets	
	Fair value 1 January 2020	Fair value 31 December 2020	Fair value 1 January 2020	Fair value 31 December 2020
Debt securities	1,780,053,478	1,860,111,108	21,689,527	19,399,127
Equity securities	0	0	109,481,949	113,586,570
Derivatives	0	0	0	113,301
Loans and deposits	39,767,882	27,542,024	0	3,654,860
Cash and cash equivalents	19,226,740	18,914,182	0	0
Total	1,839,048,101	1,906,567,313	131,171,475	136,753,858

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.

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	59,312,085	463,012,284	1,102,058,138	713,465,040	199,903,545	2,537,751,092
Loans and deposits	70,527,890	0	0	0	6,156,440	76,684,331
Cash and cash equivalents	45,528,273	0	4,821	288,310	36,078,261	81,899,664
Total	175,368,248	463,012,284	1,102,062,958	713,753,350	242,138,247	2,696,335,086

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	37,037,192	398,179,878	910,348,956	408,535,590	63,832,449	1,817,934,065
Loans and deposits	28,861,388	0	0	0	0	28,861,388
Cash and cash equivalents	5,194,494	0	4,821	284,137	13,430,730	18,914,182
Total	71,093,074	398,179,878	910,353,776	408,819,727	77,263,179	1,865,709,634

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		
Assets whose contractual cash flows are solely payments of principal and interest and do not have a low credit risk		
Triglav Group	Fair value	Carrying amount
Debt securities	259,257,998	259,215,630
Loans and deposits	76,208,718	76,684,331
Cash and cash equivalents	81,606,534	81,606,534
Total	417,073,250	417,506,495

in EUR		
Assets whose contractual cash flows are solely payments of principal and interest and do not have a low credit risk		
Zavarovalnica Triglav	Fair value	Carrying amount
Debt securities	100,871,734	100,869,641
Loans and deposits	27,542,024	28,861,388
Cash and cash equivalents	18,625,224	18,625,224
Total	147,038,982	148,356,253

2.10.9.1 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 2.10.13](#).

2.10.9.2 Cash and cash equivalents

Cash includes cash in banks, cash in transit, cash in hand and cash equivalents such as call deposits.

2.10.10 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.

Other assets also include accrued income for goods and services supplied to clients whose performance obligations have already been met.

2.10.11 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.

2.10.12 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 3.15](#).

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 industry 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.

2.10.13 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. 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.

2.10.14 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.

2.10.15 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.

2.10.16 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 0.75% 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 a 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, fair value reserve is accounted for in other comprehensive income upon recognition; on the balance sheet date, the transfer to mathematical provisions is made for the 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 2.11.1](#).

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 preset 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.

2.10.17 Classification of insurance and financial contracts

The products of insurance subsidiaries in the Group are classified into homogeneous groups according to the features of individual products: non-life insurance, traditional life insurance, pension insurance and unit-linked life insurance. Products can contain either an insurance risk or both an insurance and financial risk.

Contracts of an individual homogeneous group are defined as insurance if they contain material insurance risk. Such insurance contracts are accounted for in accordance with IFRS 4. If the contracts contain a material financial risk, they are classified as financial and accounted for in accordance with IAS 39.

The materiality of insurance risk is determined in relation to additional benefits in the case of a loss event. The significance of additional benefits is assessed by comparing the greatest difference between the value of the payout should a loss event occur and the value of the payout in other cases. This difference must be at least 10% of the payout amount at the inception date of the insurance policy.

All non-life insurance, traditional life insurance and unit-linked life insurance contracts contain material insurance risk and are therefore defined as insurance contracts.

The same applies to all pension insurance contracts. In some pension insurance contracts, the base for determining the amount of pension annuity is already set at the time of concluding the contract, while most remaining insurance contracts provide additional benefits above the amount of accumulated assets in the case of death of the policyholder during the accumulation period. In addition, all pension insurance contracts also contain a discretionary right to profit sharing. These contracts enable the policyholder, under certain terms and conditions determined by the Company, the payment of additional coverage, which is linked to the return on assets of the guarantee fund, and are therefore also defined as insurance contracts according to this criterion.

Once an insurance contract is defined as an insurance contract, it remains so until its expiry, even if in the meantime the insurance risk is significantly reduced, unless all rights and obligations are terminated or expire.

2.10.18 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.

2.10.19 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.

2.10.20 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.

2.10.21 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.

2.10.22 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.

2.10.23 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.

2.10.24 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. They relate to income from contracts with clients that is recognised on the transfer of control of the goods or services to the client in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. Income from contracts

with clients is recognised at the fair value of the consideration received or receivable, net of returns and discounts, rebates and volume discounts. Income is disclosed when the buyer has taken control of the goods or benefits from the services provided.

When selling goods or services, income is recognised when the goods are delivered to the client or the service is provided and the recoverability of related receivables is reasonably guaranteed. In the case of long-term projects, the percentage of completion method as at the balance sheet date is used in recognising income from services provided. Under this method, income is recognised in the accounting period in which the services are provided.

Sales income does not include any charges either paid upon purchase or sale.

2.10.25 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.

2.10.26 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.

2.10.27 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.

2.10.28 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.

2.10.29 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 include 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.

2.10.30 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. Deferred tax assets and liabilities relating to the same tax jurisdiction, period and taxable unit are offset at the level of an individual company.

In the 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 2.12](#)). 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.

2.10.31 Government grants and government assistance

Funds received directly or indirectly by a company from the state, government agency or similar bodies at the local, national or international levels are considered a government grant or assistance. The received government grants are not the result of the performance of ordinary commercial transactions, which a company receives in exchange for the provided service or supply of goods. A government grant means the transfer of funds to a company in exchange for taking into account specific circumstances in the past or future.

The calculation of a government grant is made using the income approach, which provides for the recognition of a government grant in profit or loss. A government grant is recognised in the income statement as income over the periods necessary to match them with the related costs, for which they are intended to compensate. The grants received for costs already incurred are recognised immediately.

Government grants related to assets which are conditional on the purchase, construction or otherwise acquired asset are recognised as deferred income, which the company recognises in the income statement on a systematic basis over the useful life of the asset.

Grants related to income, i.e. grants not related to assets, are recognised as a deduction of related expenses.

2.11 Main assumptions

2.11.1 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 2.45% 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 or they have additional coverage in the case of death during the accumulation period.

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 2.45% 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 2.45% 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 in the calculation of provisions takes into account all premiums paid up to the day of valuation, calculated entry fees, any payouts of assets, any surplus from the return on the guarantee fund, and in the fund with the guaranteed return also the guaranteed return and payouts into personal accounts from the participation of policyholders in surplus returns. 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 2.45%.

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.

2.11.2 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.

2.11.3 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 2020 was used for Zavarovalnica Triglav, d.d. The ten-year benchmark is 0.50% for life, annuity and voluntary pension insurance, and 0.14% for all other insurance.
- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2020 was used for Triglav, pokojninska družba, d.d. The ten-year benchmark is 0.14%.

- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2020 was used for Triglav Osiguranje, d.d., Sarajevo. The ten-year benchmark is 0.14%.
- The yield curve of Slovene government debt securities denominated in euro as at 31 December 2020 was used for Lovćen životna osiguranja, a.d., Podgorica. The ten-year benchmark is 0.14%.
- The yield curve of Croatian government debt securities denominated in euro and with the payment of obligations in Croatian kuna as at 31 December 2020 was used for Triglav Osiguranje, d.d., Zagreb. The ten-year benchmark is 0.93%.
- The yield curves of Serbian government debt securities denominated in euro (the ten-year benchmark is 1.79%) and Serbian dinar (the ten-year benchmark is 3.59%) as at 31 December 2020 were used for Triglav Osiguranje, a.d.o., Belgrade.
- The yield curve of Slovenian government debt securities denominated in euro as at 31 December 2020 was used for Triglav Osiguruvanje Život a.d., Skopje. The ten-year benchmark is 0.14%.

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 between 20% and 55% of supplemental voluntary pension insurance policyholders and 90% 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.

2.11.4 Results of the liability adequacy test for life insurance

Based on the data available, the LAT results confirm the sufficient amount of provisions formed for most insurance companies in the Group, with the exception of:

- The guarantee funds backing supplemental voluntary pension insurance by Zavarovalnica Triglav d.d. show a total deficit of EUR 15,348,574 as at 31 December 2020. The Company set aside other insurance technical provisions to offset this deficit.
- Triglav, pokojninska družba d.d. shows a total deficit of EUR 8,707,536 as at 31 December 2020. Mathematical provisions were formed at the Group level to offset this deficit.
- Triglav Osiguranje d.d., Zagreb shows a total deficit of EUR 7.054 as at 31 December 2020. The Company set aside other 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 135,328. Zavarovalnica Triglav set aside sufficient insurance technical provisions to cover the deficit amount.

2.11.5 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 table below shows how the changes of individual parameters increase the provision deficit.

The level of deficit using the changed parameters	in EUR				
	Zavarovalnica Triglav	Triglav, pokojninska družba	Triglav Osiguranje, Sarajevo	Triglav Osiguranje, Zagreb	Triglav Osiguruvanje Život, Skopje
Increased probability of mortality by 10%	12,955,389	8,483,469	290,479	78,335	145,982
Decreased probability of mortality by 10%	18,010,033	8,950,551	0	0	129,695
Increased lapse rate by 10%	15,456,317	9,088,817	0	82,017	93,566
Decreased lapse rate by 10%	15,221,328	8,271,641	0	0	187,301
Increased costs by 10%	17,567,283	11,793,337	328,469	352,347	204,072
Increased share of policyholders who will decide to buy a pension annuity by 10%	14,386,939	9,175,410	0	0	0

For Lovćen životna osiguranja a.d., Podgorica and Triglav Osiguranje a.d.o., Belgrade, the LAT shows the sufficient amount of provisions formed even in the event of changed parameters.

2.11.6 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 0.75%.

2.11.7 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 LAT results for Zavarovalnica Triglav show that provisions for unearned premium together with provisions for unexpired risks are formed in a sufficient amount. No additional provisions had to be made. Based on the test for health insurance, Triglav, Zdravstvena zavarovalnica d.d. created additional provisions for unexpired risks, mainly for the purpose of covering future healthcare service surcharges, which will be subsequently determined by the minister responsible for health in the amount of EUR 18,092,15.

In the context of testing the adequacy of provisions, the LAT for liabilities paid out as annuities was carried out. The following assumptions were used in calculating the adequacy of claims provisions using the LAT for liabilities paid out as annuities:

Mortality assumption

The risk arises from the longevity assumption. Slovenian annuity mortality tables SIA65 from 2010, which are used for the valuation of life insurance products, were used both for the valuation of provisions and the LAT. Given that the beneficiaries are persons who have suffered injuries in the past, these tables are appropriate. Due to the small size of the sample, it is not possible to perform an appropriateness analysis of the tables to confirm statistically significant appropriateness.

Indexation assumption

Annuity claims can be adjusted over time to changed circumstances, such as inflation, additional costs awarded by the court or resulting from other court decisions. Indexation is also performed every year, which is duly taken into account when valuing liabilities from annuity claims.

Discount interest rate assumption

Financial markets are currently experiencing low interest rates. The basic model for calculating the capitalised amounts for annuity claims takes into account a 0.75% discount interest rate. Within the framework of testing the adequacy of claims provisions using the LAT, a 0.21% discount interest rate was taken into account, which represents the interest rate on government bonds with a maturity corresponding to the maturity of respective cash flows.

2.11.8 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 current year and business plans of individual companies for current year 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.

Valuation of investments in associates and joint ventures

In the separate financial statements, investments in associates and joint ventures are measured at fair value, and in the consolidated financial statements they are measured using the equity method. Valuation methods and measurement assumptions are presented in [Section 5.1.2](#).

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.

2.11.9 Use of estimates and assumptions in real property valuation

Both investment property and own-use real property are valued using the cost model. It is checked every year whether there are any signs of real property impairment. If there are, their recoverable amount is assessed.

With regard to investment property, its fair value less costs to sell is assessed for this purpose. If it is lower than the carrying value of investment property, investment property is impaired.

Own-use real property is impaired in the cases where the carrying amount exceeds the fair value less costs to sell and the business objectives of using such property are not met or a different use is expected in the long term.

In determining fair value less costs to sell, International Valuation Standards (IAS), Slovenian Accounting Standard 2 – Valuation of Real Property Rights and Slovenian Accounting Standard 8 – Valuation for Financial Reporting are taken into account. Market valuation methods are used in the valuation, such as the market approach, the income approach and the subdivision development approach. The valuation was performed by an independent certified real estate valuer.

The market approach is used as the primary method of valuation, as the valuation by this method is also the best indicator of the value of real property rights, but only in cases where there are sufficient transactions with comparable real property available. In the cases where the market analysis is not a sufficiently credible indicator to prepare a valuation, the valuation is made on the basis of other valuation methods.

Where an income approach is used, potential market rent and stabilised income are assessed. These data are obtained by analysing current rents and actual collected rent for similar real property in the vicinity and based on the comparable real property available in the vicinity of the real property under valuation. The capitalisation rate is determined by the market analysis method, based on the calculated ratio of stable profit and the sales price of real property. Transaction data are obtained through market analysis and monitoring and the real estate valuer's own database.

In the case of large undeveloped building land, where a detailed design is defined and where there is no similar land on the market, the assessment is also made using the subdivision development approach. The basis for using this method is the assumption that a rational investor will not sell the land at a lower price than the potential return generated through land development.

2.12 Composition and changes in the composition of the Triglav Group in 2020

Members of Triglav Group¹⁰³

NO.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		VALUE OF EQUITY AS AT 31 DECEMBER (in EUR)	
					2020	2019	2020	2019	2020	2019
1	Pozavarovalnica Triglav RE d.d.	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Reinsurance	100.00	100.00	100.00	100.00	87,042,129	82,868,431
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška ulica 10, Koper, Slovenia	19	Insurance	100.00	100.00	100.00	100.00	40,491,519	34,970,059
3	Triglav Osiguranje d.d., Zagreb	Antuna Heinza 4, Zagreb, Croatia	18	Insurance	100.00	100.00	100.00	100.00	28,943,224	32,453,111
4	Triglav Osiguranje d.d., Sarajevo	Dolina 8, Sarajevo, Bosnia and Herzegovina	10	Insurance	97.78	97.78	98.87	98.87	19,226,712	18,411,244
5	Lovćen Osiguranje a.d., Podgorica	Ulica Slobode 13a, Podgorica, Montenegro	9	Insurance	99.07	96.59	99.07	96.59	12,618,181	9,522,111
6	Lovćen životna osiguranja a.d., Podgorica	Ulica Marka Miljanova 29/III, Podgorica, Montenegro	9	Insurance	99.07	96.59	99.07	96.59	3,952,269	3,698,824
7	Triglav Osiguranje a.d.o., Beograd	Milutina Milankovića 7a, Novi Beograd, Serbia	15	Insurance	99.88	99.88	99.88	99.88	24,774,894	21,232,267
8	Triglav Osiguranje a.d., Banja Luka	Ulica Prvog krajiškog korpusa 29, Banja Luka, Bosnia and Herzegovina	10	Insurance	100.00	100.00	100.00	100.00	4,604,175	2,557,671
9	Triglav Osiguruvanje a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, North Macedonia	10	Insurance	80.83	80.45	80.83	80.45	15,837,859	14,743,176
10	Triglav Osiguruvanje Život a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, North Macedonia	10	Insurance	96.17	96.09	96.17	96.09	4,247,424	4,701,010
11	Triglav penzisko društvo a.d., Skopje	Bulevar 8-mi septemvri 18, kat 2, Skopje, North Macedonia	10	Fund management	100.00	100.00	100.00	100.00	2,166,756	2,692,962
12	Triglav, pokojninska družba d.d.	Dunajska cesta 22, Ljubljana, Slovenia	19	Fund management	100.00	100.00	100.00	100.00	17,767,973	18,320,294
13	Triglav INT d.d.	Dunajska cesta 22, Ljubljana, Slovenia	19	Holding company	100.00	100.00	100.00	100.00	72,347,584	73,288,185
14	Triglav Skladi d.o.o.	Slovenska cesta 54, Ljubljana, Slovenia	19	Fund management	67.50	67.50	100.00	100.00	62,557,227	56,342,387
15	Triglav Avtoservis d.o.o.	Verovškova 60b, Ljubljana, Slovenia	19	Maintenance and repair of motor vehicles	100.00	100.00	100.00	100.00	-68,008	67,513
16	Triglav Svetovanje d.o.o.	Ljubljanska cesta 86, Domžale, Slovenia	19	Insurance agency	100.00	100.00	100.00	100.00	509,500	484,259
17	Triglav Upravljanje nepremičnin d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Real estate management	100.00	100.00	100.00	100.00	36,805,919	36,314,117
18	Triglav Savjetovanje d.o.o., Sarajevo	Dolina br. 8, Sarajevo, Bosnia and Herzegovina	10	Insurance agency	98.91	98.91	98.91	98.91	67,872	81,402
19	Triglav Savjetovanje d.o.o., Zagreb	Sarajevska cesta 60, Zagreb, Croatia	18	Insurance	100.00	100.00	100.00	100.00	-98,323	-128,347
20	Triglav Savetovanje d.o.o., Beograd	Zelengorska 1g, Novi Beograd, Serbia	15	Insurance agency	99.94	99.94	99.94	99.94	-31,055	25,171
21	Autocentar BH d.o.o.	Džemala Bijedića 165b, Sarajevo, Bosnia and Herzegovina	10	Maintenance and repair of motor vehicles	97.78	97.78	98.87	98.87	1,999,940	1,908,677
22	Sarajevostan d.o.o.	Džemala Bijedića br. 147, Sarajevo, Bosnia and Herzegovina	10	Real estate management	90.95	90.95	91.97	91.97	157,722	1,617,879
23	Lovćen auto d.o.o., Podgorica	Novaka Miloševa 6/2, Podgorica, Montenegro	9	Maintenance and repair of motor vehicle	99.07	96.59	99.07	96.59	3,018,591	2,900,519
24	Triglav upravljanje nekretninama d.o.o., Zagreb	Ulica Josipa Marohnića 1/1, Zagreb, Croatia	18	Real estate management	100.00	100.00	100.00	100.00	1,500,617	1,529,368
25	Triglav upravljanje nekretninama d.o.o., Podgorica	Džordža Vašingtona 44, Podgorica, Montenegro	9	Real estate management	100.00	100.00	100.00	100.00	1,823,379	2,694,136
26	PROF-IN d.o.o.	Mehmed paše Sokolovića 15, Sarajevo, Bosnia and Herzegovina	10	Fund management	62.54	62.54	62.54	62.54	4,394,556	4,095,383
27	Zavod Vse bo v redu	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Institute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000
28	Hotel Grad Podvín d.o.o.	Dunajska cesta 20, Ljubljana, Slovenia	19	Tourism	-	100.00	-	100.00	34,288	302,592

¹⁰³ The companies listed under numbers 1 to 25 have been included in the consolidated financial statements using the full consolidation method. The companies listed under numbers 26 to 27 have not been included using the full consolidation method, as they are not of importance to the Group. In 2020, the company under the number 28 was merged with the company under the number 17. GRI GS 102-45

Summary financial information on subsidiaries

COMPANY	ASSETS		LIABILITIES		EQUITY		INCOME		NET PROFIT/LOSS		in EUR
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
	Pozavarovalnica Triglav Re d.d., Ljubljana	348,003,015	306,350,076	260,960,886	223,481,645	87,042,129	82,868,431	201,204,085	176,851,086	2,817,983	4,904,789
Triglav, Zdravstvena zavarovalnica d.d., Koper	96,772,481	69,867,321	56,280,962	34,897,262	40,491,519	34,970,059	197,952,289	178,852,499	4,845,316	2,931,501	
Triglav Osiguranje d.d., Zagreb	185,916,419	167,551,455	156,973,195	135,098,344	28,943,224	32,453,111	79,836,402	79,074,756	-2,582,560	329,012	
Triglav Osiguranje d.d., Sarajevo	64,990,550	58,630,555	45,763,838	40,219,311	19,226,712	18,411,244	30,995,575	28,034,688	1,280,528	943,473	
Lovćen Osiguranje a.d., Podgorica	52,202,701	52,374,715	39,584,520	42,852,604	12,618,181	9,522,111	36,321,508	39,220,482	3,936,476	643,877	
Lovćen životna osiguranja a.d., Podgorica	8,021,088	7,525,804	4,068,819	3,826,980	3,952,269	3,698,824	4,583,354	3,959,804	495,360	362,095	
Triglav Osiguranje a.d.o., Beograd	87,549,739	82,306,838	62,774,853	61,074,571	24,774,894	21,232,267	67,527,013	64,830,227	4,065,469	1,943,406	
Triglav Osiguranje a.d., Banja Luka	12,783,723	11,902,070	8,179,548	9,344,399	4,604,175	2,557,671	6,725,800	6,463,781	85,342	-1,135,083	
Triglav Osiguruvanje a.d., Skopje	47,506,299	41,371,349	31,668,440	26,628,173	15,837,859	14,743,176	22,282,221	25,349,063	1,199,617	303,453	
Triglav Osiguruvanje Život a.d., Skopje	6,090,499	5,667,820	1,843,075	966,810	4,247,424	4,701,010	1,200,013	767,937	-428,683	-243,581	
Triglav penzisko društvo a.d., Skopje	2,399,923	3,021,317	233,167	328,355	2,166,756	2,692,962	156,889	83,711	-513,592	-313,293	
Triglav, pokojninska družba d.d., Ljubljana	389,872,637	362,923,664	372,104,664	344,603,370	17,767,973	18,320,294	53,881,938	57,514,415	524,523	-281,655	
Triglav INT d.d., Ljubljana	72,416,802	73,471,798	69,218	183,613	72,347,584	73,288,185	18,324	101,871	-940,601	-1,769,877	
Triglav Skladi d.o.o., Ljubljana	71,631,070	67,297,910	9,073,843	10,955,523	62,557,227	56,342,387	25,652,463	22,556,631	5,306,938	6,266,224	
Triglav Avtoservis d.o.o., Ljubljana	783,446	653,290	851,454	585,777	-68,008	67,513	2,266,678	2,434,587	-133,613	3,909	
Triglav Svetovanje d.o.o., Ljubljana	1,762,584	1,725,338	1,253,084	1,241,079	509,500	484,259	4,792,860	4,923,517	23,363	-92,041	
Triglav, Upravljanje nepremičnin d.o.o., Ljubljana	39,371,023	38,969,275	2,565,104	2,655,158	36,805,919	36,314,117	4,488,485	5,446,854	481,717	1,163,668	
Triglav Savjetovanje d.o.o., Sarajevo	339,949	386,618	272,077	305,216	67,872	81,402	729,177	920,945	-13,530	-13,260	
Triglav Savjetovanje d.o.o., Zagreb	105,274	167,170	203,597	295,517	-98,323	-128,347	424,803	307,428	-47,450	-130,690	
Triglav Savetovanje d.o.o., Beograd	185,021	110,378	216,076	85,207	-31,055	25,171	568,429	554,684	-56,109	-4,625	
Autocentar BH d.o.o., Sarajevo	2,923,168	2,959,310	923,228	1,050,633	1,999,940	1,908,677	1,722,665	1,574,966	91,263	37,498	
Sarajevostan d.o.o., Sarajevo	2,568,709	2,414,747	2,410,987	796,868	157,722	1,617,879	2,138,645	2,308,513	-1,460,157	85,972	
Lovćen auto d.o.o., Podgorica	5,312,445	5,195,713	2,293,854	2,295,194	3,018,591	2,900,519	1,667,433	1,714,551	-581,928	-658,011	
Triglav upravljanje nekretninama d.o.o., Zagreb	1,503,845	1,535,688	3,228	6,320	1,500,617	1,529,368	70,779	55,105	-6,000	-243,389	
Triglav upravljanje nekretninama d.o.o., Podgorica	1,926,982	2,990,105	103,603	295,969	1,823,379	2,694,136	222,994	151,799	29,243	-613,139	
PROF-IN d.o.o., Banja Luka	4,405,742	4,115,375	11,186	19,992	4,394,556	4,095,383	766,902	963,059	299,173	490,957	
Hotel Grad Podvin d.d., Ljubljana	1,188,946	2,314,079	1,182,768	2,011,487	34,288	302,592	421,170	41,477	-268,304	-243,499	
Zavod Vse bo v redu	97,017	128,020	-2,983	28,020	100,000	100,000	29,301	26,700	-30,355	-15,811	

Non-controlling interests in the companies of the Triglav Group

NO.	COMPANY	ADDRESS	in EUR							
			NON-CONTROLLING INTEREST IN CAPITAL (in %)		VOTING RIGHTS OF NON-CONTROLLING INTERESTS (in %)		NET PROFIT OR LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST HOLDERS (in EUR)		RETAINED EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTEREST HOLDERS (in EUR)	
			2020	2019	2020	2019	2020	2019	2020	2019
1	Triglav Osiguranje d.d., Sarajevo	Dolina 8, Sarajevo, Bosnia and Herzegovina	2.22	2.22	1.13	1.13	29,768	20,582	261,476	240,897
2	Triglav Osiguranje a.d.o., Beograd	Milutina Milankovića 7a, Novi Beograd, Serbia	0.12	0.12	0.12	0.12	4,919	2,374	210,112	206,048
3	Triglav Osiguruvanje a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, North Macedonia	19.17	19.55	19.17	19.55	229,986	59,325	1,871,646	1,703,933
4	Lovćen Osiguranje a.d., Podgorica	Ulica Slobode 13a, Podgorica, Montenegro	0.93	3.41	0.93	3.41	43,119	103,796	487,141	444,022
5	Lovćen životna osiguranja a.d., Podgorica	Marka Miljanova 29/III, Podgorica, Montenegro	0.93	3.41	0.93	3.41	4,607	12,347	83,254	88,708
6	Golf Arboretum d.o.o., Volčji Potok	Volčji Potok 43g, Radomlje, Slovenia	-	-	-	-	-	-990	-	-
7	Triglav Savjetovanje d.o.o., Sarajevo	Dolina br. 8, Sarajevo, Bosnia and Herzegovina	1.09	1.09	1.09	1.09	-147	-144	-16,901	-16,753
8	Autocentar BH d.o.o., Sarajevo	Džemala Bijedića 165b, Sarajevo, Bosnia and Herzegovina	2.22	2.22	1.13	1.13	2,026	684	-144,190	-145,082
9	Lovćen auto d.o.o., Podgorica	Novaka Miloševa 6/2, Podgorica, Montenegro	0.93	3.41	0.93	3.41	-5,412	-22,438	-395,500	-390,088
10	Triglav Osiguruvanje Život a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, North Macedonia	3.83	3.91	3.83	3.91	-16,436	-9,524	-27,674	-12,135
11	Sarajevostan d.o.o., Sarajevo	Džemala Bijelića br. 147, Sarajevo, Bosnia and Herzegovina	9.05	9.05	8.03	8.03	-132,072	7,776	174,185	306,257
12	Triglav Savetovanje d.o.o., Beograd	Zelengorska 1g, Novi Beograd, Serbia	0.06	0.06	0.06	0.06	-33	-3	-173	-141
TOTAL							160,325	173,785	2,503,377	2,425,665

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 2020	31 December 2019
CONDENSED BALANCE SHEET		
Current assets	6,139,945	6,280,101
Current liabilities	2,420,552	3,238,360
Net current assets/liabilities	3,719,393	3,041,741
Non-current assets	41,366,354	35,091,248
Non-current liabilities	29,247,888	23,389,813
Net non-current assets/liabilities	12,118,466	11,701,435
Net assets	15,837,859	14,743,176
	2020	2019
CONDENSED COMPREHENSIVE INCOME		
Net profit or loss for the year	1,199,617	303,453
Other comprehensive income	-104,934	56,711
Total comprehensive income	1,094,683	360,164
Dividends from associates for the year	0	0
	2020	2019
CONDENSED CASH FLOW STATEMENT		
Cash flows from operating activities	-880,935	847,503
Cash flows from investing activities	811,387	-979,026
Cash flows from financing activities	0	0
Net change in cash flows	-69,548	-131,523

Changes occurred in the ownership structure of the Triglav Group in 2020

Purchase of shares of Triglav Osiguranje, a.d., Skopje from non-controlling interest holders

Triglav INT d.d., Ljubljana acquired a 0.38% equity stake from the non-controlling interest holders of Triglav Osiguranje, a.d., Skopje, thereby becoming its 80.83% owner. The acquisition price of the equity stake amounted to MKD 3,016,812 or EUR 48,951. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as an decrease in share premium of EUR 5,530.

Capital increase of ZTSR d.o.o.

Through in-cash contribution of EUR 14,900,000, Zavarovalnica Triglav increased the capital of joint venture ZTSR d.o.o., thereby maintaining its 50% participating interest in said company. The capital increase had no effect on the consolidated financial statements of the Triglav Group.

Capital increase of Lovćen auto, d.o.o., Podgorica

Lovćen Osiguranje a.d., Podgorica increased the capital of its subsidiary Lovćen Auto d.o.o., Podgorica in 2020 through in-cash contribution of EUR 700,000. The ownership structure of Lovćen Auto was not changed with said capital increase, as Lovćen Osiguranje a.d. remained its 100% owner. The capital increase had no effect on the consolidated financial statements of the Triglav Group.

Capital increase of Triglav Osiguranje a.d., Banja Luka

Triglav INT d.d., Ljubljana increased the capital of its subsidiary Triglav Osiguranje a.d., Banja Luka through in-cash contribution of BAM 3,912,000 or EUR 2,000,174, thus retaining its 100% participating interest in said company. The capital increase had no effect on the consolidated financial statements of the Triglav Group.

Capital increase of Triglav Savjetovanje, d.o.o., Zagreb

In 2020, Triglav Svetovanje d.o.o., Ljubljana 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 570,000 or EUR 76,249. As a result, both companies maintained their stakes in said company, 51% and 49% respectively.

Homogenisation of shares of Lovćen Osiguranje a.d., Podgorica

On 15 July 2020, Lovćen Osiguranje a.d., Podgorica received a decision of the Capital Market Commission, based on which—in accordance with the General Meeting of Shareholders resolution—the existing two series of Lovćen Osiguranje shares were replaced by issuing a new series of 1,828,634 LOVH shares at a nominal value of EUR 5.72. As a result of the homogenisation of shares, the participating interest of Triglav INT d.d., Ljubljana increased from 96.59% to 99.07%. The homogenisation of shares did not have an impact on the consolidated financial statements and the value of minority interest. Amendments to the Articles of Association resulting from the homogenisation of shares were entered in the Companies Register on 30 September 2020.

Acquisition of a participating interest in Alifenet d.o.o.

By converting the loan in the amount of EUR 73,202 into a participating interest, Zavarovalnica Triglav d.d. acquired a 23.58% participating interest in Alifenet d.o.o. on 29 December 2020. Said company is treated as an associate in both the stand-alone and consolidated financial statements as of the date of acquisition.

Acquisition of Diagnostični center Bled d.o.o.

On 19 March 2020, ZTSR d.o.o. completed the acquisition procedure of Diagnostični center Bled d.o.o., which began in 2019. From the point of view of the Triglav Group, this investment is part of regular activities of managing its extensive investment portfolio and has no significant impact on its composition. Diagnostični center Bled, including its subsidiaries in the Triglav Group, is treated as a joint venture and valued in the consolidated financial statements using the equity method.

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 2019	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
– transfer in use	0	0	0	5,185,569	-5,185,569	0
– purchases	0	0	0	3,891,727	3,847,149	7,738,876
– disposals	0	0	0	-1,076,033	-182,941	-1,258,974
– impairment	0	0	0	-2,200,025	0	-2,200,025
– increase (net value)	0	1,932,946	-217,860	0	0	1,715,086
– transfer to property, plant and equipment	0	0	0	-53,835	0	-53,835
– exchange rate difference	0	-51,729	0	-76,794	-595	-129,118
As at 31 December 2020	10,413,312	52,655,972	1,595,588	91,905,492	3,257,581	159,827,946
ACCUMULATED AMORTISATION						
As at 1 January 2019	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
– current year amortisation	0	0	0	-8,903,702	0	-8,903,702
– disposals	0	0	0	834,249	0	834,249
– impairment	0	0	0	1,416,861	0	1,416,861
– transfer to property, plant and equipment	0	0	0	29,323	0	29,323
– exchange rate difference	0	0	0	61,011	0	61,011
As at 31 December 2020	0	0	0	-58,852,464	0	-58,852,464
CARRYING AMOUNT						
As at 31 December 2019	10,413,312	50,774,756	1,813,448	33,944,672	4,779,537	101,725,725
As at 31 December 2020	10,413,312	52,655,972	1,595,588	33,053,028	3,257,581	100,975,475

* Acquisition relates to Alta Skladi d.d.

