

Zavarovalnica Triglav, d.d.,
Miklošičeva 19, Ljubljana
Ljubljana, March 2024



Solvency and Financial Condition Report

Triglav Group
2023

triglav

Triglav Group
triglav.eu

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Triglav Group

€ 471.5 million

Solvency capital requirement

€ 16.3 million

Net profit in 2023

€ 943.2 million

Own funds

€ 197.2 million

Minimum capital requirement

€ 2,218.7 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


Marica Makoter


Blaž Jakič


Ljubljana, March 2024

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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 comprises 30 subsidiaries, 13 associated companies and 10 joint ventures at the end of 2023. 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 partnerships 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.

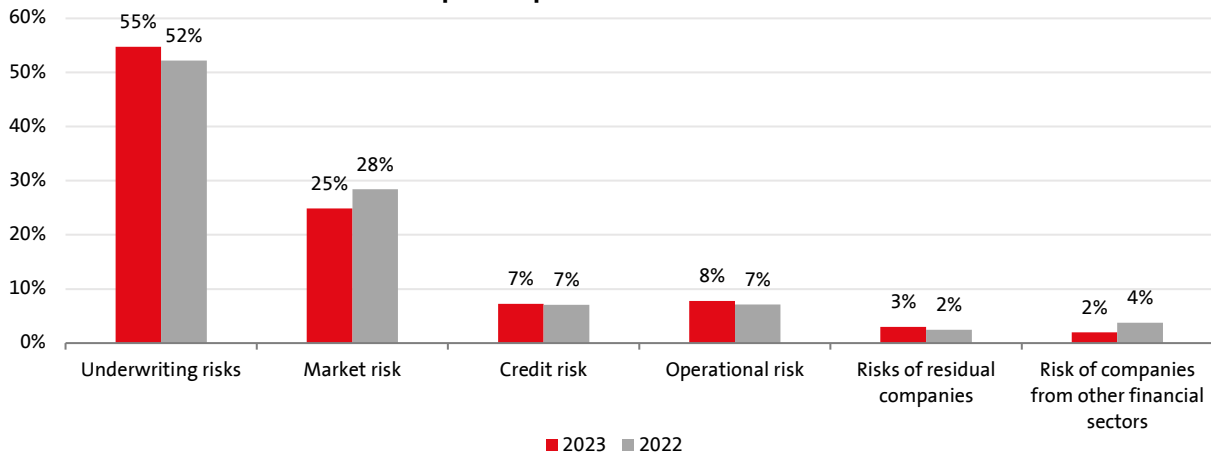
The strategic activities of the Triglav Group include the **insurance business and asset management**. The Group performs non-life, life, health, and pension insurance activity as well as the reinsurance activity within the scope of the insurance business carried on by the Triglav Group's (re)insurance 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 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 2023, both agencies gave the Group an **independent rating of "A"** with a stable medium-term outlook thus confirming its financial stability, high capital adequacy as well as flexibility and resilience of the Triglav Group. The Group's activity is supervised by the Slovenian regulator, the Insurance Supervision Agency, while its external auditor for the 2023 financial year was Deloitte revizija d.o.o.

2023 was marked by extreme weather phenomena and government regulation of the price of supplementary health insurance in Slovenia. Nevertheless, from the perspective of risks and capital adequacy, the Group is ending 2023 with a positive operating result and strong capital position. 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 2023 changed compared to the previous year, mainly due to an increase in the capital requirements for underwriting risk, which represents the biggest share and increased by 3 percentage points to 55% at the end of 2023. The share of market risk decreased compared to the previous year, namely by 3 percentage points to a 25% share, which is mainly attributable to a decrease in the capital requirement for spread risk and the capital requirement for currency risk.

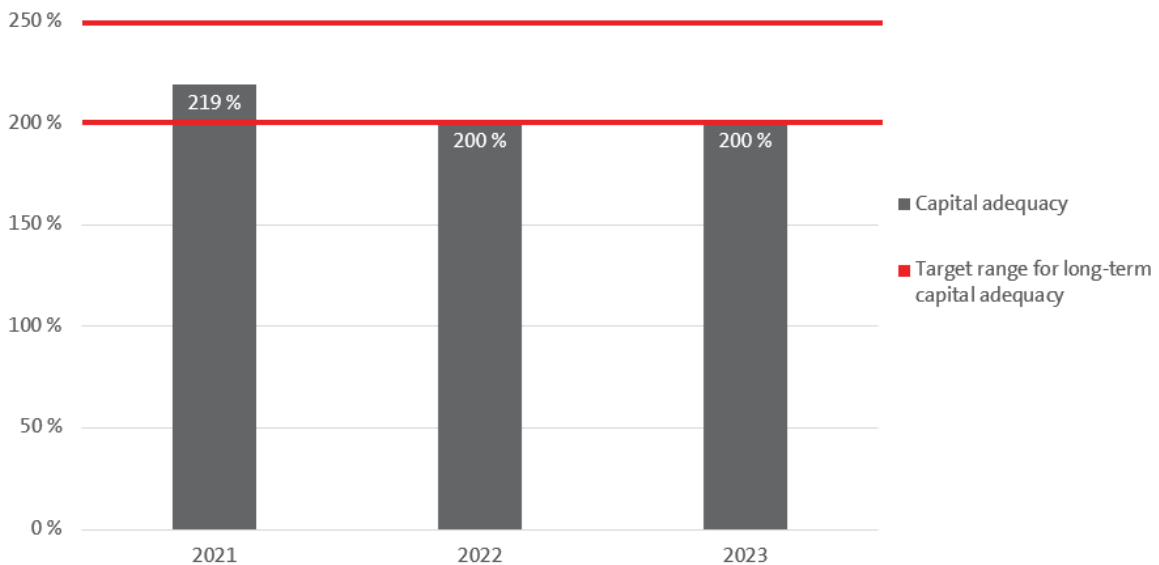
Group's risk profile as at 31. 12. 2023



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

The Triglav Group was adequately capitalised as at 31 December 2023. It had sufficient own funds to cover both the SCR (200%) and the MCR (435%). Capital adequacy or the capital adequacy ratio is calculated by the Group according to the standard formula as the ratio between the total eligible own funds and the solvency capital requirement. No adjustments or simplifications are applied when determining capital adequacy.

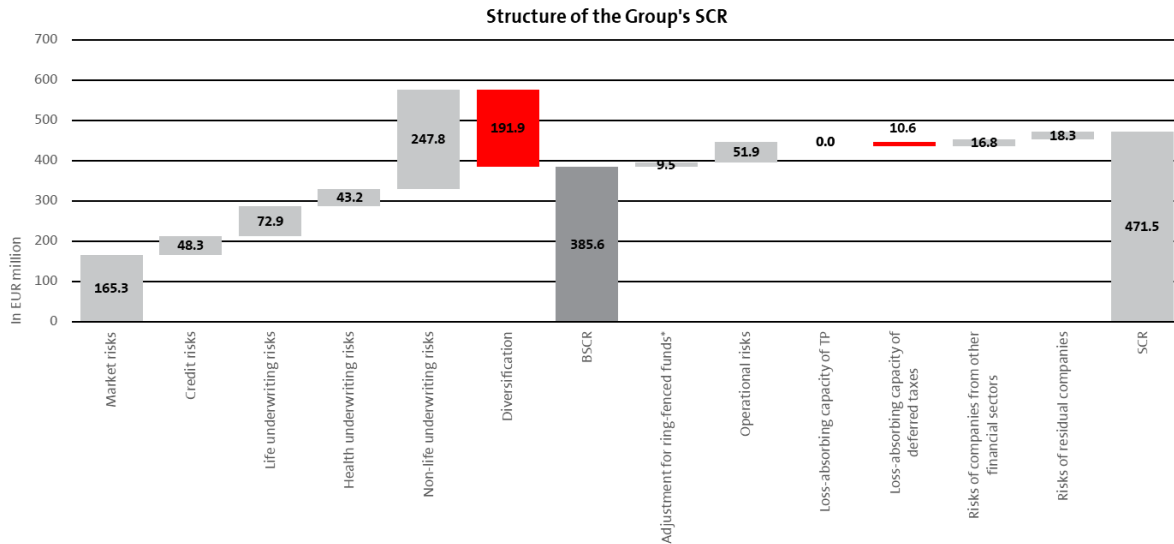
Capital adequacy of the Group in relation to its target range



As at 31 December 2023 the eligible own funds amounted to EUR 943.2 million. The funds are composed of the Group's share capital (EUR 73.7 million), subordinated liabilities (EUR 45.6 million) and the reconciliation reserve (EUR 282.1 million). The calculation of eligible own funds considers the value of expected dividends for the 2023 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 and net deferred tax assets are classified as Tier 3 assets.

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 accounts for the diversification between them.

The parent company has formed two ring-fenced funds, i.e. SVPI¹ and SVPI² renta, 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 2023, 80 percent of the Triglav Group's solvency capital requirement derived from underwriting and market risks, and most of its own funds were classified as Tier 1 assets in terms of quality.

Despite all the realised risks in 2023, the Triglav Group recorded good operating performance, maintained its capital strength and carefully followed the outlined strategic guidelines 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

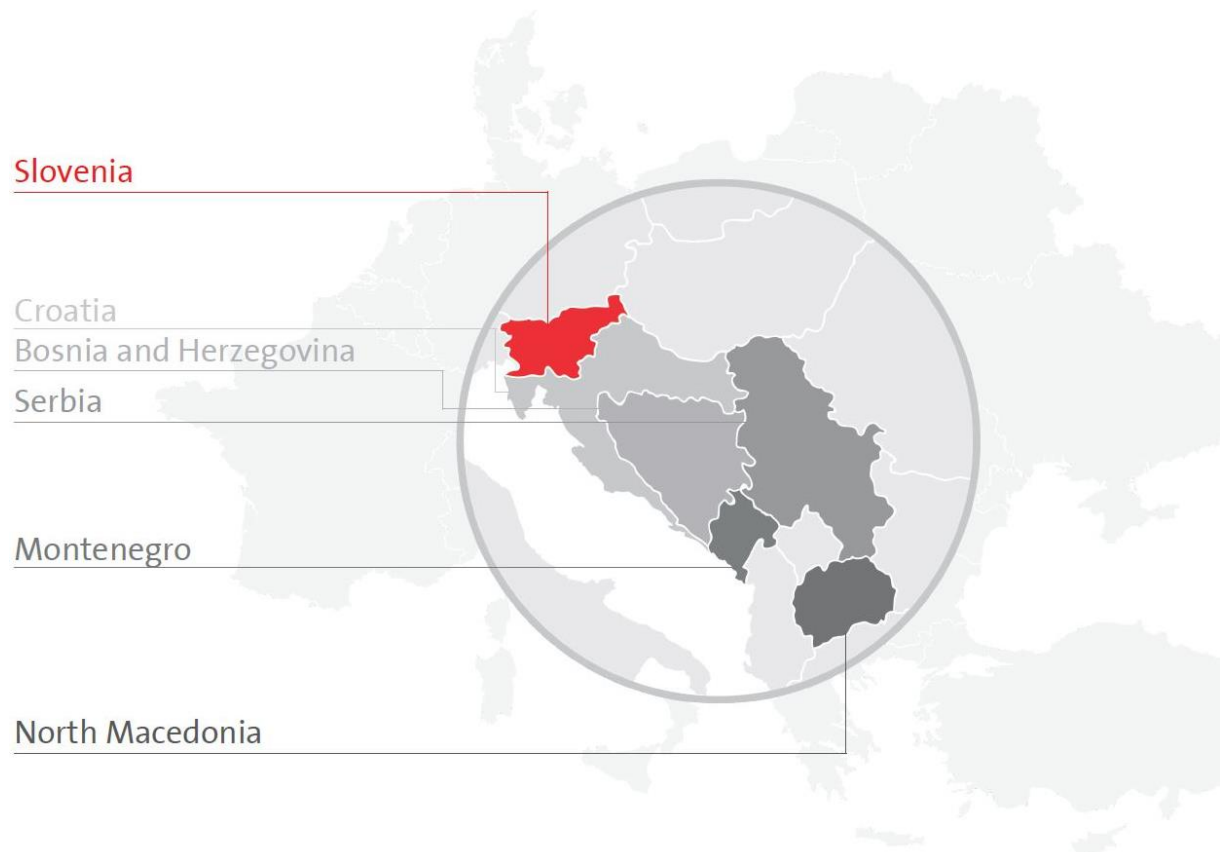
A. Business and performance

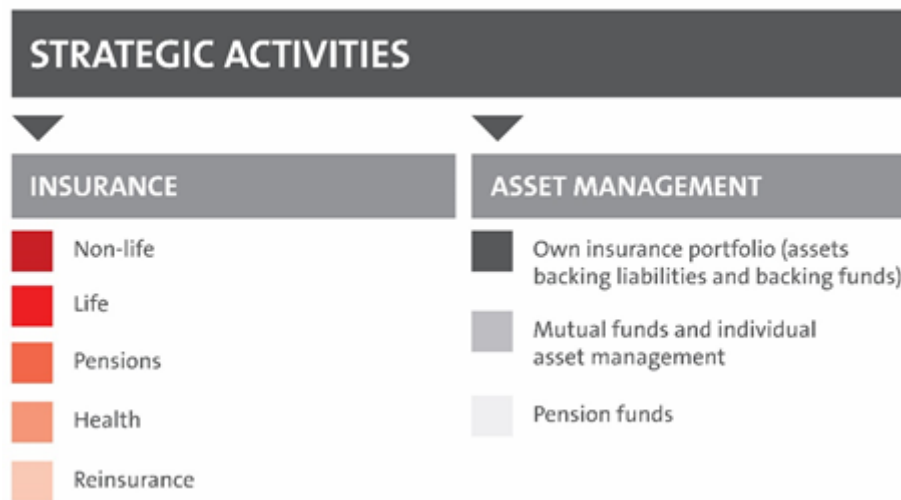
A.1 Business

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. Its key markets are in the Adria region shown in the diagram below, and the Group also operates in a broader international environment where it operates mainly through partnerships with foreign companies involved in insurance agency and brokerage as well as reinsurance. The Group comprises 54 companies as at 31 December 2023, i.e. the Parent Company, 30 subsidiaries and 13 associated companies as well as 10 joint ventures.

Figure 1: Insurance markets of the Group as at 31 December 2023





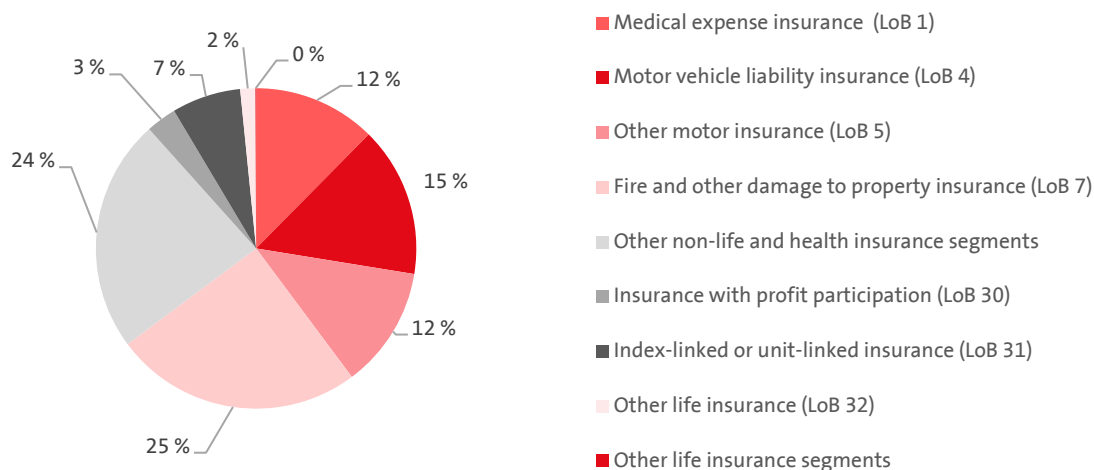
INSURANCE is the most important strategic activity of the Group. It includes non-life, life, health, and pension insurance as well as the reinsurance activity.

The insurance portion of the Group includes:

- **in Slovenia:** Zavarovalnica Triglav, d.d., Triglav, Zdravstvena zavarovalnica, d.d., Pozavarovalnica Triglav Re, d.d., and Triglav, pokojninska družba, d.d.;
- **outside Slovenia:** 7 insurance undertakings in the Adria region (Croatia, Serbia, Montenegro, Bosnia and Herzegovina and in North Macedonia), subsidiaries in Greece (FOE) and business with business partners according to the freedom of services (FOS) principle.

The Group operated in all segments of non-life insurance in 2023. 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 2023



The **ASSET MANAGEMENT** activity within the Group is performed by insurance companies, pension companies and, investment fund and asset management companies. The activity includes the management of own insurance portfolios (assets covering technical provisions and guarantee funds), customer savings through the insurance services of the Group's life and pension

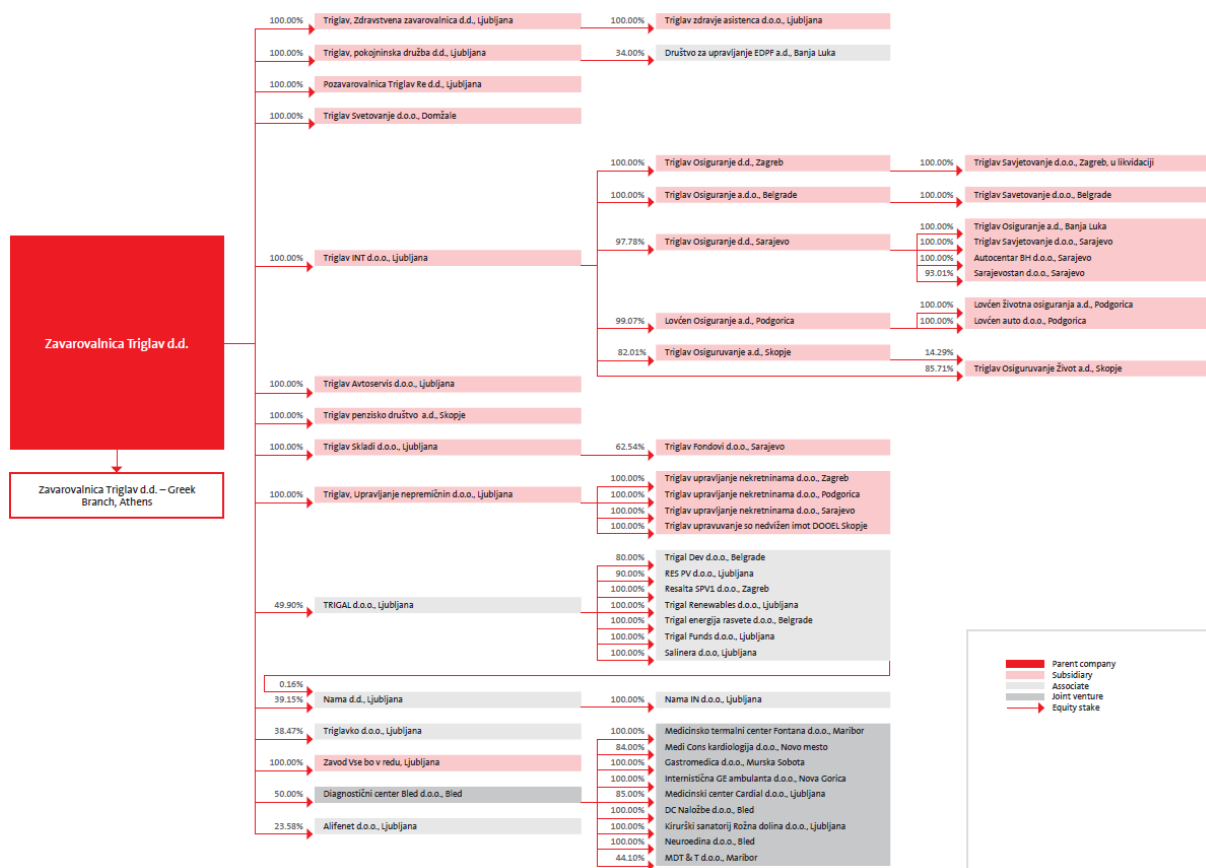
insurance companies, management of alternative investments in the Triglav company, and management of customer assets in mutual funds and individually through management companies.

