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

Ljubljana, March 2024

Solvency and Financial Condition Report

Zavarovalnica Triglav, d.d.
2023

triglav

Triglav Group
triglav.eu

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Zavarovalnica Triglav, d.d.

€ 396.7 million
Solvency capital requirement

€ 38.7 million
Net profit in 2023

€ 982.8 million
Gross written premiums in 2023

€ 124.0 million
Minimum capital requirement

€ 1,947.0 million
Investments

€ 964.0 million
Own funds

243%
Solvency ratio

MEMBERS OF THE MANAGEMENT BOARD:

President of the Management Board:

Andrej Slapar

Members of the Management Board:

Uroš Ivanc

Tadej Čoroli

Marica Makoter

Blaž Jakič

Ljubljana, March 2024

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Summary

Summary

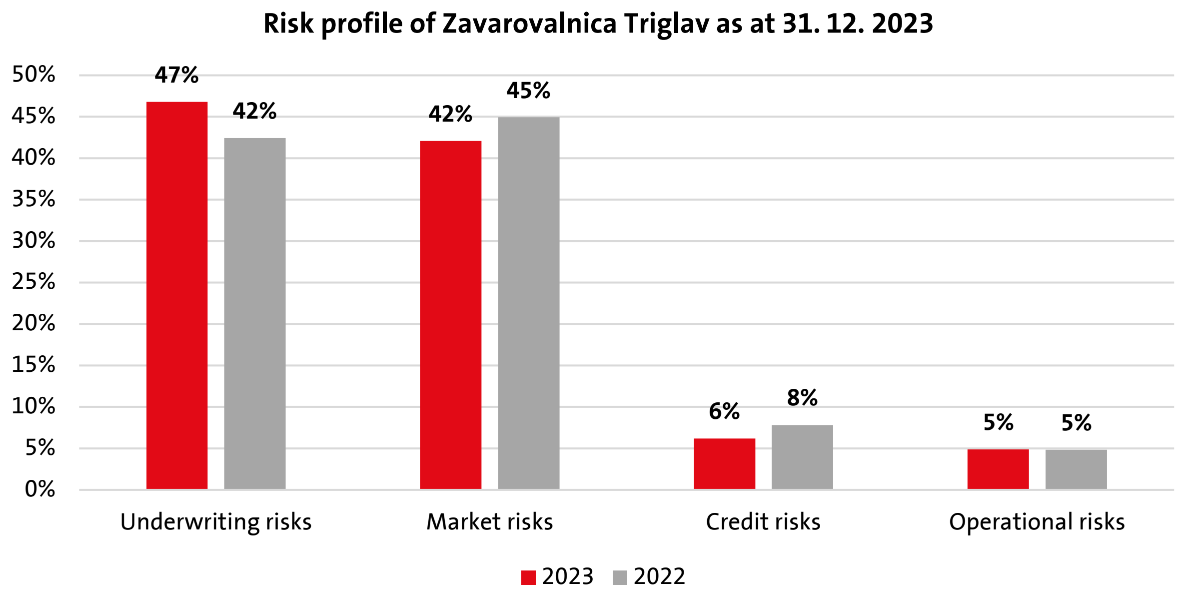
Zavarovalnica Triglav is a public limited company with its registered office in the Republic of Slovenia where it holds the leading position on the insurance market with a 39.5% market share (30.5% the year before). The beginnings of its operations go back more than 120 years. Today, Zavarovalnica Triglav is the parent company of the Triglav Group that included 30 subsidiaries, 13 associated companies and 10 joint ventures in addition to the parent company at the end of 2023. The Triglav Group operates in six countries of the broader Adriatic region. The Triglav Group and thereby its parent company Zavarovalnica Triglav as well as the subsidiary Pozavarovalnica Triglav Re are rated by two recognised ratings agencies, S&P Global Ratings and A.M. Best. In 2023, both gave the Group an independent **rating of "A"** with a stable medium-term outlook thus confirming its financial stability, high level of capital adequacy and profitability of its operations.

The strategic activities of Zavarovalnica Triglav include the **insurance business and asset management**. As part of its insurance business, the Company concludes non-life, health, life and pension insurance and reinsurance contracts. It operates mainly on the Slovenian market, while it also operates outside Slovenia within the scope of the Triglav Group activities. Its activity is supervised by the Slovenian regulator, the Insurance Supervision Agency, while its external auditor for the 2023 financial year was Deloitte revizija d.o.o.

Zavarovalnica Triglav is managed and governed according to a two-tier system of governance including the General Meeting, the Supervisory Board, and the Management Board. At the end of 2023, the Management Board comprised five members. The Supervisory Board was composed of eight members at the end of 2023 with two of them serving as employee representatives. The system of governance of Zavarovalnica Triglav also includes the so-called four key functions that report directly to the Management Board (risk management function, the compliance function, the internal audit function, and the actuarial function) and eight risk management system committees that are appointed by the Management Board. Their work is placed into the second line of defence of the three lines of defence model of risk management. The work of the committees of Zavarovalnica Triglav is described in detail in section B.3.4 of this Report.

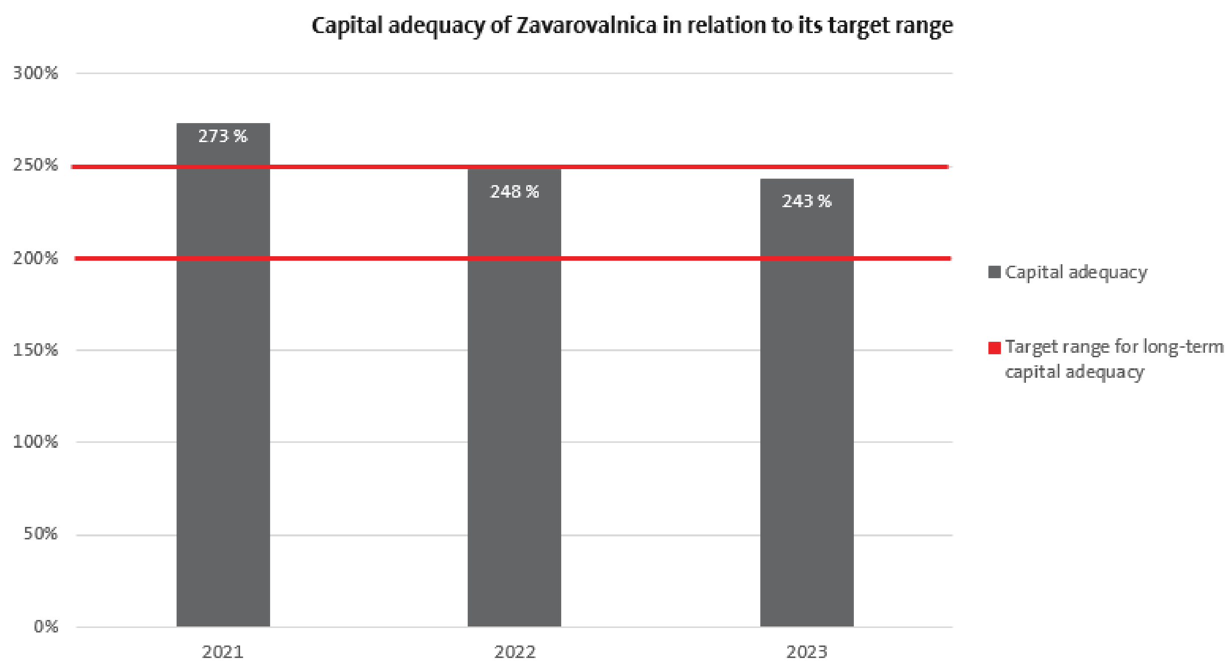
2023 was marked by severe weather phenomena and government regulation of the price of supplementary health insurance in Slovenia, but despite this, the Company is ending 2023 with a positive operating result. Regarding risks, Zavarovalnica Triglav ended 2023 within the set targets, and with capital adequacy within the target range. The Company regularly monitored the risk profile and actively upgraded individual areas of the risk management system, mainly where it detected elevated risk or higher exposures.

The risk profile as at 31 December 2023 changed compared to the previous year, mainly due to an increase in underwriting risk alongside a decrease in market risk, whereby the SCR increased in terms of scope by EUR 22.2 million compared to the year before. The main reason for the increase in underwriting risk is primarily the increase in technical provisions set aside due to the occurrence of several natural disasters in 2023, the growth of the non-life insurance portfolio and changed reinsurance protection.



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

Capital adequacy or the capital adequacy ratio is calculated according to the standard formula as the ratio between the total eligible own funds and the solvency capital requirement. Zavarovalnica Triglav was adequately capitalised as at 31 December 2023. It had sufficient own funds to cover both the SCR (243%) and the MCR (752%). The Company does not use adjustments or simplifications when determining capital adequacy.

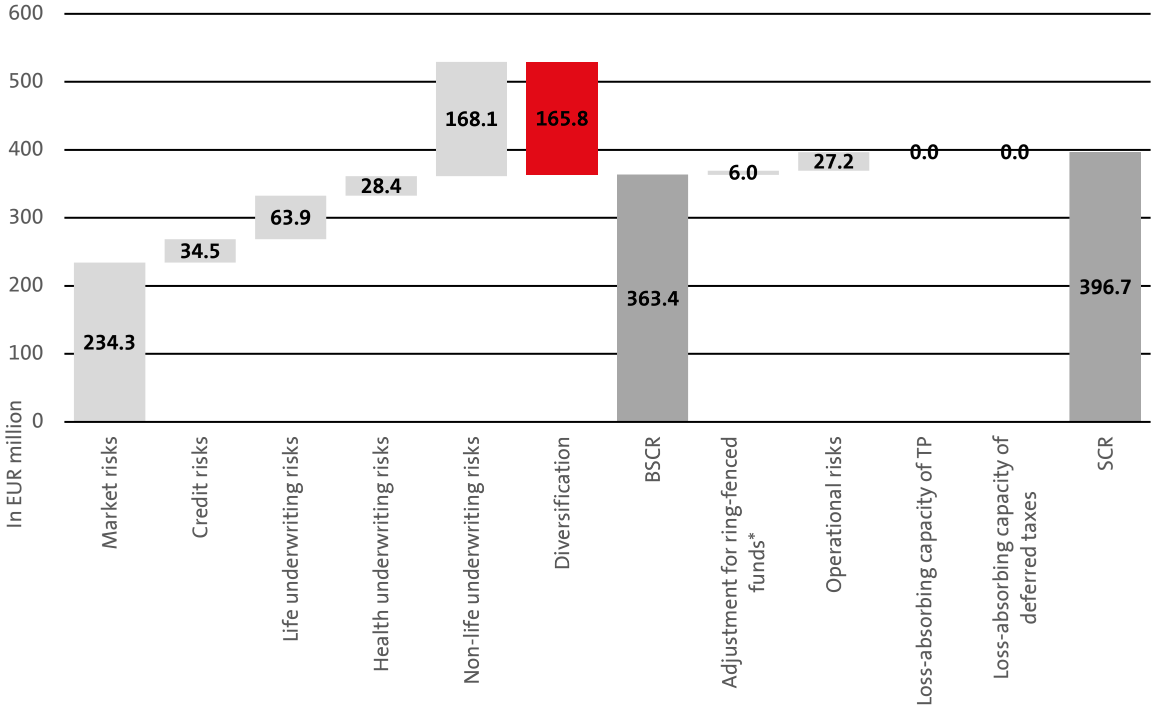


Eligible own funds are calculated as the difference between assets and liabilities whereby the entire balance sheet is valued at fair value. The difference between assets and liabilities was composed of the Company's share capital (EUR 73.7 million), the reconciliation reserve (EUR 833.3 million), subordinated liabilities as Tier 2 own funds (EUR 45.6 million) and net deferred tax assets as Tier 3 assets (EUR 11.4 million). The calculation of eligible own funds considers the dividend policy guidelines. The Company holds the highest quality own funds and thus classifies its entire share capital and the reconciliation reserve as Tier 1 assets, while it classifies subordinated bonds as Tier 2 assets and net deferred tax assets as Tier 3 assets.

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

Zavarovalnica Triglav has formed two ring-fenced funds, i.e. SVPI[1] and SVPI[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.

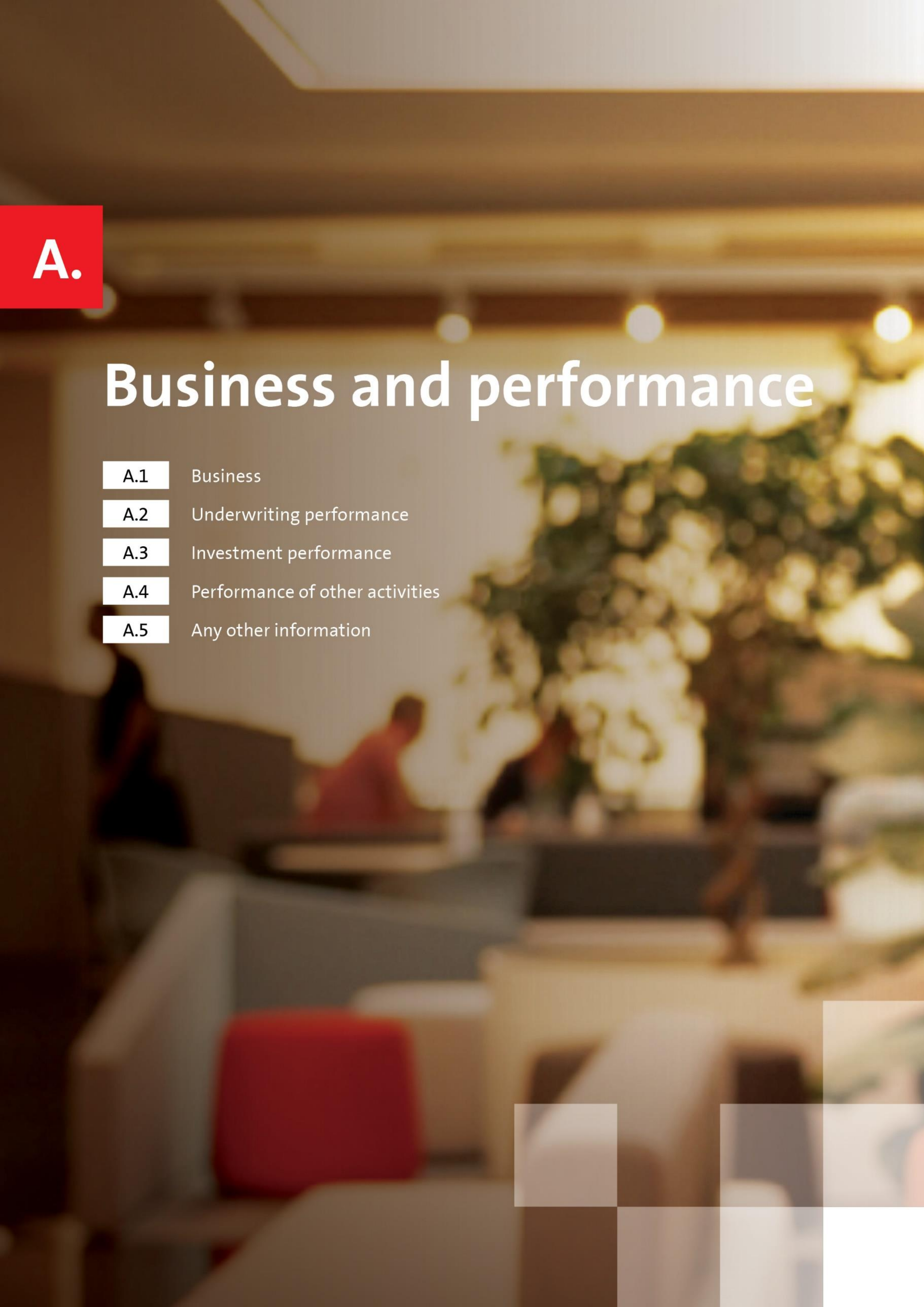
Structure of the Company's SCR



In 2023, as much as 89% of the Company's SCR derived from underwriting and market risks. Most of its own funds are classified as Tier 1 assets in terms of quality.

Despite all of the negative events in 2023, Zavarovalnica Triglav recorded good operating performance, maintained its capital strength and carefully followed the outlined strategic guidelines and goals in its operations.

[1] Supplementary voluntary pension insurance
[2] Supplementary voluntary pension insurance during the payment phase



A.

Business and performance

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

A. Business and performance

A.1 Business

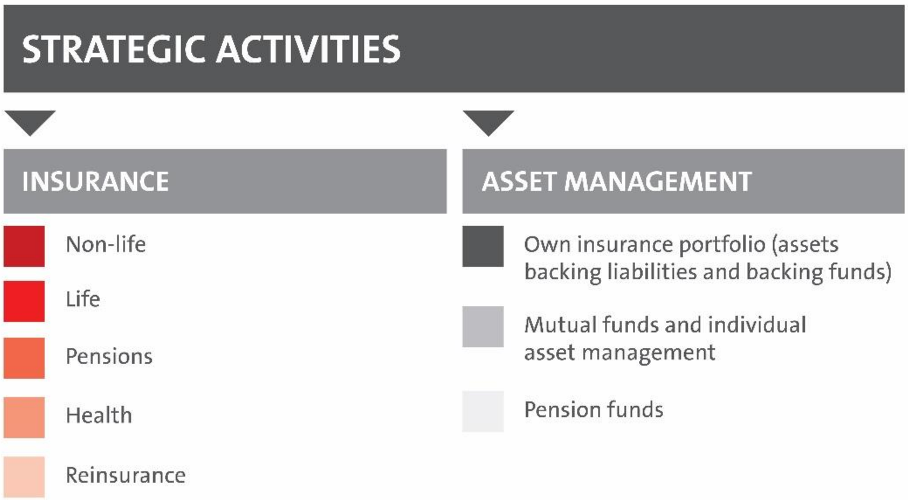
A.1.1 About Zavarovalnica Triglav

Zavarovalnica Triglav, d.d. (hereinafter: the Company) headquartered in Ljubljana, Miklošičeva 19, is the parent company of the Triglav Group (hereinafter: the Group) comprising 30 subsidiaries, 13 associated companies and 10 joint ventures in addition to the Company.

Below is the schematic presentation of the Group's subsidiaries and associated companies as well as their respective equity interests as at 31 December 2023.

Figure 1: Schematic of the Group's subsidiaries and associated companies and their respective equity interests as at 31 December 2023

The Company performs the insurance and reinsurance activities as well as the asset management activity. As part of its insurance business, the Company offers non-life, health, life, and pension insurance contracts. The Company operates mainly on the Slovenian market, while it also operates in the broader international environment through partnerships with foreign companies involved in insurance agency and brokerage as well as reinsurance.



The Company held a market leader position in Slovenia with a share of 31.6% at the end of 2023 (30.5% share in the previous year).

In 2023, the Company operated in all segments of non-life and health insurance except for the segment of employee accident insurance (LoB 3). The biggest share of non-life and health insurance premium is derived from other segments of non-life with health insurance. This is followed by fire insurance and other damage to property insurance (LoB 7) and other motor vehicle insurance (LoB 5). The biggest share of life insurance premium comes from index-linked or unit-linked insurance (LoB 31) segment.

The Company performs the insurance and reinsurance activities as well as the asset management activity. Asset management includes saving via insurance services and investments in the Company's mutual funds. Asset management assures adequate funds for the payment of contractual liabilities and the maintenance of suitable capital adequacy.

A.1.2 Supervisory body

The Company's supervisory body is:

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

A.1.3 External audit

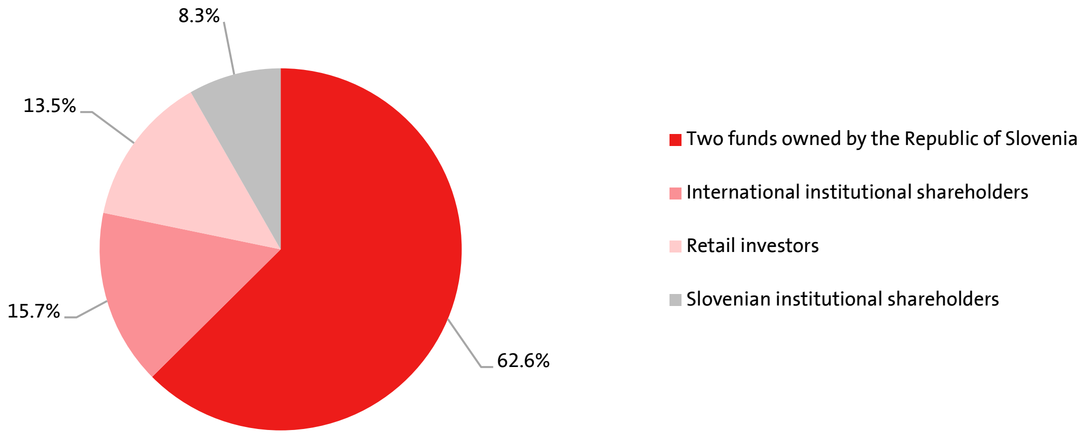
Based on the resolution of the General Meeting of Shareholders of the Company (hereinafter: General Meeting), the following audit firm was appointed as the external auditor of the Company for the 2023 financial year:

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

A.1.4 Ownership structure of Zavarovalnica Triglav

There were no significant changes to the ownership structure of the Company in 2023. The largest shareholders, funds owned by the Republic of Slovenia (Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Pension and Disability Insurance Institute of Slovenia) - 34.47% ownership stake and Slovenski državni holding, d.d. (Slovenian Sovereign Holding) - 28.09% ownership stake)) maintained unchanged ownership shares as did the third largest shareholder, a Croatian pension fund, which is visible in the share register of the Company on the fiduciary account of its custodian bank. According to the data available, these three shareholders are the sole holders of qualifying holdings in the Company as at 31 December 2023.

Chart 1: Company's ownership structure as at 31 December 2023



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

A.1.5 Major business events and achievements in 2023

- Operating result: The Company's operations were materially affected by one-off negative events, mainly the extreme mass loss events in Slovenia and the region, especially storms, hailstorms and floods in July and August. They caused historically high claims for the Company and had a markedly negative impact on its operations. Due to the inflationary environment, the Company adjusted insurance premiums and premium rates and implemented measures such as claims adjustment and cost management. Despite the negative events, the Company achieved a positive pre-tax profit of EUR 45.6 million, which is less than originally planned.

- Dividend payment: At the General Meeting in May, the shareholders adopted the proposed resolution of the Management Board and the Supervisory Board to pay a dividend of EUR 2.50 gross per share for a total value of EUR 56.8 million, which represents 51 percent of Company's consolidated net profit for 2022 and a 7% dividend yield.

- Confirmed high "A" credit rating: The credit rating agencies S&P Global Ratings and A.M. Best confirmed the Group's and thereby the Company's "A" rating with a stable medium-term outlook.

- Changes in the Management Board and Supervisory Board of the Company: On 2 March 2023, Blaž Jakič began his 5-year term of office as member of the Company's Management Board. President of the Management Board Andrej Slapar and Management Board members Uroš Ivanc and Tadej Čoroli were reappointed for a five-year term of office. Their current term expires in 2024. Monica Cramer Manhem and Tim Umberger were appointed as new members of the Supervisory Board – shareholders' representatives, while Aleš Košiček and Janja Strmljan Čevnja were appointed as members of the Supervisory Board - employee representatives.

