



Zavarovalnica Triglav d.d.
Miklošičeva 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 2019 to 31 March 2019

MANAGEMENT BOARD:

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

Marica Makoter

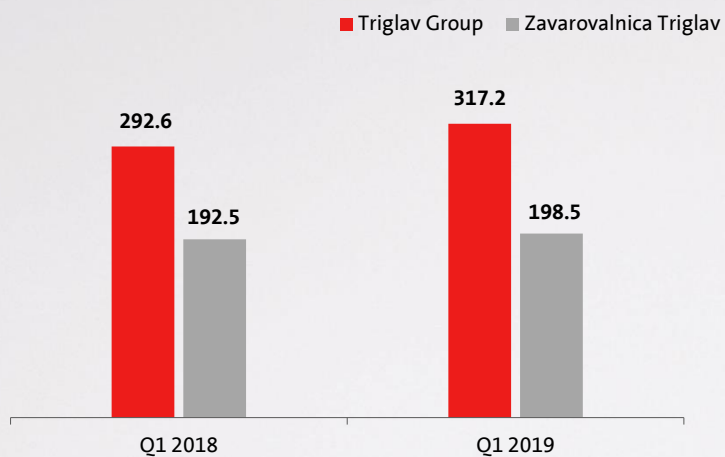
Ljubljana, May 2019

Credit rating

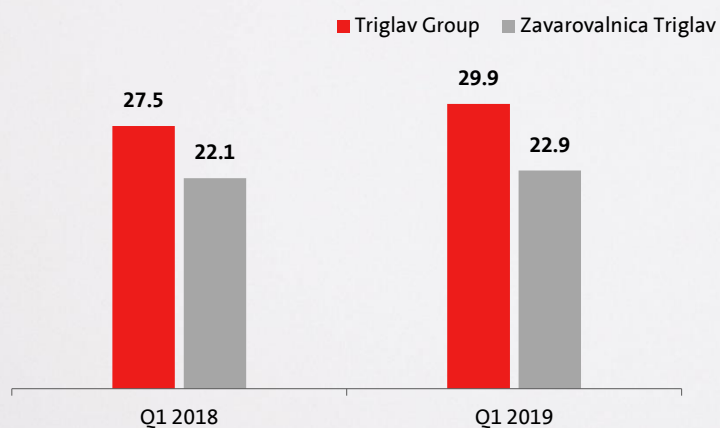
"A"

of the Triglav Group
with a stable
medium-term
outlook

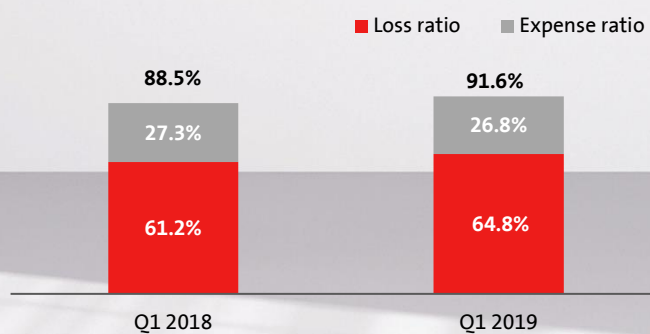
Gross written premium for insurance, co-insurance and reinsurance contracts in EUR million



Net profit before tax in EUR million



Combined ratio of the Triglav Group



Dear shareholders, business partner and colleagues,



we have had a good start in 2019. In the first three months, not only did the Triglav Group record premium growth and increased assets under management, but its results were also positively impacted by a relatively favourable claims experience and a higher return on investment. The Group generated consolidated profit before tax of EUR 29.9 million (index 108). In view of the business conditions anticipated by the end of the year, the Group's annual profit before tax is estimated to be within the planned range.

The Triglav Group posted a total of EUR 317 million in consolidated gross premium, up by 8% compared to the same period last year. Premium grew in almost all of our markets. The average premium growth in the Slovene market was 6% and 10% in the markets outside of Slovenia. In terms of insurance segments, premium growth was seen in non-life insurance (index 109) and health insurance (index 120). In the life and pension insurance segments, premium declined by 2% compared to the same period last year, primarily due to the slower growth of single premium payments. The reporting period saw a relatively favourable claims experience. As a result, the Group's gross claims paid decreased by 3% to EUR 166 million. However, they were not significantly affected by major CAT events. The combined ratio of the Group remained at favourable 91.6%.

As at the reporting date, the Group's financial investments totalled EUR 3.2 billion. With EUR 33.5 million, the return on investment (excluding the return on unit-linked life insurance contract investments) increased over 2018 primarily due to higher net gains on the sale of financial assets and more net income arising from fair value changes. Net interest income continued to decrease due to the low interest rate environment.

Our activities in 2019 continue in the context of the growth and development strategy of the Triglav Group. In the pension insurance market of North Macedonia, Zavarovalnica Triglav established Triglav penzisko društvo a.d., Skopje, a company for the management of compulsory and voluntary pension funds, as well as completed the acquisition of the asset management company ALTA Skladi d.d.

The regular General Meeting of Shareholders is approaching. Considering the challenging conditions on the capital markets, we are pleased that our sound performance enables the Management Board and the Supervisory Board to again propose a dividend of EUR 2.50 gross per share. Such a proposal is consistent with the dividend policy of the Company, which provides the Group with continued financial stability, growth, development and profitable operations. On top of that, the proposed amount of dividend will enable the ZVTG share to remain among the best performing shares in the insurance industry at the global level.

I am convinced that the committed and engaged Triglav team of over five thousand employees will continue to implement the set strategy and thus, also in the future, co-author the success story of Triglav. The Management Board is sincerely thankful to the team for all 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 horizontal line.

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BUSINESS REPORT

1. Financial highlights in the first quarter of 2019

1.1 Performance of the Triglav Group

	in EUR million		
	Q1 2019	Q1 2018	Index 2019/2018
Gross written premium from insurance, co-insurance and reinsurance contracts	317.2	292.6	108
Net premium income	235.2	223.4	105
Gross claims paid*	166.2	171.0	97
Net claims incurred	160.7	151.6	106
Insurance business gross operating costs	61.0	58.3	105
Profit before tax	29.9	27.5	108
Net profit	25.5	23.3	109
Net profit attributable to the controlling company	25.4	23.2	109
	31 March 2019	31 December 2018	Index 2019/2018
Insurance technical provisions as at	2,838.9	2,713.1	105
Equity as at	782.2	746.9	105
Equity attributable to the controlling company as at	779.7	744.6	105
Number of employees as at	5,151	5,166	100

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of the Triglav Group

	Q1 2019	Q1 2018
ROE annualised	14.2%	13.0%
Loss ratio	64.8%	61.2%
Expense ratio	26.8%	27.3%
Combined ratio	91.6%	88.5%
Ratio between gross operating costs and gross written premium	19.2%	19.9%

1.2 Performance of Zavarovalnica Triglav

	in EUR million		
	Q1 2019	Q1 2018	Index 2019/2018
Gross written premium from insurance, co-insurance and reinsurance contracts	198.5	192.5	103
Net premium income	132.1	131.4	101
Gross claims paid*	96.7	107.5	90
Net claims incurred	87.6	89.8	98
Gross operating costs	40.6	38.5	105
Profit before tax	22.9	22.1	104
Net profit	19.4	18.7	104
	31 March 2019	31 December 2018	Index 2019/2018
Insurance technical provisions as at	2,154.5	2,061.4	105
Equity as at	584.1	560.1	104
Number of employees as at	2,274	2,290	99

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of Zavarovalnica Triglav

	Q1 2019	Q1 2018
ROE annualised	14.5%	13.9%
Loss ratio	56.2%	53.6%
Expense ratio	29.4%	27.8%
Combined ratio	85.7%	81.4%
Ratio between gross operating costs and gross written premium	20.4%	20.0%

1.3 Activities, markets and position of the Triglav Group

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

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

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

The insurance-oriented part of the Group encompasses:

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

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

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

	Insurance	Asset management	Other
Slovenia	<ul style="list-style-type: none"> ▪ Zavarovalnica Triglav d.d. ▪ Pozavarovalnica Triglav Re d.d. ▪ Triglav, Zdravstvena zavarovalnica d.d. ▪ Skupna pokojninska družba d.d. 	<ul style="list-style-type: none"> ▪ Triglav Skladi d.o.o. ▪ Triglav, Upravljanje nepremičnin d.d. ▪ Triglav d.o.o. 	<ul style="list-style-type: none"> ▪ Triglav INT d.d. ▪ Triglav Svetovanje d.o.o. ▪ Triglav Avtoservis d.o.o. ▪ Triglavko d.o.o.
Croatia	<ul style="list-style-type: none"> ▪ Triglav Osiguranje d.d., Zagreb 		<ul style="list-style-type: none"> ▪ TRI-LIFE d.o.o.
Serbia	<ul style="list-style-type: none"> ▪ Triglav Osiguranje a.d.o., Belgrade 		<ul style="list-style-type: none"> ▪ Triglav Svetovanje 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. ▪ Triglav Auto d.o.o. ▪ Autocentar BH d.o.o. ▪ Unis automobili i dijelovi 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

The Triglav Group as at 31 March 2019

Controlling company: ▪ Zavarovalnica Triglav d.d.

Subsidiaries of the Triglav Group:

- Pozavarovalnica Triglav Re d.d., Ljubljana
- Triglav, Zdravstvena zavarovalnica d.d., Koper
- Skupna pokojninska družba d.d., Ljubljana
- Triglav INT, holdinška družba d.d., Ljubljana
 - Triglav Osiguranje d.d., Zagreb
 - Triglav Osiguranje a.d.o., Belgrade
 - Lovćen Osiguranje a.d., Podgorica
 - Lovćen životna osiguranja a.d., Podgorica
 - Lovćen Auto d.o.o., Nikšić
 - Triglav Osiguranje d.d., Sarajevo
 - Autocentar BH d.o.o., Sarajevo
 - Unis automobili i dijelovi d.o.o., Sarajevo
 - Sarajevostan d.o.o., Sarajevo
 - Triglav Osiguranje a.d., Banja Luka
 - Triglav Auto d.o.o., 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
 - TRI-LIFE d.o.o., Zagreb
 - Triglav Svetovanje 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
 - Golf Arboretum d.o.o., Domžale
 - Triglav, upravljanje nekretninama d.o.o., Zagreb
 - Triglav, upravljanje nekretninama d.o.o., Podgorica
 - Hotel Grad Podvin d.o.o., Ljubljana
 - HGP Rest, investicije d.o.o., Ljubljana
 - HGP Grad, investicije d.o.o., Ljubljana
-
- Triglav penzisko društvo a.d., Skopje
-
- Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti
-

**Associated companies
of the Triglav Group:**

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

Changes in the Triglav Group in the first quarter of 2019:

- In the first quarter of 2019, Triglav INT d.d. acquired a 0.05% equity stake in Triglav Osiguruvanje a.d., Skopje from non-controlling interest holders, thereby becoming its 80.40% owner. The acquisition price equalled MAK 414,839 or EUR 6,732.
- Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen Auto d.o.o. in the amount of EUR 1,500,000, thus remaining a 100% owner of the said company.
- By paying in cash contributions of EUR 1,094,670, Zavarovalnica Triglav increased the share capital of its associate Triglav d.o.o. and thus maintained a 49.9% equity stake in the said company.
- Triglav Skladi d.o.o. and Triglav, Upravljanje nepremičnin d.d. sold their equity stakes in ZIF Prof Plus d.d. of 11.72% and 10.37% respectively.
- On 5 February 2019, Triglav d.o.o. and the fund TRIGAL AIF SICAV – RAIF S.C.A. Compartment 2, Regional Multi Asset Fund Compartment, Luxembourg, signed an agreement to sell KRDU Building d.o.o. and LOMA CENTER d.o.o. As a result, both companies are no longer considered associates of the Triglav Group.
- On 27 March 2019, Zavarovalnica Triglav established Triglav penzisko društvo a.d., Skopje, a company for the management of compulsory and voluntary pension funds, by paying in EUR 3,000,000. The Company thereby became a 100% owner of the said company.
- On 29 March 2019, Hotel Grad Podvin d.o.o. established two companies: HGP Grad, investicije d.o.o. and HGP Rest, investicije d.o.o, which are both wholly owned by Hotel Grad Podvin d.o.o.

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

1.5 Strategy of the Triglav Group

In the revised strategy of the Triglav Group for the period to 2022 and a path was set out for Triglav to become a modern, innovative and dynamic insurance/financial group, which firmly remains the leader both in Slovenia and the wider region. The vision remained client-centric.

MISSION

We build a safer future.

VALUES

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

VISION OF THE TRIGLAV GROUP

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

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

KEY STRATEGIC GUIDELINES

Key strategic guidelines

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

Client focus and development of related services

Developing cooperative and agile organisation and culture

▪ **Long-term stable and profitable operations and greater value of the Triglav Group:** The strategic guideline of the Group remains achieving long-term stable profitability and increasing its value. Its strategic objectives are as follows:

- profitable operations;
- growing volumes of operations (in terms of written premium the Triglav Group remains the largest insurer in South-East Europe region);
- maintaining the »A« credit ratings;
- capital adequacy and optimal capital allocation by segment/subsidiary of the Group and comprehensive risk management.

The dividend policy criteria and the capital management guidelines of the Group defined in 2018 remain unchanged. The return on equity (ROE) of the Group will exceed 10% throughout the whole strategy period (2019–2022). The Group will ensure both long-term responsible asset management and cost-effectiveness.

In its operations, the Group will not only exploit but also enhance its competitive advantages. The Triglav Group boasts a strong, trustworthy brand, size, economy of scale and economy of scope (capital strength), a comprehensive client portfolio, quality and comprehensive services, a wide range of products and services and developed sales channels (omni-channel availability and a strong own sales network), in addition to being known for quick settlement of claims. Furthermore, the Group is set apart from its competitors by its attitude towards the market. Its long-term focus on the existing markets of South-East Europe requires the Group to both actively and responsibly invest in the market and stakeholder relations.

The Group will remain present in six countries of South-East Europe, where it will grow organically. However, potential takeovers are not ruled out should an appropriate opportunity arise. New business models will be developed, which will, among other things, enable the Group to enter the markets outside the region. The Group will build strategic partnerships with the companies whose activities complement its business model. In the region where the Group operates, a long-term growth of insurance markets is expected, resulting in a higher share of total written premium in the markets outside Slovenia. In the long run the core insurance business will be profitable and the average target combined ratio in non-life insurance is envisaged at around 95%. In asset management the strategic objective of the Group is to increase the volume of assets under management, i.e. assets managed on behalf a particular client.

The Group's strategic objectives in process organisation and implementation are as follows: a high degree of automation, optimisation and cost-effectiveness of business processes, digitalisation of operations, innovation, exploitation of synergies within the Group, efficient use of data (internal and external) that supports right business decisions, developed multi-matrix organisation and business productivity growth. All activities and effects will be systematically

assessed in terms of responsibility and sustainable development (the three-level balance: 3P – people, planet, profit).

- **Client focus and development of related services:** Clients are at the very core of all the activities of the Triglav Group. Client-insurer relations are built on trust and efforts are made to achieve client satisfaction and loyalty. The Group is developing a range of comprehensive solutions for its clients through related solutions and communication. Moreover, it is not only developing simple products and solutions but also introducing operational digitalisation and new business models. Insurance products are being transformed into insurance and other related services, which strengthen the Group's core activities, i.e. insurance and asset management. The strategic objectives are holistic and responsible client relationship management and omni-channel client communication. The Triglav Group aims to improve clients' understanding of its services, raise the insurance coverage of individual clients and increase the number of active clients.
- **Developing cooperative and agile organisation and culture:** The Triglav Group is implementing a redesigned organisational culture and an increasingly agile and cooperative organisational structure, which allow it to provide responsive, simple and efficient services to both external and internal clients. Engaged employees with adequate competences and digital skills are of key importance for the upgraded and optimised processes of the Group. In all areas of operation, the Group will apply state-of-the-art practices.

1.6 Significant events in the reporting period

Significant events the first quarter of 2019 included:

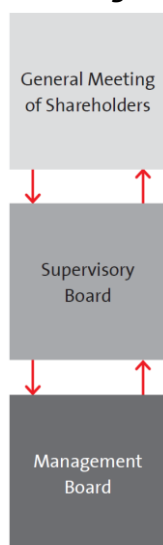
- Zavarovalnica Triglav entered into an agreement with the market maker InterCapital Securities that will provide liquidity for the ZVTG share. The liquidity provision service started on 1 February 2019.
- Following the establishment of the North Macedonian pension insurance company - Triglav penzisko društvo a.d., Skopje, the Triglav Group enters the North Macedonian pension market as one of the three companies active on the said market. In line with its strategy, the Group is expanding its business to include the supplemental pension insurance segment, which has been assessed as promising according to the demographic trends. The North Macedonian pension system consists of three pillars: the first pillar includes compulsory pension saving managed by the National Fund, while the other two include supplemental compulsory and supplemental voluntary pension saving. The Triglav Group enters the latter two by offering quality services and products and relying on its competitive advantages. The Triglav Group's operation expansion is in line with its strategic guidelines.
- The Supervisory Board agreed with the proposal of the President of the Management Board and appointed David Benedek a new member of the Management Board of Zavarovalnica Triglav for a five-year term of office. In order to perform the function of a member of the Management Board, he is required to obtain an authorisation from the Insurance Supervision Agency. Currently, he is the Authorised Officer of the Management Board, while as a Management Board member he will be responsible for the management and development of subsidiaries in line with the strategic objectives of the Group.

2. Governance of the Triglav Group

2.1 Governance of Zavarovalnica Triglav

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

Two tier governance of Zavarovalnica Triglav



2.2 General Meeting of Shareholders

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

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

2.3 Management Board

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

Any person fulfilling the requirements stipulated by the Insurance Act, the Companies Act and the applicable documents of the Company may be appointed to the Management Board as its President or member. The fit and proper criteria, which the Management Board members and

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

In accordance with the Articles of Association, the Management Board has no less than three and no more than six members, one of whom is President. The number of the Management Board members, their powers, the manner of representation and presentation and the transfer of the Management Board's authorisations are determined by the Supervisory Board in the Management Board Rules.

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

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

2.3.1 Introducing the Management Board

As at 31 March 2019 the Management Board of Zavarovalnica Triglav was composed of:

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

2.4 Supervisory Board

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

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Works Council. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Their appointment and recall are made in accordance with the applicable legislation and the documents of the Company. The members of the Supervisory Board are given a four-year term of office and may be re-elected without limitation. The fit and proper criteria as set out in the Fit and Proper Policy

for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. also apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fit and proper assessments are made before the appointment, periodically, extraordinarily or after the appointment of an individual Supervisory Board member.

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

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

2.4.1 Composition of the Supervisory Board

Composition of the Supervisory Board as at 31 March 2019:

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

3. The share and the shareholders of Zavarovalnica Triglav

3.1 The share of Zavarovalnica Triglav

In the first three months of 2019, Zavarovalnica Triglav's share (ZVTG) **climbed by 9.9%**, while the Slovene stock exchange index SBI TOP grew by 7.8%. The ZVTG share is **one of the most liquid shares on the Ljubljana Stock Exchange**. In the reporting period, as much as 10% of share turnover was accounted for by the ZVTG shares. The average daily turnover of ZVTG shares was EUR 105 thousand, while total turnover amounted to EUR 6.4 million in three months. With EUR 757 million in market capitalisation, Zavarovalnica Triglav is the **third largest** listed Slovene company.

Through proactive management of relations with investors, shareholders and analysts, the Company **promotes the attractiveness of its issued financial instruments**. The Company strives to be transparent, active and open as well as to maintain a proactive contact with investors. In 2018, the Company took part in 12 events organised for investors in Europe and the USA; similar activities will continue in 2019. The calendar of events which the Company will attend is published on its website at www.triglav.eu.

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

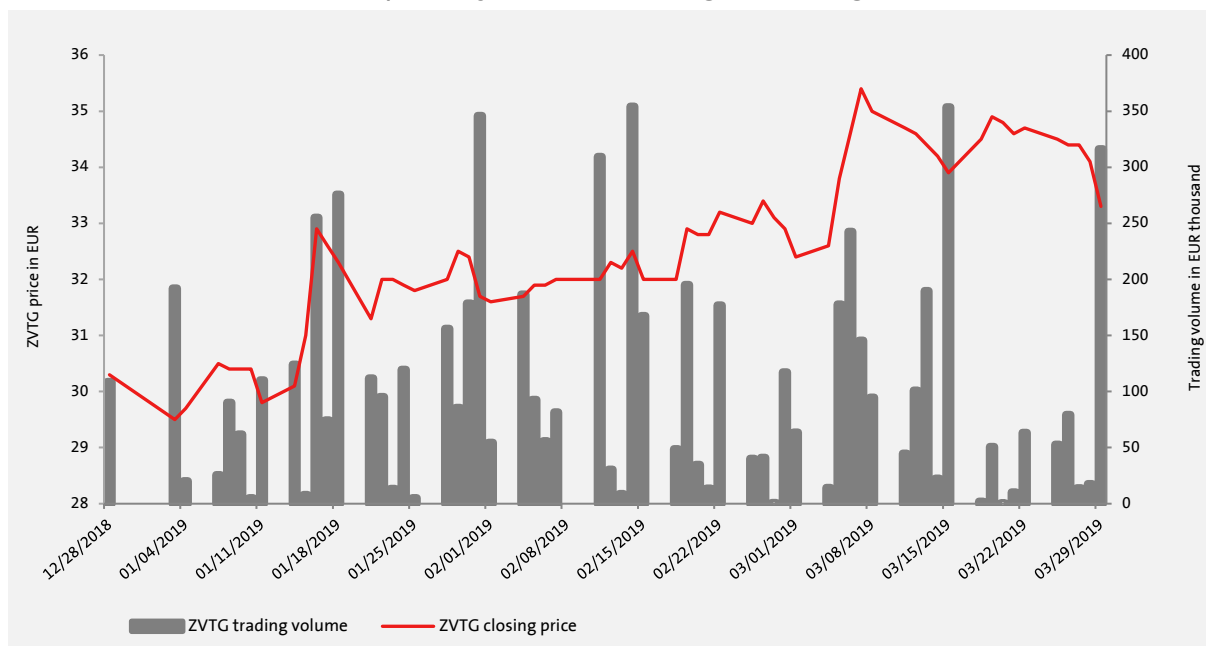
Items	31 March 2019
Maximum closing price	35.40
Minimum closing price	29.50
Closing price	33.30
Book value per share (parent company)*	25.69
Book value per share (consolidated data)*	34.30
Net earnings per share (consolidated data)**	1.12
Market capitalisation	757,080,428
Average daily trading volume	105,215
No. of shares	22,735,148
The percentage of floating stock***	30.87%
Traded on	Ljubljana Stock Exchange - LjSE
ISIN code	SI0021111651
Ticker symbol	ZVTG
Bloomberg	ZVTG SV
Reuters	ZVTG.LJ
Credit rating (S&P Global Ratings, AM Best)	»A«, stable medium-term outlook

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

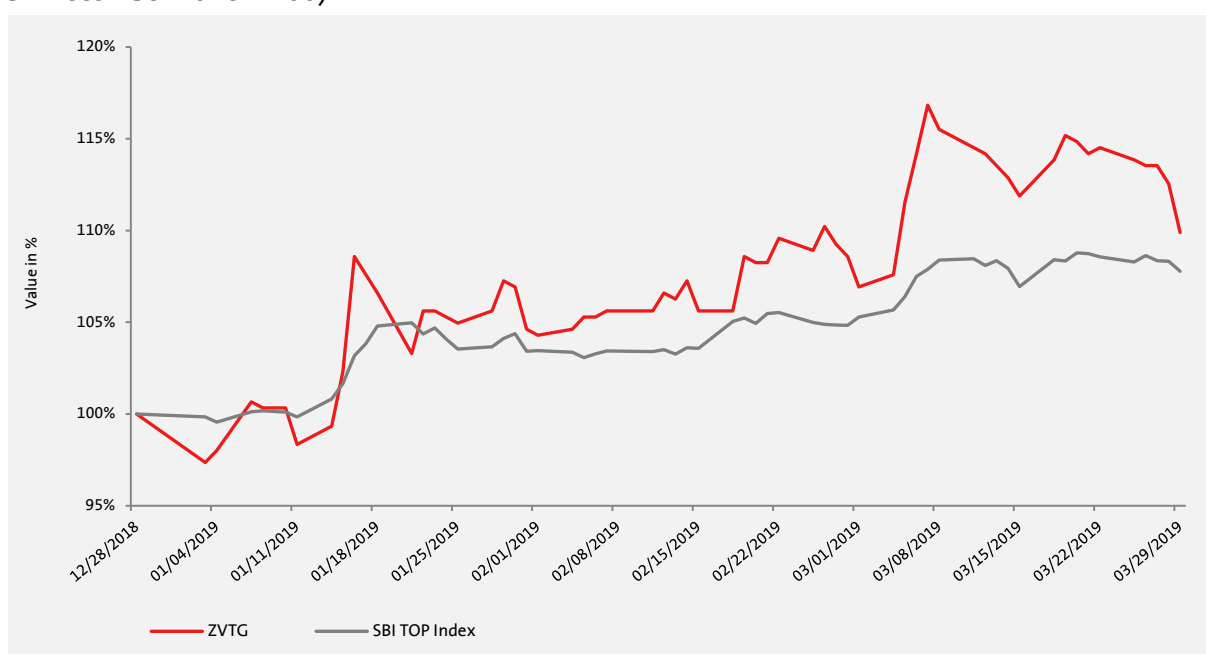
**In calculating net earnings/loss per share (consolidated data), net profit or loss of the Triglav Group and the weighted average number of shares were taken into account.

