

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



Solvency and Financial Condition Report

Triglav Group

2022

Ljubljana, March 2023

This document is a translation of the original Slovenian version and is intended to be used for informational purposes only. While every effort has been made to ensure the accuracy and completeness of the translation, please note that the Slovenian original is binding.



Triglav Group

€ 466.5 million

Solvency capital requirement

€ 110.2 million

Net profit in 2022

€ 932.9 million

Own funds

€ 180.8 million

Minimum capital requirement

€ 2,205.2 million

Investments

Credit rating »A«

with stable medium-term outlook

200%

Solvency ratio

MEMBERS OF THE MANAGEMENT BOARD OF ZAVAROVALNICA TRIGLAV:

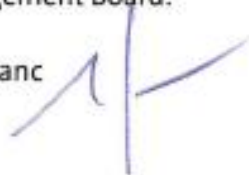
President of the Management Board:

Andrej Slapar



Members of the Management Board:

Uroš Ivanc



Tadej Čoroli



Blaž Jakšič



Marica Makoter



Ljubljana, March 2023



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Summary



Summary

Triglav Group is the leading insurance and financial group in Slovenia and the Adriatic region as well as one of the leading groups in SE Europe. The parent company of the Triglav Group is Zavarovalnica Triglav, which was established more than 120 years ago. In addition to the parent company, the Group comprised 29 subsidiaries, 14 associated companies and 9 joint ventures at the end of 2022. Within the Group, the subsidiaries do business with the parent company and among themselves on an arm's length basis whereby their operation is based on the principle of increasing the operating performance of each company individually as well of the Group as a whole. The Triglav Group and its members operate on 7 markets in 6 countries of the Adriatic region and internationally through partnership ties with foreign companies involved in insurance agency and brokerage as well as reinsurance. Its biggest market is Slovenia, whereby the share of the total premium generated outside of Slovenia is gradually increasing.

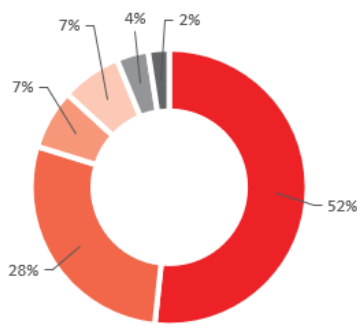
The strategic activities of the Triglav Group include the **insurance business** and **asset management**. The Group performs non-life, life, health and pension insurance activity as well as the reinsurance activity within the scope of the insurance business carried on by the Triglav Group's (re)insurance undertakings. Asset management at the Triglav Group includes savings via the insurance services provided by insurance undertakings of the Triglav Group as well as investment in mutual funds and individual asset management, pension funds and private equity funds. The Triglav Group pursues a relatively conservative investment policy that emphasises the safety and liquidity of investments as well as their adequate return. The major share of the Triglav Group's investments is held in the form of debt securities and other fixed-income securities.

The Triglav Group is rated by two recognised ratings agencies, S&P Global Ratings and A.M. Best. In 2022, both agencies gave the Group an independent **rating of "A"** with a stable medium-term outlook thus confirming its financial stability, high capital adequacy and profitability of its operations. The Group's activity is supervised by the Slovenian regulator, the Insurance Supervision Agency, while its external auditor for the 2022 financial year is the Deloitte revizija d.o.o. auditing firm.

As regards risks and capital adequacy, the Group ended 2022 within the set targets, and the Group's capital adequacy was at the lower end of the target range. The Group regularly monitored the risk profile and actively upgraded individual areas of the risk management system, mainly where it detected elevated risk or higher exposures.

The risk profile as at 31 December 2022 changed compared to the previous year due to an increase in all risk categories, except market risks. Insurance risks represent the largest share in it, and this increased by 5 percentage points compared to the previous year, and at the end of 2022 it amounts to 52 percent. The share of market risks decreased compared to the previous year, namely by 6 percentage points to a 28% share, which is mainly attributable to a decrease in the capital requirement for equity risk and the capital requirement for spread risk.

Group's risk profile as at 31 December 2022



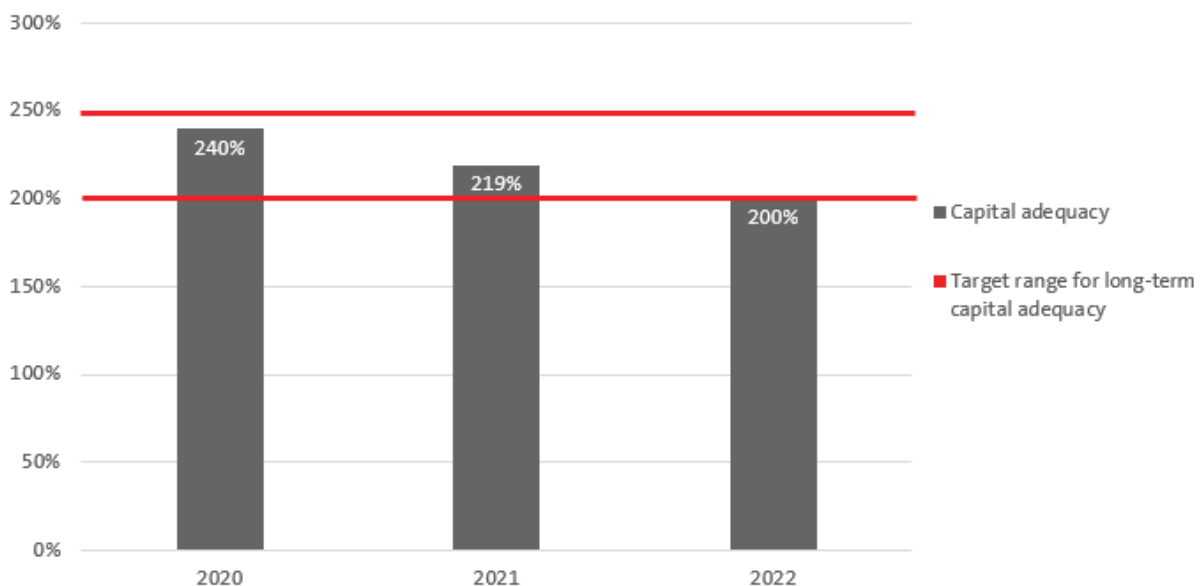
Group's risk profile as at 31 December 2021



Additional information on the risk estimate is presented in section C of this Report.

The Triglav Group was adequately capitalised as at 31 December 2022. It had sufficient own funds to cover both the SCR (200%) and the MCR (461%). With a value of 200 percent, **capital adequacy** was in the lower end of the target range of 200 to 250 percent. Capital adequacy or the capital adequacy ratio is calculated according to the standard formula as the ratio between the total eligible own funds and the solvency capital requirement. The Group does not use adjustments or simplifications when determining capital adequacy.

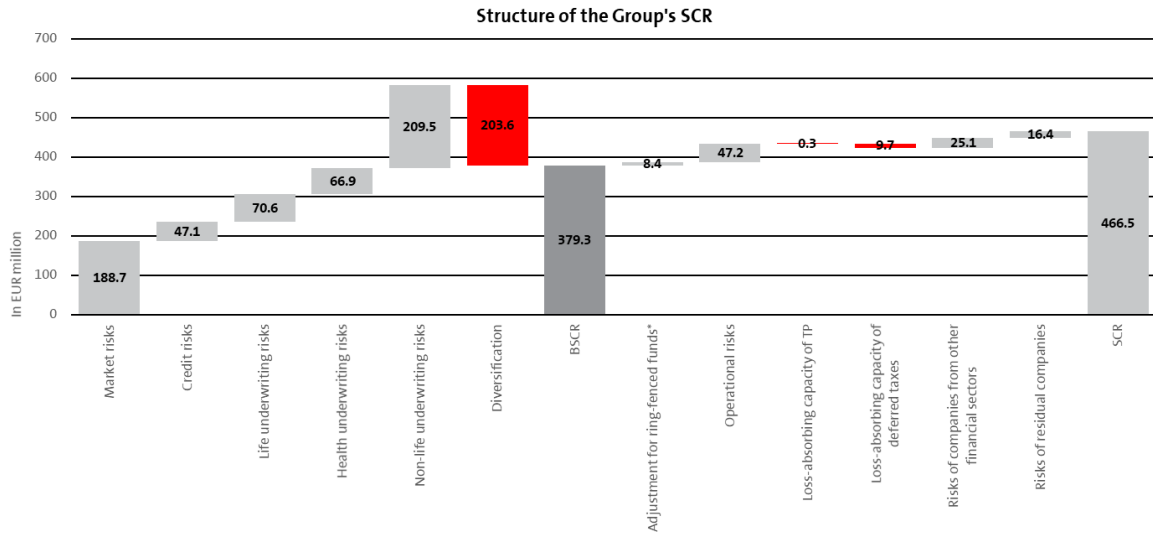
Capital adequacy of the Group in relation to its target range



Eligible own funds are calculated as the difference between assets and liabilities whereby the entire balance sheet is valued at fair value. The funds are composed of the Group's share capital (EUR 73.7 million), subordinated liabilities (EUR 43.4 million) and the reconciliation reserve (EUR 817.1 million). The calculation of eligible own funds takes into account the value of expected dividends for the 2022 financial year. The Triglav Group holds the highest quality own funds and thus classifies its entire share capital and the reconciliation reserve as Tier 1 assets, while subordinated bonds are classified as a Tier 2 asset.

The **solvency capital requirement** of the Triglav Group is calculated using the standard formula and without any regulatory simplification. It represents the sum of capital requirements of its main risks and also accounts for the diversification between them.

The parent company has formed two ring-fenced funds, i.e. SVPI¹ and SVPI renta², for which risks are calculated separately for each risk type under the standard formula, which is presented in more detail in section E of this Report.



*Adjustment for the aggregation of the notional SCR of ring-fenced funds/matching adjustments portfolios

At the end of 2022, 80 percent of the Triglav Group's solvency capital requirement came from underwriting and market risks, and practically all of its own funds were classified as Tier 1 assets in terms of quality.

In 2022, the Triglav Group operated successfully, maintained its capital strength and carefully followed the outlined strategic directions and goals in its operations.

¹ Supplementary voluntary pension insurance

² Supplementary voluntary pension insurance during the payment phase



A. Business and performance

A.1 Business

A.2 Underwriting performance

A.3 Investment performance

A.4 Performance of other activities

A.5 Any other information

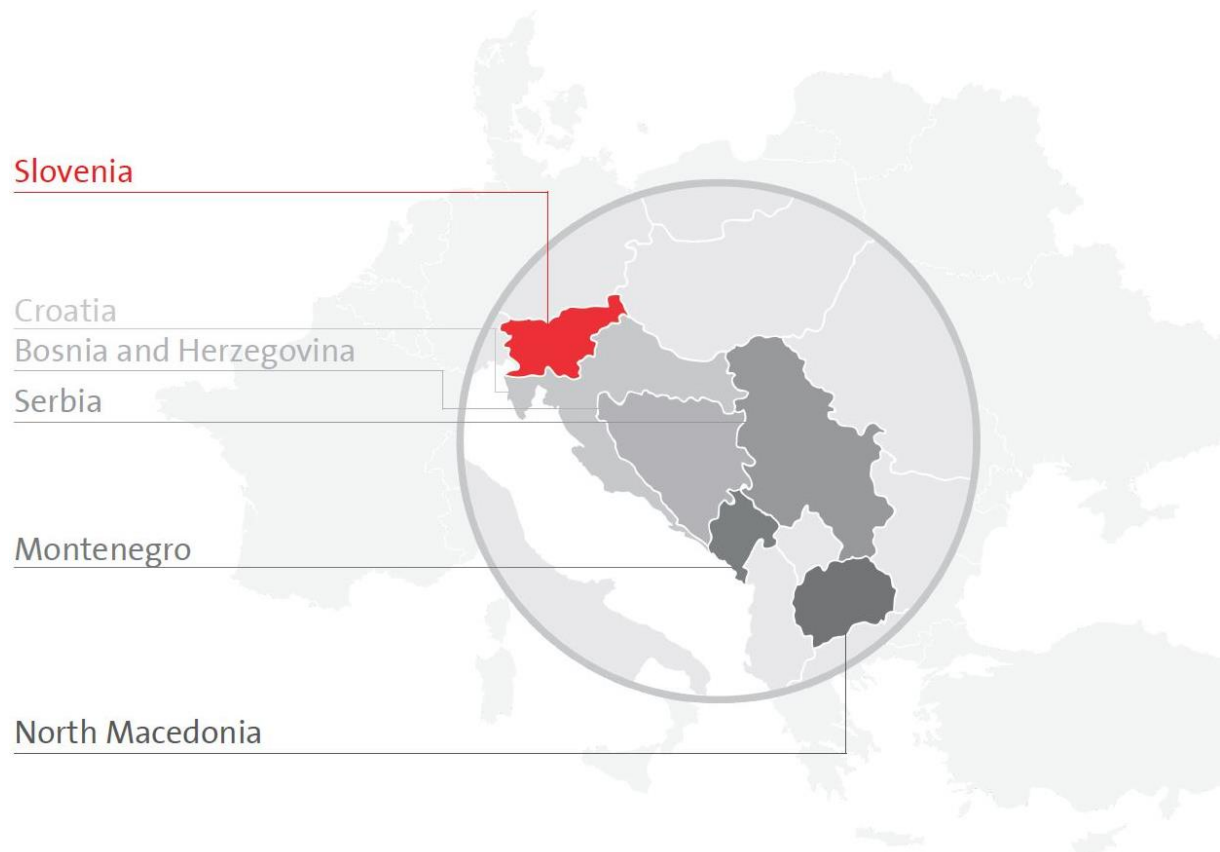
A. Business and performance

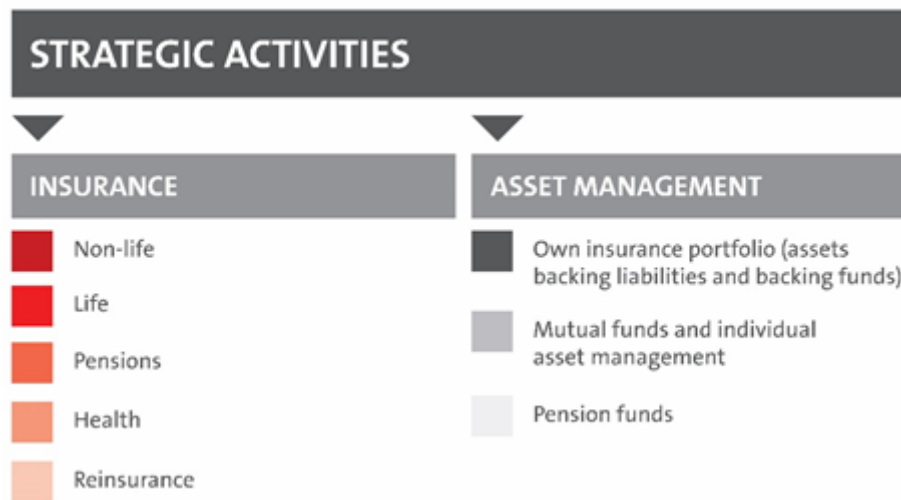
A.1 Business

A.1.1 About the Triglav Group

The Triglav Group (hereinafter: Group) is the leading insurance-financial group in Slovenia and the Adriatic region as well as one of the leading in South-Eastern Europe. The Group and its members operate on 7 markets in 6 countries, while the Group itself also operates in the broader international environment through partnership ties with foreign companies involved in insurance agency and brokerage as well as reinsurance. The Group comprised of 53 companies as at 31 December 2022, Zavarovalnica Triglav, d.d. (hereinafter: Company), 29 subsidiaries and 14 associated companies as well as 9 joint ventures.

Figure 1: Insurance markets of the Group as at 31 December 2022





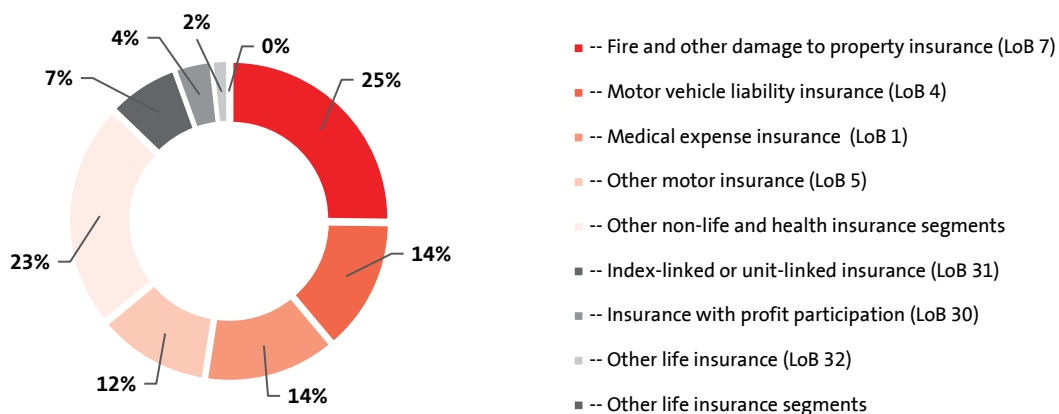
INSURANCE is the most extensive strategic activity of the Group. It includes non-life, life, health and pension insurance as well as the reinsurance activity.

The insurance portion of the Group includes:

- **in Slovenia:** Zavarovalnica Triglav, d.d., Triglav, Zdravstvena zavarovalnica, d.d. (hereinafter: Triglav Zdravstvena), Pozavarovalnica Triglav Re, d.d. (hereinafter: Triglav Re) and Triglav, pokojninska družba, d.d. (hereinafter: Triglav pokojninska družba),
- **outside Slovenia:** 8 insurance undertakings in the Adria region (Croatia, Serbia, Montenegro, Bosnia and Herzegovina and in North Macedonia) and business with business partners according to the freedom of services (FOS) principle.

In 2022, the Group operated in all segments of non-life insurance with the exception of the segment of employee accident insurance (LoB 3). Of all the insurance segments, the Group earns most of the total premium from fire and other damage to property insurance (LoB 7), motor vehicle liability insurance (LoB 4) and medical expense insurance (LoB 1).

Chart 1: The Group's non-consolidated gross insurance, co-insurance and reinsurance written premium in 2022



The **ASSET MANAGEMENT** activity is performed at the Group by the Company, life insurers and pension companies as well as Triglav Skladi d.o.o. (hereinafter: Triglav Skladi), Triglav, Upravljanje nepremičnin, d.o.o. (hereinafter: Triglav, Upravljanje nepremičnin) and Triglav, d.o.o.

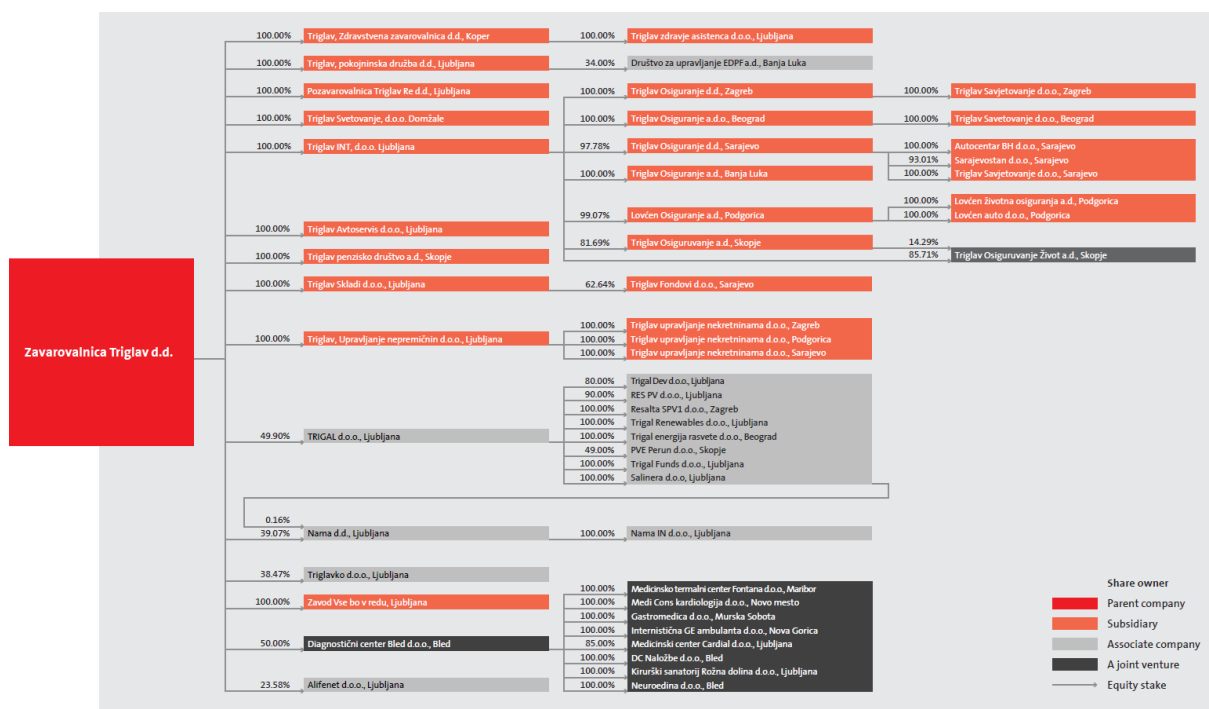
Asset management involves saving via the Group's insurance services and investing in the Group's mutual and pension funds as well as private equity funds.

Table 1: Group companies that carry on or support the Group's strategic activities

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

The composition of the Group as at 31 December 2022 is shown in the figure below.

Figure 2: Schematic of the Group's subsidiaries and associated companies and their respective equity interests as at 31 December 2022



A.1.2 Supervisory body

The Group's supervisory body is:

Insurance Supervision Agency (hereinafter: ISA),
Trg republike 3,
1000 Ljubljana,
Slovenia

A.1.3 External audit

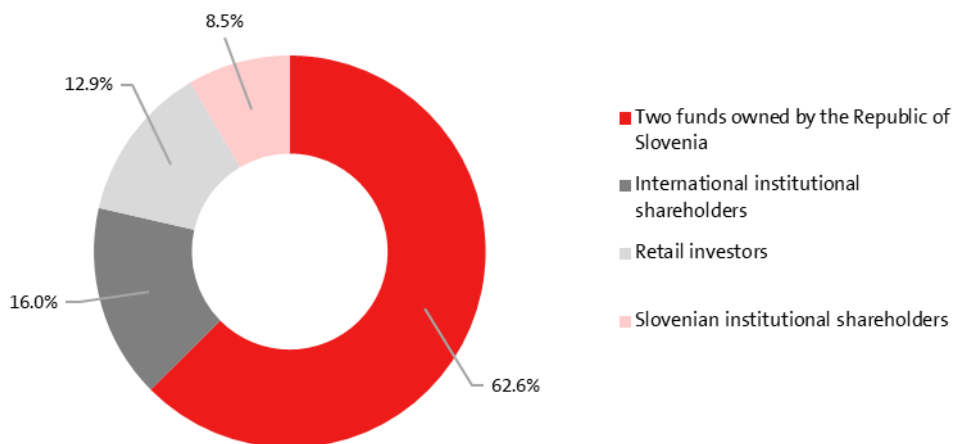
Based on the resolution of the General Meeting of Shareholders of the Company (hereinafter: General Meeting of Shareholders), the following audit firm was appointed as the external auditor of the Company for the 2022 financial year:

Deloitte revizija d.o.o.,
Dunajska cesta 165,
1000 Ljubljana,
Slovenia

A.1.4 Ownership structure of Zavarovalnica Triglav

There were no significant changes to the ownership structure of the Company in 2022. The largest shareholders, funds owned by the Republic of Slovenia (Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Pension and Disability Insurance Institute of Slovenia) - 34.47% ownership share and Slovenski državni holding, d.d. (Slovenian Sovereign Holding) - 28.09% ownership share)) maintained unchanged ownership shares as did the third largest shareholder, a Croatian pension fund, which is visible in the share register of the Company on the fiduciary account of its custodian bank. To the best of our knowledge, these three shareholders are the sole holders of qualifying holdings in the Company as at 31 December 2022.

Chart 2: Company's ownership structure as at 31 December 2022



At the end of the year, Zavarovalnica Triglav had 8,294 shareholders, around 40 of whom were international banks with fiduciary accounts of their clients and international institutional investors. At the beginning of the year, the number of shareholders decreased by a third (mainly natural persons) due to the activities of the Central Securities Clearing Corporation (KDD), which were also connected with the period of ownership transformation of Slovenian companies. Despite the decline in the number of natural person shareholders, there has been a noticeable strengthening of their ownership share in recent years, which now stands at 13 percent.

CHANGES TO THE GROUP'S STRUCTURE

There were no significant changes to the ownership structure of the Company in 2022. The companies carried out some corporate activities such as capital injections, consolidation, increases of ownership shares and others:

- Triglav, Zdravstvena zavarovalnica, d. d., Koper established the Triglav zdravje asistenca, družba za zdravstveno dejavnost, d.o.o., Ljubljana company with a cash contribution in the amount of EUR 7,500 thousand. It is the sole owner of the newly established company.
- Triglav INT, d.d., Ljubljana bought a 0.36% interest in the Triglav Osiguruvanje, a.d., Skopje company from the non-controlling owners thereby increasing its ownership share to 81.69%. The acquisition cost of the interest came in at MKD 2.2 million or EUR 36 thousand.
- The Triglav Svetovanje, d.o.o., Domžale company sold its 51% ownership share in the Triglav Savetovanje, d.o.o., Belgrade company to the Triglav Osiguranje, a.d.o., Belgrade company which thus became its sole owner.
- Triglav Svetovanje, d.o.o., Domžale sold a 51% ownership share in Triglav Savjetovanje, d.o.o., Zagreb to Triglav Osiguranje, d.d., Zagreb. Triglav Osiguranje, d.d., Zagreb thus became its sole owner.
- PROF IN, d.o.o., Sarajevo, a subsidiary of Triglav Skladi, was renamed to društvo za upravljanje investicijskim fondovima, d.o.o., Sarajevo or Triglav Fondovi, d.o.o., Sarajevo for short.
- Zavarovalnica Triglav recapitalised the subsidiary Triglav, pokojninska družba d.d., Ljubljana, in the amount of EUR 45 million with the aim of consolidating its capital position and resilience in the conditions of a significant increase in interest rates. The Company retained 100% ownership.
- Triglav INT, d.o.o. recapitalised Triglav Osiguranje, d.d., Banja Luka, with a cash investment of EUR 1 million and remains its sole owner.
- Zavarovalnica Triglav, as the controlling company in the Triglav Group, included Triglav Fondovi, d.o.o., Sarajevo in its consolidated financial statements for the first time in the third quarter of 2022 using the full consolidation method.
- In Q3 of 2022, Triglav Osiguranje, d.d., Sarajevo and Autocentar BH, d.o.o., Sarajevo recapitalised Triglav upravljanje nekretninama, d.o.o., Sarajevo with in-kind contributions in the amount of EUR 577 thousand. The recapitalisation meant that the ownership ratios changed, namely Triglav Osiguranje, d.d., Sarajevo became a 25.13% (previously 100%), and Autocentar BH, d.o.o., Sarajevo became a 74.85% (before the recapitalisation, it had no

ownership share) owner of the said company. In Q4, Triglav Upravljanje nepremičnin, d.o.o. bought the business share of Triglav upravljanje nekretninama, d.o.o., Sarajevo from the companies Triglav Osiguranje, d.d., Sarajevo and Autocentar BH, d.o.o. It thus became the sole owner of Triglav upravljanje nekretninama, d.o.o., Sarajevo.

- Triglav INT, d.o.o. recapitalised Triglav Osiguruvanje Život, a.d., Skopje with a cash investment of EUR 2.0 million and increased its ownership share to 85.71 percent. The recapitalisation changed the shares of Triglav Osiguruvanje, a.d., Skopje, which now stand at 14.29 percent (previously 20.00 percent), and the share of the Triglav Group, which increased to 97.38 percent (96.34 percent before the recapitalisation).
- Triglav INT, d.o.o. recapitalised Triglav Osiguranje, d.d., Zagreb with a cash contribution of EUR 10 million and remained its sole owner.
- Zavarovalnica Triglav, d.d. recapitalised Triglav penzisko društvo, a.d., Skopje with a cash contribution of EUR 2.4 million and retained a 100% share.
- Based on its strategic plans, the Company's associated company Nama, d.d., Ljubljana, carried out the spin-off of the retail business and transferred it to its newly established subsidiary, Nama IN, d.o.o., Ljubljana.

The changes in the Group's structure are presented in greater detail in point 2.7.4 of the business portion and point 2.1.4 of the financial portion of the Annual Report of the Triglav Group and Zavarovalnica Triglav, d.d. for 2022 (hereinafter: Annual Report).

A.1.5 Major business events and achievements in 2022

- Good business performance: Despite the challenging conditions in the business environment characterised by geopolitical conditions, high inflation, natural mass loss events and unfavourable conditions on the financial markets, the Group operated profitably and successfully, whereby the profit generated was also affected by one-off events.
- Dividend payment: At the May General Meeting, the shareholders adopted the proposed resolution of the Management Board and the Supervisory Board to pay a dividend of EUR 3.7 gross per share for a total value of EUR 84.1 million, which represents 74 percent of the consolidated net profit of Zavarovalnica Triglav for 2021.
- Confirmed high "A" credit rating: The credit rating agencies S&P Global Ratings and A.M. Best confirmed the Group's A rating with a stable medium-term outlook.
- Changes in the Management Board and Supervisory Board of the Company: The term of office of the Management Board members Barbara Smolnikar and David Benedek has expired. Blaž Jakič was appointed as a new member of the Management Board for a 5-year term of office, whereby the decision enters into force upon fulfilment of the suspensive conditions, including obtaining the permission of the ISA to perform the function of a Management Board member on 2 March 2023. Supervisory Board members Branko Bračko and Peter Kavčič informed the Company on 9 December 2022 of their resignation from the position of Supervisory Board member. Their term of office will end on the day of the Regular Annual General Meeting of Shareholders in 2023, but no later than 30 June 2023.

- **Sustainable development at the Group:** In February 2022, the Company became a signatory of the United Nations Principles for Sustainable Insurance (UN PSI) and thus a member of the global community of banks, insurance companies and investors who have joined the United Nations Environmental Finance Initiative (UNEP FI). At the same time, it joined the Partnership for Carbon Accounting Financials (PCAF). In 2022, it reported on the impacts of climate change to the international non-profit organisation CDP for the second time in a row.

A.1.6 Treatment of subsidiaries in consolidation for solvency purposes

The Company calculates capital adequacy at the Group level. The Company and all of its subsidiaries are included in the Group's solvency calculation³. All subsidiaries that perform the principal and ancillary activities are subject to full consolidation in the calculation of the Group's capital adequacy (method 1). Triglav Skladi and Triglav pokojninska družba are not consolidated for the purpose of determining the Group's solvency. The capital adequacy of Triglav Skladi and Skupna pokojninska is namely calculated according to the sector/industry regulations. Both companies are consolidated for financial reporting purposes. Other associated companies of the Group that do not perform the principal or ancillary activity are not consolidated in the solvency calculation, with their capital requirements calculated separately and without any diversification effects.

The criterion for choosing a consolidation method for solvency purposes is the ownership interests and activities of individual associated companies of the Group.

Table 2: List of the Group's associated companies and the method of consolidation for solvency and financial reporting purposes as at 31 December 2022*

Companies in Group	Consolidation method for solvency purposes	Consolidation method for financial reporting purposes
Zavarovalnica Triglav, d.d. - Matična družba	Full consolidation	Full consolidation
Pozavarovalnica Triglav Re, d.d., Ljubljana	Full consolidation	Full consolidation
Triglav, Zdravstvena zavarovalnica, d.d., Koper	Full consolidation	Full consolidation
Triglav zdravje asistenca, d.o.o.	Full consolidation	Full consolidation
Triglav Skladi, d.o.o., Ljubljana	Financial investment - FV	Full consolidation
Triglav, pokojninska družba, d.d., Ljubljana	Financial investment - FV	Full consolidation
Triglav, Upravljanje nepremičnin, d.o.o., Ljubljana	Full consolidation	Full consolidation
Triglav Svetovanje, d.o.o., Domžale	Full consolidation	Full consolidation
Triglav Avtoservis, d.o.o., Ljubljana	Full consolidation	Full consolidation
Zavod Vse bo v redu, Ljubljana	Financial investment - FV	Financial investment - FV
Triglav INT, d.d., Ljubljana	Full consolidation	Full consolidation
Triglav Osiguranje, d.d., Zagreb	Full consolidation	Full consolidation
Triglav Osiguranje, a.d., Banja Luka	Full consolidation	Full consolidation
Triglav Osiguranje, d.d., Sarajevo	Full consolidation	Full consolidation
Triglav Osiguranje, a.d.o, Beograd	Full consolidation	Full consolidation
Lovćen Osiguranje, a.d., Podgorica	Full consolidation	Full consolidation

³ COMMISSION DELEGATED REGULATION (EU) 2015/35, Article 1 (49)

Lovćen životna osiguranja, a.d., Podgorica	Full consolidation	Full consolidation
Triglav Osiguruvanje, a.d., Skopje	Full consolidation	Full consolidation
Triglav Osiguruvanje Život, a.d., Skopje	Full consolidation	Full consolidation
Lovćen auto, d.o.o., Podgorica	Full consolidation	Full consolidation
Autocentar BH, d.o.o., Sarajevo	Full consolidation	Full consolidation
Triglav Savjetovanje, d.o.o., Zagreb	Full consolidation	Full consolidation
Triglav Savjetovanje, d.o.o., Sarajevo	Full consolidation	Full consolidation
Triglav Savetovanje, d.o.o., Beograd	Full consolidation	Full consolidation
Triglav Fondovi, d.o.o., Sarajevo	Through the parent company	Full consolidation
Sarajevostan, d.d., Sarajevo	Financial investment - FV	Full consolidation
Triglav upravljanje nekretninama, d.o.o., Sarajevo	Full consolidation	Full consolidation
Triglav upravljanje nekretninama, d.o.o., Zagreb	Full consolidation	Full consolidation
Triglav upravljanje nekretninama, d.o.o., Podgorica	Full consolidation	Full consolidation
Nama, d.d., Ljubljana	Financial investment - FV	Financial investment - EM
Nama IN, d.o.o., Ljubljana	Through the parent company	Financial investment - EM
Triglavko, d.o.o., Ljubljana	Financial investment - FV	Financial investment - EM
Trigal, upravljanje naložb in svetovalne storitve, d.o.o., Ljubljana	Financial investment - FV	Financial investment - EM
Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom, a.d., Banja Luka	Through the parent company	Financial investment - EM
Triglav, penzisko društvo, a.d., Skopje	Financial investment - FV	Full consolidation
Alifenet, d.o.o., Ljubljana	Financial investment - FV	Financial investment - EM
Diagnostični center Bled, d.o.o., Bled	Financial investment - FV	Financial investment - EM
Kirurški sanatorij Rožna dolina, d.o.o., Ljubljana	Through the parent company	Financial investment - EM
MTC Fontana, d.o.o., Maribor	Through the parent company	Financial investment - EM
Medi Cons kardiologija, d.o.o., Novo mesto	Through the parent company	Financial investment - EM
Gastromedica, d.o.o., Murska Sobota	Through the parent company	Financial investment - EM
Internistična GE ambulanta, d.o.o., Nova Gorica	Through the parent company	Financial investment - EM
Cardial, d.o.o., Ljubljana	Through the parent company	Financial investment - EM
MDT & T, d.o.o., Maribor	Through the parent company	Financial investment - EM
DC Naložbe, d.o.o., Bled	Through the parent company	Financial investment - EM
Neuroedina, d.o.o., Bled	Through the parent company	Financial investment - EM

*Financial investment - EM: investments in companies under consolidation are valued according to the equity method

*Financial investment - FV: investments in companies under consolidation are valued at fair value

The activity and equity interest of an individual associated company in the Group are presented in template S.32.01 in the Annex to this Report.