Goodwill

Upon the acquisition of Alta Skladi d.d., goodwill was recognised in 2019 due to the expected synergy effects. In verifying the value of goodwill as at 31 December 2020, the recoverable amount of the cash-generating unit, i.e. Alta Skladi, was assessed by calculating the value in use. The cash flows of this cash-generating unit have been assessed. An 11.6% discount rate was taken into account in the calculation (compared to 12.75% in 2019). The discount rate was reduced due to changed circumstances in the capital markets.

The calculated recoverable amount exceeds the carrying amount of goodwill due to sound operating results, which exceed the planned figures, although the synergy effects have not yet been realised to the full extent expected. The goodwill impairment test showed that there was no need to impair goodwill.

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 2019	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	
– transfer in use	0	0	2,519,526	-2,519,526	0	
– purchases	0	0	3,123,231	2,969,378	6,092,609	
– disposal	0	0	-856,100	0	-856,100	
– increase (net value)	666,735	-217,860	0	0	448,875	
As at 31 December 2020	37,798,855	1,377,305	58,675,200	3,353,370	101,204,730	
ACCUMULATED AMORTISATION						
As at 1 January 2019	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	
– amortisation	0	0	-6,055,615	0	-6,055,615	
– disposal	0	0	843,538	0	843,538	
As at 31 December 2020	0	0	-38,807,148	0	-38,807,148	
CARRYING AMOUNT						
As at 31 December 2019	37,132,120	1,595,164	20,293,474	2,903,514	61,924,273	
As at 31 December 2020	37,798,855	1,377,305	19,868,052	3,353,370	62,397,579	

Zavarovalnica Triglav did not pledge any intangible assets as collateral. As at 31 December 2020, trade payables for intangible assets amounted to EUR 710,420 (vs. EUR 2,547,605 as at 31 December 2019).

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 18.51% of the total cost of intangible assets.

3.2 Property, plant and equipment

Triglav Group						in EUR
	Land	Buildings	Equipment	PP&E in course of acquisition	Total	
COST						
As at 1 January 2019	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	
– sale of Golf Arboretum	-773,133	-1,144,199	-571,623	-7,429	-2,496,384	
– reclassification	0	-655,204	-49,951	0	-705,155	
– 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	
– transfer in use	0	2,733,048	1,809,846	-4,542,894	0	
– purchases	0	800,756	4,174,810	3,976,865	8,952,431	
– disposals	0	-1,142,229	-2,448,580	0	-3,590,809	
– transfer to investment property	0	386,384	0	94,011	480,395	
– transfer from intangible assets	0	0	53,835	0	53,835	
– impairment	0	-240,833	-77,764	0	-318,597	
– exchange rate differences	-66,506	-249,420	-70,803	-467	-387,196	
As at 31 December 2020	11,441,199	129,320,870	67,224,746	2,790,997	210,777,812	
ACCUMULATED DEPRECIATION						
As at 1 January 2019	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	-12,466	0	-12,466	
– sale of Golf Arboretum	0	853,968	526,550	0	1,380,518	
– reclassification	0	655,204	49,951	0	705,155	
– 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	
– depreciation for the current year	0	-2,593,435	-5,840,693	0	-8,434,128	
– disposals	0	190,754	2,177,877	0	2,368,631	
– transfer to investment property	0	0	-29,323	0	-29,323	
– impairment	0	-73,544	75,647	0	2,103	
– exchange rate differences	0	66,050	55,357	0	121,407	
As at 31 December 2020	0	-43,147,239	-54,339,537	0	-97,486,776	
CARRYING AMOUNT						
As at 31 December 2019	11,507,705	86,296,100	13,005,004	3,263,482	114,072,290	
As at 31 December 2020	11,441,199	86,173,631	12,885,209	2,790,997	113,291,036	

* Acquisition relates to Alta Skladi d.d.

The Group has no items of property, plant and equipment pledged as collateral for liabilities.

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 2.10.26](#). 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. 2020	31. Dec. 2019
Carrying amount	97,614,830	97,803,805
Estimated fair value	101,997,495	102,603,482

Zavarovalnica Triglav	Land	Buildings	Equipment	PP&E in course of acquisition	in EUR	
					Total	Total
COST						
As at 1 January 2019	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 from 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	
– transfer in use	0	1,710,920	352,191	-2,063,111	0	
– purchases	0	187,057	2,225,321	2,311,156	4,723,534	
– disposal	0	-88,231	-1,564,959	0	-1,653,190	
– impairment	0	-169,599	0	0	-169,599	
– transfer to investment property	0	0	0	94,011	94,011	
As at 31 December 2020	5,857,377	82,130,823	41,492,315	700,529	130,181,047	
ACCUMULATED DEPRECIATION						
As at 1 January 2019	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	
– depreciation for the current year	0	-1,377,931	-3,765,355	0	-5,143,285	
– disposal	0	33,894	1,547,272	0	1,581,166	
– impairment	0	37,131	0	0	37,131	
As at 31 December 2020	0	-28,792,850	-33,612,742	0	-62,405,591	
CARRYING AMOUNT						
As at 31 December 2019	5,857,377	53,004,733	9,085,101	358,472	68,305,684	
As at 31 December 2020	5,857,377	53,337,974	7,879,573	700,529	67,775,451	

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 2020, trade payables for property, plant and equipment amounted to EUR 648,156 (vs. EUR 2,947,049 as at 31 December 2019). Cost of fully depreciated property, plant and equipment still in use represents 18.78% of the total cost of property, plant and equipment.

A comparison between the carrying amounts and the fair values of land and buildings is given below.

	in EUR	
	31. Dec. 2020	31. Dec. 2019
Carrying amount	59,195,351	58,862,110
Estimated fair value	64,855,528	65,323,896

3.3 Investment property

Triglav Group					in EUR
	Land	Buildings	IP in course of acquisition		Total
COST					
As at 1 January 2019	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 to 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
– transfer in use	0	596,568	-596,568		0
– purchases	15,155	115,758	2,515,623		2,646,536
– disposals	-229,114	-1,048,891	-5,989		-1,283,994
– transfer to property, plant and equipment	0	-386,384	-94,011		-480,395
– impairment	-34,184	-128,893	-562,265		-725,342
– exchange rate difference	-2,655	-6,952	0		-9,607
As at 31 December 2020	17,834,026	67,500,266	13,521,982		98,856,274
ACCUMULATED DEPRECIATION					
As at 1 January 2019	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
– depreciation for the current year	0	-1,400,196	0		-1,400,196
– disposals	0	279,580	0		279,580
– impairment	0	28,029	0		28,029
– exchange rate difference	0	1,712	0		1,712
As at 31 December 2020	0	-19,878,474	0		-19,878,474
CARRYING AMOUNT					
As at 31 December 2019	18,084,824	49,571,455	12,265,192		79,921,480
As at 31 December 2020	17,834,026	47,621,792	13,521,982		78,977,800

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. 2020	31. Dec. 2019
Carrying amount	78,977,800	79,921,480
Estimated fair value	97,660,730	95,349,597

	in EUR			
Zavarovalnica Triglav	Land	Buildings	IP in course of acquisition	Total
COST				
As at 1 January 2019	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 to property, plant and equipment	-122,380	-1,269,159	0	-1,391,539
As at 31 January 2019	3,549,193	40,569,237	11,552,293	55,670,723
– transfer in use	0	353,320	-353,320	0
– purchases	0	14,070	274,369	288,439
– disposal	0	-272,654	-5,989	-278,643
– impairment	0	-132,064	-562,265	-694,329
– transfer to property, plant and equipment	0	0	-94,011	-94,011
As at 31 December 2020	3,549,193	40,531,909	10,811,077	54,892,179
ACCUMULATED DEPRECIATION				
As at 1 January 2019	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
– depreciation	0	-965,361	0	-965,361
– disposal	0	63,057	0	63,057
– impairment	0	40,990	0	40,990
As at 31 December 2020	0	-10,440,902	0	-10,440,902
CARRYING AMOUNT				
As at 31 December 2019	3,549,193	30,989,650	11,552,293	46,091,135
As at 31 December 2020	3,549,192	30,091,007	10,811,077	44,451,276

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.

	in EUR	
	31 December 2020	31 December 2019
Carrying amount	44,451,276	46,091,135
Estimated fair value	59,837,722	60,115,354

The following income is recognised in the income statement as lease income:

	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Lease income	6,519,268	5,002,968	5,577,256	5,662,363
Sublease income	90,324	92,392	58,928	61,296

There were no significant modifications or terminations of lease contracts in 2020. Based on the current contractual provisions in lease contracts, an analysis of expected future cash inflows from leases is presented below. Expected cash inflows are calculated based on the term of valid lease contracts. For contracts concluded without a term, the term was limited to five years at the inception of the lease.

	Triglav Group		Zavarovalnica Triglav	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Year 1	7,400,117	7,751,029	4,651,506	4,666,717
Year 2	6,731,853	7,398,674	4,105,947	4,651,506
Year 3	6,205,172	6,725,838	3,785,360	4,105,947
Year 4	2,202,000	6,163,593	773,971	3,763,365
Year 5	711,412	2,194,319	380,183	773,140
From year 5	1,712,876	2,399,676	1,123,249	1,503,433
TOTAL	24,963,430	32,633,129	14,820,216	19,464,108

3.4 Right of use assets

Triglav Group	in EUR			
	Land and buildings	Vehicles	Other	Total
Carrying amount 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
– addition	1,878,175	589,883	13,142	2,481,200
– accumulated depreciation	-2,635,806	-847,384	-63,882	-3,547,072
– modification	-749	-2,454	-12,742	-15,945
– exchange rate difference	-56,960	11,452	10,611	-34,897
Carrying amount as at 31 December 2020	8,116,932	1,613,146	91,133	9,821,211

Zavarovalnica Triglav	in EUR			
	Land and buildings	Vehicles	Other	Total
Carrying amount 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 1 January 2020	2,935,474	1,149,548	21,294	4,106,316
– addition	194,896	539,327	13,142	747,365
– accumulated depreciation	-658,654	-452,562	-13,114	-1,124,330
– modification	-105,212	-36,223	0	-141,435
Carrying amount as at 31 December 2020	2,366,504	1,200,090	21,322	3,587,916

	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
DEPRECIATION OF RIGHT OF USE ASSETS	3,547,072	3,264,782	1,124,330	1,031,479
Depreciation of rights to use land and buildings	2,635,806	2,397,799	658,654	596,539
Depreciation of right to use vehicles	847,384	788,925	452,562	421,318
Depreciation of rights to use other assets	63,882	78,058	13,114	13,622
INTEREST EXPENSE ON LEASE LIABILITIES	512,481	554,387	65,395	76,026
OTHER LEASE EXPENSES	665,939	623,404	433,825	497,280
Short – term lease expenses	81,677	218,710	15,849	26,135
Low – value lease expenses	584,262	404,694	417,976	471,145
Payment for right of use assets	3,944,465	3,589,529	1,147,971	1,053,342

The Group leases some business premises, vehicles and other equipment that it uses in its operations. Leases for business premises are usually concluded for an indefinite term. Liabilities arising from contracts for an indefinite term are measured in accordance with planned estimates and provide for a five-year lease term. Leases of vehicles and other equipment are usually concluded for a period of one to five years. To calculate the net present value of future leases, discount rates are used, which are determined at the level of the interest rate for risk-free government bonds, increased by the credit spread of an individual Group member. An analysis of the maturity of lease liabilities is disclosed in [Note 3.21](#).

In relation to the COVID-19 epidemic, rent concessions of EUR 32 thousand and EUR 4 thousand were recognised in the consolidated financial statements and the stand-alone financial statements in 2020, respectively.

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. In 2020, the impairment of investments in subsidiaries was recognised in the separate financial statements within investment expenses ([Section 4.3](#)), namely Triglav, pokojninska družba d.d. in the amount of EUR 1,665,987, Triglav penzisko društvo a.d. in the amount of EUR 835,000 and Triglav Avtoservis d.o.o. in the amount of EUR 100,214. The assumptions used in the assessment of the recoverable amount are described in [Section 2.11.8](#).

All changes in the Group in 2020 are described in [Section 2.12](#).

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)	
					2020	2019	2020	2019	2020	2019
1	Pozavarovalnica Triglav Re d.d.	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Reinsurance	100.00	100.00	100.00	100.00	9,750,752	9,750,752
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška ulica 10, Koper, Slovenia	19	Insurance	100.00	100.00	100.00	100.00	3,735,886	3,735,886
3	Triglav INT d.d.	Dunajska cesta 22, Ljubljana, Slovenia	19	Holding company	100.00	100.00	100.00	100.00	79,770,730	79,770,730
4	Triglav, pokojninska družba d.d.	Dunajska cesta 22, Ljubljana, Slovenia	19	Fund management	100.00	100.00	100.00	100.00	9,965,340	11,631,327
5	Triglav Upravljanje nepremičnin d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Real estate management	100.00	100.00	100.00	100.00	24,493,300	24,493,300
6	Triglav Skladi d.o.o.	Slovenska cesta 54, Ljubljana, Slovenia	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, Slovenia	19	Maintenance and repair of motor vehicle	100.00	100.00	100.00	100.00	-	100,214
8	Triglav Svetovanje d.o.o.	Ljubljanska cesta 86, Domžale, Slovenia	19	Insurance agency	100.00	100.00	100.00	100.00	279,736	279,736
9	Zavod Vse bo v redu	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Institute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000
10	Triglav penzisko društvo a.d., Skopje	Bulevar 8-mi septemvri 18, kat 2, Skopje, North Macedonia	10	Fund management	100.00	100.00	100.00	100.00	2,165,000	3,000,000
TOTAL									132,337,466	134,938,667

3.6 Investments in associates and joint ventures

In 2020, the Company increased the capital of ZTSR d.o.o., and through a debt-to-equity swap acquired a 23.58% participating interest in Alifenet d.o.o., which is described in more detail in [Section 2.12](#). Impairment of investments in associates and joint ventures was recognised in the separate financial statements, namely ZTSR d.o.o. in the amount of EUR 1,316,658 (recognised in investment expenses, see [Section 4.3](#)) and Nama d.d. in the amount of EUR 372,620 (recognised in other comprehensive income). The assumptions used in the valuation of these investments are described in [Section 2.11.8](#).

The effects of valuation using the equity method are disclosed under the items “Income from investments” ([Section 4.2](#)) and “Expenses from investments” ([4.3](#)) in the consolidated income statement. A summary of accounting information for the associates and the Group’s interests in these companies are shown in the tables below.¹⁰⁴

COMPANY	ADDRESS	TAX RATE (in%)	ACTIVITY
Nama d.d.	Tomšičeva 1, Ljubljana, Slovenia	19	Retail trade
Triglavko d.o.o.	Ulica XXX. divizije 23, Nova Gorica, Slovenia	19	Insurance agency
TRIGAL, upravljanje naložb in svetovanje d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Management of financial funds
Društvo za upravljanje EDPF a.d., Banja Luka	Kralja Petra I Karadorđevića 109/III Banja Luka, Bosnia and Herzegovina	10	Fund management
ZTSR, raziskovanje trga d.o.o.	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Business services
Alifenet, d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	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)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Nama d.d.	39.07	39.07	39.07	39.07	4,060,437	4,123,945	39.07	39.07	39.07	39.07	9,091,928	9,464,548
Triglavko d.o.o.	38.47	38.47	38.47	38.47	17,202	14,421	38.47	38.47	38.47	38.47	38,499	38,499
TRIGAL, upravljanje naložb in svetovanje d.o.o.	49.90	49.90	49.90	49.90	8,544,558	8,448,647	49.90	49.90	49.90	49.90	8,180,000	8,425,979
Društvo za upravljanje EDPF a.d.	34.00	34.00	34.00	34.00	450,150	526,064	0	0	0	0	0	0
ZTSR, raziskovanje trga d.o.o.	50.00	50.00	50.00	50.00	15,092,166	41,303	50.00	50.00	50.00	50.00	13,954,321	125,000
Allifenet d.o.o.	23.58	-	23.58	-	73,202	-	0	0	0	0	73,202	-
TOTAL					28,237,714	13,154,379					31,337,951	18,054,026

COMPANY	ASSETS		LIABILITIES		EQUITY		REVENUES		PROFIT/LOSS		in EUR
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Nama d.d.	13,620,752	14,474,729	3,033,854	3,800,216	10,586,898	10,674,513	7,325,199	10,210,217	-160,675	525,332	
Triglavko d.o.o.	121,217	149,334	30,269	65,615	90,949	83,719	300,928	336,627	7,229	7,373	
TRIGAL, upravljanje naložb in svetovanje d.o.o.	17,636,901	17,045,672	176,750	83,532	17,460,152	16,967,252	1,679,341	1,334,543	258,553	75,933	
Društvo za upravljanje EDPF a.d.	1,359,108	1,564,976	35,577	18,169	1,323,531	1,546,807	17,628	82,448	-223,277	-252,072	
ZTSR, raziskovanje trga d.o.o. ¹⁰⁵	39,992,549	95,491	9,629,935	12,885	30,362,614	82,606	10,800,852	48,313	301,725	-122,514	

¹⁰⁴ Data for 2020 are unaudited. Data for 2019 are adjusted if the revised data were different from those published in the 2019 Annual Report.

¹⁰⁵ Presented are data from the consolidated financial statements of ZTSR d.o.o.

Presented below are the condensed balance sheet and comprehensive income for material investments in associates.

	in EUR					
	ZTSR d.o.o.		TRIGAL d.o.o.		NAMA d.d.	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. 12. 2019	31. Dec. 2020	31. Dec. 2019
CONDENSED BALANCE SHEET						
Current assets	3,722,429	95,491	683,076	458,119	5,725,161	7,039,456
Current liabilities	2,569,298	12,885	170,365	78,419	1,648,658	1,963,407
Net current assets/liabilities	1,153,131	82,606	512,711	379,700	4,076,503	5,076,049
Non-current assets	36,270,120	0	16,953,826	16,587,553	7,862,544	7,435,273
Non-current liabilities	7,060,637	0	6,385	5,113	1,385,196	1,836,809
Net non-current assets/liabilities	29,209,483	0	16,947,441	16,582,440	6,477,348	5,598,464
Net assets	30,362,614	82,606	17,460,152	16,962,140	10,553,851	10,674,513
	2020	2019	2020	2019	2020	2019
CONDENSED COMPREHENSIVE INCOME						
Net profit or loss for the year	301,725	-122,514	258,553	75,933	-160,675	525,332
Other comprehensive income	0	0	0	0	71,401	88,559
Total comprehensive income	301,725	-122,514	258,553	75,933	-89,274	613,891
Dividends from associates for the year	0	0	0	0	0	40,988

3.7 Financial investments¹⁰⁶

	Carrying value		Fair value	
Triglav Group	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
Held to maturity	162,824,686	186,109,072	206,893,874	230,326,336
At fair value through profit and loss	524,670,726	614,403,313	524,670,726	614,403,313
– held for trading	113,301	0	113,301	0
– classified at acquisition	524,557,423	614,403,313	524,557,423	614,403,313
Available for sale	2,101,914,068	1,826,940,416	2,101,914,068	1,826,940,416
Loans and deposits	97,971,079	112,578,151	104,492,900	111,869,033
TOTAL	2,887,380,559	2,740,030,952	2,937,971,568	2,783,539,098

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.

31 December 2020						in EUR	
	HTM	FVTPL - Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL	
Debt and other fixed-return securities	162,824,686	0	454,903,131	1,948,404,958	6,401,170	2,572,533,945	
Investments in shares, other floating-rate securities and fund coupons	0	0	69,654,294	150,713,700	0	220,367,994	
Financial derivatives	0	113,301	0	0	0	113,301	
Loans and deposits	0	0	0	2,795,410	80,359,227	83,154,637	
– deposits with banks	0	0	0	0	72,474,219	72,474,219	
– loans given	0	0	0	0	4,218,279	4,218,279	
– other financial investments	0	0	0	2,795,410	3,666,729	6,462,139	
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	11,210,682	11,210,682	
TOTAL	162,824,686	113,301	524,557,423	2,101,914,068	97,971,079	2,887,380,559	

31 December 2019						in EUR	
	HTM	FVTPL - Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL	
Debt and other fixed-return securities	186,109,072	0	557,283,166	1,674,156,293	6,474,012	2,424,022,543	
Investments in shares, other floating-rate securities and fund coupons	0	0	57,120,147	150,082,536	0	207,202,683	
Financial derivatives	0	0	0	0	0	0	
Loans and deposits	0	0	0	2,701,588	97,501,684	100,203,272	
– deposits with banks	0	0	0	0	77,886,707	77,886,707	
– 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	0	614,403,313	1,826,940,416	112,578,151	2,740,030,952	

¹⁰⁶ 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

The table below shows the movements of financial investments of Triglav Group in 2019 and 2020.

FINANCIAL ASSETS					in EUR
	HTM	FVTPL	AFS	L&R	TOTAL
As at 1 January 2019	196,773,185	450,704,373	1,802,568,767	138,857,972	2,588,904,297
Purchases	7,009,575	450,208,879	807,275,939	282,974,783	1,547,469,176
Disposals	-10,404,012	-239,461,333	-637,145,021	-54,544,876	-941,555,242
Maturities	-16,120,154	-46,880,447	-200,495,344	-258,848,679	-522,344,624
Amount removed from other comprehensive income at disposal	0	0	-12,815,251	0	-12,815,251
Valuation trough profit and loss	0	3,681,398	-17,008	0	3,664,390
Valuation through other comprehensive income	0	0	37,672,131	0	37,672,131
Impairments	0	0	-458,670	31,050	-427,620
Premiums and discounts	4,518,551	0	-6,115,483	461,509	-1,135,423
Interest income	4,342,416	9,773,252	34,926,563	3,535,938	52,578,169
Transfer between funds	0	-13,686,556	0	0	-13,686,556
Acquisition	0	0	956,895	0	956,895
Exchange rate difference	-10,489	63,747	586,898	110,454	750,610
As at 31 December 2019	186,109,072	614,403,313	1,826,940,416	112,578,151	2,740,030,952
Purchases	0	293,129,867	1,062,889,994	39,515,597	1,395,535,458
Disposals	-156,030	-352,160,420	-594,050,133	-12,244,071	-958,610,654
Maturities	-30,770,951	-46,198,195	-238,713,133	-41,365,945	-357,048,224
Amount removed from other comprehensive income at disposal	0	0	-22,047,628	0	-22,047,628
Valuation trough profit and loss	13,214	8,695,330	0	117	8,708,661
Valuation through other comprehensive income	0	0	49,108,263	0	49,108,263
Impairments	0	0	-1,646,803	48,564	-1,598,239
Premiums and discounts	4,640,706	0	-7,140,404	248,452	-2,251,246
Interest income	3,127,925	8,255,509	29,534,521	1,414,339	42,332,294
Transfer between funds	0	0	0	0	0
Acquisition	0	0	299,404	-1,346,323	-1,046,919
Exchange rate difference	-139,250	-1,454,678	-3,260,429	-877,802	-5,732,159
As at 31 December 2020	162,824,686	524,670,724	2,101,914,068	97,971,079	2,887,380,559

The proportion of financial investments classified as subordinated instruments by the issuer was 2.1% as at the reporting date.

Zavarovalnica Triglav	in EUR			
	Carrying value		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Loans and deposits	36,951,085	49,049,847	36,322,025	47,819,371
Held to maturity	143,908,512	150,469,553	186,083,461	192,128,559
Available for sale	1,595,002,429	1,382,802,069	1,595,002,429	1,382,802,069
At fair value through profit and loss:	207,726,347	329,885,913	207,726,347	329,885,913
– designated	207,613,046	329,885,913	207,613,047	329,885,913
– held for trading	113,301	0	113,301	0
TOTAL	1,983,588,373	1,912,207,382	2,025,134,262	1,952,635,912

An overview of financial investments of Zavarovalnica Triglav by type is disclosed below.

31 December 2020						in EUR	
	HTM	FVTPL - Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL	
Debt and other fixed-return securities	143,908,512	0	205,749,607	1,481,312,962	6,401,173	1,837,372,254	
Investments in shares, other floating-rate securities and fund coupons	0	0	1,863,439	111,723,131	0	113,586,570	
Financial derivatives	0	0	113,301	0	0	113,301	
Loans and deposits:	0	0	0	1,966,336	30,549,912	32,516,248	
– deposits with banks and certificates of deposits	0	0	0	0	19,567,302	19,567,302	
– loans given	0	0	0	0	9,294,086	9,294,086	
– other financial investments	0	0	0	1,966,336	1,688,524	3,654,860	
TOTAL	143,908,512	0	207,726,347	1,595,002,429	36,951,085	1,983,588,373	

31 December 2019						in EUR	
	HTM	FVTPL - Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL	
Debt and other fixed-return securities	150,469,553	0	329,189,998	1,274,016,035	6,400,668	1,760,076,254	
Investments in shares, other floating-rate securities and fund coupons	0	0	695,915	106,614,152	0	107,310,067	
Financial derivatives	0	0	0	0	0	0	
Loans and deposits:	0	0	0	2,171,881	42,649,179	44,821,060	
– deposits with banks and certificates of deposits	0	0	0	0	30,229,076	30,229,076	
– loans given	0	0	0	0	10,726,466	10,726,466	
– other financial investments	0	0	0	2,171,881	1,693,637	3,865,518	
TOTAL	150,469,553	0	329,885,913	1,382,802,069	49,049,847	1,912,207,382	

The table below shows the movements of financial investments of Zavarovalnica Triglav in 2019 and 2020.

FINANCIAL ASSETS	in EUR				
	HTM	FVTPL	AFS	L&R	TOTAL
As at 1 January 2019	159,463,950	204,047,186	1,383,855,505	92,670,309	1,840,036,950
Purchases	0	327,036,022	674,666,881	173,433,279	1,175,136,182
Maturities	-5,707,297	-15,956,959	-151,179,634	-220,313,091	-393,156,981
Disposal	-10,404,012	-170,468,147	-558,379,985	0	-739,252,144
Amount removed from other comprehensive income at disposal	0	0	-12,102,639	0	-12,102,639
Realized gains or losses on disposal	0	0	0	0	0
Valuation trough profit and loss	0	-4,937,517	0	0	-4,937,517
Valuation through other comprehensive income	0	0	25,377,389	0	25,377,389
Impairments	0	0	-344,175	0	-344,175
Premiums and discounts	4,518,551	0	-5,754,525	461,509	-774,465
Interest income	2,598,361	3,767,593	26,322,111	2,868,834	35,556,899
Transfer between funds	0	-13,686,556	0	0	-13,686,556
Exchange rate difference	0	84,291	341,141	-70,993	354,439
As at 31 December 2019	150,469,553	329,885,913	1,382,802,069	49,049,847	1,912,207,382
Purchases	0	211,961,511	863,590,121	5,640,741	1,081,192,373
Maturities	-13,476,047	-20,514,811	-164,604,063	-18,613,902	-217,208,823
Disposal	0	-321,531,070	-553,412,878	-5,113	-874,949,061
Amount removed from other comprehensive income at disposal	0	0	-20,157,134	0	-20,157,134
Realized gains or losses on disposal	0	0	0	0	0
Valuation trough profit and loss	0	5,419,645	28,642,475	0	34,062,120
Valuation through other comprehensive income	0	0	44,955,832	0	44,955,832
Impairments	0	0	-1,632,351	0	-1,632,351
Premiums and discounts	4,640,706	0	-6,483,260	248,452	-1,594,102
Interest income	2,274,300	2,559,999	21,367,701	921,150	27,123,150
Transfer between funds	0	0	0	0	0
Exchange rate difference	0	-54,840	-66,083	-290,091	-411,014
As at 31 December 2020	143,908,512	207,726,347	1,595,002,429	36,951,085	1,983,588,373

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 3.2% as at the reporting date.

3.8 Unit-linked insurance assets

The table below shows the carrying amounts and fair values of unit-linked insurance assets.

Triglav Group	Carrying value		Fair value		in EUR
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
	Unit – linked insurance assets				
- at fair value through profit and loss	501,808,980	478,105,241	501,808,980	478,105,241	
- loans and deposits	0	3,926,047	0	4,031,667	
- available for sale	0	0	0	0	
TOTAL	501,808,980	482,031,288	501,808,980	482,136,908	

Zavarovalnica Triglav	Carrying value		Fair value		in EUR
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
	Unit – linked insurance assets				
- at fair value through profit and loss	442,292,488	430,035,875	442,292,488	430,035,875	
- loans and deposits	0	3,722,735	0	3,823,051	
- available for sale	0	0	0	0	
TOTAL	442,292,488	433,758,610	442,292,488	433,858,926	

Unit-linked insurance assets are presented below according to their distribution into individual groups.

Triglav Group

						in EUR
31 December 2020	HTM	FVTPL - Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL
Debt and other fixed-return securities	0	0	58,109,830	0	0	58,109,830
Investments in shares, other floating-rate securities and fund coupons	0	0	443,699,150	0	0	443,699,150
TOTAL	0	0	501,808,980	0	0	501,808,980

						in EUR
31 December 2019	HTM	FVTPL - Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL
Debt and other fixed-return securities	0	0	65,555,390	0	0	65,555,390
Investments in shares, other floating-rate securities and fund coupons	0	0	412,036,278	0	0	412,036,278
Financial derivatives	0	513,573	0	0	0	513,573
Loans and deposits:	0	0	0	0	3,926,047	3,926,047
– deposits with banks	0	0	0	0	3,926,047	3,926,047
TOTAL	0	513,573	477,591,668	0	3,926,047	482,031,288

Zavarovalnica Triglav

						in EUR
31 December 2020	HTM	FVTPL - Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL
Debt and other fixed-return securities	0	0	46,020,011	0	0	46,020,011
Investments in shares, other floating-rate securities and fund coupons	0	0	396,272,477	0	0	396,272,477
Financial derivatives	0	0	0	0	0	0
Loans and deposits:	0	0	0	0	0	0
– deposits with banks	0	0	0	0	0	0
– loans given	0	0	0	0	0	0
– other financial investments	0	0	0	0	0	0
TOTAL	0	0	442,292,488	0	0	442,292,488

						in EUR
31 December 2019	HTM	FVTPL - Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL
Debt and other fixed-return securities	0	0	56,635,328	0	0	56,635,328
Investments in shares, other floating-rate securities and fund coupons	0	0	372,905,282	0	0	372,905,282
Financial derivatives	0	495,265	0	0	0	495,265
Loans and deposits:	0	0	0	0	3,722,735	3,722,735
– deposits with banks	0	0	0	0	3,722,735	3,722,735
– loans given	0	0	0	0	0	0
– other financial investments	0	0	0	0	0	0
TOTAL	0	495,265	429,540,610	0	3,722,735	433,758,610

The table below shows the movement of unit-linked insurance assets for the Group and the Company in 2019 and 2020.

	in EUR	
UNIT-LINKED INSURANCE ASSETS	Triglav Group	Zavarovalnica Triglav
As at 1 January 2019	402,515,770	366,664,078
Purchases	47,404,907	34,430,616
Maturities	-58,244,546	-601,247
Disposals	-1,281,561	-51,546,608
Amount removed from other comprehensive income at disposal	0	0
Profit/loss on disposal	76,925,335	0
Valuation trough profit or loss	0	70,286,504
Valuation through other comprehensive income	0	0
Impairments	197,091	0
Premiums and discounts	726,665	197,092
Interest income	13,686,556	534,620
Transfer between funds	0	13,686,556
Exchange rate difference	101,071	106,999
As at 31 December 2019	482,031,288	433,758,610
Purchases	101,129,592	88,646,028
Maturities	-84,766,909	-5,788,340
Disposals	-6,217,099	-81,782,012
Amount removed from other comprehensive income at disposal	0	0
Profit/loss on disposal	10,898,574	0
Valuation trough profit and loss	0	7,776,032
Valuation through other comprehensive income	0	0
Impairments	93,186	0
Premium and discounts	752,721	93,186
Interest income	0	528,168
Transfer between funds	0	0
Exchange rate difference	-2,112,373	-939,183
As at 31 December 2020	501,808,980	442,292,488

3.9 Reinsurers' share of technical provisions

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
NON-LIFE INSURANCE				
Reinsurers' share of unearned premiums	40,742,291	37,003,404	35,626,767	31,347,630
Reinsurers' share of claims	82,994,283	65,324,133	70,235,406	67,067,984
Reinsurers' share of technical provisions for bonuses and discounts	16,339	48,171	0	0
Total non-life insurance	123,752,913	102,375,708	105,862,173	98,415,614
LIFE INSURANCE				
Reinsurers' share of unearned premiums	1,576	1,402	635	566
Reinsurers' share of claims	114,286	23,309	40,630	17,090
Reinsurers' share of other mathematical provisions	2,004,863	347,387	0	0
Total life insurance	2,120,725	372,098	41,265	17,656
TOTAL ASSETS FROM REINSURANCE CONTRACTS	125,873,637	102,747,806	105,903,438	98,433,270

3.10 Receivables

Triglav Group

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			in EUR
31 December 2020	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	TOTAL NET VALUE
Receivables from direct insurance operations	82,205,319	-171,297	82,034,022	21,237,566	-2,418,104	18,819,462	49,239,648	-44,608,193	4,631,455	105,484,939
Receivables from insurers	80,608,717	-164,228	80,444,489	20,180,616	-2,383,479	17,797,137	38,661,914	-36,805,565	1,856,349	100,097,975
Receivables from insurance brokers	296,535	0	296,535	133,003	-23,647	109,356	569,694	-535,988	33,706	439,597
Other receivables from direct insurance operations	1,300,067	-7,069	1,292,998	923,947	-10,978	912,969	10,008,040	-7,266,640	2,741,400	4,947,367
Receivables from co-insurance and reinsurance operations	57,298,468	0	57,298,468	9,617,444	0	9,617,444	7,558,148	-2,118,927	5,439,221	72,355,133
Premium receivable from co-insurance	1,252,489	0	1,252,489	191,763	0	191,763	291,039	-6,101	284,938	1,729,190
Premium receivable from reinsurance	47,104,086	0	47,104,086	6,387,375	0	6,387,375	2,996,744	-98,192	2,898,552	56,390,013
Receivables from co-insurers' share in claims	282,865	0	282,865	238,961	0	238,961	4,250	0	4,250	526,076
Receivables from reinsurers' share in claims	5,679,670	0	5,679,670	2,457,343	0	2,457,343	4,072,999	-2,014,634	2,058,365	10,195,378
Other receivables from co-insurance and reinsurance operation	2,979,358	0	2,979,358	342,002	0	342,002	193,116	0	193,116	3,514,476
Receivables for income tax refund	1,950,631	0	1,950,631	0	0	0	0	0	0	1,950,631
Other receivables	16,114,518	-6,411	16,108,107	6,404,444	-1,214,331	5,190,113	67,548,697	-65,453,769	2,094,928	23,393,148
Other short-term receivables from insurance operations*	3,914,542	0	3,914,542	3,805,245	-1,067,822	2,737,423	62,828,177	-61,480,425	1,347,752	7,999,717
Short-term receivables from financing	1,343,279	0	1,343,279	46,940	-5,472	41,468	463,671	-456,887	6,784	1,391,531
Other short-term receivables	9,634,163	0	9,634,163	1,962,292	-141,037	1,821,255	4,218,305	-3,477,913	740,392	12,195,810
Long-term receivables	1,222,534	-6,411	1,216,123	589,967	0	589,967	38,544	-38,544	0	1,806,090
TOTAL	157,568,936	-177,708	157,391,228	37,259,454	-3,632,435	33,627,019	124,346,493	-112,180,889	12,165,604	203,183,851

* Subrogated receivables are included in other short-term receivables from insurance operations.

