



Zavarovalnica Triglav d.d.  
Miklošičeva 19, 1000 Ljubljana

**triglav**

[www.triglav.eu](http://www.triglav.eu)  
[www.triglav.si](http://www.triglav.si)

# Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2019 to 30 September 2019

## MANAGEMENT BOARD:

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

David Benedek

Marica Makoter

Ljubljana, November 2019

Credit rating

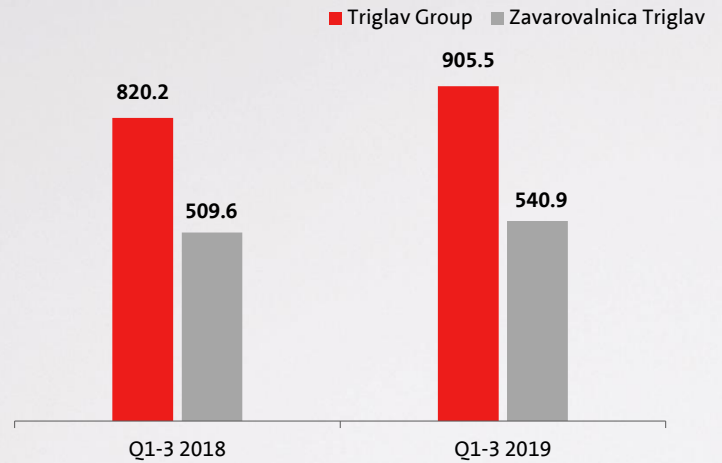
**"A"**

of the Triglav Group  
with a stable  
medium-term  
outlook

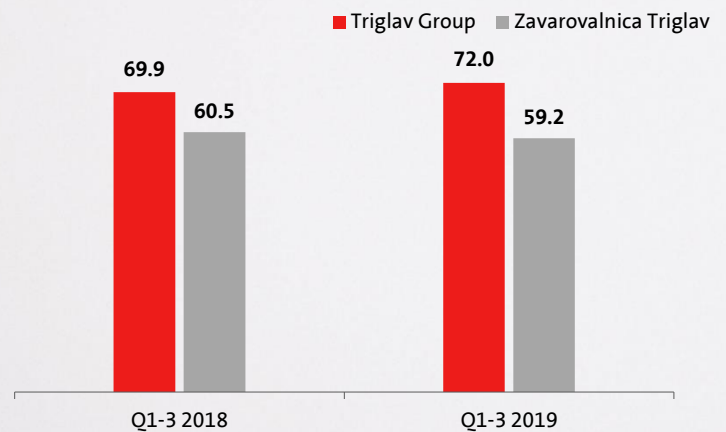
**EUR 2.5**

Dividend per share

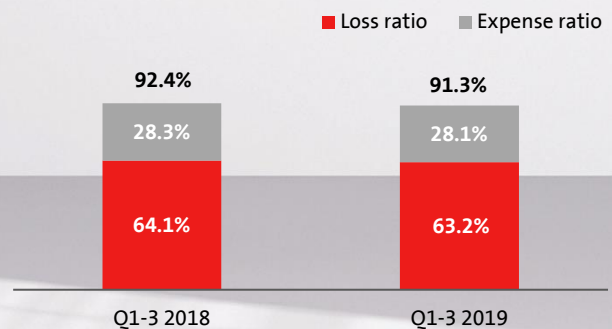
### Gross written premium for insurance, co-insurance and reinsurance contracts in EUR million



### Net profit before tax in EUR million



### Combined ratio of the Triglav Group



**Dear shareholders, business partner and colleagues,**



We are satisfied with the Triglav Group's performance and results achieved in the first nine months of 2019. Consolidated profit before tax amounted to EUR 72 million, which was 3% more than in the same period last year. Such a solid result can be primarily attributed to underwriting discipline and the increased volume of business. Taking into account the business conditions anticipated until the end of the year, it is estimated that the Group's annual profit before tax will be within the planned range.

In the first nine months of 2019, the Group posted a total of EUR 905.5 million in consolidated gross insurance premium, up by 10% compared with 2018. Premium growth was recorded in almost all of our markets and in all three insurance segments. The non-life insurance premium, which accounts for a 67% share of total premium, rose by 11% compared to the same period last year. Effective sales campaigns, increased sales activities and acquisition of new policyholders resulted in the growth of all insurance groups in this segment. The health insurance premium, which accounts for a 14% share of total premium (vs. 13% in 2018), is this year up by 22% in terms of volume, primarily due to the increased number of insurance policies taken out and the average premium increase. Life and pension insurance premiums grew by 2%, mainly due to higher payments of traditional life and pension insurance products and their sales through bank sales channels.

In the reporting period, a relatively favourable claims experience was seen. The combined ratio of the Group was favourable at 91.3%, which is the result of an improved claims ratio and maintaining a stable expense ratio.

As at the reporting date, the Group's financial investments totalled EUR 3.3 billion (index 106). The bulk of the portfolio, i.e. 73.1%, continued to be accounted for by debt securities, which are mostly invested in the euro area. We operate in the environment of negative interest rates, due to which net interest income continues to decline and, consequently, gains/losses on financial investments. As a result of the further decrease in interest rates, the Group formed appropriate provisions.

In 2019, we have continued to implement the Group's growth and development strategy, which is focused on achieving long-term stable operations and increasing the value of the Group. We are active in both our main activities, insurance and asset management. In the latter, we are strengthening the Group's visibility as the leading asset manager in the markets it operates. Following this year's acquisition of ALTA Skladi, the Triglav Group holds a leading position in the Slovene mutual fund management market (a 34% market share) and manages net assets of EUR 976 million in mutual funds or 15% more than at the end of 2018.

Clients are at the centre of our operations by actively tailoring our service and product offerings to cater for their needs, upgrading our sales channels, strengthening our communication channels, optimising our processes and developing new ways of doing business with our partners. Special attention is paid not only to our employees, their development and interconnectedness but also to creating the most stimulating work environment. Good results are achieved only by working together; therefore, on behalf of the Management Board, I would like to express my sincere thanks to all employees for their efforts.

**Andrej Slapar**

**President of the Management Board of Zavarovalnica Triglav**

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# BUSINESS REPORT

# 1. Financial highlights in the first nine months of 2019

## 1.1 Performance of the Triglav Group

	in EUR million		
	Q1-3 2019	Q1-3 2018	Index 2019/2018
Gross written premium from insurance, co-insurance and reinsurance contracts	905.5	820.2	110
Net premium income	751.4	703.8	107
Gross claims paid*	505.5	495.4	102
Net claims incurred	488.4	471.6	104
Insurance business gross operating costs	200.1	191.7	104
Profit before tax	72.0	69.9	103
Net profit	59.1	58.8	101
Net profit attributable to the controlling company	58.8	58.5	101
	30 September 2019	31 December 2018	Index 2019/2018
Insurance technical provisions as at	2,924.4	2,713.1	108
Equity as at	775.5	746.9	104
Equity attributable to the controlling company as at	772.9	744.6	104
Number of employees as at	5,221	5,166	101

\*Gross claims paid include gross claims paid from inward reinsurance

## Key performance indicators of the Triglav Group

	Q1-3 2019	Q1-3 2018
ROE annualised	10.5%	10.7%
Loss ratio	63.2%	64.1%
Expense ratio	28.1%	28.3%
Combined ratio	91.3%	92.4%
Ratio between gross operating costs and gross written premium	22.1%	23.4%

## 1.2 Performance of Zavarovalnica Triglav

	in EUR million		
	Q1-3 2019	Q1-3 2018	Index 2019/2018
Gross written premium from insurance, co-insurance and reinsurance contracts	540.9	509.6	106
Net premium income	418.2	409.4	102
Gross claims paid*	294.2	306.9	96
Net claims incurred	267.3	276.5	97
Gross operating costs	132.3	128.4	103
Profit before tax	59.2	60.5	98
Net profit	49.4	51.3	96
	30 September 2019	31 December 2018	Index 2019/2018
Insurance technical provisions as at	2,192.8	2,061.4	106
Equity as at	565.3	560.1	101
Number of employees as at	2,248	2,290	98

\*Gross claims paid include gross claims paid from inward reinsurance

## Key performance indicators of Zavarovalnica Triglav

	Q1-3 2019	Q1-3 2018
ROE annualised	11.9%	12.4%
Loss ratio	56.6%	58.7%
Expense ratio	29.6%	29.4%
Combined ratio	86.2%	88.1%
Ratio between gross operating costs and gross written premium	24.5%	25.2%

### 1.3 Activities, markets and position of the Triglav Group

The Triglav Group is the leading insurance/financial group in Slovenia and in the Adria region as well as one of the leading groups in South-East Europe. The Group operates in seven markets in six countries.

Strategic activities	
<b>Insurance</b>	<b>Asset management</b>
Non-life	Own insurance portfolio (asset backing liabilities and backing funds)
Life	
Pensions	Mutual funds and individual asset management
Health	
Reinsurance	Pension funds

**Insurance** is the most extensive strategic activity of the Triglav Group, which includes non-life, life, health and pension insurance as well as reinsurance.

The insurance-oriented part of the Group encompasses:

- **in Slovenia:** Zavarovalnica Triglav d.d., Triglav, Zdravstvena zavarovalnica d.d., Pozavarovalnica Triglav Re d.d. and Skupna pokojninska družba d.d.;
- **abroad:** eight insurance undertakings in Croatia, Serbia, Montenegro, Bosnia and Herzegovina and North Macedonia.

The **asset management** activity in the Triglav Group is performed by the life and pension insurance companies of the Group, Triglav Skladi d.o.o., ALTA Skladi d.d., Triglav, Upravljanje nepremičnin d.d. and Triglav d.o.o., which includes saving via the Group's insurance services and investing in the Group's mutual and pension funds.

## Subsidiaries of the Triglav Group directly involved in or supporting the Group's core business lines

	Insurance	Asset management	Other
<b>Slovenia</b>	<ul style="list-style-type: none"> <li>▪ Zavarovalnica Triglav d.d.</li> <li>▪ Pozavarovalnica Triglav Re d.d.</li> <li>▪ Triglav, Zdravstvena zavarovalnica d.d.</li> <li>▪ Skupna pokojninska družba d.d.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Triglav Skladi d.o.o.</li> <li>▪ Triglav, Upravljanje nepremičnin d.d.</li> <li>▪ ALTA Skladi d.d.</li> <li>▪ Triglav d.o.o.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Triglav INT d.d.</li> <li>▪ Triglav Svetovanje d.o.o.</li> <li>▪ Triglav Avtoservis d.o.o.</li> <li>▪ Triglavko d.o.o.</li> </ul>
<b>Croatia</b>	<ul style="list-style-type: none"> <li>▪ Triglav Osiguranje d.d., Zagreb</li> </ul>		<ul style="list-style-type: none"> <li>▪ Triglav Savjetovanje d.o.o.</li> </ul>
<b>Serbia</b>	<ul style="list-style-type: none"> <li>▪ Triglav Osiguranje a.d.o., Belgrade</li> </ul>		<ul style="list-style-type: none"> <li>▪ Triglav Savetovanje d.o.o.</li> </ul>
<b>Montenegro</b>	<ul style="list-style-type: none"> <li>▪ Lovćen Osiguranje a.d., Podgorica</li> <li>▪ Lovćen životna osiguranja a.d., Podgorica</li> </ul>		<ul style="list-style-type: none"> <li>▪ Lovćen Auto d.o.o.</li> </ul>
<b>Bosnia and Herzegovina</b>	<ul style="list-style-type: none"> <li>▪ Triglav Osiguranje d.d., Sarajevo</li> <li>▪ Triglav Osiguranje a.d., Banja Luka</li> </ul>	<ul style="list-style-type: none"> <li>▪ PROF-IN d.o.o.</li> <li>▪ Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d, Banja Luka</li> </ul>	<ul style="list-style-type: none"> <li>▪ Triglav Savjetovanje d.o.o.</li> <li>▪ Autocentar BH d.o.o.</li> <li>▪ Unis automobili i dijelovi d.o.o.</li> </ul>
<b>North Macedonia</b>	<ul style="list-style-type: none"> <li>▪ Triglav Osiguruvanje a.d., Skopje</li> <li>▪ Triglav Osiguruvanje Život a.d., Skopje</li> </ul>	<ul style="list-style-type: none"> <li>▪ Triglav preznisko društvo a.d., Skopje</li> </ul>	

### 1.4 Composition of the Triglav Group

As at the reporting date, the Triglav Group comprises 39 companies, 32 subsidiaries along with the controlling company and 6 associates.

#### The Triglav Group as at 30 September 2019

**Controlling company:**      ▪ Zavarovalnica Triglav d.d.

**Subsidiaries of the Triglav Group:**

- Pozavarovalnica Triglav Re d.d., Ljubljana
- Triglav, Zdravstvena zavarovalnica d.d., Koper
- Skupna pokojninska družba d.d., Ljubljana
- Triglav INT, holdinška družba d.d., Ljubljana
  - Triglav Osiguranje d.d., Zagreb
  - Triglav Osiguranje a.d.o., Belgrade
  - Lovćen Osiguranje a.d., Podgorica
    - Lovćen životna osiguranja a.d., Podgorica
    - Lovćen Auto d.o.o., Nikšić
  - Triglav Osiguranje d.d., Sarajevo
    - Autocentar BH d.o.o., Sarajevo
    - Unis automobili i dijelovi d.o.o., Sarajevo
    - Sarajevostan d.o.o., Sarajevo
  - Triglav Osiguranje a.d., Banja Luka
  - Triglav Osiguruvanje a.d., Skopje
  - Triglav Osiguruvanje Život a.d., Skopje
- Triglav Skladi, družba za upravljanje d.o.o., Ljubljana
  - ALTA Skladi d.d., Ljubljana
  - PROF-IN d.o.o., Sarajevo



- 
- Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale
    - Triglav Savjetovanje d.o.o., Zagreb
    - Triglav Savetovanje d.o.o., Belgrade
    - Triglav Savjetovanje d.o.o., Sarajevo
- 
- Triglav Avtoservis, družba za storitve in trgovino d.o.o., Ljubljana
- 
- Triglav, Upravljanje nepremičnin d.d., Ljubljana
    - Triglav, upravljanje nekretninama d.o.o., Zagreb
    - Triglav, upravljanje nekretninama d.o.o., Podgorica
    - Hotel Grad Podvin d.o.o., Ljubljana
      - HGP Rest, investicije d.o.o., Ljubljana
      - HGP Grad, investicije d.o.o., Ljubljana
- 
- Triglav penzisko društvo a.d., Skopje
  - Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti
- 

**Associated companies  
of the Triglav Group:**

- 
- Triglavko, zavarovalno zastopniška družba d.o.o., Ljubljana
- 
- TRIGAL, upravljanje naložb in svetovalne storitve d.o.o., Ljubljana
    - Ljubljanica, finančne storitve d.o.o., Ljubljana
- 
- Nama, trgovsko podjetje d.d., Ljubljana
- 
- Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka
- 
- ZTSR, raziskovanje trga d.o.o., Ljubljana
- 

**Changes in the Triglav Group in the first nine months of 2019:**

- In the first nine months of 2019, Triglav INT d.d. acquired a 0.1% equity stake in Triglav Osiguruvanje a.d., Skopje from non-controlling interest holders, thereby becoming its 80.45% owner. The purchase price equalled MAK 888,940 or EUR 14,428.
- Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen Auto d.o.o. in the amount of EUR 2,100,000, thus remaining a 100% owner of the said company.
- By paying in cash contributions of EUR 1,094,670, Zavarovalnica Triglav increased the share capital of its associate Triglav d.o.o. and thus maintained a 49.9% equity stake in the said company.
- Triglav Skladi d.o.o. and Triglav, Upravljanje nepremičnin d.d. sold their equity stakes in ZIF Prof Plus d.d. of 11.72% and 10.37% respectively.
- On 5 February 2019, Triglav d.o.o. and the fund TRIGAL AIF SICAV – RAIF S.C.A. Compartment 2, Regional Multi Asset Fund Compartment, Luxembourg, signed an agreement to sell KRDU Building d.o.o. and LOMA CENTER d.o.o. As a result, both companies are no longer considered associates of the Triglav Group.
- On 27 March 2019, Zavarovalnica Triglav established Triglav penzisko društvo a.d., Skopje, a company for the management of compulsory and voluntary pension funds, by paying in EUR 3,000,000.
- On 29 March 2019, Hotel Grad Podvin d.o.o. established two companies: HGP Grad, investicije d.o.o. and HGP Rest, investicije d.o.o., which are both wholly owned by Hotel Grad Podvin d.o.o.
- On 24 April 2019, Triglav Skladi d.o.o. became the owner of ALTA Skladi, družba za upravljanje. The latter is discussed in greater detail in *Section 2.8 of the Accounting Report*.
- TRI-LIFE d.o.o., Zagreb changed its name to Triglav Savjetovanje d.o.o., Zagreb.

- In Q2 2019, Triglav Svetovanje, d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of HRK 2,100,000 or EUR 284 thousand, thus maintaining their stakes of 51% and 49% respectively.
- On 8 August 2019 Zavarovalnica Triglav and Sava Re d.d. signed a share purchase agreement, under which Zavarovalnica Triglav d.d. has the option to acquire a 40% stake in the share capital of Diagnostični center Bled d.o.o., accounting for 50% of the voting rights. Together with Sava Re, Zavarovalnica Triglav intends to acquire joint control of said company through ZTSR d.o.o., which is jointly owned by Zavarovalnica Triglav and Sava Re. This investment is part of the regular activities of pursuing the financial investment management policy of the Triglav Group and will not have a significant impact on the structure of its financial investment portfolio. Before the transaction is executed, certain conditions precedent have to be fulfilled.
- In Q3 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Belgrade increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of RSD 2,500,000 or EUR 21 thousand. The companies maintained their stakes of 51% and 49% respectively.
- In line with strategic guidelines, Triglav, Upravljanje nepremičnin d.d. sold its equity stake of 80.73% in Golf Arboretum d.o.o.
- On 19 September 2019, Triglav Auto d.o.o., Banja Luka was liquidated. The liquidation had no effect on the consolidated financial statements of the Triglav Group.

Changes in the Triglav Group are discussed in greater detail in *Section 2.8 of the Accounting Report*.

## 1.5 Strategy of the Triglav Group

The strategy of the Triglav Group for the period from 2019 to 2022 follows a path for Triglav to become a modern, digital and dynamic insurance/financial group, which remains the leader both in Slovenia and the wider region.

### MISSION

**We build a safer future.**

### VALUES

- **RESPONSIVENESS:** We respond immediately and effectively.
- **SIMPLICITY:** We are simple and transparent.
- **RELIABILITY:** We deliver as promised.

### VISION OF THE TRIGLAV GROUP

**Based on its client-centric approach the Group dynamically develops new ways of doing business as the foundation of its responsible long-term development, while at the same time operating profitably and safely.**

- In South-East Europe, the Triglav Group is recognised as the leading provider of innovative and comprehensive insurance-service products and asset management services.

- The Group is the largest in terms of income and the best in terms of client satisfaction.
- Clients perceive the Group's multi-channel products and services as simple and desirable.
- Client experience is the Group's main competitive advantage.
- The Group dynamically develops new ways of doing business, setting top trends in digitalisation.
- The Group is well-positioned in dynamic networks of business ecosystems.
- The Group effectively manages the risks and ensures financial stability.
- Return on equity (ROE) is planned above 10% throughout the whole strategy period.
- The standalone »A« credit rating assigned by a renowned rating agency is being maintained.
- The governance and management systems of the Group are structured and effective.
- The Group's processes are lean, simple, technologically advanced and cost-effective.
- Engaged and highly skilled employees are the cornerstone of the Group's culture of openness and cooperation, as well as its sustainable development and a responsible attitude towards all stakeholders.

#### KEY STRATEGIC GUIDELINES

##### Key strategic guidelines

Long-term stable operations and increased value of the Triglav Group

Client focus and development of related services

Developing cooperative and agile organisation and culture

### 1.6 Significant events in the reporting period

Significant events the first nine months of 2019 included:

- Zavarovalnica Triglav entered into an agreement with the market maker InterCapital Securities that will provide liquidity for the ZVTG share, taking effect as of 1 February 2019.
- Following the establishment of the North Macedonian pension company on 27 March 2019 - Triglav penzisko društvo a.d., Skopje, the Triglav Group entered the North Macedonian pension market as one of the three companies active on the said market. In line with its strategy, the Group is expanding its business to include the supplemental pension insurance segment, which has been assessed as promising according to the demographic trends. The North Macedonian pension system consists of three pillars: the first pillar includes compulsory pension saving managed by the National Fund, while the other two include supplemental compulsory and supplemental voluntary pension saving. The Triglav Group enters the latter two by offering quality services and products and relying on its competitive advantages.
- Zavarovalnica Triglav successfully issued a 30.5-year subordinated bond (Tier 2 pursuant to the Solvency II regulations) with the first call date after 10.5 years with the ISIN code XS1980276858. It replaces the existing issued subordinated bond with maturity in 2020. The new issue is part of the regular capital management activities of the Triglav Group, aimed at ensuring an optimal capital structure and its cost effectiveness. Bonds are discussed in greater detail in Section 3.6 *Bonds* and in Section 2.7 of *Accounting Report*.

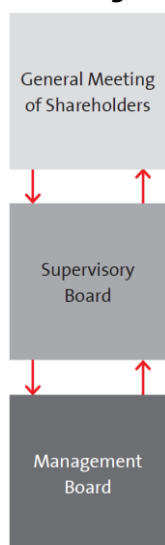
- The Supervisory Board appointed David Benedek a member of the Management Board of Zavarovalnica Triglav for a five-year term of office, commencing on 29 August 2019. He is responsible for the management of subsidiaries and investments.
- On 24 April 2019, the Group successfully completed the acquisition of ALTA Skladi. Through its two asset management companies – Triglav Skladi and ALTA Skladi – the Triglav Group is becoming the leading provider of mutual funds in the Slovene market.
- On 25 April 2019, the Works Council of Zavarovalnica Triglav appointed Peter Celar and Branko Gorjan new Supervisory Board members – employee representatives for a four-year term of office, starting on 1 June 2019. On 26 September 2019, the Works Council appointed Igor Zupan a new Supervisory Board member – employee representative, whose term of office commenced on 27 September 2019 and which will end on 31 May 2023. See *Section 2.4 Supervisory Board* for more details.
- On 31 July 2019, S&P Global Ratings affirmed its «A» Long-Term Credit Rating and Financial Strength Rating of the Triglav Group and thereby of its parent company Zavarovalnica Triglav d.d. and its subsidiary Pozavarovalnica Triglav Re d.d. Both ratings have a stable medium-term outlook. See *Section 3.4 Credit rating* for more details.

## 2. Governance of the Triglav Group

### 2.1 Governance of Zavarovalnica Triglav

The Company uses a two-tier management system. The management and supervisory bodies are as follows: **General Meeting of Shareholders, Management Board and Supervisory Board**. The management bodies operate in compliance with the primary and secondary legislation, the Articles of Association and their own rules of procedure. The Articles of Association are available at [www.triglav.eu](http://www.triglav.eu).

*Two tier governance of Zavarovalnica Triglav*



### 2.2 General Meeting of Shareholders

The shareholders of Zavarovalnica Triglav exercise their rights in respect of the matters concerning the Company through the General Meeting of Shareholders, which is convened at least once a year, by the end of August at the latest. The General Meeting of Shareholders may also be convened in other circumstances set out by law and the Articles of Association, and when it is in the interest of the Company.

The powers and operation of the General Meeting of Shareholders are set out in the Companies Act and the Articles of Association. The Articles of Association do not set out any specific provisions regarding their amendments and supplements.

#### 1.1.1 General Meeting of Shareholders in 2019

In the reporting period, the shareholders of Zavarovalnica Triglav gathered at the 44<sup>th</sup> General Meeting of Shareholders held on 28 May 2019. The total number of shares and voting rights represented at the General Meeting of Shareholders was 18,070,174 or 79.57% of all shares to which voting rights are attached. The General Meeting of Shareholders took note of:

- Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018 including the independent auditor's report,
- Annual Internal Audit Report for 2018,

- Report by the Supervisory Board of Zavarovalnica Triglav on the verification of the Annual Report for 2018 and
- Opinion given by the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department for 2018.

Upon the proposal of the Management Board and the Supervisory Board, the shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 66,783,627.69 as at 31 December 2018:

- a part of accumulated profit in the amount of EUR 56,837,870.00 shall be allocated for dividend payments. The dividend of EUR 2.50 gross per share shall be paid to the shareholders appearing in the Share Register as at 12 June 2019. On 13 June 2019, the Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d., intended to execute the corporate action of paying out dividends to the shareholders in accordance with the common European standards for corporate actions;
- the distribution of the remaining accumulated profit of EUR 9,945,757.69 shall be decided in the next few years.

The General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm Deloitte revizija, d.o.o. as the auditors for the business years 2019, 2020 and 2021.

The shareholders granted a discharge for the business year 2018 to both the Management and the Supervisory Board of Zavarovalnica Triglav. At the General Meeting of Shareholders no action of voidness was announced.

### **2.3 Management Board**

The Management Board of Zavarovalnica Triglav manages the Company independently and at its own responsibility, as well as presents and represents the Company without limitations. In legal transactions, the Company is always jointly presented and represented by two members of the Management Board, one of whom is its President.

Any person fulfilling the requirements stipulated by the Insurance Act, the Companies Act and the applicable documents of the Company may be appointed to the Management Board as its President or member. The fit and proper criteria, which the Management Board members and other individuals are required to meet, are clearly defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., which sets out the fit and proper assessment procedure for Management Board members to be performed before the appointment, periodically, extraordinarily or after the appointment of an individual Management Board member. Furthermore, the Policy determines the fit and proper assessment criteria and procedures for the Management Board as a collective body. In respect to the latter, the Supervisory Board takes into account the diversity of knowledge and competences which not only allow comprehensive functioning of the Management Board but also contribute to an appropriate variety of skills, knowledge and experience for professional management of Zavarovalnica Triglav. All members should collectively possess the relevant knowledge and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

In accordance with the Articles of Association, the Management Board has no less than three and no more than six members, one of whom is President. The number of the Management Board members, their powers, the manner of representation and presentation and the transfer

of the Management Board's authorisations are determined by the Supervisory Board in the Management Board Rules.

The Management Board is appointed by the Supervisory Board. The term of office of an individual Management Board member is up to five years, with the possibility of reappointment without limitation. Zavarovalnica Triglav has one Worker Director, who is a member of the Management Board.

The appointment or recall of all members or an individual member is proposed to the Supervisory Board by the President of the Management Board. Any individual member or President of the Management Board may be dismissed by the Supervisory Board if legal grounds for their dismissal have been established.

### **2.3.1 Introducing the Management Board**

As at 30 September 2019 the Management Board of Zavarovalnica Triglav was composed of:

- Andrej Slapar, President,
- Uroš Ivanc, Member,
- Tadej Čoroli, Member,
- Barbara Smolnikar, Member,
- David Benedek, Member,
- Marica Makoter, Member and Employee representative.

On 28 March 2019, the Supervisory Board of Zavarovalnica Triglav appointed David Benedek as a new member of the Management Board with a five-year term of office. Mr David Benedek took office on 29 August 2019, after he was issued a decision by the Insurance Supervision Agency authorising him to serve on the Management Board.

## **2.4 Supervisory Board**

The Supervisory Board is composed of six shareholder representatives and three employee representatives. As a supervisory body, it supervises the Company's business conduct with full responsibility.

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Works Council. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Their appointment and recall are made in accordance with the applicable legislation and the documents of the Company. The members of the Supervisory Board are given a four-year term of office and may be re-elected without limitation. The fit and proper criteria as set out in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. also apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fit and proper assessments are made before the appointment, periodically, extraordinarily or after the appointment of an individual Supervisory Board member.

In assessing the composition and performance of the Supervisory Board as a whole along with a diverse gender and age structure, the Supervisory Board takes into account diversity in such a manner that all members possess the relevant knowledge, skills and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

The General Meeting of Shareholders may dismiss any elected member of the Supervisory Board before the expiry of their term of office, while each member of the Supervisory Board may resign from the position under the conditions and in the manner laid down by the Articles of Association.

#### **2.4.1 Composition of the Supervisory Board**

On 31 May 2019, the term of office of Boštjan Molan, Peter Celar and Ivan Sotošek Supervisory Board members, employee representatives, ended. On 25 April 2019, the Works Council of Zavarovalnica Triglav appointed new employee representatives serving as members of the Supervisory Board, Peter Celar and Branko Gorjan for a four-year term of office starting on 1 June 2019.

Composition of the Supervisory Board as at 30 September 2019:

- Shareholder representatives:
  - Igor Stebernak, Chairman,
  - Andrej Andoljšek, Vice Chairman,
  - Mario Gobbo, Member,
  - Nataša Damjanovič, Member,
  - Žiga Škerjanec, Member,
  - Milan Tomaževič, Member,
- Employee representatives:
  - Peter Celar, Member,
  - Branko Gorjan, Member,
  - Igor Zupan, Member.

On 31 May 2019, the four-year term of office of Boštjan Molan, Ivan Sotošek and Peter Celar, employee representatives, ended. On 25 April 2019, the Works Council of Zavarovalnica Triglav appointed new employee representatives serving as members of the Supervisory Board, Peter Celar and Branko Gorjan for a four-year term of office starting on 1 June 2019, whilst Igor Zupan took office on 27 September 2019, following the appointment on 26 September 2019. His term of office ends on 31 May 2023.



## 3. The share and the shareholders of Zavarovalnica Triglav

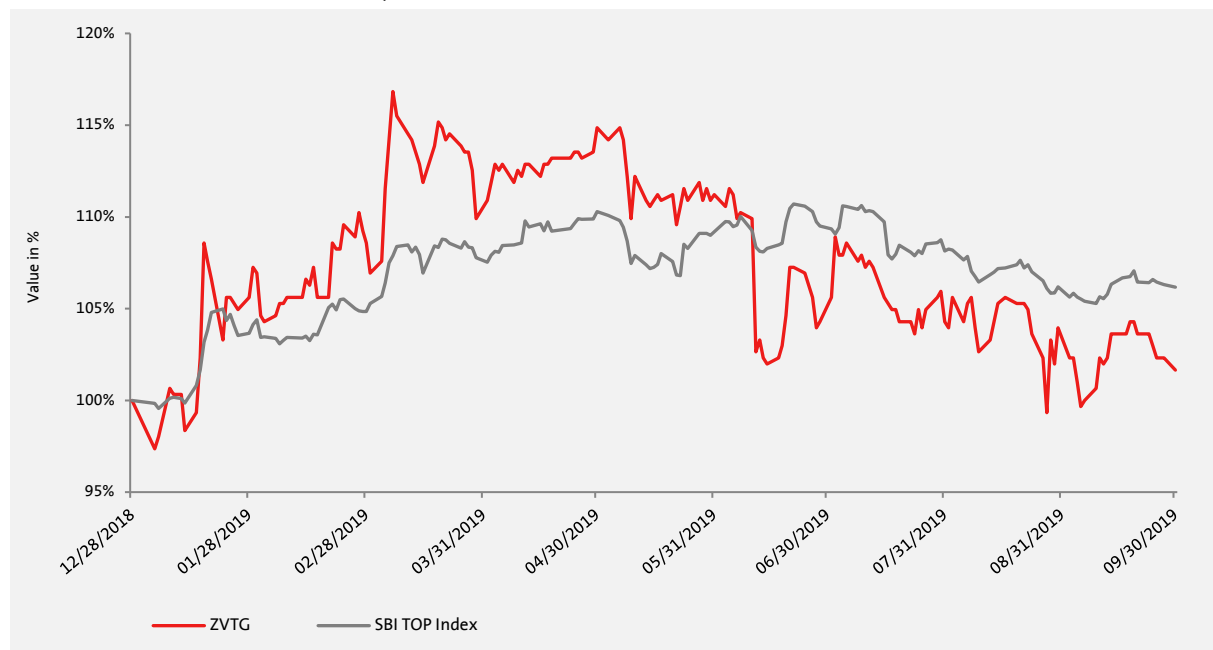
### 3.1 The share of Zavarovalnica Triglav

In the reporting period, the ZVTG share price saw a growth of 1.7%, whilst the **dividend yield** of the ZVTG share totalled **9.8%** as at 30 September 2019. In the reporting period, the value of the Slovene Blue Chip Index (SBI TOP) rose by 6.2%.

