



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

triglav

www.triglav.eu
www.triglav.si

Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2017 to 31 March 2017



MANAGEMENT BOARD:

President: Andrej Slapar

Members: Benjamin Jošar

Uroš Ivanc

Tadej Čoroli

Marica Makoter

Ljubljana, May 2017



Dear shareholders, business partner and colleagues,

The year 2017 is the first year of a new strategy period, in which special emphasis has been laid on the development of the Triglav Group, whilst focusing on putting the clients at the centre of all our activities. The Triglav Group is being transformed into a group that develops new ways of doing business as the foundation of its responsible long-term development, while at the same time operating profitably and safely. The effectiveness of our strategic objectives has been confirmed by the operating results in the first three months of 2017. We are satisfied that they are in line with our expectations.

In the first three months of 2017, the Triglav Group posted a total of EUR 281 million in consolidated gross insurance and co-insurance premiums, up by 8% or EUR 22 million in nominal terms compared to the respective period of 2016. This year, premium growth has been recorded on all the insurance markets in which the Group operates and in all insurance operating segments. Our competitive advantages, backed by intensive sales activities and focusing on client needs, contributed to an increase in our insurance portfolio, the acquisition of new clients and a higher extent of insurance coverage of existing clients. We are particularly pleased that premium growth was recorded in the life insurance segment, which is the result of retained sums paid out on the maturity and new high premium payments.

In the reporting period, the Group performed well on all markets. In Slovenia, the insurance premium of the parent company was 8% higher compared to the respective period of 2016, whilst that of Triglav, Zdravstvena zavarovalnica and that of Skupna pokojninska družba increased by 13% and 1% respectively. The premium on markets outside Slovenia recorded an average growth of 15%. The highest premium growth of 38% was seen in the Serbian market.

In the reporting period, the business results of the Group were not affected by mass loss events. Gross claims paid increased by 3% compared to the corresponding period last year, but as a result of the insurance portfolio itself and higher claim frequency. Because of the higher claims ratio, the combined ratio increased to 92.7%. Such value is favourable and lower than its target long-term strategic average value.

This year, the Group has continued to operate in the environment of low or zero interest rates and a high volatility of stock markets, which both had an impact on the return on financial investments of the Group. The quarterly results indicate higher returns than last year, which however is primarily the consequence of one-off events recorded last year and not a reflection of the actual improvement in the operating conditions, which is neither expected in the near future. The Group maintains the predominant share of prime government bonds in its portfolio,

while prudently adjusting the shares of individual investments in line with the investment policy.

In addition to being financially strong and stable, the capital level of the Group adequately exceeds the target level of the risks underwritten by the Group in accordance with the set strategic guidelines. In compliance with Solvency II legislation, the details on the solvency and financial condition of the Triglav Group will be for the first time presented in a separate report, which will be published by 1 July 2017.

The Triglav Group ended the first three months of 2017 with a net profit of EUR 22.3 million and generated a profit before tax of EUR 25.5 million. A slightly lower profit than in the respective period of 2016 was expected. Taking into account the business conditions anticipated until the end of the year, we estimate that the annual profit before tax of the Triglav Group will be within the planned range.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

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1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN THE FIRST QUARTER OF 2017

1.1 Performance of the Triglav Group

	in EUR million		
	Q1 2017	Q1 2016	Index 2017/2016
Gross written premium from insurance, reinsurance and co-insurance contracts	280.6	258.7	108
Net premium income	214.6	201.6	106
Gross claims paid*	152.4	147.3	103
Net claims incurred	148.3	139.7	106
Gross operating costs**	56.1	53.5	105
Profit before tax	25.5	28.2	90
Net profit	22.3	22.6	99
Net profit attributable to the controlling company	22.1	22.4	98
	31 March 2017	31 December 2016	Index 2017/2016
Insurance technical provisions as at	2,740.6	2,660.8	103
Equity as at	759.6	744.3	102
Equity attributable to the controlling company as at	753.1	734.0	103
Number of employees as at	5,079	5,046	101

*Gross claims paid include gross claims paid from active reinsurance

**Insurance business gross operating costs

Key performance indicators of the Triglav Group

	Q1 2017	Q1 2016
ROE annualised	12.6%	13.2%
Claims ratio	64.8%	61.7%
Expense ratio	27.9%	29.7%
Combined ratio	92.7%	91.4%
Ratio between gross operating costs and gross written premium	20.0%	20.7%

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

	in EUR million		
	Q1 2017	Q1 2016	Index 2017/2016
Gross written premium from insurance, reinsurance and co-insurance contracts	185.5	172.5	108
Net premium income	127.8	122.6	104
Gross claims paid*	97.8	95.7	102
Net claims incurred	91.6	84.8	108
Gross operating costs	37.8	37.9	100
Profit before tax	19.7	26.3	75
Net profit	17.2	21.2	81
	31 March 2017	31 December 2016	Index 2017/2016
Insurance technical provisions as at	2,137.1	2,076.3	103
Equity as at	580.1	563.4	103
Number of employees as at	2,326	2,335	100

*Gross claims paid include gross claims paid from active reinsurance

Key performance indicators of the Zavarovalnica Triglav

	Q1 2017	Q1 2016
ROE annualised	12.8%	16.5%
Claims ratio	61.8%	52.5%
Expense ratio	27.7%	29.8%
Combined ratio	89.6%	82.3%
Ratio between gross operating costs and gross written premium	20.4%	22.0%

1.3 Activities, markets and position of the Triglav Group

The Triglav Group operates on seven markets in six countries and 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:

- 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, Bosnia and Herzegovina, Montenegro, Serbia and Macedonia.

Asset management 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. and Triglav, Upravljanje nepremičnin d.d.

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.
Bosnia and Herzegovina	<ul style="list-style-type: none"> ▪ Triglav Osiguranje d.d., Sarajevo ▪ Triglav Osiguranje 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.
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.
Macedonia	<ul style="list-style-type: none"> ▪ Triglav Osigurivanje a.d., Skopje 		

1.4 Composition of the Triglav Group

The Triglav Group as at 31 March 2017

Controlling company:	<ul style="list-style-type: none">▪ Zavarovalnica Triglav d.d.
Subsidiaries of the Triglav Group:	<ul style="list-style-type: none">▪ Pozavarovalnica Triglav Re d.d.▪ Triglav, Zdravstvena zavarovalnica d.d.▪ Skupna pokojninska družba d.d.▪ Triglav INT, holdinška družba d.d.<ul style="list-style-type: none">▪ Triglav Osiguranje d.d., Zagreb▪ Triglav Osiguranje d.d., Sarajevo<ul style="list-style-type: none">▪ Autocentar BH d.o.o.▪ Unis automobili i dijelovi d.o.o.▪ Sarajevostan d.d.▪ Lovćen Osiguranje a.d., Podgorica<ul style="list-style-type: none">▪ Lovćen životna osiguranja a.d.▪ Lovćen Auto a.d.▪ Triglav Osiguranje a.d.o., Belgrade▪ Triglav Osiguranje a.d., Banja Luka<ul style="list-style-type: none">▪ Triglav Auto d.o.o.▪ Triglav Osigurivanje a.d., Skopje▪ Triglav Skladi, družba za upravljanje d.o.o.<ul style="list-style-type: none">▪ PROF-IN d.o.o.▪ Salnal d.o.o.▪ Triglav Svetovanje, zavarovalno zastopanje d.o.o.<ul style="list-style-type: none">▪ Triglav Savjetovanje d.o.o., Sarajevo▪ TRI-LIFE d.o.o., Zagreb▪ Triglav Savetovanje d.o.o., Belgrade▪ Triglav Avtoservis, družba za storitve in trgovino d.o.o.▪ 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.▪ 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.▪ TRIGAL d.o.o.▪ Nama trgovsko podjetje d.d.▪ IF Prof Plus d.d.▪ Nacionalni biro osiguravača Crne Gore

Changes in the Triglav Group in the first quarter of 2017:

- On 2 February 2017, Zavarovalnica Triglav and KGAL Beteiligungsverwaltungs GmbH (hereinafter: the KGAL Group) signed an agreement on the establishment of the company TRIGAL d.o.o., Ljubljana. Upon its establishment, the newly founded company had EUR 1 million of capital, of which EUR 499 thousand was paid in by Zavarovalnica Triglav. By founding a new company, Zavarovalnica Triglav is launching the project of setting up a regional platform for alternative investments. The purpose of the platform is to obtain funds from institutional investors and invest them in various types of investments such as real property, infrastructure projects and other alternative investments, primarily in the Adria region.
- Triglav INT acquired a 19% equity stake from non-controlling interest holders of Triglav Osiguranje, Sarajevo, thereby becoming its 88% owner. The acquisition price was BAM 8,756,665.
- Triglav Osiguranje, Sarajevo purchased 4,156 shares from non-controlling interest holders or 10% of treasury shares. The acquisition price was BAM 4,594,458. The book value of these shares was BAM 2,360,608. The company established a treasury shares fund in the amount of its book value and disclosed it under equity.
- Triglav INT acquired a 0.09% equity stake from the non-controlling interest holders of Triglav Osiguranje, Zagreb, thereby becoming its 100% owner. The acquisition price was HRK 100,570.

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

1.5 Significant events in the reporting period

Significant events in the reporting period were the following:

- On 5 January 2017, Zavarovalnica Triglav was informed by the Insurance Supervision Agency (hereinafter: ISA) on the completed inspection of operations related to the Company's own models for valuation of subsidiaries, which had started on 23 February 2015. In its notice, the ISA informed the Company that due to the self-commitment of the Company to adjust the valuation model for its subsidiaries, complement the valuation bases and apply an additional control method in valuation its insurance subsidiaries, no imposition of measures in this area was needed and thereby the inspection of operations was completed. On 5 January 2017, Zavarovalnica Triglav received a notification from the Insurance Supervision Agency (hereinafter: ISA) on the conclusion of the performance review regarding the application of internal models for the valuation of subsidiaries which started on 23 February 2015. In this notification, the ISA informed the Company that in view of the fact that the Company had committed itself to changing the valuation model for subsidiaries, amending the valuation bases and applying an additional control method in the assessment of the value of subsidiary insurance companies, no measures would be issued and the performance review was thereby concluded.
- On 17 November 2016, Zavarovalnica Triglav received a request for a performance audit by the ISA. Based on this request, on 24 November 2016 the ISA launched a review of operations focusing on the Company's operations and cooperation with doctors acting as authorised medical examiners. On 7 February 2017, the ISA informed the Company that no measure would be issued on the basis of the findings and that the performance review was thereby concluded.
- In 2014, the ISA performed a review of operations in order to verify whether the Company's operations were in compliance with the Insurance Act and the applicable secondary

legislation regulating its operations and accounting activities. Based on the said review, on 10 June 2015 the ISA issued the Order to eliminate the infringements pertaining to the valuation of certain investments and to the amendment and testing of the business continuity plan (hereinafter: the Order). In line with the issued Order, Zavarovalnica Triglav is required to implement the additional measures imposed by the Order: to revise the internal documents which define the values of such investments and to take them into account in the future valuation and/or categorisation of investments, as well as to amend and test the business continuity plan. On 22 June 2015, Zavarovalnica Triglav lodged an appeal against this Order, stating that the said infringements were not mentioned in the Order. The Insurance Supervision Agency rejected the Company's appeal and established that the Company had eliminated the infringements pertaining to the valuation of certain investments in due time. On 8 March 2016, the ISA established that the Company had eliminated the alleged infringement with regard to the amendment and testing of the business continuity plan. On 7 August 2015, Zavarovalnica Triglav brought legal proceedings before the Administrative Court of the Republic of Slovenia, challenging the validity of the ISA Order and stating that the said violations were not mentioned in the issued Order. On 27 February 2017, Zavarovalnica Triglav was served a decision by the Administrative Court which delivered a judgement revoking the ISA Order.

- Details in relation to the legal action brought by Matjaž Rakovec as the plaintiff against Zavarovalnica Triglav requesting the annulment of the resolution of the Supervisory Board dated 22 May 2013 referring to the dismissal of Matjaž Rakovec from the office of President of the Management Board and the appointment of Andrej Slapar as temporary President of the Management Board, and payment of damages, were presented in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2016. New facts with regard to the labour law dispute are presented below.

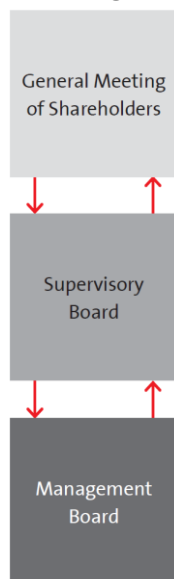
In the labour law dispute brought against the Company by the plaintiff Matjaž Rakovec, the court of first instance ruled that the employment agreement remained in force, therefore Zavarovalnica Triglav owed the plaintiff compensation for salaries plus interest in the amount of around EUR 430,000. Zavarovalnica Triglav appealed against this ruling. The Higher Labour and Social Court upheld the appeal and partly modified and partly annulled the contested part of the first instance ruling. The first instance ruling was thus modified in the part relating to the unlawful termination of the employment agreement or the employment relationship, the call to return to work, the recognition of years of service and the entry of insurance period in the central record, in that the Higher Court rejected the plaintiff's claim, as well as set aside the part of the judgement which reads "including all the resulting rights" and referred the parts of the case relating to the claim for compensation for salaries, holiday allowance and legal costs back to the first instance court for fresh consideration. The plaintiff lodged an appeal on points of law against the part in which the Higher Labour and Social Court modified the ruling of the first instance court.

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 has applied from 1 January 2016, precisely defining 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.

2.3.1 Introducing the Management Board

As at 31 March 2017 the Management Board of Zavarovalnica Triglav was composed of:

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

2.4 Supervisory Board

The Supervisory Board is composed of six representatives of the shareholders and three representatives of employees, The Supervisory Board as a supervisory body 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 2017:

- Shareholder representatives:
 - Igor Stebernak, Chairman,
 - Gregor Kastelic, Vice Chairman,
 - Rajko Stanković, Member,
 - Mario Gobbo, Member,
 - Dubravko Štimac, Member,
 - Matija Blažič, Member,
- Employee representatives:
 - Boštjan Molan, Member,
 - Ivan Sotošek, Member,
 - Peter Celar, Member.

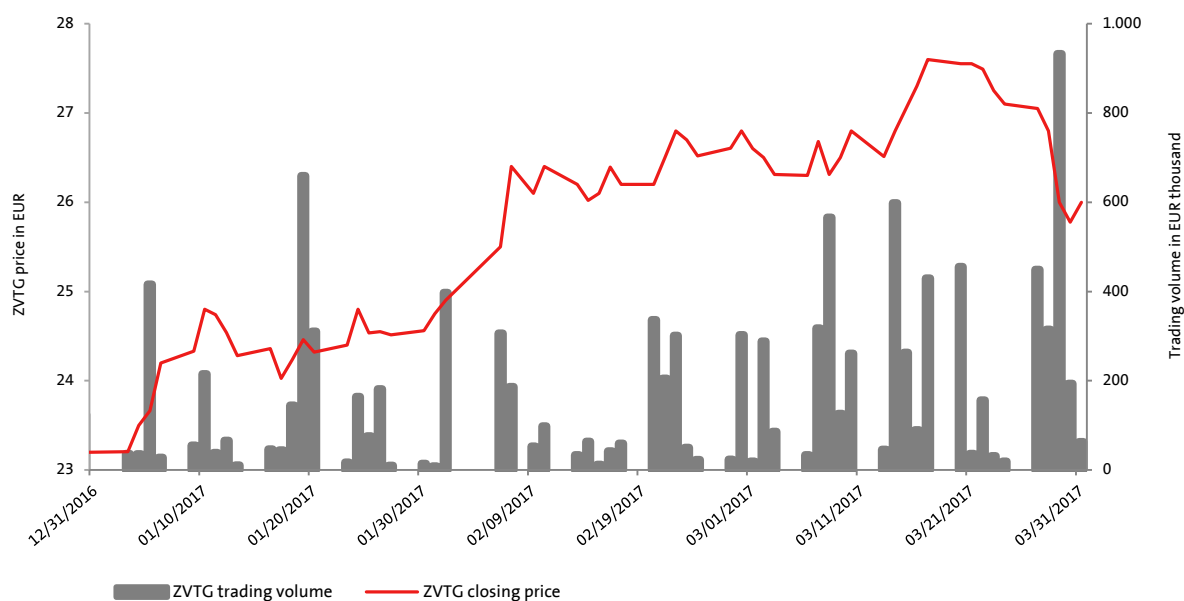
3. THE SHARE AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

3.1 Zavarovalnica Triglav's share trading on the Ljubljana Stock Exchange

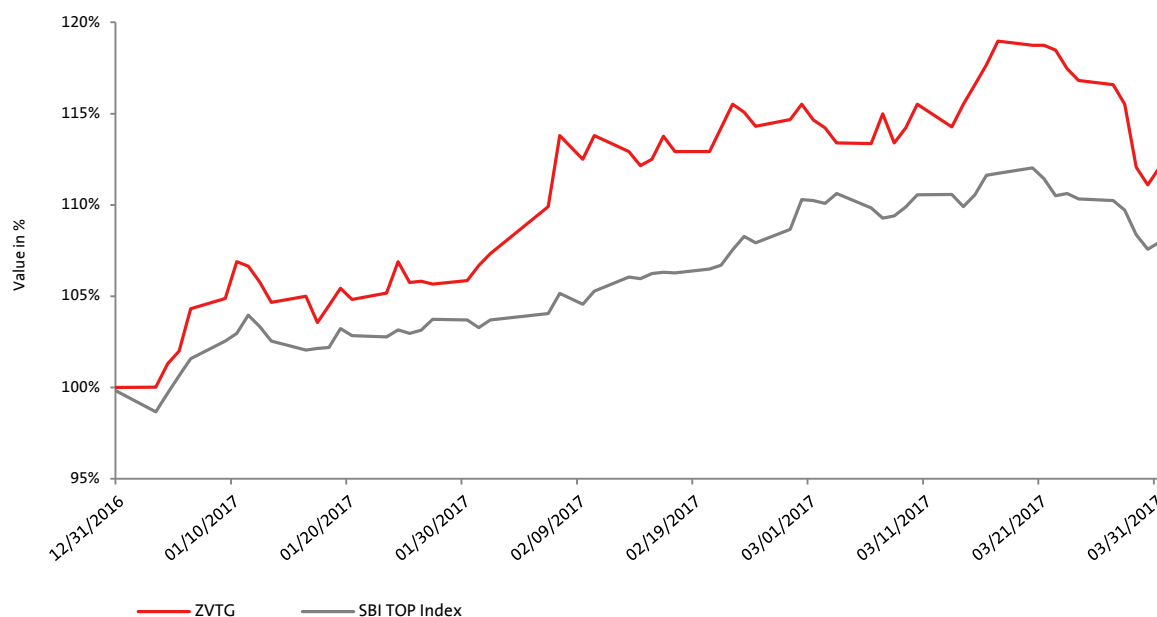
Since 2008, the shares of Zavarovalnica Triglav have been listed on the Ljubljana Stock Exchange, and since 2011 on the Ljubljana Stock Exchange Prime Market. The ZVTG share is one of the most liquid shares on the domestic stock market, whilst the Company is committed to the highest standards of transparent business and reporting in both the domestic and international markets.

In Q1 2017, the Zavarovalnica Triglav's shares climbed by 12%, which was 4 percentage points higher than the domestic stock market index growth. The average daily trading volume of ZVTG shares was EUR 178 thousand, which was 55% more than the 2016 average (EUR 115 thousand). As much as 11% of the share turnover on the Ljubljana Stock Exchange was accounted for by the ZVTG share, almost 3,500 transactions. In terms of total share turnover and total market capitalisation, the ZVTG share ranked third on the domestic stock market as at the reporting date.

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



Movements in the ZVTG share price and movements in the value of the SBI TOP Index in Q1 2017 (starting date 31 December 2016 = 100)



Key figures for the share of Zavarovalnica Triglav

Items	
Maximum closing price	27.60
Minimum closing price	23.20
Closing price at the end of the reporting period	26.00
Book value per share (parent company)*	25.52
Book value per share (consolidated data)*	33.41
Net earnings per share (consolidated data)**	0.98
Market capitalisation	591,113,848
Average daily trading volume	177,776
Proposed dividend per share for 2016***	2.50
Traded on	Ljubljana Stock Exchange - LJSE
No. of shares	22,735,148
The percentage of floating stock****	31.0%
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 (consolidated data), equity of the Triglav Group and the number of shares as at the reporting date were taken into account, the book value per share (parent company), equity of parent company and the number of shares as at the reporting date were taken into account.

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

***The Supervisory Board and the Management Board of Zavarovalnica Triglav drew up a proposal of gross dividend per share; the General Meeting of Shareholders will make a decision on 30 May 2017.

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

3.2 Equity

As at the reporting date, the share capital of Zavarovalnica Triglav amounted to EUR 73,701,391.79 and was divided into 22,735,148 ordinary registered 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.

3.3 Shareholder structure

In the reporting period, the shareholder structure did not significantly change, however both trends observed in 2016 and recent years - further strengthening of share of international shareholders - continued. In 2008, as the ZVTG share was listed on the Ljubljana Stock Exchange, the share of international shareholders stood at 4%. Since then, active promotion targeting the international investment public has been carried out, showing visible results. As at 31 March 2017, the share of international shareholders climbed to 17.5%, which is 0.4 percentage point more than as at the 2016 year-end.

The second trend is the continuation of the exit of domestic natural persons from the Company's shareholder structure, particularly the holders of a small number of shares. This is the effect of the abolition of free registry accounts kept by KDD – Centralno klirinška depotna družba d.d., which resulted in a lower number of shareholders by 35% to 18,334 shareholders. In Q1 2017, the number of shareholders further decreased to 15,653.