31 December 2019	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			in EUR
	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	13,327,517	-17,687	13,309,830	6,171,208	-1,078,045	5,093,163	71,100,501	-68,061,483	3,039,018	21,442,010
Other short-term receivables from insurance operations *	2,932,357	-12,640	2,919,717	3,483,693	-943,383	2,540,310	64,966,233	-63,668,271	1,297,961	6,757,988
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	8,858,435	-5,047	8,853,388	2,563,665	-132,584	2,431,081	3,962,750	-3,744,906	217,844	11,502,313
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	143,774,795	-238,376	143,536,419	37,033,540	-4,304,594	32,728,946	126,353,671	-116,446,345	9,907,326	186,172,690

* Subrogated receivables are included in other short-term receivables from insurance operations.

Zavarovalnica Triglav

	in EUR									
	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
31 December 2020	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	57,143,930	-146,255	56,997,675	9,381,896	-1,350,114	8,031,782	20,457,885	-17,855,130	2,602,755	67,632,214
Receivables from insurers	56,050,971	-146,255	55,904,716	8,506,172	-1,346,199	7,159,973	17,987,581	-17,713,959	273,622	63,338,311
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0
Other receivables from direct insurance operations	1,092,959	0	1,092,959	875,724	-3,915	871,809	2,470,304	-141,170	2,329,133	4,293,902
Receivables from co-insurance and reinsurance operations	9,792,267	0	9,792,267	8,325,030	0	8,325,030	1,679,797	0	1,679,797	19,797,094
Premium receivable from co-insurance	575,795	0	575,795	0	0	0	0	0	0	575,795
Premium receivable from reinsurance	3,612,842	0	3,612,842	7,426,927	0	7,426,927	302,528	0	302,528	11,342,297
Receivables from co-insurers' share in claims	281,820	0	281,820	0	0	0	0	0	0	281,820
Receivables from reinsurers' share in claims	5,321,810	0	5,321,810	898,103	0	898,103	1,377,269	0	1,377,269	7,597,182
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Other receivables	4,523,530	-2	4,523,528	4,092,985	-1,114,639	2,978,347	61,470,573	-60,601,549	869,023	8,370,898
Other short-term receivables from insurance operations*	1,387,666	-2	1,387,664	3,614,241	-1,060,037	2,554,204	61,299,633	-60,450,817	848,816	4,790,685
Short-term receivables from financing	1,297,669	0	1,297,669	37,380	-5,471	31,909	135,326	-131,306	4,020	1,333,598
Other short-term receivables	1,568,379	0	1,568,379	441,364	-49,131	392,233	35,613	-19,426	16,187	1,976,800
Long-term receivables	269,815	0	269,815	0	0	0	0	0	0	269,815
TOTAL	71,459,727	-146,257	71,313,470	21,799,912	-2,464,753	19,335,159	83,608,254	-78,456,679	5,151,575	95,800,206

	in EUR									
	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
31 December 2019	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	57,238,122	-194,267	57,043,855	10,257,068	-1,602,609	8,654,459	21,394,608	-18,691,785	2,702,823	68,401,137
Receivables from insurers	55,926,673	-194,267	55,732,406	9,710,962	-1,596,539	8,114,423	18,787,917	-18,539,771	248,146	64,094,975
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0
Other receivables from direct insurance operations	1,311,449	0	1,311,449	546,106	-6,070	540,036	2,606,691	-152,014	2,454,677	4,306,162
Receivables from co-insurance and reinsurance operations	13,550,763	0	13,550,763	2,649,608	0	2,649,608	1,019,306	0	1,019,306	17,219,677
Premium receivable from co-insurance	574,330	0	574,330	1,303	0	1,303	0	0	0	575,633
Premium receivable from reinsurance	5,252,488	0	5,252,488	1,783,263	0	1,783,263	569,813	0	569,813	7,605,564
Receivables from co-insurers' share in claims	181,347	0	181,347	109	0	109	0	0	0	181,456
Receivables from reinsurers' share in claims	7,542,598	0	7,542,598	864,933	0	864,933	449,493	0	449,493	8,857,024
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Other receivables	4,481,950	-32	4,481,918	3,658,805	-933,150	2,725,655	63,763,747	-62,876,139	887,608	8,095,181
Other short-term receivables from insurance operations*	1,568,839	-32	1,568,807	3,231,574	-930,994	2,300,580	63,455,271	-62,675,358	779,913	4,649,300
Short-term receivables from financing	1,031,192	0	1,031,192	56,638	-1,876	54,762	133,801	-126,918	6,883	1,092,837
Other short-term receivables	1,601,045	0	1,601,045	370,593	-280	370,313	174,675	-73,863	100,812	2,072,170
Long-term receivables	280,874	0	280,874	0	0	0	0	0	0	280,874
TOTAL	75,270,835	-194,299	75,076,536	16,565,481	-2,535,759	14,029,722	86,177,661	-81,567,924	4,609,737	93,715,995

* 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
	2020	2019	2020	2019	
VALUE ADJUSTMENT OF RECEIVABLES FROM POLICYHOLDERS					
Impairment allowance for receivables as at 1 January	41,518,055	45,062,962	20,330,577	22,801,359	
– Increase of impairment allowance for receivables	5,619,174	5,616,335	2,969,080	3,064,785	
– Decrease in impairment allowance for receivables	-3,234,174	-4,475,628	-2,268,890	-2,371,711	
– Receivables write-off	-4,407,712	-4,694,683	-1,824,355	-3,163,856	
– Changes in Group	0	0	0	0	
– Acquisition	-25,545	0	0	0	
– Exchange rate difference	-116,526	9,069	0	0	
Impairment allowance for receivables as at 31 December	39,353,272	41,518,055	19,206,413	20,330,577	
IMPAIRMENT ALLOWANCE FOR OTHER SHORT-TERM RECEIVABLES					
Impairment allowance for receivables as at 1 January	64,624,294	69,706,792	63,606,384	68,281,356	
– Increase of impairment allowance for receivables	8,457,591	8,992,161	8,428,269	8,949,908	
– Decrease in impairment allowance for receivables	-6,179,827	-7,768,697	-6,171,650	-7,310,608	
– Receivables write-off	-4,352,147	-6,314,272	-4,352,147	-6,314,272	
– Changes in Group	0	0	0	0	
– Exchange rate difference	-1,664	8,310	0	0	
Impairment allowance for receivables as at 31 December	62,548,247	64,624,294	61,510,856	63,606,384	
VALUE ADJUSTMENT OF OTHER RECEIVABLES					
Impairment allowance for receivables as at 1 January	14,846,966	16,774,502	361,021	425,289	
– Increase of impairment allowance for receivables	527,886	446,940	84,788	39,343	
– Decrease in impairment allowance for receivables	-259,361	-189,049	-18,753	-58,068	
– Receivables write-off	-916,168	-2,134,483	-76,637	-45,543	
– Transfer on deferred income	0	0	0	0	
– Exchange rate difference	-110,807	-3,760	0	0	
– Changes in Group	997	-47,958	0	0	
– Merger	0	774	0	0	
– Transfer on disposal group held for sale	0	0	0	0	
Impairment allowance for receivables as at 31 December	14,089,513	14,846,966	350,419	361,021	
TOTAL VALUE ADJUSTMENT OF RECEIVABLES					
As at 1 January	120,989,315	131,544,256	84,297,982	91,508,004	
As at 31 December	115,991,032	120,989,315	81,067,689	84,297,982	

3.11 Other assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
Inventories	526,765	551,003	253,006	277,391
Deferred costs	5,009,827	4,413,900	3,087,241	2,813,728
Investments into computer software for the Group	401,553	401,553	401,553	401,553
Other assets	358,560	279,693	0	0
TOTAL	6,296,705	5,646,149	3,741,799	3,492,671

3.12 Cash and cash equivalents

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
Cash in bank accounts	58,670,999	56,539,640	17,288,122	21,095,311
Call account	22,766,225	18,347,172	5,000,172	5,000,172
Cash on hand and cheques	462,440	982,963	15,928	16,628
TOTAL	81,899,664	75,869,775	22,304,222	26,112,112

3.13 Non-current assets held for sale

Non-current assets held for sale include land and buildings that are available for immediate sale in their present condition.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
Land and property of company Triglav upravljanje nekretninama d.o.o., Zagreb	146,884	149,104	0	0
Land and property of company Triglav Upravljanje nepremičnin d.o.o.	768,967	4,015,117	0	0
TOTAL	915,851	4,164,221	0	0

3.14 Equity

As at 31 December 2020, 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 Zavarovalnice Triglav

Shareholders	Number of shares		Percentage of ownership	
	2020	2019	2020	2019
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	1,526,190	1,494,061	6.71	6.57
UniCredit Bank Austria – fiduciary account, Vienna, Austria	604,642	619,634	2.66	2.73
Citibank – fiduciary account, London, Great Britain	530,402	301,183	2.33	1.32
Hrvatska poštanska banka – fiduciary account d.d., Zagreb, Croatia	232,644	232,644	1.02	1.02
East Capital – East Capital Balkans, Luxembourg, Luxembourg	186,201	190,420	0.82	0.84
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	84,399	132,658	0.37	0.58
Forplan d.o.o., Ljubljana	84,298	83,108	0.37	0.37
Other shareholders (less than 1%)	5,096,422	5,291,490	22.43	23.28
TOTAL	22,735,148	22,735,148	100.00	100.00

Share price

	in EUR	
	31. December 2020	31. December 2019
Quoted price of the share on the regulated securities market	30.00	33.30
Book value of equity per share	28.33	25.53

Distribution of accumulated profits of Zavarovalnica Triglav

	2020	in EUR 2019
Net profit/loss for the year	57,997,639	70,614,416
Net profit brought forward	60,543,475	9,945,758
Increase in retained income	-16,939	-16,699
Increase of other reserves from profit based on the decision by the Management and Supervisory Boards	-28,900,000	-20,000,000
ACCUMULATED PROFITS	89,624,175	60,543,475
Distribution of accumulated profits		
– to shareholders		0
– allocation to other reserves from profit		0
– transfer to the following year		60,543,475

Already in 2020, the Insurance Supervision Agency called on insurance companies not to pay dividends and not to make irrevocable commitments to pay dividends in order to ensure financial stability due to the uncertain situation regarding the spread of the pandemic and the consequent uncertain consequences for the economy. On 5 March 2021, the Company received a letter from the Insurance Supervision Agency, in which it reiterates its call on insurance companies to do the same when distributing accumulated profit for 2020. The Management Board is expected to inform its shareholders about the proposal for the distribution of accumulated profit for 2020 at the end of March when publishing the 2020 Annual Report. In their proposal, the Management Board and the Supervisory Board will take into account both the Company's dividend policy and the position of the regulator. The General Meeting of Shareholders will decide on the distribution of accumulated profit at the proposal of the Management Board and the Supervisory Board.

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. When preparing the Annual Report for 2020, the Management Board formed other reserves from profit in the amount of EUR 28,900,000.

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.o.o. held 24,312 shares of Zavarovalnica Triglav in the amount of EUR 364,680 as at 31 December 2020. The balance of treasury shares is unchanged compared to the preceding year.

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 2020, the currency translation adjustment totalled EUR 533,006 (vs. EUR 130,602 in 2019)¹⁰⁷. 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 2020:

- Increase in other reserves from profit for the year in the amount of EUR 28,900,000
- an increase in legal and statutory reserves from profit for the year in the total amount of EUR 472,418 and
- a decrease in share premium in the amount of EUR 5,530 due to the acquisition of a participating interest from non-controlling interest holders of Triglav Osiguranje a.d., Skopje, which is described in greater detail in [Section 2.12](#).

¹⁰⁷ The amount does not include translation differences relating to non-controlling interests.

3.15 Subordinated liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amortised cost	49,423,693	64,847,293	49,423,693	69,999,451
Fair value	51,792,521	68,199,075	51,792,521	73,646,914

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.

The ZT02 bond, issued by Zavarovalnica Triglav in 2009, matured on 21 March 2020. The principal of EUR 20.6 million was paid to the bondholders.

When calculating the fair value, valuation is taken into account, as there are very few transactions on the Ljubljana Stock Exchange. As at 31 December 2020, the price of ZAVARO 4 3/8 10/22/49 was 102.746% (compared to 102.849% as at 31 December 2019).

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.

3.16 Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
NON-LIFE INSURANCE					
GROSS UNEARNED PREMIUM PROVISIONS	340,941,945	328,736,413	234,785,484	232,398,752	
GROSS CLAIMS PROVISIONS	609,302,604	580,098,532	410,567,439	408,984,759	
Gross claims provisions for IBNR and IBNER	284,671,957	263,229,663	192,205,172	183,093,750	
Gross provisions for incurred and reported claims	295,382,960	285,625,604	194,301,647	199,582,429	
Gross claims provisions for co-insurance	655,874	713,766	655,874	713,766	
Expected subrogation	-6,796,269	-7,044,507	-6,796,269	-7,044,507	
Provisions for claim handling costs	35,388,083	37,574,010	30,201,015	32,639,321	
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	24,882,389	19,683,771	23,837,107	19,065,148	
OTHER GROSS INSURANCE TECHNICAL PROVISIONS	5,412,958	5,581,324	2,067,543	2,466,997	
TOTAL NON-LIFE INSURANCE TECHNICAL PROVISIONS	980,539,896	934,100,040	671,257,573	662,915,656	
LIFE INSURANCE					
GROSS UNEARNED PREMIUM PROVISIONS	457,883	443,779	405,332	392,304	
GROSS MATHEMATICAL PROVISIONS	1,457,023,963	1,404,439,748	1,041,557,084	1,020,231,686	
Gross mathematical provisions covering life insurance	843,031,557	834,082,375	765,330,996	762,626,058	
Gross mathematical provisions covering SVPI	547,404,191	514,144,335	209,637,873	201,392,590	
Gross mathematical provisions covering SVPI during the annuity pay-out period	66,588,215	56,213,038	66,588,215	56,213,038	
GROSS CLAIMS PROVISIONS	21,380,025	20,761,018	19,692,182	19,336,004	
Gross claims provisions for IBNR and IBNER	17,325,134	17,412,195	16,280,801	16,337,595	
Gross provisions for incurred and reported claims	3,780,134	3,067,313	3,175,954	2,752,151	
Gross claims provisions for co-insurance	0	0	0	0	
Expected subrogation	0	0	0	0	
Provisions for claim handling costs	274,757	281,509	235,427	246,258	
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	14,516	0	0	0	
OTHER INSURANCE TECHNICAL PROVISIONS	20,323,718	12,592,965	17,403,211	10,545,871	
TOTAL LIFE INSURANCE TECHNICAL PROVISIONS	1,499,200,105	1,438,237,510	1,079,057,809	1,050,505,865	
HEALTH INSURANCE					
GROSS UNEARNED PREMIUM PROVISIONS	3,361,099	3,330,743	0	0	
GROSS CLAIMS PROVISIONS	14,648,539	14,539,194	0	0	
Gross claims provisions for IBNR and IBNER	13,461,809	13,330,156	0	0	
Gross provisions for incurred and reported claims	792,999	892,555	0	0	
Gross claims provisions for co-insurance	39,453	37,825	0	0	
Expected subrogation	0	0	0	0	
Provisions for claim handling costs	354,277	278,658	0	0	
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	3,298,449	0	0	0	
OTHER INSURANCE TECHNICAL PROVISIONS	22,181,056	3,719,849	0	0	
TOTAL HEALTH INSURANCE TECHNICAL PROVISIONS	43,489,143	21,589,786	0	0	
TOTAL INSURANCE TECHNICAL PROVISIONS	2,523,229,144	2,393,927,336	1,750,315,383	1,713,421,521	
GROSS MATHEMATICAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE	509,984,710	484,942,834	448,726,097	435,592,711	

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 2020	31 December 2019	31 December 2020	31 December 2019
in EUR				
NON-LIFE INSURANCE				
Gross provisions for incurred and unreported claims	263,661,814	250,060,031	180,600,843	173,876,721
Gross claims provisions	284,671,957	263,229,663	192,205,172	183,093,750
Reinsurers' share	-21,010,143	-13,169,632	-11,604,329	-9,217,029
Gross provisions for incurred and reported claims	232,983,504	232,922,591	135,260,905	141,182,960
Gross claims provisions	295,382,960	285,625,604	194,301,647	199,582,429
Reinsurers' and co-insurers' share	-62,399,456	-52,703,013	-59,040,742	-58,399,469
Gross claims provisions for co-insurance	661,523	713,766	655,874	713,766
Gross claims provisions	655,874	713,766	655,874	713,766
Reinsurers' share	5,649	0	0	0
Expected subrogation	-6,386,603	-6,495,992	-6,386,603	-6,495,992
Gross claims provisions	-6,796,269	-7,044,507	-6,796,269	-7,044,507
Reinsurers' share	409,666	548,515	409,666	548,515
Provisions for claim handling costs	35,388,083	37,574,010	30,201,015	32,639,321
Gross claims provisions	35,388,083	37,574,010	30,201,015	32,639,321
Reinsurers' share	0	0	0	0
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	526,308,321	514,774,406	340,332,034	341,916,776
TOTAL GROSS CLAIMS PROVISIONS	609,302,605	580,098,536	410,567,439	408,984,759
TOTAL REINSURERS' SHARE	-82,994,284	-65,324,130	-70,235,406	-67,067,983
LIFE INSURANCE				
Gross provisions for incurred and unreported claims	17,325,134	17,412,195	16,280,801	16,337,595
Gross claims provisions	17,325,134	17,412,195	16,280,801	16,337,595
Reinsurers' share	0	0	0	0
Gross provisions for incurred and reported claims	3,665,848	3,044,004	3,135,324	2,735,061
Gross claims provisions	3,780,134	3,067,313	3,175,954	2,752,151
Reinsurers' share	-114,286	-23,309	-40,630	-17,090
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	274,757	281,509	235,427	246,258
Gross claims provisions	274,757	281,509	235,427	246,258
Reinsurers' share	0	0	0	0
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	21,265,739	20,737,708	19,651,552	19,318,914
TOTAL GROSS CLAIMS PROVISIONS	21,380,025	20,761,017	19,692,182	19,336,004
TOTAL REINSURERS' SHARE	-114,286	-23,309	-40,630	-17,090
HEALTH INSURANCE				
Gross provisions for incurred and unreported claims	13,461,809	13,330,156	0	0
Gross claims provisions	13,461,809	13,330,156	0	0
Reinsurers' share	0	0	0	0
Gross provisions for incurred and reported claims	792,999	892,555	0	0
Gross claims provisions	792,999	892,555	0	0
Reinsurers' and co-insurers' share	0	0	0	0
Gross claims provisions for co-insurance	39,453	37,825	0	0
Gross claims provisions	39,453	37,825	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	354,277	278,658	0	0
Gross claims provisions	354,277	278,658	0	0
Reinsurers' share	0	0	0	0
TOTAL HEALTH INSURANCE GROSS CLAIMS PROVISIONS	14,648,538	14,539,194	0	0
TOTAL GROSS CLAIMS PROVISIONS	14,648,538	14,539,194	0	0
TOTAL REINSURERS' SHARE	0	0	0	0

Analysis of changes in gross insurance-technical provisions for Triglav Group

								in EUR
NON-LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance-technical provisions	Unit-linked insurance-technical provisions	Total gross insurance-technical provisions	
1 January 2019	296,924,690	0	584,519,134	19,833,253	5,445,662	0	906,722,739	
Increase	243,437,184	0	194,015,560	14,711,158	4,188,605	0	456,352,507	
Use	-211,761,019	0	-198,513,439	-14,860,612	-4,067,598	0	-429,202,668	
Exchange rate difference	135,558	0	77,277	-28	14,655	0	227,462	
31 December 2019	328,736,413	0	580,098,532	19,683,771	5,581,324	0	934,100,040	
Increase	250,410,276	0	249,101,434	14,824,162	3,617,805	0	517,953,677	
Use	-237,769,242	0	-219,450,758	-9,619,135	-3,779,951	0	-470,619,086	
Exchange rate difference	-435,502	0	-446,604	-6,409	-6,220	0	-894,735	
31 December 2020	340,941,945	0	609,302,604	24,882,389	5,412,958	0	980,539,896	

								in EUR
LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance-technical provisions	Unit-linked insurance-technical provisions	Total gross insurance-technical provisions	
1 January 2019	414,329	1,357,233,017	20,555,710	0	9,605,442	402,598,038	1,790,406,536	
Increase	416,793	171,154,577	15,616,819	0	3,146,933	133,012,947	323,348,069	
Use	-387,342	-109,518,575	-15,410,215	0	-159,467	-64,920,594	-190,396,193	
Transfer between funds	0	-14,315,978	0	0	0	14,315,978	0	
Exchange rate difference	-1	-113,293	-1,296	0	57	-63,535	-178,068	
31 December 2019	443,779	1,404,439,748	20,761,018	0	12,592,965	484,942,834	1,923,180,344	
Increase	418,115	158,642,026	16,162,580	14,516	8,490,809	79,624,216	263,352,262	
Use	-403,792	-105,366,492	-15,538,313	0	-759,914	-54,271,523	-176,340,034	
Transfer between funds	0	-7,040	0	0	0	7,040	0	
Exchange rate difference	-219	-684,279	-5,260	0	-142	-317,857	-1,007,757	
31 December 2020	457,883	1,457,023,963	21,380,025	14,516	20,323,718	509,984,710	2,009,184,815	

								in EUR
HEALTH INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance-technical provisions	Unit-linked insurance-technical provisions	Total gross insurance-technical provisions	
1 January 2019	2,827,927	0	9,869,071	0	3,274,826	0	15,971,824	
Increase	3,435,305	0	14,233,771	0	445,411	0	18,114,487	
Use	-2,932,489	0	-9,563,648	0	-388	0	-12,496,525	
Exchange rate difference	0	0	0	0	0	0	0	
31 December 2019	3,330,743	0	14,539,194	0	3,719,849	0	21,589,786	
Increase	3,466,830	0	14,230,810	3,298,449	18,816,328	0	39,812,417	
Use	-3,436,474	0	-14,121,465	0	-355,121	0	-17,913,060	
Exchange rate difference	0	0	0	0	0	0	0	
31 December 2020	3,361,099	0	14,648,539	3,298,449	22,181,056	0	43,489,143	

Analysis of changes in gross insurance-technical provisions for Zavarovalnica Triglav

							in EUR
NON-LIFE INSURANCE	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance-technical provisions	Unit-linked insurance-technical provisions	Total gross insurance-technical provisions	
1 January 2019	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	
Increase	189,698,292	150,796,816	14,193,523	2,067,543	0	356,756,174	
Use	-187,311,560	-149,214,136	-9,421,564	-2,466,997	0	-348,414,257	
31 December 2020	234,785,484	410,567,439	23,837,107	2,067,543	0	671,257,573	

							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 2019	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	
Increase	405,332	100,648,322	12,566,405	6,936,986	61,613,890	182,170,935	
Use	-392,304	-79,322,924	-12,210,227	-79,646	-48,480,504	-140,485,605	
Transfer between funds	0	0	0	0	0	0	
31 December 2020	405,332	1,041,557,084	19,692,182	17,403,211	448,726,097	1,527,783,906	

Analysis of the decrease in gross mathematical provisions

	Triglav Group		Zavarovalnica Triglav		in EUR
	2020	2019	2020	2019	
Surrenders	41,713,979	40,127,011	28,097,610	26,302,093	
Endowments	53,130,433	52,227,344	48,648,353	47,930,673	
Deaths	3,191,863	3,076,315	2,477,250	2,333,561	
Other	7,330,215	14,087,904	99,711	8,991,877	
TOTAL	105,366,490	109,518,574	79,322,924	85,558,204	

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 2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
Cumulative loss assessment												
– at the end of year of occurrence		509,028,152	537,773,397	540,980,548	523,335,884	494,721,974	497,610,909	523,078,938	559,765,704	482,752,716	699,754,015	
– 1 year after year of occurrence		461,311,067	539,573,012	447,917,990	481,304,284	477,337,992	463,199,516	513,384,536	632,372,854	405,681,200		
– 2 years after year of occurrence		474,755,005	500,921,267	463,342,293	466,027,510	463,910,257	456,287,534	521,615,400	573,190,533			
– 3 years after year of occurrence		455,085,444	496,641,454	439,583,068	458,436,319	460,400,102	455,440,704	511,186,930				
– 4 years after year of occurrence		458,416,153	487,381,079	433,339,855	453,418,013	457,147,837	452,559,663					
– 5 years after year of occurrence		450,071,089	481,306,074	431,734,293	450,793,391	455,312,261						
– 6 years after year of occurrence		448,004,684	476,606,548	426,823,333	451,067,424							
– 7 years after year of occurrence		445,950,087	464,340,622	426,896,641								
– 8 years after year of occurrence		451,232,691	472,450,574									
– 9 years after year of occurrence		447,377,664										
– 10 years after year of occurrence	20,029,829											
Cumulative loss assessment		447,377,664	472,450,574	426,896,641	451,067,424	455,312,261	452,559,663	511,186,930	573,190,533	405,681,200	699,754,015	
Cumulative payments until balane sheet date		443,898,174	459,966,563	421,167,756	443,747,041	444,999,074	436,215,833	481,710,998	509,840,139	154,390,818	353,236,204	
Claims provisions balance at the beginning of the period	83,463,962	10,909,485	22,532,038	16,771,517	19,203,910	24,052,115	33,068,338	45,956,481	82,761,667	225,110,055		563,829,569
Settled during the period	4,653,245	656,061	4,743,951	1,112,974	1,352,096	2,877,227	3,523,333	9,188,072	21,239,582	121,982,540	353,236,204	524,565,285
Claim provisions balance	15,376,584	2,823,429	7,740,060	4,615,911	5,968,288	7,435,960	12,820,497	20,287,859	42,110,812	129,307,841	346,517,811	595,005,052

Analysis of changes in loss events for non-life insurance for Zavarovalnica Triglav

	in EUR											
	Year of occurrence											
	Before 2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
Cumulative loss assessment												
– at the end of year of occurrence		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	297,229,772	
– 1 year after year of occurrence		303,201,976	304,864,538	266,546,400	276,286,823	244,620,306	248,557,097	279,993,010	278,632,613	281,008,780		
– 2 years after year of occurrence		288,324,957	296,542,971	256,384,328	265,047,929	236,877,342	244,240,955	273,830,944	269,833,005			
– 3 years after year of occurrence		282,155,740	289,326,478	249,972,030	260,339,640	233,832,537	238,886,264	270,644,347				
– 4 years after year of occurrence		281,692,146	283,750,168	245,898,744	255,549,812	229,118,262	237,422,941					
– 5 years after year of occurrence		278,889,676	279,036,814	243,246,940	251,874,520	230,089,064						
– 6 years after year of occurrence		277,885,732	273,848,769	239,361,697	252,655,777							
– 7 years after year of occurrence		276,372,349	271,275,009	238,448,945								
– 8 years after year of occurrence		269,479,638	263,385,521									
– 9 years after year of occurrence		268,680,326										
– 10 years after year of occurrence	79,808,197											
Cumulative loss assessment		268,680,326	263,385,521	238,448,945	252,655,777	230,089,064	237,422,941	270,644,347	269,833,005	281,008,780	297,229,772	
Cumulative payments until balane sheet date		260,989,118	255,537,307	227,371,818	238,634,037	213,658,893	219,121,237	248,540,095	240,915,619	231,143,768	163,270,557	
Claims provisions balance at the beginning of the period	73,262,851	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
Settled during the period	2,861,531	253,834	4,049,070	553,415	832,989	1,740,539	2,086,954	5,241,436	10,752,718	61,443,687	163,270,557	253,086,731
Claim provisions balance	76,946,666	7,691,208	7,848,214	11,077,127	14,021,740	16,430,171	18,301,704	22,104,252	28,917,386	49,865,011	133,959,215	387,162,693

3.17 Provisions for employee benefits

	Triglav Group		Zavarovalnica Triglav	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Provisions for unused leave	4,716,203	4,281,300	3,858,499	3,525,883
Provisions for retirement benefits	10,728,930	9,540,429	7,489,893	6,909,641
Provisions for jubilee payments	2,336,020	2,051,316	1,724,972	1,456,925
TOTAL	17,781,153	15,873,046	13,073,364	11,892,449

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 2019 (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 turnover depending on age which, on average, stands at 2.5% in Slovenia; in the subsidiaries outside Slovenia, the expected employee turnover in an individual country was taken into account;
- the expected annual average salary growth in Slovenia was 2.9%; in the subsidiaries outside Slovenia, the expected average salary growth in an individual country was taken into account;
- the yield curve of the Slovenian government debt securities denominated in EUR as at 31 December 2020. The ten-year benchmark is -0.14%. In the subsidiaries outside Slovenia, the yield curves of government debt securities of individual countries 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

	in EUR			TOTAL
	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	
As at 1 January 2019	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
Use of provisions in the year	-3,926,696	-219,908	-215,504	-4,362,108
Release of provisions in the year	-46,551	-9,623	-10,829	-67,003
Creation of provisions in the year	4,373,293	1,464,773	513,547	6,351,613
Acquisition	0	0	0	0
Change in Group	0	0	0	0
Exchange rate difference	-1,223	-10,661	-2,510	-14,394
As at 31 December 2020	4,680,123	10,765,010	2,336,020	17,781,153

Analysis of the movement of employee benefits for the Zavarovalnica Triglav

	in EUR			TOTAL
	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	
As at 1 January 2019	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
Use of provisions in the year	-3,525,883	-118,256	-168,613	-3,812,752
Creation of provisions in the year	3,858,499	698,508	436,660	4,993,667
As at 31 December 2020	3,858,499	7,489,893	1,724,972	13,073,364

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 2019	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
Current service cost	986,682	143,549	1,130,231
Interest cost	31,504	360	31,864
Actuarial gains/losses due to:			
- changes in demographic assumptions	-453,169	18,269	-434,900
- changes in financial assumptions	693,708	180,029	873,737
- experience adjustments	424,211	127,903	552,114
Past service cost	-25,385	-3,511	-28,896
Benefits paid during the year	-423,849	2,023	-421,826
Gains/losses upon payment	-34,473	-181,409	-215,882
Liabilities recognised in business combinations	0	0	0
Exchange rate difference	-10,728	-2,510	-13,238
As at 31 December 2020	10,728,930	2,336,020	13,064,950

Sensitivity analysis of parameter changes for Triglav Group

Parameter	Parameter change	in EUR	
		2020	2019
Interest rate	shift in the discount curve by +0.25 %	-290,008	131,209
	shift in the discount curve by -0.25 %	301,604	670,558
Wage growth	change in annual wage growth by +0.5 %	519,406	857,127
	change in annual wage growth by -0.5 %	-461,977	-15,637
Mortality rate	constant increase in mortality by +20 %	-86,980	315,345
	constant increase in mortality by -20 %	88,662	481,333
Early employment termination	shift in the expense curve by +20 %	-299,031	297,685
	shift in the expense curve by -20 %	338,898	516,227

Development of provisions for retirement benefits and jubilee payments in Zavarovalnica Triglav

	in EUR		
	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2019	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
Current service cost	395,878	112,350	508,228
Interest expenses	19,553	269	19,822
Actuarial gains/loss due to:			
– change in demographic assumptions	-415,875	18,269	-397,606
– change in financial assumptions	596,820	142,612	739,432
– experience adjustments	479,754	127,041	606,795
Profit/loss upon payment	-118,256	-168,613	-286,869
Termination payments during the year	-377,622	36,119	-341,503
As at 31 December 2020	7,489,893	1,724,972	9,214,865

Sensitivity analysis of parameter changes for Zavarovalnica Triglav

Parameter	Parameter change	in EUR	
		2020	2019
Interest rate	shift in the discount curve by +0.25%	-196,854	-174,865
	shift in the discount curve by -0.25%	205,400	182,036
Wage growth	change in annual wage growth by +0.5%	353,981	340,333
	change in annual wage growth by -0.5%	-310,128	-301,951
Mortality rate	constant increase in mortality by +20%	-77,126	-76,744
	constant increase in mortality by -20%	78,212	77,899
Early employment termination	shift in the expense curve by +20%	-361,713	-185,077
	shift in the expense curve by -20%	387,546	194,185

3.18 Other provisions

	in EUR	
	Triglav Group	Zavarovalnica Triglav
As at 1 January 2019	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
Increase (creation)	588,515	37,146
Decrease (draw down)	-529,293	0
Release	0	0
Acquisition	0	0
Change in Group	0	0
Exchange rate difference	-521	0
As at 31 December 2020	2,809,101	769,957

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.