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

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



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



3.2 Equity

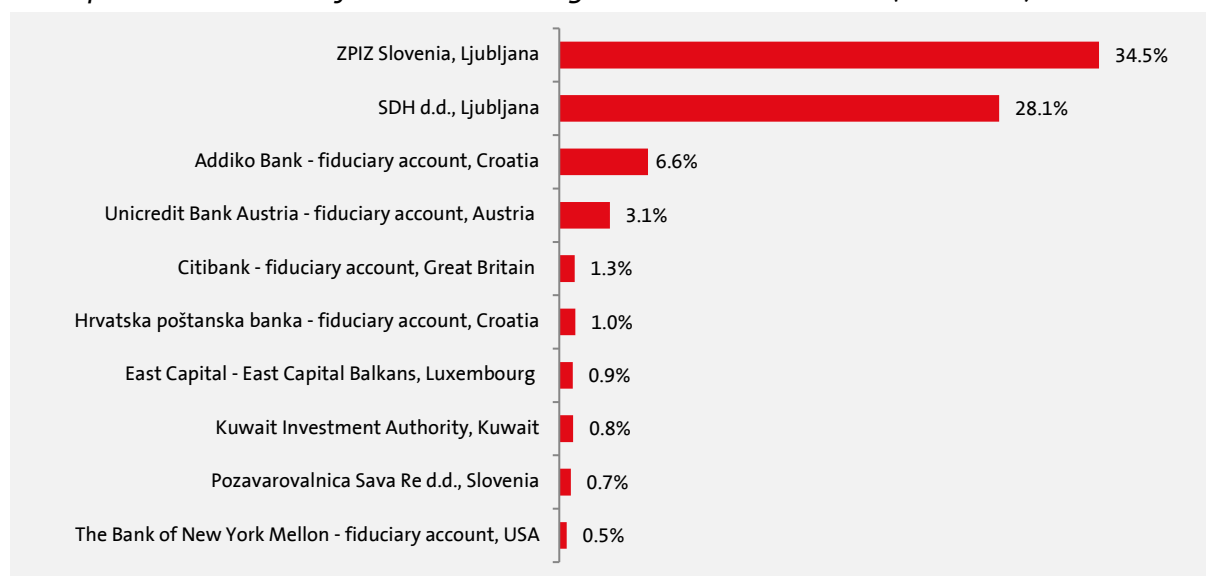
As at 31 March 2019, the share capital of Zavarovalnica Triglav remained unchanged at EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares of the same class. All shares are freely transferable and issued in a dematerialised form. Each represents the same stake and a corresponding amount in the share capital. All have been fully paid in. Each ZVTG share gives its holder the right to one vote at the General Meeting of Shareholders, proportional dividends from the profit intended for the payment of dividends and

a proportional share of the remaining bankruptcy or liquidation estate after the payoff of priority shareholders in the case of bankruptcy or liquidation.

3.3 Shareholder structure

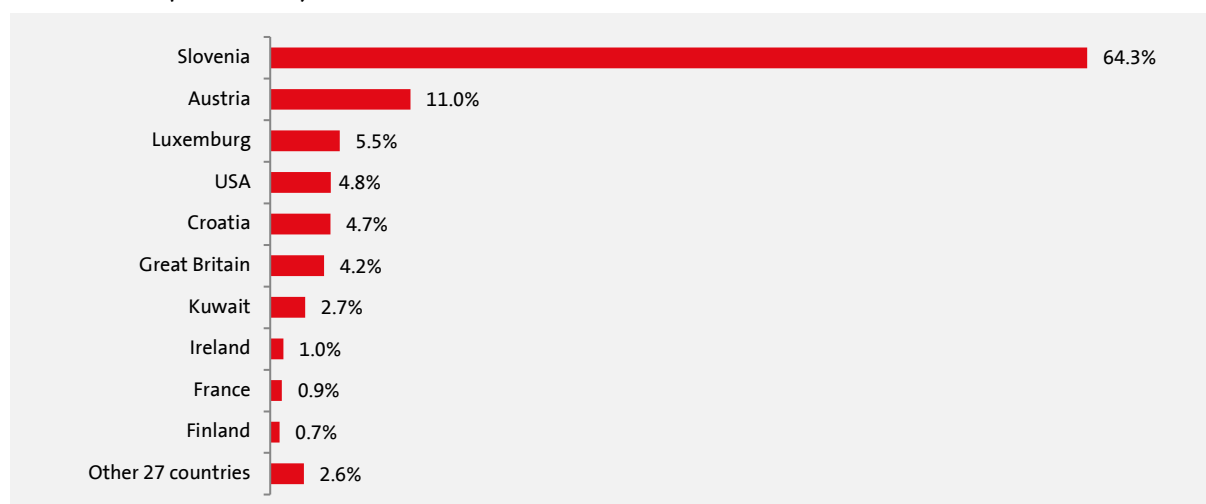
Compared to the 2018 year-end, **the structure and total equity stakes of top ten shareholders** did not significantly change; the latter stood at 77.4%. The stakes of the top two shareholders remained unchanged, whereas the stakes of some other shareholders slightly changed.

The top ten shareholders of Zavarovalnica Triglav as at 31 March 2019 (share in %)



The share of **the free float**, i.e. the shares held by the shareholders with less than a 5% equity stake, stood at 30.9% as at the reporting date. According to the share register, these shareholders come from 37 countries, while the shareholders – legal entities come from 22 countries. The largest stakes are held by the shareholders from the countries shown in the figure below. Compared to the 2018 year-end, their stakes did not significantly change.

The free float shareholder structure of Zavarovalnica Triglav by the country of origin as at 31 March 2019 (share in %)



As at 31 March 2019, Zavarovalnica Triglav had **14,011 shareholders** (vs. 14,153 shareholders as at the 2018 year-end). In terms of the shareholder country and legal status (natural person or legal entity), the shareholder structure did not see any significant changes. **The equity stakes of international shareholders stood at 18%**, which is also the result of promoting the Triglav Group among international investors and an active investor relations policy of Zavarovalnica Triglav.

Shareholder structure of Zavarovalnica Triglav as at 31 March 2019

	Total	Domestic	International	Legal entities	Individuals
Number of shares	22,735,148	18,619,512	4,115,636	20,208,665	2,526,483
Number of shareholders	14,011	13,366	645	471	13,540
Number of shares - percentage	100.0%	81.9%	18.1%	88.9%	11.1%
Number of shareholders - percentage	100.0%	95.4%	4.6%	3.4%	96.6%

The total number of shares held by the Management and Supervisory Boards equalled 4,484, thus remaining the same as at the 2018 year-end.

3.4 Credit rating

The credit ratings of the Triglav Group – and consequently its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re – are assigned by two renowned credit rating agencies: S&P Global Ratings (hereinafter: S&P) and A.M. Best. In 2018, both agencies reassigned the Group an **»A« stand-alone credit rating with a stable medium-term outlook**.

3.5 Dividend policy

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

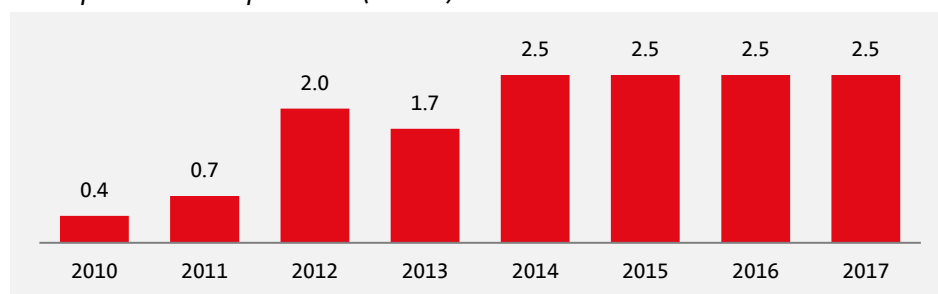
The capital management strategic objectives and the dividend policy criteria

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

In March 2018, the **dividend policy** of Zavarovalnica Triglav was revised as follows:

Zavarovalnica Triglav implements an attractive and sustainable dividend policy. A part of consolidated net profit of the preceding year, which is to be allocated to dividend payment, accounts for at least 50%. The Company will strive to pay out a dividend not lower than the dividend payment of the preceding year. As thus far, the future implementation of the dividend policy will be subordinated to achieving the medium-term sustainable target capital adequacy of the Triglav Group. The Management and Supervisory Boards' proposed distribution of the accumulated profit takes 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 growth and development strategy of the Triglav Group, and to pay out attractive dividends to the shareholders.

Gross paid dividend per share (in EUR)



On 28 May 2019, the General Meeting of Shareholders will decide on the dividend for 2018. The proposed dividend is EUR 2.50 gross per share, while the total dividend amount is EUR 56,837,870. The proposed ex-dividend date is 12 June 2019, while the date of dividend payment to Centralno klirinška depotna družba is 13 June 2019.

4. Performance in the period from 1 January to 31 March 2019

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

Upon entering the new year, the global economy was marked by a slowdown in growth, which was more pronounced in manufacturing. Uncertainties such as trade negotiations between the USA and China and Brexit had an impact on the economic climate, activities and international trade. While the effects of uncertainty were only partially reflected in the USA, they were more noticeable in export-oriented economies of the rest of the developed world. In the euro area, these factors caused a relatively steep decline in the business climate, and consequently the slowing of industrial production. In view of the still favourable conditions in the labour market, the sentiment among consumers and retail sales, the deteriorated situation in the euro area was not noticeably reflected in household consumption. The data for Slovenia indicated the slowing down of the activity, however, both domestic and foreign demand maintained a favourable dynamics of growth and Slovenia's fiscal position remained positive. Given the current circumstances, the official institutions considerably lowered the outlook for this year's growth in the euro area to a good percentage, while the growth forecast for Slovenia was lowered only slightly to good 3%. Nevertheless, the growth forecast for Slovenia remains solid.

The first quarter was again turbulent for the financial markets. Lower macroeconomic forecasts and political uncertainty, and consequently a greater tendency of the key central banks to adopt accommodative policies, significantly influenced the sentiment on the bond markets. The European Central Bank (ECB) announced that the first rise in the central interest rate was expected at the end of 2019 and that a third phase of its favourable bank lending programme (TLTRO-III) would be launched. The US Fed indicated that this year no further increases in the interest rates were planned and that its balance sheet reduction would end in September this year. The required yield to maturity (YTM) on Slovene bonds dropped significantly. Following the events connected to Brexit, the yield to maturity on 10-year German government bond recorded a negative growth, similar to that in 2016, thus ending Q1 at -0.07% or 0.31 percentage point less than at the beginning of the year. The required yield to maturity of the similar Slovene bond fell by the same amount, standing at 0.72% as at the end of Q1. This dynamics was also observed in other government bonds of the euro area. The corporate sector was overwhelmed by optimism, as credit spreads on corporate bonds fell and stock market indices recorded strong growth, almost offsetting the loss of the previous quarter. The American S&P 500 recorded a 13.1% growth, while the European Stoxx 50 rose by 9.2%. At 7.8%, a somewhat lower growth was seen by the Slovene SBI TOP.

With respect to major CAT events, the reporting period was favourable. In the reporting period, only one major CAT event was recorded, i.e. the February storm in Montenegro, which caused an estimated damage of EUR 196 thousand to properties and cars.

4.2 The insurance market and the position of the Group members in the first quarter of 2019

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

In the reporting period, the insurance companies recorded gross written premium amounting to EUR 684.7 million, **up by 5.0%**. **Non-life insurance** recorded a 5.3% growth and accounted for 72.6% of total premium. Excluding health insurance, which experienced a higher premium growth (8.8%), non-life insurance premium growth would be 3.9%. Non-life insurance premiums increased foremost as a result of higher health insurance and motor vehicle insurance (comprehensive car insurance and motor liability insurance). **Life insurance premium** increased by 4.0%, the highest growth rate was achieved by supplemental voluntary pension insurance.

Insurance companies of the Triglav Group held a 36.1% share on the Slovene insurance market as at the reporting date.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four largest insurance companies controlled 70.9% of the market. With a market share of 29.0%, **Zavarovalnica Triglav** maintained the leading position (29.5% in the respective period of 2018). The second largest market share was held by Zavarovalnica Sava, a company 1.6 times smaller. **The Triglav Group** (parent company, Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba) increased its market share by 0.2 percentage point to 36.1%.

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

- non-life insurance (excluding health insurance): 44.6% (an increase of 0.6 percentage point);
- life insurance: 26.9% (a decrease of 1.9 percentage points);
- health insurance: 27.8% (an increase of 2.6 percentage points).

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

- non-life insurance: 31.4% (the same as in the previous year)
- life insurance: 22.7% (a decrease of 1.9 percentage points).

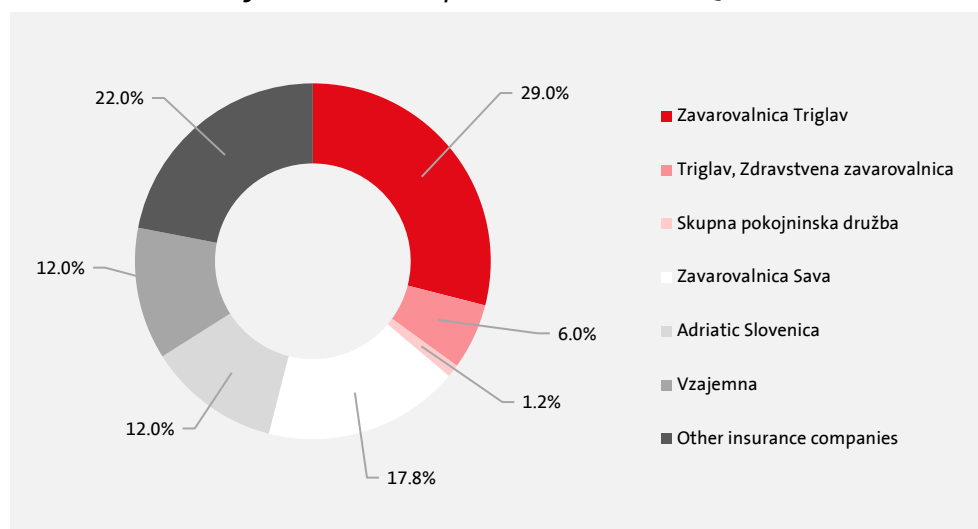
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 27.7% (an increase of 2.6 percentage points).

The market share of Skupna pokojninska družba:

- supplementary voluntary pension insurance (SVPI): 19.6% (market leader, Q1-4 2018 data).

The market share of insurance companies in Slovenia in Q1 2019



Source: Slovenian Insurance Association

Market share and market rank trends of the Triglav Group insurance markets in Q1 2019 and the comparison with Q1 2018

Market	Market share	Market share trend	Ranked in 2019	Ranked in 2018
Slovenia	36.1%	↑ + 0.2 percentage point	1	1
Croatia	4.7%	↑ + 0.2 percentage point	8	8
Serbia*	5.8%	↑ + 0.1 percentage point	5	5
Montenegro	39.8%	↑ + 1.7 percentage points	1	1
Bosnia and Herzegovina*	7.7%	↓ - 0.1 percentage point	6	6
- Federation of BiH	9.6%	↓ - 0.2 percentage point	7	7
- Republic of Srpska*/**	5.3%	● 0.0 percentage point	9	7
North Macedonia	14.5%	↓ - 0.1 percentage point	1	1

* Data from January to December 2018

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

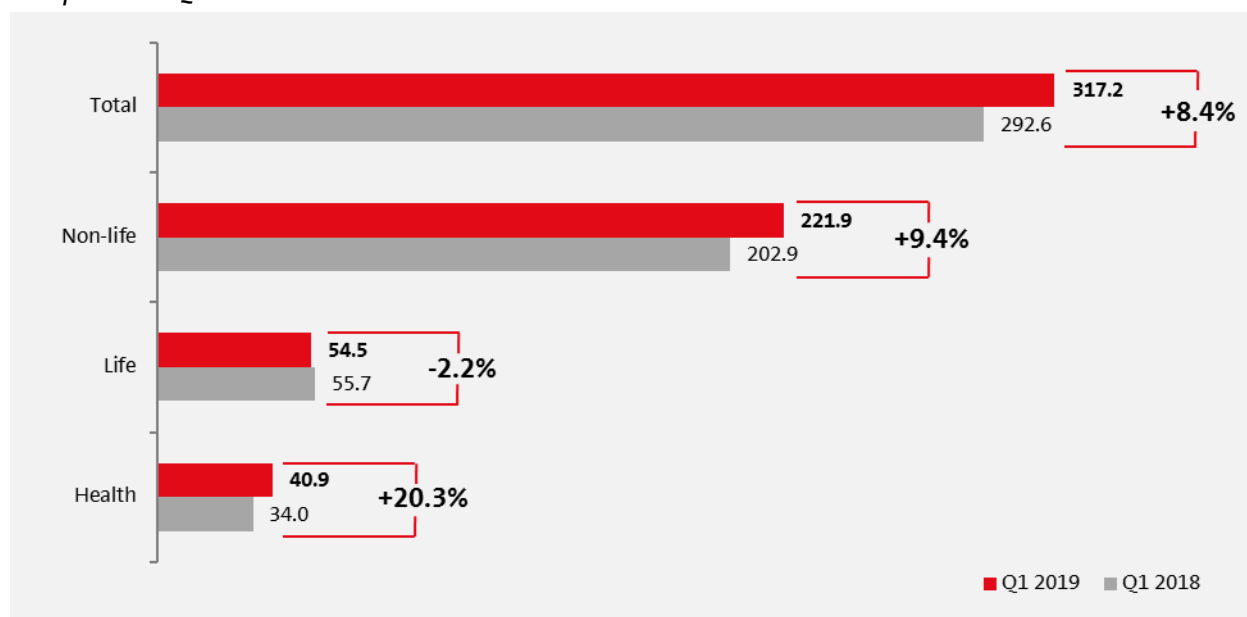
4.3 Gross written insurance, co-insurance and reinsurance premiums

The Triglav Group increased the volume of consolidated gross written insurance, co-insurance and reinsurance premiums by 8%. Written premium totalled EUR 317.2 million. Premium by segment:

- **non-life insurance:** EUR 221.9 million, index 109;
- **life insurance:** EUR 54.5 million, index 98;
- **health insurance:** EUR 40.9 million, index 120.

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

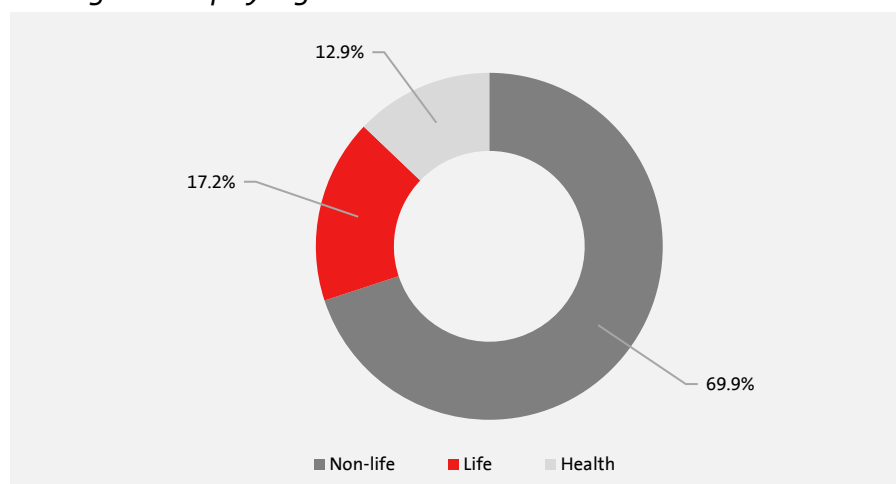
Consolidated gross written insurance, co-insurance and reinsurance premiums in Q1 2019 compared to Q1 2018



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

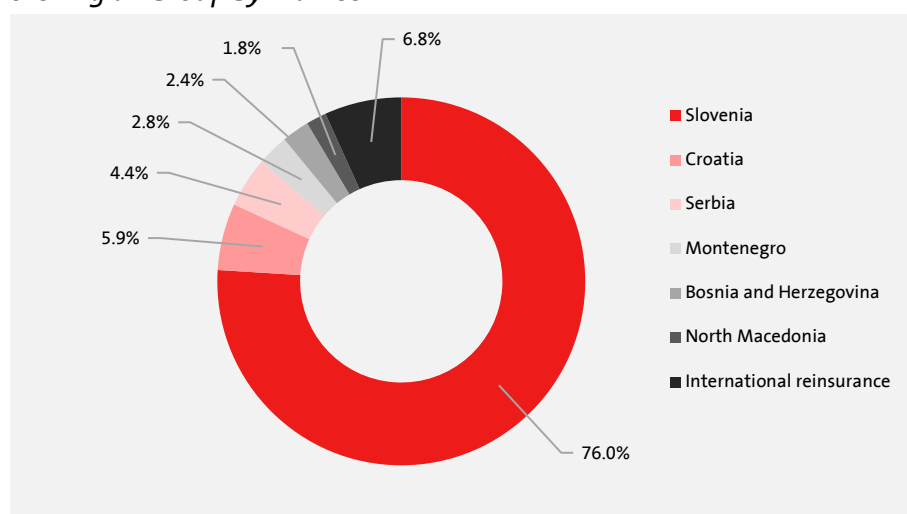
- non-life insurance accounted for 69.9% (Q1 2018: 69.3%);
- life insurance accounted for 17.2% (Q1 2018: 19.1%); and
- health insurance for 12.9% (Q1 2018: 11.6%).

