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

Ljubljana, March 2025

Solvency and Financial Condition Report

Triglav Group
2024

triglav

Skupina Triglav
triglav.eu

Triglav Group

€ 504.9 million

Solvency capital requirement

€ 131.4 million

Net profit in 2024

€ 1,105.5 million

Eligible own funds

€ 201.3 million

Minimum capital requirement

€ 2,501.2 million

Investments

Credit rating »A«

with stable medium-term outlook

219%

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

Triglav Group (hereinafter: the Group) is the leading insurance and financial group in Slovenia and the Adria region as well as one of the leading groups in South-Eastern Europe. The Group's parent company is Zavarovalnica Triglav d.d. (hereinafter: The Company), which was established 125 years ago. In addition to the parent company, the Group comprised 31 subsidiaries, 12 associated companies and 10 joint ventures at the end of 2024. Within the Group, the subsidiaries do business with the Company and among themselves on an arm's length basis whereby their operation is based on the principle of increasing the operating performance of each undertaking individually as well as of the Group as a whole. The Group and its members operate on 7 markets in 6 countries of the Adriatic region and internationally through partnerships with foreign companies involved in insurance agency and brokerage as well as reinsurance. Its biggest market is Slovenia, whereby the share of the total premium generated outside of Slovenia is gradually increasing.

The strategic activities of the Group include the **insurance activities and asset management activities**. As part of its insurance activities, the Group's (re)insurance undertakings provide non-life, life and health insurance as well as reinsurance. Asset management within the Group includes customer savings via the insurance services provided by insurance and pension undertakings of the Group as well as management of investments and management of investments in mutual funds and individual asset management. The Group pursues a prudent investment policy that emphasises safety and liquidity of investments as well as their adequate return. The majority of the Group's investments is held in the form of debt securities and other fixed-income securities.

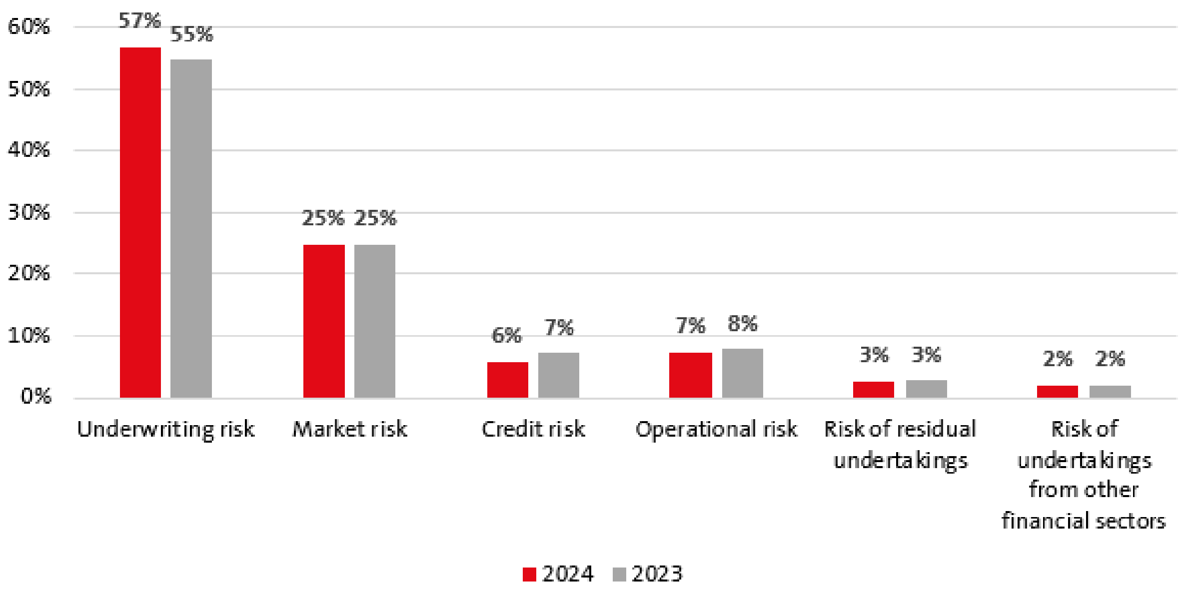
The Group is rated by two renowned ratings agencies, S&P Global Ratings and AM Best. In 2024, both agencies re-affirmed the Group's **"A" credit rating** with a stable medium-term outlook. In December 2024 S&P Global Ratings agency upgraded their outlook from stable to positive, which further confirms its financial stability, high capital adequacy as well as flexibility and resilience. The Group's business operation 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.

In 2024, the Group recorded strong operating performance and profitability in all business segments, improving its estimate of the planned annual profit in the first half of the year, and surpassing it by the end of the year due to one-off events. In 2024, the Company optimised its operations in the Health segment by acquiring 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 the Group's 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.

In terms of risk and capital adequacy, the Group ended 2024 with a high operating result and a strong capital position. The Group regularly monitored its risk profile and actively upgraded individual areas of risk management system, especially where elevated risk or higher exposures were detected.

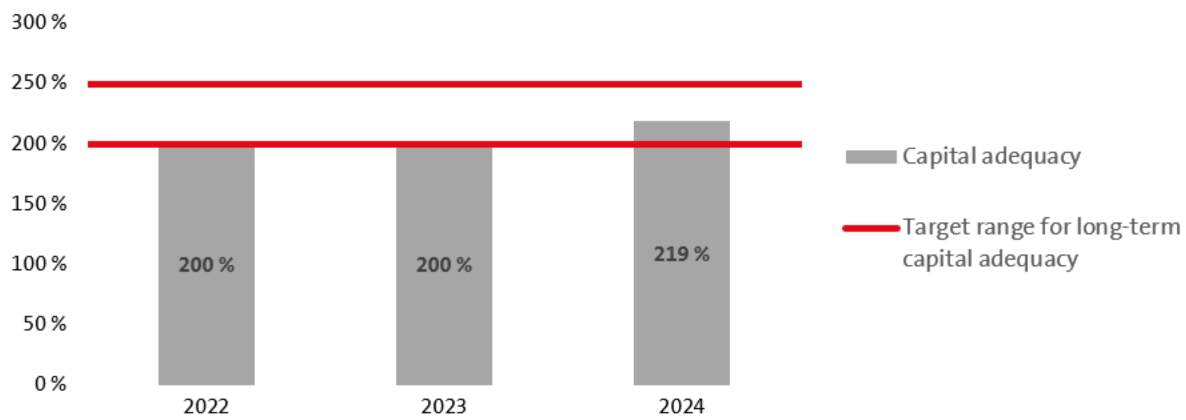
The risk profile of the Group as at 31 December 2024 changed slightly compared to the previous year, mainly due to an increase in the capital requirements for underwriting risk, which represents the biggest share and increased by 2 percentage points to 57 percent. The share of market risk did not change significantly compared to the previous year, same goes for risk of residual undertakings and risk of undertakings from other financial sectors. Credit risk and operational risk decreased by one percentage point compared to 2023. Additional information on the risk assessment is presented in Section C of this Report.

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



The Group was adequately capitalised as at 31 December 2024. It had sufficient own funds to cover both the Solvency Capital Requirement (219 percent) and the Minimum Capital Requirement (446 percent). Capital adequacy or solvency ratio is calculated according to the standard formula as the ratio of total eligible own funds to the Solvency Capital Requirement. No adjustments or simplifications were applied when determining capital adequacy.

Chart 2: Capital adequacy of the Group

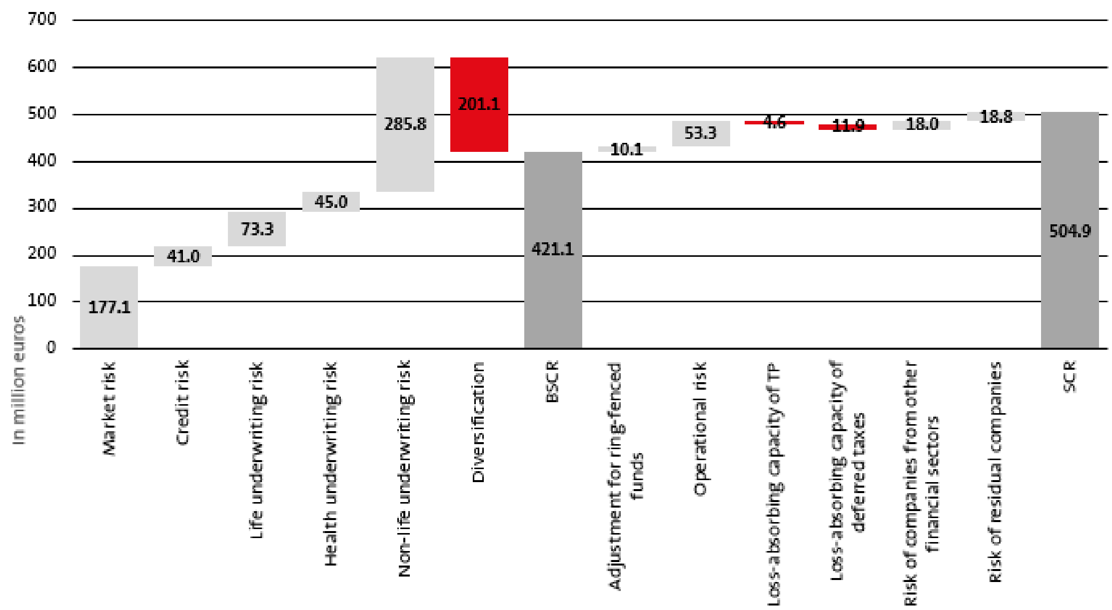


As at 31 December 2024 the eligible own funds amounted to EUR 1,105.5 million. The funds are composed of the Group's share capital (EUR 73.7 million), subordinated liabilities (EUR 151.2 million), deduction from minority interest (EUR 12.4 million) and the reconciliation reserve (EUR 892.9 million). The calculation of eligible own funds considers the value of expected dividends for the 2024 financial year. The Group holds the highest quality own funds and thus classifies its entire share capital and the reconciliation reserve as Tier 1 assets.

The **Solvency Capital Requirement** of the Group 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[2] renta, for which risks are calculated separately for each risk type under the standard formula, which is presented in more detail in Section E of this Report.

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



In 2024, as much as 82 percent of the Group's undiversified Solvency Capital Requirement derived from underwriting and market risk. Most of its own funds were classified as Tier 1 assets in terms of quality.

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

1 Prostovoljno dodatno pokojninsko zavarovanje.

2 Prostovoljno dodatno pokojninsko zavarovanje v izplačevanju.

A.

Business and performance

- A.1 Business
- A.2 Underwriting performance
- A.3 Investment performance
- A.4 Performance of other activities
- A.5 Any other information

A. Business and performance

A.1 Business

A.1.1 About the Group

The Group is the leading insurance-financial group in Slovenia and the Adria region as well as one of the leading groups in South-Eastern Europe. The Group operates in a broader international environment mainly through partnerships with foreign companies involved in insurance agency and brokerage as well as reinsurance. The Group's main markets in the Adria region and its core activities are presented in the figure below. As at 31 December 2024, the Group comprised 54 companies, i.e. the Company, 31 subsidiaries and 12 associated companies as well as 10 joint ventures.

Figure 1: Insurance markets of the Group as at 31 December 2024

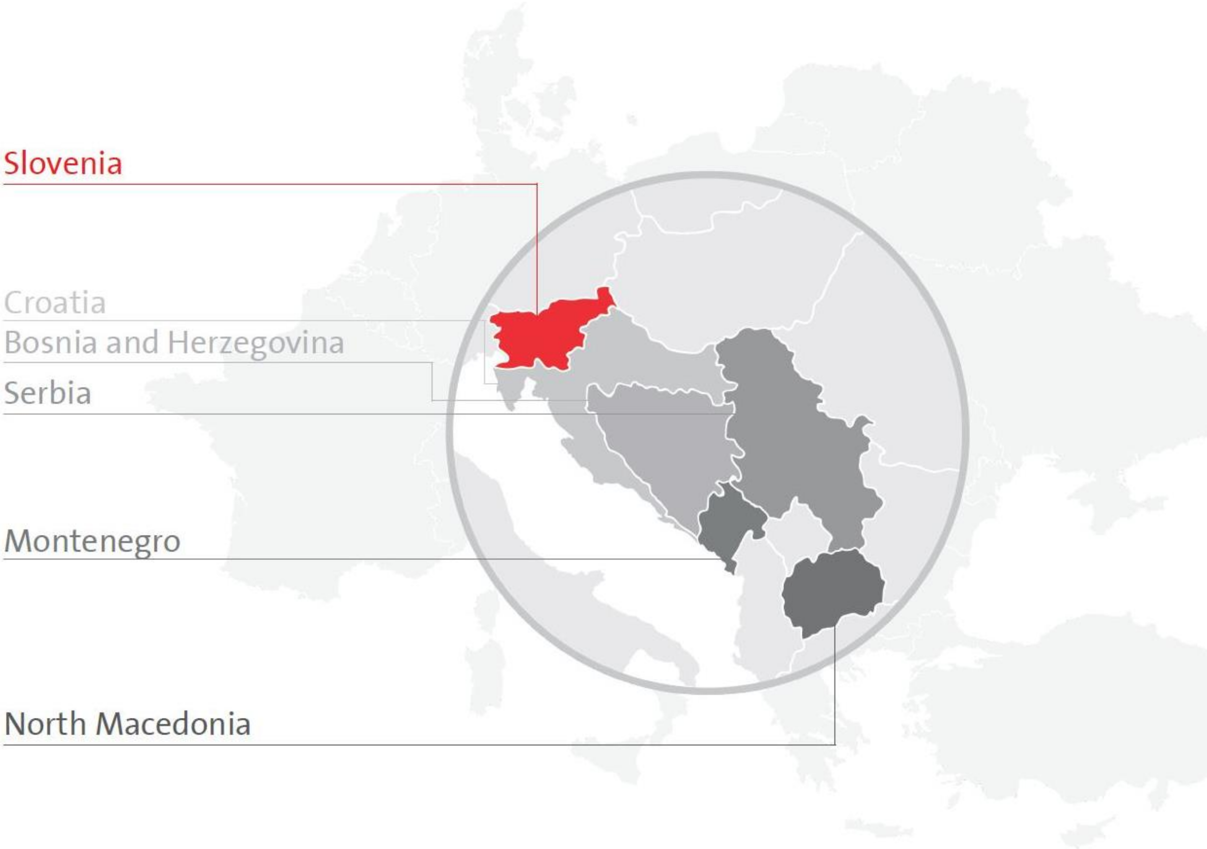
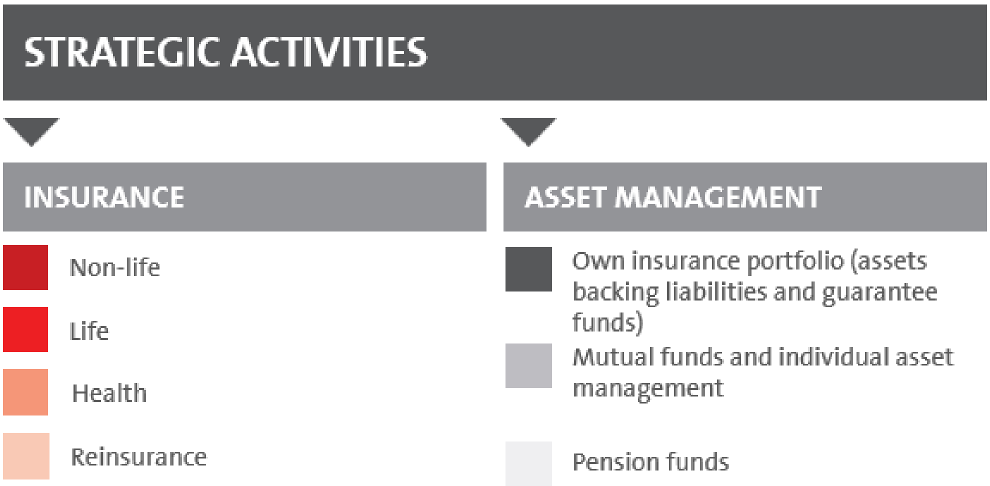


Figure 2: Group's strategic activities



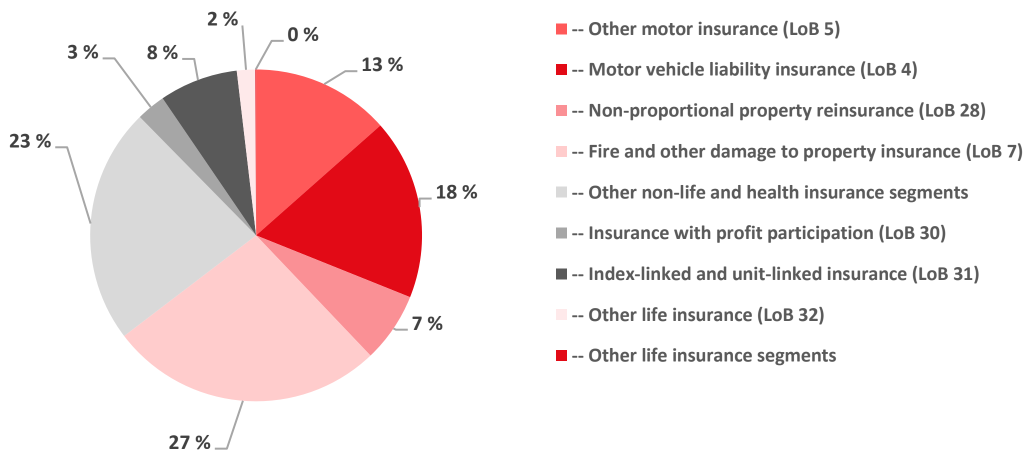
INSURANCE is the largest strategic activity of the Group. It includes non-life, life and health insurance as well as the reinsurance activity.

The Group's insurance business comprises:

- **In Slovenia:** The Company and Pozavarovalnica Triglav Re, d.d. (hereinafter: Pozavarovalnica Triglav Re)
- **Outside Slovenia:** 7 insurance undertakings in the Adria region (Croatia, Serbia, Montenegro, Bosnia and Herzegovina and in North Macedonia), the Company's branch in Greece (in line with the FOE principle) and business partnerships under the principle of free movement of services (FOS principle).

The Group operated in all segments of non-life insurance in 2024. The Group earns most of the total premium from Fire and other damage to property insurance (LoB 7), Motor vehicle liability insurance (LoB 4) and Other motor insurance (LoB 5).

Chart 4: The Group's non-consolidated gross insurance, co-insurance and reinsurance written premium as at 31 December 2024



The ASSET MANAGEMENT activity includes the management of the Company's insurance portfolios (assets backing liabilities and guarantee funds), savings of clients via the insurance services of the Group's life and pension insurance undertakings, asset management, and management of client assets in mutual funds and individual asset management. Asset management is presented in more detail in the business part of the Annual Report, Sections 8.4 and 7.5. The composition of the Group as at 31 December 2024 is presented in the following figure.

Figure 3: Schematic of the Group's subsidiaries and associated companies and their respective participating interests as at 31 December 2024

A.1.2 Supervisory body

The Group's supervisory body is:

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

A.1.3 External audit

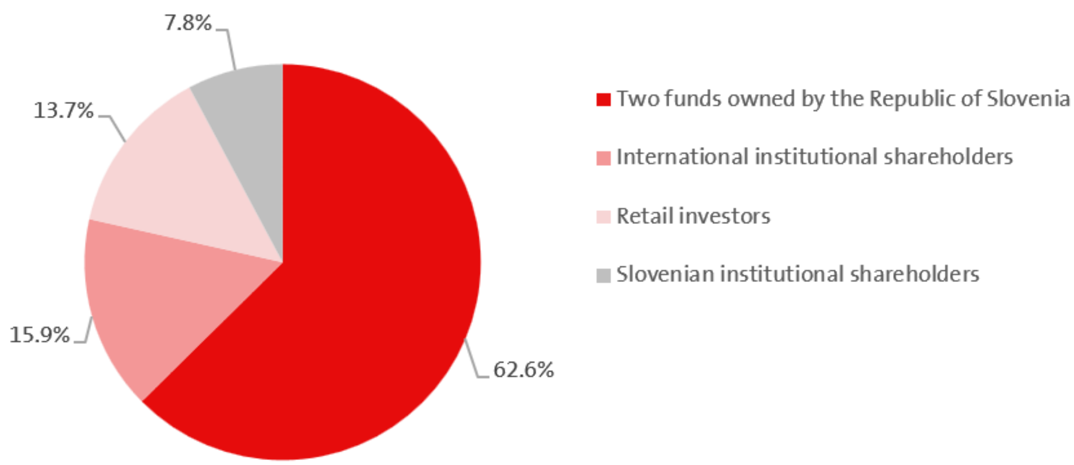
Based on the resolution of the General Meeting of Shareholders of the Company (hereinafter: General Meeting of Shareholders), the following audit firm was appointed as the external auditor of the Company for the 2024 financial year:

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 5: 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 points 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.

CHANGES TO THE GROUP'S STRUCTURE

The ownership structure of the Group changed in 2024. The Group's undertakings performed certain corporate activities, i.e.:

- the Company sold its 39.07 percent equity interest in Nama, d.d. (hereinafter: Nama), generating a gain on sale of EUR 4.7 million in the separate and consolidated financial statements.
- The Company acquired a 24.9 percent equity interest in KATERA Beteiligungs-Verwaltungsgesellschaft P11 mbH. The company is accounted for using the equity method in the separate and consolidated financial statements.

- Triglav, Upravljanje nepremičnin, d.o.o., Ljubljana, has recapitalised its subsidiary Triglav, upravuvanje so nedvižen imot DOOEL Skopje, in the amount of MKD 37.9 million or EUR 0,6 million. The recapitalisation was carried out with a cash contribution whereby Triglav, Upravljanje nepremičnin, d.o.o., retained a 100 percent share in the said undertaking. The recapitalisation had no impact on the consolidated financial statements of the Group.
- Triglav zdravje asistenca, d.o.o., acquired a 100 percent equity interest in Eskulap, družba za zdravstvene storitve, d.o.o. The undertaking was included for the first time in the consolidated financial statements of the Group using the full consolidation method in the second quarter of 2024. The first-time consolidation did not have a material impact on the consolidated financial statements of the Group.
- The Company recapitalised Triglav, penzisko društvo, a.d., Skopje (hereinafter: Triglav, penzisko društvo, Skopje), in the amount of MKD 61.5 or EUR 1.0 million. The recapitalisation was carried out with a cash contribution whereby the Company retained a 100 percent share in the said undertaking. The recapitalisation had no impact on the consolidated financial statements of the Group.
- In October, the process of acquisitions of Triglav, Zdravstvena zavarovalnica into the Company was completed. The equity interest of Triglav, Zdravstvena zavarovalnica in Triglav zdravje asistenca, d.o.o., was transferred to the Company, as at the date of the acquisition. The effect of the acquisition and the change in ownership did not have any impact on the consolidated financial statements of the Group. The effects of the acquisition on the separate financial statements of the Company are presented in more detail in the accounting part of Annual Report, Section 2.7.
- Triglav INT, holdinška družba, d.o.o., Ljubljana, established the subsidiary Triglav INT d.o.o., Beograd, in which it holds a 100 percent ownership interest. The new undertaking is included in the consolidated financial statements of the Group under the full consolidation method.

Changes to the Group’s structure are presented in more detail in the accounting part of the Annual Report, Section 2.1.4.

A.1.5 Major business events and achievements in 2024

- <u>Strong performance:</u> 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.
- <u>Dividend payment</u>: 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.
- <u>Confirmed high "A" credit rating</u>: 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.
- Optimisation 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 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.1.6 Treatment of subsidiaries in consolidation for solvency purposes

The Company calculates capital adequacy at the Group level. The Company and the subsidiaries are included in the Group's solvency calculation[3]. All subsidiaries that perform the principal and ancillary activities are subject to full consolidation in the calculation of the Group's capital adequacy (method 1). Triglav Skladi, d.o.o. (hereinafter: Triglav Skladi) and Triglav, pokojninska družba, d.d. (hereinafter: Triglav, pokojninska družba) are not consolidated for the purpose of determining the Group's solvency as their capital adequacy is calculated according to the sector/industry regulations, but both are consolidated for financial reporting purposes. Other associated companies of the Group that do not perform the principal or ancillary activity are not consolidated in the solvency calculation, with their capital requirements calculated separately and without any diversification effects.