3.19 Deferred tax assets and liabilities

Presented below is the movement of deferred tax assets and liabilities in non-offset amounts. Due to the comparability of data with 2019, the balance of deferred tax assets and liabilities as at 31 December 2019 for the Group was adjusted to the offset balance.

	in EUR	
	Triglav Group	Zavarovalnica Triglav
DEFERRED TAX ASSETS		
As at 1 January 2019	12,893,732	12,177,591
– increase	2,630,944	2,400,815
– decrease	-3,062,594	-2,916,866
As at 31 December 2019	12,462,082	11,661,540
– increase by the offset amount	680,474	0
Balance (non-offset) as at 31 December 2019	13,142,556	11,661,540
– increase	2,808,670	2,550,528
– decrease	-1,330,482	-1,995,317
As at 31 December 2020	13,940,270	12,216,751
DEFERRED TAX LIABILITIES		
As at 1 January 2019	17,203,576	14,991,327
– increase	5,339,526	2,376,892
– decrease	-26,410	0
As at 31 December 2019	22,516,692	17,368,219
– increase by the offset amount	680,474	0
Balance (non-offset) as at 31 December 2019	23,197,166	17,368,219
– increase	5,252,643	4,379,694
– decrease	-68,140	0
As at 31 December 2020	27,701,195	21,747,913

Deferred tax assets are recognised for temporary differences arising from the impairment of receivables (Triglav Group: EUR 8,079,438; Zavarovalnica Triglav: EUR 7,431,140), financial assets and investment property (Triglav Group: EUR 4,273,808; Zavarovalnica Triglav: EUR 3,743,200), formation of post-employment benefits, jubilee benefits (Triglav Group: EUR 1,318,654; Zavarovalnica Triglav: EUR 1,042,411), actuarial losses and unused tax losses (Triglav Group: EUR 268,370). 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 (Triglav Group: EUR 27,712,874; Zavarovalnica Triglav: EUR 19,757,820).

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](#).

The offset balance of deferred tax assets and liabilities at the level of individual Group members is presented by tax jurisdiction and the offset value of deferred tax at the level of individual jurisdiction.

	2020			2019		
Tax jurisdiction	Deferred tax assets	Deferred tax liabilities	Offset deferred tax	Deferred tax assets	Deferred tax liabilities	Offset deferred tax
Slovenia	13,596,201	-26,018,022	-12,421,821	12,821,636	-21,277,178	-8,455,542
Croatia	272,316	-954,010	-681,694	272,425	-1,068,456	-796,031
Montenegro	36,143	-472,865	-436,722	22,226	-535,670	-513,444
Bosnia and Herzegovina	4,314	-154,360	-150,046	0	-208,452	-208,452
North Macedonia	5,061	-101,938	-96,877	0	-107,409	-107,409
Serbia	26,235	0	26,235	26,269	0	26,269
TOTAL DEFERRED TAX	13,940,270	-27,701,195	-13,760,926	13,142,556	-23,197,166	-10,054,610
Total deferred tax assets			26,235			26,269
Total deferred tax liabilities			-13,787,160			-10,080,878

3.20 Other financial liabilities

	Triglav Group		Zavarovalnica Triglav	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
Loans from banks	634,748	43,432	0	0
Financial liabilities for acquired securities	966,043	970,295	966,043	970,295
Liabilities for dividends	657,300	657,526	657,300	657,526
Other financial liabilities	637,755	193,160	10,554	12,304
TOTAL	2,895,846	1,864,413	1,633,896	1,640,125

3.21 Lease liabilities

To calculate the net present value of future leases, discount rates are used, which are determined at the level of the interest rate for risk-free government bonds, increased by the credit spread of an individual Group member. The table below shows the analysis of maturity of lease liabilities.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
MATURITY ANALYSIS				
1 year	3,195,958	2,885,540	1,079,119	1,034,149
2 years	2,981,134	2,773,314	957,266	931,987
3 years	1,979,579	2,529,719	789,063	842,397
4 years	835,021	1,631,203	234,303	733,709
5 years	550,713	339,363	121,445	89,890
More than 5 years	529,028	731,970	494,608	534,146
Foreign exchange differences	-45,901	24,569	0	0
TOTAL	10,025,532	10,915,678	3,675,805	4,166,278

3.22 Operating liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
DIRECT INSURANCE LIABILITIES	16,801,856	21,558,544	10,636,904	14,239,495
Liabilities to policyholders	10,521,036	13,989,205	7,814,702	11,166,548
Liabilities to insurance brokers	966,894	1,767,868	808,446	1,202,150
Other liabilities from direct insurance operations	5,313,926	5,801,471	1,637,753	1,473,815
Liabilities from direct insurance operations to Group companies	0	0	376,003	396,982
LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	48,940,738	41,548,913	19,824,185	15,309,075
Liabilities for re/co-insurance premiums	25,562,611	23,302,031	14,598,383	13,978,149
Liabilities for co-insurers' share of claims	9,098,912	6,805,001	5,225,802	1,330,926
Other re/co-insurance liabilities	14,279,215	11,441,881	0	0
CURRENT TAX LIABILITIES	4,570,444	3,764,874	3,516,683	2,364,168
TOTAL LIABILITIES FROM INSURANCE OPERATIONS	70,313,038	66,872,331	33,977,772	31,912,738

All operating liabilities are short-term and are to be settled within 12 months.

3.23 Other liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
Short-term liabilities to employees	26,040,947	24,120,800	22,227,413	20,064,741
Trade payables	5,249,560	10,595,631	5,249,560	10,595,631
Other short-term liabilities from insurance operations	8,431,655	8,957,857	5,758,140	6,270,357
Other short-term liabilities	13,029,703	9,075,970	2,673,459	2,984,438
Other long-term liabilities	1,370,189	2,361,024	0	0
Accrued interest on issued bonds	419,521	1,374,110	419,521	1,374,110
Short-term deferred income from charged interest on arrears	1,759,420	1,931,477	1,759,420	1,931,477
Other accruals	11,986,410	14,058,081	2,300,352	2,374,349
TOTAL	68,287,405	72,474,950	40,387,864	45,595,103

4. Notes to the income statement

4.1 Premium income

	Triglav Group		Zavarovalnica Triglav		in EUR
	2020	2019	2020	2019	
NON-LIFE INSURANCE					
Gross written premium	663,653,947	668,136,011	473,082,070	479,262,624	
Assumed re-insurance written premium	139,910,457	105,274,042	70,736,329	41,872,667	
Assumed co-insurance written premium	3,679,918	2,084,877	968,779	1,092,668	
Ceded co-insurance written premium	-4,522,997	-5,223,607	-2,307,095	-2,578,625	
Reinsurance written premium	-152,074,485	-130,514,701	-134,829,732	-116,182,623	
Changes in gross provisions for unearned premiums	-11,498,329	-31,115,490	-1,719,996	-16,883,462	
Changes in reinsurers' share of unearned premiums	4,631,041	11,525,072	4,279,137	7,831,069	
Net premium income on non-life insurance	643,779,552	620,166,204	410,209,492	394,414,318	
LIFE INSURANCE					
Gross written premium	230,808,276	231,917,205	174,468,691	179,904,010	
Assumed co-insurance written premium	9,377	13,679	0	0	
Ceded co-insurance written premiums	-1,013,843	-217,422	-59,343	-39,311	
Reinsurance written premium	-2,411,024	-497,367	-738,036	-732,194	
Changes in gross provisions for unearned premiums	-14,316	-16,513	-13,028	8,270	
Changes in reinsurers' share of unearned premiums	175	680	69	264	
Net premium income on life insurance	227,378,645	231,200,262	173,658,354	179,141,039	
HEALTH INSURANCE					
Gross written premium	195,713,390	176,748,293	0	0	
Changes in gross provisions for unearned premiums	-116,761	-485,933	0	0	
Net premium income on health insurance	195,596,628	176,262,359	0	0	
TOTAL NET PREMIUM INCOME	1,066,754,825	1,027,628,825	583,867,846	573,555,357	

Overview of premium income by insurance class for Triglav Group¹⁰⁸

	in EUR						in EUR				
2020	Gross written premium ¹⁰⁹	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share	2019	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE						NON-LIFE INSURANCE					
Accident insurance	40,020,368	105,847	-297,347	-961,007	38,867,861	Accident insurance	41,613,025	112,562	-295,837	-903,691	40,526,059
Health insurance	202,787,742	432,016	-532,810	-665,899	202,021,049	Health insurance	183,494,721	221,615	-259,854	-645,057	182,811,425
Land motor vehicle insurance	155,385,206	25,242	-373,428	-12,783,098	142,253,922	Land motor vehicle insurance	152,015,046	430	-343,131	-11,506,202	140,166,143
Railway insurance	4,266,260	0	0	-1,227,523	3,038,737	Railway insurance	3,294,906	0	0	-787,049	2,507,857
Aircraft insurance	4,676,653	0	0	-2,467,191	2,209,462	Aircraft insurance	3,829,915	0	0	-2,089,373	1,740,542
Marine Insurance	11,074,465	0	-90,082	-905,362	10,079,021	Marine Insurance	6,753,821	0	-54,364	-532,860	6,166,597
Cargo insurance	8,129,301	0	-485,408	-1,789,252	5,854,641	Cargo insurance	7,923,780	0	-565,396	-1,358,336	6,000,048
Fire and natural forces insurance	99,873,842	1,236,295	-1,068,597	-36,534,203	63,507,337	Fire and natural forces insurance	101,733,050	1,217,028	-972,062	-34,409,340	67,568,676
Other damage to property insurance	182,230,296	1,399,752	-712,723	-53,420,508	129,496,817	Other damage to property insurance	156,492,096	383,922	-1,613,117	-41,877,887	113,385,014
Motor TPL insurance	180,538,288	53,235	0	-15,468,714	165,122,809	Motor TPL insurance	179,157,481	40,208	0	-13,240,359	165,957,330
Aircraft liability insurance	2,593,392	0	0	-1,407,445	1,185,947	Aircraft liability insurance	2,960,984	0	0	-1,651,076	1,309,908
Marine liability insurance	2,065,934	0	0	-311,476	1,754,458	Marine liability insurance	1,790,587	0	-220,750	-230,431	1,339,406
General liability insurance	49,707,802	121,234	-599,776	-10,872,253	38,357,007	General liability insurance	49,667,964	87,374	-758,917	-10,621,359	38,375,062
Credit insurance	25,673,296	0	0	-7,194,527	18,478,769	Credit insurance	29,572,216	0	0	-5,876,014	23,696,202
Suretyship insurance	5,392,700	281,659	-236,655	-2,112,584	3,325,120	Suretyship insurance	3,921,136	3,932	0	-1,015,572	2,909,496
Miscellaneous financial loss insurance	6,204,664	24,638	-87,849	-3,391,414	2,750,039	Miscellaneous financial loss insurance	6,098,459	17,806	-95,062	-3,132,482	2,888,721
Legal expenses insurance	662,209	0	-38,324	-109,034	514,851	Legal expenses insurance	711,465	0	-45,117	-154,092	512,256
Travel assistance insurance	17,995,378	0	0	-452,993	17,542,385	Travel assistance insurance	19,127,697	0	0	-483,523	18,644,174
Total non-life insurance	999,277,796	3,679,918	-4,522,999	-152,074,483	846,360,232	Total non-life insurance	950,158,349	2,084,877	-5,223,607	-130,514,703	816,504,916
LIFE INSURANCE						LIFE INSURANCE					
Life insurance	107,496,268	9,377	-1,013,841	-2,410,205	104,081,599	Life insurance	104,197,450	13,679	-217,422	-496,590	103,497,117
Wedding insurance or birth insurance	0	0	0	0	0	Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	104,156,321	0	0	0	104,156,321	Unit-linked life insurance	109,836,048	0	0	0	109,836,048
Tontines	0	0	0	0	0	Tontines	0	0	0	0	0
Capital redemption insurance	18,880,523	0	0	0	18,880,523	Capital redemption insurance	17,655,904	0	0	0	17,655,904
Loss of income due to illness	275,162	0	0	-821	274,341	Loss of income due to illness	227,800	0	0	-777	227,023
Total life insurance	230,808,274	9,377	-1,013,841	-2,411,026	227,392,784	Total life insurance	231,917,202	13,679	-217,422	-497,367	231,216,092
TOTAL	1,230,086,070	3,689,295	-5,536,840	-154,485,509	1,073,753,016	TOTAL	1,182,075,551	2,098,556	-5,441,029	-131,012,070	1,047,721,008

¹⁰⁸ Non-life insurance also includes health insurance.¹⁰⁹ Gross written premium also includes written reinsurance premiums accepted.

Overview of premium income by insurance class for Zavarovalnica Triglav

	in EUR						in EUR				
2020	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share	2019	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE						NON-LIFE INSURANCE					
Accident insurance	25,696,568	0	-155,293	-878,266	24,663,009	Accident insurance	26,948,216	0	-155,434	-899,385	25,893,398
Health insurance	926,557	0	-402,038	0	524,519	Health insurance	728,634	0	-259,704	0	468,930
Land motor vehicle insurance	127,536,358	0	0	-10,109,680	117,426,678	Land motor vehicle insurance	124,555,113	0	0	-9,724,465	114,830,648
Railway insurance	4,175,198	0	0	-833,423	3,341,775	Railway insurance	3,154,574	0	0	-692,139	2,462,435
Aircraft insurance	2,390,519	0	0	-2,238,203	152,316	Aircraft insurance	1,928,948	0	0	-1,730,977	197,970
Marine Insurance	994,760	0	0	-462,673	532,087	Marine Insurance	308,649	0	0	-26,503	282,146
Cargo insurance	5,321,053	0	-485,382	-1,871,186	2,964,485	Cargo insurance	4,724,407	0	-565,396	-1,330,197	2,828,814
Fire and natural forces insurance	57,326,056	965,939	-428,503	-21,598,977	36,264,515	Fire and natural forces insurance	55,078,786	1,056,091	-416,398	-20,765,821	34,952,658
Other damage to property insurance	130,253,822	0	-85,361	-64,758,546	65,409,915	Other damage to property insurance	115,060,304	0	-135,988	-51,438,465	63,485,851
Motor TPL insurance	106,754,958	0	0	-11,037,689	95,717,269	Motor TPL insurance	102,354,472	-2,116	0	-9,529,793	92,822,563
Aircraft liability insurance	1,693,326	0	0	-1,556,733	136,593	Aircraft liability insurance	1,988,419	0	0	-1,829,452	158,967
Marine liability insurance	950,911	0	0	-134,428	816,483	Marine liability insurance	811,322	0	-220,750	-95,363	495,209
General liability insurance	38,617,047	2,841	-702,639	-10,942,514	26,974,735	General liability insurance	39,095,354	38,693	-767,804	-11,080,961	27,285,281
Credit insurance	19,137,654	0	0	-4,406,029	14,731,625	Credit insurance	22,962,440	0	0	-4,003,816	18,958,624
Suretyship insurance	2,775,316	0	0	-1,416,006	1,359,310	Suretyship insurance	2,414,586	0	0	-609,331	1,805,255
Miscellaneous financial loss insurance	2,574,281	0	-9,553	-1,693,204	871,524	Miscellaneous financial loss insurance	2,807,251	0	-12,034	-1,546,580	1,248,636
Legal expenses insurance	641,309	0	-38,324	-104,841	498,144	Legal expenses insurance	700,475	0	-45,117	-123,927	531,431
Travel assistance insurance	16,052,704	0	0	-787,334	15,265,370	Travel assistance insurance	15,513,341	0	0	-755,448	14,757,892
Total non-life insurance	543,818,397	968,780	-2,307,093	-134,829,732	407,650,352	Total non-life insurance	521,135,291	1,092,668	-2,578,625	-116,182,623	403,466,711
LIFE INSURANCE						LIFE INSURANCE					
Life insurance	79,466,230	0	-59,343	-717,016	78,689,871	Life insurance	82,300,599	0	-39,311	-732,194	81,529,094
Wedding insurance or birth insurance	0	0	0	0	0	Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	76,121,938	0	0	-21,020	76,100,918	Unit-linked life insurance	79,947,507	0	0	0	79,947,507
Tontines	0	0	0	0	0	Tontines	0	0	0	0	0
Capital redemption insurance	18,880,523	0	0	0	18,880,523	Capital redemption insurance	17,655,904	0	0	0	17,655,904
Loss of income due to illness	0	0	0	0	0	Loss of income due to illness	0	0	0	0	0
Total life insurance	174,468,691	0	-59,343	-738,036	173,671,312	Total life insurance	179,904,010	0	-39,311	-732,194	179,132,505
TOTAL	718,287,088	968,780	-2,366,436	-135,567,768	581,321,664	TOTAL	701,039,301	1,092,668	-2,617,936	-116,914,817	582,599,216

4.2 Total income from financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
INTEREST INCOME FROM FINANCIAL ASSETS				
– available for sale	23,459,079	29,910,023	14,909,519	20,567,584
– loans and deposits	1,842,659	3,921,136	1,334,800	3,620,175
– held to maturity	7,768,631	8,860,967	6,915,006	7,116,912
– at fair value through profit and loss	8,985,433	10,445,616	3,068,915	4,259,388
Interest income	42,055,802	53,137,742	26,228,240	35,564,059
DIVIDENDS FROM				
– available-for-sale financial assets	3,727,040	3,289,086	3,520,893	2,684,732
– financial assets at fair value through profit and loss	758,751	525,711	276,448	205,034
– subsidiaries and associates	0	40,988	0	3,213,938
TOTAL DIVIDENDS	4,485,791	3,855,785	3,797,341	6,103,704
Fair value gains	33,085,187	87,186,487	21,180,963	68,172,441
Realised gains on disposals	40,162,889	38,129,233	37,288,158	32,059,434
Other financial income	3,289,780	5,240,372	989,574	3,255,029
Profit on investments accounted for using the equity method	436,610	515,913	0	0
TOTAL INVESTMENT INCOME	123,516,059	188,065,532	89,484,277	145,154,667

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Fair value losses	16,644,853	6,915,721	11,353,809	4,611,063
Realised loss on disposals	6,941,491	9,767,166	5,719,183	9,679,511
Loss on disposals of subsidiaries	0	562,704	0	0
Loss on impairment of financial assets	1,971,302	848,962	5,550,209	344,175
Other finance costs	15,435,565	6,421,723	6,982,468	3,942,664
- Net exchange losses	7,995,342	1,039,315	2,120,782	489,247
- Other expenses from financial assets and liabilities	2,970,517	2,584,845	1,106,372	1,351,956
- Asset management costs	4,469,706	2,797,563	3,755,314	2,101,461
Loss on equity investments in associates accounted for using the equity method	139,422	170,640	0	0
TOTAL EXPENSES FROM FINANCIAL ASSETS	41,132,633	24,686,916	29,605,669	18,577,413

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. Expenses due to impairment of financial assets of Zavarovalnica Triglav also include expenses due to impairment of investments in subsidiaries and associates in the total amount of EUR 3,917,859 (see the [sections 3.5](#) and [3.6](#)).

4.4 Fair value gains and losses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Financial assets recognised at fair value through profit/loss				
– gains	16,395,317	80,327,326	9,782,156	63,617,937
– losses	32,983,586	87,119,619	21,079,372	68,105,572
	-16,588,269	-6,792,293	-11,297,215	-4,487,635
Derivative financial instruments				
– gains	45,007	-56,560	44,998	-56,559
– losses	101,601	66,868	101,592	66,868
	-56,594	-123,428	-56,594	-123,428
NET GAINS FROM CHANGES IN FAIR VALUE	16,440,324	80,270,766	9,827,154	63,561,378

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Financial assets recognised at fair value through profit/loss	3,504,623	7,663,277	3,642,824	7,373,185
– realised gains on disposals	6,725,069	7,987,214	6,591,125	7,657,038
– realised losses on disposals	-3,220,446	-323,937	-2,948,301	-283,854
Available-for-sale financial assets	30,268,801	26,265,832	28,486,674	20,573,780
– realised gains on disposals	33,427,713	29,499,354	30,695,423	23,759,731
– realised losses on disposals	-3,158,912	-3,233,522	-2,208,749	-3,185,951
Derivative financial instruments	-562,133	-5,604,207	-560,523	-5,604,207
– realised gains on disposals	0	605,500	1,610	605,500
– realised losses on disposals	-562,133	-6,209,707	-562,133	-6,209,707
Held-to-maturity financial assets	10,107	37,165	0	37,165
– realised gains on disposals	10,107	37,165	0	37,165
– realised losses on disposals	0	0	0	0
TOTAL REALISED GAINS AND LOSSES	33,221,398	28,362,067	31,568,975	22,379,923

4.6 Other insurance income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Fees and commission income	30,649,757	22,069,255	30,080,891	19,848,006
– reinsurance commission income	30,584,802	22,013,758	30,015,937	19,792,510
– investment management services	64,955	55,497	64,954	55,496
Other income from insurance operations	10,357,236	15,114,257	8,029,138	9,906,997
– income from sale of green cards for motor vehicles	1,811,690	1,754,473	843,416	1,004,770
– income from claims settled for other insurance companies	671,161	685,290	474,269	550,590
– income from assistance services	17,245	24,179	1,612	18,355
– other income from insurance operations	3,127,731	6,662,743	2,288,777	2,744,077
– interest from receivables	4,729,408	5,987,574	4,421,064	5,589,205
OTHER INSURANCE INCOME	41,006,993	37,183,512	38,110,029	29,755,003

In 2019, Zavarovalnica Triglav disclosed management fee income of guarantee funds backing life insurance under the item “Other income«, while in 2020 management fee income is disclosed under the item »Reinsurance commission income“. The presentation difference affected only the financial statements of Zavarovalnica Triglav and had no impact on the consolidated financial statements of the Triglav Group.

4.7 Other income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Income from investment property	6,519,268	6,951,440	5,577,256	5,662,363
Income from disposal of investment property	366,774	999,045	129,907	340,238
Income from disposal of intangible assets	98,163	0	2,973	0
Income from disposal of property, plant and equipment	12,987	153,405	0	1,555
Income from other services	2,257,129	1,568,578	2,082,333	5,274,718
Income from non-insurance companies in the Group	34,096,405	29,515,380	0	0
Fair value gains	225,158	140,621	75,751	70,601
Claims refund	38,093	192,654	4,365	5,960
TOTAL OTHER INCOME	43,613,977	39,521,122	7,872,585	11,355,435

In 2019, Zavarovalnica Triglav disclosed management fee income of guarantee funds backing life insurance under other income, specifically under the item “income from other services“. In 2020, this income is included among other insurance income, i.e. under the item “fee and commission income«. The presentation difference affected only the financial statements of Zavarovalnica Triglav and had no impact on the consolidated financial statements of the Triglav Group.

4.8 Claims

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
NON-LIFE INSURANCE				
Gross claims settled	349,229,525	367,371,941	258,513,244	271,314,359
Gross claims paid from inward reinsurance	49,605,448	44,762,054	14,637,963	7,882,121
Gross claims paid from coinsurance	270,798	0	-213,364	0
Income from gross subrogated receivables	-18,250,528	-17,396,530	-14,900,037	-13,811,826
Reinsurers' share of gross claims settled	-31,431,285	-34,973,279	-30,576,201	-31,232,576
Co-insurers' share of gross claims settled	-1,872,648	-163,170	-870,652	96,351
Change in gross claims provisions	29,208,174	-8,261,273	1,582,680	-14,432,209
Change in gross claims provisions for re/co-insurer's share	-17,309,578	-1,508,080	-3,167,422	-2,701,279
Net claims incurred on non-life insurance	359,449,906	349,831,663	225,006,211	217,114,940
LIFE INSURANCE				
Gross claims settled	172,878,283	181,736,829	150,240,333	159,819,727
Coinsurers' shares and gross claims	-736,112	0	-3,704	0
Reinsurers' share in gross claims	-239,544	-118,092	-238,532	-359,222
Change in gross claims provisions	624,021	205,837	356,178	192,783
Change in reinsurers' share in gross claims provisions	-90,927	-13,543	-23,540	-7,351
Net claims incurred on life insurance	172,435,721	181,811,031	150,330,735	159,645,937
HEALTH INSURANCE				
Gross claims settled	143,834,955	140,293,784	0	0
Income from gross exercised subrogation receivables	-124,254	-25,942	0	0
Change in gross claims provisions	107,716	4,673,818	0	0
Change in claims provisions for reinsurers' share	1,628	-3,695	0	0
Equalisation scheme expenses	7,926,103	7,567,169	0	0
TOTAL net claims incurred on health insurance	151,746,148	152,505,134	0	0
NET CLAIMS INCURRED TOTAL	683,631,775	684,147,828	375,336,947	376,760,877

Overview of net claims incurred by insurance class

Triglav Group 2020	in EUR					
	Gross claims ¹¹⁰	Gross claims paid from coinsurance	Coinsurers' shares	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE						
Accident insurance	21,290,057	39,557	-124,636	-9,638	-301,277	20,894,063
Health insurance	148,018,770	223,878	-28,319	-129,809	-226,086	147,858,434
Land motor vehicle insurance	98,264,951	0	-267,426	-3,779,373	-3,393,568	90,824,584
Railway insurance	703,145	0	0	-144,574	0	558,571
Aircraft insurance	1,519,206	0	0	0	-263,135	1,256,071
Marine Insurance	5,020,088	-222,792	-215,399	-6,035	-515,082	4,060,780
Cargo insurance	2,762,902	0	-263,982	-256,987	-340,862	1,901,071
Fire and natural forces insurance	43,487,374	630	-129,842	-753,002	-4,710,921	37,894,239
Other damage to property insurance	71,466,410	181,023	-349,858	-338,752	-8,545,192	62,413,631
Motor TPL insurance	98,128,200	9,430	0	-2,832,850	-3,807,640	91,497,140
Aircraft liability insurance	432,888	0	0	0	-274,564	158,324
Marine liability insurance	650,939	0	-134,064	-1,549	-64,183	451,143
General liability insurance	18,794,061	39,072	-353,558	-258,410	-5,040,228	13,180,937
Credit insurance	15,341,279	0	0	-9,211,904	-3,063,238	3,066,137
Suretyship insurance	1,027,266	0	0	-366,207	-19,165	641,894
Miscellaneous financial loss insurance	1,774,640	0	0	-261,589	-670,236	842,815
Legal expenses insurance	76,947	0	-4,905	-191	-4,561	67,290
Travel assistance insurance	13,910,147	0	0	-23,912	-191,347	13,694,888
Total non-life insurance	542,669,270	270,798	-1,871,989	-18,374,782	-31,431,285	491,262,012
LIFE INSURANCE						
Life insurance	111,517,084	0	-736,112	0	-239,544	110,541,428
Wedding insurance or birth insurance	0	0	0	0	0	0
Unit-linked life insurance	56,627,021	0	0	0	0	56,627,021
Tontines	0	0	0	0	0	0
Capital redemption insurance	4,656,031	0	0	0	0	4,656,031
Loss of income due to illness	78,146	0	0	0	0	78,146
Total life insurance	172,878,282	0	-736,112	0	-239,544	171,902,626
TOTAL	715,547,552	270,798	-2,608,101	-18,374,782	-31,670,829	663,164,638

¹¹⁰ Gross claims paid also include gross claims paid from inward reinsurance and equalisation scheme expenses for supplemental health insurance.

