

## Triglav Group in 2022<sup>1</sup>: Increased business volume and profit

### Further steps taken in the development of a balanced and sustainable business

According to unaudited data, the Triglav Group's total revenue rose by 10% to EUR 1,599.3 million, while its profit before tax amounted to EUR 134.5 million in 2022, up by 1% over the previous year. In addition to good business results, above-expected profits were affected by appropriate adjustments to impacts from the environment. The Group, which consistently implemented strategic development activities and achieved its sustainable ambitions, remains financially strong with high capital adequacy, which was around the lower end of its target range as at the year-end. The two renowned credit rating agencies again assigned the Triglav Group a high "A" credit rating with a stable medium-term outlook in 2022. Client and employee satisfaction reached a high level again.

**PROFIT BEFORE TAX.** The Triglav Group generated a profit before tax of EUR 134.5 million in 2022, up by 1% over the previous year and above the planned. **Andrej Slapar, President of the Management Board of Zavarovalnica Triglav**, said: *"Last year, we made important development steps and achieved good results in a demanding business environment that confirm both the robustness of our business model and the flexibility and success of our strategy. On these bases, we were able to adjust appropriately to the changes in the business environment, especially the rising inflation and the unfavourable situation in the financial markets."*

**UNDERWRITING ACTIVITIES.** The Triglav Group's total revenue rose by 10% to EUR 1,599.3 million, of which gross written premium accounted for EUR 1,479.6 million (up by 9% over 2021). Premium growth was recorded in all three insurance segments and in all markets. The non-life insurance premium increased by 12%, life and pension insurance premium by 6% and health insurance premium by 3%. In Slovenia, it reached 7% and was consistent with market trends, while in other markets of the Adria region it stood at 12%. Premium written in the international market based on the principle of free movement of services and inward reinsurance premium grew by 17%. Other insurance income grew by 23% to EUR 59.9 million and the Group's other income increased by 12% to EUR 59.8 million, which primarily included income from asset management and the sale of investment property.

Gross claims paid rose by 13% to EUR 832.2 million. Major CAT events in the estimated value of EUR 32.1 million, which was more than 20% higher than the five-year average, also contributed to this. The Group's combined ratio was favourable, standing at 88.1%, primarily as a result of an improved claims ratio due to the partial release of claims provisions. Due to inflationary pressures, the increased business volume and investing in digitalisation and other development activities, the Group's gross operating expenses increased by 12% (EUR 374.9 million). **Uroš Ivanc, a member of Management Board of Zavarovalnica Triglav**, said: *"The increased business volume and the partial release of claims provisions created in past years effectively compensated for higher claims and operating expenses due to the higher activity of households and businesses, rising inflation and other impacts from the environment. In estimating claims provisions, the trends of the best estimate introduced by the IFRS 17 accounting standard were followed, bringing their amount closer to the estimated value according to IFRS 17."*

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<sup>1</sup> This information is based on unaudited performance data of the Triglav Group in 2022. The stated indices and numerical comparisons show a comparison with 2021.

**FINANCIAL POSITION.** As at 31 December 2022, the Triglav Group's balance sheet total reached EUR 4.1 billion (index 94), its total equity amounted to EUR 752.8 million (index 81) and gross insurance technical provisions totalled EUR 3,100.0 million (index 97). **Andrej Slapar, President of the Management Board of Zavarovalnica Triglav,** said: *"The Triglav Group remains financially strong; its financial position in 2022 was significantly affected by the situation in the financial markets, rising inflation and higher dividend payout. Despite higher risks, as at the year-end the Group's capital adequacy was high and around the lower end of the target range that we had set."*

**INVESTMENT PORTFOLIO AND ASSETS UNDER MANAGEMENT.** Interest rate hikes and share price falls in the financial markets resulted in an 11% decrease in the investment portfolio, which stood at EUR 3,271.2 million as at the end of the year. Its returns were negative (EUR –15.7 million). In the management of investment portfolios intended to cover insurance liabilities, the Company consistently ensured the matching of liabilities to assets in terms of amount, maturity and currency, thereby additionally limiting the adverse effects of higher interest rates. In accordance with investment policies, the investment portfolio's conservative structure and quality did not change significantly. The bulk (82.8%) of the portfolio (excluding unit-linked life insurance contract investments) is represented by bonds invested in developed markets, most of which have a high credit rating. The majority of unit-linked life insurance contract investments is accounted for by assets invested in mutual funds of the policyholders' choice, mostly in funds managed by Triglav Skladi. Even though the latter recorded net inflows in 2022, assets decreased by 10% to EUR 1,389.5 million due to lower prices in the financial markets. By holding a 31.3% market share, the Triglav Group is one of the leading managers of mutual fund assets in Slovenia.

