

## 8. Financial result of the Triglav Group and Zavarovalnica Triglav

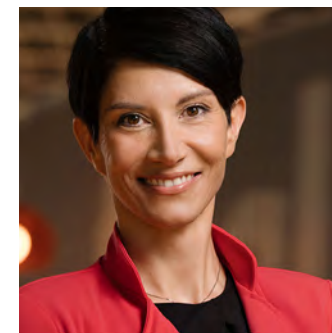
- The Triglav Group's total business volume grew by 12%, while the contractual service margin increased by 28%.
- In a challenging environment, the Group generated earnings before profit of EUR 21.1 million.
- The deteriorated combined ratio in Non-Life and Health segments resulted from the price cap on supplemental health insurance, CAT events and the effects of inflation.
- Life and Asset Management segments performed well.
- The favourable situation in the financial markets had a positive impact on the return on the Group's investments.

The Triglav Group operated in a challenging environment marked by CAT events, changes in Slovenia's healthcare system and the ongoing effects of inflation. Taking into account the negative impact of these one-off events, the Group achieved **earnings before tax** of EUR 21.1 million in 2023 (2022: EUR –10.0 million taking into account new accounting standards) and **net earnings** of EUR 16.3 million.

By actively implementing its strategic guidelines, the Group increased its **total business volume** by 12% and the **contractual service margin** by 28%. **Other comprehensive income** was positive and amounted to EUR 34.7 million, whereas in the previous year it was negative (EUR –50.9 million). This was mainly due to the favourable situation in the financial markets and, during the year, to the tactical shorter average maturity of debt investments than liabilities, which resulted in the positive change in the value of the Group's debt portfolio exceeding the change in the value of the Group's liabilities. **Net return on equity** was 1.8%, reflecting lower net earnings.

The Group's business performance was significantly impacted by CAT events, particularly hailstorms and strong wind as well as August floods (see [Section 7.2 Environmental impact on the Triglav Group's operations](#) for more information), which led to a high growth in claims. The gross impact of CAT events on the result that includes gross crop insurance claims and inward reinsurance amounted to EUR 212.2 million, while the net impact, taking into account reinsurance, is estimated at EUR 85.9 million. The effects of the claims inflation, which in accordance with the new accounting standard already had a significant effect on the claims ratio last year, also affected the growth of claims in 2023. In this regard, part of the increase in insurance revenue stemmed from premium adjustments to inflation, while the full impact of the premium increase will manifest in the following year. The Group also responded to high inflation and higher inflationary expectations by implementing a number of measures related to claims settlement and management of expenses.

The Group's operations were adversely affected by legislative changes to Slovenia's healthcare system (see [sections 7.2 Environmental impact on the Triglav Group's operations](#) and [8.3 Health segment](#) for more information), as a result of which earnings before tax of the health insurance segment were negative in the amount of EUR –29.8 million.

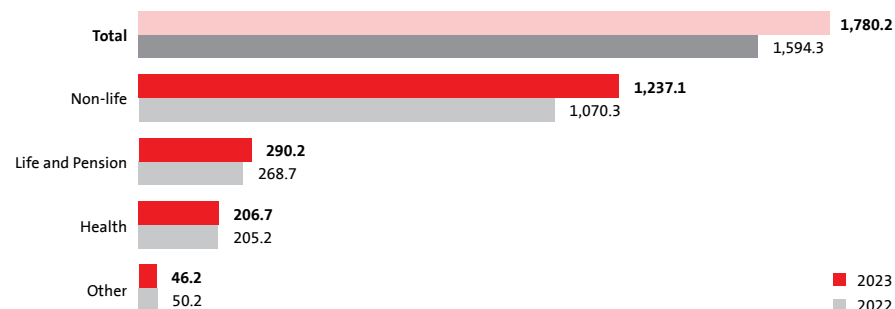


“We have concluded the challenging project of implementing IFRS 17, confident

that it will enhance transparency in our financial reporting and foster comparability with insurance companies worldwide.”

Tina Cvar, Executive Director of Accounting, Zavarovalnica Triglav

Total business volume of the Triglav Group by segment (EUR million)



**Zavarovalnica Triglav** achieved earnings before tax of EUR 45.6 million (2022: EUR 1.4 million taking into account new accounting standards) and net earnings of EUR 38.7 million. The insurance operating result was positive and amounted to EUR 17.6 million despite major CAT events. Premium rates were adjusted in line with the claims inflation. Inflation also had an impact on the increase in operating expenses. Net investment result amounted to EUR 28.0 million, up by 31% year-on-year, as a result of the favourable situation in the financial markets and the payment of dividends from subsidiaries (EUR 16.4 million, 2022: EUR 32.7 million). The Company's other comprehensive income amounted to EUR 28.4 million (2022: EUR –36.5 million).

*Certain categories of the Group's operations and the structure of earnings generated in 2023 are explained in more detail below.*

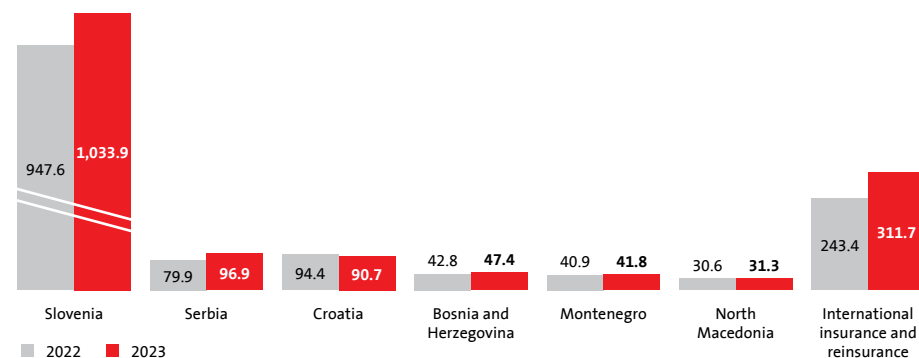
The Group's **total revenue** in the amount of EUR 1,425.2 million rose by 11% as a result of its high growth in both the Life and Pension segment (index 115) and the Non-Life segment (index 114). **Insurance revenue** grew by 12% to EUR 1,351.2 million and asset management income increased by 6% to EUR 39.7 million, whereas other income fell by 2% to EUR 34.3 million.

#### Insurance revenue of the Triglav Group by segment (EUR million)



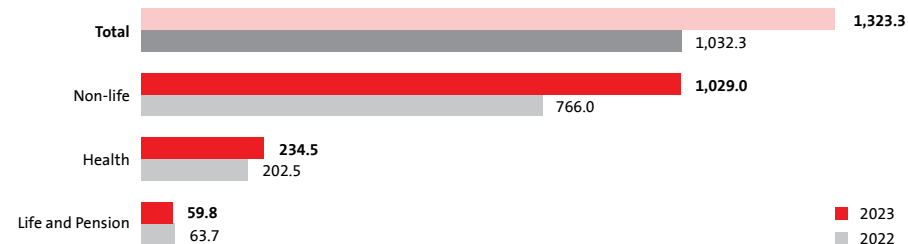
The Group's insurance companies charged **EUR 1,653.7 million in consolidated gross written premium**, up by 12% year-on-year. In the Slovenian market, premium grew by 9%, in the international market by 28% and in other markets of the Adria region by 7%. A total of 62.5% of premium was earned in the Slovenian insurance market (2022: 64.0%) and 18.6% in the remaining markets of the Adria region (2022: 19.5%), while the share of international insurance and reinsurance increased by 2.4 percentage points to 18.8%.

#### Gross written premium of the Triglav Group by market (EUR million)



**Insurance service expenses** increased significantly, i.e. by 28%, to EUR 1,323.3 million. Their high growth was predominantly influenced by a 34% increase in expenses in the Non-Life segment, while expenses in the Health segment grew by 16%. The Life and Pension segment expenses declined by 6%.