A.2 Underwriting performance

The insurance undertakings of the Group underwrite non-life, life and health insurance products, including supplementary health insurance, voluntary supplementary pension insurance and re-insurance.

In 2022, the Triglav Group generated EUR 134.5 million in profit before taxation, which is 1 percent more than the year before and above the plan. The Group's net profit amounted to EUR 110.2 million, which is 2.4 percent less than the previous year. Despite the challenging conditions in the economy in all business markets, which in 2022 were mainly characterized by increased inflation and an unfavourable situation in the financial markets, the Group operated successfully.

In addition to good operations, the above-planned result was also influenced by appropriate adjustments to environmental influences.

Table 3: Group's operating performance in 2022 and 2021

	In EUR thousand	
	2022	2021
Profit or loss before tax	134,540	132,645
Net profit or loss	110,217	112,966
- Non-life insurance	85,013	82,106
- Health insurance	2,243	6,516
- Life insurance including health insurance	13,764	18,654
- Other	9,198	5,690
Non-Life and health insurance combined ratio	88.1%	88.9%
- Loss ratio	59.4%	61.4%
- Expense ratio	28.7%	27.5%
ROE	13.1%	12.5%

The Group's insurance undertakings that are fully consolidated according to the segmentation for solvency purposes, including Triglav Re, d.d., jointly booked EUR 1,612.4 million worth of non-consolidated gross insurance, co-insurance and reinsurance premium in 2022. EUR 1,405.9 million worth of the premium was booked in the non-life and health insurance segment, while the premium booked in the life insurance segment came in at EUR 206.4 million. The biggest share of the non-life and health insurance premium is derived from the fire insurance and other damage to property insurance segment (LoB 7). These were followed by motor vehicle liability insurance (LoB 4) and medical expense insurance (LoB 1). The non-consolidated gross premium written increased by EUR 159.5 million compared to 2021, whereby the premium for non-life insurance and health insurance products rose by EUR 148 million, and the premium for life insurance products increased by EUR 11.5 million.

According to the segmentation for solvency purposes, gross claims incurred in 2022 came in at EUR 863.4 million, whereby EUR 724.9 million came from non-life insurance and health insurance and EUR 138.4 million came from life insurance. The majority of the gross claims incurred among non-life and health insurance arose from claims in the fire insurance and other damage to property insurance (LoB7) and the medical expense insurance (LoB1) segments. Gross claims incurred from non-life and health insurance increased by EUR 111.7 million while those from life insurance decreased by EUR 41.9 million.

Non-consolidated gross expenses in 2022 at the Group level came in at EUR 375.9 million, whereby EUR 327.4 million of the said amount came from non-life insurance and health

insurance and EUR 48.5 million came from life insurance. Subject to the segmentation for solvency purposes, the highest expenses under non-life and health insurance were incurred in the fire insurance and other damage to property insurance segment (LoB 7). The Group's expenses decreased by EUR 33.9 million when compared to 2021. Other expenses incurred in 2022 came in at EUR 13.1 million, whereby EUR 12.2 million of the said amount came from non-life insurance and health insurance and EUR 0.9 million came from life insurance.

The table below presents the non-consolidated values of gross written insurance, co-insurance and reinsurance premiums, gross claims incurred and the expenses under the major insurance segments used for solvency purposes. The amounts for other insurance segments are presented in template S.05.01 of the Annex to this Report.

Table 4: Premium, claims and expenses of the Group by major insurance segments for solvency purposes in 2022 and 2021

	In EUR thousand	
	2022	2021
Non-consolidated gross written premiums from insurance, co-insurance and reinsurance contracts	1,612,389	1,452,870
- Non-life insurance including health insurance	1,405,944	1,257,903
-- Fire and other damage to property insurance (LoB 7)	406,358	378,960
-- Motor vehicle liability insurance (LoB 4)	220,735	192,376
-- Medical expense insurance (LoB 1)	218,515	210,057
-- Other motor vehicle insurance (LoB 5)	186,404	165,568
-- Other non-life and health insurance segments	373,933	310,942
- Life insurance	206,445	194,967
-- Index-linked and unit-linked insurance (LoB 31)	117,232	102,883
-- Insurance with profit participation (LoB 30)	60,664	65,812
-- Other life insurance (LoB 32)	27,480	25,312
-- Other life insurance segments	1,069	961
Non-consolidated gross claims incurred	863,370	793,527
- Non-life insurance including health insurance	724,927	613,196
-- Fire and other damage to property insurance (LoB 7)	193,713	171,574
-- Medical expense insurance (LoB 1)	192,524	163,888
-- Other motor vehicle insurance (LoB 5)	114,901	96,437
-- Motor vehicle liability insurance (LoB 4)	103,372	78,779
-- Other non-life and health insurance segments	120,416	102,518
- Life insurance	138,442	180,332
-- Insurance with profit participation (LoB 30)	92,405	92,427
-- Index-linked and unit-linked insurance (LoB 31)	61,638	62,122
-- Other life insurance (LoB 32)	9,503	14,073
-- Other life insurance segments	-25,104	11,710
Non-consolidated expenses	375,870	342,004
- Non-life insurance including health insurance	327,406	298,227

-- Fire and other damage to property insurance (LoB 7)	103,985	96,128
-- Motor vehicle liability insurance (LoB 4)	62,654	55,097
-- Other motor vehicle insurance (LoB 5)	49,532	45,083
-- Income protection insurance (LoB 1)	26,351	23,029
-- Other non-life and health insurance segments	84,883	78,890
- Life insurance	48,464	43,777
-- Index-linked and unit-linked insurance (LoB 31)	23,548	20,183
-- Insurance with profit participation (LoB 30)	13,220	13,339
-- Other life insurance (LoB 32)	11,658	10,258
-- Other life insurance segments	38	-3
Other expenses	13,069	11,123

The Group operates in seven markets of six countries in the Adria region. The Group is conducting its operations outside the abovementioned markets by strengthening cross-border provision of insurance services in other countries and additionally also by offering international reinsurance services.

The Group books the majority of the gross premium in Slovenia, i.e. 69% of its total unconsolidated premium, while it is successfully increasing shares on other markets.

Similarly to the case of the gross written premium, the biggest share of gross claims incurred comes from Slovenia. Compared to 2021, the share of claims at the Group in 2022 decreased in Slovenia. Montenegro, Bosnia and Herzegovina, North Macedonia and Croatia mainly as a result of the larger shares in the other countries where the Group operates. The table below shows the Group's non-consolidated gross written premium from insurance, coinsurance reinsurance contracts and incurred claims by market.

Table 5: Geographic distribution of the Group's premium and claims by country in 2022 and 2021

	In EUR thousand	
	2022	2021
Non-consolidated gross written premiums from insurance, co-insurance and reinsurance contracts	1,612,389	1,452,870
-- Slovenia	1,107,773	1,027,395
-- Croatia	115,157	100,735
-- Serbia	88,618	76,968
-- Bosnia and Herzegovina	45,580	39,821
-- Montenegro	45,006	42,473
-- North Macedonia	33,823	27,738
-- International insurance and reinsurance*	176,433	137,739
Non-consolidated gross claims incurred	863,370	793,527
-- Slovenia	620,376	579,932
-- Croatia	75,065	60,316
-- Serbia	34,026	28,663
-- Montenegro	21,292	22,037

-- Bosnia and Herzegovina	16,671	19,555
-- North Macedonia	4,305	10,833
-- International insurance and reinsurance*	91,634	72,190

*Business outside the Adria region, collected according to the principle of free flow of services (FOS) and active reinsurance business

Details on the geographic distribution of premiums and claims by country are provided in template S.05.02 in the Annex to this Report.

A.3 Investment performance

The Group pursues a relatively conservative investment policy that emphasises the safety and liquidity of investments as well as their adequate return. The basic goal is to maintain a high overall credit rating of the entire investment portfolio. The largest share (79.6%) of the financial investment portfolio is held by bonds invested in developed markets, most of which have a high credit rating (89.5% of bond investments have a BBB rating and higher, 60.6% are rated at least "A"). The investment result is most affected by the structure of the Group's investments and the developments on capital markets. This chapter presents the Group's investment result broken down by the main sources of individual investment classes as well as a comparison with the year before. The Group's investment result is shown in the Annual Report, i.e. section 3.7 of the financial section of the report.

The returns on financial investments, including returns on unit-linked life insurance policyholders' investments represent the difference between the income and expenses from financial assets. The global events that marked 2022 had strongly impacted financial markets. The main reasons for the significant drop in returns on financial investments are the rapid and high growth of interest rates driven primarily by increased inflation, the opening of credit spreads and significant negative corrections on the stock markets. The downward trend in the Group's interest income has finally stopped and reversed with the rise in interest rates: interest income is thus higher than the previous year for the first time since 2016. Dividend income is at the level of the previous year. Most of the dividends were paid to the Company, while a considerable part of the dividends went to alternative fund payouts. The change in the fair value of investments lags far behind last year's amount due to the reasons stated in the introduction. The item is reduced by the negative revaluation of equities and, above all, the negative revaluation of debt instruments. The Profit and loss from sales item is lags significantly behind last year's level. The adjustment of the debt portfolio to the environment with higher interest rates and higher credit spreads results in higher losses from sales, which is partly compensated by higher gains from the sale of equities where the portfolio was restructured due to the upcoming IFRS 9 accounting standard. Permanent impairment expenses increased in 2022. An important part of this item is represented by impairments of Russian bonds, while the rest is related to impairments of individual equity investments. The majority of other financial income is represented by the revaluation of unit-linked assets. In 2022, we recorded a significant drop in stock markets. The change in the item compared to the previous year is therefore significant and has the greatest impact on the overall investment result of the Group.

Table 6: Income and expenses from the investment activities of the Group for financial reporting purposes in 2022 and 2021

	In EUR thousand	
Income and expenses from investing activities		
	31 December 2022	31 December 2021
Interest	34,402	34,281
- Income	34,402	34,281
- Expenses	0	0
Dividends	6,152	6,070
- Income	6,152	6,070
- Expenses	0	0
Changes in fair value*	-42,178	2,862
- Income	4,917	16,275
- Expenses	47,095	13,413
Profit and loss from sales	-12,566	9,179
- Income	37,775	16,301
- Expenses	50,342	7,123
Permanent impairments	- 9,035	- 34
- Income	0	0
- Expenses	9,035	34
Other financial income**	-85,021	72,447
- Income	10,153	83,852
- Expenses	95,174	11,409
Total	-108,246	124,805

* Includes profit/loss on investments in the equity of associates and jointly controlled companies; account made using the equity method

** Includes unrealised net profits and losses from investments of unit-linked life insurance policyholders

No Group company is currently investing in securitisation instruments.

A.4 Performance of other activities

A.4.1 Other income and expenses

The Group's other income in 2022 including other insurance income and other income amounted to EUR 119.8 million, up EUR 17.6 million compared to the year before, which is mainly the result of higher other insurance income (increase by EUR 11.1 million) and higher other income (increase in the operating revenues of non-insurance companies by EUR 1.2 million, higher income from the sale of real estate in the amount of EUR 7.6 million and lower income from other services in the amount of EUR 2.4 million).

The Group's other expenses in 2022 including other insurance expenses and other expenses amounted to EUR 126.2 million, up EUR 15.9 million compared to the year before, which is mainly the result of higher other insurance expenses (increase by EUR 7.6 million) and higher other expenses (increase in the operating expenses of non-insurance companies in the amount

of EUR 3.5 million, higher employee bonuses in the amount of EUR 3.2 million and other expenses in the amount of EUR 1.6 million).

Detailed information on the Group's other income and expenses is presented in the financial statement section of the Annual Report, i.e. sections 4.6, 4.7, 4.13 and 4.14.

Table 7: Other income and expenses of the Group for financial reporting purposes in 2022 and 2021

	In EUR thousand	
	2022	2021
Other income	119,761	102,128
- Other insurance income	59,935	48,794
- Other income	59,826	53,334
Other expenses	126,213	110,296
- Other insurance expenses	59,947	51,916
- Other expenses	66,717	58,380

A.4.2 Lease agreements

In the reporting period, Group members had several lease/rental agreements concluded both as lessors/landlords and as lessees/tenants.

Among the contractual relationships where the Group members act as the landlord, only investment property is considered material. Of the total value of investment properties of EUR 68.4 million, the annual rental income came in at EUR 7.3 million. The Company generated 65 percent of the said income, while Triglav, Upravljanje nepremičnin, d.d. generated 31 percent and other Group companies generated 3 percent.

Group members act as the tenant/lessee when renting business premises and parking spaces, leasing software and data lines, leasing multi-function devices and renting cars.

As at 31 December 2022, the right of use assets is stated at EUR 10.4 million in the Group's consolidated financial statements. The total annual depreciation expense of these assets was EUR 3.8 million, while interest expenses came in at EUR 498 thousand. Rental costs not accounted according to IFRS 16, i.e. short-term leases and low-value leases, came in at EUR 0.7 million in 2022.

A.4.3 Material intra-group transactions within the Triglav Group

The most material intra-group transactions arise from reinsurance operations between Triglav Re on the one hand and the Company and subsidiaries on the other.

In reinsurance operations in 2022, the most material intra-group transactions where the total turnover from reinsurance operations⁴ between two companies exceeded the internally set materiality threshold:

⁴ Total turnover from reinsurance operations includes the reinsurance premium, reinsurance share for reinsurance claims settled and reinsurance fees and commissions.

- transactions between the Company and Triglav Re - EUR 70.2 million in turnover;
- transactions between the Company and Lovćen Osiguranje, a.d., Podgorica - EUR 5.1 million in turnover;
- transactions between the Company and Triglav Osiguranje d.d., Zagreb - EUR 4.3 million in turnover;
- transactions between Triglav Re and the Company - EUR 116.1 million in turnover;
- transactions between Triglav Re and Triglav Osiguranje d.d., Zagreb - EUR 18.2 million in turnover.

Other material intra-group transactions include insurance contract acquisition and financial asset management. These transactions did not exceed the materiality threshold either.

A.5 Any other information

EVENTS IN 2023

On February 16, 2023, the Croatian Financial Supervision Agency (hereinafter: HANFA) issued a decision to the company Triglav Osiguranje, d.d., Zagreb, based on an examination of the part of the business that relates to the risk management in the conclusion of surety insurance and their impact on financial position of the company. With the decision, HANFA ordered the company to carry out activities to improve the functioning of internal controls in the execution of these transactions and to record the obligations arising from the issued guarantee under surety insurance. On the basis of the imposed measures, the company recorded in its separate financial statements for 2022 the maximum amount of liabilities arising from the cashing in of the guarantee and expenses in the amount of 4,037,212 euros. The business event is also recorded in the Group's financial statements.

The Group also cites the appointment of Blaž Jakič as a member of the Company's Management Board as an important event after the reporting period. On October 17, 2022, the Supervisory Board adopted a decision on his appointment as a member of the Management Board, and on March 2, 2023, he received a decision from the ISA, with which he was given permission to perform this function in the Company.

OTHER RELEVANT INFORMATION

All information relating to the business and performance of the Group is disclosed in sections A.1 through A.4.



B. System of governance

- B.1** General information on the system of governance
 - B.2** Fit and proper requirements
 - B.3** Risk management system including the own risk and solvency assessment
 - B.4** Internal control system
 - B.5** Internal audit function
 - B.6** Actuarial function
 - B.7** Outsourcing
 - B.8** Any other information
-

B. System of governance

B.1 General information on the system of governance

B.1.1 Corporate governance

The system of governance at the Group level takes the form of corporate governance involving the active exercise of management rights held by the Company and its subsidiaries vis-à-vis their subsidiaries pursuant to the applicable legislation and internal rules. As part of corporate governance, effective monitoring or supervision of the subsidiaries' operations is performed at the Group level. Such management enables efficient and coordinated operations and the harvesting of synergies, mainly through activities that promote cooperation in professional fields, mutual provision of information and the transfer of knowledge at the Group level.

The Group's system of governance is established at the Company through the functioning of general meetings, supervisory bodies and the management of individual subsidiaries as well as standardisation and the unification of key rules and procedures in individual expert divisions at subsidiaries through the application of established uniform minimum standards in the area of effective management, reporting and supervision at the level of the entire Group. The Group Subsidiary Management Department is responsible for the implementation of the system of governance at the Group; the said department works with the key functions, expert services and business lines of the Company to establish and maintain an effective and transparent system of governance of the Triglav Group.

The system of governance of the Company and the individual subsidiaries includes management bodies and key functions. Depending on the specificity of the activity, an individual subsidiary can have one or more key functions, i.e. the risk management function, the actuarial function for non-life and life insurance, the compliance function, and the internal audit function. They carry out their duties and responsibilities independently from one another at the Company and at individual subsidiaries.

The corporate governance system is implemented by having the Company as the holding company at the Group level carrying out activities in the area of management vis-à-vis its direct subsidiaries whereby the latter are responsible for transposing the system of governance and performing activities in the area of management vis-à-vis their direct subsidiaries. A portion of corporate governance also includes the harmonisation and preparation of the strategy and the design of a risk management system at the Group level. Within the given strategic orientations, each subsidiary that implements the Group's strategic activities has a defined strategy, usually for a five-year period, based on which long-term and strategic activities are carried out. The Group strategy involves the adoption of the principle of monitoring the implementation of the strategy according to the principle of the balanced scorecard which allows supervisory bodies to monitor operating performance on an ongoing basis as well as take appropriate measures in case of deviations from the plan.

The essential guidelines and objectives of the Group's strategy are to be conscientiously observed when managing and governing subsidiaries.

B.1.1.1 Management bodies in individual Group companies

The management body in an individual subsidiary is represented by the management board (president of the management board and members of the management board) or the director in companies with a two-tier system of governance and executive directors or the board of directors in companies with a one-tier system of governance.

The management body manages the company and its operations and is responsible for the legality and economy of the subsidiary's operations and the achievement of business plans. The management body manages the company independently and on its own responsibility, unless it is bound in specific cases by a decision of the company's General Meeting. In cases where this is stipulated in the internal acts of a subsidiary company or decision of the supervisory authority, it is obliged to obtain the consent of the supervisory authority for its decision. The management body is obliged to act with the due diligence of a conscientious and honest businessman and to protect the interests of each subsidiary company.

The management body of a subsidiary company discharges the powers and performs the tasks laid down by the applicable legislation and internal acts that apply to each subsidiary company.

GENERAL MEETING

The general meetings of subsidiary companies discharge the powers and perform the tasks laid down by the legislation and internal acts that apply to each subsidiary company.

In single-member limited liability subsidiaries, the role of the general meeting is assumed by the owner. At the general meetings of subsidiaries, where minority company members or shareholders are also present, the Company exercises its rights in a way that guarantees the right to equal treatment in the provision of information and ensures protection of all legal rights of minority company members or shareholders, which the bodies of the subsidiary companies treat equally under the same conditions, as well as the protection of the Group's interests.

The guidelines for the preparation of contents of the general meeting of individual subsidiaries are regulated in more detail in the Policy on Subsidiary Management at the Triglav Group.

SUPERVISORY BODY

Supervision of subsidiaries is performed by a supervisory body in companies with a two-tier system of governance and by non-executive directors or the board of directors in companies with a one-tier system of governance.

The supervisory body supervises the management of each subsidiary company in the management and performance of business operations, regularly monitors their operations and gives consent to transactions insofar as these are necessary in accordance with the internal acts or resolutions of the subsidiary company.

In order to ensure responsible supervision and decision-making for the benefit of the company, the composition of the supervisory body takes into account professional knowledge, experience

and skills of each member that complement those of the other members (complementarity of knowledge and experience). Continuity and diversity of the composition of the supervisory body is also ensured in terms of characteristics such as age, international composition and gender representation (heterogeneity of composition). The functioning of the supervisory authority is regulated in more detail in the Rules of Procedure on the work of the supervisory body of each company.

B.1.1.2 Parent Company's Management Board

The Management Board governs and manages the Company independently and at its own responsibility. It represents and presents the Company without limitation. The Company is always represented and presented in legal transactions by two Management Board members jointly, i.e. the President and member. The Management Board has at least three and no more than six members, one of whom is the President. The President of the Management Board proposes the appointment or recall of all or individual Management Board members to the Supervisory Board. The Company has an Employee Representative whose position is Management Board member.

The main powers and tasks of the Management Board are as follows: coordinated management and organisation of the Company's operations, representation of the Company vis-à-vis third parties; responsibility for the legality of operations, adoption of the development strategy of the Company and the annual plan of operations, and reporting to the Supervisory Board on the performance of both the Company and the Group.

At its meeting on 17 October 2022, the Supervisory Board of the Company agreed with the proposal of the President of the Management Board to appoint Blaž Jakič as a new member of the Management Board and with the agreement on the termination of the term of office of Management Board member David Benedek. Blaž Jakič was appointed for a term of office of five years, and the decision will enter into force upon the fulfilment of suspensive conditions, including Mr. Jakič obtaining the licence to perform the function of Management Board member from the ISA on 2 March 2023. The term of office of David Benedek as a Management Board member ended by mutual consent on 1 December 2022, and the five-year term of office of Barbara Smolnikar as Management Board member ended on 17 October 2022.

The composition of the Management Board in 2022 was as follows:

Table 8: Composition of the Management Board and the competences of the members of the Management Board of the Company as at 31 December 2022

First and last name	Function	Area of work within the Management Board as at 31 Dec. 2022
Andrej Slapar	President of the Management Board	Manages and directs the work of the Management Board and the operation of the headquarter services (Cabinet of the Management Board, Legal Office, Internal Audit Department, Corporate Communication Department and Compliance). He is responsible for the Corporate Account Division, Non-Life Insurance, the Subsidiary Management Department (except subsidiaries outside Slovenia), HR matters related to employees with special powers, operation of the GIZ Arbitration and Nuclear Pool. He is also responsible for the

		preparation and implementation of the strategy of the Company and the Group.
Uroš Ivanc	Member of the Management Board	He is responsible for the independent Non-Life Insurance Actuarial Department, the Life Insurance Actuarial Department, Accounting, Finance and Controlling as well as the Group Non-Slovenian Subsidiary Management Department and the Investment Department at the Company's headquarters. He is also responsible for mergers and acquisitions (M&A), investor relations (IR) and relations with credit rating agencies as well as for environmental, social and corporate sustainable development (ESG) activities.
Tadej Čoroli	Member of the Management Board	He is responsible for Marketing, Non-Life Insurance Claims, Insurance Sales, Digital Operations and Customer Experience, Digital Platform and Business Intelligence, Life Insurance, IT and the Risk Management and Bancassurance departments operating at the Company's headquarters.
Marica Makoter	Management Board member - Workers' Director	She represents the interests of the workers as stipulated in the Worker Participation In Management Act. She is responsible for the Fraud Prevention, Detection and Investigation and the Project Portfolio and Change Management Department. She is responsible for the Back Office Division and the HRM Division (with the exception of personnel matters related to employees with special powers). She is also responsible for the Strategic Purchasing and Prevention of Money Laundering department operating at the Company's headquarters.

Other information on the Company's Management Board is presented in the Annual Report, i.e. in section 5.3.2 of the business portion of the said report.

B.1.1.3 Company's General Meeting of Shareholders

Shareholders exercise their rights at the General Meeting of Shareholders that is convened no less than once a year. The powers and operation of the General Meeting are defined by the Companies Act and the Company's Articles of Association. A shareholder registered in the share register kept by the Central Securities Clearing Corporation (KDD) as the holder of the shares at the end of the seventh day prior to the General Meeting session may participate in the General Meeting of Shareholders. They may exercise their voting right provided they announce their participation no later than by the end of the fourth day prior to the date of the General Meeting of Shareholders. The rights and obligations afforded to the shareholders by the shares as well as the explanations on the limitations on share transfers and the attainment of the qualified share are presented in greater detail in the business portion of the Annual Report, i.e. section 6.2.

B.1.1.4 Company's Supervisory Board

The Supervisory Board of the Group's Company has nine members, six of whom are shareholders' representatives and three are employee representatives. The members of the Supervisory Board - shareholders' representatives are elected by the General Meeting of Shareholders. The Members of the Supervisory Board who act as employee representatives are elected by the Company's Works Council, which informs the General Meeting of Shareholders of its decision. The Chairman and Vice Chairman act as employee representatives. The term of office of Supervisory Board members is 4 years, whereby they may be re-elected without limitation.

The Supervisory Board supervises the management of the Company. In addition to the powers under the Companies Act and the Insurance Act (hereinafter: ZZavar-1), the Supervisory Board grants its consent to the decisions of the Management Board where the stake of the Company or the value exceeds the limit set in the Rules of Procedure of the Supervisory Board, i.e. in the establishment of companies with share capital in Slovenia and abroad, the acquisition or sale of Zavarovalnica Triglav's stakes in foreign or domestic companies (except if these are equity holdings for which the classic portfolio management approach is applied), the issue of debt securities of the Company and long-term borrowing from domestic and foreign banks, the acquisition and sale of the Company's real estate as well as investment in its real estate. The Supervisory Board also grants its consent to the appointment and dismissal of the Internal Audit Department Director as well as the granting and revoking authorisations of the Company's key function holders. It also grants consent to the Management Board for the business strategy and financial plan of the Company as well as the internal acts of the system of governance. The Supervisory Board also sets the remuneration of the President and members of the Management Board and works with the Management Board to set the remuneration of the Internal Audit Department Director.

When supervising the conduct of the Company's business, the Supervisory Board in particular supervises the adequacy of procedures and effectiveness of the work of the Internal Audit Department, considers the findings of the Insurance Supervision Agency, tax inspection and other supervisory authorities in procedures for the supervision of the Company, verifies annual and other financial reports of the Company and prepares a reasoned opinion thereto, provides grounds for its opinion on the Internal Audit Department's annual report to the General Meeting and compiles a written report for the General Meeting, reviews the proposal for the appropriation of distributable profit, which was submitted by the Management Board, takes a position on the audit report and draws up a written report for the General Meeting of Shareholders by including potential comments or approving it.

The Supervisory Board appoints and may also recall the members of the Management Board. In doing so, it strives to ensure the continuity of their work through prudent and timely selection of the President and other members of the Management Board.

The Supervisory Board decides with the majority of the votes cast by the members present.

Supervisory Board members Branko Bračko and Peter Kavčič informed the Company on 9 December 2022 of their resignation from the position of Supervisory Board member. In order to ensure the proper implementation of the nomination procedures, they submitted an irrevocable statement of resignation as of the date when the Supervisory Board approved the Annual Report for 2022 or at the latest as of 31 March 2023. The effect of their resignation and the expiry of the term of office of Supervisory Board member will begin on the date of the meeting of the regular annual General Meeting of Shareholders (which is expected to be held on 6 June 2023 according to the financial calendar), but no later than 30 June 2023.

The composition of the Supervisory Board in 2022 was as follows:

Table 9: Supervisory Board members in the 2022 financial year

First and last name	Function
Andrej Andoljšek	Chairman, shareholders' representative
Branko Bračko	Vice Chairman, shareholders' representative
Igor Stebernak	Member, shareholders' representative
Tomaž Benčina	Member, shareholders' representative
Jure Valjavec	Member, shareholders' representative
Peter Kavčič	Member, shareholders' representative
Peter Celar	Member, employee representative
Branko Gorjan	Member, employee representative
Igor Zupan	Member, employee representative

SUPERVISORY BOARD COMMITTEES

The Supervisory Board may appoint one or several committees, which prepare proposed resolutions of the Supervisory Board, assure their realisation and perform other expert tasks. A committee or commission may not decide on issues that fall under the competence of the Supervisory Board.

The following Supervisory Board committees operated at the Company in 2022: Audit Committee, Appointments and Remuneration Committee and the Strategic Committee with the Nominations Committee established as a temporary committee. Committees or the board prepare proposed resolutions, ensure their realisation and perform other expert tasks.

The Nominations Committee was established a temporary committee on 21 December 2022 due to the submission of resignations by Supervisory Board members Branko Bračko and Peter Kavčič. The committee will work until the election of new Supervisory Board members, shareholder representatives, at the Company's General Meeting of Shareholders, but not longer than by 6 June 2023.

Table 10: Composition and competences of Supervisory Board committees in the 2022 financial year

Supervisory Board committee	Competences
AUDIT COMMITTEE	- monitoring the financial reporting process, preparing reports and drafting proposals for ensuring its comprehensiveness;
Composition:	- monitoring the efficiency and effectiveness of internal controls, internal audit and risk management system;
- Peter Kavčič, Committee Chairman	- monitoring the mandatory audit of annual and consolidated financial statements and reporting on the audit result to the Supervisory Board;
- Igor Stebernak, member	- responsibility for the auditor selection procedure and proposing a candidate to the Supervisory Board to audit the Company's annual
- Igor Zupan, member	
- Luka Kumer, independent external expert	

	<p>report and participating in the drafting of an agreement between the auditor and the Company;</p> <ul style="list-style-type: none"> - supervising the integrity of financial information provided by the Company and evaluating the drafting of the annual report, including a draft proposal for the Supervisory Board; - monitoring the quality of the auditor's auditing in accordance with the adopted Guidelines for the Monitoring of the Quality of external Auditing of the Agency for Public Oversight of Auditing and the Slovenian Directors' Association; - cooperation with the Internal Audit Department, monitoring its quarterly reports, examination of the internal acts and rules on the functioning of the Internal Audit Department and the annual plan of the Internal Audit Department; - examination of the decision on the appointment, dismissal and remuneration of the Internal Audit Department Director.
<p>APPOINTMENTS AND REMUNERATION COMMITTEE</p> <p>Composition:</p> <ul style="list-style-type: none"> - Tomaž Benčina, Committee Chairman - Jure Valjavec, member - Peter Celar, member 	<ul style="list-style-type: none"> - drafting proposals regarding the criteria for membership in the Management Board; - drafting proposals regarding the policy on remuneration, compensation and other benefits for the Management Board members; - preliminary consideration of proposals made by the President of the Management Board related to the management of the Company; - performance of the fit and proper assessment of the Management and Supervisory Board members; - support and drafting of proposals in areas that concern the Supervisory Board.
<p>STRATEGIC COMMITTEE</p> <p>Composition:</p> <ul style="list-style-type: none"> - Branko Bračko, Committee Chairman - Andrej Andoljšek, member - Peter Kavčič, member - Branko Gorjan, member 	<ul style="list-style-type: none"> - drafting and discussing proposals for the Supervisory Board with respect to the Group strategy and monitoring the implementation thereof; - drafting and discussing proposals and opinions for the Supervisory Board with respect to the Group's strategic development.
<p>NOMINATIONS COMMITTEE</p> <p>Composition:</p> <ul style="list-style-type: none"> - Andrej Andoljšek, Committee Chairman - Jure Valjavec, member - Igor Zupan, member - Mitja Svoljšak, external member 	<ul style="list-style-type: none"> - conducting the nomination procedure for the appointment of a candidate/-s to the position of Supervisory Board member/-s – shareholders' representatives; - recording the candidate/-s for the position of Supervisory Board member/-s and inviting the Appointments and Compensation Committee to produce a fit and proper assessment of the candidates; - sending the proposal to the Supervisory Board for the appointment of a candidate/-s to the position of Supervisory Board member/-s – shareholders' representatives

Other information on the Company's Supervisory Board is presented in the Annual Report, i.e. in section 5.3.3 of the business portion of the said report.

