



Zavarovalnica Triglav, d.d.
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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 30 September 2017



MANAGEMENT BOARD:

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

Marica Makoter

Ljubljana, November 2017



Dear shareholders, business partner and colleagues,

Nine months into 2017, we are satisfied with our performance results. The Triglav Group generated consolidated profit before tax in the amount EUR 64.5 million, whilst consolidated net profit amounted to EUR 52.3 million. Consolidated profit before tax of EUR 70–80 million has been planned for 2017. Taking into account the business conditions anticipated until the end of the year, we estimate that the results will be within the planned range.

The situation on our insurance markets has been gradually improving, but we are still faced with challenging conditions marked by aggressive price competition. Compared to the respective period of 2016, premium growth of 8% was recorded at the Group level (EUR 777.1 million). Premium growth was recorded in all three insurance segments and on all insurance markets in which the Group operates. The average growth on the Slovene market was 7% and on the markets outside of Slovenia it stood at 11%.

Gross claims paid increased by 5% (EUR 467.4 million) as a result of the larger insurance portfolio and higher claim frequency. Compared to 2016, the reporting period saw more mass loss events totalling EUR 25 million. The Group's combined ratio of 95.3% (2016: 95.0%) was favourable despite the increase in the claims ratio. Premium growth is also connected to increased insurance business operating expenses (index 104), primarily due to higher acquisition costs.

As at the reporting date, the Group's financial investments totalled EUR 3.1 billion. They are managed effectively despite the low interest rate environment, due to which lower interest income was realised compared to the corresponding period last year. In terms of value, returns on financial investments remained at the 2016 level mainly due to higher gains on the sale of financial investments.

We are satisfied that this year both credit rating agencies, i.e. S&P Global Ratings and A.M. Best, assigned the Triglav Group the same high »A« credit ratings as last year with a stable medium-term outlook. The credit ratings reflect consistently strong operating performance over the past years, the dominant market position and financial soundness of the Group, as well as adequate reinsurance protection and risk management.

The year 2017 is the first year of the new four-year strategy period, in which the Group has continued with the existing or has been implementing new activities aimed at achieving its strategic guidelines. Clients are in the very centre of all our activities. Our products, services and sales channels are being tailored and developed to their needs and the specificities of individual markets. The Group will continue to invest in those insurance segments where the highest growth rates are expected. To this end, this year we have entered the voluntary pension insurance market in Bosnia and Herzegovina and the Macedonian life insurance market.

Together with its over 5,000 employees, the Triglav Group will continue to effectively work towards the achievement of its set objectives.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

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CONTENTS

1.	FINANCIAL HIGHLIGHTS IN THE FIRST NINE MONTHS OF 2017	4
2.	GOVERNANCE OF THE TRIGLAV GROUP.....	12
3.	THE SHARE AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV	16
4.	PERFORMANCE IN THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017	20
5.	FINANCIAL RESULT AND FINANCIAL STANDING	40
6.	RISK MANAGEMENT	47
7.	EMPLOYEES IN THE TRIGLAV GROUP.....	48

1. FINANCIAL HIGHLIGHTS IN THE FIRST NINE MONTHS OF 2017

1.1 Performance of the Triglav Group

	in EUR million		
	Q1-3 2017	Q1-3 2016	Index 2017/2016
Gross written premium from insurance, reinsurance and co-insurance contracts	777.1	720.7	108
Net premium income	664.1	630.5	105
Gross claims paid*	467.4	445.5	105
Net claims incurred	469.2	442.7	106
Gross operating costs**	181.9	174.6	104
Profit before tax	64.5	67.5	96
Net profit	52.3	53.6	98
Net profit attributable to the controlling company	51.8	52.7	98
	30 September 2017	31 December 2016	Index 2017/2016
Insurance technical provisions as at	2,771.2	2,660.8	104
Equity as at	734.5	744.3	99
Equity attributable to the controlling company as at	727.5	734.0	99
Number of employees as at	5,095	5,046	101

*Gross claims paid include gross claims paid from inward reinsurance

**Insurance business gross operating costs

Key performance indicators of the Triglav Group

	Q1-3 2017	Q1-3 2016
ROE annualised	9.6%	10.1%
Claims ratio	66.3%	64.7%
Expense ratio	29.0%	30.3%
Combined ratio	95.3%	95.0%
Ratio between gross operating costs and gross written premium	23.4%	24.2%

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

	in EUR million		
	Q1-3 2017	Q1-3 2016	Index 2017/2016
Gross written premium from insurance, reinsurance and co-insurance contracts	488.0	460.2	106
Net premium income	389.3	379.6	103
Gross claims paid*	300.4	289.7	104
Net claims incurred	286.3	273.6	105
Gross operating costs	123.6	121.4	102
Profit before tax	56.6	60.0	94
Net profit	45.8	48.3	95
	30 September 2017	31 December 2016	Index 2017/2016
Insurance technical provisions as at	2,137.3	2,076.3	103
Equity as at	552.1	563.4	98
Number of employees as at	2,282	2,335	98

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of Zavarovalnica Triglav

	Q1-3 2017	Q1-3 2016
ROE annualised	11.1%	12.1%
Claims ratio	62.3%	59.6%
Expense ratio	29.6%	30.7%
Combined ratio	91.9%	90.4%
Ratio between gross operating costs and gross written premium	25.3%	26.4%

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 ▪ Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka 	<ul style="list-style-type: none"> ▪ PROF-IN d.o.o. 	<ul style="list-style-type: none"> ▪ Triglav Savjetovanje d.o.o. ▪ Triglav Auto d.o.o. ▪ Autocentar BH d.o.o. ▪ Unis automobili i dijelovi d.o.o.
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 osiguranje a.d., Podgorica 		<ul style="list-style-type: none"> ▪ Lovćen Auto a.d.
Macedonia	<ul style="list-style-type: none"> ▪ Triglav Osiguruvanje a.d., Skopje 		

1.4 Composition of the Triglav Group

The Triglav Group as at 30 September 2017

Controlling company: ▪ Zavarovalnica Triglav d.d.

Subsidiaries of the Triglav Group:

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

- Triglavko, zavarovalno zastopniška družba d.o.o.
- TRIGAL d.o.o.
- Nama trgovsko podjetje d.d.
- IF Prof Plus d.d.
- Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka
- Nacionalni biro osiguravača Crne Gore

Changes in the Triglav Group in the first nine months of 2017:

- In February 2017, Zavarovalnica Triglav and KGAL Beteiligungsverwaltungs GmbH (hereinafter: the KGAL Group) 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 Triglav.
- Triglav INT acquired a 19% equity stake from non-controlling interest holders of Triglav Osiguranje, Sarajevo, thereby becoming its 88% owner. The acquisition price amounted to BAM 8,756,665 or EUR 4,477,212. Triglav Osiguranje, Sarajevo purchased 4,156 shares from non-controlling interest holders or 10% of treasury shares. The acquisition price amounted to BAM 4,594,458 or EUR 2,349,109. The stake of non-controlling shareholders dropped from 31% to 2%, thereby reducing the value of minority interest to EUR 3,316,564.
- Triglav INT acquired a 0.09% equity stake from non-controlling interest holders of Triglav Osiguranje, Zagreb, thereby becoming its 100% owner. The acquisition price was HRK 100,570 or EUR 13.625.
- Together with Penzijski rezervni fond Republike Srpske from Banja Luka (The Pension Reserve Fund Of Republic of Srpska a.d. Banja Luka), European Bank for Reconstruction and Development (EBRD) and Enterprise Expansion Fund (ENEF) Skupna pokojninska družba d.d. established Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka. The share capital of the newly founded company amounts to BAM 4,400,000, of which BAM 1,496,000 or EUR 764,893 was paid in by Skupna pokojninska družba. Skupna pokojninska družba thereby became a 34.0% owner of the abovementioned company.
- Triglav INT acquired a 0.12% equity stake from non-controlling interest holders of Lovćen Osiguranje, Podgorica, thereby becoming its 96.59% owner. The purchase price equalled EUR 9,020.
- Triglav INT acquired a 6.56% equity stake of Triglav Osiguranje a.d., Skopje from non-controlling interest holders, thus becoming a 79.94% owner of the abovementioned company. The purchase price amounted to MAK 57,769,440 or EUR 942 thousand.
- On 26 July 2017, Zavarovalnica Triglav and its subsidiary Salnal d.o.o. signed an agreement on the sale of equity stakes in Geoplin d.o.o., Ljubljana and Plinhold d.o.o. with Petrol d.d., Ljubljana and the Republic of Slovenia. The Triglav Group holds a 7.8% stake in the abovementioned companies. The total purchase price amounted to EUR 14.5 million. The agreement was signed under suspensive conditions which must be met prior to its validity.
- Triglav INT and Triglav Osiguranje, Skopje established a new life insurance company, Triglav Osiguranje Život, a.d., Skopje on the Macedonian market. Triglav Osiguranje Život, a.d., Skopje was entered into the Companies Register on 4 October 2017.

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

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

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

Mission, values and vision of the Triglav Group

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

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

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

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

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

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

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

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

The Triglav Group in the region and beyond

The Group remains present in six countries of South-East Europe, where it will grow organically, however potential takeovers are not ruled out should an appropriate opportunity arise. In the region where the Group operates, a long-term accelerated growth of insurance markets is expected, resulting in a higher share of total written premium on the markets outside Slovenia.

The Group will continue to develop the markets in the region, primarily investing in those insurance segments where the highest growth rates are expected (life, health and pension insurance). Digital business models will be developed, which will enable the Group to enter the markets outside the existing region. The Group will build strategic partnerships with the companies whose activities complement its business model.

Optimal organisational structure of the Triglav Group

An increasingly flexible organisational structure of the Group is being implemented so as to ensure an effective balance between the stability and dynamics of organisation, thereby reducing strategic and other risks. Synergies will continue to be exploited and operating expenses optimised at the Group level, in addition to the establishment of a comprehensive innovation system within the organisation.

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

1.6 Significant events in the reporting period

Significant events in the reporting period were the following:

- On 5 January 2017, Zavarovalnica Triglav received from the Insurance Supervision Agency (hereinafter: ISA) a notification on the completion of the review of operations in relation to the use of own subsidiary valuation models, which began on 23 February 2015. In the said notification, the ISA informed the Company that, because the Company committed itself to amend the subsidiary valuation model, update the valuation bases and use an additional test valuation method in the valuation of its insurance subsidiaries, no measures needed to be imposed, thus completing the review of operations.
- On 17 November 2016, Zavarovalnica Triglav received a request to review its operations from the ISA, on the basis of which on 24 November 2016 the ISA began a review of operations in relation to the Company's cooperation with doctors – reviewers. On 7 February 2017, the ISA notified the Company that, based on the findings of the review of operations, no measures needed to be imposed, thus completing the review of operations.
- The ISA performed a review of operations of Zavarovalnica Triglav in 2014 in order to inspect, whether the Company's operations were in compliance with the Insurance Act and the pertaining 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 violations 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 when valuating and/or categorising 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 violations were not mentioned in the Order. The Insurance Supervision Agency rejected the Company's appeal and established that the Company eliminated the violations pertaining to the valuation of certain investments within the prescribed time limit. On 8 March 2016, it was further established that the alleged violation was eliminated in the part relating 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, the Company received the judgement of the Administrative Court, refusing the appeal.

- On 17 November 2016, Zavarovalnica Triglav received a the ISA's request to review its operations in the segment of guarantee fund backing unit-linked life insurance, on the basis of which on 28 November 2016 the ISA began a review of operations. Following the review, the ISA produced a report, recommending the improvement of Triglav's operations and called on Zavarovalnica Triglav to inform ISA on elimination of inconsistencies and submit relevant proof thereof. The Company complied with the abovementioned, therefore on 14 July 2017, the ISA notified the Company that, based on the findings of the review of operations, no measures needed to be imposed, thus completing the review of operations.
- In the proceedings relating to the order and the finding of the ISA that Ivan Sotošek and Boštjan Molan, an employee representative in the Supervisory Board of Zavarovalnica Triglav, do not satisfy the statutory conditions for performing the function of a member of the Supervisory Board of Zavarovalnica Triglav, on 12 April 2017 the Company received the judgement of the Administrative Court in the case Ivan Sotošek vs. ISA. According to the judgement, the Court finds that the contested decision of the ISA is correct in terms of the content (i.e. with regard to the assessment of competence and suitability of Ivan Sotošek), but it refers to the wrong legal basis and, therefore, the Court partially upheld the action and annulled the contested decision in the part referring to the wrong legal basis and replaced it with the correct legal basis (by taking into account the act in force during the appointment of Ivan Sotošek as a Supervisory Board member, i.e. the ZZavar and not ZZavar-1). On the basis of the judgement, the Management Board addressed a letter to the President of the Works Council, in which it proposed to convene a meeting of the Works Council of Zavarovalnica Triglav and to recall Ivan Sotošek as a member of the Supervisory Board of Zavarovalnica Triglav – employee representative. The Works Council discussed the proposal but it will form an opinion concerning the Management Board's draft decision to recall Ivan Sotošek when it will be decided on all legal remedies available to Ivan Sotošek and after a request for a constitutional review of the Insurance Act will be lodged, because the Works Council considers Ivan Sotošek's appointment on 8 April 2015 legal. The handling in relation to the ruling of the Administrative Court in the case Boštjan Molan vs. ISA, which Zavarovalnica Triglav received on 21 June 2017, was, *mutatis mutandis*, the same. The action filed by Boštjan Molan against the ISA was rejected. The Management Board informed the ISA about the abovementioned measures.
- The action of Matjaž Rakovec lodged against Zavarovalnica Triglav due to the findings of the nullity of the resolution of the Supervisory Board dated 22 May 2013 with respect to the dismissal of Matjaž Rakovec from the office of President of the Management Board and the appointment of Andrej Slapar as President of the Management Board and the payment of damages was described in detail in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2016. Below are described the new facts in connection to the labour law dispute.

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.

- The 42nd General Meeting of Shareholders of Zavarovalnica Triglav was held on 30 May 2017. At the meeting, the shareholders:
 - adopted a resolution on the distribution of accumulated profits for 2016;
 - granted a discharge for the business year 2016 to both the Management and the Supervisory Board of Zavarovalnica Triglav;
 - appointed new members of the Supervisory Board, shareholder representatives, for a four-year term of office starting on 13 June 2017: Nataša Damjanovič, Mario Gobbo, Žiga Škerjanec, Andrej Andoljšek and Milan Tomaževič.

See Section 2.2.1 *General Meetings of Shareholders in 2017* for more details.

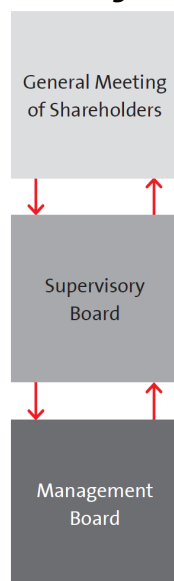
- Based on the proposal made by the President of the Management Board, on its session held on 17 August 2017, the Supervisory Board appointed Barbara Smolnikar as a Management Board member of Zavarovalnica Triglav. Barbara Smolnikar started to serve the five-year term of office on 17 October 2017. She will be responsible for life and pension insurance, which represent important segments of Triglav Group. After the expiry of his term as a Management Board member on 2 November 2017, Benjamin Jošar will continue his career within Triglav Group.
- Both Triglav Group rating agencies, S&P Global Ratings in A.M. Best, assigned the Group's a high credit rating of »A« in 2017. The medium-term outlook for both credit ratings is stable. Credit rating is discussed in greater detail in Section 3.4 *Credit rating*.

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.

2.2.1 General Meeting of Shareholders in 2017

In 2017, the shareholders of Zavarovalnica Triglav gathered on the 42nd General Meeting of Shareholders held on 30 May 2017. The total number of shares and voting rights represented at the General Meeting of Shareholders was 17,442,505 or 76.80% of all shares to which voting rights are attached.

- The shareholders took note on: the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2016 with the accompanying independent auditor's opinion, the Annual Internal Audit Report for 2016, the Supervisory Board's Report on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2016 and the Opinion

of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report for 2016 by the Internal Audit Department of Zavarovalnica Triglav d.d.

- The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 82,421,880.73 as at 31 December 2016:
 - a part of accumulated profit in the amount of EUR 56,837,870.00 shall be allocated for dividend payments. The dividend in the amount of EUR 2.50 gross per share shall be paid to the shareholders appearing in the Share Register 15 June 2017. The dividends were paid on 16 June 2017.
 - The distribution of the remaining accumulated profit of EUR 25,584,010.73 shall be decided in the next few years.
- The Shareholders granted a discharge for the business year 2016 to both the Management Board and the Supervisory Board of Zavarovalnica Triglav.
- The General Meeting of Shareholders took note that of the term of office of five Supervisory Board members, shareholder representatives Dubravko Štimac, Mario Gobbo, Gregor Kastelic, Rajko Stanković and Matija Blažič expires on 12 June 2017. Nataša Damjanovič, Mario Gobbo, Žiga Škerjanc, Andrej Andoljšek and Milan Tomažević were appointed as new Supervisory Board members, shareholder representatives. Their four-year term of office commenced on 13 June 2017.

At the General Meeting of Shareholders no action of voidness was announced.

2.3 Management Board

The Management Board of Zavarovalnica Triglav manages the Company independently and at its own responsibility, 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.

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

2.3.1 Introducing the Management Board

As at 30 September 2017 the Management Board of Zavarovalnica Triglav was composed of:

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

At its session on 17 August 2017, the Supervisory Board appointed Barbara Smolnikar a new member of the Management Board for a five-year term of office as proposed by the President of the Management Board. She started serving on the Management Board on 17 October 2017. After the expiry of his term as a Management Board member on 2 November 2017, Benjamin Jošar will continue his career within Triglav Group.

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 30 September 2017:

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

On 12 June 2017 the term of office of five Supervisory Board members, shareholder representatives Dubravko Štimac, Mario Gobbo, Gregor Kastelic, Rajko Stanković and Matija Blažič expired. Nataša Damjanovič, Mario Gobbo, Žiga Škerjanc, Andrej Andoljšek and Milan Tomaževič were appointed as new Supervisory Board members, shareholder representatives starting their four-year term of office on 13 June 2017.

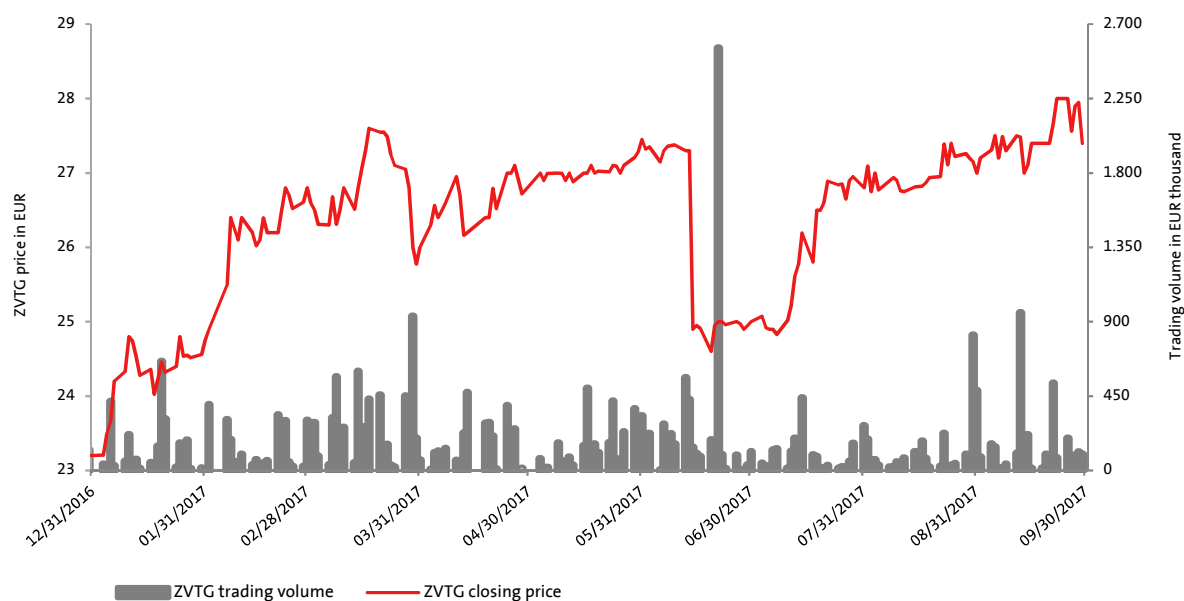
3. THE SHARE AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

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

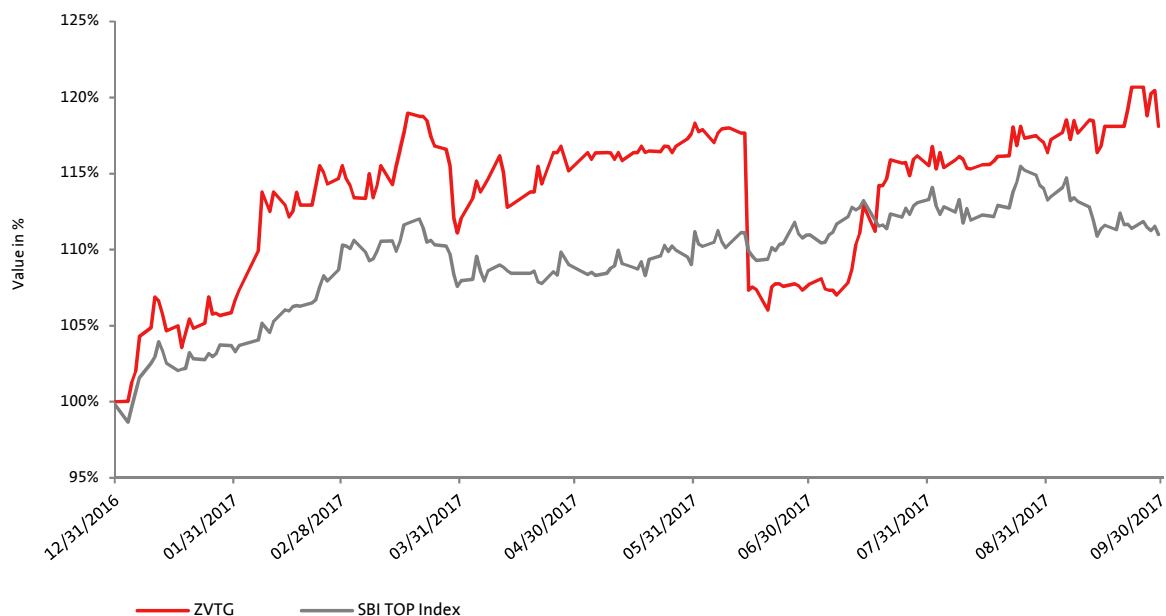
In terms of liquidity and market capitalisation, the ZVTG share remains one of the most traded shares on the Ljubljana Stock Exchange. As much as 11% of turnover in shares was accounted for by the ZVTG shares in the first nine months of 2017, ranking third in terms of liquidity. In 2017, the average daily trading volume of ZVTG shares increased to EUR 163 thousand, which was 42% more than the 2016 average (EUR 115 thousand) and 33% more than the average in the respective period of 2016 (EUR 122 thousand).

