

A close-up photograph of a person's hand wearing a grey work glove, gently touching the needles of a young, vibrant green pine tree. The background is a blurred forest floor with dry twigs and green foliage. In the top left corner, there are white and yellow geometric line graphics.

Three values. One trust.

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

2021

Three values. One trust.

Responsiveness, reliability and simplicity. Triglav Group's values are the force behind its operations. By implementing these values in the unpredictable year of 2021, the following key objectives were achieved:

- The Group operated at a profit and recorded high profit growth.
- The Group strengthened the trust of its key stakeholders and sustainable development orientation in both core activities, i.e. insurance and asset management.
- The Group strengthened its position in the region and set ambitious goals for 2022–2025.

- ➔ Address by the President of the Management Board
- ➔ Share and shareholders
- ➔ Strategy and plans
- ➔ Sustainable development

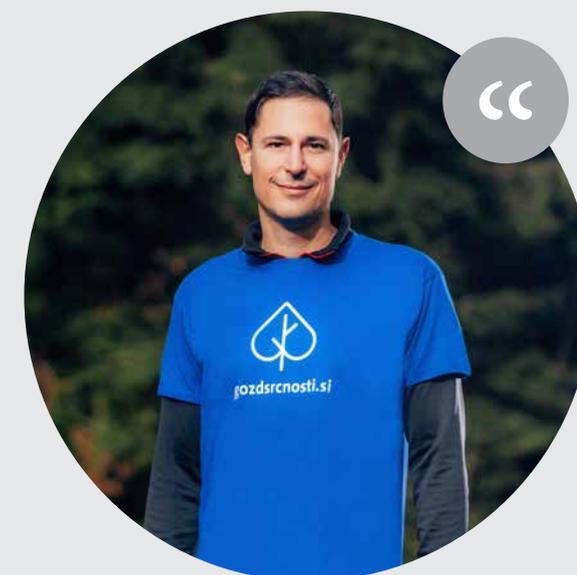


Employees of the Triglav Group joined Slovenski državni gozdovi's initiative for forest restoration. In the context of the Wholehearted Woods campaign, we contributed 2,500 tree seedlings to be replanted on the slope below Uršlja gora, after much of the forest was destroyed by storms. At the same time, public virtual reforestation took place, in which participants dedicated tree seedlings to their loved ones.

“Corporate social responsibility investments are not just a niche market, but reflect a changing social environment, changes to consumer habits, lifestyle and even legislation. We are also aware of the importance of corporate social responsibility investing at Triglav Group, so we created the Triglav Zeleni fund and committed ourselves to invest only in companies that have positive and measurable sustainability characteristics. In managing other funds and investor portfolios, reviewing the sustainability characteristics of financial instruments has also become an integral part of our investment process.”

Sašo Ivanovič

Director of Investment Fund Management
at Triglav Skladi



Credit rating

'A'

with a stable
medium-term
outlook

Leading
position in
the Adria region

Financial highlights of the Triglav Group in 2021

45

companies

5,264

employees

EUR 1,70

dividend per share

56.9%

share of highly committed employees

EUR 3,668.5 million

investment portfolio

68.5%

debt and other fixed return securities

EUR 1,353.0 million

gross written premium from insurance,
coinsurance and reinsurance contracts

72

NPS index, satisfaction of
Zavarovalnica Triglav's clients

EUR 1,539.3 million

mutual funds and
discretionary mandate assets

> 1,700

contract sales partners and
well developed own sales network

219%

capital adequacy of the Triglav Group

12.5%

return on equity

8%

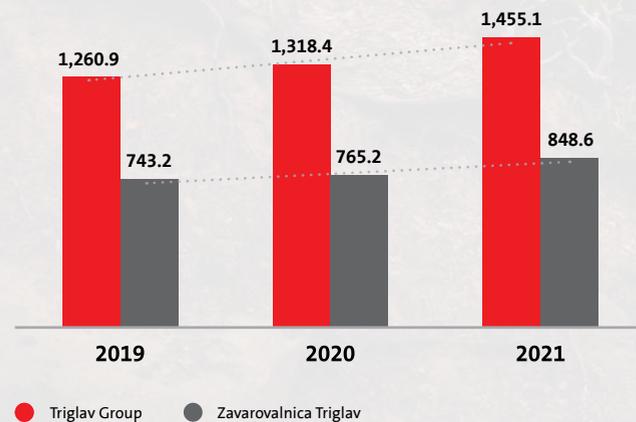
share of social impact, green and
sustainable bonds in debt securities

95%

of electricity for Zavarovalnica Triglav
from renewable sources

Revised strategy 2022–2025

Total revenue in EUR million



Responsiveness.

EUR **1,539.3** million

↑
+33%

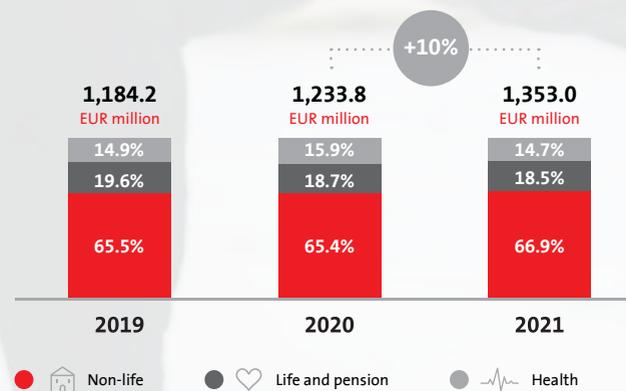
Mutual funds and
discretionary mandate assets

22.2%

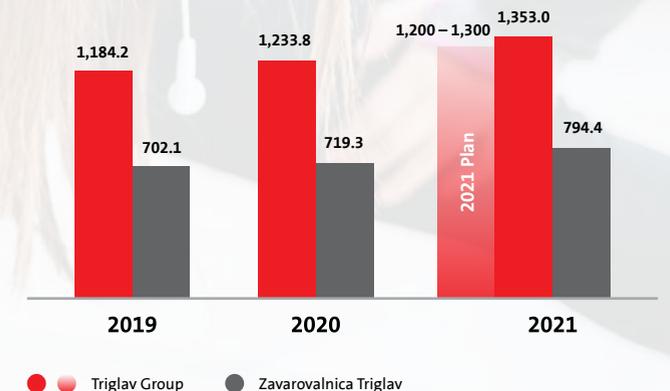
The proportion of operating expenses
of the insurance business in
gross written premium

The organisers of the Triglav Run provided free training courses
for runners in nine Slovenian towns.

Consolidated gross written premium of the Triglav Group
by segment



Gross written premium from insurance, coinsurance and
reinsurance contracts



Simplicity.

>70

simplified products and services

+50.3%



users of the i.triglav web office



1 > 17

new
home insurance

17 insurance products
combined and simplified
into one.



Asset
management

18 investment
policies within
mutual funds



Non-life

100
insurance products
in Slovenia



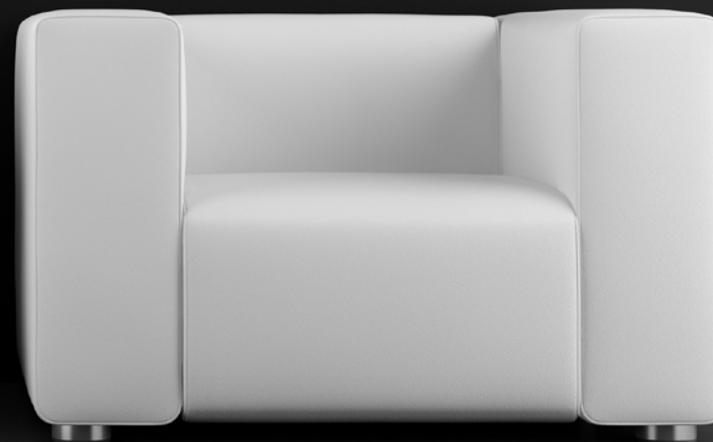
Life

20
insurance products
in Slovenia



Health

32
insurance products
in Slovenia



Reliability.

EUR **4.4** billion

Balance sheet total of the Triglav Group



219%



Capital adequacy of the Triglav Group

12.5%

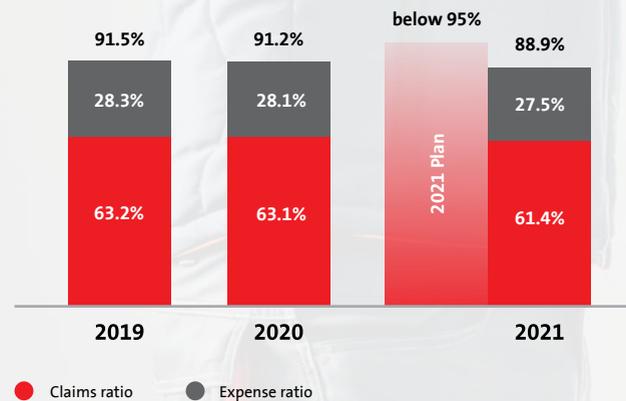


Return on equity of the Triglav Group

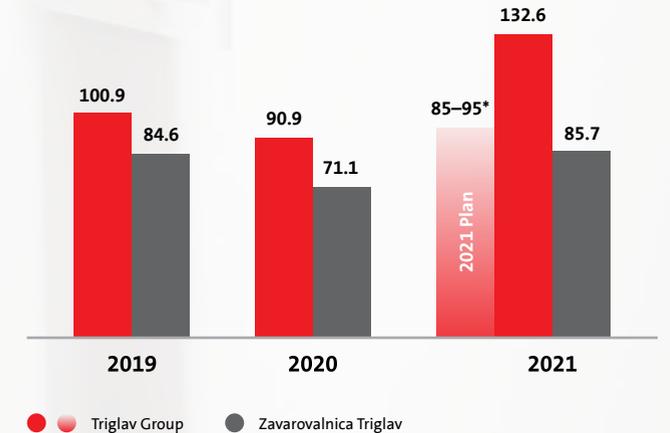
In the *Carefree and safe living* business ecosystem, we work with partners who provide reliable assistance services for our clients (Marijan Radoš, Teslamont).



Combined ratio of the Triglav Group



Net profit before tax in EUR million



* Interim estimate of profit before tax of EUR 115–125 million.

Triglav Group and Zavarovalnica Triglav d.d.

Audited Annual Report for the Year Ended 31 December 2021

About the report

This PDF version of the report 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 2021 is integrated and describes the balance and plans as at 31 December 2021. 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 Section [2.4 About the report](#).

Navigation

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

Keep updated about our activities and offers

Detailed information for investors and existing shareholders is available at:

Information for shareholders:

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1.

Address by the President of the Management Board¹

Dear Shareholders,
Business Partners and
Colleagues,

In 2021, we operated in an environment of persisting COVID-19 pandemic and fierce competition as well as under the influence of trends in the capital markets, which remained unfavourable in terms of interest income. Even under such circumstances, we achieved very good results – better than expected. The Group consolidated its position in most markets, maintained its financial strength and again received “A” credit ratings from S&P Global Ratings and AM Best with a stable medium-term outlook.

The consolidated profit before tax, amounting to EUR 132.6 million, was 46% higher than in the previous year. Net return on equity was 12.5%. With prudent cost management, primarily acquisition costs, digitalisation expenses and investments in information technology increased. We achieved very good results in both underwriting activities and the management of clients’ assets, while investment portfolio returns continued to be affected by the low interest rate environment. Several factors contributed to

underwriting results. Along with growth in the volume of business, they were positively affected by the relatively lower frequency of claims and the favourable development of claims provisions created in past years. They were further affected by the formation of insurance technical provisions in 2021, which was prudently conservative as always. To a lesser extent, additional insurance technical provisions were created in the health, life and pension insurance segments.

Good results in insurance and asset management

The Group’s total revenue increased by 10% to EUR 1,455.1 million, and the volume of gross written premium increased at the same growth rate to EUR 1,353.0 million. The Group’s underwriting discipline and client focus resulted in premium growth in all three insurance segments and in all our markets. In Slovenia it stood at 4%, which is one percentage point above the market, reaching 15% in markets outside Slovenia. Premium written in



The consolidated profit before tax, amounting to EUR 132.6 million, was 46% higher than in the previous year.

The Group's underwriting discipline and client focus resulted in premium growth in all three insurance segments and in all our markets.



the international market based on the principle of free movement of services and inward reinsurance premium grew by 40%. The non-life insurance premium increased by 12%, life and pension insurance premium by 8% and health insurance premium by 1%.

The volume of gross claims paid of EUR 736.6 million did not deviate significantly from the previous two years. They were affected by the growth of the insurance portfolio over several years and major CAT events, which were even lower than the year before. As we observed during the year, the claims segment continued to be affected by the COVID-19 pandemic, resulting in a lower frequency of claims in some insurance classes and an increased volume of claims in others due to last year's disruption in some services. The combined ratio in non-life and health insurance reached a very favourable 88.9%. Its improvement is the result of the improved claims ratio and the expense ratio or higher growth in net premium income than growth in net claims incurred, backed by the rise in other insurance income and the decline in net expenses for bonuses and discounts.

The Group's investment portfolio – together with investment property and investments in associates – amounted to EUR 3,668.5 million, which is 5% more than the year before. Its structure was not significantly changed, but we continued to pursue the goal of achieving a high credit rating of the entire portfolio in our investing activities. We also began to incorporate environmental, social and governance (ESG) factors in our investment processes. We are satisfied with the results in asset management, in which the volume of clients' assets in mutual funds and discretionary mandate assets increased by 33% to EUR 1,529.3 million due to the situation on the financial markets and net inflows. By holding a 31.8% market share, the Group is one of the leading managers of assets in mutual funds in Slovenia.

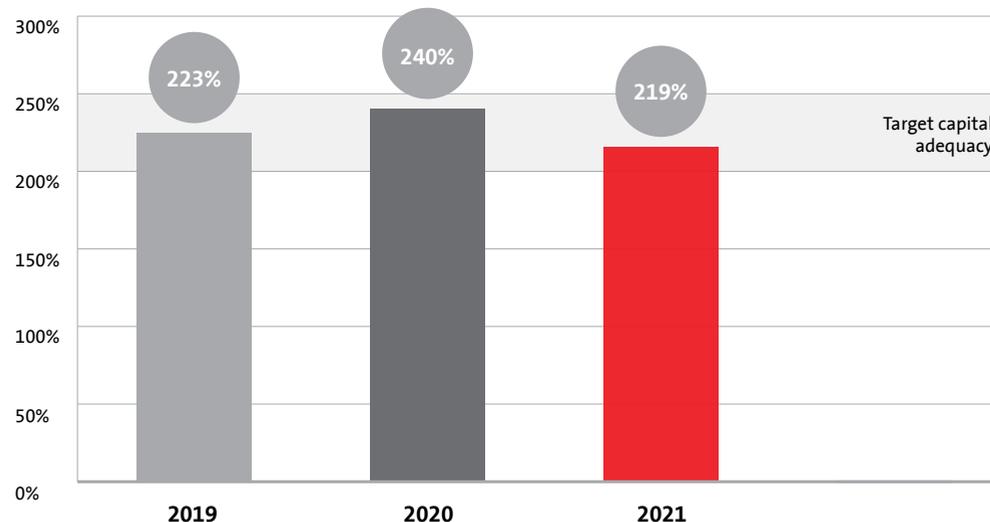
Implementation of the dividend policy by paying out dividends

We strive to make the ZVTG share a profitable, safe and stable investment for investors. Our dividend policy is sustainable in terms of the Group's financial stability, growth and development, and interesting in terms of paying attractive dividends to shareholders. We aim to implement it as such, but in 2021 it was again influenced by the COVID-19 pandemic and related requirements of the insurance regulator. We are pleased to have met its requirements and to have been able to pay dividends in 2021. A total of 53% of Zavarovalnica Triglav's consolidated net profit for 2020 was allocated for dividend payments, which represented a 5% dividend yield.

Focused on growth and development

The Group's operations continued to be development-oriented in 2021. In both activities, insurance and asset management,

Capital adequacy ratio of the Triglav Group as at 31 December 2021



we have strengthened client focus and user experience, with the aim of making it outstanding and uniform across all channels and processes, products and Group companies. This remains our main strategic guideline in the future.

The Group's long-term competitive advantage is the upgrading of insurance and financial products with assistance and related services, which are supported by advanced information and digital solutions. In such business ecosystems, we work together with a partner network of contractors and upgrade them in several areas (healthcare services, pet health, safe and sustainable mobility, carefree and safe living/home and financial services). In 2021, new, simple and flexible products (e.g. modular insurance) were launched, which provide clients with an even greater selection of insurance scope and coverage to choose from, further expanding the range of assistance services.

Development processes continued to be carried out in order to facilitate policy underwriting, claim reporting and the digitalisation of back-office processes. In line with our omni-channel approach, traditional distribution

We aim to play a leading role in our region in integrating the best global ESG practices into our operations.





The new financial year has begun with a revised strategy to 2025, which has set ambitious strategic objectives on a solid foundation.



channels were connected with new channels (digital sales, strengthened bank channels, mobile operators), in addition to implementing a hybrid sales method (remote selling and personal contact). Due to the unstable situation caused by the COVID-19 pandemic, the sales network as the Group's main sales channel focused on remote selling.

The client relationship management information system was upgraded in terms of function and data, while the functionalities of the i.triglav digital office and online applications intended for clients in both core activities were expanded. Our contact with clients was maintained through a variety of communication channels (including live/web chat and a chat operated by a digital assistant, i.e. a chatbot), which will be upgraded with the project of establishing a central entry communication point.

In accordance with the planned geographical diversification of operations, we entered into new strategic partnerships, launching operations in Poland and Denmark and expanding our current presence in Greece, Italy, Norway and the Netherlands. These forms of business, which are insignificant in terms of premium volume, are considered material in terms of development.

Sustainability orientation (ESG) is a part of us

Sustainability is integrated into our operations and expressed in our mission of *building a safer future*. By pursuing sustainable development, the Group is creating a long-term stable basis for its profitable and safe operations, promoting the transition to a sustainable society and reducing its impact on climate change. We aim to play a leading role in our region in integrating the best global ESG practices into our operations. We have defined our sustainable (ESG) ambitions by 2025 in four key areas, which include improvements in communication about our sustainable business practices. Therefore, in this annual report, at the request of investors and shareholders, disclosures according to Sustainability Accounting Standards Board (SASB) were added to the long-term application of the Global Reporting Initiative (GRI) criteria and standard.

Development-oriented revised strategy to 2025

The new financial year has begun with a revised strategy to 2025, which has set ambitious strategic objectives on a solid foundation. These objectives were upgraded in terms of development and highlight our continued efforts to focus on the client. We will continue with the digital transformation and, together

with our partners, we will develop service-oriented business models and ecosystems. The Group's operations are planned to remain profitable and safe. The Group, with its sustainability-oriented operations, continues to provide a development-oriented and friendly environment to its employees.

It means a great deal to us that clients are satisfied with our work by rating the Group the highest to date. A high level of satisfaction was also expressed by our employees, which is the foundation of our success. On behalf of the Management Board, I sincerely thank all employees for their efforts.

Andrej Slapar
President of the Management Board of Zavarovalnica Triglav

Business Report

Address by the President of the Management Board

Risk Management

Accounting Report



2. Triglav Group and Zavarovalnica Triglav in 2021

- The Triglav Group and its parent company operated at a profit and achieved high profit growth.
- The Group strengthened its dominant position in both the Adria region and the Slovenian insurance market.
- Premium growth was achieved in all insurance markets and all insurance segments. The value of assets under management increased.
- The Group continues to be financially sound, its capital adequacy is within the target range and the “A” credit rating has a stable medium-term outlook.
- By revising its strategy to 2025, the Group defined its future growth and development.

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

See page 325.

2.1 Financial highlights of the Triglav Group²

	in EUR million				
	2021	2020	2019	Index	
				2021/2020	2020/2019
Total revenue	1,455.1	1,318.4	1,260.9	110	105
Gross written premium from insurance, coinsurance and reinsurance contracts	1,353.0	1,233.8	1,184.2	110	104
Net premium income	1,119.8	1,066.8	1,027.6	105	104
Gross claims paid	736.6	697.4	716.7	106	97
Net claims incurred	715.0	683.6	684.1	105	100
Gross operating expenses	333.4	306.7	305.3	109	100
Profit before tax	132.6	90.9	100.9	146	90
Net profit	113.0	73.7	83.9	153	88
Net profit attributable to the controlling company	112.8	73.5	83.7	153	88
Combined ratio	88.9%	91.2%	91.5%	98	100
Insurance technical provision as at 31 December	3,198.7	3,033.2	2,878.9	105	105
Equity as at 31 December	933.0	870.2	792.0	107	110
Equity attributable to the controlling company as at 31 December	930.5	867.6	789.5	107	110
Return on equity	12.5%	8.9%	10.9%	141	81
Return on equity attributable to the controlling company	12.5%	8.9%	10.9%	141	81
Book value per share (in EUR)	40.93	38.16	34.73	107	110
Net earnings per share (in EUR)	4.97	3.24	3.69	153	88
Number of employees as at 31 December	5,264	5,316	5,281	99	101

2.2 Financial highlights of Zavarovalnica Triglav³

	in EUR million				
	2021	2020	2019	Index	
				2021/2020	2020/2019
Total revenue	848.6	765.2	743.2	111	103
Gross written premium from insurance, coinsurance and reinsurance contracts	794.4	719.3	702.1	110	102
Net premium income	598.8	583.9	573.6	103	102
Gross claims paid	408.9	408.3	425.2	100	96
Net claims incurred	365.1	375.3	376.8	97	100
Gross operating expenses	195.0	180.0	180.5	108	100
Profit before tax	85.7	71.1	84.6	121	84
Net profit	73.4	58.0	70.6	127	82
Combined ratio	81.8%	86.1%	85.6%	95	101
Insurance technical provisions as at 31 December	2,280.5	2,199.0	2,149.0	104	102
Equity as at 31 December	675.2	644.0	580.5	105	111
Return on equity	11.1%	9.5%	12.4%	117	77
Book value per share (in EUR)	29.70	28.33	25.53	105	111
Net earnings per share (in EUR)	3.23	2.55	3.11	127	82
Number of employees as at 31 December	2,246	2,244	2,253	100	100

Business Report

Triglav Group and Zavarovalnica Triglav in 2021

Risk Management

Accounting Report



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

	2021	2020	2019	Index	
				2021/2020	2020/2019
1. Environmental aspects					
Scope 1–2 carbon footprint (tonnes of CO2 equivalent)*	10,997	10,258	11,127	107	92
Scope 1 and 2 carbon footprint per employee (tonnes of CO2 equivalent)*	2.09	1.93	2.11	108	91
Electricity consumption (MWh)	14,087	12,841	13,382	110	96
Share of electricity consumption from renewable sources (%)	60.1	2.7	0.9	2,234	306
Total amount of waste per employee (tonnes)	0.12	0.12	0.11	99	114
Average daily consumption of office paper per employee**	14	45	53	31	85
Number of insurance products promoting environmental responsibility	5	4	2	125	200
Investments in social impact, green and sustainable bonds (EUR million)	204.5	104.3	n.p.	196	
2. Social aspects					
Employee satisfaction (ORVI)	4.00	3.99	3.88	100	103
Average employee age	44.67	44.38	44.06	101	101
Women employees to total employees ratio (%)	53.9	53.50	53.49	101	100
Proportion of women at first and second management levels under the management board (%)	42.0	42.1	43.5	100	97
Employee turnover (number of leavers/average number of employees; %)	13.2	11.7	14.4	113	81
Average number of training hours per employee	31	24	31	130	77
Lost time incident rate – LTIR (number of work-related incidents/total number of hours of all employees x 200,000)	0.24	0.21	0.38	117	54
Client satisfaction at Zavarovalnica Triglav (NPS)***	72	68	60	106	113
Number of insurance products and services sold online	21	20	18	105	111
Number of insurance products promoting prevention	61	62	62	98	100
Proportion of employees allowed to work from home (%)	58.3	n.p.	n.p.		
Number of suppliers checked against ESG criteria	375	311	140	121	222
Investments into the community (prevention, donations, sponsorships) (EUR million)	8.7	7.8	7.4	111	105
3. Governance aspects					
Proportion of women in the management board/supervisory board/at the first management level under the management board (%)	33.3/0/45.3	33.3/0/45.8	33.3/11.1/46.9		
Average age of Zavarovalnica Triglav Management Board members	48.7	47.7	46.7	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)	8	7	6	114	117
Policies adopted: equal opportunities policy, anti-corruption policy, employee protection/whistleblower protection policy	YES	YES	YES		
Fair business practices (number of fraud cases investigated)	1,517	1,134	1,040	134	109
Internationally renowned audit firm (Big 4)	YES	YES	YES		
Period of cooperation with the existing auditor (years)	3	2	1.0	150	200
Investor relations when publishing results	YES	YES	YES		
Economic value generated (EUR million)	1,378.8	1,274.9	1,292.4	108	99
Economic value distributed (EUR million)	1,281.8	1,179.2	1,245.6	109	95
Economic value retained (EUR million)	96.9	95.7	46.8	101	204

- * Includes Scope 1 and 2 emissions under the location-based method. A more detailed calculation of Scope 1, 2 and 3GHG emissions is shown in Section [12.3.2](#).
- ** Includes A4 paper consumption for internal purposes.
- *** 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 which are headquartered in Slovenia and whose data are included in the consolidated annual report in the previous financial year.



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

Triglav Group and Zavarovalnica Triglav in 2021

Risk Management

Accounting Report



2.4 About the report⁵

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).**

In line with the strategic ambitions relating to sustainable development, the Group is making constant progress in reporting by expanding the scope of identified indicators of various global standards. For non-financial reporting, **GRI standards** (Global Reporting Initiative) and their specific guidelines for the financial sector as well as **SASB standards** (Sustainability Accounting Standards Board) were used. The range of topics and disclosures used is presented in the GRI and SASB content index at the end of the Annual Report and the materiality matrix. Progress in environmental, social and governance (ESG) areas is presented mainly in the section on sustainable development at the Triglav Group, but because the report is integrated, it is also incorporated in various other sections, as evident from the GRI and SASB references.

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

The 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 in subsidiaries. Reporting refers to a particular financial and calendar year.

The financial reporting for the Group comprises all companies included in the consolidated financial statements (See Section [2.1.4 of the Accounting Report](#) for more information). In the previous period, non-financial data according to the GRI standards were disclosed for the parent company and the Group. With the gradual integration of ESG aspects into the Group's operations, the scope of companies included in ESG disclosures in accordance with GRI and SASB is also increasing. The notes to individual disclosures indicate which companies are included.

The calculation methodology for individual indicators is given in the text and the notes.⁶

Key stakeholders are always involved in determining the content and scope of non-financial disclosures. The procedure of analysing stakeholders and the materiality of content for them was repeated in 2021. The result of the analysis and the scope of key ESG topics can be seen from the updated double materiality matrix. It was verified by a quantitative and a qualitative survey. The first included more than 1,000 policyholders of Zavarovalnica Triglav and other insurance companies and

almost 1,400 employees of the Triglav Group. The qualitative survey with in-depth interviews was conducted with representatives of three stakeholder groups: non-governmental organisations, local communities and Zavarovalnica Triglav's corporate clients and by capturing institutional investors' data.⁷ More about stakeholders and their engagement is reported in Section [12. Sustainable development at the Triglav Group.](#)



Business Report

Triglav Group and Zavarovalnica Triglav in 2021

Risk Management

Accounting Report



⁵ GRI GS 102-46 | ⁶ GRI GS 102-48, 102-49, 102-50, 102-52 | ⁷ GRI GS 102-44

Good business results

Already in the third quarter of 2021, the Triglav Group raised the estimate of the originally planned annual profit. Premium growth was achieved in all insurance markets and all insurance segments. The value of assets under management increased.

The “A” credit rating affirmed

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

A revised strategy

In its revised strategy for 2025, the Triglav Group maintained its key guidelines and upgraded them in terms of development activities, highlighting the Group’s ambitions in sustainable development. See Section [4 Strategy and plans of the Triglav Group](#) for more details.

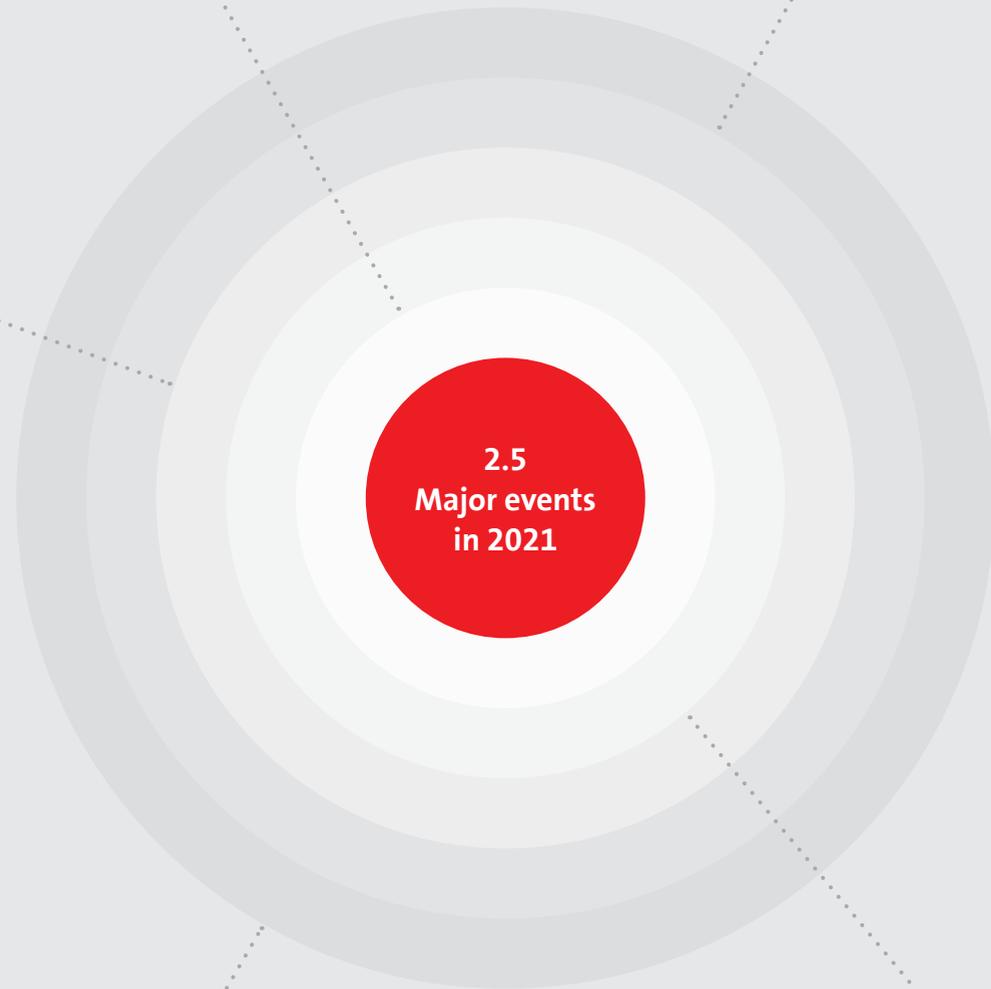
Dividend payment

Zavarovalnica Triglav met the Insurance Supervision Agency’s requirements for dividend payment related to uncertainties in the markets due to the pandemic. At the General Meeting of Shareholders held in May, the shareholders passed the resolution proposed by the Management Board and the Supervisory Board to allocate 53% of the Company’s consolidated net profit for 2020 for dividend payment, representing a 5% dividend yield.

See Section [6.4 Dividends and dividend policy](#) for more information.

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

The Supervisory Board reappointed Marica Makoter as the Management Board member, Worker Director, at the proposal of the Works Council. The General Meeting of Shareholders reappointed Andrej Andoljšek a Supervisory Board Member, shareholder representative, and appointed Tomaž Benčina, Branko Bračko, Jure Valjavec and Peter Kavčič new Supervisory Board members, shareholder representatives. The Supervisory Board appointed Andrej Andoljšek as its Chairman. See Section [5.3.3 Supervisory Board](#) for more information.





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

The epidemic situation caused by COVID-19, which occurred in waves of various strength, continued to affect the Group's operations in 2021. Compared to the preceding year, the region's economies recovered as growth in economic activity, also stimulated by government policy measures, was seen in all countries where the Group operates. High economic growth slowed down towards the end of the year due to disruptions in supply chains and production, as well as persistently rising inflation. The epidemic situation also affected the volatility of financial markets (see Section [7.1 The general economic environment worldwide and in Slovenia](#) and Section [7.2 Environmental impact on the Triglav Group's operations](#) for more information).

The Group continuously adapted to the changing circumstances and ensured business continuity by taking further measures to prevent infections and protect the health of employees, clients and other stakeholders and by adjusting the organisation of work (see Section [12.4.2.4 Occupational safety and health](#) for more information). The wide accessibility and availability of the Group's services to its clients was ensured through various ways of doing business, while keeping in contact with clients via different communication channels. Innovations that further strengthened digital

sales communication and distribution channels and tools were implemented at a rapid pace (see Section [11.1 Client-centric approach](#) for more details).

Favourable economic growth stimulated the growth of insurance premiums, but the reduced demand for some insurance products and services was caused by restrictive measures and related lower population mobility and disruptions in supply chains and production. Greater price sensitivity of clients was also identified (see Section [7.5 Gross written insurance, coinsurance and reinsurance premiums](#) for more information). The pandemic also affected the claims segment. In some insurance classes, a lower claims ratio was still observed, while for other insurance classes the claims increased slightly, mainly as a result of payments due to increased mortality in life insurance and the unavailability of healthcare services in supplemental health insurance in the preceding year. Nevertheless, the COVID-19 pandemic had a positive impact on the Group's profit due to the lower frequency of claims (see Section [7.6 Gross claims paid](#) for further information). To cover not yet incurred or future loss events arising from the shortfall in supplemental health insurance claims in 2020 and 2021 due to the impact of the pandemic, other insurance technical provisions were

created (see Section [7.8 Risk equalisation](#) for more information).

Due to the changed business conditions, the Company tested the adequacy of accounting policies, estimates and assumptions used in 2021 and assessed the impact of changes on its financial position, cash flows and profit or loss (see Section [2.7.2 The impact of the COVID-19 epidemic on individual items in the financial statements in the Accounting Report](#) for more information).

Risks and their impact on operations were regularly tested with scenario tests. Market and credit risks were assessed as the most material risks. In the context of market risks, higher inflation and future measures taken by central banks to curb excessive inflation will pose a great challenge in the future. 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 Section [2.9 Future risks as a result of the pandemic in Risk Management](#) 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.



2.7 Financial calendar 2022

Calendar of financial announcements for 2022

Date of announcement*	Type of announcement	Quiet period**
Wednesday, 2 March 2022	Preliminary key figures for 2021	From Wednesday, 9 February 2022
Thursday, 31 March 2022	Audited annual report for 2021	From Thursday, 17 March 2022
Thursday, 21 April 2022	Call notice of the General Meeting of Shareholders to decide on the distribution of accumulated profit	
Thursday, 19 May 2022	January–March 2022 interim financial report	From Thursday, 5 May 2022
Tuesday, 24 May 2022	General Meeting of Shareholders and announcement of its resolutions	
Thursday, 18 August 2022	January–June 2022 interim financial report	From Thursday, 4 August 2022
Thursday, 17 November 2022	January–September 2022 interim financial report	From Thursday, 3 November 2022

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

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



Business
Report

Triglav Group
and
Zavarovalnica
Triglav
in 2021

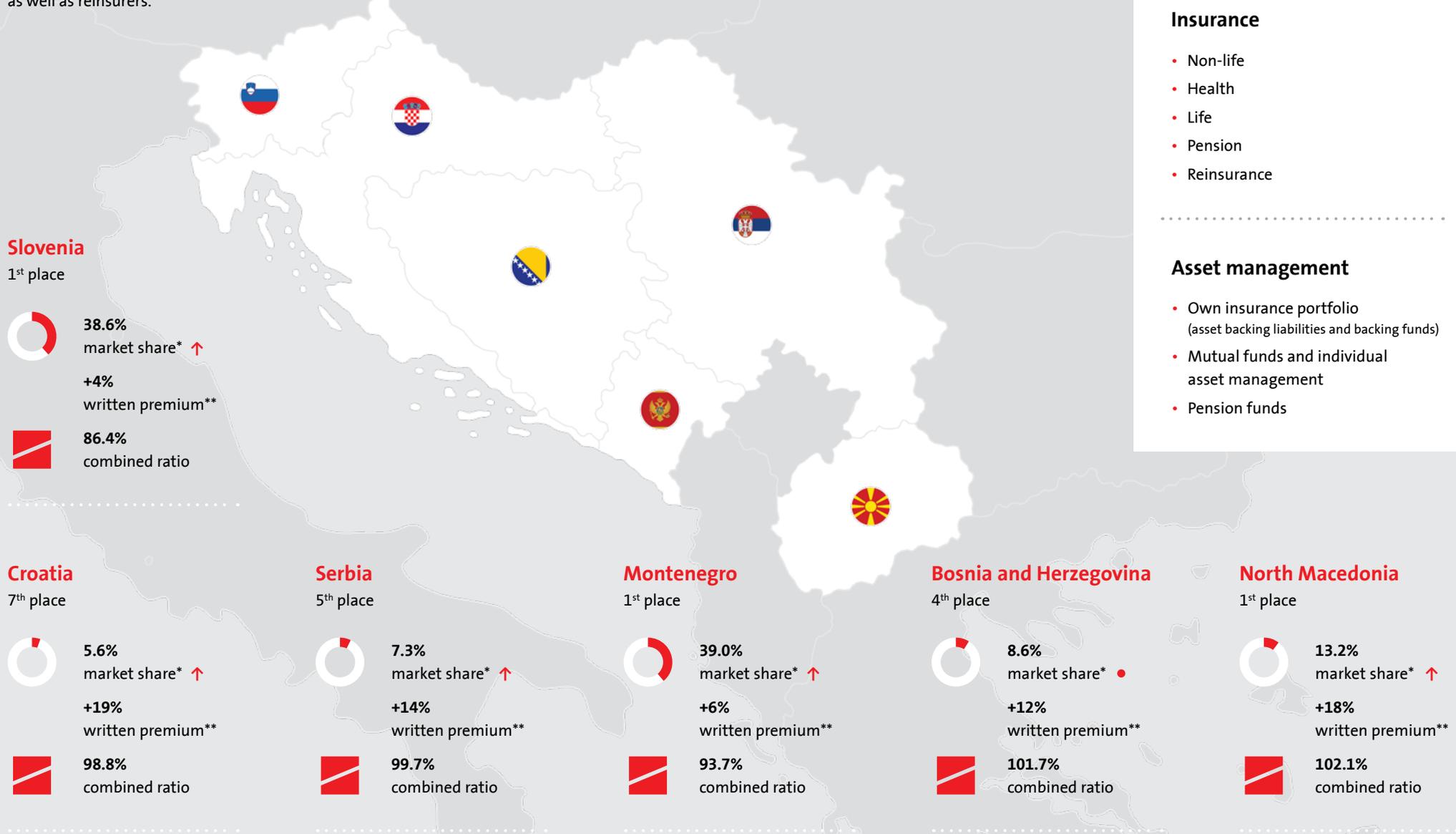
Risk
Management

Accounting
Report



2.8 Activities, markets and position of the Triglav Group⁸

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

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

Asset management

- Own insurance portfolio (asset backing liabilities and backing funds)
- Mutual funds and individual asset management
- Pension funds

* The data show the market share of the Triglav Group by an individual market. Data shown for Serbia is for January–September 2021.
 ** The data show the growth of the Triglav Group's gross written premium by an individual market.

⁸ GRI GS 102-2, 102-4, 102-6



2.8.1 The Triglav Group business model

Resources used to generate value

Economic/governance

- EUR 933 million: total equity
- EUR 1,455 million: Triglav Group's total revenue
- EUR 3,668 million: total financial investments
- 31 training hours per employee
- 5,264 employees in the Adria region
- 53.9%: percentage of female employees, 33.3% in the Management Board and 45.3% at the first management level under the Management Board
- Extensive own sales network and more than 1,720 contractors in the Adria region

Social

- EUR 3.5 million in investments in prevention and EUR 4.4 million in sponsorships in the Adria region
- Partnerships in the social environment and local communities
- 61: the number of insurance products that promote prevention
- 375: the number of suppliers checked against ESG criteria

Environmental

- Protection of the environment in work processes
- Promotion of environmentally responsible management of insurance and investment products and premium policies
- Raising environmental awareness of the general public

Mission

Building a safer future

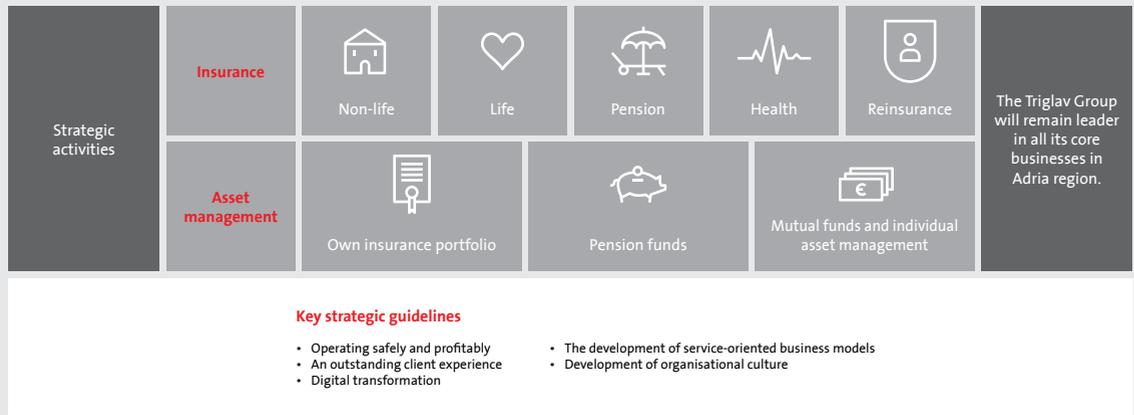
Vision

We set standard of outstanding client experience - anytime, anyplace

Values

- Responsiveness
- Simplicity
- Reliability

are reflected in our day-to-day operations



Dynamic challenges in the environment

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

ESG ambitions

By pursuing sustainability goals, the Triglav Group is creating a long-term stable basis for its profitable and safe operations, promoting the transition to a sustainable society and reducing its impact on climate change.

We play a leading role in integrating the best global ESG practices into its operations in the Adria region.

Generated value for the stakeholders and impacts

Economic/governance impacts

- EUR 133 million: profit before tax
- EUR 1.7: gross dividend per share
- "A" credit rating with a stable medium-term outlook
- 56.9% of highly engaged employees
- 4.00: employee satisfaction (ORVI index; 3.99 in 2020)
- +13%: increase of constructive behavioural styles in organisational culture measurement
- EUR 19.7 million: paid income tax

Social impact

- 72%: client satisfaction rating of Zavarovalnica Triglav (NPS: +4 percentage points compared to 2020)
- 90% of suppliers from the local environment
- 1,600 motorcyclists attended workshops on prevention over 8 years
- 140 speed display signs and light signalling systems installed on dangerous road and railway sections, of which 23 in 2021
- EUR 451,000 for 114 young talents over nine years
- EUR 737 million in gross claims paid
- EUR 1,539 million in mutual funds and discretionary mandate assets
- 62,000 DRAJV application users, who travelled 190 million km with it
- 58,840 users of the i.triglav web office

Environmental impacts

- 60%: share of electricity from renewable energy sources at Group, 95% at Zavarovalnica Triglav
- 2.09 tCO₂: carbon footprint per employee (Scope 1 and 2)
- -2%: quantity of waste generated, -12% at Zavarovalnica Triglav

Contribution to key SDGs

- See Section 4 for more information on the revised strategy.
- See Section 6 for more information on the share and the shareholders.
- See Section 7 for more information on operations.
- See Section 12 for more information on ESG aspects.
- See Section 12.4.2 for more information on responsibility to employees.
- See page 160 for more information on risk management.



2.8.2 Insurance

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

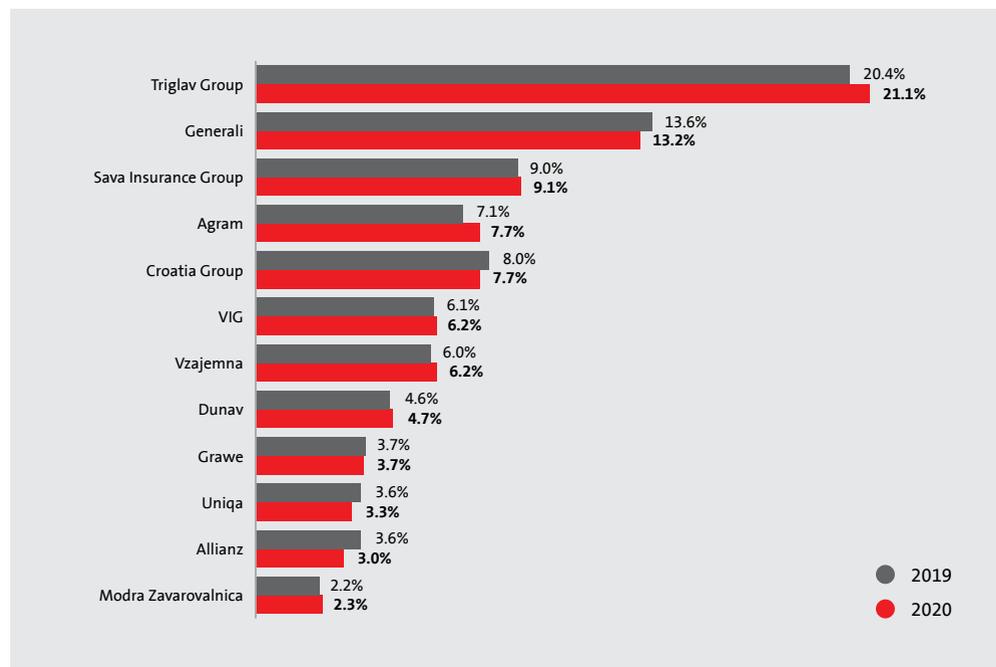
The Group's insurance business comprises:

- **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 2020, the Triglav Group again consolidated its dominant market position in the **Adria region** (Slovenia, Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia) by increasing its market share by 0.6 percentage point to 21.1%.

*The market share of the insurance undertakings in the Adria region in 2020 and 2019 (%)**



* Data for 2021 not yet available.

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

In 2020, Zavarovalnica Triglav remained 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, 7 insurance companies of the Triglav Group and 14 Slovenian insurers (three Slovenian insurers are among the largest five) rank among the top 100 insurers in South-East Europe in terms of gross written premium. With high premium growth, the Romanian insurer City Insurance ranked second, followed by Zavarovalnica Sava (second place the year before). Among the top 100 insurers, Zavarovalnica Triglav again saw the highest profits, with Zavarovalnica Sava coming in second in this category. Total profit of all one hundred insurance companies declined by 4%. Due to the COVID-19 pandemic and low interest rates, 40% of insurance companies achieved a lower profit compared to the preceding year. Insurance companies collected a total of EUR 8.1 billion in written premium, which is the same as the preceding year, and almost half of them recorded a drop in written premium.

The largest insurers in South-East Europe by written premium in 2020 (million EUR)



Source: SeeNews 2021.

2.8.3 Asset management

Asset management 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, pension and private equity funds.

2.8.4 Composition of the Triglav Group

The Triglav Group consisted of 45 companies as at 31 December 2021. In addition to the parent company, it included 28 subsidiaries and 16 associates.

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

	Zavarovalništvo	Upravljanje premoženja	Drugo
Slovenija	<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.o.o. Triglav Svetovanje d.o.o. Triglav Avtoservis d.o.o. Triglavko d.o.o. Diagnostični center Bled 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., Belgrade 		<ul style="list-style-type: none"> Triglav Svetovanje 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 2021⁹

- Through in cash contribution of EUR 3.3 million in the first quarter of 2021, Zavarovalnica Triglav increased the capital of ZTSR d.o.o. jointly controlled with Sava Re d.d., thereby maintaining its 50% participating interest in said company. In the third quarter of 2021, ZTSR d.o.o. was merged with its subsidiary Diagnostični center Bled d.o.o. and stricken off the Companies Register, while Zavarovalnica Triglav acquired a 50% participating interest in Diagnostični center Bled. Through the in-cash contribution of EUR 1.25 million in the last quarter of 2021, Zavarovalnica Triglav increased the capital of Diagnostični center Bled d.o.o., thereby maintaining its 50% participating interest in said company.

- Diagnostični center Bled d.o.o. increased its strategic investment portfolio by acquiring a 100% participating interest in Kirurški sanatorij Rožna dolina d.o.o.
- Triglav Svetovanje d.o.o. and Triglav Osiguranje a.d.o., Belgrade increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Belgrade proportional to their participating interests. The capital increase was raised by in cash contributions of RSD 7.9 million or EUR 67 thousand, through which the two companies retained their participating interests in said company of 51% and 49% respectively.
- Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb proportional to their participating interests. The capital increase was raised by in-cash contributions of HRK 1.1 million or EUR 145 thousand. As a result, the two companies retained their participating interests in said company of 51% and 49% respectively.
- Lovćen Osiguranje a.d., Podgorica increased the capital of its subsidiary Lovćen auto d.o.o., Podgorica through in cash contributions totalling EUR 700 thousand, thereby remaining its 100% owner.
- Zavarovalnica Triglav made subsequent capital contributions of EUR 194 thousand to its subsidiary Triglav Avtoservis d.o.o., thereby remaining a 100% owner of said company.
- Triglav Svetovanje d.o.o., Domžale sold a 51% participating interest in Triglav Savjetovanje d.o.o., Sarajevo to Triglav Osiguranje d.d., Sarajevo. As a result, Triglav Osiguranje d.d., Sarajevo became a 100% owner of said company. Due to the sale of the participating interest, the Triglav Group's participating interest in said company decreased by 1.13 percentage points.
- With the in-cash contribution of BAM 30 thousand or EUR 15 thousand, Triglav Osiguranje d.d., Sarajevo established Triglav, upravljanje nekretninama d.o.o., Sarajevo, thereby becoming its 100% owner.
- Zavarovalnica Triglav made subsequent capital contributions of EUR 2.3 million to its associate Triglav d.o.o., thereby remaining a 49.9% owner of said company.
- Triglav INT d.o.o. acquired a 0.50% participating interest from non-controlling interest holders of Triglav Osiguruvanje a.d., Skopje in the amount of MAK 3.2 million or EUR 52 thousand, thereby increasing its participating interest to 81.32%.
- Triglav INT d.o.o., Ljubljana acquired a 0.12% participating interest from non-controlling interest holders of Triglav Osiguruvanje a.d., Belgrade, thereby becoming its 100% owner. The consideration totalled RSD 3.7 million or EUR 33 thousand.
- Triglav INT, holdinška družba d.d. was transformed into Triglav INT, holdinška družba d.o.o.
- Based on its strategic plans, Zavarovalnica Triglav's associate Nama d.d., Ljubljana carried out a spin-off of its retail business and transferred it to its newly established subsidiary Nama IN d.o.o., Ljubljana.

The changes in the Triglav Group are discussed in greater detail in Section [2.1.4 of the Accounting Report](#).

Business Report

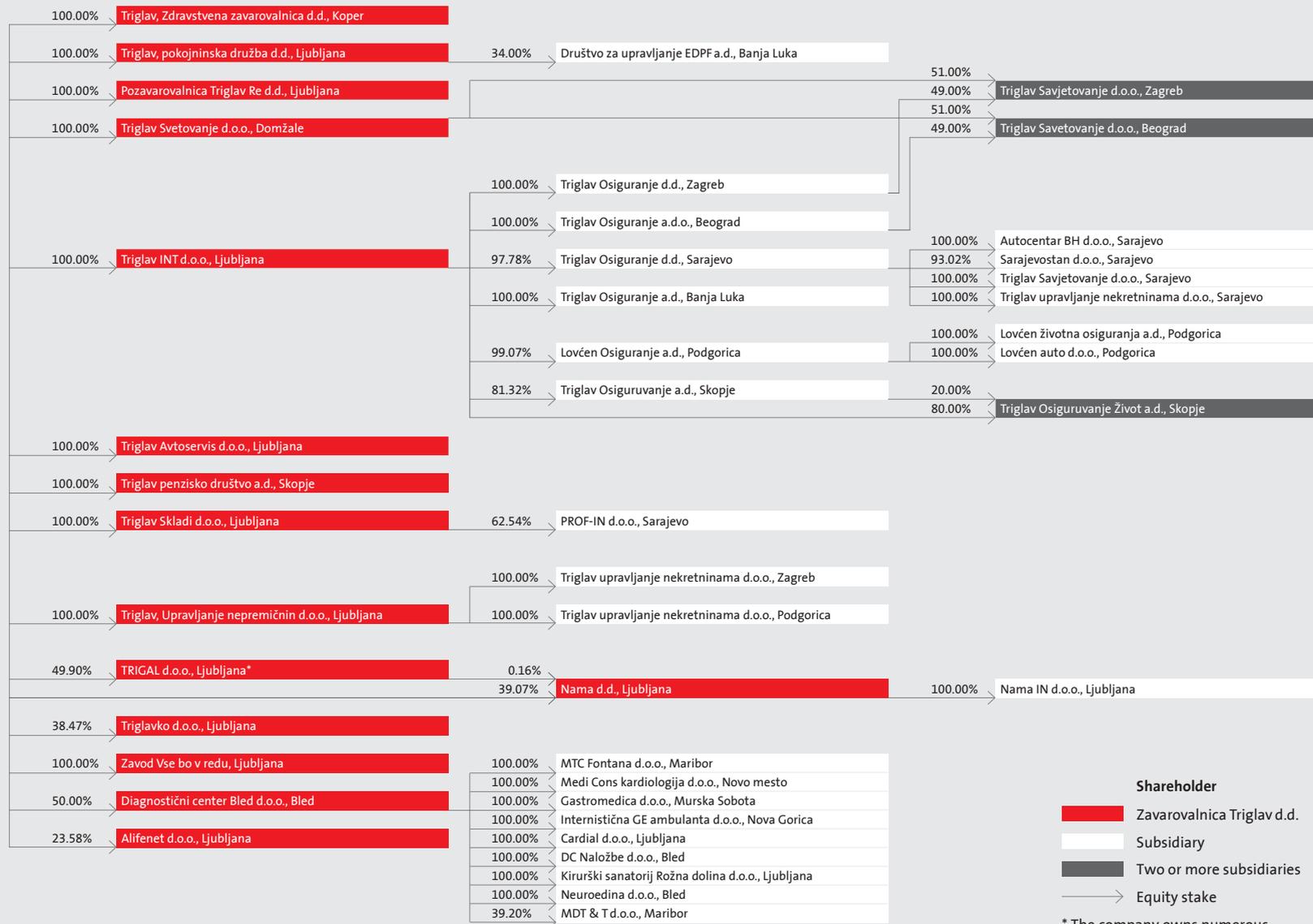
Triglav Group and Zavarovalnica Triglav in 2021

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Subsidiaries and associated companies of the Triglav Group as at 31 December 2021 and their participating interests



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

* The company owns numerous project companies.

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2.9 Management of Zavarovalnica Triglav

As at 31 December 2021, 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:
1997



Uroš Ivanc

Member

First appointment to the office and end of term of office:
2014–2024

Employed at the Triglav Group:
2001



Tadej Čoroli

Member

First appointment to the office and end of term of office:
2014–2024

Employed at the Triglav Group:
2001



Barbara Smolnikar

Member

First appointment to the office and end of term of office:
2017–2022

Employed at the Triglav Group:
2017



David Benedek

Member

First appointment to the office and end of term of office:
2019–2024

Employed at the Triglav Group:
2014, except from 1 April 2018 to 28 February 2019



Marica Makoter

Member

First appointment to the office and end of term of office:
2011–2026

Employed at the Triglav Group:
2001

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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 2021 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 2021

In 2021, the Supervisory Board of Zavarovalnica Triglav carried out the responsible and proper supervision of the operations of Zavarovalnica Triglav d.d. and the Triglav Group. It oversaw different aspects of their operations and development, and on that basis took appropriate decisions and followed up on their implementation. Individual areas were first discussed within the framework of the Supervisory Board's committees. Based on their findings, 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 Company's Articles of Association and its own Rules of Procedure.



Andrej Andoljšek
Chairman



Branko Brečko
Vice Chairman



Peter Kavčič
Member



Igor Stebernak
Member



Tomaž Benčina
Member



Jure Valjavec
Member



Peter Celar
Member, Representative of employee



Branko Gorjan
Member, Representative of employee



Igor Zupan
Member, Representative of employee

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 2021 (hereinafter: the report) and its Opinion on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2021.

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 2021 and on the verification of the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2021, including the report of the non-life insurance actuarial function holder and the life insurance actuarial function holder for 2021.

An integral part of the report is also the opinion of the Supervisory Board on the work of the Internal Audit Department in 2021 and the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2021.

3.2 General Information

The Supervisory Board and its committees in 2021

The composition of the Supervisory Board in 2021 is described in Section 5 Corporate Governance Statement (Supervisory Board) of the Business Report. In 2021, the Supervisory Board held eight 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 2021 as

well as the more important duties and powers of individual committees are described in Section [5 Corporate Governance Statement](#) (Composition of Supervisory Board committees and their activities in 2021) of the Business Report.

Audit Committee

In 2021, the Audit Committee held six meetings, at which it, among other things:

- 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 content of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020 and the 2021 interim reports;
- took note of the management representation letter for Zavarovalnica Triglav d.d. and the Triglav Group;
- discussed the Solvency and Financial Condition Report of Zavarovalnica Triglav d.d. as at 31 December 2020 and the Solvency and Financial Condition Report of the Triglav Group as at 31 December 2020, including the independent auditor's assurance reports;
- monitored and discussed the risk management systems, the functioning of internal controls, the Internal Audit Department's interim reports, recommendations, annual work plan for 2022 and guidelines for the 2023–2025 period;
- supervised and discussed the conclusion of agreements with audit firms, the independence of the certified auditor, the quality of auditing, the audit plan for 2021 and the auditor's report following the pre-audit of Zavarovalnica Triglav d.d. for 2021;

- considered the selection of candidates for the provision of audit services for the 2022–2024 financial years;
- discussed the selection of the provider of an external quality assessment of the work of the Internal Audit Department of Zavarovalnica Triglav d.d. and took note of the remuneration of the Director of Internal Audit Department for 2020;
- discussed risk reports of Zavarovalnica Triglav d.d. and the Triglav Group;
- took note of the comparative analysis of capital adequacy of (re)insurance groups in the European Union and (re)insurers in Slovenia;
- took note of the proposal for stress and scenario tests, which show the potential risks of the Group to be addressed within the own risk and solvency assessment (ORSA) process;
- discussed the investment report;
- discussed the Compliance Office Annual Report for 2020 and risk and investment reports;
- discussed the Statement of Compliance with the Slovenian Corporate Governance Code;
- adopted amendments to the Rules of Procedure of the Audit Committee;
- monitored the operation of the IT Division;
- submitted a proposal to the Supervisory Board for the appointment of a new Audit Committee member, Luka Kumer.

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 carried out a performance self-assessment with the aim of ensuring the continued improvement

and quality of its work and adopted an action plan for the improvement of its performance.

Appointment and Remuneration Committee

The main activities of the Appointment and Remuneration Committee in 2021 included:

- drawing up 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 draft fit and proper assessments of the candidates for the members of the Supervisory Board and of the body collectively;
- drawing up a draft fit and proper assessment and a proposal to appoint Marica Makoter to Management Board Member – Worker Director at Zavarovalnica Triglav d.d.;
- reviewing the calculation and amount of the average gross salary for 2021 in the Group members which are headquartered in the Republic of Slovenia and were fully consolidated by 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);
- discussing the adjustment of the base salary of Management Board members and the calculation of the Group's performance factor on which the variable part of remuneration of Management Board members depends;
- taking note of the change in the employee pension scheme and verification of the use of the right to pension insurance premium payment for Management Board members;

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- discussing the report on the development of key promising staff at Zavarovalnica Triglav d.d.;
- reviewing amendments to the Fit and Proper Policy for the Management Board and Supervisory Board Members of Zavarovalnica Triglav d.d. and the Remuneration Policy of Zavarovalnica Triglav d.d.;
- considering the proposal to amend the Supervisory Board rules on electric vehicles;
- reviewing the onboarding programme and additional training programme for the Supervisory Board members in 2021;
- considering the proposals to issue an approval to the authorisation of key function holders.

The Committee met eleven times in 2021.

Strategy Committee

The Strategy Committee, which held three meetings in 2021, devoted special attention to the implementation of the Triglav Group strategy and the proposal of the Triglav Group strategy for 2022–2025 and starting points for the development of the Triglav Group business plan for 2022.

Nomination Committee

The Nomination Committee was established on 12 November 2020 with the aim of carrying out the nomination procedure for the appointment of candidates for Supervisory Board members – shareholder representatives to replace Andrej Andoljšek, Žiga Škerjanec, Mario Gobbo and Milan Tomažević, whose terms of office expired on 13 June 2021. The Nomination Committee held ten meetings in 2021.

3.3 Work of the supervisory board and scope of supervision of the company's operations in 2021

The description of the Supervisory Board's operations and the scope of monitoring and supervision of the governance of the Company and the Group in 2021 are based on the supervision of the Company's and the Group's operations performed by the Supervisory Board in 2021, acting within its powers. The Supervisory Board held eight sessions in 2021.

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 Company's 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, in 2021 the Supervisory Board:

- approved the Solvency and Financial Condition Report (SFCR) of Zavarovalnica Triglav d.d. and the Triglav Group for 2020 and the annual capital adequacy as at 31 December 2020 and took note of the independent auditor's assurance report;
- adopted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020, 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 2020 and the Opinion of the Supervisory Board of Zavarovalnica Triglav

d.d. on the Annual Internal Audit Report for 2020 of the Internal Audit Department of Zavarovalnica Triglav d.d.;

- discussed unaudited interim financial reports of the Triglav Group and Zavarovalnica Triglav d.d. for the periods from 1 January to 31 March 2021, from 1 January to 30 June 2021 and from 1 January to 30 September 2021;
- discussed the Solvency and Financial Condition Reports (SFCR) of Zavarovalnica Triglav d.d. and the Triglav Group for 2020 and the annual capital adequacy as at 31 December 2020;
- discussed the Annual Internal Audit Report of the Internal Audit Department for 2020;
- approved the Triglav Group's business policy and business plan for 2022 and took note of the key findings of ORSA;
- participated in the drafting of the new Triglav Group strategy for 2022–2025 and approved it;
- approved the Internal Audit Department's work plan for 2022 and its guidelines for 2023–2025;
- proposed to the 46th General Meeting of Shareholders of Zavarovalnica Triglav d.d. to grant a discharge to the Management Board for 2020, submitted a proposal regarding the payment of accumulated profit and proposed to appoint Andrej Andoljšek, Branko Bračko, Tomaž Benčina, Peter Kavčič and Jure Valjavec as new Supervisory Board members;
- appointed Luka Kumer a new external member of the Audit Committee;
- discussed the findings of the Insurance Supervision Agency and other supervisory bodies in supervision procedures and was

briefed on procedures related to these findings or requirements;

- discussed the Insurance Supervision Agency's call to not pay out dividends and to not undertake any irrevocable commitments to pay out dividends;
- approved the amendments to the Governance System and Policy of Zavarovalnica Triglav d.d., the Remuneration Policy of Zavarovalnica Triglav d.d., the Outsourcing Policy, the Compliance Policy of Zavarovalnica Triglav d.d., the Policy on Insurance Product Governance and Oversight and the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. and
- approved individual transactions in accordance with the law and the Rules of Procedure of the Supervisory Board.

b) With regard to the supervision of the management of the Company's operations, in 2021 the Supervisory Board:

- discussed the reports of the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee, and was briefed on the financial reports of Zavarovalnica Triglav d.d., the Triglav Group and Zavarovalnica Triglav's subsidiaries;
- took note of the implementation of the Triglav Group 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 reports, the Risk Underwriting and Management Strategy, the Risk Appetite Statement, the Capital Management Policy and the Policy of the

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- Risk Management and Capital Adequacy Function of Zavarovalnica Triglav d.d. and the Triglav Group;
- 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 2020 and its work plan for 2021;
 - 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;
 - took note of the report on the development of key promising staff at Zavarovalnica Triglav d.d. in 2020;
 - took note of the assessment of the benefits and effects of the planned investments of the Triglav Group and the comparative analysis of the composition of the profit or loss before tax of the Triglav Group in relation to selected insurance groups;
 - discussed the Statement of Compliance with the Slovenian Corporate Governance Code and took note of the positions on the Corporate Governance Code for Companies with Capital Assets of the State and the Recommendations and Expectations of the Slovenian Sovereign Holding and
 - was briefed on other information regarding Zavarovalnica Triglav d.d., the Triglav Group and its subsidiaries.
- c) Other major actions taken by the Supervisory Board in 2021:**
- discussing 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;
 - approving the Group's performance factor and determining the annual performance bonus for the Management Board of Zavarovalnica Triglav d.d. for 2020;
 - discussing the report of the Works Council of Zavarovalnica Triglav d.d.;
 - appointing the Chairman and Vice Chairman of the Supervisory Board, members and a chair of the Supervisory Board's Appointment and Remuneration Committee, Audit Committee and Strategy Committee;
 - approving the powers of key function holders;
 - approving the proposal to appoint the provider of an external quality assessment of the Internal Audit Department of Zavarovalnica Triglav d.d.;
 - adopting amendments to the Rules of Procedure of the Supervisory Board of Zavarovalnica Triglav d.d. regarding conflict of interest management in accordance with regulatory changes and internal documents;
 - adopting the labour costs plan of the Supervisory Board for 2022 and the timetable for the meetings of the Supervisory Board and its committees in 2022;
 - performing other activities related to the supervision and 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 Supervisory Board in the Business Report](#)) mostly included translation costs of materials for Supervisory Board sessions and meetings of its committees, interpreting costs and the rental costs of interpretation equipment for smooth execution of its sessions, training costs of the members of the Supervisory Board and its committees, and the outsourced IT services for the Audit Committee. These costs amounted to EUR 331,669 in 2021.

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 meticulously 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 planning and frequency of its sessions is adequate. Both the Rules of Procedure of the Supervisory Board and the Rules of Procedure of the Audit Committee include clear rules of conduct in the event of a conflict of interest. The Supervisory Board members and the Audit Committee's external

member signed and submitted statements of independence in accordance with the Slovenian Corporate Governance Code, which are published on the Company's website. All Supervisory Board members (except employee representatives Branko Gorjan and Peter Celar) declared themselves independent in accordance with the Slovenian Corporate Governance Code criteria (all statements of independence are published on the Company's website). In 2021, 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, or appropriate action was taken to manage it. The Supervisory Board and its committees follow the highest standards of conflict of interest management.

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 the best of its knowledge, the Supervisory Board was informed of all events of material significance to the assessment of the situation and its consequences, and to the effective supervision of the Company's operations. The documents provided as materials for the Supervisory Board's sessions were of good quality and information was 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.

In 2021, the Supervisory Board actively participated in drafting the new Triglav Group

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strategy for 2022–2025 and also approved it, with special emphasis placed on sustainable development. With respect to the latter, clear guidelines and goals were set in line with the vision of creating a long-term stable basis for profitable and safe operations and promoting the transition to a more sustainable society.

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. Fitness and propriety were assessed before new Supervisory Board members took office. In addition, the Appointment and Remuneration Commission's periodic assessment was performed. 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. A fit and proper assessment is also performed for the Audit Committee's external member.

The Supervisory Board regularly carries out the self-assessment procedure. Based on its findings, 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.

In 2021, the onboarding programme for Supervisory Board members was implemented, as part of which were presented the governance system, key areas and reports

of Zavarovalnica Triglav d.d., key functions and operation of the Management Board and the Supervisory Board as well as obligations of the Supervisory Board members.

The Supervisory Board believes that its composition in 2021 corresponded to the size, activities and set objectives of both the Company and the Group, which enabled it to make quality decisions.

Despite the persisting difficult circumstances related to the COVID-19 pandemic, 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, also virtually.

In view of the above, the Supervisory Board is of the opinion that its work and the work of its committees in 2021 were successful.

3.5 Opinion on the annual internal audit report for 2021

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 2021 was submitted to the Supervisory Board, which took note of it at its session on 30 March 2022. The report contains an overview of the implementation of the Internal Audit Department's (hereinafter: IAD) planned activities in 2021 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, the IAD's quality assurance and improvement programme and its results, 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. Based on the performed 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 carried out 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.

In 2021, an external quality assessment of the IAD's work was performed, which confirmed that the IAD operates in accordance with the internal auditing rules defined in binding legal regulations, standards and codes.

Based on the monitoring of the IAD's work and the submitted Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2021, the Supervisory Board is of the opinion that the IAD operated in line with its work plan for 2021, 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 2021.

3.6 Findings of the supervisory board regarding the operations of Zavarovalnica Triglav in 2021

Based on its monitoring and supervision of the Company's operations in 2021 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.

The Group generated EUR 132.6 million in consolidated profit before tax (index 146) and EUR 113.0 million in consolidated net profit (index 153). The parent company's net profit amounted to EUR 73.4 million (index 127).

The Group's insurance companies generated insurance and coinsurance premiums of EUR 1,353.0 million in the preceding year (index 110), of which EUR 794.4 million (index 110) was earned by the parent company. Premium growth was achieved in all insurance segments and in all markets where the Group operates.

The Group recorded gross claims paid of EUR 736.6 million, an increase of 6% relative to 2020. Gross claims paid by the parent company amounted to EUR 408.9 million (index 100).

Total consolidated gross operating expenses incurred by the Group in the amount of EUR 333.4 million rose by 9% and those of the Company totalled EUR 195.0 million (index 108).

The Group's total equity amounted to EUR 933.0 million as at 31 December 2020 and

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was 7% higher relative to the preceding year. Return on equity stood at 12.5%.

The Group's financial stability, high capital adequacy and high profitability in 2021 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 2021,
- Report of the life insurance actuarial function holder for 2021,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2021.

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 2021 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 2021 was audited by the audit firm Deloitte revizija d.o.o., Ljubljana, which on 10 March 2022 expressed an unmodified opinion on the separate and consolidated financial statements in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2021. 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 separate and consolidated financial statements and their compliance with the applicable legislation and other regulations.

The certified auditor, a key audit partner, was present at the session of the Supervisory Board and the Audit Committee regarding those items where the Annual Report was discussed and provided the requested 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 2021, 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 unmodified opinion of the certified audit firm Deloitte revizija d.o.o., Ljubljana, which found that in all material respects the consolidated and separate 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 2021, 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 2021.

At its session, the Supervisory Board also discussed the Remuneration Report for 2021, which was verified by the authorised audit firm Deloitte revizija d.o.o., Ljubljana, and in accordance with paragraph six of Article 294b of the Companies Act (ZGD-1) issued the auditor's report confirming that the Remuneration Report contains all the information required by paragraphs two and three of Article 294b of the ZGD-1. The review of the company's report was performed by a certified auditor in accordance with the International Standard on Assurance Engagements 3000 – Assurance Engagements, except for audits or investigations of past accounting information.

3.8 Proposal for the distribution of accumulated profit

At its 2nd/2022 session, the Supervisory Board examined the Management Board's proposal for the distribution of accumulated profit as at 31 December 2021, 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 87,660,380.45 as at 31 December 2021 shall be distributed as follows:

- A part of the accumulated profit amounting to EUR 84,120,047.60 shall be distributed for dividend payments. The dividend in the amount of EUR 3.70 gross per share shall be paid to the shareholders appearing in the Share Register as at 7 June 2022. On 8 June 2022, 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 3,540,332.85 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 2021.

Andrej Andoljšek,
Chairman of the Supervisory Board

Ljubljana, 30 March 2022

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4.

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- The Triglav Group’s performance in 2021 was sound and the business result exceeded plans.
- The Triglav Group implemented its strategic guidelines and projects at a high pace, focusing on clients. Employee and client satisfaction reached the highest levels ever measured.
- In its revised strategy for 2025, the Triglav Group maintained its key guidelines and upgraded it in terms of development activities, highlighting the Group’s ambitions in sustainable development.
- In 2022, profit before tax of the Triglav Group is planned to reach EUR 120–130 million and gross written premium over EUR 1.4 billion.

4.1 Strategy of the Triglav Group in the period 2022–2025¹⁰

The Triglav Group has revised its strategy for 2025. The Group continues to pursue its existing key strategic guidelines, while upgrading them in terms of growth and development activities and an improved client-centric approach. By focusing on these goals, the Group continues to carry out its digital transformation process and develop service-oriented business models and ecosystems which address interrelated client needs. The Group’s planned operations remain profitable and safe. Through its sustainable operations, the Group continues to provide a development-oriented environment for its employees, maintain ties with its partners and be a stable, safe and profitable investment for investors.

<p>Triglav Group’s mission</p>	<p>We build safer future</p> <ul style="list-style-type: none"> • We are client-centred. • We support development of our partners. <ul style="list-style-type: none"> • We provide development-oriented environment for our employees. • We are stable, safe and profitable investment for our investors. 		
<p>Triglav is leading Insurance and financial group in Adria region, synonymous with the best user experience. Through our operations we are creating above-average value for our key stakeholders and promote transition to sustainable company.</p>			
<p>Triglav Group’s vision</p>	<p>We set standards of outstanding client experience - anytime, anyplace.</p>		
<p>Triglav Group’s values</p>	<p>Responsiveness, simplicity and reliability are reflected in our day-to-day operations.</p>		
<p>Triglav Group will remain leader in all its core businesses in Adria region.</p>			
<p>Triglav Group’s core businesses</p>	<table border="0"> <tr> <td data-bbox="1218 1249 1713 1476"> <p>Insurance</p> <ul style="list-style-type: none"> • Non-life • Health • Life • Pension • Reinsurance </td> <td data-bbox="1713 1249 2215 1476"> <p>Asset management</p> <ul style="list-style-type: none"> • Own insurance portfolio (asset backing liabilities and backing funds) • Mutual funds and individual asset management • Pension funds </td> </tr> </table>	<p>Insurance</p> <ul style="list-style-type: none"> • Non-life • Health • Life • Pension • Reinsurance 	<p>Asset management</p> <ul style="list-style-type: none"> • Own insurance portfolio (asset backing liabilities and backing funds) • Mutual funds and individual asset management • Pension funds
<p>Insurance</p> <ul style="list-style-type: none"> • Non-life • Health • Life • Pension • Reinsurance 	<p>Asset management</p> <ul style="list-style-type: none"> • Own insurance portfolio (asset backing liabilities and backing funds) • Mutual funds and individual asset management • Pension funds 		

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¹⁰ GRI GS 103-1, 103-2, 103-3



Operating safely and profitably

The Triglav Group is an independent insurance and financial group with high credit ratings, holding a dominant market position in the Adria region. Its strategic guidelines are aimed at achieving a high profit and profitable growth.

An outstanding client experience

- Creating a unique client experience across all channels, processes and products.
- A client-tailored range of insurance and financial products and services.
- Focusing on assistance and related services aimed at developing interrelated ecosystems.

Digital transformation

The Triglav Group continues with its digital transformation process with the aim of becoming the leading digitalised insurance and financial group in the Adria region. By developing digital services, automating processes and implementing advanced digital technologies, it will ensure the best digital user experience to its clients.

The development of service-oriented business models

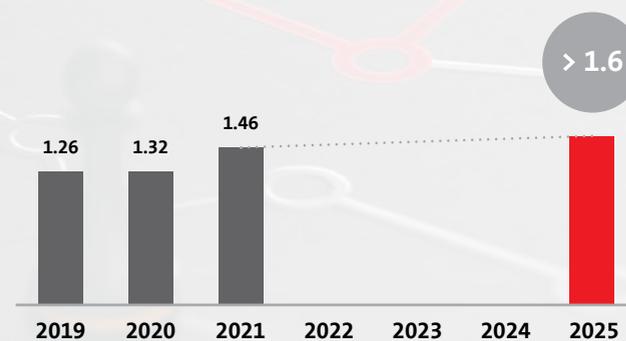
The Triglav Group is gradually transitioning from an insurance-oriented business model to a mostly service-oriented business model and ecosystem, which address many interrelated client needs in terms of insurance products and assistance and related services.

Development of organisational culture

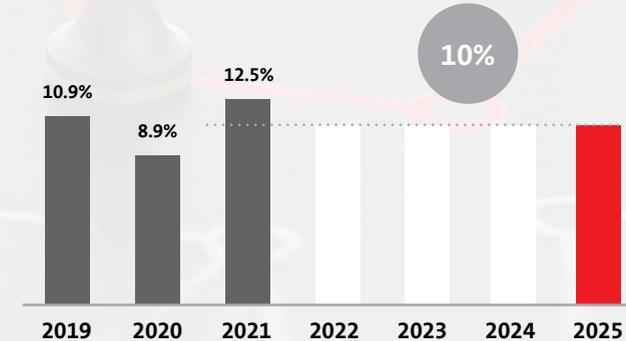
The Triglav Group continues to create a highly effective and service-oriented organisational culture, which supports strategic business guidelines, and an organisational environment, which enables the Group to attract, develop and retain competent, engaged, healthy and satisfied employees.

Triglav Group's strategic performance indicators for 2022–2025

Triglav Group's total revenue (in EUR billion)



Triglav Group's return on equity (ROE)



The Triglav Group's strategic ambitions in sustainable development (ESG)

By pursuing sustainability goals, the Triglav Group is creating a long-term stable basis for its profitable and safe operations, promoting the transition to a sustainable society and reducing its impact on climate change.

The Group realises its mission of creating a safer future based on a sustainability orientation using environmental, social and governance factors. The Group aims to play a leading role in integrating the best global ESG practices into its operations in the Adria region and knows how to identify the opportunities and risks of sustainable development. Its sustainable (ESG) ambitions for 2025 are divided into four key areas¹¹.

1. Insurance and asset management

In both strategic activities, insurance and asset management, the Group's activities will be focused on the transition to a climate-neutral and climate-resilient circular economy. In carrying out its insurance and investment activity, the Group will promote sustainable economic activity, energy efficiency and energy from renewable sources with an aim to reduce greenhouse gas emissions.

The ESG aspects will be integrated into the development of insurance and investment products and services. In **asset management**, the Group will not only double the share of its green and sustainable investments but also reduce its exposure to Coal Exit List issuers to less than one per cent of total investment value by 2025. In its **insurance activity**, the Group will develop new and increase the presence of existing parametric insurance products for droughts, floods and other climate risks. The Group will promote its range of insurance products related to sustainable mobility and provide effective risk protection for companies

involved in the production of energy from renewable sources (solar power plants, wind farms and others). The Group will design the policy on insurance for coal mines and thermal power plants by taking into account national strategies to phase out coal and transition to a climate-neutral economy.

2. Triglav Group's business processes

The Group is implementing an assessment of suppliers by ESG criteria and comprehensive carbon footprint measurement and management (Scopes 1, 2 and 3). A 15% reduction in location-based (Scopes 1 and 2) carbon footprint per employee is planned by 2025, thereby pursuing the 2050 carbon neutrality target in line with the European Green Deal.

Furthermore, by 2025 the Group will increase the share of electricity from renewable energy sources, reduce energy and paper consumption per employee and total waste generated per employee, and increase the share of electric and hybrid vehicles in its fleet to at least 30%.

3. Responsible stakeholder engagement

The Group acts with responsibility towards its employees, clients, partners and community at large. It aims to maintain high levels of client (NPS) and employee satisfaction. The concept of flexible working will be implemented by 2023 with the aim of improving employees' work-life balance, while expanding programmes promoting health and well-being. The focus will continue to be on multidimensional diversity, intergenerational cooperation, and employee development and training.

The Group will continue to participate in social responsibility and environmental projects, enter into partnerships and give donations. In parallel, the Group will promote environmental and social responsibility projects that

contribute to the achievement of the United Nations Sustainable Development Goals (SDGs).

4. Effective corporate governance

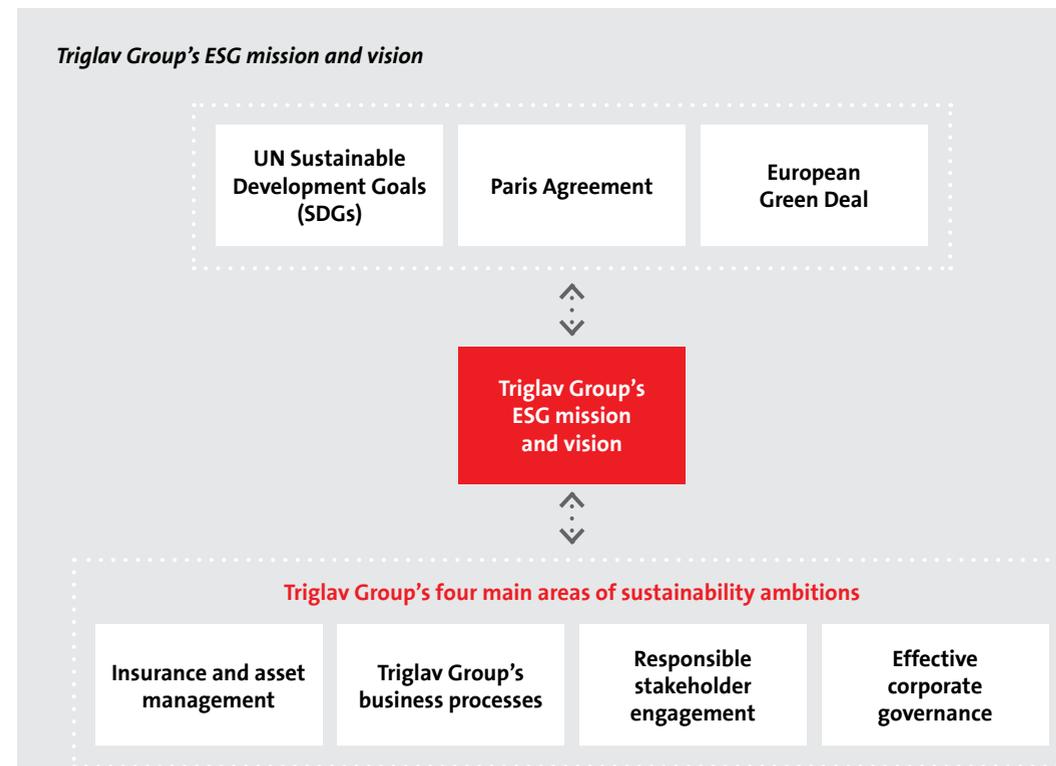
The Group attains high standards of corporate governance and adheres to its code of ethics in the performance of its business operations. By incorporating environmental, social and governance factors, the Group plans to upgrade succession, diversity and remuneration policies for the members of the management and strive to improve the diversity of the Group's management and supervisory bodies in terms of gender, education and experience.

The Group will also increase the scope of public disclosures on its sustainable operations by 2025. In addition to using Global Reporting Initiative (GRI) criteria, which it has done for

several years, the Group will include reporting according to Sustainability Accounting Standards Board (SASB), implement disclosures according to CDP questionnaire on climate change and TCFD metrics and targets (Task Force on Climate-related Financial Disclosures) and begin using the United Nations Principles for Sustainable Insurance (UN PSI).

At Group level, sustainability-related activities are coordinated and directed by the Sustainable Development Coordinator, monitored by the Compliance and Sustainable Development Committee and decided on by the parent company's Management Board.

See Section [12 Sustainable development](#) for more information about key ESG topics in the Triglav Group and related disclosures.



¹¹ The baseline year for comparison is 2019.

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4.2 Implementation of the Triglav Group strategy in 2021¹²

The Triglav Group consistently pursued its strategic guidelines as a modern and dynamic insurance and financial group, which is the leader in both Slovenia and in Adria region. In a still uncertain and volatile business environment, the Group regularly assessed impacts on its operations according to various scenarios and effectively coped with any increased risks arising from the COVID-19 pandemic.

The year 2021 was again marked by intense development activities at Group level. In this respect, important innovations for further business digitalisation were introduced and the completion of several strategic projects was accelerated. An overview of what was achieved shows that, despite the extremely changed business environment, the foundations of the

Group's operations were further consolidated, their flexibility, adaptability and resilience increased and the set strategic goals were achieved. Among the achievements stands out **stable remote business**, which together with modern and innovative ways of working and business processes is an important milestone in the digital transformation of the Group's

operations. The Group is satisfied with the response and the results achieved and so are its clients, who rated the Group the highest to date. The new financial year has begun with a revised strategy to 2025, which has again set high strategic goals on a solid foundation.

“The business transformation and digitalisation of the Triglav Group’s operations are fully intertwined processes guided by our focus on the client. The speed at which client needs and expectations are changing, as well as the dynamics of technological development, is rapidly increasing. The urban environments in our markets also follow these trends. Everything we do must therefore be based on a deep understanding of our clients and their experience with us. We build their trust with a hybrid business model, which allows them to choose how they do business with us. Our job is to know our clients and offer them what they need – with modularly designed products, automated claim reporting processes and other advanced digital services available anywhere. We have built solid data warehouses, which we will use together with back office functions for the mutual benefit of both our clients and the Group. We have therefore adopted an approach to digitalisation, which enables a seamless, fluid transition between the physical and digital worlds.”



Gregor Kovačič

Executive Director at Zavarovalnica Triglav

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¹² GRI GS 103-1, 103-2, 103-3



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

- **Profitable operations**
 - Profit before tax: EUR 132.6 million.
 - Return on equity (ROE): 12.5%.
- **Growth in business volume**
 - Gross written premium: +10%.
 - Total market share of Slovenian insurance companies: +2.1 percentage points.
 - Seized opportunities of new business models and partnerships for doing business outside the region.
 - The Triglav Group remains the largest insurance company in South-East Europe (SEE) in terms of written premium.
- **Increased value of the Triglav Group**
 - Market capitalisation growth: +23%.
 - 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, increased investment 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 its monitoring.
 - Monitoring the movement of market capital by individual activities (insurance, investment management, capital management) in order to effectively achieve capital adequacy.
 - Investment processes: upgraded in terms of the Group's sustainable commitments and ambitions.
- **Comprehensive risk management**
 - Checking the adequacy of the risk management system at Group level.
- **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: 22.2%.
 - Business digitalisation and optimisation: numerous technological solutions were implemented.
- **Efficient use of data (internal and external) in making business decisions**
 - Better quality of data to understand business and make effective decisions.
- **Developed multi-matrix organisation, business productivity growth and utilisation of synergies within the Group**
 - Business productivity: increased by 9%; average gross written premium per Company employee is EUR 292 thousand.
 - Transfer of good practices among Group companies and exploitation of internal potential.



2. Client focus and development of related services

- **Comprehensive and responsible client relationship management and omni-channel communication with clients**
 - Enhanced communication with existing and potential clients via all communication channels to achieve high responsiveness, reliability and transparency.
 - Improving the user experience to speed up underwriting and claim settlement
 - Increased client registration in the i.triglav application and a higher number of clients who gave their consent to receive information electronically.
- **Increased client satisfaction and loyalty**
 - Higher client satisfaction rating (NPS) compared to the preceding year: an increase of 4 percentage points.
 - Adaptation of products and services to changed client needs 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.
 - 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**
 - Expanded scope of assistance services, optimisation of the assistance process.
 - Strengthening of existing and establishment of new business partnerships in related services.
- **Modern business models**
 - Upgraded remote underwriting and remote claim settlement.
 - A central entry point for client communication: better tracking of client communication and claim processing in one place.
 - Implementation of key insurance processes remotely.
 - Motivating the sales network for remote resale of insurance products and electronic delivery of insurance documentation.

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3. Developing a cooperative and agile organisation and culture

- **Transformation of organisational culture**
 - Realisation of the Group's key values in relation to all its stakeholders.
 - Promotion of teamwork, intergenerational cooperation, a healthy lifestyle and work practices, and a focus on relationships (this year's key competence).
 - Enhanced agility of employees and their orientation towards change.
 - Promotion of the development of leaders as important drivers of organisational culture changes through the implementation of the Leadership License.
 - Enhanced cooperation and improvement of constructive behavioural styles by 17% (Zavarovalnica Triglav) and 13% (Triglav Group), as shown by the repeated measurement of organisational culture.
 - Recognition for the best HR&M project of the year.
- **Appropriate number, structure and engagement of employees for revised and optimised processes**
 - Exceeded planned shares of employee engagement and satisfaction.
 - Adaptation of the organisation and main processes to changed circumstances and market needs.
 - Established framework for the implementation of innovations (collection of employee ideas and their classification according to implementation processes: simple improvement, innovation, project).
- **Adequate competences and digital skills of employees**
 - Empowered employees with digital competences for working remotely.
 - The management-by-objectives system and annual and quarterly interviews: a simplified process in line with the value of simplicity.
- **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 2021

The Triglav Group performed well and in the third quarter even raised the estimate of the originally planned annual profit. **Profit before tax amounted to EUR 132.6 million**, up by 46% relative to the year before (see Section 8 Financial result of the Triglav Group and Zavarovalnica Triglav for more details).

Despite the challenging market situation, which was marked by fierce competition, the Group **increased the written premium volume by 10%, exceeding the planned figures**. Premium growth was recorded in all insurance markets and in all insurance segments. In the Slovenian market it was 4%, in the regional markets outside Slovenia it stood at 15% and in the international market it reached 40%. See Section [7.5 Gross written insurance, coinsurance and reinsurance premiums](#) for further information on insurance premium.

The Group's **combined ratio** reached a favourable 88.9%, which is in the lower end of its average target strategic value range (the company's performance indicator in the core non-life and health insurance business excluding return on investment). Compared to the preceding year, it was lower by 2.3 percentage points 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 details.

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**, thereby confirming the Group's **strong financial stability, capital adequacy and profitability**.

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 2022

The basis for developing the Triglav Group business plan for 2022 were strategic starting points and goals, the performance assessment and implementation of the business plan in 2021, market potential, competitive conditions, and forecasts of trends in the macroeconomic environment and the financial markets.

Expected business conditions: It is estimated that the macroeconomic environment will improve in 2022 compared to the previous year. The economic recovery is expected to continue and unemployment to fall. The biggest risks remain the uncertain epidemic situation and higher inflation that could result from a faster recovery in demand and a prolonged persistence of current global supply constraints. The consequences of current events in Ukraine also pose an additional risk.

Triglav Group Business Plan for 2022

Profit before tax: Profit before tax of EUR 120–130 million is planned. The planned profit is based on the projected performance of both of the Group's activities, taking into account the anticipated conditions in the financial markets that will affect the rates of return on investment.

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Premium: In the insurance business, written premium is planned to exceed EUR 1.4 billion. Premium growth is expected both in the existing markets in the Adria region and in those EU markets where the Group operates under the principle of free movement of services. Through continued underwriting discipline, the Group plans to maintain the profitability of its insurance business. Client focus remains the Group's most important guideline, therefore it will continue to develop innovative products, services and bonus programmes and ensure their effective sales. The innovative development of sales processes based on modern and digital technologies will be at the forefront.

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

Combined ratio: The Triglav Group's combined ratio is planned at below 93%.

Cost-effectiveness: Cost streamlining measures predominantly focused on the types of costs not directly related to insurance acquisition will continue to be implemented. Higher costs are expected in insurance acquisition, expanding digitalisation and investing 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, changes in business processes and the requirements of individual work areas.

Profit from financial investments: Given the expected continuation of low interest rates, the Group plans a further decline in rates of return on investment, excluding unit-linked assets. The main elements of the Group's investment policy thus remain unchanged and include ensuring security, liquidity and diversification of investments while achieving adequate profitability. The Group will maintain

a conservative investment structure with an emphasis on fixed-income investments, while slightly increasing the share of alternative investments, which will result in higher expected returns at lower liquidity.

Asset management: The Group will pursue the strategic guideline of increasing the volume of clients' assets under management from non-compulsory saving and the effective management of assets at Group level. The key guidelines will be active asset management with high investment beliefs, which in the long run provide adequate profitability and portfolio risk management.

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

Disclaimer

The planned figures for 2022 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 2022, the Company will each time comment on the Group's planned annual profit before tax.

Financial highlights of the Triglav Group business plan for 2022

	in EUR million			
	2019	2020	2021	2022 plan
Profit/loss before tax	100.9	90.9	132.6	120-130
Gros written premium from insurance, co-insurance and reinsurance contracts	1,184.2	1,233.8	1,353.0	over 1,400
Combined ratio in non-life insurance	91.5%	91.2%	88.9%	below 93%

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5. Corporate Governance Statement

- Marica Makoter, Management Board Member and Worker Director, commenced her new five-year term of office.
- New Supervisory Board members, shareholder representatives, began their terms of office.
- The Triglav Group's corporate governance system continued to operate responsively and effectively in the second year marked by unforeseen pandemic-related conditions. In addition to monitoring the operations of subsidiaries, it continued to promote the identification of business opportunities and challenges in their environment.

5.1 Governance policy

The Company's reliable governance system, which is based on effective risk management, enables it to implement its business strategy. The main governance guidelines take into account the set long-term objectives. They are defined in the Company's Governance System and Policy, adopted by the Management and Supervisory Boards. The document is published on SEOnet, the Ljubljana Stock Exchange information system, and on the Company's official website (www.triglav.eu).

5.2 Statement of Compliance with the Slovene Corporate Governance Code¹³

In its operations in 2021, Zavarovalnica Triglav abided by the Slovenian Corporate Governance Code (hereinafter: the Code), which was adopted on 27 October 2016 and published in Slovenian and English on the Ljubljana Stock Exchange website at (www.ljse.si). Zavarovalnica Triglav's statement of compliance with the Code for 2021 is published on SEOnet and the Company's official website (www.triglav.eu).

Zavarovalnica Triglav adheres to the provisions of the Code. For well-grounded reasons, the Company deviated from or did not comply with the following provisions of the Code as clarified by specific points of the Code:

- Point 5.7 *of the Code relating to an external assessment of the appropriateness of the Corporate Governance Code 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, which presents its fundamental values and business principles 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. It 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).

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5.3 Management bodies of Zavarovalnica Triglav¹⁴

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

Shareholders of Zavarovalnica Triglav exercise their rights in respect of 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 provided by 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 latter does not lay down any specific provisions for the adoption of amendments.

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. not later than by the end of the seventh day before the date of the General Meeting of Shareholders have the right to attend the General Meeting. They may exercise their voting right provided that they register their attendance not later than by the end of the fourth day before the date of the General Meeting of Shareholders.

The rights and obligations attached to the shares as well as the notes on the restriction of transfer of shares and on reaching a qualifying holding are described in Section [6.2 Equity](#) herein. 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 2021):

- 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 Company's share capital. Its stake remained unchanged in 2021. 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 Company's share capital. Its stake remained unchanged in 2021.
- Erste Group Bank – PBZ Croatia Osiguranje OMF account – a fiduciary account, Vienna, holds 1,526,190 shares or 6.71% of the Company's share capital.

According to the data available, 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 2021

Zavarovalnica Triglav's shareholders met once in 2021, i.e. on 25 May 2021, at the 46th General Meeting of Shareholders. The total number of shares and voting rights represented at the General Meeting of Shareholders was 18,198,597 or 80.05% of all shares to which the voting rights are attached. The General Meeting of Shareholders was briefed on:

- Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020,
- the opinion given by the audit firm,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020,
- 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,
- Opinion of the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020.

The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 89,624,175.26 as at 31 December 2020:

- A part of accumulated profit in the amount of EUR 38,649,751.60 shall be allocated for dividend payments. The dividend of EUR 1.70 gross per share shall be paid to the shareholders appearing in the share register as at 9 June 2021. As at 10 June 2021, the Company provided funds for the payment of all dividends to the account of KDD – Centralno klirinška depotna družba d.d.
- The distribution of the remaining accumulated profit of EUR 50,974,423.66 shall be decided in the next few years.

The shareholders granted a discharge for the 2020 financial year to both the Management Board and the Supervisory Board of Zavarovalnica Triglav d.d. and adopted amendments to the Company's Articles of Association.

The General Meeting of Shareholders took note of the resignation of the Supervisory Board member Nataša Damjanovič, dated 18 June 2020, and of the expiry of the term of office as of

13 June 2021 of four Supervisory Board members, shareholder representatives: Andrej Andoljšek, Milan Tomažević, Žiga Škerjanec and Mario Gobbo.

Andrej Andoljšek, Tomaž Benčina, Branko Bračko, Peter Kavčič and Jure Valjavec were appointed new Supervisory Board members, shareholder representatives, for the four-year term of office, starting as of 14 June 2021.

At the General Meeting of Shareholders, the Pan-Slovenian Shareholders' Association (VZMD) announced an action to set aside resolution No. 3.1. The Company did not receive any lawsuit.

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 the Company. 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 February 2021, a preliminary fit and proper assessment was conducted for Marica Makoter as a candidate for the Management Board member, Worker Director, for a new five-year term of office. In November 2021, the other members of the Management Board (Andrej Slapar, Tadej Čoroli, Uroš Ivanc, Barbara Smolnikar and David Benedek) and the Management Board as a collective body were subject to periodic assessment. All members individually and the Management Board as a collective body were assessed as fit and proper.

The Diversity Policy is also taken into account when appointing an individual member of the Management Board. Its aim is to ensure complementarity and diversity in the Management Board by taking into account various qualifications, experiences and knowledge as defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. as well as to achieve gender balance and representation of various age groups. The gender balance in the Management Board, which is appropriate to the Company's size, the objectives it pursues and the procedures for selecting management body members and other procedures in the Company, is not predetermined. If several candidates meet the fit and proper criterion, the candidate who will contribute more to greater diversity of the Management Board will have priority. One of the important goals is that both genders are represented in 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. The Diversity Policy was taken into account in the reappointment of Marica Makoter as a Management Board member.

On 2 March 2021, the Supervisory Board reappointed Marica Makoter as the Management Board member, Worker Director, at the proposal of the Works Council. Her new five-year term began on 23 December 2021.

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Composition and appointment of the Management Board

In accordance with the Company's 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 individual Management Board members 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 or recall of an individual member or all members of the Management Board 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 through new shares issued for cash contributions within five years of 28 May 2021. 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 2021¹⁵

First and last name	Function	Area of work in the Management Board (as at 31 December 2021)	Start of term of office (the first)	End of term of office	Gender	Nationality	Date of birth	Education	Professional profile	Membership in the supervisory and/or management bodies of other companies
Andrej Slapar	President	Manages and directs the work of the Management Board and 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 Division, the Non-Life Insurance Division, the Triglav Group Subsidiary Management Division (excluding the subsidiaries outside Slovenia), HR matters related to the employees with special powers, arbitration, Nuclear Pool and the economic interest grouping of Slovenian insurance companies. Also responsible for the drawing up and implementation of the strategy of Zavarovalnica Triglav and the Triglav Group.	22 May 2013	12 November 2024	Male	Slovenian	1972	LL.B.	Management, strategic management, commercial law, insurance and reinsurance, actuarial science	
Uroš Ivanc	Member	In charge of the Risk Management Department and the Strategic Planning and Controlling Department, the Non-Life Insurance Development and Actuarial Department, and the Accounting and Finance divisions, excluding the Investment Department, and the Triglav Group Subsidiary Management Division – the subsidiaries outside of Slovenia. Also responsible for investor relations (IR) and relations with credit rating agencies, as well as for environmental, social and corporate sustainable development (ESG) activities.	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. Triglav INT d.o.o.
Tadej Čoroli	Member	In charge of the Marketing Division, the Business Intelligence and Client Relationship Management Division, the Non-Life Insurance Claims Division, the Insurance Sales Division and the Digitalisation, Processes and Technology Division.	29 July 2014	30 July 2024	Male	Slovenian	1975	LL.M.	Management, strategic management, commercial law, insurance, marketing	Pozavarovalnica Triglav Re d.d.
Barbara Smolnikar	Member	In charge of the Life Insurance Division and the Life Insurance Development and Actuarial Department. Also responsible for money laundering prevention and bancassurance.	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 Strategic Procurement Department, the IT Division and the Investment Department. Also responsible for mergers and acquisitions (M&A).	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, 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.
Marica Makoter	Member and Worker Director	Represents the workers' interests as set out in the Worker Participation in Management Act. In charge of the Fraud Prevention, Detection and Investigation Department and the Change and Project Portfolio Management Department. Responsible for the Back Office Division and the Human Resource Management Division (excluding HR matters related to the employees with special powers).	21 December 2011	23 December 2026	Female	Slovenian	1972	LL.B.	Management, strategic management, commercial law, insurance, human resources and organisation, worker representation	Triglav Skladi d.o.o.

Andrej Slapar took over the position of the President of the Management Board eight years ago, and in 2021 all members of the Management Board (together) performed their function for an average of six years.

¹⁵ GRI GS 405-1, SASB: FN-AC-330a.1

Data on the remuneration of the Management Board members are also 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 maintenance of appropriate capital strength of the Company, encourage reliable and effective risk management, limit the assumption of risks exceeding the allowed risk limits of the Company, and provide for the acquisition and retention of appropriately professionally qualified, competent, responsible and engaged employees. The policy is the foundation for implementing a robust and reliable governance system, ensuring responsible long-term development and business integrity and transparency. In 2021, it was amended in accordance with the requirements of the Regulation on sustainability-related disclosures in the financial services sector and taking into account the Triglav Group's commitment to sustainability (ESG).

Composition and remuneration of the Management Board in 2021 (EUR)

Name and surname	Function	Variable remuneration – gross			Total variable remuneration (2)	Deferred remuneration – gross (3)	Severance pay (4)	Benefits and SVPI (5)	Claw-back (6)	Total gross (excluding deferred income, bonuses and SVPI) (1+2+4-6)	Total net (excluding deferred income, bonuses and SVPI) (1+2+4-6)
		Fixed remuneration – gross (1)	based on quantitative criteria	based on qualitative criteria							
Andrej Slapar	President	197,563	53,634	0	53,634	60,261	0	78,139	0	251,197	81,935
Uroš Ivanc	Member	188,487	50,953	0	50,953	57,248	0	49,819	0	239,440	83,244
Tadej Čoroli	Member	188,487	50,953	0	50,953	57,248	0	54,167	0	239,440	81,796
Barbara Smolnikar	Member	187,763	47,095	0	47,095	57,248	0	54,402	0	234,858	79,124
David Benedek	Member	187,798	26,652	0	26,652	35,211	0	55,352	0	214,450	72,253
Marica Makoter	Member	187,798	50,953	0	50,953	57,248	0	53,991	0	238,751	79,998
Benjamin Jošar	Member until 2 November 2017	0	3,857	0	3,857	0	0	0	0	3,857	2,254
Total		1,137,896	284,097	0	284,097	324,464	0	345,870	0	1,421,993	480,604

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 2017, the second portion of the bonus for 2018 and the first portion of the bonus for 2020, which were paid in 2021.

The data under item (3) contain the third portion of the bonus for 2018, the second and third portions of the bonus for 2019 and the second and third portions of the bonus for 2020, which will be paid out in the coming years.

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

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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. The Supervisory Board members' term of office is four years, and they can be re-elected without term limits.

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

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 accordance with said policy, in the spring months of 2021 preliminary fit and proper assessment of the candidates for Supervisory Board members, shareholder representatives, was carried out. Several candidates were assessed in accordance with the applicable legislation and internal documents. Andrej Andoljšek, Peter Kavčič, Tomaž Benčina, Branko Bračko and Jure Valjavec were appointed Supervisory Board members based on their fitness and propriety. In November 2021, the periodic fit and proper assessment of other Supervisory Board members (Igor Stebernak, Peter Celar, Branko Gorjan and Igor Zupan) and the Supervisory Board as a collective body was performed. All individual members and the Supervisory Board as a collective body were assessed as fit and proper.

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 particularly 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 the Company operates. In addition to the above, if several candidates meet the fit and proper criterion, the Diversity Policy is taken into account in the appointment of an individual Supervisory Board member. Its goal is 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. This enables prudent and careful supervision of the Company, thereby achieving strategic objectives and ensuring long-term values for all key stakeholders, representation of both genders and representation of different age groups. The gender balance in the supervisory body, which is appropriate to the Company's size, the objectives it pursues and the procedures for selecting

supervisory body members and other procedures in the Company, is not predetermined. The criteria for selecting the candidates for Supervisory Board members, shareholder representatives, determine that in the event of a large number of candidates who meet all the requirements and possess in-depth knowledge in the specified areas women have priority due to meeting the diversity criteria. The Diversity Policy was taken into account both in the candidacy procedure and in the appointment of new Supervisory Board members, because their knowledge and experiences contribute to the greater diversity of the Board's membership.

At its session on 18 June 2021, the Supervisory Board appointed Andrej Andoljšek its Chairman and Branko Bračko its Vice Chairman.

5.3.3.1 Powers of the Supervisory Board

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

- 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.

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5.3.3.2 Supervisory Board in 2021

Composition of the Supervisory Board in 2021¹⁶

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 2021	Membership in the supervisory and/or management bodies of other companies while serving on the Supervisory Board in 2021	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 Vice Chairman Chairman Member Chairman	13 June 2017 21 June 2017 18 August 2020 14 June 2021 18 June 2021	13 June 2021 17 August 2020 13 June 2021 14 June 2025 14 June 2025	8 of 8	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	Member until 13 June 2021 and from 18 June 2021	4 of 4
Branko Bračko	Member Vice Chairman	14 June 2021 18 June 2021	14 June 2025 14 June 2025	3 of 8	Male	Slovenian	1967	BSc in Mechanical Engineering	Business strategy and business models, governance system	YES	NO	Supervisory Board member at Stanovanjsko podjetje Konjice d.o.o.	Strategy Committee	Chairman from 18 June 2021	2 of 4
Tomaž Benčina	Member	14 June 2021	14 June 2025	3 of 8	Male	Slovenian	1965	BSc in Economics and BSc in Metallurgy	Financial markets, business strategy and business models, governance system, financial analyses	YES	NO	/	Appointment and Remuneration Committee	Chairman from 18 June 2021	2 of 11
Peter Kavčič	Member	14 June 2021	14 June 2025	3 of 8	Male	Slovenian	1969	MSc in International Business	Financial markets, business strategy and business models, governance system, financial analyses			A Supervisory Board member and chair of the Audit Committee at Mladinska knjiga založba d.d.	Audit Committee Strategy Committee	Chairman from 18 June 2021 Member	2 of 6 2 of 4
Igor Stebernak	Chairman Member	18 August 2016 3 June 2020	2 June 2020 3 June 2024	8 of 8	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 until 13 June 2021 Chairman Member until 13 June 2021 and from 18 June 2021	9 of 11 10 of 10 6 of 6
Jure Valjavec	Member	14 June 2021	14 June 2025	3 of 8	Male	Slovenian	1975	Master of Science	Business strategy and business models, governance system	YES	NO	/	Appointment and Remuneration Committee	Member	2 of 11
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	5 of 8	Male	Slovenian	1946	BSc in Economics	Insurance and reinsurance, informatics, management and actuarial science	YES	NO	/	Strategy Committee	Chairman until 13 June 2021	2 of 4
Žiga Škerjanec	Member	13 June 2017	13 June 2021	5 of 8	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 until 13 June 2021 Member until 13 June 2021 Member	2 of 4 9 of 11 10 of 10
Mario Gobbo	Member	12 June 2013	13 June 2021	5 of 8	Male	Italian	1953	PhD in Economics	Banking, financial management, financial markets and analyses, investment banking, investment, restructuring, acquisition of financial assets and privatisation	YES	NO	/	Audit Committee	Chairman until 13 June 2021	4 of 6
Peter Celar	Member	29 May 2007 1 June 2019	31 May 2019 2 June 2023	8 of 8	Male	Slovenian	1958	BSc Economics	Insurance	NO	NO	/	Appointment and Remuneration Committee Nomination Committee	Member until 13 June 2021 and from 18 June 2021 Member	11 of 11 10 of 10
Branko Gorjan	Member	14 March 1995 1 June 2019	30 May 2015 1 June 2023	8 of 8	Male	Slovenian	1960	Economic technician	Insurance	NO	NO	/	Strategy Committee	Member until 13 June 2021 and from 18 June 2021	4 of 4
Igor Zupan	Member	27 September 2019	1 June 2023	8 of 8	Male	Slovenian	1972	BSc in Administrative Organisation – IT Specialist	Insurance	YES	NO	/	Audit Committee	Member until 13 June 2021 and from 18 June 2021	6 of 6

External members of Supervisory Board committees in 2021

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 2021
Simon Kolenc	Audit Committee (member until 13 June 2021)	4 of 6	Male	Slovenian	BSc in Economics	1977	Finance, accounting, audit	/
Luka Kumer	Audit Committee (member from 18 August 2021)	1 of 6	Male	Slovenian	BSc in Economics	1981	Financial markets, business strategy and business models, governance system, financial analyses	/
Boštjan Koler	Nomination Committee	10 of 10	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 Slovenian Corporate Governance Code.

Data on the remuneration of the Supervisory Board members are disclosed in Section [5.6 of the Accounting Report](#). Their remuneration was in line with the resolution passed by the 42nd General Meeting of Shareholders of Zavarovalnica Triglav.

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Composition and remuneration of the Supervisory Board members and committees in 2021 (EUR)

Name and surname	Function (Chairman, Vice Chairman, member, external committee member)	Remuneration for performing the function – gross per year (1)	Attendance fees for SB sessions and committee meetings – gross per year (2)	Total gross (1+2)	Total net	Gross travel expenses	Net travel expenses
Andrej Andoljšek	Chairman	26,125	2,981	29,106	21,169	278	202
Branko Bračko	Vice Chairman	12,028	1,265	13,293	9,668	555	403
Tomaž Benčina	Member	11,224	1,265	12,489	9,083	317	231
Peter Kavčič	Member	12,229	1,705	13,934	10,134	1,275	927
Igor Stebernak	Member	20,406	7,557	27,963	20,090	337	245
Jure Valjavec	Member	10,219	1,265	11,484	8,352	0	0
Milan Tomažević	Member	10,018	1,716	11,734	8,534	278	202
Žiga Škerjanec	Member	10,188	5,852	16,040	11,666	278	202
Mario Gobbo	Member	9,339	2,156	11,495	7,572	0	0
Peter Celar	Member	20,210	6,721	26,931	19,587	730	531
Branko Gorjan	Member	18,708	2,981	21,689	15,775	0	0
Igor Zupan	Member	18,708	3,421	22,129	16,095	278	203
Simon Kolenc	External committee member	3,396	1,045	4,441	3,230	0	0
Boštjan Koler	External committee member	1,504	2,200	3,704	2,694	0	0
Luka Kumer	External committee member	2,782	275	3,057	2,224	0	0
Total		187,084	42,405	229,489	165,873	4,326	3,146

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 2021

In 2021, 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 next diagram.

In 2021, the **Audit Committee** was composed of Dr Mario Gobbo as its chair until 13 June, Peter Kavčič as its chair from 18 June, Igor Stebernak (until 13 June and from 18 June), Igor Zupan (until 13 June and from 18 June), Simon Kolenc, an independent external expert until 13 June, and Luka Kumer, an independent external expert from 18 August, as its members.

The Supervisory Board committees and their main tasks

Audit Committee

- monitors the financial reporting process, draws up reports and proposals for ensuring its comprehensiveness;
- monitors the efficiency and effectiveness of internal controls, internal audit and risk management systems;
- monitors the mandatory audit of annual and consolidated financial statements and reports on the audit findings to the Supervisory Board;
- is in charge of the auditor selection procedure, proposes a candidate to the Supervisory Board to audit the Company's annual report and participates in the drafting of an agreement between the auditor and the Company;
- monitors the quality of the auditor's audit in accordance with the Guidelines for audit committees for monitoring the quality of external auditing adopted by the Agency for Public Oversight of Auditing and the Slovenian Directors' Association;
- supervises the integrity of financial information provided by the Company, evaluates the drafting of the annual report and draws up a proposal for the Supervisory Board;
- cooperates with the Internal Audit Department, monitors its interim reports, examines the internal documents of the Internal Audit Department, the Rules of the Internal Audit Department and the annual plan of the Internal Audit Department;
- discusses decisions on the appointment, dismissal and remuneration of the head of the Internal Audit Department.

Strategy Committee

- discusses and draws up proposals for the Supervisory Board regarding the Triglav Group strategy;
- monitors the implementation of the strategy;
- discusses and draws up proposals and opinions for the Supervisory Board related to the strategic development or planning of the Triglav Group.

Appointment and Remuneration Committee

- proposes criteria for membership in the Management Board;
- proposes the policies of remuneration, reimbursement and other benefits for the Management Board members;
- preliminary considers the proposals of the President of the Management Board related to the management of the Company;
- performs fit and proper assessments of the Management Board and Supervisory Board members;
- provides support and makes proposals on matters related to the Supervisory Board (e.g. conflicts of interest, design and implementation of a remuneration system for the Supervisory Board members, assessment of the Supervisory Board's work pursuant to the Code of Corporate Governance).

Nomination Committee (an ad-hoc committee established to carry out a nomination procedure for the candidates for members of the Supervisory Board, shareholder representatives)

- prepares criteria for the selection of candidates for members of the Supervisory Board, shareholder representatives, unless the Supervisory Board determines otherwise;
- registers the candidates for members of the Supervisory Board;
- instructs the Appointment and Remuneration Committee to carry out a fit and proper assessment of the candidates;
- submits to the Supervisory Board a proposal to nominate one or several candidates for Supervisory Board members – shareholder representatives, including the draft fit and proper assessment of the candidates for members of the Supervisory Board.

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The Appointment and Remuneration

Committee had the following composition: Igor Stebernak as its chair until 13 June, Tomaž Benčina as its chair from 18 June, and Žiga Škerjanec (until 13 June), Jure Valjavec (from 18 June) and Peter Celar (until 13 June and from 18 June) as its members.

The Strategy Committee was composed of Milan Tomažević as its chair until 13 June, Branko Bračko as its chair from 18 June, and Andrej Andoljšek (until 13 June and from 18 June), Žiga Škerjanec (until 13 June), Peter Kavčič (from 18 June) and Branko Gorjan (until 13 June and from 18 June) as its members.

The Nomination Committee as an ad-hoc committee was established by the Supervisory Board on 12 November 2020 due to the expiry of the four-year term of office of the Supervisory Board members Žiga Škerjanec, Andrej Andoljšek, Mario Gobbo and Milan Tomažević. The committee existed until the election of Supervisory Board members, shareholder representatives, on 25 May 2021. The committee was 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 subsidiaries¹⁷

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, which was updated in 2021, is the basis for the establishment and implementation of 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, such as local legislation and regulatory requirements, the business environment of subsidiaries 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.

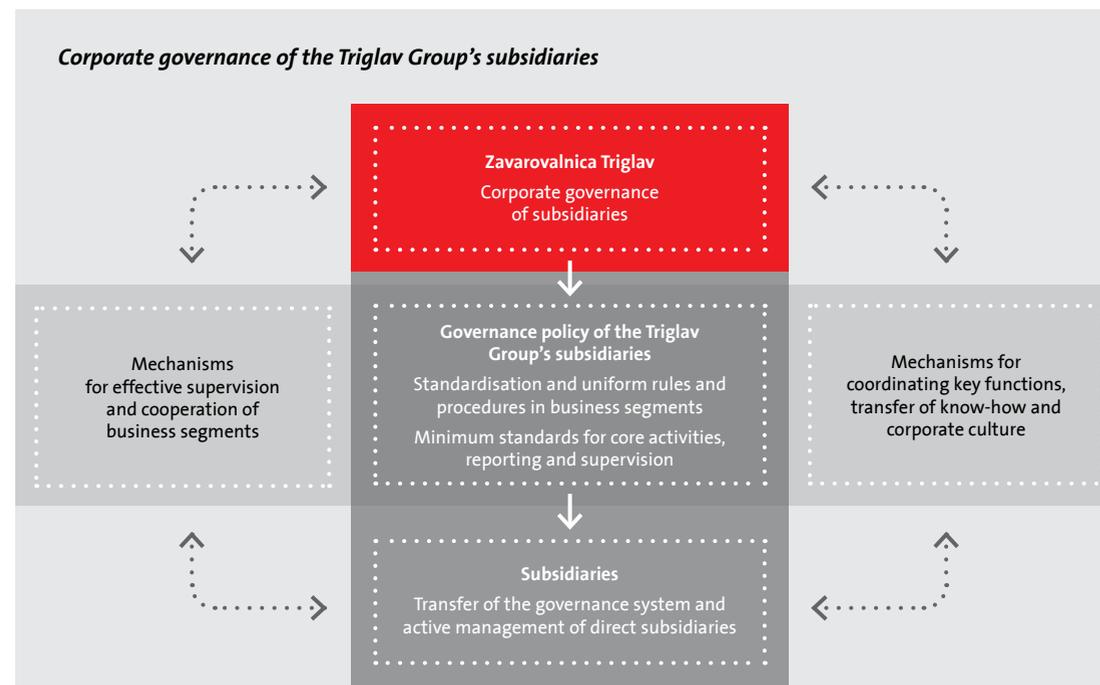
Zavarovalnica Triglav as the controlling company actively manages its direct subsidiaries in accordance with the Governance Policy of the Triglav Group's Subsidiaries.