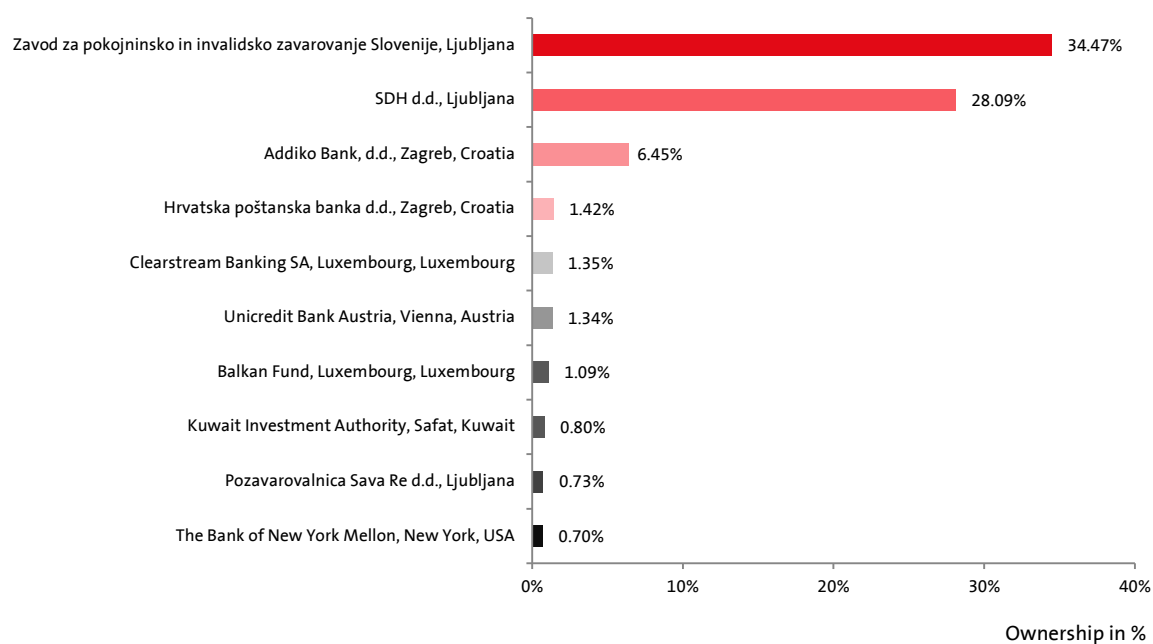
Shareholder structure of Zavarovalnica Triglav as at 31 March 2017

	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	18,762,302	3,972,846	20,419,218	2,315,930
Number of shareholders	15,653	15,208	445	522	15,131
Number of shares - percentage	100.0%	82.53%	17.47%	89.81%	10.19%
Number of shareholders - percentage	100.0%	97.16%	2.84%	3.33%	96.67%

Total number of shares held by the Management and Supervisory Boards equalled 480 and remained unchanged as at 31 March 2017.

The top ten shareholders of Zavarovalnica Triglav in Q1 2017 remained unchanged, among which the highest increase in the equity stake was recorded by UniCredit Bank Austria – fiduciary account and Kuwait Investment Authority, while Balkan Fund, Luxembourg experienced the highest decrease. As at the reporting date, the ten top shareholders held 76.4% of total shares, which was 0.1 percentage point more over the 2016 year-end.

Top ten shareholders of Zavarovalnica Triglav as at 31 March 2017



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 2016, both agencies upgraded the standalone credit ratings of »A-« to »A«, all with a stable medium-term outlook.

4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY TO 31 MARCH 2017

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

The global economic situation is showing slow improvement. The developed countries including the euro area are maintaining a moderate growth. According to the data of international institutions, growth will mainly be based on private consumption, similarly to the previous year. For the first quarter, economic climate indicators predict recovery primarily in industry, with private consumption growth remaining stagnant. Given the relatively favourable economic situation, the year-on-year inflation in the euro area stayed relatively low after the short-term rise in the beginning of the year. The Slovene economy is also exhibiting strong recovery. According to the data of the Statistical Office of Slovenia, a noticeable increase in private consumption has been recorded in the past year, while international exchange maintained its significant contribution to growth. Recent forecasts by the Institute of Macroeconomic Analysis and Development for this year also predict an accelerated recovery of the Slovene economy. In addition to the growth of the consumer confidence indicators in the first quarter, these projections are also confirmed by the strong upturn in retail sales.

Financial markets have been marked by uncertainty resulting from the measures adopted by the new US administration. In the beginning of the quarter, these measures gave rise to increased volatility in emerging markets and growing speculations about the future interest rate policy of the US central bank. The Federal Reserve raised its benchmark interest rate range by 0.25 percentage points in mid-March. In Europe, uncertainty increased in view of the Dutch parliamentary election and the forthcoming presidential election in France. Italy and its growing public debt provoked additional concern. With inflation expectations remaining largely unchanged, the ECB made no changes to its monetary policy in the first quarter, nor are any changes announced for the future. This is one of the reasons why the yield on the German 10-year government bond only increased by 0.12 percentage points and amounted to 0.33 percent at the end of the quarter in spite of the increased volatility, whereas the yields on French bonds and bonds of peripheral countries recorded a stronger increase. The yield on the 10-year Slovene sovereign bond increased to 1.41 percent. This represents a change of 0.55 percentage points during the quarter, of which the change of the “benchmark” bond accounted for around 0.30 percentage points. A distinctly positive atmosphere prevailed in the stock markets in the beginning of the year, with indices of both developed and emerging markets exhibiting relatively high average growth. The Slovene benchmark stock index also recorded strong growth.

Economic recovery of countries had a positive impact on the insurance premiums, as the premium growth was recorded in all insurance markets, where the Triglav Group is present. The fierce price competition among insurance companies continues. 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, and taking measures to improve the insurance technical result in insurance.

The Group’s return on investment was significantly influenced by the situation on financial markets with low interest rates and the high volatility on stock markets. No mass loss events appeared in the first quarter of 2017.

4.2 The insurance market and the position of the Group members in the first quarter of 2017

There were 13 insurance companies (one less compared to the 2016 year-end), 4 foreign branch offices and 2 reinsurance companies active in the Slovene insurance market, all members of the Slovenian Insurance Association. As of 1 March 2017 a portfolio of ERGO življenjska zavarovalnica was transferred to the ERGO subsidiary.

In the first three months of 2017, all insurers together recorded a gross written premium in the amount of EUR 603.5 million, which represented a **growth of 7.5%**. **Non-life insurance**, accounting for 73.7% of total premium, experienced a 5.5% growth (non-life insurance premium excluding health insurance premium was higher by 6.8%), whilst health insurance premium was 2.3% higher. Non-life insurance premiums increased foremost as a result of higher premiums from motor vehicle insurance (comprehensive car insurance premium was up by as much as 11%). **Life insurance** premium grew by 13.6%.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four major insurers controlled 75.7% of the market. With a 30.7% share, **Zavarovalnica Triglav** remained the market leader, the same as in the respective period of last year. The second largest market share was held by Zavarovalnica Sava, a company 1.6 times smaller. With a 37.3% market share on the Slovene insurance market, **the Triglav Group** (parent company, Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba) increased its market share by 0.2 percentage point over the corresponding period in the preceding year. The Triglav Group's market shares by segments were the following:

All three insurance companies of the Triglav Group held a 37.3% share on the Slovene insurance market as at the reporting date.

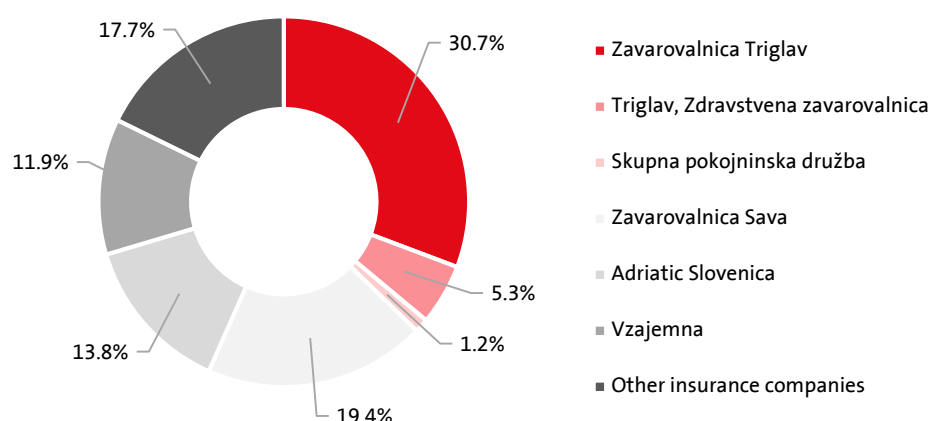
- non-life insurance (excluding health insurance): 43.8% (43.9% in 2016);
- life insurance: 34.3% (35.7% in 2016);
- health insurance: 25.0% (22.6% in 2016).

Zavarovalnica Triglav's non-life insurance market share reached 31.1%, which is 0.3 percentage point more over the previous year, whilst the life insurance market share stood at 29.7%, 0.8 percentage point less than in the respective period of 2016.

Triglav, Zdravstvena zavarovalnica increased its market share by 2.3 percentage points to 24.9%, consolidating its 2nd rank among the health insurance providers. Among the top three health insurance providers (accounting for 99.5% of the health insurance market), it recorded the highest health premium growth of 12.8%.

Skupna pokojninska družba ranked first on the supplemental voluntary pension insurance market in terms of accumulated assets, holding an 18.9% market share (data for Q1-4 2016).

The market share of insurance companies in Slovenia as at 31 March 2017



Source: Slovenian Insurance Association

Market share and market rank trends of the Triglav Group insurance companies outside Slovenia as at 31 March 2017

Market	Market share	Market share trend	Ranked in 2017	Ranked in 2016
Croatia	4.7%	↑ +0.3-percentage point	8	8
Bosnia and Herzegovina	8.5%	↓ -0.1-percentage point	2	3
- Federation of BiH	9.7%	↓ -0.2-percentage point	5	5
- Republic of Srpska*	5.6%	↓ -0.1-percentage point	8	7
Montenegro	40.2%	↑ +1.4-percentage point	1	1
Serbia**	4.7%	↑ +0.5-percentage point	5	6
Macedonia (non-life insurance)**	17.9%	↓ -0.1-percentage point	1	1

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

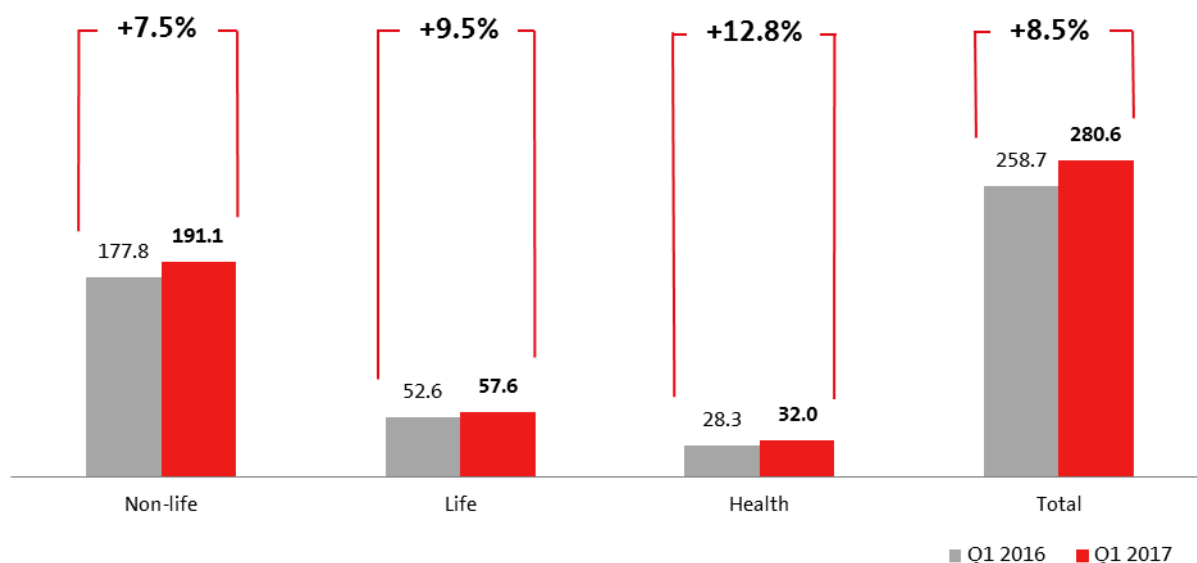
**Data from January to December 2016.

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

The Triglav Group increased the volume of consolidated gross written insurance, co-insurance and reinsurance premiums by 8%. Written premium totalled EUR 280.6 million. **Non-life insurance** totalled EUR 191.1 million (index 108), **life-insurance** amounted to EUR 57.6 million (index 110) and **health insurance** reached EUR 32.0 million (index 113).

The Triglav Group increased the volume of gross written insurance, co-insurance and reinsurance premiums by 8%.

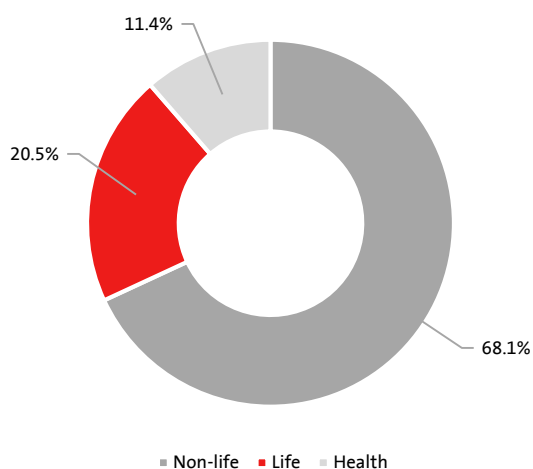
Gross written insurance, co-insurance and reinsurance premiums in Q1 2017 compared to Q1 2016



Consolidated written premium had a similar structure as in the same period last year:

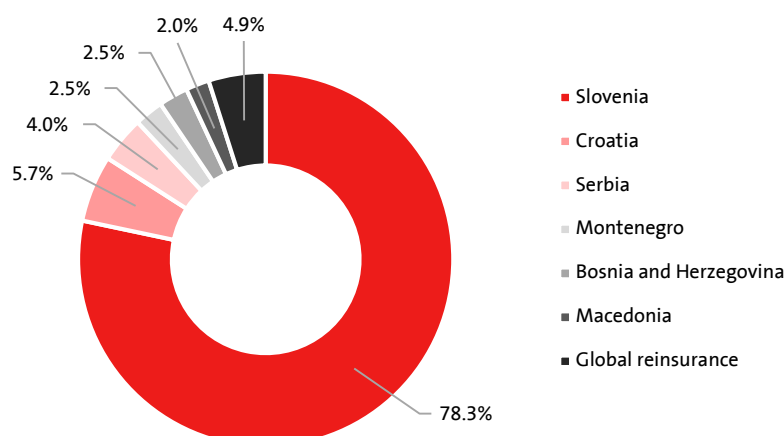
- non-life insurance accounted for 68.1% (Q1 2016: 68.7%);
- life insurance accounted for 20.5% (Q1 2016: 20.3%); and
- health insurance for 11.4% (Q1 2016: 11.0%).

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



A total of 78.3% of consolidated gross written premium was charged in the Slovene insurance market, 16.8% of premium was booked in the markets outside Slovenia, while global reinsurance premium accounted for 4.9% of written premium. The proportion of insurance premium in the markets outside Slovenia increased by 1.0 percentage point compared to the same period of the previous year.

The structure of consolidated insurance, co-insurance and reinsurance premiums of the Triglav Group by markets



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

Country	Gross written premium		Index	Structure	
	Q1 2017	Q1 2016	Q1 2017/ Q1 2016	Q1 2017	Q1 2016
Slovenia	219,765,705	204,448,041	107	78.3%	79.0%
Croatia	16,116,404	14,484,005	111	5.7%	5.6%
Serbia	11,182,607	8,128,496	138	4.0%	3.1%
Montenegro	6,991,241	6,506,018	107	2.5%	2.5%
Bosnia and Herzegovina	7,085,371	6,458,471	110	2.5%	2.5%
Macedonia	5,682,932	5,217,423	109	2.0%	2.0%
Global reinsurance	13,808,916	13,411,883	103	4.9%	5.2%
Total	280,633,176	258,654,337	108	100.0%	100.0%

Premium growth was recorded in all insurance markets. The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 272.1 million in non-consolidated gross written premium, up by 9% compared to the same period last year. In the Slovene insurance market, 8% more in written premium was charged by the parent company, whereas Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba recorded 13% and 1% higher written premium respectively. Triglav Osiguranje, Belgrade recorded premium growth of as much as 38%. Written premiums were higher by 11% in both Osiguranje, Zagreb and Triglav Osiguranje, Sarajevo, by 9% in Triglav Osigurivanje, Skopje, by 8% in Lovćen Osiguranje and by 5% in Triglav Osiguranje, Banja Luka. The premium charged by Lovćen životna osiguranja remained at approximately the same level as the year before (index 100).

Pozavarovalnica Triglav Re posted a total of EUR 41.3 million in gross written reinsurance premium, down by 1% compared to the year before. In operations outside the Triglav Group, the reinsurance premium experienced growth of 2% resulting from new contracts taken out, whilst reinsurance premium earned with the Triglav Group decreased by 2%, primarily due to the lower premium from the transactions with the parent company.

Gross written insurance, co-insurance and reinsurance premiums in Q1 2017 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1 2017
Zavarovalnica Triglav*	138,415,075	47,174,560	185,589,635	107	110	108	68.2%
Triglav, Zdravstvena zavarovalnica	32,174,985		32,174,985	113	0	113	11.8%
Skupna pokojninska družba		7,305,687	7,305,687	0	101	101	2.7%
Triglav Osiguranje, Zagreb	14,172,921	1,943,483	16,116,404	113	99	111	5.9%
Triglav Osiguranje, Sarajevo	4,294,686	1,464,906	5,759,592	107	122	111	2.1%
Lovćen Osiguranje, Podgorica	6,668,215		6,668,215	108	0	108	2.5%
Triglav Osiguranje, Belgrade	10,258,840	923,767	11,182,607	129	455	138	4.1%
Triglav Osiguranje, Banja Luka	1,333,813		1,333,813	105	0	105	0.5%
Triglav Osiguruvanje, Skopje	5,682,932		5,682,932	109	0	109	2.1%
Lovćen životna osiguranja, Podgorica		323,026	323,026	0	100	100	0.1%
Total	213,001,467	59,135,429	272,136,896	109	110	109	100.0%
Pozavarovalnica Triglav Re	41,279,788		41,279,788	99	0	99	
Consolidation eliminations	-31,227,001	-1,556,507	-32,783,508	101	144	102	
Total consolidated	223,054,254	57,578,922	280,633,176	108	110	108	

*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 213.0 million in non-consolidated written premium or 9% more than in the same period of 2016.

In total written premium, **motor vehicle insurance** remained the largest insurance class with a 29.2% share. The Triglav Group insurance subsidiaries collected EUR 37.7 million in **comprehensive car insurance** premium or 10% more compared to 2016. The highest growth was observed in Triglav Osiguranje, Belgrade (index 119) and Lovćen Osiguranje (index 112) as the result of effective sales campaigns, an increased scope of insurance coverage and intensified sales activities. The parent company, accounting for 88% of the Group's total premiums, recorded an 11% growth in written premium. Such a good result is a reflection of effective sales activities, sales campaigns ("Buy the vignette at Petrol" and "Free Time") and the redesign of motor vehicle insurance tariffs. A lower premium than in the same period last year was recorded by Triglav Osiguruvanje, Skopje (loss of premium of a major policyholder), by Triglav Osiguranje, Banja Luka (loss of premium of a major policyholder, a decrease in the volume of insurance policies written by leasing houses and aggressive price competition) and by Triglav Osiguranje, Sarajevo (non-renewal of premium of a major policyholder and a lower scope of cooperation with brokers).

Motor vehicle insurance is the most important insurance class, accounting for 29.2% of total written premium.

The Group collected EUR 41.8 million in **motor liability insurance** premium, up by 3% compared to the preceding year. This insurance class continues to account for the largest share on the markets outside Slovenia. In motor liability insurance, most insurance subsidiaries of the Group experienced premium growth. The exceptions are Triglav Osiguranje, Sarajevo (cancellation or a lower scope of cooperation with some insurance agencies) and Triglav Osiguranje, Banja Luka. The highest premium growth was seen in Triglav Osiguranje, Zagreb (12%), followed by Triglav Osiguranje, Belgrade (4%) and Triglav Osiguruvanje, Skopje (3%). Zavarovalnica Triglav, accounting for 65% of total motor liability insurance premium, recorded a 2% growth in written premium.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 55.1 million was booked, having increased by 8%. In fire

and natural disaster insurance, a premium growth of 1% was recorded, while in other damage to property insurance a 15% premium growth was seen. Premium growth was recorded in all insurance subsidiaries of the Group. The highest increase in written premium was observed in Triglav Osiguranje, Belgrade (index 158) and Triglav Osiguranje, Skopje (index 146), while an over 20% growth was recorded by Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Sarajevo and Lovćen Osiguranje as the result of acquiring new policyholders and increasing the scope of insurance coverage with existing policyholders. In the Serbian insurance company, the higher volume of fronting operations had a significant impact on premium growth. The premium in the real property insurance booked by the parent company accounted for 78% of the Group's total premium, up by 4% compared to the corresponding period last year. Premium growth is the result of the acquisition of new policyholders, the increased scope of insurance coverage with existing policyholders and partly of a different dynamics of the account of premium compared to the previous year.

A 14% growth was seen in **health insurance**, where the Group wrote EUR 32.9 million in premium. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 32.2 million, thus achieving a 13% growth. The bulk of its written premium stems from supplemental health insurance, whose premium became more expensive as of February 2017. A high premium growth was also recorded by Triglav Osiguranje, Zagreb, Triglav Osiguranje, Belgrade and Lovćen Osiguranje, Podgorica.

In **general liability insurance**, the Triglav Group recorded a 15% premium growth or EUR 16.6 million in nominal terms. Zavarovalnica Triglav, which accounted for 81% of total premium, charged 13% more premium than in 2016, predominantly as the result of the high growth recorded in general liability insurance, the largest insurance subclass, and product liability insurance. The parent company achieved premium growth through the acquisition of new policyholders, the increased scope of insurance coverage with existing policyholders and partly through a different dynamics of the account of premium compared to the previous year. The strongest increase in written premium was observed in Triglav Osiguranje, Belgrade (index 176), Lovćen Osiguranje (index 132) and Triglav Osiguranje, Zagreb (index 117) resulting from the acquisition of new policyholders and the increased scope of insurance coverage with existing policyholders. In the Serbian insurance company, the higher volume of fronting operations had a significant impact on premium growth.

