

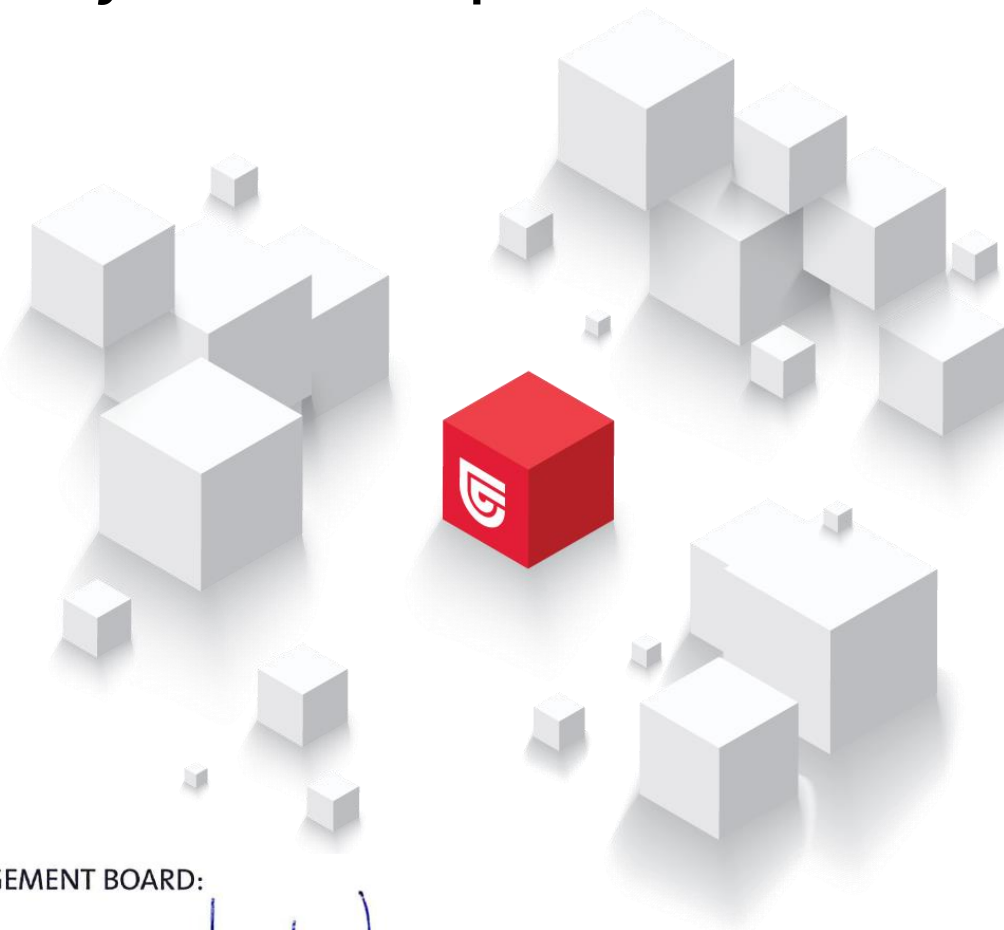


Zavarovalnica Triglav, d.d.
Miklošičeva cesta 19, 1000 Ljubljana

triglav

www.triglav.eu
www.triglav.si

Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2020 to 30 September 2020



MANAGEMENT BOARD:

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

David Benedek

Marica Makoter

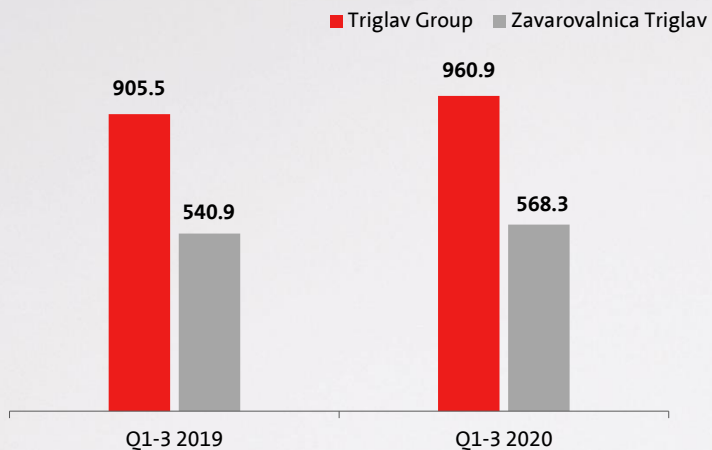
Ljubljana, November 2020

Credit rating

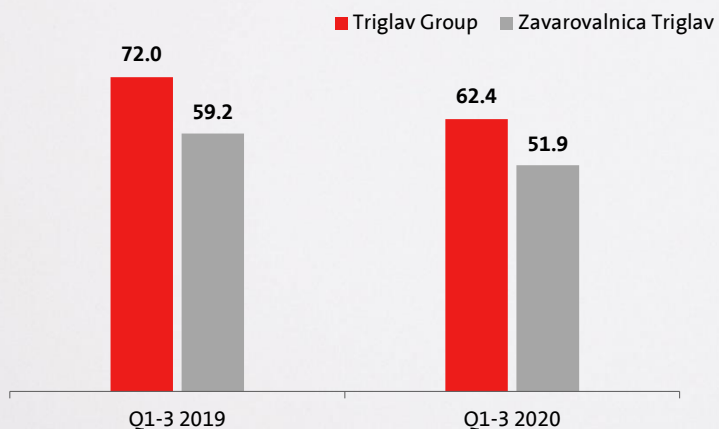
"A"

of the Triglav Group
with a stable
medium-term
outlook

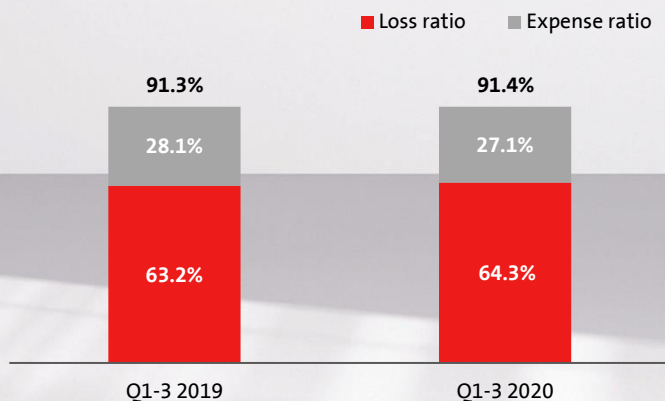
Gross written premium for insurance, co-insurance and reinsurance contracts in EUR million



Net profit before tax in EUR million



Combined ratio of the Triglav Group



Dear shareholders, business partner and colleagues,



Our mission is *to build a safer future*. In the situation caused by the COVID-19 pandemic this year, it is all the more important to realise this throughout all aspects of our operations. We are operating profitably and safely as set out in our strategy. We have prioritised the health of our employees, clients and other stakeholders, and we have dynamically adapted the way we do business in our markets. We are continuously providing services to our clients, which has been made possible by the strategic solutions we have already developed for doing business remotely and some solutions were further upgraded this year. We are working in cooperation with our partners and the environment in which we operate, consistently pursuing our sustainability goals.

The Triglav Group generated a consolidated profit of EUR 62.4 million before tax (index 87) in the first nine months of 2020. It was positively influenced by our underwriting discipline, increased business volume and prudent cost management. On the other hand, results were affected by the situation in the financial markets (a further decrease in interest income), major CAT events (hailstorms in three markets and the Zagreb earthquake) and an increase in insurance technical provisions due to the current business conditions.

We are satisfied with the volume of written premium, as 6% more premium was written than in the same period last year (EUR 960.9 million) and a favourable combined ratio of 91.4% was achieved. Business volume was increased through intensive sales and marketing activities and a multi-channel approach, thus attracting new clients and expanding the scope of insurance coverage with existing clients. Premium growth in the Slovenian market was 5%, which is above market average, while in markets outside Slovenia it stood at 6%. Premium increased in all three insurance segments: by 6% in non-life insurance, by 2% in life and pension insurance, and by 14% in health insurance. In addition to major CAT events, the claims experience was also affected by the pandemic. The volume of gross claims paid fluctuated by insurance group and insurance class, but in total it remained comparable to the corresponding period last year. In addition, we expect that a certain part of claims not incurred during 2020 due to minor economic activity or other restrictions of the policyholders' movement will be paid in 2021. For this purpose, appropriate insurance technical provisions were formed. In managing the investment portfolio of EUR 3.4 billion, we are maintaining a relatively conservative investment policy, while actively making minor adjustments to the shares of individual investment grades in order to maintain both the adequate diversification and appropriate security of the whole investment portfolio.

The uncertain situation in the second half of the year continues to prevent us from giving a reliable annual profit guidance, which was projected to be between EUR 95 million and 105 million. We stand by the April assessment that annual profit will be lower by 10–25% than planned. We are closely monitoring the situation and assess that Triglav Group's insurance and investment portfolios are sufficiently resilient and that the capital position is appropriate to effectively cope with the increased risks arising from the business environment due to the pandemic. This is further confirmed by the "A" credit ratings with a stable medium-term outlook the Group was assigned by two renowned credit rating agencies.

In this challenging situation, we remain focused on our strategic objectives. Good results are achieved only by working together; therefore, on behalf of the Management Board, I would like to express my sincere appreciation to all employees for their efforts.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a series of loops and a long horizontal stroke.

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BUSINESS REPORT

1. Financial highlights in the first nine months of 2020

1.1 Financial highlights of the Triglav Group

	in EUR million		
	Q1-3 2020	Q1-3 2019	Index 2020/2019
Gross written premium from insurance, co-insurance and reinsurance contracts	960.9	905.5	106
Net premium income	791.1	751.4	105
Gross claims paid*	505.0	505.5	100
Net claims incurred	510.6	488.4	105
Insurance business gross operating expenses	199.4	200.1	100
Profit before tax	62.4	72.0	87
Net profit	50.8	59.1	86
Net profit attributable to the controlling company	50.5	58.8	86
	30 September 2020	31 December 2019	Index 2020/2019
Insurance technical provisions	3,040.9	2,878.9	106
Equity	843.5	792.0	107
Equity attributable to the controlling company	840.9	789.5	107
Number of employees	5,310	5,281	101

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of the Triglav Group

	Q1-3 2020	Q1-3 2019
ROE annualised	8.4%	10.5%
Loss ratio	64.3%	63.2%
Expense ratio	27.1%	28.1%
Combined ratio	91.4%	91.3%
Ratio of gross operating expenses to gross written premium	20.7%	22.1%

1.2 Financial highlights of Zavarovalnica Triglav

	in EUR million		
	Q1-3 2020	Q1-3 2019	Index 2020/2019
Gross written premium from insurance, co-insurance and reinsurance contracts	568.3	540.9	105
Net premium income	430.4	418.2	103
Gross claims paid*	294.9	294.2	100
Net claims incurred	281.0	267.3	105
Gross operating expenses	131.8	132.3	100
Profit before tax	51.9	59.2	88
Net profit	43.3	49.4	88
	30 September 2020	31 December 2019	Index 2020/2019
Insurance technical provisions	2,216.9	2,149.0	103
Equity	629.9	580.5	109
Number of employees	2,241	2,253	99

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of Zavarovalnica Triglav

	Q1-3 2020	Q1-3 2019
ROE annualised	9.6%	11.9%
Loss ratio	55.9%	56.6%
Expense ratio	30.5%	29.6%
Combined ratio	86.4%	86.2%
Ratio of gross operating expenses to gross written premium	23.2%	24.5%

1.3 Activities, markets and position of the Triglav Group

The Triglav Group is the leading insurance/financial group in Slovenia and in the Adria region as well as one of the leading groups in South-East Europe. The Group operates in seven markets in six countries. Furthermore, it operates in the wider international environment through partnerships with foreign insurance brokerage and agency companies as well as reinsurers.



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

The insurance business of the Group comprises:

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

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

The Triglav Group members 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. ▪ Triglav, 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"> ▪ Triglav Savjetovanje d.o.o.
Serbia	<ul style="list-style-type: none"> ▪ Triglav Osiguranje a.d.o., Belgrade 		<ul style="list-style-type: none"> ▪ Triglav Savetovanje d.o.o.
Montenegro	<ul style="list-style-type: none"> ▪ Lovćen Osiguranje a.d., Podgorica ▪ Lovćen životna osiguranja a.d., Podgorica 		<ul style="list-style-type: none"> ▪ Lovćen auto d.o.o.
Bosnia and Herzegovina	<ul style="list-style-type: none"> ▪ Triglav Osiguranje d.d., Sarajevo ▪ Triglav Osiguranje a.d., Banja Luka 	<ul style="list-style-type: none"> ▪ PROF-IN d.o.o. ▪ Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d, Banja Luka 	<ul style="list-style-type: none"> ▪ Triglav Savjetovanje d.o.o. ▪ Autocentar BH d.o.o.
North Macedonia	<ul style="list-style-type: none"> ▪ Triglav Osiguruvanje a.d., Skopje ▪ Triglav Osiguruvanje Život a.d., Skopje 	<ul style="list-style-type: none"> ▪ Triglav preznisko društvo a.d., Skopje 	

1.4 Composition of the Triglav Group

As at the reporting date, the Triglav Group comprises 39 companies; in addition to the parent company, 30 subsidiaries and 8 associates.

The Triglav Group as at 30 September 2020

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

Subsidiaries:

- Pozavarovalnica Triglav Re d.d., Ljubljana

- Triglav, Zdravstvena zavarovalnica d.d., Koper

- Triglav, pokojninska družba d.d., Ljubljana

- Triglav INT, holdinška družba d.d., Ljubljana
 - Triglav Osiguranje d.d., Zagreb
 - Triglav Osiguranje a.d.o., Belgrade
 - Lovćen Osiguranje a.d., Podgorica
 - Lovćen životna osiguranja a.d., Podgorica
 - Lovćen auto d.o.o., Podgorica
 - Triglav Osiguranje d.d., Sarajevo
 - Autocentar BH d.o.o., Sarajevo
 - Sarajevostan d.o.o., Sarajevo
 - Triglav Osiguranje a.d., Banja Luka
 - Triglav Osiguruvanje a.d., Skopje
 - Triglav Osiguruvanje Život a.d., Skopje

- Triglav Skladi, družba za upravljanje d.o.o., Ljubljana
 - PROF-IN d.o.o., Sarajevo

- Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale
 - Triglav Savjetovanje d.o.o., Zagreb
 - Triglav Savetovanje d.o.o., Belgrade

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

Associates:

- Triglavko, zavarovalno zastopniška družba d.o.o., Ljubljana
- TRIGAL, upravljanje naložb in svetovalne storitve d.o.o., Ljubljana
 - Ljubljanica, finančne storitve d.o.o., Ljubljana
 - ALFI PD d.o.o., Ljubljana
- Nama, trgovsko podjetje d.d., Ljubljana
- Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka
- ZTSR, dejavnost holdingov d.o.o., Ljubljana
 - Diagnostični center Bled d.o.o., Bled
 - MTC Fontana d.o.o., Maribor
 - Medi Cons d.o.o., Bled
 - Gastromedica d.o.o., Murska Sobota
 - Internistična GE ambulanta d.o.o., Bled
 - Cardial d.o.o., Ljubljana

Changes in the Triglav Group in the first nine months of 2020:

- The Croatian regulator (HANFA) rejected the issue of authorisation to acquire a majority stake in the Croatian pension insurance company Raiffeisen Mirovinsko osiguravajuće društvo by the Triglav Group. This was one of the conditions precedent for the validity of the agreement concluded in April 2018 between Triglav INT, holdinška družba d.d. and Raiffeisen Bank Austria d.d., Zagreb as the seller.
- In the first nine months of 2020, Triglav INT d.d. acquired a 0.26% participating interest in Triglav Osiguranje a.d., Skopje from non-controlling interest holders, thereby becoming its 80.68% owner. The consideration totalled MAK 2,014,932 or EUR 32,729.
- Through in cash contribution of EUR 13.5 million, Zavarovalnica Triglav increased the capital of its associate ZTSR d.o.o., thereby maintaining its 50.0% participating interest.
- ZTSR d.o.o., in which Zavarovalnica Triglav d.d. and Sava Re d.d. each hold a 50% participating interest, completed the acquisition procedure of the healthcare service provider Diagnostični center Bled d.o.o. on 19 March 2020.
- Lovćen Osiguranje a.d. increased the capital of its subsidiary Lovćen Auto d.d. through in cash contribution of EUR 700,000, thus remaining a 100% owner of said company.
- Triglav INT d.d. increased the capital of its subsidiary Triglav Osiguranje a.d., Banja Luka through in cash contribution of BAM 3,912,000 or EUR 2,000,174, thus retaining its 100% participating interest in said company.
- In Q3 2020, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their

proportional stakes. The capital increase was raised by in-cash contributions of HRK 570 thousand or EUR 76 thousand. As a result, the two companies retained their participating interests in said company of 51% and 49% respectively.

- On 15 July 2020, Lovćen Osiguranje a.d. received a decision of the Capital Market Commission, based on which—in accordance with the General Meeting of Shareholders resolution—the existing two series of Lovćen Osiguranje shares were replaced by issuing a new series of 1,828,634 LOVH shares at a nominal value of EUR 5.72. As a result, the participating interest of Triglav INT d.d. increased from 96.59% to 99.07%. Amendments to the Articles of Association resulting from the homogenisation of shares were entered in the Companies Register on 30 September 2020.

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

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

MISSION

Building a safer future.

VALUES

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

VISION OF THE TRIGLAV GROUP

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

- In South-East Europe, the Triglav Group is recognised as the leading provider of innovative and comprehensive insurance-service products and asset management services.
- The Group is the largest in terms of income and the best in terms of client satisfaction.
- Clients perceive the Group's omni-channel products and services as simple and desirable.
- Client experience is the Group's main competitive advantage.
- The Group dynamically develops new ways of doing business, setting top trends in digitalisation.
- The Group is well-positioned in dynamic networks of business ecosystems.
- The Group effectively manages the risks and ensures its financial stability.
- Return on equity (ROE) is planned above 10% throughout the whole strategy period.
- The standalone »A« credit rating assigned by a renowned rating agency is being maintained.
- The governance and management systems of the Group are structured and effective.

- The Group's processes are lean, simple, technologically advanced and cost-effective.
- Engaged and highly skilled employees are the cornerstone of the Group's culture of openness and cooperation, as well as its sustainable development and a responsible attitude towards all stakeholders.

KEY STRATEGIC GUIDELINES



1.6 Significant events in the reporting period

Significant events in nine months of 2020 included:

- The Triglav Group's operations in the first nine months of 2020 were influenced by the COVID-19 pandemic. The Group operated in accordance with the activated business continuity plan and the necessary measures taken to curb the spread of infection, protect employees, clients and other stakeholders, and ensure the implementation of key business processes. The situation caused by the pandemic is regularly monitored and the effects on the Group's operations are assessed amid the continued uncertain and volatile business environment. After the re-verification of the assumptions and bases of the 2020 plan, it was assessed that the Group's insurance and investment portfolios are sufficiently resilient and that its capital position is appropriate to effectively cope with increased risks arising from the COVID-19 pandemic.
- At the June General Meeting of Shareholders, the shareholders adopted the resolution proposed by the Management Board and the Supervisory Board that accumulated profit for 2019 remain undistributed. See sections 2.1 *General Meeting of Shareholders* and 3.5 *Dividend policy* for more details.
- The General Meeting of Shareholders re-appointed Igor Stebernak a Supervisory Board member – shareholder representative. See Section 2.3 *Composition of the Supervisory Board* for more information.
- Nataša Damjanovič, a Supervisory Board member of Zavarovalnica Triglav d.d., resigned as a Supervisory Board member of Zavarovalnica Triglav d.d. on 18 June 2020 due to commitments related to her new employment. Her term of office ended on 18 September 2020. At its session on 18 August 2020, the Supervisory Board appointed Andrej Andoljšek its Chairman. See Section 2.3 *Composition of the Supervisory Board* for more information.
- Following its regular annual revision, the credit rating agency S&P Global Ratings re-affirmed the Triglav Group's "A" credit rating with a stable medium-term outlook. See Section 3.4 *Credit rating* for more information.

2. Governance of the Triglav Group

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

Two-tier governance of Zavarovalnica Triglav



The operation of the General Meeting of Shareholders, the Management Board and the Supervisory Board is described in greater detail in *Section 5. Corporate Governance Statement of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019.*

1.1 General Meeting of Shareholders

The shareholders of Zavarovalnica Triglav met at the 45th General Meeting of Shareholders held on 2 June 2020. The total number of shares represented at the General Meeting of Shareholders was 18,884,305 or 83.06% of all shares to which voting rights are attached.

- The shareholders took note of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019, including the independent auditor's report, and the Annual Internal Audit Report for 2019.
- The shareholders took note of the Report of the Supervisory Board of Zavarovalnica Triglav d.d. on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 and the Opinion of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019.
- The shareholders took note of the presentation of the remuneration policy for the members of the management and supervisory bodies of Zavarovalnica Triglav d.d. and the remuneration policy for the members of the management bodies for the three largest subsidiaries in the Triglav Group for 2019.
- The shareholders adopted the resolution proposed by the Management Board and the Supervisory Board drew up their proposal taking into account the Insurance that accumulated profit of EUR 60,543,474.97 as at 31 December 2019 remain undistributed. The Management Board and the Supervisory Board drew up their proposal taking into

account the Insurance Supervision Agency's call regarding the dividend payment with the aim of ensuring the medium-term sustainable target capital adequacy of the Group, as set out in the Company's dividend policy. See sections 3.5 *Dividend policy* for more details

- The shareholders granted a discharge for the 2019 business year to both the Management Board and the Supervisory Board of Zavarovalnica Triglav.
- The General Meeting of Shareholders took note of the expiry of the term of office of the Supervisory Board member Igor Stebernak, a shareholder representative, and reappointed him for a four-year term of office, which commenced on 3 June 2020.
- The General Meeting of Shareholders took note of the appointment of new Supervisory Board members, employee representatives.

At the General Meeting of Shareholders, VZMD announced an action to set aside all adopted resolutions, which had not been lodged by the date of publication of the interim report.

Detailed information on the General Meeting of Shareholders' resolutions are available at the Company's website www.triglav.eu.

1.2 Composition of the Management Board

As at 30 September 2020 the Management Board of Zavarovalnica Triglav was comprised of:

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

1.3 Composition of the Supervisory Board

As at 30 September 2020, the Supervisory Board of Zavarovalnica Triglav was comprised of:

- shareholder representatives:
 - Andrej Andoljšek, Chairman,
 - Milan Tomaževič, Vice Chairman,
 - Igor Stebernak, Member,
 - Žiga Škerjanec, Member, and
 - Mario Gobbo, Member.
- employee representatives:
 - Peter Celar, Member,
 - Branko Gorjan, Member,
 - Igor Zupan, Member.

On 2 June 2020, the term of office of the Supervisory Board member Igor Stebernak, a shareholder representative, expired. The shareholders reappointed him for a four-year term of office, which commenced on 3 June 2020.

Nataša Damjanovič, a Supervisory Board member of Zavarovalnica Triglav d.d., resigned as a Supervisory Board member of Zavarovalnica Triglav d.d. on 18 June 2020 due to commitments related to her new employment. Her resignation will take effect and her term of office will end

upon the expiry of a three-month notice period in accordance with paragraph two of Article 21 of Articles of Association of Zavarovalnica Triglav d.d., i.e. on 18 September 2020.

At its session on 18 August 2020, the Supervisory Board appointed Andrej Andoljšek its Chairman and Milan Tomažević its Vice Chairman.

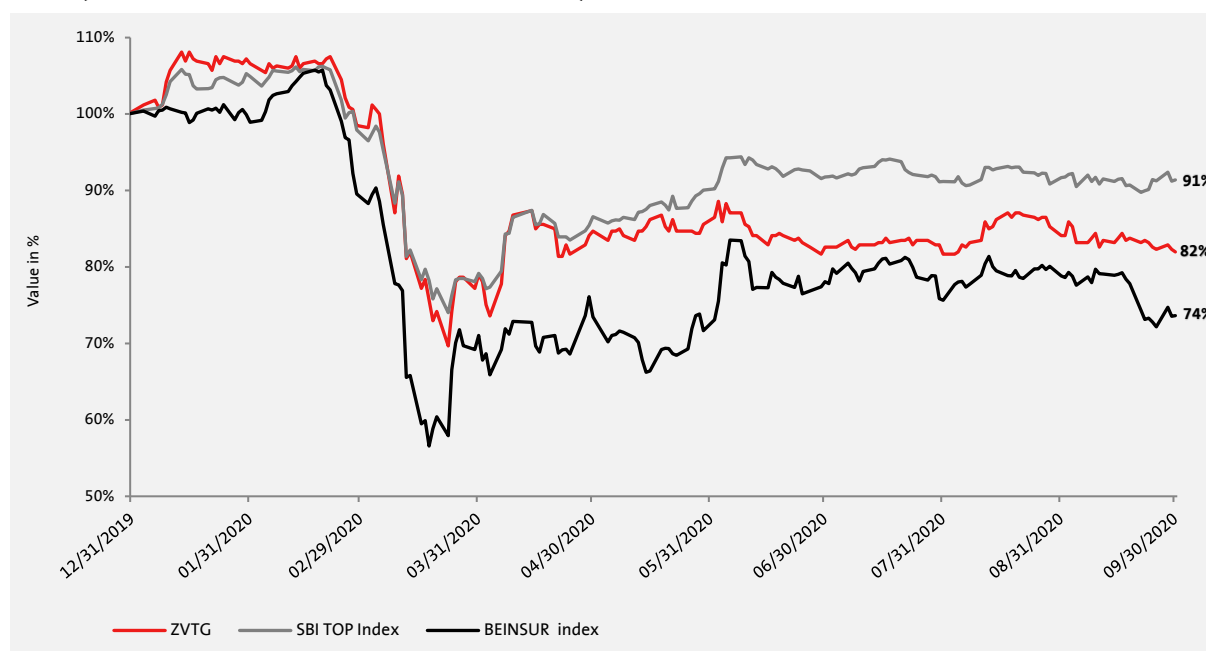
3. The share and the shareholders of Zavarovalnica Triglav

3.1 The share of Zavarovalnica Triglav

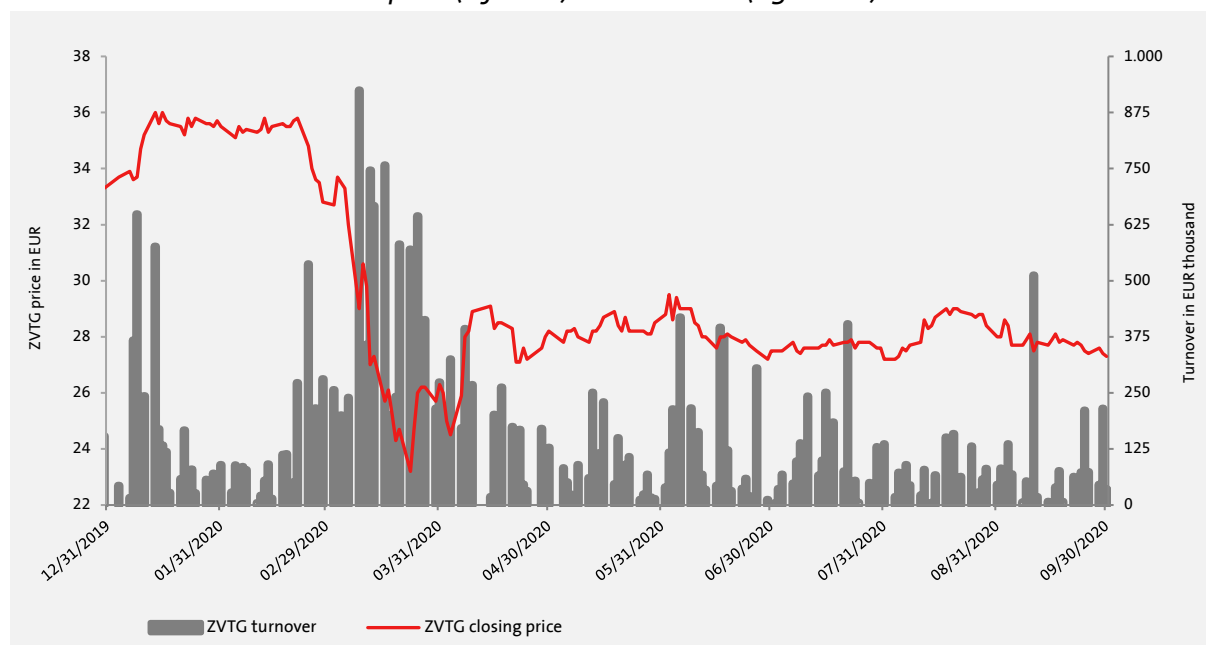
At the outbreak of the new coronavirus pandemic, the value of Zavarovalnica Triglav's share dropped sharply and on 23 March 2020 reached its lowest value of EUR 23.20 or 35% less than the value on the baseline date before the crash of 21 February 2020. The value of the Slovenian stock exchange index SBI TOP fell by 30% in this period, while the BEINSUR sectoral index decreased by 44% (the index consists of 32 shares of European insurers). From April to the end of September, trading and the share price of ZVTG were additionally affected by the calls from the Slovenian insurance sector regulator regarding the payment of dividends for 2019 and the General Meeting of Shareholders (see sections 2.1 *General Meeting of Shareholders* and 3.5 *Dividend policy* for more details). As at 30 September 2020, the ZVTG share value was 18% below the baseline value of 31 December 2019, the BEINSUR sectoral index fell by 26% and the Slovenian stock exchange index SBI TOP dropped by 9% (as shown in the figure below).