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 carrying out the activities are defined in the minimum standards for individual business segments. Their implementation in individual subsidiaries is monitored in a coordinated manner by the competent business areas of the parent company, which enables a comprehensive overview at Group level.

Based on experience in achieving strategic objectives, it was estimated that the governance system of the Group's subsidiaries functioned appropriately even during the pandemic in the past two years. 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, a tighter connection of the subsidiaries' business functions with Zavarovalnica Triglav's business segments is achieved, which proved to be effective even in the unpredictable pandemic-related situation.



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¹⁷ GRI GS 102-10, 102-18

The composition of governance and management bodies as at 31 December 2021

Subsidiary	Management	Supervisory function
Slovenia		
Pozavarovalnica Triglav Re d.d., Ljubljana	Gregor Stražar – President Tomaž Rotar – Member Stanislav Vrtunski – Member	Supervisory Board: Tadej Čoroli – Chairman, Tomaž Žust, Katja Modec, 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 – Chairman Nataša Veselinovič, Miha Grilec, Blaž Kmetec, 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, Jaka Kirn, Marica Makoter, Nataša Veselinovič, Matej Runjak
Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale	Edvard Kranjčič – Director	Supervisory Board: Jasna Kajtazovič – Chairman, Jana Polda, Matjaž Novak, Lidija Breznik
Triglav INT, holdinška družba d.o.o., Ljubljana	Tedo Djekanovič – Director	Supervisory Board: Uroš Ivanc – Chairman, Nataša Veselinovič, Saša Kovačič
Triglav Avtoservis d.o.o., Ljubljana	Edvard Zabukovnik – Director Boris Kuhelj – Director	Supervisory Board: Janez Obaha – Chairman, Nataša Novak Priveršek, Aleš Klement, Boštjan Molan
Triglav, Upravljanje nepremičnin d.o.o., Ljubljana	Mitja Selan – Chief Executive Officer Rok Pivk – Director	Supervisory Board: David Benedek – Chairman, Ksenija Zajc, Nataša Novak Priveršek, Nataša Veselinovič
Croatia		
Triglav Osiguranje d.d., Zagreb	Marin Matijaca – President Denis Burmaz – Member Darko Popovski – Member	Supervisory Board: David Benedek – Chairman, Tomaž Žust, Gorazd Jenko, Iztok Cimperman, Pave Srezovič-Pušić
Serbia		
Triglav Osiguranje a.d.o., Belgrade	Dragan Marković – President of the Executive Committee Blaž Jakič – Member of the Executive Committee	Supervisory Board: Tedo Djekanovič – Chairman, Fejsal Hrustanović, Vuk Šušić, Gorazd Jenko, Milan Tomažević
Montenegro		
Lovćen Osiguranje a.d., Podgorica	Matjaž Božič – Executive Director	Board of Directors: Tedo Djekanovič – Chairman, Tomaž Žust, Alenka Vrhovnik Težak, Marjeta Gorinšek
Lovćen životna osiguranja a.d., Podgorica	Zorka Milić – Executive Director	Board of Directors: Stanko Mugoša – Chairman, Slobodanka Vukadinović, Danilo Pavličič
Bosnia and Herzegovina		
Triglav Osiguranje d.d., Sarajevo	Edib Galijatović – President Edin Muftić – Member	Supervisory Board: Tedo Djekanovič – Chairman, Janko Šemrov, Uroš Cvetko, Aleš Levstek, Matej Gostiša
Triglav Osiguranje a.d., Banja Luka	Janez Rožmarin – Director Dejan Vujičić – Member of the Executive Committee Dragan Berić – Member of the Executive Committee	Management Board: Darko Popovski – President, Iztok Šekoranja, Blaž Jakič
North Macedonia		
Triglav Osiguruvanje a.d., Skopje	Gjorgje Vojnović – Chief Executive Officer Vojdan Jordanov – Executive Director	Board of Directors: Tedo Djekanovič – Chairman, Darko Popovski, Matej Ferlan, Blaž Kmetec, Gjorgje Vojnović, Vojdan Jordanov, Gjorgji Jančevski
Triglav Osiguruvanje Život a.d., Skopje	Vilma Učeta Duzlevska – Chief Executive Officer	Board of Directors: Tedo Djekanovič – Chairman, Ivan Sotošek, Vilma Učeta Duzlevska, Gjorgji Jančevski, Vladimir Mišo Čeplak
Triglav penzisko društvo a.d., Skopje	Tihomir Petreski – President Marijan Nikolovski – Member	Supervisory Board: Aljoša Uršič – Chairman, Rok Pivk, Blaž Kmetec, Miroslav Vujič

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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 reporting¹⁸

The integrated internal control and risk management system established within the Group is continuously adapted to the development, organisational changes and good practices, thereby maintaining its effectiveness. 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 the parent company Zavarovalnica Triglav and implemented within the Group 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 Company's Management Board 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

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6. The share and shareholders of Zavarovalnica Triglav

- Zavarovalnica Triglav's share, which in December marked 10 years since its listing on the Ljubljana Stock Exchange Prime Market, achieved a total return of 27.3% and a dividend yield of 4.6% on an annual basis.
- The General Meeting of Shareholders approved the proposal of the Management Board and the Supervisory Board for the payment of a dividend of EUR 1.70 gross per share, which represented 53% of consolidated net profit for 2020.
- 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.

6.1 Share of Zavarovalnica Triglav

As at 31 December 2021, the **annual total return** on Zavarovalnica Triglav's share (ZVTG) was **27.3%**, with a 4.6% dividend yield. The price-to-book ratio was 0.90.

With EUR 836.6 million in market capitalisation (index 123), Zavarovalnica Triglav is **the fourth largest Slovenian listed company**. The ZVTG share generated a stock market turnover of EUR 24.2 million (of which EUR 3.9 million in block trades), which ranks it among the **five most liquid shares on the Ljubljana Stock Exchange**. A quarter of its stock market turnover (excluding block trades) was performed by **the liquidity provider**, which has been cooperating with the Company 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 of STOXX, S&P, Bloomberg and the Ljubljana, Vienna, Zagreb and Warsaw stock exchanges.

Key figures relating to the Zavarovalnica Triglav share

Items	31 December 2021	31 December 2020	31 December 2019
Maximum closing price	37.20	36.00	35.40
Minimum closing price	29.80	23.20	29.50
Closing price	36.80	30.00	33.30
Book value per share (parent company)	29.70	28.33	25.53
Book value per share (consolidated data)	40.93	38.16	34.73
Net earnings per share (consolidated data)	4.97	3.24	3.69
Market capitalisation	836,653,446	682,054,440	757,080,428
Average daily trading volume (excluding block trades)	80,554	131,945	135,518
Payed dividend per share for the previous business year	to be defined	1.70	0.00
No. of shares	22,735,148	22,735,148	22,735,148
The percentage of floating stock	30.73%	30.73%	30.87%
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

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The trading volume and ZVTG share price movements were influenced by several factors in 2021. In addition to the good results of the Triglav Group, they were affected by the COVID-19 pandemic, the conditions of and restrictions on the implementation of Zavarovalnica Triglav’s dividend policy, and the impact of the performance of the insurance sector’s stocks in stock markets. In the first quarter, there was some uncertainty regarding the payment of Zavarovalnica Triglav’s dividend due to the sector-wide positions of the Slovenian insurance sector regulator. In the months that followed, the share price was influenced by the proposal of the Management Board and the Supervisory Board regarding the dividend payment and its adoption by the regular General Meeting of Shareholders held in May. The dividend payment cut-off date was 8 June 2021 (see Section [5.3.1 General Meeting of Shareholders](#) for more information). As seen in the figure, ZVTG share growth outperformed the STOXX Europe 600 Insurance sectoral index of 35 shares of European insurance companies by 7 percentage points on an annual basis. In the same period, the Ljubljana Stock Exchange SBITOP index, in which the ZVTG share holds an 11% share, grew by 40%.

Movement in the ZVTG share price in 2021 compared to the Ljubljana Stock Exchange SBITOP index and the sectoral index of European insurance companies STOXX Europe 600 Insurance (the baseline date: 31 December 2020 = 100)



Movement in the ZVTG share price in the last five years compared to the Ljubljana Stock Exchange SBITOP index and the sectoral index of European insurance companies STOXX Europe 600 Insurance (31 December 2016 = 100)



6.2 Equity

As at 31 December 2021, 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 and a proportionate share of profit allocated for dividend payment. In addition, in the event of bankruptcy or liquidation the shareholders are entitled to 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.

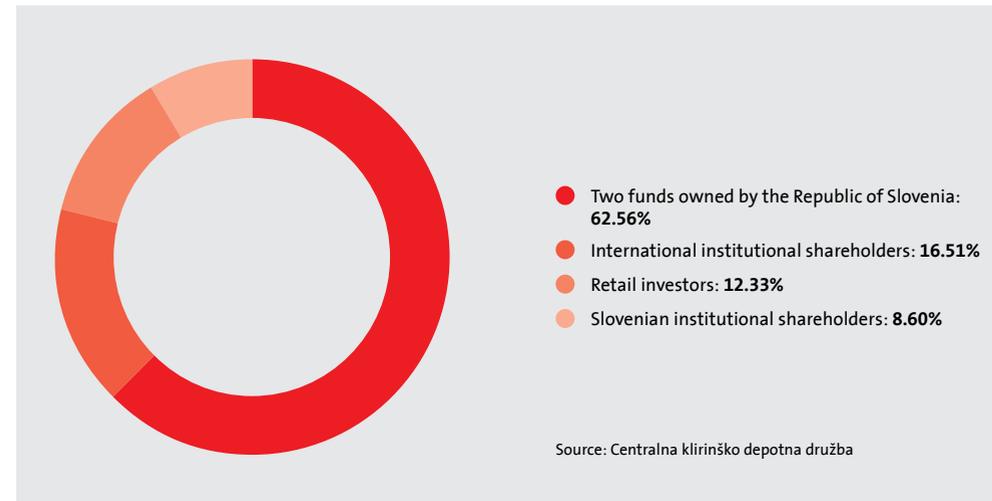
6.3 Shareholder structure¹⁹

There were no significant changes in the shareholder structure of Zavarovalnica Triglav in 2021.

The stakes of the two largest shareholders, owned by the Republic of Slovenia (ZPIZ Slovenije and SDH d.d.), and the third largest shareholder, the Croatian pension fund, which appears in the Company's share register on the fiduciary account of its custodian bank, remained unchanged.

The Company is pleased to note that in recent years natural persons have been actively trading in the ZVTG shares and gradually increasing their stake, which exceeded 12% as at the 2021 year-end. The stake of **international institutional shareholders**, which originate from more than 16 countries, mostly Europe and the United States, remained stable at around 16%.

The shareholder structure of Zavarovalnica Triglav as at 31 December 2021



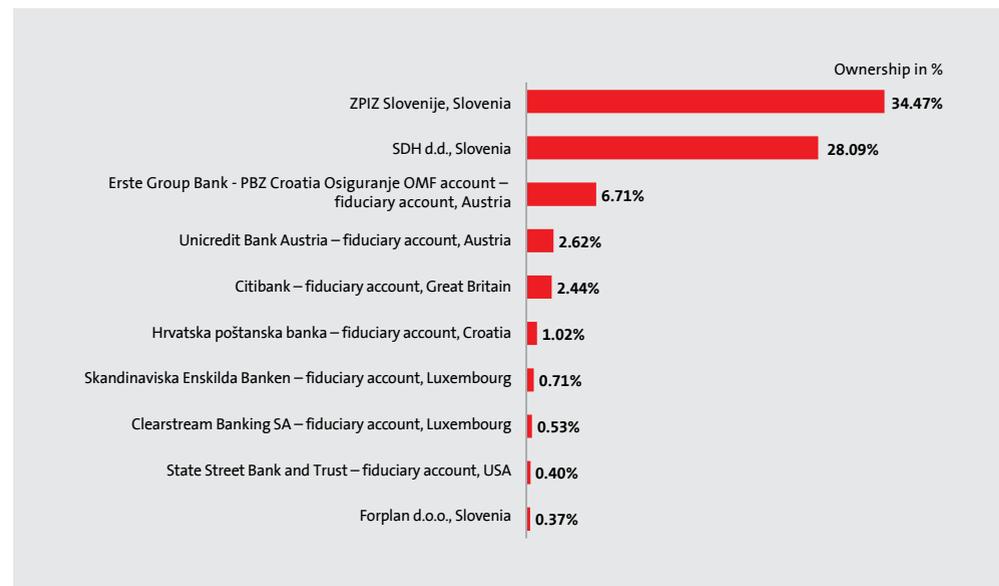
As at the reporting date, 12,000 shareholders and custodian bank accounts were entered in Zavarovalnica Triglav's share register. In early 2022, the number of subscribers declined by a third, which did not affect the Company's shareholder structure. The decrease was due to the activities of Centralna klirinško depotna družba (KDD) provided by law regarding shares from the time of the ownership transformation of Slovenian companies, which later were not transferred to the trading accounts of stock exchange members or KDD.

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¹⁹ GRI GS 102-5, 102-10

The ten subscribers in Zavarovalnica Triglav's share register holding the largest number of shares as at 31 December 2021



Source: Centralna klirinško depotna družba

In 2021, members of the Management Board and the Supervisory Board bought ZVTG shares on the Ljubljana Stock Exchange. The Company informed the public about these transactions in accordance with the law. The number of shares owned by the members of the Management Board and the Supervisory Board of Zavarovalnica Triglav as at the reporting date is shown in the table below.

The number of shares owned by members of the Management and Supervisory Boards as at 31 December 2021

Name and surname	Post	Number of shares	Equity stake
Management Board		2,605	0.01%
Andrej Slapar	President	900	0.00%
Uroš Ivanc	Member	475	0.00%
Tadej Čoroli	Member	150	0.00%
Barbara Smolnikar	Member	180	0.00%
David Benedek	Member	750	0.00%
Marica Makoter	Member	150	0.00%
Supervisory Board		1,884	0.01%
Shareholders representatives		280	0.00%
Andrej Andoljšek	President	0	0.00%
Branko Bračko	Deputy Chairman	0	0.00%
Tomaž Benčina	Member	0	0.00%
Peter Kavčič	Member	0	0.00%
Igor Stebernak	Member	0	0.00%
Jure Valjavec	Member	280	0.00%
Employee representatives		1,604	0.01%
Peter Celar	Member	400	0.00%
Branko Gorjan	Member	1,204	0.01%
Igor Zupan	Member	0	0.00%
Management and Supervisory Board combined		4,489	0.02%

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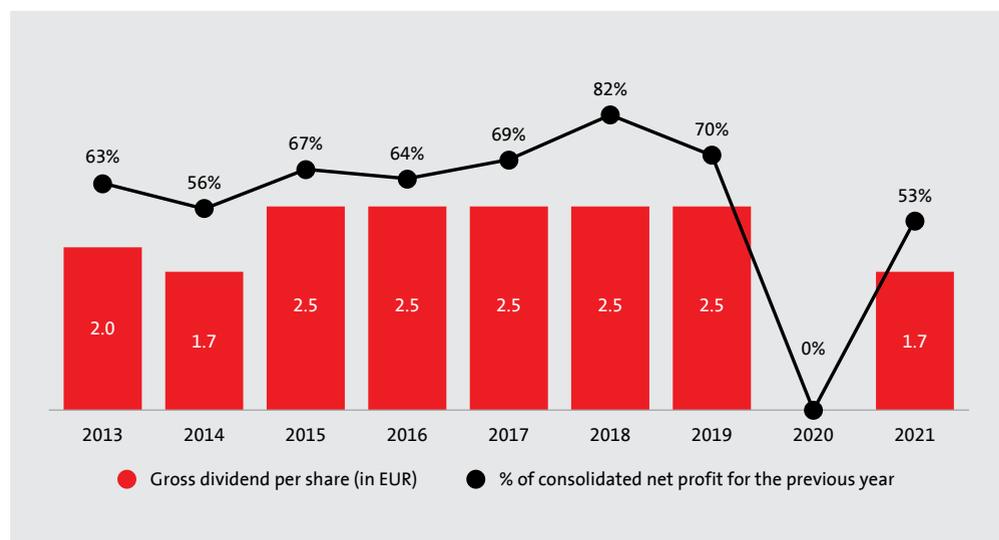
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6.4 Dividends and dividend policy

The Company considers its dividend policy to be a firm commitment to its shareholders and implements it as it is defined. In 2020 and 2021, it was impacted by the COVID-19 pandemic and related positions of the Slovenian insurance sector regulator, which applied to the whole Slovenian insurance sector. The Management Board and the Supervisory Board had to take this into account in their proposal for the distribution of accumulated profit. The General Meeting of Shareholders supported their proposals in both years. See Section [2.5 Major events](#) and [5.3.1 General Meeting of Shareholders](#) for more information about the 2021 General Meeting of Shareholders.

Gross dividend per share by year (EUR) and its share of consolidated net profit for the preceding year in 2013–2021



Zavarovalnica Triglav's dividend policy, which was revised in March 2018, sets out as follows: *“The Company pursues an attractive and sustainable dividend policy. The 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 no 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 its shareholders.”*

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

6.5 Investor relations management²⁰

Through the active management of relations with investors, shareholders and analysts, the Company **promotes the attractiveness of its financial instruments**. In doing so, the Company follows best international practices and, as one of the largest companies listed on the Ljubljana Stock Exchange (in December 2021 the Company marked 10 years since its listing on the prime market), strives to co-create the standards of this market.

The Company is committed to transparent information. 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 website www.triglav.eu.

In 2021, the Company **communicated with investors** predominantly via videoconferencing meetings, conference calls and by email. Communication with institutional investors followed the calendar of activities published on the Company's website together with the presentation material. The Company participated in seven online investor conferences organised by stock exchange members and the stock exchange. In addition, the Company held four meetings with institutional investors immediately following the publication of its annual and interim results. Special attention was paid to shareholders who are private individuals and the Company made sure it was available to them via the call centre, direct lines and by email.

For any information for shareholders, investors and analysts, please use the contact information 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
 E-mail: investor.relations@triglav.si

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.

In 2021 both credit rating agencies rated all individual elements of the overall credit rating **as high as the year before** and substantiated them in a similar way. In its report, **S&P** again assessed the business risk profile of the Triglav Group as strong, its financial risk profile as very strong and its risk profile as stable. Furthermore, the Group's investment portfolio is of high quality and well-diversified, with most assets invested across the euro area. The risks related to life insurance products



²⁰ GRI GS 102-42, 102-43

Credit ratings of Zavarovalnica Triglav since 2008

Year	Credit rating	Medium-term outlook	Rating agency
2021	A	Stable →	AM Best S&P Global Ratings
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
2012	A-	Negative ↓	S&P Global Ratings
2011	A	Negative ↓	S&P Global Ratings
2010	A	Stable →	S&P Global Ratings
2009	A	Stable →	S&P Global Ratings
2008	A	Stable →	S&P Global Ratings

with a guaranteed return are limited and mitigated by proper management of life provisions. The dominant position in the Slovenian market enables the Group to implement economies of scale, complemented by its strong brand, diversified product range and extensive sales network in the region. By maintaining its client-centric approach, the Group ensures profitable operations in both activities, insurance and asset management. Its underwriting discipline is the central foundation for its successful performance in the challenging situation caused by the pandemic. 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. The agency expects that, despite the pandemic and the change of the economic cycle, the Group will sustain strong, stable earnings and very strong capitalisation at least in the "AA" range over the next two to three years.

The latest credit rating report, i.e. the announcement of the credit rating agency from 2021, is available on the website www.triglav.eu under the Investor Relations tab.

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 below 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)

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7. Operations of the Triglav Group and Zavarovalnica Triglav

- Economic growth has driven a positive trend in written premium in the Triglav Group markets.
- Premium growth was recorded in all insurance markets and in all insurance segments.
- The Triglav Group maintained its dominant market position in Slovenia, Montenegro and North Macedonia and improved its market share in most insurance markets.
- High profit growth due to higher business volume and lower claim frequency as a result of the COVID-19 pandemic.
- Low interest rates continued to reduce rates of return on investment.

7.1 The general economic environment worldwide and in Slovenia

In 2021, the global economy began noticeably, albeit unevenly, emerging from the grip of the COVID-19 pandemic. The speed of the recovery was largely determined by the strength of the epidemic waves and economic adaptability to the new situation. The more responsive US economy recovered rapidly in early 2021, followed by the economies of the rest of the developed world. In the summer, economic indicators began to slow down and with them economic activity. Its expansion was increasingly slowed by disruptions to supply chains and production, and towards the end of the year by a surge in energy prices and a renewed wave of infections, accompanied by the spread of the highly contagious Omicron variant.

Extensive stimulus measures for economic policies maintained favourable labour market conditions, and the healthy financial position of households and businesses strengthened aggregate demand. Production prices began to rise more visibly and soon spilled over into consumer prices. Year-on-year inflation rose to 7% in the United States in December, reaching its highest level in 31 years. In the euro area, it rose slightly less, by 5%, but the most since the introduction of the euro. According to estimates by international institutions, average inflation in the euro area in 2021 was 2.6% and will remain close to this level next year, while economic growth – projected at 5.1% – will slow to just over 4%. Analysts warn of great uncertainty due to the steady rise in inflation, but at the same time express confidence in the continued above-average economic growth.

In 2021, the Slovenian economy recovered quickly and above average. In the third quarter, its activity already exceeded the pre-epidemic level and outpaced the

recovery rate in the euro area. Growth was driven by private consumption and gross investment, supported by government measures and increasingly favourable labour market conditions. With slightly faster growth in imports compared to exports, international trade, and with it industrial production, flourished throughout the year. Towards the end of the year, economic activity began to slow down, while inflation began to rise more markedly.

For the second year in a row, Slovenia's relatively high gross government debt was maintained with a high budget deficit. According to the latest December estimate of the Bank of Slovenia, gross government debt will stand at 77.6% of GDP in 2021. According to planned public finance statistics, it will not change significantly in the next two years and will remain below the euro area average. Based on the Bank of Slovenia's forecast, Slovenia's GDP growth in 2021 will be 6.7%, and next year, despite slowing down to 4%, it will still be above average. Inflation will also remain high, averaging 1.9% in 2021 despite a 4.9% year-on-year in December, and is projected to rise to 3.8% in 2022. The projected inflationary trend is accompanied by a number of uncertainties, among which the epidemic situation is one of the key factors in future economic growth and inflation.

Epidemic and health conditions also significantly shaped the sentiment in capital markets. In the second half of the year, financial market participants paid increasing attention to persistently high inflation and speculated on how central banks would respond. At the beginning of the year, the positive sentiment was reinforced by the new US administration. The required yields on government bonds began to rise relatively quickly due to speculation that the US Federal Reserve (FED) would

start reducing bond purchases. The adverse effect of rising interest rates was repeatedly highlighted by the European Central Bank (ECB), which committed itself to accelerated bond purchase in February. In July, it announced a new monetary strategy with a symmetrical 2% inflation target and consolidated its commitment to meeting it. At the end of the year, the two central banks officially announced that they would start reducing bond purchases, and FED analysts already announced a twofold increase in its key interest rate by 2022.

Bond markets recorded relatively large year-on-year fluctuations. The required yield on a 10-year German government bond fell from a high of close to -0.10% in May and October to -0.50% in August and -0.39% in December, ending the year at -0.18%, which is 0.39 percentage point more than at the beginning of the year. The yield on the similar Slovenian government bond reached 0.41% at the year-end, which is 0.58 percentage point more than at the beginning of the year. Government and corporate bond spreads remained virtually unchanged for most of the year, but grew slightly upon the latest wave of infections due to a new coronavirus variant.

For the stock markets of developed economies, the year 2021 was extremely good. New highs were reached by some of the most well-known stock indices, such as the US S&P and the German DAX. The former recorded 27.2% growth and the latter 15.8% on an annual basis. The Slovenian SBITOP index recorded accelerated growth and ranked among the most profitable at 39.8%. Emerging market indices fared worse on average, including China's Hang Seng, which even recorded a 14.1% loss.

7.2 Environmental impact on the Triglav Group's operations²¹

Premium growth was driven by favourable economic trends, while the challenging market situation continued, as did the aggressive price competition characteristic of insurance markets. Zavarovalnica Triglav and its subsidiaries are increasing the flexibility of their operations and managing the demanding market situation through their marketing, sales and pricing policies, by launching new products and redesigning existing ones, through the digitalisation and upgrading of business processes and by taking measures to improve underwriting results. See Section [11 Development and sales activities](#) for more details.

The above-average return on capital markets in 2021 resulted from a strong economic recovery following the first responses to the COVID-19 pandemic. The European asset management market recorded high net inflows, while money market funds recorded net outflows. See Section [7.11 Asset management](#) for more information. The unfavourable situation continued in the financial markets due to low interest rates and resulted in lower rates of return on investment.

In terms of extent and impact of major CAT events on the Group's business results, 2021 was more favourable than the year before. The effects of major CAT events reached a total estimated value of 23.6 million euros. In Slovenia, frost and storms in April as well as hail and flood storms in August and September led to EUR 15.3 million in claims, while in North Macedonia hailstorms resulted in EUR 150,000 in claims. It is estimated that Triglav Group incurred EUR 8.2 million in reinsurance claims due to frost, hailstorms and floods in certain

European countries, China and India. Profit was also positively affected by the lower claim frequency in some insurance classes as a result of the COVID-19 pandemic.

7.3 Global insurance market

The **global insurance market** collected USD 6.3 trillion in written premium in 2020. According to Swiss Re reinsurance company, written premium fell by 1.3% in real terms (nominally it remained at last year's level), with non-life insurance premium rising by 1.5% in real terms and life insurance premium declining by 4.4%. The US, which remained the market leader, accounted for 44.6% of total global premium and reached a low, 0.7% growth. The largest drop in written premium, 5.7%, was recorded by the advanced markets of Europe, which contribute 24.5% of global premium (compared to 25.3% in 2020). The countries of Middle East and Africa represent 1.7% of the global insurance market, recording a 5.2% decline in premium volume. The premium of

developing countries of Europe and Central Asia, including Slovenia, remained at last year's level, while maintaining a 1.3% share of the global insurance market. The countries of Asia (Pacific) recorded a 0.3% decline in premium volume but increased their share in the global insurance market by 0.5 percentage point to 27.9%. Advanced markets account for 81.4% of global premium (a 1.8% drop in premium volume) and the rest is contributed by emerging markets (0.8% premium growth).

Swiss Re estimates that the economic recovery and greater risk awareness will drive demand for insurance and affect global premium growth. In 2021, global premium is expected to grow by 3.3%, with life insurance premium rising by 3.8% and non-life insurance premium by 2.8%. According to forecasts, premium growth will be slightly higher in 2022 and will reach 3.9% growth. Emerging markets will outperform advanced markets in both years, mainly due to China.

Global premium growth in 2020, estimates for 2021 and forecasts for 2022 (in %)

	Total written premium			Non-life insurance			Life insurance		
	2020	2021 estimate	2022 forecast	2020	2021 estimate	2022 forecast	2020	2021 estimate	2022 forecast
Advanced markets	-1.8	2.7	3.0	1.5	2.2	2.8	-5.7	3.3	3.2
Emerging markets	0.8	5.6	7.4	1.4	5.8	8.2	0.3	5.7	6.8
World	-1.3	3.3	3.9	1.5	2.8	3.7	-4.4	3.8	4.0

Source: Swiss RE, SIGMA 3/2021

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7.4 Operations of the Triglav Group in the Adria region (South-East Europe)²²

7.4.1 South-East Europe

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

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

As a consequence of the moderate or significant economic growth, all insurance markets also grew. The North Macedonian and Croatian markets recorded the highest relative premium growth. The Serbian insurance market and the market of Bosnia and Herzegovina strengthened significantly, whereas lower growth was recorded by the Montenegrin and Slovenian insurance markets.

Main macroeconomic indicators for 2021 by Triglav group insurance market and in the EU

Macroeconomic indicators	Slovenia	Croatia	Serbia	Montenegro	Bosnia and Herzegovina	North Macedonia	European Union
Population (in million)	2.1	4.0	6.9	0.6	3.3	2.1	445.5
GDP growth (estimate in %)	6.3	6.3	6.5	7.0	2.8	4.0	5.1
2021 GDP (estimate in USD million)	60.9	63.4	60.7	5.5	21.7	13.9	17,078.4
2021 GDP per capita (estimate in USD)	28,939	15,808	8,794	8,838	6,648	6,712	48,305
2021 inflation rate (estimate in %)	1.9*	2.0	3.0	2.0	1.8	3.1	2.4
2021 unemployment rate (estimate in %)	4.5	8.4	9.3	14.8**	15.8	15.9	n/a

Source: International Monetary Fund (IMF), World Economic Outlook, October 2021, * Statistical Office of the Republic of Slovenia

** Agency for Statistics of Montenegro (Q3 2021)

The Group maintained its dominant market position in Slovenia, Montenegro and North Macedonia. It not only increased its market share in all markets (with the exception of the Federation of Bosnia and Herzegovina), but also the volume of premium written in all markets. More information is provided below and in Section [7.5 Gross written insurance, coinsurance and reinsurance premiums](#).

Market shares and market position of the Triglav Group insurance companies in 2021

Market	Market share	Market share trend		Ranked in 2021	Ranked in 2020
Slovenia	38.6%	↑	+ 2.1-percentage point	1	1
Croatia	5.6%	↑	+ 0.3-percentage point	7	8
Serbia*	7.3%	↑	+ 0.4-percentage point	5	5
Montenegro	39.0%	↑	+ 0.3-percentage point	1	1
Bosnia and Herzegovina	8.6%	●	0.0-percentage point	4	4
- Federation of BiH	9.6%	↓	- 0.1-percentage point	5	5
- Republic of Srpska	6.6%	↑	+ 0.4-percentage point	7	7
North Macedonia	13.2%	↑	+ 0.3-percentage point	1	1

* Data for January–September 2021

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

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

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7.4.1.1 Slovenian insurance market

Although relatively small, the Slovenian insurance market is well developed. On a global scale, in 2020 Slovenia ranked 27th by premium per capita (three ranks higher than the preceding year) and 28th by insurance penetration (premium as percentage in GDP), which is a rank higher than the year before. The Slovenian insurance market again ranked 54th by written premium, accounting for 0.05% of the global insurance market and 0.9% of the largest European insurance market – UK (Swiss Re data for 2020).

Premium per capita and market penetration for Slovenia and some other European countries in 2020

	Premium per capita		Insurance penetration	
	(in EUR)	World rank	(% of GDP)	World rank
Slovenia*	1,226	27	5.6%	28
Croatia	349	46	2.9%	44
Serbia	135	62	2.0%	63
Switzerland	6,329	4	8.4%	15
United Kingdom	3,962	12	11.1%	7
Austria	2,025	24	4.8%	32
Czech Republic	592	35	2.9%	45
Poland	358	45	2.6%	47
Turkey	112	66	1.5%	72
European union	2,046	-	6.9%	-
Euro area	2,386	-	7.2%	-

Source: Swiss RE, SIGMA 3/2021

*Data for Slovenia: Slovenian Insurance Association (SZZ)

In 2020, the average premium per capita in Slovenia increased to EUR 1,226, reaching its peak value since 2007. Premium as percentage of GDP increased to 5.6% (compared to 5.2% in 2019).

A total of **13 insurance companies, four foreign branches and two reinsurance companies were active in the Slovenian insurance market in 2021**, all members of the Slovenian Insurance Association (hereinafter: the SZZ). As of 1 January 2021, SOP insurer is no longer a member of the SZZ, while AVRIO zavarovalnica obrtnikov in podjetje d.d. has become its new member. In October 2021, Prva osebna zavarovalnica transferred part of its activities (supplemental pension insurance and pension annuities) to the newly established Prva pokojninska družba d.d.

There were eight composite and nine specialised insurers (life, health and non-life insurance) operating in Slovenia, not taking into account the direct insurance business of insurers from other EU Member States (FOS). Even though their share is growing, it is still negligible.



38.6%

market share of the Triglav Group

Slovenia

1st place

Premium as percentage in GDP

(data for 2020)

5.6%

Premium per capita

(data for 2020)

1,226 EUR

Insurance market growth index in 2021

102.5

Source: Slovenian Insurance Association (SZZ)

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The insurance companies recorded gross written insurance, coinsurance and reinsurance premiums of **EUR 2.7 billion**, up by 2.5% relative to 2020. **Non-life insurance premium** achieved a 3.1% growth and a 73.8% share. Other damage to property insurance and comprehensive car insurance contributed the most to the increase in non-life insurance premium. **Life insurance premium** increased by 0.9%, with unit-linked life insurance recording high growth and capital redemption insurance experiencing a steep decline. **Health insurance premium**, which is taken into account in non-life insurance premium, was 1.5% lower than the year before.

The Slovenian insurance market continues to be highly concentrated, with the four largest insurers holding a 75.4% market share. With a 29.8% market share (compared to 27.7% in 2020), **Zavarovalnica Triglav** is the market leader, followed by Zavarovalnica Sava (a 17.0% market share). **The Triglav Group** (the parent company, Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba) increased its market share by 2.1 percentage points to 38.6% in all insurance segments.

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

- non-life insurance (excluding health insurance): 45.9% (an increase of 2.3 percentage points);
- life insurance: 31.9% (an increase of 1.9 percentage points);
- health insurance: 31.0% (an increase of 0.8 percentage point).

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

- non-life insurance: 30.8% (an increase of 2.2 percentage points);
- life insurance: 27.0% (an increase of 1.8 percentage points).

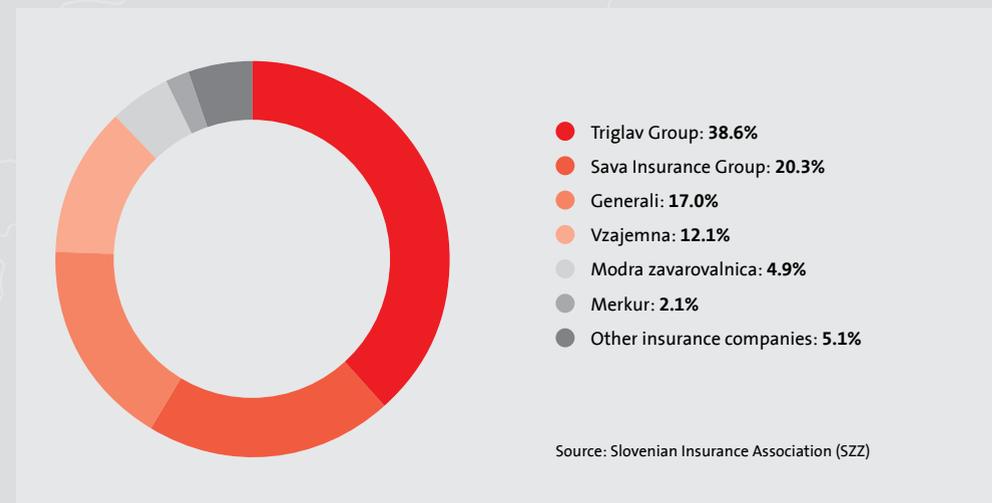
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 30.8% (an increase of 0.9 percentage point).

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

- supplemental voluntary pension insurance (SVPI): 19.3% (the dominant position).

The market shares of insurance companies in Slovenia in 2021



7.4.1.2 Croatia

According to the International Monetary Fund (IMF), Croatia achieved 6.3% GDP growth in 2021. The unemployment rate is estimated at 8.4%, and inflation rose to 2.0% in line with global trends.

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

Through the Recovery and Resilience Facility, Croatia received EUR 6.3 billion in grants from the European Union, representing 12% of its GDP. Croatia's accession to the euro area will remain the goal until the beginning of 2023, and the transition to the euro will also require adjustments from the private sector and financial institutions.

Insurance market

A total of 15 insurance companies (nine composite, four non-life and two life insurers), one fewer than the year before, were active in the Croatian market, as the whole portfolio of Izvor osiguranje was transferred to Generali osiguranje. Total written premium grew by 11.9% and reached HRK 11.7 billion (EUR 1.6 billion). Non-life insurance premium increased by 12.7% and life insurance premium by 9.4%. In total written premium, non-life insurance premium increased to 75.3% (compared to 74.7% in 2020), while life insurance accounted for the rest.

Market concentration continued to be high, with top three insurers controlling 47% of the market. With a 24.3% market share, Croatia osiguranje maintained its dominant position (1.5 percentage points less than in the preceding year). By increasing its market share by 0.3 percentage point to 5.6%, **Triglav Osiguranje, Zagreb** ranked seventh (a rank higher than the year before). Its premium growth stood at 19%, which is 7.2 percentage points more than the growth of the Croatian insurance market.



Premium as percentage
in GDP
(data for 2020)

2.9 %

Premium per capita
(data for 2020)

349 EUR

Insurance market
growth index in 2021

111.9

Source: Swiss RE, SIGMA 3/2021, Croatian Insurance Bureau

7.4.1.3 Serbia

The Serbian economy recovered rapidly due to a recovery in private consumption, investment growth and a new package of fiscal stimulus. According to forecasts, Serbia recorded a 6.5% GDP growth in 2021, the inflation rate rose to 3.0% and the unemployment rate fell to 9.3%.

The government's priorities remain to reduce public debt relative to GDP, increase public investment in infrastructure and privatise state-owned enterprises. It is also necessary to address the structural problems of the labour market and the tax system in order to realise the country's further growth potential.

Following the fulfilment of technical preconditions, the fourth thematic cluster of negotiations with the European Union was opened in December, marking the first move in two years. At the end of December, Serbia signed an additional six agreements with North Macedonia and Albania on the way to establishing a zone of free movement of people, goods and services, i.e. Open Balkan.

Insurance market

The Serbian insurance market was characterised by high market concentration, where 16 insurance companies were active (six composite, six non-life and four life insurers). The top three insurers (Dunav, Generali Osiguranje and DDOR) control 58% of the market. Total written premium increased by 9.7% in the first nine months of 2021 to RSD 88.6 billion (EUR 753 million). Non-life insurance premium recorded a 10.6% growth, while life insurance premium grew by 6.8%. In total written premium, non-life insurance accounted for the bulk (78.2%).

Triglav Osiguranje, Belgrade increased its market share to 7.3% (compared to 6.9% in Q1-3 2020) and maintained its fifth place. Its growth was higher than the Serbian insurance market growth by 7.1 percentage points.



7.3%
market share of
the Triglav Group

Serbia
5th place

Premium as percentage
in GDP
(data for 2020)

2.0 %

Premium per capita
(data for 2020)

135 EUR

Insurance market
growth index in Q1-3 2021

109.7

Source: Swiss RE, SIGMA 3/2021, National Bank of Serbia

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7.4.1.4 Montenegro

According to estimates, Montenegro recorded a 7.0% growth in GDP, driven by growth in industrial production, retail and exports of goods, and the revival of the extremely important tourism sector. The inflation rate rose to 2.0% due to global economic developments.

Investments in one of Montenegro's main development goals will continue, i.e. the construction of the Bar–Boljare motorway. An additional EUR 460 million will be invested in the project between 2022 and 2024, and the European Bank for Reconstruction and Development (EBRD) also expressed its willingness to support the financing.

Public debt and budget deficits are declining but remain high, which limits fiscal policy. In the accession process to the European Union, Montenegro fulfilled a great deal of requirements and opened all negotiating chapters, but improvements in the rule of law will be crucial in the future.

Insurance market

A total of nine insurance companies were active in the Montenegrin insurance market in 2021 – five non-life insurers and four life insurers, which together collected EUR 98.8 million in written premium, up by 5.5% relative to the preceding year. Non-life and life insurance premiums increased by 6.6% and 1.5% respectively. In total written premium, non-life insurance accounted for the bulk (79.7%).

The Triglav Group operates on the Montenegrin market with the companies **Lovćen Osiguranje** and its subsidiary **Lovćen životna osiguranja**. The Group maintained its first place in the market and achieved a 39.0% market share (compared to 38.7% in 2020). Lovćen Osiguranje is followed by Sava Osiguranje and Grawe (non-life and life insurance together) with a 14.6% and 14.3% market share respectively. The Group achieved 6.4% premium growth, which is 0.9 percentage point more than the growth of the Montenegrin insurance market.



39.0%

market share of the Triglav Group

Montenegro
1st place

Premium as percentage in GDP
(data for 2020)

2.2 %

Premium per capita
(data for 2020)

151 EUR

Insurance market growth index in 2021

105.5

Source: Insurance Supervision Agency of Montenegro

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7.4.1.5 Bosnia and Herzegovina

The second year of the COVID-19 pandemic was relatively unfavourable for Bosnia and Herzegovina, as vaccination was slow and difficult due to a vaccine shortage, and the country was also hit by forest fires and devastating floods. Its GDP is projected to grow by 2.8%, the negative inflation rate rose to 1.8% in the preceding year, and the unemployment rate remained high at 15.8%.

Bosnia and Herzegovina's economic priorities include accelerating integration into the European Union, strengthening the fiscal system, reforming public administration, becoming a member of the World Trade Organization and promoting a dynamic and competitive private sector.

In August 2021, the International Monetary Fund approved a loan of EUR 300 million. To achieve further economic growth, it will be necessary to foster a business environment conducive to private investment, supporting small and medium-sized enterprises, and enabling the growth of large enterprises with important jobs.

Insurance market

A total of 25 insurance companies were active on the very small but highly competitive insurance market of Bosnia and Herzegovina, of which 11 were domiciled in the Federation of BiH and 14 in Republika Srpska, including branches. The insurance companies operating in the insurance market of Bosnia and Herzegovina as a whole collected BAM 817 million (EUR 418 million) in written premium, up by 8% relative to the year before. Premium written in the Federation of BiH grew by 7.9% and in Republika Srpska by 8.3%. In total written premium, non-life insurance premium accounted for 78.8%, slightly less than in the preceding year (79.3%).

In the Federation of BiH, the Agram corporate group (Adriatic osiguranje and Euroherc) remained the market leader with a 22.0% market share in 2021. **Triglav Osiguranje, Sarajevo** reached a 9.6% market share (compared to 9.7% in 2020) and maintained its fifth place.

Holding a 13.8% market share, Grawe osiguranje was the market leader in Republika Srpska. With a 4.5% market share, which was 0.2 percentage point less than the year before, **Triglav Osiguranje, Banja Luka** ranked eighth (ninth in 2020). **The branch of Triglav Osiguranje, Sarajevo**, which sells only life insurance, increased its market share to 2.1% (compared to 1.4% in 2020).

The Group maintained its 8.6% market share and fourth place in Bosnia and Herzegovina, achieving 8.6% premium growth, which is 0.6 percentage point more than the growth of the insurance market.



8.6%

market share of the Triglav Group

Bosnia and Herzegovina
4th place

Premium as percentage in GDP
(data for 2020)

2.3 %

Premium per capita
(data for 2020)

109 EUR

Insurance market growth index

108.0

Source: FBIH Insurance Supervision Agency, RS Insurance Agency

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7.4.1.6 North Macedonia

The economic situation in North Macedonia is normalising. The economy grew by 4.0% in 2021, the inflation rate rose to 3.1% and the unemployment rate fell slightly to 15.9% due to the improved economic situation.

Deep-rooted structural problems, issues faced by the automobile industry worldwide and weak state support are challenges that need to be overcome to ensure faster recovery. Future growth will depend primarily on the effective implementation of structural reforms to increase productivity and competitiveness, and investment in the green and digital transformation.

North Macedonia is constantly striving for regional integration, and the normalisation of relations with Bulgaria is crucial for the next step in the accession negotiations with the European Union. At the end of 2021, North Macedonia signed six agreements with Serbia and Albania to establish a zone of free movement of people, goods and services, i.e. Open Balkan.

Insurance market

A total of 16 insurance companies were active in the North Macedonian insurance market as at the 2021 year-end (11 non-life insurers and five life insurers), of which Osiguruvanje Makedonija also holds a licence to conduct reinsurance business. The insurance companies booked MKD 11.6 billion (EUR 189 million) in written premium, or 15.5% more than the year before. Non-life insurance premium, representing 82.8% of total written premium, grew by 15.6% and life insurance premium by 15.0%. The five largest insurers booked 43% of total written premium. Market concentration was particularly high in the life insurance segment, with Croatia život and Grawe život controlling 60% of the market.

The Triglav Group operates with two companies on the Macedonian market. Holding an 11.5% market share (0.8 percentage point less than in 2020), **Triglav Osiguruvanje, Skopje** continues to remain the leader in the North Macedonian insurance market. The insurer specialises in non-life insurance, holding a 13.8% market share (compared to 14.8% in 2020). In this insurance segment, it is followed by Eurolink with an 11.7% market share and Uniqa with a 10.6% market share. **Triglav Osiguruvanje Život, Skopje** increased its market share in the life insurance market by 6.3 percentage points. **Both insurers taken together** held a 13.2% market share, up by 0.3 percentage point compared to the year before. They achieved 18.3% premium growth, which is 2.8 percentage points more than the growth of the Macedonian market.



13.2%
market share of
the Triglav Group

**North
Macedonia**
1st place

Premium as percentage
in GDP
(data for 2020)

1.5 %

Premium per capita
(data for 2020)

79 EUR

Insurance market growth
index in 2021

115.5

Source: Insurance Supervision Agency of North Macedonia

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7.5 Gross written insurance, coinsurance and reinsurance premiums

The Group's total revenue amounted to 1,455.1 million, an increase of 10% relative to the previous year. In addition to gross written premium, which accounts for the bulk (93%) of total revenue, it is composed of other insurance income in the amount of EUR 48.8 million (index 119) and other income in the amount of EUR 53.3 million (index 122).

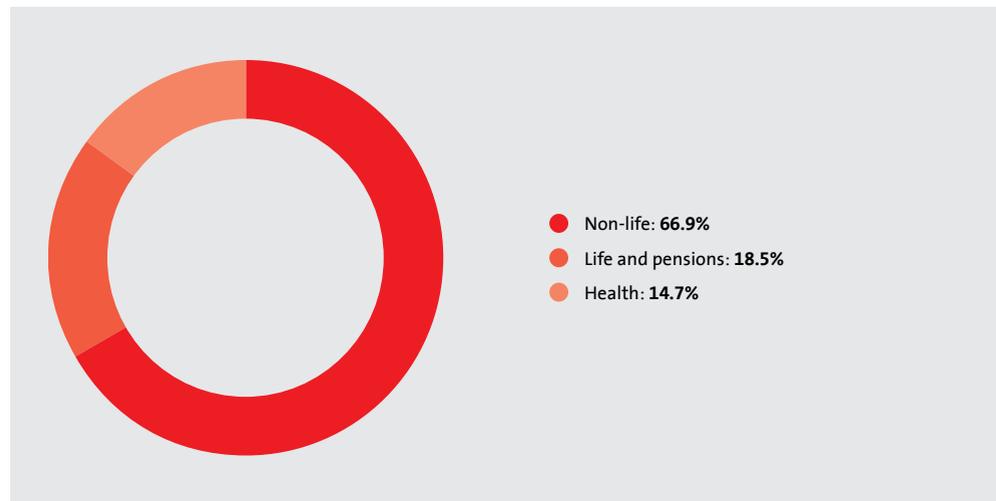
The Triglav Group continued to record high premium growth resulting in EUR 1,353.0 million in consolidated gross written insurance, coinsurance and reinsurance premiums, up by 10% relative to the year before. Total written premium increased in all insurance segments:

- **non-life insurance:** EUR 904.5 million (index 112),
- **life and pension insurance:** EUR 250.2 million (index 108),
- **health insurance:** EUR 198.3 million (index 101).

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

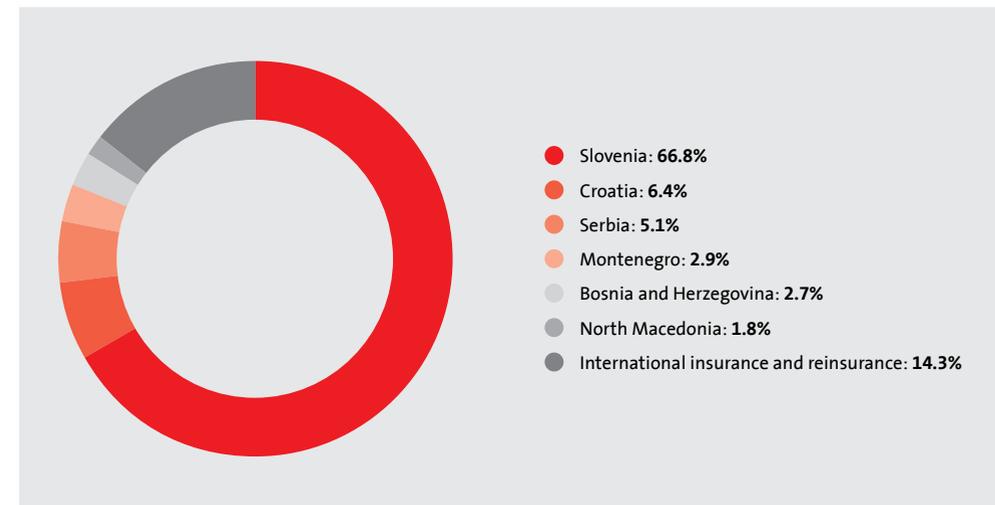
- **non-life insurance:** a 66.9% share (vs. 65.4% in 2020),
- **life and pension insurance:** an 18.5% share (vs. 18.7% in 2020),
- **health insurance:** a 14.7% share (vs. 15.9% in 2020).

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



The Group continues to increase **the share of insurance premium written in markets outside Slovenia**, which again grew by 0.8 percentage point compared to the year before. A total of 66.8% of consolidated gross written premium was earned in the Slovenian insurance market, while 19.0% of the premium was charged in markets outside Slovenia. International reinsurance premium accounted for 14.3%.

The structure of 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		
	2021	2020	2019	2021/2020	2020/2019	2021	2020	2019
Slovenia	903,429,648	872,398,259	860,025,699	104	101	66.8%	70.7%	72.6%
Croatia	86,805,041	72,871,040	65,827,865	119	111	6.4%	5.9%	5.6%
Serbia	69,274,521	60,770,184	58,052,569	114	105	5.1%	4.9%	4.9%
Montenegro	38,578,564	36,249,030	36,627,953	106	99	2.9%	2.9%	3.1%
Bosnia and Herzegovina	37,189,884	33,220,348	30,460,993	112	109	2.7%	2.7%	2.6%
North Macedonia	24,847,107	20,976,376	23,738,156	118	88	1.8%	1.7%	2.0%
International insurance and reinsurance*	192,850,785	137,290,128	109,440,872	140	125	14.3%	11.1%	9.2%
Total	1,352,975,550	1,233,775,365	1,184,174,107	110	104	100.0%	100.0%	100.0%

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

Premium growth was recorded in all insurance markets; in the Slovenian market, premium grew by 4%, in other markets in the Adria region outside Slovenia by 15% and in the international market by 40%. The Group insurance companies (excluding Pozavarovalnica Triglav Re) earned EUR 1,285.2 million in non-consolidated gross written premium, up by 10% relative to the preceding year.

Non-consolidated gross written premium of retail clients amounted to EUR 781.5 million, up by 5%. Its share in total written premium was 60.8%, down by 2.8 percentage points relative to the year before. The rest, 39.2%, was accounted for by corporate clients' written premium, which reached EUR 503.7 million, up by 18% relative to the preceding year.

The structure of non-consolidated gross written insurance, coinsurance and reinsurance premiums in 2021 of the Triglav Group (excluding Pozavarovalnica Triglav Re) by policyholder type

In terms of sales channels, the Group increased the share of non-consolidated gross written premium, which was collected via own sales channels (agents, sales clerks, own points of sale, online and other own sales channels). This premium amounted to EUR 819.5 million, which is 1.2 percentage points higher than the year before, and represented 63.8% of total written premium. The remaining share (36.2%) of gross written premium of EUR 465.7 million was collected via external sales channels (insurance agency and brokerage companies, banks, post offices and roadworthiness test providers).

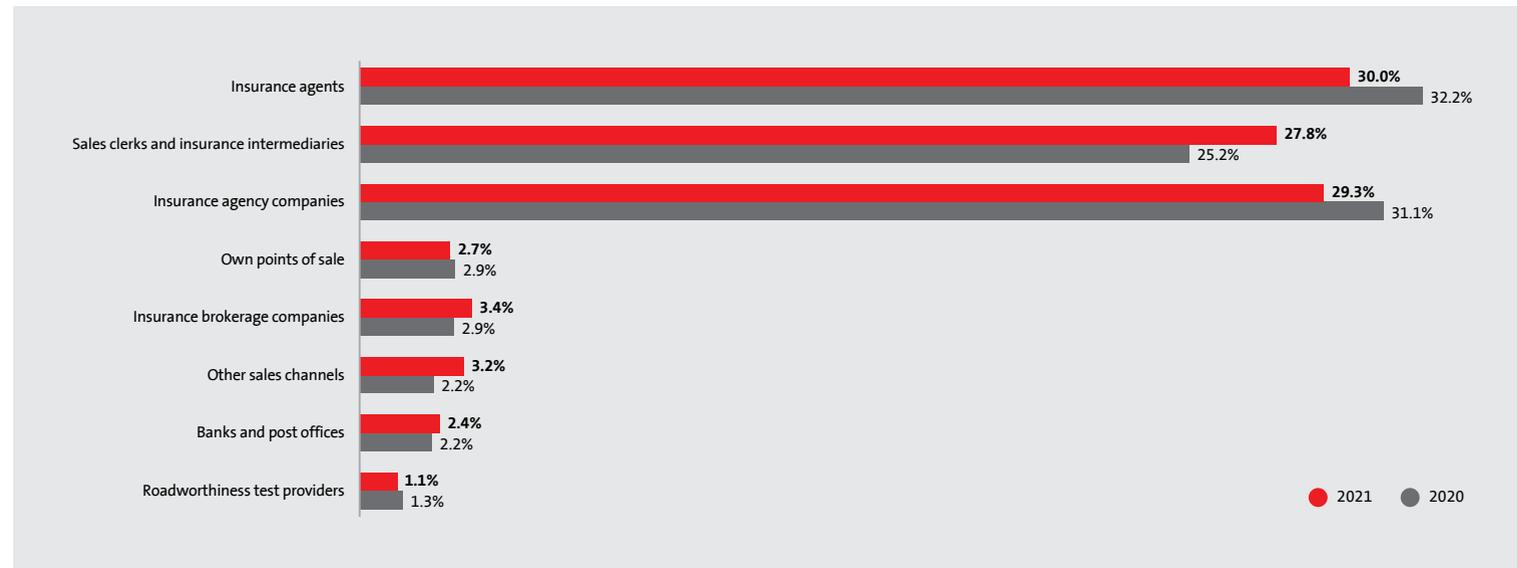
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Non-consolidated gross written insurance, coinsurance and reinsurance premiums in 2021 by sales channel of the Triglav Group (excluding Pozavarovalnica Triglav Re)



Gross written insurance, coinsurance and reinsurance premiums in 2021 by Triglav Group insurance company

Insurance company	Gross written premium			Index			Share
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	2021
Zavarovalnica Triglav*	606,012,099	188,834,407	794,846,506	111	108	111	61.8%
Triglav, Zdravstvena zavarovalnica	199,383,889	1,505	199,385,394	101	0	101	15.5%
Triglav, pokojninska družba		34,198,642	34,198,642	0	104	104	2.7%
Triglav Osiguranje, Zagreb	78,679,653	8,126,021	86,805,674	121	102	119	6.8%
Triglav Osiguranje, Sarajevo	17,202,096	14,149,277	31,351,373	103	130	114	2.4%
Lovćen Osiguranje, Podgorica	33,949,652		33,949,652	106	0	106	2.6%
Triglav Osiguranje, Belgrade	62,704,801	6,570,254	69,275,055	115	103	114	5.4%
Triglav Osiguranje, Banja Luka	5,891,730		5,891,730	103	0	103	0.5%
Triglav Osiguruvanje, Skopje	21,629,084		21,629,084	108	0	108	1.7%
Lovćen životna osiguranja, Podgorica		4,628,912	4,628,912	0	108	108	0.4%
Triglav Osiguruvanje Život, Skopje		3,236,126	3,236,126	0	316	316	0.3%
Total	1,025,453,004	259,745,144	1,285,198,148	110	109	110	100.0%
Pozavarovalnica Triglav Re	202,282,034		202,282,034	112	0	112	
Consolidation eliminations	-124,920,433	-9,584,199	-134,504,632	110	136	112	
Total consolidated	1,102,814,605	250,160,945	1,352,975,550	110	108	110	

* The data already include pre-consolidation adjustments.

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7.5.1 Non-life insurance

In the **non-life insurance** segment, the Group's insurance companies harged EUR 1,025.5 million in non-consolidated written premium, a 10% increase compared to the preceding year. Growth was achieved in all insurance groups, except in the accident insurance group.

With a 25.9% share, **motor vehicle insurance** remained the largest insurance group in total written premium. At EUR 332.6 million, premium increased by 1%, whereas its share decreased by 2.2 percentage points. A total of EUR 177.2 million was generated in **motor vehicle liability** insurance, up by 1% relative to the preceding year. Most insurance companies increased their written premium volume, except for Triglav Osiguranje, Belgrade and Triglav Osiguranje, Banja Luka. High, 12% growth in written premium was recorded by Triglav Osiguruvanje, Skopje, primarily due to a higher number of concluded insurance contracts by both retail and corporate clients. The 18% decline in premium written by the Serbian insurance company was mainly a result of its strategic decision to maintain the portfolio's profitability through a selective choice of risks. At Triglav Osiguranje, Banja Luka, the lower number of concluded insurance contracts resulted in lower written premium.

Comprehensive car insurance premium totalled EUR 155.4 million, up by 1% compared to the year before. The increase in premium was recorded by all insurance companies, except Lovćen Osiguranje, Podgorica, which recorded a loss of premium of some major policyholders, and Triglav Osiguranje, Zagreb due to a loss of premium on fronting and rent-a-car policies. The highest growth (15%) was achieved by Triglav Osiguranje, Banja Luka, predominantly by increasing the number of insurance policies

taken out and acquiring a major policyholder – a car dealer. Zavarovalnica Triglav achieved a 1% premium growth and represented 83% of total written premium.

Real property insurance premium (fire and natural disaster insurance and other damage to property insurance) grew by 23% to EUR 293.1 million. Its share in total written premium rose to 22.8%. A 31% premium growth was recorded in other damage to property insurance and a 7% premium growth in fire and natural disaster insurance. By attracting new policyholders and increasing the scope of insurance coverage with existing policyholders, good results were achieved by Triglav Osiguranje, Belgrade (index 173), Triglav Osiguranje, Zagreb (index 150) and Zavarovalnica Triglav (index 120). The Croatian insurer recorded high premium growth mainly in animal insurance and crop insurance. The volume of the latter was also increased by the Serbian insurance company, which achieved a significant improvement due to the insurance of a major infrastructure project. The parent company has a 77% share in total written premium and recorded high premium growth in combined non-life insurance, computer and cyber insurance, and construction insurance.

In **health insurance**, EUR 208.3 million was collected in premium, up by 2%. The bulk (EUR 199.4 million) of premium was written by Triglav, Zdravstvena zavarovalnica, which recorded a 1% increase. Supplemental health insurance accounts for the majority of premium written by this insurance company, while high growth was also recorded by complementary health insurance as a result of effective marketing. Furthermore, by acquiring new policyholders, especially corporate clients, high growth was achieved by Triglav Osiguranje, Belgrade, Triglav Osiguruvanje, Skopje, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Sarajevo.

In **general liability insurance**, the Group booked EUR 54.2 million in written premium, up by 12% relative to the year before. Zavarovalnica Triglav, accounting for 79% of total written premium, saw 11% growth. This increase was predominantly the result of high premium growth in product liability insurance, directors and officers liability insurance and freight forwarder liability insurance in international traffic. Furthermore, by acquiring new policyholders, high growth was recorded by Lovćen Osiguranje, Podgorica, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade.

Accident insurance premium amounted to EUR 37.8 million, down by 1% compared to the preceding year (representing 2.9% of total written premium). Lower premium volume was recorded by Triglav Osiguruvanje, Skopje (non-renewal of policies or their renewal with a lower sum insured because insurance no longer covers the risk of death due to legislative changes), Triglav Osiguranje, Sarajevo (a decline in group accident insurance premium of some major policyholders) and Zavarovalnica Triglav (a decrease in premium of accident insurance for guests and tourists due to the COVID-19 pandemic, accident insurance for consumers and subscribers due to the termination of cooperation with a major policyholder and a lower premium for the largest insurance subclasses, i.e. group accident insurance and AO-plus insurance). Other insurance companies saw an increase in written premium.

Credit insurance premium amounted to EUR 30.2 million, up by 19% compared to the year before (representing 2.3% of total written premium). Zavarovalnica Triglav's written premium, which accounted for 72% of total written premium, grew by 14%. The main reasons for such favourable trend are

mainly the high growth of commodity credit insurance premium due to the acquisition of new policyholders and the increase in consumer credit insurance premium due to extremely favourable interest rates on housing loans, which led to higher demand for this insurance. High growth in credit insurance premium is also characteristic of most other insurance companies, the highest being recorded by Lovćen Osiguranje, Podgorica (high premium for new consumer credit insurance) and Triglav Osiguranje, Sarajevo (acquisition of new policyholders).

Premium from **other non-life insurance**, accounting for 5.4% of total written premium, increased by 32% to EUR 69.2 million. With the exception of Lovćen Osiguranje, Podgorica, all other insurance companies significantly increased the volume of written premium. The most successful was Zavarovalnica Triglav, followed by Triglav Osiguranje, Banja Luka, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Zagreb. The parent company recorded high premium growth in marine insurance (high growth of international comprehensive marine insurance), goods in transit insurance (fronting insurance premium growth in international transport insurance) and aircraft insurance (premium growth resulting from effective cooperation with an agent). At Triglav Osiguranje, Banja Luka, high growth resulted from higher assistance insurance premium, while at Triglav Osiguruvanje, Skopje high premium growth was seen in goods in transit insurance by acquiring major policyholders and expanding the scope of insurance coverage with existing policyholders. At Triglav Osiguranje, Zagreb, significant premium growth was recorded in marine insurance (acquisition of major policyholders) and aircraft insurance (drone insurance).

7.5.2 Life and pension insurance

Favourable premium trends were recorded in the Group's life and pension insurance segment. Non-consolidated gross written premium totalled EUR 259.7 million, a 9% increase relative to the preceding year. Life and pension insurance represented 20.2% of total gross written premium, down by 0.1 percentage point compared to 2020.

Life insurance premium (traditional life, annuity, pension annuity and voluntary pension insurance) grew by 5% to EUR 112.3 million, representing 43.2% in the life and pension insurance group. Strong premium growth was seen in Triglav Osiguruvanje Život, Skopje (effective sales via banks and the sale of new group insurance in the event of death caused by an illness), Triglav Osiguranje, Sarajevo (effective sales via the bank sales channel) and Lovćen životna osiguranja, Podgorica (premium growth of group credit life insurance). Zavarovalnica Triglav's written premium, which represents 71% of this group, remained at the level of the preceding year (index 100).

The premium generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) rose by 13% to EUR 127.2 million. This insurance class accounted for 49.0% of total written life and pension insurance premium. Zavarovalnica Triglav achieved 17% growth as a result of effective sales via own sales network and banks, while Triglav Osiguranje, Zagreb recorded 10% growth due to increased sales via own agency and payments due to surrenders and maturities. A high increase was recorded at Triglav Osiguruvanje Život, Skopje. Moreover, a higher volume of written premium (index 104) was achieved by Triglav, pokojninska družba, mainly due to higher premium payments into lifecycle guarantee funds.

In **capital redemption insurance**, written premium totalled EUR 20.3 million, an 8% increase relative to the year before. Its share in the life and pension insurance group was 7.8%. The growth stemmed from higher regular premium payments and transfers of supplemental voluntary pension insurance assets from other insurance companies.

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

Insurance class	Gross written premium			Index		Share
	2021	2020	2019	2021/2020	2020/2019	2021
Accident insurance	37,801,508	38,181,300	40,143,471	99	95	2.9%
Health insurance	208,329,989	204,060,344	184,488,230	102	111	16.2%
Comprehensive car insurance	155,404,424	153,459,390	150,648,365	101	102	12.1%
Real property insurance	293,121,568	237,408,204	213,086,928	123	111	22.8%
Motor liability insurance	177,177,660	175,732,026	174,254,220	101	101	13.8%
General liability insurance	54,208,387	48,408,488	48,981,728	112	99	4.2%
Credit insurance	30,194,983	25,453,099	29,437,207	119	86	2.3%
Other non-life insurance	69,214,485	52,465,305	49,014,062	132	107	5.4%
Non-life insurance	1,025,453,004	935,168,156	890,054,211	110	105	79.8%
Life insurance	112,261,447	106,799,922	103,963,662	105	103	8.7%
Unit-linked life insurance	127,167,633	112,206,228	116,014,370	113	97	9.9%
Capital redemption insurance*	20,316,064	18,880,523	17,655,904	108	107	1.6%
Life and pension insurance	259,745,144	237,886,673	237,633,936	109	100	20.2%
Total	1,285,198,148	1,173,054,829	1,127,688,147	110	104	100.0%

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

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

Insurance class	Gross written premium			Index		Share
	2021	2020	2019	2021/2020	2020/2019	2021
Accident insurance	25,235,448	25,696,568	26,948,216	98	95	3.2%
Health insurance	787,154	926,557	728,634	85	127	0.1%
Comprehensive car insurance	129,298,413	127,536,357	124,555,111	101	102	16.3%
Real property insurance	225,822,878	188,545,816	171,195,183	120	110	28.4%
Motor liability insurance	109,621,258	106,754,958	102,352,357	103	104	13.8%
General liability insurance	42,719,369	38,619,888	39,134,048	111	99	5.4%
Credit insurance	21,883,871	19,137,654	22,962,440	114	83	2.8%
Other non-life insurance	50,641,101	37,569,379	34,351,972	135	109	6.4%
Non-life insurance	606,009,492	544,787,177	522,227,961	111	104	76.3%
Life insurance	79,238,943	79,466,230	82,300,599	100	97	10.0%
Unit-linked life insurance	88,785,604	76,121,938	79,947,507	117	95	11.2%
Capital redemption insurance	20,316,064	18,880,523	17,655,904	108	107	2.6%
Life and pension insurance	188,340,611	174,468,691	179,904,010	108	97	23.7%
Total	794,350,103	719,255,868	702,131,971	110	102	100.0%

7.5.3 Gross written reinsurance premium of Pozavarovalnica Triglav Re

Pozavarovalnica Triglav Re booked a total of EUR 202.3 million in gross written reinsurance premium, up by 12% relative to 2020. It recorded the highest growth in fire and natural disaster insurance, goods in transit insurance in transactions outside the Group, general liability insurance and motor vehicle liability insurance in transactions within the Group.

In transactions within and outside the Group, Pozavarovalnica Triglav Re recorded an 11% and 13% premium growth, respectively. Premium growth in transactions outside the Group resulted from organic growth of renewed transactions from the preceding year and the increase in shares in some contracts. The highest premium growth was recorded in the markets of Southeast Asia (Thailand), Central America (Mexico), Central Europe (Austria, Germany and Switzerland) and Portugal.

7.6 Gross claims paid

Consolidated gross claims paid of the Triglav Group in the amount of EUR 736.6 million were 6% higher. They increased in all insurance segments. In the largest segment, i.e. **non-life insurance**, gross claims paid amounted to EUR 393.3 million, up by 3%. In the **health insurance** segment, they increased by 10% to EUR 157.7 million. In the **life and pension insurance** segment, growth was 7%, with claims paid amounting to EUR 185.7 million. Gross claims paid include claim handling expenses less income from collected subrogation receivables.

Non-consolidated gross claims paid of the Group insurance companies (excluding Pozavarovalnica Triglav Re) were also higher, totalling EUR 707.8 million, up by 6% relative to the preceding year. Gross claims paid grew in all insurance companies, except Zavarovalnica Triglav, where they remained at approximately the same level as last year (index 100). The highest growth was recorded at Triglav Osiguranje, Banja Luka (index 205), followed by Triglav Osiguruvanje Život, Skopje (index 167), Triglav, pokojninska družba (index 139), Triglav Osiguranje, Zagreb (index 131) and Lovćen životna osiguranja (index 118).

Gross claims paid in 2021 by Triglav Group insurance company

Insurance company	Gross claims paid			Index			Share
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	2021
Zavarovalnica Triglav*	252,725,830	156,142,551	408,868,381	98	104	100	57.8%
Triglav, Zdravstvena zavarovalnica	157,639,914		157,639,914	110	0	110	22.3%
Triglav, pokojninska družba		17,436,165	17,436,165	0	139	139	2.5%
Triglav Osiguranje, Zagreb	43,175,810	7,134,797	50,310,607	132	124	131	7.1%
Triglav Osiguranje, Belgrade	23,021,290	5,088,264	28,109,554	111	125	113	4.0%
Lovćen Osiguranje, Podgorica	14,990,913		14,990,913	108	0	108	2.1%
Triglav Osiguranje, Sarajevo	8,796,123	4,421,921	13,218,044	96	136	107	1.9%
Triglav Osiguranje, Banja Luka	3,287,553		3,287,553	205	0	205	0.5%
Triglav Osiguruvanje, Skopje	9,886,955		9,886,955	103	0	103	1.4%
Lovćen životna osiguranja, Podgorica		3,710,611	3,710,611	0	118	118	0.5%
Triglav Osiguruvanje Život, Skopje		378,727	378,727	0	167	167	0.1%
Total	513,524,388	194,313,036	707,837,424	105	108	106	100.0%
Pozavarovalnica Triglav Re	88,241,310		88,241,310	116	0	116	
Consolidation eliminations	-50,859,510	-8,639,174	-59,498,684	123	137	125	
Total - consolidated	550,906,188	185,673,862	736,580,050	105	107	106	

* The data already include pre-consolidation adjustments.

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7.6.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** amounted to EUR 513.5 million, an increase of 5% compared to the preceding year. Some major CAT events also occurred, which is described in greater detail in Section [7.2 Environmental impact on the Triglav Group's operations](#).

The movement of gross claims paid by insurance class is presented below. The increase in claims was characteristic of most insurance classes, with the exception of general liability insurance and credit insurance, which recorded a decline. Gross claims paid in comprehensive car insurance remained at approximately the same level as the year before.

In **health insurance**, gross claims paid rose by 10% to EUR 163.0 million, representing a 23.0% share in total gross claims paid by the Group. The majority (EUR 157.6 million) was accounted for by gross claims paid by Triglav, Zdravstvena zavarovalnica. Their 10% growth primarily resulted from the lack of availability of healthcare services due to the pandemic last year. The majority of the remaining insurance companies selling these insurance products also recorded a high growth in gross claims paid. Equalisation scheme expenses declined by 9% to EUR 7.2 million.

Gross claims paid in **motor vehicle liability insurance** totalled EUR 96.2 million, a 2% increase relative to the year before. They represented 13.6% of the Group's total gross claims paid. Growth was recorded by Triglav Osiguranje, Banja Luka, Lovćen Osiguranje, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Zagreb. Claims paid by these insurance companies increased mainly due to a higher number of reported or settled claims,

at Triglav Osiguranje, Banja Luka also due to the payment of a large claim. Gross claims paid by the parent company remained at approximately the same level as in 2020 (index 100), while those at other insurance companies fell.

In **real property insurance**, gross claims paid increased by 7% compared to the preceding year. They amounted to EUR 95.5 million and accounted for 13.5% of total gross claims paid. Insurance companies recorded high growth: growth at Triglav Osiguranje, Zagreb resulted from growth in claim payouts due to earthquakes in 2020 and large payouts in animal insurance; at Triglav Osiguranje, Belgrade, growth was a result of payouts of two large claims due to fire and a higher number of reported claims in other damage to property insurance due to the larger size of the portfolio; at Triglav Osiguranje, Banja Luka, a large claim was paid in fire and natural disaster insurance, while at Lovćen Osiguranje the number of reported claims and the payout of large claims increased. Gross claims paid by the parent company, representing 68% of real property insurance claims, decreased by 4% predominantly due to a lower number of reported claims resulting from major CAT events.

Gross claims paid in **comprehensive car insurance** of EUR 92.6 million remained at approximately the same level as the year before (index 100), representing 13.1% of the Group's total gross claims paid. Due to the smaller number of reported claims, their decline was recorded by the parent company and Triglav Osiguruvanje, Skopje. At the Serbian insurance company, gross claims paid remained at approximately the same level as in the preceding year, while the remaining insurance companies recorded growth due to the payment of large individual claims and higher population mobility.

Gross claims paid from **accident insurance** increased by 10% to EUR 22.7 million. Their growth was mostly influenced by higher amounts of claims at Zavarovalnica Triglav due to larger payments in group and individual accident insurance. Due to the pandemic, the 2020 reviews by medical examiners were postponed to 2021, which led to higher disability payments. Triglav Osiguruvanje, Skopje also saw a high growth in claims resulting from higher payments due to death, and Lovćen Osiguranje due to a significant increase in payments related to accident insurance for pensioners.

Gross claims paid in **general liability insurance** amounted to EUR 13.3 million, down by 27% compared to the year before. This decrease was primarily a result of a 33% decline in gross claims paid by the parent company due to the payment of a large claim in directors and officers liability insurance and lower payments related to general liability insurance. Gross claims paid by the parent company represented 81% of the Group's total gross claims paid in this insurance class. The remaining insurance companies recorded growth in gross claims paid.

Gross claims paid from **credit insurance** decreased by 21% to EUR 4.8 million. Zavarovalnica Triglav, accounting for the majority of claims in this insurance class (84%), experienced a high decline of 14%. The decline in claims paid by the parent company resulted mainly from lower payments in consumer loan insurance and overdraft insurance due to a smaller number of reported claims. Triglav Osiguranje, Belgrade recorded a significant increase in claims. The 68% decrease was primarily the result of the payment of a large claim in the past year. Triglav Osiguranje, Zagreb recorded 43% lower gross claims paid.

Gross claims paid in **other non-life insurance** rose by 22% and amounted to EUR 25.3 million. The parent company, which accounts for 79% of other non-life insurance claims, recorded 25% higher gross claims paid. The growth is mainly due to a larger volume of car assistance claims (more claims and rising prices of petroleum products), miscellaneous financial loss insurance (an out-of-court settlement for damage caused in 2017 as a result of business interruption due to fire) and railway insurance. In addition, strong growth was recorded by Triglav Osiguranje, Zagreb (a significant increase in marine insurance claims due to a larger portfolio) and Triglav Osiguruvanje, Skopje (payment of damages based on a court decision related to liability insurance for the use of aircraft).

7.6.2 Life and pension insurance

Non-consolidated gross claims paid in the **life and pension insurance** group grew by 8% to EUR 194.3 million. Their share in total non-consolidated claims paid increased to 27.5% (2020: 26.8%).

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, pension annuity and voluntary pension insurance), totalling EUR 119.4 million, up by 7% relative to the preceding year. Triglav Osiguranje, Sarajevo achieved high growth as a result of higher payouts due to surrenders, Triglav Osiguruvanje Život, Skopje as a result of higher payouts due to a significant increase in the portfolio, Triglav Osiguranje, Belgrade as a result of higher payouts due to death related to the COVID-19 pandemic, Lovćen životna osiguranja as a result of higher payments of claims due to death and Triglav Osiguranje, Zagreb as a result of capitalised policies and

related payouts of mathematical provisions and payouts due to maturity. The 4% growth in gross claims paid by the parent company (a 84% share in total gross claims paid) predominantly resulted from higher payouts due to maturity.

Gross claims paid in **unit-linked life insurance** rose by 12% to EUR 70.4 million. High growth was recorded by Triglav Osiguranje, Zagreb and Triglav, pokojninska družba. In the Croatian insurance company, the 53% growth was influenced by higher payments due to maturity, while Triglav, pokojninska družba saw a 39% rise due to an increase in retirements and related transfers to annuity funds and due to increased transfers to other pension insurance providers. The parent company recorded a 4% increase in claims paid, mainly as a result of higher payments due to surrenders and advances.

Gross claims paid in **capital redemption insurance** (supplemental voluntary pension insurance) decreased by 5%, primarily as a result of lower payouts due to withdrawals from insurance contracts and retirements at the parent company.

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

Insurance class	Gross claims paid			Index		Share
	2021	2020	2019	2021/2020	2020/2019	2021
Accident insurance	22,740,003	20,727,007	23,673,861	110	88	3.2%
Health insurance	163,043,285	147,911,003	143,785,330	110	103	23.0%
Comprehensive car insurance	92,636,703	92,882,937	98,799,095	100	94	13.1%
Real property insurance	95,514,391	89,057,583	91,798,667	107	97	13.5%
Motor liability insurance	96,226,864	94,229,264	95,003,851	102	99	13.6%
General liability insurance	13,276,964	18,212,366	17,589,035	73	104	1.9%
Credit insurance	4,832,669	6,079,260	6,012,228	79	101	0.7%
Other non-life insurance	25,253,513	20,706,410	21,731,247	122	95	3.6%
Non-life insurance	513,524,392	489,805,830	498,393,314	105	98	72.5%
Life insurance	119,439,876	111,595,230	109,763,192	107	102	16.9%
Unit-linked life insurance*	70,447,230	62,944,570	71,885,180	112	88	10.0%
Capital redemption insurance	4,425,926	4,656,031	5,050,338	95	92	0.6%
Life and pension insurance	194,313,032	179,195,831	186,698,710	108	96	27.5%
Total	707,837,424	669,001,661	685,092,024	106	98	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
	2021	2020	2019	2021/2020	2020/2019	2021
Accident insurance	12,755,919	11,259,216	13,732,622	113	82	3.1%
Health insurance	232,436	425,255	252,787	55	168	0.1%
Comprehensive car insurance	76,216,318	77,548,159	81,388,346	98	95	18.6%
Real property insurance	64,751,034	67,698,027	68,522,847	96	99	15.8%
Motor liability insurance	64,001,235	64,244,617	63,861,193	100	101	15.7%
General liability insurance	10,761,352	16,143,731	15,188,764	67	106	2.6%
Credit insurance	4,045,904	4,709,310	5,217,685	86	90	1.0%
Other non-life insurance	19,961,633	16,009,493	17,220,406	125	93	4.9%
Non-life insurance	252,725,831	258,037,808	265,384,650	98	97	61.8%
Life insurance	100,677,756	96,431,879	96,566,196	104	100	24.6%
Unit-linked life insurance	51,038,868	49,152,423	58,203,197	104	84	12.5%
Capital redemption insurance	4,425,926	4,656,031	5,050,338	95	92	1.1%
Life and pension insurance	156,142,550	150,240,333	159,819,731	104	94	38.2%
Total	408,868,381	408,278,141	425,204,381	100	96	100.0%

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7.6.3 Gross claims paid of Pozavarovalnica Triglav Re

Gross claims paid by Pozavarovalnica Triglav Re totalled EUR 88.2 million, or 16% more compared to the preceding year. A 33% growth in gross claims paid was seen in transactions within the Group and a 2% rise in gross claims paid in transactions outside the Group. The increase in gross claims paid in transactions **within the Group** predominantly resulted from settled claims in fire and natural disaster insurance based on a contract with the parent company, which covers the annual claims aggregate, payment of a claim for damages to a Group member from 2007 and higher settled claims in other damage to property insurance incurred due to earthquakes in Croatia. In transactions **outside the Group**, the increase was mainly a result of the payment of claims in fire and natural disaster insurance due to floods in Germany and the payment of large claims in comprehensive car insurance under the French non-life insurance contract.

7.7 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group amounted to EUR 333.4 million, up by 9%. **Expenses from insurance operations** grew by 10% to EUR 299.8 million. Due to higher volume of business and lower operating expenses due to the impact of the pandemic in 2020, the highest growth was recorded mainly in acquisition costs, costs of representation, advertising and trade shows, and labour costs. The share of operating expenses of insurance operations in gross written premium rose by 0.1 percentage point to 22.2%. Operating expenses increased in all insurance segments; by 14% in the **life and pension insurance segment** (EUR 45.2 million),

by 10% in the **non-life insurance segment** (EUR 238.8 million) and by 7% in the **health insurance segment** (EUR 15.8 million).

Expenses from non-insurance operations fell by 2% and totalled EUR 33.5 million.

Acquisition costs (fees and commissions) rose by 23% to EUR 66.4 million, predominantly as a result of their increase at Zavarovalnica Triglav, Triglav Osiguranje, Zagreb, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo. Increased acquisition costs mainly resulted from the higher number of underwritten insurance policies and the increased volume of written premium from insurance policies taken out via external sales channels (contracted points of sale, brokers, agencies and banks). In contrast, a large decline in acquisition costs was recorded at Triglav, Zdravstvena zavarovalnica due to the change in the rewarding scheme.

Depreciation costs rose to EUR 22.6 million (index 103). Their increase resulted from higher amortisation costs of intangible fixed assets at the parent company, higher amortisation at Triglav Osiguranje, Belgrade due to the implementation of IFRS 16 – Leases and higher depreciation at Triglav, Zdravstvena Zavarovalnica due to investments in hardware and software.

At 47.2%, labour costs accounted for the largest portion of total expenses and amounted to EUR 166.2 million, up by 6% compared to the year before. This increase is mainly a result of the higher number of employees at Triglav, Zdravstvena zavarovalnica and Triglav Osiguranje Život, Skopje, as well as higher labour costs at Zavarovalnica Triglav. At the parent company, the latter were mainly influenced by an increase in employees' basic salaries and higher payments to insurance

agents due to increased sale of insurance products as well as additional payments due to taking out insurance remotely. Costs of services provided by natural persons other than sole proprietors (contract work and services of the student work service) rose by 27%. They amounted to EUR 1.5 million and represented only 0.4% of total expenses.

Other operating expenses increased by 8% to EUR 95.3 million. Among them, the highest growth was recorded by costs of representation, advertising and trade shows (higher costs of advertising and organisation of events and sponsorships at the parent company and higher costs of advertising at Triglav Osiguranje, Belgrade), costs of payment transactions and banking services (higher costs of distribution at Triglav Skladi), costs of intellectual and personal services (higher costs of advisory services at the parent company and higher costs at Triglav, pokojninska družba for the joint contact centre services, insurance processing and services) and rent and lease costs (especially higher costs of leasing computer equipment and services at the parent company).

Acquisition costs represented 61.7% (the largest share) of total gross operating expenses of insurance operations broken down by functional group. Other operating expenses represented 27.3%, claim handling expenses 9.5% and asset management costs 1.5%.



Gross operating expenses of the Triglav Group by nature

Operating expenses by nature	Gross operating expenses			Index		Share
	2021	2020	2019	2021/2020	2020/2019	2021
Acquisition costs (fees and charges)	66,422,411	54,124,019	56,219,931	123	96	18.9%
Costs of goods sold	130,008	11,179	48,845	1.163	23	0.0%
Depreciation of operating assets	22,591,303	22,001,097	19,694,948	103	112	6.4%
Labour costs	166,208,923	157,524,456	154,621,686	106	102	47.2%
- wages and salaries	115,443,711	110,229,227	107,324,972	105	103	32.8%
- social security and pension insurance costs	26,163,907	24,559,378	24,289,499	107	101	7.4%
- other labour costs	24,601,305	22,735,851	23,007,215	108	99	7.0%
Costs of services provided by natural persons other than SPs, including related taxes	1,535,695	1,208,769	1,317,788	127	92	0.4%
Other operating expenses	95,345,836	87,942,602	90,018,718	108	98	27.1%
- costs of entertainment, advertising, trade shows	20,704,813	17,181,444	19,394,377	121	89	5.9%
- costs of material and energy	7,916,541	8,426,457	8,261,184	94	102	2.2%
- maintenance costs	15,368,460	15,181,848	15,575,036	101	97	4.4%
- reimbursement of labour-related costs	3,456,616	3,202,363	5,690,278	108	56	1.0%
- costs of intellectual and personal services	6,724,017	5,560,110	5,781,460	121	96	1.9%
- non-income related costs, excluding insurance	3,490,300	3,241,068	3,391,165	108	96	1.0%
- costs of transport and communication services	5,510,075	5,360,314	5,584,949	103	96	1.6%
- costs for insurance premiums	1,132,762	1,159,846	1,121,622	98	103	0.3%
- payment transaction costs and banking services	11,921,424	9,495,754	8,470,561	126	112	3.4%
- rents	5,683,599	4,847,443	4,062,029	117	119	1.6%
- costs of professional training services	1,303,829	1,099,790	1,354,981	119	81	0.4%
- other costs of services	12,124,181	13,183,530	11,310,828	92	117	3.4%
- long-term employee benefits	9,219	2,635	20,248	350	13	0.0%
Total	352,234,176	322,812,122	321,921,916	109	100	100.0%
Consolidation eliminations	-18,842,729	-16,065,703	-16,653,191	117	96	
Total consolidated	333,391,447	306,746,419	305,268,725	109	100	

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Gross operating expenses of Zavarovalnica Triglav by nature

Operating expenses by nature	Gross operating expenses			Index		Share
	2021	2020	2019	2021/2020	2020/2019	2021
Acquisition costs (fees and charges)	34,375,142	28,550,727	28,759,114	120	99	17.6%
Depreciation of operating assets	13,173,274	12,145,270	11,167,744	108	109	6.8%
Labour costs	106,607,468	101,313,635	99,873,831	105	101	54.7%
- wages and salaries	75,208,360	72,334,018	70,238,081	104	103	38.6%
- social security and pension insurance costs	12,778,998	12,000,752	11,837,017	106	101	6.6%
- other labour costs	18,620,110	16,978,865	17,798,733	110	95	9.5%
Costs of services provided by natural persons other than SPs, including related taxes	309,753	289,970	349,916	107	83	0.2%
Other operating expenses	40,582,438	37,651,247	40,343,368	108	93	20.8%
- costs of entertainment, advertising, trade shows	8,647,852	7,607,576	8,598,847	114	88	4.4%
- costs of material and energy	3,443,255	3,782,544	3,425,880	91	110	1.8%
- maintenance costs	8,699,049	8,823,036	9,627,759	99	92	4.5%
- reimbursement of labour-related costs	2,426,737	2,175,475	3,360,635	112	65	1.2%
- costs of intellectual and personal services	2,754,338	2,072,025	1,963,379	133	106	1.4%
- non-income related costs, excluding insurance	1,457,614	1,380,668	1,628,366	106	85	0.7%
- costs of transport and communication services	2,929,987	2,978,697	3,072,649	98	97	1.5%
- costs for insurance premiums	305,143	379,318	327,304	80	116	0.2%
- payment transaction costs and banking services	1,135,155	1,218,983	1,698,171	93	72	0.6%
- rents	3,688,633	3,024,699	2,216,058	122	136	1.9%
- costs of professional training services	895,727	764,945	902,200	117	85	0.5%
- other costs of services	4,198,948	3,443,281	3,522,120	122	98	2.2%
Total	195,048,075	179,950,849	180,493,973	108	100	100.0%

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7.8 Risk equalisation

7.8.1 Insurance technical provisions

The Triglav Group equalised 84% of the risks within its own equalisation capacities. The Group was able to equalise risks that exceeded its own equalisation capacities by reinsurance and, to a lesser extent, by coinsurance arrangements. Claims were covered with the current annual inflow of technical premium by insurance class and the insurance technical provisions formed.

Gross insurance technical provisions ensure not only well-balanced operations but also the long-term safety of policyholders. As at 31 December 2021, **the Group** allocated EUR 3,198.7 million to gross insurance technical provisions, up by 5%. The volume of gross insurance technical provisions increased in all insurance segments: by 7% in **non-life insurance**, by 4% in **life insurance** and by 23% in **health insurance**. **Zavarovalnica Triglav** allocated EUR 2,280.5 million to gross insurance technical provisions, up by 4% relative to 2021.

Provisions by type as at 31 December 2021 relative to 31 December 2020:

- **Gross provisions for unearned premium** were 7% higher and amounted to EUR 370.0 million. Unearned premium for non-life insurance increased by 7% to EUR 366.1 million, while unearned premium for health insurance grew by 3% to EUR 3.5 million. In contrast, unearned premium for life and pension insurance dropped by 1% to EUR 455,000. 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 8% to EUR 694.5 million. Gross claims provisions are created for covering claims incurred but not settled by the end of the accounting period. Claims provisions for non-life insurance totalled EUR 655.3 million or 8% more than in the preceding year, mainly due to their increase in transactions outside the Group at Pozavarovalnica Triglav Re and Zavarovalnica Triglav. Claims provisions for life and pension insurance amounted to EUR 23.1 million (index 108) and those for health insurance equalled EUR 16.1 million (index 110).
- **Mathematical provisions** grew by 4% to EUR 2,054.9 million. Mathematical provisions for the guarantee fund backing life insurance totalled EUR 1,432.6 million (index 98), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 622.3 million (index 122). They increased due to the growth in the price of fund units. Zavarovalnica Triglav's mathematical provisions of EUR 1,548.5 million accounted for the bulk (index 104), of which mathematical provisions for the guarantee fund backing life insurance amounted to EUR 1,008.3 million (index 97) and insurance technical provisions for unit-linked life insurance contracts equalled EUR 540.1 million (index 120).
- **Provisions for bonuses and discounts** declined by 3% to EUR 27.5 million.
- **Other insurance technical provisions** totalled EUR 51.7 million, up by 8%, primarily as a result of additional provisions for unexpired risks due to the pandemic at Triglav, Zdravstvena zavarovalnica.

Gross insurance technical provisions of the Triglav Group as at 31 December 2021

	Gross insurance technical provisions			Index	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	2021/2020	2020/2019
Unearned premium	370,043,725	344,760,927	332,510,935	107	104
Mathematical provisions	2,054,917,059	1,967,008,673	1,889,382,583	104	104
Claims provisions	694,498,311	645,331,168	615,398,744	108	105
Provisions for bonuses and discounts	27,464,185	28,195,354	19,683,771	97	143
Other insurance technical provisions	51,748,503	47,917,732	21,894,138	108	219
Total	3,198,671,783	3,033,213,854	2,878,870,171	105	105

Gross insurance technical provisions of Zavarovalnica Triglav as at 31 December 2021

	Gross insurance technical provisions			Index	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	2021/2020	2020/2019
Unearned premium	246,017,850	235,190,816	232,791,056	105	101
Mathematical provisions	1,548,454,207	1,490,283,181	1,455,824,397	104	102
Claims provisions	446,567,255	430,259,621	428,320,763	104	100
Provisions for bonuses and discounts	23,724,069	23,837,107	19,065,148	100	125
Other insurance technical provisions	15,744,857	19,470,754	13,012,868	81	150
Total	2,280,508,238	2,199,041,479	2,149,014,232	104	102

7.8.2 Reinsurance

The Triglav Group strives for optimum coverage terms and conditions, which was achieved in all reinsurance and coinsurance contracts in 2021. The Group operates in the global reinsurance market via Pozavarovalnica Triglav Re and Zavarovalnica Triglav.

The Group allocated EUR 213.3 million of reinsurance premium to external equalisation, which was 38% more than the year before. Ceded reinsurance premium accounted for 15.8% of total gross written premium or 3.2 percentage points more than the year before. Reinsurance premium growth was mainly the result of the increased volume of non-life insurance premium, primarily those policies underwritten based on the principle of freedom of movement of services (FOS) and inward reinsurance. Higher reinsurance prices in the global reinsurance market also contributed to growth.

Changes in unearned premium related to the reinsurance portion totalled EUR 15.5 million (compared to EUR 4.6 million in 2020). The reinsurers' share in gross claims of EUR 41.9 million (index 132) was received from reinsurance. The change in gross claims provisions for the reinsurance portion amounted to EUR 26.1 million (index 150). The Group also received EUR 38.8 million in reinsurance fees and commissions (index 127). The reinsurance result was negative and amounted to EUR -90.9 million (compared to EUR -70.2 million in 2020).

The reinsurance result of Zavarovalnica Triglav was EUR -89.5 million (compared to EUR -73.0 million in 2020).

7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav²³

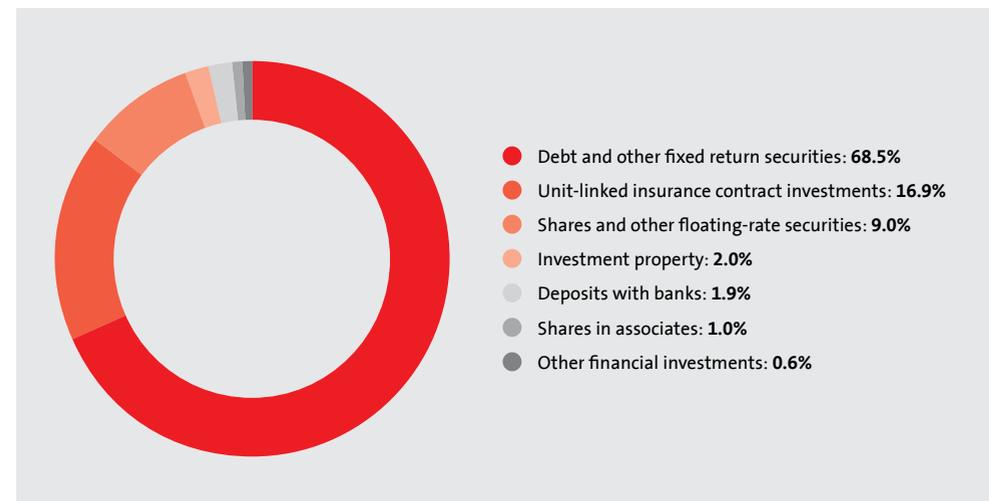
The Triglav Group continues to pursue a relatively conservative investment policy in order to achieve an adequate return on its investment portfolio, with an emphasis on the security and liquidity of investments. In its investing activities, the Group pursues the goal of achieving a high credit rating of the entire portfolio and incorporates environmental, social and governance (ESG) factors in its investment process.

In 2021, the portfolio structure did not significantly change, but adjustments were made to some shares of individual asset classes. **The Group's financial investments** including investment property and investments in associates totalled EUR 3,668.5 million or 5% more compared to the 2020 year-end. Their share in total assets of the Group was down by 0.6 percentage point to 83.9%.

Financial investments (including investment property) of the Triglav Group as at 31 December 2021 and 31 December 2020

	Financial investments		Index 2021/2020	Share	
	31 Dec. 2021	31 Dec. 2020		31 Dec. 2021	31 Dec. 2020
Investment property	75,110,973	78,977,800	95	2.0%	2.3%
Shares in associates	36,031,343	28,237,714	128	1.0%	0.8%
Shares and other floating-rate securities	330,960,660	220,367,991	150	9.0%	6.3%
Debt and other fixed return securities	2,512,569,818	2,572,533,950	98	68.5%	73.6%
Loans given	4,525,184	4,218,279	107	0.1%	0.1%
Deposits with banks	70,472,827	72,474,217	97	1.9%	2.1%
Other financial investments	5,810,984	6,462,139	90	0.2%	0.2%
Financial investments of reinsurance companies in reinsurance contracts with cedents	13,340,360	11,210,682	119	0.4%	0.3%
Derivatives	20,317	113,301	18	0.0%	0.0%
Unit-linked insurance contract investments	619,617,488	501,808,980	123	16.9%	14.4%
Total	3,668,459,954	3,496,405,053	105	100.0%	100.0%

Investment structure of the Triglav Group as at 31 December 2021



The bulk of the investment portfolio, 68.5%, is represented by bonds invested in developed markets, most of which have a high credit rating. Compared to the 2020 year-end, the investment portfolio shrunk by 5.1 percentage points and its value decreased by 2% to EUR 2,512.6 million, which is primarily a result of the negative bond yield due to rising interest rates in this period and, to a lesser extent, due to tactical portfolio adjustment.

In contrast, the share of equity investments in the investment portfolio grew by 2.7 percentage points to 9.0% and the share of unit-linked life insurance contract investments went up by 2.5 percentage points to 16.9%. In addition, the value of both asset classes increased due to the rise in share prices. The volume of equity investments thus increased by 50% to EUR 331.0 million and the volume of unit-linked life insurance contract investments by 23% to EUR 619.6 million. The majority of the latter is accounted for by assets invested in mutual funds of the policyholders' choice and mostly in funds managed by Triglav Skladi.

In other asset classes, the volume of deposits with banks and investment property decreased slightly, whereas the volume of investments in associates somewhat increased; there were no other significant changes in the reporting period. In 2021, the Group did not lend securities from its portfolios, nor did it receive other securities as collateral for such loans.²⁴

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

The Group's bond portfolio is of **high quality** and globally diversified. A total of 90.9% of bond investments have an investment grade credit rating of at least "BBB" (compared to 89.6% as at 31 December 2020) and 59.4% have at least the "A" credit rating (compared to 61.3% as at 31 December 2020).

Debt securities of the Triglav Group by credit rating in 2021 and 2020

Credit rating	Debt securities		Index	Share	
	31 Dec. 2021	31 Dec. 2020	2021/2020	31 Dec. 2021	31 Dec. 2020
AAA	438,921,752	463,012,284	95	17.5%	18.0%
AA	376,763,744	383,681,511	98	15.0%	14.9%
A	677,949,441	729,748,691	93	27.0%	28.4%
BBB	789,294,818	728,788,550	108	31.4%	28.3%
Below BBB	185,667,718	200,940,476	92	7.4%	7.8%
Not rated	43,972,345	66,362,438	66	1.8%	2.6%
Total	2,512,569,818	2,572,533,950	98	100.0%	100.0%

Unit-linked life insurance contract investments data are excluded.

The shares of bonds in the Group's bond portfolio did not change significantly in terms of **issuer sector**. Government bonds continue to account for the bulk (65.2%), while the rest of the portfolio is represented by financial and corporate bonds in a balanced manner. Presented below is additional information on the bond portfolio structure by issuer sector/activity.

Debt securities of the Triglav Group by issuer sector in 2021 and 2020

Issuer sector	Debt securities		Index	Share	
	31 Dec. 2021	31 Dec. 2020	2021/2020	31 Dec. 2021	31 Dec. 2020
Government	1,637,292,470	1,682,830,112	97	65.2%	65.4%
Financial	450,896,480	461,605,954	98	17.9%	17.9%
Corporate	423,363,902	427,038,594	99	16.8%	16.6%
Structured	1,016,966	1,059,291	96	0.0%	0.0%
Total	2,512,569,818	2,572,533,950	98	100.0%	100.0%

Unit-linked life insurance contract investments data are excluded.

Debt securities of the Triglav Group by issuer sector/activity in 2021 and 2020²⁵

Issuer sector	Debt securities		Index	Share	
	31 Dec. 2021	31 Dec. 2020	2021/2020	31 Dec. 2021	31 Dec. 2020
EMU bonds	1,204,550,177	1,313,398,957	92	47.9%	51.1%
Finance	451,913,446	462,665,245	98	18.0%	18.0%
Bonds of other countries	227,890,193	203,605,284	112	9.1%	7.9%
EU bonds (excluding EMU)	204,852,100	165,825,871	124	8.2%	6.4%
Non-cyclical sectors	106,676,738	97,441,635	109	4.2%	3.8%
Public goods	74,478,500	74,216,355	100	3.0%	2.9%
Communications	47,049,094	68,905,946	68	1.9%	2.7%
Cyclical sectors	46,995,262	49,437,417	95	1.9%	1.9%
Technology	39,255,888	29,837,298	132	1.6%	1.2%
Industry	37,525,233	36,803,162	102	1.5%	1.4%
Energy sector	36,662,200	32,799,111	112	1.5%	1.3%
Raw materials	34,720,987	37,597,670	92	1.4%	1.5%
Total	2,512,569,818	2,572,533,950	98	100.0%	100.0%

In terms of **issuer country**, the majority of the portfolio is accounted for by debt securities of issuers from the countries with a high credit rating, which ensures adequate security and liquidity. Certain 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 2021 and 2020

Country of issuer	Debt securities		Index	Share	
	31 Dec. 2021	31 Dec. 2020	2021/2020	31 Dec. 2021	31 Dec. 2020
Germany	371,741,005	399,195,893	93	14.8%	15.5%
Slovenia	312,387,021	394,525,822	79	12.4%	15.3%
France	202,916,739	191,067,434	106	8.1%	7.4%
Spain	154,859,010	139,353,731	111	6.2%	5.4%
International financial institutions	153,800,111	106,856,495	144	6.1%	4.2%
Italy	133,591,273	123,487,125	108	5.3%	4.8%
USA	132,660,828	123,650,851	107	5.3%	4.8%
Croatia	113,080,581	106,124,399	107	4.5%	4.1%
Netherlands	90,155,239	117,712,265	77	3.6%	4.6%
Austria	66,664,263	85,172,491	78	2.7%	3.3%
Other	780,713,748	785,387,446	99	31.1%	30.5%
Total	2,512,569,818	2,572,533,950	98	100.0%	100.0%

Unit-linked life insurance contract investments data are excluded.

The Company incorporates **environmental, social and governance (ESG) factors** in its investment process. It pursues the social corporate responsibility guidelines developed by the Organisation for Economic Co-operation and Development (OECD) and the principles for responsible investment, supported by the United Nations. In March 2021, in accordance with the requirements of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, the Company defined the sustainability aspect of its investment policy, which is available at <https://www.triglav.eu/en/sustainable-development/sustainable-business>. In line with the latter and the Group's strategic ambitions (see Section 4 *Triglav Group strategy and plans*), the Group defined how to include sustainability factors in the management of its investments, the strategy of investing in sustainable asset classes (e.g. green bonds, social impact bonds and sustainable bonds) and to actively exercise its management rights when making decisions related to sustainable development with those issuers in its portfolio where this is possible.²⁶

The Group's **sustainable fixed-income investments** are shown in the table below. Compared to 2020, their volume has almost doubled and reached EUR 204.5 million. Their share in the bond portfolio stands at 8.1% (compared to 4.1% in 2020).

Sustainable (ESG) fixed-income investments of the Triglav Group as at 31 December 2021 and 2020

	Sustainable fixed-income investments		Index 2021/2020	Share in debt securities	
	31 Dec. 2021	31 Dec. 2020		31 Dec. 2021	31 Dec. 2020
Social impact bonds*	83,630,721	33,278,595	251	3.3%	1.3%
Green bonds**	104,433,167	67,424,385	155	4.2%	2.6%
Sustainable bonds***	16,448,265	3,629,090	453	0.7%	0.1%
Total ESG bonds	204,512,153	104,332,071	196	8.1%	4.1%

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

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

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

Equity investments, which comprise shares and other variable-income securities and investments in associates, represent 10.0% of the Group's total portfolio (up by 2.9 percentage points compared to the 2020 year-end). Their value increased by 48% to EUR 367.0 million predominantly due to share price growth. Equity investments also include the category *other funds*, which comprises mostly alternative funds, among which the alternative fund managed by the associate Triglav holds a significant share.

The structure of equity investments of the Triglav Group in 2021 and 2020

Equity investment type	Equity investments		Index 2021/2020	Share	
	31 Dec. 2021	31 Dec. 2020		31 Dec. 2021	31 Dec. 2020
Shares	128,582,339	91,531,483	140	35.0%	36.8%
Equity funds	85,330,024	58,121,021	147	23.3%	23.4%
Bond funds	62,836,072	30,288,800	207	17.1%	12.2%
Money market funds	4,177,739	3,436,410	122	1.1%	1.4%
Other funds	86,065,829	65,227,991	132	23.5%	26.2%
Total	366,992,003	248,605,705	148	100.0%	100.0%

Equity investments of the Triglav Group by geographic area in 2021 and 2020

Geographic area	Equity investments		Index 2021/2020	Share	
	31 Dec. 2021	31 Dec. 2020		31 Dec. 2021	31 Dec. 2020
Slovenia	103,490,296	80,365,862	129	28.2%	32.3%
Developed markets	244,542,137	150,493,047	162	66.6%	60.5%
Developing markets	13,588,353	13,244,477	103	3.7%	5.3%
Balkans	5,371,218	4,502,320	119	1.5%	1.8%
Total	366,992,003	248,605,705	148	100.0%	100.0%

Equity investments of the Triglav Group by issuer sector/activity in 2021 and 2020²⁷

Issuer sector	Equity investments		Index 2021/2020	Share	
	31 Dec. 2021	31 Dec. 2020		31 Dec. 2021	31 Dec. 2020
Highly diversified activities	222,711,485	150,241,659	148	60.7%	60.4%
Non-cyclical sectors	75,540,556	58,681,613	129	20.6%	23.6%
Finance	25,015,182	18,231,869	137	6.8%	7.3%
Technology	12,932,690	1,221,316	1,059	3.5%	0.5%
Energy sector	12,679,131	0		3.5%	0.0%
Cyclical sectors	8,477,152	6,113,712	139	2.3%	2.5%
Public goods	3,428,188	11,245,578	30	0.9%	4.5%
Industry	3,399,847	2,245,004	151	0.9%	0.9%
Communications	2,210,403	424,418	521	0.6%	0.2%
Raw materials	597,371	200,535	298	0.2%	0.1%
Total	366,992,003	248,605,705	148	100.0%	100.0%

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At **Zavarovalnica Triglav**, financial investments, including investment property, amounted to EUR 2,725.5 million as at the 2021 year-end, up by 3%.

Financial investments of Zavarovalnica Triglav as at 31 December 2021 and 31 December 2020

	Financial investments		Index	Share	
	31 Dec 2021	31 Dec 2020	2021/2020	31 Dec 2021	31 Dec 2020
Investment property	43,840,055	44,451,276	99	1.6%	1.7%
Investments in subsidiaries and associates	173,618,679	163,675,415	106	6.4%	6.2%
Shares and other floating rate securities	204,009,208	113,586,570	180	7.5%	4.3%
Debt and other fixed return securities	1,736,539,693	1,837,372,253	95	63.7%	69.8%
Loans given	5,155,689	9,294,087	55	0.2%	0.4%
Deposits with banks	19,660,793	19,567,302	100	0.7%	0.7%
Other financial investments	3,278,363	3,654,860	90	0.1%	0.1%
Derivatives	20,317	113,301	18	0.0%	0.0%
Unit-linked insurance contract investments	539,417,972	442,292,488	122	19.8%	16.8%
Total	2,725,540,769	2,634,007,552	103	100.0%	100.0%

7.10 Investment in own-use real property and equipment

The Triglav Group invested EUR 5.6 million in property, plant and equipment and EUR 17.1 million in intangible assets (software and property rights). The parent company invested EUR 2.6 million in property, plant and equipment and EUR 15.4 million in intangible fixed assets.

The value of own-use property is increased through active management and prudent investing in it, while making the best use of the existing capacity, increasing its functionality and achieving high standards that are in line with advanced technological and functional guidelines. Renovation works are carried out in accordance with the Group's sustainable development guidelines, which include a better spatial use of the premises, improved energy efficiency and a lower carbon footprint. Previous investments in digital channels in client service, IT equipment and employees' skills and the implementation of new methods of working from home contributed to the rationalisation and optimisation of premises, which was accelerated not only by technological and IT investments but also by the epidemic.

In 2021, special attention was paid to 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 strategic real property, both for own use and investment, continued.

At Group level, minimum standards for flexible arrangement of workplace and points of sale were adopted, which comply with the international examples of good practice to modernise operations

and make them more effective. Some business premises were already renovated based on these standards. In the coming years, these standards will be revised according to new findings and guidelines and as a result of changes in the method of working in the post-pandemic period.

IT support for real property management enables secure and complete record keeping, reporting and the implementation of various administration processes. In 2021, the software version was upgraded by including applications for investment management, cost management and energy accounting. The upgrades will be rolled out in 2022.

The Group's real property portfolio continued to be improved by seizing good market opportunities. The value of real property, the excellent occupancy of investment property and its profitability were maintained, which is also a result of systematic investment in real property of strategic importance and the sale of non-strategic real property. In 2021, several strategically uninteresting real properties were sold (business premises, land, holiday facilities). The sales process of one of the most important real properties in the Company's portfolio was completed, i.e. the development land "Linhartov dvor" in Bežigrad, owned by Triglav, Upravljanje nepremičnin. The positive effects of development and sale will be seen in 2022.

7.11 Asset management

Asset management comprises the management of the parent company's own insurance portfolios (assets backing liabilities and guarantee funds), saving of clients through the Group's life and pension insurance companies, asset management by Triglav and the management of clients' assets in mutual funds and discretionary mandates by Triglav Skladi. The value of assets under management of the Triglav Group as at 31 December 2021:²⁸

- own insurance portfolio: EUR 3,048.8 million (index 102),
- mutual funds and discretionary mandate assets at Triglav Skladi: EUR 1,539.3 million (index 133),
- investment management at Triglav: EUR 91.7 million (index 168).

Asset and investment fund management market

Capital markets were profitable above average in 2021, reflecting a strong economic recovery from the COVID-19 pandemic. **The asset management market in the European industry** (UCITS funds) recorded high net inflows – a total of EUR 670 billion by the end of October 2021. Inflows were evenly distributed over the months, indicating a relatively stable positive trend in capital markets. Half of net inflows was attributed to equity funds and the other half was divided between mixed and bond funds. Money market funds recorded net outflows of almost EUR 30 billion.

At the end of October 2021, the European investment fund industry (UCITS funds) managed EUR 13.6 trillion, of which 44% were equity funds, 25% bond funds, 19% mixed funds and around 10% were money market funds. The UCITS fund market is rather concentrated, managing more than 80% of all assets in five European countries.

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As at the 2021 year-end, a total of five management companies operated in **Slovenia**, which managed the net asset value of EUR 4.3 billion in 79 **mutual funds**, up by 34% relative to the year before. They recorded net inflows of EUR 483 million, of which EUR 309 million in equity funds, EUR 162 million in mixed funds and just over EUR 27 million in bond funds. As in Europe, money market funds in Slovenia recorded net outflows. **As at 31 December 2021, Triglav Skladi held a 31.8% market share** (vs. 32.9% in 2020) and is therefore one of the leading managers of assets in investment funds in Slovenia. More than 120 foreign management companies also sell their funds, mainly via banks.

The structure of assets managed by mutual funds did not change significantly over the last decade. About two-thirds of assets are in equity funds, a quarter in mixed funds and just over 5% in bond funds. Mutual fund assets per capita in Slovenia amounted to EUR 2,065 as at the end of September 2021.

A total of six companies provided **discretionary mandate** services, of which four were asset management companies. As at 31 December 2021, the latter managed EUR 1.9 billion in discretionary mandate assets, up by 46% relative to the year before. Triglav Skladi increased its market share in the discretionary mandate segment to 9.0% (vs. 7.5% in 2020).

Triglav Skladi is one of the main asset managers in Slovenia; its range of products and services includes the management and sale of mutual funds, discretionary mandate services and investment advisory services. All assets under management are under the custody of Skrbniška banka Nova KBM d.d. or NLB d.d. and under the supervision of the Securities Market Agency.²⁹ With respect to mutual funds, the company offers 18 different investment policies: conservative investments (two bond funds and a money market fund), moderately risky investments (flexible, mixed and defensive funds) and dynamic equity investments (equity funds). In as many as eight categories, the company has the largest fund among Slovenian mutual fund providers in terms of assets under management. In addition to mutual funds, the company also offers six investment combinations as predefined structured mutual fund baskets, which correspond to the risk profiles of six different client segments.

As at 31 December 2021, the company managed the portfolio of 110,000 investors worth **EUR 1.4 billion in mutual funds**, which is 29% more than the year before. The value of net assets under management increased by EUR 124.8 million due to net inflows and by EUR 186.7 million due to the situation in capital markets. In the market of Bosnia and Herzegovina, Triglav Skladi holds a participating interest in PROF-IN asset management company, which obtained a license to manage open-end mutual funds.

Triglav Skladi's **discretionary mandate assets** amounted to EUR 167.2 million, an increase of EUR 71.6 million or 75% on the preceding year. Net inflows amounted to EUR 47.7 million, while the effect of capital markets increased their value to EUR 23.9 million.

Triglav Skladi also manages the unit-linked life insurance assets of the Triglav Group. For 14 years, it has been pursuing the Financial Objectives investment strategy, which enables clients to actively adjust their portfolios according to the lifecycle principle, and Active Investment Packages, which correspond to different client segments according to the risk profile. It also manages guarantee funds backing supplemental voluntary pension insurance in five portfolios: Triglav Drzni, Triglav Zmerni, Delniški Skupni pokojninski sklad, Mešani Skupni pokojninski sklad and Obvezniški Skupni pokojninski sklad.

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

Asset management may help to achieve higher returns in the long run by taking into account the key risks associated with sustainability. Triglav Skladi regularly reviews sustainability risks in its investment decisions. The Triglav Zeleni equity fund is a dedicated sustainability fund, which, with around EUR 40 million assets under management, is committed to taking sustainability factors into account in investment decisions. In financial instrument management, the company aims to expand its range of products and provide better help to clients who want to comply with sustainability principles in their portfolios.³⁰

Triglav Skladi integrates ESG factors in the management process in addition to the assessments of an external independent assessor. The methodology for assigning ratings is tailored to the characteristics within each sector as defined by the Global Industry Classification Standard (GICS). The methodology used is intended to assess the company's resilience to long-term financial risks arising from sustainability features. The assessment includes both risk assessment and management of these risks in the company.³¹

The assessment is based on three pillars: **environmental, social and corporate governance**. All three pillars together, however, consist of ten areas addressing 35 key ESG factors.

Active ownership³²

As part of the investment process, Triglav Skladi has the opportunity to influence the corporate governance of companies in the portfolio, when ownership rights and the size of the participating interest allow it. Active ownership is thus crucial for the adoption of better policies and practices of companies (or issuers of financial instruments) and consequently improves their performance.

Active ownership is exercised through communication with the issuer or through the exercise of rights deriving from financial instruments, which includes participation, voting and proposing agenda items at issuers' general meetings.

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

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8. Financial result of the Triglav Group and Zavarovalnica Triglav

- The Triglav Group generated profit before tax of EUR 132.6 million and achieved a 12.5% return on equity.
- Compared to the preceding year, the Triglav Group's combined ratio improved to 88.9% as did both the claims ratio and the expense ratio.
- The lower rates of return on investment are primarily a result of lower interest income due to low interest rates and lower realised capital gains.

8.1 The Triglav Group

The Triglav Group performed well in 2021. Compared to the preceding year, consolidated **profit before tax grew** by 46% and amounted to EUR 132.6 million and **net profit** amounted to EUR 113.0 million, up by 53%. The good financial result was driven by growth in business volume, prudent underwriting discipline, relatively lower claim frequency as a result of the pandemic and the favourable development of claims provisions created in past years. **Net return on equity** was 12.5%, up by 3.7 percentage points.

The Group's **combined ratio** was within the favourable long-term target range and stood at 88.9%, down by 2.3 percentage points 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. Lower combined ratio is a result of both the improved *claims ratio* (the growth of net premium income was higher than the growth of net claims incurred) and *expense ratio* (growth in other insurance income and reduction in net expenses for bonuses and discounts).

The combined ratios in the Triglav Group and individual insurance companies in 2021 compared to 2020

Insurance Group	2021	2020	Change
Zavarovalnica Triglav	81.8%	86.1%	-4.3 p.p.
Triglav, Zdravstvena zavarovalnica	96.0%	97.0%	-1.0 p.p.
Pozavarovalnica Triglav Re	90.5%	94.9%	-4.4 p.p.
Triglav Osiguranje, Zagreb	98.8%	108.6%	-9.8 p.p.
Triglav Osiguranje, Belgrade	99.7%	92.0%	7.7 p.p.
Lovćen Osiguranje, Podgorica	93.7%	82.1%	11.6 p.p.
Triglav Osiguranje, Sarajevo	98.0%	92.4%	5.6 p.p.
Triglav Osiguranje, Banja Luka	112.1%	102.5%	9.6 p.p.
Triglav Osiguruvanje, Skopje	102.1%	103.8%	-1.8 p.p.
Triglav Group	88.9%	91.2%	-2.3 p.p.