A premium growth of 15% was achieved in general liability insurance.

Accident insurance accounted for 4.0% of total written premium or EUR 10.8 million in nominal terms, having decreased by 4% compared to the year before. The parent company, accounting for 66% of the Group's total premiums, recorded the highest fall in written premium (index 93), 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) and accounting for almost half of accident insurance premiums. A decrease in premium was seen in Triglav Osiguranje, Skopje (index 96), Triglav Osiguranje, Banja Luka and Lovćen Osiguranje (index 98). Other insurance subsidiaries of the Group recorded premium growth, the highest in Triglav Osiguranje, Belgrade (index 136).

Credit insurance totalled EUR 6.2 million and accounted for 2.3% of total premium, which was 12% higher than the year before. Zavarovalnica Triglav, which accounted for 97% of total premium, recorded a 9% growth in written premium. The parent company achieved good results in insurance in the event of unemployment, disability and death (marketed by banks as an additional product taken out simultaneously with consumer and housing loans), insurance of payment card receivables and insurance of loans to small businesses. The premium of consumer loan insurance, the largest credit insurance subclass (a 61% share), depends on the retail lending

volume in banks was 2% higher than in the corresponding period last year. A high growth in credit insurance was also seen in the Serbian insurance company, which resulted from the higher volume of fronting operations and acquiring a new large policyholder.

Premium from **other non-life insurance** (accounting for 4.3% of total premium) increased by as much as 26% to EUR 11.8 million. A high premium growth was observed in all insurance subsidiaries, with the highest recorded in Triglav Osiguruvanje, Skopje (the highest premium increase in aircraft insurance and miscellaneous financial loss insurance) and Triglav Osiguranje, Sarajevo (the highest premium increase in goods in transit insurance, miscellaneous financial loss insurance and assistance insurance) resulting from the acquisition of new policyholders and the increased scope of insurance coverage with existing policyholders. Zavarovalnica Triglav, accounting for 70% of total premium, saw a 19% growth in written premium compared to the preceding year. This increase was primarily generated by assistance insurance (car assistance premium growth), railway insurance (a different dynamics of the account of premium compared to the previous year) and goods in transit insurance (premium growth for international transport).

4.3.2 Life insurance

In total, the Triglav Group insurance subsidiaries charged EUR 59.1 million in non-consolidated gross written premium from **life insurance** contracts or 10% more than in the same period last year. This accounted for 21.7% of total gross written premium, which was 0.2 percentage point more than in the corresponding period of 2016.

Life insurance premium (traditional life insurance, annuity pension insurance, pension insurance and voluntary pension insurance) totalled EUR 26.2 million and increased by 5% (44.3% of the life insurance class total premium). The parent company recorded a 1% premium increase in the same period last year (an 85% share), mainly resulting from higher regular premium payments and retained sums paid out on the maturity. Significant growth in premium was achieved by Triglav Osiguranje, Sarajevo (a higher volume of insurance sold via agencies, banking sales channels and internal sales network) and Triglav Osiguranje, Belgrade (a higher volume of insurance sold via banking sales channels).

The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) rose by 9% compared to the preceding year. With EUR 27.6 million they accounted for 46.7% of total life insurance premium. All three insurance subsidiaries selling unit-linked life insurance recorded premium growth. The 12% premium growth achieved by the parent company is primarily the result of retained sums paid out on the maturity and higher premium payments. Skupna pokojninska družba and Triglav Osiguranje, Zagreb reached a 1% growth.

Supplemental voluntary pension insurance (capital redemption insurance) generated EUR 5.3 million or 8.9% of total life insurance premium. The 64% premium growth stemmed from transfers of assets from other insurance companies and higher regular premium payments in the parent company.

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 2017	Q1 2016	Q1 2017/ Q1 2016	Q1 2017
Accident insurance	10,840,743	11,292,881	96	4.0%
Health insurance	32,933,617	29,014,151	114	12.1%
Comprehensive car insurance	37,746,504	34,281,443	110	13.9%
Real property insurance	55,084,024	50,780,327	108	20.2%
Motor liability insurance	41,798,715	40,673,103	103	15.4%
General liability insurance	16,572,177	14,412,832	115	6.1%
Credit insurance	6,231,327	5,569,360	112	2.3%
Other non-life insurance	11,794,359	9,345,972	126	4.3%
Non-life insurance	213,001,467	195,370,069	109	78.3%
Life insurance	26,222,911	24,952,364	105	9.6%
Unit-linked life insurance*	27,633,262	25,463,045	109	10.2%
Capital redemption insurance	5,279,257	3,227,215	164	1.9%
Life insurance	59,135,429	53,642,624	110	21.7%
Total	272,136,896	249,012,693	109	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

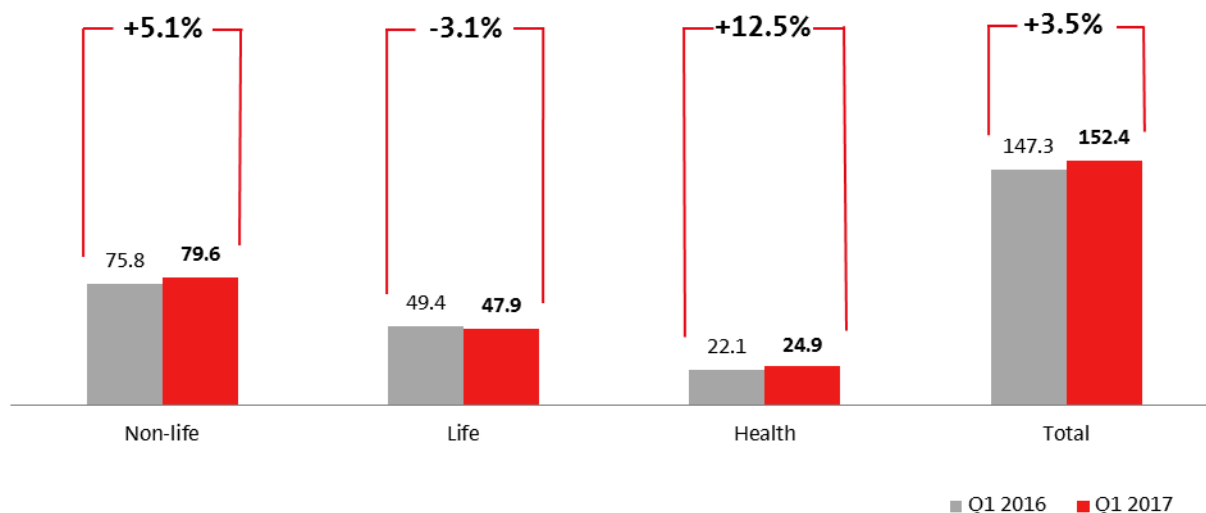
Insurance class	Gross written premium		Index	Structure
	Q1 2017	Q1 2016	Q1 2017/ Q1 2016	Q1 2017
Accident insurance	7,162,663	7,667,539	93	3.9%
Health insurance	112,548	61,020	184	0.1%
Comprehensive car insurance	33,063,106	29,772,066	111	17.8%
Real property insurance	43,082,977	41,378,951	104	23.2%
Motor liability insurance	27,147,737	26,648,824	102	14.6%
General liability insurance	13,424,533	11,851,726	113	7.2%
Credit insurance	6,039,258	5,559,227	109	3.3%
Other non-life insurance	8,290,970	6,882,730	120	4.5%
Non-life insurance	138,323,791	129,822,083	107	74.6%
Life insurance	22,271,359	21,952,389	101	12.0%
Unit-linked life insurance	19,633,855	17,516,697	112	10.6%
Capital redemption insurance	5,279,257	3,227,215	164	2.8%
Life insurance	47,184,471	42,696,301	111	25.4%
Total	185,508,262	172,518,383	108	100.0%

4.4 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 152.4 million in consolidated gross claims paid (including claim handling costs, income from exercised subrogation receivables and gross claims paid from active reinsurance), or 3% more than in the respective period of the previous year. Gross claims paid experienced growth in **non-life insurance**, equalling EUR 79.6 million (index 105) and in **health insurance**, totalling EUR 24.9 million (index 113), whilst in **life insurance** they were down 3% to EUR 47.9 million.

Gross claims paid increased by 3% compared to 2016.

Gross claims paid in Q1 2017 compared to Q1 2016



Excluding Pozavarovalnica Triglav Re, the insurance subsidiaries of the Triglav Group posted EUR 146.7 million in non-consolidated gross claims, representing an increase of 5% over the preceding year. Except for Lovćen Osiguranje (index 100), all subsidiaries recorded an increase in gross claims paid. The highest growth rates in gross claims paid were recorded by Triglav Osiguranje, Banja Luka (index 148), Triglav Osiguranje, Sarajevo, Triglav Osiguranje, Belgrade and Lovćen životna osiguranja (index 117).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 12.0 million, or 7% less compared to the previous year. This decrease was primarily a result of a decline in operations outside the Triglav Group (index 82) due to a decrease in fire insurance and natural disaster insurance and other damage to property insurance. Gross claims in operations within the Triglav Group increased by 17%.

Gross claims paid in Q1 2017 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1 2017
Zavarovalnica Triglav*	55,397,957	42,407,821	97,805,778	108	96	102	66.7%
Triglav, Zdravstvena zavarovalnica	24,910,625		24,910,625	112	0	112	17.0%
Skupna pokojninska družba		4,724,132	4,724,132	0	108	108	3.2%
Triglav Osiguranje, Zagreb	6,197,988	1,358,324	7,556,312	109	129	112	5.2%
Triglav Osiguranje, Sarajevo	1,647,805	421,268	2,069,073	112	143	117	1.4%
Lovćen Osiguranje, Podgorica	3,689,679		3,689,679	100	0	100	2.5%
Triglav Osiguranje, Belgrade	3,077,773	158,177	3,235,950	117	122	117	2.2%
Triglav Osiguranje, Banja Luka	410,675		410,675	148	0	148	0.3%
Triglav Osiguruvanje, Skopje	2,109,951		2,109,951	110	0	110	1.4%
Lovćen životna osiguranja, Podgorica		185,781	185,781	0	117	117	0.1%
Total	97,442,453	49,255,503	146,697,956	109	98	105	100.0%
Pozavarovalnica Triglav Re	12,047,269		12,047,269	93	0	93	
Consolidation eliminations	-4,947,697	-1,403,355	-6,351,052	117	148	123	
Total - consolidated	104,542,025	47,852,148	152,394,173	107	97	103	

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

4.4.1 Non-life insurance

Non-consolidated gross claims in **non-life insurance** amounted to EUR 97.4 million, which was 9% more than in the corresponding period of 2016.

In **health insurance** gross claims increased by 13%, accounting for 17.1% of total gross claims paid, and amounted to EUR 25.0 million. The largest portion of claims, amounting to EUR 24.9 million, which represented a growth of 12%, was posted by Triglav, Zdravstvena zavarovalnica. The increase in the number of policyholders and their changed age structure, which is nearing the Slovene average, resulted in higher average claims paid; in addition, the increase was affected by medical inflation. Equalisation scheme expenses decreased by 20% and totalled EUR 1.3 million.

Claims related to **motor liability insurance** increased by 15% over the respective period of 2016. They represented 15.4% of total gross claims settled by the Triglav Group, amounting to EUR 22.6 million. The high growth rates in gross claims paid were posted by all insurance companies, excluding Lovćen Osiguranje (index 92), primarily due to the increase in the portfolio and higher number of reported claims. The Croatian subsidiary also paid some substantial individual older claims which were subject to legal proceedings and certain substantial claims due to death. Growth in gross claims of Triglav Osiguranje, Sarajevo resulted from payment of three substantial claims due to death and some substantial individual claims, whilst in Triglav osiguranje, Banja Luka from payment of certain substantial older claims as the result of the court ruling.

Claims related to **comprehensive car insurance** grew by 1% over the corresponding period of 2016, amounting to EUR 20.8 million. They represented 14.2% of total gross claims settled by the Triglav Group. A high growth rates in gross claims paid were posted by Triglav Osiguranje, Banja Luka (index 173), Triglav Osiguranje, Belgrade (index 130) and Triglav Osiguruvanje, Skopje (index 113). Growth in gross claims by the Serbian insurer resulted from a larger portfolio and due to higher number of reported claims, whereas gross claims by Triglav Osiguranje, Banja Luka and Triglav Osiguruvanje, Skopje increased as a result of some substantial individual claim payments. In Zavarovalnica Triglav, which accounts for 83% of total comprehensive car insurance of the Group, gross claims paid experienced a growth of 1%. The highest drop in gross claims paid was recorded by Lovćen Osiguranje (payment of a substantial claim in 2016) and Triglav Osiguranje, Sarajevo.

In **real property insurance**, total gross claims paid amounted to EUR 14.4 million or 12% more than the year before, accounting for 9.8% of total gross claims paid. In fire and natural disaster insurance, a 15% increase in gross claims was seen, along with a 10% growth in other damage to property insurance. Zavarovalnica Triglav, holding an 85% share of this insurance class, recorded a high increase in claims of 15%. Main reasons laid mainly in substantial claims paid in fire insurance, machinery breakdown insurance and property insurance in the power industry, insurance of property and property interests of individuals (mostly due to fire) and combined property insurance. Growth rates in gross claims paid were recorded by Triglav Osiguranje, Belgrade (payment of a substantial individual claim due to flood), Lovćen Osiguranje (payment of a substantial individual claim due to fire occurred in 2016) and Triglav Osiguranje, Sarajevo (payment of a substantial individual claim).

Gross claims from **accident insurance** increased by 7%, amounting to EUR 6.0 million. The increase in claims in this insurance class was due to a high 20% growth of gross claims paid in Lovćen Osiguranje (accounting for one third of total claims of the Group) resulting from more reported claims from accident insurance for pensioners and occupational accident insurance. Growth in claims was observed in the parent company (growth in group accident insurance, the biggest insurance sub-class), Triglav Osiguruvanje, Skopje (claim payments arising from

insurance of managers), Triglav Osiguranje, Zagreb and Triglav Osiguranje, Banja Luka (increased number of reported claims).

Gross claims paid in **general liability insurance** amounted to EUR 3.8 million or 16% more than the year before. A high growth resulted from a 21% growth in gross claims paid by the parent company, accounting for a 90% share of total claims of this insurance class. This increase was affected by product liability insurance (higher number of reported claims), installation insurance and liability of medical doctors (payment of several substantial individual claims).

Gross claims paid in **credit insurance** decreased by 33% to EUR 0.7 million. Gross claims paid by the parent company (index 71) accounted for the majority of total claims, the highest decrease was seen in overdraft insurance.

Gross claims paid from **other non-life insurance** increased by 5% to EUR 4.1 million. An increase in gross claims was also recorded in Triglav Osiguranje, Zagreb and Lovćen Osiguranje. Claims growth of 68% in the Croatian insurer primarily resulted from higher gross claims paid in marine comprehensive insurance (payment of six substantial claims) and marine liability insurance (payment of claim from 2015 resulting from a court ruling). Lovćen Osiguranje recorded an increase of 108% in claims from assistance insurance (roadside assistance insurance). Zavarovalnica Triglav, holding an 81% share of this insurance class, maintained approximately the same level of gross claims paid as in 2016 (index 100).

4.4.2 Life insurance

Non-consolidated gross claims paid in **life insurance** equalled EUR 49.3 million and were 2% lower compared to the previous year. Their share in total non-consolidated claims paid fell by 2.5 percentage points to 33.6%.

Gross claims settled by the **life insurance** class (traditional life, pension, annuity pension and voluntary pension insurance) totalled EUR 23.5 million or 7% less compared to the previous year, mainly due to a decrease in sums paid out on the maturity and a decreased number of surrenders in Zavarovalnica Triglav (index 91). Other insurance companies of the Group selling this insurance class recorded a growth in gross claims paid.

The bulk of total claims settled accounted for by **unit-linked life insurance**, amounting to EUR 23.9 million, having increased by 8%. Higher gross claims paid resulted primarily from an increase in sums paid out on the maturity in Zavarovalnica Triglav (index 108) and Triglav Osiguranje, Zagreb (index 121). Growth in gross claims paid by Skupna pokojninska družba (index 108) was primarily affected by the ageing of the life insurance portfolio and consequently by the higher rate of insurance policy withdrawal of elderly insurance holders.

Gross claims paid in **supplemental voluntary pension insurance** decreased by 40%. This decrease in the parent company, the only insurer offering this insurance type, was primarily due to reduced payments arising from the withdrawals from insurance contracts.

Gross claims paid of the Triglav Group (excluding Pozavarovalnica Triglav Re) by insurance class

	Gross claims paid		Index	Structure
	Q1 2017	Q1 2016	Q1 2017/ Q1 2016	Q1 2017
Accident insurance	6,030,016	5,626,317	107	4.1%
Health insurance	25,034,231	22,237,427	113	17.1%
Comprehensive car insurance	20,830,023	20,642,906	101	14.2%
Real property insurance	14,385,337	12,839,830	112	9.8%
Motor liability insurance	22,601,465	19,701,017	115	15.4%
General liability insurance	3,840,657	3,311,882	116	2.6%
Credit insurance	667,895	993,586	67	0.5%
Other non-life insurance	4,052,825	3,865,032	105	2.8%
Non-life insurance	97,442,449	89,217,997	109	66.4%
Life insurance	23,500,796	25,219,009	93	16.0%
Unit-linked life insurance*	23,926,517	22,074,711	108	16.3%
Capital redemption insurance	1,828,194	3,026,724	60	1.2%
Life insurance	49,255,507	50,320,444	98	33.6%
Total	146,697,956	139,538,441	105	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 in by insurance class

Insurance class	Gross claims paid		Index	Structure
	Q1 2017	Q1 2016	Q1 2017/ Q1 2016	Q1 2017
Accident insurance	3,240,048	3,163,293	102	3.3%
Health insurance	3,475	53	6.563	0.0%
Comprehensive car insurance	17,274,723	17,092,714	101	17.7%
Real property insurance	12,240,732	10,632,915	115	12.5%
Motor liability insurance	15,191,816	13,394,126	113	15.5%
General liability insurance	3,460,929	2,853,224	121	3.5%
Credit insurance	695,648	984,630	71	0.7%
Other non-life insurance	3,285,107	3,279,867	100	3.4%
Non-life insurance	55,392,478	51,400,823	108	56.6%
Life insurance	21,782,848	23,919,676	91	22.3%
Unit-linked life insurance	18,796,779	17,376,409	108	19.2%
Capital redemption insurance	1,828,194	3,026,724	60	1.9%
Life insurance	42,407,821	44,322,809	96	43.4%
Total	97,800,299	95,723,632	102	100.0%

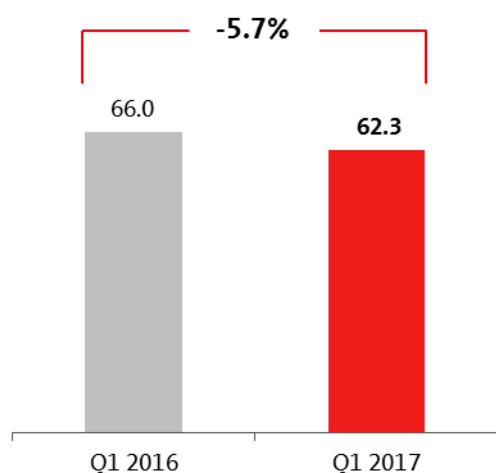
4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group equalled EUR 62.3 million, which was 6% less compared to the preceding year. **Insurance business operating expenses** grew by 5% to EUR 56.1 million. On contrast, **non-insurance business expenses** were down 51%, reaching EUR 6.2 million, mainly due to the sale of the stake of the Avrigo Group and of Slovenijales Trgovina as their costs are no more included in the consolidated financial statements of the Triglav Group. Increased operating expenses of insurance business were mainly caused by higher acquisition costs due to higher premium.

Gross operating expenses decreased by 6% compared to 2016.

Operating expenses accounted for 20.0% of gross written premium and were 0.7 percentage point lower than in the respective period of 2016. Operating expenses in **non-life insurance** increased by 6% (EUR 45.0 million), in **health insurance** they were up by 19% (EUR 2.9 million), whereas in the **life-insurance** segment they went down 4% (EUR 8.2 million).

Gross operating expenses of the Triglav Group in Q1 2017 compared to the same period of 2016



Acquisition costs (fees and commissions) totalled EUR 10.4 million and were 7% higher than in the preceding year mostly due to higher acquisition costs in Triglav Osiguranje, Belgrade and Triglav, Zdravstvena zavarovalnica. The costs of goods sold were down to EUR 13 thousand, primarily as a result of the sale of the stake of Slovenijales Trgovina, whilst in the same period of 2016 they amounted to EUR 4.4 million. A 6% decrease of depreciation costs (in the amount of EUR 3.3 million) was mainly a consequence of the sale of an equity stake of the Avrigo Group. With 49.5%, labour costs accounted for the largest portion of total expenses, equalling EUR 33.0 million. They remained at approximately the same level as the year before (index 100). Costs of services provided by natural persons other than sole proprietors equalled EUR 0.3 million, representing a decrease of as much as 22%. This decrease is mainly a result of lower costs related to student work and costs related to work contracts. Other operating expenses represented an increase of 3%, reaching EUR 19.7 million. Among other operating expenses, the highest increase was seen in costs of entertainment, advertising, trade shows (foremost due to the growth in Lovćen Osiguranje) and other costs of services (mostly due to the transfer management of real property of insurance business from the parent company to Triglav, Upravljanje nepremičnin).

In total gross operating expenses broken down by functional group, an increase was seen in acquisition costs, accounting for 59.2% (vs. 58.2% in 2016), whilst claim handling costs remained unchanged, accounting for a 10.6%. With 29.2%, other operating expenses went down by 0.7 percentage point and asset management costs, with a share of 0.9% (vs. 1.3% in 2016).

