



Zavarovalnica Triglav d.d.
Miklošičeva cesta 19, 1000 Ljubljana

triglav

www.triglav.eu

Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2018 to 31 March 2018

MANAGEMENT BOARD:

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

Marica Makoter

Ljubljana, March 2018

Dear shareholders, business partner and colleagues,



We are satisfied with our solid performance in the first quarter of 2018, as the Triglav Group continued to operate profitably and safely. Consolidated profit before tax stood at EUR 27.5 million, up by 8% compared to the same period last year, while consolidated net profit totalled EUR 23.3 million or 5% more compared to Q1 2017. Taking into account the business conditions anticipated until the end of the year, it is estimated that the annual profit before tax of the Triglav Group will be within the planned range.

Our insurance business performed well in Q1 2018. The Triglav Group posted a total of EUR 293 million in consolidated gross premium, up by 4% compared to the same period last year. Premium growth was connected to increased insurance business operating expenses (index

104), primarily with acquisition costs. We observed that the growth in the volume of operations in the insurance markets of the region continued to be positive; however, at the same time we have to appropriately take into account strong competition on these markets. In line with our strategy, our products and services are being developed and tailored to meet client needs and the specificities of individual markets. We are not only further strengthening our existing strong competitive advantages but also carry out intensive sales activities. The results of our efforts are visible. Premium growth was recorded in all our markets. The average growth on the Slovene market was 4% and on the markets outside of Slovenia it stood at 6%. In terms of insurance segments, premium growth was seen in non-life insurance and health insurance (index 106 in both segments). In the life insurance segment, premium decreased by 3% compared to the same period last year, primarily due to positive one-off events in Q1 2017.

Mass loss events, which were quite significant throughout the whole 2017, had no impact on our performance in the first three months of 2018. Gross claims paid went up by 12%, but this increase, however, was predominantly the result of the paid non-life insurance claims that incurred and were reported in 2017, for which adequate provisions were made and which were appropriately reinsured. The growth in gross claims paid was also affected by the increase in the health insurance portfolio and claim frequency, which resulted from the changed age structure of insured persons. Growth in net claims incurred stood at 2% and was lower than premium growth. The combined ratio of the Triglav Group was 88.5% as at the end of Q1 2018.

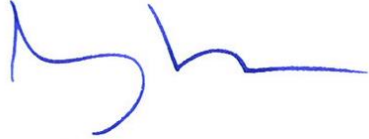
As at the reporting date, the Group's financial investments totalled EUR 3.1 billion. They were managed in the environment of low interest rates, which continually reduce interest income. The Group's return on investments (excluding unit-linked insurance contract investments) dropped by 39% compared to 2017. Lower net interest income was expected.

We have begun 2018 with a solid performance, which we will continue to achieve by consistently adhering to our strategic guidelines and plan. In accordance with the growth and development strategy of the Triglav Group, last year we entered the voluntary pension insurance market in Bosnia and Herzegovina and the Macedonian life insurance market, while this year we have entered the pension insurance market in Croatia. Our 2020 vision is clear. We have set out on a path to become a modern, innovative and dynamic insurance/financial group,

which will firmly remain the leader both in Slovenia and the wider region. With a team of over 5,000 employees, we will continue to strive to achieve this goal.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a series of connected loops and a horizontal line at the end.

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1. FINANCIAL HIGHLIGHTS IN THE FIRST QUARTER OF 2018

1.1 Performance of the Triglav Group

	in EUR million		
	Q1 2018	Q1 2017	Index 2018/2017
Gross written premium from insurance, co-insurance and reinsurance contracts	292.6	280.6	104
Net premium income	223.4	214.6	104
Gross claims paid*	171.0	152.4	112
Net claims incurred	151.6	148.3	102
Insurance business gross operating costs	58.3	56.1	104
Profit before tax	27.5	25.5	108
Net profit	23.3	22.3	105
Net profit attributable to the controlling company	23.2	22.1	105
	31 March 2018	31 December 2017	Index 2018/2017
Insurance technical provisions as at	2,766.2	2,732.2	101
Equity as at	767.8	756.6	101
Equity attributable to the controlling company as at	761.0	749.8	101
Number of employees as at	5,180	5,151	101

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of the Triglav Group

	Q1 2018	Q1 2017
ROE annualised	13.0%	12.6%
Claims ratio	61.2%	64.8%
Expense ratio*	27.3%	27.1%
Combined ratio*	88.5%	91.9%
Ratio between gross operating costs and gross written premium	19.9%	20.0%

*Due to the income statement scheme of the reporting year calculations of the expense and combined ratio of the previous year

1.2 Performance of Zavarovalnica Triglav d.d. (hereinafter: Zavarovalnica Triglav)

	in EUR million		
	Q1 2018	Q1 2017	Index 2018/2017
Gross written premium from insurance, co-insurance and reinsurance contracts	192.5	185.5	104
Net premium income	131.4	127.8	103
Gross claims paid*	107.5	97.8	110
Net claims incurred	89.8	91.6	98
Gross operating costs	38.5	37.8	102
Profit before tax	22.1	19.7	112
Net profit	18.7	17.2	109
	31 March 2018	31 December 2017	Index 2018/2017
Insurance technical provisions as at	2,130.2	2,103.4	101
Equity as at	578.7	571.4	101
Number of employees as at	2,281	2,285	100

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of Zavarovalnica Triglav

	Q1 2018	Q1 2017
ROE annualised	13.9%	12.8%
Claims ratio	53.6%	61.8%
Expense ratio*	27.8%	26.1%
Combined ratio*	81.4%	88.0%
Ratio between gross operating costs and gross written premium	20.0%	20.4%

*Due to the income statement scheme of the reporting year calculations of the expense and combined ratio of the previous year

1.3 Activities, markets and position of the Triglav Group

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

The Group's key business pillars:



The Triglav Group's core business, accounting for the bulk of its operations, is **insurance**, including non-life, life, health insurance, pension insurance and reinsurance.

The insurance-oriented part of the Group encompasses 12 insurance and one reinsurer:

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

Asset management of the Triglav Group is performed for the clients who save via the Group's insurance services and for investors who invest in the Group's mutual funds. This activity is performed by the life insurers of the Group, Triglav Skladi d.o.o., Triglav, Upravljanje nepremičnin d.d. and Triglav d.o.o.

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

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

1.4 Composition of the Triglav Group

The Triglav Group as at 31 March 2018

Controlling company: ▪ Zavarovalnica Triglav d.d.

Subsidiaries of the Triglav Group:

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

	<ul style="list-style-type: none"> ▪ Triglav Savjetovanje d.o.o., Sarajevo
	<ul style="list-style-type: none"> ▪ Triglav Avtoservis, družba za storitve in trgovino d.o.o.
	<ul style="list-style-type: none"> ▪ Triglav, Upravljanje nepremičnin d.d. <ul style="list-style-type: none"> ▪ Golf Arboretum d.o.o. ▪ AKM nepremičnine d.o.o. ▪ Triglav, upravljanje nekretninama d.o.o., Zagreb ▪ Triglav, upravljanje nekretninama d.o.o., Podgorica ▪ Hotel Grad Podvin d.d
	<ul style="list-style-type: none"> ▪ Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne Aktivnosti
Associated companies of the Triglav Group:	<ul style="list-style-type: none"> ▪ Triglavko, zavarovalno zastopniška družba d.o.o.
	<ul style="list-style-type: none"> ▪ TRIGAL d.o.o.
	<ul style="list-style-type: none"> ▪ Nama trgovsko podjetje d.d.
	<ul style="list-style-type: none"> ▪ IF Prof Plus d.d.
	<ul style="list-style-type: none"> ▪ Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka
	<ul style="list-style-type: none"> ▪ Nacionalni biro osiguravača Crne Gore

Changes in the Triglav Group in the first quarter of 2018:

- Triglav INT acquired a 0.14% equity stake from non-controlling interest holders of Triglav Osiguruvanje a.d., Skopje, thereby becoming its 80.08% owner. The purchase price equalled MAK 1,490,000 or EUR 23,878.
- Due to an exclusion of a shareholder, the share capital of Golf Arboretum d.o.o. decreased by EUR 4,966. As a result other shareholdings proportionately increased. Triglav, Upravljanje nepremičnin d.d. thereby became a 80.73% owner of the said company.
- By paying in EUR 4,586,808, Zavarovalnica Triglav increased the share capital of Triglav d.o.o. and thus remained a 49.9% owner of the company.

Changes in the Triglav Group are discussed in greater detail in *Section 2.7 of the Accounting Report*.

1.5 Strategy of the Triglav Group in the period 2017–2020

Based on its vision, values and strategic objectives, the Triglav Group has set out on a path to become a modern, innovative and dynamic insurance/financial group, which will firmly remain the leader both in Slovenia and the wider region.

Mission, values and vision of the Triglav Group

The vision of the Triglav Group for 2020 is the dynamically development of new ways of doing business as the foundation of the Group's responsible long-term development, while at the same time operating profitably and safely. The Group's mission is BUILDING A SAFER FUTURE for its stakeholders, while being committed to responsible and sustainable development. The cornerstone of the Group is its team of over five thousand employees, who achieve the Group's mission through their commitment, expertise and dedication. They are connected by the common values incorporated into the Triglav Group's culture: safety, responsibility, professionalism, simplicity and modernity.

Client-tailored operations aimed at digitisation, multi-channel approach and assistance services

The core strategic activities of the Group are insurance and asset management. At the end of the strategic period, the Triglav Group will be the leading provider of innovative and comprehensive insurance-service products and asset management on the existing markets in South-East Europe.

All of the Group's activities are centred around its clients, who are monitored individually and throughout their whole lifelong path as users. The Group's increasingly digitised processes are adapted to the clients and their changing needs, in addition to developing innovative products, which are aimed to be both simple and known for their multi-channel availability, i.e. a mix of traditional and digital sales approaches. The Group's range of insurance products is being upgraded with assistance services.

With respect to asset management, the strategic objective of the Group is to increase the volume of assets under management or the share of assets managed for a particular client.

Sound and profitable performance while strengthening the competitive advantages of the Triglav Group

The financially stable operations of the Triglav Group will be profitable and aimed at increasing its value. In the long-term, the core insurance business will be profitable, whilst the average target combined ratio in non-life insurance will be around 95%. In 2020, the return on equity (ROE) of the Group will surpass 10%. The Group will ensure effective and comprehensive management of risks, cost-effectiveness, its financial stability and appropriate capital adequacy. The Group will maintain its »A« credit ratings. Apart from that, the criteria of the dividend policy and the capital management guidelines will remain unchanged.

In its operations, the Group will not only exploit but also enhance its competitive advantages. The Triglav Group has a strong, trustworthy brand, a large client portfolio, and extensive and developed sales channels, in addition to being known for its range of quality products and services and quick settlement of claims. Furthermore, the Group is set apart from its competitors by its attitude towards the market. Its long-term focus on the markets in the region requires the Group to both actively and responsibly invest in the market and its relations with the stakeholders.

The Triglav Group in the region and beyond

The Group remains present in six countries of South-East Europe, where it will grow organically, however potential takeovers are not ruled out should an appropriate opportunity arise. In the region where the Group operates, a long-term accelerated growth of insurance markets is expected, resulting in a higher share of total written premium on the markets outside Slovenia. The Group will continue to develop the markets in the region, primarily investing in those insurance segments where the highest growth rates are expected (life, health and pension insurance). Digital business models will be developed, which will enable the Group to enter the markets outside the existing region. The Group will build strategic partnerships with the companies whose activities complement its business model.

Optimal organisational structure of the Triglav Group

An increasingly flexible organisational structure of the Group is being implemented so as to ensure an effective balance between the stability and dynamics of organisation, thereby reducing strategic and other risks. Synergies will continue to be exploited and operating

expenses optimised at the Group level, in addition to the establishment of a comprehensive innovation system within the organisation.

The year 2017 is the first year of the new four-year period, in which the Group has continued with the existing or has been implementing new activities aimed at achieving its strategic guidelines.

1.6 Significant events in the reporting period

Significant events in the reporting period were the following:

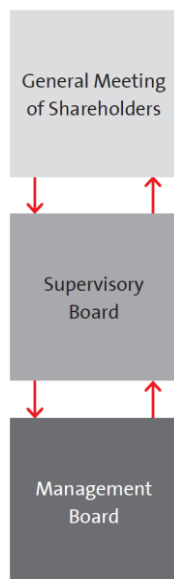
- At its session, held on 29 March 2018, the Supervisory Board approved the proposal of the Management Board to amend the capital management policy of the Triglav Group as well as the dividend policy as its part. Dividend policy is discussed in greater detail in Section 3.5 *Dividend policy*.
- The Supervisory Board and the Management Board of Zavarovalnica Triglav proposed to the General Meeting of Shareholders to allocate a part of the accumulated profit in the amount of EUR 56,837,870.00 to dividend payment, accounting for 82% of consolidated net profit of the Triglav Group for 2017. The proposed dividend for 2017 is EUR 2.5 gross per share. The proposed dividend for 2017 is based on the revised capital management policy and represents a solid basis for future sustainable implementation of the dividend policy of Zavarovalnica Triglav.

2. GOVERNANCE OF THE TRIGLAV GROUP

2.1 Governance of Zavarovalnica Triglav d.d.

The Company uses a two-tier management system, its management bodies are **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 on www.triglav.eu.

Two tier governance of Zavarovalnica Triglav



2.2 General Meeting of Shareholders

Shareholders of Zavarovalnica Triglav exercise their rights in respect of 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 by the Articles of Association, and when it is in the interest of the Company.

The competences 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.

2.3 Management Board

The Management Board of Zavarovalnica Triglav manages the Company independently and at its own responsibility, and 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 must be 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 professional competence and adequacy criteria, which the

Management Board members and other individuals are required to meet, are clearly defined in the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d. The Policy sets out the professional competence and adequacy assessment procedure for the Management Board members, which has to be performed before the appointment, periodically, extraordinarily or after the appointment of an individual Management Board member. The Policy also determines the professional competence and adequacy assessment criteria and procedures for the Management Board as a collective body. In assessing the competence of the Management Board as a collective body, 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.

According to the Articles of Association, the Management Board has no less than three and no more than six members, of whom one is the President. The number of Management Board members, their competences, the manner of representation and presentation and the transfer of the Management Board's authorities 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. In Zavarovalnica Triglav, the employee representative 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 31 March 2018 the Management Board of Zavarovalnica Triglav was composed of:

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

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.

The former are elected by the General Meeting of Shareholders and the latter 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 law and the applicable documents of the Company. Members of the Supervisory Board are given a four-year mandate and may be re-elected without limitation. The professional

competence and adequacy criteria as set out in the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d. also applies to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Professional competence and adequacy are assessed before the appointment, periodically, extraordinarily or after the appointment of an individual Supervisory Board member. In assessing the competence of the Supervisory Board as a collective body, the Supervisory Board takes into account diversity in such a manner that all members must 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.

The General Meeting of Shareholders may dismiss the members 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

Composition of the Supervisory Board as at 31 March 2018:

- Shareholder representatives:
 - Igor Stebernak, Chairman,
 - Andrej Andoljšek, Vice Chairman,
 - Mario Gobbo, Member,
 - Nataša Damjanovič, Member,
 - Žiga Škerjanec, Member,
 - Milan Tomaževič, Member,
- Employee representatives:
 - Boštjan Molan, Member,
 - Ivan Sotošek, Member,
 - Peter Celar, Member.

3. THE SHARE AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

3.1 The share of Zavarovalnica Triglav

In Q1 2018, in terms of liquidity, the ZVTG share was again the second most traded share on the Ljubljana Stock Exchange. A share of 19.4% of the turnover in shares on the Ljubljana Stock Exchange was accounted for by the ZVTG share. The average daily trading volume of ZVTG shares was EUR 230 thousand, which was 38% more than the 2017 average (EUR 166 thousand) and 29% more than the average in the respective period of 2017 (EUR 178 thousand). In terms of market capitalisation, Zavarovalnica Triglav was third largest listed Slovene company with EUR 716 million.

Key figures for the shares of Zavarovalnica Triglav in Q1 2018 (in EUR)

Items	
Maximum closing price	32.00
Minimum closing price	29.10
Closing price	31.50
Book value per share (parent company)*	25.45
Book value per share (consolidated data)*	33.47
Net earnings per share (consolidated data)**	1.03
Market capitalisation	716,157,162
Average daily trading volume	229,961
No. of shares	22,735,148
The percentage of floating stock***	31.77%
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

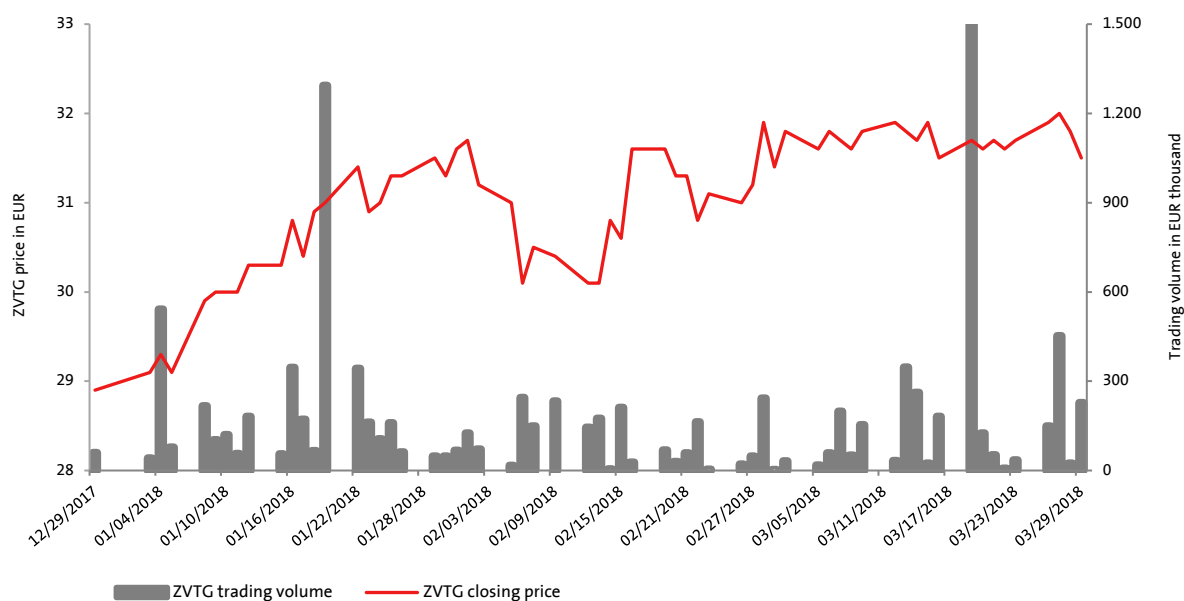
*In calculating the book value per share (parent company), the equity of Zavarovalnica Triglav and the number of shares as at the reporting date were taken into account, whilst in calculating the book value per share (consolidated data), the equity attributable to the controlling company and the number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

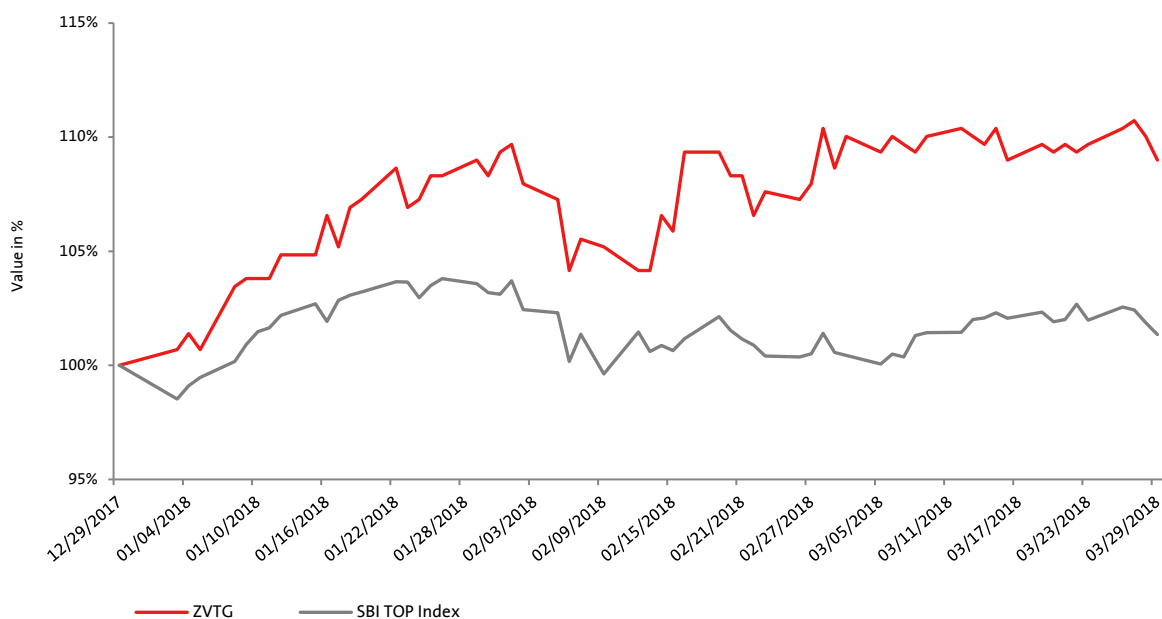
***The shares held by shareholders with a 5% or higher stake are deducted from the total number of shares.