The ZVTG share has remained one of the most liquid shares on the Ljubljana Stock Exchange this year. The average daily turnover in the first nine months of 2020 was EUR 140 thousand, which is comparable to the volume in the same period last year. One third of stock exchange turnover was performed by the share's liquidity provider. In terms of market capitalisation, Zavarovalnica Triglav was the fourth largest Slovenian listed company as at the reporting date (EUR 621 million).

Movements in the ZVTG share price and in the value of the SBI TOP and BEINSUR indices in Q1-3 2020 (baseline date: 31 December 2019 = 100)



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



In the situation facing the Company this year, it remains committed to transparent operation and informing its shareholders, investors and analysts. All key information is regularly published in Slovenian and English on its website www.triglav.eu. Investor relations have been adjusted to the restrictions imposed and any contact with investors takes place via videoconference, emails and conference calls.

Key figures for Zavarovalnica Triglav's share in Q1-3 2020 (in EUR)

Items	30 September 2020
Maximum closing price	36.00
Minimum closing price	23.20
Closing price	27.30
Book value per share (parent company)*	27.70
Book value per share (consolidated data)*	36.99
Net earnings per share (consolidated data)**	2.23
Market capitalisation	620,669,540
Average daily trading volume	140,034
No. of shares	22,735,148
The percentage of floating stock***	30.8%
Traded on	Ljubljana Stock Exchange - LJSE
ISIN code	SI0021111651
Ticker symbol	ZVTG
Bloomberg	ZVTG SV
Reuters	ZVTG.LJ
Credit rating (S&P Global Ratings, AM Best)	»A«, stable medium-term outlook

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

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

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

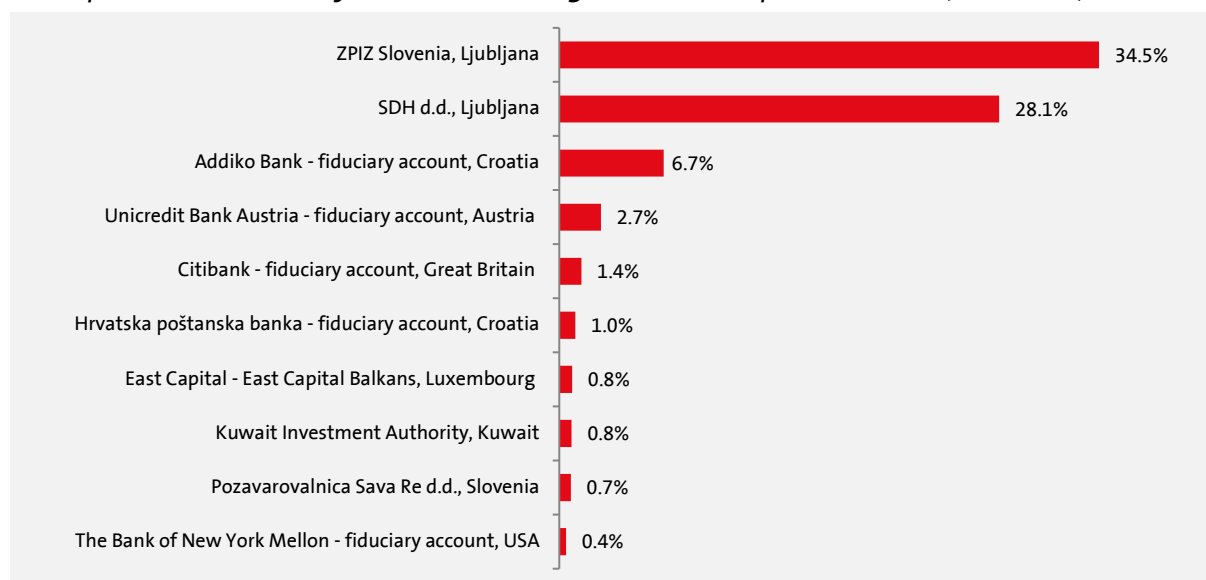
3.2 Equity

As at 30 June 2020, the share capital of Zavarovalnica Triglav remained unchanged at EUR 73,701,391.79. It is divided into 22,735,148 ordinary registered no-par value shares constituting one class. The shares are issued in dematerialised form and are freely transferable. Each share represents the same stake and corresponding amount in share capital. All have been paid up in full. Each share gives its holder the right to one vote at the General Meeting of Shareholders, a proportionate share of profits (payment of dividends) and a proportionate share of residual bankruptcy or liquidation estate after the payoff of preference shareholders.

3.3 Shareholder structure

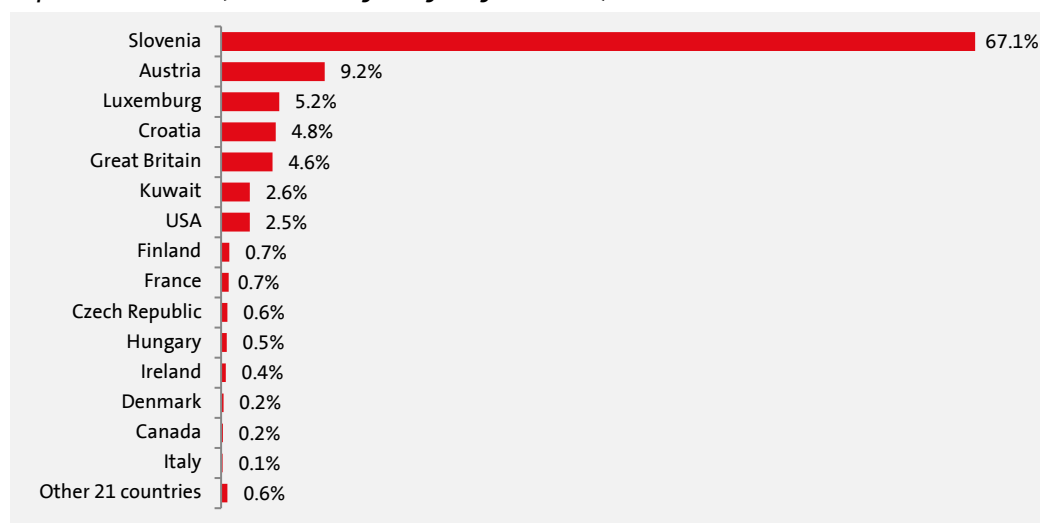
Compared to the 2019 year-end, the structure of top ten largest shareholders of Zavarovalnica Triglav and their total ownership stake (77%) did not change. The stakes of the top two shareholders remained unchanged, whereas some other largest shareholders made minor adjustments to their stakes.

The top ten shareholders of Zavarovalnica Triglav as at 30 September 2020 (share in %)



The Company's share of the free float, i.e. the shares held by the shareholders with less than a 5% ownership stake, stood at 30.8%. The share is stable and the ownership of these shares is globally dispersed among shareholders from 36 countries (see the figure below).

The minority shareholder structure of Zavarovalnica Triglav by the country of origin as at 30 September 2020 (the share of the free float in %)



According to the share register, Zavarovalnica Triglav had 13,080 shareholders as at 30 September 2020. In terms of the country of origin and legal status (natural person or legal entity), there were no significant changes in the shareholder structure. International shareholders held 17% of the shares as at the reporting date, 25 of which held fiduciary accounts with client shares.

Shareholder structure of Zavarovalnica Triglav as at 30 September 2020

	Total	Domestic	International	Legal entities	Individuals
Number of shares	22,735,148	18,914,415	3,820,733	20,034,862	2,700,286
Number of shareholders	13,080	12,715	365	482	12,598
Number of shares - percentage	100.0%	83.2%	16.8%	88.1%	11.9%
Number of shareholders - percentage	100.0%	97.2%	2.8%	3.7%	96.3%

The total number of shares held by the Management Board and the Supervisory Board was 5,688, the same as at the 2019 year-end.

3.4 Credit rating

The credit ratings of the Triglav Group – and thus its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re – are assigned by two renowned credit rating agencies: S&P Global Ratings (hereinafter: S&P) and AM Best. The Triglav Group was assigned an **“A” stand-alone credit rating with a stable medium-term outlook** by both.

In assigning its latest credit ratings on 11 September 2020, S&P pointed out that the “A” credit rating exclusively reflects the Group’s standalone credit profile. The credit rating is based on stable and profitable operations of the Triglav Group, its strong capitalisation, sound reinsurance protection and its leading market position in Slovenia and the region. S&P assessed the business risk profile of the Triglav Group as strong and its financial risk profile as very strong. By maintaining its client-centric approach, the Group’s business remains stable and profitable in both activities, even during the current challenging times. The leading position in the Slovenian market enables it to implement economies of scale, which it complements with its diversified product range and sales network, as well as a strong brand. The Triglav Group’s sound risk profile benefits from its conservative investment policy and a stable and effective reinsurance protection; its investment portfolio is of high quality and well-diversified, with most

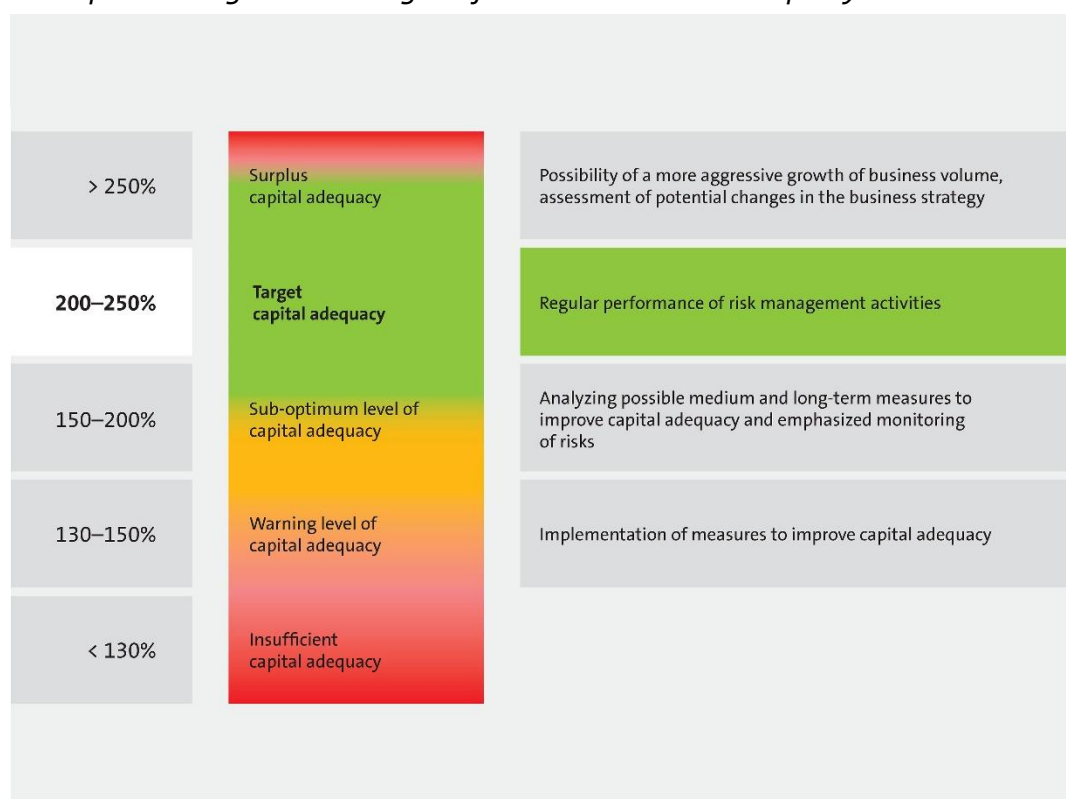
assets invested across the eurozone. This combined with underwriting discipline is a key factor for the Triglav Group's stable earnings and capital position.

The medium-term outlook reflects S&P's expectations that the Group will continue to effectively implement its business strategy at least over the next two years, focusing on growth and further diversifying its operations. S&P expects that despite the pandemic and its impacts Triglav Group will sustain strong, stable earnings and strong capitalisation.

3.5 Dividend policy

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

The capital management strategic objectives and the dividend policy criteria



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

The gross dividend per ZVTG share amounted to EUR 2.50 in the last five years (payments in 2015–2019). The share of consolidated net profit paid for dividends ranged from 64% to 82%, its five-year average being 70%.

On the proposal of the Management Board and the Supervisory Board, the General Meeting of Shareholders of Zavarovalnica Triglav held on 2 June 2020 adopted a resolution according to which accumulated profit will remain undistributed and thus allocated for the future payment of dividends or for other purposes in accordance with the General Meeting of Shareholders' resolution. This does not mean that Zavarovalnica Triglav changed its dividend policy. The resolution of the June General Meeting of Shareholders is in line with the calls and recommendations received by the regulator of the Slovenian insurance market regarding the payment of dividends by insurance companies due to the pandemic. The call of the Slovenian regulator complied with the recommendations and actions of EU regulators and authorities (EIOPA and IAIS) to ensure the solvency and capital adequacy of insurance companies in the EU.

In its third letter to the sector this year, the Slovenian regulator recommended suspending the payment of dividends even after the moratorium expires (i.e. 1 October 2020), until the auditors' opinions on the 2020 annual reports are published. In case of non-compliance with the recommendation, the regulator requires a prescribed qualitative and quantitative justification based on previously performed reliable stress test results with clearly defined assumptions and impact calculations. The regulator's letter is published on the Company's website www.triglav.eu.

3.6 Bonds

Zavarovalnica Triglav has one issued subordinate bond, which is included in its capital adequacy. The latter was issued in 2019 as part of the Group's regular capital management, which ensures the Company's optimal capital structure and cost-effectiveness. It replaced the bond that matured on 21 March 2020.

Bond of Zavarovalnica Triglav

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

4. Performance in the period from 1 January to 30 September 2020

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

The global economy, marked by the COVID-19 pandemic, began to recover slowly in the third quarter after a record-high decline in the first half of the year. Nevertheless, economic activity remained significantly below the level at the beginning of the year, with some activities, such as transport and tourism, suffering severe consequences.

In the period after the first wave of the coronavirus disease and the opening of economies, sentiment indicators were the first to respond. These have already reached pre-epidemic levels among US businesses, while they have grown slightly less in Europe. They were followed by an increase in orders from manufacturers and growing industrial production and international trade. At the beginning of the second half of the year, household consumption started to strengthen backed by improved consumer sentiment. Unemployment in the USA began to fall, after rising sharply in April, while in the European Union it rose slightly during the crisis.

Extensive government anti-crisis measures were likely to mitigate the prolonged decline in employment, but fiscal indicators deteriorated as a result. Official institutions improved their economic forecasts, including the European Central Bank (ECB) and the Institute of Macroeconomic Analysis and Development (IMAD). In its latest September forecast, the ECB anticipates an 8.0% drop in the euro area's GDP for 2020, while the IMAD expects a 6.7% drop in Slovenia's GDP. According to the forecasts of both institutions, this year's inflation remained at close to zero percent and thus remained practically unchanged compared to the forecasts from the beginning of the year.

The financial markets recovered almost completely in the first months of the second half of the year, following the record-high fall in stock market prices and risk-free interest rates and the opening of credit spreads. The sentiment among investors was improved by swift and extensive government and central banks' measures around the world, as well as good prospects for developing a vaccine against the new coronavirus. In the first quarter, the US Federal Reserve (Fed) reduced the key interest rate range to 0.0–0.25% in two steps and began with unlimited and accelerated purchase of government bonds. In September, the Fed expressed its expectation that the key interest rate range would not be changed for more than three years. The ECB has not changed its interest rate policy and outlook, but has taken a number of quantitative measures. One such measure was the pandemic emergency purchase programme (PEPP) adopted in March, which was further increased in June. At subsequent meetings, the ECB emphasised its readiness to introduce additional measures, thus committing itself to a very loose monetary policy.

The EU's focus was on the emergency recovery instrument, i.e. Next Generation EU, and its record seven-year budget. For the first time in the history of the EU, the new fund will start issuing common European debt on a large scale, which will be intended for the Member States as loans and subsidies. The required yield on the ten-year German bond stabilised at close to –0.47% in the reporting period, ending the third quarter at –0.52%, after a sharp and record-high fall in March, when it was also affected by oil prices and the general withdrawal of investors into safe investments.

Following a steep rise in the first quarter, the required yields on low-rated bonds declined later in the year. At the end of the third quarter, the yield on Italian and Slovenian bonds thus reached only 0.87% and 0.07% respectively. Stock market indices are high; the losses of over 30% recorded in the first and second quarters have almost been offset (in some cases they were completely offset). This was also seen in the American S&P, which has recorded 4.1% growth since the beginning of the year, while the German DAX and the Slovenian SBITOP have continued to record a loss of 3.7% and 8.6% respectively.

The Group's operations were impacted by major CAT events in the total estimated amount of EUR 28.0 million. It is estimated that hail storms in Slovenia, Croatia and North Macedonia caused EUR 22.8 million in claims in the first nine months of 2020, while the earthquake in Zagreb at the end of March caused EUR 5.2 million in gross claims.

Information on the impact of the pandemic and the situation on the financial markets is described in greater detail in *Section 6. Risk management*.

4.2 The insurance market and the position of the Group members in the first nine months of 2020

A total of 13 insurance companies, 5 foreign branches and 2 reinsurance companies are active in the Slovene insurance market, all members of the Slovenian Insurance Association (hereinafter: the SIA). On 3 January 2020, Generali acquired Adriatic Slovenica. The insurer NLB Vita, življenjska zavarovalnica was renamed Vita, življenjska Zavarovalnica (takeover by Pozavarovalnica Sava d.d.).

In the first nine months of 2020, insurance companies collected **4.6% more** gross written insurance, co-insurance and reinsurance premiums (not taking into account internal transfers of assets for the payment of pension annuities), or EUR 2,007.2 million. **Non-life insurance premium** recorded a 6.7% growth and reached a 74.1% share. Excluding **health insurance**, which experienced a higher premium growth (9.4%), non-life premium growth would be 5.5%. Health and real property insurance (fire and natural disaster insurance and other non-life insurance) contributed the most to the increase in non-life insurance premium. **Life insurance premium** declined by 1.2% due to lower premiums of life and unit-linked life insurance.

The Slovene insurance market continues to be highly concentrated, with the four largest insurers holding a 75.7% market share. With a 28.3% market share (compared to 28.2% in the respective period of 2019), **Zavarovalnica Triglav** remained the market leader, followed by Zavarovalnica Sava (18.2% market share). **The Triglav Group** (the parent company, Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba) increased its market share by 0.7 percentage point to 36.9%.

The Triglav Group's insurance subsidiaries held a 36.9% market share in the Slovene insurance market at the end of the third quarter of 2020.

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

- non-life insurance (excluding health insurance): 43.9% (a increase of 0.4 percentage point);
- life insurance: 29.6% (an increase of 0.3 percentage point);
- health insurance: 30.2% (an increase of 1.3 percentage point).

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

- non-life insurance: 29.5% (the same as in Q1-3 2019);
- life insurance: 25.0% (an increase of 0.3 percentage point).

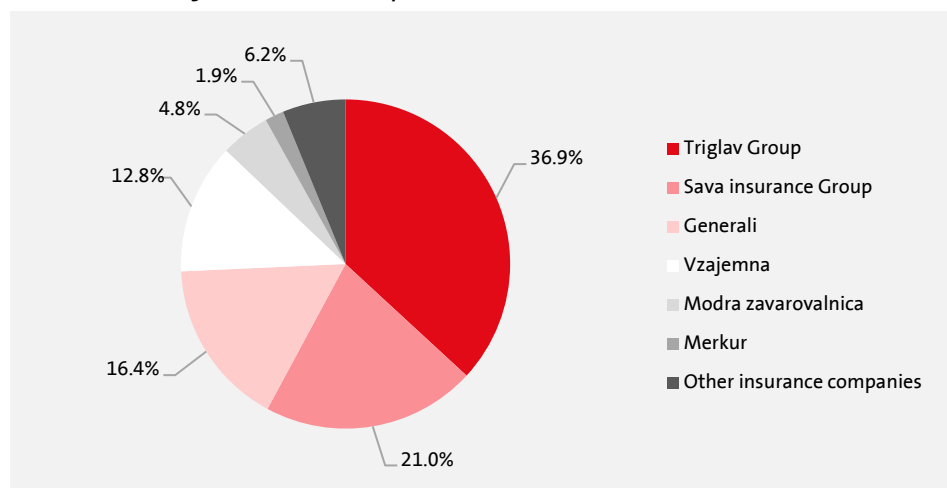
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 30.0% (an increase of 1.2 percentage point).

The market share of **Triglav, pokojninska družba**:

- supplementary voluntary pension insurance (SVPI): 19.7% (market leader, data for H1 2020).

Market share of insurance companies in Slovenia in Q1-3 2020



Source: Slovenian Insurance Association

Market share and market position of the Triglav Group insurance companies in Q1-3 2020

Market	Market share	Market share trend	Ranked in 2020	Ranked in 2019
Slovenia	36.9%	↑ + 0.7-percentage point	1	1
Croatia	5.4%	↑ + 0.6-percentage point	7	8
Serbia*	7.1%	↑ + 0.6-percentage point	5	5
Montenegro	39.4%	↓ - 0.1-percentage point	1	1
Bosnia and Herzegovina*	9.0%	↑ + 1.3-percentage point	3	6
- Federation of BiH	10.0%	↑ + 1.3-percentage point	5	7
- Republic of Srpska**	6.4%	↑ + 0.9-percentage point	6	8
North Macedonia	13.2%	↓ - 1.1-percentage point	1	1

* Data for January-June 2020

** The market shares of Triglav Osiguranje, Banja Luka and the branch Triglav Osiguranje, Sarajevo are included.

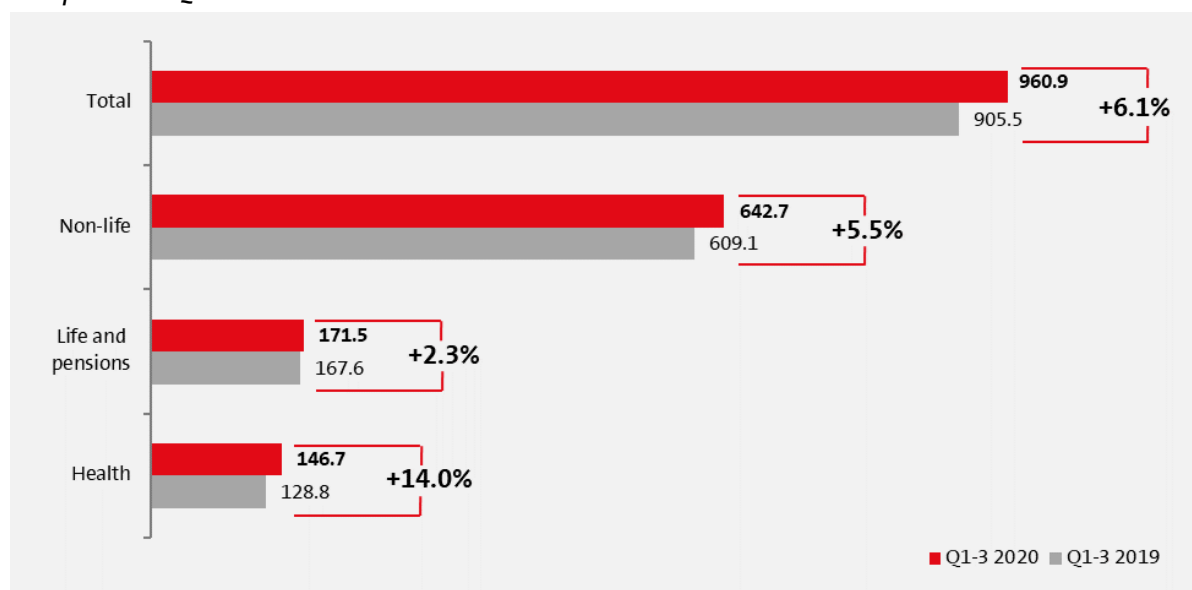
4.3 Gross written insurance, co-insurance and reinsurance premiums

The Triglav Group posted a total of EUR 960.9 million in consolidated gross written insurance, coinsurance and reinsurance premiums, an increase of 6% relative to the corresponding period last year. The impact of the COVID-19 pandemic was reflected in the change in the structure of insurance premium and the reduction of premium or lower premium growth of some insurance classes (more details below). Premium by segment:

- **non-life insurance**: EUR 642.7 million (index 106);
- **life and pension insurance**: EUR 171.5 million (index 102);
- **health insurance**: EUR 146.7 million (index 114).