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. ▪ Diagnostični center Bled, d.o.o. ▪ Triglav zdravje asistenca, d.o.o. ▪ Triglav Avtoservis, d.o.o. ▪ Vse bo v redu, zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti
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 		
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. 	<ul style="list-style-type: none"> ▪ Triglav Savjetovanje, 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 2023 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 2023



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:

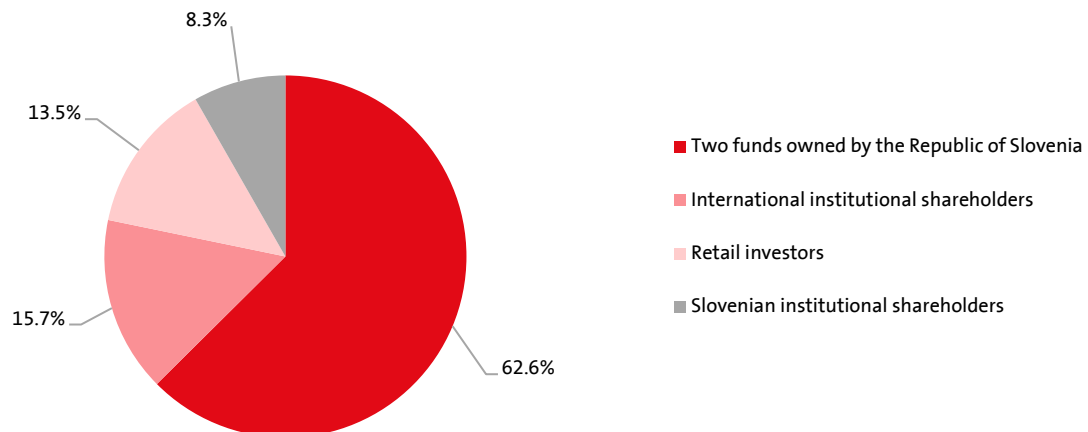
Deloitte revizija d.o.o.,
Dunajska cesta 165,
1000 Ljubljana,
Slovenia

A.1.4 Ownership structure of Zavarovalnica Triglav

There were no significant changes to the ownership structure of the Company in 2023. 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 stake and Slovenski državni holding, d.d. (Slovenian Sovereign Holding) - 28.09% ownership stake)) 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. According to the data available, these three shareholders are the sole holders of qualifying holdings in the Company as at 31 December 2023.

Chart 2: Company's ownership structure as at 31 December 2023



At the end of the year, the Company had 8,453 shareholders, around 40 of whom were international banks with fiduciary accounts of their clients and international institutional investors that are mostly from Europe and the US. Their stake amounted to 15.7 percent (0.5 percentage points less than a year earlier), and the shareholding of Slovenian institutional shareholders amounted to 8.3 percent (0.2 percentage points less than a year before). Last year, the gradual growth of retail investors' share continued again with their share increasing by 0.7 percentage points to 13.5 percent.

CHANGES TO THE GROUP'S STRUCTURE

There were no significant changes to the ownership structure of the Company in 2023. The companies carried out some corporate activities such as recapitalisations, consolidation, increases of shareholdings:

Zavarovalnica Triglav, d.d. recapitalised Triglav, Zdravstvena zavarovalnica, d.d. with a cash contribution of EUR 22,500,000 million and retained a 100% share in the said company.

Družba Triglav Osiguranje, d.d., Zagreb recapitalised Triglav Savjetovanje, d.o.o., Zagreb by EUR 189,180. The recapitalisation was carried out with a cash contribution. The transaction meant that Triglav Osiguranje, d.d., Zagreb kept a 100% share in the said company.

Triglav Osiguranje, d.d., Beograd recapitalised Triglav Savjetovanje, d.o.o., Beograd by 4,300,000 Serbian dinars or EUR 36,705. The recapitalisation was carried out with a cash contribution. The transaction meant that Triglav Osiguranje, d.d., Beograd kept a 100% share in the said company.

Triglav Zdravstvena zavarovalnica, d.d. recapitalised Triglav, zdravje asistenca, d.o.o. with EUR 2,492,500 million and thus retained a 100% share in the said company.

Triglav, d.d. recapitalised Triglav penzisko društvo, a.d., Skopje by EUR 1,000,000. The recapitalisation was carried out with a cash contribution whereby Zavarovalnica Triglav retained a 100% share in the said company.

Triglav, d.d. recapitalised Triglav INT, holdinška družba, d.o.o., Ljubljana by EUR 10,500,000. The recapitalisation was carried out with a cash contribution whereby Zavarovalnica Triglav retained a 100% share in the said company.

Triglav INT, d.d., Ljubljana recapitalised Triglav Osiguranje, d.d., Zagreb by EUR 10,500,000. The recapitalisation was carried out with a cash contribution whereby Triglav INT, d.d. retained a 100% share in the said company.

Triglav INT, d.d., Ljubljana bought a 0.32% interest in the Triglav Osiguruvanje, a.d., Skopje company from the non-controlling owners thereby increasing its ownership share to 82.01% in said company. The acquisition cost of the interest came in at MKD 1,605,441 or EUR 25,350.

Triglav INT, holdinška družba, d.o.o., Ljubljana sold its 100% ownership interest in Triglav Osiguranje, d.d., Sarajevo. Triglav Osiguranje, d.d., Sarajevo thus became the sole owner of Triglav Osiguranje, a.d., Banja Luka.

Triglav, Upravljanje nepremičnin, d.o.o., Ljubljana established the subsidiary Triglav, upravuvanje so nedvižen imot DOOEL Skopje, in which it holds a 100% ownership interest.

The changes in the Group's structure are presented in greater detail in point 2.1.4 of the financial portion of the Annual Report of the Triglav Group and Zavarovalnica Triglav, d.d. for 2023 (hereinafter: Annual Report).

A.1.5 Major business events and achievements in 2023

- The operations of the Group were materially affected by one-off negative events, mainly the changes in the area of supplementary insurance and extreme mass loss events. In April 2023, the legislative framework for implementing the existing supplementary health insurance was changed in Slovenia, which resulted in a negative operating result of the Health segment due to price regulation and other restrictions. Mass loss events in Slovenia and the region, especially storms, hailstorms and floods in July and August, caused historically high claims for the Group and had a markedly negative impact on the Group's operations. Due to the inflationary environment, Group companies adjusted insurance premiums and premium rates and implemented measures such as claims adjustment and cost management. Despite the negative events, the Group achieved a positive pre-tax profit of EUR 21.1 million, which is less than originally planned.
- Dividend payment: At the General Meeting in May, the shareholders adopted the proposed resolution of the Management Board and the Supervisory Board to pay a dividend of EUR 2.50 gross per share for a total value of EUR 56.8 million, which represents 51 percent of Company's consolidated net profit for 2022 and a 7% dividend yield.

- **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:** On 2 March 2023, Blaž Jakič began his 5-year term of office as member of the Company's Management Board. President of the Management Board Andrej Slapar and Management Board members Uroš Ivanc and Tadej Čoroli were reappointed for a five-year term of office. Their current term expires in 2024. Monica Cramer Manhem and Tim Umberger were appointed as new members of the Supervisory Board – shareholders' representatives, while Aleš Košiček and Janja Strmljan Čevnja were appointed as members of the Supervisory Board - employee' representatives.
- **Sustainable development at the Group:** As part of boosting activities in the field of sustainable development, the Group adopted an overarching Sustainable Development Policy, a Sustainable Investment Policy and a Statement on the Main Adverse Effects of Investment Decisions on the Sustainability Factors of Zavarovalnica Triglav in accordance with the SFDR.

A.1.6 Treatment of subsidiaries in consolidation for solvency purposes

The Parent Company calculates capital adequacy at the Group level. The Parent Company and all its subsidiaries are included in the Group's solvency calculation. 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 as their capital adequacy is calculated according to the sector/industry regulations, but both 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 2023*

Companies in Group	Consolidation method for solvency purposes	Consolidation method for financial reporting purposes
Zavarovalnica Triglav, d.d. - Parent Company	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
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	Though 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
Triglav upravljanje so nedvižen imot DOOEL, Skopje	Full consolidation	Full consolidation
Nama, d.d., Ljubljana	Financial investment - FV	Financial investment - EM
Nama IN, d.o.o., Ljubljana	Though the Parent Company	Though the Parent Company
Triglavko, d.o.o., Ljubljana	Financial investment - FV	Financial investment - EM
Triglav, 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	Though 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	Through the Parent Company
MTC Fontana, d.o.o., Maribor	Through the Parent Company	Through the Parent Company
Medi Cons kardiologija, d.o.o., Novo mesto	Through the Parent Company	Through the Parent Company
Gastromedica, d.o.o., Murska Sobota	Through the Parent Company	Through the Parent Company
Internistična GE ambulanta, d.o.o., Nova Gorica	Through the Parent Company	Through the Parent Company
Cardial, d.o.o., Ljubljana	Through the Parent Company	Through the Parent Company
MDT & T, d.o.o., Maribor	Through the Parent Company	Through the Parent Company
DC Naložbe, d.o.o., Bled	Through the Parent Company	Through the Parent Company
Neuroedina, d.o.o., Bled	Through the Parent Company	Through the Parent Company

*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 appendix 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 2023, the Triglav Group generated EUR 21.1 million in profit before taxation, which is less than planned. The Group's net profit amounted to EUR 16.3 million. Despite the challenging conditions, which in 2023 were mainly characterized by mass loss events and the legislative framework for implementing the existing supplementary health insurance in Slovenia, the Group recorded a profit.

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 2023 and 2022

	In EUR thousand	
	2023	2022
Profit or loss before tax	21,060	-10,027
Net profit or loss	16,265	-6,972
- Non-life insurance	8,118	-11,400
- Health insurance	-24,513	-1,360
- Life insurance including health insurance	23,602	-2,788
- Other	9,058	8,575
Non-Life and health insurance combined ratio	101.6 %	99.7%
- Loss ratio	76.3%	74.6%
- Expense ratio	25.3 %	25.1 %
ROE	1.8 %	-0.7 %

The Group's insurance undertakings that are fully consolidated according to the segmentation for solvency purposes, including Triglav Re, d.d., jointly booked EUR 1,817.2 million worth of non-consolidated gross insurance, co-insurance and reinsurance premium in 2023. EUR 1,605.8 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 211.3 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 204.8 million compared to 2022, whereby the premium for non-life insurance and health insurance products rose by EUR 199.9 million, and the premium for life insurance products increased by EUR 4.9 million.

According to the segmentation for solvency purposes, gross claims incurred in 2023 came in at EUR 1,374.4 million, whereby EUR 1,186.4 million came from non-life insurance and health

insurance and EUR 188.0 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 (LoB 7) and the medical expense insurance (LoB 1) segments. Gross claims incurred from non-life and health insurance increased by EUR 461.5 million while those from life insurance decreased by EUR 50.0 million.

Non-consolidated gross expenses in 2023 at the Group level came in at EUR 448.4 million, whereby EUR 409.2 million of the said amount came from non-life insurance and health insurance and EUR 39.3 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 72.6 million when compared to 2022. Other expenses incurred in 2023 amounted to EUR 1 million.

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 2023 and 2022

	In EUR thousand	
	2023	2022
Non-consolidated gross written premiums from insurance, co-insurance and reinsurance contracts	1,817,168	1,612,389
- Non-life insurance including health insurance	1,605,803	1,405,944
-- Fire and other damage to property insurance (LoB 7)	454,266	406,358
-- Motor vehicle liability insurance (LoB 4)	275,324	220,735
-- Medical expense insurance (LoB 1)	225,427	218,515
-- Other motor vehicle insurance (LoB 5)	222,617	186,404
-- Other non-life and health insurance segments	428,170	373,933
- Life insurance	211,365	206,445
-- Index-linked and unit-linked insurance (LoB 31)	126,526	117,232
-- Insurance with profit participation (LoB 30)	55,866	60,664
-- Other life insurance (LoB 32)	27,779	27,480
-- Other life insurance segments	1,193	1,069
Non-consolidated gross claims incurred	1,374,413	863,370
- Non-life insurance including health insurance	1,186,416	724,927
-- Fire and other damage to property insurance (LoB 7)	320,381	193,713
-- Medical expense insurance (LoB 1)	238,759	192,524
-- Other motor vehicle insurance (LoB 5)	173,660	114,901
-- Motor vehicle liability insurance (LoB 4)	143,947	103,372
-- Other non-life and health insurance segments	309,669	120,416
- Life insurance	187,998	138,442

-- Insurance with profit participation (LoB 30)	103,604	92,405
-- Index-linked and unit-linked insurance (LoB 31)	69,955	61,638
-- Other life insurance (LoB 32)	10,162	9,503
-- Other life insurance segments	4,276	-25,104
Non-consolidated expenses	448,434	375,870
- Non-life insurance including health insurance	409,157	327,406
-- Fire and other damage to property insurance (LoB 7)	131,790	103,985
-- Motor vehicle liability insurance (LoB 4)	84,692	62,654
-- Other motor vehicle insurance (LoB 5)	60,165	49,532
-- Income protection insurance (LoB 1)	29,673	26,351
-- Other non-life and health insurance segments	102,839	84,883
- Life insurance	39,278	48,464
-- Index-linked and unit-linked insurance (LoB 31)	19,567	23,548
-- Insurance with profit participation (LoB 30)	10,131	13,220
-- Other life insurance (LoB 32)	9,612	11,658
-- Other life insurance segments	-33	38
Other expenses	964	13,069

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. 64% 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 2022, the share of claims at the Group in 2023 decreased in Montenegro. 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 2023

	In EUR thousand	
	2023	2022
Non-consolidated gross written premiums from insurance, co-insurance and reinsurance contracts	1,817,168	1,612,389
-- Slovenia	1,162,393	1,107,773
-- Croatia	113,945	115,157
-- Serbia	121,851	88,618
-- Bosnia and Herzegovina	50,439	45,006
-- Montenegro	55,542	45,580
-- North Macedonia	37,423	33,823
-- Other countries	275,575	176,433
Non-consolidated gross claims incurred	1,374,413	863,370

-- Slovenia	1,053,108	620,376
-- Croatia	76,178	75,065
-- Serbia	50,911	34,026
-- Montenegro	19,114	21,292
-- Bosnia and Herzegovina	19,292	16,671
-- North Macedonia	22,615	4,305
-- Other countries	133,196	91,634

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 safety and liquidity of investments as well as their adequate return. Most of investment policies relate to assets covering future non-life and life insurance liabilities. These investment policies define asset allocation which is in best interest of all insurers, policyholders and other beneficiaries from insurance contracts. It also ensures that the assets match in the nature and duration with the insurance and reinsurance liabilities. Maintaining a high credit rating of the entire investment portfolio is a subject of special attention. The largest (88.5%) share of financial investments, excluding investments to the benefit of unit-linked life insurance policyholders, hold bonds mostly invested in developed markets and have a high credit rating (90.3 percent of bond investments have a rating of at least "BBB", while 65.2 percent have a rating of at least "A"). The investment result is attributable mostly to the structure of the Group's investments and the developments on capital markets. This chapter presents the Group's investment result split by main sources of individual investment classes as well as a comparison with the previous year. The Group's investment result is also 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.

Financial markets had a much calmer year in 2023 compared to the year before. The euro risk-free interest rate stabilised at the levels from the end of 2022. During the year 2023, it recorded significantly lower volatility than the year before, with a slightly larger volatility only being seen at the end of the year. The risk-free interest rate curve persisted in a less typical inverted form throughout the year, with the highest levels of interest rates on the short-term part of the curve. On average, credit spreads in 2023 demonstrated significantly lower volatility than in the previous year. On average, they also slightly decreased. Stock markets in general recorded significant growth.

The Group introduced the IFRS 9 accounting standard as of 1 January 2023. The investment result shown in the table was prepared in accordance with the new standards for the previous year as well.

Viewed from the perspective of recent history, the significant growth of interest rates in 2022 and stabilisation at relatively high levels is reflected in higher interest income of the Group. Interest income started to grow last year, and the growth further increased this year. Dividend income represents a smaller part of Group's investment return, and the amount received is lower due to the disposition of a significant part of the equity portfolio. The Group decreased its equity exposure to local markets and continues to diversify its investments through collective investment undertakings. Most of the dividends were paid to the Company, while a significant part of the dividends is distributions from alternative investment funds.

Net profits or losses from financial assets measured at fair value through profit or loss are significantly higher than in the previous year due to the general good performance of financial markets, especially stock markets. The table presents separately the part of the profit where the investment risk is borne by the policyholders. This part of the return belongs entirely to the policyholders. The Company reports investments at fair value through profit or loss only where it is required by financial reporting standards (e.g. collective investment undertakings, equities, debt investments that do not pass the principal and interest payment test).

This year's result in the net profits or losses from financial assets measured at fair value through other comprehensive income item is significantly better than last year but is still negative. The result mainly contains the effects of disposals of debt instruments, which were recognised at higher prices during the period of low interest rates than the actual realised sales price.

Net impairments or reversals of impairment of financial assets in accordance with financial reporting standards include changes in expected credit losses on debt instruments and impairments in the value of shares in the equity capital of associated companies or joint ventures. In view of the calming of the situation on the financial markets and their positive development, the expected future losses category is lower than expected so the change is a positive one.

Other income or expenses from investment activities consist mostly of expenses for negative exchange rate differences of financial investments. Last year, this part of the result was almost offset by income from positive exchange rate differences.

Table 6: Income and expenses from the investment activities of the Group for financial reporting purposes in 2023 and 2022

	Income and expenses from investing activities			
	Return of investments		Of which return on unit-linked insurance	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Interest income calculated using EIR	35,098	26,676		
Dividend income	2,705	4,687		
Net gains/losses from financial assets measured at fair value through profit or loss	55,710	-88,965	46,332	-77,040
Net gains/losses from financial assets measured at amortised cost	0	2		

Net gains/losses from financial assets measured at fair value through other comprehensive income	-9,304	-23,907		
Net impairments/impairment reversals of financial assets	2,292	-7,546		
Other investment income/expense	-2,670	431	11	0
Total	83,831	-88,624	46,343	-77,041

No Group company is currently investing in securitisation instruments.

A.4 Performance of other activities

A.4.1 Other income and expenses

Group's other revenues comprising other operating revenues and other revenues amounted to EUR 34.3 million in 2023, compared to EUR 35.2 the year before. Most of the revenues in the amount of EUR 8.6 million in 2023 relate to non-attributable revenues from insurance business, rental income in the amount of EUR 7.4 million and revenues from the sale of services and products of non-insurance undertakings in the amount of EUR 10.2 million. In 2022, most of the revenues in the amount of EUR 5.1 million relate to non-attributable revenues from insurance business, rental income in the amount of EUR 9.1 million and revenues from the sale of services and products of non-insurance undertakings in the amount of EUR 7.5 million.