- Sustainable development at the Company: The Company adopted an overarching Sustainable Development Policy, a Sustainable Investment Policy, and a Statement on the Main Adverse Effects of Investment Decisions on the Sustainability Factors of Zavarovalnica Triglav in accordance with the SFDR[3].

A.2 Underwriting performance

The Company's net profit in 2023 has decreased by 64.1% compared to the previous year, i.e. from EUR 120.5 million to EUR 38.7 million. Mass loss events in Slovenia, especially storms, hailstorms and floods in July and August that caused historically high claims, contributed the most to the lower financial result. Due to the present inflationary pressures, the Company adjusted insurance premiums and premium rates and implemented measures for claims adjustment and cost management.

The non-life combined ratio amounted to 99.2% at the end of 2023, down 2.6 pp compared to the year before. The main reason for the lower combined ratio compared to 2022 is the lower claims ratio.

Table 1: Company's operating performance in 2023 and 2022

		In EUR thousand
	2023	**2022**
Profit or loss before tax	**45,562**	**1,393**
Net profit/loss	**38,662**	**8,925**
- Non-life insurance	19,147	6,012
- Life insurance with pension insurance	19,515	2,913
Non-Life insurance combined ratio	**99.2 %**	**101.8 %**
ROE	**5.8 %**	**1.2 %**

[3] Sustainable Finance Disclosures Regulation

The share of life and non-life insurance in net profit was approximately the same in 2023. Compared to the previous year, the share of non-life insurance in net profit fell by 36.7 p.p., while the share of life insurance with pension insurance grew by the same percentage amount.

The Company recorded a total of EUR 982.8 million in gross insurance, co-insurance and reinsurance premium in 2023. The premium grew by EUR 113.9 million when compared to 2022. According to the segmentation for solvency purposes, the Company recorded EUR 810.5 million of gross insurance, co-insurance and reinsurance premium from non-life insurance and health insurance and EUR 172.3 million from life insurance. The biggest share of non-life and health insurance premium is derived from fire insurance and other damage to property insurance segment (LoB 7). These were followed by other motor vehicle insurance (LoB 5) and mandatory third-party liability insurance (LoB 4). The biggest share of life insurance premium comes from index-linked or unit-linked insurance (LoB 31) segment.

Gross claims incurred in 2023 totalled EUR 694.3 million, whereby EUR 528.6 million of the said amount resulted from non-life insurance and health insurance and EUR 165.8 million resulted from life insurance. Most of the gross claims in non-life and health insurance derived from claims in the fire insurance and other damage to property insurance (LoB7) and other motor vehicle insurance (LoB 5) segments. Most gross claims incurred among life insurance resulted from claims in the segment of insurance with profit participation. Compared to 2022, gross claims incurred increased by 269.9 million, whereby gross claims incurred under non-life and health insurance increased by EUR 221.9 million and those under life insurance increased by EUR 48 million.

The Company's gross expenses in 2023 amounted to EUR 275.2 million. EUR 247.9 million derived from non-life insurance and health insurance and EUR 27.3 million derived from life insurance. Subject to the segmentation for solvency purposes, the highest expenses were incurred in the fire insurance and other damage to property insurance segment (LoB 7). Expenses increased by EUR 59.4 million when compared to 2022.

The table below presents gross written insurance, reinsurance and co-insurance premium, gross claims incurred and the expenses under the major insurance segments used for solvency purposes. Other insurance segments are presented in template S.05.01 of the appendix to this Report.

Table 2: Premium, claims and expenses of the Company by major insurance segments for solvency purposes in 2023 and 2022

In EUR thousand

	2023	2022
Gross written premiums from insurance, co-insurance and reinsurance contracts	**982,762**	**868,864**
- Non-life insurance including health insurance	**810,459**	**702,213**
-- Fire and other damage to property insurance (LoB 7)	226,434	213,975
-- Other motor insurance (LoB 5)	168,312	141,285
-- Motor vehicle liability insurance (LoB 4)	149,688	118,439
-- Other non-life and health insurance segments	266,024	228,514
- Life insurance	**172,302**	**166,650**

-- Index-linked and unit-linked insurance (LoB 31)	122,104	113,226
-- Insurance with profit participation (LoB 30)	40,763	45,535
-- Other life insurance (LoB 32)	9,435	7,889
-- Annuities from non-life insurance contracts (LoB 34 and LoB 35)	0	0
Gross claims incurred	**694,342**	**424,489**
- Non-life insurance including health insurance	**528,589**	**306,734**
-- Fire and other damage to property insurance (LoB 7)	175,341	92,741
-- Other motor insurance (LoB 5)	136,328	87,449
-- Motor vehicle liability insurance (LoB 4)	72,092	53,930
-- Other non-life and health insurance segments	144,828	72,615
- Life insurance	**165,753**	**117,755**
-- Insurance with profit participation (LoB 30)	92,540	83,460
-- Index-linked and unit-linked insurance (LoB 31)	67,874	59,535
-- Annuities from non-life insurance contracts (LoB 34 and LoB 35)	3,075	-26,583
-- Other life insurance (LoB 32)	2,264	1,343
Expenses	**275,163**	**215,732**
- Non-life insurance including health insurance	**247,869**	**179,714**
-- Fire and other damage to property insurance (LoB 7)	77,922	56,046
-- Motor vehicle liability insurance (LoB 4)	50,660	31,598
-- Other motor insurance (LoB 5)	46,507	36,625
-- Other non-life and health insurance segments	72,779	55,445
- Life insurance	**27,295**	**36,018**
-- Index-linked and unit-linked insurance (LoB 31)	18,622	22,466
-- Insurance with profit participation (LoB 30)	5,617	8,478
-- Other life insurance (LoB 32)	3,043	5,051
-- Annuities from non-life insurance contracts (LoB 34 and LoB 35)	13	24
- Other expenses	**-1,728**	**12,384**

The Company operates mostly in Republic of Slovenia, with life insurance sold exclusively in Slovenia. Approximately 82.9% of premium income generated and approximately 93% of all paid claims derived from Slovenia. Compared to 2022, the share of the domestic premium written increased by 2.1 percentage points.

Table 3: Geographic distribution of the premium and claims of the Company in 2023 and 2022

		In EUR thousand
Geographic distribution of the premium and claims	**2023**	**2022**
Gross written premiums from insurance, co-insurance and reinsurance contracts	**982,762**	**868,864**
- Slovenia	815,044	797,575
- Other countries	167,718	71,289
Gross claims incurred	**694,342**	**424,489**
- Slovenia	645,643	400,854
- Other countries	48,699	23,635

Detailed quantitative data on the Company's operations according to geographic distribution is shown in template S.04.05.21 in the appendix to this Report.

A.3 Investment performance

The Company's investment policy remains conservative with most of the portfolio investments being debt securities closely tied to liabilities. The main factors affecting Company's investment performance are the structure of investment portfolio and the developments on capital markets. This chapter presents the Company's investment result broken down by the contribution of individual investment classes. A comparison with the investment result published by the Company last year is provided. The investment result shown was also published in the Annual Report of the Triglav Group and Zavarovalnica Triglav, d.d. for 2023 (hereinafter: Annual Report), i.e. section 3.7 of the financial statement section of the Report.

In 2023, the calming of the commodities markets and the elimination of supply chain disruptions had the effect of disinflation and thus halting the rise in interest rates. The main factors behind the investment result, including the unit-linked life insurance policyholders’ investments being significantly higher in 2023 than in 2022 are the above-mentioned stabilisation of interest rates as well as the stabilisation of credit spreads and positive trends on stock markets. The beginning of rising trend of interest rates in 2022 had a positive effect on interest income, which is slightly higher in 2023 compared to the previous year. Interest income from loans is lower because of the decreased exposure to this investment class.

Dividend income from stocks is lower due to stock disposition. The alternative investment programme has transitioned into the phase where a part of the return is already being paid out in the form of distributions, which represents a significant portion of the dividend performance of collective investment undertakings.

The net profit or loss category comprises changes in the fair value of assets classified as fair value through profit or loss, gains and losses from sale and permanent impairments in line with IFRS 9. The item increased significantly compared to the previous year mainly because of the change in fair value through profit or loss in the collective investment undertakings class. This was mainly the result of the favourable movements on stock markets in 2023.

In 2022, the Company used derivatives exclusively to hedge against currency risk. The Company did not use derivatives in 2023.

The other financial income category comprises exchange rate differences and financial investment expenses.

The unrealised gains and losses category relates only to investments classified in the at fair value through other comprehensive income financial reporting group and represents a periodical change in the fair value reserve which is an integral part of equity. The slowdown in the rise of both the risk-free interest rate and credit spreads contributed to the significantly improved result in government and corporate bonds asset class compared to the year before. Positive movements on the stock markets significantly increased the result in the stocks segment.

The rental income result did not deviate significantly from the previous year.

Table 4: Performance of the Company's investment activities for financial reporting purposes in 2023 and 2022

2023						**In EUR thousand**
Investment performance	Net interest	Dividends	Net profit or loss	Other net financial income	Unrealised gains and losses	Rents
Investments	**21,611**	**2,441**	**46,413**	**72**	**72,217**	**6,195**
Real estate	0	0	403	0	0	6,195
Shares	0	927	135	0	10,026	0
Government bonds	11,015	0	-4,497	0	44,314	0
Corporate bonds	9,882	0	724	0	17,877	0
Collective investment undertakings	0	1,514	49,605	0	0	0
Loans	39	0	35	0	0	0
Deposits, cash and cash equivalents	674	0	8	0	0	0
Derivatives	0	0	0	0	0	0
Other	0	0	0	72	0	0

2022						**In EUR thousand**
Investment performance	Net interest	Dividends	Net profit or loss	Other net financial income	Unrealised gains and losses	Rents
Investments	**17,263**	**4,410**	**-103,531**	**544**	**-210,404**	**6,116**
Real estate	0	0	154	0	0	6,116
Shares	0	3,208	476	0	-40,031	0
Government bonds	8,746	0	-20,478	0	-131,340	0
Corporate bonds	8,006	0	-9,776	0	-45,350	0
Collective investment undertakings	0	1,202	-73,905	0	6,317	0
Loans	63	0	-38	0	0	0
Deposits, cash and cash equivalents	394	0	169	0	0	0
Derivatives	0	0	-132	0	0	0
Other	54	0	0	544	0	0

The Company has no investments in securitized products.

A.4 Performance of other activities

A.4.1 Other income and expenses

The Group's other income comprising other operating revenues and other revenues totalled EUR 16.2 million in 2023, compared to EUR 15.1 million in 2022. Most other operating revenues in the amount of EUR 7.4 million in 2023 relate to non-attributable revenues from insurance business and rental income in the amount of EUR 6.2 million. Operating revenues amounted to EUR 3.2 million in 2022 whereby non-attributable revenues from insurance business and rental income amounted to EUR 6.1 million.

The Company's other expenses comprising other operating expenses and other expenses in 2023 totalled EUR 16 million. The largest share of the abovementioned expenses refers to expenses for employee benefits in the amount of EUR 5 million, non-attributable expenses from insurance business in the amount of EUR 6.4 million, and depreciation and other expenses from investment properties in the amount of EUR 4.2 million. In 2022, expenses for employee benefits amounted to EUR 18.9 million, non-attributable expenses from insurance business to EUR 11.5 million, and depreciation and other expenses from investment properties to EUR 5 million.

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

Table 5: Other income and expenses of the Company for financial reporting purposes in 2023 and 2022

In EUR thousand

	2023	2022
Other income	**-495**	**-24,759**
- Other insurance income	15,061	10,709
- Other income	-15,556	-35,468
Other expenses	**741**	**3,537**
- Other insurance expenses	1,164	4,343
- Other expenses	-423	-806

A.4.2 Lease agreements

In the reporting period, the Company was a party to several lease agreements both as lessor/landlord and as lessee/tenant.

Among the contractual relationships where the Company acts as the lessor/landlord, only investment property is considered material. Of the total value of investment properties of EUR 43.4 million, the rental income amounted to EUR 6.2 million in 2023.

The Company acts as the tenant/lessee when renting business premises and parking spaces, leasing software and data lines, leasing multi-function devices and leasing cars.

As at 31 December 2023, the right to use assets in the amount of EUR 4.4 million was recognised by the Company. The total annual depreciation expense of these assets was EUR 1.3 million, while interest expenses amounted to EUR 154 thousand. Rental costs not accounted according to IFRS 16, i.e. short-term leases and low-value leases, totalled EUR 485 thousand in 2023.

A.5 Any other information

EVENTS IN 2024

On January 10, 2024, the Insurance Supervision Agency ex officio issued a decision prohibiting Vinko Letnar from serving as a member of the Supervisory Board of the Company due to non-fulfillment of legal conditions, confirming the previous position of the Supervisory Board of the Company regarding the illegality of its appointment by the Works' Council of the Company.

OTHER RELEVANT INFORMATION

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

B.

System of governance

B.1 General information on the system of governance

B.2 Fit and proper requirements

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

B.4 Internal control system

B.5 Internal audit function

B.6 Actuarial function

B.7 Outsourcing

B.8 Any other information

B. System of governance

B.1 General information on the system of governance

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

In addition to the management bodies, the Company's system of governance also includes 4 key functions, i.e. the risk management function, the actuarial function for non-life and life insurance, the compliance function and the internal audit function. They are organised at the Company as independent organisational units, which carry out their duties and responsibilities independently from one another and from the other organisational units of the Company.

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

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

B.1.1 Management bodies of the Company

B.1.1.1 Management Board

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

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

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

As at 31 December 2023, the Management Board composition was as follows:

Table 6: Composition of the Management Board and the competences of Management Board members as at 31 December 2023

First and last name	Function	Area of work within the Management Board as at 31 Dec. 2023
Andrej Slapar	President of the Management Board	Manages and directs the work of the Management Board and the operation of the headquarter services (Internal Audit Department, Corporate Communication Department and Compliance). He is responsible for the Corporate Account Division, Non-Life Insurance, the Subsidiary Management Department (except subsidiaries outside Slovenia), corporate and legal affairs, HR affairs related to employees with special powers, operation of the Arbitration and the GIZ Nuclear Pool. He is also responsible for the preparation and implementation of the strategy of the Company and the Group.
Uroš Ivanc	Member of the Management Board	He is responsible for the independent Non-Life Insurance Actuarial Department, the Life Insurance Actuarial Department, Accounting, Finance and Controlling as well as the Group Non-Slovenian Subsidiary Management Department, the Investment Department and the Passive Reinsurance Department at the Parent Company's headquarters. He is also responsible for mergers and acquisitions (M&A), investor relations (IR) and relations with credit rating agencies as well as for environmental, social and corporate sustainable development (ESG) activities.
Tadej Čoroli	Member of the Management Board	He is responsible for Marketing, Non-Life Insurance Claims, Insurance Sales and Digital Operations and Customer Experience.
Marica Makoter	Management Board member - Workers' Director	She represents the interests of the workers as stipulated in the Worker Participation In Management Act. She is responsible for the Fraud Prevention, Detection and Investigation and the Project Portfolio and Change Management Department. She is responsible for HRM (except HR issues related to senior management staffing). She is also responsible for the Strategic Purchasing Department operating at the Parent Company's headquarters.
Blaž Jakič	Member of the Management Board	He is responsible for Non-Life Insurance, IT, Backoffice Division, Digital Platform and Business Intelligence, the Risk Management and Bancassurance operating at the Parent Company's headquarters. He is also responsible for the prevention of money laundering.

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

B.1.1.2 General Meeting of Shareholders

Shareholders exercise their rights at the General Meeting of Shareholders that is convened no less than once a year. The powers and operation of the General Meeting are defined by the Companies Act and the Company's Articles of Association. A shareholder registered in the share register kept by the Central Securities Clearing Corporation (KDD)[4] as the holder of the shares at the end of the seventh day prior to the General Meeting session may participate in the General Meeting. They may exercise their voting right provided they announce their participation no later than by the end of the fourth day prior to the date of the General Meeting of Shareholders. The rights and obligations afforded to the shareholders by the shares as well as the explanations on the limitations on share transfers and the attainment of the qualified share are presented in greater detail in the business portion of the Annual Report, i.e. section 6.2.

B.1.1.3 Supervisory Board

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

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

When supervising the conduct of the Company's business, the Supervisory Board in particular supervises the adequacy of procedures and effectiveness of the work of the Internal Audit Department, considers the findings of the Insurance Supervision Agency, tax inspection and other supervisory authorities in procedures for the supervision of the Company, verifies annual

[4] KDD – Centralna klirinško depotna družba, d.d.

and other financial reports of the Company and prepares a reasoned opinion thereto, provides grounds for its opinion on the Internal Audit Department's annual report to the General Meeting and compiles a written report for the General Meeting, reviews the proposal for the appropriation of distributable profit, which was submitted by the Management Board, takes a position on the audit report and draws up a written report for the General Meeting of Shareholders by including potential comments or approving it.

The Supervisory Board (SB) has a key role in the risk management system as it is a primary stakeholder, to which all three lines of defence report, and simultaneously the entity responsible for the functioning of the three lines of defence system within the risk management system and control processes. As part of its supervisory work, it is regularly briefed on the effectiveness and performance of the functioning of the risk management system.

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

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

Supervisory Board members Branko Bračko and Peter Kavčič informed the Company on 9 December 2022 of their resignation from the position of Supervisory Board member. To ensure the proper implementation of nomination procedures, they submitted an irrevocable statement of resignation on 28 March 2023, whereby their resignation and termination of their term of office took effect on 6 June 2023. The General Meeting appointed Monica Cramer Manhem and Tim Umberger as new members of the Supervisory Board, shareholders' representatives, for a four-year term of office, which began on 7 June 2023.

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

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

Table 7: Supervisory Board members in the 2023 financial year

First and last name	Function
Andrej Andoljšek	Chairman, shareholders' representative
Branko Bračko	Vice Chairman, shareholders' representative (up to 6 June 2023)
Igor Stebernak	Member, shareholders' representative (up to 29 August 2023) Vice Chairman, shareholders' representative (as of 30 August 2023 onwards)

Tomaž Benčina	Member, shareholders' representative
Jure Valjavec	Member, shareholders' representative
Peter Kavčič	Member, shareholders' representative (up to 6 June 2023)
Tim Umberger	Member, shareholders' representative (as of 7 June 2023 onwards)
Monica Cramer Manhem	Member, shareholders' representative (as of 7 June 2023 onwards)
Peter Celar	Member, employee representative (up to 1 June 2023)
Branko Gorjan	Member, employee representative (up to 1 June 2023)
Igor Zupan	Member, employee representative (up to 31 May 2023)
Aleš Košiček	Member, employee representative (as of 11 July 2023 onwards)
Janja Strmljan Čevnja	Member, employee representative (as of 11 July 2023 onwards)

SUPERVISORY BOARD COMMITTEES

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

The following Supervisory Board committees operated in 2023: Audit Committee, Appointments and Remuneration Committee and the Strategic Committee with the Nominations Committee established as a temporary committee. Committees or the board prepare proposed resolutions, ensure their realisation, and perform other expert tasks. The Nomination Committee as a temporary committee was formed on 29 November 2023 due to the expiration of the term of office of Supervisory Board member Igor Stebernak in 2024. The committee will function until the election of a new member of the Supervisory Board, shareholders' representative, at the Shareholders' Meeting of the Company, but no longer than until 4 June 2024.

Table 8: Composition and competences of Supervisory Board committees in the 2023 financial year

Supervisory Board committee	Competences
AUDIT COMMITTEE **Composition:** - Peter Kavčič, committee Chairman (up to 28 May 2023) - Igor Stebernak, member (up to 28 May 2023) and committee Chairman (up to 29 May 2023) - Igor Zupan, member (up to 28 May 2023) - Tomaž Benčina, member (from 29 May to 31 August 2023) - Tim Umberger, member (as of 1 September 2023) - Aleš Košiček, member (up to 1 September 2023) - Luka Kumer, independent external expert	- monitoring the financial reporting process, preparing reports and drafting proposals for ensuring its comprehensiveness; - monitoring the efficiency and effectiveness of internal controls, internal audit and risk management system; - monitoring the mandatory audit of annual and consolidated financial statements and reporting on the audit result to the Supervisory Board; - responsibility for the auditor selection procedure and proposing a candidate to the Supervisory Board to audit the Company's annual report and participating in the drafting of an agreement between the auditor and the Company; - supervising the integrity of financial information provided by the Company and evaluating the drafting of the annual report, including a draft proposal for the Supervisory Board; - monitoring the quality of the auditor's auditing in accordance with the adopted Guidelines for the Monitoring of the Quality of

	external Auditing of the Agency for Public Oversight of Auditing and the Slovenian Directors' Association; - cooperation with the Internal Audit Department, monitoring its quarterly reports, examination of the internal acts and rules on the functioning of the Internal Audit Department and the annual plan of the Internal Audit Department; - examination of the decision on the appointment, dismissal and remuneration of the Internal Audit Department Director.
APPOINTMENTS AND REMUNERATION COMMITTEE **Composition:** - Tomaž Benčina, committee Chairman - Jure Valjavec, member - Peter Celar, member (up to 28 May 2023) - Andrej Andoljšek, member (up to 29 May 2023)	- preparing proposals for criteria applying to membership in the Management Board; - drafting proposals regarding the policy on remuneration, compensation and other benefits for the Management Board members; - preliminary consideration of proposals made by the President of the Management Board related to the management of the Company; - performance of the fit and proper assessment of the Management and Supervisory Board members; - support and drafting of proposals in areas that concern the Supervisory Board.
STRATEGIC COMMITTEE **Composition:** - Branko Bračko, committee Chairman (up to 28 May 2023) - Andrej Andoljšek, member - Peter Kavčič, member (up to 28 May 2023) - Branko Gorjan, member (up to 28 May 2023) - Jure Valjavec, Chairman (as of 29 May 2023) - Tomaž Benčina, member (as of 1 September 2023) - Igor Stebernak, member (as of 29 May 2023) - Tim Umberger, member (as of 1 September 2023) - Monica Cramer Manhem (as of 1 September 2023) - Janja Strmljan Čevnja (as of 1 September 2023)	- drafting and discussing proposals for the Supervisory Board with respect to the Group's strategy and monitoring strategy implementation; - drafting and discussing proposals and opinions for the Supervisory Board with respect to the Group's strategic development.
NOMINATIONS COMMITTEE **Composition:** - Andrej Andoljšek, committee Chairman - Jure Valjavec, member - Aleš Košiček, member - Mateja Lovšin Herič, external member	- conducting the nomination procedure for the appointment of a candidate/-s to the position of Supervisory Board member/-s – shareholders' representatives; - recording the candidate/-s for the position of Supervisory Board member/-s and inviting the Appointments and Compensation Committee to produce a fit and proper assessment of the candidates; - sending the proposal to the Supervisory Board for the appointment of a candidate/-s to the position of Supervisory Board member/-s – shareholders' representatives

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

B.1.2 Remuneration policy

Remuneration of the Company’s employees is arranged and regulated in accordance with the internal act Remuneration Policy of Zavarovalnica Triglav, d.d. (hereinafter: Remuneration Policy), which is established as one of the policies by way of which the Company implements a resilient and reliable management system and ensures the integrity and transparency of operations. The Remuneration Policy was amended and supplemented in 2023, whereby amendments that follow the Recommendations and Expectations of the Slovenian Sovereign Holding were included where reasonable and appropriate and in accordance with the applicable legislation that is binding on the Company.