Positive trends were observed on the Ljubljana Stock Exchange in the first nine months of 2017. They were also seen in the ZVTG share price, whose growth was even above the market growth. The SBI TOP Index climbed by 11%, and the ZVTG share price rose by 18%. The share price significantly dropped as the result of dividend payment because on 14 June 2017 holding the share no longer meant being entitled to the dividend payment for 2016.

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



Movements in the ZVTG share price and in the value of the SBI TOP Index in Q1-3 2017 (starting date 31 December 2016 = 100)



Key figures for the Zavarovalnica Triglav's share in Q1-3 2017 (in EUR)

Items	
Maximum closing price	28.00
Minimum closing price	23.20
Closing price	27.40
Book value per share (parent company)*	24.28
Book value per share (consolidated data)*	32.31
Net earnings per share (consolidated data)**	2.30
Market capitalisation	622,943,055
Average daily trading volume	162,813
Payed dividend per share for 2016	2.50
Traded on	Ljubljana Stock Exchange - LJSE
No. of shares	22,735,148
The percentage of floating stock***	31.04%
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), the equity of the Triglav Group and the number of shares as at the reporting date were taken into account, whilst in calculating the book value per share for the parent company, the equity of the 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 the weighted average number of shares were taken into account.

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

3.2 Equity

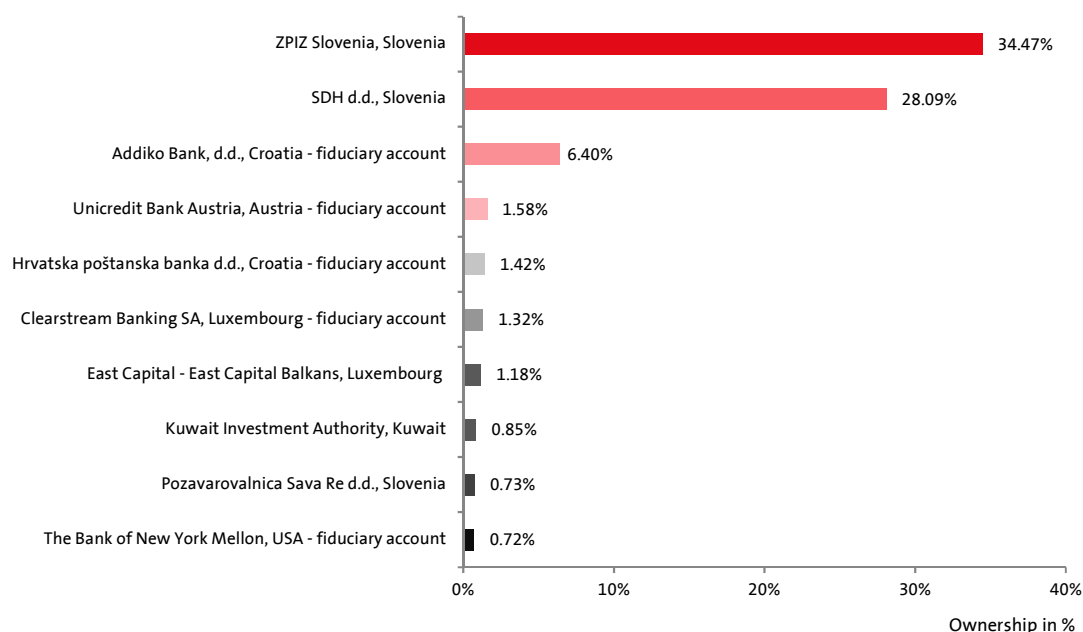
In 2017, the share capital of Zavarovalnica Triglav remained at the same level and stood at EUR 73,701,391.79 as at the reporting date. It was divided into 22,735,148 ordinary registered no-par value shares. All the shares of Zavarovalnica Triglav are of the same class, freely transferable

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, there were no significant changes in the shareholder structure of Zavarovalnica Triglav. As at the reporting date, the **top ten shareholders**, whose structure remained unchanged, held 76.8% of total shares, which was 0.4 percentage point more over the 2016 year-end. Among them, the highest equity stake increase was recorded by Unicredit Bank Austria – fiduciary account and Kuwait Investment Authority, while East Capital – East Capital Balkans, Luxemburg (the former Balkan Fund) experienced the highest decrease.

Top ten shareholders of Zavarovalnica Triglav as at 30 September 2017



As at the reporting date, Zavarovalnica Triglav had **14,402 shareholders** from 37 countries, the bulk from Slovenia. The total number of shareholders decreased by 21% compared to the 2016 year-end. This is the effect of the abolition of free registry accounts kept by KDD – Centralno klirinška depotna družba, as the result of which the natural persons holding a small number of the ZVTG shares began to sell them. Given the above, in 2016 the **total number of shareholders went down** by 35% to 18,334, and the trend continued mostly in the first few months of 2017.

In 2017, **further strengthening of the share of international shareholders** has continued. In the reporting period, their share rose by 1 percentage point to 18%. The observed trend is also the result of the promotion of the Triglav Group among international investors and an active investor relations policy implemented by Zavarovalnica Triglav.

Shareholder structure of Zavarovalnica Triglav as at 30 September 2017

	Total	Domestic	Foreign	Legal entities	Individuals
Number of shares	22,735,148	18,639,647	4,095,501	20,381,023	2,354,125
Number of shareholders	14,402	13,965	437	506	13,896
Number of shares - percentage	100.0%	81.99%	18.01%	89.65%	10.35%
Number of shareholders - percentage	100.0%	96.97%	3.03%	3.51%	96.49%

Compared to the 2016 year-end, the total number of shares held by the Management and Supervisory Boards equalled 480 and remained unchanged.

3.4 Credit rating

Maintaining the »A« credit rating is one of the strategic objectives of the Triglav Group. 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. Both agencies assigned the Group an **»A« standalone credit rating** with a **stable** medium-term outlook. Again in 2017, both agencies reaffirmed the Group's high credit rating.

The credit rating on Triglav exclusively reflects the Group's standalone credit profile and does not include any uplift from the insurer's status as a government-related entity. In its report, the rating agency assessed the business risk profile of the Triglav Group as strong, its financial risk profile as very strong and its capital adequacy as extremely strong. In addition, the rating agency stated in its report that the Group had adequate reinsurance protection. S&P Global Ratings pointed out the notable advantages arising from the consistent strategic guidelines of the Triglav Group. The emphasis on profitability and safety of its operations was preserved in the new 2017–2020 strategy period, in which the Group's operations focus on only two business pillars: insurance and asset management. S&P Global Ratings expressed the same positive opinion in respect of growing strategic importance, development of asset management and the new, particularly development-oriented components of the Group's operations, which include digitisation, integrated client management, development of new products and sales channels, which have already been assessed as favourable by the rating agency.

The A.M. credit rating agency stated, that the high credit rating affirmation reflects the very strong balance sheet strength of the Triglav Group, constant strong operating performance over the past five years and appropriate risk management. The Agency states, that the Group is well capitalised with prudent management of provisions and strong financial flexibility. The Group's operations are affected by the low interest rate environment and the situation in the life insurance segment, which however is improving. A.M. Best pointed out the benefits of the Group's leading position in both the Slovene market and the region. In its opinion, the Group demonstrated improvement in its operations on the markets outside Slovenia as it actively sought alternative lower cost distribution channels. Furthermore, the economic conditions in the region partly improved, which also impacted the insurance markets, albeit the highly competitive and challenging operating conditions remained. By affirming the high credit rating of the subsidiary Pozavarovalnica Triglav Re, the Agency confirmed its key role as the reinsurer of all Triglav Group members.

4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017

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

The developed and emerging economies are mainly experiencing economic growth, and the high indicators of economic climate indicate that the positive trend will continue. The euro area recorded a relatively strong growth based on private consumption and investment. Private consumption growth resulted from higher employment, disposable income and household assets, while investment growth was the result of corporate profits and favourable corporate financing. In the third quarter, international institutions slightly increased this year's growth forecasts for the euro area to above 2%, while inflation forecasts remained unchanged at close to 1.5%. Inflationary pressures remain weak. The rapid recovery of the Slovene economy continues. According to the Statistical Office of the Republic of Slovenia, the economy recorded the high growth of 4.4% in the second quarter, and the data on industrial production, employment, retail sale and international trade indicate that the strong growth will continue. In its autumn forecast, the IMAD noticeably improved this year's economic growth estimate to over 4%, while the inflation forecast is at the euro area level.

This year, the sentiment on the capital markets has been positive, but the interest rates and the return on bonds have mostly remained at historically low levels. In addition to the macroeconomic situation, the financial markets are affected by political and geopolitical tensions. While the uncertainty regarding the elections in Europe practically faded, in the third quarter the uncertainty again increased primarily due to the arming of North Korea and Catalonia's push for secession. In this quarter, the ECB announced changes to its quantitative monetary policy, as at the beginning of next year the bond purchases are expected to decrease. In addition to implying that it will again increase the key interest rate by the end of the year, the FED announced the beginning of reducing its balance sheet assets. In the third quarter, the return on the 10-year German government bond stood at around 0.45%, slightly up by 26 basis points compared to the beginning of the year. Following a strong but uneven rise in early 2017, the return on the bonds of peripheral countries started to decrease. One of the major drops in return was recorded by Slovene government bonds. At the end of the third quarter, the return on the 10-year bond was less than 1%, but nevertheless 14 basis points higher than at the beginning of the year. Among the stock markets characterised by high growth, emerging markets stand out in particular. At the end of the third quarter, the German DAX almost hit its record high, while the American S&P 500 exceeded its record high.

Economic recovery of countries had a positive impact on the insurance premiums, as the premium growth was recorded in all the 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.

Moreover, the reporting period saw several mass loss events in the amount of EUR 25.0 million, which impacted the Group's performance. In January, wind storms in Western Slovenia caused approximately EUR 700 thousand of damage, and in April a hail storm with frost resulted in EUR 5.0 million of damage. Summer storms with hail (4 mass loss events) resulted in claims of EUR 14.9 million. Frost and in hail storms caused substantial damage on crops and fruit, mostly on orchards, viticulture and hops. In June and July, stormy wind and hail in Croatia caused damage on real properties, cars and crops of EUR 920 thousand, whereas the Irma hurricane caused EUR

2.4 million on marine vessels. In Macedonia, frost and hail caused damage on crops in the amount of EUR 1.0 million, whilst the June hail resulted in damage on cars in the amount of EUR 157 thousand.

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

There were 14 insurance companies, 4 foreign branch offices and 2 reinsurance companies active in the **Slovene insurance market**, all members of the Slovenian Insurance Association (hereinafter: SZZ). As of 1 March 2017 a portfolio of ERGO, a life insurer, was transferred to the ERGO subsidiary. In May 2017, Prva osebna zavarovalnica joined SZZ.

In the first nine months of 2017, all insurers together recorded a gross written premium in the amount of EUR 1,682.5 million, which represented a **growth of 7.4%**. **Non-life insurance**, accounting for 71.1% of total premium, was up 6.4%, (non-life insurance premium excluding health insurance premium was higher by 7.4%), whilst health insurance premium was 4.3% higher. Non-life insurance premiums increased foremost as a result of higher premiums from motor vehicle insurance (comprehensive car insurance premium increased by 10%) and other property insurance (15% growth). **Life insurance** premium grew by 10.1%.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four major insurers controlled 72.5% of the market. With a market share of 29.0%, **Zavarovalnica Triglav** maintained the leading position (29.4% in the respective period of 2016). The second largest market share was held by Zavarovalnica Sava, a company 1.7 times smaller. With a 36.0% market share on the Slovene insurance market, **the Triglav Group** (parent company, Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba) decreased its market share by 0.2 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 36.0% share on the Slovene insurance market as at the reporting date.

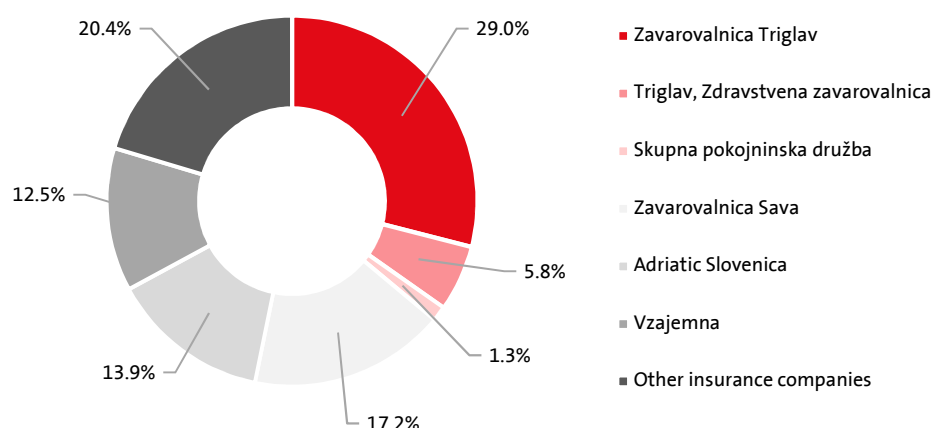
- non-life insurance (excluding health insurance): 43.9% (44.0% in 2016);
- life insurance: 31.2% (33.5% in 2016);
- health insurance: 25.4% (23.3% in 2016).

Zavarovalnica Triglav's non-life insurance market share was 29.9%, having increased by 0.3 percentage point, whilst the life insurance market share stood at 26.7%, which was 1.9 percentage point less than in the respective period of 2016.

Triglav, Zdravstvena zavarovalnica increased its market share by 2.1 percentage points to 25.3%, consolidating its 2nd rank among the health insurance providers. Among the top three health insurance providers (accounting for 99.0% of the health insurance market), it recorded the highest health premium growth of 13.9%.

Skupna pokojninska družba ranked first on the supplemental voluntary pension insurance market in terms of accumulated assets, holding an 19.1% market share (data for Q1-4 2016).

The market share of insurance companies in Slovenia as at 30 September 2017



Source: Slovenian Insurance Association

Market share and market rank trends of the Triglav Group insurance companies outside Slovenia as at 30 September 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	7.9%	↓ -0.1-percentage point	5	4
- Federation of BiH	9.1%	↓ -0.2-percentage point	6	6
- Republic of Srpska*	5.3%	○ 0.0-percentage point	7	7
Montenegro**	39.1%	↓ -0.1-percentage point	1	1
Serbia**	5.8%	↑ +1.1-percentage point	5	5
Macedonia (non-life insurance)**	18.1%	↑ +0.1-percentage point	1	1

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

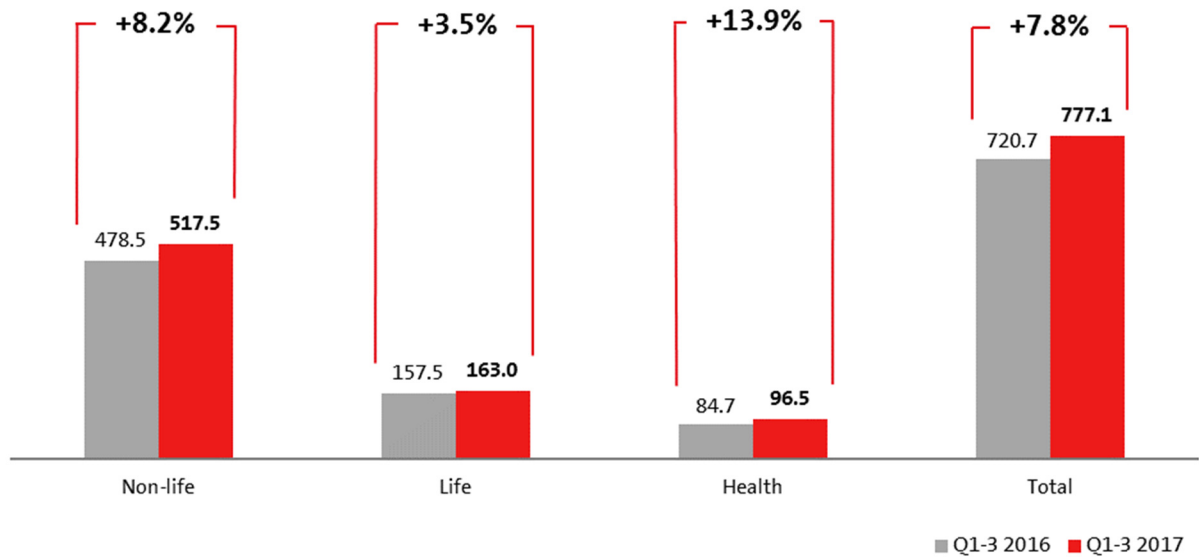
**Data from January to June 2017

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 777.1 million. **Non-life insurance** total was EUR 517.5 million (index 108), **life insurance** reached EUR 163.0 million (index 103) and **health insurance** EUR 96.5 million (index 114).

The Triglav Group recorded an 8% growth in gross written insurance, co-insurance and reinsurance premiums.

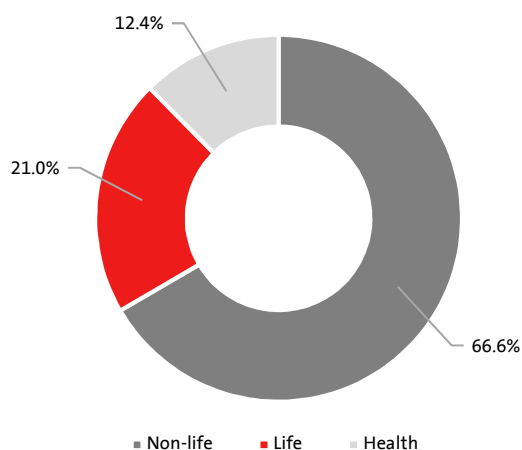
Consolidated gross written insurance, co-insurance and reinsurance premiums in Q1-3 2017 compared to Q1-3 2016



Consolidated written premium had the following structure in Q1-3 2017:

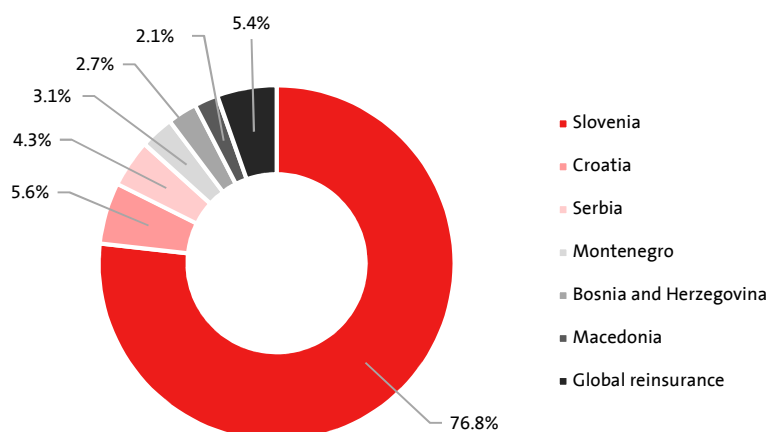
- non-life insurance accounted for 66.6% (Q1-3 2016: 66.4%);
- life insurance accounted for 21.0% (Q1-3 2016: 21.9%); and
- health insurance for 12.4% (Q1-3 2016: 11.8%).

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



A total of 76.8% of consolidated gross written premium was charged in the Slovene insurance market, 17.8% of premium was booked in the markets outside Slovenia, while global reinsurance premium accounted for 5.4% of written premium. The share of the insurance premium earned on the markets outside Slovenia was up by 0.5 percentage point compared to the same period of the previous year.