Positive trends were observed on the Ljubljana Stock Exchange in the first three months of 2018 with a SBI TOP Index growth of 1%. The price of ZVTG shares was above the market growth and stood at 9%

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



Movements in the ZVTG share price and in the value of the SBI TOP Index in Q1 2018 (starting date 31 December 2017 = 100)



3.2 Equity

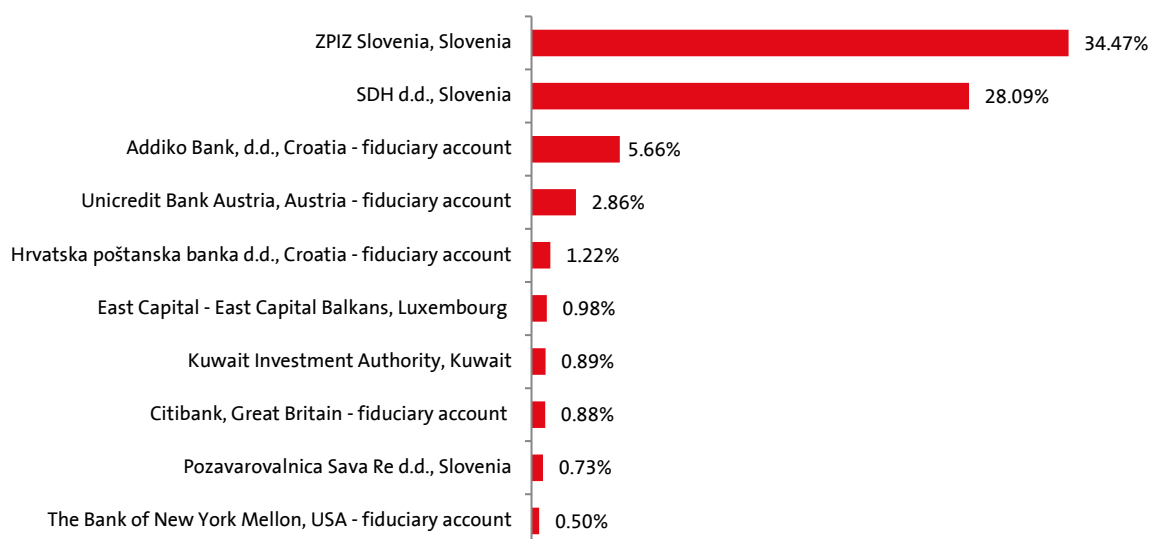
As at 31 March 2018, the share capital of Zavarovalnica Triglav remained at the 2017 level and stood at EUR 73,701,391.79 as at the reporting date. It was divided into 22,735,148 ordinary registered no-par value shares. All the shares of Zavarovalnica Triglav are of the same class, freely transferable and issued in a dematerialised form. Each represents the same stake and a corresponding amount in the share capital. All have been fully paid in. 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

Compared to the 2017 year-end, the structure of **top ten shareholders** did not significantly change, accounting for 76.3%, which was 0.4 percentage point less than as at 31 December 2017. The top two shareholders maintained their stakes unchanged, whereas Addiko bank d.d. – fiduciary account, the third top shareholder, decreased its stake by 0.7 percentage point to 5.7%. Citibank – fiduciary account, increased its stake by 0.7 percentage point to 0.9% and thereby joined the top ten shareholders. Among them, the highest equity stake increase was recorded by Unicredit Bank Austria – fiduciary account (by 2.0 percentage points), Hrvatska poštanska banka – fiduciary account (by 1.6 percentage points) experienced the highest decrease.

Top ten shareholders of Zavarovalnica Triglav as at 31 March 2018 (share in %)



As at the reporting date, Zavarovalnica Triglav had **14,249 shareholders** from 37 countries, the bulk from Slovenia (14,297 as at 31 December 2017). In relation to shareholder country and to status of natural persons and legal entities, the shareholder structure did not see any significant changes. The equity stakes of international shareholders remained at around 18%.

Shareholder structure of Zavarovalnica Triglav as at 31 March 2018

	Total	Domestic	Foreign	Legal entities	Individuals
Number of shares	22,735,148	18,669,561	4,065,587	20,280,529	2,454,619
Number of shareholders	14,249	13,812	437	499	13,750
Number of shares - percentage	100.0%	82.12%	17.88%	89.20%	10.80%
Number of shareholders - percentage	100.0%	96.93%	3.07%	3.50%	96.50%

The total number of shares held by the Management and Supervisory Boards equalled 4,484, thus remaining the same as at the 2017 year-end.

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 and A.M. Best. In 2017, both agencies reassigned the Group an »A« stand-alone credit rating with a stable medium-term outlook.

3.5 Dividend policy

In March 2018, the **dividend policy** of Zavarovalnica Triglav was revised.

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 which is 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.

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	

4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

The global economy is in an upswing. At the beginning of the year, the European economic activity indicators, particularly economic sentiment indicators, were at high levels, but suggested that the growth was slowing down. The overall growth in the euro area is driven by the strengthened private consumption, investment activity and vigorous international trade, while the year-on-year inflation rate in the euro area has been kept at a low level at just over 1%. The latest forecasts for real GDP growth in 2018 at around 2.5% remain favourable. In Q4 2017, Slovenia recorded an impressive 6% real GDP growth; such similar high growth was last recorded almost a decade ago. Data for Q1 2018 show a slight slowdown in activity. The economic sentiment indicator somewhat decreased and retail sale growth slowed down. The spring forecast of the Institute of Macroeconomic Analysis and Development (IMAD) is nonetheless very promising with a 5.1% growth of the Slovene economy in 2018.

The first quarter was turbulent for the financial markets. In early 2018, following the new more favourable macroeconomic forecasts, the uncertainty was mostly increased by the speculation about the end of the quantitative easing programme of the European Central Bank and the increase in key interest rates by the American FED. In addition, investors received the news about the introduction of protectionist rates of the US administration with unease, which throughout the quarter turned into the beginning of a trade war at a global level. To a greater extent, the consequences of the measures were reflected in strong drops of stock prices. At the end of the quarter, the American FED increased the key interest rates by 0.25 percentage points, whereas the ECB did not change its monetary policy guidelines throughout the quarter. In early 2018, the return on the ten-year German government bond strongly increased to 0.76%, but then it fell to 0.50% by the end of the quarter, thus it only increased by 0.07 percentage point compared to the beginning of the year. The return on the bonds with a high rating, which includes the Slovene bond, followed the dynamics of the return on the German bond. A stronger decline in return was seen in the Spanish bond, as two major rating agencies increased its credit rating. The return on the Slovene and Spanish ten-year bonds at the end of the quarter stood at 1.01% and 1.16% respectively, which is 0.12 and 0.40 percentage point less than at the beginning of the year. After a sharp rise in early 2018, the stock market indices recorded a strong drop. Compared to the beginning of the year, a negative value was observed in developed markets, particularly in Europe and Japan, while emerging markets recorded a slight growth.

The economic recovery positively affected the premium growth. Nevertheless, fierce price competition and the challenging competitive conditions on the insurance markets of the Triglav Group continued. The Company and its subsidiaries respond to the market conditions by adapting their marketing, sales and price policies, launching new products and redesigning the existing ones, upgrading their business processes and taking measures to improve the insurance technical result.

In the reporting period, no mass loss events occurred.

4.2 The insurance market and the position of the Group members in the first quarter of 2018

There were 14 insurance companies, 4 foreign branch offices and 2 reinsurance companies active in the **Slovene insurance market**, all members of the Slovenian Insurance Association (hereinafter: SZZ).

In the reporting period, the insurance companies recorded gross written premium amounting to EUR 650.5 million, **up by 6.1%**. **Non-life insurance** grew by 5.4% and accounted for 72.1% of total premium. Excluding health insurance, non-life insurance premium growth would be 5.5%, as its premium growth of 5.2% was slightly lower. Non-life insurance premiums increased foremost as a result of higher other damage to property insurance, comprehensive car insurance and health insurance. **Life insurance** premium grew by 8.0%.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four major insurers controlled 72.4% of the market. With a market share of 29.6%, **Zavarovalnica Triglav** maintained the leading position (30.3% in the respective period of 2017). The second largest market share was held by Zavarovalnica Sava, a company 1.6 times smaller. With a 36.0% market share on the Slovene insurance market, **the Triglav Group** (parent company, Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba) decreased its market share by 0.7 percentage point over the corresponding period in the preceding year.

Insurance companies of the Triglav Group held a 36.0% 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): 44.4% (an increase of 0.6 percentage point);
- life insurance: 28.7% (a decrease of 3.8 percentage points);
- health insurance: 25.2% (an increase of 0.3 percentage point).

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

- non-life insurance: 31.5% (an increase of 0.5 percentage point);
- life insurance: 24.5% (a decrease of 3.6 percentage points).

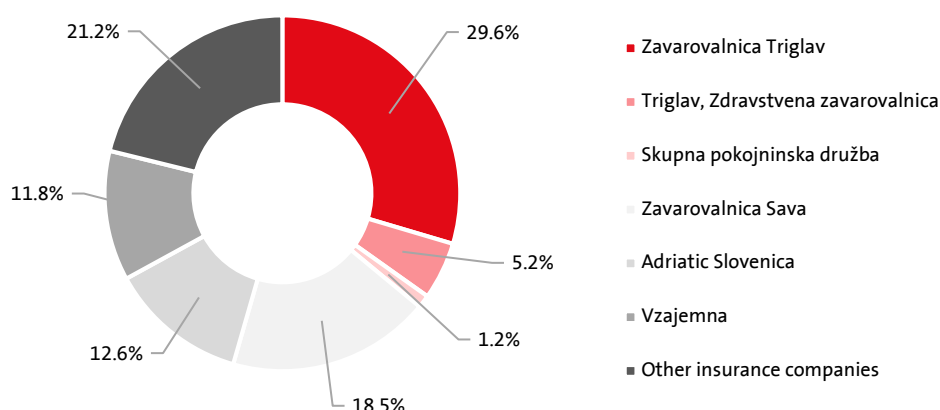
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 25.1% (an increase of 0.3 percentage point).

The market share of Skupna pokojninska družba:

- supplementary voluntary pension insurance (SVPI): 19.5% (market leader, Q1-4 2017 data).

The market share of insurance companies in Slovenia as at 31 March 2018



Source: Slovenian Insurance Association

Market share and market rank trends of the Triglav Group insurance companies outside Slovenia as at 31 March 2018

Market	Market share	Market share trend	Ranked in 2018	Ranked in 2017
Slovenia	36.0%	↓ -0.7-percentage point	1	1
Croatia	4.5%	↓ -0.2-percentage point	8	8
Serbia**	5.7%	↑ +1.0-percentage point	5	5
Montenegro	38.1%	↓ -2.1-percentage point	1	1
Bosnia and Herzegovina**	7.8%	○ 0.0-percentage point	5	4
- Federation of BiH**	8.9%	↓ -0.1-percentage point	7	6
- Republic of Srpska***	5.3%	↑ +0.1-percentage point	7	7
Macedonia (non-life insurance)**	17.4%	↓ -0.5-percentage point	1	1

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

**Data from January to December 2017

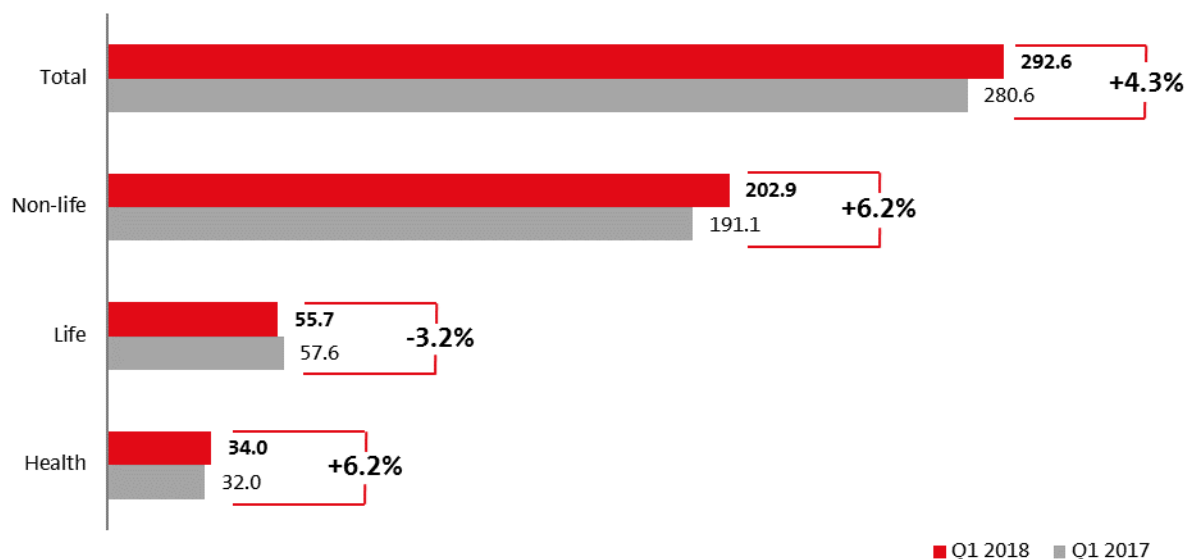
4.3 Gross written insurance, co-insurance and reinsurance premiums

The Triglav Group increased the volume of consolidated gross written insurance, co-insurance and reinsurance premiums by 4%. Written premium totalled EUR 292.6 million. Premium by segments:

- **non-life insurance:** EUR 202.9 million, index 106;
- **life insurance:** EUR 55.7 million, index 97;
- **health insurance:** EUR 34.0 million, index 106.

The Triglav Group recorded a 4% growth in gross written insurance, co-insurance and reinsurance premiums.

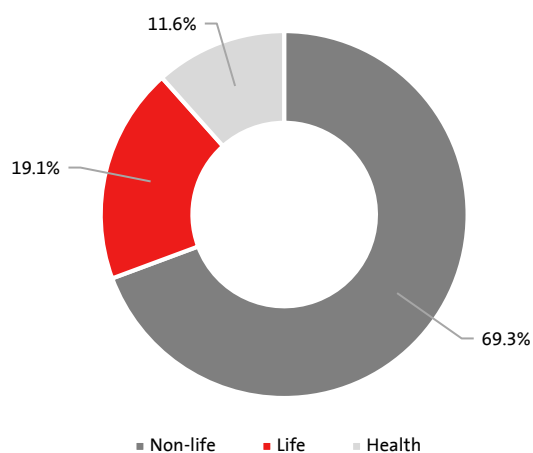
Consolidated gross written insurance, co-insurance and reinsurance premiums in Q1 2018 compared to Q1 2017



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:

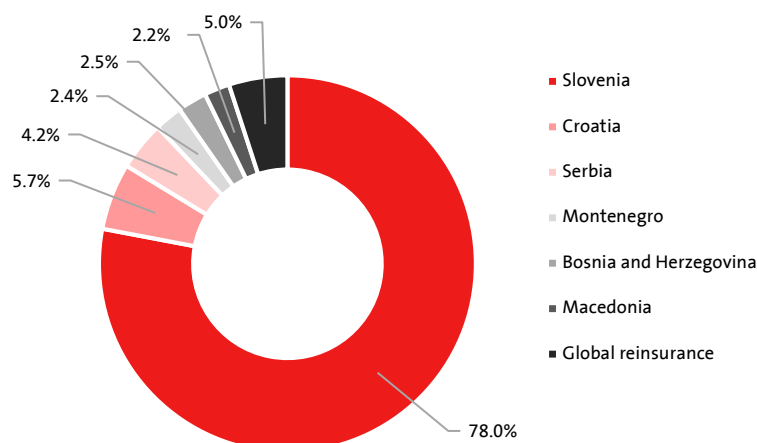
- non-life insurance accounted for 69.3% (Q1 2017: 68.1%);
- life insurance accounted for 19.1% (Q1 2017: 20.5%); and
- health insurance for 11.6% (Q1 2017: 11.4%).

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



The share of the insurance premium written on the markets outside of Slovenia has been gradually increasing and was up by 0.2 percentage point compared to the same period of the previous year. A total of 78.0% of consolidated gross written premium was charged in the Slovene insurance market, 17.0% of the premium was booked in the markets outside of Slovenia, while global reinsurance premium accounted for 5.0% 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 2018	Q1 2017	Q1 2018/ Q1 2017	Q1 2018	Q1 2017
Slovenia	228,158,229	219,765,705	104	78.0%	78.3%
Croatia	16,752,366	16,116,404	104	5.7%	5.7%
Serbia	12,282,724	11,182,607	110	4.2%	4.0%
Montenegro	6,997,911	6,991,241	100	2.4%	2.5%
Bosnia and Herzegovina	7,329,288	7,085,371	103	2.5%	2.5%
Macedonia	6,372,340	5,682,932	112	2.2%	2.0%
Global reinsurance	14,679,677	13,808,916	106	5.0%	4.9%
Total	292,572,535	280,633,176	104	100.0%	100.0%

Premium growth was recorded in all insurance markets (see the overview by insurance subsidiary below). The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 284.2 million in non-consolidated gross written premium, up by 4% compared to the same period last year.

Pozavarovalnica Triglav Re posted a total of EUR 44.0 million in gross written reinsurance premium, up by 7% compared to the year before. In the operations outside of the Triglav Group, a 12% growth was achieved by concluding new contracts, the highest being in the markets of the Czech Republic, France, Great Britain and Belgium. Transactions with the Triglav Group experienced a 5% premium growth.

Gross written insurance, co-insurance and reinsurance premiums in Q1 2018 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1 2018
Zavarovalnica Triglav*	148,243,333	44,457,133	192,700,466	107	94	104	67.8%
Triglav, Zdravstvena zavarovalnica	34,173,754	0	34,173,754	106	0	106	12.0%
Skupna pokojninska družba	0	7,582,054	7,582,054	0	104	104	2.7%
Triglav Osiguranje, Zagreb	14,801,965	1,951,499	16,753,464	104	100	104	5.9%
Triglav Osiguranje, Belgrade	11,166,348	1,116,531	12,282,879	109	121	110	4.3%
Lovćen Osiguranje, Podgorica	6,607,015	0	6,607,015	99	0	99	2.3%
Triglav Osiguranje, Sarajevo	4,359,930	1,589,653	5,949,583	102	109	103	2.1%
Triglav Osiguranje, Banja Luka	1,389,380	0	1,389,380	104	0	104	0.5%
Triglav Osiguruvanje, Skopje	6,187,327	0	6,187,327	109	0	109	2.2%
Lovćen Životna osiguranja, Podgorica	0	390,896	390,896	0	121	121	0.1%
Triglav Osiguruvanje Život, Skopje	0	185,013	185,013	0	0	0	0.1%
Total	226,929,052	57,272,779	284,201,831	107	97	104	100.0%
Pozavarovalnica Triglav Re	44,042,957	0	44,042,957	107	0	107	
Consolidation eliminations	-34,145,730	-1,526,523	-35,672,253	109	98	109	
Total consolidated	236,826,279	55,746,256	292,572,535	106	97	104	

*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 226.9 million in non-consolidated written premium or 7% more than in the same period of 2017.

In total written premium, **motor vehicle insurance** remained the largest insurance class with a 30.1% share.

Motor vehicle insurance remained the most important segment, accounting for 30.1% of total written premium.

The Triglav Group insurance subsidiaries collected EUR 41.7 million in **comprehensive car insurance** premium or 10% more than in the preceding year. Most insurance subsidiaries recorded high premium growth through effective sales campaigns, increased sales activities and acquisition of new clients. The strongest growth was recorded by Triglav Osiguranje, Belgrade (index 174) and Lovćen Osiguranje (index 115). The parent company, accounting for 87% of the Group's total premiums, recorded a high 10% 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"), the redesign of motor vehicle insurance tariffs and the increased number of concluded insurance policies. Triglav Osiguranje, Sarajevo generated less premium due to the loss of two major policyholders and a lower scope of cooperation with brokers.

The Group collected EUR 43.8 million in **motor liability insurance** premium, up by 5% compared to the preceding year. This insurance class continued to account for the largest share on the markets outside of Slovenia. In motor liability insurance, most insurance subsidiaries of the Group experienced premium growth, with the exception of Lovćen Osiguranje, whose written premium remained at the level of the previous year. The highest premium growth was seen in Triglav Osiguranje, Belgrade (11%), followed by Triglav Osiguranje, Banja Luka (6%). Zavarovalnica Triglav, accounting for 65% of total motor liability insurance premium, recorded a 5% growth in written premium.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 59.4 million was booked, having increased by 8%. In fire and natural disaster insurance, a 2% premium growth was recorded, while in other damage to property insurance a 12% premium growth was seen. Zavarovalnica Triglav, holding an 80%

share of this insurance class, recorded the highest, 10% growth. The acquisition of new clients, 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, machinery breakdown insurance in the power industry and erection insurance. The high growth in crop insurance policies was the result of the higher number of concluded insurance policies, the higher proportion of the Government's co-financing in agriculture, wine-growing and hop-growing, as well as changes in premiums due to last year's loss developments. In contrast, a decrease in premium due to the loss of major policyholders was recorded by Triglav Osiguranje, Belgrade, Triglav Osiguranje, Banja Luka and Lovćen Osiguranje.

An 8% growth was seen in **health insurance**, where the Group booked EUR 35.7 million in premium. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 34.2 million, thus achieving a 6% growth. The bulk of its written premium stemmed from supplemental health insurance, where the increased number of concluded insurances policies was the result of cooperation with new agencies and an effective marketing campaign. It was also successful in marketing additional health insurance products. Most other insurance subsidiaries selling health insurance products also recorded a high premium growth.

A premium growth of 8% was achieved in health insurance.

In **general liability insurance**, the Triglav Group recorded a 5% premium growth or EUR 17.3 million in nominal terms. Zavarovalnica Triglav, which accounted for 82% of total premium, charged 5% more premium than in 2017, primarily as the result of the high growth recorded in product liability insurance, building contractors liability insurance and directors and supervisory board liability insurance. A high premium growth was also recorded by Lovćen Osiguranje, Podgorica through the acquisition of new major clients and Triglav Osiguranje, Zagreb through an effective sale of non-life insurance packages.

Accident insurance is the only insurance class in the non-life insurance segment which recorded a premium decrease (by 3%) compared to the year before. Accident insurance accounted for 4.0% of total written premium or EUR 10.5 million in nominal terms. The largest drop in premium was recorded by Triglav Osiguranje, Skopje (index 75) due to a different premium charging dynamics for some insurance policies (particularly in fronting) and the transfer of the key person insurance premium to the life insurer. Zavarovalnica Triglav, accounting for 65% of the Group's total premium, recorded a 4% decline in written premium, primarily as the result of two insurance sub-classes taken out simultaneously with car insurance (the driver's bodily injury insurance or AO-plus insurance and driver and passenger accident insurance) due to a reduction in premium rates. A high growth was achieved by the Sarajevo insurer (index 129) by attracting new policyholders and increasing the scope of insurance coverage with certain existing policyholders in relation to group accident insurance.

Credit insurance totalled EUR 6.5 million and accounted for 2.3% of total premium, up by 4% compared to the year before. Zavarovalnica Triglav, which accounted for 95% of total premium, recorded a 2% growth in written premium. The parent company achieved high growth in trade receivables insurance (export credit insurance and domestic trade credit insurance), where the insurance covers the insolvency risk of the buyer of goods or the buyer's default risk). The premium of consumer loan insurance, the largest credit insurance subclass (a 57% share), depends on the retail lending volume in banks and was 5% lower than in the corresponding period last year. A high growth in credit insurance was also recorded by Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Belgrade through the acquisition of new policyholders.