B.1.2 Remuneration policy at the Group

Group companies implement the remuneration policy so as to ensure the realisation of a solid and reliable governance system as well as the integrity and transparency of the operations. The policy is designed by considering the internal organisation of the companies as well as the nature, scope and complexity of risk, including sustainability risks. The aim of the policy is to design and implement such employee remuneration distribution systems that ensure the maintenance of adequate capital strength of Group companies, promote reliable and efficient risk management within the bounds of permitted and acceptable risk of individual Group companies, and enable the acquisition and retention of suitably qualified, competent, responsible and dedicated employees. The remuneration policy applied to the Supervisory Board, Management Board, executive and managerial employees and the holders of key functions as well as other employees at Group companies. The remuneration of the members of the Supervisory Board and the Audit Committee (except the remuneration of members – external members) is set by way of resolutions adopted by the general meetings of Group companies. The remuneration of employees is set in proportion to the complexity, characteristics, scope of tasks or functions, authorisations, responsibilities and experiences as well as so as to incentivise employees to take decisions or act that lead to the realisation of the objectives of an individual company as well as suitable risk management. The remuneration policy does not provide the management board and the employees of the Group's subsidiaries to acquire shareholdings (stock) in the Group's subsidiaries.

According to the rules of the Company's remuneration policy, each Group company adopts its own remuneration policy.

COMPANY'S SUPERVISORY BOARD

The remuneration of the supervisory body and its committees is set by the general meeting of individual Group companies by way of a resolution (with the exception of the remuneration of members – external experts). The remuneration consists of the remuneration for the performance of the function, bonuses for the performance of the function of Chairman and Vice Chairman and members of the committees of the Supervisory Board, attendance fees for attendance at the meetings, possible travel and accommodation costs.

MANAGEMENT BOARD OF THE PARENT COMPANY AND OF THE SUBSIDIARIES

The remuneration of the Company's Management Board comprised of the basic salary (fixed part of pay), the variable part of pay and other rights and benefits is set and paid out pursuant to the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities. Members of the Management Board are entitled to use assets owned by the Company (company car, business mobile phone) for business and private purposes, rights to health, pension (Voluntary Supplementary Pension Insurance - PDPZ, Collective Voluntary Pension Insurance - PPZ), accident insurance and liability insurance. No special pension schemes or early retirement schemes apply to Management Board members.

The remuneration of the management bodies of the Group's subsidiaries is set in accordance with the applicable local legislation and regulations in the country where the individual company operates. The remuneration of management bodies is comprised of the basic salary (fixed part of pay), variable part of pay and other rights and benefits.

EXECUTIVE AND MANAGERIAL EMPLOYEES AND OTHER EMPLOYEES WORKING UNDER INDIVIDUAL CONTRACTS

The basic salary (fixed part of pay) for executive and managerial employees as well as other employees working under an individual employment contract is stipulated in the employment contract, whereby the amount of the eventual bonus is subject to the attained results of an individual company in line with the bonus methodology applicable at any relevant time and is capped at the top.

EMPLOYEES WORKING UNDER A COLLECTIVE AGREEMENT

The rules that comply with the legislation applicable at any relevant time apply to other employees at individual companies, while the option of additional bonuses complies with strategic guidelines subject to the attained results.

B.1.3 Related party transactions

Related parties of the Group are:

- shareholders of the Company and of all subsidiaries;
- members of the Management Board of the Company and of all subsidiaries;
- members of the Supervisory Board of the Company and of all subsidiaries.

Related party transactions are presented in more detail in the Annual Report in Section 5.7 and 5.8.

The only materially significant transaction with related parties in 2022 was the distribution of dividends to the largest owners of the Company (ZPIZ with a 34.47% share in the capital of the Company and SSH with a 28.09% share in the capital). The Company paid a total of EUR 52.6 million to the two largest owners, of which EUR 29.0 million to ZPIZ and EUR 23.6 million to SSH.

B.2 Fit and proper requirements

The fit and proper assessment of management and supervisory body members as individuals as well as the management and the supervisory body as a collective body may be implemented at Group companies prior to the appointment for the term of office (initial assessment), during the term of office (periodic assessment; presumably once per year) and in case of the occurrence of circumstances that raise doubt as to the fit and proper status of the members (extraordinary assessment). As part of the assessment, management and supervisory body members are assessed in terms of the meeting of criteria regarding fitness (professional qualifications, experience, competences) and propriety criteria (clean criminal record, professional reputation, goodwill and personal integrity). As part of the assessment of the management and supervisory bodies as collective bodies, we check whether all members possess collective knowledge and experience related to insurance and financial markets, the business strategy and business

models, governance systems, financial and actuarial analyses, risk management and regulative frameworks as well as other legal requirements that are binding on the Company.

The fitness and propriety of the key function holders is performed prior to the granting of the authorisation to an individual key function holder, periodically (once a year during the validity of the authorisation) and in an extraordinary assessment (upon the occurrence of circumstances that raise doubt as to their fit and proper status). As part of the assessment, the fitness (professional qualifications, specialised knowledge, experience and competences) and propriety criteria (clean criminal record, professional reputation, goodwill and personal integrity) are verified. Key function holders must – in addition to the above fitness conditions that are general in nature and apply to everyone – also meet the following conditions:

THE HOLDER OF THE ACTUARIAL FUNCTION must possess the knowledge in the field of actuarial science and mathematical finance in accordance with the requirements of the Insurance Supervision Agency, no less than five years of experience in this field of work, a valid licence for a certified actuary; they must have membership in a full member of the International Actuarial Association – IAA and must have performed the actuarial function and tasks of a certified actuary on a comparable portfolio for at least the last two years prior to certification;

THE HOLDER OF THE RISK MANAGEMENT FUNCTION must possess the knowledge on the application of risk management models and methods as well as no less than five years of work experience;

THE HOLDER OF THE COMPLIANCE FUNCTION must possess no less than five years of work experience;

THE HOLDER OF THE INTERNAL AUDIT FUNCTION must possess no less than five years of work experience in the field of auditing or ten years of experience in a related activity as well as the title of certified internal auditor pursuant to the act governing auditing.

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Description of the risk management system

The risk management system covers all areas that affect the Group's operations and set business objectives. The Company has set up a risk management system at the level of the entire Group as a set of harmonised rules, competences, responsibilities and activities that aim of which is to ensure that risks at all levels are underwritten in accordance with the set strategic goals and so that the key risks are appropriately identified, assessed, monitored and managed. The system is set up so as to enable continuous upgrading and adjustment to internal and external events as well as changes in the underwriting of risks arising from the operations of Group companies.

In order to effectively implement the risk management system at the Group level, each company has in place confirmed internal rules governing the risk management system that have been harmonised with the risk management standards of the Company which ensure a clear delimitation of internal relationships in terms of the responsibilities and competences of

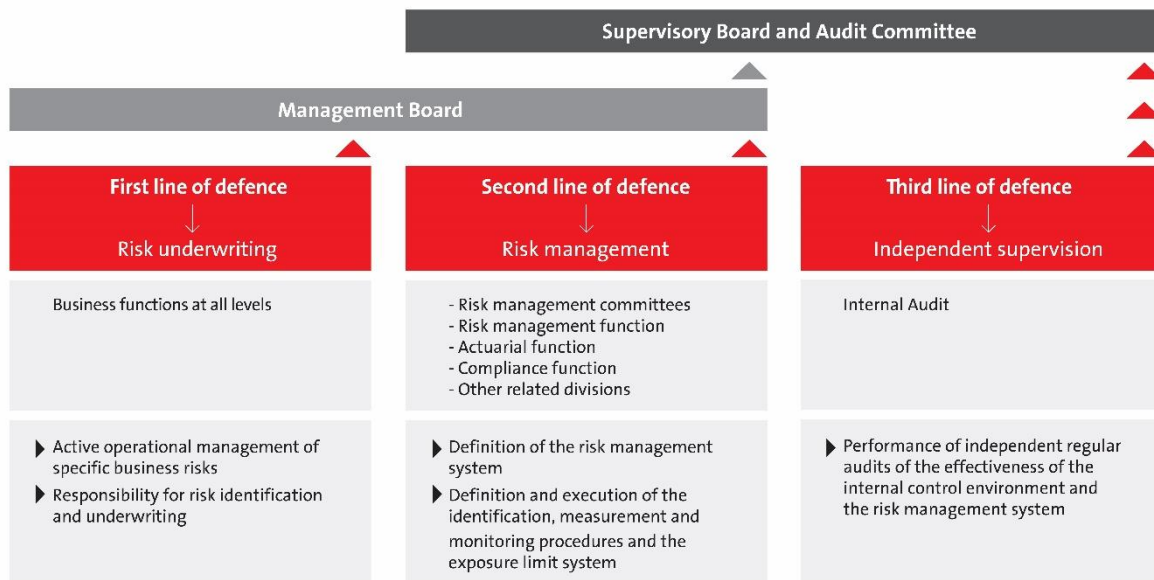
divisions in risk management processes and also define the risk consideration methods, measures and the reporting system. The aim is to coordinate the determination of an adequate level of risk exposure for individual subsidiaries and ensure timely reporting which in turn ensures the timely monitoring of risks at the Group level.

It very important to build a suitable culture, mainly in terms of the awareness of risks as well as cooperation and open communication about the risks. In this respect, the Management Board of the Company and the Group's leadership play a key role.

The four key functions at the Company play an important role in the risk management system as they actively ensure coordinated work of all the Group companies and for the transposition of knowledge and good practices to Group members. Key functions work with one another and regularly exchange information required for them to work together in a harmonised manner. Each key function has responsibilities for the performance of tasks, processes and reporting obligations defined in the governance system.

The main building blocks of the comprehensive risk management system of the Group are the Strategy of the Group and the Business Plan of the Company. The risk management system at the Group is built in accordance with the principles of the Company and is based on the three lines of defence model. The functioning of the Company's risk management system is transposed to the Group via minimum standards and business functions, taking into account the size, complexity and business profile of an individual company.

Figure 3: Risk management system at the Group level



THE FIRST LINE OF DEFENCE consists of business functions, which are responsible as part of their business decisions for risk identification and underwriting in accordance with the guidelines of the Company's Management Board and the management teams of the Groups' subsidiaries for their respective line of business and are also responsible for active operational management of specific business risks.

THE SECOND LINE OF DEFENCE represents key business and decision-making bodies forming the risk management system. The system includes exposure identification, assessment or measurement and monitoring procedures as well as the risk exposure limit system, including reporting. Three key risk management functions (risk management function, the actuarial function and the compliance function) form the second line of defence. The second line of defence also includes the competent committees for the area of risk management, Fraud Prevention, Detection and Investigation, Project Portfolio and Change Management, and Cyber Resilience.

THE THIRD LINE OF DEFENCE includes the internal audit function which executes supervision of the operations of individual subsidiaries and the Group by systematically and methodically auditing and assessing the adequacy and effectiveness of the governance of the subsidiaries and the Group, its risk management and control procedures. The internal audit function also issues recommendations for improvements.

The Management Board and the Supervisory Board are the primary stakeholders in the three lines of defence system; they are simultaneously responsible for the functioning of the risk management system and control processes at the Group level. Just as the Management Board, the Supervisory Board is a primary stakeholder, to which all three lines of defence report, and it is simultaneously the entity responsible for the functioning of the three lines of defence system within the risk management system and control processes. As part of its supervisory work, it is regularly briefed on the effectiveness and performance of the functioning of the risk management system.

The Company's Supervisory Board grants its consent to the Management Board for the written rules of the risk management system and regularly monitors the risk profile and capital adequacy. As part of its powers and responsibilities it keeps abreast of key function reports and the findings of the Own Risk and Solvency Assessment process (hereinafter: ORSA) at the Group level and also grants consent to the Management Board for the Solvency and Financial Condition Report of Zavarovalnica Triglav (hereinafter: Company SFCR) and the Solvency and Financial Condition Report of the Triglav Group (hereinafter: Group SFCR).

The Audit Committee of the Supervisory Board supervises the suitability and effectiveness of the risk management system and monitors the overall risk profile of the Group. It also participates in the definition of stress tests and scenarios, which are used to verify the level of capital adequacy when conducting the ORSA.

The Company's Management Board formulates business objectives and the Risk Appetite, and also adopts the strategy and risk management policies. It is also competent for the assurance of the effectiveness of the risk management system at the Group level. It confirms the work plans of the individual key functions and is regularly briefed on the capital adequacy of the Company and the Group. It confirms the more important reports by key functions, including the Regular Supervisory Report of the Triglav Group (hereinafter: Group RSR) and the Regular Supervisory Report of Zavarovalnica Triglav, d.d. (hereinafter: Company RSR), the ORSA Report and the SFCR.

The Company's Management Board participates independently and actively in risk management processes, guides the ORSA process and ensures it is harmonised and linked to capital planning

and management at the Group level. The Company and individual subsidiaries observe the harmonised and confirmed objectives from the Strategy and thus decide on the exploitation of business opportunities, whereby an important consideration in this regard is the consideration of the assumed risks that are managed within the scope of the permitted exposure limits so as to realise the Group's strategy.

Risk management processes at the Group level are implemented primarily at the level of the individual subsidiaries and secondarily at the Group level. The leaderships of subsidiaries and the responsible persons appointed by them are responsible for the setup and functioning of the risk management system at the level of individual subsidiaries. The drafting of the content and transposition of minimum standards for the area of risk management is the responsibility of the Risk Management Department which works in conjunction with the Group Subsidiary Management Department. This ensures an effective and transparent risk management system at the Group level. Effective communication, quality data and information exchange and documentation are especially important in the implementation of risk management.

The risk management system at the Group level is composed of the following activities at all divisions and with respect to all risk categories:

- risk identification;
- assessment of detected risks and the definition of their materiality;
- clear definition of the objectives and limitations regarding the risks assumed and the establishment of a system of measures in the event of major deviations;
- monitoring and management of assumed and new emerging risks arising from operations by ensuring the compliance of operations with the Risk Management Strategy;
- reporting on the risks and provision of information to all key stakeholders;
- defining the procedures for action and taking action in the event of identified deviations and adverse operating conditions.

Business process-dependent activities are defined subject to the source and consequently the risk category.

The management system at the Company and subsidiaries includes the setup, harmonisation and regular adaptation of the internal risk management rules as well as risk identification, measurement, monitoring and reporting. The risk profile is also reported regularly in the event of any material change in exposure or any material risk type that could affect the capital or liquidity position of the Company. Issues in the internal and external environment that are pressing in terms of risk are monitored regularly in regular meetings of the Group's risk management functions, whereby information is exchanged and the transfer of good practices is ensured. Each company prepares standardised reports which include risk indicators for all risk and operations segments that are important for the comprehensive risk assessment and the overview of the important risks of an individual company. At the second level (the Group level), the risk management system is implemented at the Group's parent company where regular reporting to the key risk management function and the functioning of risk management system committees make it possible to perform a comprehensive review of the assumed risks, including their management and appropriate diversification through the monitoring of concentrations at the Group level.

When managing risks, the Company and the Group's subsidiaries act preventively whereby they apply the approaches of decomposition (e.g. product) and diversification (e.g. investment) of individual risk types. Suitable risk diversification is ensured through the setup of an exposure limit system that ensures a suitable risk level. Various measures have been put in place for cases when limits are exceeded whereby such measures ensure a suitable and manageable level of risks.

B.3.2 Risk management strategy and definition of the risk appetite

The Company and subsidiaries have a risk management system in place that features a risk management strategy and the Risk Appetite that represent the basis and guidance for all other internal act governing risk management at individual companies. The risk management strategy clearly defines the principles and objectives of the risk management system as well as a comprehensive risk management process (including the delimitation of competences and responsibilities) and provides guidelines for the underwriting of individual risk types (appetite and tolerance). The Risk Appetite is one of the central building blocks of the risk management system that represents the maximum level of risk measured by the level of potential loss that an individual company is still willing to assume in the course of its business operations so as to attain the set business objectives and strategic goals.

B.3.3 Risk management function

Each subsidiary in the Group has a risk management function. Each subsidiary has a person appointed who is responsible for implementing the risk management function which is tasked with identifying, measuring, monitoring and reporting the risks at the subsidiary in accordance with the minimum standards in the area of risk management at the Group level.

The risk management function operates at the Company within the framework of the headquarters department that is directly subordinated to the Management Board. It is not only autonomous and independent from the other business functions, but also one of the key functions in the risk management system at the Company and at the Group. Furthermore, it is part of the second line of defence in the three lines of defence risk management system. It monitors the Company's operations in terms of risk oversight, ensures optimum operations of the Company and the Group from the regulatory point of view of risk management and assesses the potential impacts of changes on the risk profile. The risk management function monitors the work of risk management system committees, coordinates the calculation of capital adequacy and the ORSA process, and prepares all of the required regulatory and internal reports that are associated with risk management.

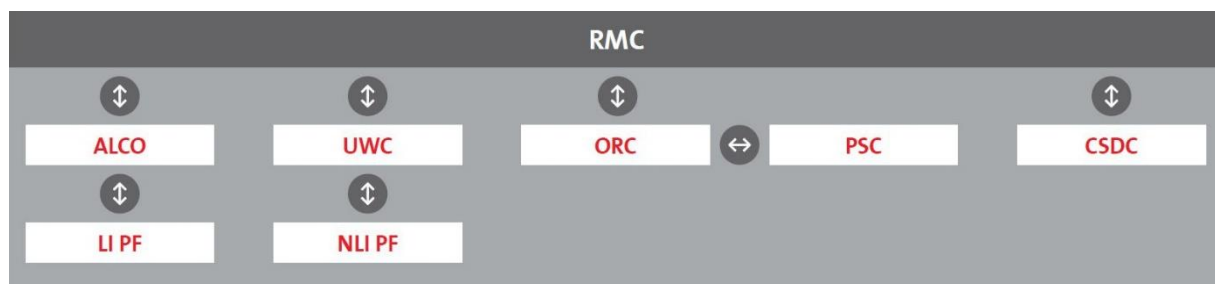
The risk management function at the level of the Company provides for the development and effectiveness of the risk management system at the Group level. To this end, it prepares risk management guidelines and minimum standards for the subsidiaries within the Group, monitors their implementation, advises on implementation and provides for uniform business practices. It has in place a system of regular and extraordinary reporting on risk management at subsidiaries. It regularly briefs the Management Board, the competent risk management system committees, the Supervisory Board and the Audit Committee of the Company on the risk profile of the Group.

The Company's risk management function holder is incorporated into the organisational structure in a way, which allows them to supervise and impartially report on the implementation of the risk management system at the Group level.

B.3.4 Committees operating within the scope of the risk management system

Committees form the second line of defence within the risk management system and are appointed by the Company's Management Board. Their role is of a consultative nature whereby they may also be granted certain decision-making rights by the Management Board. Their purpose is to support the Management Board in the regular monitoring, coordination and provision of information on risk management at the Group by delegating tasks to divisions, monitoring realisation and deciding on the limits. In the event of major changes to the risk profile, identified risks are also considered by the Risk Management Committee or the Management Board.

Figure 4: Organisational chart of the committees within the Company's and the Group's risk management system as at 31 December 2022



THE RISK MANAGEMENT COMMITTEE (RMC) is the committee of the Management Board which is tasked with verifying the effectiveness of the functions that manage risk and ensuring that the Company and the Group have an appropriate infrastructure in place as well as adequate resources and systems that allow for a satisfactory level of operational risk management. Apart from that, the committee assists in risk identification and management as well as in fostering the risk culture at individual divisions at the Company and at the Group level. The fundamental objectives and the role of the committee are to assist the Management Board in assessing exposure to all material risks (specifically equity and non-financial not monitored by the Compliance and Sustainable Development Committee), establishing weaknesses in the internal control environment at the Group level, confirming and reviewing the methodology for the measurement of all risk categories and the setting of limits for individual risk categories as well as verifying whether risk exposure complies with the Risk Appetite.

THE ASSETS AND LIABILITIES COMMITTEE (ALCO) is the committee that is responsible for the management of market risk, credit risk and liquidity risk in the investment portfolio segment as well as life and pension insurance risk at the level of the Company and the Group. An important task of the committee is the creation of the strategy for the management of asset and liability matching aimed at achieving the strategic goals while taking into account the Risk Appetite, individual risk exposure limits and any other restrictions that affect the asset and liability management process at the Company and at the Group level.

THE UNDERWRITING COMMITTEE (UWC) is an integral part of the Company's and the Group's risk management system, the basic objective of which is to monitor and optimise the level and concentration of assumed underwriting risks under non-life insurance products and to propose limits or an optimum ceding/transfer of assumed underwriting risks to reinsurance, taking into account both the Company's and the Group's risk appetite and the risks arising from counterparty exposure. The committee identifies, manages, monitors and reports non-life underwriting risks and develops the non-life underwriting risk management system.

THE OPERATIONAL RISK COMMITTEE (ORC) works to provide a suitable and integrated operational risk management system that is tailored to the Company's and the Group's requirements, including the optimum allocation of the appetite for operational risks subject to the guidelines stipulated in the risk appetite. It also works to control the functioning of the Company's and the Group's operational risk management system, including the review and confirmation of measures for its improvement. The committee is responsible for all groups of operational risk. Project risk and IT security risk, including cyber risk and the business continuity management system, are monitored as a special group of operational risk. The committee also monitors the recommendations of the Internal Audit Department relating to the structure and implementation of the operational risk management system.

THE COMPLIANCE AND SUSTAINABLE DEVELOPMENT COMMITTEE (CSDC) is responsible for addressing important or more complex issues related to ensuring compliance of the Group's operations with regulations and other commitments and positions of supervisory or other state bodies as well as addressing the issues involving ethical dilemmas and relating to the observation of the provisions of the Triglav Group Code of Conduct (hereinafter: Group Code of Conduct), the Insurance Code of Conduct and other adopted ethics standards of the Company. The committee is also responsible for monitoring and managing reputation risk, monitoring sustainability risk and directing sustainability-related (ESG) activities, considering proposals for internal acts related to or part of the compliance risk management system, monitoring the Company's exposure to compliance risk and consideration of compliance risk assessments, consideration of data breach events, consideration of sustainable operations through GRI indicators, consideration of the implementation of recommendations of the Compliance Office and consideration of all matters or issues submitted by individual committee members.

NON-LIFE AND LIFE INSURANCE PRODUCT FORUMS (NLI PF AND LI PF) are tasked with pursuing the principal objective of assurance of continuous development and modification of insurance products for the Slovenian and other markets in which the Group companies market their products. When developing and changing insurance products, it is necessary to ensure compliance with the Company's and the Group's strategy as well as to make adaptations to meet the needs of the market while at the same time observing the legal frameworks, standards and good practice of the insurance and finance professions, insurance product management and supervision policy as well as the guidelines from the Risk Appetite regarding the assurance of a suitable underwriting risk profile.

THE PROJECT STEERING COMMITTEE (PSC) is a decision-making body that provides for comprehensive project portfolio management as well as the basis for transparent and traceable

project implementation and project risk identification and management. This includes providing a coordinated and efficient project workflow and establishing appropriate and mutually coordinated projects at the Company and the Group.

B.3.5 Risk reporting system

The Company and the Group's subsidiaries regularly implement risk monitoring and report on risks in the form of standardized risk reports, which include regulatory and internal indicators for all risk and operation segments. All divisions at individual companies participate in the drafting of the report. In addition to the recommendations of the LOCAL risk management departments, all reports also contain comments on trends and value indicators in relation to the set limits and target values. The leaderships of companies discuss the risk reports of subsidiaries as part of their respective powers, while the Company's risk reports are considered as part of their powers by committees in the risk management system as well as the Management Board and the Supervisory Board. The Risk Management Department of the Company formulates Group level risk reports based on the risk reports of the subsidiaries. The following is also part of the risk reporting system: annual reports, Solvency and Financial Condition Reports (SFCR) of (re)insurance subsidiaries, the Group SFCR and the Company SFCR, ORSA reports, RSR reports and the reports to external stakeholders.

B.3.6 Own risk and solvency assessment process

The main purpose of the ORSA process is for the Company to assess future risks arising from the strategic business plan and thus check for potential capital needs at the Group level aimed at ensuring that limitations in the Risk Appetite Statement are observed. In addition, the impact of stress on capital adequacy is examined with scenario-based stress tests defined for this purpose. The adequacy of regulatory risk measurement is also examined as part of the ORSA process.

The ORSA process builds on the basic elements of the risk management system and takes into account the risk profile and confirmed risk limits and is also closely tied to strategic business planning. The process produces findings regarding the optimum retention or transfer/ceding of risk and verifies the adequacy of the capital allocation at the Group level. Implementation of stress tests provides a more in-depth view of the risk profile and capital adequacy strength as well as the risk management at the Company and Group levels.

The Group's ORSA process is harmonised in terms of time and content with those of the Company and subsidiaries, whereby the materiality principle is applied in the ORSA process implementation at the subsidiaries. This means that the ORSA overall result must include the findings and results of the ORSA of subsidiaries, whereby these are considered subject to their respective risk profile, the materiality criterion and the proportionality principle at the Group level.

The adequacy of own assets is taken into account in the ORSA process subject to the assessment of availability, transferability and replaceability of own assets and eventual needs for additional capital. In doing so, we take into account the information on the planned transfers of own assets within the Group that can importantly affect any entity in the Group, the effect of the harmonisation of strategies of Group companies with the Group's strategy, and all material risks to which the Group is exposed.

The ORSA process is performed in tandem with the strategic planning of the Company's and the Group's operations as the calculation of planned capital adequacy is prepared in a coordinated manner, based on a financial plan and taking into account all relevant considerations from the business plan. The ORSA process begins with strategic goals and defining the basic assumptions for the preparation of a strategic business plan. Based on current risks, scenario-based stress tests are prepared and confirmed for the Company and the Group as a whole. Testing of the suitability of the standard formula is carried out on a regular basis throughout the year, while detailed analyses are made as part of the ORSA process, which are reasonably used in the context of testing future solvency needs. When examining and testing future solvency needs, the necessary measures to maintain optimal capital adequacy are considered. If it is demonstrated in the ORSA process that the realisation of a certain stress scenario would bring about capital inadequacy at any subsidiary of the Group, that company must outline potential measures to increase capital adequacy above the minimum value. When the process has been completed, we properly document it and prepare a final report. The results are also reported to all internal and external stakeholders (ISA). This ensures the transfer and incorporation of the ORSA process into the Group's operations. The Company additionally provides adequate information to the Supervisory Board about the course and important findings of the Group level ORSA process.

The ORSA process is implemented regularly at the Company and at the Group level, i.e. at least once a year. In extraordinary situations, the ORSA process is implemented upon any change in the business strategy or upon any major change either in the current risk profile or in case of the identification of potential future events or scenarios on the markets where the Group operates that could have a material impact on the achievement of strategic goals or capital adequacy.

In 2022, the regular ORSA process was carried out both at the Company and at all subsidiaries of the Group. The implementation of the regular ORSA process included all identified material risks of the Group members up to the calculation date were taken into account as were all potential risks that could affect their future operations. The regular ORSA process confirmed that the Group remains strong in terms of liquidity and solvency, that its capital position is adequate and that it can continue to face future risks and challenges successfully in the entire geographical area of operations.

B.4 Internal control system

The internal control at the Group is ensured through prudent management and the setup of business processes through the observation of all obligations and resulting risks, through the assurance of a risk management system, internal and external reporting, assurance of compliance with the regulations, the regulator's requirements and other undertaken commitments as well as the adopted Code of Conduct of the Triglav Group . It comprises a clear organisational structure with a clear division of powers and responsibilities, effective policies and procedures as well as the monitoring, improvement and documentation of business processes. The internal control environment is reasonably transposed from the Company to the Group's subsidiaries taking into account the organisational special features of the individual companies and the regulatory framework in which they operate.

B.4.1 Compliance function

The compliance function is set up at all (re)insurance and financial companies of the Group as an autonomous function that is independent from the other business functions as well as one of the key functions in the system of governance of the individual companies of the Group. Furthermore, it is part of the second line of defence in the three-level internal control system. It supervises and monitors the compliance of the Company's operations with regulations and other commitments, and in this context assesses the compliance risks, educates, and assesses the potential impacts of changes in the legal environment and the associated circumstances on business operations. The development and functioning of Group Compliance are primarily ensured by the compliance function of the Company which operates within the framework of the headquarters department and is directly subordinated to the Management Board. It informs the Management Board and the Supervisory Board or its Audit Committee on compliance with regulations and other commitments. The compliance function operates in individual areas (e.g. personal data protection, prevention of conflicts of interest and corruption, management of internal fraud and violations of the Group Code), assesses compliance risks, conducts targeted inspections, monitors compliance indicators, manages the work of the Compliance and Sustainable Development Committee, carries out consulting activities, issues opinions on compliance, prepares educational content and provides for the development of the Group's compliance system and ethical culture. In order to monitor and ensure the compliance of the Group's subsidiaries, coordinators have been appointed in the companies who report to the Company and ensure the transfer of minimum standards for the compliance of operations to the local environment.

The compliance function has in place a system of regular and extraordinary reporting on the compliance of operations or compliance risk at subsidiaries to the Group's parent company as well as an agreed delimitation of powers and authorisations for the assurance of operational compliance between the Group's parent company and subsidiaries. The Company's compliance function holder is incorporated into the organisational structure in a way, which allows for their monitoring of and impartial reporting on the implementation of the risk and compliance management system at the Group level, ensure the development of standards governing compliance, corporate ethics and the respect for human rights.

The compliance function at other Group companies is organised subject to the size or organisation structure and the corporate governance system of the individual company. At some companies, the function is organised as an independent department directly answerable to the company's management board, while it is performed elsewhere by an individual person authorised by the leadership. Notwithstanding the organisational placement, the holder of the compliance function is consistently afforded independence and autonomy from the other business functions at the company.

B.5 Internal audit function

The Group-level internal audit function is established at the Company and in insurance and other financial companies of the Group.

The internal audit function executes risk assessment-based control over the operations of Group companies by systematically and methodically reviewing and assessing the adequacy and effectiveness of the governance of companies and the Group, risk management and controls procedures as well as by making recommendations for their improvement. Apart from that, the internal audit function provides advice, cooperates with external auditors and other supervisory bodies, and monitors the realisation of internal and external auditors' recommendations.

The function is performed at individual companies by an organisational unit of the respective company or a person employed at the company or outside it (external internal audit services provider) who is functionally or organisationally separated from other parts of the company. The internal audit function of an individual company performs its tasks in compliance with the legal regulations and the professional and ethical rules of internal auditing that apply to each company. The internal audit function is independent in determining the areas, objectives and scope of internal audits, performance of tasks and reporting on internal auditing. It has unrestricted access to all persons at the company (including the members of the company's management and supervisory bodies), documents, data, records and other assets required for the successful and effective performance of its tasks. The internal audit function reports on its work directly to the management board of the company. The organisational placement, role, powers and responsibilities as well as other rules on the functioning of the internal audit function, including its reporting obligations and reporting lines, are suitably defined in the internal acts of individual companies.

In their work, internal auditors must be impartial and must avoid any conflict of interest. In line with the above, the internal auditors do not perform any other key functions and development and operational tasks that could cause a conflict of interest and impair their objectivity, nor do they decide on activities in the areas that are subject to internal auditing. Internal auditors are required to inform the internal audit function holder who in turn informs the Company's management and supervisory bodies of any circumstances that could cause a conflict of interest, thereby affecting their impartiality when performing the internal audit tasks. The function holder is obliged to inform the management and supervisory bodies of the Company of potential limitation of the divisions and funds required for the execution of the risk-based internal audit plan.

The internal audit function of the Company is in charge of the implementation of the internal audit function at the Group level. The department performs continuous and comprehensive control of the operations of the Company, whilst paying due attention to the areas and risks that are material at the Group level. Apart from that, it is responsible for developing and maintaining an adequate level of internal audit quality at the Group which is why it prepares minimum standards and detailed methodological guidelines for the operation of the internal audit function at the Group, which are designed in accordance with the International Standards for the Professional Practice of Internal Auditing, ethical rules and the good practices in internal auditing. It advises subsidiaries on the implementation of these standards and guidelines, monitors their implementation and, as appropriate, performs internal audits at subsidiaries. The internal audit function of an individual subsidiary is required to submit the adopted work plans and periodic internal audit reports to the Company's Internal Audit Department as well as inform it of all matters that could have a significant impact on the compliance, effectiveness and

efficiency of the function. The internal audit function holder at the Company regularly communicates with the internal audit function holders at subsidiaries, participates in the drafting of the annual plans of the function and monitors the operation of this function at subsidiaries and, as appropriate, provides additional guidance and assistance.

The Company's internal audit function reports to the Management Board, the Audit Committee and the Supervisory Board of the Company on the work of the internal audit function at the Group level as well as the key findings of performed internal audits.

B.6 Actuarial function

The actuarial function for the Group's (re)insurance companies is implemented in each individual company within the scope of organisational units responsible for actuarial matters. Each (re)insurance and pension company in the Group has a designated actuarial function holder. They are in charge of ensuring suitable calculations in accordance with the prescribed methodology and deadlines.

The actuarial function is organised at the levels of the Company and the Group and is separate for non-life and life insurance. The actuarial functions at the Group level and the level of an individual (re)insurance company operate autonomously and independently of the other business functions and have full, free and unlimited access to all information, data, activities and personnel of individual companies that they require to perform their tasks.

The key tasks of both actuarial functions at the Group level include monitoring the adequacy of technical provisions at the Group level, monitoring the adequacy of the general policy of insurance risk assumption and verifying the adequacy of reinsurance at the Group level. In addition, the actuarial functions are also responsible for setting minimum standards for the preparation of rules, policies and processes in the field of actuarial. They ensure their transfer to subsidiaries, transfer relevant knowledge and good practices, and provide professional assistance in the implementation of agreed minimum standards and provide assistance in product development and upgrades as appropriate. Actuarial functions at the Group level also provide for the development, use and monitoring of the adequacy of models for calculating capital requirements and the implementation of the ORSA process. They also participate in and coordinate the activities of the actuarial function in the implementation of the risk management system at subsidiaries.