Triglav Group 2019	in EUR			
	Gross claims	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

Zavarovalnica Triglav 2020	Gross claims	Gross claims paid from coinsurance	Coinsurers' shares	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE						
Accident insurance	11,267,844	0	-47,119	-8,628	-309,677	10,902,420
Health insurance	425,255	0	-7,392	0	0	417,863
Land motor vehicle insurance	79,748,505	0	0	-2,200,346	-3,847,129	73,701,030
Railway insurance	682,153	0	0	-69,689	0	612,464
Aircraft insurance	83,613	0	0	0	-2,232	81,381
Marine Insurance	240,445	-222,792	0	0	-4,678	12,975
Cargo insurance	1,662,070	0	-263,982	-167,069	-219,674	1,011,345
Fire and natural forces insurance	21,269,591	415	-126,254	-672,477	-3,189,052	17,282,223
Other damage to property insurance	47,415,587	0	-32,158	-315,089	-10,219,661	36,848,679
Motor TPL insurance	65,884,921	0	0	-1,640,304	-4,620,762	59,623,855
Aircraft liability insurance	70,596	0	0	0	-22,721	47,875
Marine liability insurance	333,012	0	-134,064	-20	-546	198,382
General liability insurance	16,334,883	9,013	-254,778	-200,165	-5,133,259	10,755,694
Credit insurance	13,685,542	0	0	-8,976,231	-2,021,059	2,688,252
Suretyship insurance	525,975	0	0	-364,908	17,487	178,554
Miscellaneous financial loss insurance	994,852	0	0	-261,589	-444,954	288,309
Legal expenses insurance	76,844	0	-4,905	-191	-4,069	67,679
Travel assistance insurance	12,449,520	0	0	-23,330	-554,217	11,871,973
Total non-life insurance	273,151,208	-213,364	-870,652	-14,900,037	-30,576,201	226,590,954
LIFE INSURANCE						
Life insurance	96,431,880	0	-3,704	0	-238,284	96,189,892
Wedding insurance or birth insurance	0	0	0	0	0	0
Unit-linked life insurance	49,152,423	0	0	0	-248	49,152,175
Tontines	0	0	0	0	0	0
Capital redemption insurance	4,656,031	0	0	0	0	4,656,031
Loss of income due to illness	0	0	0	0	0	0
Total life insurance	150,240,334	0	-3,704	0	-238,532	149,998,098
TOTAL	423,391,542	-213,364	-874,356	-14,900,037	-30,814,733	376,589,052

Zavarovalnica Triglav 2019	in EUR			
	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

4.9 Reinsurance result

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Reinsurance premiums	-154,485,509	-131,012,070	-137,934,206	-119,532,753
Changes in reinsurers' share of unearned premiums	4,631,215	11,525,751	4,279,206	7,831,333
Reinsurers' share of claims	31,670,829	35,091,378	30,814,733	31,591,798
Changes in claims provisions for reinsurers' shares	17,398,877	1,525,318	3,190,962	2,708,631
Net result from reinsurance operations	-100,784,588	-82,869,623	-99,649,305	-77,400,991
Reinsurance commission	30,584,803	22,013,759	26,633,336	19,792,511
GROSS REINSURANCE RESULT	-70,199,785	-60,855,864	-73,015,969	-57,608,480

4.10 Change in other insurance-technical provisions

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Change in other insurance technical provisions	62,636,591	59,308,589	13,449,956	22,338,141
– changes in gross provisions for cancellations	1,602,164	61,201	-42,822	113,200
– changes in gross provisions for unexpired risks	16,740,058	560,277	-356,632	152,440
– changes in gross provisions for other catastrophic risks	0	0	0	0
– changes in gross provisions for life insurance	43,781,010	58,327,494	13,336,051	21,712,883
– changes in gross provisions for bonuses from with-profits life insurance	513,359	359,618	513,359	359,618
Change in gross provisions for unit-linked insurance contracts	25,492,453	69,205,056	13,270,367	57,140,018
TOTAL CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	88,129,043	128,513,645	26,720,323	79,478,159

4.11 Expenses for bonuses and discounts

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Settled bonuses and discounts	13,057,497	11,150,325	11,257,539	10,203,376
Changes in gross provisions for bonuses and discounts	8,292,779	410,933	4,771,959	-481,855
TOTAL EXPENSES FOR BONUSES AND DISCOUNTS	21,350,276	11,561,258	16,029,498	9,721,522

4.12 Acquisition costs and other operating expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Acquisition costs	163,528,966	162,566,584	113,568,435	110,868,380
Other operating costs	77,383,769	81,886,268	42,336,182	47,037,785
Claim handling costs*	26,966,051	26,992,891	20,290,917	20,486,350
Costs of asset management**	4,469,706	2,797,563	3,755,314	2,101,461
Operating expenses from non-insurance operations***	34,397,927	31,025,419	0	0
TOTAL	306,746,419	305,268,725	179,950,848	180,493,976

* 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

Triglav Group 2020						in EUR	
	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non- insurance operations	TOTAL	
Acquisition costs	38,319,942	10,907,545	1,798,039	51,025,526	0	51,025,526	
Cost of goods sold	0	0	0	0	11,179	11,179	
Depreciation of operating assets	14,243,202	2,711,218	874,375	17,828,795	3,437,310	21,266,105	
Labour costs	115,594,332	20,376,522	5,728,067	141,698,921	15,016,892	156,715,813	
Wages and salaries	80,992,241	14,332,568	4,334,405	99,659,214	10,570,013	110,229,227	
Social security and pension insurance costs	17,898,066	2,958,614	722,094	21,578,774	2,764,797	24,343,571	
Other labour costs	16,704,025	3,085,340	671,568	20,460,933	1,682,082	22,143,015	
Costs of services provided by natural persons other than SPs, including related taxes	952,434	82,047	174,288	1,208,769	0	1,208,769	
Other operating costs	48,679,515	5,682,633	6,224,333	60,586,481	15,932,546	76,519,027	
Costs of entertainment, advertising, trade shows	13,198,936	331,830	805,092	14,335,858	1,216,004	15,551,862	
Costs of material and energy	5,330,197	522,923	458,225	6,311,345	1,606,865	7,918,210	
Maintenance costs	7,865,885	1,431,081	2,475,266	11,772,232	1,233,029	13,005,261	
Reimbursement of labour-related costs	2,275,896	83,910	51,619	2,411,425	566,538	2,977,963	
Costs of intellectual and personal services	2,975,299	706,620	543,555	4,225,474	771,897	4,997,371	
Membership fees and charges	1,981,163	325,732	118,160	2,425,055	685,948	3,111,003	
Costs of services - transport and communications	3,222,317	294,875	1,070,552	4,587,744	119,109	4,706,853	
Costs for insurance premiums	766,039	64,142	2,335	832,516	30,114	862,630	
Payment transaction costs and banking services	1,142,426	244,725	284,354	1,671,505	3,994,310	5,665,815	
Rents	3,505,396	383,959	8,036	3,897,391	694,454	4,591,845	
Costs of professional training services	687,076	144,857	79,752	911,685	81,141	992,826	
Other costs of services	5,728,885	1,147,979	327,387	7,204,251	4,933,137	12,137,388	
TOTAL OPERATING EXPENSES	217,789,425	39,759,965	14,799,102	272,348,492	34,397,927	306,746,419	

Triglav Group 2019						in EUR	
	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					
	2020			2019		
Zavarovalnica Triglav	Non-life insurance	Life insurance	TOTAL	Non-life insurance	Life insurance	TOTAL
Acquisition costs	19,994,366	8,556,361	28,550,727	20,537,251	8,221,864	28,759,115
Depreciation of operating assets	9,853,276	2,291,994	12,145,270	9,306,961	1,860,782	11,167,743
Labour costs	85,276,081	16,037,554	101,313,635	84,468,319	15,405,513	99,873,832
Wages and salaries	60,851,633	11,482,384	72,334,017	59,446,002	10,792,080	70,238,082
Social security and pension insurance costs	10,079,291	1,921,461	12,000,752	10,000,710	1,836,307	11,837,017
Other labour costs	14,345,157	2,633,709	16,978,866	15,021,607	2,777,126	17,798,733
Costs of services provided by natural persons other than SPs, including related taxes	251,240	38,729	289,969	303,626	46,290	349,916
Other operating costs	29,707,071	7,944,175	37,651,247	31,302,758	9,040,612	40,343,370
Costs of entertainment, advertising, trade shows	5,972,357	1,635,219	7,607,576	6,314,611	2,284,236	8,598,847
Costs of material and energy	3,075,760	706,784	3,782,544	2,702,111	723,768	3,425,879
Maintenance costs	6,978,768	1,844,267	8,823,035	7,602,688	2,025,071	9,627,759
Reimbursement of labour-related costs	1,929,367	246,108	2,175,475	2,946,849	413,787	3,360,636
Costs of intellectual and personal services	1,487,234	584,790	2,072,024	1,475,483	487,897	1,963,380
Membership fees and charges	1,082,657	298,011	1,380,668	1,306,399	321,967	1,628,366
Costs of services - transport and communications	2,145,947	832,750	2,978,697	2,143,568	929,081	3,072,649
Costs for insurance premiums	353,686	25,631	379,318	302,748	24,556	327,304
Payment transaction costs and banking services	775,856	443,128	1,218,984	1,096,078	602,093	1,698,171
Rents	2,485,320	539,378	3,024,699	1,827,225	388,833	2,216,058
Costs of professional training services	603,519	161,427	764,946	725,103	177,098	902,201
Other costs of services	2,816,600	626,681	3,443,281	2,859,895	662,225	3,522,120
TOTAL OPERATING EXPENSES	145,082,034	34,868,813	179,950,848	145,918,915	34,575,061	180,493,976

In addition to the above-stated amount of EUR 72,334,017 (vs. EUR 70,238,082 in 2019), total wages and salaries include employee bonuses based on performance results in 2020 in the total amount of EUR 10,931,618 (vs. EUR 9,094,941 in 2019). Total costs for wages and salaries in 2020 thus amount to EUR 83,265,635 (vs. EUR 79,333,023 in 2019).

Total costs of Zavarovalnica Triglav for the above-mentioned item, including taxes and other contributions chargeable to the employer, amount to EUR 12,691,608 and are disclosed as other expenses (2019: EUR 10,559,226).

4.12.2 Gross operating expenses by nature and function

Triglav Group 2020						in EUR	
	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non- insurance operations	TOTAL	
Acquisition costs	51,025,526	0	0	0	0	51,025,526	
Cost of goods sold	0	0	0	0	11,179	11,179	
Depreciation of operating assets	8,601,074	2,126,914	344,758	6,756,049	3,437,310	21,266,105	
Labour costs	74,524,632	19,586,339	2,923,688	44,664,262	15,016,892	156,715,813	
Wages and salaries	53,707,688	13,592,289	2,145,447	30,213,790	10,570,013	110,229,227	
Social security and pension insurance costs	10,991,819	3,043,413	417,814	7,125,728	2,764,797	24,343,571	
Other labour costs	9,825,125	2,950,637	360,427	7,324,744	1,682,082	22,143,015	
Costs of services provided by natural persons other than SPs, including related taxes	390,142	376,434	10,095	432,098	0	1,208,769	
Other operating costs	28,987,592	4,876,364	1,191,165	25,531,360	15,932,546	76,519,027	
Costs of entertainment, advertising, trade shows	11,977,021	42,029	21,221	2,295,587	1,216,004	15,551,862	
Costs of material and energy	3,229,120	908,908	73,927	2,099,390	1,606,865	7,918,210	
Maintenance costs	3,387,535	971,128	296,013	7,117,556	1,233,029	13,005,261	
Reimbursement of labour-related costs	2,063,867	80,429	28,512	238,617	566,538	2,977,963	
Costs of intellectual and personal services	765,710	445,557	226,501	2,787,706	771,897	4,997,371	
Membership fees and charges	688,597	168,841	48,108	1,519,509	685,948	3,111,003	
Costs of services - transport and communications	2,202,526	487,817	58,273	1,839,128	119,109	4,706,853	
Costs for insurance premiums	304,939	76,247	13,901	437,429	30,114	862,630	
Payment transaction costs and banking services	253,351	5,860	134,380	1,277,914	3,994,310	5,665,815	
Rents	1,529,852	552,573	43,547	1,771,419	694,454	4,591,845	
Costs of professional training services	343,119	81,741	82,443	404,382	81,141	992,826	
Other costs of services	2,241,955	1,055,234	164,339	3,742,723	4,933,137	12,137,388	
TOTAL OPERATING EXPENSES	163,528,966	26,966,051	4,469,706	77,383,769	34,397,927	306,746,419	

Triglav Group 2019						in EUR	
	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	

Zavarovalnica Triglav 2020	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	in EUR
					TOTAL
Acquisition costs	28,550,727	0	0	0	28,550,727
Depreciation of operating assets	7,031,753	1,767,164	283,711	3,062,642	12,145,270
Labour costs	57,511,190	15,240,239	2,473,568	26,088,638	101,313,635
Wages and salaries	41,937,127	10,760,110	1,837,744	17,799,035	72,334,017
Social security and pension insurance costs	6,969,474	1,786,287	312,845	2,932,147	12,000,752
Other labour costs	8,604,589	2,693,842	322,979	5,357,456	16,978,866
Costs of services provided by natural persons other than SPs, including related taxes	20,379	195,592	6,230	67,769	289,969
Other operating costs	20,454,386	3,087,923	991,805	13,117,133	37,651,247
Costs of entertainment, advertising, trade shows	7,462,609	17,480	14,864	112,624	7,607,576
Costs of material and energy	2,049,043	693,558	59,288	980,656	3,782,544
Maintenance costs	2,969,546	774,217	277,386	4,801,886	8,823,035
Reimbursement of labour-related costs	2,028,422	41,047	21,925	84,081	2,175,475
Costs of intellectual and personal services	458,994	122,632	209,653	1,280,746	2,072,024
Membership fees and charges	586,542	147,847	45,823	600,456	1,380,668
Costs of services - transport and communications	1,910,654	376,242	50,538	641,263	2,978,697
Costs for insurance premiums	80,395	33,535	3,009	262,379	379,318
Payment transaction costs and banking services	392,786	621	121,410	704,167	1,218,984
Rents	1,022,141	348,547	34,263	1,619,748	3,024,699
Costs of professional training services	280,487	74,143	79,188	331,127	764,946
Other costs of services	1,212,768	458,055	74,458	1,698,000	3,443,281
TOTAL OPERATING EXPENSES	113,568,435	20,290,917	3,755,314	42,336,182	179,950,848

Zavarovalnica Triglav 2019	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	in EUR
					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

4.13 Other expenses from insurance operations

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Fee and commission expenses	30,320,683	23,732,270	11,318,836	3,976,854
Expenses from impairment of insurance receivables and write-offs	5,221,362	4,481,382	3,298,341	2,658,427
Fire tax	4,741,187	4,465,062	4,400,360	4,088,719
Expenses of preventive activity	3,374,643	2,421,801	2,773,516	1,805,266
Contributions for claims from uninsured or unidentified vehicles	2,241,966	2,036,902	766,364	766,364
Supervisory authority fees	1,786,795	1,617,379	907,241	866,690
Other net insurance expenses	3,836,751	4,810,514	843,379	788,387
OTHER EXPENSES FROM INSURANCE OPERATIONS	51,523,387	43,565,310	24,308,038	14,950,707

4.14 Other expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Financial expenses	2,937,501	3,098,502	2,578,946	2,867,130
Interest expenses for bonds issued	2,351,604	2,504,904	2,460,276	2,691,945
Lease interest expenses	512,481	554,387	65,395	76,026
Other financing expenses	73,416	39,211	53,275	99,159
Other expenses	54,371,221	51,435,454	17,780,733	14,946,882
Operating expenses of non-insurance companies	32,184,037	30,092,616	0	0
Employee and Management Board bonuses	14,699,072	12,133,664	12,691,608	10,559,226
Expenses from impairment of investment property	697,313	2,415,650	653,340	164,017
Other investment property expenses	2,312,787	2,325,240	2,829,442	2,775,195
Depreciation of investment property	1,400,196	1,385,473	965,361	904,388
Depreciation of right of use assets	43,190	43,190	43,190	43,190
Loss from investment property disposal	207,679	18,301	1,685	0
Expenses from reversal of impairment of other receivables	117,257	536,735	39,272	45,606
Expenses from disposal of property, plant and equipment	23,488	33,072	16,116	10,329
Expenses from disposal of intangible assets	70,809	30,782	70,809	30,782
Expenses from impairment of real property used for ordinary activities	314,377	0	132,467	0
Expenses from impairment of intangible assets	783,164	0	0	0
Other expenses	1,517,852	2,420,731	337,444	414,149
TOTAL OTHER EXPENSES	57,308,722	54,533,956	20,359,679	17,814,012

Expenses from impairment of intangible assets are shown in [Section 3.1](#).

4.15 Income tax expense

4.15.1 Tax expense in the income statement

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Current tax expense	-18,092,759	16,731,029	13,627,538	13,481,140
Deferred tax expense	854,175	341,769	-555,211	516,051
TOTAL TAX EXPENSE IN THE INCOME STATEMENT	-17,238,584	17,072,798	13,072,327	13,997,191

4.15.2 Tax expense in other comprehensive income

Triglav Group	2020			2019			in EUR
	Before tax	Tax	After tax	Before tax	Tax	After tax	
	Profit from increase in fair value of available for sale financial assets	27,824,231	-8,163,206	19,661,025	29,429,816	-7,207,343	22,222,473
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-17,577,840	3,339,790	-14,238,050	-4,944,885	939,528	-4,005,357	
Actuarial gains/losses	-281,989	0	-281,989	-351,094	0	-351,094	
Translation differences	-556,570	0	-556,570	137,442	0	137,442	
TOTAL OTHER COMPREHENSIVE INCOME	9,407,832	-4,823,416	4,584,416	24,271,279	-6,267,815	18,003,464	

Zavarovalnica Triglav	2020			2019			in EUR
	Before tax	Tax	After tax	Before tax	Tax	After tax	
	Profit from increase in fair value of available-for-sale financial assets	27,765,868	-7,719,483	20,046,385	14,214,278	-3,316,420	10,897,858
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-17,577,840	3,339,790	-14,238,050	-4,944,885	939,528	-4,005,357	
Actuarial gains /losses	-283,076	0	-283,076	-309,508	0	-309,508	
TOTAL OTHER COMPREHENSIVE INCOME	9,904,952	-4,379,693	5,525,259	8,959,885	-2,376,892	6,582,993	

4.15.3 Reconciliation between tax expense and accounting profit

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Accounting profit	90,903,282	100,937,227	71,069,966	84,611,607
Income tax rate - tax rate average of several countries	19.88%	19.39%	19%	19%
Accounting profit multiplied by tax rate	18,068,868	19,567,913	13,503,293	16,076,205
Tax effect of income deductible for tax purposes	-1,718,025	-1,715,820	-1,251,616	-1,348,982
Tax effect of income added for tax purposes	225,864	192,147	0	0
Tax effect on the reduction in expenses not deductible for tax purposes	4,083,688	1,717,579	2,266,047	627,370
Tax relief	-3,086,668	-2,338,768	-1,468,155	-1,398,032
Previously unrecognized deferred taxes	-365,535	-385,249	0	0
Other tax effects	30,392	35,106	22,758	40,629
TOTAL TAX EXPENSE	17,238,584	17,072,908	13,072,327	13,997,190
Effective tax rate ¹¹¹	18.96%	16.91%	18.39%	16.54%
Final liabilities for corporate income tax	18,092,759	16,731,029	13,627,538	13,481,140

In accordance with the Corporate Income Tax Act (ZDDPO-2), the applicable tax rate in Slovenia was 19% in 2020, 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 2.12](#).

The Company has no unused tax loss; at the Group level it amounted to EUR 20.3 million as at 31 December 2020 (compared to EUR 21.8 million as at 31 December 2019).

¹¹¹ In the data of the Triglav Group, the average of all countries was taken into account in the corporate income tax rate.

5. Other information

5.1 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 2020	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec. 2020	151,243,025	0	71,920,377	223,163,402
Debt securities	31 Dec. 2020	1,506,407,355	896,900,735	0	2,403,308,090
Derivative financial instruments	31 Dec. 2020	0	113,301	0	113,301
Unit-linked insurance assets	31 Dec. 2020	449,327,642	52,461,780	19,558	501,808,980
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec. 2020	0	0	101,997,495	101,997,495
Land and buildings for investment activities	31 Dec. 2020	0	0	97,660,730	97,660,730
Debt securities (HTM)	31 Dec. 2020	18,331,006	188,553,736	0	206,884,742
Deposits with banks	31 Dec. 2020	0	71,987,450	0	71,987,450
Loans given	31 Dec. 2020	0	4,220,386	0	4,220,386
Debt securities (L&R)	31 Dec. 2020	0	6,364,204	0	6,364,204
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec. 2020	0	51,792,521	0	51,792,521

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

Zavarovalnica Triglav					in EUR
As at 31 December 2020	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec. 2020	49,571,409	0	65,981,498	115,552,906
Debt securities	31 Dec. 2020	1,226,158,197	460,904,372	0	1,687,062,569
Derivative financial instruments	31 Dec. 2020	0	113,301	0	113,301
Unit-linked insurance assets	31 Dec. 2020	397,371,769	44,920,719	0	442,292,488
Investments in associates	31 Dec. 2020	0	0	31,337,951	31,337,951
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec. 2020	0	0	64,855,528	64,855,528
Land and buildings for investment activities	31 Dec. 2020	0	0	59,837,722	59,837,722
Debt securities (HTM)	31 Dec. 2020	11,001,264	175,082,197	0	186,083,461
Deposits with banks	31 Dec. 2020	0	19,432,104	0	19,432,104
Loans given	31 Dec. 2020	0	8,109,920	0	8,109,920
Debt securities (L&R)	31 Dec. 2020	0	6,364,204	0	6,364,204
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec. 2020	0	51,792,521	0	51,792,521

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

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		Level 2
BLOOMBERG BVAL				
Debt securities – companies, financial institutions and government	Cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		Level 2
INTERNAL APPRAISERS				
Debt securities - government	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency); credit spread between 0% and 0.69%	Level 2
Debt securities - companies and financial institutions	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency); credit spread between 0.91% and 4.49%	Level 2
Equity securities	Cash flow discounting	g (growth rate during constant growth period)	2%	Level 3
		EBIT margin (constant growth period)	1% - 35.9%	
		Discount rate	10.98% - 12.77% for start ups	
		Lack of marketability discount	6.5% - 23%	
		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

5.1.3 Financial assets classified into Level 3

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Value as at 1 January	61,061,888	35,999,032	73,739,170	47,019,220
Purchases	11,361,478	29,929,720	41,966,244	30,842,619
Disposals	-1,361,924	-7,103,994	-1,327,017	-6,475,694
Revaluation through profit or loss	-505,908	-20,775	-400,386	0
Revaluation in other comprehensive income	1,091,073	2,681,708	1,395,463	2,353,024
Transfers from/to other levels	0	-422,558	0	0
Acquisition	299,404	0	0	0
Foreign exchange differentials	-6,076	-1,245	0	0
Value as at 31 December	71,939,935	61,061,888	115,373,474	73,739,170

The value of financial assets classified into Level 3 increased in 2020 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 5.8 million. Among disposals, which fully represent payments received from venture capital funds, most payouts originated from AMC IV in the amount of EUR 0.7 million. Revaluation is primarily 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.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Non-marketable assets (Level 3)	71,939,935	61,061,888	65,981,498	55,685,145
Estimated value deviation-/+	-11,989,589/7,987,555	-10,344,834/7,145,254	-11,236,448/7,451,002	-9,776,996/6,447,385
Equity investment in associates	28,237,714	13,154,397	31,337,951	18,054,025
Estimated value deviation-/+	-4,235,657/4,235,657	-1,973,157/1,973,157	-7,785,294/4,184,099	-1,389,341/368,894

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Reclassification from level 1 to level 2	115,643,909	69,235,699	84,685,126	55,945,228
Reclassification from level 2 to level 1	452,418,713	291,060,269	322,307,603	238,555,889

In 2020, the method of measuring fair value did not change. Reclassifications between levels were a result of market factors. At the end of 2020, some financial assets showed greater liquidity and depth of the market than at the end of 2019, 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.

5.2 Additional notes to the cash flow statement

in EUR

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. Cash flows from financing activities in 2019 include expenses for interest and principal payments from leases. In 2020, 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	
	2020	2019	2020	2019
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a. Income statement items	125,392,511	91,179,693	43,160,418	31,051,477
Net written premium for the period	1,119,644,973	1,075,625,420	581,321,664	582,599,216
Investment income (excluding financial income)	18,201,062	24,277,722	9,606,634	11,669,749
Other operating income (excluding revaluation and provisions reductions) and financial income from operating receivables	34,516,215	43,070,868	9,946,221	10,445,796
Net claims paid for the period	-686,447,305	-687,175,444	-376,589,051	-393,708,934
Bonuses and discounts paid	-12,999,285	-12,209,631	-11,257,539	-10,203,376
Net operating expenses excluding depreciation costs and change in deferred acquisition costs	-257,874,524	-255,951,926	-127,492,924	-130,532,605
Investment expenses (excluding depreciation and financial expenses)	-9,172,145	-8,164,999	-6,925,520	-5,331,552
Other operating expenses excluding depreciation (other than revaluation and excluding the increase in provisions)	-64,388,961	-71,184,276	-22,974,043	-19,373,055
Corporate income tax and other taxes excluded from operating expenses	-16,087,519	-17,108,041	-12,475,023	-14,513,762
b. Changes in net operating current assets – operating balance sheet items	-6,336,992	-882,254	-4,635,089	-297,987
Changes in operating receivables from direct insurance operations	8,086,404	-9,855,418	68,733	-6,458,904
Changes in receivables from reinsurance operations	-16,107,791	-7,317,799	-2,577,417	937,934
Changes in other receivables from (re)insurance operations	-8,242,089	-3,735,330	-2,367,792	-1,819,040
Changes in other receivables and assets	1,115,863	-4,155,344	-557,237	703,234
Changes in deferred tax assets	-772,947	431,650	0	0
Changes in inventories	60,592	-58,436	24,385	-49,146
Changes in liabilities from direct insurance operations	-4,891,037	1,779,437	-3,602,591	2,932,659
Changes in liabilities from reinsurance operations	4,569,364	10,148,782	4,515,110	1,489,129
Changes in other operating liabilities	-9,988,588	330,405	-244,394	-300,429
Changes in other liabilities (other than unearned premium)	20,185,037	6,236,683	106,113	2,266,576
Changes in deferred tax liabilities	-351,800	5,313,116	0	0
c. Net cash from/(used in) operating activities (a + b)	119,055,519	90,297,439	38,525,329	30,753,490
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a. Cash inflows from investing activities	1,361,243,567	1,469,286,636	1,132,256,197	1,198,898,504
Cash inflows from interest received from investing activities	43,998,453	65,980,623	28,815,764	36,683,169
Cash inflows from dividends and profit sharing	5,248,223	5,037,378	3,801,801	7,206,057
Cash inflows from disposal of intangible assets	132,562	71,871	12,562	30,782
Cash inflows from disposal of plant, property and equipment	3,005,255	7,961,376	414,273	1,404,653
Cash inflows from disposal of financial investments	1,308,859,074	1,390,235,388	1,099,211,797	1,153,573,843
– Cash inflows from disposal of investments in subsidiaries and other companies	0	2,340,104	0	0
– Other cash inflows from disposal of financial investments	1,308,859,074	1,387,895,284	1,099,211,797	1,153,573,843
b. Cash outflows from investing activities	-1,445,191,950	-1,540,674,760	-1,149,365,270	-1,210,737,724
Cash outflows for acquisition of intangible assets	-9,126,252	-5,182,272	-7,711,934	-3,282,390
Cash outflows for acquisition of property, plant and equipment	-13,601,854	-13,134,912	-7,310,866	-8,068,006
Cash outflows for acquisition of financial investments	-1,422,463,844	-1,522,357,576	-1,134,342,470	-1,199,387,328
– Cash outflows for acquisition of investments in subsidiaries and other companies	-14,948,951	-1,149,098	-14,900,000	-4,094,671
– Other cash outflows for acquisition of financial investments	-1,407,514,893	-1,521,208,478	-1,119,442,470	-1,195,292,657
c. Net cash from/(used in) investing activities (a + b)	-83,948,383	-71,388,124	-17,109,073	-11,839,220
C. CASH FLOWS FROM FINANCING ACTIVITIES				
a. Cash inflows from financing activities	0	49,367,159	0	49,367,159
Cash inflows from paid-in capital	0	0	0	0
Cash inflows from long-term loans received (issued bond)	0	49,367,159	0	49,367,159
Cash inflows from short-term loans received	0	0	0	0
b. Cash outflows for financing activities	-29,035,063	-62,882,638	-25,224,146	-60,167,804
Cash outflows for interest paid	-3,982,947	-2,829,914	-3,513,302	-2,351,553
Cash outflows for purchase of treasury shares	0	0	0	0
Cash outflows for capital repayment	0	0	-20,628,000	0
Cash outflows for payments of long-term financial liabilities	-21,620,132	-240,011	-1,082,844	0
Cash outflows for payments of short-term financial liabilities	-3,431,984	-3,035,142	0	-977,954
Cash outflows for dividends and profit sharing	0	-56,777,571	0	-56,838,297
c. Net cash from/(used in) financing activities (a + b)	-29,035,063	-13,515,479	-25,224,146	-10,800,645
D. Closing balance of cash and cash equivalents	81,899,664	75,869,775	22,304,222	26,112,112
E1. Net cash flow for the period	6,072,073	5,393,836	-3,807,890	8,113,625
E2. External acquisition	0	2,862,910	0	0
E3. Exchange rate differences	-42,184	11,369	0	0
F. Opening balance of cash and cash equivalents	75,869,775	67,601,660	26,112,112	17,998,487

5.3 Amounts spent on auditors

The audit of the stand-alone and consolidated financial statements for 2020 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	
	2020	2019	2020	2019
Auditing of the Annual Report	545,478	482,355	174,277	122,720
Other auditing services	0	3,767	0	0
Other assurance services	1,501	0	0	0
Other non-auditing services	3,900	1,619	0	0
TOTAL	550,879	487,741	174,277	122,720

5.4 Government grants

The following are government grants received by the Company in the form of:

- COVID-19-related aid granted by an individual country to contain the COVID-19 epidemic;
- incentives for the employment of specific categories of workers;
- funds obtained through public tenders, both for co-financing costs and for the purchase of specific assets;
- reimbursements of labour costs by the state.

	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
COVID-related government grants	381,467	0	77,169	0
State incentives for the employment of specific categories of workers	212,831	225,732	198,242	218,333
Funds obtained through public tenders	55,473	9,908	36,773	5,408
Reimbursement of labour costs by the state	2,379,066	2,177,451	1,774,333	1,621,966
TOTAL	3,028,836	2,413,091	2,086,517	1,845,707

The grants related to assets are recognised as income and the remaining grants reduce the costs they are intended to compensate.

5.5 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 2020, there were 41 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

The Company's business cooperation with the two largest shareholders and the state-related companies is limited to regular business cooperation. In 2020, there were no material transactions with the two largest shareholders. The only material transaction in 2019 was the payment of dividends for 2018. The two shareholders received dividends 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.

The Company's business cooperation with the two largest shareholders and the state-related companies is limited to regular business cooperation. In 2020, there were no material transactions with the two largest shareholders. The only material transaction in 2019 was the payment of dividends for 2018. The two shareholders received dividends 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.

There were no material individual transactions with other state-related companies in the reporting period. 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 2020	31 December 2019
ASSETS		
Stakes and shares	132,337,466	134,938,667
Debt securities and loans given to members of the Group	6,610,381	8,205,916
Right of use assets	827,255	894,363
Insurance premium receivables from policyholders	15,620	16,117
Co-insurance receivables	0	0
Re-insurance receivables	6,778,184	2,658,012
Receivables for co-insurer's share in claims	197	2,207
Receivables for reinsurer's share in claims	5,221,704	6,516,400
Other short-term receivables from insurance operations	82,267	20,131
Short-term receivables from financing	46,152	27,743
Other short-term receivables	730,317	787,779
Short-term deferred expenses	61,969	31,010
LIABILITIES		
Liabilities to policyholders	0	1,924
Liabilities to agents and brokers	368,827	389,637
Liabilities to insurances for co-insurance premium	22,377	20,523
Liabilities for reinsurance premiums	9,594,905	8,769,818
Liabilities for shares in claims from co-insurance	0	0
Liabilities for shares in claims from re-insurance	4,510,857	488,063
Lease liabilities	851,981	905,208
Other short-term liabilities	153,503	348,599

	in EUR	
	2020	2019
INCOME AND EXPENSES		
Gross written premium and active reinsurance premium	29,560,612	17,989,584
Assumed co-insurance written premium	0	0
Outward re-/co-insurance premium (-)	-73,313,592	-65,341,032
Net premium income	-43,752,980	-47,351,448
Re-/co-insurance commission income	15,558,263	14,291,836
Fee and commission income	3,382,602	0
Other income from insurance operations	1,202,346	4,438,250
Interest income	294,441	427,211
Other insurance income	1,150,055	1,498,150
Income from land and buildings	687,336	738,458
Other income	473,282	374,487
Dividends	0	3,172,950
Other income from financial assets	8,203	1,290
TOTAL INCOME	-20,996,452	-22,408,816
Gross claims settled	8,242,296	5,026,827
Re-/co-insurers' share in gross claims	-22,517,380	-21,114,777
Shares in indemnities from assumed co-insurances abroad	0	0
Net claims	-14,275,084	-16,087,950
Expenses for reinsurance premiums	4,575,494	1,914,849
Loss on disposal from financial assets	0	0
Other financial expenses	12,537	195,478
Other expenses	0	0
Interest expenses	22,561	23,499
TOTAL EXPENSES	-9,664,492	-13,954,124

Transactions with associates

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
ASSETS				
Stakes and shares	28,237,714	13,154,379	31,337,951	18,054,026
Insurance premium receivables from policyholders	5,096	1,511	4,932	1,380
LIABILITIES				
Liabilities to policy holders	27	27	0	0
Liabilities to agents and brokers	7,319	5,902	7,176	5,421
Other short-term liabilities	312	312	0	0
Accrued costs and expenses	450	1,182	0	0

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
INCOME AND EXPENSES				
Gross written premium	79,433	39,745	77,115	37,564
Income from dividends and stakes	0	0	0	40,988
Income from land and buildings	0	0	0	0
Gains on the sale of securities	0	560,414	0	0
TOTAL INCOME	79,433	600,159	77,115	78,552
Gross claims settled	2,648	24,069	2,648	24,069
Acquisition costs	2,829	5,844	0	0
Other operating expenses	0	0	0	0
TOTAL EXPENSES	5,477	29,913	2,648	24,069

Transactions with shareholders and shareholder-related companies

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019
ASSETS				
Stakes and shares	15,885,929	17,774,246	15,750,155	17,747,194
Debt securities	106,249,828	104,733,200	76,143,968	75,690,601
Operating receivables	691	68,734	671	68,729
Re-insurance receivables	14,622	25,135	14,622	25,135
Other assets	7,407,070	4,940,534	0	0
LIABILITIES				
Operating liabilities	770,856	1,849,508	580,942	1,506,890
Re-insurance liabilities	7,887	9,840	7,887	9,840

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
INCOME				
Gross written premium	14,242,528	20,182,072	14,242,528	20,182,072
Financial income	2,742,285	4,143,817	1,788,768	3,363,589
Other income	44,747	109,203	36,101	106,426
EXPENSES				
Gross claims settled	7,673,384	7,462,243	7,709,586	7,436,835
Financial expenses	334,400	493,356	248,665	317,301
Other expenses	9,609,388	15,362,188	6,332,616	10,552,112

5.6 Members of the Management Board and Supervisory Board

In 2020, 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	186,461	2,081	51,114	79,885	61,329	12,477	1,358
Uroš Ivanc	177,138	2,081	48,559	81,428	43,244	1,078	1,211
Tadej Čoroli	177,138	2,081	48,559	78,945	43,215	7,172	985
Barbara Smolnikar	177,138	2,081	28,764	71,136	42,672	7,874	973
David Benedek	177,138	2,701	8,559	63,155	41,969	9,650	961
Marica Makoter	177,138	2,081	48,559	78,068	43,201	6,636	887
Benjamin Jošar****	0	0	4,365	2,550	0	0	0
TOTAL	1,072,151	13,106	238,479	455,167	275,630	44,887	6,375

* 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.