Premium from **other non-life insurance** (accounting for 4.2% of total premium) increased by 2% to EUR 12.1 million. The strongest increase in written premium was seen in Triglav Osiguranje, Skopje (miscellaneous financial loss insurance), Triglav Osiguranje, Belgrade (miscellaneous financial loss insurance and assistance insurance) and Triglav Osiguranje, Banja

Luka (goods in transit insurance and assistance insurance). Zavarovalnica Triglav, accounting for 71% of total premium, saw a 4% growth in written premium compared to the preceding year. This increase was primarily generated by assistance insurance (car assistance premium growth), suretyship insurance (greater demand for issuing guarantees due to growth in construction) and aircraft liability insurance (premium growth in the international segment).

4.3.2 Life insurance

In total, the Triglav Group insurance subsidiaries charged EUR 57.3 million in non-consolidated gross written premium from **life insurance** contracts or 3% less than in the same period last year. This accounted for 20.2% of total gross written premium, down by 1.6 percentage point compared to the corresponding period of 2017.

Life insurance premium (traditional life insurance, annuity pension insurance, pension insurance and voluntary pension insurance) fell by 3% to EUR 25.4 million (44.3% of the life insurance class total). The parent company recorded a 6% premium decrease compared to the same period last year (an 82% share). Significant premium growth was achieved by Triglav Osiguranje, Belgrade (mainly due to the growth in the sale of insurance via banks), Triglav Osiguranje, Sarajevo (due to good sales via agencies) and Lovćen životna osiguranja (due to the increased number of concluded insurance policies).

The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) rose by 2% compared to the preceding year. With EUR 28.1 million, they accounted for 49.0% of total life insurance premium. The 1% premium growth recorded by Zavarovalnica Triglav was primarily the result of asset transfers and higher regular premium payments. Skupna pokojninska družba (index 104) and Triglav Osiguranje, Zagreb (index 101) recorded premium growth due to the higher number of insurance policies.

Capital redemption insurance (supplemental voluntary pension insurance) generated EUR 3.8 million or 6.7% of the total life insurance premium. A decrease of 27% is a result of lower asset transfer of collective supplemental voluntary pension insurance schemes of other providers to the collective supplemental voluntary pension insurance scheme of 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 2018	Q1 2017	Q1 2018/ Q1 2017	Q1 2018
Accident insurance	10,480,598	10,840,743	97	3.7%
Health insurance	35,718,232	32,933,617	108	12.6%
Comprehensive car insurance	41,698,929	37,746,504	110	14.7%
Real property insurance	59,352,738	55,084,024	108	20.9%
Motor liability insurance	43,839,457	41,798,715	105	15.4%
General liability insurance	17,318,035	16,572,177	105	6.1%
Credit insurance	6,463,994	6,231,327	104	2.3%
Other non-life insurance	12,057,069	11,794,359	102	4.2%
Non-life insurance	226,929,052	213,001,466	107	79.9%
Life insurance	25,177,369	26,222,911	96	8.9%
Unit-linked life insurance	28,061,051	27,633,262	102	9.9%
Capital redemption insurance	3,849,346	5,279,257	73	1.4%
Life insurance	57,087,766	59,135,430	97	20.1%
Total	284,016,818	272,136,896	104	100.0%

*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

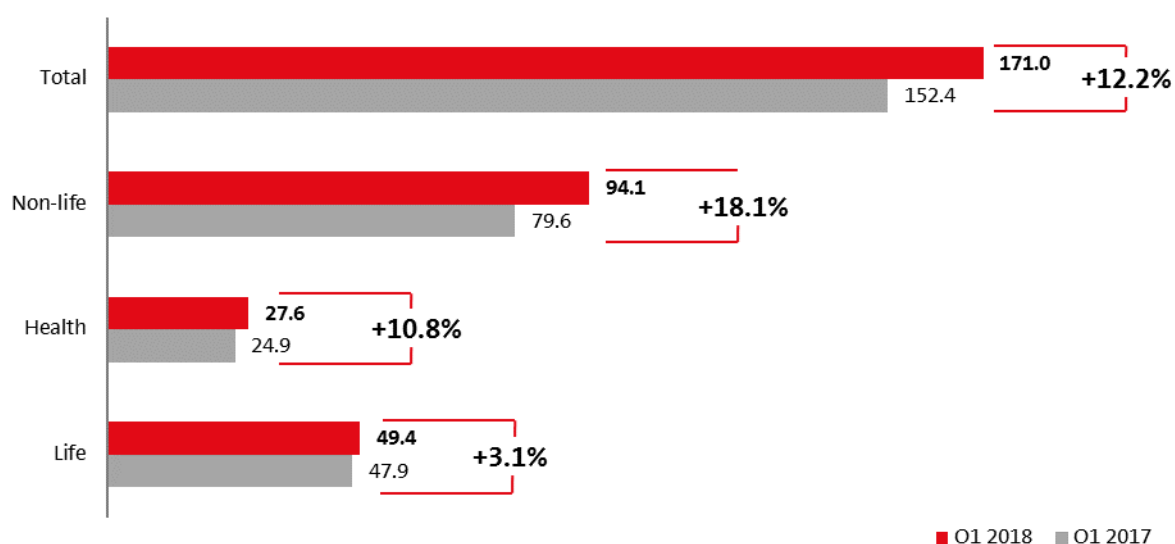
Insurance class	Gross written premium		Index	Structure
	Q1 2018	Q1 2017	Q1 2018/ Q1 2017	Q1 2018
Accident insurance	6,859,425	7,162,663	96	3.6%
Health insurance	140,271	112,548	125	0.1%
Comprehensive car insurance	36,232,639	33,063,107	110	18.8%
Real property insurance	47,638,538	43,082,976	111	24.7%
Motor liability insurance	28,251,094	27,147,737	104	14.7%
General liability insurance	14,145,835	13,424,533	105	7.3%
Credit insurance	6,168,516	6,039,258	102	3.2%
Other non-life insurance	8,593,425	8,290,969	104	4.5%
Non-life insurance	148,029,743	138,323,791	107	76.9%
Life insurance	20,831,232	22,271,359	94	10.8%
Unit-linked life insurance	19,776,998	19,633,855	101	10.3%
Capital redemption insurance	3,849,346	5,279,257	73	2.0%
Life insurance	44,457,576	47,184,471	94	23.1%
Total	192,487,319	185,508,262	104	100.0%

4.4 Gross claims paid

In the reporting period, consolidated gross claims paid of the Triglav Group (including claim handling expenses, income from exercised subrogation receivables and gross claims paid from inward reinsurance) were up by 12% compared to the respective period last year. They amounted to EUR 171.0 million, all insurance segments experienced growth. Gross claims paid in **non-life insurance** equalled EUR 94.1 million, up by 18% compared to the year before, in **health insurance** they increased by 11% to EUR 27.6 million and in **life insurance** they were higher by 3%, amounting to EUR 49.4 million.

Gross claims paid increased by 12% compared to 2017.

Consolidated gross claims paid in Q1 2018 compared to Q1 2017



The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) posted a total of EUR 165.8 million in non-consolidated gross claims paid, up by 13% compared to the preceding year. A high growth in gross claims paid was observed in most insurance subsidiaries

of the Group. The strongest growth of gross claims paid was recorded by Triglav Osiguranje, Zagreb (index 157) and Triglav Osiguranje, Belgrade (index 133).

Gross claims paid by Pozavarovalnica Triglav Re totalled EUR 13.3 million, or 11% more compared to the previous year. This increase was primarily the result of a rise in operations outside the Triglav Group (index 126) due to the high growth of gross claims paid in fire insurance and natural disaster insurance and other damage to property insurance, mostly due to the last year's catastrophic loss events in Latin America and the Caribbean. Gross claims paid in operations within the Triglav Group decreased by 13%.

Gross claims paid in Q1 2018 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1 2018
Zavarovalnica Triglav*	64,243,101	43,261,490	107,504,591	116	102	110	64.8%
Triglav, Zdravstvena zavarovalnica	27,606,254	0	27,606,254	111	0	111	16.6%
Skupna pokojninska družba	0	4,750,743	4,750,743	0	101	101	2.9%
Triglav Osiguranje, Zagreb	10,375,867	1,472,864	11,848,731	167	108	157	7.1%
Triglav Osiguranje, Belgrade	3,722,251	572,043	4,294,294	121	362	133	2.6%
Lovćen Osiguranje, Podgorica	4,132,847	0	4,132,847	112	0	112	2.5%
Triglav Osiguranje, Sarajevo	2,060,253	458,490	2,518,743	125	109	122	1.5%
Triglav Osiguranje, Banja Luka	465,551	0	465,551	113	0	113	0.3%
Triglav Osiguruvanje, Skopje	2,482,175	0	2,482,175	118	0	118	1.5%
Lovćen životna osiguranja, Podgorica	0	209,242	209,242	0	113	113	0.1%
Triglav Osiguruvanje Život, Skopje	0	0	0	0	0	0	0.0%
Total	115,088,299	50,724,872	165,813,171	118	103	113	100.0%
Pozavarovalnica Triglav Re	13,312,285	0	13,312,285	111	0	111	
Consolidation eliminations	-6,742,334	-1,365,422	-8,107,756	136	97	128	
Total - consolidated	121,658,250	49,359,450	171,017,700	116	103	112	

*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 18% to EUR 115.1 million. The high increase in claims paid in non-life insurance primarily resulted from last year's mass loss events, for which adequate provisions were made and which were appropriately reinsured.

In **health insurance**, gross claims paid increased by 12%, accounting for 16.9% of total gross claims paid, and amounted to EUR 28.0 million. The largest portion of claims, amounting to EUR 27.6 million, which accounted for an 11% growth, was posted by Triglav, Zdravstvena zavarovalnica. 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 affected by medical inflation. Due to the changed age structure, equalisation scheme expenses (index 87) were down to EUR 1.2 million.

In **real property insurance**, total gross claims paid amounted to EUR 25.0 million or as much as 74% more than the year before, accounting for 15.1% of total gross claims paid. In fire and natural disaster insurance, a 67% increase in gross claims paid was seen, along with an 78% growth in other damage to property insurance. Zavarovalnica Triglav, holding a 72% share of this insurance class, recorded a 46% growth. The main reasons were the payment of a substantial claim due to fire and fire insurance claims resulting from last year's hailstorms as well as payment of a substantial claim due to the 2017 floods from inward reinsurance of combined non-life insurance. High growth rates in gross claims paid were recorded by Triglav Osiguranje, Zagreb (due to the payment of some substantial individual claims in fronting insurance, which resulted from last year's floods, and the payment of claims due to last year's

drought), Triglav Osiguranje, Sarajevo (due to the payment of some substantial individual claims in fire insurance and the payment of a substantial claim resulting from flood), Triglav Osiguranje, Skopje (due to the payment of a substantial claim resulting from fire and a claim resulting from theft on the basis of a court decision) and Triglav Osiguranje, Belgrade (due to the payment of some substantial claims resulting from fire and flood).

Claims related to **motor liability insurance** increased by 7% over the respective period of 2017. They accounted for 14.5% of total gross claims paid by the Triglav Group, amounting to EUR 24.1 million. The high growth rates in gross claims paid were posted by most insurance subsidiaries, primarily due to the larger portfolio and the higher number of reported claims. In Lovćen Osiguranje and Triglav Osiguranje, Banja Luka, higher gross claims paid resulted from the payment of an increased number of claims as the consequence of a court ruling and the higher amount of average claims paid. The parent company recorded an increased number of reported claims (arising primarily from claims abroad and goods vehicle claims), higher payments of material claims and higher average non-material claim payments. A significant decrease in gross claims paid was recorded by Triglav Osiguranje, Sarajevo (index 67) due to last year's payments of some substantial claims.

Claims related to **comprehensive car insurance** grew by 12% over the corresponding period of 2017, amounting to EUR 23.4 million. They accounted for 14.1% of total gross claims paid by the Triglav Group. The highest growth rates in gross claims paid were posted by Triglav Osiguranje, Skopje (index 123), Triglav Osiguranje, Belgrade (index 118), Lovćen Osiguranje, Podgorica (index 114) and the parent company (index 113). The high growth recorded by the Macedonian and Montenegrin insurers resulted from the payments of some substantial individual claims, whereas in the Serbian insurer this was the result of a larger portfolio. The 13% growth seen in Zavarovalnica Triglav (a 84% share in total comprehensive car insurance) was mainly the result of an increase in the number of claims reported by legal entities (primarily goods vehicles) and passive international claims as well as of the growth in material claims. Gross claims paid declined in Triglav Osiguranje, Banja Luka and Triglav Osiguranje, Sarajevo.

Gross claims paid in **accident insurance** rose by 2%, amounting to EUR 6.2 million. This growth was to a large degree caused by a high growth in gross claims paid in Zavarovalnica Triglav due to an increase in payments relating to AO-plus insurance and individual accident insurance. Growth in gross claims paid was recorded by Triglav Osiguranje, Sarajevo (an increase in group accident insurance claims), Triglav Osiguranje, Skopje (the payment of a substantial claim due to death) and Triglav Osiguranje, Banja Luka (an increased number of reported claims).

Gross claims paid in **general liability insurance** amounted to EUR 4.0 million, up by 4% compared to the year before. Gross claims paid by the parent company, which accounted for 89% of the gross claims paid by the Group in this insurance class, reached a 3% growth due to the payments of some substantial individual claims in product liability insurance and directors and supervisory board liability insurance. A high growth in gross claims paid was also recorded in Triglav Osiguranje, Zagreb.

Gross claims paid in **credit insurance** rose by 5% to EUR 0.7 million. Gross claims paid by the parent company (index 90) accounted for the majority of total gross claims paid, with the highest decrease seen in consumer loan insurance and domestic trade credit insurance. A high growth in gross claims paid was also recorded in Triglav Osiguranje, Belgrade due to the payments of two substantial claims.

Gross claims paid from **other non-life insurance** fell by 10% to EUR 3.7 million. Zavarovalnica Triglav, holding a 71% share of this insurance class, recorded a 21% decrease. In contrast, a high growth in gross claims paid was posted by Lovćen Osiguranje and (the payment of a substantial claim resulting from aircraft insurance from the previous year) and Triglav Osiguranje, Belgrade

(a higher number of reported roadside assistance insurance claims and the payment of a substantial marine insurance claim).

4.4.2 Life insurance

Non-consolidated gross claims paid in **life insurance** increased by 3% to EUR 50.7 million. Their share in total non-consolidated claims paid fell by 3.0 percentage points to 30.6%.

Gross claims paid from **life insurance** (traditional life insurance, annuity insurance, annuity pension insurance, voluntary pension insurance) decreased by EUR 23.1 million or 2% compared to the year before, primarily due to a decrease in sums paid out on maturity and the lower number of surrenders in Zavarovalnica Triglav (index 96). Other insurance subsidiaries of the Group selling this insurance class recorded a growth in gross claims paid.

The bulk of total claims paid was accounted for by **unit-linked life insurance**, amounting to EUR 25.6 million, up by 7%. Higher gross claims paid resulted primarily from an increase in sums paid out on maturity in Zavarovalnica Triglav (index 108) and Triglav Osiguranje, Zagreb (index 137). Gross claims paid by Skupna pokojninska družba rose by 1%.

In **capital redemption insurance** (supplemental voluntary pension insurance), gross claims paid were higher by 9%, which was caused foremost due to higher payments arising from the withdrawals from insurance contracts and payments of claims due to illness made by the parent company.

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

Insurance class	Gross claims paid		Index	Structure
	Q1 2018	Q1 2017	Q1 2018/ Q1 2017	Q1 2018
Accident insurance	6,163,992	6,030,016	102	3.7%
Health insurance	28,049,510	25,034,231	112	16.9%
Comprehensive car insurance	23,389,464	20,830,023	112	14.1%
Real property insurance	25,021,875	14,385,337	174	15.1%
Motor liability insurance	24,111,970	22,601,465	107	14.5%
General liability insurance	3,991,501	3,840,657	104	2.4%
Credit insurance	703,598	667,895	105	0.4%
Other non-life insurance	3,656,390	4,052,825	90	2.2%
Non-life insurance	115,088,300	97,442,449	118	69.4%
Life insurance	23,124,617	23,500,796	98	13.9%
Unit-linked life insurance	25,598,527	23,926,517	107	15.4%
Capital redemption insurance	2,001,727	1,828,194	109	1.2%
Life insurance	50,724,871	49,255,507	103	30.6%
Total	165,813,171	146,697,956	113	100.0%

*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 2018	Q1 2017	Q1 2018/ Q1 2017	Q1 2018
Accident insurance	3,795,329	3,240,048	117	3.5%
Health insurance	10,577	3,475	304	0.0%
Comprehensive car insurance	19,576,769	17,274,723	113	18.2%
Real property insurance	17,908,751	12,227,868	146	16.7%
Motor liability insurance	16,161,119	15,191,816	106	15.0%
General liability insurance	3,562,803	3,458,871	103	3.3%
Credit insurance	633,000	701,025	90	0.6%
Other non-life insurance	2,587,272	3,294,648	79	2.4%
Non-life insurance	64,235,620	55,392,474	116	59.8%
Life insurance	20,968,475	21,782,851	96	19.5%
Unit-linked life insurance	20,291,287	18,796,779	108	18.9%
Capital redemption insurance	2,001,727	1,828,194	109	1.9%
Life insurance	43,261,489	42,407,824	102	40.2%
Total	107,497,109	97,800,298	110	100.0%

4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group totalled EUR 64.8 million, which was 4% more over the preceding year. **Insurance business operating expenses** grew by 4% to EUR 58.3 million. Increased expenses were mostly caused by higher acquisition costs due premium growth. In contrast, **non-insurance business expenses** increased by 4%, reaching EUR 6.4 million. The main reason for such an increase lies in higher maintenance costs of Triglav, Upravljanje nepremičnin.

Operating costs accounted for 19.9% of gross written premium and were 0.1 percentage point lower than in the same period of 2017. Operating expenses in **non-life insurance** increased by 4% (EUR 46.6 million), in the **life-insurance** segment they were up by 5% (EUR 8.6 million) and in **health insurance** they climbed by 7% (EUR 3.1million).

Operating expenses share of the insurance business premiums was 0.1 percentage point lower than in 2017.

Acquisition costs (fees and charges) totalled EUR 11.7 million and increased by 13% over the preceding year, mostly due to higher acquisition costs in the parent company and in Triglav Osiguranje, Zagreb. Increased acquisition costs of the parent company were mainly caused by higher underwriting commissions paid to insurance brokers (insurance brokers, agencies and providers of roadworthiness tests) due to premium growth as well as increasing inclusion of insurance brokers into the process of insurance acquisition. Growth of acquisition costs was also caused by higher costs of sales campaigns. The costs of goods sold dropped to EUR 6 thousand (index 47). An 1% decrease of depreciation costs in the amount of EUR 3.2 million was mainly a consequence of lower depreciation costs of intangible assets of the parent company. With 48.5%, labour costs accounted for the largest portion of total expenses, having increased by 2% to EUR 33.7 million, primarily as the result of higher number of employees of Triglav, Zdravstvena zavarovalnica and of Triglav Osiguranje, Belgrade. Costs of services provided by natural persons other than sole proprietors equalled EUR 680 thousand. Their share of total expenses accounted for 1%. Other operating expenses represented an increase of 2%, reaching EUR 20.1 million. Among other operating expenses, the highest increase was seen in rents and lease payments (mostly due to higher costs of computer lease and operating leasing costs of the parent company), costs of material and energy (mostly due to higher electricity costs and insurance forms of the parent company), maintenance costs (mainly due to higher costs of

Triglav, Upravljanje nepremičnin) and costs of intellectual and personal services (mostly due to cost related to performing due diligence of individual potential investments).

In total gross operating expenses broken down by functional group, an increase was seen in acquisition costs, accounting for 60.3% (vs. 59.2% in 2017) and in asset management costs representing 1% (vs. 0.9% in 2017). Claim handling costs and other operating expenses went down to 10.0% (a decrease of 0.6 percentage point) and 28.6% (a decrease of 0.6 percentage point) respectively.

Gross operating expenses of the Triglav Group in Q1 2018 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1 2018	Q1 2017	Q1 2018/ Q1 2017	Q1 2018
Acquisition costs (fees and commissions)	11,700,791	10,354,423	113	16.8%
Costs of goods sold	6,110	13,121	47	0.0%
Depreciation of operating assets	3,241,321	3,261,166	99	4.7%
Labour costs	33,704,628	32,956,355	102	48.5%
- wages and salaries	24,352,763	23,964,099	102	35.1%
- social securities and pension insurance costs	5,598,972	5,500,588	102	8.1%
- other labour costs	3,752,893	3,491,668	107	5.4%
Costs of services provided by natural persons other than SPs together with pertaining taxes	680,279	281,636	242	1.0%
Other operating expenses	20,110,648	19,703,669	102	29.0%
- costs of entertainment, advertising, trade shows	4,129,995	4,063,611	102	5.9%
- costs of material and energy	2,078,863	1,914,585	109	3.0%
- maintenance costs	3,253,603	3,045,831	107	4.7%
- travel expenses	1,256,312	1,267,570	99	1.8%
- costs of intellectual and personal services	1,260,127	1,104,644	114	1.8%
- non-income-related costs, excluding insurance	635,471	650,418	98	0.9%
- costs of transport and communication services	1,084,764	1,098,050	99	1.6%
- costs of insurance premiums	283,976	264,184	107	0.4%
- payment transaction costs and banking services	1,836,019	1,897,860	97	2.6%
- rents	1,878,920	1,672,465	112	2.7%
- costs of services of professional training	221,392	184,685	120	0.3%
- other costs of services	2,191,206	2,539,766	86	3.2%
- long-term employee benefits	0	0	0	0.0%
Total	69,443,777	66,570,370	104	100.0%
Consolidation eliminations	-4,666,674	-4,309,076	108	
Total consolidated	64,777,103	62,261,294	104	

Gross operating expenses of Zavarovalnica Triglav in Q1 2018 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1 2018	Q1 2017	Q1 2018/ Q1 2017	Q1 2018
Acquisition cost (fees and commissions)	6,251,774	5,558,823	112	16.2%
Depreciation of operating assets	2,067,330	2,206,228	94	5.4%
Labour costs	22,095,697	21,999,566	100	57.4%
- wages and salaries	16,457,819	16,514,724	100	42.7%
- social securities and pension insurance costs	2,745,852	2,751,516	100	7.1%
- other labour costs	2,892,026	2,733,326	106	7.5%
Costs of services provided by natural persons other than SPs, including related taxes	48,679	46,724	104	0.1%
Other operating costs	8,064,016	7,986,094	101	20.9%
- costs of entertainment, advertising, trade shows	1,473,397	1,588,689	93	3.8%
- costs of material and energy	909,589	719,809	126	2.4%
- maintenance costs	1,868,011	2,005,698	93	4.8%
- reimbursement of labour-related costs	800,597	845,324	95	2.1%
- costs of intellectual and personal services	485,969	383,105	127	1.3%
- non-income related costs, excluding insurance	149,071	187,242	80	0.4%
- costs of transport and communication services	586,366	524,191	112	1.5%
- costs for insurance premiums	38,836	39,059	99	0.1%
- payment transaction costs and banking services	380,782	379,351	100	1.0%
- rents	695,955	602,760	115	1.8%
- costs of professional training services	95,793	91,644	105	0.2%
- other costs of services	579,650	619,222	94	1.5%
Total	38,527,496	37,797,435	102	100.0%

4.6 Reinsurance

In the first three months of 2018, the **Triglav Group** allocated EUR 37.6 million of reinsurance and coinsurance premiums to external equalisation, which was 4% more than in the respective period of 2017. Reinsurance premiums accounted for 12.9% total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 8.0 million (index 220) was received from reinsurance. The main reason of high growth lies in claim payments arising from mass loss events of the previous year.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 33.7 million to of reinsurance and coinsurance premiums to external equalisation, which was 1% less than in the respective period of 2017. Reinsurance premium accounted for 17.5% of total gross written premium. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 7.7 million was received from reinsurance and coinsurance (index 160).