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8.1.1 Total revenue, net premium income, claims incurred and operating expenses

Total revenue increased by 10%, amounting to EUR 1,455.1 million. It is composed of gross written insurance, reinsurance and coinsurance premiums in the amount of EUR 1,353.0 million (index 110), other insurance income in the amount of EUR 48.8 million (index 119) and other income in the amount of EUR 53.3 million (index 122). The majority of other income represents income from asset management, amounting to EUR 30.2 million (index 127).

Net premium income rose by 5% to EUR 1,119.8 million. Net premium income from life and pension insurance grew by 8%, from non-life insurance by 5% and from health insurance by 1%. Net premium income comprises gross written premium in the amount of EUR 1,353.0 million less written premium ceded to reinsurance and coinsurance in the amount of EUR 220.9 million (index 138) and adjusted by the change in net unearned premium of EUR –12.2 million (compared to –7.0 million in 2020).

Net claims incurred rose by 5% to EUR 715.0 million. The highest growth (10%) was recorded in health insurance due to higher gross claims paid (see Section [7.6 Gross claims paid](#) for more details). Net claims incurred increased by 8% in life and pension insurance and by 1% in non-life insurance. Net claims incurred are composed of gross claims paid in the amount of EUR 736.6 million (index 106), reduced by the reinsurers' and coinsurers' shares in gross claims paid in the amount of EUR 44.9 million (index 131), adjusted by the change in net claims provisions of EUR 16.2 million (index 129) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 7.2 million (index 91).

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 266.9 million, up by 11%. *Acquisition costs* rose by 13% predominantly due to premium growth. *Other operating expenses* went up by 6%. The share of *operating expenses from insurance operations* (all functional cost groups) in gross written premium was 22.2%, up by 0.1 percentage point. See Section [7.7 Gross operating expenses](#) for more information on operating expenses.

8.1.2 Income and expenses from financial assets

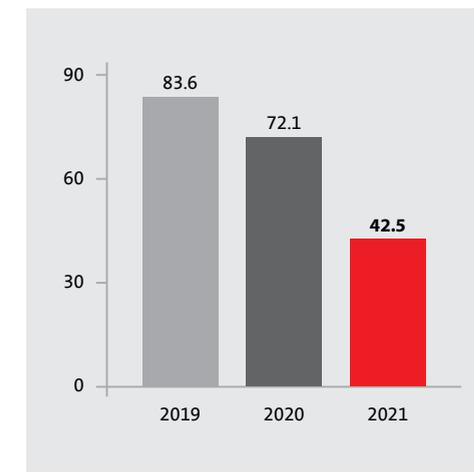
Income from investments, including income from investments in associates, grew by 27% and reached EUR 156.8 million. *Income from investments in associates* amounted to EUR 1.4 million, up by 231%, and *income from investments* totalled EUR 155.3 million, up by 26%. Interest income was down by 18% and reached EUR 34.3 million, while gains on disposal of investments declined by 59% to EUR 16.3 million primarily as a result of lower volume of trading in financial instruments. Other income from investments rose to EUR 104.8 million (compared to EUR 40.9 million in 2020). Other income from investments comprises changes in the fair value of EUR 14.8 million (index 100), other income from investments of EUR 8.6 million (index 262), dividends of EUR 6.1 million (index 135) and net unrealised gains on unit-linked life insurance assets of EUR 75.2 million (compared to EUR 18.2 million in 2020). The latter were higher mainly due to share prices, to which the majority of policyholders' assets under these insurance contracts are tied (increase in prices of fund units).

Expenses from investments, including expenses from investments in associates, decreased by 22% to EUR 32.0 million. *Expenses from investments in associates* amounted to EUR 146 thousand (index 104) and *expenses from investments* totalled EUR 31.8 million (index 78). Losses on disposal totalled EUR 7.1 million (index 103), impairments of equity investments amounted to EUR 34 thousand (compared to EUR 2.0 million in 2020) and other expenses from investments equalled EUR 24.7 million (index 77). Other expenses from investments comprise changes in the fair value of EUR 13.3 million (index 224), other expenses from financial investments in the amount of EUR 8.5 million (index 55) and net unrealised gains on unit-linked life insurance assets of EUR 2.9 million (compared to 10.7 million in 2020).

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 42.5 million, down by 41%. The main reasons for the lower rates of return on investment are mainly lower interest income due to low interest rates and lower realised capital gains.

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 [The structure of profit before tax of the Triglav Group](#)) for the impact of return on investment on profit before tax.

Return on investment of the Triglav Group (excluding unit-linked life insurance contract investments) in 2019–2021 (in EUR million)



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

Change in other insurance technical provisions amounted to EUR –2.1 million and was lower than in the preceding year (EUR 62.6 million) as a result of the decline in mathematical provisions and other insurance technical provisions for health insurance. **Expenses from the change in insurance technical provisions for unit-linked insurance contracts** totalled EUR 112.7 million (compared to EUR 25.5 million in 2020) due to the increase in the price of fund units. **Expenses for bonuses and discounts** fell by 47% to EUR 11.4 million as a result of additional provisions created in the preceding year due to the COVID-19 pandemic by the parent company and Triglav, Zdravstvena zavarovalnica.

Other insurance income, excluding fees and commissions, totalled EUR 9.9 million, down by 5% predominantly due to lower interest income from subrogation receivables and lower income from the sale of green cards. **Other insurance expenses**, excluding fees and commissions, dropped by 21% to EUR 16.8 million primarily as a result of lower expenses due to impairment of receivables from insurance operations (premiums and subrogations) at the parent company. **Net fee and commission income** increased to EUR 3.8 million (compared to EUR 389 thousand in 2020) mainly due to the high growth of written premium ceded to reinsurance.

Other income was up by 22%, reaching EUR 53.3 million. This increase relates in particular to a larger volume of management fees due to a larger volume of assets under management at Triglav Skladi and due to the repayment of receivables from reinsurance operations impaired in past years at Triglav Osiguranje, Belgrade. The 2% growth in **other expenses** (EUR 58.4 million) mainly resulted from their movement at the parent company.

Income statement of the Triglav Group for 2021 – according to IFRS

	2021	2020	Index
Net premium income	1,119,846,051	1,066,754,825	105
- gross written premium	1,352,975,550	1,233,775,365	110
- ceded written premium	-220,949,875	-160,022,349	138
- change in unearned premium reserve	-12,179,624	-6,998,191	174
Income from investments in associates	1,444,054	436,610	331
- profit on equity investments accounted for using the equity method	1,444,054	436,610	331
- other income from investments in associates	0	0	0
Income from investments	155,339,171	123,079,449	126
- interest income calculated using the effective interest method	34,281,279	42,055,802	82
- gains on disposals	16,301,340	40,162,889	41
- other income from investments	104,756,552	40,860,758	256
Other income from insurance operations	48,794,300	41,006,993	119
- fee and commission income	38,916,088	30,649,757	127
- other income from insurance operations	9,878,212	10,357,236	95
Other income	53,334,060	43,613,977	122
Net claims incurred	715,028,788	683,631,775	105
- gross claims paid	736,580,050	697,443,568	106
- reinsurers' share	-44,884,460	-34,278,930	131
- changes in claims provisions	16,152,394	12,541,034	129
- equalisation scheme expenses for supplemental health insurance	7,180,804	7,926,103	91
Change in other insurance technical provisions (excluding ULI)	-2,113,408	62,636,590	-3
Change in insurance technical provisions for unit-linked insurance contracts	112,661,349	25,492,453	442
Expenses for bonuses and discounts	11,404,143	21,350,276	53
Operating expenses	266,857,908	240,912,735	111
- acquisition costs	184,911,170	163,528,966	113
- other operating expenses	81,946,738	77,383,769	106
Expenses from investments in associates	145,632	139,422	104
- loss on investments accounted for using the equity method	145,632	139,422	104
- other expenses from financial assets and liabilities	0	0	0
Expenses from investments	31,832,786	40,993,211	78
- loss on impairment of investments	33,628	1,971,302	2
- loss on disposal of investments	7,122,739	6,941,490	103
- other expenses from investments	24,676,419	32,080,419	77
Other insurance expenses	51,915,940	51,523,388	101
Other expenses	58,379,653	57,308,722	102
- financial expenses	2,729,286	2,937,501	93
- other expenses	55,650,367	54,371,221	102
Profit before tax	132,644,845	90,903,282	146
Income tax expense	19,679,152	17,238,584	114
Net profit for the period	112,965,693	73,664,698	153
Net profit/loss attributable to the controlling company	112,761,816	73,504,373	153
Net profit/loss attributable to the non-controlling interest holders	203,879	160,325	127

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Financial result ratios of the Triglav Group

Financial result ratios	2021	2020	2019
Claims ratio	61.4%	63.1%	63.2%
Expense ratio	27.5%	28.1%	28.3%
Combined ratio	88.9%	91.2%	91.5%
Operating expenses from insurance operations in gross written premiums	22.2%	22.1%	23.2%
Gross written premium per company employee* (in EUR)	292,282	267,485	260,516

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

The structure of profit before tax of the Triglav Group*

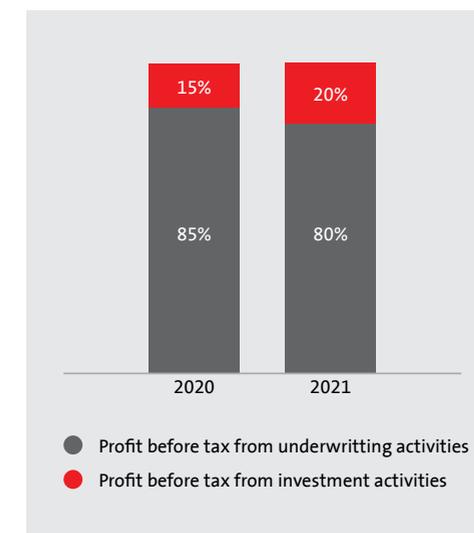
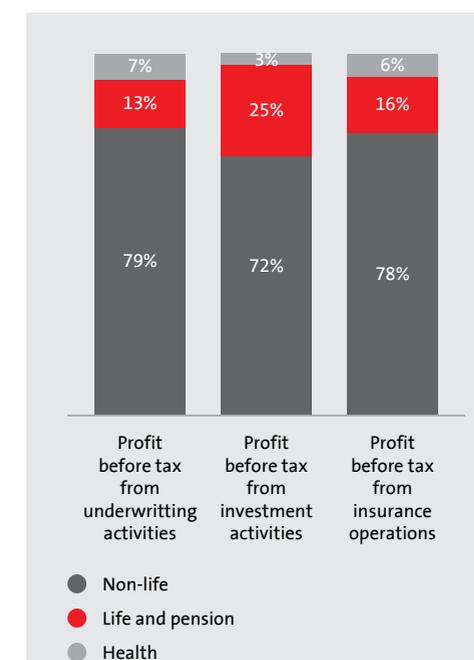
	2021				2020			
	Non-life	Life and pension	Health	Total	Non-life	Life and pension	Health	Total
Profit before tax from underwriting activities	79,745,847	13,457,141	7,197,026	100,400,014	55,436,285	14,408,524	6,649,783	76,494,592
Profit before tax from investment activities	17,490,477	6,171,883	788,554	24,450,914	23,584,921	-11,307,315	701,493	12,979,099
Profit before tax from insurance operations	97,236,324	19,629,024	7,985,580	124,850,928	79,021,206	3,101,209	7,351,276	89,473,691
Profit before tax from non-insurance operations				7,793,918				1,429,591
Total profit before tax				132,644,845				90,903,282

* Profit from return on investment is reduced by the return guaranteed by the Group's insurance companies 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 105.2 million, up by 22% or EUR 18.8 million relative to the preceding year. The improved result was primarily due to higher profit before tax from underwriting activities as a result of more favourable current claims experience and favourable development of claims incurred in previous periods as well as higher net premium income. Lower expenses for bonuses and discounts and lower other insurance technical provisions than in the preceding year also contributed to the improved underwriting result. Profit before tax from investments was lower due to lower interest income and lower realised capital gains.

Profit before tax of the Group's **life and pension insurance** segments amounted to EUR 19.6 million, an increase of EUR 16.5 million relative to the year before. The parent company had a EUR 0.8 million higher profit before tax, but due to EUR 13.4 million lower return on investment it created EUR 14.8 million lower additional provisions on account of the liability adequacy test and lower internally set maximum interest rate compared to the preceding year. The required return on mathematical provisions decreased by EUR 1.6 million, while profit before tax from underwriting activities of the life and pension insurance segment decreased by EUR 2.8 million. Other sources contributed EUR 0.5 million to the result. The result of other Group companies improved by EUR 15.7 million

mainly due to the release of provisions based on the LAT for Triglav, pokojninska družba in the amount of EUR 8.7 million. These were created in 2020 due to the reduction of the interest rate curve, and when it rose in 2021, the LAT no longer showed a deficit.

The structure of profit before tax of the Triglav Group in 2020 and 2021**The structure of profit before tax of the Triglav Group by segment in 2021**

8.2 Zavarovalnica Triglav

Zavarovalnica Triglav also performed well, ending the 2021 financial year with a high profit. **Profit before tax** amounted to EUR 85.7 million, a 21% increase compared to the year before. **Net profit** grew by 27% to EUR 73.4 million. **Net return on equity** increased by 1.7 percentage points to 11.1%.

Combined ratio in non-life insurance stood at favourable 81.8%, down by 4.3 percentage points relative to the preceding year. Higher growth in net premium income than the growth in net claims incurred resulted in a lower claims ratio (by 4.3 percentage points), whereas higher operating expenses and other insurance expenses increased the expense ratio (by 0.1 percentage point).

8.2.1 Total revenue, net premium income, claims incurred and operating expenses

Total revenue amounted to EUR 848.6 million, up by 11% relative to the preceding year. It is composed of gross written insurance and coinsurance premiums in the amount of EUR 794.4 million (index 110), other insurance income in the amount of EUR 45.4 million (index 119) and other income in the amount of EUR 8.8 million (index 112).

Net premium income rose by 3% to EUR 598.8 million. Net premium income from non-life insurance remained at approximately the same level as in 2020 (index 100), while net income from life insurance premium grew by 8%. Net premium income is composed of gross written insurance and coinsurance premiums in the amount of EUR 794.4 million less written premium ceded to reinsurance and coinsurance in the amount of EUR 188.0 million (index 136)

and adjusted by the change in net unearned premium of EUR –7.6 million (compared to EUR 2.5 million in 2020).

Net claims incurred in the total amount of EUR 365.1 million dropped by 3%; in non-life insurance they fell by 8% and in life insurance they increased by 5%. Net claims incurred comprise gross claims paid in the amount of EUR 408.9 million (index 100) less the reinsurers' and coinsurers' shares in claims in the amount of EUR 35.8 million (index 113) and adjusted by the change in net claims provisions of EUR –7.9 million (compared to EUR –1.3 million in 2019).

Operating expenses (acquisition costs and other operating expenses) totalled EUR 170.3 million (index 109). Acquisition costs and other operating expenses increased at the same growth rate. The growth of total operating expenses (all functional cost groups) was behind gross written premium growth, which resulted in a 0.5 percentage point lower ratio of expenses to written premium (24.6%).

8.2.2 Income and expenses from financial assets

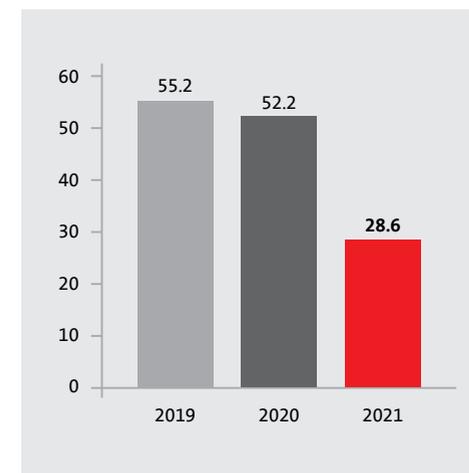
Income from investments, including income from investments in associates, rose by 38% to EUR 123.8 million. *Income from investments in associates* totalled EUR 8.2 million (compared to EUR 303 thousand in 2020) mainly as a result of dividends paid. *Income from investments* climbed by 30% to EUR 115.6 million. Interest income was down by 24% and reached EUR 19.7 million, while gains on disposal of investments declined by 60% to EUR 14.9 million primarily as a result of lower volume of trading in financial instruments. Other income from investments totalled EUR 81.0 million (index 312). They comprise changes in the fair value of EUR 1.9 million (index 56), other income from

financial investments of EUR 2.7 million (index 276), dividends of EUR 4.8 million (index 127) and net unrealised gains on unit-linked life insurance assets of EUR 71.6 million (compared to EUR 17.8 million in 2020). The latter rose predominantly due to the growth of share prices, to which the majority of policyholders' assets under these insurance contracts are tied (increase in prices of fund units).

Expenses from investments, including expenses from investments in associates, declined by 34% to EUR 19.5 million. *Expenses from investments in associates* amounted to EUR 1.1 million (index 28), while *expenses from investments* totalled EUR 18.4 million (index 72). Losses on disposal totalled EUR 6.9 million (index 120), there was no impairment of equity investments (compared to EUR 1.6 million in 2020) and other expenses from investments equalled EUR 11.5 million (index 63). Other expenses from investments comprise net unrealised losses on unit-linked life insurance assets totalling EUR 2.8 million (compared to EUR 10.7 million in 2020), changes in the fair value of EUR 3.3 million (compared to EUR 653 thousand in 2020) and other expenses from financial investments in the amount of EUR 5.4 million (index 77).

Return on investment (excluding unit-linked life insurance contract investments) declined by 45% to EUR 28.6 million. The reasons for the lower rates of return on investment are primarily lower interest income and lower realised capital gains.

Return on investment of Zavarovalnica Triglav (excluding unit-linked life insurance contract investments) in 2019–2021 (in EUR million)



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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 –14.0 million (compared to EUR 13.4 million in 2020), predominantly due to reductions in mathematical provisions.

Expenses from the change in insurance technical provisions for unit-linked insurance contracts amounted to EUR 91.9 million (compared to EUR 13.3 million in 2020) due to the increase in the price of fund units. Expenses for bonuses and discounts declined by 35% to EUR 10.5 million as a result of additional provisions created in 2020 due to the COVID-19 pandemic.

Other insurance income, excluding fees and commissions, totalled EUR 7.2 million, down by 10% mainly due to lower interest income from subrogation receivables. Other insurance expenses, excluding fees and commissions, fell by 16% to EUR 10.9 million primarily as a result of lower expenses due to impairment of receivables from insurance operations (premiums and subrogations). Net fee and commission income grew by 27% predominantly due to the increased volume of reinsurance business. They totalled EUR 23.8 million.

Other income in the amount of EUR 8.8 million was 12% higher mainly due to an increase in other income from services which mostly relate to services provided to Group companies and cancelled provisions for legal actions. Other expenses in the amount of EUR 22.5 million increased by 10% relative to the year before.

Income statement of Zavarovalnica Triglav for 2021 – according to IFRS

	2021	2020	Index
Net premium income	598,755,000	583,867,846	103
- gross written premium	794,350,103	719,255,868	110
- ceded written premium	-187,969,749	-137,934,204	136
- change in unearned premium reserve	-7,625,354	2,546,182	
Income from investments in associates	8,179,885	302,643	2,703
- profit on equity investments accounted for using the equity method	0	0	0
- other income from investments in associates	8,179,885	302,643	2,703
Income from investments	115,612,898	89,181,634	130
- interest income calculated using the effective interest method	19,685,884	25,933,800	76
- gains on disposals	14,888,504	37,288,158	40
- other income from investments	81,038,510	25,959,676	312
Other income from insurance operations	45,387,033	38,110,029	119
- fee and commission income	38,196,377	30,080,891	127
- other income from insurance operations	7,190,656	8,029,138	90
Other income	8,825,846	7,872,585	112
Net claims incurred	365,137,225	375,336,947	97
- gross claims paid	408,868,382	408,278,140	100
- reinsurers' share	-35,818,958	-31,689,089	113
- changes in claims provisions	-7,912,199	-1,252,104	632
- equalisation scheme expenses for supplementary health insurance	0	0	0
Change in other insurance technical provisions (excluding ULI)	-13,989,227	13,449,956	
Change in insurance technical provisions for unit-linked insurance contracts	91,860,583	13,270,367	692
Expenses for bonuses and discounts	10,490,736	16,029,498	65
Operating expenses	170,334,866	155,904,617	109
- acquisition costs	124,268,560	113,568,435	109
- other operating expenses	46,066,306	42,336,182	109
Expenses from investments in associates	1,087,047	3,930,396	28
- loss on investments accounted for using the equity method	0	0	0
- other expenses from financial assets and liabilities	1,087,047	3,930,396	28
Expenses from investments	18,366,687	25,675,273	72
- loss on impairment of investments	0	1,632,351	0
- loss on disposal of investments	6,870,017	5,719,183	120
- other expenses from investments	11,496,670	18,323,739	63
Other insurance expenses	25,298,497	24,308,038	104
Other expenses	22,485,637	20,359,679	110
- financial expenses	2,277,892	2,578,946	88
- other expenses	20,207,745	17,780,733	114
Profit before tax	85,688,611	71,069,966	121
Income tax expense	12,273,062	13,072,327	94
Net profit for the period	73,415,549	57,997,639	127

Financial result ratios of Zavarovalnica Triglav

Financial result ratios	2021	2020	2019
Return on equity	11.1%	9.5%	12.4%
Claims ratio	50.4%	54.8%	55.1%
Expense ratio	31.4%	31.3%	30.5%
Combined ratio	81.8%	86.1%	85.6%
Operating expenses of insurance business in gross written premiums	24.6%	25.0%	25.7%

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9. Financial position of the Triglav Group and Zavarovalnica Triglav

- Balance sheet total of the Triglav Group as at 31 December 2021 stood at EUR 4.4 billion, up by 6% relative to the preceding year.
- Total equity grew by 7% primarily as a result of higher net profit for the year and increased reserves from profit.
- The Triglav Group's return on equity stood at 12.5%, up by 3.7 percentage points.
- The Triglav Group's financial investments rose by 2%.

9.1 The Triglav Group

9.1.1 Equity and liabilities

The Group's **total equity** as at 31 December 2021 amounted to EUR 933.0 million, up by 7% relative to the preceding year, primarily as a result of higher net profit for the year and increased reserves from profit. Total equity represented 21.3% of total balance sheet liabilities, an increase of 0.3 percentage point. Equity attributable to the controlling company rose by 7% to EUR 930.5 million, while non-controlling interest holders had EUR 2.5 million, down by 1%. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. As a result of a decrease in the value of available-for-sale financial assets, **fair value reserves** declined by 13% to EUR 77.8 million. **Share premium** of EUR 50.3 million remained at a level approximately equal to the 2020 year-end (index 100).

Reserves from profit amounted to EUR 421.6 million, a 10% increase relative to the preceding 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 400.7 million. Other reserves from profit rose by EUR 36.8 million due to the allocation of net profit for the year.

Accumulated profit amounted to EUR 310.0 million and recorded a 13% increase. In addition to net profit for the year, accumulated profit includes EUR 234.6 million of net profit brought

forward (index 102). Net profit brought forward increased by EUR 44.1 million due to the transfer of net profit for the preceding year and decreased by EUR 36.8 million due to the payment of dividends and by EUR 205 thousand due to the transfer to reserves. Net profit for the year disclosed in the balance sheet totalled EUR 75.4 million due to the allocation to reserves from profit and was EUR 37.3 million lower than net profit disclosed in the income statement (see Section [9.2.1](#) for further information).

Subordinated liabilities amounted to EUR 49.5 million and were at a level approximately equal to the 2020 year-end (index 100).

Gross insurance technical provisions were 5% higher, totalling EUR 3,198.7 million. They represented 73.1% of total balance sheet liabilities, down by 0.2 percentage point relative to the preceding year. Mathematical provisions and insurance technical provisions for unit-linked life insurance contracts amounted to EUR 2,054.9 million, up by 4%. An increase was also seen in claims provisions (index 108), provisions for gross unearned premium (index 107) and other insurance technical provisions (index 104). The Group's insurance technical provisions are discussed in greater detail in Section [7.8 Risk equalisation](#).

Operating liabilities fell by 10% to EUR 63.3 million and represented 1.4% of total balance sheet liabilities. They declined mostly on account of liabilities from reinsurance and coinsurance operations, which dropped by 16% to EUR 41.2 million.

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Lease liabilities amounted to EUR 11.3 million, up by 12%. They comprise long-term lease liabilities of EUR 10.0 million (index 104) and short-term lease liabilities of EUR 1.2 million (index 317).

Other financial liabilities increased by 7% to EUR 3.1 million (a 0.1% share in total balance sheet liabilities), mainly due to higher liabilities arising from deposits with cedants from inward and outward reinsurance at Pozavarovalnica Triglav Re.

Employee benefits of EUR 17.7 million declined by 1% and **other provisions** by 11% to EUR 2.5 million. **Deferred tax liabilities** fell by 36% to EUR 9.4 million primarily due to the lower fair value reserves for which deferred tax is calculated.

Other liabilities increased by 26% mainly due to higher short-term trade payables of the parent company, reaching EUR 86.0 million and accounting for 2.0% of total balance sheet liabilities.

9.1.2 Assets

Financial investments, representing 67.2% of total assets, amounted to EUR 2,937.7 million, up by 2% relative to the 2020 year-end. Available-for-sale financial investments accounted for the bulk, reaching EUR 2,137.6 million as at 31 December 2021. Furthermore, financial investments measured at fair value through profit or loss amounted to EUR 544.4 million, held-to-maturity financial investments to EUR 157.6 million and deposits and loans to EUR 98.1 million. **Unit-linked insurance assets** amounted to EUR 619.6 million, up by 23%. See Section [7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav](#) for more information on the structure of financial investments.

The Group's financial investments in associates rose by 28% to EUR 36.0 million mainly due to the capital increase of Diagnostični center Bled (ZTSR) and Triglav. **Investment property** declined by 5% and amounted to EUR 75.1 million.

Financial position ratios of the Triglav Group

Financial position ratios	2021	2020	2019
Equity to total liabilities ratio	21.3%	21.0%	20.1%
Average equity balance as % of gross written premium	66.6%	67.4%	65.0%
Return on equity	12.5%	8.9%	10.9%
Gross insurance technical provisions to total liabilities ratio	73.1%	73.3%	73.1%
Average balance of gross insurance technical provisions as % of gross written premium	230.3%	239.6%	236.1%
Financial assets to total assets ratio	81.3%	81.9%	81.8%
Financial assets to gross insurance technical provisions	111.2%	111.7%	111.9%

Receivables, representing 4.9% of total balance sheet assets, grew by 5% compared to the preceding year and amounted to EUR 212.4 million, of which receivables from direct insurance operations of EUR 116.9 million (index 111) accounted for the bulk. Receivables from reinsurance and coinsurance operations reached EUR 67.2 million (index 93), other receivables stood at EUR 24.2 million (index 103) and current tax receivables at EUR 4.1 million (index 212).

Insurance technical provisions transferred to reinsurance contracts increased by 39% and amounted to EUR 174.8 million. Assets from reinsurance contracts from claims provisions rose to EUR 116.1 million (index 140), assets from unearned premium increased to EUR 53.1 million (index 130) and assets from mathematical provisions grew by 181% to EUR 5.6 million.

Property, plant and equipment totalled EUR 108.7 million, down by 4%. **Intangible assets** grew by 6%, totalling EUR 107.2 million.

Right-of-use assets increased by 11% to EUR 10.9 million. They comprise the right to use land and buildings of EUR 8.6 million (index 106), the right to use vehicles of EUR 2.2 million (index 139) and the right to use equipment and other assets of EUR 85,000 (index 93).

Non-current assets held for sale rose to EUR 3.8 million (index 416). Due to the planned sale of investment property, Triglav, Upravljanje nepremičnin reclassified real property in the amount of EUR 3.1 million.

Cash and cash equivalents amounted to EUR 82.3 million (index 101) and **other assets** totalled EUR 4.8 million (index 77).

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Balance sheet of the Triglav Group as at 31 December 2021 – according to IFRS

	31 December 2021	31 December 2020	Index	Share 2021	Share 2020
ASSETS	4,374,353,616	4,139,441,072	106	100.0%	100.0%
Intangible assets	107,184,415	100,975,475	106	2.5%	2.4%
Property, plant and equipment	108,655,212	113,291,036	96	2.5%	2.7%
Non-current assets held for sale	3,812,044	915,851	416	0.1%	0.0%
Deferred tax assets	927,425	778,589	119	0.0%	0.0%
Investment property	75,110,973	78,977,800	95	1.7%	1.9%
Right-of-use assets	10,933,109	9,821,211	111	0.2%	0.2%
Investments in associates	36,031,346	28,237,714	128	0.8%	0.7%
Financial investments	2,937,700,150	2,887,380,559	102	67.2%	69.8%
- loans and deposits	98,104,537	97,971,079	100	2.2%	2.4%
- held to maturity	157,560,733	162,824,686	97	3.6%	3.9%
- available for sale	2,137,609,082	2,101,914,068	102	48.9%	50.8%
- recognised at fair value through profit or loss	544,425,798	524,670,726	104	12.4%	12.7%
Unit-linked insurance assets	619,617,488	501,808,980	123	14.2%	12.1%
Reinsurers' share of technical provisions	174,839,890	125,873,637	139	4.0%	3.0%
Receivables	212,376,909	203,183,851	105	4.9%	4.9%
- receivables from direct insurance operations	116,855,207	105,484,939	111	2.7%	2.5%
- receivables from reinsurance and coinsurance operations	67,200,932	72,355,133	93	1.5%	1.7%
- current tax receivables	4,127,384	1,950,631	212	0.1%	0.0%
- other receivables	24,193,386	23,393,148	103	0.6%	0.6%
Other assets	4,843,025	6,296,705	77	0.1%	0.2%
Cash and cash equivalents	82,321,630	81,899,664	101	1.9%	2.0%
EQUITY AND LIABILITIES	4,374,353,616	4,139,441,072	106	100.0%	100.0%
Equity	932,986,869	870,151,947	107	21.3%	21.0%
Controlling interests	930,511,224	867,648,574	107	21.3%	21.0%
- share capital	73,701,392	73,701,392	100	1.7%	1.8%
- share premium	50,283,747	50,271,107	100	1.1%	1.2%
- reserves from profit	421,633,959	384,106,692	110	9.6%	9.3%
- 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	77,834,278	89,293,484	87	1.8%	2.2%
- net profit brought forward	234,588,994	229,284,048	102	5.4%	5.5%
- net profit for the year	75,439,847	44,131,955	171	1.7%	1.1%
- currency translation differences	-2,970,993	-3,140,104	95	-0.1%	-0.1%
Non-controlling interests	2,475,645	2,503,373	99	0.1%	0.1%
Subordinated liabilities	49,471,831	49,423,693	100	1.1%	1.2%
Insurance technical provisions	2,576,368,384	2,523,229,144	102	58.9%	61.0%
- unearned premiums	370,043,725	344,760,927	107	8.5%	8.3%
- mathematical provisions	1,432,613,660	1,457,023,963	98	32.8%	35.2%
- claims provisions	694,498,311	645,331,168	108	15.9%	15.6%
- other insurance technical provisions	79,212,688	76,113,086	104	1.8%	1.8%
Insurance technical provisions for unit-linked insurance contracts	622,303,399	509,984,710	122	14.2%	12.3%
Provisions for employee benefits	17,672,133	17,781,153	99	0.4%	0.4%
Other provisions	2,512,536	2,809,101	89	0.1%	0.1%
Deferred tax liabilities	9,377,034	14,539,515	64	0.2%	0.4%
Other financial liabilities	3,085,647	2,895,834	107	0.1%	0.1%
Operating liabilities	63,341,658	70,313,038	90	1.4%	1.7%
- liabilities from direct insurance operations	19,450,557	16,801,856	116	0.4%	0.4%
- liabilities from reinsurance and coinsurance operations	41,241,465	48,940,738	84	0.9%	1.2%
- current tax liabilities	2,649,636	4,570,444	58	0.1%	0.1%
Lease liabilities	11,274,806	10,025,532	112	0.3%	0.2%
Other liabilities	85,959,319	68,287,405	126	2.0%	1.6%

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9.2 Zavarovalnica Triglav

9.2.1 Equity and liabilities

Zavarovalnica Triglav's **total equity** amounted to EUR 675.2 million, up by 5% compared to the preceding year. Its share in the balance sheet total increased by 0.2 percentage point to 21.6%. **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 10% to EUR 404.6 million and comprise legal and statutory reserves in the amount of EUR 4.7 million and other reserves from profit in the amount of EUR 399.9 million, which rose by EUR 36.7 million due to the allocation of net profit.

As a result of a decrease in the value of available-for-sale financial assets, **fair value reserves** declined by 6% to EUR 55.9 million.

Accumulated profit amounted to EUR 87.7 million (index 98), including net profit for the year (index 84) and net profit brought forward of EUR 50.9 million. Net profit brought forward increased by EUR 29.1 million due to the transfer of net profit for the preceding year and decreased due to the payment of dividends of EUR 38.6 million. Net profit for the year disclosed in the balance sheet totalled EUR 36.7 million, which was EUR 36.7 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.

Subordinated liabilities amounted to EUR 49.5 million and were at a level approximately equal to the 2020 year-end (index 100).

Gross insurance technical provisions totalled EUR 2,280.5 million, up by 4%. They represented 73.1% of total balance sheet liabilities, down by 0.3 percentage point. Mathematical provisions grew by 4% to EUR 1,548.5 million. Provisions for gross unearned premium increased by 5% and gross claims provisions by 4%. Other insurance-technical provisions declined by 9%.

Operating liabilities grew by 3% to EUR 34.9 million and accounted for 1.1% of total balance sheet liabilities. Their growth was mainly influenced by 24% increase in liabilities from reinsurance and coinsurance operations.

Lease liabilities amounted to EUR 4.6 million, up by 26% relative to the 2020 year-end. The majority of lease liabilities was accounted for by long-term lease liabilities, while short-term lease liabilities amounted to only EUR 15,000 (index 196).

Deferred tax liabilities offset against deferred tax assets amounted to EUR 4.2 million. They fell by 56% primarily due to the lower fair value reserves for which deferred tax is calculated.

Other liabilities increased by 37% to EUR 55.1 million, mainly due to higher short-term trade payables. They represented 1.8% of total balance sheet liabilities.

9.2.2 Assets

Financial investments totalled EUR 1,968.7 million and were slightly lower compared to 2020 (index 99). Their share in total assets was 63.1%. In total financial investments, EUR 1,588.4 million was accounted for by available-for-sale investments, EUR 206.8 million by investments measured at fair value through profit or loss, EUR 140.9 million by held-to-maturity investments and EUR 32.5 million by loans and deposits. **Unit-linked insurance assets** increased by 22% to EUR 539.4 million.

Investments in subsidiaries and associates rose by 6% and totalled EUR 173.6 million, representing 5.6% of total balance sheet assets. Their increase is the result of the capital increase of Diagnostični center Bled (ZTSR), Triglav and Triglav Avtoservis in the amount of EUR 9.9 million (see Section [2.8.4 Composition of the Triglav Group](#) for more information).

Investment property amounted to EUR 43.8 million, down by 1%.

Receivables grew by 10% to EUR 105.2 million and represented 3.4% of total balance sheet assets. Receivables from direct insurance operations, which went up by 9% and amounted to EUR 73.5 million, accounted for the bulk. Receivables from coinsurance and reinsurance operations increased by 19% to EUR 23.5 million, other receivables dropped by 10% to EUR 7.6 million and current tax receivables amounted to EUR 564,000 (there were none as at 31 December 2020).

Insurance technical provisions transferred to reinsurance contracts grew by 28% and amounted to EUR 136.1 million. Assets from reinsurance contracts from claims provisions were 34% higher and totalled EUR 94.5 million, while assets from unearned premium rose by 17% to EUR 41.6 million.

Intangible assets increased by 7% due to investments in computer equipment and amounted to EUR 67.0 million. **Property, plant and equipment** of EUR 65.1 million fell by 4%, predominantly due to the calculation of current depreciation.

Right-of-use assets amounted to EUR 4.5 million (index 127). They comprise the right to use land and buildings of EUR 3.2 million (index 135), the right to use vehicles of EUR 1.3 million (index 110) and the right to use other assets of EUR 47,000 (index 220).



Balance sheet of Zavarovalnica Triglav as at 31 December 2021 – according to IFRS

	31 December 2021	31 December 2020	Index	Share 2021	Share 2020
ASSETS	3,118,944,094	2,995,518,165	104	100.0%	100.0%
Intangible assets	67,022,027	62,397,579	107	2.1%	2.1%
Property, plant and equipment	65,143,307	67,775,451	96	2.1%	2.3%
Investment property	43,840,055	44,451,276	99	1.4%	1.5%
Right-of-use assets	4,548,298	3,587,916	127	0.1%	0.1%
Investments in subsidiaries	131,924,683	132,337,466	100	4.2%	4.4%
Investments in associates	41,693,997	31,337,951	133	1.3%	1.0%
Financial investments	1,968,679,979	1,983,588,373	99	63.1%	66.2%
- loans and deposits	32,521,523	36,951,085	88	1.0%	1.2%
- held to maturity	140,946,233	143,908,512	98	4.5%	4.8%
- available for sale	1,588,390,263	1,595,002,429	100	50.9%	53.2%
- recognised at fair value through profit and loss	206,821,960	207,726,347	100	6.6%	6.9%
Unit-linked insurance assets	539,417,972	442,292,488	122	17.3%	14.8%
Reinsurers' share of technical provisions	136,077,958	105,903,438	128	4.4%	3.5%
Receivables	105,169,567	95,800,206	110	3.4%	3.2%
- receivables from direct insurance operations	73,516,574	67,632,214	109	2.4%	2.3%
- receivables from reinsurance and coinsurance operations	23,522,340	19,797,094	119	0.8%	0.7%
- current tax receivables	564,166	0	0	0.0%	0.0%
- other receivables	7,566,487	8,370,898	90	0.2%	0.3%
Other assets	1,513,260	3,741,799	40	0.0%	0.1%
Cash and cash equivalents	13,912,991	22,304,222	62	0.4%	0.7%
EQUITY AND LIABILITIES	3,118,944,094	2,995,518,165	104	100.0%	100.0%
Equity	675,221,933	644,003,173	105	21.6%	21.5%
Controlling interests	675,221,933	644,003,173	105	21.6%	21.5%
- share capital	73,701,392	73,701,392	100	2.4%	2.5%
- share premium	53,412,884	53,412,884	100	1.7%	1.8%
- reserves from profit	404,562,643	367,862,643	110	13.0%	12.3%
- fair value reserve	55,884,634	59,402,079	94	1.8%	2.0%
- net profit/loss brought forward	50,944,831	60,526,536	84	1.6%	2.0%
- net profit/loss for the year	36,715,549	29,097,639	126	1.2%	1.0%
Subordinated liabilities	49,471,831	49,423,693	100	1.6%	1.6%
Insurance technical provisions	1,740,373,185	1,750,315,382	99	55.8%	58.4%
- unearned premiums	246,017,849	235,190,816	105	7.9%	7.9%
- mathematical provisions	1,008,319,155	1,041,557,084	97	32.3%	34.8%
- claims provisions	446,567,255	430,259,621	104	14.3%	14.4%
- other insurance technical provisions	39,468,926	43,307,861	91	1.3%	1.4%
Insurance technical provisions for unit-linked insurance contracts	540,135,052	448,726,097	120	17.3%	15.0%
Provisions for employee benefits	12,842,304	13,073,364	98	0.4%	0.4%
Other provisions	358,980	769,957	47	0.0%	0.0%
Deferred tax liabilities	4,212,732	9,531,162	44	0.1%	0.3%
Other financial liabilities	1,690,586	1,633,896	103	0.1%	0.1%
Operating liabilities	34,861,554	33,977,772	103	1.1%	1.1%
- liabilities from direct insurance operations	10,182,945	10,636,904	96	0.3%	0.4%
- liabilities from reinsurance and coinsurance operations	24,678,609	19,824,185	124	0.8%	0.7%
- current tax liabilities	0	3,516,683	0	0.0%	0.1%
Lease liabilities	4,643,844	3,675,805	126	0.1%	0.1%
Other liabilities	55,132,093	40,387,864	137	1.8%	1.3%

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10. Cash flow statement

- The Triglav Group and Zavarovalnica Triglav generated a positive cash flow from operating activities and negative cash flows from investing and financing activities.
- The closing balance of cash and cash equivalents of the Group was EUR 82.3 million, up by 1% relative to the preceding year.

10.1 The Triglav Group

A positive **cash flow from operating activities** of the Group increased by 15% to EUR 137.4 million primarily as a result of the higher volume of net written premium.

Cash flow from investing activities decreased to EUR –93.9 million (index 112), which was influenced by a larger volume of investing activities due to cash flow from operating and financing activities and changes in cash in the period. The reason for lower absolute income and expenses from investing activities compared to the preceding year is mainly the lower volume of trading in financial instruments as part of the tactical adjustment of portfolios.

Summary cash flow statement of the Triglav Group

		2021	2020	Index
A.	Operating cash flow			
	Income statement items	144,641,397	125,392,511	115
	Changes in net current assets–operating balance sheet items	-7,283,265	-6,336,992	115
	Net cash from/ (used in) operating activities	137,358,132	119,055,519	115
B.	Cash flows from investing activities			
	Cash inflows from investing activities	1,093,015,888	1,361,243,567	80
	Cash outflows from investing activities	-1,186,871,319	-1,445,191,950	82
	Net cash from/ (used in) investing activities	-93,855,431	-83,948,383	112
C.	Cash flows from financing activities			
	Cash inflows from financing activities	0	0	0
	Cash outflows from financing activities	-43,097,819	-29,035,063	148
	Net cash from/ (used in) financing activities	-43,097,819	-29,035,063	148
D.	Closing balance of cash and cash equivalents	82,321,630	81,899,664	101
E1.	Net cash flow for the period	404,882	6,072,073	7
E2.	External acquisition	0	0	0
E3.	Currency differences	17,084	-42,184	
F.	Opening balance of cash and cash equivalents	81,899,664	75,869,775	108

Cash flow from financing activities was negative and stood at EUR –43.1 million (compared to –29.0 million in 2020). There were no income from financing activities in 2021. Financing expenses include dividend payments, interest on treasury bonds, and expenses for interest and principal payments from leases. Most expenses in 2021 were related to dividend payments and in the preceding year to the maturity of the bond.

The closing balance of cash and cash equivalents totalled EUR 82.3 million, a 1% increase relative to the year before.

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10.2 Zavarovalnica Triglav

A positive cash flow from operating activities of Zavarovalnica Triglav totalled EUR 54.0 million, up by 40% compared to the year before. Its increase, as in the case of the Group, is mainly due to a higher volume of net written premium.

Cash flow from investing activities

equalled EUR –20.3 million (compared to EUR –17.1 million in 2020). 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. Due to higher net expenses from financial investments, cash balances with banks further declined. Absolute income and expenses from investing activities decreased compared to the preceding year, mainly due to lower volume of trading in financial instruments as part of the tactical adjustment of portfolios.

Cash flow from financing activities was

negative and stood at EUR –42.2 million (index 167). As in the preceding year, there was no income from financing activities in 2021. Financing expenses include dividend payments, interest on treasury bonds, and expenses for interest and principal payments from leases. Their increase is related to the payment of dividends in 2021, because they were not paid out in the preceding year.

The closing balance of cash and cash

equivalents of EUR 13.9 million was lower by 38% relative to the preceding year.

Summary cash flow statement of Zavarovalnica Triglav

	2021	2020	Index
A. Operating cash flow			
Income statement items	57,377,294	43,160,418	133
Changes in net current assets—operating balance sheet items	-3,345,436	-4,635,089	72
Net cash from/ (used in) operating activities	54,031,858	38,525,329	140
B. Cash flows from investing activities			
Cash inflows from investing activities	945,312,942	1,132,256,197	83
Cash outflows from investing activities	-965,578,127	-1,149,365,270	84
Net cash from/ (used in) investing activities	-20,265,184	-17,109,073	118
C. Cash flows from financing activities			
Cash inflows from financing activities	0	0	0
Cash outflows from financing activities	-42,157,904	-25,224,146	167
Net cash from/ (used in) financing activities	-42,157,904	-25,224,146	167
D. Closing balance of cash and cash equivalents	13,912,991	22,304,222	62
E. Net cash flow for the period	-8,391,231	-3,807,890	220
F. Opening balance of cash and cash equivalents	22,304,222	26,112,112	85

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11. Development and sales activities

- In a year that was again very development-oriented, the focus in both core activities of the Triglav Group was on clients and their user experience.
- The traditional sales method continued to be transformed into a hybrid method and new technological solutions were incorporated into traditional distribution channels.
- In order to further grow its business in the region, the Group entered into new strategic partnerships and started operating in Poland and Denmark via contractual partners.
- The full flexibility of the scope and amount of coverage is an advantage of the redesigned home insurance and new modular insurance products.
- Development processes continued to be carried out in order to facilitate policy underwriting, claim reporting and the digitalisation of back-office processes.
- The client relationship management information system was upgraded in terms of function and data, while the functionalities of the i.triglav web office and online applications intended for clients in both core activities were expanded.
- The centralisation of asset management was increased and the analysis of ESG aspects was integrated into the investment process.

The planned development projects were successfully completed. The Group's efforts remain focused on flexible products and services based on proactive risk identification and comprehensive risk management. In this way, the Group strives to improve its clients' financial security in all stages of their life and business development, adapt to trends in society, especially demographic and technological, and support changes to reduce climate impacts.

The holders of development activities for the whole Triglav Group are the relevant divisions and departments at the parent company. In their work, they research the dynamic and growing needs of clients, monitor developments in other industries and sectors and ensure the transfer of processes, products and services, which they adapt to the specifics of particular markets. Sustainable aspects and regulatory changes are incorporated into the development of products and services, which is presented in greater detail in Section [12 Sustainable development](#).

11.1 Client-centric approach

A client-centric approach is the Group's key focus. It is placed alongside business success and stability, digitalisation and the introduction of new forms of business, and the development of an open culture of cooperation. Its implementation had a positive impact on the Group's business results even before the onset of the pandemic in 2020, when it became clear that such policy was the right one and therefore its implementation was further accelerated. It will maintain its **key role** in the new strategy period. It is supported by the continued comprehensive digitalisation of business and the development of a multichannel approach, organisational culture and a flexible range of modern insurance and investment products and services, which are provided with existing and newly established business ecosystems.

At the strategic level, **the concept of client focus** was expanded to simultaneously achieve an outstanding and uniform user experience. The establishment of a central entry point and the upgrade of the client relationship management (CRM) system will contribute to achieving this goal.

With flexible products, such as modular insurance, the Group strives to offer clients a wide range of insurance scope and coverage, and by digitalising processes and focusing on a uniform and outstanding user experience enable clients to choose the most appropriate form of cooperation at any stage.





After the first pandemic year, in which the highest level of employee and client satisfaction was achieved to date, the clients' changing needs and the increased use of digital tools continued in 2021. Once again, very high client satisfaction was recorded. See Section [12 Sustainable development](#) for more information.

The share of remote business remained high despite the easing of measures, which shows that clients accepted it and want it in the future. In the second year, marked by measures related to limiting the spread of the COVID-19 pandemic, traditional distribution channels continued to be integrated with new technological solutions for more effective **remote business** and even more **targeted client satisfaction**.

Digital business solutions were optimised and adapted throughout the year, which are *presented below*. At the forefront were:

- development of client-tailored products and services,
- digitalisation of back-office processes,
- digital sales expansion,
- digitalisation of claim processes and
- upgrading the functionality of the i.triglav web office, which is becoming the central contact point between clients and Zavarovalnica Triglav and whose number of users is constantly growing.

A high level of accessibility of the Group's services was maintained while expanding communication channels. Responsiveness is key to building and strengthening client relationships. This aspect is also realised by ensuring our availability on toll-free telephone numbers (general information and technical assistance: 080 555 555, info@triglav.si; and assistance services: 080 2864 in Slovenia, 080 2222 2864 abroad). In 2021, nearly 500,000 calls were answered and nearly 80,000 written client requests were received. The toll-free telephone number 080 2664 of Triglav, Zdravstvena zavarovalnica, is available for information on health insurance, and the toll-free telephone number 080 1019 of

Triglav Skladi is available for information on investment solutions.

To complement the its diverse selection of communication channels, the Group developed a **live/web chat** and chat operated by a digital assistant, i.e. a chatbot. An online application for booking appointments with an insurance agent is also available to clients, which allows them to make an appointment, use a video call and includes the online presentation of agents.

The range of assistance services was further expanded. In addition to car, home and computer assistance as well as assistance for microvehicles and watercraft, **assistance for small animals** is now available. The organisation of work was adapted to ensure the effective and client-friendly settlement of mass claims, while simple property damage claims can be reported by calling the toll-free telephone number, online or via the Triglav Asistenca mobile application. In terms of the accessibility and availability of the Group's solutions, public calls and instructions on what steps to take in the event of a pandemic and major CAT events are published.

In 2021, many activities in Group subsidiaries focused on upgrading client relationships. In addition to upgrading the operation of call centres in Croatia and Serbia, the call centre was launched in North Macedonia. Many processes were perfected in order to take out insurance with ease, helping to increase the responsiveness of back-office departments.

11.1.1 Development of sales processes and channels

Sales and after-sales processes are being upgraded by **transforming the traditional way of selling insurance into a hybrid way, which enables both remote selling and personal contact**. Due to the unstable epidemic situation, the sales network as the Group's main sales channel focused on remote selling. Contact with clients was maintained via various communication channels, including personal contact, depending on the available options.

Clients were encouraged and assisted in taking out insurance and reporting claims remotely, while the opening hours of points of sale and the assistance centre were adapted to client needs. The operation of the contact and call centre at Zavarovalnica Triglav was strengthened.

The sales competencies of the most important sales channel, i.e. own sales network, were improved through regular and extensive training, while cooperation with the external sales network was strengthened via various forms of networking. A lot of effort was invested in upgrading the sales competencies for bank sales channels, while simplifying the procedures for attracting new clients. Through education and training, the sales staff learnt about changes in the environment, especially new purchasing habits of insurance service users and risks and digitally supported sales processes, while facilitating intergenerational cooperation and knowledge transfer, as reported in Section [12 Sustainable development](#).

- In **Slovenia**, an advanced digital uniform platform began to be implemented to support the sales process at the Group for non-life, life and health insurance in one place. With regard to life insurance, single

premium unit-linked life insurance and complementary serious illness insurance products sold via the bank channel were redesigned in the single digital platform.

- In **Croatia**, an application solution for the more systematic use of sales opportunities in the Group's own sales network was upgraded and the conclusion of selected insurance policies was enabled via a more advanced application in other sales channels.
- In **Serbia**, business processes for cross-selling and even more systematic processing of sales opportunities were upgraded.
- In the market of **Bosnia and Herzegovina**, the Group's own sales network continued to be strengthened and branches in Posušje and Livno opened their doors. Cooperation with bank sales channels with respect to non-life insurance was expanded in terms of process and products, the conclusion of life insurance policies was improved and simplified, and travel health insurance with assistance was offered via online sales channels.
- In **North Macedonia**, the sale of insurance products was promoted via own and external sales networks, and the application for taking out insurance and reporting claims was upgraded. Cooperation with Komercijalna banka Skopje was strengthened with respect to loan protection insurance covering unemployment, disability, accident, illness and death.
- In **Montenegro**, in addition to the Group's own sales network, cooperation with bank sales channels was strengthened. Due to legislative changes applying to insurance for the default of consumer loans, a cooperation agreement was entered into with three banks. Online conclusion of insurance

for micromobility vehicles and accident insurance for children was also enhanced.

11.1.2 New forms of partnerships

The Group is increasing its volume of business by entering into strategic alliances or partnering with **companies and other partners in its markets and beyond**. In this way, it is reducing business uncertainties, overcoming its geographical limitations and improving the expertise and content of services provided to its clients. In 2021, it offered a number of new forms of insurance protection to its partners and clients. Thanks to the high level of automation and digitalisation of cooperation, they also experienced an enriched and friendlier sales experience.

- In **Slovenia**, the Company built strategic partnerships with banks and other financial institutions as well as sales networks for the sale of insurance services. It strengthened its cooperation with Nova KBM, Gorenjska banka, Sberbank and Delavska hranilnica, as well as with partners for insurance agency and brokerage activities. It entered into new alliances with mobile operators to sell insurance for the protection of mobile phones and other portable devices.
- In **other markets in the region**, the Group expanded its business practices and alliances, such as new partnerships in selling extended vehicle warranty in Serbia, making strategic commitments with Halkbank and NLB and establishing a long-term strategic partnership in life insurance with Rade Končar in North Macedonia.
- The Group is conquering **the markets where it is not directly present** by entering into contractual partnerships as an insurance provider that co-creates a full range of

various products and services. Its presence in this segment in 2020 included cross-border services in more than 15 EU Member States. In 2021, the Group's presence was significantly enhanced, both in terms of new markets and insurance groups provided to foreign clients. In addition to business partnerships in Greece, Italy, Norway and Netherlands, new operations were launched in Poland and Denmark.

In parallel with upgrading existing partnerships and entering into new ones, **the Group increased information connectivity with its partners and the number of joint marketing campaigns**. Information support was provided to the non-life (motor vehicle) insurance sales process in Poland, while partnering with the sales network of Gorenje and Big Bang in Slovenia. Joint marketing activities with some partners, such as Petrol, were strengthened. See Section [12 Sustainable development](#) for more information.

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11.1.3 Business ecosystems

Products and services that generate **new value** for clients and other stakeholders are designed by developing business ecosystems, thereby expanding the Group's market presence and creating new sales opportunities. The Group's main long-term competitive advantage is the upgrading of insurance and financial products with assistance and related services, which are provided together with a partner network. In this way, a comprehensive solution to clients' needs is ensured in addition to their financial security. The main building blocks of any ecosystem are assistance services expanded by related services, which are supported by advanced information and digital solutions.

Ecosystems are built in five main areas:

- care for people's health,
- care for small animals' health,
- safe and sustainable mobility,
- carefree and safe living and
- financial services.

The Triglav Komplet bonus system connects and rewards client loyalty and uniformly completes all main areas.

New providers were included in the **well-developed business ecosystem in the field of healthcare services**, while upgrading existing partnerships for comprehensive medical treatment of clients. The range of specialist outpatient treatment services was expanded with pulmonary services for adults. Cooperation with primary healthcare service providers was enhanced and two additional consultative committees were established – the

Consultative Committee on Comprehensive Care and the Consultative Committee on Prevention and Rehabilitation in Sport.

The services provided by the Company's partners is complemented by the range of Company's insurance services, thereby giving potential policyholders what they need at the right time. The Company works with providers of home, car, computer, micromobility and small animal assistance.

“Development innovations, such as flexible insurance products and the guidelines adopted for the further development of business systems, reflect the direction of development in which the Group is gradually moving from a business model focused on traditional insurance products to a predominantly service-oriented model. These solutions are comprehensive in their internal structure, easy to use and adaptable to the client's needs. This is, for example, is evidenced by our new home insurance product, which achieves high flexibility in guarantees and the scope of coverage, and which also includes assistance services. In the future, we will expand these products within business ecosystems in five key areas, and will continuously support them with information and digital solutions and a joint bonus system. In addition to financial security, we want to provide clients with effective solutions to their problems and offer them an excellent comprehensive experience. Our clients' trust and satisfaction are closely connected, and in the past year both were rated very high, the highest precisely in the field of assistance services.”



Janko Šemrov

Executive Director at Zavarovalnica Triglav

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Five main development areas of Triglav Group's business ecosystems

Triglav Group's business ecosystems

Main areas

Carefree and safe living

Financial services

Care for people's health

Care for small animals' health

Safe and sustainable mobility

The Triglav Komplet bonus system

Significant progress was made in the **insurance of electronic devices**, targeting clients in the partner sales network during the purchasing process via a simple and fast solution.

With regard to **the asset management activity**, Triglav Skladi is developing an agile digital ecosystem, which is reflected in the advanced functionalities of its digital platforms.

11.1.4 Development of insurance products and services

Identification of client needs and expectations of individual markets was reflected in the development and redesign of insurance products and services. As in previous years, the focus in 2021 was on their simplicity, comprehensiveness and transparency, as well as on strict compliance with legal and other regulatory requirements (see Section [12.5 Governance aspects, Adjustment to regulatory changes](#) for more information). Regular adjustment of insurance terms and conditions,

such as tariffs, conditions and guidelines for underwriting, remains crucial for improving underwriting results.

Good practices continued to be transferred from Slovenia to other Group markets, while taking advantage of synergies in the development of uniform regional solutions. Special attention was paid to the transfer of sales practices and experiences in the training of sales staff, in addition to the continued implementation of a modern human resource information system and portal for employees at subsidiaries. See Section [12 Sustainable development](#) for more information about the latter and the high level of client satisfaction achieved by developing processes and products designed to provide a better user experience.

Development innovations by insurance group

- **Property and interest in property insurance:** By redesigning its home insurance product, transparency was increased and full

flexibility in the scope and amount of insurance coverage for residential buildings was achieved. A new and important step was taken in focusing on diverse client needs. With a wide range of options, the home insurance product captures the growing expectations of clients, ranging from quick and easy online purchases to advice from insurance agents on tailoring the product to clients' wishes.

- **Online platform for reporting non-life claims:** The online environment was upgraded to automatically inform clients about the status of their claim settlement, in addition to expanding and simplifying online reporting options.
- **Motor vehicle insurance:** The insurance terms and conditions of motor vehicle insurance were adjusted to the needs of the market and the focus on simple, profitability-oriented and claim-balanced products. With adjustments to the coverage, "mini" car assistance, insurance solutions for leasing

service providers and vehicle importers (e.g. a multi-year policy for leasing-financed vehicles) were made available.

- **Agricultural insurance:** The products were harmonised with the Decree on co-financing of insurance premiums. With regard to insurance of fruit against the risk of spring frost, the start of insurance guarantee was redefined.
- **Small animal insurance:** A new insurance product was launched and automatic changes to perpetual insurance policies were implemented.
- **Accident insurance:** Group accident insurance for hotel guests, visitors and day trippers as well as cable car users (combined tariffs, optimised claim payout process for individual risks) was simplified. Additional accident insurance for the elderly was upgraded with covers, such as monthly accident annuity and a surgery rider.
- **Health insurance:** With the upgraded range of group insurance products, businesses are able to provide their employees with quick and easy access to healthcare services. The terms and conditions of these insurance products were unified within a modular product, which sets out the common general terms and conditions for several group insurance products – *Zobje Kolektivno* (Group Teeth), *Drugo mnenje Kolektivno* (Group Second Opinion) and *Zdravstveni nasvet Kolektivno* (Group Medical Advice). Additional covers are also available.
- **Transport insurance:** With respect to drone insurance, the terms and conditions of hull and liability insurance were updated in view of legislative changes and the new classification. Preparations were made to accommodate potential future legislative

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changes (compulsory liability insurance for drones with a take-off weight of over 250g) and online underwriting. The insurance terms and conditions were adjusted to the requirements of reinsurers (inclusion of a cyber risk exclusion clause and a renewed clause on the exclusion of radioactive contamination, chemical, biological, biochemical and electromagnetic weapons).

- **Accounts receivable insurance:** Unemployment insurance was redesigned as a modular insurance product, which enables the inclusion of various covers and target groups. It can also be concluded for

employees abroad and natural persons carrying out a business activity. Due to a legislative change (Article 22 of the Consumer Credit Act on the consumer's eligibility to reduce total credit costs), the terms and conditions for consumer and housing credit insurance products were updated.

- **Life insurance:** Complementary critical illness and injury insurance was expanded to include covers such as stress, anxiety, depression and

burnout. Group life insurance was redesigned to enable legal entities to include employees and their family members. The covers of existing insurance for travel abroad were expanded with risks related to COVID-19 (e.g. cover of costs of trip interruption or extended stay due to ordered quarantine). The single premium unit-linked life insurance product was adapted for sale via bank sales channels, and the life insurance product with partial

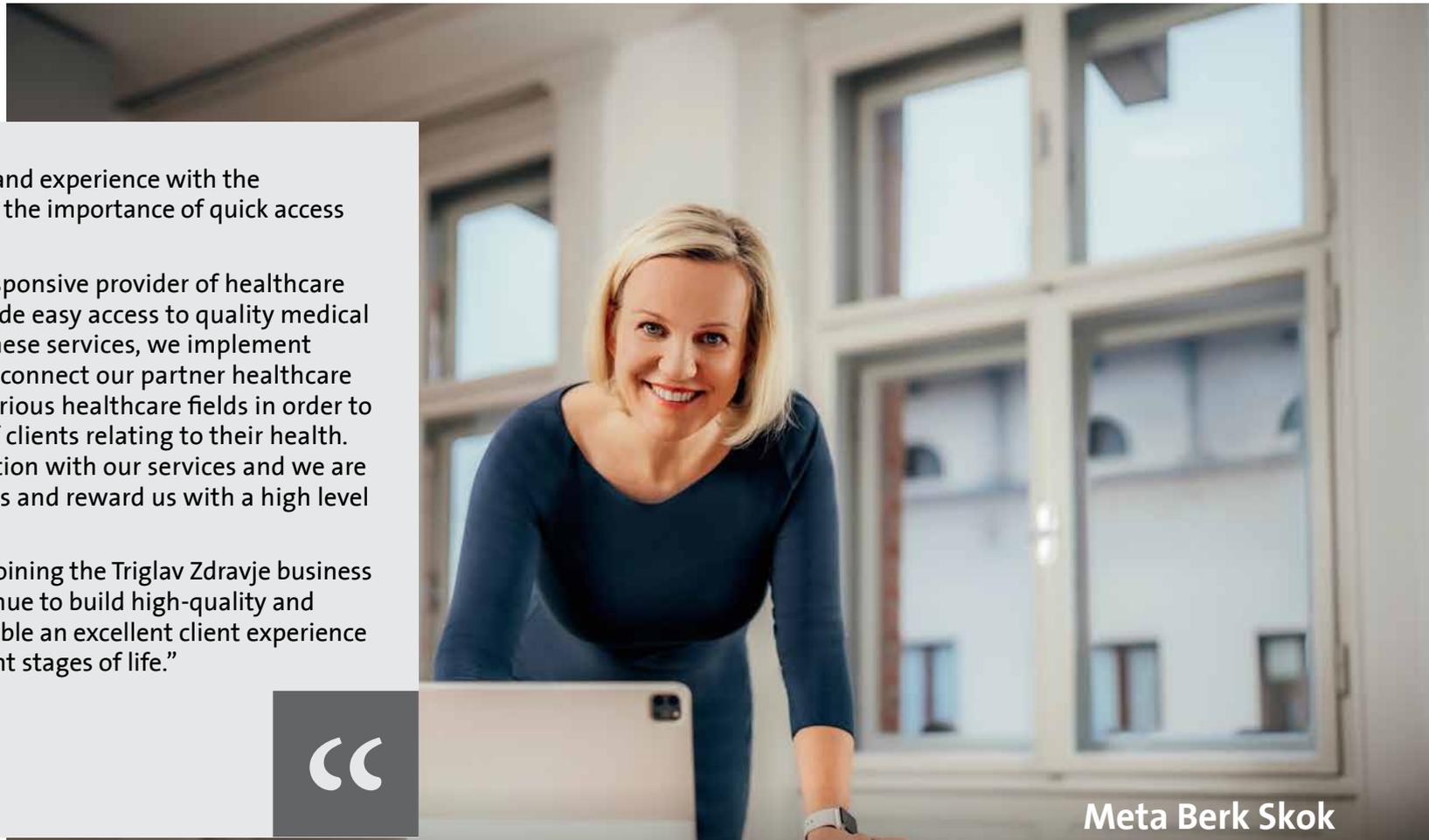
premium refund was upgraded with the option of being taken out by legal entities.

- **Pension insurance:** The bonus system of voluntary pension insurance for the entire Group was modified, while automating the registration process. The implementation of supplemental voluntary pension insurance processes for the portfolios of Zavarovalnica Triglav and Triglav, pokojninska družba d.d. was consolidated.

“We focus on the client, their needs and experience with the Company’s services. We are aware of the importance of quick access to healthcare services.

That is why we are a reliable and responsive provider of healthcare and assistance services, which provide easy access to quality medical treatment. In the development of these services, we implement advanced technologies and actively connect our partner healthcare providers and other experts from various healthcare fields in order to meet the needs and expectations of clients relating to their health. We carefully monitor client satisfaction with our services and we are proud that they recognise our efforts and reward us with a high level of trust.

New, reliable partners are regularly joining the Triglav Zdravje business ecosystem, with which we will continue to build high-quality and comprehensive services that will enable an excellent client experience in caring for clients’ health in different stages of life.”



Meta Berk Skok

President of the Management Board of Triglav, Zdravstvena zavarovalnica

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Main development activities in the Group's insurance markets

Slovenia

- The launch of a redesigned (non-life) home insurance, which with a wide range of options meets the current and future expectations of clients.
- Simplified underwriting procedures for i.triglav users with automated data transfer from publicly available databases (the Slovenian Surveying and Mapping Authority – GURS).
- Renewal of motor vehicle insurance through the DRAJV application with the use of related bonuses.
- Automatic notification of legal entities about the status of property claim settlement by text messages or email.
- Online reporting of claims from general and professional liability insurance and death or disability.
- Simplified online reporting of claims in the case of a major CAT event.
- Real-time monitoring of car assistance services based on the integrated capture of data on the provision of services and the movement of the contractor selected to provide these services.
- Short-term auctions of assistance services for fast and cost-effective implementation of more demanding emergency services in the transport of damaged vehicles from abroad.
- The upgraded “report – eliminate” system for the elimination of damage to property provides the option of selecting appropriate contractors, supervision and settlement of repair costs instead of paying compensation.
- Referral for a medical examination to Zavarovalnica Triglav's contractor through

Triglav, Zdravstvena zavarovalnica's health information office (Zdravstvena točka) with improved processes, especially in relation to the payment of claims and cost reimbursement.

- Remotely determining a medically justified indication under the *Zdravstveni nasvet Kolektivno* (Group health advice) insurance product to facilitate the availability of family physicians during the COVID-19 epidemic for specialist outpatient treatment policyholders.

Croatia

- New products and additional covers in several insurance groups were launched, such as motor vehicle liability insurance, home insurance, marine hull insurance and health insurance. The liability of owners or drivers of assisted mobility vehicles was introduced in motor vehicle liability insurance. Home assistance, extended warranty insurance, the Triglav plus complementary health insurance package and extended packages for small businesses and sole traders were launched.

Serbia

- Redesigned home insurance.
- A customised truck tyre insurance product for Goodyear partners was launched.

Bosnia and Herzegovina

- New insurance products: drone insurance, corporate receivables insurance and bonus insurance in motor vehicle liability insurance.
- Harmonisation of tariffs of motor vehicle liability with regulatory requirements, promotion of insurance for additional covers of comprehensive insurance and car windows.

North Macedonia

- Home insurance with revised tariffs.
- New assistance insurance for goods vehicles.
- Enhanced life insurance sales channels.

Montenegro

- Life insurance: the launch of scholarship insurance and endowment insurance for the elderly, revised group insurance for company employees.
- Non-life insurance: the launch of micromobility vehicle insurance and assistance services for goods vehicles.

11.2 Business transformation and digitalisation

The dynamic needs of clients and changes in the environment are taken into account by adapting the internal organisation and business processes. Some business processes were automated. In addition to intense promotion of knowledge transfer among employees and the acquisition of digital and communication skills, the option to work from home and working in hybrid teams was made available to even more employees. See Section [12 Sustainable development](#) for more information.

The Company focused on developing a communication platform that provides a process and technical starting point to ensure a uniform and sophisticated client experience. The basis for the continuous upgrading of comprehensive client relationship management and the achievement of an outstanding user experience is being upgraded with the project of establishing a **central entry communication point**. In this context, the client relationship management (CRM) information system was upgraded in terms of functionality and

data. The processes for resolving client claims through various contact points were expanded, greater responsiveness and a shorter time for responding to clients and resolving individual claims were ensured, and the module for conducting marketing campaigns was upgraded.

In relation to **non-life insurance sales**, IT support was provided to underwriting processes in pet insurance and redesigned home insurance. With regard to **life and pension insurance**, IT support was upgraded for several products, such as supplemental voluntary pension insurance, group voluntary pension insurance, complementary accident insurance for the elderly and single premium unit-linked life insurance for the elderly, while IT support was provided to some new products, including the single premium unit-linked life insurance product with partial guarantee – Preudarna naložba (Prudent Investment). In the pension insurance segment, IT support was provided for the consolidation between Zavarovalnica Triglav and Triglav, pokojninska družba, and technical frameworks for obtaining GDPR consent and facilitating the design of marketing campaigns were redesigned.

In order to speed up clients' access to **healthcare services**, additional providers were included in the system for direct appointments, in addition to expanding the range of services that may be requested electronically regardless of healthcare providers' working hours.

The centralisation of information technologies (IT infrastructure) was completed at Triglav Osiguranje, Zagreb and Triglav Osiguranje, Banja Luka, whereas it continued in other subsidiaries. A modern digital platform for the sale of life insurance in the Croatian market began to be implemented. The i.triglav digital office for business users (B2B) was redesigned,

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while its related functionalities were upgraded and its use expanded to business users in the pension insurance segment.

As part of the systematic monitoring of technological development, the bases were prepared for the selection of a more modern platform as a cloud solution to support the data warehouse. The **reporting and analytical system** was further developed, and relevant departments were given access to data so as to facilitate the business decision-making process as well as optimise and automate business processes. For a higher level of transparency, new data types were introduced in the data warehouse, including those that enable a better understanding of client needs and expectations. Furthermore, the data model in the Group's central data warehouse was upgraded, while the reporting and analytical system was updated at the level of individual subsidiaries.

In **back-office operations**, several processes and methods of work were improved and upgraded. The dunning procedure was shortened from five to three levels, thereby reducing the number of notices of overdue payment and increasing the probability of payment of overdue premiums. In addition, the process of sending notices about overdue premiums and the termination of insurance contracts was simplified and shortened. When dealing with claims from financial loans, the Company was able to get everyone involved to report a claim on the website. The subrogation claim process was digitalised in the part relating to e-report of subrogations and the claim settlement process was improved.

11.2.1 Business digitalisation

The development of business digitalisation is directly related to business transformation. In 2021, it continued to be largely influenced by the COVID-19 epidemic. Development processes continued to be carried out in order to facilitate policy underwriting, claim reporting and the digitalisation of back-office processes. Focus was on fostering paperless operations.

The key upgrades in business digitalisation for a better user experience included:

- upgraded applications for online non-life and life insurance underwriting;
- faster and easier way to register and identify new users in the i.triglav web office and simplified registration for existing clients using the received QR code;
- upgraded functionality of the i.triglav web office (access to documentation received through other communication channels, new content such as a presentation of mutual funds);
- upgraded functionality of the online application for remote inspection of the object insured;
- remote reporting of life insurance claims and the implementation of an electronic claim file at Triglav, pokojninska družba;
- digital insurance check during the vehicle registration process;
- extended functionalities of the DRAJV application, such as informing about the geographical position of the client to provide assistance, the option to renew motor vehicle insurance with ease and the conclusion of insurance for travel abroad;
- introduction of artificial intelligence in back-office and information connectivity processes and in processes that simplify

dealing with clients (e.g. identification of damage to vehicles in the process of remote damage inspection, identification of a client's registration number in the valuation process with automatic claim recording);

- upgraded mobile and online applications Moj račun (My Account) and Triglav Skladi and marketing tools for greater transparency and usability of data;
- numerous activities in companies operating in the markets outside Slovenia, including an upgraded digital signing functionality, increased range of insurance products in the online store and upgraded functionality of the B2B portal in Croatia; implemented solution for digital communication and digitalised underwriting of life insurance in Serbia.

11.3 Development activities related to asset management

The Triglav Group's client-centric approach also plays a key role in asset management in achieving competitive advantages over other investment solution providers. Due to the market concentration of asset management services within larger banking and insurance groups, more attention is paid to developing a recognisable brand. The Group identified these changes and responded to them through the active and targeted adjustment of its range of products and services.

Development of products and services

As part of the financial objectives strategy, Triglav Skladi updated all five of its investment policies. Two packages of investment opportunities were prepared for dynamic and moderate investors to be marketed in 2022. Savings plans as a scheme of regular monthly

payments into mutual funds were upgraded, with an emphasis on greater simplicity and a better user experience.

Clients were addressed via various marketing channels, our presence on social networks and the use of digital platforms were strengthened, and a **call centre** was established.

In 2021, **Triglav Skladi**, which is also active on the market of Bosnia and Herzegovina, initiated the procedures for launching two new open-end investment funds – *Triglav Obveznički* and *Triglav Globalni dionički*.

Triglav, pokojninska družba obtained all licences to provide insurance under the new pension schemes offered by Triglav, pokojninska družba and Zavarovalnica Triglav. The new pension schemes (for group and individual insurance) are implemented by a new group of guarantee funds of the Triglav Pokojnine+ life cycle, consisting of the *Delniški kritni sklad Triglav Pokojnine+ (equity guarantee fund)*, *Mešani kritni sklad Triglav Pokojnine+ (mixed guarantee fund)* and *Zajamčeni kritni sklad Triglav Pokojnine+ (guaranteed guarantee fund)*. Both companies harmonised their pension schemes, management rules and investment policy statements with the new legislation and obtained the consent of the supervisory authorities for these changes.

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Process development

Partnerships to achieve synergy effects were also strengthened in the field of asset management both at Group level and between its companies.

The centralisation of asset management and the transfer of management of some portfolios to specialised companies within the Group continued at Group level. The procedures for developing common investment bases for individual investment classes were upgraded, and with regard to the investment portfolio **an analysis of ESG aspects was included** in the

investment process. In this way, the Company aims to reduce the risk of investments in terms of sustainable business, while pursuing long-term stable profitability.

The platform for investing in alternative investments continued to be developed and the range of alternative investment classes was further expanded in cooperation with Triglav. In order to increase the return on portfolios, the exposure of alternative

investment classes in relation to the risks assumed was slightly increased, while **maintaining high portfolio liquidity**.

In 2021, Triglav Skladi completed **the final phase of Alta Skladi's business integration**. The umbrella fund *Krovni sklad* Triglav is composed of all subfunds of the Alta umbrella fund as reflected in its expanded offering, which consists of 18 mutual funds, thereby comprehensively addressing and

targeting client needs. The successful merger contributed to the strengthening of the investor base and enhancing the sales team to obtain new clients and achieve the planned results, which is already showing success. The migration of databases and the unification of data in back-office systems were also effectively completed, thereby achieving all strategic objectives of integration.

“We upgraded our approach to clients with revised investment solutions and a personalised range of products and services, which is even more tailored to their needs. We have opened a new, information-supported call centre and expanded the range of channels where information, advice and advanced services are provided to clients. Asset management services are also included in the expanded i.triglav web office. We are pleased to have successfully completed the integration of Alta Skladi with the migration and unification of databases. Furthermore, we are proud to have attracted new clients to invest in mutual funds and use our discretionary mandate services. We are strengthening the brand and positioning it wisely in the asset management activity, which is a strong factor of trust in a period of market concentration. We pursue agility and digitality not only in the development of products and services for clients, but are also equally committed to them in building an open and cooperative culture. Good data management and strengthening business digitalisation will enable us to get even closer to our clients and meet their expectations.”



Benjamin Jošar

President of the Management Board of Triglav Skladi

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Non-financial statement

The Triglav Group implements its mission and strategic guidelines by integrating ESG aspects into its operations, promoting the transition to a sustainable society and carrying out activities in the internal and external environments, thereby joining efforts and commitments to mitigate climate change. In 2021, the Group upgraded its sustainability commitment, adopted the Triglav Group's strategic ambitions in sustainable development (ESG) and defined several key management processes.

For non-financial reporting, the Group uses Global Reporting Initiative (GRI) standards and their specific guidelines for the financial sector, Sustainability Accounting Standards Board (SASB) standards and an overview of the Group's progress in contributing to the achievement of the United Nations Sustainable Development Goals (SDGs). The integrated Annual Report of Zavarovalnica Triglav and the Triglav Group for 2021 is thus in line with the requirements of the Companies Act (ZGD-1), which requires public interest entities with an average number of employees greater than 500 on the balance sheet cut-off date to include a non-financial statement in their business report. This content is presented in an integrated way throughout the whole annual report.

- The information, the description of 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 at the Triglav Group](#).
- The main risks related to the above-mentioned areas are presented in the context of [Risk Management](#), Section [11 Development and sales activities](#) and Section [12 Sustainable development 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 2021.
- A description of the diversity policies implemented in relation to administrative, management and supervisory bodies is presented in Section [5 Corporate governance Statement](#).
- The disclosures required by the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 concerning the proportion of exposures to taxonomy non-eligible and taxonomy-eligible economic activities are described in Section [12 Sustainable development at the Triglav Group](#).

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

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12. Sustainable development at the Triglav Group

- The Triglav Group's strategic ambitions in sustainable development (ESG) were adopted.
- Sustainability factors are included into the investment processes of own insurance portfolio with the aim of achieving long-term profitable investments.
- The Triglav Zeleni fund invests in shares of companies that are among the leaders in corporate social responsibility within their industry.
- The Group's organisational culture is more cooperative, inclusive, development-oriented, transparent, open and creative. The progress made is one of the greatest in the region.
- The spread of COVID-19 was curbed with a number of measures designed to protect the health of clients and employees, including by working from home and strengthening preventive health activities.
- By upgrading mobile applications and launching new digital solutions, the Group increased the availability of its services and simplified claim settlement and asset management processes.
- The Group started to calculate and monitor its carbon footprint in a more comprehensive manner. As many as 95% of electricity for the parent company was obtained from renewable energy sources.
- The Triglav Group Code was revised.

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

The implementation of the Group's mission was closely linked with its pursuit of sustainability goals, with which the Group is creating a long-term stable basis for its profitable and safe operations, promoting the transition to a sustainable society and reducing its impact on climate change. In 2021, the Group upgraded its sustainability orientation in environmental, social and governance areas and adopted **the Triglav Group's strategic ambitions in sustainable development (ESG)**.

At Group level, sustainability-related activities are coordinated and directed by the Sustainable Development Coordinator, monitored by the Compliance and Sustainable Development Committee and decided on by the parent company's Management Board.

The ambitions regarding the ESG goals for 2025 are divided into four key areas:

- Insurance and asset management
- Triglav Group's business processes
- Responsible stakeholder engagement
- Effective corporate governance

See Section [4 Strategy and plans of the Triglav Group](#) for more details about the strategic ambitions in sustainable development (ESG).

Zavarovalnica Triglav became a signatory to the United Nations Principles for Sustainable Insurance (UN PSI) in February 2021, and thereby a member of the global community of banks, insurers and investors joining the United Nations Environment Programme Finance Initiative (UNEP FI). In addition, the Company joined the Partnership for Carbon Accounting Financials (PCAF). The PCAF's mission is to enable financial institutions to measure the climate impact of their loans and investments. It also established a working group that is developing a methodology to measure insurance-related GHG emissions.

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Sustainability highlights

Transition to a climate-neutral and resilient circular economy



2.09

tCO₂ is the carbon footprint per employee in the Group and 2.14 tCO₂ in Zavarovalnica Triglav (Scope 1 and 2)

95%

of electricity consumed at Zavarovalnica Triglav comes from renewable sources (60% at Group level)

↑57%

more premium written by the Group from products with environmental and social impacts

To integrate ESG aspects into product development and execute own business processes. By 2025, to reduce the carbon footprint per employee using the location-based method by 15%. To implement the European Green Deal on carbon neutrality by 2050.

Responsible stakeholder and community engagement



↑72

NPS index, high satisfaction of Zavarovalnica Triglav's clients

↑4.00

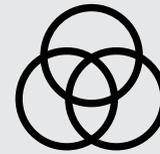
ORVI index, high employee satisfaction

190,000,000

km driven with the DRAJV safe driving application

To maintain high employee and client satisfaction. To develop an open culture of diversity and cooperation. To promote projects that contribute to the achievement of the United Nations Sustainable Development Goals (SDGs).

Effective corporate governance



42%

share of women at first and second management levels under the Management Board



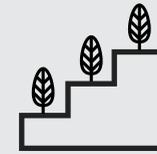
Policies adopted to integrate ESG aspects into operations

Engagement

of the Compliance and Sustainable Development Committee and the Sustainable Development Coordinator in sustainability risk management

To upgrade high corporate governance standards by integrating ESG aspects and effectively manage sustainability risks. To increase the scope of public disclosures related to main aspects of sustainable business (according to GRI GS, SASB, CDP and TCFD methodologies).

Sustainability aspects of asset management



8%

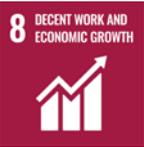
share of social impact, green and sustainable bonds in debt securities



Adopted key principles for integrating ESG factors into the investment policy (The sustainability aspect of the investment policy)

To double the share of green and sustainable investments in asset management by 2025.

Presentation of key ESG factors and main SDGs at the Triglav Group:³³

Area	Activities	Main SDGs
<p>Environmental aspect (E)</p> <ul style="list-style-type: none"> Energy consumption and carbon footprint Paperless operations Activities for a cleaner environment Environmental responsibility with insurance products Waste <p></p> <p>GRI GS 302, 305, 306, G4 FS8 SASB: FN-IN-410b.1, FN-IN-410b.2</p>	<ul style="list-style-type: none"> More comprehensive carbon footprint monitoring within the Triglav Group. Carbon footprint per employee was 2.09 tCO₂ (Scopes 1 and 2). Electric vehicles account for 18% of Zavarovalnica Triglav's vehicle fleet. Employees may use company bikes and electric scooters. Promoting the use of less packaging and consistent waste separation. Reduced average daily paper consumption per employee at the Triglav Group from 45 paper sheets in 2020 to 14 paper sheets per day in 2021. 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 (Triglav Weather) mobile application for weather alerts. Support for projects such as City as a Lab, which establishes and develops modern and environmentally friendly forms of mobility, and the Sustainable Mobility project. Paperless operations at Triglav Lab. Reducing the number and scope of issues 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 for promotional purposes. 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 the Mountains drive. 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> <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 the local community and supporting sports, culture, education and health Diversity and equal opportunity <p></p> <p>GRI GS 203, 204, 401–405, 413, 414, 417, 418, G4 FS7, FS13, FS14 SASB: FN-IN-270a.4, FN-AC-270a.3</p>	<ul style="list-style-type: none"> 140 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. 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. Microhealth insurance that facilitates access to medical advice and a comprehensive range of health and life insurance services and products. Improved net promoter score (NPS). The Young Hopes project to support young talented athletes and artists. Improved organisational climate. A total of 1,600 motorcyclists attended safe driving workshops at the AMZS Safe Driving Centre in Vransko over eight years. Two free workshops were held in 2021. 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 53.9%. 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 is carried out and preventive health examinations are provided. 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 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> <ul style="list-style-type: none"> Stable and profitable operations High standards of corporate governance Diversity and sustainability aspect of remuneration policy Effective risk management Active investor relations policy Fair business practices Non-discrimination and respect for human rights in operations <p></p> <p>GRI GS 201, 202, 205, 206, 406, 412, 419 SASB: FN-IN-270a.2</p>	<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. The sustainability aspect of remuneration policy at Zavarovalnica Triglav serves as a foundation for implementing a robust and reliable governance system and ensures business integrity and transparency. Corporate Governance Code for Companies with Capital Assets of the State. Consistent implementation of the anti-corruption policy and the revised 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. 	 

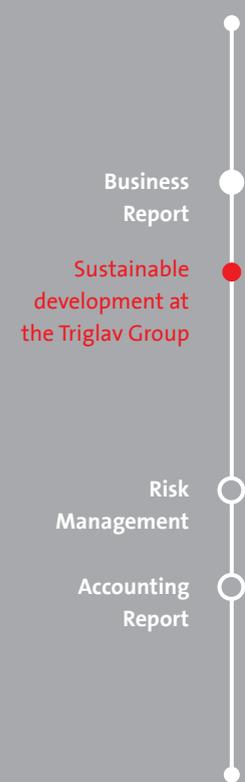


³³ GRI GS 102-47



Key guidelines for sustainable operations of the Triglav Group for 2022

Aspect	Area	Guidelines
Environmental aspect	Reduction of environmental impact	<ul style="list-style-type: none"> • Raising employees' awareness on the importance of waste separation, energy efficiency and water saving • Reducing the Group's carbon footprint • Lower paper consumption through a higher share of digital communication channels • Increasing the share of e-vehicles in the fleet • Purchase of environmentally friendly promotional products • Optimal energy management of commercial buildings where own activities are performed • Further development of covers for risks arising from climate change • Development of a comprehensive risk management system by integrating sustainability risks, with a focus on climate change risks • Increasing the share of social impact, green and sustainable bonds • Raising awareness of the importance of preserving the natural environment
Social aspect	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 • Introduce the concept of flexible work for employees • Further strengthening activities to promote the health and well-being of employees • Development of employees' competences and knowledge • Active management of psychosocial risks among employees • Activities and training in intergenerational cooperation • Unification of activities for employee development in the Group
	Responsibility to clients and suppliers	<ul style="list-style-type: none"> • Digitalisation of communication channels with the client • 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 sustainability aspects in the design and processing of insurance and investment products and services and in asset management • Depending on the form of investment, active exercising of management rights with 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. • Strengthening key partnership projects in sports, culture, education and health • Balanced donation activities
Governance aspect	Effective 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 • Improving the diversity of the Group's management and supervision bodies in terms of gender, education and experience • Upgrading public disclosures in sustainable business operations • 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 • Upgrade of succession policy for the members of the management and of diversity and remuneration policies by incorporating ESG factors. • 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
	Fair business practices	<ul style="list-style-type: none"> • Further development of the culture of ethical business practices of the Group members • Zero tolerance to criminal offences, money laundering and terrorist financing, 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 • 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 awareness of 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



12.2 Stakeholder engagement³⁴

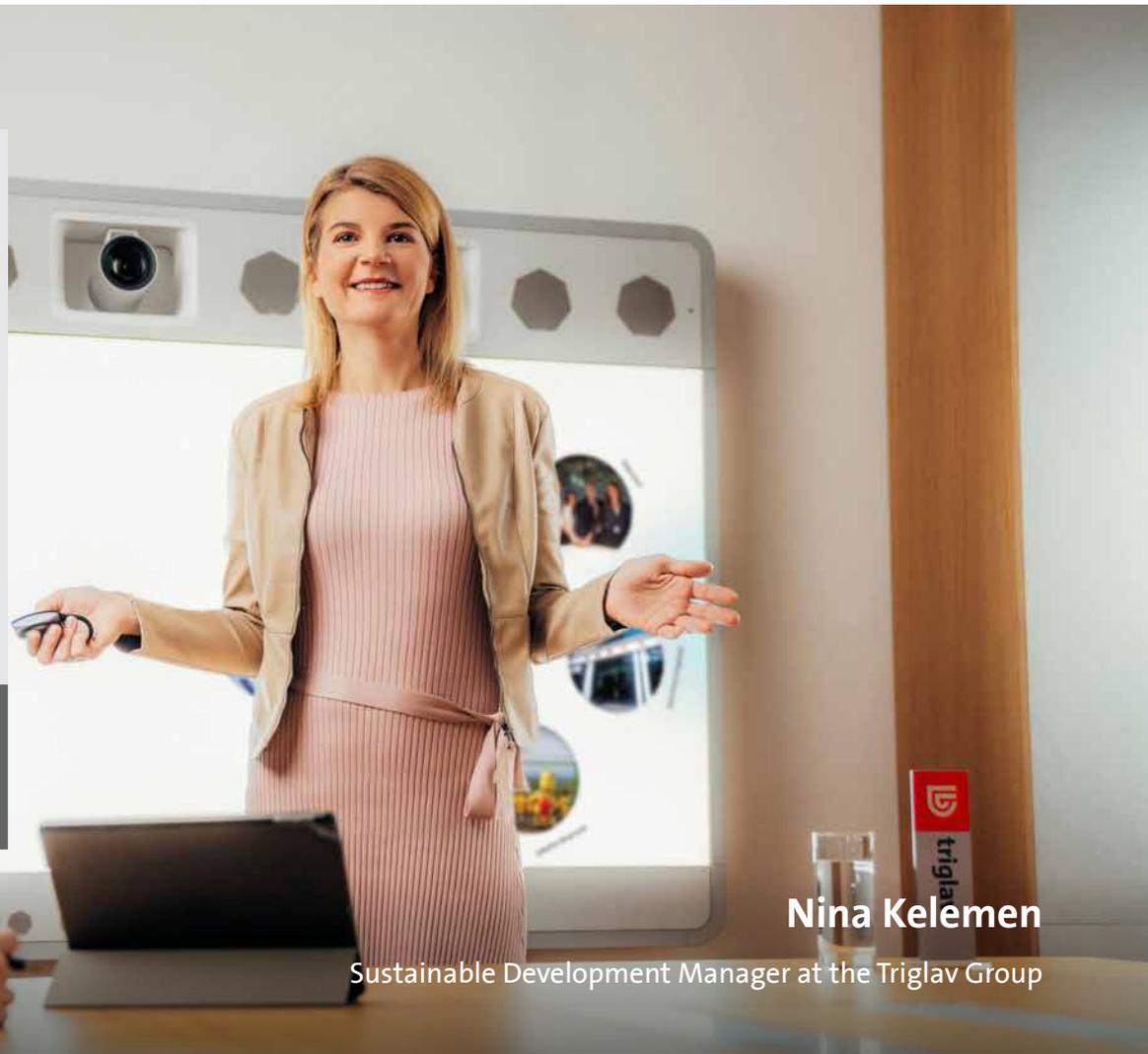
The Company proactively engages the main identified stakeholders in its activities: **clients/policyholders, employees, shareholders/investors, state and supervisory authorities, local communities, suppliers and the media.** In this way, mutual trust and understanding are strengthened.

The Company monitors the needs and interests of its stakeholders through mutual relationships at the strategic and operational levels. In doing so, the Company measures reputation, satisfaction and Net Promoter Score (NPS), monitors regulatory changes and implements their requirements and recommendations, analyses complaints and compliments, maintains daily contact with investors and clients, regularly communicates with the media and so on.

In addition, the Company regularly monitors interests, opinions and proposals by **analysing the needs and interests of stakeholders**, which is also used to examine the desired disclosures. In 2021, as part of the inclusive process for the modernisation of the double materiality matrix, extensive research on stakeholder interests was carried out, which is presented together with the matrix in Section [2.4 About the report](#).

As a result of the described processes, knowledge and guidelines are gained, which are taken into account as much as possible in the operations and development of products and services.

“In an extensive review involving almost 2,500 employees and representatives of other key stakeholders, we found that we enjoy their great trust, even when it comes to evaluating sustainability aspects in both of our core businesses. We confirmed that they expect a lot from us, also in the future. The trust that stakeholders place in us is a valuable capital, which we wish to preserve and consolidate. The year was very full of activities related to integrating sustainability aspects into operations. We adopted strategic guidelines and objectives relating to sustainable development, expanded disclosures and management processes, included ESG aspects in the investment policy, renewed carbon footprint measurements, and began to develop new and upgrade existing products and projects that bring environmental and social progress. We are aware that our progress will continue to be full of opportunities and challenges, and will be seen gradually, continuously and at Group level.”



Nina Kelemen

Sustainable Development Manager at the Triglav Group



³⁴ GRI GS 102-40, 102-42, 102-43, 102-44



Highlighted topics and methods of stakeholder engagement

Stakeholders	Key interests	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 Company Clear terms and conditions Quality insurance and financial products and services A broad range of quality 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 Recording complaints and compliments 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"> 499,627 telephone conversations in Zavarovalnica Triglav's call centres. 196,055 replied electronic messages in Zavarovalnica Triglav. More than 36 thousand subscribers to the newsletters Vozim se (I'm driving) and Vse bo v redu (Everything Will Be Alright). 58,840 users of the i.triglav web office More than 100 thousand regular users of the Vse bo v redu portal and more than 39 thousand regular users of the Vozim se portal. Improved client satisfaction in all Group members, improved NPS of Zavarovalnica Triglav by 4 percentage points. 283,738 processed claim files by Zavarovalnica Triglav, of which 248,032 were newly registered in 2021. 2,698 complaints and 69 compliments in Zavarovalnica Triglav (according to the number of claims at Zavarovalnica Triglav and Triglav, pokojninska družba, the rate of complaints was 1.30% compared to 1.46% in 2020).³⁵
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 4.00 – an improvement of 0.01%. 22% of employees are members of the Triglav Group mountaineering and sports clubs. Complementary 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 50% of all employees of the Group and 82% of the parent company are included. 31 training hours per employee at Group level.
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 Active contact with institutional investors (investor conferences, individual meetings, conference calls) Contact for shareholders natural persons (email and telephone) Opinion polls and surveys 	<ul style="list-style-type: none"> 80% of all voting rights at the regular General Meeting of Shareholders. 11 online events for institutional investors organised either by the Company or by the stock exchange and stock exchange members. 30 publications of controlled information (simultaneously in Slovenian and English). Available financial calendar of announcements 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"> 5 launched and 3 continued inspections in the field of personal data protection at the Triglav Group. 878 insurance fraud cases confirmed out of 1,517 reported cases of suspected insurance fraud (up by 15% relative to 2020).
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 Assessment of suppliers according to ESG criteria 	<ul style="list-style-type: none"> 375 assessments of suppliers according to sustainability criteria, which confirmed that they respect employees' rights, human rights and environmental legislation.
Local and broader community	<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"> 12 speed display signs and 11 signalling systems for pedestrians installed on dangerous road sections, co-financed by Zavarovalnica Triglav in 2021. Support for 114 young talents in nine years of the Young Hopes project, to which EUR 451,000 was allocated. 1,600 motorcyclists attended safe driving workshops in eight years. 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. 24 sponsored top athletes in Slovenia. EUR 3.5 million for prevention activities, EUR 4.4 million for sponsorships and EUR 781 thousand for donations.
Media	<ul style="list-style-type: none"> Transparent information about the operations, events and changes in the Triglav Group Information about insurance and financial products and services Cooperation with local and broader community 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"> 63 press releases by Zavarovalnica Triglav. 171 answers to the questions of the press by Zavarovalnica Triglav. 6,208 publications related to key topics about the Triglav Group in the media.

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³⁵ SASB: FN-IN-270a.2

12.3 Environmental aspects

12.3.1 Protection of the environment in business processes³⁶

In accordance with the adopted strategic ambitions, the Group is incorporating sustainable development principles into the Group's internal processes and upgrading them. In realising its responsibility to the natural environment, the Group focuses on areas on which it, as an insurance and financial institution, has a more significant influence. Priority is given to improving energy efficiency and reducing greenhouse gas emissions, in addition to reducing the quantity of waste generated and the consumption of water and other resources; the employees are reminded of these goals on a regular basis. The Group has also encouraged its users for many years to behave responsibly in the natural environment.

The amount of plastic waste at the Company is reduced by using office cups and water bottles. The Group's employees are encouraged to use the DRAJV application to reduce fuel consumption and ride safely, providing them with training in safe driving courses and making them aware of the benefits of using a bicycle. When buying new company vehicles, the lower release of carbon dioxide into the atmosphere is taken into account; vehicles with a small engine size and electric and hybrid vehicles are purchased, and a GPS system is used to track company cars.



The Triglav Group has 23 electric vehicles, 25 company bicycles and 15 electric scooters.

At Group level, employees used 25 company bicycles to travel to 1,000 business obligations, 15 electric scooters and 23 electric vehicles. The share of business trips at the parent company where electric vehicles are used is increasing, reaching 14% in 2021. Vans were used four times a day for **organised regular transport between three locations** in Ljubljana, and in cooperation with an external partner employees can use **an electric car sharing service**. This is a pilot sustainable mobility project, with which Company vehicles with low mileage are available for sharing in Ljubljana.

The Group companies are reducing paper consumption with network printers and double-sided printing, support applications and electronic archiving, digital business processes and e-business. They took **steps to move towards paperless operations** and encourage employees not to use the printer if not necessary. The decrease in paper consumption was also influenced by the increased volume of work from home due to the COVID-19 epidemic.

The sustainable business criteria are part of the supplier selection process (see [Procurement practices](#) in Section [12.4.4 Responsibility to suppliers](#)).

12.3.2 Carbon footprint³⁷

In 2021, a more comprehensive approach to calculating the Group's carbon footprint was taken, defining the targets and measures to reduce it. The calculation was prepared in accordance with the methodology for calculating Zavarovalnica Triglav's carbon footprint, defining in greater detail the scope and limits, the method of data collection and analysis, and emission factors.

For year-on-year comparisons and setting targets to reduce the carbon footprint, 2019 was set as the base year, when the epidemic situation had not yet affected the total volume of greenhouse gas emissions (GHG). According to the location-based method, all Group companies were included in the calculation of the carbon footprint which are fully consolidated and have office space or employees and therefore meet the materiality criterion.

The methodology follows the guidelines of the internationally recognised Greenhouse Gas Protocol and takes into account the emission factors of the international database, which classifies emissions into three scopes (Scopes 1, 2, 3). The calculation of the Group's carbon footprint included the following scopes and categories of emissions.

- **Scope 1:** direct emissions from sources owned or controlled by the company (e.g. boilers, stoves, painting chambers, company vehicles).
- **Scope 2:** indirect emissions from energy resulting from purchased district heating and electricity.
- **Scope 3:** indirect emissions resulting from business trips by air, train, bus and car not owned or leased by the company, from purchases of IT equipment, generated waste, employee commuting, consumption of paper and water.



Based on an independent verification carried out in accordance with ISO 14064-3, the verifier, SIQ Ljubljana, gave a positive opinion on the carbon footprint report of Zavarovalnica Triglav d.d. and the Triglav Group and confirmed that the report:

- was prepared in accordance with the GHG protocol and GHG emission reporting (Scope 1 and 2 emission reporting guidelines),
- was correct in terms of content and fairly presents GHG data (Scope 1 and 2) from 1 January 2021 to 31 December 2021 for Zavarovalnica Triglav d.d. and the Triglav Group.

The Group's largest source of greenhouse gas emissions are Scopes 1 and 2 (a 60% share). They are created by the consumption of electricity, heating and fuel for cars owned or leased by the companies included in the calculation.

Overview of the carbon footprint of the Triglav Group by scope

Quantities of specific activities	GHG emissions in tCO ₂ e			Index	
	2021	2020	2019	2021/2020	2020/2019
Triglav Group					
Scope 1.1 – Consumption of energy products from own capacities	458	557	810	82	69
Scope 1.2 – Fuel consumption of company cars	1,766	1,332	1,687	133	79
Scope 1 – Direct GHG emissions	2,224	1,889	2,497	118	76
Scope 2 – Indirect GHG emissions (location-based)	8,773	8,369	8,630	105	97
Scope 2 – Indirect GHG emissions (market-based)	5,849	8,243	7,986	71	103
Business travel (plane, train, bus, car)	1,101	1,125	1,963	98	57
Purchase of computer equipment	917	909	705	101	129
Waste management	195	172	47	113	366
Employee commuting to work	4,501	4,207	6,565	107	64
Paper consumption – internal	93	338	431	27	78
Paper consumption – external	526	254	364	207	70
Water consumption	9	23	24	39	95
Scope 3 – Other direct GHG emissions	7,342	7,028	10,098	104	70
Total Scope 1–2 GHG emissions	10,997	10,258	11,127	107	92
Total Scope 1–3 GHG emissions	18,339	17,286	21,225	106	81
Carbon footprint (Scope 1–2) per employee	2.09	1.93	2.11	108	91

With the adoption of the internal methodology for calculating the carbon footprint in 2021, the data capture for Zavarovalnica Triglav and the Triglav Group changed, thus data for 2019 and 2020 were also adjusted.

Overview of the carbon footprint of Zavarovalnica Triglav by scope

Quantities of specific activities	GHG emissions in tCO ₂ e			Index	
	2021	2020	2019	2021/2020	2020/2019
Zavarovalnica Triglav					
Scope 1.1 – Consumption of energy products from own capacities	187	178	393	105	45
Scope 1.2 – Fuel consumption of company cars	115	159	252	72	63
Scope 1 – Direct GHG emissions	301	337	645	89	52
Scope 2 – Indirect GHG emissions (location-based)	4,503	4,351	4,379	103	99
Scope 2 – Indirect GHG emissions (market-based)	1,589	4,173	4,318	38	97
Business travel (plane, train, bus, car)	861	886	1,369	97	65
Purchase of computer equipment	602	398	315	151	126
Waste management	85	68	20	125	340
Employee commuting to work	2,791	2,393	3,463	117	69
Paper consumption – internal	27	49	69	55	71
Paper consumption – external	229	209	322	110	65
Water consumption	3	8	8	34	99
Scope 3 – Other direct GHG emissions	4,598	4,013	5,565	115	72
Total Scope 1–2 GHG emissions	4,805	4,689	5,023	102	93
Total Scope 1–3 GHG emissions	9,403	8,701	10,588	108	82
Carbon footprint (Scope 1–2) per employee	2.14	2.09	2.23	102	94

With the adoption of the internal methodology for calculating the carbon footprint in 2021, the data capture for Zavarovalnica Triglav and the Triglav Group changed, thus data for 2019 and 2020 were also adjusted.

The Scope 1 carbon footprint increased by 18% at Group level in 2021 as a result of higher fuel consumption for company vehicles, while at Zavarovalnica Triglav it decreased by 11% due to lower fuel consumption for company vehicles.

The Scope 2 carbon footprint increased by 5% at Group level according to the location-based method and by 3% at Zavarovalnica Triglav. In 2021, the Company only purchased electricity from renewable sources, therefore the Group's Scope 2 carbon footprint decreased by 29% according to the market-based method, which takes into account emission factors obtained from the energy supplier, and that of the Company by 62%. The share of green electricity for the premises owned by the Company was 100%.

Scope 3 carbon footprint was higher by 4%, of which the largest share of emissions is accounted for by employees commuting to work, business trips and purchases of computer equipment. The Company reduced emissions from business trips by almost 3%. A significant share of Scope 3 emissions is attributed to employees commuting to work. These emissions increased by 7% at Group level and by 17% at the parent company as there was no closure of the economy in 2021. Due to the severe epidemic situation, employees used public transport to a lesser extent.

The guidelines aimed at reducing the consumption of energy products used for heating and cooling 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.

Use of energy products

The Group consumed 1,829 tonnes of oil equivalent (TOE) of energy on heating, cooling, lighting and electrical and electronic equipment, up by 8% relative to 2020, while the Company increased its energy consumption by 7%. Consumption of heating oil and hot water increased the most at the parent company. The increase is due to the smaller scope of closure of the economy and the consequent greater presence of employees in the office. Comparison with 2020 is difficult due to the challenging epidemiological situation.

Use of energy products at the Triglav Group and Zavarovalnica Triglav in energy product unit³⁸

Triglav Group	Energy product unit	Index				
		Quantities	2021	2020	2019	2021/2020
Heating water	kWh	4,967,025	4,359,684	4,411,103	114	99
Fuel oil	l	27,388	57,342	89,790	48	64
Gas	kWh	1,656,589	1,660,892	2,581,140	100	64
Wood pellets	kg	51,810	47,000	26,000	110	181
Electricity	kWh	14,086,990	12,841,319	13,382,997	110	96
Green electricity	kWh	8,466,599	345,961	117,659	2,447	294
Green electricity	%	60.10	2.69	0.88	2,231	306

Zavarovalnica Triglav	Quantities	2021	2020	2019	2021/2020	2020/2019
Heating water	kWh	4,045,257	3,629,474	3,741,053	111	97
Fuel oil	l	7,760	6,126	23,414	127	26
Gas	kWh	879,589	843,736	1,732,335	104	49
Electricity	kWh	8,890,970	8,438,062	8,404,232	105	100
Green electricity	kWh	8,446,421	345,961	94,123	2,441	294
Green electricity	%	95.00	4.10	1.40	2,317	293

With the adoption of the internal methodology for calculating the carbon footprint in 2021, the data capture for Zavarovalnica Triglav and the Triglav Group changed, thus data for 2019 and 2020 were also adjusted.

Use of energy products at the Triglav Group and Zavarovalnica Triglav in tonne of oil equivalent (TOE)

Triglav Group	TOE (ton equivalent)			Index	
	2021	2020	2019	2021/2020	2020/2019
Hot water	427	375	379	114	99
Fuel oil	24	49	77	48	64
Gas	146	147	228	127	64
Wood pellets	21	19	11	110	181
Electricity	1,211	1,104	1,151	110	96
Green electricity	728	30	10	2,447	294
Total	1,829	1,694	1,846	108	92

Zavarovalnica Triglav	2021	2020	2019	2021/2020	2020/2019
Hot water	348	312	322	111	97
Fuel oil	7	5	20	127	26
Gas	78	74	153	104	49
Electricity	764	726	723	105	100
Green electricity	726	30	8	2,441	368
Total	1,197	1,117	1,217	107	92

With the adoption of the internal methodology for calculating the carbon footprint in 2021, the data capture for Zavarovalnica Triglav and the Triglav Group changed, thus data for 2019 and 2020 were also adjusted.

Waste disposal

Waste separation and disposal depends on the waste management system at the local level or at the level of the country in which the Group members operate. Full waste separation is carried out in Slovenia, whereas in other countries waste separation and disposal is not yet fully regulated, therefore the quantity and type of waste are often not available. In commercial buildings in Slovenia, employees are encouraged in various ways to use less packaging and better separate waste.

The total quantity of waste generated in 2021 decreased by 2% at Group level and by 12% at the Company. The share of recycled waste was 23.8% at Group level and 28.3% at the Company. As the share of non-recycled waste increased slightly at Group level, in 2022 awareness will continue to be raised about the importance of appropriate waste separation and disposal.

The average daily consumption of office paper (A4 format) in sheets per employee fell to 14 at Group level (compared to 45 in 2020) and to 10 at the Company (compared to 18 in 2019), which was also due to working from home.

The quantity of disposed waste at the Triglav Group and Zavarovalnica Triglav³⁹

	Unit	Triglav Group			Index		Zavarovalnica Triglav			Index	
		2021	2020	2019	2021/2020	2020/2019	2021	2020	2019	2021/2020	2020/2019
Paper	kg	71,139	113,209	85,443	63	132	35,806	65,319	38,818	55	168
Biological waste	kg	24,669	12,968	12,567	190	103	20,727	10,059	9,849	206	102
Packaging	kg	57,883	43,677	53,328	133	82	37,120	24,851	29,929	149	83
Glass	kg	1,438	11,093	5,396	13	206	651	7,546	971	9	778
Mixed waste	kg	431,965	346,780	415,353	125	83	174,971	137,730	180,327	127	76
Electrical equipment and other	kg	64,455	135,026	5,861	48	2,304	64,000	134,958	5,852	47	2,306
Total recycled waste	kg	155,129	180,946	156,734	86	115	94,303	107,775	79,566	87	135
Total waste intended for removal	kg	496,420	481,805	421,213	103	114	238,971	272,687	186,179	88	146
Total waste generated	kg	651,549	662,752	577,947	98	115	333,274	380,463	265,745	88	143
Water consumption	m ³	58,659	65,700	68,847	89	95	19,116	23,342	23,071	82	101
Waste in ton/employee		0.12	0.12	0.11	99	114	0.15	0.17	0.12	88	144

With the adoption of the internal methodology for calculating the carbon footprint in 2021, the data capture for Zavarovalnica Triglav and the Triglav Group changed, thus data for 2019 and 2020 were also adjusted.

Paper consumption at the Triglav Group and Zavarovalnica Triglav

	Paper consumption in kg			Index	
	2021	2020	2019	2021/2020	2020/2019
Triglav Group					
Total paper consumption*	686,969	629,639	817,114	109	77
Paper consumption by employees (A4)**	94,998	312,769	369,200	30	85
Average daily office paper consumption per employee (sheets)	14	45	53	30	85
Zavarovalnica Triglav					
Total paper consumption*	278,571	280,839	409,710	99	69
Paper consumption by employees (A4)**	29,128	53,214	72,090	55	74
Average daily office paper consumption per employee (sheets)	10	18	25	55	74

With the adoption of the internal methodology for calculating the carbon footprint in 2021, the data capture for Zavarovalnica Triglav and the Triglav Group changed, thus data for 2019 and 2020 were also adjusted.

* Includes paper consumption for internal and external purposes, including envelopes, promotional material, printed material, insurance documentation, etc.

** Includes A4 paper consumption for internal purposes.

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12.3.3 Care for the wider natural environment

The pandemic changed the needs of stakeholders in work processes, so the use of certain types of material and services considerably decreased (paper, brochure printing services, cards, etc.). This had a direct impact on the reduction of waste in the environment, and the need for digitalisation of processes greatly increased. In procurement procedures, the focus was on using recycled paper for printing information materials and products from recycled and more environmentally friendly materials and services where applicable. In 2021, the Company bought 95% of electricity generated from renewable sources. Employees' children received wooden toys and products made of recyclable material (paper, wood, glass) from Dedek Mraz (Grandpa Frost). Due to the pandemic, the purchase of materials to ensure a healthy and safe working environment (protective masks, disinfectants, tests) increased significantly in the last two years, but they were not recyclable.

Nature conservation projects

Project	Impact
<ul style="list-style-type: none"> Planting of indigenous Slovenian tree species Gozd srčnosti (Wholehearted Woods), partner Slovenski državni gozdovi d.o.o. 	<ul style="list-style-type: none"> Raising awareness of the importance of restoring Slovenian forests. The result of the Triglav Skladi project is a young forest on Uršlja gora, where seedlings of indigenous Slovenian tree species are planted. Raising awareness of the importance of investing in green and socially responsible funds. They invest in shares of companies that are among the leaders in corporate social responsibility and the green transition within their industry.
<ul style="list-style-type: none"> Selection of the Best Mountain Trail, partner Planinska zveza Slovenije (Alpine Association of Slovenia) 	<ul style="list-style-type: none"> Selection of the best mountain trail – from Kranjska koča na Ledinah to Koroška Rinka – which will be renovated with Zavarovalnica Triglav's funds. Raising awareness of mountaineers about the importance of safe mountain trails and the work of trailblazers and co-financing the training of new trailblazers.



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The aim of the Wholehearted Woods project was to raise awareness in Slovenia about investing in green and socially responsible funds, while helping to restore Slovenian forests at the same time.

12.3.4 Services and products promoting social and environmental benefits⁴⁰

Sustainability criteria are also taken into account when designing insurance products, and each product is properly assessed in accordance with the internal methodology of sustainability impact assessment. The development of insurance products thus takes into account sustainability factors and criteria already in the process of their approval. Described below are the most important services and products that promote social and environmental benefits.

- **Solar power plant insurance and micromobility insurance** products, which include insurance for small electric means of transport, are designed to promote the use of energy from renewable sources and the use of means of transport with zero emissions. In 2021, home insurance was further **upgraded with the option of insuring solar power plants** for own needs, thereby providing adequate insurance cover to all owners and users of energy from renewable sources.
- With the option of liability insurance and assistance to **e-vehicle and microvehicle users** (bicycles, e-bikes, e-scooters), the Company promotes the use of environmentally friendly means of transport.
- By offering **co-financed agricultural insurance** products, the Company promotes the supply of locally produced food and its consumption, thereby helping shorten food supply chains. More attention is paid to plant production insurance, which is less burdensome for the environment than intensive animal farming.

- With respect to animal production insurance, the Company uses premium policy to **promote 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 premium policy is designed to encourage farmers to invest in active protection from adverse weather conditions by using irrigation and sprinkler systems, anti-hail nets, greenhouses and tunnels.

- **By promoting insurance for crops in protected areas** (greenhouses), food production using a smaller quantity of phytopharmaceuticals is encouraged.
- **Through premium policy and participation in prevention programmes**, policyholders are encouraged to set up sustainability-oriented food production. Specifically, policyholders are encouraged to invest in active protection from adverse weather conditions by using irrigation and sprinkler systems for spring frost protection, anti-hail nets, greenhouses and tunnels.

⁴⁰ GRI G4-FS7, G4-FS8, SDG 2, SDG 7, SDG 9, SASB: FN-IN-410b.1, FN-IN-410b.2

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Solar power plant insurance products are designed to promote the use of energy from renewable sources.

- In partnership with the Slovenian Rural Youth Association, the Company raises awareness of **young farmers** about risk management in agriculture and forestry and encourages innovation (the IMK project = Innovative Young Farmer of the Year).
- Remote sensing technology with satellite-based soil moisture measurement was added to index **crop insurance against drought**, which was upgraded with the Opti-crop application. Its general, freely accessible part is intended for all farmers (meteorological data, weather forecast, NDVI growth indices, etc.), and the other (closed) part is intended for farmers who have taken out an insurance policy. In this way, they can monitor the growth of their crops and the state of drought exposure on a daily basis. This insurance product is also being launched in subsidiaries outside Slovenia (Croatia, Serbia and North Macedonia).
- Triglav Skladi's **Triglav Zeleni equity socially responsible fund** invests in the shares of leading companies in the field of sustainable development and corporate social responsibility. It is intended for anyone who believes in a sustainable future and wishes to accumulate part of their savings by investing in innovative and socially responsible companies.

Total written premium from insurance and investment products in the Group that promote social and environmental benefits amounted to EUR 65.9 million, a 57% increase compared to the preceding year. Of this, written premium related to energy efficiency and low-carbon technology amounted to EUR 2.9 million, up by 25% relative to the year before.

Written premium from the Triglav Group's insurance products that promote social and environmental benefits and Triglav Zeleni fund's assets under management

	2021	2020	Index
Animal insurance	7,720,199	3,925,759	197
Crop insurance	13,392,760	11,140,631	120
Electric vehicle insurance	1,920,092	1,429,155	134
Micromobility insurance	484,875	475,136	102
Solar power plant insurance	537,912	459,248	117
Triglav Zeleni Fund	41,833,991	24,556,690	170
Total	65,889,829	41,986,619	157

* Assets under management

Integration of ESG factors into investment management and strategy⁴¹

In accordance with the requirements of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, the Company published in March a document entitled *Sustainability Aspect of Investment Policy*, which includes a description of sustainability risks and an overview of adverse sustainability impacts. The Company makes investment decisions responsibly and takes into account the sustainability aspect, in addition to focusing on maximum security and long-term growth of assets under management. Thus, environmental, social and governance factors (ESG) are included in the Company's investment processes with the aim of ensuring long-term profitable investments. Sustainability risk means an environmental, social or governance event or condition that could have a material negative impact on the value of investment. In the investment process, the Company pursues the social corporate responsibility guidelines developed by the Organisation for Economic Co-operation and Development (OECD) and the principles for responsible investment, supported by the United Nations.

Voluntary and mandatory disclosures of proportions of exposure of taxonomy-eligible and taxonomy non-eligible economic activities

Presented below are some of the proportions of exposure to taxonomy-eligible and taxonomy non-eligible economic activities according to the EU Taxonomy Regulation in total assets and non-life insurance activities. The proportions presented partially comply with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852.

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⁴¹ SASB FN-IN-410a.2

Proportions and values of individual categories in Triglav Group’s total assets as at 31 December 2021 (voluntary disclosure)

Triglav Group	Proportion	Value in EUR
The proportion in total assets of exposures to taxonomy non-eligible economic activities, except exposures to central governments, central banks and supranational issuers excluded from the calculation of the numerator and denominator	85%	2,025,967,171
The proportion in total assets of exposures to taxonomy eligible economic activities, except exposures to central governments, central banks and supranational issuers excluded from the calculation of the numerator and denominator	15%	346,600,213
The proportion in total assets of exposures to taxonomy eligible economic activities of financial undertakings	4%	88,379,241
The proportion in total assets of exposures to taxonomy eligible economic activities of non-financial undertakings	11%	255,924,963
Exposures to central governments, central banks and supranational issuers and derivatives	58%	1,382,189,062
Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU	41%	1,521,997,653

Estimates of the Bloomberg information system were used for the calculation.