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

Table 1: List of the Group's undertakings and the method of consolidation for solvency and financial reporting purposes as at 31 December 2024*

Group Companies	Consolidation method for solvency purposes	Consolidation method for financial reporting purposes
Zavarovalnica Triglav, d.d. – the Company	Full consolidation	Full consolidation
Pozavarovalnica Triglav Re, d.d., Ljubljana	Full consolidation	Full consolidation
Triglav zdravje asistenca, d.o.o.	Full consolidation	Full consolidation
ESKULAP družba za zdravstvene storitve d.o.o	Full consolidation	Full consolidation

[3] Commission Delegated Regulation (EU) 2015/35, Article 1 (49)

Triglav Skladi, d.o.o., Ljubljana	Financial investment - FV	Full consolidation
Triglav, pokojninska družba, d.d., Ljubljana	Financial investment - FV	Full consolidation
Triglav, Upravljanje nepremičnin, d.o.o., Ljubljana	Full consolidation	Full consolidation
Triglav Svetovanje, d.o.o., Domžale	Full consolidation	Full consolidation
Triglav Avtoservis, d.o.o., Ljubljana	Full consolidation	Full consolidation
Zavod Vse bo v redu, Ljubljana	Financial investment - FV	Financial investments - C
Triglav INT, d.d., Ljubljana	Full consolidation	Full consolidation
Triglav international d.o.o. Beograd	Full consolidation	Full consolidation
Triglav Osiguranje, d.d., Zagreb	Full consolidation	Full consolidation
Triglav Osiguranje, a.d., Banja Luka	Full consolidation	Full consolidation
Triglav Osiguranje, d.d., Sarajevo	Full consolidation	Full consolidation
Triglav Osiguranje, a.d.o, Beograd	Full consolidation	Full consolidation
Lovćen Osiguranje, a.d., Podgorica	Full consolidation	Full consolidation
Lovćen životna osiguranja, a.d.,Podgorica	Full consolidation	Full consolidation
Triglav Osiguruvanje, a.d., Skopje	Full consolidation	Full consolidation
Triglav Osiguruvanje Život, a.d., Skopje	Full consolidation	Full consolidation
Lovćen auto, d.o.o., Podgorica	Full consolidation	Full consolidation
Autocentar BH, d.o.o., Sarajevo	Full consolidation	Full consolidation
Triglav Savjetovanje, d.o.o., Zagreb	Full consolidation	Full consolidation
Triglav Savjetovanje, d.o.o., Sarajevo	Full consolidation	Full consolidation
Triglav Savetovanje, d.o.o., Beograd	Full consolidation	Full consolidation
Triglav Fondovi, d.o.o., Sarajevo	Though the Company	Full consolidation
Sarajevostan, d.d., Sarajevo	Financial investment - FV	Full consolidation
Triglav upravljanje nekretninama, d.o.o., Sarajevo	Full consolidation	Full consolidation
Triglav upravljanje nekretninama, d.o.o., Zagreb	Full consolidation	Full consolidation
Triglav upravljanje nekretninama, d.o.o., Podgorica	Full consolidation	Full consolidation
Triglav upravuvanje so nedvižen imot DOOEL, Skopje	Full consolidation	Full consolidation
KATERA Beteiligungs-Verwaltungsgesellschaft P11, mbH	Financial investment - FV	Financial investment - EM
Nama, d.d., Ljubljana	Though the Company	Though the Company
Triglavko, d.o.o., Ljubljana	Financial investment - FV	Financial investment - EM
Trigal, upravljanje naložb in svetovalne storitve, d.o.o., Ljubljana	Financial investment - FV	Financial investment - EM
Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom, a.d., Banja Luka	Though the Company	Financial investment - EM
Triglav, penzisko društvo, a.d., Skopje	Financial investment - FV	Full consolidation
Alifenet, d.o.o., Ljubljana	Financial investment - FV	Financial investment - EM
Diagnostični center Bled, d.o.o., Bled	Financial investment - FV	Financial investment - EM
Kirurški sanatorij Rožna dolina, d.o.o., Ljubljana	Though the Company	Though the Company
MTC Fontana, d.o.o., Maribor	Though the Company	Though the Company
Medi Cons kardiologija, d.o.o., Novo mesto	Though the Company	Though the Company
Gastromedica, d.o.o., Murska Sobota	Though the Company	Though the Company
Internistična GE ambulanta, d.o.o., Nova Gorica	Though the Company	Though the Company

Cardial, d.o.o., Ljubljana	Though the Company	Through the Company
MDT & T, d.o.o., Maribor	Through the Company	Through the Company
DC Naložbe, d.o.o., Bled	Through the Company	Through the Company
Šubic-diabetologija d.o.o.	Through the Company	Through the Company
Neuroedina, d.o.o., Bled	Though the Company	Though the Company

*Financial investment - EM: investments in companies under consolidation are valued according to the equity method
*Financial investment – FV: investments in companies under consolidation are valued at fair value
*Financial investment – C: investments in companies under consolidation are valued at cost

The activity and equity interest of an individual associated company in the Group are presented in template S.32.01.22 in the annex to this report.

A.2 Underwriting performance

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

The Group's pre-tax profit in 2024 amounted to EUR 159.0 million and exceeded the plan, while its net profit amounted to EUR 131.4 million. The Group's strong performance was driven by favourable financial market conditions, which impacted the return on the Group's financial investments, while the claims in 2024 were not significant. The result was also affected by appropriate adjustments for impacts stemming from the environment.

Table 2: Group's operating performance as at 31 December 2024 and 31 December 2023

In EUR thousand

	2024	2023
Profit before tax	**159,042**	**21,060**
Net profit	**131,418**	**16,265**
Non-Life and health insurance combined ratio	**93.6%**	**101.6%**
- Loss ratio	65.5%	76.3%
- Expense ratio	28.1%	25.3%
ROE	**14.0%**	**1.8%**

The Group’s insurance subsidiaries that are fully consolidated according to the segmentation for solvency purposes, including Pozavarovalnica Triglav Re, generated EUR 1,787.1 million worth of non-consolidated gross insurance, co-insurance and reinsurance premium in 2024. EUR 1,566.3 million of the premium was generated in the non-life and health insurance segment, while the premium generated in the life insurance segment totalled EUR 220.8 million. The biggest share of the non-life and health insurance premium is derived from the Fire and other damage to property insurance segment (LoB 7). These were followed by Motor vehicle liability insurance (LoB 4) and Other motor insurance (LoB 5). The non-consolidated gross premium decreased by EUR 30.0 million compared to 2023 and the premium for non-life insurance and health insurance decreased by EUR 39.5 million. The latter is mainly the result of legislative changes and the consequent abolition of supplementary health insurance, which represented the main activity of Triglav, Zdravstvena zavarovalnica, in 2023. In further calculations of this report, the data for 2023 may differ from the data presented in the Annual Report, which 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. The premium for life insurance increased by EUR 9.4 million.

According to the segmentation for solvency purposes, gross claims incurred in 2024 amounted to EUR 902.0 million, whereby EUR 700.1 million came from non-life insurance and health insurance and EUR 201.9 million came from life insurance. The majority of the gross claims incurred among non-life and health insurance is from claims in the Motor vehicle liability insurance (LoB 4), Fire and other damage to property insurance (LoB 7) and Other motor insurance (LoB 5) segments. Gross claims incurred from non-life and health insurance decreased by EUR 486.3 million, while the claims from life insurance increased by EUR 13.9 million.

Group non-consolidated gross expenses in 2024 totalled EUR 491.4 million, whereby EUR 448.0 million were from non-life insurance and health insurance and EUR 43.4 million from life insurance. Subject to the segmentation for solvency purposes, the highest expenses under non-life and health insurance were incurred in the Fire and other damage to property insurance segment (LoB 7). The Group's expenses decreased by EUR 43.0 million compared to 2023. Other expenses in 2024 amounted to EUR 6.1 million.

The table below presents the non-consolidated values of gross written insurance, co-insurance and reinsurance premiums, gross claims incurred and the expenses under the major insurance segments used for solvency purposes. The amounts for other insurance segments are presented in template S.05.01.02 of the annex to this report.

Table 3: Group’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**
Non-consolidated gross written premiums from insurance, reinsurance and co-insurance contracts	**1,787,147**	**1,817,168**
- Non-life insurance with health insurance	**1,566,339**	**1,605,803**
-- Fire insurance and other damage to property insurance (LoB 7)	477,874	454,266
-- Motor vehicle liability insurance (LoB 4)	314,480	275,324
-- Medical expense insurance (LoB 1)	240,783	225,427
-- Other motor insurance (LoB 5)	121,950	222,617
-- Other non-life insurance with health insurance segments	411,251	428,170
- Life insurance	**220,808**	**211,365**
-- Index-linked and unit-linked insurance (LoB 31)	136,955	126,526
-- Insurance with profit participation (LoB 30)	50,549	55,866
-- Other life insurance (LoB 32)	32,024	27,779
-- Other life insurance segments	1,281	1,193
Gross claims incurred	**902,022**	**1,374,413**
- Non-life insurance with health insurance	**700,102**	**1,186,416**
-- Fire insurance and other damage to property insurance (LoB 7)	177,991	320,381
-- Medical expense insurance (LoB 1)	165,181	238,759
-- Other motor insurance (LoB 5)	155,721	173,660
-- Motor vehicle liability insurance (LoB 4)	62,491	143,947

-- Other non-life insurance with health insurance segments	138,718	309,669
- Life insurance	**201,919**	**187,998**
-- Insurance with profit participation (LoB 30)	103,445	103,604
-- Index-linked and unit-linked insurance (LoB 31)	80,929	69,955
-- Other life insurance (LoB 32)	11,109	10,162
-- Other life insurance segments	6,436	4,276
Expenses	**491,429**	**448,434**
- Non-life insurance with health insurance	**447,995**	**409,157**
-- Fire insurance and other damage to property insurance (LoB 7)	139,245	131,790
-- Motor vehicle liability insurance (LoB 4)	92,983	84,692
-- Other motor insurance (LoB 5)	69,096	60,165
-- Medical expense insurance (LoB 1)	28,552	29,673
-- Other non-life insurance with health insurance segments	118,120	102,839
- Life insurance	**43,434**	**39,278**
-- Index-linked and unit-linked insurance (LoB 31)	21,778	19,567
-- Insurance with profit participation (LoB 30)	11,255	10,131
-- Other life insurance (LoB 32)	10,446	9,612
-- Other life insurance segments	-45	-33
Other expenses	**6,061**	**964**

The Group operates in 7 markets and 6 countries in the Adria region. The Group also operates outside the abovementioned territory by utilizing cross-border insurance services in other countries and additionally also by offering international reinsurance services.

The Group generated the majority of the gross written premium in Slovenia (58 percent of total unconsolidated premium), while it successfully increased shares on other markets. Similarly to the case of the gross written premium, the biggest share of gross claims incurred came from Slovenia. Compared to 2023, the share of Group claims in the 2024 decreased in Slovenia, Croatia and North Macedonia. The table below presents the Group's non-consolidated gross written premium from insurance, coinsurance reinsurance contracts, and incurred claims by market.

Table 4: Geographic distribution of the Group's premium and claims by country as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Non-consolidated gross written premiums from insurance, reinsurance and co-insurance contracts	**1,787,147**	**1,817,168**
-- Slovenia	1,041,443	1,162,393
-- Serbia	144,052	121,851
-- Croatia	115,438	113,945
-- Poland	58,105	30,795
-- Montenegro	56,053	50,439
-- Bosnia and Herzegovina	53,628	55,542
--Other countries of operation	318,428	282,202
Gross claims incurred	**902,022**	**1,374,413**
-- Slovenia	573,248	1,053,108

-- Serbia	59,001	50,911
-- Croatia	64,057	76,178
-- Poland	22,902	15,979
-- Montenegro	25,660	19,114
-- Bosnia and Herzegovina	20,509	19,292
-- Other countries of operation	136,644	139,833

Details on the geographic distribution of premiums and claims by country are provided in template S.05.02.02 in the annex to this report.

A.3 Investment performance

The Group pursued a relatively prudent investment policy that emphasised the safety and liquidity of investments as well as their adequate return. The major portion of investment policies are related to assets covering future non-life and life insurance liabilities.

The investment result was most affected by the structure of the Group's investments and the developments on financial markets. This chapter presents the Group's investment result broken down by main sources of individual investment classes as well as a comparison with the year before. The Group's investment result is presented in the financial part of Annual Report, Section 3.4.

The returns on financial investments, including returns on unit-linked insurance assets, represented the difference between the income and expenses from financial assets.

2024 was a relatively uneventful and successful year for financial markets. The euro risk-free interest rate curve generally oscillated around its end-of-2023 level, except in the short-term part where interest rate decreases were observed. Volatility was low and comparable to the year before. The shape of the curve, which was inverted in 2023, gradually converged towards a more normal upward shape due to a more pronounced decline in the shortest part. Credit spreads followed the trend of the previous year and, with relatively low volatility, continued to decline for the most part. Equity markets also continued the upward trend of the previous year, and in most cases delivered significant returns.

The significant growth of interest rates that began in 2022 and their stabilisation at relatively high levels in 2023 and 2024 continued to positively affect the growth of Group's interest income. The latter has been increasing for several years, with further growth in 2024.

In the past the Group reduced its equity exposure to local markets and only partially replaced it with diversified exposure to collective investment undertakings. As a result, dividend income represented a smaller part of the Group's investment return. In 2024 the exposure to equity investments did not change significantly and the dividend yield was comparable to the year before. The majority of dividends were paid out to the Company, with a significant amount arising from alternative investment funds.

Net profits or losses from financial assets measured at fair value through profit or loss were materially higher than in the previous year due to the general growth of financial markets, especially equity markets. The table below presents separately the profit where the investment risk is borne by the policyholders as this return is entirely attributable to the policyholders. The

Company only reports those investments at fair value through profit or loss that are reportable according to the financial reporting standards (e.g. collective investment undertakings, equities, debt investments that fail the principal and interest payment test).

The 2024 financial year's result in the net profits or loss from financial assets measured at fair value through other comprehensive income item improved compared to the previous year but was still negative. The negative result was mainly due to the effects of sales of debt instruments, which were recognised at higher prices during the period of low interest rates than the actual realised sales price.

Net impairments or reversal of impairment of financial assets in accordance with financial reporting standards include changes in expected credit losses on debt instruments and impairments in the value of shares in the equity capital of associated companies or joint ventures. Due to the stabilisation and the positive trend on the financial markets, the expected future losses in 2024 were lower than the previous year, which contributed to a positive change.

The change in other income or expenses from investment activities was largely derived from exchange rate differences of financial investments. Positive exchange rate differences in 2024 exceed the negative exchange rate differences in the previous year.

Table 5: Income and expenses from the investment activities of the Group for financial reporting purposes as at 31 December 2024 and 31 December 2023

Income and expenses from investing activities				
	Return of investments		**Of which return on unit-linked insurance assets**	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Interest income calculated using effective interest rate	47,287	35,098		
Dividend income	2,600	2,705		
Net gains/losses from financial assets measured at fair value through profit or loss	106,775	55,710	97,935	49,583
Net gains/losses from financial assets measured at amortised cost	0	0		
Net gains/losses from financial assets measured at fair value through other comprehensive income	-3,314	-9,304		
Net impairments/impairment reversals of financial assets	3,334	2,292		
Other investment income/expense	3,066	-2,670	73	-24
Total	**159,747**	**83,831**	**98,008**	**49,560**

No Group’s undertaking invested in securitisation instruments.

A.4 Performance of other activities

A.4.1 Other income and expenses

The Group's other income comprising other operating income and other income totalled EUR 34.9 million in 2024, compared to EUR 33.7 million the year before.

Most of the income in the amount of EUR 8.5 million in 2024 is related to non-attributable insurance revenue and lease income in the amount of EUR 5.8 million and income from the sale of services and products of non-insurance undertakings in the amount of EUR 13.2 million. In 2023, the majority of income in the amount of EUR 8.6 million is related to non-attributable insurance revenue and lease income in the amount of EUR 7.4 million and income from the sale of services and products of non-insurance undertakings in the amount of EUR 9.8 million.

The Group's other expenses comprising other operating expenses and other expenses totalled EUR 41.0 million in 2024. The largest share of the abovementioned expenses referred to expenses for employee benefits in the amount of EUR 19.5 million, non-attributable insurance service expenses in the amount of EUR 13.9 million, and investment property expenses in the amount of EUR 4.4 million. In the year before, expenses for employee benefits amounted to EUR 7.4 million, non-attributable insurance service expenses to EUR 13.6 million, and investment property expenses to EUR 4.1 million.

Other net income from discontinued operations in 2024 amounted to EUR 11.0 million. It mainly related to the recognized reimbursement by the 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 Group's other operating income and expenses and other income and expenses is presented in the accounting part of Annual Report, Sections 3.7.6 and 3.7.14.

Table 6: 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	**-8,139**	**1,051**
- Other operating income	29,869	26,782
- Other operating expenses	-38,007	-25,731
Net other operating income/expenses from discontinued operations	**-60**	**449**
Other net income from continuing operations	**2,056**	**4,000**
- Other income	5,000	6,956
- Other expenses	-2,944	-2,955
Other net income/expenses from discontinued operations	**11,022**	**-683**

A.4.2 Lease agreements

In the reporting period, Group’s undertakings concluded several lease/rental agreements as lessors/landlord and as lessees/tenant.

Among the contractual relationships where the Group’s undertakings acted as the landlord, only investment property was considered material. Of the total value of investment properties of EUR 70.4 million, the annual lease income totalled EUR 5.8 million. The Company generated 95 percent of the said income, while other Group’s undertakings jointly generated 5 percent.

Group’s undertakings 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 totalled EUR 10.1 million in the Group's consolidated financial statements. The total annual depreciation expense of these assets amounted to EUR 4.7 million, while interest expenses amounted to EUR 876 thousand. Expenses for leases not accounted according to International Financial Reporting Standards (hereinafter: IFRS) 16, i.e. short-term leases and low-value leases, totalled EUR 2.0 million in 2024.

A.4.3 Material intra-group transactions within the Group

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

The following was recorded in 2024: reinsurance premiums written amounted to EUR 204.9 million (2023: EUR 191.3 million), reinsurance claims amounted to EUR 106.3 million (2023: EUR 140.6 million), and reinsurance commissions amounted to EUR 49.6 million (2023: EUR 45.9 million).

In 2024, intra-group transactions booked underwriting fees of EUR 7.4 million (2023: EUR 7.4 million), rent of EUR 1.2 million (2023: EUR 1.4 million), property management income of EUR 1.8 million (2023: EUR 1.6 million) and income from other services EUR 1.2 million (2023: EUR 1.5 million euros).

A.5 Any other information

All other information relating to the business and performance of the Group 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

B.1.1 Corporate governance

The Group consists of the Company and its subsidiaries in which the Company directly or indirectly holds the majority of voting rights. Subsidiaries in the Group operate as independent legal entities, i.e. in line with the applicable local legislation, the resolutions adopted by general meetings and the management and supervisory bodies of subsidiaries, business cooperation agreements (if any) and other adopted internal acts.

To ensure effective governance and control of the Group's subsidiaries, a three-line system of governance is implemented comprising:

1. Corporate governance: as part of the first line involves the active exercise of management rights by the Company.

2. Key function governance: the second line relates to the key functions of the Company.

3. Business line governance: the third line represents the business lines within the Company.

The responsibility for the implementation of the three-line system of governance of the Group's subsidiaries lies with: Triglav Group Subsidiary Management Division, key functions, the expert services and the Company's business lines, which cooperate to establish and maintain an effective and transparent system of governance of the Group.

The system of governance at the Group level is structured as corporate governance involving the active enforcement of management rights held by the Company and its subsidiaries vis-à-vis their subsidiaries pursuant to the applicable legislation and internal rules. Effective monitoring or supervision over the operations of subsidiaries and comprehensive risk management is ensured at the Group level with the aim of maintaining the risk profile within the limits defined in the risk appetite act. Such governance enables the transfer of the risk management culture across all business segments and all undertakings as well as efficient and coordinated operations and realisation of synergies, especially through activities that promote cooperation in professional areas, and sharing of information and knowledge at the Group level.

The Group's system of governance is established at the Company through the functioning of general meetings, supervisory and management bodies of individual subsidiaries as well as standardisation and the unification of key rules and procedures in individual expert divisions at subsidiaries, including the key functions of risk management, compliance, internal audit and the actuarial functions at subsidiaries, with the aim of establishing uniform minimum standards in the area of core activity, effective management, reporting and supervision at the Group level.

The corporate governance system is implemented by having the Company as the Holding Company at the Group level carrying out management activities vis-à-vis its direct subsidiaries whereby the latter are responsible for transposing the system of governance and performing management activities vis-à-vis their direct subsidiaries. The management and coordination of corporate governance activities in line with the three-line corporate governance system of the Company and its subsidiaries is the responsibility of Triglav Group Subsidiary Management

Division, which actively cooperates with other relevant organisational units within the Company. A portion of corporate governance also includes the synchronisation and preparation of the strategy and the design of a risk management system at the Group level. Within the given strategic orientations, each subsidiary that implements the Group's strategic activities has a defined strategy, usually for a five-year period, based on which long-term and strategic activities are carried out. The Group strategy employs the balanced scorecard principle which allows supervisory bodies to monitor operating performance which allows supervisory bodies to monitor operating performance on an ongoing basis as well as take appropriate measures in case of deviations from the plan. The essential guidelines and objectives of the Group's strategy are to be conscientiously followed when managing and governing subsidiaries.

B.1.1.1 Management bodies in individual Group's undertakings

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

The management body manages the undertaking and its operations and is responsible for the legality and economy of the subsidiary's operations and the achievement of business plans. The management body manages the undertaking independently and on its own responsibility, unless it is bound in specific cases by a decision of the undertaking's General Meeting of Shareholders. In cases where this is stipulated in the internal acts of a subsidiary or decision of the supervisory authority, it is obliged to obtain the consent of the supervisory authority for its decision. The management body is obliged to act with the diligence of a conscientious and honest businessperson and to protect the interests of each subsidiary. The management body of a subsidiary discharges the powers and performs the tasks laid down by the applicable legislation and internal acts that apply to each subsidiary.

GENERAL MEETING

The general meetings of subsidiaries carry out the powers and perform the tasks defined by the legislation and internal acts that apply to each subsidiary.

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

The voting proxy at the general meetings of the Company's direct subsidiaries and the voting instructions are proposed by the Triglav Group Subsidiary Management Division and approved by the Management Board of the Company.

SUPERVISORY BODY

Subsidiaries are supervised through the supervisory bodies of the respective subsidiaries.

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

To ensure responsible supervision and decision-making for the benefit of the subsidiary, the composition of the supervisory body considers professional knowledge, experience and skills of each member that complement those of the other members (complementarity of knowledge and experience). Continuity and diversity of the composition of the supervisory body is also ensured in terms of characteristics such as age, internationality and gender representation (heterogeneity of composition). The functioning of the supervisory authority is regulated in more detail in the Rules of Procedure on the Work of the Supervisory Body of each undertaking.

B.1.1.2 Company's Management Board

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

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

On 29 November 2023, the Company's Supervisory Board 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 presented in the table 8.

Table 7: 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 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.1.1.3 Company's General Meeting of Shareholders

Shareholders exercise their rights at the General Meeting of Shareholders that is convened no less than once a year. The powers and operation of the General Meeting of Shareholders are defined by the Companies Act (ZGD-1) and the Company's Articles of Association. A shareholder registered in the share register kept by the Central Securities Clearing Corporation (KDD)[4] as the holder of the shares at the end of the seventh day prior to the General Meeting of Shareholders' 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.1.1.4 Company's Supervisory Board

According to the Articles of Association, the Supervisory Board of the Company has 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 General Meeting of Shareholders of its decision. The Chair and Vice Chair act as employee representatives. The term of office of Supervisory Board members is four years, whereby they may be re-elected without limitation.

The Supervisory Board supervises the management of the Company. In addition to the powers under the Companies Act and the Insurance Act (hereinafter: ZZavar-1), the Supervisory Board grants its consent to the decisions of the Management Board where the stake of the Company

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

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 classic portfolio management approach is applied), the issue of debt securities of the Company and long-term borrowing from domestic and foreign banks, the acquisition and sale of the Company's real estate as well as investment in its real estate. The Supervisory Board also grants its consent to the appointment and dismissal of the Internal Audit Department Director as well as 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 overarching internal acts of the system of governance. The Supervisory Board also sets the remuneration of the President and members of the Management Board and works with the Management Board to set the remuneration of the Internal Audit Department Director.