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 2,766.2 million to gross insurance technical provisions, which in total was 1% more over the 2017 year-end. The amount of gross insurance technical provisions increased in **health insurance non-life insurance** (index 109) and **non-life insurance** (index 105), whilst in **life insurance** it was down 1%. As at the reporting date, **Zavarovalnica Triglav** allocated EUR 2,130.2 million to gross insurance technical provisions, which was also 1% more over the 2017 year-end.

The total amount of gross insurance technical provisions of the Triglav Group grew by 1%.

The Group's provisions by type as at 31 March 2018 compared to the 2017 year-end:

- **Gross provisions for unearned premium** were 20% higher and amounted to EUR 332.7 million. Unearned premium from non-life insurance amounted to EUR 329.1 million (index 120), unearned premium from life insurance totalled EUR 479 thousand (index 112) and unearned premium from health insurance reached EUR 3.1 million (index 125). 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** formed for claims incurred but not settled until the reporting date 1% are lower, amounting to EUR 631.3 million. Claims provisions from non-life insurance totalled EUR 600.8 million (index 99), those from the life-insurance segment stood at EUR 20.0 million (index 103) and those from health insurance amounted to EUR 10.5 million (index 106).
- **Mathematical provisions** were up by 1% and reached EUR 1,768.8 million. Mathematical provisions for the long-term business fund backing life insurance totalled EUR 1,339.6 million (index 100), while insurance technical provisions for unit-linked life insurance contracts equalled EUR 429.2 million. They decreased by 5% due to a reduction in the price of fund units.
- **Provisions for bonuses and discounts** decreased by 2% to EUR 18.6 million.
- **Other insurance technical provisions** were 5% higher over the 2017 year-end and amounted to EUR 14.8 million. A growth of 11% in other insurance technical provisions was seen in Triglav, Zdravstvena zavarovalnica due to the increase in provisions for unexpired risks arising from the sale of Zobje and Zobje+ insurance. Other insurance technical provisions of Zavarovalnica Triglav totalled EUR 8.7 million and increased by 6%. Provisions for unexpired risk and provisions for cancellations experienced a growth of 20% and 7% respectively.

Gross insurance technical provisions of the Triglav Group as at 31 March 2018

	Gross insurance technical provisions		Index
	31 March 2018	31 December 2017	2018/2017
Unearned premiums	332,739,183	278,112,719	120
Mathematical provisions	1,768,759,542	1,782,599,954	99
Claims provisions	631,327,152	638,473,713	99
Provisions for bonuses and discounts	18,583,655	18,943,606	98
Other insurance technical provisions	14,824,705	14,115,599	105
Total	2,766,234,237	2,732,245,591	101

Gross insurance technical provisions of Zavarovalnica Triglav as at 31 March 2018

	Gross insurance technical provisions		Index
	31 March 2018	31 December 2017	2018/2017
Unearned premiums	242,325,127	196,528,185	123
Mathematical provisions	1,396,089,100	1,410,988,265	99
Claims provisions	464,668,930	469,230,899	99
Provisions for bonuses and discounts	18,349,804	18,349,804	100
Other insurance technical provisions	8,717,401	8,262,880	106
Total	2,130,150,362	2,103,360,033	101

4.8 Structure of financial investments

The investment policy of the Triglav Group is relatively conservative, its emphasis being on ensuring the safety and liquidity of investments while achieving adequate profitability. In Q1 2018, the structure of financial investments did not significantly change, but the Group actively

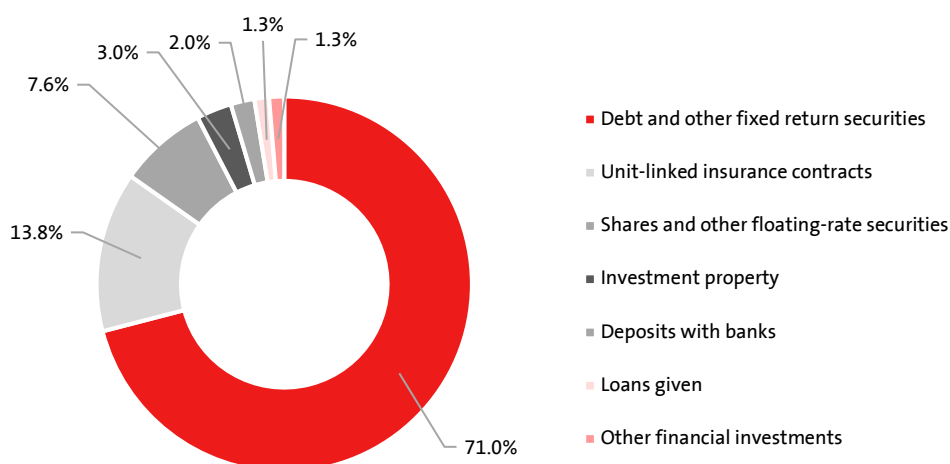
adapted the shares of individual investment grades in order to maintain a high overall credit rating of the whole investment portfolio.

As at 31 March 2018, financial investments of the **Triglav Group**, including investment properties, amounted to EUR 3,115.6 million or 1% less than as at the 2017 year-end. Their share in total assets dropped by 1.7 percentage points, reaching 83.7%.

Financial investments (including investment properties) of the Triglav Group as at 31 March 2018 and 31 December 2017

	Financial investments		Index	Structure	
	31 March 2018	31 December 2017	2018/2017	31 March 2018	31 Dec. 2017
Investment property	94,275,251	94,007,483	100	3.0%	3.0%
Shares in associates	11,246,690	6,449,324	174	0.4%	0.2%
Shares and other floating-rate securities	237,426,674	217,756,846	109	7.6%	6.9%
Debt and other fixed return securities	2,211,025,327	2,237,729,266	99	71.0%	71.3%
Loans given	39,221,538	30,095,727	130	1.3%	1.0%
Deposits with banks	63,602,489	73,807,472	86	2.0%	2.4%
Other financial investments	23,448,337	22,793,778	103	0.8%	0.7%
Financial investments of reinsurance companies in reinsurance contracts with cedents	5,630,419	5,667,613	99	0.2%	0.2%
Unit-linked insurance contracts	429,752,629	450,236,045	95	13.8%	14.3%
Total	3,115,629,354	3,138,543,554	99	100.0%	100.0%

Structure of financial investments of the Triglav Group as at 31 March 2018



Debt and other fixed-return securities accounted for the bulk of total financial investments. In terms of share, excluding unit-linked life insurance assets, equity investments are followed by investment properties and bank deposits.

In Q1 2018, these investment grades of the portfolio were slightly adjusted. The share of equity investments increased by 0.7 percentage point, whereas debt securities and other fixed-return securities and bank deposits decreased by 0.3 percentage point and 0.4 percentage point respectively. With a 3% share, investment property remained unchanged.

Below is presented in detail the structure of debt securities, the largest investment grade of the Triglav Group, broken down by issuer sector, issuer rating and issuer country.

By issuer sector, government bonds, accounted for almost one half of total debt securities. Compared to the 2017 year-end, they were down 8%, whilst their share in total financial assets was down 1.1 percentage points, followed by corporate bonds accounted with a 27.6% share

and financial bonds with a 23.3%. Their share and volume increased in Q1 2018. An already lower share of structured bonds decreased additionally.

Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index	Structure	
	31 March 2018	31 December 2017	2018/2017	31 March 2018	31 Dec. 2017
Government	1,081,446,097	1,119,983,226	97	48.9%	50.0%
Corporate	609,936,828	602,260,650	101	27.6%	26.9%
Financial	515,277,182	505,597,282	102	23.3%	22.6%
Structured	4,365,219	9,888,107	44	0.2%	0.4%
Total	2,211,025,327	2,237,729,265	99	51.1%	50.0%

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 80.3% of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least BBB, primarily in developed markets, which ensures adequate liquidity for the Group.

Debt securities of the Triglav Group by issuer credit rating

Credit rating	Debt securities		Index	Structure	
	31 March 2018	31 December 2017	2018/2017	31 March 2018	31 Dec. 2017
AAA	222,178,704	224,091,714	99	10.0%	10.0%
AA	131,862,552	135,030,742	98	6.0%	6.0%
A	619,460,360	608,061,142	102	28.0%	27.2%
BBB	802,567,036	781,708,302	103	36.3%	34.9%
Below BBB	328,960,142	385,803,394	85	14.9%	17.2%
Not rated	105,996,533	103,033,971	103	4.8%	4.6%
Total	2,211,025,327	2,237,729,265	99	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The majority of the portfolio is accounted for by debt securities of issuers from the **countries** with a high credit rating. 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	
	31 March 2018	31 December 2017	2018/2017	31 March 2018	31 Dec. 2017
Slovenia	386,053,238	370,950,356	104	17.5%	16.6%
Netherlands	184,766,840	182,670,364	101	8.4%	8.2%
Germany	178,123,003	171,947,794	104	8.1%	7.7%
France	144,437,318	136,588,287	106	6.5%	6.1%
Italy	126,095,075	140,023,509	90	5.7%	6.3%
Spain	123,030,880	125,155,289	98	5.6%	5.6%
Other	1,068,518,972	1,110,393,666	96	48.3%	49.6%
Total	2,211,025,327	2,237,729,265	99	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

In total financial assets, the proportion of **equity investments** (shares and other floating rate securities and investments in associates) was up 11% in Q1 2018, primarily resulting from the purchases of units of target equity and bond funds. Equity investments also include the category "other funds", which consists of real property, alternative and allocation funds. Currently, this category accounts for only 5.0% of equity investments, however its volume is gradually increasing.

Structure of equity investment type of the Triglav Group

Equity investment type	Equity investments		Index	Structure	
	31 March 2018	31 December 2017	2018/2017	31 March 2018	31 Dec. 2017
Shares	80,427,625	80,546,247	100	32.3%	35.9%
Equity funds	108,949,725	79,375,253	137	43.8%	35.4%
Bond funds	34,861,698	40,971,423	85	14.0%	18.3%
Money market funds	12,121,660	12,438,719	97	4.9%	5.5%
Other funds	12,312,656	10,874,528	113	5.0%	4.9%
Total	248,673,364	224,206,170	111	100.0%	100.0%

Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	31 March 2018	31 December 2017	2018/2017	31 March 2018	31 Dec. 2017
Slovenia	62,215,901	62,230,851	100	25.0%	27.8%
Developed markets	152,196,872	138,198,029	110	61.2%	61.6%
Developing markets	24,203,478	12,763,426	190	9.7%	5.7%
Balkans	10,057,114	11,013,865	91	4.0%	4.9%
Total	248,673,364	224,206,170	111	100.0%	100.0%

In **Zavarovalnica Triglav**, financial investments, including investment properties, amounted to EUR 2,432.4 million, down 1% compared to the 2017 year-end.

Financial investments (including investment properties) of Zavarovalnica Triglav as at 31 March 2018 and 31 December 2017

	Financial investments		Index	Structure	
	31 March 2018	31 December 2017	2018/2017	31 March 2018	31 Dec. 2017
Investment property	48,598,525	48,214,401	101	2.0%	2.0%
Investments in subsidiaries and associates	132,756,793	128,169,985	104	5.5%	5.2%
Shares and other floating-rate securities	153,993,469	135,783,991	113	6.3%	5.5%
Debt and other fixed return securities	1,615,946,896	1,638,907,656	99	66.4%	66.8%
Loans given	57,958,315	48,781,121	119	2.4%	2.0%
Deposits with banks	23,698,013	33,974,540	70	1.0%	1.4%
Other financial investments	1,680,215	1,680,215	100	0.1%	0.1%
Derivative financial instruments	1,816,249	1,870,633	97	0.1%	0.1%
Unit-linked insurance contract investments	395,907,672	417,607,959	95	16.3%	17.0%
Total	2,432,356,147	2,454,990,500	99	100.0%	100.0%

4.9 Asset management

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

Asset management market

In Slovenia, 7 asset management companies were currently operating, which managed the total net asset value of mutual funds of EUR 2.6 billion as at the reporting date. Mutual fund assets were down 1.8%. In the individual asset management (IAM) segment, 9 companies are operating in Slovenia, of which 3 are asset management companies. The value of these assets managed by asset management companies totalled EUR 707 million (index 100) as at 31 March 2018.

Triglav Skladi manages 17 mutual funds and 6 investment combinations and provides individual asset management services. As the reporting date, an amount of EUR 676.6 million of net asset value was managed under mutual funds, which represented a 1% decrease compared to the 2017 year-end. The amount was affected by capital markets and net inflows. Individual asset management segment rose by 1% and totalled EUR 47.1 million.

In Q1 2018, Triglav Skladi held a 25.9% market share among asset management companies in the mutual fund segment and a 6.7% market share in the individual asset management segment.

5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 Financial result

In the first three months of 2018, the Triglav Group performed well and posted a **profit before tax of EUR 27.5 million** or 8% more than in the same period last year. **Net profit** amounted to **EUR 23.3 million**, having increased by 5% compared to 2017. Higher profit is primarily a result of higher net premium earned and lower net claims incurred from non-life insurance. Compared to 2017, **net return on equity** increased by 0.4 percentage point to 13.0%.

The Triglav Group ended Q1 with a profit before tax of EUR 27.5 million.

Zavarovalnica Triglav posted a **profit before tax** of EUR 22.1 million or 12% more compared to the corresponding period of 2017. The Company's **net profit** grew by 9% to EUR 18.7 million.

The **combined ratio of the Triglav Group** was 88.5%, having decreased by 3.4 percentage points compared to the same period last year. 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 2017	Q1 2016	Change
Zavarovalnica Triglav	81.4%	88.0%	-6.6 p.p.
Triglav, Zdravstvena zavarovalnica	96.5%	94.9%	1.6 p.p.
Pozavarovalnica Triglav Re	92.5%	95.1%	-2.6 p.p.
Triglav Osiguranje, Zagreb	107.7%	107.0%	0.7 p.p.
Triglav Osiguranje, Belgrade	96.3%	99.4%	-3.1 p.p.
Lovćen Osiguranje, Podgorica	96.7%	95.9%	0.8 p.p.
Triglav Osiguranje, Sarajevo	96.7%	91.7%	5.0 p.p.
Triglav Osiguranje, Banja Luka	89.1%	89.6%	-0.5 p.p.
Triglav Osiguruvanje, Skopje	101.2%	92.8%	8.3 p.p.
The Triglav Group	88.5%	91.9%	-3.4 p.p.

Note: Due to the change of the income statement scheme of the reporting year calculations of the expense and combined ratio of the previous year changed.

Net premiums earned increased by 4% to EUR 223.4 million compared to the preceding year. Net premiums earned from non-life and health insurance increased by 7%, whilst that from life insurance declined by 3%. Net premium earned is composed of gross written insurance in the amount of EUR 292.6 million (index 104), reduced by ceded written premium in the amount of EUR 37.6 million (index 104) and adjusted by the change in net unearned premium of EUR -31.5 million (index 106).

Net claims incurred increased by 2% to EUR 151.6 million. Net claims incurred from health insurance experienced the highest growth of 14% due to higher gross written claims, those from life insurance increased by 4%, while from non-life decreased by 3%. Net claims incurred are composed of gross claims paid in the amount of EUR 171.0 million (index 112), reduced by the reinsurers' and co-insurers' shares in gross claims in the amount of EUR 8.0 million (index 220), adjusted by the change in net claims provisions of EUR -12.5 million (EUR -1.8 million in 2017) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 1.2 million.

Income from investments, including income from investments in associates decreased by 52% and reached EUR 20.3 million. Income from investments in associates climbed by 342% to EUR 226 thousand, whereas income from investments decreased by 53% and reached EUR 20.1 million. In the reporting period, interest income was down 4% to EUR 14.1 million, gains on disposals decreased by 26% to EUR 4.9 million, other income from investments reached EUR 1.1 million (vs. EUR 21 million in the respective period of 2017). Other income from investments include net unrealised gains on unit-linked life insurance assets reached EUR 8 thousand compared to EUR 17.1 million in the respective period of 2017.

Expenses from investments including income from investments in associates increased by 161% to EUR 23.9 million. Expenses from financial assets in associates totalled EUR 27 thousand (index 18), while expenses from other financial assets equalled EUR 23.8 million, having increased by 165%. Realised loss on disposals totalled EUR 2.3 million (index 60), whereas other expenses from financial assets amounted to EUR 21.5 million (index 420). Other expenses from financial assets include net unrealised losses on unit-linked life insurance assets which totalled EUR 13.7 million (vs. EUR 538 thousand in 2017), fair value losses equalling EUR 4.9 million (index 242) and other financial expenses in the amount of EUR 2.9 million (index 115).

Return on investment of the Triglav Group (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. It dropped by 39% to EUR 10.1 million, primarily as a result of lower net income arising from changes in fair value, lower net interest income and lower net gains on the sale of financial assets. Continuously lower interest income is caused by lower interest rates. Lower net gains on the sale of financial assets are related mainly to investment activity which was lower in the first three months of 2018 compared to the respective period of 2017 and to lower profit from derivatives used for hedging against interest rate risk.

Lower return on financial investments of 39% was primarily a result of lower net income arising from changes in fair value, lower net interest income and lower net gains on the sale of financial assets.

Return on financial investments also impacts the insurance technical provisions and the net profit of the Group. See *Table Profit before tax of the Triglav Group* for the impact of return on investments on the profit before tax.

Changes in other technical provisions summed up to EUR 5.9 million or 55% less than one year earlier, as a result of reduced mathematical provisions (EUR 5.2 million). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR -20.3 million (EUR 11.1 million in Q1 2017) due to the decrease in price of fund units. **Provisions for bonuses and discounts** decreased by 3% to EUR 2.5 million.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 51.9 million and were 5% higher than in 2017. Acquisition costs and other operating expenses were up 6% and 2% respectively.

Other income from insurance operations, excluding fees and commissions, increased by 9% and reached EUR 3.0 million. **Other insurance expenses**, excluding fees and commissions expenses, increased by 14%, amounting to EUR 3.0 million mainly due to higher adjustments of receivables. Net fee and commission income was down by 67%, reaching EUR 0.6 million.

Other income increased by 7% and totalled EUR 8.6 million, while other expenses were up 29% to EUR 10.0 million.

Individual items in the consolidated income statement of the Triglav Group for Q1 2018

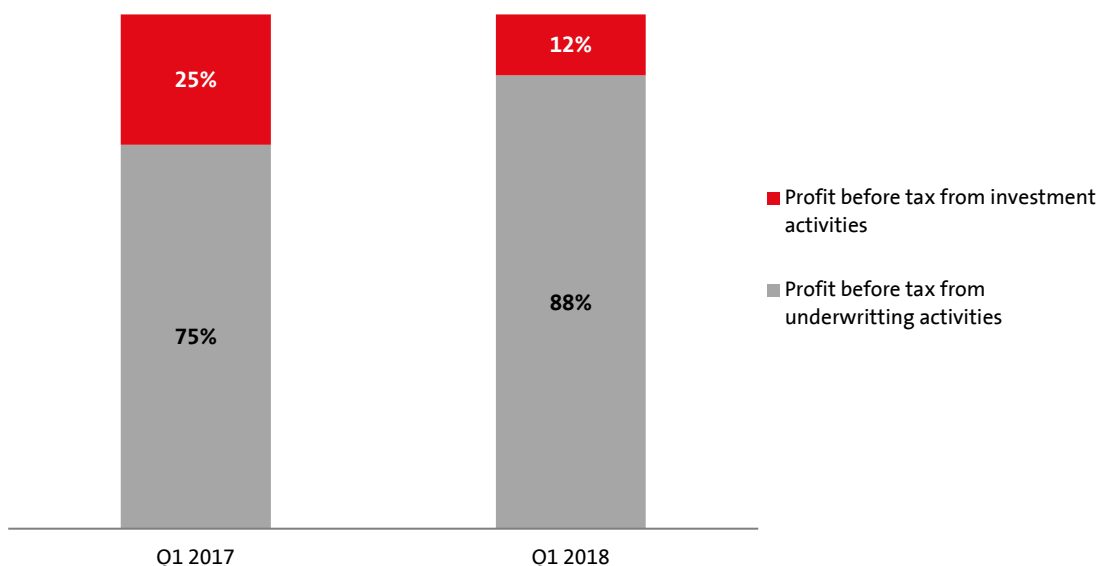
	Q1 2018	Q1 2017	Index
Net premium income	223,411,780	214,552,095	104
Income from investments including income in subsidiaries and associates	20,319,828	42,335,321	48
Other income from insurance operations	7,904,316	8,403,635	94
Other income	8,590,572	8,058,214	107
Net claims incurred	151,633,135	148,251,403	102
Change in other insurance technical provisions (excluding ULI)	5,908,268	13,124,352	45
Change in insurance technical provisions for unit-linked insurance contracts	-20,304,034	11,148,205	
Expenses for bonuses and discounts	2,485,755	2,558,761	97
Operating expenses	51,868,777	49,578,180	105
Expenses from investments including expenses in subsidiaries and associates	23,856,558	9,137,957	261
Other insurance expenses	7,273,492	6,375,268	114
Other expenses	9,979,234	7,717,472	129
Profit before tax	27,525,311	25,457,667	108
Income tax expense	4,192,741	3,140,471	134
Net profit for the accounting period	23,332,570	22,317,196	105

Profit/loss before tax of the Triglav Group*

	Q1 2018				Q1 2017			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	17,414,357	5,665,401	611,066	23,690,824	10,866,051	6,001,586	2,108,699	18,976,336
Profit before tax from investment activities	4,590,969	-1,569,929	163,280	3,184,320	5,619,023	614,400	200,998	6,434,421
Profit before tax from insurance operations	22,005,326	4,095,472	774,346	26,875,144	16,485,074	6,615,986	2,309,697	25,410,757
Profit before tax from non-insurance operations				650,167				46,910
Total profit before tax				27,525,311				25,457,667

*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.