#### Insurance service expenses of the Triglav Group by segment (EUR million)



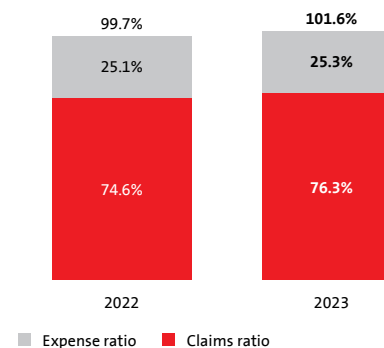
The Group's combined ratio in Non-Life and Health stood at 101.6%, up by 1.9 percentage points year-on-year. The combined ratio in Non-Life reached 99.4%, down by 0.3 percentage point year-on-year. The decrease was driven by higher insurance revenue and the reinsurance result, despite strong claims growth. Due to the negative effects resulting from supplemental health insurance, the combined ratio in Health increased by 12.8 percentage points to 112.9%.

The Group's CSM of new contracts amounted to EUR 42.3 million in 2023, the bulk of which (85%) was generated in the Life segment and the remaining 15% in the Non-Life segment. The share of the CSM of new contracts in total contractual service margin was 17.8%, down by 2.5 percentage points year-on-year. The release of the contractual

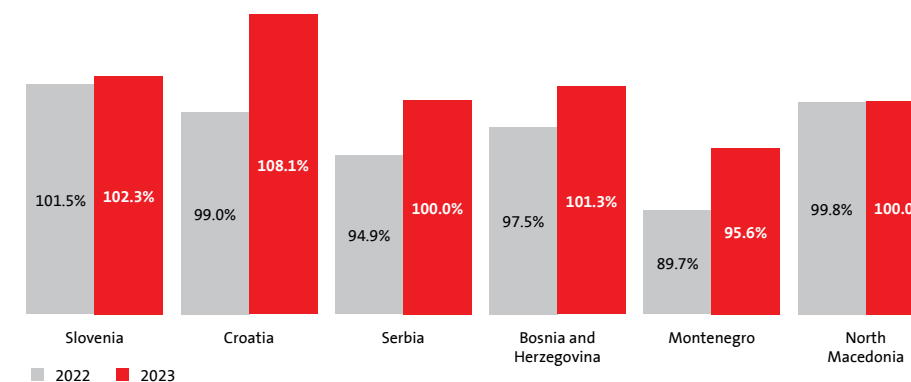
service margin to profit or loss amounted to EUR 39.8 million in the reporting period, up by 22% year-on-year.

The Group's contractual service margin was higher by EUR 52.0 million. This was primarily due to the change in expected cash flows driven by the revaluation of life insurance sums insured and premiums, and to a lesser extent by the change in some of the assumptions used to calculate the present value of the expected cash flows of life insurance policies, as well as by higher expected future recovered management fees from higher unit-linked life insurance assets.

Combined ratio in Non-Life and Health segments of the Triglav Group



Combined ratio in Non-Life and Health segments of the Triglav Group by market

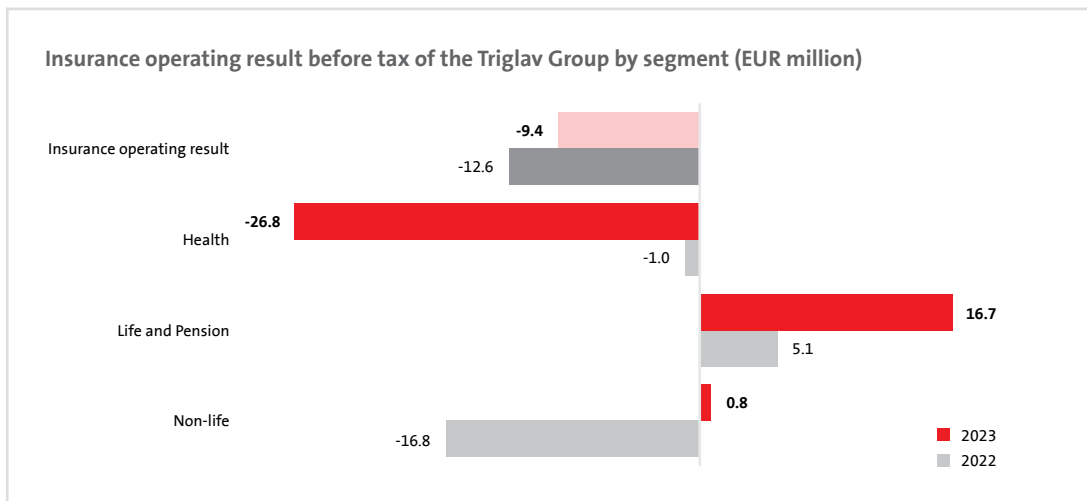


#### Structure of earnings before tax of the Triglav Group

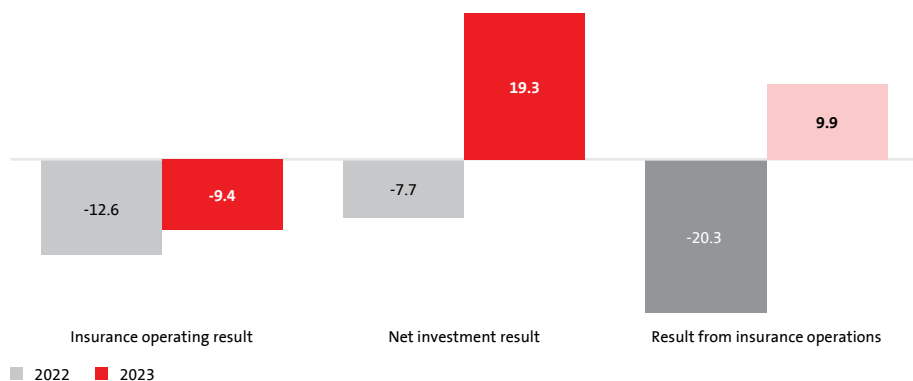
	2023					2022				
	Non-Life	Life and Pension	Health	Asset Management and Other	Total	Non-Life	Life and Pension	Health	Asset Management and Other	Total
<b>Insurance operating result</b>	<b>760,064</b>	<b>16,735,367</b>	<b>-26,845,573</b>		<b>-9,350,142</b>	<b>-16,792,723</b>	<b>5,136,528</b>	<b>-971,931</b>		<b>-12,628,126</b>
Insurance revenue	1,056,160,921	85,367,869	209,657,875		1,351,186,665	923,531,228	78,086,766	204,984,870		1,206,602,864
Claims incurred	779,748,801	25,603,176	215,894,996		1,021,246,973	552,348,057	31,037,168	184,355,918		767,741,143
Acquisition and administrative costs including non-attributable items	293,627,582	48,478,623	20,858,443		362,964,648	256,653,742	47,572,454	20,920,438		325,146,634
Net reinsurance service result	30,019,238	1,619,193	-31,861		31,606,570	-105,183,452	729,544	0		-104,453,908
Net other insurance revenue and expenses	-12,043,712	3,830,104	281,852		-7,931,756	-26,138,700	4,929,840	-680,445		-21,889,305
<b>Net investment result</b>	<b>10,866,957</b>	<b>11,404,011</b>	<b>-2,984,851</b>	<b>2,740,539</b>	<b>22,026,656</b>	<b>2,489,796</b>	<b>-9,254,154</b>	<b>-914,599</b>	<b>-6,649,239</b>	<b>-14,328,196</b>
<b>Result from non-insurance operations</b>				<b>8,383,922</b>	<b>8,383,922</b>				<b>16,929,781</b>	<b>16,929,781</b>
<b>Total earnings before tax</b>	<b>11,627,021</b>	<b>28,139,378</b>	<b>-29,830,424</b>	<b>11,124,461</b>	<b>21,060,436</b>	<b>-14,302,927</b>	<b>-4,117,626</b>	<b>-1,886,530</b>	<b>10,280,542</b>	<b>-10,026,541</b>

The Group's **insurance operating result** reached EUR –9.4 million (2022: EUR –12.6 million taking into account new accounting standards). Despite a 14% growth in insurance revenue, the insurance operating result of the Non-Life segment (EUR 0.8 million) was negatively impacted by a high 41% growth in claims incurred (see [Section 8.1 Non-life segment](#) for more information). The negative result in the Health segment is mainly due to the high growth in claims incurred following the price cap on supplemental health insurance premium (see [Section 8.3 Health segment](#) for more information). Insurance operating result before tax of the Life and Pension segment increased to EUR 16.7 million (index 326). Net reinsurance service result reached EUR 31.6 million (2022: –104.5 million), driven by an increase in reinsurance revenue of the Non-Life segment to be reimbursed by reinsurers for claims incurred as a result of CAT events. Acquisition and administrative costs including non-attributable items totalled EUR 362.9 million, up by 12%.

