

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

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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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²¹ GRI GS 201-2, SASB: FN-IN-450a.2

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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²² GRI GS 102-4, 102-6

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.



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)

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).

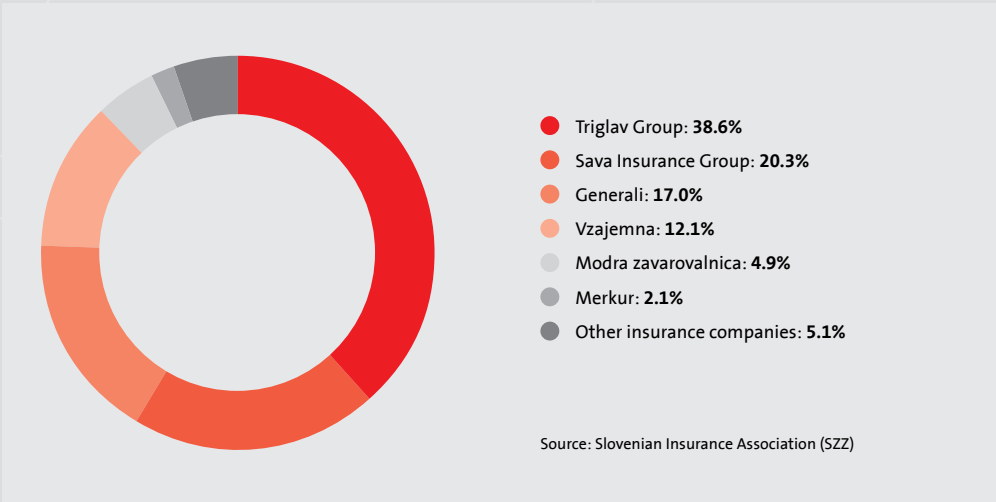
The market share of **Triglav, Zdravstvena zavarovalnica**:

- 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.



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

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.



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

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.



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

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.



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

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).

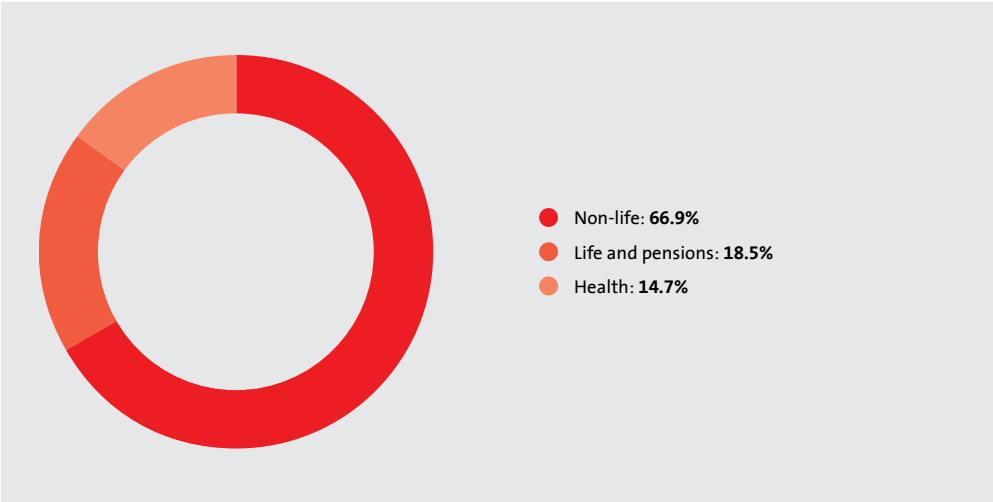
The Triglav Group continued to record high premium growth resulting in EUR 1,353.0 million in consolidated gross written insurance, coinsurance and reinsurance premiums, up by 10% relative to the year before. Total written premium increased in all insurance segments:

- **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:

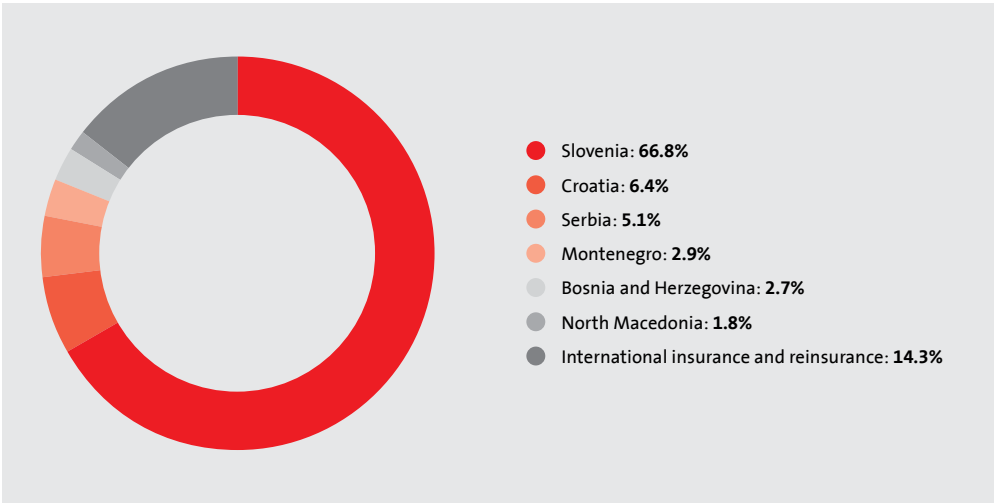
- **non-life insurance:** a 66.9% share (vs. 65.4% in 2020),
- **life and pension insurance:** an 18.5% share (vs. 18.7% in 2020),
- **health insurance:** a 14.7% share (vs. 15.9% in 2020).

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.

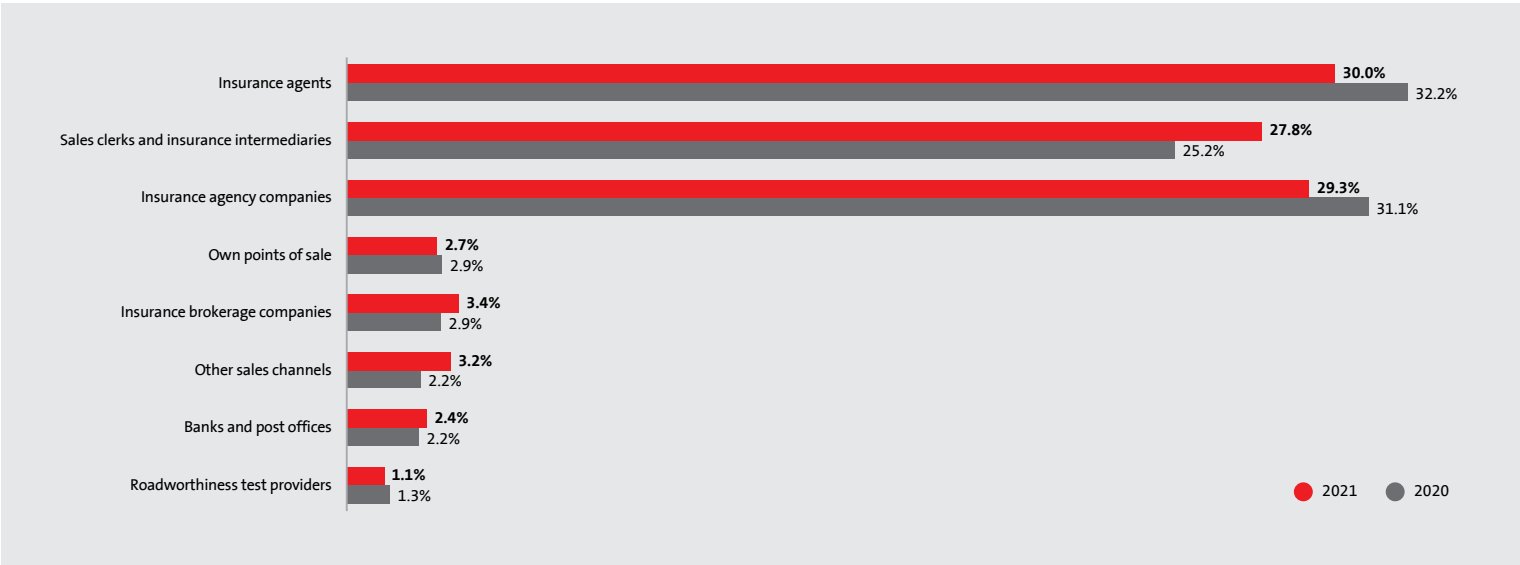
Non-consolidated gross written premium of retail clients amounted to EUR 781.5 million, up by 5%. Its share in total written premium was 60.8%, down by 2.8 percentage points relative to the year before. The rest, 39.2%, was accounted for by corporate clients' written premium, which reached EUR 503.7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