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



The Triglav Group gradually increases the share of insurance premium earned on the markets outside of Slovenia. Compared to the same period last year, it grew by 0.3 percentage point. A total of 76.0% of consolidated gross written premium was charged in the Slovene insurance market, 17.3% of the premium was booked in the markets outside of Slovenia, while international reinsurance premium accounted for 6.8% of written premium.

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



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

Country	Gross written premium		Index	Structure	
	Q1 2019	Q1 2018	Q1 2019/ Q1 2018	Q1 2019	Q1 2018
Slovenia	241,038,064	228,158,229	106	76.0%	78.0%
Croatia	18,632,058	16,752,366	111	5.9%	5.7%
Serbia	13,994,921	12,282,724	114	4.4%	4.2%
Montenegro	8,777,588	6,997,911	125	2.8%	2.4%
Bosnia and Herzegovina	7,663,309	7,329,288	105	2.4%	2.5%
North Macedonia	5,663,924	6,372,340	89	1.8%	2.2%
International reinsurance	21,448,277	14,679,677	146	6.8%	5.0%
Total	317,218,141	292,572,535	108	100.0%	100.0%

Premium growth was recorded in most insurance markets with the exception of the Macedonian market (see the overview by insurance subsidiary in the table below). The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 302.3 million in non-consolidated gross written premium, up by 6% compared with the same period last year.

Pozavarovalnica Triglav Re posted a total of EUR 56.1 million in gross written reinsurance premium, up by 27% compared to the year before. Pozavarovalnica Triglav Re recorded the highest growth in motor liability insurance (transactions within the Triglav Group), other damage to property insurance (a high growth in transactions both within and outside of the Triglav Group) and fire and natural disaster insurance (transactions within the Triglav Group). Transactions within the Group experienced a 30% premium growth, primarily due to the conclusion of new contracts with the Group members outside of Slovenia. In transactions outside of the Group, reinsurance premium experienced a 22% growth resulting mainly from newly concluded contracts in 2019. The highest premium growth was recorded in the markets of the Republic of South Africa, Israel, Germany and Italy.

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

Insurance company	Gross written premium			Index		Structure	
	Non-life	Life	Total	Non-life	Life	Total	Q1 2019
Zavarovalnica Triglav*	155,921,619	42,568,027	198,489,646	105	96	103	65.7%
Triglav, Zdravstvena zavarovalnica	41,085,388		41,085,388	120	0	120	13.6%
Skupna pokojninska družba		7,953,819	7,953,819	0	105	105	2.6%
Triglav Osiguranje, Zagreb	16,632,920	1,999,138	18,632,058	112	102	111	6.2%
Triglav Osiguranje, Belgrade	13,072,436	922,587	13,995,023	117	83	114	4.6%
Lovćen Osiguranje, Podgorica	8,012,870		8,012,870	121	0	121	2.7%
Triglav Osiguranje, Sarajevo	4,550,849	1,770,112	6,320,961	104	111	106	2.1%
Triglav Osiguranje, Banja Luka	1,365,108		1,365,108	98	0	98	0.5%
Triglav Osiguruvanje, Skopje	5,438,316		5,438,316	88	0	88	1.8%
Lovćen životna osiguranja, Podgorica		764,718	764,718	0	196	196	0.3%
Triglav Osiguruvanje Život, Skopje		225,608	225,608	0	122	122	0.1%
Total	246,079,506	56,204,009	302,283,515	108	98	106	100.0%
Pozavarovalnica Triglav Re	56,092,329		56,092,329	127	0	127	
Consolidation eliminations	-39,450,380	-1,707,323	-41,157,703	116	112	115	
Total consolidated	262,721,455	54,496,686	317,218,141	111	98	108	

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

4.3.1 Non-life insurance

In the non-life insurance segment, the Triglav Group insurance companies charged EUR 246.1 million in non-consolidated written premium or 8% more than in the same period of 2018.

In total written premium, **motor vehicle insurance** (comprehensive car insurance and motor liability insurance) remained the largest insurance class with a 29.9% share. The Triglav Group insurance companies collected EUR 43.7 million in **comprehensive car insurance**

Motor vehicle insurance is the largest insurance class, accounting for 29.9% of total written premium.

premium or 5% more than in the preceding year. Most insurance companies recorded premium growth primarily through effective sales campaigns, intensified sales activities and winning new clients. The strongest growth was recorded by Triglav Osiguranje, Belgrade and Triglav Osiguranje, Banja Luka (index 128). The parent company, accounting for 86% of the Group's total premium, recorded a 4% growth in written premium. Such a good result is a reflection of effective sales activities and sales campaigns (the "Together in Action" Vignette sales campaign and "Free Time") and the redesign of motor vehicle insurance tariffs in January 2019. Premium was lower in Triglav Osiguruvanje, Skopje (loss of premium of several major policyholders and a lower number of sold new cars) and Lovćen osiguranje (loss of premium of several major policyholders).

The Group collected EUR 46.8 million in **motor liability insurance** premium, up by 7% compared with the preceding year. The highest, 10% growth was recorded by the parent company, holding a 67% share in total premium, as a result of effective sales activities and sales campaigns, the redesign of motor vehicle insurance tariffs and the increased number of sold insurance policies. This insurance class continues to account for the largest share of premium in the markets outside of Slovenia, where growth was recorded in Lovćen Osiguranje, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo. Other insurance companies recorded a decrease in written premium. Lower written premium in Triglav Osiguranje, Banja Luka was a result of lower written premium in compulsory liability insurance (the decision of the Insurance Agency of Republika Srpska) and a lower number of concluded insurance policies as a consequence of terminating the discounts (an agreement reached by the Association of Insurance Undertakings

of Republika Srpska), while in Triglav Osiguranje, Zagreb written premium was lower due to a decrease in rent-a-car insurance and strong competition.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 61.9 million was booked, having increased by 4%. A 9% premium growth was recorded in other damage to property insurance, whereas in fire and natural disaster insurance written premium dropped by 2%. The highest growth was achieved by Lovćen Osiguranje (index 194) by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders. The parent company, accounting for 80% of the Group's total premium, recorded a 4% growth in written premium. The acquisition of new clients and projects, the increased scope of insurance coverage and partly a different premium charging dynamics were the main drivers of high growth in combined non-life insurance and machinery breakdown insurance. A high growth in mobile phone insurance is a result of the increased sales volume and in animal insurance animal it resulted from the increased scope of insurance coverage of a major policyholder. In contrast, a decrease in premium due to the loss of several major policyholders in fronting transactions was recorded by Triglav Osiguranje, Skopje (index 60). A 6% lower premium was posted by the Sarajevo insurer as a result of the non-renewal of insurance contracts of two major policyholders.

A 22% growth was seen in **health insurance**, where the Group wrote EUR 43.5 million in premium. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 41.1 million, thus achieving a 20% growth. The bulk of its written premium stemmed from supplemental health insurance, where premium growth resulted from the increased number of concluded insurance policies and the premium increase on 1 March 2019. It was also successful in the sale of additional health insurance products. Most other insurance companies selling health insurance products also recorded a high premium growth.

A 22% premium growth was achieved in health insurance.

In **general liability insurance**, the Triglav Group recorded a 9% premium growth or EUR 18.8 million in nominal terms. Zavarovalnica Triglav, accounting for 79% of total premium, saw a 5% growth in written premium compared with the preceding year. The high growth in written premium was observed in product liability insurance and directors and officers liability insurance. Except in Triglav Osiguranje, Zagreb (index 92), a high premium growth was recorded in other insurance companies by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders.

Accident insurance accounted for 3.6% of total written premium or EUR 10.8 million in nominal terms, up by 3% compared with the year before. A high premium growth was recorded in Triglav Osiguranje, Banja Luka (a higher average premium), Triglav Osiguranje, Sarajevo (new policyholders and the increased scope of insurance coverage with existing policyholders in relation to group accident insurance) and Triglav Osiguranje, Zagreb. The parent company, accounting for 66% of the Group's total premium, recorded a 3% growth, mainly as a result of the largest insurance sub-classes among accident insurance: the driver's bodily injury insurance or AO-plus insurance (taken out simultaneously with car insurance) and group accident insurance.

Premium in **credit insurance** grew by 8% to EUR 7.0 million, accounting for 2.3% of the Group's total premium. The highest growth was seen in Triglav Osiguranje, Zagreb, achieved as a result of successful business cooperation with one of the banks. A high premium growth was recorded by Lovćen Osiguranje (as a result of good sales via the banking sales channel) and Triglav Osiguranje, Belgrade (acquisition of new policyholders). Zavarovalnica Triglav, which accounted for 77% of total premium, recorded a 13% drop in written premium. The decline in premium was primarily the result of lower consumer loan insurance premium (policy cancellation of two

major policyholders) as well as a lower premium from unemployment, disability and whole life insurance sold by banks as an additional product taken out simultaneously with consumer and housing loans (termination of cooperation with one of the banks).

Premium from **other non-life insurance** (accounting for 4.5% of total premium) increased by 12% to EUR 13.6 million. High premium growth was recorded by most insurance companies, the largest by Triglav Osiguranje, Zagreb (index 139) and Triglav Osiguranje, Sarajevo (index 129). The high growth of the Zagreb insurer was achieved mainly through successful cooperation with one of the agencies in marine insurance, whilst in the Sarajevo insurer it was foremost the result of new miscellaneous financial loss insurance contracts and the increased number of assistance insurance contracts. Furthermore, high premium growth was observed in Lovćen Osiguranje, Podgorica (higher premium from marine insurance and goods in transit insurance) and Triglav Osiguranje, Belgrade (higher premium from suretyship insurance). Zavarovalnica Triglav, accounting for 72% of the Group's total premium, recorded a high, 13% growth in written premium, which was primarily generated by assistance insurance (an increase in roadside assistance premium), aircraft insurance (a high growth in international aircraft hull insurance) and aircraft liability insurance.

4.3.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 56.2 million in non-consolidated gross written premium from **life insurance** contracts or 2% less than in the same period last year. Life insurance accounted for 18.6% of total non-consolidated gross written premium, down by 1.6 percentage point compared with the corresponding period of 2018.

Life insurance premium (traditional life, annuity, pension and voluntary pension insurance), which amounted to EUR 25.4 million and accounted for 43.5% of the life insurance class total, remained at approximately the same level as the year before (index 100). The premium of the parent company was 2% lower than in the respective period of 2018 (an 80% share). A high premium growth was achieved by Lovćen životna osiguranja (index 196) through effective sales via the banking sales channel, Triglav Osiguruvanje Život, Skopje (index 122) through effective sales via the internal sales network and the Sarajevo insurer (index 111) through effective sales via banks and agencies.

The premium generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) fell by 4% compared with the preceding year. With EUR 26.9 million, it accounted for 47.8% of total life insurance written premium. The parent company recorded an 8% premium decrease compared with the year before, resulting from lower single written premium and lower retained sums paid out on maturity. In contrast, Skupna pokojninska družba (a higher number of concluded insurance policies) and Triglav Osiguranje, Zagreb (mostly through effective sales via one of the banks) recorded premium growth.

Capital redemption insurance (supplemental voluntary pension insurance) generated EUR 3.9 million or 7.0% of total life insurance premium. The 2% growth resulted from large premium payments in the parent company.

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

Insurance class	Gross written premium		Index	Structure
	Q1 2019	Q1 2018	Q1 2019/ Q1 2018	Q1 2019
Accident insurance	10,787,989	10,480,598	103	3.6%
Health insurance	43,506,944	35,718,232	122	14.4%
Comprehensive car insurance	43,711,222	41,698,929	105	14.5%
Real property insurance	61,921,690	59,352,738	104	20.5%
Motor liability insurance	46,807,403	43,839,457	107	15.5%
General liability insurance	18,800,101	17,318,035	109	6.2%
Credit insurance	6,983,171	6,463,994	108	2.3%
Other non-life insurance	13,560,987	12,057,069	112	4.5%
Non-life insurance	246,079,507	226,929,052	108	81.4%
Life insurance	25,434,143	25,362,382	100	8.4%
Unit-linked life insurance	26,857,501	28,061,051	96	8.9%
Capital redemption insurance	3,912,364	3,849,346	102	1.3%
Life insurance	56,204,008	57,272,779	98	18.6%
Total	302,283,515	284,201,831	106	100.0%

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

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

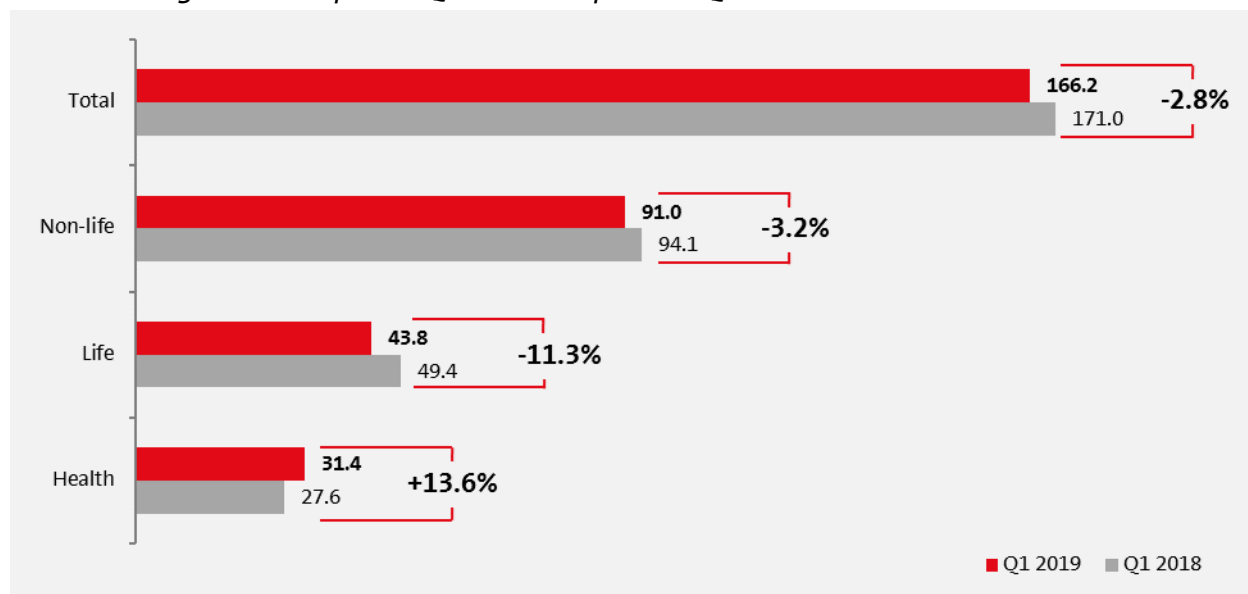
Insurance class	Gross written premium		Index	Structure
	Q1 2019	Q1 2018	Q1 2019/ Q1 2018	Q1 2019
Accident insurance	7,095,870	6,859,425	103	3.6%
Health insurance	144,354	140,271	103	0.1%
Comprehensive car insurance	37,775,342	36,232,639	104	19.0%
Real property insurance	49,663,628	47,638,538	104	25.0%
Motor liability insurance	31,266,864	28,251,094	111	15.8%
General liability insurance	14,902,664	14,145,835	105	7.5%
Credit insurance	5,363,232	6,168,516	87	2.7%
Other non-life insurance	9,698,913	8,593,425	113	4.9%
Non-life insurance	155,910,867	148,029,743	105	78.6%
Life insurance	20,470,770	20,831,232	98	10.3%
Unit-linked life insurance	18,191,093	19,776,998	92	9.2%
Capital redemption insurance	3,912,364	3,849,346	102	2.0%
Life insurance	42,574,227	44,457,576	96	21.4%
Total	198,485,094	192,487,319	103	100.0%

4.4 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 166.2 million in consolidated gross claims paid (including claim handling expenses, income from exercised subrogation receivables and gross claims paid from inward reinsurance), or 3% lower than in the respective period of the previous year. Gross claims paid experienced growth in **health insurance**, amounting to EUR 31.4 million (index 114), whereas in **non-life insurance** and **life insurance** they dropped to EUR 91.0 million (index 97) and EUR 43.8 million (index 89) respectively.

Gross claims paid decreased by 3% compared to the year before.

Consolidated gross claims paid in Q1 2019 compared to Q1 2018



The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) posted a total of EUR 157.7 million in non-consolidated gross claims paid, down by 5% compared to the preceding year. The highest growth rates in gross claims paid were recorded by Lovćen životna osiguranja (index 214), Triglav Osiguranje, Sarajevo (index 142) and Triglav, Zdravstvena zavarovalnica (index 114).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 13.4 million, or 1% more compared to the year before. A 38% growth in gross claims paid was seen in operations outside of the Group, whereas a decrease of 79% in gross claims paid was recorded in operations within the Group. This decrease was a result of new reinsurance contracts concluded with the Group members outside of Slovenia in accordance with the clean cut system. In these contracts, entry claim portfolios, which are calculated anew, decrease gross claims paid, thereby offsetting the impact of increased liabilities for incurred claims covered by the reinsurer.

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

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1 2019
Zavarovalnica Triglav*	59,508,410	37,157,857	96,666,267	93	86	90	61.3%
Triglav, Zdravstvena zavarovalnica	31,380,233		31,380,233	114	0	114	19.9%
Skupna pokojninska družba		4,939,285	4,939,285	0	104	104	3.1%
Triglav Osiguranje, Zagreb	8,777,025	1,352,889	10,129,914	85	92	85	6.4%
Triglav Osiguranje, Belgrade	3,602,572	937,982	4,540,554	97	164	106	2.9%
Lovćen Osiguranje, Podgorica	3,370,482		3,370,482	82	0	82	2.1%
Triglav Osiguranje, Sarajevo	3,080,247	492,328	3,572,575	150	107	142	2.3%
Triglav Osiguranje, Banja Luka	367,122		367,122	79	0	79	0.2%
Triglav Osiguruvanje, Skopje	2,320,520		2,320,520	93	0	93	1.5%
Lovćen životna osiguranja, Podgorica		447,068	447,068	0	214	214	0.3%
Triglav Osiguruvanje Život, Skopje		1,900	1,900	0	0	0	0%
Total	112,406,611	45,329,309	157,735,920	98	89	95	100.0%
Pozavarovalnica Triglav Re	13,443,279		13,443,279	101	0	101	
Consolidation eliminations	-3,474,952	-1,523,725	-4,998,677	52	112	62	
Total - consolidated	122,374,938	43,805,584	166,180,522	101	89	97	

* 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** dropped by 2% to EUR 112.4 million. With respect to major CAT events, the reporting period was favourable.

In **health insurance**, gross claims paid increased by 14% to EUR 32.1 million, accounting for 20.3% of total gross claims paid. The largest portion of claims, amounting to EUR 31.4 million, was posted by Triglav, Zdravstvena zavarovalnica, which recorded a 14% growth. The increase in the number of insured persons and their changed age structure, which is nearing the Slovene average, resulted in higher average claims paid. The rise in gross claims paid was also influenced by medical inflation. Equalisation scheme expenses (index 154) grew to EUR 1.8 million.

Motor liability insurance claims declined by 3% over the respective period of 2018. They accounted for 14.9% of total gross claims paid by the Triglav Group or EUR 23.5 million in nominal terms. A high decrease in gross claims paid was recorded in Triglav Osiguranje, Banja Luka (index 61) and Lovćen Osiguranje, Podgorica (index 66). In Triglav Osiguranje, Banja Luka, the decrease resulted from a lower number of claims and their lower average payout, in addition to the payment of two large individual claims in Q1 2018. The Montenegrin insurer also recorded a lower number of claims reported and a lower number of large claims paid out. Gross claims paid by the parent company, accounting for 68% of total gross claims paid by the Group in this insurance class, went down by 1%. Other insurance subsidiaries recorded an increase in gross claims paid due to a higher number claims reported.

Gross claims paid in **comprehensive car insurance** amounted to EUR 23.5 million and remained at approximately the same level as the year before (index 100). They accounted for 14.9% of total gross claims paid by the Group. The highest growth rates in gross claims paid were posted by Triglav Osiguranje, Banja Luka (index 186), Triglav Osiguranje, Sarajevo (index 144), Triglav Osiguranje, Zagreb (index 126) and Lovćen Osiguranje (index 117). The high growth in Triglav Osiguranje, Banja Luka resulted from the higher number of claims reported and the payment of two large claims, in Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb from the higher number of claims reported and in Lovćen Osiguranje from the growth of average claims paid. In Zavarovalnica Triglav, which accounted for 82% of total comprehensive car insurance claims, gross claims paid experienced a 2% decrease. A 12% decline in gross claims paid was also posted by Triglav Osiguranje, Belgrade and Triglav Osiguranje, Skopje.

In **real property insurance**, gross claims paid amounted to EUR 18.3 million, down by as much as 27% compared with the year before, accounting for 11.6% of total gross claims paid. A 26% drop in gross claims was seen in fire and natural disaster insurance and a 27% decline in other damage to property insurance. The highest decrease in gross claims paid was experienced by Triglav Osiguranje, Zagreb (index 53), Triglav Osiguranje, Skopje (index 59) and Zavarovalnica Triglav (index 72), which accounted for a 71% of total gross claims paid by the Group. In the parent company and the Croatian insurer the high decline was a result of the claims paid due to natural disasters and the payment of several large individual claims in 2018, while in the Macedonian insurer it resulted from last year's payment of two large claims. In contrast, high growth rates in gross claims paid were recorded by Triglav Osiguranje, Sarajevo (payment of two large claims resulting from a court settlement), Lovćen Osiguranje (payment of claims due to damage to properties caused by storm and payment of several large individual claims) and Triglav Osiguranje, Belgrade (payment of two large individual claims).

Gross claims paid in **accident insurance** decreased by 5% to EUR 5.8 million. The decrease in gross claims paid was primarily a result of lower gross claims paid in Zavarovalnica Triglav (lower payouts in AO-plus insurance) and in Triglav Osiguranje, Skopje (payment of a large claim due to death and a lower growth of key person insurance claims in 2018). A high growth in gross claims paid was recorded in Triglav Osiguranje, Belgrade (an increase in the number of claims

reported), Triglav Osiguranje, Sarajevo (an increase in paid out group accident insurance claims) and Triglav Osiguranje, Banja Luka (payment of a large claim due to death).

Gross claims paid from **general liability insurance** amounted to EUR 4.2 million, up by 5% compared to the year before. Gross claims paid by the parent company, which accounted for 91% of gross claims paid by the Group in this insurance class, reached a 7% growth primarily resulting from the payment of a large individual claim in lawyers professional indemnity insurance and the growth of guarantee insurance claims. A high growth in gross claims paid was recorded in Triglav Osiguranje, Sarajevo due to the payments of some large individual claims.

Gross claims paid from **credit insurance** rose by 53% to EUR 1.1 million. Zavarovalnica Triglav (index 171) recorded a high increase in gross claims paid, which account for the bulk of claims of this insurance class. The high growth resulted mostly from higher payments in consumer and housing credit insurance, domestic trade credit insurance (payment of three large claims due to insolvency) and overdraft insurance.

Gross claims paid from **other non-life insurance** went up by 8% to EUR 4.0 million. Zavarovalnica Triglav, holding a 78% share of this insurance class, recorded a 19% growth, primarily resulting from higher gross claims paid from miscellaneous financial loss insurance (payment of a large claim from business interruption following fire insurance), assistance insurance (growth in roadside assistance claims) and goods in transit insurance (an increase in international transport insurance claims). Furthermore, a high growth in gross claims paid was recorded by Triglav Osiguranje, Zagreb (a higher number of marine insurance claims), Triglav Osiguranje, Sarajevo (a higher number of reported roadside assistance claims) and Triglav Osiguranje, Skopje (payment of two large individual claims).