**Net investment result** amounted to EUR 22.0 million, whereas in the preceding year it was negative at EUR –14.3 million. Investment result amounted to EUR 83.6 million (2022: EUR –88.6 million), whereas financial result from insurance contracts was negative at EUR –69.7 million (2022: EUR 82.2 million). The result was positively affected by the change in provisions for not achieving the guaranteed yield in the amount of EUR 8.1 million (2022: EUR –9.8 million).

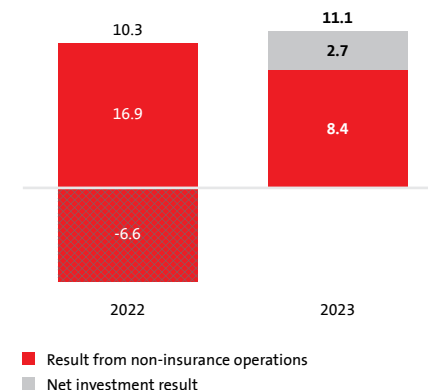


Earnings before tax of the Triglav Group's insurance operations (EUR million)



**Earnings before tax of Asset Management and Other non-insurance operations** grew by 8% to EUR 11.1 million. The operating result amounted to EUR 8.4 million (a 50% decrease compared to 2022, as the previous year's result was significantly affected by the gains on disposal of real property), while the investment result amounted to EUR 2.7 million.

Earnings before tax of the Triglav Group's Asset Management and Other non-insurance operations (EUR million)



## Operating expenses

The Group's consolidated operating expenses, including other attributable insurance service expenses, increased by 12% to EUR 429.0 million. Operating expenses increased by 11% to EUR 434.1 million, other attributable insurance service expenses were up by 24% (EUR 23.8 million) and the change in deferred acquisition costs reduced the expenses by EUR 13.6 million (index 114).

Acquisition costs grew by 15% and totalled EUR 92.8 million. The significant increase in 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). Their increase was also influenced by the higher volume of transactions concluded under the principle of free movement of services (FOS) in the EU.

At 45.6%, *labour costs* accounted for the largest portion of total expenses. They amounted to EUR 197.9 million, up by 13% relative to the preceding year. The increase in labour costs resulted from the higher number of employees in some companies, adjustments to basic salaries due to inflationary pressures, growth of agent costs due to premium growth and higher other labour costs.

*Costs of services* increased by 9% year-on-year, reaching EUR 117.1 million. Among them, the bulk was accounted for by costs of other services (EUR 28.7 million), costs of representation, advertising and sponsorships (EUR 23.6 million), followed by maintenance costs (EUR 16.7 million). The main cost drivers in this group were:

- *costs of short-term leases* (index 139), mainly the costs of IT equipment rentals and leases;
- *costs of maintenance services* (index 114), particularly the costs of maintenance services for software, hardware and communication equipment;
- *other costs of services* (index 108), with the highest growth in the costs of computer services.

## Operating expenses of the Triglav Group by nature

	2023	2022	Index	Share
<b>Acquisition costs</b>	<b>92,806,454</b>	<b>81,026,082</b>	<b>115</b>	<b>21.4%</b>
<b>Cost of goods sold</b>	<b>-65,286</b>	<b>-6,723</b>	<b>971</b>	<b>0.0%</b>
<b>Depreciation/amortisation costs</b>	<b>26,291,666</b>	<b>26,166,679</b>	<b>100</b>	<b>6.1%</b>
Depreciation/amortisation costs of leased assets	6,699,012	6,560,347	102	1.5%
Depreciation/amortisation costs of other operating assets	19,592,654	19,606,332	100	4.5%
<b>Labour costs</b>	<b>197,947,600</b>	<b>175,509,591</b>	<b>113</b>	<b>45.6%</b>
Wages and salaries	136,779,849	121,997,574	112	31.5%
Social and pension insurance costs	29,779,769	26,478,600	112	6.9%
Other labour costs	31,387,982	27,033,417	116	7.2%
<b>Costs of services</b>	<b>117,124,839</b>	<b>107,743,592</b>	<b>109</b>	<b>27.0%</b>
Costs of entertainment, advertising and trade shows	23,610,478	22,915,094	103	5.4%
Maintenance costs	16,722,517	14,651,726	114	3.9%
Costs of materials and energy	10,047,185	10,763,961	93	2.3%
Costs of payment transactions and banking services	2,550,277	2,480,274	103	0.6%
Insurance premium costs	2,113,737	1,367,534	155	0.5%
Costs of intellectual services	9,403,594	8,582,630	110	2.2%
Training costs	1,559,320	1,509,889	103	0.4%
Expenses for short-term leases, low-value leases and other leases	8,276,771	5,975,231	139	1.9%
Costs of transport and communications services	6,459,294	5,972,112	108	1.5%
Reimbursement of labour-related costs	5,596,541	5,248,474	107	1.3%
Costs of services provided by natural persons other than sole proprietors	2,070,808	1,809,240	114	0.5%
Other costs of services	28,714,317	26,467,427	108	6.6%
<b>Total operating expenses (1)</b>	<b>434,105,273</b>	<b>390,439,221</b>	<b>111</b>	<b>100.0%</b>
Other attributable insurance service expenses (2)	23,795,694	19,126,540	124	
Change in deferred acquisition costs (3)	-13,616,542	-11,985,247	114	
<b>Total (1+2+3)</b>	<b>444,284,425</b>	<b>397,580,514</b>	<b>112</b>	
Elimination of intercompany transactions	-15,269,700	-13,600,659	112	
<b>Total consolidated (1+2+3+4)</b>	<b>429,014,725</b>	<b>383,979,855</b>	<b>112</b>	

**Non-consolidated operating expenses from insurance operations** rose by 11% to EUR 387.5 million, primarily as a result of higher acquisition costs due to increased business volume and higher labour costs. Attributable costs of EUR 328.5 million accounted for 84.8% of expenses from insurance operations, while non-attributable costs accounted for the remaining 15.2%. **Non-consolidated expenses from non-insurance operations** increased by 12% and totalled EUR 46.6 million, mainly as a result of higher labour costs and higher costs of services. The increase in other attributable insurance expenses (index 124) was predominantly due to higher expenses for fire fee.

## Operating expenses of the Triglav Group

	2023					2022				
	Operating expenses	Other attributable insurance service expenses	Changes in deferred acquisition costs	Elimination of intercompany transactions	Total	Operating expenses	Other attributable insurance service expenses	Changes in deferred acquisition costs	Elimination of intercompany transactions	Total
Attributable costs	328,462,819	23,592,298	-13,616,542	-2,592,319	335,846,256	291,460,732	17,426,563	-11,985,247	-2,557,606	294,344,442
Attributable acquisition costs	214,668,318	213,309	-13,616,542	-1,080,487	200,184,598	191,558,019	0	-11,985,247	-1,120,998	178,451,774
Attributable claim handling expenses	29,992,668	3,844,303			33,836,971	27,599,961	2,193,833			29,793,794
Attributable administrative costs	83,801,833	19,534,686		-1,511,832	101,824,687	72,302,752	15,232,730		-1,436,608	86,098,874
Non-attributable costs	58,998,876	203,396		-11,137,602	48,064,670	57,323,799	1,699,977		-9,873,812	49,149,964
<b>Insurance operations</b>	<b>387,461,695</b>	<b>23,795,694</b>	<b>-13,616,542</b>	<b>-13,729,921</b>	<b>383,910,926</b>	<b>348,784,531</b>	<b>19,126,540</b>	<b>-11,985,247</b>	<b>-12,431,418</b>	<b>343,494,406</b>
<b>Non-insurance operations</b>	<b>46,643,578</b>			<b>-1,539,779</b>	<b>45,103,799</b>	<b>41,654,690</b>			<b>-1,169,241</b>	<b>40,485,449</b>
<b>Total</b>	<b>434,105,273</b>	<b>23,795,694</b>	<b>-13,616,542</b>	<b>-15,269,700</b>	<b>429,014,725</b>	<b>390,439,221</b>	<b>19,126,540</b>	<b>-11,985,247</b>	<b>-13,600,659</b>	<b>383,979,855</b>
	<b>Index</b>									
Attributable costs	113	135	114	101	114					
Attributable acquisition costs	112	0	114	96	112					
Attributable claim handling expenses	109	175	0	0	114					
Attributable administrative costs	116	128	0	105	118					
Non-attributable costs	103	12	0	113	98					
<b>Insurance operations</b>	<b>111</b>	<b>124</b>	<b>114</b>	<b>110</b>	<b>112</b>					
<b>Non-insurance operations</b>	<b>112</b>	<b>0</b>	<b>0</b>	<b>132</b>	<b>111</b>					
<b>Total</b>	<b>111</b>	<b>124</b>	<b>114</b>	<b>112</b>	<b>112</b>					

## Investments

The Triglav Group manages its investment portfolio conservatively to ensure adequate investment yield, safety and liquidity, aiming to achieve a high credit rating for the total portfolio. In accordance with its sustainable development policy, the share of environmental, social and governance (ESG) aspects is being increased.