The actuarial function holders at the Company level who are authorised by the Company's Management Board and Supervisory Board also perform the tasks of the actuarial function holder at the Group level. They oversee the minimum standards required for the performance of actuarial function tasks at the Group level and are responsible for the performance of actuarial function tasks at the Group level. This is enabled by the way they are incorporated into the organisational structure. They are namely positioned in the organisational structure in a way, which allows them to supervise and objectively and independently report on the implementation of actuarial tasks. They participate in the RMC, ALCO and UWC committees, which they regularly brief on important findings, and they carry out the tasks assigned to them by these committees. If necessary, they also work with other committees that are part of the Company's risk management system. The actuarial function holders report regularly to the

Management Board and the Supervisory Board of the Company on the major findings in relation to the reliability and relevance of the methods, models and assumptions used in the calculation of consolidated technical provisions, the underwriting risk assumption policy at the Group level, and the adequacy of reinsurance at the Group level.

B.7 Outsourcing

The management of outsourced operations at the Group level is arranged in accordance with the legislation that is binding on the Company as well as the local legislation that is binding on individual Group companies. The said management encompasses both the operations that are outsourced to third parties and those that are outsourced within the Group. All providers of outsourced operations are thus bound to perform the same level of supervision and are obliged to comply with the defined standards applying to the company that is outsourcing the operation. Based on the internal outsourcing policy, outsourced operations are broken down into two categories, i.e. outsourced and partially outsourced operations where the level of risk or exposure to an external provider is lower than in the case of outsourced operations.

Special attention with respect to outsourcing is paid to the risks arising from an outsourced operation or the outsourced operation provider as well as the risks arising from services outsourced to the cloud. These risks are considered both in making a decision to outsource an operation and in the selection of a provider, thereby ensuring that – despite a certain service being outsourced – the same level of service is provided to the policyholders as well as the same level of stability of operations as if the services were provided using own resources of Group companies.

Outsourced services are regularly monitored and managed by the respective responsible persons who are responsible for the functioning of the outsourced portion of the business process. Supervision is also performed by assessing the ability of the provider and the risks arising from an outsourced process. The person responsible for the outsourced service is obliged to notify the relevant risk management body at the company about the implementation of the operation and the assessed risks, whereby the risk management body then decides on the proposal of measures for the management of the risk in question.

The Company keeps an up-to-date record of all operations or concluded agreements by way of which the individual Group companies transfer the performance of a particular business process or service, which is considered a key function or important operational function at the company, to another provider (external provider or another Group company). Within the Group, the outsourcing of operations among the members is performed on the basis of mutual outsourced service-level agreements. Both the needs of the individual company outsourcing an operation and the needs of the company providing the operation are taken into account so as not to jeopardize the operations of any individual company or the Group as a whole. Group companies thus outsource several materially important operations to one another, i.e. operations that relate mainly to the management of own assets or assets covering technical provisions of the individual Group companies, performance of the major portion of the process for the sale of insurance and maintenance of IT systems for the support of key processes in an individual company and cloud services. Two Group companies also outsource the performance of key functions, i.e. the internal audit function, the actuarial function and the risk management

function. Outsourced and partially outsourced operations that are performed for Group companies by external provider relate mainly to the maintenance of key IT systems, performance of insurance contracts, asset management and the distribution of insurance via contractual points of sale.

B.8 Any other information

SYSTEM OF GOVERNANCE ADEQUACY ASSESSMENT

The Company has set up an adequate system of governance of the Group, which is proportionate to both the nature and the scope of the Group's operations as well as the complexity of the risks arising in the course of its operations. The above is confirmed by the results of regular internal audits of this system, which are performed annually by the competent departments of the Company.

OTHER RELEVANT INFORMATION

All other information relating to the system of governance was disclosed by the Group in sections B.1 through B.7.



C. Risk profile

- C.1 Underwriting risk
 - C.2 Market risk
 - C.3 Credit risk
 - C.4 Liquidity risk
 - C.5 Operational risk
 - C.6 Other material risk
 - C.7 Any other information
-

C. Risk profile

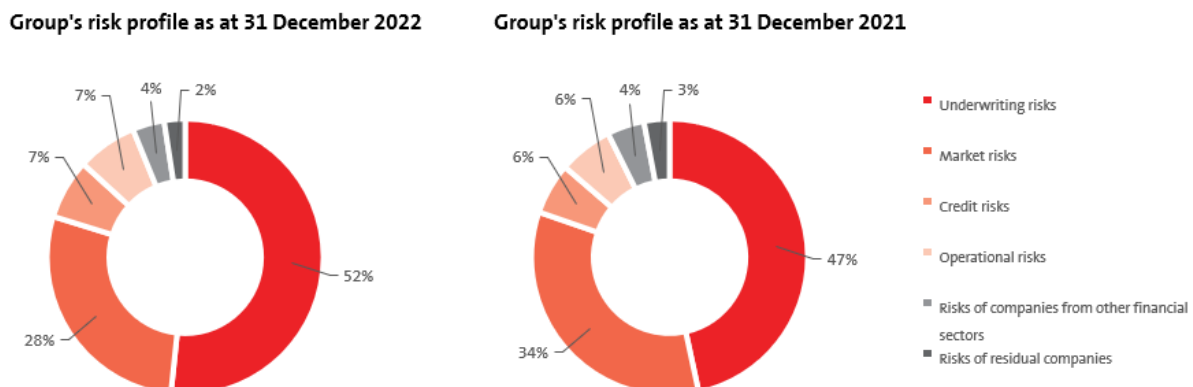
As part of their operations, the Group's insurance undertakings are exposed to underwriting, market, credit, liquidity, operational and other risks. The Company and its subsidiaries jointly monitor and manage risk at the Group level in accordance with the processes described in section B of this Report.

In order to ensure adequate familiarity with the risk, each risk category has processes in place and definitions of exposure as well as the measures of risk that are used to assess the level of risk which enables the comparison of different risks. Appropriate exposure limits that prevent excessive risk underwriting and ensure adequate portfolio diversification are also defined as appropriate. The Company monitors and balances the risk profile at the Group level by having a defined risk appetite which outlines the limits on individual risks at the Group according to which capacity is allocated to individual Group members. The Company monitors the utilisation of exposure to individual risks by individual company and as a whole at the Group level and accordingly allocates capacity as appropriate among Group members subject to the circumstances. An important element of risk management is also the risk mitigation techniques that represent an important tool for the reduction of the concentration of individual risk types.

The Group measures risk using the standard formula defined in Commission Delegated Regulation EU (hereinafter: Delegated Regulation), which measures risk as the value-at-risk of the Company's eligible own funds with the confidence level of 99.5% over a period of one year.

As at the end of 2022, the overall risk estimate of the Group, which does not take into account mutual risk effects (i.e. diversification), amounted to EUR 630.1 million for underwriting, market, credit and operational risks. The diversification of risks between the modules lowers the overall value of the mentioned risks by EUR 203.6 million. Taking into account the SCR of the subsidiaries from other financial sectors and other non-financial companies, the undiversified overall risk estimate of the Group's portfolio is EUR 671.6 million.

Chart 3: Group's risk profile as at 31 December 2022 and 31 December 2021



The Group has formed two ring-fenced funds, i.e. PDPZ and PDPZ renta, for which risks are calculated separately for each risk category under the standard formula. The above chart applies the simplification at risk module level method and also takes into account the risks of the ring-fenced funds that contribute EUR 30.3 million to the overall solvency capital requirement of the Group. The method is presented in more detail in section E.1 of this Report.

C.1 Underwriting risk

Underwriting risk is the risk of loss or of an adverse change in the value of underwriting liabilities due to inadequate pricing of premiums and provisioning assumptions taken into account in the calculation of technical provisions. The insurance undertakings of the Group assume underwriting risks when concluding insurance transactions.

The main objective of underwriting risk management is to achieve and maintain such quality of the portfolio that provides for stable and safe operations. Every type of insurance has its own specific underwriting risks, which the Group members suitably identify and manage. In order to achieve the main objective, the Group has put in place procedures for monitoring and the taking of measures that ensure an appropriate level of underwriting risk exposure at the Group level.

As at 31 December 2022, underwriting risk represents 52% of the overall risk estimate of the Group's portfolio, excluding diversification, which is 3 pp less than the year before.

Using the standard formula for underwriting risks, the Group identifies the following in respect of its portfolio:

- non-life underwriting risk;
- health underwriting risk;
- life underwriting risk.

C.1.1 Non-life and health insurance

Under non-life and health insurance, individual insurance and reinsurance undertakings of the Group underwrite premium and reserve risks, lapse risks and catastrophe risks.

As at 31 December 2022, the Group's risk estimate under non-life and health insurance represents 41% of the Group's overall risk estimate, excluding diversification.

Table 11: Group's risk estimate for underwriting risks under non-life insurance for 2022 and 2021

	In EUR thousand	
	2022	2021
Premium and reserve risks	183,461	167,033
Lapse risk	44,114	44,887
Catastrophe risk	56,138	54,723
Diversification	-74,178	-73,046
Non-life underwriting risk	209,536	193,597

Table 12: Group's risk estimate for underwriting risks under health insurance for 2022 and 2021

	In EUR thousand	
	2022	2021
Health insurance risk valued as life insurance risk	5	8
Premium and reserve risks	64,242	57,395
Lapse risk	11,347	9,464
Catastrophe risk	5,799	5,170
Diversification	-14,468	-12,361
Health underwriting risk	66,924	59,677

The estimate for underwriting risk under non-life insurance increased in 2022 mainly as the result of growth in the volume measure for premium and reserve risks. The growth of the volume measure of the premium is the result of portfolio growth, mainly in fire insurance, motor vehicle insurance as well as non-proportional non-life insurance. The growth of the volume measure of provisions is the result of the increase in reported claims and portfolio growth. The lapse risk estimate decreased slightly. The non-life catastrophe risk estimate increased compared to the year before as a result of the combination of an increase in the risk of natural disasters and the drop in the risk under non-proportional non-life reinsurance risk as well as the risk of catastrophic events caused by human action.

Coupled with the growth of the portfolio, the underwriting risk estimate for health insurance increased slightly compared to the year before mainly as the result of the increase in the premium and reserve risks. The catastrophe risk estimate under health insurance remains on a level similar to the one from the year before.

RISK EXPOSURE

Underwriting risk under non-life and health insurance at the Group level can result from the written premium being too low considering the underwritten risks, too high realised claims considering the provisions set aside, the number of withdrawals from concluded profitable agreements being higher than expected and from larger or more numerous (catastrophe) events.

The Group is most exposed to premium risk in the medical expense insurance segment (LoB 1) which includes mainly supplementary health insurance products. The Group is materially exposed to premium risk in the fire insurance and other damage to property insurance (LoB 7) segment and the motor vehicle liability insurance segment (LoB 4) segment. The exposure of the volume measure for premium risk ranges in accordance with the net earned premium that increased at the Group by EUR 51 million compared to the previous period. Details on the net earned premium of the Group as at 31 December 2022 are shown in template S.05.01 in the Annex to this Report.

Table 13: Group's premium risk exposure measured as the annual volume of net earned premium under non-life and health insurance for 2022 and 2021

	In EUR thousand	
	2022	2021
Net earned premium	958,143	907,083
-- Medical expense insurance (LoB 1)	213,452	206,242
-- Fire and other damage to property insurance (LoB 7)	212,612	197,967
-- Motor vehicle liability insurance (LoB 4)	163,097	161,314
-- Other motor vehicle insurance (LoB 5)	151,000	145,062
-- Other non-life and health insurance segments	217,983	196,498

The Group is most exposed to reserve risk in the motor vehicle liability insurance segment (LoB 4). The Group's exposure is measured using the volume measure for reserve risk that is calculated based on the amount of claims provisions taking into account the reinsurance or based on net claims provisions. At the Group level, exposure is determined as the sum of the volume measure for reserve risk of all insurance undertakings of the Group; it increased by EUR 24.0 million compared to the previous period.

Table 14: Exposure of the volume measure for reserve risk at the Group level for underwriting risks under non-life and health insurance for 2022 and 2021

	In EUR thousand	
	2022	2021
Net claim provisions	377,199	353,235
- Motor vehicle liability insurance (LoB 4)	125,625	123,925
- General liability insurance (LoB 8)	80,883	72,110
- Fire and other damage to property insurance (LoB 7)	42,394	40,547
- Income protection insurance (LoB 2)	33,615	34,470
- Other non-life and health insurance segments	94,683	82,183

Catastrophic events according to the standard formula are divided at the Group level into natural disasters and catastrophes caused by human actions, catastrophes under non-proportional reinsurance and other catastrophes. The overall capital requirement under this item mostly arises from credit and surety insurance as well as non-life claim insurance that may result from the flood and hail peril.

CONCENTRATION RISK

The concentration of underwriting risks is managed by individual (re)insurance undertakings of the Group by using a suitable form of reinsurance that is based on the tables of maximum own shares of individual companies. These may not exceed the maximum own shares set at the Group level. When managing concentration risk, individual (re)insurance companies strive to set up functioning procedures for the mitigation of the probability of the occurrence of loss and mitigation of loss as a result of underwriting risk concentration.

The concentration of the gross insurance and co-insurance premium written at the Group level is represented by the insurance segments of fire and other property insurance, medical expense insurance, mandatory third-party liability insurance and other motor vehicle insurance.

The most non-life and health underwriting risks at the Group level are underwritten in the territory of Slovenia which is the Group's operations are most exposed to the economic situation in Slovenia.

The biggest concentration of the Group in the natural disaster segment is under the flood peril in Ljubljana and its surroundings, followed by the earthquake exposure in Ljubljana and its surroundings and the exposure to earthquake in Croatia.

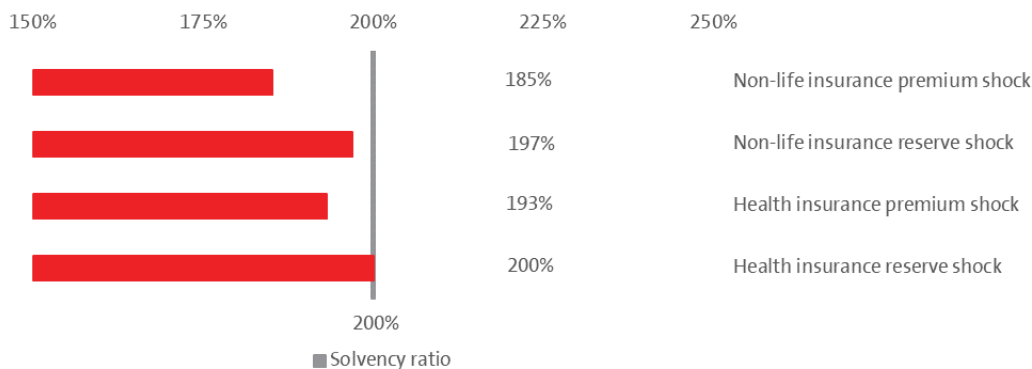
RISK MITIGATION TECHNIQUES

The Group's insurance undertakings mitigate risk mainly by using various forms of reinsurance protection. Reinsurance protection for certain insured peril types at the Group level is also arranged through the reinsurance undertaking within the Group provided this is allowed by local legislation. In larger insurance transactions, risks are underwritten based on consideration on a case by case basis, whereby individual Group members transfer a part of the risk to reinsurance partners outside the Group by purchasing facultative reinsurance protection. In doing so, they take into account both the maximum own shares and the PML which must be in line with the risk appetite. The risk of the remainder of the portfolio is transferred to reinsurance by purchasing various forms of proportional and non-proportional reinsurance. Risk mitigation at the Group level is managed by transferring risks to reinsurance companies with a good credit rating. The Group regularly monitors the effectiveness of the risk mitigation techniques and verifies compliance of the amount of the transferred/ceded risks with the risk appetite no less than once a year.

SENSITIVITY

The Company performs sensitivity tests regularly in order to ensure risks are managed suitably at the Group level as well. The graph shows the effects of the premium shock on the solvency ratio, taking into account the effects on both own funds and required solvency capital. Premium shock for both the non-life and health insurance portfolios covers a 10% decrease in the volume measure for premium risk. Similarly, reserve shock covers a 10% increase in the volume measure for reserve risk, i.e. for both the non-life and health insurance portfolios.

Chart 4: Group's capital adequacy sensitivity test as at 31 December 2022



C.1.2 Life insurance

Under life insurance, the Group underwrites the risks of mortality, longevity, disability and morbidity, expenses, lapse, revision of conditions and catastrophes under life insurance.

Exposure to individual life insurance underwriting risks is measured based on the best estimate of provisions under the policies, which are affected by this risk.

At the Group level, risks are measured according to three separate life insurance portfolios – portfolio of voluntary supplementary pension insurance (VSPI) in the saving phase, portfolio of VSPI pensions during the payment phase, and the remainder of the Group's life insurance portfolio comprising the life insurance portfolios of the Group's insurance undertakings. Risks of these portfolios are valued without any diversification effects between the remainder of the portfolio and the two aforementioned portfolios.

As at 31 December 2022, the risk estimate under life insurance represents 11% of the Group's overall risk estimate, excluding diversification.

Table 15: Group's risk estimate for underwriting risks under life insurance for 2022 and 2021

	In EUR thousand	
	2022	2021
Mortality risk	9,503	9,422
Longevity risk	9,401	14,876
Disability and morbidity risk	227	340
Lapse risk	32,034	28,306
Expense risk under life insurance	18,688	22,958
Revision risk	1,151	1,548
Catastrophe risk under life insurance	6,763	6,037
Diversification	-7,184	-17,880
Life insurance underwriting risks	70,584	65,608

The risk estimate for 2022 increased by EUR 5 million compared to the year before. The change was mainly the result of the increase in lapse risk which resulted from the increased scope of the transaction and the higher expected profitability of the savings segments of the portfolio arising from the rise in the risk-free interest rate curve. In addition to the change in assumptions, the latter contributed to the decrease in other risks.

As at 31 December 2022, the risk estimate for risks under life insurance contracts of both ring-fenced funds came in at EUR 18.4 million.

RISK EXPOSURE

Risk exposure is presented below as the difference between the net best estimate of risk-sensitive life insurance liabilities and assets. The exposure includes the net liability from non-life insurance claims, which are paid out as annuities.

Table 16: Group's exposure to underwriting risks under life insurance (best estimate) for 2022 and 2021

	In EUR thousand	
	2022	2021
Mortality risk	1,118,425	1,384,207
Longevity risk	1,160,769	1,437,503
Disability and morbidity risk	16,181	19,154
Lapse risk	1,021,948	1,261,042
Expense risk under life insurance	1,164,871	1,445,669
Revision risk	42,343	57,004
Catastrophe risk under life insurance	1,028,169	1,267,943

The Group's exposure to life insurance underwriting risks decreased in 2022, mainly as a result of the decrease in technical provisions which is the result of the rise in the risk-free interest rate curve.

The Group is exposed to **MORTALITY RISK** under policies that cover the peril of death and where the coverage at the moment of the policyholder's death is higher than the provisions for this purpose. Life insurance policies for the event of death and life insurance policies of borrowers have the highest exposure because the sums insured in the event of death are high and technical provisions arising from these types of coverage are relatively low. For similar reasons, life insurance policies with a savings component have a high exposure as well.

LONGEVITY RISK at the Group level is represented by the exposure to annuity and pension insurance policies. The amount of the basic annuity for these policies is set in advance and is fixed, i.e. based on the paid in funds and assumptions which mainly relate to the duration remainder of the beneficiaries' life. If the overall life expectancy of the insured population increases significantly, the probability of death is decreased, which increases the liabilities arising from the exposed policies.

Policies that cover critical and serious diseases and disability, which are concluded by the Group's insurance undertakings, are exposed to **DISABILITY AND MORBIDITY RISK**. The problem of the exposure of these policies to the risk in question is similar to the abovementioned exposure of policies that cover the peril of death, i.e. mortality risk.

All policies, which feature contractual provisions allowing the policyholder to change the policy, are exposed to **LAPSE RISK**. The said changes include: surrender the policy, change the coverage or premium amounts, decide what proportion of saved assets they will use to purchase the annuity, etc. It is in the Company's interest for the concluded policies to remain in the portfolio under the agreed conditions until the expiry or the eventual realisation of the risk covered by the respective policy, while early terminations (lapses) generally (save for exceptional cases) represent a detrimental operational event for the Group.

The Group is exposed to **EXPENSE RISK** in all life insurance policies and in case of non-life insurance claims, which are paid out as annuities. This risk represents the risk of an eventual increase in all types of actual expenses irrespective of the type of policy, which has a negative effect on the return of the Group's life insurance portfolio.

Non-life and health insurance claims paid out in the form of annuities are exposed to **REVISION RISK**. The periodic annuity payment may increase (most often due to the deterioration of the medical condition of the annuity beneficiary) which in turn increases the nominal amount of the Group's liability.

All policies that cover the mortality risk are exposed to **CATASTROPHE RISK UNDER LIFE INSURANCE**. This risk is very similar to the abovementioned mortality risk, with the difference being that this risk involves a one year increase in mortality and not a permanent systemic increase in mortality.

CONCENTRATION RISK

The Group is increasing the volume of life insurance, including pension insurance outside of Slovenia, but the Group's greatest exposure to these insurances is nevertheless still in Slovenia. The extensive and diversified scope of underwritten risks is beneficial to the matching of the risks.

A broad range of life insurance products ensures the simultaneous servicing of the majority of the customers' needs and diversification between various risk types that are covered by the products. The mentioned broad range of products services the needs of customers that fall into various categories subject to age and other risk factors.

The concentration of risks is managed by the Group also by using reinsurance protection: reinsurance of the excess risk eliminates exposure to individual high-level risks.

RISK MITIGATION TECHNIQUES

The most important part of risk management for life insurance products is performed in the risk underwriting phase, which is done through ongoing regular portfolio monitoring and appropriate assurance of the matching of assets and insurance liabilities. The process for acceptance into insurance involves a medical questionnaire, financial reasoning, review of existing medical documentation and medical tests. The scope and depth of the process depend on the sum insured. Low sums insured and waiting periods are prescribed for protection against pre-contractual opportunism (adverse selection) for insurance products without an underwriting process.

The second part of risk management is performed in the claim adjustment phase where the medical documentation from the claim report is cross-referenced with the data from the concluded policy.

Risk monitoring is performed regularly using the analysis of portfolio mortality, morbidity and market practices. The result of these analyses is a the best estimate of the assumptions for all underwriting risks that are then used to calculate provisions, set new product prices and calculate capital adequacy.

Underwriting risk from the liabilities under non-life insurance claims, which are paid out as annuities, is managed using reinsurance protection.

SENSITIVITY

The Group performs sensitivity tests regularly in order to ensure risks are managed suitably.

Chart 5: Group's capital adequacy sensitivity test as at 31 December 2022



The chart above presents the Group's capital adequacy in the event of occurrence of an individual shock defined according to the standard formula.

C.2 Market risk

The Group invests the collected premiums and own assets of Group members. The investment portfolio of Group members contains a broad range of various financial instruments, the value of which depends on the situation on financial markets. Market risk is the risk of loss or adverse changes in the financial standing of the Group resulting from fluctuations in the level and volatility of the market prices of assets and liabilities.

Table 17: Group's risk estimate for market risks for 2022 and 2021

	In EUR thousand	
	2022	2021
Interest rate risk	21,214	7,685
Equity risk	36,732	70,118
Property risk	52,145	53,692
Spread risk	70,454	87,183
Currency risk	46,065	14,935
Market concentration risk	50,175	43,859
Diversification	-88,048	-46,973
Market risk	188,737	230,498

As at 31 December 2022, market risk represents 28% of the Group's overall risk estimate, excluding diversification.

The risk estimate is calculated at the Group level whereby the risk estimate for the two ring-fenced funds is added without diversification to the risk estimate for the remainder of the portfolio. As at 31 December 2022, the risk estimate for the market risks of both ring-fenced funds came in at EUR 18.2 million.

Market risk decreased by EUR 41.8 million compared to the previous reporting period. Significant changes in the financial markets, especially in terms of interest rates and credit spreads, as well as adjustments due to the upcoming IFRS 9 accounting standard required some changes in the composition of the investment portfolio, which were reflected in the changed contributions of individual types of market risks to the overall risk estimate. The Group continued to pursue optimal matching of assets and liabilities. Maintaining a high-quality portfolio of debt investments while reducing the duration of the investments was reflected in a reduction in spread risk by almost EUR 17 million. Interest rate risk remains low. Compared to the year before, it increased by EUR 13.5 million, which is largely the result of the method of calculation of the capital requirement for interest rate risk according to the standard formula. This calculation is heavily influenced by the levels of risk-free interest rates, which increased in 2022. The Group is sensitive to the growth of risk-free interest rates. This is strongly related to the significant increase in the impact of diversification between risk sub-modules, which is EUR 41.1 million higher this year than it was the year before. The reduction in equity exposure in the second half of the year resulted in a significant reduction in the risk of equity securities. Real estate market risk is at last year's levels. The increase in currency risk is due to the increase in the portfolios of Group members whose base currency is not the euro and the increase in non-euro investments, to which the Group is exposed through collective investment undertakings, and above all the excess exposure to the Croatian kuna, which is still considered an open currency position despite the fact that the Republic of Croatia will have the euro as its official currency as of 1 January 2023. The increase in market concentration risk is due to the additional investments in subsidiaries and the positive revaluation of companies that exceed the threshold at the level of the group of related parties.

RISK EXPOSURE

The Group is exposed to market risks mainly under investment portfolios that cover insurance liabilities or own funds of Group companies. The Group may be exposed to market risk through direct investments in financial instruments or via investments in collective investment undertakings. The main exposure to market risk comes from the Company's portfolios. In view of the structure of investments, the Group is most exposed to spread risk. The table below shows market risk exposure, however, only the exposure on the assets side.

Table 18: Group's assets exposed to market risk as at 31 December 2022 and 31 December 2021

	In EUR thousand	
	2022	2021
Property, plant and equipment held for own use	129,627	126,508
Real estate (except real estate held for own use)	84,296	93,773
Holdings in related undertakings, including participations	134,884	105,214
Equities	23,012	74,009
Bonds	1,756,103	2,091,892
- Government bonds	1,111,967	1,411,494
- Corporate bonds	643,165	679,381
- Structured notes	971	1,017
Collective investment undertakings	133,528	122,306

Derivatives	0	20
Deposits other than cash and cash equivalents	70,485	65,236
Other investments	2,863	2,650
Assets held for index-linked or unit-linked contracts	706,867	778,964
Loans and mortgages	5,720	5,548
Deposits to cedants	14,045	13,340
Assets exposed to market risk	3,061,429	3,479,459

Table 19: Group's liabilities exposed to market risk as at 31 December 2022 and 31 December 2021

	In EUR thousand	
	2022	2021
Exposure to interest rate risk	1,919,985	2,150,891
Exposure to equity risk	412,944	463,489
Exposure to property risk	10,414	10,953
Exposure to spread risk	412,944	463,489
Exposure to currency risk	544,423	573,359

INTEREST RATE RISK depends mainly on the matching of assets and liabilities. All assets and liabilities, the value of which depends on the change in the risk-free market interest rate (e.g. bonds, loans, deposits, interest-sensitive derivatives, liabilities under insurance policies), are exposed to interest rate risk. At the Group level, interest rate risk is regulated by managing assets in relation to liabilities at the level of individual companies or portfolio. In response of the trend of rising interest rates, the duration of the investment portfolio was reduced by nearly year and a half, most notably at the Company, with the largest contribution to the portfolio duration shortening being recorded in the government bond segment. The spread in the duration of the Group's assets and liabilities did not change significantly compared to the end of 2021, namely it increased from -1.0 to -1.2 years. The capital requirement for interest rate risk has increased compared to the previous year and the reason is primarily that a significantly higher shift in the interest curve was considered in its calculation on 31 December 2022, which was influenced by the increase in market risk-free interest rates. Investments, the value of which is sensitive to a change in the level or volatility of stock markets, are exposed to **EQUITY RISK**. These are mainly stocks, undertakings for collective investment into shares and derivatives associated with stock markets. The Group holds equity investments in order to generate higher long-term returns and for diversification purposes. The equity risk estimate decreased compared the year before. The decrease is primarily the result of a reduction in exposure to equity markets due to the sale of investment positions and to some extent also the result of a negative revaluation of the portfolio. The increase in equity exposure is only observed in the segment of associated companies, which do not affect the equity risk estimate. The risk estimate for associated companies is added without the positive effects of diversification to the overall capital requirement of the Group. The reduction in the value of the symmetrical adjustment by almost 10 percentage points also contributes to reducing the equity risk. The Company has carried out the comprehensive approach at the Group level, i.e. approach for the review of the entire portfolio of collective investment undertakings.

PROPERTY RISK arises from investment properties, real estate held for own use, other property, plant and equipment and leased property held by the Group's companies for own use. The total value of the Group's immovable property remained practically unchanged compared to the year before which meant that the capital requirement for this type of market risk is also unchanged. The Group is also exposed to property risk through the investments of the alternative investment fund. A part of the property risk resulting from the rights to use leased properties is neutralised on the liabilities side.

SPREAD RISK is associated with an important source of returns generated by the Group through bond portfolio management. Only assets are exposed to spread risk because liabilities, with the exception of investments associated with index-linked or unit-linked contract, are valued according to the risk-free interest rate curve. These are mainly bonds, loans and deposits. The Group decreased its exposure to investments, which are exposed to spread risk, compared to the year before, i.e. by EUR 322.7 million, whereby exposure to government bonds decreased by EUR 254 million and exposure to corporate bonds decreased by approximately EUR 68.8 million, which is why we also include deposits here. These changes include changes in the exposure to spread risk through investments in collective investment undertakings of a debt nature. The average credit quality of the portfolio remained unchanged compared to the previous period, while the duration of the credit-sensitive portfolio decreased by approximately 1.5 years, most of which occurred in the government bond segment, i.e. by approximately 1.8 years. Significantly reduced exposure to debt investments and shorter duration of investments while maintaining credit quality are the main reasons that spread risk decreased by EUR 16.7 million compared to the previous year.

The Group's **CURRENCY RISK** arises from the mismatched asset and liability currency positions. The Group's liabilities are denominated in the currencies of the countries, in which the Group operates, i.e. mostly in euros. The Company pursues the policy of currency matching and invests the majority of its assets in accordance with the currency structure of liabilities. The currency risk estimate arises mainly from HRK, BAM, RSD, USD and MKD long positions, which comes mainly from the excess of assets over liabilities of the Group's subsidiaries that operate in environments where the local currency is not the euro. Surplus investments in the Croatian kuna are treated as an open currency position despite the fact that the Republic of Croatia will have the euro as its official currency as of 1 January 2023. Open positions in other currencies are mainly the result of non-euro investments through collective investment undertakings with a global and non-European geographic orientation. The Group's open position is controlled. The Group did not hedge excess exposure in the Croatian kuna with derivative financial instruments as it did in the past, which largely explains the increase in currency risk compared to the previous period.

CONCENTRATION RISK

The biggest share of the Group's assets is held in the form of debt securities that account for 57.4% of the investment portfolio. Government bonds account for 63.3% of the bond portion of the portfolio, while 54.3% of the corporate portion of the portfolio is represented by financial sector bonds. Compared to the year before, the relative exposure to the government sector in the bond portion of the portfolio decreased by somewhat over 4 pp, while exposure to the financial sector in the bond portion of the portfolio increased by 2 pp.

The Company continuously monitors (at the Group level, the issuer level or the related issuer group level) exposure and compliance with the system of limits on exposure to issuers. The basis for the limit system is the standard formula with threshold values for concentration risk subject to the credit rating.

Table 20: Company's exposure according to the NACE security issuers' sector

	2022	2021
Financial and insurance activities	45.2%	41.5%
Public administration and defence, compulsory social security	26.8%	34.2%
Manufacturing	6.7%	6.5%
Activities of extraterritorial organizations and bodies	6.6%	4.6%
Information and communication activities	1.7%	1.5%
Electricity, gas, steam and air conditioning supply	1.2%	1.3%
Other sectors	11.8%	10.4%
Total	100.0%	100.0%

Table 21: Group's exposure according to the security issuers' country

	2022	2021
Slovenia	31.6%	32.7%
Germany	10.0%	10.3%
Croatia	6.2%	5.5%
France	5.0%	5.3%
Luxembourg	4.1%	3.5%
USA	4.0%	3.7%
Spain	3.9%	4.3%
Italy	3.3%	3.5%
Other countries	32.0%	31.2%
Total	100.0%	100.0%

The biggest exposure to a single issuer is represented by the exposure to the European Union. Exposures where the threshold value for concentration risk according to the standard formula is exceeded are mainly the exposures to other Group members that are not fully consolidated. The strengthening of the capital of companies in this group (due to the specificity of the legislation, especially in the activity of pension fund asset management) explains the major part of the increase in concentration risk compared to the previous year. The Group considers the bonds, which are issued by the governments from the EEA and not denominated in the currency of the issuer country, to be ordinary corporate bonds for risk assessment calculation purposes.

RISK MITIGATION TECHNIQUES

The Company has put in place methods and processes with clearly defined powers and responsibilities regarding market risk management. The said methods and processes allow it to identify, measure, manage and monitor market risk on an ongoing basis. The system that is in place allows the Company to perform quality analyses and reporting on market risks as well as

to draft proposals and implement measures for the prevention of a sudden decrease in the excess of assets over its liabilities owing to changes on financial markets, including the real estate market. Such established good practices are suitably transposed via minimum standards in the area of risk management to the subsidiary insurance companies of the Group subject to the size and complexity of an individual company.