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



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

Country	Gross written premium		Index	Structure	
	Q1-3 2017	Q1-3 2016	Q1-3 2017/ Q1-3 2016	Q1-3 2017	Q1-3 2016
Slovenia	596,569,470	558,168,295	107	76.8%	77.4%
Croatia	43,426,762	39,242,491	111	5.6%	5.4%
Serbia	33,586,610	25,991,173	129	4.3%	3.6%
Montenegro	23,719,076	23,033,293	103	3.1%	3.2%
Bosnia and Herzegovina	20,956,086	19,740,848	106	2.7%	2.7%
Macedonia	16,701,439	16,484,781	101	2.1%	2.3%
Global reinsurance	42,122,965	38,084,298	111	5.4%	5.3%
Total	777,082,408	720,745,179	108	100.0%	100.0%

Premium growth was recorded in all insurance markets. The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 745.6 million in non-consolidated gross written premium, up by 8% compared to the same period last year. In the Slovene insurance market, 6% more in written premium was charged by the parent company, whereas Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba recorded 14% and 2% higher written premium respectively. Triglav Osiguranje, Belgrade recorded premium growth of as much as 29%. Written premiums were higher by 17% in Lovćen životna osiguranja, by 11% in Triglav Osiguranje, Zagreb, by 6% in Triglav Osiguranje, Sarajevo and in Triglav Osiguranje, Banja Luka, by 2% in Lovćen Osiguranje and by 1% in Triglav Osiguranje, Skopje.

Pozavarovalnica Triglav Re posted a total of EUR 98.3 million in gross written reinsurance premium, up by 6% compared to the year before. In operations outside the Triglav Group, the reinsurance premiums experienced an 11% growth resulting from newly concluded contracts. The highest premium growth was recorded on the Swiss, Israeli, German and Australian markets. Transactions with the Triglav Group experienced a 3% premium growth.

Gross written insurance, co-insurance and reinsurance premiums in Q1-3 2017 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1-3 2017
Zavarovalnica Triglav*	358,305,869	129,739,355	488,045,224	107	103	106	65.5%
Triglav, Zdravstvena zavarovalnica	97,167,737		97,167,737	114	0	114	13.0%
Skupna pokojninska družba		21,975,431	21,975,431	0	102	102	2.9%
Triglav Osiguranje, Zagreb	37,681,859	5,744,903	43,426,762	113	97	111	5.8%
Triglav Osiguranje, Sarajevo	12,386,359	4,554,782	16,941,141	102	121	106	2.3%
Lovćen Osiguranje, Podgorica	22,666,326		22,666,326	102	0	102	3.0%
Triglav Osiguranje, Belgrade	30,688,510	2,898,562	33,587,072	124	217	129	4.5%
Triglav Osiguranje, Banja Luka	4,038,919		4,038,919	106	0	106	0.5%
Triglav Osiguruvanje, Skopje	16,701,439		16,701,439	101	0	101	2.2%
Lovćen životna osiguranja, Podgorica		1,052,750	1,052,750	0	117	117	0.1%
Total	579,637,018	165,965,783	745,602,801	109	104	108	100.0%
Pozavarovalnica Triglav Re	98,305,201		98,305,201	106	0	106	
Consolidation eliminations	-63,859,155	-2,966,439	-66,825,594	104	130	105	
Total consolidated	614,083,064	162,999,344	777,082,408	109	103	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 579.6 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 29.7% share. The Triglav Group insurance subsidiaries collected EUR 100.0 million in **comprehensive car insurance** premium or 9% more compared to 2016. The highest growth was observed in Triglav Osiguranje, Belgrade (index 117), Triglav Osiguranje, Zagreb (index 116) and Lovćen Osiguranje (index 113), as the result of effective sales campaigns, an increased scope of insurance coverage and intensified sales activities. The Montenegrin subsidiary achieved the growth primarily through the higher sale of insurance via leasing houses and rent-a-car insurance. The parent company, accounting for 84% of the Group's total premiums, recorded a high 9% 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"), the redesign of motor vehicle insurance tariffs and the increased number of sold insurance policies via leasing houses and agencies. A lower premium than in the same period last year was recorded by Triglav Osiguruvanje, Skopje (loss of premium of a major policyholder, lower sale of new vehicles and the national regulation which abolished commercial discounts for corporate clients and natural persons for payments in instalments) 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 29.7% of total written premiums.

The Group collected EUR 121.6 million in **motor liability insurance** premium, up by 2% 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 premium decrease of some policyholders) and Lovćen Osiguranje (premium remained at the same level as the year before). The highest premium growth was seen in Triglav Osiguranje, Zagreb (11%), followed by Triglav Osiguranje, Belgrade (8%) and Triglav Osiguruvanje, Skopje (6%). The parent company, holding a 57% share of motor liability insurance premium, maintained approximately the same premium level as in 2016 (index 100).

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 140.5 million was booked, having increased by 13%. In fire and natural disaster insurance, a premium growth of 3% was recorded, while in other damage to property insurance a 20% premium growth was seen. The strongest growth was recorded by Triglav Osiguranje, Belgrade (index 155) and Triglav Osiguranje, Sarajevo and the parent company (index 112). A high premium growth of the Serbian insurer can be attributed to acquiring new policyholders and increasing the scope of policies of certain existing customers and to the higher volume of fronting operations. With an 80% share of total Group's premium, the parent company achieved the highest growth in combined non-life insurance, construction insurance (acquiring new policyholders) and crop insurance (higher proportion of the Government's co-financing in fruit- and wine-growing and hop-growing and premium growth in permanent crops insurance).

A 15% growth was seen in **health insurance**, where the Group wrote EUR 99.3 million in premium. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 97.2 million, thus achieving a 14% growth. The bulk of its written premium stems from supplemental health insurance, whose premium became more expensive as of February 2017. Most other insurance subsidiaries offering health insurance products also recorded a high premium growth.

A premium growth of 15% was achieved in health insurance.

In **general liability insurance**, the Triglav Group recorded a 8% premium growth or EUR 35.7 million in nominal terms. The Company, which accounted for 82% of total premium, charged 8% more premium than in 2016, predominantly as a result of the high growth owing to the acquisition of new policyholders in general liability insurance, the largest insurance subclass, liability of medical doctors insurance and liability of management and supervisory board insurance. A high growth in general liability insurance was also seen in Triglav Osiguranje, Belgrade, which resulted from acquiring two new large policyholders.

Accident insurance represented 4.2% of total written premium or EUR 31.4 million in nominal terms, having decreased by 3% compared to the previous year. The parent company, accounting for 67% of the Group's total premiums, recorded the highest fall in written premium (index 94), primarily as the result of two insurance sub-classes taken out simultaneously with car insurance (the driver's bodily injury insurance or AO-plus insurance and driver and passenger accident insurance) due to lower premium as of 1 January 2017. Premium of Lovćen Osiguranja remained at the same level as the year before (index 100), whilst other insurance companies recorded premium growth, the highest premium rate was achieved by Triglav Osiguranje, Belgrade (index 120) as a result of sales through banks and growth from accident insurance for pensioners.

Credit insurance accounted for 2.7% of total premium and was 10% higher than the year before, amounting to EUR 20.2 million. Zavarovalnica Triglav, which accounted for 97% of total premium, recorded an 8% 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), financial gap insurance and insurance of payment card receivables and domestic trade insurance. The premium of consumer loan insurance, the largest credit insurance subclass (a 61% share), depends on the retail lending volume in banks was 1% higher than in the corresponding period last year. A high growth in credit insurance was also seen in the Serbian insurance subsidiary, which resulted from acquiring new large policyholders.

Premium from **other non-life insurance** (accounting for 4.1% of total premium) increased by as much as 21% to EUR 30.9 million. A high premium growth was observed in all insurance subsidiaries, with the highest recorded in Triglav Osiguranje, Zagreb (the highest premium growth in marine insurance), Triglav Osiguranje, Skopje (the highest premium growth in

aircraft insurance and assistance insurance), Triglav Osiguranje, Banja Luka (premium growth in goods in transit insurance and assistance insurance), and Lovćen Osiguranje (the highest premium growth in goods in transit insurance and assistance insurance), which resulted 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 16% growth in written premium compared to the preceding year. This increase was primarily generated by assistance insurance (a high growth in car assistance premium), 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 companies charged EUR 166.0 million in non-consolidated gross written premium from **life insurance** contracts or 4% more than in the same period of 2016. This accounted for 22.3% of total gross written premiums, which was 0.8 percentage point less than in the corresponding period of 2016.

Life insurance premium (traditional life insurance, annuity pension insurance, pension insurance and voluntary pension insurance) increased by 2% to EUR 74.2 million (44.7% of the life insurance class total). The parent company recorded a 1% premium decrease (an 84% share), mainly resulting from reduced premiums paid-in and lower retained sums paid out on maturity. Significant growth in premium was achieved by Triglav Osiguranje, Belgrade (a higher volume of insurance sold via banking sales channels), Triglav Osiguranje, Sarajevo (a higher volume of insurance sold via agencies, banking sales channels and agents) and Lovćen životna osiguranja (he increased number of sold insurance policies).

The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) rose by 2% compared to the preceding year. With EUR 78.8 million, they represented 47.4% of the total life insurance premium. The 3% premium growth achieved by the parent company is primarily the result of retained sums paid out on maturity. Skupna pokojninska družba experienced a growth of 2%, whilst premium earned by with the Triglav Osiguranje, Zagreb decreased by 1% (lower single premium payment).

Supplemental voluntary pension insurance (capital redemption insurance) generated EUR 13.0 million or 7.9% of total life insurance premium. The 26% 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
	Q1-3 2017	Q1-3 2016	Q1-3 2017/ Q1-3 2016	Q1-3 2017
Accident insurance	31,424,723	32,432,317	97	4.2%
Health insurance	99,314,257	86,556,792	115	13.3%
Comprehensive car insurance	99,988,267	91,891,713	109	13.4%
Real property insurance	140,546,692	124,899,884	113	18.9%
Motor liability insurance	121,602,846	119,206,535	102	16.3%
General liability insurance	35,692,673	33,126,247	108	4.8%
Credit insurance	20,212,157	18,337,413	110	2.7%
Other non-life insurance	30,855,402	25,424,231	121	4.1%
Non-life insurance	579,637,017	531,875,132	109	77.7%
Life insurance	74,177,521	72,424,691	102	9.9%
Unit-linked life insurance*	78,750,382	76,985,616	102	10.6%
Capital redemption insurance	13,037,881	10,376,124	126	1.7%
Life insurance	165,965,784	159,786,431	104	22.3%
Total	745,602,801	691,661,563	108	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

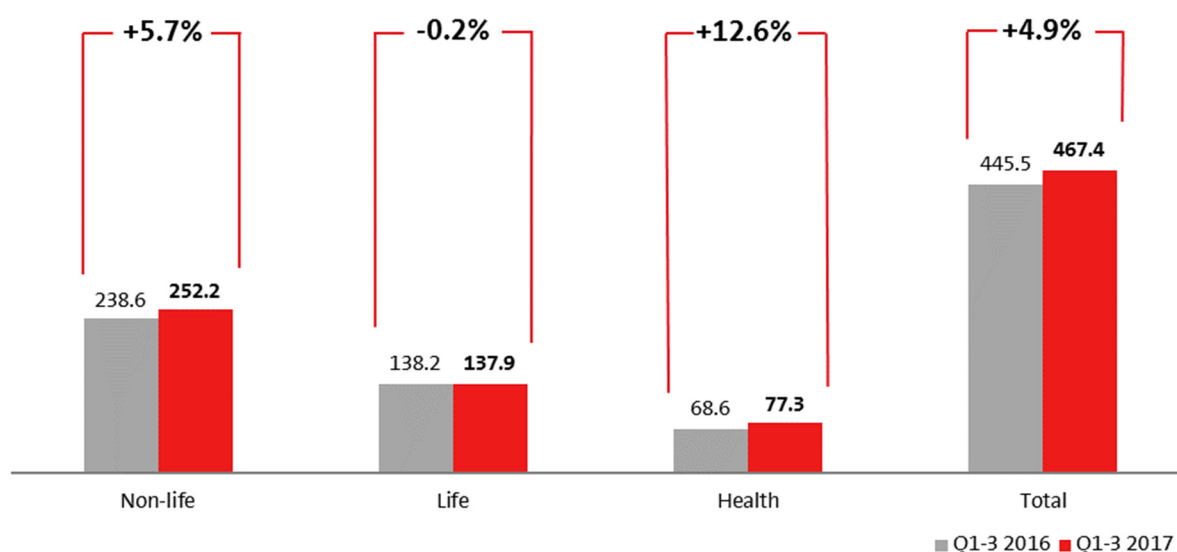
Insurance class	Gross written premium		Index	Structure
	Q1-3 2017	Q1-3 2016	Q1-3 2017/ Q1-3 2016	Q1-3 2017
Accident insurance	21,096,183	22,508,534	94	4.3%
Health insurance	383,522	335,414	114	0.1%
Comprehensive car insurance	84,223,708	77,231,977	109	17.3%
Real property insurance	112,388,730	99,934,156	112	23.0%
Motor liability insurance	69,646,711	69,984,171	100	14.3%
General liability insurance	29,179,066	26,918,321	108	6.0%
Credit insurance	19,678,795	18,263,720	108	4.0%
Other non-life insurance	21,661,773	18,741,179	116	4.4%
Non-life insurance	358,258,488	333,917,472	107	73.4%
Life insurance	61,973,529	62,592,080	99	12.7%
Unit-linked life insurance	54,732,184	53,341,242	103	11.2%
Capital redemption insurance	13,037,881	10,376,124	126	2.7%
Life insurance	129,743,594	126,309,446	103	26.6%
Total	488,002,082	460,226,918	106	100.0%

4.4 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 467.4 million in consolidated gross claims paid (including claim handling costs, income from exercised subrogation receivables and gross claims paid from active reinsurance), or 5% more than in the respective period of the previous year. Gross claims paid experienced growth in **non-life insurance**, equalling EUR 252.2 million (index 106) and in **health insurance**, totalling EUR 77.3 million (index 113), whilst in **life insurance** they remained approximately at the same level as in 2016 (index 100), and amounted to EUR 137.9 million.

Gross claims paid increased by 5% compared to 2016.

Consolidated gross claims paid in Q1-3 2017 compared to Q1-3 2016



Excluding Pozavarovalnica Triglav Re, the insurance subsidiaries of the Triglav Group posted EUR 449.1 million in non-consolidated gross claims paid, representing an increase of 6% over the preceding year. Except for Triglav Osiguranje, Banja Luka (index 77) and Skupna pokojninska družba (index 82), all subsidiaries recorded an increase in gross claims paid. The highest growth rates in gross claims paid were posted by Triglav Osiguranje, Belgrade (index 121), Triglav Osiguranje, Sarajevo (index 120) and Triglav Osiguruvanje, Skopje (index 117).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 39.2 million, or 1% more compared to the previous year. This increase was primarily the result of growth in operations within the Triglav Group (index 119) due to a high claims in other damage to property insurance (spring frost in Slovenia, hail storms and machinery breakdown claims by a cedent of the Triglav Group) and in motor vehicle liability insurance (high claims arising from two agreements). Gross claims in operations outside the Triglav Group decreased by 10%.

Gross claims paid in Q1-3 2017 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1-3 2017
Zavarovalnica Triglav*	176,069,178	124,324,717	300,393,895	106	100	104	66.9%
Triglav, Zdravstvena zavarovalnica	77,260,990		77,260,990	113	0	113	17.2%
Skupna pokojninska družba		8,842,025	8,842,025	0	82	82	2.0%
Triglav Osiguranje, Zagreb	19,896,306	4,119,470	24,015,776	107	125	110	5.3%
Triglav Osiguranje, Sarajevo	5,692,199	1,576,415	7,268,614	109	183	120	1.6%
Lovćen Osiguranje, Podgorica	11,609,642		11,609,642	112	0	112	2.6%
Triglav Osiguranje, Belgrade	9,614,624	864,968	10,479,592	116	236	121	2.3%
Triglav Osiguranje, Banja Luka	1,153,815		1,153,815	77	0	77	0.3%
Triglav Osiguruvanje, Skopje	7,277,723		7,277,723	117	0	117	1.6%
Lovćen životna osiguranja, Podgorica		748,375	748,375	0	110	110	0.2%
Total	308,574,477	140,475,970	449,050,447	108	100	106	100.0%
Pozavarovalnica Triglav Re	39,165,474		39,165,474	101	0	101	
Consolidation eliminations	-18,301,627	-2,532,831	-20,834,458	116	135	118	
Total - consolidated	329,438,324	137,943,139	467,381,463	107	100	105	

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

4.4.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** amounted to EUR 308.6 million, up 8% compared to the corresponding period of 2016. The profit level in the reporting period was also affected by major loss events, which is described in greater detail in *Section 4.1 Macroeconomic environment and environmental impact on the operations of the Triglav Group*.

In **health insurance**, gross claims paid increased by 13%, accounting for 17.3% of total gross claims paid, and amounted to EUR 77.9 million. The largest portion of claims, amounting to EUR 77.3 million, which accounted for a 13% growth, 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. Due to the changed age structure, equalisation scheme expenses (index 89) were down to EUR 4.5 million.

Claims related to **motor liability insurance** increased by 15% over the respective period of 2016. They represented 14.6% of total gross claims settled by the Triglav Group, amounting to EUR 65.7 million. The high growth rates in gross claims paid were posted by all insurance subsidiaries, primarily due to the increase in the portfolio and the higher number of reported claims. High growth in Triglav Osiguranje, Sarajevo was affected by claims settlement resulting from five major claims due to death and some substantial individual claims. In Triglav Osiguranje, Banja Luka and Triglav Osiguranje, Zagreb higher gross claims resulted from the payment of an increased number of substantial older claims as the consequence of a court ruling (mainly payment of non-material claims). The number of reported claims (arising primarily from goods vehicle claims and claims abroad) and the payments of material claims increased in the parent company. In addition, the average non-material claim payment also went up.

Claims related to **comprehensive car insurance** grew by 1% over the corresponding period of 2016, amounting to EUR 63.3 million. They accounted for 14.1% of total gross claims paid by the Triglav Group. A high growth rates in gross claims paid were posted by Triglav Osiguranje, Banja Luka (index 149), Triglav Osiguruvanje, Skopje (index 144) and Triglav Osiguranje, Belgrade (index 120). Growth in gross claims by the Serbian insurer mainly resulted from a larger portfolio and higher number of reported claims, whereas gross claims by Triglav Osiguranje, Banja Luka as the result of some substantial individual claim payments and Triglav Osiguruvanje, Skopje primarily increased as the result of certain substantial individual claim payments also as a consequence of mass loss events, caused by the June hail. Gross claims of the parent company increased by 1% (84% of total claims). In Triglav Osiguranje, Zagreb and Triglav Osiguranje, Sarajevo gross claims paid were down, whilst in Lovćen životna osiguranja they remained at the same level as the year before (index 100).

In **real property insurance**, total gross claims paid amounted to EUR 60.2 million or 14% more than the year before, accounting for 13.4% of total gross claims paid. In fire and natural disaster insurance, a 25% increase in gross claims was seen, along with a 9% growth in other damage to property insurance. Zavarovalnica Triglav, holding an 82% share of this insurance class, recorded a 17% increase, mainly as a result of fruit and crop claim payment due to spring frost and storms with hail and substantial claims of fire insurance. High growth rates in gross claims paid were recorded by Lovćen Osiguranje (due to the payment of some substantial individual claims in fire and fronting insurance), Triglav Osiguranje, Sarajevo (due to the payment of some substantial individual claims in fire insurance) and Triglav Osiguruvanje, Skopje (fruit and crops claims insurance due to April frost).

Claims from **accident insurance** rose by 4%, amounting to EUR 17.0 million. The increase in claims in this insurance class primarily resulted from the high growth in gross claims paid in Lovćen Osiguranje (higher number of reported claims from accident insurance for pensioners

and occupational accident insurance) and in Triglav Osiguranje, Zagreb (increased number of reported claims and payment of some substantial individual claims). Growth in gross claims paid was observed in the parent company (growth accident insurance of subscribers and consumers), Triglav Osiguranje, Skopje (claim payments arising from insurance of managers) and Triglav Osiguranje, Banja Luka (an increased number of reported claims and higher payments of an average claim).

Gross claims paid in **general liability insurance** amounted to EUR 11.1 million or 3% more than the year before. The high growth mainly resulted from a 6% growth in gross claims paid by the parent company, accounting for a 90% share of total claims of this insurance class. The increase resulted from the payment of some substantial individual claims in product liability insurance and doctors professional indemnity insurance.

Gross claims paid in **credit insurance** decreased by 34% to EUR 2.0 million. Gross claims paid by the parent company (index 67) accounted for the majority of total claims, as a decrease was seen in almost all credit insurance subclasses.

Gross claims paid from **other non-life insurance** increased by 10% to EUR 11.5 million. Zavarovalnica Triglav, holding an 81% share of this insurance class, recorded a 12% decrease in claims. High growth rates in gross claims paid were recorded by Lovćen Osiguranje (more claims in roadside assistance insurance), Triglav Osiguranje, Belgrade (increased number of reported claims from suretyship insurance), Triglav Osiguranje, Sarajevo (higher claims from assistance insurance and higher claims from suretyship insurance) and Triglav Osiguranje, Zagreb (payment of claim from aircraft liability insurance from 2015 resulting from a court ruling and claims paid in marine comprehensive insurance).