In 2023, through active investing, the Group **maintained the structure of its investment portfolio comparable to the balance as at 31 December 2022**; it was worth EUR 3,398.5 million, up by 4% year-on-year. The bulk (54.7%) of the investment portfolio was accounted for by bonds invested in developed markets, most of which have a high credit rating. Their value, as well as the value of the equity portfolio, was also affected by the situation on the financial markets and the diversification of investments, in addition to the partial optimisation of the Group's capital adequacy. The structure of financial investments is discussed in greater detail in [Section 3.4 of the Accounting Report](#).

### Investments of the Triglav Group as at 31 December 2023 and 31 December 2022

	Investments		Index	Share	
	31 Dec 2023	31 Dec 2022	2023/2022	31 Dec 2023	31 Dec 2022
Investment property	67,953,773	68,325,487	99	2.0%	2.1%
Investments in associates and joint ventures	37,708,062	37,810,184	100	1.1%	1.2%
Shares and other variable-income securities	168,680,198	199,820,678	84	5.0%	6.1%
Debt and other fixed-income securities	1,860,044,900	1,801,656,173	103	54.7%	55.4%
Loans given	6,557,904	5,784,491	113	0.2%	0.2%
Bank deposits	65,794,876	79,458,018	83	1.9%	2.4%
Other financial instruments	872,414	934,751	93	0.0%	0.0%
<b>Total (1)</b>	<b>2,207,612,127</b>	<b>2,193,789,782</b>	<b>101</b>	<b>65.0%</b>	<b>67.5%</b>
Unit-linked life insurance assets (2)	540,890,478	469,528,905	115	15.9%	14.4%
Financial investments from financial contracts (3)	650,042,171	589,033,089	110	19.1%	18.1%
<b>Total (1 + 2 + 3)</b>	<b>3,398,544,776</b>	<b>3,252,351,776</b>	<b>104</b>	<b>100.0%</b>	<b>100.0%</b>

The majority of **unit-linked insurance assets** is accounted for by assets invested in mutual funds of the policyholders' choice, mainly in funds managed by Triglav Skladi. As at 31 December 2023, these assets amounted to EUR 540.9 million (index 115).

**The Group's financial investments from financial contracts** include individual and group supplemental voluntary pension insurance contracts of the parent company and Triglav, pokojninska družba, and totalled EUR 650.0 million as at 31 December 2023. Compared to the 2022 year-end, they increased by 10%. Financial contract assets and the types of financial investments from financial contracts are discussed in greater detail in [Section 3.5 of the Accounting Report](#).

As at the reporting date, the Group's **sustainable fixed-income investments** reached EUR 262.5 million, up by 18% year-on-year. Their share in the total bond portfolio increased to 11.1%, exceeding the Group's strategic targets.

### Sustainable (ESG) fixed-income investments of the Triglav Group

	Debt securities		Indeks	Share in debt securities	
	31 Dec 2023	31 Dec 2022	2023/2022	31 Dec 2023	31 Dec 2022
Social impact bonds*	92,894,804	98,060,591	95	3.9%	4.3%
Green bonds**	157,009,420	110,964,143	141	6.7%	4.9%
Sustainable bonds***	12,595,979	13,839,732	91	0.5%	0.6%
<b>Total ESG bonds</b>	<b>262,500,203</b>	<b>222,864,466</b>	<b>118</b>	<b>11.1%</b>	<b>9.9%</b>

\* 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.



Zavarovalnica Triglav's investments as at 31 December 2023 totalled EUR 2,444.3 million, up by 3% relative to 31 December 2022.

#### Investments of Zavarovalnica Triglav as at 31 December 2023 and 31 December 2022

	Investments		Index	Share	
	31 Dec 2023	31 Dec 2022	2023/2022	31 Dec 2023	31 Dec 2022
Investment property	43,427,181	43,377,173	100	1.8%	1.8%
Investments in subsidiaries	219,360,367	185,360,343	118	9.0%	7.8%
Investments in associates and joint ventures	37,218,841	37,369,536	100	1.5%	1.6%
Shares and other variable-income securities	118,763,970	134,252,558	88	4.9%	5.6%
Debt and other fixed-income securities	1,245,096,517	1,278,306,348	97	50.9%	53.7%
Loans given	4,547,639	4,409,207	103	0.2%	0.2%
Bank deposits	7,212,364	19,489,668	37	0.3%	0.8%
<b>Total (1)</b>	<b>1,675,626,878</b>	<b>1,702,564,832</b>	<b>98</b>	<b>68.6%</b>	<b>71.6%</b>
Unit-linked life insurance contract investments (2)	512,824,007	446,142,033	115	21.0%	18.7%
Financial investments from financial contracts (3)	255,841,272	230,801,334	111	10.5%	9.7%
<b>Total (1 + 2 + 3)</b>	<b>2,444,292,157</b>	<b>2,379,508,199</b>	<b>103</b>	<b>100.0%</b>	<b>100.0%</b>

Backed by a favourable trend in the financial markets, the Group's **investment result** amounted to EUR 83.8 million in 2023 (in 2022 it was negative in the amount of EUR –88.6 million). The result excluding unit-linked life insurance assets amounted to EUR 37.5 million (2022: EUR –11.6 million). Taking into account the financial result from insurance contracts of EUR –69.7 million and the change in provisions for not achieving the guaranteed yield in the amount of EUR 8.1 million (2022: EUR –9.8 million) and gains and impairments of investments in associates, the impact of the investment result on earnings was positive in the amount of **EUR 22.2 million** (2022: EUR –14.4 million).

The return on unit-linked life insurance assets is part of the total investment result, but at the same time affects the financial result from insurance contracts in the opposite amount. It amounted to EUR 46.3 million (2022: EUR –77.0 million), and the return on other investments was EUR 37.5 million (2022: EUR –11.6 million).

#### Return on financial investments of the Triglav Group

	Return on financial investments			Return excluding unit-linked life insurance assets		
	2023	2022	Index	2023	2022	Index
Interest income calculated using the effective interest method	35,098,297	26,675,896	132	35,098,297	26,675,896	132
Dividend income	2,705,064	4,686,546	58	2,705,064	4,686,546	58
Net gains/losses on financial assets at FVTPL	55,709,619	-88,965,394		9,377,481	-11,924,945	
Net gains/losses on financial assets at AC	464	1,689		464	1,689	
Net gains/losses on financial assets at FVOCI	-9,304,016	-23,907,162	39	-9,304,016	-23,907,162	39
Net impairment/reversal of impairment of financial assets	2,291,758	-7,545,764		2,291,758	-7,545,764	
Other investment income/expenses	-2,669,999	430,688		-2,681,221	431,179	
<b>Total return on financial investments (1)</b>	<b>83,831,187</b>	<b>-88,623,501</b>		<b>37,487,827</b>	<b>-11,582,561</b>	
Gains/losses and impairments of investments in associates (2)	-38,776	1,842,183		-38,776	1,842,183	
<b>Total (1 + 2)</b>	<b>83,792,411</b>	<b>-86,781,318</b>		<b>37,449,051</b>	<b>-9,740,378</b>	
<b>Rate of return on investment</b>	<b>3.2%</b>	<b>-3.1%</b>	<b>+6.3 p.p.</b>	<b>1.8%</b>	<b>-0.4%</b>	<b>+2.2 p.p.</b>

FVTPL – financial assets measured at fair value through profit or loss

AC – financial assets measured at amortised cost

FVOCI – financial assets measured at fair value through other comprehensive income

Net gains on financial assets at FVTPL recorded high profits in 2023, mainly due to unit-linked life insurance assets. Interest income rose by 32%, predominantly as a result of higher interest rates, which had been on the rise since the second half of 2022. Other investment expenses amounted to EUR 2.7 million and mostly represent negative exchange rate differences. The net reversal of impairment of financial investments recorded a positive result of EUR 2.3 million, mainly as a result of lower probabilities of default, which are measured using a mark-to-market approach according to the rules of the new IFRS 9. Dividend income reached EUR 2.7 million and was 42% lower than last year, which is also a result of the sale of certain equity investments last year.