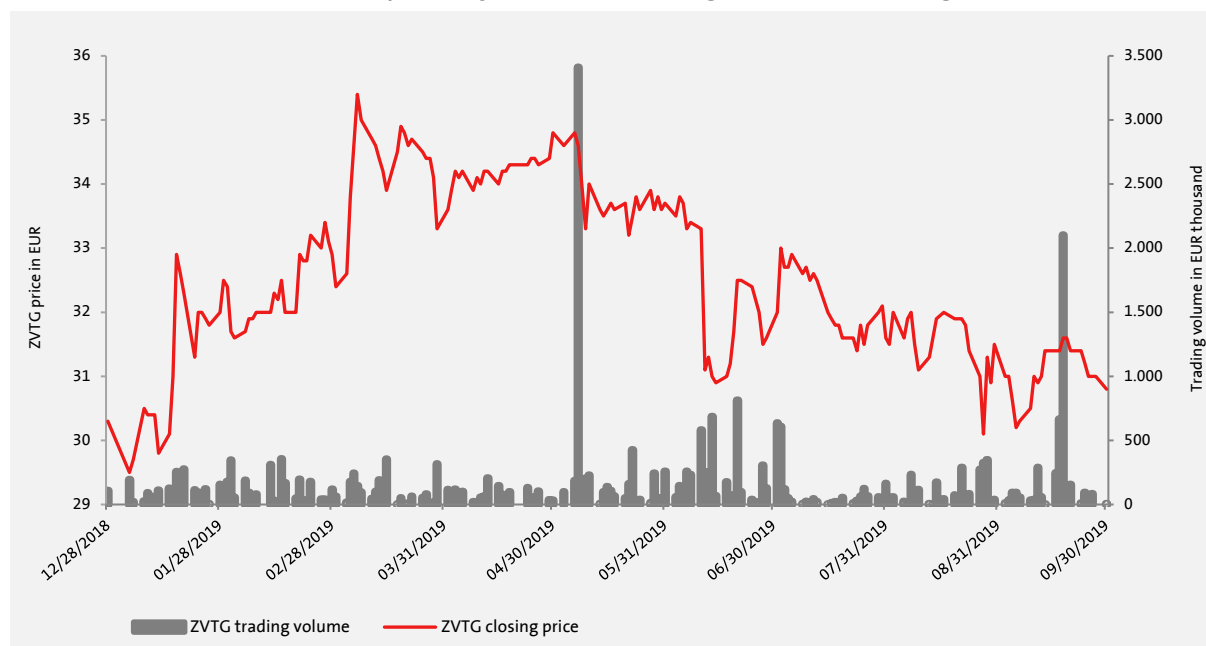
In terms of liquidity, the ZVTG share was **the third most traded share on the Ljubljana Stock Exchange**. As of February, the service of maintaining ZVTG share liquidity has been used (this service was previously unavailable on the Ljubljana Stock Exchange). In terms of market capitalisation, Zavarovalnica Triglav was **fourth largest** listed Slovene company with EUR 700 million.

Since the beginning of 2019, the share price gradually grew to 9.9% as at 10 June 2019 as shown in the figures below. As expected, the share price went down on 11 June 2019, when holding the share no longer meant being entitled to the dividend payment for 2018. The ZVTG share price saw a decrease of 6.6%, whilst the dividend yield of the ZVTG share stood at 7.5% as at 10 June 2019. The share followed the stock index trend in the third quarter.

*Movements in the ZVTG share price and in the value of the SBI TOP Index in Q1-3 2019 (starting date 31 December 2018 = 100)*



### Movements in the ZVTG share price (left axis) and trading volume in EUR (right axis)



Through proactive management of relations with investors, shareholders and analysts, the Company **promotes the attractiveness of its issued financial instruments**. The Company operates transparently and maintains open contact with investors. In the first nine months of 2019, meetings were held with investors at the Company's headquarters and at investor conferences in London, Zagreb, two in New York, Warsaw and Bucharest. In addition, the Company participated in webcasts held by the Ljubljana Stock Exchange. The calendar of events which the Company will attend by the end of the year is published on its website at [www.triglav.eu](http://www.triglav.eu).

### Key figures for the shares of Zavarovalnica Triglav in Q1-3 2019 (in EUR)

Items	30 September 2019
Maximum closing price	35.40
Minimum closing price	29.50
Closing price	30.80
Book value per share (parent company)*	24.86
Book value per share (consolidated data)*	34.00
Net earnings per share (consolidated data)**	2.60
Market capitalisation	700,242,558
Average daily trading volume	145,251
No. of shares	22,735,148
The percentage of floating stock***	30.87%
Traded on	Ljubljana Stock Exchange - LJSE
ISIN code	SI0021111651
Ticker symbol	ZVTG
Bloomberg	ZVTG SV
Reuters	ZVTG.LJ
Credit rating (S&P Global Ratings, AM Best)	»A«, stable medium-term outlook

\*In calculating the book value per share (parent company), the equity of Zavarovalnica Triglav and the number of shares as at the reporting date were taken into account, whilst in calculating the book value per share (consolidated data), the equity attributable to the controlling company and the number of shares as at the reporting date were taken into account.

\*\*In calculating net earnings/loss per share (consolidated data), net profit or loss of the Triglav Group and the weighted average number of shares were taken into account.

\*\*\*The shares held by shareholders with a 5% or higher stake are deducted from the total number of shares.

### 3.2 Equity

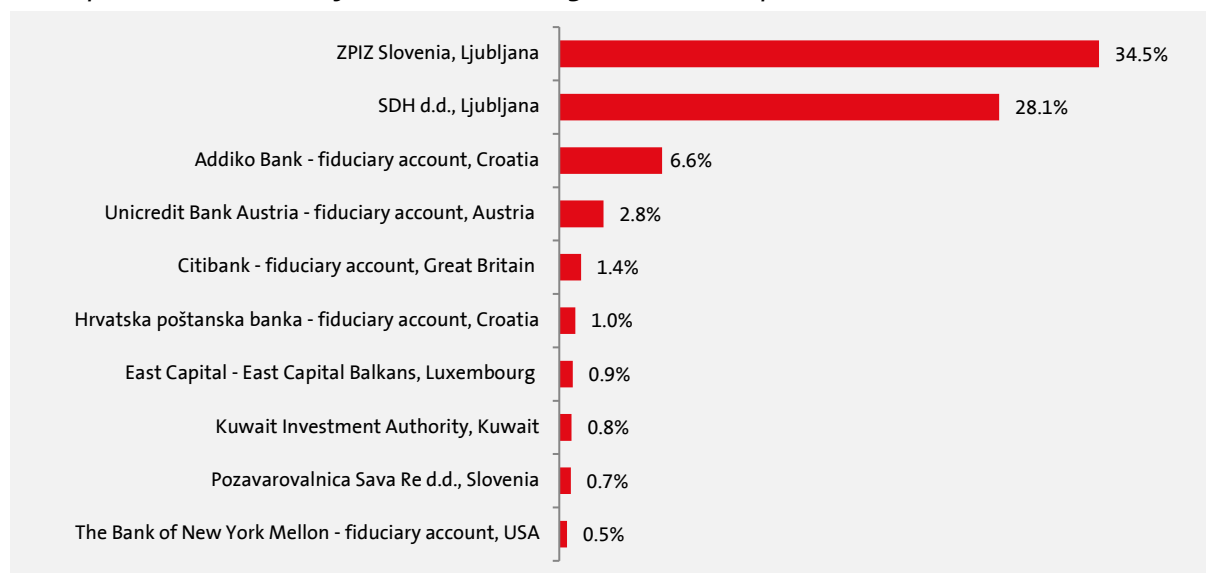
As at the reporting date, the share capital of Zavarovalnica Triglav remained at the same level and stood at EUR 73,701,391.79 as at the reporting date. It was divided into 22,735,148 ordinary registered no-par value shares of the same class. All the shares of Zavarovalnica Triglav are freely transferable and issued in a dematerialised form. Each represents the same stake and corresponding amount in the share capital. All have been paid up in full. Each ZVTG share gives its holder the right to one vote at the General Meeting of Shareholders, proportional dividends from the profit intended for the payment of dividends and a proportional share of the remaining bankruptcy or liquidation estate after the payoff of priority shareholders in the case of bankruptcy or liquidation.

### 3.3 Shareholder structure

According to the share register, Zavarovalnica Triglav had **13,232 shareholders** as at the reporting date. Compared to the 2018 year-end, their number decreased by 7%, due to the withdrawal of shareholders – natural persons, holding only a small number of ZVTG shares ever since the time of the Company's ownership transformation. The number of institutional shareholders in the Company's shareholder structure is stable; there were 462 institutional shareholders as at 30 September 2019. Among them were **61 international institutional investors** (21 with fiduciary accounts and 40 directly subscribed shareholders).

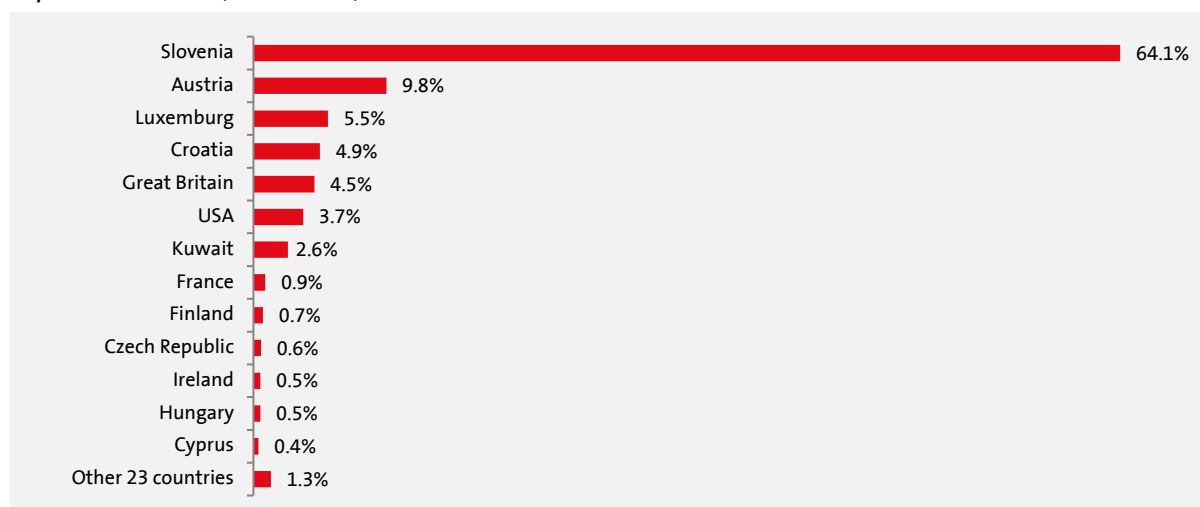
Compared to the 2018 year-end, **ten top shareholders**, whose structure remained unchanged, held 77.2% of total shares (2018 year-end: 77.4%). The biggest two shareholders maintained their equity stakes, whilst some major shareholders had to adapt their positions.

*The top ten shareholders of Zavarovalnica Triglav as at 30 September 2019 (share in %)*



As at the reporting date, **the share of the free float of Zavarovalnica Triglav**, i.e. the shares held by the shareholders with less than a 5% equity stake, stood at 30.9%, which is the same as at the 2018 year-end. These shareholdings are globally spread among shareholders in 36 countries. Minority shareholder structure by the country of origin is shown in the figure below.

*The free float shareholder structure of Zavarovalnica Triglav by the country of origin as at 30 September 2019 (share in %)*



In relation to shareholder country and legal status, the shareholder structure did not see any significant changes. **The equity stakes of international shareholders equalled 18%**, which is also the result of the promotion of the Triglav Group among international investors and an active investor relations policy implemented by Zavarovalnica Triglav.

*Shareholder structure of Zavarovalnica Triglav as at 30 September 2019*

	Total	Domestic	International	Legal entities	Individuals
Number of shares	22,735,148	18,724,113	4,011,035	20,195,483	2,539,665
Number of shareholders	13,232	12,651	581	462	12,770
Number of shares - percentage	100.0%	82.4%	17.6%	88.8%	11.2%
Number of shareholders - percentage	100.0%	95.6%	4.4%	3.5%	96.5%

The total number of shares held by the Management and Supervisory Boards equalled 5,688.

### 3.4 Credit rating

The credit ratings of the Triglav Group – and consequently its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re – are assigned by two established credit rating agencies: S&P Global Ratings (hereinafter: S&P) and A.M. Best. In 2019, both agencies reassigned the Group an **»A« stand-alone credit rating with a stable medium-term outlook**.

Furthermore, on 31 July 2019, S&P pointed out that the »A« credit rating exclusively reflects the Group's standalone credit profile and does not include any uplift from the insurer's status as a government-related entity. The assessment is based on the Group's leading position both in Slovenia and the region, its well-diversified insurance portfolio enhanced by a large sales network and strong brand recognition. In its report, S&P assessed the business risk profile of the Triglav Group as strong and its financial risk profile as very strong. The Group's investment portfolio consists of quality investments broadly diversified mainly across the eurozone. The Group has a conservative reinsurance protection and a solid risk profile. All this enables the Group to generate stable and profitable performance, which S&P expects to continue in the future with the Group continuing to pursue the activities set in its strategy. These include continued development of a diversified product range, geographic diversification of income by increasing the premium share in markets outside of Slovenia and the strengthening of the asset management activity. The Group's growth and development is supported by its strong capital

base, which S&P expects to remain at least in the »AA« range also in the future. The stable medium-term outlook reflects S&P's expectations that the Triglav Group will continue to effectively implement its business strategy in the coming two-year period, focusing on growth, further diversification of its business, maintaining its very high capital adequacy and posting solid and stable earnings.

### 3.5 Dividend policy

The implementation of Zavarovalnica Triglav's dividend policy is subordinated to achieving the medium-term sustainable target capital adequacy of the Triglav Group, as shown in the figure below.

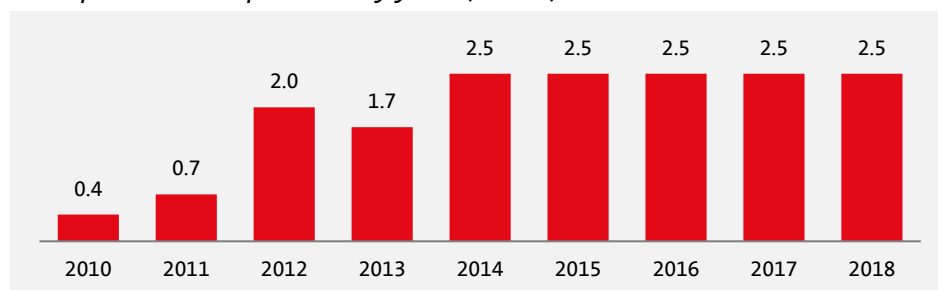
*The capital management strategic objectives and the dividend policy criteria*

> 250%	Surplus capital adequacy	Possibility of a more aggressive growth of business volume, assessment of potential changes in the business strategy
200 - 250%	Target capital adequacy	Regular performance of risk management activities
150 - 200%	Sub-optimum level of capital adequacy	Analyzing possible medium and long-term measures to improve capital adequacy and emphasized monitoring of risks
130 - 150%	Warning level of capital adequacy	Implementation of measures to improve capital adequacy
< 130%	Insufficient capital adequacy	

**Dividend policy** of Zavarovalnica Triglav defines:

Zavarovalnica Triglav implements an attractive and sustainable dividend policy. A part of consolidated net profit of the preceding year, which is to be allocated to dividend payment, accounts for at least 50%. The Company will strive to pay out a dividend not lower than the dividend payment of the preceding year. As thus far, the future implementation of the dividend policy will be subordinated to achieving the medium-term sustainable target capital adequacy of the Triglav Group. The proposal of the Management Board and the Supervisory Board as regards the annual distribution of accumulated profit of the Company will therefore take into account the following three objectives in a balanced manner: to ensure prudent capital management of the Triglav Group and its financial stability, to reinvest net profit in the implementation of the strategy of growth and development of the Triglav Group and to pay out attractive dividends to the shareholders.

### Gross paid dividend per share by years (in EUR)



### 3.6 Bonds

Zavarovalnica Triglav issued two subordinate bonds, both of which are included in its capital adequacy. The first bond (ISIN SI0022103038) will be due in 2020 and will be replaced with another bond (ISIN XS1980276858), which was issued in 2019.

#### Bonds of Zavarovalnica Triglav

ISIN	SI0022103038	XS1980276858
Type	Subordinated bond	Subordinated bond (Tier 2), pursuant to the Solvency II regulations
Issue size in EUR	30,000,000	50,000,000
Currency	EUR	EUR
Coupon rate and payment	fixed at 5.95%, payable annually	fixed at 4.375% annually until first call date, payable annually thereafter variable at 3-month Euribor plus 4.845% (equal to the original initial credit spread + 1 percentage point), payable quarterly
First call date	-	22 October 2029
Maturity date	21 March 2020	22 October 2049
Maturity in years	10	30.5
Regulated market	Ljubljana Stock Exchange	Luxembourg Stock Exchange
Issue Rating	-	BBB+ (S&P)

## 4. Performance in the period from 1 January to 30 September 2019

### 4.1 The macroeconomic environment and environmental impact on the performance of the Triglav Group

The global economy continued to cool down in the third quarter of 2019. Despite relatively strong household consumption, which is still supported by favourable labour market conditions, the developed economies are affected by uncertainty. While the political crisis in Italy has for now subsided, uncertainties are caused particularly by trade wars and the Brexit. The business climate is deteriorating worldwide, which significantly inhibits investment consumption and, consequently, international trade. US industrial production is almost stagnant, and European production has been declining for some time. Although wage growth is noticeably increasing, it does not spill over to faster general inflation and expectations, neither in the US nor in the euro area. A similar economic situation is seen in Slovenia and other countries in the region where the Triglav Group operates. Year-on-year GDP growth data for the second quarter indicate a moderate slowdown. International trade has remained vigorous in most countries, but will slow down, judging by the slowdown in industrial production and the uncertain international environment. In the persistent uncertain conditions, international institutions again lowered forecasts for key global economies at the end of the summer. According to these forecasts, the growth of the euro area economy will be close to a good percentage this year and, according to the latest IMAD forecasts, Slovenia's economy will still grow at a solid 2.8%. The outlook for next year has deteriorated, but the recession of key economies is not anticipated.

The situation on the bond markets fully reflects expectations of a deteriorating economic situation. After the key central banks worldwide indicated in the second quarter that monetary easing was on the horizon, they realised their intentions in the third quarter. Among other measures, the European Central Bank reduced its deposit interest rate by a tenth of a percentage point to 0.50% and announced to resume its bond buying programme. In two steps, the US Federal Reserve lowered its interest rate range by half a percentage point to 1.75–2.00%. Both key banks stressed their willingness to intervene. The required yield of euro area government bonds declined throughout the year and in the third quarter many of them entered a sub-zero yield territory for the first time in history. The German bond, the yield of which had been negative since April, hit a historical –0.74% in early September, ending the third quarter at –0.57%. The comparable Slovenian bond dropped below zero in August and recorded its minimum at –0.28%, ending the third quarter at 0.01%. The corporate sector was optimistic in the first half of the year, with markups declining and stock indices rising; in mid-year this trend came to an end. The US S&P 500, which reached its historic peak in June, recorded an 18.7% growth at the end of the third quarter, while the European Stoxx 50 recorded a percentage point decline over the same period. Slovenia's SBI index recorded a relatively modest 6.2% growth.

The reporting period saw several major CAT events in the estimated amount of EUR 13.5 million, which impacted the Group's performance. In Slovenia, the June and July storms with hail caused damage on cars, crops and buildings of around EUR 8.1 million in claims (of which reported and settled claims amounted to EUR 6.9 million). Pozavarovalnica Triglav Re recorded claims of around EUR 4.7 million as a result of Category 5 hurricane in Bahamas and typhoon Faxai in Japan. In Montenegro, February storms caused estimated claims of EUR 302 thousand, whilst in North Macedonia damage of around EUR 292 thousand was caused by storms with hail in Q2 2019.

## 4.2 The insurance market and the position of the Group members in the first nine months of 2019

There were 14 insurance companies, 5 foreign branch offices and 2 reinsurance companies active in the **Slovene insurance market**, all members of the Slovenian Insurance Association (hereinafter: SZZ). As of 1 January 2019, Allianz zavarovalnica, branch office Ljubljana (Allianz Hungaria Zrt), was wound-up, whereas Croatia zavarovanje, branch office Ljubljana joined SZZ. The insurance company SID-PKZ changed its name to Coface PKZ.

In the reporting period, the insurance companies recorded gross written premium amounting to EUR 1,943.4 million, **up by 7.7%**. **Non-life insurance** recorded a 9.1% growth and accounted for 71.7% of total premium. Excluding health insurance, which experienced a higher premium growth (10.1%), non-life insurance premium growth would be 8.6%. Non-life insurance premiums increased foremost as a result of higher health insurance and motor vehicle insurance (comprehensive car insurance and motor liability insurance). **Life insurance premium** increased by 4.3% as a result of a high growth rate by supplemental voluntary pension and life insurance.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four largest insurance companies controlled 70.0% of the market (70.9% in the respective period of 2018). With a market share of 27.8%, **Zavarovalnica Triglav** maintained the leading position (28.2% in the respective period of 2018). The second largest market share was held by Zavarovalnica Sava, a company 37% smaller. **The Triglav Group** (parent company, Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba) increased its market share by 0.3 percentage point to 35.7%.

Insurance companies of the Triglav Group held a 35.7% share on the Slovene insurance market as at the reporting date.

The **Triglav Group's** market shares **by segments** were the following:

- non-life insurance (excluding health insurance): 43.4% (a decrease of 0.2 percentage point);
- life insurance: 28.0% (a decrease of 1.0 percentage point);
- health insurance: 29.0% (an increase of 2.7 percentage points).

The market shares of **Zavarovalnica Triglav** by segment:

- non-life insurance: 29.5% (a decrease of 0.3 percentage point);
- life insurance: 23.6% (a decrease of 0.9 percentage point).

The market share of **Triglav, Zdravstvena zavarovalnica**:

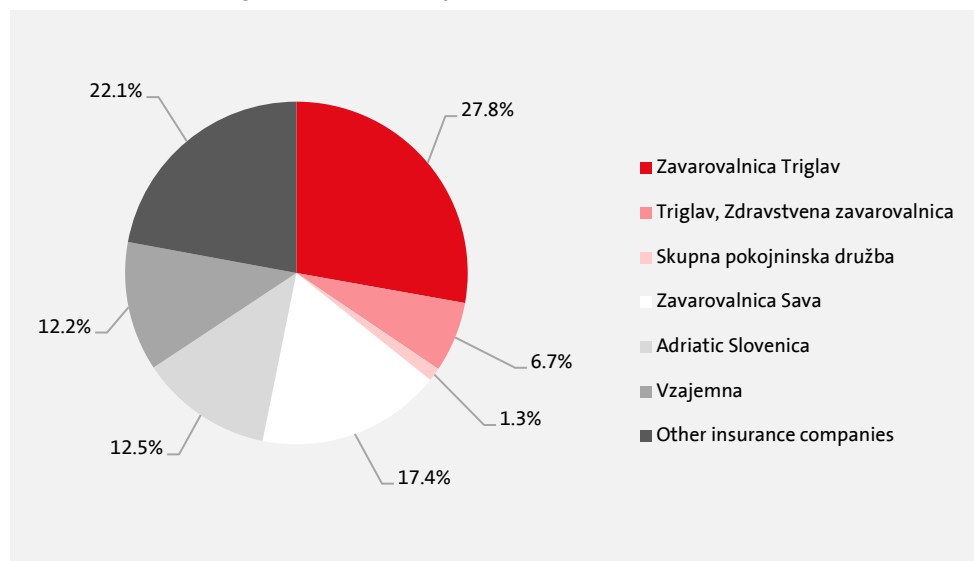
- health insurance: 28.8% (an increase of 2.7 percentage points).

The market share of **Skupna pokojninska družba**:

- supplementary voluntary pension insurance (SVPI): 19.6% (market leader, H1 2019 data).



### The market share of insurance companies in Slovenia in Q1-3 2019



Source: Slovenian Insurance Association

### Market share and market rank trends of the Triglav Group insurance markets in Q1-3 2019

Market	Market share	Market share trend	Ranked in 2019	Ranked in 2018
Slovenia	35.7%	↑ + 0.3-percentage point	1	1
Croatia	4.8%	↑ + 0.2-percentage point	8	8
Serbia*	6.6%	↑ + 0.6-percentage point	5	5
Montenegro	39.5%	↑ + 1.3-percentage point	1	1
Bosnia and Herzegovina**	7.7%	↓ - 0.1-percentage point	6	6
- Federation of BiH	8.6%	↓ - 0.3-percentage point	7	7
- Republic of Srpska**/**	5.3%	● 0.0-percentage point	9	7
North Macedonia*	13.8%	↓ - 1.9-percentage point	1	1

\* Data from January to June 2019

\*\* Data from January to December 2018

\*\*\*Market shares of Triglav Osiguranje, Banja Luka and Triglav Osiguranje, Sarajevo were taken into account.

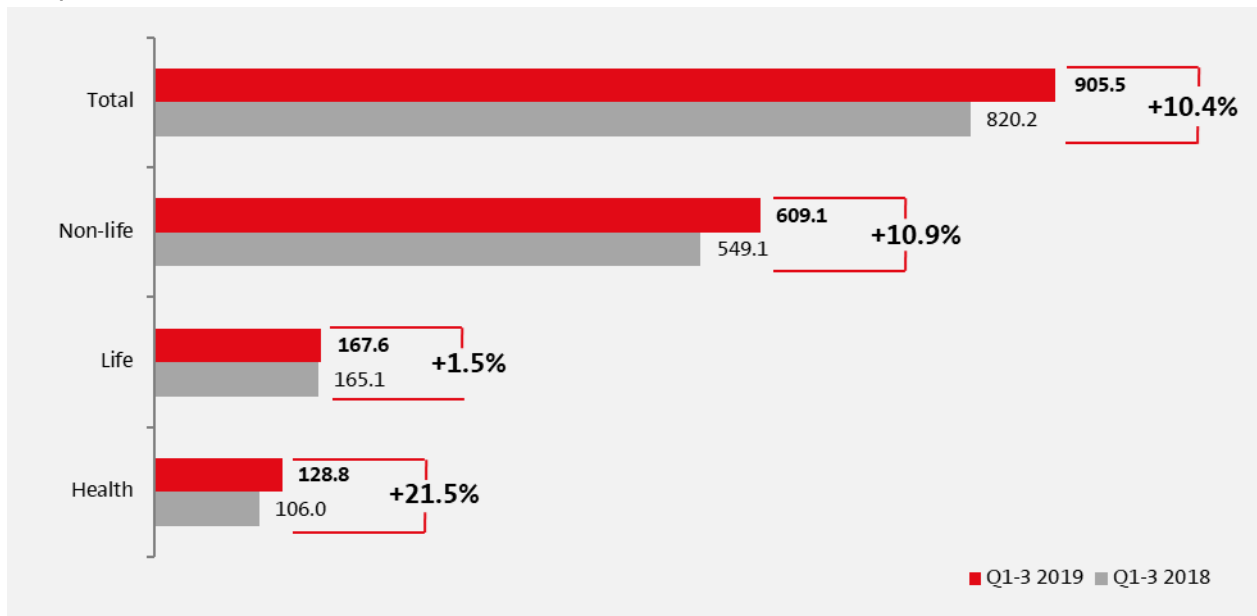
### 4.3 Gross written insurance, co-insurance and reinsurance premiums

The Triglav Group increased the volume of consolidated gross written insurance, co-insurance and reinsurance premiums by 10%. Written premium totalled EUR 905.5 million. Premium by segment:

- **non-life insurance:** EUR 609.1 million, index 111;
- **life insurance:** EUR 167.6 million, index 102;
- **health insurance:** EUR 128.8 million, index 122.

The Triglav Group recorded a 10% growth in gross written insurance, co-insurance and reinsurance premiums.

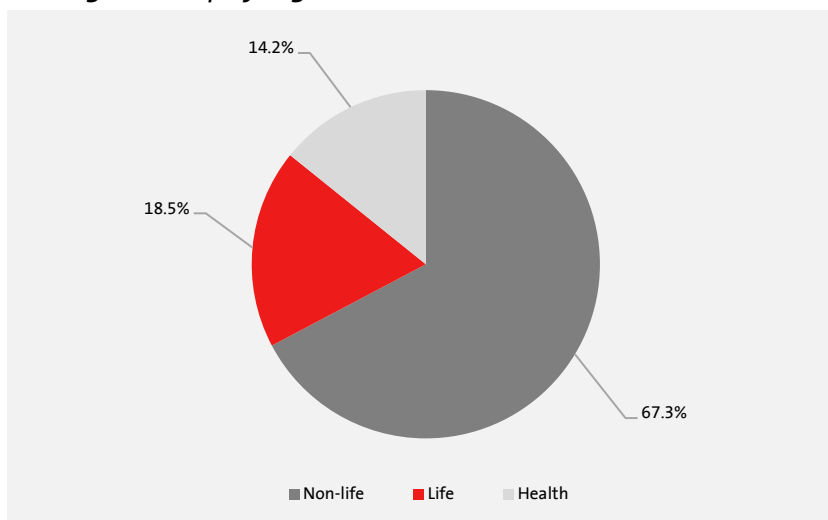
*Consolidated gross written insurance, co-insurance and reinsurance premiums in Q1-3 2019 compared to Q1-3 2018*



The share of non-life and health insurance premiums in total consolidated gross written premium increased, whereas the share of life insurance premium went down:

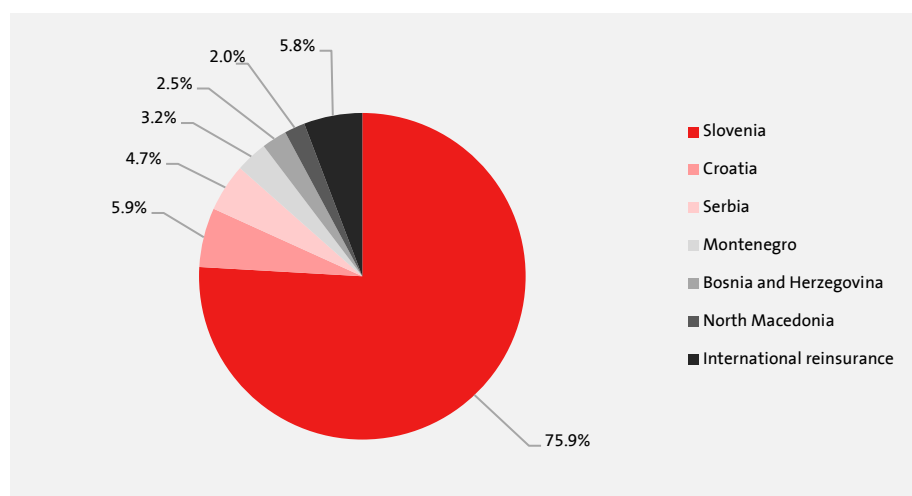
- non-life insurance accounted for 67.3% (Q1-3 2018: 67.0%);
- life insurance accounted for 18.5% (Q1-3 2018: 20.1%); and
- health insurance for 14.2% (Q1-3 2018: 12.9%).

*The structure of consolidated gross written insurance, co-insurance and reinsurance premiums of the Triglav Group by segment*



In total consolidated gross written premium, reinsurance premium on the international markets increased by 0.6 percentage points, whilst a share of consolidated gross written premium charged in the Slovene insurance market remained unchanged. A total of 75.9% of consolidated gross written premium was charged in the Slovene insurance market, 18.3% of the premium was booked in the markets outside of Slovenia, while global reinsurance premium accounted for 5.8% of written premium.

*The structure of consolidated gross written insurance, co-insurance and reinsurance premiums of the Triglav Group by market*



*Consolidated gross written insurance, co-insurance and reinsurance premiums of the Triglav Group by market*

Country	Gross written premium		Index	Structure	
	Q1-3 2019	Q1-3 2018	Q1-3 2019/ Q1-3 2018	Q1-3 2019	Q1-3 2018
Slovenia	687,313,277	627,614,136	110	75.9%	76.5%
Croatia	53,205,681	47,042,441	113	5.9%	5.7%
Serbia	42,936,939	37,937,526	113	4.7%	4.6%
Montenegro	28,575,743	24,772,685	115	3.2%	3.0%
Bosnia and Herzegovina	22,568,825	21,530,514	105	2.5%	2.6%
North Macedonia	18,458,227	18,770,231	98	2.0%	2.3%
International reinsurance	52,428,290	42,517,752	123	5.8%	5.2%
<b>Total</b>	<b>905,486,982</b>	<b>820,185,285</b>	<b>110</b>	<b>100.0%</b>	<b>100.0%</b>

Premium growth was recorded in most insurance markets, excluding the North Macedonian market (see the overview by insurance subsidiary below). The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 860.7 million in non-consolidated gross written premium, up by 9% compared to the same period last year.