The Group's other expenses comprising other operating expenses and other expenses amounted to EUR 29.5 million in 2023. The largest share of the abovementioned expenses refers to expenses for employee benefits in the amount of EUR 7.4 million, non-attributable expenses from insurance business in the amount of EUR 13.6 million, and depreciation and other expenses from investment properties in the amount of EUR 4.1 million. In the previous year, expenses for employee benefits amounted to EUR 21.7 million, non-attributable expenses from insurance business to EUR 18.2 million, and depreciation and other expenses from investment properties to EUR 4.9 million.

Detailed information on the Group's other operating revenues and expenses and other income and expenses is presented in the financial statement section of the Annual Report, i.e. section 3.7.14.

Table 7: Other income and expenses of the Group for financial reporting purposes in 2023 and 2022

	In EUR thousand	
	2023	2022
Net other operating revenues/expenses	1,501	-14,556
- Other operating revenues	27,284	30,792
- Other operating expenses	-25,783	-45,348
Other net income/expenses	3,317	-6,555
- Other income	7,061	4,404
- Other expenses	-3,744	-10,959

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 67.9 million, the annual rental income amounted to EUR 7.4 million. The Parent Company generated 69% of the said income, while Triglav, Upravljanje nepremičnin, d.d. generated 26% and other Group companies generated 5%.

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 2023, the right-of-use assets amount to EUR 11.1 million in the Group's consolidated financial statements. The total annual depreciation expense of these assets was EUR 5.1 million, while interest expenses amounted to EUR 901 thousand. Rental costs not accounted according to IFRS 16, i.e. short-term leases and low-value leases, amounted to EUR 1.3 million in 2023.

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

Intra-group transactions in the Group mainly relate to reinsurance, underwriting fees, investment and real estate management, and rental agreements.

In 2023, there were EUR 191.3 million worth of reinsurance premiums written, EUR 140.7 million worth of reinsurance claims paid, and EUR 45.9 million worth of reinsurance fees charged from reinsurance. In the year before, there were EUR 159.1 million worth of reinsurance premiums written, EUR 57.6 million worth of reinsurance claims paid, and EUR 42 million worth of reinsurance fees charged.

In 2023, there were EUR 7.5 million worth of underwriting fees, EUR 5.9 million worth of investment management fees, EUR 1.4 million worth of rents, EUR 1.6 million worth of income from real estate management and EUR 1.5 million in revenue from other rendered services charged between Group companies. In 2022, there were EUR 6.7 million worth of underwriting fees, EUR 5.6 million worth of investment management fees, EUR 1.2 million worth of rents, EUR 1.6 million worth of income from real estate management and EUR 1.5 million in revenue from other rendered services charged between Group companies.

A.5 Any other information

EVENTS IN 2024

On January 10, 2024, the Insurance Supervision Agency ex officio issued a decision prohibiting Vinko Letnar from serving as a member of the Supervisory Board of the Company due to non-fulfillment of legal conditions, confirming the previous position of the Supervisory Board of the Company regarding the illegality of its appointment by the Works' Council of 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 Triglav Group consists of the controlling company Zavarovalnica Triglav, d.d. (hereinafter: Company or Holding Company) and its subsidiaries in which the Company directly or indirectly holds the majority of voting rights (hereinafter: the Group). 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. Corporate governance, effective monitoring or supervision over the operations of subsidiaries and comprehensive risk management are performed at the Group level with the aim of maintaining the risk profile within the limits defined in the Risk Appetite Statement. Such governance enables the expansion of risk management culture across all business segments and all companies as well as efficient and coordinated operations and realization of synergies, achieved especially through activities that promote cooperation in professional areas, and sharing of information and knowledges 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 Group level. The Subsidiary Management Department is responsible for the implementation of the Group's system of governance; the said department works with the key functions, expert services and business lines of the Company to define the minimum standards system and other mechanisms thus establishing and maintaining an effective and transparent system of Group governance.

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 synchronisation 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 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 carry out the powers and perform the tasks defined by the legislation and internal acts that apply to each subsidiary.

In single-member limited liability subsidiaries, the role of the general meeting is assumed by the shareholder. 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 internal acts.

SUPERVISORY BODY

Supervision of subsidiaries is carried out through the supervisory body of the respective subsidiary.

The supervisory body supervises the management of each subsidiary 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.

To ensure responsible supervision and decision-making for the benefit of the subsidiary, the composition of the supervisory body considers 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, internationality, 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 on 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 a 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 competences and tasks of the Management Board are as follows: compliant 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.

On 29 November 2023, the Company's Supervisory Board appointed Andrej Slapar as the President of the Management Board for a new five-year term of office. He has held this position since May 2013, and his new five-year term of office begins on 13 November 2024. The Supervisory Board agreed with the proposal of the President of the Management Board and reappointed Uroš Ivanc and Tadej Čoroli as members of the Management Board of the Parent Company. They both took up this position in July 2014, whereby Uroš Ivanc's new five-year term of office will start on 16 July 2024 and Tadej Čoroli's term of office will start on 31 July 2024.

As of 31 December 2023, the Management Board composition 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 2023

First and last name	Function	Area of work within the Management Board as at 31 Dec. 2023
Andrej Slapar	President of the Management Board	Manages and directs the work of the Management Board and the operation of the headquarter services (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), corporate and legal affairs, HR affairs related to employees with special powers, operation of the Arbitration and the GIZ 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, the Investment Department and the Passive Reinsurance Department at the Parent 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 and Digital Operations and Customer Experience.
Marica Makoter	Management Board member - Workers' Director	She represents the interests of the employees 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 HRM (except HR issues related to senior management staffing). She is also responsible for the Strategic Purchasing Department operating at the Parent Company's headquarters.
Blaž Jakič	Member of the Management Board	He is responsible for Non-Life Insurance, IT, Backoffice Division, Digital Platform and Business Intelligence, the Risk Management and Bancassurance operating at the Parent Company's headquarters. He is also responsible for the prevention of money laundering.

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 (ZGD-1) and the Company's Articles of Association. A shareholder registered in the share register kept by the Central Securities Clearing Corporation (KDD)³ 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. 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 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 Company's General Meeting of Shareholders of its

³ KDD – Centralna klirinško depotna družba, d.d.

decision. The Chairman and Vice Chairman act as employee representatives. The term of office of Supervisory Board members is four 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 underlying 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. To ensure the proper implementation of nomination procedures, they submitted an irrevocable statement of resignation on 28 March 2023, whereby their resignation and termination of their term of office took effect on 6 June 2023. The General Meeting appointed Monica Cramer Manhem and Tim Umberger as new members of the Supervisory Board, shareholders' representatives, for a four-year term of office, which began on 7 June 2023.

The term of office of Igor Zupan, member of the Supervisory Board, employee representative, expired on 31 May 2023, and that of Branko Gorjan and Petar Celar, members of the Supervisory Board, employee representatives, expired on 1 June 2023. Due to the expiry of the terms of office of the existing members, the Works' Council of the Company held elections at the meeting on 10 July 2023 for the members of the Supervisory Board of the Company, employee representatives, and appointed Aleš Košiček, Vinko Letnar and Janja Strmljan Čevnja to the Supervisory Board as employee representatives for a four-year term of office, which began on 11 July 2023. Subsequently, the Supervisory Board carried out a fit and proper assessment of the appointed employee representatives in accordance with the legislation and the existing internal act and found that Aleš Košiček and Janja Strmljan Čevnja comply with the fit and proper criteria for the performance of their duties as members of the Supervisory Board.

The composition of the Supervisory Board in 2023 was as follows:

Table 9: Supervisory Board members in the 2023 financial year

First and last name	Function
Andrej Andoljšek	Chairman, shareholders' representative
Branko Bračko	Vice Chairman, shareholders' representative (up to 6 June 2023)
Igor Stebernak	Member, shareholders' representative (up to 29 August 2023) Vice Chairman, shareholders' representative (as of 30 August 2023 onwards)
Tomaž Benčina	Member, shareholders' representative
Jure Valjavec	Member, shareholders' representative
Peter Kavčič	Member, shareholders' representative (up to 6 June 2023)
Tim Umberger	Member, shareholders' representative (as of 7 June 2023 onwards)
Monica Cramer Manhem	Member, shareholders' representative (as of 7 June 2023 onwards)
Peter Celar	Member, employee representative (up to 1 June 2023)
Branko Gorjan	Member, employee representative (up to 1 June 2023)
Igor Zupan	Member, employee representative (up to 31 May 2023)
Aleš Košiček	Member, employee representative (as of 11 July 2023 onwards)
Janja Strmljan Čevnja	Member, employee representative (as of 11 July 2023 onwards)

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 in 2023: 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 Nomination Committee as a

temporary committee was formed on 29 November 2023 due to the expiration of the term of office of Supervisory Board member Igor Stebernak in 2024. The committee will function until the election of a new member of the Supervisory Board, shareholders' representative, at the Shareholders' Meeting of the Company, but no longer than until 4 June 2024.

Table 10: Composition and competences of Supervisory Board committees in the 2023 financial year

Supervisory Board committee	Competences
AUDIT COMMITTEE Composition: - Peter Kavčič, committee Chairman (up to 28 May 2023) - Igor Stebernak, member (up to 28 May 2023) and committee Chairman (up to 29 May 2023) - Igor Zupan, member (up to 28 May 2023) - Tomaž Benčina, member (from 29 May to 31 August 2023) - Tim Umberger, member (as of 1 September 2023) - Aleš Košiček, member (up to 1 September 2023) - Luka Kumer, independent external expert	- monitoring the financial reporting process, preparing reports and drafting proposals for ensuring its comprehensiveness; - monitoring the efficiency and effectiveness of internal controls, internal audit and risk management system; - monitoring the mandatory audit of annual and consolidated financial statements and reporting on the audit result to the Supervisory Board; - responsibility for the auditor selection procedure and proposing a candidate to the Supervisory Board to audit the Company's annual report and participating in the drafting of an agreement between the auditor and the Company; - 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.
APPOINTMENTS AND REMUNERATION COMMITTEE Composition: - Tomaž Benčina, committee Chairman - Jure Valjavec, member- Peter Celar, member (up to 28 May 2023) - Andrej Andoljšek, member (up to 29 May 2023)	- drafting proposals for criteria applying to 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 (up to 28 May 2023) - Andrej Andoljšek, member - Peter Kavčič, member (up to 28 May 2023) - Branko Gorjan, member (up to 28 May 2023) - Jure Valjavec, Chairman (as of 29 May 2023) - Tomaž Benčina, member (as of 1 September 2023) - Igor Stebernak, member (as of 29 May 2023) - Tim Umberger, member (as of 1 September 2023) - Monica Cramer Manhem (as of 1 September 2023) - Janja Strmljan Čevnja (as of 1 September 2023) 	<ul style="list-style-type: none"> - drafting and discussing proposals for the Supervisory Board with respect to the Group's strategy and monitoring strategy implementation; - 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 - Aleš Košiček, member - Mateja Lovšin Herič, 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 more detail 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 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 its committees (except the remuneration of members – external experts) is set by way of resolutions adopted by the general meetings of Group companies. The remuneration of employees is set proportionally with the complexity, characteristics, scope of tasks or functions, authorisations, responsibilities, and experiences as well as in a way that incentivises employees to take decisions or act in a way that leads to the realisation of the goals 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.

SUPERVISORY BODY

The remuneration of the supervisory body and its committees is set by the general meeting of individual Group companies by way of a resolution (except for 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. The members of the supervisory bodies of Group companies are not entitled to profit sharing.

MANAGEMENT BODY

The remuneration of the Company's Management Board comprises the basic salary (fixed part of pay), the variable part of pay and other rights and benefits and 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, laptop and tablet – all for business and private purposes, use of a payment card for expenses, including entertainment), right to pension insurance (Voluntary Supplementary Pension Insurance - PDPZ, Collective Voluntary Pension Insurance - PPZ), accident insurance and liability insurance, supplementary health insurance and the reimbursement of membership fees associated with the discharge of the function. 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 actual 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 4.4.

The only materially significant transaction with related parties in 2023 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 out EUR 19.6 million to ZPIZ and EUR 16.0 million to SSH in dividends.

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), following the appointment of an individual member without a prior assessment (subsequent assessment) 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 and their deputy, 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, while the key function holders and their deputies must disclose

a statement including the information on the actual or potential conflict of interest as well as the circumstances that create or could create the appearance of a conflict of interest. Key function holders and their deputies must meet the following conditions in addition to the above fitness conditions that are general in nature and apply to everyone:

THE HOLDER OF THE ACTUARIAL FUNCTION AND THEIR DEPUTY 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 AND THEIR DEPUTY 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 AND THEIR DEPUTY must possess no less than five years of work experience.

THE HOLDER OF THE INTERNAL AUDIT FUNCTION AND THEIR DEPUTY 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 or must have held the title of auditor or certified auditor and have five years of work experience performing internal audit tasks in an insurance company as at 1 January 2016.

B.3 Risk management system, including 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 goals. The Company has set up a risk management system at the Group level as a set of synchronised rules, competences, responsibilities, and activities with an aim 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 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 subsidiary has a confirmed set of internal rules governing the risk management system in place that have been synchronised 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

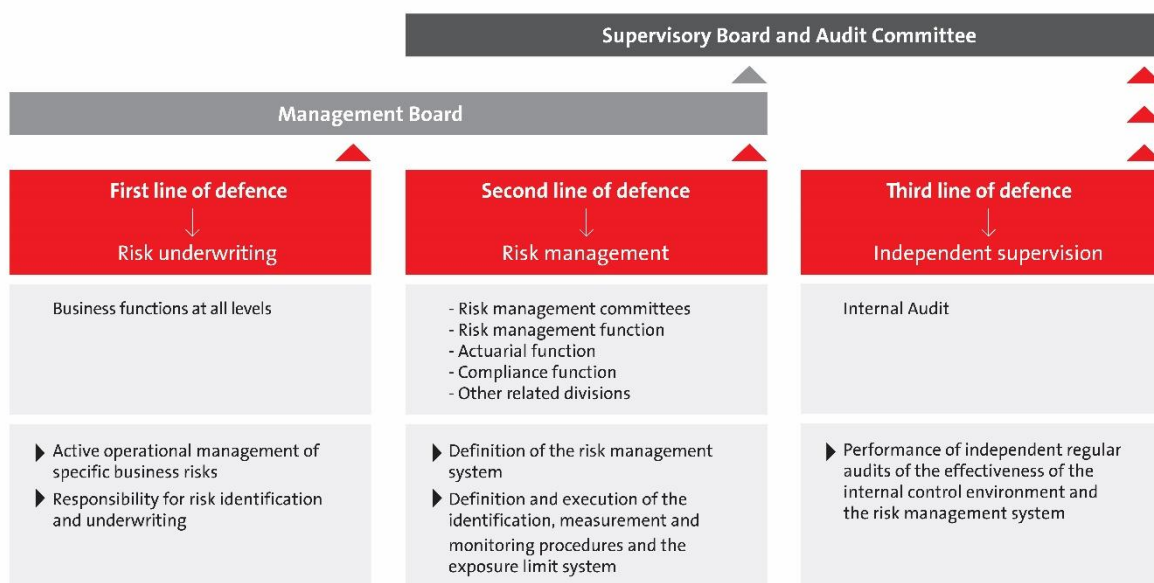
level of risk exposure for individual subsidiaries and ensure timely reporting which in turn ensures the timely monitoring of risks at the Group level.

It is 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 to cooperate. 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, considering 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 risk management committees.

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 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 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 capital adequacy strength when conducting the ORSA.

The Company's Management Board formulates business goals and the Risk Appetite, and 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 synchronised and linked to capital planning and management at the Group level. The Company and individual subsidiaries observe the synchronised and confirmed goals 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 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 at the Company, 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 with a 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, synchronisation 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 subsidiary 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 subsidiary. Risk management at the Group level is implemented at the Company where regular reporting to the key risk management function and the functioning of risk management system committees enable 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 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 acts governing risk management at individual subsidiaries. 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 subsidiary is still willing to assume during its business operations so as to attain the set business and strategic goals.

B.3.3 Risk management function

A risk management function is established in each subsidiary in the Group. 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 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 coordinates and performs the ORSA process as well as prepares all the required regulatory and internal reports that are associated with risk management.

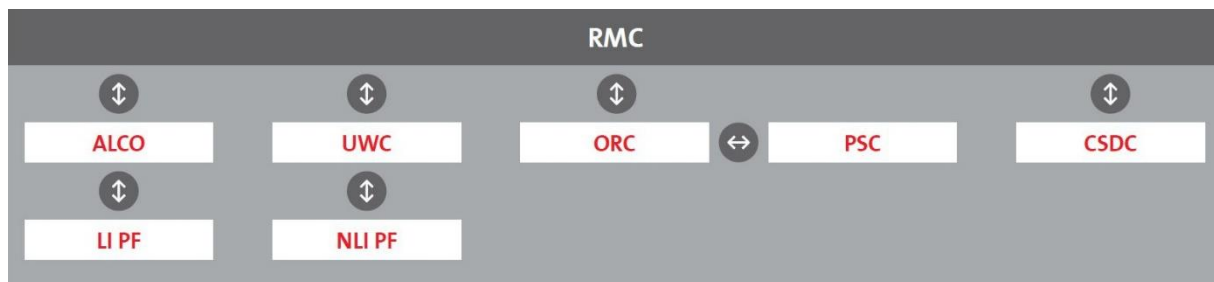
The risk management function at the level of the Company is responsible for development and effectiveness of the risk management system at the Group level. It prepares risk management guidelines and minimum standards for the subsidiaries within the Group, monitors their implementation, advises on implementation,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

The Company's risk management function holder is positioned into the organisational structure in a way, which allows 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 2023



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. The committee also 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, strategic and other non-financial risks that are 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, liquidity risk and credit risk in the investment portfolio segment as well as life and pension insurance underwriting 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 considering the Risk Appetite, individual risk exposure limits and any other restrictions that affect the asset and liability management process at the Parent 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, with the basic goal 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 subject to the Company's and the Group's Risk Appetite and considering the risks arising from exposure to reinsurers. The committee identifies, manages, monitors, and reports non-life insurance underwriting risks and develops the management of these risks.

THE OPERATIONAL RISK COMMITTEE (ORC) provides 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 controls 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 ORC 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, internal rules and other commitments and positions of supervisory or other state bodies as well as addressing the issues and making decisions involving ethical dilemmas relating to the observation of the provisions of the Triglav Group Code of Conduct, the Insurance Code of Conduct and other adopted ethical standards of the Company. The committee is also responsible for monitoring and managing reputational risk, monitoring sustainability risks as well as for monitoring and guiding the activities of the Company and the Group to achieve the strategic ambitions and complying with legislative requirements of sustainable development from an environmental, social and management point of view (ESG). The committee's duties also include considering and approving proposals for changes and new internal acts that relate to or are part of the compliance risk management system, monitoring the Company's exposure to compliance risks and dealing with compliance risk assessments, dealing with events that represent a personal data breach, monitoring the implementation of the recommendations of the Compliance Office and dealing with all matters or questions submitted for consideration by individual members of the committee.