**The rate of return on investments of the Group** (excluding unit-linked insurance assets) was 1.8% in 2023, whereas in 2022 it was –0.4%. Excluding exchange rate differences, the rate of return at Group level was 1.9% (2022: –0.4%).



## Return on financial investments of Zavarovalnica Triglav

	Return on financial investments			Return excluding unit-linked life insurance assets		
	2023	2022	Index	2023	2022	Index
Interest income calculated using the effective interest method	21,611,210	17,120,985	126	21,611,210	17,120,985	126
Dividend income	2,441,534	4,410,224	55	2,441,534	4,410,224	55
Net gains/losses on financial assets at FVTPL	49,860,374	-76,608,014		3,635,228	432,435	
Net gains/losses on financial assets at FVOCI	-5,145,594	-21,945,662	23	-5,145,594	-21,945,662	23
Net impairment/reversal of impairment of financial assets	1,295,449	-5,131,543		1,295,449	-5,131,544	
Other investment income/expenses	71,752	543,832	13	71,932	544,323	13
<b>Total return on financial investments (1)</b>	<b>70,134,725</b>	<b>-81,610,178</b>		<b>23,909,759</b>	<b>-4,569,239</b>	
<b>Gains/losses and impairments of investments in associates (2)</b>	<b>16,304,050</b>	<b>30,623,485</b>	<b>53</b>	<b>16,304,050</b>	<b>30,623,485</b>	<b>53</b>
<b>Total (1 + 2)</b>	<b>86,438,775</b>	<b>-50,986,693</b>		<b>40,213,809</b>	<b>26,054,246</b>	<b>154</b>
<b>Rate of return on investment</b>	<b>4.1%</b>	<b>-2.2%</b>	<b>+6.3 p.p.</b>	<b>2.4%</b>	<b>1.4%</b>	<b>+1.0 p.p.</b>

## Equity

The Triglav Group's total equity as at 31 December 2023 amounted to EUR 891.1 million, down by 1% year-on-year, whereas Zavarovalnica Triglav's total equity grew by 2% to EUR 669.2 million. Total equity in the Group's total balance sheet liabilities decreased by 1.9 percentage points to 21.7%. The decrease is due to the dividend payment of EUR 56.8 million against a total comprehensive income of EUR 50.9 million. Controlling interests declined by 1% to EUR 887.4 million. Non-controlling interests increased by 2% to EUR 3.7 million as a result of the positive net income attributable to non-controlling interests. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares.

Net earnings for the year disclosed in the balance sheet amounted to EUR -7.2 million and, due to the allocation of part of net earnings to other reserves from profit, were EUR 23.3 million lower than net earnings disclosed in the statement of profit or loss.

The Group's comprehensive income after tax in 2023 amounted to EUR 50.9 million (2022: EUR -57.9 million) and the parent company's to EUR 67.1 million (2022: EUR -27.6 million).

## 8.1 Non-Life segment

## Performance results of the Non-Life segment

	Triglav Group			Zavarovalnica Triglav		
	2023	2022	Index	2023	2022	Index
Total business volume	1,237,115,325	1,070,288,314	116	841,675,614	729,588,903	115
Gross written premium	1,168,330,259	1,009,172,823	116	774,866,391	670,083,437	116
Other income	68,785,066	61,115,491	113	66,809,223	59,505,466	112
Total revenue	1,070,456,973	939,262,457	114	720,307,430	640,713,363	112
Insurance operating result	760,064	-16,792,723		2,083,878	-25,629,296	
Insurance revenue	1,056,160,921	923,531,228	114	709,194,358	628,205,421	113
Claims incurred	779,748,801	552,348,057	141	537,393,087	384,804,530	140
Acquisition and administrative costs including non-attributable items	293,627,582	256,653,742	114	203,541,839	176,121,165	116
Net reinsurance service result	30,019,238	-105,183,452		39,447,646	-75,371,258	
Net other insurance revenue and expenses	-12,043,712	-26,138,700		-5,623,200	-17,537,764	
Net investment result	10,866,957	2,489,796	436	19,420,462	25,335,221	77
Earnings before tax	11,627,021	-14,302,927		21,504,340	-294,075	
Combined ratio	99.4%	99.6%	-0.3 p.p.	99.2%	101.8%	-2.6 p.p.
CSM of new contracts/Total CSM	38.0%	47.9%	-9.9 p.p.	39.4%	48.4%	-9.0 p.p.
Operating expenses*	305,912,154	269,835,952	113	207,342,790	178,109,085	116
Expenses to written premium*	22.5%	23.1%	-0.6 p.p.	26.8%	26.6%	0.2 p.p.
Expenses to insurance revenue*	25.5%	25.9%	-0.4 p.p.	29.2%	28.4%	0.9 p.p.
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>	<b>Index</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>	<b>Index</b>
Contractual service margin (CSM)	16,697,354	16,204,600	103	15,732,207	15,360,300	102
Risk adjustment (RA)	30,188,968	42,533,657	71	11,724,267	23,229,779	50
Net insurance contract liabilities	978,725,901	794,357,407	123	687,817,382	550,286,739	125
Net reinsurance contract assets	320,919,906	171,978,486	187	305,976,870	163,835,775	187

\* Non-consolidated data.

The total business volume of the non-life insurance segment amounted to EUR 1,237.1 million, recording a high 16% growth. Gross written premium in the non-life insurance segment grew at the same rate. In the Slovenian market, premium grew by 14%, in the international market by 28% and in other markets of the Adria region by 7%. A lower year-on-year premium was written in Croatia (a lower exposure to animal insurance, crop insurance, credit insurance and marine insurance) and North Macedonia (a lower volume of motor vehicle liability insurance due to the termination of cooperation with certain brokerage companies). High growth in none-life insurance premium due to attracting new policyholders

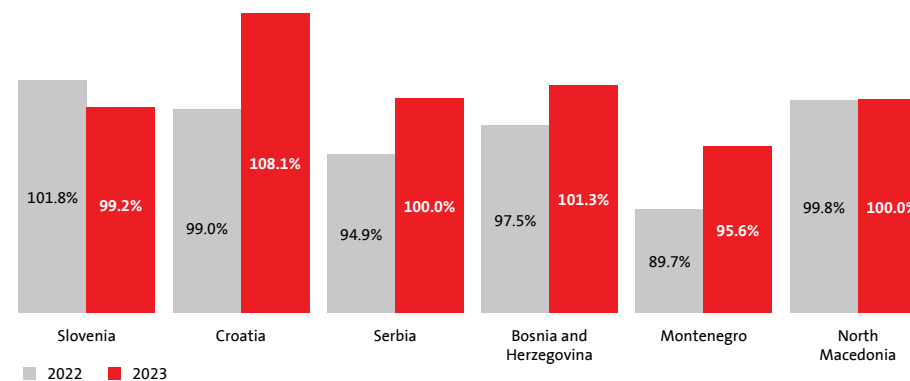
was recorded in Serbia and Bosnia and Herzegovina. Premium growth was recorded in most non-life insurance groups, with the exception of credit insurance. Other non-life insurance (marine insurance and assistance insurance) and motor vehicle insurance achieved the highest growth. The total revenue of the non-life insurance segment amounted to EUR 1,070.5 million, up by 14%, which was mostly influenced by the growth in insurance revenue due to higher insurance coverage, the increase in premium rates due to inflation and the growth of insurance sales under the principle of free movement of services (FOS).

