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

Ljubljana, March 2025

Solvency and Financial Condition Report

Zavarovalnica Triglav, d.d., 2024

triglav

Skupina Triglav
triglav.eu

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Zavarovalnica Triglav, d.d.

€ 416.4 million

Solvency capital requirement

€ 98.2 million

Net profit in 2024

€ 1,104.8 million

Gross written premiums in 2024

€ 127.5 million

Minimum capital requirement

€ 2,193.4 million

Investments

€ 1,130.3 million

Eligible own funds

271%

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 2025

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Summary

Summary

Zavarovalnica Triglav (hereinafter: the Company) is a public limited company with its headquarters in the Republic of Slovenia where it holds the leading position on the insurance market with a 39.4 percent market share (31.6 percent the year before). The beginnings of its operations go back 125 years. Today, Zavarovalnica Triglav is the parent company of the Triglav Group (hereinafter: the Group) that includes 31 subsidiaries, 12 associated companies and 10 joint ventures in addition to the Company at the end of 2024. The Group operates in six countries of the broader Adria region. The Group and thereby the Company as well as the subsidiary Pozavarovalnica Triglav Re, d.d. (hereinafter: Pozavarovalnica Triglav Re) are rated by two recognised ratings agencies, S&P Global Ratings and AM Best. In 2024, both rating agencies re-affirmed the Group's **"A" credit rating** with a stable medium-term outlook, in December 2024 S&P Global Ratings agency upgraded their outlook from stable to positive, which further confirms its financial stability, high level of capital adequacy and profitability of its operations.

The strategic activities of the Company include the **insurance activities and asset management activities**. As part of its insurance activities, the Company concludes non-life, life and health insurance as well as the reinsurance activity. It operates mainly on the Slovenian market, while it also operates outside Slovenia within the scope of the Group's activities. Its activity is supervised by the Slovenian regulator, the Insurance Supervision Agency, while its external auditor for the 2024 financial year is audit firm Deloitte revizija d.o.o.

The Company is managed and governed according to a two-tier system of governance including the General Meeting of Shareholders, the Supervisory Board, and the Management Board. At the end of 2024, the Management Board comprised five members. The Supervisory Board was composed of eight members at the end of 2024 with two of them serving as employee representatives. The system of governance of the Company also includes four key functions that report directly to the Management Board (the risk management function, the compliance function, the internal audit function, and the actuarial function) and nine risk management system committees that are appointed by the Management Board. Their work is placed into the second line of defence of the three lines of defence model of risk management. The work of the Company's committees is described in detail in Section B.3.4 of this report.

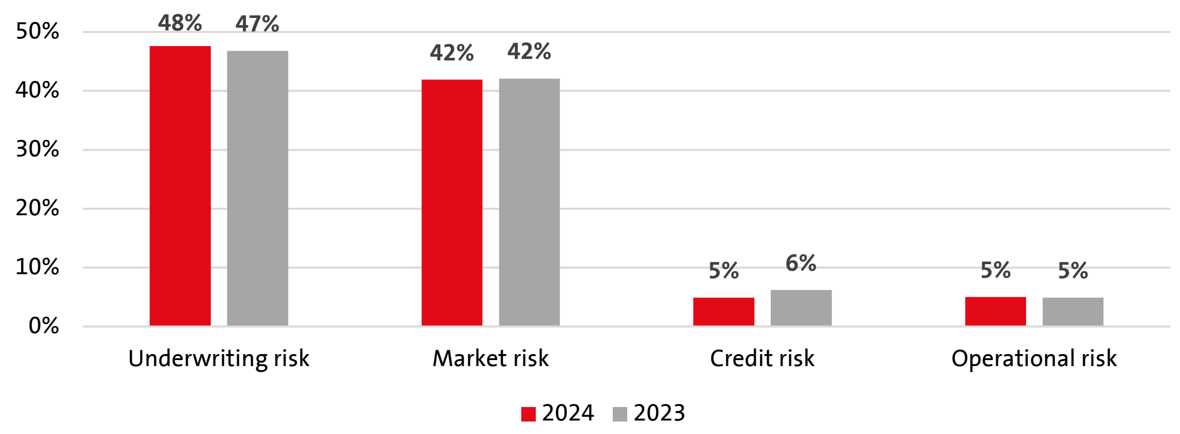
In 2024, the Company recorded strong performance and profitability in all business segments. The Company also optimised its operations in the Health segment with acquisition of its subsidiary, Triglav, Zdravstvena zavarovalnica, d.d. (hereinafter: Triglav, Zdravstvena zavarovalnica). The acquisition was carried out as a result of legislative changes and the consequent abolition of supplementary health insurance, which was the main activity of the acquired subsidiary. In further calculations of this report, the data for 2023 may differ from the data presented in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2024 (hereinafter: the Annual Report). The latter already includes the acquisition of Triglav, Zdravstvena zavarovalnica in calculations for the year 2023. For the purpose of this report, the acquisition is excluded from the calculations. As part of its regular capital management activities, the Company issued a 20.5-year subordinated bond in July 2024, with a total issue size

of EUR 100.0 million. The successful issuance of the bond further confirms the high level of trust that institutional investors have in the Group.

Regarding risks, the Company ended 2024 within the set targets, and with capital adequacy within the target range. The Company regularly monitors risk profile and actively upgrades individual areas of the risk management system, especially where elevated risk or higher exposures are detected.

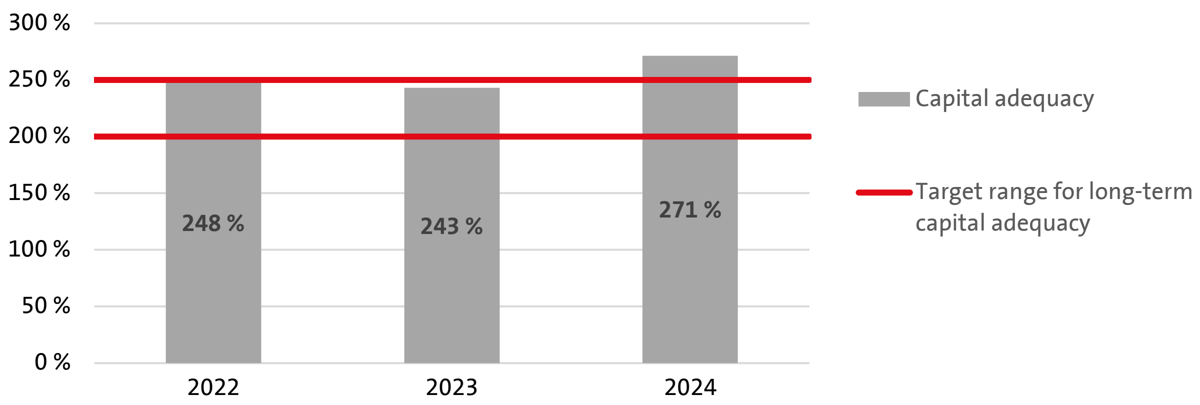
The risk profile of the Company as at 31 December 2024 has not change significantly compared to the previous year. Underwriting risk slightly increased, while credit risk slightly decreased. Market risk remained at a similar level compared to the previous year. In terms of volume, the Solvency Capital Requirement increased by EUR 19.7 million compared to the previous year. The main reason for the increase in underwriting risk is the growth of the non-life insurance portfolio, with reinsurance protection unchanged. Additional information on risk assessment is presented in Section C of this report.

Chart 1: Company's risk profile as at 31 December 2024



Capital adequacy or solvency ratio is calculated according to the standard formula as the ratio of eligible own funds to the Solvency Capital Requirement. The Company was adequately capitalized as at 31 December 2024. It had sufficient eligible own funds to cover both the Solvency Capital Requirement (271 percent) and the Minimum Capital Requirement (786 percent). The Company does not use any adjustments or simplifications in determining capital adequacy.

Chart 2: Capital adequacy of the Company

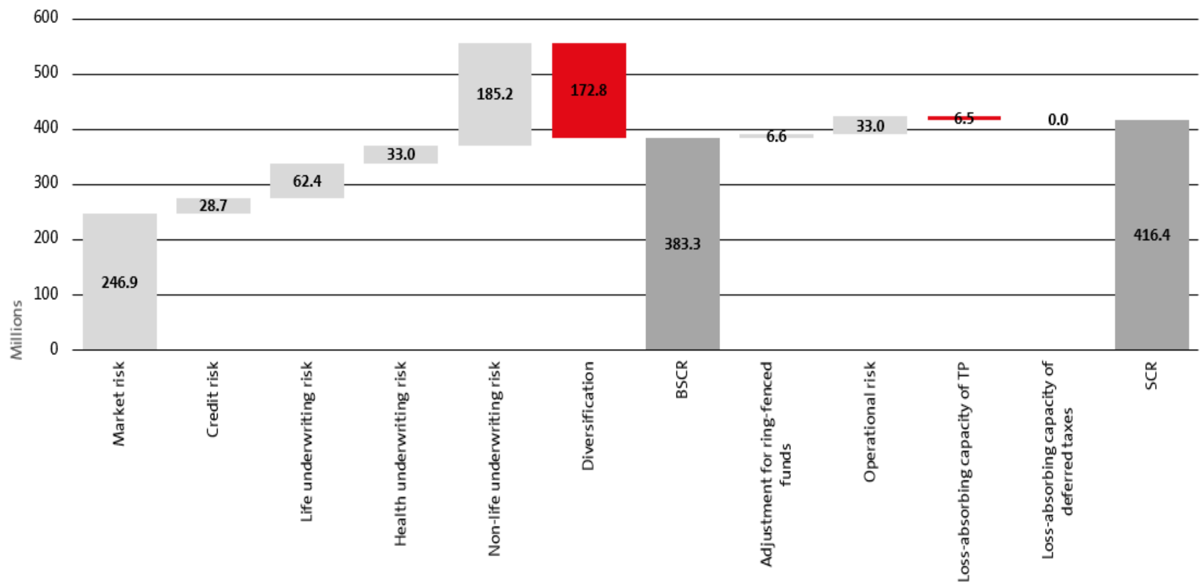


Eligible own funds are calculated as the difference between assets and liabilities whereby the entire balance sheet is valued at fair value. The difference between assets and liabilities is composed of the Company's share capital (EUR 73.7 million), the reconciliation reserve (EUR 903.3 million), subordinated liabilities as Tier 2 own funds (EUR 151.2 million) and net deferred tax assets as Tier 3 own funds (EUR 2.1 million). The calculation of eligible own funds considers the dividend policy guidelines. The Company holds the highest quality own funds and thus classifies its entire share capital and the reconciliation reserve as Tier 1 assets, while it classifies subordinated bonds as Tier 2 assets and net deferred tax assets as Tier 3 assets.

The **Solvency Capital Requirement** of the Company is calculated using the standard formula, without any simplification. It represents the sum of capital requirements of its main risks and accounts for the diversification between them.

The company has formed two ring-fenced funds, i.e. PDPZ[1] and PDPZ renta[2], for which risks are calculated separately for each risk type under the standard formula and are presented in more detail in Section E of this report.

Chart 3: Structure of the Company's Solvency Capital Requirement



In 2024, as much as 89.5 per cent of the Company's undiversified Solvency Capital Requirement derived from underwriting and market risk. Most of its own funds are classified, in terms of quality, as Tier 1 own funds.

In 2024, the Company recorded strong operating performance, maintained its capital strength and carefully followed the outlined strategic guidelines and goals in its operations.

[1] Prostovljno dodatno pokojninsko zavarovanje
[2] Prostovoljno dodatno pokojninsko zavarovanje v izplačevanju.

A.

Business and performance

A. Business and performance

A.1 Business

A.1.1 About the Company

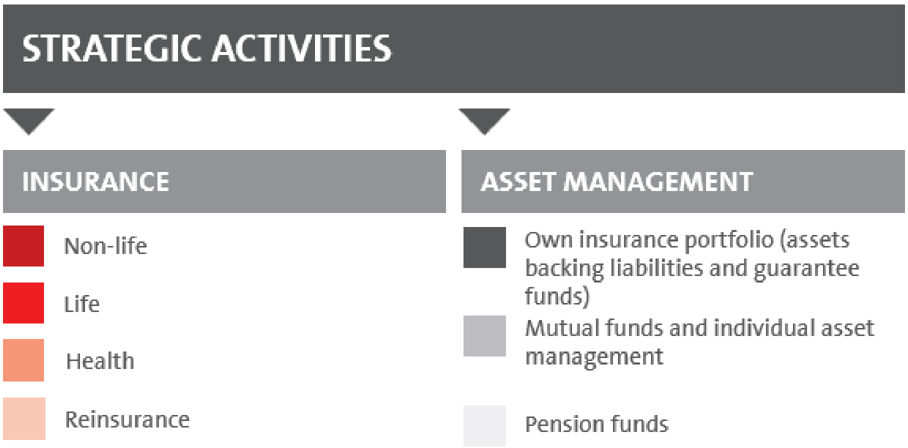
Zavarovalnica Triglav, d.d., with headquarters in Ljubljana, Miklošičeva 19, is the parent company of the Group, which comprises 31 subsidiaries, 12 associated companies and 10 joint ventures in addition to the Company.

Below is the schematic presentation of the Group's subsidiaries and associated companies as well as their respective participating interests as at 31 December 2024.

Figure 1:Schematic of the Group's subsidiaries and associated companies and their respective participating interests as at 31 December 2024

The Company performs the insurance and reinsurance activities as well as the asset management activity. As part of its insurance business, the Company offers non-life, health and life insurance. The Company operates mainly on the Slovenian market however, it also operates in the broader international environment through partnerships with foreign companies involved in insurance agency and brokerage as well as reinsurance. The Company held a market leader position in Slovenia with a share of 39.4 percent at the end of 2024 (31.6 percent share in the previous year).

Figure 2: Company's strategic activities



Asset management includes management of insurance portfolios (assets covering liabilities and guarantee funds), saving of clients via insurance services and investments in the Company's mutual funds. Asset management assures adequate funds for the payment of contractual liabilities and the maintenance of adequate level of capital.

A.1.2 Supervisory body

The Company's supervisory body is:

Insurance Supervision Agency (hereinafter: AZN),
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 2024 financial year:

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

A.1.4 Ownership structure of the Company

There were no significant changes in the ownership structure of the Company in 2024. The largest shareholders, funds owned by the Republic of Slovenia (Pension and Disability Insurance Institute of Slovenia (ZPIZ) - 34.47 percent ownership stake and Slovenian Sovereign Holding (SDH) - 28.09 percent ownership stake) maintained unchanged ownership shares, while the third largest shareholder, Croatian pension fund, which appears in the Company's share register on the fiduciary account of its custodian bank, increased its investment by 0.1 percentage point to

6.79 percent. According to the data available, these three shareholders are the sole holders of qualifying holdings in the Company as at 31 December 2024.

Chart 4: Company's ownership structure as at 31 December 2024

At the end of the year, there were 8,218 shareholders in the Company, around 40 of which were international banks with fiduciary accounts held by their clients and international institutional investors mostly from Europe and the USA. They held a 15.9 percent stake (an increase of 0.3 percentage points compared to the previous year), while the stake of Slovenian institutional shareholders stood at 7.8 percent (a 0.5 percentage point decrease compared to the previous year). In recent years, a gradual growth of ownership by Slovenian natural persons was observed which continued in 2024 as well as their stake increased by 0.2 percentage points to 13.7 percent.

A.1.5 Major business events and achievements in 2024

- Strong performance: The Group had already improved its estimate for the full-year profit at the half-year mark and had exceeded it by the end of the year on account of one-off events. The Group operated successfully and profitably in all business segments (more details are available in the business part of Annual Report, Section 8.
- Dividend payment: At the General Meeting of Shareholders in May, the shareholders adopted the proposed resolution of the Management Board and the Supervisory Board to pay out a dividend of EUR 1.75 gross per share for a total value of EUR 39.8 million. At the time of payout, this represented a dividend yield of 5 percent. This is presented in more detail in the business part of Annual Report, Section 6.4.
- Confirmed high "A" credit rating: The credit rating agencies S&P Global Ratings and AM Best once again awarded the Group (including the Company and Pozavarovalnica Triglav Re) a high credit rating of "A" with a stable medium-term outlook. S&P Global Ratings upgraded its rating forecast from stable to positive in December 2024. This is presented in more detail in the business part of Annual Report, Section 6.6.
- Corporate governance: The General Meeting of Shareholders appointed Barbara Nose and Rok Ponikvar as new members of the Supervisory Board, shareholder representatives. The

President of the Management Board, Andrej Slapar, and members of the Management Board, Uroš Ivanc and Tadej Čoroli, began a new five-year term of office. This is presented in more detail in the business part of Annual Report, Section 5.3.

- Optimization of operations in the Health segment: To simplify and optimize operations in the Health segment on the Slovenian market, the Company acquired a subsidiary Triglav, Zdravstvena Zavarovalnica. The acquisition was listed in the court register on 1st October 2024. More details are available in the business part of Annual Report, Section 2.7.
- Revised Group strategy: At the end of the year, the Group adopted a strategy for the 2025-2030 period. The strategy is ambitious and aimed at continuous profitable, secure and sustainable operations. This is presented in more detail in the business part of Annual Report, Section 4.
- Subordinated bond issue: In July 2024, the Company successfully issued a subordinated bond as part of the Group's regular capital management activities. Its nominal amount is EUR 100,0 million with a maturity of 20.5 years. This is presented in more detail in the business part of Annual Report, Section 6.7.

A.2 Underwriting performance

The Company's net profit in 2024 increased from EUR 38.7 million to EUR 98.2 million compared to the previous year. The Company's net profit in 2024 consists of non-life insurance and life insurance with pension insurance. In the non-life insurance segment, net operating profit increased by EUR 58.4 million compared to the previous year. The latter is due to successful regular business operations and a one-off event, the acquisition of Triglav, Zdravstvena zavarovalnica. The acquisition was carried out as a result of legislative changes and the consequent abolition of supplementary health insurance, which was the main activity of the acquired subsidiary. In further calculations of this report, the data for 2023 may differ from the data presented in the Annual Report. The latter already includes the acquisition of Triglav, Zdravstvena zavarovalnica in calculations for the year 2023. For the purpose of this report, the acquisition is excluded from the calculations. Compared to the previous year, net operating profit in the segment of life insurance with pensions increased by EUR 1.2 million.

The non-life combined ratio stood at 92.2 percent at the end of 2024, a decrease of 7 percentage points compared to the year before. The main reason for the lower combined ratio compared to 2023 is the lower claims ratio.

Table 1: Company's operating performance as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Profit before tax	**117,584**	**45,562**
Net profit	**98,232**	**38,662**
- Non-life insurance	77,504	19,147
- Life insurance with pension insurance	20,728	19,515
Non-life insurance combined ratio	**92.2%**	**99.2%**
ROE	**13.8%**	**5.8%**

The Company recorded a total of EUR 1,104.8 million in gross insurance, co-insurance and reinsurance premium in 2024. The premium grew by EUR 122.1 million compared to 2023. According to the segmentation for solvency purposes, the Company recorded EUR 928.0 million of gross insurance, co-insurance and reinsurance premium from non-life insurance and health insurance and EUR 176.8 million from life insurance. The highest share of non-life and health insurance premium is derived from Fire and other damage to property insurance segment (LoB 7). These were followed by Other motor insurance (LoB 5) and Motor vehicle liability insurance (LoB 4). The highest share of life insurance premium is represented by Index-linked and unit-linked insurance (LoB 31) segment.

Gross claims incurred in 2024 totalled EUR 558.6 million, whereby EUR 379.9 million resulted from non-life insurance and health insurance and EUR 178.7 million resulted from life insurance. Most of the gross claims in non-life and health insurance derived from Other motor insurance segment (LoB 5), Motor vehicle liability insurance segment (LoB 4) and Fire and other damage to property insurance segment (LoB 7). Most gross claims incurred among life insurance resulted from claims in the segment of Insurance with profit participation (LoB 30). Compared to 2023, gross claims incurred decreased by 135.7 million, whereby gross claims incurred from non-life and health insurance decreased by EUR 148.7 million and those from life insurance increased by EUR 12.9 million.

The Company's gross expenses in 2024 amounted to EUR 326.5 million. EUR 296.2 million derived from non-life insurance and health insurance and EUR 30.3 million derived from life insurance. Subject to the segmentation for solvency purposes, the highest expenses were incurred in the Fire and other damage to property insurance segment (LoB 7). Compared to 2023, the expenses increased by EUR 51.4 million.

The following table presents gross written insurance, reinsurance and co-insurance premium, gross claims incurred, and the expenses from the major insurance segments used for solvency purposes. Other insurance segments are presented in template S.05.01.02 of the annex to this report.

Table 2: Company's premium, claims and expenses by significant insurance segments for solvency purposes as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Gross written premiums from insurance, co-insurance and reinsurance contracts	**1,104,825**	**982,762**
- Non-life insurance including health insurance	**927,999**	**810,459**
-- Fire and other damage to property insurance (LoB 7)	242,290	226,434
-- Other motor insurance (LoB 5)	177,679	168,312
-- Motor vehicle liability insurance (LoB 4)	174,877	149,688
-- Other non-life and health insurance segments	333,152	266,024
- Life insurance	**176,826**	**172,302**
-- Index-linked and unit-linked insurance (LoB 31)	131,597	122,104
-- Insurance with profit participation (LoB 30)	35,485	40,763
-- Other life insurance (LoB 32)	9,743	9,435
-- Annuities from non-life insurance contracts (LoB 34 and LoB 35)	0	0

Gross claims incurred	**558,598**	**694,342**
- Non-life insurance including health insurance	**379,917**	**528,589**
-- Fire and other damage to property insurance (LoB 7)	106,105	136,328
-- Other motor insurance (LoB 5)	87,050	72,092
-- Motor vehicle liability insurance (LoB 4)	74,397	175,341
-- Other non-life and health insurance segments	112,365	144,828
- Life insurance	**178,681**	**165,753**
-- Insurance with profit participation (LoB 30)	93,625	92,540
-- Index-linked and unit-linked insurance (LoB 31)	79,290	67,874
-- Annuities from non-life insurance contracts (LoB 34 and LoB 35)	3,042	3,075
-- Other life insurance (LoB 32)	2,724	2,264
Expenses	**326,528**	**275,163**
- Non-life insurance including health insurance	**296,213**	**247,869**
-- Fire and other damage to property insurance (LoB 7)	82,381	77,922
-- Motor vehicle liability insurance (LoB 4)	57,015	50,660
-- Other motor insurance (LoB 5)	51,323	46,507
-- Other non-life and health insurance segments	105,495	72,779
- Life insurance	**30,315**	**27,295**
-- Index-linked and unit-linked insurance (LoB 31)	20,306	18,622
-- Insurance with profit participation (LoB 30)	6,228	5,617
-- Other life insurance (LoB 32)	3,767	3,043
-- Annuities from non-life insurance contracts (LoB 34 and LoB 35)	14	13
- Other expenses	**4,232**	**-1,728**

The Company operates mostly in Republic of Slovenia, with life insurance sold exclusively in Slovenia. Approximately 80.2 percent of premium income is generated in Slovenia, and 85.8 percent of all paid claims derived from Slovenia. Compared to 2023, the share of the domestic premium written increased by 2.7 percentage points.

Table 3: Geographic distribution of the Company's premium and claims as at 31 December 2024 and 31 December 2023

In EUR thousand

Geographic distribution of the premium and claims	2024	2023
Gross written premiums from insurance, co-insurance and reinsurance contracts	**1,104,825**	**982,762**
- Slovenia	886,121	815,044
- Other countries	218,703	167,718
Gross claims incurred	**558,598**	**694,342**
- Slovenia	479,047	645,643
- Other countries	79,551	48,699

Detailed quantitative data on the Company's operations according to geographic distribution is presented in template S.04.05.21 in the annex to this report.

A.3 Investment performance

The Company's investment policy remains prudent with most of the portfolio investments being debt securities closely matched to liabilities deriving from non-life and life insurance. The main factors affecting Company's investment performance are the structure of investment portfolio and the trends on financial markets. This Section presents the Company's investment result by individual investment classes including a year-on-year comparison. The investment result was also published in the accounting part of Annual Report, Section 3.4.

Year 2024 was a relatively uneventful and successful year for financial markets. The euro risk-free interest rate curve generally oscillated around the end-of-2023 level, except in the short-term part where interest rate decreases have been observed. Consequently, the shape of the euro risk-free interest rate curve gradually shifted into a more common upward shape. Credit spreads continued the trend from 2023 and continued to narrow with relatively low volatility, except for government bonds of the highest credit quality, where credit spreads increased slightly. Equity markets recorded significant returns too.

Favourable conditions in financial markets - stable and relatively high interest rates, narrowing credit spreads and, above all, positive trends in equity markets - were the main factors contributing to a significantly higher investment result in 2024 compared to 2023. The unit-linked insurance assets were included.

The interest rates have been rising for several years and the interest income in 2024 increased compared to the previous year. The largest year-on-year growth was recorded in the government bond segment, mainly due to the higher volumes in this investment class.

In recent years, the Company significantly reduced its exposure to equity investments, replacing some local equity investments with investments in collective investment undertakings. In 2024, the equity portfolio did not change materially hence the dividend yield remained comparable to the year before.

The net profit or loss category comprises gains and losses from sale and permanent impairments in line with International Financial Reporting Standards (hereinafter: IFRS) 9. The item increased materially compared to the year before mainly because of the gains from the collective investment undertakings segment, including alternative investment funds.

Foreign exchange gains arising from collective investment undertakings also contributed materially to other financial income. The Company did not use derivatives in 2023 but reintroduced them in 2024 to hedge currency risk.

The unrealised gains and losses category relates to investments classified in the fair value through other comprehensive income financial reporting group and financial investments at fair value through profit or loss which were not sold during the period. The value of the item in 2024 was comparable to the previous year, however, the structure changed. The further contraction of credit spreads in the corporate bond segment led to unrealised gains at the same level as the year before. In the segment of the highest credit quality government bonds, the widening of credit spreads was offset by a slight decrease in risk-free rates in the middle and long-term part of the risk-free rate curve, therefore this segment was lagging in terms of yields.

Positive equity market trends in 2024 contributed to higher unrealised gains in the collective investment undertakings segment, as the category also included changes in fair value through profit or loss which were not sold.

The lease income result did not change materially compared to the year before.