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/services for the Slovenian and other markets where Group markets their products. When developing new and significant changes to existing insurance products/services, it is necessary to ensure compliance with the strategy of the Company and the Group and to adapt to the needs of the market, while taking into account legal frameworks, standards and good practices of the insurance and financial profession, management and control policies and the distribution of insurance products/services as well as the guidelines outlined in the Risk Appetite regarding the assurance of a suitable profile of insurance and other risks.

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 subsidiaries regularly monitor risk and report on risks in the form of standardized risk reports, which include regulatory and internal indicators for all risk and operation segments. Various divisions at individual subsidiaries participate in the drafting of the report. In addition to the recommendations of the local risk management departments, reports also contain commentaries on trends and value indicators for the risk monitoring regarding the set limits and target values. The leaderships of companies discuss the reports of subsidiaries as part of their respective powers, while the Company's risk reports are considered as part of their powers by the risk management system committees as well as the Management Board and the Supervisory Board. The Company's Risk Management Department prepares Group level risk reports based on the information from the risk reports of subsidiaries. The following is also part of the risk reporting system in addition to the risk reports: ORSA reports, annual reports, Solvency and Financial Condition Reports (SFCR) of (re)insurance subsidiaries, the Group SFCR and the Company SFCR, RSR reports of the Company and the Group 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 considers 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 coordinated 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. The said coordination enables the ORSA overall result to 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 considered in the ORSA process subject to the assessment of availability, transferability and substitutability of own assets and eventual needs for additional capital. All information on the planned transfers of own assets within the Group that can importantly affect any entity in the Group is considered, as well as the effect of the

synchronisation 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 considering all relevant assumptions of the business plan. The ORSA process begins with strategic goals and definitions of 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. Limited 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. 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 result in a capital inadequacy at any of the subsidiaries, that subsidiary must outline potential measures to increase capital adequacy above the minimum value. When the process has been completed, it is properly documented and a final report is prepared. 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, capital adequacy or liquidity.

In 2023, 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 considered 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 strong and that it can continue to tackle future risks and challenges successfully in the entire geographical area where it operates.

In May 2023, an extraordinary ORSA process was also carried out at the Group level, namely due to the Decree determining maximum prices for supplementary health insurance adopted by the Government of the Republic of Slovenia, which set the maximum permitted monthly supplementary health insurance premium until the end of 2023. The regulatory determination of the maximum the premium was assessed as an important event that could affect the achievement of the Group's strategic goals.

B.4 Internal control system

The internal control system 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 Group⁴. It comprises a clear organisational structure with a clear division of powers and responsibilities, effective policies, and procedures as well as monitoring, improvement, and documentation of business processes. The internal control environment is reasonably transferred from the Company to the subsidiaries considering the organisational specifics of the individual subsidiaries 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 subsidiaries of the Group as an autonomous function that is independent from other business functions as well as one of the key functions in the system of governance of the individual subsidiaries of the Group. Furthermore, it is part of the second line of defence in the three-level internal control system. It 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 the compliance of operations 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 of Conduct), 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. To monitor and ensure the compliance of the 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 a system in place for regular and extraordinary reporting on the compliance of operations or compliance risk at subsidiaries to the Company as well as an agreed delimitation of powers and authorisations for the assurance of operational compliance between the Company and subsidiaries. The Company's compliance function holder is positioned in the organisational structure in a way, which allows for them to monitor and impartially report on the implementation of the risk and compliance management system at the Group level, and ensure the development of standards governing compliance, corporate ethics, and respect for human rights.

The compliance function at other subsidiaries is organised according to the size or organisation structure and the corporate governance system of the individual subsidiary. In some cases, the function is organised as an independent department directly answerable to the subsidiary's management board, while elsewhere it is performed by an individual person authorised by the

⁴ The Group's Code of Conduct is published on the Company's website: <http://www.triglav.eu>.

leadership. Notwithstanding the organisational placement, the holder of the compliance function is consistently afforded independence and autonomy from other business functions at the subsidiary.

B.5 Internal audit function

The Group-level internal audit function is established at the Company and in insurance and other financial subsidiaries 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. The internal audit function also 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 responsible for 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 hence 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 function 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 who is responsible for 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 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 assist 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, 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 perform 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 subsidiaries. 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 operations and other important outsourced services. The latter represent any agreement between the Company and an external service provider, according to which the external service provider uses its own resources (human, ICT, and others) to perform a process, service, or activity (or part thereof), which would otherwise have been performed by the Company itself using its own resources. The level of risk or exposure to the external provider is lower in case of outsourced services than for outsourced operations.

Special attention with respect to outsourcing is paid to the risks arising from an outsourced operation or provider (external contractor) of the operation as well as the risks arising from services outsourced to the cloud. These risks are considered both in deciding 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.

Control over outsourcing is also carried out at Group companies through annual systemic controls of individual external contractors insofar as elevated risks are recognised in relation to them and are included in the plans for the implementation of control over external contractors

in each individual year. The Company keeps an up-to-date record of all operations or concluded agreements by way of which the individual subsidiaries 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 based on 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 considered so as not to jeopardize the operations of any individual company or the Group as a whole. To improve the management of outsourcing, the Company also adopted rules on the implementation of minimum standards in the field of outsourcing at the Group, setting out uniform principles in connection with outsourcing, as well as the standards that companies must comply with, depending on their size and organisational structure in this field. Group companies 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. The performance of key functions, i.e. the internal audit function, the actuarial function and the risk management function, are outsourced to two Group companies and the Company. Outsourcing and other important outsourced services performed by external providers for Group companies relate mainly to maintenance of key IT systems, management of documentary material, performance of insurance contracts, asset management and distribution of insurance through contractual points of sale, discharge of key functions, accounting services, etc.

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

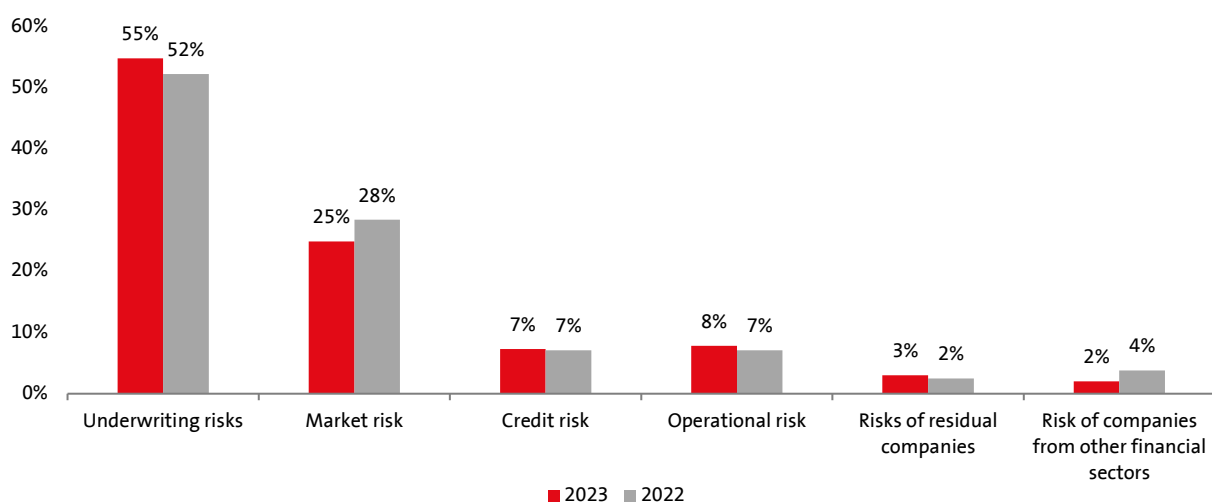
C. Risk profile

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

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 at the Group level and allocates capacity among Group members as appropriate. 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 Group's eligible own funds with the confidence level of 99.5% over a period of one year. In the end of 2023, the overall risk estimate of the Group, which does not consider mutual risk effects (i.e. diversification), amounted to EUR 629.4 million. The risk diversification between the modules lowers the overall exposure of the mentioned risks by EUR 191.9 million. Considering the SCR of the subsidiaries from other financial sectors and other non-financial companies, the undiversified overall risk estimate of the Group's portfolio amounts to EUR 664.5 million.

Chart 3: Group's risk profile as at 31 December 2023 and 31 December 2022



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 considers the risks of the ring-fenced funds

that contribute EUR 29.8 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 considered in the calculation of technical provisions. The insurance undertakings of the Group assume underwriting risks when concluding insurance transactions.

The main objective of managing underwriting risk 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. 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 2023, underwriting risk represents 55% of the overall risk estimate of the Group's portfolio, excluding diversification, which is 3 p.p. more than the year before.

Using the standard formula for underwriting risks, the Group identifies the following risks:

- 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 2023, the Group's risk estimate under non-life and health insurance represents 44% of the Group's overall risk estimate, excluding diversification.

Table 11: Group's risk estimate for underwriting risks under non-life insurance for 2023 and 2022

	In EUR thousand	
	2023	2022
Premium and reserve risks	215,458	183,461
Lapse risk	46,287	44,114
Catastrophe risk	71,515	56,138
Diversification	-85,504	-74,178
Non-life underwriting risk	247,756	209,536

Table 12: Group's risk estimate for underwriting risks under health insurance for 2023 and 2022

	In EUR thousand	
	2023	2022
Health insurance risk valued as life insurance risk	9	5
Premium and reserve risks	39,505	64,242
Lapse risk	12,215	11,347
Catastrophe risk	5,891	5,799
Diversification	-14,415	-14,468
Health underwriting risk	43,206	66,924

The estimate for underwriting risk under non-life insurance increased in 2023 mainly as the result of growth in the volume measure for premium and reserve risks. The growth of the volume measure of provisions is the result of an increase in both reported and unreported claims as well as natural disasters that occurred in 2023. The growth of the volume measure of the premium is a result of the growth of the portfolio, especially in the fire insurance segments and both car insurance segments. The lapse risk estimate increased slightly. The non-life catastrophe risk estimate increased compared to the previous year both for natural disaster risk and the catastrophes caused by human actions. The growth of this risk estimate is the result of higher exposures to these perils as well as changed reinsurance protection.

The estimate of health insurance underwriting risk decreased compared to the previous year mainly due to a reduction in the risk from premiums and provisions due to a reduction in exposure at Triglav, Zdravstvena zavarovalnica. The catastrophe risk estimate under health insurance remains on a similarly low level as the year before.

RISK EXPOSURE

At the Group level, underwriting risk under non-life and health insurance include the written premium being too low considering the risks underwritten, 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 the fire insurance and other damage to property insurance (LoB 7) 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 91.6 million compared to the previous period. The Group also has a significant exposure to premium risk in the medical expense insurance (LoB 1) segment, into which supplementary health insurance is primarily classified.

Details on the net earned premium of the Group as at 31 December 2023 are shown in template S.05.01 in the Appendix 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 2023 and 2022

	In EUR thousand	
	2023	2022
Net earned premium	1,049,763	958,143
-- Medical expense insurance (LoB 1)	233,539	212,612
-- Fire and other damage to property insurance (LoB 7)	221,774	213,452
-- Motor vehicle liability insurance (LoB 4)	181,147	163,097
-- Other motor vehicle insurance (LoB 5)	171,824	151,000
-- Other non-life and health insurance segments	241,479	217,983

The Group is most exposed to reserve risk in the motor vehicle liability insurance segment (LoB 4). The Group's total exposure is measured using the volume measure for reserve risk that is calculated based on the amount of claim provisions considering the reinsurance or based on net claim provisions. At the Group level, this exposure is determined as the sum of the volume measure for reserve risk of all insurance undertakings of the Group; it increased by EUR 101.4 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 2023 and 2022

	In EUR thousand	
	2023	2022
Net claim provisions	478,575	377,199
- Motor vehicle liability insurance (LoB 4)	135,710	125,625
- General liability insurance (LoB 8)	54,290	42,394
- Fire and other damage to property insurance (LoB 7)	119,065	80,883
- Income protection insurance (LoB 2)	33,558	33,615
- Other non-life and health insurance segments	135,951	94,683

Catastrophic events according to the standard formula are broken down 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 non-life claim insurance that may result from the flood, hail, and storm perils.

CONCENTRATION RISK

The concentration of underwriting risks is managed by individual insurance or reinsurance undertakings of the Group by using a suitable form of reinsurance. Such reinsurance is based on the tables of maximum own shares of individual companies and may not exceed the maximum own shares set at the Group level. By monitoring and reporting on the concentration risk of individual Group companies, we aim to establish effective procedures for limiting and reducing the probability of loss arising from the concentration of underwriting risk.

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

The most non-life and health underwriting risks are underwritten in the territory of Slovenia which is why they affect the Group's operations the most.

The greatest concentration at the Group level among natural disasters is the risk of hail in Slovenia, followed by exposure to storms and floods, also in Slovenia.

RISK MITIGATION TECHNIQUES

Individual insurance undertakings in the Group mitigate this 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.

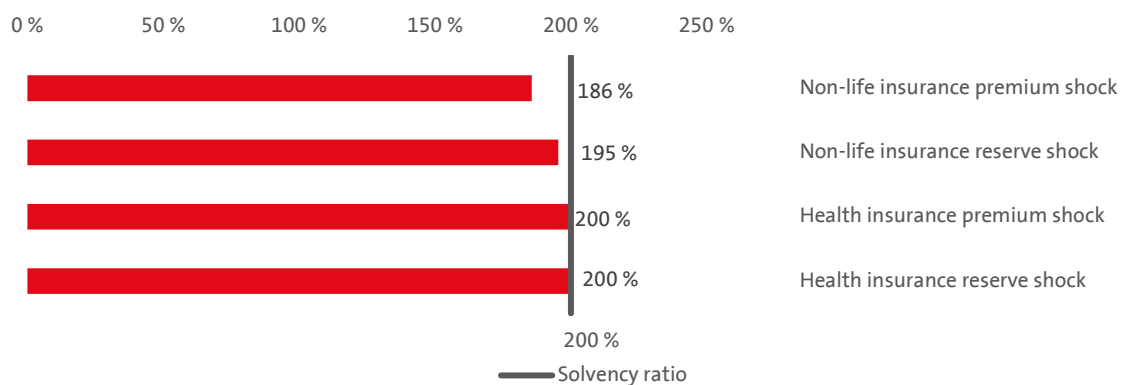
Risk underwriting for large insurance transactions is performed on a case-by-case basis. For such transactions, individual Group companies transfer part of the risk to reinsurance partners outside the Group by purchasing facultative reinsurance protection, considering both the maximum own shares and the PML that is consistent 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 Parent Company performs sensitivity tests regularly to ensure risks are managed suitably at the Group level as well. The chart shows the effects of the premium shock on the solvency ratio considering 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 2023



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 2023, 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 2023 and 2022

	In EUR thousand	
	2023	2022
Mortality risk	12,059	9,503
Longevity risk	10,400	9,401
Disability and morbidity risk	351	227
Lapse risk	35,825	32,034
Expense risk under life insurance	18,422	18,688
Revision risk	1,194	1,151
Catastrophe risk under life insurance	7,144	6,763
Diversification	-12,521	-7,184
Life insurance underwriting risks	72,874	70,584

The risk estimate for 2023 increased by EUR 2.3 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 investment insurance and death insurance due to the modelling of future valorisations. Mortality risk increased mainly due to the larger number of death insurance policies and the drop in the risk-free interest rate curve. In addition to the change in assumptions, the latter contributed to the increase in other risks.

As at 31 December 2023, the risk estimate for risks under life insurance contracts of both ring-fenced funds came in at EUR 16.4 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 2023 and 2022

	In EUR thousand	
	2023	2022
Mortality risk	1,176,393	1,118,425
Longevity risk	1,220,199	1,160,769
Disability and morbidity risk	19,657	16,181
Lapse risk	1,079,633	1,026,706
Expense risk under life insurance	1,225,360	1,164,871
Revision risk	45,289	42,343
Catastrophe risk under life insurance	1,081,579	1,028,169

The Group's exposure to life insurance underwriting risks increased in 2023, mainly because of the increase in technical provisions which is the result of the drop 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 mainly 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 full or partial surrender of the policy, capitalisation, change the coverage or premium amounts, decide what proportion of saved assets they will use to purchase the annuity, etc. It is in the Group'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 subject to accrued expenses upon conclusion, 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 as customers are listed into different categories in terms of 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

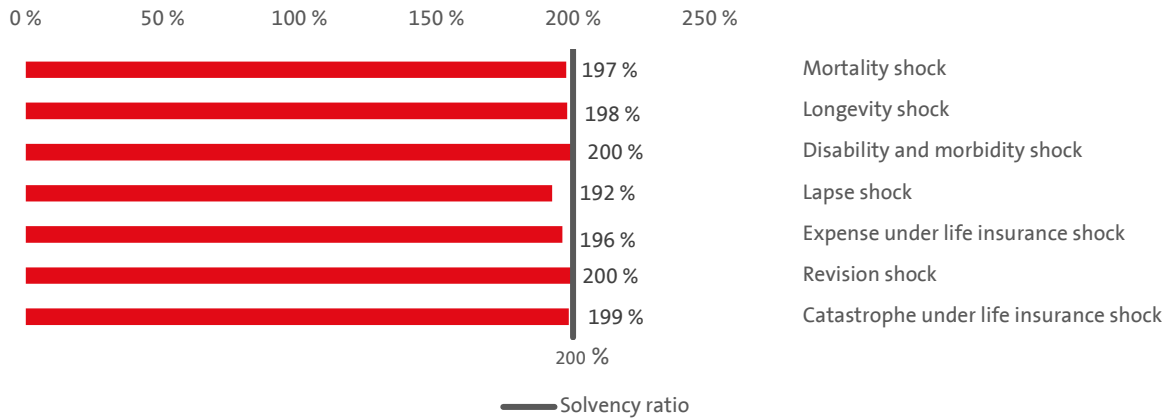
The most important aspect for life insurance products is the management of underwriting risk that is performed during the risk underwriting phase. The process for acceptance into insurance involves a medical questionnaire, financial reasoning, review of existing medical documentation and medical tests. 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. During the term of the policies, the portfolio is regularly monitored, and the assets are properly matched with insurance liabilities.

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 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 risks are also managed with adequate reinsurance protection.

SENSITIVITY

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

Chart 5: Group's capital adequacy sensitivity test as at 31 December 2023

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 2023 and 2022

	In EUR thousand	
	2023	2022
Interest rate risk	5,419	21,214
Equity risk	33,664	36,732
Property risk	52,536	52,145
Spread risk	59,394	70,454
Currency risk	37,153	46,065
Market concentration risk	33,438	50,175
Diversification	-56,261	-88,048
Market risk	165,342	188,737

As at 31 December 2023, market risk represents 25% 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 2023, the risk estimate for the market risks of both ring-fenced funds amounted to EUR 19.6 million.

Market risk decreased by EUR 23.4 million compared to the previous reporting period.

The situation on financial markets in 2023 was calmer compared to the year before, while the insurance part of the portfolio was strongly influenced by accidents, floods, and legislative amendments regarding health insurance. The Group has also adapted to the changed circumstances in the segment of market risk. In addition, the changes were also due to the IFRS 9 and IFRS 17 standards, which entered into force.