4.4.2 Life insurance

Non-consolidated gross claims paid from **life insurance** declined by 11% to EUR 45.3 million. Their share in total non-consolidated claims paid fell by 1.9 percentage point to 28.7%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, annuity pension and voluntary pension insurance). They equalled EUR 23.2 million and remained at a level approximately equal to the previous year (index 100). A high growth in gross claims paid was recorded by Triglav Osiguranje, Belgrade (the growth of claims from insurance taken out via the banking sales channel), Lovćen životna osiguranja (higher payouts due to death, accident, surrenders and critical illness) and Triglav Osiguranje, Zagreb (higher sums paid out on maturity). Zavarovalnica Triglav recorded a 3% decline in gross claims paid primarily due to lower sums paid out on maturity.

Gross claims paid from **unit-linked life insurance** amounted to EUR 20.2 million or 21% less than the year before. Lower gross claims paid primarily resulted from the decrease in sums paid out on maturity in both the parent company (index 73) and Triglav Osiguranje, Zagreb (index 61). Gross claims paid by Skupna pokojninska družba rose by 4% due to higher payouts and withdrawals from insurance contracts.

Gross claims paid from **capital redemption insurance** (supplemental voluntary pension insurance) decreased by 3%, primarily as a result of lower payouts due to withdrawals from insurance contracts and payouts due to illness 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	Structure
	Q1 2019	Q1 2018	Q1 2019/ Q1 2018	Q1 2019
Accident insurance	5,826,893	6,163,992	95	3.7%
Health insurance	32,082,449	28,049,510	114	20.3%
Comprehensive car insurance	23,454,631	23,389,464	100	14.9%
Real property insurance	18,335,440	25,021,875	73	11.6%
Motor liability insurance	23,469,258	24,111,970	97	14.9%
General liability insurance	4,198,513	3,991,501	105	2.7%
Credit insurance	1,079,259	703,598	153	0.7%
Other non-life insurance	3,960,167	3,656,390	108	2.5%
Non-life insurance	112,406,610	115,088,300	98	71.3%
Life insurance	23,218,758	23,124,617	100	14.7%
Unit-linked life insurance*	20,176,950	25,598,527	79	12.8%
Capital redemption insurance	1,933,602	2,001,727	97	1.2%
Life insurance	45,329,310	50,724,871	89	28.7%
Total	157,735,920	165,813,171	95	100.0%

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

Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid		Index	Structure
	Q1 2019	Q1 2018	Q1 2019/ Q1 2018	Q1 2019
Accident insurance	3,473,423	3,795,329	92	3.6%
Health insurance	20,658	10,577	195	0.0%
Comprehensive car insurance	19,134,751	19,576,769	98	19.8%
Real property insurance	12,967,513	17,908,751	72	13.4%
Motor liability insurance	15,948,644	16,161,119	99	16.5%
General liability insurance	3,800,852	3,562,803	107	3.9%
Credit insurance	1,083,062	633,000	171	1.1%
Other non-life insurance	3,079,507	2,587,272	119	3.2%
Non-life insurance	59,508,410	64,235,620	93	61.6%
Life insurance	20,327,851	20,968,475	97	21.0%
Unit-linked life insurance	14,896,404	20,291,287	73	15.4%
Capital redemption insurance	1,933,602	2,001,727	97	2.0%
Life insurance	37,157,857	43,261,489	86	38.4%
Total	96,666,267	107,497,109	90	100.0%

4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group totalled EUR 67.2 million, up by 4% compared with the preceding year. In the reporting period, **insurance business expenses** grew by 5% to EUR 61.1 million primarily due to higher acquisition costs resulting from premium growth and higher labour costs. In contrast, **non-insurance business operating expenses** decreased by 5%, reaching EUR 6.1 million.

The share of insurance business operating expenses in gross written premium dropped by 0.7 percentage point to 19.2%. Operating expenses in **non-life insurance** increased by 4% (EUR 48.5 million) and by 32% (EUR 4.1 million) in the **health insurance** segment, whereas in **life insurance** they fell by 2% (EUR 8.4 million).

The share of insurance business operating expenses in written premium dropped to 19.2%.

Acquisition costs (fees and commissions) increased by 9% to EUR 12.8 million mostly due their growth in the parent company, Triglav, Zdravstvena zavarovalnica, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo. Higher acquisition costs resulted from the higher number of concluded insurance policies and the higher premium volume from the insurance policies taken out via the external sales channels (insurance brokers and agencies); in the parent company, they were also higher due to the provisions made for fees and commissions for not yet settled invoices for the services rendered in the amount of EUR 1.4 million. Provisions were firstly allocated as at the 2018 year-end that is why the acquisition costs are not comparable to the data of the previous year. The costs of goods sold totalled EUR 13 thousand. The 38% increase in depreciation costs in the amount of EUR 4.5 million was primarily the consequence of implementing the new IFRS 16 Leases, under which leases are differently defined, i.e. long-term leases are defined as long-term assets that are amortised. See *Section 2.3* of the Accounting Report for further details.

With 49.0%, labour costs account for the largest portion of total expenses, amounting to EUR 34.9 million, up by 3% compared with the year before. This increase is primarily a result of the higher number of employees in Triglav Osiguranje, Belgrade, Triglav, Zdravstvena zavarovalnica and Triglav Osiguranje, Zagreb as well as due to the higher acquisition costs of the parent company's insurance agents. Costs of services provided by natural persons other than sole proprietors decreased by 55%. With 0.4% of total expenses, they amounted to EUR 304 thousand. Other operating expenses dropped by 7% to EUR 18.7 million. Among other operating expenses, the highest decrease was seen in rents and lease payments (due to the implementation of IFRS 16 Leases), costs of intellectual and personal services, and costs of entertainment, advertising and trade shows.

In total gross operating expenses broken down by functional group, acquisition costs and asset management costs remained unchanged, accounting for 60.3% and 1.0% respectively. Claim handling expenses were down to 9.9% (vs. 10.0% in 2018), whereas other operating expenses were up to 28.8% (vs. 28.6% in 2018).

Gross operating expenses of the Triglav Group in Q1 2019 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1 2019	Q1 2018	Q1 2019/ Q1 2018	Q1 2019
Acquisition costs (fees and commissions)	12,801,175	11,700,791	109	18.0%
Costs of goods sold	13,206	6,110	216	0.0%
Depreciation of operating assets	4,475,766	3,241,321	138	6.3%
Labour costs	34,867,762	33,704,628	103	49.0%
- wages and salaries	25,384,116	24,352,763	104	35.7%
- social securities and pension insurance costs	5,785,454	5,598,972	103	8.1%
- other labour costs	3,698,192	3,752,893	99	5.2%
Costs of services provided by natural persons other than SPs together with pertaining taxes	303,722	680,279	45	0.4%
Other operating expenses	18,723,365	20,110,648	93	26.3%
- costs of entertainment, advertising, trade shows	3,693,376	4,129,995	89	5.2%
- costs of material and energy	1,965,662	2,078,863	95	2.8%
- maintenance costs	3,524,054	3,253,603	108	5.0%
- travel expenses	1,268,254	1,256,312	101	1.8%
- costs of intellectual and personal services	1,072,599	1,260,127	85	1.5%
- non-income-related costs, excluding insurance	634,184	635,471	100	0.9%
- costs of transport and communication services	1,236,610	1,084,764	114	1.7%
- costs of insurance premiums	284,855	283,976	100	0.4%
- payment transaction costs and banking services	1,774,807	1,836,019	97	2.5%
- rents	851,990	1,878,920	45	1.2%
- costs of services of professional training	231,535	221,392	105	0.3%
- other costs of services	2,179,042	2,191,206	99	3.1%
- long-term employee benefits	6,397	0	0	0.0%
Total	71,184,996	69,443,777	103	100.0%
Consolidation eliminations	-3,981,985	-4,666,675	85	
Total consolidated	67,203,011	64,777,102	104	

Gross operating expenses of Zavarovalnica Triglav in Q1 2019 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1 2019	Q1 2018	Q1 2019/ Q1 2018	Q1 2019
Acquisition cost (fees and commissions)	7,130,707	6,251,774	114	17.6%
Depreciation of operating assets	2,725,989	2,067,330	132	6.7%
Labour costs	22,577,889	22,095,697	102	55.7%
- wages and salaries	16,848,918	16,457,819	102	41.5%
- social securities and pension insurance costs	2,816,447	2,745,852	103	6.9%
- other labour costs	2,912,524	2,892,026	101	7.2%
Costs of services provided by natural persons other than SPs, including related taxes	85,906	48,679	176	0.2%
Other operating costs	8,030,686	8,064,016	100	19.8%
- costs of entertainment, advertising, trade shows	1,504,349	1,473,397	102	3.7%
- costs of material and energy	728,683	909,589	80	1.8%
- maintenance costs	2,161,115	1,868,011	116	5.3%
- reimbursement of labour-related costs	786,247	800,597	98	1.9%
- costs of intellectual and personal services	358,921	485,969	74	0.9%
- non-income related costs, excluding insurance	189,263	149,071	127	0.5%
- costs of transport and communication services	668,345	586,366	114	1.6%
- costs for insurance premiums	83,448	38,836	215	0.2%
- payment transaction costs and banking services	418,250	380,782	110	1.0%
- rents	427,292	695,955	61	1.1%
- costs of professional training services	104,632	95,793	109	0.3%
- other costs of services	600,141	579,650	104	1.5%
Total	40,551,177	38,527,496	105	100.0%

4.6 Reinsurance

In the first three months of 2019, the **Triglav Group** allocated EUR 45.1 million of reinsurance and coinsurance premiums to external equalisation, which was 20% more than in the respective period of 2018. Reinsurance premium growth was primarily a result of the increased volume of non-life insurance premium and active reinsurance, the higher number of facultative contracts, more expensive excess-of-loss reinsurance protection and higher settlement arising from these contracts in 2019. Reinsurance premiums accounted for 14.2% total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 6.2 million (index 77) was received from reinsurance.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 39.7 million to of reinsurance and coinsurance premiums to external equalisation, which was 18% more than in the respective period of 2018. Reinsurance premium accounts for 20% of total gross written premium. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 6.2 million was received from reinsurance and coinsurance (index 81).

4.7 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured persons. As at the reporting date, the **Triglav Group** allocated EUR 2,838.9 million to gross insurance technical provisions, which in total was 5% more over the 2018 year-end. The amount of gross insurance technical provisions increased in **non-life insurance** (index 107), in **health insurance** (index 121) and **life insurance** (index 104). As at the reporting date, **Zavarovalnica Triglav** allocated EUR 2,154.5 million to gross insurance technical provisions, which was 5% more than as at 31 December 2018.

The total amount of gross insurance technical provisions of the Triglav Group went up by 5%.

Provisions of the **Triglav Group** by type as at 31 March 2019 compared to the 2018 year-end:

- **Gross provisions for unearned premium** were 21% higher and amounted to EUR 363.6 million. Unearned premium from non-life insurance amounted to EUR 359.4 million (index 121), unearned premium from life insurance totalled EUR 486 thousand (index 117) and unearned premium from health insurance reached EUR 3.6 million (index 129). 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** remained approximately at the same level as at the 2018 year-end, amounting to EUR 614.0 million. In non-life insurance, the amount of gross claims provisions decreased to EUR 580.6 million (index 99), whereas in life insurance (index 103) and health insurance (index 124) it increased to EUR 21.2 million and EUR 12.2 million respectively. Gross claims provisions are formed for claims incurred but not settled until the reporting date.
- **Mathematical provisions** were 3% higher and amounted to EUR 1,821.1 million. Mathematical provisions for the long-term business fund backing life insurance totalled EUR 1,386.3 million (index 102), while insurance technical provisions for unit-linked life insurance contracts equalled EUR 434.8 million. They increased by 8% due to the growth in the price of fund units.
- As at the reporting date, **provisions for bonuses and discounts** amounted to EUR 19.8 million (index 100) and were at a level approximately equal to that of the 2018 year-end.

- **Other insurance technical provisions** were 11% higher over the 2018 year-end and amounted to EUR 20.4 million. Other insurance technical provisions of Zavarovalnica Triglav totalled EUR 12.0 million and increased by 15%. Provisions for unexpired risks grew by 27% (EUR 1.6 million), additional provisions for credit risks increased by 14% (EUR 9.4 million) and provisions for cancellations were up by 9% (EUR 1.0 million).

Gross insurance technical provisions of the Triglav Group as at 31 March 2019

	Gross insurance technical provisions		Index
	31 March 2019	31 December 2018	2019/2018
Unearned premiums	363,554,534	300,166,946	121
Mathematical provisions	1,821,072,532	1,759,831,056	103
Claims provisions	614,031,049	614,943,915	100
Provisions for bonuses and discounts	19,816,633	19,833,253	100
Other insurance technical provisions	20,387,026	18,325,930	111
Total	2,838,861,774	2,713,101,100	105

Gross insurance technical provisions of Zavarovalnica Triglav as at 31 March 2019

	Gross insurance technical provisions		Index
	31 March 2019	31 December 2018	2019/2018
Unearned premiums	263,361,193	213,919,937	123
Mathematical provisions	1,420,115,194	1,374,950,680	103
Claims provisions	439,529,940	442,560,188	99
Provisions for bonuses and discounts	19,547,002	19,547,002	100
Other insurance technical provisions	11,973,476	10,403,743	115
Total	2,154,526,805	2,061,381,550	105

4.8 Structure of financial investments

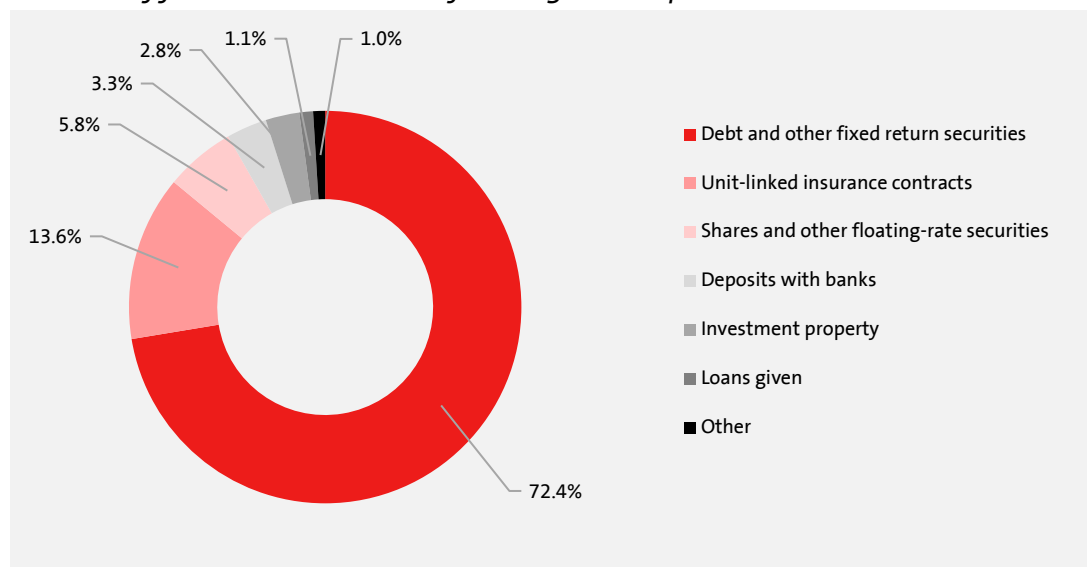
The Triglav Group continues to follow a relatively conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. In the reporting period, the structure of financial investments did not significantly change, but the Group actively adapted the shares of individual investment grades in order to maintain a high overall credit rating of the whole investment portfolio.

As at 31 March 2019, financial investments of the **Triglav Group**, including investment properties, totalled EUR 3,184.7 million or 3% more compared with the 2018 year-end. Their share in total assets of the Group was down by 1.7 percentage point to 83.2%.

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

	Financial investments		Index	Structure	
	31 March 2019	31 December 2018	2019/2018	31 Mar. 2019	31 Dec. 2018
Investment property	88,596,106	89,840,456	99	2.8%	2.9%
Shares in associates	13,249,511	14,125,973	94	0.4%	0.5%
Shares and other floating-rate securities	184,340,078	168,345,913	110	5.8%	5.4%
Debt and other fixed return securities	2,305,481,806	2,281,642,459	101	72.4%	73.7%
Loans given	35,874,106	36,350,241	99	1.1%	1.2%
Deposits with banks	106,213,913	86,365,522	123	3.3%	2.8%
Other financial investments	10,009,433	9,918,886	101	0.3%	0.3%
Financial investments of reinsurance companies in reinsurance contracts with cedents	8,058,088	6,281,276	128	0.3%	0.2%
Unit-linked insurance contracts	432,900,204	402,515,770	108	13.6%	13.0%
Total	3,184,723,245	3,095,386,496	103	100.0%	100.0%

Structure of financial investments of the Triglav Group as at 31 March 2019



With a 72.4% share, debt and other fixed-return securities accounted for the bulk of total financial investments. Their share in total assets dropped by 1.3 percentage point compared with the 2018 year-end. Due to tactical adjustments to the market conditions and market valuation, the share of equity investments grew by 0.4 percentage point to 5.8% and the share of bank deposits went up by 0.5 percentage point to 3.3%. The share of unit-linked insurance contract investments increased by 0.6 percentage point primarily due to price growth. The shares of other financial investments did not change significantly.

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

By issuer sector, government bonds accounted for the bulk with 50.9% of total investments of the Group. Their volume remained at approximately the same level as at the 2018 year-end, whilst their share was lower by 0.7 percentage point. Corporate bonds accounted for a 25.5% share and financial bonds for a 23.4% share. The share of the former increased, whereas the share of the latter remained unchanged.

Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index 2019/2018	Structure	
	31 March 2019	31 December 2018		31 March 2019	31 Dec. 2018
Government	1,174,279,551	1,177,116,267	100	50.9%	51.6%
Corporate	587,730,353	565,694,196	104	25.5%	24.8%
Financial	539,230,582	534,487,535	101	23.4%	23.4%
Structured	4,241,320	4,344,459	98	0.2%	0.2%
Total	2,305,481,806	2,281,642,459	101	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The Group's investment portfolio mostly consists of investments in debt securities with a **high credit rating**. As much as 81.3% of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least BBB (similar as at the 2018 year-end), primarily in developed markets, which ensures adequate liquidity for the Group.

Debt securities of the Triglav Group by issuer credit rating

Credit rating	Debt securities		Index	Structure	
	31 March 2019	31 December 2018	2019/2018	31 March 2019	31 Dec. 2018
AAA	206,230,962	220,729,382	93	8.9%	9.7%
AA	163,106,230	151,075,209	108	7.1%	6.6%
A	664,692,134	647,169,663	103	28.8%	28.4%
BBB	839,345,525	838,541,633	100	36.4%	36.8%
Below BBB	331,949,787	324,940,014	102	14.4%	14.2%
Not rated	100,157,167	99,186,558	101	4.3%	4.3%
Total	2,305,481,806	2,281,642,459	101	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. Certain changes in the exposure to individual countries are a result of price fluctuations and tactical adjustments of some items.

Debt securities of the Triglav Group by issuer country

Country of issuer	Debt securities		Index	Structure	
	31 March 2019	31 December 2018	2019/2018	31 March 2019	31 Dec. 2018
Slovenia	363,418,422	372,682,300	98	15.8%	16.3%
Germany	177,792,093	170,997,573	104	7.7%	7.5%
Netherlands	162,088,242	174,147,165	93	7.0%	7.6%
Italy	162,029,900	165,345,901	98	7.0%	7.2%
France	161,469,215	152,372,593	106	7.0%	6.7%
Spain	134,943,239	130,282,806	104	5.9%	5.7%
USA	115,280,107	108,952,967	106	5.0%	4.8%
Croatia	99,968,335	100,188,584	100	4.3%	4.4%
Great Britain	78,107,531	77,287,888	101	3.4%	3.4%
Portugal	68,362,554	74,877,427	91	3.0%	3.3%
Other	782,022,167	754,507,255	104	33.9%	33.1%
Total	2,305,481,806	2,281,642,459	101	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The volume of **equity investments** of the Group (shares and other floating rate securities and investments in associates) rose by 8% primarily due to positive price corrections and tactical adjustments of the portfolio to the market conditions. Equity investments also include the category *other funds*, which consists mostly of alternative funds. This category accounts for a 19.0% share and its volume is gradually increasing.

Structure of equity investment type of the Triglav Group

Equity investment type	Equity investments		Index	Structure	
	31 March 2019	31 December 2018	2019/2018	31 March 2019	31 Dec. 2018
Shares	76,874,302	80,697,172	95	38.9%	44.2%
Equity funds	54,565,321	56,903,183	96	27.6%	31.2%
Bond funds	16,788,677	12,487,022	134	8.5%	6.8%
Money market funds	11,737,132	9,618,545	122	5.9%	5.3%
Other funds	37,624,157	22,765,964	165	19.0%	12.5%
Total	197,589,589	182,471,886	108	100.0%	100.0%

Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	31 March 2019	31 December 2018	2019/2018	31 March 2019	31 Dec. 2018
Slovenia	60,269,352	61,154,968	99	30.5%	33.5%
Developed markets	115,298,452	98,861,077	117	58.4%	54.2%
Developing markets	14,698,704	13,081,652	112	7.4%	7.2%
Balkans	7,323,081	9,374,190	78	3.7%	5.1%
Total	197,589,589	182,471,886	108	100.0%	100.0%

In **Zavarovalnica Triglav**, financial investments, including investment properties, amounted to EUR 2,475.9 million, up by 3% compared with the 2018 year-end.

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

	Financial investments		Index	Structure	
	31 March 2018	31 December 2018	2019/2018	31 March 2019	31 Dec. 2018
Investment property	47,127,982	45,270,540	104	1.9%	1.9%
Investments in subsidiaries and associates	152,992,693	148,898,023	103	6.2%	6.2%
Shares and other floating-rate securities	96,425,722	85,450,642	113	3.9%	3.6%
Debt and other fixed return securities	1,686,580,144	1,666,922,943	101	68.1%	69.4%
Loans given	45,159,647	46,099,990	98	1.8%	1.9%
Deposits with banks	52,036,734	38,481,554	135	2.1%	1.6%
Other financial investments	1,692,857	1,688,557	100	0.1%	0.1%
Derivative financial instruments	1,169,685	1,393,263	84	0%	0.1%
Unit-linked insurance contract investments	392,739,103	366,664,078	107	15.9%	15.3%
Total	2,475,924,566	2,400,869,590	103	100.0%	100.0%

4.9 Asset management

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

Adopted strategic guidelines focus on enhancing the visibility of the Group as the leading asset manager in the target markets and increasing the volume of assets under management. In accordance with these strategic guidelines, the Group acquired the asset management company ALTA Skladi (acquisition was completed after the reporting date). In 2017, the Company entered the pension insurance market in Republika srpska, whilst as of 2019 Triglav is present on the North Macedonian pension insurance market. In addition, the Company signed an agreement to acquire the Croatian pension insurance company Raiffeisen Mirovinsko osiguravajuće društvo.

Asset management market

As at 31 March 2019, 6 asset management companies operated in Slovenia. As the reporting date, an amount of EUR 2.7 billion of net asset value was managed under mutual funds, which represented a 9.7% increase compared to the 2018 year-end. Volume of assets is strongly affected by the capital market fluctuations. In the discretionary mandate segment, 7 companies were operating in Slovenia, of which 3 were asset management companies. The value of these assets managed by asset management companies totalled EUR 860.2 million, which was 20.6% more compared to the 2018 year-end.