Table 4: Performance of the Company's investment activities for financial reporting purposes as at 31 December 2024 and 31 December 2023

2024						**In EUR thousand**
Investment performance	Net interest	Dividends	Net profit or loss	Other net financial income	Unrealised gains and losses	Leases
Investments	**29,071**	**2,020**	**32,181**	**2,258**	**89,377**	**6,480**
Real estate	0	0	1,384	0	0	6,480
Shares	0	216	0	0	185	0
Government bonds	17,449	0	931	142	5,778	0
Corporate bonds	10,987	0	-600	0	13,641	0
Collective investment undertakings	0	1,804	30,476	2,456	69,803	0
Loans	92	0	-11	0	0	0
Deposits, cash and cash equivalents	479	0	1	0	0	0
Derivatives	0	0	0	3	-30	0
Other	64	0	0	-343	0	0

2023						**In EUR thousand**
Investment performance	Net interest	Dividends	Net profit or loss	Other net financial income	Unrealised gains and losses	Leases
Investments	**22,301**	**2,441**	**220**	**74**	**94,627**	**6,195**
Real estate	0	0	403	0	0	6,195
Shares	0	927	0	1	-9,891	0
Government bonds	11,485	0	-6,680	3	44,314	0
Corporate bonds	10,042	0	-946	2	17,998	0
Collective investment undertakings	0	1,514	7,400	221	42,206	0
Loans	40	0	35	0	0	0
Deposits, cash and cash equivalents	674	0	8	4	0	0
Derivatives	0	0	0	0	0	0
Other	60	0	0	-157	0	0

The Company did not invest in securitized products.

A.4 Performance of other activities

A.4.1 Other income and expenses

The Company's other income comprising other operating income and other income totalled EUR 15.0 million in 2024, compared to EUR 16.8 million in 2023. Most other operating income in the amount of EUR 3.6 million in 2024 relate to non-attributable insurance revenue and lease income in the amount of EUR 6.5 million. Other operating income in 2023 amounted to EUR 15.6

million. The majority of other operating income in the amount of EUR 7.4 million in 2023 relate to non-attributable insurance revenue and lease income in the amount of EUR 6.2 million.

The Company's other expenses comprising other operating expenses and other expenses in 2024 totalled EUR 29.0 million. The largest share of the abovementioned expenses refers to expenses for employee benefits in the amount of EUR 16.8 million, non-attributable insurance expenses in the amount of EUR 7.2 million, and depreciation and other expenses from investment properties in the amount of EUR 4.6 million. In 2023, expenses for employee benefits amounted to EUR 5.0 million, non-attributable insurance expenses to EUR 6.4 million, and depreciation and other expenses from investment properties to EUR 4.2 million.

Other net income from discontinued operations in 2024 amounted to EUR 11.0 million. It mainly related to the recognition of a reimbursement by the Slovenian Ministry of Health for the difference between the amount of costs paid to health service providers and the value of health service revenue from supplementary health insurance of EUR 11.0 million. Detailed information on the Company's other operating income and expenses and other income and expenses is presented in the financial statement section of the Annual Report, Sections 3.7.6 and 3.7.14.

Table 5: Net other operating income/expenses and net other income/expenses for financial reporting purposes as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Net other operating income/expenses from continuing operations	**-15,862**	**-47**
- Other operating income	12,830	15,619
- Other operating expenses	-28,692	-15,666
Other net income/expenses from discontinued operations	**-60**	**449**
Other net income/expenses from continuing operations	**1,844**	**750**
- Other income	2,196	1,173
- Other expenses	-352	-423
Other net income/expenses from discontinued operations	**11,022**	**-683**

A.4.2 Lease agreements

In the reporting period, the Company concluded several lease agreements as lessor/landlord and as lessee/tenant.

Among the contractual relationships where the Company acted as the lessor/landlord, only investment property was considered material. Of the total value of investment properties of EUR 44.9 million, the lease income amounted to EUR 6.5 million in 2024.

The Company acted 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 2024, the right of use assets in the amount of EUR 4.1 million was recognised by the Company. The total annual depreciation expense of these assets was EUR 1.5 million, while interest expenses amounted to EUR 186 thousand. Expenses for leases not accounted according to IFRS 16, i.e. short-term leases and low-value leases, totalled EUR 522 thousand in 2024.

A.5 Any other information

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

B.

System of governance

B. System of governance

B.1 General information on the system of governance

A two-tier system of governance including the following bodies is set up at the Company: General Meeting of Shareholders, the Management Board and the Supervisory Board. The bodies operate in accordance with the laws and other regulations, the Company 's Articles of Association and their respective rules of procedure.

In addition to the management bodies, the Company's system of governance includes four key functions: the risk management function, the actuarial function for non-life and life insurance, the compliance function, and the internal audit function. They are organised at the Company as independent organisational units, which perform their duties and responsibilities independently from one another and from other organisational units of the Company.

They operate in line with the structure of the three lines of defence within the Company's governance system. The responsibilities for the performance of tasks, processes and reporting obligations of every key function are defined within the system of governance. Key functions are presented in more detail in Sections B.3.3, B.4.1, B.5 and B.6.

The system of governance also includes committees, the members of which are appointed and recalled by the Management Board. These committees differ from one another in terms of their purpose, composition and powers, while their decisions are binding. Committees within the risk management system are presented in more detail in Section B.3.4.

B.1.1 Management bodies of the Company

B.1.1.1 Management Board

The Management Board governs and manages the Company independently and at its own responsibility. It represents and presents the Company without limitation. The Company is always represented and presented in legal transactions by two Management Board members jointly, i.e. the President and 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 legality of operations, adoption of the development strategy of the Company and the annual plan of operations, reporting to the Supervisory Board on the performance of both the Company and the Group.

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

As at 31 December 2024, the Management Board composition was as follows:

Table 6: Composition and competences of the Company's Management Board members as at 31 December 2024

First and last name	Function	Area of work within the Management Board as at 31 Dec. 2024
Andrej Slapar	President of the Management Board	Manages and directs the work of the Management Board and head office support departments (Internal Audit Department and Corporate Communication Department). In charge of Corporate Accounts Division, Non-Life Insurance Division, Triglav Group Subsidiary Management Division (excluding the subsidiaries outside Slovenia), Corporate and Legal Affairs Division, and Human Resource Management Division. Also responsible for the operation of Arbitration and the GIZ Nuclear Pool as well as for preparation and implementation of the strategy of the Company and the Group.
Uroš Ivanc	Member of the Management Board	In charge of Non-Life Insurance Actuarial Department, Life Insurance Actuarial Department, Accounting Division, Finance and Controlling Division as well as the Triglav Group Subsidiary Management Division (subsidiaries outside Slovenia), Investment Department and Outward Reinsurance Department at the Company's headquarters. 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 governance sustainable development (ESG) activities.
Tadej Čoroli	Member of the Management Board	In charge of Non-Life Insurance Claims Division, Insurance Sales Division and Digital Operations and Client Experience Division.
Marica Makoter	Management Board member - Workers' Director	Represents the worker's interests as set out in the Worker Participation in Management Act. In charge of Change Management and Project Portfolio Department and Back Office Division. Also responsible for Strategic Sourcing Department, Compliance Office, and Marketing Department.
Blaž Jakič	Member of the Management Board	In charge of Life Insurance Department, IT Division, Health Insurance Division, Digital Platform and Business Intelligence Division, and the Risk Management Department. Also responsible for money laundering prevention and bank assurance.

Other information on the Company's Management Board is presented in more detail in the business part of Annual Report, in Section 5.3.2.

B.1.1.2 General Meeting of Shareholders

Shareholders exercise their rights at the General Meeting of Shareholders which is convened no less than once a year. The powers and operation of the General Meeting of Shareholders are set out in the Companies Act and the Company's Articles of Association. A shareholder registered in the share register kept by the Central Securities Clearing Corporation (KDD)[3] as the holder of the shares at the end of the seventh day prior to the General Meeting of Shareholder's session may participate in the General Meeting of Shareholders. They may exercise their voting right provided they announce their participation no later than by the end of the fourth day prior to the date of the General Meeting of Shareholders. The rights and obligations afforded to the shareholders by the shares as well as the explanations on the limitations on share transfers and the attainment of the qualified share are presented in greater detail in the business part of the Annual Report, Section 6.2.

B.1.1.3 Supervisory Board

Pursuant to the Articles of Association, the Company's Supervisory Board is composed of nine members, six of whom are shareholder representatives and three are employee representatives. The members of the Supervisory Board - shareholder 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 decision. The Chair and Vice Chair act as shareholder 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 the Company's stakes in foreign or domestic companies (except if these are equity holdings for which the conventional 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 to 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 AZN, 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 of Shareholders and compiles a written report for the General Meeting of Shareholders, reviews the proposal for the appropriation of distributable profit, which was submitted by the Management Board, takes a

[3] KDD - Centralna klirinško depotna družba d.d

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 has a key role in the risk management system as it is a primary stakeholder, to which all three lines of defence report, and 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 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, at the President's proposal, also the selection of other members of the Management Board.

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

On 3 June 2024, the term of office of Supervisory Board member, shareholder representative, Igor Stebernak, expired. On 1 September 2024, the term of office of Supervisory Board member, shareholder representative, Jure Valjavec, also expired based on his letter of resignation. The General Meeting of Shareholders appointed Barbara Nose and Rok Ponikvar as members of the Supervisory Board, shareholder representatives, whose terms of office began on 4 June 2024 and 2 September 2024, respectively.

The composition of the Supervisory Board in the 2024 financial year was as follows:

Table 7: Supervisory Board members in the 2024 financial year

Name and surname	Function
Andrej Andoljšek	Chair, shareholder representative
Igor Stebernak	Vice Chair, shareholder representative (up until 3 June 2024)
Tim Umberger	Vice Chair, shareholder representative (as of 10 July 2024 onwards)
Tomaž Benčina	Member, shareholder representative
Jure Valjavec	Member, shareholder representative (up until 1 September 2024)
Monica Cramér Manhem	Member, shareholder representative
Barbara Nose	Member, shareholder representative (as of 4 June 2024 onwards)
Rok Ponikvar	Member, shareholder representative (as of 2 September 2024 onwards)
Aleš Košiček	Member, employee representative
Janja Strmljan Čevnja	Member, employee representative

SUPERVISORY BOARD COMMITTEES

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

In 2024, the following committees operated in the Company: Audit Committee, Appointment and Remuneration Committee, Strategy Committee as well as the newly formed Risk Committee and Nomination Committee operating as a temporary committee of the Supervisory Board. Committees and the board prepare proposed resolutions, ensure their implementation and perform other expert tasks.

Nominations Committee operates as a temporary committee. It was formed on 19 November 2024 due to the expiration of the term of office of Supervisory Board members Andrej Andoljšek and Tomaž Benčina in 2025. The committee will function until the election of new members of the Supervisory Board, shareholder representatives, at the General Meeting of Shareholders, but no longer than until 3 June 2025.

Table 8: Composition and competences of Supervisory Board committees in the 2024 financial year

Supervisory Board committee	Competences
AUDIT COMMITTEE **Composition:** - Barbara Nose, committee Chair - Tim Umberger, member - Aleš Košiček, member - Katarina Sitar Šuštar, independent external expert	- monitoring the financial and sustainability reporting process, preparing reports, and drafting proposals for ensuring its comprehensiveness; - monitoring the efficiency and effectiveness of internal controls, internal audit, and risk management systems; - monitoring the obligatory audit of annual and consolidated financial statements and reports on the audit findings to the Supervisory Board; - in charge of the auditor selection procedure, proposes a candidate to the Supervisory Board to audit the Company's annual report and participates in the drafting of an agreement between the auditor and the Company; - monitoring and reviewing the independence for the annual report, in particular the provision of additional non-audit services, - monitoring the quality of the auditor's auditing in accordance with the Guidelines for monitoring the quality of external auditing adopted by the Agency for Public Oversight of Auditing and the Slovenian Directors' Association; - 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; - cooperating with the Internal Audit Department, monitoring its quarterly reports, examining its internal acts and rules on the functioning of the Internal Audit Department and the annual plan of the Internal Audit Department; - examining the decision on the appointment, dismissal and remuneration of the Internal Audit Department Director. - monitoring annual compliance reports and reports on concluded contracts with audit firms and companies from audit company networks.
APPOINTMENT AND REMUNERATION COMMITTEE **Composition:** - Tomaž Benčina, committee Chair - Andrej Andoljšek, member - Tim Umberger, member - Aleš Košiček, member	- proposing criteria for membership in the Management Board; - proposing the policies on remuneration, reimbursement and other benefits for the Management Board members; - carrying out a 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 assessments of the Management and Supervisory Board members; - providing support for and drafting proposals on matters related to the Supervisory Board (e.g. conflicts of interest, design and implementation of a remuneration system for the Supervisory Board members, evaluation of its work in accordance with the Corporate Governance Code).

STRATEGY COMMITTEE **Composition:** - Tim Umberger, committee Chair - Tomaž Benčina, member - Andrej Andoljšek, member - Monica Cramér Manhem, member - Barbara Nose, member - Rok Ponikvar, member - Aleš Košiček, member - Janja Strmljan Čevnja, member	- drafting and discussing proposals for the Supervisory Board regarding the Group's strategy; - monitoring the implementation of the strategy - drafting and discussing proposals and opinions for the Supervisory Board related to the Group's strategic development or planning.
RISK COMMITTEE **Composition:** - Monica Cramér Manhem, committee Chair - Barbara Nose, member - Janja Strmljan Čevnja, member - Rok Ponikvar, member	- monitoring the operation and suitability of the risk management system; - advising the Supervisory Board on the overall current and future risk appetite of the Company and on the risk management strategy; - supervising the implementation of the capital management strategy and material risks; - considering key internal acts and other documents in the area of risk management that have been submitted to, or are being considered or approved by, the Supervisory Board; - considering the annual capital adequacy calculation reports under Solvency II, the Solvency and Financial Condition Reports (SFCR) of the Company and the Group for each year, Own Risk and Solvency Assessment Report, the regular reports on the risk profile of the Company and the Group, and other reports, if any, related to risk management; - controlling disclosures and considering the reports of the credit rating agencies for the year.
NOMINATION COMMITTEE **Composition:** - Tim Umberger, committee Chair - Rok Ponikvar, member - Aleš Košiček, member - Mateja Lovšin Herič, external member	- preparing criteria for the selection of shareholder representatives, unless otherwise decided by the Supervisory Board; - registering candidates for the position of Supervisory Board members; - instructs the Appointment and Remuneration Committee to produce a fit and proper assessment of the candidates; - submitting to the Supervisory Board a proposal to nominate one or several candidates for the position of Supervisory Board member - shareholder representatives including the draft fit and proper assessment.

Other information on the Company's Supervisory Board is presented in the business part of Annual Report, in Section 5.3.3.

B.1.2 Remuneration policy

Remuneration of the Company's employees is arranged and regulated in accordance with the Remuneration Policy of Zavarovalnica Triglav, d.d. (hereinafter: Remuneration Policy), which is established as one of the policies by way of which the Company implements a resilient and reliable management system and ensures business integrity and transparency. The Remuneration Policy was amended and supplemented in 2024, whereby amendments that follow the Recommendations and Expectations of the Slovenian Sovereign Holding were included where reasonable and appropriate and in accordance with the applicable legislation that is binding on the Company.

The Remuneration Policy applies to the Supervisory Board, the Management Board, executives, holders of key functions and other employees on individual contracts as well as other employees of the Company. The remuneration of the members of the Supervisory Board and its committees (except for the remuneration of members - external experts) is determined by the decisions of the General Meeting of Shareholders, and the remuneration of the Management Board is determined by the Supervisory Board. The remuneration of the holder of key function of internal audit is determined by the Management Board and the Supervisory Board, and the remuneration of other employees is determined by the Management Board. Employee remuneration is determined in proportion to the complexity, characteristics, scope of tasks or functions, powers, responsibilities and experience, considering the scope of the Company's business operations, the results achieved and comparability with the remuneration of employees in comparable companies, and in such a way that employees are encouraged to take decisions or conduct themselves in a manner that leads to the realisation of the objectives of the Company and suitable risk management.

SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board and its committees is set by the General Meeting of Shareholders by way of a resolution. The remuneration consists of the remuneration for the performance of the function, bonuses for the performance of the function of Chair and Vice Chair and members of the committees of the Supervisory Board, attendance fees for attendance at the meetings, possible travel and accommodation costs. The remuneration of Supervisory Board members must be proportionate to their respective duties and the financial position of the Company and the Group. The remuneration of the Chair and members of the Supervisory Board must be such that the criteria of complexity are considered, which reflect the complexity of the operations of the Company and the Group (balance sheet total, generated net premium income, average number of employees in the last financial year, organisational complexity, internationalisation of business, complexity of direct economic environment, complexity of key products, regulation of activities and the like) and that they are comparable to the remuneration of other members of the supervisory bodies of comparable insurance groups, thereby pursuing risk management in terms of the stability and suitability of the composition of the Supervisory Board. The members of the Supervisory Board are not entitled to profit sharing.

External members of committees are paid for their work in the committees from the funds allocated for the work of the Supervisory Board. The amount of remuneration of external members is determined by the Supervisory Board in the appropriate ratio to the remuneration of the members of the Supervisory Board and is not tied to the resolution of the General Meeting of Shareholders.

MANAGEMENT BOARD

The remuneration of the Management Board is determined in proportion to their duties and responsibilities, the volume of the Company's and the Group's business as well as the financial position and operating results and consists of the basic salary (fixed part of pay), a variable part of pay and other rights and benefits as set out in the Remuneration Policy. During the validity of the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities and the implementing regulations issued on its basis, the limitations laid down in the said act are considered. Members of the Management Board are entitled to the use of assets owned by the Company (use of company car, company mobile phone, laptop and tablet all for business and private purposes), the right to a managerial check-up with a preventive health programme, the right to collective accident insurance under the conditions applicable to all employees, the right to pension insurance (Voluntary Supplementary Pension Insurance - PDPZ) in the amounts and under the conditions laid down for all employees, Collective Voluntary Pension Insurance - PPZ, in accordance with, or up to, the maximum amount laid down in the internal acts), the right to payment of a liability insurance premium, the right to supplementary health insurance, the right to reimbursement of education expenses and the right to reimbursement of subscriptions related to the performance of duties. No special retirement schemes or early retirement schemes apply to Management Board members.

EXECUTIVE EMPLOYEES AND OTHER EMPLOYEES WORKING UNDER INDIVIDUAL CONTRACTS

The basic salary (fixed part of pay) for executives and other employees working under individual agreements is stipulated in the employment contract, whereby the minimum and maximum basic gross salary for each group is set in accordance with internal rules.

Executives and other employees on individual contracts, with the exception of employees holding the posts of Regional Director for Corporate Clients, Head of Business Unit I and Head of Business Unit II, are entitled to a variable remuneration comprising a work performance-based component and a business performance-based component, which is paid out annually. The post of Regional Director for Corporate Clients, Head of Business Unit I and Head of Business Unit II are subject to a work performance-based remuneration scheme laid down in a specific decision issued by the competent Executive Director for Insurance Sales. These employees are also entitled to a business performance-based component of their salary.

EMPLOYEES WORKING UNDER A COLLECTIVE AGREEMENT

The basic salary of employees working under a collective agreement is determined by considering the qualifications and responsibilities required by the position of employment as well as how demanding the position of employment is. If they exceed the predetermined targets and expectations, they are entitled to a work performance-based part of pay (variable part of pay). The wage bill for the payment of the work performance-based part of pay is set by the Management Board in observance of operating results.

In accordance with the criteria determined by the Management Board and subject to good results, workers are entitled to the operating performance-based part of pay – annual bonus.

All employees at the Company can join the collective supplemental Voluntary Supplementary Pension Insurance (PDPZ) and voluntary pension insurance (PPZ). The Company pays the premium as a proportion of the employee's gross salary for each employee in accordance with the agreement reached with the employee representatives. Collective voluntary supplementary pension insurance represents the collection of funds on the members' personal accounts with the aim of providing them with the disbursement of a supplementary old age pension from retirement onwards. Voluntary supplementary pension insurance represents saving to acquire a monthly pension payment that is paid out either from a particular date onward or from the date of retirement until the end of one's life, but for no less than 10 years.

B.1.3 Related party transactions

Related parties of the Company include:

- shareholders who have a significant influence on the operations of the Company;
    - Pension and Disability Insurance Institute of Slovenia,
    - Slovenian Sovereign Holding,
- Management Board members and their immediate family members and companies related through them, in which they have a significant influence on decision-making or are appointed to their management or supervisory body;
- Supervisory Board members and their immediate family members and companies related through them, in which they have a significant influence on decision-making or are appointed to their management or supervisory body.

Related party transactions are presented in more detail in the accounting part of Annual Report, Section 4.4. The only materially significant transaction with related parties in 2024 was the distribution of dividends to the largest owners of the Company. The Company paid a total of EUR 24.8 million to the two largest owners, of which EUR 13.7 million to ZPIZ and EUR 11.2 million to SDH.

B.2 Fit and proper requirements

In accordance with the requirements prescribed in the Solvency II Directive[4], Commission Delegated Regulation[5] (hereinafter: Delegated Regulation), ZZavar-1 and EIOPA's Preparatory Guidelines on System of Governance, which require that the persons who manage or supervise the Company or perform work in key functions are appropriately fit (professionally qualified) and proper (of good repute and integrity).

The fit and proper assessment of the members of the Management Board and Supervisory Board as well as a member of the Audit Committee who acts as an independent expert and is qualified in the fields of accounting and auditing as well as the fit and proper assessment of the Management Board and Supervisory Board as a collective body is implemented prior to the appointment for the term of office (initial assessment), during the term of office (periodic assessment, usually once per year) and in case of circumstances that raise doubts as to the fit and proper status of Management Board and Supervisory Board members (extraordinary assessment).

As part of the assessment, Management Board and Supervisory Board members are assessed in terms of the meeting of criteria regarding fitness (professional qualifications, experience,

[4] Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)
[5] Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

competences) and propriety criteria (clean criminal record, professional reputation, goodwill and personal integrity). As part of the assessment of the Management Board and Supervisory Board 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 and their deputies is performed prior to the granting of the authorisation to an individual key function holder (initial assessment), 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 the fit and proper status of key function holders). 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 by way of a statement 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 AZN, 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 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 consists of internal rules, competencies, processes and activities that enable the Company to quickly identify, assess and adequately control the assumed and potential risks, which ensures an appropriate risk profile within certain levels in the Risk Appetite

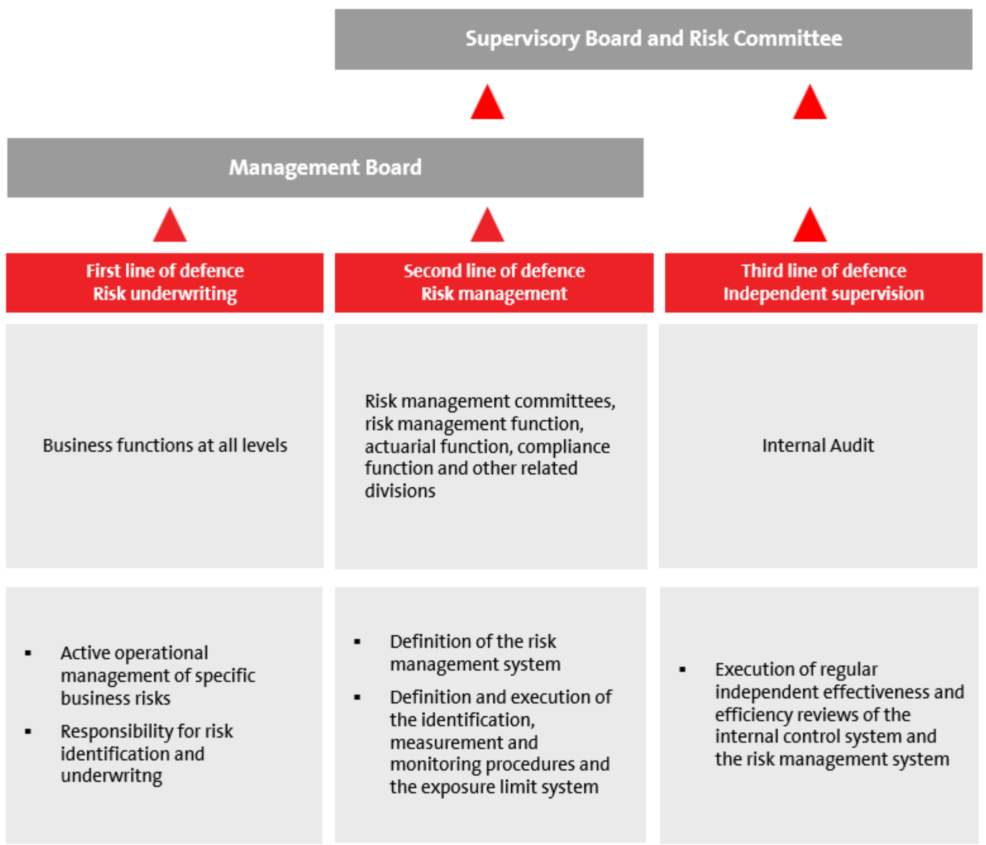
Statement (hereinafter: Risk appetite). The risk management system at the Company covers all areas, focusing on those having a material impact on the business operations and capital adequacy.

The objective of the risk management system is to ensure the realisation of the Company's strategic goals, its mission and its vision. The Company has determined a certain level of risks measured by the level of potential loss that it is still willing to assume at a particular level of profitability in the course of its business operations so as to attain the set business objectives and strategic goals. When managing risk, the principle of optimal management of the ratio between risk exposure and returns and the principle of optimal cost-benefit ratio are pursued.

The four key functions play an important role in the risk management system as they actively ensure coordinated work of the Company and the transfer of knowledge and good practices to Group's undertakings. They are organised at the Company as independent organisational units, which perform their duties and responsibilities independently from one another and from the other organisational units of the Company. They answer directly to the Management Board and are organised to ensure suitable internal control mechanisms at the Company. All key functions cooperate with one another and regularly exchange information required for operations. 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 Company are the Strategy of the Group and the Business Plan of the Company. The Company's risk management system is based on three lines of defence.

Figure 3: Risk management system at the Company



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

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

THE THIRD LINE OF DEFENCE comprises key internal audit function which reviews and assesses the adequacy and effectiveness of the governance of the Company and the Group as well as risk management and control procedures systematically and methodically, and issue recommendations for improvement. It provides for quality and continuous development of internal auditing. It collaborates with external auditors and other supervisory bodies and monitors the realisation of internal and external auditors' recommendations. It participates in the internal audits of other Group's undertakings and provides advisory services in agreement with the Management Board and the management teams of business segments.

The primary stakeholders in the risk management system are the Management Board and the Supervisory Board.

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, capital adequacy and findings of the Own Risk and Solvency Assessment process (hereinafter: ORSA) at the Company and Group levels. As part of its powers and responsibilities, it considers the reports by key functions. It also grants consent to the Management Board for the Solvency and Financial Condition Report of Zavarovalnica Triglav (hereinafter: Company SFCR) and the Solvency and Financial Condition Report of the Triglav Group (hereinafter: Group SFCR).