Pozavarovalnica Triglav Re posted a total of EUR 131.4 million in gross written reinsurance premium, up by 27% compared to the year before. The highest growth was recorded in motor liability insurance (operations within the Triglav Group), other damage to property insurance (high growth of operations outside the Triglav Group and within the Group), fire and natural disaster insurance (high growth of operations outside the Triglav Group). Transactions with the Triglav Group experienced a 30% premium growth resulting from new contracts taken out by group members outside Slovenia. In operations outside the Triglav Group, the reinsurance premiums experienced a high, 23% growth resulting mainly from newly concluded contracts in 2019. The highest premium growth was recorded on the South African, Italian, Israeli and German markets.

## Gross written insurance, co-insurance and reinsurance premiums in Q1-3 2019 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index		Structure	
	Non-life	Life	Total	Non-life	Life	Total	Q1-3 2019
Zavarovalnica Triglav*	411,170,677	129,704,402	540,875,079	108	101	106	62.8%
Triglav, Zdravstvena zavarovalnica	129,445,778		129,445,778	121	0	121	15.0%
Skupna pokojninska družba		24,525,345	24,525,345	0	101	101	2.8%
Triglav Osiguranje, Zagreb	47,180,247	6,025,434	53,205,681	114	104	113	6.2%
Triglav Osiguranje, Belgrade	39,808,309	3,129,127	42,937,436	114	109	113	5.0%
Lovćen Osiguranje, Podgorica	26,055,526		26,055,526	112	0	112	3.0%
Triglav Osiguranje, Sarajevo	12,900,496	5,536,123	18,436,619	103	115	106	2.1%
Triglav Osiguranje, Banja Luka	4,214,402		4,214,402	100	0	100	0.5%
Triglav Osiguruvanje, Skopje	18,101,514		18,101,514	98	0	98	2.1%
Lovćen životna osiguranja, Podgorica		2,520,217	2,520,217	0	171	171	0.3%
Triglav Osiguruvanje Život, Skopje		357,260	357,260	0	142	142	0.0%
<b>Total</b>	<b>688,876,949</b>	<b>171,797,908</b>	<b>860,674,857</b>	<b>111</b>	<b>102</b>	<b>109</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	131,404,940		131,404,940	127	0	127	
Consolidation eliminations	-82,406,583	-4,186,232	-86,592,815	117	119	117	
<b>Total consolidated</b>	<b>737,875,306</b>	<b>167,611,676</b>	<b>905,486,982</b>	<b>113</b>	<b>102</b>	<b>110</b>	

\*The insurance company data already include the pre-consolidation adjustments

### 4.3.1 Non-life insurance

In the non-life insurance segment, the Triglav Group insurance subsidiaries charged EUR 688.9 million in non-consolidated written premium or 11% more than in the same period of 2018. Premium growth was recorded in all other non-life insurance classes.

In total written premium, **motor vehicle insurance** (comprehensive car insurance and motor liability insurance) remained the largest insurance class with a 29.5% share. The Triglav Group insurance companies collected EUR 118.5 million in **comprehensive car insurance** premium or 7% more compared to 2018. All insurance companies recorded premium growth mainly through effective sales campaigns, intensified sales activities and winning new clients. The highest premium growth was posted by Triglav Osiguranje, Belgrade (index 133), Triglav Osiguranje, Banja Luka (index 122) and by Triglav Osiguranje, Zagreb and Lovćen Osiguranje (index 113). The parent company, accounting for 83% of the Group's total premiums, recorded a 5% growth in written premium. Such a good result is a reflection of effective sales activities and sales campaigns (the "Together in Action" Vignette sales campaign and "Free Time") and the redesign of motor vehicle insurance tariffs in January 2019.

**Motor vehicle insurance is the most important insurance class, accounting for 29.5% of total written premiums.**

The Group collected EUR 135.7 million in **motor liability insurance** premium, up by 7% compared to the preceding year. The highest growth of 11% was achieved by the parent company (accounting for 60% of total premium) through effective sales activities and sales campaigns, the redesign of motor vehicle insurance tariffs and the increased number of sold insurance policies. This insurance class continues to account for the largest share on the markets outside Slovenia, where Lovćen Osiguranje, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo experienced premium growth. Other insurance companies of the Group recorded premium decreases. Triglav Osiguranje, Banja Luka premium drop was caused by lower premium in compulsory motor vehicle liability insurance (Decision of the Insurance Agency of the Republic of Srpska) and lower number of concluded insurance policies as a consequence of fierce competition, whilst Triglav Osiguruvanje, Skopje by the termination of cooperation with

three agencies and lower scope of cooperation with insurance brokers, in Triglav Osiguranje, Zagreb by lower volume of rent-a-car insurance taken out and fierce competition.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 166.7 million was booked, having increased by 9%. In other damage to property insurance a 14% premium growth was seen, whilst in fire and natural disaster insurance, a premium growth of 1% was recorded. The highest growth was achieved by the Lovćen Osiguranje (index 129) by attracting new policyholders, increasing the scope of insurance coverage with existing policyholders and partly due to different premium charging dynamics. Zavarovalnica Triglav, accounting for 80% share of total premium, recorded a 10% growth in written premium. In the parent company, the acquisition of new clients and projects, the increased scope of insurance coverage and partly a different premium charging dynamics were the main causes of high growth in combined non-life insurance and fire insurance in the power industry. The high increase in mobile phone insurance was a result of higher sales income, whilst in property and interest in property insurance of individuals due to the increased number of sold insurance policies. A decrease in premium was recorded only in Triglav Osiguranje, Skopje (index 92) due to the premium loss of some major policyholders.

A 22% growth was seen in **health insurance**, where the Group wrote EUR 134.7 million in premium. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 129.4 million, thus achieving a 21% growth.

Premium growth of 22% was achieved in health insurance.

The bulk of its written premium stems from supplemental health insurance, where higher growth can be attributed to the increased number of concluded insurance policies and the premium increase in March and September 2019. It was also successful in marketing additional health insurance products. Most other insurance companies selling health insurance products also recorded a high premium growth.

In **general liability insurance**, the Triglav Group recorded a 6% premium growth or EUR 40.2 million in nominal terms. Zavarovalnica Triglav, accounting for 80% of total premium, saw a 3% growth in written premium compared to the preceding year. A high premium increase was recorded in product liability insurance and in the segment of specific professional liability insurance. A high growth was achieved by most insurance companies by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders.

**Accident insurance** represented 3.6% of total written premium or EUR 31.1 million in nominal terms. The premium was 1% higher than in the previous year. The strongest increase in premium written was seen in Triglav Osiguranje, Zagreb, parent company, Lovćen Osiguranje (premium growth of all insurance subclasses) and Triglav Osiguranje, Banja Luka (a higher number of concluded policies). Zavarovalnica Triglav, accounting for 67% of total accident insurance premium, recorded a 3% growth in written premium, mainly caused by the largest insurance subclass among accident insurance – group accident insurance.

The premium in the **credit insurance** totalled EUR 22.3 million, accounting for 2.6% of the Group's total premium, and increased by 11%. A significant growth in premium was recorded in Triglav Osiguranje, Zagreb, achieved as a result of business co-operation with one of the banks. Other insurance companies also achieved a strong premium growth, excluding Triglav Osiguranje, Sarajevo (index 84) and the parent company (index 90). The parent company's decline in premium (accounting for 78% of total premium) was primarily the result of lower consumer loan insurance premium (cancellation of insurance policies of two major policyholders) as well as a lower premium from unemployment, disability and whole life insurance, marketed by banks as an additional product taken out simultaneously with consumer and housing loans (termination of cooperation with one of the banks) and overdraft insurance (improved loss ratio of policyholders and a cancellation of an insurance policy).

Premium from **other non-life insurance** (accounting for 4.6% of total premium) increased by 23% to EUR 39.6 million. High premium growth was recorded by most insurance companies, the largest by Zavarovalnica Triglav (index 127), Triglav Osiguranje, Zagreb (index 122), Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Belgrade (index 119). High premium rise in the parent company (70% of total premium) was primarily generated by assistance insurance (high roadside assistance premium growth) and aircraft insurance (high premium growth arising from international aircraft liability insurance mainly due to fronting operations). A good result was recorded by Triglav Osiguranje, Zagreb mainly as the result of effective cooperation with one of the agencies selling marine insurance, Triglav Osiguranje, Sarajevo as a result of the higher number of concluded assistance insurance policies and winning new clients in the segment of miscellaneous financial loss insurance, Triglav Osiguranje, Belgrade by higher premium growth in suretyship insurance (successful sale of a new insurance product – insolvency insurance) and assistance insurance. Compared to 2018, lower premium was recorded only by the Macedonian insurer (index 91) largely due to lower premium from miscellaneous financial loss insurance and assistance insurance (lower premium rate).

### 4.3.2 Life insurance

In total, the Triglav Group insurance subsidiaries charged EUR 171.8 million in non-consolidated gross written premium from **life insurance** contracts or 2% more than in the same period last year. This accounted for 20.0% of total gross written premiums, which was 1.4 percentage points less than in the corresponding period of 2018.

Premium from **life insurance** (traditional life insurance, annuity insurance, voluntary pension insurance) grew by 4% compared to the 2018 year-end. With EUR 77.1 million, they represented 44.9% of the total life insurance premium. The premium collected by the parent company was 1% higher than in the respective period of 2018 (an 80% share) foremost due to the higher premium payments. Significant growth in premium was achieved by Lovćen životna osiguranja (index 171) due to a higher volume of insurance sold via banking sales channels), Triglav Osiguruvanje Život, Skopje (index 142) resulting from a higher volume of insurance sold via internal sales network and the Sarajevo insurer (index 115) due to effective sales via banks and banks. Other insurance companies of the Group selling this insurance class recorded a high growth (Triglav Osiguranje, Belgrade and Triglav Osiguranje, Zagreb).

The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) dropped by 1% compared to the preceding year. With EUR 82.5 million, they represented 48.0% of the total life insurance premium. The parent company recorded a 1% premium decrease compared to the previous year, resulting from reduced one-off premiums paid-in and lower retained sums paid out on maturity. Triglav Osiguranje, Zagreb recorded premium growth of 4% due to a higher volume of insurance sold via banking sales channel. Skupna pokojninska družba experienced a 1% premium increase.

**Capital redemption insurance** (supplemental voluntary pension insurance) generated EUR 12.3 million or 7.1% of the total life insurance premium. The 5% premium growth stemmed from higher premium payments and transfers of assets in the parent company.

*Non-consolidated gross written insurance, co-insurance and reinsurance premiums of the Triglav Group (excluding Pozavarovalnica Triglav Re) by insurance class*

Insurance class	Gross written premium		Index	Structure
	Q1-3 2019	Q1-3 2018	Q1-3 2019/ Q1-3 2018	Q1-3 2019
Accident insurance	31,131,307	30,682,405	101	3.6%
Health insurance	134,708,142	110,343,434	122	15.7%
Comprehensive car insurance	118,490,120	110,950,637	107	13.8%
Real property insurance	166,710,255	152,651,162	109	19.4%
Motor liability insurance	135,732,842	127,237,830	107	15.8%
General liability insurance	40,171,270	37,812,251	106	4.7%
Credit insurance	22,319,739	20,186,626	111	2.6%
Other non-life insurance	39,613,275	32,260,974	123	4.6%
<b>Non-life insurance</b>	<b>688,876,950</b>	<b>622,125,319</b>	<b>111</b>	<b>80.0%</b>
Life insurance	77,086,139	73,936,317	104	9.0%
Unit-linked life insurance*	82,454,800	82,981,926	99	9.6%
Capital redemption insurance	12,256,968	11,681,892	105	1.4%
<b>Life insurance</b>	<b>171,797,907</b>	<b>168,600,135</b>	<b>102</b>	<b>20.0%</b>
<b>Total</b>	<b>860,674,857</b>	<b>790,725,454</b>	<b>109</b>	<b>100.0%</b>

\*According to the definition of the Insurance Supervision Agency, premiums of Skupna pokojninska družba are included in unit-linked life insurance.

*Gross written insurance, co-insurance and reinsurance premiums of Zavarovalnica Triglav by insurance class*

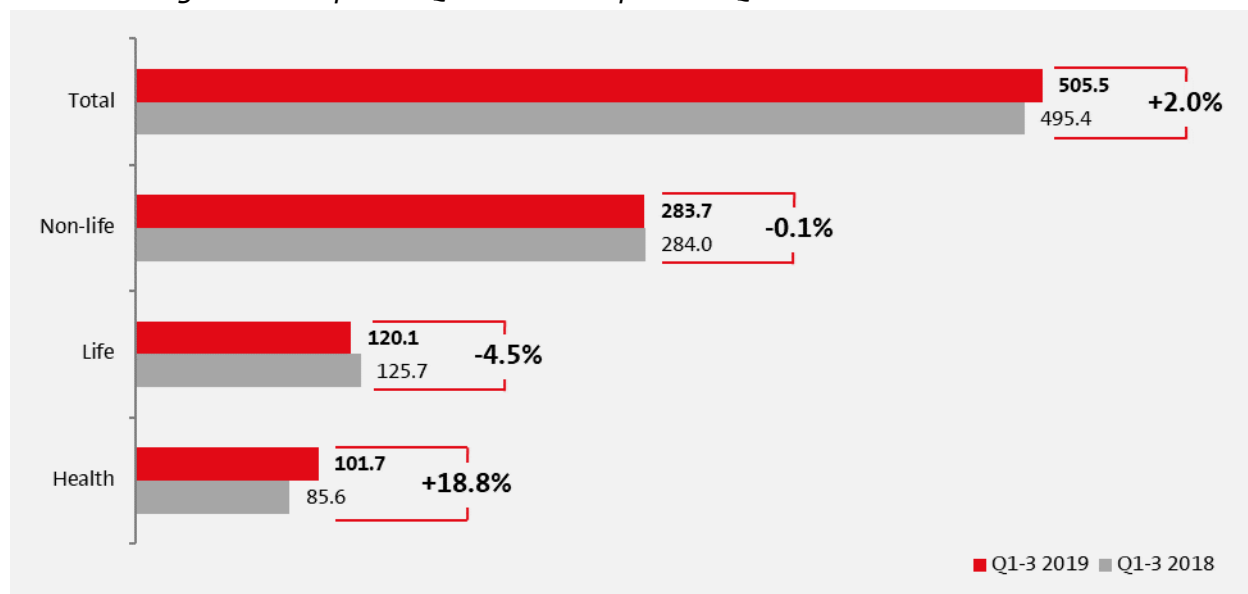
Insurance class	Gross written premium		Index	Structure
	Q1-3 2019	Q1-3 2018	Q1-3 2019/ Q1-3 2018	Q1-3 2019
Accident insurance	20,786,399	20,234,225	103	3.8%
Health insurance	532,595	465,418	114	0.1%
Comprehensive car insurance	98,161,206	93,319,698	105	18.1%
Real property insurance	133,735,600	121,417,758	110	24.7%
Motor liability insurance	80,931,376	72,917,068	111	15.0%
General liability insurance	31,980,507	31,196,775	103	5.9%
Credit insurance	17,408,408	19,407,863	90	3.2%
Other non-life insurance	27,626,189	21,690,391	127	5.1%
<b>Non-life insurance</b>	<b>411,162,280</b>	<b>380,649,196</b>	<b>108</b>	<b>76.0%</b>
Life insurance	61,728,500	60,848,947	101	11.4%
Unit-linked life insurance	55,730,197	56,468,613	99	10.3%
Capital redemption insurance	12,256,968	11,681,892	105	2.3%
<b>Life insurance</b>	<b>129,715,665</b>	<b>128,999,452</b>	<b>101</b>	<b>24.0%</b>
<b>Total</b>	<b>540,877,945</b>	<b>509,648,648</b>	<b>106</b>	<b>100.0%</b>

#### 4.4 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 505.5 million in consolidated gross claims paid (including claim handling costs, income from exercised subrogation receivables and gross claims paid from active reinsurance), or 2% more than in the respective period of the previous year. Gross claims paid experienced growth in **health insurance**, totalling EUR 101.7 million (index 119), whilst in **non-life insurance** they remained approximately at the same level as in 2018 (index 100), and amounted to EUR 283.7 million. Gross claims paid from **life insurance** dropped by 4% to EUR 120.1 million. In the reporting period.

Gross claims paid increased by 2% compared to 2018.

Consolidated gross claims paid in Q1-3 2019 compared to Q1-3 2018



Non-consolidated gross claims paid of the Triglav Group’s insurance companies (excluding Pozavarovalnica Re) amounted to EUR 483.2 million and remained approximately at the same level as the year before (index 100). The highest growth rates in gross claims paid were recorded by Lovćen životna osiguranja (index 284), Triglav Osiguranje, Sarajevo (index 122), Triglav Osiguranje, Belgrade (index 120) and Triglav, Zdravstvena zavarovalnica (index 119).

Pozavarovalnica Triglav Re recorded a total of EUR 47.9 million of gross claims which was approximately the same level as the year before (index 100). A 27% growth in gross claims paid was seen in transactions outside of the Group, whereas a decrease of 26% in gross claims paid was recorded in transactions within the Group. The high growth in gross claims paid in transactions outside of the Group was primarily influenced by a higher volume of gross claims paid in other damage to property insurance due to portfolio growth in recent years, claims incurred by the 2018 Japanese Typhoon Jebi and crop damage in South Korea as well as claims already paid for Hurricane Dorian, which hit the Bahamas in late August. This decrease was a result of new reinsurance contracts concluded with the Group members outside of Slovenia in accordance with the clean cut system. In these contracts, entry claim portfolios, which are calculated anew, decrease gross claims paid, thereby offsetting the impact of increased liabilities for incurred claims covered by the reinsurer.



## Gross claims paid in Q1-3 2019 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1-3 2019
Zavarovalnica Triglav*	190,286,600	103,921,695	294,208,295	97	94	96	60.9%
Triglav, Zdravstvena zavarovalnica	101,715,976		101,715,976	119	0	119	21.1%
Skupna pokojninska družba		9,684,716	9,684,716	0	100	100	2.0%
Triglav Osiguranje, Zagreb	27,116,471	4,030,174	31,146,645	100	97	99	6.4%
Triglav Osiguranje, Belgrade	13,516,907	2,408,219	15,925,126	121	120	120	3.3%
Lovćen Osiguranje, Podgorica	10,568,577		10,568,577	63	0	63	2.2%
Triglav Osiguranje, Sarajevo	7,683,309	1,738,121	9,421,430	125	110	122	1.9%
Triglav Osiguranje, Banja Luka	1,292,014		1,292,014	96	0	96	0.3%
Triglav Osiguruvanje, Skopje	7,182,978		7,182,978	93	0	93	1.5%
Lovćen životna osiguranja, Podgorica		1,986,569	1,986,569	0	284	284	0.4%
Triglav Osiguruvanje Život, Skopje		29,013	29,013	0	0	0	0.0%
<b>Total</b>	<b>359,362,832</b>	<b>123,798,507</b>	<b>483,161,339</b>	<b>102</b>	<b>96</b>	<b>100</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	47,940,377		47,940,377	100	0	100	
Consolidation eliminations	-21,911,089	-3,663,430	-25,574,519	72	121	77	
<b>Total - consolidated</b>	<b>385,392,120</b>	<b>120,135,077</b>	<b>505,527,197</b>	<b>104</b>	<b>96</b>	<b>102</b>	

\* The insurance company data already include the pre-consolidation adjustments.

### 4.4.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** increased by 2% to EUR 359.4 million. *The profit level in the reporting period was also affected by some major loss events, which is described in greater detail in Section 4.1 The macroeconomic environment and environmental impact.*

In **health insurance**, gross claims paid increased by 20%, accounting for 21.6% of total gross claims paid, and amounted to EUR 104.2 million. The largest portion of claims, amounting to EUR 101.7 million, was posted by Triglav, Zdravstvena zavarovalnica, which recorded a 19% growth. The increase in the number of insured persons and their changed age structure, which is nearing the Slovene average, resulted in higher average claims paid. The rise in gross claims paid was also influenced by medical inflation. Equalisation scheme expenses increased by 17% to EUR 5.1 million.

Gross claims paid from **comprehensive car insurance** rose by 3% to EUR 71.4 million. They accounted for 14.8% of total gross claims paid by the Triglav Group. High growth rates in gross claims paid were posted by Triglav Osiguranje, Banja Luka (index 141), Triglav Osiguranje, Zagreb (index 122), Lovćen Osiguranje (index 108), Triglav Osiguranje, Sarajevo (index 106) and the parent company (index 102). The high growth of gross claims paid in Triglav Osiguranje, Banja Luka resulted from the increased number of reported claims and the higher average amount of claims paid, whilst in Triglav Osiguranje, Zagreb this was the result of bankruptcy of one of the rent-a-car policyholders and related claims paid. In Lovćen Osiguranje, Podgorica, the higher growth of gross claims paid resulted from the higher average amount of claims paid, while in Triglav Osiguranje, Sarajevo this was the result of the increased number of reported claims. Decrease in gross claims paid was posted by Triglav Osiguruvanje, Skopje (index 96) and Triglav Osiguranje, Belgrade (index 98).

Gross claims paid in **motor liability insurance** rose by 1% over the respective period of 2018. They accounted for 14.5% of total gross claims paid by the Triglav Group, amounting to EUR 70.0 million. Gross claims paid by the parent company, accounting for 67% of total gross claims paid by the Group in this insurance class, increased by 2%. This increase can be attributed to the higher volume of the insurance portfolio, higher costs of services and material for repair and growth in international claims. An increase in gross written claims was recorded by Triglav

Osiguranje, Belgrade (index 109) and Triglav Osiguranje, Sarajevo (index 108) due to higher number of reported claims. Other insurance companies recorded a decrease in gross claims paid.

In **real property insurance**, gross claims paid amounted to EUR 66.7 million, down by as much as 16% compared with the year before, accounting for 13.8% of total gross claims paid. A 23% drop in gross claims paid was seen in fire and natural disaster insurance and an 11% decline in other damage to property insurance, while the largest decrease in gross claims paid was recorded by Lovćen Osiguranje (index 15), Triglav Osiguruvanje, Skopje (index 73), Zavarovalnica Triglav (index 88) and Triglav Osiguranje, Zagreb (index 90). The high fall in Lovćen Osiguranje was a result of last year's payment of a large claim, while the decrease in the parent company (74% of total gross claims paid by the Group) and the Croatian insurer was a result of last year's claims paid due to natural disasters and some major individual claims paid. The Macedonian insurer had three major claims paid last year. In contrast, high growth in gross claims was posted by Triglav Osiguranje, Sarajevo, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Banja Luka due to a higher number of settlements of some substantial individual claims.

Gross claims paid in **accident insurance** decreased by 1% to EUR 17.2 million. The decrease in gross claims paid was primarily a result of lower gross claims paid in Lovćen Osiguranje (lower payouts in professional liability accident insurance), Zavarovalnica Triglav (lower payouts in AO-plus insurance) and in Triglav Osiguruvanje, Skopje (lower growth in key person insurance claims). A high growth in gross claims paid was seen in Triglav Osiguranje, Belgrade (increased number of reported claims and settlement of some substantial claims arising from international claim scheme) and Triglav Osiguranje, Sarajevo (increased settlement of claims from group accident insurance).

Gross claims paid from **general liability insurance** amounted to EUR 12.4 million, down by 6% compared to the year before. Gross claims paid by the parent company, which accounted for 88% of gross claims paid by the Group in this insurance class, fell by 10% primarily resulting from the payments of some substantial individual claims in product liability insurance. Other insurance companies of the Group selling this insurance class recorded a growth in gross claims paid.

Gross claims paid from **credit insurance** rose by 19% to EUR 3.3 million. Zavarovalnica Triglav (index 114), recorded a high increase in claims, accounting for a 91% share of this insurance class and Triglav Osiguranje, Belgrade (index 169). High growth in Triglav Osiguranje, Belgrade was affected by settlement of two substantial claims. The high growth rates in gross claims paid were recorded in parent company resulted mostly from higher payments in domestic trade credit insurance (payment of large claims due to insolvency), consumer and housing credit insurance (the volume of payments was close to the past trend because the amount of claims was relatively low last year) and overdraft insurance (mainly due to the increase in claims of a policyholder).

Gross claims paid from **other non-life insurance** fell by 1% to EUR 14.2 million. Zavarovalnica Triglav, holding a 77% share of this insurance class, recorded a 3% decrease in claims largely on the account of the payment of a substantial claim from railway insurance in 2018. The highest decline in gross claims paid was recorded by Lovćen Osiguranje, primarily due to the payment of a substantial claim from aircraft insurance in 2018. In contrast, high growth in gross claims paid was posted by Triglav Osiguranje, Belgrade (the payment of a substantial individual claim from miscellaneous financial loss insurance), Triglav Osiguranje, Zagreb (higher claims from suretyship insurance and assistance insurance), Triglav Osiguranje, Sarajevo (the higher number of reported claims from roadside assistance) and Triglav Osiguruvanje, Skopje (payment of three substantial claims from assistance insurance).

#### 4.4.2 Life insurance

Non-consolidated gross claims paid from **life insurance** declined by 4% to EUR 123.8 million. Their share in total non-consolidated claims paid fell by 1.1 percentage points to 25.6%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, annuity pension and voluntary pension insurance), amounting to EUR 68.3 million, up by 3% compared with the year before. A high growth in gross claims paid was recorded by Triglav Osiguranje, Belgrade (the growth of claims from insurance taken out via the banking sales channel), Lovćen životna osiguranja (higher payouts due to death, maturity and surrenders and accidents), Triglav Osiguranje, Sarajevo (higher payouts due to surrenders and death) and Triglav Osiguranje, Zagreb (higher sums paid out on maturity). Gross claims paid by the parent company remained approximately at the same level as the year before (index 100).

Gross claims paid from **unit-linked life insurance** amounted to EUR 51.7 million or 11% less than the year before. Lower gross claims paid primarily resulted from the decrease in sums paid out on maturity in both Zavarovalnica Triglav (index 87) and Triglav Osiguranje, Zagreb (index 73). In Skupna pokojninska družba, gross claims paid remained approximately at the same level as the year before (index 100).

Gross claims paid from **capital redemption insurance** (supplemental voluntary pension insurance) decreased by 15%, primarily as a result of lower payouts due to withdrawals from insurance contracts and surrenders pursuant to the Pension and Disability Insurance Act in the parent company.

*Non-consolidated gross claims paid by insurance companies of the Triglav Group (excluding Pozarovalnica Triglav Re) by insurance class*

Insurance class	Gross claims paid		Index	Structure
	Q1-3 2019	Q1-3 2018	Q1-3 2019/ Q1-3 2018	Q1-3 2019
Accident insurance	17,239,347	17,371,197	99	3.6%
Health insurance	104,217,347	86,987,879	120	21.6%
Comprehensive car insurance	71,375,083	69,221,294	103	14.8%
Real property insurance	66,658,323	78,950,457	84	13.8%
Motor liability insurance	70,035,643	69,539,526	101	14.5%
General liability insurance	12,391,612	13,159,869	94	2.6%
Credit insurance	3,292,273	2,769,409	119	0.7%
Other non-life insurance	14,153,203	14,246,248	99	2.9%
<b>Non-life insurance</b>	<b>359,362,831</b>	<b>352,245,879</b>	<b>102</b>	<b>74.4%</b>
Life insurance	68,265,037	66,024,175	103	14.1%
Unit-linked life insurance*	51,725,027	58,262,061	89	10.7%
Capital redemption insurance	3,808,444	4,483,239	85	0.8%
<b>Life insurance</b>	<b>123,798,508</b>	<b>128,769,475</b>	<b>96</b>	<b>25.6%</b>
<b>Total</b>	<b>483,161,339</b>	<b>481,015,354</b>	<b>100</b>	<b>100.0%</b>

\* According to the definition of the Insurance Supervision Agency, gross claims paid by Skupna pokojninska družba are included in unit-linked life insurance

## Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid		Index	Structure
	Q1-3 2019	Q1-3 2018	Q1-3 2019/ Q1-3 2018	Q1-3 2019
Accident insurance	10,067,850	10,288,407	98	3.4%
Health insurance	180,476	58,309	310	0.1%
Comprehensive car insurance	58,915,148	57,934,722	102	20.0%
Real property insurance	49,124,137	55,795,285	88	16.7%
Motor liability insurance	47,146,219	46,278,730	102	16.0%
General liability insurance	10,927,182	12,082,346	90	3.7%
Credit insurance	2,981,371	2,607,708	114	1.0%
Other non-life insurance	10,944,217	11,259,146	97	3.7%
<b>Non-life insurance</b>	<b>190,286,600</b>	<b>196,304,653</b>	<b>97</b>	<b>64.7%</b>
Life insurance	58,971,366	58,818,320	100	20.0%
Unit-linked life insurance	41,141,885	47,322,076	87	14.0%
Capital redemption insurance	3,808,444	4,483,239	85	1.3%
<b>Life insurance</b>	<b>103,921,695</b>	<b>110,623,635</b>	<b>94</b>	<b>35.3%</b>
<b>Total</b>	<b>294,208,295</b>	<b>306,928,288</b>	<b>96</b>	<b>100.0%</b>

### 4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group totalled EUR 221.7 million, which was 5% more over the preceding year. **Insurance business operating expenses** grew by 4% to EUR 200.1 million, primarily due to higher acquisition costs resulting from premium growth, depreciation costs and higher labour costs. **Non-insurance business expenses** grew by 10% to EUR 21.6 million, mostly due to strengthening of the asset management activity (new companies ALTA Skladi and Triglav penzisko društvo and primarily due to higher advisory costs of Triglav Skladi resulting from the acquisition of ALTA Skladi).

Operating expenses of insurance business accounted for 22.1% of consolidated gross written premiums, which was 1.3 percentage points less compared to the preceding year. Operating expenses in **non-life insurance** increased by 4% (EUR 159.5 million) and by 27% (EUR 13.0 million) in the **health insurance** segment, whereas in **life insurance** they were approximately equal to the corresponding period of 2018 (EUR 27.6 million).

The share of insurance business operating expenses in written premium dropped to 22.1%.

Acquisition costs (fees and commissions) increased by 14% to EUR 41.6 million mostly due their growth in the parent company, Triglav, Zdravstvena zavarovalnica, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade. Higher acquisition costs resulted from the higher number of concluded insurance policies and the higher premium volume from the insurance policies taken out via the external sales channels (insurance brokers and agencies); in the parent company, they were also higher due to the provisions made for fees and commissions for not yet settled invoices for the services rendered in the amount of EUR 1.3 million. Provisions for fees and commissions were formed as at the 2018 year-end. As a result, acquisition costs are not comparable to the 2018 figures. The costs of goods sold totalled EUR 45 thousand. The 27% increase in depreciation costs in the amount of EUR 13.5 million was primarily the consequence of implementing the new IFRS 16 Leases, under which leases are differently defined, i.e. long-term leases are defined as long-term assets that are amortised. The latter is discussed in greater detail in *Section 2.3* of the Accounting Report.

With 49.1%, labour costs accounted for the largest portion of total expenses, amounting to EUR 114.5 million, up by 5% compared with the year before. This increase is primarily a result of the higher number of employees in Triglav Osiguranje, Belgrade, Triglav, Zdravstvena zavarovalnica

as well as due to higher labour costs of the parent company. Their growth can be attributed mostly to higher payments to insurance agents resulting from premium volume, revised remuneration model, employment of great majority of the subsidiary Triglav INT employees in the parent company and higher other labour costs. Costs of services provided by natural persons other than sole proprietors decreased by 54%. With 0.4% of total expenses, they amounted to EUR 954 thousand. Other operating expenses dropped by 6% to EUR 62.9 million. Among other operating expenses, the highest decrease was seen in rents and lease payments (due to the implementation of IFRS 16 *Leases*) and costs of entertainment, advertising and trade shows.