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

SUPERVISORY BOARD

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

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

MANAGEMENT BOARD

The remuneration of the Management Board comprised of the basic salary, the variable part of pay and other rights and benefits is set and paid out pursuant to the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities. Members of the Management Board are entitled to use assets owned by the Company (company car, business mobile phone, laptop and tablet – all for business and private purposes, use of a payment card for expenses, including entertainment), right to pension insurance (Voluntary Supplementary Pension Insurance - PDPZ, Collective Voluntary Pension Insurance - PPZ), accident insurance and liability insurance, supplementary health insurance and the reimbursement of membership fees associated with the discharge of the function. No special pension schemes or early retirement schemes apply to Management Board members.

EXECUTIVE AND MANAGERIAL EMPLOYEES AND OTHER EMPLOYEES WORKING UNDER INDIVIDUAL CONTRACTS

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

The salary of management representatives, assistants classified in organisational level I, executives classified in organisational levels II and III, and assistant managers classified in organisational levels I and II also consists of a variable part of pay, which includes part of the salary for work performance and part of the salary for business performance. The salary of executives and other employees who have an individual employment contract includes a part of the salary from work and business performance.

EMPLOYEES WORKING UNDER A COLLECTIVE AGREEMENT

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

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

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

B.1.3 Related party transactions

Related parties of the Company include:
- shareholders who have a significant influence on the operations of the Company;
    - Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Pension and Disability Insurance Institute of Slovenia) holding a 34.47% stake;
    - Slovenski državni holding, d.d. (Slovenian Sovereign Holding) holding a 28.09% stake;
- Management Board members;
- Supervisory Board members.

Related party transactions are presented in more detail in section 4.4 of the Annual Report.

The only materially significant transaction with related parties in 2023 was the distribution of dividends to the largest owners of the Company (ZPIZ with a 34.47% share in the capital of the Company and SSH with a 28.09% share in the capital). The Company paid a total of EUR 35.6 million to the two largest owners, of which EUR 19.6 million to ZPIZ and EUR 16 million to SSH.

B.2 Fit and proper requirements

In accordance with the requirements prescribed in the Solvency II Directive, Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 (hereinafter: Delegated Regulation), the Insurance Act (hereinafter: ZZavar-1) and EIOPA's Preparatory Guidelines on System of Governance, which require that the persons who manage or supervise the Company or perform work in key functions are appropriately fit (professionally qualified) and proper (of good repute and integrity).

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

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

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

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

The holder of the risk management function and their deputy must possess the knowledge on the application of risk management models and methods as well as no less than five years of work experience.

The holder of the compliance function and their deputy must possess no less than five years of work experience.

The holder of the internal audit function and their deputy must possess no less than five years of work experience in the field of auditing or ten years of experience in a related activity as well as the title of certified internal auditor pursuant to the act governing auditing or must have held the title of auditor or certified auditor and have five years of work experience performing internal audit tasks in an insurance company as at 1 January 2016.

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

B.3.1 Description of the risk management system

The risk management system consists of internal rules, competencies, processes and activities that enable the Company to quickly identify and assess and adequately control the assumed and potential risks, which ensures an appropriate risk profile within certain levels in the Risk Appetite Statement (hereinafter: Risk Appetite). The risk management system at the Company covers all areas, focusing on those having a material impact on the operations and capital adequacy.

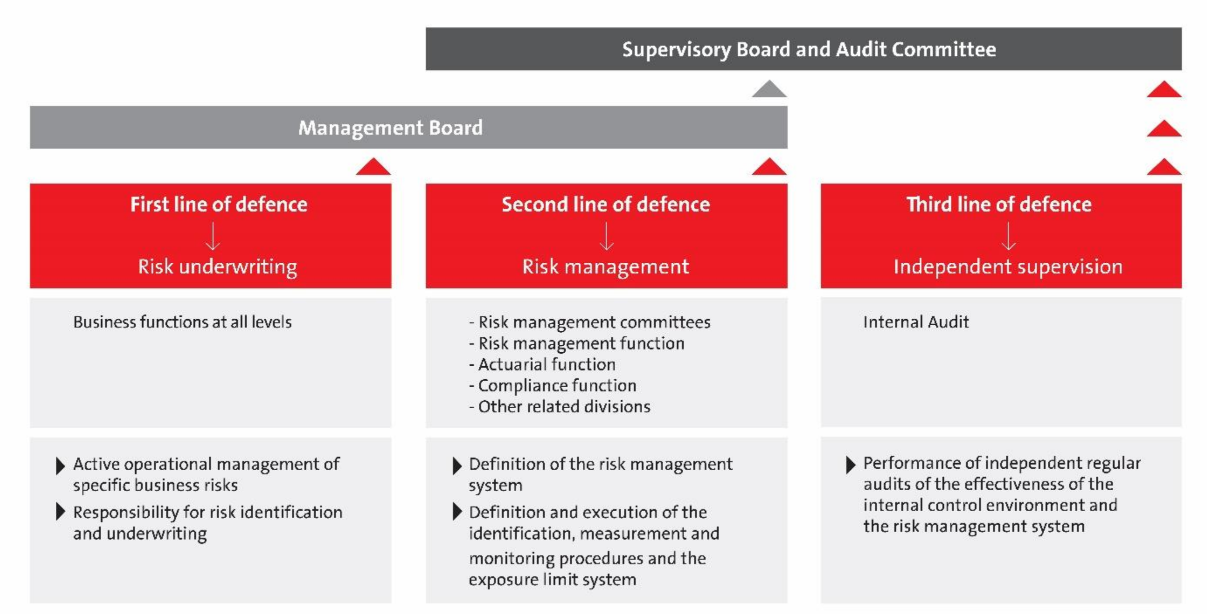
The objective of the risk management system is to ensure the realisation of the Company's strategic goals, its mission and its vision. The Company has determined a certain level of risks measured by the level of potential loss that it is still willing to assume at particular level of profitability in the course of its business operations so as to attain the set business objectives and strategic goals.

When managing risk, the principle of optimal management of the ratio between risk exposure and returns and the principle of optimal cost-benefit ratio are pursued.

The four key functions play an important role in the risk management system as they actively ensure coordinated work of the Company and the transfer of knowledge and good practices to Group members. They are organised at the Company as independent organisational units, which carry out their duties and responsibilities independently from one another and from the other organisational units of the Company. They answer directly to the Management Board and are organised to ensure suitable internal control mechanisms at the Company. Key functions work with one another and regularly exchange information required for operations. Each key function has responsibilities for the performance of tasks, processes and reporting obligations defined in the governance system.

The main building blocks of the comprehensive risk management system of the Company are the Strategy of the Group and the Business Plan of the Company. The risk management system at the Company is based on the three lines of defence.

Figure 2: Risk management system at the Company



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

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

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

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

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

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

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

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

The Company has a risk management system and a Risk Underwriting and Management Strategy in place (hereinafter: Risk Management Strategy) as well as the Risk Appetite, which are the basis and starting point for the preparation of all other subordinate internal risk management acts, such as policies, methodologies, and other instructions in the field of risk management at the Company. The Risk Management Strategy clearly defines the principles, objectives of the risk management system, the purpose of Risk Appetite and the risk management system at the Company, which includes internal rules, competencies and responsibilities as well as the process of comprehensive risk management. The Risk

Management Strategy, including the Risk Appetite Statement, is derived from and synchronized with the current Group Strategy and provides the basis and guidelines for achieving strategic goals.

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

The purpose of the Risks Appetite is to define the objectives regarding risk-taking and thereby define the risk profile of the Company, to establish an optimal relationship between risks and profitability and to develop a strong culture of risk management. The Company assumes insurance, market, credit, liquidity, operational and non-financial risks in accordance with the Risk Management Strategy.

B.3.3 Risk management function

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

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

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

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

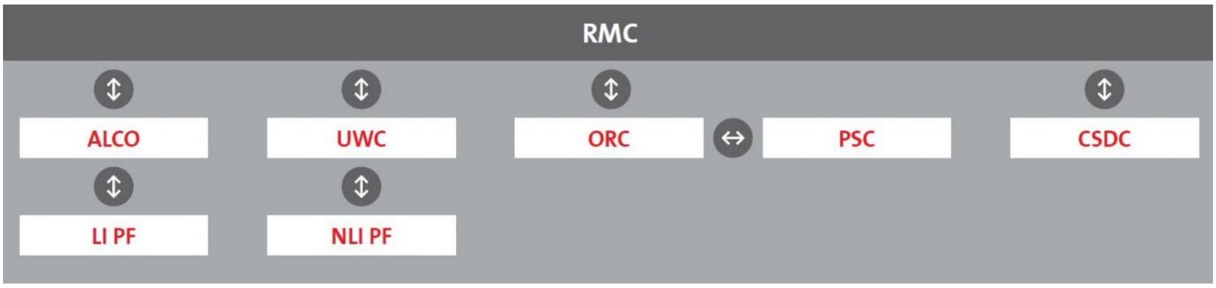
The findings and opinions of the risk management function holder are to be objective and independent from the influence of other business lines. The risk management function holder and other persons that perform the tasks of the risk management function at the Company have access to all Company information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

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

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

Committees form the second line of defence within the risk management system. Their role is of a consultative nature whereby they may also be granted certain decision-making rights by the Management Board. Their purpose is to support the Management Board in the regular monitoring, coordination, and provision of information on risk management at the Company as well as consider the upgrades to risk monitoring in line with their powers. In the event of major changes to the risk profile, identified risks are also considered by the Risk Management Committee or the Management Board.

Figure 3: Organisational chart of the committees within the Company's risk management system as at 31 December 2023



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

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

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

The Operational Risk Committee (ORC) works to set up an integrated operational risk management system that is tailored to the Company's requirements, including the optimum allocation of the appetite for operational risks subject to the guidelines stipulated in the Risk Appetite. It also works to control the functioning of the Company's operational risk management system, including the review and confirmation of measures for its improvement. The committee covers all groups of operational risk. Project 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.

The Compliance and Sustainable Development Committee (CSDC) is responsible for addressing important or more complex issues related to ensuring compliance of the Group's operations with regulations, internal rules and other commitments and positions of supervisory or other state bodies as well as addressing the issues and making decisions involving ethical dilemmas relating to the observation of the provisions of the Triglav Group Code of Conduct, the Insurance Code of Conduct and other adopted ethical standards of the Company. The committee is also responsible for monitoring and managing reputational risk, monitoring sustainability risks as well as for monitoring and guiding the activities of the Company 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 risks and dealing with compliance risk assessments, dealing with events that represent a personal data breach, the implementation of the recommendations of the Compliance Office and dealing with all matters or questions submitted for consideration by individual members of the committee.

Non-life and life insurance product forums (NLI PF and LI PF) are tasked with pursuing the principal objective of assurance of continuous development and modification of insurance products/services for the Slovenian and other markets in which the Company markets its products. When developing new and significant changes to existing insurance products/services, it is necessary to ensure compliance with the strategy of the Company and to adapt to the needs of the market, while taking into account legal frameworks, standards and good practices of the insurance and financial profession, management and control policies and the distribution of insurance products/services as well as the guidelines outlined in the Risk Appetite regarding the assurance of a suitable profile of insurance and other risks.

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

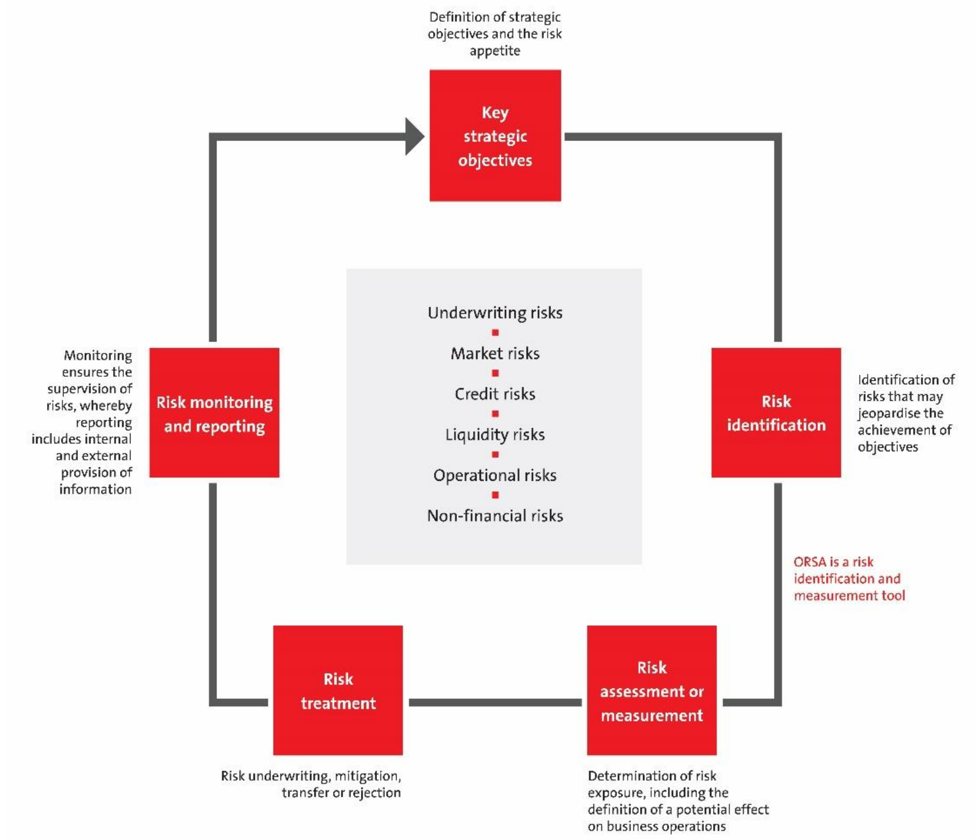
B.3.5 Risk management process

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

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

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

Figure 4: Risk management process at the Company



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

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

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

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

When managing risks, the Company acts preventively whereby it applies two approaches: decomposition (e.g. product) and diversification (e.g. investment) of individual risk types. When balancing risk exposure, the key measure is the setup of a suitable limit system that the Company adjust to the current external developments subject to the business opportunities, whereby it remains within the defined risk appetite at all times.

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

B.3.6 Own risk and solvency assessment (ORSA) process

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

The target capital adequacy as defined in the Company's Risk Appetite is between 200 and 250 percent. Based on these criteria, the Company also defines its dividend policy, which also considers the provision of a sufficient amount of capital to achieve strategic business goals and maintain a credit rating of at least "A".

The ORSA process builds on the basic elements of the risk management system and considers the risk profile. The process produces findings regarding the optimum retention or transfer/ceding of risk and verifies the adequacy of the Company's capital allocation. By simulating stress test scenarios, the effects of potential events on the risk profile are verified thus checking capital strength.

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

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

A regular ORSA process was carried out in 2023. During the implementation of the regular ORSA process, all identified material risks of the Company up to the calculation date were considered as were all potential risks that could affect its future operations considering all known information. The regular ORSA process confirmed that the Company's insurance and investment portfolios are sufficiently resilient, that its capital position is adequate and that the Company can continue to successfully face the future risks and challenges.

B.4 Internal control system

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

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

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

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

B.4.1 Compliance function

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

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

B.5 Internal audit function

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

The Management Board provides for appropriate working conditions to the internal audit function, both in terms of organisational independence and the funds available for its operation as well as in terms of access to all divisions, records, assets and people at the Company (including the members of the Management Board, Audit Committee and the Supervisory Board). The internal audit function, which is organised as an independent organisational unit within the Company and directly subordinated to the Management Board, is both functionally and organisationally separated from other organisational units of the Company. The internal audit function is independent in determining the areas, objectives and scope of internal audits, performance of tasks and reporting on internal auditing. The function holder and internal auditors do not perform any development and operational tasks that could cause a conflict of interest and impair their objectivity, nor do they decide on activities in the areas that are the subject of internal auditing.

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

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

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

B.6 Actuarial function

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

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

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

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

B.7 Outsourcing

Pursuant to the requirements of the Insurance Act (ZZavar-1), the Solvency II Directive and the EIOPA Guidelines, the Company has set up all legally required controls and processes related to operations that are outsourced (hereinafter: Outsourced Operations).

The procedures and measures for supervising the Outsourced Operation providers and the assurance of compliance of their actions with the applicable legislation and internal rules are defined in each agreement or service-level agreement concluded between the person in charge and the provider of an individual Outsourced Operation. Special attention is paid to cloud transactions as the Company transfers key or important operational functions or activities to the cloud (outsourced cloud transactions). Consequently, each service provider is bound by the agreement to ensure the same standard of diligence as the one that the Company is committed to ensuring. Legal and organisational measures also ensure that the insurance bodies of the Company have the same possibilities of exercising control over the providers of Outsourced Operations as if the Company were to carry out these transactions using its own resources. In accordance with the contractual provisions, service providers are obliged to set up and ensure *mutatis mutandis* the same internal controls and mechanisms to manage any potential deficiencies as the Company. The Company also has the right to supervise the functioning of the service provider's internal control system and provide guidelines regarding the performance of the outsourced service.

Outsourced services are monitored and controlled by the Outsourced Operations holders regularly, at least once a year, while – depending on the identified risks – they can also be controlled as part of the annual system controls of individual external providers of the Company, whereby the body competent for operational risk management is notified of any findings.

The ability of the provider and the risks arising from an outsourced service are monitored through the regular assessment of the risk whereby the aim is to define the risks or eventual changes the risks arising from an Outsourced Operation. They periodically notify the body responsible for the management of operational risks about the implementation of the operation and the assessed risks, whereby the risk management body then decides on the proposal of measures for the management of the risk in question.

The Company outsources twelve operations. The first relates to the management of assets of voluntary pension insurance that is provided for the Company by one of its subsidiaries that specialises in asset and investment fund management. The second and third operations relate to the organisation of the sales network and procedures for the provision of insurance in Poland and Greece (since the establishment of a subsidiary there), which is managed for the Company by a local general agency company. Other Outsourced Operations refer to the outsourcing of the Company's cloud-based operational activities whereby the Company leases cloud infrastructure, manages an active directory of users and provides support for insurance underwriting, online sales, data warehouse, customer relationship management, internal and external communication and operations of the call centre.

The Company performs seventeen (17) Outsourced Operations for other Group companies as at 31 December 2023. These relate to the sale of insurance, asset management, investment management, and IT system and cloud infrastructure provision and maintenance.

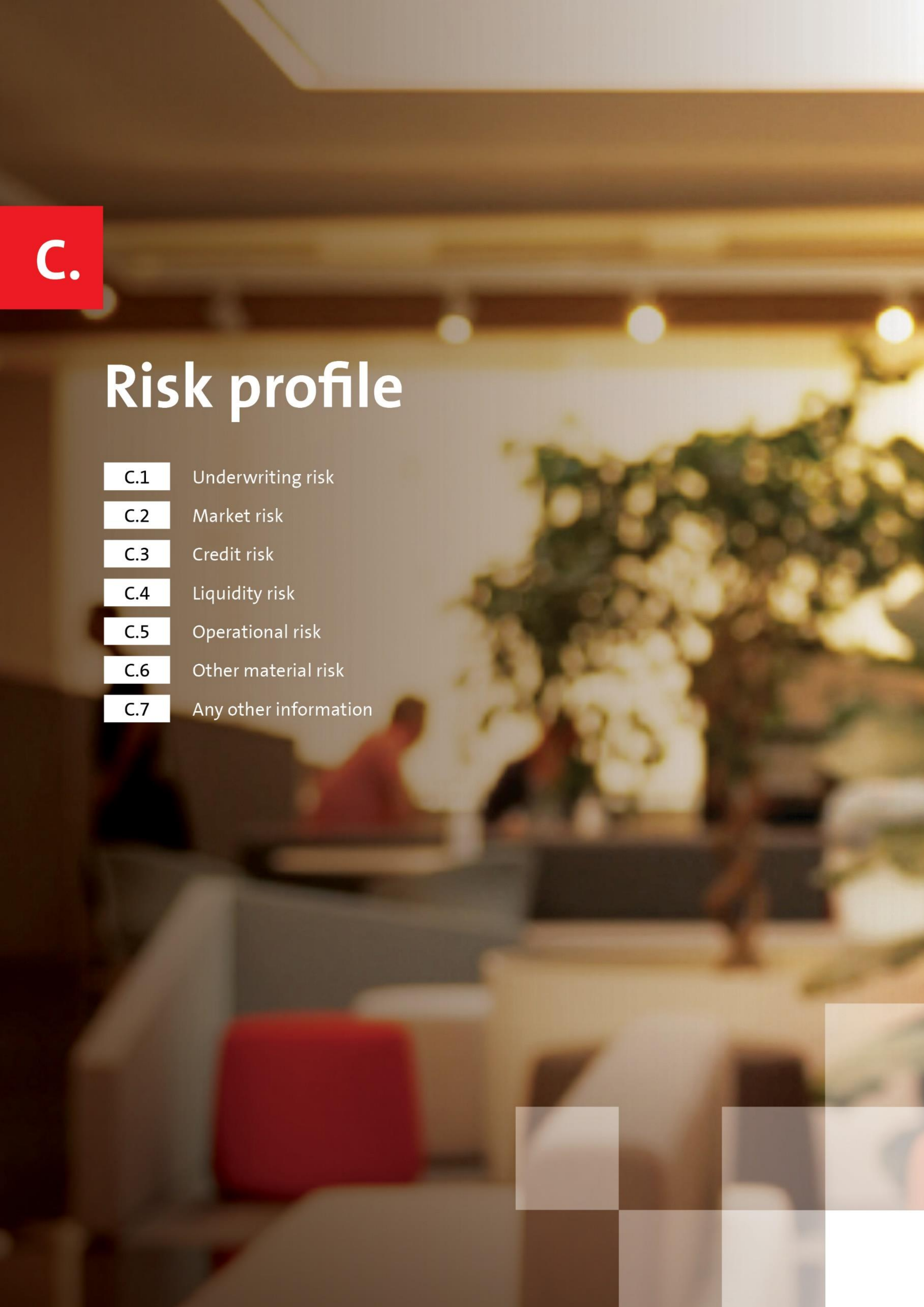
B.8 Any other information

SYSTEM OF GOVERNANCE ADEQUACY ASSESSMENT

An adequate system of governance is in place at the Company that is proportionate both to the nature and the scope of its operations as well as the complexity of the risks arising in the course of its operations. Suitability is confirmed by the results of regular internal audits of this system, which are performed annually by the competent departments of the Company.

OTHER RELEVANT INFORMATION

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



C.