The Risk Committee monitors the functioning and adequacy of the risk management system, advises the Supervisory Body on the risk appetite of the Company and the risk management strategy, considers the internal acts of the risk management system, annual capital adequacy calculation reports, Company SFCR and Group SFCR, ORSA reports and other reports, if any, related to risk management. It also monitors disclosures and considers credit rating agency reports for each year.

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

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

The Company has a risk management system in place that is defined by two overarching acts governing risk underwriting and management strategy and the risk appetite. They represent the basis and starting point for the preparation of all other subordinated internal risk management acts such as policies, methodologies and other instructions in the area of risk management at the Company. The risk underwriting and management strategy act clearly defines the principles, objectives of the risk management system, the purpose of the risk appetite and the risk management system at the Company, which includes internal rules, competencies and responsibilities as well as the process of comprehensive risk management. The risk underwriting and management strategy, including the risk appetite act, is synchronized with the current Group strategy and provides the basis and guidelines for achieving strategic goals.

The risk appetite act is one of the central building blocks of the risk management system, which represents the maximum level of risk, measured by the level of potential losses that the Company is prepared to accept in the course of its business operations to achieve the set business and strategic goals. It also provides guidance for the underwriting of individual risks (appetite and tolerance). Risk appetite is defined for each important risk category, which also defines key indicators for each significant risk and their target and maximum values. The Company defines zero tolerance for categories of risks that it does not want to assume in its operations.

The purpose of the risk appetite act is to define the objectives regarding risk underwriting and thereby define the risk profile of the Company, to establish an optimal relationship between risks and profitability and to develop a strong culture of risk management. In line with the Risk underwriting and management strategy, the Company assumes underwriting, market, credit, liquidity, operational and non-financial risk.

B.3.3 Risk management function

In addition to supporting the Management Board and the Supervisory Board in the effective implementation of the risk management system, the key tasks of the risk management function are to put in place, administer and monitor the risk management system, monitor the overall risk profile of the Company as a whole, identify and assess emerging risks, actively provide for the functioning of the risk management system committees, coordinate and calculate capital requirements and capital adequacy, coordinate the ORSA process and draft all other reports required by regulations and internal reports related to risk management. In addition to the above, this function is tasked with detailed unbiased reporting on risk exposure and consulting to the Management Board and the Supervisory Board regarding risk management, including strategic matters such as the Company's strategy, mergers and acquisitions as well as major business projects and investments.

The function operates autonomously and independently of the other functions. It is performed by the Risk Management Department.

As part of the regular assessment of the Company's risks, the risk management function assesses the suitability and effectiveness of risk management procedures and – if it detects deviations – performs the advisory function. By providing guidelines, recommendations and proposals, it co-creates internal controls for improved monitoring of risks within a specific process, business segment or at the level of the entire Company. It notifies the risk management system committees of the more important findings. In addition, it reports to the AZN in line with the applicable legislation relating to the tasks of the risk management function.

The holder of the risk management function holds the role of a risk management system administrator and is directly subordinated to the Management Board, which also authorises said person for the work based on the consent of the Supervisory Board.

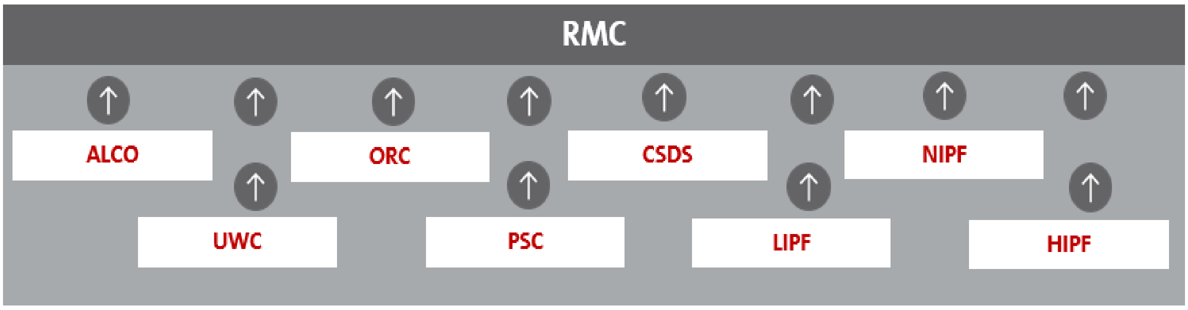
The findings and opinions of the risk management function holder are to be objective and independent from the influence of other business lines. The risk management function holder and other persons that perform the tasks of the risk management function at the Company have access to all Company information required for the performance of the said tasks.

The risk management function holder performs tasks as part of the second line of defence.

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 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 Company as well as consider the upgrades to risk monitoring in line with their powers. 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 risk management system as at 31 December 2024



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 has an appropriate infrastructure in place as well as adequate resources and systems that allow for a satisfactory level of business risk management. Apart from that, the committee assists in risk identification and management as well as in fostering the risk culture at the individual divisions within the Company. The fundamental objectives and the role of the committee are to assist the Management Board in assessing exposure to all material risks (specifically capital, strategic and other non-financial risk not monitored by the Compliance and Sustainable Development Committee), finding weaknesses in the internal control environment of the Company, 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 Company's risk appetite.

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 of the Company. An important task of the committee is the creation of the Company's asset and liability management strategy that ensures the achievement of strategic goals considering the risk appetite, risk exposure limits and any other restrictions that affect the asset and liability management process at the Company.

Underwriting Committee (UWC) is an integral part of the Company's risk management system, with the basic objective to monitor and optimise the level and concentration of assumed underwriting risk from non-life insurance products and to propose limits or an optimum ceding/transfer of assumed underwriting risk to reinsurance (underwriting of non-life insurance credit risk) subject to the Company's risk appetite and considering the credit risk arising from exposure to reinsurers. The committee identifies, manages, monitors and reports non-life insurance underwriting risk and develops the management of said insurance.

Operational Risk Committee (ORC) sets up an integrated operational risk management system that is adjusted to the Company's requirements, including the optimum allocation of the appetite for operational risk subject to the guidelines stipulated in the overarching risk appetite act. It controls the functioning of the Company's operational risk management system, including the review and confirmation of measures for its improvement. The committee covers all groups of operational risk. Project risk, outsourcing risk, and IT security risk, including cyber risk and the business continuity management system, are monitored as special groups 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.

Compliance and Sustainable Development Committee (CSDC) is responsible for addressing important or more complex issues related to ensuring compliance of the Group's business 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 Triglav Group Code[6] (hereinafter: Group Code) the Insurance Code and other adopted ethical standards of the Company. The committee is also responsible for monitoring and managing reputational risk, monitoring sustainability risk as well as for monitoring and guiding the activities of the Company to achieve the strategic ambitions and complying with legislative requirements of sustainable development from an environmental, social and governance 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 risk and dealing with compliance risk assessments, dealing with events that represent a personal data breach, 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.

[6] The Group's Code is published on the Company's website: http://www.triglav.eu

NON-LIFE, LIFE AND HEALTH INSURANCE PRODUCT FORUMS (NIPF, LIPF AND HIPF) 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 the Company markets its 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 to adapt to the needs of the market, while considering 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 regarding the risk appetite to ensure a suitable profile of underwriting and other risks.

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.

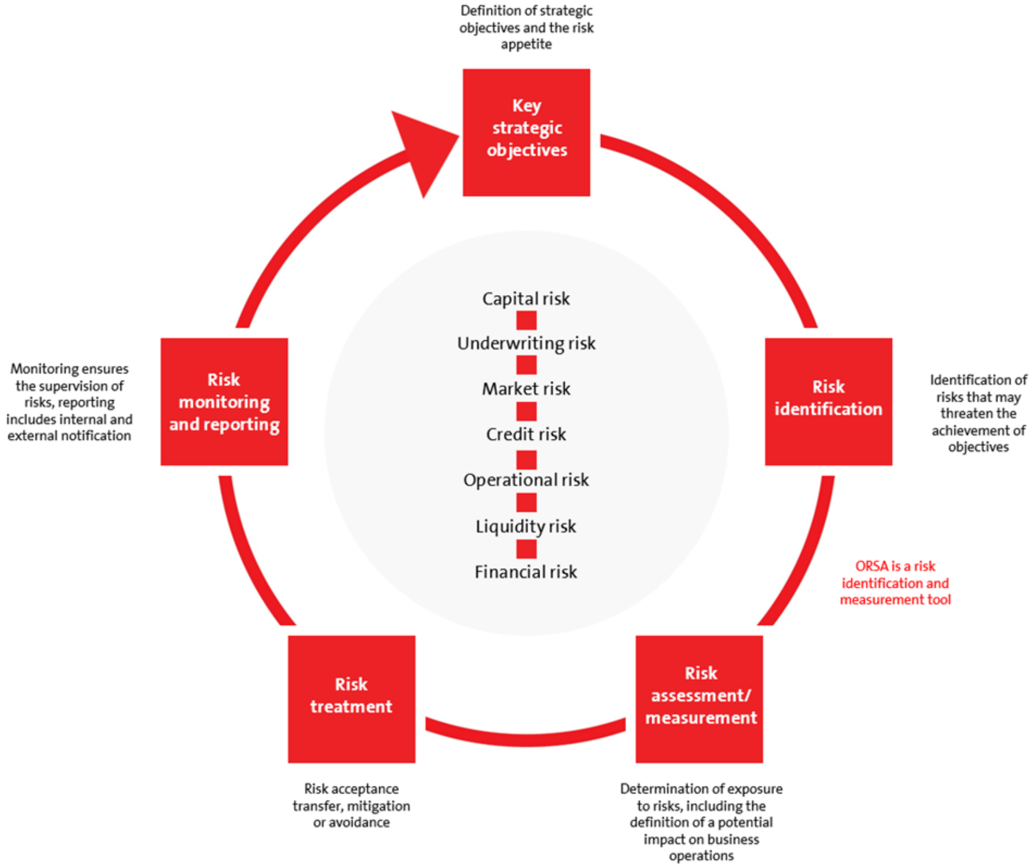
B.3.5 Risk management process

In the process of setting planning guidelines and goals for the strategic period, the scope of risks, which the Company is consciously prepared to take to achieve these goals, is defined and serves as the basis for defining the level of key indicators for ensuring compliance with the company's risk appetite. Based on the set strategic goals, material risks are first identified annually in the ORSA process. These are risks, the realisation of which can have a significant impact on the achievement of set goals in future periods.

The risks identified in the described manner represent risks that are subsequently appropriately classified and assessed by the Company, the latter primarily in terms of the extent of the effect and the probability of occurrence. The analysis is the basis for the decisions of the Management Board regarding the method of risk management.

During the implemented cycle of the risk management system, the Company always documents the identified shortcomings and suggestions for improvements and prepares measures and recommendations for upgrading.

Figure 5: Risk management process at the Company



The Company regularly monitors risks by considering regular reports addressing material impacts on the risk profile and based on which appropriate measures are taken by the competent authorities as appropriate. Proper risk assessment requires the correct capture of risk exposures and a good knowledge of the properties (volatility) of risk factors and their impact on key strategic indicators.

The primary method of measuring risk is the standard formula of Delegated Regulation (regulatory method), which is based on the standard volatility and risk exposures of the Company. The regulatory method is complemented by own estimates of the volatility of risk factors at the same level of confidence and period. At the same time, this regularly ensures the verification of the adequacy of the regulatory method for the Company. In addition, risks are assessed according to the methodology of the S&P Global Ratings credit rating agency.

At least once a year, a comprehensive analysis of the suitability of the standard formula of Delegated Regulation for the measurement of own risks is to be carried out as part of the ORSA process. In the final assessment of suitability, the Company also considers the results of the internal risk measurement method.

The Company regularly monitors risk assessments and constantly upgrades them, especially in the event of detected deviations from the actual risk.

When managing risks, the Company acts preventively whereby it applies two approaches: decomposition (e.g. product) and diversification (e.g. investment) of individual risk types. When balancing risk exposure, the key measure is the setup of a suitable limit system that the

Company adjusts to the current external developments subject to the business opportunities, whereby it remains within the defined risk appetite at all times.

The Company regularly implements risk monitoring and reports on risks in the form of standardized risk reports, which include regulatory and internal indicators for all risk and operation segments. In addition to the recommendations of the Risk Management Department, the report also contains comments on indicator trends and values in relation to the set limits and target values. The committees within the risk management system as well as the Management Board and the Supervisory Board discuss risk reports within the scope of their respective powers. The risk reporting system also includes the following: Annual Report, Company SFCR and Group SFCR, ORSA report, RSR reports and other reporting to external stakeholders.

B.3.6 Own risk and solvency assessment (ORSA) 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. Additionally, the impact of stress on the level of capital adequacy is examined with scenario-based stress tests defined for this purpose. The adequacy of regulatory risk measurement is examined as part of the ORSA process.

The Company's risk appetite act defines the target capital adequacy at the Group level at between 200 and 250 percent. Based on these criteria, the Company defines its dividend policy, which considers the provision of a sufficient amount of capital to achieve strategic business goals.

The ORSA process builds on the basic elements of the risk management system, considers the risk profile and confirmed risk limits and is closely tied to strategic business planning. Simulation of stress test scenarios provides a more in-depth view of the risk profile and capital adequacy strength as well as the risk management system at the Company.

The ORSA process is reconciled with the strategic planning process of the Company as the calculation of the planned capital adequacy is prepared in a coordinated manner and on the basis of the financial plan. The ORSA process begins with strategic goals and definitions of the basic assumptions for the preparation of a strategic business plan, which serves as the basis for the capital adequacy plan. Based on current risks, current scenario-based stress tests for the Company are prepared and evaluated. The suitability of the standard formula is tested regularly throughout the year, mainly in segments where changes in the risk assessment may be greater during the year, e.g. in market risk, while the suitability of the standard formula in the remaining segments is examined in more detail as part of the ORSA process. When examining and testing future solvency needs, the necessary measures to maintain optimal capital adequacy are considered. When the process has been completed, it is properly documented, and a final report is prepared. The results are then reported to all internal and external stakeholders (AZN). The Company additionally provides adequate information to the Supervisory Board about the course and important findings of the ORSA process.

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

A regular ORSA process was carried out in 2024. During execution of the regular ORSA process, all identified material risks of the Company up to the calculation date were considered as were all identified potential risks that could affect its future operations considering all known information. The regular ORSA process confirmed that the Company's insurance and investment portfolios are sufficiently resilient, its capital position is adequate and that the Company is able to confront any future risks or challenges.

B.4 Internal control system

The Company's internal control system, which is based on the values and ethical principles set out in the Group Code encompasses risk assessment, establishment of internal controls, regular assessment of their adequacy and suitability, and communication and reporting to supervisory authorities and other stakeholders.

The internal control system covers all organisational units and business functions of the Company. Internal control activities are thus performed in all business and operational processes through the three lines of defence system.

The roles and responsibilities within the internal control system are distributed among business function holders who are responsible for the setup, documenting and continuous care for the effectiveness of internal controls, key functions of the second line of defence that monitor and control the suitability of internal controls and the Internal Audit Department which performs final control of the internal control system at the Company.

The Management Board approves the Group Code, the internal act on the internal control system, the key function policy as well as the rules of procedure of committees, including amendments thereto. The Management Board monitors and manages the internal control system at the Company through reports of key functions and the reporting of business functions as well as through adopted resolutions.

B.4.1 Compliance function

The compliance function monitors the compliance of the Company's operations with regulations and other commitments within the scope of the internal control system, and in this context monitors and assesses the potential impacts of changes in the legal environment and the associated circumstances on the Company's business operations. As part of the above, it assesses risks to the compliance of the Company's business operations, the suitability and effectiveness of procedures for the harmonisation of the Company's operations with the established changes and in doing so carries out the advisory function. By providing guidelines, recommendations and proposals, it co-creates internal controls for the assurance of compliance within a specific process, business segment or at the Company’s level. The compliance function regularly reports to the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board and also plays an important role in terms of efforts to ensure fair and transparent operations, respect for human rights, respect for restriction measures, implementation of programmes for the assurance of compliance in individual areas (e.g. consumer and competition protection, human rights protection, personal data protection, outsourcing, prevention of conflict of interest, internal fraud and corruption, etc.) and for the development and monitoring of the observation of ethics-related commitments and the care for their implementation in practice. The function holder provides for effective implementation of the function and the Compliance and Sustainable Development Committee, the presentation of the function externally, regular reporting to the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board as well as the development of compliance elements and minimum standards for the operation of the function in the Group's subsidiaries.

The compliance function works autonomously and independently of other business functions within the scope of the head office support department and is directly subordinated to the Management Board. It is part of the second line of defence in the three lines of defence risk management system. The organisational placement, the role and responsibilities of the compliance function within the system of governance of the Company, including its reporting obligations, are defined in general in the Company's internal documents on the organisation, system and policy of governance and compliance.

B.5 Internal audit function

The internal audit function carries out risk assessment-based continuous and comprehensive control over the Company's business operations. Based on a systematic and methodical approach, it reviews and assesses the suitability and effectiveness of the Company’s management, risk management and control procedures and provides recommendations for improvement. It cooperates with external auditors and other supervisory bodies, monitors the realisation of internal and external auditors' recommendations, participates in the performance of internal audits at other Group’s undertakings, maintains the quality and provides for continuous development of internal auditing at the Company, and transfers the internal auditing know-how and good practices to other Group’s undertakings. It provides advisory services in agreement with the Management Board and the management teams of business segments.

The Management Board provides for appropriate working conditions to the internal audit function, both in terms of organisational independence and the funds available for its operation as well as in terms of access to all divisions, records, assets and people at the Company (including the members of the Management Board, Audit Committee and the Supervisory Board). The internal audit function, which is organised as an independent organisational unit within the Company and directly subordinated to the Management Board, is both functionally and organisationally separated from other organisational units of the 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. The function holder and internal auditors do not perform any 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 the subject of internal auditing.

The internal audit function reports on its work directly to the Management Board and Supervisory Board. The internal audit function holder therefore reports on the work of the function and the eventual limitations on the operations (occurrence of circumstances that could impair the objectivity of internal auditors, eventual limitation of funds for work and the like), findings of internal audits performed as well as on the realisation of recommendations and the assessment of the suitability and effectiveness of risk management and control procedures in the audited areas:

- to the Management Board so as to maintain independence from other business functions at the Company;
- to the Audit Committee and the Supervisory Board, thereby maintaining independence from the Management Board.

The internal audit function performs its tasks in accordance with the hierarchy of rules on internal auditing adopted by the Slovenian Institute of Auditors and the internal rules on the functioning of the internal audit function adopted by the Management Board subject to consent from the Supervisory Board.

B.6 Actuarial function

It is one of the key functions of the Company that is performed separately for non-life insurance and life insurance and operates autonomously and independently of other business functions.

The Management Board and the Supervisory Board of the Company authorise the actuarial function holders who are responsible for performing the tasks of the actuarial function. The actuarial function holders have full, free and unlimited access to all information, data, activities and personnel of the Company, which they require to perform their tasks.

Some of the key tasks of the actuarial function include coordination and performance of calculations of technical provisions and assurance that appropriate methods, models and assumptions are used in the calculations of technical provisions as well as the assurance of the suitability, adequacy and quality of the data used in the calculations of technical provisions. Another key task of this function is the verification of suitability of the general underwriting risk policy and delivering an opinion on the adequacy of the insurance premium amount for individual products. In doing so, it applies the position that the premium for individual products is sufficient to cover all the liabilities arising from insurance contracts. The function also verifies the adequacy of reinsurance and participates in the execution of the ORSA process at the Company level. It also coordinates and calculates capital requirements for underwriting risk.

The actuarial function holders are authorised for the supervision and impartial reporting on the performance of actuarial tasks. They report regularly to the Management Board and the Supervisory Board on the operation of the actuarial function, and regularly inform RMC, ALCO and UWC of material findings. They perform tasks delegated to them by the abovementioned committees and work with other committees, which are part of the risk management system, as appropriate.

B.7 Outsourcing

Pursuant to the requirements of ZZavar-1 and the Delegated regulation, the Company has set up legally required controls and processes related to operations that are outsourced (hereinafter: outsourced operations).

By means of acts adopted based on the Digital Operational Resilience Act (hereinafter: DORA), the Company defines responsibilities and internal controls related, among others, to the use of information and communication technology services (hereinafter: ICT) provided by external contractors or providers, which includes the performance of due diligence, risk assessments in all stages of the outsourcing life cycle, content-related requirements for contracts, monitoring and supervision, notification of the AZN, as well as in relation to the ICT services information register. Legal and organisational measures as well as contracts with external providers thus ensure that the Company's supervisory bodies are able to exercise supervision over the providers of outsourced operations and providers of ICT services that support critical or important functions of the Company. In accordance with the contractual provisions, external service providers are obliged, even vis-à-vis subcontractors, to establish and ensure *mutatis mutandis* the same internal controls and mechanisms to manage any potential deficiencies as the Company. The Company also has the right to supervise the functioning of the service provider's internal control system and provide guidelines regarding the performance of the outsourced service.

The success of the performance of outsourcing contracts is monitored and controlled by the outsourced operations holders regularly, at least once a year, while – depending on the identified risks – they can also be controlled as part of the annual system controls of individual external providers of the Company, whereby the body competent for operational risk management is notified of any findings. Audits may also be planned and carried out at the Company for individual operations.

The ability of the provider and the risks arising from outsourcing are monitored through the regular assessment of the risks whereby the aim is to define the risks or eventual changes to the risks. They periodically notify the body responsible for the management of operational risk about the implementation of the operation and the assessed risks, whereby the risk management body then considers the measures proposed for the management of the risk in question.

The Company outsources fourteen operations. One relates to the management of assets of voluntary pension insurance that is provided for the Company by one of its subsidiaries that specialises in asset and investment fund management. Two relate to the organisation of the sales network and procedures for the provision of insurance in Poland and Greece (since the establishment of a subsidiary), which is managed for the Company by a local general agency company. The major portion of these outsourced operations are related to ICT services. In connection with the acquisition of Triglav, Zdravstvena zavarovalnica, the Company has been additionally outsourcing two more operations as of October 2024, namely the storage of insurance documentation in physical form and the provision of assistance services, which it outsources to its subsidiary.

The Company performs 22 outsourced operations for other Group's undertakings as at 31 December 24. These relate to the sale of insurance, asset management, investment management, IT system and cloud infrastructure provision and maintenance.

B.8 Any other information

ASSESSMENT OF THE ADEQUACY OF THE MANAGEMENT SYSTEM

An adequate system of governance is in place at the Company that is proportionate both to the nature and the scope of its operations as well as the complexity of the risks arising during its operations. Suitability 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 is disclosed in Sections B.1 through B.7.

C.

Risk profile

C. Risk profile

As part of its operations, the Company is exposed to underwriting, market, credit, liquidity, operational and other risks. The Company manages risks using internal methodologies and indicators according to regulatory capital adequacy criteria and through capital adequacy according to the S&P Global Ratings risk assessment method, all in line with the process described in Section B of this report.

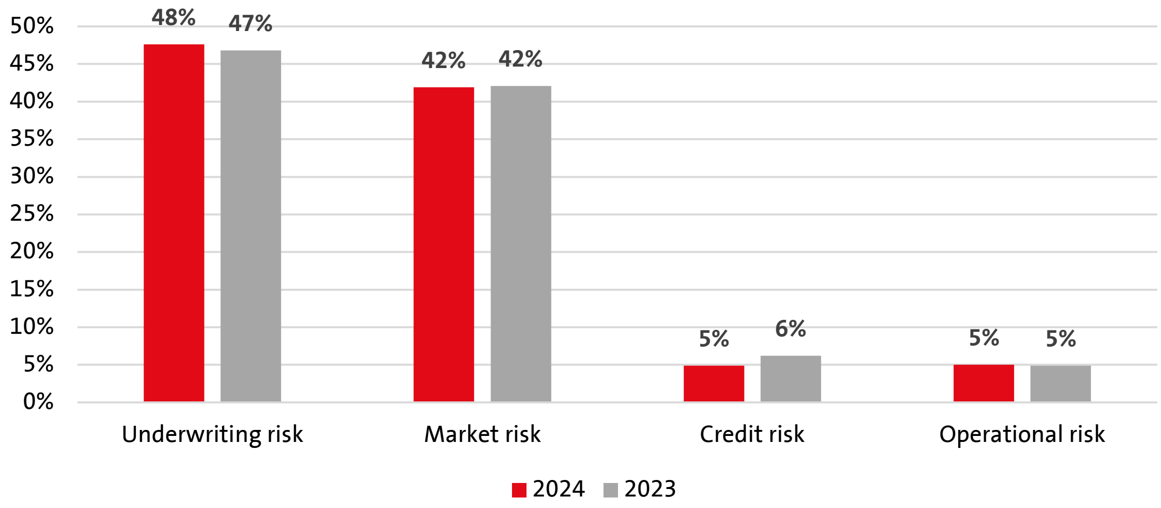
Out of all the risks, the Company is most exposed to underwriting and market risk, and to a lesser extent to credit and operational risk.

To ensure adequate risk management, the Company has defined ways of identifying risk exposures and appropriate risk measures for each type of risk that enable assessing the level of assumed risk. Appropriate exposure limits that prevent excessive risk underwriting and ensure adequate portfolio diversification are also defined. An important element of risk management is the risk mitigation techniques that represent an important tool for the reduction of the concentration of individual risk types.

For regulatory reporting purposes, the Company measures risk using the standard formula defined in Delegated Regulation, which measures risk as the value-at-risk of the Company's basic own funds with the confidence level of 99.5 percent over a period of one year.

As at the end of 2024, the overall risk value of the Company, which does not consider mutual risk effects (i.e. diversification), amounted to EUR 589.1 million for underwriting, market, credit and operational risk. The diversification of risks between the modules lowers the overall value of the mentioned risk by EUR 172.8 million.

Chart 5: Company's risk profile as at 31 December 2024 and 31 December 2023



The Company has established two ring-fenced funds, i.e. PDPZ and PDPZ renta, for the concluded voluntary pension insurance and for which risks are calculated separately, i.e. for each risk category in the standard formula. The above chart applies the simplification at risk module level method and considers the risks of the ring-fenced funds. 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 Company assumes underwriting risk when concluding insurance transactions that represent its core activity.

The main objective of underwriting risk management is to maintain quality of the portfolio on a level that provides for stable and safe operations while simultaneously ensuring the desired returns. To achieve the main objective, the Company has put processes in place to ensure an appropriate level and diversification of underwriting risk exposure.

As at 31 December 2024, underwriting risk represented 48 percent of the Company's overall risk value, excluding diversification, which amounted to EUR 280.5 million and 1 percentage point more than the year before.