The Group continued to pursue optimal matching of assets and liabilities. Maintaining a high-quality portfolio of debt investments while slightly reducing the duration of the investments was reflected in a reduction in spread risk by EUR 11.1 million. Interest rate risk remains low. Compared to the year before, it decreased by EUR 15.8 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 materially affected by the levels of risk-free interest rates, which decreased in 2023. The Group is sensitive to the growth of risk-free interest rates. The reduction in equity exposure in the second half of 2023 resulted in a significant reduction in the risk of equity securities, which was partially offset by a higher pro-cyclical capital requirement for equity risk. Real estate market risk is at last year's levels. The decrease in currency risk is mainly explained by the decrease in the mismatch in the Croatian kuna due to the adoption of the euro as the legal tender in the Republic of Croatia. The currency risk primarily arises from the portfolios of Group companies whose base currency is not the euro, and partly also from non-euro investments to which the Group is exposed through collective investment undertakings. The decrease in market concentration risk is the result of a decrease in the value of companies (e.g. due to dividend distribution) that exceed the threshold at the level of a 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 Parent 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 on the assets side.

Table 18: Group's assets exposed to market risk as at 31 December 2023 and 31 December 2022

	In EUR thousand	
	2023	2022
Property, plant and equipment held for own use	131,509	129,627
Real estate (except real estate held for own use)	86,516	84,296
Holdings in related undertakings, including participations	135,508	134,884
Equities	9,547	23,012
Bonds	1,805,589	1,756,103
- Government bonds	1,178,073	1,111,967
- Corporate bonds	626,480	643,165
- Structured notes	1,035	971

Collective investment undertakings	118,244	133,528
Deposits other than cash and cash equivalents	62,312	70,485
Other investments	955	2,863
Assets held for index-linked or unit-linked contracts	814,404	706,867
Loans and mortgages	6,525	5,720
Deposits to cedants	16,954	14,045
Assets exposed to market risk	3,188,062	3,061,429

Table 19: Group's liabilities exposed to market risk as at 31 December 2023 and 31 December 2022

	In EUR thousand	
	2023	2022
Exposure to interest rate risk	2,211,801	1,919,985
Exposure to equity risk	527,902	412,944
Exposure to property risk	11,244	10,414
Exposure to spread risk	527,878	412,944
Exposure to currency risk	532,240	544,423

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. Interest rate risk is regulated at the Group level by managing assets in relation to liabilities at the level of individual companies or portfolios.

Interest rates, which rose in 2022, stabilised in 2023 and exhibited a lower level of volatility. The risk-free interest rate curve took in a less typical inverted shape, with the highest levels of interest rates on the short-term part of the curve. The Group adjusted the interest rate sensitivity of the investment portfolios appropriately to market conditions and the portfolio of insurance liabilities. The duration of the Group's interest-sensitive investment portfolio decreased by a total of 0.1 years, while the duration of investment portfolios covering non-current insurance liabilities increased by around 0.5 years, whereby investment portfolios covering insurance liabilities of shorter maturities and excess, or own funds, shortened. Thus, relatively higher levels of interest rates on the short end of the curve were made use off, and investments on the longer end of the curve closed the interest rate gap in liabilities, which was recorded in the previous year. The capital requirement for interest rate risk thus decreased compared to the year before. Part of this decrease also results from a slightly lower stress shift in the interest rate curve considered in the calculation of interest rate risk due to the lower level of interest rates at the end of this year.

Investments with value 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 to generate higher long-term returns and for diversification purposes. The equity risk estimate decreased compared the year before. The decrease is mainly the result of the decrease in exposure to listed equity securities on local stock markets with the aim of diversification. A

decrease was also recorded in collective investment undertakings linked to equities. Exposure in the segment of associated companies, which does not affect the risk estimate of equity securities, remained at a level comparable to the previous year. The risk estimate for associated companies is added without the positive effects of diversification to the overall capital requirement of the Group.

The decrease in equity exposure partially neutralises the increase in the value of the symmetrical adjustment by nearly 4.5 p.p. At the Group level, the Parent Company took a comprehensive approach of the insight method on 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 nearly unchanged compared to the previous year meaning that the capital requirement for this type of market risk is also unchanged. The Group is also exposed to property risk through the investments in alternative investment funds. 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, except for 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 exposed to spread risk, by EUR 32.1 million compared to the year before, whereby exposure to corporate bonds, which includes deposits, decreased by EUR 50.6, and exposure to the bonds of other governments denominated in the country's own currency increased by EUR 18 million. These changes include changes in 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 0.2 years, most of which occurred in the corporate bond segment, i.e. by 0.6 years. The decrease in exposure to debt investments and shorter duration of investments while maintaining credit quality are the main reasons that spread risk decreased by EUR 11.1 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. At the Group level, the Parent Company pursues the policy of currency matching and invests most of its assets according to the currency structure of liabilities. The currency risk estimate arises mainly from the long positions in the currencies of the countries served by the Group, which mainly stems from the excess of assets over liabilities of the Group's subsidiaries that operate in environments where the local currency is not the euro (BAM, RSD, and MKD).

As of 1 January 2023, the Republic of Croatia adopted the euro as official currency, which is also the biggest reason for the decreased currency risk compared to the previous year. 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.

CONCENTRATION RISK

The biggest share of the Group's assets is held in the form of debt securities that account for 55.5% of the investment portfolio. Government bonds account for 65.2% of the bond portion of the portfolio, while 56.7% of the corporate portion of the portfolio is represented by financial sector bonds. Compared to the previous year, the relative exposure to the government sector in the bond portion of the portfolio increased by 1.9 p.p., while exposure to the financial sector in the bond portion of the portfolio decreased by 1.5 p.p.

At the Group level, the Parent Company continuously monitors (at 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

	2023	2022
Financial and insurance activities	44.8 %	46.9 %
Public administration and defence, compulsory social security	29.8 %	26.0 %
Manufacturing	6.2 %	6.5 %
Activities of extraterritorial organizations and bodies	5.2 %	6.4 %
Information and communication activities	1.6 %	1.6 %
Electricity, gas, steam and air conditioning supply	1.2 %	1.2 %
Other sectors	11.1 %	11.4 %

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

	2023	2022
Slovenia	32.7 %	31.3 %
Germany	10.6 %	9.8 %
France	5.2 %	4.8 %
Croatia	4.9 %	7.4 %
USA	4.1 %	3.9 %
Spain	3.8 %	3.8 %
Luxembourg	3.4 %	4.0 %
Italy	3.3 %	3.1 %
Other countries	32.0 %	32.0 %
Total	100.0 %	100.0 %

The biggest exposure to a single issuer is represented by the exposure to the Republic of Germany. 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 decrease in the Company's capital in the activity of asset management due to the large dividend explains a major part of the decrease 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 Parent Company has methods and processes in place 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 allows the Parent 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 risk management to the subsidiary insurance companies of the Group subject to the size and complexity of an individual company.

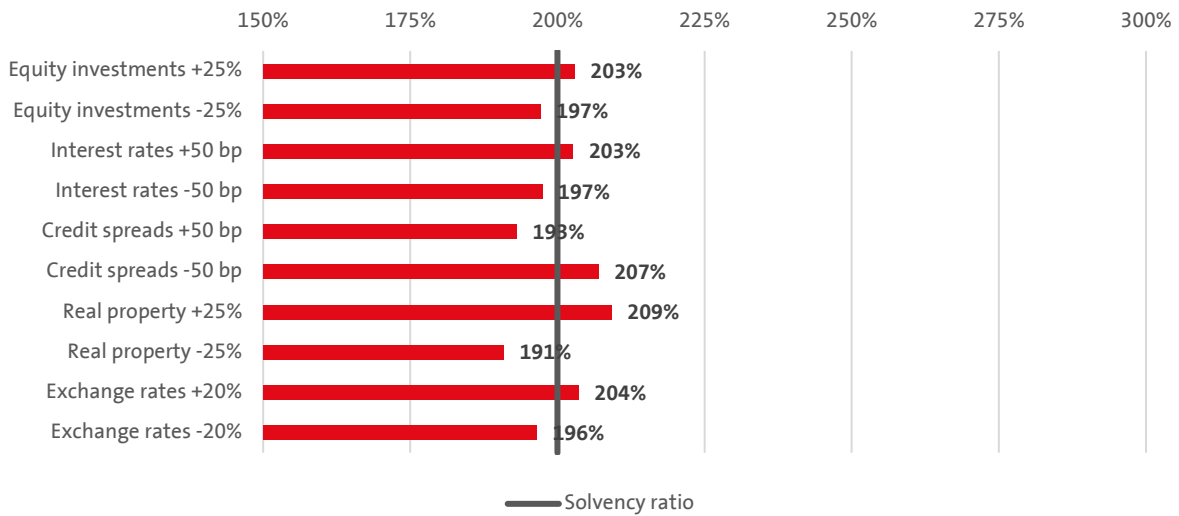
The Parent Company and Group members have a limit system in place for market risk monitoring that defines the restrictions on the underwriting of risks at the highest level as well as the desired structure of the investment portfolio and the maximum acceptable exposure to counterparties, thus limiting 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.

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. To mitigate market risk, various types of derivatives are used as appropriate. Derivatives are only used when they enable additional flexibility in asset management and for the achievement of effects that would be relatively more difficult to achieve without the use of such instruments. The use of such instruments is assessed from various aspects, such as security, economy, and use of the capital.

SENSITIVITY

As part of the ORSA process in 2023, 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 2023 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 2023

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 counterparties or groups of related parties that are connected by common risk factors such as credit ratings or the country.

As at 31 December 2023, 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 2023, 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 2023 and 2022

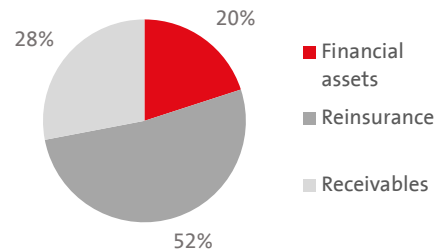
	In EUR thousand	
	2023	2022
Type 1	31,258	32,645
Type 2	19,445	16,618
Diversification	-2,375	-2,154
Credit risk	48,327	47,110

The risk estimate increased by EUR 1.2 million in 2023 mainly due to the increase in exposure from receivables, which in turn 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 considered, which reduces the risk factor of reinsurance partners and thus also the level of the risk estimate. As of 2023, the quality of the Group's credit risk portfolio improved from the point of view of better exposure diversification but worsened from the point of view of the average credit rating of the credit portfolio mainly due to the reduction of exposure to higher-rated partners, which is a consequence of the change in the reinsurance coverage contract.

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 Parent Company in past-due receivables from insurance operations.

Credit risk exposure as at 31. 12. 2023



At the Group level, the exposure to reinsurers decreased compared to the year before, whereby the biggest effect on the increase in exposure comes from the change in reinsurance coverage contracts. The Group is more exposed to banks than it was in 2022, and the share of receivables at the Group also increased compared to 2022.

Over the course of 2023, no deterioration of the payment discipline of counterparties was observed at the Group level.

CONCENTRATION RISK

At the Group level, the Parent 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

	2023	2022
Germany	24,8 %	47,9 %
Slovenia	21,2 %	24,3 %
Luxembourg	19,4 %	0,1 %
France	6,0 %	5,0 %
Bosnia and Herzegovina	5,2 %	4,4 %
Other countries	23,4 %	18,3 %
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 2023, there was a slight restructuring of the Group's exposure by country, mainly due to a change in the partners under renewed reinsurance agreements, which affects the calculation of the effect of a catastrophe reinsurance agreement. New claims also arose during the year, which contributed to a change in the exposure profile by country.

RISK MITIGATION TECHNIQUES

At the Group level, the orientation in 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.

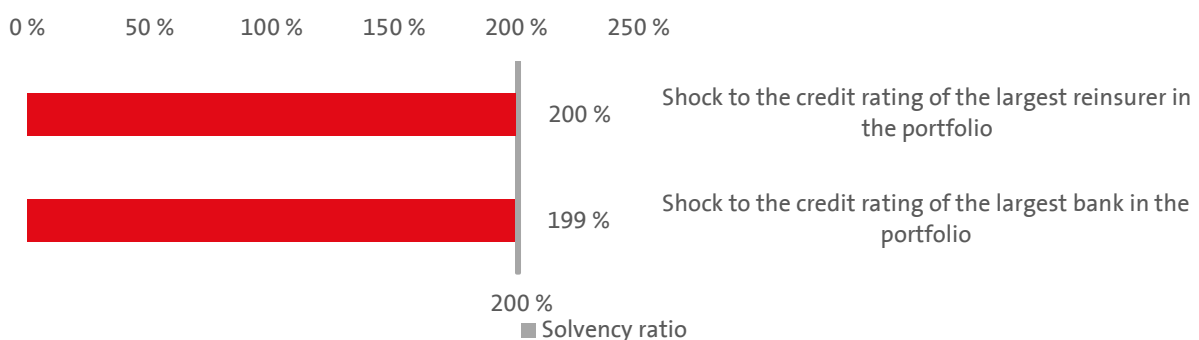
Credit risk from the investment portfolio is balanced by depositing money, deposits and derivatives in banks and other financial institutions with a suitable rating, whereby a professional analysis of the credit risk is performed for each bank and a sufficient rate of portfolio diversification is required. 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 Parent 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 managing 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. To ensure the suitability of reinsurance partners' credit ratings, the Group has a comprehensive system in place which precisely defines rules for the naming of partners and determining their basic information and a precisely defined procedure for the determination of the partners' credit rating which is uniform for all partners. 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. The Group has also established a committee, which consists of members from various professional fields who regularly monitor and review the alignment of new potential reinsurance contracts with the Company's policies. At the Group level, we perform monitoring and limit separately the exposure to counterparties without a credit rating and those partners that the Group may not use for the purpose of solvency as a technique for reducing underwriting risks.

SENSITIVITY

The Parent 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 2023



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 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 a 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 ability 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 to ensure safety, quality, liquidity, and profitability of the entire portfolio. The nature and duration of liabilities are also observed when investing assets. To ensure an adequate level of liquidity risk, Group members generally monitor both their current and future expected 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 risk, 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 and pension companies also monitor indicators that are common for all insurance undertakings of the Group.

In 2023, 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 an increase in insurance indemnities, decrease in income from insurance, co-insurance and reinsurance premiums written, a decrease in the value of debt securities 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. Despite the increase in payouts from natural disasters in 2023, which affected mainly the Parent Company, the Group ensured that liquidity risk was at a low level throughout the period.

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 considers the sources of liquidity and liquidity requirements. The Group's Parent Company upgraded the liquidity risk management system in 2023, mainly in the non-life insurance segment and in the part of PDPZ guaranteed return fund where it updated or set up the methodology for the calculation of excess liquidity. In addition, activities were also focused on the transposition of methodology upgrades and good practices to 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 Parent 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

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 both in ordinary and extraordinary conditions.

The Parent 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 Parent 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) and similar clauses 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 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 and the length of measurement of the stress period as well as 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 161.5 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 considering 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	
	2023	2022
Life insurance	92,351	62,401
Non-life insurance including health insurance	69,119	73,741
Total	161,470	136,142

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 Parent Company and at 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 2023, operational risk represents 8% of the Group's overall risk estimate, excluding diversification, and amounts to EUR 51.9 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 2023, the estimate of operational risks under both ring-fenced funds came in at EUR 1.0 million.

RISK EXPOSURE

At the Group level, operational risks are actively managed, identifying shortcomings, changes and movements in the internal and external environment that may potentially cause their increase.

The Group has not yet suffered a loss due to cyber events, but it is aware that these events are an increasingly pressing issue. The key to their management is regular maintenance and additional upgrading of the information security management system. 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 2023. Based on the findings, measures have been developed to improve IT security and are regularly monitored.

The Group has recognised elevated exposure to the risk of regulatory changes. One of the reasons is the long-term expansion and additional restrictive measures at the EU and OFAC levels, which are the result of the war in Ukraine, and the rapid adaptation of remote operations with (potential) customers. It is also exposed to risks related to the performance of outsourced operations (also in connection with cloud services) that are increasingly made use of with the goal of better management of outsourcing while simultaneously considering the increasingly important regulatory requirements in this area. The Group also follows development trends in the field of artificial intelligence (AI), whereby most Group members, except for the Parent Company, are studying and setting up AI tools. At the same time, adequate control over them will also be ensured, including ensuring the compliance of the implementation and use of AI tools from the point of view of protection of personal data, business secrets, internal information, and IT security. Thus, regulatory risks are recognised as more important operational risks that are adequately managed at the Group level.

The changing circumstances on the labour market pose challenges for Group members also from the point of view of HR risks. Group members are seeing an increase in competition between companies to acquire and retain top talent and the rapid changes in technology and the business environment are increasing the need for employees with certain specialised knowledge and skills that are in short supply in the labour market. The Company is facing the need to adapt work models because of the new generations, either with greater flexibility in terms of work methods or by promoting hybrid work models that are in line with the wishes and needs of employees. The Group adapts to labour market conditions and implements several measures aimed at managing HR risks.

CONCENTRATION RISK

The Group is aware that computerisation and digitalisation are increasing the influence of information and communication technology (ICT) on operations from the point of view of operational risk concentration and importance. The Group and its operations are highly dependent on the suitable functioning of ICT as a major cyber security incident, other IT incident or the suspension of operations can severely affect the Group's operations. Therefore, the Group pays special attention to the upgrading and regular maintenance of the IT security management system, with an emphasis on cyber risks as well as disruptions and business interruptions, which are managed through the Business Continuity Management System (BMS) that includes appropriate preventive and follow-up action in the event of various events such as cyber incidents, natural disasters (earthquake, flood, etc.) and pandemics. It includes business continuity plans for key business processes, the interruption of which would have the greatest consequences for the Group, and an IT recovery plan. Business continuity plans also include human resources risks from the simultaneous dismissal of many employees or the dismissal of key employees as well as disruptions in the provision of services by external contractors as highly pressing risks that can lead to a high concentration of risks in emergency situations. HR risks due to the possible absence of key employees or the simultaneous absence of a large number of employees were mitigated during the pandemic, which required the establishment of conditions for working from home, and this solution also mitigated risks due to the inaccessibility of work

locations, e.g. due to natural disasters. In 2023, the concentration of risks was analysed by Group members again in more detail from the point of view of uninterrupted or continuous execution of key processes. The latter requires enough available employees and external contractors, locations and sufficient resources, ICT resources being essential for this purpose. 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 by Group members. In 2023, 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.

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 Parent Company, which ensures their management at the Group level. The regularly 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. 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 follow-up risk mitigation measures or additional internal controls or the introduction of risk mitigation controls is begun. Additional measures or internal controls influence the decrease in exposure to potential operational risks that are already assessed regularly by some Group members. 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 as these measures continuously ensure the reduction of the exposure to operational risk. The main purpose of operational risk management is not the elimination of said risks, but rather their timely identification and cost-effective mitigation according to the defined tolerance.

SENSITIVITY

Operational risk is affected by many factors, both internal (employees, processes, internal systems) and external (external systems, external contractors and other stakeholders, 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 materially 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, intrusion tests, cyber scenarios (intrusion into the IT system and theft of its highly sensitive business information and personal data, ransomware attack, phishing attack) and the business continuity scenarios (earthquake scenario, analysis of the biggest vulnerabilities from the point of view of concentrations of risks in individual critical processes in terms of their uninterrupted execution). Based on the test results, the Company continuously upgrades the information security management system. Regular implementation and testing of the systems in place are 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

In 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 continued maintenance of 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 transactions between associated companies and the complexity of managing concentration risks. All 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 (including 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 Company and its companies.