The Triglav Group recorded a 6% growth in gross written insurance, coinsurance and reinsurance premiums.

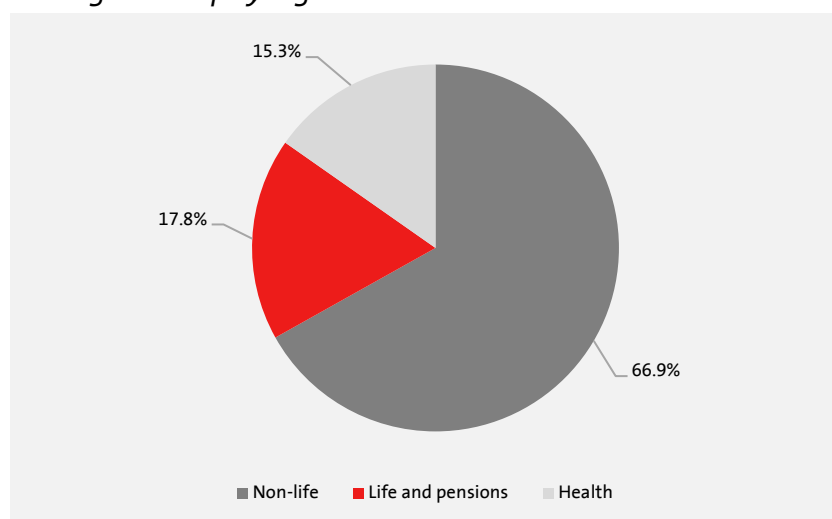
Consolidated gross written insurance, co-insurance and reinsurance premiums in Q1-3 2020 compared to Q1-3 2019



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

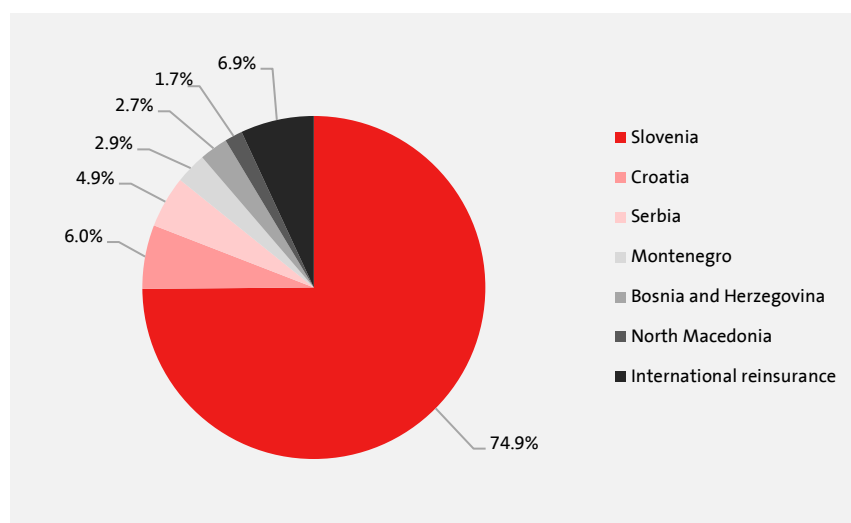
- non-life insurance: 66.9% (Q1-3 2019: 67.3%);
- life and pension insurance: 17.8% (Q1-3 2019: 18.5%); and
- health insurance: 15.3% (Q1-3 2019: 14.2%).

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



A total of 74.9% of consolidated gross written premium was charged in the Slovene insurance market, 18.2% of the premium was booked in markets outside Slovenia, while international reinsurance premium accounted for 6.9% of written premium. Compared with the corresponding period last year, the share of the insurance premium written in markets outside Slovenia declined by 0.1 percentage point and in the Slovene market by 1.0 percentage point, whereas the share of international reinsurance grew by 1.1 percentage point.

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	Share	
	Q1-3 2020	Q1-3 2019	Q1-3 2020/ Q1-3 2019	Q1-3 2020	Q1-3 2019
Slovenia	719,461,859	687,313,277	105	74.9%	75.9%
Croatia	57,857,214	53,205,681	109	6.0%	5.9%
Serbia	46,986,884	42,936,939	109	4.9%	4.7%
Montenegro	28,199,036	28,575,743	99	2.9%	3.2%
Bosnia and Herzegovina	25,757,917	22,568,825	114	2.7%	2.5%
North Macedonia	16,146,809	18,458,227	87	1.7%	2.0%
International reinsurance	66,510,152	52,428,290	127	6.9%	5.8%
Total	960,919,871	905,486,982	106	100.0%	100.0%

Premium growth was recorded in most insurance markets with the exception of the Montenegrin and Macedonian insurance markets (see the overview by insurance subsidiary in the table below). Premium growth in the Slovene market was 5%, while in markets outside Slovenia it stood at 6%.

The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 914.8 million in non-consolidated gross written premium, up by 6% relative to the same period last year.

A higher volume of business and high growth in gross reinsurance premium was recorded by Pozavarovalnica Triglav Re. It posted a total of EUR 151.1 million in gross written reinsurance premium, an increase of 15% compared to the preceding year. Pozavarovalnica Triglav Re recorded the highest growth in other damage to property insurance and marine insurance in transactions outside the Group and land motor vehicle insurance and suretyship insurance in transactions within the Group. In transactions outside of the Group, premium growth was 27%, which is the result of organic growth of renewed transactions from the preceding year and the increase in shares in some contracts. The reinsurer recorded the highest premium growth in the markets of Japan, Central and South America (Peru and Chile), Thailand and Hong Kong. Transactions within the Triglav Group experienced a 7% premium growth.

Gross written insurance, co-insurance and reinsurance premiums in Q1-3 2020 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index			Share
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	Q1-3 2020
Zavarovalnica Triglav*	438,261,810	129,998,906	568,260,716	107	100	105	62.1%
Triglav, Zdravstvena zavarovalnica	147,558,779		147,558,779	114	0	114	16.1%
Triglav, pokojninska družba		23,940,207	23,940,207	0	98	98	2.6%
Triglav Osiguranje, Zagreb	51,963,242	5,894,701	57,857,943	110	98	109	6.3%
Triglav Osiguranje, Belgrade	42,344,219	4,643,087	46,987,306	106	148	109	5.1%
Lovćen Osiguranje, Podgorica	25,025,309		25,025,309	96	0	96	2.7%
Triglav Osiguranje, Sarajevo	13,107,400	8,277,922	21,385,322	102	150	116	2.3%
Triglav Osiguranje, Banja Luka	4,425,268		4,425,268	105	0	105	0.5%
Triglav Osiguruvanje, Skopje	15,600,603		15,600,603	86	0	86	1.7%
Lovćen životna osiguranja, Podgorica		3,173,727	3,173,727	0	126	126	0.3%
Triglav Osiguruvanje Život, Skopje		546,206	546,206	0	153	153	0.1%
Total	738,286,630	176,474,756	914,761,386	107	103	106	100.0%
Pozavarovalnica Triglav Re	151,136,846		151,136,846	115	0	115	
Consolidation eliminations	-99,991,591	-4,986,770	-104,978,361	121	119	121	
Total consolidated	789,431,885	171,487,986	960,919,871	107	102	106	

*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 738.3 million in non-consolidated written premium, an increase of 7% relative to the corresponding period in 2019. Premium growth was recorded in most non-life insurance classes, with the exception of accident and credit insurance.

In total written premium, the share of motor vehicle insurance premium (comprehensive car insurance and motor vehicle liability insurance), the largest insurance class (a 28.4% share), decreased by 1.1 percentage points, while premium growth was 2%. The Group generated EUR 138.6 million in **motor vehicle liability insurance** premium, up by 2% relative to the preceding year. Due to the consequences of the pandemic, most insurance subsidiaries recorded a decline in insurance premium, with the exception of the parent company and Triglav Osiguranje, Zagreb. A 7% growth in Zavarovalnica Triglav was achieved primarily through effective sales based on the principle of freedom of movement of services in the EU markets, while the drop in premium was recorded by insurance sold to retail clients.

The Group collected EUR 121.2 million in **comprehensive car insurance** premium, an increase of 2% compared to the year before. Most insurance subsidiaries recorded a decrease in insurance premium due to non-renewal of insurance or lower insurance coverage of some major policyholders and lower sales of new cars. High growth was achieved by Triglav Osiguranje, Belgrade (index 113) with effective sales through leasing companies and agencies and effective sales to major policyholders. The parent company achieved 4% growth and Triglav Osiguranje, Banja Luka 1% growth.

Real property insurance premium (fire and natural disaster insurance and other damage to property insurance) rose by as much as 16% to EUR 194.1 million, thereby increasing its share in total written premium to 21.2%. A 22% premium growth was recorded in other damage to property insurance and a 7% premium growth in fire and natural disaster insurance. Most insurance subsidiaries recorded high premium growth; the highest growth was achieved by Triglav Osiguranje, Banja Luka (index 146), Triglav Osiguranje, Zagreb (index 143) and Triglav Osiguranje, Sarajevo (index 126) by attracting new policyholders and increasing the scope of

insurance coverage with existing policyholders. The Croatian insurer also achieved premium growth in animal insurance and crop insurance. An 14% growth was recorded by the parent company (a 79% share in total written premium), primarily by attracting new policyholders and projects, increasing the scope of insurance coverage and partly through different premium charging dynamics.

A 14% growth was seen in **health insurance**, where the Group wrote EUR 153.7 million in premium. The majority (EUR 147.6 million) was charged by Triglav, Zdravstvena zavarovalnica, which also recorded a 14% increase in written premium, predominantly as a result of last year's average premium growth. The majority of its premium was accounted for by supplemental health insurance, in addition to being successful in the sale of additional health insurance products. Most other insurance subsidiaries selling health insurance products also recorded premium growth.

In **general liability insurance**, the Group recorded a 1% premium growth or EUR 40.6 million in nominal terms. Zavarovalnica Triglav, accounting for 79% of total premium, saw a 1% growth in written premium compared to the preceding year (high growth in different types of professional liability insurance). By attracting new policyholders and increasing the scope of insurance coverage with existing policyholders, premium growth was achieved by the Croatian, Serbian and Macedonian insurers.

Accident insurance accounted for 3.2% of total written premium or EUR 29.3 million in nominal terms, having decreased by 6% compared to the year before. The decline in premium was recorded by all insurance subsidiaries, the largest of which was seen in Triglav Osiguranje, Belgrade mainly due to lower sales of accident insurance to borrowers through one of the banks.

Credit insurance premium amounted to EUR 18.6 million, down by 17% (representing 2.0% of total written premium). Zavarovalnica Triglav's written premium, which accounted for 75% of total written premium, declined by 20%. The main reason for this trend is the lower volume of consumer loan insurance, which was influenced by the Bank of Slovenia's measures to limit retail lending, changes in the credit policy of some banks and the consequences of the pandemic (less lending by banks). A drop in premium was recorded by Triglav Osiguranje, Zagreb (a lower volume of loans due to the pandemic), Triglav Osiguruvanje, Skopje (a lower insurance coverage of a major policyholder) and Lovćen Osiguranje (premium decrease in loan protection insurance covering loss of employment, accidental death or disability).

Premium from **other non-life insurance** (representing 4.6% of total written premium) increased by 6% to EUR 42.1 million. Premium growth was recorded by Triglav Osiguranje, Zagreb (index 136) and Zavarovalnica Triglav (index 107). Triglav Osiguranje, Zagreb generated high premium growth predominantly through fruitful partnership with one of the agencies with regard to marine insurance and by attracting new policyholders in suretyship insurance. The parent company achieved a good result in suretyship insurance (acquisition of major policyholders in Slovenia and Italy), railway insurance and assistance insurance (premium growth in roadside assistance insurance).

4.3.2 Life and pension insurance

The Triglav Group insurance subsidiaries charged a total of EUR 176.5 million in non-consolidated gross written premium from **life and pension insurance**. Although it was difficult to take out new life insurance policies in the second half of March and in April due to the pandemic (insurance was sold only at banks), premium growth reached 3%. Life and pension insurance represented 19.3% of total non-consolidated gross written premium, down by 0.7 percentage point compared to the preceding year.

Life insurance premium (traditional life, annuity, pension annuity and voluntary pension insurance) grew by 4%. With EUR 79.9 million, it accounted for 45.3% of total life and pension insurance premium. Strong premium growth was seen in Triglav Osiguranje, Sarajevo (effective sales via bank and agency sales channels), Triglav Osiguranje, Belgrade (effective sales via the bank sales channel), Lovćen životna osiguranja (effective sales of group loan protection insurance covering death via the bank sales channel) and Triglav Osigurivanje Život, Skopje (effective sales via own sales channel). The parent company's premium was 3% lower than the preceding year.

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 84.0 million, this insurance class accounted for 47.6% of total written life and pension insurance premium. Zavarovalnica Triglav achieved 4% premium growth and Triglav Osiguranje, Zagreb 7% premium growth (increased sales through one of the banks). The premium written by Triglav, pokojninska družba was 2% lower due to the restriction of payments by some employers as a result of the COVID-19 pandemic-related uncertainty regarding their business.

Capital redemption insurance (supplemental voluntary pension insurance) generated EUR 12.6 million or 7.1% of total life and pension insurance premium. The 3% growth resulted from large supplemental voluntary pension insurance premium payments at the parent company.

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

Insurance class	Gross written premium		Index	Share
	Q1-3 2020	Q1-3 2019	Q1-3 2020/ Q1-3 2019	Q1-3 2020
Accident insurance	29,343,449	31,131,307	94	3.2%
Health insurance	153,712,628	134,708,142	114	16.8%
Comprehensive car insurance	121,184,696	118,490,120	102	13.2%
Real property insurance	194,140,482	166,710,255	116	21.2%
Motor liability insurance	138,605,156	135,732,842	102	15.2%
General liability insurance	40,625,249	40,171,270	101	4.4%
Credit insurance	18,598,080	22,319,739	83	2.0%
Other non-life insurance	42,076,888	39,613,275	106	4.6%
Non-life insurance	738,286,628	688,876,950	107	80.7%
Life insurance	79,876,082	77,086,139	104	8.7%
Unit-linked life insurance*	84,033,496	82,454,800	102	9.2%
Capital redemption insurance	12,565,180	12,256,968	103	1.4%
Life and pensions insurance	176,474,758	171,797,907	103	19.3%
Total	914,761,386	860,674,857	106	100.0%

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

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

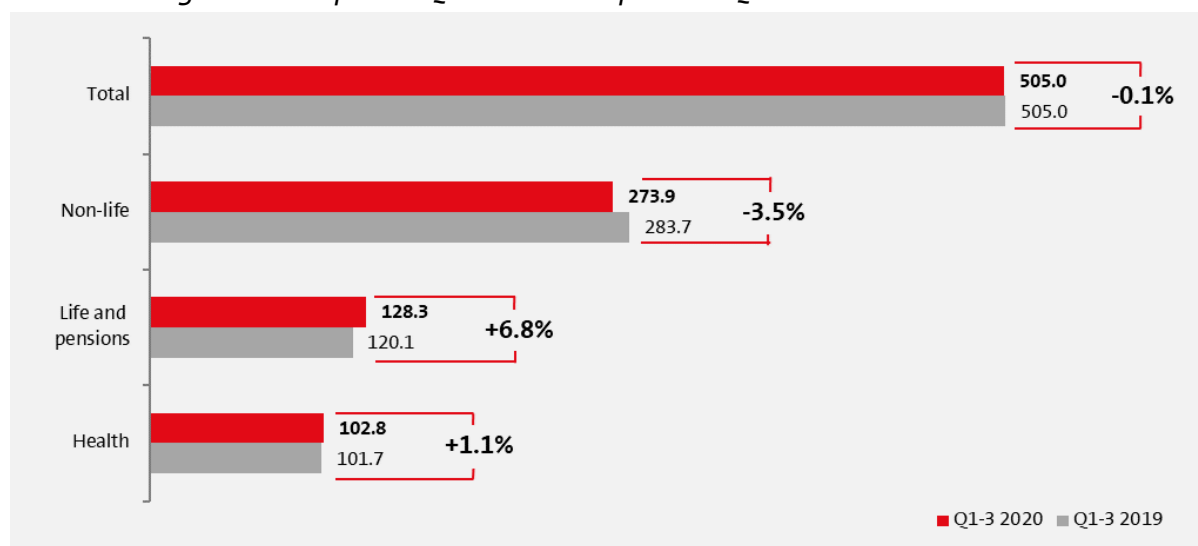
Insurance class	Gross written premium		Index	Share
	Q1-3 2020	Q1-3 2019	Q1-3 2020/ Q1-3 2019	Q1-3 2020
Accident insurance	20,125,321	20,786,399	97	3.5%
Health insurance	815,557	532,595	153	0.1%
Comprehensive car insurance	102,192,243	98,161,206	104	18.0%
Real property insurance	153,068,075	133,735,600	114	26.9%
Motor liability insurance	86,311,809	80,931,376	107	15.2%
General liability insurance	32,143,897	31,980,507	101	5.7%
Credit insurance	13,928,143	17,408,408	80	2.5%
Other non-life insurance	29,668,420	27,626,189	107	5.2%
Non-life insurance	438,253,465	411,162,280	107	77.1%
Life insurance	59,692,362	61,728,500	97	10.5%
Unit-linked life insurance	57,741,365	55,730,197	104	10.2%
Capital redemption insurance	12,565,180	12,256,968	103	2.2%
Life and pensions insurance	129,998,907	129,715,665	100	22.9%
Total	568,252,372	540,877,945	105	100.0%

4.4 Gross claims paid

In the reporting period, the Triglav Group's consolidated gross claims paid (including claim handling expenses, income from collected subrogation receivables and gross claims paid from inward reinsurance) of EUR 505.0 million remained at approximately the same level as in the corresponding period last year (index 100). Gross claims paid in the **life and pension insurance** segment grew by 7% to EUR 128.3 million, while in the **health insurance** segment they increased by 1% to EUR 102.8 million. Gross claims paid in the **non-life insurance** segment declined by 3% to EUR 273.9 million, mainly as a result of a smaller number of claims incurred and reported.

Gross claims paid were at approximately the same level as in the preceding year.

Consolidated gross claims paid in Q1-3 2020 compared to Q1-3 2019



Non-consolidated gross claims paid of the Triglav Group insurance companies (excluding Pozavarovalnica Triglav Re) of EUR 481.2 million remained at approximately the same level as in the corresponding period last year (index 100). Most insurance subsidiaries recorded a decline in gross claims paid, whereas growth in gross claims paid was recorded by Triglav Osiguruvanje

Život, Skopje (index 740), Triglav Osiguranje, Belgrade (index 115), Lovćen životna osiguranja (index 103) and Triglav, Zdravstvena zavarovalnica (index 101). Gross claims paid by the parent company remained at approximately the same level as in the preceding year (index 100).

Gross claims paid by Pozavarovalnica Triglav Re totalled EUR 51.5 million, an increase of 7% compared to the preceding year. A 12% growth in gross claims paid was seen in transactions within the Group and a 4% growth in transactions outside the Group. Higher gross claims paid in the Group primarily resulted from the payment of a major claim from general liability insurance in the facultative contract with the parent company and credit insurance claims paid by the parent company and one subsidiary. The increase in gross claims paid in transactions outside the Group was predominantly a result of the payment of comprehensive car insurance claims under the French non-life insurance contract and marine insurance claims paid in the South Korean market.

Gross claims paid in Q1-3 2020 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Share
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	Q1-3 2020
Zavarovalnica Triglav*	182,796,662	112,077,550	294,874,212	96	108	100	61.3%
Triglav, Zdravstvena zavarovalnica	102,793,185		102,793,185	101	0	101	21.4%
Triglav, pokojninska družba		9,608,209	9,608,209	0	99	99	2.0%
Triglav Osiguranje, Zagreb	23,451,864	3,734,445	27,186,309	86	93	87	5.6%
Triglav Osiguranje, Belgrade	15,522,533	2,858,344	18,380,877	115	119	115	3.8%
Lovćen Osiguranje, Podgorica	10,170,563		10,170,563	96	0	96	2.1%
Triglav Osiguranje, Sarajevo	6,316,762	2,223,522	8,540,284	82	128	91	1.8%
Triglav Osiguranje, Banja Luka	1,170,558		1,170,558	91	0	91	0.2%
Triglav Osiguruvanje, Skopje	6,232,080		6,232,080	87	0	87	1.3%
Lovćen životna osiguranja, Podgorica		2,044,656	2,044,656	0	103	103	0.4%
Triglav Osiguruvanje Život, Skopje		214,717	214,717	0	740	740	0.0%
Total	348,454,207	132,761,443	481,215,650	97	107	100	100.0%
Pozavarovalnica Triglav Re	51,460,267		51,460,267	107	0	107	
Consolidation eliminations	-23,207,695	-4,446,905	-27,654,600	106	121	108	
Total - consolidated	376,706,779	128,314,538	505,021,317	98	107	100	

* 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 348.5 million, down by 3% relative to the preceding year. The profit level in the reporting period was also affected by some major loss events, which is described in greater detail in *Section 4.1 The macroeconomic environment and environmental impact on the operations*; however, adequate claims provisions were formed for not settled claims.

In **health insurance**, gross claims paid rose by 1% to EUR 105.7 million, representing 22.0% of total gross claims paid. The majority (EUR 102.8 million) was accounted for by gross claims paid of Triglav, Zdravstvena zavarovalnica, which rose by 1%. The main reason for their low growth compared to premium growth is the lower number of health services provided under both supplemental and additional health insurance in the second quarter of 2020 due to the pandemic. Equalisation scheme expenses increased by 18% to EUR 6.0 million.

Gross claims paid in **motor vehicle liability insurance** totalled EUR 66.4 million, down by 5% relative to the corresponding period in 2019. They represented 13.8% of the Group's total gross claims paid. The pandemic resulted in a smaller number of reported claims and therefore all insurance subsidiaries, except Triglav Osiguranje, Belgrade (index 105), recorded a decline in gross claims paid in this insurance class.

Gross claims paid in **comprehensive car insurance** totalled EUR 66.3 million, down by 7% relative to the preceding year. They represented 13.8% of the Group's total gross claims paid. Most insurance subsidiaries in this insurance class recorded a decline in gross claims paid due to a lower number of claims reported. Growth was recorded only by Triglav Osiguranje, Belgrade (index 140) and Triglav Osiguranje, Banja Luka (index 111) as a result of the payment of some large individual claims.

In **real property insurance**, gross claims paid amounted to EUR 61.7 million, down by 7% compared to the year before (representing 12.8% of total gross claims paid). A decrease in gross claims paid was seen in all insurance subsidiaries, the highest in Triglav Osiguranje, Banja Luka (index 51) and Triglav Osiguranje, Skopje (index 65).

Gross claims paid in **general liability insurance** amounted to EUR 12.9 million, up by 4% compared to the year before. This increase was primarily a result of a 6% rise in gross claims paid by the parent company (which accounted for 90% of the gross claims paid by the Group in this insurance class) due to the payment of a large claim in directors and officers liability insurance. Gross claims paid went up also in Lovćen Osiguranje due to the higher number of reported claims.

Gross claims paid in **accident insurance** decreased by 16% to EUR 14.5 million. The decline in gross claims paid was primarily a result of lower gross claims paid in Zavarovalnica Triglav (lower payouts in group accident insurance and AO-plus insurance predominantly as a result of business restrictions and the lower activity of policyholders due to the pandemic), Triglav Osiguranje, Sarajevo (lower growth in group accident insurance claims) and Lovćen Osiguranje (lower payouts in professional liability accident insurance and accident insurance for pensioners).

Gross claims paid in **credit insurance** rose by as much as 50% to EUR 5.0 million. Gross claims paid increased sharply in Zavarovalnica Triglav (index 129), which represents the majority of claims in this insurance class (a 78% share), Triglav Osiguranje, Belgrade and Triglav Osiguranje, Zagreb. At the parent company, growth in gross claims paid was mainly a result of higher payouts in export credit insurance (growth in claims from international programmes carried out in subsidiaries) and in consumer loan insurance and credit insurance for small businesses (growth in claims due to the economic situation, increase in unemployment, growth in bankruptcy proceedings and enforcement).

Gross claims paid from **other non-life insurance** increased by 13% to EUR 16.0 million. High growth in gross claims paid was recorded in most insurance subsidiaries, except in Triglav Osiguranje, Zagreb, Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Banja Luka. Gross claims paid by the parent company (high growth of roadside assistance claims), Lovćen Osiguranje (the payment of a large marine insurance claim) and Triglav Osiguranje, Belgrade (growth of assistance insurance and marine insurance claims due to some major claims paid) contributed the most to the high growth.

4.4.2 Life and pension insurance

Non-consolidated gross claims paid in the **life and pension insurance** segment grew by 7% to EUR 132.8 million. Their share in total non-consolidated claims paid increased by 2.0 percentage points to 27.6%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, pension annuity and voluntary pension insurance), amounting to EUR 80.5 million, an increase of 18% compared to the preceding year. High growth in gross claims paid was seen in

Zavarovalnica Triglav (payouts of mathematical provisions on capitalised traditional life insurance policies and payouts due to surrenders), Triglav Osiguranje, Sarajevo, Triglav Osiguranje, Belgrade and Triglav Osiguruvanje Život, Skopje (higher payouts due to maturity).

Gross claims paid from **unit-linked life insurance** amounted to EUR 48.5 million, down by 6% relative to 2019. Lower payouts due to surrenders were the main reason for lower gross claims paid at the parent company (index 92) and lower payouts due to maturity in Triglav Osiguranje, Zagreb (index 97). Gross claims paid of Triglav, pokojninska družba were down by 1%.

Gross claims paid in **capital redemption insurance** (supplemental voluntary pension insurance) decreased by 1%, primarily as a result of lower payouts due to insurance transfers in the parent company.