Derivatives are excluded from the numerator for calculating non-eligible and eligible exposures.

Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU are excluded from the numerator of key performance indicators of financial undertakings.

Exposures to investments held in respect of life insurance contracts where the investment risk is borne by the policyholders are excluded from the calculation of the numerator and denominator of all exposure calculations.

The proportion of taxonomy-eligible and taxonomy non-eligible non-life insurance economic activities at the Triglav Group as at 31 December 2021 (mandatory disclosure)

Triglav Group	Proportion
Taxonomy eligible non-life insurance economic activities	91%
Taxonomy non-eligible non-life insurance economic activities	9%

The Group’s strategic ambitions in sustainable development (ESG) fully follow the goals adopted in the context of the Paris Agreement to limit global warming and the European Green Deal on reducing greenhouse gas emissions by 2030 and reaching carbon neutrality by 2050.

The Group will pursue goals for the transition to a climate neutral and circular economy resilient to climate change in both activities (insurance and asset management). In carrying out its activities, the Group will promote sustainable economic activity, energy efficiency and energy from renewable sources with an aim to reduce greenhouse gas emissions.

See Section [12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group and Zavarovalnica Triglav](#) for more information.



12.4 Social aspects

12.4.1 Responsibility to clients⁴²

Responsibility to clients and client focus remain one of the main strategic guidelines of the Triglav Group. A lot of effort is invested in good long-term relationships with clients and contractors, monitoring developments in the insurance markets, determining the requirements and needs of clients, and professionally and properly addressing their comments and requirements. On this basis, the Company adapts its operations, improves business models and processes, and develops new products and services.

In the process of developing insurance products, procedures are set up for approving and testing an insurance product before it is sold or distributed to clients. Each product must meet the defined client needs and goals in its lifetime and correspond to their characteristics. The adequacy of distribution strategies is checked and tested on a regular basis, thereby maintaining client focus and product satisfaction. When any deviations are identified, the respective product or its distribution is appropriately adjusted.

Informing clients⁴³

The Company informs clients in a professional and transparent manner, enabling easy access to all the necessary information about the Company's products and services. The Company aims to ensure that its insurance and other general terms and conditions are appropriate and fair and that clients are treated in a proper and equal manner. Transparency, comprehensibility and availability of products and services is ensured already during their development, in addition to paying a lot of attention to after-sales services. Promotional

materials and documents are prepared in a transparent and comprehensive manner.

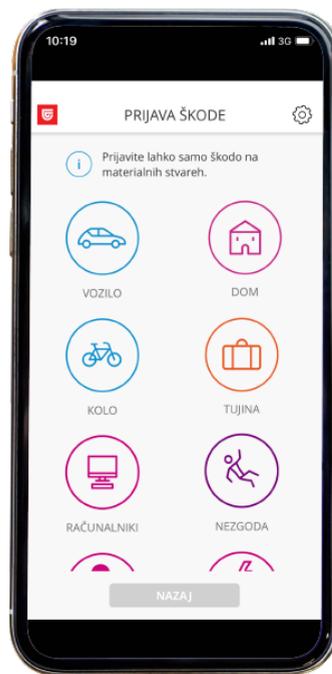
No misleading, aggressive, insulting, shocking or other inappropriate practices are used in promotional activities and the marketing of products and services. The Company also follows the recommendations of the Slovene Consumers' Association for improving financial literacy.

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. It follows the guidelines of supervisory bodies and adopted the policy of management and control of insurance services and products and their distribution. Every care is taken that clients are informed about all insurance products. The protection of personal data and client rights is one of the most important principles to which an insurance company adheres in its operations.

Availability of services

Digitalisation, the use of new technologies, continuous business optimisation and upgrading facilitated access to products and services and resulted in simplified client operations. Continuous improvements and numerous activities in this area are also described in Section [11.1.4 Development of insurance products and services](#).

- **DRAJV mobile application:** The existing functionalities were improved and a number of new ones were added (see Section [11.2.1 Business digitalisation](#) for more details). The application, which promotes safe driving, is already used regularly by more than 62,000 drivers (11% more than in 2020), who in 2021 recorded almost 8 million journeys and drove almost 190 million kilometres. By driving



Using the mobile application to inspect the object insured via the mobile phone, claims are settled faster and with greater ease.

safely, users can get up to a 25% DRAJV discount when taking out motor vehicle insurance or insurance for young drivers.

- **A mobile application for claim reporting and ordering assistance services:** Using the Triglav Asistenca (Triglav Assistance) mobile application, clients can report a claim, monitor the progress of claim settlement and order assistance services.
- **An application for remote inspection of the object insured:** It makes it easier and faster to settle claims remotely, as the inspection is done via the client's smartphone.
- **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 2021, four mobile appraisal units were set up after four major hail storms in Slovenia, which carried out a total of over 2,200 appraisals of damaged vehicles.

- **Triglav Skladi mobile application and Moj račun (My Account) online application:** The two applications enable comprehensive online service, the management of mutual funds and remote investment solutions. The **Zaslužite si več** (Earn More) communication platform provides educational video content, guides (tutorials) and e-manuals, thereby supporting learning about and becoming aware of alternative investment solutions and helping to raise awareness and financial literacy.
- **Triglav Vreme (Triglav Weather) mobile application for weather alerts:** The application provides reliable weather information and forecasts for specific locations and the whole Slovenia. The data are provided by the Slovenian Environment Agency.
- **Remote consultation with a doctor under the Zdravstveni nasvet (Medical Advice) insurance product:** As part of *Zdravstveni nasvet* insurance, clients can consult with a specialist doctor by telephone, email or video call.
- **Digital campaign for a higher level of seismic safety of residential buildings in Croatia:** Policyholders were encouraged to simply expand their home insurance after the earthquakes in Zagreb and Petrinja.
- **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.

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In 2021, mobile appraisal units were set up after four major hail storms in Slovenia, which carried out a total of over 2,200 appraisals of damaged vehicles.

Access to insurance services for people with various disabilities⁴⁴

Zavarovalnica Triglav: improving the services provided to persons with disabilities and ensuring their social integration

- As many as 70% of the Company's points of sale provide independent access to people with different types of disabilities. In 2021, access and toilets in two buildings on the Dunajska cesta location in Ljubljana were renovated (new toilets for people with disabilities in the lobby and on the 2nd floor at Dunajska cesta 22 and a new lift that allows people with disabilities access to the basement at Dunajska cesta 20).
- 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.

12.4.1.1 Client satisfaction⁴⁵

Client satisfaction is systematically monitored by measuring and researching clients' experience. In this way, feedback is obtained so as to improve our services. The results obtained are also helpful in designing employee training, upgrading claim applications and monitoring sales.

In 2021, client satisfaction measurement according to the Net Promotor Score (NPS) methodology was extended to include additional contact points, e.g. the Client Support Centre and booking an online appointment with an agent. Client satisfaction at the Client Support Centre is monitored via various communication channels.

In 2021, the NPS index for Zavarovalnica Triglav rose to 72% (4 percentage points more than the year before), reaching the highest score to date. The result is mainly due to improved satisfaction with taking out insurance, which grew by 7 percentage points. Assistance services again reached the highest score. Measuring satisfaction with the NPS index is carried out in all Group insurance and financial companies in Slovenia, Croatia and North Macedonia. In 2021, it was introduced at Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Belgrade. NPS measurement related to taking out insurance and reporting, paying and rejecting claims was established in Serbia and North Macedonia. In Bosnia and Herzegovina, it takes place after paying out a claim. The introduction of NPS measurement in other subsidiaries will continue in 2022.

Employees are informed about the results of client satisfaction measurement, breaking down the data in detail. Particular focus is placed on identifying and resolving negative client experiences, as this improves not only client satisfaction but also work processes,

services and products. In 2021, the features of tracking the settlement of an individual claim, uniform recording of individual critical events, submitting to competent departments and monitoring the settlement process and measures were added.

Client satisfaction is also measured at the **Zdravstvena točka** health information office and healthcare service providers. Client feedback and scores exceed target values. All clients who left negative feedback are contacted. The range of products and services is adapted based on the feedback, which is also communicated to partner healthcare providers. Every year, the best rated partner healthcare institutions are awarded special awards of excellence; in 2021, the special title of *Ambassador of Excellence* was introduced for providers who were awarded five years in a row.

In **asset management**, a recognisable brand was built and client satisfaction was improved through active and targeted tailoring of the product range. Clients were addressed via various marketing channels, our presence on social networks and the use of digital platforms were strengthened, a call centre was set up and client satisfaction measurement according to the NPS methodology was established.

In order to increase the loyalty of existing clients and gain new ones, a redesigned client loyalty programme (Triglav Klub) was launched in **Croatia**. In **Bosnia and Herzegovina**, client experience was improved by setting up additional client communication and information channels. In **Montenegro**, responsiveness in resolving client requests was increased, especially with regard to complaints.

Client feedback is also obtained through an anonymous survey when reporting a claim, mail and electronic complaints, responses on various social networks and own websites, as



⁴⁴ GRI G4-FS14 | ⁴⁵ GRI GS 103-1, 103-2, 103-3, 102-44



well as directly from agents in the field. A book of complaints and compliments is available at **points of sale**, which are also recorded in an application. A total of 2 such complaints and 11 compliments were received in 2021.

Complaints and compliments are regularly monitored, resolved and examined. Zavarovalnica Triglav received 2,698 complaints (8% less than the year before), the majority (93%) in relation to non-life insurance. A total of 4% of complaints related to life insurance, and the remaining (3%) to other areas. Complaints are classified into substantive and general complaints and complaints resolved according to a fast-track procedure. Substantive complains in which clients express their dissatisfaction with the handling of their claims are the most common (94%). A total of 9% of all complaints were founded and 14% were partly founded. In addition, 69 compliments were received (compared to 50 in 2020). In the Group members outside Slovenia, complaints are handled in accordance with complaint committee's rules, while their records are kept in the prescribed form, mostly digital.

The client retention rate in the Slovenian insurance companies of the Triglav Group in 2021 was 0.44% (compared to 0.41% in 2020), which means that the number of clients rose by approximately 3,900.⁴⁶ The rate of complaints in relation to the number of claims at Zavarovalnica Triglav and Triglav, pokojninska družba was 1.30% compared to 1.46% in 2020.⁴⁷

12.4.1.2 Assessment of effectiveness and market research

Twice a year, the Management Board reviews the report on outsourcers' satisfaction. The effectiveness of marketing and communication

campaigns and events is assessed with key performance indicators (KPIs).

In 2021, measurements of visibility, likeability, understanding and purchase decisions were carried out for marketing and communication campaigns AvtoMobilno, accident insurance for children and youth, life insurance and the analysis of knowledge and satisfaction of the ninth Triglav Run.

For the needs of the development of insurance products and services, quantitative research was carried out using the CAWI method for small animal insurance. The suitability of the product for sole traders, the user experience of the application for reporting claims remotely, the satisfaction of agents with the rewarding methods and system and the Naj prodajnik (Top Agent) event were checked.

The shopping habits of consumers of insurance are monitored with a quantitative analysis of shopping factors (All insurance), which takes place in the entire insurance market and provides a view of the market and end consumer.

Zavarovalnica Triglav is one of the most reputable brands in the Slovenian market and ranks among the top five brands in terms of reputation on 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. The Group is known well for its comprehensive range of insurance products and efficient claim settlement, including the payment of indemnities and benefits. The recall of the Triglav Skladi brand and its first selection set improved significantly in 2021.

12.4.1.3 Brand management and marketing communication

The reputation of the Triglav brand and the Triglav Group is built using an in-depth knowledge of client behaviour and needs, together with examining upcoming trends. Brand strength is increased through a comprehensive approach to branding at corporate and product levels. Brand identity is implemented on all target markets.

Marketing approaches and campaigns are implemented in compliance with statutory and other consumer protection regulations. No proceedings for violations related to marketing communication were initiated against Zavarovalnica Triglav and its subsidiaries in 2021.⁴⁸

In the **non-life insurance segment**, the sale of the redesigned home insurance product and the AvtoMobilno campaign were promoted.

A brand new marketing strategy for small animal insurance (insurance for dogs and cats) was developed.

In the **life insurance segment**, communication focused on whole life insurance and redesigned complementary serious illness insurance products.

The key advantages of the **i.triglav** digital office were presented with strategically and comprehensively designed creative solutions that also attracted new users.

Agricultural insurance, insurance for motorcyclists and tractor operators, Pazi name! (Watch Out for Me!) accident insurance, travel insurance, insurance for young drivers and DRAJV challenges were actively promoted.



Two extensive campaigns were designed to increase the visibility of health insurance products and the *Zdravstvena točka* assistance centre.

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⁴⁶ SASB: FN-IN-270.3 | ⁴⁷ SASB: FN-IN-270a.1 | ⁴⁸ GRI GS 417-2, 417-3, SASB: FN-IN-270a.1, FN-AC-270a.2

In the **health insurance segment**, two major marketing and communication campaigns were implemented with the aim of raising the recognisability of health insurance and Triglav Zdravje. In addition to product benefits, the benefits of related services, such as the *Zdravstvena točka* assistance centre and the wide network of partners – top healthcare providers, were presented.

In **asset management**, the comprehensive *Gozd srčnosti* (Wholehearted Woods) campaign was designed for the promotion of the Triglav Zeleni mutual fund (see Section [12.3.3](#) for further details). The whole campaign was designed emotionally and with several messages: by planting trees we help to restore forests, while dedicating trees to those who mean the world to us.

In other Group markets, various types of insurance products were promoted. In **North Macedonia**, health insurance products were promoted by launching, among others, the SOS package for voluntary health insurance, **#BeFit#BeHealthy#BeSecure** prize contest and the **Fit Kit** mobile exercise application.

In **Montenegro**, the promotion of new insurance for microvehicles, which is a new product in this insurance market, was at the forefront. In December, home insurance was promoted with the *Praznični Dome moj* (My Festive Home) corporate campaign. Over 1,776 children's drawings of their home were received, increasing the reach of insurance literacy activities.

Digital consultation: Hiking with Children

12.4.1.4 Corporate identity building

Triglav Lab, the technological centre and training ground of the Group's digital business, continues to play an important and dynamic role in strengthening the brand in the field of innovation and advanced solutions. It enables the Company to act as a trusted partner in several areas, such as preventive actions, financial literacy and cooperation with athletes. A total of 80 events (in-person and virtual), training courses, workshops, seminars and video recording sessions to promote insurance literacy, risk awareness, presentation of products and services were held in 2021, which were attended by over 2,000 participants.

Young people were addressed primarily through digital content about **saving, traffic safety, sports, health**, etc. For other target groups, several **preventive and awareness-raising events** related to the Company's products were held in cooperation with partners LIT Hekaton, AmCham

Summer School, Fanfara, specialist doctors, mountain rescuers, Alfakan and others.

As a partner of the Matica mountaineering society, Zavarovalnica Triglav developed the conceptual design and carried out the first phase of branding on **Kredarica**, which included a number of solutions.

A virtual tour of ski jumping in **Planica** is only part of the results of many years of cooperation between Zavarovalnica Triglav and the organisers of this internationally renowned sporting event. Despite the situation marked by COVID-19-related measures, the Company remained true to tradition and provided free and safe watching of ski jumps in a virtual environment. To boost the sports enthusiasm for ski jumping on the giant hill, a campaign was designed to promote the remote cheering for the best ski jumpers at the World Cup hosted by Planica.



12.4.1.5 Awards and prizes received

Awards and prizes of Zavarovalnica Triglav in 2021

- **Most reputable employer:** the most reputable employer in the insurance industry for 2020 according to a survey carried out by the Moje delo employment portal.
- **e2grow Exceptional Workplace Award 2020:** an international award for the successful and efficient shaping of the Triglav Group's organisational culture and values.
- **HRM Conference 2021:** HRM&M 2021 award in the Large Companies category for the project of renovating the Triglav Group's organisational culture.
- **Beep Institute:** the Ambassador of Human Potential Sustainable Development plaque.
- **Trusted Brand 2021:** the award for the most trusted brand in the Insurance Companies category for the fifteenth consecutive year.
- **WEBSI 2021:** first place in the Use of Advanced Technologies category and the Web Champions WEBSI award for the redesigned DRAJV mobile application.
- **Best online user experience:** first place among the websites of Slovenian insurance companies based on the analysis of the Slovenian digital insurance market carried out by E-laborat.
- **Effie Slovenia 2020:** a special recognition as the finalist of Effie Slovenia 2020 for long-term integrated communication in the campaign for the promotion of life insurance in the Services – Finance and Insurance category.
- **Best TV ad of the past thirty years:** the People's Choice Award at the Slovenian Advertising Festival for Zavarovalnica Triglav's advertisement entitled Čistilka (Cleaning Lady).

- **Arc Awards:** two Gold awards in the Interactive Annual Report and Cover/Home Page categories for the 2020 annual report of the Triglav Group and Zavarovalnica Triglav.
- **IADA:** the Diamond award in the Overall Presentation category for the online version of the 2020 annual report of the Triglav Group and Zavarovalnica Triglav and two Golden awards for the PDF version in the Photography and Integrated Presentation categories.
- **Best Annual Report:** award for the best annual report among financial institutions for 2020 selected by the Finance business daily and four awards in the following categories: the best annual report in business analysis and planning; introduction, risk management and corporate governance among financial institutions; communication.

12.4.2 Responsibility to employees⁴⁹

Healthy, satisfied and engaged employees are key to achieving the Group's high strategic and business objectives. For this purpose, numerous **employee management** activities are carried out, taking care for a stimulating environment that provides employees with the possibility of continuous development, training and career and personal growth. Special attention is paid to prudent selection of new employees and their onboarding. 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 employee management guidelines and the recruitment policy

- A uniform organisational culture is being created at Group level based on constructive behaviour, teamwork,

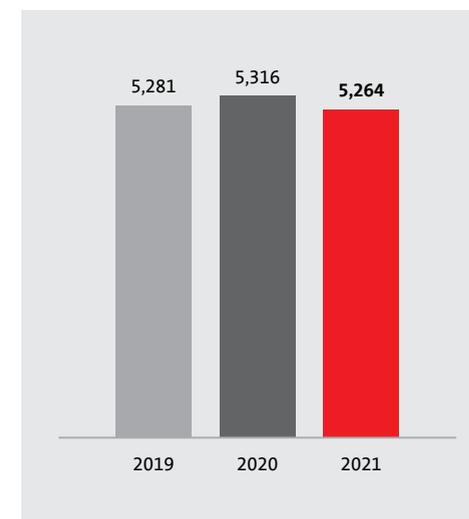
initiative, responsibility and cooperation. A uniform organisational culture supports the achievement of strategic objectives by pursuing corporate values, rules, methods of implementing processes, behaviour and methods of work of employees. The desired organisational culture helps to build a reputable employer brand.

- Standardised employee management processes are introduced 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 Group level. Onboarding mentoring for new hires and development mentoring for promising employees are carried out, in addition to fostering intergenerational cooperation.
- Know-how is being 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 2021, the main competence – relationship orientation – was strengthened at Group level.
- A lot of attention is paid to key and promising employees and all leaders. Zavarovalnica Triglav implemented a system for obtaining a leadership license, which encourages leaders to continuously improve their knowledge and upgrade their leadership skills.
- The Company's human resource and information system (Gecko HRM) is being introduced in all Group companies. In 2021, it was implemented in most companies outside Slovenia, and in the last two companies it will be implemented in 2022.

12.4.2.1 Recruitment and employee structure

The Triglav Group had 5,264 employees as at 30 December 2021, down by 52 compared to the preceding year. The number of employees decreased the most at Triglav Osiguranje, Belgrade as a result of the decline in the number of fixed-term employees due to the COVID-19 pandemic.

The number of Triglav Group employees as at 31 December 2021⁵⁰



The share of employees in strategic activities increased. The majority, i.e. 87.9%, of all employees worked in the insurance activity, up by 0.7 percentage point compared to the year before. Employees in asset management activity, whose share increased by 0.1 percentage point, represented 2.3% of all employees; the share of employees in other activities decreased by 0.8 percentage point.

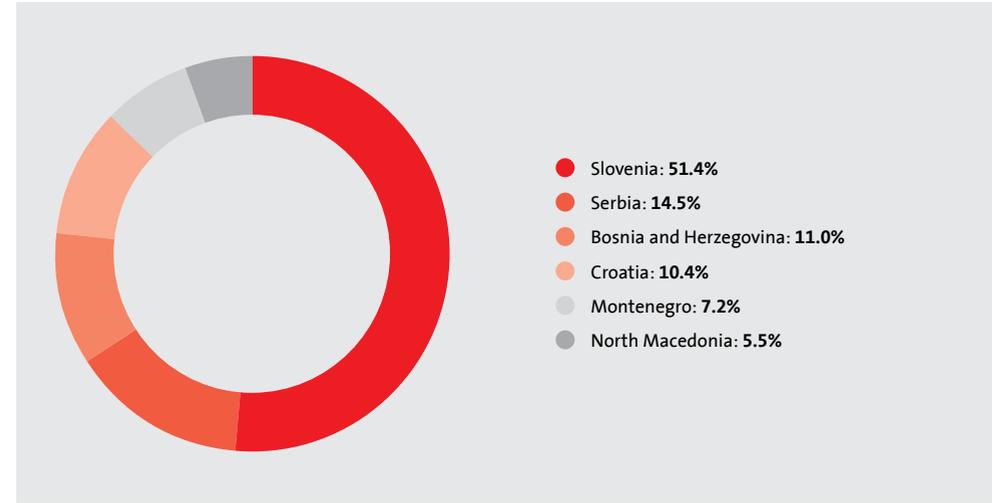


⁴⁹ GRI GS 103-1, 103-2, 103-3 | ⁵⁰ GRI GS 102-7

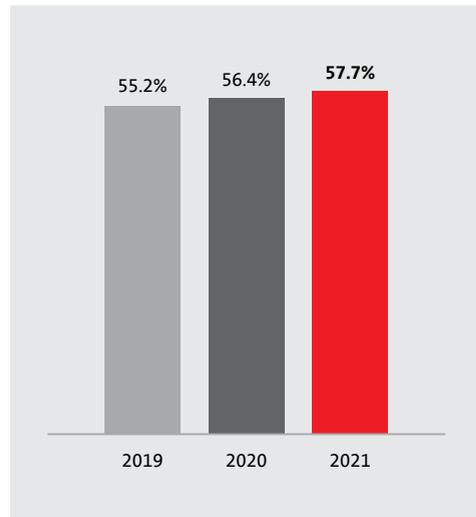
Employees by Triglav Group activity as at 31 December 2021



Employees by Triglav Group market as at 31 December 2021



Proportion of employees at the Triglav Group with at least level VI education according to the Bologna study programmes as at 31 December 2021



Employees at the Triglav Group and Zavarovalnica Triglav by type of employment (full-time, part-time) as at 31 December 2021⁵¹

	Triglav Group						Zavarovalnica Triglav					
	2021		2020		2019		2021		2020		2019	
Type of employment	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Part-time	221	4,2	251	4,7	267	5,1	74	3,3	77	3,4	91	4,0
Full-time	5,043	95,8	5,065	95,3	5,014	94,9	2,172	96,7	2,167	96,6	2,162	96,0
Total	5,264	100,0	5,316	100,0	5,281	100,0	2,246	100,0	2,244	100,0	2,253	100,0
Type of employment agreement	2021		2020		2019		2021		2020		2019	
Fixed-term	623	11,8	779	14,7	793	15,0	41	1,8	49	2,2	46	2,0
Permanent	4,641	88,2	4,537	85,3	4,488	85,0	2,205	98,2	2,195	97,8	2,207	98,0
Total	5,264	100,0	5,316	100,0	5,281	100,0	2,246	100,0	2,244	100,0	2,253	100,0

A total of 51.4% of all Group employees are employed in Slovenia, up by 0.7 percentage point relative to the preceding year. The share of employees in Serbia decreased the most, by 1.2 percentage points.

The turnover rate⁵² increased in both the Triglav Group and Zavarovalnica Triglav; it was 13.2% in the Group (compared to 11.7% in 2020) and 4.1% at the parent company (compared to 3.4% in 2020). Most leavers were aged over 56 years (due to retirement) and 36–40 years. Most new hires were aged between 26 and 40 years.

The average age of employees in the Group rose slightly to 44.67 years (compared to 44.38 years in 2020); in the parent company it was 46.55 years (compared to 46.33 years in 2020). The average age of Zavarovalnica Triglav’s Management Board members was 48.66 years.⁵³ In Slovenia, senior management is hired from the local community, as is the majority of senior management in the markets outside Slovenia.⁵⁴



⁵¹ GRI GS 102-8 | ⁵² GRI GS 401-1 | ⁵³ GRI GS 405-1, SASB: FN-AC-330a.1 | ⁵⁴ GRI GS 202-2

In terms of gender, the share of women among employees increased slightly to 53.9%. The proportion of women among the members of the Management Board of Zavarovalnica Triglav was 33.3%.⁵⁵ In all employee categories, activities and countries where the Group operates, the basic salary of men and women is equal.⁵⁶

A total of 89.3% of Group employees were employed under the collective agreement (compared to 90.7% in 2020) and 91.1% in the parent company (compared to 91.4% in 2020). The remaining 10.7% were employees with individual agreements.⁵⁷ Benefits are the same for all employees, be it permanent full-time employees, fixed-term employees or part-time employees.⁵⁸

Gender diversity by different categories at the Triglav Group and Zavarovalnica Triglav as at 31 December 2021 (%)⁵⁹

	Share in %			Index	
	2021	2020	2019	2021/2020	2020/2019
Triglav Group					
Women employees to total employees ratio	53.9	53.5	53.5	101	100
Proportion of women at the first management level under the Management Board	45.3	45.8	46.9	99	98
Proportion of women at first and second management levels under the Management Board	42.0	42.1	43.5	100	97
Women in management to women employees ratio	71.3	73.5	75.2	97	98
Zavarovalnica Triglav					
Women employees to total employees ratio	50.8	50.4	50.5	101	100
Proportion of women on the Management Board of Zavarovalnica Triglav	33.3	33.3	33.3	100	100
Proportion of women on the Supervisory Board of Zavarovalnica Triglav	0.0	0.0	11.1	0	0
Proportion of women at the first management level under the Management Board	25.9	25.9	32.1	100	81
Proportion of women at first and second management levels under the Management Board	38.8	37.9	36.8	102	103
Women in management to women employees ratio	75.6	74.7	72.4	101	103

Employees at the Triglav Group and Zavarovalnica Triglav by age and gender as at 31 December 2021⁶⁰

	Triglav Group						Zavarovalnica Triglav					
	2021		2020		2019		2021		2020		2019	
Age group	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
From 18 to 19	6	0.1	4	0.1	5	0.1	1	0.0	0	0.0	0	0.0
From 20 to 25	125	2.4	138	2.6	135	2.6	21	0.9	17	0.8	16	0.7
From 26 to 30	371	7.0	389	7.3	403	7.6	94	4.2	100	4.5	115	5.1
From 31 to 35	569	10.8	588	11.1	622	11.8	194	8.6	191	8.5	202	9.0
From 36 to 40	771	14.6	813	15.3	786	14.9	264	11.8	285	12.7	288	12.8
From 41 to 45	885	16.8	909	17.1	923	17.5	393	17.5	409	18.2	403	17.9
From 46 to 50	882	16.8	852	16.0	878	16.6	422	18.8	413	18.4	446	19.8
From 51 to 55	821	15.6	803	15.1	766	14.5	455	20.3	451	20.1	437	19.4
56 and over	834	15.8	820	15.4	763	14.4	402	17.9	378	16.8	346	15.4
Total	5,264	100.0	5,316	100.0	5,281	100.0	2,246	100.0	2,244	100.0	2,253	100.0
Gender												
Men	2,426	46.1	2,472	46.5	2,456	46.5	1,104	49.2	1,114	49.6	1,116	49.5
Women	2,838	53.9	2,844	53.5	2,825	53.5	1,142	50.8	1,130	50.4	1,137	50.5
Total	5,264	100.0	5,316	100.0	5,281	100.0	2,246	100.0	2,244	100.0	2,253	100.0

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12.4.2.2 Employee training and development⁶¹

Employee training and development

The training policy is aimed at improving employees' expertise and skills, which is of key importance in achieving the Group's strategic objectives.

Employees were provided with numerous training courses in various fields. Special attention was paid to the internal transfer of knowledge, as **61% of in-house training was carried out by our employees**, i.e. in-house lecturers. In order to prevent possible infections, most of in-house training courses were held online, either as webinars or e-learning (self-learning). At the parent company, focus was on insurance topics, sales training and business communication. In addition to regular training, the following took place:

- **the system of onboarding mentoring and traineeship** for new hires was set up;
- specialised in-house training for employees at subsidiaries, in which 60 employees participated, with 47 attending the **Autumn School**;
- **coaching of leaders and promising employees** in the Group, which was carried out by more than 50 in-house coaches;
- the **Triglav Ambasadorstvo** (Triglav Ambassadors) pilot project for the transfer of knowledge, skills and experience of the best agents to new agents and those who have development potential and motivation for development;
- the **Sales Academy** programme for agents, which also included 75 new agents and the first group of sales officers, while all heads of sale attended the Sales Management Academy;
- the system for obtaining a **leadership license** was set up at the parent company for training, education and coaching, designed for leaders to improve their leadership skills;
- the compulsory training of **20 teaching hours** for obtaining a license to conduct insurance agency business (i.e. a license) for **1,129 employees** at the parent company;
- a total of **7,249 hours of in-house training courses** were held at the parent company for employees of subsidiaries;
- **the leadership potential development programme for young promising employees**;
- online training for **employees at external points of sale**, where topics about insurance products and consumer protection were at the forefront.

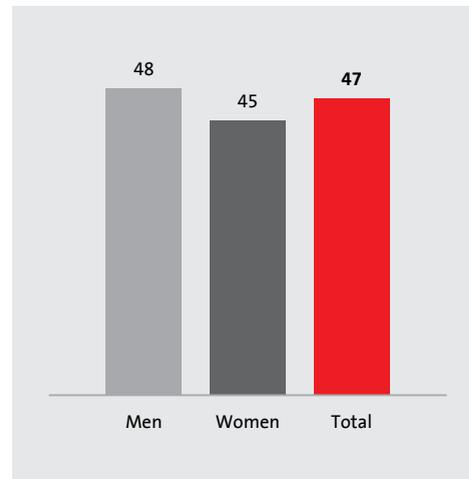
The total number of functional training hours increased by 29% and, despite the considerably changed situation, almost reached the 2019 level. Employees within the Group participated in training 31 hours on average, up by 30% compared to 2020. Zavarovalnica Triglav's employees participated in training 47 hours on average (index 118), most in the age group up to 25 years due to onboarding. At the Company, men participated in training on average two hours more than women.

The Group's training costs amounted to EUR 1.8 million (compared to EUR 1.5 million in 2020). The majority of in-house training courses took place online with lower indirect costs.



Special attention was paid to the internal transfer of knowledge, as 61% of in-house training was carried out by our employees, i.e. in-house lecturers.

The average number of functional training hours at Zavarovalnica Triglav in 2021 by gender⁶²



Employees are also encouraged to continue their formal education; work study was funded for 150 Group employees and scholarships were provided to 36 pupils and students. Obligatory work placement was provided to 52 pupils and students. The Company cooperated with schools and faculties in preparing project assignments and ensured the transfer of practical knowledge and experience to young people. A total of 25 young employees completed traineeship under the guidance of mentors.

Management by objectives and development of competences⁶³

The management-by-objectives system is implemented by all Group insurance companies. A total of 55% of all Group employees and 71% of the parent company's employees are included. Management by objectives is used to monitor employees' performance, motivate



⁶¹ GRI GS 103-1, 103-2, 103-3 | ⁶² GRI GS 404-1 | ⁶³ GRI GS 404-3

them and receive their feedback. Employees are rewarded for the achievement of their objectives, which are set together with their supervisor during the annual development interview (the top-down approach) and monitored at quarterly interviews. Due to the nature of their work, agents and heads of sales team who are rewarded on the basis of sales targets are excluded from the management-by-objectives system.

The **competency model** is integrated into annual development interviews, at which individual competency profiles and development activities are defined. 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 some Group members are assessed using the **DNLA** (Discovery of Natural Latent Abilities) **tool**. It is also used in training of leaders at most insurance companies in the Group and 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](#). Fit and proper assessment was performed in all insurance companies in line with respective policies.

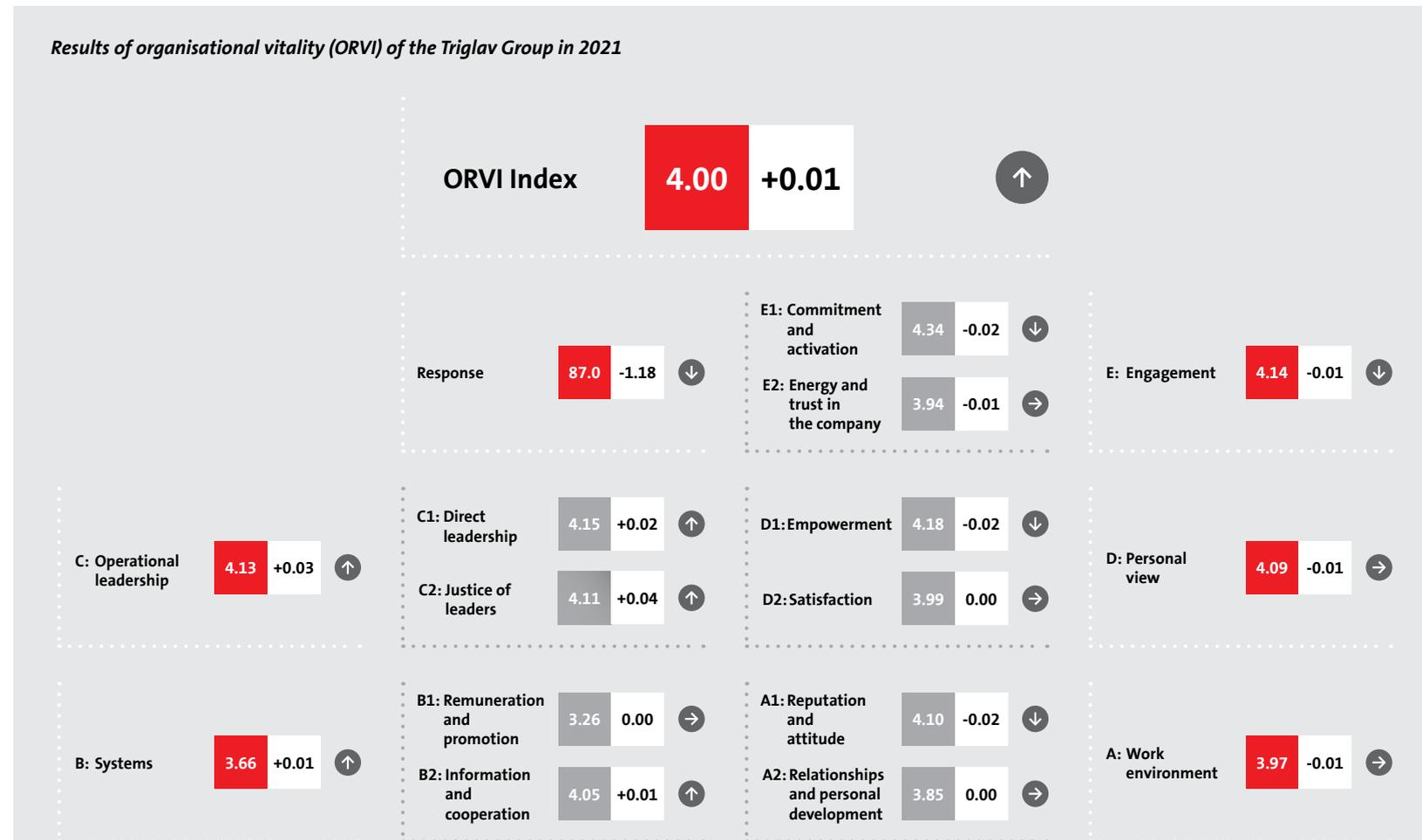
12.4.2.3 Organisational vitality (climate) and organisational culture ⁶⁴

The **organisational vitality survey (ORVI)** in 2021 confirmed that the measures taken by the Group to maintain the high vitality of the organisation and employee satisfaction were appropriate. The survey included 87% of all employees in 15 Group members (compared to 88% in 2020) in which ORVI is measured, which is **the second highest participation** to date.

The aggregate ORVI index is composed of the indicators (indices) for work environment, systems, operational management, personal view and engagement, which are further classified into ten categories.

Organisational vitality improved, reaching **4.00** (2020: 3.99) **at Group level** and **4.05** (2020: 4.03) **at the parent company**. Among the indices, most progress was recorded at the indicator “operational management”, which was 4.13 at Group level and 4.30 at the parent company. Despite the changed working conditions, the Group employees remain very engaged (4.14). Engagement reached the highest value among the five measured indicators, with only “operational management” being rated higher at the parent company.

⁶⁴ GRI GS 102-43, 102-44



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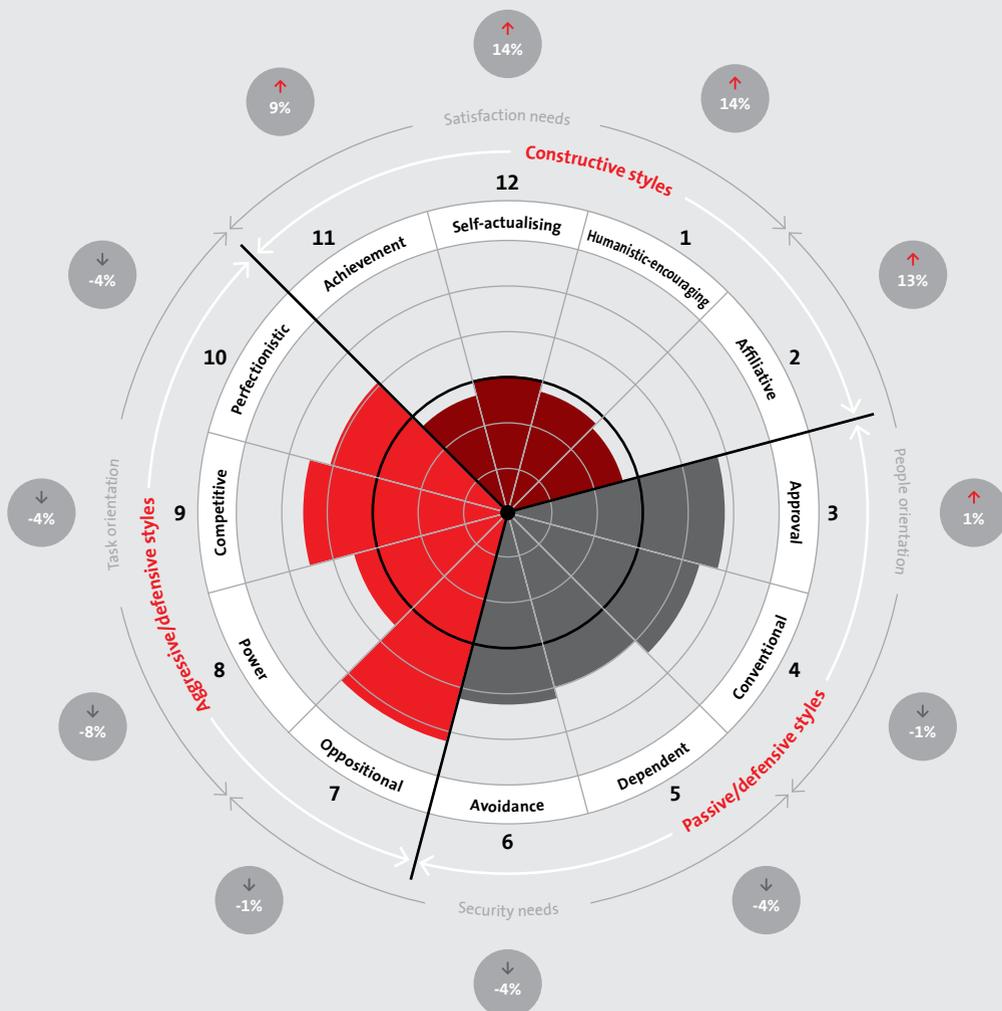
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The Group's employees once again expressed a positive attitude to their work environment; they are very satisfied with regular employment, working hours, their co-workers and direct supervisors. As part of improving the organisational culture (see below), interpersonal relationships and cooperation within the

organisation and the Group were also better rated. Employees believe that the Group is successfully adapting to the epidemic, they are satisfied with the benefits at work and feel safe in their work environment. The results showed that knowledge and understanding of the strategy among employees was excellent.

Changes in behavioural styles in the Triglav Group's organisational culture (2017–2021)



Organisational culture

After four years, the measurement of the organisational culture again took place in 2021; its aim was to monitor the strategic project of renovating the Triglav Group's organisational culture. The measurement results showed that in the last four years the Group was on the right track by carrying out many activities designed to adopt constructive behavioural styles. The changes achieved according to the world-renowned methodology represent one of the greatest advances in our region. There has been a considerable increase in constructive behavioural styles, which indicates that organisational culture has become more cooperative, inclusive, development-oriented, transparent, open and creative. Positive changes are noticeable both at Group and parent company levels.

With constructive behavioural styles increasing on average by 13% and 17% respectively. The highest growth in the Group was recorded in the humanistic-encouraging style and self-actualising (both are among the desired styles). The former is characterised by the exchange of ideas, enjoyment of work and the maintenance of personal integrity, while the latter is characterised by constructive resolution of disagreements, mutual encouragement and help in thinking. Among the behavioural styles in the parent company, affiliative strengthened the most.

12.4.2.4 Occupational health and safety⁶⁵

Zavarovalnica Triglav is implementing a comprehensive and strategic approach to ensuring occupational health and safety. In order to manage and reduce risks to the lowest possible level, a number of activities are carried out, such as strict compliance

with sectoral legislation (identification of risks and hazards and their management), promotion of occupational health (Triglav.smo – *Zavarujmo zdravje* (Protecting Health) health promotion programme), provision of personal protective equipment and appropriate working conditions, ergonomic workplace arrangement, and employee awareness and education. Many activities take place in the context of the Family-Friendly Enterprise certificate, additionally contributing to greater satisfaction and better health of employees.

The comprehensive approach implemented in the parent company is being transferred to other Group companies by establishing common minimum standards for ensuring occupational health and safety and by strictly complying with local legislation. In this regard, the aim is to identify, mitigate and manage risks arising from duties and the work environment.

Occupational safety and health is organised in accordance with the legislation and ensures the smooth provision of a healthy work environment for the employees.⁶⁶

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. This 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 specialists. 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.⁶⁷

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⁶⁵ GRI GS 103-1, 103-2, 103-3, SDG 8.8 | ⁶⁶ GRI GS 403-1 | ⁶⁷ GRI GS 403-2, 403-3, 403-4, 403-8



The revised Safety Statement and Risk Assessment was adopted in 2021, which introduced measures to prevent and reduce all risks to a minimum. Risks were reassessed, followed by identification of measures related to the increased risk of infectious disease and requirements for safe working from home. In addition, a sick leave analysis was taken into account, which is prepared every year by occupational medicine specialists.

Participation in training and passing an test on **fire safety and occupational health and safety** are mandatory for employees. At **Zavarovalnica Triglav**, employees are made aware of these topics via various communication channels, the **Zavarujmo zdravje health promotion programme**, the measures related to the full Family-Friendly Enterprise certificate and the **Triglav.smo programme**. Best practices are implemented at Group level.⁶⁸

Health promotion is carried out in a targeted and prudent manner with regard to the most common health problems that are perceived among employees based on anonymous reports of occupational medicine. The focus in 2021 was on managing the risks of the musculoskeletal system, implementing active breaks for employees and referring them to the mandatory reading of e-material on a healthy spine and exercising, stressing the importance of ergonomics when working at the office or from home. The four-day preventive health programme **Dnevi zdravja (Days of Health)** took place for the third consecutive year, which has been attended by more than 400 employees to date. Training courses in **maintaining health and stability in an uncertain situation** continued. New educational topics were joined into the spring and autumn series of lectures entitled **A healthy mind in a healthy body**.

Employees from other Group companies in Slovenia also attended some online lectures.

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.⁶⁹

Working safely during the pandemic

The crisis team, set up in the parent company when the COVID-19 pandemic was declared, continued its work in 2021 and will continue to operate throughout the period of increased risk of infection with infectious diseases. The team is in constant contact with the Company's Management Board and the heads of individual departments and is in charge of preparing work instructions, work organisation and up-to-date information. Good practice of crisis management was also transferred to the subsidiaries in the Group.

In order to ensure business continuity, regular testing of key employees, self-testing and verification of compliance with the recovered/vaccinated/tested rule was organised. A hotline and an online mailbox for reporting infections are available. Moreover, latest information, recommendations and forms are available to the employees on the special intranet tab COVID-19. Occupational health and safety specialists proved to be highly skilled and provided employees with a high level of safety throughout the pandemic with appropriate work organisation and protective equipment.

For all employees working from home, instructions were drawn up on how to arrange work space at home according to the basic requirements of occupational safety and health. The employees who work at the



In addition, plexiglass partitions were installed in more exposed workplaces (e.g. windows intended for sale and claim reporting, the canteen).

Company's premises were regularly informed about the compliance with safety measures. Sufficient quantities of protective masks and disinfectants were provided. In 2021, the parent company distributed 115,981 protective masks, 13,615 disinfectants, 49 pairs of protective gloves and 21,975 rapid antigen (HAG) tests for self-testing. In addition, plexiglass partitions were installed in more exposed workplaces (e.g. windows intended for sale and claim reporting, the canteen).

A total of 71 inspections of the implementation of measures to prevent the spread of infectious diseases and compliance with the recovered/vaccinated/tested rule were carried out at Company premises. No irregularities were found in most of them, and the minor discrepancies which were identified in nine cases were eliminated immediately.

Support to employees in the event of workplace violence⁷⁰

Advanced technical security measures were taken to protect both the employees and the premises. Moreover, regulations and instructions ensuring a safe work environment were adopted. Employees who are in contact with clients are specially trained in how to respond in the event of violence, robbery or threats.

Fire safety

With regard to fire safety in 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

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⁶⁸ GRI GS 403-5, 403-6 | ⁶⁹ GRI GS 403-7 | ⁷⁰ GRI GS 103-1, 103-2, 103-3

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.

Security patrols and inspections of buildings and premises were carried out according to the annual plan, but, due to the situation, evacuation drills did not take place. Maintenance and regular inspections of active fire protection systems are performed within the prescribed

deadlines. In 2021, 11 fire risk assessments and 9 fire safety inspections were carried out, and no irregularities were identified.

Occupational health and safety topics covered in formal agreements with trade unions and in the collective agreement⁷¹

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 work⁷²

The number of accidents in both the Group and the Company increased slightly in 2021, but their number remains small.

The number of lost work days in the Group rose due to the higher number of injuries at work.

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 two dangerous occurrences (compared to 1 in 2020) and no occupational diseases in 2021.⁷³

Absenteeism⁷⁴

In the Triglav Group, the absenteeism rate was 4.74% and was 0.38 percentage point lower than in 2020, with the proportion of absenteeism paid by the Company decreasing by 0.02 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 0.40 percentage point (sickness benefits over 30 days, nursing and/or accompanying a sick person). The absenteeism rate at the parent company was also higher and stood at 5.13% (compared to 4.61% in 2020). The lost time incident rate for which the costs are borne by the Company fell slightly (by 0.05 percentage point), whereas the lost time incident rate for which the costs are borne by the Health Insurance Institute of Slovenia rose (by 0.57 percentage point).

Injuries at work at the Triglav Group and Zavarovalnica Triglav

Triglav Group	2021		2020		2019		Index	
	Number	Percentage	Number	Percentage	Number	Percentage	2021/2020	2020/2019
At work	10	76.9	7	63.6	11	55.0	143	64
On business trips	3	23.1	4	36.4	9	45.0	75	44
Total	13	100.0	11	100.0	20	100.0	118	55

Zavarovalnica Triglav	Number	Percentage	Number	Percentage	Number	Percentage	2021/2020	2020/2019
At work	4	57.1	1	25.0	2	28.6	400	50
On business trips	3	42.9	3	75.0	5	71.4	100	60
Total	7	100.0	4	100.0	7	100.0	175	57

Lost work days and lost time incident rate due to injuries at work at the Triglav Group and Zavarovalnica Triglav

Triglav Group	2021	2020	2019	Index	
				2021/2020	2020/2019
Lost work days due to work-related injuries	543	289	754	188	38
Lost time incident rate – LTIR*	0.24	0.21	0.38	113	56

Zavarovalnica Triglav	2021	2020	2019	2021/2020	2020/2019
Lost work days due to work-related injuries	321	98	73	328	134
Lost time incident rate – LTIR*	0.31	0.17	0.30	175	58

* The number of work-related incidents/total number of hours of all employees x 200,000

12.4.2.5 Care for employee satisfaction⁷⁵

As part of the **Triglav.smo** programme, the Company combines numerous activities to improve the satisfaction of its employees. The awareness and knowledge of all important aspects of our lives was strengthened through various workshops and events. To a lesser extent, such activities are also carried out in other Group members.

With the support of the *Psihološki utrip* (Psychological Pulse) in-house group, psychosocial, behavioural and other problems of employees were identified, providing them with psychosocial support and professional guidance to improve their mental well-being. Two cycles of online gatherings entitled *Healthy mind in a healthy body* were held, aimed in particular at improving and maintaining good relations between employees for a better climate in the work environment and their well-being.

The measures of the **Family-Friendly Enterprise Certificate** at the parent company are designed to provide for a better work-life balance of the employees. Due to the ageing of the population, measures to ease the care obligations of employees towards their elderly family members are coming to the fore. The Company has been the holder of the full Family-Friendly Enterprise Certificate since 2012 with a regular audit was performed in 2020.

Additional benefits for employees:⁷⁶

- complementary pension insurance for 59% of employees of the Triglav Group and for 96% of employees of the parent company;
- payment of group accident insurance premium;
- favourable conditions for taking out complementary accident insurance for employees and their family members;
- complementary 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 50% of all employees of the Group and 82% of the parent company are included.

The Group members operating outside Slovenia also provide benefits to their employees, such as supplemental voluntary pension insurance premium, discounts on medical examinations, the payment of accident insurance premium and discounts on other types of insurance.

Work from home, parental leave and part-time work

Work processes are adapted to new forms of work, which are dictated by digitalisation and the epidemic situation. In 2021, the option of working from home was provided to all employees whose work process allowed it. At the 2021 year-end, 28% of Group employees and 50% of Company employees had this option available to them. Due to the COVID-19 pandemic, the proportion of employees allowed to work from home was even higher; it was 58% at Group level and 65% in the parent company.

Proportion of employees who worked from home and proportion of hours of working from home in the Triglav Group and Zavarovalnica Triglav in 2021

	Triglav Group	Zavarovalnica Triglav
Number of employees allowed to work from home	3,069	1,468
Proportion of employees allowed to work from home	58.3	65.4
Number of hours of working from home	1,743,767	714,646
Proportion of hours of working from home	16.2	15.6

Parental leave or part-time work at the Triglav Group and Zavarovalnica Triglav in 2021⁷⁷

Triglav Group	Women	Men	Total
Maternity leave, child care leave	136		136
Paternity leave of 20 days		42	42
Paternity leave of 75 days (up to the child's age of three years)		5	5
Option of part-time working	38	1	39
Number of employees who returned to work after maternity leave in the reporting year	73	4	77
Return rate after parental leave	61%	100%	63%

Zavarovalnica Triglav	Women	Men	Total
Maternity leave, child care leave	26		26
Paternity leave of 20 days		40	40
Paternity leave of 75 days (up to the child's age of three years)			
Option of part-time working	26		26
Number of employees who returned to work after maternity leave in the reporting year	23	2	25
Return rate after parental leave	100%	100%	100%

Circumstance and work requirements permitting, working hours are 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 activities⁷⁸

The employees exercise their management rights based on the agreement on worker participation in the management of Zavarovalnica Triglav 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 and the Works Council are active in the Company. 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 both 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.

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Respecting the workers' rights and human rights⁷⁹

The Group revised the **Triglav Group Code** in 2021, in which ethical conduct at all levels of its operations plays a key role. Among the 12 ethical principles is respect for human rights, which is based on respect for and protection of internationally recognised human rights and fundamental freedoms. The Group creates a stimulating work environment that respects and protects the dignity and integrity of employees at the workplace, regardless of any individuality or affiliation.

Insurance companies outside Slovenia also take into account local legislation when implementing the provisions of the Code. These companies have internal resolution mechanisms, and reporting of Code violations takes place within the framework of compliance. Each report and identity of the reporting person (whistleblower) are treated confidentially. The reporting person is protected from any retaliatory action and is given an opportunity to informally resolve the issue.

Discrimination and unwanted conduct at Zavarovalnica Triglav 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. The rules regulate the manner of recognising, preventing and eliminating the consequences of discrimination, sexual and other harassment and workplace mobbing. Employees can turn to the confidant or their deputy to report a suspected violation of rights, who then initiates proceedings to resolve the case, if possible, at the earliest stage. If the conflict cannot be resolved at this stage, a **mediator** is included in its resolution or a hearing before the competent committee is held.

In 2021, **three** employee reports of inadmissible conduct were received at Group level. One case involved an interference with the fundamental rights to protect dignity and/or unacceptable behaviour such as discrimination, harassment or mobbing in the workplace. The confidant was involved in the consideration of two reports of alleged inadmissible conduct; one was dismissed at the request of the reporting person without formal proceedings, and in the other the confidant did not find a violation of the reporting person's dignity.⁸⁰

The Company incorporated its **commitment to respect human rights in business operations** into its business processes. With it, as the Group's parent company, the Company committed itself to respecting human rights throughout the entire business process and to avoiding and preventing possible negative impacts on ensuring human rights.

Promoting innovation and improvements

The **Ideja IN** programme was updated in 2021, which encourages creativity, putting forward good ideas and proposing improvements in the Company. It is available to employees on the intranet, and several different areas are involved in reviewing ideas. A total of 27 ideas for improvement were examined in 2021.

Care for employees outside working hours

Employees have the opportunity to take part in various forms of socialising and sports activities outside working hours in most Group companies. Due to the pandemic, unfortunately, some established forms of socialising and sports activities, such as the Triglav Group Day – Our Day, sports games of financial organisations (ŠIFO) and gatherings with retired Triglav employees, did not take

place. A total of **22% of employees** of Group members and 44% of employees of the parent company were members of mountaineering and sports clubs.

12.4.3 Responsibility to community⁸¹

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.

The volume of generated assets distributed among various stakeholders of the Group is shown by economic value distributed. In 2021, it increased to EUR 1,281.8 million (index 109) mainly due to dividend payments and the increase in net claims incurred and other insurance expenses.

Economic value distributed of the Triglav Group

	Index				
	2021	2020	2019	2021/2020	2020/2019
Economic value generated	1,378.8	1,274.9	1,292.4	108	99
Economic value distributed	1,281.8	1,179.2	1,245.6	109	95
- Net claims incurred and other insurance expenses	856.8	814.3	838.4	105	97
- Expenses from financial assets	27.6	36.7	21.9	75	167
- Other expenses	24.8	22.9	23.5	108	97
- Operating expenses	135.9	119.5	120.2	114	99
- Dividend payments	38.6	0.0	56.8	0	0
- Tax expense (income tax expense)	19.7	17.2	17.1	114	101
- Community investments (prevention activities, donations, sponsorships)	8.7	7.8	7.4	111	105
- Employee wages, allowances and benefits	169.7	160.7	160.3	106	100
Economic value retained	96.9	95.7	46.8	101	204

The **Group's responsibility to the community** in all environments is fulfilled primarily through investments in prevention, sponsorships and donations, as well as investments in infrastructure at national and local levels, which are presented below. 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 companies 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.

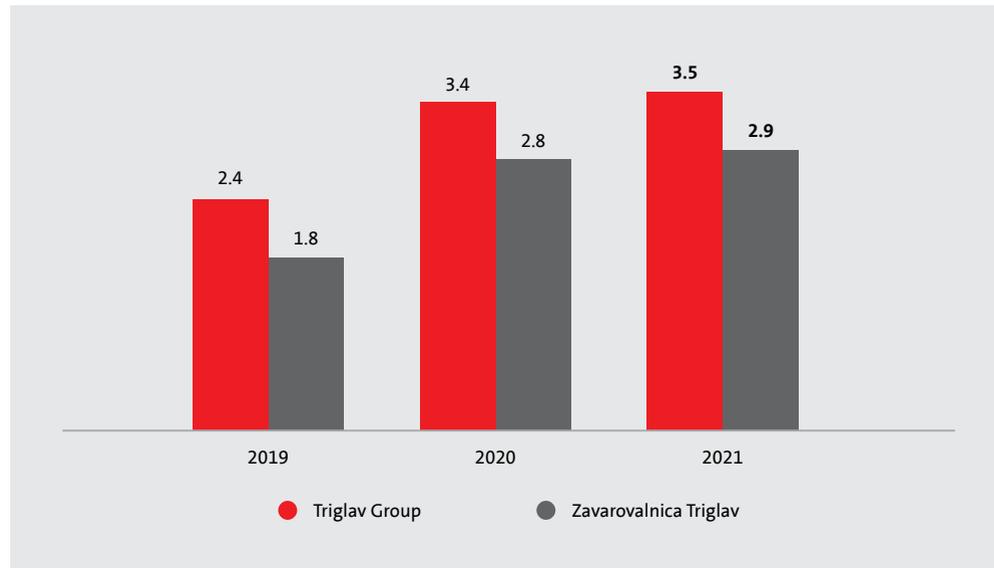
⁷⁹ GRI GS 103-1, 103-2, 103-3 | ⁸⁰ GRI GS 406-1 | ⁸¹ GRI GS 103-1, 103-2, 103-3

12.4.3.1 Investment in prevention

Prevention programmes are an important social aspect of sustainable impacts of the insurance industry, as they reduce risks and are also prescribed by law. Compared to 2020, the volume of investments in prevention was higher both at Group level and in the parent company.

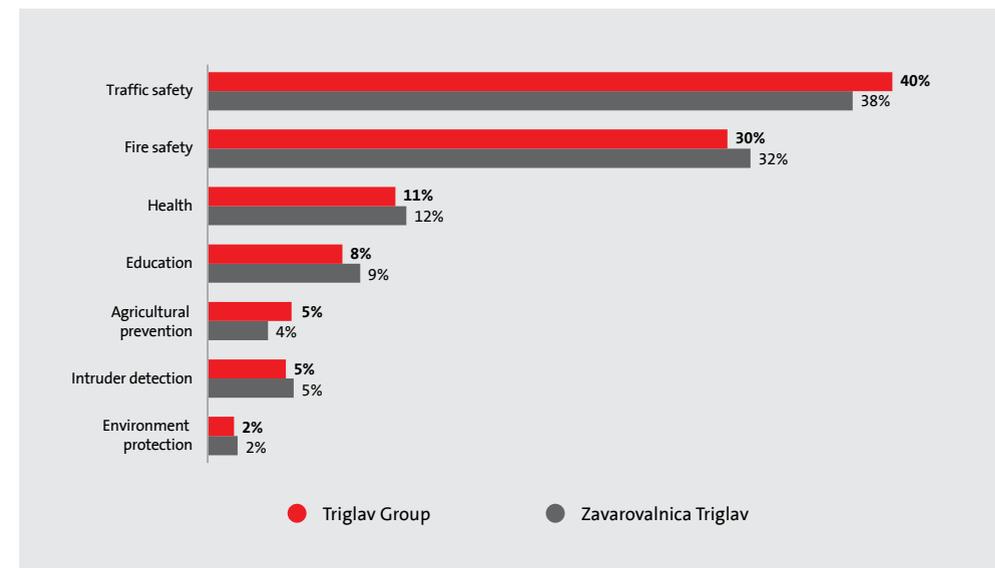
The bulk of funds was allocated to **improving traffic, fire and health safety**.

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



A total of 190 drivers in six Slovenian towns retook their driving test with a driving instructor in 2021.

The share of the Triglav Group's and Zavarovalnica Triglav's funds for preventive activities by purpose in 2021



Prevention projects⁸²

The Group pursues its mission and creates a safer future also through preventive projects and campaigns. With regard to road prevention, drivers were offered numerous opportunities to improve their safe driving skills and upgrade their knowledge of road traffic regulations; for the same purpose, the benefits of the **DRAJV** application, the **Vozimse** and **Vse bo v redu** portals and driver training courses were combined. With respect to fire safety, almost **half of all Slovenian mountain huts and chalets** were equipped with automatic fire extinguishing systems over two years; awareness of the fire risk in mountain huts was raised by conducting fire drills in the high mountain range in cooperation with many partners. The Company teamed up with many experts and specialists to promote health and prevent disease. Free consultations, workshops and training courses were held, in addition to co-financing the purchase of equipment and the operation of programmes.

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⁸² GRI GS 103-1, 203-1, 413-1

High profile and comprehensive prevention projects of the Triglav Group in Slovenia in 2021 by area⁸³

Health prevention	Impact
Assistance in the event of a sudden cardiac arrest	<ul style="list-style-type: none"> Co-financing or purchase of 25 defibrillators in local communities – 166 since 2014. Co-financing of training courses in the use of defibrillators in local communities.
Prevention and early detection of disease	<ul style="list-style-type: none"> 37 meetings and other events on physical and mental health were held in the Triglav Lab. Special attention was devoted to the mental health of young people.
Rapid response training	<ul style="list-style-type: none"> Co-financing of first aid education and training of first responders for healthcare institutes and municipalities.
Purchase of medical equipment	<ul style="list-style-type: none"> Co-financing of devices such as blood glucose meters, a ventilator, ultrasound and ECG machines for healthcare institutes.
Traffic safety	Impact
Retaking the driving exam, partner AMZS (Automobile Association of Slovenia)	<ul style="list-style-type: none"> 190 drivers in six Slovenian towns retook the driving test with a driving instructor. In the three years of implementing this campaign, more than 410 drivers, who have an average of 28 years of driving experience, took a refresher ride with a driving instructor. The most common driver errors were presented in articles on the vozimse.si portal.
Vozimse.si – a road traffic prevention portal, partner AMZS	<ul style="list-style-type: none"> 110,000 drivers passed the renewal road rules test, which is almost 10% of all Slovenian drivers. The most common mistakes made by drivers of the DRAJV application were presented on the portal, and information was published that could help drivers eliminate them.
Traffic safety awareness videos, partner Atmosferci	<ul style="list-style-type: none"> 4 videos were recorded on the following topics: myths of winter driving, anger in traffic, proper use of the left lane on the highway, motorcycle responders.
Together for Road Safety project, partners Sipronika and Zavod Vozim (I'm Driving Institute)	<ul style="list-style-type: none"> 80 speed display signs in local communities, at high-risk road sections and in the vicinity of schools and kindergartens were set up (within six years), of which 12 in 2021. Under the mentorship of the Vozim Institute, students from 12 schools with displays were researching speeding and submitted proposals to the mayors of their municipalities to reduce speed in their settlements. The implementation of proposals will be monitored on an annual basis.
Together for Road Safety project, partner COPS system	<ul style="list-style-type: none"> Installation of 11 COPS@zebra systems in Slovenia at black spots with the greatest risk of traffic accidents when walking over a pedestrian crossing.
Interactive workshops for secondary school students "I still drive but I no longer walk", partners Zavod Vozim (I'm Driving Institute) and Sipronika	<ul style="list-style-type: none"> At 160 workshops in person or online, 9,500 young people listened to personal stories of traffic accident victims and became acquainted with the DRAJV safe driving application. 300 parents learnt about the techniques of how to talk about reducing alcohol consumption among adolescents at the workshop "We need to talk about alcohol" (for parents of 15-year-olds). 600 young people researched the influence of speed on impact load and braking distance at 14 specialised workshops. 800 young people attended the Alcohol=Change of Life workshop.
Activities for the safety of preschool children and first graders in road traffic, partner the Slovenian Traffic Safety Agency	<ul style="list-style-type: none"> Over 21,000 first graders were equipped with yellow neckerchiefs. Road safety mascot Kuža Pazi (Watch Out Doggy) visited over 47 elementary schools.
Educational charity event "Motorcyclists for Motorcyclists" partner AMZS, Center varne vožnje Vransko (Vransko Safe Driving Centre)	<ul style="list-style-type: none"> More than 1,500 motorcyclists attended accident prevention workshops over the period of seven years. In 2021, two days of free workshops for motorcyclists were organised.
Training workshop on driving with tractors and tractor trailers, partner AMZS, Vransko Safe Driving Centre	<ul style="list-style-type: none"> More than 130 tractor drivers attended the workshop on safe driving with tractors. In two years, over 200 tractor drivers were trained, many of them young tractor drivers.
Ongoing development of the DRAJV safe driving application	<ul style="list-style-type: none"> More than 62,000 users of the DRAJV application drove 190 million kilometres. Overview of the monthly statistics with the most common errors and a link to the content of the Vozimse portal, which helps to eliminate errors.
Promotion of forming an emergency lane on motorways, partner Zavod Reševalni pas (Emergency Lane Institute)	<ul style="list-style-type: none"> Purchase of three cameras (ten in total) 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. Footage of ambulances on an emergency call and their problems were shared with drivers on common communication channels.
Fire prevention	Impact
Care for greater fire safety in mountain huts, partners Alpine Association of Slovenia and Fire Fighting Association of Slovenia, Bonpet	<ul style="list-style-type: none"> 33 mountain huts were equipped with automatic fire extinguishing ampoules and fire extinguishers that extinguish the initial fire, even if the hut is empty. In total, 85 mountain huts were equipped in two years. As part of the Let's Clean the Mountains drive, the first fire drill was carried out with partners at Dom pod Storžičem in the event of fire in a mountain hut. A consultation for mountain hut caretakers was held on the topic of fire protection and the importance of appropriate insurance for mountain huts.
Purchase of fire protection equipment, partners fire services, associations and brigades	<ul style="list-style-type: none"> Co-financing of the purchase of protective equipment, fire-fighting equipment and fire engines as well as investments in fire stations for 90 volunteer fire brigades and associations. Actively raising awareness about the dangers of lighting candles on Advent wreaths on the Everything Will Be Alright portal.
Financing of training and competitive activities of firefighters, partner Fire Fighting Association of Slovenia	<ul style="list-style-type: none"> Co-financing the implementation of the National Firefighting Competition in Celje and raising awareness of the general public on fire prevention.

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In the context of the traditional New Year's prevention campaign **Za boljši jutri (For a better tomorrow)**, 25 prevention projects were supported in Slovenian local communities. Funds were allocated to firefighters, health care, civil protection, counselling in the field of children's mental health, institutions for users with special needs and elementary schools. Over 200 preventive projects were supported over eight years.

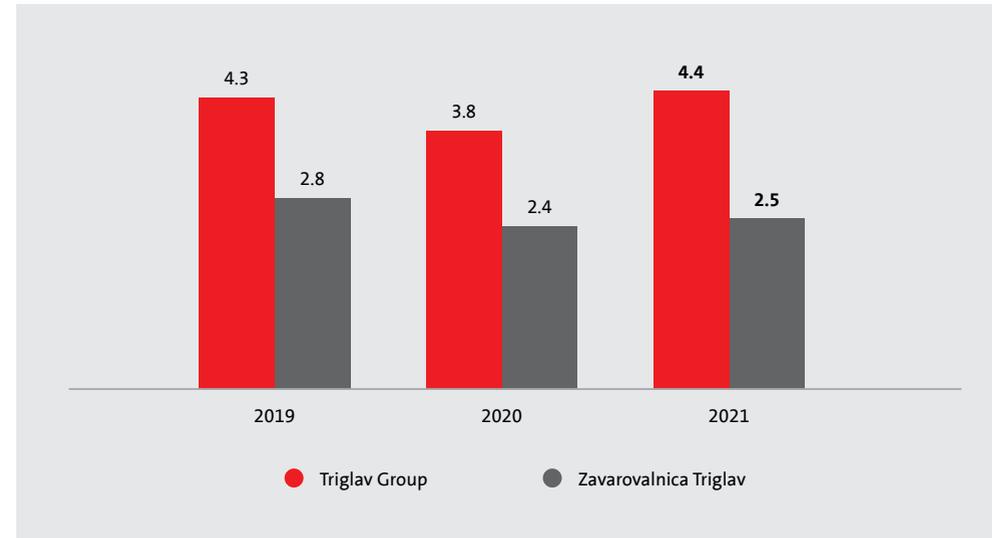


A total of 25 defibrillators were co-financed or bought in local communities in 2021 – amounting to 166 since 2014.

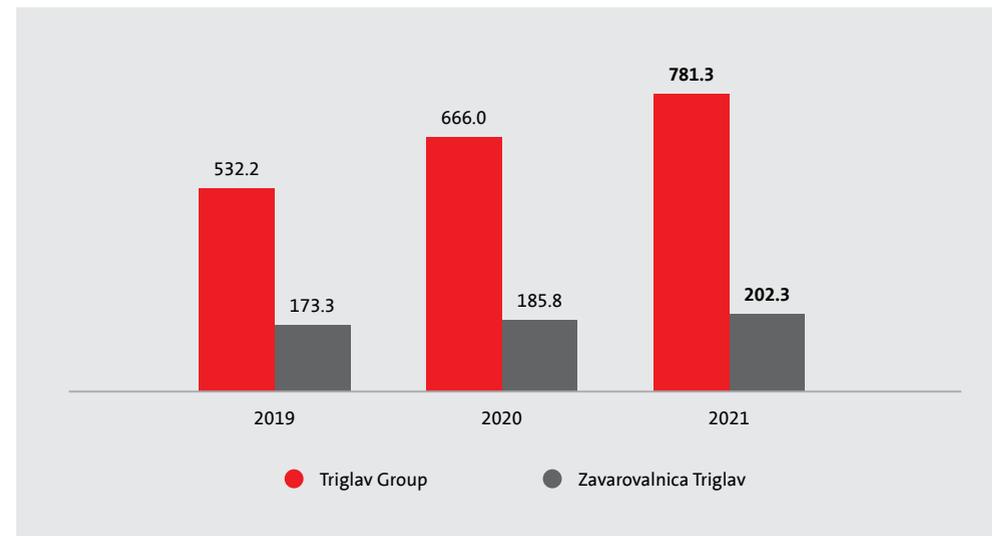
12.4.3.2 Sponsorships and donations⁸⁴

The management of sponsorship and donor partnerships in the Group is carried out in accordance with the established uniform guidelines. Attention is paid that their selection complies with the Company's business guidelines and brand. The situation related to the COVID-19 pandemic eased in comparison with the previous year and partnerships once again became more active. The amounts of both sponsorships (index 116) and donations (index 117) were increased.

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

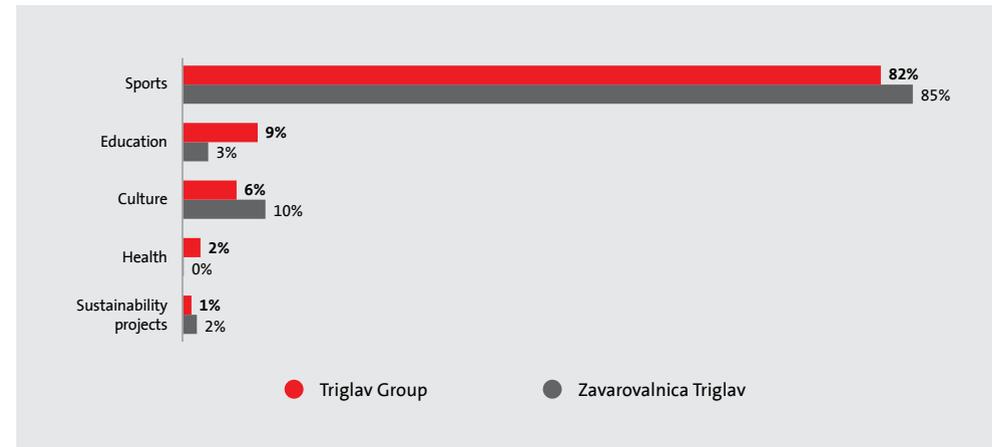


⁸⁴ GRI GS 201-1, 203-1

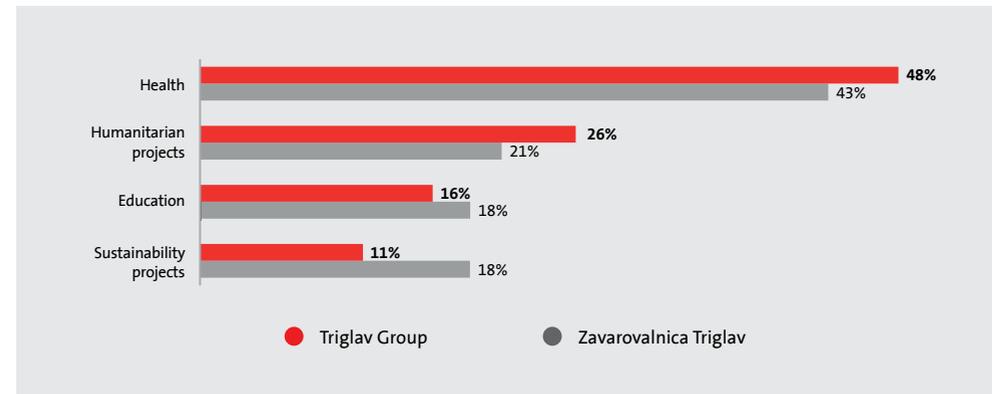


Zavarovalnica Triglav is a sponsor of 24 top athletes in Slovenia. Žan Košir is in the photo.

Sponsorships of the Triglav Group and Zavarovalnica Triglav in 2021 by content



Donations of the Triglav Group and Zavarovalnica Triglav in 2021 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 its markets. In 2021, its donor activities were strengthened and the largest share of funds was allocated to **healthcare and humanitarian projects**.

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Some major sponsorships of the Triglav Group in 2021

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 Sponsor of the Biathlon World Cup in Pokljuka Sponsor of the Sports Federation for the disabled of Slovenia Golden partner of the Football Association of Slovenia Sponsor of the Tennis Association of Slovenia Golden sponsor of the Table Tennis Association of Slovenia Sponsor of the Gymnastic Federation of Slovenia Sponsor of the Canoe Federation of Slovenia General partner of the climbing event Triglav The Rock Ljubljana Partner of the <i>Odbito na Ljubljani</i> event Sponsor of top athletes: Peter, Domen and Cene Prevc, Anamarija Lampič, Janez Lampič, Ela Nala and Tara Katarina Milič, Kaja Juvan, Domen Škofic, Janja Garnbret, Timotej Lampe Ignjič, Nataša Robnik, Miha Dovžan, Vid Vrhovnik, Aljaž Sladič, Nika Radišič, Špela Rogelj, Nika Križnar, Rok Marguč, Klemen Bauer, Jakov Fak, Katja Pogačar, Žan Košir and Jan Pancar. 	<ul style="list-style-type: none"> A series of concerts of Music of the World in Cankarjev dom Kinodvor Ljubljana Puppet Theatre Slovene Writers' Association Ljubljana Festival Ljubljana Castle Lent Festival National Museum of Slovenia Arsana Festival Beletrina Modern Gallery BBDO Festival RUTA 	<ul style="list-style-type: none"> Mountain Rescue Association of Slovenia: Staying Safe in the Mountains Managers' Association of Slovenia Slovenian Society for Dog Assisted Therapy Tačke Pomagačke (Helping Little Paws) Maritime Law Association American Chamber of Commerce in Slovenia (AmCham Slovenia)
Croatia	<ul style="list-style-type: none"> Croatian Basketball Association Croatia Open Umag Inter Zaprešić Football Club Adriatic Water Polo League 	<ul style="list-style-type: none"> Wine of Dalmatia Association 	<ul style="list-style-type: none"> Croatian Mountain Rescue Service
Montenegro	<ul style="list-style-type: none"> Budučnost Basketball Club Budučnost Female Handball Club Montenegro Olympic Committee Water Polo and Swimming Federation of Montenegro Adriatic Water Polo League Podgorica Basketball Club 	<ul style="list-style-type: none"> Budva Theatre Festival Art 365 	
North Macedonia	<ul style="list-style-type: none"> Vardar Handball Club Vardar Female Handball Club Alkaloid Chess Club Support of rally driver Igor Stefanovski Support of young tennis player Aleksandra Simeva Handball Federation of North Macedonia Support of the Youth League of the Basketball Federation of North Macedonia 	<ul style="list-style-type: none"> Tikveš Young Wine Festival 	<ul style="list-style-type: none"> Vrhbosna Sarajevo Elementary School
Bosnia and Herzegovina	<ul style="list-style-type: none"> Female Play Off Sarajevo Basketball Club Sarajevo Ski Club Borac Football Club Gradina Herceg Volleyball Club Železničar Football Club Čelik Football Club Support to Spars 05 Basketball Club 	<ul style="list-style-type: none"> Forum Sarajevo 	<ul style="list-style-type: none"> Skopje Scout Club
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 Borac Basketball Club Vojvodina Basketball Club Golf Association of Vojvodina Adriatic Water Polo League Support for the judoka Nemanja Majdov 	<ul style="list-style-type: none"> Manasija Knights Festival 	<ul style="list-style-type: none"> Municipality of Zemun

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Humanitarian activities of the Triglav Group members

Donation recipient	Purpose of aid
Lajka, society for the protection of and assistance to animals in distress, Slovenia	• Assistance to animals in distress
From Children to Children Society, Slovenia	• Co-financing of activities for children with special needs
Association of Patients with Blood Diseases, Slovenia	• Support for the rehabilitation programme
General hospitals of Ptuj, Murska Sobota, Jesenice and Izola, Slovenia	• Co-financing of necessary equipment (Triglav Run)
Happy Feet Society, Slovenia	• Family Assistance Project
Neurotrust, a neurorehabilitation institution, Slovenia	• <i>Let's ride together</i> drive
Tone Okrogar Primary School Zagorje, Municipality of Hrastnik, KS Kapca, Miklavžev zavod Murska Sobota and Vesna – Rateče d.o.o., Slovenia	• Co-financing the renovation of children's playgrounds (the renovation of 53 children's playgrounds was co-financed from 2012 to 2021)
ZPM Slovenije Ljubljana Moste – Polje, Slovenia	• Support for various programmes
Kinodvor and the Paediatric Clinic, Slovenia	• Enabling children at the hospital to watch a movie and socialising with the Watch Out Doggy mascot
Cystic Fibrosis Association, North Macedonia	• Support for the rehabilitation programme
Dragiša Mišović Clinical Centre, Serbia	• Purchase of hospital equipment
World Vision, Bosnia and Herzegovina	• Financial support to World Vision BiH organisation



Young Hopes 2021.

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 2021 included:

- **Support to young talents – Young Hopes project**

The Young Hopes project was implemented for the ninth time in a row, providing support to talented young athletes, para-athletes and artists. The current recipients of funds, aged 16 to 19, were announced at the end of 2021. The Everything Will Be Alright Institute allocated EUR 50,000 for the development of their talents and the realisation of their goals. In nine years, **114 young hopes** were supported with a total of EUR 451,000.

For all Young Hopes generations and all those closely associated with their work, the Company organised free lectures on effective communication and proper nutrition of athletes and those who are often exposed to pressure and stress.

- **Prevention activities aimed at preventing loss events**

The Company supported the **Alcohol-Free for 40 Days** campaign for the sixth year in a row, which promotes a healthy and sober lifestyle among the general public, including drivers. By promoting reflection on moderate and responsible alcohol consumption and raising awareness of the consequences of alcohol consumption, the Company is joining the efforts for positive changes in transport and community.

Information on corporate social responsibility partnerships:

Zavarovalnica Triglav, d.d., Ljubljana
 Miklošičeva cesta 19, 1000 Ljubljana
 E-mail: spozorstva@triglav.si

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12.4.4 Responsibility to suppliers

Procurement practices⁸⁵

Zavarovalnica Triglav uses a **standardised software solution for procurement**, which increases the transparency of procurement procedures and further reduces the operational risks of non-compliance with good business practices. Major procurement procedures are performed by the Strategic Sourcing Department which, in addition to its procurement role, performs a coordinating and communicating role between the departments in need of procurement and suppliers.

A new **procurement policy** for 2021–2023 was adopted in 2021. It defines the most important procurement categories and key development guidelines of procurement processes for greater cost efficiency, operational risk management and building long-term partnerships. It also ensures brand quality and compliance with the Group's integrated strategy and code. The biggest new feature is the definition of criteria for classification in the group of key and strategic suppliers, among which are the sustainability aspects related to the requirements of the GRI GS standards. The revised purchasing strategy and new indicators are in line with the Group's sustainable business guidelines.

Only suppliers who are, based on questionnaires, assessed each year as eligible according to the supplier compliance assessment and meet the expectations regarding sustainable business may participate in the procurement procedures. *The supplier compliance assessment* assesses the risks of corrupt practices, conflicts of interest and political exposure, while *the business sustainability assessment* is used to assess respect for human rights, provision of a safe and healthy work environment for employees and other workers (at least in accordance with the applicable legislation), compliance with Slovenian legislation and international human rights documents and implementation of the requirements of environmental legislation. In this way, suppliers are assessed according to GRI standards indicators; 375 suppliers were assessed in 2021 (compared to 311 in 2020).

Locally-oriented procurement⁸⁶

The Company procures most materials and services on the Slovenian market; 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.

The Group members also 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. All Group members adhere to the minimum standards for the Group's procurement process.

In 2022, an optimisation project will be implemented to carry out all procedures for same type purchases of companies in Slovenia in the amount exceeding EUR 25,000 (excluding VAT) via the Strategic Sourcing Department; for this purpose, a standardised software solution will be used.

Remuneration of insurance agencies and their sales staff

The Group's sales network is constantly being expanded with contractors, reaching **1,720** in 2021.⁸⁷ 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 2021 year-end, the Company cooperated with 528 contractors authorised to provide insurance agency services (roadworthiness test providers, car dealers, leasing companies, banks, travel agencies, life and non-life insurance agencies) – 450 for non-life and 78 for life insurance. Non-life insurance agency companies are rewarded based on the following criteria: exclusivity, written premium, size of the area of operation, volume of sales of insurance products and 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 balance, client loyalty indicator and the effectiveness of maintaining the portfolio. The first agreement with a new partner is concluded for a fixed term. Before signing or renewing the agreement, a standardised review is performed. Contractors are also rewarded for exceeding the annual non-life and life insurance sales targets (volume bonus); furthermore, special additional rewarding campaigns are carried out during the year. In 2021, **rewarding of contractors for remote policy underwriting** was introduced.

Contractors are able to attend various training courses, workshops, and sales and motivational events, thus gaining new insurance and sales knowledge and skills, which improves client satisfaction.

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.

Companies outside Slovenia cooperated with more than **1,200 contractors** in 2021. In some countries, sales was promoted to natural persons through additional incentives. In Montenegro, the rules of remuneration were upgraded, placing an emphasis on the variable part of remuneration. These rules were also updated in some other companies.

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.

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12.5 Governance aspects

Fair business practices⁸⁸

In 2021, the Triglav Group Code was revised, changing in particular the method of addressing target stakeholders. Ethical principles were expanded to the following twelve:

- integrity and compliance,
- conflict of interest management,
- prevention of the restriction of competition, unfair competition and unfair business practices,
- transparency and comprehensive communication
- respect for human rights,
- responsibility to the employees,
- a client-centric approach,
- responsibility to the business partners and shareholders,
- fraud management,
- prevention of corruptive actions,
- money laundering and terrorist financing prevention,
- data protection and integrity.

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 also transferred to other Group members. Employees are regularly informed about the content of the code, which is also included in training.

In 2021, the Triglav Group dealt with two violations of the Triglav Group Code. No monetary losses directly related to the marketing and provision of information on insurance products were recorded.⁸⁹ None of the covered employees were involved in investment-related investigations, consumer complaints, private civil disputes or other regulatory proceedings.⁹⁰ No monetary losses directly related to legal proceedings concerning fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, abuse or other related laws or regulations of the financial industry were recorded.⁹¹

Insurance fraud management

Insurance fraud management is a condition for trusting in the insurer's fair business practices and an integral part of cost-effective operations. To identify suspected fraud, the Company uses advanced computer solutions that quickly and reliably detect suspicious cases. Technology also provides the Company with guidelines in establishing key internal controls for fraud prevention and identification, while at the same time helps to measure the Company's effectiveness in insurance fraud management.

Systematic training and awareness raising activities on how to identify insurance fraud, particularly with respect to underwriting and claim settlement, are carried out for all employees. In the fight against fraud, the Company actively collaborates with other insurers and competent state authorities.

With the growing scope of remote insurance processes in recent years, new forms of fraud were detected, which the Company has begun to systematically monitor, adjusting its operations accordingly.

Whistleblowing regulations are governed by the Triglav Group Code, which is supplemented by the Rules on the management of internal fraud and violations. The latter also provides a framework for ensuring the protection of the reporting person's (whistleblower's) identity and protection against retaliation. At least one channel for reporting violations (an online form, a hotline for reporting fraud or the email address prevare@triglav.si) is available in all insurance and financial companies of the Group. In companies that employ at least 50 people, a **new internal channel** is being introduced in the application for receiving reports of violations. It is public and accessible on the website www.triglav.eu, making it available to all external stakeholders. Reporting persons may report any unlawful conduct, or an attempt thereof, that is contrary to the values and principles of the Triglav Group. Each report is dealt with in accordance with a predetermined procedure; the bona fide reporting person is protected during the procedure and after its completion.

Insurance fraud was confirmed in 878 cases out of 1,517 reported cases of suspected fraud in 2021. Of these, 33 reports of suspected fraud were received from external and internal reporting persons (whistleblowers). Fraud was confirmed in 9 cases. The number of confirmed cases of suspected fraud was 15% higher than in 2020. The Group also dealt with 34 cases of suspected internal fraud. Suspicion was confirmed in 18 cases in the total value of EUR 125,527.⁹²

Anti-corruption behaviour⁹³

In Group companies, the anti-corruption policy set a minimum standard of behaviour in proceedings with an identified corruption risk. As a mandatory contractual provision in legal relations with its contractors, the Group adopted an anti-corruption clause, a clause on respect for human rights, prevention of conflicts of interest, and protection of personal data and business secrets. Through regular training and communication, employees are trained in fair and transparent behaviour and how to respond to any identified irregularities. Zavarovalnica Triglav's employees attended training courses in corruption, conflict of interest management, prevention of money laundering and terrorist financing, and the Triglav Group Code for an average of 3.5 hours. No cases of corrupt practices were confirmed in the Triglav Group in 2021.

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.⁹⁴



Personal data protection⁹⁵

With regard to **personal data protection**, the Group did not have any substantiated complaints regarding violations of privacy and protection and loss of personal data in 2021. In one case, non-compliance was found in the obligation to inform an individual, which was immediately rectified. There were no material sanctions; however, one written warning was issued due to the violation of the obligation to protect personal data, which is why action was taken to eliminate the irregularities.⁹⁶

In 2021, Zavarovalnica Triglav held several employee education and training courses on personal data protection – one training hour per employee on average. The internal control of personal data protection and the level of informing of individuals about the processing of their personal data were upgraded. Uniform rules for personal data processing and protection continued to be implemented within Group; they are based on common minimum standards for personal data protection.



Special attention is paid to personal data protection and employees participate in regular training on personal data protection.

Protection of competition⁹⁷

The Group follows the rules of consumer protection and competition and good business practices in its operations, product development and marketing. The protected interests of its competitors are respected and care is taken that the supplier selection procedures are transparent and comply with fair competition rules. By adopting the Handbook for Consumer and Competition Protection, the rules of behaviour to competitors were expanded, with special emphasis being on respecting the principles of fair competition. This is regularly communicated to employees. The Company was not informed of any proceedings due to non-compliance with competition protection rules that might have been initiated against any Group company in 2021.

Commitments to external initiatives and membership in associations⁹⁸

The Group companies participate in various initiatives and associations that promote ethical conduct and sustainable business. The main standard of professional business practices is implemented in the context of the Insurance Code of the Slovenian Insurance Association and other industry codes. The Company takes part in the activities of the American Chamber of Commerce, especially in the Ethics and Transparency Committee. As one of the first Slovenian companies, it committed itself to respecting the Declaration on Fair Business Practices. By joining Transparency International Slovenia, the Company additionally committed itself to developing an anti-corruption culture, and by signing the Commitment to Respect Human Rights in Business, it supported the implementation of the National Action Plan of the Republic of Slovenia for Respect for Human Rights in the Economy. The subsidiaries carry out the parent company's commitments or directly adopt similar commitments and initiatives.

The Company is an active member of the Slovenian Insurance Association and its committees, the Chamber of Commerce and Industry of Slovenia and other local and interest chambers. The Company's representatives are active in the following professional associations: 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. Furthermore, representatives of the Company are members of many international industry and professional associations for finance, actuaries and compliance; furthermore, as its members, they attend the Business Integrity and Transparency Forum of Transparency International Slovenia. Subsidiaries are members of industry and professional associations in individual countries where they operate.

Adjustment to regulatory changes

Developments and changes in legislation are regularly monitored and included in the planning and implementation of operations. In 2021, the focus was on developing the most uniform practices in **personal data protection and protection of privacy in electronic communications**, related in particular to the transition to remote business. The following regulations were implemented: an amendment to the law governing companies, a directive governing the **protection of whistleblowers** and the guidelines of the European Insurance and Occupational Pensions Authority (EIOPA) on outsourcing to cloud service providers. The Company continued the harmonisation with the

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⁹⁵ GRI GS 103-1, 103-2, 103-3, 412-2, SDG 16 | ⁹⁶ GRI GS 419-1, 418-1 | ⁹⁷ GRI GS 103-1, 103-2, 103-3, 206-1 | ⁹⁸ GRI GS 102-12, 102-13

regulation on sustainability-related disclosures in the financial services sector, monitored the implementation of the EU Taxonomy and continued to implement the adopted Triglav Group's commitment to sustainability, which was upgraded with the Group's strategic ambitions relating to sustainable development (ESG).

The Group companies comply with legislative requirements, they are constantly adapting to changes and are actively involved in regulatory procedures. In countries where EU law does not apply, all Group companies comply with the minimum standards set by the parent company.

The Company's operations were adjusted to legal changes relating to supplemental voluntary pension insurance (SVPI) and obtained approvals for changes to pension schemes, management rules and investment policies for guarantee funds.

In the framework of a special working group, the definitions of the target market for more complex products were thoroughly reviewed in line with the EIOPA's guidelines on product review, the Policy on Insurance Product Governance and Oversight, and the EIOPA's and the ISA's positions regarding COVID-19 mitigation measures. For most insurance products, the target market was revised in the part that defines the purpose of an insurance product and the assumption of investment risks.

Furthermore, the Company addressed compliance with regulations relating to sustainability and amended the products in compliance with Regulation (EU) 2020/852 (Articles 6 and 7).

Government grants and other forms of government assistance⁹⁹

The Triglav Group received EUR 2.7 million in grants and other forms of government assistance in 2021, of which Zavarovalnica Triglav received EUR 2.5 million. The largest share of government grants in the Group, 83.3%, was accounted for by reimbursements of labour costs by the state. The support received in individual countries in which the Group operates so as to curb the COVID-19 epidemic accounted for 7.2%, while incentives for employing specific categories of workers accounted for 7.9%. The share of funds obtained in public tenders for co-financing traineeships from the Cohesion Fund was 1.1%. See Section [5.4 of the Accounting Report](#) for more information on government grants.

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Insurance

Zavarovalnica Triglav d.d.	
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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	
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Phone:	++ 385 (1) 563 27 77
Fax:	++ 385 (1) 563 27 99
Email:	info@triglav.hr
Website:	www.triglav.hr
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 28,073,249

Lovćen Osiguranje a.d., Podgorica	
Address:	Ulica Slobode 13a, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 404 404
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

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Lovćen životna osiguranja a.d., Podgorica	
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Phone:	++ 382 (20) 231 882
Fax:	++ 382 (20) 231 881
Email:	info@lovcenzivot.me
Website:	www.lovcenzivot.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 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

Triglav Osiguranje a.d., Banja Luka	
Address:	Ulica Prvog krajiškog korpusa broj 29, 78000 Banja Luka, Bosnia and Herzegovina
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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

Triglav Osiguranje a.d.o., Belgrade	
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Fax:	++ 381 (11) 312 24 20
Email:	office@triglav.rs
Website:	www.triglav.rs
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 14,556,702

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
Website:	www.triglav.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /81.32%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /81.32%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 2,446,451

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:	- /96.26%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /96.26%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 4,815,486

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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:	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 563,345/EUR 563,345

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

Trigal, 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@trigal.com
Website:	www.trigal.com
Activity:	Management of financial funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 7,331,308/EUR 7,331,308

Triglav penzisko društvo a.d., Skopje	
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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.o.o.	
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.	
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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

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Triglav Savetovanje, društvo za zastupanje u aktivnosti osiguranju d.o.o., Belgrade	
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Email:	office@triglav-savetovanje.rs
Website:	www.triglav-savetovanje.rs
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	-/100%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	-/100%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	-/EUR 30,178

Triglav Savjetovanje, društvo za zastupanje u osiguranju d.o.o., Sarajevo	
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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:	-/100%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	-/100%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	-/EUR 153,388

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 790,000

Triglav Avtoservis d.o.o.	
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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

Diagnostični center bled d.o.o.	
Address:	Pod skalo 4, 4260 Bled, Slovenija
Phone:	++ 386 (4) 579 80 00
Email:	info@dc-bled.si
Website:	www.dc-bled.si
Activity:	Hospital activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	50.00%/50.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	50.00%/50.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 189,562/EUR 189,562

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:	vsebovred@triglav.si
Website:	www.vsebovred.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

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14. Business network of the Triglav Group

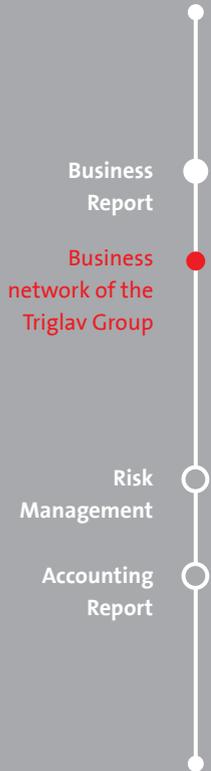
- The Triglav Group is expanding its business network in the Adria region and its sales, after-sales and assistance services, which are provided in increasingly hybrid forms.
- The Triglav Group's business network includes over 1,720 insurance agencies, brokers and banks. Almost 73% of its outsourcers operate in markets outside Slovenia.

The Group's well-developed business network is constantly upgraded. Business digitalisation enables the Group to complement the multi-channel approach and hybrid forms of business with the traditional method of selling insurance and financial services. In this way, it adapts to the increasingly dynamic client needs. In 2021 the Group strengthened its advantages by entering into more strategic partnerships and increasing the number of contract sales partners and the scope of online and assistance.

The Group's insurance sales network is composed of insurance agents, sales clerks and own points of sale. In 2021, the external sales network in Slovenia comprised 528 outsourcers registered for insurance agency activities – 450 in non-life insurance and 78 in life insurance. 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 cooperates with more than 1,200 insurance agencies, with most partnerships being entered into in Serbia, particularly with vehicle inspection providers. See Section [12.4.4 Responsibility to suppliers, Remuneration of insurance agencies and their sales staff](#) for more information.

The number of outsourcers 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 call centres, where they receive the necessary information; furthermore, clients may take out insurance, report a claim and request assistance services via the telephone or online.

Due to the epidemic, the use of digital channels was promoted. The number of online service users increased significantly. See Section [11 Development and sales activities](#) for more information.



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 registered office.
- 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

- Triglav Osiguranje d.d., Sarajevo – registered office

Branch offices:

- Sarajevo
- Bihać
- Ključ
- Tuzla
- Mostar
- Zenica
- Travnik
- Goražde
- Banja Luka
- Ljubuški
- Kiseljak
- Jelah – Tešanj
- Čitluk
- Široki Brijeg
- Novi Travnik
- Teočak
- Breza
- Gračanica
- Novi Grad – Autocentar
- Kakanj
- Konjic
- Posušje
- Livno
- Čapljina
- Tomislavgrad

- Triglav Osiguranje a.d.o., Banja Luka – registered office

Regional offices:

- Banja Luka
- Dobož
- Prijedor
- Gradiška
- Istočno Sarajevo
- Bijeljina

- 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

- 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

- 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.o.o., 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
- Diagnostični center Bled d.o.o., Bled – registered office

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15. Performance indicators of Zavarovalnica Triglav

15.1 Growth of gross written premium (index)

No.		Gross written premium for the current year*100		in EUR		
		Gross written premium for the preceding year		Gross written premium		Index
		2021	2020	2019	2021/2020	2020/2019
1	2	3	4	5	6 = 3/4*100	7 = 4/5*100
1	Accident insurance	25,235,448	25,696,568	26,948,216	98	95
2	Health insurance	787,154	926,557	728,634	85	127
3	Land motor vehicle insurance	129,298,413	127,536,359	124,555,113	101	102
4	Railway insurance	4,614,328	4,175,198	3,154,574	111	132
5	Aircraft insurance	3,683,029	2,390,519	1,928,948	154	124
6	Marine insurance	7,689,364	994,760	308,649	773	322
7	Good in transit insurance	6,858,896	5,321,053	4,724,407	129	113
8	Fire and natural disaster insurance	60,796,633	58,291,995	56,134,878	104	104
9	Other damage to property insurance	165,026,243	130,253,821	115,060,305	127	113
10	Motor TPL insurance	109,621,258	106,754,958	102,352,357	103	104
11	Aircraft liability insurance	2,779,402	1,693,326	1,988,419	164	85
12	Marine liability insurance	1,390,962	950,911	811,322	146	117
13	General liability insurance	42,719,369	38,619,888	39,134,047	111	99
14	Credit insurance	21,883,872	19,137,654	22,962,440	114	83
15	Suretyship insurance	3,600,839	2,775,316	2,414,586	130	115
16	Miscellaneous financial loss insurance	2,948,793	2,574,281	2,807,251	115	92
17	Legal expenses insurance	595,434	641,309	700,475	93	92
18	Travel assistance insurance	16,480,055	16,052,704	15,513,341	103	103
19	Total non-life insurance (No. 1-18)	606,009,493	544,787,178	522,227,961	111	104
20	Life insurance	79,238,943	79,466,230	82,300,599	100	97
21	Wedding insurance or birth insurance	-	-	-	-	-
22	Unit-linked life insurance	88,785,604	76,121,938	79,947,507	117	95
23	Tontine	-	-	-	-	-
24	Capital redemption insurance	20,316,064	18,880,523	17,655,904	108	107
25	Income protection insurance due to accident or illness	-	-	-	-	-
26	Total life insurance (No. 20-25)	188,340,610	174,468,691	179,904,010	108	97
27	Total (No. 19+26)	794,350,103	719,255,868	702,131,971	110	102

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15.2 Net written premium as % of gross written premium

		Net written premium*100				in EUR	
		Gross written premium				Net written premium as % of gross written premium	
No.		Net written premium		Gross written premium		Net written premium as % of gross written premium	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Accident insurance	24,111,394	24,663,008	25,235,448	25,696,568	96	96
2	Health insurance	403,141	524,519	787,154	926,557	51	57
3	Land motor vehicle insurance	118,746,789	117,426,679	129,298,413	127,536,359	92	92
4	Railway insurance	3,179,050	3,341,775	4,614,328	4,175,198	69	80
5	Aircraft insurance	512,084	152,316	3,683,029	2,390,519	14	6
6	Marine insurance	4,049,207	532,087	7,689,364	994,760	53	53
7	Good in transit insurance	4,377,329	2,964,486	6,858,896	5,321,053	64	56
8	Fire and natural disaster insurance	36,435,356	36,264,515	60,796,633	58,291,995	60	62
9	Other damage to property insurance	70,839,126	65,409,914	165,026,243	130,253,821	43	50
10	Motor TPL insurance	95,758,179	95,717,270	109,621,258	106,754,958	87	90
11	Aircraft liability insurance	274,980	136,593	2,779,402	1,693,326	10	8
12	Marine liability insurance	1,204,425	816,484	1,390,962	950,911	87	86
13	General liability insurance	26,327,195	26,974,734	42,719,369	38,619,888	62	70
14	Credit insurance	15,642,754	14,731,626	21,883,872	19,137,654	71	77
15	Suretyship insurance	1,697,484	1,359,310	3,600,839	2,775,316	47	49
16	Miscellaneous financial loss insurance	-738,912	871,524	2,948,793	2,574,281	-	34
17	Legal expenses insurance	479,720	498,143	595,434	641,309	81	78
18	Travel assistance insurance	15,565,586	15,265,369	16,480,055	16,052,704	94	95
19	Total non-life insurance (No. 1-18)	418,864,887	407,650,352	606,009,493	544,787,178	69	75
20	Life insurance	78,448,515	78,689,871	79,238,943	79,466,230	99	99
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	88,750,889	76,100,918	88,785,604	76,121,938	100	100
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	20,316,064	18,880,523	20,316,064	18,880,523	100	100
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	187,515,467	173,671,311	188,340,610	174,468,691	100	100
27	Total (No. 19+26)	606,380,354	581,321,663	794,350,103	719,255,868	76	81

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15.3 Movements in gross claims paid (index)

No.	Gross claims paid for the current year*100 Gross claims paid for the preceding year	Gross claims paid			Index	
		2021	2020	2019	2021/2020	2020/2019
1	2	3	4	5	6 = 3/4*100	7 = 4/5*100
1	Accident insurance	11,341,654	9,908,838	12,153,879	114	82
2	Health insurance	224,251	415,865	243,561	54	171
3	Land motor vehicle insurance	73,547,686	75,806,644	79,970,757	97	95
4	Railway insurance	1,351,160	623,235	1,000,537	217	62
5	Aircraft insurance	427,733	44,785	11,954	955	375
6	Marine insurance	462,437	-12,306	91,682	-	-
7	Good in transit insurance	1,330,731	1,511,975	1,395,610	88	108
8	Fire and natural disaster insurance	18,508,455	19,974,929	19,721,686	93	101
9	Other damage to property insurance	41,729,984	43,758,137	44,513,081	95	98
10	Motor TPL insurance	60,644,632	61,408,263	61,356,582	99	100
11	Aircraft liability insurance	4,171	23,398	17,028	18	137
12	Marine liability insurance	244,093	298,968	13,980	82	2,139
13	General liability insurance	9,130,723	14,547,830	13,579,671	63	107
14	Credit insurance	9,691,229	12,026,300	11,404,559	81	105
15	Suretyship insurance	888,227	454,233	223,376	196	203
16	Miscellaneous financial loss insurance	1,485,539	871,232	2,434,591	171	36
17	Legal expenses insurance	8,277	15,000	2,560	55	586
18	Travel assistance insurance	12,837,972	11,386,584	10,922,757	113	104
19	Total non-life insurance (No. 1-18)	243,858,953	253,063,910	259,057,852	96	98
20	Life insurance	99,811,473	95,631,064	95,622,077	104	100
21	Wedding insurance or birth insurance	-	-	-	-	-
22	Unit-linked life insurance	50,176,608	48,338,150	57,234,124	104	84
23	Tontine	-	-	-	-	-
24	Capital redemption insurance	4,210,438	4,476,399	4,929,640	94	91
25	Income protection insurance due to accident or illness	-	-	-	-	-
26	Total life insurance (No. 20-25)	154,198,520	148,445,613	157,785,841	104	94
27	Total (No. 19+26)	398,057,473	401,509,523	416,843,693	99	96

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15.4 Claims ratio

		Gross claims paid*100		Gross written premium		Claims ratio (%)	
				in EUR			
No.		Gross claims paid		Gross written premium		Claims ratio (%)	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Accident insurance	11,341,654	9,908,838	25,235,448	25,696,568	45	39
2	Health insurance	224,251	415,865	787,154	926,557	28	45
3	Land motor vehicle insurance	73,547,686	75,806,644	129,298,413	127,536,359	57	59
4	Railway insurance	1,351,160	623,235	4,614,328	4,175,198	29	15
5	Aircraft insurance	427,733	44,785	3,683,029	2,390,519	12	2
6	Marine insurance	462,437	-12,306	7,689,364	994,760	6	-
7	Good in transit insurance	1,330,731	1,511,975	6,858,896	5,321,053	19	28
8	Fire and natural disaster insurance	18,508,455	19,974,929	60,796,633	58,291,995	30	34
9	Other damage to property insurance	41,729,984	43,758,137	165,026,243	130,253,821	25	34
10	Motor TPL insurance	60,644,632	61,408,263	109,621,258	106,754,958	55	58
11	Aircraft liability insurance	4,171	23,398	2,779,402	1,693,326	0	1
12	Marine liability insurance	244,093	298,968	1,390,962	950,911	18	31
13	General liability insurance	9,130,723	14,547,830	42,719,369	38,619,888	21	38
14	Credit insurance	9,691,229	12,026,300	21,883,872	19,137,654	44	63
15	Suretyship insurance	888,227	454,233	3,600,839	2,775,316	25	16
16	Miscellaneous financial loss insurance	1,485,539	871,232	2,948,793	2,574,281	50	34
17	Legal expenses insurance	8,277	15,000	595,434	641,309	1	2
18	Travel assistance insurance	12,837,972	11,386,584	16,480,055	16,052,704	78	71
19	Total non-life insurance (No. 1-18)	243,858,953	253,063,910	606,009,493	544,787,178	40	46
20	Life insurance	99,811,473	95,631,064	79,238,943	79,466,230	126	120
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	50,176,608	48,338,150	88,785,604	76,121,938	57	64
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	4,210,438	4,476,399	20,316,064	18,880,523	21	24
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	154,198,520	148,445,613	188,340,610	174,468,691	82	85
27	Total (No. 19+26)	398,057,473	401,509,523	794,350,103	719,255,868	50	56

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15.5 Operating expenses as % of gross written premium

Operating expenses*100		Gross written premium						in EUR	
No.		Operating expenses		Gross written premium		Operating expenses as % of gross written premium			
		2021	2020	2021	2020	2021	2020		
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100		
1	Accident insurance	8,672,975	8,074,586	25,235,448	25,696,568	34	31		
2	Health insurance	230,509	237,192	787,154	926,557	29	26		
3	Land motor vehicle insurance	34,096,829	31,615,432	129,298,413	127,536,359	26	25		
4	Railway insurance	559,582	369,676	4,614,328	4,175,198	12	9		
5	Aircraft insurance	154,791	250,308	3,683,029	2,390,519	4	10		
6	Marine insurance	822,118	170,356	7,689,364	994,760	11	17		
7	Good in transit insurance	1,422,276	1,283,497	6,858,896	5,321,053	21	24		
8	Fire and natural disaster insurance	19,781,204	18,026,524	60,796,633	58,291,995	33	31		
9	Other damage to property insurance	32,123,263	30,751,757	165,026,243	130,253,821	19	24		
10	Motor TPL insurance	30,362,056	27,965,790	109,621,258	106,754,958	28	26		
11	Aircraft liability insurance	144,705	257,201	2,779,402	1,693,326	5	15		
12	Marine liability insurance	341,804	283,531	1,390,962	950,911	25	30		
13	General liability insurance	12,282,912	11,731,195	42,719,369	38,619,888	29	30		
14	Credit insurance	5,172,811	5,174,563	21,883,872	19,137,654	24	27		
15	Suretyship insurance	906,404	753,988	3,600,839	2,775,316	25	27		
16	Miscellaneous financial loss insurance	806,297	838,710	2,948,793	2,574,281	27	33		
17	Legal expenses insurance	524,741	441,780	595,434	641,309	88	69		
18	Travel assistance insurance	7,752,097	6,855,949	16,480,055	16,052,704	47	43		
19	Total non-life insurance (No. 1-18)	156,157,374	145,082,034	606,009,493	544,787,178	26	27		
20	Life insurance	17,535,773	15,418,907	79,238,943	79,466,230	22	19		
21	Wedding insurance or birth insurance	-	-	-	-	-	-		
22	Unit-linked life insurance	18,324,915	17,120,559	88,785,604	76,121,938	21	22		
23	Tontine	-	-	-	-	-	-		
24	Capital redemption insurance	3,030,016	2,329,347	20,316,064	18,880,523	15	12		
25	Income protection insurance due to accident or illness	-	-	-	-	-	-		
26	Total life insurance (No. 20-25)	38,890,703	34,868,813	188,340,610	174,468,691	21	20		
27	Total (No. 19+26)	195,048,077	179,950,848	794,350,103	719,255,868	25	25		

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15.6 Acquisition costs as % of gross written premium

No.	Acquisition costs*100 Gross written premium	in EUR					
		Acquisition costs		Gross written premium		Acquisition costs as % of gross written premium	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Accident insurance	1,223,219	893,656	25,235,448	25,696,568	4.8	3.5
2	Health insurance	8,814	8,594	787,154	926,557	1.1	0.9
3	Land motor vehicle insurance	3,885,870	4,291,381	129,298,413	127,536,359	3.0	3.4
4	Railway insurance	48,155	3,530	4,614,328	4,175,198	1.0	0.1
5	Aircraft insurance	8,031	12,293	3,683,029	2,390,519	0.2	0.5
6	Marine insurance	567,938	5,245	7,689,364	994,760	7.4	0.5
7	Good in transit insurance	387,937	298,009	6,858,896	5,321,053	5.7	5.6
8	Fire and natural disaster insurance	2,356,688	2,006,623	60,796,633	58,291,995	3.9	3.4
9	Other damage to property insurance	5,168,814	3,326,414	165,026,243	130,253,821	3.1	2.6
10	Motor TPL insurance	6,052,533	5,390,429	109,621,258	106,754,958	5.5	5.0
11	Aircraft liability insurance	2,997	3,047	2,779,402	1,693,326	0.1	0.2
12	Marine liability insurance	99,227	64,965	1,390,962	950,911	7.1	6.8
13	General liability insurance	2,199,986	2,036,301	42,719,369	38,619,888	5.1	5.3
14	Credit insurance	1,122,319	851,320	21,883,872	19,137,654	5.1	4.4
15	Suretyship insurance	277,576	202,023	3,600,839	2,775,316	7.7	7.3
16	Miscellaneous financial loss insurance	172,472	166,036	2,948,793	2,574,281	5.8	6.4
17	Legal expenses insurance	225,651	130,231	595,434	641,309	37.9	20.3
18	Travel assistance insurance	617,728	304,270	16,480,055	16,052,704	3.7	1.9
19	Total non-life insurance (No. 1-18)	24,425,956	19,994,366	606,009,493	544,787,178	4.0	3.7
20	Life insurance	4,544,110	2,988,995	79,238,943	79,466,230	5.7	3.8
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	5,329,105	5,519,076	88,785,604	76,121,938	6.0	7.3
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	75,970	48,289	20,316,064	18,880,523	0.4	0.3
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	9,949,186	8,556,361	188,340,610	174,468,691	5.3	4.9
27	Total (No. 19+26)	34,375,142	28,550,727	794,350,103	719,255,868	4.3	4.0

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15.7 Net claims ratio

		(Net claims paid + Change in claims provisions)*100		in EUR		Net claims ratio (%)	
		Net premium income		Net premium income		Net claims ratio (%)	
No.		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Accident insurance	9,121,682	6,609,444	24,183,142	25,197,530	38	26
2	Health insurance	213,843	370,242	405,936	470,703	53	79
3	Land motor vehicle insurance	67,900,878	67,636,638	117,492,243	117,077,028	58	58
4	Railway insurance	859,551	2,332,825	2,532,086	3,368,876	34	69
5	Aircraft insurance	184,020	320,915	397,629	88,826	46	361
6	Marine insurance	635,964	-205,528	2,962,887	392,617	21	-
7	Good in transit insurance	1,346,910	824,383	4,308,714	2,871,621	31	29
8	Fire and natural disaster insurance	9,539,011	15,383,091	36,638,740	35,832,757	26	43
9	Other damage to property insurance	34,535,524	33,555,100	68,237,187	64,658,436	51	52
10	Motor TPL insurance	41,872,511	67,050,540	95,040,153	96,431,180	44	70
11	Aircraft liability insurance	-35,691	-64,456	175,361	182,755	-	-
12	Marine liability insurance	258,624	438,511	1,072,262	691,619	24	63
13	General liability insurance	6,442,374	-1,430,895	26,162,127	26,615,217	25	-
14	Credit insurance	816,479	1,214,640	14,346,889	18,718,207	6	6
15	Suretyship insurance	293,166	-5,971	1,887,076	1,144,956	16	-
16	Miscellaneous financial loss insurance	693,901	368,944	-486,163	884,758	-	42
17	Legal expenses insurance	-32,338	53,508	465,841	516,641	-	10
18	Travel assistance insurance	12,092,879	10,680,346	15,400,394	15,065,765	79	71
19	Total non-life insurance (No. 1-18)	186,739,289	205,132,278	411,222,504	410,209,492	45	50
20	Life insurance	101,319,177	95,750,124	97,382,393	96,716,441	104	99
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	50,171,484	48,309,493	69,834,039	58,061,390	72	83
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	4,210,438	4,476,399	20,316,064	18,880,523	21	24
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	155,701,100	148,536,016	187,532,496	173,658,354	83	86
27	Total (No. 19+26)	342,440,389	353,668,294	598,755,001	583,867,846	57	61

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15.8 Combined claims ratio

		$(\text{Net claims paid} + \text{Change in claims provisions} + \text{Net operating expenses}) \cdot 100$					
		Net premium income				in EUR	
No.		Net claims paid + Change in claims provisions + Net operating expenses		Net premium income		Combined claims ratio (%)	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	324,345,168	335,005,046	411,222,504	410,209,492	79	82

15.9 Expense ratio

		Operating expenses*100					
		Net premium income				in EUR	
No.		Operating expenses		Net premium income		Expense ratio (%)	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Life insurance	38,890,703	34,868,813	187,532,496	173,658,353	21	20

15.10 Utility ratio

		$(\text{Claims paid} + \text{Change in insurance technical provisions}) \cdot 100$					
		Net written premium				in EUR	
No.		Claims paid + Change in insurance technical provisions		Net written premium		Utility ratio (%)	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Life insurance	235,795,772	168,708,051	187,515,467	173,671,312	126	97

15.11 Investment return as % of average balance of investments

		Investment return*100					
		$(\text{starting balance for the year} + \text{ending balance for the year})/2$				in EUR	
Zap. št.		Investment return		Average balance of investments		Investment return as % of average balance of investments	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Asset backing liabilities	10,587,574	15,824,767	751,765,118	718,690,591	1.4	2.2
2	Guarantee fund backing traditional life insurance	14,715,936	25,117,942	780,794,982	804,452,488	1.9	3.1
3	Guarantee fund backing SVPI	4,718,672	7,685,057	238,957,091	225,407,801	2.0	3.4
4	Guarantee fund backing SVPI during the annuity payout period	561,902	1,844,913	70,049,069	60,151,483	0.8	3.1
5	Guarantee fund backing unit-linked insurance	69,625,937	6,146,060	459,105,483	415,971,560	15.2	1.5
6	Investments not financed from insurance technical provisions	9,312,530	8,857,301	369,312,925	354,957,744	2.5	2.5
7	Total	109,522,551	65,476,040	2,669,984,670	2,579,631,665	4.1	2.5

15.12 Net claims provisions as % of net premium income

		Net claims provisions*100		Net premium income		Net claims provisions as % of net premium income	
						in EUR	
No.		Net claims provisions		Net premium income		Net claims provisions as % of net premium income	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Accident insurance	17,680,459	19,305,185	24,183,142	25,197,530	73	77
2	Health insurance	13,120	16,325	405,936	470,703	3	3
3	Land motor vehicle insurance	17,134,841	15,478,548	117,492,243	117,077,028	15	13
4	Railway insurance	6,113,036	6,338,678	2,532,086	3,368,876	241	188
5	Aircraft insurance	498,393	327,719	397,629	88,826	125	369
6	Marine insurance	608,592	157,051	2,962,887	392,617	21	40
7	Good in transit insurance	1,846,688	1,381,542	4,308,714	2,871,621	43	48
8	Fire and natural disaster insurance	10,973,756	12,453,443	36,638,740	35,832,757	30	35
9	Other damage to property insurance	27,564,239	24,295,113	68,237,187	64,658,436	40	38
10	Motor TPL insurance	157,639,676	168,214,401	95,040,153	96,431,180	166	174
11	Aircraft liability insurance	585,935	621,720	175,361	182,755	334	340
12	Marine liability insurance	788,206	745,431	1,072,262	691,619	74	108
13	General liability insurance	83,997,640	85,485,384	26,162,127	26,615,217	321	321
14	Credit insurance	1,707,665	2,131,635	14,346,889	18,718,207	12	11
15	Suretyship insurance	19,932	-69,485	1,887,076	1,144,956	1	-
16	Miscellaneous financial loss insurance	1,245,341	1,074,637	-486,163	884,758	-	121
17	Legal expenses insurance	73,293	109,220	465,841	516,641	16	21
18	Travel assistance insurance	2,176,686	2,265,488	15,400,394	15,065,765	14	15
19	Total non-life insurance (No. 1-18)	330,667,499	340,332,034	411,222,504	410,209,492	80	83
20	Life insurance	21,432,296	19,679,961	97,382,393	96,716,441	22	20
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	-28,409	-28,409	69,834,039	58,061,390	-	-
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	0	0	20,316,064	18,880,523	-	-
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	21,403,887	19,651,552	187,532,496	173,658,354	11	11
27	Total (No. 19+26)	352,071,386	359,983,585	598,755,001	583,867,846	59	62

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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					
Zap, št,		Gross profit/loss		Net written premium		Gross profit/loss for the year as % of net written premium	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	78,538,655	64,691,335	418,864,887	407,650,351	18.8	15.9
2	Life insurance	7,149,957	6,378,629	187,515,467	173,671,312	3.8	3.7
3	Total	85,688,612	71,069,964	606,380,354	581,321,663	14.1	12.2

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	
		(equity starting balance for the year + equity ending balance for the year)/2					
		in EUR					
No.		Gross profit/loss		Average balance of equity		Gross profit/loss for the year as % of average equity	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	78,538,655	64,691,335	555,544,412	506,290,745	14.1	12.8
2	Life insurance	7,149,957	6,378,629	104,068,140	105,950,978	6.9	6.0
3	Total	85,688,612	71,069,964	659,612,552	612,241,723	13.0	11.6

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	
		(assets starting balance for the year + assets ending balance for the year)/2					
		in EUR					
No.		Gross profit/loss		Average balance of assets		Gross profit/loss for the year as % of average assets	
		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5	8 = 4/6
1	Non-life insurance	78,538,655	64,691,335	1,387,484,403	1,322,982,979	5.7	4.9
2	Life insurance	7,149,957	6,378,629	1,683,923,777	1,644,056,469	0.4	0.4
3	Total	85,688,612	71,069,964	3,071,408,180	2,967,039,448	2.8	2.4

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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.		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5	8 = 4/6
1	Non-life insurance	78,538,655	64,691,335	15,837,350	15,837,350	5.0	4.1
2	Life insurance	7,149,957	6,378,629	6,897,798	6,897,798	1.0	0.9
3	Total	85,688,612	71,069,964	22,735,148	22,735,148	3.8	3.1

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.		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	151,216,498	117,204,470	577,396,814	533,692,009	26.2	22.0
2	Life insurance	91,560	41,265	97,825,117	110,311,163	0.1	-
3	Total	151,308,058	117,245,735	675,221,932	644,003,171	22.4	18.2

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.		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	418,864,887	407,650,351	1,118,415,083	1,071,238,466	37.5	38.1
2	Life insurance	187,515,467	173,671,312	1,659,981,630	1,612,862,758	11.3	10.8
3	Total	606,380,354	581,321,663	2,778,396,713	2,684,101,224	21.8	21.7

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15.19 Average balance of net insurance technical provisions as % of net premium income

Average balance of net insurance technical provisions*100		in EUR					
Net premium income		Average balance of net insurance technical provisions		Net premium income		Average balance of net insurance technical provisions as % of net premium income (%)	
No.		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	562,870,672	564,947,721	411,222,504	410,209,492	136.9	137.7
2	Life insurance	1,555,913,490	1,506,911,781	187,532,496	173,658,353	829.7	867.7
3	Total	2,118,784,161	2,071,859,502	598,755,000	583,867,845	353.9	354.9

15.20 Equity as % of liabilities

Equity * 100		in EUR					
Liabilities		Equity		Liabilities		Equity as % of liabilities (%)	
No.		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	577,396,814	533,692,009	1,425,009,978	1,349,958,827	40.5	39.5
2	Life insurance	97,825,117	110,311,163	1,704,592,223	1,663,255,330	5.7	6.6
3	Total	675,221,932	644,003,171	3,129,602,201	3,013,214,158	21.6	21.4

15.21 Net insurance technical provisions as % of liabilities

Net insurance technical provisions*100		in EUR					
Liabilities		Net insurance technical provisions		Liabilities		Net insurance technical provisions as % of liabilities (%)	
No.		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Non-life insurance	560,345,943	565,395,400	1,425,009,978	1,349,958,827	39.3	41.9
2	Life insurance	1,584,084,338	1,527,742,641	1,704,592,223	1,663,255,330	92.9	91.9
3	Total	2,144,430,281	2,093,138,041	3,129,602,201	3,013,214,158	68.5	69.5

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15.22 Net life insurance technical provisions as % of net insurance technical provisions

		Net life insurance technical provisions*100		Net insurance technical provisions		Net life insurance technical provisions as % of net insurance technical provisions (%)	
		Net insurance technical provisions		Net insurance technical provisions		Net life insurance technical provisions as % of net insurance technical provisions (%)	
No.		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5*100	8 = 4/6*100
1	Total	1,548,454,207	1,490,283,181	2,144,430,281	2,093,138,041	72.2	71.2

15.23 Gross written premium as % of number of permanent employees

		Gross written premium		Average number of employees		Gross written premium per number of permanent employees	
		(ending number of employees for the previous year + ending number of employees for the year)/2					
No.		2021	2020	2021	2020	2021	2020
1	2	3	4	5	6	7 = 3/5	8 = 4/6
1	Total	794,350,103	719,255,868	2,245	2,249	353,831	319,883

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- Despite the persisting emergency situation caused by COVID-19, the Group performed well and without interruption in 2021. Furthermore, it maintained strong capital strength and liquidity, which was confirmed by the re-affirmed “A” credit rating.
- The Group carried out the planned prudent underwriting of non-life and life underwriting risks and ensured the optimal matching of assets and liabilities, while reducing risk exposure with appropriate diversification.
- The risk management system was upgraded in terms of strategic initiatives and external potential risks. Key development activities took place in the field of sustainability risk management.