- Environmental risks (E) represent the risks of climate change, water and natural resources shortages, threats to biodiversity and pollution. Climate risks 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 risks are related to risks arising from changes in business operations or the environment because of measures to encourage the transition to a low-carbon economy with the aim of reducing

the human impact on climate change (transitional risks include risks of policies or legislative bases, legal risks, technological risks, market sentiment risk and reputational risk).

- Social risks (S) mainly include risks arising from the way in which Group companies 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.
- Governance 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. In accordance with its mission of creating a safer future, which it also implements with a sustainable orientation in the ESG field, the Group continued to upgrade the sustainable risk management system in 2023 as well. In addition to the Sustainable Development Policy of the Group, the Group also published the Sustainable Investment Policy of the Group. At the level of the investment portfolio, it established monitoring of the value of the main adverse impacts (PAI indicators). To manage the transitional risks, for both the investment and the insurance portfolio, it studied the methodology of the Partnership for Carbon Accounting Financials (PCAF) and analysed its portfolio on this basis.

As part of the ORSA process in 2023, the Group paid special attention to the identification and assessment of climate risks at the Group level. Based on the qualitative assessment of the risk of climate change on the assets and liabilities sides, it is expected that these risks will be significant in the investment part of the Group's operations over both the medium and long term. In this regard, it will be necessary to actively adapt investment policies for investment and pension insurance to the green transition as the risk of market sentiment is especially important for this type of insurance. On the liabilities side, physical risk was identified as the biggest short-term climate risk. Based on a qualitative assessment of climate risks, Group members prepared a stress scenario that covered risks that could be significant for them even in the short term. Based on the findings, measures were listed for improved management of these risks. Sustainability risks are also related to the risk of the Group's reputation due to the adaptation of operations to counter the competition, especially with the company's increasing awareness of the importance of sustainable operations. These future potential risks can materialise over a longer timeframe and affect all key business processes, acquisition, and retention of business and human resources.

IDENTIFIED FUTURE RISKS ARE IMPORTANT FOR THE GROUP IN ADDITION TO THE ABOVEMENTIONED RISK. 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 experience, they cannot be predicted as there is often no 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 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 consider 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 Parent 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 circumstances and events are considered.

In 2023, the Parent 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 Parent Company and the Group.

The scenarios simulated at the Group level include the financial scenario of the onset of recession and persistent elevated inflation as well as the resulting negative effects on financial markets and a scenario in operational risks. Special attention was paid to the analysis of the impact of climate change, which included a qualitative and quantitative assessment. A reverse stress test was simulated at the Group level, which combined the effects of the occurrence of several stress tests at the same time.

In addition to the Parent 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 tests and the stress tests defined for them by the Parent Company.

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 risk-free interest rate curve published by EIOPA is used whereby no adjustments of the curve are applied.

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 2023

		In EUR thousand	
Balance sheet		Value for solvency purposes	Value for financial reporting purposes
Assets		3,656,558	4,080,474
Intangible assets	D.1.1	0	54,656
Deferred tax assets	D.1.2	26,640	21,968
Property, plant and equipment held for own use	D.1.3	131,509	117,974
Investments	D.1.4	2,218,670	2,595,348
Assets held for index-linked and unit-linked contracts	D.1.5	814,404	815,590
Loans and mortgages	D.1.6	6,525	6,526
Reinsurance recoverables	D.1.7	199,077	321,273
Deposits to cedants	D.1.8	16,954	17
Insurance and intermediaries receivables	D.1.9	64,101	0
Reinsurance receivables	D.1.10	64,218	0
Receivables (trade not insurance)	D.1.11	42,360	46,136
Cash and cash equivalents	D.1.12	62,891	89,508
Any other assets, not elsewhere shown	D.1.13	9,208	11,479
Liabilities		2,729,019	3,189,374
Technical provisions	D.2	2,472,118	2,990,474
Provisions, other than technical provisions	D.3.1	25,083	30,347
Deposits from reinsurers	D.3.2	3,447	17
Deferred tax liabilities	D.3.3	23,318	1,866
Debts owed to credit institutions	D.3.4	554	647
Financial liabilities other than debts owed to credit institutions	D.3.5	536	0
Insurance and intermediaries payables	D.3.6	32,475	0
Reinsurance payables	D.3.7	15,525	0
Payables (trade not insurance)	D.3.8	83,956	89,485
Subordinated liabilities	D.3.9	45,568	49,994
Any other liabilities, not elsewhere shown	D.3.10	26,440	26,543
Excess of assets over liabilities		927,539	891,100

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 differs from 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 asset's service 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 and goodwill 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
	2023	2022	2023
Intangible assets	0	0	54,656

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 considering 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
	2023	2022	2023
Deferred tax assets	26,640	111,205	21,968

Compared to the previous period, the value of deferred tax assets decreased by EUR 84.6 million, mainly due to a decrease at the Parent Company by EUR 53.9 million, at Pozavarovalnica Triglav RE by EUR 20.5 million and at Triglav Osiguranje, Zagreb by EUR 7.2 million.

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, except for 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 Parent 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 2023. 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 2023.

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
	2023	2022	2023
Property, plant and equipment held for own use	131,509	129,627	117,974

The value of the item increased by EUR 1.9 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 2.7 million in the period, while the value of the right-of-use asset from leases increased by EUR 0.7 million. The value of land and buildings decreased by EUR 1.5 million. This change includes both the effect of the new valuation and the effect of purchase or sales transactions in the period.

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, high volatility of listed 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 2023

Assets	In EUR thousand	
	Value for solvency purposes	Value for financial reporting purposes
Investments	2,218,670	2,595,348
Real estate (except real estate held for own use)	86,516	67,923
Holdings in related undertakings, including participations	135,508	37,808
Equities	9,547	55,350
Bonds	1,805,589	2,175,799
Collective investment undertakings	118,244	191,677
Deposits other than cash and cash equivalents	62,312	65,795
Other investments	955	997

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
	2023	2022	2023
Real estate (except real estate held for own use)	86,516	84,296	67,923

The value of real estate (except real estate held for own use) increased by EUR 2.2 million in 2023. The change in the value is mainly the result of real estate revaluation.

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;

b. 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 IFRS, 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.

Shares in other related undertakings that are not fully consolidated are valued using the adjusted equity method. 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
	2023	2022	2023
DVM	0	0	0
AEM S1	124,338	124,713	0
AVM	11,170	10,171	37,808
Total	135,508	134,884	37,808

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
	2023	2022	2023
Holdings in related undertakings, including participations	135,508	134,884	37,808

The value of holdings in related undertakings increased in 2023 by EUR 0.6 million. The most was contributed to this increase by the revaluation of Triglav, pokojninska družba, d.d. due to the favourable developments on financial markets, while the biggest opposite effect on the amount of the item came from the revaluation of the holding in Triglav Skladi, d.o.o., i.e. mainly because of the dividend distribution to the Parent Company.

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 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
	2023	2022	2023
Equities	9,547	23,012	55,350
Listed equities	5,130	17,728	50,924
Unlisted equities	4,417	5,283	4,426

The value of equities decreased by EUR 13.5 million in 2023. The decrease comes mainly from the listed securities segment, which is mainly the result of the disposal of certain investments with the aim of diversification from the local market.

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", "at fair value through other comprehensive income", "at amortised cost"). Investments in the "at fair value through other comprehensive income" or "at fair value through profit or loss" category are valued at fair value. Investments classified in the "at amortised cost" category 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 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
	2023	2022	2023
Bonds	1,805,589	1,756,103	2,175,799
Government bonds	1,178,073	1,111,967	1,360,175
Corporate bonds	626,480	643,165	814,588
Structured notes	1,035	971	1,035

The value of bonds increased by EUR 49.5 million in 2023. The increase in the item consists of a positive revaluation of EUR 105.8 million and outflows of EUR 56.3 million. The major portion of the positive revaluation arises from the government bond segment, which primarily covers the longest insurance liabilities. Outflows from the corporate bond segment in the period amounted to EUR 46.7 million, while outflows in the government bond segment amounted to EUR 9.5 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 the different valuation method for investments classified as "at amortised cost" in financial statements, we have a difference of EUR 6.1 million to the value for solvency purposes.

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
	2023	2022	2023
Collective investment undertakings	118,244	133,528	191,677

The value of item decreased by EUR 15.3 million in 2023. In the period, there were outflows of EUR 10 million from collective undertakings with a share orientation, EUR 27.2 million of outflows from funds with a debt orientation, and additional investments of EUR 22.3 million were made into alternative investment funds. According to the IFRS 9 accounting standard, collective undertakings require treatment that is not optimal from the point of view of the volatility of the Parent Company's result.

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 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 36: Group's deposits other than cash and cash equivalents

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Deposits other than cash and cash equivalents	62,312	70,485	65,795

The value of item decreased by EUR 8.2 million in 2023 compared to the year before. The exposure to this investment class increased at the companies headquartered in Bosnia and Herzegovina, Serbia and Macedonia where the range of investments on the local market is rather small and most importantly less liquid but decreased significantly at the Parent Company and in Croatia due to the cancellation of the deposit at the former Sberbank Croatia.

D.1.4.7 Other investments

Other investments at the Group represent funds in claim funds and other financial investments not classified in any of the other categories 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 37: Group's other investments

Investments	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Other investments	955	2,863	997

The value of other investments decreased in 2023. Works of art have been moved from this investment category to the property, plant and equipment category.

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 in the "at amortised cost" category).

Table 38: Group's assets held for index-linked or unit-linked contracts

Asstes	In EUR thousands		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Assets held for index-linked or unit-linked contracts	814,404	706,867	815,590

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 increase in the value of investment is mostly the result of the positive 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 39: Group's loans and mortgages

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Loans and mortgages	6,525	5,720	6,526
Loans on policies	5,696	4,829	5,693
Loans and mortgages to individuals	830	891	826
Other loans and mortgages	0	0	0

The value of all loans and mortgages did not increase significantly in 2023.

D.1.7 Reinsurance recoverables

Each insurance or reinsurance undertaking in the Group 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, reinsurance recoverables are calculated separately for premium and claims

provisions. Reinsurance recoverables for claims under non-life and health insurance that are paid in the form of annuities are disclosed at the Group under the life insurance item.

Table 40: Group's reinsurance recoverables

Asstets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Reinsurance recoverables	199,077	130,709	321,273
Non-life and health insurance	197,678	123,107	321,273
Life insurance	1,399	7,602	0

In 2023, reinsurance recoverables increased by EUR 69.4 million because of the growth of the best estimate of non-life and health insurance claims due to unfavourable developments in the area of 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 and are partially netted within technical provisions according to the rules of IFRS 17. For solvency purposes, they are valued the same and are disclosed as their own balance sheet item.

Table 41: Group's deposits to cedants

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Deposits to cedants	16,954	14,045	17

In 2023, 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 no longer monitored under its own item for financial reporting purposes. According to the new IFRS 17 standard, these receivables are now part of technical provisions for financial reporting purposes.

For solvency purposes, the items being valued are measured at amortised cost using the effective interest rate method. For solvency purposes, this item only includes past due insurance receivables because non-past due receivables from policyholders are included for solvency purposes into the calculation of the best estimate and are correspondingly excluded from this item.

Past due receivables from reinsurance and coinsurance and the market value of subrogations are additionally included in this item for solvency purposes.

Table 42: Group's insurance and intermediaries receivables

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Insurance and intermediaries receivables	64,101	68,953	0

The value of this item decreased by EUR 4.9 million at the end of 2023. Most of the difference comes from a change in the item at the Parent Company, which is the result of a change in the data capture methodology due to a change in the IFRS standard. As a result, Other receivables from direct insurance operations and Other current receivables from insurance operations items are now included under the Receivables item (trade not insurance), which is presented in more detail in section D.1.11 of this Report.

D.1.10 Reinsurance receivables

For solvency purposes, reinsurance receivables are valued at amortised cost using the effective interest rate method. According to the new IFRS 17 standard, these receivables are now part of technical provisions for financial reporting purposes.

Table 43: Group's reinsurance receivables

Balance sheet	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Reinsurance receivables	64,218	17,579	0

Assets under this item at the Group increased by EUR 46.6 million in 2023 mainly because of the increase in claim receivables for natural disasters in Slovenia in the period under observation which were reinsured for the most part.

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.

Table 44: Group's receivables (trade not insurance)

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Receivables (trade not insurance)	42,360	21,801	46,136

In 2023, receivables (trade not insurance) at the Group increased by EUR 20.6 million. The increase stems from a change in data capture, which is the result of a change in the IFRS standard and a change in the methodology for the capture of receivables in technical provisions during the observed period at the Parent Company. In 2023, other receivables from direct insurance operations and other current receivables from insurance operations are thus additionally considered in this item.

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 45: Group's cash and cash equivalents

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Cash and cash equivalents	62,891	56,171	89,508

The values in this item increased in 2023, mostly in the portfolio of the Parent Company, while they decreased the most in the portfolio of the insurance undertakings in Bosnia and Herzegovina.

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 46: Group's any other assets, not elsewhere shown

Assets	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Any other assets, not elsewhere shown	9,208	6,400	11,479

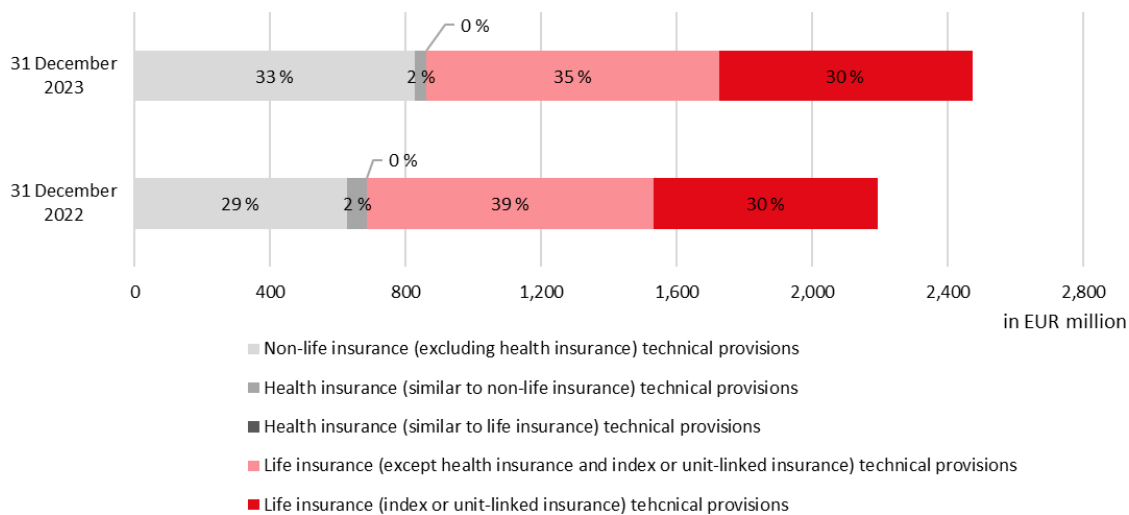
The value of the Group's any other assets not elsewhere shown increased in 2023 by EUR 2.8 million.

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 2023



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 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 861.9 million as at 31 December 2023.

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 individual 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 considering 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 intragroup transactions in the Group involving non-life and health insurance amounts to EUR 96.2 million as at 31 December 2023.

Table 47: Group's technical provisions for non-life and health insurance for solvency purposes as at 31 December 2023 and 31 December 2022

2023		In EUR thousand	
Non-life and health insurance technical provisions	Best estimate	Risk margin	Technical provisions
-- Non-life insurance	790,225	35,177	825,402
-- Health insurance	34,693	1,845	36,537
Total	824,918	37,021	861,939

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

The main reasons for the increase in the technical provisions at the Group level are unfavourable claim developments coupled with natural disasters 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 claim provisions, premium provisions, and the risk margin.

The best estimate of the claim provision is calculated as at the end of the period with claims classified into two groups. The first includes claims incurred by the last day of the reporting period but unreported or claims reported, but not reactivated. The second includes claims incurred and reported to the Parent Company by the last day of the reporting period.

The source of the best estimate of incurred reported claims is the discounted value of provisioned claims from the inventory which is the result of monthly processing and is monitored at the level of an individual claim file. 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. The best estimate of incurred unreported claims is calculated at the level of insurance segments, for which established actuarial techniques are used. The calculation also considers the past inflation. Future cash flows from incurred claims consider 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 final date of the reporting period is used as the measure of exposure. One of the key assumptions of the model is matching the pattern of development of future cash flows from the premium provision with the pattern that is calculated and used in claims provisioning.

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 risk-free interest rate curve published by EIOPA is used for discounting.

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 considered.

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

As at 31 December 2023, the Group's risk margin amounted to EUR 37 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 2023, non-life and health insurance technical provisions for financial reporting purposes amounted to EUR 1,012.9 million, while they stood at EUR 861.9 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 48: Difference between technical provisions for non-life insurance for solvency purposes and for financial reporting purposes

2023	In EUR thousand	
	Value for solvency purposes	Value for financial reporting purposes
Non-life and health insurance technical provisions	861,939	1,012,913

The standards for measuring the liabilities of technical provisions differ the most when measuring the liabilities from remaining coverage. The basic method in the financial reporting standard is closer to the calculation of the premium provision as it is based on the projection of cash flows like the premium provision. The Group applies the basic method, as a rule, for contracts with a coverage period of more than one year, which, however, represent a smaller part of the portfolio. Group members mostly measure the non-life and health insurance portfolio using the premium allocation method, which is closer in terms of content to the use of the unearned premium according to the old standard.

In addition, the accounting standard prescribes the consideration of the adjustment for non-financial risk both on the liabilities for incurred claims and the liabilities for the remaining coverage according to the selected and disclosed confidence level. The adjustment for non-financial risk for liabilities for incurred claims is based on the stochastic method of calculating claims provision, while the method for calculating the adjustment for non-financial risk for liabilities for the remaining coverage is based on certain capital requirements of individual Group members.

Differences in valuation are also significantly influenced by a different cost accounting principle. All are considered for solvency purposes, while only the part that can be attributed to policies is considered according to the financial reporting standard.

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 are valued 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 49: Life insurance technical provisions for solvency purposes as at 31 December 2023 and 31 December 2022

2023			
	In EUR thousand		
Life insurance technical provisions	Best estimate of liabilities	Risk margin	Technical provisions
Insurance with profit participation (LoB 30)	760,797	13,990	774,787
Index-linked and unit-linked insurance (LoB 31)	725,485	22,675	748,160
Other life insurance (LoB 32)	22,362	8,532	30,894
Annuities from non-life insurance contracts (LoB 34)	56,075	263	56,338
Total	1,564,719	45,460	1,610,179

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)	51,289	262	51,551
Total	1,464,834	43,448	1,508,282

D.2.2.1 Best estimate of life insurance liabilities

To project 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 and insurance acquisition costs except provisions that are a separate type of cash flow.

Regarding 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 assessment of future cash flows using basic input assumptions regarding the probability of distribution of relevant insurance events such as probability tables for mortality, policy capitalisation, policy surrenders, etc.). The default probability distributions depend on the relevant risk factors and may change over time. These are probability tables for longevity depend on the gender, age, and generation to which a person belongs.

Calculations are performed at the Group of the best estimate of liabilities from concluded insurance, i.e. separately for the guaranteed entitlements and the part of entitlements from future attributions of profit.