4.4.2 Life insurance

Non-consolidated gross claims paid in **life insurance** amounted to EUR 140.5 million and remained approximately at the same level as the year before (index 100). Their share in total non-consolidated claims paid fell by 1.7 percentage points to 31.3%.

Gross claims settled by the **life insurance** class (traditional life, pension, annuity pension and voluntary pension insurance) totalled EUR 67.3 million or 2% less compared to the previous year, mainly due to a decrease in sums paid out on maturity and the decreased number of surrenders in Zavarovalnica Triglav (index 96). Other insurance subsidiaries of the Group selling this insurance class recorded a growth in gross claims paid.

The bulk of total claims settled was accounted for by **unit-linked life insurance**, amounting to EUR 68.9 million, up by 5%. Higher gross claims paid resulted primarily from an increase in sums paid out on maturity in Zavarovalnica Triglav (index 109) and Triglav Osiguranje, Zagreb (index 162). Gross claims paid by Skupna pokojninska družba were down 18%.

Gross claims paid in **supplemental voluntary pension insurance** decreased by 32%. 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 by insurance companies of the Triglav Group (excluding Pozavarovalnica Triglav Re) by insurance class

Insurance class	Gross claims paid		Index	Structure
	Q1-3 2017	Q1-3 2016	Q1-3 2017/ Q1-3 2016	Q1-3 2017
Accident insurance	16,959,227	16,279,420	104	3.8%
Health insurance	77,907,488	68,866,529	113	17.3%
Comprehensive car insurance	63,334,315	62,506,600	101	14.1%
Real property insurance	60,162,556	52,891,087	114	13.4%
Motor liability insurance	65,659,127	57,327,839	115	14.6%
General liability insurance	11,121,916	10,829,203	103	2.5%
Credit insurance	1,973,060	2,991,861	66	0.4%
Other non-life insurance	11,456,786	12,726,283	90	2.6%
Non-life insurance	308,574,475	284,418,822	108	68.7%
Life insurance	67,338,709	68,455,613	98	15.0%
Unit-linked life insurance*	68,881,237	65,368,296	105	15.3%
Capital redemption insurance	4,256,026	6,292,019	68	0.9%
Life insurance	140,475,972	140,115,928	100	31.3%
Total	449,050,447	424,534,750	106	100.0%

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

Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid		Index	Structure
	Q1-3 2017	Q1-3 2016	Q1-3 2017/ Q1-3 2016	Q1-3 2017
Accident insurance	9,572,846	9,439,170	101	3.2%
Health insurance	12,406	428	2.899	0.0%
Comprehensive car insurance	52,915,230	52,563,472	101	17.6%
Real property insurance	49,087,029	41,815,413	117	16.3%
Motor liability insurance	43,189,625	38,860,322	111	14.4%
General liability insurance	9,993,641	9,383,795	106	3.3%
Credit insurance	1,958,054	2,918,614	67	0.7%
Other non-life insurance	9,327,185	10,656,560	88	3.1%
Non-life insurance	176,056,016	165,637,774	106	58.6%
Life insurance	61,566,199	64,189,294	96	20.5%
Unit-linked life insurance	58,502,494	53,577,526	109	19.5%
Capital redemption insurance	4,256,026	6,292,019	68	1.4%
Life insurance	124,324,719	124,058,839	100	41.4%
Total	300,380,735	289,696,613	104	100.0%

4.5 Gross operating expenses

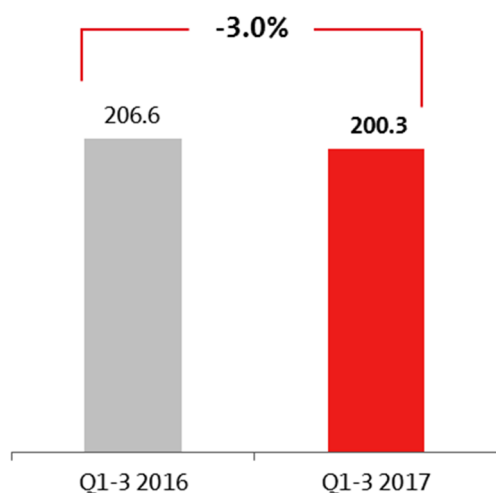
Total consolidated gross operating expenses of the Triglav Group equalled EUR 200.3 million, which was 3% less compared to the preceding year. **Insurance business operating expenses** grew by 4% to EUR 181.9 million. On contrast, **non-insurance business expenses** decreased by 42%, reaching EUR 18.4 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 expenses of insurance business were mainly caused by higher acquisition costs and costs of entertainment, advertising and trade shows due to strong premium growth.

Gross operating expenses decreased by 3% compared to 2016.

Operating costs accounted for 23.4% of gross written premium and were 0.8 percentage point lower than in the same period of 2016. Operating expenses in **non-life insurance** increased by

5% (EUR 147.2 million), in **health insurance** they were up by 10% (EUR 8.6 million), whereas in the **life-insurance** segment they dropped by 1% (EUR 26.0 million).

Gross operating expenses of the Triglav Group in Q1-3 2017 compared to the same period of 2016



Acquisition costs (fees and commissions) totalled EUR 33.0 million and were 6% higher than in the preceding year mostly due to higher acquisition costs in the parent company, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade as a result of higher underwriting commissions, higher fees and commissions of insurance brokers (brokers, agencies and leasing houses). The costs of goods sold were down to EUR 208 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 10.3 million. A 2% decrease of depreciation costs (in the amount of EUR 9.7 million) was mainly a consequence of the sale of an equity stake of the Avrigo Group and Slovenijales Trgovina. With 49.7%, labour costs accounted for the largest portion of total expenses, equalling EUR 105.9 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 748 thousand, representing a decrease of 6%. Other operating expenses represented an increase of 4%, reaching EUR 63.4 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 Triglav Osiguranje, Belgrade) and maintenance costs (mostly due to the higher costs of computer hardware and software maintenance in the parent company and to Triglav, Zdravstvena zavarovalnica).

In total gross operating expenses broken down by functional group, an increase was seen in acquisition costs, accounting for 60.2% (vs. 59.3% in 2016), whilst a decrease was recorded by claim handling costs with 10.4%, (0.7 percentage point less than in 2016), other operating expenses with 28.5% (0.1 percentage point less) and asset management, accounting for a 1.0% (vs. 1.1% in 2016).

Gross operating expenses of the Triglav Group in Q1-3 2017 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1-3 2017	Q1-3 2016	Q1-3 2017/ Q1-3 2016	Q1-3 2017
Acquisition costs (fees and commissions)	32,965,853	30,969,002	106	15.5%
Costs of goods sold	208,399	10,261,530	2	0.1%
Depreciation of operating assets	9,697,900	9,934,506	98	4.6%
Labour costs	105,881,536	105,739,587	100	49.7%
- wages and salaries	73,339,082	72,570,758	101	34.5%
- social securities and pension insurance costs	17,131,283	16,873,785	102	8.0%
- other labour costs	15,411,171	16,295,044	95	7.2%
Costs of services provided by natural persons other than SPs together with pertaining taxes	748,332	792,127	94	0.4%
Other operating expenses	63,367,829	61,034,034	104	29.8%
- costs of entertainment, advertising, trade shows	15,054,611	12,723,090	118	7.1%
- costs of material and energy	5,502,592	6,060,643	91	2.6%
- maintenance costs	9,734,548	9,155,474	106	4.6%
- travel expenses	3,964,972	4,036,235	98	1.9%
- costs of intellectual and personal services	3,691,398	3,811,295	97	1.7%
- non-income-related costs, excluding insurance	2,326,671	2,559,559	91	1.1%
- costs of transport and communication services	3,639,584	3,611,456	101	1.7%
- costs of insurance premiums	881,701	928,152	95	0.4%
- payment transaction costs and banking services	5,513,138	5,267,091	105	2.6%
- rents	5,271,952	5,153,805	102	2.5%
- costs of services of professional training	619,344	506,905	122	0.3%
- other costs of services	7,167,318	7,220,329	99	3.4%
- long-term employee benefits	0	0	0	0.0%
Total	212,869,849	218,730,786	97	100.0%
Consolidation eliminations	-12,592,249	-12,161,079	104	
Total consolidated	200,277,600	206,569,707	97	

Gross operating expenses of Zavarovalnica Triglav in Q1-3 2017 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1-3 2017	Q1-3 2016	Q1-3 2017/ Q1-3 2016	Q1-3 2017
Acquisition cost (fees and commissions)	18,287,134	17,357,573	105	14.8%
Depreciation of operating assets	6,528,707	6,216,695	105	5.3%
Labour costs	71,552,331	70,810,854	101	57.9%
- wages and salaries	50,612,914	49,685,859	102	41.0%
- social securities and pension insurance costs	8,713,794	8,541,917	102	7.1%
- other labour costs	12,225,623	12,583,078	97	9.9%
Costs of services provided by natural persons other than SPs, including related taxes	195,308	124,044	157	0.2%
Other operating costs	26,991,810	26,882,110	100	21.8%
- costs of entertainment, advertising, trade shows	5,556,037	5,925,158	94	4.5%
- costs of material and energy	2,330,617	2,548,405	91	1.9%
- maintenance costs	6,323,105	5,968,193	106	5.1%
- reimbursement of labour-related costs	2,534,603	2,422,385	105	2.1%
- costs of intellectual and personal services	1,478,370	1,464,905	101	1.2%
- non-income related costs, excluding insurance	1,062,316	1,279,637	83	0.9%
- costs of transport and communication services	2,015,455	2,010,025	100	1.6%
- costs for insurance premiums	320,886	260,673	123	0.3%
- payment transaction costs and banking services	1,166,276	1,330,313	88	0.9%
- rents	1,993,620	1,745,962	114	1.6%
- costs of professional training services	285,018	271,326	105	0.2%
- other costs of services	1,925,507	1,655,128	116	1.6%
Total	123,555,290	121,391,276	102	100.0%

4.6 Reinsurance

In the first nine months of 2017, **the Triglav Group** allocated EUR 79.3 million of reinsurance and coinsurance premiums to external equalisation, representing an increase of 24% over the respective period of 2016. Reinsurance premiums accounted for 10.2% total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 15.3 million (index 114) was received from reinsurance. Growth, recorded in all abovementioned segments, was primarily a result of the higher volume of fronting operations.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 75.8 million to of reinsurance and coinsurance premiums to external equalisation, which was 20% more than in the respective period of 2016. Reinsurance premium accounted for 15.5% of total gross written premium. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 17.4 million was received from reinsurance and coinsurance (index 115).

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 2,771.2 million to gross insurance technical provisions, which in total represented an increase of 4% compared to 31 December 2016. The amount of gross insurance technical provisions increased in **non-life insurance** (index 109) and **life insurance** (index 102), whilst in **health insurance** it was down 6%. As at the reporting date, **Zavarovalnica Triglav** allocated EUR 2,137.3 million to gross insurance technical provisions, which was 3% more over the 2016 year-end.

The total amount of gross insurance technical provisions of the Triglav Group went up by 4%.

The **Triglav Group's** provisions by type as at 30 September 2017 compared to the 2016 year-end:

- **Gross provisions for unearned premium** increased by 20% and reached EUR 315.3 million. Unearned premium from non-life insurance amounted to EUR 312.2 million (index 120), unearned premium from life insurance totalled EUR 382 thousand (index 85) and unearned premium from health insurance reached EUR 2.7 million (index 116).
- **Gross claims provisions** climbed by 4% and reached EUR 658.8 million. Claims provisions from non-life insurance totalled EUR 629.8 million (index 104), those from the life-insurance segment stood at EUR 19.9 million (index 105) and those from health insurance amounted to EUR 9.1 million (index 100).
- **Mathematical provisions** were up 2% and reached EUR 1,763.2 million. Of the total amount of mathematical provisions, EUR 1,311.7 million originated from the guarantee fund backing life insurance (index 103) and EUR 451.5 million from the guarantee fund backing unit-linked life insurance (index 99). With EUR 1,400.3 million, the **Company's** mathematical provisions accounted for the bulk, having increased by 1% over the 2016 year-end. Of the total amount of mathematical provisions, EUR 741.8 million originated from the guarantee fund backing life insurance, EUR 419.1 million from the guarantee fund backing unit-linked life insurance, EUR 198.8 million from the guarantee fund backing SVPI (Zajamčeni, Drzni in Zmerni), and EUR 40.6 million from the guarantee fund backing SVPI during the annuity payout period.
- **Provisions for bonuses and discounts** decreased by 1% to EUR 18.9 million.
- **Other insurance technical provisions** were 29% higher over the 2016 year-end and amounted to EUR 14.9 million. A high growth in other insurance technical provisions was seen in Triglav, Zdravstvena zavarovalnica (index 229) due to the increase in provisions for

unexpired risks arising from the sale of Zobje and Zobje+ insurance. Other insurance technical provisions of Zavarovalnica Triglav totalled EUR 9.8 million and increased by 27%. Provisions for the guarantee fund backing supplemental voluntary pension insurance during the annuity payout period identified by the Liability Adequacy Test (LAT) recorded a 32% increase (due to lower interest rate curve of the Slovene government bonds), whilst provisions for unexpired risks grew by 30%.

Gross insurance technical provisions of the Triglav Group as at 30 September 2017

	Gross insurance technical provisions		Index
	30 September 2017	31 December 2016	2017/2016
Unearned premiums	315,328,642	263,639,620	120
Mathematical provisions	1,763,194,548	1,731,221,699	102
Claims provisions	658,817,474	635,240,895	104
Provisions for bonuses and discounts	18,926,070	19,105,924	99
Other insurance technical provisions	14,884,298	11,580,177	129
Total	2,771,151,032	2,660,788,315	104

Gross insurance technical provisions of Zavarovalnica Triglav as at 30 September 2017

	Gross insurance technical provisions		Index
	30 September 2017	31 December 2016	2017/2016
Unearned premiums	225,845,445	188,487,876	120
Mathematical provisions	1,400,330,986	1,390,394,245	101
Claims provisions	482,896,243	471,240,775	102
Provisions for bonuses and discounts	18,495,379	18,495,379	100
Other insurance technical provisions	9,775,002	7,684,844	127
Total	2,137,343,055	2,076,303,119	103

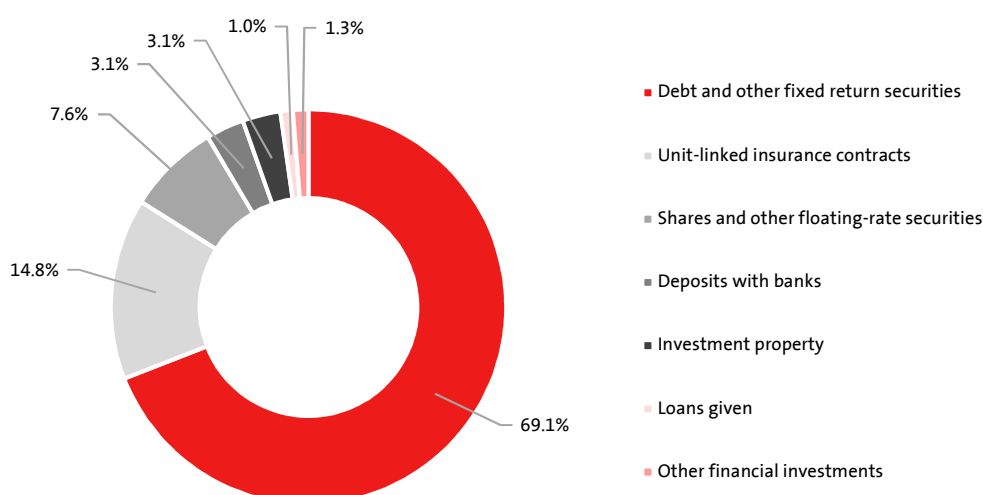
4.8 Structure of financial investments

Financial assets, including investment property of the Triglav Group as at 30 September 2017 stood at EUR 3,066.8 million, which was approximately at the same level as at the 2016 year-end (index 100). Their share in total assets went down by 2.9 percentage point and reached 83.2%.

Financial investments of the Triglav Group as at 30 September 2017 and 31 December 2016

	Financial investments		Index	Structure	
	30 September 2017	31 December 2016	2017/2016	30 Sept. 2017	31 Dec. 2016
Investment property	95,083,767	95,842,720	99	3.1%	3.1%
Shares in associates	7,480,976	6,826,400	110	0.2%	0.2%
Shares and other floating-rate securities	232,066,817	238,449,950	97	7.6%	7.7%
Debt and other fixed return securities	2,119,623,073	2,134,902,600	99	69.1%	69.4%
Loans given	31,280,704	29,824,585	105	1.0%	1.0%
Deposits with banks	95,540,450	81,237,845	118	3.1%	2.6%
Other financial investments	25,701,218	24,733,673	104	0.8%	0.8%
Financial investments of reinsurance companies in reinsurance contracts with cedents	5,705,475	5,171,806	110	0.2%	0.2%
Unit-linked insurance contracts	454,280,381	459,982,822	99	14.8%	14.9%
Total	3,066,762,861	3,076,972,401	100	100.0%	100.0%

Structure of financial investments of the Triglav Group as at 30 September 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. Debt and other fixed-return securities accounted for 69.1% of total financial investments. In terms of volume, excluding unit-linked life insurance assets, equity investments are followed by bank deposits and investment properties.

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 nine months of 2017, only minor adjustments were made compared to the 2016 year-end. The share of **debt securities and other fixed-return securities** decreased by 0.3 percentage point, the share of equity investments went down by 0.2 percentage point. The share of investment property remained the same, whereas the share of bank deposits in the portfolio increased by 0.5 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.

By issuer sector, government bonds, accounted for almost one half of total debt securities. In the first nine months of 2017, their share decreased (index 97), corporate bonds accounted for 27% share and financial bonds 23%. The share of the latter slightly decreased, whilst the corporate bonds were slightly up due to the harmonisation of the structure. An already lower share of structured bonds decreased additionally.

Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index	Structure	
	30 September 2017	31 December 2016	2017/2016	30 Sept. 2017	31 Dec. 2016
Corporate	579,041,673	504,467,444	115	27.3%	23.6%
Financial	495,066,996	543,495,982	91	23.4%	25.5%
Government	1,034,125,092	1,068,719,391	97	48.8%	50.1%
Structured	11,389,312	18,219,783	63	0.5%	0.9%
Total	2,119,623,073	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**, with 78%, 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	
	30 September 2017	31 December 2016	2017/2016	30 Sept. 2017	31 Dec. 2016
AAA	221,884,818	211,893,186	105	10.5%	9.9%
AA	113,081,682	126,423,500	89	5.3%	5.9%
A	579,122,592	576,015,797	101	27.3%	27.0%
BBB	746,132,199	741,012,325	101	35.2%	34.7%
Below BBB	359,683,108	392,749,250	92	17.0%	18.4%
Not rated	99,718,675	86,808,541	115	4.7%	4.1%
Total	2,119,623,073	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 adjustment of some items.

Debt securities of the Triglav Group by issuer country

Country of issuer	Debt securities		Index	Structure	
	30 September 2017	31 December 2016	2017/2016	30 Sept. 2017	31 Dec. 2016
Slovenia	388,384,180	443,032,245	88	18.3%	20.8%
Netherlands	174,549,332	171,442,648	102	8.2%	8.0%
Germany	171,615,785	160,146,983	107	8.1%	7.5%
France	134,261,044	136,772,348	98	6.3%	6.4%
Spain	126,791,017	165,634,669	77	6.0%	7.8%
USA	110,158,900	102,024,248	108	5.2%	4.8%
Other	1,013,862,815	955,849,460	106	47.8%	44.8%
Total	2,119,623,073	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) went down by 2% in Q1-3 2017, primarily resulting from the purchases of units of equity and target money funds. Equity investments also include the category other funds, which consists of real property, alternative and allocation funds. Currently, this category accounts for only 4% of equity investments, but compared to its previous share as at the 2016 year-end it grew the most in relative terms in the first nine months of 2017 (index 156).

Structure of equity investment type of the Triglav Group

Equity investment type	Equity investments		Index	Structure	
	30 September 2017	31 December 2016	2017/2016	30 Sept. 2017	31 Dec. 2016
Shares	73,348,154	68,892,275	106	30.6%	28.1%
Equity funds	82,525,669	89,046,478	93	34.5%	36.3%
Bond funds	39,619,684	39,428,528	100	16.5%	16.1%
Money market funds	34,941,828	42,053,747	83	14.6%	17.1%
Other funds	9,112,457	5,855,322	156	3.8%	2.4%
Total	239,547,793	245,276,350	98	100.0%	100.0%

Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	30 September 2017	31 December 2016	2017/2016	30 Sept. 2017	31 Dec. 2016
Slovenia	59,748,600	59,816,111	100	24.9%	24.4%
Developed markets	155,102,611	160,652,378	97	64.7%	65.5%
Developing markets	13,646,202	15,428,349	88	5.7%	6.3%
Balkans	11,050,380	9,379,512	118	4.6%	3.8%
Total	239,547,793	245,276,350	98	100.0%	100.0%

In **Zavarovalnica Triglav**, financial investments, including investment properties, amounted to EUR 2,399.9 million which is 1% less than as at the 2016 year-end.