In total gross operating expenses broken down by functional group, a decrease was seen in acquisition costs, accounting for 60.2% (vs. 60.9% in 2018), whilst other operating costs increased to 29.0% (vs. 28.3% in 2018) and asset management costs to 1.0% (vs. 0.9% in 2018). With 9.8%, claim handling costs remained at the 2018 level.

### *Gross operating expenses of the Triglav Group in Q1-3 2019 by nature*

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1-3 2019	Q1-3 2018	Q1-3 2019/ Q1-3 2018	Q1-3 2019
Acquisition costs (fees and commissions)	41,629,238	36,436,879	114	17.8%
Costs of goods sold	44,778	41,412	108	0.0%
Depreciation of operating assets	13,459,525	10,590,700	127	5.8%
Labour costs	114,525,419	109,069,922	105	49.1%
- wages and salaries	79,423,966	75,256,560	106	34.0%
- social securities and pension insurance costs	18,110,489	17,563,185	103	7.8%
- other labour costs	16,990,964	16,250,177	105	7.3%
Costs of services provided by natural persons other than SPs together with pertaining taxes	954,120	2,052,441	46	0.4%
Other operating expenses	62,872,706	66,852,134	94	26.9%
- costs of entertainment, advertising, trade shows	12,600,270	15,559,408	81	5.4%
- costs of material and energy	6,057,459	5,750,586	105	2.6%
- maintenance costs	11,112,739	10,290,850	108	4.8%
- travel expenses	4,169,230	4,043,844	103	1.8%
- costs of intellectual and personal services	3,776,414	4,094,500	92	1.6%
- non-income-related costs, excluding insurance	2,600,434	2,484,497	105	1.1%
- costs of transport and communication services	4,078,948	3,912,888	104	1.7%
- costs of insurance premiums	1,031,558	927,304	111	0.4%
- payment transaction costs and banking services	5,497,904	5,586,777	98	2.4%
- rents	3,079,440	5,797,375	53	1.3%
- costs of services of professional training	899,751	726,109	124	0.4%
- other costs of services	7,961,931	7,677,996	104	3.4%
- long-term employee benefits	6,628	0	0	0.0%
<b>Total</b>	<b>233,485,786</b>	<b>225,043,488</b>	<b>104</b>	<b>100.0%</b>
Consolidation eliminations	-11,773,005	-13,707,265	86	
<b>Total consolidated</b>	<b>221,712,781</b>	<b>211,336,223</b>	<b>105</b>	

## Gross operating expenses of Zavarovalnica Triglav in Q1-3 2019 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1-3 2019	Q1-3 2018	Q1-3 2019/ Q1-3 2018	Q1-3 2019
Acquisition cost (fees and commissions)	21,362,493	19,477,154	110	16.2%
Depreciation of operating assets	8,071,822	7,142,974	113	6.1%
Labour costs	74,965,077	72,770,775	103	56.7%
- wages and salaries	52,723,116	51,109,190	103	39.9%
- social securities and pension insurance costs	8,901,807	8,815,188	101	6.7%
- other labour costs	13,340,154	12,846,397	104	10.1%
Costs of services provided by natural persons other than SPs, including related taxes	256,807	227,657	113	0.2%
Other operating costs	27,618,246	28,813,450	96	20.9%
- costs of entertainment, advertising, trade shows	5,216,504	6,036,785	86	3.9%
- costs of material and energy	2,483,460	2,442,825	102	1.9%
- maintenance costs	6,871,579	6,441,447	107	5.2%
- reimbursement of labour-related costs	2,536,455	2,482,819	102	1.9%
- costs of intellectual and personal services	1,016,461	1,752,397	58	0.8%
- non-income related costs, excluding insurance	1,280,919	1,190,150	108	1.0%
- costs of transport and communication services	2,245,329	2,284,430	98	1.7%
- costs for insurance premiums	414,649	365,859	113	0.3%
- payment transaction costs and banking services	1,245,865	1,193,697	104	0.9%
- rents	1,583,484	2,328,008	68	1.2%
- costs of professional training services	546,691	355,540	154	0.4%
- other costs of services	2,176,850	1,939,493	112	1.6%
<b>Total</b>	<b>132,274,445</b>	<b>128,432,010</b>	<b>103</b>	<b>100.0%</b>

### 4.6 Reinsurance

In the first nine months of 2019, the **Triglav Group** allocated EUR 107.7 million of reinsurance and coinsurance premiums to external equalisation, representing an increase of 28% over the respective period of 2018. Reinsurance premium growth was primarily a result of the increased volume of non-life insurance premium and active reinsurance, the higher number of facultative contracts, more expensive excess-of-loss reinsurance protection and higher settlement arising from these contracts in 2019. Reinsurance premiums accounted for 11.9% total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 25.0 million (index 92) was received from reinsurance.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 95.1 million to of reinsurance and coinsurance premiums to external equalisation, which was 22% more than in the respective period of 2018. Reinsurance premium accounted for 17.6% of total gross written premium. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 22.2 million was received from reinsurance and coinsurance (index 92).

### 4.7 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured persons. As at the reporting date, the **Triglav Group** allocated EUR 2,924.4 million to gross insurance technical provisions, which in total was 8% more over the 2018 year-end. The amount of gross insurance technical provisions increased in **non-life insurance** (index 108), in **health insurance** (index 119) and **life insurance** (index 107). As at the reporting date,

The total amount of gross insurance technical provisions of the Triglav Group went up by 8%.

The amount of gross insurance technical provisions increased in **non-life insurance** (index 108), in **health insurance** (index 119) and **life insurance** (index 107). As at the reporting date,

**Zavarovalnica Triglav** allocated EUR 2,192.8 million to gross insurance technical provisions, which was 6% more over the 2018 year-end.

Provisions of the **Triglav Group** by type as at 30 September 2019 compared to the 2018 year-end:

- **Gross provisions for unearned premium** were 24% higher and amounted to EUR 373.1 million. Unearned premium from non-life insurance amounted to EUR 369.2 million (index 124), unearned premium from life insurance totalled EUR 376 thousand (index 91) and unearned premium from health insurance reached EUR 3.5 million (index 124). The movement of gross unearned premium corresponds to the movement and duration of gross written premium and the nature of underwritten risks.
- **Gross claims provisions** rose by 1% and amounted to EUR 620.3 million. They amounted to EUR 587.1 million and remained at a level approximately equal to the 2018 year-end (index 100). Gross claims provisions from life insurance increased to EUR 21.4 million (index 104) and those from health insurance to EUR 11.8 million (index 119). Gross claims provisions are formed for claims incurred but not settled until the reporting date.
- **Mathematical provisions** grew by 7% and reached EUR 1,887.5 million. Mathematical provisions for the long-term business fund backing life insurance totalled EUR 1,420.9 million (index 105), while insurance technical provisions for unit-linked life insurance contracts equalled EUR 466.7 million. They increased by 16% due to the growth in the price of fund units.
- **Provisions for bonuses and discounts** rose by 1% to EUR 20.1 million.
- **Other insurance technical provisions** were 28% higher over the 2018 year-end and amounted to EUR 23.4 million. Other insurance technical provisions of Zavarovalnica Triglav totalled EUR 14.6 million, up by 41%, primarily as a result of additional provisions made in the amount of EUR 4.0 million due to the liability adequacy test (LAT) resulting from lower interest rates on the financial markets.

*Gross insurance technical provisions of the Triglav Group as at 30 September 2019*

	Gross insurance technical provisions		Index
	30 September 2019	31 December 2018	2019/2018
Unearned premiums	373,050,408	300,166,946	124
Mathematical provisions	1,887,549,462	1,759,831,056	107
Claims provisions	620,348,941	614,943,915	101
Provisions for bonuses and discounts	20,085,123	19,833,253	101
Other insurance technical provisions	23,385,508	18,325,930	128
<b>Total</b>	<b>2,924,419,442</b>	<b>2,713,101,100</b>	<b>108</b>

*Gross insurance technical provisions of Zavarovalnica Triglav as at 30 September 2019*

	Gross insurance technical provisions		Index
	30 September 2019	31 December 2018	2019/2018
Unearned premiums	261,822,532	213,919,937	122
Mathematical provisions	1,458,207,171	1,374,950,680	106
Claims provisions	438,571,766	442,560,188	99
Provisions for bonuses and discounts	19,547,002	19,547,002	100
Other insurance technical provisions	14,648,409	10,403,743	141
<b>Total</b>	<b>2,192,796,880</b>	<b>2,061,381,550</b>	<b>106</b>

## 4.8 Structure of financial investments

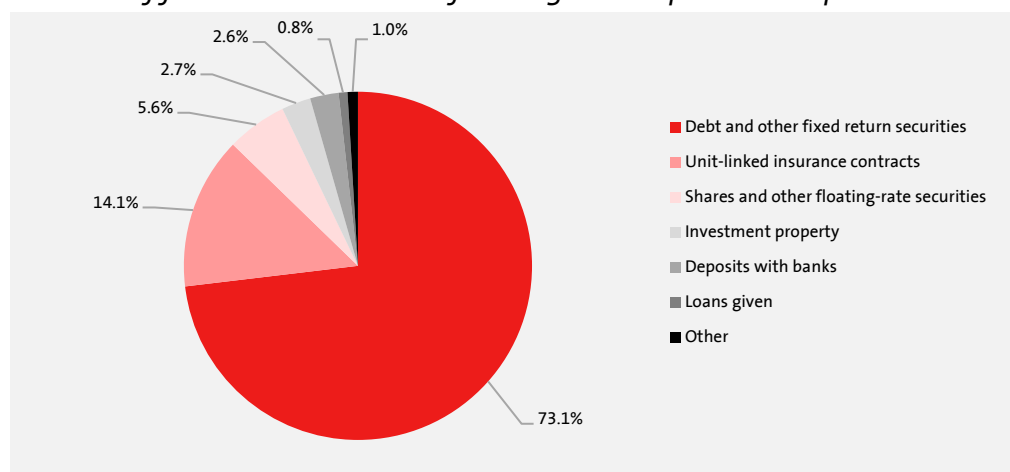
The Triglav Group continues to follow a relatively conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. As much as 73.1% of the Group's investment portfolio is invested in debt securities with mostly a high credit rating (over 87.4% of bonds in the portfolio has the rating of BBB or higher), which are invested in developed markets (as at the 2018 year-end its share was 6 percentage points lower). In the reporting period, the structure of the portfolio did not significantly change, but the Group actively adapted the shares of individual investment grades in order to maintain a high overall credit rating of the whole investment portfolio.

As at the reporting date, financial investments of the **Triglav Group**, including investment properties, amounted to EUR 3,291.1 million or 6% more than as at the 2018 year-end. Their share in total assets decreased by 2.2 percentage points to 82.8%.

*Financial investments (including investment properties) of the Triglav Group as at 30 September 2019 and 31 December 2018*

	Financial investments		Index	Structure	
	30 September 2019	31 December 2018	2019/2018	30 September 2019	31 December 2018
Investment property	89,055,410	89,840,456	99	2.7%	2.9%
Shares in associates	13,174,268	14,125,973	93	0.4%	0.5%
Shares and other floating-rate securities	184,597,795	168,345,913	110	5.6%	5.4%
Debt and other fixed return securities	2,406,108,616	2,281,642,459	105	73.1%	73.7%
Loans given	27,030,021	36,350,241	74	0.8%	1.2%
Deposits with banks	87,037,464	86,365,522	101	2.6%	2.8%
Other financial investments	10,273,255	9,918,886	104	0.3%	0.3%
Financial investments of reinsurance companies in reinsurance contracts with cedents	8,178,816	6,281,276	130	0.2%	0.2%
Unit-linked insurance contracts	465,605,797	402,515,770	116	14.1%	13.0%
<b>Total</b>	<b>3,291,061,442</b>	<b>3,095,386,496</b>	<b>106</b>	<b>100.0%</b>	<b>100.0%</b>

*Structure of financial investments of the Triglav Group as at 30 September 2019*



With a 73.1% share, debt and other fixed-return securities accounted for the bulk of total financial investments. Compared to 31 December 2018, they increased by 5%, while their share in total financial investments fell by 0.6 percentage point. The share of equity investments including investments in funds slightly rose by 0.2 percentage point to 5.6%. The share of unit-linked insurance contract investments increased by 1.1 percentage points primarily due to price growth. The share of loans granted decreased by 0.4 percentage point. The shares of other financial investments did not change significantly.



The structure of debt securities and equity investments is presented in detail below.

**By issuer sector**, government bonds accounted for the bulk with 50.2% of total investments of the Group. Compared to the 2018 year-end, they were up by 3%, whilst their share in total financial assets was down by 1.4 percentage points, followed by corporate bonds (25.7%) and financial bonds (23.9%). The latter two both recorded an increase in their shares.

#### *Debt securities of the Triglav Group by issuer sector*

Issuer sector	Debt securities		Index	Structure	
	30 September 2019	31 December 2018	2019/2018	30 June 2019	31 Dec. 2018
Government	1,207,829,869	1,177,116,267	103	50.2%	51.6%
Corporate	618,134,288	565,694,196	109	25.7%	24.8%
Financial	575,855,700	534,487,535	108	23.9%	23.4%
Structured	4,288,759	4,344,459	99	0.2%	0.2%
<b>Total</b>	<b>2,406,108,616</b>	<b>2,281,642,459</b>	<b>105</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

The Group's investment portfolio mostly consists of investments in debt securities with a **high credit rating**. As much as 87.4% of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least BBB, which is 6.0 percentage points more than as at the 2018 year-end.

#### *Debt securities of the Triglav Group by credit rating*

Credit rating	Debt securities		Index	Structure	
	30 June 2019	31 December 2018	2019/2018	30 June 2019	31 Dec. 2018
AAA	167,541,872	220,729,382	76	7.0%	9.7%
AA	216,324,538	151,075,209	143	9.0%	6.6%
A	711,210,690	647,169,663	110	29.6%	28.4%
BBB	1,008,420,364	838,541,633	120	41.9%	36.8%
Below BBB	201,894,788	324,940,014	62	8.4%	14.2%
Not rated	100,716,365	99,186,558	102	4.2%	4.3%
<b>Total</b>	<b>2,406,108,616</b>	<b>2,281,642,459</b>	<b>105</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

In terms of **issuer country**, the majority of the portfolio is accounted for by debt securities of issuers from developed markets, which ensures adequate liquidity of the Group. Certain changes in the exposure to individual countries are a result of price fluctuations and tactical adjustment of some items.

#### *Debt securities of the Triglav Group by issuer country*

Country of issuer	Debt securities		Index	Structure	
	30 September 2019	31 December 2018	2019/2018	30 Sep. 2019	31 Dec. 2018
Slovenia	382,376,614	372,682,300	103	15.9%	16.3%
France	191,661,753	152,372,593	126	8.0%	6.7%
Germany	180,210,784	170,997,573	105	7.5%	7.5%
Spain	150,661,141	130,282,806	116	6.3%	5.7%
Netherlands	150,498,051	174,147,165	86	6.3%	7.6%
Italy	130,944,015	165,345,901	79	5.4%	7.2%
USA	127,604,688	108,952,967	117	5.3%	4.8%
Croatia	107,570,554	100,188,584	107	4.5%	4.4%
Great Britain	75,111,534	77,287,888	97	3.1%	3.4%
Portugal	65,262,863	74,877,427	87	2.7%	3.3%
Other	844,206,618	754,507,255	112	35.1%	33.1%
<b>Total</b>	<b>2,406,108,616</b>	<b>2,281,642,459</b>	<b>105</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

The portion of **equity investments** (shares and other floating rate securities and investments in subsidiaries and associates) grew by 8%. Equity investments also include the category *other funds*, which consists mostly of alternative funds. Its volume is gradually increasing, accounting for 21.9% of equity investments.

#### Equity investments of the Triglav Group by investment type

Equity investment type	Equity investments		Index	Structure	
	30 September 2019	31 December 2018	2019/2018	30 Sep. 2019	31 Dec. 2018
Shares	72,340,486	80,697,172	90	36.6%	44.2%
Equity funds	53,272,026	56,903,183	94	26.9%	31.2%
Bond funds	17,441,544	12,487,022	140	8.8%	6.8%
Money market funds	11,307,469	9,618,545	118	5.7%	5.3%
Other funds	43,410,539	22,765,964	191	21.9%	12.5%
<b>Total</b>	<b>197,772,063</b>	<b>182,471,886</b>	<b>108</b>	<b>100.0%</b>	<b>100.0%</b>

#### Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	30 June 2019	31 December 2018	2019/2018	30 June 2019	31 Dec. 2018
Slovenia	61,367,041	61,154,968	100	31.0%	33.5%
Developed markets	116,467,511	98,861,077	118	58.9%	54.2%
Developing markets	12,811,562	13,081,652	98	6.5%	7.2%
Balkans	7,125,949	9,374,190	76	3.6%	5.1%
<b>Total</b>	<b>197,772,063</b>	<b>182,471,886</b>	<b>108</b>	<b>100.0%</b>	<b>100.0%</b>

In **Zavarovalnica Triglav**, financial investments, including investment properties, amounted to EUR 2,535.0 million, up 6% compared to the 2018 year-end.

#### Financial investments (including investment properties) of Zavarovalnica Triglav as at 30 September 2019 and 31 December 2018

	Financial investments		Index	Structure	
	30 September 2019	31 December 2018	2019/2018	30 Sep. 2019	31 Dec. 2018
Investment property	47,814,260	45,270,540	106	1.9%	1.9%
Investments in subsidiaries and associates	152,992,693	148,898,023	103	6.0%	6.2%
Shares and other floating-rate securities	91,269,785	85,450,642	107	3.6%	3.6%
Debt and other fixed return securities	1,747,062,796	1,666,922,943	105	68.9%	69.4%
Loans given	33,332,034	46,099,990	72	1.3%	1.9%
Deposits with banks	39,727,824	38,481,554	103	1.6%	1.6%
Other financial investments	1,692,857	1,688,557	100	0.1%	0.1%
Derivative financial instruments	1,079,045	1,393,263	77	0%	0.1%
Unit-linked insurance contract investments	420,031,903	366,664,078	115	16.6%	15.3%
<b>Total</b>	<b>2,535,003,197</b>	<b>2,400,869,590</b>	<b>106</b>	<b>100.0%</b>	<b>100.0%</b>

## 4.9 Asset management

The asset management activity in the Triglav Group is primarily performed by the parent company for the Group's own insurance portfolios (assets backing liabilities and guarantee funds) and the subsidiary Triglav Skladi by managing mutual funds and through discretionary mandates; and its subsidiary ALTA Skladi by managing mutual funds. Apart from that, Zavarovalnica Triglav is an important partner of the alternative investment management platform Triglav d.o.o.

Adopted strategic guidelines focus on enhancing the visibility of the Group as the leading asset manager in the target markets and increasing the volume of assets under management. In

accordance with these strategic guidelines, the Group acquired the asset management company ALTA Skladi in April 2019, entered the pension insurance market in the Republic of Srpska in 2017 and the North Macedonian pension insurance market in 2019. Moreover, the Triglav Group signed an agreement to acquire the Croatian pension insurer Raiffeisen Mirovinsko osiguravajuče društvo.

### **Asset management market**

As at the reporting date, 6 asset management companies operated in Slovenia. As at 30 September 2019, an amount of EUR 2.9 billion of net asset value was managed under mutual funds, which represented a 15% increase compared to the 2018 year-end. Volume of assets is strongly affected by the capital market fluctuations. In the discretionary mandate segment, 6 companies were operating in Slovenia, of which 3 were asset management companies. The value of these assets managed by asset management companies totalled EUR 974.9 million, which was 37% more compared to the 2018 year-end.

As the reporting date, an amount of EUR 976.1 million of net asset value was managed under mutual funds by Triglav Skladi and ALTA Skladi, which was 15% more than as at the 2018 year-end. The amount was affected by the situation on the capital markets and net inflows. Discretionary mandate segment managed by Triglav Skladi recorded an increase of 56%, amounting to EUR 78.0 million.

By acquiring ALTA Skladi, Triglav Skladi became the market leader among the mutual fund management companies. As at the reporting date, they both had a market share of 34.2%. The market share of Triglav Skladi in the discretionary mandate segment was up by 1.0 percentage point to 8.0%.

## 5. Financial result and financial standing

### 5.1 Financial result

In the first nine months of 2019, the **Triglav Group** posted a **profit before tax of EUR 72.0 million** or 3% more than in the same period last year. **Net profit** amounted to **EUR 59.1 million**, having increased by 1% compared to 2018. Higher profit is primarily a result of the higher growth of net premium earned than the growth of net claims incurred arising from non-life and health insurance and a result of higher investment return. Compared to 2018, **net return on equity annualised** decreased by 0.1 percentage point to 10.5%.

The Triglav Group generated a profit before tax of EUR 72.0 million in Q1-3 2019.

**Zavarovalnica Triglav** posted a **profit before tax** of EUR 59.2 million or 2% less compared to the corresponding period of 2018. **Net profit** decreased by 4% to EUR 49.4 million.

The **combined ratio of the Triglav Group** was 91.3%. The combined ratio was down by 1.0 percentage point compared to the year before, primarily as a result of the improved loss ratio and a higher growth in net premium earned than growth in net claims incurred. The combined ratio shows profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios as the core business (excluding return on investments) are earning a profit.

#### *Combined ratio in non-life insurance of the Triglav Group by insurance company*

Insurance Group	Q1-3 2019	Q1-3 2018	Change
Zavarovalnica Triglav	86.2%	88.1%	-1.9 p.p.
Triglav, Zdravstvena zavarovalnica	96.4%	97.6%	-1.1 p.p.
Pozavarovalnica Triglav Re	96.5%	98.3%	-1.9 p.p.
Triglav Osiguranje, Zagreb	104.1%	101.8%	2.3 p.p.
Triglav Osiguranje, Belgrade	98.4%	98.8%	-0.4 p.p.
Lovćen Osiguranje, Podgorica	91.6%	93.6%	-2.0 p.p.
Triglav Osiguranje, Sarajevo	99.2%	99.9%	-0.7 p.p.
Triglav Osiguranje, Banja Luka	106.2%	100.6%	5.6 p.p.
Triglav Osiguruvanje, Skopje	98.3%	94.8%	3.5 p.p.
<b>The Triglav Group</b>	<b>91.3%</b>	<b>92.4%</b>	<b>-1.0 p.p.</b>

**Net premium earned** increased by 7% to EUR 751.4 million. Net premium income from health insurance grew by 21%, net premium income from non-life insurance went up by 5% and net premium income from life insurance rose by 1%. Net premium earned is composed of gross written insurance in the amount of EUR 905.5 million (index 110), reduced by ceded written premium in the amount of EUR 107.7 million (index 128) and adjusted by the change in net unearned premium of EUR -46.4 million (index 143).

Compared with the preceding year, **net claims incurred** increased by 4%, amounting to EUR 488.4 million. Net claims incurred in health insurance were up 20% mainly as a result of higher gross claims paid (see *Section 4.4.1*). Net claims incurred increased by 2% in non-life insurance, whereas they were down by 5% in life insurance. Net claims incurred are composed of gross claims paid in the amount of EUR 505.5 million (index 102), reduced by the reinsurers' and co-insurers' shares in gross claims in the amount of EUR 25.0 million (index 92), adjusted by the change in net claims provisions of EUR 2.8 million (EUR -991 thousand in 2018) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 5.1 million (index 117).

**Income from investments, including income from investments in associates** increased by 69% and reached EUR 137.2 million. Income from investments in associates climbed by 21% to EUR 1.0 million, whereas income from investments increased by 69% to EUR 136.2 million. The main reason for higher income from investments lies in higher security price as a result of further decrease in interest rates and higher prices of unit-linked life insurance assets. In the reporting period, interest income was down by 1% to EUR 40.4 million, gains on disposals decreased by 7% to EUR 16.7 million, whereas other income from investments increased by 267% to EUR 79.1 million. Other income from investments include net unrealised gains on unit-linked life insurance assets which totalled EUR 50.5 million (index 433), subsequently related provisions increased as well; changes in fair value equalling EUR 19.6 million (vs. EUR 3.2 million in 2018), other financial income in the amount of EUR 5.5 million (index 195) and dividends in the amount of EUR 3.7 million (index 93).

**Expenses from investments, including expenses from investments in associates** decreased by 52% and reached EUR 14.0 million. Expenses from investments in associates totalled EUR 666 thousand, while expenses from investments equalled EUR 13.3 million, down by 54%. Realised loss on disposals totalled EUR 6.5 million (index 80), impairments of equity investments amounted to EUR 349 thousand (index 29), whereas other expenses from investments amounted to EUR 6.5 million (index 33). Other expenses from financial assets include net unrealised losses on unit-linked life insurance assets which totalled EUR 257 thousand (vs. EUR 4.6 million in 2018), changes in fair value equalling EUR 2.4 million (index 25) and other financial expenses in the amount of EUR 3.8 million (index 72).

**Return on investment** of the Triglav Group (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. They amounted to EUR 73.0 million, having increased by 61%. The reasons for the higher return are connected to both income and expenses from investments. Despite lower interest income, income is higher primarily as a result of higher net income arising from changes in the fair value. Continuously lower interest income is still caused by lower interest rates.

The rates of return on investment also impact the insurance technical provisions and the net profit of the Group. Despite higher rates of return on financial investments, **profit before tax from financial investments**, which is defined in the table *Profit before tax*, decreased compared to the same period last year.

Despite higher rates of return on financial investments, profit from financial investments decreased compared to the same period last year.

**Changes in other insurance technical provisions** increased to EUR 66.8 million (vs. EUR 35.5 million in 2018) primarily due to the growth of mathematical provisions (EUR 65.3 million). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR 50.1 million (vs. EUR -3.0 million in Q1-3 2018) due to the increase in the value of fund units. **Provisions for bonuses and discounts** increased by 21% to EUR 7.4 million, foremost as a result of higher bonuses paid out in the parent company and Triglav Osiguranje, Zagreb. Higher bonus payments bonuses in the parent company are a result of the higher premium volume and better insurance technical results of operations with corporate clients.

**Operating expenses** (acquisition costs and other operating expenses) amounted to EUR 178.5 million and were 4% higher than in 2018. Acquisition costs and other operating expenses were up by 3% and 7% respectively.

**Other income from insurance operations**, excluding fees and commissions, increased by 6% and reached EUR 11.1 million. **Other insurance expenses**, excluding fees and commissions, increased by 24% and totalled EUR 14.6 million mainly due to the higher value adjustments of receivables in the parent company and ceded fees and commissions for active transactions in

Pozavarovalnica Triglav Re. Net fee and commission income amounted to EUR -1.6 million (vs. EUR 452 thousand in the corresponding period of 2018).

**Other income** rose by 6% and reached EUR 28.2 million. **Other expenses** grew by 12%, totalling EUR 34.5 million.

*Individual items in the consolidated income statement of the Triglav Group for Q1-3 2019*

	Q1-3 2019	Q1-3 2018	Index
Net premium income	751,359,666	703,817,580	107
Income from investments including income in subsidiaries and associates	137,187,432	81,289,620	169
Other income from insurance operations	28,488,200	23,035,491	124
Other income	28,169,028	26,614,411	106
Net claims incurred	488,396,671	471,619,283	104
Change in other insurance technical provisions (excluding ULI)	66,803,859	35,547,933	188
Change in insurance technical provisions for unit-linked insurance contracts	50,138,961	-3,002,010	
Expenses for bonuses and discounts	7,368,964	6,109,033	121
Operating expenses	178,473,708	171,098,463	104
Expenses from investments including expenses in subsidiaries and associates	13,966,297	28,834,598	48
Other insurance expenses	33,524,055	23,832,654	141
Other expenses	34,485,896	30,855,992	112
<b>Profit before tax</b>	<b>72,045,915</b>	<b>69,861,156</b>	<b>103</b>
Income tax expense	12,904,839	11,057,756	117
<b>Net profit for the accounting period</b>	<b>59,141,076</b>	<b>58,803,400</b>	<b>101</b>

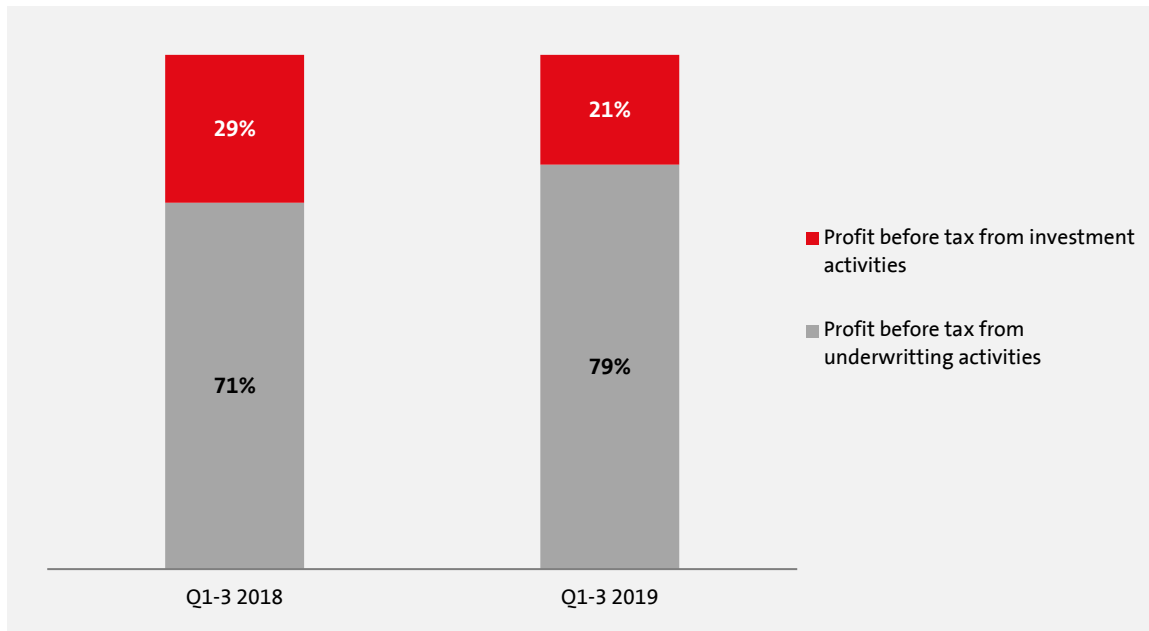
*Profit/loss before tax of the Triglav Group\**

	Q1-3 2019				Q1-3 2018			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	39,092,344	9,892,168	5,747,616	<b>54,732,128</b>	33,893,260	11,032,392	3,623,102	<b>48,548,754</b>
Profit before tax from investment activities	17,830,710	-3,470,568	509,398	<b>14,869,540</b>	19,827,936	-699,429	481,936	<b>19,610,443</b>
Profit before tax from insurance operations	56,923,054	6,421,600	6,257,014	<b>69,601,668</b>	53,721,196	10,332,963	4,105,038	<b>68,159,197</b>
Profit before tax from non-insurance operations				<b>2,444,247</b>				<b>1,701,959</b>
<b>Total profit before tax</b>				<b>72,045,915</b>				<b>69,861,156</b>

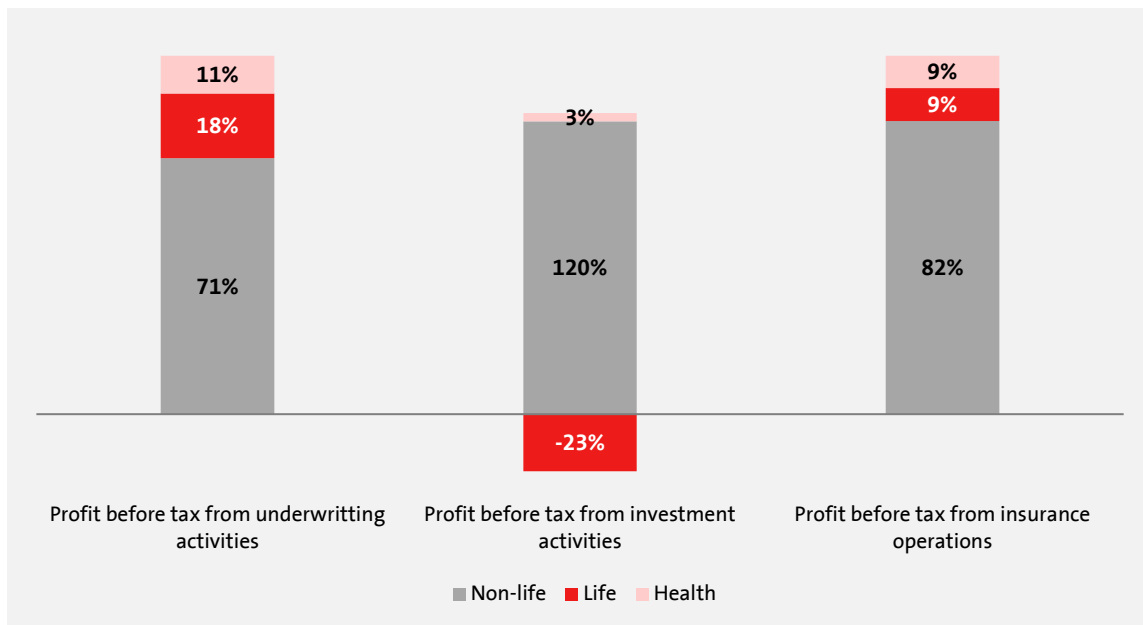
\*The profit from return on financial investments is reduced by the return guaranteed by insurance companies of the Triglav Group to life insurance policyholders in the form of a guaranteed return determined in insurance contracts. In addition, return on financial investments is reduced by the increase in mathematical provisions due to lower internally set maximum interest rate used for the valuation of life insurance liabilities.