Gross operating expenses of the Triglav Group by nature in Q1 2017

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1 2017	Q1 2016	Q1 2017/ Q1 2016	Q1 2017
Acquisition costs (fees and commissions)	10,354,423	9,710,039	107	15.6%
Costs of goods sold	13,121	4,419,234	0	0.0%
Depreciation of operating assets	3,261,166	3,480,626	94	4.9%
Labour costs	32,956,355	32,878,187	100	49.5%
- wages and salaries	23,964,099	23,634,454	101	36.0%
- social securities and pension insurance costs	5,500,588	5,384,145	102	8.3%
- other labour costs	3,491,668	3,859,588	90	5.2%
Costs of services provided by natural persons other than SPs together with pertaining taxes	281,636	362,328	78	0.4%
Other operating expenses	19,703,669	19,190,728	103	29.6%
- costs of entertainment, advertising, trade shows	4,063,611	3,424,997	119	6.1%
- costs of material and energy	1,914,585	2,331,937	82	2.9%
- maintenance costs	3,045,831	3,297,900	92	4.6%
- travel expenses	1,267,570	1,320,518	96	1.9%
- costs of intellectual and personal services	1,104,644	1,064,076	104	1.7%
- non-income-related costs, excluding insurance	650,418	576,306	113	1.0%
- costs of transport and communication services	1,098,050	1,249,369	88	1.6%
- costs of insurance premiums	264,184	269,704	98	0.4%
- payment transaction costs and banking services	1,897,860	1,723,560	110	2.9%
- rents	1,672,465	1,731,900	97	2.5%
- costs of services of professional training	184,685	146,171	126	0.3%
- other costs of services	2,539,766	2,054,290	124	3.8%
- long-term employee benefits	0	0	0	0.0%
Total	66,570,370	70,041,142	95	100.0%
Consolidation eliminations	-4,309,076	-4,004,833	108	
Total consolidated	62,261,294	66,036,309	94	

Gross operating expenses of Zavarovalnica Triglav by nature in Q1 2017

Operating costs by nature	Gross operating expenses		Index	Structure
	Q1 2017	Q1 2016	Q1 2017/ Q1 2016	Q1 2017
Acquisition costs (fees and charges)	5,558,823	5,834,399	95	14.7%
Depreciation of operating assets	2,206,228	2,077,247	106	5.8%
Labour costs	21,999,568	21,546,842	102	58.2%
- wages and salaries	16,514,725	15,945,030	104	43.7%
- social security and pension insurance costs	2,751,516	2,673,586	103	7.3%
- other labour costs	2,733,327	2,928,227	93	7.2%
Costs of services provided by natural persons other than SPs together with pertaining taxes	46,724	151,205	31	0.1%
Other operating expenses	7,986,087	8,334,487	96	21.1%
- costs of entertainment, advertising, trade shows	1,588,689	1,667,050	95	4.2%
- costs of material and energy	719,809	875,383	82	1.9%
- maintenance costs	2,005,697	2,132,141	94	5.3%
- reimbursement of labour-related costs	845,323	818,241	103	2.2%
- costs of intellectual and personal services	383,104	451,982	85	1.0%
- non-income-related costs, excluding insurance	187,242	153,829	122	0.5%
- costs of transport and communication services	524,190	668,427	78	1.4%
- costs for insurance premiums	39,056	22,918	170	0.1%
- payment transaction costs and banking services	379,352	449,529	84	1.0%
- rents	602,758	575,947	105	1.6%
- costs of professional training services	91,644	45,943	199	0.2%
- other costs of services	619,221	473,096	131	1.6%
Total	37,797,430	37,944,180	100	100.0%

4.6 Reinsurance

In the first three months of 2017, **the Triglav Group** allocated EUR 36.2 million of reinsurance and coinsurance premiums to external equalisation, which was 18% more than in the respective period of 2016. Reinsurance premiums accounted for 12.9% of total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 3.6 million (index 114) was received from reinsurance.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 34.0 million to of reinsurance and coinsurance premiums to external equalisation, which was 8% more than in the respective period of 2016. Reinsurance premium accounted for 18.3% of total gross written premium. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 4.8 million was received from reinsurance and coinsurance (index: 116).

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 2,740.6 million to gross insurance technical provisions, which in total represented an increase of 3% compared to 31 December 2016.

The total amount of gross insurance technical provisions of the Triglav Group increased by 3%.

The amount of gross insurance technical provisions increased in **non-life insurance** (index 106) and **life insurance** (index 101), whereas in **health insurance** it was 4% lower. As at the reporting date, **Zavarovalnica Triglav** allocated EUR 2,137.1 million to gross insurance technical provisions, which was 3% more over the 2016 year-end.

The Triglav Group's provisions by type as at 31 March 2017 compared to the 2016 year-end:

- **Gross provisions for unearned premium** increased by 20% and reached EUR 316.1 million. Unearned premium from non-life insurance amounted to EUR 312.5 million (index 120), unearned premium from life insurance totalled EUR 536 thousand (index 119) and unearned premium from health insurance reached EUR 3.1 million (index 133).
- **Gross claims provisions** remained approximately at the same level as at the 2016 year-end (index 100), amounting to EUR 638.1 million. Claims provisions from non-life insurance totalled EUR 610.8 million (index 101), those from the life-insurance segment stood at EUR 18.9 million (index 100) and those from health insurance amounted to EUR 8.5 million (index 93).
- **Mathematical provisions** were 1% higher and amounted to EUR 1,753.8 million. Of the total amount of mathematical provisions, EUR 1,284.7 million originated from the guarantee fund backing life insurance (index 101) and EUR 469.1 million from the guarantee fund backing unit-linked life insurance (index 102). Mathematical provisions of **Zavarovalnica Triglav** were 1% higher and amounted to EUR 1,406.4 million, accounting for the bulk of total mathematical provisions. Of the total amount of mathematical provisions, EUR 734.8 million originated from the guarantee fund backing life insurance, EUR 438.4 million from the guarantee fund backing unit-linked life insurance, EUR 194.1 million from the guarantee fund backing SVPI (Zajamčeni, Drzni in Zmerni), and EUR 39.0 million from the guarantee fund backing SVPI during the annuity payout period.
- **Provisions for bonuses and discounts** amounted to EUR 19.2 million and were at a level approximately equal to the 2016 year-end (index 100).
- **Other insurance technical provisions** were 16% higher than at the 2016 year-end and amounted to EUR 13.4 million. The same growth of 16% was recorded by other insurance

technical provisions of the parent company, amounting to EUR 8.9 million in nominal terms. Provisions for unexpired risks grew by 18% (EUR 3.4 million), provisions for the guarantee fund backing supplemental voluntary pension insurance during the annuity payout period identified by the Liability Adequacy Test (LAT) increased by 14% (EUR 4.4 million) and provisions for cancellations were up by 14% (EUR 1.0 million). A high growth in other insurance technical provisions was seen in Triglav, Zdravstvena zavarovalnica (index 171) due to the increase in provisions for unexpired risks arising from the sale of Zobje and Zobje+ insurance.

Gross insurance technical provisions of the Triglav Group as at 31 March 2017

	Gross insurance technical provisions		Index
	31 March 2017	31 December 2016	2017/2016
Unearned premiums	316,112,878	263,639,620	120
Mathematical provisions	1,753,782,274	1,731,221,699	101
Claims provisions	638,122,230	635,240,895	100
Provisions for bonuses and discounts	19,182,795	19,105,924	100
Other insurance technical provisions	13,448,844	11,580,177	116
Total	2,740,649,021	2,660,788,315	103

Gross insurance technical provisions of Zavarovalnica Triglav as at 31 March 2017

	Gross insurance technical provisions		Index
	31 March 2017	31 December 2016	2017/2016
Unearned premiums	231,252,212	188,487,876	123
Mathematical provisions	1,406,365,198	1,390,394,245	101
Claims provisions	472,153,991	471,240,774	100
Provisions for bonuses and discounts	18,495,379	18,495,379	100
Other insurance technical provisions	8,880,924	7,684,844	116
Total	2,137,147,704	2,076,303,118	103

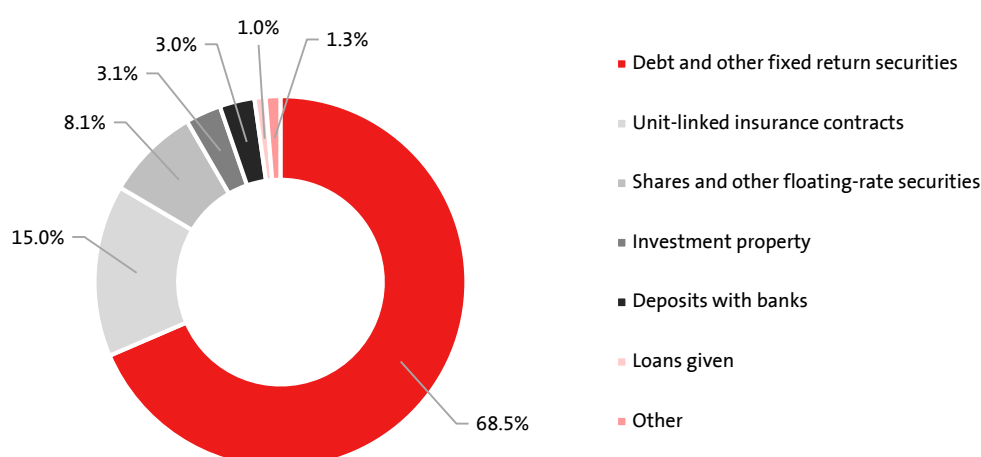
4.8 Structure of financial investments

Financial investments, including investment property of the Triglav Group as at 31 March 2017 stood at EUR 3,089.9 million, which was approximately at the same level as at the 2016 year-end (index 100). Their share in total assets went down by 2.3 percentage point and reached 83.8%.

Financial investments of the Triglav Group as at 31 March 2017 and 31 December 2016

	Financial investments		Index	Structure	
	31 March 2017	31 December 2016	2017/2016	31 March 2017	31 Dec. 2016
Investment property	95,521,273	95,842,720	100	3.1%	3.1%
Shares in associates	7,102,347	6,826,400	104	0.2%	0.2%
Shares and other floating-rate securities	251,620,195	238,449,950	106	8.1%	7.7%
Debt and other fixed return securities	2,117,568,472	2,134,902,600	99	68.5%	69.4%
Loans given	29,800,277	29,824,585	100	1.0%	1.0%
Deposits with banks	93,883,531	81,237,845	116	3.0%	2.6%
Other financial investments	26,759,253	24,733,673	108	0.9%	0.8%
Financial investments of reinsurance companies in reinsurance contracts with cedents	5,656,926	5,171,806	109	0.2%	0.2%
Unit-linked insurance contracts	462,037,331	459,982,822	100	15.0%	14.9%
Total	3,089,949,605	3,076,972,401	100	100.0%	100.0%

Structure of financial investments of the Triglav Group as at 31 March 2017



The investment policy of the Triglav Group is relatively conservative, its basic emphasis being on ensuring the safety and liquidity of investments while achieving adequate profitability. In 2017, the structure of financial investments has followed these guidelines and has not changed significantly compared to 2016. The largest, 68.5% share of total financial assets of the Group was maintained by debt and other fixed-return securities, which decreased by 0.9 percentage points. In terms of volume, excluding unit-linked life insurance assets, equity investments are followed by investment properties and bank deposits.

In the context of the abovementioned guidelines, the Group actively adapts the shares of individual investment grades. Its objective is to maintain a high overall rating of the whole investment portfolio. In the first quarter of 2017, only minor adjustments were made compared to the 2016 year-end. The share of **debt securities and other fixed-income securities** decreased by 0.9 percentage point, while the share of equity investments went up by 0.4 percentage point. The share of investment property remained the same, whereas the share of bank deposits in the portfolio increased by 0.4 percentage point. The latter is the result of short-term liquidity management of the Group.

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

In terms of issuer sector, government bonds account for almost a half of all bonds; in the first quarter of 2017, their volume slightly decreased (index 98). There were no significant changes in corporate and financial bonds, whereas the already small proportion of structured bonds further declined.

Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index 2017/2016	Structure	
	31 March 2017	31 December 2016		31 March 2017	31 Dec. 2016
Corporate	507,433,537	504,467,444	101	24.0%	23.6%
Financial	544,982,344	543,495,982	100	25.7%	25.5%
Government	1,050,391,472	1,068,719,391	98	49.6%	50.1%
Structured	14,761,119	18,219,783	81	0.7%	0.9%
Total	2,117,568,472	2,134,902,600	99	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The investment portfolio consists of investments in debt securities with a high credit rating, primarily in developed markets, which ensures adequate liquidity for the Group. In terms of **issuer rating**, the bulk of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least BBB.

Debt securities of the Triglav Group by issuer credit rating

Credit rating	Debt securities		Index	Structure	
	31 March 2017	31 December 2016	2017/2016	31 March 2017	31 Dec. 2016
AAA	213,300,348	211,893,186	101	10.1%	9.9%
AA	129,357,693	126,423,500	102	6.1%	5.9%
A	564,793,537	576,015,797	98	26.7%	27.0%
BBB	732,474,272	741,012,325	99	34.6%	34.7%
Below BBB	384,873,539	392,749,250	98	18.2%	18.4%
Not rated	92,769,082	86,808,541	107	4.4%	4.1%
Total	2,117,568,472	2,134,902,600	99	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

In terms of issuer country, the majority of the portfolio is accounted for by debt securities of issuers from the countries with a high credit rating. Minor changes in the exposure to individual countries are a result of price fluctuations and active trading.

Debt securities of the Triglav Group by issuer's country

Country of issuer	Debt securities		Index	Structure	
	31 March 2017	31 December 2016	2017/2016	31 March 2017	31 Dec. 2016
Slovenia	431,315,057	443,032,245	97	20.4%	20.8%
Spain	175,469,550	165,634,669	106	8.3%	7.8%
Netherlands	162,483,478	171,442,648	95	7.7%	8.0%
Germany	162,079,477	160,146,983	101	7.7%	7.5%
France	134,785,161	136,772,348	99	6.4%	6.4%
Italy	114,326,008	121,225,847	94	5.4%	5.7%
Other	937,109,740	936,647,861	100	44.3%	43.9%
Total	2,117,568,472	2,134,902,600	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 by 5% in Q1 2017, 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 3% of equity investments, but compared to its previous share it grew the most in the first quarter of 2017.

Equity investments of the Triglav Group by equity investment type

Equity investment type	Equity investments		Index	Structure	
	31 March 2017	31 December 2016	2017/2016	31 March 2017	31 Dec. 2016
Shares	69,718,272	68,892,275	101	26.9%	28.1%
Equity funds	114,943,025	89,046,478	129	44.4%	36.3%
Bond funds	50,520,988	39,428,528	128	19.5%	16.1%
Money market funds	15,586,464	42,053,747	37	6.0%	17.1%
Other funds	7,953,794	5,855,322	136	3.1%	2.4%
Total	258,722,542	245,276,350	105	100.0%	100.0%

Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	31 March 2017	31 December 2016	2017/2016	31 March 2017	31 Dec. 2016
Slovenia	58,703,012	59,816,111	98	22.7%	24.4%
Developed markets	165,514,513	160,652,378	103	64.0%	65.5%
Developing markets	24,145,652	15,428,349	157	9.3%	6.3%
Balkans	10,359,366	9,379,512	110	4.0%	3.8%
Total	258,722,542	245,276,350	105	100.0%	100.0%

In **Zavarovalnica Triglav**, financial investments, including investment properties, amounted to EUR 2,416.4 million which is 1% more than as at the 2016 year-end.

Financial investments of Zavarovalnica Triglav as at 31 March 2017

	Financial investments		Index	Structure	
	31 March 2017	31 December 2016	2017/2016	31 March 2017	31 Dec. 2016
Investment property	49,241,260	49,611,416	99	2.0%	2.0%
Investments in subsidiaries and associates	142,591,985	140,135,485	102	5.8%	5.8%
Shares and other floating-rate securities	151,494,049	139,671,350	108	6.2%	5.7%
Debt and other fixed return securities	1,578,460,091	1,589,007,928	99	64.3%	65.2%
Loans given	49,162,198	43,651,675	113	2.0%	1.8%
Deposits with banks	49,907,455	37,045,982	135	2.0%	1.5%
Other financial investments	1,700,237	1,700,237	100	0.1%	0.1%
Derivative financial instruments	1,538,287	1,423,429	108	0.1%	0.1%
Unit-linked insurance contract investments	432,503,347	434,043,269	100	17.6%	17.8%
Total	2,456,598,910	2,436,290,771	101	100.0%	100.0%

5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 Financial result

In the first three months of 2017, the **Triglav Group** posted a **net profit of EUR 22.3 million** or 1% less than in the same period last year. Net profit attributable to the shareholders of controlling company amounted to EUR 22.1 million (index 98), whereas net profit attributable to minority shareholders totalled EUR 258 thousand (index 105). Profit before tax amounted to EUR 25.5 million. Compared to 2016, **net return on equity** decreased by 0.6 percentage point to 12.6%.

The Triglav Group generated a net profit of EUR 22.3 million in Q1 2017.

Zavarovalnica Triglav posted a **net profit** of EUR 17.2 million or 19% less compared to the corresponding period of 2016. Lower net profit is primarily the result of lower returns on investments due to the sale of the stake in the subsidiary Avrigo in 2016 and higher net claims incurred.

Combined ratio of the Group remains favourable at 92.7% (Q1 2016: 91.4%). 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	89.6%	82.3%	7.3 p.p.
Triglav, Zdravstvena zavarovalnica	94.9%	96.7%	-1.8 p.p.
Pozavarovalnica Triglav Re	94.7%	104.4%	-9.7 p.p.
Triglav Osiguranje, Zagreb	107.5%	130.5%	-23.0 p.p.
Triglav Osiguranje, Sarajevo	91.7%	97.9%	-6.2 p.p.
Lovćen Osiguranje, Podgorica	95.9%	100.3%	-4.4 p.p.
Triglav Osiguranje, Belgrade	99.4%	97.8%	1.7 p.p.
Triglav Osiguranje, Banja Luka	89.6%	100.6%	-11.0 p.p.
Triglav Osiguruvanje, Skopje	92.9%	103.1%	-10.2 p.p.
The Triglav Group	92.7%	91.4%	1.2 p.p.

Net premiums earned increased by 6% to EUR 214.6 million compared to the preceding year. Net premium income from non-life insurance grew by 4%, whilst net premium income from life and health insurance went up by 10% and 13% respectively.

Net claims incurred increased by 6% to EUR 148.3 million. Net claims incurred from non-life insurance and health insurance increased by 11% and 8% respectively, whilst from life insurance they were 1% lower.

Income from financial assets went up by 44%, reaching EUR 43.8 million, whilst income from financial assets in associates totalled EUR 60 thousand or 98% less than in the preceding year mainly as a result of lower net gains on the sale of financial assets. Income from other financial assets was 1% higher or EUR 26.6 million in nominal terms. Net unrealised gains on unit-linked life insurance assets grew, amounting to EUR 17.1 million (2016: EUR 1.1 million).

Over the reporting period, **financial expenses** decreased by 71% to EUR 9.8 million. Expenses from financial assets in associates totalled EUR 0.1 million (index 86), while expenses from other financial assets equalled EUR 9.2 million, The latter went down by 48% mainly as the result of permanent impairments of certain investments in the preceding year and lower other financial

expenses. Net unrealised losses on unit-linked life insurance assets reached EUR 0.5 million compared to EUR 16.0 million in the respective period of 2016.

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 amounted to EUR 17.4 million, having increased by 48% compared to the preceding year. Higher returns on investments are the result of permanent impairments of financial investments and other financial expenses in 2016, which more than outweigh this year's decline in net interest income, net gains on the sale of financial assets and the effect of the change in fair value through profit or loss.

Return on financial investments increased by 48% in comparison to 2016.

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 13.1 million or 127% more than one year earlier, primarily due to higher other insurance technical provisions for health insurance (index 353) and mathematical provisions (index 233). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR 11.1 million (EUR -21.7 million) due to an increase in price of fund units. **Provisions for bonuses and discounts** decreased by 6% to EUR 2.6 million.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 49.6 million and were 5% higher than in 2016. With a 7% growth, acquisition costs amounted to EUR 33.2 million, while other operating expenses experienced the increase of 3%, totalling to EUR 16.4 million.

Other income from insurance operations, excluding fees and commissions, increased by 22% and reached EUR 1.3 million. **Other insurance expenses**, excluding fees and commissions expenses, decreased by 45%, amounting to EUR 2.4 million. Net fee and commission income (in the income statement for 2017, fee and commission income and expenses are disclosed separately) was up by 85% and amounted to EUR 1.9 million.

Other income was down by 60%, reaching EUR 8.1 million due to the sale of a land plot and an equity stake of Avrigo in 2016. **Other expenses** dropped by 49% to EUR 7.2 million.