Financial investments of Zavarovalnica Triglav as at 30 September 2017 and 31 December 2016

	Financial investments		Index	Structure	
	30 September 2017	31 December 2016	2017/2016	30 Sept. 2017	31 Dec. 2016
Investment property	48,716,726	49,611,416	98	2.0%	2.0%
Investments in subsidiaries and associates	142,591,985	140,135,485	102	5.9%	5.8%
Shares and other floating-rate securities	133,777,221	139,671,350	96	5.6%	5.7%
Debt and other fixed return securities	1,542,908,613	1,589,007,928	97	64.3%	65.2%
Loans given	48,793,675	43,651,675	112	2.0%	1.8%
Deposits with banks	57,998,244	37,045,982	157	2.4%	1.5%
Other financial investments	1,680,215	1,700,237	99	0.1%	0.1%
Derivative financial instruments	1,353,554	1,423,429	95	0.1%	0.1%
Unit-linked insurance contract investments	422,065,994	434,043,269	97	17.6%	17.8%
Total	2,399,886,228	2,436,290,771	99	100.0%	100.0%

5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 Financial result

In the first nine months of 2017, the Triglav Group posted a **profit before tax of EUR 64.5 million** or 4% less than in the same period last year. **Net profit** amounted to **EUR 52.3 million**, having decreased by 2% compared to 2016. Net profit attributable to the shareholders of controlling company amounted to EUR 51.8 million (index 98), whereas net profit attributable to minority shareholders totalled EUR 552 thousand (index 66). Compared to 2016, **annualised net return on equity** decreased by 0.5 percentage points to 9.6%.

The Triglav Group generated a profit before tax of EUR 64.5 million in Q1-3 2017.

Zavarovalnica Triglav posted a **net profit** of EUR 45.8 million or 5% less compared to the corresponding period of 2016. Lower net profit of the parent company is primarily the result of higher net claims incurred.

Combined ratio of the Triglav Group remains favourable at 95.3% (95.0% in Q1-3 2016). The combined ratio shows profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios as the core business (excluding return on investments) are earning a profit.

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

Insurance Group	Q1-3 2017	Q1-3 2016	Change
Zavarovalnica Triglav	91.9%	90.4%	1.6 p.p.
Triglav, Zdravstvena zavarovalnica	96.5%	98.1%	-1.6 p.p.
Pozavarovalnica Triglav Re	101.2%	102.4%	-1.2 p.p.
Triglav Osiguranje, Zagreb	108.5%	111.5%	-3.0 p.p.
Triglav Osiguranje, Sarajevo	99.4%	100.1%	-0.6 p.p.
Lovćen Osiguranje, Podgorica	97.3%	97.8%	-0.5 p.p.
Triglav Osiguranje, Belgrade	99.6%	103.4%	-3.8 p.p.
Triglav Osiguranje, Banja Luka	100.9%	99.0%	1.9 p.p.
Triglav Osiguruvanje, Skopje	97.5%	97.4%	0.1 p.p.
The Triglav Group	95.3%	95.0%	0.3 p.p.

Net premiums earned increased by 5% to EUR 664.1 million compared to the preceding year. Net premium income from non-life insurance rose by 4%, net premium income from life and health insurance were up 3% and 14% respectively.

Net claims incurred increased by 6% to EUR 469.2 million. Net claims incurred from non-life insurance increased by 7%, by 11% from health insurance and by 1% from life insurance.

Income from financial assets remained approximately at the same level as the year before (index 100), reaching EUR 103.2 million, whilst income from financial assets in associates totalled EUR 166 thousand or 94% 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 8% lower or EUR 84.0 million in nominal terms. Net unrealised losses on unit-linked life insurance assets increased to EUR 19.0 million (in 2016 EUR 8.4 million).

Over the reporting period, **financial expenses** decreased by 31% to EUR 26.0 million, of which expenses from financial assets in associates totalled EUR 323 thousand (index 11), while expenses from other financial assets accounted for EUR 24.9 million. The latter went down by 23% mainly as a result of lower losses arising from sale of financial assets, permanent

impairments of certain investments in the preceding year and lower expenses arising from the changes in the fair value in the reporting period. Net unrealised losses on unit-linked life insurance assets reached EUR 775 thousand compared to EUR 2.4 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. They reached EUR 59.0 million and remained at a level approximately equal to the previous year (index 100).

Return on investment remained approximately at the same level as the year before.

Compared to the previous year, not only interest income was lower but also the income arising from changes in fair value and impairments of certain investments.

Return on financial investments also impacts the insurance technical provisions and the net profit of the Group. See *Table Profit/loss 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 41.6 million or 7% more than one year earlier, primarily due to higher mathematical provisions and other insurance technical provisions for health insurance. **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR -6.2 million (index 47) due to a decrease in price of fund units. **Expenses for bonuses and discounts** decreased by 7% to EUR 5.0 million.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 161.2 million and were 5% higher than in 2016. Acquisition costs and other operating expenses were up 6% and 4% respectively.

Other insurance income, excluding fees and commissions, increased by 33% and reached EUR 4.6 million. **Other insurance expenses**, excluding fees and commissions expenses, decreased by 28%, amounting to EUR 8.8 million. Net fee and commission income (in the income statement for the reporting period, fee and commission income and expenses are disclosed separately) was up 176% and amounted to EUR 0.9 million.

Other income was down by 42% as a result of sale of a land plot, reaching EUR 24.8 million. **Other expenses** dropped by 23% to EUR 27.5 million, foremost due to sale of an equity stake of Slovenijales trgovina and of the Avrigo Group.

Individual items in the consolidated income statement of the Triglav Group for Q1-3 2017

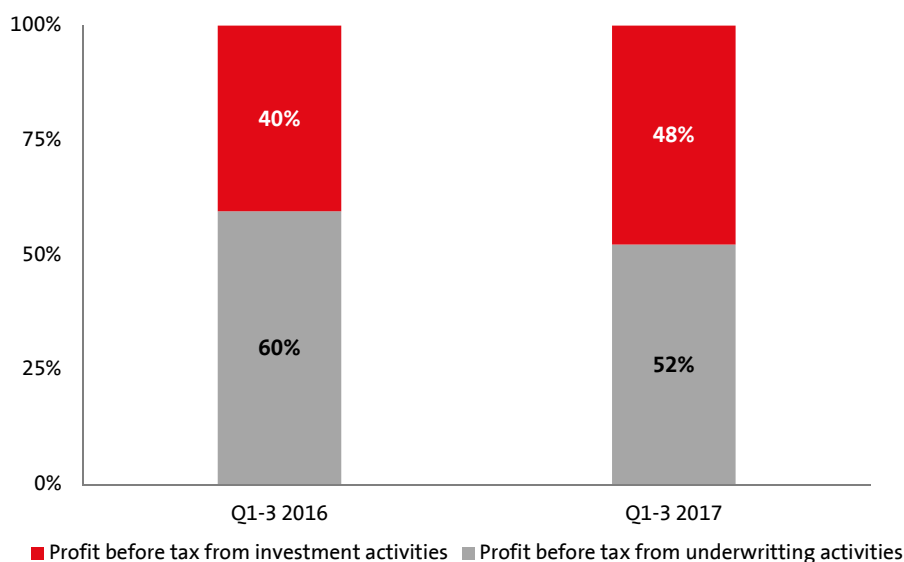
	Q1-3 2017	Q1-3 2016	Index
Net premium income	664,055,630	630,515,971	105
Income from financial assets	103,164,199	103,007,941	100
Other income from insurance operations	17,753,443	3,781,795	469
Other income	24,822,282	43,097,985	58
Net claims incurred	469,157,162	442,730,159	106
Change in other insurance technical provisions	41,638,635	38,754,365	107
Change in insurance technical provisions for unit-linked insurance contracts	-6,202,637	-13,277,040	47
Expenses for bonuses and discounts	4,969,667	5,351,806	93
Operating expenses	161,208,418	153,331,145	105
Expenses form financial assets and liabilities	25,970,394	37,818,037	69
Other insurance expenses	21,047,234	12,319,972	171
Other expenses	27,466,567	35,852,980	77
Profit/loss before tax	64,540,114	67,522,268	96
Income tax expense	12,224,253	13,953,861	88
Net profit/loss for the accounting period	52,315,861	53,568,406	98

Profit/loss before tax of the Triglav Group in Q1-3 2017 and Q1-3 2016*

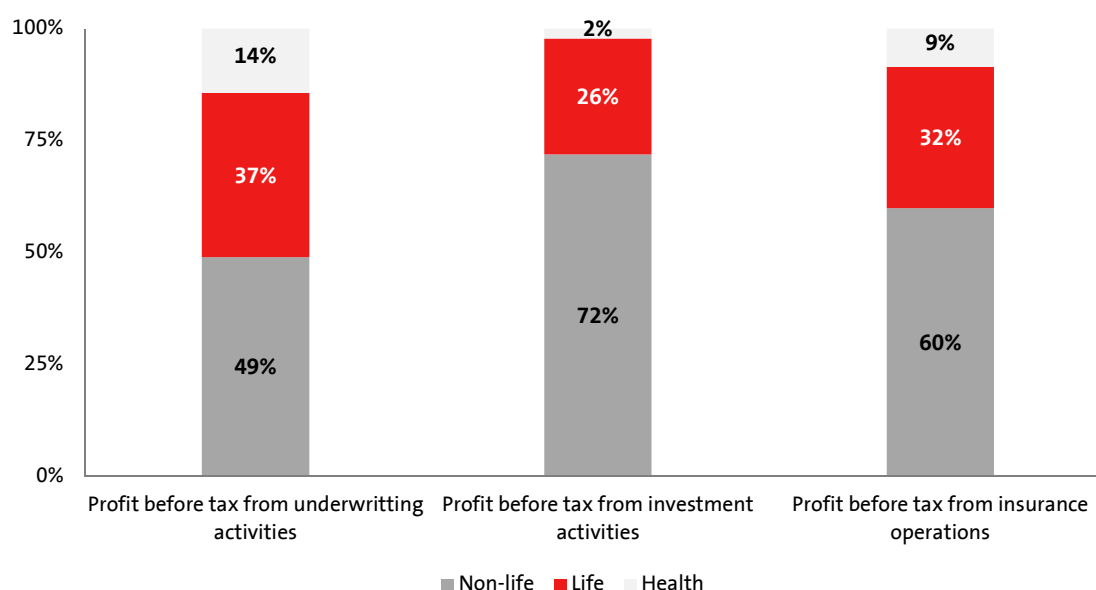
	Q1-3 2017				Q1-3 2016			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	16,124,298	12,093,037	4,733,906	32,951,241	22,522,477	12,264,166	3,007,244	37,793,887
Profit before tax from investment activities	21,630,266	7,768,689	673,907	30,072,862	23,823,993	982,039	831,539	25,637,571
Profit before tax from insurance operations	37,754,564	19,861,726	5,407,813	63,024,103	46,346,470	13,246,205	3,838,783	63,431,458
Profit before tax from non-insurance operations				1,516,011				4,090,810
Total profit before tax				64,540,114				67,522,268

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

Structure of profit/loss before tax of the Triglav Group in Q1-3 2017 and Q1-3 2016



Structure of profit/loss before tax of the Triglav Group by insurance type in Q1-3 2017



Individual items in the income statement of Zavarovalnica Triglav for Q1-3 2017

	Q1-3 2017	Q1-3 2016	Index
Net premium income	389,327,889	379,649,264	103
Income from financial assets	84,439,879	82,552,381	102
Other income from insurance operations	17,359,661	14,611,559	119
Other income	7,958,502	8,102,386	98
Net claims incurred	286,274,426	273,610,558	105
Change in other insurance technical provisions	24,867,790	26,841,991	93
Change in insurance technical provisions for unit-linked insurance contracts	-11,835,134	-19,804,711	60
Expenses for bonuses and discounts	4,139,588	3,886,971	106
Operating expenses	107,067,115	104,527,122	102
Expenses from financial assets and liabilities	17,950,761	25,975,830	69
Other insurance expenses	5,454,454	6,825,444	80
Other expense	8,580,934	3,026,284	284
Profit/loss before tax	56,585,997	60,026,101	94
Income tax expense	10,746,840	11,686,646	92
Net profit/loss for the accounting period	45,839,157	48,339,455	95

5.2 Financial standing

The total **balance sheet** of the Triglav Group as at 30 September 2017 stood at EUR 3,686.1 million or 3% more compared to the 2016 year-end.

The total equity capital as at the reporting date amounted to EUR 734.5 million or 1% less than at the 2016 year-end. The portion of equity in the balance sheet total decreased by 0.9 percentage points, from 20.8% to 19.9%. Equity attributable to the controlling company amounted to EUR 727.5 million, while non-controlling interest holders had EUR 7.0 million. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. Share premium decreased by 6%, amounting to EUR 50.3 million due to an additional payment made to minority shareholders of Pozavarovalnica Triglav Re and acquisition of minority shareholding of Triglav Osiguranje, Sarajevo. In the reporting period, reserves from profit decreased by 1% to EUR 303.3 million. They include other reserves

As at the reporting date, total equity capital reached EUR 734.5 million.

from profit, which remained unchanged and legal and statutory reserves, which increased by EUR 200 thousand from a net profit brought forward and decreased by EUR 2.4 million due to the acquisition of a minority stake of Triglav Osiguranje, Sarajevo. As a result of an increase in the value of available-for-sale financial assets, fair value reserve increased by 4% to EUR 91.0 million. As at the reporting date, accumulated profit for the period was EUR 212.2 million (index 98), including net profit for the period of EUR 51.8 million (index 117) and net profit brought forward of EUR 160.4 million (index 93). Net profit brought forward increased by EUR 44.2 million due to a transfer of net profit of the preceding year to 1 January 2016 and decreased by EUR 56.8 million due to the payment of dividends.

Subordinated liabilities were down 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 4% and reached EUR 2,771.2 million. In the balance sheet total, their share increased by 0.7 percentage points over the 2016 year-end, from 74.4% to 75.2%. Mathematical provisions increased by 2%, reaching EUR 1,763.2 million. Gross claims provisions of EUR 658.8 million were up 4% over the 2016 year-end. Provisions for gross unearned premiums and other insurance technical provisions were up by 20% and 10% respectively. Insurance technical provisions are discussed in greater detail under *Section 4.7*.

Compared to 31 December 2016, **other financial liabilities** of EUR 17.0 million experienced a high growth of 221%, foremost as a result of transactions in acquisition of securities by the parent company which will be settled after the end of the reporting period. They accounted for a 0.5% share of total balance sheet liabilities.

Operating liabilities as at the reporting date totalled EUR 48.3 million, having increased by 15% over the 2016 year-end. They accounted for 1.3% of total balance sheet liabilities, which was 0.1 percentage point higher over the 2016 year-end. Liabilities from direct insurance operations went up by 5% to EUR 16.8 million. With EUR 26.0 million (index 112), liabilities from co-insurance and reinsurance were higher as well as current tax liabilities, amounting to EUR 5.4 million (index 188).

Other provisions shrunk by 3% to EUR 17.0 million compared to 31 December 2016 (a 0.5% share in total liabilities). **Deferred tax liabilities** amounted to EUR 25.6 million, which was 1% more than at the 2016 year-end, and accounted for 0.7% of the balance sheet total. As at the reporting date, **other liabilities** decreased by 9% and stood at EUR 57.3 million, representing a 1.6% share of total liabilities.

Financial assets accounted for 80.4% of total assets (2.8 percentage points less than at the 2016 year-end) and totalled EUR 2,964.2 million. They remained approximately at the same level as at 31 December 2016 (index 100). Unit-linked insurance assets amounted to EUR 454.3 million (index 99) and financial investments to EUR 2,509.9 million (index 100). In total financial investments, EUR 169.6 million (index 114) was accounted for by deposits and loans, EUR 221.5 million by held-to-maturity investments (index 96), EUR 1,706.0 million by available-for-sale financial assets (index 98) and EUR 412.9 million by assets recognised at a fair value through profit or loss (index 104). 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 7.5 million, having increased by 10% (a 0.2% share in total assets) as a result of new investments in Triglav d.o.o. and Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d.

Investment property of EUR 95.1 million decreased by 1% compared to the 2016 year-end, accounting for a 2.6% share of total financial assets.

Receivables and deferred tax assets increased by 49% to EUR 250.9 million. They accounted for 6.8% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 105.9 million (index 126), which experienced an increase of 5% compared to 30 September 2016. Receivables from co-insurance and reinsurance operations reached EUR 47.4 million (index 135), other receivables stood at EUR 80.4 million (index 244, growth recorded by the parent company due to transactions with securities which will be settled after the reporting period) and current tax receivables at EUR 1.1 million (index 118). Deferred tax assets amounted to EUR 16.2 million (index 103).

Insurance technical provisions transferred to reinsurance contracts stood at EUR 97.9 million, having increased by 27% over the 2016 year-end. Assets from reinsurance contracts from claim provisions were 17% higher and totalled EUR 67.9 million, while those from unearned premiums grew by 56% to EUR 30.0 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). **Intangible assets** stood at EUR 77.4 million, having increased by 5% primarily due to higher long-term deferred acquisition costs, accounting for 2.1% of total assets.

Cash and cash equivalents amounted to EUR 78.9 million (index 120), whilst **other assets** totalled EUR 4.5 million (index 125).

Non-current assets held for sale equalled EUR 2.3 million due to the planned sale of specific land plots and buildings. In 2017, non-current assets held for sale increased by EUR 1.3 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 30 September 2017

	30 September 2017	31 December 2016	Index
ASSETS	3,686,145,154	3,574,885,423	103
Intangible assets	77,380,481	73,823,588	105
Property, plant and equipment	107,474,205	107,933,428	100
Investment property	95,083,767	95,842,720	99
Investment in associates	7,480,976	6,826,400	110
Financial assets	2,964,198,120	2,974,303,281	100
Reinsurers' share of insurance technical provisions	97,904,078	77,084,783	127
Receivables and deferred tax assets	250,901,877	168,714,203	149
Other assets	4,522,534	3,622,253	125
Cash and cash equivalents	78,871,376	65,714,474	120
Non-current assets held for sale	2,327,740	1,020,293	228
EQUITY AND LIABILITIES	3,686,145,154	3,574,885,423	103
Equity	734,487,956	744,349,747	99
Subordinated liabilities	15,456,198	16,869,102	92
Insurance technical provisions	2,319,650,002	2,203,105,224	105
Insurance technical provisions for unit-linked insurance contracts	451,501,030	457,683,091	99
Other provisions	16,956,040	17,521,481	97
Deferred tax liabilities	25,623,549	25,400,544	101
Other financial liabilities	16,950,525	5,288,693	321
Operating liabilities	48,255,655	42,028,195	115
Other liabilities	57,264,199	62,639,346	91

Individual items in the balance sheet of Zavarovalnica Triglav as at 30 September 2017

	30 September 2017	31 December 2016	Index
ASSETS	2,796,550,326	2,740,333,045	102
Intangible assets	57,436,642	55,884,567	103
Property, plant and equipment	65,406,916	66,230,456	99
Investment property	48,716,726	49,611,417	98
Investment in associates	142,591,984	140,135,485	102
Financial assets	2,208,577,517	2,246,543,870	98
Reinsurers' share of insurance technical provisions	94,637,977	76,455,107	124
Receivables and deferred tax assets	138,648,616	75,869,085	183
Other assets	2,200,349	1,949,412	113
Cash and cash equivalents	38,333,599	27,653,646	139
EQUITY AND LIABILITIES	2,796,550,326	2,740,333,045	102
Equity	552,093,933	563,389,116	98
Subordinated liabilities	20,604,269	21,103,108	98
Insurance technical provisions	1,718,193,592	1,645,177,811	104
Insurance technical provisions for unit-linked insurance contracts	419,149,463	431,125,308	97
Other provisions	11,409,392	11,237,183	102
Deferred tax liabilities	6,582,617	7,065,409	93
Other financial liabilities	13,052,048	1,852,710	704
Operating liabilities	27,751,569	24,451,951	113
Other liabilities	27,713,445	34,930,448	79

6. RISK MANAGEMENT

6.1 Risk Management

In the first nine months of 2017, there were no significant changes in the risk management system or in the risk profile as compared to the situation described in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2016 (Section *Risk Management*). The capital level of the parent company and the Triglav Group remains within the set strategic guidelines and adequately exceeds the level of underwritten risks.

The risk of political uncertainty both in European and other countries, in anticipation of an interest rate increase by central banks results in the occurrence of events on financial markets, which are not always in line with expectations. Both the parent company and the Triglav Group pay particular attention to the monitoring of political and macroeconomic developments and to the preparation of appropriate responses. Being aware of the uncertainty arising from the external environment, the Company constantly upgrades its risk management system, thereby strengthening the stability of the Company and the Group.

In 2017, number of cyber attacks significantly increased worldwide. The Company is aware that cyber attacks will constitute a significant threat also in the future, which is why additional attention will be paid to the protection against such attacks.

6.2 Internal audit

In the first nine months of 2017, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various divisions in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to the management of the audited divisions and to the Management Board.

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

7. EMPLOYEES IN THE TRIGLAV GROUP

As at the reporting date, 5,095 employees or 49 more compared to the 2016 year-end were employed in the Triglav Group. The number of employees increased mostly due to higher number of employees of 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 masters or doctoral degrees, higher education, post-secondary education degrees and primary education, while the number of staff with secondary school education decreased.