The Company identifies the following underwriting risk in respect of its portfolio:

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

C.1.1 Non-life and health insurance

For non-life and health insurance, the Company underwrites premium and reserve risk, lapse risk and catastrophe risk. As at 31 December 2024, the Company's risk value from non-life and health insurance represented 37 percent of the Company's overall risk value, excluding diversification.

Table 9: Company's non-life underwriting risk value as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Premium and reserve risk	145,162	134,629
Lapse risk	32,688	28,560
Catastrophe risk	79,729	68,559
Diversification	-72,420	-63,653
Non-life underwriting risk	**185,160**	**168,096**

Table 10: Company's health underwriting risk value as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Health underwriting risk valued as life underwriting risk	9	9
Premium and reserve risk	30,590	25,993
Lapse risk	9,739	9,242
Catastrophe risk	2,980	2,830
Diversification	-10,339	-9,643
Health underwriting risk	**32,979**	**28,431**

At the end of 2024, the regulatory risk value for non-life insurance amounted to EUR 185.2 million, an increase of EUR 17.1 million compared to the end of 2023. The increase was due to the increase in all three risk sub-categories that affected the risk value for non-life insurance.

The premium and reserve risk increased by EUR 10.5 million during 2024, influenced by both the increase in premium volume and the increase in claims volume. The increase in premium volume was in line with the increase in the planned premium for 2025, while the increase in claims volume was in line with the increase in claims provisions.

Lapse risk increased in line with the growth in the premium provision. Catastrophe risk, on the other hand, increased due to the growth in business volumes, mainly in the non-proportional reinsurance segment.

The underwriting risk value from health insurance increased by EUR 4.5 million over the course of 2024. The increase was mainly due to an increase in premium and reserve risk resulting from the acquisition of Triglav, Zdravstvena zavarovalnica.

RISK EXPOSURE

The Company is most exposed to premium risk in the Other motor insurance segment (LoB 5).

Premium and reserve risk

The exposure of the volume measure for premium risk fluctuates according to the net earned premium. The higher planned portfolio growth affected the premium risk volume measure. Compared to the previous period, the net earned premium increased by EUR 68.0 million due to expected portfolio growth. Details on the net earned premium of the Company as at 31 December 2024 are presented in template S.05.01.02 in the annex to this report.

Table 11: Company's premium risk exposure measured as the annual volume of net earned premium from non-life and health insurance as at 31 December 2024 and 31 December 2023

In EUR thousand

	2024	2023
Net earned premium	**571,821**	**503,810**
- Other motor insurance (LoB 5)	156,676	137,280
- Motor vehicle liability insurance (LoB 4)	126,040	100,596
- Fire and other damage to property insurance (LoB 7)	114,714	109,099
- Income protection insurance (LoB 2)	60,176	58,142
- General liability insurance (LoB 8)	32,349	31,016
- Other insurance segments	81,867	67,677

The Company's biggest reserve risk exposure was recorded in the Motor vehicle liability insurance segment (LoB 4). The exposure of the volume measure for reserve risk changes according to the net claims provisions which increased compared to the previous period as a result of the increased scope of operations.

Table 12: Exposure of the Company's reserve risk volume measure for underwriting risk from non-life and health insurance as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Net claims provisions	**289.093**	**272.985**
- Motor vehicle liability insurance (LoB 4)	85,876	83,587
- Fire and other damage to property insurance (LoB 7)	59,108	54,901
- General liability insurance (LoB 8)	46,033	47,717
- Other motor insurance (LoB 5)	35,909	27,410
- Other non-life and health insurance segments	62,168	59,368

Catastrophe Risk

The Company is most exposed to catastrophe risk in the hail, flood and storm segments.

CONCENTRATION RISK

Exposure concentration is managed by the Company according to three categories - by peril, geographical location and the industry. The concentration is managed by using suitable forms of reinsurance that are based on the tables of maximum own shares. By regularly pursuing adequate diversification of assumed coverage, regular monitoring and reporting concentration risk, the Company reduces the probability of the occurrence of loss and its amount.

RISK MITIGATION TECHNIQUES

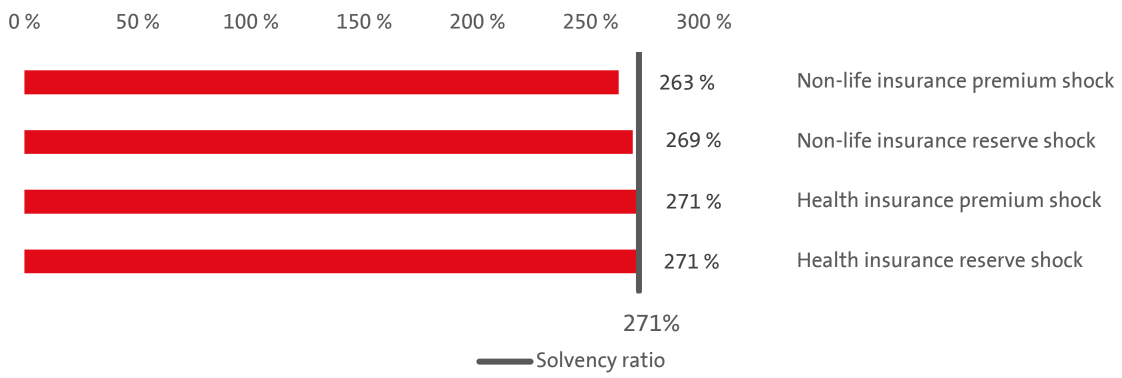
The Company mitigates risk mainly by purchasing various forms of reinsurance protection. Risk underwriting for individual insurance is performed on a case-by-case basis. The Company transfers a part of the risk for the individual insurance by purchasing facultative reinsurance protection whereby it considers both the maximum own shares, the probable maximum loss and the Company's risk appetite. The risk of the remainder of the portfolio is mitigated by transferring it to reinsurance by purchasing various forms of proportional or non-proportional reinsurance.

The Company regularly monitors the effectiveness of reinsurance protection and reconciles the amount of the transferred/ceded risks with the risk appetite no less than once a year. The Company devotes special attention to the management of natural catastrophe risk.

SENSITIVITY

The Company assesses the suitability of risk management through regular performance of sensitivity tests. Premium shock for both non-life and health insurance portfolios is represented by a 10 percent decrease in the volume measure for premium risk. Similarly, reserve shock is represented by a 10 percent increase in the volume measure for reserve risk, i.e. for both the non-life and health insurance portfolios.

Chart 6: Company’s capital adequacy sensitivity test as at 31 December 2024



C.1.2 Life insurance

For life insurance, the Company underwrites the risk of mortality, longevity, disability and morbidity, expenses, lapse, revision and life insurance catastrophes.

The Company measures risk separately for its three sub-portfolios: portfolio of supplementary voluntary pension insurance (PDPZ) in the saving phase, portfolio of PDPZ renta during the payment phase, and the remainder of the Company's portfolio. Risk of these portfolios is measured by the Company without the diversification effect between the remainder of the portfolio and the two ring-fenced funds.

As at 31 December 2024, the life underwriting risk value represented 11 percent of the Company's overall risk value, excluding diversification.

Table 13: Company's life underwriting risk value as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Mortality risk	7,431	8,744
Longevity risk	9,399	10,317
Disability and morbidity risk	125	187
Lapse risk	27,498	29,470
Life expense risk	16,680	16,353
Revision risk	1,332	1,149
Life catastrophe risk	5,207	5,164
Diversification	-5,297	-7,473
Life underwriting risk	**62,375**	**63,911**

The risk value for 2024 decreased by EUR 1.5 million compared to the year before. Lapse risk decreased the most in absolute terms due to the reduction in the risk of mass early terminations, mainly stemming from the lower-than-assumed actual valorisation.

As at 31 December 2024, the risk value from life insurance of both ring-fenced funds totalled EUR 16.9 million.

RISK EXPOSURE

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

Table 14: Company's life underwriting risk values as at 31 December 2024 and 31 December 2023

In EUR thousand

	2024	2023
Mortality risk	1,127,942	1,063,269
Longevity risk	1,177,196	1,106,551
Disability and morbidity risk	16,825	14,307
Lapse risk	1,030,788	968,301
Life expense risk	1,180,159	1,109,805
Revision risk	48,939	43,014
Life catastrophe risk	1,030,721	968,479

The Company's exposure to life underwriting risk increased in 2024, mainly due to the increase in technical provisions which was attributable to the drop in the risk-free interest rate curve.

The Company is exposed to MORTALITY RISK from policies that cover the peril of death and where the coverage at the time of the policyholder's death is higher than the provisions set aside. Life insurance policies for the event of death and life insurance policies of credit 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. Other policies carry a low exposure to mortality risk.

The Company is exposed to LONGEVITY RISK from annuity and pension insurance policies. The amount of the basic annuity for these policies is set in advance and is fixed. It is calculated based on the paid in funds and assumptions which mainly relate to the duration of the remainder of the beneficiaries' life. If beneficiaries live longer on average than is assumed in the calculation of annuities, the Company may incur losses. The longevity risk is low under policies that are not lifetime or very long-term.

The Company is exposed to DISABILITY AND MORBIDITY RISK from policies that cover critical and serious diseases and disability. The problem of the exposure of such policies to the risk in question is similar in terms of content to the abovementioned exposure of policies, which 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, decision on what proportion of saved assets they will use to purchase the annuity, etc. It is in the Company's interest for the concluded policies to remain in the portfolio under the agreed conditions until the expiry or the eventual realisation of the risk covered by the respective policy, while early terminations (lapses) generally (except for exceptional cases) represent a negative effect on the Company's operations.

The Company is exposed to EXPENSE RISK from all life insurance policies and in case of non-life and health 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 Company'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 Company's liability.

All policies that cover mortality risk are exposed to LIFE CATASTROPHE RISK. This risk is 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 fact that the Company's sales network is so widespread in Slovenia, it ensures geographic diversification and simultaneously contributes to increasing the sales volume of the entire Company. The extensive and diversified scope of underwritten risk is beneficial to the matching of concentration.

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 belong to different categories in terms of age and other risk factors.

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 insurance acceptance involves a medical questionnaire, financial questionnaire, 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 assets are properly matched with insurance liabilities.

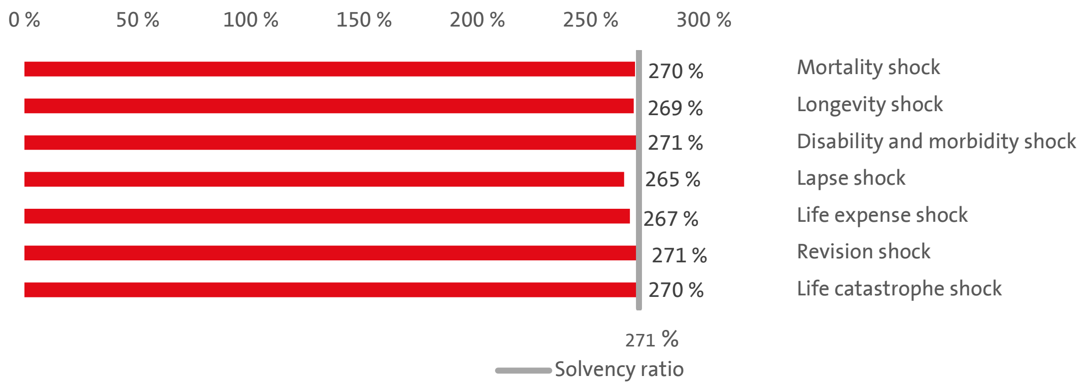
The second part of risk management is performed in the claim adjustment phase where the medical documentation from the claim report is cross-referenced with the data from the concluded policy.

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

SENSITIVITY

The Company performs sensitivity tests regularly to ensure risks are managed suitably. The chart below presents the Company's capital adequacy in the event of realisation of an individual shock defined according to the standard formula.

Chart 7: Company's capital adequacy sensitivity test as at 31 December 2024



C.2 Market risk

Market risk is the risk of loss or adverse change in the financial position of the Company resulting from fluctuations in the level and volatility of the market prices of assets, liabilities and financial instruments. The investment of the collected premium and own funds of the Company represents one of the main activities at the Company. The Company holds a broad range of various financial instruments in the investment portfolios whereby the value of the instruments depends to a high degree on the fluctuations on financial markets.

Table 15: Company's market risk value as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Interest rate risk	0	5,929
Equity risk	161,463	144,577
Property risk	35,673	35,579
Spread risk	35,390	36,332
Market concentration risk	63,877	55,989
Currency risk	11,309	10,319
Diversification	-60,846	-54,471
Market risk	**246,867**	**234,253**

As at 31 December 2024, market risk represented 42 percent of the Company's overall risk value, excluding diversification. Market risk was higher by EUR 12.6 million compared to the previous year.

The risk value is calculated at the Company level whereby the risk value for the two ring-fenced funds is added without diversification to the risk value for the remainder of the portfolio. As at 31 December 2024, the market risk value of both ring-fenced funds amounted to EUR 17.5 million.

RISK EXPOSURE

The Company is exposed to market risk mainly via investment portfolios and holdings in related undertakings, including participations. When determining the level of market risk, matching with insurance liabilities is also considered. On the investment portfolio side, the Company can be exposed to market risk through direct investments in financial instruments or indirectly through investments in collective investment undertakings.

Table 16: Company's assets exposed to market risk as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Property, plant and equipment held for own use	84,878	84,279
Property (other than for own use)	59,450	59,495
Holdings in related undertakings, including participations	516,941	508,984
Equities	7,621	7,436
Bonds	1,456,791	1,252,620
- Government bonds	*998,784*	*749,028*
- Corporate bonds	*456,959*	*502,556*
- Structured notes	*1,048*	*1,035*
Collective investment undertakings	145,318	111,328
Derivatives	20	0
Deposits other than cash and cash equivalents	7,152	7,074
Other investments	81	81
Assets held for index-linked and unit-linked contracts	938,881	785,465
Loans and mortgages	5,189	4,364
Deposits to cedants	16	17
Assets exposed to market risk	**3,222,337**	**2,821,143**

Table 17: Company's liabilities exposed to market risk as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Exposure to interest rate risk	1,919,686	1,746,756
Exposure to equity risk	631,727	503,703
Exposure to property risk	4,303	4,573
Exposure to spread risk	631,566	503,680
Exposure to currency risk	483,072	323,184

INTEREST RATE RISK arising from assets is decreased to a large extent by the interest rate risk from liabilities. All assets and liabilities, the value of which depends on the change in the risk-free market interest rate (bonds, loans, deposits, cash flows from insurance policies), are exposed to interest rate risk. The Company manages interest rate risk mainly by matching assets and liabilities according to the interest rate re-setting period. The duration gap and the DV01 spread of interest-sensitive items is monitored by the Company based on the market valuation, whereby unit-linked life insurance assets are excluded.

The interest rate risk value remained very low. The Company adapted to the financial markets, where interest rate volatility fell sharply. In 2024, the duration of surplus assets and of assets covering current liabilities reduced slightly, while the duration of assets covering non-current liabilities was correspondingly extended. The Company implemented a policy of a high matching of assets and liabilities, and thus maintained the interest rate gap within the defined ranges. The interest rate sensitivity of the most long-term liabilities was managed with government bonds of longer maturities and of the best credit qualities.

EQUITY RISK encompasses all exposures under investments, where the value is sensitive to a price or volatility change in market prices of equities. These are mainly stocks and collective investment undertakings into equities. An important part of the Company's exposure to equity risk is the result of investments into related undertakings. The Company holds equity investments with the purpose of generating higher long-term returns and for diversification purposes.

In 2024, the Company decreased its exposure to listed equity investments. At the same time, it increased its exposure to unlisted equity investments by investing into equity-type collective investments undertakings, mainly in alternative funds. The strong operating performance of some related undertakings increased the exposure to equity risk in the related undertakings' segment. The symmetrical adjustment was higher by 1.4 percentage points compared to the year before. The equity risk value subsequently increased compared to the year before by EUR 16.9 million. Unit-linked life insurance assets risk had a small effect on the capital requirement for equity risk.

PROPERTY RISK arises from investment properties, property, plant and equipment held for own use by the Company and lease rights and liabilities (since the introduction of IFRS 16). The property risk value did not change materially compared to the year before.

SPREAD RISK is associated with an important source of returns generated by the Company through debt portfolio management. Only assets, except for investments associated with index-linked or unit-linked contract, are exposed to spread risk because liabilities are valued according to the risk-free curve. All assets, the value of which depends on the change in the part of the interest rate representing the credit spread, are therefore exposed to spread risk. These are mainly bonds, loans and deposits. The Company's exposure to investments that are exposed to this risk increased compared to the year before, with an increase mainly in the exposure to government bonds, while on the other hand exposure to corporate bonds decreased. In the part of the portfolio that has the largest impact on the spread risk value, these being primarily corporate bonds, the duration of the portfolio remained unchanged compared to the year before and the credit quality deteriorated marginally. As a result, alongside the lower exposure to corporate debt securities of comparable maturity and a slightly lower credit rating, the spread risk level was lower than in the year before by EUR 0.9 million.

When calculating the risk value, the Company treats bonds issued by countries in the European Economic Area that are not denominated in the issuing country's own currency as ordinary corporate bonds.

The Company's CURRENCY RISK arises from the mismatched asset and liability currency positions. The Company's liabilities are denominated almost in their entirety in euros. The Company pursues the policy of currency matching and invests most of its assets into euro-denominated investments. The risk value for currency risk is derived mainly from cash accounts denominated in a foreign currency and non-euro investments through collective investment undertakings with a global or non-European geographic orientation. The currency risk value increased compared the year before. The Company hedged its foreign currency-denominated exposures using derivatives in 2024.

CONCENTRATION RISK

The bonds represented the major share of the Company's assets. The share of government bonds increased significantly (8.8 percentage points) compared to the year before, while a slight decrease was observed in the corporate bond segment. The Company continuously monitors exposure and compliance with the system of limits on exposure to issuers at the level of individual issuers or the group of related issuers. The standard formula with threshold amounts, which determine excess exposures subject to the credit quality, importantly affects the limit system.

Table 18: Company's exposure according to the security issuers' NACE classification sector

	2024	2023
Financial and insurance activities	52.5%	55.5%
Public administration and defence, compulsory social security	24.6%	21.3%
Manufacturing	5.2%	5.9%
Activities of extraterritorial organizations and bodies	6.8%	4.9%
Information and communication	1.3%	1.5%
Real estate activities	1.3%	1.4%
Other sectors	8.3%	9.6%
Total	**100.0 %**	**100.0 %**

Table 19: Company's exposure according to the security issuers' country

	2024	2023
Slovenia	45.1%	47.4%
Germany	11.9%	7.9%
France	4.5%	4.9%
Spain	3.9%	4.1%
Luxembourg	3.9%	3.8%
USA	3.8%	3.7%
Italy	2.9%	3.4%
Other countries	24.0%	24.9%
Total	**100.0%**	**100.0%**

The biggest exposure to a single issuer is represented by the exposure to the Federal Republic of Germany. Exposures where the threshold value for concentration risk according to the standard formula was exceeded were mainly the exposures to non-strategic related undertakings of the Group and strategic financial undertakings Triglav, pokojninska družba, d.d. (hereinafter: Triglav, pokojninska družba), Triglav Skladi and Triglav penzisko društvo, a.d., Skopje (hereinafter: Triglav penzisko društvo, Skopje) that are not fully consolidated for solvency purposes.

RISK MITIGATION TECHNIQUES

The Company has 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 Company. The basic principles for the setting of limits are derived from identified risks that arise from the investment portfolio management and trading activity.

In addition to the adequately diversified investment portfolio, the Company employs various derivatives as market risk mitigation techniques. The Company utilizes derivatives mainly to hedge against risk.

The use of such instruments is otherwise assessed from various aspects, most often in terms of security, economy and the use of capital. The use of derivatives must focus on the comprehensive aspect of hedging individual portfolios whereby the derivatives used to hedge against currency risk are currently in the forefront.

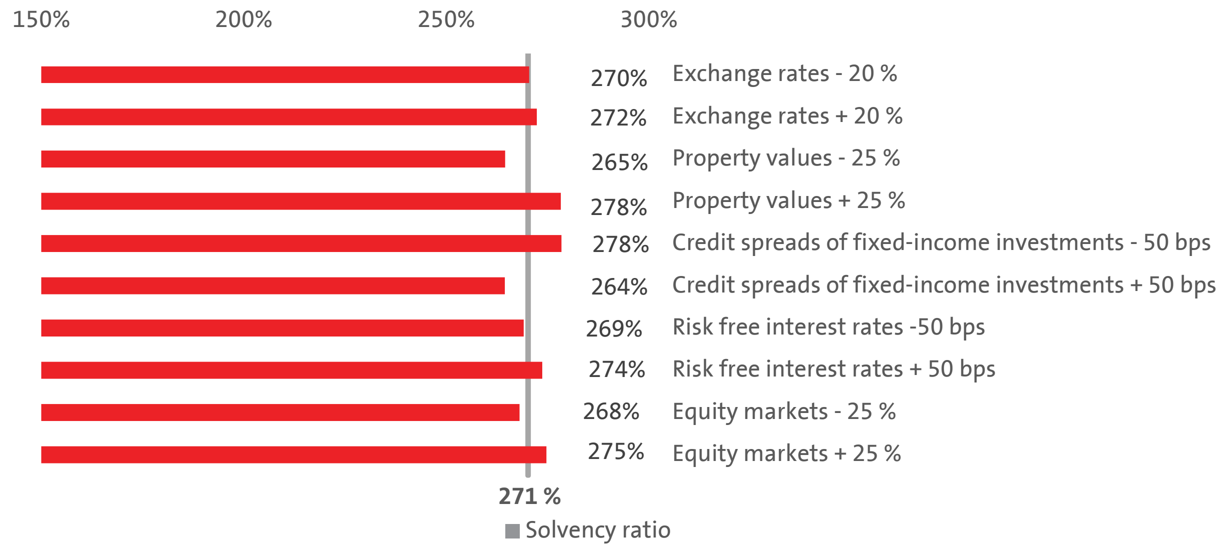
The Company actively manages the matching of assets and liabilities. The expected cash flows for liabilities over the medium- and long-term period as well as liquidity needs over the short-term period are an important factor while assessing the suitability of investments.

SENSITIVITY

In 2024, the Company performed the insurance sector stress test defined by the European Insurance and Occupational Pensions Authority (EIOPA). The stress test included a test of sensitivity to extreme changes in market parameters. The Company's stress test results demonstrated that the Company would remain adequately capitalised even after stress events.

The Company's solvency ratio sensitivity analysis as at 31 December 2024 demonstrated how the solvency ratio would change under individual isolated market scenarios, whereby only the effect on eligible own funds was considered while the effect on the Solvency Capital Requirement was not. The sensitivities represent a prudent estimate of the effect on the Company's capital adequacy.

Chart 8: Company's capital adequacy sensitivity test as at 31 December 2024



C.3 Credit risk

Credit risk is defined as the risk of loss or adverse change in the financial position of the Company resulting from the fluctuation in the counterparties' and possible debtors' ability to meet their financial or contractual obligations in part or in full as a result of fluctuation in their credit standing. The volatility in the debtors' credit standing cause changes to the Company's assets as they can cause a decrease in the value or write-off of receivables, ceded liabilities from reinsurance or can affect the risk assessment via the increase in potential exposure. The Company 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 2024, credit risk represented 5 percent of the Company's overall risk value, excluding diversification.

The risk value is calculated at the Company level whereby the risk value for the two ring-fenced funds is added without diversification to the risk value for the remainder of the portfolio. As at 31 December 2024, the risk value for the credit risk of both ring-fenced funds totalled EUR 0.4 million.

Exposures to type 1 credit risk arise from counterparties' exposure that generally have a credit rating. Exposures to type 2 credit risk arise from exposures to a group of counterparties that generally do not have a credit rating but are adequately diversified.

Table 20: Company's credit risk value as at 31 December 2024 and 31 December 2023

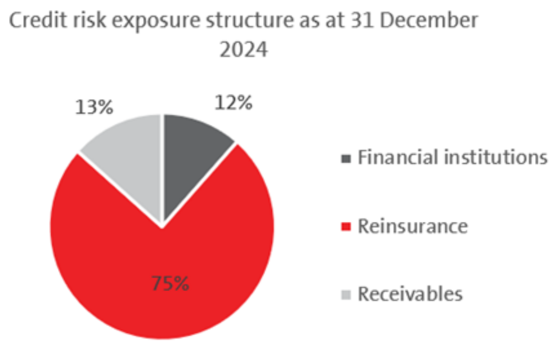
In EUR thousand

	2024	2023
Type 1	21,420	26,449
Type 2	8,435	9,099
Diversification	-1,127	-1,019
Credit risk	**28,727**	**34,528**

The credit risk value decreased by EUR 5.8 million in the reporting period. The decrease is mainly the result of the upgrade of the method of monitoring cash in funds.

The calculation of risk value considers the solvency ratio of unrated reinsurance partners in European Union and the European Economic Area (in line with the Delegated Regulation), which decreases the risk factor of these partners and thus the level of the risk value.

RISK EXPOSURE



The Company's exposure to type 1 credit risk originates mainly 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 on the reduction of underwriting risk. Type 1 also includes exposure to banks from cash and cash equivalents and derivatives as an effect on the reduction of market risk. The Company's exposure to type 2 credit risk is represented by loans, 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 Company also observes the market value of insurance recourses in past-due receivables from insurance operations.

Regarding reinsurance partners, the Company was mostly exposed to its subsidiary Pozavarovalnica Triglav Re. On the other hand, exposure to banks was more diversified as most of the Company's exposure to banks is tied in two different banking groups.

During 2024, no deterioration of the payment discipline of natural persons was observed. There was also no material impact of changes in the credit quality of counterparties in the Company’s portfolio.

CONCENTRATION RISK

The Company manages the exposure to concentration risk by individual segments of the operations, counterparty and its credit rating and country. Concentration risk from credit risk for the Company according to the standard formula is the highest at the related reinsurance partner through which it performs a major part of its reinsurance activities.

The table below presents the Company's exposure by country. The geographical diversification changed slightly during the observed period, however, the Company remained primarily exposed to Slovenian counterparties.

Table 21: Company's exposure to reinsurance and financial partners by country

	2024	2023
Slovenia	77.1%	83.2%
Kazakhstan	5.2%	4.9%
Great Britain	4.4%	2.5%
Cyprus	1.7%	2.2%
Germany	1.4%	0.6%
Other countries	10.2%	6.6%
Total	**100.0%**	**100.0%**

RISK MITIGATION TECHNIQUES

The Company's activities in the area of credit risk underwriting are prudent and based on a predetermined risk appetite, good overview 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 recourses.

The Company has a credit risk management process in place that is based on a well-defined risk appetite, main credit risk indicators, limits, risk measurement methodology, cooperation between all parties in the process and efficient communication between all involved. This enables optimal decision-making and, indirectly, also suitable credit risk management.