Risk profile

C.1 Underwriting risk

C.2 Market risk

C.3 Credit risk

C.4 Liquidity risk

C.5 Operational risk

C.6 Other material risk

C.7 Any other information

C. Risk profile

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

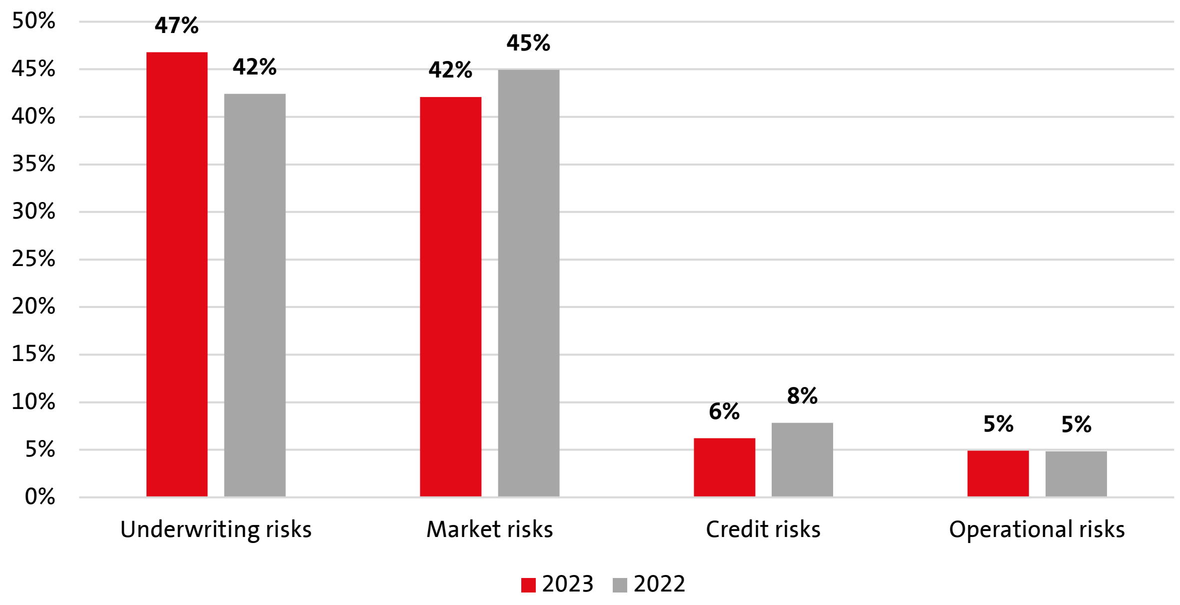
Out of all the risks, the Company is most exposed to market and underwriting risks, while it is less exposed to credit and operational risks.

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

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

As at the end of 2023, the overall risk estimate of the Company, which does not consider mutual risk effects (i.e. diversification), amounted to EUR 556.5 million for underwriting, market, credit and operational risks. The diversification of risks between the modules lowers the overall value of the mentioned risks by EUR 165.8 million.

Chart 2: Company's risk profile



The Company has established two ring-fenced funds, i.e. SVPI and SVPI renta, for the concluded voluntary pension insurance contract and for which risks are calculated separately, i.e. for each risk category under the standard formula. The above chart applies the simplification at risk module level method and also considers the risks of the ring-fenced funds that contribute EUR 29.8 million to the solvency capital requirement of the Company. The method is presented in more detail in section E.1 of this Report.

C.1 Underwriting risk

Underwriting risk is the risk of loss or of an adverse change in the value of underwriting liabilities due to inadequate pricing of premiums and provisioning assumptions considered in the calculation of technical provisions. The Company assumes underwriting risks when concluding insurance transactions that represent its core activity. The main objective of underwriting risk management is to maintain quality of the portfolio on a level that provides for stable and safe operations while simultaneously ensuring the desired returns. In order to achieve the main objective, the Company has put processes in place to ensure an appropriate level and diversification of underwriting risk exposure.

As at 31 December 2023, underwriting risk represents 47% of the Company’s overall risk estimate, excluding diversification, which amounts to EUR 260.4 million or 5 percentage points more than the year before.

The Company identifies the following underwriting risks in respect of its portfolio:
- non-life underwriting risk;
- health underwriting risk;
- life underwriting risk.

C.1.1 Non-life and health insurance

Under non-life insurance, the Company underwrites premium and reserve risks, lapse risks and catastrophe risks.

As at 31 December 2023, the Company's risk estimate under non-life and health insurance represents 35% of the Company's overall risk estimate, excluding diversification.

Table 9: Company's risk estimate for underwriting risks under non-life insurance for 2023 and 2022

		In EUR thousand
	2023	**2022**
Premium and reserve risks	134,629	113,881
Lapse risk	28,560	26,933
Catastrophe risk	68,559	39,187
Diversification	-63,653	-47,860
Non-life underwriting risk	**168,096**	**132,141**

Table 10: Company's risk estimate for underwriting risks under health insurance for 2023 and 2022

In EUR thousand

	2023	2022
Health insurance risk valued as life insurance risk	9	5
Premium and reserve risks	25,993	24,920
Lapse risk	9,242	8,415
Catastrophe risk	2,830	2,855
Diversification	-9,643	-9,035
Health underwriting risk	**28,431**	**27,159**

The growth in the risk estimate for non-life insurance end of 2023 is mainly due to rise in the premium and reserve risk estimate of the growth of the portfolio of fire, motor vehicle and third-party liability insurance as they increase the premium risk and reserve risk volume measure. The increase in the volume measure is also the result of the increase in claims provisions in the insurance segments of Fire insurance and other damage to property insurance (LoB 7), other motor vehicle insurance (LoB 5) and General liability insurance (LoB 8).

The risk estimate for health insurance did not change materially in the reporting period.

RISK EXPOSURE

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

Premium and reserve risk

The exposure of the volume measure for premium risk ranges according to the net earned premium. The higher planned portfolio growth also affects the premium risk volume measure. Compared to the previous period, the net earned premium increased by EUR 46.5 million due to portfolio growth. Details on the net earned premium of the Company as at 31 December 2023 are shown in template S.05.01 in the Appendix to this Report.

Table 11: Premium risk exposure measured as the annual volume of net earned premium under non-life and health insurance for 2023 and 2022

In EUR thousand

	2023	2022
Net earned premium	**503,810**	**457,287**
- Other motor insurance (LoB 5)	137,280	120,594
- Fire and other damage to property insurance (LoB 7)	109,099	102,949
- Motor vehicle liability insurance (LoB 4)	100,596	91,514
- Income protection insurance (LoB 2)	58,142	55,007
- General liability insurance (LoB 8)	31,016	28,713
- Other insurance segments	67,677	58,509

The Company’s biggest reserve risk exposure is in the motor vehicle liability insurance segment (LoB 4). The exposure of the volume measure for reserve risk ranges according to the net claims provisions that increased compared to the previous period as a result of the increased scope of operations.

Table 12: Exposure of the Company's reserve risk volume measure for underwriting risk under non-life and health insurance for 2023 and 2022

		In EUR thousand
	2023	**2022**
Net claims provisions	**272,985**	**216,260**
- Motor vehicle liability insurance (LoB 4)	83,587	79,299
- Fire and other damage to property insurance (LoB 7)	54,901	36,525
- General liability insurance (LoB 8)	47,717	36,026
- Income protection insurance (LoB 2)	27,946	28,413
- Other non-life and health insurance segments	58,833	35,997

Catastrophe Risk

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

CONCENTRATION RISK

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

RISK MITIGATION TECHNIQUES

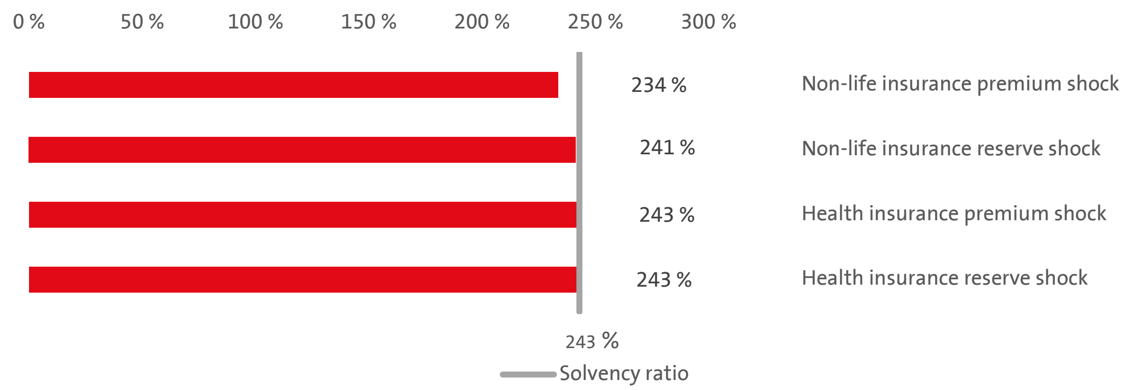
The Company mitigates risk mainly by purchasing various forms of reinsurance protection. Risk underwriting for individual insurance is performed on a case-by-case basis. The Company transfers a part of the risk for the above insurance by purchasing facultative reinsurance protection whereby it considers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

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

SENSITIVITY

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

Chart 3: Sensitivity test of capital adequacy of the Company as at 31 December 2023



C.1.2 Life insurance

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

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

As at 31 December 2023, the risk estimate under life insurance represents 11% of the Company's overall risk estimate, excluding diversification.

Table 13: Company's risk estimate for underwriting risks under life insurance for 2023 and 2022

		In EUR thousand
	2023	**2022**
Mortality risk	8,744	6,118
Longevity risk	10,317	9,340
Disability and morbidity risk	187	138
Lapse risk	29,470	26,521
Expense risk under life insurance	16,353	16,711
Revision risk	1,149	1,093
Catastrophe risk under life insurance	5,164	4,610
Diversification	-7,473	-2,074
Life underwriting risks	**63,911**	**62,456**

The risk estimate for 2023 increased by EUR 1.5 million compared to the year before. Lapse risk increased mainly as a result of the increased volume of transactions in unit-linked insurance, death insurance, the higher profitability of modelling of future premium valorisation operations and the decrease in risk-free interest rate curve. In addition to the change in assumptions, the latter contributed to the increase in the estimate for other risks. Longevity risk has also increased, mainly due to the fall of the risk-free interest rate curve, which increases the sensitivity of liabilities to changes in longevity in long-tail insurance types (mainly all types of annuities).

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

RISK EXPOSURE

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

Table 14: Company's exposure to underwriting risks under life insurance for 2023 and 2022

In EUR thousand

	2023	2022
Mortality risk	1,063,269	1,024,547
Longevity risk	1,106,551	1,064,916
Disability and morbidity risk	14,307	14,411
Lapse risk	968,148	933,218
Expense risk	1,109,805	1,068,429
Revision risk	43,014	40,369
Catastrophe risk	968,479	934,315

The Company's exposure to life insurance underwriting risks increased in 2023, mainly as a result of the increase in technical provisions which is mainly the result of the drop in the risk-free interest rate curve.

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

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

The Company is exposed to the **DISABILITY AND MORBIDITY RISK** under policies that cover critical and serious diseases and disability. The problem of the exposure of such policies to the risk in question is similar in terms of content to the abovementioned exposure of policies, which cover the peril of death, to mortality risk.

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

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

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

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

CONCENTRATION RISK

The fact that the Company's sales network is so widespread in Slovenia ensures geographic diversification and simultaneously contributes to increasing the sales volume of the entire Company. The extensive and diversified scope of underwritten risks is beneficial to the matching of concentration.

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

RISK MITIGATION TECHNIQUES

The most important aspect for life insurance products is the management of underwriting risk that is performed during the risk underwriting phase. The process for acceptance into insurance involves a medical questionnaire, financial reasoning, review of existing medical documentation and medical tests. The scope and depth of the process depend on the sum insured. Low sums insured and waiting periods are prescribed for protection against pre-contractual opportunism (adverse selection) for insurance products without an underwriting process. During the term of the policies, the portfolio is regularly monitored and the assets are properly matched with insurance liabilities.

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

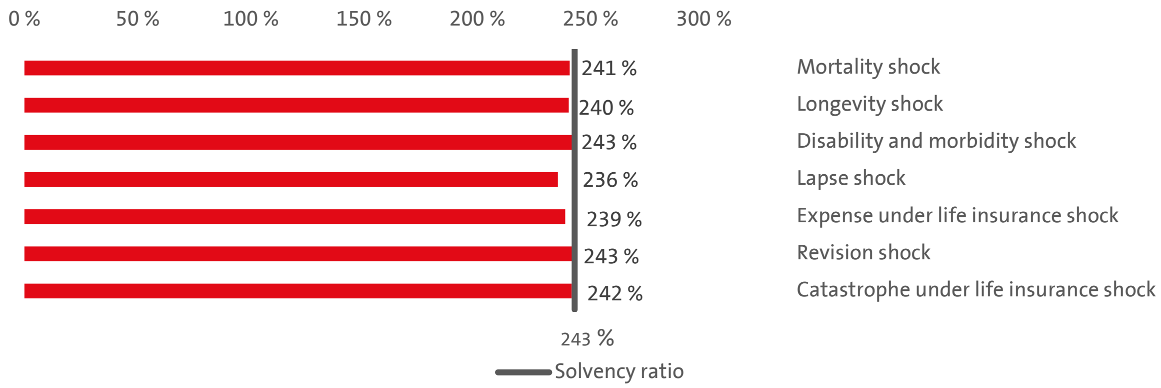
Risk monitoring is performed regularly using the analysis of portfolio mortality, morbidity and market practices. The result of these analyses is a best estimate of the assumptions for all underwriting risks that are then used to calculate life insurance technical provisions, set new product prices and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

Underwriting risks are also managed with adequate reinsurance protection.

SENSITIVITY

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

Chart 4: Company's capital adequacy sensitivity test as at 31 December 2023



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

C.2 Market risk

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

Table 15: Company's risk estimate for market risks in 2023 and 2022

		In EUR thousand
	2023	**2022**
Interest rate risk	5,929	7,918
Equity risk	144,577	140,525
Property risk	35,579	34,980
Spread risk	36,332	45,775
Market concentration risk	55,989	56,335
Currency risk	10,319	15,512
Diversification	-54,471	-66,170
Market risk	**234,253**	**234,876**

As at 31 December 2023, underwriting risk represents 42% of the overall risk estimate of the Company's portfolio, excluding diversification, which is 3 p.p. less than the year before.

The risk estimate is calculated at the level of the entire Company whereby the risk estimate for the two ring-fenced funds is added without diversification to the risk estimate for the remainder of the portfolio. As at 31 December 2023, the risk estimate for the market risks of both ring-fenced funds amounted to EUR 19.6 million.

Market risk remained at the same level compared to the previous reporting period.

RISK EXPOSURE

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

Table 16: Company's assets exposed to market risk as at 31 December 2023 and 31 December 2022

In EUR thousand

	2023	2022
Property, plant and equipment held for own use	84,279	80,378
Real estate (except real estate held for own use)	59,495	58,525
Holdings in related undertakings, including participations	508,984	479,792
Equities	7,436	20,547
Bonds	1,252,620	1,283,550
- Government bonds	*749,028*	*760,526*
- Corporate bonds	*502,556*	*522,054*
- Structured notes	*1,035*	*971*
Collective investment undertakings	111,328	113,706
Deposits other than cash and cash equivalents	7,074	19,121
Other investments	81	1,912
Assets held for index-linked and unit-linked contracts	785,465	683,000
Loans and mortgages	4,364	4,205
Deposits to cedants	17	15
Assets exposed to market risk	**2,821,143**	**2,744,750**

Table 17: Company's liabilities exposed to market risk as at 31 December 2023 and 31 December 2022

In EUR thousand

	2023	2022
Exposure to interest rate risk	1,746,756	1,546,177
Exposure to equity risk	503,703	393,204
Exposure to property risk	4,573	4,055
Exposure to spread risk	503,680	393,204
Exposure to currency risk	323,184	291,958

Interest rate risk arising from assets is decreased to a large extent by the interest rate risks from liabilities. All assets and liabilities, the value of which depends on the change in the risk-free market interest rate (bonds, loans, deposits, interest-sensitive derivatives, cash flows from insurance policies), are exposed to interest rate risk. The Company manages interest rate risk mainly by matching maturities of assets and liabilities. The duration gap of interest-sensitive items is monitored by the Company based on the market valuation, whereby investments to the benefit of unit-linked life insurance policyholders are excluded.

The interest rate risk estimate remains very low. The Company leveraged the situation on the financial markets, where the volatility of interest rates has decreased significantly, while the achievable returns offered adequate compensation for the investment risk assumed, and transferred excess funds and funds covering current liabilities to the short-term part of the curve and simultaneously extended funds covering longer-term liabilities accordingly. The previously slightly long position of the Company thus became slightly short. The Company implements a policy of a high level of asset and liability matching, and thus maintains the interest rate gap within the agreed ranges.

Spread risk is associated with an important source of returns generated by the Company through debt portfolio management. Only assets, with the exception of investments associated with index-linked or unit-linked contract, are exposed to spread risk because liabilities are valued according to the risk-free curve. All assets, the value of which depends on the change in the part of the interest rate representing the credit spread, are therefore exposed to spread risk. These are mainly bonds, loans and deposits. The Company decreased its exposure to investments that are exposed to this risk by EUR 39.7 million compared to the previous year, mostly in the corporate bond category. Using longer-maturity and top rated government bonds, the Company balances interest rate sensitivity of the longest-maturity liabilities. The Company's bond portfolio credit rating structure remained practically unchanged compared to the year before and the situation is similar as regards tenor. The tenor of the bond portfolio increased by approx. 0.6 years compared to the previous year. The spread risk is EUR 9.4 million lower compared to last year due to a lower exposure to debt securities with a comparable credit rating of the portfolio and a shorter maturity.

The Company considers the bonds, which are issued by the governments from the EEA and not denominated in the currency of the issuing country, to be ordinary corporate bonds for risk assessment calculation purposes.

Equity risk represents all exposures under investments, the value of which is sensitive to a change in the level or volatility of stock market values. These are mainly stocks, undertakings for collective investment into shares and derivatives associated with stock markets. An important part of the Company's exposure to stock markets is the result of investments into associated companies. The Company holds equity investments in order to generate higher long-term returns and for diversification purposes.

The Company significantly decreased its exposure in the segment of equities in 2023, whereby it decreased its exposure the most in the segment of listed investments and replaced collective investment undertakings with an equity orientation with alternative funds. The good operating performance of some associated companies and additional capital contributions into some of them on the other hand increase the exposure to equity risk in the segment of associated companies. The symmetrical adjustment is higher by almost 4.5 p.p. compared to the previous year. The risk estimate for equity risk subsequently increased somewhat compared to the previous year, i.e. by a total of EUR 4 million. Unit-linked insurance risk has a small effect on the capital requirement for equity risk.

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

The Company's CURRENCY RISK arises from the mismatched asset and liability currency positions. The Company's liabilities are denominated almost in their entirety in euros. The Company pursues the policy of currency matching and invests the majority of its assets into euro-denominated investments. The risk estimate for currency risk is derived mainly from USD-denominated bonds, money accounts denominated in a foreign currency and non-euro investments through collective investment undertakings with a global and non-European geographic orientation. The currency risk estimate decreased compared the year before. The decrease is primarily due to decreased exposure to the Croatian kuna (adoption of the euro) and partly also due to the lowering of exposure to collective investment undertakings.

The Company did not hedge foreign currency-denominated exposures using currency swap derivatives in 2023.

CONCENTRATION RISK

The major share of the Company's assets is held in the form of bonds. The share of government bonds increased slightly (0.5 p.p.) compared to the year before, while a slight decrease of the share of the financial sector (0.5 p.p.) was observed in the corporate bond segment. The Company continuously monitors exposure and compliance with the system of limits on exposure to issuers at the level of individual issuers or groups of related issuers. The standard formula with threshold amounts, which determine excess exposures subject to the credit rating, importantly affects the limit system.

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

	2023	**2022**
Financial and insurance activities	55.5 %	55.0 %
Public administration and defence, compulsory social security	21.3 %	19.8 %
Manufacturing	5.9 %	6.2 %
Activities of extraterritorial organizations and bodies	4.9 %	6.1 %
Information and communication	1.5 %	1.5 %
Real estate activities	1.4 %	1.5 %
Other sectors	9.6 %	9.9 %
Total	**100.0 %**	**100.0 %**

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

	2023	2022
Slovenia	47.4 %	45.3 %
Germany	7.9 %	8.7 %
France	4.9 %	5.0 %
Spain	4.1 %	4.1 %
Luxembourg	3.8 %	4.4 %
USA	3.7 %	3.5 %
Italy	3.4 %	3.2 %
Other countries	24.9 %	25.7 %
Total	**100.0 %**	**100.0 %**

The biggest exposure to a single issuer is represented by the exposure to the European Union. Exposures where the threshold value for concentration risk according to the standard formula is exceeded are mainly the exposures to non-strategic associates in the Group and strategic financial companies Triglav, pokojninska družba, d.d. (hereinafter: Triglav pokojninska družba), Triglav Skladi, d.o.o. (hereinafter: Triglav Skladi) and Triglav penzisko društvo, a.d., Skopje (hereinafter: Triglav penzisko društvo Skopje) that are not fully consolidated for solvency purposes.

RISK MITIGATION TECHNIQUES

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

In addition to the adequately diversified investment portfolio, the Company also uses various derivative financial instruments as market risk mitigation techniques. The Company uses derivatives only when they enable additional flexibility in asset management and for the achievement of effects that would be relatively more difficult to achieve without the use of such instruments.

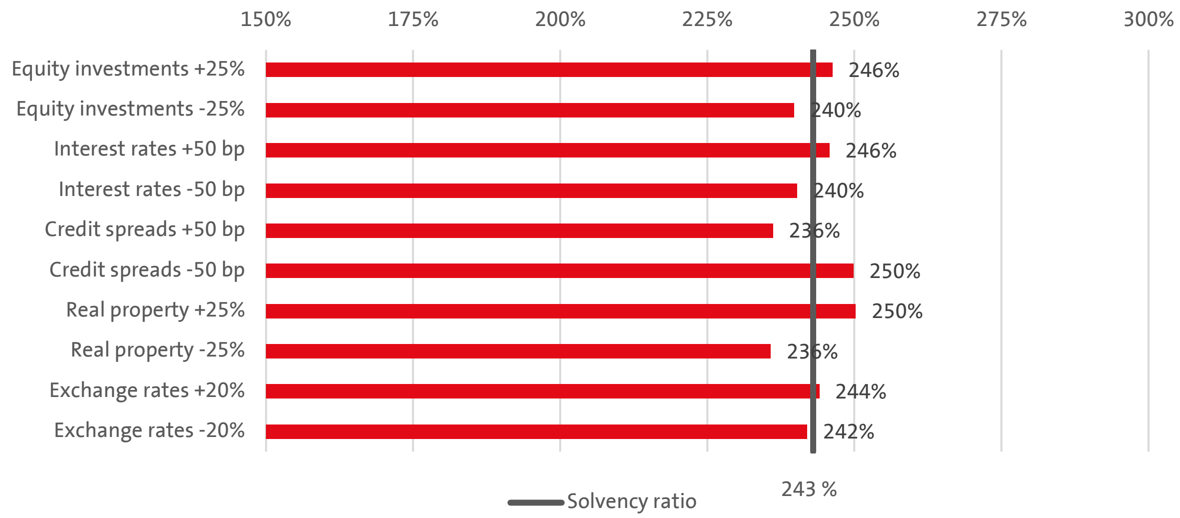
The use of such a range of instruments is assessed from various aspects, such as security, economy and the use of capital. The use of derivatives must focus on the comprehensive aspect of hedging individual portfolios whereby the derivatives used to hedge against currency risk are currently in the forefront.