Structure of profit/loss before tax of the Triglav Group in Q1 2018 and Q1 2017



Individual items in the income statement of Zavarovalnica Triglav for Q1 2018

	Q1 2018	Q1 2017	Index
Net premium income	131,447,004	127,824,484	103
Income from investments including income in subsidiaries and associates	14,936,414	34,236,411	44
Other income from insurance operations	7,447,242	8,310,936	90
Other income	2,759,832	2,606,725	106
Net claims incurred	89,814,916	91,614,557	98
Change in other insurance technical provisions	6,607,475	10,571,255	63
Change in insurance technical provisions for unit-linked insurance contracts	-22,238,030	7,356,700	
Expenses for bonuses and discounts	2,602,076	2,163,459	120
Operating expenses	33,649,575	32,683,621	103
Expenses from investments including expenses in subsidiaries and associates	18,504,087	5,846,845	316
Other insurance expenses	2,285,458	1,567,590	146
Other expense	3,285,618	1,446,370	227
Profit/loss before tax	22,079,312	19,728,159	112
Income tax expense	3,379,795	2,541,608	133
Net profit/loss for the accounting period	18,699,517	17,186,551	109

5.2 Financial standing

The total **balance sheet** of the Triglav Group as at 31 March 2018 stood at EUR 3,723.0 million or 1% more over the 2017 year-end.

As at the reporting date, total equity capital reached EUR 767.8 million.

The **total equity capital** as at the reporting date amounted to EUR 767.8 million or 1% more over the 2017 year-end. The portion of equity in the balance sheet total of 20.6% remained unchanged. Equity attributable to the controlling company climbed by 1% to EUR 761.0 million. Non-controlling interests amounted to EUR 6.8 million, which was the same as at the 2017 year-end. Share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares.

As a result of a decrease in the value of available-for-sale financial assets, fair value reserve went down by 13% to EUR 83.2 million in nominal terms. Share premium amounted to EUR 50.4 million and remained at a level approximately equal to the 2017 year-end (index 100). Reserves from profit remained unchanged, amounting to EUR 333.4 million, whereas accumulated profit grew by 12% to EUR 223.0 million. In addition to EUR 23.2 million in net profit for the year, it includes EUR 199.8 million of net profit brought forward (index 124). Net profit brought forward increased by EUR 39.1 million due to a transfer of net profit of the preceding year.

Subordinated liabilities remained approximately at the 2017 year-end level (index 100), totalling EUR 15.5 million. Their share in total liabilities accounted for 0.4%.

Gross insurance technical provisions grew by 1% and amounted to EUR 2,766.2 million. In the balance sheet total, their share decreased by 0.1 percentage point compared to the 2017 year-end, from 74.4 to 74.3%. Mathematical provisions decreased by 1%, reaching EUR 1,768.8 million. Gross claims provisions of EUR 631.3 million were down 1% compared to the 2017 year-end. Provisions for gross unearned premiums and other insurance technical provisions were up 20% and 1% respectively. Insurance technical provisions are discussed in greater detail under *Section 4.7*.

Other financial liabilities of EUR 6.0 million were up 7%, foremost as a result of transactions in acquisition of securities of Skupna pokojninska družba which will be settled after the end of the reporting period. They accounted for a 0.2% share of total balance sheet liabilities.

Operating liabilities grew by 26% over the 2017 year-end, amounting to EUR 62.4 million, and accounted for 1.7% of total liabilities. Liabilities from co-insurance and reinsurance operations rose to EUR 39.5 million (index 137), while liabilities from direct insurance operations grew to EUR 20.5 million (index 109) and current tax liabilities increased to EUR 2.4 million (135).

Compared to the 2017 year-end, **other provisions** shrunk by 2% to EUR 17.5 million (a 0.5% share in total liabilities). **Deferred tax liabilities** decreased by 10% to EUR 23.7 million, primarily due to lower fair value reserve from financial investments for which deferred tax is calculated. **Other liabilities** decreased by 10% mainly due to lower short-term liabilities of the parent company. They amounted to EUR 63.8 million, accounting for 1.7% of total assets.

Investments in associates of the Triglav Group reached EUR 11.1 million, having increased by 74% due to recapitalisation of Triglav in the amount of EUR 4.6 million and the effects of the equity method.

Financial investments accounted for 69.3% of total assets (1.1 percentage points less than at the 2017 year-end) and totalled EUR 2,580.4 million. They remained approximately at the same level as at 31 December 2017 (index 100). The bulk of financial investments was accounted for by available-for-sale financial assets, which totalled EUR 1,813.0 million. In total financial investments, EUR 428.1 million was accounted for by financial investments measured at fair value through profit or loss, EUR 209.9 million by held-to-maturity financial investments, and EUR 129.3 million by deposits and loans. **Unit-linked life insurance contracts investments** amounted to EUR 429.8 million, which was 5% less compared to 31 December 2017. See *Section 4.8* on the structure of financial investments for more details.

Investment property amounted to EUR 94.3 million and were at a level approximately equal to the 2017 year-end (index 100), accounting for 2.5% of total assets.

Receivables and deferred tax assets increased by 26% to EUR 223.2 million. They accounted for 6.0% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 127.8 million (index 149), which experienced an increase of 10% compared to the respective period of last year. Receivables from co-insurance and reinsurance operations reached EUR 46.0 million (index 102), other receivables stood at EUR 36.1 million (index 109) and current tax receivables at EUR 78 thousand. Deferred tax assets amounted to EUR 13.3 million (index 96).

Reinsurers' share of insurance technical provision amounted to EUR 105.3 million, having increased by 26%. Assets from reinsurance contracts from claims provisions were 8% higher and totalled EUR 69.3 million, while assets from unearned premium rose by 81% to EUR 35.9 million.

Property, plant and equipment stood at EUR 113.8 million, having increased by 2% over the 2017 year-end. **Intangible assets** equalled EUR 85.5 million, having increased by 8% primarily due to higher long-term deferred acquisition costs.

Non-current assets held for sale equalled EUR 2.3 million due to the planned sale of specific land plots and buildings.

Cash and cash equivalents amounted to EUR 71.6 million (index 91), whilst **other assets** totalled EUR 5.7 million (index 146). **Off-balance-sheet items** totalled EUR 223.7 million (index 93).

Individual items in the consolidated balance sheet of the Triglav Group as at 31 March 2018

	31 March 2018	31 December 2017	Index
ASSETS	3,722,979,743	3,674,676,193	101
Intangible assets	85,494,293	78,840,612	108
Property, plant and equipment	113,837,001	111,210,437	102
Non-current assets held for sale	2,280,017	2,278,440	100
Investment property	94,275,251	94,007,483	100
Investments in associates	11,246,690	6,449,324	174
Financial investments	2,580,354,786	2,587,850,704	100
Unit-linked insurance assets	429,752,628	450,236,044	95
Reinsurers' share of insurance technical provisions	105,310,479	83,815,576	126
Receivables and deferred tax assets	223,167,616	177,647,469	126
Other assets	5,709,807	3,922,257	146
Cash and cash equivalents	71,551,175	78,417,847	91
Off balance sheet items	223,738,386	240,503,849	93
EQUITY AND LIABILITIES	3,722,979,743	3,674,676,193	101
Equity	767,848,339	756,645,683	101
Subordinated liabilities	15,463,888	15,459,132	100
Insurance technical provisions	2,337,042,042	2,282,701,026	102
Insurance technical provisions for unit-linked insurance contracts	429,192,195	449,544,565	95
Other provisions	17,505,982	17,774,490	98
Deferred tax liabilities	23,740,897	26,396,579	90
Other financial liabilities	5,993,056	5,589,381	107
Operating liabilities	62,360,596	49,381,602	126
Other liabilities	63,832,747	71,183,735	90
Off balance sheet items	223,738,386	240,503,849	93

Individual items in the balance sheet of Zavarovalnica Triglav as at 31 March 2018

	31 March 2018	31 December 2017	Index
ASSETS	2,821,704,721	2,786,489,540	101
Intangible assets	64,770,703	59,786,283	108
Property, plant and equipment	70,196,454	67,526,775	104
Investment property	48,598,525	48,214,401	101
Investments in subsidiaries and associates	132,756,791	128,169,983	104
Financial investments	1,855,093,157	1,860,998,156	100
Unit-linked insurance assets	395,907,672	417,607,959	95
Reinsurers' share of insurance technical provisions	103,533,430	85,327,645	121
Receivables and deferred tax assets	120,740,449	81,350,417	148
Other assets	3,162,184	1,993,174	159
Cash and cash equivalents	26,945,354	35,514,746	76
Off balance sheet items	156,167,148	174,448,801	90
EQUITY AND LIABILITIES	2,821,704,721	2,786,489,540	101
Equity	578,663,075	571,412,305	101
Subordinated liabilities	20,614,520	20,608,180	100
Insurance technical provisions	1,736,205,415	1,687,109,267	103
Insurance technical provisions for unit-linked insurance contracts	393,944,945	416,250,767	95
Other provisions	11,627,642	11,425,425	102
Deferred tax liabilities	7,433,751	9,301,053	80
Other financial liabilities	1,836,670	1,845,184	100
Operating liabilities	34,990,268	27,740,050	126
Other liabilities	36,388,435	40,797,310	89
Off balance sheet items	156,167,148	174,448,801	90

6. RISK MANAGEMENT

6.1 Risk Management

In the first three months of 2018, there were no significant changes in the risk management system or in the risk profile as compared to the situation described in the Annual Report of the Triglav Group and Zavarovalnica Triglav for 2017 (Section *Risk Management*). The capital level of the parent company and the Triglav Group remains within the set strategic guidelines and adequately exceeds the level of underwritten risks.

In accordance with the Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), the Company started to disclose risks relating to the life insurance products on key information documents in 2018. Disclosed information include a summary risk indicator, supplemented by a narrative explanation of that indicator and a narrative explanation of the risks.

6.2 Internal audit

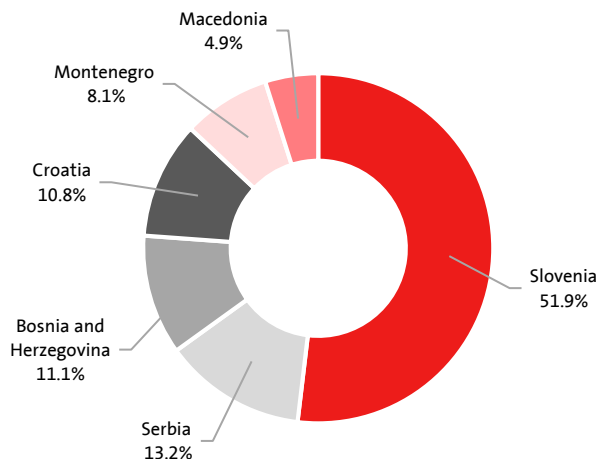
In Q1 2018, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various divisions in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to the management of the audited divisions and to the Management Board.

The Internal Audit Department also engaged in advisory activities, performed internal auditing quality improvement tasks, monitored the implementation of recommendations made by internal and external auditors as well as reported on its work to the Management Board, the Audit Committee and the Supervisory Board.

7. EMPLOYEES IN THE TRIGLAV GROUP

As at the reporting date, 5,180 employees or 29 more compared to the 2017 year-end were employed in the Triglav Group.

Employees by market of the Group



Compared to the 2017 year-end, in the educational structure of employees an increase was registered in the number of employees with secondary education, whereas the number of masters or doctoral degrees and higher education or secondary school education decreased.

FINANCIAL OVERVIEW

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board herewith confirms the financial statements for the period from 1 January 2017 to 31 March 2018 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 2018 to 31 March 2018 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 2018 to 31 March 2018 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

Marica Makoter,
Member of the Management Board

Ljubljana, 8 May 2018

1. FINANCIAL STATEMENTS

in EUR

STATEMENT OF FINANCIAL POSITION	Triglav Group		Zavarovalnica Triglav	
	31 March 2018	31 Dec 2017	31 March 2018	31 Dec 2017
ASSETS	3,722,979,743	3,674,676,193	2,821,704,721	2,786,489,540
Intangible assets	85,494,293	78,840,612	64,770,703	59,786,283
Property, plant and equipment	113,837,001	111,210,437	70,196,454	67,526,775
Non-current assets held for sale	2,280,017	2,278,440	0	0
Deferred tax assets	13,265,206	13,769,115	0	0
Investment property	94,275,251	94,007,483	48,598,525	48,214,401
Investments in subsidiaries	0	0	118,167,937	118,167,937
Investments in associates	11,246,690	6,449,324	14,588,856	10,002,047
- accounted for using the equity method	11,246,690	6,449,324	0	0
- measured at fair value	0	0	14,588,856	10,002,047
Financial investments	2,580,354,786	2,587,850,704	1,855,093,157	1,860,998,156
- loans and deposits	129,335,196	125,251,487	90,230,623	91,428,595
- held to maturity	209,899,708	221,390,576	158,991,522	166,993,807
- available for sale	1,813,043,179	1,815,323,900	1,405,835,594	1,400,652,988
- recognised at fair value through profit and loss	428,076,703	425,884,741	200,035,418	201,922,766
Unit-linked insurance assets	429,752,628	450,236,044	395,907,672	417,607,959
Reinsurers' share of technical provisions	105,310,479	83,815,576	103,533,430	85,327,645
Assets from investment contracts	0	0	0	0
Receivables	209,902,410	163,878,354	120,740,449	81,350,417
- receivables from direct insurance operations	127,795,357	85,722,492	90,316,937	54,731,853
- receivables from reinsurance and co-insurance operations	45,975,798	44,939,702	14,980,406	13,889,792
- current tax receivables	78,143	32,211	0	0
- other receivables	36,053,112	33,183,949	15,443,106	12,728,772
Other assets	5,709,807	3,922,257	3,162,184	1,993,174
Cash and cash equivalents	71,551,175	78,417,847	26,945,354	35,514,746
<i>Off balance sheet items</i>	<i>223,738,386</i>	<i>240,503,849</i>	<i>156,167,148</i>	<i>174,448,801</i>
EQUITY AND LIABILITIES	3,722,979,743	3,674,676,193	2,821,704,721	2,786,489,540
Equity	767,848,339	756,645,683	578,663,075	571,412,305
Controlling interests	761,040,687	749,838,244	578,663,075	571,412,305
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,395,381	50,403,656	53,412,884	53,412,884
- reserves from profit	333,407,074	333,407,073	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	83,181,467	95,398,236	55,801,517	67,250,264
- net profit brought forward	199,781,944	160,647,992	58,085,122	25,563,172
- net profit for the year	23,230,057	39,133,955	18,699,517	32,521,950
- currency translation differences	-2,656,628	-2,854,060	0	0
- reserve of disposal group held for sale	0	0	0	0
Non-controlling interests	6,807,652	6,807,439	0	0
Subordinated liabilities	15,463,888	15,459,132	20,614,520	20,608,180
Insurance technical provisions	2,337,042,042	2,282,701,026	1,736,205,415	1,687,109,267
- unearned premiums	332,739,183	278,112,719	242,325,126	196,528,185
- mathematical provisions	1,339,567,347	1,333,055,389	1,002,144,155	994,737,498
- claims provisions	631,327,152	638,473,713	464,668,929	469,230,900
- other insurance technical provisions	33,408,360	33,059,205	27,067,205	26,612,684
Insurance technical provisions for unit-linked insurance contracts	429,192,195	449,544,565	393,944,945	416,250,767
Employee benefits	13,913,784	13,979,843	10,858,460	10,700,463
Other provisions	3,592,198	3,794,647	769,182	724,961
Non-current liabilities held for sale and discontinued operations	0	0	0	0
Deferred tax liabilities	23,740,897	26,396,579	7,433,751	9,301,053
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	5,993,056	5,589,381	1,836,670	1,845,184
Operating liabilities	62,360,596	49,381,602	34,990,268	27,740,050
- liabilities from direct insurance operations	20,514,425	18,875,323	12,645,761	11,354,265
- liabilities from reinsurance and co-insurance operations	39,493,759	28,758,158	20,601,797	15,249,797
- current tax liabilities	2,352,412	1,748,121	1,742,710	1,135,988
Other liabilities	63,832,747	71,183,735	36,388,435	40,797,310
<i>Off balance sheet items</i>	<i>223,738,386</i>	<i>240,503,849</i>	<i>156,167,148</i>	<i>174,448,801</i>

in EUR

INCOME STATEMENT	Triglav Group		Zavarovalnica Triglav	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
NET PREMIUM INCOME	223,411,780	214,552,095	131,447,004	127,824,484
- gross written premium	292,572,535	280,633,176	192,487,319	185,508,262
- ceded written premium	-37,616,577	-36,231,007	-33,680,897	-33,969,164
- change in unearned premium reserve	-31,544,178	-29,850,074	-27,359,418	-23,714,614
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	265,575	60,117	208,729	208,626
- profit on equity investments accounted for using the equity method	265,575	60,117	0	0
- other income from investments in subsidiaries and associates	0	0	208,729	208,626
INCOME FROM INVESTMENTS	20,054,253	42,275,204	14,727,684	34,027,785
- interest income calculated using the effective interest method	14,068,431	14,642,767	9,422,084	9,830,434
- gains on disposals	4,857,944	6,600,415	4,761,968	6,441,003
- other income from investments	1,127,878	21,032,022	543,632	17,756,348
OTHER INCOME FROM INSURANCE OPERATIONS	7,904,316	8,403,635	7,447,242	8,310,936
- fees and commission income	4,863,315	5,616,987	4,890,461	5,936,801
- other income from insurance operations	3,041,001	2,786,648	2,556,781	2,374,135
OTHER INCOME	8,590,572	8,058,214	2,759,832	2,606,725
NET CLAIMS INCURRED	151,633,135	148,251,403	89,814,916	91,614,557
- gross claims settled	171,017,700	152,394,173	107,497,108	97,800,298
- reinsurers' share	-8,021,758	-3,645,268	-7,664,745	-4,783,780
- changes in claims provisions	-12,521,919	-1,827,471	-10,017,447	-1,401,961
- equalisation scheme expenses for supplementary health insurance	1,159,112	1,329,969	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	5,908,268	13,124,352	6,607,475	10,571,255
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-20,304,034	11,148,205	-22,238,030	7,356,700
EXPENSES FOR BONUSES AND DISCOUNTS	2,485,755	2,558,761	2,602,076	2,163,459
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0
OPERATING EXPENSES	51,868,777	49,578,180	33,649,576	32,683,621
- acquisition costs	35,184,786	33,192,979	24,124,414	23,527,052
- other operating costs	16,683,991	16,385,201	9,525,162	9,156,569
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	27,077	147,071	628	3,759
- loss on investments accounted for using the equity method	27,077	147,071	0	0
- other expenses from financial assets and liabilities	0	0	628	3,759
EXPENSES FROM INVESTMENTS	23,829,481	8,990,886	18,503,461	5,843,086
- loss on impairment of investments	8,279	14,302	0	0
- loss on disposal of investments	2,299,890	3,849,899	2,272,685	3,665,584
- other expenses from investments	21,521,312	5,126,685	16,230,776	2,177,502
OTHER INSURANCE EXPENSES	7,273,492	6,375,268	2,285,458	1,567,590
OTHER EXPENSES	9,979,234	7,717,472	3,285,619	1,446,370
- expenses from financing	289,685	484,757	320,369	520,022
- other expenses	9,689,549	7,232,715	2,965,250	926,348
PROFIT BEFORE TAX	27,525,311	25,457,667	22,079,312	19,728,159
Income tax expense	4,192,741	3,140,471	3,379,795	2,541,608
NET PROFIT FOR THE PERIOD	23,332,570	22,317,196	18,699,517	17,186,551
Earning per share	1.03	0.98	0	0
Net profit/loss attributable to the controlling company	23,230,057	22,058,836	0	0
Net profit/loss attributable to the non-controlling interest holders	102,513	258,360	0	0

in EUR

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Triglav Group		Zavarovalnica Triglav	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Net profit for the period after tax	23,332,570	22,317,196	18,699,517	17,186,551
Other comprehensive income after tax	-12,101,067	1,700,129	-11,448,747	-474,501
Items which will not be transferred in P&L in future periods	0	0	0	0
Fair value gains/losses on PP&E and intangible assets	0	0	0	0
Actuarial gains/losses for pension plans	0	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	-12,101,067	1,700,129	-11,448,747	-474,501
Fair value gains/losses on available-for-sale financial assets	-13,647,021	195,566	-12,616,587	-1,533,104
- net gains/losses recognized directly in equity	-10,396,615	3,118,648	-9,455,649	1,298,867
- transfers from equity to income statement	-3,250,406	-2,923,082	-3,160,937	-2,831,971
Fair value gains / losses on non-current assets held for sale	-14,520	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	-199,522	280,501	0	0
Liabilities from insurance contracts with DPF	-1,184,538	757,654	-1,184,538	757,654
Currency translation differences	189,346	488,132	0	0
Tax on other comprehensive income	2,755,188	-21,724	2,352,378	300,949
COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	11,231,503	24,017,325	7,250,770	16,712,050
Controlling interest	11,210,721	23,646,391	0	0
Non-controlling interest	20,782	370,934	0	0