Credit risk from the Company's investment portfolio is balanced by depositing money and deposits in banks and other financial institutions with a suitable rating, whereby a professional credit risk analysis for each institution is performed and a sufficient rate of portfolio diversification is required. A similar approach is employed for derivatives. For this purpose, the Company implemented a limit system that monitors both the internal and the external banks’ rating which is the basis for defining the maximum permitted exposures to an individual bank.

The suitability of banks is also monitored regularly based on different publicly available information on the market.

When underwriting credit risk from reinsurance, the Company actively manages credit risk by diligently assessing the adequacy of business partners for reinsurance and by regularly monitoring their adequacy (credit rating, maximum permissible exposures, diversification, and the partner's solvency ratio). When managing credit risk, it is important to have a suitable definition of counterparty’s creditworthiness where the Company 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 Company has a system in place which precisely defines rules for the naming of partners and determining their basic information and a meticulous procedure for the determination of the partners' credit rating which is uniform for all partners. The Company has also established a college, 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. A process and guidelines for reinsurance underwriting are also in place to ensure that the first line of defence of the risk management system already adequately reviews reinsurance partners prior to closing the deal.

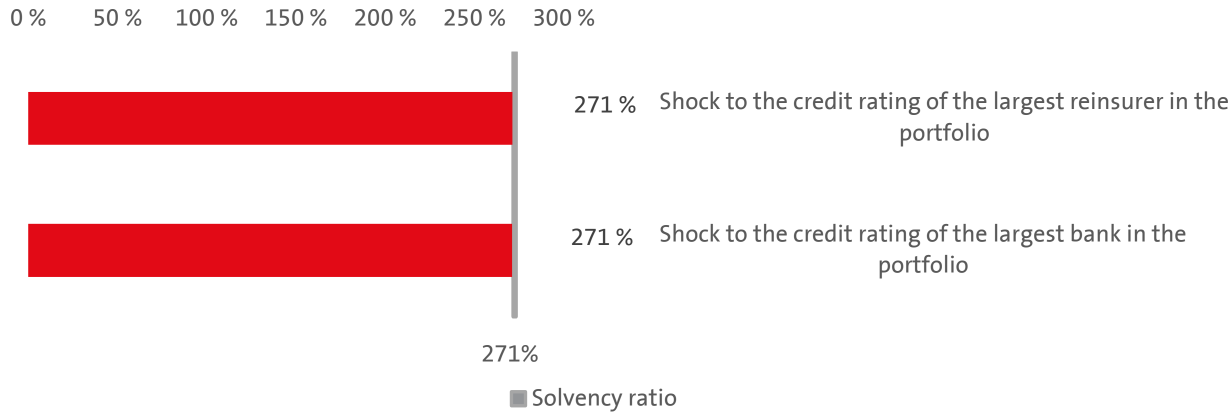
The Company separately monitors and limits exposure to counterparties without a credit rating and to those partners that the Company may not use as a mitigation technique for the purpose of solvency.

SENSITIVITY

The Company regularly analyses the credit risk sensitivity. Exposure to credit risk resulting from the Company's reinsurance arises mainly from operations with the subsidiary Pozavarovalnica Triglav RE. As at 31 December 2024, the abovementioned subsidiary held an “A” rating from S&P Global Ratings.

Credit risk sensitivity from reinsurance is measured through the change of the rating of the main reinsurer outside the Group whereby all other risk value calculation parameters remain the same. The credit risk sensitivity arising from the operations with the bank, at which the Company has the biggest exposure is measured in a similar manner.

Chart 9: Company's credit risk sensitivity test as at 31 December 2024



C.4 Liquidity risk

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

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

The expected cash flows of the Company, i.e. inflows and outflows, are directed and managed proactively. A major part of the liability cash flows originates from insurance operations. The Company also ensures an appropriate structure of assets whereby it invests its assets to ensure safety, quality, liquidity and profitability of the entire portfolio. The nature and duration of liabilities are also considered when investing assets. Assets earmarked to cover insurance liabilities are adjusted so that liabilities are covered in line with the investment policy in normal circumstances (ALM process), while ensuring a surplus of available-for-sale assets, which allows repayment of liabilities even in the case of increased liquidity. In this way, the liquidity of the investment portfolio is appropriately adjusted so the Company is able to meet all expected and unexpected cash outflows at any time.

The Company has defined a comprehensive liquidity risk management system which includes internal risk management rules, powers and responsibilities of the individual stakeholders as well as liquidity risk management processes, including reporting. A key element of this system is the defined risk appetite. The Company regularly monitors liquidity risk and verifies whether the liquidity risk value is within the defined risk appetite by applying liquidity risk assessment methodologies and the limit system.

To manage liquidity risk, a process was implemented that is based on the liquidity coverage ratio (LCR) and that continuously ensures adequate liquidity reserves. The LCR indicator is based on cash flows and measures whether there are sufficient liquid assets available to settle all due obligations within a period of one year, both in normal and exceptional circumstances. The liquidity indicator is calculated both for the expected as well as for predetermined liquidity stress scenarios. These include unfavourable insurance and financial events that could significantly affect the Company’s liquidity. In a stress scenario, liquidity sources are then adjusted so that available funds exceed liquidity needs.

When measuring liquidity risk, the sources of liquidity include mainly insurance premiums and cash flows from investments intended to cover liabilities. The more important liquidity needs include the payment of claims, costs and the foreseeable dividends payout, as well as the payment of interest and principal on the issued subordinated debt. On the liabilities side, the expected excess liquidity of the planned new business in the coming year is also considered. Contingency procedures are defined, which include the sale of liquid excess investments over liabilities and additional safety mechanisms such as credit and repo lines. Stress scenarios and measures are regularly reviewed annually and adjusted to exposures and market conditions. The outlined system is successfully applied in managing liquidity risk, while excess liquidity is optimised by investing funds in alternative sources with higher returns on the market.

In 2024, the Company simulated liquidity scenarios as part of the ORSA, which confirmed its liquidity strength and adequate liquidity position even in the extraordinary events.

RISK EXPOSURE

The Company is most exposed to liquidity risk in case of catastrophic loss events, which can result in higher payments of indemnities, higher 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. In 2024, the Company ensured that liquidity risk was kept at a low level throughout the period.

Monitoring of the exposure to liquidity risk includes a comprehensive overview of this risk. The Company monitors liquidity of both assets and liabilities as it considers liquidity sources (specifically cash flows from investments, insurance premiums and reinsurance claims) and liquidity needs (specifically claim payments, reinsurance premiums and operating expenses) and allows the analysis in ordinary and extraordinary conditions.

In 2024, the Company upgraded its liquidity risk management system, in particular in the area of stress scenarios and, consequently, the methodology for calculating excess of liquidity.

CONCENTRATION RISK

Concentration risk for liquidity risk arises from potential directly or indirectly related events that cause an increase in liquidity risk. A potential increase in liquidity risk occurs especially when such events occur within a very short period of time. The Company's liquidity management system also encompasses the management of liquidity risk concentration. Concentration that can affect the liquidity position is managed through the regular monitoring of liquidity risk considering the extraordinary circumstances both in the non-life and life insurance segment as well as the PDPZ guaranteed return fund, while it is additionally managed using internal limits on banks and limits from the area of market risk. The Company did not detect major elevated liquidity risk-related concentration risk in the period under consideration.

RISK MITIGATION TECHNIQUES

To mitigate liquidity risk, regular investment management processes have been implemented at the Company in line with the defined investment policies. These ensure the maintenance of optimal liquidity and regular risk monitoring at the time they are underwritten, whereby special attention is paid especially to the matching of investments and liabilities cash flows, i.e. in terms of nature, duration and liquidity, which applies especially to those investment segments that are intended to cover technical provisions. 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 available-for-sale assets, which allows repayment of liabilities even in emergency situations when liquidity needs are greater. The Company has investment guidelines for other investment segments. These guidelines ensure that assets are of high credit quality, suitably diversified and liquid.

Liquidity risk is monitored regularly at 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 Company has liquidity indicators with defined target values in place for the purpose of liquidity risk monitoring. Inflows from the Company's core operations are constant which positively affects its liquidity.

The Company has implemented a liquidity assurance plan that predefines powers and activities if liquidity crises occur. A part of this plan includes the definition of extraordinary circumstances and the sequence of activities or measures to be implemented in case extraordinary circumstances occur.

To further manage liquidity risk, the Company has concluded repo agreements with commercial banks, lines of credit and transaction account overdraft facilities, which are mechanisms for the hedging of liquidity risk in case of unexpected events. In addition, the Company has implemented reinsurance agreements for most of its major insurance operations, which include various clauses that mitigate liquidity risk of such operations.

Indirect mitigation of liquidity risk includes market and credit risk management. The former includes the review of limits in the area of market risk mitigation and the review of the appropriate structure of assets and liabilities, while the latter includes the review and control of limits on bank deposits and cash in current accounts and the control of the credit quality of reinsurance partners. Additionally, the Company has a limit defined for new alternative investments, which are largely illiquid, whereby the amount of the limit is set by the characteristics of the insurance and investment portfolios.

SENSITIVITY

The Company monitors sensitivity to strained liquidity conditions using internal indicators (LCR) that allows measurement of whether the Company has sufficient liquid assets in stress conditions to cover past due liabilities over a period of one year. Indicators that measure liquidity risk sensitivity differ from one another both in terms of substance of stress conditions, the length of the stress period and the amount of deductions in financial investments.

EXPECTED PROFIT IN FUTURE PREMIUMS

The amount of the expected profit in future premiums is the opposite value of the best estimate of net liabilities arising from future premiums. It is merged at the level of insurance segments which enables eventual losses and profits to be compensated within the segment.

Expected profits in future premiums from existing insurance contracts are part of the Company's own funds and were estimated at EUR 105.5 million. They are equal to the sum of expected profits in future premiums from existing insurance contracts of the Company, i.e. by insurance segments.

The amount of the expected profit in future premiums as at 31 December 2024 and 31 December 2023 is presented in the table below.

Table 22: Company's expected profit in future premiums as at 31 December 2024 and 31 December 2023

In EUR thousand

	2024	2023
Life insurance	65,089	78,304
Non-life insurance including health insurance	40,409	47,801
Total	**105,498**	**126,105**

The main reason for the decrease in the profit in future premiums from life insurance is the decrease in expected profit in the Index or unit-linked insurance segment. The main contributor to the decrease in expected premium from future non-life and health insurance was the upgrade of the methodology.

C.5 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed implementation of internal processes, conduct of employees, functioning of systems or the management of external events and their effects, both at the Company and subsidiaries. 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 2024, operational risk represented 5 percent of the Company's overall risk value, excluding diversification, and amounted to EUR 33.0 million.

The risk value is calculated at the Company level whereby the risk value for the two ring-fenced funds is added without diversification to the risk value for the remainder of the portfolio. As at 31 December 2024, the value of operational risk from both ring-fenced funds totalled EUR 0.7 million.

RISK EXPOSURE

The Company actively manages operational risk, identifying shortcomings, changes and movements in the internal and external environment that may potentially cause their increase or the risk actually transpiring.

The Company has not yet experienced a loss due to cyber events, but it recognises the current exposure to these risks and has included the provision of adequate digital resilience among its strategic goals. For this purpose, it carries out regular maintenance, testing and upgrading of the information protection management system and security controls, regular testing of IT security at various levels, regular checks of business continuity plans and recovery procedures, and regular training of employees and checks of their awareness. The success of the activities and upgrades implemented is monitored through an established set of IT security indicators. The Security Control Center monitors and responds to security events 24 hours a day 7 days a week, and the Company regularly introduces additional tools and processes for more effective monitoring and control. To increase the identification of vulnerabilities and to be better prepared for cyber events, the major IT security threats and the business lines of the Company that would be most affected by them are regularly analysed as part of the Company's ORSA. Based on the findings, measures have been developed to improve IT security and are regularly monitored. The Company includes IT security as an important element in the design of all processes, IT systems and controls, which was confirmed in 2023 by obtaining the ISO/IEC 27001:2013 certification, which it renewed in 2024.

The Company has recognised elevated exposure to the regulatory risk. One of the reasons is the long-term expansion and additional restrictive measures at the EU, OFAC (USA) and UK levels, which are the result of the war in Ukraine. The Company is also exposed to risks related to the performance of outsourced operations (also in connection with cloud services) and the performance of insurance business in foreign markets; great emphasis is placed on both, with the goal of better management of outsourcing while simultaneously taking into account the increasingly important regulatory requirements in this area, which recently involve mainly the DORA Regulation. Regulatory risk is therefore identified as a major operational risk which is managed by prompt monitoring and introduction of legislative amendments into its business processes, regular monitoring of business practices and positions of supervisory and other state bodies, and through involvement in regular and extraordinary procedures of the Slovenian Insurance Association. The Company also follows development trends in the field of artificial intelligence, also in the context of automation and robotization of certain routine tasks. Artificial intelligence tools promote innovation and increase productivity, and the Company is aware of the threats and vulnerabilities they represent and which arise mainly from a lack of understanding and consideration of new technologies and their effects on business, as well as the increasing connectivity of companies and dependence on external providers of information and communication technology (ICT), which are managed in all contractual phases of the relationship with them. The Company regularly carries out activities to ensure the compliance of the implementation and use of artificial intelligence tools from the point of view of the protection of personal data, classified information, internal information and IT security. Effective risk management framework and continuous improvement of digital resilience through regular testing are among the decisive factors of successful business and maintaining customer trust in the security of their data processing. The Company also followed the regulatory requirements of the Corporate Sustainability Reporting Directive[7].

Changing circumstances on the labour market, both demographic changes and the arrival of new generations, pose challenges for the Company also in terms of human resources (hereinafter: HR) risk. The Company is 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 Company adapts to market conditions and implements a number of measures aimed at ensuring adequate HR risk management.

In addition, the Company pays a lot of attention to internal inter-process risk, where it perceives the most problems in processes that have recently undergone changes due to external circumstances (new regulations, standards) or internal changes (new operations, organisational

[7] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

and HR changes, process and IT upgrades) and from the concentration of key activities on individuals. Key identified risks have been addressed with measures to mitigate them, while the status of the measures is regularly monitored.

CONCENTRATION RISK

The Company is aware that informatisation and digitalisation are increasing the influence of ICT on operations from the point of view of operational risk concentration and importance. The Company and its operations are highly dependent on the suitable functioning of ICT, which is why a major cyber or any security incident or the suspension of operations can severely affect its operations. The Company therefore carries out activities and upgrades of this system with the aim of establishing an even more effective system for identifying and managing IT security risk to set up an even more effective management system. The Company has thus clearly defined cyber risk that it includes in the operational risk profile. It assesses risk and has implemented cyber and other incident reporting, based on which measures to mitigate the mentioned risk are implemented. Cyber risk is also managed and always included in stress scenarios in the ORSA process (intrusion into the IT system and theft of highly sensitive business information and personal data, attack with ransomware extortion software code, phishing attacks). The Company is also carrying out activities to upgrade its business continuity management system. The system includes prevention and subsequent measures in case of various events such as cyber incidents, natural disasters (earthquake, flood, etc.) and pandemics. It also includes business continuity plans for key business processes, the interruption of which would cause the greatest consequences for the Company, and an IT recovery plan. Business continuity plans also include HR risk from the simultaneous dismissal of a large number of employees or the dismissal of key employees as well as disruptions in the provision of services by external contractors as a highly pressing risk that can lead to a high concentration of risk in emergency situations. HR risk was managed during the pandemic by establishing conditions for working from home and this solution reduced the risk due to the inaccessibility of work locations, e.g. due to natural disasters. Outsourcing risk is managed by identifying and assessing the risk of key external contractors for the Company, which also includes the preparation of measures for their management and the preparation of exit strategies, a part of which is also examining alternative solutions for the implementation of activities in the event of termination of cooperation with them. In 2024, risk concentration was analysed 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, resources (ICT resources being essential for this purpose) and locations for the pursuit of activity. In order to identify such risk, an overview of the connections between key processes, employees, external ICT providers and other services and ICT (including cloud-based) resources that support the operation of part or the entire process or several processes and locations was prepared for the Company. As part of this, the Company's dependence on key employees and key external contractors who support key processes was identified. To mitigate the risk, it is essential to develop a multi-vendor strategy that shows the key dependencies on third party ICT service providers and explains the rationale for using different third-party service providers. The Company also places a strong emphasis on cloud risk management activities, which is also an increasingly relevant risk for the Company, and integrates it into the risk assessment, business continuity planning and stress scenarios in the ORSA process (e.g. interruption of one or more of the services of the Company's largest cloud service provider).

RISK MITIGATION TECHNIQUES

To manage operational risk, the Company has implemented a formal process with clearly defined roles and responsibilities of individual stakeholders of the system which enables it to suitably manage operational risk. The main purpose of operational risk management is not the elimination of mentioned risk, but rather its timely identification and cost-effective mitigation according to the defined tolerance. The Company regularly monitors the actual exposure to operational risk based on the regular identification and assessment of potential operational risk, regular reporting of realised operational loss events and the monitoring of the key operational risk indicators which also include early warning signals. In the event of the occurrence of important (large) or repetitive operational loss events and if the operational risk appetite is exceeded, the Company starts the preparation of preventative and remedial risk mitigation measures or introduction of additional internal controls aimed at risk mitigation, whereby it continuously ensures the reduction of exposure to operational risk. Additional measures or internal controls influence the decrease in exposure to potential operational risk that is assessed regularly. When assessing the exposure to operational risk, internal controls for its management are listed for all business processes with an emphasis on key processes. The Company then verifies their success in mitigating risk through the monitoring of realised operational loss events and the monitoring of key indicators of operational risk. All data on operational risk are considered when updating the registers of operational risk and internal controls, in which a responsible person (custodian) is designated for each risk. The registers are also regularly updated according to other changes in the Company and the business environment.

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 the Company can influence internal factors through the improvement of processes and internal controls, it has no major effect on external factors which are more challenging to foresee. Hence, the Company 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 highest concentrations of risk in individual critical processes of the Company in terms of their uninterrupted execution). Based on test results, the Company continuously upgrades the IT security management system. The results of scenarios serve as the starting point for updating and further upgrading business continuity plans for key processes. Regular implementation and testing of the systems in place is performed to raise awareness of vulnerabilities and thus ensure a higher level of preparedness of the Company.

C.6 Other material risks

NON-FINANCIAL RISK

In terms of the Company's operations, material non-financial risk includes strategic risk, reputational risk, Group risk and sustainability risk. Non-financial risk is usually derived from the external environment and is very closely linked to other risks, especially operational. It usually arises from several internal and external realised factors.

STRATEGIC RISK is the risk of incurring loss due to inappropriate strategic decisions by the management body, inappropriate implementation of strategic decisions by the management body and insufficient responsiveness (inadequate adaptability) to key changes in the business environment. It also includes a part of legal and regulatory risk arising from key changes in the Company's business environment.

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

To manage reputational risk, the Company applies the reputation measurement method where it considers the current aspects that may adversely affect the Company's reputation. The negative impact on the reputation can be internal or external, whereby the Company focuses mainly on internal factors as it is able to influence them the most. With a functioning internal control system, the Company 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 Company to maintain market leadership, maintain or increase market capitalisation, resolve potential crises more easily and be resilient in uncertain situations. It also ensures the trust, loyalty and satisfaction of stakeholders. This is why continued maintenance of low reputation risk value is crucial for the Company and why the Company has high goals set 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's undertakings operate. The risk profile is also affected by the review and treatment of transactions and other mutual connections between related undertakings and the higher complexity of managing concentration risk. The abovementioned risk 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 RISK (including ESG risk) represent the risk that arises from environmental, social and governance factors and may have a negative impact on financial position or solvency of the Company.

- Environmental risk (E) refers to the quality and functioning of natural environment and includes climate change risk, water scarcity, natural resources, threats to biodiversity and pollution. Climate risk is divided into physical risk and transition risk. Physical risk is the risk of financial losses due to extreme weather events or other environmental impacts. Transition risk relates to the risk arising from changes in operations or the environment as a result of measures to promote the transition to a low-carbon economy to reduce human impact on the environment (transition risk includes policy/regulatory risk, legal risk, technology risk, market sentiment risk and reputational risk).

- Social risk (S) mainly includes risk arising from the way in which the Company operates subject to the requirements of the broader social environment, in particular ensuring diversity and equal opportunities for various stakeholders, safety, health and satisfaction of employees 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 safety and quality of products.
- Governance risk (G) is risk associated with an inappropriately or inadequately established management system, in particular in the field of environmental and social aspects. It includes the legality of operations, corporate governance standards, including risk management system and internal control system, area of remuneration of the company's management, applied business practices and investor relations policy.

In accordance with its mission of creating a safer future through sustainability-oriented operation, the Company further upgraded its sustainability risk management system and its processes in 2024 to better measure, manage and monitor sustainability risk, including regular assessment and adaptation of strategies to the latest ESG trends and regulations.

In the ORSA process in 2024, the Company paid particular attention to the identification and assessment of environmental risk due to its increasing relevance. In the context of climate risk (both transition risk and physical risk), the impact of climate change on the Company was assessed qualitatively and quantitatively, both on insurance and investment side. Over the short-term horizon, physical risk in particular was identified as material within insurance portfolio. For investment portfolio, this risk was assessed as potentially material only over the medium- to long-term horizons. In addition to climate change risk, the Company also carried out a detailed examination within environmental risk of the risk related to nature (biodiversity), which is strongly intertwined with climate change risk on one hand, but cannot be equated with it, as it is more multidimensional. It is a risk of loss of natural capital, of diminishing stocks of renewable and non-renewable resources, of plant and animal species and of their collective damage to each other.

Sustainability risk is also related to the Company's reputation risk due to the adaptation of operations to counter the competition, especially with the company's increasing awareness of the importance of sustainable operations. This potential risk can materialise over a medium-term and affect all key business processes as well as the acquisition and retention of business and HR.

Identified future risk is risk that may still develop in the future or that already exists but is not yet a major risk. It is characterised by being difficult to quantify but may have a strong (potential) impact on the business of the Company. It cannot be predicted on the basis of past experience as there is often insufficient information to predict the frequency or magnitude of damage caused. Identified future risk is closely monitored, and its management system is simultaneously upgraded accordingly.

C.7 Any other information

PRUDENT PERSON PRINCIPLE

The Company manages assets in accordance with the "prudent person principle" and in the best interest of all of their policyholders, beneficiaries and other stakeholders of the Company. The Company's assets are represented by assets covering insurance liabilities as well as other excess assets and are allocated to various investment portfolios. The key guideline when investing assets is the diversification of investment risk.

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 expected risk appetite. The limit system, which is part of investment policies, is primarily designed to consider both the requirements and the capacity of individual insurance portfolios of the Company. Good practices in asset management are pursued in the management of assets at the Company level.

In line with good practices, the Company has implemented a range of indicators used to regularly monitor risks which enables it to take timely action. The Company ensures ongoing liquidity of individual portfolios. The Company's assets are invested in a manner that ensures their availability. 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 Company's financial assets remains relatively prudent, focusing on fixed-return investments.

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 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.

The management of the assets in investment portfolios intended for the coverage of secured liabilities is performed so that it complies with investment policy and so that the Company pursues the objectives that correspond as far as possible with the objectives of the policyholders. Regular monitoring of the range of indicators and active investment management aim to maximise safety, liquidity, diversification, profitability and provision coverage with investments.

When investing assets, the Company pursues 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's undertaking being managed by another.

STRESS TESTS

The Company regularly performs stress tests for all important risk types and monitors and evaluates the potential impact of stress on its risk profile and solvency.

Stress testing and scenario analysis are part of the ORSA process. In stress tests, the Company determines the effect of a simultaneous change in several parameters such as simultaneous changes in various risk types that affect the insurance and investment portfolios. During the analysis, the actual exposure to adverse circumstances that can last for an extended period, to sudden and major events, and to combinations of the aforementioned circumstances and events are considered.

In 2024, the Company performed several stress tests designed to reflect as much as possible the current and contingent risks in external environment and the operations of the Company and the Group.

The scenarios considered by the Company include a financial scenario, which considers the intensification of geopolitical tensions, identified for the insurance sector by the European Insurance and Occupational Pensions Authority (EIOPA), a scenario of deterioration of the Company's liquidity, a reinsurance scenario and two operational risk scenarios. Particular attention was paid to the environmental risk scenario, with a focus on the analysis of the impact of climate change, which included in particular an assessment of the materiality of transition risk and physical risk, and a quantitative assessment of the climate change risk, which were assessed to be material already in the short term. In addition, an analysis of the risk related to nature (biodiversity) was carried out as part of the ORSA process. The Company also carried out a reverse stress test, which combined the effects of the occurrence of several stress tests at the same time.

OTHER RELEVANT INFORMATION

All other information relating to the risk profile of the Company is disclosed in Sections C.1 through C.6.

D.

Valuation for solvency purposes

D. Valuation for solvency purposes

The Company values its assets and liabilities 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 presents the balance sheet of the Company for solvency and financial reporting purposes. Details on the Company's balance sheet are presented in template S.02.01.02 in the annex to this report.

Table 23: Balance sheet of the Company as at 31 December 2024

2024			In EUR thousand
Balance sheet		**Value for solvency purposes**	**Value for financial reporting purposes**
Assets		**3,516,075**	**3,258,968**
Intangible assets	D.1.1	0	28,451
Deferred tax assets	D.1.2	15,095	12,797
Property, plant and equipment held for own use	D.1.3	84,878	70,180
Investments	D.1.4	2,193,373	1,907,206
Assets held for index-linked and unit-linked contracts	D.1.5	938,881	939,092
Loans and mortgages	D.1.6	5,189	5,307
Reinsurance recoverables	D.1.7	169,773	249,032
Deposits to cedants	D.1.8	16	16
Insurance and intermediaries receivables	D.1.9	24,508	0
Reinsurance receivables	D.1.10	37,477	0
Receivables (trade not insurance)	D.1.11	28,068	28,068
Cash and cash equivalents	D.1.12	15,194	15,197
Any other assets, not elsewhere shown	D.1.13	3,622	3,622
Liabilities		**2,471,275**	**2,517,325**
Technical provisions	D.2	2,186,150	2,257,947
Provisions, other than technical provisions	D.3.1	14,878	14,878
Deposits from reinsurers	D.3.2	16	16
Deferred tax liabilities	D.3.3	12,988	0
Derivatives	D.3.4	47	47
Financial liabilities other than debts owed to credit institutions	D.3.5	6	6
Insurance and intermediaries payables	D.3.6	6,284	0
Reinsurance payables	D.3.7	7,367	0
Payables (trade not insurance)	D.3.8	80,476	80,476
Subordinated liabilities	D.3.9	151,238	152,130
Any other liabilities, not elsewhere shown	D.3.10	11,823	11,823
Excess of assets over liabilities		**1,044,800**	**741,643**

The valuation methods for solvency purposes and financial reporting purposes by individual balance sheet items are described in greater detail below, including the comparison with the results of the previous period.