The calculation of cash flows considers 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.). An analysis was performed about the frequency of suspensions of insurance premium payments depending on macroeconomic indicators (economic growth, inflation, returns on financial markets, returns on money markets) where, according to professional judgment, dynamic behaviour of policyholders would be expected. The analysis did not provide statistically relevant evidence of the existence of such behaviour. 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 are observed, i.e. those that are also used for the valuation of capitalised annuities. 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 6.5 million mostly as a result of the decrease in the best estimate of liabilities of projected cash flows in 2023 by EUR 64.6 million and increase in the best estimate of liabilities due to interest remuneration and the drop in the risk-free interest rate curve by a total of EUR 45.3 million;
- index or unit-linked insurance where it increased by EUR 85.3 million mainly as a result of actual investment movements in the period which increased the best estimate of liabilities by EUR 48.4 million, the best estimate of liabilities from newly underwritten risks with interest remuneration in the period having the biggest impact on the increase by another EUR 34.2 million;
- other life insurance where it increased by EUR 16.3 million mostly as a result of a change in scope of the calculation and the additional effect of valorisation;
- non-life insurance annuities where it increased by EUR 4.8 million. Almost the entire increase can be explained by the increase at the Parent Company of EUR 4.5 million. The said increase is the result of new liabilities and the effect of 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 bases for the valuation of technical provisions for financial reporting 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 "present value of future cash flows", including an adjustment for risk and the contractual service margin.

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 both valuations, 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 therefore uniform for all insurance companies within a given country.

The major differences between the valuation of life insurance liabilities for financial reporting purposes and solvency purposes include:

- voluntary additional pension insurance products in the savings phase are classified as financial contracts for financial reporting purposes and are not subject to IFRS 17, while they are valued as part of life insurance for solvency purposes;
- when calculating the present value of future cash flows for financial reporting purposes, only attributable costs are considered, while the entire cost of life insurance is considered for solvency purposes;
- the solvency calculation of future cash flows considers contractual limits for additional insurance in accordance with the Solvency II Delegated Regulation;
- both reporting regimes include an uncertainty margin, to which the liabilities are exposed, among insurance liabilities, however, with a different level of confidence: the solvency calculation calculates the so-called risk margin on the basis of 99.5% confidence level and the accounting calculation calculates the so-called risk adjustment on the basis of a 95% confidence level over a period of one year;

in financial reporting, insurance liabilities also include the so-called contractual service margin, which covers the expected present value of the Parent Company's future profits, while in solvency reporting, an item with equivalent content does not exist as part of insurance liabilities.

Table 50: Differences between technical provisions for life insurance for solvency purposes and for financial reporting purposes

2023	In EUR thousand	
	Value for solvency purposes	Value for financial reporting purposes*
Life insurance technical provisions	1,610,179	1,977,561

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

The material difference between the two valuations results from annuities under non-life and health insurance, which are presented under life insurance for solvency purposes and amount to EUR 56.3 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 considering the provisions of the IFRS.

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 regarding the final amount of the payment are borne by the company, which is why this scheme is classified under "DBF"⁵;
- jubilee benefits which represent other long-term employee benefits.

The total cost of the pre-determined employee entitlement is affected by several 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 considers 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.

This class of liabilities also includes provisions for unused annual leave which are valued in the same manner for both solvency and financial reporting purposes. Similar is true of other provisions included here – mostly provisions for legal disputes.

Table 51: Group's provisions, other than technical provisions

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Provisions, other than technical provisions	25,083	18,170	30,347

⁵ Defined Benefit Plan

The value of provisions, other than technical provisions, increased in 2023.

D.3.2 Deposits from reinsurers

For financial reporting purposes, deposits from reinsurers are valued at amortised cost using the effective interest rate method and are partially netted within technical provisions according to the rules of IFRS 17. For solvency purposes, they are valued the same and are disclosed as their own balance sheet item.

Table 52: Deposits from reinsurers

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Deposits from reinsurers	3,447	1,135	17

The value of deposits from reinsurers increased by EUR 2.3 million in 2023.

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 considering deferred tax liabilities) of the accounting and market balance sheets of an individual company.

Table 53: Group's deferred tax liabilities

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Deferred tax liabilities	23,318	117,162	1,866

Compared to the previous period, deferred tax liabilities for solvency purposes decreased by EUR 93.8 million due to the decrease at the Parent Company, the Pozavarovalnica Triglav Re company and the Triglav Osiguranje, Zagreb company.

D.3.4 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 disclosed at cost, whereby the two values

differ because of the different capture of the data of subsidiaries that are fully consolidated within the Group.

Table 54: Group's debts owed to credit institutions

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Debts owed to credit institutions	554	490	647

The value of debts owed to credit institutions did not increase significantly in 2023.

D.3.5 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. Liabilities are disclosed at amortised cost for solvency purposes, while they are not disclosed separately for financial reporting purposes.

Table 55: 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
	2023	2022	2023
Financial liabilities other than debts owed to credit institutions	536	236	0

D.3.6 Insurance and intermediaries payables

Insurance & intermediaries payables represent liabilities from direct insurance operations and other current liabilities from insurance operations. For solvency purposes, they are valued at amortised cost using the effective interest rate method.

Similar to the insurance and intermediaries receivables, the introduction of IFRS 17 required a part of insurance payables to be transferred to trade not insurance payables.

Table 56: Group's insurance and intermediaries payables

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Insurance and intermediaries payables	32,475	40,704	0

The value of the item at the Group level decreased by EUR 8.2 million in 2023, which is mainly the result of the changed capture of data on this item, which is now part of the Liabilities item

(trade not insurance) for solvency purposes, which is presented in more detail in section D.3.7 of this Report. Most of the item stems from the decrease at the Parent Company.

D.3.7 Reinsurance payables

For solvency purposes, reinsurance payables are valued at amortised cost using the effective interest rate method. According to the new IFRS 17 standard, these payables are now part of technical provisions for financial reporting purposes.

Table 57: Group's reinsurance payables

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Reinsurance payables	15,525	19,054	0

Reinsurance payables decreased at the Group by EUR 3.5 million. The item decreased the most at the Parent Company, while it increased at other insurance subsidiaries of the Group.

D.3.8 Payables (trade not insurance)

The largest component of these payables are all other payables included according to the new IFRS 17 standard. 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.

Table 58: Group's payables (trade not insurance)

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Payables (trade not insurance)	83,956	79,681	89,485

In 2023, payables (trade not insurance) at the Group increased by EUR 4.3 million.

D.3.9 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 considered.

Table 59: Group's subordinated liabilities

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Subordinated liabilities	45,568	43,370	49,994

The value of subordinated liabilities increased in 2023. The revaluation is the result of the drop in the level of the risk-free interest rate.

D.3.10 Any other liabilities, not elsewhere shown

Any other liabilities, not elsewhere shown are all 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 60: Group's any other liabilities, not elsewhere shown

Liabilities	In EUR thousand		
	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Any other liabilities, not elsewhere shown	26,440	22,610	26,543

The value of any other liabilities of the Group not elsewhere shown increased by EUR 3.8 million compared to the previous period. The change in the item mostly stems from the increase at Triglav Osiguranje, d.d., Zagreb.

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 considers 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 unpaid commitments for payments into alternative investments and unclaimed subrogation receivables. Detailed information on off-balance sheet items not reported by the Group is presented in the Annual Report, i.e. in section 4.5 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 considers the characteristics and special features of the operations of the company as a whole as well as additionally 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 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:

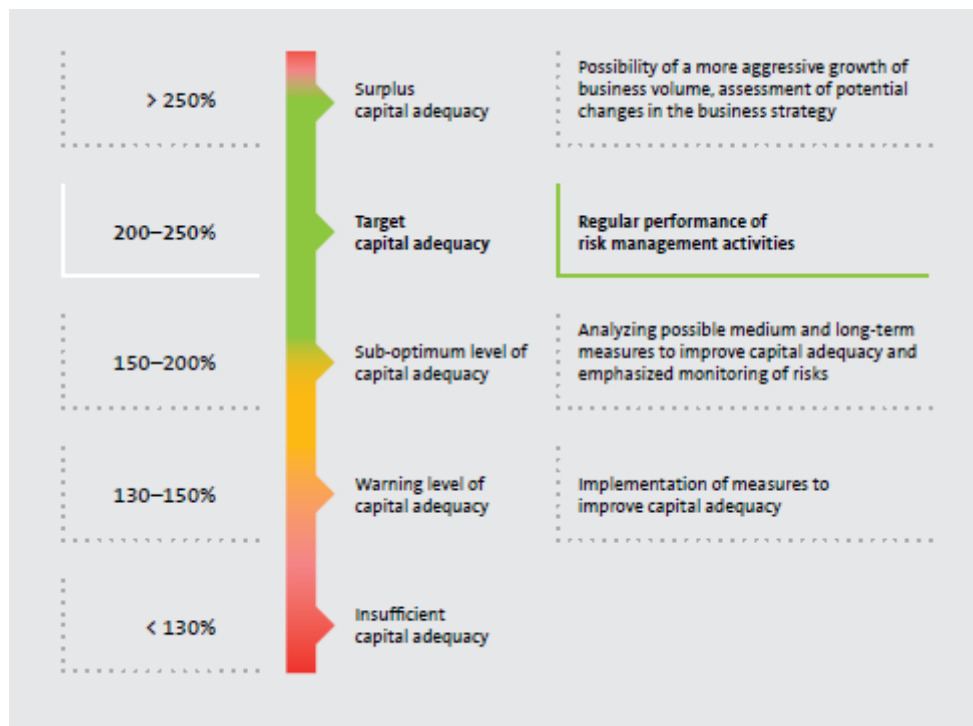
- a high level of confidence of all stakeholders;
- continuous meeting of the regulatory capital adequacy requirements;
- the security and profitability of the operations of Group companies considering the defined risk appetite which includes the assurance of an adequate amount of capital and its efficient 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 Parent 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 Parent 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 Parent 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. The Parent Company's Management Board and Supervisory Board submit a proposal each year to the General Meeting regarding the distribution of the Parent 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 2023, the Group was adequately capitalised and had sufficient capital available to meet both the solvency capital requirement (200%) and the minimum capital requirement (435%).

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 61: Capital adequacy of the Group as at 31 December 2023 and 31 December 2022

Capital adequacy of the Company	In EUR thousand	
	2023	2022
Total eligible own funds to meet the SCR	943,212	932,927
Total eligible own funds to meet the MCR	856,996	832,463
Solvency capital requirement (SCR)	471,504	466,468
Minimum capital requirement (MCR)	197,191	180,759
Capital adequacy to SCR	200 %	200 %
Capital adequacy to MCR	435 %	461 %

The Group's capital adequacy did not change compared the year before. The total eligible own funds to meet the SCR increased by EUR 10.3 million in the reporting period and the SCR increased by EUR 5 million.

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

E.1 Own funds

As at 31 December 2023, the Group only had basic own funds totalling EUR 943.2 million. Of the above amount, the Group's share capital stood at EUR 73.7 million, subordinated liabilities were EUR 45.6 million, the deduction from minority holdings was EUR 1.5 million, the deduction for net deferred taxes that are not available at the Group to cover the SCR was EUR 3.3 million, net deferred tax assets as Tier 3 assets were EUR 3. million and the reconciliation reserve was EUR 825.5 million. The reconciliation reserve is the surplus of assets over liabilities in the amount of EUR 927.5 million, reduced by the value of expected dividends for the 2023 financial year in the amount of EUR 8.1 million, the deduction for net deferred taxes that are not available at the Group to cover the SCR worth EUR 3.3 million and other unavailable assets in the amount of EUR 16.9 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 Parent Company's sectoral capital requirement.

As at 31 December 2023, the Group had no ancillary own funds.

The structure of the Group's own funds according to tier as at 31 December 2023 and 31 December 2022 is shown in the table below and in template S.23.01 of the appendix to this Report.

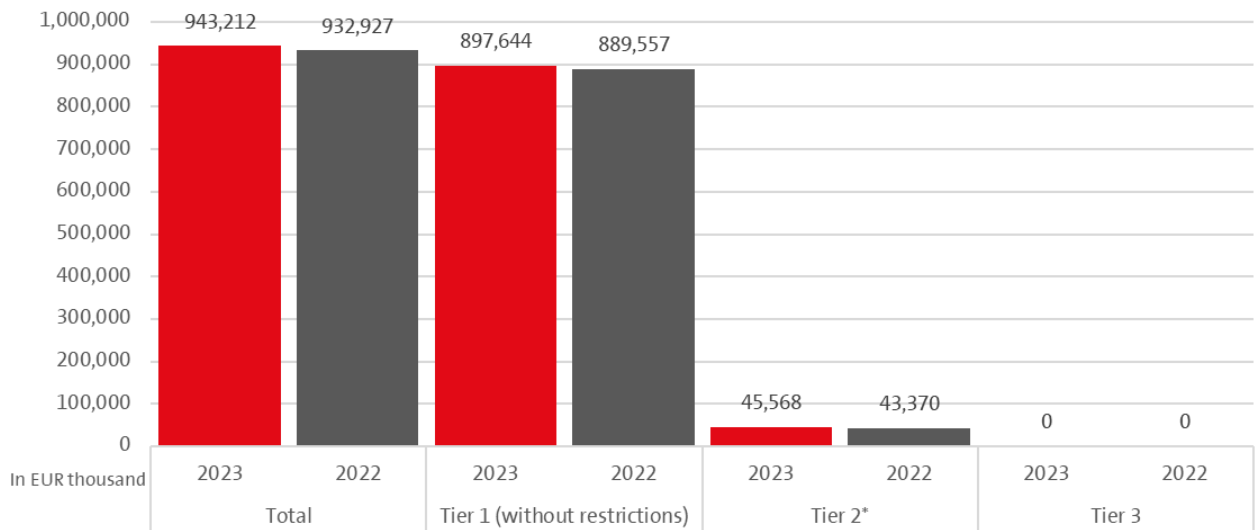
Table 62: Structure of own funds by tier as at 31 December 2023 and 31 December 2022

Eligible own funds to meet the SCR in EUR thousand	2023	2022
Tier 1	897,644	889,557
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	825,462	817,143
Deductions	1,519	1,287
Tier 2	45,568	43,370
Subordinated liabilities	45,568	43,370
Deductions	0	0
Tier 3	0	0
Net deferred tax	3,322	0
Deductions	3,322	0
Eligible own funds to meet the SCR	943,212	932,927

Eligible own funds to meet the MCR in EUR thousand	2023	2022
Stopnja 1	817,557	796,311
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	825,462	817,143
Deductions	81,606	94,533
Tier 2 (maximum of 20% of the MCR)	39,438	36,152
Subordinated liabilities	39,438	36,152
Deductions	0	0
Total eligible own funds to meet the MCR	856,996	832,463

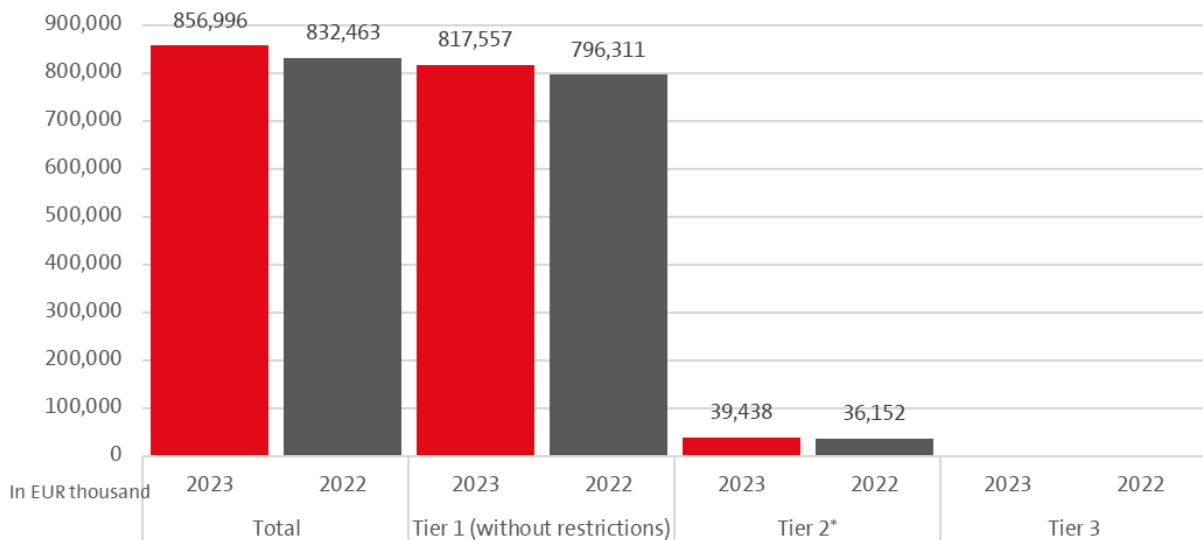
The Group's total eligible own funds to meet the SCR increased by EUR 10.3 million in the reporting period. The increase is the result of the increase in the reconciliation reserve by EUR 8.3 million.

The Group's total eligible own funds to meet the MCR as at 31 December 2023 amounted to EUR 857 million, whereby Tier 2 own funds that exceed 20% of the MCR are already excluded from the said amount.

Chart 9: Comparison of eligible own funds to meet the SCR as at 31 December 2023 and 31 December 2022

* 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 and net deferred tax assets including the assets not available at the Group to cover the capital requirement as Tier 3.

Chart 10: Comparison of eligible own funds to meet the MCR as at 31 December 2023 and 31 December 2022

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

The Parent Company verified the transferability of own funds 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 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 considered as a deduction due to the limited transferability of own funds, otherwise no deduction is made.

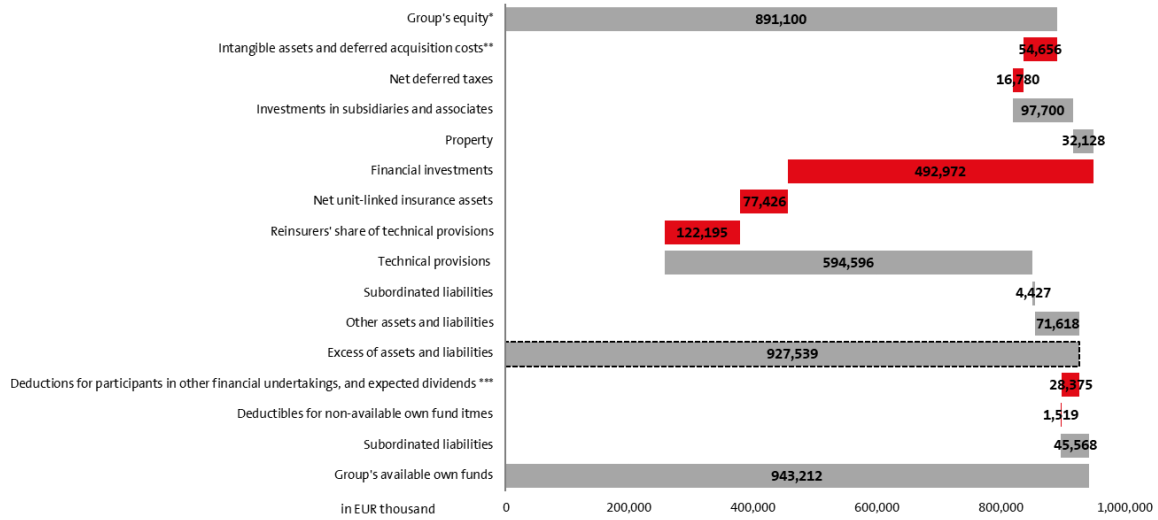
Own funds that are not considered to be available to cover the Group's solvency capital requirement are ancillary own funds, preference shares, funds in subordinated accounts of members of the mutual insurance company, subordinated liabilities and an amount equal to the value of net deferred tax assets.