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

Insurance class	Gross claims paid		Index	Share
	Q1-3 2020	Q1-3 2019	Q1-3 2020/ Q1-3 2019	Q1-3 2020
Accident insurance	14,470,447	17,239,347	84	3.0%
Health insurance	105,723,369	104,217,347	101	22.0%
Comprehensive car insurance	66,275,538	71,375,083	93	13.8%
Real property insurance	61,709,731	66,658,323	93	12.8%
Motor liability insurance	66,361,360	70,035,643	95	13.8%
General liability insurance	12,942,565	12,391,612	104	2.7%
Credit insurance	4,953,541	3,292,273	150	1.0%
Other non-life insurance	16,017,664	14,153,203	113	3.3%
Non-life insurance	348,454,215	359,362,831	97	72.4%
Life insurance	80,538,703	68,265,037	118	16.7%
Unit-linked life insurance	48,455,284	51,725,027	94	10.1%
Capital redemption insurance	3,767,451	3,808,444	99	0.8%
Life and pensions insurance	132,761,438	123,798,508	107	27.6%
Total	481,215,653	483,161,339	100	100.0%

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

Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid		Index	Share
	Q1-3 2020	Q1-3 2019	Q1-3 2020/ Q1-3 2019	Q1-3 2020
Accident insurance	7,993,796	10,067,850	79	2.7%
Health insurance	261,936	180,476	145	0.1%
Comprehensive car insurance	55,163,785	58,915,148	94	18.7%
Real property insurance	47,004,711	49,124,137	96	15.9%
Motor liability insurance	44,822,797	47,146,219	95	15.2%
General liability insurance	11,584,020	10,927,182	106	3.9%
Credit insurance	3,855,022	2,981,371	129	1.3%
Other non-life insurance	12,110,598	10,944,217	111	4.1%
Non-life insurance	182,796,665	190,286,600	96	62.0%
Life insurance	70,331,446	58,971,366	119	23.9%
Unit-linked life insurance	37,978,651	41,141,885	92	12.9%
Capital redemption insurance	3,767,451	3,808,444	99	1.3%
Life and pensions insurance	112,077,548	103,921,695	108	38.0%
Total	294,874,213	294,208,295	100	100.0%

4.5 Gross operating expenses

Total consolidated gross operating expenses incurred by the Triglav Group amounted to EUR 222.3 million, thus remaining at approximately the same level as in the corresponding period last year (index 100). **Insurance**

The share of insurance business operating expenses in written premium dropped to 20.7%.

business expenses totalled EUR 199.3 million, remaining at approximately the same level as the year before (index 100). The share of insurance business operating expenses in gross written premium dropped by 1.4 percentage point to 20.7%. Operating expenses by insurance segment increased by 4% (EUR 28.7 million) in the **life and pension insurance** segment, in the **non-life insurance** segment they remained at approximately the same level as the year before (EUR 160.0 million), whereas in the **health insurance** segment they declined by 18% (EUR 10.7 million). The higher growth in operating expenses of life and pension insurance mainly results from higher growth in life insurance acquisition costs in the Group's insurance subsidiaries outside Slovenia.

Non-insurance business expenses rose by 6% to EUR 22.9 million, primarily due to the strengthening of the asset management activity (the merger of ALTA Skladi with Triglav Skladi and the establishment of Triglav penzisko društvo, Skopje).

Acquisition costs (fees and commissions) fell by 3% to EUR 40.5 million mostly due to their decrease in Triglav, Zdravstvena zavarovalnica. Their decline primarily resulted from restrictive measures imposed due to the COVID-19 pandemic and, consequently, lower sales. The 13% increase in depreciation costs in the amount of EUR 15.2 million was predominantly the consequence of higher depreciation costs of computer equipment and intangible fixed assets at the parent company and higher depreciation costs at Triglav Skladi due to the merger of ALTA Skladi.

At 50.1%, labour costs accounted for the largest portion of total expenses, amounting to EUR 117.4 million, up by 3% relative to the preceding year. This increase is predominantly a result of the higher number of employees at Triglav Osiguranje, Belgrade, the merger of ALTA Skladi with Triglav Skladi, and higher labour costs at Zavarovalnica Triglav. The latter were mainly influenced by a change in the salary model, redeployment of most employees from the subsidiary Triglav INT to the parent company, and higher payments to insurance agents due to increased sale of insurance products. Costs of services provided by natural persons other than sole traders decreased by 10%. With a 0.4% share in total expenses, they amounted to EUR 856 thousand. Other operating expenses dropped by 4% to EUR 60.2 million. Due to the impact of the new coronavirus, the highest decrease was recorded in the reimbursement of work-related costs and the costs of representation, advertising and trade shows, whereas an increase was seen in the costs of payment transactions and banking services (an increase in Triglav Skladi due to the merger of ALTA Skladi) and rent and lease costs (change in the recording of costs of certain computer software licenses previously classified as maintenance costs).

Acquisition costs represented 60.4% (the largest share) of total gross operating expenses of the insurance business broken down by functional group. Other operating expenses represented 27.7%, claim handling costs 10.2% and asset management costs 1.7% of total gross operating expenses of the insurance business.

Gross operating expenses of the Triglav Group in Q1-3 2020 by nature

Operating expenses by nature	Gross operating expenses		Index	Share
	Q1-3 2020	Q1-3 2019	Q1-3 2020/ Q1-3 2019	Q1-3 2020
Acquisition costs (fees and commissions)	40,543,341	41,629,238	97	17.3%
Costs of goods sold	6,955	44,778	16	0.0%
Depreciation of operating assets	15,190,011	13,459,525	113	6.5%
Labour costs	117,433,054	114,525,419	103	50.1%
- wages and salaries	81,922,090	79,423,966	103	35.0%
- social securities and pension insurance costs	18,326,556	18,110,489	101	7.8%
- other labour costs	17,184,408	16,990,964	101	7.3%
Costs of services provided by natural persons other than SPs together with pertaining taxes	855,683	954,120	90	0.4%
Other operating expenses	60,232,352	62,872,706	96	25.7%
- costs of entertainment, advertising, trade shows	11,001,072	12,600,270	87	4.7%
- costs of material and energy	6,027,277	6,057,459	100	2.6%
- maintenance costs	10,949,567	11,112,739	99	4.7%
- travel expenses	2,501,205	4,169,230	60	1.1%
- costs of intellectual and personal services	3,462,738	3,776,414	92	1.5%
- non-income-related costs, excluding insurance	2,121,664	2,600,434	82	0.9%
- costs of transport and communication services	3,897,215	4,078,948	96	1.7%
- costs of insurance premiums	906,675	1,031,558	88	0.4%
- payment transaction costs and banking services	6,798,588	5,497,904	124	2.9%
- rents	3,907,212	3,079,440	127	1.7%
- costs of services of professional training	38,663	899,751	4	0.0%
- other costs of services	8,620,014	7,961,931	108	3.7%
- long-term employee benefits	462	6,628	7	0.0%
Total	234,261,396	233,485,786	100	100.0%
Consolidation eliminations	-11,957,574	-11,773,005	102	
Total consolidated	222,303,822	221,712,781	100	

Gross operating expenses of Zavarovalnica Triglav in Q1-3 2020 by nature

Operating expenses by nature	Gross operating expenses		Index	Share
	Q1-3 2020	Q1-3 2019	Q1-3 2020/ Q1-3 2019	Q1-3 2020
Acquisition cost (fees and commissions)	21,171,368	21,362,493	99	16.1%
Depreciation of operating assets	8,944,169	8,071,822	111	6.8%
Labour costs	76,202,690	74,965,077	102	57.8%
- wages and salaries	53,989,002	52,723,116	102	41.0%
- social securities and pension insurance costs	8,997,780	8,901,807	101	6.8%
- other labour costs	13,215,908	13,340,154	99	10.0%
Costs of services provided by natural persons other than SPs, including related taxes	204,150	256,807	79	0.2%
Other operating costs	25,239,159	27,618,246	91	19.2%
- costs of entertainment, advertising, trade shows	4,184,922	5,216,504	80	3.2%
- costs of material and energy	2,638,281	2,483,460	106	2.0%
- maintenance costs	6,391,659	6,871,579	93	4.9%
- reimbursement of labour-related costs	1,707,938	2,536,455	67	1.3%
- costs of intellectual and personal services	1,198,859	1,016,461	118	0.9%
- non-income related costs, excluding insurance	813,422	1,280,919	64	0.6%
- costs of transport and communication services	2,181,586	2,245,329	97	1.7%
- costs for insurance premiums	261,810	414,649	63	0.2%
- payment transaction costs and banking services	902,051	1,245,865	72	0.7%
- rents	2,069,154	1,583,484	131	1.6%
- costs of professional training services	415,332	546,691	76	0.3%
- other costs of services	2,474,145	2,176,850	114	1.9%
Total	131,761,536	132,274,445	100	100.0%

4.6 Reinsurance

In the first nine months of 2019, the **Triglav Group** allocated EUR 131.3 million of reinsurance and coinsurance premiums to external equalisation, up by 22% relative to the corresponding period last year. Reinsurance premium growth was primarily the result of the increased volume of non-life insurance premium and inward reinsurance. Reinsurance premium accounted for 13.7% of total gross written insurance and coinsurance premiums. The reinsurers' share in gross claims settled of EUR 25.2 million (index 101) was received from reinsurance.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 113.0 million of reinsurance and coinsurance premiums to external equalisation, an increase of 19% compared to the same period in 2019. Reinsurance premium accounted for 19.9% of total gross written premium. The reinsurers' and coinsurers' share in gross claims settled of EUR 24.7 million (index 111) was received from reinsurance and coinsurance.

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 30 September 2020, the **Triglav Group** formed gross insurance technical provisions of EUR 3,040.9 million, an increase of 6% relative to 31 December 2019. The amount of gross insurance technical provisions increased in **non-life insurance** (index 111), **health insurance** (index 192), and in **life and pension insurance** (index 102). As at the reporting date, **Zavarovalnica Triglav** allocated EUR 2,216.9 million to gross insurance technical provisions, up by 3% compared to the 2019 year-end.

Total gross insurance technical provisions of the Triglav Group amounted to EUR 3,040.9 million, an increase of 6%.

Provisions of the **Triglav Group** by type as at 30 September 2020 relative to 31 December 2019:

- **Gross unearned premium** was 20% higher and amounted to EUR 397.4 million. Unearned premium from non-life insurance increased at the same rate (index 120) to EUR 393.4 million, unearned premium from health insurance increased by 14% to EUR 3.5 million, while unearned premium from life and pension insurance dropped by 7% to EUR 413 thousand. The movement of gross unearned premium corresponds to the movement and duration of gross written premium and the nature of underwritten risks.
- **Gross claims provisions** rose by 6% to EUR 654.8 million. They are formed for covering claims incurred but not settled by the end of the accounting period. Claims provisions from non-life insurance totalled EUR 616.7 million (index 106), those from life and pension insurance equalled EUR 22.2 million (index 107), and those from health insurance amounted to EUR 15.9 million (index 109).
- **Mathematical provisions** grew by 2% to EUR 1921.4 million. Mathematical provisions for the guarantee fund backing life insurance totalled EUR 1,442.7 million (index 103), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 478.7 million. They fell by 1% due to the drop in the price of fund units.
- **Provisions for bonuses and discounts** rose by 22% to EUR 24.0 million as a result of additional insurance technical provisions created due to the pandemic.
- **Other insurance technical provisions** grew by 97% to EUR 43.2 million. The increase is predominantly the consequence of additional other insurance technical provisions for health insurance created due to the pandemic in the amount of EUR 18.4 million.

Gross insurance technical provisions of the Triglav Group as at 30 September 2020

	Gross insurance technical provisions		Index
	30 September 2020	31 December 2019	2020/2019
Unearned premiums	397,410,235	332,510,935	120
Mathematical provisions	1,921,412,413	1,889,382,583	102
Claims provisions	654,806,590	615,398,744	106
Provisions for bonuses and discounts	24,018,698	19,683,771	122
Other insurance technical provisions	43,221,581	21,894,138	197
Total	3,040,869,517	2,878,870,171	106

Gross insurance technical provisions of Zavarovalnica Triglav as at 30 September 2020

	Gross insurance technical provisions		Index
	30 September 2020	31 December 2019	2020/2019
Unearned premiums	278,013,511	232,791,056	119
Mathematical provisions	1,459,410,254	1,455,824,397	100
Claims provisions	440,723,706	428,320,763	103
Provisions for bonuses and discounts	23,215,232	19,065,148	122
Other insurance technical provisions	15,558,065	13,012,868	120
Total	2,216,920,768	2,149,014,232	103

4.8 Structure of financial investments

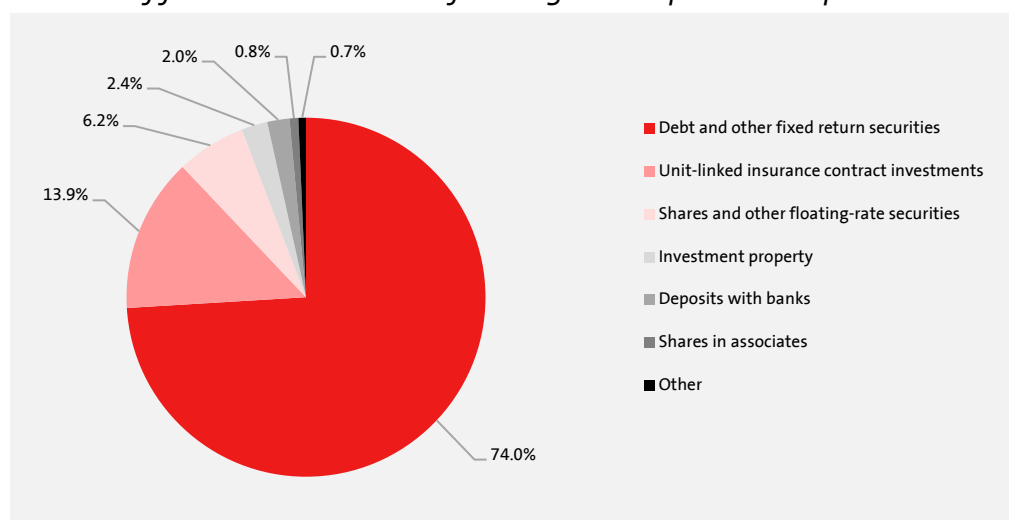
Amid this year's challenging situation of the pandemic and the situation in the financial markets, the Triglav Group continues to pursue a somewhat conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. The structure of the portfolio remains similarly conservative as at the end of 2019, while actively making minor adjustments to the shares of individual investment grades in order to maintain both adequate diversification and appropriate security of the whole investment portfolio. As a precaution, the share of cash increased by 26% to EUR 95.6 million as at 30 September 2020, which, however, is not disclosed as part of financial investments. Bonds invested in developed markets account for the largest share (74.0%) in the financial investments portfolio (as much as 89.2% of bond investments have a rating of at least "BBB").

Financial investments of the **Triglav Group** including investment property and investments in associates amounted to EUR 3,412.7 million as at 30 September 2020, an increase of 3% relative to the end of 2019. Their share in the Group's total assets declined by 1.8 percentage points to 82.4%.

Financial investments (including investment properties and investments in associates) of the Triglav Group as at 30 September 2020 and 31 December 2019

	Financial investments		Index 2020/2019	Share	
	30 September 2020	31 December 2019		30 September 2020	31 December 2019
Investment property	80,408,396	79,921,480	101	2.4%	2.4%
Shares in associates	27,094,440	13,154,379	206	0.8%	0.4%
Shares and other floating-rate securities	213,045,802	207,202,683	103	6.2%	6.3%
Debt and other fixed return securities	2,526,831,287	2,423,949,186	104	74.0%	73.1%
Loans given	5,629,138	5,161,148	109	0.2%	0.2%
Deposits with banks	68,021,945	88,402,963	77	2.0%	2.7%
Other financial investments	6,401,298	6,712,517	95	0.2%	0.2%
Financial investmetns of reinsurance companies in reinsurance contracts with cedents	10,940,618	8,602,454	127	0.3%	0.3%
Derivative financial instruments	237,339	0	0	0.0%	0.0%
Unit-linked insurance contract investments	474,099,120	482,031,288	98	13.9%	14.5%
Total	3,412,709,383	3,315,138,098	103	100%	100%

Structure of financial investments of the Triglav Group as at 30 September 2020



Compared to the 2019 year-end, the total value of the largest investment grade, i.e. debt and other fixed-return securities, rose by 4%, while their share in the total portfolio grew by 0.9 percentage point to 74.0%. The value of equity investments including investments in funds increased by 3%, while their share in the total portfolio did not change significantly (6.2%). The share of investments in associates rose by 0.4 percentage point as a result of the capital increase of ZTSR. The share of unit-linked insurance contract investments declined by 0.6 percentage point to 13.9%, primarily due to a drop in prices. The already small share of deposits with banks fell further, reaching 2.0%. The shares of other investment grades did not change significantly.

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

The largest share (60.8%) in the Group's bond portfolio **by issuer sector** was accounted for by government bonds. In terms of volume, they rose by 8% compared to the 2019 year-end, while their share was higher by 1.9 percentage points. Corporate and financial bonds account for equal shares in the portfolio.

Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index	Share	
	30 September 2020	31 December 2019	2020/2019	30 Sep. 2020	31 Dec. 2019
Government	1,537,509,838	1,429,886,787	108	60.8%	59.0%
Corporate	499,271,737	475,884,757	105	19.8%	19.6%
Financial	488,997,658	517,025,272	95	19.4%	21.3%
Shared	1,052,054	1,152,369	91	0.0%	0.0%
Total	2,526,831,287	2,423,949,186	104	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The Group's bond investment portfolio is of good quality, its investments are globally diversified and mostly consists of investments in debt securities with a **high credit rating**. As much as 89.2% of debt securities in the portfolio have an investment grade credit rating of at least "BBB" (vs. 87.5% as at 31 December 2019).

Debt securities of the Triglav Group by credit rating

Credit rating	Debt securities		Index	Share	
	30 September 2020	31 December 2019	2020/2019	30 Sep. 2020	31 Dec. 2019
AAA	337,038,110	247,171,318	136	13.3%	10.2%
AA	375,072,086	329,308,659	114	14.8%	13.6%
A	750,554,912	761,757,966	99	29.7%	31.4%
BBB	791,331,043	782,946,517	101	31.3%	32.3%
Below BBB	202,328,789	187,505,686	108	8.0%	7.7%
Not rated	70,506,348	115,259,039	61	2.8%	4.8%
Total	2,526,831,287	2,423,949,186	104	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, which ensures the Group appropriate security and liquidity. Certain changes in exposure to individual countries are a result of price fluctuations and tactical adjustments of some positions.

Debt securities of the Triglav Group by issuer country

Country of issuer	Debt securities		Index	Share	
	30 September 2020	31 December 2019	2020/2019	30 Sep. 2020	31 Dec. 2019
Slovenia	413,934,602	432,899,974	96	16.4%	17.9%
Germany	309,312,095	174,349,263	177	12.2%	7.2%
France	194,274,150	236,839,255	82	7.7%	9.8%
Spain	155,511,997	128,363,769	121	6.2%	5.3%
USA	136,997,734	108,397,196	126	5.4%	4.5%
Netherlands	129,041,238	167,277,688	77	5.1%	6.9%
Italy	113,398,986	138,469,634	82	4.5%	5.7%
Croatia	105,418,039	103,869,838	101	4.2%	4.3%
International financial institutions	82,055,384	60,596,923	135	3.2%	2.5%
Austria	76,009,411	33,634,748	226	3.0%	1.4%
Other	810,877,651	839,250,897	97	32.1%	34.6%
Total	2,526,831,287	2,423,949,186	104	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Equity investments presented in the table below include shares and other variable-return securities and investments in associates. They represent 7.0% of the Group's total portfolio, up by 0.4 percentage point relative to 31 December 2019. Their value is 9% higher, primarily due to the capital increase of ZTSR and value correction of equity investments. Equity investments also include the category *other funds*, which comprises mostly alternative funds. Their share is increasing and represents 25.0% of equity investments.

Equity investments of the Triglav Group by investment type

Equity investment type	Equity investments		Index	Share	
	30 September 2020	31 December 2019	2020/2019	30 Sep. 2020	31 Dec. 2019
Shares	96,233,486	79,449,680	121	40.1%	36.1%
Equity funds	54,630,450	56,504,953	97	22.7%	25.6%
Bond funds	25,909,787	17,653,170	147	10.8%	8.0%
Money market funds	3,440,006	11,117,584	31	1.4%	5.0%
Other funds	59,926,514	55,631,676	108	25.0%	25.2%
Total	240,140,244	220,357,062	109	100.0%	100.0%

Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Share	
	30 September 2020	31 December 2019	2020/2019	30 Sep. 2020	31 Dec. 2019
Slovenia	80,539,111	69,483,453	116	33.5%	31.5%
Developed markets	145,732,071	130,100,465	112	60.7%	59.0%
Developing markets	9,153,104	13,094,408	70	3.8%	5.9%
Balkans	4,715,958	7,678,736	61	2.0%	3.5%
Total	240,140,244	220,357,062	109	100.0%	100.0%

In **Zavarovalnica Triglav**, financial investments, including investment property, amounted to EUR 2,585.8 million, up by 2% compared with the 2019 year-end.

Financial investments (including investment properties and investments in subsidiaries and associates) of Zavarovalnica Triglav as at 30 September 2020 and 31 December 2019

	Financial investments		Index	Share	
	30 September 2020	31 December 2019	2020/2019	30 Sep. 2020	31 Dec. 2019
Investment property	45,346,726	46,091,135	98	1.8%	1.8%
Investments in subsidiaries and associates	166,492,692	152,992,692	109	6.4%	6.0%
Shares and other floating rate securities	115,072,079	107,310,068	107	4.5%	4.2%
Debt and other fixed return securities	1,806,642,932	1,760,076,255	103	69.9%	69.2%
Loans given	9,786,073	10,726,466	91	0.4%	0.4%
Deposits with banks	19,462,218	30,229,076	64	0.8%	1.2%
Other financial investments	3,842,816	3,865,518	99	0.1%	0.2%
Derivative financial instruments	237,339	0	0	0.0%	0.0%
Unit-linked insurance contract investments	418,956,275	433,758,610	97	16.2%	17.0%
Total	2,585,839,150	2,545,049,820	102	100.0%	100.0%

4.9 Asset management

Asset management at the Triglav Group comprises, in general, the management of the parent company's own insurance portfolios (assets backing liabilities and guarantee funds), saving of clients through the Group's life and pension insurance companies, investment management by Triglav, and the management of clients' assets in mutual funds and discretionary mandates by Triglav Skladi. The value of assets of the Triglav Group as at 30 September 2020 compared to 31 December 2019:

- own insurance portfolio: EUR 2,939 million (index 104),
- mutual funds and discretionary mandate assets: EUR 1,110 million (index 101).

Management of clients' assets in mutual funds and discretionary mandates

As at 30 September 2020, a total of 5 asset management companies operated in Slovenia, which managed the net asset value of EUR 2.9 billion in mutual funds, down by 1% relative to 31 December 2019. The decrease in the volume of assets was influenced by the fall in prices of

shares on stock exchanges and the increase in uncertainty, which affected the behaviour of investors. The value of discretionary mandate assets managed by asset management companies amounted to EUR 1.2 billion as at 30 September 2020, an increase of 26% relative to the 2019 year-end.

Triglav Skladi consolidated its dominant position with a 34.3% market share among asset management companies in the Slovenian mutual fund segment (compared to 33.9% as at 31 December 2019). Its market share in the discretionary mandate segment was 7.2%, down by 1.1 percentage point relative to the 2019 year-end.

The subsidiary Triglav Skladi manages 18 mutual funds under the umbrella fund *Triglav mutual funds*. At the end of August, the mutual funds of the Alta umbrella fund were merged with the umbrella fund *Triglav mutual funds*. Three investment funds managed by the Company in Croatia are in the process of transferring their management based on the contract with Intercapital Asset Management d.o.o. In accordance with the authorisation for transfer issued by the Croatian supervisory institution HANFA, the transfer will be completed by the end of 2020. In Bosnia and Herzegovina, the Company holds a participating interest in PROF-IN asset management company. At the end of the third quarter, Triglav Skladi managed clients' assets of EUR 1,020 million in mutual funds, which is approximately the same level as at the 2019 year-end (index 100). The amount of assets under management was primarily influenced by the situation in the capital markets. The value of net assets under management decreased by EUR 19.6 million due to the situation in the capital markets and increased by EUR 20.7 million due to net inflows. Discretionary mandate assets rose by 9% to EUR 89.5 million relative to 31 December 2019 (net inflows amounted to EUR 8.1 million and the market effect was negative in the amount of EUR 1.0 million).

5. Financial result and financial position

5.1 Financial result

In the first nine months of 2020, the **Triglav Group** posted **profit before tax of EUR 62.4 million**, a decline of 13% relative to the same period last year. Profit before tax was lower primarily as a result of reduced rates of return on investment, major CAT events (see *Section 4.1 The macroeconomic environment and environmental impact on the Company's operations* for more information), and insurance technical provisions created due to the current business conditions. **Net profit** amounted to **EUR 50.8 million**, down by 14% compared to the preceding year. Compared to the year before, **annualised net return on equity** decreased by 2.2 percentage point to 8.4%.

In the first nine months, the Triglav Group posted profit before tax of EUR 62.4 million.

The high level of uncertainty prevents the Company from giving a reliable annual profit guidance (profit before tax) for the Group this year, which was planned between EUR 95 million and 105 million. The Company confirms its April 2020 assessment that the annual profit before tax will be 10–25% lower than planned.

Zavarovalnica Triglav posted **profit before tax of EUR 51.9 million**, a decrease of 12% relative to the corresponding period of 2019. The Company's **net profit** also declined by 12% to EUR 43.3 million.

The Triglav Group's combined ratio was favourable at 91.4%. It was up by 0.1 percentage point compared to the corresponding period the year before, primarily as a result of the deteriorated claims ratio and an increased change in other insurance technical provisions for health insurance. The combined ratio shows the 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 2020	Q1-3 2019	Change
Zavarovalnica Triglav	86.4%	86.2%	0.2 p.p.
Triglav, Zdravstvena zavarovalnica	95.8%	96.4%	-0.6 p.p.
Pozavarovalnica Triglav Re	95.2%	96.5%	-1.3 p.p.
Triglav Osiguranje, Zagreb*	114.2%	104.1%	10.1 p.p.
Triglav Osiguranje, Belgrade	88.9%	98.4%	-9.5 p.p.
Lovćen Osiguranje, Podgorica	85.2%	91.6%	-6.4 p.p.
Triglav Osiguranje, Sarajevo	94.0%	99.2%	-5.2 p.p.
Triglav Osiguranje, Banja Luka	101.2%	106.2%	-5.0 p.p.
Triglav Osiguruvanje, Skopje	96.9%	98.3%	-1.4 p.p.
The Triglav Group	91.4%	91.3%	0.1 p.p.

* The high growth of the combined ratio of Triglav Osiguranje, Zagreb is, in addition to the earthquake, mainly a result of the increase in claims provisions due to the decision of the Supreme Court of the Republic of Croatia, which changes the criteria and amounts for determining monetary compensation for non-pecuniary damages.

Net premium income rose by 5% to EUR 791.1 million. Net premium income from health insurance grew by 14%, from non-life insurance by 4%, and from life and pension insurance by 1%. Net premium income comprises gross written premium in the amount of EUR 960.9 million (index 106), less written premium ceded to reinsurance and coinsurance in the amount of EUR 131.3 million (index 122) and adjusted by the change in net unearned premium of EUR –38.6 million (index 83).