**Non-consolidated gross claims paid** grew by 49%. Their high growth resulted from this year's larger volume of CAT events (see [Section 7.2 Environmental impact on the Triglav Group's operations](#) for more information) and the rise in the prices of materials and services due to inflation, which was most pronounced in Slovenia and Serbia. Gross claims paid increased the most in real property and motor vehicle insurance. Pozavarovalnica Triglav Re also recorded a high 92% increase in gross claims paid due to the hailstorms and floods. Non-life insurance **claims incurred**, which also comprise the change in cash flows, the change in experience correction and the effects of allocation to onerous contracts, grew by 41% to EUR 779.7 million at Group level and by 40% to EUR 537.4 million at the parent company.

**The insurance operating result** of the non-life insurance segment was EUR 0.8 million. The result was driven by high growth in claims paid (index 141) and a 14% increase in acquisition, administrative and non-attributable costs. Net reinsurance service result reached EUR 30.0 million (2022: EUR –105.2 million), driven by an increase in reinsurance income to be reimbursed by reinsurers for CAT claims stemming from storms and floods. The increase in **the investment result** (EUR 10.9 million) was affected by the favourable situation in the financial markets, resulting in higher returns on investment. **Earnings before tax of the non-life insurance segment** amounted to EUR 11.6 million (2022: EUR –14.3 million).

**The combined ratio** in non-life insurance stood at 99.4%, down by 0.3 percentage point year-on-year. The decrease was driven by higher insurance revenue and the reinsurance result, despite strong claims growth. The claims ratio and the expense ratio improved by 0.2 percentage point and 0.1 percentage point respectively.

Combined ratios of Non-Life segment by the Triglav Group insurance market



## 8.2 Life and Pension segment

### Performance results of the Life and Pension segment

	Triglav Group			Zavarovalnica Triglav		
	2023	2022	Index	2023	2022	Index
Total business volume	290,163,026	268,666,303	108	219,062,078	205,231,724	107
Gross written premium	278,836,834	266,160,975	105	207,895,186	198,780,186	105
Other income	11,326,191	2,505,328	452	11,166,892	6,451,538	173
Total revenue	101,989,927	88,468,816	115	74,409,024	67,278,320	111
Insurance operating result	16,735,367	5,136,528	326	15,488,917	5,587,148	277
Insurance revenue	85,367,869	78,086,766	109	66,443,012	61,998,800	107
Claims incurred	25,603,176	31,037,168	82	16,759,427	21,229,338	79
Acquisition and administrative costs including non-attributable items	48,478,623	47,572,454	102	35,545,384	36,284,102	98
Net reinsurance service result	1,619,193	729,544	222	0	0	0
Net other insurance revenue and expenses	3,830,104	4,929,840	78	1,350,716	1,101,788	123
Net investment result	11,404,011	-9,254,154		8,568,256	-3,900,080	
Earnings before tax	28,139,378	-4,117,626		24,057,172	1,687,068	1,426
CSM of new contracts/Total CSM	16.2%	17.6%	-1.3 p.p.	12.6%	16.2%	-3.5 p.p.
New business margin	14.6%	11.4%	3.2 p.p.	13.9%	13.2%	0.7 p.p.
Contractual service margin sustainability	1.2	1.2	102	1.0	1.2	87
Operating expenses*	60,694,540	58,486,617	104	44,604,365	43,265,894	103
Expenses to written premium*	21.1%	21.3%	-0.2 p.p.	21.5%	21.8%	-4.4 p.p.
Expenses to insurance revenue*	71.1%	74.9%	-3.8 p.p.	67.1%	69.8%	-2.7 p.p.
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>	<b>Index</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>	<b>Index</b>
Contractual service margin (CSM)	221,656,867	170,133,370	130	209,642,300	160,284,153	131
Risk adjustment (RA)	33,264,554	26,080,994	128	31,137,721	24,160,477	129
Net insurance contract liabilities	1,305,706,187	1,233,378,861	106	1,186,897,584	1,130,729,047	105
Net reinsurance contract assets	384,510	7,890,550	5	0	0	0

\* Non-consolidated data.

The total business volume of the life and pension insurance segment amounted to EUR 290.2 million, up by 8% year-on-year. Gross written premium grew by 5% and premium growth was achieved in all insurance markets, with the exception of Bosnia and Herzegovina's market. A 10% growth was seen in unit-linked life insurance, primarily as a result

of premium growth at the parent company (due to higher premium payments and asset transfers) and higher premium payments into the pension insurer's lifecycle guarantee funds. The significant growth in other income mainly resulted from the reimbursement of the Sarajevo-based reinsurer's premium, which in turn was reflected in higher mathematical

provisions; therefore, the income had no impact on earnings.

Non-consolidated gross claims paid in the life and pension insurance segment rose by 11%. Among them, traditional life insurance claims grew by 13%, mainly as a result of higher payouts at the parent company (due to policy maturity) and

at the Croatian insurer and the Sarajevo-based insurer (higher payouts due to policy maturity and surrender). The 7% growth in unit-linked life insurance claims primarily stemmed from increased payouts resulting from policy surrenders and advances at the parent company. Life and pension insurance claims incurred, which also comprise the change in cash flows, the change in experience correction and the effects of allocation to onerous contracts, declined by 18% to EUR 25.6 million at Group level and by 21% to EUR 16.8 million at the parent company. The decrease was mainly due to the adjustment of the expected longevity assumptions and the appropriate consideration of the indexation of unit-linked insurance contracts at the parent company.

The total revenue of the life and pension insurance segment rose by 15%, with insurance revenue recording a 9% growth, income from asset management fees recording a 5% growth and other income recording a 172% growth.

Earnings before tax of the Group's life and pension insurance segment amounted to EUR 28.1 million (2022: EUR -4.1 million). Insurance operating result before tax increased to EUR 16.7 million (index 326), driven by higher insurance revenue due to a higher release of the contractual service margin, lower claims paid due to a decline in loss of onerous contracts and, to a lesser extent, net reinsurance result. Investment result before tax of the Group's life and pension insurance segment amounted to EUR 11.4 million, whereas last year it was negative (EUR -9.3 million). The good investment result stemmed from favourable circumstances and higher returns on financial markets, which led to the release of provisions for not achieving the guaranteed yield on supplemental voluntary pension insurance (a positive impact of EUR 8.1 million euro compared to the negative impact of EUR -9.8 million in 2022).

**Earnings before tax of the Company's life and pension insurance segment** increased to EUR 24.1 million (2022: EUR 1.7 million). **Insurance operating result** rose to EUR 15.5 million (index 277), mainly due to the release of the contractual service margin. **Net investment result** of the life and pension insurance segment amounted to EUR 8.6 million (2022: EUR -3.9 million), predominantly due to the change in the provisions for not achieving the guaranteed yield on supplemental voluntary pension insurance and higher returns on investment.

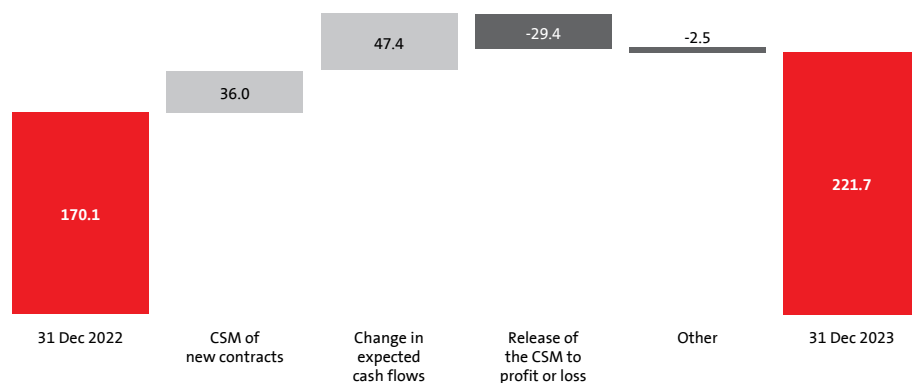
**The Group's CSM of new life and pension insurance contracts** amounted to EUR 36.0 million, nearly the half of which was accounted for by unit-linked life insurance contracts and the rest by other life insurance contracts. The CSM of new contracts in total contractual service margin was 16.2%, down by 1.3 percentage points year-on-year. The release of the contractual service margin to profit or loss amounted to EUR 29.4 million compared to EUR 24.9 million in 2022.