Individual items in the consolidated income statement of the Triglav Group for Q1 2017

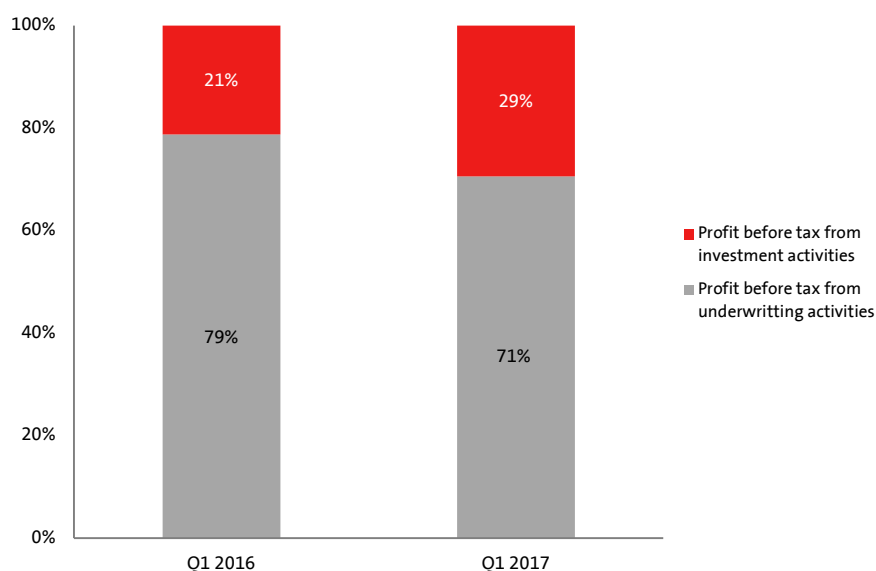
	Q1 2017	Q1 2016	Index
Net premium earned	198,595,213	201,612,902	99
Income from financial assets	43,776,328	30,502,949	144
Other income from insurance operations	6,962,628	2,131,016	327
Other income	8,058,214	20,047,867	40
Net claims incurred	140,875,777	139,691,535	101
Change in other insurance technical provisions	13,124,352	5,790,638	227
Change in insurance technical provisions for unit-linked insurance contracts	11,148,205	-21,658,306	
Expenses for bonuses and discounts	2,558,761	2,708,374	94
Operating expenses	49,578,180	47,099,622	105
Expenses from financial assets and liabilities	9,840,451	33,701,519	29
Other insurance expenses	6,157,531	4,480,144	137
Other expenses	7,232,715	14,255,062	51
Profit/loss before tax	25,457,667	28,226,146	90
Income tax expense	-3,140,471	-5,581,109	56
Net profit/loss for the accounting period	22,317,196	22,645,037	99

Net profit/loss before tax of the Triglav Group in Q1 2017 and Q1 2016*

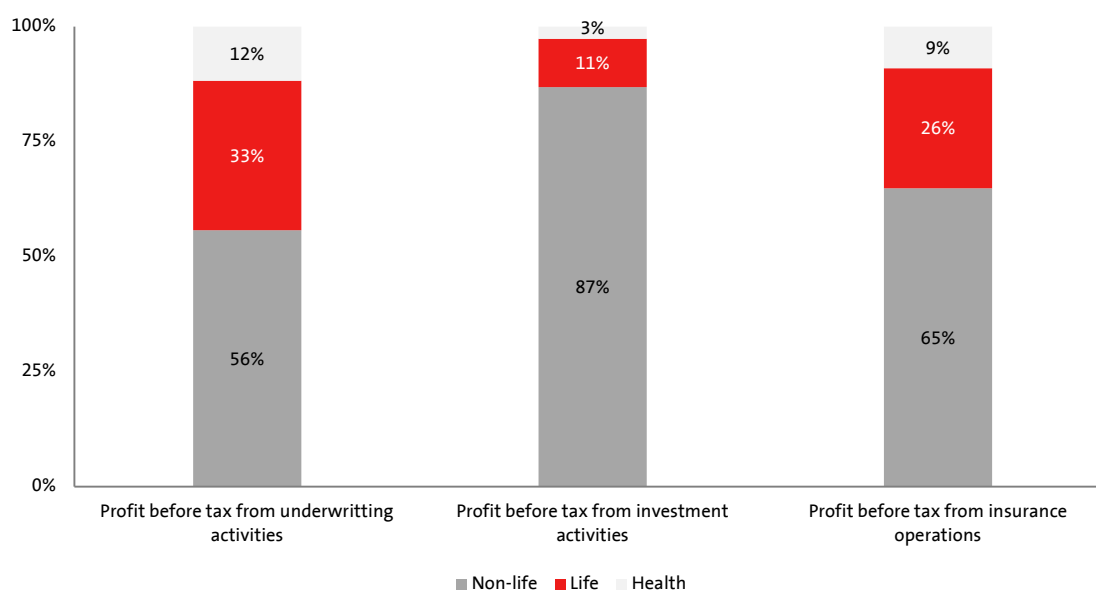
	Q1 2017				Q1 2016			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	9,990,008	5,829,872	2,108,699	17,928,579	11,674,066	4,942,582	1,282,029	17,898,677
Profit before tax from investment activities	6,495,066	786,114	200,998	7,482,178	6,594,745	-2,001,691	226,156	4,819,210
Profit before tax from insurance operations	16,485,074	6,615,986	2,309,697	25,410,757	18,268,811	2,940,891	1,508,185	22,717,887
Profit before tax from non-insurance operations				46,910				5,508,259
Total profit before tax				25,457,667				28,226,146

*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 net profit/loss before tax of the Triglav Group in Q1 2017 and Q1 2016



Structure of net profit/loss before tax of the Triglav Group by insurance type in Q1 2017



Individual items in the income statement of Zavarovalnica Triglav for Q1 2017

	Q1 2017	Q1 2016	Index
Net premium income	127,824,484	122,561,673	104
Income from financial assets	35,529,999	25,311,591	140
Other income from insurance operations	7,017,348	5,986,822	117
Other income	2,606,725	2,716,679	96
Net claims incurred	91,614,558	84,841,064	108
Change in other insurance technical provisions	10,571,255	3,527,189	300
Change in insurance technical provisions for unit-linked insurance contracts	7,356,700	-20,821,737	
Expenses for bonuses and discounts	2,163,459	2,180,610	99
Operating expenses	32,683,621	32,699,202	100
Expenses from financial assets and liabilities	6,366,867	24,339,836	26
Other insurance expenses	1,567,590	2,327,121	67
Other expenses	926,348	1,183,254	78
Profit/loss before tax	19,728,159	26,300,224	75
Income tax expense	2,541,608	5,120,463	50
Net profit/loss for the accounting period	17,186,551	21,179,761	81

5.2 Financial standing

The total **balance sheet** of the Triglav Group as at 31 March 2017 stood at EUR 3,687.9 million or 3% more compared to the 2016 year-end.

The total **equity capital** as at the reporting date amounted to EUR 759.6 million or 2% more than at the 2016 year-end. The portion of equity in the balance sheet total decreased by 0.2 percentage point, from 20.8% to 20.6%. Equity attributable to the controlling company amounted to EUR 753.1 million, while non-controlling interest holders had EUR 6.4 million. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. Share premium decreased by 4%, amounting to EUR 51.4 million due to an additional payment made to minority shareholders of Pozavarovalnica Triglav Re. Reserves from profit amounted to EUR 305.3 million and remained at a level approximately equal to the 2016 year-end (index 100). As a result of an increase in the value of available-for-sale financial assets, fair value reserve increased by 1% to EUR 88.8 million. As at the reporting

The total equity capital increased by 2% compared to the 2016 year-end.

date, accumulated profit for the period was EUR 237.3 million (index 109), including net profit for the period of EUR 22.1 million (index 50) and net profit brought forward of EUR 215.3 million (index 124). Net profit brought forward increased by EUR 44.2 million, due to the transfer of net profit for the period to 1 January 2016 and establishing a treasury shares fund.

Subordinated liabilities increased by 8% due to higher volume of inter-company transactions, which were excluded in consolidation. They accounted for 0.4% of total liabilities or EUR 15.5 million in nominal terms.

Gross insurance technical provisions grew by 3% and amounted to EUR 2,740.6 million. In the balance sheet total, their share decreased by 0.1 percentage point compared to the 2016 year-end, from 74.4 to 74.3%. Mathematical provisions increased by 1%, reaching EUR 1,753.8 million. Gross claims provisions amounted to EUR 638.1 million and remained at a level approximately equal to the 2016 year-end (index 100). Provisions for gross unearned premiums and other insurance technical provisions were up by 20% and 6% respectively. Insurance technical provisions are discussed in greater detail under *Section 4.7*.

Compared to 31 December 2016, **other financial liabilities** experienced a high growth of 151%, amounting to EUR 13.3 million, foremost as a result of transactions which will be settled after the end of the reporting period. They accounted for a 0.4% share of total balance sheet liabilities.

Operating liabilities as at the reporting date totalled EUR 56.9 million, having increased by 35% over the 2016 year-end. They accounted for 1.5% of total balance sheet liabilities, which was 0.4 percentage point higher over the 2016 year-end. Liabilities from direct insurance operations went up by 24% to EUR 19.8 million. With EUR 34.5 million (index 149), liabilities from co-insurance and reinsurance were higher, whereas current tax liabilities, amounting to EUR 2.6 million (index 91) decreased.

Other provisions shrunk by 1% to EUR 17.4 million compared to the 2016 year-end (a 0.5% share in total liabilities). **Deferred tax liabilities** amounted to EUR 25.9 million, which was 2% more than at the 2016 year-end due to higher fair value reserve from financial investments. They accounted for 0.7% of the balance sheet total. As at the reporting date, **other liabilities** decreased by 6% and stood at EUR 58.8 million, representing a 1.6% share of total liabilities.

Financial assets accounted for 81.0% of total assets (2.2 percentage points less than at the 2016 year-end) and totalled EUR 2,987.3 million. They remained approximately at the same level as at 31 December 2016 (index 100). Unit-linked insurance assets amounted to EUR 462.0 million (index 100) and financial investments to EUR 2,525.3 million (index 100). In total financial investments, EUR 162.6 million (index 109) was accounted for by deposits and loans, EUR 229.4 million by held-to-maturity investments (index 99), EUR 1,740.2 million by available-for-sale financial assets (index 100) and EUR 393.1 million by assets recognised at a fair value through profit or loss (index 99). The structure of financial assets is discussed in greater detail under *Section 4.8*.

Financial investments in associates of the Triglav Group amounted to EUR 7.1 million, having increased by 4% (a 0.2% share in total assets) as a result of a new investment in Triglav.

Investment property amounted to EUR 95.5 million and remained at a level approximately equal to the 2016 year-end (index 100), accounting for 2.6% of total assets.

Receivables and deferred tax assets increased by 34% to EUR 226.6 million over the 2016 year-end. Compared to the respective period of 2016, they experienced an increase of 3%. They accounted for 6.1% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 115.7 million (index 138), which experienced an increase

of 3% compared to 31 March 2016. Receivables from co-insurance and reinsurance operations reached EUR 40.5 million (index 116), other receivables stood at EUR 53.1 million (index 162) and current tax receivables at EUR 1.0 million (index 107). Deferred tax assets amounted to EUR 16.2 million (index 103).

Insurance technical provisions transferred to reinsurance contracts stood at EUR 97.1 million, having increased by 26% over the 2016 year-end. Assets from reinsurance contracts from claim provisions were 7% higher and totalled EUR 62.1 million, while those from unearned premiums grew by 82% to EUR 34.9 million.

Property, plant and equipment amounted to EUR 107.5 million and remained at a level approximately equal to the 2016 year-end (index 100). They represented 2.9% of total financial assets. **Intangible assets** stood at EUR 78.8 million, having increased by 7% primarily due to higher long-term deferred acquisition costs, accounting for 2.1% of total assets.

Cash and cash equivalents amounted to EUR 79.3 million (index 121), whilst **other assets** totalled EUR 5.9 million (index 163).

Non-current assets held for sale equalled EUR 2.7 million due to the planned sale of specific land plots and buildings. In 2017, non-current assets held for sale increased by EUR 1.7 million due to the planned sale of a building of Triglav, Upravljanje nekretninama, Zagreb.

Individual items in the consolidated balance sheet of the Triglav Group as at 31 March 2017

	31 March 2017	31 December 2016	Index
Assets	3,687,910,196	3,574,885,423	103
Intangible assets	78,828,082	73,823,588	107
Property, plant and equipment	107,510,641	107,933,428	100
Investment property	95,521,273	95,842,720	100
Investment in associates	7,102,347	6,826,400	104
Financial assets	2,987,325,986	2,974,303,281	100
Reinsurers' share of insurance technical provisions	97,130,896	77,084,783	126
Receivables and deferred tax assets	226,558,575	168,714,203	134
Other assets	5,898,853	3,622,253	163
Cash and cash equivalents	79,317,975	65,714,474	121
Non-current assets held for sale	2,715,568	1,020,293	266
Equity and liabilities	3,687,910,196	3,574,885,422	103
Equity	759,569,627	744,349,747	102
Subordinated liabilities	15,460,463	16,869,102	92
Insurance technical provisions	2,271,572,128	2,203,105,224	103
Insurance technical provisions for unit-linked insurance contracts	469,076,893	457,683,091	102
Other provisions	17,416,774	17,521,481	99
Deferred tax liabilities	25,872,150	25,400,544	102
Other financial liabilities	13,271,563	5,288,693	251
Operating liabilities	56,878,019	42,028,195	135
Other liabilities	58,792,579	62,639,345	94
Liabilities arising from long-term assets held for sale	0	0	0

Individual items in the balance sheet of Zavarovalnica Triglav as at 31 March 2017

	31 March 2017	31 December 2016	Index
Assets	2,830,394,448	2,740,333,045	103
Intangible assets	59,176,686	55,884,567	106
Property, plant and equipment	65,484,362	66,230,456	99
Investment property	49,241,260	49,611,417	99
Investments in subsidiaries and associates	142,591,985	140,135,485	102
Financial assets	2,264,765,665	2,246,543,870	101
Reinsurers' share of insurance technical provisions	92,529,282	76,455,107	121
Receivables and deferred tax assets	110,262,546	75,869,086	145
Other assets	3,524,965	1,949,412	181
Cash and cash equivalents	42,817,697	27,653,646	155
Equity and liabilities	2,830,394,448	2,740,333,045	103
Equity	580,101,168	563,389,118	103
Subordinated liabilities	20,609,954	21,103,108	98
Insurance technical provisions	1,698,711,549	1,645,177,811	103
Insurance technical provisions for unit-linked insurance contracts	438,436,155	431,125,308	102
Other provisions	11,377,015	11,237,183	101
Deferred tax liabilities	6,736,012	7,065,409	95
Other financial liabilities	10,088,185	1,852,710	545
Operating liabilities	35,905,328	24,451,950	147
Other liabilities	28,429,083	34,930,448	81

6. RISK MANAGEMENT

6.1 Risk factors in the Triglav Group markets

In the first quarter of 2017, there have been no significant changes in the risk management system or the risk profile compared to the situation described in the Risk Management chapter of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2016. The capital levels of the parent company and the Group remain within the target range set in the strategic guidelines and adequately exceeds the level of assumed risks.

In European as well as other countries, the risk of political uncertainty in combination with the low interest rate environment and the expansionary monetary policies of central banks results in certain financial market developments that are not always been consistent with expectations. In both the parent company and the Triglav group, particular attention is paid to the monitoring of political and macroeconomic developments and to providing adequate responses.

Among the more significant external events in the region during the first quarter of this year, the difficulties of the food and retail group Agrokor stand out. The early risk detection system that the Company has in place has allowed it to promptly respond to events and adopt appropriate measures. Since the exposure of the parent company and the Group to companies owned by the Agrokor group is low, no particular measures other than limiting additional exposure were required.

In the first quarter of 2017, Zavarovalnica Triglav detected a risk of damage to its reputation arising from the initiation of labour law proceedings against one of its employees who is also a representative of the Company's trade union. The Company adopted appropriate measures with a view to mitigating the reputation risk. The final analysis of the event showed that the reputation risk did not materialise and that no resulting commercial damage occurred.

6.2 Internal audit

In the first quarter of 2017, the Internal Audit Department consistently complied with its annual work programme. 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 informal advisory activities, Internal Auditing Quality Improvement activities, monitored the implementation of recommendations made by internal and external auditors as well as reported to the Management Board, the Audit Committee and the Supervisory Board on the work done.

7. EMPLOYEES IN THE TRIGLAV GROUP

As at 31 March 2017, the Triglav Group had 5,079 employees or 33 more over the 2016 year-end. The number of employees increased mostly due to higher number of employees of Triglav, Osiguranje, Zagreb and Triglav Osiguranje, Belgrade due to strengthening of the internal sales network.

Compared to the 2016 year-end, in the educational structure of employees an increase was registered in the number of employees with higher education, with masters or doctoral degrees and primary education, while the number of staff with secondary school education degrees 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 2017 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 2017 to 31 March 2017 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 2017 to 31 March 2017 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

Benjamin Jošar

Member of the Management Board

Uroš Ivanc

Member of the Management Board

Tadej Čoroli

Member of the Management Board

Marica Makoter

Member of the Management Board

Ljubljana, 11 May 2017

1. FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
ASSETS	3,687,910,196	3,574,885,423	2,830,394,448	2,740,333,045
Intangible assets	78,828,082	73,823,588	59,176,686	55,884,567
Property, plant and equipment	107,510,641	107,933,428	65,484,362	66,230,456
Deferred tax assets	16,229,549	15,793,114	0	0
Investment property	95,521,273	95,842,720	49,241,261	49,611,417
Investments in subsidiaries	0	0	132,589,937	130,632,438
Investments in associates	7,102,347	6,826,400	10,002,047	9,503,047
Financial assets	2,987,325,986	2,974,303,281	2,264,765,665	2,246,543,870
Financial investments:	2,525,288,655	2,514,320,459	1,832,262,318	1,812,500,601
- loans and deposits	162,608,018	148,731,638	100,769,890	82,397,894
- held to maturity	229,422,667	231,342,393	168,516,143	168,983,706
- available for sale	1,740,202,292	1,738,043,072	1,358,810,780	1,365,449,446
- recognised at fair value through profit and loss	393,055,678	396,203,356	204,165,505	195,669,555
Unit-linked insurance assets	462,037,331	459,982,822	432,503,347	434,043,269
Reinsurers' share of technical provisions	97,130,896	77,084,783	92,529,282	76,455,107
Assets from investment contracts	0	0	0	0
Receivables	210,329,026	152,921,089	110,262,546	75,869,085
- receivables from direct insurance operations	115,688,675	84,059,166	80,517,247	58,491,603
- receivables from reinsurance and co-insurance operations	40,540,500	35,099,850	13,305,238	7,538,096
- current tax receivables	950,205	890,276	0	0
- other receivables	53,149,646	32,871,797	16,440,061	9,839,386
Other assets	5,898,853	3,622,253	3,524,965	1,949,412
Cash and cash equivalents	79,317,975	65,714,474	42,817,697	27,653,646
Non-current assets held for sale	2,715,568	1,020,293	0	0
EQUITY AND LIABILITIES	3,687,910,196	3,574,885,423	2,830,394,448	2,740,333,045
Equity	759,569,627	744,349,747	580,101,168	563,389,117
Controlling interests	753,127,497	733,955,514	580,101,168	563,389,117
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	51,363,390	53,488,690	53,412,884	53,412,884
- reserves from profit	305,307,853	305,535,457	288,962,643	288,962,643
- treasury share reserves	1,571,640	364,680	0	0
- treasury shares	-1,571,640	-364,680	0	0
- fair value reserve	88,843,680	87,735,128	64,415,817	64,890,318
- net profit brought forward	215,287,843	173,192,869	82,421,881	44,688,278
- net profit for the year	22,058,836	44,216,477	17,186,551	37,733,602
- currency translation differences	-3,435,497	-3,914,499	0	0
- reserve of disposal group held for sale	0	0	0	0
Non-controlling interests	6,442,130	10,394,233	0	0
Subordinated liabilities	15,460,463	16,869,102	20,609,954	21,103,108
Insurance technical provisions	2,271,572,128	2,203,105,224	1,698,711,549	1,645,177,811
- unearned premiums	316,112,878	263,639,620	231,252,212	188,487,876
- mathematical provisions	1,284,705,381	1,273,538,608	967,929,043	959,268,937
- claims provisions	638,122,230	635,240,895	472,153,991	471,240,775
- other insurance technical provisions	32,631,639	30,686,101	27,376,303	26,180,223
Insurance technical provisions for unit-linked insurance contracts	469,076,893	457,683,091	438,436,155	431,125,308
Employee benefits	13,733,630	13,550,264	10,635,207	10,547,514
Other provisions	3,683,144	3,971,217	741,807	689,669
Deferred tax liabilities	25,872,150	25,400,544	6,736,012	7,065,409
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	13,271,563	5,288,693	10,088,185	1,852,710
Operating liabilities	56,878,019	42,028,195	35,905,328	24,451,951
- liabilities from direct insurance operations	19,801,340	16,020,020	13,390,996	11,202,342
- liabilities from reinsurance and co-insurance operations	34,465,462	23,129,245	19,960,251	11,507,586
- current tax liabilities	2,611,217	2,878,930	2,554,081	1,742,023
Other liabilities	58,792,579	62,639,346	28,429,083	34,930,448
Non-current liabilities held for sale and discontinued operations	0	0	0	0

in EUR

INCOME STATEMENT

	Triglav Group		Zavarovalnica Triglav	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
NET PREMIUM INCOME	214,552,095	201,612,902	127,824,484	122,561,673
- gross written premium	280,633,176	258,654,337	185,508,262	172,518,383
- Ceded written premium	-36,231,007	-31,304,580	-33,969,164	-31,434,675
- change in unearned premium reserve	-29,850,074	-25,736,855	-23,714,614	-18,522,035
INCOME FROM FINANCIAL ASSETS	43,776,328	30,502,949	35,529,999	25,311,591
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	60,117	2,990,558	208,626	8,560,987
- profit on equity investments accounted for using the equity method	60,117	16,980	0	0
- interest income	0	34,859	207,426	190,160
- dividends	0	0	0	0
- fair value gains	0	10,250	0	0
- realised gains on disposals	0	2,928,469	0	8,367,185
- other financial income	0	0	1,200	3,642
INCOME FROM OTHER FINANCIAL ASSETS	26,627,973	26,445,992	18,811,542	16,119,871
- interest income	15,936,355	17,018,532	11,124,022	11,923,912
- dividends	123,820	29,885	54,940	3,922
- fair value gains	3,364,508	3,728,800	1,079,816	1,680,776
- realised gains on disposals	6,600,415	4,912,794	6,441,003	2,476,583
- other financial income	602,875	755,981	111,761	34,677
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	17,088,238	1,066,399	16,509,831	630,733
OTHER INCOME FROM INSURANCE OPERATIONS	6,962,628	2,131,016	7,017,348	5,986,822
- fees and commission income	5,616,987	1,031,665	5,936,801	5,101,983
- other income from insurance operations	1,345,641	1,099,351	1,080,547	884,839
OTHER INCOME	8,058,214	20,047,867	2,606,725	2,716,679
NET CLAIMS INCURRED	148,251,403	139,691,535	91,614,557	84,841,064
- gross claims settled	152,394,173	147,299,208	97,800,298	95,723,632
- Reinsurers' share	-3,645,268	-3,191,222	-4,783,780	-4,127,856
- changes in claims provisions	-1,827,471	-6,074,005	-1,401,961	-6,754,712
- equalisation scheme expenses for supplementary health insurance	1,329,969	1,657,554	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	13,124,352	5,790,638	10,571,255	3,527,189
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	11,148,205	-21,658,306	7,356,700	-20,821,737
EXPENSES FOR BONUSES AND DISCOUNTS	2,558,761	2,708,374	2,163,459	2,180,610
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0
OPERATING EXPENSES	49,578,180	47,099,622	32,683,621	32,699,202
- acquisition costs	33,192,979	31,123,269	23,527,052	23,518,259
- other operating costs	16,385,201	15,976,353	9,156,569	9,180,944
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	9,840,451	33,701,519	6,366,867	24,339,836
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	147,071	171,445	3,759	3,396
- loss on investments accounted for using the equity method	147,071	171,445	0	0
- interest expense	0	0	0	0
- fair value losses	0	0	0	0
- realised loss on disposals	0	0	0	0
- loss on impairment of financial assets	0	0	0	0
- other expenses from financial assets and liabilities	0	0	3,759	3,396
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	9,155,279	17,516,318	6,238,740	9,592,907
- interest expense	484,757	483,148	520,022	330,941
- fair value losses	2,039,322	867,697	916,934	824,698
- realised loss on disposals	3,849,899	4,814,914	3,665,584	4,356,976
- loss on impairment of financial assets	14,302	2,000,507	0	2,000,507
- other expenses from financial assets and liabilities	2,766,999	9,350,052	1,136,200	2,079,786
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	538,101	16,013,756	124,368	14,743,533
OTHER INSURANCE EXPENSES	6,157,531	4,480,144	1,567,590	2,327,122
- fees and commission expenses	3,710,695	0	648,150	0
- other expenses from insurance operations	2,446,836	4,480,144	919,440	2,327,121
OTHER EXPENSES	7,232,715	14,255,062	926,348	1,183,254
PROFIT BEFORE TAX	25,457,667	28,226,146	19,728,159	26,300,224
Income tax expense	3,140,471	5,581,109	2,541,608	5,120,463
NET PROFIT FOR THE PERIOD	22,317,196	22,645,037	17,186,551	21,179,761
Earnings per share (basic and diluted)	0.98	1.00		
Net profit/loss attributable to the controlling company	22,058,836	22,397,957		
Net profit/loss attributable to the non-controlling interest holders	258,360.00	247,080		

in EUR

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Triglav Group		Zavarovalnica Triglav	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Net profit for the period after tax	22,317,196	22,645,037	17,186,551	21,179,761
Other comprehensive income after tax	1,700,129	8,350,336	-474,501	8,323,137
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	1,700,129	8,350,336	-474,501	8,323,137
Fair value gains/losses on available-for-sale financial assets	195,566	16,568,060	-1,533,104	16,878,276
- net gains/losses recognized directly in equity	3,118,648	18,166,084	1,298,867	16,374,746
- transfers from equity to income statement	-2,923,082	-1,598,024	-2,831,971	503,530
Fair value gains / losses on non-current assets held for sale	0	0	0	0
Fair value gains/losses on cashflow hedges	0	0	0	0
Share of OCI of entities accounted for using the equity method	280,501	127,484	0	0
Liabilities from insurance contracts with DPF	757,654	-7,082,149	757,654	-7,082,149
Currency translation differences	488,132	88,318	0	0
Tax on other comprehensive income	-21,724	-1,351,377	300,949	-1,472,990
COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	24,017,325	30,995,373	16,712,050	29,502,898
Controlling interest	23,646,391	31,002,751	0	0
Non-controlling interest	370,934	-7,378	0	0