Triglav Skladi d.o.o. manages 17 mutual funds and 6 investment combinations and provides discretionary mandate services. As the reporting date, an amount of EUR 661.6 million of net asset value was managed under mutual funds, which was 9.2% more than as at the 2018 year-end. The amount was affected by the situation on the capital markets and net inflows. Discretionary mandate segment recorded an increase of 19.8%, amounting to EUR 59.9 million.

In Q1 2019, Triglav Skladi held a 24.4% market share among asset management companies in the mutual fund segment and a 7.0% market share in the discretionary mandate segment.

5. Financial result and financial standing

5.1 Financial result

In the first three months of 2019, the **Triglav Group** posted a **profit before tax of EUR 29.9 million** or 8% more than in the same period last year. **Net profit** amounted to **EUR 25.5 million**, having increased by 9% compared to 2018. Higher profit is primarily a result of the higher growth of net premium earned and higher rates of return on investment. Compared with 2018, **annualised net return on equity** increased by 1.2 percentage point to 14.2%.

The Triglav Group generated a profit before tax of EUR 29.9 million in Q1 2019.

Zavarovalnica Triglav posted a **profit before tax** of EUR 22.9 million or 4% more compared to the corresponding period of 2018. The Company's **net profit** grew by 4% to EUR 19.4 million.

The **combined ratio of the Group** was 91.6%. The combined ratio was up by 3.1 percentage points compared with the corresponding period the year before, primarily as a result of a higher growth in net claims incurred than in net premium earned. The combined ratio shows profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios as the core business (excluding return on investments) are earning a profit.

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

Insurance Group	Q1 2019	Q1 2018	Change
Zavarovalnica Triglav	85.7%	81.4%	4.3 p.p.
Triglav, Zdravstvena zavarovalnica	100.3%	96.5%	3.8 p.p.
Pozavarovalnica Triglav Re	96.3%	92.5%	3.8 p.p.
Triglav Osiguranje, Zagreb	110.9%	107.7%	3.2 p.p.
Triglav Osiguranje, Belgrade	92.8%	96.3%	-3.5 p.p.
Lovćen Osiguranje, Podgorica	99.4%	96.7%	2.7 p.p.
Triglav Osiguranje, Sarajevo	98.5%	96.7%	1.8 p.p.
Triglav Osiguranje, Banja Luka	100.7%	89.1%	11.6 p.p.
Triglav Osiguruvanje, Skopje	97.8%	101.2%	-3.4 p.p.
The Triglav Group	91.6%	88.5%	3.1 p.p.

Net premium earned increased by 5% to EUR 235.2 million. Net health insurance premium grew by 20% and net non-life insurance premium went up by 5%, whereas net life insurance premium dropped by 3%. Net premium earned is composed of gross written insurance in the amount of EUR 317.2 million (index 108), reduced by ceded written premium in the amount of EUR 45.1 million (index 120) and adjusted by the change in net unearned premium of EUR -36.9 million (index 117).

Compared with the preceding year, **net claims incurred** increased by 6%, amounting to EUR 160.7 million. Net claims incurred in health insurance recorded the highest growth of 21%, particularly due to higher gross claims paid (see *Section 4.4.1* for more details). Net claims incurred rose by 11% in non-life insurance and decreased by 11% in life insurance. Net claims incurred are composed of gross claims paid in the amount of EUR 166.2 million (index 97), reduced by the reinsurers' and co-insurers' shares in gross claims in the amount of EUR 6.2 million (index 77), adjusted by the change in claims provisions of EUR -1.1 million (EUR -12.5 million in 2018) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 1.8 million.

Income from investments, including income from investments in associates increased by 262% and reached EUR 73.5 million. Income from investments in associates climbed by 225% to EUR 862.1 thousand, whereas income from investments increased by 262% to EUR 72.6 million. In the reporting period, interest income was down by 6% to EUR 13.2 million, gains on disposals increased by 114% to EUR 10.4 million and other income from investments totalled EUR 49.0 million (index 4,348). Other income from investments include net unrealised gains on unit-linked life insurance assets, which totalled EUR 34.9 million (vs. EUR 8 thousand in 2018), changes in the fair value equalling EUR 12.5 million (vs. EUR 638 thousand in 2018), other financial income in the amount of EUR 1.5 million (vs. EUR 331 thousand in 2018) and dividends of EUR 137 thousand (index 90).

Expenses from investments, including expenses from investments in associates decreased by 79% and reached EUR 5.1 million. Expenses from investments in associates totalled EUR 66 thousand (index 242), while expenses from investments equalled EUR 5.1 million, down by 79%. Losses on disposals totalled EUR 2.4 million (index 106), impairments of equity investments amounted to EUR 66 thousand (vs. EUR 8 thousand in 2018) and other investment expenses equalled EUR 2.5 million (index 12). Other investment expenses include net unrealised losses on unit-linked life insurance assets totalling EUR 88 thousand (vs. EUR 13.7 million in 2018), changes in the fair value of EUR 1.1 million (index 22) and other financial expenses in the amount of EUR 1.4 million (index 48).

Return on investment of the Triglav Group (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. They amounted to EUR 33.5 million, having increased by 231%. The reasons for the higher return are connected to both income and expenses from investments. Despite lower interest income, income is higher primarily a result of realised gains on the sale of financial assets and higher net income arising from changes in the fair value. Continuously lower interest income is still caused by lower interest rates.

The 231% higher return on investment was primarily a result of realised gains on the sale of financial assets and higher net income arising from changes in the fair value.

The rates of return on investment also impact the insurance technical provisions and the net profit of the Group. See *Table Profit before tax of the Triglav Group* for the impact of rates of return on investment on the profit before tax.

Changes in other insurance technical provisions increased to EUR 24.0 million (vs. EUR 5.9 million in 2018) primarily due to the growth of mathematical provisions (EUR 23.0 million). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR 32.3 million (vs. EUR -20.3 million in Q1 2018) due to the increase in the value of fund units. **Provisions for bonuses and discounts** increased by 70% to EUR 4.2 million, foremost as a result of higher bonuses paid out in the parent company. Higher bonus payments bonuses are a result of the higher premium volume and better insurance technical results of operations with corporate clients.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 54.4 million and were 5% higher than in 2018. Acquisition costs and other operating expenses were up by 5% and 6% respectively.

Other income from insurance operations, excluding fees and commissions, increased by 55% and reached EUR 4.7 million. **Other insurance expenses**, excluding fees and commissions, increased by 73% and totalled EUR 5.3 million mainly due to the higher value adjustments of receivables in the parent company and ceded fees and commissions for active transactions in

Pozavarovalnica Triglav Re. Net fee and commission income was up by 295% and totalled EUR 2.5 million, primarily due to the growth in ceded written premium.

Other income declined by 8% to EUR 7.9 million in nominal terms. **Other expenses** were down by 20%, reaching EUR 8.0 million.

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

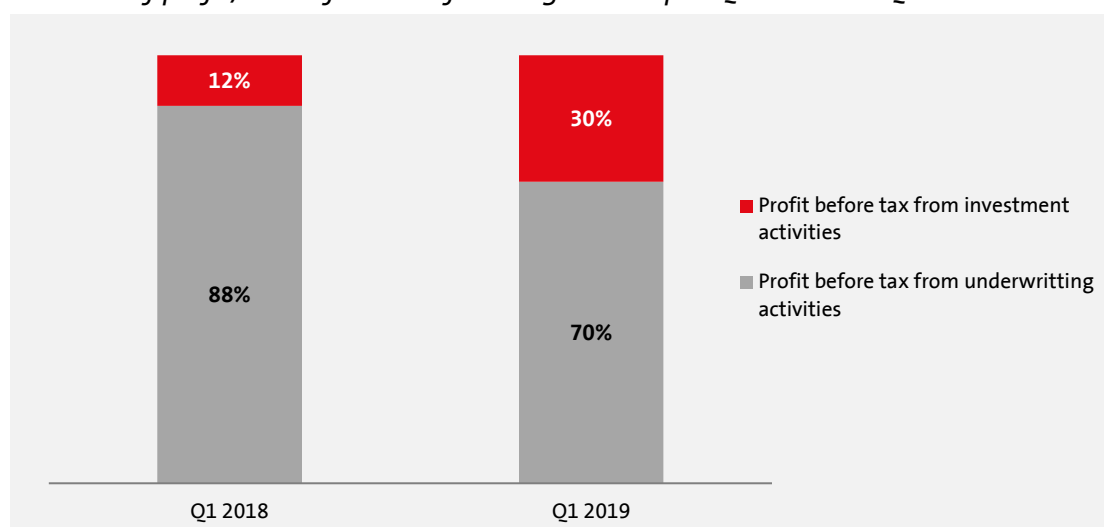
	Q1 2019	Q1 2018	Index
Net premium income	235,180,097	223,411,780	105
Income from investments including income in subsidiaries and associates	73,495,116	20,319,825	362
Other income from insurance operations	12,633,299	7,904,316	160
Other income	7,930,010	8,590,572	92
Net claims incurred	160,668,850	151,633,135	106
Change in other insurance technical provisions (excluding ULI)	23,999,517	5,908,268	406
Change in insurance technical provisions for unit-linked insurance contracts	32,285,388	-20,304,034	
Expenses for bonuses and discounts	4,219,809	2,485,755	170
Operating expenses	54,423,638	51,868,777	105
Expenses from investments including expenses in subsidiaries and associates	5,117,194	23,856,556	21
Other insurance expenses	10,686,324	7,273,492	147
Other expenses	7,987,241	9,979,234	80
Profit before tax	29,850,561	27,525,311	108
Income tax expense	4,361,822	4,192,741	104
Net profit for the accounting period	25,488,739	23,332,570	109

Profit/loss before tax of the Triglav Group*

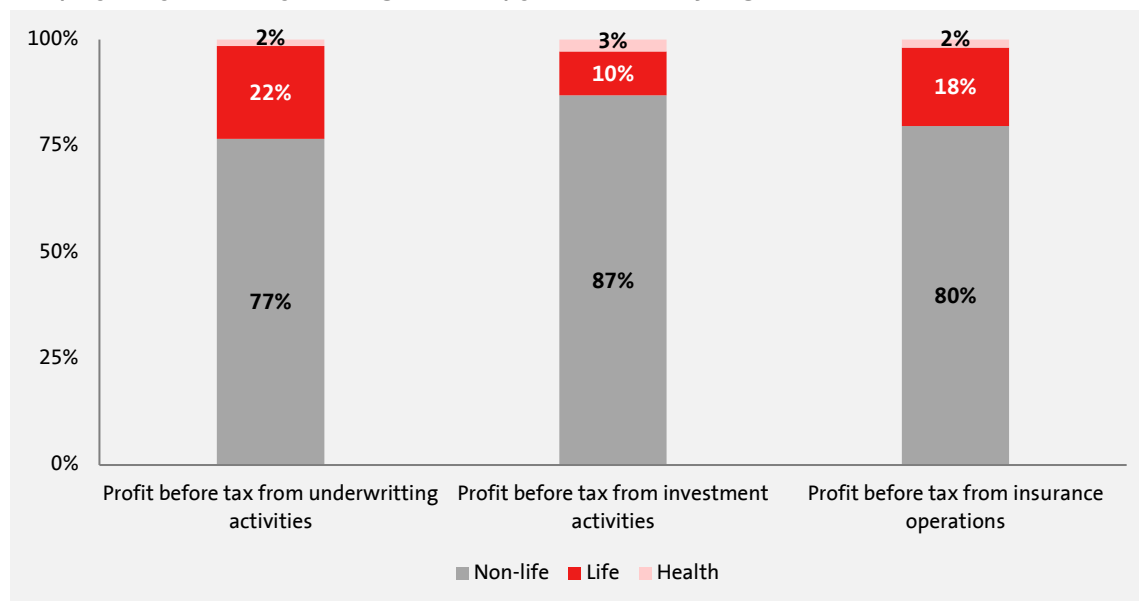
	Q1 2019				Q1 2018			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	15,024,750	4,275,009	302,751	19,602,510	17,414,358	5,665,401	611,066	23,690,825
Profit before tax from investment activities	7,146,664	850,466	230,635	8,227,765	4,590,968	-1,569,929	163,280	3,184,319
Profit before tax from insurance operations	22,171,414	5,125,475	533,386	27,830,275	22,005,326	4,095,472	774,346	26,875,144
Profit before tax from non-insurance operations				2,020,286				650,167
Total profit before tax				29,850,561				27,525,311

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

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



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



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

	Q1 2019	Q1 2018	Index
Net premium income	132,145,333	131,447,004	101
Income from investments including income in subsidiaries and associates	54,021,874	14,936,414	362
Other income from insurance operations	9,829,078	7,447,242	132
Other income	2,625,684	2,759,832	95
Net claims incurred	87,602,251	89,814,916	98
Change in other insurance technical provisions	11,113,481	6,607,475	168
Change in insurance technical provisions for unit-linked insurance contracts	28,266,276	-22,238,030	
Expenses for bonuses and discounts	3,629,229	2,602,076	139
Operating expenses	35,599,693	33,649,576	106
Expenses from investments including expenses in subsidiaries and associates	4,037,979	18,504,087	22
Other insurance expenses	4,280,517	2,285,458	187
Other expense	1,216,987	3,285,619	37
Profit/loss before tax	22,875,556	22,079,312	104
Income tax expense	3,501,680	3,379,795	104
Net profit/loss for the accounting period	19,373,876	18,699,517	104

5.2 Financial standing

The **balance sheet total** of the Triglav Group as at 31 March 2019 stood at EUR 3,839.0 million or 5% more compared with the 2018 year-end.

Total equity capital as at the reporting date equalled EUR 782.2 million, up by 5% compared with the 2018 year-end. The portion of equity in the balance sheet total decreased by 0.1 percentage point to 20.4%. Equity attributable to the controlling company increased by 5% to EUR 779.7 million, whereas non-controlling interest holders had EUR 2.4 million, up by 6% due to the positive result in Q1 2019 and higher unrealised gains in other comprehensible income. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. As a result of an increase in the value of available-for-sale financial assets, fair value reserve rose by 15% to EUR 76.1 million. Share premium amounted to EUR 50.2 million and remained at a level approximately equal to the 2018 year-end (index 100).

As at the reporting date, total equity capital amounted to EUR 782.2 million.

Reserves from profit remained unchanged at EUR 334.1 million (index 100). They include other reserves from profit of EUR 314.3 million, legal and statutory reserves in the amount of EUR 19.2 million and contingency reserves of EUR 0.6 million. Accumulated profit grew by 11% to EUR 248.4 million. In addition to EUR 25.4 million (index 32) in net profit for the year, it includes EUR 223.0 million of net profit brought forward (index 157). Net profit brought forward increased by EUR 80.5 million due to the transfer of net profit of the preceding year.

Subordinated liabilities amounted to EUR 15.5 million and were at a level approximately equal to the 2018 year-end (index 100).

Gross insurance technical provisions grew by 5% to EUR 2,838.9 million. Their share in the balance sheet total increased by 0.5 percentage point to 73.9%. As at the reporting date, mathematical provisions amounted to EUR 1,821.1 million, up by 3% compared with the 2018 year-end. Gross claims provisions amounted to EUR 614.0 million and remained at a level approximately equal to the 2018 year-end (index 100). In contrast, provisions for gross unearned premium (index 121) and other insurance technical provisions (index 105) increased. Insurance technical provisions are discussed in greater detail in *Section 4.7*.

Other financial liabilities equalled EUR 10.5 million, up by 86% due to higher short-term liabilities from financing in Zavarovalnica Triglav, which refer to liabilities for securities purchases. Their share accounted for only 0.3% of total liabilities.

Operating liabilities grew by 41% over the 2018 year-end, amounting to EUR 77.1 million, and accounted for 2.0% of total liabilities. They increased mostly on the account of liabilities from co-insurance and reinsurance operations, which rose to EUR 50.4 million (index 166).

Lease liabilities totalled EUR EUR 11.9 million and are a new item connected with lease accounting under the new accounting standard IFRS 16 Leases (see *Section 2.3* in the Accounting Report for more details). Lease liabilities include long-term lease liabilities of EUR 8.5 million and short-term lease liabilities of EUR 3.3 million.

Compared with the 2018 year-end, **other provisions** shrunk by 1% to EUR 16.6 million (a 0.4% share in total liabilities). Compared with 31 December 2018, **deferred tax liabilities** increased by 21% to EUR 20.8 million, primarily due to the higher fair value reserve from investments for which deferred tax is calculated. **Other liabilities** decreased by 13% mainly due to lower short-term liabilities of the parent company, reaching EUR 65.7 million and accounting for 1.7% of total balance sheet liabilities.

Financial investments of the Triglav Group in associates were 6% lower than at the 2018 year-end, amounting to EUR 13.2 million. These investments decreased by EUR 2.1 million due to the sale of the equity stake in ZIF Prof Plus and increased due to the capital increase of Triglav in the amount of EUR 1.1 million and the effects of attribution of the positive result under the equity method.

Financial investments (accounting for a 69.0% of total assets) reached EUR 2,650.0 million, having increased by 2% over the 2018 year-end. The bulk of financial assets was accounted for by available-for-sale financial assets, which totalled EUR 1,844.5 million. In total financial assets, EUR 462.2 million was accounted for by financial assets measured at fair value through profit or loss, EUR 183.2 million by held-to-maturity financial assets and EUR 160.1 million by deposits and loans. **Unit-linked insurance assets** amounted to EUR 432.9 million, up by 8%. The structure of financial assets is discussed in greater detail in *Section 4.8*.

Investment property was down by 1% to EUR 88.6 million and accounted for 2.3% of total assets.

Receivables and deferred tax assets increased by 30% to EUR 249.0 million over the 2018 year-end and accounted for 6.5% of total assets, of which receivables from direct insurance operations accounted for the bulk at EUR 139.3 million (index 144), having increased by 9% compared with 31 March 2018. Receivables from co-insurance and reinsurance operations reached EUR 59.4 million (index 116), other receivables stood at EUR 37.3 million (index 124) and current tax receivables at EUR 740 thousand. Deferred tax assets amounted to EUR 12.2 million (index 95).

Insurance technical provisions transferred to reinsurance contracts amounted to EUR 104.4 million, having increased by 21%. Assets from reinsurance contracts from claims provisions were 1% higher and totalled EUR 60.0 million, while assets from unearned premium rose by 69% to EUR 44.4 million.

Property, plant and equipment equalled EUR 114.0 million, up by 1% over the 2018 year-end. **Intangible assets** stood at EUR 91.8 million, having increased by 9% over the 2018 year-end due to higher long-term deferred acquisition costs.

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

Right-of-use assets amounted to EUR 11.6 million and are a new item connected with lease accounting under the new accounting standard IFRS 16 Leases. Right-of-use assets include the right to use land and buildings of EUR 9.3 million, the right to use vehicles of EUR 2.1 million and the right to use other assets of EUR 272 thousand.

Cash and cash equivalents amounted to EUR 74.8 million (index 111), whilst **other assets** totalled EUR 6.8 million (index 127). **Off-balance sheet items** amounted to EUR 249.3 million (index 99).

Individual items in the consolidated balance sheet of the Triglav Group as at 31 March 2019

	31 March 2019	31 December 2018	Index
ASSETS	3,839,045,307	3,645,277,487	105
Intangible assets	91,829,492	84,060,048	109
Property, plant and equipment	113,957,995	113,296,053	101
Non-current assets held for sale	1,920,434	2,067,399	93
Investment property	88,596,106	89,840,456	99
Right of use assets	11,611,212	0	0
Investments in associates	13,249,511	14,125,973	94
Financial investments	2,649,981,597	2,588,904,297	102
Unit-linked insurance assets	432,900,204	402,515,770	108
Reinsurers' share of insurance technical provisions	104,363,794	85,920,499	121
Receivables and deferred tax assets	249,038,091	191,548,610	130
Other assets	6,844,567	5,396,722	127
Cash and cash equivalents	74,752,304	67,601,660	111
<i>Off balance sheet items</i>	<i>249,280,861</i>	<i>251,429,127</i>	<i>99</i>
EQUITY AND LIABILITIES	3,839,045,307	3,645,277,487	105
Equity	782,152,482	746,862,805	105
Subordinated liabilities	15,467,588	15,462,711	100
Insurance technical provisions	2,404,040,061	2,310,503,061	104
Insurance technical provisions for unit-linked insurance contracts	434,821,713	402,598,039	108
Other provisions	16,602,659	16,724,129	99
Deferred tax liabilities	20,759,760	17,203,576	121
Other financial liabilities	10,477,280	5,620,904	186
Operating liabilities	77,134,705	54,792,055	141
Lease liabilities	11,875,252	0	0
Other liabilities	65,713,807	75,510,207	87
<i>Off balance sheet items</i>	<i>249,280,861</i>	<i>251,429,127</i>	<i>99</i>

Individual items in the balance sheet of Zavarovalnica Triglav as at 31 March 2019

	31 March 2019	31 December 2018	Index
ASSETS	2,870,091,013	2,730,187,525	105
Intangible assets	68,552,620	62,162,502	110
Property, plant and equipment	67,597,809	67,986,100	99
Investment property	47,127,981	45,270,540	104
Right of use assets	4,555,026	0	0
Investments in subsidiaries and associates	152,992,692	148,898,022	103
Financial investments	1,883,064,789	1,840,036,950	102
Unit-linked insurance assets	392,739,103	366,664,078	107
Reinsurers' share of insurance technical provisions	103,058,413	87,893,306	117
Receivables and deferred tax assets	132,965,194	89,980,951	148
Other assets	3,926,816	3,296,589	119
Cash and cash equivalents	13,510,569	17,998,487	75
<i>Off balance sheet items</i>	<i>166,811,608</i>	<i>178,359,227</i>	<i>94</i>
EQUITY AND LIABILITIES	2,870,091,013	2,730,187,525	105
Equity	584,116,547	560,120,736	104
Subordinated liabilities	20,619,451	20,612,951	100
Insurance technical provisions	1,761,030,863	1,696,143,475	104
Insurance technical provisions for unit-linked insurance contracts	393,495,942	365,238,075	108
Other provisions	12,021,015	11,925,591	101
Deferred tax liabilities	5,997,805	2,813,736	213
Other financial liabilities	6,798,775	1,587,443	430
Operating liabilities	42,893,373	28,523,572	150
Lease liabilities	4,618,028	0	0
Other liabilities	38,449,215	43,221,946	0
<i>Off balance sheet items</i>	<i>166,811,608</i>	<i>178,359,227</i>	<i>89</i>

6. Risk management

6.1 Risk Management

In view of the situation described in Section Risk Management in the Annual Report of Zavarovalnica Triglav d.d. and the Triglav Group for 2018, in the first three months of 2019 the risk management system was upgraded at the Group level in accordance with internal initiatives and the risks identified in the business environment. The risk management system was checked as part of the regular annual audit. There were no material changes to the risk profile in the reporting period. The capital level of both the Company and the Group remained within the set strategic guidelines and adequately exceeded the target level of the risks underwritten. Capital adequacy as at the 2018 year-end was published in the Solvency and Financial Condition Report on the Company's website (www.triglav.eu).