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

The Supervisory Board appoints and may also recall the members of the Management Board. In doing so, it strives to ensure the continuity of their work through prudent and timely selection of the President and, at the President’s proposal, also the selection of the 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 the member of the Company’s Supervisory Board, 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 Company’s Supervisory Board in the 2024 financial year was as follows:

Table 8: 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 of the Company may appoint one or several committees, which prepare proposed resolutions of the Supervisory Board, assure their realisation and perform other expert tasks. A committee or commission may not decide on issues that fall under the competence of the Supervisory Board.

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

The 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 of the Company, but no longer than until 3 June 2025.

Table 9: 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	- preparing criteria for the selection of shareholder representatives, unless otherwise decided by the Supervisory Board;

- Aleš Košiček, member - Mateja Lovšin Herič, external member	- 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 more detail in the business part of Annual Report, in Section 5.3.3.

B.1.2 Remuneration policy at the Group

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

According to the rules of the Company's remuneration policy, each Group's undertaking adopts its own remuneration policy, whereby Group's undertakings are obliged to consider the local legislation in their respective areas when formulating remuneration policies for members of the management and supervisory bodies.

SUPERVISORY BODY

The remuneration of the supervisory body and its committees is set by the general meeting of individual Group's undertaking by way of a resolution (except for remuneration of members – external experts). The remuneration consists of the remuneration for the performance of the function, bonuses for the performance of the function of 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 members of the supervisory bodies of Group's undertaking are not entitled to profit sharing.

MANAGEMENT BODY

The remuneration of the Company's Management Board comprised of the basic salary (fixed part of pay), the variable part of pay and other rights and benefits is set at the level that incentivizes the achievement of strategic and planned goals, reliable and effective risk management, sustainable development goals, and ensure the long-term sustainability of operations. They are paid out based on the limitations stipulated in the applicable 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. 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.

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

EXECUTIVE EMPLOYEES AND OTHER EMPLOYEES WORKING UNDER INDIVIDUAL CONTRACTS

The basic salary (fixed part of pay) for executive employees and other employees working under individual agreements is stipulated in the employment contract, whereby they are also entitled to bonuses and the variable part of pay including the work performance-based part of pay and the business performance part of pay.

EMPLOYEES WORKING UNDER A COLLECTIVE AGREEMENT

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

B.1.3 Related party transactions

Related parties of the Group are:

- shareholders of the Company and of all subsidiaries;
- members of the Management Board of the Company and of all subsidiaries and their immediate family members and companies related to them in which they have a significant influence on decision-making or are appointed to their management or supervisory body;

- members of the Supervisory Board of the Company and of all subsidiaries and their immediate family members and companies related to 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. In 2024, the only materially significant transaction with the two largest owners was the payment of dividends. The Pension and Disability Insurance Institute of Slovenia received EUR 13.7 million and the Slovenian Sovereign Holding received EUR 11.2 million in dividends.

B.2 Fit and proper requirements

The fit and proper assessment of management and supervisory body members as individuals as well as the management and the supervisory body as a collective body may be implemented at Group's undertakings prior to the appointment for the term of office (initial assessment), during term of office (periodic assessment; presumably once per year), following the appointment of an individual member without a prior assessment (subsequent assessment) and in case of the occurrence of circumstances that raise doubt as to the fit and proper status of the members (extraordinary assessment).

As part of the assessment, management and supervisory body members are assessed in terms of the meeting of criteria regarding fitness (professional qualifications, experience, and competences) and propriety criteria (clean criminal record, professional reputation, goodwill and personal integrity). As part of the assessment of the management and supervisory bodies as collective bodies, we check whether all members possess collective knowledge and experience related to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management and regulative frameworks as well as other legal requirements that are binding on the Company.

The fitness and propriety of the key function holders is performed prior to the granting of the authorisation to an individual key function holder and their deputy, periodically (once a year during the validity of the authorisation) and in an extraordinary assessment (upon the occurrence of circumstances that raise doubt as to their fit and proper status). As part of the assessment, the fitness (professional qualifications, specialised knowledge, experience and competences) and propriety criteria (clean criminal record, professional reputation, goodwill and personal integrity) are verified, while the key function holders and their deputies must disclose a statement including the information on the actual or potential conflict of interest as well as the circumstances that create or could create the appearance of a conflict of interest. Key function holders and their deputies must meet the following conditions in addition to the above fitness conditions that are general in nature and apply to everyone:

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

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

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

THE HOLDER OF THE INTERNAL AUDIT FUNCTION AND THEIR DEPUTY must possess no less than five years of work experience in the field of auditing or ten years of experience in a related activity as well as the title of certified internal auditor pursuant to the act governing auditing or must have held the title of auditor or certified auditor and five years of work experience performing internal audit tasks in an insurance company as at 1 January 2016.

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

B.3.1 Description of the risk management system

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

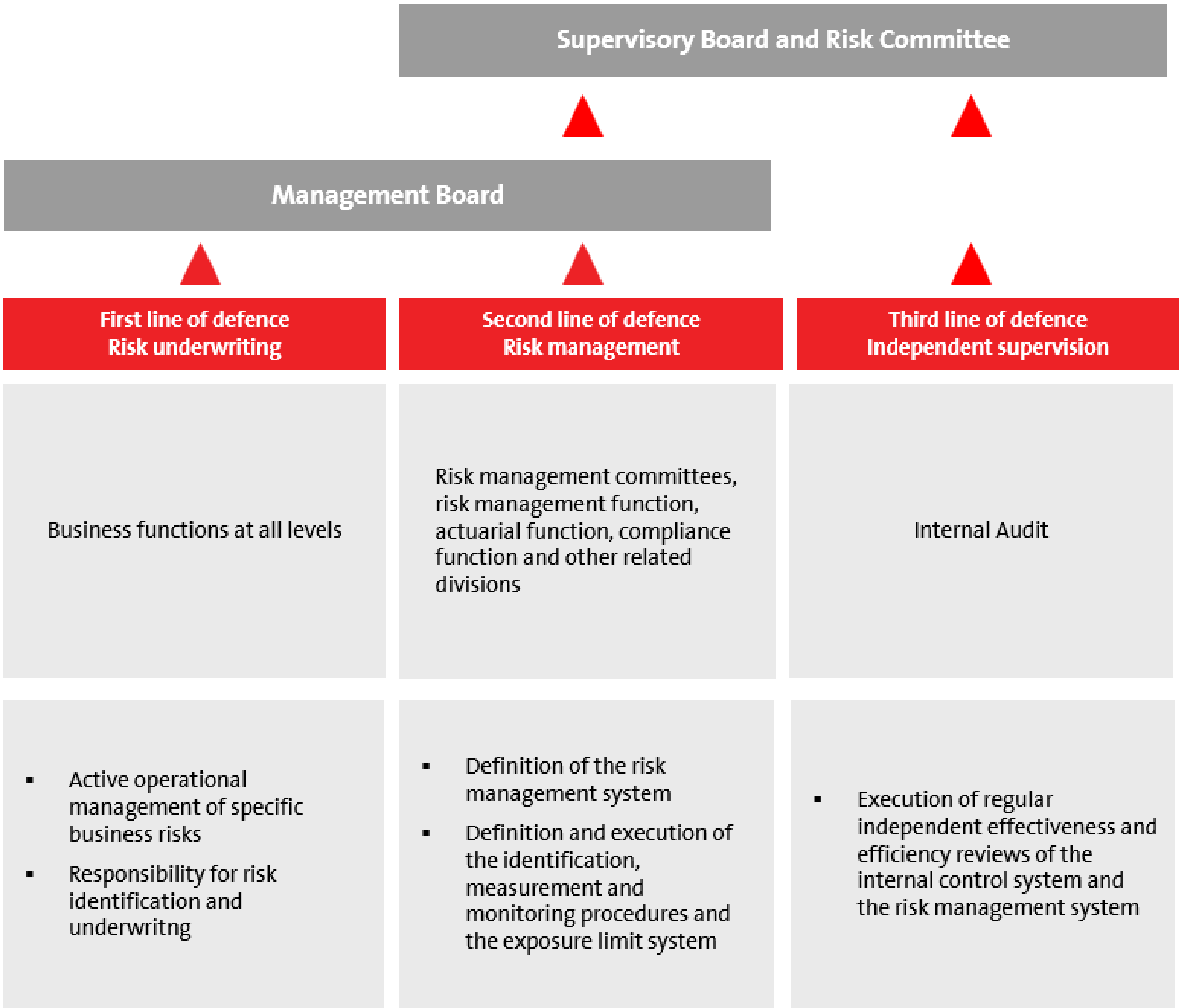
In order to effectively implement the risk management system at the Group level, each subsidiary has a confirmed set of internal rules governing the risk management system in place that have been synchronised with the risk management standards of the Company which ensure a clear delimitation of internal relationships in terms of the responsibilities and competences of divisions in risk management processes and also define the risk consideration methods, measures and the reporting system. The aim is to coordinate the determination of an adequate level of risk exposure for individual subsidiaries and ensure timely reporting which in turn ensures timely monitoring of risks at the Group level.

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

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

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

Figure 4: Risk management system at the Group level



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

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

The Management Board and the Supervisory Board are the primary stakeholders in the three lines of defence system. They are simultaneously responsible for the functioning of the risk management system and control processes at the Group level. Just as the Management Board, the Supervisory Board is a primary stakeholder, to which all three lines of defence report, and simultaneously, it is 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 supervision, it is regularly briefed on the effectiveness and performance of the functioning of the risk management system.

The Company's Supervisory Board grants its consent to the Management Board for the written rules of the risk management system and regularly monitors the risk profile and capital adequacy. As part of its powers and responsibilities it keeps abreast of key function reports and the findings of the Own Risk and Solvency Assessment process (hereinafter: ORSA) at the Group level and also grants consent to the Management Board for the Solvency and Financial Condition Report of Zavarovalnica Triglav (hereinafter: Company SFCR) and the Solvency and Financial Condition Report of 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 key internal acts of the risk management system, annual capital adequacy calculation reports, Company SFCR and Group SFCR, ORSA reports and any other report, related to risk management. It also monitors disclosures and considers credit rating agency reports for each year.

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

The Company's Management Board actively participates independently and through committee participation in risk management processes, guides the ORSA process and ensures it is synchronized and related to capital planning and capital management at the Group level. The Company and individual subsidiaries observe the synchronised and confirmed objectives from the Strategy and thus decide on the exploitation of business opportunities, whereby it is important to consider the assumed risks that are managed within the scope of the permitted exposure limits so as to realise the Group's strategy.

Risk management processes at the Group level are implemented primarily at the level of the individual subsidiaries and secondarily at the Group level. The management of subsidiaries and the appointed responsible persons are in charge for the setup and functioning of the risk management system at the level of individual subsidiaries. The drafting of content the transfer of minimum standards for the area of risk management is the responsibility of the Risk Management Department at the Company, which works in conjunction with the Triglav Group

Subsidiary Management Division. This ensures an effective and transparent risk management system at the Group level. Effective communication, quality data, information exchange and documentation are especially important in the implementation of risk management.

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

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

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

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

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

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

The Company and subsidiaries have a risk management system in place that is defined by two overarching acts governing risk underwriting and management strategy, and the risk appetite that represent the basis and guidance for all other internal acts governing risk management at individual undertakings. The risk management strategy defines the principles and objectives of the risk management system as well as a comprehensive risk management process (including the delimitation of competences and responsibilities) and provides guidelines for the underwriting of individual risk types (appetite and tolerance). The risk appetite act is one of the central building blocks of the risk management system which defines the maximum level of risk. The latter is measured by the level of potential loss that an individual subsidiary is still willing to accept during its business operations while still is able to attain its business objectives and strategic goals.

B.3.3 Risk management function

A risk management function is established in each subsidiary within the Group. Each subsidiary has an appointed person who is responsible for implementing the risk management function. This person is tasked with identifying, measuring, monitoring and reporting the risks at the subsidiary in line with the minimum standards in the area of risk management at the Group level.

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

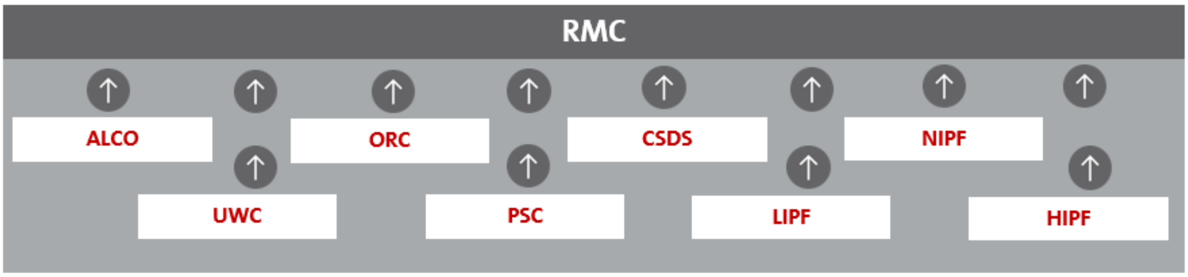
The risk management function at the Company level provides for the development and effectiveness of the risk management system at the Group level. To this end, it prepares risk management guidelines and minimum standards for the subsidiaries within the Group, monitors their implementation, advises on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

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

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

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

Figure 5: Organisational chart of the committees within the Company's and the Group'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 and the Group have an appropriate infrastructure in place as well as adequate resources and systems that allow for a satisfactory level of operational risk management. Apart from that, this committee assists in risk identification and management as well as in fostering the risk culture at individual divisions at the Company and at the Group level. The fundamental objectives and the role of the committee are to assist the Management Board in assessing exposure to all material risks (specifically capital, strategic and other non-financial risk that are not monitored by the Compliance and Sustainable Development Committee), finding weaknesses in the internal control environment at the Group level, confirming and reviewing the methodology for the measurement of all risk categories, and the setting of limits for individual risk categories as well as verifying whether risk exposure complies with the risk appetite.

Assets and Liabilities Committee (ALCO) is responsible for the management of market risk, liquidity risk and credit risk in the investment portfolio segment as well as life and pension insurance underwriting risk at the Company and Group level. An important task of this committee is the creation of the asset and liability management strategy that ensures the achievement of strategic goals while considering the risk appetite, individual risk exposure limits and any other restrictions that affect the asset and liability management process at the Company and at the Group level.

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

Operational Risk Committee (ORC) provides a suitable and integrated operational risk management system that is adjusted to the Company's and the Group's requirements, including the optimum allocation of the appetite for operational risk subject to the control of the functioning of the Company's and the Group's operational risk management system, including the review and confirmation of measures for its improvement. The committee is responsible for all groups of operational risk. Project risk, 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 regarding 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 (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 and the Group 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, monitoring the implementation of the recommendations of the Compliance Office and dealing with all matters or questions submitted for consideration by individual members of the committee.

Non-life, life and health 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 Group's undertakings market their products. When developing new and significant changes to existing insurance products/services, it is necessary to ensure compliance with the strategy of the Company and the Group and to adapt to the market needs, 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.

The Project Steering Committee (PSC) is a decision-making body that provides for comprehensive project portfolio management as well as the basis for transparent and traceable project implementation and project risk identification and management. This includes providing a coordinated and efficient project workflow and establishing appropriate and mutually coordinated projects at the Company and the Group.

B.3.5 Risk reporting system

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

B.3.6 Own risk and solvency assessment process

The main purpose of the ORSA process is for the Company to assess future risks arising from the strategic business plan and thus to check for potential capital needs at the Group level to ensure that limitations regarding the risk appetite are respected. Additionally, the impact of stress on capital adequacy is examined with scenario-based stress tests defined for this purpose. The adequacy of regulatory risk measurement is also examined as part of the ORSA process.

The ORSA process builds on the basic elements of the risk management system and considers the risk profile and confirmed risk limits and is closely tied to strategic business planning. Stress tests simulation provides a more in-depth view of the risk profile and capital adequacy strength as well as the risk management at the Company and Group levels.

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

The adequacy of own assets is considered in the ORSA process subject to the assessment of availability, transferability and substitutability of own assets and eventual needs for additional capital. All information on the planned transfers of own assets within the Group that can materially affect any entity in the Group is considered, as well as the effect of the synchronisation of strategies of subsidiaries with the Group's strategy, and all material risks to which the Group is exposed.

The ORSA process is performed concurrently with the strategic planning of the Company's and the Group's operations as the calculation of planned capital adequacy is prepared in coordination, based on financial plan and all relevant considerations from the business plan. The ORSA process begins with strategic goals and definition of the basic assumptions for the preparation of strategic business plan. Based on current risks, scenario-based stress tests are prepared and confirmed at both the Company and the Group levels. Limited testing of the eligibility of the standard formula is carried out on a regular basis throughout the year, while detailed analyses are made as part of the ORSA process. When examining and testing future solvency needs, the necessary measures to maintain optimal capital adequacy are considered. If the ORSA process demonstrates that the realisation of a certain stress scenario would result in capital inadequacy at any subsidiary of the Group, that subsidiary must outline potential measures to increase capital adequacy above the minimum value. When the process has been completed, it is properly documented, and a final report is prepared. The results are also reported to all internal and external stakeholders (AZN). This ensures the transfer and incorporation of the ORSA process into the Group's operations. The Company additionally informs the Supervisory Board about the course and relevant findings of the Group’s ORSA process.

The ORSA process is carried out regularly at the Company and Group level, i.e. at least once a year. In extraordinary situations, 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 Group operates that could have a material impact on the achievement of strategic goals, capital adequacy or liquidity.

In 2024, the regular ORSA process was performed at the Company and at all subsidiaries of the Group. The execution of the regular ORSA process included all identified material risks of the Company and subsidiaries up to the calculation date as well as all identified potential risks that could affect their future business operations. The regular ORSA process confirmed that the Group remains strong in terms of liquidity and solvency, that its capital position is strong and that it can continue to tackle future risks and challenges successfully in the entire geographical area of business operations.

B.4 Internal control system

The internal control system at the Group is ensured through prudent management and the setup of business processes considering all liabilities and resulting risks, through the assurance of a risk management system, internal and external reporting, compliance with the regulations and the regulator's requirements as well as compliance with other undertaken commitments and with the adopted Group Code[5]. It comprises a clear organisational structure with a clear division of powers and responsibilities, effective policies and procedures as well as monitoring, improvement and documentation of business processes. The internal control environment is reasonably transferred from the Company to the subsidiaries considering the organisational specifics of individual subsidiaries and the regulatory framework in which they operate.

B.4.1 Compliance function

The compliance function is set up at all (re)insurance and financial undertakings of the Group as an autonomous function that is independent from other business functions as well as from the key functions in the system of governance of the individual subsidiaries at the Group. Furthermore, it is part of the second line of defence in the three lines of defence internal control system. It monitors the compliance of the Company's business operations with regulations and other commitments, and in this context assesses the compliance risk, educates, advises and assesses the potential impacts of changes in the legal environment and the associated circumstances on business operations. The development and functioning of Group compliance are primarily ensured by the compliance function of the Company which operates within the framework of the head office support department and is directly subordinated to the Management Board. It informs the Management Board and the Supervisory Board or its Audit Committee on the compliance of operations with regulations and other commitments. The compliance function directs its activities in line with the adopted policy to individual risk areas (e.g. personal data protection, prevention of conflicts of interest and corruption, management

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

of internal fraud and violations of the Group Code), assesses compliance risk, conducts targeted inspections, monitors compliance indicators, manages the work of Compliance and Sustainable Development Committee, consults, issues opinions on compliance, educates and provides for the development of the Group's compliance and ethical culture. To monitor and ensure the compliance of the subsidiaries, coordinators have been appointed in the subsidiaries who report to the Company and ensure the transfer of minimum standards for the compliance of business operations to the local environment.

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

The compliance function at subsidiaries is organised according to the size or organisation structure and the corporate governance system of the individual subsidiary. The function is organised as an independent department or as performed by an individual person authorised by the management but subordinated to the management board in both cases. Notwithstanding the organisational placement, the holder of the compliance function is consistently granted independence and autonomy from other business functions at the subsidiary.

B.5 Internal audit function

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

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

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

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

The internal audit function of the Company is tasked with the implementation of the internal audit function at the Group level. The department performs continuous and comprehensive control of business operations of the Company, whilst actively monitoring the risk areas that are material at the Group level. Apart from that, this function is responsible for developing and maintaining an adequate level of internal audit quality at the Group therefore it prepares minimum standards and detailed methodological guidelines for the operation of the internal audit function at the Group, which are designed in line with the International Standards for the Professional Practice of Internal Auditing, ethical rules and the good practices in internal auditing. It advises subsidiaries on the implementation of these standards and guidelines, monitors their implementation and, as appropriate, performs internal audits at subsidiaries. The internal audit function of an individual subsidiary is required to submit the adopted work plans and periodic internal audit reports to the Company's internal audit function as well as to inform the Company of any matter that could have a significant impact on the compliance, effectiveness and efficiency of the function. The internal audit function holder at the Company regularly communicates with the internal audit function holders at subsidiaries, participates in the drafting of the annual plans of the function and monitors the operation of this function at subsidiaries and, as appropriate, provides additional guidance and assistance.

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

B.6 Actuarial function

The actuarial function for the Group’s (re)insurance undertakings is implemented in each individual undertaking within the scope of organisational units responsible for actuarial matters. Each (re)insurance and pension undertaking in the Group has a designated actuarial function holder who oversees ensuring suitable calculations in line with the prescribed methodology and deadlines.

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

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

The actuarial function holders at the Company level authorised by the Company's Management Board and Supervisory Board perform the tasks of the actuarial function holder at the Group level. They oversee the minimum standards at the Group level and are responsible for the performance of actuarial function tasks at the Group level. Their incorporation into the organisational structure enables this and also allows them to supervise and objectively and independently report on the implementation of actuarial tasks. They participate in RMC, ALCO and UWC committees, which they regularly brief on important findings, and they perform the tasks these committees assign to them. If necessary, they also collaborate with other committees that are part of the Company's risk management system. The actuarial function holders report regularly to the Management Board and the Supervisory Board of the Company on major findings in relation to the reliability and relevance of the methods, models, and assumptions used in the calculation of consolidated technical provisions, underwriting risk assumption policy at the Group level, and the adequacy of reinsurance at the Group level.

B.7 Outsourcing

The management of outsourced operations at the Group level is arranged in line with the legislation that is binding on the Company as well as the local legislation that is binding on individual subsidiaries. The Digital Operational Resilience Act[6] (hereinafter: DORA) was implemented in 2024. It covers both operations outsourced to third parties (including outsourced information and communication technology service providers (hereinafter: ICT) as well as operations outsourced to Group’s subsidiaries. All providers of outsourced operations are subject to the same level of control and are obliged to comply with the defined standards applying to the company that is outsourcing the operation. Based on internal policy, outsourcing operations are divided into outsourced operations, ICT services supporting critical or important functions, and other important outsourced services.

[6] Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011

Special attention is given to the risks arising from an operation or sphere of the external provider of the operation as well as the risks defined by DORA in respect of ICT services. These risks are considered both in decision to outsource an operation or before using an outsourced service and in relation to the content of the contract, which ensures that – despite a certain service being outsourced or an outsourced service being used – the same level of service is maintained for the customers as is a suitable level of stability of operations of the Company.

Outsourced services are regularly monitored and managed by the dedicated persons who are primarily responsible for the functioning of the outsourced portion of the business process. Supervision is also performed by assessing the ability of the provider and the risks arising from an outsourced process. The person responsible for the outsourced service is obliged to notify the relevant risk management body at the undertaking about the implementation of the operation as well as the use of outsourced ICT services provided this support critical or important functions, and the assessed risks, whereby the risk management body then decides on the proposal of measures for the management of the risk in question.

Control over outsourcing is conducted at the Group through annual systemic controls of individual external contractors (including within the scope of planned audits) insofar as elevated risks are recognised in relation to them and are included in the plans for the implementation of control over external contractors or audit plans in each individual year.

The Company keeps an up-to-date record of all operations or concluded agreements which record how individual undertakings within the Group transfer the performance of a particular business process or service, which is considered a key function or important operational function at the undertaking, to another provider (external provider or another subsidiary). Within the Group, the outsourcing of operations among the undertakings is performed based on mutual outsourced service-level agreements. Both the needs of the undertaking outsourcing an operation and the needs of the undertaking providing the operation are considered so as not to jeopardize the operations of any undertaking or the Group as a whole. To improve the management of outsourcing, the Company also adopted rules on the implementation of minimum standards in the field of outsourcing at the Group, setting out uniform principles regarding outsourcing, as well as the standards that undertakings must comply with, depending on their size and organisational structure in this field. The undertakings outsource several materially important operations to one another, i.e. operations that relate mainly to the management of own assets or assets covering technical provisions of the individual Group's undertakings, performance of the major portion of the process for the sale of insurance and maintenance of IT systems for the support of key processes in an individual undertaking. The performance of key functions, i.e. the internal audit function, the actuarial function and the risk management function, are outsourced to two subsidiaries and to the Company. Important outsourced operations that are performed for Group's undertakings by external providers relate mainly to the maintenance of IT systems, management of documentary material, performance of insurance contracts, asset management, distribution of insurance via contractual points of sale, accounting services, and others.