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

SENSITIVITY

As part of the ORSA Process in 2023, the Company conducted stress tests where it verified the sensitivity to extreme changes in market parameters. The Company's stress test results show that the Company would remain adequately capitalised even after stress events. The Company's solvency ratio sensitivity analysis as at 31 December 2023 shows how the solvency ratio would change under individual isolated market scenarios, whereby only the effect on eligible own assets and not the effect on the SCR is considered. The sensitivities represent a prudent estimate of the effect on the Company's capital adequacy.

Chart 5: Company's investment portfolio sensitivity test as at 31 December 2023



C.3 Credit risk

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

As at 31 December 2023, credit risk represents 6% of the Company's overall risk estimate, excluding diversification.

The risk estimate is calculated at the level of the entire Company whereby the risk estimate for the two ring-fenced funds is added without diversification to the risk estimate for the remainder of the portfolio. As at 31 December 2023, the risk estimate for the credit risks of both ring-fenced funds came in at EUR 0.7 million.

Exposures to type 1 credit risk arise from exposures to counterparties that will generally have a credit rating. Exposures to type 2 credit risk arise from exposures to a group of counterparties that will generally not have a credit rating and are adequately diversified.

Table 20: Company's risk estimate for credit risks in 2023 and 2022

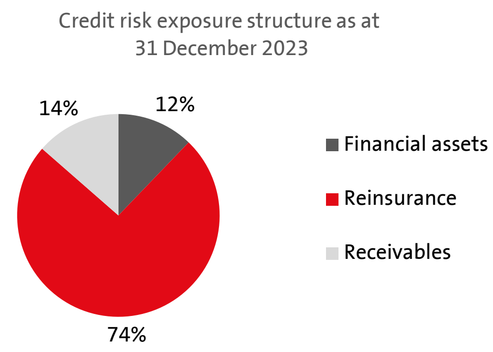
	In EUR thousand	
	2023	**2022**
Type 1	26,449	34,645
Type 2	9,099	7,063
Diversification	-1,019	-812
Credit Risk	**34,528**	**40,896**

The credit risk estimate decreased by EUR 6.4 million in the reporting period. The decrease is mainly due to the new reinsurance protection, which significantly lowers the potential risk.

The calculation considers the solvency ratio of unrated reinsurance partners in European Union Member States and the European Economic Area (in accordance with the Delegated Regulation), which reduces the risk factor of these partners and thus the level of the risk estimate.

RISK EXPOSURE

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



When it comes to reinsurance partners, the Company is mostly exposed to its subsidiary Pozavarovalnica Triglav Re, d.d. (hereinafter: Pozavarovalnica Triglav Re). On the other hand, exposure to banks is more diversified as most of the Company's exposure to banks is tied in 3 different banking groups.

Over the course of 2023, no deterioration of the payment discipline was observed. There was also no material impact of changes in the credit quality of counterparties on the Company's portfolio.

CONCENTRATION RISK

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

The table below shows the Company's exposure by country. The geographical diversification changed slightly during the observed period, mainly due to new claims, which were reported in 2023 and the change in reinsurance protection.

Table 21: Company's exposure according to the reinsurers' country

	2023	2022
Slovenia	83.2 %	84.2 %
Kazakhstan	4.9 %	2.4 %
Great Britain	2.5 %	0.8 %
Cyprus	2.2 %	1.4 %
Luxembourg	2.0 %	0.3 %
Other countries	5.2 %	10.9 %
Total	**100.0 %**	**100.0 %**

RISK MITIGATION TECHNIQUES

The Company's orientation in credit risk underwriting is conservative and based on a predetermined risk appetite, good overview of underwritten risks, assurance of credit quality and diversification of the investment portfolio as well as the management of exposures arising from reinsurance, non-payment of premiums and subrogations.

The Company has a credit risk management process in place that is based on a well-defined risk appetite, main credit risk indicators, limits, risk measurement methodology, cooperation between all stakeholders in the process and the provision of information to all stakeholders. This enables optimum decision-making and, indirectly, also suitable credit risk management.

Credit risk from the Company's investment portfolio is balanced by depositing money and deposits in banks and other financial institutions with a suitable rating, whereby a professional analysis of the credit risk is performed for each institution and a sufficient rate of portfolio diversification is required. For this purpose the Company has put a limit system in place that observes both the internal and the external estimate for banks which is the basis for defining the maximum permitted exposures to an individual bank. The suitability of banks is also monitored regularly based on different publicly available information on the market.

When underwriting credit risks resulting from reinsurance, the Company actively manages credit risks by diligently assessing the adequacy of business partners for reinsurance and by regularly monitoring their adequacy (credit rating, maximum permissible exposures, and the partner's solvency ratio). When managing credit risk, it is important to have a suitable definition of counterparty creditworthiness where the Company relies on a robustly established process that is based on credit ratings from recognised rating agencies and the publicly available solvency ratios of those European reinsurers that do not have a rating. To ensure the suitability of reinsurance partners' credit ratings, the Company has a system in place which precisely defines rules for the naming of partners and determining their basic information and a precisely defined procedure for the determination of the partners' credit rating which is uniform for all partners. The Company has also established a committee, which consists of members from various professional fields who regularly monitor and review the alignment of new potential reinsurance contracts with the Company's policies.

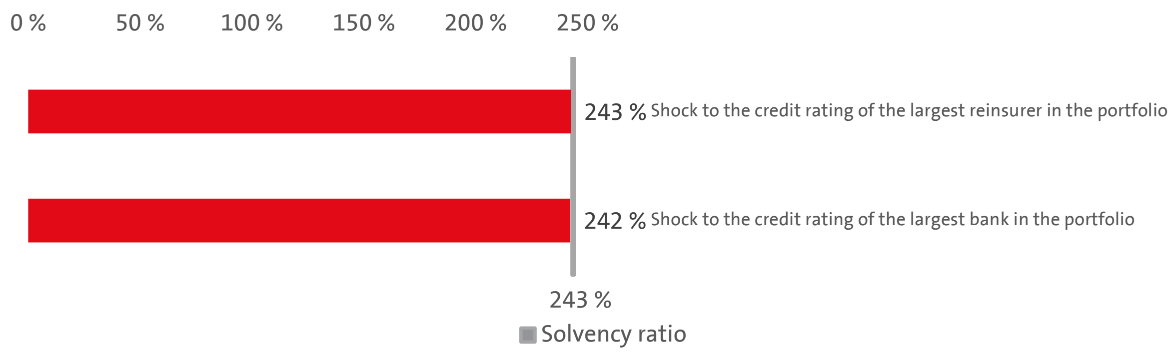
The Company specifically monitors and limits exposure to counterparties without a credit rating and those partners that the Company may not use for the purpose of solvency as a technique for reducing underwriting risks.

SENSITIVITY

The Company regularly analyses credit risk sensitivity. Exposure to credit risk resulting from the Company's reinsurance arises mainly from operations with the reinsurance subsidiary Pozavarovalnica Triglav Re. As at 31 December 2023, the abovementioned company held an “A” rating from S&P.

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

Chart 6: Company's credit risk sensitivity test as at 31 December 2023



C.4 Liquidity risk

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

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

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

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

In order to manage liquidity risk, a process was put in place that is based on the liquidity coverage ratio (LCR[5]) and that continuously ensures adequate liquidity reserves. The LCR indicator is based on cash flows and measures whether there are sufficient liquid assets available to settle all due obligations within a period of one year, both in normal and exceptional circumstances. The liquidity indicator is calculated both for the expected as well as for predetermined liquidity stress scenarios. These include unfavourable insurance and financial events that could significantly affect the Company's liquidity. In a stress scenario, liquidity sources are then adjusted so that available funds exceed liquidity needs.

When measuring liquidity, the sources of liquidity include mainly insurance premiums and cash flows from investments intended to cover liabilities. The more important liquidity needs include the payment of claims and costs as well as the payout of planned dividends. On the liabilities side, the expected excess liquidity of the planned new business in the coming year is also considered. Contingency procedures are defined, which include the sale of liquid excess investments over liabilities and additional safety mechanisms such as credit and repo lines. Stress scenarios and measures are regularly reviewed annually and adjusted to exposures and market conditions. The outlined system is successfully applied in managing liquidity risk and optimizing excess liquidity by investing funds in alternative sources with higher returns on the market. In 2023, the Company simulated liquidity scenarios as part of the ORSA, which confirmed its liquidity strength and adequate liquidity position even in the event of emergencies.

RISK EXPOSURE

The Company 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 the current accounts held with banks. Despite the increase in payouts from natural disasters in 2023, the Company ensured that liquidity risk was kept at a low level throughout the period.

Monitoring of the exposure to liquidity risk includes a comprehensive overview of this risk. The Company monitors liquidity of both assets and liabilities as it consideres liquidity sources (specifically cash flows from investments, insurance premiums and reinsurance claims) and

[5] Liquidity Coverage Ratio

liquidity needs (specifically claim payments, reinsurance premiums and operating expenses) and allows the analysis in ordinary and extraordinary conditions.
The Company upgraded the liquidity risk management system in 2023, mainly in the non-life insurance segment and in the part of PDPZ guaranteed return fund where it updated or set up the methodology for the calculation of excess liquidity.

CONCENTRATION RISK

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

RISK MITIGATION TECHNIQUES

In order to mitigate liquidity risk, regular investment management processes have been put in place at the Company in accordance with the defined investment policies. These ensure the maintenance of optimum liquidity and regular monitoring of risk at the time they are underwritten, whereby special attention is paid especially at insurance companies to the matching of cash flows from investments with cash flows from liabilities, i.e. in terms of nature, duration and liquidity, which applies especially to those investment segments that are intended to cover technical provisions. The funds earmarked to cover these liabilities are adjusted to cover them in accordance with the investment policy in normal circumstances (ALM process), while maintaining the surplus of realisable assets, which allows repayment of liabilities even in emergency situations when liquidity needs are greater. The Company also has investment guidelines for other investment segments. These guidelines ensure that assets are of high credit quality, suitably diversified and liquid.

Liquidity risk is monitored regularly at the level of the second line of defence within the risk monitoring process, whereby uniform liquidity risk measurement methods are applied both in ordinary and extraordinary conditions. The Company has liquidity indicators with defined target values in place for the purpose of liquidity risk monitoring. Inflows from the Company's core operations are constant which positively affects its liquidity.

The Company has a liquidity assurance plan in place that predefines powers and activities if liquidity crises occur. A part of this plan includes the definition of extraordinary circumstances and the sequence of activities or measures to be implemented in case of extraordinary circumstances. In order to further manage liquidity risk, the Company has concluded repo agreements with commercial banks, lines of credit and transaction account overdraft facilities, which are mechanisms for the hedging of liquidity risk in case of unexpected events. The Company also has reinsurance contracts with the "pay-as-paid" clause (clause providing for the payment of claims only after receiving payment from reinsurers), the "cash-call" clause (advance payment by the reinsurance company) and similar clauses concluded for most large insurance transactions, which allows it to manage the liquidity risk stemming from such transactions.

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

SENSITIVITY

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

EXPECTED PROFIT INCLUDED IN FUTURE PREMIUMS

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

Expected profits included in the future premiums under existing insurance contracts are part of the Company's own funds and are estimated at EUR 126.1 million. They are equal to the sum of expected profits included in the future premiums under existing insurance contracts of the Company, i.e. by insurance segments.

The amount of the expected profit included in future premiums as at 31 December 2023 and 31 December 2022 is shown in the table below.

Table 22: Amount of the expected profit included in the Company’s future premiums as at 31 December 2023 and 31 December 2022

In EUR thousand

	2023	2022
Life insurance	78,304	53,954
Non-life insurance including health insurance	47,801	49,862
Total	**126,105**	**103,816**

The main reason for the increase in the profit included in future life insurance premiums is the increase of the index or unit-linked insurance premium. The decrease in expected profits from future non-life and health insurance premiums was mainly due to the decrease in the premium from the Motor vehicle liability insurance (LoB 4), Marine, aviation and transport insurance (LoB 5) and Credit and suretyship insurance (LoB 9) segments.

C.5 Operational risk

Operational risks are defined as the risks of loss resulting from inadequate or failed implementation of internal processes, conduct of employees, functioning of systems or the management of external events and their effects, both at the Company and other Group members. They include IT risk with a special emphasis on cyber risk and major business interruptions, legal process risk, model risk and non-compliance risk, conduct risk, project risk or outsourcing risk. As at 31 December 2023, operational risk represents 5% of the Company's overall risk estimate, excluding diversification, and amounts to EUR 27.2 million.

The risk estimate is calculated at the level of the entire Company whereby the risk estimate for the two ring-fenced funds is added without diversification to the risk estimate for the remainder of the portfolio. As at 31 December 2023, the estimate of operational risks under both ring-fenced funds amounted to EUR 1 million.

RISK EXPOSURE

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

The Company has not yet experienced a loss due to cyber events, but it recognises the current exposure to these risks and has included the provision of adequate cyber resilience among its strategic goals. For this purpose, it carries out regular maintenance and upgrading of the information protection management system and security controls, regular testing of IT security at various levels, regular checks of business continuity plans and recovery procedures, and regular training of employees and checks of their awareness. The Security Control Centre monitors and responds to security events 24 hours a day 7 days a week, and the Company also regularly introduces additional tools and processes for more effective monitoring and control. In order to boost the recognition of vulnerabilities and better preparedness for cyber events, the largest cyber threats and business lines of the Company that would be most affected by such threats are regularly being analysed in more detail as part of the ORSA process. Based on the findings, measures have been developed to improve IT security and are regularly monitored. The Company incorporates IT security as an important element into the design of all processes, IT systems and controls, which it also confirmed in 2023 by obtaining the ISO/IEC 27001:2013 certificate. The Company has recognised elevated exposure to the risk of regulatory changes. One of the reasons is the long-term expansion and additional restrictive measures at the EU and OFAC levels, which are the result of the war in Ukraine, and the rapid adaptation of remote operations with (potential) customers. The latter include, among others, the risks in terms of regulatory compliance and information security. Managing them requires meeting information security standards and taking measures in the process of identifying and authenticating individuals, ensuring the accuracy and completeness of customer data, electronic signing and certification of documents, secure transmission and access to documents, ensuring confidentiality, transparency and other measures to achieve compliance with regulations governing electronic business, electronic signature and protection of personal data. The Company also follows development trends in the field of artificial intelligence (AI), both in the context of automation and robotization of certain routine tasks, as well as otherwise. Artificial intelligence tools promote innovation and increase productivity, and the Company is also aware of the threats and vulnerabilities they represent and which arise mainly from a lack of understanding and consideration of new technologies and their effects on business, as well as the increasing connectivity of companies and dependence on external providers of information and communication technology (ICT), which we manage in all contractual phases of the relationship with them. The Company regularly performs activities to ensure the compliance of the implementation and use of artificial intelligence tools from the point of view of the protection of personal data, business secrets, internal information and IT security. Effective risk management framework and continuous improvement of digital resilience through regular testing are among the decisive factors of successful business and maintaining customer trust in the security of their data processing. The Company is also exposed to risks related to the performance of outsourced operations (also in connection with cloud services) and the performance of insurance business in foreign markets; great emphasis is placed on both, with the goal of better management of outsourcing while simultaneously considering the increasingly important regulatory requirements in this area. Regulatory risk is therefore identified as a major operational risk which is managed by prompt monitoring and introduction of legislative amendments into its business processes, regular monitoring of business practices and positions of supervisory and other state bodies, and through involvement in regular and extraordinary procedures of the Slovenian Insurance Association.

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

In addition, the Company pays a lot of attention to internal inter-process risks, where it perceives the most problems in processes that have recently undergone changes due to external circumstances (new regulations, standards) or internal changes (organisational and HR changes, process and IT upgrades) and from the concentration of key activities on individuals. Key identified risks have been addressed with measures to mitigate them, and the status of the measures is regularly monitored.

CONCENTRATION RISK

The Company is aware that computerisation and digitalisation are increasing the influence of ICT on operations from the point of view of operational risk concentration and importance. The Company and its operations are highly dependent on the suitable functioning of ICT, which is why a major cyber security incident, other IT incident or the suspension of operations can severely affect its operations. The Company therefore performs activities and upgrades of this system with the aim of establishing an even more effective system for identifying and managing IT security risks in order to set up an even more effective management system. The Company has thus clearly defined cyber risks that it includes in the operational risk profile. It assesses risks and has cyber incident and other IT event reporting in place, based on which measures to mitigate said risks are implemented. Cyber risks are also managed and always included in stress scenarios in the ORSA process (intrusion into the IT system and theft of highly sensitive business information and personal data, attack with "ransomware" extortion software code, phishing attacks). The Company also performs activities aimed at upgrading the business continuity management system (BCMS) which includes prevention and subsequent measures in case of various events such as cyber events, natural disasters (earthquake, flood, etc.) and pandemics. The BCMS includes business continuity plans for key business processes, the interruption of which would cause the greatest consequences for the Company, and an IT recovery plan. Business continuity plans also include human resources risks 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 highly pressing risks that can lead to a high concentration of risks in emergency situations. HR risks were managed during the pandemic by establishing conditions for working from home and this solution also reduced risks due to the inaccessibility of work locations, e.g. due to natural disasters. Outsourcing risks are managed by assessing the risks of key external contractors for the Company, which also includes the preparation of measures for their management and the preparation of exit strategies, a part of which is also examining alternative solutions for the implementation of activities in the event of termination of cooperation with them. In 2023, the concentration of risks was analysed 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, locations and sufficient resources, ICT resources being essential for this purpose. In order to identify such risks, an overview of the connections between key processes, employees, external ICT providers and other services and ICT resources that support the operation of part or the entire process or several processes and locations was prepared for the Company. The Company also places great emphasis on cloud service risk management activities, which are also increasingly relevant risks for the Company, and also includes them in risk assessments, business continuity planning and stress scenarios in the ORSA process (e.g. interruption of operations of the Company's largest cloud service provider).

RISK MITIGATION TECHNIQUES

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

SENSITIVITY

Operational risk is affected by many factors, both internal (employees, processes, internal systems) and external (external systems, external contractors and other stakeholders, external factors and events). Whereas the Company can influence internal factors through the improvement of processes and internal controls, it has no major effect on external factors which are also more difficult to foresee. This is why the Company additionally tests its sensitivity to operational risk by defining and executing stress scenarios such as regular test of the transfer of IT operations from the primary server location to the backup location, intrusion tests, cyber scenarios (intrusion into the IT system and theft of its highly sensitive business information and personal data, ransomware attack, phishing attack) and the business continuity scenarios (earthquake scenario, analysis of the biggest concentrations of risks in individual critical processes of the Company in terms of their uninterrupted execution). Based on the test results, the Company continuously upgrades the information security management system. The results of scenarios serve as the starting point for updating and further upgrading business continuity plans for key processes. Regular implementation and testing of the systems in place is performed in order to raise awareness of vulnerabilities and thus ensure a higher level of preparedness of the Company.

C.6 Other material risks

NON-FINANCIAL RISK

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

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

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

To manage reputational risks, the Company applies the reputation measurement method where it considers the current aspects that may adversely affect the Company's reputation. The negative impact on the reputation can be internal or external, whereby the Company focuses mainly on internal factors as it is able to influence them the most. With a functioning internal control system, the Company ensures that its operations are legal, professional and ethical. It ensures the appropriate quality of services and products, achieves financial objectives, properly manages relationships with key stakeholders and fulfils sustainable commitments or sustainable aspects of business operations. It observes the set environmental goals and strives to respect unlimited and healthy competition in the market.

Effective reputational risk management enables the Company to maintain market leadership, maintain or increase market capitalisation, resolve potential crises more easily and be resilience in uncertain situations. It also ensures the trust, loyalty and satisfaction of stakeholders. Thecontinued maintenance of a low reputation risk estimate is crucial for the Company and it has therefore set high goals in this area.

GROUP RISK arises from the business model of the Company, which operates as the controlling company or a group of related parties. It includes risks that may jeopardise the achievement of strategic goals due to an ineffective system of governance and insufficient knowledge of the business environment where the Group companies operate. The risk profile is also affected by the review and treatment of transactions between associated companies and the complexity of managing concentration risks. All of the abovementioned risks may materialise in the form of larger or smaller deviations from the business or financial plan as a result of losses or lost business opportunities.

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

- Environmental risks (E) represent the risks of climate change, water and natural resources shortages, threats to biodiversity and pollution. Climate risks are divided into physical risks and transitional risks. Physical risks represent the risks of financial losses due to extreme weather events or other environmental impacts related to climate change. Transitional risks are related to risks arising from changes in business operations or the environment as a result of measures to encourage the transition to a low-carbon economy with the aim of reducing the human impact on climate change (transitional risks include risks of policies or legislative bases, legal risks, technological risks, market sentiment risk and reputational risk).
- Social risks (S) mainly include risks arising from the way in which 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 employee and good relations with customers, suppliers and contractual partners, care for local communities and society, care for human rights and at the same time care for the safety and quality of products.
- Governance risks (G) are risks associated with an inappropriately or inadequately established management system, in particular in the field of environmental and social aspects. They include the legality of operations, corporate governance standards, including the risk management system and the internal control system, the area of remuneration of the company's management, applied business practices and investor relations policy.

In accordance with its mission of creating a safer future, which it also implements with a sustainable orientation in the ESG field, the Company continued to upgrade the sustainable risk management system in 2023 as well. In addition to the Sustainable Development Policy of the Company and the Group, the Company also publicly announced the Sustainable Investment Policy of the Company and the Group. At the level of the investment portfolio, it established monitoring of the value of the main adverse impacts (PAI indicators). In order to manage the transitional risks, for both the investment and the insurance portfolio, it studied the methodology of the Partnership for Carbon Accounting Financials (PCAF) and analysed its portfolio on this basis. As part of the ORSA process in 2023, the Company paid special attention to the identification and assessment of climate risks at the Group level. Based on the qualitative assessment of the risk of climate change on the assets and liabilities sides, it is expected that these risks will be significant in the investment part of the Company's operations over both the medium and long term. In this regard, it will be necessary to actively adapt investment policies for investment and pension insurance to the green transition as the risk of market sentiment is especially important for this type of insurance. On the liability side, the Company has identified physical risk as the biggest short-term climate risk, namely a flood event, while in the medium and long term, the Company's operations will probably also be materially affected by other perils (hail storm, drought) and above all the available capacities on the reinsurance market. Based on a qualitative assessment of climate risks, the Company prepared a stress scenario that covered risks that could be significant also in the short term. These are primarily physical risks within the insurance portfolio. Based on the findings, measures were listed for improved management of these risks.

Identified future risks are risks that may or may not develop in the future, but are not yet materially important risks. They are characterised by being difficult to evaluate and can have a strong (potential) impact on the Company's operations. Based on past experience, they cannot be predicted, as there is often insufficient information to predict the frequency or amount of damage caused. Emerging risks are closely monitored, and their management system is simultaneously upgraded accordingly.

C.7 Any other information

PRUDENT PERSON PRINCIPLE

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

There is an investment policy for every investment portfolio in place. 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 of the Company. Good practices in asset management are pursued in the management of assets at the level of the Company.