6.2 Internal audit

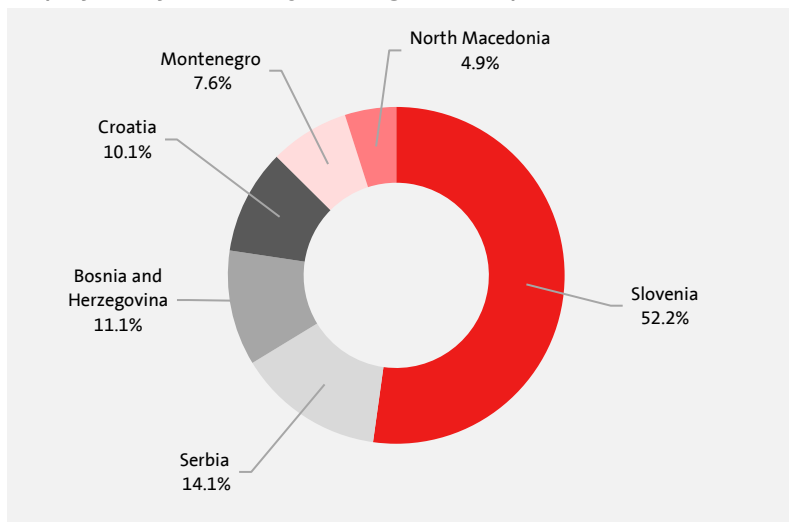
In Q1 2019, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various divisions in Zavarovalnica Triglav. The findings were reported to the management of the audited divisions and to the Management Board.

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

7. Human Resource Management of the Triglav Group

As at 31 March 2019, there were 5,151 employees in the Triglav Group, which is 15 less than at the 2018 year-end. The number of employees went down foremost in Lovćen Auto, the parent company and TRI-LIFE, Zagreb, whereas it grew in Triglav Osiguranje, Belgrade.

Employees by market of the Triglav Group as at 31 March 2019



ACCOUNTING REPORT

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Statement of management's responsibility

The Management Board herewith confirms the financial statements for the period from 1 January 2019 to 31 March 2019 as well as the applied accounting policies and notes to the financial statements.

The Management Board is responsible for preparing the Interim Report so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2019 to 31 March 2019 in accordance with IAS 34 – Interim reporting.

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

The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2019 to 31 March 2019 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav as the parent company and its consolidated subsidiaries are exposed to as the Group.

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

Andrej Slapar,
President of the Management Board

Uroš Ivanc,
Member of the Management Board

Tadej Čorolj,
Member of the Management Board

Barbara Smolnikar,
Member of the Management Board

Marica Makoter,
Member of the Management Board

Ljubljana, 7 May 2019



1. Financial statements

	Triglav Group		Zavarovalnica Triglav	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
in EUR				
STATEMENT OF FINANCIAL POSITION				
ASSETS	3,839,045,307	3,645,277,487	2,870,091,013	2,730,187,525
Intangible assets	91,829,492	84,060,048	68,552,620	62,162,502
Property, plant and equipment	113,957,995	113,296,053	67,597,809	67,986,100
Non-current assets held for sale	1,920,434	2,067,399	0	0
Deferred tax assets	12,211,655	12,893,732	0	0
Investment property	88,596,106	89,840,456	47,127,981	45,270,540
Right of use assets	11,611,212	0	4,555,026	0
Investments in subsidiaries	0	0	134,938,667	131,938,667
Investments in associates	13,249,511	14,125,973	18,054,026	16,959,355
- accounted for using the equity method	13,249,511	14,125,973	0	0
- measured at fair value	0	0	18,054,026	16,959,355
Financial investments	2,649,981,597	2,588,904,297	1,883,064,789	1,840,036,950
- loans and deposits	160,098,862	138,857,972	105,285,665	92,670,309
- held to maturity	183,225,133	196,773,185	146,133,536	159,463,950
- available for sale	1,844,472,955	1,802,568,767	1,426,274,701	1,383,855,505
- recognised at fair value through profit and loss	462,184,647	450,704,373	205,370,887	204,047,186
Unit-linked insurance assets	432,900,204	402,515,770	392,739,103	366,664,078
Reinsurers' share of technical provisions	104,363,794	85,920,499	103,058,413	87,893,306
Assets from investment contracts	0	0	0	0
Receivables	236,826,436	178,654,878	132,965,194	89,980,951
- receivables from direct insurance operations	139,340,180	96,601,328	98,172,355	62,635,337
- receivables from reinsurance and co-insurance operations	59,449,054	51,299,903	17,382,607	18,157,611
- current tax receivables	740,488	579,645	0	0
- other receivables	37,296,714	30,174,002	17,410,232	9,188,003
Other assets	6,844,567	5,396,722	3,926,816	3,296,589
Cash and cash equivalents	74,752,304	67,601,660	13,510,569	17,998,487
<i>Off balance sheet items</i>	<i>249,280,861</i>	<i>251,429,127</i>	<i>166,811,608</i>	<i>178,359,227</i>
EQUITY AND LIABILITIES	3,839,045,307	3,645,277,487	2,870,091,013	2,730,187,525
Equity	782,152,482	746,862,805	584,116,547	560,120,736
Controlling interests	779,714,672	744,566,806	584,116,547	560,120,736
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,206,999	50,206,540	53,412,884	53,412,884
- reserves from profit	334,121,464	334,121,464	318,962,643	318,962,643
- treasury share reserves	364,680	364,680	0	0
- treasury shares	-364,680	-364,680	0	0
- fair value reserve	76,149,482	66,237,889	51,882,124	47,260,189
- net profit brought forward	223,017,217	142,483,579	66,783,628	1,239,764
- net profit for the year	25,381,533	80,533,643	19,373,876	65,543,864
- currency translation differences	-2,863,415	-2,717,701	0	0
- reserve of disposal group held for sale	0	0	0	0
Non-controlling interests	2,437,810	2,295,999	0	0
Subordinated liabilities	15,467,588	15,462,711	20,619,451	20,612,951
Insurance technical provisions	2,404,040,061	2,310,503,061	1,761,030,863	1,696,143,475
- unearned premiums	363,554,534	300,166,946	263,361,193	213,919,937
- mathematical provisions	1,386,250,819	1,357,233,017	1,026,619,252	1,009,712,605
- claims provisions	614,031,049	614,943,915	439,529,940	442,560,188
- other insurance technical provisions	40,203,659	38,159,183	31,520,478	29,950,745
Insurance technical provisions for unit-linked insurance contracts	434,821,713	402,598,039	393,495,942	365,238,075
Employee benefits	14,720,363	14,804,574	11,213,731	11,167,156
Other provisions	1,882,296	1,919,555	807,283	758,435
Non-current liabilities held for sale and discontinued operations	0	0	0	0
Deferred tax liabilities	20,759,760	17,203,576	5,997,805	2,813,736
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	10,477,280	5,620,904	6,798,775	1,587,443
Operating liabilities	77,134,705	54,792,055	42,893,373	28,523,572
- liabilities from direct insurance operations	22,533,431	19,717,929	14,745,305	11,306,835
- liabilities from reinsurance and co-insurance operations	50,421,801	30,465,655	24,193,819	13,819,946
- current tax liabilities	4,179,473	4,608,471	3,954,249	3,396,791
Lease liabilities	11,875,252	0	4,618,028	0
Other liabilities	65,713,807	75,510,207	38,499,215	43,221,946
<i>Off balance sheet items</i>	<i>249,280,861</i>	<i>251,429,127</i>	<i>166,811,608</i>	<i>178,359,227</i>

in EUR

INCOME STATEMENT	Triglav Group		Zavarovalnica Triglav	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
NET PREMIUM INCOME	235,180,097	223,411,780	132,145,333	131,447,004
- gross written premium	317,218,141	292,572,535	198,485,095	192,487,319
- ceded written premium	-45,146,388	-37,616,577	-39,688,931	-33,680,897
- change in unearned premium reserve	-36,891,656	-31,544,178	-26,650,831	-27,359,418
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	862,147	265,575	126,868	208,729
- profit on equity investments accounted for using the equity method	301,733	265,575	0	0
- other income from investments in subsidiaries and associates	560,414	0	126,868	208,729
INCOME FROM INVESTMENTS	72,632,969	20,054,253	53,895,007	14,727,684
- interest income calculated using the effective interest method	13,220,641	14,068,431	8,691,379	9,422,084
- gains on disposals	10,373,969	4,857,944	8,000,065	4,761,968
- other income from investments	49,038,359	1,127,878	37,203,563	543,632
OTHER INCOME FROM INSURANCE OPERATIONS	12,633,299	7,904,316	9,829,078	7,447,242
- fees and commission income	7,921,153	4,863,315	6,949,056	4,890,461
- other income from insurance operations	4,712,146	3,041,001	2,880,022	2,556,781
OTHER INCOME	7,930,010	8,590,572	2,625,684	2,759,832
NET CLAIMS INCURRED	160,668,850	151,633,135	87,602,251	89,814,916
- gross claims settled	166,180,522	171,017,700	96,666,268	107,497,108
- reinsurers' share	-6,156,702	-8,021,758	-6,237,319	-7,664,745
- changes in claims provisions	-1,136,253	-12,521,919	-2,826,698	-10,017,447
- equalisation scheme expenses for supplementary health insurance	1,781,283	1,159,112	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	23,999,517	5,908,268	11,113,481	6,607,475
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	32,285,388	-20,304,034	28,266,276	-22,238,030
EXPENSES FOR BONUSES AND DISCOUNTS	4,219,809	2,485,755	3,629,229	2,602,076
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0
OPERATING EXPENSES	54,423,638	51,868,777	35,599,693	33,649,576
- acquisition costs	36,821,944	35,184,786	25,692,859	24,124,414
- other operating costs	17,601,694	16,683,991	9,906,834	9,525,162
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	65,591	27,077	17	628
- loss on investments accounted for using the equity method	65,591	27,077	0	0
- other expenses from financial assets and liabilities	0	0	17	628
EXPENSES FROM INVESTMENTS	5,051,603	23,829,481	4,037,963	18,503,461
- loss on impairment of investments	66,042	8,279	0	0
- loss on disposal of investments	2,445,786	2,299,890	2,411,880	2,272,685
- other expenses from investments	2,539,775	21,521,312	1,626,083	16,230,776
OTHER INSURANCE EXPENSES	10,686,324	7,273,492	4,280,517	2,285,458
OTHER EXPENSES	7,987,241	9,979,234	1,216,987	3,285,619
- expenses from financing	341,574	289,685	335,063	320,369
- other expenses	7,645,667	9,689,549	881,924	2,965,250
PROFIT BEFORE TAX	29,850,561	27,525,311	22,875,556	22,079,312
Income tax expense	4,361,822	4,192,741	3,501,680	3,379,795
NET PROFIT FOR THE PERIOD	25,488,739	23,332,570	19,373,876	18,699,517
Earning per share	1.12	1.03	0	0
Net profit/loss attributable to the controlling company	25,381,528	23,230,057	0	0
Net profit/loss attributable to the non-controlling interest holders	107,211	102,513	0	0

	Triglav Group		Zavarovalnica Triglav	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
STATEMENT OF OTHER COMPREHENSIVE INCOME				
				in EUR
Net profit for the period after tax	25,488,739	23,332,570	19,373,876	18,699,517
Other comprehensive income after tax	9,807,672	-12,101,067	4,621,935	-11,448,747
Items which will not be transferred in P&L in future periods	0	0	0	0
Fair value gains/losses on PP&E and intangible assets	0	0	0	0
Actuarial gains/losses for pension plans	0	0	0	0
Share of OCI of entities accounted for using the equity method	0	0	0	0
Other items which will not be transferred in P&L	0	0	0	0
Tax on items which will not be transferred in P&L	0	0	0	0
Items which could be transferred into P&L in future periods	9,807,672	-12,101,067	4,621,935	-11,448,747
Fair value gains/losses on available-for-sale financial assets	20,897,043	-13,647,021	14,598,067	-12,616,587
- net gains/losses recognized directly in equity	26,424,758	-10,396,615	20,022,633	-9,455,649
- transfers from equity to income statement	-5,527,715	-3,250,406	-5,424,566	-3,160,938
Fair value gains / losses on non-current assets held for sale	0	-14,520	0	0
Fair value gains/losses on cashflow hedges	0	0	0	0
Share of OCI of entities accounted for using the equity method	0	-199,522	0	0
Liabilities from insurance contracts with DPF	-7,355,155	-1,184,538	-7,355,154	-1,184,538
Currency translation differences	-149,611	189,346	0	0
Tax on other comprehensive income	-3,584,605	2,755,188	-2,620,978	2,352,378
COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	35,296,411	11,231,503	23,995,811	7,250,770
Controlling interest	35,147,407	11,210,721	0	0
Non-controlling interest	149,004	20,782	0	0

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 2019	73,701,392	50,206,540	599,088	19,221,613	364,680	-364,680	763	314,300,000	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 31 March 2019	0	0	0	0	0	0	0	0	9,911,593	0	25,381,528	-145,714	35,147,407	149,004	35,296,411
a) Net profit	0	0	0	0	0	0	0	0	0	0	25,381,528	0	25,381,528	107,211	25,488,739
b) Other comprehensive income	0	0	0	0	0	0	0	0	9,911,593	0	0	-145,714	9,765,879	41,793	9,807,672
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	80,533,638	-80,533,638	0	0	0	0
Changes in consolidation area	0	459	0	0	0	0	0	0	0	0	0	0	459	-7,193	-6,734
As at 31 March 2019	73,701,392	50,206,999	599,088	19,221,613	364,680	-364,680	763	314,300,000	76,149,482	223,017,217	25,381,533	-2,863,415	779,714,672	2,437,810	782,152,482
As at 1 January 2018	73,701,392	50,403,656	592,269	18,514,040	364,680	-364,680	763	314,300,000	95,398,236	160,647,992	39,133,955	-2,854,060	749,838,244	6,807,439	756,645,683
Comprehensive income for the period from 1 January 2018 to 31 March 2018	0	0	0	0	0	0	0	0	-12,216,768	0	23,230,057	197,432	11,210,721	20,782	11,231,503
a) Net profit	0	0	0	0	0	0	0	0	0	0	23,230,057	0	23,230,057	102,513	23,332,570
b) Other comprehensive income	0	0	0	0	0	0	0	0	-12,216,768	0	0	197,432	-12,019,336	-81,731	-12,101,067
Transfer of net profit to reserves from profit	0	0	0	0	0	0	0	0	0	39,133,952	-39,133,952	0	0	0	0
Changes in consolidation area	0	-8,275	0	0	0	0	0	0	0	0	0	0	-8,275	-20,568	-28,847
As at 31 March 2018	73,701,392	50,395,381	592,269	18,514,040	364,680	-364,680	763	314,300,000	83,181,467	199,781,944	23,230,057	-2,656,628	761,040,687	6,807,652	767,848,339

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	Credit risk reserves	Other reserves from profit				
As at 1 January 2019	73,701,392	53,412,884	4,662,643	0	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 31 March 2019	0	0	0	0	0	4,621,935	0	19,373,876	23,995,811
a) Net profit	0	0	0	0	0	0	0	19,373,876	19,373,876
b) Other comprehensive income	0	0	0	0	0	4,621,935	0	0	4,621,935
Allocation to net profit/loss brought forward	0	0	0	0	0	0	65,543,864	-65,543,864	0
As at 31 March 2019	73,701,392	53,412,884	4,662,643	0	314,300,000	51,882,124	66,783,628	19,373,876	584,116,547
As at 1 January 2018	73,701,392	53,412,884	4,662,643	0	314,300,000	67,250,264	25,563,172	32,521,950	571,412,305
Comprehensive income for the period from 1 January 2018 to 31 March 2018	0	0	0	0	0	-11,448,747	0	18,699,517	7,250,770
a) Net profit	0	0	0	0	0	0	0	18,699,517	18,699,517
b) Other comprehensive income	0	0	0	0	0	-11,448,747	0	0	-11,448,747
Allocation to net profit/loss brought forward	0	0	0	0	0	0	32,521,950	-32,521,950	0
As at 31 March 2018	73,701,392	53,412,884	4,662,643	0	314,300,000	55,801,517	58,085,122	18,699,517	578,663,075

CASH FLOW STATEMENT

in EUR

	Triglav Group		Zavarovalnica Triglav	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
A. OPERATING CASH FLOW				
a. Income statement items	53,943,217	42,494,537	38,572,669	27,424,365
Net written premium for the period	314,161,771	266,643,055	158,796,164	158,806,422
Investment income (excluding financial income)	11,807,791	4,911,298	3,454,158	2,763,541
Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	7,710,825	8,641,340	2,592,587	2,668,185
Net claims paid	-180,748,100	-158,438,954	-90,428,949	-99,832,363
Bonuses and rebates paid	-3,850,406	-7,121,021	-3,629,228	-2,602,076
Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-63,221,164	-53,227,413	-26,897,986	-27,440,034
Investment expenses (excluding depreciation charge and financial expenses)	-4,895,690	-3,249,637	-1,069,145	-1,346,494
Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-23,108,472	-12,732,510	-1,863,801	-3,304,820
Corporate income tax and other taxes excluded from operating expenses	-3,913,338	-2,931,621	-2,381,131	-2,287,997
b. Changes in net current assets-operating balance sheet items	-34,558,544	-47,802,756	-26,390,644	-35,528,947
Movements in receivables from direct insurance operations	-40,855,819	-42,326,626	-35,777,495	-35,572,390
Movements in receivables from reinsurance operations	-17,873,827	-8,879,154	775,004	-1,090,614
Movements in other receivables from (re)insurance operations	-9,039,813	-10,388,913	-2,241,073	-1,142,706
Movements in other receivables and assets	-2,767,696	-1,909,489	885,477	-884,692
Movements in deferred tax assets	-655,413	-1,523,758	0	0
Movements in inventories	-76,072	-14,717	-47,740	-8,535
Movements in debts from direct insurance operations	2,277,763	1,000,428	3,438,470	1,291,496
Movements in debts from reinsurance operations	23,476,713	15,824,156	10,373,873	5,352,000
Movements in operating debts	-1,787,426	-692,082	1,416	6,340
Movements in other liabilities (excluding unearned premiums)	10,182,578	535,092	-3,798,576	-3,479,846
Movements in deferred tax liabilities	2,560,468	572,307	0	0
c. Net cash from/ (used in) operating activities (a + b)	19,384,673	-5,308,219	12,182,024	-8,104,582
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a. Cash inflows from investing activities	299,770,562	284,821,262	228,032,035	234,389,034
Cash inflows from interest from investing activities	14,769,446	15,378,028	9,853,994	10,770,640
Cash inflows from dividends received and profit sharing	1,206,841	173,973	1,140,635	71,649
Cash inflows from the disposal of intangible assets	0	0	0	0
Cash inflows from the disposal of property, plant and equipment	3,197,190	401,541	267,458	36,617
Cash inflows from the disposal of financial investments	280,597,085	268,867,720	216,769,948	223,510,128
- Cash inflows from the disposal of investments in subsidiaries and associates	2,103,553	0	0	0
- Other cash inflows from disposal of financial investments	278,493,532	268,867,720	216,769,948	223,510,128
b. Cash outflows from investing activities	-310,113,612	-285,144,751	-243,274,037	-233,609,900
Cash outflows for the purchase of intangible assets	-801,889	-1,248,780	-349,714	-348,457
Cash outflows for the purchase of property, plant and equipment	-5,697,534	-5,394,949	-3,047,502	-4,341,981
Cash outflows for the purchase of financial investments	-303,614,189	-278,501,022	-239,876,821	-228,919,462
- Cash outflows for the purchase of investments in subsidiaries and associates	-1,101,402	-943,035	-4,094,671	-919,158
- Other cash outflows to acquire financial investments	-302,512,787	-277,557,987	-235,782,150	-228,000,304
c. Net cash from/ (used in) investing activities (a + b)	-10,343,050	-323,489	-15,242,002	779,134
C. CASH FLOWS FROM FINANCING ACTIVITIES				
a. Cash inflows from financing activities	0	0	0	0
Cash inflows from paid-in capital	0	0	0	0
Cash inflows from long-term loans received and issued	0	0	0	0
Cash inflows from short-term loans received	0	0	0	0
b. Cash outflows from financing activities	-1,875,918	-1,243,943	-1,427,941	-1,243,943
Cash outflows for paid interest	-1,363,191	-1,227,366	-1,244,949	-1,227,366
Cash outflows for purchase of treasury shares	0	0	0	0
Cash outflows for capital repayment	0	0	0	0
Cash outflows for payments of long-term financial liabilities	0	0	0	0
Cash outflows for payments of short-term financial liabilities	-512,508	0	-182,772	0
Cash outflows from dividends paid and profit sharing	-219	-16,577	-219	-16,577
c. Net cash from/ (used in) financing activities (a + b)	-1,875,918	-1,243,943	-1,427,941	-1,243,943
D. Closing balance of cash and cash equivalents	74,752,304	71,551,175	13,510,569	26,945,354
E1. Net cash flow for the period	7,165,705	-6,875,651	-4,487,918	-8,569,391
E2. Foreign exchange differences	-15,061	8,979	0	0
F. Opening balance of cash and cash equivalents	67,601,660	78,417,847	17,998,487	35,514,746

2. Selected notes to the financial statements

2.1 Statement of compliance

The financial statements for the period from 1 January 2019 to 31 March 2019 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

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

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

The financial statements for the period from 1 January 2019 to 31 March 2019 have not been audited.

2.2 Significant accounting policies and estimates

The same accounting policies as for the preparation of the annual financial statements for 2018 were used for the preparation of the financial statements for the period between 1 January 2019 and 31 March 2019, except for lease recognition for which the new accounting standard IFRS 16 – Leases is used. See Section 1.3 for the description of the changes and related disclosures.

The tax expense calculation for the period from 1 January 2019 to 31 March 2019 was made by applying the average effective tax rate of 2018.

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

2.3 Change in the accounting policy

As of 1 January 2019, the new accounting standard IFRS 16 Leases has started to apply. This is a mandatory change in the accounting policy. In implementing this standard, the simplified transition approach was used. As at 1 January 2019, right-of-use assets were recognised in the amount of the recognised lease liability in the amount of the present value of future payments. Potential initial direct costs were not taken into account in the right-of-use assets (IFRS 16.10d). In the initial calculation, no differences were recognised in retained profit or loss. Comparative data for 2018 are not adjusted (IFRS 16.C7). In calculating the initial values, the weighted average discount rate of approximately 4.5% was used for the Triglav Group and 1.7% for Zavarovalnica Triglav. The interest rate varies by company and lease term. The right-of-use assets and lease liabilities are disclosed in the statement of financial position as separate items. The initial value of right-of-use assets as at 1 January 2019 amounted to EUR 12,157,651 for the Triglav Group and EUR 4,740,268 for Zavarovalnica Triglav.

Exemptions were used in the calculation of rights and liabilities. Short-term leases (leases up to 12 months) and leases of low-value assets (the purchase price of underlying assets is less than

USD 5,000) were excluded. Such exemptions are disclosed in the same way as in the previous year, i.e. as lease expenses under operating expenses. Right-of-use assets are depreciated on a straight-line basis over the lease term. Leases for an indefinite term are designated as a 5-year lease term. For fixed-term leases, the option of renewal or termination was individually assessed. In this regard, the guidelines set out in the strategy of the Triglav Group were followed. Leases predominantly have a fixed or a variable payment, which largely depends on the consumer price index. Depreciation expenses are recognised within operating expenses and interest expenses within finance costs.