**COMMITMENT TO SUSTAINABILITY (ESG).** The Triglav Group has adopted sustainable development ambitions in the environmental, social and governance areas by 2025. It systematically implements them in both strategic activities, its own processes, its relationship with the social environment and in corporate governance.

In both core activities, the range of services that promote social and environmental benefits, such as solar power plant insurance, micromobility insurance, electric and hybrid vehicle insurance, agricultural insurance with an emphasis on local production and improving crop protection against drought, is being expanded. In the Group's investment portfolio, the share of green, sustainable and social impact bonds is on the rise. Their share in the bond portfolio stood at 10% as at 31 December 2022. The Triglav Zeleni dedicated sustainability equity fund, which complies with EU regulation on sustainability-related disclosures in the financial services sector, has been available to clients for several years.

In accordance with its outlined environmental goals, the Group is reducing the consumption of energy and paper and the quantity of waste in its own processes. As a result, the Scope 1 and Scope 2 carbon footprint decreased by 11% in 2022. Furthermore, first investments were made in solar panels to provide for partial energy self-sufficiency, the share of electric and hybrid vehicles in the fleet increased, and progress was made towards digitalisation and paperless operations.

The Group has always been closely involved in socially and environmentally responsible projects, partnerships and donations. In 2022, together with partners from the fields of sports, culture, healthcare, prevention and the economy, the Insure Our Future platform was designed, dedicated to raising awareness about the importance of sustainability practices based on the 17 United Nations Sustainable Development Goals (SDGs).

The Group follows high corporate governance standards in its operations. It nurtures a culture of diversity and inclusion, recognising the opportunities it brings. Women represent 55% of all employees, 45% of senior managers and 24% of employees who lead or supervise Group companies. The Group participates in the international initiatives of UN PSI, UNEP FI and the PCAF partnership, which implement the principles of sustainable development, and reports in accordance with the GRI, SASB sustainability standards and according to the CDP climate change questionnaire.

**IMPLEMENTATION OF THE DIVIDEND POLICY.** Zavarovalnica Triglav aims for the ZVTG share to be a profitable, safe and stable investment for investors. In 2022, the ZVTG share was also affected by the situation in the stock markets, its price falling by 6% (the Ljubljana Stock Exchange SBITOP index dropped by 17%). Its total return was 4.5%, of which the dividend yield was 10.7%. After two years marked by the pandemic, the Company paid a higher dividend of EUR 3.70 gross per share in 2022. In addition to the level of the Group's available capital, the uniqueness or exceptionality of some segments of the Group's operations in the previous two years was taken into account.

**Andrej Slapar, President of the Management Board of Zavarovalnica Triglav,** said: *"In a year full of challenges, we worked even harder to build a safer future for our clients, employees and shareholders, which will be our guiding principle also in the future. It means a lot to us that clients have once again recognised the effort put in and are satisfied with us; in addition, our team of over 5,300 employees also expressed a high level of satisfaction, and I sincerely thank them for their successful work."*

**TRIGLAV GROUP STRATEGY TO 2025.** By continuing its digital transformation and developing service-oriented business ecosystems, the Group pursues its main strategic objective – an outstanding and uniform client experience across all channels, all processes, all products and companies. Its transformation is based on the unified management of client experience and digital business. To this end, in 2022, the Group continued with the digitalisation of its assistance, sales and claims procedures and the development of a single platform for client communication and service. In addition, several internal processes have already been equipped with tools for robotic process automation. The ecosystems in key areas of health, financial services, mobility, living and pets continued to be linked in both the single platform and the Triglav komplet loyalty programme. The Group expanded not only the range of its partners, with whom it shares common business principles and the goal of achieving high client satisfaction, but also the range of assistance and related services.

## Financial highlights of the Triglav Group

EUR million

	2022 <sup>1</sup>	2021	2020	2022/2021 index
Total revenue	1,599.3	1,455.1	1,318.4	110
Gross written premium	1,479.6	1,353.0	1,233.8	109
Net premium income <sup>2</sup>	1,189.9	1,119.8	1,066.8	106
Gross claims paid	832.2	736.6	697.4	113
Net claims incurred	746.7	715.0	683.6	104
Gross operating expenses	374.9	333.4	306.7	112
Profit before tax	134.5	132.6	90.9	101
Net profit	110.2	113.0	73.7	98
Insurance technical provisions <sup>3</sup>	3,100.0	3,198.7	3,033.2	97
Equity <sup>3</sup>	752.8	933.0	870.2	81
Combined ratio	88.1%	88.9%	91.2%	
Return on equity	13.1%	12.5%	8.9%	
Book value per share (EUR)	32.96	40.93	38.16	81
Net earnings per share (EUR)	4.85	4.97	3.24	98
The number of employees <sup>3</sup>	5,306	5,264	5,316	101

<sup>1</sup> Unaudited data

<sup>2</sup> Gross written insurance, coinsurance and reinsurance premiums

<sup>3</sup> As at 31 December