FINANCIAL OVERVIEW

CONTENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY	51
1. FINANCIAL STATEMENTS	52
2. SELECTED NOTES TO THE FINANCIAL STATEMENTS.....	58
2.1 Statement of compliance	58
2.2 Significant accounting policies and estimates	58
2.3 Seasonal operations	58
2.4 Segmental analysis of theTriglav Group operations.....	59
2.5 Segmental analysis of Zavarovalnica Triglav's operations.....	68
2.6 Significant items of the statement of financial position	70
2.7 Changes in equity stakes in subsidiaries and business combinations	77
2.8 Related party transactions	78
2.9 Significant events after the reporting date.....	82

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board herewith confirms the financial statements for the period from 1 January 2017 to 30 September 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 30 September 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 30 September 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

Uroš Ivanc
Member of the Management Board

Tadej Čoroli
Member of the Management Board

Barbara Smolnikar
Member of the Management Board

Marica Makoter
Member of the Management Board

Ljubljana, 10 November 2017

1. FINANCIAL STATEMENTS

in EUR

STATEMENT OF FINANCIAL POSITION

	Triglav Group		Zavarovalnica Triglav	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
ASSETS	3,686,145,154	3,574,885,423	2,796,550,326	2,740,333,045
Intangible assets	77,380,481	73,823,588	57,436,642	55,884,567
Property, plant and equipment	107,474,205	107,933,428	65,406,916	66,230,456
Deferred tax assets	16,237,775	15,793,114	0	0
Investment property	95,083,767	95,842,720	48,716,726	49,611,417
Investments in subsidiaries	0	0	132,589,937	130,632,438
Investments in associates	7,480,976	6,826,400	10,002,047	9,503,047
Financial assets	2,964,198,120	2,974,303,281	2,208,577,517	2,246,543,870
Financial investments:	2,509,917,739	2,514,320,459	1,786,511,523	1,812,500,601
- loans and deposits	169,593,839	148,731,638	109,473,688	82,397,894
- held to maturity	221,514,007	231,342,393	165,393,973	168,983,706
- available for sale	1,705,958,573	1,738,043,072	1,317,761,296	1,365,449,446
- recognised at fair value through profit and loss	412,851,320	396,203,356	193,882,566	195,669,555
Unit-linked insurance assets	454,280,381	459,982,822	422,065,994	434,043,269
Reinsurers' share of technical provisions	97,904,078	77,084,783	94,637,977	76,455,107
Assets from investment contracts	0	0	0	0
Receivables	234,664,102	152,921,089	138,648,616	75,869,085
- receivables from direct insurance operations	105,898,209	84,059,166	69,347,591	58,491,603
- receivables from reinsurance and co-insurance operations	47,351,534	35,099,850	14,744,255	7,538,096
- current tax receivables	1,051,978	890,276	0	0
- other receivables	80,362,381	32,871,797	54,556,770	9,839,386
Other assets	4,522,534	3,622,253	2,200,349	1,949,412
Cash and cash equivalents	78,871,376	65,714,474	38,333,599	27,653,646
Non-current assets held for sale	2,327,740	1,020,293	0	0
EQUITY AND LIABILITIES	3,686,145,154	3,574,885,423	2,796,550,326	2,740,333,045
Equity	734,487,956	744,349,747	552,093,933	563,389,117
Controlling interests	727,535,252	733,955,514	552,093,933	563,389,117
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,301,752	53,488,690	53,412,884	53,412,884
- reserves from profit	303,306,678	305,535,457	288,962,643	288,962,643
- treasury share reserves	364,680	364,680	0	0
- treasury shares	-364,680	-364,680	0	0
- fair value reserve	91,033,152	87,735,128	64,593,846	64,890,318
- net profit brought forward	160,432,141	173,192,869	25,584,011	44,688,278
- net profit for the year	51,763,738	44,216,477	45,839,157	37,733,602
- currency translation differences	-3,003,601	-3,914,499	0	0
- reserve of disposal group held for sale	0	0	0	0
Non-controlling interests	6,952,704	10,394,233	0	0
Subordinated liabilities	15,456,198	16,869,102	20,604,269	21,103,108
Insurance technical provisions	2,319,650,002	2,203,105,224	1,718,193,592	1,645,177,811
- unearned premiums	315,328,642	263,639,620	225,845,445	188,487,876
- mathematical provisions	1,311,693,518	1,273,538,608	981,181,523	959,268,937
- claims provisions	658,817,474	635,240,895	482,896,243	471,240,775
- other insurance technical provisions	33,810,368	30,686,101	28,270,381	26,180,223
Insurance technical provisions for unit-linked insurance contracts	451,501,030	457,683,091	419,149,463	431,125,308
Employee benefits	13,520,798	13,550,264	10,559,012	10,547,514
Other provisions	3,435,242	3,971,217	850,380	689,669
Deferred tax liabilities	25,623,549	25,400,544	6,582,617	7,065,409
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	16,950,525	5,288,693	13,052,048	1,852,710
Operating liabilities	48,255,655	42,028,195	27,751,567	24,451,951
- liabilities from direct insurance operations	16,820,990	16,020,020	11,636,864	11,202,342
- liabilities from reinsurance and co-insurance operations	26,007,973	23,129,245	11,364,921	11,507,586
- current tax liabilities	5,426,692	2,878,930	4,749,782	1,742,023
Other liabilities	57,264,199	62,639,346	27,713,445	34,930,448
Non-current liabilities held for sale and discontinued operations	0	0	0	0

INCOME STATEMENT	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2017	Q1-3 2016	Q1-3 2017	Q1-3 2016
NET PREMIUM INCOME	664,055,630	630,515,971	389,327,889	379,649,264
- gross written premium	777,082,408	720,745,179	488,002,083	460,226,918
- ceded written premium	-79,317,151	-64,195,885	-75,810,495	-63,269,173
- change in unearned premium reserve	-33,709,627	-26,033,323	-22,863,699	-17,308,481
INCOME FROM FINANCIAL ASSETS	103,164,199	103,007,941	84,439,879	82,552,381
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	166,183	2,959,541	5,367,519	9,687,648
- profit on equity investments accounted for using the equity method	166,183	31,072	0	0
- interest income	0	0	635,349	708,704
- dividends	0	0	4,727,954	62,153
- fair value gains	0	0	0	0
- realised gains on disposals	0	2,928,469	0	8,911,599
- other financial income	0	0	4,216	5,192
INCOME FROM OTHER FINANCIAL ASSETS	84,015,915	91,670,627	61,156,284	64,486,960
- interest income	48,096,840	51,737,369	33,602,441	36,368,160
- dividends	3,682,444	3,306,797	2,591,202	2,325,499
- fair value gains	5,429,297	8,229,509	1,687,093	2,810,955
- realised gains on disposals	23,866,633	26,654,214	21,854,592	22,646,474
- other financial income	2,940,701	1,742,738	1,420,956	335,872
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	18,982,101	8,377,773	17,916,076	8,377,773
OTHER INCOME FROM INSURANCE OPERATIONS	17,753,443	3,781,795	17,359,661	14,611,559
- fees and commission income	13,182,981	344,193	14,366,624	11,759,272
- other income from insurance operations	4,570,462	3,437,602	2,993,037	2,852,287
OTHER INCOME	24,822,282	43,097,985	7,958,502	8,102,386
NET CLAIMS INCURRED	469,157,162	442,730,159	286,274,426	273,610,558
- gross claims settled	467,381,463	445,469,144	300,380,735	289,696,613
- reinsurers' share	-15,335,838	-13,445,075	-17,444,599	-15,128,831
- changes in claims provisions	12,628,928	5,644,600	3,338,290	-957,224
- equalisation scheme expenses for supplementary health insurance	4,482,609	5,061,490	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	41,638,635	38,754,365	24,867,790	26,841,991
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-6,202,637	-13,277,040	-11,835,134	-19,804,711
EXPENSES FOR BONUSES AND DISCOUNTS	4,969,667	5,351,806	4,139,588	3,886,971
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0
OPERATING EXPENSES	161,208,418	153,331,145	107,067,115	104,527,122
- acquisition costs	109,433,120	103,529,927	78,086,515	75,906,455
- other operating costs	51,775,298	49,801,218	28,980,600	28,620,667
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	25,970,394	37,818,037	17,950,761	25,975,830
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	322,972	3,032,477	3,761	551,318
- loss on investments accounted for using the equity method	322,972	106,247	0	0
- interest expense	0	0	0	0
- fair value losses	0	0	0	0
- realised loss on disposals	0	2,926,230	0	544,414
- loss on impairment of financial assets	0	0	0	0
- other expenses from financial assets and liabilities	0	0	3,761	6,904
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	24,872,086	32,339,071	17,631,446	23,540,727
- interest expense	1,303,426	962,797	1,191,458	999,437
- fair value losses	4,307,687	5,665,217	1,601,412	830,162
- realised loss on disposals	8,648,701	16,958,008	8,221,172	15,843,221
- loss on impairment of financial assets	72,360	2,470,453	0	2,434,363
- other expenses from financial assets and liabilities	10,539,912	6,282,596	6,617,404	3,433,544
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	775,336	2,446,489	315,554	1,883,785
OTHER INSURANCE EXPENSES	21,047,234	12,319,972	5,454,454	6,825,444
- fees and commission expenses	12,233,732	0	1,818,181	0
- other expenses from insurance operations	8,813,502	12,319,972	3,636,273	6,825,444
OTHER EXPENSES	27,466,567	35,852,980	8,580,934	3,026,284
PROFIT BEFORE TAX	64,540,114	67,522,268	56,585,997	60,026,101
Income tax expense	12,224,253	13,953,862	10,746,840	11,686,646
NET PROFIT FOR THE PERIOD	52,315,861	53,568,406	45,839,157	48,339,455
Earnings per share (basic and diluted)	2.30	2.36		
Net profit/loss attributable to the controlling company	51,763,738	52,729,677		
Net profit/loss attributable to the non-controlling interest holders	552,123	838,729		

in EUR

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2017	Q1-3 2016	Q1-3 2017	Q1-3 2016
Net profit for the period after tax	52,315,861	53,568,406	45,839,157	48,339,455
Other comprehensive income after tax	4,351,851	25,297,171	-296,471	19,166,984
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	4,351,851	25,297,171	-296,471	19,166,984
Fair value gains/losses on available-for-sale financial assets	2,033,851	44,206,516	-1,677,930	41,089,562
- net gains/losses recognized directly in equity	23,753,803	52,889,635	19,358,732	47,067,420
- transfers from equity to income statement	-21,719,952	-8,683,119	-21,036,662	-5,977,858
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	321,991	347,738	0	0
Liabilities from insurance contracts with DPF	1,002,485	-15,082,358	1,002,485	-15,082,358
Currency translation differences	934,237	1,019,421	0	0
Tax on other comprehensive income	59,287	-5,194,146	378,974	-6,840,220
COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	56,667,712	78,865,577	45,542,686	67,506,439
Controlling interest	55,972,666	78,048,038	0	0
Non-controlling interest	695,046	817,539	0	0

Triglav Group	Reserves from profit											in EUR				
	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	20,642,424	364,680	-364,680	763	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 30 September 2017	0	0	0	0	0	0	0	0	3,298,025	0	0	51,763,738	910,898	55,972,666	695,046	56,667,712
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
Dividend payment	0	0	0	0	0	0	0	0	0	0	-56,777,086	0	0	-56,777,086	-4,311	-56,781,397
Covering of the loss brought forward	0	0	0	-227,604	0	0	0	0	0	0	227,604	0	0	0	0	0
Allocation and use of reserves for credit risk	0	0	0	427,727	0	0	0	0	0	0	-427,727	0	0	0	0	0
Purchase/disposal of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes in consolidation area	0	-3,186,938	0	-2,428,901	0	0	0	0	0	0	0	0	0	-5,615,839	-4,132,264	-9,748,103
As at 30 September 2017	73,701,392	50,301,752	592,269	18,413,645	364,680	-364,680	763	284,300,001	91,033,152	0	160,432,141	51,763,738	-3,003,601	727,535,252	6,952,704	734,487,956
As at 1 January 2016	73,701,392	54,955,912	592,269	20,371,784	452,880	-452,880	763	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 30 September 2016	0	0	0	0	0	0	0	0	24,306,367	0	0	52,729,677	1,011,994	78,048,038	817,539	78,865,577
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
Dividend payment	0	0	0	0	0	0	0	0	0	0	-56,776,976	0	0	-56,776,976	0	-56,776,976
Allocation to reserves from profit	0	0	0	151,361	0	0	0	0	0	0	-151,361	0	0	0	0	0
Changes in consolidation area	0	-147,382	0	0	-88,200	88,200	0	0	0	0	0	0	-61,105	-208,487	-938,725	-1,147,212
New share capital subscribed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,405	5,405
Other	0	0	0	0	0	0	0	0	0	40,167	5,204,598	0	0	5,244,765	0	5,244,765
As at 30 September 2016	73,701,392	54,808,530	592,269	20,523,146	364,680	-364,680	763	246,700,001	101,873,686	0	171,863,335	52,729,677	-3,559,593	719,233,206	11,002,853	730,236,059

Zavarovalnica Triglav	Reserves form profit							in EUR	
	Share capital	Share premium	Legal and statutory reserves	Credit risk reserves	Other reserves from profit	Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
As at 1 January 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 30 September 2017	0	0	0	0	0	-296,471	0	45,839,157	45,542,686
Allocation to net profit/loss brought forward	0	0	0	0	0	0	37,733,602	-37,733,602	0
Dividend payment	0	0	0	0	0	0	-56,837,870	0	-56,837,870
As at 30 September 2017	73,701,392	53,412,884	4,662,643	0	284,300,000	64,593,846	25,584,011	45,839,157	552,093,933
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 30 September 2016	0	0	0	0	0	19,166,984	0	48,339,455	67,506,439
Allocation to net profit/loss brought forward	0	0	0	0	0	0	57,817,462	-57,817,462	0
Dividend payment	0	0	0	0	0	0	-56,837,870	0	-56,837,870
Other							5,204,598	0	5,204,598
As at 30 September 2016	73,701,392	53,412,884	4,662,643	0	246,700,000	74,918,427	44,698,638	48,339,455	546,433,439

in EUR

	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2017	Q1-3 2016	Q1-3 2017	Q1-3 2016
A. OPERATING CASH FLOW				
Income statement items	70,054,431	57,943,176	30,336,076	31,626,898
Operating income(excluding revaluation) and financial income from operating receivables	762,929,086	726,500,160	428,737,876	412,137,092
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-682,877,541	-658,573,134	-390,558,900	-373,185,661
Corporate income tax and other taxes excluded from operating expenses	-9,997,114	-9,983,850	-7,842,900	-7,324,533
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-40,434,087	-19,959,826	-23,594,769	-19,398,469
Movements in receivables and prepayments and accrued income	-40,537,387	-3,838,458	-16,453,005	-8,463,310
Movements in deferred tax assets	-648,642	-1,710,916	0	0
Movements in inventories	290,222	-10,964	-47,100	-21,752
Movements in operating debts	-2,305,472	-10,460,740	-6,808,691	-7,025,645
Movements in accruals and deferred income and provisions	1,448,442	-6,157,507	-285,973	-3,887,762
Movements in deferred tax liabilities	1,318,750	2,218,759	0	0
OPERATING CASH FLOW	29,620,344	37,983,350	6,741,307	12,228,429
B. CASH FLOWS FROM INVESTING ACTIVITIES			0	0
Cash inflows from investing activities	910,127,636	1,102,595,468	757,705,510	883,427,142
Cash inflows from interest received and profit sharing arising from investing activities	52,353,502	47,127,938	39,963,518	34,557,076
Income from dividends and profit sharing	8,302,639	3,013,242	7,265,191	12,107,071
Cash inflows from the disposal of intangible assets	0	0	0	0
Cash inflows from the disposal of property, plant and equipment	2,803,858	23,024,708	443,174	2,189,697
Cash inflows from the disposal of financial investments	846,667,637	1,013,948,504	707,018,047	820,384,584
Cash inflows for the acquisition of financial investments in associates	0	15,481,076	3,015,580	14,188,715
Cash outflows from investing activities	-866,301,326	-1,054,709,948	-695,669,201	-810,035,744
Cash outflows for the purchase of intangible assets	-2,985,361	-3,691,511	-1,872,599	-3,108,224
Cash outflows for the purchase of property, plant and equipment	-4,317,304	-8,764,953	-2,101,964	-1,483,407
Cash outflows for the purchase of financial investments	-851,098,668	-1,041,369,572	-686,222,558	-803,679,181
Cash outflows for the acquisition of financial investments in associates	-7,899,993	-883,912	-5,472,080	-1,764,932
CASH FLOWS FROM INVESTING ACTIVITIES	43,826,310	47,885,520	62,036,309	73,391,398
C. CASH FLOWS FROM FINANCING ACTIVITIES			0	0
Cash inflows from financing activities	0	5,405	0	0
Receipts from issuance of capital	0	5,405	0	0
Cash inflows from long-term loans received	0	0	0	0
Cash inflows from short-term loans received	0	0	0	0
Cash outflows from financing activities	-60,353,620	-58,374,875	-58,097,663	-58,435,655
Interest paid from financing activities	-1,227,366	-1,785,000	-1,227,366	-1,785,000
Izdatki za nakup lastnih delnic	-2,349,109	0	0	0
Cash outflows for payments of financial liabilities	0	0	0	0
Cash outflows from dividends paid and profit sharing	-56,777,145	-56,589,875	-56,870,297	-56,650,655
CASH FLOWS FROM FINANCING ACTIVITIES	-60,353,620	-58,369,470	-58,097,663	-58,435,655
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	13,093,034	27,499,400	10,679,953	27,184,172
E2. Mergers and acquisitions	0	0	0	0
E3. Foreign exchange differences	63,868	-16,080	0	0
F. Closing balance of cash and cash equivalents	78,871,376	75,412,088	38,333,599	34,734,131

2. SELECTED NOTES TO THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements for the period from 1 January 2017 to 30 September 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 30 September 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 30 September 2017.

The tax expense calculation for the period from 1 January 2017 to 30 September 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 three quarters 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.