**The new business margin** of the Group's life and pension insurance segment stood at 14.6% in 2023, up by 3.2 percentage points year-on-year.

**The Group's contractual service margin sustainability** shows the ratio between the CSM of new contracts and the release of the contractual service margin to profit or loss as a result of cash flow maturity. It reached 1.2.

**The contractual service margin** of the Group's life and pension insurance contracts rose by 30% to EUR 221.7 million as at 31 December 2023. Its increase resulted from the positive difference between the CSM of new contracts and the release of the contractual service margin to profit or loss in the amount of EUR 6.5 million and the positive change in the expected cash flows of existing contracts in the amount of EUR 47.4 million, while other changes increased the contractual service margin by EUR 2.5 million.

Movement in the Triglav Group's CSM in Life and Pension segment in 2023

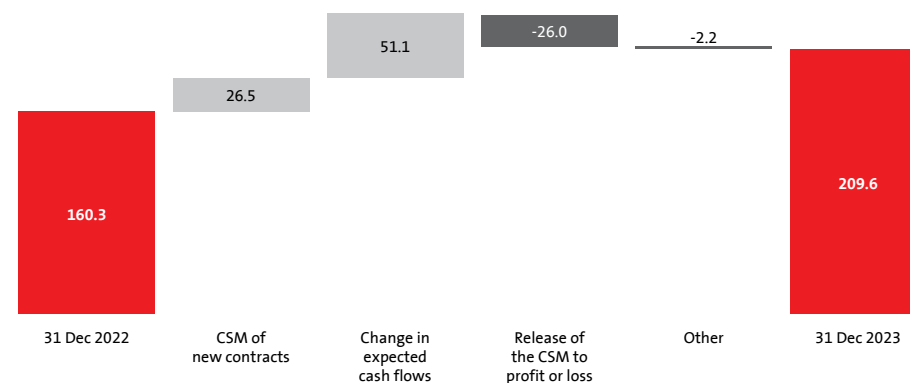


The increase in the change in expected cash flows was driven by the revaluation of life insurance sums insured and premiums, and to a lesser extent by the change in some of the assumptions used to calculate the present value of the expected cash flows of life insurance policies, as well as by higher expected future recovered management fees from higher unit-linked life insurance assets.

**The Company's CSM of new contracts** amounted to EUR 26.5 million in 2023 compared to EUR 25.9 million in the previous year. The CSM of new contracts in total contractual service margin was 12.6%, down by 3.5 percentage points year-on-year. The release of the contractual service margin to profit or loss amounted to EUR 26.0 million in 2023. **The Company's contractual service margin** increased by 31% to EUR 209.6 million as at 31 December 2023. Its increase primarily resulted from the positive change in the expected cash flows of existing contracts in the amount of EUR 51.1 million (the reasons are given in the explanation for the Group), while other changes decreased it by EUR 2.2 million. The difference between the CSM of new contracts and the release of the CSM to profit or loss decreased the balance by EUR 0.4 million.

**The Company's new business margin** stood at 13.9% compared to 13.2% in 2022. **The Company's contractual service margin sustainability** reached 1.0.

Movement in Zavarovalnica Triglav's CSM in Life and Pension segment in 2023



## 8.3 Health segment

### Performance results of the Health segment

	Triglav Group		
	2023	2022	Index
Total business volume	206,747,460	205,205,819	101
Gross written premium	206,513,284	204,223,289	101
Other income	234,176	982,530	24
Total revenue	210,832,299	205,069,134	103
Insurance operating result	-26,845,573	-971,931	2,762
Insurance contract revenue	209,657,875	204,984,870	102
Claims incurred	215,894,996	184,355,918	117
Acquisition and administrative costs including non-attributable items	20,858,443	20,920,438	100
Net reinsurance service result	-31,861	0	0
Net other insurance revenue and expenses	281,852	-680,445	
Net investment result	-2,984,851	-914,599	326
Earnings before tax	-29,830,424	-1,886,530	1,581
Combined ratio	112.9%	100.1%	12.8 p.p.
CSM of new contracts/CSM	31.3%	71.6%	-40.3 p.p.
Operating expenses*	20,855,001	20,461,962	102
Expenses to gross written premium ratio*	10.1%	10.0%	0.1 p.p.
Expenses to insurance revenue ratio*	9.9%	10.0%	0.0 p.p.
	31 Dec 2023	31 Dec 2022	Index
Contractual service margin (CSM)	92,661	93,318	99
Risk adjustment (RA)	5,555,693	3,838,588	145
Net insurance contract liabilities	34,121,639	43,454,493	79
Net reinsurance contract assets	-31,861	0	

\* Non-consolidated data.

In 2023, the performance of the Group's health insurance segment was significantly affected by the announced termination of supplemental health insurance as part of the planned reform of Slovenia's healthcare system. The performance results were mainly influenced by the Decree of the Government of the Republic of Slovenia on setting the maximum price of supplemental health insurance premium (hereinafter: the Decree), which was adopted in April 2023. The provisions of the Decree mean that Triglav, Zdravstvena zavarovalnica, which offers supplemental health insurance products within the Group, could neither charge policyholders a premium in an amount that would correspond to the high increase in claims and expenses nor was it allowed to discontinue offering these products.

As a result, **earnings before tax** of the health insurance segment were negative in the amount of EUR -29.8 million. **Insurance operating result** of EUR -26.8 million was predominantly influenced by the high growth in claims paid (index 117). The latter was also reflected in **the combined ratio**, which rose by 12.8 percentage points to 112.9% year-on-year.

**The total business volume** of the health insurance segment amounted to EUR 206.7 million, up by 1% year-on-year. **Gross written premium** grew by 1%, with a high 38% growth recorded by complementary insurance. The supplemental health insurance premium was 1% lower year-on-year as a result of price regulation and a lower sale of new insurance contracts due to the announced changes in the law.

**Non-consolidated gross claims paid** in the health insurance segment grew by 18% and **claims incurred** by 17%, mainly due to higher expenses for copayments for medicines and healthcare services, which are used by insured persons to co-finance the difference to the full value of healthcare services provided by the public healthcare system through supplemental voluntary health insurance.

With respect to the effects of said Decree on its operations, the Group is taking all the necessary steps to protect the interests of its policyholders, Company shareholders and other stakeholders, in addition to staying in contact with the Slovenian Government and the Insurance Supervision Agency. In accordance with its strategy, the Group will continue to develop and strengthen complementary health insurance in the Adria region markets. These products are sold and developed as commercial insurance products and are one of the pillars of the Group's insurance business.

## 8.4 Asset Management and Other non-insurance operations

Non-insurance operations are carried out by 18 Group companies, and include asset management, real property management and other activities (insurance agency activities, repair of motor vehicles and motorcycles, holding activities, etc.).

The Group's **total business volume** of asset management and other non-insurance operations amounted to EUR 46.2 million, down by 8% year-on-year. The decrease in the total business volume is a result of last year's high volume due to realised one-off gains on the disposal of real property.

**Income from asset management** rose by 6% to EUR 32.7 million; it includes income from management fees from Triglav Skladi, which grew by 5%, and the Macedonian company Triglav, Penzisko društvo, which increased by 65%.

**Operating expenses of non-insurance companies** were 12% higher, mainly due to higher labour costs, costs of services, and costs of materials and energy.

**Earnings before tax of asset management and other non-insurance operations** amounted to EUR 11.1 million, up by 8% year-on-year. Triglav Skladi, as the holder of asset management business, was the main contributor to earnings before tax, increasing its sales income by 5% and generating earnings before tax of EUR 10.3 million. **Net investment result** amounted to EUR 2.7 million (in 2022 it was negative at EUR –6.6 million), while the **result from non-insurance operations** of EUR 8.4 million was 50% lower than in 2022, when gains on disposal of real property were realised.