Net claims incurred increased by 5% to EUR 510.6 million. Net claims incurred climbed by 7% in life and pension insurance, by 5% in non-life insurance, and by 1% in health insurance. Net claims incurred comprise gross claims paid in the amount of EUR 505.0 million (index 100) less reinsurers' and coinsurers' shares in gross claims paid in the amount of EUR 25.2 million (index 101), adjusted by the change in claims provisions of EUR 24.7 million (vs. EUR 2.8 million in 2019) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 6.0 million (index 118).

Income from investments, including income from investments in associates, decreased by 47% to EUR 73.1 million. Income from investments in associates declined by 37% to EUR 613 thousand, while income from investments dropped by 47% to EUR 72.5 million. Interest income was down by 20% to EUR 32.5 million, whereas gains on disposal of investments increased by 14% to EUR 18.9 million as a result of an active investment management policy and alignment with new investment policies that pursue cash flows on the liabilities side to the greatest possible extent. Other income from investments declined to EUR 21.0 million (vs. EUR 79.1 million in the same period of 2019). Other income from investments comprise changes in the fair value of EUR 8.4 million (vs. EUR 19.6 million in 2019), dividends of EUR 3.8 million (index 105), other financial income in the amount of EUR 3.3 million (index 61) and net unrealised gains on unit-linked life insurance assets, which totalled EUR 5.4 million (vs. EUR 50.5 million in 2019). The latter decreased mainly due to high corrections in equity funds, to which the majority of policyholders' investments under these insurance contracts are tied.

Expenses from investments, including expenses from investments in associates, increased to EUR 46.9 million (vs. EUR 14.0 million in the corresponding period of the preceding year). Expenses from investments in associates amounted to EUR 72 thousand, while expenses from investments totalled EUR 46.8 million (vs. EUR 13.3 million in 2019). Losses on disposals amounted to EUR 5.8 million (index 89), impairments of equity investments equalled EUR 1.1 million (index 307) and other expenses from investments totalled EUR 39.9 million (vs. EUR 6.5 million in 2019). Other expenses from investments comprise net unrealised losses on unit-linked life insurance assets totalling EUR 19.6 million (vs. EUR 257 thousand in 2019), changes in the fair value of EUR 9.4 million (vs. EUR 2.4 million in 2019) and other financial expenses in the amount of EUR 10.9 million (index 285).

Return on investment of the Triglav Group (excluding unit-linked life insurance contract investments) dropped by 38% to EUR 41.5 million. The reasons for the lower rates of return on investment are mainly lower interest income due to low interest rates and lower net income from changes in the fair value of investments. Low interest rates continue to affect the steady decline in interest income, which is partially offset by higher net gains on the sale of securities.

Return on investment decreased primarily due to lower interest income and lower net income from changes in the fair value of investments.

The rates of return on investment also impact the amount of insurance technical provisions and net profit of the Group. **Profit before tax from investments** is presented in the table *Structure of profit before tax*.

Change in other insurance technical provisions amounted to EUR 49.5 million and was lower than in the preceding year (EUR 66.8 million) predominantly due to the decline in mathematical provisions (EUR 30.9 million). As part of other insurance technical provisions, provisions for unexpired risks of health insurance contracts increased due to the pandemic (EUR 18.4 million). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR –5.8 million (vs. EUR 50.1 million in the same period last year) due to the decrease in the value of fund units. **Expenses for bonuses and discounts** rose by 53% to EUR 11.3 million as a result of additional provisions created due to the COVID-19 pandemic.

Operating expenses (acquisition costs and other operating expenses) totalled EUR 175.8 million, down by 2%. Acquisition costs remained at approximately the same level as in 2019 (index 100), whereas other operating expenses fell by 5%. The growth of total insurance business operating expenses (all functional cost groups) was behind gross written premium growth, which decreased the ratio of expenses to written premium by 1.4 percentage point to 20.7%.

Other insurance income, excluding fees and commissions, amounted to EUR 14.4 million, up by 30% mainly due to foreign exchange gains from the repayment of operating receivables and/or liabilities of Pozavarovalnica Triglav Re. **Other insurance expenses**, excluding fees and commissions, increased by 64% to EUR 23.9 million, predominantly as a result of higher assets for prevention at the parent company (purchase of protective equipment) and foreign exchange losses in Pozavarovalnica Triglav Re. **Net fee and commission income** amounted to EUR 1.3 million (vs. EUR –1.6 million in the corresponding period last year).

Other income increased by 9%, totalling EUR 30.8 million, primarily due to the merger of ALTA Skladi with Triglav Skladi. The 5% increase in **other expenses** (EUR 36.2 million) was mainly a result of higher other expenses in Triglav Skladi due to the merger of ALTA Skladi.

Individual items in the consolidated income statement of the Triglav Group for Q1-3 2020

	Q1-3 2020	Q1-3 2019	Index
Net premium income	791,086,311	751,359,666	105
Income from investments including income in subsidiaries and associates	73,079,364	137,187,432	53
Other income from insurance operations	38,964,405	28,488,200	137
Other income	30,827,389	28,169,028	109
Net claims incurred	510,557,065	488,396,671	105
Change in other insurance technical provisions (excluding ULI)	49,458,367	66,803,859	74
Change in insurance technical provisions for unit-linked insurance contracts	-5,762,359	50,138,961	
Expenses for bonuses and discounts	11,257,438	7,368,964	153
Operating expenses	175,775,143	178,473,708	98
Expenses from investments including expenses in subsidiaries and associates	46,868,937	13,966,297	336
Other insurance expenses	47,184,771	33,524,055	141
Other expenses	36,210,240	34,485,896	105
Profit before tax	62,407,867	72,045,915	87
Income tax expense	11,649,641	12,904,839	90
Net profit for the accounting period	50,758,226	59,141,076	86

*Structure of profit before tax of the Triglav Group**

	Q1-3 2020				Q1-3 2019			
	Non-life	Life and pensions	Health	Total	Non-life	Life and pensions	Health	Total
Profit before tax from underwriting activities	40,626,002	12,583,899	7,187,941	60,397,842	39,092,344	9,892,168	5,747,616	54,732,128
Profit before tax from investment activities	12,229,548	-12,983,540	506,672	-247,320	17,830,710	-3,470,568	509,398	14,869,540
Profit before tax from insurance operations	52,855,550	-399,641	7,694,613	60,150,522	56,923,054	6,421,600	6,257,014	69,601,668
Profit before tax from non-insurance operations				2,257,344				2,444,247
Total profit before tax				62,407,867				72,045,915

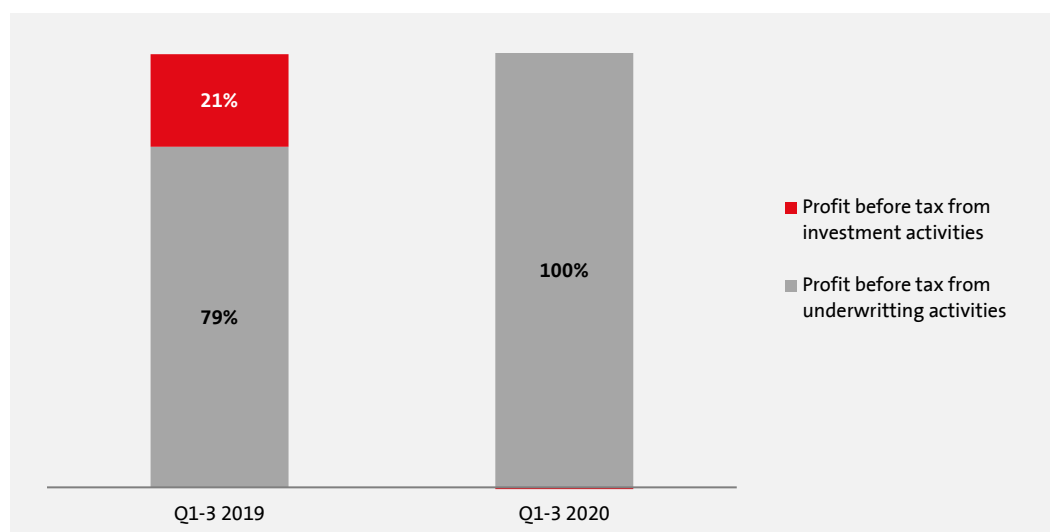
*The profit from return on financial investments is reduced by the return guaranteed by insurance companies of the Triglav Group to life insurance policyholders in the form of a guaranteed return determined in insurance contracts. In addition, return on financial investments is reduced by the increase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

The decreased profit before tax of the **non-life insurance business** of the Triglav Group in the first nine months of 2020 relative to the corresponding period last year primarily results from lower interest income and higher other investment expenses. The slightly higher profit of non-life insurance from the underwriting activities was mainly a result of higher net premium income and lower operating expenses.

Profit before tax in the **health insurance business** improved primarily due to higher growth in net premium income and lower operating expenses.

The main reason for the lower profit before tax of the Triglav Group in the **life and pension insurance business** is the creation of provisions in the amount of EUR 10.5 million as a result of the liability adequacy test for Triglav, pokojninska družba, which is EUR 5 million more than in the same period last year. At the parent company, the rates of return on investment were EUR 2.7 million higher than in the corresponding period last year. In addition, Zavarovalnica Triglav formed EUR 6.2 million more additional provisions than in 2019, primarily due to the lower internally set maximum interest rate used for the valuation of life insurance liabilities. With a slightly better insurance technical result, profit before tax in the life insurance business of the parent company is EUR 2.5 million lower than in the same period last year. Other Triglav Group members performed somewhat better, as their profit was EUR 0.7 million higher than in the corresponding period last year.

Structure of profit before tax of the Triglav Group in Q1-3 2020 and Q1-3 2019



Individual items in the income statement of Zavarovalnica Triglav for Q1-3 2020

	Q1-3 2020	Q1-3 2019	Index
Net premium income	430,430,384	418,227,194	103
Income from investments including income in subsidiaries and associates	49,274,526	102,895,374	48
Other income from insurance operations	29,937,393	24,020,358	125
Other income	5,803,253	8,344,930	70
Net claims incurred	280,994,469	267,307,364	105
Change in other insurance technical provisions	9,789,545	30,557,347	32
Change in insurance technical provisions for unit-linked insurance contracts	-12,800,015	40,991,514	
Expenses for bonuses and discounts	9,903,462	5,943,774	167
Operating expenses	113,823,200	115,898,346	98
Expenses from investments including expenses in subsidiaries and associates	30,363,718	10,653,960	285
Other insurance expenses	19,500,384	11,158,680	175
Other expense	12,006,032	11,808,881	102
Profit/loss before tax	51,864,761	59,167,990	88
Income tax expense	8,578,431	9,738,542	88
Net profit/loss for the accounting period	43,286,330	49,429,448	88

5.2 Financial position

Balance sheet total of the Triglav Group as at 30 September 2020 stood at EUR 4,140.9 million, an increase of 5% relative to 31 December 2019.

Total equity as at 30 September 2020 amounted to EUR 843.5 million, up by 7% relative to the 2019 year-end, primarily due to higher net profit brought forward resulting from the non-payment of dividends (see *sections 2.1 General Meeting of Shareholders* and *3.5 Dividend policy* for more details). The share of equity in balance sheet total grew by 0.3 percentage point to 20.4%. Equity attributable to the controlling company rose by 7% to EUR 840.9 million, while non-controlling interests increased to EUR 2.6 million (index 107). The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. As a result of an increase in the value of available-for-sale financial assets, **fair value reserve** increased by 2% to EUR 85.7 million. **Share premium** amounted to EUR 50.3 million and remained at a level approximately equal to the 2019 year-end (index 100).

Total equity grew by 7% to EUR 843.5 million as at 30 September 2020.

Reserves from profit amounted to EUR 354.8 million and remained at a level approximately equal to the 2019 year-end (index 100). They comprise other reserves from profit of EUR 334.3 million, legal and statutory reserves in the amount of EUR 19.8 million, and contingency reserves of EUR 640 thousand. **Accumulated profit** reached EUR 279.7 million, up by 22%. In addition to EUR 50.5 million (index 80) in net profit for the year, it includes EUR 229.3 million of net profit brought forward (index 138). Net profit brought forward increased by EUR 63.4 million due to the transfer of net profit for the previous year. In accordance with the resolution of the General Meeting of Shareholders, the accumulated profit for 2019 remained entirely undistributed, which is the reason for the increase compared to the 2019 year-end.

Due to the maturity of a 10-year subordinated bond, **subordinated liabilities** decreased by 24% to EUR 49.4 million.

Gross insurance technical provisions were 6% higher and amounted to EUR 3,040.9 million. Their share in balance sheet total increased by 0.3 percentage point to 73.4%. Mathematical provisions rose by 2% to EUR 1,921.4 million. An increase was also seen in gross claims provisions (index 106), provisions for gross unearned premium (index 120), and other insurance technical provisions (index 162). Insurance technical provisions are discussed in greater detail in *Section 4.7*.

Other financial liabilities equalled EUR 5.8 million, up by 209% due to higher short-term liabilities from financing in Zavarovalnica Triglav, which refer to liabilities for securities purchases. Their share accounted for only 0.1 % of total liabilities.

Operating liabilities grew by 13% over the 2019 year-end and amounted to EUR 75.8 million, thus representing 1.8% of balance sheet total. They increased mostly on the account of liabilities from coinsurance and reinsurance operations, which rose to EUR 52.9 million (index 127).

Lease liabilities amounted to EUR 9.5 million, a decrease of 13% relative to the 2019 year-end. Lease liabilities comprise long-term lease liabilities of EUR 9.2 million and short-term lease liabilities of EUR 220 thousand.

Other provisions amounted to EUR 18.7 million and remained at a level approximately equal to the 2019 year-end (index 100). Compared with 31 December 2019, **deferred tax liabilities** increased by 13% to EUR 25.4 million, primarily due to the higher fair value reserve from investments for which deferred tax is calculated. **Other liabilities** dropped by 11% to EUR 72.1 million.

The Triglav Group's financial investments in associates rose by 106% to EUR 27.1 million due to the capital increase of ZTSR in the amount of EUR 13.5 million.

Financial investments, representing 68.4% of total assets, amounted to EUR 2,831.1 million, an increase of 3% relative to the 2019 year-end. Available-for-sale financial assets, which totalled EUR 2,063.3 million, accounted for the bulk. Furthermore, EUR 507.0 million was accounted for by financial assets measured at fair value through profit or loss, EUR 166.1 million by held-to-maturity financial assets and EUR 94.7 million by deposits and loans. **Unit-linked insurance assets** amounted to EUR 474.1 million, down by 2%. The structure of financial assets is discussed in greater detail in *Section 4.8*.

Investment property was up by 1% to EUR 80.4 million.

Receivables and deferred tax assets increased by 25% to EUR 258.9 million over the 2019 year-end and accounted for 6.3% of total assets, of which receivables from direct insurance operations accounted for the bulk at EUR 137.2 million (index 130), an increase of 6% relative to 30 September 2019. Receivables from coinsurance and reinsurance operations reached EUR 75.7 million (index 130), other receivables stood at EUR 30.3 million (index 103) and current tax receivables at EUR 3.6 million (index 279). Deferred tax assets amounted to EUR 12.1 million (index 97).

Insurance technical provisions transferred to reinsurance contracts totalled EUR 137.9 million, having increased by 34%. Assets from reinsurance contracts from claims provisions were 23% higher and totalled EUR 80.5 million, while assets from unearned premium rose by 51% to EUR 55.7 million.

Property, plant and equipment totalled EUR 111.2 million, a decrease of 2% relative to 31 December 2019. **Intangible assets** amounted to EUR 109.0 million, up by 7%, primarily due to the growth of long-term deferred acquisition costs.

Non-current assets held for sale of EUR 0.8 million declined by 81% due to the sale of land and real property of Triglav, Upravljanje nepremičnin.

Right-of-use assets dropped by 16% to EUR 9.2 million. They comprise the right to use land and buildings of EUR 7.7 million (index 86), the right to use vehicles of EUR 1.5 million (index 80) and the right to use other assets of EUR 82 thousand (index 57).

Cash and cash equivalents amounted to EUR 95.6 million (index 126), whilst **other assets** totalled EUR 5.5 million (index 97). **Off-balance sheet items** amounted to EUR 205.1 million (index 100).

Individual items in the consolidated balance sheet of the Triglav Group as at 30 September 2020

	30 September 2020	31 December 2019	Index
ASSETS	4,140,932,124	3,936,999,820	105
Intangible assets	108,990,368	101,725,725	107
Property, plant and equipment	111,221,106	114,072,290	98
Non-current assets held for sale	809,277	4,164,221	19
Investment property	80,408,396	79,921,480	101
Right of use assets	9,241,035	10,937,925	84
Investments in associates	27,094,440	13,154,379	206
Financial investments	2,831,107,428	2,740,030,952	103
Unit-linked insurance assets	474,099,120	482,031,288	98
Reinsurers' share of insurance technical provisions	137,922,535	102,747,806	134
Receivables and deferred tax assets	258,941,510	206,697,830	125
Other assets	5,480,277	5,646,149	97
Cash and cash equivalents	95,616,632	75,869,775	126
<i>Off balance sheet items</i>	<i>205,085,659</i>	<i>205,911,992</i>	<i>100</i>
EQUITY AND LIABILITIES	4,140,932,124	3,936,999,820	105
Equity	843,481,824	791,951,788	107
Subordinated liabilities	49,417,879	64,847,293	76
Insurance technical provisions	2,562,157,051	2,393,927,336	107
Insurance technical provisions for unit-linked insurance contracts	478,712,465	484,942,835	99
Other provisions	18,655,665	18,623,446	100
Deferred tax liabilities	25,435,883	22,516,692	113
Other financial liabilities	5,768,941	1,864,413	309
Operating liabilities	75,765,953	66,872,331	113
Lease liabilities	9,458,802	10,915,678	87
Other liabilities	72,077,661	80,538,008	89
<i>Off balance sheet items</i>	<i>205,085,659</i>	<i>205,911,992</i>	<i>100</i>

Individual items in the balance sheet of Zavarovalnica Triglav as at 30 September 2020

	30 September 2020	31 December 2019	Index
ASSETS	2,996,378,255	2,901,140,141	103
Intangible assets	67,768,282	61,924,273	109
Property, plant and equipment	66,818,034	68,305,684	98
Investment property	45,346,725	46,091,135	98
Right of use assets	3,520,113	4,106,316	86
Investments in subsidiaries and associates	166,492,693	152,992,693	109
Financial investments	1,955,043,456	1,912,207,382	102
Unit-linked insurance assets	418,956,275	433,758,610	97
Reinsurers' share of insurance technical provisions	115,053,804	98,433,270	117
Receivables and deferred tax assets	123,519,091	93,715,995	132
Other assets	2,635,926	3,492,671	75
Cash and cash equivalents	31,223,856	26,112,112	120
<i>Off balance sheet items</i>	<i>98,200,530</i>	<i>107,689,690</i>	<i>91</i>
EQUITY AND LIABILITIES	2,996,378,255	2,901,140,141	103
Equity	629,863,168	580,480,275	109
Subordinated liabilities	49,417,879	69,999,451	71
Insurance technical provisions	1,794,265,570	1,713,421,521	105
Insurance technical provisions for unit-linked insurance contracts	422,655,199	435,592,711	97
Other provisions	12,975,592	12,625,260	103
Deferred tax liabilities	9,392,413	5,706,679	165
Other financial liabilities	3,800,407	1,640,125	232
Operating liabilities	31,792,488	31,912,738	100
Lease liabilities	3,645,349	4,166,278	87
Other liabilities	38,570,190	45,595,103	85
<i>Off balance sheet items</i>	<i>98,200,530</i>	<i>107,689,691</i>	<i>91</i>

6. Risk management

6.1 Risk Management

While financial market conditions continued to stabilise in the financial markets at the beginning of the third quarter, the end of the quarter was marked by the resurgence of the new coronavirus in Europe. Mechanisms to ensure business continuity in the event of deterioration of the situation at the local and/or global level are established at the Group level. The risk profile at the Group level does not significantly deviate compared to the end of the year, with due regard to changes in financial markets and portfolio growth over the period.

The Triglav Group regularly monitors current and potential risks and reliably manages them. Adequate liquidity of the parent company and the Group is also ensured in the situations verified in the scenario tests, and the capital adequacy of the Group is assessed as strong.

6.2 Internal audit

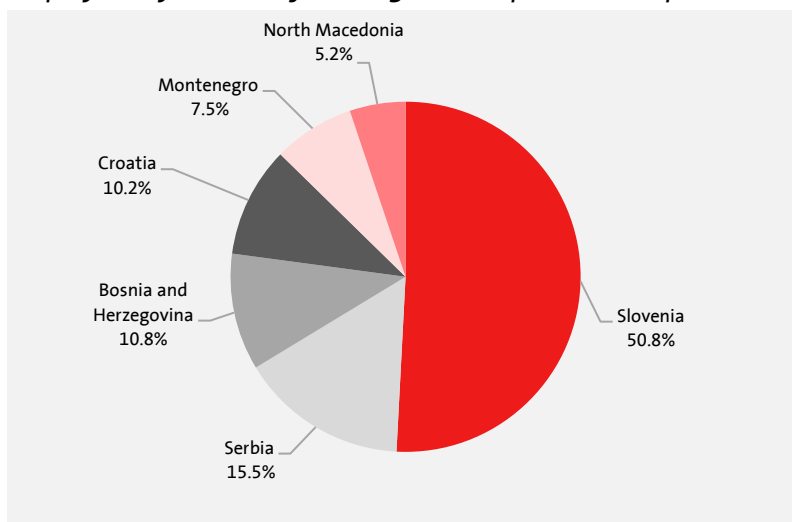
In the first nine months of 2020, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various areas in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to both the management of the audited areas and the Management Board.

In addition, the Internal Audit Department monitored the implementation of recommendations made by internal and external auditors, provided advisory services and performed other tasks, and monitored the measures taken by the Company to manage risks in the changed circumstances of operations due to the pandemic. The Internal Audit Department reported on its work to the Management Board, the Audit Committee and the Supervisory Board.

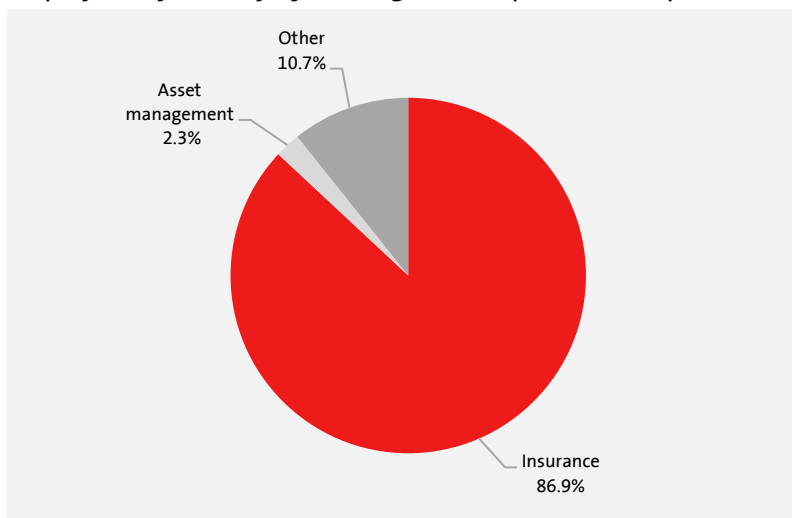
7. Employees of the Triglav Group

The Triglav Group had 5,310 employees as at 30 September 2020, an increase of 29 relative to 31 December 2019. The number increased the most in Triglav Osiguranje, Belgrade and Triglav Osiguranje, Zagreb.

Employees by market of the Triglav Group as at 30 September 2020



Employees by activity of the Triglav Group as at 30 September 2020



ACCOUNTING REPORT

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Statement of management's responsibility

The Management Board herewith confirms the financial statements for the period from 1 January 2020 to 30 September 2020 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 2020 to 30 September 2020 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.