The Company and Group members have a limit system in place for market risk monitoring that defines the restrictions on the underwriting of risks at the highest level as well as the desired structure of the investment portfolio and the maximum acceptable exposure to counterparties, thus limiting the possibility of losses from underwritten risks to a level that is still acceptable considering the complexity of the business model, strategic goals and the capital strength of the Group. The basic principles for the setting of limits are derived from the identified risks that arise from the investment portfolio management and trading activity.

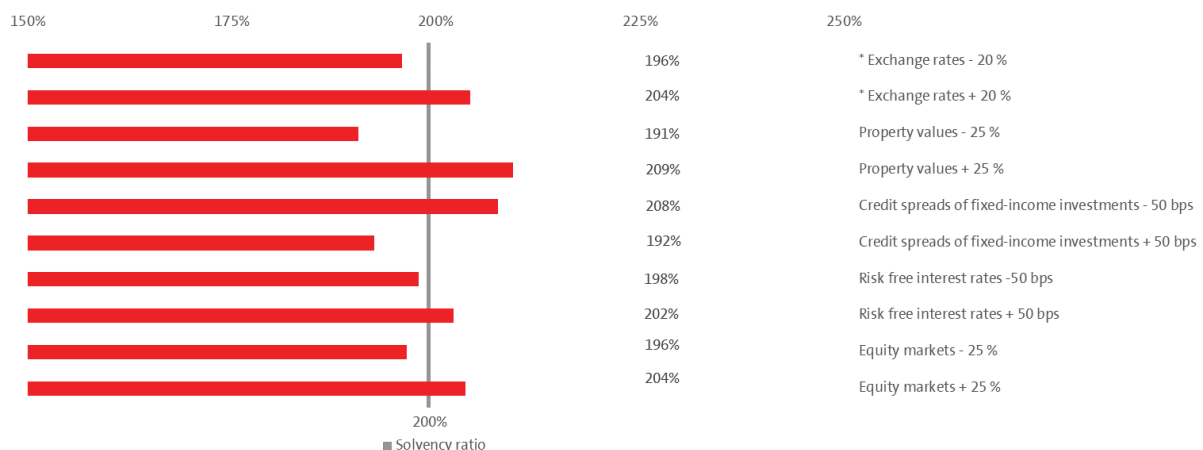
In order to mitigate market risk, the Group applies a technique of suitably diversified Group investment portfolios that mimics or neutralises the market characteristics of insurance liability portfolios in terms of maturity and currency exposure. In order to mitigate market risk, various types of derivatives are used as appropriate. Derivatives are only used when they contribute to market risk mitigation or enable additional flexibility in assets management and in the achievement of effects that would be relatively more difficult to achieve save for the said instruments. The use of such a range of instruments is assessed from the point of view of safety, economy and use of the capital.

SENSITIVITY

As part of the ORSA process in 2022, the Group tested stress scenarios where it verified the sensitivity to extreme changes in market parameters. The Group's stress scenario results show that the Group would remain adequately capitalised even after stress events.

The Group's solvency ratio sensitivity analysis as at 31 December 2022 shows how the solvency ratio would change under individual isolated market scenarios. Market scenarios are taken from the stress scenarios used in the calculation of the capital requirement for market risk according to the standard formula.

Chart 6: Group's capital adequacy sensitivity test as at 31 December 2022



* The exchange rate sensitivity test assumes that the Group's entire exposure to the Croatian kuna is in euros

C.3 Credit risk

Credit risks are defined as the risk of loss or adverse change in the financial standing of any Group member resulting from the fluctuation in the counterparties' and eventual debtors' ability to meet their financial or contractual obligations in part or in full as a result of fluctuation in their credit standing. The fluctuations in the debtors' credit standing cause changes to the Group's assets as they can cause a decrease in the value or write-off of receivables, ceded liabilities under reinsurance or can affect the risk assessment via the increase in potential exposure. The Group is exposed to credit risk in case of the increased concentration to individual counter-parties or groups of related parties that are connected by common risk factors such as credit ratings or the country.

As at 31 December 2022, credit risk represents 7% of the Group's overall risk estimate, excluding diversification.

The risk estimate is calculated at the Group level whereby the risk estimate for the two ring-fenced funds is added without diversification to the risk estimate for the remainder of the portfolio. As at 31 December 2022, the risk estimate for the credit risks of both ring-fenced funds came in at EUR 0.7 million.

Exposures to type 1 credit risk arise from counterparty exposures that will generally have a credit rating. Exposures to type 2 credit risk arise from counterparty exposures that will generally not have a credit rating.

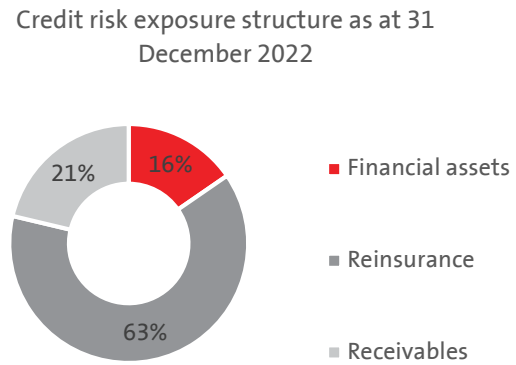
Table 22: Group's risk estimate for credit risks in 2022 and 2021

	In EUR thousand	
	2022	2021
Type 1	32,645	29,054
Type 2	16,618	13,441
Diversification	-2,154	-1,267
Credit risk	47,110	41,228

The risk estimate increased by EUR 5.9 million in 2022 mainly due to the increase in exposure to banks and reinsurance partners, which in turn increases the estimate of type 1 risks. The exposure from receivables also increased, which increases the estimate of type 2 risks. In the calculation for unrated European reinsurance partners (in accordance with the Delegated Regulation), their solvency ratio is taken into account, which reduces the risk factor of reinsurance partners and thus also the level of the risk estimate. Compared to the previous year, the quality of the Group's credit risk portfolio improved both from the point of view of better diversification of exposures and the improvement of the average credit rating of the credit portfolio.

RISK EXPOSURE

The Group's exposures to type 1 credit risks originate from reinsurance companies and include receivables for claims from accepted reinsurance and co-insurance, recoverable amounts from reinsurance and the effect of the agreement on reinsurance. Type 1 also includes exposure to banks from cash and cash equivalents. The exposures to type 2 credit risks at the Group level are represented by past due receivables from direct insurance operations, receivables for the premium under accepted reinsurance and co-insurance as well as and other past-due receivables. The Group also observes the market value of insurance subrogations of the Company in past-due receivables from insurance operations.



At the Group level, the exposure to reinsurers increased compared to the year before, whereby the biggest effect on the increase in exposure comes from major claims reinsured by the Company and the change in the credit rating structure of reinsurance partners. The group is also more exposed to banks than it was in 2021.

Over the course of 2022, no deterioration of the payment discipline of counterparties was observed at the Group level.

CONCENTRATION RISK

At the Group level, the Company manages exposure concentration risk by individual segments of the operations, counterparty and its credit rating or country. Concentration risk arising from credit risks is suitably balanced at the Group level through the adequate diversification of reinsurance partners subject to the exposure, the partner's controlling company and the credit rating.

Partner concentration arising from financial investments is also managed in a similar manner at the Group level.

The table below shows the Group's exposure by country.

Table 23: : Group's exposure to reinsurance and financial partners by country

	2022	2021
Germany	39.1%	21.6%
Luxembourg	16.6%	15.5%
Slovenia	5.4%	6.1%
Bosnia and Herzegovina	4.4%	4.4%
France	3.7%	0.2%
Other countries	30.8%	47.6%
Total	100.0%	100.0%

The exposure to credit risk is usually most affected by the change in reported insurance claims and potential claims under catastrophe insurance. In 2022, there was a slight restructuring of the Group's exposure by country, mainly due to a change in the partners under reinsurance agreements, which affects the calculation of the effect of a catastrophe reinsurance agreement.

RISK MITIGATION TECHNIQUES

At the Group level, the orientation in the area of credit risk underwriting is conservative and based on a predetermined risk appetite, assessment of underwritten risks, assurance of credit quality and diversification of the investment portfolio as well as the management of exposures arising from reinsurance, non-payment of premiums and recourse.

Credit risk management at the Group level takes place according to the process that is based on a well-defined risk appetite and limits, main credit risk indicators, limits, risk measurement methodology and effective information sharing by all participants, especially underwriters. This enables optimum decision-making and, indirectly, also suitable credit risk management.

Credit risk from the investment portfolio is balanced by depositing money, deposits and derivatives in banks with a suitable rating, whereby a professional analysis of the credit risk is performed for each bank and a sufficient rate of portfolio diversification is pursued. The Group has for this purpose put in place a limit system that observes both the internal and the external estimate for banks which is the basis for defining the maximum permitted exposures to an individual bank. The suitability of banks and banking groups is also monitored regularly based on different publicly available information on the market. A process has been set up at the level of each subsidiary for the monitoring and reporting of exposures to the Company based on which their exposure to banks and consequently at the Group level is determined.

When underwriting credit risks resulting from reinsurance at the Group level, credit risk is managed through a diligent assessment of the adequacy of business partners for reinsurance and by regularly monitoring their adequacy (credit rating, maximum permissible exposures, diversification, and solvency ratio). When measuring credit risk, it is important to have a suitable definition of counterparty creditworthiness where the assessment relies on a robustly established process that is based on credit ratings from recognised rating agencies and the publicly available solvency ratios of those European reinsurers that do not have a rating. In order to ensure the suitability of reinsurance partners' credit ratings, the Group has a system in place which precisely defines rules for the naming of partners, including the determination of their basic information, and a precisely defined procedure for the determination of the partners' second best credit rating. Thus, all Group members are aligned when it comes to the naming and rating of reinsurance partners which enables effective consolidation of exposures at the Group level.

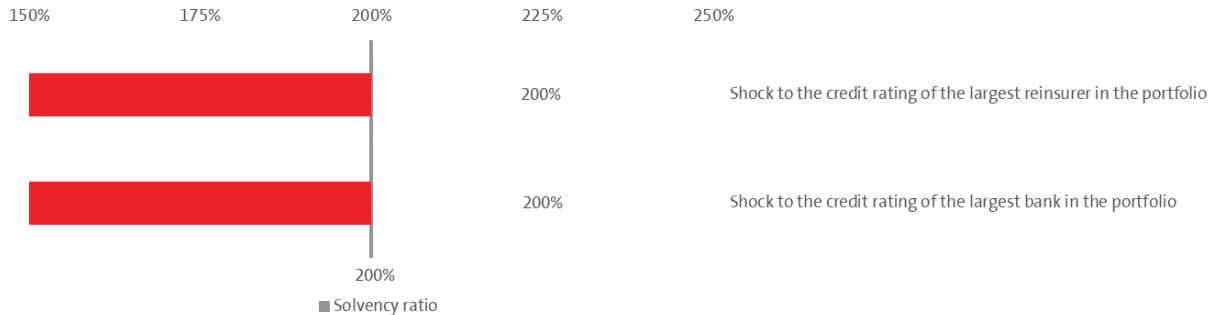
Exposure to counterparties without a credit rating is monitored and limited separately at the Group level.

SENSITIVITY

The Company regularly analyses credit risk sensitivity at the Group level. Credit risk sensitivity from reinsurance is measured through the change of the rating of the main reinsurer whereby all other risk estimate calculation parameters remain the same.

The sensitivity to credit risk vis-à-vis the bank to which the Group is most exposed is measured in a similar manner.

Chart 7: Group's capital adequacy sensitivity test as at 31 December 2022



C.4 Liquidity risk

Liquidity risk is the risk loss in the event of the Company not being able to settle its liabilities arising from a time mismatch between inflows and outflows or the Company only being able to settle them with increased costs. Liquidity risk monitoring includes monitoring the risk of settlement of due and contingent liabilities as well as market liquidity risk.

- The risk of the settlement of due and contingent liabilities is the risk of the Company's inability to dispose of a liquidity position that enables the settlement of its liabilities when due (including the incurred unexpected liabilities).
- Market liquidity risk is the risk of loss due to the inability to sell an asset without major impact on the market price due to inadequate market depth or market disruptions.

Group companies manage assets and liabilities with the aim of being able to settle all mature liabilities on time and without a material increase in the cost of liquidation. They also ensure an appropriate structure of assets whereby they invest their assets so as to ensure safety, quality, liquidity and profitability of the entire portfolio. The nature and duration of liabilities are also observed when investing assets. In order to ensure an adequate liquidity position, Group members generally monitor both their current and future asset and liability cash flows, whereby they hold an adequate amount and structure of liquid investments and maintain a surplus of liquid assets.

When managing liquidity, Group members observe the local regulations and the minimum standards relating to risk management applying at the Group and which also establish a harmonised liquidity risk management system. In addition to internal indicators and indicators resulting from local regulations, the Group's insurance undertakings also monitor indicators that are common for all insurance undertakings of the Group.

In 2022, most of the Group's insurance undertakings simulated liquidity scenarios as part of their own risk and solvency assessment, which confirmed their liquidity strength and adequate preparedness for stress scenarios.

RISK EXPOSURE

The greatest exposures to liquidity risk of the Group's (re)insurance undertakings are represented by catastrophic loss events, which can result in higher payments of indemnities, rates of early insurance policy terminations (lapses) and instability on financial markets. Liquidity risk can thus be reflected in a decrease in income from insurance, co-insurance and reinsurance premiums written, an increase in insurance indemnity payments, a decrease in the value of corporate and government bonds and equities, deposits and cash on the current accounts held with banks. The liquidity risk of the other Group members is affected mainly by financial market instability and other events that are specific to Group members. There were no perceived instabilities on the financial markets that would significantly increase the liquidity risk in 2022 despite the Russian-Ukrainian war, tightened geopolitical relations due to the sanctions imposed against Russia as well as increased inflation and rapid interest rate increases as a result of the aforementioned circumstances.

Liquidity risk exposure is monitored at the level of an individual Group company which is how liquidity is also managed. This provides a comprehensive overview of liquidity risk which takes into account the sources of liquidity and liquidity requirements. The Company upgraded the liquidity risk management system in 2022, mainly in the part of PDPZ insurance products, which were included in the monitoring of optimal liquidity of life insurance products. In addition, activities were also focused on the unification of good practices among Group members.

CONCENTRATION RISK

Concentration risk for liquidity risk arises from potential directly or indirectly related events that cause an increase in liquidity risk. Liquidity risk concentration at the Group level is most pronounced in case of elevated liquidity risk at the Company which however has regular control processes in place that enable timely detection of an uptick in such risk and corresponding action to be taken.

RISK MITIGATION TECHNIQUES

In order to mitigate liquidity risk, regular investment management processes have been put in place in accordance with the defined investment policies. These ensure the maintenance of optimum liquidity and regular monitoring of risk at the time they are underwritten, whereby special attention is paid especially at insurance companies to the matching of cash flows from investments with those from liabilities, i.e. in terms of nature, duration and liquidity. The funds earmarked to cover these liabilities are adjusted to cover them in accordance with the investment policy in normal circumstances (ALM process), while maintaining the surplus of realisable assets, which allows repayment of liabilities even in emergency situations when liquidity needs are greater. Liquidity risk is monitored regularly at the level of the second line of defence within the risk monitoring process, whereby uniform liquidity risk measurement methods are applied.

The Company has also established a liquidity plan, which defines in advance the responsibilities and activities in the event of liquidity crises, and concluded repo lines with commercial banks, credit lines and overdraft facilities on transaction accounts, which are one of the mechanisms for hedging against liquidity risk in the case of unexpected events. The Company also has

reinsurance contracts with the "pay-as-paid" clause (clause providing for the payment of claims only after receiving payment under the reinsurance contract) and the "cash-call" clause (advance payment by the reinsurance company) concluded for most large insurance transactions, which allows it to manage the liquidity risk stemming from such transactions. The above reduces liquidity risk even in case of stress.

Indirect reduction of liquidity risk includes credit and market risk management. The first enables the review and control of limits on bank deposits and funds in current accounts and the control of the credit quality of reinsurance partners, while the second enables the review of limits in the area of limiting market risks and the review of the appropriate structure of assets and liabilities.

SENSITIVITY

Liquidity risk sensitivity is monitored at all Group members using internal liquidity indicators that allow each individual company to measure whether it has sufficient liquid assets in ordinary conditions and in stress scenarios to cover past due liabilities in a given period. Indicators that measure liquidity risk sensitivity differ from one another mainly in terms of the stress scenario content, the length of measurement of the stress period and in some cases also the amount of the amount of the observed deductions in financial investments as well as the rules set by the local regulators. Liquidity indicators are regularly calculated and reported in quarterly risk reports as well as the ORSA.

EXPECTED PROFIT FROM FUTURE PREMIUMS

A portion of the Group's own funds is represented by expected profits included in the future premiums under existing insurance contracts. These are estimated at EUR 136.1 million at the Group level. They are equal to the sum of expected profits included in the future premiums under existing insurance contracts of the individual Group members. The profit of an individual company is calculated by calculating the best estimate of cash flows both by taking into account and by disregarding the expected premiums from concluded insurance contracts with other assumptions remaining unchanged.

Table 24: Expected profit included in future premiums

	In EUR thousand	
	2022	2021
Life insurance	62,401	69,923
Non-life insurance including health insurance	73,741	65,992
Total	136,142	135,915

The amount of expected profit included in future premiums increased immaterially compared to the year before.

C.5 Operational risk

Operational risks are defined as the risks of loss that could be caused by inadequate or failed implementation of internal processes, conduct of employees, functioning of systems or the management of external events and their effects, both at the Company and other Group members. They include IT risk with a special emphasis on cyber risk and major business

interruptions, legal process risk, model risk and non-compliance risk, conduct risk, project risk or outsourcing risk.

As at 31 December 2022, operational risk represents 7% of the Group's overall risk estimate, excluding diversification, and amounts to EUR 47.2 million.

The risk estimate is calculated at the Group level whereby the risk estimate for the two ring-fenced funds is added without diversification to the risk estimate for the remainder of the portfolio. As at 31 December 2022, the estimate of operational risks under both ring-fenced funds came in at EUR 1.1 million.

RISK EXPOSURE

The Group monitors its operational risk exposure mainly based on regular reporting of realised operational risk loss events and partly also via key operational risk indicators.

At the Group level, operational risks are proactively managed, identifying shortcomings, changes and movements in the internal and external environment that may potentially cause their increase. Such an approach allowed it to respond quickly even in cases of stress, i.e. during the pandemic and the war in Ukraine. More attention and additional measures, where necessary, were aimed at risks that were perceived as elevated, such as the absence of key employees or the simultaneous absence of a large number of employees due to illness, rapid adjustment of work organisation and the way business processes are carried out, additional information risks from working from home and the war in Ukraine, as well as regulatory changes due to state intervention measures and the extension and introduction of additional restrictive measures against Russia and Belarus at the EU and OFAC levels⁵.

The Group has not yet suffered a loss due to cyber events, but it is aware of their growing dangers. Changes brought about by the pandemic, remote work, the war in Ukraine and increasing regulatory requirements contributed to this. The key to their management is regular maintenance and additional upgrading of the information security management system. In order to increase the recognition of vulnerabilities and better preparedness for such events, the largest cyber threats and business lines of the Group that would be most affected by the said threats were re-examined in more detail in the framework of the ORSA in 2022. Based on the findings, measures have been developed to improve security.

The Group is also exposed to the risks of regulatory changes due to the expansion and additional restrictive measures at the EU and OFAC level, which are a result of the war in Ukraine, as well as risks due to rapid adjustments to remote operations with (potential) customers. It is also exposed to the risks associated with the performance of outsourced operations. Risks are adequately managed.

CONCENTRATION RISK

The Group is aware that the influence of information and communication technology (hereinafter: ICT) on operations is increasing in the age of computerisation and digitalisation from the point of view of concentration and importance of operational risk. The Group and its operations are highly dependent on the suitable functioning of ICT as a major cyber security

⁵ Office of Foreign Assets Control

incident, other IT incident or the suspension of operations can severely affect the Group's operations. This is why the Group devotes special attention to the management of IT security risk with an emphasis on cyber risk as well as disruptions or suspension of operations which it manages via the business continuity management system (BCMS). HR risk because of the potential absence of key employees or the simultaneous absence of a large number of employees was mitigated during the pandemic which required the setup of conditions for remote work (work from home). In 2022, the concentration of risks was analysed in more detail from the point of view of uninterrupted or continuous execution of key processes. The latter requires a sufficient number of available employees, locations and sufficient resources, ICT resources being essential for this purpose. In order to identify such risks, an overview of the connections between key processes, employees, external ICT providers and other services and ICT resources that support the operation of part or the entire process or several processes and locations was prepared for most companies.

RISK MITIGATION TECHNIQUES

Group members have an internal controls system in place that allows them to ensure the mitigation of exposure to operational risk. By applying risk-related minimum standards, Group members gradually introduce an effective system for operational risk management such as the one that has been set up at the Company. The Group regularly monitors operational risk exposure mainly based on regular reporting of realised operational risk loss events. In the event of the occurrence of important (large) or repetitive operational loss events and if the operational risk appetite is exceeded, preparation of preventative and remedial risk mitigation measures or additional internal controls aimed at risk mitigation is begun. If the risk is mitigated to an appropriate level, i.e. it does not repeat or the frequency of reoccurrences of minor loss events of this type is reduced, measures are assessed as successful. The success of the implementation of risk mitigation measures is thus verified at the Group level.

The Group is acutely aware of the threat posed by cyber risk and the subsequent need to upgrade and regularly maintain the IT security management system. Cyber risks are also managed and included in stress scenarios in the ORSA process (intrusion into the IT system and theft of highly sensitive business information and personal data, attack with "ransomware" extortion software code). The Group also performs activities aimed at upgrading the business continuity management system which includes prevention and subsequent measures in case of various events such as natural disasters (earthquake, flood, etc.) and pandemics. A part of that system is the business continuity plans for critical business processes and IT recovery plans. Business continuity plans also included HR risk of the simultaneous terminations of employment of a large number of employees, which were mitigated during the pandemic by the setup of conditions for remote work (from home). This solution also lowered the risk of the inaccessibility of work locations, e.g. due to natural disasters. Most of the subsidiaries have prepared an analysis of the greatest vulnerabilities or risks from the point of view of concentrations of IT risks structured according to the critical processes of the Company from the point of view of their uninterrupted execution. In 2022, many activities were geared towards the centralisation of IT and the preparation of additional recovery plans for individual Group members. Group members will continue these activities in the future as well. Testing of the mentioned plans was also carried out.

SENSITIVITY

Operational risk is affected by many factors, both internal (employees, processes, internal systems) and external (external systems, external factors and events). Whereas it is possible to influence internal factors through the improvement of processes and internal controls, it is not possible to influence external factors which are also more difficult to foresee. This is why the Group additionally tests its sensitivity to operational risk by defining and executing stress scenarios such as regular test of the transfer of IT operations from the primary server location to the backup location, the scenario of an earthquake, and the cyber scenario (intrusion into the IT system and theft of its highly sensitive business information and personal data, ransomware attack) and the business continuity scenario (analysis of the biggest vulnerabilities from the point of view of risk concentrations in critical processes in terms of their uninterrupted execution). Regular implementation and testing of the systems in place is performed in order to raise awareness of vulnerabilities and thus ensure a higher level of preparedness of Group members.

C.6 Other material risks

NON-FINANCIAL RISKS

RISKIn terms of the Group's operations, material non-financial risks include strategic risk, reputational risk, Group risks and sustainability risk. Non-financial risks usually come from the external environment and are very closely linked to other risks, especially operational. They usually arise from several realised factors inside and outside the Group.

STRATEGIC RISK is the risk of incurring loss due to inappropriate strategic decisions, inconsistent implementation of strategic decisions and insufficient responsiveness to changes in the business environment. They include a part of legal and regulatory risk arising from the key changes in the business environment.

REPUTATIONAL RISK is the risk of losing existing or future business or goodwill due to a negative image of the Group with its customers, business partners, employees, owners and investors, supervisory and other government bodies and other interested or general public.

The negative impact on reputation can be internal or external. With a functioning internal control system, the Group ensures that its operations are legal, professional and ethical. It ensures the appropriate quality of services and products, achieves financial objectives, properly manages relationships with key stakeholders and fulfils sustainable commitments or sustainable aspects of business operations. It observes the set environmental goals and strives to respect unlimited and healthy competition in the market. Effective reputational risk management enables the maintenance of market leadership, the maintenance or increase of market capitalisation, easier resolution of potential crises and resilience in uncertain situations. It also ensures the trust, loyalty and satisfaction of stakeholders. This is way maintaining a low reputation risk estimate is crucial for the Group and it has therefore set high goals in this area.

GROUP RISK arises from the business model of the Company, which operates as the controlling company or a group of related parties. It includes risks that may jeopardise the achievement of strategic goals due to an ineffective system of governance and insufficient knowledge of the business environment where the Group companies operate. The risk profile is also affected by

the review and treatment of large transactions between associated companies and the complexity of managing concentration risks. All of the abovementioned risks may materialise in the form of larger or smaller deviations from the business or financial plan as a result of losses or lost business opportunities.

SUSTAINABILITY RISKS (ESG risks) represent a set of risks of the Company and the Group members that arise from environmental, social and managerial factors and may have a negative impact on the financial position or solvency of the Group and its companies.

- Environmental risks (E) are risks related to climate change and are divided into physical risks and transitional risks. Physical risks represent the risks of financial losses due to extreme weather events or other environmental impacts related to climate change. Transitional risk or are related to risks arising from changes in business operations or the environment as a result of measures to promote the transition to a low-carbon economy in order to reduce human impact on climate change (transitional risks include legal and regulatory risk, technological risk, market risk and reputational and goodwill risk).
- Social risks (S) mainly include risks arising from the way in which the Company and Group members operate subject to the requirements of the broader social environment, in particular ensuring diversity and equal opportunities for various stakeholders, safety, health and satisfaction of employee and good relations with customers, suppliers and contractual partners, care for local communities and society, care for human rights and at the same time care for the safety and quality of products.
- Management risks (G) are risks associated with an inappropriately or inadequately established management system, in particular in the field of environmental and social aspects. They include the legality of operations, corporate governance standards, including the risk management system and the internal control system, the area of remuneration of the company's management, applied business practices and investor relations policy.

The operating performance of the entire Group depends on the comprehensive management of sustainability risk and the improvement of the confidence of all key stakeholders. The Group is committed to long-term successful management and transparent governance. Following the adoption of the Triglav Group's Sustainability Commitment in 2020, the Group upgraded its content related to sustainability and sustainability risks with the Group's strategic ambitions in this area in 2022, while care for sustainable development was incorporated into the organisation of all Group members. In 2022, the Group continued to upgrade the sustainability risk management system, mainly through improved data quality and by defining methodologies, indicators and reporting on environmental risk. Environmental risks were assessed as being the most important among sustainability risks and were carefully examined within the scope of the ORSA.

CONTINGENT AND EMERGING RISKS ARE ALSO IMPORTANT FOR THE GROUP. These are risks that may develop in the future or that already exist, but are not yet classified as important. They are characterised by being difficult to evaluate, but can have a strong impact on operations. Based on past experience, they cannot be predicted as we often do not have information that could be used to predict the frequency or amount of damage caused. Contingent or emerging risks are carefully monitored and included in the risk management system.

C.7 Any other information

PRUDENT PERSON PRINCIPLE

Group members manage assets in accordance with the legislative requirements, in the best interest of all of their policyholders, beneficiaries and other stakeholders of the companies. The Group's property is represented by assets covering insurance liabilities as well as other excess assets that are allocated to various investment portfolios. The key guideline when investing assets is the diversification of investment risk.

Asset management is performed by pursuing the objectives aligned with policyholders' objectives: to maximise safety, liquidity, diversification, profitability and provision coverage with investments as well as the objectives of the Group's other stakeholders.

The assets of Group members are invested in a manner that ensures their availability.

There is an investment policy in place for every investment portfolio. In accordance with the mission and risk tolerance of individual portfolios, the policies define investment targets that provide long-term profitability in accordance with the expected risk appetite. The limit system, which is part of the investment policies, is primarily designed to take into account both the requirements and the capacity of individual insurance portfolios and secondarily those of the Company and then the Group.

Investment portfolio assets of associated companies are for the most part managed centrally in accordance with the guidelines and limitations laid down in the investment policies of Group members. Good practices in asset management are pursued in the management of assets at the Group level.

Current liquidity is ensured by individual Group members in coordination with the manager. The valuation of investments in the Group's portfolios is centralised and performed by the competent departments of the Company, i.e. according to the same standards at the level of the entire Group.

The safety and profitability of investment portfolios as well as their compliance with the established limits are monitored daily, weekly and monthly.

The structure of the Group's financial assets remains relatively conservative, focusing on fixed-return investments. Such are also the individual portfolios of subsidiaries.

Each individual investment is treated from the point of view of the portfolio which requires the investment to be assessed primarily in terms of the effect on the existing invested assets, their variability and contribution to the return. Each investment is reviewed or analysed whereby the depth of the analysis depends on the complexity of the investment and its share in total assets.

When investing assets, Group members pursue the principle of asset and liability duration matching. The observation of the interest of all policyholders and beneficiaries is ensured even in the case of the potential conflict of interest resulting from the assets of one Group member being managed by another member.

STRESS TESTS

Stress tests are regularly performed at the Group level for all important risk types, and monitoring and evaluation of the potential impact of stress on the risk profile and on solvency are performed.

Stress testing and scenario analysis are part of the Group's own risk and solvency assessment (ORSA) process. In stress tests, the Company determines (at the Group level) the effect of a simultaneous change in several parameters such as simultaneous changes in various risk types that affect the insurance business and the value of financial investments. When analysing the potential effects and exposure, the actual exposure to adverse circumstances that can last for an extended period, to sudden and major events, and to combinations of the aforementioned circumstances and events are taken into account.

In 2022, the Company carried out several stress tests designed to reflect as much as possible the current and contingent risks in the external environment and the operations of the Company and the Group.

The scenarios evaluated by the Company include financial scenarios with a an actual risk event from the macroeconomic environment, which address the potential impacts of inflation, stagflation and recession on the Group's solvency and financial position. For the first time, a quantitative analysis of the effects of climate change on the operations of the Company and the Group was prepared based on the estimated material risks in the business segments.

In addition to the Company, the regular ORSA process was also performed by all subsidiaries of the Group, which assessed their business performance and capital adequacy through their own stress scenario tests.

OTHER RELEVANT INFORMATION

All other information relating to the risk profile was disclosed by the Group in sections C.1 through C.6.



D. Valuation for solvency purposes

- D.1** Assets
 - D.2** Technical provisions
 - D.3** Other liabilities
 - D.4** Alternative methods for valuation
 - D.5** Any other information
-

D. Valuation for solvency purposes

Assets and liabilities at the Group are valued for solvency purposes at fair value. When assets and liabilities are valued, the Group uses the risk-free interest rate curve published by EIOPA and does not apply any adjustments of the curve.

The table below shows the balance sheet of the Group for solvency and financial reporting purposes. Details on the Group's balance sheet are shown in template S.02.01 in the Annex to this Report.

Table 25: Balance sheet of the Group as at 31 December 2022

		In EUR thousand	
Balance sheet		Value for solvency purposes	Value for financial reporting purposes
Assets		3,474,247	4,128,825
Intangible assets	D.1.1	0	112,460
Deferred tax assets	D.1.2	111,205	40,971
Property, plant and equipment held for own use	D.1.3	129,627	119,347
Investments	D.1.4	2,205,170	2,548,266
Assets held for index-linked and unit-linked contracts	D.1.5	706,867	712,783
Loans and mortgages	D.1.6	5,720	5,725
Reinsurance recoverables	D.1.7	130,709	209,799
Deposits to cedants	D.1.8	14,045	14,045
Insurance and intermediaries receivables	D.1.9	68,953	219,905
Reinsurance receivables	D.1.10	17,579	17,747
Receivables (trade not insurance)	D.1.11	21,801	31,488
Cash and cash equivalents	D.1.12	56,171	87,868
Any other assets, not elsewhere shown	D.1.13	6,400	8,420
Liabilities		2,534,834	3,376,026
Technical provisions	D.2	2,192,221	3,100,024
Provisions, other than technical provisions	D.3.1	18,170	20,023
Deposits from reinsurers	D.3.2	1,135	1,135
Deferred tax liabilities	D.3.3	117,162	259
Derivatives	D.3.4	0	0
Debts owed to credit institutions	D.3.5	490	490
Financial liabilities other than debts owed to credit institutions	D.3.6	236	230
Insurance and intermediaries payables	D.3.7	40,704	41,429
Reinsurance payables	D.3.8	19,054	51,519
Payables (trade not insurance)	D.3.9	79,681	87,119
Subordinated liabilities	D.3.10	43,370	49,522
Any other liabilities, not elsewhere shown	D.3.11	22,610	24,273
Excess of assets over liabilities		939,414	752,799

The balance sheet presents consolidated item values, meaning intra-group transactions are excluded. The valuation methods for solvency purposes and financial reporting purposes by

individual balance sheet items are described in greater detail below. A comparison with the results of the previous period is also shown.

D.1 Assets

Several valuation methods are used for the valuation of assets at the Group level for financial reporting purposes, whereby the methods comply with the IFRS (e.g. fair value, amortised cost, cost, etc.), while assets are valued for solvency purposes only according to the method that is consistent with the requirements of the Delegated Regulation and the EIOPA guidelines.