**** Benjamin Jošar was Management Board member until 2 November, 2017.

As at 31 December 2020, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

	in EUR	
Management board	Receivables as at 31 December 2020	Liabilities as at 31 December 2020
Andrej Slapar	0	73,506
Uroš Ivanc	6	69,838
Tadej Čoroli	30	69,819
Barbara Smolnikar	14	65,962
David Benedek	0	23,494
Marica Makoter	16	69,825
Benjamin Jošar****	0	3,857
TOTAL	66	376,301

**** Benjamin Jošar was Management Board member until 2 November, 2017.

In 2020 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
Andrej Andoljšek	25,166	5,368	0	30,534	22,208
Milan Tomažević	20,202	2,794	0	22,996	16,725
Igor Stebernak	21,787	5,874	0	27,661	20,118
Žiga Škerjanec	21,431	7,942	0	29,373	21,363
Mario Gobbo	19,645	3,234	12,550	35,429	23,339
Nataša Damjanovič	15,056	3,124	0	18,180	13,223
Peter Celar	20,254	7,348	487	28,089	20,430
Branko Gorjan	17,859	2,794	0	20,653	15,021
Igor Zupan	17,859	3,234	0	21,093	15,341
Simon Kolenc *	7,144	1,293	59	8,496	6,178
Boštjan Koler*	3,031	3,454	0	6,485	4,716
TOTAL	189,434	46,459	13,096	248,989	178,662

* 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 under-performance.

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.

5.7 Off balance sheet items

	Triglav Group		Zavarovalnica Triglav		in EUR
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019	
Outstanding subrogated receivables	49,749,916	39,095,779	43,301,366	38,022,409	
Derivatives - futures	12,607,454	0	0	0	
Alternative investments	43,651,573	47,538,801	38,348,369	44,030,995	
Bonds, guarantees and other sureties issued	3,160,942	3,327,108	0	0	
Contingent assets	4,570,811	3,971,417	2,757,155	2,899,401	
Receivables from option agreements	0	3,247,638	0	3,247,638	
Receivables from forward contracts	19,269,103	19,489,247	19,269,103	19,489,247	
Contingent liabilities	332,467	6,787,697	0	0	
Properties under acquisition	8,820	0	0	0	
Assets under management	95,640,312	82,454,303	0	0	
TOTAL OFF-BALANCE SHEET ITEMS	228,991,397	205,911,992	103,675,993	107,689,690	

5.8 Employees

The table below shows the number and educational structure of employees in the Group and Zavarovalnica Triglav.

Education level	Triglav Group		Zavarovalnica Triglav		in EUR
	31. Dec. 2020	31. Dec. 2019	31. Dec. 2020	31. Dec. 2019	
2-5	2,316	2,364	819	844	
6/1	556	562	389	395	
6/2	749	718	426	415	
7	1,476	1,429	516	506	
8/1	198	186	86	84	
8/2	21	22	8	9	
TOTAL	5,316	5,281	2,244	2,253	
Average number of employees	5,259	4,584	2,245	2,267	

5.9 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. Currently, only the dispute over the payment of possible compensation for non-pecuniary damage in the amount of EUR 80,000 is conducted before the District Court of Ljubljana, while the claim regarding the payment of pecuniary damage was referred to the Labour and Social Court of Ljubljana.

Thus, the proceedings Ref. No. I Pd 421/2019 (repeated proceedings) are pending before the Labour and Social Court of Ljubljana, in which the plaintiff requests the payment of compensation for salaries, annual leave allowances, compensation for preventive medical examinations, training, annual insurance premiums and bonuses (amount in dispute: EUR 436,399.42 with all dues). Pursuant to a referral from the Higher Labour and Social Court, the court also has to assess the claims regarding the damages as a consequence of a null and void decision on dismissal from office.

The decision to reject the plaintiff's claim to find unlawful termination of the employment contract and employment relationship and the summons back to work is final and confirmed by the Supreme Court of the Republic of Slovenia (Judgment VIII Ips 105/2018). Matjaž Rakovec'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 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.

The proceedings Ref. No. I Pd 394/2019 (repeated proceedings) in a dispute between Matjaž Rakovec, as the plaintiff, and Zavarovalnica Triglav d.d. as the defendant, for the payment of compensation for salaries and annual leave allowances (the amount in dispute: EUR 75,625.16 with all dues), are still pending before the Labour and Social Court. Pursuant to a referral from the Supreme Court of the

Republic of Slovenia, the court also has to assess the claims regarding the damages as a consequence of a null and void decision on dismissal from office.

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. By a judgment (VIII Ips 13/2020), the Supreme Court of the Republic of Slovenia rejected the plaintiff's petition for a review.

Zavarovalnica Triglav d.d. has made provisions for the purpose of this dispute in the amount of EUR 548,000.

- 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 Dalekovodizgradnja 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 d.d. (which was merged with Zavarovalnica Triglav d.d.), TRIGLAV DZU d.o.o. (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 legal entity linking all the previously mentioned shareholders of the offeree company with their owner, the Republic of Slovenia. In the second half of 2018, Zavarovalnica Triglav d.d. and Triglav Skladi d.o.o., as the plaintiffs, filed a lawsuit against the Commission, as the defendant, before the Cantonal Court in Sarajevo, the subject of which is the annulment of the decision. The aforementioned court has not yet ruled on the administrative dispute referred to in the preceding sentence.

Zavarovalnica Triglav d.d. estimates that the probability of its being finally successful in the administrative dispute (or in possible repeated proceedings before the Commission) is more than 51%, given that according to the expert assessment by the authorised representatives (subject to proper observance of the provisions of local law) of Zavarovalnica Triglav d.d. and Triglav Skladi d.o.o., the mandatory offer threshold was not reached and the Commission did not prove the alleged concerted action of all the above mentioned entities, and that any third party claims on such basis have already become time-barred. Consequently, Zavarovalnica Triglav d.d. and Triglav Skladi d.o.o. did not make provisions for this purpose.

- Triglav, pokojninska družba d.d., as the plaintiff, against the Insurance Supervision Agency, as the defendant, – an administrative dispute

On 27 July 2020, the pension company filed a lawsuit with the Administrative Court against the Insurance Supervision Agency (ISA) for issuing an order to eliminate violations. The order refers to the method of determining pension annuity factors for certain groups of members. The pension company eliminated the alleged violations, but decided to use all legal remedies to protect itself. The ISA filed its response to the lawsuit.

The company has no provisions formed for this dispute, as it fully complies with the Insurance Supervision Agency's order.

- D.S.U. d.o.o., Ljubljana, as the plaintiff, against Triglav, Upravljanje nepremičnin d.o.o., 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.o.o., 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. On 26 August 2020, the Ljubljana Higher Court rejected the appeal and upheld the decision of the first instance court. The proceedings are completed.

- GRADINE inženjering d.d., Pula, as the plaintiff, against Triglav, Upravljanje nepremičnin d.o.o., as the defendant, for the payment of HRK 749 and EUR 138,514 with all dues

In 1989, a contract was concluded with the legal predecessor of Triglav, Upravljanje nepremičnin d.o.o., 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. On 20 May 2020, the Supreme Court of the Republic of Croatia rejected the plaintiff's petition for a review. The proceedings are completed.

- Slovenijales Trgovina d.o.o., as the plaintiff, against Triglav, Upravljanje nepremičnin d.o.o., as the defendant, for the payment of EUR 644,099 with all dues.

The plaintiff claimed a pre-emption right in the sale of real property (office buildings) located in Vižmarje in Ljubljana. For the valid exercise of the pre-emption right, the plaintiff paid the defendant EUR 275,000 as earnest money and EUR 275,000 as the first part of the purchase price. However, after the plaintiff had accepted the defendant's offer to purchase the real estate, paid the earnest money and the first part of the purchase price, and the legal transaction was therefore concluded, it no longer wished to conclude the contract and pay the remaining part of the purchase price. The plaintiff also requested the repayment of the already paid earnest money and the first part of the purchase price. The defendant retained the amounts paid, i.e. EUR 275,000 deposited as earnest money, and set off EUR 275,000 against the plaintiff's counter-liabilities. As the defendant did not return the payments received, the plaintiff filed a claim for the payment of EUR 550,000 (paid-in amounts) and for the payment of EUR 94,099 as damages for non-repayment of the amounts paid. The defendant filed a response to the plaintiff's lawsuit.

The assessment of the plaintiff's possible success in the lawsuit is less than 50%. The company has no provisions formed for this dispute.

- 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. 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, which was postponed twice in 2020; a preparatory hearing is scheduled for 25 February 2021.

- 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 debtor raised an objection and the court referred the parties to litigation. The defendant lodged a counterclaim for the annulment of the reinsurance contract. On the basis of the financial analysis conducted in the procedure, Triglav Osiguranje a.d.o., set the amount of its payment claim to RSD 236,690,436, plus interest from

17 March 2013 onwards, and requested the rejection of the counterclaim for the annulment of the reinsurance contract. On 8 September 2017, the court passed a non-final judgment upholding the claim of Triglav Osiguranje a.d.o., Belgrade, and ordered the defendant to pay RSD 236,690,436, plus the statutory late payment interest from 17 December 2013 onwards. On 27 October 2017, the defendant lodged an appeal, which has not been decided yet.

- Minority shareholders of Triglav Osiguruvanje a.d., Skopje, as the plaintiff, against Zavarovalnica Triglav d.d., and Triglav Osiguruvanje a.d., Skopje, as the defendants

In May 2013, minority shareholders of Triglav Osiguruvanje a.d., Skopje filed a lawsuit for the compensation of damages for breach of the provisions of the put option or call option contract in the amount of slightly less than EUR 2.5 million. Zavarovalnica Triglav d.d. responded to the lawsuit within the prescribed time limit, fully objecting to the claim. The court upheld the objection of Zavarovalnica Triglav d.d., concerning the lack of jurisdiction of the Macedonian court and rejected the plaintiff's appeal, thereby rendering the case final. In the proceedings against Triglav Osiguruvanje a.d., Skopje, the first instance court issued a judgment in favour of Triglav Osiguruvanje a.d., Skopje, rejecting the claim. The plaintiffs lodged an appeal, which was rejected by the second instance court on 25 September 2020 and upheld the judgment of the first instance court.

- Stojan Klopčevski, as the plaintiff, against Triglav Osiguruvanje a.d., Skopje, as the defendant

In April 2012, Stojan Klopčevski, the former general manager of Triglav Osiguruvanje a.d., Skopje, lodged a lawsuit for the compensation of damages in the amount of EUR 2.6 million against the Company. The claim was based on an unlawful decision on the termination of his employment and the resulting loss of the possibility to exercise put option or call option contracts concluded with Zavarovalnica Triglav d.d. The court dismissed the lawsuit on the ground of being deficient on 5 March 2013, then upheld the plaintiff's appeal and remitted the case to the first instance court for retrial. 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 lodged an appeal, which was rejected by the second instance court on 30 September 2020 and upheld the judgment of the first instance court. On 10 December 2020, the plaintiff filed a petition for a review with the Supreme Court, which has not yet ruled thereon.

The company has no provisions formed for this dispute.

5.10 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. The Company implemented all recommendations and eliminated the violations identified in the warning, which was also confirmed by the ISA, which officially completed the review on 15 June 2020.

On 23 June 2020, the ISA issued a warning pursuant to Article 282 of the Insurance Act (ZZavar-1), in which it expressed its position that in the annual report for 2019 the Company did not classify PDPZ (SVPI) contracts as financial contracts, as they could have been classified in accordance with IFRS. In addition, the Company allegedly did not explain in an appropriate manner or within the meaning of IAS 1 the item "unit-linked insurance assets" as well as the manner of presentation of assets and liabilities and income statements of funds, which are kept separately or within the meaning of IAS 1, thereby violating Article 253 of the ZZavar-1 and paragraph one of Article 2 of the Decision on the annual report. The ISA instructed the Company to amend its annual report for 2019 within 30 days of receiving the warning in accordance with the requirements and instructions or to inform the ISA that it will amend its half-yearly report for 2020 and the annual report for 2020 with the abovementioned information. In its response to the warning, the Company partially rejected the ISA's position as unfounded and also stated that if the Ministry of Labour, Family, Social Affairs and Equal Opportunities complied with its request to change all PDPZ pension plans and said changes were approved by end of 2020, it would be able to comply with the requirements of the ISA in the annual report for 2020, otherwise it was not able and may not classify PDPZ contracts as financial contracts in accordance with IFRS. In its annual report for 2020, the Company will also disclose other items as expected by the ISA. The ISA has not yet decided on the Company's response to the warning.

The Company received the ISA's order to eliminate violations of 29 July 2020, in which the ISA stated that the Company had violated paragraph five of Article 521 of the ZZavar-1 due to paragraph four of Article 6 of the General terms and conditions for voluntary group pension insurance – PPZ, which enables the Company to change the factors for calculating the amount of lifetime annuity under certain conditions. On 7 August 2020, the Company filed an objection against the Insurance Supervision Agency's order. The Insurance Supervision Agency upheld Zavarovalnica Triglav's objection and revoked the order because it found that Zavarovalnica Triglav's objection regarding the temporal validity of the legal rule referred to in Article 521 of the ZZavar-1 was justified and that it did not violate Article 521 of the ZZavar-1.

■ Triglav, Zdravstvena Zavarovalnica d.d.

Between 26 February 2020 and 10 April 2020, a regular comprehensive review of business was conducted by the ISA in the company, which identified two violations that are less significant in terms

of scope or effect, which led to the issuance of a warning under Article 282 of the ZZavar-1 and several recommendations for improvement for the findings that did not constitute a violation. The two established violations related to inadequate controls in lease agreements concluded with the parent insurance company and an inconsistency with the Cobit 5 guideline and the ZZavar-1, because the company failed to regularly perform social engineering simulations. In its letter of 24 September 2020, the ISA established that the company had complied with the warnings and eliminated the violations found.

On 2 September 2020, the company received a record of the Market Inspectorate of the RS on the suspension of the inspection procedure initiated on 19 June 2019, which related to supervision in terms of unfair contract terms and conditions and concluding additional distance health insurance remotely with respect to two products. The Market Inspectorate found that the company eliminated all alleged violations during the procedure, as a result of which a warning was issued to the company and its responsible person instead of imposing a fine.

■ Pozavarovalnica Triglav RE d.d., Ljubljana

In 2020, the ISA conducted a review of business of the reinsurer. The reinsurer received warnings or recommendations concerning the calculation of insurance technical provisions (the gross-to-net method, segmentation, consideration of extraordinary claims and the consistency of assumptions). The reinsurer took all of the above into account when calculating provisions as at 31 December 2020, thus complying with the deadline set for the elimination of warnings, i.e. 15 March 2021. The reinsurer already implemented the recommendation regarding its compliance plan and submitted the amended plan to the ISA. The procedure is completed.

■ Triglav Skladi d.o.o.

In 2020, the Financial Administration of the Republic of Slovenia conducted a tax inspection of taxes and contributions from income of natural persons for the period from 1 January 2018 to 28 December 2018 and issued a decision terminating the tax inspection procedure because no violations of regulations were found.

In 2020, the Securities Market Agency initiated a supervision procedure of the company's compliance with regulations related to financial instrument management services, the remuneration system and procedures related to the merger of Alta Skladi. The procedure is pending.

In 2020, the Securities Market Agency initiated a supervision procedure of the liquidity risk area of mutual funds and issued a decision terminating the supervision procedure because no violations of regulations were found.

■ Triglav, pokojninska družba d.d.

The Labour Inspectorate of the Republic of Slovenia requested information related to the determination of the pension annuity amount for certain groups of members. The information was provided, and

the Labour Inspectorate was reminded that the same procedure was carried out by the ISA, which had already completed it. In its procedure, the ISA issued an order, which was complied with by the pension company, and the company initiated an administrative dispute against the ISA. The procedure of the Labour Inspectorate is pending.

- 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.

On 30 November 2020, the National Bank of Serbia initiated a new procedure of direct supervision of market behaviour and real property management for the period from 1 January 2019 until the day of supervision. The supervision procedure is pending.

- Triglav Osiguranje d.d., Zagreb

On 21 October 2020, the Croatian Financial Services Supervisory Agency issued a decision including a record on the performed direct confidential supervision. The subject of supervision was the compliance of the provision of insurance distribution services with the provisions of the Insurance Act and other regulations related to life or annuity unit-linked insurance, especially regarding the conditions of information or provision of pre-contractual information and compliance with the rules of professional conduct of distributors in 2020. On 6 November 2020, the company filed an objection to said record. On 14 January 2021, the company received a decision with an order to eliminate the irregularities.

- Triglav Osiguranje d.d., Sarajevo

The Insurance Supervision Agency of the Federation of Bosnia and Herzegovina (hereinafter: the Agency) 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 company for the period from 1 January 2013 to 28 February 2018. The company received the Agency's record of 30 July 2019 establishing an additional tax liability of BAM 2,229,928. The Tax Administration ignored the comments that the company submitted regarding the record and issued a decision of 30 August 2019, ordering the company to pay BAM 2,229,928. The company filed an appeal, which was rejected by the Ministry of Finance by the decision of 30 December 2020. The company initiated an administrative dispute

against the decision and requested a temporary order staying the enforcement of the decision until the administrative dispute is resolved. The court granted the request for an interim order staying the enforcement of the decision until the administrative dispute is resolved. The company has provisions for the amount stated above.

- Triglav Osiguranje a.d., Skopje

In 2020, the Agency carried out partial field supervision over the company's operations in the period from 1 January to 31 December 2019, the subject of supervision being the assessment of claims provisions for all insurance classes as at 31 December 2019, and also the evaluation of the work of a certified actuary. The final record was sent to the company on 6 April 2020 and no violation was found. The procedure is completed.

The Agency also carried out non-field supervision and verification of the company's continuity of operations in accordance with the Rules on Minimum Standards for Information Systems of Insurance Companies. On 3 July 2020, it submitted the final record, in which an irregularity was found, referring to the comments on the Information System Development Strategy for the period 2017–2020. The company submitted comments on the record and sent a report to the Agency on 11 December 2020. No violations were found in the supervision.

The Personal Data Protection Agency carried out a regular inspection of the legality of the activities undertaken in the processing of personal data and their protection. On 7 July 2020, it submitted the record identifying 14 irregularities and violations of personal data protection regulations. On 14 August 2020, the company submitted comments on the record.

- Triglav Osiguranje Život a.d., Skopje

The Insurance Supervision Agency of the Republic of North Macedonia carried out the supervision of the information system and established in the record of 6 July 2020 that the company did not have an adopted project management methodology and that the adopted information system development strategy for the period 2017–2020 did not contain an overview of the current situation. Thus, on 23 November 2020, the company adopted the Project Management Methodology and the Strategic Plan for the Development and Support of the Information System for the period 2021–2023, notified the Insurance Supervision Agency of the Republic of North Macedonia thereon and submitted the adopted legal acts. The procedure is completed.

The Personal Data Protection Agency of the Republic of North Macedonia carried out an inspection in accordance with the Personal Data Protection Act and the Rules on the method of carrying out inspections as regards compliance with the provisions on personal data protection and the verification of adopted documents on personal data protection. The company was provided with a record of the established situation and the established violations. The company submitted comments on the record within the set deadlines. The procedure is pending.

- Triglav upravljanje nekretninama d.o.o., Zagreb

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 1,249,649. Given that in accordance with the issued tax decisions the appeals do not stay the execution, the taxable person paid the tax, but filed appeals against all issued decisions; one appeal was rejected, while the same decision is expected for the others. The taxable person intends to initiate an administrative dispute within the statutory time limit.

- Lovćen životna osiguranja a.d.

From 4 March to 13 March 2020, the Insurance Supervision Agency of Montenegro carried out direct supervision of borrowers' insurance products in terms of the impact of solvency and a supervision of the legality of operations with regard to money laundering. It issued a decision ordering the company to eliminate the identified irregularities by 31 January 2021. The company will carry out all necessary activities to eliminate the irregularities within the set deadline.

5.11 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 2020, as well as no material corrective events.

On 5 March 2021, the Company received a letter from the Insurance Supervision Agency stating that due to the uncertain situation regarding the spread of the COVID-19 pandemic and the consequent unclear impacts on the economy and the insurance industry, the Insurance Supervision Agency expects that until 30 September 2021 insurance, reinsurance and pension companies suspend dividend payments and undertake no irrevocable commitments to pay out dividends. The Management Board is expected to inform its shareholders about the proposal for the distribution of accumulated profit for 2020 at the end of March when publishing the 2020 Annual Report. In their proposal, the Management Board and the Supervisory Board will take into account both the Company's dividend policy and the position of the regulator.

5.12 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 2019, except for the new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2020, which are presented below.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The amendments to the accounting standard clarify the definition of the term

material and how it should be included in the guidance on definitions. The amendments do not have any impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 3 Business Combinations (amendments)

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. Amendments were introduced to improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments do not have any impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (amendments)

The amendments relate to the reform of reference interest rates and are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The changes in Interest Rate Benchmark Reform:

- modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
- require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The management is still assessing the potential impact of the amendments on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 16 Leases (amendments)

The amendments are effective for annual periods beginning on or after 6 January 2020 for fiscal years beginning on or after 1 January 2020. Earlier application is permitted. The amendments apply to COVID-19-related rent concessions. The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

The impact of amendments on rent concessions related to COVID-19 on the consolidated and separate financial statements of Zavarovalnica Triglav is disclosed in [Section 2.5.5](#).

Amendments to references to the Conceptual Framework in IFRS

Amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The purpose of the amendments is to support the transition to a revised Conceptual Framework for companies that use the Conceptual Framework to develop accounting policies when no IFRS applies to a particular transaction. The amendments do not have any impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

Standards that will become effective at a later date and have not been early adopted by the Company

IFRS 4 Insurance Contracts (amendments)

On the date of approval of these financial statements, the International Accounting Standards Board (IASB) issued amendments that change the expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

The amendments address also 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 reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets. The impact of the amendments on the application of the new standard on financial instruments on the consolidated and separate financial statements of Zavarovalnica Triglav is disclosed in [Section 2.10.9](#).

Standards and amendments to existing standards not yet effective and not early adopted by the Company

IFRS 17 Insurance Contracts (amendments)

The amendments to the standard issued by the IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023 with earlier application permitted provided the entity also reports in accordance with IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The amendments introduce simplifications and interpretations of certain requirements of the standard and provide additional assistance in the first-time application of IFRS 17.

The new standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It is designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts and related interpretations. 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.

IFRS 1 Presentation of Financial Statements (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. The amendments address the classification of liabilities as current and non-current and provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The management is still assessing the potential impact of the standard on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 16 Property, Plant and Equipment (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendments address proceeds before intended use and prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use and the condition necessary for it to be capable of operating in the manner intended by the management. Instead, a company has to recognise such sales proceeds and related cost in profit or loss. The management is still assessing the potential impact of the standard on the consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendments specify that the costs of fulfilling an onerous contract comprise costs that relate directly to the contract. Costs that directly relate to the contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling the contract. The management is still assessing the potential impact of the standard on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 3 Business Combinations (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. Amendments:

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The management is still assessing the potential impact of the standard on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (amendments)

The effective date of the amendments is deferred indefinitely. The amendments deal with the sale or contribution of assets between an investor and its associate or joint venture, and further amendments

and address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The management is still assessing the potential impact of the standard on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2021. Earlier application is permitted. The amendments address the Interest Rate Benchmark Reform (Phase 2). The amendments relate to modifications of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements under IFRS 7 and accompany the amendments regarding modifications and hedge accounting:

- a) Modification of financial assets, financial liabilities and lease liabilities – The IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.
- b) Hedge accounting requirements – Under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.
- c) Disclosures – In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity manages this transition, the amendments require that an entity discloses information about:
 - how the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition;
 - quantitative information about non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark;
 - to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how the entity manages those risks.

The IASB also amended IFRS 4 to require that insurers applying the temporary exemption from IFRS 9 apply the amendments in accounting for modifications directly required by the IBOR reform. The management is still assessing the potential impact of the standard on the consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 14 Regulatory Deferral Accounts

This standard was published by the International Accounting Standards Board (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. However, the European Commission has decided not to begin the process of endorsing this interim standard until its final version has been issued.

Annual Improvements to IFRSs 2018–2020 Cycle

Amendments to various standards arise from the IFRS annual improvements project (IFRS 1, IFRS 9, IFRS 16 and IFRS 41), which are primarily aimed at eliminating inconsistencies and clarifying the wording (The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.). The primary objective of the amendments is to eliminate inconsistencies and interpret the wording. These amendments:

- (a) clarify that a subsidiary that applies paragraph D16(a) of IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs (IFRS 1);
- (b) clarify which fees an entity includes when it applies the "10 per cent" test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf (IFRS 9);
- (c) remove from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example (Illustrative Example 13 accompanying IFRS 16); and
- (d) remove the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IFRS 41).

The management is still assessing the potential impact of the revision on the consolidated and separate financial statements of Zavarovalnica Triglav.

5.13 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 2020	31 December 2019
Balance sheet total (without offsetting)	3,013,214,159	2,920,864,739
Mutual receivables and liabilities	-5,479,243	-8,063,058
Deffered tax assets and liabilities	-12,216,751	-11,661,540
Offset balance	2,995,518,165	2,901,140,141

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 2020	Non-life	Life	Health	Non-insurance	TOTAL
Investments in intangible assets	4,954,740	2,299,681	199,834	284,621	7,738,876
Investments in property, plant and equipment	7,368,606	167,856	966,536	449,433	8,952,431
Investments in investment property	384,677	0	0	2,261,859	2,646,536

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

The highest exposure of Triglav Group to individual financial institutions is:

- in non-life insurance, exposure to Kreditanstalt für Wiederaufbau of EUR 37,887,001;
- in life insurance, exposure to SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana of EUR 27,067,775;
- in health insurance, exposure to SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana of EUR 2,021,645;
- in non-insurance, exposure to Nova KBM d.d. of EUR 7,560,800.

Zavarovalnica Triglav 2020	Non-life	Life	in EUR TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	3,850,496	2,242,113	6,092,609
Investments in property, plant and equipment	4,492,614	230,920	4,723,534
Investments in investment property	288,439	0	288,439
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-10,056,448	-2,107,814	-12,164,262
Depreciation of right of use assets	-918,639	-205,691	-1,124,330
Expenses from the impairment of premium and subrogation receivables	-11,370,526	0	-11,370,526
Income from reversal of impairment of receivables	8,332,010	54,943	8,386,953
Expenses from impairment of investment property	-653,340	0	-653,340
Expenses from impairment of other receivables	-110,183	-1,428	-111,611
Income from reversal of impairment of other receivables	70,590	1,750	72,340

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 property, plant and equipment	-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

Maximum individual exposure of Zavarovalnica Triglav to financial institutions is:

- for non-life insurance: Kreditanstalt für Wiederaufbau : EUR 24,940,228 and
- for life insurance: SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana : EUR 27,067,775.