D.1 Assets

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

The assets disclosed in financial statements in a manner that is inconsistent with solvency requirements are revalued to fair value for solvency purposes. The best estimate of fair value is active market quotation. If such is not available, the fair value is measured based on the last transaction price provided market conditions have not changed materially since last transaction or 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.

D.1.1 Intangible assets

Intangible assets of the Company consist of software and property rights, which are valued at zero for solvency purposes. This item includes deferred acquisition costs that are valued at zero for solvency purposes.

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 accumulated impairment loss. The amortisation period is determined subject to the asset's life. Subsequent recognition of an intangible asset is possible if it corresponds to the definition of an intangible asset and meets the recognition criteria. Intangible assets with an indefinite life are not amortised. An impairment test is performed for these assets every year.

Table 24: Company's intangible assets

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Intangible assets	0	0	28,451

D.1.2 Deferred tax assets

In financial statements, deferred tax assets are accounted for all temporary differences between the value of assets for tax purposes and their carrying amount. The net value of the assets and liabilities is shown for financial reporting purposes and because the value on assets side is higher than the value on liabilities side, the assets side (deferred tax assets) is disclosed as net value.

Deferred tax assets for solvency purposes are valued as the sum of deferred tax assets for financial reporting purposes and the product of currently applicable tax rate and the difference between financial reporting values and market values of assets, whereby this excludes the values of holdings in related undertakings, including participations. For solvency purposes, the items are not netted against deferred tax liabilities as they are for financial reporting purposes.

The tax rate used to account deferred tax assets is 22 percent both for solvency and for financial reporting purposes and did not change compared to the year before.

Table 25: Company's deferred tax assets

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Deferred tax assets	15,095	18,833	12,797

In 2024, the value of deferred tax assets decreased by EUR 3.7 million due to the decrease in difference between total assets before taxes and holdings in related undertakings, including participations, for financial reporting purposes and total assets before taxes and holdings in related undertakings, including participations, for solvency purposes.

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

Property, plant and equipment held for own use represent plant, land and buildings. These items are valued at cost for financial reporting purposes less depreciation and potential impairments. In line with the IFRS 16, this category includes the rights of use assets. They are valued at depreciated cost of contractual cash flows.

Items of property, plant and equipment held for own use are valued at fair value for solvency purposes. The right-of-use assets are valued in the same manner for financial reporting purposes.

The Company works with a certified real estate appraiser who evaluates real estate every year. The fair value of real estate was set according to the state of affairs as at 30 September 2024. During the period after the completed valuation and up to the reporting date, the Company assessed that there were no changes that materially affect the fair value of real estate as at 31 December 2024.

Table 26: Company's property, plant and equipment held for own use

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Property, plant and equipment held for own use	84,878	84,279	70,180

The value of property, plant and equipment held for own use remained at a similar level as the year before. The slightly positive revaluation of real estate was balanced out by the sales of immovable property.

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 Company 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 active markets of similar instruments. The activity of the market or the question of whether it is an active market or not is determined individually for each financial instrument subject to the available information and circumstances. Factors that are material in the assessment of market activity include the following: low number of transactions in a certain period of time, high volatility of quoted prices in a certain period of time or between different market makers, high difference in price between supply and demand, low number of market participants (less than 4). An important criterion, which includes all the above factors, for securities activity is the "Bloomberg Valuation Service (BVAL) score". Low values of the indicator (below 4) indicate that the market is not active.

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 27: Company's investments as at 31 December 2024 and 31 December 2023

In EUR thousand

Assets	Value for solvency purposes 2024	Value for solvency purposes 2023	Value for financial reporting purposes
Investments	**2,193,373**	**1,947,018**	**1,907,206**
Property (other than for own use)	59,450	59,495	44,971
Holdings in related undertakings, including participations	516,941	508,984	251,684
Equities	7,621	7,436	7,621
Bonds	1,456,791	1,252,620	1,450,298
Collective investment undertakings	145,318	111,328	145,318
Derivatives	20	0	20
Deposits other than cash and cash equivalents	7,152	7,074	7,213
Other investments	81	81	81

D.1.4.1 Property (other than for own use)

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

Table 28: Company's property (other than for own use)

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Property (other than for own use)	59,450	59,495	44,971

The value of property (other than for own use) remained at a similar level compared to 2023. Slightly positive revaluations were balanced out by sales, among which the sale of office premises and associated land on Davčna ulica in Ljubljana stands out in terms of size.

D.1.4.2 Holdings in related undertakings, including participations

Subsidiaries are disclosed in financial statements at cost adjusted for potential impairments. The value of related undertakings is disclosed according to the equity method. Holdings in related undertakings are valued according to the following valuation method hierarchy for solvency purposes:

- 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;
- the adjusted equity method: under the adjusted equity method, holdings in related undertakings are valued subject to the share of participating entity in the excess of assets over liabilities of related undertaking. When calculating the excess of assets over liabilities for related undertakings, undertakings' individual assets and liabilities are valued according to the principles of the Delegated Regulation (adjusted equity method; hereinafter: AEM S2). When calculating the excess of assets over liabilities for related undertakings other than insurance or reinsurance undertakings, 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 related undertaking (adjusted equity method; hereinafter: AEM S1).
- adjusted prices for similar assets in active markets or alternative valuation methods: if neither valuation method in accordance with first paragraph nor the one in second paragraph is possible and the undertaking is not a subsidiary, holdings in related undertakings are valued using an alternative valuation method (hereinafter: AVM), which the Company applies in the preparation of annual or consolidated financial statements. In such cases, the value of goodwill and other intangible assets is deducted from the value of the related undertaking.

The holdings in related insurance undertakings, insurance holding and all strategic ancillary services to the Company's principal activity are valued according to the AEM. When calculating the excess of assets over liabilities for related undertakings, the assets and liabilities of these related undertakings are valued according to basic principles in accordance with the Delegated Regulation. Strategic financial undertakings (Triglav Skladi, Triglav, pokojninska družba and Triglav penzisko društvo, Skopje) and other related undertakings, with the exception of the holding in Katera, are valued according to the AEM whereby the calculation of the excess of assets over liabilities applies equity method in accordance with IFRS less the value of goodwill and other intangible assets. The holding in Katera is valued according to the AVM which basically closely follows the AEM using fair value of assets and liabilities.

The table below presents the Company's equity holdings in related undertakings according to the valuation methods for solvency purposes.

Table 29: Values of the Company's equity holdings in related undertakings according to valuation methods

In EUR thousand

Valuation method	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
AEM S2	368,463	385,918	148,808
AEM S1	127,984	111,797	82,381
AVM	20,494	11,269	20,494
Total	**516,941**	**508,984**	**251,684**

The biggest difference between the value of the item for financial reporting purposes and the value for solvency purposes is the calculation method. Related undertakings are valued at fair value for solvency purposes, while they are valued at cost or impaired value for financial reporting purposes. The biggest difference arises from undertakings that previously disclosed positive operating results (Triglav INT, Pozavarovalnica Triglav Re and Triglav Skladi).

Table 30: Company's holdings in related undertakings, including participations

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Holdings in related undertakings, including participations	516,941	508,984	251,684

The value of holdings in related undertakings increased in 2024 by EUR 8.0 million. Pozavarovalnica Triglav Re shows the largest positive revaluation, mainly due to good operating performance. The investment in Katera also contributed, while the category was reduced by the sale of the ownership interest in Nama and, in particular, by the Company’s acquisition of Triglav, Zdravstvena zavarovalnica.

D.1.4.3 Equities

Investments into equities (except related undertakings) are valued – provided there is an active market for such equities – according to closing ask price on the stock exchange. In the event of an inactive market, the value of the investment is determined by the last known price – provided that the assessment that economic circumstances since 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 appraisers, whereas the appropriate valuation methods subject to the features of the asset being valued will include discounted cash flow method, comparable company analysis (public market multiples) and the net asset value method. Exceptionally, in cases of immateriality of an individual investment and 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.

Table 31: Company's investments in equities

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Equities	**7,621**	**7,436**	**7,621**
Listed equities	2,779	3,091	2,779
Unlisted equities	4,841	4,345	4,841

The value of equities did not change materially in 2024 compared to the year before. The increase in the value of investments in listed equities section, the value of which is estimated using valuation models, slightly exceeds the decrease in the value of listed equities. The Company continues to maintain a low exposure to direct equity investments.

D.1.4.4 Bonds

Bonds are valued for financial reporting purposes in line 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 accounting categories of Available for sale or At fair value through profit or loss are valued at fair value. Investments classified as Held-to-maturity or Loans and receivables are valued at amortised cost.

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

- the price is determined by the last concluded transaction provided the economic circumstances have not changed materially since the last transaction;
- valuation model.

The main parameter of the valuation model for investments in the monetary item set (present value of contractual cash flows) is a discount curve composed of risk-free interest rate for an individual currency and credit spread characteristic of the issuer or group of issuers. When determining individual discount curve, the Company relies on unadjusted data from financial markets to the greatest possible extent. In 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 32: Company's investments in bonds

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Bonds	**1,456,791**	**1,252,620**	**1,450,298**
Government bonds	998,784	749,028	993,395

Corporate bonds	456,959	502,556	455,855
Structured notes	1,048	1,035	1,048

The value of bonds increased by EUR 204.2 million in 2024. The effect of the increase was broken down into the positive cash flow of EUR 159.3 million and positive revaluation of nearly EUR 44.8 million. Positive revaluation was rather uniformly distributed among government and corporate bond segments. In contrast, sovereign debt segment recorded inflows of EUR 236.0 million in 2024, while EUR 76.6 million was reallocated from corporate bonds segment into other investment classes.

The different valuation of investments recorded at amortised cost for financial reporting purposes resulted in a difference of EUR 6.5 million to the solvency value. The major portion of the revaluation could be attributed to the government bond segment.

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 33: Company's collective investment undertakings

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Collective investment undertakings	145,318	111,328	145,318

The value of the item increased by EUR 34.0 million in 2024. The Company is not exposed to public collective investment undertakings. The total amount of the item could be attributed to alternative investment funds and the increase in 2024 was due to new commitments, additional contributions as well as a positive revaluation.

D.1.4.6 Derivatives

The Company uses derivatives to manage its currency risk, which is largely derived from indirect investments by collective investment undertakings. The Company did not use derivatives in 2023.

Table 34: Company's investments in derivatives

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Derivatives	20	0	20

D.1.4.7 Deposits other than cash and cash equivalents

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

Table 35: Company's deposits other than cash and cash equivalents

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Deposits other than cash and cash equivalents	7,152	7,074	7,213

The value of the item in 2024 remained at the similar level as in the year before.

D.1.4.8 Other investments

Other investments represent assets in claims funds and financial assets not classified in any of the other categories from previous sections of this report. For solvency purposes, the value of these categories follows the value as used for the purpose of financial reporting.

Table 36: Company's other investments

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Other investments	81	81	81

D.1.5 Assets held for index-linked and 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 may be used for financial reporting purposes, whereby these methods comply with the requirements for individual financial reporting categories (e.g. valuation at amortised cost for assets classified under Loans and receivables).

Table 37: Company's assets held for index-linked and unit-linked contracts

In EUR thousand

Balance sheet	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Assets held for index-linked and unit-linked contracts	938,881	785,465	939,092

The changes in assets under this item are primarily linked to the changes in the amount of insurance liabilities. These may be volatile due 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 the item is largely explained by the positive movement of financial – mainly equity – markets in 2024.

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 a valuation model that is mainly based on the market assumptions regarding the discount rate. The credit spread that is a component of the discount rate is determined for each issuer separately.

Table 38: Company's loans and mortgages

In EUR thousand

Balance sheet	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Loans and mortgages	**5,189**	**4,364**	**5,307**
Loans on policies	3,657	3,480	3,657
Other loans and mortgages	1,532	884	1,649

The assets listed under the loans and mortgages item increased by EUR 0.8 million in 2024. The Other loans and mortgages item fully represented loans to other Group subsidiaries. The increase was attributed to a bridging loan to a subsidiary in the Republic of North Macedonia that carries out life insurance business.

D.1.7 Reinsurance recoverables

For financial reporting purposes, the Company values reinsurance contracts in accordance with IFRS 17. To measure reinsurance contracts in 2024, it applied the premium allocation approach (PAA).

For solvency purposes, reinsurance recoverables are calculated separately for premium and claims provisions. The Company determines reinsurance recoverables for non-life and health annuities and presents them (similarly as in the case of provisions) among life insurance.

For both purposes, reinsurance recoverables are determined based on recoverable amounts from reinsurance contracts that are calculated in line with the thresholds from insurance and reinsurance contracts to which the amounts relate.

Table 39: Company's reinsurance recoverables

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Reinsurance recoverables	**169,773**	**183,442**	**249,032**
Non-life and health insurance	163,932	172,806	249,032
Life insurance	5,841	10,637	0

In 2024, the values of reinsurance recoverables decreased in line with the decrease in gross claims provisions. Their movement is thus in line with the amount of gross provisions and the dynamics of the Company's claims payments.

D.1.8 Deposits to cedants

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

Table 40: Company's deposits to cedants

			In EUR thousand
Assets	**Value for solvency purposes**		**Value for financial reporting purposes**
	2024	**2023**	**2024**
Deposits to cedants	16	17	16

The value of the item in 2024 did not change materially compared to the previous year.

D.1.9 Insurance and intermediaries receivables

Insurance and intermediaries receivables are no longer monitored under its own item for financial reporting purposes. According to IFRS 17, these receivables are part of liabilities from insurance contracts for financial reporting purposes.

For solvency purposes, they are valued at amortised cost using the effective interest rate method. For solvency purposes, this item only includes overdue insurance receivables because receivables not due from policyholders are included in the calculation of the best estimate and are consequently excluded from this item for solvency purposes.

Overdue receivables from reinsurance and coinsurance and the market value of recourse receivables are additionally included in this item for solvency purposes.

Table 41: Company's insurance and intermediaries receivables

			In EUR thousand
Assets	**Value for solvency purposes**		**Value for financial reporting purposes**
	2024	**2023**	**2024**
Insurance and intermediaries receivables	24,508	27,734	0

Insurance and intermediaries receivables at the Company decreased by EUR 3.2 million at the end of 2024 compared to the year before, mainly due to the decrease in overdue receivables from the premium for accepted reinsurance.

D.1.10 Reinsurance receivables

For solvency purposes, reinsurance receivables are valued at amortised cost using the effective interest rate method. According to IFRS 17, these receivables are part of liabilities from insurance contracts for financial reporting purposes.

Table 42: Company's reinsurance receivables

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Reinsurance receivables	37,477	64,852	0

Assets under this item decreased by EUR 27.4 million in 2024 mainly as a result of the decrease in claim receivables from Pozavarovalnica Triglav Re. The decrease was mainly the result of the received payments by the reinsurance company for natural disasters in Slovenia in 2023.

D.1.11 Receivables (trade not insurance)

Receivables (trade not insurance) comprise receivables from financing activities and receivables from operating activities. 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.

Table 43: Company's receivables (trade not insurance)

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Receivables (trade not insurance)	28,068	29,433	28,068

In 2024, the Company's receivables (trade not insurance) decreased by EUR 1.4 million.

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.

Table 44: Company's cash and cash equivalents

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Cash and cash equivalents	15,194	17,393	15,197

At the end of 2024, the value of the item decreased by EUR 2.2 million and remains low in the share of all other assets.

D.1.13 Any other assets, not elsewhere shown

The item includes short-term deferred costs and accrued revenue, inventories and other assets. Valuation for financial reporting purposes is the same as for solvency purposes.

Table 45: Company's any other assets, not elsewhere shown

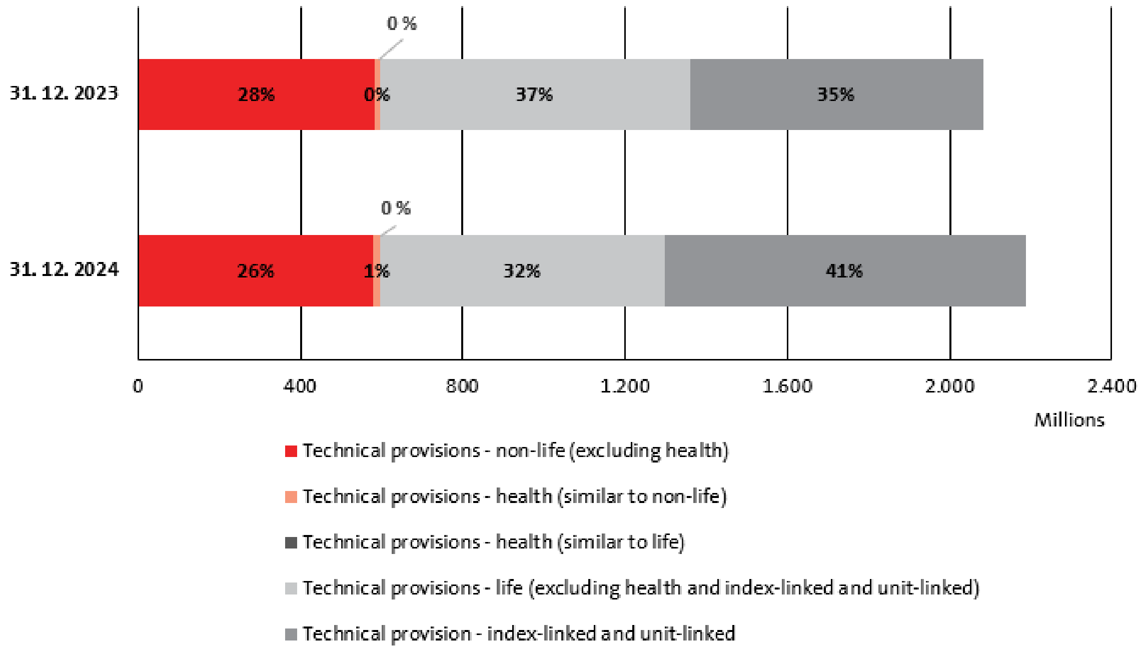
Assets	Value for solvency purposes		Value for financial reporting purposes
			In EUR thousand
	2024	2023	2024
Any other assets, not elsewhere shown	3,622	2,645	3,622

The value of any other assets not elsewhere shown increased by EUR 1.0 million in 2024.

D.2 Technical provisions

Company's technical provisions represent the amount of the Company's liabilities arising from insurance contracts. Their value for solvency purposes is equal to the sum of the best estimate and risk margin. The best estimate and risk margin are calculated separately. The best estimate corresponds to the present value of expected future cash flows from the Company's insurance contracts. The Company calculates technical provisions separately for non-life and health as well as life insurance and allocates them according to the selected calculation method.

Chart 10: Company's technical provisions as at 31 December 2024 and 31 December 2023



CONTRACT BOUNDARIES AND HOMOGENEOUS RISK GROUPS

The Company recognises 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 expired. Insurance contract boundaries are considered in the valuation.

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

The life insurance portfolio liabilities are mostly allocated to the segment of life insurance liabilities and partly to the health insurance segment. This group includes additional accident insurance that is concluded on top of basic life insurance and liabilities are determined using non-life actuarial techniques. Life insurance liabilities are divided at least into life insurance segments.

Technical provisions of the Company are divided into homogeneous risk groups according to the nature of the risks covered by the policies, actuarial judgement and historical developments subject to an empirical analysis.

When calculating the present market value of calculated nominal cash flows, the Company employs the basic risk-free interest rate term structure without a matching adjustment, transitional measure for adjustment or volatility adjustment.

The Company does not use any adjustments in the calculation of capital adequacy.

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

Non-life and health technical provisions at the Company comprise claims provisions, premium provisions and risk margin. They are calculated based on the generally recognised actuarial techniques, whereby the costs of acquisition, administrative costs and claim settlement costs are considered in accordance with the Delegated Regulation.

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 Company has established a data quality monitoring and assurance system.

Non-life and health insurance technical provisions are segmented at least into the insurance segments prescribed by Delegated Regulation.

The table below presents the results of technical provisions by the largest insurance segments as at 31 December 2024. The results are broken down into premium and claims provisions, and risk margin. Non-life and health insurance technical provisions are presented in greater detail in template S.17.01.02, which is in the annex to this report.

Table 46: Company's technical provisions for non-life and health insurance for solvency purposes as at 31 December 2024 and 31 December 2023

2024				**In EUR thousand**
Non-life and health insurance technical provisions	**Claims provision**	**Premium provision**	**Risk margin**	**Technical provisions**
-- Motor vehicle liability insurance (LoB 4)	110,696	44,177	3,098	157,971
-- Fire and other damage to property insurance (LoB 7)	99,818	35,570	9,641	145,029
-- General liability insurance (LoB 8)	61,144	1,462	1,601	64,207
-- Other non-life insurance segments	161,299	58,265	10,012	229,576
Total	**432,958**	**139,474**	**24,352**	**596,783**

2023				In EUR thousand
Non-life and health insurance technical provisions	**Claims provision**	**Premium provision**	**Risk margin**	**Technical provisions**
-- Motor vehicle liability insurance (LoB 4)	99,014	36,849	2,940	138,802
-- Fire and other damage to property insurance (LoB 7)	130,933	30,117	9,293	170,344
-- General liability insurance (LoB 8)	57,812	3,110	1,604	62,526
-- Other non-life insurance segments	159,372	55,800	8,492	223,664
Total	**447,131**	**125,876**	**22,329**	**595,336**

The Company recorded a claims provision decrease and premium provision growth in the non-life and health insurance segment in 2024. Claims provisions decreased mainly due to a decrease in reported but not settled claims (RBNS) in the Fire and other damage to property insurance segment (LoB 7). Claims provisions increased in the motor vehicle segments due to portfolio growth and similar applies to the General liability insurance (LoB 8) segment. The premium provision increased compared to last year due to an increase in unearned premium due to portfolio growth.

D.2.1.1 Best estimate of non-life and health insurance technical provisions

The best estimate of technical provisions is calculated separately for claims incurred after the calculation date and for claims that incurred before the calculation date. The first calculation is the best estimate of the premium provision and the second is the best estimate of the claims provision.

The best estimate of the premium provision as at 31 December 2024 amounted to EUR 139.5 million. The basis for the best estimate of the premium provision is future cash flows from premiums, claims, recourses, costs, bonuses and discounts, terminations and commissions. The main assumption in the calculation is matching the pattern of development of future cash flows from the premium provision with the pattern that is calculated and used for claims provisions. Unearned premium calculated as at the calculation date is used as the measure of exposure.

The best estimate of the claims provisions as at 31 December 2024 amounted to EUR 433.0 million. The best estimate of the claims provisions is calculated separately for claims reported but not settled (RBNS), claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and reactivated claims, which are claims that have not been fully resolved by the last day of the reporting period.

The best estimate of claims reported but not settled is monitored at the level of an individual claim file. Individual claim adjustment departments are responsible for estimating individual claims, whereby data that affect the estimates are entered concurrently.

Provisions for incurred but not reported claims are calculated at the level of insurance segments, for which the Chain-Ladder and Bornhuetter-Ferguson actuarial methods are used. Inflation is also included in the calculation.

The best estimate of the claims provision is increased by the expected claim handling expenses and decreased by the best estimate of recourses. The best estimate of expected recourses refers to the claims in the part for which best estimate of the claims provision was made.

When calculating non-life and health insurance liabilities, the following parameters are used: future inflation, expected claim development pattern, ultimate loss ratio and costs. The parameters are determined based on past experience and are adjusted accordingly so as to best correspond with expected development of these liabilities. If there is a suspicion for an individual segment or specific insurance group of insurance products that the past will not reflect future development, professional actuarial judgement is applied in the selection of parameters. This ensures that insurance liabilities reflect the amount of insurance liabilities as much as possible.

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

As at 31 December 2024, risk margin amounted to EUR 24.4 million. Risk margin comprises separate calculation for the portfolio of non-life and health insurance and the calculation for non-life insurance claims that are paid out in the form of annuities and are calculated using life insurance techniques. The basis for the calculation is the estimated future capital requirements of the selected portfolio, i.e. separately for individual risk types. The approach used is the one under first method according to the hierarchy of the EIOPA Guidelines on the valuation of provisions.

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 financial reporting purposes

Table 47: Differences between technical provisions for non-life and health insurance for solvency purposes and for financial reporting purposes as at 31 December 2024

In EUR thousand

Liabilities	Value for solvency purposes	Value for financial reporting purposes
Non-life and health insurance technical provisions	596,783	696,159

* Value refers to the technical provisions shown in the accounting part of the Annual Report, Section 3.1.2.

As at 31 December 2024, non-life and health insurance technical provisions for financial reporting purposes amounted to EUR 696.2 million, while they stood at EUR 596.8 million for solvency purposes.

A greater difference between the valuation methods lies in the application of methods for measuring liability from remaining coverage. When calculating the liability for remaining coverage, the Company mostly applies premium allocation method. Unlike premium provision, which measures liabilities from the remaining coverage of the contracts, this is not based on the estimate of cash flows but is closer to the measurement according to the IFRS 4. The basic measurement method, which is typically used at the Company for contracts with coverage duration of more than one year, is closer to the calculation based on the premium provision. The accounting standard also requires that the loss of contracts is recognised upon recognition, which dictates setting aside provision for onerous or nonprofitable contracts.

In addition, technical provisions for non-life and health insurance for financial reporting purposes include an adjustment for non-financial risk. This is calculated separately for the liability for the resulting claims and the liability for remaining coverage subject to the selected level of confidence disclosed by the Company in the accounting part of the Annual Report, Section 2.12.

The calculation of the adjustment due to non-financial risk, which is considered when valuing the liability for remaining coverage, is based on the capital requirement of some sub-modules of the standard formula and is also implicitly taken into account when measuring using the premium allocation method. The calculation of the adjustment due to non-financial risk, which is taken into account when valuing the liability for claims incurred, is not similar to the calculation of the risk margin, as it is based on stochastic methods of claims provisions calculation.

In addition, differences in valuation are also due to the different principle of policy recognition, accounting of cash flows such as liabilities for claims and future premium payments according to maturity, and accounting of costs. These are taken into account in the valuation for financial reporting purposes only in the part that can be attributed to the policy (i.e. attributable costs), while all are taken into account when calculating the best estimate of technical provisions for solvency purposes.

D.2.2 Technical provisions for life insurance

As part of life insurance technical provisions, the Company values life insurance liabilities and liabilities from health insurance that is provided on a similar technical basis as life insurance. The Company calculates best estimate of technical provisions separately for expired perils, i.e. claims provisions, and for unexpired covered perils, i.e. premium provision.