The Triglav Group was well capitalised in 2021. Its capital strength is based on its quality capital structure, which to a lesser extent also includes subordinated liabilities. The Group achieved high capital adequacy despite ongoing uncertainties in the business environment and taking into consideration the existing dividend policy. After the Insurance Supervision Agency temporarily suspended the payment of dividends in 2020, Zavarovalnica Triglav paid them again in 2021.

The Group’s adequate capital and financial strength was additionally confirmed by the long-term credit rating of “A” and the 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.

Zavarovalnica Triglav’s adequate liquidity was maintained through regular management of its liquidity risk. See sections [1.5](#) and [2.6 of Risk Management](#) for more information about the liquidity risk.

Throughout the year, the Company adapted to changes in financial markets, uncertainties due to higher inflation, increased volatility in energy prices and disruptions in supply chains. See Section Challenges and opportunities of today and Section [2.4 of Risk Management](#) for more information.

The Company also responded to new risks in the environment, which were regularly monitored, by upgrading its risk management system.

Main risk management development activities at the Triglav Group level in 2021

- With regard to **market risks**, the management of assets and liabilities in the PDPZ (SVPI) group of ring-fenced funds was upgraded, which enabled the Company to improve the calculation of its internal interest rate risk assessment. By harmonising it in all insurance companies, interest rate risk monitoring at Group level was improved.
- In order to better identify the liquidity level, **the liquidity risk management system** was upgraded. It will allow the Company to take more effective action in the event of a stricter liquidity situation in the financial markets and achieve higher returns while maintaining the target liquidity.
- In relation to **operational risks**, the Company completed the implementation of the new GRC/IRM tool, which will be gradually transferred to other Group members. This enabled key functions and other relevant departments in the second line of defence to more comprehensively and uniformly document and monitor operational risks, as well as to improve communication and the effectiveness of identifying other material risks and measures.
- To manage **non-financial risks**, the monitoring of reputational and sustainability risks was upgraded. The upgrade of sustainability risk management includes the establishment of a system with clearly defined powers and tasks and a comprehensive analysis of potential exposures.

For the remaining types of risk, the focus was on process automation and maintaining the existing system. More attention was paid to upgrading **the risk management system at the level of subsidiaries** in order to consistently monitor their material risks.

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1. Risk management system

The comprehensive risk management system plays the key role in the achievement of the Triglav Group's strategic objectives. It enables reliable and effective operations even in an uncertain situation, such as the COVID-19 pandemic.

The risk management system is determined by internal rules, a clear segregation of powers and responsibilities and effective processes to continuously identify, assess and control both assumed and potential risks. This allows the Company to take appropriate and timely action and 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 parent company's principles and by adhering to the principle of proportionality.

1.1 Powers and responsibilities

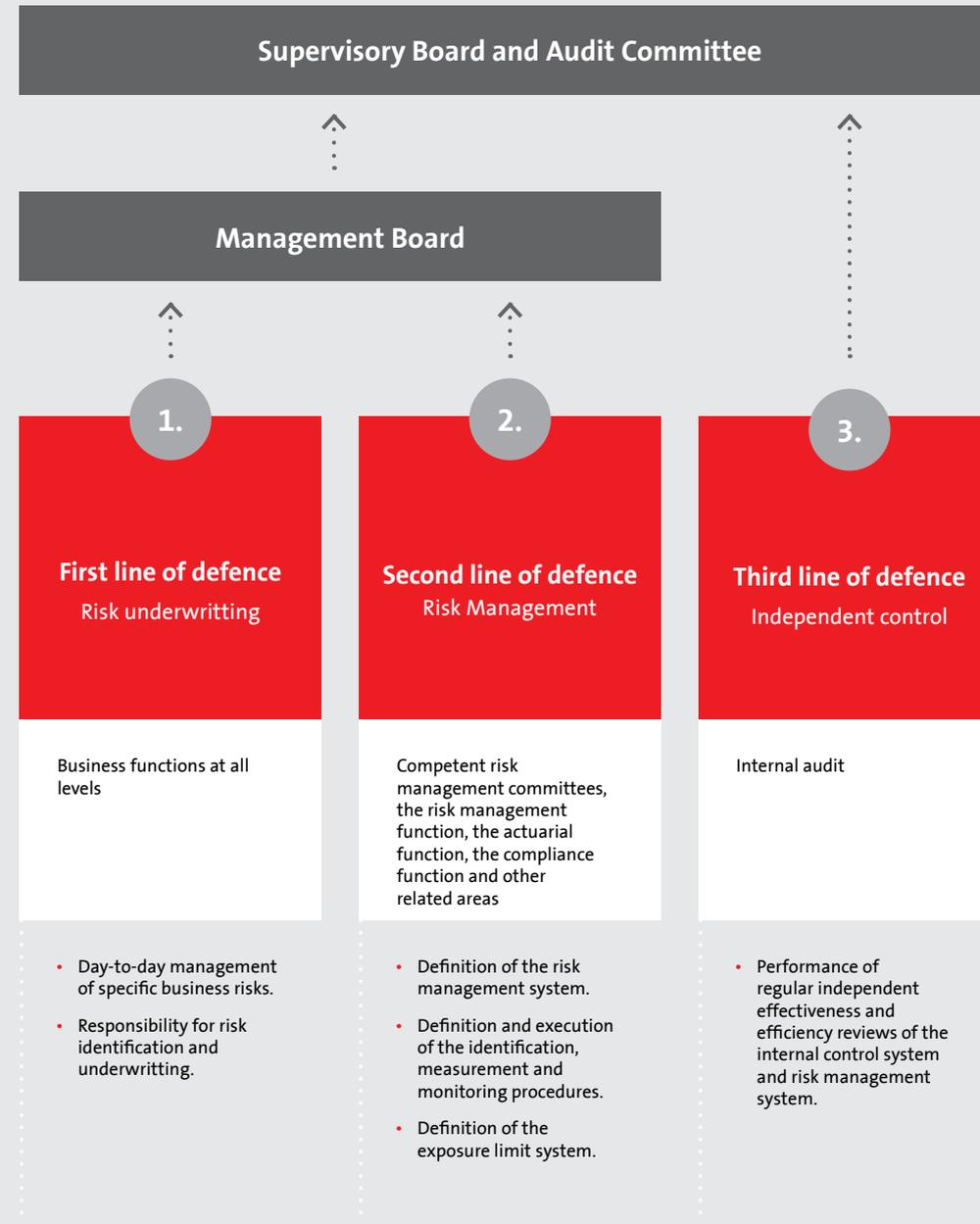
The system of powers and responsibilities in risk management is based on the "three lines of defence" model.

- **The first line of defence** consists of the business functions, which actively manage specific business risks through their decisions. The business functions are responsible for risk identification and underwriting in their respective work area 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 oversight as well as committees defining the risk management system, including exposure identification, measurement and monitoring procedures, and the exposure limit system.
- **The third line of defence** includes the internal audit function. This function regularly performs independent effectiveness and efficiency reviews of internal control systems and the risk management system in individual business lines. It also makes recommendations for improvement.

Even though the Management Board and the Supervisory Board are not directly part of the three lines of defence, they play a key role in the risk management system. They both are key stakeholders serviced by the three lines of defence. In addition, they are responsible for the operation of the system and 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, the Supervisory Board takes note of the key functions' reports, and at its sessions also of the risk profile, capital adequacy and the key findings of the own risk and solvency assessment process. Moreover, it gives its approval to the Solvency and Financial Condition Report.

The Audit Committee, which acts as a working body of the Supervisory Board, provides expert assistance and support in formulating positions on risk management. It supervises the adequacy and effectiveness of the risk management system. Furthermore, the Audit Committee focuses on monitoring the comprehensive risk profile of the Group's parent company. It also participates in designing stress tests and scenarios, which are used to check the level of capital adequacy as part of own risk and solvency assessment.

The Management Board defines the business objectives and the risk appetite. It approves the risk management strategy and related policies as well as the work plans of each key function. It also ensures an effective risk management system. Furthermore, the Management Board 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, it actively participates in and directs the own risk and solvency assessment process, which checks business decisions and defines the guidelines of the risk management system. The Management Board also ensures the risk management

system's compliance with the capital planning and management process.

The Company's **business functions** operate within the framework of 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. 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 Group level. They perform their duties and responsibilities independently from one another and independently from other organisational units of the Company. 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, methodologically consistent 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 coordinates and performs own risk and solvency assessment, checks the risk profile on a quarterly basis and reports thereon to the Management and Supervisory Boards, drafts other regulatory reports – the Solvency and Financial Condition Report and the Regular Supervisory Report, as well as reports to regulatory bodies as required.

The compliance function operates within the internal control system in monitors the compliance of the Company's operations with the applicable regulations and commitments, on which it regularly reports to the Management Board and the Supervisory Board. 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 fair and transparent operations by monitoring adherence to the ethical commitments and overseeing their implementation in practice.

The actuarial function coordinates and calculates insurance technical provisions using appropriate methods, models and assumptions, as well as comprehensive, high-quality and relevant data. It also verifies the appropriateness of the overall underwriting policy and reinsurance, and delivers an opinion whether the amount of the premium of individual products is sufficient to cover all the liabilities arising from insurance contracts. Furthermore,

it verifies 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 actuarial function operates separately for non-life and life insurance.

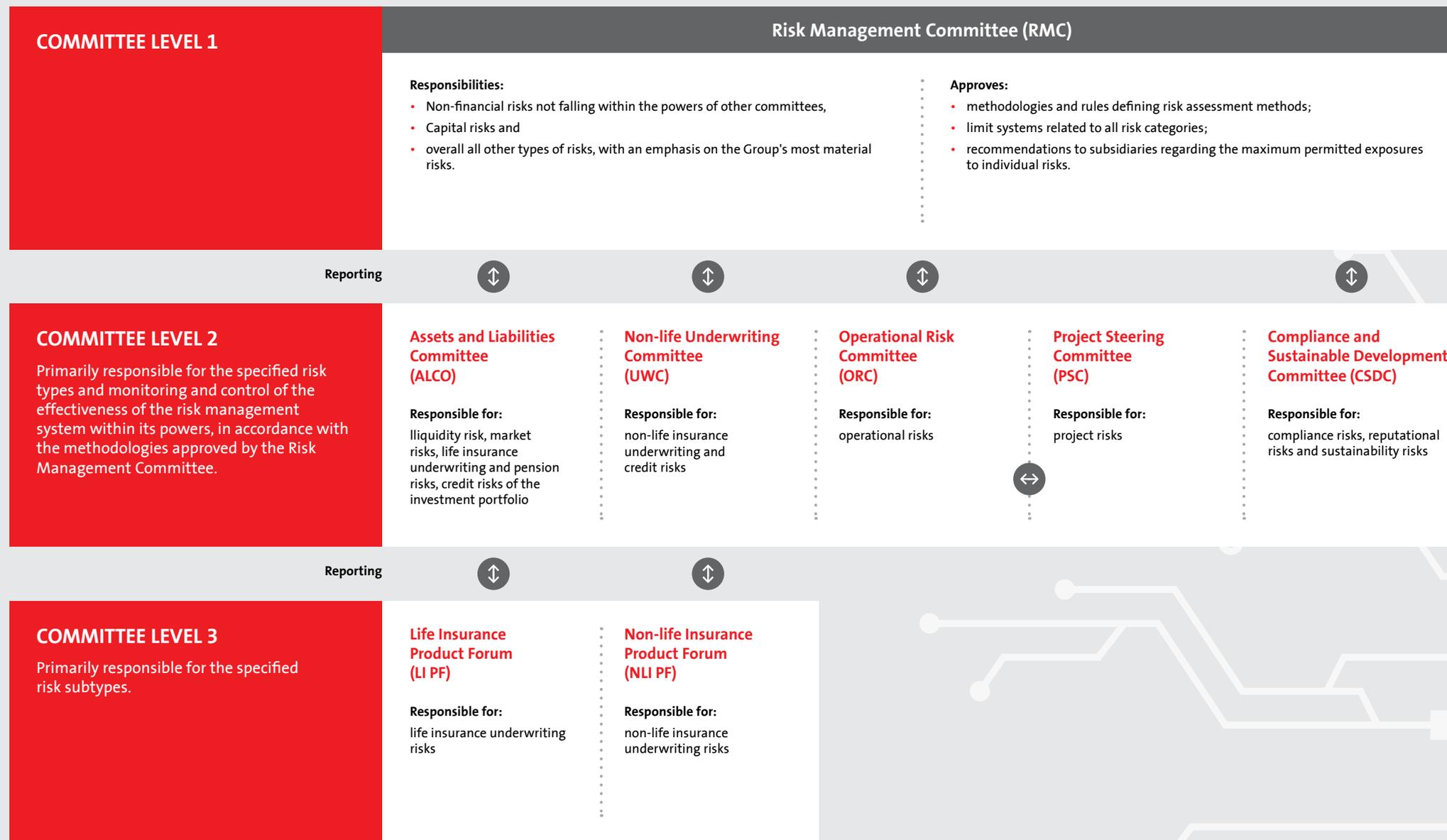
The internal audit function performs regular and comprehensive control of the Company's operations. This is achieved by reviewing and assessing the adequacy and effectiveness of the Company's governance, risk management and control procedures in a planned and methodical manner and by making recommendations for their improvement. Moreover, it is responsible for the quality and constant development of internal auditing at the Company. It cooperates with external auditors and other supervisory bodies, as well as monitors the implementation of internal and external auditors' recommendations. Apart from participating in internal audits in other Group companies, the internal audit function also provides advisory services in agreement with the Management Board and the management of divisions.

All key functions are in charge of not only transferring the 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.** Their purpose is to provide support to the Management Board in regular risk monitoring, coordination of action to be taken and information about risk management. They have an advisory role and may be granted decision-making rights by the Management Board.



Review of the risk management system's committees and their responsibilities



The system of committees that are part of the risk management system was expanded in 2021 to include the **Compliance and Sustainable Development Committee**, which took over the monitoring of reputational and sustainability risks. This committee operates at the level of the Group and the Company, and its purpose is preventive. It assesses and reduces compliance risks (risks related to non-compliance of the Company's operations with regulations, internal rules, applicable acts and commitments) and reputational risks (risks related to the reputation of both the Company and the Group). In this way, sustainability risk management was even more comprehensively integrated into the Group's risk management system.

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. It also assesses capital and strategic or non-financial risks not within the competence of other committees.
- **The Assets and Liabilities Management Committee** assesses 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, which include information security risks, cyber risks and business continuity risks, as well as compliance risks and outsourcing risks.

- **The Non-Life and Life Insurance Product Forums** assess the development of new insurance products and any risks related thereto.
- **The Project Steering Committee** deals with project risks and reports thereon to other competent committees.
- **The Compliance and Sustainable Development Committee** is responsible for compliance risks, reputational risks and sustainability risks.

Risk management first takes place at the level of individual subsidiaries and then at 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 Subsidiary Management Division coordinates the drawing up of minimum standards for Group companies, which also include minimum standards for risk management. The parent company's Risk Management Department is responsible for their preparation and transfer to the subsidiaries in cooperation with the Subsidiary Management Division. By enforcing common standards, the Group ensures an effective and transparent risk management system at Group level, which is based on effective communication, quality exchange of data and information, time availability, methodological consistency, accounting verifiability and integrity.

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 define the risk appetite. The risk appetite sets out material risks the Group 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 for measuring and monitoring risks is the *capital adequacy ratio*. 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. In order to improve the use of capital, solvency requirements are assessed in relation to the requirements of implementing the strategic plan, while the stability of capital adequacy is tested with stress scenarios for existing and potential or emerging risks from the environment of an individual risk. This allows the Company to take appropriate action, such as changes to the guidelines for accepting transactions and adjustments to premium rates and the limit system, risk transfers and similar. This increases the readiness of Group members

for identified risks and upgrades the internal control system, thereby building an effective system for strategic decision-making.

The risk management process consists of risk identification, measurement or assessment, management, monitoring and reporting.

Proper risk assessment requires the correct and comprehensive capture of data on risk exposure, good knowledge of the properties (volatility) of factors of specific risks and their impacts on key indicators defined in the Risk Appetite Statement.

The standard Solvency II formula (the regulatory method), which is based on standard volatility and own risk exposure, is primarily used for risk assessment. This formula 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 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, which are set up at several levels, enable the Company not only to identify any negative trends but also to take appropriate measures. At the level of divisions, negative trends are identified with



the established processes of notifying the key functions about transactions with increased risks. At the **aggregate level**, the concentration of exposure and increased volatility, where the Group's exposure is higher, are monitored regularly. Material detected or identified risks are included in the own risk and solvency assessment process.

The Risk Management Department regularly monitors 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 a violation. 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.

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 overall risk. The risk report, which documents the results of regular risk measurement and monitoring, is drawn up on a quarterly basis and covers all key risk indicators, including the trends, limits and recommendations of the Risk Management Department.

1.3 Capital management¹⁰⁰

A well-integrated risk management system is essential to effective capital management. **Ensuring capital adequacy within the target range** allows the Group at any given moment to have a sufficient amount of capital in relation to the measurable risks assumed. In addition

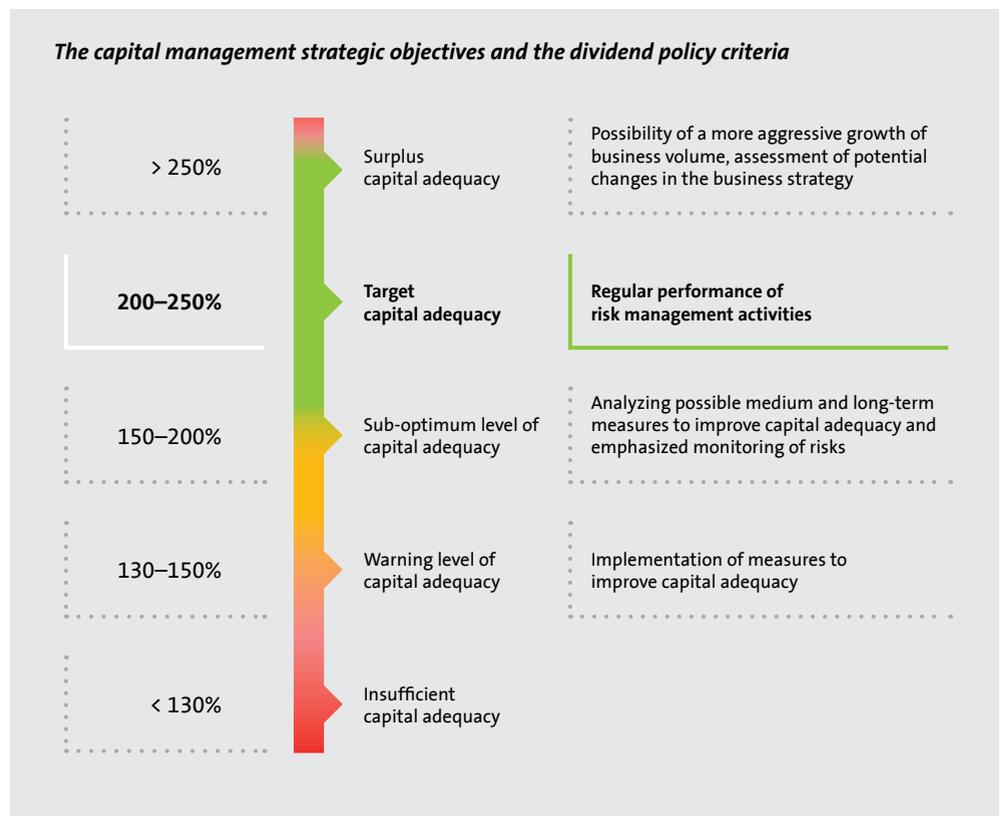
to maintaining regular capital adequacy, the Company plans and assesses the existing capital level and its future adequacy. As part of the Group's regular capital management to ensure its optimal composition and cost efficiency, the Company issued a subordinated bond in 2019, which is taken into account in capital adequacy. When deciding on entering into a business transaction, the Company consistently assesses its 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.

The Triglav Group was adequately capitalised and profitable in 2021.

The amount of available own funds to cover regulatory capital requirements is regularly measured both for individual insurance and financial companies within the Group 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 Group 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 Group's capital model 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.



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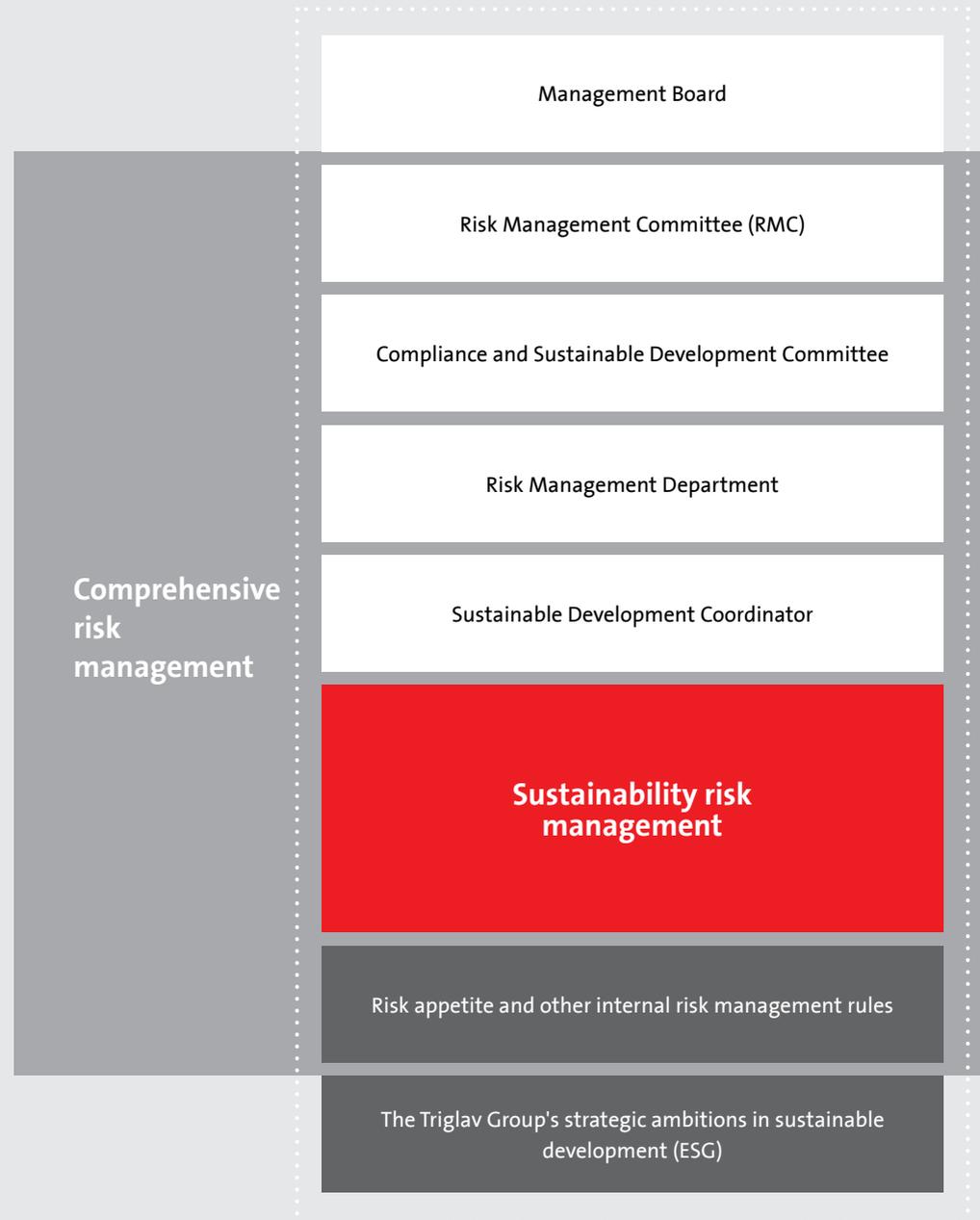


¹⁰⁰ SASB: FN-IN-550a.3

1.4 Sustainability risk management

Following the adoption of the Triglav Group's commitment to sustainability in 2020, the content related to sustainability and sustainability risks was upgraded in 2021 with the Group's strategic ambitions in this field (see the section [The Triglav Group's strategic ambitions in sustainable development \(ESG\) in Section 4.1 of the Business Report](#) for more information), incorporating care for sustainable development into the Company's organisational structure. The Company is building a comprehensive sustainability risk management system; sustainability risks are part of non-financial risks (see Section [1.5](#)). To this end, the risk appetite and internal risk management rules were defined for sustainability risks. At Group level, sustainability-related activities are coordinated and directed by the Sustainable Development Coordinator. The Company's risk management function is responsible for the optimal integration of sustainability aspects of business into the risk management system, which are monitored by the Compliance and Sustainable Development Committee. The latter reports to the Risk Management Committee, which is responsible for the comprehensive management of the Group's most material risks. Decisions are made by the Management Board. See Section [12 of the Business Report](#) for more information about sustainability aspects.

Sustainability risk management as part of comprehensive risk management at the Triglav Group



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1.5 Types of risks and their management

The most important types of risk and methods of their management are described below. Exposure to individual types of risk and risk assessment are presented in more detail in Section [2 of Risk Management](#).

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 risks listed below.

1.5.1 Underwriting risks

The Triglav Group assumes underwriting risks by underwriting various types of insurance policies. As the insurance portfolio is diverse by product type, underwriting risks at Group level are also diverse. Insurance is divided into non-life insurance, which includes health insurance and reinsurance, and life insurance, which includes pension insurance. Insurance claims or the resulting insurance liabilities are divided into life insurance liabilities that depend on biometric factors (such as age, gender and health status of the person insured) and non-life insurance liabilities (independent of biometric factors).

Non-life insurance liabilities include all (potential) non-life insurance claims except non-life annuities – these are non-life insurance claims that depend on biometric factors of the injured party and are therefore classified as life insurance liabilities. **Non-life insurance liabilities** also include (potential) accident insurance claims, which are part of life insurance policies, but the claims do not depend on the biometric factors of the injured parties.

Life insurance liabilities arise from insurance policies for traditional, unit-linked and pension insurance. Pension insurance also includes supplemental voluntary pension insurance provided by the Company in the context of the second pillar of the pension system.

- **Non-life insurance underwriting** at Group level create risks for an undercharged premium in relation to assumed risks, higher claims than provisions created for underwritten policies, higher deviations in the profitability of underwritten policies than expected and major or more catastrophic events. The described risks depend on their volatility and respective exposure.

Premium risk is the risk that written premium is insufficient to meet all obligations arising from the conclusion of an insurance contract. The risk depends on net premium income and the annual volatility of claims ratios, which are determined for each insurance segment using the standard formula. The adequacy test of the latter for own insurance portfolio is performed annually as part of own risk and solvency assessment. This shows, on

average, lower risks than predicted by the standard formula. However, higher volatility in claims ratios results in higher uncertainty and/or risks. Premium risk also depends on the diversification of exposures between different various insurance segments in the portfolio. Thus, the Group pursues an effective diversification of the portfolio in different insurance segments. Premium risk is managed through efficient monitoring of claims experience and a timely adjustment of pricing policy.

Reserve risk arises when the actual realised claims deviate from the expected claims. Insurance technical provisions are formed in relation to the estimate of expected claims paid from valid non-life insurance contracts. The reserve risk is therefore measured by estimating potential loss for claims already incurred in an exceptional event. With respect to the latter, a scenario is taken into consideration that (statistically) occurs once in 200 years and which, in accordance with the standard formula used to measure the amount of required capital of the insurance company for each insurance segment, depends on the best estimate of net claims provision and its

annual volatility. The reserve risk is also influenced by the maturity of liabilities – 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. Provisions with long maturities have a higher reserve risk than short-term provisions. Liabilities with long maturities also include claims paid as annuities and therefore include the payment revision risk and other biometric risks, which are otherwise characteristic of life insurance products. The reserve risk is monitored by regularly checking the past amount of formed provisions in relation to realised claims and, based on the findings, by adapting the existing processes of creating provisions.

Lapse risk is realised when the lapse rates of underwritten non-life insurance contracts are higher than the expected lapse rates. At Group level, this risk is managed by regularly analysing lapse and adjusting products if necessary.

Material types of risk of the Triglav Group



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 Group level is the highest where the insurance business is concentrated in a particular geographical area or sector/industry by individual insurance peril.

Therefore, for non-life insurance, **concentration risk** is monitored at Group level and separately in each (re)insurance company. Concentration risk occurs upon the concentration of insurance business in geographical areas or sectors/industries for individual insured perils. Concentration may also arise as a result of correlation between individual insurance classes. In such case, even a single loss event may have a significant impact on the Company's ability to settle its obligations in a particular insurance segment. Concentration risk is managed through prudent assumption of underwriting risks, regular monitoring of portfolio exposures and appropriate reinsurance contracts.

Special attention is paid to all claims incurred at 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.

- **Life insurance underwriting** at Group level creates mortality risk, longevity risk, morbidity risk, lapse risk, expense risk and

catastrophe risk. The above-mentioned claims, which are paid as annuities, are also exposed to these risks, but in addition to biometric risks they are also subject to the payment revision risk. Life insurance products therefore depend primarily on biometric factors and are exposed to the risk of changes in actual biometric data as well as other factors, such as the share of cancellations and the amount of costs in the premium. If the assumptions change unfavourably, the premium and/or insurance technical provisions may become too low and the insurance policy less profitable than expected at the time of its conclusion. Complementary insurance, such as accident insurance, is less dependent on biometric data and more similar to non-life insurance, so their risks are also similar to the risks of non-life insurance products.

The Group is exposed to **mortality risk** in insurance products that cover the risk of death if at the time of the person insured's death the coverage is greater than the created provisions. Whole life insurance products, credit life insurance products and life insurance policies with a savings component have the highest exposure. The sums insured in the event of death in these cases are high, while insurance technical provisions are relatively low.

Longevity risk at Group level means exposure to annuity and pension insurance products. With these policies, the amount of the basic annuity is determined in advance and is fixed. It is calculated based on paid-in assets and assumptions, in particular the estimated life expectancy of the beneficiaries. If there is a significant increase in the overall life expectancy of the population insured, the

probability of death decreases, thereby increasing the liabilities of exposed policies. Due to the guaranteed amount of annuity, the Company faces the risk of uncertainty due to longevity (**guaranteed annuity rate risk**) in some older pension insurance policies already during the accumulation period. The policyholder will be entitled to guaranteed payouts at the end of the accumulation period and the transition to the annuity period (payout period), i.e. when they will begin to receive life annuity, which will then be calculated based on the saved assets and by applying the aforementioned fixed factors. This risk is not transferred to reinsurers, instead additional dedicated provisions are formed if necessary.

Products with the coverage of critical and serious illnesses and disability underwritten by the Group's insurance companies are exposed to **disability and morbidity risk**. As a rule, these insurance policies do not have a savings component, so their exposure is proportional to the amount of the sum insured.

Products whose contractual provisions allow the policyholder to amend the policy, e.g. to surrender the policy, change the amount of cover or premium, decide how much of the savings to use to buy an annuity, are exposed to **lapse risk** (conversion into a capitalised policy or policy surrender). The realisation of this risk depends on the policyholders' actions, and therefore it is more difficult to manage. This risk is reduced by designing the products that meet the clients' needs and by carefully managing the existing portfolio.

The Group is exposed to **expense risk** in all life insurance products and non-

life annuities. The expenses included in the policy are determined at the time of conclusion, either as a fixed amount or share. However, as insurance or annuity payments can last for more than 20 years, the increase in actual expenses may exceed the expenses attributed to the policy and thus have a negative impact on the profitability of the Group's insurance portfolio. This risk may be a consequence of miscalculations, the inadequacy of the cost model or incorrectly estimated future volume, trend or volatility of expenses.

Non-life annuities are exposed to **revision risk**. Periodic annuity payments may be increased mainly due to the deterioration of the beneficiary's health or a change in legal practice, consequently increasing the nominal value of the Group's liabilities.

Life insurance catastrophe risk for life insurance in the event of death and disability primarily includes cases of concentration and extreme events that may affect a large number of persons insured.

Contractual financial options and guarantees are embedded in a number of policies, so the risks related thereto are assessed in the context of regular portfolio valuation. Among them is **guaranteed interest rate risk**, which occurs in the products with a savings component (traditional life insurance and annuity insurance). 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 the policies, are lower than the guaranteed interest rate. This risk is reduced by maximising the matching of assets and

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liabilities from these policies and by creating additional provisions, especially in the part of the portfolio of liabilities with higher guarantees. Similar risks due to a special guarantee for the return arise from the SVPI policies during the saving period.

The most important type of a contractual financial option is the life product policyholder's right to suspend the payment of premium and transform the policy into a paid-up (capitalised) policy or to surrender the policy, which is managed as part of lapse risk.

The basic principle of the insurance business is to achieve adequate **risk equalisation**. At Group level, this is achieved through sufficiently large homogeneous risk groups, which constitute the entire portfolio of the presented underwriting risks. The key prerequisite for adequate risk equalisation is efficient and correct classification of risks. A specific risk is assessed and classified into an appropriate group at the time of underwriting. Also considered are the new findings, know-how and procedures of reinsurers who assume a portion of underwriting risks.

All identified 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 of deviations, appropriate action is taken – by adapting the design or criteria of an insurance product or by adjusting the criteria for the calculation of insurance technical provisions to the existing situation.

See Section [2.3 of Risk Management](#) for more information about underwriting risks.

1.5.2 Market risks

The Group invests written premium (in the framework of the insurance business) and own assets of Group companies. The investment portfolios of Group companies include a wide range of different financial instruments. Their value depends on the situation and trends in financial markets. Financial investments are the largest asset group 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. In investing, the Company is exposed to market risks due to changes in the prices of equity securities and real property, changes in interest rates (risk-free interest rates and credit spreads) and changes in exchange rates. An important part of these risks are also risks arising from the excessive concentration of assets from direct investment in financial instruments or indirect through investments in collective investment undertakings. The primary method of measuring and monitoring these risks at Group level is based on the **Solvency II standard formula**, which is complemented by **internal measures based on the value-at-risk (VaR) method**.

Market risks are managed according to the established methods and processes with clearly defined powers and responsibilities. The market risk management system enables quality analyses and reporting on market risks, as well as developing and implementing measures aimed at preventing the reduction of available own assets due to changes in financial markets, including the real property market. Market risks are reduced by appropriately diversifying the investment portfolio and regularly matching assets and liabilities (**the ALM process**). Derivatives are also used but to a lesser extent.

The level of unexpected losses, which is still acceptable in relation to the Group's strategic objectives and capital strength, is defined in its market risk appetite. Based on the risk appetite, the limit system also specifies maximum acceptable exposure to individual types of market risk and the target investment portfolio structure.

The following risks are considered in the context of market risks:

- **Interest rate risk** is highly dependent on the matching of cash flows of assets and liabilities by maturity. At the Group level, it is managed within the framework of the asset and liability management (ALM) process and is limited by the maximum permissible deviation in the duration of assets and liabilities. In the event of a negative gap between the duration of assets and liabilities, interest rate risk means that when interest rates fall, the value of liabilities from the Group's insurance policies (bonds, loans, deposits) increases above the value of assets. This movement, however, affects the profitability of operations and capital adequacy.
- **Equity risk** is mainly related to changes in exposure and equity prices and volatile growth in share prices. Assets and liabilities sensitive to changes in the level or stock market volatility are exposed to this risk. Assets (investments) mainly include shares and equity-oriented collective investment undertakings. With the growth of stock markets, opportunities can arise from such investments. Liabilities sensitive to this risk arise primarily from unit-linked life insurance and supplemental voluntary pension insurance. In this segment, the focus is therefore on achieving the greatest

possible matching of assets and liabilities. The purpose of equity investments is to achieve higher long-term returns and ensure adequate diversification of the investment portfolio. The Group manages equity risk in its portfolio by setting exposure limits as well as through geographical and sectoral diversification of equity investments. In addition, due to different levels of development of capital markets and local statutory limitations, the investment policy is adapted to individual markets.

- **Property risk** arises from changes in the value of investment property, own-use real property, other tangible fixed assets and real property leased by Group companies for own use.
- **Spread risk** arises from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of credit spreads over the risk-free interest rate term structure. The appropriate return on the life insurance portfolio with an embedded financial guarantee is ensured by managing the bond portfolio. Within the Group, only debt investments with embedded credit and liquidity risks are exposed to the risk. The increase in credit spreads is associated with the fall in the price of fixed-income securities and vice versa. Zavarovalnica Triglav actively manages credit spread risk arising from such securities at Group level. Therefore, investment policies were developed that aim to invest in high-quality securities and are subject to the limit as defined in the Risk Appetite Statement.
- **Currency risk** is the risk of a decrease in the value of assets denominated in foreign currencies or an increase in the value of liabilities denominated in foreign currencies

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due to changes in exchange rates. At Group level, currency risk arises from the mismatched currency position of assets and liabilities. Currency risk is managed by matching assets and liabilities and, to a lesser extent, by using derivatives.

- **Market concentration risk** arises from a possible unfavourable change in the financial situation due to high dependence or unfavourable correlations between the movement of the values of individual exposures or their groups. Factors or types of concentration are different. They include, for example, the risk of asset concentration (in case of excessive exposure to one investment or one issuer) and the risk of sector or geographical concentration (with excessive exposure to one concentrated geographical area and/or sector/industry, where the risk arises from geopolitical, macroeconomic, social, weather or other disturbances). The Group continuously monitors geographical and sector concentration and concentration arising from financial investments. The latter is monitored based on exposure by issuer and/or group of related issuers of securities and other financial assets.

See Section [2.4 of Risk Management](#) for more information about market risks.

1.5.3 Credit risks

The Group companies are exposed to credit risks in their operations. These risks measure the potential loss of assets due to the inability of the counterparty to meet its contractual obligations. They arise from fluctuations in the credit position of counterparties and the concentration of risks of these parties.

By type of partner, the Group's credit risk arises from three sources:

- **reinsurance:** The Group creates credit risks by transferring underwriting risks to reinsurers. Its exposure to reinsurance is measured by insurance technical provisions ceded to reinsurers, including overdue receivables from reinsurance and coinsurance business. At Group level, these risks are managed by carefully selecting reinsurance partners with an appropriate credit rating, ensuring that the transferred risks are adequately dispersed among the partners. The comprehensive system and well-defined rules for credit risk management include the process of assigning credit ratings, which enables the Company to determine an appropriate and coordinated second best rating of partners. For monitoring and managing credit risks as well as 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.
- **banks:** Credit risks arising from the Group members' investments in cash and cash equivalents are managed by performing an expert analysis of the bank's credit quality and through a sufficient degree of portfolio diversification. The latter is achieved through a resilient and comprehensive limit system, which limits the exposures of individual companies to banks and the Group to banking groups.
- **receivables:** The Group also faces credit risks with overdue insurance and other receivables from partners of the Group's (re)insurance companies. This exposure is managed by regularly monitoring the

payment dynamics by various homogeneous groups and insurance segments. Separately from receivables from direct insurance operations, the Company also monitors and manages subrogation receivables, which represent the credit risk of non-payment of the policyholder's liabilities towards the Company. The Company manages them by monitoring the effectiveness of the collection of credited subrogation receivables and the share of subrogation receivables in relation to the claims settled.

Concentration risk in the context of credit risk occurs upon overexposure to an individual counterparty, group of related parties or parties connected by common risk factors such as credit ratings. At Group level, the concentration risk of individual counterparties is managed with a single database of all counterparties in reinsurance and banking.

See Section [2.5 of Risk Management](#) for more information about credit risks.

1.5.4 Liquidity risk

Liquidity risk is defined as the risk of loss due to the timing mismatch of inflows and outflows, as a result of which a Group company is unable to meet its obligations or is able to meet them only at higher expenses. Therefore, liquidity risk arises 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. Realisation of financial investments is thus not possible or is carried out at a price lower than the market price.

The Company's expected cash flows, i.e. inflows and outflows, are kept and managed proactively. Most cash flows of liabilities arise

from liabilities from insurance operations. The assets intended to cover these liabilities are adjusted by covering them in accordance with the investment policy in normal circumstances (**the ALM process**), while striving to generate surplus assets to ensure the repayment of liabilities even in a stress scenario when liquidity needs are greater. In this way, the Group is able to meet all expected and unexpected present and future cash outflows and overdue liabilities at any given moment.

Because liquidity risk cannot be eliminated by holding dedicated capital (the standard formula does not take it into account), a process for continuously providing adequate liquidity reserves was established. These are determined based on **various stress scenarios** adjusted to the Company's liquidity risk, which includes adverse insurance and financial events. Based on them, the Company assesses liquidity risk and adjusts liquidity, which must always exceed the needs.

Liquidity sources include primarily insurance premium and cash flows of investments intended to cover liabilities. The most important liquidity needs include the payment of claims, expenses and the payout of planned dividends. In the event of an emergency, an action plan is in place, including the sale of liquid excess assets over liabilities and additional security mechanisms such as credit and repo lines. Scenarios and measures are reviewed annually and adjusted to exposures and the market situation. With the described system, liquidity risk is effectively assessed and managed, while optimising excess liquidity by investing in alternative sources with higher returns on the market.

The Group companies manage liquidity risk themselves. Each meets liquidity requirements

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and takes into account local regulatory liquidity requirements and the Group's minimum standards for liquidity risk management.

The liquidity of the Group companies is planned on an annual basis by estimating the volume and scope of business in the coming year, while in the framework of own risk and solvency assessment it is planned for at least three years. Planning includes future potential liquidity needs and effectively provides available liquidity sources.

See Section [2.6 of Risk Management](#) for more information about liquidity risk.

1.5.5 Operational risks

Operational risks are the risks of loss arising from inadequate or failed internal processes, personnel or systems, or from external events and their impact, both within the Company or in other Group companies.

They are constantly present, therefore it is crucial to identify and address them on an ongoing basis. The aim of operational risk management at Group level is to effectively remedy the consequences of realised operational loss events and mitigate and prevent operating losses in a professional, diligent and ethical manner. This can be achieved by identifying these risks in a timely manner and limiting them cost-effectively according to defined tolerances.

The Group identified **nine operational risk groups** used to monitor risks. These include:

- internal fraud, unauthorised activity or negligence of employees;
- external fraud or unauthorised activity of third parties;
- system failure or break-down and related business disruptions;

- damage to physical assets and related losses or business disruptions;
- 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;
- cyber risks and other information security risks and
- project risks.

Operational risk management places the greatest emphasis on key business processes or operational risk segments. Operational risks are assessed based on all available information, such as estimates of potential risks by groups of business processes, realised loss events and other relevant information by employees and key functions. When assessing exposure and managing operational risks, internal controls for their management are inventoried by each business process. 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 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.

1.5.5.1 Ensuring business continuity and functioning of systems material for smooth business process implementation

One of the material operational risks is related to continuous operation of key business processes, which is ensured with the **business continuity management system (BCMS)** at Zavarovalnica Triglav. It comprises all key components relevant to the business, in particular the provision of the necessary staff, work locations and resources, which includes the operation of information technology with key applications. The Company appropriately manages information security and related business disruptions and interruptions. Business continuity plans for critical business processes and IT disaster recovery plans are regularly revised, upgraded and checked. The BCMS also defines:

- 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 head office and regional units, which are activated in the event of interruption to the operation in an individual commercial building or regional unit.

See Section [2.7 of Risk Management](#) for more information about operational risks.

1.5.6 Non-financial risks

Non-financial risks to the Triglav Group's operations include material strategic risks, reputational risk, Group risk, sustainability

risks and emerging risks. Non-financial risks usually originate from the external environment and are very closely linked to other risks, especially operational. They normally arise from several realised factors both inside and outside of the Group.

- *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. They also include part of legal and regulatory risks arising from key changes in the Group's business environment.
- *Reputational risk* is the risk of loss of existing or future business or goodwill due to a negative image of the Group held by its clients, business partners, employees, shareholders, investors, supervisory and other government bodies, and others concerned or the general public.

Effective reputational risk management allows the Company to retain the leading position in the market, maintain or increase market capitalisation, resolve potential crises with greater ease and remain resilient in an uncertain situation. It ensures the trust, loyalty and satisfaction of stakeholders.

- *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 and insufficient understanding of the business environment of the Group members. The risk profile is also affected by the review and treatment of large transactions between related companies and the complexity of concentration risk management. All these

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risks can materialise in the form of major or minor deviations from the business and financial plans due to losses incurred or lost business opportunities.

- **Sustainability risks** (including ESG risks) are a set of risks of both the Company and the Group companies arising from environmental, social and governance factors, and may have a negative impact on the financial position or solvency of the Company and the Group companies.

Environmental risks are divided into physical risks and transition risks. Physical risks are the risks of a financial loss due to extreme weather events or other environmental impacts related to climate change. Transition risk is associated with risks arising from changes in business or the environment, due to measures to promote the transition to a low-carbon economy in order to reduce the human impact on climate change.

Social risks mainly include risks arising from the way the Company and the Group companies operate in relation to the requirements of the wider social environment, in particular ensuring diversity and equal opportunities for various stakeholders, safety, health and satisfaction of employees, and good relations with clients, suppliers and outsourcers.

Governance risks are risks associated with an inappropriately or inadequately established governance system, especially in the field of environmental and social aspects. They include the legality of business operations, corporate governance standards, including the risk management system and internal control system, remuneration of the company's management, used business practices and the investor relations policy.

More activities are presented in Section [2 of Risk Management](#) and in Section [12 Sustainable development and ESG aspects at the Triglav Group](#) of the Business Report.

Non-financial risks are risks that, due to their nature, cannot be reduced, addressed or mitigated with dedicated capital. The standard formula does not cover them.

In addition to the risks described above, the Group is also exposed to *potential or emerging risks*. These are risks that may or may not develop in the future but are not yet material. 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.

Classification of the Company's risks according to IFRS

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 concentration risk, which are both classified as market risks according to the Company's classification, and counterparty default risk. In this respect, exposures from reinsurance, cash and cash equivalents 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 therefore 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 (triglav.eu).

Risk exposures according to the classification used in the Company's risk management system are presented further on in the text.



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The Group's risk management system is upgraded by regularly identifying changes in the environment, taking into account strategic guidelines and objectives. In this way, the Group achieves a level of preparedness suitable for optimal response even in the case of unexpected events, which ensures profitable, stable and future-oriented business operations. The following were identified as

the main trends that were at the forefront in 2021 and that will be important in the future: events related to the development and consequences of the COVID-19 pandemic, upgrading of sustainable business, emphasising the monitoring of upcoming regulatory climate-related changes and further development of business digitalisation.

1. Macroeconomic, financial and social instability as a result of COVID-19

The year 2021 was largely marked by the continued COVID-19 pandemic. With the introduction of vaccination and digital COVID certificates, countries found it easier to regulate the pandemic than in the preceding year and took fewer restrictive measures that would weaken economic activity. The continued strong and accommodative monetary policy resulted in considerable excess liquidity, sharp growth in stock markets and significantly stronger economic activity. Along with stable economic growth, the introduction of vaccination and an effective response to the pandemic, investors were faced with uncertain signs of a tight monetary policy, as excess liquidity and consequent excess demand slowly but steadily raised prices, initially only energy prices. The COVID-19 pandemic also left its mark on the available volume of global production. Due to the slowdown or interruptions in the operation of individual industries, with occasional increases in the number of infections and other unexpected factors, there were temporary disruptions in supply chains, which are expected to continue. The reduced global supply further boosted price growth, particularly due to the energy crisis with rising electricity prices. The growth of these prices slowly began to spill over to all the links in the supply chain, in which the final burden is borne by the consumer. Central banks became increasingly responsive to higher inflation, tightened the monetary policy and announced higher interest rates. The latter could not only have the effect of raising interest rates in bond markets but could also lead to a fall in share prices if monetary policy tightened too quickly. The economic outlook for the coming years remains good but increasingly uncertain, also due to possible new COVID-19 variants resistant to existing vaccines and, under the influence of the pandemic, due to increasingly pressing geopolitical and internal socio-political risks that increase political instability, social inequality and social intolerance.

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The Triglav Group regularly monitors the situation and prudently **manages risks**. In doing so, it pursues the widest possible diversification of its exposure to risks and manages their concentration to as far as segments, especially in areas where greater uncertainty is identified. The existing risk management system enables the Group to monitor the situation in the environment on an ongoing basis and to respond rapidly by appropriately addressing its negative impacts on capital adequacy and profitability.

In 2021, the focus continued to be on the moderate underwriting of market risks and increasing underwriting risks (the latter due to business growth). The slightly higher risk-free interest rate reduced the risk of providing embedded financial guarantees for life insurance products with a savings component.

Market risks in the Group's own insurance portfolios are managed with **established investment policies** by primarily following the interests of policyholders, persons insured and other beneficiaries from insurance contracts and focusing on simultaneous investment security and achieving maximum profitability while strictly taking into account the assumed risks. 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. See Section [7.9 of the Business Report 2.4](#) for more information about investments and Section [2.4 of Risk Management](#) for more information about market risks. In the current situation, careful 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 and listed index funds. This additionally ensures a higher diversification of investments. Alternative investments with comparably lower liquidity show slightly higher expected returns. The volume of such investments is subject to achieving adequate portfolio liquidity, taking into account stress scenarios for deteriorating liquidity in financial markets and increasing liquidity needs.

During the COVID-19 pandemic, the Company monitored the effects of the energy shortage and supply chain disruptions on business operations. As part of regular risk management in 2021, the Company did not detect any excess concentrations in the affected segments of its insurance portfolio that could have a significant impact on its financial position. The lack of semiconductors led to a noticeable decrease in the number of new registered vehicles and a consequent increase in the share of used vehicles in Slovenia, which account for the highest number of motor vehicle insurance policies at Group level. The average age of passenger



vehicles in the market is increasing, which the Company took into consideration when redesigning its products, while upgrading and expanding the range of products suitable for older vehicles (mini assistance, technical assistance, comprehensive collision insurance (kasko karambol)). Its portfolio of motor vehicle insurance covers is very well spread out across car brands and sales channels, thus adequately managing uncertainties in relation to individual manufacturers and dealers.

To manage default risks, the Group established an effective **system for monitoring the entire portfolio of counterparties**, which enables it to promptly identify these risks and take action. The credit quality of the portfolio is regularly monitored, while the concentration in the Group is managed by taking into account and adjusting exposure to individual partner segments.

Higher inflation also has an effect on the Company's operations. With the increase in operating expenses and expenses in the insurance portfolio, especially in non-life insurance, its unexpected faster growth could result in higher claims. Such risks are managed by regularly adjusting the pricing policy. Higher inflation also affects the investment portfolio, primarily through fixed-income investments, the value of which is historically negatively correlated to rising inflation. Inflation risk is managed within the framework of interest rate risk management. In addition, higher inflation has the effect of reducing the real disposable income of households, which would therefore spend less money on taking out new optional insurance policies or renewing existing ones. If current macroeconomic developments stabilise in stagflation (low economic growth with high inflation), credit and liquidity risks could increase.

The Group insurance companies carefully monitor the cost aspect and investment returns in life and pension insurance policies, which are subject to premium costs determined at the time of conclusion throughout their whole term and also have contractually-defined returns. Taking into consideration **expected inflation**, the Company is changing its focus from pension insurance with a guaranteed interest rate to funds with a mixed and equity investment policy. These offer policyholders the possibility of higher returns and more easily mitigate inflation, while the Company itself is less exposed as they do not include a guaranteed interest rate, which is difficult to achieve in the current market situation. Furthermore, to take out supplemental voluntary pension insurance, the Group directs policyholders to Triglav, pokojninska družba, which is its specialised company for pension funds.

In 2021, which was characterised by the central banks' expansionary policy, the Company did not record any deterioration in liquidity. The adequacy of liquidity was regularly checked and confirmed by stress tests, as the liquidity risk management system includes both stress scenarios and a liquidity plan in the event that it would not achieve adequate liquidity without them. The Company has a system in place that provides adequate liquidity reserves to meet liquidity needs even in an extraordinary situation.

The Triglav Group actively participated in the ELOPA stress test, which confirmed its capital strength and liquidity in the case of severe consequences of the pandemic.



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2. Implementation of the social aspects of sustainable business in the COVID-19 situation

The Group's acceptance of challenges and risk management

Sustainability aspects are incorporated into the Triglav Group's operations, which are based on responsible long-term development. The Group committed itself, through its activities, to reduce uncertainty in the environment, provide its clients with financial and other security and create long-term sustainable value for its shareholders and other stakeholders. The coverage of risks that the compulsory social security scheme does not cover or covers inadequately is ensured by complementary and supplemental insurance products. The Company is expanding its life, pension and health insurance product range, thereby increasing the security of clients at all stages of life. During the pandemic, claims were settled through appropriate life underwriting risk management and thus contributed to the financial security of the affected policyholders, especially in the event of a difficult recovery from COVID-19. The Company is exposed to longevity risk in products with lifetime annuity or pension payouts. Especially long-term risk requires special attention: it is managed by developing dynamic models of the policyholders' life expectancy and setting appropriate premium rates and provisions.

The Group is aware that healthcare will continue to gain social significance. It is proactively increasing its range of healthcare services in order to provide its policyholders – via health centres – with timely and, at the same level of quality, more affordable healthcare services than its competitors on the market. The Group aims to transform from a traditional health insurance provider into a health partner and provide clients with comprehensive lifelong services. By offering additional healthcare services, it takes into consideration the risk of a potential health reform and the abolition of supplemental health insurance.

At a time when the COVID-19 disease is still spreading, it is even more important to continue operations that aim for balanced long-term development and include care for the environment, society and all stakeholder groups. In 2021, we witnessed two waves of increasing cases of infections in the Adria region, as well as measures and instructions of governments and expert groups to limit them. The same can be expected in the future.

The COVID-19 epidemic further exacerbated the health crisis. There are more and more warnings about its future consequences for people's health due to the redistribution of healthcare services from regular treatment to the treatment of COVID-19 patients. Hospitals dedicated to COVID-19 patients suspended other programmes due to labour shortages, and many diseases are therefore not detected as early as they would otherwise be. People can be expected to be of poorer health, which means negative consequences in the near future.

The effects of the pandemic were also felt at work. Various forms of hybrid work were implemented, including working from home. This caused problems for some employees due to inadequate working conditions (working hours, premises, etc.).

The pandemic, which has lasted for almost two years, also affected people's mental health, affecting personal relationships due to people worrying about the threat of the virus and having less social contact. These health problems are expected to deteriorate as the pandemic continues.

One of the key challenges for Slovenia and the region is the ageing population, which will have an even greater impact on the healthcare system and the labour market.¹⁰¹ On the one hand, this has an impact on labour shortage, slow development and economic growth, and on the other hand, with increasing longevity, public spending on pensions and healthcare is increasing. All this increases the risks of public finance sustainability due to the growing budget deficit and higher public debt.



¹⁰¹ Poročilo Ekonomski pregled Slovenije 2020; OECD

The pandemic also had a strong impact on employment and how the Group interacts with its employees, who play a key role in achieving the Group's ambitious business objectives. Changes in this area were driven by government measures and the Group's strategic initiatives to create a stimulating, development-oriented environment with engaged, healthy and satisfied employees. The Group provides for their development and carefully chooses new employees, who are subject to thorough onboarding.

In 2021, close attention was paid to government measures, which were consistently implemented in order to provide employees with the safest possible working environment. The Company regularly reviewed security measures to curb the spread of COVID-19. With the adopted and promptly revised work instructions, the Company set out in detail the obligation and method of verifying the compliance of employees, clients and other partners with the recovered/vaccinated/tested rule. Good practices were transferred from the parent company to other Group companies, which adapted them to local legislation. Hybrid work was introduced, which includes working from home, and a new employment contract was entered into with employees who were able to work from home because of the nature of their work. Based on a written order, working from home was enabled to those who were unable to work in the Company's premises due to measures to curb the spread of COVID-19 and to health risk groups. The safety statement was updated with a risk assessment and measures related to the increased **risk of infection with agents causing infectious diseases**. Testing and other measures were carried out to ensure the health and safety of employees at work (protective masks, disinfectants, etc.).

As part of the Triglav.smo programme (striving for healthy, satisfied, engaged employees), the decision was made to improve employees' knowledge about **mental health**. Due to the increase in mental distress and problems in society, two sets of online meetings entitled **A healthy mind in a healthy body were held**. The staff at the Psihološki utrip (Psychological Pulse) group continued to provide psychosocial support and professional guidance for better mental health. An increase in the number of employees needing such support was observed. In order to improve the life-work balance, measures related to the Family-Friendly Enterprise Certificate continued to be implemented.

The Group will continue to attract new highly qualified and highly skilled employees by strengthening the brand of a development-oriented and responsible employer, firmly believing that this will help to retain the top employees in the Group. Assessments of the organisational climate in the Group show better results every year. This proves that the Group is effectively adapting to the changes resulting from the epidemic; communication is open and effective, and the Company atmosphere remains positive despite the changed working methods. The measures taken and achievements in 2021 confirm that an appropriate degree of flexibility was built into the Group's system for managing such risks, which will be needed in the future to manage uncertainty in society.

See Section [12.4.2 of the Business Report](#) for more information about activities for the care for employees.



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3. Digital transformation and cyber security

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The Group actively responds to changes 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. See Section [11.2 of the Business Report](#) for more information on development activities. Thanks to solutions such as remote signing, video identification and remote inspection of the object insured, **business continuity was ensured also in the extraordinary circumstances**, proving that the Group is well-prepared for digital business.

The Company ensures appropriate information security and complies with regulatory requirements by **constantly upgrading the information security management system and security controls, regularly testing information security and verifying recovery procedures and information systems**. 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 tools, new security risks are controlled promptly, while actively managing the level of the Group's information security. Information risks and within them cyber risks are monitored with a new tool for operational risk management. The Company is aware that people are the most vulnerable part of information security, which is why it regularly raises employees' awareness and educates them about information security risks and their management. The level of awareness is regularly checked, for example by social engineering tests using electronic communication (a phishing test). Based on these findings, a plan of actions and measures is designed to improve information security and employee awareness.

Before and during the implementation of new technological solutions, related risks are assessed and a set of measures for their management is designed; new solutions are then verified on an ongoing basis, used to measure client satisfaction and improved based on the feedback received. IT solution providers are selected that offer legally compliant solutions for information security and personal data protection with guaranteed compatibility of services. This approach is also used in the project of developing an integrated sales module.

To better deal with the challenges of remote business and increasing cyber threats, the Company provides tailored cyber insurance products and related assistance services to its clients.

The already high level of digitalisation of everyday life is increasing even faster during COVID-19 times. Advanced analytics, the use of cloud services, the Internet of Things, cognitive computing, mobile network development, process robotisation, machine learning, artificial intelligence, API, the sharing economy and remote business are all on the rise. All this is reflected in clients' expectations and needs, the cost efficiency of companies, the need for faster adaptation, the development or acquisition of additional information systems with appropriate functionalities that meet the requirements of regulations and information security, and new ways of doing business. Insurers are expected to constantly follow and adapt their operations to changes in society as well as implement technological changes and innovative business models developed by insurtech and fintech companies. The insurers' digital transformation process has been noticeably accelerating recently. Searching for new digital services and implementing them into operations and providing an outstanding user experience can be a significant challenge for insurance service providers (due to rapid and continuous development), but it is also becoming one of the key differentiating factors. Clients have high expectations related to the quality of services and user experience in an omni-channel environment that they gain with service providers in other industries or on global digital platforms. The COVID-19 pandemic caused a change in the way insurers engage with clients, switching mostly from physical contact to communicating predominantly remotely and via digital channels (taking out insurance, settling claims, etc.). As is extensively reported in the previous section on employees, work processes also moved from business premises to employees' home, with communication mainly taking place via an internet connection and with remote access to Company 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 object insured, secure document exchange and managing changes in client data in the Company's databases.

Technological development is associated with the exponential growth of cyber threats, such as attacks to steal information, blackmail for ransom or stop business processes. The vulnerability of insurers to cyberattacks and their number increased worldwide. 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 working to increase security by introducing security measures and security incident reporting procedures (such as the GDPR). The current focus is on EIOPA guidelines on outsourcing to cloud service providers and guidelines on information and communication technology security management. The Regulation of the European Parliament and of the Council on digital operational resilience for the financial sector is expected to be adopted in 2022.

Increased risks in the environment are also a business opportunity for insurers. Cyber insurance products make a valuable contribution to secure business operations and play a key role in the safer transition to a digital economy.



4. Implementation of environmental sustainability and climate change risk management

The Group's acceptance of challenges and risk management

The Group comprehensively monitors the environmental efficiency of its operations and incorporates new regulatory requirements that facilitate the economy's transition to sustainable development into its governance systems. The Group's strategic ambitions relating to sustainable development (ESG) define key guidelines for the implementation of business processes in the Group members, engagement with clients and other stakeholders, and its activities and integration in the community. The Group strives for sustainable solutions that focus on the efficient use of energy, water and other natural resources as well as reduce pollution. In engagement with clients and other external stakeholders, the Group aims to meet the set environmental goals and national and global environmental commitments, thereby monitoring the direct and indirect impacts of operations on the environment and related environmental risks. The Group takes a proactive approach to tackling challenges such as climate change. In parallel with developing various types of insurance coverage, the Group aims to make individuals better understand climate risks, the growing dangers of natural disasters and other climate change impacts on society and to be more aware of them. The Group will support the development of science so as to understand the causes of environmental change and their indicators as well as the development of new technologies to reduce the negative impacts of economic and social activities on the environment. See Section [12.3 of the Business Report](#) for more information.

Climate change emergencies will be more frequent and severe in the long run. 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). Based on the stress scenario for increased severity and/or frequency of catastrophes in one year, which was performed for the Company's existing non-life insurance portfolio, there was a noticeable increase in total net claims, but their value does not exceed the Company's internal limit for underwriting catastrophe risks due to its adequate reinsurance protection.

Climate change is a material risk in the long run, which also depends on humankind's future responses and the speed of nearing carbon-free business. At the same time, it is also a sustainability risk, an area which is an increasingly important part of business.

The coordination and effectiveness of climate change mitigation measures will increase, as will the required business adjustments, which will put the risk of business transition at the forefront. According to the opposite scenario, measures taken will be inadequate, resulting in higher physical risks with an increased frequency and severity of weather disasters and other consequences.

The effects of climate change are already reflected at a global level in higher average atmospheric temperatures, rising sea levels, more frequent and longer heat waves, and in recent years more frequent extreme weather events also seen in the Adria region. In the future, the Group's markets will be characterised by more frequent floods, which also applies to the winter months (property insurance), primarily due to higher river levels, prolonged droughts in the summer months (agricultural insurance) and severe hail. The frequency and severity of weather disasters will increase the demand for insurance coverage; therefore, insurance companies will need more reinsurance coverage, which will put pressure on reinsurance prices. Increasing the frequency and severity of weather disasters will increase the risk of the non-life insurance portfolio, while increasing the capital needs of insurance companies, which may further reduce the supply of such insurance coverage.

As the atmospheric temperature increases, mortality and the likelihood of disease or new epidemics also increase, which may affect supply and demand of life and health insurance. The COVID-19 pandemic showed that large and long-lasting disease outbreaks can worsen socio-political stability and the macroeconomic and geopolitical situation, which usually results in reduced economic activity and shocks in financial markets. These events will also affect the new division of regions suitable for habitation, which may lead to more extensive migration and volatility in the housing market.

The insurance sector could significantly facilitate the social transition to a carbon-neutral economy and, by providing adequate coverage, contribute to a higher level of stability and security in terms of physical risks, thereby improving the economy.

The legislative package relating to sustainability will, among others, regulate the classification of economic activities by environmental orientation and upgrade the reporting requirements for the environmental aspects of business operations. Its implementation is expected to transform society into a more environmentally conscious society, although this will also lead to additional costs. Many challenges remain open in the field of data quality and sources and methodologies for their diverse use, mainly due to the general vagueness of approaches and data availability and therefore the lack of market practice in the (re)insurance sector, which would otherwise greatly facilitate legislative changes. The new EU regulation to promote the transition to a green economy and the changing values of consumers are increasing the attractiveness of the market of insurance products related to the renewable energy sector. The demand for investment-insurance products and insurance solutions, which accompany the buyer in adopting a sustainable lifestyle, is therefore growing.

Recent analyses for Slovenia, as part of the short-term effects of climate change, predict an increased frequency and severity of weather disasters, but do not assess them as extremely severe. Slovenia's action will be focused predominantly on increasing sustainable methods of energy production, reducing emissions from transport and digitalising public administration and industry.



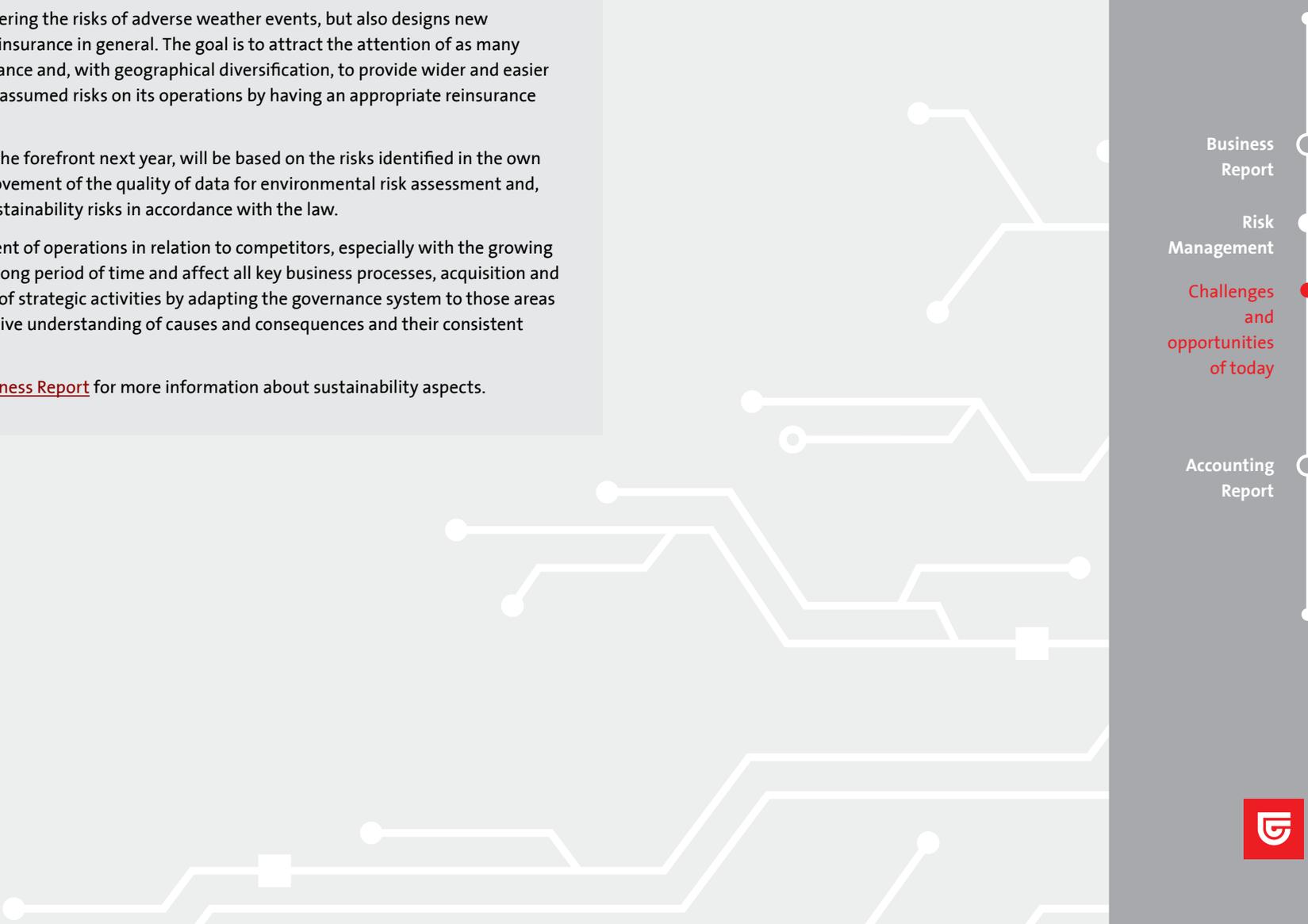
The Company strives to raise public awareness in various ways about the importance of insurance against damage due to climate change, as it is aware that this risk will affect the quality of life of us all. Weather disasters causing major damage are expected in the future as well, thus people are advised to regularly check the adequacy of their insurance coverage. Safe and self-protective behaviour is promoted with preventive warning systems, and after events with products that provide various types of assistance services. The Company designed the Triglav Vreme (Triglav Weather) application and the Toča (Hail) warning system, within which it provides catastrophe relief. See Section [12 of the Business Report](#) for more information.

The Company not only provides a broad range of insurance products covering the risks of adverse weather events, but also designs new business models in the form of new insurance coverage and to promote insurance in general. The goal is to attract the attention of as many retail and corporate clients as possible and encourage them to buy insurance and, with 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.

Upgrading the sustainability risk management system, which will be at the forefront next year, will be based on the risks identified in the own risk and solvency assessment process. These risks will relate to the improvement of the quality of data for environmental risk assessment and, on this basis, to the upgraded system of monitoring and reporting on sustainability risks in accordance with the law.

There is also the Group reputational risk, which arises from the adjustment of operations in relation to competitors, especially with the growing awareness of society. These future potential risks can be realised over a long period of time and affect all key business processes, acquisition and retention of business and personnel. They are considered in the context of strategic activities by adapting the governance system to those areas where the Group's exposure is greatest, which is based on a comprehensive understanding of causes and consequences and their consistent treatment within the operations.

See Section [12 Sustainable development at the Triglav Group of the Business Report](#) for more information about sustainability aspects.



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2. Risk exposure and management

The quantitative presentation of risk exposure presented below is primarily based on accounting data. Exposures on a mark-to-market basis are presented in greater detail in the Solvency and Financial Condition Report available at www.triglav.eu.

The presentation of the Triglav Group's risk profile and risk assessments by individual risk segment are based on market values for solvency purposes. The Company uses a regulatory method that was assessed as appropriate for risk measurement in the context of the own risk and solvency assessment process.

In the case of unit-linked insurance, the risk is not borne by the Company. Certain tables below therefore show the value of these insurance contracts separately or are excluded from the presentation of exposure and risk assessment of the Company and consequently the Group.

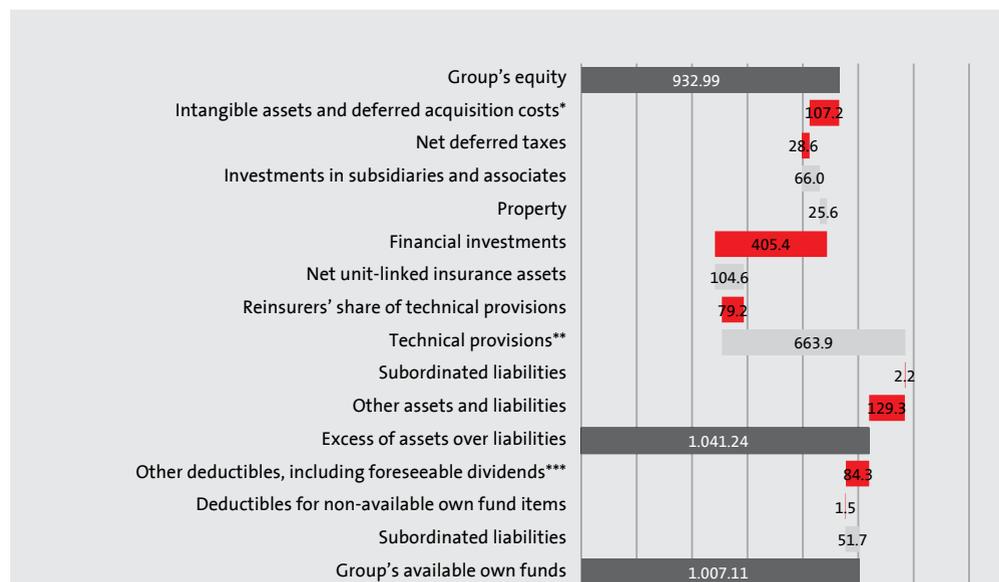
2.1 Capital and capital adequacy management

Effective capital management enables the Group to improve its operations, adopt appropriate business decisions and maintain its competitive advantages.

The definition of equity in the balance sheet for the preparation of financial statements differs from its definition for solvency purposes. Differences and important reasons for changes in items of both types of capital in 2021 are described in the Group's Solvency and Financial Condition Report for 2021, D and E sections, which is published on www.triglav.eu.

The Triglav Group was well capitalised also as at 31 December 2021. Achieved capital adequacy was 219% as at 31 December 2021, remaining within the target range, i.e. between 200% and 250%. Thus, the Group meets 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](#).

Explanation of differences in capital valuation in the balance sheet for solvency and financial reporting purposes for the Triglav Group as at 31 December 2021 (EUR million)



Capital adequacy of the Triglav Group and Zavarovalnica Triglav

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Available own funds (EUR million)	1,007	968	1,022	983
SCR (EUR million)	459	404	374	318
Capital adequacy (%)	219	240	273	309

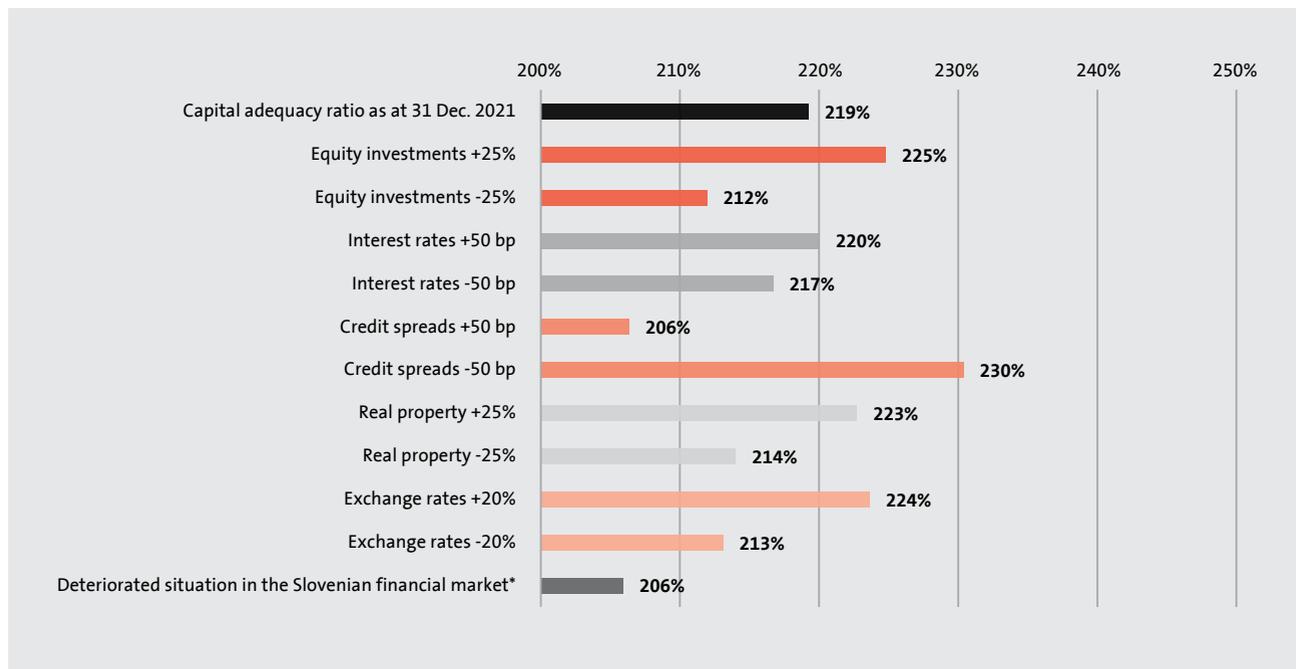
Capital adequacy was affected by the increase in available funds, which are EUR 39.6 million higher than in 2020 due to profitable operations; this amount already takes into account the expected dividend amount for 2021. Zavarovalnica Triglav paid dividends in the amount of EUR 38.6 million for 2020. The Group's capital requirement increased in the comparative period due to higher market and underwriting risks, which is largely due to increases at the Company.

* The fair value of intangible assets is valued at 0.

** Consolidation for solvency purposes differs for Triglav Skladi and Triglav, pokojninska družba.

*** Other deductibles include deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities, and foreseeable dividends.

Sensitivity analysis of the movement of the Group's capital adequacy ratio



*The scenario includes an increase in credit spreads on Slovenian government bonds by 300 basis points, corporate financial bonds by 350 basis points, corporate non-financial bonds by 400 basis points and a drop in Slovenian share prices and the value of Slovenian collective investment undertakings by 50%.

The figure shows the sensitivity of the capital adequacy ratio to strong changes in individual parameters of the capital market and based on the assumed stress scenario of a deteriorating situation in the Slovenian financial market. The Group's capital adequacy ratio remains within the target range for all assessed sensitivities.

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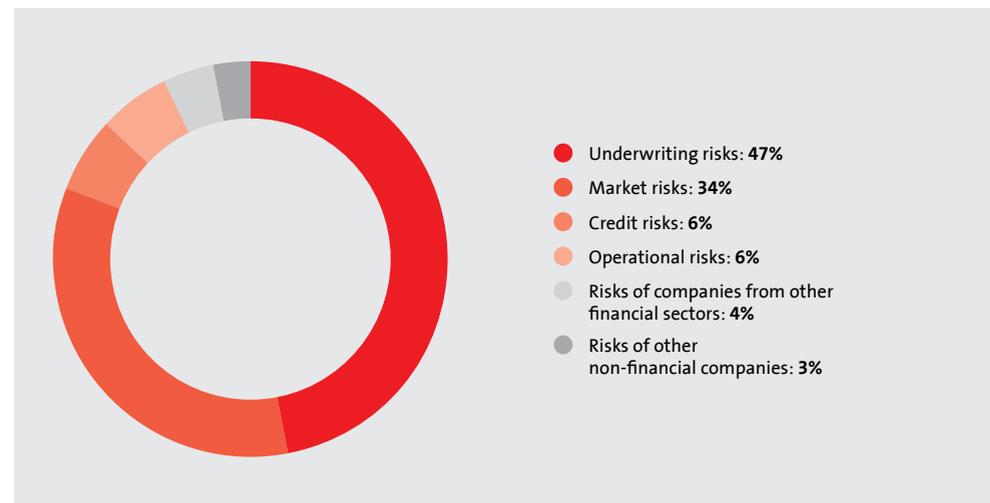
2.2 Risk profile

Risks are assessed based on the standard formula defined by the applicable legislation and internal methodologies. The latter are mostly based on the value-at-risk method, which distributes market losses or gains over a one-year horizon with a 99.5% confidence interval. With regard to solvency capital requirement (SCR), the diversification specified in the standard formula as prescribed by law is taken into account.

The level of underwritten risks was within the range defined in the risk appetite. 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 shows their exposure to most material risk categories and is presented in the table below.

Risk profile assessment* of the Triglav Group as at 31 December 2021



*The risk profile is determined based on risk assessment using the standard formula, without taking into account the effects of diversification across individual risk categories.

Risk dashboard of Zavarovalnica Triglav and the Triglav Group* as at 31 December 2021

Risk	Risk assessment (current)	Risk trend (future)	Note
Capital adequacy	●	➔	Capital adequacy remains in the target range in both the Company and the Group. In 2021, the Group participated in the EIOPA stress test for insurance groups, which confirmed its capital strength.
Underwriting risks	●	➔	The Group maintains premium growth and achieves the target values of indicators in strategic markets. Despite more frequent and severe disasters, it achieved the profitability of the insurance portfolio within the planned values. Along with inflation, risk-free interest rates also increased slightly, which partly reduced the risk of providing embedded financial guarantees for life and pension insurance products.
Market risks	●	➔	In 2021, favourable conditions prevailed in the financial markets, as central banks made sure that market volatility was low. There were more problems in supply chains due to excess demand, insufficient supply and the crisis in the energy market. The latter, with excess market liquidity, led to high inflationary pressures at the end of 2021. In the future, uncertainty remains related to the level and length of the period of high inflationary pressures, which may also affect changes in interest rates. Nevertheless, the Group maintains risks at defined levels and pays special attention to the development of optimal investment policies and the matching of assets and liabilities.
Credit risks	●	➔	Despite the increase in exposure, credit risks remain low, which is ensured by regular and systematic monitoring and management of individual exposures in all segments and a well-diversified portfolio of partners.
Liquidity risk	●	➔	The Company's strong liquidity position is maintained by regularly monitoring the liquidity position. The EIOPA stress test, performed according to a uniform methodology at Group level, confirmed the adequate liquidity of Group insurance companies.
Operational risks	●	➔	The Group takes a proactive approach to operational risk management. It pays more and more attention to regular maintenance and additional upgrades of the information security management system. The level of risk is increased by its strategic focus on digitalisation and the growing threat of cybersecurity incidents.

*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 the latest projections.

i) The colour scale of assessed risks: ● high ● medium ● low

ii) Risk trend: ⬇ downward ➔ stable ⬆ upward

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2.3 Underwriting risks

Underwriting risks are directly related to underwriting insurance policies and the amount of their value. They are negatively affected by losses or adverse changes in the value of insurance liabilities due to inadequate pricing and assumptions taken into account in the calculation of insurance technical provisions.

This type of risk is significantly related to the premium amount. 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](#).

Underwriting risks are presented separately for non-life and life insurance.

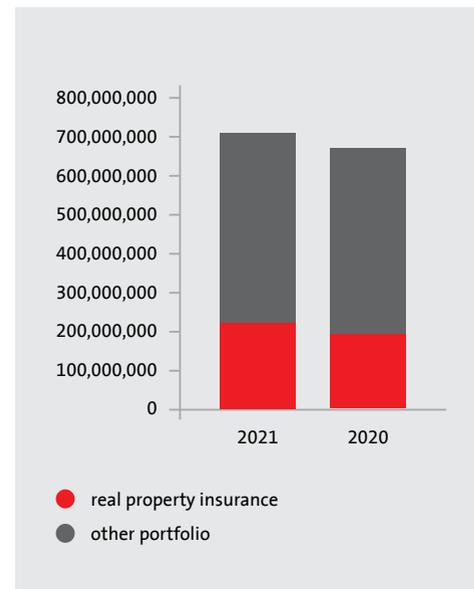
2.3.1 Non-life underwriting risks

When underwriting non-life insurance policies, the Group's insurance and reinsurance subsidiaries underwrite premium risk, reserve risk, lapse risk and catastrophe risk. Under the standard formula, these risks depend on the exposure to individual risks and their volatility.

The Group is most exposed to premium and reserve risks, followed by catastrophe and lapse risks. At Group level, Zavarovalnica Triglav underwrites the bulk of the non-life underwriting risks, Triglav, Zdravstvena zavarovalnica underwrites most health underwriting risks, while Pozavarovalnica Triglav Re underwrites the majority of inward reinsurance underwriting risks. Other Group insurance companies contribute slightly over 20% to non-life underwriting risks.

The profile of non-life underwriting risks did not change significantly in 2021. The increase in their overall assessment was influenced by portfolio growth, which increased the exposure to all three main components of these risks.

Triglav Group's exposure to premium risk as at 31 December 2020 and 31 December 2021 (EUR)



Exposure to premium risk increased the most in 2021 in the real property insurance. Most growth in this line of business stems from underwriting international reinsurance policies, which increases the geographical diversification at Group level. See Section [7.5 of the Business Report](#) for more details about the movement of gross written insurance, coinsurance and reinsurance premiums.

Premium risk is regularly monitored both at the Group level and at the level of insurance segments. The adequacy of written premium

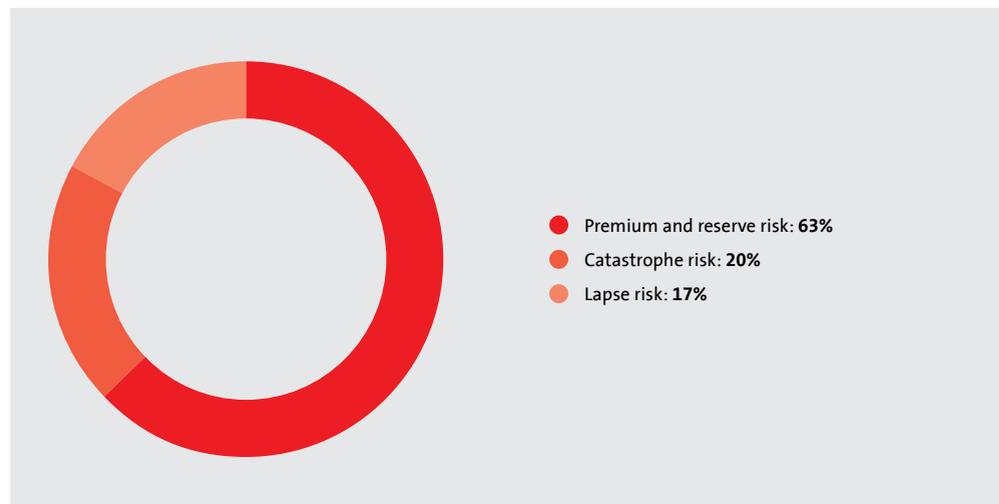
in relation to actual claims and costs arising from underwritten insurance contracts is also measured with combined ratios. Combined ratios for the last three years are presented in Section [8.1](#) for the Group and Section [8.2](#) for the Company [in the Business Report](#). The sensitivity analysis of the Group's net combined ratio showed that by increasing or reducing the ratio by 1 percentage point, the Group's profit before tax would decrease or increase by EUR 6.8 million. Due to the increase or decrease of the Company's net combined ratio by 1 percentage point, its profit before tax would change by EUR 4.1 million. Taking into account one (additional) maximum net loss in the amount of EUR 7.5 million, the Company's combined ratio would deteriorate by 1.82 percentage points in 2021.

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.

The appropriateness of provisions for financial reporting purposes for individual insurance classes (see Section [3.18 of the Accounting Report](#) for more information) is verified by performing the liability adequacy test based on the balance as at the last day of the financial year by regularly calculating insurance technical provisions for solvency purposes. According to actuarial estimates of future claims as at the 2021 year-end, the created insurance technical provisions were adequate for both financial reporting and solvency purposes (see Section [3.18](#) and Section [3.16 of the Accounting Report](#) for more information).

In addition to exposures (net claims provisions), reserve risk assessment is affected by volatility, which varies by line of business. In 2021, the

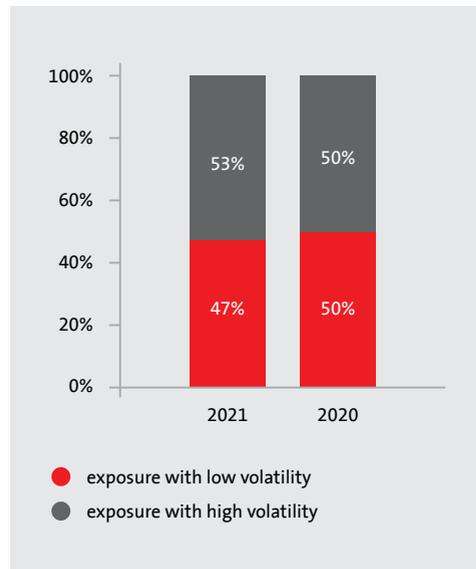
Risk assessment* for non-life insurance including health insurance for the Triglav Group as at 31 December 2021



*The risk profile is determined based on risk assessment using the standard formula, without taking into account the effects of diversification across individual categories of non-life underwriting risks. It includes non-life insurance and complementary accident insurance taken out with life insurance, but non-life insurance annuities are excluded.

Group maintained the ratio between the exposure of insurance segments with low and high volatility. Insurance segments with lower volatility at Group level include: motor vehicle liability insurance, other motor vehicle insurance and legal expenses insurance. The remaining insurance segments are characterised by higher volatility.

The ratio of the exposure for reserve risk for provisions with low and high volatility for the Triglav Group as at 31 December 2021 and 31 December 2020



The Group's insurance companies regularly check or analyse the adequacy of insurance technical provisions. As harmonised actuarial methods are consistently used in the formation of insurance technical provisions, the adequacy of provisions is assessed based on the difference between the originally estimated liabilities and the subsequently estimated liabilities as at a specific cut-off date. Analyses show that the difference in historical years is such that it confirms the adequacy of provisions as at 31 December 2021.

Lapse risk increased during the year due to the increase in the non-life insurance portfolio.

Non-life insurance catastrophe risk

In 2021, the Company recorded four events, which it defined as catastrophe events, of which one was frost, two were storm events and one was a flood event. The table presents the gross and net financial effects of these events for the Company. They are shown separately according to modelled and non-modelled perils. At the Company, the perils where it has the largest exposures or pose a high risk are regularly modelled. These perils are flood, hail, storm and earthquake.

For Slovenia, the Company has several models at its disposal, on the basis of which the distribution of claims according to return periods for hail, storm and flood is determined. The table below shows the most probable maximum loss (PML) for a 200-year return period¹⁰² over a one-year period by peril.

Probable maximum loss (PML) for a 200-year return period by peril* at Zavarovalnica Triglav

Modelled peril (EUR million)	31 Dec. 2021
Hail	75.5
Storm	132.7
Flood	48.8

*In the case of availability of several models, the average of modelled results was taken into account.

Realized financial effect of catastrophe events at Zavarovalnica Triglav¹⁰³*

	Modelled perils		Non-modelled perils	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Gross financial impact (EUR million)	12.8	20.8	3.4	0
Net financial impact (EUR million)	11.2	11.8	3.3	0

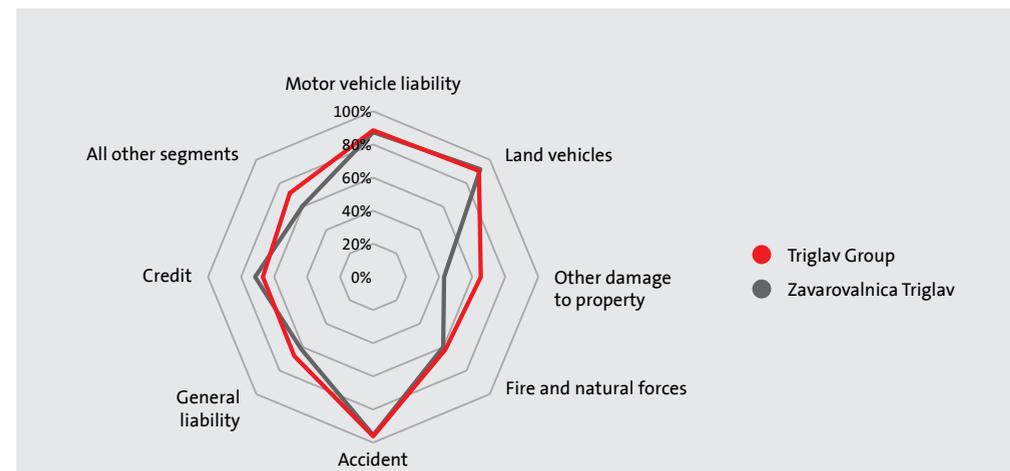
* Also includes claims development and an estimate by the end of the year.

The Company models flood, storm and hail among realised catastrophe events, but it does not model frost. See Section [7.2 Environmental impact on the Triglav Group's operations in the Business Report](#) for more information about realised catastrophe events.

Non-life insurance risk concentration

The fire and natural disaster insurance portfolio includes the largest number of individual large perils, which is also exposed to catastrophe perils, therefore the greatest need for reinsurance coverage is related thereto. Compared to the preceding year, the Group's reinsurance coverage did not change significantly.

Net written premium share in relation to gross written premium as at 31 December 2021



¹⁰² SASB: FN-IN-450a.1 | ¹⁰³ SASB: FN-IN-450a.2



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 with individual Group companies. Pozavarovalnica Triglav Re concludes outward reinsurance contracts for a portion of the risks it reinsures in order to effectively manage its exposure and protect its own assets, while indirectly protecting the assets of the Group's insurance companies.

The Group's largest retention amounts to EUR 5 million per peril, with the exception of nuclear perils, EUR 10 million per catastrophe and EUR 5 million per other correlated perils occurring after the event. The Group's largest potential exposure in the amount of EUR 14 million could arise from nuclear perils, which the Group has assumed from the Slovenian nuclear pool. Nuclear perils are characterised by an extremely low frequency, as no such claim has been reported in 28 years, and by a low or null correlation with other contingent liabilities.

Assumed capacity of nuclear perils for 2020 and 2021 in the Triglav Group

	Assumed capacity in EUR	
	2021	2020
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

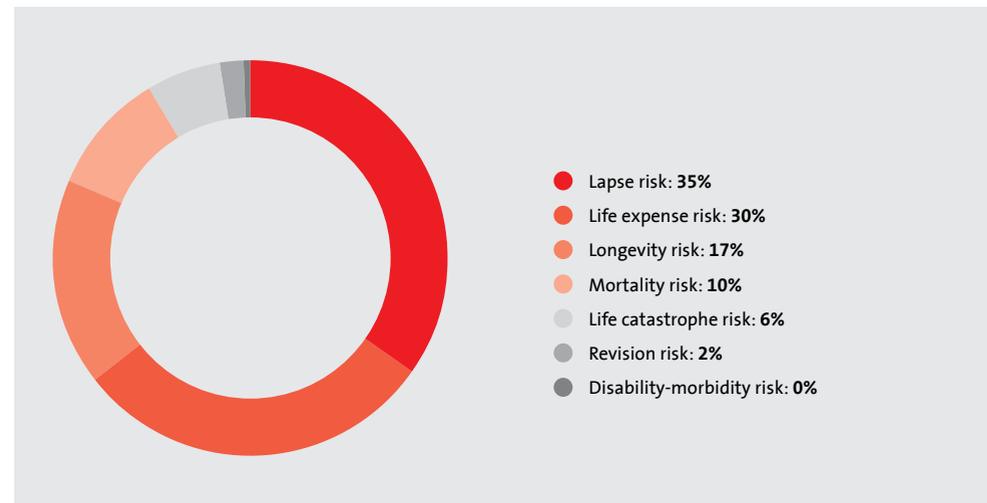
The reinsurance coverage for retention in the case of catastrophe events is designed as excess of loss reinsurance with four layers. It was used twice in 2021. The protection against increased occurrence of catastrophes is also arranged for the Group. The reinsurance programme has so far proved to be appropriate.

The earthquake event in Ljubljana also poses a concentration risk for the Group. 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 verified 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. According to stress scenario calculations¹⁰⁴, the estimated financial impact of a major earthquake in Ljubljana would amount to EUR 39.3 million for the Company and EUR 40 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 event were realised.

2.3.2 Life underwriting risks

The Group is most exposed to lapse and life expense risks. Within the Group, Zavarovalnica Triglav underwrites the bulk of life underwriting risks.

Risk assessment* of life insurance for the Triglav Group as at 31 December 2021



*The risk profile is determined based on risk assessment using the standard formula, without taking into account the effects of diversification across individual categories of life underwriting risks. It also comprises risks from ring-fenced funds. It includes life insurance and non-life insurance annuities, but complementary accidental insurance taken out with life insurance is excluded.

The life underwriting risk profile did not change significantly in 2021, nor was it significantly affected by portfolio growth.

Gross written insurance, coinsurance and reinsurance premiums in 2021 by (re)insurance subsidiary of the Group is presented in Section [7.5 of the Business Report](#).

Insurance technical provisions for life insurance are determined according to prudent assumptions, and their adequacy is regularly checked. 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 [3.17 of the Accounting Report](#) for more information). The test results for 2021 showed that an adequate level of insurance technical provisions for life insurance was created for the Group and individual insurance companies. 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.

¹⁰⁴ In addition to high insurance claims, the earthquake scenario in Ljubljana takes into account additional operating expenses due to business interruption, an increase in claim handling expenses and a reduction in reinsurers' share in claims. The scenario does not take into account the potential effects of the earthquake in Ljubljana on the financial markets in Slovenia.



Traditional life and pension insurance policies which include saving at a guaranteed interest rate are exposed to potential 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 [2.4.5 of Risk Management](#). The guarantee fund backing life insurance includes the majority of the Company's liabilities with a guaranteed fixed interest rate. Mathematical provisions in the amount of EUR 701.2 million were created for this guarantee fund. 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 2021 stood at 1.9% (see Section [15.11 of the Business Report](#) for more information).

Life underwriting risk concentration

The concentration of life underwriting risks is assessed as low. The life insurance portfolio is well dispersed by all criteria, including geographically, due to dispersed retail sale of policies. 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 83.1% of the whole life insurance portfolio and less than EUR 35,000 for 99.6% for the other life insurance portfolio. For complementary accidental death insurance, the sum insured is lower than EUR 50,000 and accounts for 99.1% of the respective portfolio, while for complementary 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

With respect to market risks in the context of financial investments (see Section [7.9 of the Business Report](#) for more details), the Group is most exposed to debt securities, followed by equity securities and realproperty. The highest market risk for the Group is spread risk, followed by equity risk, property risk, currency risk and interest rate risk. Market concentration risk is assessed as the lowest. See Section [7.9 of the Business Report](#) for concentration by sector and geographical area.

Compared to the preceding year, equity risk assessment rose in particular. It is higher mainly due to higher exposure of this segment and the growth of market share prices.

2.4.1 Spread risk

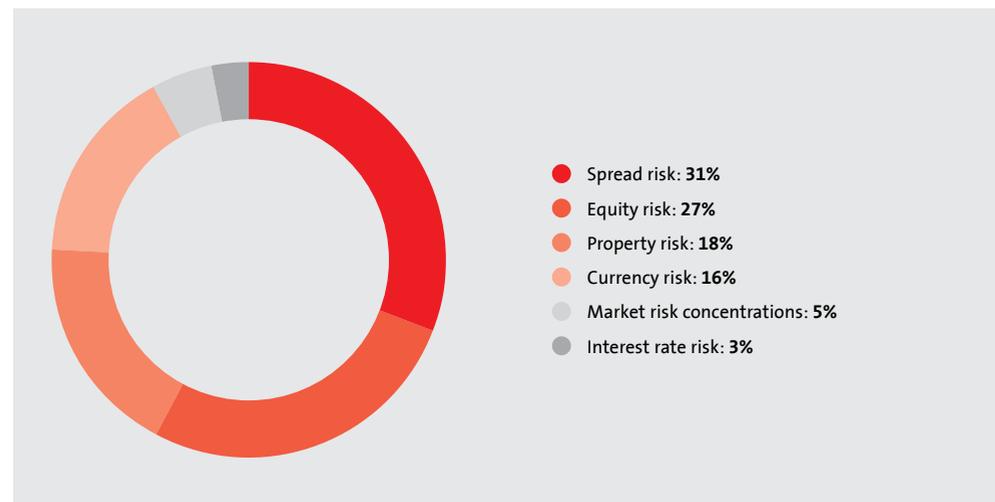
Spread risk is predominantly determined by debt securities, which account for around 69% of the Group's total investments. Their value also depends on the level of credit spreads, which reflect the credit quality of debt instruments. The level of credit spreads did not change significantly during 2021. Central banks' policies helped to maintain stability by keeping credit spreads at low levels through their bond-buying programmes, allowing economies to recover quickly and effectively after a downturn due to the shutdown in production and supply. The Company and the Group manage this risk proactively and in accordance with investment policies.

The bulk (approximately 65%) of investments that are exposed to spread risk are related to exposure to countries, followed by exposure to the financial sector, which represents 18% of investments in debt securities.

Exposure to credit spread risk arises from debt securities. It is limited by the maximum allowed share in the capital, to which the investment policy is also adapted. In its investment portfolio, the Group is exposed to investments with outstanding credit quality. Over 59% of investments in debt securities have at least the "A" credit rating. The bulk (over 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 securities portfolio did not change significantly in 2021. Its level was maintained despite the reorientation of investments to other investment classes, which reduced their value, and despite the higher share of investments with a "BBB" credit quality rating. The average credit quality with an "A" credit rating was maintained in 2021.

The structure of debt securities is presented in detail in Section [7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav in the Business Report](#).

Market risk assessment by subtype for the Triglav Group as at 31 December 2021*



*The market risk profile is determined based on 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.

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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 9% of the Group's investment portfolio. The majority of exposure to equity risk arises from exposure of the parent company.

The value of equity investments defined above increased sharply in 2021. The reason for their growth is new investments in collective investment undertakings, which focus on buying listed funds, new payments into alternative investment funds and sharply increased prices of equity investments, especially from the Slovenian regulated market. Geographical diversification of equity investments is shown in the table. Most equity investments are in shares issued by issuers in advanced markets, among which issuers based in the European Union predominate.

Geographical diversification of equity investments*

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Equities in the EU	276,478,222	182,841,448	184,660,063	112,358,977
Equities in the USA	31,728,927	11,594,039	18,463,891	0
Equities in Asia**	0	0	0	0
Equities in emerging markets	6,988,438	6,722,771	885,254	703,485
Global equities***	15,765,073	19,209,734	0	524,109
Total financial investments	330,960,660	220,367,992	204,009,208	113,586,570
Unit-linked life insurance contract investments	594,267,073	443,699,251	529,598,379	396,272,477
TOTAL	925,227,733	664,067,243	733,607,587	509,859,047

* The figure includes only equity investments.

** Equity investments in advanced Asia (Japan, Hong Kong).

*** Globally dispersed 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 reserves in the amount of EUR 20.5 million, increasing its profit by EUR 12.6 million. If the trend were opposite and market prices of equity investments dropped by 10%, the Group's fair value reserves would decrease by EUR 20.4 million and its profit by EUR 12.7 million. The estimated impact on the profit or loss is shown in the table. This only illustrates the estimated changes at Group level and does not include unit-linked life insurance contract investments.

Sensitivity analysis of equity investments*

	Triglav Group				Zavarovalnica Triglav			
	31 Dec. 2021		31 Dec. 2020		31 Dec. 2021		31 Dec. 2020	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Equities in the EU	27,647,822	-27,647,822	18,284,145	-18,284,145	18,466,006	-18,466,006	11,235,898	-11,235,898
Equities in the USA	3,172,893	-3,172,893	1,159,404	-1,159,404	1,846,389	-1,846,389	0	0
Equities in Asia**	0	0	0	0	0	0	0	0
Equities in emerging markets	698,844	-698,844	672,277	-672,277	88,525	-88,525	70,349	-70,349
Global equities***	1,576,507	-1,576,507	1,920,973	-1,920,973	0	0	52,411	-52,411
Total financial investments	33,096,066	-33,096,066	22,036,799	-22,036,799	20,400,921	-20,400,921	11,358,657	-11,358,657
Impact on fair value reserves	20,490,695	-20,394,885	14,868,401	-14,684,012	17,237,779	-17,141,969	11,172,313	-10,987,924
Impact on profit or loss	12,605,371	-12,701,181	7,168,398	-7,352,787	3,163,142	-3,258,952	186,344	-370,733
Impact on capital	33,096,066	-33,096,066	22,036,799	-22,036,799	20,400,921	-20,400,921	11,358,657	-11,358,657

* 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.

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2.4.3 Property risk

The Group's total exposure to property risk amounts to EUR 194.7 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 mainly 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. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Right-of-use assets	10,933,109	9,821,211	4,548,297	3,587,916
Investment property not intended for the direct conduct of insurance business	75,110,973	78,977,800	43,840,055	44,451,276
Real property for own use**	108,655,212	113,170,073	65,143,310	67,775,451
Total	194,699,294	201,969,084	113,531,662	115,814,643

* 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 conduct of insurance business are deducted, which are otherwise included in the item "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.

** Own-use real property shows the item "property, plant and equipment" in the Accounting Report.

2.4.4 Currency risk¹⁰⁵

The Group's currency risk arises predominantly from subsidiaries operating in the regions whose local currency is not the euro. These companies carry out most of their transactions in the local currency, thus being less exposed to currency risk related to the euro. A part of the Group's currency risk arises from the excess of assets over liabilities in US dollars, in respect of which the Group maintained a similar exposure as in the preceding year.

To a lesser extent, the Group manages investment risks with derivatives. The Group's exposure to the Croatian kuna was reduced through a foreign exchange forward contract as at 31 December 2021.

Financial investments in euros represent 91% of the Group's financial investments, with the exposure to individual foreign currency not exceeding 3%.



Currency exposure of the Triglav Group's financial assets and liabilities*

Triglav Group as at 31 December 2021	EUR	USD	BAM	RSD	HRK	MKD	Ostalo	Skupaj
Investment property	73,655,405	0	939,908	343,315	165,071	7,274	0	75,110,973
Investments in associates	35,591,377	0	439,970	0	0	0	0	36,031,348
Financial investments	2,696,810,852	33,348,260	16,018,156	46,360,648	82,083,642	24,907,486	38,171,105	2,937,700,149
Debt securities	2,356,117,282	16,010,033	10,329,321	40,483,390	39,468,000	16,185,482	33,976,306	2,512,569,814
Equity securities	295,388,355	13,665,459	2,653,539	9,161	17,595,702	563,555	1,084,890	330,960,661
Derivatives	20,317	0	0	0	0	0	0	20,317
Deposits and loans	41,257,160	3,672,768	2,425,387	5,349,172	25,019,940	7,504,037	3,109,909	88,338,373
Other financial investments	4,027,738	0	609,909	518,925	0	654,412	0	5,810,984
Insurance technical provisions transferred to reinsurers	134,760,073	11,754,730	10,916,992	5,380,847	6,582,046	0	5,445,203	174,839,891
Operating receivables	137,361,117	6,165,396	5,678,925	21,679,860	16,501,938	4,818,444	21,098,646	213,304,326
Cash and cash equivalents	59,471,380	969,631	15,422,167	1,707,739	1,931,335	476,533	2,342,846	82,321,631
Total	3,137,650,205	52,238,017	49,416,118	75,472,409	107,264,032	30,209,737	67,057,800	3,519,308,318
Unit-linked life insurance contract investments	567,844,531	44,651,331	0	0	2,552,189	108,067	4,461,368	619,617,486
TOTAL ASSETS	3,705,494,736	96,889,348	49,416,118	75,472,409	109,816,221	30,317,804	71,519,168	4,138,925,804
Subordinated liabilities	49,471,831	0	0	0	0	0	0	49,471,831
Insurance technical provisions	2,306,950,485	22,677,748	30,595,827	45,549,130	79,294,238	25,226,955	66,074,002	2,576,368,385
Insurance technical provisions for unit-linked life insurance contracts	573,082,632	44,651,331	0	0	0	108,067	4,461,368	622,303,398
Employee benefits	15,702,584	0	590,328	227,465	840,249	311,507	0	17,672,133
Other financial liabilities	2,653,226	0	37,556	377,054	15,372	2,445	0	3,085,653
TOTAL LIABILITIES	2,947,860,758	67,329,079	31,223,711	46,153,649	80,149,859	25,648,974	70,535,370	3,268,901,400
Net currency exposure of the statement of financial position	757,633,978	29,560,269	18,192,407	29,318,760	29,666,362	4,668,830	983,798	870,024,404
Currency derivatives	19,275,628	0	0	0	-19,255,311	0	0	20,317
Net currency exposure	776,909,605	29,560,269	18,192,407	29,318,760	10,411,051	4,668,830	983,798	870,044,721

Triglav Group as at 31 December 2020	EUR	USD	BAM	RSD	HRK	MKD	Ostalo	Skupaj
Investment property	77,134,475	0	1,185,645	350,965	297,644	8,130	0	78,976,859
Investments in associates	27,787,566	0	450,150	0	0	0	0	28,237,715
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
Deposits and loans	11,177,083	2,724,305	19,691,315	6,018,895	24,763,744	8,404,670	2,499,115	75,279,127
Other financial investments	5,109,451	0	587,088	422,808	0	342,792	0	6,462,139
Insurance technical provisions transferred to reinsurers	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	3,064,895,580	45,521,530	66,410,682	66,915,026	95,107,023	28,985,689	38,495,333	3,406,330,862
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	3,534,529,323	74,649,337	66,410,682	66,915,026	97,346,006	28,985,947	39,303,521	3,908,139,841
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	727,424,179	27,870,930	19,204,675	16,964,821	22,683,473	3,988,267	-13,310,779	804,825,565
Currency derivatives	12,945,506	0	0	0	-12,869,218	0	0	76,288
Net currency exposure	740,369,685	27,870,930	19,204,675	16,964,821	9,814,255	3,988,267	-13,310,779	804,901,853

*The tables includes only the most important items from the balance sheet by currency. Therefore, intangible assets, property, plant and equipment, non-current assets held for sale, right-of-use assets, financial investments in subsidiaries and other assets, other provisions, deferred tax liabilities, operating liabilities, lease liabilities and other liabilities are not included.

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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 on those created 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. The LAT carried out for insurance technical provisions showed a lower surplus of their amount.

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 to economic impacts. In this regard, the cash flows of assets and

liabilities are carefully matched and their duration gap is reduced.

In mid-2021, the Company began to reduce the maturity of its investment portfolio, because a rise in interest rates and inflationary pressures were expected, which were realised at the end of 2021. Interest rate trends show that interest rates were significantly higher as at 31 December 2021 than the year before. They may continue to rise, which would end the period of low interest rates.

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 19.3 million), while a sudden increase of 100 basis points would have a negative impact (in the amount of EUR 110.7 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 lower interest sensitivity of assets and liabilities. Assets are less sensitive to interest rates due to lower exposure and shorter maturity compared to the preceding year, while insurance liabilities are less sensitive due to higher interest rate levels in the period.

The Company and the Group monitor the duration gap¹⁰⁶ of interest-sensitive items for the life, non-life and supplemental voluntary insurance segments, excluding the unit-linked life insurance segment.

The matching of the duration of assets and liabilities was lower at the 2021 year-end than at the 2020 year-end. The reason for this duration gap is shortening the investment portfolio's duration due to the expected rise in interest rates. The duration gap of assets and liabilities in the Group is negative and stands at -1.0 years (compared to 0.1 year as at 31 December 2020). The most important impact arises from the Company, where the duration gap of assets and liabilities was -1.8 years (compared to 0.7 year as at 31 December 2020). It was -2.9 years for the life insurance portfolio (excluding supplemental voluntary pension insurance and unit-linked life insurance segments) and 1.2 years for the non-life insurance portfolio.