B.8 Any other information

ASSESSMENT OF THE ADEQUACY OF THE MANAGEMENT SYSTEM

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

OTHER RELEVANT INFORMATION

All other information relating to the system of governance is disclosed in Sections B.1 through B.7.

C.

Risk profile

C. Risk profile

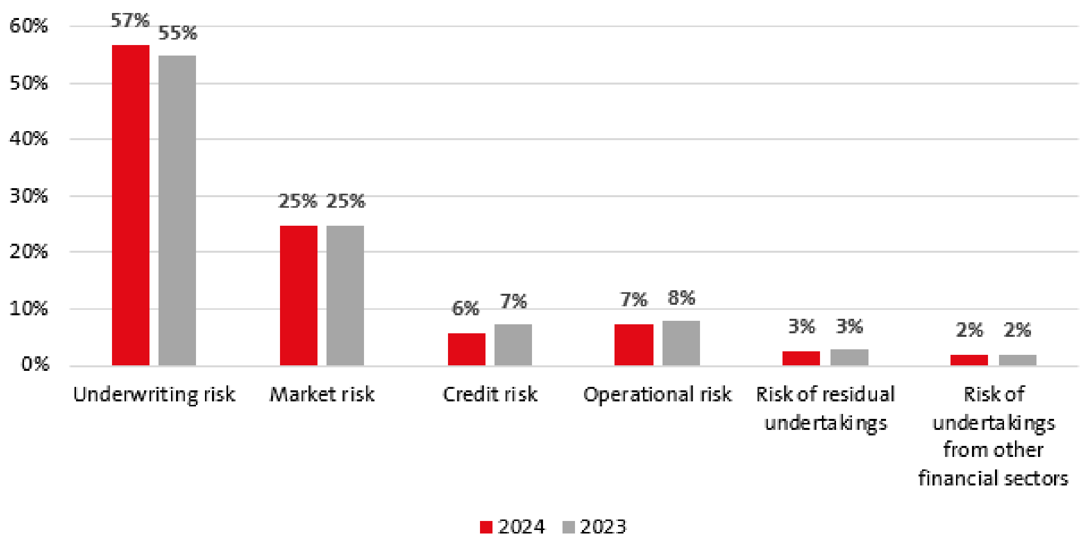
As part of their operations, the Group's insurance undertakings are exposed to underwriting, market, credit, liquidity, operational and other risks. The Company and its subsidiaries jointly monitor and manage risk at the Group level according to the processes described in Section B of this Report.

To ensure adequate risk management, defined ways of identifying risk exposures and appropriate risk measures for each type of risk that enable assessing the level of assumed risk are in place. Appropriate exposure limits that prevent excessive risk underwriting and ensure adequate portfolio diversification are also defined. The Company monitors and manages the risk profile at the Group level in line with defined risk appetite which outlines the individual risk limits according to the capacity allocated to individual Group members. The Company monitors the exposure to individual risks by individual subsidiaries and at the Group level and allocates the risk capacity among Group members as appropriate. The risk mitigation techniques are an important element of risk management that represent an important tool for the reduction of the concentration of individual risk types.

The Group measures risk using the standard formula defined in the Commission Delegated Regulation[7] (hereinafter: Delegated Regulation), which measures risk as the value-at-risk of the Group'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 Group, which does not consider mutual risk effects (i.e. diversification), amounted to EUR 675.5 million. The risk diversification between the modules lowers the overall value of the mentioned risks by EUR 201.1 million. Considering the Solvency Capital Requirement of the subsidiaries from other financial sectors and other non-financial undertakings, the undiversified overall risk value of the Group's portfolio amounted to EUR 712.4 million.

Chart 6: Group's risk profile as at 31 December 2024 and 31 December 2023



[7] 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)

The Group has established two ring-fenced funds, i.e. PDPZ and PDPZ renta, for which risks are calculated separately 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 a loss or of an adverse change in the value of underwriting liabilities due to inadequate pricing of premiums and provisioning assumptions considered in the calculation of technical provisions. The insurance undertakings of the Group assume underwriting risk when concluding insurance business.

The main objective of managing underwriting risk is to achieve and maintain adequate quality of the portfolio that provides for stable and safe operations. Every type of insurance has its own specific underwriting risk, which the Group's undertakings suitably identify and manage. To achieve the main objective, the Group has implemented monitoring procedures and actions that ensure an appropriate level of underwriting risk exposure at the Group level.

As at 31 December 2024, underwriting risk represented 57 percent of the overall risk value of the Group's portfolio, excluding diversification, which was 3 percentage points higher than the year before.

Using the standard formula for underwriting risk, the Group identifies the following 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, individual insurance and reinsurance undertakings of the Group underwrite premium and reserve risk, lapse risk and catastrophe risk. As at 31 December 2024, the Group's risk value from non-life and health insurance represented 46 percent of the Group's overall risk value, excluding diversification.

Table 10: Group's non-life underwriting risk value as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Premium and reserve risk	238,552	215,458
Lapse risk	53,858	46,287
Catastrophe risk	99,913	71,515
Diversification	-106,477	-85,504
Non-life underwriting risk	**285,845**	**247,756**

Table 11: Group'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	41,733	39,505
Lapse risk	12,556	12,215
Catastrophe risk	4,791	5,891
Diversification	-3,358	-4,045
Health underwriting risk	**45,022**	**43,206**

The non-life underwriting risk value increased in 2024 mainly as the result of growth in the exposure to catastrophe risk. The non-life catastrophe risk value increased compared to the year before mainly due to increase in the capital requirement of the sub-module including natural disaster risk and non-proportional non-life catastrophe risk. The capital requirement for the natural disaster risk sub-module increased due to the growth of the portfolio and the change in reinsurance protection at the Group level. However, the capital requirement of the non-life non-proportional reinsurance catastrophe sub-module has increased due to growth in the 2025 premium plan for this segment. The increase in premium and reserve risk is driven by growth of the insurance portfolio.

Health underwriting risk value increased compared to the year before in line with the growth of the portfolio.

RISK EXPOSURE

At the Group level, underwriting risk for non-life and health insurance includes the risk of undervalued written premium considering the underwritten risks, too high realised claims considering the provisions made, the number of withdrawals from concluded profitable agreements being higher than expected and from larger or more numerous (catastrophe) events.

The Group is most exposed to premium risk under Fire and other damage to property insurance (LoB 7) segment. The exposure of the volume measure for premium risk fluctuates according to the net earned premium that increased at the Group by EUR 12.5 million compared to the previous period. The Group was significantly exposed to premium risk in the Motor vehicle liability insurance (LoB 4) and Other motor insurance (LoB 5) segments.

Details on the net earned premium of the Group as at 31 December 2024 are presented in template S.05.01.02 in the annex to this report.

Table 12: Group'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	**958,217**	**1,049,763**
-- Fire and other damage to property insurance (LoB 7)	246,016	233,539
-- Motor vehicle liability insurance (LoB 4)	222,481	181,147
-- Other motor insurance (LoB 5)	204,263	171,824

-- Income protection insurance (LoB 2)	80,358	77,737
-- Other non-life and health insurance segments	205,098	385,515

The Group was most exposed to reserve risk in the Motor vehicle liability insurance segment (LoB 4). The Group's total exposure is measured using the volume measure for reserve risk that is calculated based on the amount of claim provisions considering the reinsurance or based on net claim provisions. At the Group level, this exposure is determined as the sum of the volume measure for reserve risk of all insurance undertakings of the Group which increased by EUR 41.4 million compared to the previous period.

Table 13: Exposure of the Group'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 claim provisions	**520,005**	**477,881**
-- Motor vehicle liability insurance (LoB 4)	144,215	135,710
-- Fire and other damage to property insurance (LoB 7)	135,637	119,065
-- General liability insurance (LoB 8)	54,330	54,290
-- Other motor insurance (LoB 5)	47,862	35,046
-- Other non-life and health insurance segments	137,961	133,770

Catastrophic events according to the standard formula are broken down at the Group level into natural catastrophe and the man-made catastrophes, catastrophes of non-proportional property reinsurance and other catastrophes. The overall capital requirement under this item mostly arises from exposure to the perils of flood, hail and storm and from exposure to non-proportional reinsurance.

CONCENTRATION RISK

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

The insurance segments of Fire and other damage to property insurance (LoB 7), Motor vehicle liability insurance (LoB 4) and Other motor insurance (LoB 5) represent concentration of the gross insurance and co-insurance premium written at the Group level.

The majority of non-life and health underwriting risk is underwritten in the territory of Slovenia therefore these affect the Group's operations the most.

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

RISK MITIGATION TECHNIQUES

The Group's individual insurance undertakings mitigate risk mainly by using various forms of reinsurance protection. Reinsurance protection for certain insured peril types at the Group level is also arranged through the reinsurance undertakings within the Group provided this is allowed by local legislation.

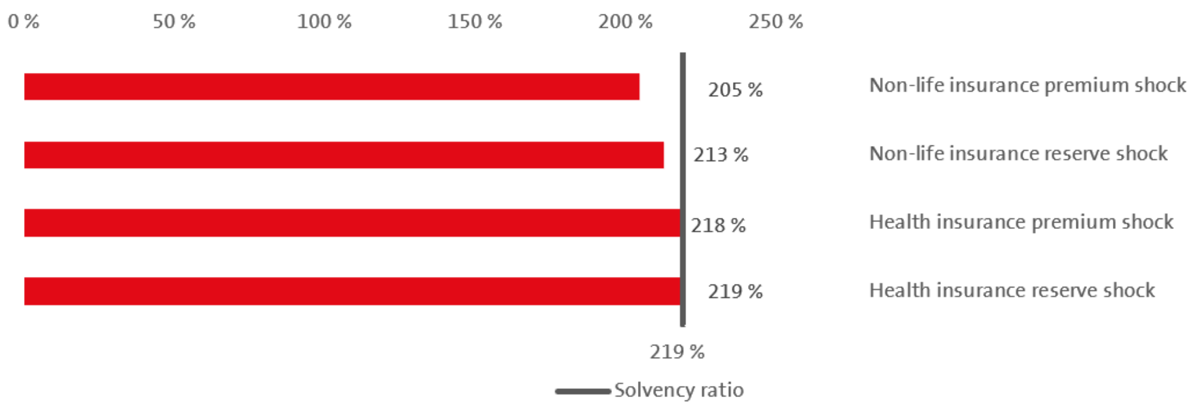
Risk underwriting for large insurance transactions is performed on a case-by-case basis. For such transactions, individual Group's undertakings transfer part of the risk to reinsurance partners outside the Group by purchasing facultative reinsurance protection, considering both the maximum own shares and the probable maximum loss that is consistent with the risk appetite.

The risk of the remainder of the portfolio is transferred to reinsurance by purchasing various forms of proportional and non-proportional reinsurance. Risk mitigation at the Group level is managed by transferring risk to reinsurance companies with a good credit rating. The Group regularly monitors the effectiveness of the risk mitigation techniques and verifies compliance of the amount of the transferred/ceded risk with the risk appetite no less than once a year.

SENSITIVITY

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

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



C.1.2 Life insurance

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

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

At the Group level, risk is measured according to three separate life insurance portfolios – portfolio of voluntary supplementary pension insurance (PDPZ) in the saving phase, portfolio of PDPZ renta during the payment phase, and the remainder of the Group's life insurance portfolio comprising the life insurance portfolios of the Group's insurance undertakings. Risk of these portfolios is valued without any diversification effects between the remainder of the portfolio and the two ring-fenced portfolios.

As at 31 December 2024, the life underwriting risk value represented 10 percent of the Group's overall risk value, excluding diversification.

Table 14: Group's life underwriting risk value as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Mortality risk	11,385	12,059
Longevity risk	9,497	10,400
Disability and morbidity risk	264	351
Lapse risk	35,100	35,825
Life expense risk	19,417	18,422
Revision risk	1,407	1,194
Life catastrophe risk	7,532	7,144
Diversification	-11,339	-12,521
Life underwriting risk	**73,264**	**72,874**

The risk value for 2024 increased by EUR 0.4 million compared to the year before. In absolute terms, expense risk increased the most due to the introduction of partial surrender charge modelling in the investment insurance segment, while the largest decrease was in longevity risk due to the introduction of lump sum payout modelling (in addition to the normal annuity payout) in the event of survival under classic annuities.

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

Table 15: Group's exposure to life underwriting risk (best estimate) as at 31 December 2024 and 31 December 2023

		In EUR thousand
	2024	**2023**
Mortality risk	1,251,975	1,176,393
Longevity risk	1,302,702	1,220,199
Disability and morbidity risk	18,808	19,657
Lapse risk	1,153,698	1,079,633
Life expense risk	1,306,827	1,225,360
Revision risk	51,483	45,289
Life catastrophe risk	1,154,718	1,081,579

The Group's exposure to life underwriting risk, except for disability and morbidity, 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 Group 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.

LONGEVITY RISK at the Group level is represented mainly by the exposure to annuity and pension insurance policies. The amount of the basic annuity for these policies is set in advance and is fixed. 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 the overall life expectancy of the insured population increases significantly, the probability of death is decreased, which increases the liabilities arising from the exposed policies.

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

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

The Group 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 Group's life insurance portfolio.

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

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

A broad range of life insurance products ensures the simultaneous servicing of the majority of the customers' needs and diversification between various risk types as customers are listed into different categories in terms of age and other risk factors.

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

RISK MITIGATION TECHNIQUES

The most important aspect for life insurance products is the management of underwriting risk that is performed during the risk underwriting phase. The process for 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 the assets are properly matched with insurance liabilities.

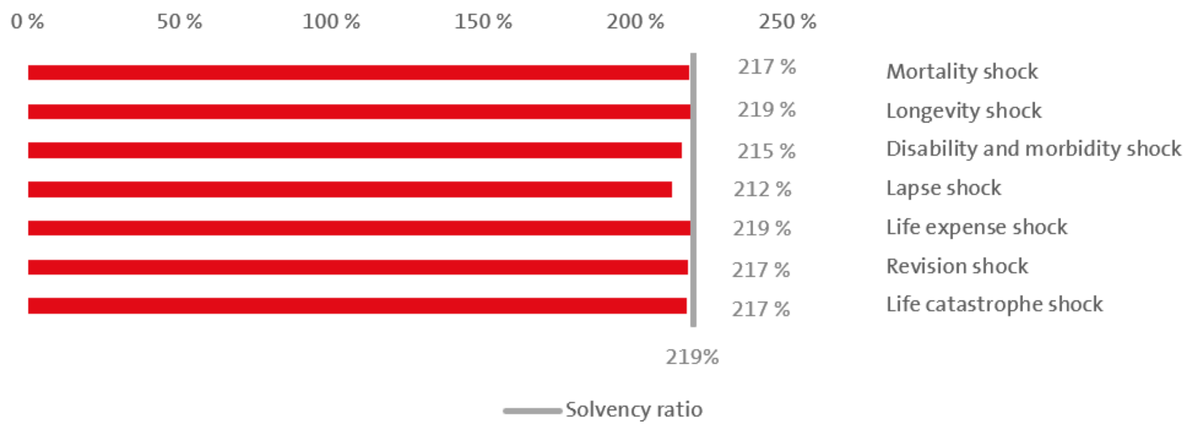
The second part of risk management is performed in the claim adjustment phase where the medical documentation from the claim report is cross-referenced with the data from the concluded policy.

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

SENSITIVITY

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

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



C.2 Market risk

Market risk is the risk of loss or adverse changes in the financial position of the Group resulting from fluctuations in the level and volatility of the market prices of assets, liabilities and financial instruments. The Group invests the collected premiums and own funds of Group’s undertakings. The investment portfolios of the Group's undertakings contain a wide range of different financial instruments, the value of which depends to a significant extent on the movements of financial markets.

Table 16: Group's market risk value as at 31 December 2024 and 31 December 2023

In EUR thousand

	2024	2023
Interest rate risk	11,294	5,419
Equity risk	43,834	33,664
Property risk	54,157	52,536
Spread risk	61,650	59,394
Currency risk	30,882	33,438
Market concentration risk	46,272	37,153
Diversification	-70,958	-56,261
Market risk	**177,130**	**165,342**

As at 31 December 2024, market risk represented 25 percent of the Group's overall risk value, excluding diversification. Market risk increased by EUR 11.8 million compared to the previous year.

The risk value is calculated at the Group 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 Group is exposed to market risk mainly via investment portfolios, which cover insurance liabilities or own funds of Group's undertakings. The Group may be exposed to market risk as part of its investment portfolio via direct investments in financial instruments or via investments in collective investment undertakings. The main exposure to market risk comes from the Company's portfolios. In view of the structure of investments, the Group is most exposed to bonds giving rise to most of the spread risk. The tables below present the exposures on the asset and liability sides that affect market risk.

Table 17: Group'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	134,669	131,509
Property (other than for own use)	89,697	86,516
Holdings in related undertakings, including participations	161,339	135,508
Equities	9,969	9,547
Bonds	2,027,021	1,805,589
- Government bonds	*1,409,867*	*1,178,073*
- Corporate bonds	*616,105*	*626,480*
- Structured notes	*1,048*	*1,035*
Collective investment undertakings	153,888	118,244
Derivatives	20	0
Deposits other than cash and cash equivalents	58,276	62,312

Other investments	972	955
Assets held for index-linked or unit-linked contracts	972,491	814,404
Loans and mortgages	6,704	6,525
Deposits to cedants	16,764	16,954
Assets exposed to market risk	**3,631,808**	**3,188,062**

Table 18: Group'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	2,224,816	2,211,801
Exposure to equity risk	662,336	527,902
Exposure to property risk	10,407	11,244
Exposure to spread risk	662,175	527,878
Exposure to currency risk	726,576	532,240

INTEREST RATE RISK depends mainly on the matching of assets and liabilities. All assets and liabilities, the value of which depends on the change in the risk-free market interest rate (e.g. bonds, loans, deposits, cash flows from insurance policies), are exposed to interest rate risk. Interest rate risk is regulated at the Group level by managing assets in relation to liabilities at the level of individual undertaking or portfolios.

In 2024, the risk-free euro interest rate curve largely oscillated around the end of 2023 level, with a more significant decline in the shorter-term part of the curve, which is slowly shifting the risk-free euro interest rate curve towards the more typical upward sloping shape.

The Group pursues the goal of optimum matching of assets and liabilities. The duration of the Group's interest rate-sensitive investment portfolio decreased overall by 0.2 years. In this respect, the duration of the investment portfolios covering long-term insurance liabilities increased by 0.2 years, improving the matching of assets and liabilities in this part. The duration of investment portfolios covering insurance liabilities with shorter maturities decreased. The same applies to the duration of surplus or own funds. The Group has thus adapted to market conditions and, with its longest-term investments, also closed to an even greater extent the interest rate gap it had experienced in the previous year. The volume of interest rate sensitive assets increased significantly more than the volume of liabilities compared to the year before, which was the main contributor to the increase in the capital requirement for interest rate risk compared to the year before. The capital requirement for interest rate risk remains low, nevertheless.

Investments with a value sensitive to a change in the level or volatility of stock markets, are exposed to EQUITY RISK. These are mainly stocks and collective investment undertakings into equities. The Group holds equity investments to generate higher long-term returns and for diversification purposes. The equity risk value increased compared to the year before. The increase was mainly the result of the increase in exposure to equity alternative funds. The Company ensures that the consultation method is fully implemented at the Group level across the entire portfolio of collective investment undertakings.

Exposures in the segment of related undertakings, which are not fully consolidated, do not affect the equity risk value. The risk value for these companies is added without the positive effects of diversification to the overall capital requirement of the Group. The exposure to related undertakings, which are not fully consolidated, increased by EUR 25.8 million compared to the year before. The 1.4 percentage point increase in the value of the symmetric adjustment contributed to the increase in the capital requirement for equity risk.

PROPERTY RISK arises from investment properties, property, plant and equipment held for own use, and leased property held by the Group's undertakings for own use. The Group was exposed to property risk to a smaller extent also via the investments in alternative investment funds. A part of the property risk resulting from the rights to use leased properties was neutralised on the liabilities side.

SPREAD RISK is associated with an important source of returns generated by the Group through bond portfolio management. Only assets are exposed to spread risk because liabilities, except for investments associated with index-linked or unit-linked contract, are valued according to the risk-free interest rate curve. 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 Group's exposure to spread risk increased in 2024, mainly because of an increase in exposure to sovereign bonds, with issuers mostly from the European Union. In contrast, exposure to corporate bonds decreased slightly compared to the year before. The exposure to corporate bonds impacted the capital requirement for spread risk the most. The average credit quality of corporate bonds improved slightly compared to the previous year and the duration of this segment increased slightly. The comparable size of the corporate debt exposure, the longer duration of the investments and the slightly improved credit quality were the main reasons why the amount of spread risk did not change significantly compared to the previous year (increase of EUR 2.2 million).

The Group's CURRENCY RISK arises from the mismatched asset and liability currency positions. The Group's liabilities are denominated in the currencies of the countries, in which the Group operates, i.e. mostly in euros. The Group pursues the policy of currency matching and invests most of its assets according to the currency structure of liabilities. The currency risk value arises mainly from the long positions in the currencies of the countries served by the Group, which mainly stems from the excess of assets over liabilities of the Group's subsidiaries that operate in environments where the local currency is not euro (BAM, RSD, and MKD).

Open positions in other currencies are mainly the result of non-euro investments through collective investment undertakings with a global and non-European geographic orientation. The Group utilized derivatives to manage currency risk. Currency risk decreased by EUR 2.6 million compared to the year before, driven by a lower open currency position due to active management of this risk.

CONCENTRATION RISK

The biggest share of the Group's assets was held in the form of debt securities that accounted for 55.8 percent of the investment portfolio. Government bonds accounted for 69.6 percent of the bond portfolio, while 56.3 percent of the corporate portfolio was represented by financial sector bonds. Compared to the year before, the relative exposure to the government sector in the bond portfolio increased by 4.2 percentage points, while exposure to the financial sector in the bond portfolio decreased by 0.4 percentage point.

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

Table 19: Group's exposure according to the security issuers' NACE classification sector

	2024	2023
Financial and insurance activities	43.6%	44.8%
Public administration and defence, compulsory social security	31.2%	29.8%
Manufacturing	5.8%	6.2%
Activities of extraterritorial organizations and bodies	7.0%	5.2%
Information and communication activities	1.4%	1.6%
Electricity, gas, steam and air conditioning supply	1.1%	1.2%
Other sectors	9.9%	11.1%

Table 20: Group's exposure according to the security issuers' country

	2024	2023
Slovenia	32.2%	32.7%
Germany	12.3%	10.6%
France	5.2%	5.2%
Croatia	4.2%	4.9%
USA	4.3%	4.1%
Spain	3.8%	3.8%
Luxembourg	3.6%	3.4%
Italy	2.8%	3.3%
Other countries	31.6%	32.0%
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 other Group's undertakings that are not fully consolidated. These exposures have increased mainly due to the increase in the value of the capital of the subsidiary in the asset management and pension business because of good performance, which in turn increased the concentration risk compared to the year before. The Group considers the bonds, which are issued by the governments from the European Economic Area (EEA) and not denominated in the currency of the issuer country, to be ordinary corporate bonds for risk assessment calculation purposes.

RISK MITIGATION TECHNIQUES

The Company has methods and processes in place with clearly defined powers and responsibilities regarding market risk management. The said methods and processes allow it to identify, measure, manage and monitor market risk on an ongoing basis. The system in place allows the Company to perform quality analyses and reporting on market risk as well as to draft proposals and implement measures for the prevention of a sudden decrease in the excess of assets over its liabilities due to changes on financial markets, including the real estate market. Such established good practices are suitably transferred via minimum standards in risk management to the subsidiaries of the Group subject to the size and complexity of an individual undertaking.