Reserves from profit

Triglav Group	Share capital	Share premium	Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares (deductible item)	Credit risk reserves	Other reserves form profit	Fair value reserve	Reserve of disposal group held for sale	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
As at 1 January 2018	73,701,392	50,403,656	592,269	18,514,040	364,680	-364,680	764	314,300,001	95,398,236	0	160,647,992	39,133,955	-2,854,060	749,838,244	6,807,439	756,645,683
Comprehensive income for the period from 1 January 2018 to 31 March 2018	0	0	0	0	0	0	0	0	-12,216,768	0	0	23,230,057	197,432	11,210,721	20,782	11,231,503
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	0	39,133,952	-39,133,952	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Covering of the loss brought forward	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Allocation and use of reserves for credit risk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase/disposal of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes in consolidation area	0	-8,275	0	0	0	0	0	0	0	0	0	0	0	-8,275	-20,568	-28,847
External acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from retained earnings to share premium	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
As at 31 March 2018	73,701,392	50,395,381	592,269	18,514,040	364,680	-364,680	764	314,300,001	83,181,467	0	199,781,944	23,230,057	-2,656,628	761,040,687	6,807,652	767,848,339
As at 1 January 2017	73,701,392	53,488,690	592,269	20,642,423	364,680	-364,680	764	284,300,001	87,735,128	0	173,192,869	44,216,477	-3,914,499	733,955,514	10,394,233	744,349,747
Comprehensive income for the period from 1 January 2017 to 31 March 2017	0	0	0	0	0	0	0	0	1,108,552	0	0	22,058,836	479,003	23,646,391	370,934	24,017,325
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	0	44,216,476	-44,216,476	0	0	0	0
Purchase/disposal of treasury shares	0	0	0	0	1,206,960	-1,206,960	0	0	0	0	-2,349,109	0	0	-2,349,108	0	-2,349,108
Changes in consolidation area	0	-2,125,300	0	0	0	0	0	0	0	0	0	0	0	-2,125,300	-4,323,037	-6,448,337
Covering of the loss brought forward	0	0	0	-227,604	0	0	0	0	0	0	227,604	0	0	0	0	0
As at 31 March 2017	73,701,392	51,363,390	592,269	20,414,819	1,571,640	-1,571,640	764	284,300,001	88,843,680	0	215,287,843	22,058,836	-3,435,497	753,127,497	6,442,130	759,569,627

Zavarovalnica Triglav	Reserves form profit						in EUR		
	Share capital	Share premium	Legal and statutory reserves	Credit risk reserves	Other reserves from profit	Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
As at 1 January 2018	73,701,392	53,412,884	4,662,643	0	314,300,000	67,250,264	25,563,172	32,521,950	571,412,305
Comprehensive income for the period from 1 January 2018 to 31 March 2018	0	0	0	0	0	-11,448,747	0	18,699,517	7,250,770
Allocation to net profit/loss brought forward	0	0	0	0	0	0	32,521,950	-32,521,950	0
Dividend payment	0	0	0	0	0	0	0	0	0
As at 31 March 2018	73,701,392	53,412,884	4,662,643	0	314,300,000	55,801,517	58,085,122	18,699,517	578,663,075
As at 1 January 2017	73,701,392	53,412,884	4,662,643	0	284,300,000	64,890,318	44,688,278	37,733,602	563,389,117
Comprehensive income for the period from 1 January 2017 to 31 March 2017	0	0	0	0	0	-474,501	0	17,186,551	16,712,050
Allocation to net profit/loss brought forward	0	0	0	0	0	0	37,733,602	-37,733,602	0
As at 31 March 2017	73,701,392	53,412,884	4,662,643	0	284,300,000	64,415,817	82,421,881	17,186,551	580,101,168

in EUR

	Triglav Group		Zavarovalnica Triglav	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
A. OPERATING CASH FLOW				
a. Income statement items	42,494,537	49,223,968	27,424,365	31,843,143
Net written premium for the period	266,643,055	254,767,326	158,806,422	151,539,098
Investment income (excluding financial income)	4,911,298	5,160,150	2,763,541	2,392,765
Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	8,641,340	10,446,135	2,668,185	2,612,823
Net claims paid	-158,438,954	-151,276,948	-99,832,363	-93,016,519
Bonuses and rebates paid	-7,121,021	-2,515,874	-2,602,076	-2,163,459
Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-53,227,413	-47,616,324	-27,440,034	-25,094,065
Investment expenses (excluding depreciation charge and financial expenses)	-3,249,637	-3,080,461	-1,346,494	-1,252,812
Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-12,732,510	-14,071,993	-3,304,820	-1,416,691
Corporate income tax and other taxes excluded from operating expenses	-2,931,621	-2,588,043	-2,287,997	-1,757,999
b. Changes in net current assets-operating balance sheet items	-47,802,756	-42,332,464	-35,528,947	-23,454,844
Movements in receivables from direct insurance operations	-42,326,626	-28,346,976	-35,572,390	-21,408,883
Movements in receivables from reinsurance operations	-8,879,154	-11,902,447	-1,090,614	-5,767,141
Movements in other receivables from (re)insurance operations	-10,388,913	-3,913,630	-1,142,706	-330,313
Movements in other receivables and assets	-1,909,489	-12,419,741	-884,692	-517,616
Movements in deferred tax assets	-1,523,758	-517,272	0	0
Movements in inventories	-14,717	-17,597	-8,535	-14,359
Movements in debts from direct insurance operations	1,000,428	3,028,061	1,291,496	2,188,654
Movements in debts from reinsurance operations	15,824,156	15,034,043	5,352,000	8,452,666
Movements in operating debts	-692,082	-1,388,360	6,340	-501,176
Movements in other liabilities (excluding unearned premiums)	535,092	-2,353,987	-3,479,846	-5,556,675
Movements in deferred tax liabilities	572,307	465,442	0	0
c. Net cash from/ (used in) operating activities (a + b)	-5,308,219	6,891,504	-8,104,582	8,388,299
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a. Cash inflows from investing activities	284,821,262	320,366,866	234,389,034	263,007,363
Cash inflows from interest from investing activities	15,378,028	24,946,997	10,770,640	20,001,577
Cash inflows from dividends received and profit sharing	173,973	123,254	71,649	54,374
Cash inflows from the disposal of intangible assets	0	0	0	0
Cash inflows from the disposal of property, plant and equipment	401,541	567,047	36,617	252,217
Cash inflows from the disposal of financial investments	268,867,720	294,729,568	223,510,128	242,699,195
- Cash inflows from the disposal of investments in subsidiaries and associates	0	0	0	0
- Other cash inflows from disposal of financial investments	268,867,720	294,729,568	223,510,128	242,699,195
b. Cash outflows from investing activities	-285,144,751	-310,088,493	-233,609,900	-254,989,436
Cash outflows for the purchase of intangible assets	-1,248,780	-1,128,061	-348,457	-452,472
Cash outflows for the purchase of property, plant and equipment	-5,394,949	-932,244	-4,341,981	-263,645
Cash outflows for the purchase of financial investments	-278,501,022	-308,028,188	-228,919,462	-254,273,319
- Cash outflows for the purchase of investments in subsidiaries and associates	-943,035	-6,947,337	-919,158	-2,456,500
- Other cash outflows to acquire financial investments	-277,557,987	-301,080,851	-228,000,304	-251,816,819
c. Net cash from/ (used in) investing activities (a + b)	-323,489	10,278,373	779,134	8,017,927
C. CASH FLOWS FROM FINANCING ACTIVITIES				
a. Cash inflows from financing activities	0	0	0	0
Cash inflows from paid-in capital	0	0	0	0
Cash inflows from long-term loans received and bonds issued	0	0	0	0
Cash inflows from short-term loans received	0	0	0	0
b. Cash outflows from financing activities	-1,243,943	-3,583,947	-1,243,943	-1,242,174
Cash outflows for paid interest	-1,227,366	-1,220,030	-1,227,366	-1,227,366
Cash outflows for purchase of treasury shares	0	-2,349,109	0	0
Cash outflows for capital repayment	0	0	0	0
Cash outflows for payments of long-term financial liabilities	0	0	0	0
Cash outflows for payments of short-term financial liabilities	0	0	0	0
Cash outflows from dividends paid and profit sharing	-16,577	-14,808	-16,577	-14,808
c. Net cash from/ (used in) financing activities (a + b)	-1,243,943	-3,583,947	-1,243,943	-1,242,174
D. Closing balance of cash and cash equivalents	71,551,175	79,317,975	26,945,354	42,817,697
E1. Net cash flow for the period	-6,875,651	13,585,930	-8,569,391	15,164,051
E3. Foreign exchange differences	8,979	17,571	0	0
F. Opening balance of cash and cash equivalents	78,417,847	65,714,474	35,514,746	27,653,646

2. SELECTED NOTES TO THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements for the period from 1 January 2018 to 31 March 2018 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 2018 to 31 March 2018 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 2017 were used for the preparation of the financial statements for the period from 1 January 2018 to 31 March 2018.

To disclose more reliable and accurate information, this year the income and expenses items for financial investments have been slightly changed in the income statement. Consequently, the following minor item reclassifications were made: interest income was reclassified from income from financial assets into other income from insurance operations, while financing costs were reclassified from expenses from financial assets and liabilities into other expenses. The data for the previous reference period are presented in the same way.

The tax expense calculation for the period from 1 January 2018 to 31 March 2018 was made by applying the average effective tax rate of 2017.

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

2.3 Seasonal operations

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first quarter of 2018, 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).

2.4 Segmental analysis of the Triglav Group operations

The management monitors the operations of Triglav Group based on the following segments:

- business segments (non-life insurance, life insurance, health insurance, non-insurance operations);
- 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**

31 March 2018

	Non-life	Life	Health	Other	TOTAL NON- CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	1,864,174,438	1,984,996,833	57,938,479	185,266,547	4,092,376,297	-369,396,554	3,722,979,743
Intangible assets	78,241,651	2,958,126	1,231,971	3,062,545	85,494,293	0	85,494,293
Property, plant and equipment	93,539,399	10,399,454	1,375,031	8,523,117	113,837,001	0	113,837,001
Deferred tax assets	12,707,383	183,396	101,775	272,652	13,265,206	0	13,265,206
Investment property	51,567,333	2,389,578	0	34,954,369	88,911,280	5,363,971	94,275,251
Investments in subsidiaries	116,705,622	10,504,174	0	75,701,087	202,910,883	-202,910,883	0
Investments in associates	9,045,075	683,166	0	1,518,449	11,246,690	0	11,246,690
Financial assets	1,045,589,000	1,907,981,406	47,296,447	41,572,430	3,042,439,283	-32,331,869	3,010,107,414
Financial investments:	1,045,589,000	1,478,228,778	47,296,447	41,572,430	2,612,686,655	-32,331,869	2,580,354,786
- loans and deposits	83,060,697	62,217,883	589,106	10,648,748	156,516,434	-27,181,238	129,335,196
- held to maturity	0	209,899,708	0	0	209,899,708	0	209,899,708
- available for sale	956,633,781	783,429,333	46,707,341	30,923,682	1,817,694,137	-4,650,958	1,813,043,179
- recognised at fair value through profit and loss	5,894,522	422,681,854	0	0	428,576,376	-499,673	428,076,703
Unit-linked insurance assets	0	429,752,628	0	0	429,752,628	0	429,752,628
Reinsurers' share of technical provisions	204,849,297	72,903	1,162,399	0	206,084,599	-100,774,120	105,310,479
Receivables	222,258,285	11,580,230	4,847,121	9,806,673	248,492,309	-38,589,899	209,902,410
- receivables from direct insurance operations	122,977,442	574,780	4,431,014	28,480	128,011,716	-216,359	127,795,357
- receivables from reinsurance and co-insurance operations	79,733,912	5,561	81,459	0	79,820,932	-33,845,134	45,975,798
- current tax receivables	60,342	0	0	17,801	78,143	0	78,143
- other receivables	19,486,589	10,999,889	334,648	9,760,392	40,581,518	-4,528,406	36,053,112
Other assets	5,051,737	123,561	100,296	587,967	5,863,561	-153,754	5,709,807
Cash and cash equivalents	24,619,656	38,120,839	1,823,439	6,987,241	71,551,175	0	71,551,175
Non-current assets held for sale	0	0	0	2,280,017	2,280,017	0	2,280,017
EQUITY AND LIABILITIES	1,864,174,438	1,984,996,833	57,938,479	185,266,547	4,092,376,297	-369,396,554	3,722,979,743
Equity	623,825,077	155,518,299	32,006,351	154,854,245	966,203,972	-198,355,633	767,848,339
Controlling interests	623,825,077	155,518,299	32,006,351	154,854,245	966,203,972	-205,163,285	761,040,687
- share capital	114,718,513	47,691,579	25,822,144	92,078,634	280,310,870	-206,609,478	73,701,392
- share premium	43,048,225	13,658,827	0	20,762,996	77,470,048	-27,074,667	50,395,381
- reserves from profit	283,095,556	47,156,595	344,643	1,709,241	332,306,035	1,101,039	333,407,074
- fair value reserve	61,170,073	8,148,422	1,472,315	13,979,911	84,770,721	-1,589,254	83,181,467
- net profit brought forward	105,406,592	36,840,365	3,190,158	25,238,516	170,675,631	29,106,313	199,781,944
- net profit for the year	18,371,832	2,665,019	1,177,091	1,118,630	23,332,572	-102,515	23,230,057
- currency translation differences	-1,985,714	-642,508	0	-33,683	-2,661,905	5,277	-2,656,628
- reserve of disposal group held for sale	0	0	0	0	0	0	0
Non-controlling interests	0	0	0	0	0	6,807,652	6,807,652
Subordinated liabilities	10,778,746	9,835,774	1,500,000	0	22,114,520	-6,650,632	15,463,888
Insurance technical provisions	1,056,237,461	1,363,521,428	16,281,367	0	2,436,040,256	-98,998,214	2,337,042,042
- unearned premiums	355,958,791	530,826	3,258,870	0	359,748,487	-27,009,304	332,739,183
- mathematical provisions	0	1,337,710,366	0	0	1,337,710,366	1,856,981	1,339,567,347
- claims provisions	673,621,626	20,045,999	10,492,385	0	704,160,010	-72,832,858	631,327,152
- other insurance technical provisions	26,657,044	5,234,237	2,530,112	0	34,421,393	-1,013,033	33,408,360
Insurance technical provisions for unit-linked insurance contracts	0	429,192,194	0	0	429,192,194	0	429,192,195
Employee benefits	10,768,403	2,047,954	484,657	612,770	13,913,784	0	13,913,784
Other provisions	1,743,861	1,316,348	161,611	370,378	3,592,198	0	3,592,198
Deferred tax liabilities	14,268,067	6,181,296	0	3,291,534	23,740,897	0	23,740,897
Other financial liabilities	4,701,435	2,321,301	24,375	3,281,066	10,328,177	-4,335,120	5,993,057
Operating liabilities	82,964,691	9,418,496	4,057,129	350,137	96,790,453	-34,429,857	62,360,596
- liabilities from direct insurance operations	7,883,877	9,392,445	3,739,949	0	21,016,271	-501,846	20,514,425
- liabilities from reinsurance and co-insurance operations	73,289,891	26,051	105,828	0	73,421,770	-33,928,011	39,493,759
- current tax liabilities	1,790,923	0	211,352	350,137	2,352,412	0	2,352,412
Other liabilities	58,886,697	5,643,743	3,422,989	22,506,417	90,459,846	-26,627,099	63,832,747
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
BY SEGMENT**

31 December 2017

	Non-life	Life	Health	Other	TOTAL NON- CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	1,771,644,611	2,003,539,158	56,434,979	185,413,134	4,017,031,882	-342,355,689	3,674,676,193
Intangible assets	71,318,618	3,025,618	1,288,099	3,208,277	78,840,612	0	78,840,612
Property, plant and equipment	90,742,267	10,567,978	1,427,685	8,472,507	111,210,437	0	111,210,437
Deferred tax assets	12,994,783	380,255	64,932	329,145	13,769,115	0	13,769,115
Investment property	51,244,024	2,401,488	0	34,998,000	88,643,512	5,363,971	94,007,483
Investments in subsidiaries	116,711,634	10,504,174	0	75,677,210	202,893,018	-202,893,018	0
Investments in associates	4,399,809	708,237	0	1,341,278	6,449,324	0	6,449,324
Financial assets	1,058,188,425	1,923,532,925	47,398,481	41,536,723	3,070,656,554	-32,569,806	3,038,086,748
Financial investments:	1,058,188,425	1,473,296,881	47,398,481	41,536,723	2,620,420,510	-32,569,806	2,587,850,704
- loans and deposits	74,294,351	68,428,166	389,713	9,560,016	152,672,246	-27,420,759	125,251,487
- held to maturity	0	221,390,576	0	0	221,390,576	0	221,390,576
- available for sale	978,443,512	762,544,440	47,008,768	31,976,707	1,819,973,427	-4,649,527	1,815,323,900
- recognised at fair value through profit and loss	5,450,562	420,933,699	0	0	426,384,261	-499,520	425,884,741
Unit-linked insurance assets	0	450,236,044	0	0	450,236,044	0	450,236,044
Reinsurers' share of technical provisions	164,982,800	33,246	86,064	0	165,102,110	-81,286,534	83,815,576
Receivables	175,081,175	6,250,245	4,630,440	8,765,717	194,727,577	-30,849,223	163,878,354
- receivables from direct insurance operations	80,936,921	526,028	4,384,052	25,485	85,872,486	-149,994	85,722,492
- receivables from reinsurance and co-insurance operations	70,564,407	107,320	44,261	0	70,715,988	-25,776,286	44,939,702
- current tax receivables	21,706	154	0	10,351	32,211	0	32,211
- other receivables	23,558,141	5,616,743	202,127	8,729,881	38,106,892	-4,922,943	33,183,949
Other assets	3,258,596	72,269	93,026	619,445	4,043,336	-121,079	3,922,257
Cash and cash equivalents	22,722,480	46,062,723	1,446,252	8,186,392	78,417,847	0	78,417,847
Non-current assets held for sale	0	0	0	2,278,440	2,278,440	0	2,278,440
EQUITY AND LIABILITIES	1,771,644,611	2,003,539,158	56,434,979	185,413,134	4,017,031,882	-342,355,689	3,674,676,193
Equity	610,210,587	159,335,731	30,986,326	154,611,642	955,144,286	-198,498,603	756,645,683
Controlling interests	610,210,587	159,335,731	30,986,326	154,611,642	955,144,286	-205,306,042	749,838,244
- share capital	114,718,513	47,691,579	25,822,144	92,083,600	280,315,836	-206,614,444	73,701,392
- share premium	43,048,225	13,658,827	0	20,762,996	77,470,048	-27,066,392	50,403,656
- reserves from profit	283,095,556	47,156,595	344,643	1,709,241	332,306,035	1,101,038	333,407,073
- fair value reserve	65,931,902	14,646,079	1,629,381	14,853,773	97,061,135	-1,662,899	95,398,236
- net profit brought forward	76,985,684	22,765,346	2,055,271	23,281,671	125,087,972	35,560,020	160,647,992
- net profit for the year	28,420,908	14,075,019	1,134,887	1,956,845	45,587,659	-6,453,704	39,133,955
- currency translation differences	-1,990,201	-657,714	0	-36,484	-2,684,399	-169,661	-2,854,060
- reserve of disposal group held for sale	0	0	0	0	0	0	0
Non-controlling interests	0	0	0	0	0	6,807,439	6,807,439
Subordinated liabilities	10,775,525	9,832,655	1,500,000	0	22,108,180	-6,649,048	15,459,132
Insurance technical provisions	990,706,110	1,356,384,332	14,831,179	0	2,361,921,621	-79,220,595	2,282,701,026
- unearned premiums	289,866,512	439,263	2,630,206	0	292,935,981	-14,823,262	278,112,719
- mathematical provisions	0	1,331,198,408	0	0	1,331,198,408	1,856,981	1,333,055,389
- claims provisions	675,322,350	19,476,640	9,929,037	0	704,728,027	-66,254,314	638,473,713
- other insurance technical provisions	25,517,248	5,270,021	2,271,936	0	33,059,205	0	33,059,205
Insurance technical provisions for unit-linked insurance contracts	0	449,544,564	0	0	449,544,564	0	449,544,565
Employee benefits	10,860,025	2,022,147	486,037	611,634	13,979,843	0	13,979,843
Other provisions	1,869,081	1,372,200	161,611	391,755	3,794,647	0	3,794,647
Deferred tax liabilities	15,511,778	7,331,797	0	3,553,004	26,396,579	0	26,396,579
Other financial liabilities	5,549,056	1,112,471	98,854	8,664,123	15,424,504	-9,835,123	5,589,381
Operating liabilities	63,014,034	8,501,117	4,126,075	301,889	75,943,115	-26,561,513	49,381,602
- liabilities from direct insurance operations	7,156,311	8,336,100	4,003,137	0	19,495,548	-620,225	18,875,323
- liabilities from reinsurance and co-insurance operations	54,516,389	146,850	36,207	0	54,699,446	-25,941,288	28,758,158
- current tax liabilities	1,341,334	18,167	86,731	301,889	1,748,121	0	1,748,121
Other liabilities	63,148,415	8,102,144	4,244,897	17,279,087	92,774,543	-21,590,808	71,183,735
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