The improved result of the non-life and health insurance business of the Triglav Group in the first nine months of 2019 compared to the same period last year primarily results from the higher growth of net premium earned than the growth of net claims incurred. The main reason for the lower result of the life insurance business is the decrease in interest rates on financial markets. Due to lower expected returns, additional provisions were formed arising from the liability adequacy test at the Company level in the amount of 4.0 million and at the Group level in the amount of EUR 5.5 million. Other items of the life insurance business are comparable to the 2018 figures.

Structure of profit/loss before tax of the Triglav Group in Q1-3 2019 and Q1-3 2018



Net profit before tax of the Triglav Group for Q1-3 2019 by segment



## Individual items in the income statement of Zavarovalnica Triglav for Q1-3 2019

	Q1-3 2019	Q1-3 2018	Index
Net premium income	418,227,194	409,380,701	102
Income from investments including income in subsidiaries and associates	102,895,374	66,669,590	154
Other income from insurance operations	24,020,358	20,665,384	116
Other income	8,344,930	9,104,106	92
Net claims incurred	267,307,364	276,466,295	97
Change in other insurance technical provisions	30,557,347	21,574,845	142
Change in insurance technical provisions for unit-linked insurance contracts	40,991,514	-8,958,516	
Expenses for bonuses and discounts	5,943,774	5,453,689	109
Operating expenses	115,898,346	112,520,776	103
Expenses from investments including expenses in subsidiaries and associates	10,653,960	19,195,430	56
Other insurance expenses	11,158,680	8,481,493	132
Other expense	11,808,881	10,556,144	112
<b>Profit/loss before tax</b>	<b>59,167,990</b>	<b>60,529,625</b>	<b>98</b>
Income tax expense	9,738,542	9,265,584	105
<b>Net profit/loss for the accounting period</b>	<b>49,429,448</b>	<b>51,264,041</b>	<b>96</b>

## 5.2 Financial standing

The total **balance sheet** of the Triglav Group as at 30 September 2019 stood at EUR 3,976.5 million or 9% more compared to the 2018 year-end.

The total equity capital as at the reporting date amounted to EUR 775.5 million or 4% more than at the 2018 year-end. The portion of equity in the balance sheet total decreased by 1.0 percentage point, totalling 19.5%. Equity attributable to the controlling company increased by 4% to EUR 772.9 million, whereas non-controlling interest holders had EUR 2.6 million, up by 12% due to the positive result in Q1-3 2019 and higher unrealised gains in other comprehensible income. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. As a result of an increase in the value of available-for-sale financial assets, fair value reserve increased by 39% to EUR 92.3 million. Share premium amounted to EUR 50.2 million and remained at a level approximately equal to the 2018 year-end (index 100).

As at the reporting date, total equity capital reached EUR 775.5 million.

Reserves from profit amounted to EUR 334.2 million and remained at a level approximately equal to the 2018 year-end (index 100). They include other reserves from profit of EUR 314.3 million, legal and statutory reserves in the amount of EUR 19.2 million and contingency reserves of EUR 640 thousand. Accumulated profit grew by 1% to EUR 225.0 million. In addition to EUR 58.8 million (index 73) in net profit for the year, it includes EUR 166.2 million of net profit brought forward (index 117). Net profit brought forward increased by EUR 80.5 million due to a transfer of net profit of the preceding year and decreased by EUR 56.8 million due to the payment of dividends and by EUR 41 thousand due to a distribution of a net profit into reserves from profit.

**Subordinated liabilities** grew by 319% to EUR 64.8 million due to the issue of a subordinated bond.

**Gross insurance technical provisions** grew by 8% to EUR 2,924.4 million. Their share in the balance sheet total increased by 0.9 percentage point to 73.5%. As at the reporting date, mathematical provisions amounted to EUR 1,887.5 million, which was 7% higher than at the end of the previous year. In addition, an increase was recorded in gross claims provisions (index 101), provisions for gross unearned premium (index 124) and other insurance technical



provisions (index 114). Insurance technical provisions are discussed in greater detail under *Section 4.7*.

**Other financial liabilities** equalled EUR 11.0 million, up by 96% due to higher short-term liabilities from financing of Zavarovalnica Triglav, which refer to liabilities for security purchases. Their share accounted for 0.3% of total liabilities.

**Operating liabilities** grew by 27% over the 2018 year-end, amounting to EUR 69.6 million, and accounted for 1.7% of total liabilities. They increased mostly on the account of liabilities from co-insurance and reinsurance operations, which rose to EUR 45.7 million (index 150).

**Lease liabilities** totalled EUR 11.0 million and are a new item connected with lease accounting under the new accounting standard IFRS 16 Leases (see *Section 2.3* in the Accounting Report for more details). Lease liabilities include long-term lease liabilities of EUR 10.2 million and short-term lease liabilities of EUR 815 thousand.

**Other provisions** remained at the 2018 year-end level, amounting to EUR 16.7 million (a 0.4% share in total liabilities). Compared with 31 December 2018, **deferred tax liabilities** increased by 57% to EUR 26.9 million, primarily due to the higher fair value reserve from investments for which deferred tax is calculated and additional deferred tax following the acquisition of ALTA Skladi. **Other liabilities** were up by 1% and equalled EUR 76.5 million (representing 1.9% of the total).

**Financial investments of the Triglav Group in associates** were 7% lower than as at the 2018 year-end, amounting to EUR 13.2 million. These investments decreased by EUR 2.1 million due to the sale of the equity stake in ZIF Prof Plus and increased due to the capital increase of Triglav in the amount of EUR 1.1 million and the effects of attribution of the positive result under the equity method.

**Financial investments** (accounting for a 68.5% of total assets) reached EUR 2,723.2 million, having increased by 5% over the 2018 year-end. The bulk of financial assets was accounted for by available-for-sale financial assets, which totalled EUR 1,929.9 million. In total financial assets, EUR 477.0 million was accounted for by financial assets measured at fair value through profit or loss, EUR 184.0 million by held-to-maturity financial assets and EUR 132.4 million by deposits and loans. **Unit-linked insurance assets** amounted to EUR 465.6 million, up by 16%. The structure of financial assets is discussed in greater detail under *Section 4.8*.

**Investment property** decreased by 1% and amounted to EUR 89.1 million, accounting for 2.2% of total financial assets.

**Receivables and deferred tax assets** increased by 28% to EUR 246.1 million over the 2018 year-end and accounted for 6.2% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 129.6 million (index 134), which experienced an increase of 5% compared to 30 September 2018. Receivables from co-insurance and reinsurance operations reached EUR 64.3 million (index 125), other receivables stood at EUR 39.4 million (index 131) and current tax receivables at EUR 607 thousand. Deferred tax assets amounted to EUR 12.2 million (index 94).

**Insurance technical provisions transferred to reinsurance contracts** amounted to EUR 106.2 million, having increased by 24%. Assets from reinsurance contracts from claims provisions were 4% higher and totalled EUR 62.2 million, while assets from unearned premium rose by 68% to EUR 44.0 million.

**Property, plant and equipment** stood at EUR 112.5 million, having decreased by 1% over the 2018 year-end. **Intangible assets** stood at EUR 109.4 million, having increased by 30% primarily due to higher long-term deferred acquisition costs and recognised goodwill of ALTA Skladi in the amount of EUR 10.4 million. A detailed explanation of goodwill is given under the Accounting report in *Section 2.8*.

**Non-current assets held for sale** equalled EUR 1.9 million due to the planned sale of specific land plots and buildings.

**Right-of-use assets** amounted to EUR 10.9 million and are a new item connected with lease accounting under the new accounting standard IFRS 16 Leases. Right-of-use assets include the right to use land and buildings of EUR 9.0 million, the right to use vehicles of EUR 1.8 million and the right to use other assets of EUR 77 thousand.

**Cash and cash equivalents** equalled EUR 92.5 million (index 137), whilst **other assets** totalled EUR 6.0 million (index 110). **Off-balance-sheet items** totalled EUR 206.9 million (index 82).

*Individual items in the consolidated balance sheet of the Triglav Group as at 30 September 2019*

	30 September 2019	31 December 2018	Index
<b>ASSETS</b>	<b>3,976,521,851</b>	<b>3,645,277,487</b>	<b>109</b>
Intangible assets	109,420,340	84,060,048	130
Property, plant and equipment	112,482,196	113,296,053	99
Non-current assets held for sale	1,924,014	2,067,399	93
Investment property	89,055,410	89,840,456	99
Right of use assets	10,901,225	0	0
Investments in associates	13,174,268	14,125,973	93
Financial investments	2,723,225,967	2,588,904,297	105
Unit-linked insurance assets	465,605,797	402,515,770	116
Reinsurers' share of insurance technical provisions	106,206,131	85,920,499	124
Receivables and deferred tax assets	246,065,684	191,548,610	128
Other assets	5,951,349	5,396,722	110
Cash and cash equivalents	92,509,470	67,601,660	137
<i>Off balance sheet items</i>	<i>206,884,912</i>	<i>251,429,127</i>	<i>82</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,976,521,851</b>	<b>3,645,277,487</b>	<b>109</b>
Equity	775,493,295	746,862,805	104
Subordinated liabilities	64,838,917	15,462,711	419
Insurance technical provisions	2,457,763,091	2,310,503,061	106
Insurance technical provisions for unit-linked insurance contracts	466,656,351	402,598,039	116
Other provisions	16,727,837	16,724,129	100
Deferred tax liabilities	26,929,497	17,203,576	157
Other financial liabilities	11,031,647	5,620,904	196
Operating liabilities	69,568,885	54,792,055	127
Lease liabilities	10,993,756	0	0
Other liabilities	76,518,575	75,510,207	101
<i>Off balance sheet items</i>	<i>206,884,912</i>	<i>251,429,127</i>	<i>82</i>

*Individual items in the balance sheet of Zavarovalnica Triglav as at 30 September 2019*

	30 September 2019	31 December 2018	Index
<b>ASSETS</b>	<b>2,932,676,077</b>	<b>2,730,187,525</b>	<b>107</b>
Intangible assets	67,341,217	62,162,502	108
Property, plant and equipment	66,590,278	67,986,100	98
Investment property	47,814,260	45,270,540	106
Right of use assets	4,196,129	0	0
Investments in subsidiaries and associates	152,992,692	148,898,022	103
Financial investments	1,914,164,342	1,840,036,950	104
Unit-linked insurance assets	420,031,903	366,664,078	115
Reinsurers' share of insurance technical provisions	101,986,084	87,893,306	116
Receivables and deferred tax assets	118,343,406	89,980,951	132
Other assets	2,705,742	3,296,589	82
Cash and cash equivalents	36,510,023	17,998,487	203
<i>Off balance sheet items</i>	<i>105,565,217</i>	<i>178,359,227</i>	<i>59</i>
<b>EQUITY AND LIABILITIES</b>	<b>2,932,676,077</b>	<b>2,730,187,525</b>	<b>107</b>
Equity	565,280,131	560,120,736	101
Subordinated liabilities	69,989,849	20,612,951	340
Insurance technical provisions	1,772,651,576	1,696,143,475	105
Insurance technical provisions for unit-linked insurance contracts	420,145,306	365,238,075	115
Other provisions	12,224,671	11,925,591	103
Deferred tax liabilities	9,633,471	2,813,736	342
Other financial liabilities	8,399,126	1,578,443	531
Operating liabilities	32,730,318	28,523,572	115
Lease liabilities	4,285,088	0	0
Other liabilities	37,336,541	43,221,946	86
<i>Off balance sheet items</i>	<i>105,565,217</i>	<i>178,359,227</i>	<i>59</i>

## 6. Risk management

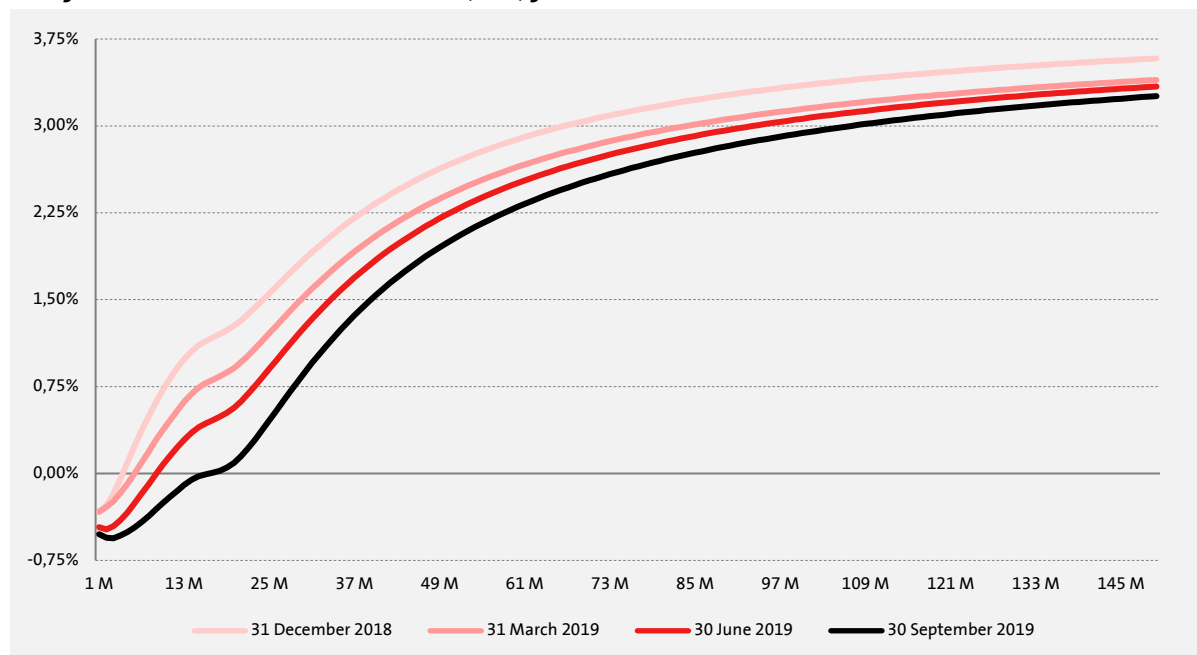
### 6.1 Risk Management

In view of the situation described in Section *Risk Management* in the Annual Report of Zavarovalnica Triglav d.d. and the Triglav Group for 2018, in the first nine months of 2019 the risk management system was upgraded at the Group level in accordance with internal initiatives and the risks identified in the business environment. Among other things, regular reporting on risks at subsidiary level was established and coordinated in the last quarter. In addition, subsidiaries unified, in part or fully, the measurement and monitoring of liquidity and operational risks.

Risks increased slightly in the third quarter of 2019 compared with the 2018 year-end, most of all market risk, which also accounts for a large proportion of risks, and credit risk. Due to the increase in written premium and insurance technical provisions resulting from the increased volume of business, non-life insurance underwriting risks increased. The shares of individual risks in the overall risk did not change significantly.

In the last quarter, the Group monitored in greater detail interest rate risk in the context of market risks. Risk-free interest rates further decreased in the reporting period, both in terms of value and in terms of extending the period of negative risk-free interest rates. This is seen in the graph below, which shows the risk-free interest rate term structure by maturity for the period from the end of 2018 (source: EIOPA). Due to the certain mismatch of the duration of assets and liabilities, the Group is exposed to interest rate risk, which is why the decrease in interest rates caused the fair value of liabilities to increase more than the fair value of assets. With the aim of lowering the interest risk, in the third quarter of 2019, the Company subsequently took a more active approach to matching assets and liabilities, particularly in the life insurance segment.

*Risk-free interest rate term structure (RFR) for the euro*



Source: EIOPA, <https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii-technical-information/risk-free-interest-rate-term-structures>

The third quarter of 2019 was marked also by the adoption of amendments to the Commission Delegated Regulation; apart from that, the regulatory risk of implementing the health reform in Slovenia remains at the forefront. Namely, the parliamentary procedure to abolish supplemental health insurance was initiated. The Company closely monitors these risks. Amendments to the Commission Delegated Regulation will affect the level of non-life insurance underwriting risks, as they will affect the capital requirements for natural disasters. In addition to earthquake and flood risk, hail and storm risk will also need to be taken into account when calculating capital requirements.

Despite the abovementioned challenges of the environment, the capital level of both the Company and the Group remains within the set strategic guidelines and adequately exceeds the target level of the risks underwritten.

## **6.2 Internal audit**

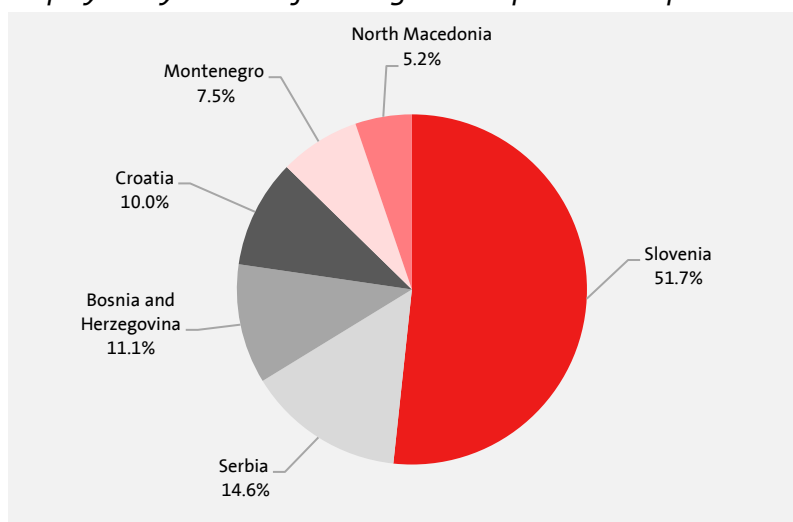
In the first nine months of 2019, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various divisions in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to the management of the audited divisions and to the Management Board of the Company.

Apart from that, the IAD monitored the implementation of recommendations made by internal and external auditors, provided advisory services and performed other tasks. The Department reported on its work to the Management Board, the Audit Committee and the Supervisory Board.

## 7. Human Resource Management of the Triglav Group

As at 30 September 2019, there were 5,221 employees in the Triglav Group, which is 55 more than as at the 2018 year-end. The largest increase in number of employees was seen in Triglav Osiguranje, Belgrade, due to the acquisition of ALTA Skladi and the establishment of Triglav penzisko društvo, Skopje. On contrast, the highest decrease in number of employees was recorded in the parent company, Lovćen Auto and Triglav INT.

*Employees by market of the Triglav Group as at 30 September 2019*



# ACCOUNTING REPORT

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## Accounting report

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## Statement of management's responsibility

The Management Board herewith confirms the financial statements for the period from 1 January 2019 to 30 September 2019 as well as the applied accounting policies and notes to the financial statements.

The Management Board is responsible for preparing the Interim Report so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2019 to 30 September 2019 in accordance with IAS 34 – Interim reporting.

The Management Board confirms that the appropriate accounting policies were consistently used and that the accounting estimates were prepared according to the principles of prudence and sound management. The Management Board further confirms that the financial statements and the notes thereto were prepared on a going concern basis for the Triglav Group and Zavarovalnica Triglav, d.d. and in line with the applicable legislation and International Financial Reporting Standards, as adopted by the EU.

The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2019 to 30 September 2019 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav as the parent company and its consolidated subsidiaries are exposed to as the Group.

The Management Board is also responsible for appropriate accounting practices, the adoption of appropriate measures for the safeguarding of assets, and for the prevention and detection of fraud and other irregularities or illegal acts.

Andrej Slapar

President of the Management Board

Uroš Ivanc

Member of the Management Board

Tadej Čoroli

Member of the Management Board

Barbara Smolnikar

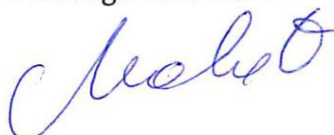
Member of the Management Board

David Benedek

Member of the Management Board

Marica Makoter

Member of the Management Board



Ljubljana, 4 November 2019

# 1. Financial statements

in EUR

STATEMENT OF FINANCIAL POSITION	Triglav Group		Zavarovalnica Triglav	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<b>ASSETS</b>	<b>3,976,521,851</b>	<b>3,645,277,487</b>	<b>2,932,676,077</b>	<b>2,730,187,525</b>
Intangible assets	109,420,340	84,060,048	67,341,217	62,162,502
Property, plant and equipment	112,482,196	113,296,053	66,590,278	67,986,100
Non-current assets held for sale	1,924,014	2,067,399	0	0
Deferred tax assets	12,183,276	12,893,732	0	0
Investment property	89,055,410	89,840,456	47,814,260	45,270,540
Right of use assets	10,901,225	0	4,196,129	0
Investments in subsidiaries	0	0	134,938,667	131,938,667
Investments in associates	13,174,268	14,125,973	18,054,026	16,959,355
- accounted for using the equity method	13,174,268	14,125,973	0	0
- measured at fair value	0	0	18,054,026	16,959,355
Financial investments	2,723,225,967	2,588,904,297	1,914,164,342	1,840,036,950
- loans and deposits	132,358,440	138,857,972	81,155,221	92,670,309
- held to maturity	183,999,915	196,773,185	149,015,411	159,463,950
- available for sale	1,929,913,006	1,802,568,767	1,485,036,356	1,383,855,505
- recognised at fair value through profit and loss	476,954,606	450,704,373	198,957,354	204,047,186
Unit-linked insurance assets	465,605,797	402,515,770	420,031,903	366,664,078
Reinsurers' share of technical provisions	106,206,131	85,920,499	101,986,084	87,893,306
Assets from investment contracts	0	0	0	0
Receivables	233,882,408	178,654,878	118,343,406	89,980,951
- receivables from direct insurance operations	129,572,686	96,601,328	85,750,150	62,635,337
- receivables from reinsurance and co-insurance operations	64,324,670	51,299,903	15,953,804	18,157,611
- current tax receivables	606,616	579,645	0	0
- other receivables	39,378,436	30,174,002	16,639,452	9,188,003
Other assets	5,951,349	5,396,722	2,705,742	3,296,589
Cash and cash equivalents	92,509,470	67,601,660	36,510,023	17,998,487
<i>Off balance sheet items</i>	<i>206,884,912</i>	<i>251,429,127</i>	<i>105,565,217</i>	<i>178,359,227</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,976,521,851</b>	<b>3,645,277,487</b>	<b>2,932,676,077</b>	<b>2,730,187,525</b>
Equity	775,493,295	746,862,805	565,280,131	560,120,736
Controlling interests	772,912,191	744,566,806	565,280,131	560,120,736
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,207,059	50,206,540	53,412,884	53,412,884
- reserves from profit	334,161,780	334,121,464	318,962,643	318,962,643
- treasury share reserves	364,680	364,680	0	0
- treasury shares	-364,680	-364,680	0	0
- fair value reserve	92,316,895	66,237,889	59,828,006	47,260,189
- net profit brought forward	166,199,544	142,483,579	9,945,758	1,239,764
- net profit for the year	58,845,635	80,533,643	49,429,448	65,543,864
- currency translation differences	-2,520,114	-2,717,701	0	0
- reserve of disposal group held for sale	0	0	0	0
Non-controlling interests	2,581,104	2,295,999	0	0
Subordinated liabilities	64,838,917	15,462,711	69,989,849	20,612,951
Insurance technical provisions	2,457,763,091	2,310,503,061	1,772,651,576	1,696,143,475
- unearned premiums	373,050,408	300,166,946	261,822,532	213,919,937
- mathematical provisions	1,420,893,111	1,357,233,017	1,038,061,866	1,009,712,605
- claims provisions	620,348,941	614,943,915	438,571,766	442,560,188
- other insurance technical provisions	43,470,631	38,159,183	34,195,412	29,950,745
Insurance technical provisions for unit-linked insurance contracts	466,656,351	402,598,039	420,145,306	365,238,075
Employee benefits	14,676,793	14,804,574	11,335,809	11,167,156
Other provisions	2,051,044	1,919,555	888,862	758,435
Non-current liabilities held for sale and discontinued operations	0	0	0	0
Deferred tax liabilities	26,929,497	17,203,576	9,633,471	2,813,736
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	11,031,647	5,620,904	8,399,126	1,587,443
Operating liabilities	69,568,885	54,792,055	32,730,318	28,523,572
- liabilities from direct insurance operations	21,187,075	19,717,929	13,499,985	11,306,835
- liabilities from reinsurance and co-insurance operations	45,741,546	30,465,655	18,169,454	13,819,946
- current tax liabilities	2,640,264	4,608,471	1,060,879	3,396,791
Lease liabilities	10,993,756	0	4,285,088	0
Other liabilities	76,518,575	75,510,207	37,336,541	43,221,946
<i>Off balance sheet items</i>	<i>206,884,912</i>	<i>251,429,127</i>	<i>105,565,217</i>	<i>178,359,227</i>

INCOME STATEMENT	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018
<b>NET PREMIUM INCOME</b>	<b>751,359,666</b>	<b>703,817,580</b>	<b>418,227,194</b>	<b>409,380,701</b>
- gross written premium	905,486,982	820,185,285	540,877,945	509,648,647
- ceded written premium	-107,709,453	-83,962,669	-95,122,309	-77,774,644
- change in unearned premium reserve	-46,417,863	-32,405,036	-27,528,442	-22,493,302
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>969,239</b>	<b>803,028</b>	<b>3,562,259</b>	<b>5,077,705</b>
- profit on equity investments accounted for using the equity method	408,825	803,028	0	0
- other income from investments in subsidiaries and associates	560,414	0	3,562,259	5,077,705
<b>INCOME FROM INVESTMENTS</b>	<b>136,218,193</b>	<b>80,486,592</b>	<b>99,333,115</b>	<b>61,591,885</b>
- interest income calculated using the effective interest method	40,419,371	40,958,946	26,759,933	27,881,425
- gains on disposals	16,665,478	17,959,413	13,725,870	16,995,066
- other income from investments	79,133,344	21,568,233	58,847,312	16,715,394
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>28,488,200</b>	<b>23,035,491</b>	<b>24,020,358</b>	<b>20,665,384</b>
- fees and commission income	17,384,971	12,550,190	16,239,050	13,070,170
- other income from insurance operations	11,103,229	10,485,301	7,781,308	7,595,214
<b>OTHER INCOME</b>	<b>28,169,028</b>	<b>26,614,411</b>	<b>8,344,930</b>	<b>9,104,106</b>
<b>NET CLAIMS INCURRED</b>	<b>488,396,671</b>	<b>471,619,283</b>	<b>267,307,364</b>	<b>276,466,295</b>
- gross claims settled	505,527,197	495,379,569	294,208,294	306,928,287
- reinsurers' share	-25,007,406	-27,098,784	-22,219,025	-24,138,331
- changes in claims provisions	2,805,370	-990,942	-4,681,905	-6,323,661
- equalisation scheme expenses for supplementary health insurance	5,071,510	4,329,440	0	0
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>66,803,859</b>	<b>35,547,933</b>	<b>30,557,347</b>	<b>21,574,845</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>50,138,961</b>	<b>-3,002,010</b>	<b>40,991,514</b>	<b>-8,958,516</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>7,368,964</b>	<b>6,109,033</b>	<b>5,943,774</b>	<b>5,453,689</b>
<b>CHANGE IN FINANCIAL CONTRACT LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES</b>	<b>178,473,708</b>	<b>171,098,463</b>	<b>115,898,346</b>	<b>112,520,776</b>
- acquisition costs	120,470,297	116,857,248	82,504,388	81,182,275
- other operating costs	58,003,411	54,241,215	33,393,958	31,338,501
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>666,024</b>	<b>145,315</b>	<b>159</b>	<b>4,548</b>
- loss on investments accounted for using the equity method	103,316	145,315	0	0
- other expenses from financial assets and liabilities	562,708	0	159	4,548
<b>EXPENSES FROM INVESTMENTS</b>	<b>13,300,273</b>	<b>28,689,283</b>	<b>10,653,801</b>	<b>19,190,882</b>
- loss on impairment of investments	348,719	1,206,887	300,208	1,191,870
- loss on disposal of investments	6,486,947	8,113,570	6,428,848	7,603,163
- other expenses from investments	6,464,607	19,368,826	3,924,745	10,395,849
<b>OTHER INSURANCE EXPENSES</b>	<b>33,524,055</b>	<b>23,832,654</b>	<b>11,158,680</b>	<b>8,481,493</b>
<b>OTHER EXPENSES</b>	<b>34,485,896</b>	<b>30,855,992</b>	<b>11,808,881</b>	<b>10,556,144</b>
- expenses from financing	1,957,370	850,412	1,925,647	934,898
- other expenses	32,528,526	30,005,580	9,883,234	9,621,246
<b>PROFIT BEFORE TAX</b>	<b>72,045,915</b>	<b>69,861,156</b>	<b>59,167,990</b>	<b>60,529,625</b>
Income tax expense	12,904,839	11,057,756	9,738,542	9,265,584
<b>NET PROFIT FOR THE PERIOD</b>	<b>59,141,076</b>	<b>58,803,400</b>	<b>49,429,448</b>	<b>51,264,041</b>
Earning per share	2.60	2.59	-	-
Net profit/loss attributable to the controlling company	58,845,635	58,480,846	-	-
Net profit/loss attributable to the non-controlling interest holders	295,441	322,554	-	-

STATEMENT OF OTHER COMPREHENSIVE INCOME	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018
<b>Net profit for the period after tax</b>	<b>59,141,076</b>	<b>58,803,400</b>	<b>49,429,448</b>	<b>51,264,041</b>
<b>Other comprehensive income after tax</b>	<b>26,338,892</b>	<b>-18,068,949</b>	<b>12,567,817</b>	<b>-16,725,622</b>
Items which will not be transferred in P&L in future periods	894	0	0	0
Fair value gains/losses on PP&E and intangible assets	0	0	0	0
Actuarial gains/losses for pension plans	894	0	0	0
Share of OCI of entities accounted for using the equity method	0	0	0	0
Other items which will not be transferred in P&L	0	0	0	0
Tax on items which will not be transferred in P&L	0	0	0	0
Items which could be transferred into P&L in future periods	26,337,998	-18,068,949	12,567,817	-16,725,622
Fair value gains/losses on available-for-sale financial assets	49,931,316	-34,307,165	34,747,930	-32,723,335
- net gains/losses recognized directly in equity	54,700,841	-22,038,008	43,713,173	-20,611,950
- transfers from equity to income statement	-4,769,525	-12,269,157	-8,965,243	-12,111,385
Fair value gains / losses on non-current assets held for sale	0	0	0	0
Fair value gains/losses on cashflow hedges	0	0	0	0
Share of OCI of entities accounted for using the equity method	0	-285,735	0	0
Liabilities from insurance contracts with DPF	-15,936,567	9,889,675	-15,952,971	9,889,675
Currency translation differences	201,423	62,281	0	0
Tax on other comprehensive income	-7,858,174	6,571,995	-6,227,142	6,108,038
<b>COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX</b>	<b>85,479,968</b>	<b>40,734,451</b>	<b>61,997,265</b>	<b>34,538,419</b>
Controlling interest	85,122,226	40,444,271	-	-
Non-controlling interest	357,742	290,180	-	-