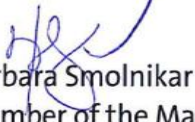
The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2020 to 30 September 2020 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav, d.d. 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



Barbara Smolnikar
Member of the Management
Board



Uroš Ivanc
Member of the Management
Board



David Benedek
Member of the Management
Board



Tadej Čoroli
Member of the Management
Board



Marica Makoter
Member of the Management
Board



Ljubljana, 3 November 2020

1. Financial statements

STATEMENT OF FINANCIAL POSITION	Triglav Group		Zavarovalnica Triglav		in EUR
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	
	ASSETS	4,140,932,124	3,936,999,820	2,996,378,255	2,901,140,141
Intangible assets	108,990,368	101,725,725	67,768,282	61,924,273	
Property, plant and equipment	111,221,106	114,072,290	66,818,034	68,305,684	
Non-current assets held for sale	809,277	4,164,221	0	0	
Deferred tax assets	12,146,847	12,462,082	0	0	
Investment property	80,408,396	79,921,480	45,346,725	46,091,135	
Right of use assets	9,241,035	10,937,925	3,520,113	4,106,316	
Investments in subsidiaries	0	0	134,938,667	134,938,667	
Investments in associates	27,094,440	13,154,379	31,554,026	18,054,026	
- accounted for using the equity method	27,094,440	13,154,379	0	0	
- measured at fair value	0	0	31,554,026	18,054,026	
Financial investments	2,831,107,428	2,740,030,952	1,955,043,456	1,912,207,382	
- loans and deposits	94,729,931	112,578,151	37,357,615	49,049,847	
- held to maturity	166,128,806	186,109,072	144,539,871	150,469,553	
- available for sale	2,063,254,120	1,826,940,416	1,568,800,951	1,382,802,069	
- recognised at fair value through profit and loss	506,994,571	614,403,313	204,345,019	329,885,913	
Unit-linked insurance assets	474,099,120	482,031,288	418,956,275	433,758,610	
Reinsurers' share of technical provisions	137,922,535	102,747,806	115,053,804	98,433,270	
Receivables	246,794,663	194,235,748	123,519,091	93,715,995	
- receivables from direct insurance operations	137,244,731	105,459,829	91,512,626	68,401,137	
- receivables from reinsurance and co-insurance operations	75,661,555	57,989,502	23,984,869	17,219,677	
- current tax receivables	3,577,999	1,281,349	0	0	
- other receivables	30,310,378	29,505,068	8,021,596	8,095,181	
Other assets	5,480,277	5,646,149	2,635,926	3,492,671	
Cash and cash equivalents	95,616,632	75,869,775	31,223,856	26,112,112	
<i>Off balance sheet items</i>	<i>205,085,659</i>	<i>205,911,992</i>	<i>98,200,530</i>	<i>107,689,690</i>	
EQUITY AND LIABILITIES	4,140,932,124	3,936,999,820	2,996,378,255	2,901,140,141	
Equity	843,481,824	791,951,788	629,863,168	580,480,275	
Controlling interests	840,891,080	789,526,123	629,863,168	580,480,275	
- share capital	73,701,392	73,701,392	73,701,392	73,701,392	
- share premium	50,276,841	50,276,637	53,412,884	53,412,884	
- reserves from profit	354,774,915	354,734,274	338,962,643	338,962,643	
- treasury share reserves	364,680	364,680	0	0	
- treasury shares	-364,680	-364,680	0	0	
- fair value reserve	85,720,837	84,099,924	59,956,444	53,859,881	
- net profit brought forward	229,260,351	165,896,170	60,543,475	9,929,059	
- net profit for the year	50,456,033	63,404,824	43,286,330	50,614,416	
- currency translation differences	-3,299,289	-2,587,098	0	0	
Non-controlling interests	2,590,744	2,425,665	0	0	
Subordinated liabilities	49,417,879	64,847,293	49,417,879	69,999,451	
Insurance technical provisions	2,562,157,051	2,393,927,336	1,794,265,570	1,713,421,521	
- unearned premiums	397,410,235	332,510,935	278,013,512	232,791,056	
- mathematical provisions	1,442,699,947	1,404,439,748	1,036,755,055	1,020,231,686	
- claims provisions	654,806,590	615,398,744	440,723,706	428,320,763	
- other insurance technical provisions	67,240,279	41,577,909	38,773,297	32,078,016	
Insurance technical provisions for unit-linked insurance contracts	478,712,465	484,942,835	422,655,199	435,592,711	
Employee benefits	15,952,265	15,873,046	12,093,764	11,892,449	
Other provisions	2,703,400	2,750,400	881,828	732,811	
Deferred tax liabilities	25,435,883	22,516,692	9,392,413	5,706,679	
Other financial liabilities	5,768,941	1,864,413	3,800,407	1,640,125	
Operating liabilities	75,765,953	66,872,331	31,792,488	31,912,738	
- liabilities from direct insurance operations	19,827,849	21,558,544	12,232,937	14,239,495	
- liabilities from reinsurance and co-insurance operations	52,910,492	41,548,913	18,037,961	15,309,075	
- current tax liabilities	3,027,612	3,764,874	1,521,590	2,364,168	
Lease liabilities	9,458,802	10,915,678	3,645,349	4,166,278	
Other liabilities	72,077,661	80,538,008	38,570,190	45,595,103	
<i>Off balance sheet items</i>	<i>205,085,659</i>	<i>205,911,992</i>	<i>98,200,530</i>	<i>107,689,690</i>	

INCOME STATEMENT

	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019
NET PREMIUM INCOME	791,086,311	751,359,666	430,430,384	418,227,194
- gross written premium	960,919,871	905,486,982	568,252,371	540,877,945
- ceded written premium	-131,251,732	-107,709,453	-113,027,412	-95,122,309
- change in unearned premium reserve	-38,581,828	-46,417,863	-24,794,575	-27,528,442
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	613,188	969,239	231,398	3,562,259
- profit on equity investments accounted for using the equity method	613,188	408,825	0	0
- other income from investments in subsidiaries and associates	0	560,414	231,398	3,562,259
INCOME FROM INVESTMENTS	72,466,176	136,218,193	49,043,128	99,333,115
- interest income calculated using the effective interest method	32,523,819	40,419,371	20,323,145	26,759,933
- gains on disposals	18,937,303	16,665,478	16,622,033	13,725,870
- other income from investments	21,005,054	79,133,344	12,097,950	58,847,312
OTHER INCOME FROM INSURANCE OPERATIONS	38,964,405	28,488,200	29,937,393	24,020,358
- fees and commission income	24,573,524	17,384,971	23,938,677	16,239,050
- other income from insurance operations	14,390,881	11,103,229	5,998,716	7,781,308
OTHER INCOME	30,827,389	28,169,028	5,803,253	8,344,930
NET CLAIMS INCURRED	510,557,065	488,396,671	280,994,469	267,307,364
- gross claims settled	505,021,317	505,527,197	294,874,213	294,208,294
- reinsurers' share	-25,162,398	-25,007,406	-24,713,832	-22,219,025
- changes in claims provisions	24,705,240	2,805,370	10,834,088	-4,681,905
- equalisation scheme expenses for supplementary health insurance	5,992,906	5,071,510	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	49,458,367	66,803,859	9,789,545	30,557,347
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-5,762,359	50,138,961	-12,800,015	40,991,514
EXPENSES FOR BONUSES AND DISCOUNTS	11,257,438	7,368,964	9,903,462	5,943,774
OPERATING EXPENSES	175,775,143	178,473,708	113,823,200	115,898,346
- acquisition costs	120,473,153	120,470,297	83,706,981	82,504,388
- other operating costs	55,301,990	58,003,411	30,116,219	33,393,958
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	60,238	666,024	12,028	159
- loss on investments accounted for using the equity method	60,238	103,316	0	0
- other expenses from financial assets and liabilities	0	562,708	12,028	159
EXPENSES FROM INVESTMENTS	46,808,699	13,300,273	30,351,690	10,653,801
- loss on impairment of investments	1,070,913	348,719	1,054,318	300,208
- loss on disposal of investments	5,790,202	6,486,947	4,656,115	6,428,848
- other expenses from investments	39,947,584	6,464,607	24,641,257	3,924,745
OTHER INSURANCE EXPENSES	47,184,771	33,524,055	19,500,384	11,158,680
OTHER EXPENSES	36,210,240	34,485,896	12,006,032	11,808,881
- expenses from financing	2,255,110	1,957,370	1,984,048	1,925,647
- other expenses	33,955,130	32,528,526	10,021,984	9,883,234
PROFIT BEFORE TAX	62,407,867	72,045,915	51,864,761	59,167,990
Income tax expense	11,649,641	12,904,839	8,578,431	9,738,542
NET PROFIT FOR THE PERIOD	50,758,226	59,141,076	43,286,330	49,429,448
Earning per share	2.23	2.60	-	-
Net profit/loss attributable to the controlling company	50,456,033	58,845,635	-	-
Net profit/loss attributable to the non-controlling interest holders	302,193	295,441	-	-

	in EUR			
STATEMENT OF OTHER COMPREHENSIVE INCOME	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019
Net profit for the period after tax	50,758,226	59,141,076	43,286,330	49,429,448
Other comprehensive income after tax	804,066	26,338,892	6,096,563	12,567,817
Items which will not be transferred in P&L in future periods	0	894	0	0
Actuarial gains/losses for pension plans	0	894	0	0
Items which could be transferred into P&L in future periods	804,066	26,337,998	6,096,563	12,567,817
Fair value gains/losses on available-for-sale financial assets	13,783,857	49,931,316	18,641,839	34,747,930
- net gains/losses recognized directly in equity	24,600,935	54,700,841	27,756,245	43,713,173
- transfers from equity to income statement	-10,817,078	-4,769,525	-9,114,406	-8,965,243
Liabilities from insurance contracts with DPF	-9,175,813	-15,936,567	-9,175,814	-15,952,971
Currency translation differences	-721,708	201,423	0	0
Tax on other comprehensive income	-3,082,270	-7,858,174	-3,369,462	-6,227,142
COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	51,562,292	85,479,968	49,382,893	61,997,265
Controlling interest	51,364,755	85,122,226	-	-
Non-controlling interest	197,537	357,742	-	-

in EUR

Triglav Group	Share capital	Share premium	Reserves from profit						Fair value reserve	Net profit/loss brought forward	Net profit/loss	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
			Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares (deductible item)	Credit risk reserves	Other reserves form profit							
As at 1 January 2020	73,701,392	50,276,637	640,339	19,793,935	364,680	-364,680	0	334,300,000	84,099,924	165,896,170	63,404,824	-2,587,098	789,526,123	2,425,665	791,951,788
Comprehensive income for the period from 1 January 2020 to 30 September 2020	0	0	0	0	0	0	0	0	1,620,913	0	50,456,033	-712,191	51,364,755	197,537	51,562,292
a) Net profit	0	0	0	0	0	0	0	0	0	0	50,456,033	0	50,456,033	302,193	50,758,226
b) Other comprehensive income	0	0	0	0	0	0	0	0	1,620,913	0	0	-712,191	908,722	-104,656	804,066
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	63,404,824	-63,404,824	0	0	0	0
Covering of the loss brought forward	0	0	0	40,641	0	0	0	0	0	-40,641	0	0	0	0	0
Changes in consolidation area	0	204	0	0	0	0	0	0	0	0	0	0	204	-32,458	-32,254
As at 30 September 2020	73,701,392	50,276,841	640,339	19,834,576	364,680	-364,680	0	334,300,000	85,720,837	229,260,351	50,456,033	-3,299,289	840,891,080	2,590,744	843,481,824
As at 1 January 2019	73,701,392	50,206,540	599,088	19,221,613	364,680	-364,680	763	314,300,001	66,237,889	142,483,579	80,533,643	-2,717,701	744,566,806	2,295,999	746,862,805
Comprehensive income for the period from 1 January 2019 to 30 September 2019	0	0	0	0	0	0	0	0	26,079,005	0	58,845,635	197,586	85,122,226	357,742	85,479,968
a) Net profit	0	0	0	0	0	0	0	0	0	0	58,845,635	0	58,845,635	295,441	59,141,076
b) Other comprehensive income	0	0	0	0	0	0	0	0	26,079,005	0	0	197,586	26,276,591	62,301	26,338,892
Transfer of net profit to reserves from profit	0	0	40,528	0	0	0	0	0	0	-40,528	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	-56,777,147	0	0	-56,777,147	0	-56,777,147
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	80,533,643	-80,533,643	0	0	0	0
Changes in consolidation area	0	519	0	-213	0	0	0	0	0	0	0	0	306	-72,637	-72,331
As at 30 September 2019	73,701,392	50,207,059	639,616	19,221,400	364,680	-364,680	763	314,300,001	92,316,895	166,199,544	58,845,635	-2,520,114	772,912,191	2,581,104	775,493,295

in EUR

Zavarovalnica Triglav	Share capital	Share premium	Reserves form profit		Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Other reserves from profit				
As at 1 January 2020	73,701,392	53,412,884	4,662,643	334,300,000	53,859,881	9,929,059	50,614,416	580,480,275
Comprehensive income for the period from 1 January 2020 to 30 September 2020	0	0	0	0	6,096,563	0	43,286,330	49,382,893
a) Net profit	0	0	0	0	0	0	43,286,330	43,286,330
b) Other comprehensive income	0	0	0	0	6,096,563	0	0	6,096,563
Transfer to retained earnings	0	0	0	0	0	50,614,416	-50,614,416	0
As at 30 September 2020	73,701,392	53,412,884	4,662,643	334,300,000	59,956,444	60,543,475	43,286,330	629,863,168
As at 1 January 2019	73,701,392	53,412,884	4,662,643	314,300,000	47,260,189	1,239,764	65,543,864	560,120,736
Comprehensive income for the period from 1 January 2019 to 30 September 2019	0	0	0	0	12,567,817	0	49,429,448	61,997,265
a) Net profit	0	0	0	0	0	0	49,429,448	49,429,448
b) Other comprehensive income	0	0	0	0	12,567,817	0	0	12,567,817
Transfer to retained earnings	0	0	0	0	0	65,543,864	-65,543,864	0
Payment of dividends	0	0	0	0	0	-56,837,870	0	-56,837,870
As at 30 September 2019	73,701,392	53,412,884	4,662,643	314,300,000	59,828,006	9,945,758	49,429,448	565,280,131

in EUR

CASH FLOW STATEMENT		Triglav Group		Zavarovalnica Triglav	
		Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019
A.	OPERATING CASH FLOW				
	Income statement items	148,373,342	129,684,722	71,770,889	62,643,454
	Net written premium for the period	869,710,361	827,341,659	455,224,958	445,755,637
	Investment income (excluding financial income)	21,316,314	22,838,326	7,501,340	9,712,517
	Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	25,032,181	33,416,261	7,190,577	7,576,537
	Net claims paid	-494,962,258	-486,331,695	-270,160,381	-271,989,268
	Bonuses and rebates paid	-6,926,345	-7,176,858	-5,753,378	-5,943,775
	Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-185,015,575	-190,685,856	-92,442,448	-94,685,334
	Investment expenses (excluding depreciation charge and financial expenses)	-17,005,130	-5,641,391	-6,068,876	-3,619,362
	Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-51,621,459	-49,427,757	-14,616,165	-12,681,637
	Corporate income tax and other taxes excluded from operating expenses	-12,154,747	-14,647,967	-9,104,738	-11,481,861
	Changes in net current assets-operating balance sheet items	-51,757,298	-45,156,053	-39,395,252	-21,615,260
	Movements in receivables from direct insurance operations	-25,506,574	-31,799,485	-24,305,242	-23,639,893
	Movements in receivables from reinsurance operations	-27,978,815	-8,992,462	-6,765,192	2,203,807
	Movements in other receivables from (re)insurance operations	-13,603,394	-11,045,077	-2,264,124	-2,299,795
	Movements in other receivables and assets	-4,030,922	-6,820,347	988,970	2,243,501
	Movements in deferred tax assets	-1,084,009	-1,848,979	0	0
	Movements in inventories	863,139	1,062,868	-68,814	-123,652
	Movements in debts from direct insurance operations	-1,352,002	1,750,530	-2,006,558	2,193,150
	Movements in debts from reinsurance operations	13,258,164	4,022,668	2,728,886	4,349,508
	Movements in operating debts	-2,596,657	-7,948,546	-271,583	-49,992
	Movements in other liabilities (excluding unearned premiums)	11,195,830	15,532,434	-7,431,595	-6,491,894
	Movements in deferred tax liabilities	-922,058	930,343	0	0
	Net cash from/ (used in) operating activities	96,616,044	84,528,669	32,375,637	41,028,194
B.	CASH FLOWS FROM INVESTING ACTIVITIES				0
	Cash inflows from investing activities	1,049,870,046	855,751,586	849,673,029	682,825,586
	Cash inflows from interest from investing activities	35,873,864	42,632,330	24,454,758	29,772,939
	Cash inflows from dividends received and profit sharing	4,272,137	4,696,241	3,114,414	6,989,438
	Cash inflows from the disposal of property, plant and equipment	3,988,568	6,868,367	287,122	1,108,151
	Cash inflows from the disposal of financial investments	1,005,735,477	801,554,648	821,816,735	644,955,058
	- Cash inflows from the disposal of investments in subsidiaries and associates	0	2,340,104	0	0
	- Other cash inflows from disposal of financial investments	1,005,735,477	799,214,544	821,816,735	644,955,058
	Cash outflows from investing activities	-1,101,838,862	-908,752,731	-854,264,772	-695,969,023
	Cash outflows for the purchase of intangible assets	-6,526,413	-3,767,123	-4,871,597	-2,232,820
	Cash outflows for the purchase of property, plant and equipment	-7,371,990	-12,088,735	-2,480,475	-5,946,152
	Cash outflows for the purchase of financial investments	-1,087,940,459	-892,896,873	-846,912,700	-687,790,051
	- Cash outflows for the purchase of investments in subsidiaries and associates	-13,532,729	-1,109,098	-13,500,000	-4,094,671
	- Other cash outflows to acquire financial investments	-1,074,407,730	-891,787,775	-833,412,700	-683,695,380
	Net cash from/ (used in) investing activities	-51,968,816	-53,001,145	-4,591,743	-13,143,437
C.	CASH FLOWS FROM FINANCING ACTIVITIES				
	Cash inflows from financing activities	0	49,367,159	0	49,367,159
	Cash inflows from long-term loans received and issued	0	49,367,159	0	49,367,159
	Cash outflows from financing activities	-24,841,004	-58,867,386	-22,672,150	-58,740,380
	Cash outflows for paid interest	-1,627,325	-1,282,996	-1,275,355	-1,282,996
	Cash outflows for payments of long-term financial liabilities	-20,628,000	-187,731	-20,628,000	0
	Cash outflows for payments of short-term financial liabilities	-2,585,679	-619,088	-768,795	-619,088
	Cash outflows from dividends paid and profit sharing	0	-56,777,571	0	-56,838,296
	Net cash from/ (used in) financing activities	-24,841,004	-9,500,227	-22,672,150	-9,373,221
D.	Closing balance of cash and cash equivalents	95,616,632	92,509,470	31,223,856	36,510,023
E1.	Net cash flow for the period	19,806,224	22,027,297	5,111,744	18,511,536
E2.	External acquisition	0	2,862,910	0	0
E3.	Foreign exchange differences	-59,367	17,603	0	0
F.	Opening balance of cash and cash equivalents	75,869,775	67,601,660	26,112,112	17,998,487

2. Selected notes to the financial statements

2.1 Statement of compliance

The financial statements for the period from 1 January 2020 to 30 September 2020 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 2020 to 30 September 2020 have not been audited.

2.2 Significant accounting policies and estimates and the impact of the COVID-19 pandemic

Due to the COVID-19 pandemic, which has had a significant impact on the economic and financial markets, the Company additionally tested the appropriateness of the accounting policies, estimates and assumptions used in 2019 and assessed the impact on its financial position, cash flows and profit or loss. Details are given below.

Risk management and verification of going concern assumptions

The going concern assumptions are regularly checked at the level of both the Triglav Group and Zavarovalnica Triglav. The Group regularly monitors current and potential risks and reliably manages them. Mechanisms to ensure business continuity in the event of deterioration of the situation at the local and/or global level are established at the Group level. The risk profile at the Group level does not significantly deviate compared to the end of the year, with due regard to changes in financial markets and portfolio growth over the period. Adequate liquidity of the parent company and the Group is also ensured in the situations verified in the scenario tests, and the capital adequacy of the Group is assessed as strong. On the basis of all the calculations presented, it can be confirmed that the going concern assumption is appropriate.

Impairment of non-financial assets

Under intangible assets, the value of goodwill was verified. In the impairment test, the signs of impairment (i.e. net cash inflows compared to the plan and the discount factor) were tested, which showed that as at 30 September 2020 there was no need to impair goodwill.

The value of real property for own use and investment property was verified. Restrictions due to the declaration of the COVID-19 pandemic also had an impact on the real property market, which was quite inactive and consequently there is insufficient quality data available to assess the impact of COVID-19 on real property valuation. Nevertheless, it was decided to conduct the appraisals of all real properties that had not yet been completed by the time of publication of this report. According to initial estimates, the real property portfolio of the Triglav Group will not be significantly affected by the negative impact of the pandemic, thus no impairments of

real property were recognised as at 30 September 2020. Furthermore, the value of right-of-use assets was not impaired as the rental conditions for in-use assets did not change significantly.

Impairment and measurement of the fair value of financial assets

No significant changes in financial markets occurred in the period from 1 January to 30 September 2020 that would change the measurement of financial assets, particularly as regards the appropriateness of the fair value of financial instruments and the potential impairment of equity instruments recognised as available-for-sale financial assets. Based on the criteria used in 2019, impairments of available-for-sale financial assets were recognised in the amount of EUR 1.1 million, both at the level of the Triglav Group and Zavarovalnica Triglav.

As regards receivables, the appropriateness of the criteria for allowance was verified. As there was no significant increase in overdue receivables, it was assessed that the criteria used in 2019 were appropriate. In the first nine months of 2020, the Group recognised impairment losses on receivables in the amount of EUR 4.8 million and the Company in the amount of EUR 3.1 million.

No impairment losses were recognised among other assets.

Changes in accounting estimates and other verification

Due to changes in financial markets, the adequacy of the calculation of mathematical provisions was verified and the internally set maximum interest rate used by the Company for the valuation of life insurance liabilities was reduced from 2.7% to 2.5%. As a result, mathematical provisions in individual financial statements increased by EUR 10.2 million. Due to the reduction of interest rates, additional provisions in the amount of EUR 10.5 million were recognised in the consolidated financial statements as a result of the liability adequacy test for Triglav, pokojninska družba. These are the two current estimates based on information available. The Company will continue to regularly monitor developments in the financial markets and adjust the interest rate accordingly.

Due to restricted activities during the crisis, the Company adjusted the criteria and conditions for the payment of the extraordinary bonus to policyholders for premium for liability insurance and motor vehicle insurance. To this end, additional provisions for bonuses of EUR 4.2 million were formed. It is assessed that the majority of these provisions will be released in early 2021 upon the renewal of insurance policies.

Due to the pandemic, other insurance technical provisions for health insurance were increased in the consolidated financial statements in the amount of EUR 18.4 million.

With respect to the calculation of tax expenses, the adequacy of the effective tax rate of the preceding year was verified. As there were no significant deviations, the same rate was used this year.

2.3 Seasonal operations

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

2.4 Segmental analysis of the Triglav Group operations

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT
30 September 2020

	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	2,067,306,370	2,150,191,455	95,910,758	203,851,886	4,517,260,469	-376,328,345	4,140,932,124
Intangible assets	82,439,510	5,078,545	1,056,705	20,415,608	108,990,368	0	108,990,368
Property, plant and equipment	93,790,011	10,188,552	1,333,936	5,908,607	111,221,106	0	111,221,106
Non-current assets held for sale	0	0	0	809,277	809,277	0	809,277
Deferred tax assets	11,393,500	319,584	145,788	287,975	12,146,847	0	12,146,847
Investment property	47,392,568	1,830,855	0	27,161,958	76,385,381	4,023,015	80,408,396
Right of use assets	8,990,531	668,150	797,969	2,704,679	13,161,329	-3,920,294	9,241,035
Investments in subsidiaries	128,062,494	15,104,174	0	74,007,959	217,174,627	-217,174,627	0
Investments in associates	26,628,614	465,826	0	0	27,094,440	0	27,094,440
Financial investments	1,118,858,992	1,603,328,877	79,649,310	37,206,570	2,839,043,749	-7,936,321	2,831,107,428
- loans and deposits	69,539,536	29,473,825	0	3,652,891	102,666,252	-7,936,321	94,729,931
- held to maturity	0	166,128,806	0	0	166,128,806	0	166,128,806
- available for sale	1,044,150,838	905,900,293	79,649,310	33,553,679	2,063,254,120	0	2,063,254,120
- recognised at fair value through profit and loss	5,168,618	501,825,953	0	0	506,994,571	0	506,994,571
Unit-linked insurance assets	0	474,099,120	0	0	474,099,120	0	474,099,120
Reinsurers' share of technical provisions	233,390,587	1,723,312	1,921,940	0	237,035,839	-99,113,304	137,922,535
Receivables	274,871,452	2,494,317	6,690,066	14,862,011	298,917,846	-52,123,183	246,794,663
- receivables from direct insurance operations	131,010,907	826,132	5,558,162	37,636	137,432,837	-188,106	137,244,731
- receivables from reinsurance and co-insurance operations	126,556,223	163,245	231,817	0	126,951,285	-51,289,730	75,661,555
- current tax receivables	153,198	16,511	0	3,408,290	3,577,999	0	3,577,999
- other receivables	17,151,124	1,488,429	900,087	11,416,085	30,955,725	-645,347	30,310,378
Other assets	4,270,067	631,938	110,931	550,972	5,563,908	-83,631	5,480,277
Cash and cash equivalents	37,218,044	34,258,205	4,204,113	19,936,270	95,616,632	0	95,616,632
EQUITY AND LIABILITIES	2,067,306,370	2,150,191,455	95,910,758	203,851,886	4,517,260,469	-376,328,345	4,140,932,124
Equity	672,329,168	170,281,607	40,477,556	182,909,205	1,065,997,536	-222,515,712	843,481,824
Controlling interests	672,329,168	170,281,607	40,477,556	182,909,205	1,065,997,536	-225,106,456	840,891,080
- share capital	115,741,097	48,491,866	25,822,144	103,744,632	293,799,739	-220,098,347	73,701,392
- share premium	43,511,478	13,658,827	0	20,596,489	77,766,794	-27,489,953	50,276,841
- reserves from profit	304,336,478	47,223,257	759,573	1,737,217	354,056,525	718,390	354,774,915
- treasury share reserves	0	0	0	364,680	364,680	0	364,680
- treasury shares	0	0	0	0	0	-364,680	-364,680
- fair value reserve	58,085,583	13,989,281	1,502,578	13,236,043	86,813,485	-1,092,648	85,720,837
- net profit brought forward	108,001,381	40,766,593	7,030,922	39,545,644	195,344,540	33,915,811	229,260,351
- net profit for the year	44,797,430	7,207,903	5,362,339	3,757,464	61,125,136	-10,669,103	50,456,033
- currency translation differences	-2,144,279	-1,056,120	0	-72,964	-3,273,363	-25,926	-3,299,289
Non-controlling interests	0	0	0	0	0	2,590,744	2,590,744
Subordinated liabilities	49,417,879	0	1,500,000	0	50,917,879	-1,500,000	49,417,879
Insurance technical provisions	1,140,763,665	1,470,165,532	41,724,614	0	2,652,653,811	-90,496,760	2,562,157,051
- unearned premiums	425,267,261	413,130	3,722,176	0	429,402,567	-31,992,332	397,410,235
- mathematical provisions	0	1,432,206,355	0	0	1,432,206,355	10,493,592	1,442,699,947
- claims provisions	684,265,026	22,203,977	15,897,776	0	722,366,779	-67,560,189	654,806,590
- other insurance technical provisions	31,231,378	15,342,070	22,104,662	0	68,678,110	-1,437,831	67,240,279
Insurance technical provisions for unit-linked insurance contracts	0	478,712,465	0	0	478,712,465	0	478,712,465
Employee benefits	12,336,950	2,295,724	627,433	692,158	15,952,265	0	15,952,265
Other provisions	1,453,360	134,652	76,069	1,039,319	2,703,400	0	2,703,400
Deferred tax liabilities	13,707,937	7,465,821	0	4,273,797	25,447,555	-11,672	25,435,883
Other financial liabilities	6,232,966	3,115,479	74,208	1,568,236	10,990,889	-5,221,948	5,768,941
Operating liabilities	112,180,931	8,774,535	4,723,970	66,224	125,745,660	-49,979,707	75,765,953
- liabilities from direct insurance operations	8,714,074	8,315,579	3,283,630	0	20,313,283	-485,434	19,827,849
- liabilities from reinsurance and co-insurance operations	101,773,975	402,022	228,768	0	102,404,765	-49,494,273	52,910,492
- current tax liabilities	1,692,882	56,934	1,211,572	66,224	3,027,612	0	3,027,612
Lease liabilities	9,181,892	619,184	806,461	2,891,156	13,498,693	-4,039,891	9,458,802
Other liabilities	49,701,622	8,626,456	5,900,447	10,411,791	74,640,316	-2,562,655	72,077,661