The assets disclosed in financial statements in a manner that is inconsistent with solvency requirements are revalued to fair value for solvency purposes. The best estimate of the fair value is the active market quotation or if such is not available the fair value is measured based on the last transaction prices provided market conditions have not changed materially since the last transaction or the discounted expected cash flow valuation model is used to determine the fair value. Equity instruments, for which no prices are published on an active market and the fair value of which cannot be reliably measured, are measured at cost.

Asset-side balance sheet items are presented below.

D.1.1 Intangible assets

Intangible assets consist of software and property rights, which however are valued at zero for solvency purposes due to the problem of demonstrating their true value.

For financial reporting purposes, intangible assets are valued at cost. As at the balance sheet date, assets are disclosed at their cost less accumulated amortisation and any impairment loss. The amortisation period is determined subject to the useful life. Subsequent recognition of an intangible asset is possible in so far as it corresponds to the definition of an intangible asset and meets the recognition criteria. Intangible assets with an indefinite useful life are not amortised. An impairment test is performed for these assets every year.

Table 26: Group's intangible assets

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Intangible assets	0	0	112,460

D.1.2 Deferred tax assets

For financial reporting purposes, deferred tax assets are accounted for all temporary differences between the value of assets for tax purposes and their carrying amount. The calculation of deferred tax assets is made at the tax rate, which is expected to be applied when the tax asset is refunded.

Deferred tax assets are valued for solvency purposes as the sum of deferred tax assets of Group members. The latter is determined at the level of each subsidiary in the Group as the sum of

deferred receivables for financial reporting purposes and the product of the local tax rate in the country of operation and the difference between the amount of assets (without taking into account financial investments in associates and deferred tax assets) of the accounting and market balance sheets of an individual company.

Table 27: Group's deferred tax assets

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Deferred tax assets	111,205	50,432	40,971

Compared to the previous period, the value of deferred tax assets increased by EUR 60.8 million, mainly due to an increase at the Company by EUR 51.2 million, at Triglav RE and at Triglav Osiguranje, Zagreb.

D.1.3 Property, plant and equipment held for own use

Property, plant and equipment held for own use at the Group level represent plant, land and buildings. In line with the IFRS 16 standard, this category includes the rights of use assets. These items are valued at amortised cost for financial reporting purposes. Items of property, plant and equipment held for own use are valued at fair value for solvency purposes, with the exception of the rights of use assets which follow the valuation for financial reporting purposes.

The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated for financial reporting purposes and not for solvency purposes. The biggest contribution to the abovementioned difference is represented by the real estate of Triglav Skladi and Sarajevostan. The difference between the two items additionally occurs because of the different valuation method.

The Company performs the valuation through a certified real estate valuer who values the Group's real estate every year. The fair value of real estate was set according to the state of affairs as at 30 September 2022. During the period from the completed valuation to the reporting date, there were no changes that materially affect the fair value of real estate as at 31 December 2022.

Table 28: Group's property, plant and equipment held for own use

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Property, plant and equipment held for own use	129,627	126,508	119,347

The value of the item increased by EUR 3.1 million compared to the year before. The biggest contribution to the increase came from the change in the value of property, plant and equipment, except land and buildings, which increased by EUR 2.6 million in the period. The

value of land and buildings increased by EUR 1 million, while the right-of-use of leased assets decreased by EUR 0.5 million.

D.1.4 Investments

Investments represent the major portion of balance sheet assets. Pursuant to the provisions of the Delegated Regulation and the relevant guidelines, these investments are valued at fair value.

The Group values financial assets using publicly available market prices on the active markets for the same instrument. If this is not possible, such valuation is performed using publicly available data from the active markets of similar instruments. The activity of the market or the question of whether it is an active market or not is determined for an individual financial instrument subject to the available information and circumstances. Factors that are material in the assessment of market activity include the following among others: low number of transactions in a certain period of time, high volatility of quoted prices in a certain period of time or between different market makers, high difference in price between supply and demand, low number of market participants (less than 4). An important criterion, which includes all the above factors, for securities activity is the "Bloomberg Valuation Service (BVAL) score". Low values of the indicator (below 4) indicate that the market is not functioning.

Alternative methods include all methods that predominantly apply parameters in the valuation method, which are not obtained entirely from active markets and include a subjective component.

Table 29: Group's investments as at 31 December 2022

Assets	In EUR thousand	
	Value for solvency purposes	Value for financial reporting purposes
Investments	2,205,170	2,548,266
Real estate (except real estate held for own use)	84,296	67,396
Holdings in related undertakings, including participations	134,884	37,910
Equities	23,012	54,309
Bonds	1,756,103	2,082,769
Collective investment undertakings	133,528	203,074
Derivatives	0	0
Deposits other than cash and cash equivalents	70,485	99,877
Other investments	2,863	2,931

D.1.4.1 Real estate (except real estate held for own use)

The same rules apply to the valuation of investment property, i.e. real estate not held for own use, as those that apply to the valuation of property, plant and equipment held for own use as described in section D.1.3.

The biggest difference between the value for financial reporting purposes and the value for solvency purposes is the different valuation method.

Table 30: Group's real estate (except real estate held for own use)

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Real estate (except real estate held for own use)	84,296	93,773	67,396

The value of real estate (except real estate held for own use) decreased by EUR 9.5 million in 2022. The decrease is mainly the result of the sale of certain real estate, mainly from the portfolio of Triglav, Upravljanje nepremičnin.

D.1.4.2 Holdings in related undertakings, including participations

Subsidiaries are fully consolidated in the consolidated financial statements. Related undertakings are consolidated in the consolidated financial statements according to the equity method. The holdings in subsidiary insurance companies, reinsurance companies, insurance holdings and companies for the provision of ancillary services are fully consolidated in the balance sheet for solvency purposes. The holdings in strategic financial companies, non-strategic subsidiaries and affiliates are valued according to the following valuation method hierarchy:

a. the default valuation method: the default valuation method (hereinafter: DVM) entails valuation using publicly available market prices on the active markets for the same assets;

a. the adjusted equity method: under the adjusted equity method, holdings in related undertakings are valued subject to the share of the participating entity in the excess of assets over liabilities of the related undertaking. When calculating the excess of assets over liabilities for related undertakings, the undertakings' individual assets and liabilities are valued according to the principles of Solvency II (adjusted equity method; hereinafter: AEM S2). When calculating the excess of assets over liabilities for related undertakings other than insurance or reinsurance undertakings, the equity method may be used as set out in the International Accounting Standards, where the value of goodwill and other intangible assets is deducted from the value of the related undertaking (adjusted equity method; hereinafter: AEM S1);

c. adjusted prices for similar assets in active markets or alternative valuation methods: if neither valuation method in accordance with paragraph a) nor the one in paragraph b) is possible and the undertaking is not a subsidiary undertaking, holdings in related undertakings are valued using an alternative valuation method (hereinafter: AVM, which the Group applies in the preparation of consolidated financial statements. In such cases, the value of goodwill and other intangible assets is deducted from the value of the related undertaking.

Holdings in other related undertakings that are not fully consolidated are valued according to the AEM. The exceptions are the participating interests in Nama, d.d. and Alifenet, d.o.o. that are valued according to the alternative valuation method. In the case of Nama, d.d., the alternative valuation model closely follows the adjusted equity method using the fair value of assets and liabilities.

The table below provides the values of the Group's equity holdings in related undertakings according to the valuation methods for solvency purposes.

Table 31: Values of the Group's equity holdings in related undertakings according to valuation methods

Valuation method	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
DVM	0	0	0
AEM S1	124,713	96,049	0
AVM	10,171	9,165	37,910
Total	134,884	105,214	37,910

The biggest difference between the value of the item for financial reporting purposes and the value for solvency purposes arises from the different inclusion of subsidiaries that are fully consolidated within the Group. The item for solvency purposes includes the following in addition to related undertakings: non-strategic subsidiaries and strategic financial companies, i.e. Triglav Skladi, Triglav pokojninska družba and Triglav penzisko društvo, Skopje. The equity method for financial reporting purposes is provided in the AVM item in the table above.

Table 32: Group's holdings in related undertakings, including participations

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Holdings in related undertakings, including participations	134,884	105,214	37,910

The value of holdings in related undertakings increased in 2022 by EUR 29.7 million. The revaluation of Triglav, pokojninska družba, d.d., as a result of the payment of additional capital contributes the most to the increase. The biggest counter-effect on the amount of the item is the revaluation of the share in Triglav Skladi, d.o.o., i.e. mainly as a result of the payment of the dividend to the Company and the revaluation of financial investments.

D.1.4.3 Equities

Investments into equities (except related undertakings) are valued – provided there is an active market for such equities – according to the closing ask price on the stock exchange. In the event of an inactive market, the value of the investment is determined by the last known quoted price – provided that the assessment that the economic circumstances since the last transaction have not changed substantially remains valid – by the price in a liquid grey market or by a valuation model. Estimating the value using a valuation model is performed internally or through certified valuers, whereas the appropriate valuation methods subject to the features of the asset being valued will include the discounted cash flow method, the comparable company analysis (public market multiples) and the net asset value method. Exceptionally, in cases of immateriality of an individual investment and the total value of assets valued in such a manner, the cost value is important for determining the value of the asset. Valuation for financial reporting purposes generally does not deviate from the valuation for solvency purposes.

The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group. The biggest contribution to the difference is represented by the portfolio of Triglav, pokojninska družba.

Table 33: Group's equities

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Equities	23,012	74,009	54,309
Listed equities	17,728	68,170	49,017
Unlisted equities	5,283	5,838	5,292

The value of equities decreased by EUR 51 million in 2022. The decrease comes mainly from the listed securities segment, which is mainly the result of the disposal of certain investments.

D.1.4.4 Bonds

Bonds are valued for financial reporting purposes in accordance with the requirements for the financial statement category in which they are classified upon recognition (at fair value through profit or loss, available-for-sale, held to maturity, loans and receivables). Investments in the "available for sale" or "at fair value through profit or loss" category are valued at fair value. Investments classified as "held-to-maturity" or "loans and receivables" are valued at amortised cost.

When an investment is a market investment (listed on an active market), its fair value is represented by its closing ask price on that market (Bloomberg Valuation Service - BVAL, local stock exchange, market operator's price). If the market is not active – transactions are not executed frequently and are not executed in a sufficient volume for price information to be made available regularly – fair value is determined using valuation techniques:

- a) the price is determined by the last concluded transaction provided the assessment that economic circumstances have not changed materially since the last transaction is true;
- b) valuation model.

The main parameter of the model for the valuation of investments in the monetary item set (present value of contractual cash flows) is the discount curve composed of the risk-free interest rate for an individual currency and credit spread characteristic of the issuer or group of issuers. When determining an individual discount curve, the Group relies on unadjusted data from financial markets to the greatest possible extent. In the case of complex financial instruments, such as compound securities or bonds with call options, specialised models are used for valuation, which may require additional parameters (volatility, correlation, etc.). Bond investments are valued at fair value for solvency purposes.

Table 34: Group's bonds

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Bonds	1,756,103	2,091,892	2,082,769
Government bonds	1,111,967	1,411,494	1,288,953
Corporate bonds	643,165	679,381	792,845
Structured notes	971	1,017	971
Collateralised securities	0	0	0

The value of bonds decreased by EUR 335.8 million in 2022. The decrease in the item consists of a negative revaluation of EUR 260.1 million and outflows of EUR 75.7 million. The major portion of the negative revaluation arises from the government bond segment, which primarily covers the longest insurance liabilities. Due to longer maturities, this segment was the hardest hit due to the rise in the risk-free interest rate. Outflows from the government bond segment in the period amounted to EUR 85 million, while inflows into the corporate segment amounted to EUR 9.3 million.

The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group. The biggest contribution to the difference is represented by the predominant bond portfolio of Triglav, pokojninska družba. Owing to investments classified as “held-to-maturity” or “loans and receivables” in financial statements, there is a difference of EUR 3.1 million up to the value for solvency purposes as a result of the different investment valuation method.

D.1.4.5 Collective investment undertakings

Collective investment undertakings are valued for financial reporting purposes and solvency purposes as provided in section D.1.4.3. The price of unlisted funds is additionally set by the closing price of the fund issuer.

Table 35: Group's collective investment undertakings

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Collective investment undertakings	133,528	122,306	203,074

The value of the item increased by EUR 11.2 million in 2022. In the period, there were outflows of EUR 6.6 million from collective undertakings with a share orientation, EUR 8.1 million of inflows into funds with a debt orientation, and additional investments of EUR 5.8 million were made into alternative funds. The item recorded a total of EUR 4 million of positive revaluation.

The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within

the Group. The biggest contribution to the difference is represented by the portfolio of Triglav Skladi, d.o.o., which comprises predominantly collective investment undertakings, and the portfolio of Triglav pokojninska družba.

D.1.4.6 Derivatives

The value of derivatives is determined by the closing ask price in an active market (the stock exchange, price of the market operator). In the event that the market is not active, the value is determined by a specialised valuation model (Black-Scholes, network models). Model parameters (the discount rate, volatility, correlation, etc.) are defined as unadjusted data from financial markets to the greatest possible extent.

At the end of 2021, Group had only derivative financial instruments at its disposal intended to hedge the exchange rate of the Croatian kuna against the euro. The hedge was no longer needed at the end of 2022 as a result of the conversion of the kuna to the euro. Items with a positive value are shown on the assets side and items with a negative value are shown on the liabilities side.

Table 36: Group's derivatives

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Derivatives	0	20	0

D.1.4.7 Deposits other than cash and cash equivalents

For financial reporting purposes, deposits other than cash and cash equivalents are valued at amortised cost. These investments are valued at fair value for solvency purposes. The fair value is estimated using the valuation model outlined in section D.1.4.4.

The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group.

Table 37: Group's deposits other than cash and cash equivalents

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Deposits other than cash and cash equivalents	70,485	65,236	99,877

The value of the item increased somewhat in 2022 compared to the previous year. The exposure to this investment class increased at the companies headquartered in Macedonia, Croatia, Montenegro and Serbia where the range of investments on the local market is rather small and most importantly less liquid. Exposures in other Group members remained unchanged.

D.1.4.8 Other investments

Other investments in the Group represent works of art, funds in the uninsured motorist funds and financial assets not classified in any of the other categorised from preceding sections of this Report. For solvency purposes, the value of these assets follows the value as used for the preparation of financial statements.

Table 38: Group's other investments

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Other investments	2,863	2,650	2,931

The value of this item did not increase materially in 2022.

D.1.5 Assets held for index-linked or unit-linked contracts

Assets held for index-linked or unit-linked contracts are assets arising from insurance or investment products where the policyholder assumes investment risk. These assets are valued at fair value for solvency purposes while other valuation methods are used for financial reporting purposes, whereby these methods comply with the requirements for individual financial reporting categories (e.g. valuation at amortised cost for assets classified under "Loans and receivables").

Table 39: Group's assets held for index-linked or unit-linked contracts

Asstes	In EUR thousands		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Assets held for index-linked or unit-linked contracts	706,867	778,964	712,783

The changes in assets under this item are primarily linked to the changes in the amount of insurance liabilities. These may be volatile owing to the inflows or outflows from premiums and payments respectively and partly also because of the changes in the value of liabilities that are subject to the changes in indices or reference values applying to the respective liability. The decrease in the value of investment is mostly the result of the negative revaluation of investments.

D.1.6 Loans and mortgages

Loans and mortgages are valued at amortised cost for financial reporting purposes. For solvency purposes, however, these assets are valued using the valuation model that is mainly based on the market assumptions regarding the discount rate. The credit spread that is a component part of the discount rate is determined for each issuer separately.

Table 40: Group's loans and mortgages

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Loans and mortgages	5,720	5,548	5,725
Loans on policies	4,829	4,453	4,831
Loans and mortgages to individuals	891	1,094	893
Other loans and mortgages	0	0	0

The value of all loans and mortgages did not increase materially in 2022.

D.1.7 Reinsurance recoverables

Each Group member determines the value of reinsurance recoverables using its own methodology.

For solvency purposes, the recoverable amounts of reinsurance contracts are determined according to the limits of the insurance and reinsurance contracts. For non-life and health insurance liabilities, these amounts are calculated separately for premium and claims provisions. Recoverable amounts from reinsurance contracts for claims under non-life insurance that are paid in the form of annuities are disclosed at the Group under the life insurance item.

Table 41: Group's reinsurance recoverables

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Reinsurance recoverables	130,709	95,680	209,799
Non-life and health insurance	123,107	90,303	209,799
Life insurance	7,602	5,377	0

In 2022, recoverable amounts from reinsurance increased by EUR 35 million as a result of the growth of the best estimate of non-life and health insurance claims.

D.1.8 Deposits to cedants

Deposits to cedants at the Group include deposits of reinsurance companies provided to cedants under reinsurance contracts.

For financial reporting purposes, they are valued at amortised cost using the effective interest rate method. They are valued in the same manner for solvency purposes.

Table 42: Group's deposits to cedants

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Deposits to cedants	14,045	13,340	14,045

In 2022, the growth in the volume of the operations of the Group's reinsurance company meant that deposits to cedants increased compared to the year before.

D.1.9 Insurance and intermediaries receivables

Insurance & intermediaries receivables are measured for financial reporting purposes at amortised cost using the effective interest rate method.

Items are valued in the same manner for solvency purposes, while data gathering differs. For solvency purposes, this item only includes past due receivables because non-past due receivables from policyholders are included for solvency purposes into the calculation of the best estimate of provisions and are correspondingly excluded from this item. Additionally, this items includes all past due receivables from reinsurance and coinsurance for solvency purposes, while such receivables are accounted under reinsurance receivables for financial reporting purposes. Non-past due receivables from reinsurance and coinsurance are included for solvency purposes into the calculation of the best estimate of provisions.

Table 43: Group's insurance and intermediaries receivables

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Insurance and intermediaries receivables	68,953	57,584	219,905

At the end of 2022, receivables from insurance and receivables from agents increased by EUR 11.4 million compared to the previous year due to an increase in past-due receivables from direct insurance business, past-due receivables from accepted reinsurance and coinsurance and other current insurance receivables. Receivables increased the most at Triglav Osiguranje, Zagreb, i.e. by EUR 3.1 million, at Pozavarovalnica Triglav Re, i.e. by EUR 2.8 million, and at Triglav Osiguranje, Belgrade, i.e. by EUR 1.8 million.

D.1.10 Reinsurance receivables

For financial reporting purposes, reinsurance receivables are valued at amortised cost using the effective interest rate method. For solvency purposes, reinsurance receivables are valued the same. The difference between the value for solvency purposes and the value for financial reporting purposes arises because the value for financial reporting purposes shows the receivables for both active and passive reinsurance transactions, while the value for solvency purposes only shows past-due receivables from passive reinsurance transactions.

Table 44: Group's reinsurance receivables

Balance sheet	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Reinsurance receivables	17,579	13,729	17,747

Assets under this item at the Group level increased by EUR 3.9 million in 2022. The Company's reinsurance claim receivables due from Pozavarovalnica Triglav Re increased by EUR 5.1 million and those from reinsurers outside the Group by EUR 2.2. million.

D.1.11 Receivables (trade not insurance)

Receivables (trade not insurance) comprise receivables from financing activities with the remaining part represented by receivables from operating activities (trade receivables). For financial reporting purposes, these receivables are generally measured at amortised cost using the effective interest rate method. They are valued in the same manner for solvency purposes. The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group. A different classification of balance sheet items is also used for the two valuation methods.

Table 45: Group's receivables (trade not insurance)

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Receivables (trade not insurance)	21,801	13,056	31,488

In 2022, receivables (trade not insurance) at the Group increased by EUR 8.7 million. This involved an increase of EUR 7.7 million in receivables from financing activities for the sale of securities at the Company.

D.1.12 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash on hand. This item is valued according to its nominal value for both valuation purposes whereby the values differ because of the different inclusion of companies into consolidation.

Table 46: Group's cash and cash equivalents

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Cash and cash equivalents	56,171	41,971	87,868

The values in this item increased in 2022, mostly in the portfolio of the parent company, the Triglav, Upravljanje nepremičnin company and the subsidiary insurance undertakings in Bosnia and Herzegovina and Serbia.

D.1.13 Any other assets, not elsewhere shown

The item includes short-term deferred costs and accrued revenue, assets invested into software for the Group, inventories and other assets. Valuation for financial reporting purposes is the same as for solvency purposes. The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group. A different classification of balance sheet items is also used for the two valuation methods.

Table 47: Group's any other assets, not elsewhere shown

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Any other assets, not elsewhere shown	6,400	8,234	8,420

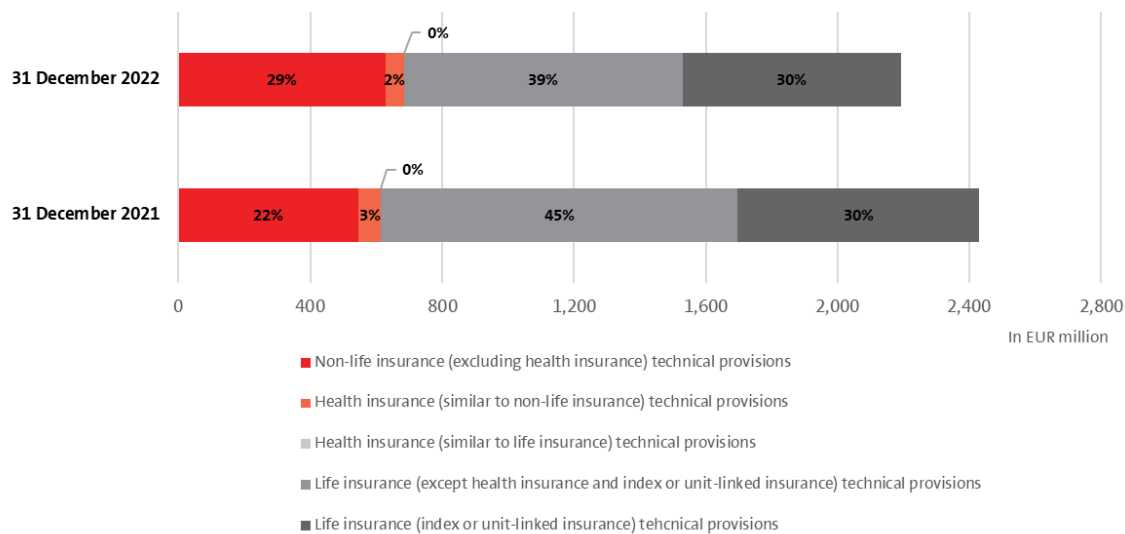
The value of the Group's any other assets not elsewhere shown decreased in 2022 by EUR 1.8 million.

D.2 Technical provisions

Technical provisions represent the amount of the Group's liabilities under insurance contracts. At the level of an individual insurance undertaking, the value of technical provisions for solvency purposes is equal to the sum of the best estimate and risk margin, both of which are calculated separately. The best estimate corresponds to the present value of expected future cash flows from insurance contracts. The present value of future cash flows is calculated using the relevant risk-free interest rate curve. Group members calculate technical provisions separately for non-life and health as well as life insurance and allocate them according to the selected calculation method.

At the Group level, technical provisions are calculated as the sum of the best estimates of insurance liabilities of individual (re)insurance undertakings within the Group less intra-group transactions.

Chart 8: Group's technical provisions as at 31 December 2022



CONTRACT BOUNDARIES AND HOMOGENEOUS RISK GROUPS

The Group's insurance undertakings recognise an insurance liability immediately upon the entry into force of a contract. A recognised insurance liability is derecognised when it is extinguished, discharged, cancelled or expires. Insurance contract boundaries are applied mutatis mutandis in valuation.

Technical provisions are broken down subject to the property of insurance and subsequently the actuarial methods used to value the liabilities. Non-life insurance liabilities are thus broken down into non-life and health insurance liabilities and also comprise the segment of liabilities that are allocated to life insurance liabilities for solvency purposes. Life insurance actuarial techniques are applied for the valuation of life insurance liabilities. This part of technical provisions is represented by non-life insurance claims, which are paid out in the form of annuities. Other liabilities from the non-life insurance portfolio are divided at least subject to lines of business.

Life insurance portfolio liabilities are mostly allocated to the segment of life insurance liabilities and partly to the health insurance segment. This segment includes additional accident insurance that is concluded on top of basic life insurance and liabilities are determined using actuarial techniques for non-life insurance. Life insurance liabilities are divided into at least into life insurance segments. The entire portfolio of life insurance policies is divided into homogeneous risk groups in accordance with the nature of the risks covered by the policies, actuarial judgement and historical developments subject to an empirical analysis.

D.2.1 Technical provisions for non-life and health insurance

Non-life and health technical provisions amount to EUR 683.9 million as at 31 December 2022.

The basis for the calculation of technical provisions for non-life and health insurance is data that meets the criteria of adequacy, completeness and suitability as the Group has established a data quality monitoring and assurance system.

Each Group member segments its non-life and health insurance portfolio for the purpose of calculating technical provisions at least into prescribed lines of business as set out in Delegated Regulation. Some companies break down their business lines into further homogenous groups subject to the statistical characteristics of the portfolio. The segmentation itself is linked to the process of the calculation of technical provisions for financial reporting purposes, also taking into account the homogeneity of the risk profiles and the availability of the data required to calculate the provisions, and the analyses of the samples of cash flows and the volatility of insurance groups.

The value of intra-group transactions involving non-life and health insurance amounts to EUR 46.8 million as at 31 December 2022.

Table 48: Group's technical provisions for non-life and health insurance for solvency purposes as at 31 December 2022 and 31 December 2021

2022		In EUR thousand	
Non-life and health insurance technical provisions	Best estimate	Risk margin	Technical provisions
-- Non-life insurance	596,786	30,414	627,201
-- Health insurance	53,620	3,119	56,739
Total	650,406	33,533	683,939

2021		In EUR thousand	
Non-life and health insurance technical provisions	Best estimate	Risk margin	Technical provisions
-- Non-life insurance	513,397	31,950	545,347
-- Health insurance	65,539	3,188	68,726
Total	578,935	35,138	614,073

The main reasons for the increase in the technical provisions at the Group level are unfavourable claim developments coupled with higher inflation and portfolio growth.

D.2.1.1 Best estimate of the claims provision for non-life and health insurance

The best estimate of non-life and health insurance technical provisions comprises claims provisions, premium provisions and the risk margin.

The best estimate of the claims provision is calculated as at the end of the period. For this purpose, claims are classified into two groups. The first includes incurred unreported claims, i.e. incurred but not sufficiently reported claims and reopened claims, namely claims that have not

been finally resolved by the last day of the reporting period. The second group includes incurred reported claims, i.e. all claims that occurred up to the last day of the reporting period.

The source of the best estimate of incurred reported claims is the discounted value of the list of provisioned claims which is the result of monthly processing and is monitored at the level of an individual claim file. Individual claim adjustment departments are responsible for compiling the list of estimates for individual claims, whereby data that affect the estimates are entered concurrently. The lists exclude annuity applications that are included in the best estimate of the annuity provision. Provisions for incurred unreported claims are calculated at the level of insurance segments, for which established actuarial techniques are used.

The calculation also takes into account the past inflation. Future cash flows from incurred claims take into account the estimated expected future inflation rate.

The best estimate of the premium provision is based on the projections of the future cash flows from premiums, claims, subrogations, costs, bonuses and discounts, terminations and commissions as well as other eventual cash flows specific to an individual Group member. Unearned premium calculated as at the calculation date is used as the measure of exposure. The pattern of development of future cash flows from the premium provision matches the pattern that is calculated and used in claims provisioning which is one of the key assumptions of the model.

Material assumptions also include the future inflation rate and the discounting curve. The assumption of the future inflation rate is based on the estimates published by the IMF for the countries, in which an individual Group member operates.

The claim and premium provision calculation methodology is harmonised among the Group's (re)insurance undertakings, whereby the size, complexity and business profile of each company is taken into account.

D.2.1.2 Risk margin for non-life and health insurance

As at 31 December 2022, the Group's risk margin amounted to EUR 33.5 million.

At the Group level, it is calculated as the sum of the risk margins of the same insurance segments of the operations of individual Group members. Projections of future capital requirements for individual risks by module and sub-module are made for the calculation of the risk margin. The approach used is the one under the first method according to the hierarchy of the EIOPA Guidelines on the valuation of provisions. The calculation observes cost of capital of 6%.

D.2.1.3 Material differences between the bases, methods and main assumptions used for valuation for solvency purposes and the bases, methods and key assumptions used for valuation in financial statements

As at 31 December 2022, non-life and health insurance technical provisions for financial reporting purposes amounted to EUR 1,126.8 million, while they stood at EUR 683.9 million for solvency purposes. The basic difference between both valuation methods lies in the fact that the precautionary estimate of liabilities is used for financial reporting purposes, whilst the best

estimate is used for solvency purposes. Provision calculation applies slightly different portfolio segmentation.

Table 49: Difference between technical provisions for non-life insurance for solvency purposes and for financial reporting purposes

2022	In EUR thousand	
	Value for solvency purposes	Value for financial reporting purposes*
Non-life and health insurance technical provisions	683,939	1,126,824

* The value relates to technical provisions presented in the Annual Report, section 3.16 in the Accounting Report

In addition to the valuation method for technical provisions, the inclusion of non-past due receivables from direct insurance operations also importantly contributes to the difference in the provisions subject to their intended use.

In the financial statements, each (re) insurance company in the Group recognises the result of the insurance contract for the duration, whereby the result of the insurance contract in the calculations for solvency purposes is recognised immediately upon the conclusion of the contract. As opposed to the unearned premium, the premium provision also takes into account the claims ratio for individual segments as well as the cash flows from contract cancellations and bonus repayments that are separately provisioned in financial statements. The cash flows of future liabilities are discounted using the risk-free interest rate curve.

The prescribed segmentation is also used for solvency purposes in the calculation of the claims provision in the part relating to incurred but not reported and incurred under-reported claims. The methodology is identical in both calculations. In the calculation for solvency purposes, development factors are not smoothed, and the used claims ratios do not contain any precautionary margin. In the calculation of incurred unreported and incurred under-reported claims for financial reporting purposes, large claims are excluded from the list of incurred and reported claims and are then added separately which leads to a higher value of provisions. Expenses and subrogations are calculated using the same method under both valuation methods. Similarly as with the premium provision, cash flows from claims provisions are discounted for solvency purposes; however, negative interest rates may lead to higher provisions.

D.2.2 Technical provisions for life insurance

Two types of liabilities are valued within the scope of life insurance technical provisions at the Group level: life insurance liabilities and liabilities under health insurance that is provided on a similar technical basis as life insurance. The best estimate of liabilities is calculated at the Group level separately for expired and non-expired perils.

The calculation methodology is harmonised among the Group's (re)insurance undertakings that do not perform intra-group transactions when it comes to life insurance technical provisions.

The table below shows the life insurance technical provisions for solvency purposes.

Table 50: Life insurance technical provisions for solvency purposes as at 31 December 2022 and 31 December 2021

2022		In EUR thousand	
Life insurance technical provisions	Best estimate of liabilities	Risk margin	Technical provisions
Insurance with profit participation (LoB 30)	767,314	16,290	783,604
Index-linked and unit-linked insurance (LoB 31)	640,169	20,502	660,670
Other life insurance (LoB 32)	6,063	6,394	12,457
Annuities from non-life insurance contracts (LoB 34)	51,286	264	51,550
Total	1,464,832	43,450	1,508,282

2021		In EUR thousand	
Life insurance technical provisions	Best estimate of liabilities	Risk margin	Technical provisions
Insurance with profit participation (LoB 30)	971,974	25,438	997,412
Index-linked and unit-linked insurance (LoB 31)	715,013	18,023	733,036
Other life insurance (LoB 32)	6,051	7,146	13,196
Annuities from non-life insurance contracts (LoB 34)	72,125	432	72,556
Total	1,765,162	51,038	1,816,201

D.2.2.1 Best estimate of life insurance liabilities

For the purpose of projecting cash flows at the level of an individual insurance undertaking, the Group uses an appropriate set of assumptions relevant for homogenous risk groups, to which the respective insurance policy belongs. For unexpired perils, the best estimate of liabilities is calculated using cash flow projections, taking due account of the relevant assumptions for every individual policy. For expired perils, the best estimate of liabilities is recognised in the following manner: in the case of endowments, the best estimate is calculated by policy; in the case of other risks, it is calculated at the level of homogenous risk groups using the BF methodology of actuarial triangles, which is a loss reserving technique used for non-life insurance. The theoretical concept defines the best estimate of liabilities as the market value of liabilities, but in practice it can hardly ever be measured in the market. Therefore, the best estimate of liabilities is calculated as the present value of all income and expenses arising from an insurance policy, weighted by the probability of occurrence. Income includes gross premiums, charged costs and other income (e.g. refunds), while expenses include actual costs, fees and commissions, claims and any other expenses. Return on assets is not included in income. The risk-free interest rate curve published by EIOPA is used for discounting cash flows. Expenses related to future actual costs are calculated using a cost model that contains the following cost types required to the performance of insurance contracts: insurance management costs, investment management costs, claim management costs, insurance acquisition costs (which are not included under brokers' fees - brokers' fees represent a specific cash flow type).

With regard to cash flows, due account is taken of the expected future developments in the external environment (mortality, interest rates, inflation, etc.) and of the following types of uncertainties:

- uncertainty regarding the timing and probability of insured events;
- uncertainty regarding the amounts of claims;
- uncertainty regarding the amount of actual costs;
- uncertainty regarding the expected future development of the external environment as far as it is possible to predict it;
- uncertainty regarding policyholder behaviour.

The above uncertainties are included in the projection using basic input assumptions regarding the probability of distribution of relevant insurance events (e.g. probability tables for mortality, policy capitalisation, policy surrenders, etc.). The default probability distributions depend on the relevant risk factors and may change over time (e.g. probability tables for longevity depend on the gender, age and generation to which a person belongs). The Group performs separate calculations of the best estimate of liabilities for the guaranteed and the discretionary part of liabilities.