Triglav Group	Share capital	Share premium	Reserves from profit						Fair value reserve	Net profit/loss brought forward	Net profit/loss	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
			Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares (deductible item)	Credit risk reserves	Other reserves form profit							
<b>As at 1 January 2019</b>	<b>73,701,392</b>	<b>50,206,540</b>	<b>599,088</b>	<b>19,221,613</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,001</b>	<b>66,237,889</b>	<b>142,483,579</b>	<b>80,533,643</b>	<b>-2,717,701</b>	<b>744,566,806</b>	<b>2,295,999</b>	<b>746,862,805</b>
Comprehensive income for the period from 1 January 2019 to 30 September 2019	0	0	0	0	0	0	0	0	26,079,005	0	58,845,635	197,586	85,122,226	357,742	85,479,968
a) Net profit	0	0	0	0	0	0	0	0	0	0	58,845,635	0	58,845,635	295,441	59,141,076
b) Other comprehensive income	0	0	0	0	0	0	0	0	26,079,005	0	0	197,586	26,276,591	62,301	26,338,892
Transfer of net profit to reserves from profit	0	0	40,528	0	0	0	0	0	0	-40,528	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	-56,777,147	0	0	-56,777,147	0	-56,777,147
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	80,533,643	-80,533,643	0	0	0	0
Changes in consolidation area	0	519	0	-213	0	0	0	0	0	0	0	0	306	-72,637	-72,331
<b>As at 30 September 2019</b>	<b>73,701,392</b>	<b>50,207,059</b>	<b>639,616</b>	<b>19,221,400</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,001</b>	<b>92,316,895</b>	<b>166,199,544</b>	<b>58,845,635</b>	<b>-2,520,114</b>	<b>772,912,191</b>	<b>2,581,104</b>	<b>775,493,295</b>
<b>As at 1 January 2018</b>	<b>73,701,392</b>	<b>50,403,656</b>	<b>592,269</b>	<b>18,514,040</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,001</b>	<b>95,398,236</b>	<b>160,647,992</b>	<b>39,133,955</b>	<b>-2,854,060</b>	<b>749,838,244</b>	<b>6,807,439</b>	<b>756,645,683</b>
Comprehensive income for the period from 1 January 2018 to 30 September 2018	0	0	0	0	0	0	0	0	-18,109,522	0	58,480,846	72,947	40,444,271	290,180	40,734,451
a) Net profit	0	0	0	0	0	0	0	0	0	0	58,480,846	0	58,480,846	322,554	58,803,400
b) Other comprehensive income	0	0	0	0	0	0	0	0	-18,109,522	0	0	72,947	-18,036,575	-32,374	-18,068,949
Transfer of net profit to reserves from profit	0	0	6,799	577,996	0	0	0	0	0	-584,795	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	-56,777,087	0	0	-56,777,087	-102,090	-56,879,177
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	39,133,953	-39,133,953	0	0	0	0
Changes in consolidation area	0	347,267	0	0	0	0	0	0	0	0	0	0	347,267	-4,460,179	-4,112,912
<b>As at 30 September 2018</b>	<b>73,701,392</b>	<b>50,750,923</b>	<b>599,068</b>	<b>19,092,036</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,001</b>	<b>77,288,715</b>	<b>142,420,063</b>	<b>58,480,846</b>	<b>-2,781,113</b>	<b>733,852,695</b>	<b>2,535,350</b>	<b>736,388,045</b>

Zavarovalnica Triglav	Share capital	Share premium	Reserves form profit			Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
<b>As at 1 January 2019</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>47,260,189</b>	<b>1,239,764</b>	<b>65,543,864</b>	<b>560,120,736</b>
Comprehensive income for the period from 1 January 2019 to 30 September 2019	0	0	0	0	0	12,567,817	0	49,429,448	61,997,265
a) Net profit	0	0	0	0	0	0	0	49,429,448	49,429,448
b) Other comprehensive income	0	0	0	0	0	12,567,817	0	0	12,567,817
Transfer to retained earnings	0	0	0	0	0	0	65,543,864	-65,543,864	0
Payment of dividends	0	0	0	0	0	0	-56,837,870	0	-56,837,870
<b>As at 30 September 2019</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>59,828,006</b>	<b>9,945,758</b>	<b>49,429,448</b>	<b>565,280,131</b>
<b>As at 1 January 2018</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>67,250,264</b>	<b>25,563,172</b>	<b>32,521,950</b>	<b>571,412,305</b>
Comprehensive income for the period from 1 January 2018 to 30 September 2018	0	0	0	0	0	-16,725,622	0	51,264,041	34,538,419
a) Net profit	0	0	0	0	0	0	0	51,264,041	51,264,041
b) Other comprehensive income	0	0	0	0	0	-16,725,622	0	0	-16,725,622
Transfer to retained earnings	0	0	0	0	0	0	32,521,950	-32,521,950	0
Payment of dividends	0	0	0	0	0	0	-56,837,870	0	-56,837,870
<b>As at 30 September 2018</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>50,524,642</b>	<b>1,247,252</b>	<b>51,264,041</b>	<b>549,112,854</b>

CASH FLOW STATEMENT		Triglav Group		Zavarovalnica Triglav	
		Q1-3 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018
<b>A.</b>	<b>OPERATING CASH FLOW</b>				
	<b>Income statement items</b>	<b>129,684,722</b>	<b>88,187,029</b>	<b>62,643,454</b>	<b>42,887,660</b>
	Net written premium for the period	827,341,659	760,149,260	445,755,637	431,874,003
	Investment income (excluding financial income)	22,838,326	15,729,386	9,712,517	8,732,959
	Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	33,416,261	29,158,192	7,576,537	7,913,604
	Net claims paid	-486,331,695	-474,966,097	-271,989,268	-282,789,956
	Bonuses and rebates paid	-7,176,858	-6,151,996	-5,943,775	-5,453,689
	Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-190,685,856	-164,805,429	-94,685,334	-94,549,068
	Investment expenses (excluding depreciation charge and financial expenses)	-5,641,391	-6,942,857	-3,619,362	-3,658,426
	Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-49,427,757	-53,904,479	-12,681,637	-11,696,096
	Corporate income tax and other taxes excluded from operating expenses	-14,647,967	-10,078,951	-11,481,861	-7,485,671
	<b>Changes in net current assets-operating balance sheet items</b>	<b>-45,156,053</b>	<b>-53,528,644</b>	<b>-21,615,260</b>	<b>-32,849,345</b>
	Movements in receivables from direct insurance operations	-31,799,485	-37,982,222	-23,639,893	-26,027,604
	Movements in receivables from reinsurance operations	-8,992,462	-3,607,857	2,203,807	-2,643,191
	Movements in other receivables from (re)insurance operations	-11,045,077	-8,099,796	-2,299,795	-1,228,049
	Movements in other receivables and assets	-6,820,347	-1,153,311	2,243,501	1,524
	Movements in deferred tax assets	-1,848,979	-1,942,883	0	0
	Movements in inventories	1,062,868	-135,053	-123,652	-62,682
	Movements in debts from direct insurance operations	1,750,530	-5,313,385	2,193,150	549,914
	Movements in debts from reinsurance operations	4,022,668	4,304,191	4,349,508	-684,668
	Movements in operating debts	-7,948,546	-1,808,366	-49,992	790
	Movements in other liabilities (excluding unearned premiums)	15,532,434	2,135,727	-6,491,894	-2,755,378
	Movements in deferred tax liabilities	930,343	74,311	0	0
	<b>Net cash from/ (used in) operating activities</b>	<b>84,528,669</b>	<b>34,658,385</b>	<b>41,028,194</b>	<b>10,038,315</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				<b>0</b>
	<b>Cash inflows from investing activities</b>	<b>855,751,586</b>	<b>751,133,616</b>	<b>682,825,586</b>	<b>611,599,378</b>
	Cash inflows from interest from investing activities	42,632,330	42,763,458	29,772,939	30,917,232
	Cash inflows from dividends received and profit sharing	4,696,241	3,793,524	6,989,438	7,221,166
	Cash inflows from the disposal of intangible assets	0	0	0	0
	Cash inflows from the disposal of property, plant and equipment	6,868,367	6,284,354	1,108,151	5,520,161
	Cash inflows from the disposal of financial investments	801,554,648	698,292,280	644,955,058	567,940,819
	- Cash inflows from the disposal of investments in subsidiaries and associates	2,340,104	0	0	0
	- Other cash inflows from disposal of financial investments	799,214,544	698,292,280	644,955,058	567,940,819
	<b>Cash outflows from investing activities</b>	<b>-908,752,731</b>	<b>-676,691,707</b>	<b>-695,969,023</b>	<b>-523,605,909</b>
	Cash outflows for the purchase of intangible assets	-3,767,123	-4,129,919	-2,232,820	-2,076,097
	Cash outflows for the purchase of property, plant and equipment	-12,088,735	-11,228,371	-5,946,152	-6,312,632
	Cash outflows for the purchase of financial investments	-892,896,873	-661,333,417	-687,790,051	-515,217,180
	- Cash outflows for the purchase of investments in subsidiaries and associates	-1,109,098	-11,608,136	-4,094,671	-20,728,038
	- Other cash outflows to acquire financial investments	-891,787,775	-649,725,281	-683,695,380	-494,489,142
	<b>Net cash from/ (used in) investing activities</b>	<b>-53,001,145</b>	<b>74,441,909</b>	<b>-13,143,437</b>	<b>87,993,469</b>
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
	<b>Cash inflows from financing activities</b>	<b>49,367,159</b>	<b>0</b>	<b>49,367,159</b>	<b>0</b>
	Cash inflows from paid-in capital	0	0	0	0
	Cash inflows from long-term loans received and issued	49,367,159	0	49,367,159	0
	Cash inflows from short-term loans received	0	0	0	0
	<b>Cash outflows from financing activities</b>	<b>-58,867,386</b>	<b>-58,123,127</b>	<b>-58,740,380</b>	<b>-58,081,823</b>
	Cash outflows for paid interest	-1,282,996	-1,227,366	-1,282,996	-1,227,366
	Cash outflows for purchase of treasury shares	0	0	0	0
	Cash outflows for capital repayment	0	0	0	0
	Cash outflows for payments of long-term financial liabilities	-187,731	0	0	0
	Cash outflows for payments of short-term financial liabilities	-619,088	0	-619,088	0
	Cash outflows from dividends paid and profit sharing	-56,777,571	-56,895,761	-56,838,297	-56,854,457
	<b>Net cash from/ (used in) financing activities</b>	<b>-9,500,227</b>	<b>-58,123,127</b>	<b>-9,373,221</b>	<b>-58,081,823</b>
<b>D.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>92,509,470</b>	<b>129,394,568</b>	<b>36,510,023</b>	<b>75,464,707</b>
<b>E1.</b>	<b>Net cash flow for the period</b>	<b>22,027,297</b>	<b>50,977,167</b>	<b>18,511,535</b>	<b>39,949,961</b>
<b>E2.</b>	<b>External acquisition</b>	<b>2,862,910</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>E3.</b>	<b>Foreign exchange differences</b>	<b>17,603</b>	<b>-446</b>	<b>0</b>	<b>0</b>
<b>F.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>67,601,660</b>	<b>78,417,847</b>	<b>17,998,487</b>	<b>35,514,746</b>

## 2. Selected notes to the financial statements

### 2.1 Statement of compliance

The financial statements for the period from 1 January 2019 to 30 September 2019 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

Pursuant to requirements of the national legislation, separate and consolidated financial statements of Zavarovalnica Triglav have been prepared in accordance with IFRS as adopted by the European Union (hereinafter »IFRS«). Entities in which Zavarovalnica Triglav directly or indirectly holds more than half of the voting rights have been fully consolidated.

To acquire accurate information on the financial position and business results of the entire Triglav Group, separate financial statements of Zavarovalnica Triglav should be considered jointly with the consolidated financial statement.

The financial statements for the period from 1 January 2019 to 30 September 2019 have not been audited.

### 2.2 Significant accounting policies and estimates

The same accounting policies as for the preparation of the annual financial statements for 2018 were used for the preparation of the financial statements for the period between 1 January 2019 and 30 September 2019, except for lease recognition for which the new accounting standard IFRS 16 – Leases is used. See Section 2.3 for the description of the changes and related disclosures.

The tax expense calculation for the period from 1 January 2019 to 30 September 2019 was made by applying the average effective tax rate of 2018.

In the reporting period, there were no significant changes of accounting estimates for amounts which were reported in the preceding financial year.

### 2.3 Change in the accounting policy

As of 1 January 2019, the new accounting standard IFRS 16 Leases has started to apply. This is a mandatory change in the accounting policy. In implementing this standard, the simplified transition approach was used. As at 1 January 2019, right-of-use assets were recognised in the amount of the recognised lease liability in the amount of the present value of future payments. Potential initial direct costs were not taken into account in the right-of-use assets. In the initial calculation, no differences were recognised in retained profit or loss. Comparative data for 2018 are not adjusted.

In calculating the initial values, an interest rate was used which is a combination of the interest rate on risk-free government bonds and the credit spread for an individual company. The interest rate also varies by lease term. In calculating the initial values, the weighted average discount rate of approximately 4.5% was used for the Triglav Group and 1.7% for Zavarovalnica Triglav. The initial value of right-of-use assets as at 1 January 2019 amounted to EUR 12,157,651 for the Triglav Group and EUR 4,740,268 for Zavarovalnica Triglav. The right-of-use assets and lease liabilities are disclosed in the statement of financial position as separate items.



Exemptions were used in the calculation of rights and liabilities. Short-term leases (leases up to 12 months) and leases of low-value assets (the purchase price of underlying assets is less than USD 5,000) were excluded. Such exemptions are disclosed in the same way as in the previous year, i.e. as lease expenses under operating expenses. Right-of-use assets are depreciated on a straight-line basis over the lease term. For leases for an indefinite period, lease term was assessed based on the option of renewal or termination. For fixed-term leases, lease term was individually assessed. In this regard, the guidelines set out in the strategy of the Triglav Group were followed. Leases predominantly have a fixed or a variable payment, which largely depends on the consumer price index. Depreciation expenses are recognised within operating expenses and interest expenses within finance costs.

In the half year of 2019, no gains or losses on leaseback transactions and no costs associated with variable lease payments not included in the measurement of lease liabilities were recorded.

Additional disclosures relating to leases are provided in the table below.

in EUR

<b>LEASES in the statement of financial position as at 30 September 2019</b>	<b>Triglav Group</b>	<b>Zavarovalnica Triglav</b>
<b>ASSETS</b>		
– Right to use land and buildings	8,993,081	3,029,186
– Right to use vehicles	1,830,793	1,143,356
– Right to use other assets	77,351	23,587
<b>Total right-of-use assets</b>	<b>10,901,225</b>	<b>4,196,129</b>
<b>LIABILITIES</b>		
– Lease liabilities with maturity up to 1 year	814,864	50,996
– Lease liabilities with maturity over 1 year	10,178,892	4,234,092
<b>Total lease liabilities</b>	<b>10,993,756</b>	<b>4,285,088</b>
<b>LEASES in the income statement for the period from 1 January 2019 to 30 September 2019</b>		
Lease income	3,362,178	4,305,165
Sublease income	84,685	45,143
Operating expenses		
– Short-term lease expenses	243,000	18,196
– Low-value lease expenses	406,837	341,484
<b>Depreciation</b>		
– Depreciation of rights to use land and buildings	1,743,766	443,165
– Depreciation of rights to use vehicles	577,166	314,323
– Depreciation of rights to use other assets	50,299	10,289
Lease interest	317,119	58,217
<b>TOTAL CASH FLOW from financial activities</b>	<b>2,778,457</b>	<b>674,718</b>

The Triglav Group as a lessor has only operating leases. Leased assets are recognised as investment property. Lease agreements are largely concluded for an indefinite period of time with a one-year notice period. Lessees have no purchase option.

## 2.4 Seasonal operations

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first months of the year, gross written premium in non-life insurance was somewhat higher than in the remaining part of the year, as insurance to corporate clients is sold at the beginning of the year (as policies expire at the beginning of the financial year).

## **2.5 Segmental analysis of the Triglav Group operations**

The management monitors the operations of Triglav Group based on the business segments (non-life insurance, life insurance, health insurance, non-insurance operations) and on the geographical segments (separately for Slovenia and other countries). The consolidated statement of financial position and the consolidated income statement by business segment and geographical area are given below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT		30 September 2019					
	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>1,941,009,447</b>	<b>2,123,754,021</b>	<b>68,846,852</b>	<b>215,869,386</b>	<b>4,349,479,706</b>	<b>-372,957,855</b>	<b>3,976,521,851</b>
Intangible assets	81,685,983	4,569,908	1,481,361	11,269,777	99,007,029	10,413,311	109,420,340
Property, plant and equipment	94,017,005	10,241,869	1,320,079	6,903,243	112,482,196	0	112,482,196
Non-current assets held for sale	0	0	0	1,924,014	1,924,014	0	1,924,014
Deferred tax assets	11,748,120	171,207	0	263,949	12,183,276	0	12,183,276
Investment property	50,083,655	1,952,971	0	31,654,813	83,691,439	5,363,971	89,055,410
Right of use assets	9,379,495	139,007	0	1,382,723	10,901,225	0	10,901,225
Investments in subsidiaries	128,500,992	15,104,174	0	98,100,928	241,706,094	-241,706,094	0
Investments in associates	12,622,387	551,982	0	-101	13,174,268	0	13,174,268
- accounted for using the equity method	12,622,387	551,982	0	-101	13,174,268	0	13,174,268
- measured at fair value	0	0	0	0	0	0	0
Financial investments	1,062,843,163	1,583,603,248	56,570,943	37,985,227	2,741,002,581	-17,776,614	2,723,225,967
- loans and deposits	90,261,202	46,838,145	107	7,884,667	144,984,121	-12,625,681	132,358,440
- held to maturity	0	183,999,915	0	0	183,999,915	0	183,999,915
- available for sale	967,729,324	880,551,719	56,570,836	29,712,358	1,934,564,237	-4,651,231	1,929,913,006
- recognised at fair value through profit and loss	4,852,637	472,213,469	0	388,202	477,454,308	-499,702	476,954,606
Unit-linked insurance assets	0	465,605,797	0	0	465,605,797	0	465,605,797
Reinsurers' share of technical provisions	193,851,965	67,853	1,887,705	0	195,807,523	-89,601,392	106,206,131
Receivables	253,016,286	4,083,636	7,371,416	8,978,992	273,450,330	-39,567,922	233,882,408
- receivables from direct insurance operations	122,101,897	881,186	6,716,241	45,199	129,744,523	-171,837	129,572,686
- receivables from reinsurance and co-insurance operations	102,486,062	25,861	151,893	0	102,663,816	-38,339,146	64,324,670
- current tax receivables	251,232	0	0	355,384	606,616	0	606,616
- other receivables	28,177,095	3,176,589	503,282	8,578,409	40,435,375	-1,056,939	39,378,436
Other assets	4,775,488	148,217	118,041	992,718	6,034,464	-83,115	5,951,349
Cash and cash equivalents	38,484,908	37,514,152	97,307	16,413,103	92,509,470	0	92,509,470
<i>Off balance sheet items</i>	<i>88,062,320</i>	<i>27,192,252</i>	<i>1,058,437</i>	<i>90,571,903</i>	<i>206,884,912</i>	<i>0</i>	<i>206,884,912</i>
<b>EQUITY AND LIABILITIES</b>	<b>1,941,009,447</b>	<b>2,123,754,021</b>	<b>68,846,852</b>	<b>215,869,386</b>	<b>4,349,479,706</b>	<b>-372,957,855</b>	<b>3,976,521,851</b>
Equity	614,040,595	162,611,487	36,438,866	192,796,224	1,005,887,172	-230,393,877	775,493,295
Controlling interests	614,040,595	162,611,487	36,438,866	192,796,224	1,005,887,172	-232,974,981	772,912,191
- share capital	114,718,513	48,491,866	25,822,144	106,097,280	295,129,803	-221,428,411	73,701,392
- share premium	43,048,225	13,658,827	0	25,404,031	82,111,083	-31,904,024	50,207,059
- reserves from profit	283,812,741	47,203,942	473,752	1,809,406	333,299,841	861,939	334,161,780
- treasury share reserves	0	0	0	0	0	364,680	364,680
- treasury shares	0	0	0	0	0	-364,680	-364,680
- fair value reserve	59,924,950	19,098,912	1,843,844	17,417,009	98,284,715	-5,967,820	92,316,895
- net profit brought forward	64,154,724	26,127,377	4,385,241	37,561,692	132,229,034	33,970,510	166,199,544
- net profit for the year	50,276,305	8,604,944	3,913,885	4,534,695	67,329,829	-8,484,194	58,845,635
- currency translation differences	-1,894,863	-574,381	0	-27,889	-2,497,133	-22,981	-2,520,114
- reserve of disposal group held for sale	0	0	0	0	0	0	0
Non-controlling interests	0	0	0	0	0	2,581,104	2,581,104
Subordinated liabilities	60,152,908	9,836,942	1,500,000	0	71,489,850	-6,650,933	64,838,917
Insurance technical provisions	1,074,146,109	1,450,432,429	19,088,944	0	2,543,667,482	-85,904,391	2,457,763,091
- unearned premiums	394,505,349	405,391	3,604,145	0	398,514,885	-25,464,477	373,050,408
- mathematical provisions	0	1,415,393,111	0	0	1,415,393,111	5,500,000	1,420,893,111
- claims provisions	651,481,767	21,439,579	11,775,240	0	684,696,586	-64,347,645	620,348,941
- other insurance technical provisions	28,158,993	13,194,348	3,709,559	0	45,062,900	-1,592,269	43,470,631
Insurance technical provisions for unit-linked insurance contracts	0	466,656,351	0	0	466,656,351	0	466,656,351
Employee benefits	11,341,202	2,146,367	542,853	646,371	14,676,793	0	14,676,793
Other provisions	1,198,620	114,770	48,832	688,822	2,051,044	0	2,051,044
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0
Deferred tax liabilities	13,651,341	8,889,616	154,196	4,246,245	26,941,398	-11,901	26,929,497
Other financial liabilities	4,558,444	6,243,144	73,938	1,271,803	12,147,329	-1,115,682	11,031,647
Operating liabilities	91,974,849	9,378,709	5,222,486	86,895	106,662,939	-37,094,054	69,568,885
- liabilities from direct insurance operations	8,412,209	9,293,346	3,945,804	0	21,651,359	-464,284	21,187,075
- liabilities from reinsurance and co-insurance operations	82,082,599	97,106	191,611	0	82,371,316	-36,629,770	45,741,546
- current tax liabilities	1,480,041	-11,743	1,085,071	86,895	2,640,264	0	2,640,264
Lease liabilities	9,453,033	185,367	0	1,369,712	11,008,112	-14,356	10,993,756
Other liabilities	60,492,346	7,258,839	5,776,737	14,763,314	88,291,236	-11,772,661	76,518,575
<i>Off balance sheet items</i>	<i>88,062,320</i>	<i>27,192,252</i>	<i>1,058,437</i>	<i>90,571,903</i>	<i>206,884,912</i>	<i>0</i>	<i>206,884,912</i>

		31 December 2018						
CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED	
<b>ASSETS</b>	<b>1,760,375,116</b>	<b>1,975,276,808</b>	<b>59,416,391</b>	<b>191,819,384</b>	<b>3,986,887,699</b>	<b>-341,610,212</b>	<b>3,645,277,487</b>	
Intangible assets	75,096,273	4,708,358	1,586,002	2,669,415	84,060,048	0	84,060,048	
Property, plant and equipment	93,567,305	10,132,292	1,415,752	8,180,704	113,296,053	0	113,296,053	
Non-current assets held for sale	0	0	0	2,067,399	2,067,399	0	2,067,399	
Deferred tax assets	12,360,640	261,140	56,415	215,537	12,893,732	0	12,893,732	
Investment property	47,702,415	2,302,311	0	34,471,759	84,476,485	5,363,971	89,840,456	
Right of use assets	0	0	0	0	0	0	0	
Investments in subsidiaries	124,407,877	15,104,174	0	75,550,601	215,062,652	-215,062,652	0	
Investments in associates	11,450,701	611,768	0	2,063,504	14,125,973	0	14,125,973	
- accounted for using the equity method	11,450,701	611,768	0	2,063,504	14,125,973	0	14,125,973	
- measured at fair value	0	0	0	0	0	0	0	
Financial investments	1,021,305,282	1,503,139,163	48,839,718	38,188,070	2,611,472,233	-22,567,936	2,588,904,297	
- loans and deposits	86,843,593	55,853,397	86,107	13,492,572	156,275,669	-17,417,697	138,857,972	
- held to maturity	0	196,773,185	0	0	196,773,185	0	196,773,185	
- available for sale	929,110,722	804,659,540	48,753,611	24,695,498	1,807,219,371	-4,650,604	1,802,568,767	
- recognised at fair value through profit and loss	5,350,967	445,853,041	0	0	451,204,008	-499,635	450,704,373	
Unit-linked insurance assets	0	402,515,770	0	0	402,515,770	0	402,515,770	
Reinsurers' share of technical provisions	159,627,897	10,457	1,551,881	0	161,190,235	-75,269,736	85,920,499	
Receivables	194,823,677	4,599,971	5,408,784	7,790,707	212,623,139	-33,968,261	178,654,878	
- receivables from direct insurance operations	91,221,915	628,631	4,884,391	40,778	96,775,715	-174,387	96,601,328	
- receivables from reinsurance and co-insurance operations	80,340,602	8,525	122,142	0	80,471,269	-29,171,366	51,299,903	
- current tax receivables	561,791	0	0	17,854	579,645	0	579,645	
- other receivables	22,699,369	3,962,815	402,251	7,732,075	34,796,510	-4,622,508	30,174,002	
Other assets	4,747,186	84,188	114,694	556,252	5,502,320	-105,598	5,396,722	
Cash and cash equivalents	15,285,863	31,807,216	443,145	20,065,436	67,601,660	0	67,601,660	
<i>Off balance sheet items</i>	<i>127,285,892</i>	<i>60,375,388</i>	<i>621,358</i>	<i>63,146,489</i>	<i>251,429,127</i>	<i>0</i>	<i>251,429,127</i>	
<b>EQUITY AND LIABILITIES</b>	<b>1,760,375,116</b>	<b>1,975,276,808</b>	<b>59,416,391</b>	<b>191,819,384</b>	<b>3,986,887,699</b>	<b>-341,610,212</b>	<b>3,645,277,487</b>	
Equity	604,805,626	150,637,960	31,627,112	168,514,421	955,585,119	-208,722,314	746,862,805	
Controlling interests	604,805,626	150,637,960	31,627,112	168,514,421	955,585,119	-211,018,313	744,566,806	
- share capital	114,718,513	48,091,866	25,822,144	100,639,031	289,271,554	-215,570,162	73,701,392	
- share premium	43,048,225	13,658,827	0	20,674,547	77,381,599	-27,175,059	50,206,540	
- reserves from profit	283,812,741	47,163,414	473,752	1,744,009	333,193,916	927,548	334,121,464	
- treasury share reserves	0	0	0	0	0	364,680	364,680	
- treasury shares	0	0	0	0	0	-364,680	-364,680	
- fair value reserve	47,853,573	8,989,544	945,975	10,080,974	67,870,066	-1,632,177	66,237,889	
- net profit brought forward	51,019,235	24,525,399	3,190,158	25,363,275	104,098,067	38,385,512	142,483,579	
- net profit for the year	66,373,248	8,815,568	1,195,083	10,038,964	86,422,863	-5,889,220	80,533,643	
- currency translation differences	-2,019,909	-606,658	0	-26,379	-2,652,946	-64,755	-2,717,701	
- reserve of disposal group held for sale	0	0	0	0	0	0	0	
Non-controlling interests	0	0	0	0	0	2,295,999	2,295,999	
Subordinated liabilities	10,777,635	9,835,316	1,500,000	0	22,112,951	-6,650,240	15,462,711	
Insurance technical provisions	981,911,505	1,387,821,429	16,081,286	0	2,385,814,220	-75,311,159	2,310,503,061	
- unearned premiums	311,580,455	427,260	2,932,489	0	314,940,204	-14,773,258	300,166,946	
- mathematical provisions	0	1,357,233,017	0	0	1,357,233,017	0	1,357,233,017	
- claims provisions	643,677,440	20,555,710	9,873,971	0	674,107,121	-59,163,206	614,943,915	
- other insurance technical provisions	26,653,610	9,605,442	3,274,826	0	39,533,878	-1,374,695	38,159,183	
Insurance technical provisions for unit-linked insurance contracts	0	402,598,039	0	0	402,598,039	0	402,598,039	
Employee benefits	11,403,102	2,122,168	550,996	728,308	14,804,574	0	14,804,574	
Other provisions	1,068,693	366,467	116,263	368,132	1,919,555	0	1,919,555	
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0	
Deferred tax liabilities	11,148,486	3,658,070	0	2,397,020	17,203,576	0	17,203,576	
Other financial liabilities	5,172,050	25,655	73,938	4,273,413	9,545,056	-3,924,152	5,620,904	
Operating liabilities	69,814,814	8,716,199	5,331,438	798,734	84,661,185	-29,869,130	54,792,055	
- liabilities from direct insurance operations	6,613,572	8,637,360	5,166,012	0	20,416,944	-699,015	19,717,929	
- liabilities from reinsurance and co-insurance operations	59,430,560	39,784	165,426	0	59,635,770	-29,170,115	30,465,655	
- current tax liabilities	3,770,682	39,055	0	798,734	4,608,471	0	4,608,471	
Lease liabilities	0	0	0	0	0	0	0	
Other liabilities	64,273,205	9,495,505	4,135,358	14,739,356	92,643,424	-17,133,217	75,510,207	
<i>Off balance sheet items</i>	<i>127,285,892</i>	<i>60,375,388</i>	<i>621,358</i>	<i>63,146,489</i>	<i>251,429,127</i>	<i>0</i>	<i>251,429,127</i>	

	30 September 2019				
STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>3,880,750,595</b>	<b>468,729,111</b>	<b>4,349,479,706</b>	<b>-372,957,855</b>	<b>3,976,521,851</b>
Intangible assets	81,599,032	17,407,997	99,007,029	10,413,311	109,420,340
Property, plant and equipment	71,233,400	41,248,796	112,482,196	0	112,482,196
Non-current assets held for sale	756,773	1,167,241	1,924,014	0	1,924,014
Deferred tax assets	11,848,947	334,329	12,183,276	0	12,183,276
Investment property	76,230,627	7,460,812	83,691,439	5,363,971	89,055,410
Right of use assets	3,444,096	7,457,129	10,901,225	0	10,901,225
Investments in subsidiaries	234,811,686	6,894,408	241,706,094	-241,706,094	0
Investments in associates	13,174,268	0	13,174,268	0	13,174,268
- accounted for using the equity method	13,174,268	0	13,174,268	0	13,174,268
- measured at fair value	0	0	0	0	0
Financial investments	2,500,193,445	240,809,136	2,741,002,581	-17,776,614	2,723,225,967
- loans and deposits	101,766,692	43,217,429	144,984,121	-12,625,681	132,358,440
- held to maturity	167,785,765	16,214,150	183,999,915	0	183,999,915
- available for sale	1,759,405,072	175,159,165	1,934,564,237	-4,651,231	1,929,913,006
- recognised at fair value through profit and loss	471,235,916	6,218,392	477,454,308	-499,702	476,954,606
Unit-linked insurance assets	444,477,137	21,128,660	465,605,797	0	465,605,797
Reinsurers' share of technical provisions	158,920,683	36,886,840	195,807,523	-89,601,392	106,206,131
Receivables	213,897,786	59,552,544	273,450,330	-39,567,922	233,882,408
- receivables from direct insurance operations	92,466,637	37,277,886	129,744,523	-171,837	129,572,686
- receivables from reinsurance and co-insurance operations	93,506,388	9,157,428	102,663,816	-38,339,146	64,324,670
- current tax receivables	314,783	291,833	606,616	0	606,616
- other receivables	27,609,978	12,825,397	40,435,375	-1,056,939	39,378,436
Other assets	3,549,310	2,485,154	6,034,464	-83,115	5,951,349
Cash and cash equivalents	66,613,405	25,896,065	92,509,470	0	92,509,470
<i>Off balance sheet items</i>	<i>199,856,362</i>	<i>7,028,550</i>	<i>206,884,912</i>	<i>0</i>	<i>206,884,912</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,880,750,595</b>	<b>468,729,111</b>	<b>4,349,479,706</b>	<b>-372,957,855</b>	<b>3,976,521,851</b>
Equity	879,698,240	126,188,932	1,005,887,172	-230,393,877	775,493,295
Controlling interests	879,698,240	126,188,932	1,005,887,172	-232,974,981	772,912,191
- share capital	193,174,047	101,955,756	295,129,803	-221,428,411	73,701,392
- share premium	80,554,540	1,556,543	82,111,083	-31,904,024	50,207,059
- reserves from profit	323,178,827	10,121,014	333,299,841	861,939	334,161,780
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	84,835,920	13,448,795	98,284,715	-5,967,820	92,316,895
- net profit brought forward	134,823,397	-2,594,363	132,229,034	33,970,510	166,199,544
- net profit for the year	63,131,509	4,198,320	67,329,829	-8,484,194	58,845,635
- currency translation differences	0	-2,497,133	-2,497,133	-22,981	-2,520,114
- reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	2,581,104	2,581,104
Subordinated liabilities	71,489,850	0	71,489,850	-6,650,933	64,838,917
Insurance technical provisions	2,291,080,665	252,586,817	2,543,667,482	-85,904,391	2,457,763,091
- unearned premiums	308,632,599	89,882,286	398,514,885	-25,464,477	373,050,408
- mathematical provisions	1,346,693,275	68,699,836	1,415,393,111	5,500,000	1,420,893,111
- claims provisions	594,782,093	89,914,493	684,696,586	-64,347,645	620,348,941
- other insurance technical provisions	40,972,698	4,090,202	45,062,900	-1,592,269	43,470,631
Insurance technical provisions for unit-linked insurance contracts	445,803,723	20,852,628	466,656,351	0	466,656,351
Employee benefits	12,642,359	2,034,434	14,676,793	0	14,676,793
Other provisions	1,429,154	621,890	2,051,044	0	2,051,044
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0
Deferred tax liabilities	24,794,465	2,146,933	26,941,398	-11,901	26,929,497
Other financial liabilities	8,797,800	3,349,529	12,147,329	-1,115,682	11,031,647
Operating liabilities	80,011,067	26,651,872	106,662,939	-37,094,054	69,568,885
- liabilities from direct insurance operations	17,696,204	3,955,155	21,651,359	-464,284	21,187,075
- liabilities from reinsurance and co-insurance operations	59,768,802	22,602,514	82,371,316	-36,629,770	45,741,546
- current tax liabilities	2,546,061	94,203	2,640,264	0	2,640,264
Lease liabilities	3,521,252	7,486,860	11,008,112	-14,356	10,993,756
Other liabilities	61,482,020	26,809,216	88,291,236	-11,772,661	76,518,575
<i>Off balance sheet items</i>	<i>199,856,362</i>	<i>7,028,550</i>	<i>206,884,912</i>	<i>0</i>	<i>206,884,912</i>