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

	30 September 2017				
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,635,474,111	401,026,699	4,036,500,810	-350,355,656	3,686,145,154
Intangible assets	62,145,754	15,234,727	77,380,481	0	77,380,481
Property, plant and equipment	71,457,301	36,016,904	107,474,205	0	107,474,205
Deferred tax assets	15,477,430	760,345	16,237,775	0	16,237,775
Investment property	76,821,144	12,898,652	89,719,796	5,363,971	95,083,767
Investments in subsidiaries	206,037,736	6,343,562	212,381,298	-212,381,298	0
Investments in associates	7,480,976	0	7,480,976	0	7,480,976
Financial assets	2,762,315,601	234,893,522	2,997,209,123	-33,011,003	2,964,198,120
Financial investments:	2,327,962,147	214,966,595	2,542,928,742	-33,011,003	2,509,917,739
- loans and deposits	130,526,216	66,930,556	197,456,772	-27,862,933	169,593,839
- held to maturity	204,048,200	17,465,807	221,514,007	0	221,514,007
- available for sale	1,588,992,371	121,614,847	1,710,607,218	-4,648,645	1,705,958,573
- recognised at fair value through profit and loss	404,395,360	8,955,385	413,350,745	-499,425	412,851,320
Unit-linked insurance assets	434,353,454	19,926,927	454,280,381	0	454,280,381
Reinsurers' share of technical provisions	154,238,422	27,943,748	182,182,170	-84,278,092	97,904,078
Receivables	210,069,101	50,485,715	260,554,816	-25,890,714	234,664,102
- receivables from direct insurance operations	73,626,288	32,412,416	106,038,704	-140,495	105,898,209
- receivables from reinsurance and co-insurance operations	66,673,165	3,576,059	70,249,224	-22,897,690	47,351,534
- current tax receivables	830,698	221,280	1,051,978	0	1,051,978
- other receivables	68,938,950	14,275,960	83,214,910	-2,852,529	80,362,381
Other assets	2,664,463	2,016,591	4,681,054	-158,520	4,522,534
Cash and cash equivalents	66,014,472	12,856,904	78,871,376	0	78,871,376
Non-current assets held for sale	751,711	1,576,029	2,327,740	0	2,327,740
EQUITY AND LIABILITIES	3,635,474,111	401,026,699	4,036,500,810	-350,355,656	3,686,145,154
Equity	835,737,338	106,256,064	941,993,402	-207,505,446	734,487,956
Controlling interests	835,737,338	106,256,064	941,993,402	-214,458,150	727,535,252
- share capital	183,946,127	92,602,373	276,548,500	-202,847,108	73,701,392
- share premium	80,238,633	1,455,549	81,694,182	-31,392,430	50,301,752
- reserves from profit	292,830,792	9,356,482	302,187,274	1,119,404	303,306,678
- treasury share reserves	0	1,206,960	1,206,960	-842,280	364,680
- treasury shares	0	-1,206,960	-1,206,960	842,280	-364,680
- fair value reserve	94,764,774	7,400,238	102,165,012	-11,131,860	91,033,152
- net profit brought forward	130,886,302	-5,331,174	125,555,128	34,877,013	160,432,141
- net profit for the year	53,070,710	3,679,414	56,750,124	-4,986,386	51,763,738
- currency translation differences	0	-2,906,818	-2,906,818	-96,783	-3,003,601
Non-controlling interests	0	0	0	6,952,704	6,952,704
Subordinated liabilities	22,104,269	0	22,104,269	-6,648,071	15,456,198
Insurance technical provisions	2,172,985,094	229,390,596	2,402,375,690	-82,725,688	2,319,650,002
- unearned premiums	262,740,871	74,295,973	337,036,844	-21,708,202	315,328,642
- mathematical provisions	1,249,390,341	60,856,918	1,310,247,259	1,446,259	1,311,693,518
- claims provisions	630,477,062	90,804,157	721,281,219	-62,463,745	658,817,474
- other insurance technical provisions	30,376,820	3,433,548	33,810,368	0	33,810,368
Insurance technical provisions for unit-linked insurance contracts	431,686,388	19,814,642	451,501,030	0	451,501,030
Employee benefits	11,865,583	1,655,215	13,520,798	0	13,520,798
Other provisions	2,636,602	798,640	3,435,242	0	3,435,242
Deferred tax liabilities	24,202,375	1,421,174	25,623,549	0	25,623,549
Other financial liabilities	14,865,547	14,811,353	29,676,900	-12,726,375	16,950,525
Operating liabilities	61,713,270	9,863,857	71,577,127	-23,321,472	48,255,655
- liabilities from direct insurance operations	14,176,854	3,076,693	17,253,547	-432,557	16,820,990
- liabilities from reinsurance and co-insurance operations	42,196,474	6,700,414	48,896,888	-22,888,915	26,007,973
- current tax liabilities	5,339,942	86,750	5,426,692	0	5,426,692
Other liabilities	57,677,645	17,015,158	74,692,803	-17,428,604	57,264,199
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	Q1-3 2017				TOTAL
	Non-life	Life	Health	Other	
NET PREMIUM INCOME	404,870,988	163,027,685	96,156,957	0	664,055,630
- gross written premium	517,546,898	162,999,344	96,536,166	0	777,082,408
- ceded written premium	-79,278,096	-39,055	0	0	-79,317,151
- change in unearned premium reserve	-33,397,814	67,396	-379,209	0	-33,709,627
INCOME FROM FINANCIAL ASSETS	34,134,005	67,582,114	766,148	681,932	103,164,199
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	71,086	0	0	95,097	166,183
- profit on equity investments accounted for using the equity method	71,086	0	0	95,097	166,183
- 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	34,062,919	48,600,013	766,148	586,835	84,015,915
- interest income	19,034,202	28,510,060	521,655	30,923	48,096,840
- dividends	2,525,060	642,779	0	514,605	3,682,444
- fair value gains	130,842	5,298,455	0	0	5,429,297
- realised gains on disposals	10,039,631	13,572,736	244,090	10,176	23,866,633
- other financial income	2,333,184	575,983	403	31,131	2,940,701
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	18,982,101	0	0	18,982,101
OTHER INCOME FROM INSURANCE OPERATIONS	17,624,001	98,454	30,988	0	17,753,443
- fees and commission income	13,096,512	86,469	0	0	13,182,981
- other income from insurance operations	4,527,489	11,985	30,988	0	4,570,462
OTHER INCOME	4,922,163	51,926	21,231	19,826,962	24,822,282
NET CLAIMS INCURRED	248,452,591	138,958,536	81,746,035	0	469,157,162
- gross claims settled	252,187,448	137,943,139	77,250,876	0	467,381,463
- reinsurers' share	-15,335,538	-300	0	0	-15,335,838
- changes in claims provisions	11,600,681	1,015,697	12,550	0	12,628,928
- equalisation scheme expenses for supplementary health insurance	0	0	4,482,609	0	4,482,609
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	851,926	39,763,114	1,023,595	0	41,638,635
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-6,202,637	0	0	-6,202,637
EXPENSES FOR BONUSES AND DISCOUNTS	4,955,791	13,876	0	0	4,969,667
OPERATING EXPENSES	128,917,685	23,926,914	8,363,819	0	161,208,418
- acquisition costs	92,969,148	13,949,180	2,514,792	0	109,433,120
- other operating costs	35,948,537	9,977,734	5,849,027	0	51,775,298
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	12,503,739	13,051,972	92,241	322,442	25,970,394
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	69,134	43,510	0	210,328	322,972
- loss on investments accounted for using the equity method	69,134	43,510	0	210,328	322,972
- 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	12,434,605	12,233,126	92,241	112,114	24,872,086
- interest expense	845,996	455,274	0	2,156	1,303,426
- fair value losses	17,868	4,289,445	0	374	4,307,687
- realised loss on disposals	3,781,284	4,695,033	64,910	107,474	8,648,701
- loss on impairment of financial assets	50,748	21,612	0	0	72,360
- other expenses from financial assets and liabilities	7,738,709	2,771,762	27,331	2,110	10,539,912
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	775,336	0	0	775,336
OTHER INSURANCE EXPENSES	20,505,682	200,725	340,827	0	21,047,234
- fees and commission expenses	12,233,732	0	0	0	12,233,732
- other expenses from insurance operations	8,271,950	200,725	340,827	0	8,813,502
OTHER EXPENSES	7,609,179	1,185,953	994	18,670,441	27,466,567
PROFIT BEFORE TAX	37,754,564	19,861,726	5,407,813	1,516,011	64,540,114
Income tax expense	8,610,727	2,373,628	325,839	914,059	12,224,253
NET PROFIT FOR THE PERIOD	29,143,837	17,488,098	5,081,974	601,952	52,315,861
Net profit/loss attributable to the controlling company	28,834,244	17,295,969	5,081,974	551,551	51,763,738
Net profit/loss attributable to the non-controlling interest holders	309,593	192,129	0	50,401	552,123

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	Q1-3 2016				TOTAL
	Non-life	Life	Health	Other	
NET PREMIUM INCOME	388,704,872	157,537,334	84,273,765	0	630,515,971
- gross written premium	478,508,779	157,504,836	84,731,564	0	720,745,179
- ceded written premium	-64,187,096	-8,789	0	0	-64,195,885
- change in unearned premium reserve	-25,616,811	41,287	-457,799	0	-26,033,323
INCOME FROM FINANCIAL ASSETS	40,186,337	61,064,818	864,995	891,791	103,007,941
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	2,928,469	30,131	0	941	2,959,541
- profit on equity investments accounted for using the equity method	0	30,131	0	941	31,072
- 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	2,928,469	0	0	0	2,928,469
- other financial income	0	0	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	37,257,868	52,656,914	864,995	890,850	91,670,627
- interest income	20,529,894	30,589,418	551,502	66,555	51,737,369
- dividends	1,890,807	767,192	0	648,798	3,306,797
- fair value gains	230,073	7,999,436	0	0	8,229,509
- realised gains on disposals	13,336,535	13,004,290	313,389	0	26,654,214
- other financial income	1,270,559	296,578	104	175,497	1,742,738
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	8,377,773	0	0	8,377,773
OTHER INCOME FROM INSURANCE OPERATIONS	3,691,506	58,559	31,730	0	3,781,795
- fees and commission income	291,339	52,854	0	0	344,193
- other income from insurance operations	3,400,167	5,705	31,730	0	3,437,602
OTHER INCOME	5,405,405	77,397	46,436	37,568,747	43,097,985
NET CLAIMS INCURRED	232,066,546	137,278,494	73,385,119	0	442,730,159
- gross claims settled	238,621,189	138,236,433	68,611,522	0	445,469,144
- reinsurers' share	-13,445,075	0	0	0	-13,445,075
- changes in claims provisions	6,890,432	-957,939	-287,893	0	5,644,600
- equalisation scheme expenses for supplementary health insurance	0	0	5,061,490	0	5,061,490
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	553,368	38,130,171	70,826	0	38,754,365
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-13,277,040	0	0	-13,277,040
EXPENSES FOR BONUSES AND DISCOUNTS	5,343,948	7,858	0	0	5,351,806
OPERATING EXPENSES	121,739,500	23,995,874	7,595,771	0	153,331,145
- acquisition costs	87,125,615	14,149,615	2,254,697	0	103,529,927
- other operating costs	34,613,885	9,846,259	5,341,074	0	49,801,218
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	16,362,344	19,101,501	33,456	2,320,736	37,818,037
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	738,606	0	0	2,293,871	3,032,477
- loss on investments accounted for using the equity method	0	0	0	106,247	106,247
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	738,606	0	0	2,187,624	2,926,230
- 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	15,623,738	16,655,012	33,456	26,865	32,339,071
- interest expense	488,461	435,305	0	39,031	962,797
- fair value losses	158,944	5,506,211	0	62	5,665,217
- realised loss on disposals	8,320,359	8,654,003	7,090	-23,444	16,958,008
- loss on impairment of financial assets	2,435,554	34,899	0	0	2,470,453
- other expenses from financial assets and liabilities	4,220,420	2,024,594	26,366	11,216	6,282,596
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	2,446,489	0	0	2,446,489
OTHER INSURANCE EXPENSES	11,867,744	159,487	292,741	0	12,319,972
- fees and commission expenses	0	0	0	0	0
- other expenses from insurance operations	11,867,744	159,487	292,741	0	12,319,972
OTHER EXPENSES	3,708,200	95,558	230	32,048,992	35,852,980
PROFIT BEFORE TAX	46,346,470	13,246,205	3,838,783	4,090,810	67,522,268
Income tax expense	10,165,163	2,150,984	69,655	1,568,060	13,953,862
NET PROFIT FOR THE PERIOD	36,181,307	11,095,221	3,769,128	2,522,750	53,568,406
Net profit/loss attributable to the controlling company	35,754,683	10,721,992	3,769,128	2,483,874	52,729,677
Net profit/loss attributable to the non-controlling interest holders	426,624	373,229	0	38,876	838,729

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	Q1-3 2017		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	545,506,878	118,548,752	664,055,630
- gross written premium	638,692,435	138,389,973	777,082,408
- ceded written premium	-66,012,653	-13,304,498	-79,317,151
- change in unearned premium reserve	-27,172,904	-6,536,723	-33,709,627
INCOME FROM FINANCIAL ASSETS	94,224,352	8,939,847	103,164,199
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	166,183	0	166,183
- profit on equity investments accounted for using the equity method	166,183	0	166,183
- 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	76,142,093	7,873,822	84,015,915
- interest income	41,927,032	6,169,808	48,096,840
- dividends	3,427,968	254,476	3,682,444
- fair value gains	5,262,531	166,766	5,429,297
- realised gains on disposals	23,366,344	500,289	23,866,633
- other financial income	2,158,218	782,483	2,940,701
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	17,916,076	1,066,025	18,982,101
OTHER INCOME FROM INSURANCE OPERATIONS	13,585,749	4,167,694	17,753,443
- fees and commission income	11,912,042	1,270,939	13,182,981
- other income from insurance operations	1,673,707	2,896,755	4,570,462
OTHER INCOME	19,481,695	5,340,587	24,822,282
NET CLAIMS INCURRED	406,153,032	63,004,130	469,157,162
- gross claims settled	404,929,546	62,451,917	467,381,463
- reinsurers' share	-10,907,182	-4,428,656	-15,335,838
- changes in claims provisions	7,648,059	4,980,869	12,628,928
- equalisation scheme expenses for supplementary health insurance	4,482,609	0	4,482,609
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	37,945,813	3,692,822	41,638,635
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-6,730,616	527,979	-6,202,637
EXPENSES FOR BONUSES AND DISCOUNTS	4,135,869	833,798	4,969,667
OPERATING EXPENSES	115,884,156	45,324,262	161,208,418
- acquisition costs	78,451,254	30,981,866	109,433,120
- other operating costs	37,432,902	14,342,396	51,775,298
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	23,759,389	2,211,005	25,970,394
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	322,972	0	322,972
- loss on investments accounted for using the equity method	322,972	0	322,972
- 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	23,120,864	1,751,222	24,872,086
- interest expense	1,057,425	246,001	1,303,426
- fair value losses	4,306,362	1,325	4,307,687
- realised loss on disposals	8,648,572	129	8,648,701
- loss on impairment of financial assets	0	72,360	72,360
- other expenses from financial assets and liabilities	9,108,505	1,431,407	10,539,912
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	315,554	459,782	775,336
OTHER INSURANCE EXPENSES	16,282,215	4,765,019	21,047,234
- fees and commission expenses	12,233,732	0	12,233,732
- other expenses from insurance operations	4,048,483	4,765,019	8,813,502
OTHER EXPENSES	20,775,229	6,691,338	27,466,567
PROFIT BEFORE TAX	54,593,587	9,946,527	64,540,114
Income tax expense	12,143,596	80,657	12,224,253
NET PROFIT FOR THE PERIOD	42,449,991	9,865,870	52,315,861
Net profit/loss attributable to the controlling company	42,286,158	9,477,580	51,763,738
Net profit/loss attributable to the non-controlling interest holders	163,833	388,290	552,123

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	Q1-3 2016		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	521,549,170	108,966,801	630,515,971
- gross written premium	596,252,593	124,492,586	720,745,179
- ceded written premium	-53,958,200	-10,237,685	-64,195,885
- change in unearned premium reserve	-20,745,223	-5,288,100	-26,033,323
INCOME FROM FINANCIAL ASSETS	96,074,883	6,933,058	103,007,941
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	2,959,542	-1	2,959,541
- profit on equity investments accounted for using the equity method	31,072	0	31,072
- interest income	0	0	0
- dividends	0	0	0
- fair value gains	0	0	0
- realised gains on disposals	2,928,469	0	2,928,469
- other financial income	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	84,737,568	6,933,059	91,670,627
- interest income	45,776,387	5,960,982	51,737,369
- dividends	3,178,386	128,411	3,306,797
- fair value gains	8,033,894	195,615	8,229,509
- realised gains on disposals	26,497,979	156,235	26,654,214
- other financial income	1,250,922	491,816	1,742,738
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	8,377,773	0	8,377,773
OTHER INCOME FROM INSURANCE OPERATIONS	1,343,821	2,437,974	3,781,795
- fees and commission income	-321,311	665,504	344,193
- other income from insurance operations	1,665,132	1,772,470	3,437,602
OTHER INCOME	38,149,965	4,948,020	43,097,985
NET CLAIMS INCURRED	385,028,921	57,701,238	442,730,159
- gross claims settled	390,180,902	55,288,242	445,469,144
- reinsurers' share	-11,103,199	-2,341,876	-13,445,075
- changes in claims provisions	889,728	4,754,872	5,644,600
- equalisation scheme expenses for supplementary health insurance	5,061,490	0	5,061,490
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	35,585,143	3,169,222	38,754,365
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-13,358,306	81,266	-13,277,040
EXPENSES FOR BONUSES AND DISCOUNTS	3,885,408	1,466,398	5,351,806
OPERATING EXPENSES	111,843,162	41,487,983	153,331,145
- acquisition costs	75,666,583	27,863,344	103,529,927
- other operating costs	36,176,579	13,624,639	49,801,218
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	35,871,319	1,946,718	37,818,037
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	3,265,054	-232,577	3,032,477
- loss on investments accounted for using the equity method	106,247	0	106,247
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	3,158,807	-232,577	2,926,230
- 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	30,722,480	1,616,591	32,339,071
- interest expense	917,719	45,078	962,797
- fair value losses	5,600,533	64,684	5,665,217
- realised loss on disposals	16,877,548	80,460	16,958,008
- loss on impairment of financial assets	2,435,474	34,979	2,470,453
- other expenses from financial assets and liabilities	4,891,206	1,391,390	6,282,596
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	1,883,785	562,704	2,446,489
OTHER INSURANCE EXPENSES	7,211,772	5,108,200	12,319,972
- fees and commission expenses	0	0	0
- other expenses from insurance operations	7,211,772	5,108,200	12,319,972
OTHER EXPENSES	29,235,410	6,617,570	35,852,980
PROFIT BEFORE TAX	61,815,010	5,707,258	67,522,268
Income tax expense	13,779,397	174,465	13,953,862
NET PROFIT FOR THE PERIOD	48,035,613	5,532,793	53,568,406
Net profit/loss attributable to the controlling company	47,722,903	5,006,774	52,729,677
Net profit/loss attributable to the non-controlling interest holders	312,710	526,019	838,729

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.

STATEMENT OF FINANCIAL POSITION BY SEGMENT

	30 September 2017			31 December 2016		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
ASSETS	1,246,775,275	1,569,653,527	2,816,428,801	1,197,481,419	1,564,001,358	2,761,482,778
Intangible assets	55,207,100	2,229,542	57,436,642	53,370,950	2,513,617	55,884,567
Property, plant and equipment	56,702,954	8,703,962	65,406,916	57,112,392	9,118,064	66,230,456
Deferred tax assets	13,483,709	1,359,325	14,843,034	13,442,264	1,296,951	14,739,215
Investment property	47,470,099	1,246,627	48,716,726	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	10,002,047	0	10,002,047	0	9,503,047	9,503,047
Financial assets	712,715,965	1,495,861,552	2,208,577,517	733,241,225	1,513,302,645	2,246,543,870
Financial investments:	712,715,965	1,073,795,558	1,786,511,523	733,241,225	1,079,259,376	1,812,500,601
- loans and deposits	43,144,652	66,329,036	109,473,688	38,389,616	44,008,278	82,397,894
- held to maturity	0	165,393,973	165,393,973	0	168,983,706	168,983,706
- available for sale	668,217,758	649,543,538	1,317,761,296	687,302,729	678,146,717	1,365,449,446
- recognised at fair value through profit and loss	1,353,555	192,529,011	193,882,566	7,548,880	188,120,675	195,669,555
Unit-linked insurance assets	0	422,065,994	422,065,994	0	434,043,269	434,043,269
Reinsurers' share of technical provisions	94,588,176	49,801	94,637,977	76,416,041	39,066	76,455,107
Receivables	109,346,339	34,337,719	143,684,057	79,220,347	3,059,256	82,279,603
- receivables from direct insurance operations	68,943,171	404,420	69,347,591	58,026,869	464,734	58,491,603
- receivables from reinsurance and co-insurance operations	14,647,697	96,559	14,744,255	7,536,781	1,315	7,538,096
- current tax receivables	0	0	0	0	0	0
- other receivables	25,755,471	33,836,740	59,592,211	13,656,697	2,593,207	16,249,904
Other assets	2,197,249	3,100	2,200,349	1,946,367	3,044	1,949,412
Cash and cash equivalents	21,017,698	17,315,901	38,333,599	12,300,342	15,353,304	27,653,646
EQUITY AND LIABILITIES	1,246,775,275	1,569,653,527	2,816,428,801	1,197,481,419	1,564,001,358	2,761,482,778
Equity	447,600,539	104,493,395	552,093,933	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	55,543,338	9,050,509	64,593,846	48,073,456	16,816,861	64,890,318
- net profit brought forward	25,313,121	270,889	25,584,011	41,379,152	3,309,126	44,688,278
- net profit for the year	31,609,810	14,229,347	45,839,157	23,527,344	14,206,258	37,733,602
Subordinated liabilities	10,773,575	9,830,694	20,604,269	11,073,221	10,029,887	21,103,108
Insurance technical provisions	712,675,897	1,005,517,695	1,718,193,592	663,716,670	981,461,141	1,645,177,811
- unearned premiums	225,478,035	367,410	225,845,445	188,067,543	420,333	188,487,876
- mathematical provisions	0	981,181,523	981,181,523	0	959,268,937	959,268,937
- claims provisions	464,068,551	18,827,692	482,896,243	453,377,312	17,863,463	471,240,775
- other insurance technical provisions	23,129,311	5,141,070	28,270,381	22,271,815	3,908,408	26,180,223
Insurance technical provisions for unit-linked insurance contracts	0	419,149,463	419,149,463	0	431,125,308	431,125,308
Employee benefits	8,699,711	1,859,302	10,559,012	8,690,246	1,857,268	10,547,514
Other provisions	738,680	111,700	850,380	577,969	111,700	689,669
Deferred tax liabilities	13,186,300	8,239,351	21,425,651	11,434,105	10,370,519	21,804,624
Other financial liabilities	4,720,665	8,331,382	13,052,048	1,852,710	0	1,852,710
Operating liabilities	21,473,765	6,277,802	27,751,567	18,179,880	6,272,070	24,451,951
- liabilities from direct insurance operations	5,462,986	6,173,877	11,636,864	4,930,272	6,272,070	11,202,342
- liabilities from reinsurance and co-insurance operations	11,260,997	103,925	11,364,921	11,507,585	0	11,507,586
- current tax liabilities	4,749,782	0	4,749,782	1,742,023	0	1,742,023
Other liabilities	26,906,143	5,842,743	32,748,886	33,842,396	7,498,570	41,340,966