Triglav Group	2020					2019					in EUR
	Comprehensive income by business segments										
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	
NET PROFIT FOR THE YEAR AFTER TAX	65,665,025	1,691,139	6,299,362	9,172	73,664,698	62,896,114	17,244,702	4,373,002	-649,389	83,864,429	
OTHER COMPREHENSIVE INCOME AFTER TAX	1,747,665	1,272,432	676,144	888,175	4,584,416	8,911,767	4,510,742	411,447	4,169,509	18,003,465	
Items which will not be transferred in P&L in future periods	-227,689	-44,747	-22,688	13,135	-281,989	-307,238	-47,664	-20,212	24,020	-351,094	
Net actuarial gains/losses for pension plans	-227,689	-44,747	-22,688	13,135	-281,989	-307,238	-47,664	-20,212	24,020	-351,094	
Tax on items which will not be transferred in P&L	0	0	0	0	0	0	0	0	0	0	
Items which could be transferred into P&L in future periods	1,975,354	1,317,179	698,832	875,040	4,866,405	9,219,005	4,558,406	431,659	4,145,489	18,354,559	
Fair value gains/losses on available-for-sale financial assets	2,786,418	19,818,730	862,756	1,016,535	24,484,439	10,813,731	9,580,568	532,912	7,563,077	28,490,288	
– net gains/losses recognized directly in fair value reserve	11,364,078	29,123,052	1,042,995	1,002,017	42,532,142	17,832,579	15,014,263	654,159	7,837,795	41,338,796	
– transfers from fair value reserve to income statement	-8,577,660	-9,304,322	-180,239	14,518	-18,047,703	-7,018,848	-5,433,695	-121,247	-274,718	-12,848,508	
Fair value gains/losses on non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	
Net gains or losses recognised in the fair value reserve – equity method	0	0	0	0	0	0	0	0	0	0	
Liabilities from insurance contracts with DPF	0	-14,238,050	0	0	-14,238,050	0	-4,005,357	0	0	-4,005,357	
Currency translation differences	-156,802	-375,517	0	-24,251	-556,570	186,748	-37,740	0	-11,565	137,443	
Tax on other comprehensive income	-654,262	-3,887,984	-163,924	-117,244	-4,823,414	-1,781,474	-979,065	-101,253	-3,406,023	-6,267,815	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	67,412,690	2,963,571	6,975,506	897,347	78,249,114	71,807,881	21,755,444	4,784,449	3,520,120	101,867,894	
Controlling interest	67,141,862	2,977,629	6,975,506	1,032,984	78,127,981	71,601,272	21,745,624	4,784,449	3,535,233	101,666,578	
Non-controlling interest	270,828	-14,058	0	-135,637	121,133	206,609	9,820	0	-15,113	201,316	

Zavarovalnica Triglav	2020			2019			in EUR
	Comprehensive income by business segments						
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
Net profit for the year after tax	52,951,129	5,046,510	57,997,639	56,289,644	14,324,772	70,614,416	
Other comprehensive income after tax	1,851,399	3,673,860	5,525,259	5,745,525	837,468	6,582,993	
Items which will not be transferred in P&L in future periods	-238,333	-44,743	-283,076	-261,844	-47,664	-309,508	
Actuarial gains and losses related to post-employment benefits on retirement	-238,333	-44,743	-283,076	-261,844	-47,664	-309,508	
Tax on items which will not be transferred in P&L	0	0	0	0	0	0	
Items which could be transferred into P&L in future periods	2,089,732	3,718,603	5,808,335	6,007,369	885,132	6,892,501	
Fair value gains/losses on available-for-sale financial assets	2,579,916	21,846,162	24,426,078	7,416,505	5,858,245	13,274,750	
– net gains/losses recognized directly in fair value reserve	10,140,738	30,176,808	40,317,546	13,649,773	11,383,441	25,033,214	
– transfers from fair value reserve to income statement	-7,560,822	-8,330,646	-15,891,468	-6,233,268	-5,525,196	-11,758,464	
Liabilities from insurance contracts with DPF	0	-14,238,050	-14,238,050	0	-4,005,357	-4,005,357	
Tax on other comprehensive income	-490,184	-3,889,509	-4,379,693	-1,409,136	-967,756	-2,376,892	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	54,802,528	8,720,370	63,522,898	62,035,169	15,162,240	77,197,409	

5.13.1 Reporting by business segment for Triglav Group

in EUR

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 2020				TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER			
ASSETS	2,012,472,564	2,201,999,970	96,772,481	203,230,241	4,514,475,256	-375,034,184	4,139,441,072
Intangible assets	75,493,099	5,310,002	1,104,346	19,068,028	100,975,475	0	100,975,475
Property, plant and equipment	94,967,543	10,338,223	2,070,491	5,914,779	113,291,036	0	113,291,036
Deferred tax assets	12,225,408	315,728	100,492	353,711	12,995,339	-12,216,750	778,589
Investment property	46,479,633	1,815,663	0	26,659,489	74,954,785	4,023,015	78,977,800
Right of use assets	9,196,761	742,514	736,587	2,868,556	13,544,418	-3,723,207	9,821,211
Investments in subsidiaries	126,370,012	13,438,187	0	73,079,881	212,888,080	-212,888,080	0
Investments in associates	27,787,564	450,150	0	0	28,237,714	0	28,237,714
Financial assets	1,139,058,291	2,132,154,775	84,738,085	40,370,531	3,396,321,682	-7,132,143	3,389,189,539
Financial investments	1,139,058,291	1,630,345,795	84,738,085	40,370,531	2,894,512,702	-7,132,143	2,887,380,559
– loans and deposits	71,528,702	28,880,122	0	4,694,398	105,103,222	-7,132,143	97,971,079
– held to maturity	0	162,824,686	0	0	162,824,686	0	162,824,686
– available for sale	1,061,065,742	920,434,108	84,738,085	35,676,133	2,101,914,068	0	2,101,914,068
– recognised at fair value through profit and loss	6,463,847	518,206,879	0	0	524,670,726	0	524,670,726
Unit-linked insurance assets	0	501,808,980	0	0	501,808,980	0	501,808,980
Reinsurers' share of technical provisions	205,023,278	2,120,725	1,930,507	0	209,074,510	-83,200,873	125,873,637
Receivables	244,061,313	2,853,381	5,773,521	10,329,503	263,017,718	-59,833,867	203,183,851
– receivables from direct insurance operations	99,328,743	857,266	5,415,317	46,036	105,647,362	-162,423	105,484,939
– receivables from reinsurance and coinsurance operations	124,912,987	125,891	288,594	0	125,327,472	-52,972,339	72,355,133
– current tax receivables	260,744	16,522	0	1,673,365	1,950,631	0	1,950,631
– other receivables	19,558,839	1,853,702	69,610	8,610,102	30,092,253	-6,699,105	23,393,148
Other assets	5,163,290	427,439	110,588	657,667	6,358,984	-62,279	6,296,705
Cash and cash equivalents	26,646,372	32,033,183	207,864	23,012,245	81,899,664	0	81,899,664
Non-current assets held for sale	0	0	0	915,851	915,851	0	915,851
EQUITY AND LIABILITIES	2,012,472,564	2,201,999,970	96,772,481	203,230,241	4,514,475,256	-375,034,184	4,139,441,072
Equity	692,506,717	170,820,488	40,491,519	182,757,721	1,086,576,445	-216,424,498	870,151,947
Controlling interests	692,506,717	170,820,488	40,491,519	182,757,721	1,086,576,445	-218,927,871	867,648,574
– share capital	115,741,097	48,491,866	25,822,144	103,744,632	293,799,739	-220,098,347	73,701,392
– share premium	43,511,478	13,658,827	0	20,596,489	77,766,794	-27,495,687	50,271,107
– reserves from profit	333,236,478	47,223,257	1,231,991	1,692,535	383,384,261	722,431	384,106,692
– treasury share reserves	0	0	0	364,680	364,680	0	364,680
– treasury shares	0	0	0	0	0	-364,680	-364,680
– fair value reserve	58,511,213	15,245,473	2,033,564	14,655,399	90,445,649	-1,152,165	89,293,484
– net profit brought forward	107,987,054	40,763,981	7,030,922	39,589,850	195,371,807	33,912,241	229,284,048
– net profit for the year	35,549,723	6,453,044	4,372,898	2,179,544	48,555,209	-4,423,254	44,131,955
– currency translation differences	-2,030,326	-1,015,960	0	-65,408	-3,111,694	-28,410	-3,140,104
– reserve of disposal group held for sale	0	0	0	0	0	0	0
Non-controlling interests	0	0	0	0	0	2,503,373	2,503,373
Subordinated liabilities	49,423,693	0	1,500,000	0	50,923,693	-1,500,000	49,423,693
Insurance technical provisions	1,063,657,574	1,490,492,569	43,649,539	0	2,597,799,682	-74,570,538	2,523,229,144
– unearned premiums	357,552,557	457,883	3,515,846	0	361,526,286	-16,765,359	344,760,927
– mathematical provisions	0	1,448,316,427	0	0	1,448,316,427	8,707,536	1,457,023,963
– claims provisions	674,353,544	21,380,025	14,654,188	0	710,387,757	-65,056,589	645,331,168
– other insurance technical provisions	31,751,473	20,338,234	25,479,505	0	77,569,212	-1,456,126	76,113,086
Insurance technical provisions for unit-linked insurance contracts	0	509,984,710	0	0	509,984,710	0	509,984,710
Employee benefits	13,719,361	2,523,496	748,274	790,022	17,781,153	0	17,781,153
Other provisions	1,337,516	128,168	170,071	1,173,346	2,809,101	0	2,809,101
Deferred tax liabilities	13,716,085	8,795,206	0	4,256,653	26,767,944	-12,228,429	14,539,515
Other financial liabilities	2,646,272	62,652	99,125	1,612,573	4,420,622	-1,524,788	2,895,834
Operating liabilities	110,512,564	8,970,466	4,240,077	148,714	123,871,821	-53,558,783	70,313,038
– liabilities from direct insurance operations	5,370,819	8,352,551	3,602,278	0	17,325,648	-523,792	16,801,856
– liabilities from reinsurance and co-insurance operations	101,187,933	547,228	240,568	0	101,975,729	-53,034,991	48,940,738
– current tax liabilities	3,953,812	70,687	397,231	148,714	4,570,444	0	4,570,444
Lease liabilities	9,425,284	684,384	745,771	3,024,607	13,880,046	-3,854,514	10,025,532
Other liabilities	55,527,498	9,537,831	5,128,105	9,466,605	79,660,039	-11,372,634	68,287,405
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

	31 December 2019				in EUR		
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	1,886,331,447	2,127,584,025	69,867,321	200,898,657	4,284,681,450	-347,406,228	3,917,275,222
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	-51,362,942	186,172,690
– 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	-9,783,279	21,442,010
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	-367,406,228	3,917,275,222
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/loss 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	-11,673,396	10,855,152
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	-16,648,480	72,474,950
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

Income statement	2020					2019					in EUR
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	
Net premium income	643,779,552	227,378,645	195,596,628	0	1,066,754,825	620,166,204	231,200,262	176,262,359	0	1,027,628,825	
- gross written premium	807,244,322	230,817,653	195,713,390	0	1,233,775,365	775,494,930	231,930,884	176,748,293	0	1,184,174,107	
- ceded written premium	-156,597,482	-3,424,867	0	0	-160,022,349	-135,738,308	-714,789	0	0	-136,453,097	
- change in unearned premium reserve	-6,867,288	-14,141	-116,762	0	-6,998,191	-19,590,418	-15,833	-485,934	0	-20,092,185	
Income from investments in subsidiaries and associates	249,555	0	0	187,055	436,610	208,868	0	0	867,459	1,076,327	
- profit on equity investments accounted for using the equity method	249,555	0	0	187,055	436,610	208,868	0	0	307,045	515,913	
- other income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	560,414	560,414	
Income from investments	34,823,751	86,989,555	781,928	484,215	123,079,449	32,870,628	151,747,522	886,374	1,484,681	186,989,205	
- interest income calculated using the effective interest method	13,274,816	28,148,701	585,048	47,237	42,055,802	16,208,950	36,274,202	631,895	22,695	53,137,742	
- gains on disposals	17,065,688	22,562,061	151,048	384,092	40,162,889	12,106,924	24,015,652	251,753	1,194,490	37,568,819	
- other income from investments	4,483,247	36,278,793	45,832	52,886	40,860,758	4,554,754	91,457,668	2,726	267,496	96,282,644	
Other income from insurance operations	39,882,940	1,056,365	67,688	0	41,006,993	36,860,695	280,726	42,091	0	37,183,512	
- fees and commission income	29,643,684	1,006,073	0	0	30,649,757	21,841,642	227,613	0	0	22,069,255	
- other income from insurance operations	10,239,256	50,292	67,688	0	10,357,236	15,019,053	53,113	42,091	0	15,114,257	
Other income	7,275,430	93,730	105,839	36,138,978	43,613,977	6,633,071	352,611	79,818	32,455,622	39,521,122	
Net claims incurred	359,449,906	172,435,721	151,746,148	0	683,631,775	349,831,663	181,811,031	152,505,134	0	684,147,828	
- gross claims settled	380,855,243	172,878,283	143,710,042	0	697,443,568	394,737,465	181,736,829	140,267,842	0	716,742,136	
- reinsurers' share	-33,303,933	-975,656	659	0	-34,278,930	-35,136,449	-118,092	0	0	-35,254,541	
- changes in claims provisions	11,898,596	533,094	109,344	0	12,541,034	-9,769,353	192,294	4,670,123	0	-4,906,936	
- equalisation scheme expenses for supplementary health insurance	0	0	7,926,103	0	7,926,103	0	0	7,567,169	0	7,567,169	
Change in other insurance technical provisions (excluding ULI)	-126,038	44,301,421	18,461,207	0	62,636,590	176,456	58,687,111	445,023	0	59,308,590	
Change in insurance technical provisions for unit-linked insurance contracts	0	25,492,453	0	0	25,492,453	0	69,205,056	0	0	69,205,056	
Expenses for bonuses and discounts	17,971,591	80,236	3,298,449	0	21,350,276	11,544,916	16,342	0	0	11,561,258	
Operating expenses	190,362,748	36,323,110	14,226,877	0	240,912,735	191,503,701	35,403,309	17,545,841	0	244,452,851	
- acquisition costs	138,295,231	21,650,359	3,583,376	0	163,528,966	135,465,781	20,245,934	6,854,869	0	162,566,584	
- other operating costs	52,067,517	14,672,751	10,643,501	0	77,383,769	56,037,920	15,157,375	10,690,972	0	81,886,267	
Expenses from investments in subsidiaries and associates	63,508	75,914	0	0	139,422	84,936	85,704	0	562,704	733,344	
- loss on investments accounted for using the equity method	63,508	75,914	0	0	139,422	84,936	85,704	0	0	170,640	
- other expenses from financial assets and liabilities	0	0	0	0	0	0	0	0	562,704	562,704	
Expenses from investments	11,424,877	29,194,418	80,435	293,481	40,993,211	9,657,415	13,913,508	67,088	315,561	23,953,572	
- loss on impairment of investments	1,629,354	72,430	0	269,518	1,971,302	737,255	111,707	0	0	848,962	
- loss on disposal of investments	1,647,936	5,273,673	19,881	0	6,941,490	3,543,500	6,216,066	7,600	0	9,767,166	
- other expenses from investments	8,147,587	23,848,315	60,554	23,963	32,080,419	5,376,660	7,585,735	59,488	315,561	13,337,444	
Other insurance expenses	49,046,549	1,728,695	748,144	0	51,523,388	40,947,571	1,550,829	1,066,910	0	43,565,310	
Other expenses	18,796,881	2,785,118	639,547	35,087,176	57,308,722	17,466,023	2,681,377	605,206	33,781,350	54,533,956	
- expenses from financing	2,628,571	154,221	-11,408	166,117	2,937,501	2,497,381	422,456	0	178,665	3,098,502	
- other expenses	16,168,310	2,630,897	650,955	34,921,059	54,371,221	14,968,642	2,258,921	605,206	33,602,685	51,435,454	
Profit before tax	79,021,206	3,101,209	7,351,276	1,429,591	90,903,282	75,526,786	20,226,854	5,035,440	148,147	100,937,227	
Income tax expense	13,356,181	1,410,070	1,051,914	1,420,419	17,238,584	12,630,672	2,982,152	662,438	797,536	17,072,798	
NET PROFIT FOR THE PERIOD	65,665,025	1,691,139	6,299,362	9,172	73,664,698	62,896,114	17,244,702	4,373,002	-649,389	83,864,429	
Net profit/loss attributable to the controlling company	65,361,678	1,698,523	6,299,362	144,810	73,504,373	62,712,607	17,239,310	4,373,002	-634,275	83,690,644	
Net profit/loss attributable to the non-controlling interest holders	303,347	-7,384	0	-135,638	160,325	183,507	5,392	0	-15,114	173,785	

5.13.2 Reporting by business segment for Zavarovalnica Triglav

	31 December 2020			31 December 2019			in EUR
Statement of financial position	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
ASSETS	1,349,958,827	1,663,255,332	3,013,214,159	1,296,007,131	1,624,857,608	2,920,864,739	
Intangible assets	57,234,354	5,163,225	62,397,579	57,101,033	4,823,240	61,924,273	
Property, plant and equipment	59,618,441	8,157,010	67,775,451	60,163,552	8,142,132	68,305,684	
Deferred tax assets	11,970,197	246,554	12,216,751	11,414,866	246,674	11,661,540	
Investment property	43,614,546	836,730	44,451,276	45,233,734	857,401	46,091,135	
Right of use assets	3,587,916	0	3,587,916	4,106,316	0	4,106,316	
Investments in subsidiaries	120,857,455	11,480,011	132,337,466	121,792,669	13,145,998	134,938,667	
Investments in associates	31,337,951	0	31,337,951	18,054,026	0	18,054,026	
Financial assets	800,423,050	1,625,457,811	2,425,880,861	763,048,943	1,582,917,049	2,345,965,992	
Financial investments	800,423,050	1,183,165,323	1,983,588,373	763,048,943	1,149,158,439	1,912,207,382	
– loans and deposits	30,245,946	6,705,139	36,951,085	42,585,064	6,464,783	49,049,847	
– held to maturity	0	143,908,512	143,908,512	0	150,469,553	150,469,553	
– available for sale	770,063,803	824,938,626	1,595,002,429	663,894,901	718,907,168	1,382,802,069	
– recognised at fair value through profit and loss	113,301	207,613,046	207,726,347	56,568,978	273,316,935	329,885,913	
Unit-linked insurance assets	0	442,292,488	442,292,488	0	433,758,610	433,758,610	
Reinsurers' share of technical provisions	105,862,172	41,266	105,903,438	98,415,614	17,656	98,433,270	
Receivables	99,841,079	1,438,370	101,279,449	99,996,693	1,782,360	101,779,053	
– receivables from direct insurance operations	67,453,193	179,021	67,632,214	68,028,729	372,408	68,401,137	
– receivables from reinsurance and coinsurance operations	19,797,094	0	19,797,094	17,218,816	861	17,219,677	
– current tax receivables	0	0	0	0	0	0	
– other receivables	12,590,792	1,259,349	13,850,141	14,749,148	1,409,091	16,158,239	
Other assets	3,695,106	46,693	3,741,799	3,443,061	49,610	3,492,671	
Cash and cash equivalents	11,916,560	10,387,662	22,304,222	13,236,624	12,875,488	26,112,112	
EQUITY AND LIABILITIES	1,349,958,827	1,663,255,332	3,013,214,159	1,296,007,131	1,624,857,608	2,920,864,739	
Equity	533,692,011	110,311,163	644,003,173	478,889,482	101,590,793	580,480,275	
– 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	322,348,752	45,513,891	367,862,643	293,448,752	45,513,891	338,962,643	
– fair value reserve	49,399,362	10,002,717	59,402,079	47,533,632	6,326,248	53,859,881	
– net profit brought forward	46,207,250	14,319,286	60,526,536	9,931,936	-2,877	9,929,059	
– net profit for the year	24,051,129	5,046,510	29,097,639	36,289,644	14,324,772	50,614,416	
Subordinated liabilities	49,423,693	0	49,423,693	60,160,066	9,839,385	69,999,451	
Insurance technical provisions	671,257,573	1,079,057,809	1,750,315,382	662,915,656	1,050,505,865	1,713,421,521	
– unearned premiums	234,785,484	405,332	235,190,816	232,398,752	392,304	232,791,056	
– mathematical provisions	0	1,041,557,084	1,041,557,084	0	1,020,231,686	1,020,231,686	
– claims provisions	410,567,439	19,692,182	430,259,621	408,984,759	19,336,004	428,320,763	
– other insurance technical provisions	25,904,650	17,403,211	43,307,861	21,532,145	10,545,871	32,078,016	
Insurance technical provisions for unit-linked insurance contracts	0	448,726,097	448,726,097	0	435,592,711	435,592,711	
Employee benefits	10,820,648	2,252,716	13,073,364	9,826,388	2,066,061	11,892,449	
Other provisions	658,257	111,700	769,957	621,111	111,700	732,811	
Deferred tax liabilities	11,833,573	9,914,340	21,747,913	11,343,388	6,024,831	17,368,219	
Other financial liabilities	1,633,896	0	1,633,896	1,638,375	1,750	1,640,125	
Operating liabilities	26,962,627	7,015,144	33,977,772	22,317,389	9,595,349	31,912,738	
– liabilities from direct insurance operations	3,633,281	7,003,623	10,636,904	4,651,168	9,588,327	14,239,495	
– liabilities from reinsurance and co-insurance operations	19,812,663	11,521	19,824,185	15,302,053	7,022	15,309,075	
– current tax liabilities	3,516,683	0	3,516,683	2,364,168	0	2,364,168	
Lease liabilities	3,675,805	0	3,675,805	4,166,278	0	4,166,278	
Other liabilities	40,000,744	5,866,363	45,867,107	44,128,998	9,529,163	53,658,161	

	2020			2019			in EUR
Income statement	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
Net premium income	410,209,492	173,658,354	583,867,846	394,414,318	179,141,039	573,555,357	
– gross written premium	544,787,178	174,468,690	719,255,868	522,227,959	179,904,010	702,131,969	
– ceded written premium	-137,136,826	-797,378	-137,934,204	-118,761,248	-771,505	-119,532,753	
– change in unearned premium reserve	2,559,140	-12,958	2,546,182	-9,052,393	8,534	-9,043,859	
Income from investments in subsidiaries and associates	302,643	0	302,643	3,642,440	0	3,642,440	
– profit on equity investments accounted for using the equity method	0	0	0	0	0	0	
– other income from investments in subsidiaries and associates	302,643	0	302,643	3,642,440	0	3,642,440	
Income from investments	27,042,218	62,139,416	89,181,634	23,082,111	118,430,116	141,512,227	
– interest income calculated using the effective interest method	6,933,637	19,000,163	25,933,800	9,238,349	25,898,500	35,136,849	
– gains on disposals	16,293,611	20,994,547	37,288,158	10,513,445	21,545,989	32,059,434	
– other income from investments	3,814,970	22,144,706	25,959,676	3,330,317	70,985,627	74,315,944	
Other income from insurance operations	34,556,277	3,553,752	38,110,029	29,490,605	264,398	29,755,003	
– fees and commission income	26,528,102	3,552,789	30,080,891	19,598,985	249,021	19,848,006	
– other income from insurance operations	8,028,175	963	8,029,138	9,891,620	15,377	9,906,997	
Other income	7,298,148	574,437	7,872,585	7,216,917	4,138,518	11,355,435	
Net claims incurred	225,006,212	150,330,735	375,336,947	217,114,940	159,645,937	376,760,877	
– gross claims settled	258,037,807	150,240,333	408,278,140	265,384,653	159,819,727	425,204,380	
– reinsurers' share	-31,446,853	-242,236	-31,689,089	-31,136,225	-359,222	-31,495,447	
– changes in claims provisions	-1,584,742	332,638	-1,252,104	-17,133,488	185,432	-16,948,056	
Change in other insurance technical provisions (excluding ULI)	-399,454	13,849,410	13,449,956	265,640	22,072,501	22,338,141	
Change in insurance technical provisions for unit-linked insurance contracts	0	13,270,367	13,270,367	0	57,140,018	57,140,018	
Expenses for bonuses and discounts	16,029,498	0	16,029,498	9,721,522	0	9,721,522	
Operating expenses	124,141,249	31,763,368	155,904,617	125,759,389	32,146,776	157,906,165	
– acquisition costs	91,712,332	21,856,103	113,568,435	89,452,908	21,415,472	110,868,380	
– other operating costs	32,428,917	9,907,265	42,336,182	36,306,481	10,731,304	47,037,785	
Expenses from investments in subsidiaries and associates	2,264,409	1,665,987	3,930,396	195,478	0	195,478	
– loss on investments accounted for using the equity method	0	0	0	0	0	0	
– other expenses from financial assets and liabilities	2,264,409	1,665,987	3,930,396	195,478	0	195,478	
Expenses from investments	7,053,203	18,622,070	25,675,273	7,956,648	10,425,287	18,381,935	
– loss on impairment of investments	1,562,127	70,224	1,632,351	249,476	94,699	344,175	
– loss on disposal of investments	1,284,563	4,434,620	5,719,183	3,530,238	6,149,273	9,679,511	
– other expenses from investments	4,206,513	14,117,226	18,323,739	4,176,934	4,181,315	8,358,249	
Other insurance expenses	22,918,916	1,389,122	24,308,038	14,366,392	584,315	14,950,707	
Other expenses	17,703,408	2,656,271	20,359,679	15,120,494	2,693,518	17,814,012	
– expenses from financing	2,446,016	132,930	2,578,946	2,270,915	596,215	2,867,130	
– other expenses	15,257,392	2,523,341	17,780,733	12,849,579	2,097,303	14,946,882	
Profit before tax	64,691,337	6,378,629	71,069,966	67,345,888	17,265,719	84,611,607	
Income tax expense	11,740,208	1,332,119	13,072,327	11,056,244	2,940,947	13,997,191	
NET PROFIT FOR THE PERIOD	52,951,129	5,046,510	57,997,639	56,289,644	14,324,772	70,614,416	

5.13.3 Reporting by geographical area for Triglav Group

	in EUR				
	31 December 2020				
Statement of financial position	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	4,032,148,922	482,326,334	4,514,475,256	-375,034,184	4,139,441,072
Intangible assets	84,017,812	16,957,663	100,975,475	0	100,975,475
Property, plant and equipment	73,182,453	40,108,583	113,291,036	0	113,291,036
Deferred tax assets	12,656,083	339,256	12,995,339	-12,216,750	778,589
Investment property	69,240,958	5,713,827	74,954,785	4,023,015	78,977,800
Right of use assets	6,034,215	7,510,203	13,544,418	-3,723,207	9,821,211
Investments in subsidiaries	207,189,438	5,698,642	212,888,080	-212,888,080	0
Investments in associates	28,237,714	0	28,237,714	0	28,237,714
Financial assets	3,122,540,978	273,780,704	3,396,321,682	-7,132,143	3,389,189,539
Financial investments	2,643,372,240	251,140,462	2,894,512,702	-7,132,143	2,887,380,559
– loans and deposits	57,670,422	47,432,800	105,103,222	-7,132,143	97,971,079
– held to maturity	154,495,490	8,329,196	162,824,686	0	162,824,686
– available for sale	1,914,114,795	187,799,273	2,101,914,068	0	2,101,914,068
– recognised at fair value through profit and loss	517,091,533	7,579,193	524,670,726	0	524,670,726
Unit-linked insurance assets	479,168,738	22,640,242	501,808,980	0	501,808,980
Reinsurers' share of technical provisions	165,288,509	43,786,001	209,074,510	-83,200,873	125,873,637
Receivables	203,568,387	59,449,331	263,017,718	-59,833,867	203,183,851
– receivables from direct insurance operations	73,047,776	32,599,586	105,647,362	-162,423	105,484,939
– receivables from reinsurance and coinsurance operations	109,694,158	15,633,314	125,327,472	-52,972,339	72,355,133
– current tax receivables	1,824,200	126,431	1,950,631	0	1,950,631
– other receivables	19,002,253	11,090,000	30,092,253	-6,699,105	23,393,148
Other assets	4,263,758	2,095,226	6,358,984	-62,279	6,296,705
Cash and cash equivalents	55,159,650	26,740,014	81,899,664	0	81,899,664
Non-current assets held for sale	768,967	146,884	915,851	0	915,851
EQUITY AND LIABILITIES	4,032,148,922	482,326,334	4,514,475,256	-375,034,184	4,139,441,072
Equity	961,766,208	124,810,237	1,086,576,445	-216,424,498	870,151,947
Controlling interests	961,766,208	124,810,237	1,086,576,445	-218,927,871	867,648,574
– share capital	192,452,158	101,347,581	293,799,739	-220,098,347	73,701,392
– share premium	75,746,998	2,019,796	77,766,794	-27,495,687	50,271,107
– reserves from profit	372,764,877	10,619,384	383,384,261	722,431	384,106,692
– treasury share reserves	364,680	0	364,680	0	364,680
– treasury shares	0	0	0	-364,680	-364,680
– fair value reserve	81,192,803	9,252,846	90,445,649	-1,152,165	89,293,484
– net profit brought forward	196,182,765	-810,958	195,371,807	33,912,241	229,284,048
– net profit/loss for the year	43,061,927	5,493,282	48,555,209	-4,423,254	44,131,955
– currency translation differences	0	-3,111,694	-3,111,694	-28,410	-3,140,104
– reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	2,503,373	2,503,373
Subordinated liabilities	50,923,693	0	50,923,693	-1,500,000	49,423,693
Insurance technical provisions	2,321,584,385	276,215,297	2,597,799,682	-74,570,538	2,523,229,144
– unearned premiums	274,057,915	87,468,371	361,526,286	-16,765,359	344,760,927
– mathematical provisions	1,370,622,906	77,693,521	1,448,316,427	8,707,536	1,457,023,963
– claims provisions	603,087,599	107,300,158	710,387,757	-65,056,589	645,331,168
– other insurance technical provisions	73,815,965	3,753,247	77,569,212	-1,456,126	76,113,086
Insurance technical provisions for unit-linked insurance contracts	487,386,393	22,598,317	509,984,710	0	509,984,710
Employee benefits	14,754,947	3,026,206	17,781,153	0	17,781,153
Other provisions	1,823,032	986,069	2,809,101	0	2,809,101
Deferred tax liabilities	25,077,905	1,690,039	26,767,944	-12,228,429	14,539,515
Other financial liabilities	2,467,346	1,953,276	4,420,622	-1,524,788	2,895,834
Operating liabilities	100,356,539	23,515,282	123,871,821	-53,558,783	70,313,038
– liabilities from direct insurance operations	14,510,500	2,815,148	17,325,648	-523,792	16,801,856
– liabilities from reinsurance and co-insurance operations	81,808,051	20,167,678	101,975,729	-53,034,991	48,940,738
– current tax liabilities	4,037,988	532,456	4,570,444	0	4,570,444
Lease liabilities	6,177,790	7,702,256	13,880,046	-3,854,514	10,025,532
Other liabilities	59,830,684	19,829,355	79,660,039	-11,372,634	68,287,405
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

	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	-367,406,228	3,917,275,222
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	-11,661,540	800,542
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	-51,362,942	186,172,690
– 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	-9,783,279	21,442,010
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	-367,406,228	3,917,275,222
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	-11,673,396	10,855,152
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	-16,648,480	72,474,950
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

	2020			2019		
	SLOVENIA	OTHER	TOTAL	SLOVENIA	OTHER	TOTAL
Income statement						
Net premium income	875,282,314	191,472,511	1,066,754,825	849,061,777	178,567,048	1,027,628,825
- gross written premium	1,009,688,387	224,086,978	1,233,775,365	969,466,571	214,707,536	1,184,174,107
- ceded written premium	-129,715,942	-30,306,407	-160,022,349	-109,556,836	-26,896,261	-136,453,097
- change in unearned premium reserve	-4,690,131	-2,308,060	-6,998,191	-10,847,958	-9,244,227	-20,092,185
Income from investments in subsidiaries and associates	436,610	0	436,610	1,076,327	0	1,076,327
- profit on equity investments accounted for using the equity method	436,610	0	436,610	515,913	0	515,913
- other income from investments in subsidiaries and associates	0	0	0	560,414	0	560,414
Income from investments	114,356,230	8,723,219	123,079,449	172,658,424	14,330,781	186,989,205
- interest income calculated using the effective interest method	35,524,105	6,531,697	42,055,802	45,861,466	7,276,276	53,137,742
- gains on disposals	39,959,646	203,243	40,162,889	34,965,783	2,603,036	37,568,819
- other income from investments	38,872,479	1,988,279	40,860,758	91,831,175	4,451,469	96,282,644
Other income from insurance operations	31,997,652	9,009,341	41,006,993	27,613,954	9,569,558	37,183,512
- fees and commission income	25,044,990	5,604,767	30,649,757	17,993,706	4,075,549	22,069,255
- other income from insurance operations	6,952,662	3,404,574	10,357,236	9,620,248	5,494,009	15,114,257
Other income	35,817,868	7,796,109	43,613,977	32,754,811	6,766,311	39,521,122
Net claims incurred	576,507,024	107,124,751	683,631,775	583,659,536	100,488,292	684,147,828
- gross claims settled	592,971,464	104,472,104	697,443,568	609,654,208	107,087,928	716,742,136
- reinsurers' share	-25,176,022	-9,102,908	-34,278,930	-26,988,642	-8,265,899	-35,254,541
- changes in claims provisions	785,479	11,755,555	12,541,034	-6,573,199	1,666,263	-4,906,936
- equalisation scheme expenses for supplementary health insurance	7,926,103	0	7,926,103	7,567,169	0	7,567,169
Change in other insurance technical provisions (excluding ULI)	57,266,878	5,369,712	62,636,590	52,940,551	6,368,039	59,308,590
Change in insurance technical provisions for unit-linked insurance contracts	23,936,744	1,555,709	25,492,453	65,280,488	3,924,568	69,205,056
Expenses for bonuses and discounts	19,331,031	2,019,245	21,350,276	9,722,479	1,838,779	11,561,258
Operating expenses	170,227,757	70,684,978	240,912,735	175,408,811	69,044,040	244,452,851
- acquisition costs	114,294,794	49,234,172	163,528,966	114,882,181	47,684,403	162,566,584
- other operating costs	55,932,963	21,450,806	77,383,769	60,526,630	21,359,637	81,886,267
Expenses from investments in subsidiaries and associates	139,422	0	139,422	733,344	0	733,344
- loss on investments accounted for using the equity method	139,422	0	139,422	170,640	0	170,640
- other expenses from financial assets and liabilities	0	0	0	562,704	0	562,704
Expenses from investments	40,290,313	702,898	40,993,211	22,755,661	1,197,911	23,953,572
- loss on impairment of investments	1,901,869	69,433	1,971,302	344,175	504,787	848,962
- loss on disposal of investments	6,922,512	18,978	6,941,490	9,767,121	45	9,767,166
- other expenses from investments	31,465,932	614,487	32,080,419	12,644,365	693,079	13,337,444
Other insurance expenses	45,288,127	6,235,261	51,523,388	37,834,645	5,730,665	43,565,310
Other expenses	46,239,599	11,069,123	57,308,722	42,883,479	11,650,477	54,533,956
- expenses from financing	2,517,321	420,180	2,937,501	2,655,501	443,001	3,098,502
- other expenses	43,722,278	10,648,943	54,371,221	40,227,978	11,207,476	51,435,454
Profit before tax	78,663,779	12,239,503	90,903,282	91,946,299	8,990,928	100,937,227
Income tax expense	16,123,156	1,115,428	17,238,584	16,539,422	533,376	17,072,798
NET PROFIT FOR THE PERIOD	62,540,623	11,124,075	73,664,698	75,406,877	8,457,552	83,864,429
Net profit/loss attributable to the controlling company	62,540,623	10,963,750	73,504,373	75,407,867	8,282,777	83,690,644
Net profit/loss attributable to the non-controlling interest holders	0	160,325	160,325	-990	174,775	173,785

in EUR

5.13.4 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.