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

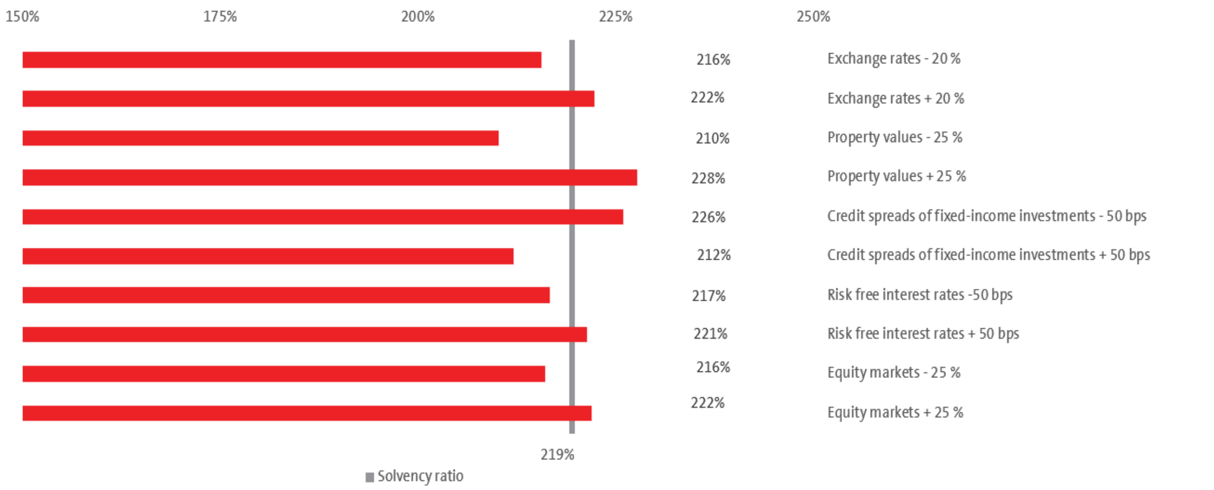
To mitigate market risk, the Group applies a technique of suitably diversified Group investment portfolios that mimics or neutralises the market characteristics of insurance liability portfolios according to various characteristics. To mitigate market risk, various types of derivatives are used as appropriate. The latter are utilized mainly to mitigate market risk. The use of instruments is assessed from the point of view of safety, economy and use of capital.

SENSITIVITY

In 2024, the Group 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 Group's stress test results demonstrated that the Group would remain adequately capitalised even after stress events.

The Group'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 Group's capital adequacy.

Chart 9: Group'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 any Group's undertaking 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 Group'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 Group is exposed to credit risk in case of the increased concentration to individual counterparties or groups of related parties that are connected by common risk factors such as credit ratings or the country.

As at 31 December 2024, credit risk represented 6 percent of the Group's overall risk value, excluding diversification.

The risk value is calculated at the Group 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 credit risk value of both ring-fenced funds totalled EUR 0.4 million.

Exposures to type 1 credit risk arise from counterparties' exposures that generally have a credit rating. Exposures to type 2 credit risk arise from counterparties' exposures that generally don't have a credit rating.

Table 21: Group's credit risk value as at 31 December 2024 and 31 December 2023

In EUR thousand

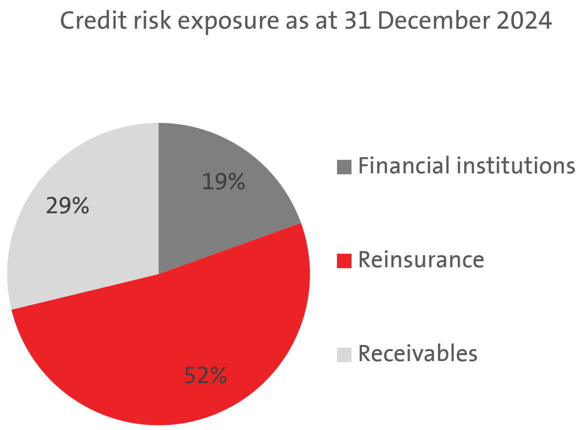
	2024	2023
Type 1	25,463	31,258
Type 2	17,798	19,445
Diversification	-2,277	-2,375
Credit risk	**40,984**	**48,327**

The credit risk value decreased by EUR 7.3 million in 2024 due to decreased capital requirement for type 1 risk. The decrease was mainly attributable to the upgrade of the method of monitoring cash in funds. In addition, the type 2 capital requirement decreased due to the reduction of claims items mainly at the Company and Pozavarovalnica Triglav RE.

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

RISK EXPOSURE

The Group's exposure to type 1 credit risk originates from reinsurance companies and includes 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 exposure to type 2 credit risk at the Group level is represented by deposits from cedants, past due receivables from direct insurance operations, receivables for the premium under accepted reinsurance and co-insurance as well as and other past-due receivables. The Group also observes the market value of recourses of the Company in past-due receivables from insurance operations. At the Group level, the exposure to reinsurers decreased compared to the year before, whereby the biggest effect could be attributable to the decrease in claims compared to the previous year, which was marked by disasters and floods in Slovenia.



During 2024, no deterioration of the payment discipline of natural persons was observed at the Group level. There was also no material impact of changes in the credit quality of counterparties on the Group's portfolio.

CONCENTRATION RISK

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

Partner concentration arising from financial investments is also managed in a similar manner at the Group level. The table below presents the Group's exposure by country.

Table 22: Group's exposure to reinsurance and financial partners by country

	2024	2023
Slovenia	16.6%	19.9%
Germany	16.4%	15.0%
Luxembourg	7.7%	8.5%
Great Britain	6.9%	6.6%
Kazakhstan	6.3%	5.6%
Other countries	46.2%	44.4%
Total	**100.0%**	**100.0%**

The exposure to credit risk is as a rule most affected by the change in reported insurance claims and potential claims from catastrophes. There was no material restructuring of the Group's exposure by country in 2024.

RISK MITIGATION TECHNIQUES

The Group's activities in the area of credit risk underwriting are prudent and based on a predetermined risk appetite, assessment of underwritten risks, assurance of credit quality and diversification of the investment portfolio as well as the management of exposures arising from reinsurance, non-payment of premiums and recourse.

The Group 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, and effective information between all involved, especially underwriters. This enables optimum decision-making and, indirectly, also suitable credit risk management.

Credit risk from the Group's investment portfolio is balanced by depositing cash, deposits and derivatives in banks and other financial institutions with a suitable rating, whereby a professional analysis of the credit risk is performed for each bank and a sufficient rate of portfolio diversification is required. For this purpose, the Group 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 and banking groups is also monitored regularly based on different publicly available information on the market. A process was implemented at the level of each subsidiary for the monitoring and reporting of exposures to the Company based on which their exposure to banks and consequently at the Group level is determined.

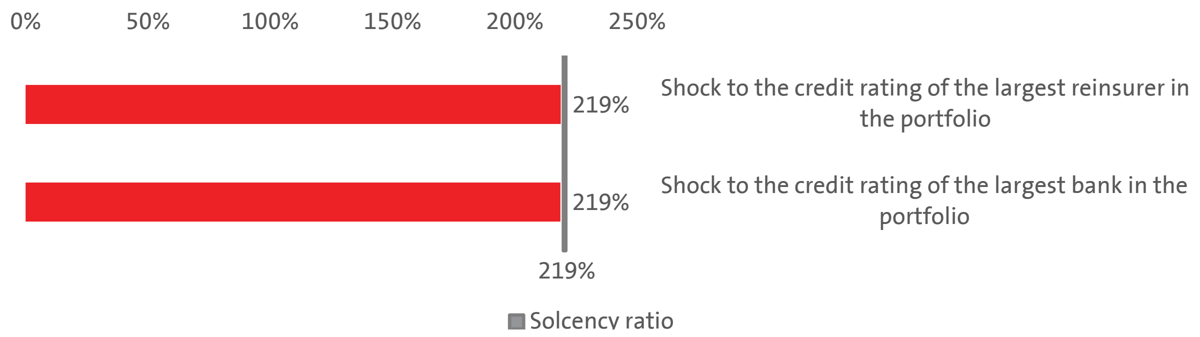
When underwriting credit risk resulting from reinsurance at the Group level, credit risk is managed through a diligent assessment of the adequacy of business partners for reinsurance and by regularly monitoring their adequacy (credit rating, maximum permissible exposures, diversification, and solvency ratio). When managing credit risk, it is important to have a suitable definition of counterparty creditworthiness where the assessment relies on a robustly established process that is based on credit ratings from recognised rating agencies and the publicly available solvency ratios of those European reinsurers that do not have a rating. To ensure the suitability of reinsurance partners' credit ratings, the Group has a comprehensive system in place which precisely defines rules for the naming of partners and determining their basic information and a precisely defined procedure for the determination of the partners' credit rating which is uniform for all partners. Thus, all Group subsidiaries are aligned when it comes to the naming and rating of reinsurance partners which enables effective consolidation of exposures at the Group level. The Group has also established a 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 Group separately monitors and limits exposure to counterparties without credit rating and those partners that the Group may not use for the purpose of solvency as a technique for mitigating underwriting risk.

SENSITIVITY

The Company regularly analyses credit risk sensitivity at the Group level. Credit risk sensitivity from reinsurance is measured through the change of the rating of the main reinsurer whereby all other risk value calculation parameters remain the same. The sensitivity to credit risk vis-à-vis the bank to which the Group is most exposed is measured in a similar manner.

Chart 10: Group'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 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 a company's inability to dispose of a liquidity position that enables the settlement of its liabilities when due (including the incurred unexpected liabilities). Market liquidity risk is the risk of loss due to the inability to sell an asset without major impact on the market price due to inadequate market depth or market disruptions.

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

When managing liquidity risk, Group’s undertakings comply with local regulations and minimum standards relating to risk management applicable at the Group level, which also establishes a harmonised liquidity risk management system. In addition to internal indicators and indicators resulting from local regulations, the Group's insurance and pension undertakings also monitor indicators that are common for all insurance undertakings of the Group.

In 2024, all Group’s insurance undertakings simulated liquidity scenarios as part of their own risk and solvency assessment, which confirmed their liquidity strength and adequate preparedness for stress scenarios.

RISK EXPOSURE

The Group is most exposed to liquidity risk in case of catastrophic loss events, which can result in higher payments of indemnities, rates of early insurance policy terminations (lapses) and instability on financial markets. Liquidity risk can thus be reflected in an increase in insurance indemnities, decrease in income from insurance, co-insurance and reinsurance premiums written, a decrease in the value of debt securities and equities, deposits and cash on current accounts held with banks. The liquidity risk of other Group's undertakings is affected mainly by financial market instability and other events that are specific to Group's undertakings. In 2024, the Group ensured that liquidity risk was at a low level throughout the period.

Liquidity risk exposure is monitored and managed at the level of an individual Group's undertaking. This provides a comprehensive overview of liquidity risk which considers the sources of liquidity and liquidity requirements. In 2024, the Company upgraded its liquidity risk management system, in particular stress scenarios and the methodology for calculating excess liquidity was consequently changed. In addition, activities were focused on the transfer of methodology upgrades and good practices to Group subsidiaries.

CONCENTRATION RISK

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

RISK MITIGATION TECHNIQUES

To mitigate liquidity risk, regular investment management processes have been implemented 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 at insurance subsidiaries to the matching of investments and liabilities cash flows i.e. in terms of nature, duration and liquidity. The funds earmarked to cover these liabilities are adjusted to cover them in line 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.

Liquidity risk is monitored regularly at 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 also implemented a liquidity plan, which defines in advance the responsibilities and activities in the event of liquidity crises, and concluded repo lines with commercial banks, credit lines and overdraft facilities on transaction accounts, which are one of the mechanisms for hedging against liquidity risk in the case of unexpected events. In addition, the Company has reinsurance agreements in place for most of its major insurance operations, which include various clauses that mitigate the liquidity risk of such operations. The above reduces liquidity risk even in case of stress.

Indirect reduction of liquidity risk includes market and credit risk management. The former includes mainly the review of limits in 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.

SENSITIVITY

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

EXPECTED PROFIT FROM FUTURE PREMIUMS

A portion of the Group's own funds is represented by expected profits in the future premiums from existing insurance contracts. These are estimated at EUR 142.4 million at the Group level. They are equal to the sum of expected profits included in the future premiums from existing insurance contracts of the individual Group's undertaking. The expected profit in future premiums of an individual undertaking is calculated by calculating the best estimate of cash flows both by considering and by disregarding the expected premiums from concluded insurance contracts with other assumptions remaining unchanged.

Table 23:Group's expected profit in future premiums as at 31 December 2024 and 31 December 2023

In EUR thousand

	2024	2023
Life insurance	79,711	92,351
Non-life insurance including health insurance	62,713	69,119
Total	**142,424**	**161,470**

The amount of expected profit included in future premiums decreased compared to the year before, whereby most of the movement was attributed to the Company.

C.5 Operational risk

Operational risk is defined as the risk of loss that could be caused by inadequate or failed implementation of internal processes, conduct of employees, functioning of systems or the management of external events and their effects, both at the Company and subsidiaries. It includes 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 represents 7 percent of the Group's overall risk value, excluding diversification, and amounts to EUR 53.3 million.

The risk value is calculated at the Group 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 under both ring-fenced funds totaled EUR 0.7 million.

RISK EXPOSURE

At the Group level, operational risk is actively managed, identifying shortcomings, changes and movements in the internal and external environment that may potentially cause it to increase or the risks actually transpiring.

The Group has not yet suffered a loss due to cyber events, but it is aware that these events are an increasingly pressing issue. The key to their management is regular maintenance, testing and additional upgrading of the information security management system, while the success of upgrades is monitored via implemented set of field-appropriate indicators. To ensure more effective recognition of vulnerabilities and better preparedness for such events, the largest cyber threats in the field of IT security and business lines of the Group, which would be most affected by the said threats, were re-examined in more detail within the scope of the ORSA in 2024. Based on the findings, measures have been developed to further improve IT security and are regularly monitored.

The Group 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. It is also exposed to the risk related to the performance of outsourced operations (also in connection with cloud services) that is increasingly focused on with the goal of better management of outsourcing while simultaneously considering the increasing regulatory requirements in this area, most recently the requirements of DORA. The Group also follows development trends in the field of artificial intelligence, whereby most Group’s undertakings, except for the Company, are still analysing and setting up these tools. At the same time, adequate control over them will also be ensured, including ensuring the compliance of the implementation and use of AI tools from the point of view of protection of personal data, classified information, internal information and IT security. The Group also followed the regulatory requirements of the Corporate Sustainability Reporting Directive[8]. Thus, regulatory risk is recognised as a major operational risk that is adequately managed at the Group level.

Changing circumstances on the labour market, both demographic changes and the arrival of new generations, pose challenges for the Group’s undertakings also in terms of human resources (hereinafter: HR) risk. Group’s undertakings are seeing an increase in competition between companies to acquire and retain top talent and the rapid changes in technology and the business environment are increasing the need for employees with certain specialised knowledge and skills that are in short supply in the labour market. All Group’s undertakings are facing the need to adapt work models because of the new generations, either with greater flexibility in terms of work methods or by promoting hybrid work models that are in line with the wishes and needs of employees. The Group adapts to market conditions and has implemented a number of measures aimed at ensuring adequate HR risk management.

[8] 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

CONCENTRATION RISK

The Group 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 Group and its operations are highly dependent on the suitable functioning of ICT as a major cyber security incident, other IT incident or the suspension of operations can severely affect the Group's operations. This is why the Group devotes special attention to the upgrading and regular maintenance of the IT security system with an emphasis on cyber risk as well as disruptions or suspension of operations which it manages via the 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 includes business continuity plans for key business processes, the interruption of which would have the greatest consequences for the Group, and an IT recovery plan. Business continuity plans also include 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 due to the possible absence of key employees or the simultaneous absence of a large number of employees was mitigated during the pandemic, which required the establishment of conditions for remote work, and this solution also mitigated the risk resulting from the inaccessibility of work locations, e.g. due to natural disasters. In 2024, risk concentration was analysed by Group's undertakings again in more detail from the point of view of uninterrupted or continuous execution of key processes. The latter requires a sufficient number of available employees and external contractors, resources (ICT resources being essential for this purpose) and locations for the pursuit of activity. To identify such risk, an overview of the connections between key processes, employees, external providers of ICT and other services (including cloud services) as well as ICT resources that support the operation of part or the entire process or several processes and locations was prepared by Group's undertakings. As part of this, we identified the subsidiaries' dependence on key employees and key external contractors who support key processes. 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. In 2024, additional activities were geared towards the centralisation of IT and the preparation of additional recovery plans for individual Group's undertaking. Group's undertakings will continue these activities in the future as well. In-depth testing of these plans has also been carried out, as well as some security testing.

RISK MITIGATION TECHNIQUES

Group's undertakings have an internal controls system in place that allows them to ensure the mitigation of exposure to operational risk. By applying risk-related minimum standards, Group's undertakings gradually introduce an effective system for operational risk management such as the one that has been set up at the Company, which ensures its management at the Group level. The Group regularly monitors operational risk exposure mainly based on regular reporting of realised operational risk loss events and partly also via key operational risk indicators. In the event of the occurrence of important (large) or repetitive operational loss events and if the operational risk appetite is exceeded, preparation of preventative and follow-up risk mitigation measures or additional internal controls or the introduction of risk mitigation controls are introduced. Additional measures or internal controls have an effect on the decrease in exposure to potential operational risk that is already assessed regularly by some Group's undertakings. If the risk is mitigated to an appropriate level, i.e. it does not repeat or the frequency of reoccurrences of minor loss events of this type is reduced, measures are assessed as successful. The success of the implementation of risk mitigation measures is thus verified at the Group level, whereby the measures continuously ensure the reduction of the exposure to operational risk. The main purpose of operational risk management is not the elimination of said risk, but rather its timely identification and cost-effective mitigation according to the defined tolerance.

SENSITIVITY

Operational risk is affected by many factors, both internal (employees, processes, internal systems) and external (external systems, external contractors and other stakeholders, external factors and events). Whereas it is possible to influence internal factors through the improvement of processes and internal controls, it is not possible to materially influence external factors which are also more difficult to foresee. This is why the Group additionally tests its sensitivity to operational risk by defining and executing stress scenarios such as regular test of the transfer of IT operations from the primary server location to the backup location, intrusion tests, cyber scenarios (intrusion into the IT system and theft of its highly sensitive business information and personal data, ransomware attack, phishing attack) and the business continuity scenarios (earthquake scenario, analysis of the biggest vulnerabilities from the point of view of risk concentrations in individual critical processes in terms of their uninterrupted execution). Based on the test results, the Company continuously upgrades the IT security management system. 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 Group's undertakings.

C.6 Other material risks

NON-FINANCIAL RISK

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

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 business environment.

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

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

GROUP RISK arises from the business model of the Company, which operates as the controlling company or a group of related parties. It includes risks that may jeopardise the achievement of strategic goals due to an ineffective system of governance and insufficient knowledge of the business environment where the Group's undertakings operate. The risk profile is also affected by the review and treatment of transactions and other mutual connections between related undertakings and 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) represents the risk of the Company and the Group's undertakings that arises from environmental, social and managerial factors and may have a negative impact on the financial position or solvency of the Company and its undertakings.

- 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 in order 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 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.

The operating performance of the entire Group also depends on the comprehensive management of sustainability risk and the improvement of confidence of all key stakeholders. Thus, in line with its mission to create a safer future, which is also implemented through its sustainability focus in the ESG area, the Group further upgraded its sustainability risk management system in 2024, focusing in particular on improving data quality and defining methodologies, indicators and reporting on environmental risk.

In the context of the ORSA process in 2024, the Group paid particular attention to the identification and assessment of environmental risk at the Group level due to its recognised relevance. In order to assess climate risk (which dealt with both transition risk and physical risk), the impact of climate change on the Group's operations was assessed qualitatively and quantitatively. Over the short-term horizon, physical risk within the insurance portfolio was identified as material in particular. For the Group's investment portfolio, the climate change risk was assessed as potentially being material only over the medium to long-term horizons. In addition to climate change risk, the Group also carried out a detailed examination within the environmental risk of the risk related to nature (biodiversity), which is strongly intertwined with climate change risk on the one hand, but cannot be equated with it, as it is even 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.

IDENTIFIED FUTURE RISK is important for the Group in addition to the abovementioned risks. This is the risk that may develop in the future or that already exists but is not yet classified as important. It is characterised by being difficult to evaluate but can have a strong impact on operations. Based on past experience, it cannot be predicted as there is often no information that could be used to predict the frequency or amount of damage caused. Contingent or emerging risk is carefully monitored and included in the risk management system.

C.7 Any other information

PRUDENT PERSON PRINCIPLE

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

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

The assets of Group's undertakings are invested in a manner that ensures their availability.

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

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

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

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

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

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

When investing assets, Group’s undertakings pursue the principle of asset and liability duration matching. Even in the event of a potential conflict of interest where the assets of one undertaking in the Group are managed by another company, the interests of all policyholders and beneficiaries are considered.

STRESS TESTS

The Group 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 Group's own risk and solvency assessment (ORSA) process. In stress tests, the Company determines (at the Group level) the effect of a simultaneous change in several parameters such as simultaneous changes in various risk types that affect the insurance 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 the combination of the aforementioned circumstances and events are considered.

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

The scenarios simulated at the Group level 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 an operational risk scenario. The liquidity deterioration scenario was performed at the Company, insurance undertakings and financial undertakings operating in the European Union. 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 the transition risk and the 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. A reverse stress test was simulated at the Group level, by way of which it combined the effects of the occurrence of several stress tests at the same time.

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

OTHER RELEVANT INFORMATION

All other information relating to the Group's risk profile is disclosed in Sections C.1 through C.6.

D.

Valuation for solvency purposes

D.1 Assets

D.2 Technical provisions

D.3 Other liabilities

D.4 Alternative methods for valuation

D.5 Any other information

D. Valuation for solvency purposes

Assets and liabilities at the Group are valued for solvency purposes at fair value. When assets and liabilities are valued, the risk-free interest rate curve published by EIOPA is used whereby no adjustments of the curve are applied.

The table below shows the balance sheet of the Group for solvency and financial reporting purposes. Details on the Group's balance sheet are shown in template S.02.01.02 in the annex to this report.

Table 24: Balance sheet of the Group as at 31 December 2024

In EUR thousand

Balance sheet		Value for solvency purposes	Value for financial reporting purposes
Assets		**4,008,897**	**4,516,335**
Intangible assets	D.1.1	0	53,362
Deferred tax assets	D.1.2	18,304	14,240
Property, plant and equipment held for own use	D.1.3	134,669	115,919
Investments	D.1.4	2,501,180	2,936,111
Assets held for index-linked and unit-linked contracts	D.1.5	972,491	972,703
Loans and mortgages	D.1.6	6,704	6,614
Reinsurance recoverables	D.1.7	155,490	287,585
Deposits to cedants	D.1.8	16,764	16
Insurance and intermediaries receivables	D.1.9	54,587	0
Reinsurance receivables	D.1.10	46,518	0
Receivables (trade not insurance)	D.1.11	40,905	44,799
Cash and cash equivalents	D.1.12	52,190	74,831
Any other assets, not elsewhere shown	D.1.13	9,095	10,156
Liabilities		**2,961,583**	**3,527,293**
Technical provisions	D.2	2,585,824	3,205,251
Provisions, other than technical provisions	D.3.1	22,239	25,730
Deposits from reinsurers	D.3.2	3,224	16
Deferred tax liabilities	D.3.3	30,241	2,212
Derivatives	D.3.4	47	47
Debts owed to credit institutions	D.3.5	0	0
Financial liabilities other than debts owed to credit institutions	D.3.6	254	254
Insurance and intermediaries payables	D.3.7	20,653	0
Reinsurance payables	D.3.8	14,054	0
Payables (trade not insurance)	D.3.9	104,433	110,143
Subordinated liabilities	D.3.10	151,238	152,130
Any other liabilities, not elsewhere shown	D.3.11	29,376	31,508
Excess of assets over liabilities		**1,047,314**	**989,042**

The balance sheet presents consolidated item values, meaning intra-group transactions are excluded. The valuation methods for solvency purposes and financial reporting purposes by individual balance sheet items are described in greater detail below. A comparison with the results of the previous period is also shown.

D.1 Assets

Several valuation methods are applied at the Group level to value assets for financial reporting purposes. These methods are compliant with the IFRS (e.g. fair value, amortised cost, cost, and others), while assets are valued for solvency purposes only using a method that complies 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 consist of software and property rights, which are valued at zero for solvency purposes due to the problem of demonstrating their true value.