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

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

	in EUR	
	Triglav Group	Zavarovalnica Triglav
LEASES in the Statement of financial position as at 31 March 2019	2019	2019
ASSETS		
– Right to use land and buildings	9,265,611	3,238,119
– Right to use vehicles	2,073,852	1,286,460
– Right to use other assets	271,749	30,447
Total right-of-use assets	11,611,212	4,555,026
LIABILITIES		
- Lease liabilities with maturity up to 1 year	3,338,389	1,849,632
- Lease liabilities with maturity over 1 year	8,536,863	2,768,397
Total lease liabilities	11,875,252	4,618,029
LEASES in the Income Statement		
Lease income	1,202,880	1,398,669
Sublease income	18,878	7,072
Operating expenses		
– Short-term lease expenses	90,556	3,841
– Low-value lease expenses	62,152	52,832
Depreciation		
– Depreciation of rights to use land and buildings	570,076	144,692
– Depreciation of rights to use vehicles	201,554	103,176
– Depreciation of rights to use other assets	25,066	3,430
Total depreciations of rights	796,696	251,298
Lease interest	148,667	20,734
TOTAL CASH FLOW from financial activities	831,105	200,355

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

2.4 Seasonal operations

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

2.5 Segmental analysis of the Triglav Group operations

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
BY SEGMENT**

31 March 2019

	Non-life	Life	Health	Other	TOTAL NON- CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	1,899,550,976	2,050,452,943	62,711,387	195,624,067	4,208,339,373	-369,294,066	3,839,045,307
Intangible assets	83,166,104	4,528,920	1,568,230	2,566,238	91,829,492	0	91,829,492
Property, plant and equipment	94,310,977	10,123,215	1,384,355	8,139,448	113,957,995	0	113,957,995
Non-current assets held for sale	0	0	0	1,920,434	1,920,434	0	1,920,434
Deferred tax assets	12,005,016	-57,310	0	263,949	12,211,655	0	12,211,655
Investment property	49,405,295	2,289,080	0	31,537,760	83,232,135	5,363,971	88,596,106
Right of use assets	10,308,024	76,298	0	1,226,890	11,611,212	0	11,611,212
Investments in subsidiaries	127,905,550	15,104,174	0	75,557,333	218,567,057	-218,567,057	0
Investments in associates	12,653,611	595,900	0	0	13,249,511	0	13,249,511
- accounted for using the equity method	12,653,611	595,900	0	0	13,249,511	0	13,249,511
- measured at fair value	0	0	0	0	0	0	0
Financial investments	1,037,092,278	1,541,447,577	49,005,934	43,538,927	2,671,084,716	-21,103,119	2,649,981,597
- loans and deposits	86,020,346	72,279,892	989,107	16,760,771	176,050,116	-15,951,254	160,098,862
- held to maturity	0	183,225,133	0	0	183,225,133	0	183,225,133
- available for sale	945,144,808	829,185,236	48,016,827	26,778,156	1,849,125,027	-4,652,072	1,844,472,955
- recognised at fair value through profit and loss	5,927,124	456,757,316	0	0	462,684,440	-499,793	462,184,647
Unit-linked insurance assets	0	432,900,204	0	0	432,900,204	0	432,900,204
Reinsurers' share of technical provisions	196,593,957	16,628	1,677,299	0	198,287,884	-93,924,090	104,363,794
Receivables	250,801,795	12,740,040	6,383,535	7,833,887	277,759,257	-40,932,821	236,826,436
- receivables from direct insurance operations	133,311,249	688,422	5,573,841	43,664	139,617,176	-276,996	139,340,180
- receivables from reinsurance and co-insurance operations	98,540,995	4,972	153,568	0	98,699,535	-39,250,481	59,449,054
- current tax receivables	641,488	74,443	0	24,557	740,488	0	740,488
- other receivables	18,308,063	11,972,203	656,126	7,765,666	38,702,058	-1,405,344	37,296,714
Other assets	6,026,904	249,380	79,422	619,811	6,975,517	-130,950	6,844,567
Cash and cash equivalents	19,281,465	30,438,837	2,612,612	22,419,390	74,752,304	0	74,752,304
<i>Off balance sheet items</i>	<i>122,247,590</i>	<i>53,951,805</i>	<i>596,959</i>	<i>72,484,507</i>	<i>249,280,861</i>	<i>0</i>	<i>249,280,861</i>
EQUITY AND LIABILITIES	1,899,550,976	2,050,452,943	62,711,387	195,624,067	4,208,339,373	-369,294,066	3,839,045,307
Equity	627,578,488	157,654,808	32,092,193	177,047,222	994,372,711	-212,220,229	782,152,482
Controlling interests	627,578,488	157,654,808	32,092,193	177,047,222	994,372,711	-214,658,039	779,714,672
- share capital	114,718,513	48,091,866	25,822,144	105,139,031	293,771,554	-220,070,162	73,701,392
- share premium	43,048,225	13,658,827	0	20,674,547	77,381,599	-27,174,600	50,206,999
- reserves from profit	283,812,741	47,163,414	473,752	1,744,009	333,193,916	927,548	334,121,464
- treasury share reserves	0	0	0	0	0	364,680	364,680
- treasury shares	0	0	0	0	0	-364,680	-364,680
- fair value reserve	51,830,419	12,803,642	1,352,052	11,841,233	77,827,346	-1,677,864	76,149,482
- net profit brought forward	117,392,483	33,340,967	4,385,241	35,402,239	190,520,930	32,496,287	223,017,217
- net profit for the year	18,859,232	3,277,316	59,004	2,293,186	24,488,738	892,795	25,381,533
- currency translation differences	-2,083,125	-681,224	0	-47,023	-2,811,372	-52,043	-2,863,415
Non-controlling interests	0	0	0	0	0	2,437,810	2,437,810
Subordinated liabilities	10,780,934	9,838,518	1,500,000	0	22,119,452	-6,651,864	15,467,588
Insurance technical provisions	1,059,949,358	1,418,732,182	19,394,142	0	2,498,075,682	-94,035,621	2,404,040,061
- unearned premiums	388,079,021	535,741	3,734,538	0	392,349,300	-28,794,766	363,554,534
- mathematical provisions	0	1,386,250,819	0	0	1,386,250,819	0	1,386,250,819
- claims provisions	644,410,716	21,185,492	12,217,106	0	677,813,314	-63,782,265	614,031,049
- other insurance technical provisions	27,459,621	10,760,130	3,442,498	0	41,662,249	-1,458,590	40,203,659
Insurance technical provisions for unit-linked insurance contracts	0	434,821,713	0	0	434,821,713	0	434,821,713
Employee benefits	11,433,934	2,129,240	550,536	606,653	14,720,363	0	14,720,363
Other provisions	1,088,537	315,700	116,263	361,796	1,882,296	0	1,882,296
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0
Deferred tax liabilities	12,028,450	5,854,270	38,837	2,838,203	20,759,760	0	20,759,760
Other financial liabilities	5,628,096	4,711,317	24,375	1,473,094	11,836,882	-1,359,602	10,477,280
Operating liabilities	102,302,414	10,995,176	3,349,359	217,509	116,864,458	-39,729,753	77,134,705
- liabilities from direct insurance operations	8,874,784	10,980,509	3,157,072	0	23,012,365	-478,934	22,533,431
- liabilities from reinsurance and co-insurance operations	89,471,574	24,353	176,693	0	89,672,620	-39,250,819	50,421,801
- current tax liabilities	3,956,056	-9,686	15,594	217,509	4,179,473	0	4,179,473
Lease liabilities	10,581,520	74,873	0	1,237,023	11,893,416	-18,164	11,875,252
Other liabilities	58,179,245	5,325,146	5,645,682	11,842,567	80,992,640	-15,278,833	65,713,807
<i>Off balance sheet items</i>	<i>122,247,590</i>	<i>53,951,805</i>	<i>596,959</i>	<i>72,484,507</i>	<i>249,280,861</i>	<i>0</i>	<i>249,280,861</i>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
BY SEGMENT**

31 December 2018

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

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

			31 March 2019		
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,773,695,373	434,644,000	4,208,339,373	-369,294,066	3,839,045,307
Intangible assets	74,256,960	17,572,532	91,829,492	0	91,829,492
Property, plant and equipment	73,437,551	40,520,444	113,957,995	0	113,957,995
Non-current assets held for sale	756,773	1,163,661	1,920,434	0	1,920,434
Deferred tax assets	11,878,449	333,206	12,211,655	0	12,211,655
Investment property	75,265,818	7,966,317	83,232,135	5,363,971	88,596,106
Right of use assets	3,808,373	7,802,839	11,611,212	0	11,611,212
Investments in subsidiaries	212,268,091	6,298,966	218,567,057	-218,567,057	0
Investments in associates	13,249,511	0	13,249,511	0	13,249,511
- accounted for using the equity method	13,249,511	0	13,249,511	0	13,249,511
- measured at fair value	0	0	0	0	0
Financial investments	2,447,496,562	223,588,154	2,671,084,716	-21,103,119	2,649,981,597
- loans and deposits	140,497,924	35,552,192	176,050,116	-15,951,254	160,098,862
- held to maturity	167,036,497	16,188,636	183,225,133	0	183,225,133
- available for sale	1,684,101,379	165,023,648	1,849,125,027	-4,652,072	1,844,472,955
- recognised at fair value through profit and loss	455,860,762	6,823,678	462,684,440	-499,793	462,184,647
Unit-linked insurance assets	413,242,879	19,657,325	432,900,204	0	432,900,204
Reinsurers' share of technical provisions	165,380,052	32,907,832	198,287,884	-93,924,090	104,363,794
Receivables	225,654,673	52,104,584	277,759,257	-40,932,821	236,826,436
- receivables from direct insurance operations	103,746,442	35,870,734	139,617,176	-276,996	139,340,180
- receivables from reinsurance and co-insurance operations	93,852,312	4,847,223	98,699,535	-39,250,481	59,449,054
- current tax receivables	430,677	309,811	740,488	0	740,488
- other receivables	27,625,242	11,076,816	38,702,058	-1,405,344	37,296,714
Other assets	4,505,838	2,469,679	6,975,517	-130,950	6,844,567
Cash and cash equivalents	52,493,843	22,258,461	74,752,304	0	74,752,304
<i>Off balance sheet items</i>	<i>242,192,635</i>	<i>7,088,226</i>	<i>249,280,861</i>	<i>0</i>	<i>249,280,861</i>
EQUITY AND LIABILITIES	3,773,695,373	434,644,000	4,208,339,373	-369,294,066	3,839,045,307
Equity	877,103,135	117,269,576	994,372,711	-212,220,229	782,152,482
Controlling interests	877,103,135	117,269,576	994,372,711	-214,658,039	779,714,672
- share capital	193,083,889	100,687,665	293,771,554	-220,070,162	73,701,392
- share premium	75,825,056	1,556,543	77,381,599	-27,174,600	50,206,999
- reserves from profit	323,113,430	10,080,486	333,193,916	927,548	334,121,464
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	68,772,085	9,055,261	77,827,346	-1,677,864	76,149,482
- net profit brought forward	192,660,010	-2,139,080	190,520,930	32,496,287	223,017,217
- net profit for the year	23,648,665	840,073	24,488,738	892,795	25,381,533
- currency translation differences	0	-2,811,372	-2,811,372	-52,043	-2,863,415
Non-controlling interests	0	0	0	2,437,810	2,437,810
Subordinated liabilities	22,119,452	0	22,119,452	-6,651,864	15,467,588
Insurance technical provisions	2,264,093,065	233,982,617	2,498,075,682	-94,035,621	2,404,040,061
- unearned premiums	311,026,133	81,323,167	392,349,300	-28,794,766	363,554,534
- mathematical provisions	1,320,139,766	66,111,053	1,386,250,819	0	1,386,250,819
- claims provisions	595,033,169	82,780,145	677,813,314	-63,782,265	614,031,049
- other insurance technical provisions	37,893,997	3,768,252	41,662,249	-1,458,590	40,203,659
Insurance technical provisions for unit-linked insurance contracts	415,452,874	19,368,839	434,821,713	0	434,821,713
Employee benefits	12,470,846	2,249,517	14,720,363	0	14,720,363
Other provisions	1,327,546	554,750	1,882,296	0	1,882,296
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0
Deferred tax liabilities	19,263,758	1,496,002	20,759,760	0	20,759,760
Other financial liabilities	9,026,160	2,810,722	11,836,882	-1,359,602	10,477,280
Operating liabilities	90,416,709	26,447,749	116,864,458	-39,729,753	77,134,705
- liabilities from direct insurance operations	18,558,488	4,453,877	23,012,365	-478,934	22,533,431
- liabilities from reinsurance and co-insurance operations	67,675,018	21,997,602	89,672,620	-39,250,819	50,421,801
- current tax liabilities	4,183,203	-3,730	4,179,473	0	4,179,473
Lease liabilities	3,852,833	8,040,583	11,893,416	-18,164	11,875,252
Other liabilities	58,568,995	22,423,645	80,992,640	-15,278,833	65,713,807
<i>Off balance sheet items</i>	<i>242,192,635</i>	<i>7,088,226</i>	<i>249,280,861</i>	<i>0</i>	<i>249,280,861</i>

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

31 December 2018

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

	Q1 2019				in EUR
CONSOLIDATED INCOME STATEMENT BY SEGMENT	Non-life	Life	Health	Other	TOTAL
NET PREMIUM INCOME	140,720,363	54,375,598	40,084,136	0	235,180,097
- gross written premium	221,865,207	54,496,686	40,856,248	0	317,218,141
- ceded written premium	-45,124,737	-21,651	0	0	-45,146,388
- change in unearned premium reserve	-36,020,107	-99,437	-772,112	0	-36,891,656
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	157,963	0	0	704,184	862,147
- profit on equity investments accounted for using the equity method	157,963	0	0	143,770	301,733
- other income from investments in subsidiaries and associates	0	0	0	560,414	560,414
INCOME FROM INVESTMENTS	9,524,200	61,497,341	254,070	1,357,358	72,632,969
- interest income calculated using the effective interest method	3,828,469	9,068,441	158,983	164,748	13,220,641
- gains on disposals	4,948,440	4,154,288	93,772	1,177,469	10,373,969
- other income from investments	747,291	48,274,612	1,315	15,141	49,038,359
OTHER INCOME FROM INSURANCE OPERATIONS	12,580,883	42,741	9,675	0	12,633,299
- fees and commission income	7,903,479	17,674	0	0	7,921,153
- other income from insurance operations	4,677,404	25,067	9,675	0	4,712,146
OTHER INCOME	1,703,360	13,983	630	6,212,037	7,930,010
NET CLAIMS INCURRED	80,737,815	44,431,472	35,499,563	0	160,668,850
- gross claims settled	91,000,739	43,805,584	31,374,199	0	166,180,522
- reinsurers' share	-6,156,702	0	0	0	-6,156,702
- changes in claims provisions	-4,106,222	625,888	2,344,081	0	-1,136,253
- equalisation scheme expenses for supplementary health insurance	0	0	1,781,283	0	1,781,283
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	806,281	23,025,563	167,673	0	23,999,517
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	32,285,388	0	0	32,285,388
EXPENSES FOR BONUSES AND DISCOUNTS	4,217,960	1,849	0	0	4,219,809
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0
OPERATING EXPENSES	42,708,853	7,728,279	3,986,506	0	54,423,638
- acquisition costs	30,764,931	4,464,562	1,592,451	0	36,821,944
- other operating costs	11,943,922	3,263,717	2,394,055	0	17,601,694
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	49,723	15,868	0	0	65,591
- loss on investments accounted for using the equity method	49,723	15,868	0	0	65,591
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM INVESTMENTS	2,485,776	2,542,043	23,435	349	5,051,603
- loss on impairment of investments	19	66,023	0	0	66,042
- loss on disposal of investments	1,188,235	1,257,551	0	0	2,445,786
- other expenses from investments	1,297,522	1,218,469	23,435	349	2,539,775
OTHER INSURANCE EXPENSES	9,933,222	604,250	148,852	0	10,686,324
OTHER EXPENSES	1,575,725	169,476	-10,904	6,252,944	7,987,241
- expenses from financing	167,018	138,780	0	35,776	341,574
- other expenses	1,408,707	30,696	-10,904	6,217,168	7,645,667
PROFIT BEFORE TAX	22,171,414	5,125,475	533,386	2,020,286	29,850,561
Income tax expense	2,627,349	1,226,938	15,594	491,941	4,361,822
NET PROFIT FOR THE PERIOD	19,544,065	3,898,537	517,792	1,528,345	25,488,739
Net profit/loss attributable to the controlling company	19,438,630	3,889,090	517,792	1,536,016	25,381,528
Net profit/loss attributable to the non-controlling interest holders	105,435	9,447	0	-7,671	107,211

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

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA		Q1 2019		in EUR
		Slovenia	Other	TOTAL
NET PREMIUM INCOME	192,306,122	42,873,975	235,180,097	
- gross written premium	262,486,341	54,731,800	317,218,141	
- ceded written premium	-37,314,665	-7,831,723	-45,146,388	
- change in unearned premium reserve	-32,865,554	-4,026,102	-36,891,656	
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	862,147	0	862,147	
- profit on equity investments accounted for using the equity method	301,733	0	301,733	
- other income from investments in subsidiaries and associates	560,414	0	560,414	
INCOME FROM INVESTMENTS	68,104,153	4,528,816	72,632,969	
- interest income calculated using the effective interest method	11,602,475	1,618,166	13,220,641	
- gains on disposals	9,484,563	889,406	10,373,969	
- other income from investments	47,017,115	2,021,244	49,038,359	
OTHER INCOME FROM INSURANCE OPERATIONS	9,554,838	3,078,461	12,633,299	
- fees and commission income	6,994,345	926,808	7,921,153	
- other income from insurance operations	2,560,493	2,151,653	4,712,146	
OTHER INCOME	6,258,341	1,671,669	7,930,010	
NET CLAIMS INCURRED	136,809,438	23,859,412	160,668,850	
- gross claims settled	141,461,285	24,719,237	166,180,522	
- reinsurers' share	-4,841,572	-1,315,130	-6,156,702	
- changes in claims provisions	-1,591,558	455,305	-1,136,253	
- equalisation scheme expenses for supplementary health insurance	1,781,283	0	1,781,283	
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	21,854,328	2,145,189	23,999,517	
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	30,369,759	1,915,629	32,285,388	
EXPENSES FOR BONUSES AND DISCOUNTS	3,627,773	592,036	4,219,809	
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	
OPERATING EXPENSES	39,521,396	14,902,242	54,423,638	
- acquisition costs	26,581,073	10,240,871	36,821,944	
- other operating costs	12,940,323	4,661,371	17,601,694	
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	65,591	0	65,591	
- loss on investments accounted for using the equity method	65,591	0	65,591	
- other expenses from financial assets and liabilities	0	0	0	
EXPENSES FROM INVESTMENTS	4,809,657	241,946	5,051,603	
- loss on impairment of investments	0	66,042	66,042	
- loss on disposal of investments	2,445,786	0	2,445,786	
- other expenses from investments	2,363,871	175,904	2,539,775	
OTHER INSURANCE EXPENSES	9,376,782	1,309,542	10,686,324	
OTHER EXPENSES	5,375,077	2,612,164	7,987,241	
- expenses from financing	279,151	62,423	341,574	
- other expenses	5,095,926	2,549,741	7,645,667	
PROFIT BEFORE TAX	25,275,800	4,574,761	29,850,561	
Income tax expense	4,337,776	24,046	4,361,822	
NET PROFIT FOR THE PERIOD	20,938,024	4,550,715	25,488,739	
Net profit/loss attributable to the controlling company	20,952,394	4,429,134	25,381,528	
Net profit/loss attributable to the non-controlling interest holders	-14,370	121,581	107,211	

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

2.6 Segmental analysis of Zavarovalnica Triglav's operations

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

in EUR

STATEMENT OF FINANCIAL POSITION	31 March 2019			31 December 2018		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
ASSETS	1,301,456,191	1,583,052,145	2,884,508,336	1,221,102,015	1,527,754,338	2,748,856,353
Intangible assets	64,158,205	4,394,415	68,552,620	57,598,248	4,564,254	62,162,502
Property, plant and equipment	59,392,034	8,205,775	67,597,809	59,735,959	8,250,141	67,986,100
Non-current assets held for sale	0	0	0	0	0	0
Deferred tax assets	11,711,848	-97,348	11,614,500	11,956,605	220,986	12,177,591
Investment property	45,920,830	1,207,151	47,127,981	44,056,810	1,213,730	45,270,540
Right of use assets	4,555,026	0	4,555,026	0	0	0
Investments in subsidiaries	121,792,669	13,145,998	134,938,667	118,792,669	13,145,998	131,938,667
Investments in associates	18,054,026	0	18,054,026	16,959,355	0	16,959,355
- accounted for using the equity method	0	0	0	0	0	0
- measured at fair value	18,054,026	0	18,054,026	16,959,355	0	16,959,355
Financial investments	736,509,467	1,146,555,322	1,883,064,789	720,655,616	1,119,381,334	1,840,036,950
- loans and deposits	54,072,019	51,213,646	105,285,665	56,833,143	35,837,166	92,670,309
- held to maturity	0	146,133,536	146,133,536	0	159,463,950	159,463,950
- available for sale	681,267,763	745,006,938	1,426,274,701	662,429,210	721,426,295	1,383,855,505
- recognised at fair value through profit and loss	1,169,685	204,201,202	205,370,887	1,393,263	202,653,923	204,047,186
Unit-linked insurance assets	0	392,739,103	392,739,103	0	366,664,078	366,664,078
Reinsurers' share of technical provisions	103,042,491	15,922	103,058,413	87,883,266	10,040	87,893,306
Receivables	126,260,678	9,507,339	135,768,017	93,426,058	3,046,130	96,472,188
- receivables from direct insurance operations	97,790,282	382,073	98,172,355	62,281,265	354,072	62,635,337
- receivables from reinsurance and co-insurance operations	17,382,607	0	17,382,607	18,154,451	3,160	18,157,611
- current tax receivables	0	0	0	0	0	0
- other receivables	11,087,789	9,125,266	20,213,055	12,990,342	2,688,898	15,679,240
Other assets	3,791,803	135,013	3,926,816	3,268,118	28,471	3,296,589
Cash and cash equivalents	6,267,114	7,243,455	13,510,569	6,769,311	11,229,176	17,998,487
<i>Off balance sheet items</i>	<i>114,844,694</i>	<i>51,966,914</i>	<i>166,811,608</i>	<i>120,126,047</i>	<i>58,233,180</i>	<i>178,359,227</i>
EQUITY AND LIABILITIES	1,301,456,191	1,583,052,145	2,884,508,336	1,221,102,015	1,527,754,338	2,748,856,353
Equity	485,086,000	99,030,547	584,116,547	466,409,221	93,711,515	560,120,736
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	273,448,752	45,513,891	318,962,643	273,448,752	45,513,891	318,962,643
- fair value reserve	43,822,243	8,059,880	51,882,124	41,774,285	5,485,903	47,260,189
- net profit brought forward	59,500,666	7,282,962	66,783,628	1,241,127	-1,363	1,239,764
- net profit for the year	16,628,821	2,745,055	19,373,876	58,259,539	7,284,325	65,543,864
Subordinated liabilities	10,780,934	9,838,517	20,619,451	10,777,635	9,835,316	20,612,951
Insurance technical provisions	705,038,577	1,055,992,286	1,761,030,863	658,684,690	1,037,458,785	1,696,143,475
- unearned premiums	262,869,497	491,696	263,361,193	213,519,363	400,574	213,919,937
- mathematical provisions	0	1,026,619,252	1,026,619,252	0	1,009,712,605	1,009,712,605
- claims provisions	420,002,948	19,526,992	439,529,940	423,416,968	19,143,220	442,560,188
- other insurance technical provisions	22,166,132	9,354,346	31,520,478	21,748,359	8,202,386	29,950,745
Insurance technical provisions for unit-linked insurance contracts	0	393,495,942	393,495,942	0	365,238,075	365,238,075
Employee benefits	9,252,277	1,961,454	11,213,731	9,212,790	1,954,366	11,167,156
Other provisions	695,583	111,700	807,283	646,735	111,700	758,435
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0
Deferred tax liabilities	10,414,638	7,197,667	17,612,305	9,934,252	5,057,075	14,991,327
Other financial liabilities	4,104,874	2,693,901	6,798,775	1,585,693	1,750	1,587,443
Operating liabilities	33,706,561	9,186,812	42,893,373	21,559,229	6,964,343	28,523,572
- liabilities from direct insurance operations	5,560,340	9,184,965	14,745,305	4,348,116	6,958,719	11,306,835
- liabilities from reinsurance and co-insurance operations	24,191,972	1,847	24,193,819	13,814,322	5,624	13,819,946
- current tax liabilities	3,954,249	0	3,954,249	3,396,791	0	3,396,791
Lease liabilities	4,618,028	0	4,618,028	0	0	0
Other liabilities	37,758,719	3,543,319	41,302,038	42,291,770	7,421,413	49,713,183
<i>Off balance sheet items</i>	<i>114,844,694</i>	<i>51,966,914</i>	<i>166,811,608</i>	<i>120,126,047</i>	<i>58,233,180</i>	<i>178,359,227</i>