INCOME STATEMENT BY SEGMENT	Q1-3 2017			Q1-3 2016		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
NET PREMIUM INCOME	259,990,195	129,337,694	389,327,889	253,615,780	126,033,484	379,649,264
- gross written premium	358,258,488	129,743,595	488,002,083	333,917,472	126,309,446	460,226,918
- ceded written premium	-75,351,671	-458,824	-75,810,495	-62,951,678	-317,495	-63,269,173
- change in unearned premium reserve	-22,916,622	52,923	-22,863,699	-17,350,014	41,533	-17,308,481
INCOME FROM FINANCIAL ASSETS	30,646,106	53,793,773	84,439,879	35,779,594	46,772,787	82,552,381
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	5,367,519	0	5,367,519	9,625,495	62,153	9,687,648
- interest income	635,349	0	635,349	708,704	0	708,704
- dividends	4,727,954	0	4,727,954	0	62,153	62,153
- fair value gains	0	0	0	0	0	0
- realised gains on disposals	0	0	0	8,911,599	0	8,911,599
- other financial income	4,216	0	4,216	5,192	0	5,192
INCOME FROM OTHER FINANCIAL ASSETS	25,278,587	35,877,697	61,156,284	26,154,099	38,332,861	64,486,960
- interest income	12,898,797	20,703,644	33,602,441	14,111,219	22,256,941	36,368,160
- dividends	2,203,254	387,948	2,591,202	1,736,041	589,458	2,325,499
- fair value gains	0	1,687,093	1,687,093	138,023	2,672,932	2,810,955
- realised gains on disposals	8,835,900	13,018,692	21,854,592	9,866,746	12,779,728	22,646,474
- other financial income	1,340,636	80,320	1,420,956	302,070	33,802	335,872
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	17,916,076	17,916,076	0	8,377,773	8,377,773
OTHER INCOME FROM INSURANCE OPERATIONS	17,258,456	101,205	17,359,661	14,539,778	71,781	14,611,559
- fees and commission income	14,265,981	100,643	14,366,624	11,687,558	71,714	11,759,272
- other income from insurance operations	2,992,475	562	2,993,037	2,852,220	67	2,852,287
OTHER INCOME	4,883,234	3,075,268	7,958,502	5,391,958	2,710,428	8,102,386
NET CLAIMS INCURRED	161,165,499	125,108,927	286,274,426	150,715,526	122,895,032	273,610,558
- gross claims settled	176,056,018	124,324,717	300,380,735	165,637,774	124,058,839	289,696,613
- reinsurers' share	-17,275,315	-169,284	-17,444,599	-15,010,792	-118,039	-15,128,831
- changes in claims provisions	2,384,796	953,494	3,338,290	88,544	-1,045,768	-957,224
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	857,496	24,010,294	24,867,790	513,378	26,328,613	26,841,991
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-11,835,134	-11,835,134	0	-19,804,711	-19,804,711
EXPENSES FOR BONUSES AND DISCOUNTS	4,139,588	0	4,139,588	3,886,971	0	3,886,971
OPERATING EXPENSES	84,780,822	22,286,293	107,067,115	81,924,257	22,602,865	104,527,122
- acquisition costs	62,700,276	15,386,239	78,086,515	60,587,176	15,319,279	75,906,455
- other operating costs	22,080,546	6,900,054	28,980,600	21,337,081	7,283,586	28,620,667
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	9,098,300	8,852,461	17,950,761	13,695,761	12,280,069	25,975,830
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	3,761	0	3,761	551,318	0	551,318
- interest expense	0	0	0	0	0	0
- fair value losses	0	0	0	0	0	0
- realised loss on disposals	0	0	0	544,414	0	544,414
- loss on impairment of financial assets	0	0	0	0	0	0
- other expenses from financial assets and liabilities	3,761	0	3,761	6,904	0	6,904
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	9,094,539	8,536,907	17,631,446	13,144,443	10,396,284	23,540,727
- interest expense	737,068	454,390	1,191,458	542,507	456,930	999,437
- fair value losses	16,574	1,584,838	1,601,412	94,260	735,902	830,162
- realised loss on disposals	3,627,869	4,593,303	8,221,172	7,621,781	8,221,440	15,843,221
- loss on impairment of financial assets	0	0	0	2,434,363	0	2,434,363
- other expenses from financial assets and liabilities	4,713,028	1,904,376	6,617,404	2,451,532	982,012	3,433,544
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	315,554	315,554	0	1,883,785	1,883,785
OTHER INSURANCE EXPENSES	5,272,419	182,035	5,454,454	6,655,756	169,688	6,825,444
- fees and commission expenses	1,818,181	0	1,818,181	0	0	0
- other expenses from insurance operations	3,454,238	182,035	3,636,273	6,655,756	169,688	6,825,444
OTHER EXPENSES	7,480,846	1,100,088	8,580,934	2,957,454	68,830	3,026,284
PROFIT BEFORE TAX	39,983,021	16,602,976	56,585,997	48,978,007	11,048,094	60,026,101
Income tax expense	8,373,211	2,373,629	10,746,840	9,535,663	2,150,983	11,686,646
NET PROFIT FOR THE PERIOD	31,609,810	14,229,347	45,839,157	39,442,344	8,897,111	48,339,455

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 3.6 million, mainly as the result of the increase in the long-term deferred acquisition

costs amounting to EUR 6.6 million. In the reporting period, new purchases of intangible assets equalled EUR 3 million. In the first three quarters of 2017, amortisation reached EUR 4.9 million.

In the reporting period, the carrying amount of intangible assets of Zavarovalnica Triglav increased by EUR 1.6 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 1.9 million primarily relate to the purchase of licences and software. In the first three quarters of 2017, amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 3.8 million.

Property, plant and equipment

In the first three quarters of 2017, the carrying amount of property, plant and equipment of the Triglav Group decreased by EUR 459 thousand. New purchases of property, plant and equipment amounted to EUR 4.1 million, whilst depreciation of property, plant and equipment equalled EUR 4.9 million.

In the reporting period, the carrying amount of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 824 thousand. In the first three quarters of 2017, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 1.6 million and sold it in the amount of EUR 166 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 2.8 million.

Investment property

The book value of investment property of the Group fell by EUR 759 thousand. In the reporting period, the Group purchased investment property in the amount of EUR 2.6 million and sold it in the amount of EUR 325 thousand. Investment property of EUR 1.7 million was transferred to non-current assets held for sale. In the first three quarters of 2017, amortisation of investment property of the Group amounted to EUR 1.1 million.

In the first three quarters of 2017, the book value of investment property of Zavarovalnica Triglav decreased by EUR 895 thousand. Over half of the reduction relates to the transfer of investment assets to property, plant and equipment, while the rest refers to the disposal and amortisation of investment property.

Financial assets

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

Values as at 30 September 2017	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	169,593,839	169,593,839	109,473,688	109,473,688
Held to maturity	221,514,007	269,864,409	165,393,973	207,566,304
Available for sale	1,705,958,573	1,705,958,573	1,317,761,296	1,317,761,296
Investments recognised at fair value	412,851,320	412,851,320	193,882,566	193,882,566
Unit-linked insurance assets	454,280,381	454,280,381	422,065,994	422,065,994
TOTAL	2,964,198,120	3,012,548,522	2,208,577,517	2,250,749,848

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 30 September 2017	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	183,525,853	64,170,886	247,696,739
Debt instruments	34,320,031	221,514,007	1,522,404,339	347,326,881	2,125,565,258
Derivative financial instruments	0	0	0	1,353,554	1,353,554
Unit-linked financial assets	4,422,434	0	420,726	449,437,221	454,280,381
Loans	135,273,807	0	28,381	0	135,302,188
Total	174,016,272	221,514,007	1,706,379,299	862,288,542	2,964,198,120

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 30 September 2017	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	122,087,177	11,690,044	133,777,221
Debt instruments	1,001,554	165,393,973	1,195,674,119	180,838,967	1,542,908,613
Derivative financial instruments	0	0	0	1,353,555	1,353,555
Unit-linked financial assets	4,240,065	0	0	417,825,929	422,065,994
Loans	108,472,134	0	0	0	108,472,134
Total	113,713,753	165,393,973	1,317,761,296	611,708,495	2,208,577,517

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	82,397,894	0	0	0	82,397,895
Total	88,649,791	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			
Values as at 30 September 2017	Level 1	Level 2	Level 3	Total
Equity securities	214,281,052	0	33,415,687	247,696,739
Debt securities	300,835,372	1,568,895,848	0	1,869,731,220
Derivative financial instruments	0	1,353,554	0	1,353,554
Unit-linked financial assets	382,411,380	67,446,569	0	449,857,949
Total	897,527,804	1,637,695,971	33,415,687	2,568,639,462

	in EUR			
Values 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			
Values as at 30 September 2017	Level 1	Level 2	Level 3	Total
Equity securities	117,968,252	0	15,808,969	133,777,221
Debt securities	251,815,931	1,124,697,155	0	1,376,513,086
Derivative financial instruments	0	1,353,555	0	1,353,555
Unit-linked financial assets	354,269,996	63,555,933	0	417,825,929
Total	724,054,179	1,189,606,643	15,808,969	1,929,469,791

	in EUR			
Values 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: -0,3855%, 2y: -0,2838%, 3y: -0,2444%, 4y: -0,1238%, 5Y: 0,0631%, 6y: 0,2497%, 7Y: 0,3933%, 8Y: 0,6357%, 9y: 0,8774%, 10y: 1,0660%; credit spreads between 0% and 1.02%	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: -0,3855%, 2y: -0,2838%, 3y: -0,2444%, 4y: -0,1238%, 5Y: 0,0631%, 6y: 0,2497%, 7Y: 0,3933%, 8Y: 0,6357%, 9y: 0,8774%, 10y: 1,0660%; credit spreads between 1% and 3%	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
Values as at 1 January	26,569,975	27,715,790	9,223,701	9,623,123
Purchases	6,642,817	884,320	6,642,817	884,320
Disposals	-24,581	-551,740	-24,581	-551,740
Revaluations through income statement	-26,378	-868,107	-4,766	-826,740
Revaluations through Equity	261,896	63,240	-28,203	94,739
Transfers from Level 1 and Level 2	-11,966	-678,694	0	0
Ex. rate difference	3,924	5,166	0	0
Values as at 30 September/31 December	33,415,687	26,569,975	15,808,969	9,223,701

In the reporting period, financial assets classified into Level 3 increased by EUR 6.8 million in the Triglav Group and by EUR 6.6 million in the Zavarovalnica Triglav due to the acquisition of shares of private equity funds linked to venture capital funds, real property funds and infrastructure funds.

In the first three quarters of 2017, there were no reclassified assets from Level 1 to Level 2 and vice versa. This applies to the entire Triglav Group.

Impairments

In the first three quarters of 2017, no losses resulting from permanent impairment of financial assets were recognised in Zavarovalnica Triglav. The impairment of financial assets at the Group level totalled EUR 72 thousand. No impairment losses were recognised among other fixed assets.

Subordinated debt instruments

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

Contingent liabilities

In off-balance-sheet assets, Zavarovalnica Triglav increased potential assets under futures contracts and company Triglav d.o.o. by EUR 18.3 million, and assets for alternative investments by EUR 1.6 million. In 2017, no member of the Triglav Group accepted potential liability for guarantees given.

Distribution of accumulated profits

On 30 May 2017, the General Meeting of Shareholders of Zavarovalnica Triglav decided on the distribution of accumulated profit, totalling EUR 82,421,880.73 as at 31 December 2016. A part of the accumulated profit in the amount of EUR 56,837,870 was allocated for dividend payments, amounting to EUR 2.5 per share. The dividends were paid on 16 June 2017. The distribution of the remaining part of accumulated profit shall be decided on in the following years.

2.7 Changes in equity stakes in subsidiaries and business combinations

Purchase of shares of Triglav Osiguranje 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 or EUR 4,477,212. Triglav Osiguranje d.d., Sarajevo purchased 4,156 shares from non-controlling interest holders or 10% of treasury shares. The acquisition price amounted to BAM 4,594,458 or EUR 2,349,109. The stake of non-controlling shareholders dropped from 31% to 2%, thereby reducing the value of minority interest to EUR 3,316,564. The effect of the acquisition of a non-controlling interest stake on the capital of controlling shareholders is recognised in the consolidated financial statements as a decrease in share premium of EUR 1,080,856 and a decrease in legal reserve of EUR 2,428,901.

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.

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

Triglav INT d.d. acquired a 6.56% equity stake from the non-controlling interest holders of Triglav Osiguranje a.d., Skopje, thereby becoming its 79.94% owner. The acquisition price of the equity stake amounted to BAM 57,769,440 or EUR 942 thousand. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as a decrease in share premium of EUR 139,485.

Purchase of shares of Lovćen Osiguranje a.d., Podgorica from non-controlling interest holders

Triglav INT d.d. acquired a 0.12% equity stake from the non-controlling interest holders of Lovćen Osiguranje a.d., Podgorica, thereby becoming its 96.59% owner. The purchase price equalled EUR 9,020. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as an increase in share premium of EUR 305.

Establishment of Triglav 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 Triglav. In the consolidated financial statements, Triglav is treated as an associate and valued in accordance with the equity method.

Establishment of Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka

Together with Penzijski rezervni fond Republike Srpske from Banja Luka (The Pension Reserve Fund Of Republic of Srpska a.d. Banja Luka), Skupna pokojninska družba d.d. established Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka. The share capital of the newly founded company amounts to BAM 4,400,000 of which BAM 1,496,000 or EUR 764,893 was paid in by Skupna pokojninska družba. Skupna pokojninska družba thereby became a 34% owner of the abovementioned company. In the consolidated financial statements, Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka 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 quarters of 2017, the Management Board members were paid the following amounts as compensation for their work:

in EUR							
<u>Surname and name</u>	<u>Fixed salaries (gross)</u>	<u>Other additional payments*</u>	<u>Bonuses</u>	<u>Net pay received</u>	<u>Insurance premiums**</u>	<u>Other benefits***</u>	<u>Reimbursements</u>
Slapar Andrej	121,043	2,027	45,049	62,810	38,688	1,824	1,020
Ivanc Uroš	114,991	2,160	32,629	54,728	26,875	639	640
Čoroli Tadej	114,991	1,936	30,828	53,500	26,851	1,385	847
Makoter Marica	114,991	1,936	43,432	57,899	26,839	2,229	600
Jošar Benjamin	114,991	2,013	43,432	57,381	26,191	3,771	791
TOTAL	581,007	10,072	195,370	286,318	145,444	9,848	3,898

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

As at 30 September 2017, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
<u>Surname and name</u>	<u>Receivables as at 30 September 2017</u>	<u>Liabilities as at 30 September 2017</u>
Slapar Andrej	0	23,048
Ivanc Uroš	6	21,520
Čoroli Tadej	30	21,119
Makoter Marica	16	21,520
Jošar Benjamin	0	21,484
TOTAL	52	108,691

In the first three quarters 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
Andoljšek Andrej	4,271	550	0	4,821	3,506
Blažič Matija	6,750	1,100	468	8,318	6,050
Celar Peter	12,417	3,190	0	15,607	11,351
Damjanovič Nataša	4,708	1,166	0	5,874	4,272
Gobbo Mario	14,406	2,926	24,003	41,335	27,230
Kastelic Gregor	10,738	2,145	3,489	16,372	12,688
Kolenc Simon	625	0	0	625	455
Molan Boštjan	12,417	3,102	627	16,146	11,743
Nose Barbara*	3,375	1,320	0	4,695	3,415
Pervanje Milena*	1,565	1,540	0	3,105	2,258
Sotošek Ivan	12,417	2,926	935	16,278	11,838
Stankovič Rajko	8,438	1,661	0	10,099	7,345
Stebelnak Igor	18,625	4,422	0	23,047	16,762
Svoljšak Mitja*	1,565	1,540	0	3,105	2,258
Škerjanec Žiga	4,708	946	0	5,654	4,112
Tomažević Milan	4,344	550	0	4,894	3,559
Total	121,369	29,084	29,522	179,975	128,842

* External committee member.

As at 30 September 2017, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
Surname and name	Receivables as at 30 September 2017	Liabilities as at 30 September 2017
Andoljšek Andrej	0	1,427
Celar Peter	0	1,336
Damjanovič Nataša	0	1,692
Gobbo Mario	0	1,132
Kastelic Gregor	163	0
Kolenc Simon	0	615
Molan Boštjan	0	1,336
Sotošek Ivan	0	1,537
Stankovič Rajko	163	0
Stebelnak Igor	0	1,905
Škerjanec Žiga	0	1,564
Štimac Dubravko	449	0
Tomažević Milan	0	1,574
Runjak Materj	23	0
TOTAL	798	14,118

* External committee member.

Transactions with subsidiaries

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

	in EUR	
	30 September 2017	31 December 2016
ASSETS		
Shares	132,589,937	130,632,437
Debt securities and loans	24,462,606	19,331,938
Receivables from insurers	1,992,032	2,600,718
Premium receivable from co-insurance	11,052	11,381
Receivables from co-insurers' share in claim	291	0
Receivables from re-insurers' share in claim	8,492,879	5,622,496
Other short-term receivables from insurance operation	21,341	14,369
Short term receivables from financing	1,145,417	1,172,759
Other short-term receivables	791,479	825,663
LIABILITIES		
Liabilities to policy holders	554,602	444,617
Liabilities to agents and brokers	332,064	340,930
Liabilities for co-insurance premiums	15,859	14,697
Liabilities for re-insurance premiums	7,642,688	9,183,540
Liabilities for co-insurers' share in claim	13,712	1,712
Other short-term liabilities	85,495	190,746

	in EUR	
	Q1-3 2017	Q1-3 2016
INCOME AND EXPENSES		
Gross written premium	10,231,350	8,626,896
Assumed co-insurance written premium	0	10,364
Ceded co-insurance written premium	-231,487	-234,821
Outward re-insurance premium	-49,746,083	-48,142,185
Income from re-insurance commissions	10,779,330	9,380,781
Other income from insurance	3,675,481	3,416,066
Interest income	635,349	708,704
Income from land and buildings	407,137	389,332
Income from dividends	4,556,549	0
Other insurance income	1,350,334	1,218,885
Other income	179,410	147,524
TOTAL INCOME	-18,162,630	-24,478,454
Gross claims settled	851,665	547,809
Re-insurers' share	-16,382,173	-13,088,170
Co-insurers' share	12,000	153
Expense from reinsurance commissions	832,551	0
Other expenses	10	0
TOTAL EXPENSES	-14,685,947	-12,540,208

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.

	Triglav Group		Zavarovalnica Triglav	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
in EUR				
ASSETS				
Shares	7,480,976	6,826,400	10,002,047	9,503,047
Receivables from insurers	583	800	147	364
Other short-term receivables	0	18,100	0	18,100
LIABILITIES				
Liabilities to policy holders	1,256	0	1,256	0
Liabilities to agents and brokers	17,816	22,008	17,816	20,919
Other short-term liabilities	548	436	0	0
Accrued expenses	290	60	0	0

	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2017	Q1-3 2016	Q1-3 2017	Q1-3 2016
Gross written premium	30,159	28,305	28,351	26,497
Income from dividends	0	0	171,405	62,153
TOTAL INCOME	30,159	28,305	199,756	88,650
Gross claims settled	3,694	19,903	3,694	19,903
Acquisition costs	7,100	12,390	0	0
TOTAL EXPENSES	10,794	32,293	3,694	19,903

Transactions with shareholders and shareholder-related companies

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

The shareholder-related companies are those in which SDH and the Republic of Slovenia together directly hold at least a 20% stake. As at 30 September 2017, there were 48 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	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
ASSETS				
Shares	18,075,247	10,829,436	17,912,526	6,020,206
Debt securities	94,483,800	111,600,197	66,836,401	81,917,309
Receivables from operations	2,518,096	428,376	13,360	426,184
Other assets	1,934,390	28,085,644	0	20,760,486
LIABILITIES				
Liabilities from operations	810,224	2,449,808	654,265	1,263,124
INCOME	Q 1-3 2017	Q 1-3 2016	Q 1-3 2017	Q 1-3 2016
Gross written premium	19,697,758	19,856,693	19,291,701	19,398,406
Financial income	3,928,416	5,337,700	3,104,250	4,100,621
Other income	68,970	78,083	68,952	71,304
EXPENSES				
Gross claims settled	4,686,623	5,453,490	4,625,387	5,395,203
Financial expenses	360,114	153,712	47,618	3,277
Other expenses and costs	7,496,281	6,304,811	6,380,266	4,921,032

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 quarters of 2017, as well as no material non-adjusting events.

Events after the reporting date that are important for the operations in 2017 are the following:

- In the Macedonian market, a new life insurance company is in the process of being established, which was founded by Triglav INT d.d. and Triglav Osiguruvanje a.d. After obtaining the approval of the Macedonian insurance regulator (the ASO), all the required administrative procedures were carried out, based on which the company was officially established and entered into the Companies Register on 4 October 2017. The company will be consolidated under the annual financial statements of the Triglav Group.
- On 26 July 2017, Zavarovalnica Triglav d.d. and its subsidiary Salnal d.o.o. signed an agreement on the sale of equity stakes in Geoplin d.o.o., Ljubljana and Plinhold d.o.o. with PETROL d.d., Ljubljana and the Republic of Slovenia. The total purchase price to be received by Zavarovalnica Triglav is EUR 14.5 million. The agreement was signed under suspensive conditions which must be met prior to its validity.
- Zavarovalnica Triglav filed with the court and on 27 October 2017 received the decision on entering the decision on the winding up of Salnal under a summary procedure without liquidation in to the Companies Register. After Salnal is removed from the Companies Register, its total assets will be transferred to and taken over by its sole shareholder, Zavarovalnica Triglav.
- Based on the resolution passed by the Supervisory Board of Zavarovalnica Triglav, Barbara Smolnikar commenced her five-year term of office as a Management Board member on 17 October 2017.
- On 2 November 2017, the term of office of Benjamin Jošar as a Management Board member expired.