For financial reporting purposes, intangible assets are valued at cost. As at the balance sheet date, assets are disclosed at their cost less accumulated amortisation and any 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 and goodwill are not amortised. An impairment test is performed for these assets every year.

Table 25: Group's intangible assets

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Intangible assets	0	0	53,362

D.1.2 Deferred tax assets

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

Deferred tax assets for solvency purposes are valued as the sum of deferred tax assets of Group's undertakings. The latter is determined at the level of each subsidiary in the Group as the sum of deferred receivables for financial reporting purposes and the product of the local tax rate in the country of operation and the difference between the amount of assets (without considering financial investments in associated companies and deferred tax assets) of the accounting and market balance sheets of an individual undertaking.

Table 26: Group's deferred tax assets

			In EUR thousand
Assets	**Value for solvency purposes**		**Value for financial reporting purposes**
	2024	**2023**	**2024**
Deferred tax assets	18,304	26,640	14,240

Compared to the previous period, deferred tax assets decreased by EUR 8.3 million, mainly due to the decrease at Triglav, Zdravstvena zavarovalnica, which was acquired by the Company (EUR 5.9 million), and at the Company (EUR 3.7 million).

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

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

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

The Company performs the valuation through a certified real estate appraiser who evaluates the Group's real estate every year. The fair value of real estate was determined as at 30 September 2024. During the period from the completed valuation to the reporting date, there were no changes that materially affect the fair value of real estate as at 31 December 2024.

Table 27: Group'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	134,669	131,509	115,919

The value of the item increased by EUR 3.2 million compared to the year before. The main contributor to the increase is the investment in shared office premises of the Group's subsidiaries in North Macedonia. Compared to the year before, the other property, plant and equipment other than land and buildings (i.e. equipment) item is up by EUR 2.5 million, while the lease rights item is down by EUR 1.0 million. Other changes include the effect of the new valuation as well as the effect of purchase or sale transactions during the period.

D.1.4 Investments

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

The Group values financial assets using publicly available market prices on the active markets for the same instrument. If this is not possible, such valuation is performed using publicly available data from the active markets of similar instruments. The activity of the market or the question of whether it is an active market or not is determined for an individual financial instrument subject to the available information and circumstances. Factors that are material in the assessment of market activity include the following among others: low number of transactions in a certain period of time, high volatility of listed prices in a certain period of time or between different market makers, high difference in price between supply and demand, low number of market participants (less than 4). An important criterion, which includes all the above factors, for securities activity is the "Bloomberg Valuation Service (BVAL) score". Low values of the indicator (below 4) indicate that the market is not 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 28: Group'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 2024
Investments	**2,501,180**	**2,218,670**	**2,936,111**
Property (other than for own use)	89,697	86,516	70,411
Holdings in related undertakings, including participations	161,339	135,508	55,721
Equities	9,969	9,547	110,891
Bonds	2,027,021	1,805,589	2,430,712
Collective investment undertakings	153,888	118,244	206,542
Derivatives	20	0	20
Deposits other than cash and cash equivalents	58,276	62,312	60,834
Other investments	972	955	980

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 described in Section D.1.3.

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

Table 29: Group'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)	89,697	86,516	70,411

The value of property (other than for own use) increased by EUR 3.2 million in 2024. The item increased the most due to the reclassification of the business premises of the Banja Luka-based undertaking to investment property. Other changes in value are mainly due to the revaluation of property as a result of changes in fair value.

D.1.4.2 Holdings in related undertakings, including participations

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

- 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 the participating entity in the excess of assets over liabilities of related undertaking. When calculating the excess of assets over liabilities for related undertakings, the undertakings' individual assets and liabilities are valued according to the principles of 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, the equity method may be used as set out in the IFRS, where the value of goodwill and other intangible assets is deducted from the value of the related undertaking (adjusted equity method; hereinafter: AEM S1).
- 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 Group applies in the preparation of consolidated financial statements. In such cases, the value of goodwill and other intangible assets is deducted from the value of the related undertaking.

Holdings in other related undertakings that are not fully consolidated are valued using the adjusted equity method. The exception is the participating interest in the Katera company that is valued according to the alternative valuation method. In the case of the Katera company, the alternative valuation model closely follows the adjusted equity method using the fair value of assets and liabilities.

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

Table 30: Values of the Group'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**
DVM	0	0	0
AEM S1	140,945	124,338	0
AVM	20,394	11,170	37,808
Total	**161,339**	**135,508**	**55,721**

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

Table 31: Group'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	161,339	135,508	55,721

The value of holdings in related undertakings increased in 2024 by EUR 25.8 million. The biggest contributors to the increase are the contribution in the Katera company, the positive revaluation related to the strong performance of Triglav Skladi and Triglav, pokojninska družba. The largest counter-effect on the value of the item is the sale of the ownership interest in Nama.

D.1.4.3 Equities

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

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

Table 32: Group's investments in equities

			In EUR thousand
Investments	**Value for solvency purposes**		**Value for financial reporting purposes**
	2024	**2023**	**2024**
Equities	**9,969**	**9,547**	**110,891**
Listed equities	5,073	5,130	105,987
Unlisted equities	4,895	4,417	4,904

The value of equities increased in 2024 by EUR 0.4 million. The increase resulted mainly from the unlisted securities segment, which is in turn mainly the result of the revaluation of certain investments.

D.1.4.4 Bonds

Bonds are valued for financial reporting purposes in accordance with the requirements for the financial statement category in which they are classified upon recognition (At fair value through profit or loss, At fair value through other comprehensive income, At amortised cost). Investments in the accounting categories of At fair value through other comprehensive income and At fair value through profit or loss are valued at fair value. Investments classified in the At amortised cost category are valued at amortised cost.

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

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

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

Table 33: Group's investments in bonds

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Bonds	**2,027,021**	**1,805,589**	**2,430,712**
Government bonds	1,409,867	1,178,073	1,606,235
Corporate bonds	616,105	626,480	823,428
Structured notes	1,048	1,035	1,048

The value of bonds increased by EUR 221.4 million in 2024. The increase in the item consists of a positive revaluation of EUR 74.6 million and inflows of EUR 146.8 million. The positive revaluation came from the government bond segment (EUR 44.5 million), and the corporate bond segment (EUR 30.0 million). The government bond segment recorded inflows of EUR 193.0 million and the corporate bond segment outflows of EUR 46.2 million over the year.

The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group. The biggest contribution to the difference is represented by the predominant bond portfolio of Triglav, pokojninska družba. Owing to the different valuation method for investments classified in financial statements at amortised cost, there is a difference of EUR 5.4 million to the value for solvency purposes.

D.1.4.5 Collective investment undertakings

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

Table 34: Group's collective investment undertakings

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Collective investment undertakings	153,888	118,244	206,542

The value of the item increased by EUR 35.6 million in 2024. Most of the increase in the item came from new investments and additional payments into alternative investment funds and their positive revaluation, totalling almost EUR 35.0 million. Exposure to various forms of public collective investment undertakings remains low. In 2024, the Group recorded an outflow of EUR 2.9 million from debt-type collective investment undertakings, while, on the contrary, some Group’s undertakings have started to use money market funds more extensively as a more profitable substitute for short-term deposits. According to IFRS 9, collective investment undertakings require treatment that is not optimal from the point of view of the volatility of the Group's result.

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

Skladi, d.o.o., which comprises predominantly collective investment undertakings, and the portfolio of Triglav, pokojninska družba.

D.1.4.6 Derivatives

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

Table 35: Group's investments in derivatives

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2023
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.

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

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

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Deposits other than cash and cash equivalents	58,276	62,312	60,834

The value of item decreased by EUR 4.0 million in 2024 compared to the year before. The exposure to this investment class decreased in almost all Group subsidiaries, with the biggest decrease recorded by the subsidiaries headquartered in Bosnia and Herzegovina, Republic of Croatia and North Macedonia.

D.1.4.8 Other investments

Other investments at the Group represent assets in claim funds and other financial investments not classified in any of the other categories from preceding sections of this Report. For solvency purposes, the value of these assets follows the value for financial reporting purposes.

Table 37: Group's other investments

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Other investments	972	955	980

The value of the item remained similar to the one in 2023.

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

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

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

In EUR thousands

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Assets held for index-linked or unit-linked contracts	972,491	814,404	972,703

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

D.1.6 Loans and mortgages

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

Table 39: Group’s loans and mortgages

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Loans and mortgages	**6,704**	**6,525**	**6,526**
Loans on policies	5,703	5,696	5,690
Loans and mortgages to individuals	1,000	830	924
Other loans and mortgages	0	0	0

The value of loans and mortgages remained at a similar level to the one in 2023.

D.1.7 Reinsurance recoverables

Each insurance or reinsurance undertaking in the Group determines the value of reinsurance recoverables using its own methodology.

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

Table 40: Group's reinsurance recoverables

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Reinsurance recoverables	**155,490**	**199,077**	**287,585**
Non-life and health insurance	154,683	197,678	287,585
Life insurance	807	1,399	0

In 2024, reinsurance recoverables decreased by EUR 43.6 million, mainly due to a decrease in reported claims in the Fire and other damage to property segment (LoB 7) at the Company and Pozavarovalnica Triglav Re.

D.1.8 Deposits to cedants

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

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

Table 41: Group's deposits to cedants

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Deposits to cedants	16,764	16,954	16

In 2024, deposits to cedants remained at the level similar to the one in the year before.

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 technical provisions for financial reporting purposes.

For solvency purposes, the item being valued is measured 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 correspondingly 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 42: Group'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	54,587	64,101	0

The value of this item decreased by EUR 9.5 million at the end of 2024. The decrease is the result of the reduction of the item at all Group subsidiaries over the course of 2024.

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 43: Group's reinsurance receivables

In EUR thousand

Balance sheet	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Reinsurance receivables	46,518	64,218	0

Assets under this item at the Group decreased by EUR 17.7 million in 2024 mainly as a result of the decrease in claim receivables at Pozavarovalnica Triglav Re. The decrease is mainly the result of the funds received by reinsurance companies for natural disasters in Slovenia in 2023.

D.1.11 Receivables (trade not insurance)

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

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

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Receivables (trade not insurance)	40,905	42,360	40,905

In 2024, the Group’s receivables (trade not insurance) decreased by EUR 1.5 million. The largest decrease was recorded at the Company by EUR 1.4 million.

D.1.12 Cash and cash equivalents

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

Table 45: Group'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	52,190	62,891	74,831

The values under this item decreased by EUR 10.7 million in 2024. Most Group's undertakings recorded a decrease.

D.1.13 Any other assets, not elsewhere shown

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

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

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Any other assets, not elsewhere shown	9,095	9,208	10,156

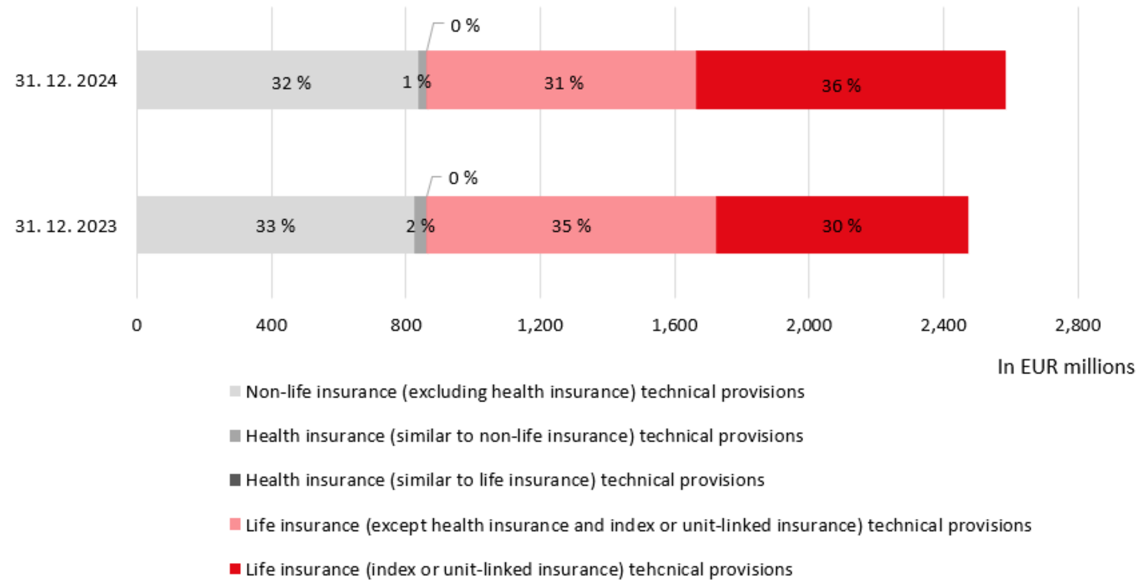
The value of the Group's any other assets not elsewhere shown decreased in 2024 by EUR 0.1 million.

D.2 Technical provisions

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

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

Chart 11: Group's technical provisions as at 31 December 2024 and 31 December 2023



CONTRACT BOUNDARIES AND HOMOGENEOUS RISK GROUPS

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

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 comprise the segment of liabilities that are allocated to life insurance liabilities for solvency purposes. Life insurance actuarial techniques are applied for the valuation of life insurance liabilities. This part of technical provisions is represented by non-life insurance claims, which are paid out in the form of annuities. Other liabilities from the non-life insurance portfolio are divided at least subject to lines of business.

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

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

Non-life and health insurance technical provisions amount to EUR 860.9 million as at 31 December 2024.

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

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

The value of intragroup transactions in the Group involving non-life and health insurance amounts to EUR 91.9 million as at 31 December 2024.

Table 47: Group'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	**Best estimate**	**Risk margin**	**Technical provisions**
-- Non-life insurance	799,509	38,077	837,586
-- Health insurance	21,469	1,842	23,311
Total	**820,979**	**39,919**	**860,898**

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

Non-life and health insurance technical provisions at the Group are at a similar level to compared to the previous year. The abolition of supplementary health insurance has led to a decrease in provisions for health insurance, while the growth of the non-life insurance portfolio resulted in an increase in provisions for these insurance segments. The growth in the risk margin in 2024 is entirely driven by the growth of the non-life insurance portfolio.

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

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

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

Best estimate of incurred reported claims is equal to the discounted value of provisioned claims from the inventory which is the result of monthly processing and is monitored at the level of an individual claim file. Claims departments are responsible for compiling the list of estimates for individual claims, whereby data that affect the estimates are entered concurrently. The list excludes annuity applications as these are included in the best estimate of the life provision. The best estimate of incurred but not reported claims is calculated at the level of insurance segments, for which established actuarial techniques are used. The calculation also considers the past inflation. Future cash flows from incurred claims consider the estimated expected future inflation rate.

The best estimate of the premium provision is based on the projections of the future cash flows from premiums, claims, recourse, costs, bonuses and discounts, terminations and commissions as well as other eventual cash flows specific to an individual Group's undertaking. Premium provision calculated as at the final date of the reporting period is used as the measure of exposure. One of the key assumptions of the model is matching the pattern of development of future cash flows from the premium provision with the pattern that is calculated and used in claims provisioning. Material assumptions also include the future inflation rate and the discounting curve. The assumption of the future inflation rate is based on the estimates published by the International Monetary Fund (IMF) for the countries, in which individual Group's undertaking operates. The risk-free interest rate curve published by EIOPA is used for discounting.

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

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

As at 31 December 2024, the Group's risk margin amounted to EUR 39.9 million. At the Group level, it is calculated as the sum of the risk margins of the same insurance segments of the operations of individual Group's undertakings. Projections of future capital requirements for individual risks by module and sub-module are made for the calculation of the risk margin. The approach used is the one under the first method according to the hierarchy of the EIOPA Guidelines on the valuation of provisions. The calculation considers cost of capital of 6 percent.

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

As at 31 December 2024, non-life and health insurance technical provisions for financial reporting purposes amounted to EUR 1,048.8 million, while they stood at EUR 860.9 million for solvency purposes.

Table 48: Difference between technical provisions for non-life and health insurance for solvency purposes and for financial reporting purposes as at 31 December 2024

2024		In EUR thousand
	Value for solvency purposes	Value for financial reporting purposes
Non-life and health insurance technical provisions	860,898	1,048,760

The standards for measuring the liabilities of technical provisions differ the most when measuring the liabilities from remaining coverage. The basic method in the financial reporting standard is closer to the calculation of the premium provision as it is based on the projection of cash flows like the premium provision. The Group applies the basic method, as a rule, for contracts with a coverage period of more than one year, which, however, represent a smaller part of the portfolio. Group's undertakings mostly measure the non-life and health insurance portfolio using the premium allocation method, which is closer in terms of content to the use of the unearned premium according to IFRS 4.

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

Differences in valuation are also significantly influenced by a different cost accounting principle. All costs are considered in provisions for solvency purposes, while only the costs that can be attributed to policies are taken into account for financial reporting purposes.

D.2.2 Technical provisions for life insurance

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

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

Table 49: Life insurance technical provisions for solvency purposes as at 31 December 2024 and 31 December 2023

2024 — In EUR thousand

Life insurance technical provisions	Best estimate of liabilities	Risk margin	Technical provisions
Insurance with profit participation (LoB 30)	702,439	14,983	717,422
Index-linked and unit-linked insurance (LoB 31)	899,880	21,822	921,703
Other life insurance (LoB 32)	19,079	8,995	28,074
Annuities from non-life insurance contracts (LoB 34)	57,469	258	57,727
Total	**1,678,867**	**46,059**	**1,724,926**

2023 — In EUR thousand

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

D.2.2.1 Best estimate of life insurance liabilities

To projecting cash flows at the level of an individual insurance undertaking, the Group uses an appropriate set of assumptions relevant for homogenous risk groups, to which the respective insurance policy belongs. For unexpired perils, the best estimate of liabilities is calculated using cash flow projections, taking due account of the relevant assumptions for every individual policy. For expired perils, the best estimate of liabilities is recognised in the following manner: in the case of endowments, the best estimate is calculated by policy; in the case of other risks, it is calculated at the level of homogenous risk groups using the methodology of actuarial triangles, which is a technique used for non-life insurance. The theoretical concept defines the best estimate of liabilities as the market value of liabilities, but in practice it can hardly ever be measured by the market. Therefore, the best estimate of liabilities is calculated as the present value of all income and expenses arising from an insurance policy, weighted by the probability of occurrence. Income includes gross premiums, charged costs and other income (e.g. refunds), while expenses include actual costs, fees and commissions, claims and any other expenses. Return on assets is not included in income. Cash flows are discounted using the relevant risk-free interest rate curve.

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 value of the best estimate of liabilities from concluded insurance at the Group is calculated separately for the guaranteed entitlements and the part of entitlements from future attributions of profit.

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

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

The assumptions regarding policyholder behaviour are considered in a deterministic manner, in the sense that behaviour is not dependent on the economic scenario, but rather depends on other risk factors (e.g. age of the policy, type of insurance product, and the like).

The best estimate for non-life insurance claims paid as annuities is the sum of the best estimates for the existing and expected claims from this line of business. The best estimates are calculated using life valuation techniques. In doing so, relevant mortality tables are observed, i.e. those that are also used for the valuation of capitalised annuities. This is how the provision for planned annuities for insurance cases, for which no claim was yet filed, but can justifiably be expected, is calculated. These are generally annuities of underage persons who already receive an annuity and will be entitled to an income protection annuity when turning a certain age. The calculation includes the claim 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 58.4 million mostly as a result of the decrease in the best estimate of liabilities of projected cash flows in 2024 by EUR 73.0 million and increase in the best estimate of liabilities due to interest remuneration and the drop in the risk-free interest rate curve by a total of EUR 27.2 million;
- index or unit-linked insurance where it increased by EUR 174.4 million mainly as a result of actual investment movements in the period which increased the best estimate of liabilities by EUR 97.3 million, the best estimate of liabilities from newly underwritten risks with interest remuneration in the period having the biggest impact on the increase by another EUR 47.5 million;
- other life insurance where it decreased by EUR 3.3 million mainly as a result of the projected cash flows and changes to non-economic assumptions;
- annuities from non-life and health insurance where it increased by EUR 1.4 million. Almost the entire increase can be explained by the increase at the Company of EUR 1.1 million, as a result of new annuities.

D.2.2.2 Risk margin for life insurance

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

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

D.2.2.3 Material differences between the bases, methods and main assumptions used for valuation for solvency purposes and the bases, methods and key assumptions used for 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 the "present value of future cash flows", including an adjustment for risk and the contractual service margin.

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

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

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

- voluntary supplementary pension insurance in the savings phase are classified as financial contracts for financial reporting purposes and are not subject to IFRS 17, while they are valued as part of life insurance for solvency purposes;
- when calculating the present value of future cash flows for financial reporting purposes, only attributable costs are considered, while the entire cost of life insurance is considered for solvency purposes;
- the solvency calculation of future cash flows considers contractual limits for additional insurance in accordance with the Delegated Regulation;
- both purposes include margin for uncertainty, to which the liabilities are exposed, among insurance liabilities, however, with a different level of confidence: for solvency purposes, the risk margin is calculated on the basis of 99.5 percent confidence level, while the risk adjustment for financial reporting purposes is calculated on the basis of a 95 percent confidence level over a one-year period;
- for the financial reporting purposes, insurance liabilities also include the contractual service margin, which captures the expected present value of the Company's future profits, whereas there is no item with equivalent content in the technical provisions for solvency purposes.

Table 50: Differences between technical provisions for life insurance for solvency purposes and for financial reporting purposes as at 31 December 2024

2024		In EUR thousand
	Value for solvency purposes	**Value for financial reporting purposes**
Life insurance technical provisions	1,724,926	2,156,491

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 57.5 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 risks with regard to the final amount of the payment are borne by the company, which is why this scheme is classified under Defined Benefit Plan;
- 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 the present value of post-employment benefits and related costs during the time of employment considers the following:

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

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

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

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

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

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Provisions, other than technical provisions	22,239	25,083	25,730

In 2024, the value of provisions, other than technical provisions, decreased mostly due to the decrease in Group subsidiaries.

D.3.2 Deposits from reinsurers

For financial reporting purposes, deposits from reinsurers are valued at amortised cost using the effective interest rate method and are also partly netted for financial reporting purposes. They are valued the same for solvency purposes, however, they are included in technical provisions at Pozavarovalnica Triglav Re.

Table 52: Group's deposits from reinsurers

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Deposits from reinsurers	3,224	3,447	16

In 2024, the value of the item remained at a level similar to the one in 2023.

D.3.3 Deferred tax liabilities

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

Deferred tax liabilities are valued for solvency purposes as the sum of deferred tax liabilities of Group's undertakings. The latter is determined at the level of each subsidiary in the Group as the sum of deferred liabilities for financial reporting purposes and the product of the local tax rate in the country of operation and the difference between the amount of liabilities (without considering deferred tax liabilities) of the accounting and market balance sheets of an individual undertakings. Deferred tax liabilities increased by EUR 6.9 million, mainly due to the increase of EUR 5.6 million at the Company.

Table 53: Group's deferred tax liabilities

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Deferred tax liabilities	30,241	23,318	2,212

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 Group did not use derivatives in 2023.

Table 54: Group'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 Debts owed to credit institutions

Debts owed to credit institutions are liabilities arising from received bank loans. For financial reporting and solvency purposes, these liabilities are disclosed at cost. The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group.

Table 55: Group's debts owed to credit institutions

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Debts owed to credit institutions	0	554	0

The Group did not have any debts to credit institutions in 2024.

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

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

Table 56: Group's financial liabilities other than debts owed to credit institutions

In EUR thousand

Balance sheet	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Financial liabilities other than debts owed to credit institutions	254	536	254

D.3.7 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. According to IFRS 17, these payables are part of liabilities from insurance contracts for financial reporting purposes.

Table 57: Group'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	20,653	32,475	0

At the Group, this item decreased by EUR 11.8 million in 2024, mainly due to the inclusion of liquidated unpaid life insurance claims provisions in the technical provisions and no longer in the Company's insurance liabilities.

D.3.8 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 now part of technical provisions for financial reporting purposes.

Table 58: Group's reinsurance payables

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Reinsurance payables	14,054	15,525	0

Reinsurance payables decreased at the Group by EUR 1.5 million.

D.3.9 Payables (trade not insurance)

The largest component of these payables are all other liabilities that are included in line with IFRS 17. For financial reporting purposes as well as solvency purposes, these payables are valued at amortised cost using the effective interest method. The difference between the value for financial reporting purposes and the value for solvency purposes arises from difference in the included subsidiaries that are fully consolidated within the Group

Table 59: Group's payables (trade not insurance)

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2023
Payables (trade not insurance)	104.433	83.956	110.143

In 2024, payables (trade not insurance) at the Group increased by EUR 20.5 million. The biggest share of the increase came from the items liabilities to employees and other non-attributable liabilities from the Company's insurance operations.