In line with good practices, the Company has set up a range of indicators used to regularly monitor risks which enables it to take timely action. The Company ensures ongoing liquidity of individual portfolios. The assets of Company are invested in a manner that ensures their availability. The safety and profitability of investment portfolios as well as their compliance with the established limits are monitored daily, weekly and monthly. The structure of the Company's financial assets remains relatively conservative, focusing on fixed-return investments.

Each individual investment is treated from the point of view of the portfolio which requires the investment to be assessed primarily in terms of the effect on 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.

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

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

STRESS TESTS

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

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

In 2023, the Company performed 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 considered by the Company include the financial scenario of the onset of recession and persistent elevated inflation as well as the resulting negative effects on financial markets, the scenario of liquidity deterioration and two scenarios in the area of operational risks. Special attention was paid to the analysis of the impact of climate change, which included a qualitative and quantitative assessment. The Company also performed a reverse stress test, which combined the effects of the occurrence of several stress tests at the same time.

OTHER RELEVANT INFORMATION

All other information relating to the risk profile was disclosed by the Company 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

The Company values its assets and liabilities for solvency purposes at fair value.

When assets and liabilities are valued, the risk-free interest rate curve published by EIOPA is used whereby no adjustments of the curve are applied.

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

Table 23: Balance sheet of the Company as at 31 December 2023

2023			**In EUR thousand**
Balance sheet		**Value for solvency purposes**	**Value for financial reporting purposes**
Assets		**3,165,475**	**2,934,467**
Intangible assets	D.1.1	0	30,879
Deferred tax assets	D.1.2	18,833	12,798
Property, plant and equipment held for own use	D.1.3	84,279	72,966
Investments	D.1.4	1,947,018	1,671,161
Assets held for index-linked and unit-linked contracts	D.1.5	785,465	786,652
Loans and mortgages	D.1.6	4,364	4,548
Reinsurance recoverables	D.1.7	183,442	305,977
Deposits to cedants	D.1.8	17	17
Insurance and intermediaries receivables	D.1.9	27,734	0
Reinsurance receivables	D.1.10	64,852	0
Receivables (trade not insurance)	D.1.11	29,433	29,433
Cash and cash equivalents	D.1.12	17,393	17,393
Any other assets, not elsewhere shown	D.1.13	2,645	2,645
Liabilities		**2,238,908**	**2,265,246**
Technical provisions	D.2	2,081,597	2,133,693
Provisions, other than technical provisions	D.3.1	14,324	14,324
Deposits from reinsurers	D.3.2	17	17
Deferred tax liabilities	D.3.3	7,429	0
Financial liabilities other than debts owed to credit institutions	D.3.4	6	6
Insurance and intermediaries payables	D.3.5	18,128	0
Reinsurance payables	D.3.6	4,629	0
Payables (trade not insurance)	D.3.7	59,337	59,337
Subordinated liabilities	D.3.8	45,568	49,994
Any other liabilities, not elsewhere shown	D.3.9	7,875	7,875
Excess of assets over liabilities		**926,566**	**669,221**

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

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

D.1.1 Intangible assets

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

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

Table 24: Company's intangible assets

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Intangible assets	0	0	30,879

D.1.2 Deferred tax assets

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

Deferred tax assets are valued for solvency purposes as the sum of deferred tax assets for financial reporting purposes and the product of the currently applicable tax rate and the difference between the accounting and market values of assets, whereby this excludes the values of holdings in related undertakings, including participations. For solvency purposes, the items are not netted against deferred tax liabilities as they are for financial reporting purposes.The tax rate used to account deferred tax assets is 22% both for solvency and for financial reporting purposes (last year the tax rate was 19%).

Table 25: Company's deferred tax assets

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Deferred tax assets	18,833	72,702	12,798

In 2023, the value of deferred tax assets decreased by EUR 53.9 million due to the decrease in the difference between total assets before taxes and participations for financial reporting purposes and total assets before taxes and participations for solvency purposes.

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

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

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

The Company works with a certified real estate appraiser who evaluates real estate every year. The fair value of real estate was set according to the state of affairs as at 30 September 2023. During the period from the completed valuation to the reporting date, there were no changes that materially affect the fair value of real estate as at 31 December 2023.

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

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Property, plant and equipment held for own use	84,279	80,378	72,966

The value of property, plant and equipment held for own use increased by EUR 3.9 million compared to the year before. The increase in the item is affected mainly by the increase in property, plant and equipment except land and buildings in the amount of EUR 2.8 million and the increase in the value of lease rights by EUR 0.4 million.

D.1.4 Investments

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

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

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

Table 27: Company's investments as at 31 December 2023

In EUR thousand

Assets	Value for solvency purposes	Value for financial reporting purposes
Investments	**1,947,018**	**1,671,161**
Real estate, except real estate held for own use	59,495	43,427
Holdings in related undertakings, including participations	508,984	256,579
Equities	7,436	7,436
Bonds	1,252,620	1,245,097
Collective investment undertakings	111,328	111,328
Deposits other than cash and cash equivalents	7,074	7,212
Other investments	81	81

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

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

Table 28: Company's real estate (except real estate held for own use)

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2023	**2022**	**2023**
Real estate (except real estate held for own use)	59,495	58,525	43,427

The value of real estate (except real estate held for own use) increased by EUR 1.0 million compared to 2022. There were no significant purchase or sale transactions in the period under review, and the change compared to last year's value of the item is explained by minor differences between the last and previous valuation of individual investments.

D.1.4.2 Holdings in related undertakings, including participations

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

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

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

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

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

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

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

In EUR thousand

Valuation method	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
AEM S2	385,918	345,959	172,150
AEM S1	111,797	123,662	79,614
AVM	11,269	10,171	4,815
Skupaj	**508,984**	**479,792**	**256,579**

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

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

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Holdings in related undertakings, including participations	508,984	479,792	256,579

The value of holdings in related undertakings increased in 2023 by EUR 29.2 million. Pozavarovalnica Triglav Re shows the largest positive revaluation, mainly due to of good operating performance. The good operating performance of some subsidiaries and the payment of additional capital increased the value of Triglav INT. The value of Triglav, Zdravstvena zavarovalnica, is higher due to the ample payment of additional capital, however the dividends paid out meant that the value of Triglav Skladi is lower than at the end of the previous year.

D.1.4.3 Equities

Investments into equities (except related undertakings) are valued – provided there is an active market for such equities – according to the closing ask price on the stock exchange. In the event of an inactive market, the value of the investment is determined by the last known 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, the cost value is important for determining the value of the asset. Valuation for financial reporting purposes generally does not deviate from the valuation for solvency purposes.

Table 31: Company's investments in equities

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2023	**2022**	**2023**
Equities	**7,436**	**20,547**	**7,436**
Listed equities	3,091	15,691	3,091
Unlisted equities	4,345	4,855	4,345

The value of equities decreased by EUR 13.1 million in 2023. The biggest decrease was recorded in the category of listed equities, and the reason for the decrease is primarily divestments with the aim of reducing exposure to the local market and greater geographical diversification of the investment class.

D.1.4.4 Bonds

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

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

a) the price is determined by the last concluded transaction provided the economic circumstances have not changed materially since the last transaction;

b) valuation model.

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

Table 32: Company's bonds

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Bonds	**1,252,620**	**1,283,550**	**1,245,097**
Government bonds	749,028	760,526	742,395
Corporate bonds	502,556	522,054	501,666
Structured notes	1,035	971	1,035
Collateralised securities	0	0	0

The value of bonds decreased by EUR 30.9 million in 2023. The effect of the drop of nearly EUR 31 million is broken down into the negative cash flow of EUR 112.3 million and the positive revaluation of EUR 81.4 million. The major portion of the positive revaluation comes from the government bond segment. As they primarily cover insurance liabilities with the longest maturities, this segment of investments is most subject to the movement of risk-free interest rates. In the previous year the government bond segment recorded EUR 71.7 million in outflows, while the outflows from the corporate bond segment amounted to EUR 40.6 million.

Owing to the different valuation of investments that are classified in financial statements as "held-to-maturity" or "loans and receivables", there is a difference of EUR 7.5 million up to the value for solvency purposes. The major portion of the revaluation comes from the government bond segment.

D.1.4.5 Collective investment undertakings

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

Table 33: Company's collective investment undertakings

In EUR thousand

Investments	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Collective investment undertakings	111,328	113,706	111,328

The value of item decreased by EUR 2.4 million in 2023. The total decrease in equity and debt-oriented collective investment undertakings in the amount of EUR 24 million was mostly compensated by additional investments in alternative investment funds.

D.1.4.6 Deposits other than cash and cash equivalents

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

Table 34: Company's deposits other than cash and cash equivalents

			In EUR thousand
Investments	**Value for solvency purposes**		**Value for financial reporting purposes**
	2023	**2022**	**2023**
Deposits other than cash and cash equivalents	7,074	19,121	7,212

The value of item decreased by EUR 12 million in 2023 mainly as a result of the cancellation of the deposit at Sberbank Croatia.

D.1.4.7 Other investments

Other investments at the Company represent funds in claims funds and financial assets not classified in any of the other categories from preceding sections of this Report. For solvency purposes, the value of these assets follows the value as used for the preparation of financial statements.

Table 35: Company's other investments

			In EUR thousand
Investments	**Value for solvency purposes**		**Value for financial reporting purposes**
	2023	**2022**	**2023**
Other investments	81	1,912	81

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

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

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

Table 36: Company's assets held for index-linked and unit-linked contracts

			In EUR thousand
Balance sheet	**Value for solvency purposes**		**Value for financial reporting purposes**
	2023	**2022**	**2023**
Assets held for index-linked and unit-linked contracts	785,465	683,000	786,652

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 item is largely explained by the markedly positive movement of financial – mainly equity – markets in 2023.

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 37: Company's loans and mortgages

In EUR thousand

Balance sheet	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Loans and mortgages	**4,364**	**4,205**	**4,548**
Loans on policies	3,480	3,196	3,480
Other loans and mortgages	884	1,009	1,067

The assets listed under the loans and mortgages item remained nearly unchanged in 2023. The increase on the policy-based loans is balanced by the decrease on the "other loans" item. The latter only comprises “loans to associates” in 2023.

D.1.7 Reinsurance recoverables

For financial reporting purposes, the Company values reinsurance contracts in accordance with IFRS 17. To measure reinsurance contracts in 2023, it applied the premium allocation approach (PAA).

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

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

Table 38: Company's reinsurance recoverables

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Reinsurance recoverables	**183,442**	**120,913**	**305,977**
Non-life and health insurance	172,806	112,040	305,977
Life insurance	10,637	8,874	0

In 2023, the values of reinsurance recoverables increased in line with the increase in gross claims provisions. Their movement is thus in line with the amount of gross provisions and the dynamics of the Company's insurance claims payments.

D.1.8 Deposits to cedants

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

Table 39: Deposits to cedants

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Deposits to cedants	17	15	17

The value of the item did not change materially in 2023.

D.1.9 Insurance and intermediaries receivables

Insurance & intermediaries receivables are no longer monitored as separate item for financial reporting purposes. According to the new IFRS 17 standard, these receivables are now part of technical provisions for financial reporting purposes.

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

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

Table 40: Company's insurance and intermediaries receivables

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Insurance & intermediaries receivables	27,734	32,914	0

At the end of 2023, insurance and intermediaries receivables decreased by EUR 5.2 million compared to the year before at the Company due to a change in the data collection methodology, which is the result of the change in the IFRS standard. As a result, Other receivables from direct insurance operations and Other current receivables from insurance operations items are included under the Receivables item (trade not insurance), which is presented in more detail in section D.1.11 of this Report.

D.1.10 Reinsurance receivables

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

Table 41: Company's reinsurance receivables

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Reinsurance receivables	64,852	14,812	0

Assets under this item at the Company increased by EUR 50 million in 2023 mainly as a result of the increase in claim receivables due from Pozavarovalnica Triglav Re. The increase is mainly the result of claims for natural disasters in Slovenia in 2023.

D.1.11 Receivables (trade not insurance)

Receivables (trade not insurance) at the Company comprise receivables from financing activities and receivables from operating activities. For financial reporting purposes, these receivables are generally measured at amortised cost using the effective interest rate method. They are valued in the same manner for solvency purposes.

Table 42: Company's receivables (trade not insurance)

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Receivables (trade not insurance)	29,433	10,980	29,433

In 2023, receivables (trade not insurance) at the Company increased by EUR 18.4 million. The increase comes from the change in data capture, which is the result of the introduction of the IFRS 17 standard. In 2023, other receivables from direct insurance operations and other current receivables from insurance operations are additionally taken into account in this item.

D.1.12 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash on hand. This item is valued according to its nominal value for both valuation purposes.

Table 43: Company's cash and cash equivalents

In EUR thousand

Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Cash and cash equivalents	17,393	11,336	17,393

At the end of 2023, the value of the item increased by EUR 6.1 million, however its share in all other assets remains low.

D.1.13 Any other assets, not elsewhere shown

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

Table 44: Company's any other assets, not elsewhere shown

In EUR thousand

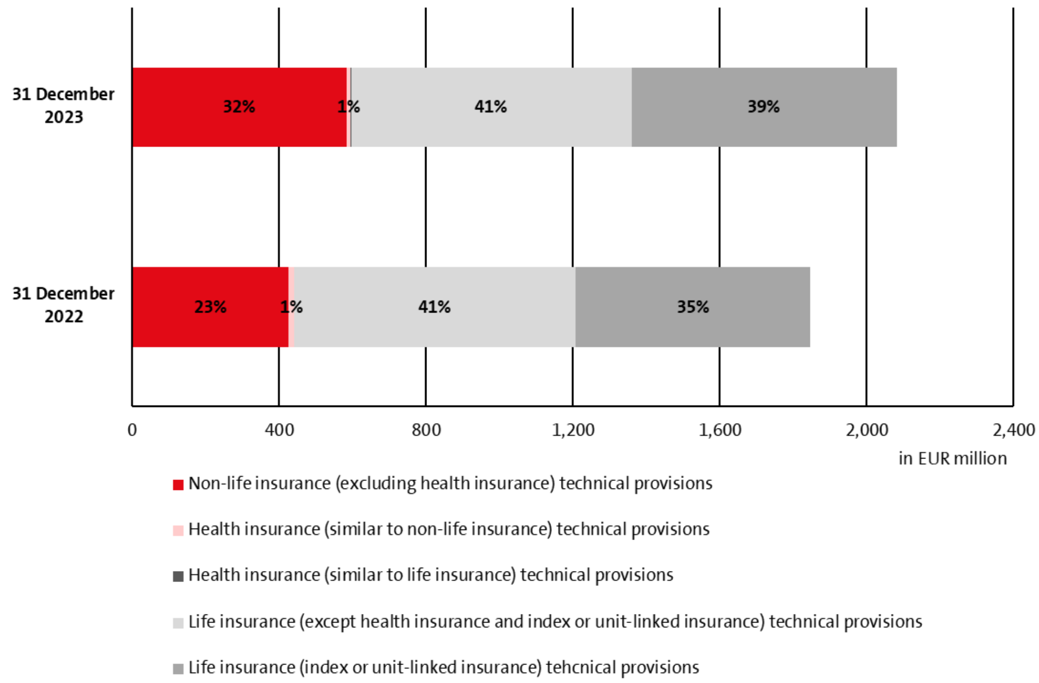
Assets	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Any other assets, not elsewhere shown	2,645	2,390	2,645

The value of any other assets, not elsewhere shown did not increase materially in 2023.

D.2 Technical provisions

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

Chart 7: Company's technical provisions as at 31 December 2023 and 31 December 2022



CONTRACT BOUNDARIES AND HOMOGENEOUS RISK GROUPS

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

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

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

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

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

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

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

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

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

The table below shows the results of technical provisions by the largest insurance segments as at 31 December 2023. The results are broken down into premium and claims provisions, and the risk margin. Non-life and health insurance technical provisions are shown in greater detail in template S.17.01, which is appended to this Report.

Table 45: Non-life and health insurance technical provisions of the Company for solvency purposes as at 31 December 2023 with a comparison with the balance as at 31 December 2022

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

2022				**In EUR thousand**
Non-life and health insurance technical provisions	**Claims provision**	**Premium provision**	**Risk margin**	**Technical provisions**
-- Fire and other damage to property insurance (LoB 7)	111,470	28,238	7,031	146,739
-- Motor vehicle liability insurance (LoB 4)	89,295	22,534	2,971	114,801
-- General liability insurance (LoB 8)	52,189	2,640	1,525	56,354
-- Other non-life insurance segments	80,120	33,918	8,076	122,114
Total	**333,074**	**87,330**	**19,604**	**440,007**

The Company recorded a premium provision and claims provision growth in the non-life and health insurance segment in 2023. Claims provisions increased mainly as a result of the increase in reported claims in the insurance segments of Fire insurance and other damage to property insurance (LoB 7), Motor vehicle liability insurance (LoB 4), General liability insurance (LoB 8) as well as portfolio growth. The premium provision increased compared to last year due to an increase in the unearned premium due to portfolio growth and claim ratios due to unfavourable developments in the area of claims.

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

The best estimate of technical provisions is calculated separately for claims incurred after the calculation date and for claims incurred already as at the calculation date. The first calculation is termed the best estimate of the premium provision and the second is termed the best estimate of the claims provision.

The best estimate of the premium provision as at 31 December 2023 amounted to EUR 125.9 million.

The basis for the best estimate of the premium provision is future cash flows from premiums, claims, subrogations, costs, bonuses and discounts, terminations and commissions. The main assumption in the calculation is matching the pattern of development of future cash flows from the premium provision with the pattern that is calculated and used in claims provisioning. Unearned premium calculated as at the calculation date is used as the measure of exposure.

The best estimate of the claim provision as at 31 December 2023 amounted to EUR 447.1 million.

The best estimate of the claims provisions is calculated separately for incurred reported claims, i.e. all claims reported up to the last day of the reporting period, and for incurred unreported claims, i.e. claims incurred but not sufficiently reported and reopened claims, which are claims that have not been finally resolved by the last day of the reporting period.

The best estimate of incurred reported claims is monitored at the level of an individual claim file. Individual claim adjustment departments are responsible for estimating individual claims, whereby data that affect the estimates are entered concurrently.

Provisions for incurred unreported claims are calculated at the level of insurance segments, for which a combination of established actuarial techniques is used, i.e. Chain-ladder and Bornhuetter-Ferguson. Inflation is also taken into account appropriately in the calculation.

The best estimate of the claims provision is increased by the expected claim adjustment costs and decreased by the best estimate of subrogations. The best estimate of expected subrogations refers to the claims in the part for which the best estimate of the claims provision was made. When calculating non-life and health insurance liabilities, the following parameters are used: future inflation, expected claim development pattern, final claims ratio and costs. The parameters are determined based on past experience and are, as appropriate, adjusted so as to best correspond with the expected development of insurance liabilities. If there is a suspicion for an individual segment or specific insurance group of insurance products that the past will not reflect the future development, professional actuarial judgement is applied in the selection of parameters. This ensures that insurance liabilities reflect the amount of insurance liabilities as much as possible.

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

As at 31 December 2023, the risk margin amounted to EUR 22.3 million.

The risk margin comprises the separate calculation for the portfolio of non-life and health insurance and the calculation for non-life insurance claims that are paid out in the form of annuities that are calculated using life insurance techniques. The basis for the calculation is the estimated future capital requirements of the selected portfolio, i.e. separately for individual risk types. The approach used is the one under the first method according to the hierarchy of the EIOPA Guidelines on the valuation of provisions (section 1.113).

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

Table 46: Differences between technical provisions for non-life and health insurance for solvency purposes and for financial reporting purposes as at 31 December 2023

In EUR thousand

Liabilities	Value for solvency purposes	Value for financial reporting purposes
Non-life and health technical provisions	595,336	687,817

As at 31 December 2023, non-life and health insurance technical provisions for financial reporting purposes amounted to EUR 687.8 million, while they amounted to EUR 595.3 million for solvency purposes.

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

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

The calculation of the adjustment due to non-financial risk, which is considered when valuing the liability for remaining coverage, is based on the capital requirement of some sub-modules of the standard formula and is also implicitly taken into account when measuring using the premium allocation method. The calculation of the adjustment due to non-financial risk, which is considered when valuing the liability for claims incurred, is not similar to the calculation of the risk margin, as it is based on stochastic methods of claims provisions calculation.
In addition, differences in valuation are also caused by the different principle of policy recognition, accounting of cash flows such as liabilities for claims and future premium payments according to maturity, and accounting of costs. These are considered in the valuation for financial reporting purposes only in the part that can be attributed to the policy (i.e. attributable costs), while all are considered when calculating the best estimate of technical provisions for solvency purposes.

D.2.2 Technical provisions for life insurance

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

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

Table 47: Life insurance technical provisions for solvency purposes as at 31 December 2023 and 31 December 2022

2023				In EUR thousand
Life insurance technical provisions	**Claims provision**	**Premium provision**	**Risk margin**	**Technical provisions**
Insurance with profit participation (LoB 30)	2,909	686,894	12,612	702,415

Index-linked and unit-linked insurance (LoB 31)	1,788	699,226	21,660	722,674
Other life insurance (LoB 32)	317	-200	7,084	7,200
Annuities from non-life insurance contracts (LoB 34)	53,800	0	172	53,972
Total	**58,814**	**1,385,920**	**41,526**	**1,486,261**

Note*: Classified under life insurance technical provisions.

2022 **In EUR thousand**

Life insurance technical provisions	Claims provision	Premium provision	Risk margin	Technical provisions
Insurance with profit participation (LoB 30)	1,246	703,855	15,143	720,244
Index-linked and unit-linked insurance (LoB 31)	732	619,560	19,782	640,073
Other life insurance (LoB 32)	293	-9,208	5,249	-3,666
Annuities from non-life insurance contracts (LoB 34)	49,312	0	177	49,490
Total	**51,585**	**1,314,206**	**40,349**	**1,406,140**

Life insurance technical provisions of the Company are shown in greater detail in template S.12.01 in the Appendix to this Report.

D.2.2.1 Best estimate of life insurance technical provisions

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

For the purpose of the best projection of cash flows, the Company uses an appropriate set of assumptions at the level of homogenous risk groups into which policies are classified. For unexpired perils, the best estimate of liabilities is calculated using future cash flow projections, subject to the associated assumption, i.e. separately for each policy. For expired perils, the Company recognises the best estimate of liabilities separately subject to the insured event – in the case of endowments, the best estimate of liabilities is calculated by policy; in the case of other risks, it is calculated at the level of homogenous risk groups using the Bornhuetter-Ferguson (BF) methodology of actuarial triangles, which is a loss reserving technique used for non-life insurance. The theoretical concept defines the best estimate of liabilities as the market value of liabilities, which is difficult to realise in practice on the market. Therefore, the best estimate of liabilities is calculated as the present value of all estimated future income and expenses, separately by insurance policy and weighted by the probability of realisation. Income includes gross premiums, charged costs and other income (e.g. refunds), while expenses include actual costs, fees and commissions, claims and other eventual expenses. Return on assets is not included in income. The risk-free interest rate curve published by EIOPA is used for discounting cash flows.

Expenses related to future actual costs are calculated using a cost model that contains the following cost types required to the performance of insurance contracts, i.e. insurance management costs, investment management costs, claim management costs, and insurance acquisition costs, except fees that make up a special type of cash flow.