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT

31 December 2019

	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	1,886,331,447	2,127,584,025	69,867,321	200,898,657	4,284,681,450	-347,681,630	3,936,999,820
Intangible assets	73,873,704	4,960,073	1,410,073	21,481,875	101,725,725	0	101,725,725
Property, plant and equipment	95,558,447	10,287,688	1,330,907	6,895,248	114,072,290	0	114,072,290
Non-current assets held for sale	0	0	0	4,164,221	4,164,221	0	4,164,221
Deferred tax assets	11,673,552	286,682	179,837	322,011	12,462,082	0	12,462,082
Investment property	48,371,952	1,867,050	0	25,659,463	75,898,465	4,023,015	79,921,480
Right of use assets	11,003,727	818,995	813,973	2,416,991	15,053,686	-4,115,761	10,937,925
Investments in subsidiaries	127,367,858	15,104,174	0	72,875,056	215,347,088	-215,347,088	0
Investments in associates	12,628,315	526,064	0	0	13,154,379	0	13,154,379
Financial investments	1,081,648,504	1,572,636,846	57,376,656	42,720,774	2,754,382,780	-14,351,828	2,740,030,952
- loans and deposits	82,447,820	28,035,356	108	11,294,539	121,777,823	-9,199,672	112,578,151
- held to maturity	0	186,109,072	0	0	186,109,072	0	186,109,072
- available for sale	938,892,715	803,897,253	57,376,548	31,426,235	1,831,592,751	-4,652,335	1,826,940,416
- recognised at fair value through profit and loss	60,307,969	554,595,165	0	0	614,903,134	-499,821	614,403,313
Unit-linked insurance assets	0	482,031,288	0	0	482,031,288	0	482,031,288
Reinsurers' share of technical provisions	174,939,813	372,098	1,977,798	0	177,289,709	-74,541,903	102,747,806
Receivables	218,205,416	3,401,672	6,225,706	9,702,838	237,535,632	-43,299,884	194,235,748
- receivables from direct insurance operations	98,750,207	940,602	5,904,061	39,889	105,634,759	-174,930	105,459,829
- receivables from reinsurance and co-insurance operations	98,989,542	212,839	191,854	0	99,394,235	-41,404,733	57,989,502
- current tax receivables	194,416	1,172	0	1,085,761	1,281,349	0	1,281,349
- other receivables	20,271,251	2,247,059	129,791	8,577,188	31,225,289	-1,720,221	29,505,068
Other assets	4,718,106	74,106	60,856	841,262	5,694,330	-48,181	5,646,149
Cash and cash equivalents	26,342,053	35,217,289	491,515	13,818,918	75,869,775	0	75,869,775
EQUITY AND LIABILITIES	1,886,331,447	2,127,584,025	69,867,321	200,898,657	4,284,681,450	-347,681,630	3,936,999,820
Equity	624,320,880	163,093,029	34,970,059	179,818,228	1,002,202,196	-210,250,408	791,951,788
Controlling interests	624,320,880	163,093,029	34,970,059	179,818,228	1,002,202,196	-212,676,073	789,526,123
- share capital	114,718,513	48,491,866	25,822,144	104,271,537	293,304,060	-219,602,668	73,701,392
- share premium	43,118,794	13,658,827	0	20,596,489	77,374,110	-27,097,473	50,276,637
- reserves from profit	304,169,128	47,203,902	759,573	1,737,217	353,869,820	864,454	354,734,274
- treasury share reserves	0	0	0	0	0	364,680	364,680
- treasury shares	0	0	0	0	0	-364,680	-364,680
- fair value reserve	56,592,416	13,594,911	1,357,420	13,742,971	85,287,718	-1,187,794	84,099,924
- net profit brought forward	63,783,256	26,125,799	4,385,242	35,792,884	130,087,181	35,808,989	165,896,170
- net profit for the year	43,800,570	14,660,149	2,645,680	3,713,810	64,820,209	-1,415,385	63,404,824
- currency translation differences	-1,861,797	-642,425	0	-36,680	-2,540,902	-46,196	-2,587,098
Non-controlling interests	0	0	0	0	0	2,425,665	2,425,665
Subordinated liabilities	60,160,065	9,839,385	1,500,000	0	71,499,450	-6,652,157	64,847,293
Insurance technical provisions	1,008,682,231	1,438,237,510	21,698,247	0	2,468,617,988	-74,690,652	2,393,927,336
- unearned premiums	343,950,574	443,779	3,436,474	0	347,830,827	-15,319,892	332,510,935
- mathematical provisions	0	1,404,439,748	0	0	1,404,439,748	0	1,404,439,748
- claims provisions	637,832,876	20,761,018	14,541,924	0	673,135,818	-57,737,074	615,398,744
- other insurance technical provisions	26,898,781	12,592,965	3,719,849	0	43,211,595	-1,633,686	41,577,909
Insurance technical provisions for unit-linked insurance contracts	0	484,942,835	0	0	484,942,835	0	484,942,835
Employee benefits	12,308,513	2,265,686	628,812	670,035	15,873,046	0	15,873,046
Other provisions	1,377,941	127,805	130,334	1,114,320	2,750,400	0	2,750,400
Deferred tax liabilities	13,090,239	5,030,501	0	4,407,808	22,528,548	-11,856	22,516,692
Other financial liabilities	1,746,437	25,699	98,854	1,189,450	3,060,440	-1,196,027	1,864,413
Operating liabilities	91,801,534	11,691,145	5,348,431	138,345	108,979,455	-42,107,124	66,872,331
- liabilities from direct insurance operations	6,784,884	11,128,658	4,346,780	0	22,260,322	-701,778	21,558,544
- liabilities from reinsurance and co-insurance operations	82,218,277	532,812	203,170	0	82,954,259	-41,405,346	41,548,913
- current tax liabilities	2,798,373	29,675	798,481	138,345	3,764,874	0	3,764,874
Lease liabilities	10,997,796	794,424	819,669	2,491,774	15,103,663	-4,187,985	10,915,678
Other liabilities	61,845,811	11,536,007	4,672,915	11,068,697	89,123,430	-8,585,422	80,538,008

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

30 September 2020

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	4,024,026,261	493,234,208	4,517,260,469	-376,328,345	4,140,932,124
Intangible assets	90,680,289	18,310,079	108,990,368	0	108,990,368
Property, plant and equipment	71,403,249	39,817,857	111,221,106	0	111,221,106
Non-current assets held for sale	662,482	146,795	809,277	0	809,277
Deferred tax assets	11,756,034	390,813	12,146,847	0	12,146,847
Investment property	70,218,898	6,166,483	76,385,381	4,023,015	80,408,396
Right of use assets	6,186,991	6,974,338	13,161,329	-3,920,294	9,241,035
Investments in subsidiaries	210,718,717	6,455,910	217,174,627	-217,174,627	0
Investments in associates	27,094,440	0	27,094,440	0	27,094,440
Financial investments	2,592,002,457	247,041,292	2,839,043,749	-7,936,321	2,831,107,428
- loans and deposits	58,449,806	44,216,446	102,666,252	-7,936,321	94,729,931
- held to maturity	157,804,428	8,324,378	166,128,806	0	166,128,806
- available for sale	1,875,283,274	187,970,846	2,063,254,120	0	2,063,254,120
- recognised at fair value through profit and loss	500,464,949	6,529,622	506,994,571	0	506,994,571
Unit-linked insurance assets	452,968,996	21,130,124	474,099,120	0	474,099,120
Reinsurers' share of technical provisions	181,999,456	55,036,383	237,035,839	-99,113,304	137,922,535
Receivables	238,692,109	60,225,737	298,917,846	-52,123,183	246,794,663
- receivables from direct insurance operations	97,071,033	40,361,804	137,432,837	-188,106	137,244,731
- receivables from reinsurance and co-insurance operations	117,372,285	9,579,000	126,951,285	-51,289,730	75,661,555
- current tax receivables	3,385,351	192,648	3,577,999	0	3,577,999
- other receivables	20,863,440	10,092,285	30,955,725	-645,347	30,310,378
Other assets	3,119,470	2,444,438	5,563,908	-83,631	5,480,277
Cash and cash equivalents	66,522,673	29,093,959	95,616,632	0	95,616,632
EQUITY AND LIABILITIES	4,024,026,261	493,234,208	4,517,260,469	-376,328,345	4,140,932,124
Equity	942,741,998	123,255,538	1,065,997,536	-222,515,712	843,481,824
Controlling interests	942,741,998	123,255,538	1,065,997,536	-225,106,456	840,891,080
- share capital	192,452,158	101,347,581	293,799,739	-220,098,347	73,701,392
- share premium	75,746,998	2,019,796	77,766,794	-27,489,953	50,276,841
- reserves from profit	343,392,459	10,664,066	354,056,525	718,390	354,774,915
- treasury share reserves	364,680	0	364,680	0	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	78,113,975	8,699,510	86,813,485	-1,092,648	85,720,837
- net profit brought forward	196,199,706	-855,166	195,344,540	33,915,811	229,260,351
- net profit for the year	56,472,022	4,653,114	61,125,136	-10,669,103	50,456,033
- currency translation differences	0	-3,273,363	-3,273,363	-25,926	-3,299,289
Non-controlling interests	0	0	0	2,590,744	2,590,744
Subordinated liabilities	50,917,879	0	50,917,879	-1,500,000	49,417,879
Insurance technical provisions	2,367,202,421	285,451,390	2,652,653,811	-90,496,760	2,562,157,051
- unearned premiums	335,158,414	94,244,153	429,402,567	-31,992,332	397,410,235
- mathematical provisions	1,355,528,842	76,677,513	1,432,206,355	10,493,592	1,442,699,947
- claims provisions	611,409,964	110,956,815	722,366,779	-67,560,189	654,806,590
- other insurance technical provisions	65,105,201	3,572,909	68,678,110	-1,437,831	67,240,279
Insurance technical provisions for unit-linked insurance contracts	457,732,911	20,979,554	478,712,465	0	478,712,465
Employee benefits	13,545,365	2,406,900	15,952,265	0	15,952,265
Other provisions	1,747,432	955,968	2,703,400	0	2,703,400
Deferred tax liabilities	23,812,461	1,635,094	25,447,555	-11,672	25,435,883
Other financial liabilities	5,686,119	5,304,770	10,990,889	-5,221,948	5,768,941
Operating liabilities	95,178,322	30,567,338	125,745,660	-49,979,707	75,765,953
- liabilities from direct insurance operations	15,811,953	4,501,330	20,313,283	-485,434	19,827,849
- liabilities from reinsurance and co-insurance operations	76,607,604	25,797,161	102,404,765	-49,494,273	52,910,492
- current tax liabilities	2,758,765	268,847	3,027,612	0	3,027,612
Lease liabilities	6,364,005	7,134,688	13,498,693	-4,039,891	9,458,802
Other liabilities	59,097,348	15,542,968	74,640,316	-2,562,655	72,077,661

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

31 December 2019

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,838,569,798	446,111,652	4,284,681,450	-347,681,630	3,936,999,820
Intangible assets	86,275,221	15,450,504	101,725,725	0	101,725,725
Property, plant and equipment	72,964,687	41,107,603	114,072,290	0	114,072,290
Non-current assets held for sale	4,015,117	149,104	4,164,221	0	4,164,221
Deferred tax assets	12,141,162	320,920	12,462,082	0	12,462,082
Investment property	69,084,866	6,813,599	75,898,465	4,023,015	79,921,480
Right of use assets	6,838,989	8,214,697	15,053,686	-4,115,761	10,937,925
Investments in subsidiaries	209,585,814	5,761,274	215,347,088	-215,347,088	0
Investments in associates	13,154,379	0	13,154,379	0	13,154,379
Financial investments	2,513,307,413	241,075,367	2,754,382,780	-14,351,828	2,740,030,952
- loans and deposits	74,692,193	47,085,630	121,777,823	-9,199,672	112,578,151
- held to maturity	166,255,014	19,854,058	186,109,072	0	186,109,072
- available for sale	1,663,388,304	168,204,447	1,831,592,751	-4,652,335	1,826,940,416
- recognised at fair value through profit and loss	608,971,902	5,931,232	614,903,134	-499,821	614,403,313
Unit-linked insurance assets	460,427,633	21,603,655	482,031,288	0	482,031,288
Reinsurers' share of technical provisions	150,961,953	26,327,756	177,289,709	-74,541,903	102,747,806
Receivables	181,409,391	56,126,241	237,535,632	-43,299,884	194,235,748
- receivables from direct insurance operations	74,305,445	31,329,314	105,634,759	-174,930	105,459,829
- receivables from reinsurance and co-insurance operations	84,833,856	14,560,379	99,394,235	-41,404,733	57,989,502
- current tax receivables	1,067,973	213,376	1,281,349	0	1,281,349
- other receivables	21,202,117	10,023,172	31,225,289	-1,720,221	29,505,068
Other assets	4,099,703	1,594,627	5,694,330	-48,181	5,646,149
Cash and cash equivalents	54,303,470	21,566,305	75,869,775	0	75,869,775
EQUITY AND LIABILITIES	3,838,569,798	446,111,652	4,284,681,450	-347,681,630	3,936,999,820
Equity	881,561,015	120,641,181	1,002,202,196	-210,250,408	791,951,788
Controlling interests	881,561,015	120,641,181	1,002,202,196	-212,676,073	789,526,123
- share capital	192,452,158	100,851,902	293,304,060	-219,602,668	73,701,392
- share premium	75,746,998	1,627,112	77,374,110	-27,097,473	50,276,637
- reserves from profit	343,392,459	10,477,361	353,869,820	864,454	354,734,274
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	73,405,014	11,882,704	85,287,718	-1,187,794	84,099,924
- net profit brought forward	133,037,893	-2,950,712	130,087,181	35,808,989	165,896,170
- net profit for the year	63,526,493	1,293,716	64,820,209	-1,415,385	63,404,824
- currency translation differences	0	-2,540,902	-2,540,902	-46,196	-2,587,098
Non-controlling interests	0	0	0	2,425,665	2,425,665
Subordinated liabilities	71,499,450	0	71,499,450	-6,652,157	64,847,293
Insurance technical provisions	2,223,254,495	245,363,493	2,468,617,988	-74,690,652	2,393,927,336
- unearned premiums	263,723,691	84,107,136	347,830,827	-15,319,892	332,510,935
- mathematical provisions	1,332,983,430	71,456,318	1,404,439,748	0	1,404,439,748
- claims provisions	586,682,208	86,453,610	673,135,818	-57,737,074	615,398,744
- other insurance technical provisions	39,865,166	3,346,429	43,211,595	-1,633,686	41,577,909
Insurance technical provisions for unit-linked insurance contracts	463,586,629	21,356,205	484,942,835	0	484,942,835
Employee benefits	13,354,845	2,518,201	15,873,046	0	15,873,046
Other provisions	1,628,428	1,121,972	2,750,400	0	2,750,400
Deferred tax liabilities	20,596,705	1,931,843	22,528,548	-11,856	22,516,692
Other financial liabilities	1,777,384	1,283,056	3,060,440	-1,196,027	1,864,413
Operating liabilities	84,924,626	24,054,829	108,979,455	-42,107,124	66,872,331
- liabilities from direct insurance operations	19,009,220	3,251,102	22,260,322	-701,778	21,558,544
- liabilities from reinsurance and co-insurance operations	62,416,891	20,537,368	82,954,259	-41,405,346	41,548,913
- current tax liabilities	3,498,515	266,359	3,764,874	0	3,764,874
Lease liabilities	6,940,044	8,163,619	15,103,663	-4,187,985	10,915,678
Other liabilities	69,446,177	19,677,253	89,123,430	-8,585,422	80,538,008

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	Q1-3 2020				
	Non-life	Life	Health	Other	TOTAL
NET PREMIUM INCOME	475,614,986	169,005,076	146,466,249	0	791,086,311
- gross written premium	642,686,101	171,487,986	146,745,784	0	960,919,871
- ceded written premium	-128,738,489	-2,513,243	0	0	-131,251,732
- change in unearned premium reserve	-38,332,626	30,333	-279,535	0	-38,581,828
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	500,299	0	0	112,889	613,188
- profit on equity investments accounted for using the equity method	500,299	0	0	112,889	613,188
- other income from investments in subsidiaries and associates	0	0	0	0	0
INCOME FROM INVESTMENTS	20,541,285	51,240,318	577,107	107,466	72,466,176
- interest income calculated using the effective interest method	10,349,482	21,677,898	463,841	32,598	32,523,819
- gains on disposals	6,332,530	12,491,507	113,266	0	18,937,303
- other income from investments	3,859,273	17,070,913	0	74,868	21,005,054
OTHER INCOME FROM INSURANCE OPERATIONS	38,116,914	800,121	47,370	0	38,964,405
- fees and commission income	23,812,443	761,081	0	0	24,573,524
- other income from insurance operations	14,304,471	39,040	47,370	0	14,390,881
OTHER INCOME	5,186,392	42,252	91,891	25,506,854	30,827,389
NET CLAIMS INCURRED	271,275,784	129,103,887	110,177,394	0	510,557,065
- gross claims settled	273,875,056	128,314,538	102,831,723	0	505,021,317
- reinsurers' share	-24,551,933	-610,738	273	0	-25,162,398
- changes in claims provisions	21,952,661	1,400,087	1,352,492	0	24,705,240
- equalisation scheme expenses for supplementary health insurance	0	0	5,992,906	0	5,992,906
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	201,432	30,872,122	18,384,813	0	49,458,367
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-5,762,359	0	0	-5,762,359
EXPENSES FOR BONUSES AND DISCOUNTS	11,179,599	77,839	0	0	11,257,438
OPERATING EXPENSES	139,489,883	26,104,015	10,181,245	0	175,775,143
- acquisition costs	102,090,004	15,608,962	2,774,187	0	120,473,153
- other operating costs	37,399,879	10,495,053	7,407,058	0	55,301,990
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	0	60,238	0	0	60,238
- loss on investments accounted for using the equity method	0	60,238	0	0	60,238
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM INVESTMENTS	8,812,036	37,919,325	70,435	6,903	46,808,699
- loss on impairment of investments	998,546	72,367	0	0	1,070,913
- loss on disposal of investments	1,339,290	4,431,031	19,881	0	5,790,202
- other expenses from investments	6,474,200	33,415,927	50,554	6,903	39,947,584
OTHER INSURANCE EXPENSES	44,974,988	1,554,504	655,279	0	47,184,771
OTHER EXPENSES	11,170,604	1,557,837	18,838	23,462,961	36,210,240
- expenses from financing	1,986,693	143,734	-8,611	133,294	2,255,110
- other expenses	9,183,911	1,414,103	27,449	23,329,667	33,955,130
PROFIT BEFORE TAX	52,855,550	-399,641	7,694,613	2,257,345	62,407,867
Income tax expense	8,381,234	1,095,217	1,211,572	961,618	11,649,641
NET PROFIT FOR THE PERIOD	44,474,316	-1,494,858	6,483,041	1,295,727	50,758,226
Net profit/loss attributable to the controlling company	44,164,682	-1,507,371	6,483,041	1,315,681	50,456,033
Net profit/loss attributable to the non-controlling interest holders	309,634	12,513	0	-19,954	302,193

CONSOLIDATED INCOME STATEMENT BY SEGMENT

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

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	Q1-3 2020		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	645,599,335	145,486,976	791,086,311
- gross written premium	785,972,011	174,947,860	960,919,871
- ceded written premium	-106,353,012	-24,898,720	-131,251,732
- change in unearned premium reserve	-34,019,664	-4,562,164	-38,581,828
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	613,188	0	613,188
- profit on equity investments accounted for using the equity method	613,188	0	613,188
- other income from investments in subsidiaries and associates	0	0	0
INCOME FROM INVESTMENTS	65,654,306	6,811,870	72,466,176
- interest income calculated using the effective interest method	27,635,443	4,888,376	32,523,819
- gains on disposals	18,753,506	183,797	18,937,303
- other income from investments	19,265,357	1,739,697	21,005,054
OTHER INCOME FROM INSURANCE OPERATIONS	32,375,680	6,588,725	38,964,405
- fees and commission income	20,337,835	4,235,689	24,573,524
- other income from insurance operations	12,037,845	2,353,036	14,390,881
OTHER INCOME	25,264,407	5,562,982	30,827,389
NET CLAIMS INCURRED	428,687,779	81,869,286	510,557,065
- gross claims settled	431,152,185	73,869,132	505,021,317
- reinsurers' share	-19,309,280	-5,853,118	-25,162,398
- changes in claims provisions	10,851,968	13,853,272	24,705,240
- equalisation scheme expenses for supplementary health insurance	5,992,906	0	5,992,906
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	44,685,646	4,772,721	49,458,367
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-5,716,222	-46,137	-5,762,359
EXPENSES FOR BONUSES AND DISCOUNTS	9,907,210	1,350,228	11,257,438
OPERATING EXPENSES	123,937,430	51,837,713	175,775,143
- acquisition costs	84,288,891	36,184,262	120,473,153
- other operating costs	39,648,539	15,653,451	55,301,990
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	60,238	0	60,238
- loss on investments accounted for using the equity method	60,238	0	60,238
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM INVESTMENTS	45,120,468	1,688,231	46,808,699
- loss on impairment of investments	1,054,318	16,595	1,070,913
- loss on disposal of investments	5,771,208	18,994	5,790,202
- other expenses from investments	38,294,942	1,652,642	39,947,584
OTHER INSURANCE EXPENSES	41,975,469	5,209,302	47,184,771
OTHER EXPENSES	28,857,202	7,353,038	36,210,240
- expenses from financing	1,932,834	322,276	2,255,110
- other expenses	26,924,368	7,030,762	33,955,130
PROFIT BEFORE TAX	51,991,696	10,416,171	62,407,867
Income tax expense	11,218,507	431,134	11,649,641
NET PROFIT FOR THE PERIOD	40,773,189	9,985,037	50,758,226
Net profit/loss attributable to the controlling company	40,773,189	9,682,844	50,456,033
Net profit/loss attributable to the non-controlling interest holders	0	302,193	302,193

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

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	30 September 2020			31 December 2019		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
ASSETS	1,384,047,974	1,627,814,003	3,011,861,977	1,296,007,131	1,624,857,608	2,920,864,739
Intangible assets	62,828,035	4,940,247	67,768,282	57,101,033	4,823,240	61,924,273
Property, plant and equipment	58,718,858	8,099,176	66,818,034	60,163,552	8,142,132	68,305,684
Deferred tax assets	11,082,852	262,417	11,345,269	11,414,866	246,674	11,661,540
Investment property	44,504,827	841,898	45,346,725	45,233,734	857,401	46,091,135
Right of use assets	3,520,113	0	3,520,113	4,106,316	0	4,106,316
Investments in subsidiaries	121,792,669	13,145,998	134,938,667	121,792,669	13,145,998	134,938,667
Investments in associates	31,554,026	0	31,554,026	18,054,026	0	18,054,026
Financial investments	789,112,065	1,165,931,391	1,955,043,456	763,048,943	1,149,158,439	1,912,207,382
- loans and deposits	30,659,007	6,698,608	37,357,615	42,585,064	6,464,783	49,049,847
- held to maturity	0	144,539,871	144,539,871	0	150,469,553	150,469,553
- available for sale	758,215,719	810,585,232	1,568,800,951	663,894,901	718,907,168	1,382,802,069
- recognised at fair value through profit and loss	237,339	204,107,680	204,345,019	56,568,978	273,316,935	329,885,913
Unit-linked insurance assets	0	418,956,275	418,956,275	0	433,758,610	433,758,610
Reinsurers' share of technical provisions	115,046,039	7,765	115,053,804	98,415,614	17,656	98,433,270
Receivables	126,218,647	1,438,897	127,657,544	99,996,693	1,782,360	101,779,053
- receivables from direct insurance operations	91,186,712	325,914	91,512,626	68,028,729	372,408	68,401,137
- receivables from reinsurance and co-insurance operations	23,984,169	700	23,984,869	17,218,816	861	17,219,677
- current tax receivables	0	0	0	0	0	0
- other receivables	11,047,766	1,112,283	12,160,049	14,749,148	1,409,091	16,158,239
Other assets	2,549,778	86,148	2,635,926	3,443,061	49,610	3,492,671
Cash and cash equivalents	17,120,065	14,103,791	31,223,856	13,236,624	12,875,488	26,112,112
EQUITY AND LIABILITIES	1,384,047,974	1,627,814,003	3,011,861,977	1,296,007,131	1,624,857,608	2,920,864,739
Equity	519,836,366	110,026,802	629,863,168	478,889,482	101,590,793	580,480,275
- 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	293,448,752	45,513,891	338,962,643	293,448,752	45,513,891	338,962,643
- fair value reserve	50,772,428	9,184,015	59,956,444	47,533,632	6,326,248	53,859,881
- net profit brought forward	46,221,580	14,321,895	60,543,475	9,931,936	-2,877	9,929,059
- net profit for the year	37,708,088	5,578,242	43,286,330	36,289,644	14,324,772	50,614,416
Subordinated liabilities	49,417,879	0	49,417,879	60,160,066	9,839,385	69,999,451
Insurance technical provisions	723,778,504	1,070,487,066	1,794,265,570	662,915,656	1,050,505,865	1,713,421,521
- unearned premiums	277,647,672	365,840	278,013,512	232,398,752	392,304	232,791,056
- mathematical provisions	0	1,036,755,055	1,036,755,055	0	1,020,231,686	1,020,231,686
- claims provisions	420,208,603	20,515,103	440,723,706	408,984,759	19,336,004	428,320,763
- other insurance technical provisions	25,922,229	12,851,068	38,773,297	21,532,145	10,545,871	32,078,016
Insurance technical provisions for unit-linked insurance contracts	0	422,655,199	422,655,199	0	435,592,711	435,592,711
Employee benefits	9,995,002	2,098,762	12,093,764	9,826,388	2,066,061	11,892,449
Other provisions	770,128	111,700	881,828	621,111	111,700	732,811
Deferred tax liabilities	12,103,106	8,634,576	20,737,682	11,343,388	6,024,831	17,368,219
Other financial liabilities	1,708,777	2,091,630	3,800,407	1,638,375	1,750	1,640,125
Operating liabilities	24,904,361	6,888,127	31,792,488	22,317,389	9,595,349	31,912,738
- liabilities from direct insurance operations	5,302,144	6,930,793	12,232,937	4,651,168	9,588,327	14,239,495
- liabilities from reinsurance and co-insurance operations	18,080,627	-42,666	18,037,961	15,302,053	7,022	15,309,075
- current tax liabilities	1,521,590	0	1,521,590	2,364,168	0	2,364,168
Lease liabilities	3,645,349	0	3,645,349	4,166,278	0	4,166,278
Other liabilities	37,888,502	4,820,141	42,708,643	44,128,998	9,529,163	53,658,161

INCOME STATEMENT	Q1-3 2020			Q1-3 2019		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
NET PREMIUM INCOME	301,024,231	129,406,153	430,430,384	289,033,825	129,193,369	418,227,194
- gross written premium	438,253,465	129,998,906	568,252,371	411,162,280	129,715,665	540,877,945
- ceded written premium	-112,408,117	-619,295	-113,027,412	-94,554,596	-567,713	-95,122,309
- change in unearned premium reserve	-24,821,117	26,542	-24,794,575	-27,573,859	45,417	-27,528,442
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	231,398	0	231,398	3,562,259	0	3,562,259
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- other income from investments in subsidiaries and associates	231,398	0	231,398	3,562,259	0	3,562,259
INCOME FROM INVESTMENTS	14,337,396	34,705,732	49,043,128	16,988,685	82,344,430	99,333,115
- interest income calculated using the effective interest method	5,557,114	14,766,031	20,323,145	6,924,929	19,835,004	26,759,933
- gains on disposals	5,687,942	10,934,091	16,622,033	6,901,375	6,824,495	13,725,870
- other income from investments	3,092,340	9,005,610	12,097,950	3,162,381	55,684,931	58,847,312
OTHER INCOME FROM INSURANCE OPERATIONS	27,319,123	2,618,270	29,937,393	23,783,455	236,903	24,020,358
- fees and commission income	21,321,051	2,617,626	23,938,677	16,017,152	221,898	16,239,050
- other income from insurance operations	5,998,072	644	5,998,716	7,766,303	15,005	7,781,308
OTHER INCOME	5,386,894	416,359	5,803,253	5,217,573	3,127,357	8,344,930
NET CLAIMS INCURRED	167,948,222	113,046,247	280,994,469	162,950,425	104,356,939	267,307,364
- gross claims settled	182,796,663	112,077,550	294,874,213	190,286,599	103,921,695	294,208,294
- reinsurers' share	-24,493,462	-220,370	-24,713,832	-21,916,094	-302,931	-22,219,025
- changes in claims provisions	9,645,021	1,189,067	10,834,088	-5,420,080	738,175	-4,681,905
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	240,000	9,549,545	9,789,545	654,135	29,903,212	30,557,347
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-12,800,015	-12,800,015	0	40,991,514	40,991,514
EXPENSES FOR BONUSES AND DISCOUNTS	9,903,462	0	9,903,462	5,943,774	0	5,943,774
OPERATING EXPENSES	90,980,056	22,843,144	113,823,200	92,692,475	23,205,871	115,898,346
- acquisition costs	67,911,511	15,795,470	83,706,981	66,928,141	15,576,247	82,504,388
- other operating costs	23,068,545	7,047,674	30,116,219	25,764,334	7,629,624	33,393,958
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	12,028	0	12,028	159	0	159
- loss on investments accounted for using the equity method	0	0	0	0	0	0
- other expenses from financial assets and liabilities	12,028	0	12,028	159	0	159
EXPENSES FROM INVESTMENTS	5,159,391	25,192,299	30,351,690	5,567,650	5,086,151	10,653,801
- loss on impairment of investments	984,094	70,224	1,054,318	205,509	94,699	300,208
- loss on disposal of investments	1,053,937	3,602,178	4,656,115	3,066,574	3,362,274	6,428,848
- other expenses from investments	3,121,360	21,519,897	24,641,257	2,295,567	1,629,178	3,924,745
OTHER INSURANCE EXPENSES	18,296,477	1,203,907	19,500,384	10,734,128	424,552	11,158,680
OTHER EXPENSES	10,511,170	1,494,862	12,006,032	9,999,982	1,808,899	11,808,881
- expenses from financing	1,854,251	129,797	1,984,048	1,485,211	440,436	1,925,647
- other expenses	8,656,919	1,365,065	10,021,984	8,514,771	1,368,463	9,883,234
PROFIT BEFORE TAX	45,248,236	6,616,525	51,864,761	50,043,069	9,124,921	59,167,990
Income tax expense	7,540,148	1,038,283	8,578,431	8,238,108	1,500,434	9,738,542
NET PROFIT FOR THE PERIOD	37,708,088	5,578,242	43,286,330	41,804,961	7,624,487	49,429,448

2.6 Significant items of the statement of financial position

Intangible assets

In the reporting period, the book value of intangible assets of the Triglav Group increased by EUR 7.3 million. Long-term deferred acquisition costs have increased by EUR 8.1 million, while new purchases of licences and software equalled EUR 5.8 million. In the first three quarters of 2020 amortisation reached EUR 6.6 million.