The calculation of cash flows takes into account certain future management measures with regard to the distribution of profits to policyholders, depending on the economic situation of the country where the company operates and in accordance with internal rules of the company.

Using a range of economic scenarios that correspond to market conditions and are risk-neutral, the Group calculates the part of the best estimate of liabilities that represents the time value of embedded contractual options and financial guarantees which allows it to estimate the present value of uncertainties that arise from them.

The assumptions regarding policyholder behaviour are considered in a deterministic manner, in the sense that behaviour is not dependent on the economic scenario, but rather depends on other risk factors (e.g. age of the policy, type of insurance product, etc.). The calibration of dependencies between economic conditions and policyholder behaviour must be based on a statistically characteristic result that is derived from relevant statistical analyses of empirical data from both sources (past policyholder behaviour and economic conditions). Based on the currently available data, such a connection cannot be derived correctly.

The best estimate for non-life insurance claims that are paid as annuities is the sum of the best estimates for the existing and expected claims from this line of business. The best estimates are calculated using life valuation techniques. In doing so, relevant mortality tables that are also used for the valuation of capitalised annuities for the purpose of the making of lists are observed. This is how the provision for planned annuities for insurance cases, for which no claim was yet filed, but can justifiably be expected, is calculated. These are generally annuities of underage persons who already receive an annuity and will be entitled to an income protection annuity when turning a certain age. The calculation includes the claim adjustment costs.

The best estimate of liabilities changed in the following segments in the reporting period:

-insurance with profit participation where it decreased by EUR 204.7 million mainly as a result of the rise in the risk-free interest rate curve resulting from the decrease in the best estimate of liabilities by EUR 156.2 million and actual cash flows in 2022 as a result of the decrease in the best estimate of liabilities by EUR 54.8 million;

-index or unit-linked insurance where it decreased by EUR 74.8 million mainly as a result of actual investment movements in the period as a result of the decrease in the best estimate of liabilities by EUR 64.7 million, newly underwritten risks in the period and the rise in the risk-free interest rate curve resulting from the decrease in the best estimate of liabilities by EUR 32.6 million;

- other life insurance where it did not change;

- non-life insurance annuities where it decreased by EUR 20.8 million. Most of the difference comes from the Company where the provisions for this item decreased by EUR 20.1 million mainly as a result of the change in the risk-free interest rate curve.

D.2.2.2 Risk margin for life insurance

The definition of the risk margin is based on the estimated value of the solvency capital requirement for all future periods until the maturity of the existing portfolio of liabilities. Therefore, the Group calculates them by applying a simplification based on the calculation of the future values of partial solvency capital requirements for individual risk sub-types (e.g. mortality, longevity, costs, etc.) on the basis of values of substitutes which can be calculated in practice.

An appropriate substitute is therefore determined for every risk included in the standard formula, which is expected based on an actuarial assessment and empirical evidence to develop with roughly the same dynamic as the capital requirement for the relevant risk. In this manner, the risk margin is calculated for the entire life insurance portfolio within an individual ring-fenced fund or within the remaining part of the portfolio. This risk margin is then broken down by individual line of business in proportion to their virtual isolated risk margins.

D.2.2.3 Material differences between the bases, methods and main assumptions used for valuation for solvency purposes and the bases, methods and key assumptions used for valuation in financial statements

The reasons for differences between the valuations of technical provisions for solvency purposes and for financial reporting purposes are the discrepancies between the bases, methods and main assumptions.

The methodology and the bases used for financial reporting purposes determine the value of technical provisions within certain segments of the portfolio as the higher of the following: the realistic value of liabilities (according to the LAT methodology) or a conservative value of liabilities. The conservative calculation of liabilities is based either on a prospective method using the net Zillmer premium (traditional life insurance) or on a retrospective method (unit-linked life insurance and pension insurance).

The first method takes into account the present value of the limited set of expected future cash flows relating to an insurance contract, while the other takes the accumulated value of realised past cash flows (premium payments, claim payouts, imputation of the return, valorisation, etc.).

Table 51: Differences between technical provisions for life insurance for solvency purposes and for financial reporting purposes

2022	In EUR thousand	
	Value for solvency purposes	Value for financial reporting purposes*
Life insurance technical provisions	1,508,282	1,973,200

* The value relates to technical provisions presented in the Annual Report, section 3.16 in the Accounting Report

The methodology and bases for the valuation of technical provisions for solvency purposes stipulate the method for the calculation of the present value of a realistic estimate of all relevant cash flows, which is also referred to as the "best estimate of liabilities", including the risk margin.

In addition to the differences in the bases and methodologies, the two valuation approaches also differ in terms of the set of assumptions used. As a rule, technical parameters defining the premium are used in the prospective valuation of liabilities (traditional life insurance) for financial reporting purposes, but with certain exceptions. The constant technical interest rate embedded in the individual tariff or the valuation interest rate, provided the latter is lower, is applied for discounting.

The assumptions about cost parameters are generally identical to those embedded in the tariff of a product, while an empirical valuation parameter needs to be applied in certain cases. Policyholder behaviour (surrender, capitalisation, cancellation, and annuitisation) is not taken into account in the valuation of liabilities for financial reporting purposes. Liabilities are calculated using actuarial mathematical formulas consisting of traditional actuarial factors.

When it comes to the valuation for solvency purposes, all assumptions are of the best estimates type, meaning that the values are neither overestimated nor underestimated, allowing for a realistic valuation. It is important to note the fact that the regulator prescribes the basic risk-free interest rate term structure for each relevant currency, meaning that this rate is uniform for all insurance companies within a given country.

For insurance with profit participation, the positive difference between the valuation of liabilities for solvency and the valuation for financial reporting purposes is mainly the result of the use of the abovementioned term structure, which is generally lower than the interest rates applied for discounting in financial statements. In index-linked or unit-linked insurance, the negative difference occurs as a result of using the best estimate of parameters (which generally result in lower liabilities compared to the parameters used in the calculation for financial reporting purposes) and permitting negative liabilities for profitable insurance for solvency purposes. A similar explanation is also applicable to other types of life insurance.

The material difference between the two valuations results from annuities under non-life insurance, which are posted under life insurance for solvency purposes and amount to EUR 72.1 million. They are presented under non-life insurance for financial reporting purposes.

D.3 Other liabilities

D.3.1 Provisions, other than technical provisions

The calculation of provisions for long-term employee benefits such as jubilee benefits and severance pay upon retirement is performed in accordance with the actuarial mathematics methodology taking into account the provisions of International Financial Reporting Standards.

The calculation of provisions refers to two categories of employee entitlements:

- post-employment benefits which represent an employee entitlement upon retirement in the form of a lump sum payment. The amount of the entitlement is determined in advance and risks with regard to the final amount of the payment are borne by the company, which is why this scheme is classified under "DBF"⁶;
- jubilee benefits which represent other long-term employee benefits.

The total cost of the pre-determined employee entitlement is affected by a number of variables, such as wage growth, inflation, the termination of employment contract and the mortality of employees. The total cost of the entitlement remains uncertain throughout the period, which is why the valuation of the present value of post-employment benefits and related costs during the time of employment takes into account the following:

- actuarial valuation methods;
- attribution of benefits during the time of employment;
- defined actuarial assumptions.

Provisions for jubilee benefits and severance pay upon retirement are calculated for each individual employee separately based on the methodology described above, the applied parameters and employee data.

Provisions for jubilee benefits and pensions and severance pay upon retirement (post-employment benefits) for solvency reporting purposes match the provisions calculated for financial reporting purposes.

Table 52: Group's provisions, other than technical provisions

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Provisions, other than technical provisions	18,170	18,460	20,023

The value of provisions, other than technical provisions, did not decrease materially in 2022.

⁶ Defined Benefit Plan

D.3.2 Deposits from reinsurers

For financial reporting purposes, deposits from reinsurers are valued at amortised cost using the effective interest rate method. They are valued in the same manner for solvency purposes.

Table 53: Deposits from reinsurers

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Deposits from reinsurers	1,135	842	1,135

The value of deposits from reinsurers did not increase materially in 2022.

D.3.3 Deferred tax liabilities

For financial reporting purposes, deferred tax liabilities are accounted for all temporary differences between the value of liabilities for tax purposes and their carrying amount. The calculation of deferred tax liabilities is made at the tax rate, which is expected to be applied when the respective liability is settled, and is recognised subject to the jurisdiction at each company.

Deferred tax liabilities are valued for solvency purposes as the sum of deferred tax liabilities of Group members. The latter is determined at the level of each subsidiary in the Group as the sum of deferred liabilities for financial reporting purposes and the product of the local tax rate in the country of operation and the difference between the amount of liabilities (without taking into account deferred tax liabilities) of the accounting and market balance sheets of an individual company.

Table 54: Group's deferred tax liabilities

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Deferred tax liabilities	117,162	87,524	259

Compared to the previous period, deferred tax liabilities for solvency purposes increased by EUR 29.6 million due to the increase at the Company, the Pozavarovalnica Triglav Re company and the Triglav Osiguranje, Zagreb company. The increase for all companies is the result of an increase in the difference between total liabilities before taxes for both reporting standards.

D.3.4 Derivatives

The value of derivatives is determined by the closing offered ask price in an active market (the stock exchange, price of the market operator). In the event that there is no active market, the value is determined by a specialised valuation model (Black-Scholes, network models). Model

parameters (the discount rate, volatility, correlation, etc.) are defined as unadjusted data from financial markets to the greatest possible extent.

The companies in the Group did not dispose of derivative financial instruments at the end of 2022.

Table 55: Group's derivatives

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Derivatives	0	0	0

D.3.5 Debts owed to credit institutions

Debts owed to credit institutions are liabilities arising from received bank loans. For financial reporting and solvency purposes, these liabilities are measured at cost.

Table 56: Group's debts owed to credit institutions

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Debts owed to credit institutions	490	377	490

The value of debts owed to credit institutions did not increase materially in 2022.

D.3.6 Financial liabilities other than debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions include bonds issued by a Group member (either held by credit institutions or not), structured notes issued by a Group member as well as mortgages owed to entities other than credit institutions. Subordinated liabilities are not included in this category. For financial reporting and solvency purposes, these liabilities are measured at amortised cost.

Table 57: Group's financial liabilities other than debts owed to credit institutions

Balance sheet	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Financial liabilities other than debts owed to credit institutions	236	1,841	230

D.3.7 Insurance and intermediaries payables

Insurance & intermediaries payables represent liabilities from direct insurance operations, reinsurance liabilities from accepted reinsurance and coinsurance and other current liabilities from insurance operations.

For financial reporting purposes, they are valued at amortised cost using the effective interest rate method. They are valued in the same manner for solvency purposes. The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group. Different classification of balance sheet items is also used for the two valuation methods. For solvency purposes, this item also includes all past due liabilities for reinsurers' and coinsurers' shares in claims. Non past due liabilities for reinsurers' and coinsurers' shares in claims are taken into account for solvency purposes in the calculation of reinsurance recoverables. Non past due and past due liabilities for reinsurers' and coinsurers' shares in claims are taken into account for financial reporting purposes in the calculation of reinsurance liabilities.

Table 58: Group's insurance and intermediaries payables

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Insurance and intermediaries payables	40,704	35,865	41,429

This item increased at the Group in 2022 by EUR 4.8 million, whereby it increased the most, i.e. EUR 1.6 million at Triglav Osiguranje, Beograd and EUR 1.1 million at Pozavarovalnica Triglav Re.

D.3.8 Reinsurance payables

For financial reporting purposes, reinsurance payables are valued at amortised cost using the effective interest rate method.

Valuation for solvency purposes is the same as for financial reporting purposes. The value of payables from reinsurance operations for solvency purposes is equal to the payables under passive reinsurance, while their value for financial reporting purposes contains both payables from active and passive reinsurance.

Table 59: Group's reinsurance payables

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Reinsurance payables	19,054	7,193	51,519

Reinsurance increased at the Group by EUR 11.9 million. The increase is material at the Company where reinsurance premium liabilities to reinsurers outside the Group rose by EUR 11.7 million.

D.3.9 Payables (trade not insurance)

The biggest component of these payables is the current liabilities to employees, trade payables and other current liabilities.

For both financial reporting and solvency purposes, they are valued at amortised cost using the effective interest rate method. The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group. Different classification of balance sheet items is also used for the two valuation methods.

Table 60: Group's payables (trade not insurance)

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Payables (trade not insurance)	79,681	67,431	87,119

In 2022, payables (trade not insurance) at the Group increased by EUR 12.2 million. As part of these payables, the Company's liabilities to employees increased by EUR 4.7 million and corporate income tax liabilities by EUR 9.7 million, while in 2021 the Company disclosed a corporate income tax asset in the amount of EUR 564 thousand.

D.3.10 Subordinated liabilities

Subordinated liabilities are disclosed in financial statements at amortised cost without accrued interest. For solvency purposes, subordinated liabilities are valued at market value whereby the change in the issuer's creditworthiness is not taken into account.

Table 61: Group's subordinated liabilities

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Subordinated liabilities	43,370	51,671	49,522

Subordinated liabilities decreased in 2022 due to revaluation, which was mainly the result of the rise in the risk-free interest rate level.

D.3.11 Any other liabilities, not elsewhere shown

Any other liabilities, not elsewhere shown are all of the Group's other liabilities not included in any of the previous liability items in the balance sheet. Valuation for financial reporting purposes is the same as for solvency purposes.

The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group. Different classification of balance sheet items is also used for the two valuation methods.

Table 62: Group's any other liabilities, not elsewhere shown

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2022	2021	2022
Any other liabilities, not elsewhere shown	22,610	17,422	24,273

The value of any other liabilities of the Group not elsewhere shown increased by EUR 5.2 million compared to the previous period.

D.4 Alternative methods for valuation

The Group did not use any alternative valuation methods for solvency purposes in the reporting period other than those disclosed in the previous sections of this Report.

D.5 Any other information

This section outlines additional data on the Group as per the requirements stipulated in Article 296 (4) of the Delegated Regulation.

Group members have a system in place for regular (at least annual) verification of the suitability of investment policies. This takes into account the conditions of financial markets and other important factors that affect investing. The correlation between the risks arising from various classes of assets and liabilities are monitored on a regular basis using stress tests by credit rating agencies, stress tests initiated by the regulator or stress tests prescribed by EIOPA.

The Group's largest off-balance-sheet exposure is to unclaimed recourse receivables and unpaid commitments for payments into alternative investments. Detailed information on off-balance sheet items not reported by the Group is presented in the Annual Report, i.e. in section 5.9 of the financial portion of the said report.

OTHER RELEVANT INFORMATION

All other information relating to the valuation for solvency purposes was disclosed by the Group in sections D.1 through D.4.



E. Capital management

- E.1** Own funds
 - E.2** Solvency capital requirement and minimum capital requirement
 - E.3** Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement
 - E.4** Difference between the standard formula and any internal model used
 - E.5** Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement
 - E.6** Any other information
-

E. Capital management

The Group's capital management system is based on strategic goals, regulatory requirements, good practices and the internally established methodology that takes into account the characteristics and special features of the operations of the company as a whole as well as the local requirements of individual Group companies.

Capital management at the Group level is established by a continuous process involving the determination and maintenance of a sufficient volume and quality of capital required to cover the underwritten risk so as to ensure efficient operations. The capital management system also encompasses the management of regulatory capital risk, which also includes risks arising from legislative amendments and amendments of financial reporting standards that affect capital adequacy and consequently dividend distribution.

The objective of the capital management system is the efficient use of available own funds (also termed economic capital), which provides for:

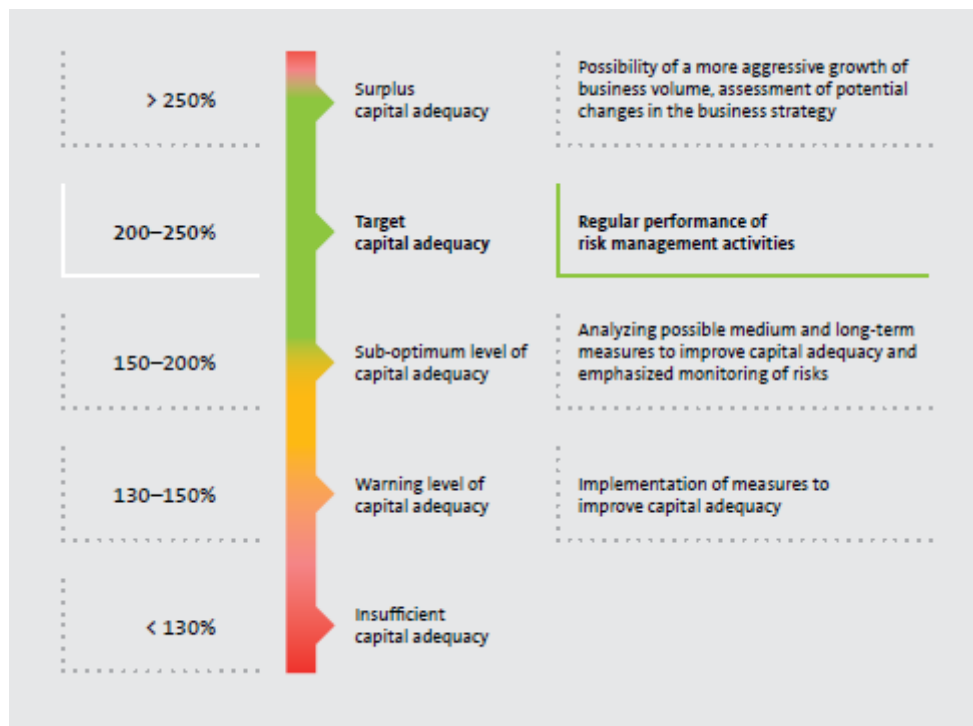
- a high level of confidence of all stakeholders;
- continuous meeting of the regulatory capital adequacy requirements;
- the security and profitability of the operations of Group companies taking into account the defined risk appetite which includes the assurance of an adequate amount of capital and its efficient use;
- assurance of appropriate exposure to capital risk through consistent testing of capital adequacy within the scope of the ORSA process;
- assurance of long-term and stable returns on the owners' investment;
- meeting the criteria of external rating agencies to maintain at least the A credit rating.

Through its capital management system, the Company has also established a process for transparent and optimum economic allocation of capital by individual functional areas and Group companies based on risk-adjusted profitability criteria for the optimum achievement of strategic goals.

As part of the capital management system, the Company of the Group implements an attractive and sustainable dividend policy. The share of consolidated net profit from the previous year that is allocated for dividend distribution is at least 50%, whereby the Company strives to pay shareholders a dividend that is not lower than the one paid in the previous year. The implementation of the dividend policy is subordinated to the medium-term sustainable assurance of the Group's capital adequacy in the target range between 200 and 250%. The Company's Management Board and Supervisory Board submit a proposal each year to the General Meeting regarding the distribution of the Company's distributable profit based on the balanced consideration of three objectives: prudent management of the Group's capital and assurance of its financial stability, reinvestment of net profits into the implementation of the strategy for the Group's growth and development, and distribution of an attractive dividend to the shareholders.

The capital management strategic objectives and the dividend policy criteria are shown in the figure below.

Figure 5: Capital management strategic objectives and dividend policy criteria



The aim of the capital management process is to achieve an optimum return according to the use of economic capital criterion at the Group level and represents continuous implementation of the following activities:

- setting of mutually coordinated and clearly communicated objectives, and defining the long-term business strategy of each insurance segment and subsidiary;
- adoption of business decisions that are suitable in terms of profitability and assumed risk as well as strategic guidelines for capital management;
- monitoring and measurement of economic capital value, profitability and use for each insurance segment and subsidiary as well as analysing changes in the risk profile;
- evaluation of operating results;
- implementation of measures for optimum economic capital allocation and monitoring of its use.

In the context of monitoring and measurement of economic capital value, profitability and use for each insurance segment and subsidiary as well as analysing the changes in the risk profile, regular implementation of the ORSA process, which defines the guidelines and measures for the optimisation of operations, is of the utmost importance. The ORSA process is explained in detail in section B.3.6 of this Report.

CAPITAL ADEQUACY OF THE GROUP

As at 31 December 2022, the Group was adequately capitalised and had sufficient capital available to meet both the solvency capital requirement (200%) and the minimum capital requirement (461%).

Capital adequacy is defined as the ratio between the total eligible own funds and the solvency capital requirement.

Eligible own funds include all Tier 1 own fund items, and Tier 2 and Tier 3 own fund items up to the regulatory specified amounts.

Only eligible own funds, which are without restrictions, are used to meet the MCR, whereby they comprise all Tier 1 own fund items, and Tier 2 own fund items, which may not exceed 20% of the MCR within the scope of the regulatory restriction.

Table 63: Capital adequacy of the Group as at 31 December 2022 and 31 December 2021

Capital adequacy of the Company	In EUR thousand	
	2022	2021
Total eligible own funds to meet the SCR	932,927	1,007,106
Total eligible own funds to meet the MCR	832,463	933,686
Solvency capital requirement (SCR)	466,468	459,283
Minimum capital requirement (MCR)	180,759	174,644
Capital adequacy to SCR	200%	219%
Capital adequacy to MCR	461%	535%

The Group's capital adequacy decreased by 19 pp compared to the year before, which is the result of the decrease in eligible own funds and increase in the SCR. Eligible own funds decreased by EUR 74.2 million compared to the previous year.

Details on the values for the calculation of the Group's capital adequacy are provided in template S.23.01 in the Annex to this Report.

E.1 Own funds

As at 31 December 2022, the Group only had basic own funds totalling EUR 932.9 million. They were composed of the Group's share capital (EUR 73.7 million), subordinated liabilities (EUR 43.4 million) and the reconciliation reserve (EUR 817.1 million). The reconciliation reserve is the surplus of assets over liabilities in the amount of EUR 939.4 million, reduced by the value of expected dividends for the 2022 financial year in the amount of EUR 46.4 million, share capital in the amount of EUR 73.7 million and other unavailable assets in the amount of EUR 2.2 million. Unavailable assets are stated with a value adjustment for the companies Triglav Skladi and Triglav, pokojninska družba to the sectoral value of their available capital eligible to meet the Company's sectoral capital requirement.

As at 31 December 2022, the Group had no ancillary own funds.

The structure of the Group's own funds according to tier as at 31 December 2022 and 31 December 2021 is shown in the table below and in template S.23.01 of the Annex to this Report.

Table 64: Structure of own funds by tier as at 31 December 2022 and 31 December 2021

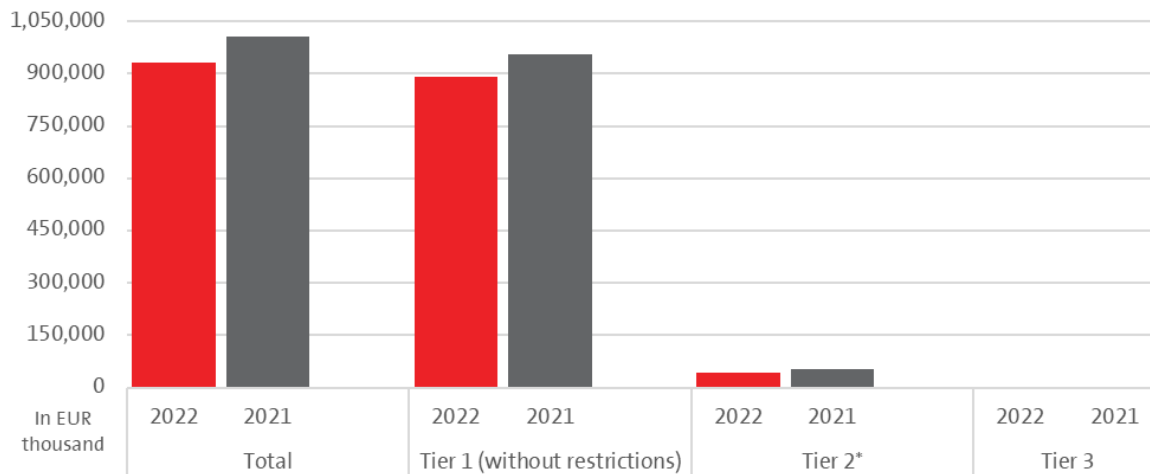
Eligible own funds to meet the SCR in EUR thousand	2022	2021
Tier 1	889,557	955,434
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	817,143	883,272
Deductions	1,287	1,539
Tier 2	43,370	51,671
Subordinated liabilities	43,370	51,671
Deductions	0	0
Tier 3	0	0
Deductions	0	0
Total eligible own funds to meet the SCR	932,927	1,007,106

Eligible own funds to meet the MCR in EUR thousand	2022	2021
Stopnja 1	796,311	898,758
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	817,143	883,272
Deductions	94,533	58,216
Tier 2 (maximum of 20% of the MCR)	36,152	34,929
Subordinated liabilities	36,152	34,929
Deductions	0	0
Total eligible own funds to meet the MCR	832,463	933,686

The Group's total eligible own funds to meet the SCR decreased by EUR 74.2 million in the reporting period. The decrease is the result of the decrease in the reconciliation reserve by EUR 66.1 million, mainly because of the decrease in the excess of assets over liabilities. The value of subordinated liabilities decreased on the other hand by EUR 8.3 million.

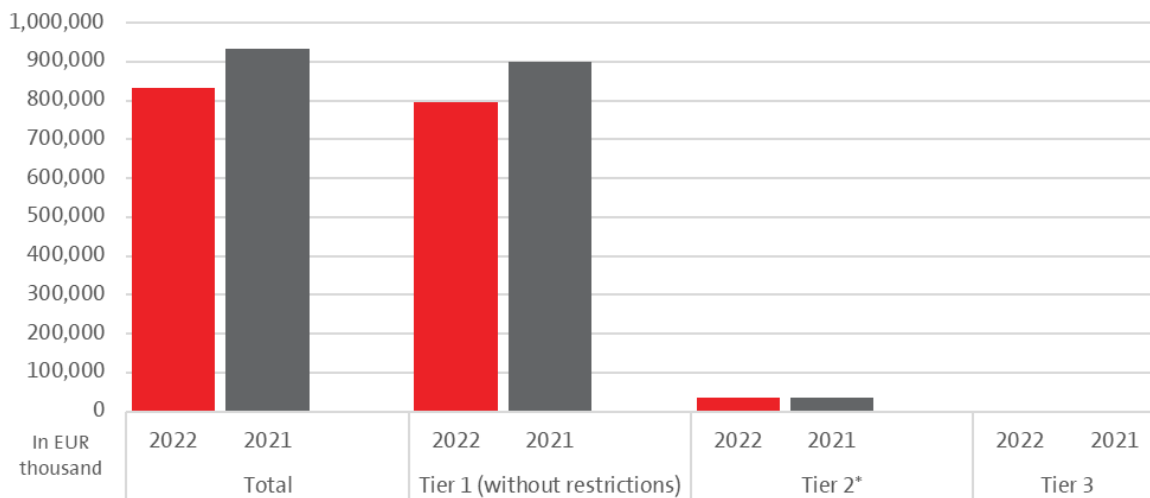
The Group's total eligible own funds to meet the MCR as at 31 December 2022 amounted to EUR 832.5 million, whereby Tier 2 own funds that exceed 20% of the MCR are already excluded from the said amount.

Deductions increased compared to the previous year because of the capital increase in Triglav, pokojninska družba.

Chart 9: Comparison of eligible own funds to meet the SCR as at 31 December 2022 and 31 December 2021

* Tier 2 own funds are suitable for the coverage of the MCR as long as they do not exceed 20% of the MCR.

Own funds at the Group level are mostly of the highest quality and meaning that its entire share capital and reconciliation reserve are classified as Tier 1 own funds, while the subordinated bond is classified as Tier 2 own funds.

Chart 10: Comparison of eligible own funds to meet the MCR as at 31 December 2022 and 31 December 2021

* Tier 2 own funds are suitable for the coverage of the MCR as long as they do not exceed 20% of the MCR.

The Company verified the transferability of own funds in order to determine whether the total own funds of individual subsidiaries, which are fully consolidated, are available to cover the solvency capital requirement at the Group level. Potential deductions from the eligible own funds of the Group are determined based on the restrictions of transferability of own funds of subsidiaries in order to ensure a sufficient amount of own funds to ensure capital adequacy and liquidity at the company as well as other restrictions. These are calculated separately for (re)insurance subsidiaries and other subsidiaries that do not have legal restrictions. Based on the sum of the potential deductions determined in this way, the total potential deduction for each company is determined. The latter is compared with the threshold value represented by the

proportional required solvency capital of the company, which it contributes to the required solvency capital of the Group. If the total potential deduction is higher than the threshold value, the excess of the sum of deductions is taken into account as a deduction due to the limited transferability of own funds, otherwise no deduction is made.

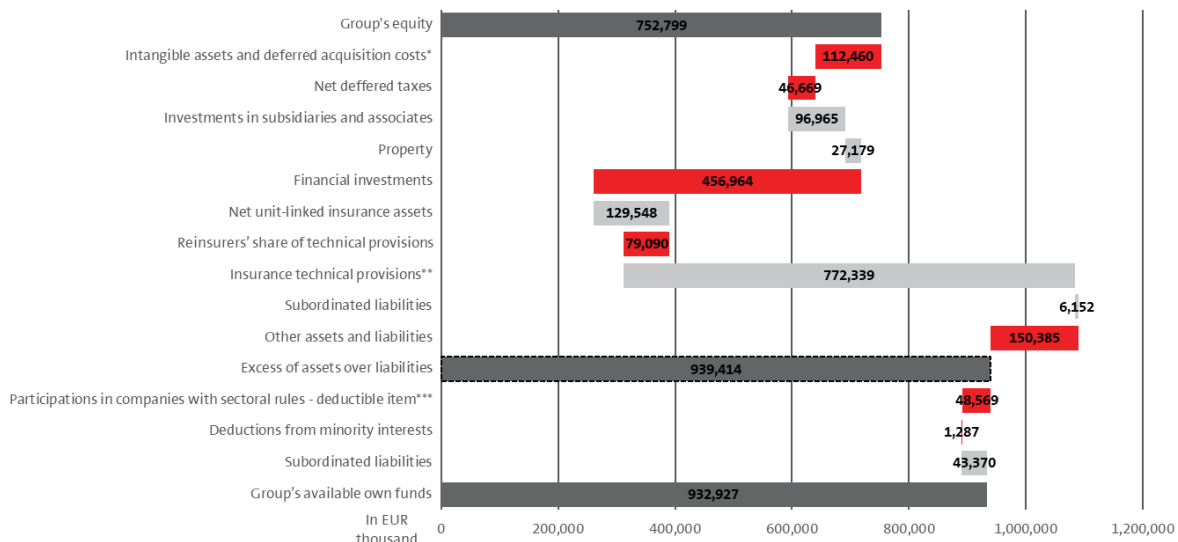
Own funds that are not considered to be actually available to cover the Group's solvency capital requirement are ancillary own funds, preference shares, funds in subordinated accounts of members of the mutual insurance company, subordinated liabilities and an amount equal to the value of net deferred tax assets.

An additional deduction is also calculated for minority holdings, which is calculated as the minority holding of the excess of own funds over the proportional required solvency capital after all previously determined deductions. As at December 31, 2022, the Group only made deductions from minority holdings, which amounted to EUR 1.3 million. This is EUR 0.3 million less than at the end of 2021.

DIFFERENCES IN THE VALUATION OF CAPITAL FOR FINANCIAL REPORTING PURPOSES AND OWN FUNDS

The differences between capital for financial reporting purposes and own funds calculated for solvency purposes arise from difference in the valuation of assets and liabilities. Own funds are namely calculated as the difference between assets and liabilities whereby both sides of the balance sheet are valued at market value. Subordinated liabilities and eventual own fund items are additionally added to this difference.

Chart 11: Explanation of differences in capital valuation in the balance sheet for solvency and financial reporting purposes for the Group as at 31 December 2022



*The fair value of intangible assets is valued at 0.

** Consolidation method for solvency purposes differs for Triglav Skladi and Triglav, pokojninska družba.

*** In this item interests in companies with sectoral rules, foreseeable dividends and non-available minority interests at group level are included.

Capital for financial reporting purposes as at 31 December 2022 amounted to EUR 752.8 million, while the available own funds amounted to EUR 932.9 million. Triglav Skladi, Sarajevostan, d.d., Triglav, penzisko društvo, a.d., Skopje, and Triglav, pokojninska družba are fully consolidated for

financial reporting purposes and included according to the equity method for solvency purposes. The difference in the inclusion of the mentioned companies has a major effect on the difference in financial assets and technical provisions, mainly from Triglav, pokojninska družba. The difference in the value of technical provisions additionally affects their different valuations (details provided in section D.2 of this Report).

E.2 Solvency capital requirement and minimum capital requirement

The Company calculates capital adequacy based on the standard formula in accordance with the Insurance Act and the Delegated Regulation. In order to calculate the solvency capital requirement, the Company applies the standard formula using the prescribed parameters and not using any simplifications and parameters specific for the Company or the Group.

The legislation does not prescribe the minimum capital requirement at the Group level. The floor for the SCR at the Group level must equal the minimum capital requirement at the Group level and is the sum of the minimum capital requirement of the Company and the proportionate share of the minimum capital requirement of all associated (re)insurance companies. The calculation for the Group insurance companies that are not subject to the Delegated Regulation takes into account the local MCRs in proportionate amounts.

E.2.1 Solvency capital requirement

The Group's SCR as at 31 December 2022 amounted to EUR 466.5 million, an increase of EUR 7.2 million compared to the year before. The main reason for the increase in the SCR is the increase in the capital requirement for underwriting, credit and operational risks as well as lower loss-absorbing capacity of deferred taxes.