Reserves from profit

in EUR

Triglav Group	Reserves from profit															
	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 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	-2,349,108	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
Offset of loss from previous years	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
As at 1 January 2016	73,701,392	54,955,912	592,269	20,371,784	452,880	-452,880	764	246,700,001	77,567,319	-40,167	137,784,522	85,802,552	-4,510,483	692,925,865	11,118,634	704,044,499
Comprehensive income for the period from 1 January 2016 to 31 March 2016	0	0	0	0	0	0	0	0	8,509,784	0	0	22,397,957	95,013	31,002,751	-7,378	30,995,373
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	0	85,802,552	-85,802,552	0	0	0	0
Changes in consolidation area	0	-202,393	0	0	-88,200	88,200	0	0	0	40,167	0	0	0	-162,226	5,955	-156,271
As at 31 March 2016	73,701,392	54,753,518	592,269	20,371,784	364,680	-364,680	764	246,700,001	86,077,103	0	223,587,071	22,397,957	-4,415,469	723,766,389	11,117,211	734,883,600

	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
Zavarovalnica Triglav									
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
As at 1 January 2016	73,701,392	53,412,884	4,662,643	0	246,700,000	55,751,443	38,514,448	57,817,462	530,560,272
Comprehensive income for the period from 1 January 2016 to 31 March 2016	0	0	0	0	0	8,323,137	0	21,179,761	29,502,898
Allocation to net profit/loss brought forward	0	0	0	0	0	0	57,817,462	-57,817,462	0
As at 31 March 2016	73,701,392	53,412,884	4,662,643	0	246,700,000	64,074,579	96,331,910	21,179,761	560,063,170

in EUR

CASH FLOW	Triglav Group		Zavarovalnica Triglav	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
A. OPERATING CASH FLOW				
Income statement items	49,223,968	34,289,006	31,843,143	22,502,386
Operating income(excluding revaluation) and financial income from operating receivables	270,373,611	259,171,056	156,544,686	145,496,514
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-218,561,600	-222,804,157	-122,943,545	-121,795,368
Corporate income tax and other taxes excluded from operating expenses	-2,588,043	-2,077,893	-1,757,999	-1,198,761
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-42,332,464	-13,298,165	-23,454,844	-14,636,247
Movements in receivables and prepayments and accrued income	-56,582,794	-30,654,086	-28,023,954	-20,370,023
Movements in deferred tax assets	-517,272	-1,845,366	0	0
Movements in inventories	-17,597	-290,427	-14,359	-1,567
Movements in operating debts	16,673,744	19,367,718	4,758,068	6,070,561
Movements in accruals and deferred income and provisions	-2,353,987	1,594,469	-174,599	-335,218
Movements in deferred tax liabilities	465,442	-1,470,473	0	0
OPERATING CASH FLOW	6,891,504	20,990,841	8,388,299	7,866,138
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Cash inflows from investing activities	320,366,866	455,105,100	263,007,363	341,141,665
Cash inflows from interest received and profit sharing arising from investing activities	24,946,997	21,027,636	20,001,577	15,850,158
Income from dividends and profit sharing	123,254	26,467	54,374	504
Cash inflows from the disposal of intangible assets	0	0	0	0
Cash inflows from the disposal of property, plant and equipment	567,047	19,441,407	252,217	587,526
Cash inflows from the disposal of financial investments	294,729,568	400,420,875	242,699,195	310,514,761
Cash inflows for the acquisition of financial investments in associates	0	14,188,715	0	14,188,715
Cash outflows from investing activities	-310,088,493	-449,984,696	-254,989,436	-327,346,811
Cash outflows for the purchase of intangible assets	-1,128,061	-1,257,308	-452,472	-1,030,979
Cash outflows for the purchase of property, plant and equipment	-932,244	-3,679,830	-263,645	-549,405
Cash outflows for the purchase of financial investments	-301,080,851	-445,047,558	-251,816,819	-325,766,427
Cash outflows for the acquisition of financial investments in associates	-6,947,337	0	-2,456,500	0
CASH FLOWS FROM INVESTING ACTIVITIES	10,278,373	5,120,404	8,017,927	13,794,854
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Cash inflows from financing activities	0	5,405	0	0
Receipts from issuance of capital	0	5,405	0	0
Cash outflows from financing activities	-3,583,947	-1,265,293	-1,242,174	-1,265,293
Interest paid from financing activities	-1,220,030	-1,257,116	-1,227,366	-1,257,116
Cash outflows for the purchase of treasury shares	-2,349,109	0	0	0
Cash outflows from dividends paid and profit sharing	-14,808	-8,177	-14,808	-8,177
CASH FLOWS FROM FINANCING ACTIVITIES	-3,583,947	-1,259,888	-1,242,174	-1,265,293
D. Opening balance of cash and cash equivalents	65,714,474	47,928,768	27,653,646	7,549,958
E1. Net cash flow for the period	13,585,930	24,851,357	15,164,051	20,395,699
E2. Foreign exchange differences	17,571	-29,626	0	0
F. Closing balance of cash and cash equivalents	79,317,975	72,750,499	42,817,697	27,945,658

2. SELECTED NOTES TO THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements for the period from 1 January 2017 to 31 March 2017 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 2017 to 31 March 2017 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 2016 were used for the preparation of the financial statements for the period from 1 January 2017 to 31 March 2017.

The tax expense calculation for the period from 1 January 2017 to 31 March 2017 was made by applying the average effective tax rate of 2016.

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 nine months of 2017, 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 2017

	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	1,809,169,723	1,985,511,019	53,901,764	196,561,686	4,045,144,192	-357,233,996	3,687,910,196
Intangible assets	71,368,556	2,544,281	1,359,958	3,555,287	78,828,082	0	78,828,082
Property, plant and equipment	86,732,958	10,931,688	1,440,788	8,405,207	107,510,641	0	107,510,641
Deferred tax assets	13,913,743	1,356,472	622,712	336,622	16,229,549	0	16,229,549
Investment property	52,786,470	2,274,408	0	35,096,424	90,157,302	5,363,971	95,521,273
Investments in subsidiaries	130,182,148	10,579,189	0	70,735,205	211,496,542	-211,496,542	0
Investments in associates	491,567	4,150,979	0	2,459,801	7,102,347	0	7,102,347
Financial assets	1,039,327,274	1,888,691,403	43,861,899	48,276,957	3,020,157,533	-32,831,547	2,987,325,986
Financial investments:	1,039,327,274	1,426,654,072	43,861,899	48,276,957	2,558,120,202	-32,831,547	2,525,288,655
- loans and deposits	117,703,008	67,495,173	1,249,710	3,842,184	190,290,075	-27,682,057	162,608,018
- held to maturity	0	229,422,667	0	0	229,422,667	0	229,422,667
- available for sale	914,654,003	743,151,254	42,612,189	44,434,773	1,744,852,219	-4,649,927	1,740,202,292
- recognised at fair value through profit and loss	6,970,263	386,584,978	0	0	393,555,241	-499,563	393,055,678
Unit-linked insurance assets	0	462,037,331	0	0	462,037,331	0	462,037,331
Reinsurers' share of technical provisions	179,309,258	37,221	49,465	0	179,395,944	-82,265,048	97,130,896
Receivables	206,536,937	21,167,818	4,795,782	13,586,953	246,087,490	-35,758,464	210,329,026
- receivables from direct insurance operations	111,010,078	584,650	4,345,423	0	115,940,151	-251,476	115,688,675
- receivables from reinsurance and co-insurance operations	72,834,151	0	56,732	0	72,890,883	-32,350,383	40,540,500
- current tax receivables	945,790	154	0	4,261	950,205	0	950,205
- other receivables	21,746,918	20,583,014	393,627	13,582,692	56,306,251	-3,156,605	53,149,646
Other assets	5,186,284	68,029	91,499	799,407	6,145,219	-246,366	5,898,853
Cash and cash equivalents	23,334,528	43,709,531	1,679,661	10,594,255	79,317,975	0	79,317,975
Non-current assets held for sale	0	0	0	2,715,568	2,715,568	0	2,715,568
EQUITY AND LIABILITIES	1,809,169,723	1,985,511,019	53,901,764	196,561,686	4,045,144,192	-357,233,996	3,687,910,196
Equity	604,119,536	163,598,015	31,296,687	167,145,845	966,160,083	-206,590,456	759,569,627
Controlling interests	604,119,536	163,598,015	31,296,687	167,145,845	966,160,083	-213,032,586	753,127,497
- share capital	115,729,153	42,885,603	25,822,144	92,230,534	276,667,434	-202,966,042	73,701,392
- share premium	42,947,230	13,658,827	0	25,088,124	81,694,181	-30,330,791	51,363,390
- reserves from profit	253,088,684	46,665,650	222,038	1,678,659	301,655,031	3,652,822	305,307,853
- treasury share reserves	1,010,640	196,320	0	0	1,206,960	364,680	1,571,640
- treasury shares	-1,010,640	-196,320	0	0	-1,206,960	-364,680	-1,571,640
- fair value reserve	59,565,945	15,887,826	1,428,476	23,072,879	99,955,126	-11,111,446	88,843,680
- net profit brought forward	120,651,058	39,806,086	2,055,271	24,937,779	187,450,194	27,837,649	215,287,843
- net profit for the year	14,618,743	5,558,298	1,768,758	176,398	22,122,197	-63,361	22,058,836
- currency translation differences	-2,481,277	-864,275	0	-38,528	-3,384,080	-51,417	-3,435,497
Non-controlling interests	0	0	0	0	0	6,442,130	6,442,130
Subordinated liabilities	10,776,726	9,833,228	1,500,000	0	22,109,954	-6,649,491	15,460,463
Insurance technical provisions	1,032,219,287	1,307,183,202	13,068,494	0	2,352,470,983	-80,898,855	2,271,572,128
- unearned premiums	338,226,048	547,791	3,234,140	0	342,007,979	-25,895,101	316,112,878
- mathematical provisions	0	1,283,259,122	0	0	1,283,259,122	1,446,259	1,284,705,381
- claims provisions	667,022,236	18,892,039	8,475,620	0	694,389,895	-56,267,665	638,122,230
- other insurance technical provisions	26,971,003	4,484,250	1,358,734	0	32,813,987	-182,348	32,631,639
Insurance technical provisions for unit-linked insurance contracts	0	469,076,892	0	0	469,076,892	0	469,076,893
Employee benefits	10,573,855	2,089,102	474,689	595,984	13,733,630	0	13,733,630
Other provisions	1,495,306	1,579,607	258,023	350,208	3,683,144	0	3,683,144
Deferred tax liabilities	13,258,032	8,797,484	336,992	3,479,642	25,872,150	0	25,872,150
Other financial liabilities	5,818,315	8,501,048	24,375	1,644,661	15,988,399	-2,716,836	13,271,563
Operating liabilities	77,586,266	8,587,423	3,477,302	30,582	89,681,573	-32,803,554	56,878,019
- liabilities from direct insurance operations	8,234,571	8,574,159	3,443,317	0	20,252,047	-450,707	19,801,340
- liabilities from reinsurance and co-insurance operations	66,771,060	13,264	33,985	0	66,818,309	-32,352,847	34,465,462
- current tax liabilities	2,580,635	0	0	30,582	2,611,217	0	2,611,217
Other liabilities	53,322,400	6,265,008	3,465,202	23,314,764	86,367,384	-27,574,805	58,792,579
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 2016

	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	1,710,431,404	1,950,198,994	50,565,069	189,872,226	3,901,067,693	-326,182,270	3,574,885,423
Intangible assets	66,610,433	2,543,966	957,696	3,711,493	73,823,588	0	73,823,588
Property, plant and equipment	87,241,429	11,088,587	1,430,541	8,172,871	107,933,428	0	107,933,428
Deferred tax assets	13,900,553	1,336,641	270,553	285,367	15,793,114	0	15,793,114
Investment property	53,171,613	2,286,948	0	35,020,188	90,478,749	5,363,971	95,842,720
Investments in subsidiaries	128,224,747	10,578,066	0	66,439,368	205,242,181	-205,242,181	0
Investments in associates	0	4,144,637	0	2,681,763	6,826,400	0	6,826,400
Financial assets	1,027,520,871	1,881,153,435	43,172,848	47,480,986	2,999,328,140	-25,024,859	2,974,303,281
Financial investments:	1,027,520,871	1,421,170,613	43,172,848	47,480,986	2,539,345,318	-25,024,859	2,514,320,459
- loans and deposits	99,799,691	65,243,436	94,678	4,384,687	169,522,492	-20,790,854	148,731,638
- held to maturity	0	231,342,393	0	0	231,342,393	0	231,342,393
- available for sale	915,935,021	739,668,176	43,078,170	43,096,299	1,741,777,666	-3,734,594	1,738,043,072
- recognised at fair value through profit and loss	11,786,159	384,916,608	0	0	396,702,767	-499,411	396,203,356
Unit-linked insurance assets	0	459,982,822	0	0	459,982,822	0	459,982,822
Reinsurers' share of technical provisions	146,560,701	45,965	65,090	0	146,671,756	-69,586,973	77,084,783
Receivables	164,484,623	5,305,518	4,490,337	10,191,907	184,472,385	-31,551,296	152,921,089
- receivables from direct insurance operations	82,083,004	613,437	4,077,473	0	86,773,914	-2,714,748	84,059,166
- receivables from reinsurance and co-insurance operations	59,119,683	9,485	36,998	0	59,166,166	-24,066,316	35,099,850
- current tax receivables	747,686	154	0	142,436	890,276	0	890,276
- other receivables	22,534,250	4,682,442	375,866	10,049,471	37,642,029	-4,770,232	32,871,797
Other assets	2,766,763	46,341	18,490	931,591	3,763,185	-140,932	3,622,253
Cash and cash equivalents	19,949,671	31,668,890	159,514	13,936,399	65,714,474	0	65,714,474
Non-current assets held for sale	0	0	0	1,020,293	1,020,293	0	1,020,293
EQUITY AND LIABILITIES	1,710,431,404	1,950,198,994	50,565,069	189,872,226	3,901,067,693	-326,182,270	3,574,885,423
Equity	591,821,655	157,208,258	29,592,588	166,050,727	944,673,228	-200,323,481	744,349,747
Controlling interests	591,821,655	157,208,258	29,592,588	166,050,727	944,673,228	-210,717,714	733,955,514
- share capital	115,729,153	42,885,603	25,822,144	92,230,534	276,667,434	-202,966,042	73,701,392
- share premium	42,947,231	13,658,827	0	25,088,124	81,694,184	-28,205,492	53,488,690
- reserves from profit	253,088,684	46,665,650	222,038	1,956,708	301,933,080	3,602,377	305,535,457
- treasury share reserves	0	0	0	0	0	364,680	364,680
- treasury shares	0	0	0	0	0	-364,680	-364,680
- fair value reserve	59,890,604	15,157,857	1,493,135	22,201,532	98,743,128	-11,008,000	87,735,128
- net profit brought forward	91,831,887	22,941,388	951,202	13,663,954	129,388,431	43,804,438	173,192,869
- net profit for the year	31,031,308	17,001,668	1,104,069	10,995,776	60,132,821	-15,916,344	44,216,477
- currency translation differences	-2,697,212	-1,102,735	0	-85,901	-3,885,848	-28,651	-3,914,499
Non-controlling interests	0	0	0	0	0	10,394,233	10,394,233
Subordinated liabilities	11,073,221	10,029,887	1,500,000	0	22,603,108	-5,734,006	16,869,102
Insurance technical provisions	963,579,734	1,295,414,018	12,364,372	0	2,271,358,124	-68,252,900	2,203,105,224
- unearned premiums	275,336,728	462,864	2,463,639	0	278,263,231	-14,623,611	263,639,620
- mathematical provisions	0	1,272,092,349	0	0	1,272,092,349	1,446,259	1,273,538,608
- claims provisions	662,116,426	18,911,900	9,105,769	0	690,134,095	-54,893,200	635,240,895
- other insurance technical provisions	26,126,580	3,946,905	794,964	0	30,868,449	-182,348	30,686,101
Insurance technical provisions for unit-linked insurance contracts	0	457,683,090	0	0	457,683,091	0	457,683,091
Employee benefits	10,490,082	1,981,637	477,216	601,329	13,550,264	0	13,550,264
Other provisions	1,623,462	1,714,200	258,023	375,532	3,971,217	0	3,971,217
Deferred tax liabilities	13,424,776	8,868,633	0	3,107,135	25,400,544	0	25,400,544
Other financial liabilities	5,088,991	1,112,067	99,125	1,164,440	7,464,623	-2,175,930	5,288,693
Operating liabilities	57,976,553	7,925,969	2,416,732	991,817	69,311,071	-27,282,876	42,028,195
- liabilities from direct insurance operations	6,837,341	7,912,022	2,386,126	0	17,135,489	-1,115,469	16,020,020
- liabilities from reinsurance and co-insurance operations	49,252,099	13,947	30,606	0	49,296,652	-26,167,407	23,129,245
- current tax liabilities	1,887,113	0	0	991,817	2,878,930	0	2,878,930
Other liabilities	55,352,930	8,261,234	3,857,013	17,581,246	85,052,423	-22,413,077	62,639,346
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 2017