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

- uncertainty regarding the timing and probability of insured events;
- uncertainty regarding the amounts of claims;
- uncertainty regarding the amount of actual costs;
- uncertainty regarding the expected future development of the external environment;
- uncertainty regarding policyholder behaviour.

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

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

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

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

The assumptions regarding policyholder behaviour are considered in a deterministic manner, meaning that the actions of insurers are not dependent on the economic scenario, but rather depends on other risk factors such as age of the policy, type of insurance product, etc. An analysis was carried out of the frequency of suspensions of insurance premium payments depending on macroeconomic indicators (economic growth, inflation, returns on financial markets, returns on money markets) where, according to professional judgment, dynamic behaviour of policyholders would be expected. The analysis did not provide statistically significant evidence of the existence of such behaviour.

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

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

- insurance with profit participation where it decreased by EUR 15.3 million mostly as a result of the decrease in the best estimate of liabilities of projected cash flows in 2023 by EUR 64.8 million and increase in the best estimate of liabilities due to interest remuneration in the period and the drop in the risk-free interest rate curve by a total of EUR 39.6 million;

- index or unit-linked insurance where it increased by EUR 80.7 million mainly as a result of actual investment movements in the period which increased the best estimate of liabilities by EUR 47.5 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 33.7 million;

- other life insurance where it increased by EUR 9.0 million mostly as a result of a change in scope of the calaculation (EUR 7.5 million);
- annuities under non-life insurance which increased by EUR 4.5 million mainly as a result of 53 new liabilities from annuities, i.e. by EUR 4.1 million. The increase in liabilities is also affected by the risk-free interest rate curve that increases provisions by EUR 2.9 million. There were 41 liabilities from annuities worth EUR 2.5 million that were closed.

D.2.2.2 Risk margin for life insurance

The definition of the risk margin contains difficult to calculate future solvency capital requirements for all future periods until the maturity of the existing portfolio of liabilities. Therefore, the Company calculates them by applying a simplification based on the calculation of the future values of partial solvency capital requirements for individual types of life insurance risks (e.g. mortality, longevity, costs, etc.) on the basis of values of substitutes which can be calculated in practice.

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

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

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

The methodology and bases for the valuation of technical provisions for financial reporting purposes stipulate the method for the calculation of the present value of a realistic estimate of all relevant cash flows, which is also referred to as the "present value of future vcash 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 and is therefore uniform for all insurance companies within a given country.

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

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

Table 48: Differences between technical provisions for life insurance for solvency purposes and for financial reporting purposes as at 31 December 2023

In EUR thousand

Liabilities	Value for solvency purposes	Value for financial reporting purposes*
Life insurance technical provisions	1,486,261	1,445,876

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

The material difference between the two valuations results from annuities under non-life and health insurance, which are presented under life insurance for solvency purposes and amount to EUR 54.0 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 taking into account 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 "DBF";
- jubilee benefits which represent other long-term employee benefits.

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

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

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

Provisions for jubilee benefits and severance pay upon retirement for solvency purposes match the provisions calculated for financial reporting purposes. The calculation uses an interest rate curve derived from the yield curve of Slovenian government bonds denominated in euros. The application of the abovementioned curve has no material effect on the amount of provisions.

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 49: Company's provisions, other than technical provisions

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Provisions, other than technical provisions	14,324	12,536	14,324

The value of the item did not change materially in 2023.

D.3.2. Deposits from reinsurers

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

Table 50: Company's deposits from reinsurers

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Deposits from reinsurers	17	15	17

The value of the item did not change materially in 2023.

D.3.3 Deferred tax liabilities

In accordance with IFRS, deferred tax liabilities are accounted for all temporary differences between the value of liabilities for tax purposes and their carrying amounts. For financial reporting purposes, deferred tax liabilities are the positive netted value for deferred tax assets for financial reporting purposes.

Deferred tax liabilities are valued for solvency purposes as the sum if deferred tax liabilities for financial reporting purposes and the product of the tax rate and the difference between the value of liabilities for financial reporting and solvency purposes. The tax rate of 22% is applied in the calculation of deferred tax liabilities (last year the tax rate was 19%). For solvency purposes, the item is not netted against deferred tax assets as it is for financial reporting purposes.

Table 51: Company's deferred tax liabilities

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Deferred tax liabilities	7,429	68,179	0

As at 31 December 2023, deferred tax liabilities for solvency purposes decreased by EUR 60.8 million compared to the previous year, mainly due to the decrease in the difference between total liabilities before taxes for financial reporting purposes and total liabilities before taxes for solvency purposes.

D.3.4 Financial liabilities other than debts owed to credit institutions

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

Table 52: Company's financial liabilities other than debts owed to credit institutions

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Financial liabilities	6	1	6

D.3.5 Insurance and intermediaries payables

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

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

Table 53: Company's insurance and intermediaries payables

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Insurance and intermediaries payables	18,128	23,482	0

The value of the item decreased by EUR 5.4 million in 2023, which is mainly the result of less data being collected on this item, which is now part of the Liabilities item (trade not insurance) for solvency purposes, which is presented in more detail in section D.3.7 of this Report.

D.3.6 Reinsurance payables

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

Table 54: Company's reinsurance payables

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Reinsurance payables	4,629	14,807	0

In 2023, the Company’s reinsurance payables decreased by EUR 10.2 million, which was mostly the result of the decrease in past due exposure in the Employee accident insurance (LoB 3) segment, i.e. comprehensive vessel casco coverage.

D.3.7 Payables (trade not insurance)

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

Table 55: Company's payables (trade not insurance)

In EUR thousand

Liabilities	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Payables (trade not insurance)	59,337	61,214	59,337

In 2023, the Company's payables (trade not insurance) decreased by EUR 1.9 million. Part of the difference resulted from a different coverage of accounting items, whereby fewer accounting items were covered last year than at the end of 2023. Among the comparable items between the years, the largest decrease occurred in the items Payables to employees and Current tax liabilities.

D.3.8 Subordinated liabilities

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

Table 56: Company's subordinated liabilities

In EUR thousand

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

Subordinated liabilities increased by EUR 2.2 million in 2023.

D.3.9 Any other liabilities, not elsewhere shown

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

Table 57: Company's any other liabilities, not elsewhere shown

In EUR thousand

Balance sheet	Value for solvency purposes		Value for financial reporting purposes
	2023	2022	2023
Any other liabilities, not elsewhere shown	7,875	7,967	7,875

The value of any other liabilities, not elsewhere shown did not change materially in 2023.

D.3.10 Lease agreements

Lease liabilities in 2023 are recognised in the amount of the current value of future payments. Changes are presented in greater detail in section A.4.2 of this Report.

D.4 Alternative methods for valuation

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

D.5 Any other information

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

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

OTHER RELEVANT INFORMATION

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

E.

Capital management

E.1 Own funds

E.2 Solvency capital requirement and minimum capital requirement

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

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

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

E.6 Any other information

E. Capital management

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

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

The objective of the capital management system that has been put in place is the efficient use of available own funds (also termed economic capital), which provides for:

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

In order to achieve its strategic objectives, the Company has a capital management system in place that ensures transparent and optimum allocation of economic capital by functional area that is synchronized with the risk-adjusted profitability criteria. In this way, consistent implementation of the capital management system ensures a long-term and stable return on investment for the owners. Dividend distributions are performed based on the pre-defined criteria of the dividend policy which enables the Company to ensure stable operations, growth, achievments ofstrategic goals over the long-term, satisfaction of all stakeholders and a stable ownership structure of the Company.

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

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

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

CAPITAL ADEQUACY OF THE COMPANY

As at 31 December 2023, the Company was adequately capitalised and had sufficient own funds available to meet both the solvency capital requirement (243%) and the minimum capital requirement (725%).

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

Eligible own funds include all Tier 1 own fund items, and Tier 2 and Tier 3 own fund items up to the regulatory specified amounts. Only eligible own funds, which are without restrictions, are used to meet the MCR, whereby they comprise all Tier 1 own fund items, and Tier 2 own fund items, which may not exceed 20% of the MCR within the scope of the regulatory restriction.

Table 58: Capital adequacy of the Company as at 31 December 2023 and 31 December 2022

In EUR thousand

Capital adequacy of the Company	2023	2022
Total eligible own funds to meet the SCR	964,001	930,090
Total eligible own funds to meet the MCR	931,826	903,088
SCR excluding ring-fenced funds	396,677	374,501
SCR with ring-fenced funds	123,987	104,456
Solvency capital requirement (SCR)	243 %	248 %
Minimum capital requirement (MCR)	752 %	865 %

The Company's capital adequacy decreased by 5 p.p. in the reporting period, which is the result of the increase in the SCR. Total eligible own funds increased last year. The movement of the SCR is explained in section E.2 of this Report and the movement of eligible own funds in section E.1 of this Report.

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

E.1 Own funds

As at 31 December 2023, the Company only had basic own funds totalling EUR 964 million. They were composed of the Company's share capital (EUR 73.7 million), subordinated liabilities (EUR 45.6 million), net deferred tax assets as Tier 3 assets (EUR 11.4 million) and the reconciliation reserve (EUR 833.3 million). The reconciliation reserve consists of the excess of assets over liabilities in the amount of EUR 926.6 million less the value of predictable dividends for the 2023 financial year (EUR 8.1 million), the Company's share capital and the value of net deferred tax assets. The Company did not have any ancillary own funds as at 31 December 2023.

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

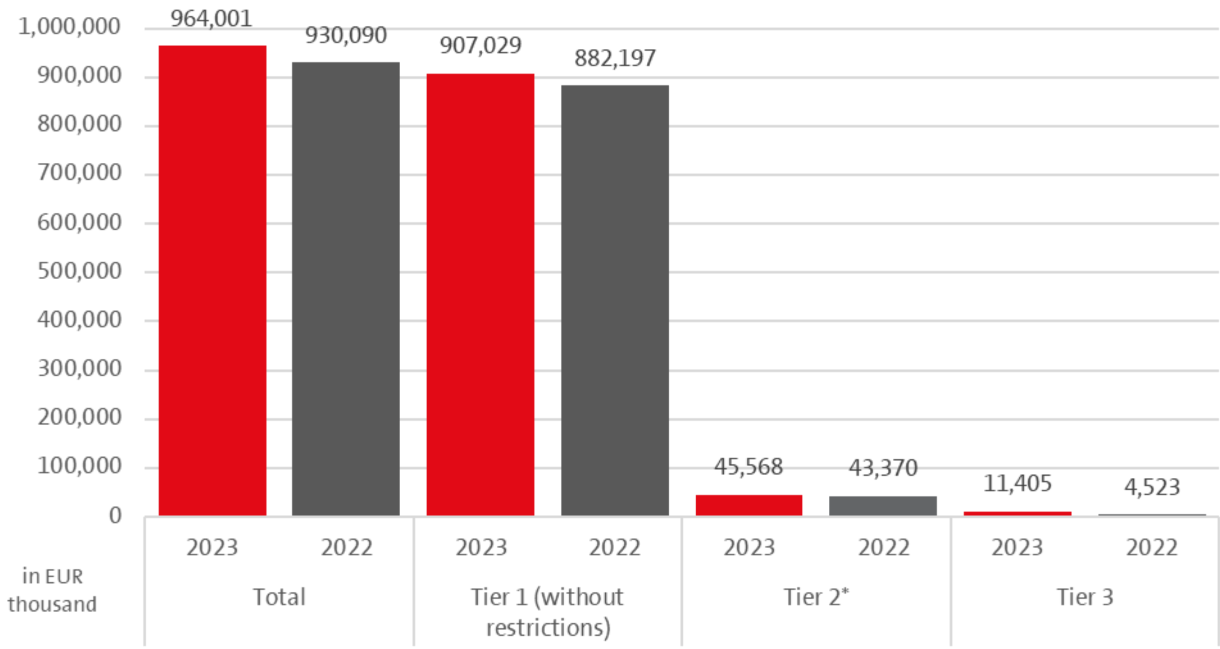
Table 59: Structure of own funds according to tier as at 31 December 2023 and 31 December 2022

In EUR thousand	2023	2022
Tier 1	**907,029**	**882,197**
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	833,328	808,495
Deductions	0	0
Tier 2	**45,568**	**43,370**
Subordinated liabilities	45,568	43,370
Deductions	0	0
Tier 3	**11,405**	**4,523**
Deductions	0	0
Total eligible own funds to meet the SCR	**964,001**	**930,090**

In EUR thousand	2023	2022
Tier 1	**907,029**	**882,197**
Ordinary shares (including treasury shares)	73,701	73,701
Reconciliation reserve	833,328	808,495
Deductions	0	0
Tier 2 (maximum of 20% of the MCR)	**24,797**	**20,891**
Subordinated liabilities	24,797	20,891
Deductions	0	0
Total eligible own funds to meet the MCR	**931,826**	**903,088**

The Company's total eligible own funds to meet the SCR increased by EUR 33.9 million in the reporting period as a result of the increase in the reconciliation reserve by EUR 24.8 million. Subordinated liabilities Increased by EUR 2.2 million in the reporting period. In 2022, Tier 3 eligible own funds amounted to EUR 4.5 million, while they were EUR 11.4 million in 2023 and were derived from net deferred tax assets as a result of the increase of this item for financial reporting purposes.

Chart 8: Comparison of available eligible own funds to meet the SCR as at 31 December 2023 and 31 December 2022



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

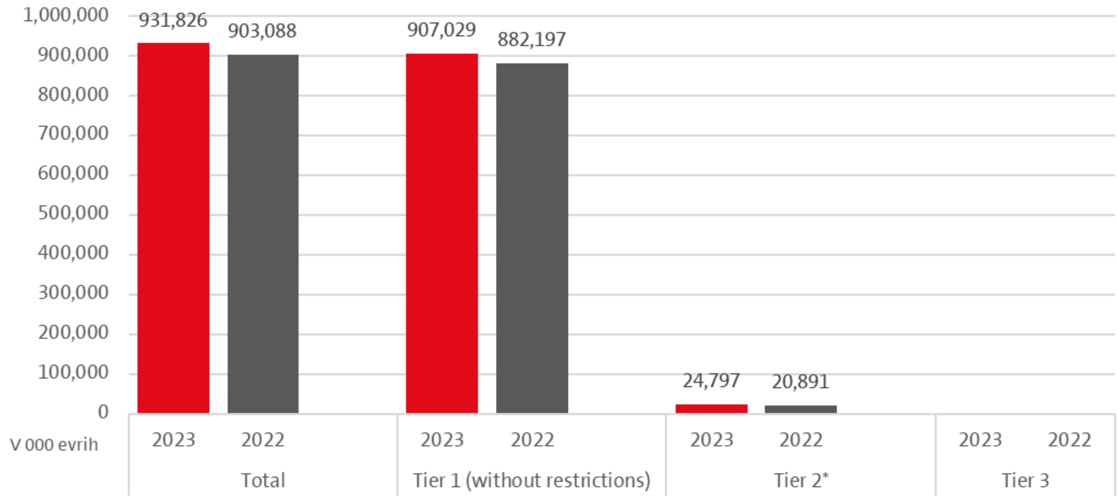
The Company's total eligible own funds to meet the MCR as at 31 December 2023 amounted to EUR 931.8 million, whereby Tier 2 own funds that exceed 20% of the MCR and all Tier 3 own funds are already excluded from the said amount.

The Company holds the highest quality own funds and thus classifies its entire share capital and the reconciliation reserve as Tier 1 assets, while it classifies subordinated bonds as Tier 2 assets and net deferred tax assets as Tier 3 assets.

In 2023, the Company met all the required restrictions regarding Tier 1, 2 and 3 own funds referred to Article 82[6] of the Delegated Regulation.

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

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

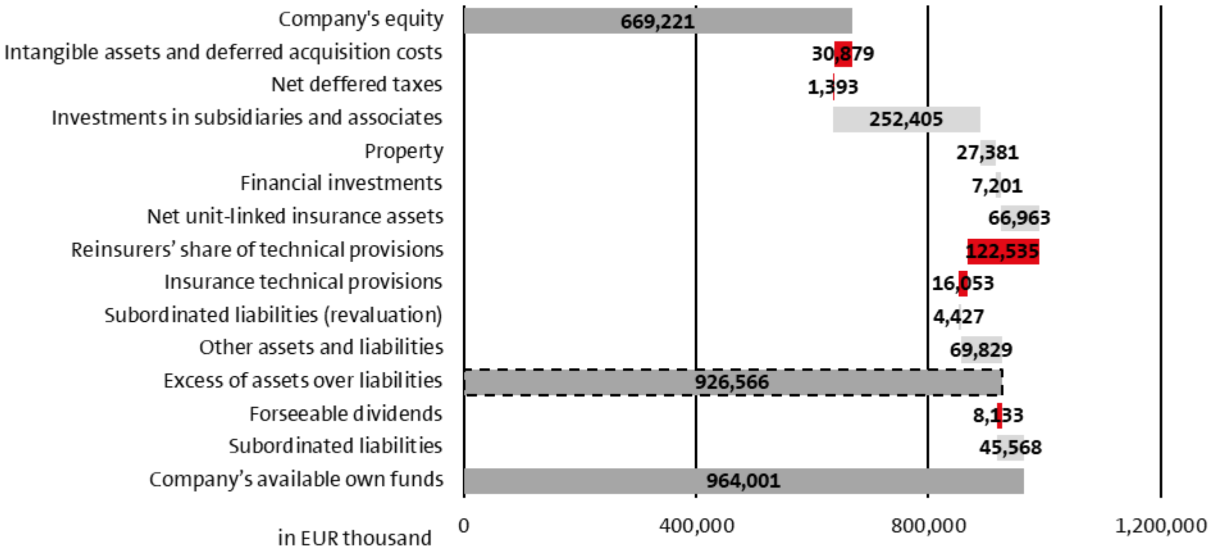


* Tier 2 own funds are suitable for the coverage of the MCR as long as they do not exceed 20% of the MCR.

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

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

Chart 10: Explanation of differences in capital valuation in the balance sheet for solvency and financial reporting purposes for the Company as at 31 December 2023



Capital for financial reporting purposes as at 31 December 2023 amounted to EUR 669.2 million, while the available own funds amounted to EUR 964 million. The difference is most affected by the different valuation of investments in subsidiaries and associated companies (EUR 252.4 million) and net assets of unit-linked insurance policyholders (EUR 67 million). The difference is decreased the most by technical provisions transferred to reinsurers (EUR 122.5 million) and intangible assets and deferred acquisition costs (EUR 30.9 million).

E.2 Solvency capital requirement and minimum capital requirement

The Company calculates capital adequacy based on the standard formula according to the Insurance Act and the Delegated Regulation. 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.

As per the provisions of the Insurance Act, the Company reports at least once a year to the Insurance Supervision Agency (AZN) on the amount of the SCR and at least once every quarter on the MCR.

E.2.1 Solvency capital requirement

The Company's SCR as at 31 December 2023 amounted to EUR 396.7 million, up EUR 22.2 million on the year before. The basic SCR increased by EUR 20.1 million compared to the year before.

Table 60: SCR of the Company as at 31 December 2023 and 31 December 2022

		In EUR thousand
Company's required capital	**2023**	**2022**
Underwriting risk	260,438	221,756
Market risk	234,253	234,876
Credit risk	34,529	40,896
Diversification	-165,804	-154,208
Basic solvency capital requirement	**363,416**	**343,321**
Operational risk	27,240	25,264
Loss-absorbing capacity of technical provisions	0	0
Loss-absorbing capacity of deferred taxes	0	0
Adjustment for ring-fenced fund risk diversification	6,020	5,916
SCR	**396,677**	**374,501**

The increase in the basic SCR mainly stems from the increase in the capital requirement for underwriting risk. This is mainly due to the increase in capital requirements for underwriting risks under non-life insurance in the amount of EUR 36 million, which is a result of the increase in the risk estimate for premiums and provisions and catastrophe risk. Premium risk increased due to the increase in the scope of the insurance portfolio, and provision risk increased due to more intensive developments in the area of claims during 2023.

Compared to the previous year, there was also a smaller increase in the capital requirement in the model for life insurance and health insurance underwriting risks.

The capital requirement for market risks decreased by EUR 0.6 million in 2023, while the regulatory estimate for currency risk (abolition of Croatian kuna) decreased. The exposure to spread risk also decreased due to the reduction in exposure to corporate bonds.

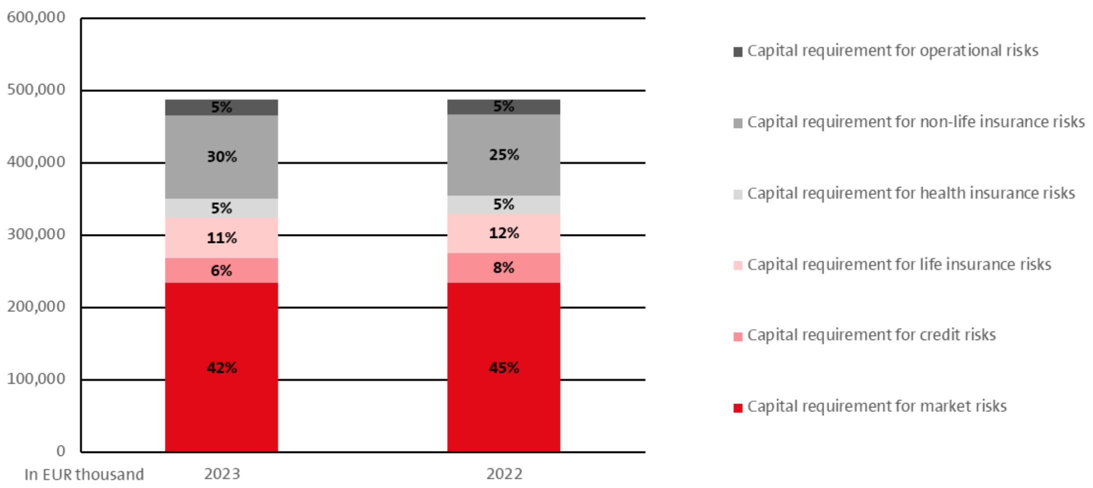
The capital requirement for credit risks decreased by EUR 6.4 million in the observed period. The decrease is mainly due to the new reinsurance protection, which significantly decreases the potential risk.

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

The loss-absorbing capacity of deferred taxes at the end of 2022 amounted to EUR 0 million and remained at that level in 2023. When calculating the adjustment for the loss-absorbing capacity of deferred taxes, the Company does not take into account the probable future taxable profits.

The chart below shows the structure of capital requirements for individual risks whereby the capital requirement for operational risk that is not an element of the basic SCR is also shown.

Chart 11: Company's capital requirements excluding diversification as at 31 December 2023 and 31 December 2022



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

E.2.2 Minimum capital requirement

The Company calculates the minimum capital requirement according to the Delegated Regulation methodology. The minimum capital requirement is calculated as a linear function of technical provisions, written insurance premium, venture capital, deferred taxes and management costs. The Company calculates the minimum capital requirement using the method for composite insurance companies, where the linear minimum capital requirements are calculated first. The linear minimum capital requirement for non-life and health insurance is linked to the activities from non-life and health insurance, also taking into account accident insurance that are added to life insurance. The linear minimum capital requirement for life insurance is calculated including the activities related to non-life insurance annuities that are already being paid out. The Company's minimum capital requirement is calculated from linear minimum capital requirements for non-life and life insurance so that the requirement is never lower than 25% or higher than 45% of the solvency capital requirement and that the absolute floor of the minimum capital requirement for non-life insurance (EUR 4 million) and life insurance (EUR 4 million) is exceeded.