D.3.10 Subordinated liabilities

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

Table 60: Group'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.3.11 Any other liabilities, not elsewhere shown

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

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

Table 61: Group's any other liabilities, not elsewhere shown

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2024	2023	2024
Any other liabilities, not elsewhere shown	29,376	26,440	31,508

The value of the Group’s other liabilities not elsewhere shown increased by EUR 2.9 million over the course of 2024. The change in the item mostly stems from the increase at the Company.

D.4 Alternative methods for valuation

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

D.5 Any other information

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

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

The Group's largest off-balance-sheet exposure is to unpaid commitments for payments into alternative investments and uncollected recourse receivables. Detailed information on off-balance sheet items not reported by the Group is presented in the accounting part of Annual Report, in Section 4.5.

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 Group's capital management system is based on strategic goals, regulatory requirements, good practices and internally established methodologies that considers the characteristics and special features of the operations of the Company as a whole as well as the local requirements of individual Group's undertaking.

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

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

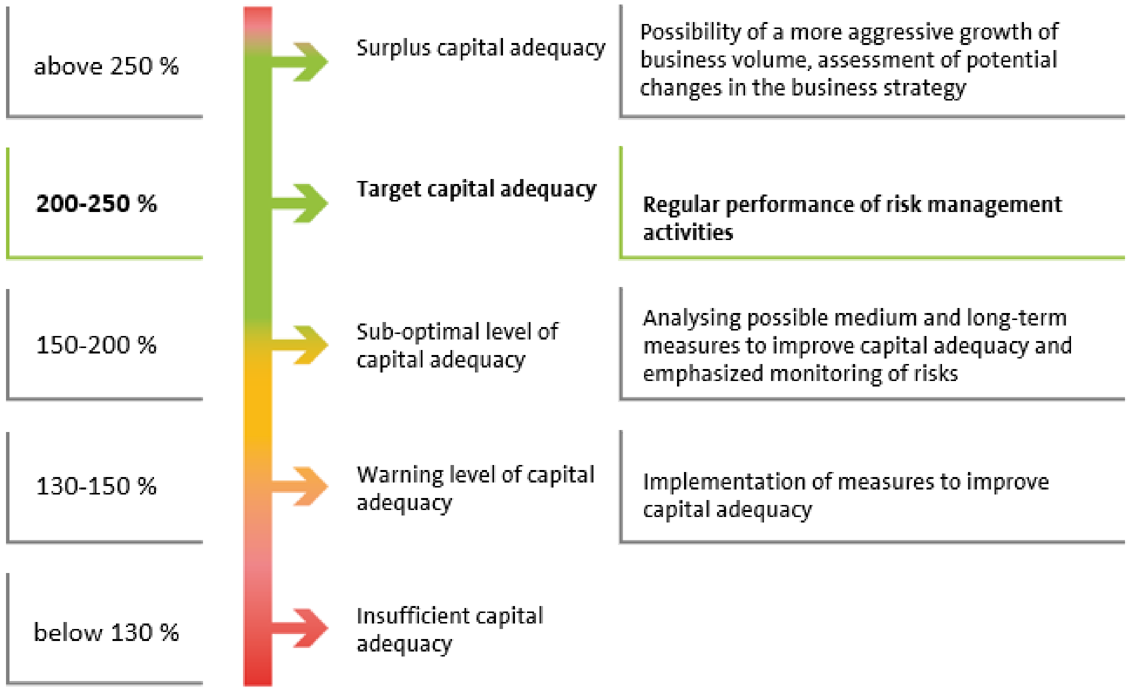
- a high level of confidence of all stakeholders;
- continuous meeting of the regulatory capital adequacy requirements;
- the security and profitability of the operations of Group's undertakings considering the defined risk appetite which includes the assurance of an adequate amount of capital and its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

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

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

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

Figure 6: Capital management strategic objectives and dividend policy criteria



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

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

In the context of monitoring and measurement of the value, profitability and use of eligible own funds of individual business areas as well as analysing the changes in the risk profile, regular implementation of the ORSA process, which defines the guidelines and measures for the optimisation of operations towards the realisation of strategic objectives, is of the utmost importance. The ORSA process is explained in detail in section B.3.6 of this Report.

CAPITAL ADEQUACY OF THE GROUP

As at 31 December 2024, the Group was adequately capitalised and had sufficient eligible own funds available to meet both the Solvency Capital Requirement (219 percent) and the Minimum Capital Requirement (446 percent).

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

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

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

Table 62: Capital adequacy of the Group as at 31 December 2024 and 31 December 2023

In EUR thousand

Capital adequacy of the Group	2024	2023
Total eligible own funds to meet the SCR	1,105,458	943,212
Total eligible own funds to meet the MCR	898,561	856,996
Solvency Capital Requirement (SCR)	504,873	471,504
Minimum Capital Requirement (MCR)	201,274	197,191
Ratio of eligible own funds to SCR	219%	200%
Ratio of eligible own funds to MCR	446%	435%

The Group's capital adequacy increased by 19 percentage points compared to the year before, which is the result of the increase in eligible own funds by EUE 162.2 million. The Solvency Capital Requirement increased by EUR 33.4 million in 2024.

Details on the values for the calculation of the Group'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 Group only had basic own funds totalling EUR 1,105.5 million. They were composed of the Group's share capital (EUR 73.7 million), subordinated liabilities (EUR 151.2 million), deduction from minority holdings (EUR 12.4 million) and the reconciliation reserve (EUR 892.9 million). The reconciliation reserve is the surplus of assets over liabilities in the amount of EUR 1,047.3 million, reduced by the value of foreseeable dividends for the 2024 financial year in the amount of EUR 65.7 million, share capital in the amount of EUR 73.7 million and other unavailable assets in the amount of EUR 15.0 million. Unavailable assets are stated with a value adjustment for the undertakings Triglav Skladi and Triglav, pokojninska družba to the sectoral value of their eligible capital to meet the Company's sectoral capital requirement.

As at 31 December 2024, the Group had no ancillary own funds.

The structure of the Group's own funds according to tier as at 31 December 2024 and 31 December 2023 is presented in the table below and in template S.23.01.22 in the annex to this report.

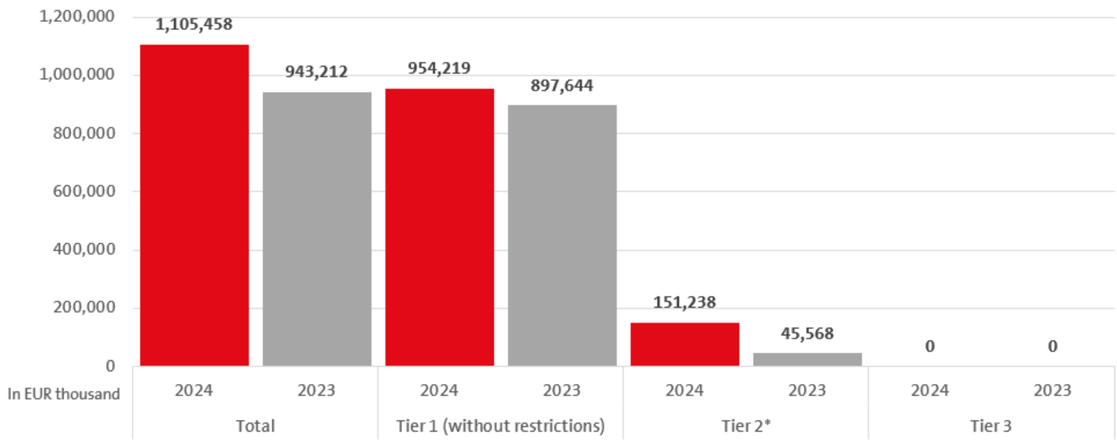
Table 63: Structure of eligible own funds to meet the Solvency Capital Requirement and Minimum Capital Requirement by tier as at 31 December 2024 and 31 December 2023

Eligible own funds to meet the SCR in EUR thousand	2024	2023
Tier 1	**954,219**	**897,644**
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	892,895	825,462
Deductions	12,377	1,519
Tier 2	**151,238**	**45,568**
Subordinated liabilities	151,238	45,568
Deductions	0	0
Tier 3	**0**	**0**
Net deferred tax	0	3,322
Deductions	0	3,322
Total eligible own funds to meet the SCR	**1,105,458**	**943,212**

Eligible own funds to meet the MCR in EUR thousand	2024	2023
Tier 1	**858,306**	**817,557**
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	892,895	825,462
Deductions	108,290	81,606
Tier 2 (maximum of 20 percent of the MCR)	**40,255**	**39,438**
Subordinated liabilities	40,255	39,438
Deductions	0	0
Total eligible own funds to meet the MCR	**898,561**	**856,996**

The Group's total eligible own funds to meet the Solvency Capital Requirement increased by EUR 162.2 million in the reporting period. The increase came as a result of the issue of subordinated debt at the Company and the increase in the reconciliation reserve by EUR 67.4 million. Subordinated liabilities increased by EUR 105.7 million in the reporting period.

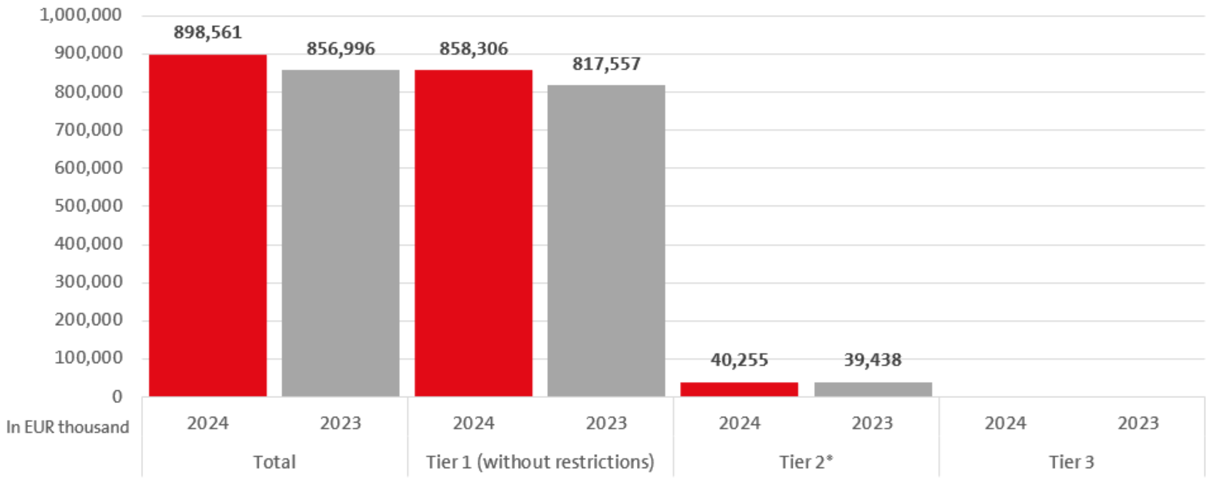
Chart 12: Comparison of eligible own funds to meet the Solvency Capital Requirement as at 31 December 2024 and 31 December 2023



* 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.

Own funds at the Group level are mostly of the highest quality meaning that its entire share capital and reconciliation reserve are classified as Tier 1 own funds, while the subordinated bonds are classified as Tier 2 own funds. The Group has no funds classified as Tier 3.

Chart 13: 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 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 verified the transferability of own funds in order to determine whether the total own funds of individual subsidiaries, which are fully consolidated, are available to cover the Solvency Capital Requirement at the Group level. Potential deductions from the eligible own funds of the Group are determined based on the restrictions of transferability of own funds of subsidiaries to ensure a sufficient amount of own funds to ensure capital adequacy and liquidity at the subsidiary as well as other restrictions. These are calculated separately for (re)insurance subsidiaries and other subsidiaries that do not have legal restrictions. Based on the sum of the potential deductions determined in this way, the total potential deduction for each undertaking is determined. The latter is compared with the threshold value represented by the proportional required solvency capital of the undertaking, which it contributes to the required solvency capital of the Group. If the total potential deduction is higher than the threshold value, the excess of the sum of deductions is taken into account as a deduction due to the limited transferability of own funds, otherwise no deduction is made.

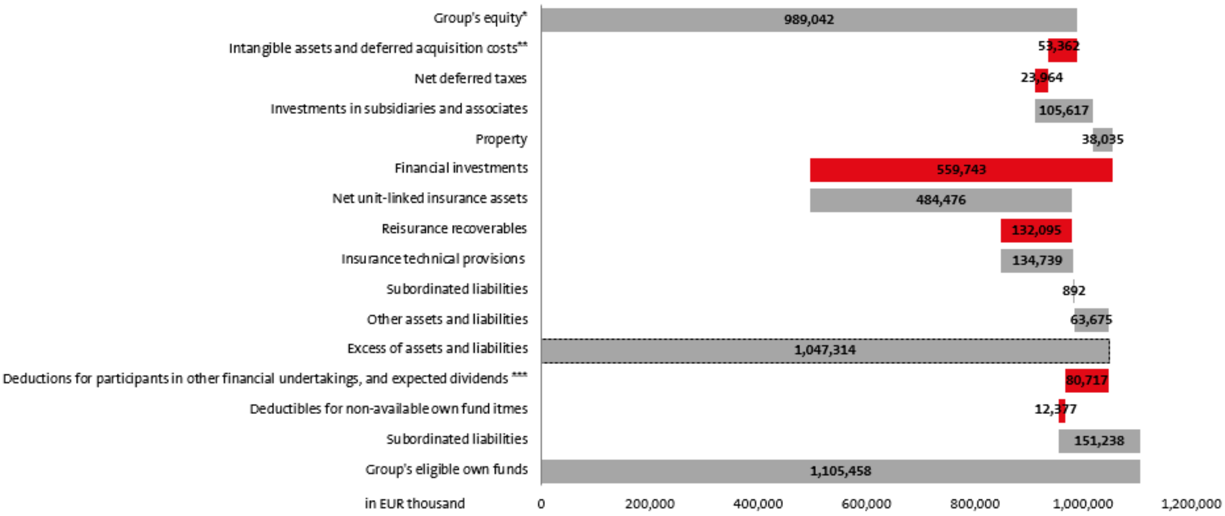
An additional deduction is also calculated for minority holdings, which is calculated as the minority holding of the excess of own funds over the proportional required solvency capital after all previously determined deductions. As at 31 December 2024, the Group made deductions from minority holdings, which amounted to EUR 12.4 million, up EUR 10.9 million compared to the end of 2023.

Own funds that are not considered to be available to cover the Group's Minimum Capital Requirement are ancillary own funds, preference shares, funds in subordinated accounts of members of the mutual insurance company and an amount equal to the value of net deferred tax assets. The Group held no such funds at the end of 2024.

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

The differences between capital for 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 14: Differences in the valuation of the Group's capital for financial reporting purposes and eligible own funds as at 31 December 2024



* Consolidation method for solvency purposes differs for Triglav Skladi, Triglav, pokojninska družba, Sarajevostan, TPD Skopje and Triglav Fondovi.
** The fair value of intangible assets is valued at 0.
*** In this item interests in companies with sectoral rules and foreseeable dividends are included.

Capital for financial reporting purposes as at 31 December 2024 amounted to EUR 989.0 million, while eligible own funds amounted to EUR 1,105.5 million. Triglav Skladi, Sarajevostan, Triglav, penzisko društvo, Skopje, and Triglav, pokojninska družba are fully consolidated for financial reporting purposes and included according to the equity method for solvency purposes. The difference in the inclusion of the mentioned undertakings has a major effect on the difference in financial assets and technical provisions, mainly from Triglav, pokojninska družba. The difference in the value of technical provisions additionally affects their different valuations (details provided in section D.2 of this Report).

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company calculates capital adequacy based on the standard formula in accordance with the 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 or the Group.

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

E.2.1 Solvency Capital Requirement

The Group's Solvency Capital Requirement as at 31 December 2024 amounted to EUR 504.9 million, an increase of EUR 33.4 million compared to the year before. The main reason for the increase in the SCR is the increase in the capital requirement for underwriting, market and operational risk.

Table 64: Solvency Capital Requirement of the Group as at 31 December 2024 and 31 December 2023

	In EUR thousands	
Group's capital requirement	**2024**	**2023**
Underwriting risk	404,131	363,837
Market risk	177,130	165,342
Credit risk	40,984	48,327
Diversification	-201,096	-191,940
Basic Solvency Capital Requirement	**421,149**	**385,565**
Operational risk	53,275	51,904
Loss-absorbing capacity of technical provisions	-4,643	0
Loss-absorbing capacity of deferred taxes	-11,863	-10,588
Adjustment for ring-fenced fund risk diversification	10,077	9,500
Solvency Capital Requirement (excluding capital add-ons)	**467,994**	**436,382**
Capital requirement for Triglav Skladi	3,368	2,865
Capital requirement for Triglav, pokojninska družba	14,667	13,940
Capital requirement for other companies (non-ancillary activity, associates)	18,844	18,317
Solvency Capital Requirement	**504,873**	**471,504**

The increase in the capital requirement for underwriting risk by EUR 40.3 million compared to the year before is mainly the result of the increase in the capital requirements for non-life underwriting risk in the amount of EUR 38.1 million that mostly rose because of the growth of the insurance portfolios of the Group's (re)insurance undertakings. The regulatory value for health underwriting risk increased by EUR 1.8 million compared to the year before in line with the growth of the portfolio. Compared to the previous year, there was also a smaller increase in the capital requirement in the life underwriting risk model in the amount of EUR 0.4 million.

The capital requirement for market risk increased by EUR 11.8 million compared to the previous year, mainly due to higher equity risk (EUR 10.2 million) and concentration risk (EUR 9.1 million).

The capital requirement for credit risk decreased by EUR 7.3 million in 2024. The change is mainly driven by a reduction in the Type 1 capital requirement, mainly due to an improvement in the average credit rating of cash exposures. In addition, the decrease was also driven by a decrease in the exposure to receivables.

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

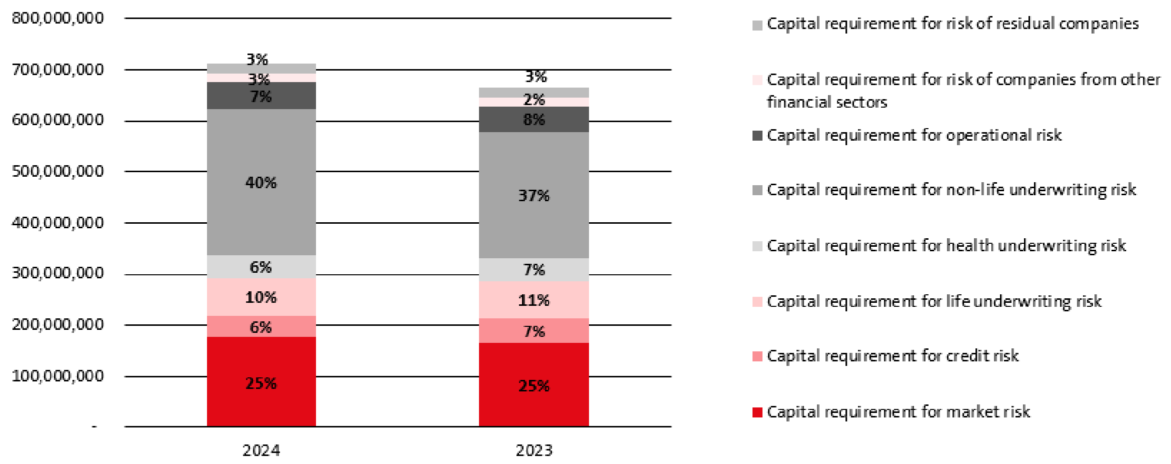
The loss-absorbing capacity of deferred taxes at the end of 2023 amounted to EUR 10.6 million, while it stands at EUR 11.9 million in 2024. The increase is mainly due to an increase in net deferred taxes on liabilities at Pozavarovalnica Triglav Re. The adjustment for the loss-absorbing capacity of deferred taxes is recalculated based on the net deferred tax liabilities weighted by individual (re)insurance subsidiaries of the Group, which are valued based on the difference between the valuation for financial reporting purposes and the valuation for solvency purposes. When calculating the adjustment for the loss-absorbing capacity of deferred taxes, probable future taxable profits are not considered at the Group level.

The loss-absorbing capacity of technical provisions at the end of 2024 stood at EUR 4.6 million, which is EUR 4.6 million more than at the end of 2023 when it was 0. The entire value comes from the Company.

The values of individual risk categories are presented in more detail in Section C of this Report and in template S.25.01.22 in the annex to this report.

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

Chart 15: Group's capital requirements excluding diversification as at 31 December 2024 and 31 December 2023



The Group includes the ring-fenced funds and calculates their Solvency Capital Requirement using method of simplification at risk module level defined in the EIOPA Guideline on ring-fenced funds. This means that capital requirements for ring-fenced funds and the remaining part of the Group's portfolio are only summed up, while the effects of diversification between funds are not considered. When calculating the Solvency Capital Requirement, it is necessary to additionally calculate the adjustment for the aggregation of the theoretical Solvency Capital Requirement of ring-fenced funds. Details on the calculation are shown in template S.25.01.22 in the annex to this report.

E.2.2 Minimum Capital Requirement

The Minimum Capital Requirement at the Group level as at 31 December 2024 amounted to EUR 201.3 million.

The table below shows the calculation of the Minimum Capital Requirement of the Group as at 31 December 2024 and 31 December 2023.

Table 65: Minimum Capital Requirement of the Group as at 31 December 2024 and 31 December 2023

In EUR thousand

	2024	2023
Group's MCR	**201,274**	**197,191**
Zavarovalnica Triglav	127,510	123,987
Pozavarovalnica Triglav Re	31,840	27,057
Triglav Zdravstvena zavarovalnica	0	4,005
Triglav Osiguranje, Zagreb	11,769	12,006
Triglav Osiguranje, Sarajevo	8,181	8,181
Lovčen Osiguranje, Podgorica	3,000	3,000
Triglav Osiguranje, Beograd	6,403	6,387
Triglav Osiguranje, Banja Luka	3,579	3,579
Triglav Osiguruvanje, Skopje	2,996	2,994
Lovčen životno osiguranje, Podgorica	3,000	3,000
Triglav Osiguruvanje Život, Skopje	2,996	2,995

The Group's Minimum Capital Requirement was up EUR 4.1 million compared to the previous reporting period, whereby the majority of the change came from the Company where the increase was mainly due to the growth of the non-life portfolio premium.

E.2.3 Diversification effects in the Group

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

The diversification ratio at the Group level in 2024 stood at 77.1 percent, which is less than 2 percentage points lower than the year before when it was 79.1 percent. Risk diversification at the Group level remains at a high level.