Sensitivity analysis of assets and liabilities to interest rate changes*

	Triglav Group				Zavarovalnica Triglav			
	31 Dec. 2021		31 Dec. 2020		31 Dec. 2021		31 Dec. 2020	
	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp
Debt securities issued by countries	-95,209,665	109,701,001	-120,667,871	143,684,528	-72,058,154	84,374,724	-98,726,974	120,097,898
Debt securities issued by financial institutions	-11,781,910	12,466,526	-15,155,525	16,167,191	-8,987,158	9,510,788	-12,458,272	13,368,843
Debt securities issued by companies	-13,766,502	14,581,999	-14,605,276	15,237,317	-8,721,396	9,259,840	-9,507,308	10,063,122
Compound securities	4,851	1,427	-156	7,977	4,851	1,427	-156	7,977
Other	0	0	0	0	0	0	0	0
Total financial investments	-120,753,227	136,750,952	-150,428,828	175,097,013	-89,761,857	103,146,779	-120,692,710	143,537,841
Insurance technical provisions for life insurance	-7,114,800	89,556,173	-18,578,329	125,293,539	-7,114,800	56,984,924	-9,785,793	87,110,802
Insurance technical provisions for non-life insurance	0	23,687,975	0	25,925,448	0	23,255,269	0	25,530,747
Total insurance technical provisions	-7,114,800	113,244,149	-18,578,329	151,218,987	-7,114,800	80,240,192	-9,785,793	112,641,549
Impact on capital	-113,638,426	23,506,803	-131,850,499	23,878,027	-82,647,057	22,906,587	-110,906,918	30,896,292
Impact on fair value reserves	-102,271,823	116,707,229	-128,803,593	152,194,239	-82,277,092	95,072,550	-109,455,614	131,023,216
Impact on profit or loss	-11,366,604	-93,200,426	-3,046,907	-128,316,212	-369,965	-72,165,963	-1,451,304	-100,126,924

*The effects shown do not include the tax aspect and the impact of the reduction in assets on liabilities (for life insurance).

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¹⁰⁶ In addition to the duration of assets and liabilities, the duration gap also takes into account the value of assets and liabilities.

2.4.6 Market risk concentration

The largest share of the Group's assets is accounted for by debt securities. Approximately 65% of debt securities are accounted for government bonds and the rest by corporate bonds. The latter are divided almost equally into financial and non-financial sector bonds. Among individual issuers of debt securities, excluding unit-linked life insurance contract investments, the Group is most exposed to Germany, followed Slovenia. See Section [7.9 of the Business Report](#) for more information on the concentration of financial investments.

2.5 Credit risks

The Group is exposed to credit risks from reinsurance, banks and receivables from policyholders and other partners. It is exposed to banks through cash held for the operations of Zavarovalnica Triglav and other Group companies. Compared to the 2020 year-end, the credit risk assessment did not increase significantly as at 31 December 2021, despite the increase in reinsurance exposure.

Credit risk exposure by partner type

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Banks	82,321,630	81,899,664	13,912,991	22,304,222
- Cash from unit-linked life insurance contract investments	2,042,836	3,523,659	1,967,631	3,390,040
- Other cash	80,278,794	78,375,005	11,945,360	18,914,182
Reinsurers	201,967,510	146,357,718	149,562,360	121,511,895
Persons insured and other partners*	44,905,588	42,929,510	16,881,127	17,617,771
Total	329,194,728	271,186,892	180,356,478	161,433,888
Total excluding cash from unit-linked life insurance contract investments	327,151,892	267,663,233	178,388,847	158,043,848

* Past due reinsurance receivables are included in exposure from reinsurance.

With regard to cash and cash equivalents, the Company is most exposed to Slovenian banks, which mainly have the "BBB" credit rating or are without credit ratings. In addition, the Group is exposed to banks in the countries of subsidiaries, which are usually without a credit rating. The table above also shows cash from unit-linked life insurance contract investments, which do not pose any direct credit risks to the Group. Since the end of 2020, the credit ratings of banks to which the Group is exposed have not changed significantly.

The Company monitors all reinsurance partners at Group level, with the largest exposure arising from the parent company and the Group's reinsurance company.

Exposure to reinsurance partners by credit rating

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
AAA	0.0%	0.0%	0.0%	0.0%
AA to BBB	75.9%	76.7%	76.3%	88.6%
Below BBB	9.4%	9.0%	16.6%	7.9%
Not rated	14.8%	14.3%	7.1%	3.5%
Average credit rating	BBB	BBB	BBB	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 Group level is 14.8%. The bulk arises from the insurance claims of insurance companies active in the strategic markets, which are covered by non-rated reinsurers. The proportion of non-rated reinsurance partners in the Company is considerably lower, i.e. 7.1%.

The geographical concentration of reinsurers at Group level is the highest in Germany. Compared to 2020, it changed mainly due to the increase in the concentration of exposure to reinsurers in Russia, which predominantly arises from transactions at Zavarovalnica Triglav as a result of reported claims reinsured in Russia. Due to the exposure to its subsidiary Pozavarovalnica Triglav Re, the Company is geographically most exposed in Slovenia.

Concentration of five largest exposures to reinsurers by country

	Triglav Group	
	31 Dec. 2021	31 Dec. 2020
Germany	19.2%	25.8%
Russia	12.6%	8.7%
Serbia	8.6%	8.1%
Bosnia and Herzegovina	7.0%	7.3%
Great Britain	6.1%	5.5%

	Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020
Slovenia	52.5%	67.4%
Russia	16.1%	8.1%
Barbados	4.3%	4.4%
Kazakhstan	3.4%	4.0%
Great Britain	3.2%	2.6%

The Group is exposed to receivables through past due receivables from insurance operations and other receivables. In the context of credit risks, the Company monitors and manages receivables from policyholders and agents, other receivables from direct insurance operations and other short-term receivables, particularly subrogation receivables. In the Group's portfolio, these receivables are well dispersed and therefore do not cause concentration. All receivables from insurance transactions with clients are presented in Section [3.10 of the Accounting Report](#).

The Company monitors the payment discipline of receivables from policyholders in detail using several indicators. The movements of written premium and payments are monitored by maturity, in different time periods and by insurance class.

Separately from receivables from direct insurance operations, the Company also monitors and manages subrogation receivables. These pose a credit risk of the person insured's default. 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.

Share of paid established receivables for the year

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Receivables due from policyholders	66.4%	68.2%	88.6%	87.4%
Subrogation receivables	41.2%	41.3%	45.4%	44.6%

The payment discipline did not change significantly during the year with regard to receivables from policyholders and subrogation receivables. It will remain within expected values in 2021 as well.

2.6 Liquidity risk¹⁰⁷

Zavarovalnica Triglav and the Group companies had adequate liquidity in 2021. See Section [1.5 of Risk Management](#) for further details about liquidity risk management.

Futures, options and other financial derivatives are used only if they help to mitigate market risks. As a possible measure to obtain additional liquidity, repo lines were established with commercial banks. The Company does not carry out securities lending techniques.

The Group's total financial assets exceeded its total financial liabilities also in 2021. The surplus is presented in the maturity buckets of 1–5 years, 5–10 years and with undefined maturity. 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 payments of liabilities before the maturity date present a liquidity risk.

Liquidity at Group level is assessed based on the liquidity of the Company and subsidiaries. The Triglav Group actively participated in the EIOPA stress test in 2021, which confirmed its strong liquidity in the case of severe consequences of the pandemic.

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Financial assets and liabilities of the Triglav Group by contractual maturity*

Triglav Group as at 31 Dec. 2021	Not defined	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	299,747,250	305,299,752	1,410,124,941	586,181,956	336,346,249	2,937,700,148
Debt securities	0	268,969,894	1,322,232,348	585,021,323	336,346,249	2,512,569,814
held to maturity	0	12,364,163	57,517,081	65,706,297	21,973,192	157,560,733
at fair value through profit or loss	0	49,754,895	263,687,277	112,089,222	5,933,801	431,465,195
available for sale	0	206,850,836	1,001,027,990	407,225,804	302,447,617	1,917,552,247
loans and receivables	0	0	0	0	5,991,639	5,991,639
Equity securities	293,369,717	422,663	37,159,397	8,884	0	330,960,661
at fair value through profit or loss	112,613,404	0	0	0	0	112,613,404
available for sale	180,756,313	422,663	37,159,397	8,884	0	218,347,257
Derivatives	20,317	0	0	0	0	20,317
Loans and receivables	546,233	35,907,195	50,733,196	1,151,749	0	88,338,373
Other financial investments	5,810,983	0	0	0	0	5,810,983
Unit-linked life insurance contract investments	594,159,007	7,191,213	12,620,647	5,633,332	13,287	619,617,486
at fair value through profit or loss	594,159,007	7,191,213	12,620,647	5,633,332	13,287	619,617,486
available for sale	0	0	0	0	0	0
loans and receivables	0	0	0	0	0	0
Insurance technical provisions transferred to reinsurers	707,317	111,030,024	45,868,052	13,893,756	3,340,741	174,839,890
Operating receivables (including tax receivables)	19,462,809	173,998,442	18,838,077	1,005,010	1	213,304,339
Cash	60,027,240	22,294,390	0	0	0	82,321,630
Total	974,103,623	619,813,821	1,487,451,717	606,714,054	339,700,278	4,027,783,493
FINANCIAL LIABILITIES						
Subordinated liabilities	0	0	0	0	49,471,831	49,471,831
Insurance technical provisions	3,704,868	810,272,794	715,686,591	333,267,267	713,436,864	2,576,368,384
Insurance technical provisions for unit-linked life insurance contracts	526,332,718	3,410,853	16,097,832	22,339,710	54,122,285	622,303,398
Other financial liabilities	949,088	2,106,282	236,919	-206,664	22	3,085,647
Total	530,986,674	815,789,929	732,021,342	355,400,313	817,031,002	3,251,229,260

*The table shows financial assets classified by contractual maturity, although liquid investments may be sold earlier. In liabilities, insurance technical provisions are disclosed 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. 2020	Not defined	Up to 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 or 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 receivables	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 or 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 receivables	3,841,873	20,323,868	47,408,822	1,500,667	1,599,125	74,674,355
Other financial investments	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 or 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 receivables	0	0	0	0	0	0
Insurance technical provisions transferred to reinsurers	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

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Financial assets and liabilities of Zavarovalnica Triglav by contractual maturity

Zavarovalnica Triglav as at 31 Dec. 2021	Not defined	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
FINANCIAL ASSETS						
Financial investments	207,307,887	178,362,414	875,493,902	420,843,793	286,671,983	1,968,679,979
Debt securities	0	175,031,547	854,813,120	420,023,044	286,671,983	1,736,539,694
held to maturity	0	10,423,856	49,873,577	65,706,297	14,942,503	140,946,233
at fair value through profit or loss	0	15,282,149	101,084,076	55,128,541	3,675,459	175,170,224
available for sale	0	149,325,542	703,855,468	299,188,206	262,062,381	1,414,431,597
loans and receivables	0	0	0	0	5,991,639	5,991,639
Equity securities	204,009,208	0	0	0	0	204,009,208
at fair value through profit or loss	31,631,419	0	0	0	0	31,631,419
available for sale	172,377,789	0	0	0	0	172,377,789
Derivatives	20,317	0	0	0	0	20,317
Loans and receivables	0	3,330,867	20,680,782	820,749	0	24,832,398
Other financial investments	3,278,362	0	0	0	0	3,278,362
Unit-linked life insurance contract investments	529,598,379	4,477,899	2,755,241	2,584,215	2,237	539,417,972
at fair value through profit or loss	529,598,379	4,477,899	2,755,241	2,584,215	2,237	539,417,972
available for sale	0	0	0	0	0	0
loans and receivables	0	0	0	0	0	0
Insurance technical provisions transferred to reinsurers		86,954,349	38,199,558	8,394,428	2,529,622	136,077,957
Operating receivables (including tax receivables)	0	105,681,286	0	0	0	105,681,286
Cash	13,912,991	0	0	0	0	13,912,991
Total	750,819,257	375,475,948	916,448,701	431,822,437	289,203,842	2,763,770,185
FINANCIAL LIABILITIES						
Subordinated liabilities	0	0	0	0	49,471,831	49,471,831
Insurance technical provisions	0	516,066,665	562,566,480	222,178,125	439,561,917	1,740,373,186
Insurance technical provisions for unit-linked life insurance contracts	499,681,626	843,819	5,022,362	8,158,599	26,428,645	540,135,052
Other financial liabilities	0	1,684,403	0	0	0	1,684,403
Total	499,681,626	518,594,886	567,588,842	230,336,724	515,462,393	2,331,664,472

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Zavarovalnica Triglav as at 31 Dec. 2020	Not defined	Up to 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 or 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 receivables	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 or 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 receivables	2,681,255	410,281	23,136,060	1,034,667	1,599,125	28,861,388
Other financial investments	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 or 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 receivables	0	0	0	0	0	0
Insurance technical provisions transferred to reinsurers	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

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2.7 Operational risks

Operational risks are proactively managed, in addition to any shortcomings, changes and trends in the internal and external environments being identified that may affect their increase. Such an approach allowed the Company to respond quickly even in the emergency situation such as the COVID-19 pandemic. Additional measures were taken where necessary and more attention was paid to the risks identified as increased (the absence of key employees or simultaneous absence of many employees due to illness, adjusted organisation of work and the method of executing business processes, additional information risks due to working from home and remote business and regulatory changes due to the government emergency measures).

Although the Company has not yet suffered a loss due to **cybersecurity incidents**, it is aware of their growing threat. The key to their management is regular maintenance and additional upgrades of the information security management system. In order to step up the identification of vulnerabilities and be better prepared for such incidents, the biggest cybersecurity threats and the Group's business segments that would be most affected were examined in greater detail as part of own risk and solvency assessment in 2021. Based on the findings, appropriate measures were developed to improve security. The Company carefully examined the cybersecurity scenario, in which it assessed the potential damage to operations, taking into account the established supervisory mechanisms. Based on this analysis, the cybersecurity incident response plan was updated, opportunities for improvement were identified and additional controls were set up, which will be checked next year.

The Company is also exposed to **regulatory risk and risks related to digital business solutions and remote business with existing and potential clients**. The latter include, among others, risks in terms of regulatory compliance and information security. Managing them requires meeting information security standards and taking measures in the process of identifying and authenticating individuals, ensuring the accuracy and completeness of client data, the electronic signing and authorisation of documents, secure transmission and access to documents, ensuring confidentiality, transparency and other measures to achieve compliance with regulations governing electronic business, electronic signing and personal data protection. The Company continues to be exposed to outsourcing risks and risks relating to the conduct of insurance business in foreign markets. Regulatory risk is managed by promptly implementing legislative changes in business processes, regular monitoring business practices, the positions of supervisory and other state bodies, and participating in regular and extraordinary Slovenian Insurance Association procedures.

Zavarovalnica Triglav has an effective risk management system for outsourcing. This ensures that operational and other risks related to outsourcing do not increase excessively. In accordance with internal rules, risks are identified and assessed before concluding a new transaction. Afterwards, they are regularly monitored and, if necessary, measures are taken to reduce them. The Company has two outsourcers: the subsidiary Triglav Skladi is the outsourcer in the management of assets of PDPZ Drzni and Zmerni guarantee funds and the managing general agent (MGA) is the outsourcer for insurance sale and claim

settlement in the Polish market. On behalf and for the account of the Company, the MGA – directly and by organising a network of subcontractors (agents and agency companies) – ensures the provision of insurance distribution services and the provision of related services. All other operations of the Company carried out outside it are considered partially outsourced. Their unavailability would not significantly affect the implementation of the Company's key business processes. In terms of content, they relate mainly to contractual insurance agency services (sales via agencies) and the maintenance of software, hardware and IT systems. Operational and other risks are also monitored in relation thereto, and action is taken as necessary.

In 2021, the Company implemented *new GRC/IRM application software (governance, risk, compliance/integrated risk management)* for more effective operational risk management. It enables more comprehensive management of data on these risks, including cyber and regulatory risks, which were identified as main operational risks to the Company's operations, and outsourcing risks. This tool also supports internal audit processes for the even more coordinated operation of key functions in risk management processes and a more responsive overview. Furthermore, the GRC/IRM tool increased the completeness of the assessment of potential operational risks.

2.7.1 Ensuring business continuity and functioning of systems material for smooth business process implementation

Based on the experience gained during the COVID-19 pandemic, the Company thoroughly upgraded the analysis of the impact of the

business continuity management system's (BCMS) downtime on operations. Additional business continuity plans for current scenarios were developed and checked. Recovery IT plans were tested successfully.

In 2021, the Company revised recovery plans for some key systems in its subsidiaries and, in cooperation with them, updated the business impact assessment due to the interruption of key processes.

2.8 Non-financial risks

To manage non-financial risks, the reputational risk measurement method was upgraded, which takes into account additional aspects that may negatively affect the Group's reputation. The negative impact on reputation may be internal or external. With a functioning internal control system, it is ensured that the Group's operations are legal, professional and ethical. The Group ensures the appropriate quality of services and products, achieves financial goals, properly manages relationships with its key stakeholders and implements sustainability commitments or sustainable aspects of business. Furthermore, the Group respects the set environmental goals and aims to respect unrestricted, healthy competition in the market. Maintaining a low reputational risk assessment is key, as the Group set high goals in this area.

In order to assess reputational risk and the adequacy of its actions, the Group regularly carries out surveys to monitor key stakeholders' views of the Group. In addition, the Company follows in detail external media announcements, monitors the strength of the Triglav brand, measures the satisfaction of employees and clients and analyses feedback from other stakeholders. Satisfaction of



key stakeholders is also monitored with various indicators. Employee satisfaction is measured using the ORVI index (see Section [12.4.2.3 Organisational vitality \(climate\) and organisational culture](#) for more information), and quality client satisfaction management by the NPS indicator (see Section [12.4.1.1 Client satisfaction](#) for more information). In order to maintain the reputation of the Group, especially among shareholders and investors, care is taken to achieve the target credit rating (see Section [6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav](#) for more information).

In 2021, the Group began to upgrade its sustainable risk management system, mainly by defining methodologies, indicators and reporting. Such risks mainly include emerging risks that may have long-term effects. In dealing with them, those business segments are identified that will be most exposed to change due to the greater role of sustainable operations. At this time, attention is paid to these risks mostly in the context of the own risk and solvency assessment, which examines climate change risks by analysing the exposure to catastrophes and stress testing of the related portfolio.

2.9 Future risks as a result of the pandemic

In terms of risks and capital adequacy, Zavarovalnica Triglav and the Triglav Group ended 2021 within the framework set out in the Risk Appetite Statement. The Company also remains highly liquid. The year 2021 was marked by the continuing pandemic and the economic recovery of global economies (See Section [7.2 Environmental impact on the Triglav Group's operations](#) for more information).

As a result of the pandemic and related support measures for economic growth adopted by governments worldwide, concern is rising about increased inflationary pressures, to which central banks will respond by raising interest rates and abandoning a loose monetary policy. An excessive response could lead to economic cooling and even to a recession. With higher corporate indebtedness, a debt crisis may develop with increased credit spreads, lower

growth in market prices of equity investments and, consequently, increased market, credit and liquidity risks. The outlook for the future remains good, with moderate growth in financial markets. However, the realisation of current forecasts of interest rate changes may bring an end to the period of low interest rates. With higher inflation, there are also risks associated with higher prices for services and rising costs, which may lead to a deterioration in the profitability of non-life and health insurance. As a result, the combined ratios and the number of surrenders of life insurance policies with a savings component may increase.

In addition, a deep recession could also have a negative impact on demand for insurance and on insurance premium. This is also related to liquidity risk, both due to the potential reduction of inflows from the insurance business and due to lower 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, underwriting and credit risks. With regard to **market risks**, an increased risk could be observed, especially in spread risk due to the aggravation of the economic situation or the deterioration in the credit ratings of issuers of securities. Negative developments in stock markets and a possible decline in the value of real property are also expected. An increase in interest rate risk due to rising interest rates would have a negative impact on both the Company and the Group. In the context of **underwriting risks**, the Company consistently monitors premium risks, i.e. the adequacy of the pricing policy, and with respect to **credit risks**, the payment discipline of receivables and the creditworthiness of important partners.

Sensitivity analysis*

	Triglav Group			Zavarovalnica Triglav		
	Impact on fair value reserves	Impact on profit or loss	Total impact on capital	Impact on fair value reserves	Impact on profit or loss	Total impact on capital
Equity risk (-10%)	-20,394,885	-12,701,181	-33,096,066	-17,141,969	-3,258,952	-20,400,921
Property risk (-5%)	0	-1,441,562	-1,441,562	0	-1,065,316	-1,065,316
Interest rate risk (+100 bp)**	-102,271,823	-11,366,604	-113,638,426	-82,277,092	-369,965	-82,647,057
Combined ratio risk (+1 pp)	0	-6,770,795	-6,770,795	0	-4,112,225	-4,112,225
Total	-122,666,708	-32,280,142	-154,946,849	-99,419,061	-8,806,458	-108,225,519
Spread risk (+100 bp)**	-102,271,823	-18,481,404	-120,753,227	-82,277,092	-7,484,766	-89,761,857

* The effects shown do not include the tax aspect and the impact of the reduction in assets on liabilities (for life insurance).

** The table shows the sensitivity test of the change related to the parallel shift in the yield curve, where the increase in risk-free interest rate and credit spreads on the assets side has the same effect; as a result, the Company does not differentiate according to the type and credit quality of the security.

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Liquidity risk could be affected in the future by the decision of the European Central Bank to end the pandemic bond-buying programme in March 2022. The performed liquidity tests of the Company under the assumption of increased policy surrenders with a probability of once in 200 years show that the Company would be able to meet all operating liabilities and maintain adequate liquidity.

In the context of testing the sensitivity of the credit portfolio of both the Company and the Group, possible events – consequences 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 partners (banks) in terms of cash and cash equivalents, it was found that in the event of a deterioration in the credit rating of the largest partner by one notch at the same exposure, their average credit rating 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 insurance receivables was tested by reducing the expected share of payments for 2022. This share was defined according to its lowest level in the last ten years, which was during the 2012 debt crisis. In this scenario, it was estimated that the reduction in expected payments would amount to EUR 66.3 million and would have a direct impact on profit or loss. The estimate was prepared on the assumption that insurance receivables in 2022 were equal to those in 2021.

The development of the risk management system will continue in 2022, particularly in areas where the trend of increasing risks will be identified. Development activities will also be shaped by legislative changes, which are expected especially in relation to sustainability and liquidity risks.



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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 2021, 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 2021 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.

Ljubljana, 10 March 2022

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

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INDEPENDENT AUDITOR'S REPORT to the shareholders of ZAVAROVALNICA TRIGLAV d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of the company ZAVAROVALNICA TRIGLAV d.d. (hereinafter 'the Company') and consolidated financial statements of the company ZAVAROVALNICA TRIGLAV d.d. and its subsidiaries (hereinafter 'the Group'), which comprise the separate and the consolidated statement of financial position as at 31 December 2021, and the separate and consolidated income statement, separate and consolidated statement of other comprehensive income, separate and consolidated statement of changes in equity, separate and consolidated cash flow statement 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 2021, 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) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those rules are further described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for 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.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the year ended 31 December 2021. 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.

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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 2021 equals EUR 1,740,373 thousand (2020: EUR 1,750,315 thousand) in the separate financial statements and EUR 2,576,368 thousand (2020: EUR 2,523,229 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>

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Valuation of financial investments in the separate and consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
<p>Disclosures related to financial investments are included in 3.7. <i>Financial investments</i>.</p> <p>Financial investments as at 31 December 2021 equal EUR 1,986,680 thousand (2020: EUR 1,983,588 thousand) in the separate financial statements and EUR 2,937,700 thousand (2020: EUR 2,887,381 thousand) in the consolidated financial statements.</p> <p>Financial 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 financial investments with the respect to the group into which each financial 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>Financial 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 financial 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 financial investments in marketable securities, we have recalculated the fair value of these financial investments based on the value arising from securities market as at 31 December 2021. - For financial 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 its selves. - For financial investments measured at amortised cost, we recalculated amortised cost based on data on maturity of each financial investment as at 31 December 2021. <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>

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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 131,925 thousand (2020: EUR 132,337 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 2021, - 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>

Emphasis of matter

We draw attention to Note 5.10 *Subsequent events* in the financial statements describing management's evaluation of the actual or potential impact of the effects of the military conflict between Ukraine and Russia on the entity. Our opinion is not modified in respect of this matter.

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Other information

Management is responsible for the other information. The other information comprises the information, included in 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 other information include material misstatement we need to report such circumstances. In relation to this and based on our procedures performed, we report that:

- other information are, in all material respects, consistent with the audited separate and consolidated financial statements;
- other information are prepared in compliance with applicable law or regulation; 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 IFRS, 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 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 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.

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Independent auditor's report



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As part of an audit in accordance with auditing rules, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

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Report on the requirements of the Regulation (EU) No 537/2014 of the European Parliament and of the Council (Regulation EU 537/2014)

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 3 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, which we issued on 10 March 2022 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 Report on Compliance of Financial Statements in Electronic Form with the Commission Delegated Regulation (EU) No. 2019/815 on 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 of the Triglav Group for the year ended 31 December, 2021 (hereinafter "audited consolidated financial statements") are prepared taking into consideration the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format, valid for the year 2021 (hereinafter "Delegated Regulation").

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and correct presentation of audited consolidated financial statements in electronic form in accordance with the requirements of the Delegated Regulation and for such internal control as determined necessary by the management, to enable the preparation of consolidated financial statements in electronic form that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the preparation of audited consolidated financial statements in electronic form in accordance with the requirements of the Delegated Regulation.

Auditor's Responsibility

Our responsibility is to carry out a reasonable assurance engagement and to express the conclusion on whether the audited consolidated financial statements in electronic form are prepared in accordance with the requirements of the Delegated 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.

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We have conducted the engagement in compliance with independence and ethical requirements as provided by the Regulation EU No. 537/2014 and IESBA Code. 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.

Summary of Work Performed

Within the scope of the work performed, we have carried out the following audit procedures:

- we have identified and assessed the risk of material non-compliance of audited consolidated financial statements misstatement with the requirements of the Delegated 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 audited consolidated financial statements satisfy the conditions of Delegated Regulations, valid on the reporting date;
 - we have obtained reasonable assurance that the audited consolidated financial statements of the issuer are presented in the electronic XHTML format;
 - we have obtained reasonable assurance that the values and disclosures in the audited consolidated financial statements in the electronic XHTML format are tagged correctly and in the Inline XBRL technology (iXBRL), so that their machine reading can ensure complete and correct information that is included in the audited consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed and the evidence obtained we believe that the audited consolidated financial statements of the Triglav Group for the year ended 31 December 2021, are in all material respect prepared in accordance with the requirements of the Delegated Regulation.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj
Certified auditor

For signature please refer to the original Slovenian version.

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DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija

Ljubljana, 10 March 2022

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1. Financial statements¹⁰⁸

1.1 Statement of financial position

in EUR

	Notes	Triglav Group		Zavarovalnica Triglav	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
ASSETS		4,374,353,616	4,139,441,072	3,118,944,094	2,995,518,165
Intangible assets	3.1	107,184,415	100,975,475	67,022,027	62,397,579
Property, plant and equipment	3.2	108,655,212	113,291,036	65,143,307	67,775,451
Non-current assets held for sale	3.13	3,812,044	915,851	0	0
Deferred tax assets	3.21	927,425	778,589	0	0
Investment property	3.3	75,110,973	78,977,800	43,840,055	44,451,276
Right of use assets	3.4	10,933,109	9,821,211	4,548,298	3,587,916
Investments in subsidiaries	3.5	0	0	131,924,683	132,337,466
Investments in associates	3.6	36,031,346	28,237,714	41,693,997	31,337,951
– accounted for using the equity method		36,031,346	28,237,714	0	0
– measured at fair value		0	0	41,693,997	31,337,951
Financial investments	3.7	2,937,700,150	2,887,380,559	1,968,679,979	1,983,588,373
– loans and deposits		98,104,537	97,971,079	32,521,523	36,951,085
– held to maturity		157,560,733	162,824,686	140,946,233	143,908,512
– available for sale		2,137,609,082	2,101,914,068	1,588,390,263	1,595,002,429
– recognised at fair value through profit and loss		544,425,798	524,670,726	206,821,960	207,726,347
Unit-linked insurance assets	3.8	619,617,488	501,808,980	539,417,972	442,292,488
Reinsurers' share of technical provisions	3.9	174,839,890	125,873,637	136,077,958	105,903,438
Receivables	3.10	212,376,909	203,183,851	105,169,567	95,800,206
– receivables from direct insurance operations		116,855,207	105,484,939	73,516,574	67,632,214
– receivables from reinsurance and coinsurance operations		67,200,932	72,355,133	23,522,340	19,797,094
– current tax receivables		4,127,384	1,950,631	564,166	0
– other receivables		24,193,386	23,393,148	7,566,487	8,370,898
Other assets	3.11	4,843,025	6,296,705	1,513,260	3,741,799
Cash and cash equivalents	3.12	82,321,630	81,899,664	13,912,991	22,304,222
EQUITY AND LIABILITIES		4,374,353,616	4,139,441,072	3,118,944,094	2,995,518,165
Equity	3.14	932,986,869	870,151,947	675,221,933	644,003,173
Controlling interests		930,511,224	867,648,574	675,221,933	644,003,173
– share capital		73,701,392	73,701,392	73,701,392	73,701,392
– share premium		50,283,747	50,271,107	53,412,884	53,412,884
– reserves from profit		421,633,959	384,106,692	404,562,643	367,862,643
– treasury share reserves		364,680	364,680	0	0
– treasury shares		-364,680	-364,680	0	0
– fair value reserve		77,834,278	89,293,484	55,884,634	59,402,079
– net profit brought forward		234,588,994	229,284,048	50,944,831	60,526,536
– net profit/loss for the year		75,439,847	44,131,955	36,715,549	29,097,639
– currency translation differences		-2,970,993	-3,140,104	0	0
Non-controlling interests	2.1.4	2,475,645	2,503,373	0	0
Subordinated liabilities	3.15	49,471,831	49,423,693	49,471,831	49,423,693
Insurance technical provisions	3.16	2,576,368,384	2,523,229,144	1,740,373,185	1,750,315,382
– unearned premiums		370,043,725	344,760,927	246,017,849	235,190,816
– mathematical provisions		1,432,613,660	1,457,023,963	1,008,319,155	1,041,557,084
– claims provisions		694,498,311	645,331,168	446,567,255	430,259,621
– other insurance technical provisions		79,212,688	76,113,086	39,468,926	43,307,861
Insurance technical provisions for unit-linked insurance contracts	3.16	622,303,399	509,984,710	540,135,052	448,726,097
Provisions for employee benefits	3.19	17,672,133	17,781,153	12,842,304	13,073,364
Other provisions	3.20	2,512,536	2,809,101	358,980	769,957
Deferred tax liabilities	3.21	9,377,034	14,539,515	4,212,732	9,531,162
Other financial liabilities	3.22	3,085,647	2,895,834	1,690,586	1,633,896
Operating liabilities	3.24	63,341,658	70,313,038	34,861,554	33,977,772
– liabilities from direct insurance operations		19,450,557	16,801,856	10,182,945	10,636,904
– liabilities from reinsurance and co-insurance operations		41,241,465	48,940,738	24,678,609	19,824,185
– current tax liabilities		2,649,636	4,570,444	0	3,516,683
Lease liabilities	3.23	11,274,806	10,025,532	4,643,844	3,675,805
Other liabilities	3.25	85,959,319	68,287,405	55,132,093	40,387,864

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1.2 Income statement

in EUR

	Notes	Triglav Group		Zavarovalnica Triglav	
		2021	2020	2021	2020
Net premium income	4.1	1,119,846,051	1,066,754,825	598,755,000	583,867,846
- gross written premium		1,352,975,550	1,233,775,365	794,350,103	719,255,868
- ceded written premium		-220,949,875	-160,022,349	-187,969,749	-137,934,204
- change in unearned premium reserve		-12,179,624	-6,998,191	-7,625,354	2,546,182
Income from investments in subsidiaries and associates	4.2	1,444,054	436,610	8,179,885	302,643
- profit on equity investments accounted for using the equity method		1,444,054	436,610	0	0
- other income from investments in subsidiaries and associates		0	0	8,179,885	302,643
Income from investments	4.2	155,339,171	123,079,449	115,612,898	89,181,634
- interest income calculated using the effective interest method		34,281,279	42,055,802	19,685,884	25,933,800
- gains on disposals		16,301,340	40,162,889	14,888,504	37,288,158
- other income from investments		104,756,552	40,860,758	81,038,510	25,959,676
Other income from insurance operations	4.6	48,794,300	41,006,993	45,387,033	38,110,029
- fees and commission income		38,916,088	30,649,757	38,196,377	30,080,891
- other income from insurance operations		9,878,212	10,357,236	7,190,656	8,029,138
Other income	4.7	53,334,060	43,613,977	8,825,846	7,872,585
Net claims incurred	4.8	715,028,788	683,631,775	365,137,225	375,336,947
- gross claims settled		736,580,050	697,443,568	408,868,382	408,278,140
- reinsurers' share		-44,884,460	-34,278,930	-35,818,958	-31,689,089
- changes in claims provisions		16,152,394	12,541,034	-7,912,199	-1,252,104
- equalisation scheme expenses for supplementary health insurance		7,180,804	7,926,103	0	0
Change in other insurance technical provisions (excluding ULI)	4.10	-2,113,408	62,636,590	-13,989,227	13,449,956
Change in insurance technical provisions for unit-linked insurance contracts	4.10	112,661,349	25,492,453	91,860,583	13,270,367
Expenses for bonuses and discounts	4.11	11,404,143	21,350,276	10,490,736	16,029,498
Operating expenses	4.12	266,857,908	240,912,735	170,334,866	155,904,617
- acquisition costs		184,911,170	163,528,966	124,268,560	113,568,435
- other operating costs		81,946,738	77,383,769	46,066,306	42,336,182
Expenses from investments in subsidiaries and associates	4.3	145,632	139,422	1,087,047	3,930,396
- loss on investments accounted for using the equity method		145,632	139,422	0	0
- other expenses from financial assets and liabilities		0	0	1,087,047	3,930,396
Expenses from investments	4.3	31,832,786	40,993,211	18,366,687	25,675,273
- loss on impairment of investments		33,628	1,971,302	0	1,632,351
- loss on disposal of investments		7,122,739	6,941,490	6,870,017	5,719,183
- other expenses from investments		24,676,419	32,080,419	11,496,670	18,323,739
Other insurance expenses	4.13	51,915,940	51,523,388	25,298,497	24,308,038
Other expenses	4.14	58,379,653	57,308,722	22,485,637	20,359,679
- expenses from financing		2,729,286	2,937,501	2,277,892	2,578,946
- other expenses		55,650,367	54,371,221	20,207,745	17,780,733
Profit before tax		132,644,845	90,903,282	85,688,611	71,069,966
Income tax expense	4.15	19,679,152	17,238,584	12,273,062	13,072,327
NET PROFIT FOR THE PERIOD		112,965,693	73,664,698	73,415,549	57,997,639
Earnings per share (basic and diluted) ¹⁰⁹		4,97	3,24	-	-
Net profit/loss attributable to the controlling company		112,761,814	73,504,373	-	-
Net profit/loss attributable to the non-controlling interest holders		203,879	160,325	-	-

¹⁰⁹ 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

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1.3 Other comprehensive income

in EUR

	Notes	Triglav Group		Zavarovalnica Triglav	
		2021	2020	2021	2020
Net profit for the year after tax	3.14	112,965,693	73,664,698	73,415,549	57,997,639
Other comprehensive income after tax		-11,437,675	4,584,416	-3,547,037	5,525,259
Items which will not be transferred in income statement in future periods		129,024	-281,989	164,711	-283,076
Actuarial gains/losses on defined benefit pension plans	3.19	129,024	-281,989	164,711	-283,076
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		-11,566,699	4,866,405	-3,711,748	5,808,335
Fair value gains/losses on available-for-sale financial assets	3.7	-40,682,514	24,484,439	-32,679,481	24,426,078
– net gains/losses recognized directly in fair value reserve		-19,537,964	42,532,142	-13,562,819	40,317,546
– transfers from fair value reserve to income statement		-21,144,550	-18,047,703	-19,116,662	-15,891,468
Liabilities from insurance contracts with DPF		23,304,304	-14,238,050	23,304,304	-14,238,050
Currency translation differences		170,440	-556,570	0	0
Tax on other comprehensive income		5,641,071	-4,823,414	5,663,429	-4,379,693
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX		101,528,018	78,249,114	69,868,512	63,522,898
Controlling interest		101,458,431	78,127,981	-	-
Non-controlling interest		69,587	121,133	-	-

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	in EUR		
			Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares	Other reserves from profit					Total equity attributable to the controlling company	Non-controlling interests	Total
As at 1 January 2020	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
Allocation of last year's net profit to net profit brought forward	0	0	0	0	0	0	0	0	63,404,824	-63,404,824	0	0	0	0
Allocation of net profit for the year 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
Comprehensive income for the year after tax	0	0	0	0	0	0	0	-11,459,206	-13,289	112,761,814	169,111	101,458,431	69,587	101,528,018
a. Net profit	0	0	0	0	0	0	0	0	0	112,761,814	0	112,761,814	203,879	112,965,693
b. Other comprehensive income	0	0	0	0	0	0	0	-11,459,206	-13,289	0	169,111	-11,303,383	-134,292	-11,437,675
Dividend payment	0	0	0	0	0	0	0	0	-38,608,421	0	0	-38,608,421	0	-38,608,421
Allocation of last year's net profit to net profit brought forward	0	0	0	0	0	0	0	0	44,131,954	-44,131,954	0	0	0	0
Allocation of net profit for the year to reserves from profit	0	0	0	487,949	0	0	36,834,020	0	0	-37,321,969	0	0	0	0
Increase in legal and statutory reserves by profit brought forward	0	0	0	205,298	0	0	0	0	-205,298	0	0	0	0	0
Reclassification from statutory to other reserves from profit	0	0	0	-652,926	0	0	652,926	0	0	0	0	0	0	0
Change in Group	0	12,640	0	0	0	0	0	0	0	0	0	12,640	-97,315	-84,675
As at 31 December 2021	73,701,392	50,283,747	640,340	20,306,673	364,680	-364,680	400,686,946	77,834,278	234,588,994	75,439,847	-2,970,993	930,511,224	2,475,645	932,986,869

Zavarovalnica Triglav	Share capital	Share premium	Reserves from profit		Fair value reserve	Net profit brought forward	Net profit/loss	in EUR
			Legal and statutory reserves	Other reserves from profit				Total
As at 1 January 2020	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
Allocation of last year's net profit to net profit brought forward	0	0	0	0	0	50,614,416	-50,614,416	0
Allocation of net profit for the year to reserves from profit	0	0	0	28,900,000	0	0	-28,900,000	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
Comprehensive income for the year after tax	0	0	0	0	-3,517,445	-29,592	73,415,549	69,868,512
a. Net profit	0	0	0	0	0	0	73,415,549	73,415,549
b. Other comprehensive income	0	0	0	0	-3,517,445	-29,592	0	-3,547,037
Dividend payment	0	0	0	0	0	-38,649,752	0	-38,649,752
Allocation of last year's net profit to net profit brought forward	0	0	0	0	0	29,097,639	-29,097,639	0
Allocation of net profit for the year to reserves from profit	0	0	0	36,700,000	0	0	-36,700,000	0
As at 31 December 2021	73,701,392	53,412,884	4,662,643	399,900,000	55,884,634	50,944,831	36,715,549	675,221,933

1.5 Cash flow statement

in EUR

	Notes	Triglav Group		Zavarovalnica Triglav	
		2021	2020	2021	2020
A. OPERATING CASH FLOW					
a. Net profit for the period		112,965,693	73,664,698	73,415,549	57,997,639
b. Adjustments:		63,556,712	75,812,482	4,209,150	-2,529,943
– depreciation and amortisation		23,556,292	19,063,160	14,336,508	13,288,592
– changes in fair value of investments		-73,906,038	-16,440,324	-67,375,401	-21,180,963
– other investment income and expenses		-49,529,610	-71,130,714	-36,963,650	-42,433,628
– interest expenses and other expenses		2,729,286	2,937,501	3,508,152	2,578,947
– revaluation of other assets		2,607,602	7,348,264	1,304,005	3,895,575
– changes in technical provisions		139,060,606	116,796,011	77,471,473	27,693,996
– corporate income tax		19,038,574	17,238,584	11,928,063	13,627,538
c. Net income before changes in operating assets (a+b)		176,522,405	149,477,180	77,624,699	55,467,696
Changes in operating receivables		-14,471,407	2,544,756	-2,904,874	740,368
Changes in other assets		2,972,861	-2,173,717	-454,701	-698,003
Changes in liabilities		-9,851,218	-14,705,181	-4,224,674	-4,509,709
Paid corporate income tax		-17,814,509	-16,087,519	-16,008,593	-12,475,023
d. Changes in net operating assets		-39,164,273	-30,421,661	-23,592,842	-16,942,367
e. Net cash from/ (used in) operating activities (c+d)	5.2	137,358,132	119,055,519	54,031,857	38,525,329
B. CASH FLOWS FROM INVESTING ACTIVITIES					
a. Cash inflows from investing activities		1,093,015,888	1,361,243,567	945,312,943	1,132,256,197
Cash inflows from interest from investing activities		37,412,752	43,998,453	23,440,425	28,815,764
Cash inflows from dividends received and profit sharing		5,653,046	5,248,223	12,494,301	3,801,801
Cash inflows from the disposal of intangible assets		0	132,562	0	12,562
Cash inflows from the disposal of property, plant and equipment		3,515,560	3,005,255	151,349	414,273
Cash inflows from the disposal of financial investments		1,046,434,530	1,308,859,074	909,226,868	1,099,211,797
- Cash inflows from the disposal of investments in subsidiaries and associates		0	0	0	0
- Other cash inflows from disposal of financial investments		1,046,434,530	1,308,859,074	909,226,868	1,099,211,797
b. Cash outflows from investing activities		-1,186,871,319	-1,445,191,950	-965,578,127	-1,149,365,270
Cash outflows for the purchase of intangible assets		-7,877,065	-9,126,252	-6,931,001	-7,711,934
Cash outflows for the purchase of property, plant and equipment		-9,507,447	-13,601,854	-3,365,839	-7,310,866
Cash outflows for the purchase of financial investments		-1,169,486,807	-1,422,463,844	-955,281,287	-1,134,342,470
- Cash outflows for the purchase of investments in subsidiaries and associates		-4,465,325	-14,948,951	-7,039,617	-14,900,000
- Other cash outflows to acquire financial investments		-1,165,021,482	-1,407,514,893	-948,241,670	-1,119,442,470
c. Net cash from/ (used in) investing activities (a + b)	5.2	-93,855,431	-83,948,383	-20,265,184	-17,109,073
C. CASH FLOWS FROM FINANCING ACTIVITIES					
a. Cash inflows from financing activities		0	0	0	0
b. Cash outflows from financing activities		-43,097,819	-29,035,063	-42,157,904	-25,224,146
Cash outflows for paid interest		-2,458,714	-3,982,947	-2,343,302	-3,513,302
Cash outflows for payments of long-term financial liabilities		0	-21,620,132	0	-20,628,000
Cash outflows for payments of short-term financial liabilities		-2,030,685	-3,431,984	-1,164,850	-1,082,844
Cash outflows from dividends paid		-38,608,420	0	-38,649,752	0
c. Net cash from/ (used in) financing activities (a + b)	5.2	-43,097,819	-29,035,063	-42,157,904	-25,224,146
D. Closing balance of cash and cash equivalents	3.12	82,321,630	81,899,664	13,912,991	22,304,222
E1. Net cash flow for the period		404,882	6,072,073	-8,391,231	-3,807,890
E2. Foreign exchange differences		17,084	-42,184	0	0
F. Opening balance of cash and cash equivalents	3.12	81,899,664	75,869,775	22,304,222	26,112,112

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2. Notes to the financial statements

2.1 Profile of Zavarovalnica Triglav and Triglav Group

2.1.1 About Zavarovalnica Triglav

Zavarovalnica Triglav d.d. (hereinafter: Zavarovalnica Triglav or the Company or the controlling company) is a public limited company, with its head office at Miklošičeva 19 in Ljubljana, Slovenia. The Company is entered in the Companies Register at the Ljubljana District Court.

Its shares are listed on the Ljubljana Stock Exchange, under the ticker symbol ZVTG. The Company's largest shareholders are Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Pension and Disability Insurance Institute of Slovenia) and Slovenski državni holding d.d. (Slovenian Sovereign Holding), which hold 34.47% and 28.09% of the share capital respectively.

Zavarovalnica Triglav is a composite insurance company that conducts life and non-life insurance business. In accordance with the Pension and Disability Insurance Act (ZPIZ-2), the Company also provides pension insurance and other ancillary services with regard to insurance products and pension funds in the framework of life insurance.

2.1.2 Management and supervisory bodies

The Company has a two-tier governance system, according to which it is managed by the Management Board whose work is monitored and supervised by the Supervisory Board. The Company's management and supervisory bodies are the General Meeting of Shareholders, the Supervisory Board and the Management Board, and the following Supervisory Board committees: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee.

In accordance with the Articles of Association, Zavarovalnica Triglav has a nine-member Supervisory Board, whose members in 2021 were:

- Andrej Andoljšek, Chairman,
- Branko Bračko, Vice Chairman,
- Tomaž Benčina, Member,
- Peter Kavčič, Member,
- Igor Stebernak, Member,
- Jure Valjavec, Member,
- Peter Celar, Member – Employee Representative,
- Branko Gorjan, Member – Employee Representative, and
- Igor Zupan, Member – Employee Representative.

The Management Board directs, represents and acts on behalf of Zavarovalnica Triglav, independently and on its own responsibility. In compliance with the Articles of Association, the Supervisory Board appoints three to six Management Board members. In 2021, the Management Board was composed of:

- Andrej Slapar, President,
- Uroš Ivanc, Member,
- Tadej Čoroli, Member,
- Barbara Smolnikar, Member,
- David Benedek, Member and
- Marica Makoter, Member.

The powers of individual bodies are set out in the Companies Act (ZGD-1), and they are defined in greater detail in the Company's Articles of Association and the rules of procedure of individual bodies.

It is the responsibility of the Management Board to compile and approve the annual report. The audited annual report is approved by the Supervisory Board. In the event that the Supervisory Board fails to approve the annual report, the General Meeting of Shareholders decides on the adoption of the annual report.

The Management Board approved the audited annual report for the financial year ended 31 December 2021 on 10 March 2022. The annual report is published on the Company's website www.triglav.eu.

2.1.3 Data on employees

In 2021, the Group employed an average of 5,281 employees (2020: 5,259), of which 2,243 were employees of Zavarovalnica Triglav (2020: 2,245).

As at 31 December 2021, the Group employed 5,246 employees (31 December 2020: 5,316), of which 2,246 were employees of Zavarovalnica Triglav (31 December 2020: 2,244).

The number of employees within the Group and at Zavarovalnica Triglav based on their level of education is shown in the table below.

Education level	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
2-5	2,226	2,316	803	819
6/1	534	556	379	389
6/2	781	749	438	426
7	1,491	1,476	528	516
8/1	211	198	90	86
8/2	21	21	8	8
TOTAL	5,264	5,316	2,246	2,244
Average number of employees	5,281	5,259	2,243	2,245

The average number of employees is calculated as the average number of employees as at the last working day of the month.

2.1.4 About the Triglav Group

Zavarovalnica Triglav is the controlling company of the Triglav Group (hereinafter: the Group), therefore, in addition to the separate financial statements of the Company, it also compiles the consolidated financial statements of the Group.

Insurance is the core business of the Group, including asset management, support activities and other services. The Triglav Group is the leading insurance and financial group in Slovenia and the Adria region as well as one of the leading groups in South-East Europe.

Triglav Group subsidiaries¹¹⁰

COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)	
				2021	2020	2021	2020
Pozavarovalnica Triglav RE, d.d.	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Reinsurance	100.00	100.00	100.00	100.00
Triglav, Zdravstvena zavarovalnica, d.d.	Pristaniška ulica 10, Koper, Slovenia	19	Insurance	100.00	100.00	100.00	100.00
Triglav Osiguranje, d.d., Zagreb	Antuna Heinza 4, Zagreb, Croatia	18	Insurance	100.00	100.00	100.00	100.00
Triglav Osiguranje, d.d., Sarajevo	Dolina 8, Sarajevo, Bosnia and Herzegovina	10	Insurance	97.78	97.78	98.87	98.87
Lovčen Osiguranje, a.d., Podgorica	Ulica slobode 13a, Podgorica, Montenegro	9	Insurance	99.07	99.07	99.07	99.07
Lovčen životna osiguranja, a.d., Podgorica	Ulica Marka Miljanova 29/III, Podgorica, Montenegro	9	Insurance	99.07	99.07	99.07	99.07
Triglav Osiguranje, a.d.o., Beograd	Milutina Milankovića 7a, Novi Beograd, Serbia	15	Insurance	100.00	99.88	100.00	99.88
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
Triglav Osiguruvanje, a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, North Macedonia	10	Insurance	81.32	80.83	81.32	80.83
Triglav Osiguruvanje Život, a.d., Skopje	Bulevar 8-mi Septemvri 18, Skopje, North Macedonia	10	Insurance	96.26	96.17	96.26	96.17
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
Triglav, pokojninska družba, d.d.	Dunajska cesta 22, Ljubljana, Slovenia	19	Fund management	100.00	100.00	100.00	100.00
Triglav INT, d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Holding company	100.00	100.00	100.00	100.00
Triglav Skladi, d.o.o.	Slovenska cesta 54, Ljubljana, Slovenia	19	Fund management	100.00	67.50	100.00	100.00
Triglav Avtoservis, d.o.o.	Verovškova 60b, Ljubljana, Slovenia	19	Maintenance and repair of motor vehicles	100.00	100.00	100.00	100.00
Triglav Svetovanje, d.o.o.	Ljubljanska cesta 86, Domžale, Slovenia	19	Insurance agency	100.00	100.00	100.00	100.00
Triglav Upravljanje nepremičnin, d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Real estate management	100.00	100.00	100.00	100.00
Triglav Savjetovanje, d.o.o., Sarajevo	Dolina br. 8, Sarajevo, Bosnia and Herzegovina	10	Insurance agency	97.78	98.91	97.78	98.91
Triglav Savjetovanje, d.o.o., Zagreb	Sarajevska cesta 60, Zagreb, Croatia	18	Insurance	100.00	100.00	100.00	100.00
Triglav Savetovanje, d.o.o., Beograd	Zelengorska 1g, Novi Beograd, Serbia	15	Insurance agency	100.00	99.94	100.00	99.94
Autocentar BH, d.o.o.	Džemala Bijedića 165b, Sarajevo, Bosnia and Herzegovina	10	Maintenance and repair of motor vehicles	97.78	97.78	97.78	98.87
Sarajevostan, d.o.o.	Džemala Bijedića br. 147, Sarajevo, Bosnia and Herzegovina	10	Real estate management	90.95	90.95	90.95	91.97
Lovčen auto, d.o.o., Podgorica	Novaka Miloševa 6/2, Podgorica, Montenegro	9	Maintenance and repair of motor vehicle	99.07	99.07	99.07	99.07
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
Triglav upravljanje nekretninama, d.o.o., Podgorica	Džordža Vašingtona 44, Podgorica, Montenegro	9	Real estate management	100.00	100.00	100.00	100.00
Triglav upravljanje nekretninama, d.o.o., Sarajevo	Dolina 8, Sarajevo, Bosnia in Hercegovina	10	Real estate management	97.78	-	97.78	-
PROF-IN, d.o.o.	Mehmed paše Sokolovića 15, Sarajevo, Bosnia and Herzegovina	10	Fund management	62.54	62.54	62.54	62.54
Zavod Vse bo v redu	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Institute for corporate social responsibility	100.00	100.00	100.00	100.00

¹¹⁰ All subsidiaries except PROF-IN d.o.o. and Zavod Vse bo v redu, which are not significant for the Group, are included in the consolidated financial statements according to the full consolidation method. GRI GS 102-45

Condensed financial statements of the Triglav Group companies

in EUR

COMPANY	ASSETS		LIABILITIES		EQUITY		INCOME		NET PROFIT/LOSS	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Pozavarovalnica Triglav Re, d.d., Ljubljana	362,467,179	348,003,015	266,915,458	260,960,886	95,551,721	87,042,129	228,079,978	201,204,085	11,324,430	2,817,983
Triglav, Zdravstvena zavarovalnica, d.d., Koper	111,448,859	96,772,481	65,812,869	56,280,962	45,635,990	40,491,519	200,703,434	197,952,289	6,379,174	4,845,316
Triglav Osiguranje, d.d., Zagreb	196,173,329	185,916,419	166,478,465	156,973,195	29,694,864	28,943,224	96,269,515	79,836,402	1,820,083	-2,582,560
Triglav Osiguranje, d.d., Sarajevo	76,491,259	64,990,550	56,377,177	45,763,838	20,114,082	19,226,712	36,219,946	30,995,575	1,296,180	1,280,528
Lovčen Osiguranje, a.d., Podgorica	52,424,790	52,202,701	39,286,519	39,584,520	13,138,271	12,618,181	37,677,417	36,321,508	1,308,164	3,936,476
Lovčen životna osiguranja, a.d., Podgorica	8,180,680	8,021,088	4,191,088	4,068,819	3,989,592	3,952,269	4,935,706	4,583,354	256,415	495,360
Triglav Osiguranje, a.d.o., Beograd	101,307,828	87,549,739	74,849,135	62,774,853	26,458,693	24,774,894	79,849,221	67,527,013	3,585,281	4,065,469
Triglav Osiguranje, a.d., Banja Luka	13,102,599	12,783,723	8,859,000	8,179,548	4,243,599	4,604,175	6,625,994	6,725,800	-302,774	85,342
Triglav Osiguruvanje, a.d., Skopje	49,525,142	47,506,299	32,843,926	31,668,440	16,681,216	15,837,859	24,135,021	22,282,221	482,192	1,199,617
Triglav Osiguruvanje Život, a.d., Skopje	7,907,892	6,090,499	3,649,158	1,843,075	4,258,734	4,247,424	3,409,223	1,200,013	-86,155	-428,683
Triglav penzisko društvo, a.d., Skopje	1,738,046	2,399,923	184,087	233,167	1,553,959	2,166,756	308,458	156,889	-623,974	-513,592
Triglav, pokojninska družba, d.d., Ljubljana	416,477,600	389,872,637	397,380,084	372,104,664	19,097,516	17,767,973	57,784,500	53,881,938	1,597,670	524,523
Triglav INT, d.o.o., Ljubljana	71,128,059	72,416,802	33,581	69,218	71,094,478	72,347,584	69	18,324	-1,253,106	-940,601
Triglav Skladi, d.o.o., Ljubljana	86,248,279	71,631,070	11,071,037	9,073,843	75,177,242	62,557,227	30,728,566	25,652,463	8,246,729	5,306,938
Triglav Avtoservis, d.o.o., Ljubljana	1,298,820	783,446	1,168,153	851,454	130,667	-68,008	2,508,476	2,266,678	1,967	-133,613
Triglav Svetovanje, d.o.o., Ljubljana	1,807,856	1,762,584	1,495,117	1,253,084	312,739	509,500	4,880,110	4,792,860	-209,070	23,363
Triglav, Upravljanje nepremičnin, d.o.o., Ljubljana	32,393,981	39,371,023	3,296,282	2,565,104	29,097,699	36,805,919	3,740,839	4,488,485	288,055	481,717
Triglav Savjetovanje, d.o.o., Sarajevo	341,689	339,949	338,995	272,077	2,694	67,872	700,024	729,177	-65,178	-13,530
Triglav Savjetovanje, d.o.o., Zagreb	236,485	105,274	146,759	203,597	89,726	-98,323	577,291	424,803	42,090	-47,450
Triglav Savjetovanje, d.o.o., Beograd	137,944	185,021	128,612	216,076	9,332	-31,055	698,454	568,429	-26,889	-56,109
Autocentar BH, d.o.o., Sarajevo	2,775,450	2,923,168	763,557	923,228	2,011,893	1,999,940	1,720,885	1,722,665	63,082	91,263
Sarajevostan, d.o.o., Sarajevo	1,624,805	2,568,709	666,977	2,410,987	957,828	157,722	2,855,026	2,138,645	800,106	-1,460,157
Lovčen auto, d.o.o., Podgorica	4,907,430	5,312,445	1,616,923	2,293,854	3,290,507	3,018,591	1,856,714	1,667,433	-428,084	-581,928
Triglav upravljanje nekretninama, d.o.o., Zagreb	460,737	1,503,845	2,719	3,228	458,018	1,500,617	112,772	70,779	-51,835	-6,000
Triglav upravljanje nekretninama, d.o.o., Podgorica	1,923,394	1,926,982	210,583	103,603	1,712,811	1,823,379	32,706	222,994	-110,568	29,243
Triglav upravljanje nekretninama, d.o.o., Sarajevo	15,339	-	0	-	15,339	-	0	-	0	-
PROF-IN, d.o.o., Banja Luka	4,989,348	4,400,215	34,847	6,258	4,954,501	4,393,957	1,046,677	766,902	560,544	286,602
Zavod Vse bo v redu	148,057	97,017	1,769	569	100,000	100,000	113,000	29,301	49,840	-30,355

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Non-controlling interests in the Triglav Group companies

COMPANY	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)	
	2021	2020	2021	2020	2021	2020	2021	2020
Triglav Osiguranje, d.d., Sarajevo	2.22	2.22	1.13	1.13	27,640	29,768	280,040	261,476
Triglav Osiguranje, a.d.o., Beograd	-	0.12	-	0.12	-	4,919	-	210,112
Triglav Osiguruvanje, a.d., Skopje	18.68	19.17	18.68	19.17	90,054	229,986	1,955,469	1,871,646
Lovćen Osiguranje, a.d., Podgorica	0.93	0.93	0.93	0.93	18,676	43,119	498,487	487,141
Lovćen životna osiguranja, a.d., Podgorica	0.93	0.93	0.93	0.93	2,385	4,607	83,600	83,254
Triglav Savjetovanje, d.o.o., Sarajevo	2.22	1.09	2.22	1.09	-1,447	-147	-19,622	-16,901
Autocentar BH, d.o.o., Sarajevo	2.22	2.22	2.22	1.13	1,400	2,026	-142,790	-144,190
Lovćen auto, d.o.o., Podgorica	0.93	0.93	0.93	0.93	-3,982	-5,412	-399,483	-395,500
Triglav Osiguruvanje Život, a.d., Skopje	3.74	3.83	3.74	3.83	-3,218	-16,436	-26,610	-27,674
Sarajevostan, d.o.o., Sarajevo	9.05	9.05	9.05	8.03	72,370	-132,072	246,555	174,185
Triglav Savetovanje, d.o.o., Beograd	-	0.06	-	0.06	-	-33	-	-173
TOTAL					203,878	160,325	2,475,645	2,503,377

The only company in the Group that has a significant non-controlling interest is Triglav Osiguruvanje a.d., Skopje. Its key financial information is presented below.

	in EUR	
CONDENSED BALANCE SHEET	31 December 2021	31 December 2020
Current assets	7,286,521	6,139,945
Current liabilities	3,001,242	2,420,552
Net current assets/liabilities	4,285,279	3,719,393
Non-current assets	42,238,621	41,366,354
Non-current liabilities	29,842,684	29,247,888
Net non-current assets/liabilities	12,395,937	12,118,466
Net assets	16,681,216	15,837,859

	in EUR	
CONDENSED CASH FLOW STATEMENT	2021	2020
Cash flows from operating activities	336,580	-880,935
Cash flows from investing activities	-143,442	811,387
Cash flows from financing activities	20,280	0
Net change in cash flows	213,418	-69,548

	in EUR	
CONDENSED COMPREHENSIVE INCOME	2021	2020
Net profit or loss for the year	482,192	1,199,617
Other comprehensive income	361,165	-104,934
Total comprehensive income	843,357	1,094,683

Changes in the structure of the Triglav Group in 2021

Capital increase of ZTSR d.o.o and its merger with Diagnostični center Bled d.o.o.

Through the in-cash contribution of EUR 3.3 million, Zavarovalnica Triglav increased the capital of jointly controlled ZTSR d.o.o. in the first quarter of 2021, thereby maintaining its 50% participating interest in said company. In the third quarter of 2021, ZTSR d.o.o. was merged with its subsidiary Diagnostični center Bled d.o.o. With the aforementioned transaction, ZTSR d.o.o. was stricken off the Companies Register, and Zavarovalnica Triglav consequently acquired a 50% participating interest in Diagnostični center Bled d.o.o. The merger and thus the changed ownership structure did not affect the Group's consolidated financial statements. Through the in-cash contribution of EUR 1.25 million, Zavarovalnica Triglav increased the capital of Diagnostični center Bled d.o.o. in the last quarter of 2021, thereby maintaining its 50% participating interest in said company.

Acquisition of Kirurški sanatorij d.o.o.

Diagnostični center Bled d.o.o. increased its strategic investment portfolio by acquiring a 100% participating interest in Kirurški sanatorij d.o.o. in the first quarter of 2021. From the Group's point of view, this investment is part of regular activities of managing its extensive investment portfolio and has no significant impact on its composition. Kirurški sanatorij is treated within the Group as part of Diagnostični center Bled Group.

Capital increase of Triglav d.o.o.

Zavarovalnica Triglav made two subsequent capital contributions in the total amount of EUR 2.3 million to its associate in 2021, thus remaining a 49.9% owner of said company. The capital increase had no effect on the Group's consolidated financial statements.

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 2021 through in-cash contributions in the total amount of EUR 700 thousand. The ownership structure of Lovćen auto d.o.o. was not changed with said capital increase, as Lovćen Osiguranje a.d. remained its 100% owner. The capital increase had no impact on the Group's consolidated financial statements.

Capital increase of Triglav Avtoservis d.o.o., Ljubljana

Zavarovalnica Triglav d.d. made two subsequent capital contributions in the total amount of EUR 194 thousand to its subsidiary in 2021, thus remaining a 100% owner of said company. The capital increase had no effect on the Group's consolidated financial statements.

Capital increase of Triglav Savjetovanje d.o.o., Zagreb

Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb proportional to their participating interests. The capital increase was raised by in-cash contributions of HRK 1.1 million or EUR 145 thousand. As a result, the two companies retained their participating interests in said company of 51% and 49% respectively.

Capital increase of Triglav Savetovanje d.o.o., Belgrade

Triglav Svetovanje d.o.o. and Triglav Osiguranje a.d.o, Belgrade increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade proportional to their participating interests. The capital increase was raised by in-cash contributions of RSD 7.9 million or EUR 67 thousand. As a result, the two companies retained their participating interests in said company of 51% and 49% respectively.

Purchase of shares of Triglav Osiguranje a.d., Skopje from non-controlling interest holders

Triglav INT d.o.o., Ljubljana acquired a 0.50% participating interest from the non-controlling interest holders of Triglav Osiguranje a.d., Skopje, thereby becoming its 81.32% owner. The consideration totalled MAK 3.2 million or EUR 52 thousand. The effect of the acquisition of the non-controlling interest was recognised in the consolidated financial statements as an increase in share premium of EUR 20 thousand.

Purchase of shares of Triglav Osiguranje a.d.o, Belgrade from non-controlling interest holders

Triglav INT d.o.o., Ljubljana acquired a 0.12% participating interest from non-controlling interest holders of Triglav Osiguranje a.d., Belgrade, thereby becoming its 100% owner. The consideration totalled RSD 3.7 million or EUR 33 thousand. The effect of the acquisition of the non-controlling interest was recognised in the consolidated financial statements as a decrease in share premium of EUR 8 thousand.

Transfer of the participating interest in Triglav Savjetovanje d.o.o., Sarajevo

Triglav Svetovanje d.o.o., Domžale sold its 51% participating interest in Triglav Savjetovanje d.o.o., Sarajevo to Triglav Osiguranje d.d., Sarajevo. As a result, Triglav Osiguranje d.d., Sarajevo became a 100% owner of Triglav Savjetovanje d.o.o., Sarajevo. Due to the transfer of the participating interest, the Triglav Group's participating interest in said company decreased by 1.13 percentage points.

Establishment of the new company Triglav, upravljanje nekretninama d.o.o., Sarajevo

With the in-cash contribution of BAM 30 thousand or EUR 15 thousand, Triglav Osiguranje d.d., Sarajevo established Triglav, upravljanje nekretninama d.o.o., Sarajevo, thereby becoming its 100% owner.

Spin-off of the retail business from Nama d.d.

Based on its strategic plans, Zavarovalnica Triglav's associate Nama d.d., Ljubljana carried out a spin-off of its retail business and transferred it to its newly established subsidiary Nama IN d.o.o., Ljubljana. This transaction did not have an impact on the Group's consolidated financial statements. In the Group's consolidated financial statements, Nama d.d. is treated as an associate and valued under the equity method based on its consolidated financial statements.

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2.2 Bases for the preparation of financial statements

2.2.1 Statement of compliance

The Group's consolidated financial statements and the Company's separate financial statements for the financial year ended 31 December 2021 were prepared in accordance with International Financial Reporting Standards (hereinafter: IFRS) as adopted by the EU.

The Group's and the Company's financial statements were also prepared in accordance with the requirements of the Companies Act (ZGD-1), the Insurance Act (ZZavar-1) and its implementing regulations.

2.2.2 Bases for measurement and classification

The financial statements were prepared under the going concern assumption and taking into account the requirements of adequacy, reliability, comprehensibility and comparability of financial information. Furthermore, they were compiled on the historical cost basis, except in the case of financial assets recognised at fair value through profit or loss and available-for-sale financial assets measured at fair value.

The accounting policies used in the compilation of the financial statements are consistent with those of the financial statements for the comparable period.

The financial year is the same as the calendar year.

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 is a legal right and intent for net settlement, or when the assets are realised and the liabilities are settled simultaneously. Income and expenses on the income statement are not offset, except if so required by standards and notes or if this is specified in the Company's accounting policies.

The financial statements are presented in euros, which is the Group's presentation currency. The amounts in the financial statements are rounded to one euro.

2.2.3 The impact of the COVID-19 epidemic on verifying the going concern assumption

When preparing the financial statements, 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 epidemic.

The sensitivity of the Group's and the Company's profitability, financial position and liquidity under significant assumptions or uncertainties in the environment is described in the section on risk management (Section [2.9 Future risks as a result of the pandemic](#)).

Based on all the calculations presented, it can be confirmed that the going concern assumption is appropriate.

The impact of the COVID-19 epidemic on individual items in the financial statements is presented in Section [2.7.2](#).

2.3 Bases for consolidation

In addition to the separate financial statements, the Company compiles the consolidated financial statements of the Group. The Group's consolidated financial statements include all companies directly or indirectly controlled by the Company.

Zavarovalnica Triglav controls a company if all the following three elements of control are met:

- it has influence over the company (directs important activities that significantly affect the company's returns) by virtue of voting rights based on equity instruments or by virtue of other rights arising from contractual agreements,
- it is exposed to variable returns or has the right to variable returns from its participation in the company and
- it is able, through its influence over the company, to influence the amount of its return.

An assessment of the existence of control of an individual company is performed once a year or if the facts and circumstances show that one or more of the three elements of control have changed.

Subsidiaries are included in the consolidated financial statements under the full consolidation method from the acquisition date.

The assets and liabilities of a subsidiary are measured at fair value on initial consolidation. Any difference between the market value of the business combination and the acquirer's share of the net fair value of the assets, liabilities and contingent liabilities acquired is accounted for as goodwill. The effects of any subsequent changes in the acquirer's interest in the subsidiary are recognised in share premium.

If the Company disposes of a subsidiary or loses control over it, such a subsidiary is deconsolidated from the date on which control ceases. Related assets (including goodwill), liabilities, non-controlling interests and other components of equity are derecognised, with any effect of loss of control in the consolidated income statement being recognised as profit or loss. Any remaining interests in this company that no longer represent a significant or dominant interest after the disposal are recognised at fair value.

All the Group subsidiaries that are significant to the Group's financial statements are fully consolidated. Exceptionally, companies that are insignificant from the point of view of consolidated financial statements, i.e. the size of an individual such company does not exceed 0.5% of the Group's

total assets, may be excluded from full consolidation. A company conducting insurance business or an activity directly related thereto (e.g. insurance brokerage) cannot be excluded from consolidation. In the full consolidation process, the carrying amount of the financial investment by the controlling company in each subsidiary and the controlling company's share in equity of each subsidiary are offset (eliminated). Intragroup assets and liabilities, income and expenses and the effects of other transactions within the Group are also eliminated in full.

In the consolidated financial statements, profit/loss and other comprehensive income are proportionately attributed 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 a 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 controlling company's owners.

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 Group companies participating in the consolidation process use 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 Group's accounting policies.

The financial year is the same as the calendar year.

2.4 Foreign currency translation

Items included in the separate financial statements of each Group company are measured using the currency of the primary economic environment in which the respective company operates (functional currency). The financial statements are presented in euros, which is the Group's presentation currency.

2.4.1 Translation of business events and items

Transactions in foreign currency are translated into the functional currency as at the date of the transaction at the exchange rate quoted in the European Central Bank's reference rate list published by the Bank of Slovenia. Exchange rate differences arising from the settlement of these transactions or from the translation of monetary items are recognised in profit or loss.

Foreign rate 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 profit or loss. Foreign rate differences from non-monetary items, such as equity instruments classified as financial assets measured at fair value through profit or loss, are recognised in profit or loss. Foreign rate differences from non-monetary items, such as equity instruments classified as available-for-sale financial assets, are recognised together with the effects of measurement at fair value in other comprehensive income and accumulated in equity.

2.4.2 Translation from the functional into the presentation currency

The financial statements of Group companies 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 reporting date;
- income, expenses and costs are translated at the average exchange rate for the reporting period;
- equity components are translated at a historical exchange rate;
- all the resulting exchange rate differences are recognised in other comprehensive income.

Goodwill and adjustment of acquired assets of a foreign subsidiary to fair value are treated in the same way as assets of a foreign subsidiary and are translated into the presentation currency at the closing exchange rate.

In the consolidated financial statements, exchange rate differences resulting from the translation of a net investment in a foreign subsidiary are recognised in the statement of comprehensive income. When the Group loses control over a foreign subsidiary, 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 gains or losses on sale.

2.5 Significant accounting policies

2.5.1 Investments in subsidiaries and associates, business combinations and goodwill

2.5.1.1 Investments in subsidiaries

An investment in a subsidiary is considered to be an investment in a company that is directly or indirectly controlled by Zavarovalnica Triglav.

Investments in subsidiaries are measured in the separate financial statements at cost less accumulated impairment losses.

The initial recognition of the investment is made on the date on which the acquirer obtains the right to control the acquiree. Increases in the share capital of subsidiaries with in-kind contributions are measured at estimated fair value or carrying amount, where justified.

Subsidiaries are included in the consolidated financial statements under the full consolidation method as described in Section [2.3](#).

2.5.1.2 Investments in associates and joint ventures

An investment in an associate is an investment in a company in which Zavarovalnica Triglav has a direct or indirect significant influence (directly or indirectly between 20% and 50% of voting rights), provided by the possibility of participating in the company's financial and business policy decisions, but not by controlling these policies.

Joint ventures are companies that are jointly controlled by the Triglav Group and a contract partner based on a contractual agreement.

Investments in equity instruments of associates and joint ventures are accounted for in the separate financial statements at fair value. For associates whose values are not published on a stock exchange, a valuation model is used (guideline public company method, comparable transaction analysis, discounted cash flows, contract value). The effects of valuation at fair value are disclosed in other comprehensive income.

In the Group's consolidated financial statements, investments in associates and joint ventures are accounted for using the equity method. An investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is subsequently adjusted to change the Group's share in the associate's or joint venture's net assets as of the acquisition date. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment. Signs of impairment are tested at each reporting date. If the recoverable amount is lower than the carrying amount, the Group carries out impairment up to the level of the recoverable amount.

The corresponding share of an associate's and joint venture's profit or loss is recognised in the consolidated profit or loss. The corresponding 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.

Upon loss of significant influence over an associate or loss of joint control of a joint venture, each retained investment is measured at its fair value. The difference between the carrying amount of the associate or joint venture and the fair value of the retained investment is recognised in profit or loss.

2.5.1.3 Business combinations and goodwill

The acquisition method is used for business combinations. The acquisition date is the date on which the acquirer obtains the right to control the acquiree. The identifiable assets acquired and liabilities assumed are determined and measured at their acquisition-date fair values. In each business combination, the non-controlling interest is also measured at the current proportionate share of the equity interests in the acquiree's recognised net assets.

Goodwill arises on the acquisition of a subsidiary if the excess of the sum of the consideration given measured at fair value is greater than the fair value of the company's acquired assets. If the difference is negative, the gain is recognised in full in profit or loss. Contingent consideration at fair value is also included in the consideration.

Accounting policies for the assessment of impairment of goodwill and investments in subsidiaries are presented in Section [2.5.4.7](#), and accounting policies for determining the fair value of associates and joint ventures in Section [2.5.13](#).

2.5.2 Insurance contracts

2.5.2.1 Classification of contracts

The products of the Group's insurance companies 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 underwriting risk or both an underwriting and financial risk.

Contracts of an individual homogeneous group are defined as insurance if they contain material underwriting 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 underwriting 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 maximum difference between the economic value of the payout after a loss event and 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 underwriting 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 participation. 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 during its term the underwriting risk is significantly reduced, unless all rights and obligations are terminated or expire.

2.5.2.2 Premium income and other insurance income

Net premium income is calculated based on gross written premium and gross outward (co) reinsurance premium, reduced by (co)reinsurers' and retrocessionaires' share and adjusted by the change in gross unearned premium taking into account the (co)reinsurers' and retrocessionaires' share in unearned premium. Written premium is the basis for recognising gross premium.

Other insurance income includes fee and commission income (asset management fees, (co) reinsurance and other fees and commissions) and other income from insurance operations (green card sales, claims settled on behalf of other insurance companies, assistance services and other).

Interest income from operating receivables is also disclosed under this income. This income is recognised in profit or loss when the service is provided or invoiced.

2.5.2.3 Claims incurred and other insurance expenses

Net claims incurred are gross claims paid (claim payments and claim handling expenses), reduced by income from collected subrogation receivables and the reinsurance portion and adjusted by the change in gross claims provisions taking into account the reinsurers' share in these provisions. Claim handling expenses comprise external and internal costs of assessing the eligibility and amount of claims, including legal expenses, expert fees and subrogation recovery expenses. Gross claims paid are recognised in profit or loss once the claims are settled.

Other insurance expenses include fee and commission expenses, expenses from impairment of receivables, fire protection tax, prevention expenses and other insurance expenses. Other insurance expenses are recognised in profit or loss once a service is provided.

2.5.2.4 Insurance-technical provisions

Unearned premium and provisions for unexpired risks

Provisions for unearned premium are the part of gross written premium that relates to the period after the end of the financial year. They are calculated separately for each insurance contract.

The unearned premium for most insurance policies is calculated using the pro rata temporis method, which assumes that claims are distributed evenly over the term of the contract and that the insurance cover is constant. Insurance policies with a variable insurance cover are the exception to this rule. These policies include credit insurance at which the insurance cover decreases and construction and erection insurance at which the insurance cover increases. For such type of insurance, the calculation of unearned premium is based on the assumption of a constant claim frequency throughout the term of the contract and a variable insurance cover.

Provisions for unexpired risk are formed for insurance policies where, based on past experience, it is assumed that the amount of unearned premium will not suffice for covering all future claims, i.e. for those insurance classes for which the claims ratio exceeds 100%. Additional provisions for unexpired risks are calculated in the share of unearned premium, which represents the difference between the value of the expected claims ratio and 100%.

Additional tests are performed to check the adequacy of the provisions for unearned premium and unexpired risks. The amounts of future gross claims and gross future expenses are taken into account in these tests and compared with the amount of established provisions for unearned premium reduced by deferred acquisition costs.

Claims provisions

Claims provisions are made to cover claims incurred but not settled by the end of the accounting period. Claims provisions are formed for claims reported, not reported and not enough reported.

Claims provisions are calculated as the sum of incurred and reported claims and incurred but not reported claims (IBNR). Provisions for incurred and reported claims are based on an inventory of claims. The majority of provisions for IBNR claims are calculated using the run-off triangular method, taking into account the combination of the chain ladder method and the Bornhuetter-Ferguson method. The basis for the calculation is a sample of past claims experience with projected future trends. For this purpose, a multi-year time series of settled claims is used.

Previous experience shows that claims from major CAT events, such as hail, floods and storms, are reported with a delay. None of the standard actuarial methods for determining the amount of IBNR claims after major CAT events is suitable for their valuation. Such claims can represent a significant portion of total IBNR claims; therefore, in order to ensure an up-to-date calculation of the actual amount of claims following major CAT events, an additional provision is made for IBNR and incurred but not enough reported (IBNER) claims separately for each major CAT event.

If in liability insurance a claim is settled as an annuity, the amount is reserved as a capitalised value of annuity calculated based on the Slovenian SIA65 mortality tables and a 0.50% interest rate. Other insurance subsidiaries use local mortality tables. Depending on the possibilities, additional claims provisions are made for not enough reported annuity claims when the injured party is a minor or a young person and the insurance company may reasonably expect that the injured party will also file a claim for loss of income when reaching a certain age.

With the exception of annuity claims, claims provisions are not discounted.

The adequacy of the claims provisions made is reviewed quarterly. A claims provision is formed based on statistical data and using actuarial methods. As such, it in itself is a test of the adequacy of claims provisions.

In the context of testing the adequacy of claims provisions, the liability adequacy test (LAT) is carried out for liabilities paid out as annuities. Mortality, indexation and discount interest rate assumptions are used to calculate the adequacy of the claims provisions paid out as annuities.

Mathematical provisions

Mathematical provisions for life, annuity, pension and unit-linked insurance portfolio are calculated separately for each insurance contract.

The valuation of life and annuity insurance liabilities is carried out by using the modified prospective net premium method, taking into account acquisition costs, including all contractual obligations and bonuses. The insurance technical parameters taken into account by the method either match the parameters used in the calculation of insurance premium or are adjusted for those subsequently changed circumstances that increase the amount of liabilities. This is particularly the case for annuity insurance where the calculation of liabilities takes into account own, more conservative mortality tables and a carefully set (lower) interest rate.

The mathematical provisions for voluntary pension insurance are built up over the accumulation (premium payment) period using the retrospective method. In calculating the provisions, this

method takes into account all premiums paid up to the valuation date, entry fees, sums paid out, bonuses from the guaranteed interest rate and bonuses credited to personal accounts from profit participation. During the pension annuity payout period, provisions are set aside based on the present value of estimated future liabilities (the prospective net method). The insurance technical parameters taken into account in the calculation are either the same as those set at the time of underwriting the policy or adjusted to the circumstances expected during the pension payout, if these circumstances are worse than those taken into account in the premium calculation.

The mathematical provisions for supplemental voluntary pension insurance are built up over the accumulation period using the retrospective method. In calculating the provisions, this method takes into account all premiums paid up to the valuation date, entry fees, sums paid out, bonuses from the return on the guarantee fund, the guaranteed return from funds with a guaranteed return and bonuses credited to personal accounts from profit participation. During the pension annuity payout period, provisions are set aside based on the present value of estimated future liabilities (the prospective net method). The insurance technical parameters taken into account in the calculation either match the parameters set at the time of underwriting the policy or are adjusted for those subsequently changed circumstances that increase the amount of liabilities, particularly in the valuation of liabilities during the pension payout period.

The provisions for unit-linked life insurance are calculated for each insurance policy as the fair value of assets in the investment account less future capitalised management costs (actuarial funding). For certain insurance products, additional provisions are made to cover contractually defined risks of payouts under the primary or complementary insurance policies and additional insurance technical provisions for credit risks.

All calculations take into account actuarial assumptions, applicable legal provisions and all contractual liabilities to policyholders arising from insurance policies and the respective insurance terms and conditions.

The mathematical provisions also take into account bonuses attributed to policyholders in previous financial years in accordance with the rights set out in the underlying insurance contracts.

Fair value reserve for available-for-sale financial assets is also recognised in the context of 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 portion that will be due to the policyholders upon realisation in line with the provisions of the insurance contract or internal regulations.

The LAT is carried out annually both in the Group and the Company. The purpose of the LAT is to verify the adequacy of life insurance provisions. The test is performed by comparing the amount of provisions made with the best estimate of provisions determined by taking into account the present value of the best estimate of future expected contractual and other cash flows. The calculation is performed at the level of each insurance contract and the results are aggregated into appropriate homogeneous insurance groups. The test is based on a uniform methodology that determines,

among others, the method of creating homogeneous groups, the selection of risk-free interest rate curves and the scope of cash flows considered. The test is carried out based on the portfolio balance as at the last day of the financial year.

Insurance contracts are classified into several homogenous groups subject to approximately the same risks and managed within the same portfolio. Homogeneous groups are formed according to insurance classes as follows:

- traditional life insurance,
- unit-linked life insurance,
- supplemental voluntary pension insurance during the accumulation period and
- supplemental voluntary pension insurance during the pension payout period.

The cash-generating unit or insurance company is also considered a homogenous group. Any deficit is determined at the level of an individual insurance company and recognised in the financial statements as an increase in provisions and an expense in profit or loss.

Mortality, longevity and morbidity assumptions, assumptions about portfolio persistency, assumptions about costs, increases in insurance premium, expected returns and discount interest rates, profit participation and annuity factor guarantees are included in the LAT. If the LAT shows that the provisions are insufficient, additional provisions will be charged to the profit or loss.

Other insurance-technical provisions

Provisions for bonuses in non-life insurance are formed for the part of the premium that will be reimbursed to those persons insured who meet the criteria set out in insurance terms and conditions (total claims ratio over the last three years, premium payment discipline and the amount of total premium). Based on an annual analysis and predefined criteria, the amount of premium reimbursement is calculated.

Provisions for cancellations represent that portion of unearned premium which is expected to be reimbursed in the event of early termination and for which deferred acquisition costs were made.

2.5.3 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.

2.5.3.1 Financial investments

Financial investments are classified into the following groups: financial assets measured at fair value through profit or loss, held-to-maturity financial assets, loans and deposits, and available-for-sale financial assets. Classification depends on the initial purpose for which an investment was acquired. The management decides on the classification of investments at initial recognition.

At initial recognition, financial investments are measured at fair value. The initially recognised value is increased by transaction costs (fees and severance payments to agents, advisers, stock brokers, stock exchange fees and other transfer-related taxes) that are directly attributable to the acquisition or issue of a financial asset. This does not apply to financial investments classified as assets measured at fair value through profit or loss, because these costs are recognised in profit or loss directly at acquisition.

The trade date is used at the purchase or sale of a financial investment, except for loans and deposits where the settlement date is used.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are classified as available for sale or not classified as loans and deposits, held-to-maturity financial investments or financial assets recognised at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are measured at fair value, without deducting transaction costs that may occur when selling or otherwise disposing them. Financial instruments not listed on a stock exchange are measured at fair value based on recent transaction prices if the market situation has not changed significantly since the last transaction, or using the discounted expected cash flow valuation model. Equity instruments not quoted in an active market and for which fair value cannot be reliably measured are measured at cost. The method of determining the fair value of available-for-sale financial assets is described in more detail in Section [2.5.13](#).

Changes in fair value are recognised directly in other comprehensive income as an increase (gain) or decrease (loss) in fair value reserve, except for impairment of investment and foreign exchange rate differences on monetary items, such as debt securities recognised in profit or loss.

When available-for-sale financial assets are derecognised, the accumulated losses or gains previously recognised in other comprehensive income are transferred to the income statement.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company definitely intends and is able to hold to maturity.

Held-to-maturity financial assets are measured at amortised cost less impairment losses.

Financial assets at fair value through profit or loss

This category includes two groups: financial instruments held for trading and financial instruments measured at fair value through profit or loss.

A financial asset is classified as such if the principal intent of its acquisition was to sell it in the near term, if it is part of the portfolio of financial instruments for short-term profit taking or if this classification was decided on by the management. Derivatives are always classified as financial instruments held for trading.

A financial asset designated at fair value through profit or loss is an asset:

- held in the Company's investment portfolios to cover liabilities arising from insurance contracts related to changes in the fair value of these assets (this classification eliminates or reduces any mismatches arising from the measurement of assets and liabilities or the recognition of gains and losses on various bases) or
- managed and whose performance is measured based on fair value in accordance with the Company's investment strategy.

After initial recognition, financial assets measured at fair value through profit or loss are measured at fair value. The method of determining the fair value of financial assets designated at fair value through profit or loss is described in more detail in Section [2.5.13](#).

Gains and losses from changes in fair value are recognised in profit or loss.

The category of financial assets measured at fair value through profit or loss also includes financial assets with an embedded unrelated derivative.

Loans and deposits

Loans and deposits are non-derivative financial assets 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.

Derivatives

After initial recognition, derivatives are measured at fair value through profit or loss. Market value is determined based on the quoted price in an active securities market, and if it is not known, the fair value is estimated according to the valuation model (discounted expected cash flows, Black-Scholes option pricing model).

Derivatives include financial instruments used for hedging cash flows against interest rate risk as well as for hedging cash flows of individual financial instruments and other items.

All proven gains or losses from a change in fair value are recognised in profit or loss.

2.5.3.2 Operating and other receivables

Receivables from insurance operations are recognised when premium is charged to policyholders. At initial recognition, receivables are disclosed at cost, and subsequently reduced by impairment adjustment so as to disclose their expected recoverable amount.

Subrogation receivables are recognised when the Company receives the first instalment of the payment, based on a ruling of the court or based on an agreement reached with the subrogation debtor. In credit insurance, subrogation receivables are recognised immediately at inception.

2.5.3.3 Cash and cash equivalents

Cash includes balances with banks, cash in transit, cash on hand and cash equivalents such as call deposits.

2.5.3.4 Impairment of financial assets

Impairment of 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.

For equity instruments, objective evidence of impairment includes an issuer's statutory changes (bankruptcy, liquidation, etc.), a significant decrease in the fair value of a security or a long-term decrease in its fair value.

For debt instruments, objective evidence of impairment includes an issuer's statutory changes (bankruptcy, liquidation, etc.), late payment or other significant negative events related to the issuer's credit rating.

When such evidence exists, impairment losses need to be determined.

An impairment loss on an available-for-sale financial asset is calculated based on its current fair value. The accumulated loss initially recognised in other comprehensive income is transferred to the income statement. The reversal of impairment of equity securities classified as available-for-sale is recognised in other comprehensive income.

An impairment loss in respect of a financial asset disclosed at amortised cost is calculated as the difference between its carrying amount and the present value of expected future cash flows, determined based on the original effective interest rate. The loss is recognised in profit or loss.

The reversal of impairment of financial assets disclosed at amortised cost and available-for-sale financial assets that are debt instruments is recognised in profit or loss. An impairment loss may be reversed if such a reversal can be objectively related to an event occurring after the impairment was recognised.

Impairment of operating and other receivables

The adequacy of the disclosed amount of receivables is checked for each group of receivables. At least at the end of the financial year, receivables are tested for impairment or impairment reversal. An impairment recorded as adjustment is formed individually for individual significant receivables or collectively for receivables with a similar credit risk. Credit risk is assessed based on the classification of receivables into classes by maturity and experience from previous years with respect to the repayment of receivables from the same age group. Impairment adjustment increases other expenses from insurance operations.

Signs of impairment of reinsurance contracts are checked annually. These are impaired only if there

is objective evidence as a result of an event occurred after the initial recognition of the reinsurance asset that the Company may not be reimbursed for all amounts owed by reinsurers under the contract and if the event has a reliably measurable impact on the amounts which the Company will get reimbursed from the reinsurer. In the case of impairment of assets from reinsurance contracts, the effect of impairment is recognised in profit or loss.

2.5.4 Non-financial assets

Non-financial assets include investments in subsidiaries and associates, intangible assets, property, plant and equipment, investment property, right-of-use assets, non-current assets held for sale and other assets.

Accounting policies for investments in subsidiaries and associates are described in Section [2.5.1](#).

2.5.4.1 Intangible assets

Intangible assets include goodwill and other intangible assets.

Accounting policies for goodwill are described in Section [2.5.1](#).

At initial recognition, other intangible assets are recognised at cost. At subsequent measurement, intangible assets are disclosed at cost less accumulated amortisation and accumulated impairment loss.

The useful life of all other intangible assets of the Company and the Group is assessed as finite.

Intangible assets with a finite useful life are amortised over their useful life. Amortisation is calculated individually using the straight-line amortisation method for each item, with the exception of goodwill, which is not amortised. Intangible assets are amortised when they are available for use. Amortisation costs of intangible assets with a finite useful life are recognised in profit or loss.

The appropriateness of the amortisation period and the amortisation method of intangible assets with a finite useful life is assessed at least at the end of each reporting period. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

At least once a year, at the end of the reporting period, it is assessed whether there are any signs of impairment of intangible assets with a finite useful life. In the case of any signs of impairment, assets are impaired and losses recognised in profit or loss.

An intangible asset is derecognised upon disposal (i.e. the date on which the recipient acquires control of the asset) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Intangible assets also include deferred acquisition costs for non-life insurance contracts. An increase

or decrease in these costs is recognised in profit or loss as a change in unearned premium within net premium income. Deferred acquisition costs for life insurance contracts are considered in the calculation of mathematical provisions according to the Zillmer method. A change in deferred acquisition costs for life insurance contracts is recognised as a change in mathematical provisions.

2.5.4.2 Property, plant and equipment

Property, plant and equipment are accounted for using the cost model. At initial recognition, the cost includes the purchase price and all costs necessary to bring the asset to working condition for its intended use.

After initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated when they are available for use. Depreciation is calculated using the straight-line depreciation method. Residual value, useful life and depreciation methods of property, plant and equipment are checked at the end of each financial year and adjusted if necessary. Changes are treated as changes in estimates.

Assets under construction or in production are not depreciated until they are available for use. Depreciation of a property, plant and equipment asset ceases when it is derecognised.

A property, plant and equipment asset or any significant part that was initially recognised is derecognised upon disposal (i.e. the date on which the recipient acquires control of the asset) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss upon derecognition.

Maintenance and repair costs are recognised in profit or loss in the period in which they are incurred. Further investments that increase future economic benefits increase the value of property, plant and equipment.

Both the Group and the Company disclose the fair value of property, plant and equipment in the notes to the financial statements. The method of determining the fair value is described in more detail in Section [2.5.13](#).

2.5.4.3 Investment property

Investment property comprises land and buildings intended for lease. 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.

The guidelines on the recognition, valuation and derecognition method of investment property are the same as those for property, plant and equipment and are described in Section [2.5.4.2](#).

All income from investment property relates exclusively to leases and is disclosed in profit or loss under other income. Expenses from investment property relate to depreciation and maintenance costs of investment property and are disclosed under other expenses in profit or loss.

Both the Group and the Company disclose the fair value of investment property in the notes to the financial statements. The method of determining the fair value is described in more detail in Section [2.5.13](#).

2.5.4.4 Right-of-use assets

Whether a contract contains a lease is assessed at the inception of the contract. 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.

The Group and the Company use a uniform approach to recognition and measurement for all leases, except for short-term leases (up to 12 months) and leases of low-value assets (up to EUR 4,300).

An asset acquired under a lease is recognised as right-of-use assets and lease liabilities. Assets and liabilities are recognised in the amount of the present value of lease payments to be made in accordance with the concluded lease contract. Future lease payments are discounted at the interest rate implicit in the lease or at incremental borrowing rate if the interest rate implicit in the lease cannot be determined.

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 incremental interest rate is determined based on the interest rate for risk-free government bonds at the level of the individual country where the Group operates and the credit spread.

Right-of-use assets are measured using the cost model. The initial value of right-of-use assets is reduced over the life of the asset by depreciation and impairment losses and adjusted for remeasurement of the lease liability. After initial recognition, lease liabilities are increased by interest and decreased by lease payments.

The right-of-use assets and lease liabilities are disclosed in the statement of financial position as separate items.

Modifications related to leases may be a result of:

- modifications of agreed lease terms and conditions and
- modifications of accounting estimates related to leases.

Modifications of agreed lease terms and conditions relate to changes in the scope of lease, modifications of lease consideration or modifications of the lease term. In these cases, lease modification is calculated in two ways:

- the modification is treated as a separate lease.
- to modify the terms and conditions, the existing lease contract is amended.

Lease modification is treated as a separate lease only when it involves adding one or more underlying assets at a price applicable in the event of an independent lease of that added asset. In this case,

lease is accounted for as a separate lease, independently of the original lease, and the accounting for the original lease continues unchanged.

In contrast, if a modification is not a separate lease, the accounting reflects that there is a linkage between the original lease and the modified lease. The existing lease liability is remeasured as follows:

- The new amount of lease consideration is taken into account.
- In the case of adding a new asset, the total consideration is evenly distributed among all underlying leased assets.
- The new term of the lease is taken into account.
- When remeasuring lease liabilities, the new discount rate effective at the time of modification is taken into account.

On the other hand, based on the difference between the newly measured liability and the balance of liabilities before the modification, an appropriate adjustment is made to right-of-use assets, resulting in a change in the amount of depreciation.

In the event of a change in the accounting estimate in respect of leases, the lease liability is remeasured to take into account the new discount rate effective at the time of the modification. The amount from the remeasurement of the lease liability is recognised as an adjustment to the value of the right-of-use asset. If the carrying amount of a right-of-use asset is zero and the lease liability is further reduced, the remaining amount of remeasurement is recognised in profit or loss.

In the case of leases with an indefinite term, the term of the lease is assumed in accordance with the strategy period. The assessment of the contract term is reviewed every three years.

2.5.4.5 Non-current assets held for sale

Non-current assets held for sale are those non-financial assets whose value will be recovered through sale instead of through continuing use. The condition for the classification into the category of non-current assets held for sale is met when sale is highly probable and the asset is available for immediate sale in its present condition. The management is committed to a plan to sell the asset, which must be carried out within one year of the asset being classified into this category.

At recognition, non-current assets held for sale are measured at the lower of carrying amount before classification and fair value less costs to sell. Costs to sell are expenses that are directly attributable to the disposal of an asset (disposal group), excluding financial expenses and tax expenses.

The same applies to the subsequent measurement of these assets. An impairment loss from the initial or subsequent write-off of an asset to fair value less costs to sell or gains on subsequent increases in fair value less costs to sell which may not exceed any accumulated impairment loss.

When property, plant and equipment or intangible assets are classified as held for sale, they are no longer amortised. They are presented separately in the statement of financial position as non-current items.

2.5.4.6 Other assets

Other assets include materials inventories, short-term deferred expenses and accrued income. At initial recognition, inventories are measured at cost increased by direct costs of procurement. Materials inventories are recorded according to the FIFO method.

Short-term deferred costs or expenses are amounts that will impact profit or loss in the following accounting periods. They are accrued in order to ensure an even impact on profit or loss, or are deferred because they have already been paid but have not yet been incurred.

Other assets also include accrued income for goods and services supplied to clients whose performance obligations have already been met.

2.5.4.7 Impairment of non-financial assets

For all non-financial assets, except goodwill, the Group and the Company assess at each reporting date whether there are any signs of impairment. If there are signs of impairment, an impairment test is performed. An impairment test for goodwill is performed at the reporting date.

Assessment of impairment signs of non-financial assets

Signs of impairment of investments in subsidiaries are assessed on a quarterly basis. The assessment takes into account signs from external sources of information (significant changes in the environment with a negative impact on the company, changes in market interest rates and returns on assets that affect the recoverable amount of assets, unexpected falls in market values of assets, etc.) and from internal sources of information (statutory changes, changes in management, change in the volume of business, the company's deteriorated economic performance).

Signs of impairment of land and buildings (classified as property, plant and equipment, investment property or right-of-use assets) are assessed on a quarterly basis. The assessment takes into account signs from external sources (changes in the real property market) and internal sources (depletion, obsolescence, inability to lease or generate positive cash flows from operations).

If there are signs of impairment, an impairment test is performed, and the Group and the Company estimate the asset's recoverable amount. If the asset's carrying amount exceeds its recoverable amount, the asset is impaired.

Impairment test of investments in subsidiaries

The basis for performing an impairment test is IAS 36, which defines the recoverable amount of an asset or cash-generating unit as the higher of two items:

- fair value less costs of disposal or
- value in use.

Impairment tests of investments in subsidiaries are performed by external chartered and internal business valuator using valuation models, taking into account International Valuation Standards. The valuation procedure includes at least:

- an analysis of the wider environment of society (macroeconomic and institutional);
- an analysis of the immediate environment (insurance market and markets of other relevant activities);
- an analysis of the company's business model and operations;
- an analysis of the company's competitive position in the market;
- an analysis of the achievement of the plan in terms of the adequacy of planning or the ability to implement a new plan;
- the selection of appropriate methodology and valuation methods according to the standards, purpose (for accounting purposes) and subject of valuation (type of insurance);
- making and estimating assumptions consistent with the analysis;
- estimating the cost of capital based on market parameters;
- valuation;
- a sensitivity analysis of assumptions to valuation and estimated range.

The key bases and sources for valuation are:

- environmental data obtained from local regulatory institutions and statistical offices, the European Central Bank and the International Monetary Fund;
- an assessment of the income statement and the statement of financial position for the year in question, the business plan of each company approved by the supervisory body of each company for the year in question and the strategic plan of each company for the coming three-year period;
- documentation and information obtained from the management and other key persons of the company being valued;
- expert assessments of the relevant internal departments of Zavarovalnica Triglav and its subsidiaries or Group companies.

An impairment loss is measured as the difference between the asset's carrying amount and its recoverable amount and is recognised in profit or loss.

Impairment of non-financial assets is recognised in profit or loss.

Impairment test of land and buildings

In the case of individually material assets, an impairment test is performed individually. The impairment test of the remaining assets is carried out at the level of cash-generating units.

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 method. The valuation is 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 based on 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.

For non-financial assets, an assessment is made at each reporting date to determine whether there is any indication that impairment losses previously recognised no longer exist or have decreased. If any such indication exists, the recoverable amount of the asset is estimated. A previously recognised impairment loss is reversed only if the assumptions used to determine the asset's recoverable amount have changed since the last impairment loss was recognised. A reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined without depreciation, if no impairment loss had been recognised for the asset in previous years. Such reversal is recognised in the income statement.

Goodwill impairment test

Due to the need for impairment, goodwill is tested for impairment annually at the reporting date. In accordance with IAS 36, it is assessed whether there are any signs of impairment of the cash-generating unit to which goodwill was allocated. The impairment testing and the assessment of required impairment is performed by assessing the recoverable amount of this cash-generating unit using the discounted cash flow method. If the recoverable amount exceeds the carrying value, goodwill is not impaired.

The key assumptions included in the calculation of the recoverable amount are the cash flows realised and comparison with planned, expected cash flows based on available management plans and the discount rate calculated as the required rate of return using the CAMP model.

Goodwill impairment is recognised in profit or loss.

2.5.5 Equity and subordinated liabilities

Share capital equals the nominal value of paid-up ordinary shares denominated in euros. If the Company or a subsidiary acquires treasury shares, i.e. Zavarovalnica Triglav's shares, their value is disclosed as a deductible item of the Group's equity. In accordance with the requirements of the Companies Act (ZGD-1), treasury share reserves are created in the same amount.

Share premium are payments above the nominal amounts of shares or other capital payments in line with the Articles of Association. The effects of acquisition of non-controlling interests are also recognised in the consolidated financial statements under share premium.

The Company's reserves from profit are statutory, legal and other reserves from profit and treasury share reserves. The Company's legal reserves are created and used in accordance with the ZGD-1. Together with share premium, they must equal at least 10% of the share capital. This is the Company's tied-up capital set aside to protect the creditor's interests. The Company's statutory reserves are created in the amount that equals up to 20% of the share capital. The Company creates statutory reserved based on a decision by the Management Board to allocate up to 5% of net profit in a financial year to statutory reserves, decreased by any amounts used to cover retained loss, legal reserves and reserves from profit. Statutory reserves may be used to cover net loss for the year and loss brought forward, for treasury share reserves, increase share capital from the Company's assets and regulate the dividend policy.

In accordance with the ZGD-1, the Company's Management Board may allocate up to one half of the amount of the net profit remaining after the appropriation of the profit for the purposes required by law to create other reserves.

Reserves of subsidiaries are formed and used in accordance with the legislation of the countries in which these companies operate.

Subordinated liabilities include subordinated debt instruments for which it was agreed in the underlying agreements to be paid last in the event of the bankruptcy or liquidation of the company that issued these securities. Subordinated liabilities are measured at amortised cost in the financial statements.

2.5.6 Employee benefits

Employee benefits comprise provisions for jubilee and retirement benefits and unused leave. Provisions for jubilee and retirement benefits are calculated using the actuarial valuation method, i.e. the projected unit credit method or the accrued benefits based on service method. In line with IAS 19, the calculation is based on the following actuarial assumptions:

- demographic assumptions (mortality and early termination of employment);
- financial assumptions:
 - the discount rate taking into account the yield on government securities at the balance sheet date and
 - wage growth taking into account inflation, age, promotion and other factors such as supply and demand in the employment market.

Provisions for unused leave are calculated as the value of gross wage plus taxes for the period of unused leave. Provisions are undiscounted.

Changes in provisions for employee benefits due to payments and new provisions made are recognised in profit or loss 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.

2.5.7 Operating and financial liabilities

Operating liabilities are recognised in the statement of financial position when the payment of a liability results from a contractual obligation. Operating liabilities are disclosed at amortised cost.

At initial recognition, financial liabilities are measured at cost based on the relevant documents on their origin. They are decreased by paid amounts and increased by accrued interest. Financial liabilities are disclosed at amortised cost in the financial statements. Interest paid on loans taken is recognised as expense and accordingly accrued over the term of the underlying loan.

2.5.8 Income and expenses from financial investments

Income from financial investments comprises interest income, dividends, changes in fair value, gains on disposal and other income from financial investments. Expenses from financial investments comprise expenses from impairment of financial investments, losses on disposal and other expenses from financial assets.

Interest income is recognised in profit or loss using the effective interest method, except for financial assets classified at fair value through profit or loss.

Income from dividends is recognised in profit or loss when it is authorised for payment.

Income and expenses due to changes in fair value of financial assets relate to the results of subsequent measurement of the fair value of financial assets measured at fair value through profit or loss.

Gains and losses on disposal of financial assets relate to the derecognition of financial assets other than financial assets measured at fair value through profit or loss. Gain is the difference between the carrying amount of a financial asset and its sales price.

Income and expenses from financial investments include net unrealised gains and losses on unit-linked life insurance assets. These income and expenses represent changes in the fair value of unit-linked life insurance assets.

2.5.9 Other income and expenses

Other income includes income from investment property, income from intangible assets and property, plant and equipment, other income not directly related to insurance operations and sales income from non-insurance companies. They relate to income from contracts with clients that is

recognised upon the transfer of control of 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.

Other expenses include other expenses not directly related to insurance operations and operating expenses of non-insurance companies. Other expenses also include financial 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 profit or loss when the service is provided.

2.5.10 Government grants and government assistance

Funds received directly or indirectly by a company from the state, government agency or similar bodies at local, national or international levels are considered government grants 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 profit or loss as income over the period 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 profit or loss 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.

2.5.11 Operating expenses

Gross operating expenses are recognised as original expenses by nature. Expenses are classified by function in profit or loss. Claim handling expenses are an integral part of claims incurred and asset management costs are an integral part of expenses for investments, whereas acquisition costs and other operating expenses are disclosed separately. Total operating expenses are disclosed by nature and function in disclosures.

2.5.12 Taxes and deferred taxes

Tax expense comprises current tax expense and deferred tax income or expense.

Short-term income tax assets and liabilities are measured at the amount expected to be paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those effective as at the reporting date in the countries where the Group and the Company operate and earn taxable profit.

Deferred tax assets and liabilities are calculated for temporary differences between the value of assets and liabilities for tax purposes and their carrying amount.

Deferred tax assets are recognised for all deductible temporary differences, transfer of unused tax credits and any unused tax losses. Deferred tax assets are recognised if it is probable that taxable profit against which deductible temporary differences can be utilised and the transfer of unused tax credits and losses will be available, except:

- if the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination and which, at the time of the transaction, does not affect either the accounting or the taxable profit;
- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are only recognised to the extent that it is probable that the reversal will not occur in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilised.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which deferred tax assets will be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profits will be available against which the deferred tax assets can be utilised.

In assessing the collectability of deferred tax assets, the Group and the Company rely on the same assumptions that they use in other parts of the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- if the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination and which, at the time of the transaction, does not affect either the accounting or the taxable profit;
- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when it is possible to control the timing of the reversal of temporary differences and that it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted as at the reporting date.

The effects of the recognition of deferred tax assets and liabilities are recognised as income or expense in profit or loss, except when the tax arises from an event recognised in 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 case of consolidation, temporary differences arising from differences between the official financial statements of a subsidiary and the adjusted financial statements for consolidation purposes and those differences arising from consolidation procedures may be recognised.

2.5.13 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 participants at the measurement date. The measurement of the fair value of assets or liabilities takes into account their characteristics and assumes that the asset or liability is exchanged in an orderly transaction under current market conditions in the principal market or in the most advantageous market for those assets or liabilities.

Financial assets measured at fair value through profit or loss and available-for-sale financial assets are measured at fair value. Financial assets classified as loans and receivables and held-to-maturity financial assets are measured at amortised cost and their fair value is disclosed.

The fair value of financial instruments traded on regulated financial markets is determined based on quoted prices at the reporting date.

If there is no active market for a financial instrument, its fair value is measured by various valuation techniques. An active market is a market in which transactions between market participants take place frequently enough and to a sufficient extent to provide price information on a regular basis. Market activity, i.e. whether the market is active or not, is determined for each financial instrument according to the available information and circumstances. Factors that are important in assessing market activity include: the low number of transactions in a given time period, high volatility of quoted prices in a given time period or between different market makers, high price difference between supply and demand, the low number of market participants (fewer than 4). An important criterion, which includes all the above factors, for the activity of securities is the Bloomberg Valuation Service (BVAL) Score. Low scores of the indicator (below 3) indicate that the market is not active.

In determining the fair value of financial instruments, valuation methods are used at the comparable fair value of another instrument that has similar significant characteristics, as well as discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to determine the price of the instrument and if its reliability in estimating the prices obtained from actual market transactions has been demonstrated, such a technique will be used. The assumptions and estimates used contain certain risks regarding their actual fulfilment in the future. In order to reduce these risks, the assumptions and estimates used are tested in various ways (e.g. comparison of assumptions or estimates with the sector/industry, individual market companies and similar). In addition, when calculating the range of estimated value of an individual investment,

a sensitivity analysis is performed for key value drivers such as: net sales income, the EBITDA margin, the financial intermediation margin, the rate of return on financial investment portfolio, operating expenses to total assets, cash flow growth over the forecast period and the discount rate. The discounted cash flow method uses estimated future cash flows and discount rates that reflect interest rates for comparable instruments.

If the fair value of financial instruments cannot be measured reliably, they are measured at cost (amount paid or received), plus any costs incurred in the transaction.

Investments in associates and joint ventures are also measured at fair value in the Company's separate financial statements. For associates and joint ventures whose values are not listed on the stock exchange or for which there is no active market, a valuation model is used (the guideline public company method, the comparable transaction analysis, discounted cash flows, the contractual value).

For the purpose of disclosing fair value, the fair value of non-financial assets is also assessed, taking into account the 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.

In assessing the fair value of own-use land and buildings and investment property, the income capitalisation approach, the market approach and the analysis of the most economical use for development land are used. The most important parameters included in the calculation are market prices of comparable real property and the capitalisation rate. Fair value is estimated by internal and external chartered business valuers, taking into account International Valuation Standards.

When estimating the fair value of a subordinated bond issued, the price according to the model (the discounted cash flow method) is taken into account, as the management assessed that the market was not active.

The fair value hierarchy is used to disclose the method of determining the fair value of assets and liabilities. This is determined by the inputs to the valuation technique used to measure fair value.

- Level 1 inputs: unadjusted quoted prices in active markets under IFRS 13 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.

The valuation techniques and market inputs used to develop 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 0.88%	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 1.71% 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)	16.1% - 36.11%	
		Discount rate	9.29% - 11.18%	
		Lack of marketability discount	6.5% - 18%	
	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	Income approach, market approach, land residual method (analysis of the most economical use of development land)	Capitalisation rate, market prices of comparable real property	7.5% - 15% depending on risk/location	Level 3
Investment property			Market values based on information available	

The fair value of assets and liabilities is shown in section [5.1](#).

2.6 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in line with IFRS requires the use of judgments, estimates and assumptions that affect the value of reported assets and liabilities at the reporting date and the amount of income and expenses in the reporting period. Although the estimates used are based on the best knowledge of current events and activities, the actual results may differ from the estimates. Estimates and assumptions are reviewed regularly and their adjustments are recognised in the period of the change.

The following is a summary of the accounting judgments, estimates and assumptions used in the preparation of the financial statements of the Group and the Company. Accounting policies for items subject to judgments and estimates are described in Section 2.5. The estimates used in the preparation of the financial statements for the financial year ended 31 December 2021 are presented in Section 3.

Item in the financial statements / content	Accounting judgement / estimate	Assumptions and sources of uncertainty	Accounting policy	Assumptions and estimates used
Going concern	The judgement of the Group and the Company as a going concern is prepared based on an assessment of the risks and uncertainties to which the Group and the Company are exposed.	Assumptions about future risk exposure and uncertainty in the business environment. A sensitivity analysis of the Group's and the Company's profitability, financial position and liquidity to risks and uncertainties.	N/A	The section on risks, 2.7
Investments in subsidiaries	Investments in subsidiaries are investments in companies that are directly or indirectly controlled by Zavarovalnica Triglav. A significant judgement is the judgement of whether the conditions of control in an individual company are met.	The existence of influence on the company based on voting rights or contractual agreements. Exposure to variable return. Impact on return via impact on the company.	2.3 2.5.1.1	3.5
Investments in subsidiaries	Investments in subsidiaries are measured at cost in the Company's separate financial statements. A significant judgement is the judgement of whether there are any signs of impairment of these investments. If any sign of impairment exists, the significant accounting estimate relates to the calculation of the required impairment at the balance sheet date.	Assumptions about the wider and immediate environment of the company and the company's position in the market, assumptions about the adequacy of the business model, predictions about the company's future operations and its ability to implement plans, assumptions about the cost of capital and the long-term growth rate.	2.5.1.1 2.5.4.7	3.5
Investments in associates and joint ventures	Investments in associates and joint ventures are measured at fair value in separate financial statements. A significant estimate is the estimate of the fair value of these investments when their values are not quoted on the stock exchange.	The estimate of comparable public companies, the estimate of comparable stock market transactions, the estimate of expected cash flows, discount rates and long-term growth rates.	2.5.1.2 2.5.13 5.1	3.6
Goodwill	At initial recognition, goodwill is measured at cost and subsequently assessed for impairment annually. The amount of the required impairment is a significant estimate in the Group's financial statements.	Assumptions about the company's future operations and its ability to achieve the set goals, the estimate of the convergence of markets towards more developed ones, expected economic trends, discount rate, the estimate of the necessary premium for specific risks.	2.5.4.7	3.1
Classification of contracts	Contracts concluded by the Group and Company are classified as insurance or financial contracts according to their characteristics. The estimate of whether a contract is an insurance or financial contract has a significant effect on the further measurement and disclosure of related items in the financial statements.	The assumption of material underwriting risk in relation to additional payouts in the event of a loss event.	2.5.2.1	N/A
Unearned premium and provisions for unexpired risks	When preparing the financial statements, it is assessed whether the Group or the Company created unearned premium in an adequate amount. In the event that unearned premium is not formed in an adequate amount, an estimate is made of the required amount of provisions for unexpired risks.	Assumptions about the claims ratio, assumptions about future gross claims and gross future expenses.	2.5.2.4	3.16
Claims provisions	Claims provisions are made to cover claims incurred but not settled by the end of the accounting period. Claims provisions are calculated using the actuarial methods that take into account the pattern of claim settlement in the past and predictions about future trends. Claim provisions are a significant estimate in the financial statements.	Predictions of future claim trends. Assumptions about mortality, longevity and morbidity, indexation and discount rate for annuity claims.	2.5.2.4	3.16
Mathematical provisions	Mathematical provisions are created to cover life insurance liabilities. They are calculated using actuarial methods and are a significant estimate in the financial statements.	Assumptions about mortality, longevity and morbidity, interest rate, guaranteed technical interest rate.	2.5.2.4	3.16
Mathematical provisions	The adequacy of created life insurance provisions is checked annually using the liability adequacy test (LAT), which is based on the best estimate of provisions, taking into account the present value of the best estimated future expected contractual and other cash flows and is performed at the level of individual insurance contracts.	Assumptions about mortality, longevity and morbidity, assumptions about portfolio persistency, expenses, increase in insurance premium, expected returns and discount rates, profit participation and annuity factor guarantees.	2.5.2.4	3.17
Financial investments	Financial investments are measured at fair value in the financial statements or their fair value is disclosed. The fair value of financial investments is a significant accounting estimate when the fair values of investments are not quoted on the active market (stock market).	The estimate of comparable stock market transactions, interest rate curves, credit spreads, interest rate volatility, stock index volatility, the estimate of expected cash flows, discount rates and growth rates.	2.5.3.1, 2.5.13	3.7, 5.1

Item in the financial statements / content	Accounting judgement / estimate	Assumptions and sources of uncertainty	Accounting policy	Assumptions and estimates used
Available-for-sale financial investments, financial investments valued at amortised cost, investments in associates	A significant judgement is the judgement of whether there are any signs of impairment of these investments. If any sign of impairment exists, the significant accounting estimate relates to the calculation of the required impairment at the balance sheet date.	Assumptions of expected cash flows, the estimate of what is a significant and what is a long-term decline in the value of financial instruments.	2.5.3.1, 2.5.3.4	3.7
Receivables	Receivables are disclosed in the financial statements at amortised cost, and when preparing the financial statements it is assessed whether the receivables are impaired. A significant judgement is the judgement of credit risk associated with specific receivables or a group of receivables, and a significant estimate is the estimate of the necessary impairment.	Assumptions about the recoverability of receivables based on experience from past years.	2.5.3.2, 2.5.3.4	3.10
Intangible assets, property, plant and equipment, investment property	Property, plant and equipment and investment property are disclosed in the financial statements using the cost model. A significant estimate that affects the amount of amortisation expense is the estimated useful life of assets.	Expected physical wear and tear, technical and economic ageing of the asset. Expected legal or other restrictions of use.	2.5.4.1, 2.5.4.2, 2.5.4.3	3.1, 3.2, 3.3
Property, plant and equipment, investment property	Property, plant and equipment and investment property are disclosed in the financial statements using the cost model. The fair value of these assets, which is determined for disclosure purposes, is a significant estimate.	Market prices of comparable real property, the expected rates of return on real property (potential market rent and stabilised income), the capitalisation rate.	2.5.4.2, 2.5.4.3, 2.5.13	3.2, 3.3
Property, plant and equipment, investment property	Property, plant and equipment and investment property are disclosed in the financial statements using the cost model. When compiling the financial statements, it is assessed whether there are any signs of impairment of these assets. In any sign of impairment exist, an estimate of the necessary impairment is a significant accounting estimate.	Market prices of comparable real property, the expected rates of return on real property (potential market rent and stabilised income), the capitalisation rate.	2.5.4.2, 2.5.4.3, 2.5.4.7	3.2, 3.3
Assets and liabilities from received leases	The amount of leased assets and related financial liabilities is measured upon recognition at the present value of future lease payments. A significant estimate in determining the amount of assets and liabilities is the assumed discount rate, and in the case of assets leased for an indefinite term also the estimate of lease term.	Assumption of interest rate and the necessary mark-ups. The expected lease term.	2.5.4.4	3.4
Deferred tax assets	Deferred tax assets are recognised in the financial statements if it is probable that taxable profit against which deductible temporary differences can be utilised and the transfer of unused tax credits and losses will be available. The judgement of the justification of created deferred tax assets is a significant accounting judgement.	Assumptions about the future profitability of the Group's companies and Zavarovalnica Triglav.	2.5.12	3.21
Employee benefits	The calculation of provisions for termination and jubilee benefits is based on an actuarial valuation method and therefore is a significant estimate in the financial statements.	Demographic assumptions (mortality, early termination of employment) and financial assumptions (discount rate, wage growth, inflation).	2.5.6	3.19

2.7 Risk Management

Awareness of the risks to which individual companies are exposed is key to their security and financial stability. The Triglav Group has four major sets of financial risks occurring in its operations: underwriting, market, credit and liquidity risks.