Table 61: Notional MCR of the Company as at 31 December 2023 and 31 December 2022

2023		**In EUR thousand**
Notional minimum capital requirement	**Non-life insurance including health insurance**	**Life insurance**
Notional linear minimum capital requirement	88,278	35,709
Notional SCR (excluding capital add-ons)	282,431	114,246
Notional minimum capital requirement cap	127,094	51,411
Notional minimum capital requirement floor	70,608	28,562
Notional combined minimum capital requirement	88,278	35,709
Absolute cap for notional minimum capital requirement	4,000	4,000
Notional minimum capital requirement	**88,278**	**35,709**

2022		**In EUR thousand**
Notional minimum capital requirement	**Non-life insurance including health insurance**	**Life insurance**
Notional linear minimum capital requirement	71,738	32,718
Notional SCR (excluding capital add-ons)	257,198	117,303
Notional minimum capital requirement cap	115,739	52,786
Notional minimum capital requirement floor	64,299	29,326
Notional combined minimum capital requirement	71,738	32,718
Absolute cap for notional minimum capital requirement	3,700	3,700
Notional minimum capital requirement	**71,738**	**32,718**

The notional MCR for non-life and health insurance increased in the reporting period by EUR 16.5 million, while the MCR for life insurance increased by EUR 3 million. The increase is mainly the result of the increase in non-life insurance portfolio provisions.

Details on the MCR are shown in template S.28.02 in the appendix to this Report.

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

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

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

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

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

According to the balance as at 31 December 2023, the Company did not find any non-compliance with the minimum capital requirement and the solvency capital requirement.

E.6 Any other information

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

Annexes

Annexes

Quantitative Reporting Templates (QRT) of the Company as at 31 December 2023:

1. S.02.01.02 - Balance sheet for solvency purposes
2. S.05.01.02 - Premiums, claims and expenses by line of business
3. S.05.02.02 - Premiums, claims and expenses by country
4. S.12.01.02 - Technical provisions for life insurance and health insurance
5. S.17.01.02 - Technical provisions for non-life insurance
6. S.19.01.21 - Information on non-life insurance claims
7. S.23.01.01 - Own funds
8. S.25.01.21 - Solvency capital requirement for undertakings using the standard formula
9. S.28.02.01 - Minimum capital requirement for life and non-life insurance products

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

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

Assets	**Solvency II value**
Intangible assets	
Deferred tax assets	18,833
Pension benefit surplus	
Property, plant and equipment held for own use	84,279
Investments (other than assets held for index-linked and unit-linked contracts)	**1,947,018**
Property (other than for own use)	59,495
Holdings in related undertakings, including participations	508,984
Equities	*7,436*
Equities - listed	3,091
Equities - unlisted	4,345
Bonds	*1,252,620*
Government Bonds	749,028
Corporate Bonds	502,556
Structured notes	1,035
Collateralised securities	0
Collective Investments Undertakings	111,328
Derivatives	
Deposits other than cash equivalents	7,074
Other investments	81
Assets held for index-linked and unit-linked contracts	785,465
Loans and mortgages	**4,364**
Loans on policies	3,480
Loans and mortgages to individuals	0
Other loans and mortgages	884
Reinsurance recoverables from:	**183,442**
Non-life and health similar to non-life	172,806
Non-life excluding health	172,108
Health similar to non-life	697
Life and health similar to life, excluding health and index-linked and unit-linked	10,637
Health similar to life	
Life excluding health and index-linked and unit-linked	10,637
Life index-linked and unit-linked	
Deposits to cedants	17
Insurance and intermediaries receivables	27,734
Reinsurance receivables	64,852
Receivables (trade, not insurance)	29,433
Own shares (held directly)	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	17,393
Any other assets, not elsewhere shown	2,645
Total assets	**3,165,475**

Liabilities	Solvency II value
Technical provisions - non-life	**595,336**
Technical provisions - non-life (excluding health)	**583,729**
TP calculated as a whole	
Best estimate	562,143
Risk margin	21,585
Technical provisions - health (similar to non-life)	**11,608**
TP calculated as a whole	
Best estimate	10,864
Risk margin	744
TP - life (excluding index-linked and unit-linked)	**763,586**
Technical provisions - health (similar to life)	**150**
TP calculated as a whole	
Best estimate	149
Risk margin	0
TP - life (excluding health and index-linked and unit-linked)	**763,437**
TP calculated as a whole	
Best estimate	743,571
Risk margin	19,866
TP - index-linked and unit-linked	**722,674**
TP calculated as a whole	
Best estimate	701,015
Risk margin	21,660
Other technical provisions	
Contingent liabilities	
Provisions other than technical provisions	14,324
Pension benefit obligations	
Deposits from reinsurers	17
Deferred tax liabilities	7,429
Derivatives	
Debts owed to credit institutions	
Financial liabilities other than debts owed to credit institutions	6
Insurance and intermediaries payables	18,128
Reinsurance payables	4,629
Payables (trade, not insurance)	59,337
Subordinated liabilities	**45,568**
Subordinated liabilities not in BOF	
Subordinated liabilities in BOF	45,568
Any other liabilities, not elsewhere shown	7,875
Total liabilities	**2,238,908**
Excess of assets over liabilities	**926,566**

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	519	61,971		146,064	166,836	48,244
Gross - Proportional reinsurance accepted	654	749		3,624	1,476	13,543
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	367	3,361		37,207	21,322	42,474
Net	**805**	**59,359**		**112,481**	**146,990**	**19,313**
Premiums earned						
Gross - Direct Business	548	61,028		132,027	156,025	43,867
Gross - Proportional reinsurance accepted		591		3,605	2,082	10,384
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	361	3,478		35,037	20,828	36,932
Net	**187**	**58,142**		**100,596**	**137,280**	**17,318**
Claims incurred						
Gross - Direct Business	10	20,738		71,233	135,350	29,610
Gross - Proportional reinsurance accepted	271	16		859	978	1,025
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	11	696		24,623	12,003	22,483
Net	**269**	**20,058**		**47,469**	**124,325**	**8,151**
Expenses incurred	**545**	**18,935**		**40,665**	**42,353**	**2,631**
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	183,352	43,775	23,995	653	30,056	3,728
Gross - Proportional reinsurance accepted	43,083	6,733	4,490	1	308	628
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	95,603	18,580	10,237	125	3,349	2,042
Net	**130,831**	**31,928**	**18,247**	**530**	**27,015**	**2,315**
Premiums earned						
Gross - Direct Business	176,414	43,192	23,674	581	26,511	3,650
Gross - Proportional reinsurance accepted	28,800	6,460	7,665	1	353	730
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	96,114	18,636	9,904	132	3,347	1,990
Net	**109,099**	**31,016**	**21,435**	**449**	**23,517**	**2,391**
Claims incurred						
Gross - Direct Business	176,237	14,524	811	34	21,824	33,433
Gross - Proportional reinsurance accepted	-896	-41	1,227	0	299	89
Gross - Non-proportional reinsurance accepted						
Reinsurers' share	30,483	-3,130	2,432	5	2,502	30,166
Net	**144,858**	**17,613**	**-394**	**29**	**19,622**	**3,356**
Expenses incurred	**59,474**	**14,373**	**6,294**	**369**	**9,204**	**777**
Other expenses						
Total expenses						

	Line of Business for: accepted non-proportional reinsurance				
	Health	**Casualty**	**Marine, aviation, transport**	**Property**	**Total**
Premiums written					
Gross - Direct Business					709,194
Gross - Proportional reinsurance accepted					75,290
Gross - Non-proportional reinsurance accepted		35	141	25,799	25,975
Reinsurers' share		56	7	19,550	254,281
Net		**-21**	**134**	**6,249**	**556,179**
Premiums earned					
Gross - Direct Business					667,517
Gross - Proportional reinsurance accepted					60,671
Gross - Non-proportional reinsurance accepted		15	248	22,431	22,693
Reinsurers' share		58	7	20,248	247,072
Net		**-43**	**241**	**2,183**	**503,810**
Claims incurred					
Gross - Direct Business					503,803
Gross - Proportional reinsurance accepted					3,827
Gross - Non-proportional reinsurance accepted		-16		20,975	20,959
Reinsurers' share		696	-530	103,596	226,036
Net		**-712**	**530**	**-82,621**	**302,553**
Expenses incurred		**-625**	**-110**	**-784**	**194,100**
Other expenses					**1,452**
Total expenses					**195,551**

	Line of Business for: life insurance obligations						Life reinsurance obligations		
	Health insurance	**Insurance with profit participation**	**Index-linked and unit-linked insurance**	**Other life insurance**	**Annuities stemming from non-life insurance contracts and relating to health insurance obligations**	**Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations**	**Health reinsurance**	**Life reinsurance**	**Total**
Premiums written									
Gross		40,763	122,104	9,435					172,302
Reinsurers' share		32	28	685					744
Net		**40,731**	**122,077**	**8,750**					**171,558**
Premiums earned									
Gross		40,786	122,104	9,423					172,313
Reinsurers' share		32	28	685					744
Net		**40,754**	**122,077**	**8,738**					**171,568**
Claims incurred									
Gross		92,540	67,874	2,264	88	2,987			165,753
Reinsurers' share		2	4	137					143
Net		**92,538**	**67,870**	**2,126**	**88**	**2,987**			**165,609**
Expenses incurred		5,617	18,622	3,043		13			27,295
Other expenses									-3,180
Total expenses									24,115
Total amount of surrenders		10,772	39,669	472					50,914

Annex 3: S.04.05.21 - Premiums, claims and expenses by country

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
		PL	GR	DE	USA	RS
Premium written (gross)	**642,742**	**29,609**	**28,256**	**21,834**	**14,733**	**14,252**
Gross Written Premium - Direct Business	619,442	29,563	27,034	14,351		
Gross Written Premium (proportional reinsurance)	21,985	46	1,222	3,225	688	14,252
Gross Written Premium (non-proportional reinsurance)	1,315	0	0	4,259	14,045	
Premiums earned (gross)						
Gross Earned Premium (direct)	583,315	27,735	25,362	13,463	0	
Gross Earned Premium (proportional reinsurance)	17,716	37	985	2,599	555	11,485
Gross Earned Premium (non-proportional reinsurance)	1,149	0	0	3,720	12,270	
Claims incurred (gross)						
Claims incurred (direct)	464,703	15,448	11,881	5,382	0	0
Claims incurred (proportional reinsurance)	1,814	0	18	134	115	575
Claims incurred (non-proportional reinsurance)	13,373	0	0	390	6,420	0
Expenses incurred (gross)						
Gross Expenses Incurred (direct)	218,784	7,493	5,215	1,478		
Gross Expenses Incurred (proportional reinsurance)	3,905	6	6	359	18	2,633
Gross Expenses Incurred (non-proportional reinsurance)	62			248	202	

Top 5 countries (by amount of gross premiums written) -life obligations

	Home Country
Gross Written Premium	**172,302**
Gross Earned Premium	172,313
Claims Incurred	165,753
Gross Expenses Incurred	27,295

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

	Insurance with profit participation	**Index-linked and unit-linked insurance**		
			Contracts without options and guarantees	**Contracts with options or guarantees**
Technical provisions calculated as a whole				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole				
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**689,803**			**701,015**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				
Best estimate minus recoverables from reinsurance/SPV and Finite Re	689,803			701,015
Risk margin	**12,612**	**21,660**		
Technical provisions - total	**702,415**	**722,674**		

	Other health insurance	Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
Technical provisions calculated as a whole						**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole						0
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Gross Best Estimate			**117**	**53,651**		**1,444,585**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				10,637		10,637
Best estimate minus recoverables from reinsurance/SPV and Finite Re			117	43,014		1,433,948
Risk margin	**7,084**			**171**		**41,526**
Technical provisions - total	**7,200**			**53,822**		**1,486,111**

	Health insurance (direct business)				
	Contracts without options and guarantees	**Contracts with options or guarantees**	**Annuities stemming from non-life insurance contracts and relating to health insurance obligations**	**Health reinsurance (reinsurance accepted)**	**Total (Health similar to life insurance)**
Technical provisions calculated as a whole					**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole					0
Technical provisions calculated as a sum of BE and RM					
Best Estimate					
Gross Best Estimate			**149**		**149**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default					0
Best estimate minus recoverables from reinsurance/SPV and Finite Re			149		149
Risk margin			**0**		**0**
Technical provisions - total			150		150

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

	Direct business and accepted proportional reinsurance					
	Medical expense insurance	**Income protection insurance**	**Workers' compensation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, aviation and transport insurance**
Technical provisions calculated as a whole						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole						
Technical Provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross - Total	-384	-17,497		36,849	34,896	7,204
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	1	-102		-2,359	412	638
Net Best Estimate of Premium Provisions	**-385**	**-17,395**		**39,208**	**34,484**	**6,566**
Claims provisions						
Gross - Total	5	28,740		99,014	43,509	36,312
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	3	795		15,427	16,099	16,676
Net Best Estimate of Claims Provisions	**2**	**27,946**		**83,587**	**27,410**	**19,636**
Total Best estimate - gross	**-379**	**11,243**		**135,863**	**78,405**	**43,516**
Total Best estimate - net	**-383**	**10,550**		**122,795**	**61,894**	**26,201**
Risk margin	**26**	**717**		**2,940**	**2,865**	**1,300**
Technical Provisions						
Technical provisions - total	**-353**	**11,960**		**138,802**	**81,269**	**44,816**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**4**	**693**		**13,068**	**16,511**	**17,315**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**-357**	**11,268**		**125,735**	**64,759**	**27,501**

	Direct business and accepted proportional reinsurance					
	Fire and other damage to property insurance	**General liability insurance**	**Credit and suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Miscellaneous financial loss**
Technical provisions calculated as a whole						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole						
Technical Provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross - Total	30,117	3,110	18,312	48	10,164	530
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	756	185	-1,184	-16	378	-51
Net Best Estimate of Premium Provisions	**29,361**	**2,925**	**19,497**	**65**	**9,786**	**581**
Claims provisions						
Gross - Total	130,933	57,812	3,626	110	3,365	15,927
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	76,032	10,095	2,437	4	123	14,743
Net Best Estimate of Claims Provisions	**54,901**	**47,717**	**1,188**	**105**	**3,242**	**1,183**
Total Best estimate - gross	**161,051**	**60,922**	**21,938**	**158**	**13,529**	**16,457**
Total Best estimate - net	**84,262**	**50,642**	**20,685**	**170**	**13,028**	**1,764**
Risk margin	**9,293**	**1,604**	**2,239**	**10**	**469**	**150**
Technical Provisions						
Technical provisions - total	**170,344**	**62,526**	**24,178**	**167**	**13,999**	**16,606**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**76,788**	**10,280**	**1,253**	**-12**	**501**	**14,692**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**93,555**	**52,246**	**22,925**	**180**	**13,498**	**1,914**

	Accepted non-proportional reinsurance				
	Non-proportional health reinsurance	**Non-proportional casualty reinsurance**	**Non-proportional casualty reinsurance**	**Non-proportional property reinsurance**	**Total Non-Life obligations**
Technical provisions calculated as a whole					**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole					**0**
Technical Provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross - Total		14		2,512	125,876
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default					-1,341
Net Best Estimate of Premium Provisions		**14**		**2,512**	**127,217**
Claims provisions					
Gross - Total		25		27,753	447,131
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		0		21,713	174,147
Net Best Estimate of Claims Provisions		**25**		**6,040**	**272,985**
Total Best estimate - gross		**39**		**30,265**	**573,008**
Total Best estimate - net		**39**		**8,553**	**400,202**
Risk margin		**372**		**344**	**22,329**
Technical Provisions					
Technical provisions - total		**411**		**30,609**	**595,336**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total		**0**		**21,713**	**172,806**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total		**411**		**8,896**	**422,531**

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

Gross Claims Paid (non-cumulative)	Development year (absolute amount)											In Current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
Prior	972,650	322,371	63,834	29,181	14,134	9,020	6,414	5,599	6,332	1,957	3,385	3,385	1.438.583
2014	176,349	51,002	9,266	5,679	4,535	1,091	809	1,479	1,159	259		259	251.628
2015	155,631	47,364	10,561	6,039	2,112	1,709	1,129	798	989			989	226.333
2016	157,054	50,315	13,577	6,193	2,137	2,107	689	474				474	232.546
2017	165,632	70,588	16,667	6,187	3,812	2,462	2,003					2,003	267.351
2018	171,504	64,605	13,018	5,128	2,099	1,527						1,527	257.880
2019	171,280	66,024	15,281	7,065	5,166							5,166	264.815
2020	162,793	57,619	12,177	8,841								8,841	241.430
2021	160,601	75,813	19,367									19,367	255.780
2022	179,044	98,343										98,343	277.387
2023	297,029											297,029	297.029
												473,383	**4,010,761**

Gross undiscounted Best Estimate Claims Provisions	Development year (absolute amount)											Year end (discounted data)
	0	1	2	3	4	5	6	7	8	9	10 & +	
Prior				11,848	28,686	30,014	28,658	22,574	9,608	7,124	6,372	6,012
2014			15,044	11,607	7,009	6,525	7,321	2,807	1,672	2,176		2,051
2015		20,726	13,012	8,260	4,610	4,708	4,266	3,685	2,079			1,970
2016	79,936	31,108	16,284	9,757	7,185	3,585	3,485	2,451				2,312
2017	102,780	34,550	19,490	13,943	9,291	5,779	4,708					4,457
2018	98,054	35,498	17,467	11,661	8,776	4,333						4,084
2019	105,789	40,079	22,158	14,796	13,056							12,375
2020	99,152	41,385	30,314	15,282								14,626
2021	119,801	84,918	57,017									54,794
2022	152,816	74,900										72,058
2023	242,684											235,683
											Total	410,422

Annex 7: S.23.01.01 - Own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	**73,701**	73,701			
Share premium account related to ordinary share capital					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings					
Subordinated mutual member accounts					
Surplus funds					
Preference shares					
Share premium account related to preference shares					
Reconciliation reserve	**833,328**	833,328			
Subordinated liabilities	**45,568**			45,568	
An amount equal to the value of net deferred tax assets	**11,405**				11,405
Other own fund items approved by the supervisory authority as basic own funds not specified above					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Deductions					
Deductions for participations in financial and credit institutions					
Total basic own funds after deductions	**964,001**	**907,029**		**45,568**	**11,405**

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand					
Unpaid and uncalled preference shares callable on demand					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
Other ancillary own funds					
Total ancillary own funds					

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds					
Total available own funds to meet the SCR	**964,001**	**907,029**		**45,568**	**11,405**
Total available own funds to meet the MCR	**952,597**	**907,029**		**45,568**	
Total eligible own funds to meet the SCR	**964,001**	**907,029**		**45,568**	**11,405**
Total eligible own funds to meet the MCR	**931,826**	**907,029**		**24,797**	
SCR	**396,677**				
MCR	**123,987**				
Ratio of Eligible own funds to SCR	**243%**				
Ratio of Eligible own funds to MCR	**752%**				

Reconciliation reserve	
Excess of assets over liabilities	926,566
Own shares (held directly and indirectly)	
Foreseeable dividends, distributions and charges	8,133
Other basic own fund items	85,106
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
Reconciliation reserve	833,328
Expected profits	
Expected profits included in future premiums (EPIFP) - Life Business	78,304
Expected profits included in future premiums (EPIFP) - Non- life business	47,801
Total Expected profits included in future premiums (EPIFP)	126,105

Annex 8: S.25.01.21 - Solvency capital requirement for undertakings using the standard formula

	Gross solvency capital requirement	USP	Simplifications
Market risks	234,253		
Credit risks	34,529		
Life underwriting risks	63,911		
Health underwriting risks	28,431		
Non-life underwriting risks	168,096		
Diversification	-165,804		
Intangible asset risk			
Basic Solvency Capital Requirement	363,416		

Calculation of Solvency Capital Requirement	
Operational risks	27,240
Loss-absorbing capacity of technical provisions	
Loss-absorbing capacity of deferred taxes	0
Capital requirement for business operated in accordance with Art, 4 of Directive 2003/41/EC	
Adjustment for ring-fenced fund risk diversification	6,020
Solvency capital requirement excluding capital add-on	396,677
Capital add-on already set	
Solvency capital requirement	396,677
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	
Total amount of Notional Solvency Capital Requirements for remaining part	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
Diversification effects due to RFF SCR aggregation for article 304	

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

	Non-life activities	Life activities
Linear formula component for non-life insurance and reinsurance obligations	87,371	3,003

	Non-life activities		Life activities	
MCR calculation Non Life	**Net (of reinsurance /SPV) best estimate and TP calculated as a whole**	**Net (of reinsurance) written premiums in the last 12 months**	**Net (of reinsurance /SPV) best estimate and TP calculated as a whole**	**Net (of reinsurance) written premiums in the last 12 months**
Medical expense insurance and proportional reinsurance	-383	805		
Income protection insurance and proportional reinsurance	18,142	24,030	0	35,329
Workers' compensation insurance and proportional reinsurance				
Motor vehicle liability insurance and proportional reinsurance	122,795	112,481		
Other motor insurance and proportional reinsurance	61,894	146,990		
Marine, aviation and transport insurance and proportional reinsurance	26,201	19,313		
Fire and other damage to property insurance and proportional reinsurance	84,262	130,831		
General liability insurance and proportional reinsurance	50,642	31,928		
Credit and suretyship insurance and proportional reinsurance	20,685	18,247		
Legal expenses insurance and proportional reinsurance	170	530		
Assistance and proportional reinsurance	13,028	27,015		
Miscellaneous financial loss insurance and proportional reinsurance	1,764	2,315		
Non-proportional health reinsurance				
Non-proportional casualty reinsurance	39			
Non-proportional marine, aviation and transport reinsurance		134		
Non-proportional property reinsurance	8,553	6,249		

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life	Non-life activities: Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Non-life activities: Net (of reinsurance/SPV) total capital at risk	Life activities: Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Life activities: Net (of reinsurance/SPV) total capital at risk
Obligations with profit participation - guaranteed benefits			689,803	
Obligations with profit participation - future discretionary benefits				
Index-linked and unit-linked insurance obligations			701,015	
Other life (re)insurance and health (re)insurance obligations	43,164		117	
Total capital at risk for all life (re)insurance obligations				3,248,479

	Non-life activities	Life activities
Linear formula component for life insurance and reinsurance obligations	906	32,706

Calculation of minimum capital requirement (MCR)	
Linear MCR	123,987
SCR	396,677
MCR cap	178,505
MCR floor	99,169
Combined MCR	123,987
Absolute floor of the MCR	8,000
Minimum Capital Requirement	**123,987**

Notional non-life and life MCR calculation	Non-life activities	Life activities
Notional linear MCR	88,278	35,709
Notional SCR excluding add-on (annual or latest calculation)	282,431	114,246
Notional MCR cap	127,094	51,411
Notional MCR floor	70,608	28,562
Notional Combined MCR	88,278	35,709
Absolute floor of the notional MCR	4,000	4,000
Notional MCR	88,278	35,709