31 March 2018

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,668,976,596	423,399,701	4,092,376,297	-369,396,554	3,722,979,743
Intangible assets	69,768,750	15,725,543	85,494,293	0	85,494,293
Property, plant and equipment	76,287,227	37,549,774	113,837,001	0	113,837,001
Deferred tax assets	12,852,725	412,481	13,265,206	0	13,265,206
Investment property	76,845,931	12,065,349	88,911,280	5,363,971	94,275,251
Investments in subsidiaries	195,641,115	7,269,768	202,910,883	-202,910,883	0
Investments in associates	11,246,690	0	11,246,690	0	11,246,690
Financial assets	2,802,061,491	240,377,792	3,042,439,283	-32,331,869	3,010,107,414
Financial investments:	2,390,935,022	221,751,633	2,612,686,655	-32,331,869	2,580,354,786
- loans and deposits	111,602,323	44,914,111	156,516,434	-27,181,238	129,335,196
- held to maturity	192,369,240	17,530,468	209,899,708	0	209,899,708
- available for sale	1,663,765,249	153,928,888	1,817,694,137	-4,650,958	1,813,043,179
- recognised at fair value through profit and loss	423,198,210	5,378,166	428,576,376	-499,673	428,076,703
Unit-linked insurance assets	411,126,469	18,626,159	429,752,628	0	429,752,628
Reinsurers' share of technical provisions	169,428,465	36,656,134	206,084,599	-100,774,120	105,310,479
Receivables	195,155,278	53,337,031	248,492,309	-38,589,899	209,902,410
- receivables from direct insurance operations	94,754,163	33,257,553	128,011,716	-216,359	127,795,357
- receivables from reinsurance and co-insurance operations	73,916,554	5,904,378	79,820,932	-33,845,134	45,975,798
- current tax receivables	8,336	69,807	78,143	0	78,143
- other receivables	26,476,225	14,105,293	40,581,518	-4,528,406	36,053,112
Other assets	3,702,113	2,161,448	5,863,561	-153,754	5,709,807
Cash and cash equivalents	55,230,038	16,321,137	71,551,175	0	71,551,175
Non-current assets held for sale	756,773	1,523,244	2,280,017	0	2,280,017
EQUITY AND LIABILITIES	3,668,976,596	423,399,701	4,092,376,297	-369,396,554	3,722,979,743
Equity	851,638,351	114,565,621	966,203,972	-198,355,633	767,848,339
Controlling interests	851,638,351	114,565,621	966,203,972	-205,163,285	761,040,687
- share capital	183,913,161	96,397,709	280,310,870	-206,609,478	73,701,392
- share premium	75,913,505	1,556,543	77,470,048	-27,074,667	50,395,381
- reserves from profit	322,949,553	9,356,482	332,306,035	1,101,039	333,407,074
- fair value reserve	74,898,030	9,872,691	84,770,721	-1,589,254	83,181,467
- net profit brought forward	171,427,871	-752,240	170,675,631	29,106,313	199,781,944
- net profit for the year	22,536,231	796,341	23,332,572	-102,515	23,230,057
- currency translation differences	0	-2,661,905	-2,661,905	5,277	-2,656,628
- reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	6,807,652	6,807,652
Subordinated liabilities	22,114,520	0	22,114,520	-6,650,632	15,463,888
Insurance technical provisions	2,204,291,683	231,748,573	2,436,040,256	-98,998,214	2,337,042,042
- unearned premiums	284,393,986	75,354,501	359,748,487	-27,009,304	332,739,183
- mathematical provisions	1,274,552,723	63,157,643	1,337,710,366	1,856,981	1,339,567,347
- claims provisions	614,527,150	89,632,860	704,160,010	-72,832,858	631,327,152
- other insurance technical provisions	30,817,824	3,603,569	34,421,393	-1,013,033	33,408,360
Insurance technical provisions for unit-linked insurance contracts	410,642,885	18,549,309	429,192,194	0	429,192,195
Employee benefits	12,081,367	1,832,417	13,913,784	0	13,913,784
Other provisions	2,335,441	1,256,757	3,592,198	0	3,592,198
Deferred tax liabilities	22,145,406	1,595,491	23,740,897	0	23,740,897
Other financial liabilities	5,890,549	4,437,628	10,328,177	-4,335,120	5,993,056
Operating liabilities	73,272,444	23,518,009	96,790,453	-34,429,857	62,360,596
- liabilities from direct insurance operations	17,576,725	3,439,546	21,016,271	-501,846	20,514,425
- liabilities from reinsurance and co-insurance operations	53,381,998	20,039,772	73,421,770	-33,928,011	39,493,759
- current tax liabilities	2,313,721	38,691	2,352,412	0	2,352,412
Other liabilities	64,563,950	25,895,896	90,459,846	-26,627,099	63,832,747
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

31 December 2017

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,614,478,901	402,552,981	4,017,031,882	-342,355,689	3,674,676,193
Intangible assets	64,429,076	14,411,536	78,840,612	0	78,840,612
Property, plant and equipment	73,583,739	37,626,698	111,210,437	0	111,210,437
Deferred tax assets	13,357,451	411,664	13,769,115	0	13,769,115
Investment property	76,402,270	12,241,242	88,643,512	5,363,971	94,007,483
Investments in subsidiaries	195,617,238	7,275,780	202,893,018	-202,893,018	0
Investments in associates	6,449,324	0	6,449,324	0	6,449,324
Financial assets	2,830,737,860	239,918,694	3,070,656,554	-32,569,806	3,038,086,748
Financial investments:	2,399,932,370	220,488,140	2,620,420,510	-32,569,806	2,587,850,704
- loans and deposits	111,821,768	40,850,478	152,672,246	-27,420,759	125,251,487
- held to maturity	203,560,517	17,830,059	221,390,576	0	221,390,576
- available for sale	1,663,292,719	156,680,708	1,819,973,427	-4,649,527	1,815,323,900
- recognised at fair value through profit and loss	421,257,366	5,126,895	426,384,261	-499,520	425,884,741
Unit-linked insurance assets	430,805,490	19,430,554	450,236,044	0	450,236,044
Reinsurers' share of technical provisions	141,119,147	23,982,963	165,102,110	-81,286,534	83,815,576
Receivables	145,898,870	48,828,707	194,727,577	-30,849,223	163,878,354
- receivables from direct insurance operations	59,122,562	26,749,924	85,872,486	-149,994	85,722,492
- receivables from reinsurance and co-insurance operations	62,936,521	7,779,467	70,715,988	-25,776,286	44,939,702
- current tax receivables	4,457	27,754	32,211	0	32,211
- other receivables	23,835,330	14,271,562	38,106,892	-4,922,943	33,183,949
Other assets	2,245,426	1,797,910	4,043,336	-121,079	3,922,257
Cash and cash equivalents	63,881,727	14,536,120	78,417,847	0	78,417,847
Non-current assets held for sale	756,773	2,278,440	2,278,440	0	2,278,440
EQUITY AND LIABILITIES	3,614,478,901	402,552,981	4,017,031,882	-342,355,689	3,674,676,193
Equity	842,431,956	112,712,330	955,144,286	-198,498,603	756,645,683
Controlling interests	842,431,956	112,712,330	955,144,286	-205,306,042	749,838,244
- share capital	183,918,127	96,397,709	280,315,836	-206,614,444	73,701,392
- share premium	75,913,505	1,556,543	77,470,048	-27,066,392	50,403,656
- reserves from profit	322,949,553	9,356,482	332,306,035	1,101,038	333,407,073
- fair value reserve	88,222,900	8,838,235	97,061,135	-1,662,899	95,398,236
- net profit brought forward	128,992,839	-3,904,867	125,087,972	35,560,020	160,647,992
- net profit for the year	42,435,032	3,152,627	45,587,659	-6,453,704	39,133,955
- currency translation differences	0	-2,684,399	-2,684,399	-169,661	-2,854,060
- reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	6,807,439	6,807,439
Subordinated liabilities	22,108,180	0	22,108,180	-6,649,048	15,459,132
Insurance technical provisions	2,139,794,923	222,126,698	2,361,921,621	-79,220,595	2,282,701,026
- unearned premiums	223,888,442	69,047,539	292,935,981	-14,823,262	278,112,719
- mathematical provisions	1,269,100,045	62,098,363	1,331,198,408	1,856,981	1,333,055,389
- claims provisions	617,489,746	87,238,281	704,728,027	-66,254,314	638,473,713
- other insurance technical provisions	29,316,690	3,742,515	33,059,205	0	33,059,205
Insurance technical provisions for unit-linked insurance contracts	430,052,242	19,492,322	449,544,564	0	449,544,565
Employee benefits	11,920,963	2,058,880	13,979,843	0	13,979,843
Other provisions	2,351,028	1,443,619	3,794,647	0	3,794,647
Deferred tax liabilities	24,957,195	1,439,384	26,396,579	0	26,396,579
Other financial liabilities	10,009,188	5,415,316	15,424,504	-9,835,123	5,589,381
Operating liabilities	64,669,856	11,273,259	75,943,115	-26,561,513	49,381,602
- liabilities from direct insurance operations	15,840,323	3,655,225	19,495,548	-620,225	18,875,323
- liabilities from reinsurance and co-insurance operations	47,201,500	7,497,946	54,699,446	-25,941,288	28,758,158
- current tax liabilities	1,628,033	120,088	1,748,121	0	1,748,121
Other liabilities	66,183,370	26,591,173	92,774,543	-21,590,808	71,183,735
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	Q1 2018				
	Non-life	Life	Health	Other	TOTAL
NET PREMIUM INCOME	134,182,152	55,902,883	33,326,745	0	223,411,780
- gross written premium	202,874,512	55,746,256	33,951,767	0	292,572,535
- ceded written premium	-37,601,728	-14,849	0	0	-37,616,577
- change in unearned premium reserve	-31,090,632	171,476	-625,022	0	-31,544,178
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	60,464	0	0	205,111	265,575
- profit on equity investments accounted for using the equity method	60,464	0	0	205,111	265,575
- other income from investments in subsidiaries and associates	0	0	0	0	0
INCOME FROM INVESTMENTS	7,150,530	12,685,476	172,687	45,560	20,054,253
- interest income calculated using the effective interest method	4,476,294	9,411,973	165,747	14,417	14,068,431
- gains on disposals	2,419,712	2,431,292	6,940	0	4,857,944
- other income from investments	254,524	842,211	0	31,143	1,127,878
OTHER INCOME FROM INSURANCE OPERATIONS	7,868,246	26,388	9,682	0	7,904,316
- fees and commission income	4,844,948	18,367	0	0	4,863,315
- other income from insurance operations	3,023,298	8,021	9,682	0	3,041,001
OTHER INCOME	1,607,677	34,559	11,844	6,936,492	8,590,572
NET CLAIMS INCURRED	72,415,078	49,888,712	29,329,345	0	151,633,135
- gross claims settled	94,050,105	49,359,450	27,608,145	0	171,017,700
- reinsurers' share	-8,021,758	0	0	0	-8,021,758
- changes in claims provisions	-13,613,269	529,262	562,088	0	-12,521,919
- equalisation scheme expenses for supplementary health insurance	0	0	1,159,112	0	1,159,112
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	499,200	5,150,893	258,175	0	5,908,268
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-20,304,034	0	0	-20,304,034
EXPENSES FOR BONUSES AND DISCOUNTS	2,441,783	43,972	0	0	2,485,755
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0
OPERATING EXPENSES	40,966,372	7,894,428	3,007,977	0	51,868,777
- acquisition costs	29,609,698	4,635,920	939,168	0	35,184,786
- other operating costs	11,356,674	3,258,508	2,068,809	0	16,683,991
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	2,006	25,071	0	0	27,077
- loss on investments accounted for using the equity method	2,006	25,071	0	0	27,077
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM INVESTMENTS	2,618,019	21,201,494	9,407	561	23,829,481
- loss on impairment of investments	2,950	5,329	0	0	8,279
- loss on disposal of investments	1,014,528	1,285,362	0	0	2,299,890
- other expenses from investments	1,600,541	19,910,803	9,407	561	21,521,312
OTHER INSURANCE EXPENSES	7,051,783	80,094	141,615	0	7,273,492
OTHER EXPENSES	2,869,502	573,204	93	6,536,435	9,979,234
- expenses from financing	148,460	140,772	0	453	289,685
- other expenses	2,721,042	432,432	93	6,535,982	9,689,549
PROFIT BEFORE TAX	22,005,326	4,095,472	774,346	650,167	27,525,311
Income tax expense	2,889,121	789,268	126,587	387,765	4,192,741
NET PROFIT FOR THE PERIOD	19,116,205	3,306,204	647,759	262,402	23,332,570
Net profit/loss attributable to the controlling company	19,074,809	3,227,753	647,759	279,736	23,230,057
Net profit/loss attributable to the non-controlling interest holders	41,396	78,451	0	-17,334	102,513

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	Q1 2017				
	Non-life	Life	Health	Other	TOTAL
NET PREMIUM INCOME	125,856,389	57,503,521	31,192,185	0	214,552,095
- gross written premium	191,091,993	57,578,922	31,962,261	0	280,633,176
- ceded written premium	-36,230,126	-881	0	0	-36,231,007
- change in unearned premium reserve	-29,005,478	-74,520	-770,076	0	-29,850,074
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	0	9,546	0	50,571	60,117
- profit on equity investments accounted for using the equity method	0	9,546	0	50,571	60,117
- other income from investments in subsidiaries and associates	0	0	0	0	0
INCOME FROM INVESTMENTS	8,649,921	33,382,954	238,442	3,887	42,275,204
- interest income calculated using the effective interest method	4,854,192	9,610,486	177,832	257	14,642,767
- gains on disposals	3,256,138	3,283,674	60,603	0	6,600,415
- other income from investments	539,591	20,488,794	7	3,630	21,032,022
OTHER INCOME FROM INSURANCE OPERATIONS	8,336,873	56,043	10,719	0	8,403,635
- fees and commission income	5,572,189	44,798	0	0	5,616,987
- other income from insurance operations	2,764,684	11,245	10,719	0	2,786,648
OTHER INCOME	1,484,322	28,589	13,959	6,531,344	8,058,214
NET CLAIMS INCURRED	74,798,948	47,834,164	25,618,291	0	148,251,403
- gross claims settled	79,626,634	47,852,148	24,915,391	0	152,394,173
- reinsurers' share	-3,645,268	0	0	0	-3,645,268
- changes in claims provisions	-1,182,418	-17,984	-627,069	0	-1,827,471
- equalisation scheme expenses for supplementary health insurance	0	0	1,329,969	0	1,329,969
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	750,577	11,810,006	563,769	0	13,124,352
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	11,148,205	0	0	11,148,205
EXPENSES FOR BONUSES AND DISCOUNTS	2,547,000	11,761	0	0	2,558,761
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0
OPERATING EXPENSES	39,241,953	7,506,964	2,829,263	0	49,578,180
- acquisition costs	27,908,536	4,298,924	985,519	0	33,192,979
- other operating costs	11,333,417	3,208,040	1,843,744	0	16,385,201
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	7,433	3,204	0	136,434	147,071
- loss on investments accounted for using the equity method	7,433	3,204	0	136,434	147,071
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM INVESTMENTS	3,023,465	5,820,597	37,444	109,380	8,990,886
- loss on impairment of investments	0	14,302	0	0	14,302
- loss on disposal of investments	1,847,036	1,867,340	28,049	107,474	3,849,899
- other expenses from investments	1,176,429	3,938,955	9,395	1,906	5,126,685
OTHER INSURANCE EXPENSES	6,231,622	46,854	96,792	0	6,375,268
OTHER EXPENSES	1,241,433	182,912	49	6,293,078	7,717,472
- expenses from financing	339,658	144,841	0	258	484,757
- other expenses	901,775	38,071	49	6,292,820	7,232,715
PROFIT BEFORE TAX	16,485,074	6,615,986	2,309,697	46,910	25,457,667
Income tax expense	2,095,122	743,993	0	301,356	3,140,471
NET PROFIT FOR THE PERIOD	14,389,952	5,871,993	2,309,697	-254,446	22,317,196
Net profit/loss attributable to the controlling company	14,188,777	5,795,389	2,309,697	-235,027	22,058,836
Net profit/loss attributable to the non-controlling interest holders	201,175	76,604	0	-19,419	258,360

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	Q1 2018		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	181,485,838	41,925,942	223,411,780
- gross written premium	242,837,906	49,734,629	292,572,535
- ceded written premium	-31,059,795	-6,556,782	-37,616,577
- change in unearned premium reserve	-30,292,273	-1,251,905	-31,544,178
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	265,575	0	265,575
- profit on equity investments accounted for using the equity method	265,575	0	265,575
- other income from investments in subsidiaries and associates	0	0	0
INCOME FROM INVESTMENTS	17,881,164	2,173,089	20,054,253
- interest income calculated using the effective interest method	12,123,375	1,945,056	14,068,431
- gains on disposals	4,850,791	7,153	4,857,944
- other income from investments	906,998	220,880	1,127,878
OTHER INCOME FROM INSURANCE OPERATIONS	6,731,490	1,172,826	7,904,316
- fees and commission income	4,465,708	397,607	4,863,315
- other income from insurance operations	2,265,782	775,219	3,041,001
OTHER INCOME	7,089,019	1,501,553	8,590,572
NET CLAIMS INCURRED	128,277,048	23,356,087	151,633,135
- gross claims settled	145,096,365	25,921,335	171,017,700
- reinsurers' share	-5,903,619	-2,118,139	-8,021,758
- changes in claims provisions	-12,074,810	-447,109	-12,521,919
- equalisation scheme expenses for supplementary health insurance	1,159,112	0	1,159,112
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	4,911,671	996,597	5,908,268
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-19,341,564	-962,470	-20,304,034
EXPENSES FOR BONUSES AND DISCOUNTS	2,377,525	108,230	2,485,755
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0
OPERATING EXPENSES	36,829,039	15,039,738	51,868,777
- acquisition costs	24,674,564	10,510,222	35,184,786
- other operating costs	12,154,475	4,529,516	16,683,991
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	27,077	0	27,077
- loss on investments accounted for using the equity method	27,077	0	27,077
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM INVESTMENTS	22,126,245	1,703,236	23,829,481
- loss on impairment of investments	0	8,279	8,279
- loss on disposal of investments	2,299,710	180	2,299,890
- other expenses from investments	19,826,535	1,694,777	21,521,312
OTHER INSURANCE EXPENSES	5,719,858	1,553,634	7,273,492
OTHER EXPENSES	7,644,292	2,334,942	9,979,234
- expenses from financing	274,547	15,138	289,685
- other expenses	7,369,745	2,319,804	9,689,549
PROFIT BEFORE TAX	24,881,895	2,643,416	27,525,311
Income tax expense	4,161,356	31,385	4,192,741
NET PROFIT FOR THE PERIOD	20,720,539	2,612,031	23,332,570
Net profit/loss attributable to the controlling company	20,660,708	2,569,349	23,230,057
Net profit/loss attributable to the non-controlling interest holders	59,831	42,682	102,513

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	Q1 2017		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	175,596,115	38,955,980	214,552,095
- gross written premium	233,574,621	47,058,555	280,633,176
- ceded written premium	-30,104,173	-6,126,834	-36,231,007
- change in unearned premium reserve	-27,874,333	-1,975,741	-29,850,074
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	60,117	0	60,117
- profit on equity investments accounted for using the equity method	60,117	0	60,117
- other income from investments in subsidiaries and associates	0	0	0
INCOME FROM INVESTMENTS	39,406,664	2,868,540	42,275,204
- interest income calculated using the effective interest method	12,638,845	2,003,922	14,642,767
- gains on disposals	6,599,725	690	6,600,415
- other income from investments	20,168,094	863,928	21,032,022
OTHER INCOME FROM INSURANCE OPERATIONS	7,348,164	1,055,471	8,403,635
- fees and commission income	5,310,812	306,175	5,616,987
- other income from insurance operations	2,037,352	749,296	2,786,648
OTHER INCOME	6,422,124	1,636,090	8,058,214
NET CLAIMS INCURRED	129,994,664	18,256,739	148,251,403
- gross claims settled	133,165,536	19,228,637	152,394,173
- reinsurers' share	-2,878,473	-766,795	-3,645,268
- changes in claims provisions	-1,622,368	-205,103	-1,827,471
- equalisation scheme expenses for supplementary health insurance	1,329,969	0	1,329,969
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	12,236,795	887,557	13,124,352
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	10,887,630	260,575	11,148,205
EXPENSES FOR BONUSES AND DISCOUNTS	2,206,346	352,415	2,558,761
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0
OPERATING EXPENSES	35,558,353	14,019,827	49,578,180
- acquisition costs	23,789,439	9,403,540	33,192,979
- other operating costs	11,768,914	4,616,287	16,385,201
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	147,071	0	147,071
- loss on investments accounted for using the equity method	147,071	0	147,071
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM INVESTMENTS	7,481,214	1,509,672	8,990,886
- loss on impairment of investments	0	14,302	14,302
- loss on disposal of investments	3,831,115	18,784	3,849,899
- other expenses from investments	3,650,099	1,476,586	5,126,685
OTHER INSURANCE EXPENSES	4,895,052	1,480,216	6,375,268
OTHER EXPENSES	5,400,181	2,317,291	7,717,472
- expenses from financing	476,868	7,889	484,757
- other expenses	4,923,313	2,309,402	7,232,715
PROFIT BEFORE TAX	20,025,878	5,431,789	25,457,667
Income tax expense	3,124,023	16,448	3,140,471
NET PROFIT FOR THE PERIOD	16,901,855	5,415,341	22,317,196
Net profit/loss attributable to the controlling company	16,841,982	5,216,854	22,058,836
Net profit/loss attributable to the non-controlling interest holders	59,873	198,488	258,360

2.5 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.