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

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

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

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

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

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

E.6 Any other information

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

Annexes

Annexes

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

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

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

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

Assets	Solvency II value
Intangible assets	
Deferred tax assets	18,304
Pension benefit surplus	
Property, plant and equipment held for own use	134,669
Investments (other than assets held for index-linked and unit-linked contracts)	**2,501,180**
Property (other than for own use)	89,697
Holdings in related undertakings, including participations	161,339
Equities	*9,969*
Equities - listed	5,073
Equities - unlisted	4,895
Bonds	*2,027,021*
Government Bonds	1,409,867
Corporate Bonds	616,105
Structured notes	1,048
Collateralised securities	
Collective Investments Undertakings	153,888
Derivatives	20
Deposits other than cash equivalents	58,276
Other investments	972
Assets held for index-linked and unit-linked contracts	972,491
Loans and mortgages	**6,704**
Loans on policies	5,703
Loans and mortgages to individuals	1,001
Other loans and mortgages	0
Reinsurance recoverables from:	**155,490**
Non-life and health similar to non-life	154,683
Non-life excluding health	154,563
Health similar to non-life	121
Life and health similar to life, excluding health and index-linked and unit-linked	807
Health similar to life	2
Life excluding health and index-linked and unit-linked	804
Life index-linked and unit-linked	
Deposits to cedants	16,764
Insurance and intermediaries receivables	54,587
Reinsurance receivables	46,518
Receivables (trade, not insurance)	40,905
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	52,190
Any other assets, not elsewhere shown	9,095
Total assets	**4,008,897**

Liabilities	Solvency II value
Technical provisions - non-life	**860,898**
Technical provisions - non-life (excluding health)	**837,586**
TP calculated as a whole	
Best estimate	799,509
Risk margin	38,077
Technical provisions - health (similar to non-life)	**23,311**
TP calculated as a whole	
Best estimate	21,469
Risk margin	1,842
TP - life (excluding index-linked and unit-linked)	**803,224**
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)	**803,076**
TP calculated as a whole	
Best estimate	778,840
Risk margin	24,236
TP - index-linked and unit-linked	**921,703**
TP calculated as a whole	
Best estimate	899,880
Risk margin	21,822
Contingent liabilities	
Provisions other than technical provisions	22,239
Pension benefit obligations	
Deposits from reinsurers	3,224
Deferred tax liabilities	30,241
Derivatives	47
Debts owed to credit institutions	
Financial liabilities other than debts owed to credit institutions	254
Insurance and intermediaries payables	20,653
Reinsurance payables	14,054
Payables (trade, not insurance)	104,433
Subordinated liabilities	**151,238**
Subordinated liabilities not in BOF	
Subordinated liabilities in BOF	151,238
Any other liabilities, not elsewhere shown	29,376
Total liabilities	**2,961,583**
Excess of assets over liabilities	**1,047,314**

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

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
Premiums written						
Gross - Direct Business	43,454	84,913		266,566	218,777	44,136
Gross - Proportional reinsurance accepted	5,071	5,567		47,914	22,006	34,196
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	6,402	8,383		81,883	33,014	48,488
Net	**42,123**	**82,097**		**232,597**	**207,769**	**29,844**
Premiums earned						
Gross - Direct Business	41,000	83,326		251,447	215,217	46,635
Gross - Proportional reinsurance accepted	5,106	5,737		44,283	22,076	30,526
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	6,600	8,705		73,249	33,030	53,341
Net	**39,505**	**80,358**		**222,481**	**204,263**	**23,821**
Claims incurred						
Gross - Direct Business	18,806	28,749		128,664	132,633	33,041
Gross - Proportional reinsurance accepted	5,923	5,822		49,324	23,088	29,450
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	4,375	5,835		68,495	17,247	42,459
Net	**20,355**	**28,736**		**109,494**	**138,474**	**20,032**
Expenses incurred	**23,697**	**27,197**		**78,665**	**64,226**	**10,221**
Other expenses						
Total expenses						

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
Premiums written						
Gross - Direct Business	283,201	62,896	32,401	812	38,368	11,166
Gross - Proportional reinsurance accepted	194,673	13,466	17,426	48	4,002	2,278
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	213,867	32,987	24,471	118	5,978	7,719
Net	**264,007**	**43,375**	**25,357**	**742**	**36,392**	**5,726**
Premiums earned						
Gross - Direct Business	277,024	60,980	31,239	591	36,816	8,838
Gross - Proportional reinsurance accepted	182,420	12,110	18,203	49	4,101	2,649
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	213,427	33,486	24,399	135	6,431	7,464
Net	**246,016**	**39,604**	**25,043**	**504**	**34,486**	**4,023**
Claims incurred						
Gross - Direct Business	104,523	16,031	7,575	44	19,504	-5,185
Gross - Proportional reinsurance accepted	60,658	6,706	8,729	2	3,171	2,077
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	44,245	10,332	11,472	24	2,733	-2,068
Net	**120,936**	**12,405**	**4,832**	**21**	**19,943**	**-1,039**
Expenses incurred	**114,364**	**17,199**	**10,194**	**463**	**13,631**	**3,003**
Other expenses						
Total expenses						

	Line of Business for: accepted nonproportional reinsurance				
	Health	Casualty	Marine, aviation, transport	Property	Total
Premiums written					
Gross - Direct Business					1,086,691
Gross - Proportional reinsurance accepted					346,647
Gross - Non-proportional reinsurance accepted	289	7,433	3,330	121,950	133,001
Reinsurers' share	128	4,396	1,051	79,333	548,218
Net	**160**	**3,036**	**2,279**	**42,617**	**1,018,121**
Premiums earned					
Gross - Direct Business					1,053,113
Gross - Proportional reinsurance accepted					327,259
Gross - Non-proportional reinsurance accepted	288	7,279	3,364	96,167	107,098
Reinsurers' share	125	4,318	1,051	63,493	529,254
Net	**163**	**2,961**	**2,313**	**32,674**	**958,217**
Claims incurred					
Gross - Direct Business					484,386
Gross - Proportional reinsurance accepted					194,950
Gross - Non-proportional reinsurance accepted	96	-230	46	20,851	20,763
Reinsurers' share		-4,621	4	-8,807	191,724
Net	**96**	**4,390**	**42**	**29,659**	**508,376**
Expenses incurred	**15**	**-130**	**41**	**7,609**	**370,392**
Other expenses					**4,799**
Total expenses					**375,191**

	Line of Business for: life insurance obligations					
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations
Premiums written						
Gross		50,549	136,955	32,024		
Reinsurers´ share		30	23	3,955		
Net		**50,519**	**136,932**	**28,069**		
Premiums earned						
Gross		50,564	136,955	32,026		
Reinsurers´ share		30	23	3,955		
Net		**50,534**	**136,932**	**28,071**		
Claims incurred						
Gross		103,445	80,929	11,117	3	5,629
Reinsurers´ share				2,378		
Net		**103,445**	**80,929**	**8,739**	**3**	**5,629**
Expenses incurred		11,255	21,778	10,445		15
Other expenses						
Total expenses						
Total amount of surrenders		12,442	48,913	833		

	Line of Business for: life insurance obligations		
	Health reinsurance	Life reinsurance	Total
Premiums written			
Gross		1,281	220,808
Reinsurers´ share		1,281	5,289
Net			**215,520**
Premiums earned			0
Gross		1,281	220,826
Reinsurers´ share		1,281	5,289
Net			**215,537**
Claims incurred			0
Gross		799	201,922
Reinsurers´ share			2,378
Net		**799**	**199,544**
Expenses incurred		-60	43,433
Other expenses			1,262
Total expenses			44,696
Total amount of surrenders			62,189

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

	Home Country	Top 5 countries (by amount of gross premiums written) – non-life obligations					Total Top 5 and home country
		RS	HR	PL	ME	BA	
Premium written							
Gross - Direct Business	684,567	108,770	85,708	56,282	40,085	33,924	1,009,336
Gross - Proportional reinsurance accepted	142,178	27,778	19,944	572	8,861	6,349	205,682
Gross - Non-proportional reinsurance accepted	36,831	1,331	2,156	1,251	742	128	42,438
Reinsurers' share	247,442	45,815	24,698	21,093	13,046	13,419	365,512
Net	**616,134**	**92,064**	**83,109**	**37,012**	**36,643**	**26,983**	**891,945**
Premium earned							
Gross - Direct Business	660,655	101,545	80,202	52,670	38,642	34,102	967,816
Gross - Proportional reinsurance accepted	134,218	24,526	18,481	555	7,915	6,136	191,830
Gross - Non-proportional reinsurance accepted	32,795	1,310	2,122	1,241	807	127	38,403
Reinsurers' share	246,392	44,845	23,312	20,494	12,418	12,896	360,357
Net	**581,276**	**82,536**	**77,493**	**33,973**	**34,947**	**27,468**	**837,692**
Claims incurred							
Gross - Direct Business	293,461	46,750	42,262	22,011	17,617	13,153	435,254
Gross - Proportional reinsurance accepted	93,037	9,114	12,790	674	3,981	573	120,169
Gross - Non-proportional reinsurance accepted	7,422	211	170	216	27	23	8,070
Reinsurers' share	73,731	19,559	8,716	6,876	2,624	4,281	115,787
Net	**320,190**	**36,516**	**46,506**	**16,026**	**19,000**	**9,467**	**447,705**
Expenses incurred	**223,163**	**29,314**	**32,072**	**13,262**	**12,115**	**13,464**	**323,390**
Other expenses							**4,427**
Total expenses							**327,817**

	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		BA	MK	HR	ME	RS	
Premium written							
Gross	177,867	13,226	9,547	7,631	6,365	6,173	220,808
Reinsurers' share	763	2,843		126		276	4,008
Net	**177,105**	**10,383**	**9,547**	**7,505**	**6,365**	**5,897**	**216,801**
Premium earned							**0**
Gross	177,880	13,226	9,547	7,631	6,370	6,173	220,826
Reinsurers' share	763	2,843		126		276	4,008
Net	**177,117**	**10,383**	**9,547**	**7,505**	**6,370**	**5,897**	**216,818**
Claims incurred							**0**
Gross	179,327	6,760	37	8,835	4,036	2,926	201,922
Reinsurers' share	334	1,683		82		278	2,378
Net	**178,993**	**5,077**	**37**	**8,752**	**4,036**	**2,648**	**199,544**
Expenses incurred	**30,266**	**4,984**	**3,233**	**2,181**	**730**	**2,039**	**43,433**
Other expenses							**1,262**
Total expenses							**44,696**
Total amount of surrenders	**58,299**	**1,265**	**166**	**1,703**	**146**	**609**	**62,189**

Annex 4: S.23.01.22 - Own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	**73,701**	73,701			
Non–available called but not paid in ordinary share capital to be deducted at group level					
Share premium account related to ordinary share capital					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings					
Subordinated mutual member accounts					
Non–available subordinated mutual member accounts at group level to be deducted					
Surplus funds					
Non–available surplus funds to be deducted at group level					
Preference shares					
Non–available preference shares to be deducted at group level					
Share premium account related to preference shares					
Non–available share premium account related to preference shares to be deducted at group level					
Reconciliation reserve	**892,895**	892,895			
Subordinated liabilities	**151,238**			151,238	
Non–available subordinated liabilities to be deducted at group level					
An amount equal to the value of net deferred tax assets					
An amount equal to the value of net deferred tax assets not available to be deducted at group level					
Other items approved by supervisory authority as basic own funds not specified above					
Non available own funds related to other own funds items approved by supervisory authority					
Minority interests (if not reported as part of a specific own fund item)					
Non-available minority interests at group level	**12,377**	12,377			
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**95,913**	95,913			
whereof deducted according to art 228 of the Directive 2009/138/EC					
Deductions for participations where there is non-availability of information (Article 229)					
Deduction for participations included by using D&A when a combination of methods is used					
Total of non-available own fund items	**12,377**	12,377			
Total deductions	**108,290**	108,290			
Total basic own funds after deductions	**1,009,545**	858,306		151,238	

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand					
Unpaid and uncalled preference shares callable on demand					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
Non available ancillary own funds at group level					
Other ancillary own funds					
Total ancillary own funds					
Own funds of other financial sectors					
Credit institutions, investment firms, financial institutions, alternative investment fund managers, financial institutions	**30,789**	30,789			
Institutions for occupational retirement provision	**65,124**	65,124			
Non regulated entities carrying out financial activities					
Total own funds of other financial sectors	**95,913**	95,913			
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method					
Own funds aggregated when using the D&A and a combination of method net of IGT					

Available and eligible own funds	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	1,009,545	858,306		151,238	
Total available own funds to meet the minimum consolidated group SCR	1,009,545	858,306		151,238	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	1,009,545	858,306		151,238	
Total eligible own funds to meet the minimum consolidated group SCR	898,561	858,306		40,255	
Minimum consolidated Group SCR	201,274				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	446%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	1,105,458	954,219		151,238	
Group SCR	504,873				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	219%				

Reconciliation reserve	
Excess of assets over liabilities	1,047,314
Own shares (included as assets on the balance sheet)	
Foreseeable dividends, distributions and charges	65,709
Other basic own fund items	73,701
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	
Other non-available own funds	**15,008**
Reconciliation reserve before deduction for participations in other financial sector	**892,895**
Expected profits	
Expected profits included in future premiums (EPIFP) - Life Business	79,711
Expected profits included in future premiums (EPIFP) - Non- life business	62,713
Total EPIFP	**142,424**

Annex 5: S.25.01.22 - Solvency Capital Requirement for undertakings using the standard formula

	Gross Solvency Capital Requirement
Market risk	177,130
Credit risk	40,984
Life underwriting risk	73,264
Health underwriting risk	45,022
Non-life underwriting risk	285,845
Diversification	-201,096
Intangible asset risk	
Basic Solvency Capital Requirement	**421,149**

Calculation of Solvency Capital Requirement	
Operational risk	53,275
Loss-absorbing capacity of technical provisions	-4,643
Loss-absorbing capacity of deferred taxes	-11,863
Capital requirement for business operated in accordance with Art, 4 of Directive 2003/41/EC	
Adjustment for ring-fenced fund risk diversification	10,077
Solvency Capital Requirement excluding capital add-on	467,994
Capital add-on already set	
Solvency Capital Requirement	504,873
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	
Total amount of Notional Solvency Capital Requirements for remaining part	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
Diversification effects due to RFF nSCR aggregation for article 304	
Minimum consolidated group Solvency Capital Requirement	201,274
Information on other entities	
Capital requirement for other financial sectors (Non-insurance capital requirements)	18,036
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	3,368
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	14,667
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	
Capital requirement for non-controlled participation requirements	
Capital requirement for residual undertakings	18,844
Overall SCR	
SCR for undertakings included via D and A	
Solvency Capital Requirement	504,873

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

Country	Identification code of the undertaking	Type of ID code	Legal Name of the undertaking	Type of undertaking	Legal form	Category	Supervisory Authority	% capital share	% voting rights	Level of influence	Included in the scope	Date of decision if art. 214 is applied	Method used
SI	549300KGI78MKH O38N42	LEI	Zavarovalnica Triglav, d.d.	Composite undertaking	Public limited company	Non-mutual	Agencija za Zavarovalni Nadzor	100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
SI	549300XGYWQT0X WO4R05	LEI	Pozavarovalnica Triglav RE, d.d., Ljubljana	Reinsurance undertaking	Public limited company	Non-mutual	Agencija za Zavarovalni Nadzor	100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
HR	74780000H0HHL1 OVM657	LEI	Triglav Osiguranje, d.d., Zagreb	Composite undertaking	Public limited company	Non-mutual	Croatian Financial Services Supervisory Agency	100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
BA	485100004VIBWAY ZM123	LEI	Triglav BH Osiguranje, d.d., Sarajevo	Composite undertaking	Public limited company	Non-mutual	Agencija za nadzor osiguranja	97,78%	98,87%	Dominant	Yes	1 January 2016	Full consolidation
ME	485100004QGLXDP DPC92	LEI	Lovčen Osiguranje, a.d., Podgorica	Non-life insurance undertaking	Public limited company	Non-mutual	Agencija za nadzor osiguranja	99,07%	99,07%	Dominant	Yes	1 January 2016	Full consolidation
RS	48510000D1F47IC K5Q68	LEI	Triglav Osiguranje, a.d.o, Beograd	Composite undertaking	Public limited company	Non-mutual	Narodna Banka Srbije	100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
BA	485100007Q6XSLF 2XO57	LEI	Triglav Osiguranje, a.d., Banjaluka	Non-life insurance undertaking	Public limited company	Non-mutual	Agencija za nadzor osiguranja	97,78%	98,87%	Dominant	Yes	1 January 2016	Full consolidation
MK	48510000WZS9RG TJVR81	LEI	Triglav Osiguruvanje, a.d., Skopje	Non-life insurance undertaking	Public limited company	Non-mutual	Agencija za nadzor osiguranja	82,01%	82,01%	Dominant	Yes	1 January 2016	Full consolidation
ME	OP-39	Specific code	Lovčen životna osiguranja, Podgorica	Life insurance undertaking	Public limited company	Non-mutual	Agencija za nadzor osiguranja	99,07%	99,07%	Dominant	Yes	1 January 2016	Full consolidation
MK	OP-56	Specific code	Triglav Osiguruvanje Život, Skopje	Life insurance undertaking	Public limited company	Non-mutual	Agencija za nadzor osiguranja	97,43%	97,43%	Dominant	Yes	1 January 2016	Full consolidation
SI	OP-64	Specific code	ESKULAP družba za zdravstvene storitve d.o.o.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100,00%	100,00%	Dominant	Yes	31 December 2024	Full consolidation
SI	48510000PUF0PHJ MWE31	LEI	Triglav, pokojninska družba, d.d., Ljubljana	Institution for occupational retirement provision	Public limited company	Non-mutual	Agencija za Zavarovalni Nadzor	100,00%	100,00%	Dominant	Yes	1 January 2016	Sectoral rules
BA	PP-90DE	Specific code	Društvo za upravljanje EDPF, a.d., Banja Luka	Institution for occupational retirement provision	Public limited company	Non-mutual	Agencija za nadzor osiguranja	34,00%	34,00%	Significant	Yes	30 September 2017	Other method
SI	48510000NKZ3E6L SZM73	LEI	Triglav Skladi, d.o.o., Ljubljana	Credit institution, investment firm and financial institution	Private limited-liability company	Non-mutual	Agencija za trg vrednostnih papirjev	100,00%	100,00%	Dominant	Yes	1 January 2016	Sectoral rules

Country	Identification code of the undertaking	Type of ID code	Legal Name of the undertaking	Type of undertaking	Legal form	Category	Supervisory Authority	% capital share	% voting rights	Level of influence	Included in the scope	Date of decision if art. 214 is applied	Method used
SI	OP-19	Specific code	Triglav Upravljanje nepremičnin, d.o.o., Ljubljana	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Public limited company	Non-mutual		100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
SI	OP-13	Specific code	Triglav Svetovanje, d.o.o., Domžale	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
SI	OP-12	Specific code	Triglav Avtoservis, d.o.o., Ljubljana	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
SI	PP-90	Specific code	Zavod Vse bo v redu, Ljubljana	Other	Other	Non-mutual		100,00%	100,00%	Dominant	Yes	1 January 2016	Other method
SI	485100000Z4BS9C24Q46	1 - LEI	Triglav INT, d.d., Ljubljana	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Public limited company	Non-mutual		100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
ME	OP-28	Specific code	Lovćen auto, d.o.o., Podgorica	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		99,07%	99,07%	Dominant	Yes	1 January 2016	Full consolidation
BA	OP-24	Specific code	Autocentar BH, d.o.o., Sarajevo	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		97,78%	97,87%	Dominant	Yes	1 January 2016	Full consolidation
HR	OP-52	Specific code	Triglav Savjetovanje, d.o.o., Zagreb	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual	Croatian Financial Services Supervisory Agency	100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
BA	OP-22	Specific code	Triglav Savjetovanje, d.o.o., Sarajevo	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual	Agencija za nadzor osiguranja	97,78%	98,87%	Dominant	Yes	1 January 2016	Full consolidation

Coun try	Identification code of the undertaking	Type of ID code	Legal Name of the undertaking	Type of undertaking	Legal form	Category	Supervisory Authority	% capital share	% voting rights	Level of influence	Included in the scope	Date of decision if art. 214 is applied	Method used
RS	OP-53	Specific code	Triglav Savetovanje, d.o.o., Beograd	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual	Narodna Banka Srbije	100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
BA	OP-26	Specific code	Triglav Fondovi, d.o.o., Sarajevo	Credit institution, investment firm and financial institution	Private limited-liability company	Non-mutual		61,50%	62,54%	Dominant	Yes	1 January 2016	Other method
BA	PP-13	Specific code	Sarajevostan, d.d., Sarajevo	Other	Public limited company	Non-mutual		90,95%	90,95%	Dominant	Yes	1 January 2016	Other method
HR	OP-54	Specific code	Triglav upravljanje nekretninama, d.o.o., Zagreb	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
ME	OP-55	Specific code	Triglav upravljanje nekretninama, d.o.o., Podgorica	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100,00%	100,00%	Dominant	Yes	1 January 2016	Full consolidation
SI	PP-03	Specific code	Triglavko, d.o.o., Ljubljana	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		38,47%	38,47%	Significant	Yes	1 January 2016	Other method
SI	4851006WX9ON1 MWW9471	LEI	TRIGAL, upravljanje naložb in svetovalne storitve, d.o.o., Ljubljana	Other	Private limited-liability company	Non-mutual		49,90%	49,90%	Significant	Yes	10 January 2018	Other method
SI	Alifenet	Specific code	Alifenet, d.o.o., Ljubljana	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		23,58%	23,58%	Significant	Yes	25 September 2018	Other method
MK	OP-59	Specific code	Triglav, penzisko društvo, a.d., Skopje	Institution for occupational retirement provision	Public limited company	Non-mutual	Agencija za nadzor osiguranja	100,00%	100,00%	Significant	Yes	27 March 2019	Other method
SI	Diagnostični center Bled	Specific code	Diagnostični center Bled, d.o.o., Bled	Other	Private limited-liability company	Non-mutual		40,10%	40,10%	Significant	Yes	31 December 2020	Other method

Country	Identification code of the undertaking	Type of ID code	Legal Name of the undertaking	Type of undertaking	Legal form	Category	Supervisory Authority	% capital share	% voting rights	Level of influence	Included in the scope	Date of decision if art. 214 is applied	Method used
SI	MTC Fontana	Specific code	MTC Fontana, d.o.o., Maribor	Other	Private limited-liability company	Non-mutual		40,10%	50,00%	Significant	Yes	31 December 2020	Other method
SI	MEDI CONS	Specific code	Medi Cons kardiologija, d.o.o., Novo mesto	Other	Private limited-liability company	Non-mutual		33,68%	42,00%	Significant	Yes	31 December 2020	Other method
SI	GASTROMEDICA	Specific code	Gastromedica, d.o.o., Murska Sobota	Other	Private limited-liability company	Non-mutual		40,10%	50,00%	Significant	Yes	31 December 2020	Other method
SI	INTERNISTIČNA GE AMBULANTA	Specific code	Internistična GE ambulanta, d.o.o., Nova Gorica	Other	Private limited-liability company	Non-mutual		40,10%	50,00%	Significant	Yes	31 December 2020	Other method
SI	CARDIAL	Specific code	Cardial, d.o.o., Ljubljana	Other	Private limited-liability company	Non-mutual		34,09%	42,50%	Significant	Yes	31 December 2020	Other method
SI	DC NALOŽBE	Specific code	DC Naložbe, d.o.o., Bled	Other	Private limited-liability company	Non-mutual		40,10%	50,00%	Significant	Yes	31 December 2020	Other method
BA	OP-60	Specific code	Triglav, upravljanje nekretninama, d.o.o., Sarajevo	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100,00%	100,00%	Dominant	Yes	31 December 2021	Full consolidation
SI	DC NALOŽBE	Specific code	KIRURŠKI SANATORIJ ROŽNA DOLINA d.o.o., Ljubljana	Other	Private limited-liability company	Non-mutual		40,10%	50,00%	Significant	Yes	31 December 2021	Other method
SI	DC NALOŽBE	Specific code	MDT & T podjetje za medicinsko diagnostiko, terapijo in tehnologijo d.o.o.	Other	Private limited-liability company	Non-mutual		19,65%	24,50%	Significant	Yes	31 December 2021	Other method
SI	DC NALOŽBE	Specific code	Neuroedina, zdravstvena dejavnost, d.o.o. Bled	Other	Private limited-liability company	Non-mutual		40,10%	50,00%	Significant	Yes	31 December 2021	Other method

Country	Identification code of the undertaking	Type of ID code	Legal Name of the undertaking	Type of undertaking	Legal form	Category	Supervisory Authority	% capital share	% voting rights	Level of influence	Included in the scope	Date of decision if art. 214 is applied	Method used
SI	747800P0D13G4YJ HYI09	Specific code	Nama, upravljanje z nepremičninami, d.d., Ljubljana	Other	Public limited company	Non-mutual		24,90%	24,90%	Significant	Yes	31 December 2021	Other method
SI	OP-61	Specific code	Triglav zdravje asistenca, d.o.o.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100,00%	100,00%	Dominant	Yes	31 March 2022	Full consolidation
MK	OP-62	Specific code	TRIGLAV upravuvanje so nedvižen imot DOOEL, Skopje	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private limited-liability company	Non-mutual		100,00%	100,00%	Significant	Yes	1 December 2023	Full consolidation
RS	OP-20	Specific code	Triglav international d.o.o. Beograd	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Private limited-liability company	Non-mutual		100,00%	100,00%	Dominant	Yes	31 December 2024	Full consolidation
SI	52990052RA73VV6 C4E04	LEI	KATERA Beteiligungs-Verwaltungsgesellschaft P11, mbH	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Public limited company	Non-mutual		24,90%	24,90%	Significant	Yes	31 December 2024	Other method
SI	DC NALOŽBE	Specific code	Šubic-diabetologija d.o.o.	Other	Private limited-liability company	Non-mutual		19,65%	24,50%	Significant	Yes	31 December 2024	Other method