They are summarised below, including the nature of exposure, measurement methods and references to the relevant section in the annual report where additional information can be found.

2.7.1 Overview of material risks to which the Company and the Group are exposed

Risk type and reference	Nature of exposure	Method of measurement	Risk management
<i>Underwriting risk</i> Risk management, Sections 1.5 and 2.3, Accounting Report, Sections 3.17	Premium risk Provision risk Lapse risk Catastrophe risk Concentration risk Low frequency and high severity risks Life expense risk Mortality risk Longevity risk Premium and provision risks	Sensitivity analysis LAT Overview of concentrations	Analysis of premium and provision risk volatility, regular monitoring of low frequency and high severity risks, liability adequacy test (LAT).
<i>Market risk</i> Risk management, Sections 1.5 and 2.4	Interest rate risk Equity risk Property risk Spread risk Currency risk Market concentration risk	Sensitivity analysis Asset-liability matching analysis Overview of concentrations	Appropriate diversification of the investment portfolio, regular matching of assets and liabilities, regular assessment of market risks according to established methods, the limit system.
<i>Credit risk</i> Risk management, Sections 1.5 and 2.5	Investment risk Risk from reinsurance contracts Risk from insurance contracts	Maturity analysis Overview of concentrations	The analysis of the credit quality of partners, adequate 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, the limit system.
<i>Liquidity risk</i> Risk management, Sections 1.5 and 2.6	The risk of inappropriate assets in terms of their nature, duration and liquidity compared to liabilities	Maturity of assets and liabilities	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.

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2.7.2 The impact of the COVID – 19 epidemic on individual items in the financial statements

2.7.2.1 The impact of COVID-19 on the insurance portfolio

Insurance premium

The COVID-19 epidemic also marked the sale of insurance to both legal entities and natural persons in 2021.

In the segment of selling insurance to natural persons, clients were more sensitive to prices, especially with respect to motor vehicle insurance. Due to lower vehicle use and consequently lower risk exposure, clients expected a reduction in premium. With regard to travel insurance, the effects of the epidemic resulted in lower demand for these insurance policies. In order to maintain the existing insurance portfolio, certain benefits were offered to clients. Clients were less willing to visit an agent or a point of sale. Existing clients were effectively retained with intensified remote underwriting.

In the segment of selling insurance to legal entities, there was a lot of pressure to reduce the premium. Due to the uncertain market situation, companies were even more careful with their financial resources, which led to pressure to get higher discounts and to lower insurance covers.

Despite these problems, the COVID-19 epidemic did not have significant negative effects on the volume and structure of written premium, both at the level of the Company and the Group.

Receivables

In 2021, the Company continued to actively monitor the creditworthiness of its debtors. As the share of uncollected receivables did not significantly increase, it is assessed that the impairment criteria adequately reflect the actual recoverability of receivables. In 2021, expenses for impairment of receivables in the amount of EUR 1.9 million (compared to EUR 4.5 million in 2020) were recognised at Group level and expenses for impairment of receivables in the amount of EUR 1.2 million (compared to EUR 3.0 million in 2020) at the Company level.

Claims

In the segment of non-life insurance claims, the COVID-19 epidemic mainly affected the decline in reports of new claims from insurance subclasses, which require a person's activity or movement (e.g. motor vehicle claims, liability claims), which had a positive impact on the business results of this segment.

In the segment of life insurance claims, the impact of the epidemic on business results was relatively small. The Company recorded just under 300 deaths due to the COVID-19 epidemic, but their impact on operations was small due to relatively low insurance covers. However, the trend of the low number of claims from complementary accident insurance did not continue in 2021, which had a positive effect on the result in 2020 as a result of restrictive measures. The Company's underwriting result in life insurance was thus comparable to pre-epidemic results.

At Group level, due to the life insurance portfolio's structure, the epidemic had a negative impact on the business results of Triglav Osiguranje, Belgrade and Lovćen Životna Osiguranja, Podgorica. Triglav, Zdravstvena zavarovalnica d.d., which is active in the supplemental health insurance market in Slovenia, recorded a large decline in claims due to measures designed to curb the COVID-19 epidemic.

Reinsurance

The COVID-19 epidemic also had an impact on the reinsurance and international insurance environments as it raised awareness of the need to introduce safeguards in insurance contracts that would eliminate or limit communicable disease riders. This especially applies to contracts based on the principle of exclusion.

In the domestic market, most reinsurance contracts are concluded according to the concept of risks, therefore the impact of the COVID-19 epidemic is relatively small. In order to manage the risk from the communicable disease rider, adjusted clauses were embedded in reinsurance contracts underwritten in foreign markets.

2.7.2.2 The impact of COVID-19 on insurance technical provisions

The COVID-19 epidemic did not affect the assumptions used in the calculation of insurance technical provisions for non-life insurance. When creating mathematical provisions for life insurance, it was assumed that the long-term impact of the COVID-19 epidemic on mortality would be relatively small, while the long-term impact of COVID-19 was not anticipated in complementary insurance covers. In health insurance, the consequences of the COVID-19 epidemic had a significant impact on the formation of insurance technical provisions from supplemental health insurance. In order to implement the provisions of the Act Determining Temporary Measures to Mitigate and Remedy the Consequences of COVID-19 (ZZUOOP, also PKP5) and taking into account the guidelines of the European insurance supervisory authority EIOPA, other insurance technical provisions were created. Additional provisions are intended to cover not yet incurred or future loss events arising from the shortfall in supplemental health insurance claims in 2020 and 2021 due to the epidemic. In 2020, EUR 18.1 million was created, and in 2021 an additional EUR 3.9 million, which is a total of EUR 22 million. Details are presented in Section 3.18 in the context of the liability adequacy test for health insurance provisions.

2.7.2.3 The impact of COVID-19 on investment portfolios and return on investment

In addition to the recovery of individual economies, the climate in the capital markets in 2021 was significantly affected by the epidemiological and health situation related to the COVID-19 epidemic.

Changes in the financial markets and the situation related to the COVID-19 epidemic at the Company and the Group level did not lead to significant changes in the structure of investment portfolios, but adjustments were made to shares of individual asset classes.

The COVID-19 epidemic did not affect the assumptions used in testing the impairment of investments. The impact of the epidemic is implicitly taken into account in the business plans of companies whose ownership stakes in Zavarovalnica Triglav's portfolio are subject to model-based valuation.

2.7.2.4 The impact of COVID-19 on leases

The COVID-19 epidemic did not significantly affect lessee and lessor relationships, nor did it result in cancellations or modifications in lease relationships on either side. The Company and the Group did not receive significant amounts of lease payments from their lessors, nor did they grant these to their lessees. Lessee payment discipline is regularly monitored, and it was estimated that the COVID-19 epidemic did not significantly affect it.

2.7.2.5 Government grants related to the COVID-19 epidemic

The countries in which the Group members operate continued to adopt various emergency measures designed to mitigate the consequences of the epidemic in 2021. Emergency measures mainly related to the reimbursement of salary compensation paid or exemption from the payment of social security contributions during the absence of workers due to force majeure and the reimbursement of various expenses. In 2021, a total of EUR 127 thousand of such government grants was received by the Company and EUR 195 thousand at Group level.

2.8 Tax policy

The Triglav Group regularly reviews and carefully implements processes for identifying, assessing, monitoring and managing tax risks, and if necessary, engages external tax consultants. In the process of tax liability management, the Group's strategy is pursued, with the main emphasis being on safety and reliability. In cooperating with tax authorities, the Group is committed to transparency and responsiveness and to an open and early dialogue. It responds to all inquiries, information or requests in a timely manner.

The Group's key tax policies are:

- compliance with tax laws and regulations governing taxation,
- adapting to new digital business guidelines and
- clarity and transparency in communicating about tax matters to various stakeholders.

At Zavarovalnica Triglav, its Accounting Division is responsible for taxation. Individual Group members are responsible for ensuring compliance with local tax laws, regularly reporting on all tax matters to Zavarovalnica Triglav's Accounting Division. Tax rates by different countries where the Group members operate are presented in Section [2.1.4](#).

The amount of taxes and contributions calculated by individual type is shown below.

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Insurance premium tax	55,497,420	50,305,506	45,732,765	41,216,351
Fees from income of natural persons (employer's contributions and taxes)	34,312,596	27,111,965	14,829,707	13,761,227
Corporate income tax	20,082,226	18,997,540	11,928,064	13,627,538
Fire fee	5,162,084	4,885,827	4,600,869	4,400,353
Value added tax	3,878,207	4,595,183	1,315,778	1,741,219
Fee for the use of building land	992,342	827,968	717,619	722,112
Financial services tax	725,015	501,709	89,774	92,995
Other fees	232,516	335,453	0	0
Total fees charged in the year	120,882,406	107,561,151	79,214,576	75,561,795

2.9 Segment reporting

2.9.1 Triglav Group segments

Zavarovalnica Triglav's management monitors the operations of the Triglav Group by business segment and geographical segment.

Business segments are individual components of the Group's operations that differ from other business segments by nature of transaction, type of service and business risks. Business segments for which the Company's management separately monitors business results and makes decisions on the allocation of resources are non-life insurance, life insurance, health insurance and non-insurance operations.

Geographical segments are components of the Group's operations that differ from other geographical segments, mainly in terms of geographical location, economic and regulatory environment, which are subject to different returns and risks. The Company's management separately monitors business results and makes decisions on the allocation of resources for the Slovenian market and separately for foreign markets.

All components of the Group's operations are included in one of the business segments and in one of the geographical segments.

The results of a specific business and geographical segment are assessed based on the profit or loss achieved by that segment; in addition, the management monitors the amount of assets and liabilities of specific segments. All income and expenses items are included in the determination of profit or loss, and all assets and liabilities items of the Group are included in the monitoring of the amount of assets and liabilities of specific segments.

Income and expenses are allocated directly to each segment, but if this is not possible, allocation keys are adopted for this purpose.

Income and expenses from insurance operations are recorded in the accounting records by specific insurance class, which are then aggregated into insurance groups. Other income and expenses and costs are recorded in the accounting records by specific insurance group and separately for the Slovenian market and foreign markets. They are classified in specific insurance groups partly directly and partly through defined allocation keys.

Income and expenses from operations of non-insurance companies are fully disclosed under other income or expenses.

Assets and liabilities are allocated directly to each segment and are already kept separately in the accounting records by insurance group and geographical segment.

The management monitors the operations of individual segments at the level of non-consolidated financial statements of individual companies, which are summed up for the purposes of analysing the entire financial statements of the Group, without taking into account eliminations from consolidation.

The statement of financial position and the income statement by business and geographical segment are shown below for the reporting and the preceding year.

in EUR

Statement of financial position	31 December 2021						
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	2,121,657,494	2,293,277,858	106,463,985	207,038,314	4,728,437,651	-354,084,035	4,374,353,616
Intangible assets	80,112,808	8,377,752	663,298	18,030,557	107,184,415	0	107,184,415
Property, plant and equipment	90,588,295	10,233,472	2,062,448	5,770,997	108,655,212	0	108,655,212
Deferred tax assets	110,869	101,004	421,898	293,654	927,425	0	927,425
Investment property	46,340,133	1,773,064	0	22,974,761	71,087,958	4,023,015	75,110,973
Right of use assets	11,276,046	960,258	500,797	2,750,469	15,487,570	-4,554,461	10,933,109
Investments in subsidiaries	126,066,794	13,438,187	0	70,917,798	210,422,779	-210,422,779	0
Investments in associates	35,591,376	439,970	0	0	36,031,346	0	36,031,346
Financial assets	1,213,722,046	2,211,229,231	92,219,328	42,731,707	3,559,902,312	-2,584,674	3,557,317,638
Financial investments	1,213,722,046	1,591,611,743	92,219,328	42,731,707	2,940,284,824	-2,584,674	2,937,700,150
- loans and deposits	67,343,910	31,324,538	0	2,020,763	100,689,211	-2,584,674	98,104,537
- held to maturity	0	157,560,733	0	0	157,560,733	0	157,560,733
- available for sale	1,134,439,152	870,239,658	92,219,328	40,710,944	2,137,609,082	0	2,137,609,082
- recognised at fair value through profit and loss	11,938,984	532,486,814	0	0	544,425,798	0	544,425,798
Unit-linked insurance assets	0	619,617,488	0	0	619,617,488	0	619,617,488
Reinsurers' share of technical provisions	245,721,499	5,789,488	3,140,932	0	254,651,919	-79,812,029	174,839,890
Receivables	250,038,638	4,281,888	5,792,983	12,889,452	273,002,961	-60,626,052	212,376,909
- receivables from direct insurance operations	110,522,961	1,647,367	5,344,333	61,240	117,575,901	-720,694	116,855,207
- receivables from reinsurance and coinsurance operations	114,992,337	196,218	281,728	0	115,470,283	-48,269,351	67,200,932
- current tax receivables	924,396	13,330	0	3,189,658	4,127,384	0	4,127,384
- other receivables	23,598,944	2,424,973	166,922	9,638,554	35,829,393	-11,636,007	24,193,386
Other assets	3,080,138	1,000,430	314,179	555,333	4,950,080	-107,055	4,843,025
Cash and cash equivalents	18,810,948	35,653,114	1,348,122	26,509,446	82,321,630	0	82,321,630
Non-current assets held for sale	197,904	0	0	3,614,140	3,812,044	0	3,812,044
EQUITY AND LIABILITIES	2,121,657,494	2,293,277,858	106,463,985	207,038,314	4,728,437,651	-354,084,035	4,374,353,616
Equity	743,587,952	168,107,999	40,652,405	185,914,932	1,138,263,288	-205,276,419	932,986,869
Controlling interests	743,587,952	168,107,999	40,652,405	185,914,932	1,138,263,288	-207,752,064	930,511,224
- share capital	113,689,614	55,543,349	20,822,144	103,344,414	293,399,521	-219,698,129	73,701,392
- share premium	43,511,478	13,658,827	0	21,061,946	78,232,251	-27,948,504	50,283,747
- reserves from profit	369,676,651	47,734,549	1,853,961	1,598,175	420,863,336	770,623	421,633,959
- 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	52,410,528	6,571,912	813,221	19,058,145	78,853,806	-1,019,528	77,834,278
- net profit brought forward	115,164,702	36,678,335	11,403,820	33,876,580	197,123,437	37,465,557	234,588,994
- net profit for the year	51,103,020	8,814,962	5,759,259	6,673,325	72,350,566	3,089,281	75,439,847
- currency translation differences	-1,968,041	-893,935	0	-62,333	-2,924,309	-46,684	-2,970,993
Non-controlling interests	0	0	0	0	0	2,475,645	2,475,645
Subordinated liabilities	49,471,831	0	0	0	49,471,831	0	49,471,831
Insurance technical provisions	1,130,247,082	1,472,413,320	53,551,980	0	2,656,212,382	-79,843,998	2,576,368,384
- unearned premiums	386,311,527	454,613	3,614,672	0	390,380,812	-20,337,087	370,043,725
- mathematical provisions	0	1,432,613,660	0	0	1,432,613,660	0	1,432,613,660
- claims provisions	711,964,825	23,114,787	16,058,686	0	751,138,298	-56,639,987	694,498,311
- other insurance technical provisions	31,970,730	16,230,260	33,878,622	0	82,079,612	-2,866,924	79,212,688
Insurance technical provisions for unit-linked insurance contracts	0	622,303,399	0	0	622,303,399	0	622,303,399
Employee benefits	13,617,610	2,335,076	872,627	846,820	17,672,133	0	17,672,133
Other provisions	1,053,458	26,518	182,905	1,249,655	2,512,536	0	2,512,536
Deferred tax liabilities	2,186,148	1,914,479	0	5,288,143	9,388,770	-11,736	9,377,034
Other financial liabilities	4,871,905	25,666	0	810,018	5,707,589	-2,621,942	3,085,647
Operating liabilities	98,011,738	8,890,090	6,073,859	27,549	113,003,236	-49,661,578	63,341,658
- liabilities from direct insurance operations	6,949,487	8,165,901	5,518,766	0	20,634,154	-1,183,597	19,450,557
- liabilities from reinsurance and co-insurance operations	88,834,137	697,681	187,628	0	89,719,446	-48,477,981	41,241,465
- current tax liabilities	2,228,114	26,508	367,465	27,549	2,649,636	0	2,649,636
Lease liabilities	11,606,194	904,600	510,009	2,935,103	15,955,906	-4,681,100	11,274,806
Other liabilities	67,003,576	16,356,711	4,620,200	9,966,094	97,946,581	-11,987,262	85,959,319
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

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Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
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
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

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Income statement	2021					2020				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
Net premium income	677,079,548	244,584,435	198,182,068	0	1,119,846,051	643,779,552	227,378,645	195,596,628	0	1,066,754,825
- gross written premium	904,500,010	250,160,945	198,314,595	0	1,352,975,550	807,244,322	230,817,653	195,713,390	0	1,233,775,365
- ceded written premium	-215,369,686	-5,580,189	0	0	-220,949,875	-156,597,482	-3,424,867	0	0	-160,022,349
- change in unearned premium reserve	-12,050,776	3,679	-132,527	0	-12,179,624	-6,867,288	-14,141	-116,762	0	-6,998,191
Income from investments in subsidiaries and associates	1,093,864	0	0	350,190	1,444,054	249,555	0	0	187,055	436,610
- profit on equity investments accounted for using the equity method	1,093,864	0	0	350,190	1,444,054	249,555	0	0	187,055	436,610
- other income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	0	0
Income from investments	23,313,042	131,084,839	881,499	59,791	155,339,171	34,823,751	86,989,555	781,928	484,215	123,079,449
- interest income calculated using the effective interest method	10,513,512	23,153,778	569,890	44,099	34,281,279	13,274,816	28,148,701	585,048	47,237	42,055,802
- gains on disposals	6,288,821	9,795,552	203,031	13,936	16,301,340	17,065,688	22,562,061	151,048	384,092	40,162,889
- other income from investments	6,510,709	98,135,509	108,578	1,756	104,756,552	4,483,247	36,278,793	45,832	52,886	40,860,758
Other income from insurance operations	46,745,180	1,976,072	73,048	0	48,794,300	39,882,940	1,056,365	67,688	0	41,006,993
- fees and commission income	36,966,451	1,949,637	0	0	38,916,088	29,643,684	1,006,073	0	0	30,649,757
- other income from insurance operations	9,778,729	26,435	73,048	0	9,878,212	10,239,256	50,292	67,688	0	10,357,236
Other income	11,211,689	428,125	109,532	41,584,714	53,334,060	7,275,430	93,730	105,839	36,138,978	43,613,977
Net claims incurred	363,348,949	185,440,722	166,239,117	0	715,028,788	359,449,906	172,435,721	151,746,148	0	683,631,775
- gross claims settled	393,254,881	185,673,862	157,651,307	0	736,580,050	380,855,243	172,878,283	143,710,042	0	697,443,568
- reinsurers' share	-42,961,049	-1,924,694	1,283	0	-44,884,460	-33,303,933	-975,656	659	0	-34,278,930
- changes in claims provisions	13,055,117	1,691,554	1,405,723	0	16,152,394	11,898,596	533,094	109,344	0	12,541,034
- equalisation scheme expenses for supplementary health insurance	0	0	7,180,804	0	7,180,804	0	0	7,926,103	0	7,926,103
Change in other insurance technical provisions (excluding ULI)	-503,642	-10,008,883	8,399,117	0	-2,113,408	-126,038	44,301,421	18,461,207	0	62,636,590
Change in insurance technical provisions for unit-linked insurance contracts	0	112,661,349	0	0	112,661,349	0	25,492,453	0	0	25,492,453
Expenses for bonuses and discounts	11,392,922	11,221	0	0	11,404,143	17,971,591	80,236	3,298,449	0	21,350,276
Operating expenses	209,838,574	41,771,953	15,247,381	0	266,857,908	190,362,748	36,323,110	14,226,877	0	240,912,735
- acquisition costs	155,114,037	26,761,666	3,035,467	0	184,911,170	138,295,231	21,650,359	3,583,376	0	163,528,966
- other operating costs	54,724,537	15,010,287	12,211,914	0	81,946,738	52,067,517	14,672,751	10,643,501	0	77,383,769
Expenses from investments in subsidiaries and associates	135,453	10,179	0	0	145,632	63,508	75,914	0	0	139,422
- loss on investments accounted for using the equity method	135,453	10,179	0	0	145,632	63,508	75,914	0	0	139,422
- other expenses from financial assets and liabilities	0	0	0	0	0	0	0	0	0	0
Expenses from investments	6,780,978	24,870,022	92,945	88,841	31,832,786	11,424,877	29,194,418	80,435	293,481	40,993,211
- loss on impairment of investments	29,285	4,343	0	0	33,628	1,629,354	72,430	0	269,518	1,971,302
- loss on disposal of investments	1,720,014	5,384,202	18,116	407	7,122,739	1,647,936	5,273,673	19,881	0	6,941,490
- other expenses from investments	5,031,679	19,481,477	74,829	88,434	24,676,419	8,147,587	23,848,315	60,554	23,963	32,080,419
Other insurance expenses	50,434,727	991,677	489,536	0	51,915,940	49,046,549	1,728,695	748,144	0	51,523,388
Other expenses	20,779,040	2,696,207	792,471	34,111,935	58,379,653	18,796,881	2,785,118	639,547	35,087,176	57,308,722
- expenses from financing	2,465,509	55,600	0	208,177	2,729,286	2,628,571	154,221	-11,408	166,117	2,937,501
- other expenses	18,313,531	2,640,607	792,471	33,903,758	55,650,367	16,168,310	2,630,897	650,955	34,921,059	54,371,221
Profit before tax	97,236,322	19,629,024	7,985,580	7,793,919	132,644,845	79,021,206	3,101,209	7,351,276	1,429,591	90,903,282
Income tax expense	15,130,729	974,805	1,469,393	2,104,225	19,679,152	13,356,181	1,410,070	1,051,914	1,420,419	17,238,584
NET PROFIT FOR THE PERIOD	82,105,593	18,654,219	6,516,187	5,689,694	112,965,693	65,665,025	1,691,139	6,299,362	9,172	73,664,698
Net profit/loss attributable to the controlling company	81,973,513	18,650,761	6,516,187	5,621,353	112,761,814	65,361,678	1,698,523	6,299,362	144,810	73,504,373
Net profit/loss attributable to the non-controlling interest holders	132,080	3,458	0	68,341	203,879	303,347	-7,384	0	-135,638	160,325

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Statement of financial position	31 December 2021				
	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	4,209,162,813	519,274,838	4,728,437,651	-354,084,035	4,374,353,616
Intangible assets	87,040,191	20,144,224	107,184,415	0	107,184,415
Property, plant and equipment	70,597,438	38,057,774	108,655,212	0	108,655,212
Deferred tax assets	702,993	224,432	927,425	0	927,425
Investment property	65,830,986	5,256,972	71,087,958	4,023,015	75,110,973
Right of use assets	7,819,804	7,667,766	15,487,570	-4,554,461	10,933,109
Investments in subsidiaries	204,614,572	5,808,207	210,422,779	-210,422,779	0
Investments in associates	36,031,346	0	36,031,346	0	36,031,346
Financial assets	3,267,043,376	292,858,936	3,559,902,312	-2,584,674	3,557,317,638
Financial investments	2,674,514,711	265,770,113	2,940,284,824	-2,584,674	2,937,700,150
– loans and deposits	50,234,018	50,455,193	100,689,211	-2,584,674	98,104,537
– held to maturity	149,195,563	8,365,170	157,560,733	0	157,560,733
– available for sale	1,947,934,174	189,674,908	2,137,609,082	0	2,137,609,082
– recognised at fair value through profit and loss	527,150,956	17,274,842	544,425,798	0	544,425,798
Unit-linked insurance assets	592,528,665	27,088,823	619,617,488	0	619,617,488
Reinsurers' share of technical provisions	201,524,459	53,127,460	254,651,919	-79,812,029	174,839,890
Receivables	205,351,678	67,651,283	273,002,961	-60,626,052	212,376,909
– receivables from direct insurance operations	79,378,490	38,197,411	117,575,901	-720,694	116,855,207
– receivables from reinsurance and coinsurance operations	97,809,626	17,660,657	115,470,283	-48,269,351	67,200,932
– current tax receivables	3,733,579	393,805	4,127,384	0	4,127,384
– other receivables	24,429,983	11,399,410	35,829,393	-11,636,007	24,193,386
Other assets	2,136,932	2,813,148	4,950,080	-107,055	4,843,025
Cash and cash equivalents	56,904,412	25,417,218	82,321,630	0	82,321,630
Non-current assets held for sale	3,564,626	247,418	3,812,044	0	3,812,044
EQUITY AND LIABILITIES	4,209,162,813	519,274,838	4,728,437,651	-354,084,035	4,374,353,616
Equity	1,009,582,130	128,681,158	1,138,263,288	-205,276,419	932,986,869
Controlling interests	1,009,582,130	128,681,158	1,138,263,288	-207,752,064	930,511,224
– share capital	192,180,918	101,218,603	293,399,521	-219,698,129	73,701,392
– share premium	76,212,455	2,019,796	78,232,251	-27,948,504	50,283,747
– reserves from profit	410,086,847	10,776,489	420,863,336	770,623	421,633,959
– treasury share reserves	364,680	0	364,680	0	364,680
– treasury shares	0	0	0	-364,680	-364,680
– fair value reserve	73,779,454	5,074,352	78,853,806	-1,019,528	77,834,278
– net profit brought forward	192,565,348	4,558,089	197,123,437	37,465,557	234,588,994
– net profit/loss for the year	64,392,428	7,958,138	72,350,566	3,089,281	75,439,847
– currency translation differences	0	-2,924,309	-2,924,309	-46,684	-2,970,993
Non-controlling interests	0	0	0	2,475,645	2,475,645
Subordinated liabilities	49,471,831	0	49,471,831	0	49,471,831
Insurance technical provisions	2,354,629,760	301,582,622	2,656,212,382	-79,843,998	2,576,368,384
– unearned premiums	291,969,004	98,411,808	390,380,812	-20,337,087	370,043,725
– mathematical provisions	1,345,183,071	87,430,589	1,432,613,660	0	1,432,613,660
– claims provisions	638,293,195	112,845,103	751,138,298	-56,639,987	694,498,311
– other insurance technical provisions	79,184,490	2,895,122	82,079,612	-2,866,924	79,212,688
Insurance technical provisions for unit-linked insurance contracts	595,544,240	26,759,158	622,303,399	0	622,303,399
Employee benefits	14,696,255	2,975,878	17,672,133	0	17,672,133
Other provisions	1,598,604	913,932	2,512,536	0	2,512,536
Deferred tax liabilities	7,916,794	1,471,976	9,388,770	-11,736	9,377,034
Other financial liabilities	2,873,112	2,834,477	5,707,589	-2,621,942	3,085,647
Operating liabilities	83,749,408	29,253,828	113,003,236	-49,661,578	63,341,658
– liabilities from direct insurance operations	16,753,335	3,880,819	20,634,154	-1,183,597	19,450,557
– liabilities from reinsurance and co-insurance operations	64,585,731	25,133,715	89,719,446	-48,477,981	41,241,465
– current tax liabilities	2,410,342	239,294	2,649,636	0	2,649,636
Lease liabilities	7,976,199	7,979,707	15,955,906	-4,681,100	11,274,806
Other liabilities	81,124,480	16,822,102	97,946,582	-11,987,263	85,959,319
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

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Statement of financial position	31 December 2020				
	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
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

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Income statement	2021			2020		
	SLOVENIA	OTHER	TOTAL	SLOVENIA	OTHER	TOTAL
Net premium income	906,255,858	213,590,193	1,119,846,051	875,282,314	191,472,511	1,066,754,825
- gross written premium	1,096,280,433	256,695,117	1,352,975,550	1,009,688,387	224,086,978	1,233,775,365
- ceded written premium	-180,456,640	-40,493,235	-220,949,875	-129,715,942	-30,306,407	-160,022,349
- change in unearned premium reserve	-9,567,935	-2,611,689	-12,179,624	-4,690,131	-2,308,060	-6,998,191
Income from investments in subsidiaries and associates	1,444,054	0	1,444,054	436,610	0	436,610
- profit on equity investments accounted for using the equity method	1,444,054	0	1,444,054	436,610	0	436,610
- other income from investments in subsidiaries and associates	0	0	0	0	0	0
Income from investments	143,978,937	11,360,234	155,339,171	114,356,230	8,723,219	123,079,449
- interest income calculated using the effective interest method	28,027,866	6,253,413	34,281,279	35,524,105	6,531,697	42,055,802
- gains on disposals	15,883,514	417,826	16,301,340	39,959,646	203,243	40,162,889
- other income from investments	100,067,557	4,688,995	104,756,552	38,872,479	1,988,279	40,860,758
Other income from insurance operations	39,799,148	8,995,152	48,794,300	31,997,652	9,009,341	41,006,993
- fees and commission income	32,848,742	6,067,346	38,916,088	25,044,990	5,604,767	30,649,757
- other income from insurance operations	6,950,406	2,927,806	9,878,212	6,952,662	3,404,574	10,357,236
Other income	41,096,092	12,237,968	53,334,060	35,817,868	7,796,109	43,613,977
Net claims incurred	596,436,554	118,592,234	715,028,788	576,507,024	107,124,751	683,631,775
- gross claims settled	612,775,009	123,805,041	736,580,050	592,971,464	104,472,104	697,443,568
- reinsurers' share	-35,058,683	-9,825,777	-44,884,460	-25,176,022	-9,102,908	-34,278,930
- changes in claims provisions	11,539,424	4,612,970	16,152,394	785,479	11,755,555	12,541,034
- equalisation scheme expenses for supplementary health insurance	7,180,804	0	7,180,804	7,926,103	0	7,926,103
Change in other insurance technical provisions (excluding ULI)	-7,719,847	5,606,439	-2,113,408	57,266,878	5,369,712	62,636,590
Change in insurance technical provisions for unit-linked insurance contracts	108,609,475	4,051,874	112,661,349	23,936,744	1,555,709	25,492,453
Expenses for bonuses and discounts	10,490,542	913,601	11,404,143	19,331,031	2,019,245	21,350,276
Operating expenses	185,659,845	81,198,063	266,857,908	170,227,757	70,684,978	240,912,735
- acquisition costs	124,303,436	60,607,734	184,911,170	114,294,794	49,234,172	163,528,966
- other operating costs	61,356,409	20,590,329	81,946,738	55,932,963	21,450,806	77,383,769
Expenses from investments in subsidiaries and associates	145,632	0	145,632	139,422	0	139,422
- loss on investments accounted for using the equity method	145,632	0	145,632	139,422	0	139,422
- other expenses from financial assets and liabilities	0	0	0	0	0	0
Expenses from investments	30,608,229	1,224,557	31,832,786	40,290,313	702,898	40,993,211
- loss on impairment of investments	0	33,628	33,628	1,901,869	69,433	1,971,302
- loss on disposal of investments	7,101,695	21,044	7,122,739	6,922,512	18,978	6,941,490
- other expenses from investments	23,506,534	1,169,885	24,676,419	31,465,932	614,487	32,080,419
Other insurance expenses	46,552,182	5,363,758	51,915,940	45,288,127	6,235,261	51,523,388
Other expenses	48,575,954	9,803,699	58,379,653	46,239,599	11,069,123	57,308,722
- expenses from financing	2,304,423	424,863	2,729,286	2,517,321	420,180	2,937,501
- other expenses	46,271,531	9,378,836	55,650,367	43,722,278	10,648,943	54,371,221
Profit before tax	113,215,523	19,429,322	132,644,845	78,663,779	12,239,503	90,903,282
Income tax expense	18,425,518	1,253,634	19,679,152	16,123,156	1,115,428	17,238,584
NET PROFIT FOR THE PERIOD	94,790,005	18,175,688	112,965,693	62,540,623	11,124,075	73,664,698
Net profit/loss attributable to the controlling company	94,790,005	17,971,809	112,761,814	62,540,623	10,963,750	73,504,373
Net profit/loss attributable to the non-controlling interest holders	0	203,879	203,879	0	160,325	160,325

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2.9.2 Business segments of Zavarovalnica Triglav

In accordance with the requirements of the Decision on annual reports and quarterly financial statements of insurance undertakings (Official Gazette of the Republic of Slovenia, No. 1/16), the Company's operations are described by specific business segments.

Statement of financial position	31 December 2021			31 December 2020		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,425,009,986	1,704,592,224	3,129,602,210	1,349,958,827	1,663,255,332	3,013,214,159
Intangible assets	58,793,824	8,228,203	67,022,027	57,234,354	5,163,225	62,397,579
Property, plant and equipment	57,022,314	8,120,993	65,143,307	59,618,441	8,157,010	67,775,451
Deferred tax assets	0	0	0	11,970,197	246,554	12,216,751
Investment property	43,019,770	820,285	43,840,055	43,614,546	836,730	44,451,276
Right of use assets	4,548,298	0	4,548,298	3,587,916	0	3,587,916
Investments in subsidiaries	120,444,672	11,480,011	131,924,683	120,857,455	11,480,011	132,337,466
Investments in associates	41,693,997	0	41,693,997	31,337,951	0	31,337,951
Financial assets	841,558,081	1,666,539,870	2,508,097,951	800,423,050	1,625,457,811	2,425,880,861
Financial investments	841,558,081	1,127,121,898	1,968,679,979	800,423,050	1,183,165,323	1,983,588,373
– loans and deposits	25,488,933	7,032,590	32,521,523	30,245,946	6,705,139	36,951,085
– held to maturity	0	140,946,233	140,946,233	0	143,908,512	143,908,512
– available for sale	816,048,831	772,341,432	1,588,390,263	770,063,803	824,938,626	1,595,002,429
– recognised at fair value through profit and loss	20,317	206,801,643	206,821,960	113,301	207,613,046	207,726,347
Unit-linked insurance assets	0	539,417,972	539,417,972	0	442,292,488	442,292,488
Reinsurers' share of technical provisions	135,986,397	91,560	136,077,957	105,862,172	41,266	105,903,438
Receivables	113,944,682	1,883,002	115,827,684	99,841,079	1,438,370	101,279,449
– receivables from direct insurance operations	73,285,008	231,566	73,516,574	67,453,193	179,021	67,632,214
– receivables from reinsurance and coinsurance operations	23,516,494	5,846	23,522,340	19,797,094	0	19,797,094
– current tax receivables	564,166	0	564,166	0	0	0
– other receivables	16,579,014	1,645,590	18,224,604	12,590,792	1,259,349	13,850,141
Other assets	1,463,755	49,505	1,513,260	3,695,106	46,693	3,741,799
Cash and cash equivalents	6,534,196	7,378,795	13,912,991	11,916,560	10,387,662	22,304,222
EQUITY AND LIABILITIES	1,425,009,986	1,704,592,224	3,129,602,210	1,349,958,827	1,663,255,332	3,013,214,159
Equity	577,396,816	97,825,117	675,221,933	533,692,011	110,311,163	644,003,173
– 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	359,048,752	45,513,891	404,562,643	322,348,752	45,513,891	367,862,643
– fair value reserve	52,861,390	3,023,244	55,884,634	49,399,362	10,002,717	59,402,079
– net profit brought forward	43,310,026	7,634,805	50,944,831	46,207,250	14,319,286	60,526,536
– net profit for the year	30,491,131	6,224,418	36,715,549	24,051,129	5,046,510	29,097,639
Subordinated liabilities	49,471,831	0	49,471,831	49,423,693	0	49,423,693
Insurance technical provisions	696,332,340	1,044,040,846	1,740,373,186	671,257,573	1,079,057,809	1,750,315,382
– unearned premiums	245,629,454	388,396	246,017,850	234,785,484	405,332	235,190,816
– mathematical provisions	0	1,008,319,155	1,008,319,155	0	1,041,557,084	1,041,557,084
– claims provisions	425,072,536	21,494,719	446,567,255	410,567,439	19,692,182	430,259,621
– other insurance technical provisions	25,630,350	13,838,576	39,468,926	25,904,650	17,403,211	43,307,861
Insurance technical provisions for unit-linked insurance contracts	0	540,135,052	540,135,052	0	448,726,097	448,726,097
Employee benefits	10,763,216	2,079,089	12,842,305	10,820,648	2,252,716	13,073,364
Other provisions	342,266	16,714	358,980	658,257	111,700	769,957
Deferred tax liabilities	973,178	3,239,555	4,212,733	11,833,573	9,914,340	21,747,913
Other financial liabilities	1,690,586	0	1,690,586	1,633,896	0	1,633,896
Operating liabilities	28,724,774	6,136,780	34,861,554	26,962,627	7,015,144	33,977,772
– liabilities from direct insurance operations	4,053,234	6,129,711	10,182,945	3,633,281	7,003,623	10,636,904
– liabilities from reinsurance and co-insurance operations	24,671,540	7,069	24,678,609	19,812,663	11,521	19,824,185
– current tax liabilities	0	0	0	3,516,683	0	3,516,683
Lease liabilities	4,643,844	0	4,643,844	3,675,805	0	3,675,805
Other liabilities	54,671,134	11,119,071	65,790,206	40,000,744	5,866,363	45,867,107

All items disclosed in the statement of financial position by business segment are not offset. The amount of the balance sheet total after offsetting is shown below.

	31 December 2021	31 December 2020
Balance sheet total (without offsetting)	3,129,602,210	3,013,214,159
Mutual receivables and liabilities	-10,658,116	-5,479,243
Deferred tax assets and liabilities	0	-12,216,751
Offset balance	3,118,944,094	2,995,518,165

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Income statement	2021			2020		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Net premium income	411,222,504	187,532,496	598,755,000	410,209,492	173,658,354	583,867,846
– gross written premium	606,009,493	188,340,610	794,350,103	544,787,178	174,468,690	719,255,868
– ceded written premium	-187,144,606	-825,143	-187,969,749	-137,136,826	-797,378	-137,934,204
– change in unearned premium reserve	-7,642,383	17,029	-7,625,354	2,559,140	-12,958	2,546,182
Income from investments in subsidiaries and associates	8,179,885	0	8,179,885	302,643	0	302,643
– profit on equity investments accounted for using the equity method	0	0	0	0	0	0
– other income from investments in subsidiaries and associates	8,179,885	0	8,179,885	302,643	0	302,643
Income from investments	14,196,067	101,416,831	115,612,898	27,042,218	62,139,416	89,181,634
– interest income calculated using the effective interest method	4,517,587	15,168,297	19,685,884	6,933,637	19,000,163	25,933,800
– gains on disposals	5,599,009	9,289,495	14,888,504	16,293,611	20,994,547	37,288,158
– other income from investments	4,079,471	76,959,039	81,038,510	3,814,970	22,144,706	25,959,676
Other income from insurance operations	40,177,409	5,209,624	45,387,033	34,556,277	3,553,752	38,110,029
– fees and commission income	32,989,482	5,206,895	38,196,377	26,528,102	3,552,789	30,080,891
– other income from insurance operations	7,187,927	2,729	7,190,656	8,028,175	963	8,029,138
Other income	7,933,559	892,287	8,825,846	7,298,148	574,437	7,872,585
Net claims incurred	207,492,094	157,645,131	365,137,225	225,006,212	150,330,735	375,336,947
– gross claims settled	252,725,831	156,142,551	408,868,382	258,037,807	150,240,333	408,278,140
– reinsurers' share	-35,569,203	-249,755	-35,818,958	-31,446,853	-242,236	-31,689,089
– changes in claims provisions	-9,664,534	1,752,335	-7,912,199	-1,584,742	332,638	-1,252,104
Change in other insurance technical provisions (excluding ULI)	-161,262	-13,827,965	-13,989,227	-399,454	13,849,410	13,449,956
Change in insurance technical provisions for unit-linked insurance contracts	0	91,860,583	91,860,583	0	13,270,367	13,270,367
Expenses for bonuses and discounts	10,490,736	0	10,490,736	16,029,498	0	16,029,498
Operating expenses	134,499,756	35,835,110	170,334,866	124,141,249	31,763,368	155,904,617
– acquisition costs	98,861,653	25,406,907	124,268,560	91,712,332	21,856,103	113,568,435
– other operating costs	35,638,103	10,428,203	46,066,306	32,428,917	9,907,265	42,336,182
Expenses from investments in subsidiaries and associates	1,087,047	0	1,087,047	2,264,409	1,665,987	3,930,396
– loss on investments accounted for using the equity method	0	0	0	0	0	0
– other expenses from financial assets and liabilities	1,087,047	0	1,087,047	2,264,409	1,665,987	3,930,396
Expenses from investments	5,475,499	12,891,188	18,366,687	7,053,203	18,622,070	25,675,273
– loss on impairment of investments	0	0	0	1,562,127	70,224	1,632,351
– loss on disposal of investments	1,691,092	5,178,925	6,870,017	1,284,563	4,434,620	5,719,183
– other expenses from investments	3,784,407	7,712,263	11,496,670	4,206,513	14,117,226	18,323,739
Other insurance expenses	24,354,804	943,693	25,298,497	22,918,916	1,389,122	24,308,038
Other expenses	19,932,095	2,553,542	22,485,637	17,703,408	2,656,271	20,359,679
– expenses from financing	2,276,328	1,564	2,277,892	2,446,016	132,930	2,578,946
– other expenses	17,655,767	2,551,978	20,207,745	15,257,392	2,523,341	17,780,733
Profit before tax	78,538,655	7,149,956	85,688,611	64,691,337	6,378,629	71,069,966
Income tax expense	11,347,522	925,540	12,273,062	11,740,208	1,332,119	13,072,327
NET PROFIT FOR THE PERIOD	67,191,133	6,224,416	73,415,549	52,951,129	5,046,510	57,997,639

in EUR

Comprehensive income by business segments	2021			2020		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Net profit for the year after tax	67,191,131	6,224,418	73,415,549	52,951,129	5,046,510	57,997,639
Other comprehensive income after tax	3,437,170	-6,984,207	-3,547,037	1,851,399	3,673,860	5,525,259
Items which will not be transferred in P&L in future periods	138,303	26,408	164,711	-238,333	-44,743	-283,076
Actuarial gains and losses related to post-employment benefits on retirement	138,303	26,408	164,711	-238,333	-44,743	-283,076
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	3,298,867	-7,010,615	-3,711,748	2,089,732	3,718,603	5,808,335
Fair value gains/losses on available-for-sale financial assets	4,072,638	-36,752,119	-32,679,481	2,579,916	21,846,162	24,426,078
– net gains/losses recognized directly in fair value reserve	12,380,157	-25,942,976	-13,562,819	10,140,738	30,176,808	40,317,546
– transfers from fair value reserve to income statement	-8,307,519	-10,809,143	-19,116,662	-7,560,822	-8,330,646	-15,891,468
Liabilities from insurance contracts with DPF	0	23,304,304	23,304,304	0	-14,238,050	-14,238,050
Tax on other comprehensive income	-773,771	6,437,200	5,663,429	-490,184	-3,889,509	-4,379,693
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	70,628,301	-759,789	69,868,512	54,802,528	8,720,370	63,522,898

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2.9.3 Additional disclosures of the Triglav Group and Zavarovalnica Triglav

Depreciation and amortisation expenses by business segment are disclosed under operating expenses in Section 4.12.

The values of purchased intangible assets, property, plant and equipment and investment property by business segment are shown in the table below:

IN EUR

Triglav Group 2021	NON-LIFE	LIFE	HEALTH	NON-INSURANCE	TOTAL
Investments in intangible assets	10,868,526	5,492,221	51,503	689,454	17,101,703
Investments in property, plant and equipment	4,383,310	222,963	463,851	543,795	5,613,921
Investments in investment property	633,222	10,258	0	942,371	1,585,851

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

The highest exposure of Triglav Group to individual financial institutions is:

- in non-life insurance, exposure to Kreditanstalt für Wiederaufbau of EUR 61,226,183;
- in life insurance, exposure to SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana of EUR 26,818,793;
- in health insurance, exposure to SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana of EUR 2,005,065;
- in non-insurance, exposure to BKS Bank AG, bančna podružnica of EUR 8,102,421.

Zavarovalnica Triglav 2021	NON-LIFE	LIFE	TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	10,012,022	5,434,848	15,446,870
Investments in property, plant and equipment	2,424,416	148,325	2,572,740
Investments in investment property	631,433	10,258	641,690
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-10,567,162	2,572,023	-13,139,185
Depreciation of right of use assets	-967,958	-218,634	-1,186,592
Expenses from the impairment of premium and subrogation receivables	-9,712,692	-3,818	-9,716,510
Income from reversal of impairment of receivables	8,610,007	0	8,610,007
Expenses from impairment of investment property	0	0	0
Expenses from impairment of other receivables	-62,736	0	-62,736
Income from reversal of impairment of other receivables	44,413	0	44,413

Zavarovalnica Triglav 2020	NON-LIFE	LIFE	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 property, plant and equipment	-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

Maximum individual exposure of Zavarovalnica Triglav to financial institutions is:

- for non-life insurance: Kreditanstalt für Wiederaufbau: EUR 43,127,597 and
- for life insurance: SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana: EUR 26,818,793.

2.10 The impact of new or amended standards on the preparation of financial statements

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 financial year ended 31 December 2020, except for the new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2021, which are presented below.

Amendments to existing standards effective for the current reporting period

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

Amendments to 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 relate to the Interest Rate Benchmark Reform (Phase 2) and apply to annual periods beginning on or after 1 January 2021.

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 relating to hedge accounting and its modifications:

- 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.
- 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.
- 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 is managing 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 which have not yet moved to alternative benchmark rates, broken down by significant benchmark interest rate subject to the benchmark interest rate reform;

- 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 is the entity managing those risks.

The IASB also amended IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments in accounting for modifications directly required by IBOR reform.

Amendments to IFRS 16 Leases

Amendments refer to COVID-19-related rent concessions beyond 30 June 2021 and are effective from 1 April 2021 for annual periods beginning on or after 1 January 2021.

Amendments extend the application period of the practical expedient under IFRS 16 by one year. The relief was extended by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022.

Amendments to IFRS 4 Insurance Contracts

Amendments relate to the extension of the temporary exemption from the application of IFRS 9. They change the fixed 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 impact of amendments to existing standards on the Company's and the Group's financial statements

The adopted amendments did not have any impact on the consolidated and separate financial statements of Zavarovalnica Triglav.

Adopted standards and amendments to existing standards which will become effective at a later date, not applied by the Company and the Group in their financial statements

At the date of authorisation of these financial statements, the following amendments to existing standards were issued by the IASB and adopted by the EU but which are not yet effective:

Amendments to IAS 16 Property, Plant and Equipment

Amendments are effective for annual periods beginning on or after 1 January 2022 and relate to proceeds before intended use.

Amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Amendments are effective for annual periods beginning on or after 1 January 2022 and relate to the costs of fulfilling a contract at onerous contracts.

Amendments specify that the "cost of fulfilling" a contract comprises the "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.

Amendments to IFRS 3 Business Combinations

Amendments are effective for annual periods beginning on or after 1 January 2022 and relate to the reference to the conceptual framework with amendment to IFRS 3.

These 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;
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

IFRS 17 Insurance Contracts

The new accounting standard is effective for annual periods beginning on or after 1 January 2023.

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. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts and related interpretations while applied. Amendments to IFRS 17 Insurance Contracts 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. Additionally, amendments introduce simplifications and clarifications of some requirements in the standard and provide additional reliefs in the first-time application of IFRS 17.

Amendments to various standards due to Improvements to IFRSs (cycle 2018–2020)

Amendments result from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording and are effective for annual periods beginning on or after 1 January 2022. Amendments to IFRS 16 relate only to the illustrative example, so no effective date is stated.

These amendments to standards:

- 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);
- 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);
- 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);

- 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 impact of amendments to existing standards on the Company's and the Group's financial statements

The consolidated and separate financial statements of Zavarovalnica Triglav will be significantly affected by the new IFRS 17.

Users of Zavarovalnica Triglav's financial statements will perceive the changes introduced by IFRS 17 primarily in that the insurance companies' financial statements will no longer disclose premium income and claims incurred, instead expected profit from insurance contracts will be disclosed. This is contractual service margin (CSM), calculated based on expected inflows (premiums) and outflows (claims and other directly attributable costs), taking into account the time value of money and risk adjustment (i.e. uncertainty regarding the amount and timing of inflows and outflows). The CSM calculated in this way will be recognised immediately upon issuing the insurance contract or upon its entry into force as a liability of the insurance company, and will be released to profit or loss during the entire term of the contract (regardless of when the premium was written or paid). The amendment to the presentation of the financial statements will also affect performance indicators. Currently, the Company also measures its performance through written premium (which is also the basis for measuring the market share) and the combined ratio.

The financial impact on the financial statements cannot be commented on at this time, as the overall impact of the transition to IFRS 17 and at the same time to IFRS 9 is still being assessed. It is expected that the amount and volatility of profit or loss may be significantly affected by the change in assumptions in the valuation of long-term life insurance contracts. With regard to non-life insurance, it is expected that the valuation of reinsurance contracts will have the greatest impact on the Company's profit or loss.

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to existing standards.

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.

Amendments to IAS 1 Presentation of Financial Statements

Amendments are effective for annual periods beginning on or after 1 January 2023 and relate to the classification of liabilities as current or non-current.

Amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by the IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements

Amendments are effective for annual periods beginning on or after 1 January 2023 and relate to disclosures of accounting policies.

Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments are effective for annual periods beginning on or after 1 January 2023 and relate to the definition of accounting estimates.

Amendments focus on accounting estimates and provide guidance on how to distinguish between accounting policies and accounting estimates.

Amendments to IAS 12 Income Taxes

Amendments are effective for annual periods beginning on or after 1 January 2023 and address deferred tax related to assets and liabilities arising from a single transaction.

According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

Amendments deal with the sale or contribution of assets between an investor and its associate or joint venture, and further amendments. They arise from 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 effective date of amendments is deferred indefinitely until the research project on the equity method has been concluded.

Amendments to IFRS 17 Insurance Contracts

Amendments relate to the initial application of IFRS 17 and IFRS 9 in terms of comparative information. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

Amendments are effective for annual periods beginning on or after 1 January 2023.

The impact of amendments to existing standards not yet adopted by the EU on the Company's and the Group's financial statements

The management anticipates that the adoption of these new standards and amendments to existing standards will have no material impact on the Company's separate and consolidated financial statements in the period of initial application.

Hedge accounting for the financial assets and liabilities portfolio, the principles of which have not been adopted by the EU, remains unregulated.

The management estimates that the application of hedge accounting for financial assets and liabilities in accordance with IAS 39 Financial Instruments: Recognition and Measurement would not have a material effect on the Company's separate and consolidated financial statements if applied at the balance sheet date.

Changes in accounting policies

There were no changes in accounting policies in 2021.

Notes on temporary exemption from applying IFRS 9

In 2021, 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 broken down into assets whose contractual cash flows are solely payments of principal and interest (SPPI) on the principal amounts outstanding, excluding any financial assets held for trading, and all other financial assets.

in EUR

Triglav Group	Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding		Other financial assets	
	Fair value 1 January 2021	Fair value 31 December 2021	Fair value 1 January 2021	Fair value 31 December 2021
Debt securities	2,581,853,541	2,504,048,741	0	42,751,390
Equity securities	0	0	251,365,744	360,707,903
Derivatives	0	0	113,301	20,317
Loans and deposits	76,208,718	74,170,926	0	0
Cash and cash equivalents	81,899,664	82,321,630	0	0
Total	2,739,961,923	2,660,541,297	251,479,045	403,479,609

in EUR

Zavarovalnica Triglav	Assets whose contractual cash flows are solely payments of principal and interest on the principal amounts outstanding		Ostala finančna sredstva	
	Fair value 1 January 2021	Fair value 31 December 2021	Fair value 1 January 2021	Fair value 31 December 2021
Debt securities	1,860,111,108	1,743,950,017	19,399,127	25,504,977
Equity securities	0	0	113,586,570	204,009,208
Derivatives	0	0	113,301	20,317
Loans and deposits	27,542,024	24,470,029	3,654,860	3,278,362
Cash and cash equivalents	18,914,182	13,912,991	0	0
Total	1,906,567,313	1,782,333,038	136,753,858	232,812,864

The table below shows the carrying amount of assets as at 31 December 2021 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 adjustment of assets measured at amortised cost.

in EUR

Triglav Group	Ratings of assets whose cash flows are solely payments of principal and interest on the principal amounts outstanding					Total
	Unrated	AAA	AA/A	BBB	BB/B	
Debt securities	43,972,345	438,921,752	1,054,713,184	789,294,818	185,667,718	2,512,569,818
Loans and deposits	67,296,239	0	0	1,622,647	6,079,254	74,998,140
Cash and cash equivalents	44,224,762	0	4,696	37,469,404	622,768	82,321,630
Total	155,493,346	438,921,752	1,054,717,881	828,386,869	192,369,740	2,669,889,588

in EUR

Zavarovalnica Triglav	Ratings of assets whose cash flows are solely payments of principal and interest on the principal amounts outstanding					Total
	Unrated	AAA	AA/A	BBB	BB/B	
Debt securities	22,851,801	361,651,765	842,738,777	459,428,600	49,868,751	1,736,539,694
Loans and deposits	24,816,483	0	0	0	0	24,816,483
Cash and cash equivalents	1,064,256	0	4,696	12,844,039	0	13,912,991
Total	48,732,540	361,651,765	842,743,473	472,272,638	49,868,751	1,775,269,168

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 adjustment of 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	229,641,737	229,640,063
Loans and deposits	72,569,993	73,375,494
Cash and cash equivalents	44,847,529	44,847,529
Total	347,059,260	347,863,086

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	72,680,913	72,720,552
Loans and deposits	24,470,029	24,816,483
Cash and cash equivalents	1,064,256	1,064,256
Total	98,215,198	98,601,291

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3. Notes to the statement of financial position

3.1 Intangible assets

	in EUR					
Triglav Group	Goodwill	Deferred acquisition cost	Long-term deferred items	Licences and software	Intangible assets in course of acquisition	Total
COST						
As at 1 January 2020	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
– transfer in use	0	0	0	2,400,471	-2,400,471	0
– purchases	0	0	0	14,390,973	2,710,730	17,101,703
– disposals	0	0	0	-1,705,072	0	-1,705,072
– decrease (net value)	0	422,546	-1,293,306	0	0	-870,760
– other changes	0	0	0	2,200,000	0	2,200,000
– exchange rate difference	0	26,445	0	29,139	192	55,776
As at 31 December 2021	10,413,312	53,104,963	302,282	109,221,003	3,568,032	176,609,593
ACCUMULATED AMORTISATION						
As at 1 January 2020	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
– current year amortisation	0	0	0	-10,018,359	0	-10,018,359
– disposals	0	0	0	1,669,635	0	1,669,635
– other changes	0	0	0	-2,200,000	0	-2,200,000
– exchange rate difference	0	0	0	-23,987	0	-23,987
As at 31 December 2021	0	0	0	-69,425,175	0	-69,425,175
CARRYING AMOUNT						
As at 31 December 2020	10,413,312	52,655,972	1,595,588	33,053,028	3,257,581	100,975,475
As at 31 December 2021	10,413,312	53,104,963	302,282	39,795,828	3,568,032	107,184,415

Goodwill

Goodwill arises from the merger of Alta Skladi d.d. to Triglav Skladi, družba za upravljanje d.o.o. in 2019.

In verifying the value of goodwill as at 31 December 2021, the recoverable amount of the cash-generating unit, i.e. Alta Skladi, was assessed. The recoverable amount was calculated using the discounted net cash flow method, taking into account estimated net cash flows for 2022–2028 and a discount rate of 11.99% (2020: 11.6%).

The calculated recoverable amount of goodwill exceeds its carrying amount, therefore no impairment of goodwill is required.

Other intangible assets

The Group has no intangible assets pledged as collateral for liabilities. The Group also has no financial liabilities related to the purchase of intangible assets. Intangible assets owned by the Group were not obtained with state support.

The amortisation rate used for software is 20%, and for other material rights it ranges between 1% and 20%. Amortisation rates did not change in 2021. The cost of amortisation of intangible assets is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

As at 31 December 2021, the Group also discloses deferred acquisition costs under intangible assets. A change in deferred acquisition costs is recognised as a change in unearned premium as presented in Section [4.1](#).

Gains and losses on disposals of intangible assets and impairment expenses are disclosed in the income statement under the item “other income” or “other expenses”.

The Group has no intangible assets that are individually significant for the consolidated financial statements.

In 2021, the Group assessed the existence of possible signs of impairment of other intangible assets. No signs of impairment were identified.

in EUR

Zavarovalnica Triglav	Deferred acquisition costs	Long-term deferred items	Licenses and software	Intangible assets in course of acquisition	Total
COST					
As at 1 January 2020	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
– transfer in use	0	0	1,908,177	-1,908,177	0
– purchases	0	0	13,930,534	1,516,337	15,446,870
– disposal	0	0	-365,304	0	-365,304
– decrease (net value)	-2,753,006	-1,075,021	0	0	-3,828,027
As at 31 December 2021	35,045,849	302,283	74,148,609	2,961,525	112,458,267
ACCUMULATED AMORTISATION					
As at 1 January 2020	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
– amortisation	0	0	-6,986,368	0	-6,986,368
– disposal	0	0	357,276	0	357,276
As at 31 December 2021	0	0	-45,436,242	0	-45,436,242
CARRYING AMOUNT					
As at 31 December 2020	37,798,855	1,377,305	19,868,052	3,353,370	62,397,579
As at 31 December 2021	35,045,849	302,283	28,712,367	2,961,525	67,022,027

The Company has no intangible assets pledged as collateral for liabilities. The Company also has no financial liabilities related to the purchase of intangible assets. Trade payables related to the purchase of intangible assets as at 31 December 2021 amount to EUR 8,255,490 (31 December 2020: EUR 710,420). Intangible assets owned by the Company were not obtained with state support.

The amortisation rate used for software is 20%, and for other material rights it ranges between 1% and 20%. Amortisation rates did not change in 2021. The cost of amortisation for the year is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

As at 31 December 2021, the Company also discloses deferred acquisition costs under intangible assets. A change in deferred acquisition costs is recognised as a change in unearned premium as presented in Section [4.1](#).

Gains and losses on disposal of intangible assets are disclosed in the income statement under the item “other income” or “other expenses”.

The Company has no intangible assets that are individually significant for the financial statements.

Cost of fully depreciated property, plant and equipment still in use represents 14.68% of total cost of property, plant and equipment used by the Company.

In 2021, the Company assessed the existence of possible signs of impairment of other intangible assets. No signs of impairment were identified.

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3.2 Property, plant and equipment

in EUR

Triglav Group	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2020	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 from 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
– transfer in use	356	1,072,533	878,613	-1,951,502	0
– purchases	17,810	601,893	3,398,405	1,595,813	5,613,921
– disposals	0	-950,733	-4,019,548	-477,221	-5,447,502
– transfer to investment property	0	-1,099,725	0	0	-1,099,725
– impairment	0	0	-50,813	0	-50,813
– exchange rate differences	21,261	83,687	25,627	261	130,836
As at 31 December 2021	11,480,627	129,028,524	67,457,031	1,958,349	209,924,531
ACCUMULATED DEPRECIATION					
As at 1 January 2020	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 from intangible assets	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
– depreciation for the current year	0	-2,490,231	-6,135,989	0	-8,626,220
– disposals	0	395,142	4,105,071	0	4,500,213
– transfer to investment property	0	334,888	2,634	0	337,522
– impairment	0	0	50,092	0	50,092
– exchange rate differences	0	-24,243	-19,907	0	-44,150
As at 31 December 2021	0	-44,931,684	-56,337,635	0	-101,269,319
CARRYING AMOUNT					
As at 31 December 2020	11,441,199	86,173,631	12,885,209	2,790,997	113,291,036
As at 31 December 2021	11,480,627	84,096,840	11,119,396	1,958,349	108,655,212

The Group has no property, plant and equipment pledged as collateral for liabilities. The Group also has no financial liabilities related to the purchase of property, plant and equipment.

The depreciation rates used for buildings range between 1.5% and 5%, the depreciation rate for computer equipment was 50% and for other equipment it ranged between 6.7% and 25%. Amortisation rates did not change in 2021. The cost of depreciation of property, plant and equipment is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

Gains and losses on disposals of property, plant and equipment and impairment expenses of these assets are disclosed in the income statement under the item “other income” or “other expenses”.

In 2021, the Group assessed the existence of possible signs of impairment of land, buildings and equipment. No signs of impairment were identified.

The fair value of the Group's property, plant and equipment exceeds their carrying amount and is presented in more detail in Section [5.1](#).

The fair value of real property was determined based on valuations performed as at 30 September 2021 by an external certified real estate valuer in accordance with the guidelines described in Section 2.5.13. In the period from the valuation to the reporting date, there were no changes that would significantly affect the fair value of real property. For the purposes of real property valuation, the suitability of using all valuation methods provided by the International Valuation Standards was checked. Considering the results of the real property market analysis as well as taking into consideration the purpose of valuation and the characteristics of specific valued real property, the following were used in valuation:

- the market approach (the comparable transaction method),
- the income approach (the income capitalisation approach) and
- the land residual method.

In the comparable transaction method, fair value was estimated based on market data derived from comparable transactions with similar real property.

When using the income capitalisation method, the fair value of Slovenian real property was estimated using a discount rate ranging between 7.25% and 9.25% for commercial buildings and between 3.75% and 5.75% for residential buildings. The following assumptions were taken into account in the calculation of the capitalisation rate:

- the risk-free rate of return taking into account the yield on a 10-year Slovenian government bond of 0.14%;
- the real estate risk premium of 5.3–6.8%;
- the capital retention premium of 1.6% (in the case of an estimated age of office property of 60 years).

When using the income capitalisation method, the fair value of real property abroad was estimated using a discount rate ranging between 6.91% and 12.16%. The following assumptions were taken into account in the calculation of the capitalisation rate:

- the risk-free rate of return of 0.86–5.20%, taking into account the yield on a 10-year German government bond, the country risk premium and the current and projected inflation rate for the country in which real property is located;
- the real estate risk premium of 5.3–6.8%;
- the capital retention premium of 1.6% (in the case of an estimated age of office property of 60 years).

in EUR

Zavarovalnica Triglav	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2020	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 from 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
– transfer in use	356	1,051,365	180,956	-1,232,677	0
– purchases	17,810	73,634	1,718,145	763,152	2,572,740
– disposal	0	-1,335	-2,688,127	0	-2,689,461
As at 31 December 2021	5,875,545	83,254,487	40,703,289	231,004	130,064,326
ACCUMULATED DEPRECIATION					
As at 1 January 2020	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
– depreciation for the current year	0	-1,408,848	-3,776,720	0	-5,185,568
– disposal	0	362	2,669,782	0	2,670,145
As at 31 December 2021	0	-30,201,335	-34,719,680	0	-64,921,015
CARRYING AMOUNT					
As at 31 December 2020	5,857,377	53,337,974	7,879,573	700,529	67,775,451
As at 31 December 2021	5,875,545	53,053,152	5,983,609	231,004	65,143,307

The Company has no property, plant and equipment pledged as collateral for liabilities. The Company also has no financial liabilities related to the purchase of property, plant and equipment. As at 31 December 2021, trade payables for property, plant and equipment amounted to EUR 1,141,961 (31 December 2020: EUR 648,156).

The depreciation rates used for buildings range between 1.5% and 5%, the depreciation rate for computer equipment was 50% and for other equipment it ranged between 6.7% and 25%. Amortisation rates did not change in 2021. The cost of amortisation for the year is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

Gains and losses on disposals of property, plant and equipment and impairment expenses of these assets are disclosed in the income statement under the item “other income” or “other expenses”.

Cost of fully depreciated assets still in use represents 19.12% of total cost of all assets used.

In 2021, the Company assessed the existence of possible signs of impairment of land, buildings and equipment. No signs of impairment were identified.

The fair value of the Company’s property, plant and equipment exceeds their carrying amount and is presented in more detail in Section [5.1](#).

The fair value of real property was determined in the same way as for the Group.

3.3 Investment property

	in EUR			
Triglav Group	Land	Buildings	IP in course of acquisition	Total
COST				
As at 1 January 2020	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
– transfer in use	0	1,179,054	-1,179,054	0
– purchases	0	23,739	1,562,112	1,585,851
– disposals	-352,328	-1,862,808	0	-2,215,136
– transfer from property, plant and equipment	0	1,099,725	0	1,099,725
– transfer to non-current assets	-2,631,840	-513,428	0	-3,145,268
– impairment	-2,130	-10,176	0	-12,306
– exchange rate difference	458	1,733	0	2,191
As at 31 December 2021	14,848,185	67,418,101	13,905,040	96,171,326
ACCUMULATED DEPRECIATION				
As at 1 January 2020	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
– depreciation for the current year	0	-1,335,886	0	-1,335,886
– disposals	0	500,169	0	500,169
– transfer from property, plant and equipment	0	-337,522	0	-337,522
– impairment	0	-7,966	0	-7,966
– exchange rate difference	0	-670	0	-670
As at 31 December 2021	0	-21,060,353	0	-21,060,353
CARRYING AMOUNT				
As at 31 December 2020	17,834,026	47,621,792	13,521,982	78,977,800
As at 31 December 2021	14,848,185	46,357,748	13,905,040	75,110,973

The Group leases (operational lease) its investment properties, i.e. individual business premises. All operating leases can be cancelled and are concluded for an initial term of one to ten years or for indefinite period. Leases do not include contingent rents (variable lease payments).

All income from investment property relates exclusively to leases or other associated costs and is disclosed in the income statement under “other income”. Expenses from investment property relate to amortisation and maintenance costs of investment property and are disclosed in the income statement under “other expenses”.

The Group has no investment property pledged as collateral for liabilities. The Group also has no financial liabilities related to the purchase of investment property.

The amortisation rates used for investment property range between 1.5% and 5%. Amortisation rates did not change in 2021. The cost of depreciation of property, plant and equipment is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

Gains and losses on disposals of investment property and impairment expenses of these assets are disclosed in the income statement under the item “other income” or “other expenses”.

In 2021, the Group assessed the existence of possible signs of impairment of investment property. No signs of impairment were identified.

The fair value of the Group’s investment property exceeds its carrying amount and is presented in more detail in Section [5.1](#).

The fair value of real property was determined based on valuations performed as at 30 September 2021 by an external certified real estate valuer in accordance with the guidelines described in Section [2.5.13](#). In the period from the valuation to the reporting date, there were no changes that would significantly affect the fair value of real property. For the purposes of real property valuation, the suitability of using all valuation methods provided by the International Valuation Standards was checked. Considering the results of the real property market analysis as well as taking into consideration the purpose of valuation and the characteristics of specific valued real property, the following were used in valuation:

- the market approach (the comparable transaction method),
- the income approach (the income capitalisation approach) and
- the land residual method.

In the comparable transaction method, fair value was estimated based on market data derived from comparable transactions with similar real property.

When using the income capitalisation method, the fair value of Slovenian real property was estimated using a discount rate ranging between 7.25% and 9.25% for commercial buildings and between 3.75% and 5.75% for residential buildings. The following assumptions were taken into account in the calculation of the capitalisation rate:

- the risk-free rate of return taking into account the yield on a 10-year Slovenian government bond of 0.14%;
- the real estate risk premium of 5.3–6.8%;
- the capital retention premium of 1.6% (in the case of an estimated age of office property of 60 years).

When using the income capitalisation method, the fair value of real property abroad was estimated using a discount rate ranging between 6.91% and 12.16%. The following assumptions were taken into account in the calculation of the capitalisation rate:

- the risk-free rate of return of 0.86–5.20%, taking into account the yield on a 10-year German government bond, the country risk premium and the current and projected inflation rate for the country in which real property is located;
- the real estate risk premium of 5.3–6.8%;
- the capital retention premium of 1.6% (in the case of an estimated age of office property of 60 years).

in EUR

Zavarovalnica Triglav	Land	Buildings	IP in course of acquisition	Total
COST				
As at 1 January 2020	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 January 2020	3,549,193	40,531,909	10,811,077	54,892,179
– transfer in use	0	619,900	-619,900	0
– purchases	0	21,950	619,741	641,690
– disposal	-19,728	-485,625	0	-505,353
As at 31 December 2021	3,529,464	40,688,133	10,810,918	55,028,516
ACCUMULATED DEPRECIATION				
As at 1 January 2020	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
– depreciation	0	-967,250	0	-967,250
– disposal	0	219,690	0	219,690
As at 31 December 2021	0	-11,188,461	0	-11,188,461
CARRYING AMOUNT				
As at 31 December 2020	3,549,193	30,091,007	10,811,077	44,451,276
As at 31 December 2021	3,529,464	29,499,672	10,810,918	43,840,055

Zavarovalnica Triglav leases (operational lease) its investment properties, i.e. individual business premises. All operating leases can be cancelled and are concluded for an initial term of one to ten years or for indefinite period. Leases do not include contingent rents (variable lease payments).

All income from investment property relates exclusively to leases or other associated costs and is disclosed in the income statement under “other income”. Expenses from investment property relate to amortisation and maintenance costs of investment property and are disclosed in the income statement under “other expenses”.

The Company has no investment property pledged as collateral for liabilities. The Company also has no financial liabilities related to the purchase of investment property. Investment property owned by the Company was not obtained with state support.

The amortisation rates used for investment property range between 1.5% and 5%. Amortisation rates did not change in 2021. The cost of depreciation of property, plant and equipment is shown in the income statement in various items, as seen from the presentation of the distribution of costs by natural and functional groups in Section [4.12](#).

Gains and losses on disposal of investment property are disclosed in the income statement under the item “other income” or “other expenses”.

In 2021, the Company assessed the existence of possible signs of impairment of investment property. No signs of impairment were identified.

The fair value of the Company’s investment property exceeds its carrying amount and is presented in more detail in Section [5.1](#).

The fair value of real property was determined in the same way as for the Group.

The following income is recognised in the income statement as lease income:

in EUR

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Lease income	4,954,878	6,519,268	5,596,224	5,577,256
Sublease income	94,255	90,324	56,692	58,928

There were no significant modifications or terminations of lease contracts in 2021. 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 initial recognition.

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Year 1	6,598,071	7,400,117	4,194,027	4,651,506
Year 2	6,065,580	6,731,853	3,885,191	4,105,947
Year 3	2,724,405	6,205,172	1,246,545	3,785,360
Year 4	1,182,994	2,202,000	818,800	773,971
Year 5	1,085,003	711,412	768,063	380,183
From year 5	730,220	1,712,876	473,802	1,123,249
TOTAL	18,386,272	24,963,430	11,386,428	14,820,216

3.4 Right of use assets

in EUR

Triglav Group	Land and buildings	Vehicles	Other	Total
Carrying amount as at 1 January 2020	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
– addition	1,211,537	1,365,493	38,192	2,615,222
– accumulated depreciation	-2,792,093	-752,043	-39,735	-3,583,871
– modification	2,036,818	-6,209	-4,918	2,025,691
– exchange rate difference	40,350	14,518	-12	54,856
Carrying amount as at 31 December 2021	8,613,544	2,234,905	84,660	10,933,109

in EUR

Zavarovalnica Triglav	Land and buildings	Vehicles	Other	Total
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 1 January 2021	2,366,504	1,200,090	21,322	3,587,916
– addition	463,436	691,747	38,193	1,193,375
– accumulated depreciation	-667,267	-506,765	-12,560	-1,186,592
– modification	1,022,250	-68,651	0	953,599
Carrying amount as at 31 December 2021	3,184,921	1,316,422	46,954	4,548,298

The Group and the Company lease business premises, vehicles and other equipment used in their operations. Leases for business premises are usually concluded for an indefinite term, and leases for vehicles and other equipment for 1 to 5 years.

The Group and the Company also entered into some leases with lease terms of 12 months or less and leases of low-value equipment. Permitted exceptions to recognition apply to these leases.

To calculate the net present value of future leases, discount rates were used that were determined at the level of the interest rate for risk-free government bonds, increased by the credit spread of an individual Group member. In valuing assets and liabilities from contracts concluded for an indefinite term, the new strategy period was taken into account when determining the lease term. The value of right-of-use assets increased by EUR 1.07 million.

in EUR

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
DEPRECIATION OF RIGHT OF USE ASSETS	3,583,871	3,547,072	1,186,592	1,124,330
Depreciation of rights to use land and buildings	2,792,093	2,635,806	667,267	658,654
Depreciation of right to use vehicles	752,043	847,384	506,765	452,562
Depreciation of rights to use other assets	39,735	63,882	12,560	13,114
INTEREST EXPENSE ON LEASE LIABILITIES	489,303	512,481	65,714	65,395
OTHER LEASE EXPENSES	572,507	665,939	430,026	433,825
Short – term lease expenses	84,236	81,677	1,678	15,849
Low – value lease expenses	488,271	584,262	428,348	417,976
Payment for right of use assets	3,945,755	3,944,465	1,230,260	1,147,971

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3.5 Investments in subsidiaries

There were no business combinations in the Triglav Group in 2021. All other changes in the Group in 2021 are described in Section [2.1.4](#).

In preparing the financial statements for 2021, it was assessed whether there were any changes in the assumptions related to the conditions applicable to the control of individual companies in any of the Group companies. There were no such changes.

Signs of impairment of investments in subsidiaries were assessed in 2021. Where signs were identified, the recoverable amount of the investment was calculated and impairment was made for the difference to its carrying amount.

Impairment of investments in subsidiaries in the amount of EUR 607 thousand was recognised in the Company's separate financial statements under expenses from investments in associates, which relates to the impairment of investments in Triglav Penzisko društvo a.d., Skopje.

Zavarovalnica Triglav's interests in subsidiaries

NO.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		BOOK VALUE (in EUR)	
					2021	2020	2021	2020	2021	2020
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.o.o.	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	9,965,340
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	100.00	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	194,216	-
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	1,558,000	2,165,000
TOTAL									131,924,683	132,337,466

The following assumptions were taken into account to determine the recoverable amount of investments in subsidiaries:

- expected cash flows based on the companies' business plans for 2022–2026,
- the discount rate of 6.49–9.3% based on weighted average cost of capital (WACC) and
- the expected long-term growth rate of 2%.

3.6 Investments in associates and joint ventures

The effect of re-measuring the fair value of investments in associates and joint ventures in the amount of EUR 3.5 million was recognised in the Company's separate financial statements. The revaluation effect of EUR 4 million was recognised in other comprehensive income as an increase in fair value reserves, while an impairment of EUR 460 thousand was recognised in the income statement under expenses from investments in associates.

The following assumptions were taken into account in determining the fair value of investments in associates and joint ventures:

- expected cash flows based on the companies' business plans for 2022–2026,
- the discount rate of 9.29–11.18% based on weighted average cost of capital (WACC) and
- the expected long-term growth rate of 2%.

The effects of valuation using the equity method are disclosed under the items income and expenses from investments 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.¹¹¹

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
Diagnostični center Bled d.o.o.	Pod Skalo 4, Bled, Slovenija	19	Health
ZTSR d.o.o.*	Miklošičeva cesta 19, Ljubljana, Slovenia	19	Business services
Alifenet d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Fund management

*ZTSR d.o.o. was merged with Diagnostični center Bled d.o.o. in 2021.

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¹¹¹ Data for 2021 are unaudited. Data for 2020 are adjusted if the revised data were different from those published in the 2020 Annual Report.

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)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Nama d.d.	39.15	39.07	39.15	39.07	4,315,813	4,060,437	39.07	39.07	39.07	39.07	9,091,928	9,091,928
Triglavko d.o.o.	38.47	38.47	38.47	38.47	18,125	17,202	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	10,704,506	8,544,558	49.90	49.90	49.90	49.90	10,016,000	8,180,000
Društvo za upravljanje EDPF a.d.	34.00	34.00	34.00	34.00	439,970	450,150	0.00	0.00	0.00	0.00	0	0
Diagnostični center Bled d.o.o.	50.00	-	50.00	-	20,479,730	-	50.00	-	50.00	-	22,474,368	-
ZTSR d.o.o.*	-	50.00	-	50.00	-	15,092,166	-	50.00	-	50.00	-	13,954,321
Allifenet d.o.o.	23.58	23.58	23.58	23.58	73,202	73,202	23.58	23.58	23.58	23.58	73,202	73,202
TOTAL					36,031,346	28,237,714					41,693,997	31,337,951

*ZTSR d.o.o. was merged with Diagnostični center Bled d.o.o. in 2021.

COMPANY	in EUR									
	ASSETS		LIABILITIES		EQUITY		REVENUES		PROFIT/LOSS	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Nama d.d.*	15,627,103	13,620,752	4,388,209	3,033,854	11,238,894	10,586,898	11,511,882	7,325,199	497,843	-160,675
Triglavko d.o.o.	163,574	120,804	80,945	40,576	82,629	80,228	373,638	329,647	2,400	-3,491
TRIGAL, upravljanje naložb in svetovanje d.o.o.	22,463,968	17,604,699	137,388	193,803	22,326,580	17,410,896	1,286,945	1,679,341	315,521	209,370
Društvo za upravljanje EDPF a.d.	1,390,960	1,348,705	46,825	36,334	1,344,135	1,312,371	324,903	148,763	31,665	-234,374
Diagnostični center Bled d.o.o.*	44,373,702	-	18,380,231	-	25,993,471	-	25,928,230	-	1,675,127	-
ZTSR d.o.o.*	-	40,255,944	-	10,071,614	-	30,184,330	-	10,800,226	-	301,725

* For Nama d.d., Diagnostični center Bled d.o.o. and ZTSR d.o.o., the data from the consolidated financial statements of these companies are shown.

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Presented below are the condensed balance sheet and comprehensive income for material investments in associates.

in EUR

CONDENSED BALANCE SHEET	Diagnostični center Bled d.o.o.		NAMA d.d.		TRIGAL d.o.o.		ZTSR d.o.o.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Current assets	7,436,396	-	6,512,098	5,725,161	4,728,599	650,874	-	3,985,824
Current liabilities	4,684,731	-	2,635,507	1,648,658	96,689	191,445	-	2,718,648
Net current assets/liabilities	2,751,665	-	3,876,591	4,076,503	4,631,910	459,429	-	1,267,176
Non-current assets	36,937,305	-	9,115,005	7,862,544	17,735,369	16,953,826	-	36,270,120
Non-current liabilities	13,695,500	-	1,752,702	1,385,196	40,699	2,359	-	7,352,967
Net non-current assets/liabilities	23,241,805	-	7,362,303	6,477,348	17,694,670	16,951,467	-	28,917,153
Net assets	25,993,470	-	11,238,894	10,553,851	22,326,580	17,410,896	-	30,184,329
CONDENSED COMPREHENSIVE INCOME	2021	2020	2021	2020	2021	2020	2021	2020
Net profit or loss for the year	1,675,127	-	497,843	-160,675	315,521	209,340	-	301,725
Other comprehensive income	0	-	0	71,401	-164	0	-	0
Total comprehensive income	1,675,127	-	497,843	-89,274	315,357	209,340	-	301,725
Dividends from associates for the year	0	-	0	0	0	0	-	0

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3.7 Financial investments¹¹²

in EUR

Triglav Group	Carrying value		Fair value	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Held to maturity	157,560,733	162,824,686	191,798,392	206,893,874
At fair value through profit and loss	544,425,798	524,670,726	544,425,798	524,670,726
– held for trading	266,015	113,301	266,015	113,301
– classified at acquisition	544,159,783	524,557,423	544,159,783	524,557,423
Available for sale	2,137,609,082	2,101,914,068	2,137,609,082	2,101,914,068
Loans and deposits	98,104,537	97,971,079	99,906,383	104,492,900
TOTAL	2,937,700,150	2,887,380,559	2,973,739,655	2,937,971,568

31 December 2021

in EUR

	HTM	FVTPL – Held for trading	FVTPL - Designated upon acquisition	AFS	L&R	TOTAL
Debt and other fixed-return securities	157,560,733	0	431,465,194	1,917,552,252	5,991,639	2,512,569,818
Investments in shares, other floating-rate securities and fund coupons	0	0	112,613,404	218,347,257	0	330,960,661
Financial derivatives	0	20,317	0	0	0	20,317
Loans and deposits	0	0	326,883	1,709,573	78,772,538	80,808,994
– deposits with banks	0	0	0	0	70,472,826	70,472,826
– loans given	0	0	0	0	4,525,185	4,525,185
– other financial investments	0	0	326,883	1,709,573	3,774,527	5,810,983
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	13,340,360	13,340,360
TOTAL	157,560,733	20,317	544,405,481	2,137,609,082	98,104,537	2,937,700,150

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

¹¹² For ease of presentation, abbreviations of individual categories of financial assets are used in the disclosures:

- HTM – held-to-maturity financial assets
- FVTPL – financial assets measured at fair value through profit or loss
- AFS – available-for-sale financial assets
- L&R – loans and receivables

in EUR

FINANCIAL ASSETS	HTM	FVTPL	AFS	L&R	TOTAL
As at 1 January 2020	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	-30,757,737	-46,198,195	-238,713,133	-41,365,828	-357,034,893
Amount removed from other comprehensive income at disposal	0	0	-22,047,628	0	-22,047,628
Valuation trough profit and loss	0	8,695,330	0	0	8,695,330
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
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	2,887,380,557
Purchases	0	303,082,731	828,612,089	61,488,798	1,193,183,618
Disposals	-155,425	-230,259,601	-500,165,301	-3,401,132	-733,981,459
Maturities	-12,394,263	-55,550,289	-273,380,879	-60,153,244	-401,478,675
Amount removed from other comprehensive income at disposal	0	0	-20,990,576	260,453	-20,730,123
Valuation trough profit and loss	0	-4,896,181	0	0	-4,896,181
Valuation through other comprehensive income	0	0	-17,636,470	0	-17,636,470
Impairments	0	0	0	0	0
Premiums and discounts	4,779,663	0	-7,387,835	473	-2,607,699
Interest income	2,487,611	6,407,128	25,210,816	1,313,955	35,419,510
Acquisition	0	0	0	0	0
Exchange rate difference	18,461	971,284	1,433,172	624,155	3,047,072
As at 31 December 2021	157,560,733	544,425,798	2,137,609,082	98,104,537	2,937,700,150

As 31 December 2021, the Group's portfolio included neither received securities as collateral for loans given, nor any securities pledged as collateral for its liabilities. The proportion of the Group's financial investments classified as subordinated instruments by the issuer was 2.22% as at the reporting date.

in EUR

Zavarovalnica Triglav	Carrying value		Fair value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Loans and deposits	32,521,523	36,951,085	32,135,431	36,322,025
Held to maturity	140,946,233	143,908,512	173,901,172	186,083,461
Available for sale	1,588,390,263	1,595,002,429	1,588,390,263	1,595,002,429
At fair value through profit and loss:	206,821,960	207,726,347	206,821,960	207,726,347
– designated	206,801,643	207,613,046	206,801,643	207,613,047
– held for trading	20,317	113,301	20,317	113,301
TOTAL	1,968,679,979	1,983,588,373	2,001,248,826	2,025,134,262

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Types of investment of Zavarovalnica Triglav as at 31 December 2021

in EUR

	HTM	FVTPL– Designated upon acquisition	AFS	L&R	SKUPAJ
Debt and other fixed-return securities	140,946,233	175,170,224	1,414,431,597	5,991,639	1,736,539,694
Investments in shares, other floating-rate securities and fund coupons	0	31,631,419	172,377,789	0	204,009,208
Financial derivatives	0	20,317	0	0	20,317
Loans and deposits:	0	0	1,580,876	26,529,884	28,110,760
– deposits with banks and certificates of deposits	0	0	0	19,676,707	19,676,707
– loans given	0	0	0	5,155,690	5,155,690
– other financial investments	0	0	1,580,876	1,697,486	3,278,362
TOTAL	140,946,233	206,821,960	1,588,390,263	32,521,523	1,968,679,979

Types of investment of Zavarovalnica Triglav as at 31 December 2020

in EUR

	HTM	FVTPL– Designated upon acquisition	AFS	L&R	SKUPAJ
Debt and other fixed-return securities	143,908,512	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	1,863,439	111,723,131	0	113,586,570
Financial derivatives	0	113,301	0	0	113,301
Loans and deposits:	0	0	1,966,336	30,549,912	32,516,248
– deposits with banks and certificates of deposits	0	0	0	19,567,302	19,567,302
– loans given	0	0	0	9,294,086	9,294,086
– other financial investments	0	0	1,966,336	1,688,524	3,654,860
TOTAL	143,908,512	207,726,347	1,595,002,429	36,951,085	1,983,588,373

As 31 December 2021, the Company's portfolio included neither received securities as collateral for loans given, nor any securities pledged as collateral for its liabilities. The proportion of the Company's financial investments classified as subordinated instruments by the issuer was 2.96% as at the reporting date.

in EUR

MOVEMENT OF INVESTMENTS OF ZAVAROVALNICA TRIGLAV	HTM	FVTPL	AFS	L&R	SKUPAJ
As at 1 January 2020	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	-524,770,401	-5,113	-846,306,584
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	0	0	5,419,645
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
Purchases	0	184,307,139	701,453,620	361,588	886,122,347
Maturities	-9,654,672	-28,614,834	-223,081,727	-5,266,107	-266,617,340
Disposal	0	-154,898,078	-458,906,853	-415,014	-614,219,945
Amount removed from other comprehensive income at disposal	0	0	-19,976,488	0	-19,976,488
Realized gains or losses on disposal	0	0	0	0	0
Valuation trough profit and loss	0	-3,191,308	0	0	-3,191,308
Valuation through other comprehensive income	0	0	-16,669,933	0	-16,669,933
Impairments	0	0	0	0	0
Premiums and discounts	4,779,662	0	-6,861,573	922	-2,080,989
Interest income	1,912,731	1,602,748	17,423,471	796,312	21,735,262
Transfer between funds	0	0	0	0	0
Exchange rate difference	0	-110,054	7,317	92,737	-9,999
As at 31 December 2021	140,946,233	206,821,960	1,588,390,263	32,521,523	1,968,679,979

The signs of impairment of financial investments were tested as at 31 December 2021, where with respect to equity securities a significant decrease in the fair value of the security (a 20% decrease in fair value below cost) or a long-term decrease in its fair value (a decrease in value over a 9-month period) was taken into account as objective evidence of impairment. No signs of impairment of financial investments were identified.

3.8 Unit-linked insurance assets

All unit-linked insurance assets are classified in the group of financial assets measured at fair value through profit or loss. Their carrying amounts are equal to their fair values.

Unit-linked insurance assets are presented below according to their distribution into individual groups.

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Equity instruments	594,267,074	443,699,150	529,598,379	396,272,477
Debt instruments	25,350,414	58,109,830	9,819,593	46,020,011
TOTAL	619,617,488	501,808,980	539,417,972	442,292,488

Movement of unit-linked insurance assets

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
As at 1 January 2020	482,031,288	433,758,610	433,758,610	433,758,610
Purchases	101,129,592		88,646,028	
Disposals	-84,766,909		-81,782,012	
Maturities	-6,217,099		-5,788,340	
Amount removed from other comprehensive income at disposal	0		0	
Profit/loss on disposal	0		0	
Valuation trough profit or loss	10,898,574		7,776,032	
Valuation through other comprehensive income	0		0	
Impairments	0		0	
Premiums and discounts	93,186		93,186	
Interest income	752,721		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	442,292,488	442,292,488
Purchases	164,719,485		130,148,467	
Disposals	-126,792,780		-107,958,832	
Maturities	-1,679,786		-304,161	
Amount removed from other comprehensive income at disposal	0		0	
Profit/loss on disposal	0		0	
Valuation trough profit and loss	78,491,784		73,893,062	
Valuation through other comprehensive income	0		0	
Impairments	0		0	
Premium and discounts	0		0	
Interest income	343,564		86,419	
Transfer between funds	0		0	
Exchange rate difference	2,726,241		1,260,529	
As at 31 December 2021	619,617,488	539,417,972	539,417,972	539,417,972

3.9 Reinsurers' share of technical provisions

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
NON-LIFE INSURANCE				
Reinsurers' share of unearned premiums	53,115,634	40,742,291	41,581,360	35,626,767
Reinsurers' share of claims	115,899,852	82,994,283	94,405,037	70,235,406
Reinsurers' share of technical provisions for bonuses and discounts	34,916	16,339	0	0
Total non-life insurance	169,050,402	123,752,913	135,986,397	105,862,173
LIFE INSURANCE				
Reinsurers' share of unearned premiums	1,903	1,576	728	635
Reinsurers' share of claims	155,829	114,286	90,832	40,630
Reinsurers' share of other mathematical provisions	5,631,756	2,004,863	0	0
Total life insurance	5,789,488	2,120,725	91,560	41,265
TOTAL ASSETS FROM REINSURANCE CONTRACTS	174,839,890	125,873,637	136,077,958	105,903,438

3.10 Receivables

Triglav Group

in EUR

31 December 2021	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	91,820,356	-114,585	91,705,771	22,286,167	-2,545,490	19,740,677	46,587,473	-41,178,714	5,408,759	116,855,207
Receivables from insurers	85,627,779	-109,007	85,518,772	20,961,728	-2,412,857	18,548,871	35,233,205	-33,865,076	1,368,129	105,435,772
Receivables from insurance brokers	483,018	0	483,018	284,708	-78,483	206,225	407,273	-398,445	8,828	698,071
Other receivables from direct insurance operations	5,709,559	-5,578	5,703,981	1,039,731	-54,150	985,581	10,946,995	-6,915,193	4,031,802	10,721,364
Receivables from co-insurance and reinsurance operations	50,828,032	0	50,828,032	11,928,250	0	11,928,250	4,546,183	-101,533	4,444,650	67,200,932
Premium receivable from co-insurance	2,686,589	0	2,686,589	815,126	0	815,126	516,108	-6,107	510,001	4,011,716
Premium receivable from reinsurance	36,929,384	0	36,929,384	9,645,377	0	9,645,377	2,981,035	-95,426	2,885,609	49,460,370
Receivables from co-insurers' share in claims	345,342	0	345,342	156,693	0	156,693	2,003	0	2,003	504,038
Receivables from reinsurers' share in claims	10,412,747	0	10,412,747	1,311,054	0	1,311,054	1,043,666	0	1,043,666	12,767,467
Other receivables from co-insurance and reinsurance operation	453,970	0	453,970	0	0	0	3,371	0	3,371	457,341
Receivables for income tax refund	4,127,384	0	4,127,384	0	0	0	0	0	0	4,127,384
Other receivables	18,726,280	-570,974	18,155,306	5,201,870	-980,917	4,220,953	64,283,690	-62,466,563	1,817,127	24,193,386
Other short-term receivables from insurance operations*	4,437,276	-25	4,437,251	3,310,488	-935,726	2,374,762	60,404,439	-59,315,389	1,089,050	7,901,063
Short-term receivables from financing	518,525	0	518,525	102,493	-696	101,797	452,813	-449,259	3,554	623,876
Other short-term receivables	12,059,476	-526,803	11,532,673	1,768,069	-44,495	1,723,574	3,426,438	-2,701,915	724,523	13,980,770
Long-term receivables	1,711,003	-44,146	1,666,857	20,820	0	20,820	0	0	0	1,687,677
TOTAL	165,502,052	-685,559	164,816,493	39,416,287	-3,526,407	35,889,880	115,417,346	-103,746,810	11,670,536	212,376,909

*Subrogated receivables are included in other short term receivables from insurance operations.

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31 December 2020	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	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.

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31 December 2021	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	62,724,256	-90,867	62,633,389	8,032,202	-1,226,874	6,805,328	19,914,409	-15,836,552	4,077,857	73,516,574
Receivables from insurers	57,180,390	-90,867	57,089,523	7,337,698	-1,219,558	6,118,140	15,952,913	-15,816,111	136,802	63,344,465
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0
Other receivables from direct insurance operations	5,543,866	0	5,543,866	694,504	-7,316	687,188	3,961,496	-20,441	3,941,055	10,172,109
Receivables from co-insurance and reinsurance operations	16,077,319	0	16,077,319	4,784,925	0	4,784,925	2,660,096	0	2,660,096	23,522,340
Premium receivable from co-insurance	703,483	0	703,483	0	0	0	0	0	0	703,483
Premium receivable from reinsurance	9,334,452	0	9,334,452	3,858,491	0	3,858,491	2,037,158	0	2,037,158	15,230,101
Receivables from co-insurers' share in claims	182,738	0	182,738	45,402	0	45,402	0	0	0	228,140
Receivables from reinsurers' share in claims	5,856,646	0	5,856,646	881,032	0	881,032	622,938	0	622,938	7,360,616
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Receivables for income tax refund	564,166	0	564,166	0	0	0	0	0	0	564,166
Other receivables	4,273,617	-25	4,273,592	3,591,774	-928,466	2,663,308	58,948,341	-58,318,754	629,587	7,566,487
Other short-term receivables from insurance operations*	1,568,569	-25	1,568,544	3,048,304	-927,771	2,120,533	58,727,842	-58,120,916	606,926	4,296,003
Short-term receivables from financing	462,938	0	462,938	102,493	-695	101,798	140,640	-140,170	470	565,206
Other short-term receivables	1,962,760	0	1,962,760	440,977	0	440,977	79,859	-57,668	22,191	2,425,928
Long-term receivables	279,350	0	279,350	0	0	0	0	0	0	279,350
TOTAL	83,639,358	-90,892	83,548,466	16,408,901	-2,155,340	14,253,561	81,522,846	-74,155,306	7,367,540	105,169,567

*Subrogated receivables are included in other short term receivables from insurance operations.

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in EUR

31 December 2020	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	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

*Subrogated receivables are included in other short term receivables from insurance operations.

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The table below shows an analysis of changes in impairment adjustment separately for the Triglav Group and Zavarovalnica Triglav.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
VALUE ADJUSTMENT OF RECEIVABLES FROM POLICYHOLDERS				
Impairment allowance for receivables as at 1 January	39,353,272	41,518,055	19,206,413	20,330,577
– Increase of impairment allowance for receivables	4,393,727	5,619,174	2,607,237	2,969,080
– Decrease in impairment allowance for receivables	-3,037,943	-3,234,174	-2,523,776	-2,268,890
– Receivables write-off	-4,363,319	-4,407,712	-2,163,338	-1,824,355
– Changes in Group	0	0	0	0
– Acquisition	6,176	-25,545	0	0
– Exchange rate difference	35,030	-116,526	0	0
Impairment allowance for receivables as at 31 December	36,386,940	39,353,272	17,126,536	19,206,413
IMPAIRMENT ALLOWANCE FOR OTHER SHORT-TERM RECEIVABLES				
Impairment allowance for receivables as at 1 January	62,548,247	64,624,294	61,510,856	63,606,384
– Increase of impairment allowance for receivables	7,179,130	8,457,591	7,123,619	8,428,269
– Decrease in impairment allowance for receivables	-5,986,348	-6,179,827	-6,095,000	-6,171,650
– Receivables write-off	-3,490,763	-4,352,147	-3,490,763	-4,352,147
– Changes in Group	0	0	0	0
– Exchange rate difference	874	-1,664	0	0
Impairment allowance for receivables as at 31 December	60,251,140	62,548,247	59,048,712	61,510,856
VALUE ADJUSTMENT OF OTHER RECEIVABLES				
Impairment allowance for receivables as at 1 January	14,089,513	14,846,966	350,419	361,021
– Increase of impairment allowance for receivables	293,938	527,886	48,390	84,788
– Decrease in impairment allowance for receivables	-2,517,850	-259,361	-35,643	-18,753
– Receivables write-off	-577,353	-916,168	-136,876	-76,637
– Transfer on deferred income	0	0	0	0
– Exchange rate difference	32,448	-110,807	0	0
– Changes in Group	0	997	0	0
– Merger	0	0	0	0
– Transfer on disposal group held for sale	0	0	0	0
Impairment allowance for receivables as at 31 December	11,320,696	14,089,513	226,290	350,419
TOTAL VALUE ADJUSTMENT OF RECEIVABLES				
As at 1 January	115,991,032	120,989,315	81,067,688	84,297,982
As at 31 December	107,958,776	115,991,032	76,401,538	81,067,689

3.11 Other assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Inventories	474,248	526,765	199,858	253,006
Deferred costs	3,940,050	5,009,827	1,313,402	3,087,241
Investments into computer software for the Group	0	401,553	0	401,553
Other assets	428,727	358,560	0	0
TOTAL	4,843,025	6,296,705	1,513,260	3,741,799

3.12 Cash and cash equivalents

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Cash in bank accounts	54,383,207	58,670,999	13,897,783	17,288,122
Call account	27,510,454	22,766,225	0	5,000,172
Cash on hand	427,969	462,440	15,208	15,928
TOTAL	82,321,630	81,899,664	13,912,991	22,304,222

3.13 Non-current assets held for sale

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Land and property of company Triglav upravljanje nekretninama d.o.o., Zagreb	49,514	146,884	0	0
Land and property of company Triglav Upravljanje nepremičnin d.o.o.	3,564,626	768,967	0	0
Land and property of company Triglav Osiguranje a.d., Banja Luka	197,904	0	0	0
TOTAL	3,812,044	915,851	0	0

3.14 Equity

As at 31 December 2021, the Company's share capital amounted to EUR 73,701,392 (31 December 2020: EUR 73,701,392). It was divided into 22,735,148 ordinary registered no-par value shares. Each share represents the same stake and corresponding amount in share capital. The proportion of each no-par value share in the share capital is determined based on the number of no-par value shares issued. All the shares have been paid up in full.

The shares are entered in the KDD register under the ZVTG ticker symbol and are listed on the Ljubljana Stock Exchange Prime Market. Shareholders have the right to participate in the management of the company and the right to participate in profit.

As at 31 December 2021, there were 11,998 subscribers of shares in Zavarovalnica Triglav's share register (31 December 2020: 12,982). The largest subscribers are presented in the table below.

Shareholders of Zavarovalnice Triglav¹¹³

Subscribers	Numbers of shares		Share (%)	
	2021	2021	2021	2021
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628		34.47	
SDH d.d., Ljubljana	6,386,644		28.09	
Erste Group Bank - PBZ Croatia Osiguranje OMF account – fiduciary account, Austria	1,526,190		6.71	
Unicredit Bank Austria – fiduciary account, Austria	595,286		2.62	
Citibank – fiduciary account, Great Britain	555,383		2.44	
Hrvatska poštanska banka – fiduciary account, Croatia	232,764		1.02	
Skandinaviska Enskilda Banken – fiduciary account, Luxembourg	161,940		0.71	
Clearstream Banking SA – fiduciary account, Luxembourg	120,565		0.53	
State Street Bank and Trust – fiduciary account, USA	90,194		0.40	
Forplan d.o.o., Ljubljana	83,014		0.37	
Other shareholders (less than 1%)	5,146,540		22.64	
TOTAL	22,735,148		100.00	

Subscribers	Numbers of shares		Share (%)	
	2020	2020	2020	2020
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628		34,47	
SDH d.d., Ljubljana	6,386,644		28,09	
Addiko Bank d.d., Pension fund 1 – fiduciary account, Croatia	1,526,190		6,71	
Unicredit Bank Austria – fiduciary account, Austria	604,642		2,66	
Citibank – fiduciary account, Great Britain	530,402		2,33	
Hrvatska poštanska banka – fiduciary account, Croatia	232,644		1,02	
East Capital – East Capital Balkans, Luxembourg	186,201		0,82	
Pozavarovalnica Sava Re d.d., Ljubljana	166,678		0,73	
The Bank of New York Mellon – fiduciary account, USA	84,399		0,37	
Forplan d.o.o., Ljubljana	84,298		0,37	
Other shareholders (less than 1%)	5,096,422		22,43	
TOTAL	22,735,148		100,00	

Share price

	in EUR	
	31 Dec. 2021	31 Dec. 2020
Quoted price of the share on the regulated securities market	36.80	30.00
Book value of equity per share	29.70	28.33

Distribution of accumulated profits of Zavarovalnica Triglav

	in EUR	
	2021	2020
Net profit/loss for the year	73,415,549	57,997,639
Net profit brought forward	50,974,423	60,543,475
Increase in retained income	-29,592	-16,939
Increase of other reserves from profit based on the decision by the Management and Supervisory Boards	-36,700,000	-28,900,000
ACCUMULATED PROFITS	87,660,380	89,624,175
Distribution of accumulated profits		
– to shareholders		38,649,752
– allocation to other reserves from profit		0
– transfer to the following year		50,974,423

The General Meeting of Shareholders will decide on the distribution of accumulated profit for 2021 at the proposal of the Management Board and the Supervisory Board.

Reserves from profit

In addition to legal and treasury share reserves, reserves from profit also comprise other reserves from profit.

In accordance with the ZGD-1, the Management Board may allocate up to one half of the amount of the net profit remaining after the appropriation of the profit for the purposes required by law to create other reserves. In addition to prudent risk management, the creation of these reserves based on, in particular, the anticipated company's strategic needs for capital, taking into account capital sources. When preparing the Annual Report for 2021, the Management Board formed other reserves from profit in the amount of EUR 36,700,000.

Treasury shares reserves and treasury shares (as a deductible item)

The treasury shares include the shares of Zavarovalnica Triglav held by other Group companies whose financial statements are included in the Group's consolidated financial statements. Triglav, Upravljanje nepremičnin d.o.o. held 24,312 shares of Zavarovalnica Triglav in the amount of EUR 364,680 as at 31 December 2021. The balance of treasury shares is unchanged compared to the preceding year.

In the consolidated financial statements, treasury shares are measured at cost and recognised as a deductible under equity. For these shares, treasury share reserves are created in the same amount from net profit brought forward.

¹¹³ Based on KDD data, the table lists the 10 largest shareholders or subscribers who are custodian banks with shares of their clients in fiduciary accounts.

Fair value reserves

Fair value reserves are changes in the fair value of available-for-sale financial assets and are reduced by deferred taxes. Changes in fair value reserves are specified in greater detail in the statement of comprehensive income in Section [1.3](#).

Translation differences

Translation differences arise from foreign exchange differences in consolidation procedures. In 2021, translation differences amounted to EUR 169,111 (2020: EUR 533,006)¹¹⁴. Translation differences mainly refer to the change in the exchange rate of Croatian kuna and Serbian dinar.

Notes to the statement of changes in equity

The following changes are shown in the Group's statement of changes in equity for 2021:

- increase in capital for net profit of the year in the amount of EUR 112,965,693, of which EUR 203,879 is accounted for by non-controlling interest holders;
- reduction of capital for the payment of dividends in the amount of EUR 38,608,421;
- allocation of net profit from 2020 to net profit brought forward in the amount of EUR 44,131,954;
- allocation of net profit from 2021 to reserves from profit in the amount of EUR 37,321,969;
- increase in legal and statutory reserves from net profit brought forward in the amount of EUR 205,295;
- reclassification from statutory reserves to other reserves from profit in the amount of EUR 652,926;
- the effect of repurchases of shares of subsidiaries from non-controlling interest holders, which reduced the value of non-controlling interest holders' capital by EUR 97,315, while the positive effect of repurchases in the amount of EUR 12,640 is disclosed as an increase in the Group's share premium;
- reduction of fair value reserves and net profit brought forward in the total amount of EUR 11,437,675, of which EUR 134,292 reduces the capital of non-controlling interest holders. The decrease relates to the re-measurement of the fair value of financial investments and the recalculation of actuarial gains and losses related to employee benefits.

The following changes are shown in the Company's statement of changes in equity for 2021:

- increase in capital for net profit of the year in the amount of EUR 73,415,549;
- reduction of capital for the payment of dividends in the amount of EUR 38,649,752 based on a General Meeting of Shareholders' resolution;
- allocation of net profit from 2020 to net profit brought forward in the amount of EUR 29,097,639;
- allocation of net profit from 2021 to reserves from profit in the amount of EUR 36,700,000 based on a General Meeting of Shareholders' resolution;

- reduction of fair value reserves and net profit brought forward in the total amount of EUR 3,547,037 related to the re-measurement of the fair value of financial investments and the recalculation of actuarial gains and losses related to employee benefits.

3.15 Subordinated liabilities

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Amortised cost	49,471,831	49,423,693	49,471,831	49,423,693
Fair value	53,749,521	51,792,521	53,749,521	51,792,521

in EUR

The ZAVARO 4 3/8 10/22/49 bond was issued on 24 April 2019 in the amount of EUR 50 million (500 denominations of EUR 100,000). The final maturity date of said bond is 22 October 2049 and the first call date is 22 October 2029. Until the first call, interest is paid annually at the fixed interest rate of 4.375%. Thereafter, the interest rate is variable, i.e. 3-month Euribor + 4.845%, and interest is paid quarterly. The bond is valued at amortised cost in the financial statements. The bond was listed on the Luxembourg Stock Exchange on 30 April 2019 (ISIN code XS1980276858). The bond is subordinated (Tier 2) and issued in line with the Solvency II regulations.

Issued bonds are disclosed at amortised cost. When calculating the fair value, the price according to the valuation model is taken into account, as there are very few transactions on the Ljubljana Stock Exchange. As at 31 December 2021, the price of ZAVARO 4 3/8 10/22/49 was 106.660% (31 December 2020: 102.746).

In the event of the Company's bankruptcy or liquidation, liabilities from the above-mentioned bond issues are subordinated to net debt instruments and are paid only when all non-subordinated liabilities to ordinary creditors have been paid. The holders of bonds do not have the right to early redemption before the maturity date set by the amortisation schedule. Bonds are not convertible to equity or any other liability.

3.16 Insurance technical provisions and insurance technical provisions for unit-linked life insurance contracts

The calculation of insurance technical provisions is based on actuarial methods, with the influence of selected estimates and assumptions, especially in the calculation of life insurance liabilities, being very large. The estimates and assumptions used in the calculation of insurance technical provisions for life insurance are described below.

The valuation of life and annuity insurance liabilities was carried out by using the modified prospective net premium method, taking into account acquisition costs, including all contractual obligations and

bonuses. The insurance technical parameters used by the method are either the same as those used for calculating insurance premium or adjusted so as to reflect subsequently changed circumstances which increase the value of liabilities. This is particularly the case for annuity insurance where in the calculation of liabilities the insurance company takes into account own, more conservative mortality tables and a carefully set (lower) interest rate. Slovenian annuity mortality tables SIA65 from 2010 and the interest rate of 2.4% were used for contracts with a guaranteed interest rate of 2.5% or more. The guaranteed technical interest rate used for valuation ranged between 0% and 5.0%. The calculation took into account acquisition costs below 3.5% of the sum insured under life insurance policies.

The mathematical provisions for voluntary pension insurance were built up over the accumulation period using the retrospective method. In calculating the provisions, this method takes into account all premiums paid up to the valuation date, entry fees, sums paid out, bonuses from the guaranteed interest rate and bonuses credited to personal accounts from profit participation. The mathematical provisions for voluntary pension insurance during the pension annuity payout period were created using the prospective net method. The insurance technical parameters taken into account in the calculation are either the same as those set at the time of underwriting the policy or adjusted to the circumstances expected during pension payout, if these circumstances are worse than those taken into account in premium calculation. The interest rate used in the valuation of liabilities during premium payments ranged from 0.75% to 2.45%. An interest rate in the range of 0.5–2.4% and the Slovenian annuity mortality table SIA65 from 2010 were used in the valuation of liabilities for the pension annuity payout period.

The mathematical provisions for voluntary pension insurance were built up over the accumulation period using the retrospective method; during the pension annuity payout period, provisions are set aside based on the present value of estimated future liabilities (the prospective net method). The insurance technical parameters taken into account in the calculation either match the parameters set at the time of underwriting the policy or are adjusted for those subsequently changed circumstances that increase the amount of liabilities, particularly in the valuation of liabilities during the pension payout period. Slovenian annuity mortality tables SIA65 from 2010 were used in the valuation of liabilities. An interest rate in the range of 0.5–2.4% was used in the valuation of liabilities for the pension annuity payout period.

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
NON-LIFE INSURANCE				
GROSS UNEARNED PREMIUM PROVISIONS	366,127,294	340,941,945	245,629,454	234,785,484
GROSS CLAIMS PROVISIONS	655,329,262	609,302,604	425,072,536	410,567,439
Gross claims provisions for IBNR and IBNER	263,481,464	284,671,957	165,583,089	192,205,172
Gross provisions for incurred and reported claims	355,693,497	295,382,960	228,650,138	194,301,647
Gross claims provisions for co-insurance	646,211	655,874	646,211	655,874
Expected subrogation	-6,391,970	-6,796,269	-6,391,970	-6,796,269
Provisions for claim handling costs	41,900,059	35,388,083	36,585,068	30,201,015
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	24,165,736	24,882,389	23,724,069	23,837,107
OTHER GROSS INSURANCE TECHNICAL PROVISIONS	4,938,070	5,412,958	1,906,281	2,067,543
TOTAL NON-LIFE INSURANCE TECHNICAL PROVISIONS	1,050,560,362	980,539,896	696,332,340	671,257,573
LIFE INSURANCE				
GROSS UNEARNED PREMIUM PROVISIONS	454,613	457,883	388,396	405,332
GROSS MATHEMATICAL PROVISIONS	1,432,613,660	1,457,023,963	1,008,319,155	1,041,557,084
Gross mathematical provisions covering life insurance	810,444,012	843,031,557	723,013,422	765,330,996
Gross mathematical provisions covering SVPI	545,627,331	547,404,191	208,763,416	209,637,873
Gross mathematical provisions covering SVPI during the annuity pay-out period	76,542,317	66,588,215	76,542,317	66,588,215
GROSS CLAIMS PROVISIONS	23,114,787	21,380,025	21,494,719	19,692,182
Gross claims provisions for IBNR and IBNER	19,431,913	17,325,134	18,542,390	16,280,801
Gross provisions for incurred and reported claims	3,382,190	3,780,134	2,684,866	3,175,954
Gross claims provisions for co-insurance	0	0	0	0
Expected subrogation	0	0	0	0
Provisions for claim handling costs	300,683	274,757	267,463	235,427
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	0	14,516	0	0
OTHER INSURANCE TECHNICAL PROVISIONS	16,230,260	20,323,718	13,838,576	17,403,211
TOTAL LIFE INSURANCE TECHNICAL PROVISIONS	1,472,413,320	1,499,200,105	1,044,040,846	1,079,057,809
HEALTH INSURANCE				
GROSS UNEARNED PREMIUM PROVISIONS	3,461,818	3,361,099	0	0
GROSS CLAIMS PROVISIONS	16,054,262	14,648,539	0	0
Gross claims provisions for IBNR and IBNER	14,062,216	13,461,809	0	0
Gross provisions for incurred and reported claims	1,735,686	792,999	0	0
Gross claims provisions for co-insurance	42,281	39,453	0	0
Expected subrogation	0	0	0	0
Provisions for claim handling costs	214,079	354,277	0	0
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	3,298,449	3,298,449	0	0
OTHER INSURANCE TECHNICAL PROVISIONS	30,580,173	22,181,056	0	0
TOTAL HEALTH INSURANCE TECHNICAL PROVISIONS	53,394,702	43,489,143	0	0
TOTAL INSURANCE TECHNICAL PROVISIONS	2,576,368,384	2,523,229,144	1,740,373,186	1,750,315,383
GROSS MATHEMATICAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE	622,303,398	509,984,710	540,135,052	448,726,097

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.