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

Table 48: Life insurance technical provisions for solvency purposes as at 31 December 2024 and 31 December 2023

2024				**In EUR thousand**
Life insurance technical provisions	**Claims provision**	**Premium provision**	**Risk margin**	**Technical provisions**
Insurance with profit participation (LoB 30)	3,055	626,552	13,679	643,286
Index-linked and unit-linked insurance (LoB 31)	3,197	865,667	20,742	889,606
Other life insurance (LoB 32)	871	-6,625	7,140	1,386
Annuities from non-life insurance contracts (LoB 34)	54,924	0	165	55,090
Total	**62,048**	**1,485,594**	**41,725**	**1,589,367**

2023				**In EUR thousand**
Life insurance technical provisions	**Claims provision**	**Premium provision**	**Risk margin**	**Technical provisions**
Insurance with profit participation (LoB 30)	2,909	686,894	12,612	702,415
Index-linked and unit-linked insurance (LoB 31)	1,788	699,226	21,660	722,674
Other life insurance (LoB 32)	317	-200	7,084	7,200
Annuities from non-life insurance contracts (LoB 34)	53,800	0	172	53,972
Total	**58,814**	**1,385,920**	**41,526**	**1,486,261**

Life insurance technical provisions of the Company are presented in greater detail in template S.12.01.02 in the annex to this report.

D.2.2.1 Best estimate of life insurance technical provisions

The best estimate of life insurance technical provisions is determined based on the estimated future cash flows from concluded insurance policies.

For the purpose of the best estimate of cash flows, the Company uses an appropriate set of assumptions at the level of homogenous risk groups into which policies are classified. For unexpired perils, best estimate of premium provision is calculated using future cash flow estimates, subject to associated assumption, i.e. separately for each policy. For expired perils, the Company recognises best estimate of claims provisions separately subject to insured event – in case of endowments, best estimate is calculated by policy; in case of other risks, it is calculated at the level of homogenous risk groups using the Bornhuetter-Ferguson (BF) methodology of actuarial triangles, which is a loss reserving technique used for non-life insurance. The theoretical concept defines best estimate of liabilities as market value of liabilities, which is difficult to realise in practice on the market. Therefore, best estimate of liabilities is calculated as present value of all estimated future income and expenses, separately by insurance policy and weighted by probability of realisation. Income includes gross premiums, charged costs and other income (e.g. refunds), while expenses include actual costs, fees and commissions, claims and other possible expenses. Return on assets is not included in income. 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 all cost types related to the performance of insurance contracts: insurance management costs, investment management costs, claim management costs and insurance acquisition costs. The cost of brokers' fees is taken into account on a policy-by-policy basis, forming a separate type of cash flow.

The Company calculates best estimate of liabilities from concluded insurance, i.e. separately for guaranteed entitlements and separately for the part of entitlements from future attributions of profit.

The calculation of cash flows also considers certain future measures for the management of the Company with regard to the distribution of profits to policyholders, depending on economic situation and in accordance with existing internal acts and rules.

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

The assumptions regarding policyholder behaviour are considered in a deterministic manner, meaning that the actions of insurers are not dependent on the economic scenario, but rather on other risk factors such as age of the policy, type of insurance product and the like.

The best estimate for non-life and health insurance claims that are paid out in the form of annuities is the sum of best estimates for existing and expected future annuity. 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. The provision for expected annuities for cases, where no claim was yet filed, but can justifiably be expected in the future, is also 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 settlement costs.

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

- insurance with profit participation where it decreased by EUR 60.2 million mostly as a result of the decrease in best estimate of liabilities of projected cash flows in 2024 by EUR 71.2 million and increase in best estimate of liabilities due to interest remuneration in the period and the drop-in risk-free interest rate curve by a total of EUR 24.8 million;
- index or unit-linked insurance where it increased by EUR 167.8 million mainly as a result of actual investment movements in the period which increased best estimate of liabilities by EUR 97.6 million, best estimate of liabilities from newly underwritten risks with interest remuneration in the period having the biggest impact on the increase by another EUR 45.1 million;
- other life insurance where it decreased by EUR 5.9 million mostly as a result of a change in non-economic assumptions (lower mortality tables);
- annuities from non-life and health insurance which increased by EUR 1.1 million mainly because of new annuities.

D.2.2.2 Risk margin for life insurance

The definition of risk margin contains future Solvency Capital Requirements for all future periods until the maturity of the existing portfolio of liabilities. The Company calculates them by applying a simplification based on the calculation of the future values of partial Solvency Capital Requirements for individual sub-types of life insurance risks (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 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 relevant risk. In this manner, risk margin is calculated for entire life insurance portfolio within an individual ring-fenced fund or within 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 financial reporting purposes

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 "present value of future cash flows", including an adjustment for risk and for contractual service margin.

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

In both valuations, all assumptions are of 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 and 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 (PDPZ) in the saving 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 taken into account, while the entire cost of life insurance is taken into account for solvency purposes;
- the solvency calculation of future cash flows takes into account contractual limits for additional insurance in accordance with the Delegated Regulation;
- both reporting regimes include margin for uncertainty, to which the liabilities are exposed, among insurance liabilities, however, with a different level of confidence: for solvency purpose calculation includes risk margin on the basis of 99.5 percent confidence level and for financial reporting includes risk adjustment on the basis of a 95 percent confidence level over a period of one year;
- for the financial purposes, insurance liabilities also include the so-called contractual service margin, which covers the expected present value of the Company's future profits, while in solvency reporting, an item with equivalent content does not exist as part of technical provisions.

Table 49: Differences between technical provisions for life insurance for solvency purposes and for financial reporting purposes as at 31 December 2024

In EUR thousand

Liabilities	Value for solvency purposes	Value for financial reporting purposes
Life insurance technical provisions	1,589,367	1,561,788

The material difference between the two valuations also results from annuities from non-life and health insurance, which are presented under life insurance for solvency purposes and amount to EUR 55.1 million. They are presented under non-life insurance liabilities 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 the risk with regard to the final amount of the payment is borne by the company;
- jubilee benefits which represent other long-term employee benefits.

The total cost of pre-determined employee entitlement is affected by a number of variables, such as wage growth, inflation, 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 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 severance pay upon retirement for solvency purposes match the provisions calculated for financial reporting purposes. The calculation incorporates the interest rate curve derived from the yield curve of Slovenian government bonds denominated in euros. The application of abovementioned curve has no material effect on the amount of provisions.

This category 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 50: Company's provisions, other than technical provisions

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Provisions, other than technical provisions	14,878	14,324	14,878

The value of the item did not change materially in 2024.

D.3.2. Deposits from reinsurers

For financial reporting purposes as well as for solvency purposes, deposits from reinsurers are valued at amortised cost using the effective interest rate method.

Table 51: Company's deposits from reinsurers

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Deposits from reinsurers	16	17	16

The value of the item did not change materially in 2024.

D.3.3 Deferred tax liabilities

In accordance with IFRS, deferred tax liabilities are accounted for all temporary differences between the value of liabilities for tax purposes and their carrying amounts. The net value of the assets and liabilities is presented for financial reporting purposes, however as the value on the liabilities side is higher than the value on the assets side, the net value on the assets side (deferred tax assets) is disclosed as zero.

Deferred tax liabilities are valued for solvency purposes as the sum of deferred tax liabilities for financial reporting purposes and the product of the tax rate and the difference between the value of liabilities for financial reporting and solvency purposes. The tax rate of 22 percent is applied in the calculation of deferred tax liabilities, with the rate remaining unchanged compared to the year before. For solvency purposes, the item is not netted against deferred tax assets as it is for financial reporting purposes.

Table 52: Company's deferred tax liabilities

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Deferred tax liabilities	12,988	7,429	0

As at 31 December 2024, deferred tax liabilities for solvency purposes increased by EUR 5.6 million compared to the previous year due to the increase in the difference between total liabilities before taxes for financial reporting purposes and total liabilities before taxes for solvency purposes.

D.3.4 Derivatives

The Company uses derivatives to manage its currency risk, which is largely derived from indirect investments by collective investment undertakings. The Company did not use derivatives in 2023.

Table 53: Company's liabilities from derivatives

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Derivatives	47	0	47

D.3.5 Financial liabilities other than debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions represent liabilities arising from the purchase of securities. For financial reporting and solvency purposes, these liabilities are measured at amortised cost.

Table 54: Company's financial liabilities other than debts owed to credit institutions

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Financial liabilities other than debts owed to credit institutions	6	6	6

D.3.6 Insurance and intermediaries payables

Insurance and 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. For the financial reporting purposes (according to IFRS 17) these liabilities are part of the obligations arising from insurance contracts.

Table 55: Company's insurance and intermediaries payables

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Insurance and intermediaries payables	6,284	18,128	0

The value of the item decreased by EUR 11.8 million in 2024, mainly due to the upgrade of the item's accounting method to align the two valuation standards.

D.3.7 Reinsurance payables

For solvency purposes, reinsurance payables are valued at amortised cost using the effective interest rate method. According to the IFRS 17, these payables are part of liabilities from insurance contracts for financial reporting purposes.

Table 56: Company's reinsurance payables

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Reinsurance payables	7,367	4,629	0

In 2024, reinsurance payables at the Company increased by EUR 2.7 million.

D.3.8 Payables (trade not insurance)

The largest component of the item are all other payables included according to the IFRS 17, which are not directly related to the insurance business. For both financial reporting and solvency purposes, they are valued at amortised cost using the effective interest rate method.

Table 57: Company's payables (trade not insurance)

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Payables (trade not insurance)	80,476	59,337	80,476

In 2024, the Company's payables (trade not insurance) increased by EUR 21.1 million. The majority of the increase came from the items Liabilities to employees and Other non-attributable liabilities from insurance operations.

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 taken into account.

Table 58: Company's subordinated liabilities

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Subordinated liabilities	151,238	45,568	152,130

In 2024, subordinated liabilities increased by EUR 105.7 million as the Company issued a new subordinated bond with a nominal value of EUR 100.0 million in 2024.

D.3.10 Any other liabilities, not elsewhere shown

The item includes all other liabilities of the Company that are not included in any of the previous liability items of the balance sheet. Valuation for financial reporting purposes is the same as for solvency purposes.

Table 59: Company's any other liabilities, not elsewhere shown

In EUR thousand

Balance sheet	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Any other liabilities, not elsewhere shown	11,823	7,875	11,823

The value of any other liabilities not elsewhere shown increased in 2024 by EUR 3.9 million.

D.3.11 Lease agreements

Lease liabilities in 2024 are recognised in the amount of the present value of future payments. Changes are presented in greater detail in Section A.4.2 of this report.

D.4 Alternative methods for valuation

In the reporting period, the Company did not use any alternative valuation methods for solvency purposes other than those disclosed in the previous sections of this report.

D.5 Any other information

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

The Company's largest off-balance-sheet exposure were investment commitments for alternative investments and the unclaimed recourse receivables. Detailed information on off-balance sheet items not reported by the Company is presented in the Annual Report, 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 is disclosed in Sections D.1 through D.4.

E.

Capital management

E. Capital management

The capital management system and related processes are based on strategic goals, regulatory requirements, good practices and internally established methodologies that consider the characteristics of the Company as a whole, especially the nature, volume and complexity of operations.

Capital management is a continuous process involving the assurance of an optimum volume and structure of quality capital and the optimisation of the use of such capital. The capital management system also encompasses regular monitoring of regulatory capital adequacy and the management of capital risk, which also includes potential legislative amendments and amendments of financial reporting standards that may affect the Company's capital adequacy.

The objective of the capital management system is the efficient use of eligible own funds, which provides for:

- safety and profitability of operations;
- a high level of confidence of all stakeholders;
- continuous meeting of regulatory capital adequacy requirements;
- assurance of appropriate exposure to capital risk through consistent testing of capital adequacy within the scope of the ORSA process;
- meeting the criteria of external rating agencies to maintain at least A credit rating.

To achieve its strategic objectives, the Company has a capital management system in place that ensures transparent and optimal allocation of own funds by business area that is aligned with the risk-adjusted profitability criteria. In this way, consistent implementation of capital management system ensures a long-term and stable return on investment for the owners. Dividends are paid out based on pre-defined criteria of dividend policy which enables the Company to ensure stable operations, growth, attainment of strategic goals over the long-term, satisfaction of all stakeholders and a stable ownership structure of the Company.

The Company maintains a surplus of eligible own funds in excess of capital requirements for the performance of core activity and the coverage of potential losses. The surplus provides protection against losses resulting from unforeseen unfavourable events and the volatility of capital requirements. Future adequacy of own funds and capital adequacy are planned and assessed regularly. Potential future capital risk and future solvency requirements are estimated based on scenarios from strategic business plan within the scope of regular ORSA process.

The Company consistently pursues set capital management objectives and observes existing dividend policy. The Company manages capital in a centralised manner at the Group level by ensuring optimal and cost-effective capital allocation and use through capital concentration at the Company. Within the scope of capital management process, the Company considers the capital needs as well as options and restrictions for capital transfer between individual business areas from subsidiaries to the Company and vice versa. Capital management relies on established risk management system and is based on strategic goals of the Group, regulatory requirements, good practices and internally established methodologies.

In the context of monitoring and measurement of eligible own funds value, profitability and use for each business area as well as analysing the changes in risk profile of the Company, regular implementation of ORSA process, which defines the guidelines and measures for the optimisation of operations and use of own funds in accordance with the Company's strategic goals, is of the utmost importance.

CAPITAL ADEQUACY OF THE COMPANY

As at 31 December 2024, the Company was adequately capitalised and had sufficient own funds available to meet both the Solvency Capital Requirement (271 percent) and the Minimum Capital Requirement (786 percent).

Capital adequacy is defined as a ratio between eligible own funds and Solvency Capital Requirement.

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

Only eligible own funds, which are without restrictions, are used to meet the Minimum Capital Requirement, whereby they comprise all Tier 1 own fund items, and Tier 2 own fund items, which do not exceed 20 percent of the Minimum Capital Requirement in the scope of the regulatory restriction.

Table 60: Capital adequacy of the Company as at 31 December 2024 and 31 December 2023

In EUR thousand

Capital adequacy of the Company	2024	2023
Total eligible own funds to meet the SCR	1,130,330	964,001
Total eligible own funds to meet the MCR	1,002,486	931,826
Solvency Capital Requirement (SCR)	416,426	396,677
Minimum Capital Requirement (MCR)	127,510	123,987
Ratio of eligible own funds to SCR	271%	243%
Ratio of eligible own funds to MCR	786%	752%

The Company's capital adequacy increased by 28 percentage points in the reporting period, which is mostly the result of the increase in eligible own funds whereby the Solvency Capital Requirement also increased in 2024. The movement of eligible own funds is explained in Section E.1 of this report and the movement of the Solvency Capital Requirement in Section E.2 of this report.

Details on the values of items for the calculation of the Company's capital adequacy are provided in template S.23.01.01 in the annex to this report.

E.1 Own funds

As at 31 December 2024, the basic own funds totalled EUR 1,130.3 million. They were composed of the Company's share capital (EUR 73.7 million), subordinated liabilities (EUR 151.2 million), net deferred tax assets as Tier 3 assets (EUR 2.1 million) and the reconciliation reserve (EUR 903.3 million). The reconciliation reserve consists of the excess of assets over liabilities in the amount of EUR 1,044.8 million less the value of foreseeable dividends for the 2024 financial year (EUR 65.7 million), the Company's share capital and the value of net deferred tax assets.

The Company did not have any ancillary own funds as at 31 December 2024.

The structure of the Company's eligible own funds according to tier as at 31 December 2024 and 31 December 2023 is presented in the table below and in template S.23.01.01 of the annex to this report.

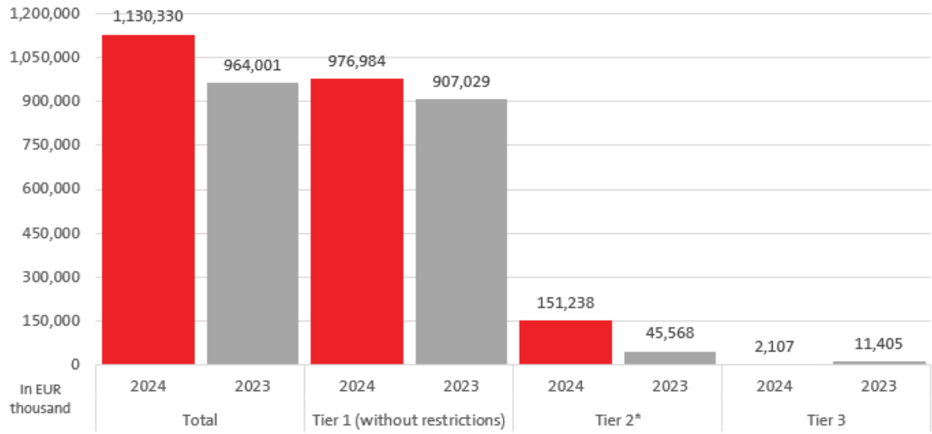
Table 61: Structure of eligible own funds to meet the Solvency Capital Requirement and Minimum Capital Requirement by tier as at 31 December 2024 and 31 December 2023

Eligible own funds to meet the SCR in EUR thousand	2024	2023
Tier 1	**976,984**	**907,029**
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	903,283	833,328
Deductions	0	0
Tier 2	**151,238**	**45,568**
Subordinated liabilities	151,238	45,568
Deductions	0	0
Tier 3	**2,107**	**11,405**
Amount equal to the value of net deferred tax assets	2,107	11,405
Deductions	0	0
Total eligible own funds to meet the SCR	**1,130,330**	**964,001**

Eligible own funds to meet the MCR in EUR thousand	2024	2023
Tier 1	**976,984**	**907,029**
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	903,283	833,328
Deductions	0	0
Tier 2 (maximum of 20 percent of the MCR)	**25,502**	**24,797**
Subordinated liabilities	25,502	24,797
Deductions	0	0
Total eligible own funds to meet the MCR	**1,002,486**	**931,826**

The Company's total eligible own funds to meet the Solvency Capital Requirement increased by EUR 166.3 million in the reporting period as a result of the issue of new subordinated debt and the increase in the reconciliation reserve by EUR 70.0 million. Subordinated liabilities increased by EUR 105.7 million in the reporting period mainly due to the new bond issue. In 2023, Tier 3 eligible own funds amounted to EUR 11.4 million, while they amounted to EUR 2.1 million in 2024 and were derived entirely from net deferred tax assets.

Chart 11: Comparison of eligible own funds to meet the Solvency Capital Requirement as at 31 December 2024 and 31 December 2023

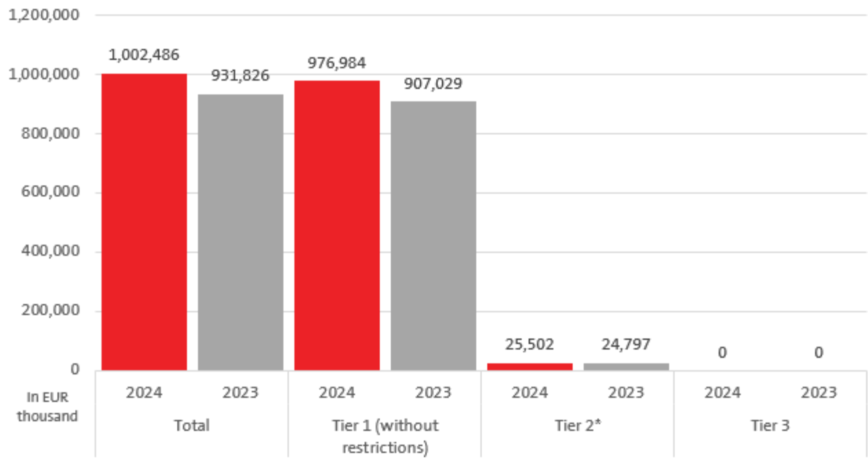


* Tier 2 own funds are suitable for the coverage of the Minimum Capital Requirement as long as they do not exceed 20 percent of the Minimum Capital Requirement.

The Company's total eligible own funds to meet the Minimum Capital Requirement as at 31 December 2024 amounted to EUR 1,002.5 million, whereby Tier 2 own funds that exceed 20 percent of the Minimum Capital Requirement and all Tier 3 own funds are already excluded from the said amount.

The Company holds the highest quality own funds and thus classifies its entire share capital and the reconciliation reserve as Tier 1 assets, while it classifies subordinated bonds as Tier 2 assets and net deferred tax assets as Tier 3 assets. In 2024, the Company met all the required restrictions regarding Tier 1, 2 and 3 own funds referred to Article 82[8] of the Delegated Regulation.

Chart 12: Comparison of eligible own funds to meet the Minimum Capital Requirement as at 31 December 2024 and 31 December 2023



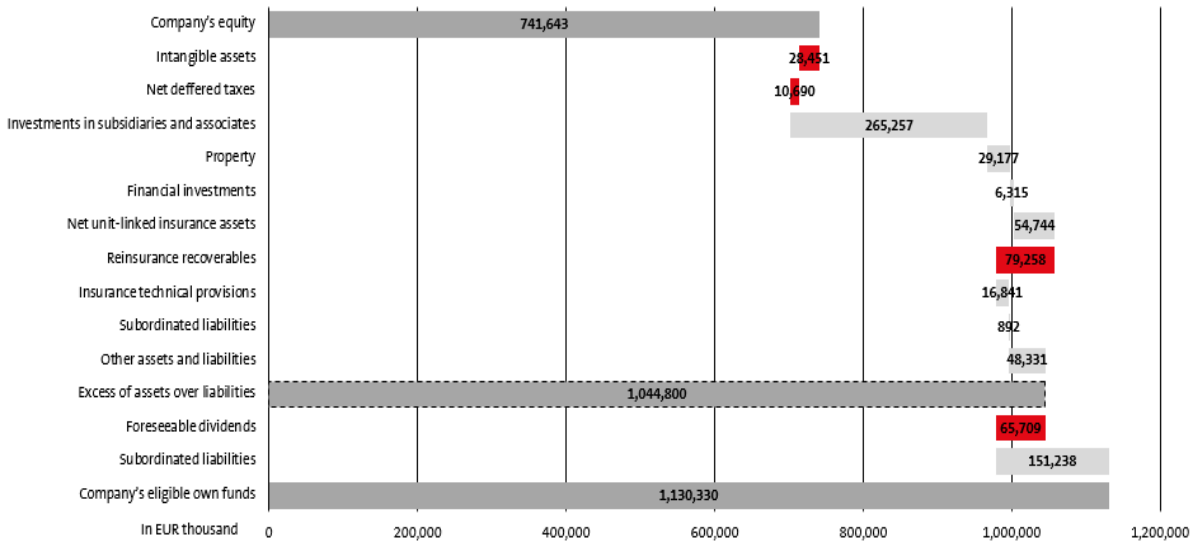
* Tier 2 own funds are eligible for the coverage of the Minimum Capital Requirement as long as they do not exceed 20 percent of the Minimum Capital Requirement.

[8] For purposes of compliance with Article 82 of the Delegated Regulation, Tier 1 own funds must represent at least half of the Solvency Capital Requirement, while the sum of Tier 2 and Tier 3 assets may represent no more than half of the Solvency Capital Requirement. In addition, Tier 3 own funds can represent a maximum of 15 percent of the Solvency Capital Requirement. Within these limits, the sum of subordinated liabilities that qualify for Tier 1 own funds must be less than 20 percent of total Tier 1 own funds.

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

The differences between capital for the Company's financial reporting purposes and eligible own funds calculated for solvency purposes arise from the difference in the valuation of assets and liabilities. Eligible own funds are namely calculated as the difference between assets and liabilities whereby both sides of the balance sheet are valued at market value. In addition to this difference, subordinated liabilities and any deductible items from own funds are added.

Chart 13: Differences in the valuation of the Company's capital for financial reporting purposes and eligible own funds in EUR thousands as at 31 December 2024



Capital for financial reporting purposes as at 31 December 2024 amounted to EUR 741.6 million, while the eligible own funds amounted to EUR 1,130.3 million. The difference is most affected by the different valuation of investments in subsidiaries and associated companies (EUR 265.3 million), subordinated liabilities (EUR 151.2 million) and net assets of unit-linked insurance policyholders (EUR 54.7 million). The difference is decreased the most by reinsurance recoverables (EUR 79.3 million), the foreseeable dividend (EUR 65.7 million) intangible assets and deferred acquisition costs (EUR 28.5 million).

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company calculates capital adequacy based on the standard formula in accordance with the Insurance Act (ZZavar-1) and the Delegated Regulation. In order to calculate the Solvency Capital Requirement, the Company applies the standard formula using the prescribed parameters and not using any simplifications and parameters specific for the Company.

In accordance with the provisions of the Insurance Act, the Company reports at least once a year to the Insurance Supervision Agency (AZN) on the amount of the Solvency Capital Requirement and at least once every quarter on the Minimum Capital Requirement.

E.2.1 Solvency Capital Requirement

The Company's Solvency Capital Requirement as at 31 December 2024 amounted to EUR 416.4 million, up EUR 19.7 million on the year before. The basic Solvency Capital Requirement increased by EUR 19.9 million compared to the year before.

Table 62: Solvency Capital Requirement of the Company as at 31 December 2024 and 31 December 2023

		In EUR thousand
Company's required capital	**2024**	**2023**
Underwriting risk	280,513	260,438
Market risk	246,867	234,253
Credit risk	28,727	34,529
Diversification	-172,807	-165,804
Basic Solvency Capital Requirement	**383,300**	**363,416**
Operational risk	33,013	27,240
Loss-absorbing capacity of technical provisions	-6,479	0
Loss-absorbing capacity of deferred taxes	0	0
Adjustment for ring-fenced fund risk diversification	6,592	6,020
Solvency Capital Requirement	**416,426**	**396,677**

The increase in basic Solvency Capital Requirement mainly stems from the increase in capital requirement for underwriting risk. This is mainly due to increase in capital requirements for non-life underwriting risk in amount of EUR 17.1 million, which is a result of increase of premium and reserve risk and catastrophe risk. The premium and reserve risk increase during 2024 is influenced by both increase in premium volume and increase in claims volume. The increase in premium volume is in line with increase in planned premium for 2025, while increase in claims volume is in line with increase in claims provisions.

Compared to the year before, there was an increase in capital requirement in health underwriting risk due to the acquisition of Triglav, Zdravstvena zavarovalnica by the Company. The capital requirement for life underwriting risk decreased by EUR 1.5 million in 2024.

The capital requirement for market risk increased by EUR 12.6 million in 2024, with the biggest contributor being equity risk that increased by EUR 16.9 million.

The capital requirement for credit risk decreased by EUR 5.8 million in the observed period. The decrease is mainly the result of the upgrade of the method of monitoring cash in bank accounts.