The sale of the Group's non-strategic investment property is ongoing, leading to improved occupancy rates and profitability of strategic property.

#### Performance results of the Triglav Group's Asset Management and other non-insurance operations

	Triglav Group		
	2023	2022	Index
Total business volume	46,193,505	50,179,011	92
Net other operating income	21,247,803	26,331,436	81
Income from asset management	32,703,777	30,823,282	106
Net other income	1,174,683	1,130,189	104
Result of non-insurance operations	8,383,922	16,929,781	50
Net investment result	2,740,539	-6,649,239	
Earnings before tax	11,124,461	10,280,542	108
Operating expenses*	46,643,578	41,654,690	112
Expenses to income from non-insurance operations ratio*	80.8%	69.0%	11.7 p.p.

\* Non-consolidated data.

#### Asset management

**Asset management** at the Triglav Group comprises the management of the parent company's own insurance portfolios (assets backing liabilities and guarantee funds), clients' saving through the Group's life and pension insurance companies, asset management by Triglav and the management of clients' assets in mutual funds and discretionary mandate assets by Triglav Skladi.

The Group manages own funds and unit-linked insurance assets in the amount of EUR 3.4 billion in its companies. In addition, the Group manages assets in mutual funds and discretionary mandate assets of EUR 1.3 billion (index 129). **The Group's total assets under management** as at 31 December 2023 amounted to EUR 4.9 billion, up by 11% year-on-year.

#### Asset management of the Triglav Group as at 31 December 2023 and 31 December 2022<sup>18</sup>

	Triglav Group		
	2023	2022	Index
Own insurance portfolio (1)	2,207,612,127	2,193,789,782	101
Unit-linked life insurance assets (2)	540,890,478	469,528,905	115
Financial instruments from financial contracts (3)	650,042,171	589,033,089	110
<b>Total (1+2+3)</b>	<b>3,398,544,776</b>	<b>3,252,351,776</b>	<b>104</b>
Assets under management – Triglav Skladi (4)*	1,194,176,397	950,017,394	126
Assets under management – Triglav penzisko društvo, Skopje (5)	143,067,579	88,070,081	162
Assets under management – Triglav Fondovi, Sarajevo (6)	6,073,641	4,274,157	142
<b>Total (4+5+6)</b>	<b>1,343,317,617</b>	<b>1,042,361,633</b>	<b>129</b>
Assets under management – Triglav (7)**	91,237,169	71,394,000	128
Assets under management – Evropski dobrovoljni penzijski fond, Banja Luka (8)	18,297,531	13,733,360	133
<b>Total (7+8)</b>	<b>109,534,700</b>	<b>85,127,360</b>	<b>129</b>
<b>Total</b>	<b>4,851,397,093</b>	<b>4,379,840,769</b>	<b>111</b>

\* Zavarovalnica Triglav's unit-linked life insurance contract assets managed by Triglav Skladi are excluded from Triglav Skladi's assets under management.

\*\* Own funds are eliminated from Triglav's assets under management.

#### Asset and investment fund management market in Slovenia

**Triglav Skladi** is the Group's core asset management company, with assets under management of EUR 1.7 billion as at the 2023 year-end.

A total of five asset management companies operated in **Slovenia**, which managed the net asset value of EUR 4.8 billion in **mutual funds**, up by 21% year-on-year. The significant increase is due to both capital market growth and net inflows, which amounted to EUR 339 million. **Triglav Skladi** held a **31.2% market share** (compared to 31.3% in 2022), remaining one of the leading managers of assets in investment funds in Slovenia's market. 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). As at 31 December 2023, the company managed the portfolio of 110,000 investors worth **EUR 1.5 billion in mutual funds**. The value of net assets under management rose by 21% due to net inflows of EUR 110.4 million and favourable trends in the capital markets (by EUR 145.6 million).



**Discretionary mandate services**, provided by four companies, accounted for EUR 2.7 billion of discretionary mandate assets as at the 2023 year-end, an increase of 10% relative to the previous year. **Triglav Skladi increased its market share** in the discretionary mandate segment to **7.6%** (compared to 6.2% in 2022), and their assets under management rose by 35% to **EUR 208.3 million**. Net inflows amounted to EUR 23.2 million, while the favourable effects of capital markets increased net asset value by EUR 30.6 million.

Triglav Skladi also manages the unit-linked life insurance assets of the Triglav Group. Among them are the Financial Objectives investment strategy, which enables clients to actively adjust their portfolios according to the lifecycle principle, and Active Investment packages, tailored to different client segments adjusted to their risk profile. In addition, Triglav Skladi manages five portfolios of guarantee funds backing supplemental voluntary pension insurance: Triglav Drzni, Triglav Zmerni, Delniški Skupni pokojninski sklad, Mešani Skupni pokojninski sklad and Obvezniški Skupni pokojninski sklad.

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.

#### Integration of environmental, social and governance (ESG) aspects into asset management<sup>19</sup>

By considering key risks and ESG aspects in its asset management activity, the Group is delivering on its strategic sustainability ambitions and supporting the transition to a climate-neutral and climate-resilient economy. Triglav Skladi has taken an important development step in this area by transforming 12 mutual funds to manage their investments with a focus on sustainability aspects. As a result, as at 31 December 2023, the assets of mutual funds and discretionary mandate assets that take into account the sustainability aspect amounted to EUR 1.1 billion.<sup>20</sup> This makes the company **the leading sustainable asset manager in Slovenia**.

#### Active ownership<sup>21</sup>

An active ownership role in the investment process could be key to the adoption of better business policies and practices by companies (or issuers of financial instruments), improving their performance. The Group implements active ownership in accordance with the adopted Sustainable Investment Policy by communicating with the issuer or by exercising the rights deriving from financial instruments, including participation, voting and proposing agenda items at issuers' general meetings. In the context of the investment process, the possibility to influence the corporate governance of companies in the portfolio is assessed, when ownership rights and the size of the participating interest allow it.

See [Section 10.3 Development of asset management activities](#) for more information on strengthening the asset management activity.

## 8.5 Investment in own-use real property and equipment

The Group invested EUR 7.5 million in property, plant and equipment and EUR 14.0 million in intangible assets (software and property rights). The Company invested EUR 5.0 million in property, plant and equipment and EUR 10.2 million in intangible fixed assets.

The value of property for own use is increased through active management and prudent investing in it. In addition, its utilisation is being improved and its functionality increased. The project aimed at rationalising and optimising the premises for own activities is currently underway, following the agreed-upon plan for 2021–2025. It encompasses two main objectives:

- To provide employees with a modern business environment and the right conditions for new ways of working, including working from home or from different locations (hybrid workplaces), and to provide clients with a comfortable user experience (e.g. remote transacting); and
- To realise lasting effects in terms of rationalising operating expenses through the better utilisation of premises for own use, without compromising on quality.

In the last two years, 15 sites were abandoned, 10 were sold and 2 were relocated. Space optimisation was carried out in 24 locations. These actions resulted in a total saving of 840m<sup>2</sup> of space and a reduction in operating and maintenance costs. This project will continue in the coming years.

At Group level, minimum standards for flexible arrangement of workplace and points of sale are adopted, which comply with the international examples of good practice to modernise operations and make them more effective. If necessary, these standards will be updated according to new findings and guidelines in the business environment.

The **hybrid workplace** pilot project continued its implementation, aiming to modernise the work environment to accommodate various work styles, such as quiet working, collaboration, learning and social interaction. Alongside the option to work from home, the hybrid workplace incorporates a system of non-dedicated workplaces (desk sharing), reducing the necessity for fixed workstations. By 2024, 300 employees from the parent company will be included in the hybrid workplace project.

IT support for real property management enables secure and complete record keeping, fast and accurate reporting and the implementation of various administration processes. Real property management software was upgraded with investment management and cost management functionalities, and the programme to upgrade its energy accounting software is underway.

Through acquisitions of computer hardware, network and communication equipment, and uninterruptible power supply units, an adequate infrastructure is ensured for efficient and secure operations, further supporting the expansion of the Group's business. Investment in computer and server software facilitates the incorporation of new functionalities, compliance with regulatory requirements, as well as enhanced process automation and advanced analytics.