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,654,013,356	391,130,836	4,045,144,192	-357,233,996	3,687,910,196
Intangible assets	64,173,161	14,654,921	78,828,082	0	78,828,082
Property, plant and equipment	71,544,301	35,966,340	107,510,641	0	107,510,641
Deferred tax assets	15,726,997	502,552	16,229,549	0	16,229,549
Investment property	77,436,584	12,720,718	90,157,302	5,363,971	95,521,273
Investments in subsidiaries	205,097,256	6,399,286	211,496,542	-211,496,542	0
Investments in associates	7,102,347	0	7,102,347	0	7,102,347
Financial assets	2,792,932,497	227,225,036	3,020,157,533	-32,831,547	2,987,325,986
Financial investments:	2,350,700,758	207,419,444	2,558,120,202	-32,831,547	2,525,288,655
- loans and deposits	122,970,254	67,319,821	190,290,075	-27,682,057	162,608,018
- held to maturity	211,975,738	17,446,929	229,422,667	0	229,422,667
- available for sale	1,627,145,272	117,706,947	1,744,852,219	-4,649,927	1,740,202,292
- recognised at fair value through profit and loss	388,609,494	4,945,747	393,555,241	-499,563	393,055,678
Unit-linked insurance assets	442,231,739	19,805,592	462,037,331	0	462,037,331
Reinsurers' share of technical provisions	149,923,522	29,472,422	179,395,944	-82,265,048	97,130,896
Receivables	195,890,993	50,196,497	246,087,490	-35,758,464	210,329,026
- receivables from direct insurance operations	84,862,916	31,077,235	115,940,151	-251,476	115,688,675
- receivables from reinsurance and co-insurance operations	66,842,383	6,048,500	72,890,883	-32,350,383	40,540,500
- current tax receivables	780,888	169,317	950,205	0	950,205
- other receivables	43,404,806	12,901,445	56,306,251	-3,156,605	53,149,646
Other assets	4,048,880	2,096,339	6,145,219	-246,366	5,898,853
Cash and cash equivalents	69,116,525	10,201,450	79,317,975	0	79,317,975
Non-current assets held for sale	1,020,293	1,695,275	2,715,568	0	2,715,568
EQUITY AND LIABILITIES	3,654,013,356	391,130,836	4,045,144,192	-357,233,996	3,687,910,196
Equity	864,428,532	101,731,551	966,160,083	-206,590,456	759,569,627
Controlling interests	864,428,532	101,731,551	966,160,083	-213,032,586	753,127,497
- share capital	183,946,127	92,721,307	276,667,434	-202,966,042	73,701,392
- share premium	80,238,632	1,455,549	81,694,181	-30,330,791	51,363,390
- reserves from profit	292,830,748	8,824,283	301,655,031	3,652,822	305,307,853
- treasury share reserves	0	1,206,960	1,206,960	364,680	1,571,640
- treasury shares	0	-1,206,960	-1,206,960	-364,680	-1,571,640
- fair value reserve	94,401,883	5,553,243	99,955,126	-11,111,446	88,843,680
- net profit brought forward	192,280,765	-4,830,571	187,450,194	27,837,649	215,287,843
- net profit for the year	20,730,377	1,391,820	22,122,197	-63,361	22,058,836
- currency translation differences	0	-3,384,080	-3,384,080	-51,417	-3,435,497
Non-controlling interests	0	0	0	6,442,130	6,442,130
Subordinated liabilities	22,109,954	0	22,109,954	-6,649,491	15,460,463
Insurance technical provisions	2,134,131,309	218,339,674	2,352,470,983	-80,898,855	2,271,572,128
- unearned premiums	271,207,434	70,800,545	342,007,979	-25,895,101	316,112,878
- mathematical provisions	1,225,185,204	58,073,918	1,283,259,122	1,446,259	1,284,705,381
- claims provisions	608,419,300	85,970,595	694,389,895	-56,267,665	638,122,230
- other insurance technical provisions	29,319,371	3,494,616	32,813,987	-182,348	32,631,639
Insurance technical provisions for unit-linked insurance contracts	449,399,491	19,677,401	469,076,892	0	469,076,893
Employee benefits	11,912,402	1,821,228	13,733,630	0	13,733,630
Other provisions	2,710,047	973,097	3,683,144	0	3,683,144
Deferred tax liabilities	24,712,675	1,159,475	25,872,150	0	25,872,150
Other financial liabilities	11,453,582	4,534,817	15,988,399	-2,716,836	13,271,563
Operating liabilities	75,853,035	13,828,538	89,681,573	-32,803,554	56,878,019
- liabilities from direct insurance operations	17,446,907	2,805,140	20,252,047	-450,707	19,801,340
- liabilities from reinsurance and co-insurance operations	55,849,259	10,969,050	66,818,309	-32,352,847	34,465,462
- current tax liabilities	2,556,869	54,348	2,611,217	0	2,611,217
Other liabilities	57,302,329	29,065,055	86,367,384	-27,574,805	58,792,579
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

31 December 2016

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,530,198,569	370,869,124	3,901,067,693	-326,182,270	3,574,885,423
Intangible assets	60,636,141	13,187,447	73,823,588	0	73,823,588
Property, plant and equipment	72,319,690	35,613,738	107,933,428	0	107,933,428
Deferred tax assets	15,295,135	497,979	15,793,114	0	15,793,114
Investment property	76,022,350	14,456,399	90,478,749	5,363,971	95,842,720
Investments in subsidiaries	198,843,920	6,398,261	205,242,181	-205,242,181	0
Investments in associates	6,826,400	0	6,826,400	0	6,826,400
Financial assets	2,776,715,851	222,612,289	2,999,328,140	-25,024,859	2,974,303,281
Financial investments:	2,335,975,934	203,369,384	2,539,345,318	-25,024,859	2,514,320,459
- loans and deposits	104,567,347	64,955,145	169,522,492	-20,790,854	148,731,638
- held to maturity	212,410,092	18,932,301	231,342,393	0	231,342,393
- available for sale	1,628,468,878	113,308,788	1,741,777,666	-3,734,594	1,738,043,072
- recognised at fair value through profit and loss	390,529,617	6,173,150	396,702,767	-499,411	396,203,356
Unit-linked insurance assets	440,739,917	19,242,905	459,982,822	0	459,982,822
Reinsurers' share of technical provisions	126,409,373	20,262,383	146,671,756	-69,586,973	77,084,783
Receivables	139,051,920	45,420,465	184,472,385	-31,551,296	152,921,089
- receivables from direct insurance operations	62,579,234	24,194,680	86,773,914	-2,714,748	84,059,166
- receivables from reinsurance and co-insurance operations	52,836,852	6,329,314	59,166,166	-24,066,316	35,099,850
- current tax receivables	687,497	202,779	890,276	0	890,276
- other receivables	22,948,337	14,693,692	37,642,029	-4,770,232	32,871,797
Other assets	2,153,552	1,609,633	3,763,185	-140,932	3,622,253
Cash and cash equivalents	54,903,944	10,810,530	65,714,474	0	65,714,474
Non-current assets held for sale	1,020,293	0	1,020,293	0	1,020,293
EQUITY AND LIABILITIES	3,530,198,569	370,869,124	3,901,067,693	-326,182,270	3,574,885,423
Equity	843,069,531	101,603,697	944,673,228	-200,323,481	744,349,747
Controlling interests	843,069,531	101,603,697	944,673,228	-210,717,714	733,955,514
- share capital	183,946,127	92,721,307	276,667,434	-202,966,042	73,701,392
- share premium	80,238,633	1,455,549	81,694,182	-28,205,492	53,488,690
- reserves from profit	292,830,748	9,102,332	301,933,080	3,602,377	305,535,457
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	93,773,260	4,969,868	98,743,128	-11,008,000	87,735,128
- net profit brought forward	133,115,418	-3,726,987	129,388,431	43,804,438	173,192,869
- net profit for the year	59,165,345	967,476	60,132,821	-15,916,344	44,216,477
- currency translation differences	0	-3,885,848	-3,885,848	-28,651	-3,914,499
Non-controlling interests	0	0	0	10,394,233	10,394,233
Subordinated liabilities	22,603,108	0	22,603,108	-5,734,006	16,869,102
Insurance technical provisions	2,064,922,488	206,435,636	2,271,358,124	-68,252,900	2,203,105,224
- unearned premiums	214,691,367	63,571,864	278,263,231	-14,623,611	263,639,620
- mathematical provisions	1,215,423,328	56,669,021	1,272,092,349	1,446,259	1,273,538,608
- claims provisions	607,358,659	82,775,436	690,134,095	-54,893,200	635,240,895
- other insurance technical provisions	27,449,134	3,419,315	30,868,449	-182,348	30,686,101
Insurance technical provisions for unit-linked insurance contracts	438,557,715	19,125,376	457,683,091	0	457,683,091
Employee benefits	11,734,153	1,816,111	13,550,264	0	13,550,264
Other provisions	2,817,708	1,153,509	3,971,217	0	3,971,217
Deferred tax liabilities	24,295,651	1,104,893	25,400,544	0	25,400,544
Other financial liabilities	3,262,821	4,201,802	7,464,623	-2,175,930	5,288,693
Operating liabilities	59,136,359	10,174,712	69,311,071	-27,282,876	42,028,195
- liabilities from direct insurance operations	14,216,505	2,918,984	17,135,489	-1,115,469	16,020,020
- liabilities from reinsurance and co-insurance operations	42,225,370	7,071,282	49,296,652	-26,167,407	23,129,245
- current tax liabilities	2,694,484	184,446	2,878,930	0	2,878,930
Other liabilities	59,799,035	25,253,388	85,052,423	-22,413,077	62,639,346
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	Q1 2017				TOTAL
	Non-life	Life	Health	Other	
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 FINANCIAL ASSETS	10,083,359	33,400,069	238,442	54,458	43,776,328
INCOME FROM FINANCIAL ASSETS 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
- interest income	0	0	0	0	0
- dividends	0	0	0	0	0
- fair value gains	0	0	0	0	0
- realised gains on disposals	0	0	0	0	0
- other financial income	0	0	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	10,083,359	16,302,285	238,442	3,887	26,627,973
- interest income	6,140,211	9,618,055	177,832	257	15,936,355
- dividends	34,479	89,341	0	0	123,820
- fair value gains	226,345	3,138,163	0	0	3,364,508
- realised gains on disposals	3,256,138	3,283,674	60,603	0	6,600,415
- other financial income	426,186	173,052	7	3,630	602,875
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	17,088,238	0	0	17,088,238
OTHER INCOME FROM INSURANCE OPERATIONS	6,903,435	48,474	10,719	0	6,962,628
- fees and commission income	5,572,189	44,798	0	0	5,616,987
- other income from insurance operations	1,331,246	3,676	10,719	0	1,345,641
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 FINANCIAL ASSETS AND LIABILITIES	3,588,293	5,968,642	37,444	246,072	9,840,451
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES 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
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0
- loss on impairment of financial assets	0	0	0	0	0
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	3,580,860	5,427,337	37,444	109,638	9,155,279
- interest expense	339,658	144,841	0	258	484,757
- fair value losses	808	2,038,334	0	180	2,039,322
- realised loss on disposals	1,847,036	1,867,340	28,049	107,474	3,849,899
- loss on impairment of financial assets	0	14,302	0	0	14,302
- other expenses from financial assets and liabilities	1,393,358	1,362,520	9,395	1,726	2,766,999
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	538,101	0	0	538,101
OTHER INSURANCE EXPENSES	6,013,885	46,854	96,792	0	6,157,531
- fees and commission expenses	3,710,695	0	0	0	3,710,695
- other expenses from insurance operations	2,303,190	46,854	96,792	0	2,446,836
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 SEGMENT

	Q1 2016				TOTAL
	Non-life	Life	Health	Other	
NET PREMIUM INCOME	121,552,271	52,485,368	27,575,263	0	201,612,902
- gross written premium	177,753,785	52,559,552	28,341,000	0	258,654,337
- ceded written premium	-31,303,705	-875	0	0	-31,304,580
- change in unearned premium reserve	-24,897,809	-73,309	-765,737	0	-25,736,855
INCOME FROM FINANCIAL ASSETS	13,713,426	16,469,022	234,455	86,046	30,502,949
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	2,928,469	45,501	0	16,588	2,990,558
- profit on equity investments accounted for using the equity method	0	392	0	16,588	16,980
- interest income	0	34,859	0	0	34,859
- dividends	0	0	0	0	0
- fair value gains	0	10,250	0	0	10,250
- realised gains on disposals	2,928,469	0	0	0	2,928,469
- other financial income	0	0	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	10,784,957	15,357,122	234,455	69,458	26,445,992
- interest income	6,630,826	10,182,105	178,102	27,499	17,018,532
- dividends	25,963	3,922	0	0	29,885
- fair value gains	282,953	3,445,754	0	93	3,728,800
- realised gains on disposals	3,432,725	1,423,781	56,288	0	4,912,794
- other financial income	412,490	301,560	65	41,866	755,981
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	1,066,399	0	0	1,066,399
OTHER INCOME FROM INSURANCE OPERATIONS	2,083,792	36,467	10,757	0	2,131,016
- fees and commission income	998,675	32,990	0	0	1,031,665
- other income from insurance operations	1,085,117	3,477	10,757	0	1,099,351
OTHER INCOME	1,791,207	37,465	11,757	18,207,438	20,047,867
NET CLAIMS INCURRED	67,610,931	48,408,763	23,671,841	0	139,691,535
- gross claims settled	75,782,971	49,374,198	22,142,039	0	147,299,208
- gross claims from active reinsurance	0	0	0	0	0
- reinsurers' share	-3,191,222	0	0	0	-3,191,222
- changes in claims provisions	-4,980,818	-965,435	-127,752	0	-6,074,005
- equalisation scheme expenses for supplementary health insurance	0	0	1,657,554	0	1,657,554
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	567,019	5,063,732	159,887	0	5,790,638
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-21,658,306	0	0	-21,658,306
EXPENSES FOR BONUSES AND DISCOUNTS	2,706,792	1,582	0	0	2,708,374
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0
OPERATING EXPENSES	36,944,291	7,773,998	2,381,333	0	47,099,622
- acquisition costs	25,839,716	4,561,575	721,978	0	31,123,269
- other operating costs	11,104,575	3,212,423	1,659,355	0	15,976,353
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	7,118,681	26,391,225	8,299	183,314	33,701,519
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	0	55,177	0	116,268	171,445
- loss on investments accounted for using the equity method	0	55,177	0	116,268	171,445
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0
- loss on impairment of financial assets	0	0	0	0	0
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	7,118,681	10,322,292	8,299	67,046	17,516,318
- interest expense	307,003	145,235	0	30,910	483,148
- fair value losses	259,665	608,032	0	0	867,697
- realised loss on disposals	2,046,032	2,738,045	0	30,837	4,814,914
- loss on impairment of financial assets	2,000,507	0	0	0	2,000,507
- other expenses from financial assets and liabilities	2,505,474	6,830,980	8,299	5,299	9,350,052
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	16,013,756	0	0	16,013,756
OTHER INSURANCE EXPENSES	4,310,078	67,382	102,684	0	4,480,144
- fees and commission expenses	0	0	0	0	0
- other expenses from insurance operations	4,310,078	67,382	102,684	0	4,480,144
OTHER EXPENSES	1,614,093	39,055	3	12,601,911	14,255,062
PROFIT BEFORE TAX	18,268,811	2,940,891	1,508,185	5,508,259	28,226,146
Income tax expense	4,851,499	539,687	0	189,923	5,581,109
NET PROFIT FOR THE PERIOD	13,417,312	2,401,204	1,508,185	5,318,336	22,645,037
Net profit/loss attributable to the controlling company	13,334,140	2,240,689	1,508,185	5,314,943	22,397,957
Net profit/loss attributable to the non-controlling interest holders	83,172	160,515	0	3,393	247,080

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 FINANCIAL ASSETS	40,907,788	2,868,540	43,776,328
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	60,117	0	60,117
- profit on equity investments accounted for using the equity method	60,117	0	60,117
- interest income	0	0	0
- dividends	0	0	0
- fair value gains	0	0	0
- realised gains on disposals	0	0	0
- other financial income	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	24,337,840	2,290,133	26,627,973
- interest income	13,932,433	2,003,922	15,936,355
- dividends	123,820	0	123,820
- fair value gains	3,264,685	99,823	3,364,508
- realised gains on disposals	6,599,725	690	6,600,415
- other financial income	417,177	185,698	602,875
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	16,509,831	578,407	17,088,238
OTHER INCOME FROM INSURANCE OPERATIONS	5,907,157	1,055,471	6,962,628
- fees and commission income	5,310,812	306,175	5,616,987
- other income from insurance operations	596,345	749,296	1,345,641
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 FINANCIAL ASSETS AND LIABILITIES	8,322,890	1,517,561	9,840,451
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	147,071	0	147,071
- loss on investments accounted for using the equity method	147,071	0	147,071
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	0	0	0
- loss on impairment of financial assets	0	0	0
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	8,051,451	1,103,828	9,155,279
- interest expense	476,868	7,889	484,757
- fair value losses	2,038,514	808	2,039,322
- realised loss on disposals	3,831,115	18,784	3,849,899
- loss on impairment of financial assets	0	14,302	14,302
- other expenses from financial assets and liabilities	1,704,954	1,062,045	2,766,999
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	124,368	413,733	538,101
OTHER INSURANCE EXPENSES	4,677,315	1,480,216	6,157,531
- fees and commission expenses	3,640,575	70,120	3,710,695
- other expenses from insurance operations	1,036,740	1,410,096	2,446,836
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	198,487	258,360

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	Q1 2016		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	167,613,052	33,999,850	201,612,902
- gross written premium	217,859,924	40,794,413	258,654,337
- ceded written premium	-27,173,383	-4,131,197	-31,304,580
- change in unearned premium reserve	-23,073,489	-2,663,366	-25,736,855
INCOME FROM FINANCIAL ASSETS	27,170,028	3,332,921	30,502,949
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	2,990,558	0	2,990,558
- profit on equity investments accounted for using the equity method	16,980	0	16,980
- interest income	34,859	0	34,859
- dividends	0	0	0
- fair value gains	10,250	0	10,250
- realised gains on disposals	2,928,469	0	2,928,469
- other financial income	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	23,548,737	2,897,255	26,445,992
- interest income	14,896,911	2,121,621	17,018,532
- dividends	3,922	25,963	29,885
- fair value gains	3,601,783	127,017	3,728,800
- realised gains on disposals	4,794,473	118,321	4,912,794
- other financial income	251,648	504,333	755,981
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	630,733	435,666	1,066,399
OTHER INCOME FROM INSURANCE OPERATIONS	1,391,734	739,282	2,131,016
- fees and commission income	835,994	195,671	1,031,665
- other income from insurance operations	555,740	543,611	1,099,351
OTHER INCOME	18,632,889	1,414,978	20,047,867
NET CLAIMS INCURRED	122,422,155	17,269,380	139,691,535
- gross claims settled	130,025,110	17,274,098	147,299,208
- reinsurers' share	-2,574,142	-617,080	-3,191,222
- changes in claims provisions	-6,686,367	612,362	-6,074,005
- equalisation scheme expenses for supplementary health insurance	1,657,554	0	1,657,554
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	5,158,924	631,714	5,790,638
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-20,821,737	-836,569	-21,658,306
EXPENSES FOR BONUSES AND DISCOUNTS	2,179,062	529,312	2,708,374
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0
OPERATING EXPENSES	34,944,677	12,154,945	47,099,622
- acquisition costs	23,334,759	7,788,510	31,123,269
- other operating costs	11,609,918	4,366,435	15,976,353
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	30,799,834	2,901,685	33,701,519
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	171,445	0	171,445
- loss on investments accounted for using the equity method	171,445	0	171,445
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	0	0	0
- loss on impairment of financial assets	0	0	0
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	15,884,856	1,631,462	17,516,318
- interest expense	321,951	161,197	483,148
- fair value losses	824,698	42,999	867,697
- realised loss on disposals	4,810,659	4,255	4,814,914
- loss on impairment of financial assets	2,000,507	0	2,000,507
- other expenses from financial assets and liabilities	7,927,041	1,423,011	9,350,052
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	14,743,533	1,270,223	16,013,756
OTHER INSURANCE EXPENSES	2,462,418	2,017,726	4,480,144
- fees and commission expenses	0	0	0
- other expenses from insurance operations	2,462,418	2,017,726	4,480,144
OTHER EXPENSES	12,030,640	2,224,422	14,255,062
PROFIT BEFORE TAX	25,631,730	2,594,416	28,226,146
Income tax expense	5,553,653	27,456	5,581,109
NET PROFIT FOR THE PERIOD	20,078,077	2,566,960	22,645,037
Net profit/loss attributable to the controlling company	19,951,800	2,446,157	22,397,957
Net profit/loss attributable to the non-controlling interest holders	126,277	120,803	247,080

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENTS

	31 March 2017			31 December 2016		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
ASSETS	1,258,381,143	1,591,512,639	2,849,893,782	1,197,481,419	1,564,001,358	2,761,482,778
Intangible assets	56,660,557	2,516,129	59,176,686	53,370,950	2,513,617	55,884,567
Property, plant and equipment	56,503,584	8,980,778	65,484,361	57,112,392	9,118,064	66,230,456
Deferred tax assets	13,451,162	1,316,501	14,767,663	13,442,264	1,296,951	14,739,215
Investment property	47,981,475	1,259,785	49,241,261	48,345,052	1,266,365	49,611,417
Investments in subsidiaries	124,043,939	8,545,998	132,589,937	122,086,439	8,545,999	130,632,438
Investments in associates	499,000	9,503,047	10,002,047	0	9,503,047	9,503,047
Financial assets	738,176,840	1,526,588,825	2,264,765,665	733,241,225	1,513,302,645	2,246,543,870
Financial investments:	738,176,840	1,094,085,478	1,832,262,318	733,241,225	1,079,259,376	1,812,500,601
- loans and deposits	54,037,879	46,732,011	100,769,890	38,389,616	44,008,278	82,397,894
- held to maturity	0	168,516,143	168,516,143	0	168,983,706	168,983,706
- available for sale	679,514,228	679,296,552	1,358,810,780	687,302,729	678,146,717	1,365,449,446
- recognised at fair value through profit and loss	4,624,733	199,540,772	204,165,505	7,548,880	188,120,675	195,669,555
Unit-linked insurance assets	0	432,503,347	432,503,347	0	434,043,269	434,043,269
Reinsurers' share of technical provisions	92,498,605	30,677	92,529,282	76,416,041	39,066	76,455,107
Receivables	108,326,678	6,667,540	114,994,218	79,220,347	3,059,256	82,279,603
- receivables from direct insurance operations	80,122,597	394,650	80,517,247	58,026,869	464,734	58,491,603
- receivables from reinsurance and co-insurance operations	13,305,238	0	13,305,238	7,536,781	1,315	7,538,096
- current tax receivables	0	0	0	0	0	0
- other receivables	14,898,843	6,272,890	21,171,733	13,656,697	2,593,207	16,249,904
Other assets	3,524,965	0	3,524,965	1,946,367	3,044	1,949,412
Cash and cash equivalents	16,714,338	26,103,359	42,817,697	12,300,342	15,353,304	27,653,646
EQUITY AND LIABILITIES	1,258,381,143	1,591,512,639	2,849,893,782	1,197,481,419	1,564,001,358	2,761,482,778
Equity	459,412,097	120,689,071	580,101,168	448,114,222	115,274,895	563,389,117
- 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	243,448,752	45,513,891	288,962,643	243,448,752	45,513,891	288,962,643
- fair value reserve	47,215,713	17,200,103	64,415,817	48,073,456	16,816,861	64,890,318
- net profit brought forward	64,906,496	17,515,384	82,421,881	41,379,152	3,309,126	44,688,278
- net profit for the year	12,155,618	5,030,934	17,186,551	23,527,344	14,206,258	37,733,602
Subordinated liabilities	10,776,726	9,833,228	20,609,954	11,073,221	10,029,887	21,103,108
Insurance technical provisions	708,104,049	990,607,500	1,698,711,549	663,716,670	981,461,141	1,645,177,811
- unearned premiums	230,745,916	506,296	231,252,212	188,067,543	420,333	188,487,876
- mathematical provisions	0	967,929,043	967,929,043	0	959,268,937	959,268,937
- claims provisions	454,427,583	17,726,408	472,153,991	453,377,312	17,863,463	471,240,775
- other insurance technical provisions	22,930,550	4,445,753	27,376,303	22,271,815	3,908,408	26,180,223
Insurance technical provisions for unit-linked insurance contracts	0	438,436,155	438,436,155	0	431,125,308	431,125,308
Employee benefits	8,763,759	1,871,448	10,635,207	8,690,246	1,857,268	10,547,514
Other provisions	630,107	111,700	741,807	577,969	111,700	689,669
Deferred tax liabilities	11,232,906	10,270,768	21,503,674	11,434,105	10,370,519	21,804,624
Other financial liabilities	2,699,209	7,388,976	10,088,185	1,852,710	0	1,852,710
Operating liabilities	28,894,291	7,011,037	35,905,328	18,179,880	6,272,070	24,451,951
- liabilities from direct insurance operations	6,392,304	6,998,692	13,390,996	4,930,272	6,272,070	11,202,342
- liabilities from reinsurance and co-insurance operations	19,947,906	12,345	19,960,251	11,507,585	0	11,507,586
- current tax liabilities	2,554,081	0	2,554,081	1,742,023	0	1,742,023
Other liabilities	27,867,999	5,292,756	33,160,755	33,842,396	7,498,570	41,340,966