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA			31 December 2018		TOTAL CONSOLIDATED
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	
<b>ASSETS</b>	<b>3,587,778,966</b>	<b>399,108,733</b>	<b>3,986,887,699</b>	<b>-341,610,212</b>	<b>3,645,277,487</b>
Intangible assets	67,838,193	16,221,855	84,060,048	0	84,060,048
Property, plant and equipment	73,862,701	39,433,352	113,296,053	0	113,296,053
Non-current assets held for sale	756,773	1,310,626	2,067,399	0	2,067,399
Deferred tax assets	12,449,543	444,189	12,893,732	0	12,893,732
Investment property	73,403,971	11,072,514	84,476,485	5,363,971	89,840,456
Right of use assets	0	0	0	0	0
Investments in subsidiaries	209,261,359	5,801,293	215,062,652	-215,062,652	0
Investments in associates	14,125,973	0	14,125,973	0	14,125,973
- accounted for using the equity method	14,125,973	0	14,125,973	0	14,125,973
- measured at fair value	0	0	0	0	0
Financial investments	2,389,333,756	222,138,477	2,611,472,233	-22,567,936	2,588,904,297
- loans and deposits	121,499,643	34,776,026	156,275,669	-17,417,697	138,857,972
- held to maturity	180,405,984	16,367,201	196,773,185	0	196,773,185
- available for sale	1,640,836,316	166,383,055	1,807,219,371	-4,650,604	1,802,568,767
- recognised at fair value through profit and loss	446,591,813	4,612,195	451,204,008	-499,635	450,704,373
Unit-linked insurance assets	384,722,290	17,793,480	402,515,770	0	402,515,770
Reinsurers' share of technical provisions	141,403,785	19,786,450	161,190,235	-75,269,736	85,920,499
Receivables	162,717,347	49,905,792	212,623,139	-33,968,261	178,654,878
- receivables from direct insurance operations	67,526,174	29,249,541	96,775,715	-174,387	96,601,328
- receivables from reinsurance and co-insurance operations	74,531,636	5,939,633	80,471,269	-29,171,366	51,299,903
- current tax receivables	393,705	185,940	579,645	0	579,645
- other receivables	20,265,832	14,530,678	34,796,510	-4,622,508	30,174,002
Other assets	3,631,703	1,870,617	5,502,320	-105,598	5,396,722
Cash and cash equivalents	54,271,572	13,330,088	67,601,660	0	67,601,660
<i>Off balance sheet items</i>	<i>244,238,882</i>	<i>7,190,245</i>	<i>251,429,127</i>	<i>0</i>	<i>251,429,127</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,587,778,966</b>	<b>399,108,733</b>	<b>3,986,887,699</b>	<b>-341,610,212</b>	<b>3,645,277,487</b>
Equity	844,198,944	111,386,175	955,585,119	-208,722,314	746,862,805
Controlling interests	844,198,944	111,386,175	955,585,119	-211,018,313	744,566,806
- share capital	193,083,889	96,187,665	289,271,554	-215,570,162	73,701,392
- share premium	75,825,056	1,556,543	77,381,599	-27,175,059	50,206,540
- reserves from profit	323,113,430	10,080,486	333,193,916	927,548	334,121,464
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	59,516,559	8,353,507	67,870,066	-1,632,177	66,237,889
- net profit brought forward	110,168,173	-6,070,106	104,098,067	38,385,512	142,483,579
- net profit for the year	82,491,837	3,931,026	86,422,863	-5,889,220	80,533,643
- currency translation differences	0	-2,652,946	-2,652,946	-64,755	-2,717,701
- reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	2,295,999	2,295,999
Subordinated liabilities	22,112,951	0	22,112,951	-6,650,240	15,462,711
Insurance technical provisions	2,162,896,237	222,917,983	2,385,814,220	-75,311,159	2,310,503,061
- unearned premiums	242,089,186	72,851,018	314,940,204	-14,773,258	300,166,946
- mathematical provisions	1,292,659,946	64,573,071	1,357,233,017	0	1,357,233,017
- claims provisions	592,072,952	82,034,169	674,107,121	-59,163,206	614,943,915
- other insurance technical provisions	36,074,153	3,459,725	39,533,878	-1,374,695	38,159,183
Insurance technical provisions for unit-linked insurance contracts	385,091,524	17,506,515	402,598,039	0	402,598,039
Employee benefits	12,471,275	2,333,299	14,804,574	0	14,804,574
Other provisions	1,332,752	586,803	1,919,555	0	1,919,555
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0
Deferred tax liabilities	15,847,476	1,356,100	17,203,576	0	17,203,576
Other financial liabilities	2,466,852	7,078,204	9,545,056	-3,924,152	5,620,904
Operating liabilities	72,847,518	11,813,667	84,661,185	-29,869,130	54,792,055
- liabilities from direct insurance operations	16,952,626	3,464,318	20,416,944	-699,015	19,717,929
- liabilities from reinsurance and co-insurance operations	51,715,802	7,919,968	59,635,770	-29,170,115	30,465,655
- current tax liabilities	4,179,090	429,381	4,608,471	0	4,608,471
Lease liabilities	0	0	0	0	0
Other liabilities	68,513,437	24,129,987	92,643,424	-17,133,217	75,510,207
<i>Off balance sheet items</i>	<i>244,238,882</i>	<i>7,190,245</i>	<i>251,429,127</i>	<i>251,429,127</i>	<i>251,429,127</i>

CONSOLIDATED INCOME STATEMENT BY SEGMENT	Q1-3 2019				TOTAL
	Non-life	Life	Health	Other	
<b>NET PREMIUM INCOME</b>	<b>455,736,249</b>	<b>167,505,641</b>	<b>128,117,776</b>	<b>0</b>	<b>751,359,666</b>
- gross written premium	609,119,961	167,611,676	128,755,345	0	905,486,982
- ceded written premium	-107,576,050	-133,403	0	0	-107,709,453
- change in unearned premium reserve	-45,807,662	27,368	-637,569	0	-46,417,863
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>161,533</b>	<b>0</b>	<b>0</b>	<b>807,706</b>	<b>969,239</b>
- profit on equity investments accounted for using the equity method	161,533	0	0	247,292	408,825
- other income from investments in subsidiaries and associates	0	0	0	560,414	560,414
<b>INCOME FROM INVESTMENTS</b>	<b>24,030,857</b>	<b>110,353,537</b>	<b>585,356</b>	<b>1,248,443</b>	<b>136,218,193</b>
- interest income calculated using the effective interest method	12,214,074	27,721,068	477,101	7,128	40,419,371
- gains on disposals	7,289,745	8,091,385	106,879	1,177,469	16,665,478
- other income from investments	4,527,038	74,541,084	1,376	63,846	79,133,344
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>28,370,673</b>	<b>87,885</b>	<b>29,642</b>	<b>0</b>	<b>28,488,200</b>
- fees and commission income	17,334,598	50,373	0	0	17,384,971
- other income from insurance operations	11,036,075	37,512	29,642	0	11,103,229
<b>OTHER INCOME</b>	<b>4,826,418</b>	<b>314,740</b>	<b>25,985</b>	<b>23,001,885</b>	<b>28,169,028</b>
<b>NET CLAIMS INCURRED</b>	<b>258,769,312</b>	<b>120,955,459</b>	<b>108,671,900</b>	<b>0</b>	<b>488,396,671</b>
- gross claims settled	283,695,870	120,135,077	101,696,250	0	505,527,197
- reinsurers' share	-24,990,203	-17,203	0	0	-25,007,406
- changes in claims provisions	63,645	837,585	1,904,140	0	2,805,370
- equalisation scheme expenses for supplementary health insurance	0	0	5,071,510	0	5,071,510
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>1,096,277</b>	<b>65,272,849</b>	<b>434,733</b>	<b>0</b>	<b>66,803,859</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>50,138,961</b>	<b>0</b>	<b>0</b>	<b>50,138,961</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>7,354,685</b>	<b>14,279</b>	<b>0</b>	<b>0</b>	<b>7,368,964</b>
<b>OPERATING EXPENSES</b>	<b>140,481,194</b>	<b>25,404,205</b>	<b>12,588,309</b>	<b>0</b>	<b>178,473,708</b>
- acquisition costs	100,672,489	14,578,005	5,219,803	0	120,470,297
- other operating costs	39,808,705	10,826,200	7,368,506	0	58,003,411
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>43,529</b>	<b>59,787</b>	<b>0</b>	<b>562,708</b>	<b>666,024</b>
- loss on investments accounted for using the equity method	43,529	59,787	0	0	103,316
- other expenses from financial assets and liabilities	0	0	0	562,708	562,708
<b>EXPENSES FROM INVESTMENTS</b>	<b>6,318,151</b>	<b>6,903,578</b>	<b>75,958</b>	<b>2,586</b>	<b>13,300,273</b>
- loss on impairment of investments	247,744	100,975	0	0	348,719
- loss on disposal of investments	3,078,251	3,401,096	7,600	0	6,486,947
- other expenses from investments	2,992,156	3,401,507	68,358	2,586	6,464,607
<b>OTHER INSURANCE EXPENSES</b>	<b>31,503,311</b>	<b>1,263,122</b>	<b>757,622</b>	<b>0</b>	<b>33,524,055</b>
<b>OTHER EXPENSES</b>	<b>10,636,217</b>	<b>1,827,963</b>	<b>-26,777</b>	<b>22,048,493</b>	<b>34,485,896</b>
- expenses from financing	1,412,207	420,420	0	124,743	1,957,370
- other expenses	9,224,010	1,407,543	-26,777	21,923,750	32,528,526
<b>PROFIT BEFORE TAX</b>	<b>56,923,054</b>	<b>6,421,600</b>	<b>6,257,014</b>	<b>2,444,247</b>	<b>72,045,915</b>
Income tax expense	9,288,235	1,500,434	1,085,071	1,031,099	12,904,839
<b>NET PROFIT FOR THE PERIOD</b>	<b>47,634,819</b>	<b>4,921,166</b>	<b>5,171,943</b>	<b>1,413,148</b>	<b>59,141,076</b>
Net profit/loss attributable to the controlling company	47,340,964	4,916,635	5,171,943	1,416,093	58,845,635
Net profit/loss attributable to the non-controlling interest holders	293,855	4,531	0	-2,945	295,441

CONSOLIDATED INCOME STATEMENT BY SEGMENT	Q1-3 2018				TOTAL
	Non-life	Life	Health	Other	
<b>NET PREMIUM INCOME</b>	<b>433,236,339</b>	<b>165,068,783</b>	<b>105,512,458</b>	<b>0</b>	<b>703,817,580</b>
- gross written premium	549,138,877	165,075,089	105,971,319	0	820,185,285
- ceded written premium	-83,917,263	-45,406	0	0	-83,962,669
- change in unearned premium reserve	-31,985,275	39,100	-458,861	0	-32,405,036
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>202,505</b>	<b>0</b>	<b>0</b>	<b>600,523</b>	<b>803,028</b>
- profit on equity investments accounted for using the equity method	202,505	0	0	600,523	803,028
- other income from investments in subsidiaries and associates	0	0	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>28,041,359</b>	<b>51,865,595</b>	<b>519,209</b>	<b>60,429</b>	<b>80,486,592</b>
- interest income calculated using the effective interest method	12,340,338	28,086,622	489,836	42,150	40,958,946
- gains on disposals	11,216,565	6,713,490	29,358	0	17,959,413
- other income from investments	4,484,456	17,065,483	15	18,279	21,568,233
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>22,926,016</b>	<b>77,783</b>	<b>31,692</b>	<b>0</b>	<b>23,035,491</b>
- fees and commission income	12,498,741	51,449	0	0	12,550,190
- other income from insurance operations	10,427,275	26,334	31,692	0	10,485,301
<b>OTHER INCOME</b>	<b>5,514,061</b>	<b>60,995</b>	<b>59,233</b>	<b>20,980,122</b>	<b>26,614,411</b>
<b>NET CLAIMS INCURRED</b>	<b>253,210,467</b>	<b>127,580,921</b>	<b>90,827,895</b>	<b>0</b>	<b>471,619,283</b>
- gross claims settled	284,003,377	125,744,538	85,631,654	0	495,379,569
- reinsurers' share	-27,098,784	0	0	0	-27,098,784
- changes in claims provisions	-3,694,126	1,836,383	866,801	0	-990,942
- equalisation scheme expenses for supplementary health insurance	0	0	4,329,440	0	4,329,440
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>331,268</b>	<b>34,381,904</b>	<b>834,761</b>	<b>0</b>	<b>35,547,933</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-3,002,010</b>	<b>0</b>	<b>0</b>	<b>-3,002,010</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>6,056,631</b>	<b>52,402</b>	<b>0</b>	<b>0</b>	<b>6,109,033</b>
<b>OPERATING EXPENSES</b>	<b>135,923,413</b>	<b>25,286,844</b>	<b>9,888,206</b>	<b>0</b>	<b>171,098,463</b>
- acquisition costs	99,084,752	14,380,461	3,392,035	0	116,857,248
- other operating costs	36,838,661	10,906,383	6,496,171	0	54,241,215
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>7,062</b>	<b>138,253</b>	<b>0</b>	<b>0</b>	<b>145,315</b>
- loss on investments accounted for using the equity method	7,062	138,253	0	0	145,315
- other expenses from financial assets and liabilities	0	0	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>8,408,866</b>	<b>20,187,611</b>	<b>37,273</b>	<b>55,533</b>	<b>28,689,283</b>
- loss on impairment of investments	891,199	315,688	0	0	1,206,887
- loss on disposal of investments	3,610,257	4,442,036	7,554	53,723	8,113,570
- other expenses from investments	3,907,410	15,429,887	29,719	1,810	19,368,826
<b>OTHER INSURANCE EXPENSES</b>	<b>23,170,205</b>	<b>235,117</b>	<b>427,332</b>	<b>0</b>	<b>23,832,654</b>
<b>OTHER EXPENSES</b>	<b>9,091,172</b>	<b>1,879,151</b>	<b>2,087</b>	<b>19,883,582</b>	<b>30,855,992</b>
- expenses from financing	423,815	423,506	0	3,091	850,412
- other expenses	8,667,357	1,455,645	2,087	19,880,491	30,005,580
<b>PROFIT BEFORE TAX</b>	<b>53,721,196</b>	<b>10,332,963</b>	<b>4,105,038</b>	<b>1,701,959</b>	<b>69,861,156</b>
Income tax expense	7,936,111	1,788,284	290,824	1,042,537	11,057,756
<b>NET PROFIT FOR THE PERIOD</b>	<b>45,785,085</b>	<b>8,544,679</b>	<b>3,814,214</b>	<b>659,422</b>	<b>58,803,400</b>
Net profit/loss attributable to the controlling company	45,469,590	8,533,607	3,814,214	663,435	58,480,846
Net profit/loss attributable to the non-controlling interest holders	315,495	11,072	0	-4,013	322,554



in EUR

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA	Q1-3 2019		TOTAL
	Slovenia	Other	
<b>NET PREMIUM INCOME</b>	<b>617,129,905</b>	<b>134,229,761</b>	<b>751,359,666</b>
- gross written premium	739,741,567	165,745,415	905,486,982
- ceded written premium	-87,865,014	-19,844,439	-107,709,453
- change in unearned premium reserve	-34,746,648	-11,671,215	-46,417,863
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>969,239</b>	<b>0</b>	<b>969,239</b>
- profit on equity investments accounted for using the equity method	408,825	0	408,825
- other income from investments in subsidiaries and associates	560,414	0	560,414
<b>INCOME FROM INVESTMENTS</b>	<b>125,719,512</b>	<b>10,498,681</b>	<b>136,218,193</b>
- interest income calculated using the effective interest method	34,905,463	5,513,908	40,419,371
- gains on disposals	15,424,976	1,240,502	16,665,478
- other income from investments	75,389,073	3,744,271	79,133,344
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>22,417,521</b>	<b>6,070,679</b>	<b>28,488,200</b>
- fees and commission income	14,898,627	2,486,344	17,384,971
- other income from insurance operations	7,518,894	3,584,335	11,103,229
<b>OTHER INCOME</b>	<b>23,074,560</b>	<b>5,094,468</b>	<b>28,169,028</b>
<b>NET CLAIMS INCURRED</b>	<b>413,394,033</b>	<b>75,002,638</b>	<b>488,396,671</b>
- gross claims settled	428,051,536	77,475,661	505,527,197
- reinsurers' share	-19,392,737	-5,614,669	-25,007,406
- changes in claims provisions	-336,276	3,141,646	2,805,370
- equalisation scheme expenses for supplementary health insurance	5,071,510	0	5,071,510
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>62,178,247</b>	<b>4,625,612</b>	<b>66,803,859</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>46,796,483</b>	<b>3,342,478</b>	<b>50,138,961</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>5,943,201</b>	<b>1,425,763</b>	<b>7,368,964</b>
<b>OPERATING EXPENSES</b>	<b>128,517,282</b>	<b>49,956,426</b>	<b>178,473,708</b>
- acquisition costs	85,600,924	34,869,373	120,470,297
- other operating costs	42,916,358	15,087,053	58,003,411
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>666,020</b>	<b>4</b>	<b>666,024</b>
- loss on investments accounted for using the equity method	103,316	0	103,316
- other expenses from financial assets and liabilities	562,704	4	562,708
<b>EXPENSES FROM INVESTMENTS</b>	<b>12,631,321</b>	<b>668,952</b>	<b>13,300,273</b>
- loss on impairment of investments	300,208	48,511	348,719
- loss on disposal of investments	6,486,902	45	6,486,947
- other expenses from investments	5,844,211	620,396	6,464,607
<b>OTHER INSURANCE EXPENSES</b>	<b>29,231,458</b>	<b>4,292,597</b>	<b>33,524,055</b>
<b>OTHER EXPENSES</b>	<b>27,333,257</b>	<b>7,152,639</b>	<b>34,485,896</b>
- expenses from financing	1,786,127	171,243	1,957,370
- other expenses	25,547,130	6,981,396	32,528,526
<b>PROFIT BEFORE TAX</b>	<b>62,619,435</b>	<b>9,426,480</b>	<b>72,045,915</b>
Income tax expense	12,804,232	100,607	12,904,839
<b>NET PROFIT FOR THE PERIOD</b>	<b>49,815,203</b>	<b>9,325,873</b>	<b>59,141,076</b>
Net profit/loss attributable to the controlling company	49,816,193	9,029,442	58,845,635
Net profit/loss attributable to the non-controlling interest holders	-990	296,431	295,441

in EUR

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA	Q1-3 2018		TOTAL
	Slovenia	Other	
<b>NET PREMIUM INCOME</b>	<b>574,205,134</b>	<b>129,612,446</b>	<b>703,817,580</b>
- gross written premium	670,131,888	150,053,397	820,185,285
- ceded written premium	-69,826,350	-14,136,319	-83,962,669
- change in unearned premium reserve	-26,100,404	-6,304,632	-32,405,036
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>803,028</b>	<b>0</b>	<b>803,028</b>
- profit on equity investments accounted for using the equity method	803,028	0	803,028
- other income from investments in subsidiaries and associates	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>73,759,387</b>	<b>6,727,205</b>	<b>80,486,592</b>
- interest income calculated using the effective interest method	35,999,073	4,959,873	40,958,946
- gains on disposals	17,299,779	659,634	17,959,413
- other income from investments	20,460,535	1,107,698	21,568,233
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>18,718,213</b>	<b>4,317,278</b>	<b>23,035,491</b>
- fees and commission income	11,677,576	872,614	12,550,190
- other income from insurance operations	7,040,637	3,444,664	10,485,301
<b>OTHER INCOME</b>	<b>21,689,132</b>	<b>4,925,279</b>	<b>26,614,411</b>
<b>NET CLAIMS INCURRED</b>	<b>394,951,391</b>	<b>76,667,892</b>	<b>471,619,283</b>
- gross claims settled	416,704,903	78,674,666	495,379,569
- reinsurers' share	-22,427,075	-4,671,709	-27,098,784
- changes in claims provisions	-3,655,877	2,664,935	-990,942
- equalisation scheme expenses for supplementary health insurance	4,329,440	0	4,329,440
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>33,298,116</b>	<b>2,249,817</b>	<b>35,547,933</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-2,547,711</b>	<b>-454,299</b>	<b>-3,002,010</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>5,229,085</b>	<b>879,948</b>	<b>6,109,033</b>
<b>OPERATING EXPENSES</b>	<b>122,318,818</b>	<b>48,779,645</b>	<b>171,098,463</b>
- acquisition costs	82,509,332	34,347,916	116,857,248
- other operating costs	39,809,486	14,431,729	54,241,215
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>145,315</b>	<b>0</b>	<b>145,315</b>
- loss on investments accounted for using the equity method	145,315	0	145,315
- other expenses from financial assets and liabilities	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>26,481,818</b>	<b>2,207,465</b>	<b>28,689,283</b>
- loss on impairment of investments	1,191,870	15,017	1,206,887
- loss on disposal of investments	7,807,147	306,423	8,113,570
- other expenses from investments	17,482,801	1,886,025	19,368,826
<b>OTHER INSURANCE EXPENSES</b>	<b>19,241,555</b>	<b>4,591,099</b>	<b>23,832,654</b>
<b>OTHER EXPENSES</b>	<b>23,643,883</b>	<b>7,212,109</b>	<b>30,855,992</b>
- expenses from financing	799,523	50,889	850,412
- other expenses	22,844,360	7,161,220	30,005,580
<b>PROFIT BEFORE TAX</b>	<b>66,412,624</b>	<b>3,448,532</b>	<b>69,861,156</b>
Income tax expense	10,975,744	82,012	11,057,756
<b>NET PROFIT FOR THE PERIOD</b>	<b>55,436,880</b>	<b>3,366,520</b>	<b>58,803,400</b>
Net profit/loss attributable to the controlling company	55,441,866	3,038,980	58,480,846
Net profit/loss attributable to the non-controlling interest holders	-4,986	327,540	322,554

## **2.6 Segmental analysis of Zavarovalnica Triglav's operations**

As Zavarovalnica Triglav operates mainly in the territory of the Republic of Slovenia, the management does not review a geographical analysis of operations. The management monitors the operations of Zavarovalnica Triglav according to its business segments, i. e. life and non-life insurance. The statement of financial position and the income statement by business segment are given below.

STATEMENT OF FINANCIAL POSITION	30 September 2019			31 December 2018		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>ASSETS</b>	<b>1,319,439,671</b>	<b>1,629,331,194</b>	<b>2,948,770,865</b>	<b>1,221,102,015</b>	<b>1,527,754,338</b>	<b>2,748,856,353</b>
Intangible assets	62,900,205	4,441,012	67,341,217	57,598,248	4,564,254	62,162,502
Property, plant and equipment	58,470,814	8,119,464	66,590,278	59,735,959	8,250,141	67,986,100
Deferred tax assets	11,453,952	131,046	11,584,998	11,956,605	220,986	12,177,591
Investment property	46,931,489	882,771	47,814,260	44,056,810	1,213,730	45,270,540
Right of use assets	4,196,129	0	4,196,129	0	0	0
Investments in subsidiaries	121,792,669	13,145,998	134,938,667	118,792,669	13,145,998	131,938,667
Investments in associates	18,054,026	0	18,054,026	16,959,355	0	16,959,355
- accounted for using the equity method	0	0	0	0	0	0
- measured at fair value	18,054,026	0	18,054,026	16,959,355	0	16,959,355
Financial investments	748,019,180	1,166,145,162	1,914,164,342	720,655,616	1,119,381,334	1,840,036,950
- loans and deposits	54,285,747	26,869,474	81,155,221	56,833,143	35,837,166	92,670,309
- held to maturity	0	149,015,411	149,015,411	0	159,463,950	159,463,950
- available for sale	692,654,388	792,381,968	1,485,036,356	662,429,210	721,426,295	1,383,855,505
- recognised at fair value through profit and loss	1,079,045	197,878,309	198,957,354	1,393,263	202,653,923	204,047,186
Unit-linked insurance assets	0	420,031,903	420,031,903	0	366,664,078	366,664,078
Reinsurers' share of technical provisions	101,932,036	54,048	101,986,084	87,883,266	10,040	87,893,306
Receivables	120,965,176	1,888,020	122,853,196	93,426,058	3,046,130	96,472,188
- receivables from direct insurance operations	85,312,319	437,831	85,750,150	62,281,265	354,072	62,635,337
- receivables from reinsurance and co-insurance operations	15,949,416	4,388	15,953,804	18,154,451	3,160	18,157,611
- current tax receivables	0	0	0	0	0	0
- other receivables	19,703,441	1,445,801	21,149,242	12,990,342	2,688,898	15,679,240
Other assets	2,617,358	88,384	2,705,742	3,268,118	28,471	3,296,589
Cash and cash equivalents	22,106,637	14,403,386	36,510,023	6,769,311	11,229,176	17,998,487
<i>Off balance sheet items</i>	<i>80,411,214</i>	<i>25,154,003</i>	<i>105,565,217</i>	<i>120,126,047</i>	<i>58,233,180</i>	<i>178,359,227</i>
<b>EQUITY AND LIABILITIES</b>	<b>1,319,439,671</b>	<b>1,629,331,194</b>	<b>2,948,770,865</b>	<b>1,221,102,015</b>	<b>1,527,754,338</b>	<b>2,748,856,353</b>
Equity	465,581,006	99,699,125	565,280,131	466,409,221	93,711,515	560,120,736
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	273,448,752	45,513,891	318,962,643	273,448,752	45,513,891	318,962,643
- fair value reserve	48,696,017	11,131,988	59,828,006	41,774,285	5,485,903	47,260,189
- net profit brought forward	9,945,758	0	9,945,758	1,241,127	-1,363	1,239,764
- net profit for the year	41,804,961	7,624,487	49,429,448	58,259,539	7,284,325	65,543,864
Subordinated liabilities	60,152,907	9,836,942	69,989,849	10,777,635	9,835,316	20,612,951
Insurance technical provisions	702,516,233	1,070,135,343	1,772,651,576	658,684,690	1,037,458,785	1,696,143,475
- unearned premiums	261,467,239	355,293	261,822,532	213,519,363	400,574	213,919,937
- mathematical provisions	0	1,038,061,866	1,038,061,866	0	1,009,712,605	1,009,712,605
- claims provisions	418,646,499	19,925,267	438,571,766	423,416,968	19,143,220	442,560,188
- other insurance technical provisions	22,402,495	11,792,917	34,195,412	21,748,359	8,202,386	29,950,745
Insurance technical provisions for unit-linked insurance contracts	0	420,145,306	420,145,306	0	365,238,075	365,238,075
Employee benefits	9,355,647	1,980,162	11,335,809	9,212,790	1,954,366	11,167,156
Other provisions	777,162	111,700	888,862	646,735	111,700	758,435
Deferred tax liabilities	11,557,869	9,660,600	21,218,469	9,934,252	5,057,075	14,991,327
Other financial liabilities	4,234,840	4,164,286	8,399,126	1,585,693	1,750	1,587,443
Operating liabilities	24,706,816	8,023,502	32,730,318	21,559,229	6,964,343	28,523,572
- liabilities from direct insurance operations	5,495,896	8,004,089	13,499,985	4,348,116	6,958,719	11,306,835
- liabilities from reinsurance and co-insurance operations	18,150,041	19,413	18,169,454	13,814,322	5,624	13,819,946
- current tax liabilities	1,060,879	0	1,060,879	3,396,791	0	3,396,791
Lease liabilities	4,285,088	0	4,285,088	0	0	0
Other liabilities	36,272,103	5,574,228	41,846,331	42,291,770	7,421,413	49,713,183
<i>Off balance sheet items</i>	<i>80,411,214</i>	<i>25,154,003</i>	<i>105,565,217</i>	<i>120,126,047</i>	<i>58,233,180</i>	<i>178,359,227</i>

INCOME STATEMENT	Q1-3 2019			Q1-3 2018		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>NET PREMIUM INCOME</b>	<b>289,033,825</b>	<b>129,193,369</b>	<b>418,227,194</b>	<b>280,621,792</b>	<b>128,758,909</b>	<b>409,380,701</b>
- gross written premium	411,162,280	129,715,665	540,877,945	380,649,195	128,999,452	509,648,647
- ceded written premium	-94,554,596	-567,713	-95,122,309	-77,490,922	-283,722	-77,774,644
- change in unearned premium reserve	-27,573,859	45,417	-27,528,442	-22,536,481	43,179	-22,493,302
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>3,562,259</b>	<b>0</b>	<b>3,562,259</b>	<b>5,077,705</b>	<b>0</b>	<b>5,077,705</b>
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- other income from investments in subsidiaries and associates	3,562,259	0	3,562,259	5,077,705	0	5,077,705
<b>INCOME FROM INVESTMENTS</b>	<b>16,988,685</b>	<b>82,344,430</b>	<b>99,333,115</b>	<b>21,292,356</b>	<b>40,299,529</b>	<b>61,591,885</b>
- interest income calculated using the effective interest method	6,924,929	19,835,004	26,759,933	7,690,506	20,190,919	27,881,425
- gains on disposals	6,901,375	6,824,495	13,725,870	10,320,570	6,674,496	16,995,066
- other income from investments	3,162,381	55,684,931	58,847,312	3,281,280	13,434,114	16,715,394
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>23,783,455</b>	<b>236,903</b>	<b>24,020,358</b>	<b>20,549,247</b>	<b>116,137</b>	<b>20,665,384</b>
- fees and commission income	16,017,152	221,898	16,239,050	12,973,385	96,785	13,070,170
- other income from insurance operations	7,766,303	15,005	7,781,308	7,575,862	19,352	7,595,214
<b>OTHER INCOME</b>	<b>5,217,573</b>	<b>3,127,357</b>	<b>8,344,930</b>	<b>6,016,356</b>	<b>3,087,750</b>	<b>9,104,106</b>
<b>NET CLAIMS INCURRED</b>	<b>162,950,425</b>	<b>104,356,939</b>	<b>267,307,364</b>	<b>164,478,557</b>	<b>111,987,738</b>	<b>276,466,295</b>
- gross claims settled	190,286,599	103,921,695	294,208,294	196,304,651	110,623,636	306,928,287
- reinsurers' share	-21,916,094	-302,931	-22,219,025	-24,100,891	-37,440	-24,138,331
- changes in claims provisions	-5,420,080	738,175	-4,681,905	-7,725,203	1,401,542	-6,323,661
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>654,135</b>	<b>29,903,212</b>	<b>30,557,347</b>	<b>363,148</b>	<b>21,211,697</b>	<b>21,574,845</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>40,991,514</b>	<b>40,991,514</b>	<b>0</b>	<b>-8,958,516</b>	<b>-8,958,516</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>5,943,774</b>	<b>0</b>	<b>5,943,774</b>	<b>5,453,689</b>	<b>0</b>	<b>5,453,689</b>
<b>OPERATING EXPENSES</b>	<b>92,692,475</b>	<b>23,205,871</b>	<b>115,898,346</b>	<b>89,357,664</b>	<b>23,163,112</b>	<b>112,520,776</b>
- acquisition costs	66,928,141	15,576,247	82,504,388	65,897,987	15,284,288	81,182,275
- other operating costs	25,764,334	7,629,624	33,393,958	23,459,677	7,878,824	31,338,501
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>159</b>	<b>0</b>	<b>159</b>	<b>4,548</b>	<b>0</b>	<b>4,548</b>
- loss on investments accounted for using the equity method	0	0	0	0	0	0
- other expenses from financial assets and liabilities	159	0	159	4,548	0	4,548
<b>EXPENSES FROM INVESTMENTS</b>	<b>5,567,650</b>	<b>5,086,151</b>	<b>10,653,801</b>	<b>6,413,116</b>	<b>12,777,766</b>	<b>19,190,882</b>
- loss on impairment of investments	205,509	94,699	300,208	885,859	306,011	1,191,870
- loss on disposal of investments	3,066,574	3,362,274	6,428,848	3,241,614	4,361,549	7,603,163
- other expenses from investments	2,295,567	1,629,178	3,924,745	2,285,643	8,110,206	10,395,849
<b>OTHER INSURANCE EXPENSES</b>	<b>10,734,128</b>	<b>424,552</b>	<b>11,158,680</b>	<b>8,231,811</b>	<b>249,682</b>	<b>8,481,493</b>
<b>OTHER EXPENSES</b>	<b>9,999,982</b>	<b>1,808,899</b>	<b>11,808,881</b>	<b>8,681,845</b>	<b>1,874,299</b>	<b>10,556,144</b>
- expenses from financing	1,485,211	440,436	1,925,647	490,454	444,444	934,898
- other expenses	8,514,771	1,368,463	9,883,234	8,191,391	1,429,855	9,621,246
<b>PROFIT BEFORE TAX</b>	<b>50,043,069</b>	<b>9,124,921</b>	<b>59,167,990</b>	<b>50,573,078</b>	<b>9,956,547</b>	<b>60,529,625</b>
Income tax expense	8,238,108	1,500,434	9,738,542	7,477,301	1,788,283	9,265,584
<b>NET PROFIT FOR THE PERIOD</b>	<b>41,804,961</b>	<b>7,624,487</b>	<b>49,429,448</b>	<b>43,095,777</b>	<b>8,168,264</b>	<b>51,264,041</b>

## **2.7 Significant items of the statement of financial position**

### **Intangible assets**

In the reporting period, the book value of intangible assets of the Triglav Group increased by EUR 25.4 million. The increase largely (EUR 19.5 million) resulted from the acquisition of Alta Skladi, družba za upravljanje d.d. Long-term deferred acquisition costs have increased by EUR 8.6 million, while new purchases of licences and software equalled EUR 3.7 million. In the first three quarters of 2019, amortisation reached EUR 6 million.