5.14 Reporting by guarantee funds posted separately for Zavarovalnica Triglav

5.14.1 Assets and liabilities of pension funds formed as a guarantee fund

	31 December 2020				31 December 2019				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	238,022,822	210,130,825	14,903,162	13,002,992	223,263,701	202,064,810	12,250,191	9,628,806	
Investment property and other real property rights	0	0	0	0	0	0	0	0	0
Investment property	0	0	0	0	0	0	0	0	0
Other real property rights	0	0	0	0	0	0	0	0	0
Financial investments	232,607,973	207,613,047	12,892,078	12,102,848	218,207,628	199,094,576	10,573,293	8,539,760	
Measured at amortised cost, of which:	0	0	0	0	0	0	0	0	0
- loans and deposits	0	0	0	0	0	0	0	0	0
- debt securities	0	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	0
- debt securities	0	0	0	0	0	0	0	0	0
- equity securities	0	0	0	0	0	0	0	0	0
Measured at fair value through through profit or loss, of which:	232,607,973	207,613,047	12,892,078	12,102,848	218,207,628	199,094,576	10,573,293	8,539,760	
- debt securities	209,318,178	205,749,608	3,381,150	187,420	202,463,978	198,398,661	4,065,317	0	
- equity securities	23,289,795	1,863,439	9,510,928	11,915,428	15,743,650	695,915	6,507,976	8,539,760	
Receivables	9,697	1,828,602	392,015	567,234	200,463	2,705,196	396,436	492,739	
Receivables from fund manager up to guaranteed return	0	0	0	0	0	0	0	0	0
Other receivables	9,697	1,828,602	392,015	567,234	200,463	2,705,196	396,436	492,739	
Cash and cash equivalents	5,405,152	689,176	1,619,069	332,910	4,855,610	265,038	1,280,462	596,307	
Other assets	0	0	0	0	0	0	0	0	0
Off-balance-sheet assets	3,146,747	3,146,747	0	0	4,304,085	4,304,085	0	0	
Financial derivatives	0	0	0	0	0	0	0	0	0
Other off-balance-sheet assets	3,146,747	3,146,747	0	0	4,304,085	4,304,085	0	0	
LIABILITIES	238,022,822	210,130,825	14,903,162	13,002,992	223,263,701	202,064,810	12,250,191	9,628,806	
Insurance technical provisions	237,495,087	209,637,873	14,883,467	12,973,747	222,531,067	201,392,590	12,191,841	8,946,636	
Mathematical provisions for net paid-in premiums	161,802,005	161,802,005	0	0	155,436,323	155,436,323	0	0	
Mathematical provisions for capital gain on the guarantee fund	47,835,868	47,835,868	0	0	45,956,267	45,956,267	0	0	
- fair value reserve	0	0	0	0	0	0	0	0	0
Insurance provisions for business funds backing unit-linked insurance, of which:	27,857,214	0	14,883,467	12,973,747	21,138,477	0	12,191,841	8,946,636	
- fair value reserve	0	0	0	0	0	0	0	0	0
Financial liabilities	0	0	0	0	0	0	0	0	0
Operating liabilities	524,297	473,268	19,211	28,831	726,235	646,894	55,744	22,073	
Liabilities from acquired securities and other financial instruments	0	0	0	0	0	0	0	0	0
Guarantee fund manager liabilities	250,719	212,887	19,211	18,621	244,056	212,194	16,625	15,237	
Cash surrender value payments to guarantee fund members	270,591	260,381	0	10,210	480,655	434,700	39,119	6,836	
Other operating liabilities	2,987	0	0	0	1,524	0	0	0	0
Other liabilities	3,438	19,684	484	414	6,399	25,326	2,606	660,097	
Off-balance-sheet liabilities	3,146,747	3,146,747	0	0	4,304,085	4,304,085	0	0	
Financial derivatives	0	0	0	0	0	0	0	0	0
Guarantees given	0	0	0	0	0	0	0	0	0
Other off-balance-sheet liabilities	3,146,747	3,146,747	0	0	4,304,085	4,304,085	0	0	

5.14.2 Statement of financial position for funds posted separately

	31 December 2020		31 December 2019	
	Renta 1	Renta 2	Renta 1	Renta 2
Statement of financial position for funds posted separately				
ASSETS	43,680,668	24,080,691	41,065,669	15,894,216
Investment property and financial investments	41,821,054	23,166,231	40,163,494	15,152,187
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	41,821,054	23,166,231	40,163,494	15,152,187
Shares and other floating rate securities and fund coupons	0	0	0	0
Debt and other fixed return securities	41,821,054	23,166,231	40,163,494	15,152,187
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	1,393,339	0	606,007	0
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	1,393,339	0	606,007	0
Other assets	466,275	914,460	296,168	742,029
Cash and cash equivalents	466,275	914,460	296,168	742,029
Other assets	0	0	0	0
Short-term deferred assets	0	0	0	0
Accrued income from interest and rent	0	0	0	0
Short-term deferred expenses	0	0	0	0
Other short-term deferred items	0	0	0	0
LIABILITIES	43,680,668	24,080,691	41,065,669	15,894,216
Fair value reserves	0	0	0	0
Gross insurance technical provisions	43,268,600	23,319,615	40,835,678	15,377,361
- gross provisions for unearned premiums	0	0	0	0
- gross mathematical provisions	43,268,600	23,319,615	40,835,678	15,377,361
- 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	412,068	761,076	229,991	516,855
Liabilities from direct insurance operations	255,205	595,828	185,400	448,267
- liabilities to policy holders	23,251	1,005	16,773	1,017
- liabilities to agents and brokers	0	0	0	0
- other liabilities from direct insurance operations	231,954	594,823	168,627	447,250
Liabilities from co-insurance and re-insurance operations	0	0	0	0
Other liabilities	156,863	165,248	44,591	68,588
Accruals	0	0	0	0

	in EUR	
Statement of financial position for guarantee fund backing unit-linked life insurance	31 December 2020	31 December 2019
ASSETS	420,875,129	419,695,687
Investment property and financial investments	417,297,562	414,645,557
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	417,297,562	414,645,557
Shares and other floating rate securities and fund coupons	374,846,121	357,857,547
Debt and other fixed return securities	42,451,441	53,065,275
Investment fund shares	0	0
Mortgage loans	0	0
Other loans	0	0
Deposits with banks	0	3,722,735
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	2,139,506	41,528
Receivables from direct insurance	860	38,359
- receivables from insurers	0	0
- receivables from insurance brokers	0	0
- other receivables from direct insurance operations	860	38,359
Receivables from re-insurance operations	0	0
Other receivables	2,138,646	3,169
Other assets	1,438,061	5,008,602
Cash and cash equivalents	1,438,061	5,008,602
Other assets	0	0
Short-term deferred assets	0	0
Accrued income from interest and rent	0	0
Short-term deferred expenses	0	0
Other short-term deferred items	0	0
LIABILITIES	420,875,129	419,695,687
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	420,868,883	414,454,235
Liabilities from reinsurers' investments in reinsurance contracts	0	0
Other liabilities	6,246	5,241,452
Liabilities from direct insurance operations	6,128	103,033
- liabilities to policy holders	0	0
- liabilities to agents and brokers	0	0
- other liabilities from direct insurance operations	6,128	103,033
Liabilities from co-insurance and re-insurance operations	0	0
Other liabilities	118	5,138,419
Accruals	0	0

5.14.3 Income statement of pension funds formed as a guarantee fund

	2020				2019				in EUR
	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni	
Income for PDPZ funds									
Financial income	11,604,157	7,920,282	1,541,520	2,142,355	12,483,582	8,951,299	1,659,527	1,872,756	
Income from dividends and profit sharing	272,617	70,757	72,825	129,035	202,038	0	94,523	107,515	
Interest income	2,546,739	2,463,715	75,775	7,249	3,737,667	3,656,702	80,961	4	
Gains on disposal of financial investments	2,504,029	2,074,185	256,360	173,484	2,426,395	2,042,024	138,768	245,603	
Net income from changes in the fair value of investments which are recognised at fair value through profit or loss	6,216,723	3,310,125	1,110,338	1,796,260	5,969,600	3,252,405	1,275,691	1,441,504	
Other financial income	64,049	1,500	26,222	36,327	147,882	168	69,584	78,130	
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	3,919,100	1,730,771	951,197	1,237,132	1,880,231	1,695,845	93,615	90,771	
Interest expenses	0	0	0	0	0	0	0	0	
Losses from disposal of financial investments	2,056,951	1,126,434	437,099	493,418	283,314	240,764	12,196	30,354	
Revaluation operating expenses arising from a change in the fair value of financial investment through profit and loss	823,878	596,330	114,160	113,388	1,560,326	1,454,949	72,799	32,578	
Other financial expenses	1,038,271	8,007	399,938	630,326	36,591	132	8,620	27,839	
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	7,685,057	6,189,511	590,323	905,223	10,603,351	7,255,454	1,565,912	1,781,985	
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	2,282,094	2,029,864	141,327	110,903	2,184,047	1,979,864	118,522	85,660	
Management commission	2,258,025	2,029,864	127,790	100,371	2,159,296	1,979,864	105,319	74,112	
Custodian bank fees	9,127	0	5,112	4,015	7,177	0	4,213	2,964	
Auditing expenses	2,720	0	1,360	1,360	4,422	0	2,211	2,211	
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	12,222	0	7,065	5,157	13,152	0	6,779	6,373	
Other expenses	0	0	0	0	1	0	0	1	
Net profit intended for the insured	5,402,963	4,159,647	448,996	794,320	8,419,303	5,275,590	1,447,390	1,696,324	

5.14.4 Income statement for funds posted separately

	2020		2019	
	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	3,360,627	9,633,650	5,794,234	6,823,410
This legal entity	1,523,152	3,817,940	3,719,486	2,572,406
Other insurance company	0	0	0	0
Other pension companies	1,837,475	5,815,710	2,074,748	4,251,004
Mutual pension fund	0	0	0	0
Income from investments	2,591,613	675,110	1,776,424	264,208
Income from dividends	0	0	0	0
Income from other investments	1,807,500	151,931	1,144,960	117,598
Income from land and buildings	0	0	0	0
Interest income	414,284	151,931	539,004	117,598
Other investment income	1,393,216	0	605,956	0
Income from asset value adjustments	0	0	0	0
Profit on disposal of investments	784,113	523,179	631,464	146,610
Claims incurred	3,526,771	2,521,704	3,588,403	1,698,711
Gross claims settled	3,526,771	2,521,704	3,588,403	1,698,711
Change in gross provisions for claims outstanding	0	0	0	0
Change in other net technical provisions (+/-)	1,710,413	7,354,957	3,388,879	5,105,084
Change of mathematical provisions (+/-)	1,710,413	7,354,957	3,388,879	5,105,084
Change of other net technical provisions (+/-)	0	0	0	0
Expenses included in policies	583,473	375,476	572,716	248,799
Initial expenses	55,124	274,749	62,462	180,675
Collection, administrative expenses	415,746	0	396,465	0
Costs of claim settlement	112,603	100,727	113,789	68,124
Net operating expenses	139,398	194,141	119,613	129,608
Acquisition costs	0	112,066	0	79,855
Change of deferred acquisition costs (+/-)	0	0	0	0
Other operating expenses	139,398	82,075	119,613	49,753
Depreciation of assets used in insurance business	9,105	5,507	7,841	3,295
Labour costs	64,734	39,153	66,472	27,933
- wages and salaries	45,565	27,559	46,037	19,346
- social security and pension insurance costs	7,561	4,573	7,895	3,317
- other labour costs	11,608	7,021	12,540	5,270
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	198	120	130	55
Other operating expenses	65,361	37,295	45,170	18,470
Income from reinsurance commissions and from participation in the positive technical result from reinsurance contract (-)	0	0	0	0
Expenses from investments	131,583	56,623	20,660	35,024
Depreciation and amortization of assets not used in operations	0	0	0	0
Expenses arising from asset management, interest expenses and other financial expenses	108,001	53,649	0	35,024
Revaluation financial expenses	0	0	20,660	0
Loss on disposal of investments	23,582	2,974	0	0
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	444,075	181,335	453,103	119,191

	in EUR	
Income statement for guarantee fund backing unit-linked life insurance	2020	2019
Gross written premium	56,640,852	47,841,329
Income from investments	17,943,614	68,020,482
Income from dividends	3,832	2,995
Income from other investments	15,401,135	62,786,844
Income from land and buildings	0	0
Interest income	538,380	650,800
Other investment income	14,862,755	62,136,044
- financial income from revaluation	14,862,755	62,136,041
- other financial income	0	3
Income from asset value adjustments	0	0
Profit on disposal of investments	2,538,647	5,230,643
Expenses from cash surrender value	48,338,150	57,234,124
Ordinary termination	25,651,724	29,511,616
Extraordinary termination	22,686,426	27,722,508
- withdrawal from insurance contract	21,063,758	26,075,166
- cancellation of insurance contract	0	0
- death of the insured person	1,622,668	1,647,342
Change in other net technical provisions (+/-)	6,525,905	49,372,992
Change of mathematical provisions (+/-)	6,525,905	49,372,992
Change of other net technical provisions (+/-)	0	0
Fund management costs	7,922,857	9,221,840
Entry fees	792,926	2,653,112
Exit costs	0	0
Management commission	7,129,931	6,568,728
Expenses from investments	11,797,554	32,855
Depreciation and amortization of assets not used in operations	0	0
Expenses arising from asset management, interest expenses and other financial expenses	0	968
Revaluation financial expenses	10,473,629	31,347
Loss on disposal of investments	1,323,925	540
Net profit for the period	0	0

Appendix: Glossary of insurance terms

Inward reinsurance

When a reinsurance company assumes from other insurance and reinsurance companies the portion of the risk that exceeds their retention limits.

Accumulated profit

The legally justified amount of net profit for the current year, net profit brought forward and reserves from profit, which in accordance with the decision of the insurance company's management board is first used to increase reserves (legal reserves, treasury share reserves and treasury shares, and statutory reserves) and other reserves according to the Supervisory Board's decision. The remainder, referred to as accumulated profit, is allocated by the General Meeting of Shareholders to dividends, other reserves and other purposes, and carried forward to the next year.

Cedent

A party to a reinsurance contract who passes a portion of their assumed risks to reinsurance. The recipient of those risks is typically an insurance company. To cede means to pass a portion of assumed risk to the reinsurer.

Total return on share

The sum of growth in the share price in the accounting period and the dividend yield as at the reporting date.

Net earnings per share

The ratio of net profit in the accounting period which refers to the ordinary shareholders of the controlling company to the weighted average

number of ordinary shares less ordinary shares held by Zavarovalnica Triglav or the Triglav Group members.

Return on equity (ROE)

The ratio of net profit for the period to the average balance of shareholders' equity in the period.

Return on equity attributable to the owners of the controlling company

The ratio of net profit to the average balance of shareholders' equity held by the owners of the controlling company in the accounting period.

Net claims incurred

Comprise gross claims incurred (benefits, claim payments and appraisal costs) less reinsurers' and coinsurers' shares of gross claims paid, adjusted for any change in net claims provisions, plus equalisation scheme expenses for supplementary health insurance.

Net premium income

Comprises gross written premium less written premium ceded to reinsurers and coinsurers, adjusted for the change in net unearned premium.

Floating stock/free float

Shares held by shareholders who own 5% or less of shareholders' equity.

Economic value distributed

Comprises net claims incurred and other insurance expenses, expenses from financial assets, other expenses, operating expenses, dividend payments, tax expense, community

investment (prevention activities, donations, sponsorships), employee wages, allowances and benefits.

Dividend yield

The ratio of gross dividends per share to price per share on a given day.

Supplemental insurance/rider

Insurance that is underwritten as a supplement to another (precisely defined) insurance and that cannot be underwritten independently.

Return on investment

Difference between income and expenses from financial assets. Income from investments comprises income from investments in associates and income from investments (interest income, gains on disposal of investments and other income from investments). Expenses from investments comprise expenses from investments in associates and expenses from investments (impairment of investments, losses on the disposal of investments and other expenses from investments). Return on investment does not include net unrealised gains and losses on unit-linked life insurance assets.

Endowment (for life insurance products with a savings component)

Insured event in which the insurer pays the sum insured, together with bonuses after the insured survives an agreed insurance period.

Incurred but not reported (IBNR)

Provisions for incurred but not yet reported claims.

Capitalisation

The reduction of sums insured in life insurance with a savings component, which is carried out if the policyholder stops paying premiums. In addition to standard criteria for setting the premium (gender and age of the insured), the

amount of the sum insured depends primarily on the number of paid in premiums and the remaining insurance term.

Book value per share

Ratio of stockholders' equity to the number of outstanding shares on the reporting date.

Capital adequacy ratio

The ratio of available own funds eligible for covering the solvency capital requirement to the solvency capital requirement.

Combined ratio

The sum of the expense ratio and claims ratio. It shows the profitability of non-life and health insurance transactions. A value of less than 100% indicates profit from non-life and health insurance transactions, excluding returns on investment.

Composite (or universal, general) insurance company

An insurance company that conducts non-life and life insurance business.

Gross and net

In the insurance industry, the terms gross and net typically relate to quantities and ratios before and after the deduction for reinsurance.

Unearned premium

A component of insurance technical provisions that represents the component of gross written premium that relates to future or subsequent accounting periods.

Claims provisions

Provisions created to cover claims that incurred in the past and were not settled by the end of the accounting period. Provisions are created for already reported claims, claims not yet reported and/or under-reported claims.

Gross operating expenses

Gross operating expenses are recognised as original costs by nature.

Own risk and solvency assessment (ORSA)

Own assessment of risks to which the insurance company's business is exposed, including the risks it may be exposed to in the future, and an assessment of the appropriateness of available own funds to cover them.

Gross written premium

Sum of all premiums that the insurance company charges to policyholders following the underwriting or renewal of policies in the accounting period.

Gross written premium per company employee

Gross written premium in the accounting period divided by the number of employees at the insurance company on the reporting date.

Gross claims paid

Benefits and claims calculated for all or a portion of settled claims in the accounting period, including claim settlement costs.

Expense ratio

Ratio of the sum of operating expenses, expenses for bonuses and discounts and other net insurance expenses (calculated as the difference between other insurance expenses and other insurance income) to net non-life and health insurance premium earned.

Surrender

The termination of a life insurance policy that results in the pay-out of the value thereof (saved assets and mathematical provisions, less the costs incurred by the insurance company).

Average daily turnover in shares

The ratio of the total value of share turnover in the accounting period to the number of trading days in that period.

Reinsurance

Reinsurance is the insurance of amounts over the internal risk equalisation rate of a given insurance company with another insurance company registered to provide reinsurance services.

Prevention

The portion of non-life insurance premiums that the insurance company allocates to prevention activities to mitigate future risks.

Associate

A company in which another entity directly or indirectly holds between 20% and 50% of voting rights, and thus has a significant effect on capital, but does not control that company.

Income from claimed gross subrogation receivables

The amount of subrogation claims that were created in the accounting period as subrogation receivable based on a ruling of the competent court, an agreement with the person liable to subrogation, or the payment of benefits with regard to credit insurance.

Risk profile

A risk profile is a quantitative assessment of the risks to which the insurance company is exposed. In order to adequately identify the risk profile, processes are established, and risk exposure and measurements are defined for every type of risk for the purpose of assessing the extent thereof.

Deferred acquisition costs (DAC)

Costs that the insurance company incurs in the acquisition of new insurance contracts are deferred equally for the entire duration of those contracts for accounting purposes. Thus,

the one-time cost incurred when insurance is underwritten is deferred equally over the entire insurance period.

Available own funds

Available own funds are used to cover the solvency capital requirement and represent the surplus of assets over liabilities, plus subordinated liabilities, taking into account other regulatory, insurer-specific adjustments.

Reported but not settled (RBNS)

Provisions for losses incurred that have been reported but not settled (provisions after inventory).

Reserves from profit

Comprise other reserves from profit, legal and statutory reserves, contingency reserves and credit risk equalisation reserves.

Solvency II

The European Union's regulatory framework in the area of insurance, which defines the calculation of capital adequacy, and the governance of and reporting by insurance companies. The insurance company's available own funds must be at least equal to the assessment of assumed risks, as set as out in the regulatory framework.

Coinsurance

A way to equalise risks, where assumed risks are split or spread among several insurance companies. The proportion of risk assumed by an individual insurance company may vary and represents the basis for determining an individual insurance company's share of the premium and potential loss. Each insurance company is jointly and severally liable to the insured, i.e. for the full amount of benefits and/or claims from an insurance contract, irrespective of the proportion of risk it assumes.

Expense ratio – operating expenses from insurance transactions as a proportion of gross written premium

Ratio of operating expenses from insurance transactions to gross written premium.

Claims ratio

Ratio of the sum of net claims incurred and changes in other insurance technical provisions to net non-life and health insurance premium income.

Market capitalisation

The value of a company calculated as the product of the closing share price and the number of shares on the reporting date.

Economic value generated

Comprises net premium income, other insurance income, income from financial assets and other income.

Comprehensive income

Comprehensive income is composed of two elements. The first element comprises net profit or loss for the accounting period from the income statement. The second element comprises other comprehensive income, which discloses the effects of other income and expense items that are not recognised in the income statement, but affect the balance of shareholders' equity, primarily due to changes in fair value reserve.

Economic value retained

Difference between economic value generated and economic value distributed.

Solvency capital requirement (SCR)

Calculated according to a statutory standard formula that takes into account all material measurable risks: underwriting, market, credit and operational risks.

Insurance density (premium per capita)

Ratio of gross written premium to the number of inhabitants of a specific country.

Insurance penetration

Insurance premium as a proportion of gross domestic product (GDP).

Insurance premium

The amount set out in an insurance contract that the policyholder pays to the insurance company. Insurance premium covers the payment of current and future claims, the costs of prevention activities and the insurance company's operating expenses.

Insurance group

Several related insurance classes treated as a group. The Insurance Act groups insurance classes 1 to 18 in the non-life insurance group and insurance classes 19 to 24 in the life insurance group.

Insurance class

Various insurance types that are grouped in accordance with the Insurance Act based on the main types of risks they cover. The Insurance Act defines 24 different insurance classes.

Insurance technical provisions

The insurance company must create the necessary insurance technical provisions in connection with all insurance services that it provides. They are intended to cover future insurance liabilities and potential losses due to risks arising from rendered insurance services. They comprise unearned premium, claims provisions, mathematical provisions, provisions for bonuses and discounts, and other insurance technical provisions.

Content Index according to Global standards GRI (Global Reporting Initiatives) and SASB (Sustainability Accounting Standards Board)

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 Disclosures			
Organisational profile 2016			
102-1	Name of the organisation	2.3/P. 11	
102-2	Activities, brands, products, and services	2.7/P. 15	
102-3	Location of headquarters	2.3/P. 11	
102-4	Location of operations	2.7/P. 15, 7.4/P. 54	
102-5	Ownership and legal form	6.3/P. 47	
102-6	Markets served (geographic location, sectors served and types of customers and beneficiaries)	2.7/P. 15, 7.4/P. 50	
102-7	Scale of the organisation	2.1/P. 10, 2.2/P. 10, 12.4.1.1/P. 112	
102-8	Information on employees and other workers by employment contract, region and age	12.4.1.1/P. 112, 113	
102-9	Supply chain	12.3/P. 110	Number of suppliers is not reported.
102-10	Significant changes to the organisation's size, structure, ownership, or supply chain	2.7.4/P. 19, 5.4/P. 42, 6.3/P. 47, 12.3/P. 111	
102-11	Precautionary Principle or approach	Risk Management Section/P. 155–187	
102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses	5.2/P. 34, 12.1/P. 106	
102-13	Membership of associations	12.1/P. 106	
Strategy and analysis			
102-14	A statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy for addressing sustainability	1./P. 7–9	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour and the Code of Ethics	12.5/P. 122	
Governance			
102-18	Governance structure of the organisation, including committees of the highest governance body	5.3/P. 35–41, 5.4/P. 42	
Stakeholder engagement			
102-40	A list of stakeholder groups engaged by the organisation	12.2/P. 107	
102-41	Percentage of total employees covered by collective agreement	12.4.1.1/P. 113	
102-42	The basis for identifying and selecting stakeholders with whom to engage	6.5/P. 49, 12.2/P. 107	
102-43	The organisation's approach to stakeholder engagement, including frequency of engagement by stakeholder group	6.5/P. 49, 12.2/P. 107–108, 12.4.2.1/P. 115	
102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organisation has responded to those key topics and concerns, including through its reporting	12.2/P. 107–108, 12.4.2.1/P. 115, 12.5/P. 122	

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 2.12/P. 224	
102-46	Defining report content and topic Boundaries	Statement on non-financial reporting/P. 102	
102-47	List of material topics	12.1/P. 105, GRI Content Index/P. 318	The essential topics recognised by the Triglav Group are stated in this GRI Content Index. Non-essential topics are not reported.
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	Statement on non-financial reporting/P. 102	
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	Statement on non-financial reporting/P. 102	Compared to the previous reports, the volume of reported topics did not significantly change.
102-50	Reporting period	Statement on non-financial reporting/P. 102	
102-51	Date of most recent report		The most recent Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 was published on 31 March 2020.
102-52	Reporting cycle (annually, quarterly)	Statement on non-financial reporting/P. 102	
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. 318	
102-55	GRI Content Index	GRI Content Index/P. 318	
102-56	External assurance		The Company has not yet decided to have the GRI standards externally assured.

GRI Content Index according to GRI Global Standards- Core option. "This report has been prepared in accordance with the GRI Standards: Core option."

TOPIC-SPECIFIC DISCLOSURES			
The management approach and its components	Material topic	Page number(s)	Reason for Omission/Notes
ECONOMIC IMPACT			
GRI 201: Economic Performance			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	4.2/P. 29, 12.3/P. 109	
201-1	Direct economic value generated and distributed	12.3/P. 109	
201-2 SASB: FN-IN-450a.2	Financial implications and other risks and opportunities due to climate change	7.2/P. 53	Reporting on financial implications of weather and natural disasters.
201-3	Defined benefit plan obligations and other retirement plans	12.4.4/P. 118	
201-4	Financial assistance received from government	12.3/P. 111	
SASB: FN-IN-410a.1	Total invested assets by industry and asset class	7.9/P. 73	
SASB: FN-IN-550a.3	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	Risk Management Section 2.6/P. 179, 2.8/P. 185	Reporting only on the capital and liquidity risk management system.
GRI 202: Market presence 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	4.2/P. 29	
202-2	Proportion of senior management hired from the local community	12.4.1.1/P. 113	
GRI 203: Indirect economic impacts 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3/P. 109, 12.6.1/P. 124	
203-1	Extent of development of significant infrastructure investments and services supported	12.6.1/P. 124, 12.6.2/P. 127	
GRI 204: Procurement practices 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3/P. 109	
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. 110	Share is not reported.
GRI 205: Anti-corruption 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/P. 122	
205-1	Total number and percentage of operations assessed for risks related to corruption	12.5/P. 122	
205-3 SASB: FN-AC-510a.1	Total number and percentage of operations assessed for risks related to corruption, confirmed incidents of corruption and actions taken	12.5/P. 122	Financial values are not reported on.
GRI 206: Anti-competitive behaviour			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3/P. 110	
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. 110	
GRI 207: Tax 2019			
207-1	Approach to tax	Accounting report 2.9/P. 208	
207-2	Tax governance, control, and risk management	Accounting report 2.9/P. 208	
207-3	Stakeholder engagement and management of concerns related to tax	Accounting report 2.9/P. 208	
207-4	Country-by-country reporting	Accounting report 2.12/P. 224	
ENVIRONMENTAL IMPACT			
GRI 302: Energy 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.7/P. 131	
302-1	Energy consumption within the organization	12.7/P. 131	

GRI Content Index according to GRI Global Standards- Core option. "This report has been prepared in accordance with the GRI Standards: Core option."

TOPIC-SPECIFIC DISCLOSURES			
The management approach and its components	Material topic	Page number(s)	Reason for Omission/Notes
GRI 305: Emissions 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.7/P. 130	
305-1	Direct (Scope 1) GHG emissions	12.7/P. 130	Reporting on total emissions (Scope 1 + 2 + 3).
305-2	Energy indirect (Scope 2) GHG emissions	12.7/P. 130	Reporting on total emissions (Scope 1 + 2 + 3).
305-3	Other indirect (Scope 3) GHG emissions	12.7/P. 130	Reporting on total emissions (Scope 1 + 2 + 3).
GRI 306: Effluents and waste 2016			
103-1	Explanation of the material topic and its Boundary	12.7/P. 131	
306-2	Total weight of waste, with a breakdown by the disposal methods	12.7/P. 131	Quantitative data on disposal methods are not included.
SOCIAL IMPACT			
GRI 401: Employment 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.1/P. 112	
401-1	New employee hires and employee turnover	12.4.1.1/P. 113	
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. 113, 12.4.4/P. 118	
401-3	Total number of employees that returned to work in the reporting period after parental leave ended, by gender	12.4.4/P. 119	The number and share of employees who were still employed 12 months after parental leave ended is not reported on.
GRI 402: Labour/management relations 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.4/P. 119	
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. 119	
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. 116	
403-1	Occupational health and safety management system	12.4.3/P. 116	
403-2	Hazard identification, risk assessment, and incident investigation	12.4.3/P. 116	
403-3	Occupational health services	12.4.3/P. 116	
403-4	Worker participation, consultation, and communication on occupational health and safety	12.4.3/P. 116	
403-5	Worker training on occupational health and safety	12.4.3/P. 116	
403-6	Promotion of worker health	12.4.3/P. 116	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	12.4.3/P. 116	
403-8	Workers covered by an occupational health and safety management system	12.4.3/P. 116	
403-9	Work-related injuries	12.4.3/P. 118	
403-10	Work-related ill health	12.4.3/P. 118	

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TOPIC-SPECIFIC DISCLOSURES			
The management approach and its components	Material topic	Page number(s)	Reason for Omission/Notes
GRI 404: Training and education 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.2/P. 114	
404-1	Average hours of training that the organisation's employees have undertaken during the reporting period, by gender and employee category	12.4.2/P. 114	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. 114	
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. 112	
405-1 FN-AC-330a.1	Diversity of governance bodies and employees (gender, age group, representatives of minorities, other indicators of diversity)	5.3.2.2/P. 37, 5.3.3.2/P. 40, 12.4.1.1/P. 113	Reporting on the gender and age structure of all employees employed at the first and second management levels and at the Management Board level.
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. 113	
GRI 406: Non-discrimination 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.4/P. 119	
406-1	Total number of incidents of discrimination during the reporting period and actions taken	12.4.4/P. 119	
GRI 412: Human rights assessment 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.4/P. 119	
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. 114	
GRI 413: Local communities 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.6.1/P. 124	
413-1	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	12.6.1/P. 124	
GRI 414: Supplier Social Assessment 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3/P. 110	
414-1	New suppliers that were screened using social criteria	12.3/P. 110	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. 122	
415-1	Political contributions	12.5/P. 122	
GRI 417: Marketing and labelling 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/P. 120	
417-1 SASB: FN-IN-270a.4	Requirements for product and service information and labelling	12.5/P. 120	
417-2 SASB: FN-IN-270a.1, FN-AC-270a.2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	11.4/P. 99	
417-3 SASB: FN-IN-270a.1, FN-AC-270a.2	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	11.4/P. 99	
SASB: FN-IN-270a.2	Complaints-to-claims ratio	12.2/P. 108	

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TOPIC-SPECIFIC DISCLOSURES			
The management approach and its components	Material topic	Page number(s)	Reason for Omission/Notes
GRI 418 Customer privacy 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/P. 122	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	12.5/P. 122	
GRI 419: Socioeconomic compliance 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/P. 122	
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. 122	
Financial Services Sector Disclosures - GRI G4			
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit	12.5/P. 120, 21	The data monitoring system does not yet allow a precise calculation.
G4-FS8 SASB: FN-IN-410b.2	Monetary value of products and services designed to deliver a specific environmental benefit	12.5/P. 120, 121	The data monitoring system does not yet allow a precise calculation.
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	12.5/P. 121	Quantitative data on access points are not recorded in this way.
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	12.5/P. 121, 122	

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