CONSOLIDATED INCOME STATEMENT BY SEGMENTS

	Q1 2017			Q1 2016		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
NET PREMIUM INCOME	80,856,808	46,967,676	127,824,484	80,143,051	42,418,622	122,561,673
- gross written premium	138,323,791	47,184,471	185,508,262	129,822,083	42,696,301	172,518,383
- ceded written premium	-33,838,332	-130,832	-33,969,164	-31,229,055	-205,620	-31,434,675
- change in unearned premium reserve	-23,628,651	-85,963	-23,714,614	-18,449,976	-72,059	-18,522,035
INCOME FROM FINANCIAL ASSETS	7,831,992	27,698,007	35,529,999	14,529,389	10,782,202	25,311,591
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	208,626	0	208,626	8,560,987	0	8,560,987
- interest income	207,426	0	207,426	190,160	0	190,160
- dividends	0	0	0	0	0	0
- fair value gains	0	0	0	0	0	0
- realised gains on disposals	0	0	0	8,367,185	0	8,367,185
- other financial income	1,200	0	1,200	3,642	0	3,642
INCOME FROM OTHER FINANCIAL ASSETS	7,623,366	11,188,176	18,811,542	5,968,402	10,151,469	16,119,871
- interest income	4,107,453	7,016,569	11,124,022	4,541,584	7,382,328	11,923,912
- dividends	34,479	20,461	54,940	0	3,922	3,922
- fair value gains	175,613	904,203	1,079,816	178,977	1,501,799	1,680,776
- realised gains on disposals	3,214,235	3,226,768	6,441,003	1,220,205	1,256,378	2,476,583
- other financial income	91,586	20,175	111,761	27,635	7,042	34,677
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	16,509,831	16,509,831	0	630,733	630,733
OTHER INCOME FROM INSURANCE OPERATIONS	6,964,654	52,694	7,017,348	5,940,820	46,002	5,986,822
- fees and commission income	5,884,669	52,132	5,936,801	5,055,981	46,002	5,101,983
- other income from insurance operations	1,079,985	562	1,080,547	884,839	0	884,839
OTHER INCOME	1,536,687	1,070,038	2,606,725	1,844,058	872,621	2,716,679
NET CLAIMS INCURRED	49,348,922	42,265,635	91,614,557	41,627,516	43,213,548	84,841,064
- gross claims settled	55,392,477	42,407,821	97,800,298	51,400,823	44,322,809	95,723,632
- reinsurers' share	-4,770,261	-13,519	-4,783,780	-4,057,663	-70,193	-4,127,856
- changes in claims provisions	-1,273,294	-128,667	-1,401,961	-5,715,644	-1,039,068	-6,754,712
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	658,735	9,912,520	10,571,255	466,476	3,060,713	3,527,189
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	7,356,700	7,356,700	0	-20,821,737	-20,821,737
EXPENSES FOR BONUSES AND DISCOUNTS	2,163,459	0	2,163,459	2,180,610	0	2,180,610
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0	0
OPERATING EXPENSES	25,704,828	6,978,793	32,683,621	25,362,719	7,336,483	32,699,202
- acquisition costs	18,749,486	4,777,566	23,527,052	18,519,967	4,998,292	23,518,259
- other operating costs	6,955,342	2,201,227	9,156,569	6,842,753	2,338,191	9,180,944
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	2,940,609	3,426,258	6,366,867	5,862,987	18,476,849	24,339,836
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	3,759	0	3,759	3,396	0	3,396
- interest expense	0	0	0	0	0	0
- fair value losses	0	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0	0
- loss on impairment of financial assets	0	0	0	0	0	0
- other expenses from financial assets and liabilities	3,759	0	3,759	3,396	0	3,396
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	2,936,850	3,301,890	6,238,740	5,859,591	3,733,316	9,592,907
- interest expense	368,140	151,882	520,022	180,283	150,658	330,941
- fair value losses	0	916,934	916,934	226,696	598,002	824,698
- realised loss on disposals	1,826,299	1,839,285	3,665,584	2,023,717	2,333,259	4,356,976
- loss on impairment of financial assets	0	0	0	2,000,507	0	2,000,507
- other expenses from financial assets and liabilities	742,411	393,789	1,136,200	1,428,388	651,397	2,079,786
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	124,368	124,368	0	14,743,533	14,743,533
OTHER INSURANCE EXPENSES	1,525,092	42,498	1,567,590	2,274,970	52,151	2,327,121
- fees and commission expenses	648,150	0	648,150	0	0	0
- other expenses from insurance operations	876,942	42,498	919,440	2,274,970	52,151	2,327,121
OTHER EXPENSES	895,264	31,084	926,348	1,153,806	29,448	1,183,254
PROFIT BEFORE TAX	13,953,232	5,774,927	19,728,159	23,528,232	2,771,992	26,300,224
Income tax expense	1,797,615	743,993	2,541,608	4,580,776	539,687	5,120,463
NET PROFIT FOR THE PERIOD	12,155,618	5,030,934	17,186,551	18,947,456	2,232,305	21,179,761

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 5 million, mainly as the result of the increase in the long-term deferred acquisition costs amounting to EUR 7.8 million. In the reporting period, new purchases of intangible assets equalled EUR 1.1 million. Long-term intangible assets in the amount of EUR 2.3 million were transferred to short-term accrued and deferred items. In the first nine months of 2017, amortisation reached EUR 1.6 million.

In the reporting period, the carrying amount of intangible assets of Zavarovalnica Triglav increased by EUR 3.3 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 452 thousand primarily relate to the purchase of licences and software. In the first three months of 2017, amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 1.3 million.

Property, plant, equipment and investment property

In the first three months of 2017, the carrying amount of property, plant and equipment of the Triglav Group decreased by EUR 423 thousand. New purchases of property, plant and equipment amounted to EUR 1 million, whilst depreciation of property, plant and equipment equalled EUR 1.6 million.

In the reporting period, the carrying amount of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 746 thousand. In the first three months of 2017, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 236 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 955 thousand.

In the first three months of 2017, the book value of investment property of Zavarovalnica Triglav decreased by EUR 370 thousand, which mainly resulted from the sale of investment properties.

The book value of investment property of the Group fell by EUR 321 thousand. In the reporting period, the Group purchased investment property in the amount of EUR 1.9 million and sold it in the amount of EUR 270 thousand. Investment property of EUR 1.7 million was transferred to non-current assets held for sale. In the first three months of 2017, amortisation of investment property of Zavarovalnica Triglav amounted to EUR 356 thousand.

Financial assets

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

Values as at 31 March 2017	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	162,608,018	162,608,018	100,769,890	100,769,890
Held to maturity	229,422,667	277,781,446	168,516,143	210,591,722
Available for sale	1,740,202,292	1,740,202,292	1,358,810,780	1,358,810,780
Investments recognised at fair value	393,055,678	393,055,678	204,165,505	204,165,505
Unit-linked insurance assets	462,037,331	462,037,331	432,503,347	432,503,347
TOTAL	2,987,325,986	3,035,684,765	2,264,765,665	2,306,841,244

Values as at 31 December 2016	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	148,731,638	124,028,761	82,397,894	86,024,002
Held to maturity	231,342,393	283,856,208	168,983,706	214,513,671
Available for sale	1,738,043,072	1,738,043,070	1,365,449,446	1,365,449,446
Investments recognised at fair value	396,203,356	396,203,356	195,669,555	195,669,555
Unit-linked insurance assets	459,982,822	460,760,711	434,043,269	434,790,947
Total	2,974,303,281	3,002,892,106	2,246,543,870	2,296,447,621

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

Triglav Group

Values as at 31 March 2017	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	201,761,932	65,484,556	267,246,488
Debt instruments	28,789,086	229,422,667	1,538,413,136	326,032,841	2,122,657,730
Derivative financial instruments	0	0	0	1,538,287	1,538,287
Unit-linked financial assets	4,493,170	0	422,276	457,121,879	462,037,331
Loans	133,818,932	0	27,224	0	133,846,156
Total	167,101,188	229,422,667	1,740,624,568	850,177,563	2,987,325,986

Values as at 31 December 2016	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	197,146,047	56,920,217	254,066,264
Debt instruments	29,701,241	231,342,393	1,540,876,300	337,859,711	2,139,779,645
Derivative financial instruments	0	0	0	1,423,429	1,423,429
Unit-linked financial assets	6,428,491	0	423,601	453,130,731	459,982,823
Loans	119,030,397	0	20,723	0	119,051,120
Total	155,160,129	231,342,393	1,738,466,671	849,334,088	2,974,303,281

Zavarovalnica Triglav

in EUR					
Value as at 31 March 2017	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	139,044,750	12,449,300	151,494,050
Debt instruments	0	168,516,143	1,219,766,030	190,177,918	1,578,460,091
Derivative financial instruments	0	0	0	1,538,287	1,538,287
Unit-linked financial assets	4,314,190	0	0	428,189,157	432,503,347
Loans	100,769,890	0	0	0	100,769,890
Total	105,084,080	168,516,143	1,358,810,779	632,354,662	2,264,765,665

in EUR					
Value as at 31 December 2016	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	136,023,336	3,648,013	139,671,350
Debt instruments	0	168,983,706	1,229,426,110	190,598,113	1,589,007,928
Derivative financial instruments	0	0	0	1,423,429	1,423,429
Unit-linked financial assets	6,251,897	0	0	427,791,372	434,043,269
Loans	82,397,895	0	0	0	82,397,895
Total	88,649,792	168,983,706	1,365,449,446	623,460,927	2,246,543,870

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 2017	Level 1	Level 2	Level 3	Total
Equity securities	236,218,426	0	31,028,062	267,246,488
Debt securities	343,582,935	1,520,863,042	0	1,864,445,977
Derivative financial instruments	0	1,538,287	0	1,538,287
Unit-linked financial assets	385,922,937	71,621,225	0	457,544,162
Total	965,724,298	1,594,022,554	31,028,062	2,590,774,914

				in EUR
As at 31 December 2016	Level 1	Level 2	Level 3	Total
Equity securities	227,496,286	0	26,569,975	254,066,261
Debt securities	298,016,789	1,580,719,222	0	1,878,736,011
Derivative financial instruments	0	1,423,429	0	1,423,429
Unit-linked financial assets	368,826,193	84,728,138	0	453,554,331
Total	894,339,268	1,666,870,789	26,569,975	2,587,780,032

Zavarovalnica Triglav

				in EUR
As at 31 March 2017	Level 1	Level 2	Level 3	Total
Equity securities	137,674,049	0	13,820,000	151,494,049
Debt securities	295,032,435	1,114,911,520	0	1,409,943,955
Derivative financial instruments	0	1,538,287	0	1,538,287
Unit-linked financial assets	359,454,580	68,734,577	0	428,189,157
Total	792,161,065	1,185,184,384	13,820,000	1,991,165,448

				in EUR
As at 31 December 2016	Level 1	Level 2	Level 3	Total
Equity securities	130,447,648	0	9,223,701	139,671,349
Debt securities	246,621,546	1,173,402,676	0	1,420,024,222
Derivative financial instruments	0	1,423,429	0	1,423,429
Unit-linked financial assets	344,987,269	82,804,103	0	427,791,372
Total	722,056,463	1,257,630,208	9,223,701	1,988,910,372

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
Equity securities	stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		level 2
Derivatives	Black-Scholes model	index volatility		level 2
BLOOMBERG BVAL				
Debt securities				
Debt securities - government	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		level 2
Debt securities - companies and finan. institutions	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		level 2
INTERNAL APPRAISERS				
Debt securities				
Debt securities - government	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	1y: -0.4422%, 2y: -0.4187%, 3y: -0.1984%, 4y: -0.0677%, 5Y: -0.0299%, 6y: 0.275%, 7Y: 0.4944%, 8Y: 0.8239%, 9y: 1.0582%, 10y: 1.4346%; credit spreads 1%	level 2
Debt securities - companies and finan. institutions	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	1y: -0.4422%, 2y: -0.4187%, 3y: -0.1984%, 4y: -0.0677%, 5Y: -0.0299%, 6y: 0.275%, 7Y: 0.4944%, 8Y: 0.8239%, 9y: 1.0582%, 10y: 1.4346%; credit spreads between 1% and 2.50%	level 2
Equity securities	cash flow discounting	g (growth rate during constant growth period)	2.0%	level 3
		EBIT margin (constant growth period)	30.7%	
		discount rate	13.4%	
		lack of marketability discount	10.0%	

Changes of Level 3 financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2017	2016	2017	2016
As at 1 January	26,569,975	27,715,791	9,223,701	9,623,123
Purchases	4,551,533	616,100	4,551,533	616,100
Disposals	0	0	0	0
Revaluations through income statement	-19,069	0	-4,766	0
Revaluations through Equity	-73,367	-346,625	49,532	-355,919
Transfers from Level 1 and Level 2	-7,919	-47,539	0	0
Ex. rate difference	6,909	7,214	0	0
As at 31 March	31,028,062	27,944,941	13,820,000	9,883,305

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 the first three months of 2017, neither Zavarovalnica Triglav nor any other subsidiaries of the Group recognised any contingent liabilities in the form of a guarantee given. In off-balance-sheet assets, Zavarovalnica Triglav increased assets under futures contracts by EUR 1.9 million, and decreased assets for alternative investments by EUR 2.8 million.

Distribution of accumulated profits

As at 31 December 2016, accumulated profit for the year amounted to EUR 82,421,880.73. At the session of the Supervisory Board held on 4 April 2017, the Management and Supervisory Boards submitted a proposal on the distribution of the accumulated profit. According to this proposal, a part of the accumulated profit amounting to EUR 56,837,870.00 would be allocated for dividend payments, i.e. EUR 2.50 per share. The distribution of the remaining part of accumulated profit will be decided on in future years. The General Meeting of Shareholders of Zavarovalnica Triglav will decide on the distribution of accumulated profit on 30 May 2017.

2.7 Changes in equity stakes in subsidiaries and business combinations

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

Triglav INT d.d. acquired a 19% equity stake from non-controlling interest holders of Triglav Osiguranje d.d., Sarajevo, thereby becoming its 88% owner. The acquisition price was BAM 8,756,665. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as a decrease in share premium of EUR 158,398.

Purchase of treasury shares of Triglav Osiguranje d.d., Sarajevo

Triglav Osiguranje d.d., Sarajevo purchased 4,156 shares from non-controlling interest holders or 10% of treasury shares. The acquisition price was BAM 4,594,458. The book value of these shares was BAM 2,360,608. The company established a treasury shares fund in the amount of its book value and disclosed it under equity.

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

Triglav INT d.d. acquired a 0.09% equity stake from the non-controlling interest holders of Triglav Osiguranje d.d., Zagreb, thereby becoming its 100% owner. The acquisition price was HRK 100,570. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as a decrease in share premium of EUR 9,403.

Establishment of Trigal d.o.o., Ljubljana

Zavarovalnica Triglav d.d. and KGAL Beteiligungsverwaltungs GmbH established the company TRIGAL d.o.o., Ljubljana. The share capital of the newly founded company amounts to EUR 1 million, of which EUR 499 thousand was paid in by Zavarovalnica Triglav. The Company thereby became a 49.9% owner of Trigal. In the consolidated financial statements, Trigal is treated as an associate and valued in accordance with the equity method.

2.8 Related party transactions

Revenues of the Management and Supervisory Board

In the first three months of 2017, 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	39,833	0	0	14,352	12,550	702	336
Makoter Marica	37,842	0	0	13,287	8,092	789	135
Jošar Benjamin	37,842	0	0	13,129	7,884	1,257	211
Ivanc Uroš	37,842	0	0	13,632	8,105	213	197
Čoroli Tadej	37,842	0	0	13,669	8,092	168	288
TOTAL	191,201	0	0	68,069	44,723	3,129	1,167

* 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 three months of 2017, members of the Management Board did not receive any payments for their work in subsidiaries.

As at 31 March 2017, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR			
Surname and name	Receivables as at 31 March 2017	Liabilities as at 31 March 2017	
Slapar Andrej	27	40,611	
Makoter Marica	16	38,539	
Jošar Benjamin	0	38,504	
Ivanc Uroš	6	34,314	
Čoroli Tadej	30	33,709	
TOTAL	79	185,677	

In the first three months of 2017, 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	
Blažič Matija	2,500	275	117	2,892		2,103
Celar Peter	3,125	1,595	0	4,720		3,433
Gobbo Mario	3,750	275	4,899	8,924		5,879
Kastelic Gregor	4,000	1,595	1,901	7,496		5,810
Molan Boštjan	3,125	275	78	3,478		2,530
Nose Barbara*	1,250	0	0	1,250		909
Pervanje Milena*	626	1,320	0	1,946		1,415
Sotošek Ivan	3,125	275	112	3,512		2,554
Stankovič Rajko	4,688	1,375	0	6,063		4,409
Stebelnak Igor	626	1,320	0	1,946		1,415
Svoljšak Mitja*	626	1,320	0	1,946		1,415
Štimac Dubravko	0	0	0	0		0
Total	29,940	8,580	7,107	45,627		32,930

* External committee member.

As at 31 March 2017, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

			in EUR
Surname and name	Receivables as at 31 March 2017	Liabilities as at 31 March 2017	
Blažič Matija	0		1,194
Celar Peter	0		1,336
Gobbo Mario	0		4,655
Kastelic Gregor	0		2,577
Molan Boštjan	0		1,898
Nose Barbara*	0		855
Pervanje Milena*	0		228
Sotošek Ivan	0		1,812
Stankovič Rajko	0		1,296
Stebelnak Igor	0		2,353
Svoljšak Mitja*	0		228
Štimac Dubravko	287		0
TOTAL	287		18,432

* 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 2017	31 December 2016
ASSETS		
Shares	132,589,937	130,632,438
Debt securities and loans	24,440,240	19,331,938
Receivables from insurers	96,863	2,600,718
Premium receivable from co-insurance	11,052	11,381
Premium receivable from re-insurance	3,611,490	0
Receivables from co-insurers' share in claim	385	0
Receivables from re-insurers' share in claim	5,308,928	5,622,496
Other short-term receivables from insurance operation	28,790	14,369
Short term receivables from financing	1,154,530	1,172,759
Other short-term receivables	888,518	825,602
Deffered short-term expenses of insurance contract acquisition	0	62
LIABILITIES		
Liabilities to policy holders	0	444,617
Liabilities to agents and brokers	337,060	340,930
Liabilities from direct insurance operations	0	1,649
Liabilities for co-insurance premiums	26,282	14,697
Liabilities for re-insurance premiums	13,071,973	9,183,540
Liabilities for co-insurers' share in claim	13,806	1,712
Liabilities for re-insurers' share in claims	477,269	0
Other short-term liabilities	122,650	144,098

	in EUR	
	Q1 2017	Q1 2016
INCOME AND EXPENSES		
Gross written premium	5,107,828	4,535,296
Ceded written premium	-23,185,734	-24,437,728
Income from re-insurance commissions	4,470,015	4,112,267
Other income from insurance	1,301,567	1,088,485
Interest income	207,426	190,160
Income from land and buildings	135,254	118,568
Other insurance income	493,336	334,857
Other income	59,545	47,607
TOTAL INCOME	-11,410,763	-14,007,646
Gross claims settled	163,736	177,832
Reinsurers' share	-4,511,767	-3,700,942
Fees and commission expenses	345,159	0
Other expenses	10	0
TOTAL EXPENSES	-4,002,562	-3,522,957

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 2017	31 December 2016	31 March 2017	31 December 2016
Shares	7,102,347	6,826,400	10,002,046	9,503,046
Receivables from insurers	218	800	0	364
Short-term receivables from financing	0	18,100	0	18,100
Liabilities to agents and brokers	18,058	22,008	18,058	20,919
Othre short - term liabilities	581	463	0	0
Accrued expenses	2,908	60	0	0

	Triglav Group		Zavarovalnica Triglav	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Gross written premium	21,449	19,289	20,846	18,687
Interest income	0	34,859	0	0
TOTAL INCOME	21,449	54,148	20,846	18,687
Gross claims settled	2,370	18,493	2,370	18,493
Acquisition costs	4,148	4,510	0	0
TOTAL EXPENSES	6,518	23,003	2,370	18,493

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 2017, there were 51 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 2017	31 March 2017
ASSETS		
Shares	9,455,608	9,420,895
Debt securities	77,847,556	49,038,790
Receivables from operations	453,961	450,052
Other assets	6,995,838	0
LIABILITIES		
Liabilities from operations	1,634,522	1,406,244
	Triglav Group	Zavarovalnica Triglav
	Q1 2017	Q1 2017
INCOME		
Gross written premium	7,303,594	7,120,701
Financial income	646,461	316,957
Other income	35,086	35,055
EXPENSES		
Gross claims settled	1,874,891	1,867,157
Financial expenses	89,127	0
Other expenses and costs	2,083,362	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 three months of 2017, as well as no material non-adjusting events.

On 5 May 2017 in Montenegro, Triglav INT published the prospectus for the purchase of all the remaining shares of Lovćen Osiguranje a.d. from non-controlling interest holders, after having obtained the approval of the regulator (Komisija za hartije od vrednosti – Securities and Exchange Commission) on 3 May 2017.

On 4 May 2017 in Macedonia, Triglav INT published a takeover bid for the acquisition of all the remaining shares of Triglav Osiguruvanje a.d., Skopje from non-controlling interest holders.