Gross and net claims provisions

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
NON-LIFE INSURANCE				
Gross provisions for incurred and unreported claims	246,006,802	263,661,814	156,055,411	180,600,843
Gross claims provisions	263,481,465	284,671,957	165,583,089	192,205,172
Reinsurers' share	-17,474,662	-21,010,143	-9,527,678	-11,604,329
Gross provisions for incurred and reported claims	256,859,736	232,983,504	143,364,210	135,260,905
Gross claims provisions	355,693,497	295,382,960	228,650,138	194,301,647
Reinsurers' and co-insurers' share	-98,833,761	-62,399,456	-85,285,928	-59,040,742
Gross claims provisions for co-insurance	646,211	661,523	646,211	655,874
Gross claims provisions	646,211	655,874	646,211	655,874
Reinsurers' share	0	5,649	0	0
Expected subrogation	-5,983,401	-6,386,603	-5,983,401	-6,386,603
Gross claims provisions	-6,391,970	-6,796,269	-6,391,970	-6,796,269
Reinsurers' share	408,569	409,666	408,569	409,666
Provisions for claim handling costs	41,900,059	35,388,083	36,585,068	30,201,015
Gross claims provisions	41,900,059	35,388,083	36,585,068	30,201,015
Reinsurers' share	0	0	0	0
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	539,429,407	526,308,321	330,667,499	340,332,034
TOTAL GROSS CLAIMS PROVISIONS	655,329,262	609,302,605	425,072,536	410,567,439
TOTAL REINSURERS' SHARE	-115,899,852	-82,994,284	-94,405,037	-70,235,406

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
LIFE INSURANCE				
Gross provisions for incurred and unreported claims	19,431,913	17,325,134	18,542,390	16,280,801
Gross claims provisions	19,431,913	17,325,134	18,542,390	16,280,801
Reinsurers' share	0	0	0	0
Gross provisions for incurred and reported claims	3,226,361	3,665,848	2,594,034	3,135,324
Gross claims provisions	3,382,190	3,780,134	2,684,866	3,175,954
Reinsurers' share	-155,829	-114,286	-90,832	-40,630
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	300,683	274,757	267,463	235,427
Gross claims provisions	300,683	274,757	267,463	235,427
Reinsurers' share	0	0	0	0
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	22,958,957	21,265,739	21,403,887	19,651,552
TOTAL GROSS CLAIMS PROVISIONS	23,114,787	21,380,025	21,494,719	19,692,182
TOTAL REINSURERS' SHARE	-155,829	-114,286	-90,832	-40,630

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HEALTH INSURANCE	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Gross provisions for incurred and unreported claims	14,062,216	13,461,809	0	0
Gross claims provisions	14,062,216	13,461,809	0	0
Reinsurers' share	0	0	0	0
Gross provisions for incurred and reported claims	1,735,686	792,999	0	0
Gross claims provisions	1,735,686	792,999	0	0
Reinsurers' and co-insurers' share	0	0	0	0
Gross claims provisions for co-insurance	42,281	39,453	0	0
Gross claims provisions	42,281	39,453	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	214,079	354,277	0	0
Gross claims provisions	214,079	354,277	0	0
Reinsurers' share	0	0	0	0
TOTAL HEALTH INSURANCE GROSS CLAIMS PROVISIONS	16,054,262	14,648,538	0	0
TOTAL GROSS CLAIMS PROVISIONS	16,054,262	14,648,538	0	0
TOTAL REINSURERS' SHARE	0	0	0	0

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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 2020	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
Increase	265,980,915	0	230,589,155	17,212,543	3,053,771	0	516,836,384
Use	-240,971,129	0	-184,792,860	-17,932,464	-3,531,416	0	-447,227,869
Exchange rate difference	175,563	0	230,363	3,268	2,757	0	411,951
31 December 2021	366,127,294	0	655,329,262	24,165,736	4,938,070	0	1,050,560,362

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 2020	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
Increase	408,591	107,993,661	16,372,852	0	618,036	170,753,420	296,146,560
Use	-411,930	-132,628,576	-14,639,940	-14,516	-4,711,573	-58,543,880	-210,950,415
Transfer between funds	0	0	0	0	0	0	0
Exchange rate difference	69	224,612	1,850	0	79	109,148	335,758
31 December 2021	454,613	1,432,613,660	23,114,787	0	16,230,260	622,303,398	2,094,716,718

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 2020	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
Increase	3,461,818	0	15,595,425	0	8,605,950	0	27,663,193
Use	-3,361,099	0	-14,189,702	0	-206,833	0	-17,757,634
Exchange rate difference	0	0	0	0	0	0	0
31 December 2021	3,461,818	0	16,054,262	3,298,449	30,580,173	0	53,394,702

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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 2020	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
Increase	203,868,546	178,339,458	17,071,676	1,906,281	0	401,185,961
Use	-193,024,576	-163,834,361	-17,184,714	-2,067,543	0	-376,111,194
31 December 2021	245,629,454	425,072,536	23,724,069	1,906,281	0	696,332,340

in EUR

LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions
1 January 2020	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
Increase	388,396	58,496,458	11,907,104	0	141,789,936	212,581,894
Use	-405,332	-91,734,387	-10,104,567	-3,564,635	-50,380,981	-156,189,902
Transfer between funds	0	0	0	0	0	0
31 December 2021	388,396	1,008,319,155	21,494,719	13,838,576	540,135,052	1,584,175,898

Analysis of the decrease in gross mathematical provisions

in EUR

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Surrenders	34,745,374	41,713,979	13,582,683	28,097,610
Endowments	67,344,272	53,130,433	63,191,276	48,648,353
Deaths	3,532,657	3,191,863	2,638,500	2,477,250
Other	27,006,273	7,330,215	12,321,928	99,711
TOTAL	132,628,576	105,366,490	91,734,387	79,322,924

Other releases refer to the payment of annuities, releases 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											TOTAL
	Before 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Cumulative loss assessment												
– at the end of year of occurrence		537,773,397	540,980,548	523,335,884	494,721,974	497,610,909	523,078,938	559,765,704	589,478,961	699,754,015	651,454,343	
– 1 year after year of occurrence		539,573,012	447,917,990	481,304,284	477,337,992	463,199,516	513,384,536	551,464,785	615,659,287	567,980,725		
– 2 years after year of occurrence		500,921,267	463,342,293	466,027,510	463,910,257	456,287,534	505,363,769	551,950,951	570,039,619			
– 3 years after year of occurrence		496,641,454	439,583,068	458,436,319	460,400,102	450,345,614	501,998,857	556,923,802				
– 4 years after year of occurrence		487,381,079	433,339,855	453,418,013	453,483,042	449,036,330	512,189,291					
– 5 years after year of occurrence		481,306,074	431,734,293	449,934,658	452,435,034	459,081,971						
– 6 years after year of occurrence		476,606,548	427,365,044	449,715,329	463,207,693							
– 7 years after year of occurrence		473,185,651	425,783,667	456,124,574								
– 8 years after year of occurrence		467,706,623	433,719,427									
– 9 years after year of occurrence		468,598,228										
– 10 years after year of occurrence	84,482,924											
Cumulative loss assessment		468,598,228	433,719,427	456,124,574	463,207,693	459,081,971	512,189,291	556,923,802	570,039,619	567,980,725	651,454,343	
Cumulative payments until balane sheet date	5,785,784	460,712,456	421,858,043	445,614,142	446,631,550	439,351,507	487,468,470	519,138,075	514,427,310	461,379,685	385,774,221	
Claims provisions balance at the beginning of the period	18,200,013	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
Settled during the period	5,785,784	745,893	690,287	1,867,101	1,632,476	3,135,674	5,757,472	9,297,936	28,075,864	108,143,481	385,774,221	550,906,188
Claim provisions balance	78,697,140	7,885,772	11,861,384	10,510,431	16,576,143	19,730,465	24,720,821	37,785,727	55,612,309	106,601,041	265,680,122	635,661,355

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Analysis of changes in loss events for non – life insurance for Zavarovalnica Triglav

in EUR

	Year of occurrence											TOTAL
	Before 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Cumulative loss assessment												
– at the end of year of occurrence		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	319,180,313	
– 1 year after year of occurrence		304,864,538	266,546,400	276,286,823	244,620,306	248,557,097	279,993,010	278,632,613	281,008,780	263,456,383		
– 2 years after year of occurrence		296,542,971	256,384,328	265,047,929	236,877,342	244,240,955	273,830,944	269,833,005	275,224,075			
– 3 years after year of occurrence		289,326,478	249,972,030	260,339,640	233,832,537	238,886,264	270,644,347	266,837,916				
– 4 years after year of occurrence		283,750,168	245,898,744	255,549,812	229,118,262	237,422,941	269,327,405					
– 5 years after year of occurrence		279,036,814	243,246,940	251,874,520	230,089,064	235,266,092						
– 6 years after year of occurrence		273,848,769	239,361,697	252,655,777	228,533,326							
– 7 years after year of occurrence		271,275,009	238,448,945	247,509,999								
– 8 years after year of occurrence		263,385,521	236,727,536									
– 9 years after year of occurrence		262,219,177										
– 10 years after year of occurrence	72,676,257											
Cumulative loss assessment		262,219,177	236,727,536	247,509,999	228,533,326	235,266,092	269,327,405	266,837,916	275,224,075	263,456,383	319,180,313	
Cumulative payments until balance sheet date		256,035,750	227,649,647	240,138,221	214,837,777	221,207,179	252,083,816	245,145,027	244,049,910	215,456,620	161,267,044	
Claims provisions balance at the beginning of the period	84,637,874	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
Settled during the period	4,208,051	498,443	277,829	1,504,184	1,178,884	2,085,942	3,543,721	4,229,408	12,906,141	52,186,062	161,267,044	243,885,708
Claim provisions balance	68,468,206	6,183,427	9,077,889	7,371,777	13,695,549	14,058,913	17,243,589	21,692,890	31,174,165	47,999,764	157,913,269	394,879,438

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3.17 The liability adequacy test (LAT) for life insurance

The liability adequacy test for life insurance provisions was performed as at 31 December 2021 by the Group's certified actuaries.

3.17.1 Test assumptions

Mortality, longevity and morbidity assumptions

Assumptions about mortality, longevity and morbidity rates are based on internal analyses of the company's life insurance portfolio, the data of national statistical offices, the data of reinsurers and other sources.

Portfolio persistency

The model uses the probability of an early termination (lapse) of the insurance contract or discontinuation of premium payments determined based on the lapse analysis of life insurance contracts in past years. The Company continuously monitors the persistency of insurance policies by policy term and type of insurance, adjusting assumptions accordingly.

Expenses

The model takes into account policy handling/maintenance expenses, claim handling expenses and asset management expenses, as determined based on the cost analysis of an individual insurance company of the Group in previous years and business plans of insurance companies in the next strategy period. Estimated future expenses are increased annually in line with the expected inflation rate.

Increasing premium

In the case of insurance policies of which monthly premium changes and is directly or indirectly dependent on wage growth, premium growth will be taken into account in the future in accordance with the expected wage growth 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 Slovenian government debt securities denominated in euros as at 31 December 2021 was used for Zavarovalnica Triglav. The ten-year benchmark is 1.02% for life, annuity and voluntary pension insurance, and 0.46% for all other insurance.
- The yield curve of Slovenian government debt securities denominated in euros as at 31 December 2021 was used for Triglav, pokojninska družba d.d. The ten-year benchmark is 0.46%.
- The yield curve of Slovenian government debt securities denominated in euros as at 31 December 2021 was used for Triglav Osiguranje d.d., Sarajevo. The ten-year benchmark is 0.46%.

- The yield curve of Slovenian government debt securities denominated in euros as at 31 December 2021 was used for Lovćen životna osiguranja a.d., Podgorica. The ten-year benchmark is 0.46%.
- The yield curve of Croatian government debt securities denominated in euros and with the payment of obligations in Croatian kuna as at 31 December 2021 was used for Triglav Osiguranje d.d., Zagreb. The ten-year benchmark is 1.05%.
- The yield curves of Serbian government debt securities denominated in euros (the ten-year benchmark is 2.25%) and Serbian dinars (the ten-year benchmark is 4.19%) as at 31 December 2021 were used for Triglav Osiguranje a.d.o., Belgrade.
- The yield curve of Macedonian government debt securities denominated in Macedonian denar as at 31 December 2020 was used for Triglav Osiguruvanje Život a.d., Skopje. The ten-year benchmark is 1.69%.

Profit participation

The determination of the profit participation rate is at the discretion of each insurance company of the Group and regulated by internal rules. The estimated future allocation of bonuses is in line with the expected performance, past profit allocation rates and the policyholders' reasonable expectations.

In the model, profit as surplus over the technical interest rate of the policy is allocated to with-profits policies. The allocation is determined based on 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 22–50% of supplemental voluntary pension insurance policyholders and 95% 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.

3.17.2 Test results

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 Zavarovalnica Triglav's guarantee funds backing supplemental voluntary pension insurance, disclosing a total deficit of EUR 12,257,283 as at 31 December 2021 (2020: EUR 15,348,574). Due to the decrease in the deficit compared to the preceding year, other insurance technical provisions were released in the amount of EUR 3,091,290.

3.17.3 Test sensitivity analysis

The valuation of liabilities mainly depends on insurance technical parameters such as mortality, lapse rate, operating expenses and the probability of policyholders deciding to opt for pension annuity and future increase in the life expectancy of the population. 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. These changes are potentially practicable changes in the above parameters, which could significantly impact the future performance of insurance companies.

Individual sensitivity analyses 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 test results in the table below show how changes in specific parameters impact the disclosed deficit.

The level of deficit using changed parameters	Zavarovalnica Triglav
Increased probability of mortality by 10%	10,461,687
Decreased probability of mortality by 10%	16,967,713
Increased lapse rate by 10%	12,257,283
Decreased lapse rate by 10%	12,257,283
Increased costs by 10%	12,967,935
Increased share of policyholders who will decide to buy a pension annuity by 10%	12,257,283
Zero increase in life expectancy of the population	12,257,283

For Triglav Osiguranje a.d.o., Beograd, Triglav Osiguranje d.d., Sarajevo, Lovćen životna osiguranja a.d., Podgorica, Triglav Osiguranje d.d., Zagreb, Triglav Osiguruvanje Život, a.d. Skopje and Triglav, pokojninska družba d.d., the LAT showed an adequate amount of provisions formed even in the event of changed parameters.

3.18 Liability adequacy test (LAT) for non-life insurance

The liability adequacy test for non-life insurance provisions was performed as at 31 December 2021 by the Group's certified actuaries.

The LAT results for Zavarovalnica Triglav show that provisions for unearned premium together with provisions for unexpired risks are formed in an adequate amount. No additional provisions had to be made.

Based on the liability adequacy test for health insurance provisions, a deficit in the amount of EUR 21,951,153 was established as at 31 December 2021 (EUR 18,092,156 as at 31 December 2020). Therefore, provisions for unexpired risks in the amount of EUR 3,858,997 were additionally created in 2021. The provisions are intended for covering future healthcare service surcharges, which will be subsequently determined by the minister responsible for health.

In the context of testing the adequacy of provisions, the LAT for liabilities paid out as annuities was carried out. The following assumptions were taken into account in the calculation:

- **Mortality:** The risk arises from the longevity assumption. Slovenian annuity mortality tables SIA65 from 2010, which are used for the valuation of life insurance products, are 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:** 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 performed every year, which is duly taken into account when valuing liabilities from annuity claims.
- **Discount interest rate:** Financial markets are currently experiencing low interest rates. The basic model for calculating the capitalised amounts for annuity claims takes into account a 0.50% discount interest rate.

3.19 Provisions for employee benefits

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Provisions for unused leave	4,573,999	4,680,123	3,665,467	3,858,499
Provisions for retirement benefits	10,914,184	10,765,010	7,552,987	7,489,893
Provisions for jubilee payments	2,183,950	2,336,020	1,623,850	1,724,972
TOTAL	17,672,133	17,781,153	12,842,304	13,073,364

The following estimates and assumptions were taken into account in the calculation of provisions for pensions and retirement benefits:

- The expected mortality based on 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 companies 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 companies outside Slovenia, the expected employee turnover in an individual country was taken into account.
- The expected annual average wage growth in Slovenia was 2.9%; in the subsidiaries outside Slovenia, the expected average wage 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 2021. The ten-year benchmark is 0.46%. In the companies outside Slovenia, the yield curves of government debt securities of individual countries were taken into account.

Analysis of the movement of employee benefits at the Triglav Group

	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2020	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
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
Use of provisions in the year	-4,333,805	-347,319	-179,750	-4,860,874
Release of provisions in the year	-34,756	-135,251	-73,559	-243,566
Creation of provisions in the year	4,262,209	627,828	100,499	4,990,536
Exchange rate difference	228	3,916	740	4,884
As at 31 December 2021	4,573,999	10,914,184	2,183,950	17,672,133

Analysis of the movement of employee benefits at Zavarovalnica Triglav

	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2020	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
Use of provisions in the year	-3,858,499	-176,487	-149,318	-4,184,304
Creation of provisions in the year	3,665,467	239,581	48,196	3,953,244
As at 31 December 2021	3,665,467	7,552,987	1,623,850	12,842,304

Provisions for retirement benefits and jubilee payments at the Triglav Group

in EUR

	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2020	9,540,429	2,051,316	11,591,745
Current service cost	1,022,694	143,549	1,166,243
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	-10,660	-2,509	-13,169
As at 31 December 2020	10,765,010	2,336,020	13,101,030
Current service cost	583,976	112,839	696,815
Interest cost	-2,112	-4,648	-6,760
Actuarial gains/losses due to:			
- changes in demographic assumptions	82,936	26	82,962
- changes in financial assumptions	-391,422	-17,322	-408,744
- experience adjustments	549,748	-70,007	479,741
Past service cost	-36,553	1,329	-35,224
Benefits paid during the year	-536,461	-179,210	-715,671
Gains/losses upon payment	-104,854	4,183	-100,671
Liabilities recognised in business combinations	0	0	0
Exchange rate difference	3,916	740	4,656
As at 31 December 2021	10,914,184	2,183,950	13,098,134

Sensitivity analysis of parameter changes at the Triglav Group

in EUR

Parameter	Parameter change	2021	2020
Interest rate	shift in the discount curve by +0.25%	-258,706	-290,008
	shift in the discount curve by -0.25%	261,833	301,604
Wage growth	change in annual wage growth by +0.5%	530,849	519,406
	change in annual wage growth by -0.5%	-478,481	-461,977
Mortality rate	constant increase in mortality by +20%	-97,169	-86,980
	constant increase in mortality by -20%	99,322	88,662
Early employment termination	shift in the expense curve by +20%	-331,476	-299,031
	shift in the expense curve by -20%	385,064	338,898

Provisions for retirement benefits and jubilee payments at Zavarovalnica Triglav

in EUR

	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2020	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
Current service cost	444,288	140,920	585,208
Interest expenses	-11,952	-4,690	-16,642
Actuarial gains/loss due to:			
- change in demographic assumptions	0	0	0
- change in financial assumptions	-358,878	-21,065	-379,943
- experience adjustments	564,548	-71,018	493,530
Profit/loss upon payment	-148,442	-149,318	-297,760
Termination payments during the year	-426,470	4,049	-422,421
As at 31 December 2021	7,552,987	1,623,850	9,176,837

Sensitivity analysis of parameter changes at Zavarovalnica Triglav

in EUR

Parameter	Parameter change	2021	2020
Interest rate	shift in the discount curve by +0.25%	-186,283	-196,854
	shift in the discount curve by -0.25%	194,068	205,400
Wage growth	change in annual wage growth by +0.5%	322,551	353,981
	change in annual wage growth by -0.5%	-282,990	-310,128
Mortality rate	constant increase in mortality by +20%	-74,910	-77,126
	constant increase in mortality by -20%	75,941	78,212
Early employment termination	shift in the expense curve by +20%	-345,669	-361,713
	shift in the expense curve by -20%	369,492	387,546

3.20 Other provisions

	in EUR	
	Triglav Group	Zavarovalnica Triglav
As at 1 January 2020	2,750,400	732,811
Increase (creation)	588,515	37,146
Decrease (draw down)	-529,293	0
Exchange rate difference	-521	0
As at 31 December 2020	2,809,101	769,957
Increase (creation)	831,897	281,336
Decrease (draw down)	-660,262	-226,313
Release	-468,556	-466,000
Exchange rate difference	356	0
As at 31 December 2021	2,512,536	358,980

Over 90% of other provisions have a maturity of more than 12 months. As part of other provisions, provisions were created for Triglav Skladi's savings plans in the amount of EUR 758 thousand. The remaining provisions relate to provisions for legal disputes, provisions for property, plant and equipment acquired free of charge and provisions for received government grants.

3.21 Deferred tax assets and liabilities

Presented below is the movement of deferred tax assets and liabilities in non-offset amounts.

	in EUR	
	Triglav Group	Zavarovalnica Triglav
DEFERRED TAX ASSETS		
As at 1 January 2020	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
– increase	2,392,637	2,011,611
– decrease	-2,985,372	-2,356,611
As at 31 December 2021	13,347,535	11,871,751
DEFERRED TAX LIABILITIES		
As at 1 January 2020	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
– increase	4,367,913	4,302,528
– decrease	-10,271,963	-9,965,958
As at 31 December 2021	21,797,145	16,084,484

Deferred tax assets are recognised for deductible temporary differences arising mainly from impairment of receivables (for the Group: EUR 7,943,378, for Zavarovalnica Triglav: EUR 7,447,491), financial investments (for the Group: EUR 3,708,803, for Zavarovalnica Triglav: EUR 3,083,805) and real property (for the Group: EUR 330,596, for Zavarovalnica Triglav: EUR 302,941) and provisions for retirement benefits and jubilee payments (for the Group: EUR 1,314,082, for Zavarovalnica Triglav: EUR 1,037,513). Deferred tax assets are not recognised from impairments of investments in subsidiaries and associates disclosed in the separate financial statements. Deferred tax liabilities are mostly recognised due to the valuation of available-for-sale financial assets (for the Group: EUR 20,669,864, for Zavarovalnica Triglav: EUR 16,084,484).

The offset balance of deferred tax assets and liabilities at the level of individual Group members is presented by tax jurisdiction and the offset amount of deferred tax at the level of individual jurisdiction.

in EUR

Tax jurisdiction	2021			2020		
	Deferred tax assets	Deferred tax liabilities	Total deferred tax	Deferred tax assets	Deferred tax liabilities	Total deferred tax
Slovenia	13,123,103	-20,325,169	-7,202,066	13,596,201	-26,018,022	-12,421,821
Croatia	66,533	-703,696	-637,163	272,316	-954,010	-681,694
Montenegro	120,850	-505,058	-384,208	36,143	-472,865	-436,722
Bosnia and Herzegovina	10,789	-115,492	-104,703	4,314	-154,360	-150,046
North Macedonia	0	-147,730	-147,730	5,061	-101,938	-96,877
Serbia	26,260	0	26,260	26,235	0	26,235
TOTAL DEFERRED TAX	13,347,535	-21,797,145	-8,449,610	13,940,270	-27,701,195	-13,760,926
Total deferred tax assets			927,425			26,235
Total deferred tax liabilities			-9,377,034			-13,787,160

3.22 Other financial liabilities

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Loans from banks	414,897	634,748	0	0
Financial liabilities for acquired securities	5,170	0	5,170	0
Liabilities for dividends	656,594	657,300	656,594	657,300
Other financial liabilities	2,008,986	1,603,786	1,028,822	976,596
TOTAL	3,085,647	2,895,834	1,690,586	1,633,896

Other financial liabilities of the Company are liabilities from the squeeze-out of the Company's minority shareholders. At Group level, other financial liabilities include liabilities of the reinsurance company for retained deposits of cedants.

3.23 Lease liabilities

To calculate the net present value of future leases, discount rates were used that were 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 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
MATURITY ANALYSIS				
1 year	3,466,114	3,195,958	1,167,179	1,079,119
2 years	2,525,541	2,981,134	949,773	957,266
3 years	1,971,159	1,979,579	785,757	789,063
4 years	1,680,346	835,021	702,087	234,303
5 years	1,179,380	550,713	494,262	121,445
More than 5 years	391,868	529,028	544,785	494,608
Foreign exchange differences	60,399	-45,901	0	0
TOTAL	11,274,806	10,025,532	4,643,844	3,675,805

3.24 Operating liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
DIRECT INSURANCE LIABILITIES	19,450,557	16,801,856	10,182,945	10,636,904
Liabilities to policyholders	11,823,747	10,521,036	7,927,509	7,814,702
Liabilities to insurance brokers	1,289,593	966,894	1,142,535	808,446
Other liabilities from direct insurance operations	6,337,217	5,313,926	688,893	1,637,753
Liabilities from direct insurance operations to Group companies	0	0	424,008	376,003
LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	41,241,465	48,940,738	24,678,609	19,824,185
Liabilities for re/co-insurance premiums	33,219,399	25,562,611	18,510,739	14,598,383
Liabilities for co-insurers' share of claims	7,866,165	9,098,912	6,167,870	5,225,802
Other re/co-insurance liabilities	155,901	14,279,215	0	0
CURRENT TAX LIABILITIES	2,649,636	4,570,444	0	3,516,683
TOTAL LIABILITIES FROM INSURANCE OPERATIONS	63,341,658	70,313,038	34,861,554	33,977,772

All operating liabilities are short-term and fall due within 12 months.

3.25 Other liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Short-term liabilities to employees	29,754,061	26,040,947	25,270,631	22,227,413
Trade payables	17,435,217	5,249,560	13,450,724	5,249,560
Other short-term liabilities from insurance operations	9,632,019	8,431,655	6,244,071	5,758,140
Other short-term liabilities	6,869,471	13,029,703	3,801,755	2,673,459
Other long-term liabilities	1,414,672	1,370,189	0	0
Accrued interest on issued bonds	419,521	419,521	419,521	419,521
Short-term deferred income from charged interest on arrears	3,319,240	1,759,420	3,319,240	1,759,420
Other accruals	17,115,118	11,986,410	2,626,151	2,300,352
TOTAL	85,959,319	68,287,405	55,132,093	40,387,864

Other short-term liabilities include short-term liabilities for contributions, taxes and other charges in the amount of EUR 1,307,551 (31 December 2020: EUR 1,292,323) and short-term liabilities for advances received in the amount of EUR 1,700,798 (31 December 2020: EUR 674,281).

4. Notes to the income statement

4.1 Premium income

in EUR

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
NON-LIFE INSURANCE				
Gross written premium	732,320,025	663,653,947	518,612,566	473,082,070
Assumed re-insurance written premium	165,013,147	139,910,457	86,288,445	70,736,329
Assumed co-insurance written premium	7,166,838	3,679,918	1,108,482	968,779
Ceded co-insurance written premium	-6,708,680	-4,522,997	-2,556,301	-2,307,095
Reinsurance written premium	-208,661,006	-152,074,485	-184,588,305	-134,829,732
Changes in gross provisions for unearned premiums	-27,574,814	-11,498,329	-13,596,976	-1,719,996
Changes in reinsurers' share of unearned premiums	15,524,038	4,631,041	5,954,593	4,279,137
Net premium income on non-life insurance	677,079,548	643,779,552	411,222,504	410,209,492
LIFE INSURANCE				
Gross written premium	250,137,276	230,808,276	188,340,610	174,468,691
Assumed co-insurance written premium	23,669	9,377	0	0
Ceded co-insurance written premiums	-972,642	-1,013,843	-73,329	-59,343
Reinsurance written premium	-4,607,547	-2,411,024	-751,814	-738,036
Changes in gross provisions for unearned premiums	3,353	-14,316	16,936	-13,028
Changes in reinsurers' share of unearned premiums	326	175	93	69
Net premium income on life insurance	244,584,435	227,378,645	187,532,496	173,658,354
HEALTH INSURANCE				
Gross written premium	198,314,595	195,713,390	0	0
Changes in gross provisions for unearned premiums	-132,527	-116,761	0	0
Net premium income on health insurance	198,182,068	195,596,628	0	0
TOTAL NET PREMIUM INCOME	1,119,846,051	1,066,754,825	598,755,000	583,867,846

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Overview of premium income by insurance class for Triglav Group¹¹⁵

	in EUR				
2021	Gross written premium ¹¹⁶	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	39,130,478	212,297	-324,080	-1,145,210	37,873,485
Health insurance	206,710,349	856,987	-254,644	-770,136	206,542,556
Land motor vehicle insurance	157,378,102	46,559	-187,585	-14,622,091	142,614,985
Railway insurance	4,910,990	10,201	-126,174	-1,988,898	2,806,119
Aircraft insurance	7,284,977	0	0	-3,780,515	3,504,462
Marine Insurance	18,209,242	140,003	0	-2,865,578	15,483,667
Cargo insurance	11,404,091	0	-588,173	-2,087,197	8,728,721
Fire and natural forces insurance	114,457,118	1,555,417	-1,359,902	-42,807,649	71,844,984
Other damage to property insurance	229,947,365	3,980,633	-2,293,835	-79,227,479	152,406,684
Motor TPL insurance	180,798,516	12,403	0	-20,907,171	159,903,748
Aircraft liability insurance	3,362,804	0	0	-2,027,875	1,334,929
Marine liability insurance	2,436,261	0	-16,000	-306,603	2,113,658
General liability insurance	55,358,707	172,119	-1,400,139	-16,601,666	37,529,021
Credit insurance	30,674,964	0	0	-10,207,909	20,467,055
Suretyship insurance	6,510,031	129,370	-101,292	-3,578,313	2,959,796
Miscellaneous financial loss insurance	6,731,191	50,849	-8,618	-4,881,327	1,892,095
Legal expenses insurance	615,445	0	-48,238	-73,152	494,055
Travel assistance insurance	19,727,136	0	0	-782,237	18,944,899
Total non-life insurance	1,095,647,767	7,166,838	-6,708,680	-208,661,006	887,444,919
LIFE INSURANCE					
Life insurance	111,908,734	23,669	-972,642	-4,606,600	106,353,161
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	117,592,407	0	0	0	117,592,407
Tontines	0	0	0	0	0
Capital redemption insurance	20,316,064	0	0	0	20,316,064
Loss of income due to illness	320,071	0	0	-947	319,124
Total life insurance	250,137,276	23,669	-972,642	-4,607,547	244,580,756
TOTAL	1,345,785,043	7,190,507	-7,681,322	-213,268,553	1,132,025,675

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Notes to the income statement

¹¹⁵ Non-life insurance also includes health insurance.
¹¹⁶ Gross written premium also includes inward reinsurance premium.

Triglav Group

	in EUR				
2020	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	40,020,368	105,847	-297,347	-961,007	38,867,861
Health insurance	202,787,742	432,016	-532,810	-665,899	202,021,049
Land motor vehicle insurance	155,385,206	25,242	-373,428	-12,783,098	142,253,922
Railway insurance	4,266,260	0	0	-1,227,523	3,038,737
Aircraft insurance	4,676,653	0	0	-2,467,191	2,209,462
Marine Insurance	11,074,465	0	-90,082	-905,362	10,079,021
Cargo insurance	8,129,301	0	-485,408	-1,789,252	5,854,641
Fire and natural forces insurance	99,873,842	1,236,295	-1,068,597	-36,534,203	63,507,337
Other damage to property insurance	182,230,296	1,399,752	-712,723	-53,420,508	129,496,817
Motor TPL insurance	180,538,288	53,235	0	-15,468,714	165,122,809
Aircraft liability insurance	2,593,392	0	0	-1,407,445	1,185,947
Marine liability insurance	2,065,934	0	0	-311,476	1,754,458
General liability insurance	49,707,802	121,234	-599,776	-10,872,253	38,357,007
Credit insurance	25,673,296	0	0	-7,194,527	18,478,769
Suretyship insurance	5,392,700	281,659	-236,655	-2,112,584	3,325,120
Miscellaneous financial loss insurance	6,204,664	24,638	-87,849	-3,391,414	2,750,039
Legal expenses insurance	662,209	0	-38,324	-109,034	514,851
Travel assistance insurance	17,995,378	0	0	-452,993	17,542,385
Total non-life insurance	999,277,796	3,679,918	-4,522,999	-152,074,483	846,360,232
LIFE INSURANCE					
Life insurance	107,496,268	9,377	-1,013,841	-2,410,205	104,081,599
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	104,156,321	0	0	0	104,156,321
Tontines	0	0	0	0	0
Capital redemption insurance	18,880,523	0	0	0	18,880,523
Loss of income due to illness	275,162	0	0	-821	274,341
Total life insurance	230,808,274	9,377	-1,013,841	-2,411,026	227,392,784
TOTAL	1,230,086,070	3,689,295	-5,536,840	-154,485,509	1,073,753,016

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Overview of premium income by insurance class for Zavarovalnica Triglav

	in EUR				
2021	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	25,235,448	0	-158,758	-965,296	24,111,394
Health insurance	787,154	0	-384,014	0	403,140
Land motor vehicle insurance	129,298,413	0	0	-10,551,624	118,746,789
Railway insurance	4,614,328	0	0	-1,435,278	3,179,050
Aircraft insurance	3,683,029	0	0	-3,170,945	512,084
Marine Insurance	7,689,364	0	0	-3,640,157	4,049,207
Cargo insurance	6,858,896	0	-588,173	-1,893,395	4,377,328
Fire and natural forces insurance	59,690,602	1,106,031	-434,112	-23,927,164	36,435,357
Other damage to property insurance	165,026,243	0	-73,282	-94,113,835	70,839,126
Motor TPL insurance	109,621,258	0	0	-13,863,079	95,758,179
Aircraft liability insurance	2,779,402	0	0	-2,504,422	274,980
Marine liability insurance	1,390,962	0	-16,000	-170,538	1,204,424
General liability insurance	42,716,918	2,451	-845,106	-15,547,069	26,327,194
Credit insurance	21,883,872	0	0	-6,241,117	15,642,755
Suretyship insurance	3,600,839	0	0	-1,903,355	1,697,484
Miscellaneous financial loss insurance	2,948,793	0	-8,618	-3,679,086	-738,911
Legal expenses insurance	595,434	0	-48,238	-67,476	479,720
Travel assistance insurance	16,480,055	0	0	-914,469	15,565,586
Total non-life insurance	604,901,010	1,108,482	-2,556,301	-184,588,305	418,864,886
LIFE INSURANCE					
Life insurance	79,238,943	0	-73,329	-717,100	78,448,514
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	88,785,604	0	0	-34,715	88,750,889
Tontines	0	0	0	0	0
Capital redemption insurance	20,316,064	0	0	0	20,316,064
Loss of income due to illness	0	0	0	0	0
Total life insurance	188,340,611	0	-73,329	-751,815	187,515,467
TOTAL	793,241,621	1,108,482	-2,629,630	-185,340,120	606,380,353

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	in EUR				
2020	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	25,696,568	0	-155,293	-878,266	24,663,009
Health insurance	926,557	0	-402,038	0	524,519
Land motor vehicle insurance	127,536,358	0	0	-10,109,680	117,426,678
Railway insurance	4,175,198	0	0	-833,423	3,341,775
Aircraft insurance	2,390,519	0	0	-2,238,203	152,316
Marine Insurance	994,760	0	0	-462,673	532,087
Cargo insurance	5,321,053	0	-485,382	-1,871,186	2,964,485
Fire and natural forces insurance	57,326,056	965,939	-428,503	-21,598,977	36,264,515
Other damage to property insurance	130,253,822	0	-85,361	-64,758,546	65,409,915
Motor TPL insurance	106,754,958	0	0	-11,037,689	95,717,269
Aircraft liability insurance	1,693,326	0	0	-1,556,733	136,593
Marine liability insurance	950,911	0	0	-134,428	816,483
General liability insurance	38,617,047	2,841	-702,639	-10,942,514	26,974,735
Credit insurance	19,137,654	0	0	-4,406,029	14,731,625
Suretyship insurance	2,775,316	0	0	-1,416,006	1,359,310
Miscellaneous financial loss insurance	2,574,281	0	-9,553	-1,693,204	871,524
Legal expenses insurance	641,309	0	-38,324	-104,841	498,144
Travel assistance insurance	16,052,704	0	0	-787,334	15,265,370
Total non-life insurance	543,818,397	968,780	-2,307,093	-134,829,732	407,650,352
LIFE INSURANCE					
Life insurance	79,466,230	0	-59,343	-717,016	78,689,871
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	76,121,938	0	0	-21,020	76,100,918
Tontines	0	0	0	0	0
Capital redemption insurance	18,880,523	0	0	0	18,880,523
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	718,287,088	968,780	-2,366,436	-135,567,768	581,321,664

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4.2 Income from investments

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
INTEREST INCOME FROM FINANCIAL ASSETS				
– available for sale	18,961,233	23,459,079	10,629,506	14,909,519
– loans and deposits	1,312,236	1,842,659	852,057	1,334,800
– held to maturity	7,267,273	7,768,631	6,692,393	6,915,006
– at fair value through profit and loss	6,740,537	8,985,433	1,689,166	3,068,915
Inetrest income	34,281,279	42,055,802	19,863,122	26,228,240
DIVIDENDS FROM				
– available-for-sale financial assets	4,517,664	3,727,040	4,285,150	3,520,893
– financial assets at fair value through profit and loss	1,510,514	758,751	539,485	276,448
– subsidiaries and associates	41,552	0	8,000,000	0
TOTAL DIVIDENDS	6,069,730	4,485,791	12,824,635	3,797,341
Fair value gains	90,078,182	33,085,187	73,502,582	21,180,963
Realised gains on disposals	16,301,340	40,162,889	14,888,504	37,288,158
Other financial income	8,608,640	3,289,780	2,713,940	989,574
Profit on investments accounted for using the equity method	1,444,054	436,610	0	0
TOTAL INVESTMENT INCOME	156,783,225	123,516,059	123,792,783	89,484,277

Gains from changes in fair value are described in detail in Section [4.4](#) and gains on disposal in Section [4.5](#). Data in the table also include income from investments in associates.

4.3 Expenses from investments

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Fair value losses	16,138,516	16,644,853	6,127,181	11,353,809
Realised loss on disposals	7,122,739	6,941,491	6,870,017	5,719,183
Loss on disposals of subsidiaries	0	0	0	0
Loss on impairment of financial assets	33,628	1,971,302	1,066,400	5,550,209
Other finance costs	8,537,903	15,435,565	5,390,136	6,982,468
- Net exchange losses	1,526,841	7,995,342	694,116	2,120,782
- Other expenses from financial assets and liabilities	2,612,849	2,970,517	1,103,281	1,106,372
- Asset management costs	4,398,213	4,469,706	3,592,739	3,755,314
Loss on equity investments in associates accounted for using the equity method	145,632	139,422	0	0
TOTAL EXPENSES FROM FINANCIAL ASSETS	31,978,418	41,132,633	19,453,734	29,605,669

Losses from changes in fair value are described in detail in Section [4.4](#) and losses on disposal of financial assets in Section [4.5](#). Data in the table also include expenses from investments in associates. Expenses due to impairment of financial assets of Zavarovalnica Triglav also include expenses due to impairment of investments in subsidiaries in the total amount of EUR 607.000 (see the Section [3.5](#)).

4.4 Gains/losses from changes in the fair value of financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Financial assets recognised at fair value through profit/loss	73,908,119	16,395,317	67,343,854	9,782,156
– gains	89,984,986	32,983,586	73,409,386	21,079,372
– losses	-16,076,867	-16,588,269	-6,065,532	-11,297,215
Derivative financial instruments	31,547	45,007	31,547	44,998
– gains	93,196	101,601	93,196	101,592
– losses	-61,649	-56,594	-61,649	-56,594
NET GAINS FROM CHANGES IN FAIR VALUE	73,939,666	16,440,324	67,375,401	9,827,154

Net gains/losses from changes in the fair value of financial assets include net unrealised gains/losses on unit-linked life insurance assets.

4.5 Net realised gains and losses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Financial assets recognised at fair value through profit/loss	3,730,480	3,504,623	3,487,484	3,642,824
– realised gains on disposals	6,380,071	6,725,069	5,972,200	6,591,125
– realised losses on disposals	-2,649,591	-3,220,446	-2,484,716	-2,948,301
Available-for-sale financial assets	5,536,389	30,268,801	4,665,592	28,486,674
– realised gains on disposals	9,870,950	33,427,713	8,912,305	30,695,423
– realised losses on disposals	-4,334,561	-3,158,912	-4,246,713	-2,208,749
Derivatives	-92,268	-552,026	-138,587	-560,523
– gains on disposal	46,319	10,107	0	1,610
– Losses on disposal	-138,587	-562,133	-138,587	-562,133
Loans and deposits	4,000	0	4,000	0
– gains on disposal	4,000	0	4,000	0
– losses on disposal	0	0	0	0
Held to – maturity financial assets	0	0	0	0
– gains on disposal	0	0	0	0
– losses on disposal	0	0	0	0
TOTAL REALISED GAINS AND LOSSES	9,178,601	33,221,398	8,018,488	31,568,975

4.6 Other insurance income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Fees and commission income	38,916,088	30,649,757	38,196,377	30,080,891
– reinsurance commission income	38,817,938	30,584,802	38,098,226	30,015,937
– investment management services	98,150	64,955	98,151	64,954
Other income from insurance operations	9,878,212	10,357,236	7,190,656	8,029,138
– income from sale of green cards for motor vehicles	1,560,468	1,811,690	758,052	843,416
– income from claims settled for other insurance companies	580,433	671,161	18,026	474,269
– income from assistance services	30,508	17,245	23,622	1,612
– other income from insurance operations	3,474,891	3,127,731	2,522,303	2,288,777
– interest from receivables	4,231,912	4,729,408	3,868,653	4,421,064
OTHER INSURANCE INCOME	48,794,300	41,006,993	45,387,033	38,110,029

4.7 Other income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Income from investment property	6,918,534	6,519,268	5,596,224	5,577,256
Income from disposal of investment property	319,781	366,774	151,349	129,907
Income from disposal of intangible assets	0	98,163	0	2,973
Income from disposal of property, plant and equipment	418,456	12,987	0	0
Other income	6,480,257	2,295,222	2,974,819	2,086,698
Operating income of non-insurance companies	39,038,452	34,096,405	0	0
– income from asset management	30,184,817	23,716,238	0	0
– other operating income of non-insurance companies	8,853,635	10,380,167	0	0
Revaluation income	158,580	225,158	103,454	75,751
TOTAL OTHER INCOME	53,334,060	43,613,977	8,825,846	7,872,585

Under income from other services, the Company discloses income from the provision of services for Group companies in the amount of EUR 1,664,984 (2020: EUR 1,337,658), income from deductible VAT and the release of provisions for lawsuits in the amount of EUR 661,450 (2020: EUR 139,908), income from incentives for employing people with disabilities in the amount of EUR 201,482 (2020: EUR 193,974) and other income in the amount of EUR 446,903 (2020: EUR 415,158).

4.8 Claims

in EUR

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
NON-LIFE INSURANCE				
Gross claims settled	354,171,578	349,229,525	248,226,326	258,513,244
Gross claims paid from inward reinsurance	53,980,157	49,605,448	16,384,151	14,637,963
Gross claims paid from coinsurance	1,153,280	270,798	1,280	-213,364
Income from gross subrogated receivables	-16,050,134	-18,250,528	-11,885,927	-14,900,037
Reinsurers' share of gross claims settled	-41,047,824	-31,431,285	-34,824,864	-30,576,201
Co-insurers' share of gross claims settled	-1,913,225	-1,872,648	-744,339	-870,652
Change in gross claims provisions	39,093,301	29,208,174	14,505,097	1,582,680
Change in gross claims provisions for re/co-insurer's share	-26,038,184	-17,309,578	-24,169,631	-3,167,422
Net claims incurred on non-life insurance	363,348,949	359,449,906	207,492,093	225,006,211
LIFE INSURANCE				
Gross claims settled	185,673,862	172,878,283	156,142,551	150,240,333
Coinsurers' shares and gross claims	-1,064,815	-736,112	-8,369	-3,704
Reinsurers' share in gross claims	-859,879	-239,544	-241,386	-238,532
Change in gross claims provisions	1,753,071	624,021	1,802,537	356,178
Change in reinsurers' share in gross claims provisions	-61,517	-90,927	-50,202	-23,540
Net claims incurred on life insurance	185,440,722	172,435,721	157,645,131	150,330,735
HEALTH INSURANCE				
Gross claims settled	157,763,966	143,834,955	0	0
Income from gross exercised subrogation receivables	-112,659	-124,254	0	0
Coinsurers' shares in gross claims paid	1,283	0	0	0
Change in gross claims provisions	1,402,895	107,716	0	0
Change in claims provisions for reinsurers' share	2,828	1,628	0	0
Equalisation scheme expenses	7,180,804	7,926,103	0	0
TOTAL net claims incurred on health insurance	166,239,117	151,746,148	0	0
NET CLAIMS INCURRED TOTAL	715,028,788	683,631,775	365,137,224	375,336,947

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Overview of net claims incurred by insurance class

in EUR

Triglav Group 2021	Gross claims ¹¹⁷	Gross claims paid from coinsurance	Coinsurers' shares	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE						
Accident insurance	23,308,302	58,455	-172,853	-5,593	-595,720	22,592,591
Health insurance	162,804,419	556,111	-153,747	-113,080	-331,604	162,762,099
Land motor vehicle insurance	98,314,466	21,449	-291,003	-3,460,340	-6,142,260	88,442,312
Railway insurance	1,442,477	0	0	-550,087	-102	892,288
Aircraft insurance	1,654,818	0	0	0	-1,040,613	614,205
Marine Insurance	5,407,210	515	-48,081	0	-74,632	5,285,012
Cargo insurance	2,877,212	0	-220,857	-173,572	-115,209	2,367,574
Fire and natural forces insurance	49,815,866	4,317	-67,341	-224,422	-12,081,808	37,446,612
Other damage to property insurance	72,522,993	443,977	-468,072	-418,055	-10,045,103	62,035,740
Motor TPL insurance	100,895,715	17,480	0	-2,852,923	-6,842,066	91,218,206
Aircraft liability insurance	560,903	0	0	0	-371,568	189,335
Marine liability insurance	560,882	0	-24,041	0	-1,400	535,441
General liability insurance	13,968,126	50,976	-461,694	-221,470	-401,868	12,934,070
Credit insurance	12,285,635	0	0	-7,441,529	-1,599,993	3,244,113
Suretyship insurance	1,518,451	0	0	-676,329	-78,243	763,879
Miscellaneous financial loss insurance	2,543,480	0	0	0	-1,128,244	1,415,236
Legal expenses insurance	66,885	0	-4,254	0	-334	62,297
Travel assistance insurance	15,367,865	0	0	-25,393	-197,057	15,145,415
Total non-life insurance	565,915,705	1,153,280	-1,911,943	-16,162,793	-41,047,824	507,946,425
LIFE INSURANCE						
Life insurance	119,337,138	0	-1,064,814	0	-859,879	117,412,445
Wedding insurance or birth insurance	0	0	0	0	0	0
Unit-linked life insurance	61,808,056	0	0	0	0	61,808,056
Tontines	0	0	0	0	0	0
Capital redemption insurance	4,425,926	0	0	0	0	4,425,926
Loss of income due to illness	102,738	0	0	0	0	102,738
Total life insurance	185,673,858	0	-1,064,814	0	-859,879	183,749,165
TOTAL	751,589,563	1,153,280	-2,976,757	-16,162,793	-41,907,703	691,695,590

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statement¹¹⁷ Gross claims paid also include gross claims paid from inward reinsurance and equalisation scheme expenses for supplemental health insurance.

in EUR

Triglav Group 2020	Gross claims ¹¹⁸	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

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¹¹⁸ Gross claims paid also include gross claims paid from inward reinsurance and equalisation scheme expenses for supplemental health insurance.

in EUR

Zavarovalnica Triglav 2021	Gross claims	Gross claims paid from coinsurance	Coinsurers' shares	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE						
Accident insurance	12,761,262	0	-42,825	-5,343	-547,077	12,166,017
Health insurance	232,435	0	-7,204	0	0	225,231
Land motor vehicle insurance	77,841,773	0	0	-1,625,455	-5,677,647	70,538,671
Railway insurance	1,427,560	0	0	-265,554	-414	1,161,592
Aircraft insurance	463,425	0	0	0	-414,388	49,037
Marine Insurance	506,568	515	0	0	-278,014	229,069
Cargo insurance	1,479,440	0	-220,857	-94,862	-133,248	1,030,473
Fire and natural forces insurance	19,908,467	240	-58,208	-176,322	-7,255,227	12,418,950
Other damage to property insurance	45,288,870	0	-27,641	-270,220	-10,165,725	34,825,284
Motor TPL insurance	65,402,571	0	0	-1,401,336	-6,796,060	57,205,175
Aircraft liability insurance	48,321	0	0	0	-4,078	44,243
Marine liability insurance	278,905	0	-24,041	0	-4,203	250,661
General liability insurance	10,930,823	525	-359,310	-169,996	-671,299	9,730,743
Credit insurance	11,232,345	0	0	-7,186,442	-1,264,339	2,781,564
Suretyship insurance	959,033	0	0	-667,259	-17,219	274,555
Miscellaneous financial loss insurance	1,592,237	0	0	0	-962,342	629,895
Legal expenses insurance	66,610	0	-4,254	0	-433	61,923
Travel assistance insurance	14,189,833	0	0	-23,139	-633,153	13,533,541
Total non-life insurance	264,610,478	1,280	-744,340	-11,885,928	-34,824,866	217,156,624
LIFE INSURANCE						
Life insurance	100,677,757	0	-8,369	0	-236,262	100,433,126
Wedding insurance or birth insurance	0	0	0	0	0	0
Unit-linked life insurance	51,038,868	0	0	0	-5,125	51,033,743
Tontines	0	0	0	0	0	0
Capital redemption insurance	4,425,926	0	0	0	0	4,425,926
Loss of income due to illness	0	0	0	0	0	0
Total life insurance	156,142,551	0	-8,369	0	-241,387	155,892,795
TOTAL	420,753,029	1,280	-752,709	-11,885,928	-35,066,253	373,049,419

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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

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4.9 Reinsurance result

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Reinsurance premiums	-213,268,553	-154,485,509	-187,969,749	-137,934,206
Changes in reinsurers' share of unearned premiums	15,524,365	4,631,215	5,954,686	4,279,206
Reinsurers' share of claims	41,907,703	31,670,829	35,066,250	30,814,733
Changes in claims provisions for reinsurers' shares	26,096,873	17,398,877	24,219,833	3,190,962
Net result from reinsurance operations	-129,739,612	-100,784,588	-122,728,980	-99,649,305
Reinsurance commission	38,817,937	30,584,803	33,189,769	26,633,336
GROSS REINSURANCE RESULT	-90,921,675	-70,199,785	-89,539,211	-73,015,969

4.10 Change in other insurance-technical provisions

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Change in other insurance technical provisions	-2,113,408	62,636,591	-13,989,227	13,449,956
– changes in gross provisions for cancellations	-30,917	1,602,164	25,616	-42,822
– changes in gross provisions for unexpired risks	7,877,024	16,740,058	-186,878	-356,632
– changes in gross provisions for other catastrophic risks	49,367	0	0	0
– changes in gross provisions for life insurance	-10,190,070	43,781,010	-14,009,153	13,336,051
– changes in gross provisions for bonuses from with-profits life insurance	181,188	513,359	181,188	513,359
Change in gross provisions for unit-linked insurance contracts	112,661,349	25,492,453	91,860,583	13,270,367
TOTAL CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	110,547,941	88,129,043	77,871,356	26,720,323

4.11 Expenses for bonuses and discounts

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Settled bonuses and discounts	11,584,788	13,057,497	10,603,774	11,257,539
Changes in gross provisions for bonuses and discounts	-180,647	8,292,779	-113,038	4,771,959
TOTAL EXPENSES FOR BONUSES AND DISCOUNTS	11,404,141	21,350,276	10,490,736	16,029,498

4.12 Expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Acquisition costs	184,911,170	163,528,966	124,268,560	113,568,435
Other operating costs	81,946,738	77,383,769	46,066,306	42,336,182
Claim handling costs*	28,586,329	26,966,051	21,120,474	20,290,917
Costs of asset management**	4,398,213	4,469,706	3,592,739	3,755,314
Operating expenses from non-insurance operations***	33,548,996	34,397,927	0	0
TOTAL	333,391,446	306,746,419	195,048,079	179,950,848

* Claim handling expenses are disclosed in the financial statements as part of gross claims paid.

** Asset management costs are disclosed in the financial statements as part of expenses from investments.

*** Expenses from non-insurance operations are disclosed in the consolidated financial statements as part of other expenses.

4.12.1 Gross operating expenses by nature and business segment

Triglav Group 2021	in EUR					
	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	48,358,908	13,692,956	984,955	63,036,819	0	63,036,819
Cost of goods sold	0	0	0	0	130,008	130,008
Depreciation of operating assets	14,726,165	3,271,048	931,743	18,928,956	2,578,441	21,507,397
Labour costs	120,194,355	16,592,516	6,732,156	143,519,027	15,603,003	159,122,030
Wages and salaries	83,158,246	10,029,319	5,141,964	98,329,529	10,948,224	109,277,753
Social security and pension insurance costs	18,956,283	3,199,344	858,629	23,014,256	2,874,701	25,888,957
Other labour costs	18,079,826	3,363,853	731,563	22,175,242	1,780,078	23,955,320
Costs of services provided by natural persons other than SPs, including related taxes	1,244,112	95,630	195,952	1,535,694	0	1,535,694
Other operating costs	54,323,648	11,524,910	6,973,396	72,821,954	15,237,544	88,059,498
Costs of entertainment, advertising, trade shows	15,473,518	2,658,404	1,021,141	19,153,063	1,531,891	20,684,954
Costs of material and energy	4,980,416	970,375	267,730	6,218,521	1,632,672	7,851,193
Maintenance costs	9,220,834	2,008,037	2,680,383	13,909,254	1,126,083	15,035,337
Reimbursement of labour-related costs	2,509,044	399,909	50,008	2,958,961	496,101	3,455,062
Costs of intellectual and personal services	3,678,377	948,568	484,086	5,111,031	862,323	5,973,354
Membership fees and charges	2,187,915	356,050	142,550	2,686,515	793,363	3,479,878
Costs of services - transport and communications	3,171,740	952,785	1,256,779	5,381,304	125,837	5,507,141
Costs for insurance premiums	679,107	43,371	91,675	814,153	38,535	852,688
Payment transaction costs and banking services	1,211,630	414,022	250,149	1,875,801	4,921,518	6,797,319
Rents	4,172,267	769,422	7,528	4,949,217	690,172	5,639,389
Costs of professional training services	858,411	210,383	111,124	1,179,918	123,096	1,303,014
Other costs of services	6,180,389	1,793,584	610,243	8,584,216	2,895,953	11,480,169
TOTAL OPERATING EXPENSES	238,847,188	45,177,060	15,818,202	299,842,450	33,548,996	333,391,446

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

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Zavarovalnica Triglav	2021			2020		
	Non-life insurance	Life insurance	TOTAL	Non-life insurance	Life insurance	TOTAL
Acquisition costs	24,425,956	9,949,186	34,375,142	19,994,366	8,556,361	28,550,727
Depreciation of operating assets	10,403,546	2,769,727	13,173,273	9,853,276	2,291,994	12,145,270
Labour costs	89,743,630	16,863,839	106,607,469	85,276,081	16,037,554	101,313,635
Wages and salaries	63,300,286	11,908,074	75,208,360	60,851,633	11,482,384	72,334,017
Social security and pension insurance costs	10,704,876	2,074,123	12,778,999	10,079,291	1,921,461	12,000,752
Other labour costs	15,738,468	2,881,642	18,620,110	14,345,157	2,633,709	16,978,866
Costs of services provided by natural persons other than SPs, including related taxes	272,979	36,776	309,755	251,240	38,729	289,969
Other operating costs	31,311,263	9,271,177	40,582,440	29,707,071	7,944,175	37,651,247
Costs of entertainment, advertising, trade shows	6,341,580	2,306,272	8,647,852	5,972,357	1,635,219	7,607,576
Costs of material and energy	2,685,840	757,417	3,443,257	3,075,760	706,784	3,782,544
Maintenance costs	6,832,700	1,866,350	8,699,050	6,978,768	1,844,267	8,823,035
Reimbursement of labour-related costs	2,113,331	313,405	2,426,736	1,929,367	246,108	2,175,475
Costs of intellectual and personal services	2,127,300	627,038	2,754,338	1,487,234	584,790	2,072,024
Membership fees and charges	1,195,811	261,803	1,457,614	1,082,657	298,011	1,380,668
Costs of services - transport and communications	2,074,106	855,881	2,929,987	2,145,947	832,750	2,978,697
Costs for insurance premiums	286,638	18,505	305,143	353,686	25,631	379,318
Payment transaction costs and banking services	788,435	346,719	1,135,154	775,856	443,128	1,218,984
Rents	2,985,344	703,289	3,688,633	2,485,320	539,378	3,024,699
Costs of professional training services	722,233	173,495	895,728	603,519	161,427	764,946
Other costs of services	3,157,945	1,041,004	4,198,949	2,816,600	626,681	3,443,281
TOTAL OPERATING EXPENSES	156,157,374	38,890,705	195,048,079	145,082,034	34,868,813	179,950,848

In addition to costs of salaries, the Company set aside provisions for employee bonuses based on performance results in 2021 in the amount of EUR 13,493,729 (2020: EUR 10,931,618) under other expenses. Total costs of salaries at Zavarovalnica Triglav in 2021 amounted to EUR 88,702,089 (2020: EUR 83,265,635).

In addition to employees' salaries, contributions charged to the employer are taken into account when creating provisions for employee bonuses based on performance results. Total provisions created for 2021 amounted to EUR 15,666,219 (2020: EUR 12,691,608).

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4.12.2 Gross operating expenses by nature and function

Triglav Group 2021	in EUR					TOTAL
	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	
Acquisition costs	63,036,819	0	0	0	0	63,036,819
Cost of goods sold	0	0	0	0	130,008	130,008
Depreciation of operating assets	9,357,628	2,226,555	409,252	6,935,521	2,578,441	21,507,397
Labour costs	74,311,229	20,621,175	2,886,763	45,699,860	15,603,003	159,122,030
Wages and salaries	51,668,280	14,066,086	2,069,015	30,526,148	10,948,224	109,277,753
Social security and pension insurance costs	11,656,992	3,215,161	414,668	7,727,435	2,874,701	25,888,957
Other labour costs	10,985,957	3,339,928	403,080	7,446,277	1,780,078	23,955,320
Costs of services provided by natural persons other than SPs, including related taxes	675,560	366,678	3,827	489,630	0	1,535,695
Other operating costs	37,529,934	5,371,921	1,098,371	28,821,727	15,237,544	88,059,497
Costs of entertainment, advertising, trade shows	17,450,633	33,977	28,190	1,640,263	1,531,891	20,684,954
Costs of material and energy	3,537,486	814,731	71,368	1,794,936	1,632,672	7,851,193
Maintenance costs	3,757,900	1,071,554	299,955	8,779,845	1,126,083	15,035,337
Reimbursement of labour-related costs	2,437,712	115,755	31,395	374,099	496,101	3,455,062
Costs of intellectual and personal services	855,275	479,533	167,671	3,608,552	862,323	5,973,354
Membership fees and charges	1,215,606	165,946	18,144	1,286,819	793,363	3,479,878
Costs of services - transport and communications	2,813,712	572,972	58,365	1,936,255	125,837	5,507,141
Costs for insurance premiums	282,178	61,115	7,448	463,412	38,535	852,688
Payment transaction costs and banking services	484,061	2,065	93,617	1,296,058	4,921,518	6,797,319
Rents	1,524,895	482,984	38,965	2,902,373	690,172	5,639,389
Costs of professional training services	456,542	120,738	118,511	484,127	123,096	1,303,014
Other costs of services	2,713,934	1,450,551	164,742	4,254,988	2,895,953	11,480,169
TOTAL OPERATING EXPENSES	184,911,170	28,586,329	4,398,213	81,946,738	33,548,996	333,391,446

Triglav Group 2020	in EUR					TOTAL
	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	
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

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Zavarovalnica Triglav 2021	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
Acquisition costs	34,375,142	0	0	0	34,375,142
Depreciation of operating assets	7,631,707	1,868,843	325,483	3,347,240	13,173,273
Labour costs	60,760,502	15,886,968	2,410,361	27,549,638	106,607,469
Wages and salaries	43,726,323	11,012,037	1,765,812	18,704,189	75,208,360
Social security and pension insurance costs	7,375,834	1,863,978	304,483	3,234,705	12,778,999
Other labour costs	9,658,345	3,010,954	340,067	5,610,745	18,620,111
Costs of services provided by natural persons other than SPs, including related taxes	25,294	213,541	1,495	69,425	309,755
Other operating costs	21,475,915	3,151,122	855,399	15,100,004	40,582,440
Costs of entertainment, advertising, trade shows	8,388,109	24,103	19,986	215,654	8,647,852
Costs of material and energy	1,918,228	618,348	55,191	851,489	3,443,257
Maintenance costs	2,812,683	845,921	275,369	4,765,076	8,699,049
Reimbursement of labour-related costs	2,169,023	66,670	24,504	166,540	2,426,736
Costs of intellectual and personal services	658,428	79,107	150,657	1,866,146	2,754,338
Membership fees and charges	559,538	133,389	14,177	750,511	1,457,614
Costs of services - transport and communications	1,872,035	465,125	49,865	542,962	2,929,987
Costs for insurance premiums	56,255	22,958	1,943	223,986	305,142
Payment transaction costs and banking services	366,178	553	75,116	693,307	1,135,154
Rents	736,399	291,058	28,466	2,632,709	3,688,633
Costs of professional training services	361,503	104,083	117,498	312,644	895,728
Other costs of services	1,577,537	499,806	42,627	2,078,980	4,198,949
TOTAL OPERATING EXPENSES	124,268,560	21,120,474	3,592,739	46,066,306	195,048,079

in EUR

Zavarovalnica Triglav 2020	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	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

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4.13 Other expenses from insurance operations

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Fee and commission expenses	35,152,667	30,320,683	14,437,986	11,318,836
Expenses from impairment of insurance receivables and write-offs	2,022,500	5,221,362	1,284,515	3,298,341
Fire tax	5,013,123	4,741,187	4,600,869	4,400,360
Expenses of preventive activity	3,527,029	3,374,643	2,891,761	2,773,516
Supervisory authority fees	2,014,826	1,786,795	1,058,180	907,241
Other net insurance expenses	4,185,795	6,078,717	1,025,186	1,609,743
OTHER EXPENSES FROM INSURANCE OPERATIONS	51,915,940	51,523,387	25,298,497	24,308,038

4.14 Other expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Financial expenses	2,729,286	2,937,501	2,277,892	2,578,946
Interest expenses for bonds issued	2,187,500	2,351,604	2,187,500	2,460,276
Lease interest expenses	489,303	512,481	65,714	65,395
Other financing expenses	52,483	73,416	24,678	53,275
Other expenses	55,650,367	54,371,221	20,207,745	17,780,733
Operating expenses of non-insurance companies	32,844,278	32,184,037	0	0
Employee and Management Board bonuses	17,862,055	14,699,072	15,666,219	12,691,608
Expenses from impairment of investment property	4,340	697,313	0	653,340
Other investment property expenses	2,162,149	2,312,787	2,725,512	2,829,442
Depreciation of investment property	1,335,886	1,400,196	967,250	965,361
Depreciation of right of use assets	44,305	43,190	44,305	43,190
Loss from investment property disposal	28,825	207,679	0	1,685
Expenses from reversal of impairment of other receivables	33,829	117,257	18,323	39,272
Expenses from disposal of property, plant and equipment	39,298	23,488	4,549	16,116
Expenses from disposal of intangible assets	467,828	70,809	467,828	70,809
Expenses from impairment of real property used for ordinary activities	0	314,377	0	132,467
Expenses from impairment of intangible assets	0	783,164	0	0
Other expenses	827,574	1,517,852	313,759	337,444
TOTAL OTHER EXPENSES	58,379,653	57,308,722	22,485,637	20,359,679

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4.15 Income tax expense

4.15.1 Tax expense in the income statement

in EUR

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Current tax expense	19,038,574	18,092,759	11,928,064	13,627,538
Deferred tax expense	640,578	-854,175	345,000	-555,211
TOTAL TAX EXPENSE IN THE INCOME STATEMENT	19,679,152	17,238,584	12,273,064	13,072,327

4.15.2 Tax expense in other comprehensive income

in EUR

Triglav Group	2021			2020		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from increase in fair value of available for sale financial assets	-46,148,956	11,107,513	-35,041,443	27,824,231	-8,163,206	19,661,025
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	28,770,746	-5,466,442	23,304,304	-17,577,840	3,339,790	-14,238,050
Actuarial gains/losses	129,024	0	129,024	-281,989	0	-281,989
Translation differences	170,440	0	170,440	-556,570	0	-556,570
TOTAL OTHER COMPREHENSIVE INCOME	-17,078,746	5,641,071	-11,437,675	9,407,832	-4,823,416	4,584,416

in EUR

Zavarovalnica Triglav	2021			2020		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from increase in fair value of available-for-sale financial assets	-38,145,921	11,129,871	-27,016,051	27,765,868	-7,719,483	20,046,385
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	28,770,746	-5,466,442	23,304,304	-17,577,840	3,339,790	-14,238,050
Actuarial gains /losses	164,710	0	164,710	-283,076	0	-283,076
TOTAL OTHER COMPREHENSIVE INCOME	-9,210,465	5,663,429	-3,547,036	9,904,952	-4,379,693	5,525,259

4.15.3 Reconciliation between accounting profit and tax expense

in EUR

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Accounting profit	132,644,845	90,903,282	85,688,613	71,069,966
Income tax rate - tax rate average of several countries	17.82%	19.88%	19.00%	19.00%
Accounting profit multiplied by tax rate	23,639,583	18,068,868	16,280,836	13,503,293
Tax effect of income deductible for tax purposes	-3,924,446	-1,718,025	-3,486,988	-1,251,616
Tax effect of income added for tax purposes	-9,064	225,864	10,614	0
Tax effect on the reduction in expenses not deductible for tax purposes	3,949,419	4,083,688	1,276,901	2,266,047
Tax relief	-4,616,918	-3,086,668	-2,245,632	-1,468,155
Previously unrecognized deferred taxes	0	-365,535	0	0
Other tax effects	0	30,392	92,332	22,758
TOTAL TAX EXPENSE	19,038,574	17,238,584	11,928,063	13,072,327
Effective tax rate ¹¹⁹	14.35%	18.96%	13.92%	18.39%

In accordance with the Corporate Income Tax Act (ZDDPO-2), the applicable tax rate in Slovenia was 19% in 2021, the same as in the preceding year. In subsidiaries operating outside 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 [2.1.4](#).

The Company has no unused tax loss; at the Group level it amounted to EUR 27.5 million as at 31 December 2021 (compared to EUR 28.6 million as at 31 December 2020).

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¹¹⁹ 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

The tables below show fair values of assets and liabilities classified according to the fair value hierarchy.

in EUR

Triglav Group As at 31 December 2021	Carrying amount	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	332,988,233	240,531,858	0	92,456,375	332,988,233
Debt securities	2,349,026,330	479,980,327	1,869,037,119	8,884	2,349,026,330
Derivative financial instruments	20,317	0	20,317	0	20,317
Unit-linked insurance assets	619,617,488	598,678,211	20,635,943	303,334	619,617,488
Assets - fair value disclosed					
Land and buildings for insurance activities	95,577,467	0	0	105,162,133	105,162,133
Land and buildings for investment activities	75,110,973	0	0	94,510,057	94,510,057
Debt securities (HTM)	157,560,733	0	191,789,261	0	191,789,261
Deposits with banks	70,472,826	0	69,641,171	0	69,641,171
Loans given	8,299,712	0	0	8,304,283	8,304,283
Debt securities (L&R)	5,991,639	0	5,952,000	0	5,952,000
Liabilities - fair value disclosed					
Subordinated bonds	49,471,831	0	53,749,521	0	53,749,521

in EUR

Triglav Group As at 31 December 2020	Carrying amount	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	223,163,402	151,243,025	0	71,920,377	223,163,402
Debt securities	2,403,308,090	1,506,407,355	896,900,735	0	2,403,308,090
Derivative financial instruments	113,301	0	113,301	0	113,301
Unit-linked insurance assets	501,808,980	449,327,642	52,461,780	19,558	501,808,980
Assets - fair value disclosed					
Land and buildings for insurance activities	97,614,829	0	0	101,997,495	101,997,495
Land and buildings for investment activities	78,977,800	0	0	97,660,730	97,660,730
Debt securities (HTM)	162,824,686	18,331,006	188,553,736	0	206,884,742
Deposits with banks	72,474,219	0	71,987,450	0	71,987,450
Loans given	7,885,008	0	0	7,887,114	4,220,386
Debt securities (L&R)	6,401,173	0	6,364,204	0	6,364,204
Liabilities - fair value disclosed					
Subordinated bonds	49,423,693	0	51,792,521	0	51,792,521

in EUR

Zavarovalnica Triglav As at 31 December 2021	Carrying amount	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	205,590,084	120,508,156	0	85,081,928	205,590,084
Debt securities	1,589,601,822	356,825,433	1,232,776,388	0	1,589,601,822
Derivative financial instruments	20,317	0	20,317	0	20,317
Unit-linked insurance assets	539,417,972	530,759,767	8,658,205	0	539,417,972
Investments in associates	41,693,996	0	0	41,693,996	41,693,996
Assets - fair value disclosed					
Land and buildings for insurance activities	59,018,066	0	0	66,748,484	66,748,484
Land and buildings for investment activities	43,840,054	0	0	61,386,766	61,386,766
Debt securities (HTM)	140,946,233	0	173,901,172	0	173,901,172
Deposits with banks	19,660,793	0	19,604,272	0	19,604,272
Loans given	6,869,091	0	6,579,159	0	6,579,159
Debt securities (L&R)	5,991,639	0	5,952,000	0	5,952,000
Liabilities - fair value disclosed					
Subordinated bonds	49,471,831	0	53,749,521	0	53,749,521

in EUR

Zavarovalnica Triglav As at 31 December 2020	Carrying amount	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	115,552,906	49,571,409	0	65,981,498	115,552,906
Debt securities	1,687,062,569	1,226,158,197	460,904,372	0	1,687,062,569
Derivative financial instruments	113,301	0	113,301	0	113,301
Unit-linked insurance assets	442,292,488	397,371,769	44,920,719	0	442,292,488
Investments in associates	31,337,951	0	0	31,337,951	31,337,951
Assets - fair value disclosed					
Land and buildings for insurance activities	59,195,351	0	0	64,855,528	64,855,528
Land and buildings for investment activities	44,451,276	0	0	59,837,722	59,837,722
Debt securities (HTM)	143,908,512	11,001,264	175,082,197	0	186,083,461
Deposits with banks	19,567,302	0	19,432,104	0	19,432,104
Loans given	10,982,611	0	8,109,920	0	8,109,920
Debt securities (L&R)	6,401,173	0	6,364,204	0	6,364,204
Liabilities - fair value disclosed					
Subordinated bonds	49,423,693	0	51,792,521	0	51,792,521

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5.1.2 Financial assets classified into Level 3

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Value as at 1 January	71,939,935	61,061,888	97,319,448	73,739,170
Purchases	31,161,252	11,361,478	33,872,252	25,601,495
Disposals	-15,202,211	-1,361,924	-15,152,076	-1,327,017
Revaluation through profit or loss	483,964	-505,908	400,920	-1,717,044
Revaluation in other comprehensive income	5,474,961	1,091,073	9,725,896	1,022,844
Transfers from/to other levels	1,373,238	0	609,485	0
Acquisition	-700,404	299,404	0	0
Foreign exchange differentials	1,820	-6,076	0	0
Value as at 31 December	94,532,555	71,939,935	126,775,925	97,319,448

The value of financial assets classified into Level 3 increased in 2021 predominantly due to the payments into alternative investment funds. The increase is reduced by payments received from alternative investment funds, which represent the bulk of the “sales” item. The “revaluation in other comprehensive income” item, which has a significant impact on the overall increase in financial assets classified into level 3, is also mainly a result of changes in the value of alternative investment funds.

5.1.3 Sensitivity analysis of non-marketable equity securities

Sensitivity analysis of financial assets classified in Level 3 is disclosed below. The analysis for Zavarovalnica Triglav includes equity investments in associates. The sensitivity analysis shows how much the fair values of these financial assets would increase or decrease in the case of differently applied assumptions that are not based on observable market data. The sensitivity analysis considered a median scenario of value estimates.

	Triglav Group		Zavarovalnica Triglav	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Non-marketable assets (Level 3)	94,532,555	71,939,935	85,081,928	65,981,498
Estimated value deviation-/+	-23,268,934/13,159,489	-11,989,589/7,987,555	-21,420,123/10,090,535	-11,236,448/7,451,002
Equity investment in associates	36,031,346	28,237,714	41,693,996	31,337,951
Estimated value deviation-/+	n/a	n/a	-5,414,335/966,967	-7,785,294/4,184,099

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.

5.1.4 Reclassification of financial assets between levels

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
Reclassification from level 1 to level 2	755,181,819	115,643,909	603,687,505	84,685,126
Reclassification from level 2 to level 1	80,144,184	452,418,713	50,588,034	322,307,603

The method of measuring fair value did not change in 2021. Reclassifications between levels were a result of market factors. As at the 2021 year-end, some financial assets showed lower liquidity and market depth than at the 2020 year-end, consequently failing to meet the requirements for classification into Level 1. Part of financial assets met the conditions for classification in the highest level of the fair value hierarchy, therefore it was reclassified into Level 1. Reclassification between levels has no impact on fair value.

5.2 Additional notes to the cash flow statement

Below is the cash flow statement as required by the Insurance Supervision Agency. Cash flows from operating activities are prepared using the indirect method. Income and expenses are adjusted for the effects of non-monetary transactions (impairments, changes in insurance technical provisions, deferred income and expenses) and for the income and expenses items related to cash flows from investing and financing activities. In additions, changes in receivables and liabilities from operating activities in the period are taken into account when calculating net cash flows from operating activities.

Cash flows from investing and financing activities are disclosed based on actual payments. Cash flows from financing activities include expenses for interest and principal payments for leases.

The consolidated cash flow statement is composed of the sum of the cash flows of all Group companies and then adjusted for intragroup cash flows.

		Triglav Group		Zavarovalnica Triglav	
		2021	2020	2021	2020
in EUR					
A.	CASH FLOWS FROM OPERATING ACTIVITIES				
a.	Income statement items	144,641,397	125,392,511	57,377,294	43,160,418
	Net written premium for the period	1,187,488,721	1,119,644,973	606,380,354	581,321,664
	Investment income (excluding financial income)	22,539,986	18,201,062	9,134,442	9,606,634
	Other operating income (excluding revaluation and provisions reductions) and financial income from operating receivables	43,258,766	34,516,215	12,143,285	9,946,221
	Net claims paid for the period	-713,359,986	-686,447,305	-373,056,512	-376,589,051
	Bonuses and discounts paid	-12,072,221	-12,999,285	-10,603,774	-11,257,539
	Net operating expenses excluding depreciation costs and change in deferred acquisition costs	-288,529,978	-257,874,524	-138,213,385	-127,492,924
	Investment expenses (excluding depreciation and financial expenses)	-8,839,299	-9,172,145	-6,371,339	-6,925,520
	Other operating expenses excluding depreciation (other than revaluation and excluding the increase in provisions)	-66,806,018	-64,388,961	-26,027,184	-22,974,043
	Corporate income tax and other taxes excluded from operating expenses	-19,038,574	-16,087,519	-16,008,593	-12,475,023
b.	Changes in net operating current assets – operating balance sheet items	-7,283,265	-6,336,992	-3,345,436	-4,635,089
	Changes in operating receivables from direct insurance operations	-12,709,036	8,086,404	-6,113,550	68,733
	Changes in receivables from reinsurance operations	5,742,340	-16,107,791	-3,725,245	-2,577,417
	Changes in other receivables from (re)insurance operations	424,995	-8,242,089	-1,550,658	-2,367,792
	Changes in other receivables and assets	-2,679,343	1,115,863	1,575,807	-557,237
	Changes in deferred tax assets	-107,165	-772,947	0	0
	Changes in inventories	365,967	60,592	454,701	24,385
	Changes in liabilities from direct insurance operations	2,551,991	-4,891,037	-436,034	-3,602,591
	Changes in liabilities from reinsurance operations	-1,363,326	4,569,364	4,854,423	4,515,110
	Changes in other operating liabilities	-9,446,802	-9,988,588	0	-244,394
	Changes in other liabilities (other than unearned premium)	10,472,491	20,185,037	1,595,120	106,113
	Changes in deferred tax liabilities	-542,244	-351,800	0	0
c.	Net cash from/(used in) operating activities (a + b)	137,358,132	119,055,519	54,031,858	38,525,329
B.	CASH FLOWS FROM INVESTING ACTIVITIES				
a.	Cash inflows from investing activities	1,093,015,888	1,361,243,567	945,312,942	1,132,256,197
	Cash inflows from interest received from investing activities	37,412,752	43,998,453	23,440,425	28,815,764
	Cash inflows from dividends and profit sharing	5,653,046	5,248,223	12,494,301	3,801,801
	Cash inflows from disposal of intangible assets	0	132,562	0	12,562
	Cash inflows from disposal of plant, property and equipment	3,515,560	3,005,255	151,349	414,273
	Cash inflows from disposal of financial investments	1,046,434,530	1,308,859,074	909,226,867	1,099,211,797
	– Cash inflows from disposal of investments in subsidiaries and other companies	0	0	0	0
	– Other cash inflows from disposal of financial investments	1,046,434,530	1,308,859,074	909,226,867	1,099,211,797
b.	Cash outflows from investing activities	-1,186,871,319	-1,445,191,950	-965,578,127	-1,149,365,270
	Cash outflows for acquisition of intangible assets	-7,877,065	-9,126,252	-6,931,001	-7,711,934
	Cash outflows for acquisition of property, plant and equipment	-9,507,447	-13,601,854	-3,365,839	-7,310,866
	Cash outflows for acquisition of financial investments	-1,169,486,807	-1,422,463,844	-955,281,287	-1,134,342,470
	– Cash outflows for acquisition of investments in subsidiaries and other companies	-4,465,325	-14,948,951	-7,039,617	-14,900,000
	– Other cash outflows for acquisition of financial investments	-1,165,021,482	-1,407,514,893	-948,241,670	-1,119,442,470
c.	Net cash from/(used in) investing activities (a + b)	-93,855,431	-83,948,383	-20,265,185	-17,109,073
C.	CASH FLOWS FROM FINANCING ACTIVITIES				
a.	Cash inflows from financing activities	0	0	0	0
	Cash inflows from paid-in capital	0	0	0	0
	Cash inflows from long-term loans received (issued bond)	0	0	0	0
	Cash inflows from short-term loans received	0	0	0	0
b.	Cash outflows for financing activities	-43,097,819	-29,035,063	-42,157,905	-25,224,146
	Cash outflows for interest paid	-2,458,714	-3,982,947	-2,343,302	-3,513,302
	Cash outflows for purchase of treasury shares	0	0	0	0
	Cash outflows for capital repayment	0	0	0	-20,628,000
	Cash outflows for payments of long-term financial liabilities	0	-21,620,132	-1,164,850	-1,082,844
	Cash outflows for payments of short-term financial liabilities	-2,030,685	-3,431,984	0	0
	Cash outflows for dividends and profit sharing	-38,608,420	0	-38,649,752	0
c.	Net cash from/(used in) financing activities (a + b)	-43,097,819	-29,035,063	-42,157,905	-25,224,146
D.	Closing balance of cash and cash equivalents	82,321,630	81,899,664	13,912,991	22,304,222
E1.	Net cash flow for the period	404,882	6,072,073	-8,391,231	-3,807,890
E2.	External acquisition	0	0	0	0
E3.	Exchange rate differences	17,084	-42,184	0	0
F.	Opening balance of cash and cash equivalents	81,899,664	75,869,775	22,304,222	26,112,112

5.3 Amounts spent on auditors

The audit of the separate and consolidated financial statements for 2021 was performed by the audit firm Deloitte, Revizija d.o.o., Ljubljana. Said audit firm also carried out the 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	
	2021	2020	2021	2020
Auditing of the Annual Report	540,408	545,478	181,414	174,277
Other assurance services	9,719	1,501	0	0
Other non-auditing services	54,778	3,900	0	0
TOTAL	604,905	550,879	181,414	174,277

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	
	2021	2020	2021	2020
COVID-related government grants	194,560	381,467	127,017	77,169
State incentives for the employment of specific categories of workers	214,417	212,831	204,921	198,242
Funds obtained through public tenders	29,797	55,473	4,807	36,773
Reimbursement of labour costs by the state	2,259,241	2,379,066	2,189,942	1,774,333
Other government grants and assistance	14,272	-	-	-
TOTAL	2,712,287	3,028,836	2,526,687	2,086,517

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 transactions

Related party transactions are disclosed separately for the Triglav Group and Zavarovalnica Triglav:

- transactions with subsidiaries are disclosed only at Company level and include transactions with entities in which the Company has a dominant influence (presented in Section 3.5). At Group level, these transactions are eliminated in the consolidation processes;
- transactions of associates in which the Group and the Company have significant influence are presented in Section 3.6;
- transactions with shareholders and shareholder-related companies;
- transactions with the management which is represented by the members of the Management Board and the Supervisory Board.

Transactions with subsidiaries and associates and income, expenses, receivables and liabilities arising from these transactions are shown below.

The largest shareholders of Zavarovalnica Triglav are Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Pension and Disability Insurance Institute of Slovenia – ZPIZ) and Slovenski državni holding (Slovenian Sovereign Holding – SDH), which hold a 34.47% and a 28.09% participating interest respectively. The only material transaction in 2021 was the dividend payout. The two shareholders received dividends in the total amount of EUR 24.2 million, of which the ZPIZ received EUR 13.3 million and SDH EUR 10.9 million.

The shareholder-related companies are those in which SDH has a majority participating interest or dominant influence. As at 31 December 2021, there were two such companies, with which neither the Company nor the Group have significant transactions.

The related party services are charged at the same prices as those applying to unrelated parties. Pricing methods include the external or internal comparables method and cost contribution arrangement.

Transactions with subsidiaries

	in EUR	
	31 Dec. 2021	31 Dec. 2020
ASSETS		
Stakes and shares	131,924,683	132,337,466
Debt securities and loans given to members of the Group	2,146,807	6,610,381
Right of use assets	888,293	827,255
Insurance premium receivables from policyholders	10,027	15,620
Co-insurance receivables	0	0
Re-insurance receivables	7,002,697	6,778,184
Receivables for co-insurer's share in claims	2,630	197
Receivables for reinsurer's share in claims	6,478,503	5,221,704
Other short-term receivables from insurance operations	228,795	82,267
Short-term receivables from financing	21,531	46,152
Other short-term receivables	752,713	730,317
Short-term deferred expenses	30,732	61,969
LIABILITIES		
Liabilities to policyholders	17,925	0
Liabilities to agents and brokers	419,562	368,827
Liabilities to insurances for co-insurance premium	24,248	22,377
Liabilities for reinsurance premiums	10,967,485	9,594,905
Liabilities for shares in claims from co-insurance	0	0
Liabilities for shares in claims from re-insurance	5,909,345	4,510,857
Lease liabilities	915,166	851,981
Other short-term liabilities	174,610	153,503

	in EUR	
	2021	2020
INCOME AND EXPENSES		
Gross written premium and active reinsurance premium	31,802,130	29,560,612
Assumed co-insurance written premium	0	0
Outward re-/co-insurance premium (-)	-81,394,215	-73,313,592
Net premium income	-49,592,085	-43,752,980
Re-/co-insurance commission income	17,710,400	15,558,263
Fee and commission income	4,908,456	3,382,602
Other income from insurance operations	1,440,370	1,202,346
Interest income	177,238	294,441
Other insurance income	1,145,554	1,150,055
Income from land and buildings	707,040	687,336
Other income	573,300	473,282
Dividends	8,000,000	0
Other income from financial assets	2,647	8,203
TOTAL INCOME	-14,927,080	-20,996,452
Gross claims settled	9,185,312	8,242,296
Re-/co-insurers' share in gross claims	-26,491,451	-22,517,380
Net claims	-17,306,139	-14,275,084
Expenses for reinsurance premiums	4,833,477	4,575,494
Loss on disposal from financial assets	0	0
Other financial expenses	20,647	12,537
Other expenses	0	0
Interest expenses	20,549	22,561
Depreciation of right-of-use assets	122,001	129,523
TOTAL EXPENSES	-12,309,465	-9,534,969

Transactions with associates

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
ASSETS				
Stakes and shares	36,031,346	28,237,714	41,693,997	31,337,951
Insurance premium receivables from policyholders	8,857	5,096	8,693	4,932
LIABILITIES				
Liabilities to policy holders	0	27	0	0
Liabilities to agents and brokers	2,250	7,319	4,446	7,176
Other short-term liabilities	1,561	312	0	0
Accrued costs and expenses	450	450	0	0

	Triglav Group		Zavarovalnica Triglav	
	2021	2020	2021	2020
INCOME AND EXPENSES				
Gross written premium	91,048	79,433	89,085	77,115
Income from dividends and stakes	0	0	0	0
Income from land and buildings	0	0	0	0
Gains on the sale of securities	0	0	0	0
TOTAL INCOME	91,048	79,433	89,085	77,115
Gross claims settled	31,551	2,648	31,551	2,648
Acquisition costs	2,256	2,829	0	0
Other operating expenses	0	0	0	0
TOTAL EXPENSES	33,807	5,477	31,551	2,648

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5.6 Members of the Management Board and Supervisory Board

In 2021, the Management Board members received the following remuneration:

in EUR

First and last name	Fixed remuneration – gross (1)*	Variable remuneration (bonuses) – gross (2)	Total gross (3=1+2)	Total remuneration – net (4)	Insurance premium – benefits and SVPI (5)**	Other benefits (6)***	Total benefits and SVPI (7=5+6)
Andrej Slapar	197,563	53,634	251,197	81,935	67,683	10,456	78,139
Uroš Ivanc	188,487	50,953	239,440	83,244	48,741	1,078	49,819
Tadej Čoroli	188,487	50,953	239,440	81,796	48,706	5,461	54,167
Barbara Smolnikar	187,763	47,095	234,858	79,124	48,474	5,928	54,402
David Benedek	187,798	26,652	214,450	72,253	48,171	7,181	55,352
Marica Makoter	187,798	50,953	238,751	79,998	48,705	5,286	53,991
Benjamin Jošar****	0	3,857	3,857	2,254	0	0	0
TOTAL	1,137,896	284,097	1,421,993	480,604	310,480	35,390	345,870

* Fixed remuneration includes salary, holiday pay and jubilee benefits.

** 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.

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

As at 31 December 2021, Zavarovalnica Triglav had the following liabilities to the Management Board members:

in EUR

First and last name	Liabilities as at 31 December 2021		
	Deferred variable remuneration (bonuses) – gross (1)	Fixed remuneration (salary) – gross and reimbursement (2)	Total liabilities (3=1+2)
Andrej Slapar	60,261	16,473	76,734
Uroš Ivanc	57,248	15,625	72,873
Tadej Čoroli	57,248	15,631	72,879
Barbara Smolnikar	57,248	15,349	72,597
David Benedek	35,211	15,638	50,849
Marica Makoter	57,248	15,619	72,867
TOTAL	324,464	94,335	418,799

The Company's receivables from the Management Board members relate exclusively to receivables from salary deductions. The amounts of these are negligibly low.

In 2021, Zavarovalnica Triglav paid EUR 17,317,917 in remuneration to employees under an individual agreement (2020: EUR 14,943,676), of which EUR 15,534,781 in gross salaries (2020: EUR 13,710,082) and EUR 1,783,136 in other remuneration (2020: EUR 1,233,594).

The amounts do not include meal and travel allowances.

In 2021, the Supervisory Board members and committee members received the following remuneration:

in EUR

First and last name	Flat-rate remuneration – gross (1)	Attendance fees – gross (2)	Total gross (1+2)	Total net	Travel expenses – gross	Travel expenses – net
Andrej Andoljšek	26,125	2,981	29,106	21,169	278	202
Branko Bračko	12,028	1,265	13,293	9,668	555	403
Tomaž Benčina	11,224	1,265	12,489	9,083	317	231
Peter Kavčič	12,229	1,705	13,934	10,134	1,275	927
Igor Stebernak	20,406	7,557	27,963	20,090	337	245
Jure Valjavec	10,219	1,265	11,484	8,352	0	0
Milan Tomažević	10,018	1,716	11,734	8,534	278	202
Žiga Škerjanec	10,188	5,852	16,040	11,666	278	202
Mario Gobbo	9,339	2,156	11,495	7,572	0	0
Peter Celar	20,210	6,721	26,931	19,587	730	531
Branko Gorjan	18,708	2,981	21,689	15,775	0	0
Igor Zupan	18,708	3,421	22,129	16,095	278	203
Simon Kolenc*	3,396	1,045	4,441	3,230	0	0
Boštjan Koler*	1,504	2,200	3,704	2,694	0	0
Luka Kumer*	2,782	275	3,057	2,224	0	0
TOTAL	187,084	42,405	229,489	165,873	4,326	3,146

*External committee members.

All the above-mentioned remuneration of the members of the Management Board and the Supervisory Board represents the remuneration received at Zavarovalnica Triglav d.d. In the other Group companies, these members did not receive any remuneration.

The criteria for the performance assessment of the Management Board members are proposed by the Appointment and Remuneration Committee and approved by the Supervisory Board. The purpose of these criteria is to maximise the objective monitoring of the achievement of annual and medium-term objectives and to periodically assess the performance of the Management Board members. The performance criteria are designed to follow the Company's annual and medium-term business objectives adopted in the Company's annual business plans and strategic documents. The definition of a specific objective includes the following: its description, the expected target value, the assigned weight and the method for measuring or assessing its achievement. The method used to calculate the performance measures deviations from the set objectives by awarding a bonus for overperformance and through pay deduction from the basic salary of a Management Board member for underperformance.

The annual performance bonus is paid in three installments. The first half is paid 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, all three payments must be proportionate to the period of the office being held in a particular calendar year.

The Management Board members are entitled to severance pay equalling six times the average monthly basic salary they received as board members, if they are dismissed for economic and business reasons and their employment is terminated as a consequence. Severance is paid within one month of dismissal.

5.7 Off balance sheet items

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Outstanding subrogated receivables	63,743,330	49,749,916	54,851,990	43,301,366
Alternative investments	36,317,208	43,651,573	34,145,677	38,348,369
Bonds, guarantees and other sureties issued	864,880	3,160,942	0	0
Contingent assets	5,302,124	4,570,811	2,730,891	2,757,155
Receivables from option agreements	0	0	0	0
Receivables from forward contracts	19,281,915	25,579,103	19,281,915	19,269,103
Contingent liabilities	298,647	332,467	0	0
Properties under acquisition	46,862	8,820	0	0
Assets under management	167,229,892	95,640,312	0	0
TOTAL OFF-BALANCE SHEET ITEMS	293,084,859	222,693,944	111,010,473	103,675,993

5.8 Major legal and arbitration disputes

On 19 August 2013, Zavarovalnica Triglav d.d. received an action filed by Matjaž Rakovec, in which he made a request to annul the Supervisory Board's resolution of 22 May 2013 regarding his dismissal from the office of President of the Management Board and the appointment of Andrej Slapar as temporary President of the Management Board, to annul the entry of changes referring to the President of the Management Board into the court register, and to pay compensation amounting to EUR 516,399. Alternatively, Matjaž Rakovec requested that Zavarovalnica Triglav d.d. be obliged to reappoint him President of the Management Board and to recognise uninterrupted performance of his function of President of Zavarovalnica Triglav's Management Board, including all the rights arising from the employment agreement, for the entire period of his unlawful dismissal from the office of President of the Management Board until his reappointment. Currently, only the dispute over the payment of compensation for non-pecuniary damage is still pending, as Ljubljana District Court ruled that Matjaž Rakovec is entitled to compensation in the amount of EUR 6,000, whereas his claim amounted to EUR 80,000. Zavarovalnica Triglav d.d. filed an appeal against the court's decision, which has not yet been decided. The claim regarding the payment of pecuniary damage was referred to Ljubljana Labour and Social Court.

In the repeated proceedings (Ref. No. I Pd 421/2019), Ljubljana Labour and Social Court assessed the plaintiff's claim for compensation of salaries, annual leave allowances, preventive medical examinations, training, annual insurance premiums and bonuses (amount in dispute: EUR 436,399.42 with all dues) in terms of compensation for damages. The primary claim was rejected in part by the court for the reason of *lis pendens* (the major part of the claim based on salaries and annual leave allowances) and *res iudicate* (the major part of the claim based on training), and dismissed it in part. The court rejected the plaintiff's alternative claim in its entirety. The plaintiff filed an appeal against the said court decision, and Zavarovalnica Triglav d.d. filed a response to the appeal.

The decision to reject the plaintiff's claim seeking to establish that the termination of his employment agreement and employment relationship was unlawful and to reappoint him to his previous office is final and was upheld by the Supreme Court of the Republic of Slovenia (Judgment VIII Ips 105/2018). Matjaž Rakovec's employment agreement was thus terminated in a lawful manner and by said decision the proceedings concerning the alleged unlawfulness of the termination of his employment agreement and employment relationship conducted before the ordinary court were concluded. The constitutional complaint lodged by the plaintiff against the Supreme Court's judgment was not admitted for consideration.

In the repeated proceedings (Ref. No. I Pd 394/2019), the Labour and Social Court assessed the plaintiff's claim for the compensation of salaries and annual leave allowances (amount in dispute: EUR 75,625.16 with all dues) also in terms of compensation for damages. The court of first instance rejected the claim in the part under point 3 of the claim, which reads "and with all the rights arising therefrom", regarding the calculation and payment of salary compensation for the period from May 2016 to his return to work and annual leave allowances for 2016 and all subsequent years until his return to work. It further rejected the claim for the payment of salary compensation for the period

from June 2013 to April 2016 and for the payment of annual leave allowances for 2015 with statutory default interest. The Higher Labour and Social Court rejected Matjaž Rakovec's appeal and upheld the impugned judgment.

Zavarovalnica Triglav d.d. made provisions for the purpose of this dispute in the amount of EUR 82,000.

5.9 Events after the reporting period

In the period between the end of the reporting period and the date when the financial statements were authorised for issue, no adjusting events occurred that would affect the compiled consolidated and separate financial statements of Zavarovalnica Triglav for 2021.

A significant non-adjusting event after the reporting date is the war in Ukraine, which began on 24 February 2022. Until the approval of the annual report, the scale of this war and related sanctions against Russia and Belarus had not yet been known. The management carefully analysed the exposure of the Group and the Company to the aforementioned situation and assessed the potential impacts on their operations. The analysis was conducted in terms of the direct effects of the war, in terms of sanctions against Russia and Belarus and in terms of the increased risks of cyberattacks.

The direct effects of the war were assessed as negligible for the Group's and the Company's operations. With respect to insurance business in Ukraine, there are several active insurance covers; however, in most cases the Group's liability is excluded in the event of war. If damage not related to the events of war occurs, the Group's liabilities will be negligible and will be treated as part of its ordinary operations.

However, sanctions against Russia and Belarus could affect the Group's operations. Sanctions have already had a significant impact on financial markets and payment transactions. Direct exposure to Russian issuers of securities, i.e. mostly government bonds, accounts for 0.5% of the Group's bond portfolio. According to the most pessimistic scenario, these bonds will be fully impaired, which will reduce the Group's investment return and profit for 2022.

The high level of volatility recorded in the movement of the value of stock indices affects the value of the Group's equity portfolio. Until the approval of the annual report, general declines in the value of stock prices were recorded, with a negligible impact on profit or loss. The fall in value was mainly due to a decline in other comprehensive income. If the fall in value were significant or long-lasting, this would also decrease profit or loss for the year. The sensitivity analysis of changes in equity prices is presented in Risk Management, Section [2.4.2 Equity risk](#).

In carrying out its regular insurance and reinsurance transactions, the Group estimates that the main risk arises from the deteriorating credit quality of Russian reinsurance companies with which the Group operates. In addition, there is the risk of ban on international payment transactions with Russian reinsurance companies. The Group currently has 1.6% of claims provisions for claims incurred which are reinsured with Russian reinsurance companies. According to the most pessimistic scenario, i.e. the imposition of a complete block on the international payment transactions of Russian

reinsurance companies or a complete suspension of their operations, the Group would have to assume the whole share of provisions itself, reducing its profit or loss.

The Group also pays special attention to cyber risks. Since 22 February 2022, an increase in the scope of online activities has been seen, such as an increase in the number of emails using social engineering (e.g. phishing) and an increase in the scanning of the Group's public IP addresses. As a result, more attention is being paid to the regular monitoring of potential incidents. The business continuity plan that addresses cyber risks is also in place. Cyber risk management is presented in more detail in Risk Management (Section [Challenges and opportunities of today](#) and Section [2.7 Operational risks](#)).

Based on the performed analysis, there are no indications that these non-adjusting events after the reporting date pose a risk to the Group in terms of its ability to continue as a going concern.

The issue of a guarantee for potential investment opportunities is also a material non-adjusting event. A contingent liability arising from a given guarantee will not significantly affect the amount of the Group's assets.



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5.10 Reporting as required by the Insurance Supervision Agency

5.10.1 Assets and liabilities of pension funds created as a guarantee fund

in EUR

Statement of financial position for PDPZ funds	31 December 2021				31 December 2020			
	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni
ASSETS	249,789,207	209,337,165	20,062,106	20,449,892	238,022,822	210,130,825	14,903,162	13,002,992
Investment property and other real property rights	0	0	0	0	0	0	0	0
Investment property	0	0	0	0	0	0	0	0
Other real property rights	0	0	0	0	0	0	0	0
Financial investments	245,306,210	206,801,643	18,953,886	19,550,681	232,607,973	207,613,047	12,892,078	12,102,848
Measured at amortised cost, of which:	0	0	0	0	0	0	0	0
- loans and deposits	0	0	0	0	0	0	0	0
- debt securities	0	0	0	0	0	0	0	0
Measured at fair value through other comprehensive income, of which:	0	0	0	0	0	0	0	0
- debt securities	0	0	0	0	0	0	0	0
- equity securities	0	0	0	0	0	0	0	0
Measured at fair value through profit or loss, of which:	245,306,210	206,801,643	18,953,886	19,550,681	232,607,973	207,613,047	12,892,078	12,102,848
- debt securities	180,910,694	175,170,224	5,543,010	197,460	209,318,178	205,749,608	3,381,150	187,420
- equity securities	64,395,516	31,631,419	13,410,877	19,353,221	23,289,795	1,863,439	9,510,928	11,915,428
Receivables	28,662	1,771,999	479,415	686,357	9,697	1,828,602	392,015	567,234
Receivables from fund manager up to guaranteed return	0	0	0	0	0	0	0	0
Other receivables	28,662	1,771,999	479,415	686,357	9,697	1,828,602	392,015	567,234
Cash and cash equivalents	4,454,335	763,522	628,804	212,855	5,405,152	689,176	1,619,069	332,910
Other assets	0	0	0	0	0	0	0	0
Off-balance-sheet assets	2,137,172	2,137,172	0	0	3,146,747	3,146,747	0	0
Financial derivatives	0	0	0	0	0	0	0	0
Other off-balance-sheet assets	2,137,172	2,137,172	0	0	3,146,747	3,146,747	0	0
LIABILITIES	249,789,207	209,337,165	20,062,106	20,449,892	238,022,822	210,130,825	14,903,162	13,002,992
Insurance technical provisions	249,216,841	208,763,416	20,031,760	20,421,665	237,495,087	209,637,873	14,883,467	12,973,747
Mathematical provisions for net paid-in premiums	166,070,634	166,070,634	0	0	161,802,005	161,802,005	0	0
Mathematical provisions for capital gain on the guarantee fund	42,692,782	42,692,782	0	0	47,835,868	47,835,868	0	0
- fair value reserve	0	0	0	0	0	0	0	0
Insurance provisions for business funds backing unit-linked insurance, of which:	40,453,425	0	20,031,760	20,421,665	27,857,214	0	14,883,467	12,973,747
- fair value reserve	0	0	0	0	0	0	0	0
Financial liabilities	0	0	0	0	0	0	0	0
Operating liabilities	564,811	501,184	29,462	27,252	524,297	473,268	19,211	28,831
Liabilities from acquired securities and other financial instruments	0	0	0	0	0	0	0	0
Guarantee fund manager liabilities	261,582	211,915	23,737	25,931	250,719	212,887	19,211	18,621
Cash surrender value payments to guarantee fund members	296,316	289,269	5,725	1,321	270,591	260,381	0	10,210
Other operating liabilities	6,914	0	0	0	2,987	0	0	0
Other liabilities	7,555	72,565	884	975	3,438	19,684	484	414
Off-balance-sheet liabilities	2,137,172	2,137,172	0	0	3,146,747	3,146,747	0	0
Financial derivatives	0	0	0	0	0	0	0	0
Guarantees given	0	0	0	0	0	0	0	0
Other off-balance-sheet liabilities	2,137,172	2,137,172	0	0	3,146,747	3,146,747	0	0

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5.10.2 Statement of financial position for funds posted separately

in EUR

Statement of financial position for funds posted separately	31 December 2021		31 December 2020	
	Renta 1	Renta 2	Renta 1	Renta 2
ASSETS	45,048,536	31,703,341	43,680,668	24,080,691
Investment property and financial investments	43,735,837	31,375,017	41,821,054	23,166,231
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	43,735,837	31,375,017	41,821,054	23,166,231
Shares and other floating rate securities and fund coupons	1,980,828	1,980,828	0	0
Debt and other fixed return securities	41,755,009	29,394,190	41,821,054	23,166,231
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	1,226,482	56,325	1,393,339	0
Receivables from direct insurance	0	42,039	0	0
- receivables from insurers	0	42,039	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	1,226,482	14,286	1,393,339	0
Other assets	86,217	271,999	466,275	914,460
Cash and cash equivalents	86,217	271,999	466,275	914,460
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	45,048,536	31,703,341	43,680,668	24,080,691
Fair value reserves	0	0	0	0
Gross insurance technical provisions	44,891,698	31,650,619	43,268,600	23,319,615
- gross provisions for unearned premiums	0	0	0	0
- gross mathematical provisions	44,891,698	31,650,619	43,268,600	23,319,615
- 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	156,837	52,722	412,068	761,076
Liabilities from direct insurance operations	78,705	13,896	255,205	595,828
- liabilities to policy holders	13,557	608	23,251	1,005
- liabilities to agents and brokers	0	0	0	0
- other liabilities from direct insurance operations	65,148	13,288	231,954	594,823
Liabilities from co-insurance and re-insurance operations	0	0	0	0
Other liabilities	78,133	38,826	156,863	165,248
Accruals	0	0	0	0

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in EUR

Statement of financial position for guarantee fund backing unit-linked life insurance	31 December 2021	31 December 2020
ASSETS	502,042,853	420,875,129
Investment property and financial investments	500,913,405	417,297,562
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	500,913,405	417,297,562
Shares and other floating rate securities and fund coupons	496,834,282	374,846,121
Debt and other fixed return securities	4,079,123	42,451,441
Investment fund shares	0	0
Mortgage loans	0	0
Other loans	0	0
Deposits with banks	0	0
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	3,476	2,139,506
Receivables from direct insurance	944	860
- receivables from insurers	0	0
- receivables from insurance brokers	0	0
- other receivables from direct insurance operations	944	860
Receivables from re-insurance operations	0	0
Other receivables	2,532	2,138,646
Other assets	1,125,972	1,438,061
Cash and cash equivalents	1,125,972	1,438,061
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	502,042,853	420,875,129
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	499,681,626	420,868,883
Liabilities from reinsurers' investments in reinsurance contracts	0	0
Other liabilities	2,361,227	6,246
Liabilities from direct insurance operations	1,614	6,128
- liabilities to policy holders	0	0
- liabilities to agents and brokers	0	0
- other liabilities from direct insurance operations	1,614	6,128
Liabilities from co-insurance and re-insurance operations	0	0
Other liabilities	2,359,613	118
Accruals	0	0

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5.10.3 Income statement of pension funds formed as a guarantee fund

in EUR

Income statement for PDPZ funds	2021				2020			
	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni	PDPZ – skupina	PDPZ – zajamčeni	PDPZ – zmerni	PDPZ – drzni
Financial income	10,917,769	3,519,412	2,740,192	4,658,165	11,604,157	7,920,282	1,541,520	2,142,355
Income from dividends and profit sharing	533,901	65,775	166,267	301,860	272,617	70,757	72,825	129,035
Interest income	1,687,331	1,602,748	76,183	8,400	2,546,739	2,463,715	75,775	7,249
Gains on disposal of financial investments	1,105,119	31,059	387,862	686,197	2,504,029	2,074,185	256,360	173,484
Net income from changes in the fair value of investments which are recognised at fair value through profit or loss	6,159,170	1,819,238	1,590,022	2,749,910	6,216,723	3,310,125	1,110,338	1,796,260
Other financial income	1,432,248	593	519,857	911,798	64,049	1,500	26,222	36,327
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	6,199,098	4,934,565	647,202	617,330	3,919,100	1,730,771	951,197	1,237,132
Interest expenses	0	0	0	0	0	0	0	0
Losses from disposal of financial investments	2,028,376	1,647,009	225,218	156,149	2,056,951	1,126,434	437,099	493,418
Revaluation operating expenses arising from a change in the fair value of financial investment through profit and loss	4,028,107	3,287,556	343,592	396,959	823,878	596,330	114,160	113,388
Other financial expenses	142,615	0	78,393	64,222	1,038,271	8,007	399,938	630,326
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	4,718,672	-1,415,153	2,092,990	4,040,835	7,685,057	6,189,511	590,323	905,223
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	2,444,631	2,070,910	192,536	181,185	2,282,094	2,029,864	141,327	110,903
Management commission	2,406,807	2,070,910	172,848	163,049	2,258,025	2,029,864	127,790	100,371
Custodian bank fees	13,436	0	6,914	6,522	9,127	0	5,112	4,015
Auditing expenses	418	0	209	209	2,720	0	1,360	1,360
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	23,970	0	12,565	11,404	12,222	0	7,065	5,157
Other expenses	0	0	0	0	0	0	0	0
Net profit intended for the insured	2,274,041	-3,486,063	1,900,453	3,859,651	5,402,963	4,159,647	448,996	794,320

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5.10.4 Income statement for funds posted separately

in EUR

Income statement of the guarantee fund backing additional pension insurance during the annuity payout period	2021		2020	
	Renta 1	Renta 2	Renta 1	Renta 2
Transfer of funds from the pension scheme of additional pension insurance	5,929,143	13,773,514	3,360,627	9,633,650
This legal entity	3,835,536	4,820,151	1,523,152	3,817,940
Other insurance company	0	0	0	0
Other pension companies	2,093,608	8,953,363	1,837,475	5,815,710
Mutual pension fund	0	0	0	0
Income from investments	1,579,822	203,815	2,591,613	675,110
Income from dividends	0	0	0	0
Income from other investments	1,455,993	124,729	1,807,500	151,931
Income from land and buildings	0	0	0	0
Interest income	304,028	124,729	414,284	151,931
Other investment income	1,151,965	0	1,393,216	0
Income from asset value adjustments	0	0	0	0
Profit on disposal of investments	123,830	79,085	784,113	523,179
Claims incurred	3,351,330	3,633,754	3,526,771	2,521,704
Gross claims settled	3,351,330	3,633,754	3,526,771	2,521,704
Change in gross provisions for claims outstanding	0	0	0	0
Change in other net technical provisions (+/-)	3,500,524	9,702,071	1,710,413	7,354,957
Change of mathematical provisions (+/-)	3,500,524	9,702,071	1,710,413	7,354,957
Change of other net technical provisions (+/-)	0	0	0	0
Expenses included in policies	621,641	565,387	583,473	375,476
Initial expenses	69,559	418,447	55,124	274,749
Collection, administrative expenses	444,160	0	415,746	0
Costs of claim settlement	107,922	146,940	112,603	100,727
Net operating expenses	155,155	281,503	139,398	194,141
Acquisition costs	0	156,369	0	112,066
Change of deferred acquisition costs (+/-)	0	0	0	0
Other operating expenses	155,155	125,135	139,398	82,075
Depreciation of assets used in insurance business	11,490	9,617	9,105	5,507
Labour costs	70,613	59,103	64,734	39,153
- wages and salaries	49,088	41,086	45,565	27,559
- social security and pension insurance costs	8,806	7,370	7,561	4,573
- other labour costs	12,719	10,646	11,608	7,021
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	167	140	198	120
Other operating expenses	72,885	56,274	65,361	37,295
Income from reinsurance commissions and from participation in the positive technical result from reinsurance contract (-)	0	0	0	0
Expenses from investments	35,470	76,117	131,583	56,623
Depreciation and amortization of assets not used in operations	0	0	0	0
Expenses arising from asset management, interest expenses and other financial expenses	29,112	18,812	108,001	53,649
Revaluation financial expenses	0	0	0	0
Loss on disposal of investments	6,358	57,304	23,582	2,974
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	466,486	283,884	444,075	181,335

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	in EUR	
	2021	2020
Income statement for guarantee fund backing unit-linked life insurance		
Gross written premium	69,868,754	56,640,852
Income from investments	72,124,822	17,943,614
Income from dividends	5,583	3,832
Income from other investments	67,252,158	15,401,135
Income from land and buildings	0	0
Interest income	1,835	538,380
Other investment income	67,250,323	14,862,755
- financial income from revaluation	67,250,323	14,862,755
- other financial income	0	0
Income from asset value adjustments	0	0
Profit on disposal of investments	4,867,081	2,538,647
Expenses from cash surrender value	50,176,608	48,338,150
Ordinary termination	22,057,919	25,651,724
Extraordinary termination	28,118,690	22,686,426
- withdrawal from insurance contract	26,141,740	21,063,758
- cancellation of insurance contract	0	0
- death of the insured person	1,976,950	1,622,668
Change in other net technical provisions (+/-)	78,911,179	6,525,905
Change of mathematical provisions (+/-)	78,911,179	6,525,905
Change of other net technical provisions (+/-)	0	0
Fund management costs	10,406,903	7,922,857
Entry fees	2,743,858	792,926
Exit costs	0	0
Management commission	7,663,045	7,129,931
Expenses from investments	2,498,885	11,797,554
Depreciation and amortization of assets not used in operations	0	0
Expenses arising from asset management, interest expenses and other financial expenses	5,075	0
Revaluation financial expenses	2,037,470	10,473,629
Loss on disposal of investments	456,340	1,323,925
Net profit for the period	0	0

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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 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.

Total revenue

Total revenue is composed of gross written insurance, coinsurance and reinsurance written premiums, other insurance income and other income.

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 average number of employees at an insurance company.

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.

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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.



GRI and SASB Content Index

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	Remarks/Omissions
GRI 101: Foundation 2016			
GRI 102: General Disclosures			
Organisational profile 2016			
102-1	Name of the organisation	2.3/12	
102-2	Activities, brands, products, and services	2.8/17	
102-3	Location of headquarters	2.3/12	
102-4	Location of operations	2.8/17, 7.4/56	
102-5	Ownership and legal form	6.3/50	
102-6	Markets served (geographic location, sectors served and types of customers and beneficiaries)	2.8/17, 7.4/55	
102-7	Scale of the organisation	2.1/11, 2.2/11, 12.4.2/121	
102-8	Information on employees and other workers by employment contract, region and age	12.4.2/122	
102-9	Supply chain	12.4.4/str. 137	Number of suppliers is not reported.
102-10	Significant changes to the organisation's size, structure, ownership, or supply chain	2.8.4/20, 5.4/45, 6.3/50, 12.4.4/137	
102-11	Precautionary Principle or approach	Risk Management/161–200	
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	5.2/36, 12.5/139	
102-13	Membership of associations	12.5/139	
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./8–10	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour and the Code of Ethics	12.5/138	
Governance			
102-18	Governance structure of the organisation, including committees of the highest governance body	5.3/37, 5.4/45	
Stakeholder engagement			
102-40	A list of stakeholder groups engaged by the organisation	12.2/108	
102-41	Percentage of total employees covered by collective agreement	12.4.2.1/123	
102-42	The basis for identifying and selecting stakeholders with whom to engage	6.5/52, 12.2/108	
102-43	The organisation's approach to stakeholder engagement, including frequency of engagement by stakeholder group	2.4/13, 12.2/108, 12.4.1.1/118, 12.4.2.3/125	
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	2.4/13, 12.2/108, 12.4.1.1/118, 12.4.2.3/125	

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GENERAL STANDARD DISCLOSURES			
GRI Standard and Disclosure	Disclosure	Section/Page number	Remarks/Omissions
Reporting practice			
102-45	Entities included in the consolidated financial statements	Accounting Report 2.1.4/216	
102-46	Defining report content and topic Boundaries	2.4/13, 12.1/106, GRI Content Index/328	
102-47	List of material topics	2.4/13	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	2.4/13	
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	2.4/13	Compared to the previous reports, the volume of reported topics did not significantly change.
102-50	Reporting period		
102-51	Date of most recent report	2.4/13	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)	2.3/12	
102-53	Contact point for questions regarding the report	2.3/212	
102-54	Claims of reporting in accordance with the GRI Standards	GRI Content Index/328	
102-55	GRI Content Index	GRI Content Index/328	
102-56	External assurance		The Company has not yet decided to have the GRI standards externally assured.

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TOPIC-SPECIFIC DISCLOSURES			
The management approach and its components	Material topic	Section/Page number	Reason for Omission/Notes
ECONOMIC IMPACT			
GRI 201: Economic Performance			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	4.2/32, 12.4.3/130	
201-1	Direct economic value generated and distributed	12.4.3.2/133	
201-2	Financial implications and other risks and opportunities due to climate change	7.2/55	Reporting on financial implications of weather and natural disasters.
201-3	Defined benefit plan obligations and other retirement plans	12.4.2.5/129	
201-4	Financial assistance received from government	12.5/140	
GRI 202: Market presence 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	4.1/29	
202-2	Proportion of senior management hired from the local community	12.4.1.5/122	
GRI 203: Indirect economic impacts 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.3/130	
203-1	Extent of development of significant infrastructure investments and services supported	12.4.3.1/131, 12.4.3.2/133	
GRI 204: Procurement practices 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.4/137	
204-1	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation	12.4.4/137	Share is not reported.
GRI 205: Anti-corruption 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/138	
205-1	Total number and percentage of operations assessed for risks related to corruption	12.5/138	
205-2	Communication and training about anti-corruption policies and procedures	12.5/138	
205-3	Confirmed incidents of corruption and actions taken	12.5/138	
GRI 206: Anti-competitive behaviour			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/139	
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	12.5/139	
GRI 207: Tax 2019			
207-1	Approach to tax	Accounting report 2.8/238	
207-2	Tax governance, control, and risk management	Accounting report 2.8/238	
207-3	Stakeholder engagement and management of concerns related to tax	Accounting report 2.8/238	
207-4	Country-by-country reporting	Accounting report 2.8/238	
ENVIRONMENTAL IMPACT			
GRI 302: Energy 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3.2/110	
302-1	Energy consumption within the organization	12.3.2/112	

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The management approach and its components	Material topic	Section/Page number	Reason for Omission/Notes
GRI 305: Emissions 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.3.2/110	
305-1	Direct (Scope 1) GHG emissions	12.3.2/111	
305-2	Energy indirect (Scope 2) GHG emissions	12.3.2/111	
305-3	Other indirect (Scope 3) GHG emissions	12.3.2/111	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	12.3.2/110	
306-2	Management of significant waste-related impacts	12.3.2/113	
306-3	Waste generated	12.3.2/113	
306-4	Waste diverted from disposal	12.3.2/113	
306-5	Waste directed to disposal	12.3.2/113	
SOCIAL IMPACT			
GRI 401: Employment 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.2.1/121	
401-1	New employee hires and employee turnover	12.4.2.1/122	
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.	12.4.2.1/123, 12.4.2.5/129	
401-3	Total number of employees that returned to work in the reporting period after parental leave ended, by gender	12.4.2.5/129	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	12.4.2.5/129	
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	12.4.2.5/129	
GRI 403: Occupational health and safety 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.2.4/126	
403-1	Occupational health and safety management system	12.4.2.4/126	
403-2	Hazard identification, risk assessment, and incident investigation	12.4.2.4/126	
403-3	Occupational health services	12.4.2.4/126	
403-4	Worker participation, consultation, and communication on occupational health and safety	12.4.2.4/126, 129	
403-5	Worker training on occupational health and safety	12.4.2.4/127	
403-6	Promotion of worker health	12.4.2.4/127	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	12.4.2.4/127	
403-8	Workers covered by an occupational health and safety management system	12.4.2.4/126	
403-9	Work-related injuries	12.4.2.4/128	
403-10	Work-related ill health	12.4.2.4/128	
GRI 404: Training and education 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.2.2/124	
404-1	Average hours of training that the organisation's employees have undertaken during the reporting period, by gender and employee category	12.4.2.2/124	Data capture does not include classification by employee category
404-3	Percentage of employees receiving regular performance and career development reviews by gender	12.4.2.2/124	

TOPIC-SPECIFIC DISCLOSURES			
The management approach and its components	Material topic	Section/Page number	Reason for Omission/Notes
GRI 405: Diversity and equal opportunity 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.2/121	
405-1	Diversity of governance bodies and employees (gender, age group, representatives of minorities, other indicators of diversity)	5.3.2.2/40, 5.3.3.2/43, 12.4.2.1/122	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	12.4.2.1/123	
GRI 406: Non-discrimination 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.2.5/130	
406-1	Total number of incidents of discrimination during the reporting period and actions taken	12.4.2.5/130	
GRI 412: Human rights assessment 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/139	
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	12.5/139	
GRI 413: Local communities 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.3.1/131	
413-1	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	12.4.3.1/131	
GRI 414: Supplier Social Assessment 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.4/137	
414-1	New suppliers that were screened using social criteria	12.4.4/137	Share is not reported.
GRI 415: Public policy 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/137	
415-1	Political contributions	12.5/137	
GRI 417: Marketing and labelling 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.4.1/117	
417-1	Requirements for product and service information and labelling	12.4.1/117	
417-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	12.4.1.1/119	
417-3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorships by incidents of non-compliance with regulations resulting in a fine, penalty or warning	12.4.1.1/119	
GRI 418 Customer privacy 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/139	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	12.5/139	
GRI 419: Socioeconomic compliance 2016			
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary	12.5/138	
419-1	Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area	12.5/138, 139	

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The management approach and its components	Material topic	Section/Page number	Reason for Omission/Notes
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit	12.3.4/114–115	
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit	12.3.4/114–115	
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	14/145–146	Quantitative data on access points are not recorded in this way.
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	12.4.1/118	

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Insurance			
Topic	Accounting metric	Code	Section/Page number
Transparent Information and Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product related information to new and returning customers	FN-IN-270a.1	12.4.1.1/119, 12.4.1.3/119, 12.5/138
	Complaints-to-claims ratio	FN-IN-270a.2	12.2/109
	Customer retention rate	FN-IN-270a.3	12.4.1.1/119
	Description of approach to informing customers about products	FN-IN-270a.4	12.4.1/117
Incorporation of Environmental, Social, and Governance Factors in Investment Management	Total invested assets, by industry and asset class	FN-IN-410a.1	7.9/77, 78, 7.11/80
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	7.9/78, 7.11/80, 12.3.4/115
Policies Designed to Incentivize Responsible Behavior	Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	12.3.4/114
	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	FN-IN-410b.2	12.3.4/114
Environmental Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	Risk Management: 2.3.1/185
	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	FN-IN-450a.2	7.2/55, Risk Management: 2.3.1/185
Systemic Risk Management	Exposure to derivative instruments by category	FN-IN-550a.1	Risk Management: 2.4.4/189
	Total fair value of securities lending collateral assets	FN-IN-550a.2	7.9/76
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	Risk Management: 1.3/166, 2.6/193
Asset Management and Custody			
Transparent Information and Fair Advice for Customers	Number and percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-AC-270a.1	12.5/138
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	FN-AC-270a.2	12.4.1.3/119
	Description of approach to informing customers about products and services	FN-AC-270a.3	12.4.1/117
Employee Diversity and Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-AC-330a.1	5.3.2.2/40, 5.3.3.2/43, 12.4.2.1/122, 123
Incorporation of Environmental, Social, and Governance Factors in Investment Management and Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	FN-AC-410a.1	7.9/76
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	FN-AC-410a.2	7.9/78
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	7.11/80
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-AC-510a.1	12.5/138
	Description of whistleblower policies and procedures	FN-AC-510a.2	12.5/138
Accounting metric		Code	Section/Page number
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Total assets under custody and supervision		FN-AC-000.B	7.11/80

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