Table 65: SCR of the Group as at 31 December 2022 and 31 December 2021

	In EUR thousands	
	2022	2021
Group's capital requirement		
Underwriting risks	347,043	318,881
Market risk	188,737	230,498
Credit risk	47,110	41,228
Diversification	-203,582	-197,926
Basic solvency capital requirement	379,308	392,682
Operational risk	47,227	43,278
Loss-absorbing capacity of technical provisions	-276	0
Loss-absorbing capacity of deferred taxes	-9,744	-28,204
Adjustment for ring-fenced fund risk diversification	8,433	4,919
Consolidated SCR	424,949	412,674
Capital requirement for Triglav Skladi	11,844	15,887
Capital requirement for Skupna pokojninska družba	13,230	14,028
Capital requirement for other companies (non-ancillary activity, associates)	16,445	16,694
SCR	466,468	459,283

The increase in the capital requirement for underwriting risk by EUR 28.2 million compared to the year before is the result of the increase in the capital requirement for all three insurance risk modules, but mainly the non-life insurance underwriting risks that mostly rose because of the growth of the portfolios of the Group's insurance companies and unfavourable developments in the area of claims.

The capital requirement for market risks decreased by EUR 41.8 million compared to the previous period, mainly due to the decrease in the capital requirement for equity risk and the capital requirement for spread risk as well as the increase in the effect of diversification. The capital requirement for equity risk decreased compared to the year before due to a reduction in equity exposure in the second half of 2022, and the capital requirement for spread risk decreased due to the continued maintenance of a high-quality debt investment portfolio while reducing investment duration. The increase in the effect of diversification is to a greater extent related to the Group's sensitivity to and growth in risk-free interest rates.

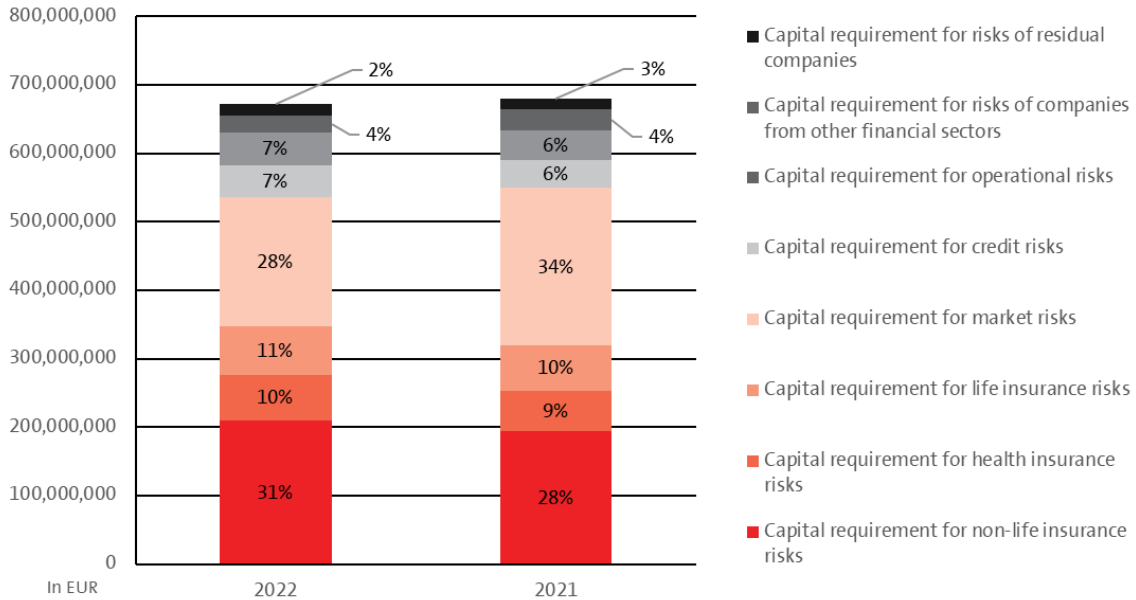
The capital requirement for credit risks increased by EUR 5.9 million in 2022 mainly due to an increase in exposure to banks and reinsurance partners, which in turn increases the estimate of type 1 risks. The exposure from claims also increased, which increases the estimate of type 2 risks.

Due to the growth of the non-life insurance portfolio, the capital requirement for operational risks has increased.

The loss-absorbing capacity of deferred taxes at the end of 2021 amounted to EUR 28.2 million, while it stands at EUR 9.7 million in 2022. The decrease is largely the result of a reduction in net deferred taxes for liabilities at the Company, which reduced net deferred tax liabilities at the Group as well. The adjustment for the loss-absorbing capacity of deferred taxes is recalculated based on the net deferred tax liabilities weighted by individual (re)insurance subsidiaries of the Group, which are valued based on the difference between the valuation for financial reporting purposes and the valuation for solvency purposes. When calculating the adjustment for the loss-absorbing capacity of deferred taxes, probable future taxable profits are not taken into account at the Group level.

The values of individual risk categories are shown in greater detail section C of this Report and in template S.25.01 in the Appendix to this Report.

The chart below shows the structure of the individual capital requirements by risk category, whereby the presentation also takes into account the capital requirement for operational risk and the capital requirements of companies from other financial sectors as well as the capital requirements of the remaining companies that are not part of the basic capital requirement.

Chart 12: Group's capital requirements excluding diversification as at 31 December 2022 and 31 December 2021

In the reporting period, the Group took into account the ring-fenced funds and calculated the SCR using method 3 – simplification at risk module level defined in the EIOPA Guideline on ring-fenced funds. This means that capital requirements for ring-fenced funds and the remaining part of the Group's portfolio are only summed up, while the effects of diversification between funds are not taken into account. When calculating the SCR, it is necessary to additionally calculate the adjustment for the aggregation of the theoretical SCR of ring-fenced funds. Details on the calculation are shown in template S.25.01 in the appendix to this Report.

E.2.2 Minimum capital requirement

The minimum capital requirement at the Group level as at 31 December 2022 amounted to EUR 180.8 million.

The table below shows the calculation of the minimum capital requirement of the Group as at 31 December 2022 and 31 December 2021.

Table 66: MCR of the Group as at 31 December 2022 and 31 December 2021

	In EUR thousand	
	2022	2021
Group's MCR	180,759	174,656
Zavarovalnica Triglav	104,456	106,903
Pozavarovalnica Triglav Re	23,009	21,226
Triglav Zdravstvena zavarovalnica	11,066	10,259

Triglav Osiguranje, Zagreb	12,076	10,692
Triglav Osiguranje, Sarajevo	8,181	4,090
Lovčen Osiguranje, Podgorica	3,000	3,000
Triglav Osiguranje, Beograd	6,402	6,409
Triglav Osiguranje, Banja Luka	3,579	3,068
Triglav Osiguruvanje, Skopje	2,995	3,005
Lovčen životno osiguranje, Podgorica	3,000	3,000
Triglav Osiguruvanje Život, Skopje	2,995	3,005

The Group's MCR was up EUR 6.1 million compared to the previous reporting period, whereby the majority of the change came from Triglav Osiguranje, Sarajevo as a result of the increase in the local capital requirement in Bosnia and Herzegovina.

E.2.3 Diversification effects in the Group

Material diversification effects in the Group arise from the relative size of the risks and the correlation between them. To calculate the diversification effects, correlation factors prescribed with the standard formula are used. Given that the insurance portfolio of the Group is large and well diversified between non-life, health, life insurance and reinsurance, the diversification effects are greater than at the level of an individual company. Diversification is not taken into account for companies that are not fully consolidated.

The diversification ratio at the Group level in 2022 stood at 80.5%, which is less than 0.9 percentage points lower than the year before when it was 81.4%.

E.3 Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

The Group does not use the duration-based equity risk sub-module to calculate and monitor capital adequacy.

E.4 Difference between the standard formula and any internal model used

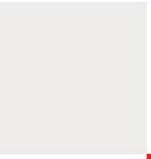
The Group does not use internal models to calculate and monitor capital adequacy for solvency purposes.

E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

In the reporting period, the Group did not find any non-compliance with the minimum consolidated capital requirement and the solvency capital requirement.

E.6 Any other information

All relevant information relating to the management of capital was disclosed by the Group in sections E.1 through E.5.



Annexes



Annexes

Quantitative Reporting Templates (QRT) of the Group as at 31 December 2022:

1. S.02.01.02 - Balance sheet for solvency purposes
2. S.05.01.02 - Premiums, claims and expenses by line of business
3. S.05.02.02 - Premiums, claims and expenses by country
4. S.23.01.22 - Own funds
5. S.25.01.22 - Solvency capital requirement for undertakings using the standard formula
6. S.32.01.22 - Undertakings in the scope of the Group

All values in Quantitative Reporting Templates below are shown in thousands of euros (EUR thousand).

Annex 1: S.02.01.02 - Balance sheet for solvency purposes

Assets	Solvency II value
Intangible assets	0
Deferred tax assets	111,205
Pension benefit surplus	0
Property, plant and equipment held for own use	129,627
Investments (other than assets held for index-linked and unit-linked contracts)	2,205,170
Property (other than for own use)	84,296
Holdings in related undertakings, including participations	134,884
<i>Equities</i>	<i>23,012</i>
Equities - listed	17,728
Equities - unlisted	5,283
<i>Bonds</i>	<i>1,756,103</i>
Government Bonds	1,111,967
Corporate Bonds	643,165
Structured notes	971
Collateralised securities	0
Collective Investments Undertakings	133,528
Derivatives	0
Deposits other than cash equivalents	70,485
Other investments	2,863
Assets held for index-linked and unit-linked contracts	706,867
Loans and mortgages	5,720
Loans on policies	4,829
Loans and mortgages to individuals	891
Other loans and mortgages	0
Reinsurance recoverables from:	130,709
Non-life and health similar to non-life	123,107
Non-life excluding health	122,415
Health similar to non-life	692
Life and health similar to life, excluding health and index-linked and unit-linked	7,602
Health similar to life	0
Life excluding health and index-linked and unit-linked	7,602
Life index-linked and unit-linked	0
Deposits to cedants	14,045
Insurance and intermediaries receivables	68,953
Reinsurance receivables	17,579
Receivables (trade, not insurance)	21,801
Own shares (held directly)	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	56,171
Any other assets, not elsewhere shown	6,400
Total assets	3,474,247

Liabilities	Solvency II value
Technical provisions - non-life	683,939
Technical provisions - non-life (excluding health)	627,201
TP calculated as a whole	0
Best estimate	596,786
Risk margin	30,414
Technical provisions - health (similar to non-life)	56,739
TP calculated as a whole	0
Best estimate	53,620
Risk margin	3,119
TP - life (excluding index-linked and unit-linked)	847,611
Technical provisions - health (similar to life)	70
TP calculated as a whole	0
Best estimate	70
Risk margin	0
TP - life (excluding health and index-linked and unit-linked)	847,542
TP calculated as a whole	0
Best estimate	824,594
Risk margin	22,948
TP - index-linked and unit-linked	660,670
TP calculated as a whole	0
Best estimate	640,169
Risk margin	20,502
Contingent liabilities	0
Provisions other than technical provisions	18,170
Pension benefit obligations	0
Deposits from reinsurers	1,135
Deferred tax liabilities	117,162
Derivatives	0
Debts owed to credit institutions	490
Financial liabilities other than debts owed to credit institutions	236
Insurance and intermediaries payables	40,704
Reinsurance payables	19,054
Payables (trade, not insurance)	79,681
Subordinated liabilities	43,370
Subordinated liabilities not in BOF	0
Subordinated liabilities in BOF	43,370
Any other liabilities, not elsewhere shown	22,610
Total liabilities	2,534,834
Excess of assets over liabilities	939,414

Annex 2: S.05.01.02 - Premiums, claims and expenses by line of business

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
Premiums written						
Gross - Direct Business	215,818	74,461		188,260	169,370	48,575
Gross - Proportional reinsurance accepted	2,696	5,686		32,475	17,034	19,406
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	3,649	7,157		50,677	27,160	36,469
Net	214,866	72,990		170,058	159,244	31,512
Premiums earned						
Gross - Direct Business	214,527	74,470		178,206	160,786	44,693
Gross - Proportional reinsurance accepted	2,678	5,304		28,535	15,198	19,901
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	3,753	6,671		43,644	24,984	34,582
Net	213,452	73,103		163,097	151,000	30,012
Claims incurred						
Gross - Direct Business	190,801	26,246		83,763	105,401	10,984
Gross - Proportional reinsurance accepted	1,723	2,620		19,610	9,500	9,725
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	2,090	2,639		24,508	14,091	1,447
Net	190,435	26,227		78,864	100,810	19,262
Changes in other technical provisions						
Gross - Direct Business	-11,626	-239		-53	49	-2
Gross - Proportional reinsurance accepted	-1,573			184	-88	-281
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	-1,569					
Net	-11,630	-239		130	-39	-283
Expenses incurred	26,250	24,565		55,827	46,357	10,996
Other expenses						
Total expenses						

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
Premiums written						
Gross - Direct Business	247,999	56,562	35,032	627	26,503	7,746
Gross - Proportional reinsurance accepted	158,359	11,365	16,967	77	2,437	2,404
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	181,100	31,150	23,795	174	3,423	7,109
Net	225,258	36,777	28,204	530	25,517	3,041
Premiums earned						
Gross - Direct Business	239,935	53,340	29,996	624	23,935	7,378
Gross - Proportional reinsurance accepted	155,901	10,905	14,817	74	2,006	2,353
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	183,224	29,246	21,704	167	2,852	7,162
Net	212,612	35,000	23,108	530	23,090	2,569
Claims incurred						
Gross - Direct Business	85,362	9,324	14,096	35	19,000	1,133
Gross - Proportional reinsurance accepted	108,351	5,091	5,263	11	1,431	320
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	77,658	8,384	11,432	17	1,840	680
Net	116,055	6,031	7,927	28	18,591	773
Changes in other technical provisions						
Gross - Direct Business	306	-18	-31	0	551	15
Gross - Proportional reinsurance accepted	-1	0		50	50	-14
Gross - Non-proportional reinsurance accepted						
Reinsurers' share			10			
Net	304	-18	-41	50	600	1
Expenses incurred	89,137	15,632	7,505	478	10,138	1,728
Other expenses						
Total expenses						

	Line of Business for: accepted nonproportional reinsurance				
	Health	Casualty	Marine, aviation, transport	Property	Total
Premiums written					
Gross - Direct Business					1,070,955
Gross - Proportional reinsurance accepted					268,905
Gross - Non-proportional reinsurance accepted	250	5,743	4,282	55,809	66,084
Reinsurers' share	95	3,583	1,085	31,751	408,377
Net	156	2,159	3,197	24,059	997,568
Premiums earned					
Gross - Direct Business					1,027,891
Gross - Proportional reinsurance accepted					257,671
Gross - Non-proportional reinsurance accepted	275	5,668	4,416	55,224	65,584
Reinsurers' share	95	3,833	1,090	29,995	393,003
Net	181	1,835	3,326	25,229	958,143
Claims incurred					
Gross - Direct Business					546,143
Gross - Proportional reinsurance accepted					163,646
Gross - Non-proportional reinsurance accepted	31	-5,995	1,602	19,501	15,138
Reinsurers' share		-5,946	-21	11,580	150,399
Net	31	-49	1,623	7,921	574,528
Changes in other technical provisions					
Gross - Direct Business					-11,049
Gross - Proportional reinsurance accepted					132
Gross - Non-proportional reinsurance accepted					0
Reinsurers' share					-1,560
Net					-11,163
Expenses incurred	16	-298	87	3,500	291,917
Other expenses					12,206
Total expenses					304,122

Line of Business for: life insurance obligations

	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
Premiums written									
Gross		60,664	117,232	27,480				1,069	206,445
Reinsurers' share		38	36	5,538				1,069	6,682
Net		60,625	117,196	21,942				0	199,763
Premiums earned									
Gross		60,683	117,232	27,485				1,069	206,469
Reinsurers' share		38	36	5,538				1,069	6,682
Net		60,644	117,196	21,947				0	199,788
Claims incurred									
Gross		92,405	61,638	9,503	-66	-25,363		325	138,442
Reinsurers' share		3	22	1,535				325	1,885
Net		92,402	61,617	7,969	-66	-25,363			136,558
Changes in other technical provisions									
Gross		-45,277	-59,647	875					-104,049
Reinsurers' share									0
Net		-45,277	-59,647	875					-104,049
Expenses incurred		13,010	23,536	11,656		21		17	48,239
Other expenses									863
Total expenses									49,103

Annex 3: S.05.02.02 - Premiums, claims and expenses by country

	Home Country	Top 5 countries (by amount of gross premiums written) – non-life obligations					Total Top 5 and home country
		HR	RS	ME	BA	MK	
Premium written							
Gross - Direct Business	749,782	86,043	74,061	36,186	30,359	24,726	1,001,157
Gross - Proportional reinsurance accepted	150,910	15,825	7,729	3,637	2,536	2,961	183,598
Gross - Non-proportional reinsurance accepted	39,598	3,290	973	441	81	374	44,757
Reinsurers' share	211,802	25,875	27,716	11,180	10,773	7,390	294,736
Net	728,487	79,282	55,048	29,084	22,203	20,671	934,775
Premium earned							
Gross - Direct Business	722,689	82,275	71,096	33,681	27,989	24,040	961,770
Gross - Proportional reinsurance accepted	143,478	15,241	7,753	3,688	2,530	2,915	175,605
Gross - Non-proportional reinsurance accepted	38,954	3,266	976	441		374	44,011
Reinsurers' share	204,266	25,415	28,434	10,353	9,259	7,328	285,055
Net	700,855	75,367	51,390	27,457	21,260	20,002	896,330
Claims incurred							
Gross - Direct Business	412,925	57,922	25,995	15,631	8,852	2,229	523,554
Gross - Proportional reinsurance accepted	89,818	10,002	3,882	1,731	3,031	1,170	109,633
Gross - Non-proportional reinsurance accepted	-388	-30	169	457		-102	106
Reinsurers' share	84,397	19,726	9,933	3,882	2,115	-6,980	113,072
Net	417,959	48,168	20,113	13,937	9,768	10,277	520,221
Changes in other technical provisions							
Gross - Direct Business	-10,954	379	-248	9	-294	-20	-11,127
Gross - Proportional reinsurance accepted	-1,674						-1,674
Gross - Non-proportional reinsurance accepted							0
Reinsurers' share	-1,569	7				3	-1,560
Net	-11,058	372	-248	9	-294	-22	-11,242
Expenses incurred	154,680	26,010	15,046	9,471	8,797	6,114	220,117
Other expenses							12,206
Total expenses							232,322

	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country	
		BA	HR	RS	ME	MK		
Premium written								
Gross	167,483	12,604	10,000	5,854	5,762	4,742	206,445	
Reinsurers' share	656	3,895	342	682	0	38	5,612	
Net	166,827	8,709	9,659	5,172	5,762	4,704	200,832	
Premium earned								0
Gross	167,498	12,604	10,000	5,854	5,762	4,752	206,469	
Reinsurers' share	656	3,895	342	682	0	38	5,612	
Net	166,841	8,709	9,659	5,172	5,762	4,714	200,857	
Claims incurred								0
Gross	118,021	4,788	7,171	3,981	1,008	3,473	138,442	
Reinsurers' share	136	856	3	564			1,559	
Net	117,885	3,932	7,168	3,417	1,008	3,473	136,883	
Changes in other technical provisions								
Gross	-104,400		16			335	-104,049	
Reinsurers' share								
Net	-104,400		16			335	-104,049	
Expenses incurred	35,849		4,026		2,036	636	42,547	
Other expenses							863	
Total expenses							43,411	

Annex 4: S.23.01.22 - Own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	73,701	73,701			
Non-available called but not paid in ordinary share capital at group level					
Share premium account related to ordinary share capital					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings					
Subordinated mutual member accounts					
Non-available subordinated mutual member accounts at group level					
Surplus funds					
Non-available surplus funds at group level					
Preference shares					
Non-available preference shares at group level					
Share premium account related to preference shares					
Non-available share premium account related to preference shares at group level					
Reconciliation reserve	817,143	817,143			
Subordinated liabilities	43,370			43,370	
Non-available subordinated liabilities at group level					
An amount equal to the value of net deferred tax assets					
The amount equal to the value of net deferred tax assets not available at the group level					
Other items approved by supervisory authority as basic own funds not specified above					
Non available own funds related to other own funds items approved by supervisory authority					
Minority interests (if not reported as part of a specific own fund item)					
Non-available minority interests at group level	1,287	1,287			
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	93,246	93,246			
whereof deducted according to art 228 of the Directive 2009/138/EC					
Deductions for participations where there is non-availability of information (Article 229)					
Deduction for participations included by using D&A when a combination of methods is used					
Total of non-available own fund items	1,287	1,287			
Total deductions	94,533	94,533			
Total basic own funds after deductions	839,681	796,311		43,370	

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand					
Unpaid and uncalled preference shares callable on demand					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
Non available ancillary own funds at group level					
Other ancillary own funds					
Total ancillary own funds					
Own funds of other financial sectors					
Credit institutions, investment firms, financial institutions, alternative investment fund managers, financial institutions	36,020	36,020			
Institutions for occupational retirement provision	57,225	57,225			
Non regulated entities carrying out financial activities					
Total own funds of other financial sectors	93,246	93,246			
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method					
Own funds aggregated when using the D&A and a combination of method net of IGT					

Available and eligible own funds	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	839,681	796,311		43,370	
Total available own funds to meet the minimum consolidated group SCR	839,681	796,311		43,370	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	839,681	796,311		43,370	
Total eligible own funds to meet the minimum consolidated group SCR	832,463	796,311		36,152	
Minimum consolidated Group SCR	180,759				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	461%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	932,927	889,557		43,370	
Group SCR	466,468				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	200%				

Reconciliation reserve

Excess of assets over liabilities	939,414
Own shares (included as assets on the balance sheet)	
Foreseeable dividends, distributions and charges	46,358
Other basic own fund items	73,701
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
Other non-available own funds	2,211
Reconciliation reserve before deduction for participations in other financial sector	817,143
Expected profits	
Expected profits included in future premiums (EPIFP) - Life Business	53,954
Expected profits included in future premiums (EPIFP) - Non- life business	19,364
Total EPIFP	73,317

Annex 5: S.25.01.22 - Solvency capital requirement for undertakings using the standard formula

	Gross solvency capital requirement
Market risks	188,737
Credit risks	47,110
Life underwriting risks	70,584
Health underwriting risks	66,924
Non-life underwriting risks	209,536
Diversification	-203,582
Intangible asset risk	
Basic Solvency Capital Requirement	379,308
Calculation of Solvency Capital Requirement	
Operational risks	47,227
Loss-absorbing capacity of technical provisions	-276
Loss-absorbing capacity of deferred taxes	-9,744
Capital requirement for business operated in accordance with Art, 4 of Directive 2003/41/EC	
Adjustment for ring-fenced fund risk diversification	8,433
Solvency capital requirement excluding capital add-on	424,949
Capital add-on already set	
Solvency capital requirement	466,468
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	
Total amount of Notional Solvency Capital Requirements for remaining part	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
Diversification effects due to RFF nSCR aggregation for article 304	
Minimum consolidated group solvency capital requirement	180,759
Information on other entities	
Capital requirement for other financial sectors (Non-insurance capital requirements)	25,074
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	11,844
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	13,230
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	
Capital requirement for non-controlled participation requirements	
Capital requirement for residual undertakings	16,445
Overall SCR	
SCR for undertakings included via D and A	
Solvency capital requirement	466,468

Annex 6: S.32.02.22 - Undertakings in the scope of the Group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% voting rights	Level of influence	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
SI	549300KGI78M KHO38N42	1 - LEI	Zavarovalnica Triglav, d.d.	Composite undertaking	Public limited company	Non-mutual	Insurance Supervision Agency				Included in the scope	1 January 2016	Full consolidation
SI	549300XGYWQ TOXWO4R05	1 - LEI	Pozavarovalnica Triglav Re, d.d., Ljubljana	Reinsurance undertaking	Public limited company	Non-mutual	Insurance Supervision Agency	100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
SI	4851000094PJJ Q1E0T23	1 - LEI	Triglav, Zdravstvena zavarovalnica, d.d., Koper	Non life insurance undertaking	Public limited company	Non-mutual	Insurance Supervision Agency	100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
SI	48510000PUFO PHJMW3E31	1 - LEI	Triglav, pokojninska družba, d.d., Ljubljana	Institution for occupational retirement provision	Public limited company	Non-mutual	Insurance Supervision Agency	100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Sectoral rules
HR	74780000H0HH L1OVM657	1 - LEI	Triglav Osiguranje, d.d., Zagreb	Composite undertaking	Public limited company	Non-mutual	Croatian Financial Services Supervisory Agency	100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
BA	485100004VIB WAYZM123	1 - LEI	Triglav Osiguranje, d.d., Sarajevo	Composite undertaking	Public limited company	Non-mutual	Local Insurance Supervision Agency	97.78%	98.87%	Dominant	Included in the scope	1 January 2016	Full consolidation
BA	485100007Q6X SLF2XO57	1 - LEI	Triglav Osiguranje, a.d., Banja Luka	Non life insurance undertaking	Public limited company	Non-mutual	Local Insurance Supervision Agency	100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
RS	48510000D1F4 7ICK5Q68	1 - LEI	Triglav Osiguranje, a.d.o, Beograd	Composite undertaking	Public limited company	Non-mutual	National bank of Serbia	100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
ME	OP-06	2 - Specific code	Lovćen Osiguranje, a.d., Podgorica	Non life insurance undertaking	Public limited company	Non-mutual	Local Insurance Supervision Agency	99.07%	99.07%	Dominant	Included in the scope	1 January 2016	Full consolidation

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Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% voting rights	Level of influence	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
ME	OP-39	2 - Specific code	Lovćen životna osiguranja, a.d., Podgorica	Life insurance undertaking	Public limited company	Non-mutual	Local Insurance Supervision Agency	99.07%	99.07%	Dominant	Included in the scope	1 January 2016	Full consolidation
MK	48510000WZ59RG TJVR81	1 - LEI	Triglav Osiguruvanje, a.d., Skopje	Non life insurance undertaking	Public limited company	Non-mutual	Local Insurance Supervision Agency	81.69%	81.69%	Dominant	Included in the scope	1 January 2016	Full consolidation
MK	OP-56	2 - Specific code	Triglav Osiguruvanje Život, a.d, Skopje	Life insurance undertaking	Public limited company	Non-mutual	Local Insurance Supervision Agency	96.34%	97.38%	Dominant	Included in the scope	30 September 2017	Full consolidation
BA	PP-90DE	2 - Specific code	Društvo za upravljanje EDPF, a.d., Banja Luka	Institution for occupational retirement provision	Public limited company	Non-mutual	Local Insurance Supervision Agency	34.00%	34.00%	Significant	Included in the scope	30 September 2017	Other method
SI	48510000NK Z3E6LSZM73	1 - LEI	Triglav Skladi, d.o.o., Ljubljana	Credit institution, investment firm and financial institution	Private limited-liability company	Non-mutual	Securities Market Agency	100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Sectoral rules
SI	OP-19	2 - Specific code	Triglav, Upravljanje nepremičnin, d.o.o., Ljubljana	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Public limited company	Non-mutual		100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
SI	OP-13	2 - Specific code	Triglav Svetovanje, d.o.o., Domžale	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
SI	OP-12	2 - Specific code	Triglav Avtoservis, d.o.o., Ljubljana	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation

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Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% voting rights	Level of influence	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
SI	PP-90	2 - Specific code	Zavod Vsebov redu, Ljubljana	Other	Social responsibility institute	Non-mutual		100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Other method
SI	485100000Z4B S9C24Q46	1 - LEI	Triglav INT, d.d., Ljubljana	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Public limited company	Non-mutual		100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
ME	OP-28	2 - Specific code	Lovćen auto, d.o.o., Podgorica	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		99.07%	99.07%	Dominant	Included in the scope	1 January 2016	Full consolidation
BA	OP-24	2 - Specific code	Autocentar BH, d.o.o., Sarajevo	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		97.78%	98.87%	Dominant	Included in the scope	1 January 2016	Full consolidation
HR	OP-52	2 - Specific code	Triglav Savjetovanje, d.o.o., Zagreb	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual	Croatian Financial Services Supervisory Agency	100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation

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Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% voting rights	Level of influence	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
BA	OP-22	2 - Specific code	Triglav Savjetovanje, d.o.o., Sarajevo	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual	Agencija za nadzor osiguranja	97.78%	98.87%	Dominant	Included in the scope	1 January 2016	Full consolidation
RS	OP-53	2 - Specific code	Triglav Savetovanje, d.o.o., Beograd	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual	Narodna Banka Srbije	100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
BA	OP-26	2 - Specific code	Triglav Fondovi, d.o.o., Sarajevo	Credit institution, investment firm and financial institution	Private limited-liability company	Non-mutual		62.54%	62.54%	Dominant	Included in the scope	1 January 2016	Other method
BA	PP-13	2 - Specific code	Sarajevostan, d.d., Sarajevo	Other	Public limited company	Non-mutual		90.95%	91.97%	Dominant	Included in the scope	1 January 2016	Other method
HR	OP-54	2 - Specific code	Triglav upravljanje nekretninam a, d.o.o., Zagreb	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
ME	OP-55	2 - Specific code	Triglav upravljanje nekretninam a, d.o.o., Podgorica	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100.00%	100.00%	Dominant	Included in the scope	1 January 2016	Full consolidation
SI	747800P0D13G4YJHYI09	1 - LEI	Nama IN, Trgovosko podjetje, d.o.o., Ljubljana	Other	Public limited company	Non-mutual		39.15%	39.15%	Significant	Included in the scope	1 January 2016	Other method
SI	DC NALOŽBE	2 - Specific code	Nama, upravljanje z nepremičninami, d.d., Ljubljana	Other	Private limited-liability company	Non-mutual		39.15%	39.15%	Significant	Included in the scope	1 January 2016	Other method
SI	PP-03	2 - Specific code	Triglavko, d.o.o., Ljubljana	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		38.47%	38.47%	Significant	Included in the scope	1 January 2016	Other method

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Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% voting rights	Level of influence	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
SI	4851006WX90 N1MWW9471	1 - LEI	TRIGAL, upravljanje naložb in svetovalne storitve, d.o.o., Ljubljana	Other	Private limited-liability company	Non-mutual		49.90 %	49.90 %	Significant	Included in the scope	10 January 2018	Other method
MK	OP-59	2 - Specific code	Triglav penzisko društvo, a.d., Skopje	Institution for occupational retirement provision	Public limited company	Non-mutual	Agencija za nadzor osiguranja	100.00%	100.00%	Dominant	Included in the scope	27 March 2019	Other method
SI	Alifenet	2 - Specific code	Alifenet, d.o.o., Ljubljana	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		23.58%	23.58%	Significant	Included in the scope	25 September 2018	Other method
SI	Diagnostični center Bled	2 - Specific code	Diagnostični center Bled, d.o.o., Bled	Other	Private limited-liability company	Non-mutual		50.00%	50.00%	Significant	Included in the scope	31 December 2020	Other method
SI	MTC Fontana	2 - Specific code	MTC Fontana, d.o.o., Maribor	Other	Private limited-liability company	Non-mutual		50.00%	50.00%	Significant	Included in the scope	31 December 2020	Other method
SI	MEDI CONS	2 - Specific code	Medi Cons kardiologija, d.o.o., Novo mesto	Other	Private limited-liability company	Non-mutual		50.00%	50.00%	Significant	Included in the scope	31 December 2020	Other method
SI	GASTROMEDIC A	2 - Specific code	Gastromedica, d.o.o., Murska Sobota	Other	Private limited-liability company	Non-mutual		50.00%	50.00%	Significant	Included in the scope	31 December 2020	Other method
SI	INTERNISTIČNA GE AMBULANTA	2 - Specific code	Internistična GE ambulanta, d.o.o., Nova Gorica	Other	Private limited-liability company	Non-mutual		50.00%	50.00%	Significant	Included in the scope	31 December 2020	Other method
SI	CARDIAL	2 - Specific code	Cardial, d.o.o., Ljubljana	Other	Private limited-liability company	Non-mutual		50.00%	42.50%	Significant	Included in the scope	31 December 2020	Other method
SI	DC NALOŽBE	2 - Specific code	DC Naložbe, d.o.o., Bled	Other	Private limited-liability company	Non-mutual		50.00%	50.00%	Significant	Included in the scope	31 December 2020	Other method

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Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% voting rights	Level of influence	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
BA	OP-60	2 - Specific code	TUN, Sarajevo	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35)	Private limited-liability company	Non-mutual		97.78%	100.00%	Dominant	Included in the scope	31 December 2020	Full consolidation
SI	DC NALOŽBE	2 - Specific code	KIRURŠKI SANATORIJ ROŽNA DOLINA d.o.o., Ljubljana	Other	Private limited-liability company	Non-mutual		50.00%	50.00%	Significant	Included in the scope	31 December 2020	Other method
SI	DC NALOŽBE	2 - Specific code	MDT & T podjetje za medicinsko diagnostiko, terapijo in tehnologijo d.o.o.	Other	Private limited-liability company	Non-mutual		19.60%	24.50%	Significant	Included in the scope	31 December 2020	Other method
SI	DC NALOŽBE	2 - Specific code	Neuroedina, zdravstvena dejavnost, d.o.o. Bled	Other	Private limited-liability company	Non-mutual		50.00%	50.00%	Significant	Included in the scope	31 December 2020	Other method
SI	OP-61	2 - Specific code	Triglav zdravje asistenca, d.o.o.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35)	Private limited-liability company	Non-mutual		100.00%	100.00%	Dominant	Included in the scope	31 March 2022	Full consolidation