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 31 December 2023, the Group made deductions from minority holdings, which amounted to EUR 1.5 million. This is EUR 0.2 million more than at the end of 2022.

At the Group, Tier 3 capital is reduced due to the Tier 3 capital of Triglav, Zdravstvena zavarovalnica, which is not recognised. Thus, Tier 3 capital of the Group amounts to 0 at the end of 2023.

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 2023

* Consolidation method for solvency purposes differs for Triglav Skladi, Triglav pokojninska družba, Sarajevostan, TPD Skopje and Triglav Fondovi.

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

*** In this item interests in companies with sectoral rules and foreseeable dividends are included.

Capital for financial reporting purposes as at 31 December 2023 amounted to EUR 891.1 million, while the available own funds amounted to EUR 943.2 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 Parent Company calculates capital adequacy based on the standard formula in accordance with the Insurance Act and the Delegated Regulation. To calculate the solvency capital requirement, the Parent Company applies the standard formula using the prescribed parameters and not using any simplifications and parameters specific for the Parent 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 Parent 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 considers the local MCRs in proportionate amounts.

E.2.1 Solvency capital requirement

The Group's SCR as at 31 December 2023 amounted to EUR 471.5 million, an increase of EUR 5 million compared to the year before. The main reason for the increase in the SCR is the increase in the capital requirement for underwriting risk (except underwriting risk for health insurance) as well as credit and operational risk.

Table 63: SCR of the Group as at 31 December 2023 and 31 December 2022

Group's capital requirement	In EUR thousands	
	2022	2021
Underwriting risks	363,837	347,043
Market risk	165,342	188,737
Credit risk	48,327	47,110
Diversification	-191,940	-203,582
Basic solvency capital requirement	385,565	379,308
Operational risk	51,904	47,227
Loss-absorbing capacity of technical provisions	0	-276
Loss-absorbing capacity of deferred taxes	-10,588	-9,744
Adjustment for ring-fenced fund risk diversification	9,500	8,433
Consolidated SCR	436,382	424,949
Capital requirement for Triglav Skladi	2,865	11,844
Capital requirement for Skupna pokojninska družba	13,940	13,230
Capital requirement for other companies (non-ancillary activity, associates)	18,317	16,445
SCR	471,504	466,468

The increase in the capital requirement for underwriting risk by EUR 16.8 million compared to the year before is mainly the result of the increase in the capital requirements for non-life insurance underwriting risks in the amount of EUR 38.2 million that mostly rose because of the growth of the portfolios of the Group's insurance undertakings and unfavourable developments in claims. Compared to the previous year, there was also a smaller increase in the capital requirement in the model of life insurance underwriting risks in the amount of EUR 2.3 million.

The regulatory estimate of health insurance underwriting risk decreased by EUR 23.7 million compared to the previous year, mainly due to the reduction of the capital requirement for the premium and provision risks, which stems from the decrease at Triglav, Zdravstvena zavarovalnica due to the government's regulation of the price of supplementary health insurance in Slovenia and the discontinuation of supplementary health insurance in 2024.

The capital requirement for market risks decreased by EUR 23.4 million compared to the previous period, which mainly stems from a lower estimate for currency risk with lower exposure due to Croatia's transition to the euro currency, a lower regulatory spread risk estimate due to lower

exposure to corporate bonds and the shortening of the duration of investments as well as a lower regulatory estimate for interest rate risk.

The capital requirement for credit risks increased by EUR 1.2 million in 2023. Despite the increase in exposure to banks, the capital requirement for type 1 decreased primarily because of a decrease in exposure to reinsurers. The biggest impact on the increase in the overall regulatory estimate is the increase in the type 2 capital requirement, which increased compared to the previous year due to the exposure to receivables from and deposits to cedants, which are mostly held by Pozavarovalnica Triglav Re.

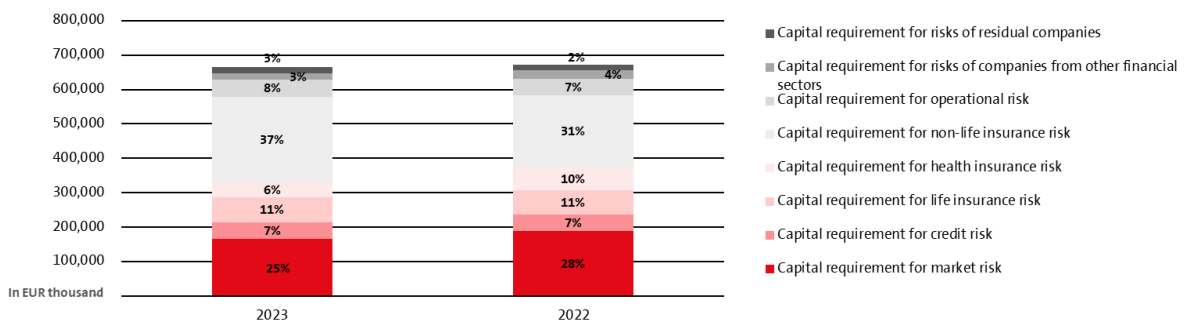
Due to the growth of the non-life insurance portfolio, the capital requirement for operational risks has increased.

The loss-absorbing capacity of deferred taxes at the end of 2022 amounted to EUR 9.7 million, while it stands at EUR 10.6 million in 2023. The increase is largely the result of an increase in net deferred taxes for the liabilities of Pozavarovalnica Triglav RE with a simultaneous decrease in net deferred taxes for the liabilities of the Parent Company. 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 considered 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 considers 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 2023 and 31 December 2022



The Group considered 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 considered. 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 2023 amounted to EUR 197.2 million.

The table below shows the calculation of the minimum capital requirement of the Group as at 31 December 2023 and 31 December 2022.

Table 64: MCR of the Group as at 31 December 2023 and 31 December 2022

	In EUR thousand	
	2023	2022
Group's MCR	197,191	180,759
Zavarovalnica Triglav	123,987	104,456
Pozavarovalnica Triglav Re	27,057	23,009
Triglav Zdravstvena zavarovalnica	4,005	11,066
Triglav Osiguranje, Zagreb	12,006	12,076
Triglav Osiguranje, Sarajevo	8,181	8,181
Lovčen Osiguranje, Podgorica	3,000	3,000
Triglav Osiguranje, Beograd	6,387	6,402
Triglav Osiguranje, Banja Luka	3,579	3,579
Triglav Osiguruvanje, Skopje	2,994	2,995
Lovčen životno osiguranje, Podgorica	3,000	3,000
Triglav Osiguruvanje Život, Skopje	2,995	2,995

The Group's MCR was up EUR 16.4 million compared to the previous reporting period, whereby most of the change came from the Parent Company where the increase was mainly due to the increase in non-life provisions.

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 considered for companies that are not fully consolidated.

The diversification ratio at the Group level in 2023 stood at 79.1%, which is 1.4 percentage points lower than the year before when it was 80.5%. Risk diversification at the Group level remains at an elevated level.

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 2023:

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	
Deferred tax assets	26,640
Pension benefit surplus	
Property, plant and equipment held for own use	131,509
Investments (other than assets held for index-linked and unit-linked contracts)	2,218,670
Property (other than for own use)	86,516
Holdings in related undertakings, including participations	135,508
<i>Equities</i>	<i>9,547</i>
Equities - listed	5,130
Equities - unlisted	4,417
<i>Bonds</i>	<i>1,805,589</i>
Government Bonds	1,178,073
Corporate Bonds	626,480
Structured notes	1,035
Collateralised securities	
Collective Investments Undertakings	118,244
Derivatives	
Deposits other than cash equivalents	62,312
Other investments	955
Assets held for index-linked and unit-linked contracts	814,404
Loans and mortgages	6,525
Loans on policies	5,696
Loans and mortgages to individuals	830
Other loans and mortgages	0
Reinsurance recoverables from:	199,077
Non-life and health similar to non-life	197,678
Non-life excluding health	197,119
Health similar to non-life	560
Life and health similar to life, excluding health and index-linked and unit-linked	1,399
Health similar to life	
Life excluding health and index-linked and unit-linked	1,399
Life index-linked and unit-linked	
Deposits to cedants	16,954
Insurance and intermediaries receivables	64,101
Reinsurance receivables	64,218
Receivables (trade, not insurance)	42,360
Own shares (held directly)	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	
Cash and cash equivalents	62,891
Any other assets, not elsewhere shown	9,208
Total assets	3,656,558

Liabilities	Solvency II value
Technical provisions - non-life	861,939
Technical provisions - non-life (excluding health)	825,402
TP calculated as a whole	
Best estimate	790,225
Risk margin	35,177
Technical provisions - health (similar to non-life)	36,537
TP calculated as a whole	
Best estimate	34,693
Risk margin	1,845
TP - life (excluding index-linked and unit-linked)	862,019
Technical provisions - health (similar to life)	150
TP calculated as a whole	
Best estimate	149
Risk margin	0
TP - life (excluding health and index-linked and unit-linked)	861,869
TP calculated as a whole	
Best estimate	839,085
Risk margin	22,784
TP - index-linked and unit-linked	748,160
TP calculated as a whole	
Best estimate	725,485
Risk margin	22,675
Contingent liabilities	
Provisions other than technical provisions	25,083
Pension benefit obligations	
Deposits from reinsurers	3,447
Deferred tax liabilities	23,318
Derivatives	
Debts owed to credit institutions	554
Financial liabilities other than debts owed to credit institutions	536
Insurance and intermediaries payables	32,475
Reinsurance payables	15,525
Payables (trade, not insurance)	83,956
Subordinated liabilities	45,568
Subordinated liabilities not in BOF	
Subordinated liabilities in BOF	45,568
Any other liabilities, not elsewhere shown	26,440
Total liabilities	2,729,019
Excess of assets over liabilities	927,539

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	221,877	80,457		229,567	201,514	59,297
Gross - Proportional reinsurance accepted	3,550	6,278		45,758	21,103	28,948
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	4,621	8,130		76,343	38,149	51,690
Net	220,806	78,605		198,981	184,467	36,555
Premiums earned						
Gross - Direct Business	223,530	79,659		210,339	187,978	57,626
Gross - Proportional reinsurance accepted	2,883	6,321		43,726	20,380	24,142
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	4,639	8,243		72,919	36,535	45,289
Net	221,774	77,737		181,147	171,824	36,479
Claims incurred						
Gross - Direct Business	235,409	28,978		107,975	155,590	41,688
Gross - Proportional reinsurance accepted	3,349	3,300		35,972	18,070	6,066
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	2,691	3,487		50,344	25,177	31,816
Net	236,068	28,792		93,603	148,483	15,938
Expenses incurred	28,948	25,841		72,680	55,601	9,655
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	259,779	58,453	31,300	669	35,148	8,281
Gross - Proportional reinsurance accepted	194,487	11,950	16,631	90	3,471	2,755
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	192,154	32,913	22,946	181	5,518	7,244
Net	262,112	37,490	24,985	578	33,101	3,792
Premiums earned						
Gross - Direct Business	249,598	57,124	31,055	596	31,466	8,294
Gross - Proportional reinsurance accepted	170,899	11,970	19,242	93	3,599	2,878
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	186,958	32,379	21,974	185	5,371	7,359
Net	233,539	36,715	28,324	503	29,693	3,813
Claims incurred						
Gross - Direct Business	219,273	17,071	4,502	34	24,099	33,871
Gross - Proportional reinsurance accepted	101,108	2,978	4,104	4	2,608	7,927
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	89,853	-145	6,285	11	3,689	41,960
Net	230,528	20,195	2,321	26	23,017	-162
Expenses incurred	110,821	19,251	9,295	392	11,622	2,467
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					335,020
Gross - Non-proportional reinsurance accepted	263	7,085	3,301	73,792	84,442
Reinsurers' share	102	3,325	1,536	42,551	487,403
Net	161	3,760	1,765	31,241	1,118,400
Premiums earned					
Gross - Direct Business					1,137,265
Gross - Proportional reinsurance accepted					306,134
Gross - Non-proportional reinsurance accepted	262	6,876	3,490	69,452	80,080
Reinsurers' share	102	3,380	1,536	46,846	473,716
Net	160	3,496	1,953	22,606	1,049,763
Claims incurred					
Gross - Direct Business					868,490
Gross - Proportional reinsurance accepted					185,487
Gross - Non-proportional reinsurance accepted	69	-3,063	223	135,210	132,439
Reinsurers' share		2,160	-874	210,127	466,579
Net	69	-5,223	1,098	-74,916	719,837
Expenses incurred	16	-220	22	1,911	348,301
Other expenses					4,100
Total expenses					352,401

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
Premiums written						
Gross		55,866	126,526	27,779		
Reinsurers' share		40	28	2,938		
Net		55,826	126,499	24,841		
Premiums earned						
Gross		55,888	126,526	27,774		
Reinsurers' share		45	28	2,973		
Net		55,843	126,498	24,801		
Claims incurred						
Gross		103,604	69,955	10,162	88	3,759
Reinsurers' share		2	4	1,624		
Net		103,602	69,951	8,538	88	3,759
Expenses incurred		10,131	19,567	9,612		13
Other expenses						
Total expenses						
Total amount of surrenders		12,796	40,497	1,200		

Line of Business for: life insurance obligations			
	Health reinsurance	Life reinsurance	Skupaj
Premiums written			
Gross		1,193	211,365
Reinsurers' share		1,193	4,199
Net			207,166
Premiums earned			
Gross		1,193	211,381
Reinsurers' share		1,193	4,239
Net			207,142
Claims incurred			
Gross		429	187,998
Reinsurers' share		546	2,176
Net		-117	185,822
Expenses incurred			
		-46	39,277
Other expenses			
			-3,137
Total expenses			
			36,141
Total amount of surrenders			
			54,492

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
		RS	HR	ME	BA	DE	
Premium written							
Gross -	826,348	90,988	84,646	36,676	35,676	14,351	1,088,686
Gross - Proportional reinsurance accepted	135,303	23,528	19,290	7,961	7,906	11,691	205,680
Gross - Non-proportional reinsurance accepted	27,464	1,413	2,126	648	108	5,331	37,090
Reinsurers' share	252,288	34,368	24,455	11,451	14,798	34,987	372,348
Net	736,827	81,561	81,608	33,835	28,892	-3,614	959,108
Premium earned	940,147	107,931	103,265	43,715	39,610	29,355	1,264,022
Gross - Direct Business	792,992	86,005	82,601	35,884	32,609	13,463	1,043,554
Gross - Proportional reinsurance accepted	120,119	20,524	18,523	7,186	6,893	10,989	184,233
Gross - Non-proportional reinsurance accepted	27,036	1,402	2,141	645	108	4,902	36,235
Reinsurers' share	227,872	34,556	24,984	11,587	13,389	39,069	351,458
Net	712,275	73,375	78,280	32,127	26,221	-9,715	912,564
Claims incurred	887,003	48,356	67,692	15,628	13,613	11,930	1,044,222
Gross - Direct Business	690,631	40,944	53,000	13,897	11,924	5,382	815,779
Gross - Proportional reinsurance accepted	96,577	6,316	10,810	2,533	1,652	5,458	123,345
Gross - Non-proportional reinsurance accepted	99,795	1,096	3,882	-802	37	1,090	105,099
Reinsurers' share	265,806	19,613	15,553	1,011	3,770	17,385	323,137
Net	621,197	28,743	52,139	14,617	9,844	-5,455	721,085
Expenses incurred	230,129	12,005	34,344	10,771	10,384	1,258	298,891
Other expenses							4,100
Total expenses							302,992

	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		BA	HR	MK	RS	ME	
Premium written							
Gross	173,278	11,852	7,882	7,276	5,922	5,154	211,365
Reinsurers' share	744	1,753	75		433		3,006
Net	172,534	10,099	7,807	7,276	5,489	5,154	208,359
Premium earned							
Gross	173,289	11,852	7,882	7,276	5,922	5,159	211,381
Reinsurers' share	744	1,753	75	40	433		3,046
Net	172,544	10,099	7,807	7,237	5,489	5,159	208,335
Claims incurred							
Gross	166,105	5,679	8,486	1,687	2,555	3,486	187,998
Reinsurers' share	143	1,125	24		338		1,630
Net	165,961	4,553	8,462	1,687	2,217	3,486	186,368
Expenses incurred	27,554	-5	2,722	-2	0	763	31,032
Other expenses							-3,137
Total expenses							27,896
Total amount of surrenders	50,914	1,403	1,374,609	75,161	575,090	151,000	54,492

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	825,462	825,462			
Subordinated liabilities	45,568			45,568	
Non-available subordinated liabilities at group level					
An amount equal to the value of net deferred tax assets	3,322				3,322
The amount equal to the value of net deferred tax assets not available at the group level	3,322				3,322
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	1,519	1,519			
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	80,087	80,087			
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	4,841	1,519			3,322
Total deductions	84,928	81,606			3,322
Total basic own funds after deductions	863,125	817,557		45,568	

	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	21,933	21,933			
Institutions for occupational retirement provision	58,154	58,154			
Non regulated entities carrying out financial activities					
Total own funds of other financial sectors	80,087	80,087			
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)	863,125	817,557		45,568	
Total available own funds to meet the minimum consolidated group SCR	863,125	817,557		45,568	
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)	863,125	817,557		45,568	
Total eligible own funds to meet the minimum consolidated group SCR	856,996	817,557		39,438	
Minimum consolidated Group SCR	197,191				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	435%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	943,212	897,644		45,568	
Group SCR	471,504				
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	927,539
Own shares (included as assets on the balance sheet)	
Foreseeable dividends, distributions and charges	8,133
Other basic own fund items	77,024
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
Other non-available own funds	16,920
Reconciliation reserve before deduction for participations in other financial sector	825,462
Expected profits	
Expected profits included in future premiums (EPIFP) - Life Business	92,351
Expected profits included in future premiums (EPIFP) - Non- life business	69,119
Total EPIFP	161,470

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

	Gross solvency capital requirement
Market risks	165,342
Credit risks	48,327
Life underwriting risks	72,874
Health underwriting risks	43,206
Non-life underwriting risks	247,756
Diversification	-191,940
Intangible asset risk	
Basic Solvency Capital Requirement	385,565
Calculation of Solvency Capital Requirement	
Operational risks	51,904
Loss-absorbing capacity of technical provisions	
Loss-absorbing capacity of deferred taxes	-10,588
Capital requirement for business operated in accordance with Art, 4 of Directive 2003/41/EC	
Adjustment for ring-fenced fund risk diversification	9,500
Solvency capital requirement excluding capital add-on	436,382
Capital add-on already set	
Solvency capital requirement	471,504
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	197,191
Information on other entities	
Capital requirement for other financial sectors (Non-insurance capital requirements)	16,805
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	2,865
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	13,940
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	18,317
Overall SCR	
SCR for undertakings included via D and A	
Solvency capital requirement	471,504

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	4851000WZ59RG 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 2021	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 2021	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 2021	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 2021	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
MK	OP-62		TRIGLAV upravljanje so nedvižen imot DOOEL, Skopje	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 December 2023	Full consolidation