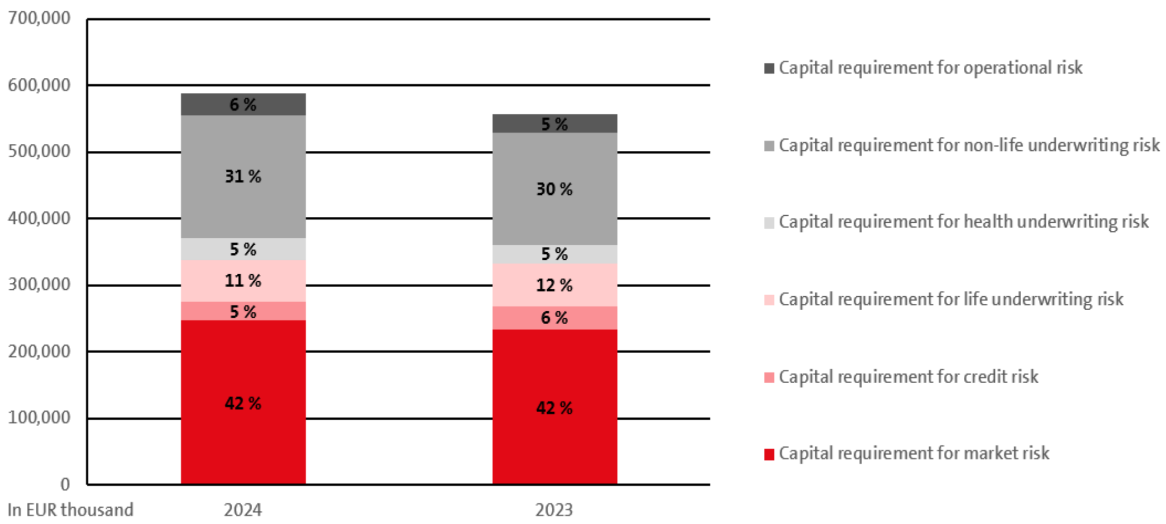
Due to growth of the insurance portfolio, the capital requirement for operational risk has increased by EUR 5.8 million.

The Company had no loss-absorbing capacity of deferred taxes at the end of 2024, like in 2023. When calculating the adjustment for loss-absorbing capacity of deferred taxes, the Company does not consider expected future taxable profits.

The loss-absorbing capacity of technical provisions at the end of 2024 stood at EUR 6.5 million, which is EUR 6.5 million more than at the end of 2023 when there was none.

The chart below presents the structure of capital requirement for individual risk whereby the capital requirement for operational risk, which is not an element of the basic Solvency Capital Requirement is also presented.

Chart 14: Company's capital requirements excluding diversification as at 31 December 2024 and 31 December 2023



In the reporting period, the Company considered ring-fenced funds and calculated the Solvency Capital Requirement using method of simplification at risk module level defined in the EIOPA Guidelines on ring-fenced funds. This means that capital requirements for ring-fenced funds and the remaining part of the Company's portfolio are only summed up, while the effects of diversification between funds are not taken into account. When calculating the Solvency Capital Requirement, an adjustment for the aggregation of the theoretical Solvency Capital Requirement of ring-fenced funds is calculated. Details on the calculation are presented in template S.25.01.21 in the annex to this report.

E.2.2 Minimum Capital Requirement

The Company calculates the Minimum Capital Requirement in accordance with the Delegated Regulation. The Minimum Capital Requirement is calculated as a linear function of technical provisions, written insurance premium, venture capital, deferred taxes, and costs. The Company calculates the Minimum Capital Requirement using the method for composite insurance companies, where the linear Minimum Capital Requirements are calculated first. The linear Minimum Capital Requirement for non-life and health insurance is linked to the activities from non-life and health insurance, also including accident insurance that are added to life insurance. The linear Minimum Capital Requirement for life insurance is calculated including the activities related to non-life insurance annuities. The Company's Minimum Capital Requirement is calculated from linear Minimum Capital Requirements for non-life and life insurance so that the requirement is never lower than 25 percent or higher than 45 percent of the Solvency Capital Requirement and that the absolute floor of the Minimum Capital Requirement for non-life insurance (EUR 4.0 million) and life insurance (EUR 4.0 million) is exceeded.

Table 63: Notional Minimum Capital Requirement of the Company as at 31 December 2024 and 31 December 2023

2024 — In EUR thousand

Notional Minimum Capital Requirement	**Non-life insurance including health insurance**	**Life insurance**
Notional linear Minimum Capital Requirement	94,349	33,162
Notional Solvency Capital Requirement (excluding capital add-ons)	308,126	108,301
Notional Minimum Capital Requirement cap	138,657	48,735
Notional Minimum Capital Requirement floor	77,031	27,075
Notional combined Minimum Capital Requirement	94,349	33,162
Absolute cap for notional Minimum Capital Requirement	4,000	4,000
Notional Minimum Capital Requirement	**94,349**	**33,162**

2023 — In EUR thousand

Notional Minimum Capital Requirement	**Non-life insurance including health insurance**	**Life insurance**
Notional linear Minimum Capital Requirement	88,278	35,709
Notional Solvency Capital Requirement (excluding capital add-ons)	282,431	114,246
Notional Minimum Capital Requirement cap	127,094	51,411
Notional Minimum Capital Requirement floor	70,608	28,562
Notional combined Minimum Capital Requirement	88,278	35,709
Absolute cap for notional Minimum Capital Requirement	4,000	4,000
Notional Minimum Capital Requirement	**88,278**	**35,709**

The notional Minimum Capital Requirement for non-life and health insurance increased in the reporting period by EUR 6.1 million, while the Minimum Capital Requirement for life insurance decreased by EUR 2.5 million. The increase is mainly the result of the growth of volume in the non-life insurance portfolio. Details on the Minimum Capital Requirement are shown in template S.28.02.01 in the annex to this report.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Company 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 Company does not use internal models to calculate and monitor capital adequacy.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

According to the balance as at 31 December 2024, the Company did not find any non-compliance with the Minimum Capital Requirement and the Solvency Capital Requirement.

E.6 Any other information

All relevant information relating to the management of capital is disclosed in Sections E.1 through E.5.

Annexes

Annexes

Quantitative Reporting Templates (QRT) of the Company as at 31 December 2024:

1. S.02.01.02 - Balance sheet for solvency purposes
2. S.04.05.21 - Premiums, claims and expenses by country
3. S.05.01.02 - Premiums, claims and expenses by line of business
4. S.12.01.02 - Technical provisions for life insurance and health insurance
5. S.17.01.02 - Technical provisions for non-life insurance
6. S.19.01.21 - Information on non-life insurance claims
7. S.23.01.01 - Own funds
8. S.25.01.21 - Solvency Capital Requirement for undertakings using the standard formula
9. S.28.02.01 - Minimum Capital Requirement for life and non-life insurance products

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	15,095
Pension benefit surplus	
Property, plant and equipment held for own use	84,878
Investments (other than assets held for index-linked and unit-linked contracts)	**2,193,373**
Property (other than for own use)	59,450
Holdings in related undertakings, including participations	516,941
Equities	*7,621*
Equities - listed	2,779
Equities - unlisted	4,841
Bonds	*1,456,791*
Government Bonds	998,784
Corporate Bonds	456,959
Structured notes	1,048
Collateralised securities	0
Collective Investments Undertakings	145,318
Derivatives	20
Deposits other than cash equivalents	7,152
Other investments	81
Assets held for index-linked and unit-linked contracts	938,881
Loans and mortgages	**5,189**
Loans on policies	3,657
Loans and mortgages to individuals	
Other loans and mortgages	1,532
Reinsurance recoverables from:	**169,773**
Non-life and health similar to non-life	163,932
Non-life excluding health	161,358
Health similar to non-life	2,574
Life and health similar to life, excluding health and index-linked and unit-linked	5,841
Health similar to life	2
Life excluding health and index-linked and unit-linked	5,839
Life index-linked and unit-linked	
Deposits to cedants	16
Insurance and intermediaries receivables	24,508
Reinsurance receivables	37,477
Receivables (trade, not insurance)	28,068
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	15,194
Any other assets, not elsewhere shown	3,622
Total assets	**3,516,075**

Liabilities	Solvency II value
Technical provisions - non-life	**596,783**
Technical provisions - non-life (excluding health)	**580,589**
TP calculated as a whole	
Best estimate	557,398
Risk margin	23,191
Technical provisions - health (similar to non-life)	**16,194**
TP calculated as a whole	
Best estimate	15,033
Risk margin	1,161
TP - life (excluding index-linked and unit-linked)	**699,761**
Technical provisions - health (similar to life)	**147**
TP calculated as a whole	
Best estimate	147
Risk margin	0
TP - life (excluding health and index-linked and unit-linked)	**699,614**
TP calculated as a whole	
Best estimate	678,631
Risk margin	20,983
TP - index-linked and unit-linked	**889,606**
TP calculated as a whole	
Best estimate	868,864
Risk margin	20,742
Other technical provisions	
Contingent liabilities	
Provisions other than technical provisions	14,878
Pension benefit obligations	
Deposits from reinsurers	16
Deferred tax liabilities	12,988
Derivatives	47
Debts owed to credit institutions	
Financial liabilities other than debts owed to credit institutions	6
Insurance and intermediaries payables	6,284
Reinsurance payables	7,367
Payables (trade, not insurance)	80,476
Subordinated liabilities	**151,238**
Subordinated liabilities not in BOF	
Subordinated liabilities in BOF	151,238
Any other liabilities, not elsewhere shown	11,823
Total liabilities	**2,471,275**
Excess of assets over liabilities	**1,044,800**

Annex 2: S.04.05.21 - Premiums, claims and expenses by country

	Home Country	Top 5 countries (by amount of gross premiums written): Non-life insurance and reinsurance obligations				
		PL	UK	GR	DE	RS
Premium written (gross)						
Gross Written Premium (direct)	684,567	56,282		25,863	13,900	
Gross Written Premium (proportional reinsurance)	13,753	49	4	263	480	16,778
Gross Written Premium (non-proportional reinsurance)	10,976		32,878		6,376	9
Premiums earned (gross)						
Gross Earned Premium (direct)	660,655	52,670	0	35,228	13,273	0
Gross Earned Premium (proportional reinsurance)	10,105	36	3	211	351	13,834
Gross Earned Premium (non-proportional reinsurance)	7,226	0	20,913	0	4,056	6
Claims incurred (gross)						
Claims incurred (direct)	293,461	22,011	0	24,264	5,104	0
Claims incurred (proportional reinsurance)	5,936	0	39	837	-415	2,793
Claims incurred (non-proportional reinsurance)	969	0	3,595	0	803	0
Expenses incurred (gross)						
Gross Expenses Incurred (direct)	235,643	16,751		10,785	1,658	
Gross Expenses Incurred (proportional reinsurance)	1,156	9		39	37	4,792
Gross Expenses Incurred (non-proportional reinsurance)	2,326	23	7,375		1,477	2

Life insurance and reinsurance obligations

	Home Country
Gross Written Premium	**176,826**
Gross Earned Premium	176,838
Claims Incurred	178,681
Gross Expenses Incurred	30,315

Annex 3: 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	22,888	64,996		174,978	177,649	39,148
Gross - Proportional reinsurance accepted	-10	29		-100	31	16,521
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	3,736	3,656		42,342	21,281	40,398
Net	**19,142**	**61,370**		**132,535**	**156,398**	**15,271**
Premiums earned						
Gross - Direct Business	22,677	63,764		163,460	177,115	40,714
Gross - Proportional reinsurance accepted		163		595	352	13,232
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	4,002	3,751		38,015	20,792	45,216
Net	**18,676**	**60,176**		**126,040**	**156,676**	**8,730**
Claims incurred						
Gross - Direct Business	6,452	19,766		86,814	105,935	30,208
Gross - Proportional reinsurance accepted	167	1,945		236	170	11,021
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	2,416	2,770		28,632	8,922	33,590
Net	**4,203**	**18,942**		**58,418**	**97,183**	**7,640**
Expenses incurred	**15,517**	**19,542**		**44,811**	**46,889**	**4,737**
Other technical expenses/income						
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	206,977	45,723	24,416	796	32,746	3,426
Gross - Proportional reinsurance accepted	35,313	6,277	5,040	0	253	426
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	110,327	18,387	10,756	125	4,009	1,434
Net	**131,964**	**33,614**	**18,700**	**671**	**28,990**	**2,419**
Premiums earned						
Gross - Direct Business	202,262	45,754	23,782	575	31,343	3,458
Gross - Proportional reinsurance accepted	24,331	5,198	5,912	0	294	743
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	111,879	18,602	10,659	133	4,084	1,467
Net	**114,714**	**32,349**	**19,034**	**442**	**27,553**	**2,734**
Claims incurred						
Gross - Direct Business	75,431	12,880	4,140	44	17,177	-5,459
Gross - Proportional reinsurance accepted	-1,034	889	2,794	0	285	65
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	8,217	7,667	4,890	24	1,122	-4,378
Net	**66,180**	**6,101**	**2,045**	**20**	**16,340**	**-1,017**
Expenses incurred	**61,703**	**11,847**	**6,807**	**434**	**10,019**	**1,446**
Other technical expenses/income						
Total expenses						

	Line of Business for: accepted non-proportional reinsurance				
	Health	**Casualty**	**Marine, aviation, transport**	**Property**	**Total**
Premiums written					
Gross - Direct Business					793,742
Gross - Proportional reinsurance accepted					63,781
Gross - Non-proportional reinsurance accepted		7	145	70,325	70,476
Reinsurers' share		264	8	50,880	307,601
Net		**-257**	**137**	**19,445**	**620,398**
Premiums earned					**0**
Gross - Direct Business					774,904
Gross - Proportional reinsurance accepted					50,820
Gross - Non-proportional reinsurance accepted		26	195	44,959	45,180
Reinsurers' share		187	8	40,288	299,083
Net		**-161**	**187**	**4,671**	**571,821**
Claims incurred					**0**
Gross - Direct Business					353,387
Gross - Proportional reinsurance accepted					16,539
Gross - Non-proportional reinsurance accepted		25		9,966	9,991
Reinsurers' share		-4,946		1,180	90,106
Net		**4,971**		**8,786**	**289,811**
Expenses incurred		**-548**	**-119**	**4,524**	**227,609**
Other technical expenses/income					**3,023**
Total expenses					**230,632**

	Line of Business for: life insurance obligations						Life reinsurance obligations		
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
Premiums written									
Gross		35,485	131,597	9,743					176,826
Reinsurers' share		22	23	718					763
Net		**35,464**	**131,574**	**9,025**					**176,063**
Premiums earned									0
Gross		35,502	131,597	9,740					176,838
Reinsurers' share		22	23	718					763
Net		**35,480**	**131,574**	**9,021**					**176,076**
Claims incurred									0
Gross		93,625	79,290	2,724	3	3,040			178,681
Reinsurers' share				334					334
Net		**93,625**	**79,290**	**2,390**	**3**	**3,040**			**178,347**
Expenses incurred		6,228	20,306	3,767		14			30,315
Other technical expenses/income									1,209
Total expenses									31,524
Total amount of surrenders		10,050	47,940	309					58,299

Annex 4: S.12.01.02 - Technical provisions for life insurance and health insurance

	Insurance with profit participation	Index-linked and unit-linked insurance		
			Contracts without options and guarantees	Contracts with options or guarantees
Technical provisions calculated as a whole				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole				
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**629,607**			**868,864**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				
Best estimate minus recoverables from reinsurance/SPV and Finite Re	629,607			868,864
Risk margin	**13,679**	**20,742**		
Technical provisions - total	**643,286**	**889,606**		

	Other health insurance					
		Contracts without options and guarantees	**Contracts with options or guarantees**	**Annuities stemming from non-life insurance contracts and relating to health insurance obligations**	**Health reinsurance (reinsurance accepted)**	**Total (Health similar to life insurance)**
Technical provisions calculated as a whole						**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole						0
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Gross Best Estimate			**-5,754**	**54,777**		**1,547,495**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				5,839		5,839
Best estimate minus recoverables from reinsurance/SPV and Finite Re			-5,754	48,939		1,541,656
Risk margin	**7,140**			**165**		**41,725**
Technical provisions - Total	**1,386**			**54,942**		**1,589,220**

	Health insurance (direct business)					
		Contracts without options and guarantees	**Contracts with options or guarantees**	**Annuities stemming from non-life insurance contracts and relating to health insurance obligations**	**Health reinsurance (reinsurance accepted)**	**Total (Health similar to life insurance)**
Technical provisions calculated as a whole						**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole						0
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Gross Best Estimate				**147**		**147**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				2		2
Best estimate minus recoverables from reinsurance/SPV and Finite Re				145		145
Risk margin				**0**		**0**
Technical provisions - Total				147		147

Annex 5: S.17.01.02 - Technical provisions for non-life insurance

	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**
Technical provisions calculated as a whole						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole						
Technical Provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross - Total	646	-19,369		44,177	38,786	4,247
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-204	-102		8,269	2,129	3,293
Net Best Estimate of Premium Provisions	**850**	**-19,267**		**35,907**	**36,657**	**954**
Claims provisions						
Gross - Total	3,984	29,772		110,696	42,874	47,030
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	19	2,862		24,821	6,964	29,886
Net Best Estimate of Claims Provisions	**3,966**	**26,910**		**85,876**	**35,909**	**17,144**
Total Best estimate - gross	**4,630**	**10,403**		**154,873**	**81,659**	**51,278**
Total Best estimate - net	**4,816**	**7,643**		**121,783**	**72,566**	**18,098**
Risk margin	**456**	**705**		**3,098**	**2,972**	**1,382**
Technical Provisions						
Technical provisions - total	**5,086**	**11,108**		**157,971**	**84,631**	**52,660**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**-185**	**2,759**		**33,090**	**9,093**	**33,179**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**5,271**	**8,349**		**124,882**	**75,538**	**19,480**

	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
Technical provisions calculated as a whole						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole						
Technical Provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross - Total	35,570	1,462	17,690	38	9,597	228
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	3,306	89	-911	-5	269	-89
Net Best Estimate of Premium Provisions	**32,263**	**1,373**	**18,601**	**43**	**9,328**	**317**
Claims provisions						
Gross - Total	99,818	61,144	4,523	232	4,547	4,481
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	40,711	15,111	2,450	8	225	3,036
Net Best Estimate of Claims Provisions	**59,108**	**46,033**	**2,073**	**224**	**4,322**	**1,445**
Total Best estimate - gross	**135,388**	**62,606**	**22,213**	**270**	**14,145**	**4,709**
Total Best estimate - net	**91,371**	**47,407**	**20,674**	**267**	**13,651**	**1,761**
Risk margin	**9,641**	**1,601**	**2,367**	**15**	**524**	**129**
Technical Provisions						
Technical provisions - total	**145,029**	**64,207**	**24,580**	**285**	**14,668**	**4,838**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**44,017**	**15,200**	**1,540**	**3**	**494**	**2,948**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**101,012**	**49,007**	**23,041**	**282**	**14,174**	**1,890**

	Accepted non-proportional reinsurance				
	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional casualty reinsurance	Non-proportional property reinsurance	Total Non-Life obligations
Technical provisions calculated as a whole					**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole					**0**
Technical Provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross - Total		-3		6,404	139,474
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		0		4,024	20,068
Net Best Estimate of Premium Provisions		**-2**		**2,381**	**119,406**
Claims provisions					
Gross - Total		50		23,805	432,958
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				17,772	143,864
Net Best Estimate of Claims Provisions		**50**		**6,033**	**289,093**
Total Best estimate - gross		**48**		**30,210**	**572,431**
Total Best estimate - net		**48**		**8,414**	**408,499**
Risk margin		**4**		**1,458**	**24,352**
Technical Provisions					
Technical provisions - total		**51**		**31,668**	**596,783**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total		**0**		**21,795**	**163,932**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total		**52**		**9,872**	**432,851**

Annex 6: S.19.01.21 - Information on non-life insurance claims

	Development year (absolute amount)											In Current year	Sum of years (cumulative)
Gross Claims Paid (non-cumulative)	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		
Prior											2,415	2,415	2.415
2015	155,631	47,364	10,561	6,039	2,112	1,709	1,129	798	989	464		464	226.797
2016	157,054	50,315	13,577	6,193	2,137	2,107	689	474	662			662	233.208
2017	165,632	70,588	16,667	6,187	3,812	2,462	2,003	895				895	268.246
2018	171,504	64,605	13,018	5,128	2,099	1,527	622					622	258.501
2019	171,280	66,024	15,281	7,065	5,166	1,727						1,727	266.542
2020	162,793	57,619	12,177	8,841	3,477							3,477	244.907
2021	160,601	75,813	19,367	14,758								14,758	270.538
2022	179,044	98,343	30,254									30,254	307.641
2023	297,029	158,490										158,490	455.519
2024	200,414											200,414	200.414
											Total	**414,177**	**4,081,398**

Gross undiscounted Best Estimate Claims Provisions	Development year (absolute amount)											Year-end (discounted data)
	0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**	
Prior											6,982	6,606
2015		20,726	13,012	8,260	4,610	4,708	4,266	3,685	2,079	1,758		1,679
2016	79,936	31,108	16,284	9,757	7,185	3,585	3,485	2,451	1,565			1,483
2017	102,780	34,550	19,490	13,943	9,291	5,779	4,708	3,604				3,426
2018	98,054	35,498	17,467	11,661	8,776	4,333	3,112					2,935
2019	105,789	40,079	22,158	14,796	13,056	10,797						10,285
2020	99,152	41,385	30,314	15,282	12,382							11,874
2021	119,801	84,918	57,017	30,976								29,860
2022	152,816	74,900	47,838									46,322
2023	242,684	102,520										104,131
2024	181,822											172,119
											Total	**390,720**

Annex 7: S.23.01.01 - Own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	**73,701**	73,701			
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					
Surplus funds					
Preference shares					
Share premium account related to preference shares					
Reconciliation reserve	**903,283**	903,283			
Subordinated liabilities	**151,238**			151,238	
An amount equal to the value of net deferred tax assets	**2,107**				2,107
Other own fund items approved by the supervisory authority as basic own funds not specified above					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Deductions					
Deductions for participations in financial and credit institutions					
Total basic own funds after deductions	**1,130,330**	**976,984**		**151,238**	**2,107**

	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					
Other ancillary own funds					
Total ancillary own funds					

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds					
Total available own funds to meet the SCR	**1,130,330**	**976,984**		**151,238**	**2,107**
Total available own funds to meet the MCR	**1,128,223**	**976,984**		**151,238**	
Total eligible own funds to meet the SCR	**1,130,330**	**976,984**		**151,238**	**2,107**
Total eligible own funds to meet the MCR	**1,002,486**	**976,984**		**25,502**	
SCR	**416,426**				
MCR	**127,510**				
Ratio of Eligible own funds to SCR	**271%**				
Ratio of Eligible own funds to MCR	**786%**				

Reconciliation reserve	
Excess of assets over liabilities	1,044,800
Own shares (held directly and indirectly)	
Foreseeable dividends, distributions and charges	65,709
Other basic own fund items	75,808
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	
Reconciliation reserve	**903,283**
Expected profits	
Expected profits included in future premiums (EPIFP) - Life Business	65,089
Expected profits included in future premiums (EPIFP) - Non- life business	40,409
Total Expected profits included in future premiums (EPIFP)	**105,498**

Annex 8: S.25.01.21 - Solvency Capital Requirement for undertakings using the standard formula

	Gross Solvency Capital Requirement	USP	Simplifications
Market risk	246,867		
Credit risk	28,727		
Life underwriting risk	62,375		
Health underwriting risk	32,979		
Non-life underwriting risk	185,160		
Diversification	-172,807		
Intangible asset risk			
Basic Solvency Capital Requirement	**383,300**		

Calculation of Solvency Capital Requirement	
Operational risk	33,013
Loss-absorbing capacity of technical provisions	-6,479
Loss-absorbing capacity of deferred taxes	
Capital requirement for business operated in accordance with Art, 4 of Directive 2003/41/EC	
Adjustment for ring-fenced fund risk diversification	6,592
Solvency Capital Requirement excluding capital add-on	416,426
Capital add-on already set	
Solvency Capital Requirement	**416,426**
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 SCR aggregation for article 304	

Annex 9: S.28.02.01 - Minimum capital requirement for life and non-life insurance products

	Non-life activities	Life activities
Linear formula component for non-life insurance and reinsurance obligations	93,318	3,239

MCR calculation Non-Life	Non-life activities		Life activities	
	Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	4,816	19,142		
Income protection insurance and proportional reinsurance	17,542	23,258	0	38,111
Workers' compensation insurance and proportional reinsurance				
Motor vehicle liability insurance and proportional reinsurance	121,783	132,535		
Other motor insurance and proportional reinsurance	72,566	156,398		
Marine, aviation and transport insurance and proportional reinsurance	18,098	15,271		
Fire and other damage to property insurance and proportional reinsurance	91,371	131,964		
General liability insurance and proportional reinsurance	47,407	33,614		
Credit and suretyship insurance and proportional reinsurance	20,674	18,700		
Legal expenses insurance and proportional reinsurance	267	671		
Assistance and proportional reinsurance	13,651	28,990		
Miscellaneous financial loss insurance and proportional reinsurance	1,761	2,419		
Non-proportional health reinsurance				
Non-proportional casualty reinsurance	48			
Non-proportional marine, aviation and transport reinsurance		137		
Non-proportional property reinsurance	8,414	19,445		

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life	Non-life activities: Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Non-life activities: Net (of reinsurance/SPV) total capital at risk	Life activities: Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Life activities: Net (of reinsurance/SPV) total capital at risk
Obligations with profit participation - guaranteed benefits			609,211	
Obligations with profit participation - future discretionary benefits			20,396	
Index-linked and unit-linked insurance obligations			868,864	
Other life (re)insurance and health (re)insurance obligations	49,083			
Total capital at risk for all life (re)insurance obligations				3,371,609

	Non-life activities	Life activities
Linear formula component for life insurance and reinsurance obligations	1,031	29,922

Calculation of minimum capital requirement (MCR)	
Linear MCR	127,510
SCR	416,426
MCR cap	187,392
MCR floor	104,107
Combined MCR	127,510
Absolute floor of the MCR	8,000
Minimum Capital Requirement	**127,510**

Notional non-life and life MCR calculation	Non-life activities	Life activities
Notional linear MCR	94,349	33,162
Notional SCR excluding add-on (annual or latest calculation)	308,126	108,301
Notional MCR cap	138,657	48,735
Notional MCR floor	77,031	27,075
Notional Combined MCR	94,349	33,162
Absolute floor of the notional MCR	4,000	4,000
Notional MCR	94,349	33,162