In the reporting period, the book value of intangible assets of Zavarovalnica Triglav increased by EUR 5.8 million. In the separate financial statements, the change mainly refers to the increase in long-term deferred acquisition costs. These have increased by EUR 5.4 million. New purchases of other intangible assets in the amount of EUR 4.9 million primarily relate to the purchase of licences and software. In the first three quarters of 2020 amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 4.4 million.

Property, plant and equipment

In the first three quarters of 2020 the book value of property, plant and equipment of the Triglav Group decreased by EUR 2.9 million. In the first three quarters of 2020 Triglav Group acquired new property, plant and equipment worth EUR 4.1 million and sold it in the carrying amount of EUR 940 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 6.2 million.

In the reporting period, the book value of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 1.5 million. In the first three quarters of 2020 Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 2.3 million. In the reporting period, depreciation of property, plant and equipment amounted to EUR 3.8 million.

Investment property

The book value of investment property of the Group increased by EUR 490 thousand. In the reporting period, the Group purchased investment property in the amount of EUR 2.4 million and sold it in the carrying amount of EUR 320 thousand. In the first three quarters of 2020, depreciation of investment property of the Group amounted to EUR 1.1 million.

In the first three quarters of 2020 the book value of investment property of Zavarovalnica Triglav decreased by EUR 740 thousand. Zavarovalnica Triglav purchased new investment property worth EUR 220 thousand and sold it in the carrying amount of EUR 150 thousand. In the reporting period, depreciation of investment property amounted to EUR 720 thousand.

Real property recognised as non-current assets held for sale decreased by EUR 3.4 million as a result of the sale.

Financial investments

The tables below show the carrying and fair values of financial assets, excluding unit-linked insurance assets.

Triglav Group	in EUR			
	Carrying amount		Fair value	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Loans and deposits	94,729,931	112,578,151	100,465,763	111,869,033
Held to maturity	166,128,806	186,109,072	209,372,830	230,326,336
Available for sale	2,063,254,120	1,826,940,416	2,063,254,120	1,826,940,416
Investments recognised at fair value	506,994,571	614,403,313	506,994,571	614,403,313
TOTAL	2,831,107,428	2,740,030,952	2,880,087,284	2,783,539,098

Zavarovalnica Triglav	in EUR			
	Carrying amount		Fair value	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Loans and deposits	37,357,615	49,049,847	35,700,874	47,819,371
Held to maturity	144,539,871	150,469,553	185,838,375	192,128,559
Available for sale	1,568,800,951	1,382,802,069	1,568,800,951	1,382,802,069
Investments recognised at fair value	204,345,019	329,885,913	204,345,019	329,885,913
TOTAL	1,955,043,456	1,912,207,382	1,994,685,219	1,952,635,912

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

Triglav Group

Values as at 30 September 2020	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	157,816,399	61,943,372	219,759,771
Debt instruments	6,420,801	166,128,806	1,905,437,721	444,813,860	2,522,801,188
Derivative financial instruments	0	0	0	237,339	237,339
Loans	88,309,130	0	0	0	88,309,130
Total	94,729,931	166,128,806	2,063,254,120	506,994,571	2,831,107,428

Values as at 31 December 2019	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	152,784,122	57,120,147	209,904,269
Debt instruments	6,474,012	186,109,072	1,674,156,294	557,283,166	2,424,022,544
Loans	106,104,139	0	0	0	106,104,139
Total	112,578,151	186,109,072	1,826,940,416	614,403,313	2,740,030,952

Zavarovalnica Triglav

					in EUR
Values as at 30 September 2020					
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	116,023,785	1,202,587	117,226,372
Debt instruments	6,420,801	144,539,871	1,452,777,166	202,905,093	1,806,642,931
Derivative financial instruments	0	0	0	237,339	237,339
Loans	30,936,814	0	0	0	30,936,814
Total	37,357,615	144,539,871	1,568,800,951	204,345,019	1,955,043,456

					in EUR
Values as at 31 December 2019					
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	108,786,034	695,915	109,481,949
Debt instruments	6,400,668	150,469,553	1,274,016,035	329,189,998	1,760,076,254
Loans	42,649,179	0	0	0	42,649,179
Total	49,049,847	150,469,553	1,382,802,069	329,885,913	1,912,207,382

Legend:

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

Unit – linked financial assets

The table below shows the book and fair values of unit-linked insurance assets.

					in EUR
Triglav Group	Carrying amount		Fair value		
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	
	Financial assets in loans and deposits	0	3,926,047	0	4,031,667
Financial assets measured at fair value through profit and loss	474,099,120	478,105,241	474,099,120	478,105,241	
TOTAL	474,099,120	482,031,288	474,099,120	482,136,908	

					in EUR
Zavarovalnica Triglav	Carrying amount		Fair value		
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	
	Financial assets in loans and deposits	0	3,722,735	0	3,823,051
Financial assets measured at fair value through profit and loss	418,956,275	430,035,875	418,956,275	430,035,875	
TOTAL	418,956,275	433,758,610	418,956,275	433,858,926	

Unit-linked insurance assets are presented below according to their distribution into individual groups.

Triglav Group

				in EUR
Values as at 30 September 2020				
	L&R	FVTPL	Total	
Equity instruments	0	415,187,313	415,187,313	
Debt instruments	0	58,911,807	58,911,807	
TOTAL	0	474,099,120	474,099,120	

Values as at 31 December 2019	in EUR		
	L&R	FVTPL	Total
Equity instruments	0	412,036,279	412,036,279
Debt instruments	0	65,555,390	65,555,390
Derivative financial instruments	0	513,572	513,572
Deposits	3,926,047	0	3,926,047
TOTAL	3,926,047	478,105,241	482,031,288

Zavarovalnica Triglav

Values as at 30 September 2020	in EUR		
	L&R	FVTPL	Total
Equity instruments	0	371,614,905	371,614,905
Debt instruments	0	47,341,370	47,341,370
TOTAL	0	418,956,275	418,956,275

Values as at 31 December 2019	in EUR		
	L&R	FVTPL	Total
Equity instruments	0	372,905,282	372,905,282
Debt instruments	0	56,635,328	56,635,328
Derivative financial instruments	0	495,265	495,265
Deposits	3,722,735	0	3,722,735
TOTAL	3,722,735	430,035,875	433,758,610

Fair value measurement and presentation by valuation level

Financial assets measured at fair value are classified by valuation level in the tables below:

- 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.

The following is shown separately for the Triglav Group:

- financial assets (i.e. available-for-sale financial assets and financial assets at fair value through profit and loss) and
- unit-linked insurance assets.

Capital investments in associates are additionally shown for Zavarovalnica Triglav because they are measured at fair value in individual financial statements.

Triglav Group

As at 30 September 2020	in EUR			
	Level 1	Level 2	Level 3	Total
Equity securities	152,929,526	0	66,830,245	219,759,771
Debt securities	692,346,558	1,657,905,023	0	2,350,251,581
Derivative financial instruments	0	237,339	0	237,339
Unit-linked financial assets	418,029,915	56,051,493	17,712	474,099,120
Total	1,263,305,999	1,714,193,855	66,847,957	3,044,347,811

As at 31 December 2019	in EUR			
	Level 1	Level 2	Level 3	Total
Equity securities	150,929,053	0	61,061,888	211,990,941
Debt securities	689,898,611	1,539,454,173	0	2,229,352,784
Unit-linked financial assets	414,992,543	63,112,698	0	478,105,241
Total	1,255,820,207	1,602,566,871	61,061,888	2,919,448,966

Investments in associates are accounted for using the equity method in the consolidated financial statements and are therefore not included in the presentation of valuation of financial assets at fair value.

Zavarovalnica Triglav

As at 30 September 2020	in EUR			
	Level 1	Level 2	Level 3	Total
Equity securities	56,210,661	0	61,015,711	117,226,372
Debt securities	571,764,495	1,083,917,764	0	1,655,682,259
Derivative financial instruments	0	237,339	0	237,339
Unit-linked financial assets	372,175,508	46,780,767	0	418,956,275
Investments in associates	0	0	31,554,026	31,554,026
Total	1,000,150,664	1,130,935,870	92,569,737	2,223,656,271

As at 31 December 2019	in EUR			
	Level 1	Level 2	Level 3	Total
Equity securities	53,796,804	0	55,685,145	109,481,949
Debt securities	571,882,208	1,031,323,825	0	1,603,206,033
Unit-linked financial assets	373,498,861	56,537,014	0	430,035,875
Investments in associates	0	0	18,054,026	18,054,026
Total	999,177,873	1,087,860,839	73,739,171	2,160,777,883

Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
EXTERNAL APPRAISERS (market operator)				
Debt securities - composite	Stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		Level 2
Debt securities– compound with exposure to stock markets	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 – companies, financial institutions and government	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 - government	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	yield curve issued by Republic of Slovenia (Bloomberg ID: 1259 Currency)	Level 2
Debt securities - companies and financial institutions	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	yield curve issued by Republic of Slovenia (Bloomberg ID: 1259 Currency); credit spread between 0.72 % and 5 %	Level 2
Equity securities	Cash flow discounting	g (growth rate during constant growth period)	2 %	Level 3
		EBIT margin (constant growth period)	35 %	
		Discount rate	12.8 % up to 70 % for start ups	
		Lack of marketability discount	10 %	
	NAV method	Real property price changes		
Market approach	MVIC/EBITDA			
Equity investment in associates	Equity method	Accumulated gains and losses		Level 3
Real property for own use	Income approach, market approach, analysis of the most economical use of development land	Capitalisation rate, market prices of comparable real property	7.5 % - 15 % depending on risk/location	Level 3
Investment property			Market values based on information available	

Changes of Level 3 financial assets

	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Opening balance as at 1 January	61,061,888	35,999,032	73,739,171	47,019,220
Purchases	7,369,360	19,160,983	20,197,819	18,979,211
Disposals	-1,201,622	-6,664,205	-1,178,896	-6,029,629
Revaluations through income statement	-98,909	88,840	87,949	92,535
Revaluations through Equity	-276,306	416,070	-276,306	416,070
Transfers from Level 1 and Level 2	0	-422,466	0	0
Exchange rate difference	-6,454	279	0	0
Closing balance as at 30 September	66,847,957	48,578,533	92,569,737	60,477,407

in EUR

The value of the Triglav Group's financial assets classified into Level 3 increased in the first nine months of 2020 as a result of the payments into venture capital funds. Disposals relate entirely to payouts from these funds. Even revaluation is the result of changes in the value of venture capital funds.

In addition to payments into venture capital funds, the capital increase of ZTSR d.o.o. was recognised under Zavarovalnica Triglav's acquisitions, which is described in more detail below.

Subordinated debt instruments

The Company did not issue any new debt securities in the period from 1 January to 30 September 2020. The same applies to other subsidiaries. In the reporting period, the issued ZT02 bond matured. The principal was paid to the bondholders in the amount of EUR 20.6 million.

Contingent liabilities

No contingent liabilities in the form of guarantees given were recognised in the first nine months of 2020 by the Company. Within off-balance sheet assets, the Company's alternative investment assets decreased by EUR 6.6 million and contingent receivables from option contracts by EUR 3.2 million. In the reporting period, no contingent liabilities for the guarantees given were created by any Group member.

Distribution of accumulated profits

Accumulated profit for 2019 amounts to EUR 60,543,475. On 31 March 2020, the Insurance Supervision Agency called upon the insurance companies to suspend the payout of dividends from accumulated profit and not to undertake any irrevocable commitment to pay out dividends by 1 October 2020 in order to ensure financial stability in the face of the COVID-19 pandemic. In respect thereof, the General Meeting of Shareholders of Zavarovalnica Triglav held on 2 June 2020 adopted the resolution that accumulated profit as at 31 December 2019 remain undistributed.

2.7 Changes in equity stakes in subsidiaries and business combinations

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

Triglav INT, d.d. acquired a 0.26% participating interest in Triglav Osiguruvanje, a.d., Skopje from non-controlling interest holders, thereby becoming a 80.68% owner of said company. The consideration totalled MAK 2,014,932 or EUR 32,729. The acquisition of the non-controlling interest was recognised in the consolidated financial statements as an increase in share premium of EUR 204.

Capital increase of ZTSR d.o.o.

Through in cash contribution of EUR 13,500,000, Zavarovalnica Triglav increased the capital of its associate ZTSR d.o.o., thereby maintaining its 50% participating interest in said company. The capital increase had no effect on the consolidated financial statements of the Triglav Group.

Acquisition of Diagnostični center Bled d.o.o.

ZTSR, d.o.o. completed the acquisition procedure of Diagnostični center Bled, d.o.o. on 19 March 2020. From the point of view of the Triglav Group, this investment is part of regular activities of managing its extensive investment portfolio and has no significant impact on its composition. Diagnostični center Bled, including its subsidiaries in the Triglav Group, will be treated as an associate and valued in the consolidated financial statements using the equity method.

Capital increase of Lovćen Auto d.o.o., Podgorica

Lovćen Osiguranje a.d. increased the capital of its subsidiary Lovćen Auto d.o.o. through in cash contribution of EUR 700,000 in the first nine months of 2020. The ownership structure of Lovćen Auto was not changed with said capital increase, as Lovćen Osiguranje a.d. remained its 100% owner. The capital increase had no effect on the consolidated financial statements of the Triglav Group.

Capital increase of Triglav Osiguranje a.d., Banja Luka

Triglav INT d.d. increased the capital of its subsidiary Triglav Osiguranje a.d., Banja Luka through in cash contribution of BAM 3,912,000 or EUR 2,000,174, thus retaining its 100% participating interest in said company. The capital increase had no effect on the consolidated financial statements of the Triglav Group.

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

In Q3 2020, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of HRK 570 thousand or EUR 76 thousand. As a result, both companies maintained their stakes in said company, 49% and 51% respectively.

Homogenisation of shares of Lovćen osiguranje a.d., Podgorica

On 15 July 2020, Lovćen osiguranje a.d. received a decision of the Capital Market Commission, based on which—in accordance with the General Meeting of Shareholders resolution—the existing two series of Lovćen osiguranje shares were replaced by issuing a new series of 1,828,634 LOVH shares at a nominal value of EUR 5.72. As a result, the participating interest of Triglav INT d.d. increased from 96.59% to 99.07%. Amendments to the Articles of Association resulting from the homogenisation of shares were entered in the Companies Register on 30 September 2020. The possible effects on the consolidated financial statements will be recognised in the annual financial statements of the Triglav Group.

2.8 Related party transactions

Revenues of the Management and Supervisory Board

In the first three quarters of 2020 the Management Board members were paid the following amounts as compensation for their work:

								in EUR
Name and surname	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements	
Andrej Slapar	139,703	2,081	51,114	65,287	46,476	9,610	1,055	
Uroš Ivanc	132,718	2,081	48,559	66,454	32,756	797	910	
Tadej Čoroli	132,718	2,081	48,559	64,436	32,730	5,625	710	
Barbara Smolnikar	132,718	2,081	28,764	56,808	32,316	5,906	722	
David Benedek	132,718	2,701	8,559	48,568	31,834	7,339	655	
Marica Makoter	132,718	2,081	48,559	63,877	32,720	5,062	606	
Benjamin Jošar****	0	0	4,365	2,550	0	0	0	
TOTAL	803,293	13,106	238,479	367,980	208,832	34,339	4,658	

* Other additional payments include holiday pay and other cost reimbursements.

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

*** Other benefits include company cars.

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

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

As at 30 September 2020 Zavarovalnica Triglav, d.d. had the following receivables from and liabilities to the Management Board members:

			in EUR
Name and surname	Receivables as at 30 September 2020	Liabilities as at 30 September 2020	
Andrej Slapar	0		73,427
Uroš Ivanc	6		69,728
Tadej Čoroli	30		69,776
Barbara Smolnikar	14		65,888
David Benedek	0		23,433
Marica Makoter	16		69,764
Benjamin Jošar****	0		3,857
TOTAL	66		375,873

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

In the first three quarters of 2020 the Supervisory Board members and members of Committees were paid the following amounts as compensation for their work:

Name and surname	Compensation	Attendance fee	Reimbursements	in EUR	
				Total gross pay	Total net pay
Andrej Andoljšek	15,416	3,058	0	18,474	13,436
Milan Tomaževič	12,827	1,584	0	14,411	10,481
Igor Stebernak	15,070	2,244	0	17,314	12,593
Žiga Škerjanec	13,931	4,092	0	18,023	13,108
Mario Gobbo	12,770	2,244	12,391	27,405	18,053
Nataša Damjanovič	13,931	3,124	0	17,055	12,404
Peter Celar	13,004	3,938	374	17,316	12,594
Branko Gorjan	11,609	1,584	0	13,193	9,596
Igor Zupan	11,609	2,244	0	13,853	10,076
Simon Kolenc*	4,644	1,018	59	5,721	4,160
Boštjan Koler*	1,518	1,474	0	2,992	2,176
Total	126,329	26,604	12,824	165,757	118,677

* External members sitting on committees and the Supervisory Board.

As at 30 September 2020 Zavarovalnica Triglav, d.d. had the following receivables from and liabilities to the Supervisory Board members and members of Committees:

Name and surname	in EUR	
	Receivables as at 30 September 2020	Liabilities as at 30 September 2020
Andrej Andoljšek	0	2,250
Milan Tomaževič	0	1,844
Igor Stebernak	0	1,092
Žiga Škerjanec	0	1,875
Mario Gobbo	0	1,719
Nataša Damjanovič	0	1,125
Peter Celar	0	1,625
Branko Gorjan	0	1,563
Igor Zupan	0	1,563
Simon Kolenc*	0	625
Boštjan Koler*	0	63
TOTAL	0	15,344

* External members sitting on committees and the Supervisory Board.

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.

	30 September 2020	in EUR 31 December 2019
ASSETS		
Right of use Asset	856,630	894,363
Shares	134,938,667	134,938,667
Debt securities and loans	7,050,374	8,205,916
Receivables from insurers	43,214	16,117
Premium receivable from re-insurance	8,052,257	2,658,012
Receivables from co-insurers' share in claim	2,104	2,207
Receivables from re-insurers' share in claim	6,236,853	6,516,400
Other short-term receivables from insurance operation	47,936	20,131
Short term receivables from financing	26,637	27,743
Other short-term receivables	680,012	787,779
Deffered short-term expenses of insurance contract acquisition	31,010	31,010
LIABILITIES		
Liabilities to policy holders	116	1,924
Liabilities to agents and brokers	311,720	389,637
Liabilities for co-insurance premiums	28,910	20,523
Liabilities for re-insurance premiums	10,726,666	8,769,818
Liabilities for re-insurers' share in claims	-1,046,868	488,063
Other short-term liabilities	29,046	348,599
Lease liabilities	875,127	905,208

	Q1-3 2020	in EUR Q1-3 2019
INCOME AND EXPENSES		
Gross written premium and active reinsurance premium	25,018,473	14,707,774
Outward re-/co-insurance premium (-)	-59,890,611	-53,324,007
Net premium income	-34,872,138	-38,616,233
Reinsurance commission income	12,261,259	11,504,652
Other income from insurance operations	890,924	3,297,840
Interest income	227,094	347,031
Other insurance income	790,547	1,150,778
Fees and commission income	2,479,150	0
Income from land and buildings	505,692	569,308
Other income	330,292	275,511
Dividends	0	3,172,950
Other income from financial assets	4,303	1,290
TOTAL INCOME	-17,382,877	-18,296,873
Gross claims settled	1,401,753	3,650,742
Re-/co-insurers' share in gross claim	-18,844,705	-14,642,056
Net claims	-17,442,952	-10,991,314
Expenses for reinsurance premiums	3,211,772	1,596,508
Other financial expenses	12,028	159
Interest expenses	17,133	17,754
Depreciation of right of use assets	98,405	68,188
TOTAL EXPENSES	-14,103,614	-9,308,705

Transactions with associates

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
ASSETS				
Shares	27,094,440	13,154,379	31,554,026	18,054,026
Receivables from insurers	9,008	1,511	8,844	1,380
LIABILITIES				
Liabilities to policy holders	27	27	0	0
Liabilities to agents and brokers	11	5,902	11	5,421
Other short - term liabilities	312	312	0	0
Accrued expenses	1,345	1,182	0	0

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019
Gross written premium	71,336	32,466	69,509	30,776
Income from dividends	0	0	0	40,988
TOTAL INCOME	71,336	32,466	69,509	71,764
Gross claims settled	537	23,825	537	23,825
Acquisition costs	2,240	3,998	0	0
TOTAL EXPENSES	2,777	27,823	537	23,825

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 2020 there were 42 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

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

	Triglav Group		Zavarovalnica Triglav	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
in EUR				
ASSETS				
Stakes and shares	7,878,002	8,963,246	15,750,155	17,747,194
Debt securities	98,271,679	98,462,080	76,143,968	75,690,601
Operating receivables	1,451	62,634	3,982	68,729
Re-insurance receivables	0	0	12,276	25,135
Other assets	8,112,211	4,809,284	0	0
LIABILITIES				
Operating liabilities	745,370	1,477,079	662,145	1,506,890
Re-insurance liabilities	0	0	7,887	9,840
	Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019
INCOME				
Gross written premium	11,274,131	16,040,492	12,012,614	16,658,525
Financial income	1,740,761	3,037,179	1,788,768	3,002,725
Other income	1,063	45,129	32,363	83,637
EXPENSES				
Gross claims settled	6,270,079	5,369,874	6,500,455	5,504,590
Financial expenses	331,135	159,952	248,665	108,690
Other expenses	6,576,301	8,145,553	4,644,133	7,750,706

2.9 Significant events after the reporting date

On 18 October 2020, the Slovenian Government again declared a COVID-19 epidemic in Slovenia. To this end, the Group has given priority to taking appropriate measures to protect the health of its employees, clients, partners and other stakeholders. Business continues as usual; however, as the future development of the epidemic and its impact on the economy and financial markets remain uncertain, it is currently difficult to reliably assess the impact on the Group's operations in the future. The Group regularly assesses the impact on its operations based on various scenarios that it considers most likely. Based on these scenarios, it was assessed that the Group's insurance and investment portfolios are sufficiently resilient and that its capital position is appropriate to effectively cope with increased risks arising from the COVID-19 epidemic.

Following its regular annual revision, the AM Best credit rating agency re-affirmed the Financial Strength Rating of "A" (Excellent) and the Long-Term Issuer Credit Ratings of "a" of both Zavarovalnica Triglav d.d. and Pozavarovalnica Triglav Re d.d. Both credit ratings have a stable medium-term outlook, which reflects the agency's expectations that the Triglav Group will maintain strong operating performance in the medium term, a very strong financial position and its dominant market position in Slovenia and the region where the Group operates.

On 22 October 2020, Zavarovalnica Triglav made a subsequent payment into its associated company, ZTSR d.o.o., in the amount of EUR 1.4 million, thus remaining its 50% owner.

During the period between the end of the reporting period and the date of approval of the financial statements, there were no adjusting or non-adjusting events that would affect the compiled financial statements of Zavarovalnica Triglav for the period from 1 January to 30 September 2020.