INCOME STATEMENT	Q1 2019			Q1 2018		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
NET PREMIUM INCOME	89,841,268	42,304,065	132,145,333	87,088,746	44,358,258	131,447,004
- gross written premium	155,910,868	42,574,227	198,485,095	148,029,744	44,457,575	192,487,319
- ceded written premium	-39,509,869	-179,062	-39,688,931	-33,669,526	-11,371	-33,680,897
- change in unearned premium reserve	-26,559,731	-91,100	-26,650,831	-27,271,472	-87,946	-27,359,418
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	126,868	0	126,868	208,729	0	208,729
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- other income from investments in subsidiaries and associates	126,868	0	126,868	208,729	0	208,729
INCOME FROM INVESTMENTS	7,417,925	46,477,082	53,895,007	5,126,073	9,601,610	14,727,684
- interest income calculated using the effective interest method	2,301,985	6,389,394	8,691,379	2,634,228	6,787,856	9,422,084
- gains on disposals	4,802,816	3,197,249	8,000,065	2,339,617	2,422,351	4,761,968
- other income from investments	313,124	36,890,439	37,203,563	152,229	391,403	543,632
OTHER INCOME FROM INSURANCE OPERATIONS	9,797,991	31,087	9,829,078	7,387,164	60,078	7,447,242
- fees and commission income	6,925,395	23,661	6,949,056	4,836,775	53,687	4,890,461
- other income from insurance operations	2,872,596	7,426	2,880,022	2,550,390	6,391	2,556,781
OTHER INCOME	1,707,240	918,444	2,625,684	1,736,384	1,023,448	2,759,832
NET CLAIMS INCURRED	50,113,052	37,489,199	87,602,251	46,183,490	43,631,426	89,814,916
- gross claims settled	59,508,411	37,157,857	96,666,268	64,235,618	43,261,490	107,497,108
- reinsurers' share	-6,190,749	-46,570	-6,237,319	-7,664,073	-672	-7,664,745
- changes in claims provisions	-3,204,610	377,912	-2,826,698	-10,388,055	370,608	-10,017,447
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	417,773	10,695,708	11,113,481	490,260	6,117,215	6,607,475
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	28,266,276	28,266,276	0	-22,238,030	-22,238,030
EXPENSES FOR BONUSES AND DISCOUNTS	3,629,229	0	3,629,229	2,602,076	0	2,602,076
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0	0
OPERATING EXPENSES	28,516,289	7,083,404	35,599,693	26,755,603	6,893,973	33,649,576
- acquisition costs	20,876,623	4,816,236	25,692,859	19,534,859	4,589,554	24,124,414
- other operating costs	7,639,666	2,267,168	9,906,834	7,220,743	2,304,419	9,525,162
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	17	0	17	628	0	628
- loss on investments accounted for using the equity method	0	0	0	0	0	0
- other expenses from financial assets and liabilities	17	0	17	628	0	628
EXPENSES FROM INVESTMENTS	2,155,139	1,882,824	4,037,963	2,039,436	16,464,024	18,503,461
- loss on impairment of investments	0	0	0	0	0	0
- loss on disposal of investments	1,176,604	1,235,276	2,411,880	1,014,348	1,258,336	2,272,685
- other expenses from investments	978,535	647,548	1,626,083	1,025,088	15,205,688	16,230,776
OTHER INSURANCE EXPENSES	4,097,204	183,313	4,280,517	2,202,776	82,682	2,285,458
OTHER EXPENSES	1,059,026	157,961	1,216,987	2,715,161	570,458	3,285,619
- expenses from financing	189,375	145,688	335,063	172,952	147,416	320,368
- other expenses	869,651	12,273	881,924	2,542,208	423,042	2,965,250
PROFIT BEFORE TAX	18,903,563	3,971,993	22,875,556	18,557,666	3,521,646	22,079,312
Income tax expense	2,274,742	1,226,938	3,501,680	2,590,527	789,268	3,379,795
NET PROFIT FOR THE PERIOD	16,628,821	2,745,055	19,373,876	15,967,139	2,732,378	18,699,517

2.7 Significant items of the statement of financial position

Intangible assets

In the reporting period, the book value of intangible assets of the Triglav Group increased by EUR 7.8 million. Long-term deferred acquisition costs have increased by EUR 9 million, while other intangible assets have decreased by EUR 1.2 million in the reporting period. New purchases of licences and software equalled EUR 717 thousand. In the first quarter of 2019, amortisation reached EUR 1.9 million.

In the reporting period, the book value of intangible assets of Zavarovalnica Triglav increased by EUR 6.4 million. In the separate financial statements, the change as well mainly refers to the increase in long-term deferred acquisition costs. These have increased by EUR 7.4 million, while the book value of other intangible assets decreased by EUR 1 million. New purchases of other intangible assets in the amount of EUR 350 thousand primarily relate to the purchase of licences and software. In the first quarter of 2019 amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 1.4 million.

Property, plant and equipment

In the first quarter of 2019, the book value of property, plant and equipment of the Triglav Group increased by EUR 662 thousand. In the first quarter of 2019, Triglav Group acquired new property, plant and equipment worth EUR 3.2 million and sold it in the carrying amount of EUR 60 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 1.9 million.

In the reporting period, the book value of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 388 thousand. In the first quarter of 2019, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 745 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 1.1 million.

Investment property

The book value of investment property of the Group decreased by EUR 1.2 million. In the reporting period, the Group purchased investment property in the amount of EUR 2.7 million and sold it in the carrying amount of EUR 3.3 million. In the first quarter of 2019, amortisation of investment property of the Group amounted to EUR 326 thousand.

In the first quarter of 2019, the book value of investment property of Zavarovalnica Triglav increased by EUR 1.9 million. Zavarovalnica Triglav purchased new investment property worth EUR 2.3 million and sold it in the carrying amount of EUR 237 thousand. In the reporting period, depreciation of investment property amounted to EUR 208 thousand.

Financial assets and unit-linked insurance assets

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

	Carrying amount		Fair value		in EUR
Triglav Group	31 March 2019	31 December 2018	31 March 2019	31 December 2018	
Loans and deposits	160,098,862	138,857,972	160,028,702	138,681,009	
Held to maturity	183,225,133	196,773,185	226,003,601	236,599,916	
Available for sale	1,844,472,955	1,802,568,767	1,844,472,955	1,802,568,767	
Investments recognised at fair value	462,184,647	450,704,373	462,184,647	450,704,373	
Unit-linked insurance assets	432,900,204	402,515,770	433,185,889	402,856,839	
TOTAL	3,082,881,801	2,991,420,067	3,125,875,794	3,031,410,904	

	Carrying amount		Fair value		in EUR
Zavarovalnica Triglav	31 March 2019	31 December 2018	31 March 2019	31 December 2018	
Loans and deposits	105,285,665	92,670,309	104,400,470	91,151,215	
Held to maturity	146,133,536	159,463,950	185,434,592	195,583,229	
Available for sale	1,426,274,701	1,383,855,505	1,426,274,701	1,383,855,505	
Investments recognised at fair value	205,370,887	204,047,186	205,370,887	204,047,186	
Unit-linked insurance assets	392,739,103	366,664,078	393,012,047	366,989,905	
TOTAL	2,275,803,892	2,206,701,028	2,314,492,697	2,241,627,040	

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

Triglav Group

						in EUR
Values as at 31 March 2019	L&R	HTM	AFS	FVTPL	Total	
Equity instruments	0	0	122,884,960	63,937,477	186,822,437	
Debt instruments	6,419,919	183,225,133	1,721,587,993	397,077,487	2,308,310,532	
Derivative financial instruments	0	0	0	1,169,685	1,169,685	
Unit-linked financial assets	4,285,703	0	0	428,614,498	432,900,201	
Loans	153,678,944	0	2	0	153,678,946	
Total	164,384,566	183,225,133	1,844,472,955	890,799,147	3,082,881,801	

						in EUR
Values as at 31 December 2018	L&R	HTM	AFS	FVTPL	Total	
Equity instruments	0	0	110,509,942	60,322,300	170,832,242	
Debt instruments	6,400,208	196,773,185	1,692,058,818	388,988,809	2,284,221,020	
Derivative financial instruments	0	0	0	1,393,263	1,393,263	
Unit-linked financial assets	4,223,972	0	0	398,291,799	402,515,770	
Loans	132,457,764	0	7	0	132,457,771	
Total	143,081,944	196,773,185	1,802,568,767	848,996,171	2,991,420,067	

Zavarovalnica Triglav

Values as at 31 March 2019						in EUR
	L&R	HTM	AFS	FVTPL	Total	
Equity instruments	0	0	84,820,640	11,605,082	96,425,722	
Debt instruments	6,396,427	146,133,536	1,341,454,061	192,596,120	1,686,580,144	
Derivative financial instruments	0	0	0	1,169,685	1,169,685	
Unit-linked financial assets	4,089,303	0	0	388,649,800	392,739,103	
Loans	98,889,238	0	0	0	98,889,238	
Total	109,374,968	146,133,536	1,426,274,701	594,020,687	2,275,803,892	

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

Legend:

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

Overview of financial assets according to valuation levels

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

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

Triglav Group

				in EUR
As at 31 March 2019	Level 1	Level 2	Level 3	Total
Equity securities	142,805,769	0	44,016,668	186,822,437
Debt securities	405,886,501	1,712,778,979	0	2,118,665,480
Derivative financial instruments	0	1,169,685	0	1,169,685
Unit-linked financial assets	375,016,296	53,598,203	0	428,614,499
Total	923,708,566	1,767,546,867	44,016,668	2,735,272,101

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

Zavarovalnica Triglav

				in EUR
As at 31 March 2019	Level 1	Level 2	Level 3	Total
Equity securities	58,075,625	0	38,350,097	96,425,722
Debt securities	333,409,930	1,200,640,251	0	1,534,050,181
Derivative financial instruments	0	1,169,685	0	1,169,685
Unit-linked financial assets	341,049,241	47,600,559	0	388,649,800
Total	732,534,796	1,249,410,495	38,350,097	2,020,295,388

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

Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
EXTERNAL APPRAISERS (market operator)				
Debt securities - composite	stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		level 2
Debt securities – composite with exposure to stock markets	stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, index volatility		level 2
Derivatives	Black-Scholes model	index volatility		level 2
BLOOMBERG BVAL				
Debt securities issued by companies and financial institutions and government securities	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings, past transactions, binding listings		level 2
INTERNAL APPRAISERS				
Debt securities - government	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	Republic of Slovenia issuer yield curve (Bloomberg ID: I259 Curncy); credit spread between 0% and 1.1%	level 2
Debt securities - companies and financial institutions	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	1y: -0.5770 %, 2y: -0.3530 %, 3y: -0.3248 %, 4y: -0.1950 %, 5Y: -0.0308 %, 6y: 0.1275 %, 7Y: 0.2466 %, 8Y:0.3520 %, 9y: 0.5568 %, 10y: 0.7073 %; credit spread between 0 % and 1.1 %	level 2
Equity securities	cash flow discounting	g (growth rate during constant growth period)	2.0%	level 3
		EBIT margin (constant growth period)	36%	
		discount rate	12,600.0%	
		lack of marketability discount	10% - 23%	
Investments in associates	cash flow discounting	net asset value method	Sprememba cen nepremičnin	level 3
		g (growth rate during constant growth period)	2%	
		net margin (constant growth period)	3.2%-3.46%	
		discount rate	8.8%-11.8%	
		lack of marketability discount	3.5%-30%	

Changes of Level 3 financial assets

	Triglav Group		Zavarovalnica Triglav		in EUR
	2019	2018	2019	2018	
Values at 1 January	35,999,032	37,121,010	30,059,866	32,816,954	
Purchases	17,323,114	2,448,122	13,167,270	2,448,122	
Disposals	-9,286,341	-7,415	-4,737,212	0	
Revaluations through income statement	121,988	0	0	0	
Revaluations through Equity	-139,830	108,247	-139,827	108,247	
Transfers from Level 1 and Level 2	-23	28,474	0	0	
Ex. rate difference	-1,272	574	0	0	
Values at 31 March	44,016,668	39,699,012	38,350,097	35,373,323	

In the first three months of 2019, the value of financial assets classified into Level 3 increased due to the payments into venture capital funds. The bulk, i.e. EUR 7 million, was accounted for by the payments of Zavarovalnica Triglav into the funds of Triglav. Disposals mainly related to the sale of Gorenjska banka d.d. shares in the total amount of EUR 4.7 million. At the Triglav Group level, KDD shares from the portfolio of Triglav Skladi were sold in the amount of EUR 4 million. Revaluation is the result of changes in the value of venture capital funds.

Impairments

In the first three months of 2019, losses resulting from permanent impairment of financial assets were recognised in the amount of EUR 66 thousand in Zavarovalnica Triglav. No impairment losses were recognised among other fixed assets.

Subordinated debt instruments

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

In April 2019, Zavarovalnica Triglav issued a new bond. For additional explanations on the issue of a new bond see Section 2.9 Significant events after the reporting date.

Contingent liabilities

In the first three months of 2019, no potential liability for guarantees given were recognised in Zavarovalnica Triglav. In off-balance-sheet assets, Zavarovalnica Triglav decreased assets for alternative investments by EUR 12.9 million and increased assets under option contracts by EUR 1.1 million. In the reporting period, no member of the Triglav Group accepted potential liability for guarantees given.

Distribution of accumulated profits

As at 31 December 2018, accumulated profit for the year amounted to EUR 66,783,628. At the session of the Supervisory Board held on 29 March 2019, in line with the dividend policy the Management and Supervisory Boards submitted a proposal on the distribution of the accumulated profit in the amount of EUR 56,837,870 to be allocated for dividend payments, i.e. EUR 2.50 per share. The distribution of the remaining part of accumulated profit shall be decided on in the following years.

2.8 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 0.05% equity stake from the non-controlling interest holders of Triglav Osiguruvanje a.d., Skopje, thereby becoming its 80.40% owner. The acquisition price of the equity stake amounted to MKD 414,839 or EUR 6,732. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as an increase in share premium of EUR 459.

Capital increase of Lovćen Auto d.o.o.

Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen Auto d.o.o. in the amount of EUR 1,500,000, thus remaining a 100% owner of the said company.

Capital increase of Triglav d.o.o.

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

Establishment of Triglav penzisko društvo a.d., Skopje

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

Sale of ZIF Prof Plus d.d., Sarajevo

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

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

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

2.9 Related party transactions

Revenues of the Management and Supervisory Board

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

							in EUR	
Surname and name	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements	
Slapar Andrej	44,412	0	0	15,126	14,621	282	364	
Ivanc Uroš	42,192	0	0	13,472	9,754	1,601	412	
Čoroli Tadej	42,192	0	0	13,301	9,740	2,394	265	
Smolnikar Barbara	42,192	0	0	13,382	9,613	2,388	208	
Makoter Marica	42,192	0	0	13,084	9,740	2,250	104	
TOTAL	213,180	0	0	68,365	53,468	8,915	1,353	

* Other additional payments include holiday allowances.

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

*** Other benefits include company cars.

In the first quarter of 2019, members of the Management Board did not receive any payments for their work in subsidiaries.

As at 31 March 2019, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

			in EUR	
Surname and name	Receivables as at 31 March 2019	Liabilities as at 31 March 2019		
Slapar Andrej	0	118,856		
Ivanc Uroš	6	112,852		
Čoroli Tadej	30	112,858		
Smolnikar Barbara	14	67,339		
Makoter Marica	16	112,888		
Jošar Benjamin*	0	12,622		
TOTAL	66	537,415		

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

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

Surname and name	Compensation	Attendance fee	Reimbursements	in EUR	
				Total gross pay	Total net pay
Stebelnak Igor	4,688	0	0	4,688	3,409
Andoljšek Andrej	3,375	0	0	3,375	2,455
Tomažević Milan	3,438	0	0	3,438	2,500
Škerjanec Žiga	3,750	0	0	3,750	2,727
Damjanovič Nataša	3,750	0	0	3,750	2,727
Gobbo Mario	3,437	0	393	3,830	2,523
Celar Peter	3,125	0	0	3,125	2,273
Molan Boštjan	3,125	0	0	3,125	2,273
Sotošek Ivan	3,125	0	0	3,125	2,273
Kolenc Simon*	1,250	0	0	1,250	909
Total	33,063	0	393	33,456	24,069

* External committee member.

As at 31 March 2019, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

Surname and name	in EUR	
	Receivables as at 31 March 2019	Liabilities as at 31 March 2019
Stebelnak Igor	0	2,839
Andoljšek Andrej	0	1,963
Tomažević Milan	0	1,994
Škerjanec Žiga	0	2,370
Damjanovič Nataša	0	2,590
Gobbo Mario	0	13,778
Celar Peter	0	1,838
Molan Boštjan	0	2,058
Sotošek Ivan	0	1,683
Kolenc Simon*	0	900
Štimac Dubravko	499	0
TOTAL	499	32,013

* External committee member.

Transactions with subsidiaries

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

	31 March 2019	31 December 2018
	in EUR	
ASSETS		
Shares	134,938,667	131,938,667
Debt securities and loans	12,788,572	14,264,601
Receivables from insurers	102,773	13,835
Premium receivable from re-insurance	4,503,089	2,561,802
Receivables from co-insurers' share in claim	278	245
Receivables from re-insurers' share in claim	5,074,728	8,499,977
Other short-term receivables from insurance operation	33,257	30,972
Short term receivables from financing	46,876	1,372,945
Other short-term receivables	708,939	740,157
Deffered short-term expenses of insurance contract acquisition	30,592	30,809
LIABILITIES		
Liabilities to agents and brokers	355,311	350,644
Liabilities for co-insurance premiums	24,127	13,862
Liabilities for re-insurance premiums	14,364,923	9,022,657
Liabilities for co-insurers' share in claim	0	13,712
Liabilities for re-insurers' share in claims	843,521	684,674
Lease liabilities	960,867	0
Other short-term liabilities	164,586	163,432

	Q1 2019	Q1 2018
	in EUR	
INCOME AND EXPENSES		
Gross written premium and active reinsurance premium	5,777,711	5,924,410
Outward re-/co-insurance premium (-)	-26,126,348	-22,321,754
Net premium income	-20,348,637	-16,397,344
Reinsurance commission income	5,262,516	3,509,840
Other income from insurance operations	1,061,841	1,219,696
Interest income	126,836	199,541
Other insurance income	456,994	453,850
Income from land and buildings	196,116	204,072
Other income	81,612	64,780
Other income from financial assets	32	9,188
TOTAL INCOME	-13,162,690	-10,736,377
Gross claims settled	989,182	2,545,543
Re-/co-insurers' share in gross claim	-4,541,405	-4,768,025
Net claims	-3,552,223	-2,222,482
Expenses for reinsurance premiums	468,904	523,200
Other financial expenses	17	628
Interest expense from leases	6,003	0
Depreciation of right-of-use assets	10,407	0
TOTAL EXPENSES	-3,066,892	-1,698,654

Transactions with associates

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

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	
ASSETS					
Shares	13,249,511	14,125,973	18,054,026	16,959,355	
Other financial investment	4,173	0	0	0	
Receivables from insurers	10,865	618	10,647	182	
LIABILITIES					
Liabilities to policy holders	27	27	0	0	
Liabilities to agents and brokers	10,311	11,752	10,311	11,235	
Other short - term liabilities	796	484	0	0	
Accrued expenses	1,096	702	0	0	
	Triglav Group		Zavarovalnica Triglav		
	Q1 2019	Q1 2018	Q1 2019	Q1 2018	
INCOME AND EXPENSES					
Gross written premium	23,252	22,121	22,598	21,303	
TOTAL INCOME	23,252	22,121	22,598	21,303	
Gross claims settled	21,398	537	21,398	537	
Acquisition costs	1,210	1,029	0	0	
TOTAL EXPENSES	22,608	1,566	21,398	537	

Transactions with shareholders and shareholder-related companies

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

The shareholder-related companies are those in which SDH and the Republic of Slovenia together directly hold at least a 20% stake. As at 31 March 2019, there were 45 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
ASSETS				
Stakes and shares	17.667.387	9.017.103	17.514.659	16.269.741
Debt securities	86.176.949	80.752.961	58.986.364	65.876.560
Operating receivables	13.239	5.747	13.239	10.383
Re-insurance receivables	0	0	19.765	39.386
Other assets	6.809.349	4.983.653	0	0
LIABILITIES				
Operating liabilities	1.236.853	2.056.005	1.068.479	1.861.031
Re-insurance liabilities	0	0	5.851	33.852
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
INCOME				
Gross written premium	6.079.743	7.082.538	6.189.947	7.106.461
Financial income	594.734	471.638	323.112	278.326
Other income	30.325	17.865	30.324	65.753
EXPENSES				
Gross claims settled	1.988.931	2.247.782	1.975.850	2.259.490
Financial expenses	86.796	54.834	41.227	30.186
Other expenses	3.115.248	2.352.824	2.194.802	2.405.447

2.10 Significant events after the reporting date

In the period from the end of the reporting period and the date of approval of the financial statements, no adjusting events occurred that would affect the prepared financial statements of Zavarovalnica Triglav nor the consolidated financial statements of Triglav Group for the first quarter of 2019, as well as no material non-adjusting events. Presented below are the events that will affect the financial statements in the next reporting period.

Zavarovalnica Triglav successfully issued a 30.5-year subordinated bond (Tier 2 pursuant to the Solvency II regulations) with the first call date after 10.5 years with the ISIN code XS1980276858. It replaces the existing issued subordinated bond with maturity in 2020. The new issue is part of the regular capital management activities of the Triglav Group, aimed at ensuring an optimal capital structure and its cost effectiveness. The total bond value amounts to EUR 50 million. Until the first call date of the bond in 2029, the annual interest rate will be fixed at 4.375%, with the coupon payable annually. Thereafter, the interest rate will be floating, with the coupon payable quarterly. The bond issue is intended for qualified investors and will be traded on the regulated market of the Luxembourg Stock Exchange. The subordinated liability will be recognised in the stand-alone and consolidated financial statements of the Triglav Group for H1 2019.

On 24 April 2019, Triglav Skladi d.o.o. became the owner of ALTA Skladi, družba za upravljanje. Through its two asset management companies – Triglav Skladi and ALTA Skladi – the Triglav Group is becoming the leading provider of mutual funds in the Slovene market. ALTA Skladi will be included for the first time in the consolidated financial statements of the Triglav Group for H1 2019.