in EUR

IZKAZ FINANČNEGA POLOŽAJA PO SEGMENTIH

	31 March 2018			31 December 2017		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
ASSETS	1,289,054,251	1,549,200,388	2,838,254,639	1,234,239,636	1,571,072,810	2,805,312,446
Intangible assets	61,932,795	2,837,908	64,770,703	56,888,236	2,898,047	59,786,283
Property, plant and equipment	61,712,993	8,483,461	70,196,454	58,868,140	8,658,635	67,526,775
Deferred tax assets	12,335,206	143,092	12,478,298	12,623,125	340,249	12,963,374
Investment property	47,365,057	1,233,468	48,598,525	46,974,353	1,240,048	48,214,401
Investments in subsidiaries	109,621,939	8,545,998	118,167,937	109,621,939	8,545,998	118,167,937
Investments in associates	14,588,855	0	14,588,856	10,002,047	0	10,002,047
Financial assets	745,227,661	1,505,773,169	2,251,000,829	754,881,568	1,523,724,547	2,278,606,115
Financial investments:	745,227,661	1,109,865,496	1,855,093,157	754,881,568	1,106,116,588	1,860,998,156
- loans and deposits	43,962,778	46,267,845	90,230,623	39,631,423	51,797,172	91,428,595
- held to maturity	0	158,991,522	158,991,522	0	166,993,807	166,993,807
- available for sale	699,448,633	706,386,961	1,405,835,594	713,379,512	687,273,476	1,400,652,988
- recognised at fair value through profit and loss	1,816,249	198,219,169	200,035,418	1,870,633	200,052,133	201,922,766
Unit-linked insurance assets	0	395,907,672	395,907,672	0	417,607,959	417,607,959
Reinsurers' share of technical provisions	103,467,673	65,756	103,533,430	85,295,285	32,360	85,327,645
Assets from investment contracts	0	0	0	0	0	0
Receivables	117,438,594	7,373,475	124,812,069	84,107,305	3,102,644	87,209,949
- receivables from direct insurance operations	89,916,857	400,080	90,316,937	54,345,318	386,535	54,731,853
- receivables from reinsurance and co-insurance operations	14,979,734	672	14,980,406	13,786,820	102,972	13,889,792
- current tax receivables	0	0	0	0	0	0
- other receivables	12,542,002	6,972,723	19,514,726	15,975,167	2,613,137	18,588,304
Other assets	3,162,184	0	3,162,184	1,990,130	3,044	1,993,174
Cash and cash equivalents	12,201,294	14,744,060	26,945,354	12,987,508	22,527,238	35,514,746
Non-current assets held for sale	0	0	0	0	0	0
EQUITY AND LIABILITIES	1,289,054,251	1,549,200,388	2,838,254,639	1,234,239,636	1,571,072,810	2,805,312,446
Equity	480,822,105	97,840,970	578,663,075	469,422,357	101,989,948	571,412,305
Controlling interests	480,822,105	97,840,970	578,663,075	469,422,357	101,989,948	571,412,305
- 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
- treasury share reserves	0	0	0	0	0	0
- treasury shares	0	0	0	0	0	0
- fair value reserve	53,095,547	2,705,969	55,801,517	57,662,938	9,587,325	67,250,264
- net profit brought forward	46,625,149	11,459,973	58,085,122	25,295,403	267,769	25,563,172
- net profit for the year	15,967,139	2,732,378	18,699,517	21,329,746	11,192,204	32,521,950
- currency translation differences	0	0	0	0	0	0
- reserve of disposal group held for sale	0	0	0	0	0	0
Non-controlling interests	0	0	0	0	0	0
Subordinated liabilities	10,778,746	9,835,774	20,614,520	10,775,525	9,832,655	20,608,180
Insurance technical provisions	709,520,434	1,026,684,981	1,736,205,415	668,287,155	1,018,822,112	1,687,109,267
- unearned premiums	241,830,889	494,238	242,325,126	196,121,894	406,291	196,528,185
- mathematical provisions	0	1,002,144,155	1,002,144,155	0	994,737,498	994,737,498
- claims provisions	445,823,962	18,844,968	464,668,929	450,789,937	18,440,963	469,230,900
- other insurance technical provisions	21,865,584	5,201,621	27,067,205	21,375,324	5,237,360	26,612,684
Insurance technical provisions for unit-linked insurance contracts	0	393,944,945	393,944,945	0	416,250,767	416,250,767
Employee benefits	8,951,332	1,907,128	10,858,460	8,819,152	1,881,311	10,700,463
Other provisions	657,482	111,700	769,182	613,261	111,700	724,961
Deferred tax liabilities	12,538,635	7,373,414	19,912,049	13,609,999	8,654,428	22,264,427
Liabilities from investment contracts	0	0	0	0	0	0
Other financial liabilities	1,836,670	0	1,836,670	1,845,184	0	1,845,184
Operating liabilities	28,003,249	6,987,020	34,990,268	21,083,190	6,656,860	27,740,050
- liabilities from direct insurance operations	5,670,113	6,975,648	12,645,761	4,821,731	6,532,534	11,354,265
- liabilities from reinsurance and co-insurance operations	20,590,426	11,371	20,601,797	15,125,471	124,326	15,249,797
- current tax liabilities	1,742,710	0	1,742,710	1,135,988	0	1,135,988
Other liabilities	35,945,599	4,514,456	40,460,055	39,783,813	6,873,029	46,656,842
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0

in EUR

IZKAZ POSLOVNEGA IZIDA PO SEGMENTIH

	Q1 2018			Q1 2017		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
NET PREMIUM INCOME	87,088,746	44,358,258	131,447,004	80,856,808	46,967,676	127,824,484
- gross written premium	148,029,746	44,457,575	192,487,319	138,323,791	47,184,471	185,508,262
- ceded written premium	-33,669,526	-11,371	-33,680,897	-33,838,332	-130,832	-33,969,164
- change in unearned premium reserve	-27,271,472	-87,946	-27,359,418	-23,628,651	-85,963	-23,714,614
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	208,729	0	208,729	208,626	0	208,626
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- other income from investments in subsidiaries and associates	208,729	0	208,729	208,626	0	208,626
INCOME FROM INVESTMENTS	5,126,073	9,601,610	14,727,684	6,337,346	27,690,438	34,027,785
- interest income calculated using the effective interest method	2,634,228	6,787,856	9,422,084	2,821,433	7,009,000	9,830,434
- gains on disposals	2,339,617	2,422,351	4,761,968	3,214,235	3,226,768	6,441,003
- other income from investments	152,229	391,403	543,632	301,677	17,454,670	17,756,348
OTHER INCOME FROM INSURANCE OPERATIONS	7,387,164	60,078	7,447,242	8,250,674	60,264	8,310,936
- fees and commission income	4,836,775	53,687	4,890,461	5,884,669	52,132	5,936,801
- other income from insurance operations	2,550,390	6,391	2,556,781	2,366,005	8,132	2,374,135
OTHER INCOME	1,736,384	1,023,448	2,759,832	1,536,687	1,070,038	2,606,725
NET CLAIMS INCURRED	46,183,490	43,631,426	89,814,916	49,348,922	42,265,635	91,614,557
- gross claims settled	64,235,618	43,261,490	107,497,108	55,392,477	42,407,821	97,800,298
- reinsurers' share	-7,664,073	-672	-7,664,745	-4,770,261	-13,519	-4,783,780
- changes in claims provisions	-10,388,055	370,608	-10,017,447	-1,273,294	-128,667	-1,401,961
- equalisation scheme expenses for supplementary health insurance	0	0	0	0	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	490,260	6,117,215	6,607,475	658,735	9,912,520	10,571,255
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-22,238,030	-22,238,030	0	7,356,700	7,356,700
EXPENSES FOR BONUSES AND DISCOUNTS	2,602,076	0	2,602,076	2,163,459	0	2,163,459
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0	0
OPERATING EXPENSES	26,755,603	6,893,973	33,649,576	25,704,828	6,978,793	32,683,621
- acquisition costs	19,534,859	4,589,554	24,124,414	18,749,486	4,777,566	23,527,052
- other operating costs	7,220,743	2,304,419	9,525,162	6,955,342	2,201,227	9,156,569
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	628	0	628	3,759	0	3,759
- loss on investments accounted for using the equity method	0	0	0	0	0	0
- other expenses from financial assets and liabilities	628	0	628	3,759	0	3,759
EXPENSES FROM INVESTMENTS	2,039,436	16,464,024	18,503,461	2,568,710	3,274,376	5,843,086
- loss on impairment of investments	0	0	0	0	0	0
- loss on disposal of investments	1,014,348	1,258,336	2,272,685	1,826,299	1,839,285	3,665,584
- other expenses from investments	1,025,088	15,205,688	16,230,776	742,411	1,435,091	2,177,502
OTHER INSURANCE EXPENSES	2,202,776	82,682	2,285,458	1,525,092	42,498	1,567,590
OTHER EXPENSES	2,715,161	570,458	3,285,619	1,263,404	182,967	1,446,370
- expenses from financing	172,952	147,416	320,369	368,140	151,883	520,022
- other expenses	2,542,208	423,042	2,965,250	895,264	31,084	926,348
PROFIT BEFORE TAX	18,557,666	3,521,646	22,079,312	13,953,232	5,774,927	19,728,159
Income tax expense	2,590,527	789,268	3,379,795	1,797,615	743,993	2,541,608
NET PROFIT FOR THE PERIOD	15,967,139	2,732,378	18,699,517	12,155,618	5,030,934	17,186,551

2.6 Significant items of the statement of financial position

Intangible assets

In the reporting period, the carrying amount of intangible assets of the Triglav Group increased by EUR 6.7 million, mainly as the result of the increase in the long-term deferred acquisition costs amounting to EUR 6.9 million. In the reporting period, new purchases of intangible assets equalled EUR 1.2 million. In the first quarter of 2018, amortisation reached EUR 1.5 million.

In the reporting period, the carrying amount of intangible assets of Zavarovalnica Triglav increased by EUR 5 million. In the separate financial statements, the change as well mainly refers to the increase in long-term deferred acquisition costs. New purchases of other intangible assets in the amount of EUR 348 thousand primarily relate to the purchase of licences and software. In the first quarter of 2018, amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 1.1 million.

Property, plant and equipment

In the first quarter of 2018, the carrying amount of property, plant and equipment of the Triglav Group increased by EUR 2.6 million. In the first quarter of 2018, Triglav Group acquired new property, plant and equipment worth EUR 4.6 million and sold it in the amount of EUR 57 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 1.8 million.

In the reporting period, the carrying amount of property, plant and equipment of Zavarovalnica Triglav increased by EUR 2.7 million. In the first quarter of 2018, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 4 million and sold it in the amount of EUR 37 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 1 million.

Investment property

The book value of investment property of the Group increased by EUR 268 thousand. In the reporting period, the Group purchased investment property in the amount of EUR 499 thousand and sold it in the amount of EUR 116 thousand. In the first quarter of 2018, amortisation of investment property of the Group amounted to EUR 353 thousand.

In the first quarter of 2018, the book value of investment property of Zavarovalnica Triglav increased by EUR 384 thousand. A good half of the increase relates to the transfer of property, plant and equipment to investment assets. New purchases of investment properties amounted to EUR 363 thousand, whilst depreciation of investment properties equalled EUR 212 thousand.

Financial assets

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

in EUR

Values as at 31 March 2018	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	129,335,196	133,746,787	90,230,623	90,100,302
Held to maturity	209,899,708	258,237,310	158,991,522	202,318,940
Available for sale	1,813,043,179	1,813,043,179	1,405,835,594	1,405,835,593
Investments recognised at fair value	428,076,703	428,076,703	200,035,418	200,035,417
Unit-linked insurance assets	429,752,628	430,279,269	395,907,672	403,362,395
TOTAL	3,010,107,414	3,063,383,248	2,251,000,827	2,301,652,647

in EUR

Values as at 31 December 2017	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	125,251,487	127,658,663	91,428,595	91,118,948
Held to maturity	221,390,576	269,669,899	166,993,807	209,763,561
Available for sale	1,815,323,900	1,815,323,900	1,400,652,988	1,400,652,988
Investments recognised at fair value	425,884,741	425,884,741	201,922,766	201,922,766
Unit-linked insurance assets	450,236,044	450,806,041	417,607,959	418,154,032
TOTAL	3,038,086,748	3,089,343,244	2,278,606,115	2,321,612,295

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

Triglav Group

in EUR

Values as at 31 March 2018	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	182,493,877	71,444,992	253,938,869
Debt instruments	17,991,495	209,899,708	1,630,549,302	354,815,463	2,213,255,968
Derivative financial instruments	0	0	0	1,816,249	1,816,249
Unit-linked financial assets	4,397,867	0	0	425,354,760	429,752,627
Loans	111,343,701	0	0	0	111,343,701
Total	133,733,063	209,899,708	1,813,043,179	853,431,464	3,010,107,414

in EUR

Values as at 31 December 2017	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	168,488,264	65,753,130	234,241,394
Debt instruments	12,796,619	221,390,576	1,646,807,238	358,260,978	2,239,255,411
Derivative financial instruments	0	0	0	1,870,633	1,870,633
Unit-linked financial assets	4,336,128	0	0	445,899,916	450,236,044
Loans	112,454,868	0	28,398	0	112,483,266
Total	129,587,615	221,390,576	1,815,323,900	871,784,657	3,038,086,748

Zavarovalnica Triglav

	in EUR				
Value as at 31 March 2018	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	134,716,190	19,277,280	153,993,469
Debt instruments	6,894,081	158,991,522	1,271,119,404	178,941,889	1,615,946,896
Derivative financial instruments	0	0	0	1,816,249	1,816,249
Unit-linked financial assets	4,210,223	0	0	391,697,448	395,907,672
Loans	83,336,542	0	-1	0	83,336,541
Total	94,440,846	158,991,522	1,405,835,594	591,732,866	2,251,000,827

	in EUR				
Value as at 31 December 2017	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	123,502,619	12,281,371	135,783,990
Debt instruments	6,992,719	166,993,807	1,277,150,369	187,770,762	1,638,907,657
Derivative financial instruments	0	0	0	1,870,633	1,870,633
Unit-linked financial assets	4,149,303	0	0	413,458,656	417,607,959
Loans	84,435,876	0	0	0	84,435,876
Total	95,577,898	166,993,807	1,400,652,988	615,381,422	2,278,606,115

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 31 March 2018	Level 1	Level 2	Level 3	Total
Equity securities	214,239,857	0	39,699,012	253,938,869
Debt securities	325,536,732	1,659,828,033	0	1,985,364,765
Derivative financial instruments	0	1,816,249	0	1,816,249
Unit-linked financial assets	373,036,685	52,318,076	0	425,354,760
Total	912,813,274	1,713,962,358	39,699,012	2,666,474,644

				in EUR
As at 31 December 2017	Level 1	Level 2	Level 3	Total
Equity securities	197,120,385	0	37,121,010	234,241,394
Debt securities	250,059,051	1,755,009,165	0	2,005,068,216
Derivative financial instruments	0	1,870,633	0	1,870,633
Unit-linked financial assets	387,546,784	58,353,132	0	445,899,916
Total	834,726,220	1,815,232,930	37,121,010	2,687,080,159

Zavarovalnica Triglav

				in EUR
As at 31 March 2018	Level 1	Level 2	Level 3	Total
Equity securities	118,620,146	0	35,373,323	153,993,469
Debt securities	251,319,070	1,198,742,224	0	1,450,061,293
Derivative financial instruments	0	1,816,249	0	1,816,249
Unit-linked financial assets	343,273,991	48,423,458	0	391,697,448
Total	713,213,207	1,248,981,931	35,373,323	1,997,568,459

				in EUR
As at 31 December 2017	Level 1	Level 2	Level 3	Total
Equity securities	102,967,036	0	32,816,954	135,783,990
Debt securities	203,481,330	1,261,439,801	0	1,464,921,131
Derivative financial instruments	0	1,870,633	0	1,870,633
Unit-linked financial assets	358,877,558	54,581,098	0	413,458,656
Total	665,325,924	1,317,891,532	32,816,954	2,016,034,410

Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
EXTERNAL APPRAISERS (market operator)				
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
BLOOMBERG BVAL				
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
INTERNAL APPRAISERS				
Debt securities - government	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% 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 0.81% and 2.34%	level 2
Equity securities	cash flow discounting	g (growth rate during constant growth period)	2.0%	level 3
		EBIT margin (constant growth period)	36.0%	
		discount rate	12.6%	
		lack of marketability discount	0%	
Investments in associates	net asset value method	Sprememba cen nepremičnin		level 3
	cash flow discounting	g (growth rate during constant growth period)	2.0%	
		net margin (constant growth period)	3.2%	
		discount rate	11.8%	
		lack of marketability discount	30.0%	

Changes of Level 3 financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Opening balance as at 1 January	37,121,010	26,569,975	32,816,954	9,223,701
Purchases	2,448,122	4,551,533	2,448,122	4,551,533
Disposals	-7,415	0	0	0
Revaluations through income statement	0	-19,069	0	-4,766
Revaluations through Equity	108,247	-73,367	108,247	49,532
Transfers from Level 1 and Level 2	28,474	-7,919	0	0
Ex. rate difference CONS	574	6,909	0	0
Closing balance as at 31 March	39,699,012	31,028,062	35,373,323	13,820,000

In the reporting period, financial assets classified into Level 3 increased by EUR 2.6 million in the Triglav Group and by EUR 2.5 million in the Zavarovalnica Triglav due to the acquisition of shares of private equity funds linked to venture capital funds, real property funds and infrastructure funds.

Impairments

In the first quarter of 2018, no losses resulting from permanent impairment of financial assets were recognised in Zavarovalnica Triglav. The impairment of financial assets at the Group level totalled EUR 8 thousand. No impairment losses were recognised among other fixed assets.

Subordinated debt instruments

In the reporting period, Zavarovalnica Triglav did not issue, buy back or redeem any debt securities. The same applies to other subsidiaries.

Contingent liabilities

In off-balance-sheet assets, Zavarovalnica Triglav decreased assets for alternative investments by EUR 2.4 million and assets under option contracts by EUR 17.5 million. In 2018, no member of the Triglav Group accepted potential liability for guarantees given.

Distribution of accumulated profits

As at 31 December 2017, accumulated profit for the year amounted to EUR 58,085,122. At the session of the Supervisory Board held on 29 March 2018, the Management and Supervisory Boards submitted a proposal on the distribution of the accumulated profit in the amount of EUR 56,837,870 to be allocated for dividend payments, i.e. EUR 2.50 per share. The distribution of the remaining part of accumulated profit shall be decided on in the following years.

2.7 Changes in equity stakes in subsidiaries and business combinations

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

Triglav INT d.d. acquired a 0.14% equity stake from the non-controlling interest holders of Triglav Osiguranje a.d., Skopje, thereby becoming its 80.08% owner. The acquisition price of the equity stake amounted to BAM 1,490,000 or EUR 23,878. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as a decrease in share premium of EUR 7,142.

The simplified reduction of the share capital of Golf Arboretum d.o.o. due to a shareholder exclusion

Due to the exclusion of a shareholder, the share capital of Golf Arboretum d.o.o. decreased by EUR 4,966. As a result, other shareholdings proportionately increased. Triglav, Upravljanje nepremičnin d.d. thereby became a 80.73% owner of the said company. This exclusion is recognized in consolidated financial statements as a decrease in share premium, totalling EUR 1,133.

Capital increase of Triglav d.o.o.

By paying in EUR 4,586,808, 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.

2.8 Related party transactions

Revenues of the Management and Supervisory Board

In the first quarter of 2018, 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	42,295	0	0	14,770	13,717	420	820	
Ivanc Uroš	40,180	0	0	14,021	8,958	213	216	
Čoroli Tadej	40,180	0	0	12,442	8,944	2,814	190	
Smolnikar Barbara	40,501	0	0	13,985	6,817	2,413	271	
Makoter Marica	39,859	0	0	13,655	8,986	582	135	
Jošar Benjamin	0	0	35,059	13,655	0	0	0	
TOTAL	203,015	0	35,059	82,528	47,422	6,442	1,632	

* 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 first quarter of 2018, members of the Management Board did not receive any payments for their work in subsidiaries.

As at 31 March 2018, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

			in EUR
Surname and name	Receivables as at 31 March 2018	Liabilities as at 31 March 2018	
Slapar Andrej	0	109,434	
Ivanc Uroš	6	103,829	
Čoroli Tadej	29	103,866	
Smolnikar Barbara	14	21,443	
Makoter Marica	16	103,878	
TOTAL	65	489,789	

In the first quarter of 2018, 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	4,688	495	0	5,183	3,769
Andoljšek Andrej	3,375	275	0	3,650	2,655
Tomažević Milan	3,438	275	0	3,713	2,700
Škerjanec Žiga	3,750	495	0	4,245	3,087
Damjanovič Nataša	3,750	715	0	4,465	3,247
Gobbo Mario	3,438	495	1,116	5,049	3,326
Celar Peter	3,125	275	0	3,400	2,473
Molan Boštjan	3,125	495	0	3,620	2,633
Sotošek Ivan	3,125	495	112	3,732	2,714
Kolenc Simon*	1,250	275	0	1,525	1,109
Total	33,064	4,290	1,228	38,582	27,713

* External committee member.

As at 31 March 2018, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
Surname and name	Receivables as at 31 March 2018	Liabilities as at 31 March 2018
Stebernak Igor	0	2,344
Andoljšek Andrej	0	1,687
Tomažević Milan	0	1,719
Škerjanec Žiga	0	1,875
Damjanovič Nataša	0	1,875
Gobbo Mario	0	2,170
Celar Peter	0	1,562
Molan Boštjan	0	1,562
Sotošek Ivan	0	1,562
Kolenc Simon*	0	625
TOTAL	0	16,981

* 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	
	31 March 2018	31 December 2017
ASSETS		
Shares	118,167,937	118,167,937
Debt securities and loans	24,064,810	24,264,123
Receivables from insurers	104,477	5,568
Premium receivable from co-insurance	11,052	11,052
Premium receivable from re-insurance	4,436,966	1,914,432
Receivables from co-insurers' share in claim	385	0
Receivables from re-insurers' share in claim	5,245,017	5,257,851
Other short-term receivables from insurance operation	33,627	30,261
Short term receivables from financing	1,149,712	1,364,716
Other short-term receivables	855,390	804,607
Deffered short-term expenses of insurance contract acquisition	29,773	29,851
LIABILITIES		
Liabilities to policy holders	873	0
Liabilities to agents and brokers	0	337,060
Liabilities for co-insurance premiums	23,999	12,526
Liabilities for re-insurance premiums	12,308,757	9,284,238
Liabilities for co-insurers' share in claim	13,712	13,712
Liabilities for re-insurers' share in claims	1,130,228	1,039,881
Other short-term liabilities	219,919	247,792

	in EUR	
	Q1 2018	Q1 2017
Gross written premium	5,924,411	5,107,828
Assumed co-/re-insurance written premium	-22,321,754	-23,185,734
Fees and commission income	3,509,840	4,470,015
Other income from insurance	1,219,696	1,301,567
Interest income	199,541	207,426
Income from land and buildings	204,072	135,254
Other insurance income	453,850	493,336
Other income	64,780	59,545
TOTAL INCOME	-10,745,564	-11,410,763
Gross claims settled	2,545,543	163,736
Co-/re-insurers' share	-4,768,025	-4,511,767
Expenses for fees and commission	523,200	345,459
Other expenses	0	10
TOTAL EXPENSES	-1,699,282	-4,002,562

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	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
ASSETS				
Shares	11,246,690	6,449,324	14,588,856	10,002,047
Receivables from insurers	1,197	1,485	706	994
LIABILITIES				
Liabilities to agents and brokers	17,847	18,443	17,847	18,068
Liabilities from direct insurance operations	0	270,103	0	0
Liabilities for reinsurance premium	0	42,320	0	0
Other short - term liabilities	0	785	0	0
Accrued expenses	771	331	0	0

	Triglav Group		Zavarovalnica Triglav	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Gross written premium	22,121	21,449	21,302	20,846
TOTAL INCOME	22,121	21,449	21,302	20,846
Gross claims settled	537	2,370	537	2,370
Acquisition costs	1,029	4,148	0	0
TOTAL EXPENSES	1,566	6,518	537	2,370

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 31 March 2018, there were 49 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.

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
ASSETS				
Shares	15,541,414	16,208,433	32,537,566	17,873,045
Debt securities	73,292,121	82,710,654	60,042,583	59,960,327
Receivables from operations	7,655	10,137	65,994	10,137
Other assets	6,140,562	3,917,302	0	0
LIABILITIES				
Liabilities from operations	1,683,020	1,864,579	2,104,889	1,553,988
INCOME				
	Q 1 2018	Q 1 2017	Q 1 2018	Q 1 2017
Gross written premium	7,082,538	7,303,594	7,164,512	7,120,701
Financial income	471,638	646,461	278,326	316,957
Other income	17,865	35,086	65,753	35,055
EXPENSES				
Gross claims settled	2,247,782	1,874,891	2,263,576	1,867,157
Financial expenses	54,834	89,127	30,186	0
Other expenses and costs	2,352,824	2,083,362	2,405,447	1,468,628

2.9 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 first quarter of 2018, as well as no material non-adjusting events.

Events after the reporting date that are important for the operations in 2018 are the following:

- On 24 April 2018, the subsidiary Triglav INT d.d., which manages the insurance subsidiaries of the Group outside Slovenia, signed an agreement with Raiffeisen Bank Austria d.d., Zagreb to purchase a 74.99% stake in the Croatian pension company Raiffeisen Mirovinsko osiguravajuče društvo. The agreement was signed under suspensive conditions, under which the approval of the regulators is required.