In the reporting period, the book value of intangible assets of Zavarovalnica Triglav increased by EUR 5.2 million. In the separate financial statements, the change mainly refers to the increase in long-term deferred acquisition costs. These have increased by EUR 7 million. New purchases of other intangible assets in the amount of EUR 2.2 million primarily relate to the purchase of licences and software. In the first three quarters of 2019 amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 4 million.

### **Property, plant and equipment**

In the first three quarters of 2019, the book value of property, plant and equipment of the Triglav Group decreased by EUR 814 thousand. The decrease in value mainly resulted from a decrease in fixed assets of EUR 1.1 million of the carrying amount due to the sale of Golf Arboretum d.o.o. In the first three quarters of 2019, Triglav Group acquired new property, plant and equipment worth EUR 6.6 million and sold it in the carrying amount of EUR 208 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 5.6 million.

In the reporting period, the book value of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 1.4 million. In the first three quarters of 2019, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 2 million. In the reporting period, depreciation of property, plant and equipment amounted to EUR 3.4 million.

### **Investment property**

The book value of investment property of the Group decreased by EUR 780 thousand. In the reporting period, the Group purchased investment property in the amount of EUR 4.9 million and sold it in the carrying amount of EUR 2.8 million. In the first three quarters of 2019, depreciation of investment property of the Group amounted to EUR 977 thousand.

In the first three quarters of 2019, the book value of investment property of Zavarovalnica Triglav increased by EUR 2.5 million. Zavarovalnica Triglav purchased new investment property worth EUR 4 million and sold it in the carrying amount of EUR 790 thousand. In the reporting period, depreciation of investment property amounted to EUR 623 thousand.

## Financial assets and unit-linked insurance assets

The tables below show the carrying amount and fair value of financial assets.

in EUR

Triglav Group	Carrying amount		Fair value	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Loans and deposits	132,358,440	138,857,972	132,350,475	138,681,009
Held to maturity	183,999,915	196,773,185	234,326,683	236,599,916
Available for sale	1,929,913,006	1,802,568,767	1,929,913,006	1,802,568,767
Investments recognised at fair value	476,954,606	450,704,373	476,954,606	450,704,373
Unit-linked insurance assets	465,605,797	402,515,770	465,775,230	402,856,839
<b>TOTAL</b>	<b>3,188,831,764</b>	<b>2,991,420,067</b>	<b>3,239,320,000</b>	<b>3,031,410,904</b>

in EUR

Zavarovalnica Triglav	Carrying amount		Fair value	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Loans and deposits	81,155,221	92,670,309	79,482,233	91,151,215
Held to maturity	149,015,411	159,463,950	196,287,784	195,583,228
Available for sale	1,485,036,356	1,383,855,505	1,485,036,356	1,383,855,505
Investments recognised at fair value	198,957,354	204,047,186	198,957,354	204,047,186
Unit-linked insurance assets	420,031,903	366,664,078	420,193,491	366,989,905
<b>TOTAL</b>	<b>2,334,196,245</b>	<b>2,206,701,028</b>	<b>2,379,957,218</b>	<b>2,241,627,040</b>

Tables below show financial assets of Zavarovalnica Triglav and Triglav Group by different groups of financial assets.

### Triglav Group

in EUR

Values as at 30 September 2019	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	134,509,019	55,844,913	190,353,932
Debt instruments	6,475,607	183,999,915	1,795,403,987	420,030,648	2,405,910,157
Derivative financial instruments	0	0	0	1,079,045	1,079,045
Unit-linked financial assets	4,201,292	0	0	461,404,505	465,605,797
Loans	125,882,833	0	0	0	125,882,833
<b>Total</b>	<b>136,559,732</b>	<b>183,999,915</b>	<b>1,929,913,006</b>	<b>938,359,111</b>	<b>3,188,831,764</b>

in EUR

Values as at 31 December 2018	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	110,509,942	60,322,300	170,832,242
Debt instruments	6,400,208	196,773,185	1,692,058,818	388,988,809	2,284,221,020
Derivative financial instruments	0	0	0	1,393,263	1,393,263
Unit-linked financial assets	4,223,972	0	0	398,291,799	402,515,770
Loans	132,457,771	0	0	0	132,457,771
<b>Total</b>	<b>143,081,944</b>	<b>196,773,185</b>	<b>1,802,568,767</b>	<b>848,996,171</b>	<b>2,991,420,067</b>

## Zavarovalnica Triglav

					in EUR
Values as at 30 September 2019	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	91,110,935	158,850	91,269,785
Debt instruments	6,402,506	149,015,411	1,393,925,421	197,719,459	1,747,062,797
Derivative financial instruments	0	0	0	1,079,045	1,079,045
Unit-linked financial assets	4,001,241	0	0	416,030,662	420,031,903
Loans	74,752,715	0	0	0	74,752,715
<b>Total</b>	<b>85,156,462</b>	<b>149,015,411</b>	<b>1,485,036,356</b>	<b>614,988,016</b>	<b>2,334,196,245</b>

					in EUR
Values as at 31 December 2018	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	75,339,825	10,110,817	85,450,642
Debt instruments	6,400,208	159,463,950	1,308,515,680	192,543,106	1,666,922,944
Derivative financial instruments	0	0	0	1,393,263	1,393,263
Unit-linked financial assets	4,029,992	0	0	362,634,086	366,664,078
Loans	86,270,101	0	0	0	86,270,101
<b>Total</b>	<b>96,700,301</b>	<b>159,463,950</b>	<b>1,383,855,505</b>	<b>566,681,272</b>	<b>2,206,701,028</b>

### Legend:

- L&R: Loans and receivables
- HTM: Held to maturity
- AFS: Available for sale
- FVTPL: Fair value through profit or loss

### Overview of financial assets according to valuation levels

Tables below show financial assets of Triglav Group and Zavarovalnica Triglav, measured at fair value (i.e. financial assets available for sale and financial assets, measured at fair value through profit and loss). In valuing these financial assets the following price hierarchy is applied:

- Level 1: value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (stock exchange quotations and listings provided by third parties), which are entirely based on observable market data (the share of binding listings has to be minimum 90% and there have to be at least three binding listings not older than one day);
- Level 2: value measurement less than entirely based on quoted prices for the asset or liability. Fair value measurements may be based on indirectly observable inputs, i.e. data derived from prices of comparable financial instruments, but only up to a strictly limited percentage;
- Level 3: value measurement based on prices that do not meet the standards for Level 1 or Level 2. The percentage of unobservable inputs used in value measurement models is considerable.



## Triglav Group

				in EUR
As at 30 September 2019	Level 1	Level 2	Level 3	Total
Equity securities	140,787,436	987,963	48,578,533	190,353,932
Debt securities	541,455,231	1,673,979,403	0	2,215,434,634
Derivative financial instruments	0	1,079,045	0	1,079,045
Unit-linked financial assets	404,824,801	56,579,704	0	461,404,505
<b>Total</b>	<b>1,087,067,468</b>	<b>1,732,626,115</b>	<b>48,578,533</b>	<b>2,868,272,116</b>

				in EUR
As at 31 December 2018	Level 1	Level 2	Level 3	Total
Equity securities	134,833,210	0	35,999,032	170,832,242
Debt securities	218,669,118	1,862,378,509	0	2,081,047,627
Derivative financial instruments	0	1,393,263	0	1,393,263
Unit-linked financial assets	346,651,462	51,640,336	0	398,291,798
<b>Total</b>	<b>700,153,790</b>	<b>1,915,412,108</b>	<b>35,999,032</b>	<b>2,651,564,930</b>

## Zavarovalnica Triglav

				in EUR
As at 30 September 2019	Level 1	Level 2	Level 3	Total
Equity securities	47,751,732	0	43,518,053	91,269,785
Debt securities	450,129,460	1,141,515,419	0	1,591,644,879
Derivative financial instruments	0	1,079,045	0	1,079,045
Unit-linked financial assets	365,360,877	50,669,785	0	416,030,662
Investments in associates	0	0	0	0
<b>Total</b>	<b>863,242,069</b>	<b>1,193,264,249</b>	<b>43,518,053</b>	<b>2,100,024,371</b>

				in EUR
As at 31 December 2018	Level 1	Level 2	Level 3	Total
Equity securities	55,390,776	0	30,059,866	85,450,642
Debt securities	187,526,798	1,313,531,987	0	1,501,058,785
Derivative financial instruments	0	1,393,263	0	1,393,263
Unit-linked financial assets	316,843,905	45,790,181	0	362,634,086
<b>Total</b>	<b>559,761,479</b>	<b>1,360,715,431</b>	<b>30,059,866</b>	<b>1,950,536,776</b>

## Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
<b>EXTERNAL APPRAISERS (market operator)</b>				
Debt securities - composite	stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		level 2
Debt securities – composite with exposure to stock markets	stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, index volatility		level 2
Derivatives	Black-Scholes model	index volatility		level 2
<b>BLOOMBERG BVAL</b>				
Debt securities issued by companies and financial institutions and government securities	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings, past transactions, binding listings		level 2
<b>INTERNAL APPRAISERS</b>				
Debt securities - government	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	Republic of Slovenia issuer yield curve (Bloomberg ID: I259 Curncy); credit spread between 0% and 1.1%	level 2
Debt securities - companies and financial institutions	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	Republic of Slovenia issuer yield curve (Bloomberg ID: I259 Curncy); credit spread between 0.3% and 2.7%	level 2
Equity securities	cash flow discounting	g (growth rate during constant growth period)	2%	level 3
		EBIT margin (constant growth period)	36%	
		discount rate	12.6%	
		lack of marketability discount	10% - 23%	
Investments in associates	cash flow discounting	change in real estate prices		level 3
		g (growth rate during constant growth period)	2%	level 3
		net margin (constant growth period)	3.2%-3.46%	
		discount rate	8.8%-11.8%	
Real property for own use	Income approach, market approach, analysis of the most economical use of development land	lack of marketability discount	3.5%-30%	level 3
Investment property		Capitalisation rate, market prices of comparable real property	7.5% - 9.8% depending on risk/location Market values based on information available	

## Changes of Level 3 financial assets

in EUR

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Opening balance as at 1 January	35,999,032	37,121,010	30,059,866	32,816,954
Purchases	19,160,983	4,538,589	18,979,211	4,538,589
Disposals	-6,664,205	-14,778,727	-6,029,629	-14,776,678
Revaluations through income statement	88,840	-9,677	92,535	0
Revaluations through Equity	416,070	1,378,467	416,070	1,378,485
Transfers from Level 1 and Level 2	-422,466	-1,041	0	0
Ex. rate difference	279	331	0	0
Closing balance as at 30 September	48,578,533	28,248,952	43,518,053	23,957,350

In the first three quarters of 2019, the value of financial assets classified into Level 3 increased due to the payments into venture capital funds. The bulk of the purchases related to the payments into the funds managed by Triglav in the amount of EUR 7 million and into the Universal 4 Alternative Management fund managed by Meag. Disposals mainly related to the sale of Gorenjska banka d.d. shares in the total amount of EUR 4.7 million. Revaluation is the result of changes in the value of venture capital funds.

### Impairments

In the first three quarters of 2019, losses resulting from permanent impairment of financial assets were recognised in the amount of EUR 300 thousand in Zavarovalnica Triglav. The impairment of financial assets at the Group level totalled EUR 349 thousand. No impairment losses were recognised among other fixed assets.

### Subordinated debt instruments

On 24 April 2019, Zavarovalnica Triglav issued a subordinated bond in the amount of EUR 50 million (500 denominations of EUR 100,000). For solvency purposes, the bond is classified into Tier 2 own funds. The final maturity date of said bond is 22 October 2049 and the first call date is 22 October 2029. Until the first call interest is paid annually at the fixed interest rate of 4.375%. Thereafter the interest rate is variable, i.e. 3-month Euribor + 4.845%, and interest is paid quarterly. The bond is valued at amortised cost in the financial statements. As at 30 September 2019, the fair value of the bond was EUR 53,049,452.

The bond was listed on the Luxembourg Stock Exchange on 30 April 2019 (ISIN code XS1980276858).

### Contingent liabilities

In the first three quarters of 2019, no potential liability for guarantees given were recognised in Zavarovalnica Triglav. In off-balance-sheet assets, Zavarovalnica Triglav decreased assets under option contracts by EUR 65.4 million and assets for alternative investments by EUR 8.7 million. In the reporting period, no member of the Triglav Group accepted potential liability for guarantees given.

### Distribution of accumulated profits

On 28 May 2019, the General Meeting of Shareholders of Zavarovalnica Triglav decided on the distribution of accumulated profit, totalling EUR 66,783,628 as at 31 December 2018. A part of the accumulated profit in the amount of EUR 56,837,870 was allocated to dividend payments, amounting to EUR 2.5 gross per share. Dividends were paid to the KDD account on 13 June 2019. The distribution of the remaining part of accumulated profit shall be decided on in the following years.

## 2.8 Changes in equity stakes in subsidiaries and business combinations

### Acquisition of Alta Skladi, družba za upravljanje d.d.

Triglav Skladi d.o.o., as the acquirer, acquired a 100% equity stake in ALTA Skladi, družba za upravljanje d.d. (hereinafter: Alta Skladi), thereby obtaining 100% of the voting rights and a controlling interest in said company. The activity of the acquiree is the provision of investment fund management services. The purpose of the acquisition was to obtain the right to manage their investment funds and to take advantage of the positive effects of the companies' merger and the integration of fund management.

This transaction involves the acquisition of Alta Skladi, which is a business combination in the Group. In the consolidated financial statements, the said business combination was accounted for using the acquisition method. As at the acquisition date of 30 April 2019, all assets acquired and liabilities assumed of Alta Skladi were measured at fair value. The right or authorisation for fund management as the list of buyers was recognised in the net fair value of assets and is separately included in intangible assets. The value was calculated on the basis of valuation using the excess earnings method. The 10-year useful life was taken into account. Deferred tax was also calculated.

The consideration for the purchase of the company is EUR 22.5 million and consists of a fixed and variable amount. The variable part of consideration, which is contingent consideration, consists of a deferred payment of EUR 1,930,000 (for potential lawsuits, legal proceedings, breach of warranty or agreement mistakes). The deferred payment lasts for a maximum of 5 years + 60 days. The second portion of the variable amount totals maximum EUR 2.4 million and depends on net payments from the Flegma product. This value was assessed based on the data on net inflows from this product in the past and the present year using the discounted cash flow method. Contingent consideration is also recognised as a financial liability. As at 30 September 2019, the financial liability of contingent consideration amounted to EUR 3,527,000.

Total consideration exceeds the net asset value by EUR 10.4 million and is recognised as goodwill in the consolidated financial statements. Goodwill is the value of synergy effects arising from increased assets under management, greater market visibility and the synergy effects of pooling the fund managers' knowledge.

The items of assets acquired and liabilities assumed and the calculation of goodwill as at the acquisition date of 30 April 2019 are as follows:

Recognised amounts	in EUR Fair value as at 30 April 2019
<b>ASSETS ACQUIRED</b>	<b>13,911,407</b>
Intangible assets	8,722,477
Property, plant and equipment	25,609
Financial investment	965,902
Operating receivables	583,545
Other receivables	426,717
Other assets	324,247
Cash and cash equivalents	2,862,910
<b>LIABILITIES ASSUMED</b>	<b>1,805,583</b>
Provisions for retirement benefits	23,128
Other provisions	292,322
Deferred tax liabilities	1,108,838
Operating liabilities	194,485
Current tax liabilities	36,534
Other liabilities	150,276
<b>TOTAL IDENTIFIABLE NET ASSETS</b>	<b>12,105,824</b>
<b>CONSIDERATION</b>	<b>22,519,136</b>
- fixed consideration	18,606,034
- contingent consideration	3,913,102
- deferred consideration	1,930,000
- consideration for Flegma product	1,983,102
<b>FINANCIAL LIABILITY</b> for contingent consideration	<b>3,913,102</b>
<b>GOODWILL</b>	<b>10,413,312</b>

Goodwill adjustments are possible during the measurement period (within one year of the acquisition), but only because of a change in contingent consideration and any changes in the fair value of assets acquired and liabilities assumed that relate to the facts and circumstances existing as at the acquisition date. In the period from 1 July to 30 September 2019, the fair value of liabilities assumed was adjusted by EUR 14,362 and thus the amount of goodwill increased. The change was recognised following the audit of assets and liabilities.

Any changes in the fair value of financial liabilities of contingent consideration due to new information relating to changes in events after the acquisition date will be recognised in profit or loss.

From 1 May to 30 September 2019, Alta Skladi d.d. generated income of EUR 2,719,935 and net profit of EUR 730,919.

#### **Purchase of shares of Triglav Osiguranje a.d., Skopje from non-controlling interest holders**

Triglav INT d.d. acquired a 0.10% equity stake from the non-controlling interest holders of Triglav Osiguranje a.d., Skopje, thereby becoming its 80.45% owner. The acquisition price of the equity stake amounted to MKD 888,940 or EUR 14,428. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as an increase in share premium of EUR 614.

#### **Capital increase of Lovćen Auto d.o.o.**

Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen Auto d.o.o. in the amount of EUR 2,100,000, thus remaining a 100% owner of the said company.

#### **Capital increase of Triglav d.o.o.**

By paying in EUR 1,094,670, Zavarovalnica Triglav increased the share capital of its associate Triglav d.o.o. and thus maintained its 49.9% equity stake in the said company.

### **Capital increase of Triglav Savjetovanje d.o.o., Zagreb**

In Q2 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of HRK 2,100,000 or EUR 284 thousand, As a result, both companies maintained their stakes in said company, 51% and 49% respectively.

### **Establishment of Triglav penzisko društvo a.d., Skopje**

On 27 March 2019, the pension company Triglav penzisko društvo, a.d., Skopje was established in North Macedonia. The total share capital of EUR 3 million was paid in by Zavarovalnica Triglav, thereby becoming a 100% owner of the said company.

### **Capital increase of Triglav Savetovanje d.o.o., Belgrade**

In Q3 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Belgrade increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of RSD 2,500,000 or EUR 21 thousand. As a result, both companies maintained their stakes in the said company; 49% and 51% respectively.

### **Sale of ZIF Prof Plus d.d., Sarajevo**

Triglav Skladi d.o.o. and Triglav, Upravljanje nepremičnin d.d. sold their equity stakes in ZIF Prof Plus d.d. of 11.72% and 10.37% respectively. As a result of selling the combined equity stake of 22.09%, a profit of EUR 560 thousand was generated at the Group level.

### **Sale of Golf Arboretum, d.o.o., Ljubljana**

Triglav, Upravljanje nepremičnin d.d. sold its equity stake of 80.73% in Golf Arboretum d.o.o. As a result, the Triglav Group generated a loss of EUR 563 thousand.

### **Liquidation of Triglav Auto d.o.o., Banja Luka**

On 19 September 2019, Triglav Auto d.o.o., Banja Luka was liquidated. The liquidation had no effect on the consolidated financial statements of the Triglav Group.

### **Sale of KRDU Building d.o.o. and LOMA CENTER d.o.o.**

On 5 February 2019, Triglav d.o.o. and the fund TRIGAL AIF SICAV – RAIF S.C.A. Compartment 2, Regional Multi Asset Fund Compartment, Luxembourg, signed an agreement to sell KRDU Building d.o.o. and LOMA CENTER d.o.o. As a result, both companies are no longer considered associates of the Triglav Group. There was no effect of derecognition.

## 2.9 Related party transactions

### Revenues of the Management and Supervisory Board

In the first three quarters of 2019, the Management Board members were paid the following amounts as compensation for their work:

in EUR							
Surname and name	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements
Slapar Andrej	134,510	2,017	48,895	66,119	44,440	3,696	1,266
Ivanc Uroš	127,784	2,017	46,450	61,982	31,259	3,276	852
Čoroli Tadej	127,784	2,017	46,450	60,615	31,232	7,040	682
Smolnikar Barbara	127,784	2,017	24,590	52,264	30,834	7,164	526
Benedek David****	1,297	672	0	1,138	218	0	0
Makoter Marica	127,784	2,017	46,450	60,297	31,218	6,078	472
Jošar Benjamin*****	0	0	4,400	2,570	0	0	0
<b>TOTAL</b>	<b>646,943</b>	<b>10,757</b>	<b>217,235</b>	<b>304,985</b>	<b>169,201</b>	<b>27,254</b>	<b>3,798</b>

\* Other additional payments include holiday allowances.

\*\* Insurance premiums include premiums for supplementary pension insurance, accident insurance, liability insurance and other types of insurance.

\*\*\* Other benefits include company cars.

In the reporting period members of the Management Board did not receive any payments for their work in subsidiaries.

As at 30 September 2019, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR			
Surname and name	Receivables as at 30 September 2019	Liabilities as at 30 September 2019	
Slapar Andrej	0	70,031	
Ivanc Uroš	6	66,407	
Čoroli Tadej	30	66,396	
Smolnikar Barbara	14	42,788	
Benedek David****	0	14,220	
Makoter Marica	16	66,396	
Jošar Benjamin*****	0	8,223	
<b>TOTAL</b>	<b>66</b>	<b>334,461</b>	

\*\*\*\* David Benedek is Management Board member from 29 August 2019.

\*\*\*\*\* Jošar Benjamin was Management Board member until 2 November 2017.

In the first three quarters of 2019, the Supervisory Board members and members of Committees were paid the following amounts as compensation for their work:

in EUR					
Surname and name	Compensation	Attendance fee	Reimbursements	Total gross pay	Total net pay
Stebernak Igor	18,750	2,607	579	21,936	15,954
Andoljšek Andrej	13,500	1,595	0	15,095	10,979
Tomažević Milan	13,750	1,595	579	15,924	11,581
Škerjanec Žiga	15,000	2,827	579	18,406	13,386
Damjanovič Nataša	15,000	3,883	579	19,462	14,155
Gobbo Mario	13,750	2,651	31,685	48,086	31,676
Gorjan Branko	3,861	275	129	4,265	3,102
Celar Peter	12,500	1,320	111	13,931	10,132
Molan Boštjan	7,813	2,112	652	10,577	7,693
Sotošek Ivan	7,813	1,265	1,291	10,369	7,541
Kolenc Simon*	5,000	1,595	234	6,829	4,967
<b>Total</b>	<b>126,737</b>	<b>21,725</b>	<b>36,418</b>	<b>184,880</b>	<b>131,166</b>

\* External committee member.

As at 30 September 2019, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

Surname and name	Receivables as at 30 September 2019	Liabilities as at 30 September 2019
Stebernak Igor	0	2,344
Andoljšek Andrej	0	1,688
Tomažević Milan	0	1,719
Škerjanec Žiga	0	1,875
Damjanovič Nataša	0	1,875
Gobbo Mario	0	6,371
Gorjan Branko	0	1,563
Celar Peter	0	1,563
Molan Boštjan	0	0
Sotošek Ivan	0	0
Zupan Igor	0	167
Kolenc Simon*	0	625
Štimac Dubravko	449	0
<b>TOTAL</b>	<b>449</b>	<b>19,790</b>

\* External committee member.



## Transactions with subsidiaries

In daily business operations, many insurance transactions are carried out with subsidiaries of Zavarovalnica Triglav. These transactions are performed at arm's length and at market prices. Their volume is shown below.

	in EUR	
	30 September 2019	31 December 2018
<b>ASSETS</b>		
Shares	134,938,667	131,938,667
Debt securities and loans	10,408,359	14,264,601
Right of use assets	902,237	0
Receivables from insurers	20,701	13,835
Premium receivable from re-insurance	2,888,327	2,561,802
Receivables from co-insurers' share in claim	1,505	245
Receivables from re-insurers' share in claim	5,539,939	8,499,977
Other short-term receivables from insurance operation	23,421	30,972
Short term receivables from financing	56,642	1,372,945
Other short-term receivables	683,369	740,157
Deffered short-term expenses of insurance contract acquisition	31,232	30,809
<b>LIABILITIES</b>		
Liabilities to policy holders	82	0
Liabilities to agents and brokers	350,985	350,644
Liabilities for co-insurance premiums	17,615	13,862
Liabilities for re-insurance premiums	8,720,436	9,022,657
Liabilities for co-insurers' share in claim	0	13,712
Liabilities for re-insurers' share in claims	657,121	684,674
Other short-term liabilities	114,572	163,432
Lease liabilities	923,768	0

	in EUR	
	Q1-3 2019	Q1-3 2018
<b>INCOME AND EXPENSES</b>		
Gross written premium and active reinsurance premium	14,707,774	12,979,568
Outward re-/co-insurance premium (-)	-53,324,007	-47,592,651
<b>Net premium income</b>	<b>-38,616,233</b>	<b>-34,613,083</b>
Reinsurance commission income	11,504,652	8,940,781
Other income from insurance operations	3,297,840	3,699,333
Interest income	347,031	561,735
Other insurance income	1,150,778	1,357,805
Income from land and buildings	569,308	595,328
Other income	275,511	220,974
Dividends	3,172,950	4,442,997
<b>TOTAL INCOME</b>	<b>-18,298,163</b>	<b>-14,784,503</b>
Gross claims settled	3,650,742	6,059,101
Re-/co-insurers' share in gross claim	-14,642,056	-17,192,939
<b>Net claims</b>	<b>-10,991,314</b>	<b>-11,133,838</b>
Expenses for reinsurance premiums	1,596,508	1,330,398
Interest expenses	17,754	0
<b>TOTAL EXPENSES</b>	<b>-9,377,052</b>	<b>-9,803,440</b>

## Transactions with associates

In daily business operations, many insurance transactions are carried out with associated companies of Zavarovalnica Triglav. These transactions are performed at arm's length and at market prices. Their volume is shown below, separately for Zavarovalnica Triglav and for the Triglav Group.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<b>ASSETS</b>				
Shares	13,174,268	14,125,973	18,054,025	16,959,355
Receivables from insurers	197	618	66	182
Other short-term receivables	20,000	0	20,000	0
<b>LIABILITIES</b>				
Liabilities to policy holders	27	27	0	0
Liabilities to agents and brokers	0	11,752	0	11,235
Other short - term liabilities	0	484	0	0
Accrued expenses	1,231	702	0	0

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018
Gross written premium	32,466	34,072	30,776	31,700
Income from land and buildings	0	559	0	559
Income from dividends	0	0	40,988	63,345
<b>TOTAL INCOME</b>	<b>32,466</b>	<b>34,631</b>	<b>71,764</b>	<b>95,604</b>
Gross claims settled	23,825	537	23,825	537
Acquisition costs	3,998	5,970	0	0
<b>TOTAL EXPENSES</b>	<b>27,823</b>	<b>6,507</b>	<b>23,825</b>	<b>537</b>

## Transactions with shareholders and shareholder-related companies

The largest shareholders of Zavarovalnica Triglav are the Institute of Pension and Disability Insurance of Slovenia (Zavod za pokojninsko in invalidsko zavarovanje Slovenije – ZPIZ) and Slovenian Sovereign Holding (Slovenski državni holding – SDH), which hold a 34.47% and a 28.09% stake, respectively.

The shareholder-related companies are those in which SDH and the Republic of Slovenia together directly hold at least a 20% stake. As at 30 September 2019, there were 43 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

Business with the two largest shareholders and the state-related parties is limited to regular business cooperation. There were no material individual transactions with the abovementioned companies in the reporting period. The total value of transactions is shown in the table below.

	Triglav Group		Zavarovalnica Triglav	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
in EUR				
<b>ASSETS</b>				
Stakes and shares	8,877,942	9,017,103	17,024,626	16,269,741
Debt securities	98,032,163	80,752,961	79,915,567	65,876,560
Operating receivables	6,581	5,747	9,509	10,383
Re-insurance receivables	0	0	22,302	39,386
Other assets	7,488,451	4,983,653	0	0
<b>LIABILITIES</b>				
Operating liabilities	990,505	2,056,005	942,024	1,861,031
Re-insurance liabilities	0	0	9,014	33,852
	<b>Q1-3 2019</b>	<b>Q1-3 2018</b>	<b>Q1-3 2019</b>	<b>Q1-3 2018</b>
<b>INCOME</b>				
Gross written premium	16,040,492	18,307,757	16,658,525	18,262,886
Financial income	3,037,179	2,476,099	3,002,725	1,842,671
Other income	45,129	134,190	83,637	134,152
<b>EXPENSES</b>				
Gross claims settled	5,369,874	5,924,140	5,504,590	5,907,956
Financial expenses	159,952	219,359	108,690	100,009
Other expenses	8,145,553	10,064,945	7,750,706	7,344,091

## **2.10 Significant events after the reporting date**

In the period from the end of the reporting period and the date of approval of the financial statements, no adjusting events occurred that would affect the prepared financial statements of Zavarovalnica Triglav nor the consolidated financial statements of Triglav Group for the period from 1 January to 30 September of 2019, as well as no material non-adjusting events.