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.



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 Pozavarovalnica 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 incurred, 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%



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 Osiguruvanje 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).

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7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav²³

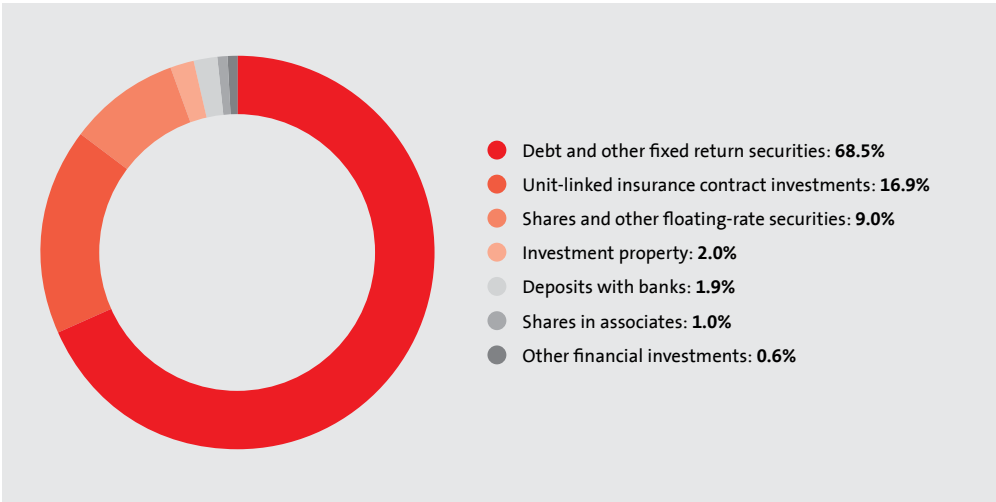
The Triglav Group continues to pursue a relatively conservative investment policy in order to achieve an adequate return on its investment portfolio, with an emphasis on the security and liquidity of investments. In its investing activities, the Group pursues the goal of achieving a high credit rating 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	Share	
	31 Dec. 2021	31 Dec. 2020	2021/2020	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.

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²³ SASB: FN-AC-410a.1 | ²⁴ SASB: FN-IN-550a.2

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.

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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	Share in debt securities	
	31 Dec. 2021	31 Dec. 2020	2021/2020	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 investments		Index	Share	
Equity investment type	31 Dec. 2021	31 Dec. 2020	2021/2020	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

	Equity investments		Index	Share	
Geographic area	31 Dec. 2021	31 Dec. 2020	2021/2020	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

	Equity investments		Index	Share	
Issuer sector	31 Dec. 2021	31 Dec. 2020	2021/2020	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%

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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²⁸ SASB: FN-AC-000.A



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.



²⁹ SASB: FN-AC-000.B | ³⁰ SASB: FN-IN-410a.1 | ³¹ SASB: FN-IN-410a.2 | ³² SASB: FN-AC-410a.3